

3rd Quarter of Fiscal Year Ending December 2024
Summary of Financial Results

Funai Soken Holdings Incorporated
(TSE Prime, stock code 9757)

November 8, 2024



1	Executive Summary
2	Financial Results as of FY2024 3Q
3	Mid-Range Business Plan Progress & Growth Strategy
4	Shareholder Returns
Plus	Our Business Model & Competitive Edge

Statement Regarding Use of These Materials

Executive Summary

1. Executive Summary

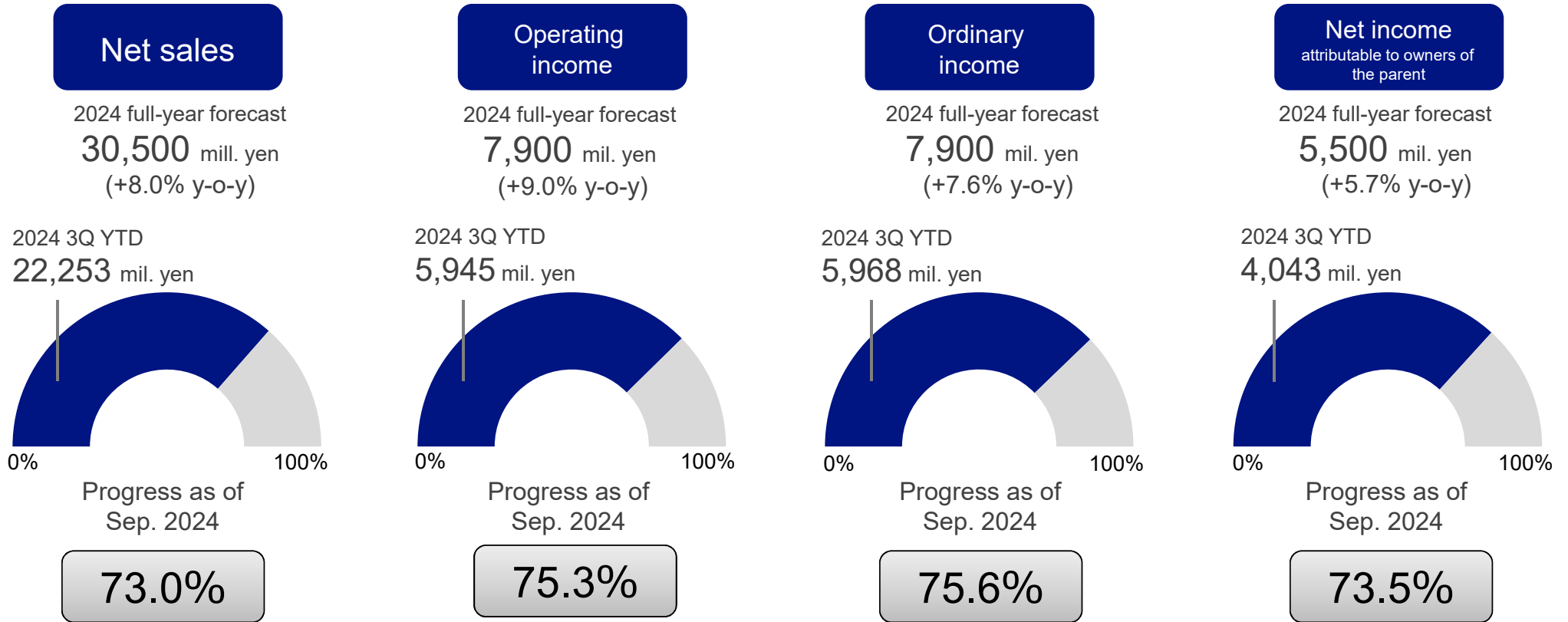
(1) Consolidated Income

New records were set for sales and income. Sales were solid, with sales of monthly support services up in the consulting segment. Operating income was up sharply, buoyed by higher operating margins as a result of increasing workshop and monthly support subscriptions, as well as reduced SG&A expenses.

	FY2023 3Q YTD		FY2024 3Q YTD		
	Amount (million yen)	% of total	Amount (million yen)	% of total	Change (%)
Net sales	20,630	100.0	22,253	100.0	+7.9
Operating income	4,951	24.0	5,945	26.7	+20.1
Ordinary income	5,017	24.3	5,968	26.8	+19.0
Net income attributable to owners of the parent	3,449	16.7	4,043	18.2	+17.2

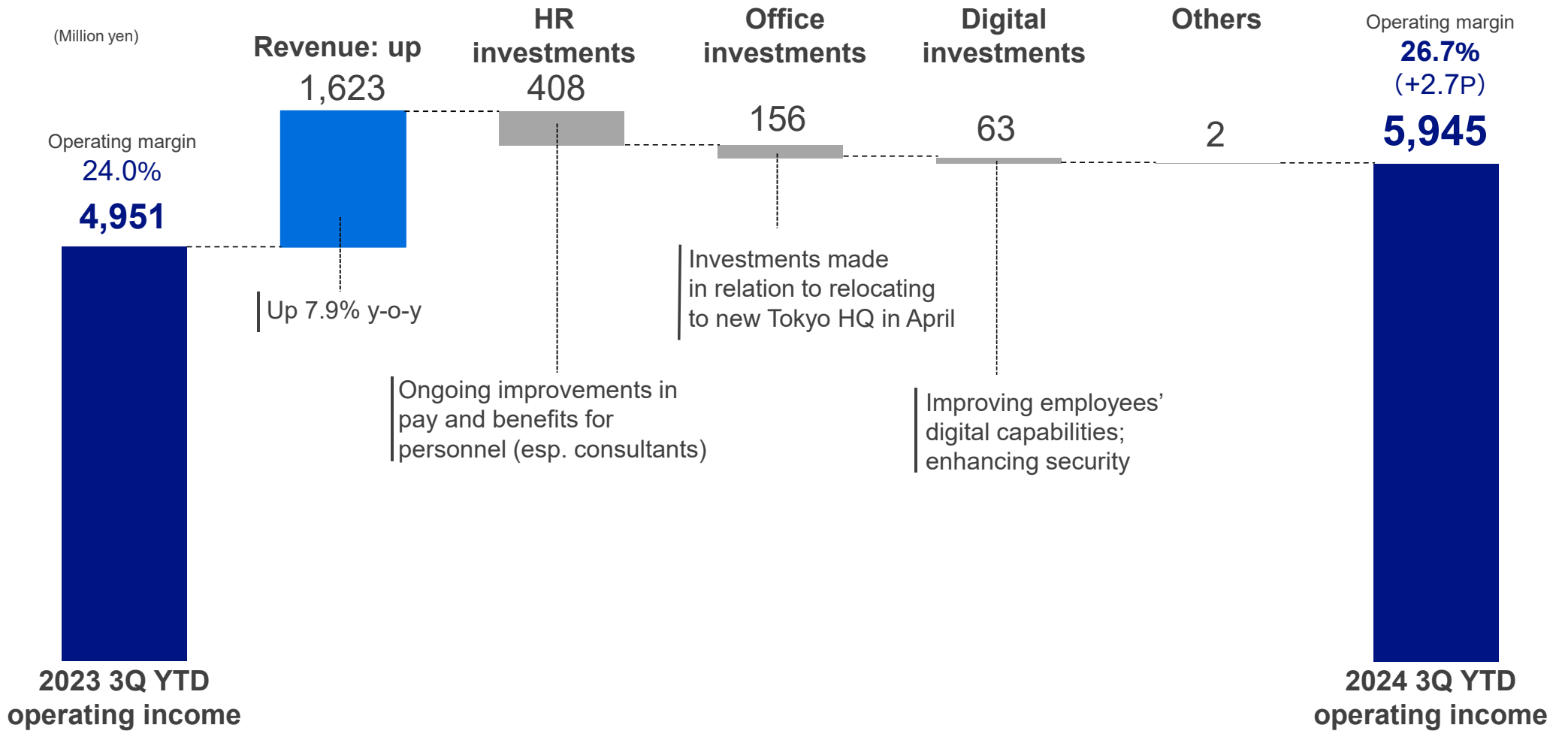
1. Executive Summary

(2) Progress in Comparison with This Year's Forecasts



1. Executive Summary

(3) Analysis of Changes from Same Period Last Year: Operating Income



1. Executive Summary

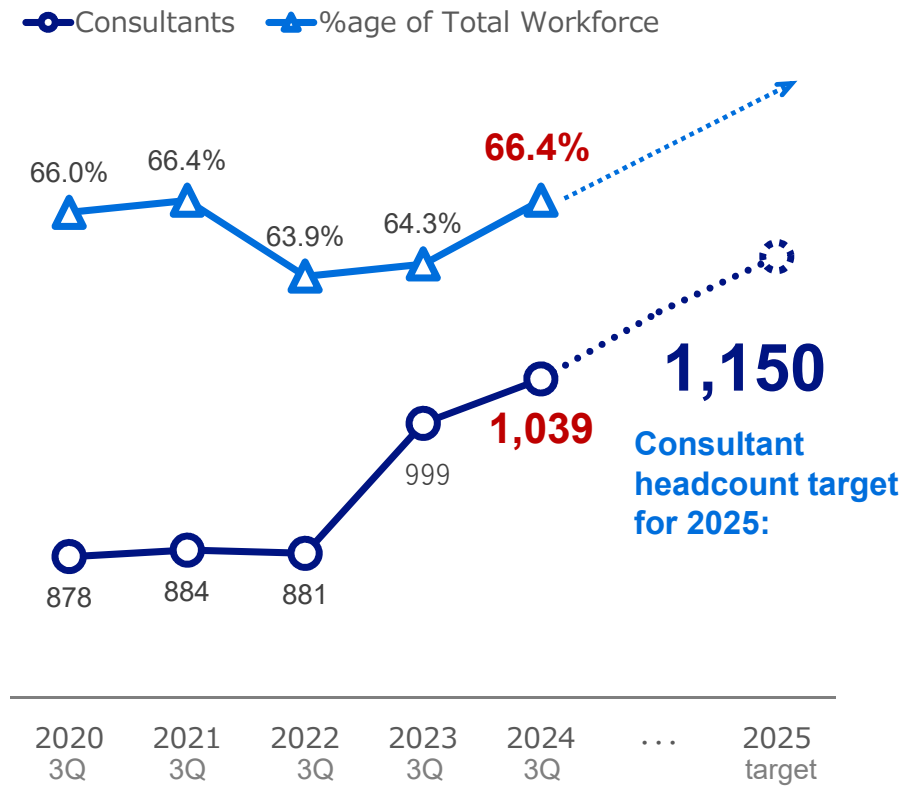
(4) KPIs: Staffing Levels (by Category)

Consultant numbers (one of our core KPIs) continue to grow.
We aim to further improve profitability by making more of our consultants more productive.

	FY2023 3Q	FY2024 3Q
Total headcount	1,554 Up by 176 (+12.8%) y-o-y	1,564 Up by 10 (+0.6%) y-o-y
Consultants	999 Up by 118 (+13.4%) y-o-y %age of total workforce: 64.3%	1,039 Up by 40 (+4.0%) y-o-y %age of total workforce: 66.4%
DX staff incl. in above	312	275 Down by 37 (-11.9%) y-o-y

*DX staff are counted in accordance with Funai Soken Holdings definition of "digital transformation staff."

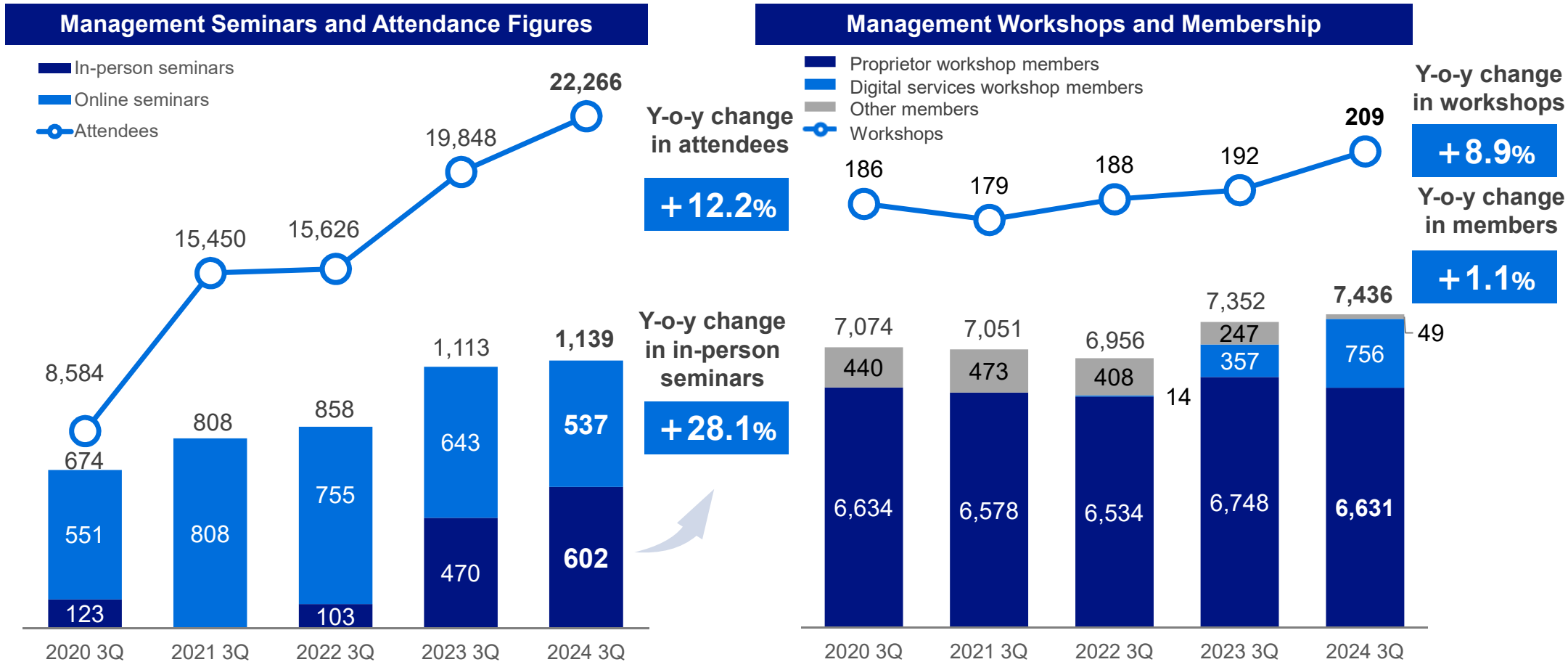
Consultant Numbers and %age of Total Workforce



1. Executive Summary

(4) KPIs: Seminars & Workshops

Relocating Tokyo Headquarters has enabled us to boost in-person seminars, resulting in increased attendance. Management workshop subscription raises (in April) and steadily increasing membership led to a large increase in revenue.



© 2024 Funai Soken Holdings Inc. *Seminar figures denote paid seminars held by Funai Consulting Inc.
 *Funai Consulting merged with other group companies in April 2024; figures for 2023 include those of the merged companies.

Financial Results as of FY2024 3Q

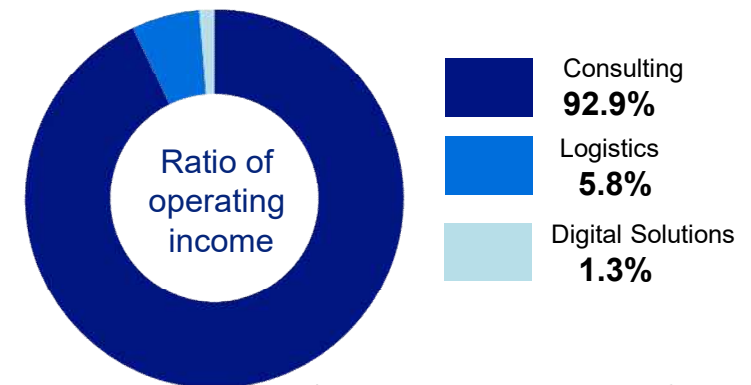
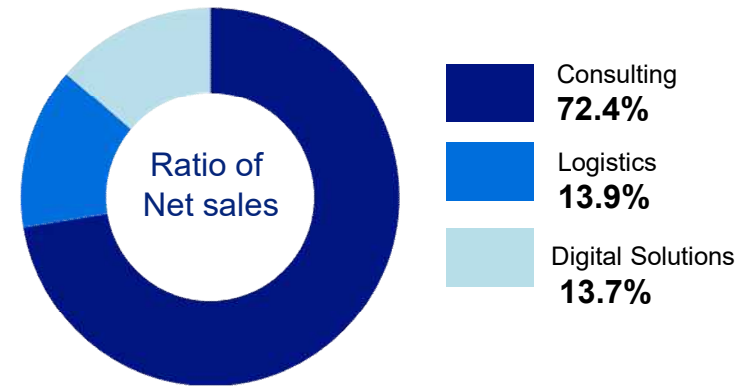
2. Financial Results as of FY2024 3Q

(1) Results of Operations by Segment

The consulting business saw growth across the board in monthly support, projects, management workshops, and management seminars. Profitability was up in the logistics business, and income increased sharply as all segments (incl. digital solutions) ended in a net profit.

Net sales	2023 3Q YTD	2024 3Q YTD	
	Amount (million yen)	Amount (million yen)	Change (%)
Consulting	14,669	16,119	+9.9
Logistics	2,859	3,084	+7.9
Digital Solutions	3,089	3,049	-1.3
(Intra-group & whole-group transactions)	12	0	—
Total	20,630	22,253	+7.9

Operating income	2023 3Q YTD	2024 3Q YTD	
	Amount (million yen)	Amount (million yen)	Change (%)
Consulting	4,689	5,332	+13.7
Logistics	258	332	+28.6
Digital Solutions	-126	73	—
(Intra-group & whole-group transactions)	130	206	—
Total	4,951	5,945	+20.1

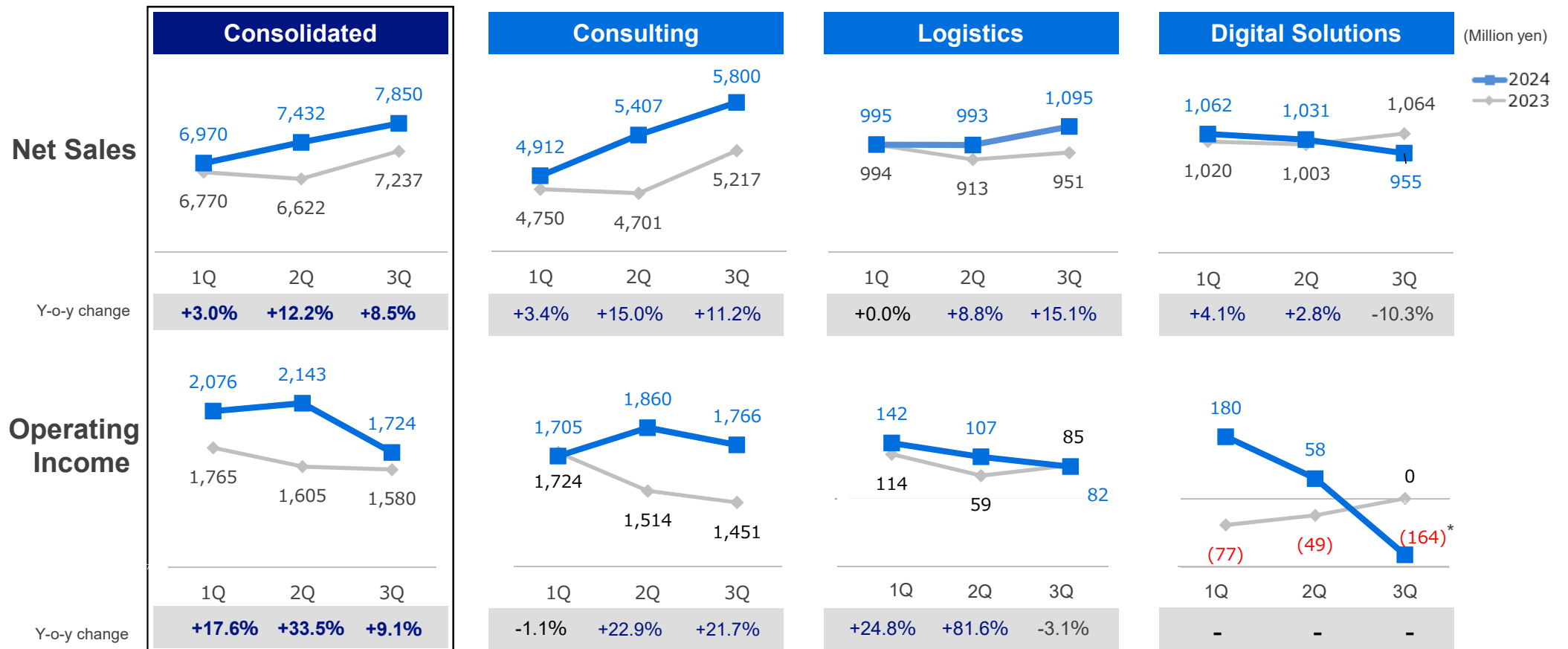


*Percentages exclude intra-group & whole-group transactions

2. Financial Results as of FY2024 3Q

(1) 3Q Results of Operations by Segment

In the consulting business, sales and income in 3Q were both up by double-digits y-o-y. Operating income decreased due to posting of allowance for doubtful accounts relating to a large outstanding account receivable in digital solutions.



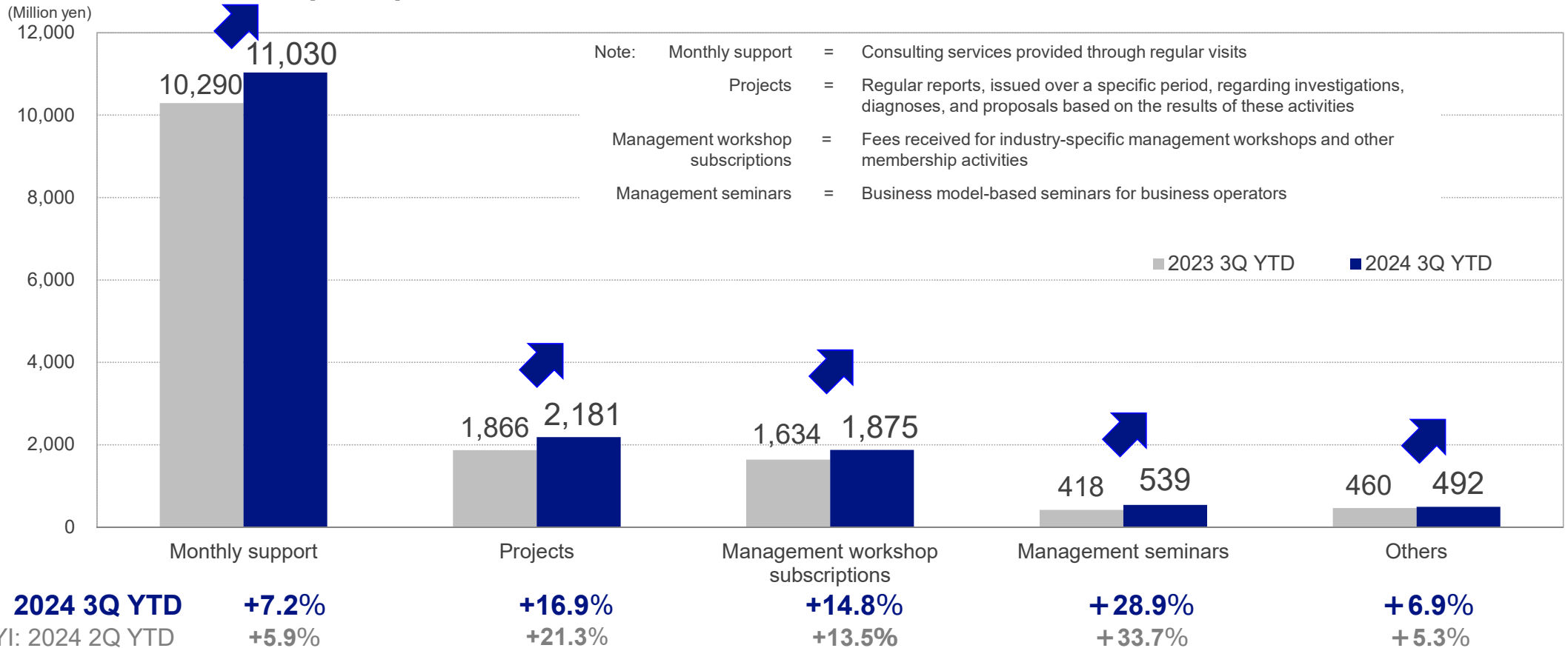
*¥170 mil. allowance for doubtful accounts 10

2. Financial Results as of FY2024 3Q

(2) Results of Operations by Segment: Consulting—Sales by Service Category

The monthly support growth rate is increasing – in 3Q, +9.6%.

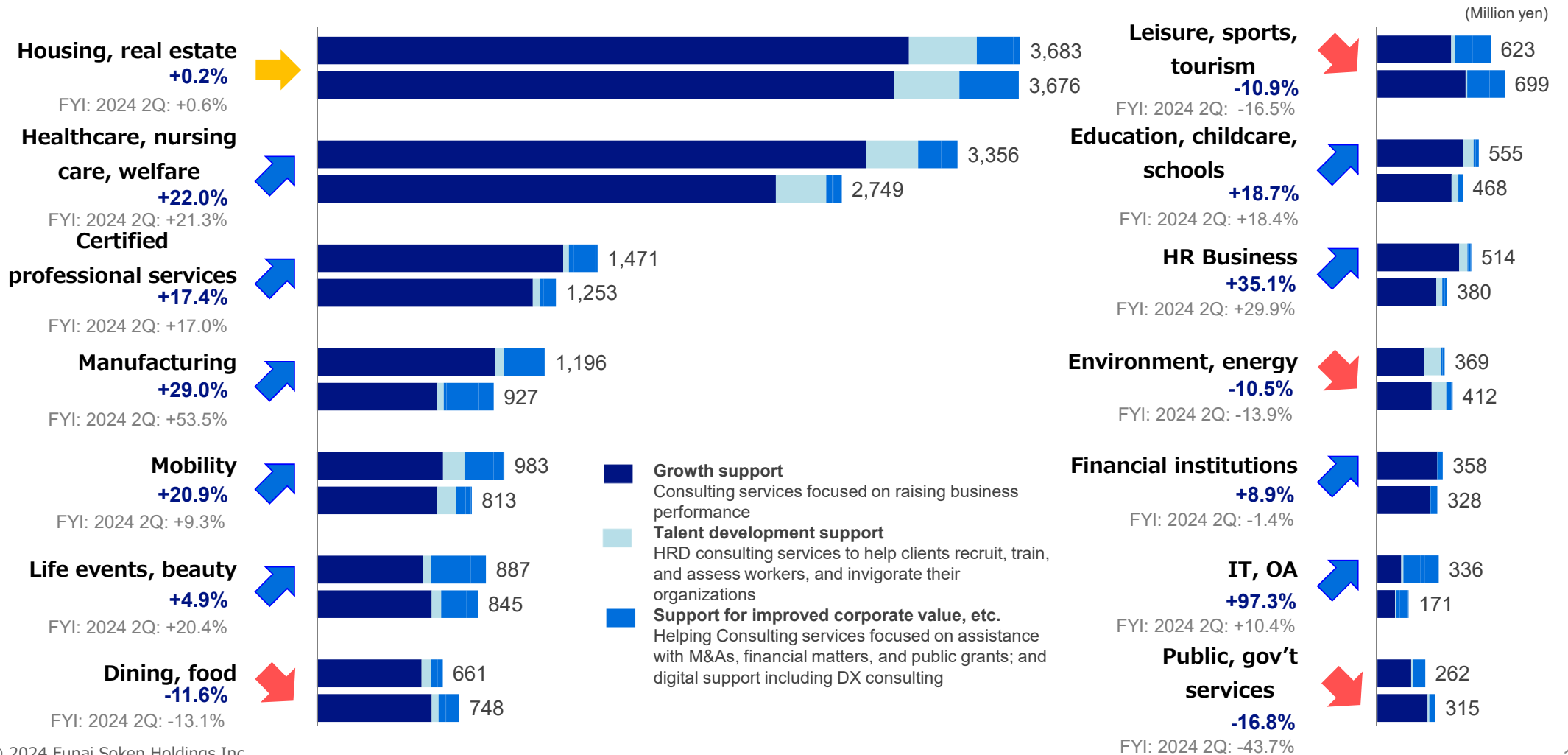
Average management workshop subscription per member was up by double figures y-o-y due to an increase in subscription prices.



2. Financial Results as of FY2024 3Q

(2) Results of Operations by Segment: Consulting—Sales by Sector

Upper bar: 2024 3Q YTD
Lower bar: 2023 3Q YTD



2. Financial Results as of FY2024 3Q

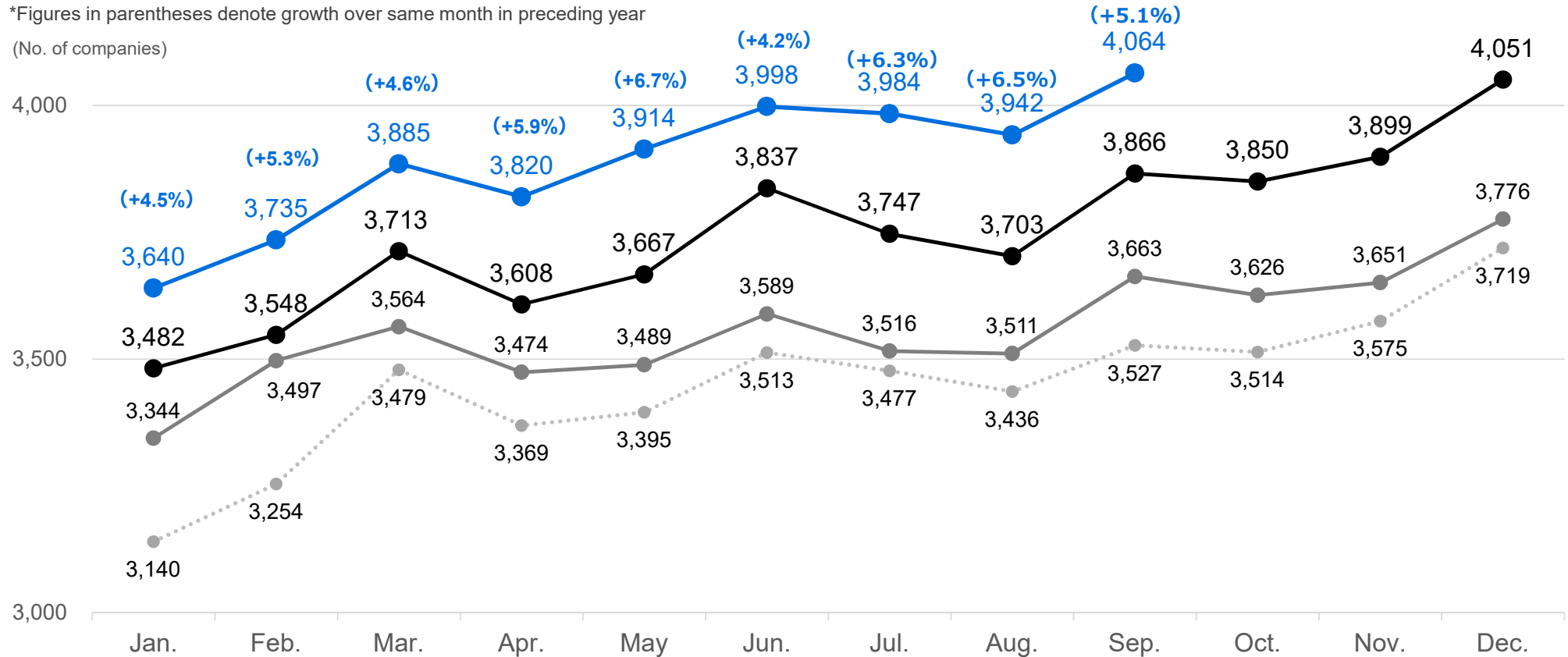
(2) Results of Operations by Segment: Consulting—Consulting Client Numbers

Monthly Consulting Client Company Numbers

● 2021 ● 2022 ● 2023 ● 2024

*Figures in parentheses denote growth over same month in preceding year

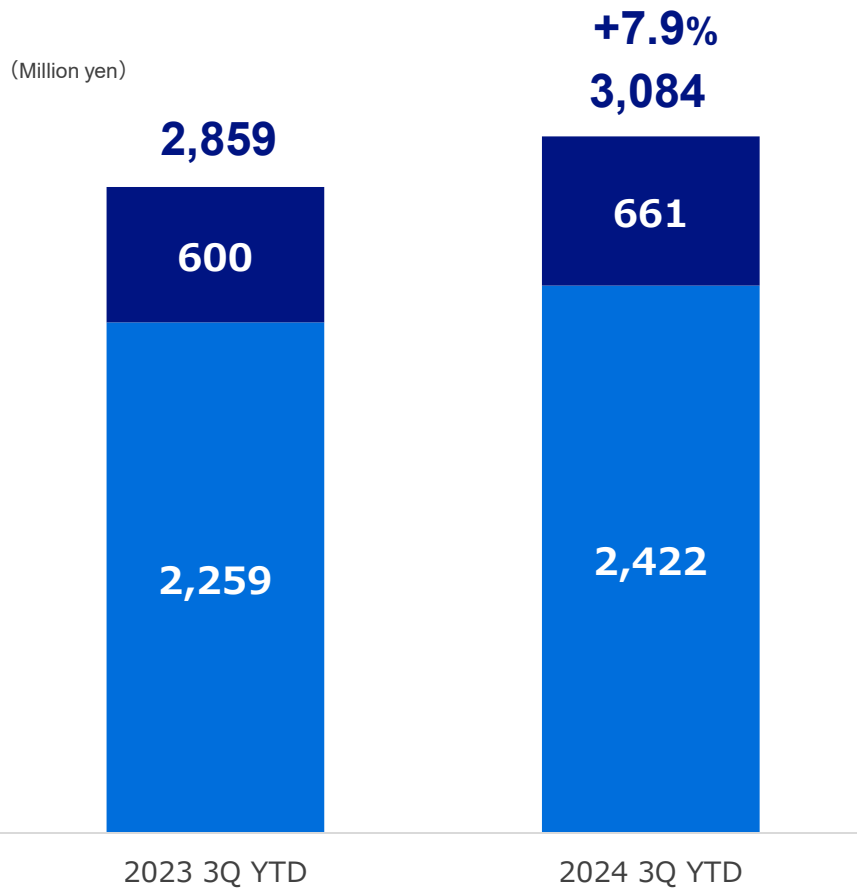
(No. of companies)



*Figures denote the total number of consulting contracts per month in the consulting segment (i.e., Funai Consulting, Proseed, Funai Consulting Shanghai, and Seicho Senryaku; excl. intra-group transactions).

2. Financial Results as of FY2024 3Q

(3) Results of Operations by Segment: Logistics—Sales by Service Category



Logistics Consulting

Helping clients reduce logistics costs

+10.2%

FYI: 2024 2Q YTD +13.2%

- Consulting for logistics companies remained strong, and previously stagnant workshop memberships recovered
- We struggled to generate new orders for consulting services for shipper clients

340 management workshop memberships as of Sep.30, 2024; 331 as of Sep.30, 2023

Logistics BPO

Logistics on behalf of clients
Reducing purchasing costs through joint buying

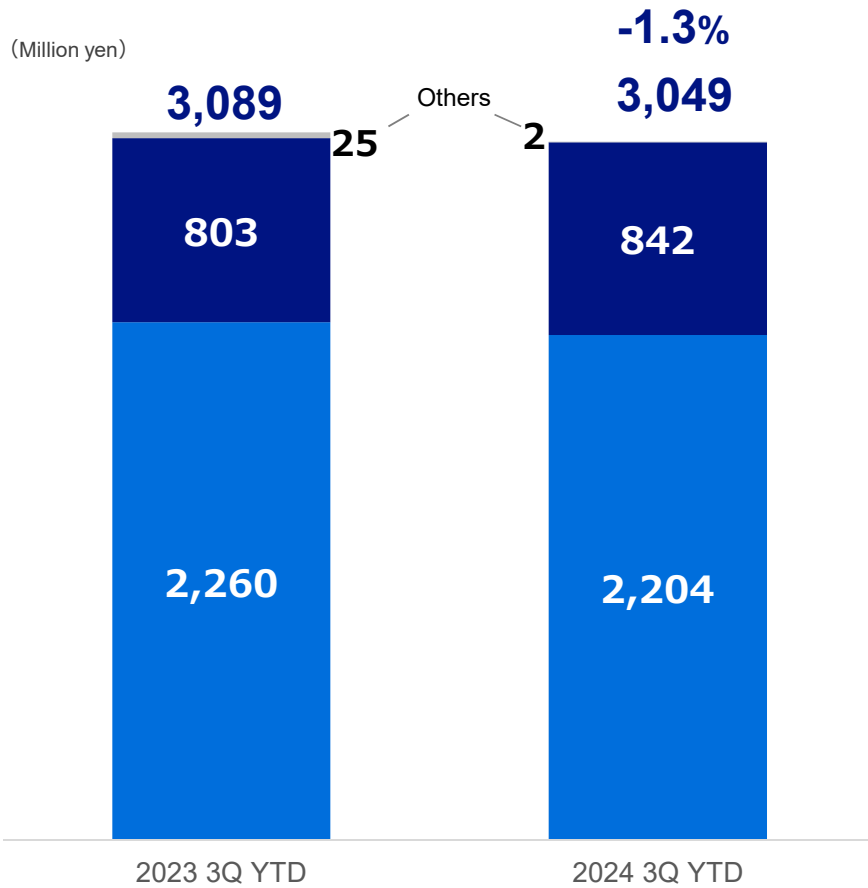
+7.2%

FYI: 2024 2Q YTD +2.0%

- Sales were up, buoyed by increased business from existing clients
- New client development is progressing well despite the current unfavorable conditions for large-scale new orders

2. Financial Results as of FY2024 3Q

(4) Results of Operations by Segment: Digital Solutions—Sales by Service Category



HR Solutions

+4.8%

- Steady growth in new clients, led by Recruiting Cloud (AI-powered recruiting service)
- Maintained 10+% operating margin

FYI: 2024 2Q YTD +5.8%

Digital Solutions

-2.4%

- Aggressive investment in hiring engineers last year resulted in a net loss; restored focus on profit this year has resulted in a net gain

FYI: 2024 2Q YTD +3.8%

Sales Process Transformation (SPX)

- Robust sales of call center BPO services drove an increase in net sales
- Online ad agency services remain strong despite decline among some clients

IT Consulting

- Sales were up, with new projects offsetting the conclusion of major projects from last year

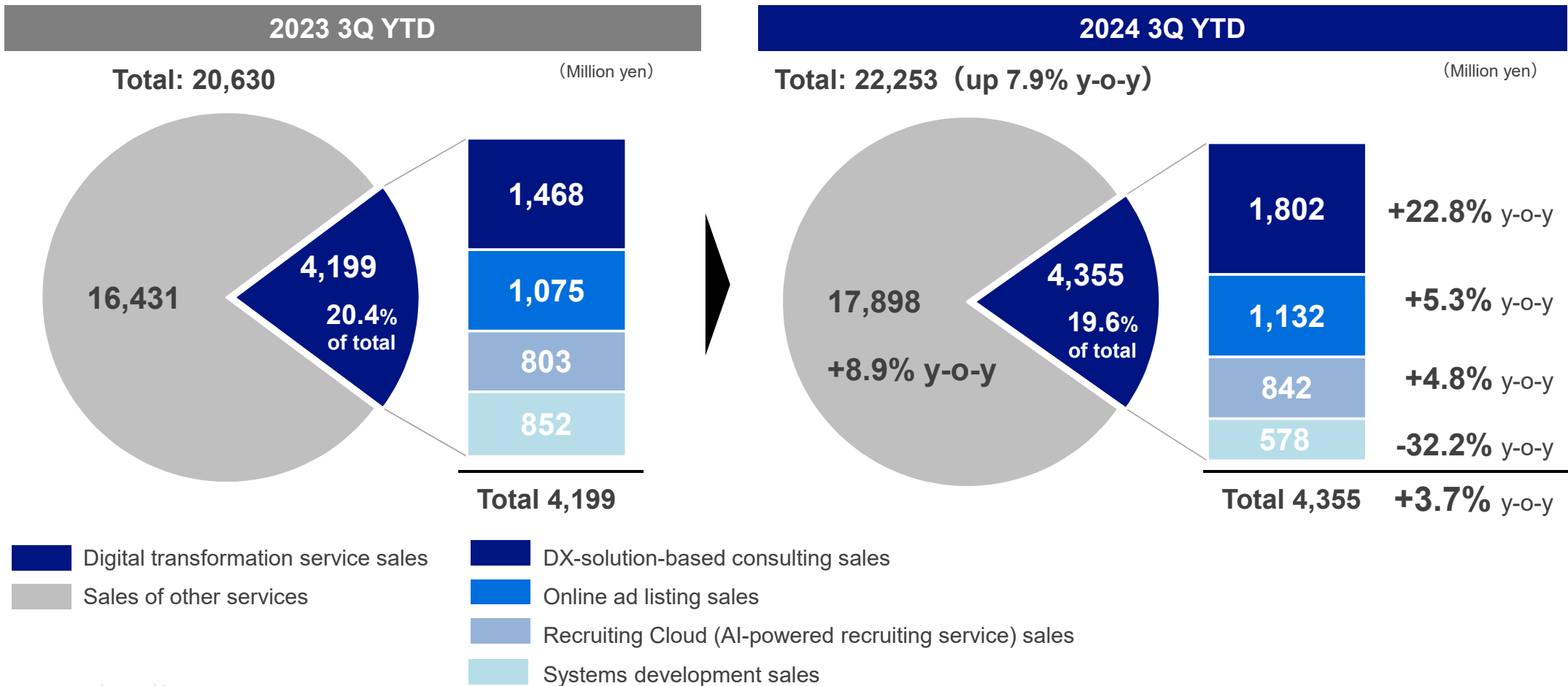
Cloud-based Solutions

- Sales were down due to last year's decrease in large outsourcing contracts

2. Financial Results as of FY2024 3Q

(5) Results of Operations in Digital Transformation Services

Strategic scaling-back of systems development, increased focus on DX consulting, online ad listing, and Recruiting Cloud



2. Financial Results as of FY2024 3Q

(6) Consolidated Financial Position: Balance Sheet

(Million yen)

		As of Dec. 31, 2023	As of Sep.30, 2024	Change	Major factors behind changes
Current assets		18,657	14,909	-3,748	Decrease in current assets: Major factors include decreases in cash and deposits
Noncurrent assets	Property, plant, and equipment	6,146	6,567	+421	Increase in noncurrent assets: Major factors include increases in buildings and structures and time deposits (listed under “other investments and other assets”), and decrease in construction in progress listed under “other property, plant, and equipment.”
	Intangible assets	1,124	709	-415	
	Investments and other assets	5,702	7,414	+1,712	
Total assets		31,631	29,601	-2,029	
Current liabilities		5,666	6,367	+700	Increase in current liabilities: Major factors include increases in provision for bonuses and decreases in other accounts payable and deposits received (listed under “others”).
Noncurrent liabilities		238	239	+0	
Total liabilities		5,904	6,606	+701	
Total net assets		25,726	22,995	-2,731	Decrease in total net assets: Major factors include share buyback. Financial position remains sound with a high equity ratio of 75.4%.
Total liabilities & net assets		31,631	29,601	-2,029	

2. Financial Results as of FY2024 3Q

(7) News

National Workshop Conference 2024 (97th National Management Strategy Seminar Conference)



- One of Japan's largest events for business proprietors, held over 4 days
- Guest lectures by 50+ current top executives; proprietors and executives from some 2,600 companies in attendance

Inspection Tours of Sustainable Growth Companies Outside of Japan



- The world's must-see companies and organizations carefully selected by our top consultants
- 114 business proprietors attended, eager to learn more on this year's theme: Insights on How to Harness AI & Drive Future Innovation

2. Financial Results as of FY2024 3Q

(7) News

Funai Consulting certified as a Fukuoka Pro Market “F-Adviser”



- Following on from its certification as a J-Adviser for the Tokyo Stock Exchange Pro Market, Funai Consulting has acquired certification as an F-Adviser for the Fukuoka Stock Exchange Pro Market.
- As an F-Adviser, the company is entrusted by the Fukuoka Stock Exchange to assess, advise, and guide companies that want to be listed on the Fukuoka Pro Market. .

Funai Teams Up with Kobe University for Joint Research



- Funai Consulting has teamed up with Kobe University to launch a new research initiative into value creation by SMEs with the aim of shedding light on the relationship between the growth factors and proprietors of enterprises with turnover of ¥10 billion. The initiative combines the company’s wealth of data amassed through consulting for some 40,000 companies with Kobe University Graduate School of Business Administration’s various management theory systems.

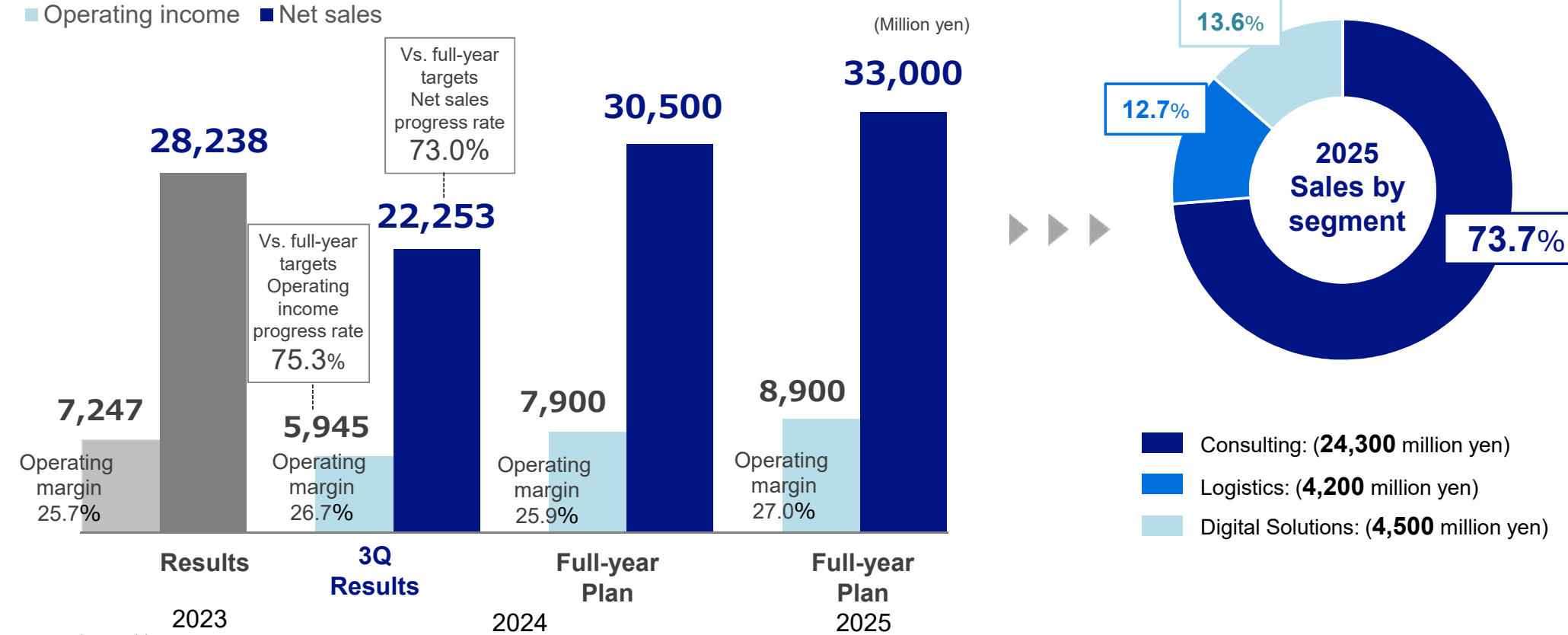
Mid-Range Business Plan Progress & Growth Strategy

3. Mid-Range Business Plan Progress & Growth Strategy

(1) Progress toward Achieving the Mid-Range Business Plan

For FY2025, we plan to achieve net sales of 33.0 billion yen and operating income of 8.9 billion yen, maintaining high profitability.

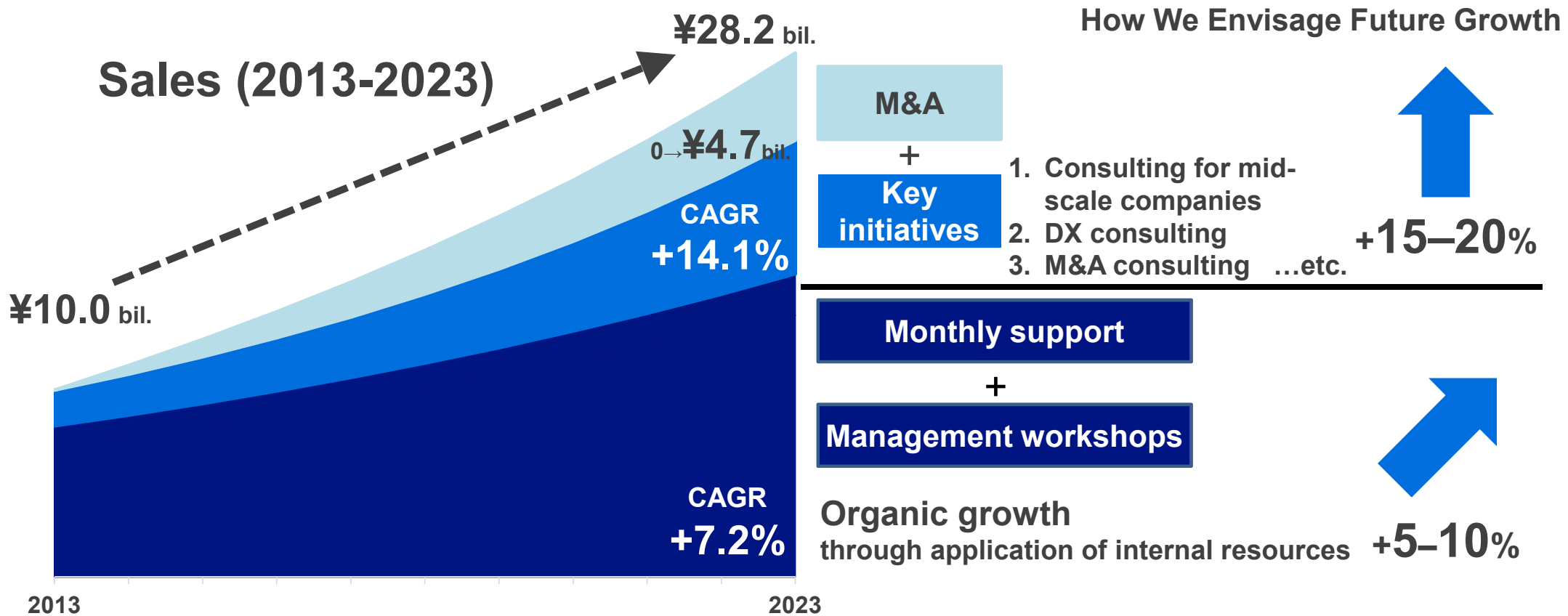
■ FY2023-FY2025: Results and targets of net sales and operating income



3. Mid-Range Business Plan Progress & Growth Strategy

(2) How We Have Grown

We aim to leverage organic growth, key initiatives, and M&As to maintain double-digit growth.

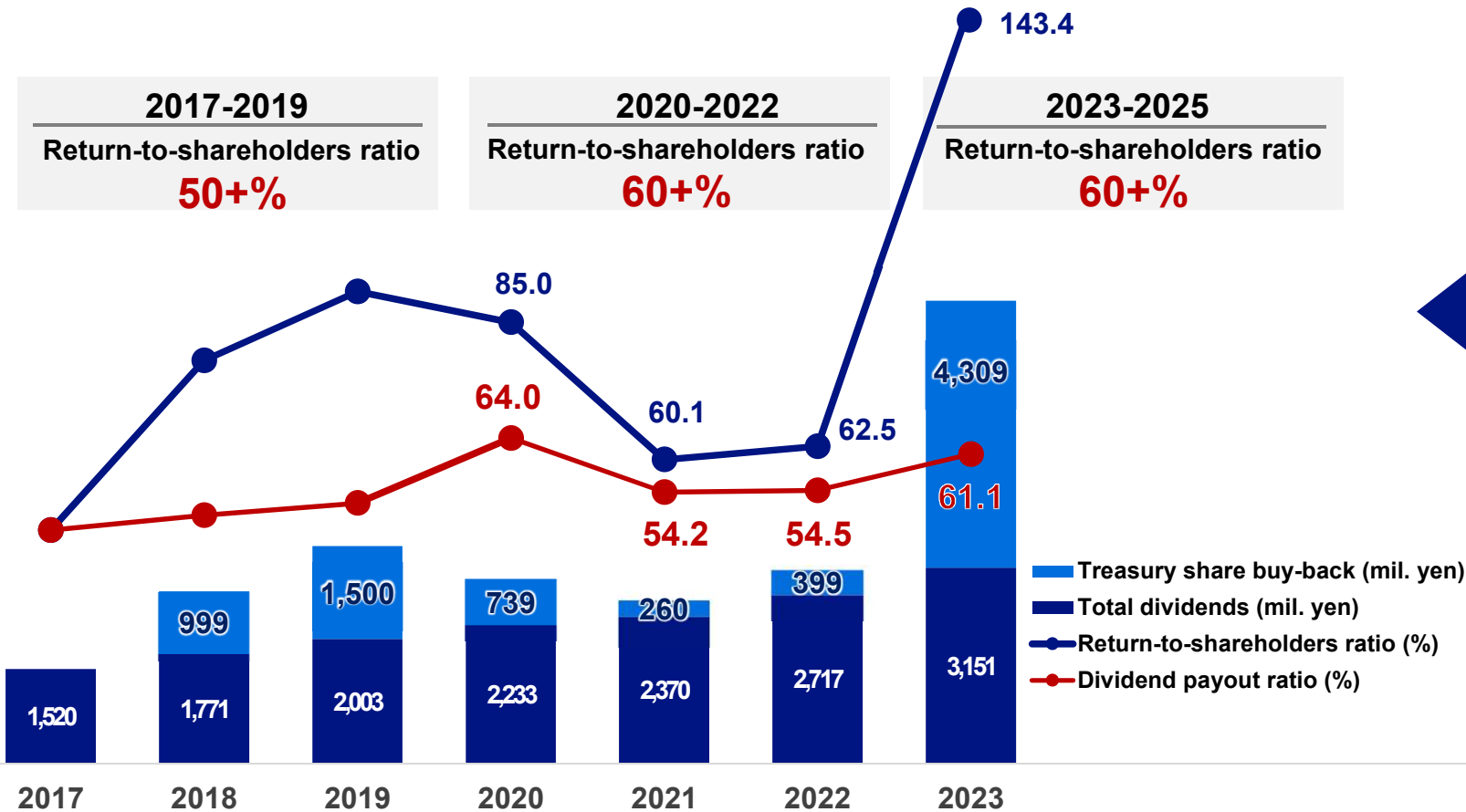


Shareholder Returns

4. Shareholder Returns

(1) Shareholder Returns Policy

We will continue to strive for a high rate of shareholder returns, such as through ongoing dividend increases and share buybacks.



2017-2019
Return-to-shareholders ratio
50+%

2020-2022
Return-to-shareholders ratio
60+%

2023-2025
Return-to-shareholders ratio
60+%

Shareholder Returns Policy

Return-to-shareholders ratio

60+%

Dividend payout ratio

55+%

+

Dynamic share buybacks

+

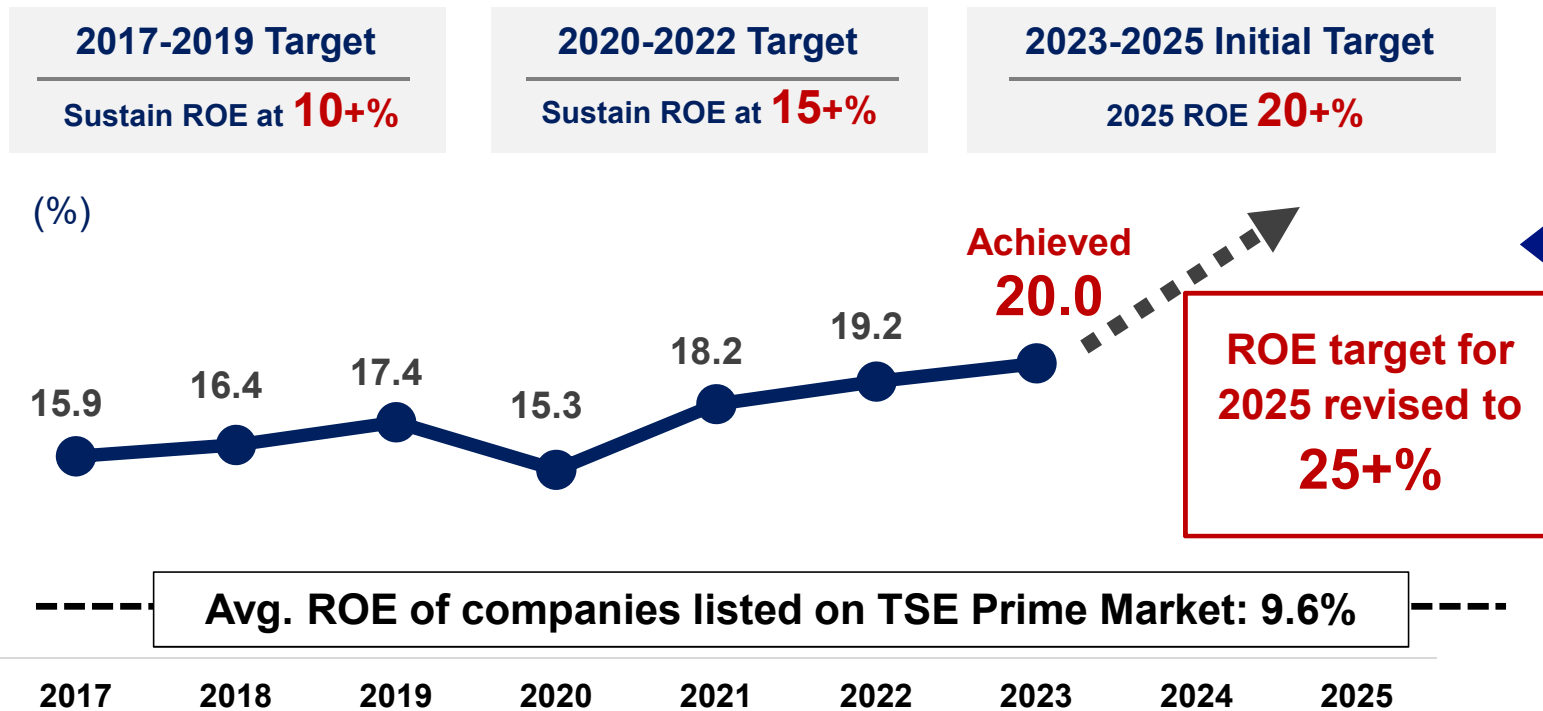
Ongoing dividend increases

(Current dividend increase streak unbroken since FY2011)

4. Shareholder Returns

(2) Capital Efficiency Targets

ROE target for 2025 raised from 20+% to 25+% in pursuit of sustained growth in corporate value.



Capital efficiency targets

ROE target for 2025 revised to **25+%**

Avg. ROE of companies listed on TSE Prime Market:

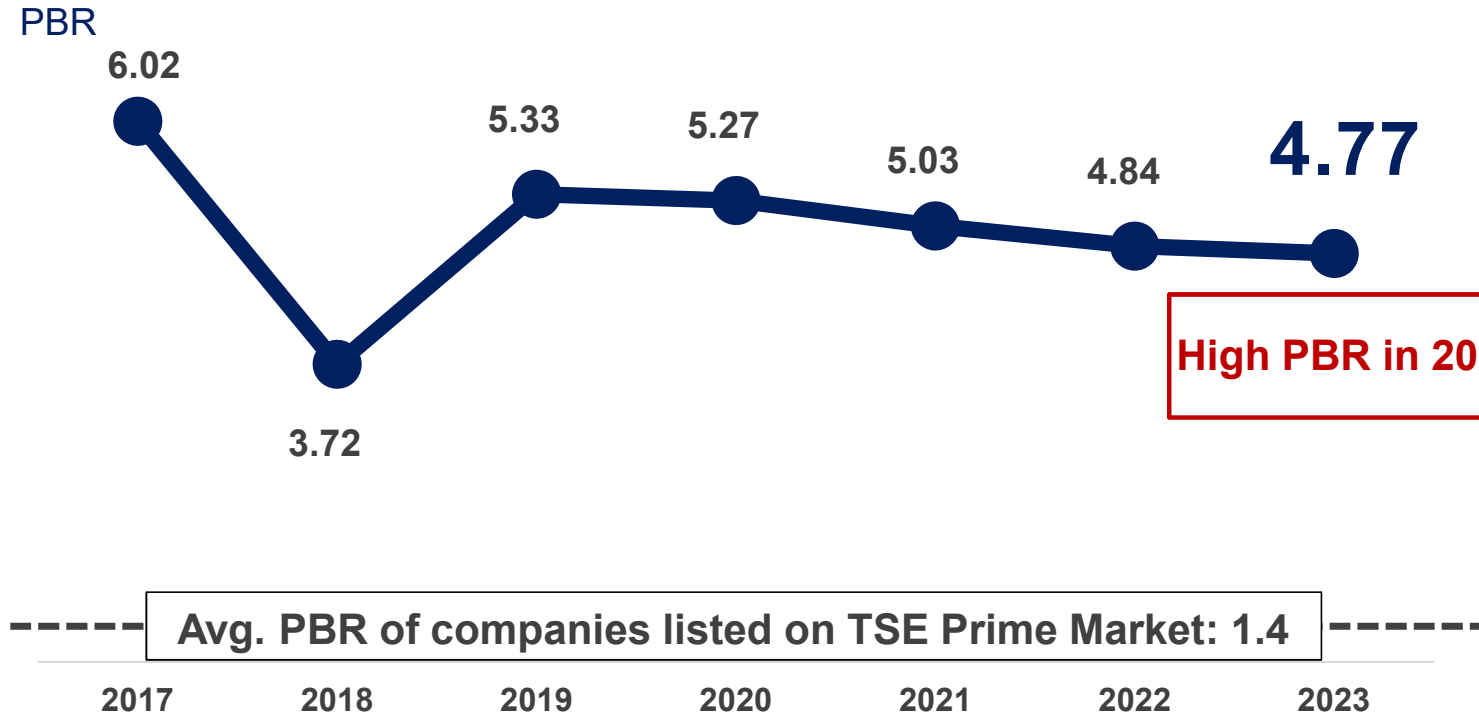
9.6%

Source: Tokyo Stock Exchange, Summary of Earnings Digests by Listed Companies (fiscal year ended Mar. 2024)

4. Shareholder Returns

(3) Share Price Target

We will continue to strive to sustain a high PBR.



Share Price Target

Maintain high PBR in 2025

Avg. PBR of companies listed on TSE Prime Market:

1.4

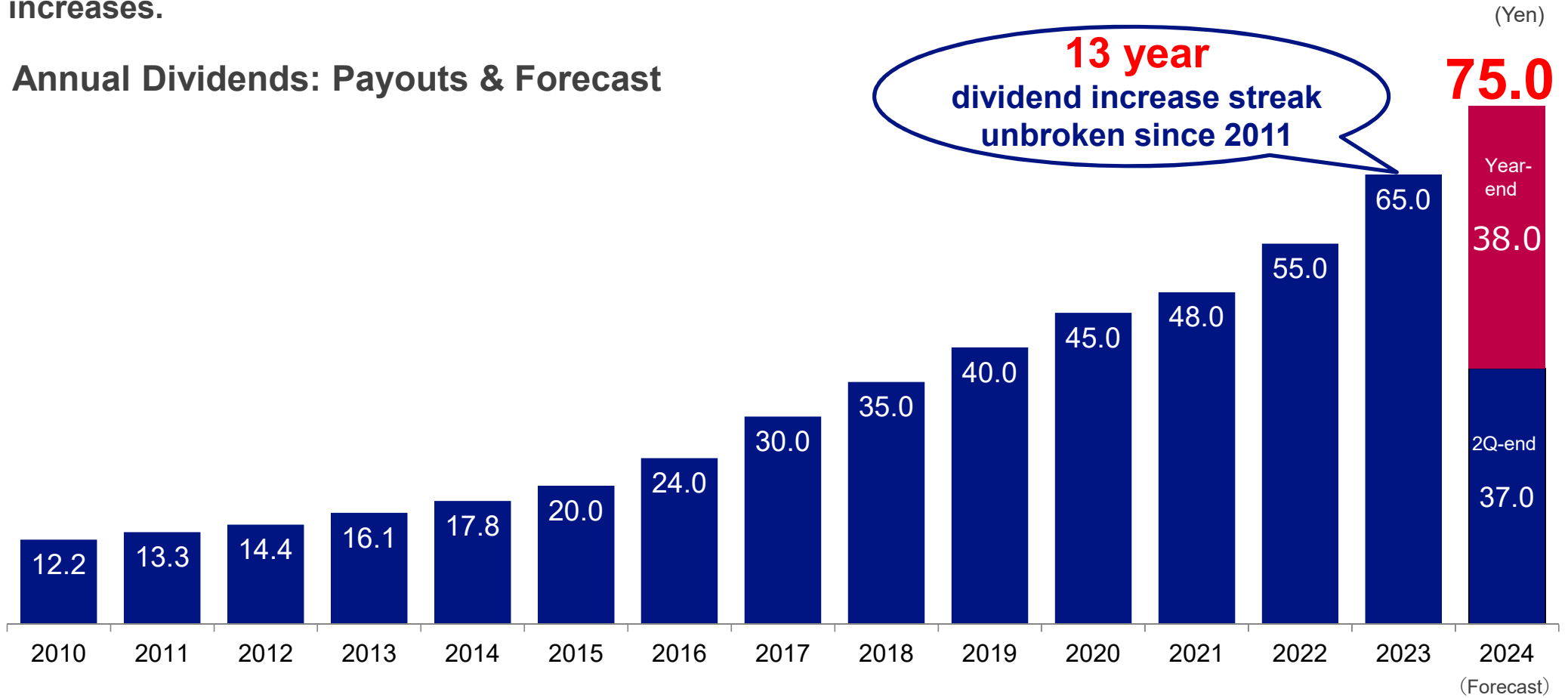
Source: Tokyo Stock Exchange, Average PER and PBR by Size and Types of Industry (Mar. 2024)

4. Shareholder Returns

(4) Annual Dividends

Dividend plan for 2024: Up ¥10 from 2023 to ¥75. This would be the 14th straight year of dividend increases.

Annual Dividends: Payouts & Forecast



4. Shareholder Returns

(5) Share Buyback and Retirement of Treasury Shares

We undertook a buyback of shares as outlined below to help improve capital efficiency and boost shareholder returns. The Board of Directors approved the buyback on February 8, 2024; the buyback was completed on September 6, 2024.

Share Buyback

Date of board resolution	Buy-back period	Acquisition price					Number of shares purchased
		Max. amount approved	2023	2024	Total price paid	%age of approved amount used	
Aug. 23, 2023	Aug. 24, 2023 – Feb. 5, 2024	¥3,000 mil.	¥2,209 mil.	¥790 mil.	¥2,999 mil.	99.9% (buyback complete)	1,172,800
Feb. 8, 2024	Feb. 9, 2024 – Sep.6, 2024	¥3,000 mil.	-	¥2,849 mil.	¥2,849 mil.	95.0% (buyback complete)	1,200,000

Retirement of Treasury Shares

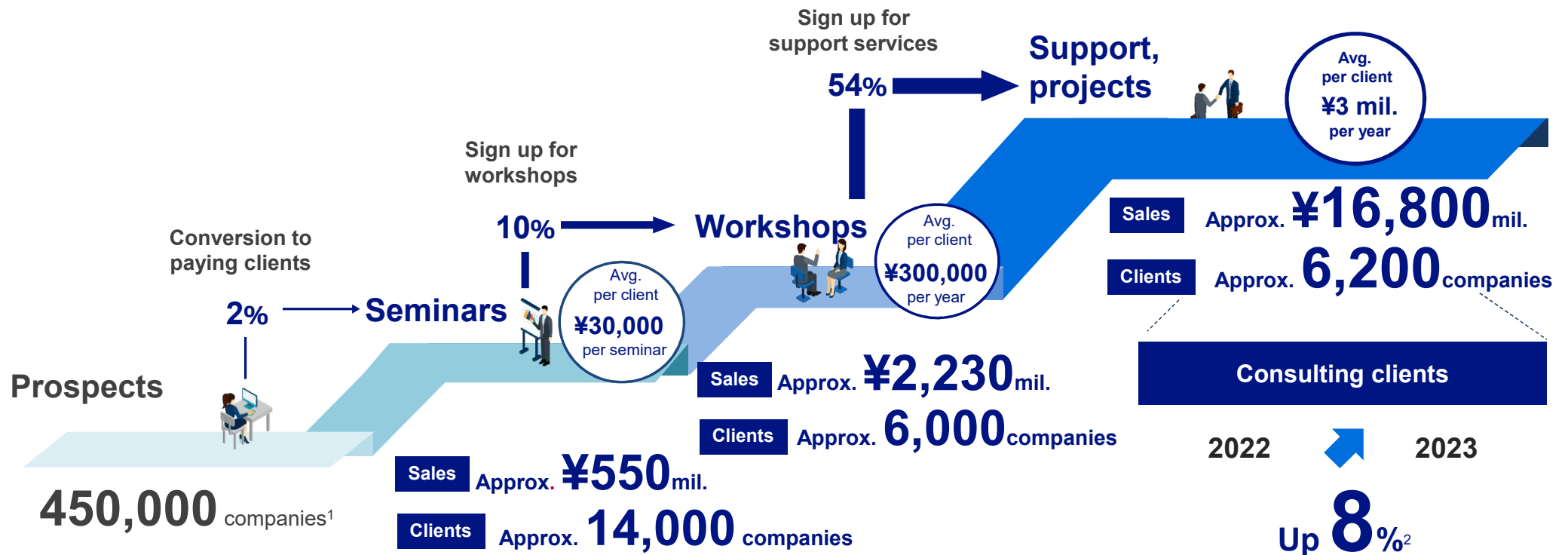
Date of board resolution	Date of retirement	Number of shares retired		
		Total number of shares outstanding prior to retirement	Number of shares retired	Total number of shares outstanding after retirement
Feb. 8, 2024	Feb. 29, 2024	52,000,000	2,000,000	50,000,000

The background features a stylized landscape with layered, light blue mountains in the distance. The foreground is filled with a dense line of green and blue coniferous trees. Numerous small, colorful birds are scattered across the sky, adding a sense of movement and life to the scene.

Our Business Model & Competitive Edge

Business Model

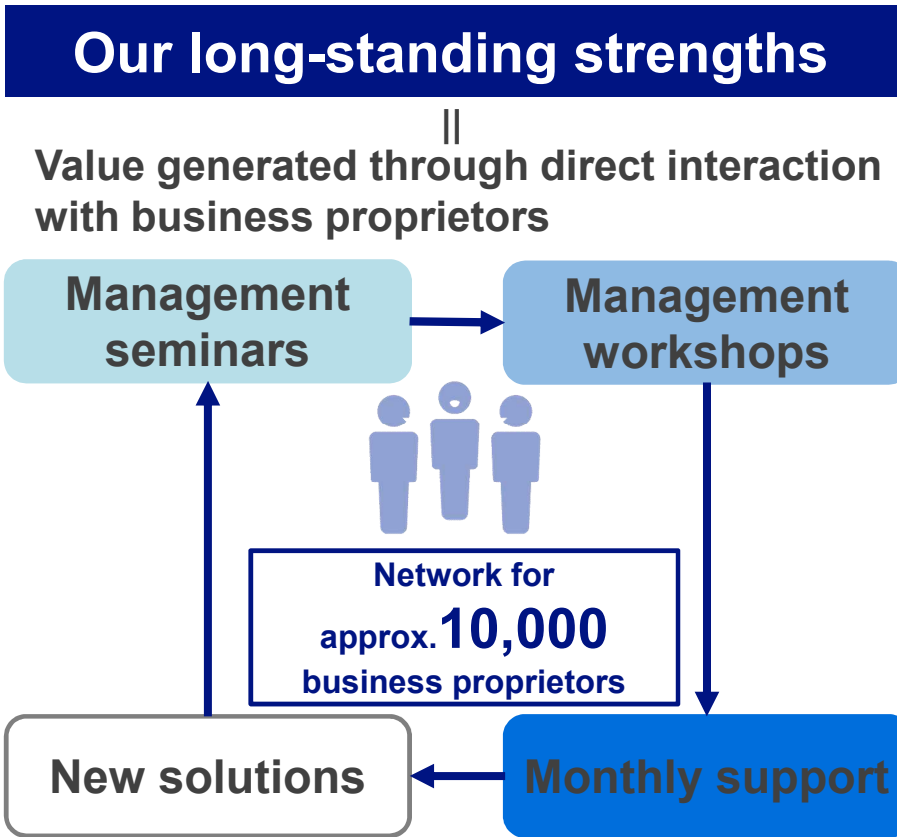
Seminars and workshops help build a client base from which to generate demand for consulting



1. We typically target Japanese mid-scale companies and SMEs, filtered by industry and company size.

2. Actual performance in the consulting business (Jan. to Dec. 2023)

A Business Model that Cycles from Client Acquisition to a Stable Supply of Orders and Back Again



Seminars: A gateway for new prospects

➔ Seminars held: 1,423
Participants: 24,460



Most seminars & participants ever

Workshops: A platform for client conversion

➔ Workshops held: 199
Members: 7,321



On track for highest membership ever

(as of Dec. 31, 2023)

Management Workshops

A forum for interaction among industry peers and a great way to find mentors



Industry-specific, solution-specific workshops for mid-scale and SME proprietors

- Up-to-the-minute information from consultants
- Useful case studies from around the nation
- Interaction with fellow proprietors

Monthly Support

Industry-specific, expert consulting teams offer detailed solutions and help with implementation



Industry-specific, solution-specific on-site “tutoring” for mid-scale and SME proprietors

- Contract-based consulting services
- Practicable growth support based on real case studies from around the nation

What Makes Us Different from Other Consulting Firms?

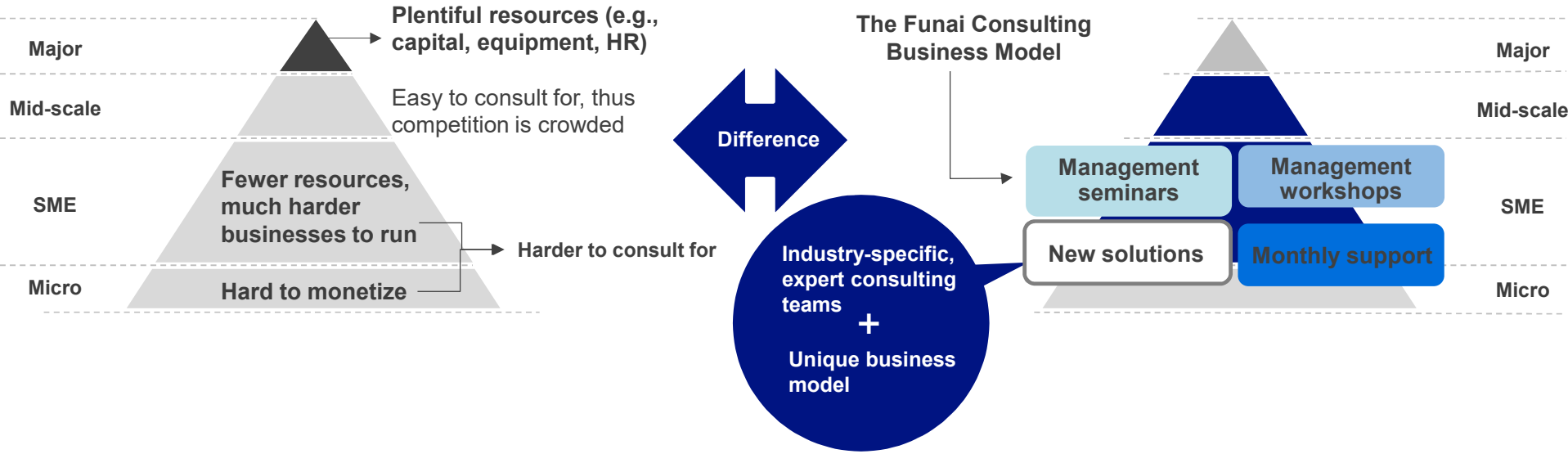
1. Business Model Focusing on mid-scale companies and SMEs

Ordinary consulting firms

Funai Soken

Main focus: major corporations

Main focus: Solid support for mid-scale companies and SMEs



What Makes Us Different from Other Consulting Firms?

2. Sales presence focused on Tokyo for better efficiency and profitability

Ordinary consulting firms

Big sales network for more customer contact points

Results in higher network costs and sales activity costs; harder to share insights and know-how among consultants, harder to sustain quality.

Each office conducts sales by approaching prospects within its own catchment area (i.e., push-style)



Funai Soken

Sales presence focused on Tokyo; clients attracted by high expertise

Keeps network costs and sales activity costs low; facilitates sharing of insights and know-how among consultants, easier to sustain quality.

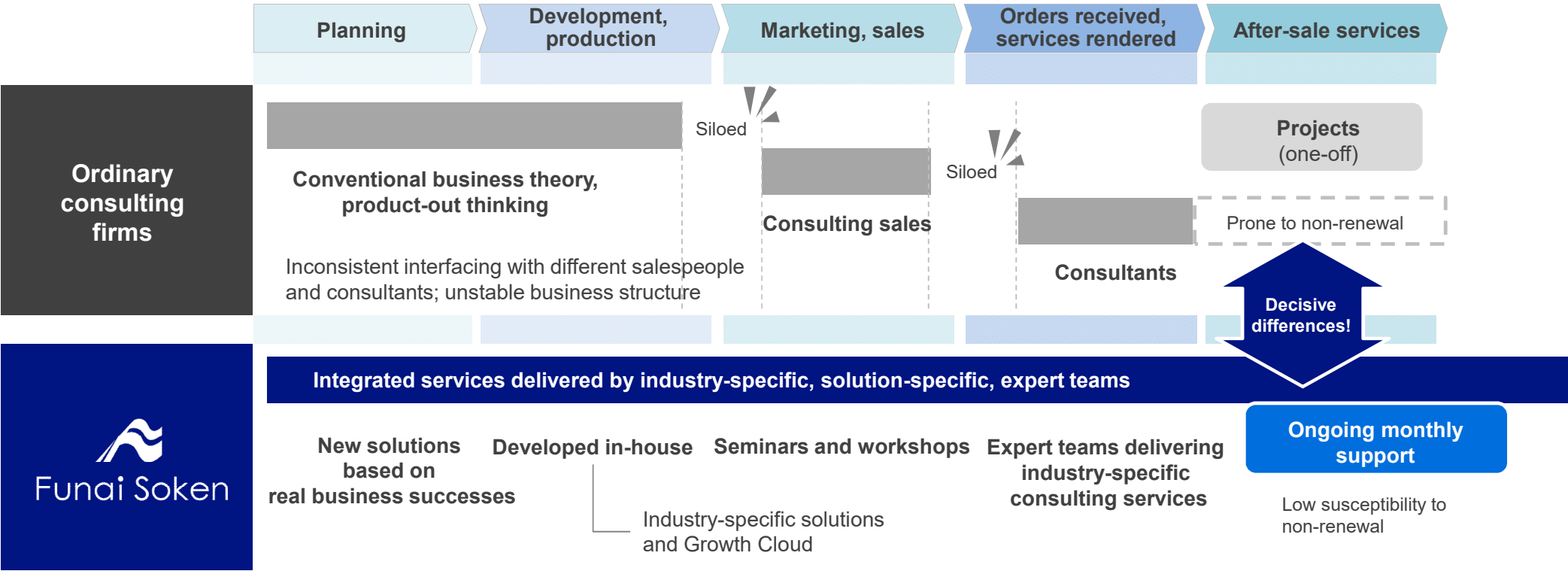
Business proprietors come to our industry-specific, expert consulting teams for help (e.g., pull-style)



*The two-office structure is also part of our business continuity planning.

What Makes Us Different from Other Consulting Firms?

3. Establishing ourselves as an “SPA” of the consulting industry, we can maintain high profitability





The Funai Soken Consulting Group Purpose

Sustainable growth for more companies

We lead the way to a better future and a more productive society
in which more companies can achieve growth in any conditions
and people can reach their full potential

Statement Regarding Use of These Materials

Plans, outlooks, strategies and other information contained herein are based on reasonable judgments made in accordance with information currently available.

Actual results may differ greatly from these forecasts for a number of factors.

All possible care has been exercised in preparing these materials, but the Funai Consulting Group assumes no responsibility for losses or other damages resulting from errors concerning any information.

These materials are not intended to encourage any kind of investment. Investment decisions are the sole responsibility of the individual investor.

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