



Funai Soken Holdings Incorporated

Financial Results Briefing for the Fiscal Year Ended December 2021

February 8, 2022

Presentation

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I am Nakatani, the president of Funai Soken Holdings Incorporated. Thank you for your continued support of our group.

Today, I would like to explain about what you see on the screen right now. Today, I would like to explain based on the materials released on February 4, but due to limited time, we are going to go through the important parts. For details of the materials, please visit our website or contact our IR&PR Office, where we will be happy to provide you with a separate explanation.

I will now begin with the summary of financial results for the fiscal year ending December 31, 2021, which was announced on February 4, 2022.

1. FY2021 Financial Report



(1) Consolidated Income

- Catering to clients' needs amid Covid-19 resulted in record performance.
- Sales were solid, with sales of monthly support services and online advertisement agency services up in the consulting segment.
- Profit margins improved greatly, and we achieved our net income target even after upward revision.

	FY12/20		FY12/21			Figures revised on Aug. 3, 2021	
	Amount (million yen)	% of total	Amount (million yen)	% of total	Change (%)	Amount (million yen)	Change (%)
Net sales	25,027	100.0	28,813	100.0	+15.1	29,000	-0.6
Operating income	4,982	19.9	6,349	22.0	+27.4	6,400	-0.8
Ordinary income	5,091	20.3	6,439	22.3	+26.5	6,450	-0.2
Net income attributable to owners of the parent	3,498	14.0	4,373	15.2	+25.0	4,300	+1.7

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First, let me explain the revenue situation.

Net sales were JPY28,813 million, up 15.1% from the previous fiscal year. Operating income was JPY6,349 million, up 27.4% from the previous fiscal year, and ordinary income was JPY6,439 million, up 26.5% from the previous fiscal year. Finally, net income was JPY4,373 million, up 25% from the previous fiscal year, representing a significant increase in both sales and profits, and the first time in two years that both sales and profits have reached record highs.

As for net sales, in the management consulting business, monthly support consulting and web advertising management agency services performed well throughout the year.

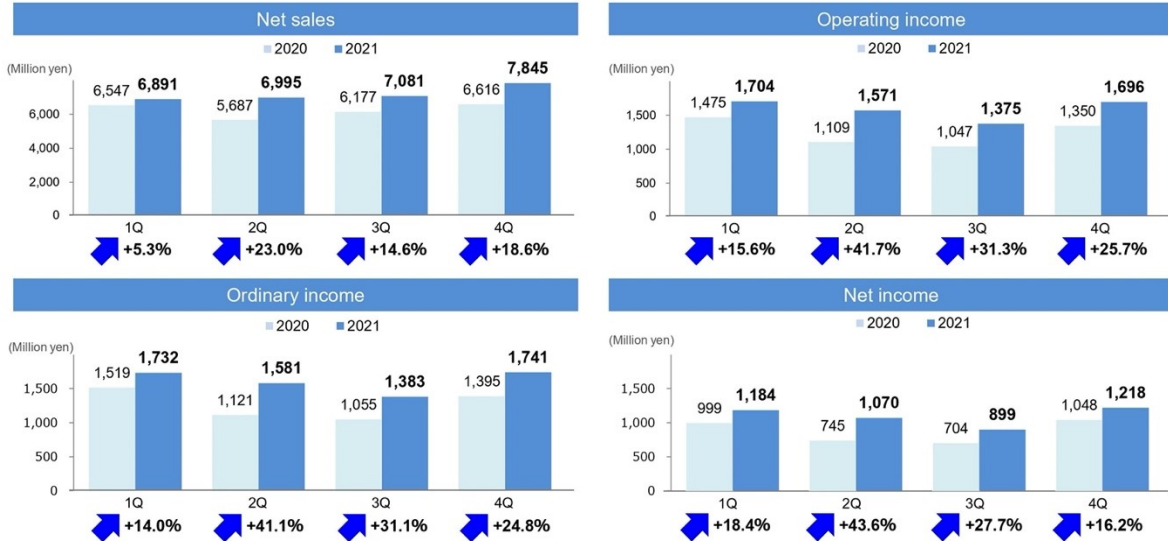
On the profit side, the profit margin improved significantly, and net income achieved the performance forecast that was revised upward in August.

1. FY2021 Financial Report



(2) Income by Quarter

- Sales bottomed out in the second quarter of 2020, and have risen steadily in all quarters since. Income also showed large year-on-year increases in all quarters.



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This chart compares the results of sales, operating income, ordinary income, and net income by quarter for the years 2020 and 2021.

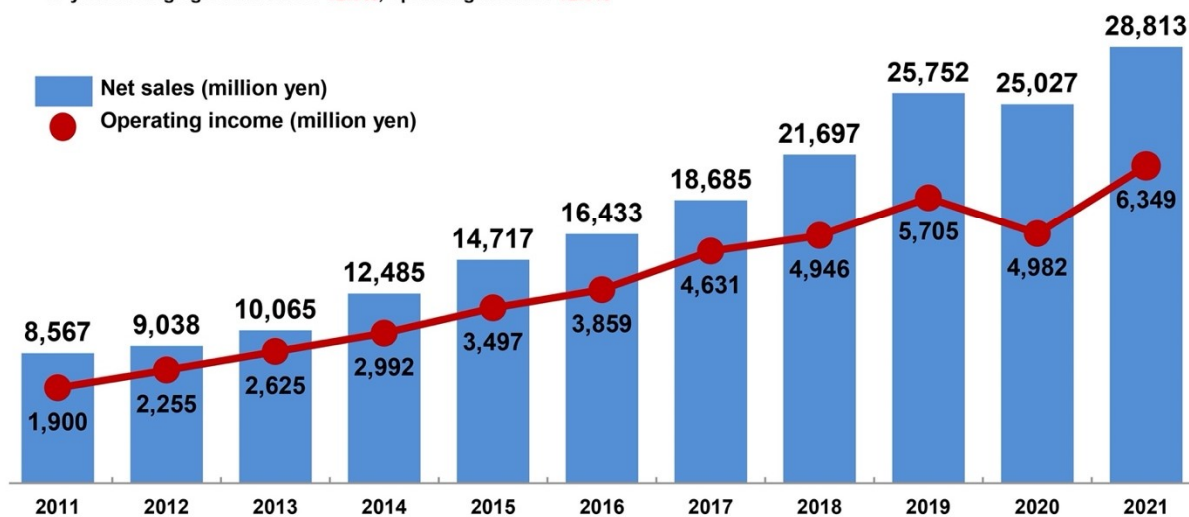
As you can see, both sales and profits increased significantly in each quarter compared to the previous year, and we were able to steadily improve our performance.

1. FY2021 Financial Report



(3) Annual Sales and Operating Income

- A return to record-setting sales for the first time in two years
- 10-year average growth: Sales: **12.9%**, operating income: **12.8%**



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The graph above shows the performance of the Company over a longer period of time.

The following table shows our business performance over the past 10 years since 2011. Unfortunately, in 2020, due to the impact of COVID-19, we saw a decrease in both revenue and profit, but in 2021, we were able to exceed our 2019 results, achieving our best ever performance in two years.

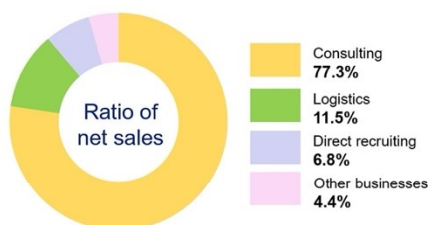
For your information, the average growth rates for the last 10 years were 12.9% for sales and 12.8% for operating income.

1. FY2021 Financial Report

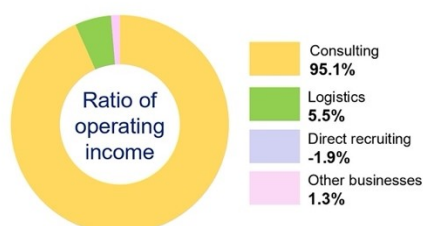
(4) Results of Operations by Segment

- Sales and income increased on the back of strong growth in new orders in the consulting and logistics segments.
- The size of the net operating loss in the direct recruiting segment decreased, but performance remains subdued.

Net sales	FY12/20	FY12/21	
	Amount (million yen)	Amount (million yen)	Change (%)
Consulting	19,058	22,256	+16.8
Logistics	2,638	3,309	+25.5
Direct recruiting	2,331	1,953	-16.2
Other businesses	975	1,272	+30.4
(Intra-group & whole-group transactions)	23	21	-
Total	25,027	28,813	+15.1



Operating income	FY12/20	FY12/21	
	Amount (million yen)	Amount (million yen)	Change (%)
Consulting	4,801	5,846	+21.8
Logistics	311	338	+8.7
Direct recruiting	-174	-115	-
Other businesses	-88	82	-
(Intra-group & whole-group transactions)	131	195	-
Total	4,982	6,349	+27.4



*Percentages exclude intra-group & whole-group transactions

Next, I would like to explain the results by segment.

We have four segments, the main one being the management consulting business.

As shown in the graph on the right, the management consulting business, which accounts for the majority of both sales and operating income, achieved steady double-digit growth, with sales of JPY22,256 million, up 16.8% from the previous year, and operating income of JPY5,846 million, up 21.8% from the previous year.

Next, the logistics business posted sales of JPY3,309 million, an increase of 25.5% over the previous fiscal year. As for operating income, we struggled a bit in the first half of the fiscal year, as sales of high-margin logistics consulting services were still declining, but in the second half of the fiscal year, new orders increased steadily, and operating income turned to increase. As a result, operating income was JPY338 million, up 8.7% from the previous fiscal year.

In the direct recruiting business, net sales were JPY1,953 million, down 16.2%, and operating income was a negative JPY115 million, resulting in an operating loss. In terms of our business segments, the direct recruiting business was the most affected by COVID-19, but we were able to cover the negative impact with our mainstay management consulting business.

In other businesses, the contact center consulting business and the system development business performed well, resulting in a significant increase in sales and securing profits.

1. FY2021 Financial Report



(5) Results of Operations by Segment: Consulting—Consulting Orders

- Online seminars and management workshops provided a steady stream of new orders, while referrals from existing clients and direct sales also contributed to a robust increase in orders.



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I will continue with the details of each segment.

First, let's look at the management consulting business. The left-hand side of the graph shows the annual orders received for the three years from 2019 to 2021.

As you can see, last year, 2020, we were greatly affected by COVID-19, but in 2021, we were able to increase orders even more than in 2019, the year before COVID-19.

And the graph on the right shows the order backlog, the balance that will lead to future sales, as of the end of December.

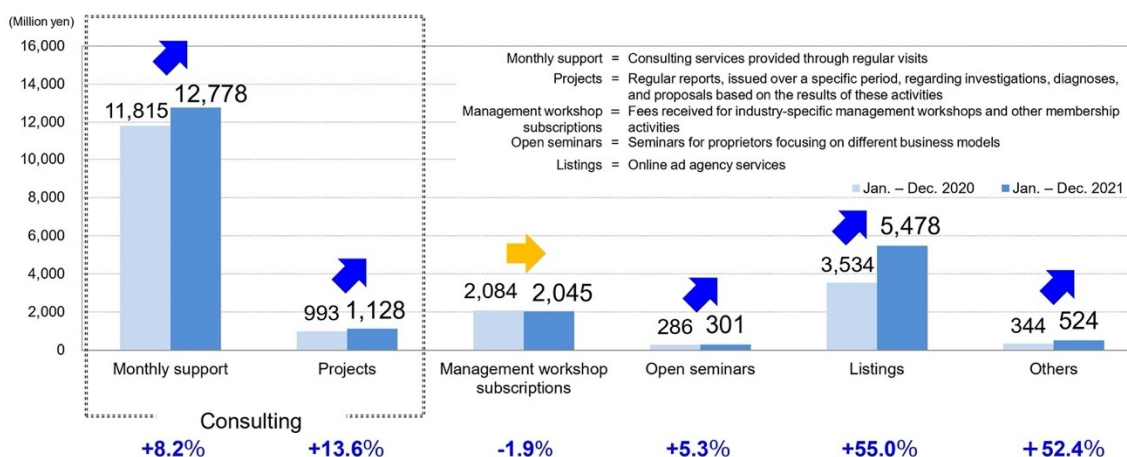
In terms of order backlog, we were able to end 2021 with a backlog that exceeded the figures at the end of 2019. As we continue to build up this order backlog, we will return to the cruising speed of the Group's original double-digit growth.

1. FY2021 Financial Report



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

- Monthly support sales exceeded pre-Covid levels, finishing 8.2% over the same period in the preceding year.
- Management workshop subscription income was steady as workshops were shifted online and subscription renewals among existing members held firm.
- Open seminar sales were up 5.3% y-o-y, buoyed by an increase in fee-paying participants in online seminars.
- Web ad listings increased 55.0% y-o-y on the back of a solid rise in accounts.



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Next, here is the status of sales by business category.

As for the monthly support service, which is the mainstay of our company's revenue, making use of the pandemic, we were able to switch to digitalization at an early stage and switch to a system that allows remote consulting support from a distance. In terms of value, we ended the year with an increase of JPY960 million over the previous year.

The management study group is a members-only study group for business owners, but the number of new members who joined from the seminars continued to struggle, while the number of existing customers remained almost the same as the online meetings became more established.

In the open seminars category, sales increased by 5.3% due to an increase in the number of participants in paid online seminars. In fact, we were able to achieve this result without holding a single face-to-face seminar last year.

Before COVID-19, seminars were held face-to-face at our company or at outside seminar venues, but in 2021, we established a system of online webinars, and held a total of 1,377 paid and free online seminars in a year. As a result, we were able to reduce the cost of the venue and other expenses.

Our goal is to gain consulting orders rather than to generate revenue from the seminar itself, but as we have accumulated know-how in online seminars, the number of visitors per seminar is increasing. A virtuous cycle toward consulting orders is now being established, and I feel that we are in a stable position even within the pandemic.

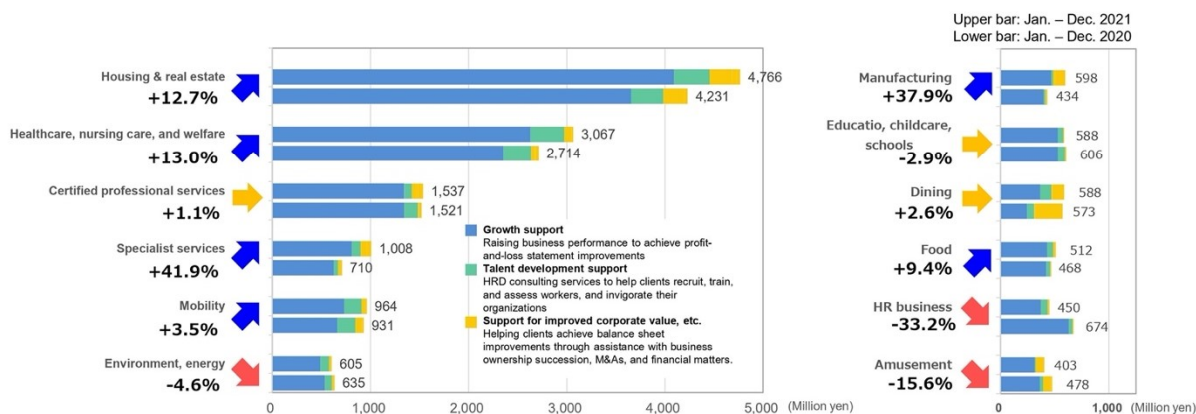
In addition, Listing is a online ad. agency service, and this service has been growing more and more since the pandemic, and it continues to expand steadily at a rate of 55%.

1. FY2021 Financial Report



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

- Robust performance was driven by solid sales of consulting services for clients in core segments such as housing, real estate, healthcare, nursing care, and welfare.
- We have launched a diverse array of digital transformation consulting services, including online sales DX for manufacturing clients, and DX to help clients use AI and robotics to increase the efficiency of work processes.



Figures show total sales of consulting contracts, management workshop subscriptions, and open seminars, grouped in accordance with the company's industry classifications, for Jan. through Dec. 2020 and 2021.

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This is the sales status of the management consulting business by industry category.

During the pandemic, there have been rapid changes in business conditions in various industries, and sales in each of our target industries have varied greatly.

As you can see in the lower right-hand corner of the graph, the human resources business, which is often said to be in a severe situation in this pandemic, experienced a significant decline, but our core industries of housing and real estate and medical, nursing care, and welfare saw significant growth in contra.

We are also focusing on DX consulting and consulting using AI and robotics, which are beginning to show results.

We categorize our solutions according to whether they are DX solutions or other solutions, and among these solutions, online sales DX and AI/robot-based business improvement DX are being proposed to customers and orders are growing steadily. We will continue to focus on these solutions.

In response to the pandemic, we would like to work together with our supporters to overcome the current predicament and support the new normal, which we call the new normalization support.

1. FY2021 Financial Report



(6) Performance by Segment: Logistics—Quarterly Sales by Service Category

- Sales of highly profitable logistics consulting services tracked level with 2020, but solid performance in the logistics operations segment drove an increase in sales and income.

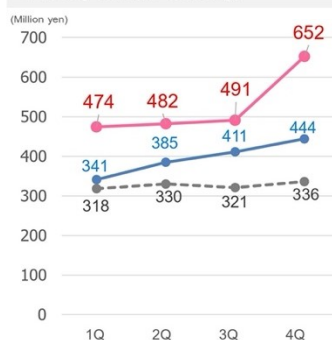
Logistics Consulting
Helping clients reduce logistics costs

- Consulting for logistics companies was strong, with increases in sales and workshop memberships.
- Orders outstanding from shipper companies increased, indicating that rock bottom has been reached and we are now in a recovery trend.



Logistics Operations
Logistics on behalf of clients

- Deep-mining of existing clients and growth in client orders resulted in an increase in sales.
- Demand for product deliveries was particularly strong, generated by the shift to a stay-at-home economy.



Logistics Trading
Reducing purchasing costs through joint buying

- Although a decline in movement among people and companies led to lower sales of our main offering in this space, joint purchasing of fuel, the increase in fuel prices ensured sales were up.



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Next, I will explain the logistics business.

Overall, as explained earlier in the segment results, as you can see, logistics operations continued to perform well. In particular, there has been an increase in logistics by client companies that have adapted to the demand for people staying at home, and this has been strong.

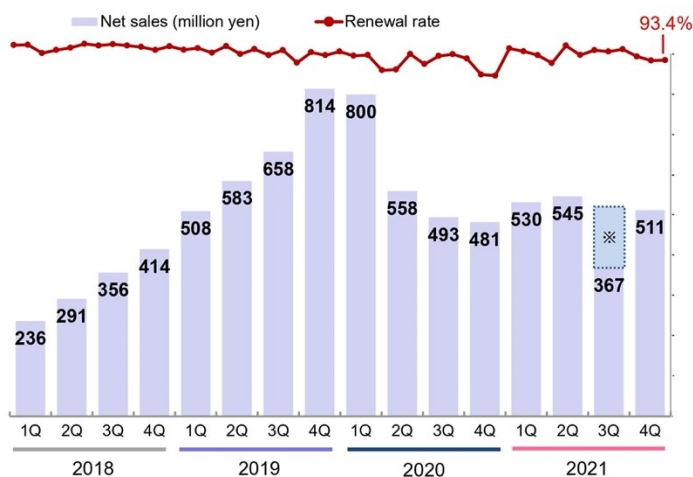
On the other hand, in the logistics consulting business, which has a high profit margin, the logistics consulting division continued to perform well, and consulting services for shipper companies, which had been lagging behind, saw an increase in orders in the second half of the year, improving the outlook for the business as a whole.

1. FY2021 Financial Report



(7) Results of Operations by Segment: Direct Recruiting

- Despite the ongoing lack of movement in the industry due to Covid-19, renewal rates remain high among Recruiting Cloud clients.



*Includes sales returns for some services.

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Cloud-based AI recruiting service



- Uses big data and an automated AI system to create ads that attract response.
- Automated listing in optimal, cost-effective media reduces cost per response.
- AI allows for 24-hour 365-day operation and integrated administration of respondents, streamlining hiring work.

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Next, I would like to explain about our direct recruiting business.

This business was the one that was most heavily influenced by COVID-19.

From the start of the business in 2018, the Indeed business and the AI recruitment cloud service were highly evaluated, and the business grew steadily until the first quarter of 2020, after which it was affected by COVID-19.

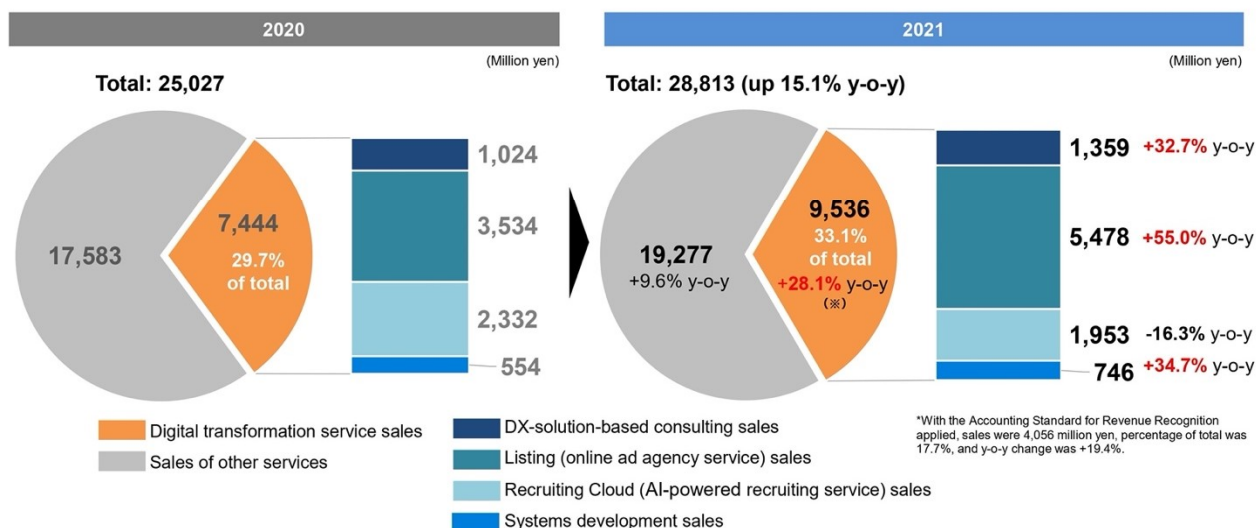
At this point, unfortunately, we are not yet in a position to say that we have fully recovered. However, there is no doubt that the domestic market is in a state of structural labor shortage, and we hope to gradually return to a recovery trend in the future as hiring needs increase again.

1. FY2021 Financial Report



(8) Results of Operations by Segment: Digital Transformation

- The group is investing significant effort into digital transformation services, and performance in this area was strong this year.
- Digital transformation has become a core driver of our robust overall performance, accounting for more than 30% of total sales.



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I have explained the business performance trends by segment up to this point, but here are the figures for the DX-related services that our group operates, from a slightly different angle.

There are four main types of DX-related services that the Group defines.

The first is DX solution consulting. This is an area that Funai Consulting Incorporated is mainly responsible for. The second is a web advertising management service called Listing. This is the area that Funai Soken Corporate Relations is responsible for. The third is an AI recruiting cloud service that we provide under the service name Recruiting Cloud. This is the area that HR Force is mainly responsible for. And the fourth is system development, which is developed according to customer needs. This is an area that Shinwa Computer Service will be primarily responsible for.

Each company has its own way of defining DX, but our company defines it in a rather broad sense as a service in the digital domain. Based on this definition, sales are calculated on the basis of sales up to last year, before the application of the new accounting standards, but they have increased by 28.1% compared to FY2020, and the ratio of sales to total sales has exceeded 30% on a YoY basis.

The growth rate for services other than DX-related services is about 10%, so looking at the growth rate alone, there is no doubt that the engine for future earnings growth is in this area, and we will continue to focus our resources on expanding this area.

This is the summary of our financial results for fiscal year 2021, and I will now continue with our earnings forecast and dividends for this year, fiscal year 2022.

2. Forecasts & Shareholder Returns



(1) FY2022 Earnings Forecast

● **Forecast for FY2022: 25.3 billion yen in net sales and 7.1 billion yen in operating income.**

1. Due to the company's adoption of the Accounting Standards Board of Japan's Accounting Standard for Revenue Recognition starting in FY2022, consolidated net sales have reduced 7,700 million yen compared with pre-adoption figures.
2. Figures for FY2021 have been adjusted to include the effects of the Accounting Standard for Revenue Recognition for those transactions affected by the new standard—i.e., in which the company is an agent.
3. Starting in FY2022, the direct recruiting segment is now included in the "other businesses" category.
4. Shinwa Computer Service, whose contribution was previously included under "other businesses," is scheduled to merge with Funai Soken Corporate Relations on July 1. Therefore, its contribution is now shown in the consulting segment.

Consolidated mid-year forecast for FY2022					Consolidated full-year forecast for FY2022				
	2021 (actual) (million yen)	2022 forecast (million yen)	Change (%)	FY1: Pre-adoption forecast (million yen)		2021 (actual) (million yen)	2022 forecast (million yen)	Change (%)	FY1: Pre-adoption forecast (million yen)
Net sales	(See 2) 11,073	(See 1) 12,300	+11.0	16,000	Net sales	(See 2) 22,789	(See 1) 25,300	+11.0	33,000
Operating income	3,276	3,600	+9.9	3,600	Operating income	6,349	7,100	+11.8	7,100
Ordinary income	3,313	3,600	+8.6	3,600	Ordinary income	6,439	7,150	+11.0	7,150
Net income	2,255	2,400	+6.4	2,400	Net income	4,373	4,800	+9.7	4,800

Sales Forecasts by Segment		Operating Income Forecasts by Segment	
■ Consulting	20,600 mil. yen	■ Consulting	6,630 mil. yen
■ Logistics	3,200 mil. yen	■ Logistics	370 mil. yen
■ Other businesses (See 3 & 4)	1,500 mil. yen	■ Other businesses(See 3 & 4)	100 mil. yen

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As we have been reporting since last year, we will apply the accounting standard for revenue recognition from this fiscal year. Therefore, the sales target before the application was originally JPY33 billion, which was revised upward last August, but after the application, the sales target is JPY25.3 billion.

The main impact of this change is due to the effect of proxy transactions, which is applicable to the listing business in the management consulting business and the direct recruiting business.

As a result, the direct recruiting business has been reclassified into the other business segment from the current fiscal year, and the page you are looking at includes results of the previous fiscal year in the new classification.

In terms of sales, the figures are a little different from what we have seen in the past and may be difficult to understand, but to summarize, we are forecasting net sales of JPY25.3 billion, operating income of JPY7.1 billion, ordinary income of JPY7.15 billion, and net income of JPY4.8 billion.

In any case, we will continue to work toward double-digit growth and record profits for the current fiscal year.

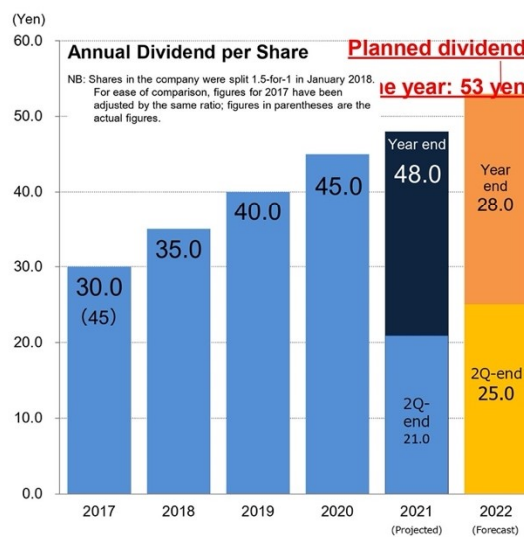
2. Forecasts & Shareholder Returns



(2) Annual Dividends

- In 2022, we plan to pay a total dividend of 53 yen per share, comprising an interim dividend of 25 yen and a year-end dividend of 28 yen.

Record date	Initial forecast		Actual dividend	
	Dividend (per share)	Details	Dividend (per share)	Details
FY2017	39.0	2Q-end 15.0 Year end 24.0	45.0	2Q-end 15.0 Year end 30.0
FY2018 1.5-for-1 share split	33.0	2Q-end 15.0 Year end 18.0	35.0	2Q-end 15.0 Year end 20.0 *including special dividend of 2.0
FY2019	40.0	2Q-end 17.0 Year end 23.0	40.0	2Q-end 17.0 Year end 23.0 *Including a commemorative dividend of 3.0
FY2020	45.0	2Q-end 20.0 Year end 25.0	45.0	2Q-end 20.0 Year end 25.0
FY2021	46.0	2Q-end 21.0 Year end 25.0	48.0	2Q-end 21.0 Year end 27.0
FY2022 (Forecast)	53.0	2Q-end 25.0 Year end 28.0		



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Next, I would like to report on dividends.

First of all, for fiscal year 2021, we plan to pay a year-end dividend of JPY27 per share, including an interim dividend of JPY21 per share, for an annual dividend of JPY48 per share, thereby increasing the dividend for the 11th consecutive year.

Based on this, we plan to increase the dividend by JPY5 for FY2022, to JPY25 for the interim and JPY28 for the year-end, for an annual dividend of JPY53.

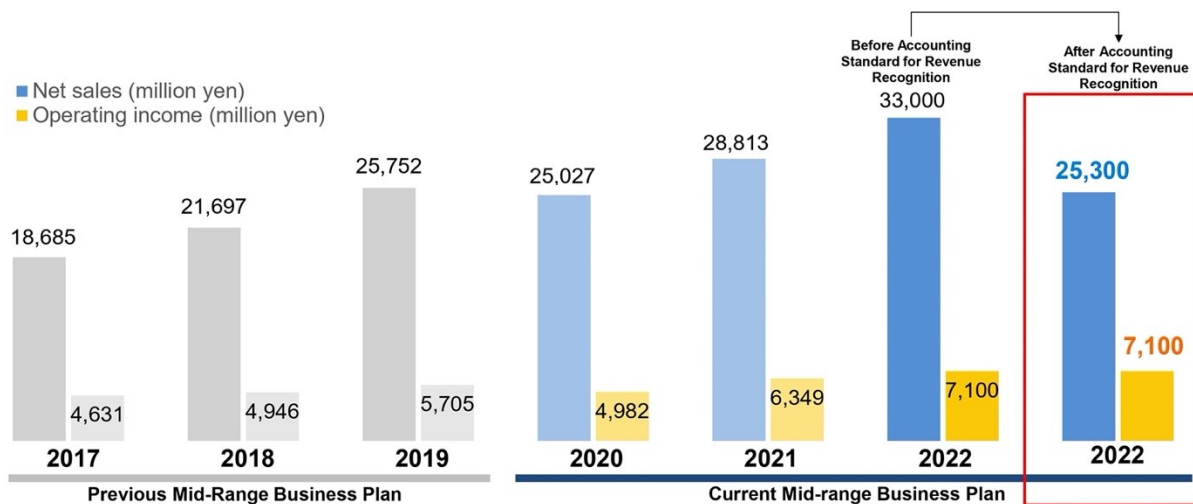
We will continue to make efforts to increase the dividend in a sustainable manner under the sustainable growth of our group. Thank you for your continued support.

3. Outlook and Initiatives



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

- In 2022, the final year of the current Mid-Range Business Plan, our target is sales of 25.3 billion yen (with the new Accounting Standard for Revenue Recognition applied).
- We are aiming for sustained double-digit growth and operating income of 7.1 billion yen in FY2022.



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As the end of my presentation, I will explain the future outlook and our initiatives.

This year, fiscal 2022, is the final year of our medium-term management plan. Therefore, the performance forecast for this fiscal year that I have just explained will directly become the target figures for the final year of the medium-term management plan, and I will repeat that we are aiming to achieve JPY25.3 billion on a new accounting standards basis and JPY7.1 billion in operating income.

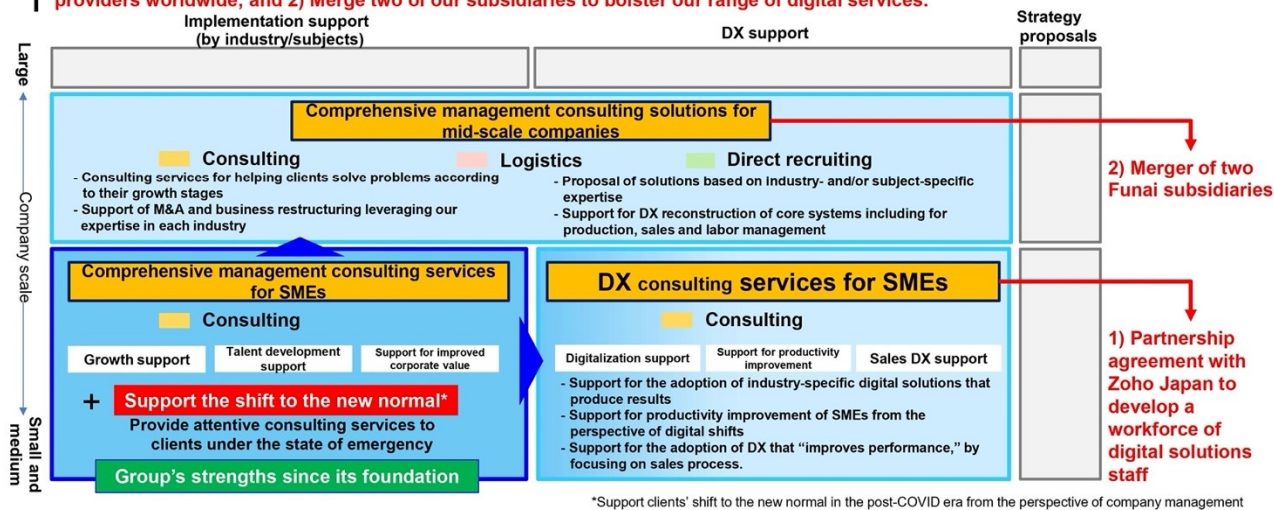
If we replace this figure with the old accounting standards, the sales would be JPY33 billion, which means that we would like to achieve double-digit growth in both sales and profit in this mid-term management plan.

3. Outlook and Initiatives



(2) Business Strategy

We offer existing clients thorough Post-Covid "new normal" support to help them cope amid the related upheaval, and are stepping up digital transformation consulting for SMEs and comprehensive management consulting services for mid-scale companies. As part of this, we have decided to: **1) Improve our ability to offer digital transformation consulting and solutions by partnering with platform providers worldwide; and 2) Merge two of our subsidiaries to bolster our range of digital services.**



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As for the business strategy of the medium-term management plan that we have been working on for the past three years, there is no change in the direction. This is stated in the lower left of the page, but we will continue to maintain our strength which led us to the growth we have right now as an implementation servicer for SMEs. We offer specific solutions to SMEs nationwide, including support for growth implementation, human resource development, value enhancement, and now, in addition to these services, support for the new normal after COVID-19.

This is an area where consulting needs have not yet become apparent, there is little competition, and it is an attractive consulting field for the future, so we are aiming for further expansion.

In addition to these areas, we are expanding into two other areas in this mid-term business plan, one of which is the fast-growing DX support area, and the other is the comprehensive management consulting area for medium-sized companies.

I would like to share with you the details of the initiatives we have decided to take as a group from the end of this year to today.

3. Outlook and Initiatives



(2) Business Strategy 1) Partnership Agreement with Zoho Japan to Develop Digital Solutions Staff

We entered into a training and certification partnership agreement with Zoho Japan to bridge the digital solutions staffing gap and improve productivity. Under the agreement, Funai Soken Holdings and the rest of the Funai Soken Consulting Group have exclusive use of Zoho* products in Japan for the group's digital solutions staff training business.

Zoho is a suite of cloud-based solutions to help businesses digitalize their operations and improve efficiency. Zoho has more than 70 million users at 250,000 companies worldwide.



From left:
Kazuhiro Oyama, vice president of Zoho Japan;
Manikandan Thangaraj, president of Zoho Japan (on screen);
Takayuki Nakatani, president & CEO of Funai Soken Holdings.

*The agreement was signed on December 28, 2021.



From left: Hitoshi Nagira, president, Funai Soken Corporate Relations; Kazuhiro Oyama; Hitoshi Nakazawa, VP of Zoho Business, Zoho Japan; Manikandan Thangaraj; Harish Sekar, Manager Business Development, Zoho Japan; Takayuki Nakatani; Satoshi Oka, head of Business Development Office, Funai Soken Holdings; and Daisuke Shingai, president & CEO, Funai Consulting Inc.

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First, on December 28, 2021, we entered into a business alliance with Zoho Japan for the digital human resources development business, and reached an agreement that the Funai Soken Group, including our company, will exclusively conduct the digital human resources development business for Zoho products in Japan.

Nowadays, it is becoming increasingly important for SMEs to use IT tools to support new ways of working and improve productivity. However, the shortage of human resources specializing in digital technology has become a problem that prevents companies from promoting DX.

There is a particular shortage of digital human resources who not only have programming skills, but also have high implementation skills that enable them to build and implement software that meets business requirements and reskilling digital skills to those who understand business has become a social issue.

In this context, we have decided to form a business alliance with Zoho Japan, a global platformer, to develop our digital human resource development business.

Some of you may be familiar with Zoho as it has been featured in commercials in Japan. Zoho is a cloud-based solution that helps companies improve their IT and business efficiency and is a global business software with more than 70 million users in over 250,000 companies worldwide.

In the future, we will be inviting a wide range of participants and aim to produce a large number of digital human resources who can carry out digital transformation of companies in Japan by using Zoho.

This digital human resource development project is scheduled to start this summer, and more programs will be added as they become available. We will be announcing the start of the program at later times.

3. Outlook and Initiatives

(2) Business Strategy 2) Merger of Subsidiaries and Change of Trade Name

The Funai Soken Holdings Board of Directors voted on February 4, 2022, to merge two Funai Soken Consulting Group companies and rename the surviving company. The purpose of the merger is to bolster the group's ability to provide digital services.

1. Stronger platform for hiring and developing digital solutions staff

Deploying a common method for acquiring and training digital solutions staff will help the group enhance its digital services workforce



2. Stronger promotional and sales support capabilities

Leveraging promotional functionality and the group's support structure will enhance the merged company's ability to pursue new outsourced orders

Method of Merger and Allocation of Stake in New Company

- An absorption merger, in which Funai Soken Corporate Relations will absorb Shinwa Computer Service and be the surviving company, and Shinwa Computer Service will become defunct.
- As both merging companies are wholly-owned subsidiaries of Funai Soken Holdings, no allocation of shares or other monies shall arise in this case.

Secondly, in order to strengthen our digital related service business, we have resolved to integrate our consolidated subsidiaries and change the company name.

While our mainstay business is comprehensive management consulting for SMEs, the Group is promoting expansion into the areas of DX consulting and comprehensive management consulting for medium-sized companies and strengthening the foundation for hiring and training digital human resources is an important issue.

Under these circumstances, we have decided to integrate two of our consolidated subsidiaries: Funai Soken Corporate Relations, which has strengths in web marketing and BPO consulting, and Shinwa Computer Service, which has strength in recruitment and training of digital human resources and the contract development of systems. The decision to integrate the two companies was made with the aim of further strengthening the Group's digital-related services and providing a comprehensive range of DX-related services.

The company name is tentative, but we are planning to call it Funai Soken Digital.

We hope to further accelerate the growth of the Funai Soken Consulting Group by strengthening this digital-related service while expanding management consulting for small and medium-sized companies, which is the mainstay of the Group.

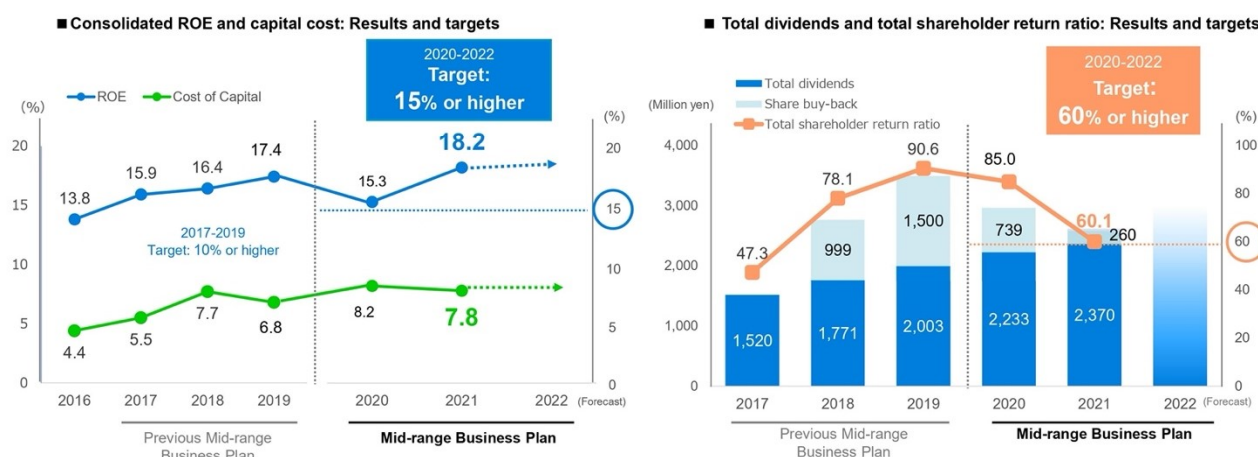
In the current fiscal year, which is the final year of the current mid-term management plan, we are determined to achieve the announced plan and make a new design for the next future.

3. Outlook and Initiatives



(3) Financial Strategy: (1) Capital Policy and Shareholder Return Policy

Amid residual impact from Covid-19 in 2021, we undertook a share buy-back. By acquiring treasury shares, we aimed to improve capital efficiency to a consolidated ROE of at least 15% and raise the return-to-shareholders ratio to at least 60%. Ultimately, we achieved those goals, with a consolidated ROE of 18.2% and a return-to-shareholders ratio of 60.1%. We remain committed to achieving the targets of 2022, the final year of the current Mid-Range Business Plan.



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Next, I would like to explain our financial strategy.

In fiscal 2021, despite the impact of COVID-19, we continued to improve capital efficiency and increase the ratio of shareholder return in accordance with our policy.

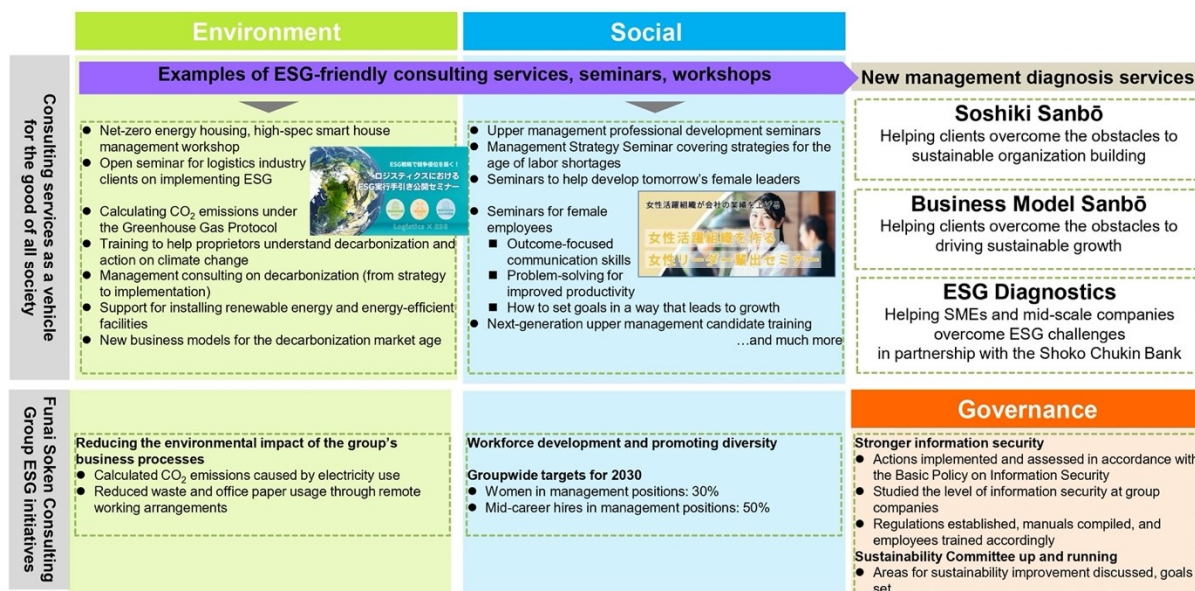
As a result, in fiscal year 2021, the consolidated ROE was 18.2% and the total return ratio was 60.1%, achieving both our targets of consolidated ROE of 15% or higher and total return ratio of 60% or higher.

We will continue this initial policy in the current fiscal year, which is the final year of our medium-term management plan and aim to achieve our goals.

3. Outlook and Initiatives



(4) ESG Management Initiatives in 2021



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This will be the last topic for today, and I would like to explain the ESG initiatives of our group.

We recognize that ESG activities are an important management issue for the realization of a sustainable society, and here we describe our main activities for fiscal 2021.

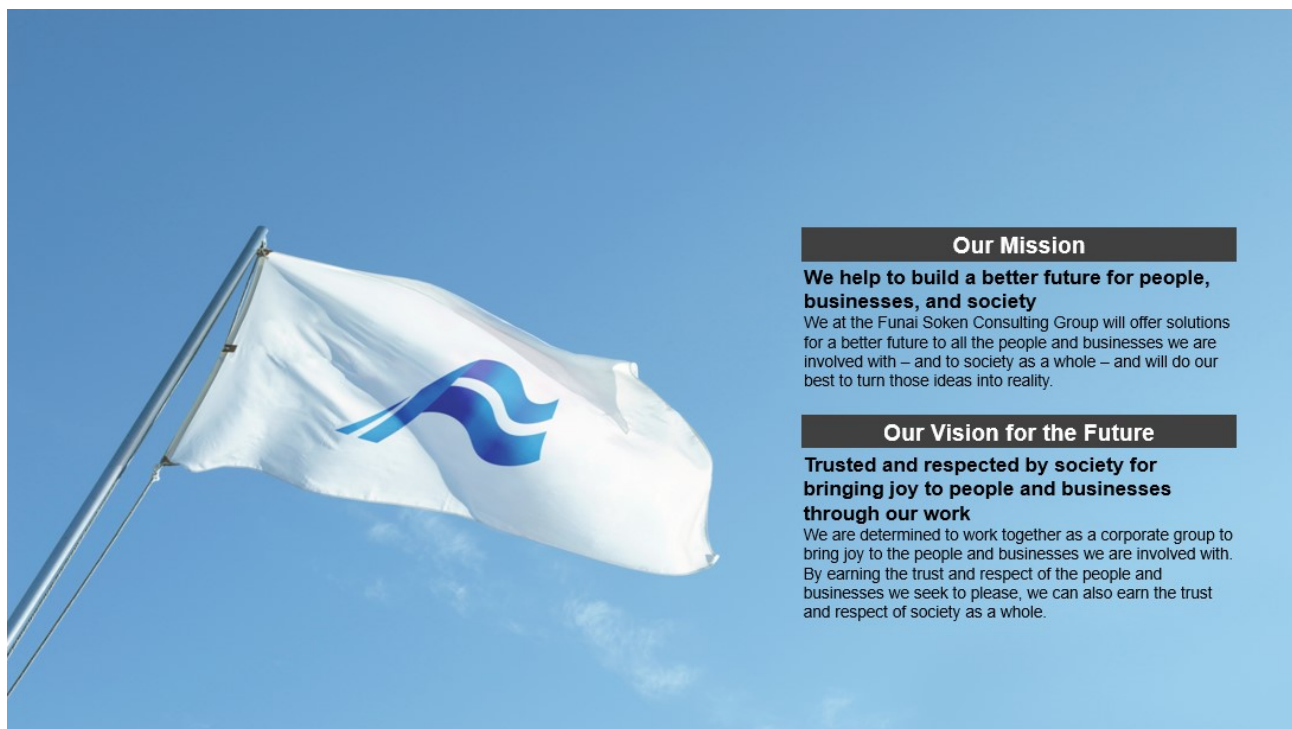
First of all, in terms of contributing to society through consulting, we offer proposals on environmental themes such as decarbonization and renewable energy, as well as social themes such as diversity and women's activities in our daily consulting support, management seminars, and management study groups.

We are also expanding our lineup of ESG-related management diagnosis services to determine the level of our clients' current business conditions, in cooperation with the Shoko Chukin Bank.

We have also been proactively working on our own ESG, and in fiscal 2021, we identified indicators related to the environment, such as the calculation of CO₂ emissions, setting targets for human resources-related indicators to promote diversity, strengthened information security, and established and held Sustainability Committee meetings.

In the future, the Group will continue to recognize ESG activities as an important management issue and implement ongoing initiatives through its business activities, and we ask for your continued support.

This concludes my explanation. Thank you very much.



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