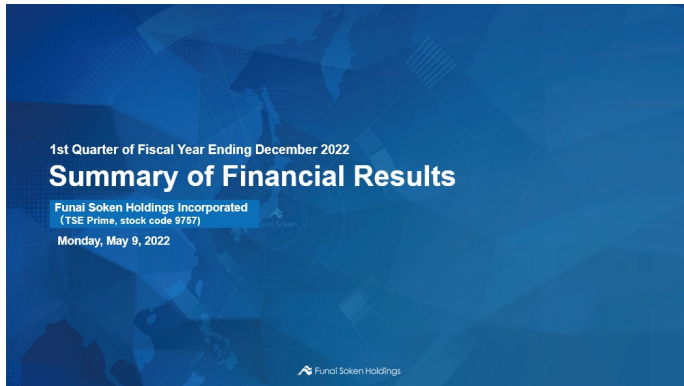


1st Quarter of Fiscal Year Ending December 2022

# Summary of Financial Results

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

Monday, May 9, 2022



## 1 FY2022 1st Quarter Financial Results

- (1) Consolidated Income
- (2) Progress in Comparison with This Year's Forecasts
- (3) Results of Operations by Segment
- (4) Results of Operations by Segment: Consulting
- (5) Performance by Segment: Logistics
- (6) Results of Operations in Digital Transformation Services
- (7) Consolidated Financial Position

## 2 Outlook and Initiatives

- (1) Progress toward Achieving the Mid-Range Business Plan
- (2) Dividends
- (3) Business Strategy
- (4) Financial Strategy
- (5) ESG
- (6) Corporate Governance Structure

[Statement Regarding Use of These Materials]

Notes: 1. The company has adopted the Accounting Standards Board of Japan's Accounting Standard for Revenue Recognition beginning in FY2022. In accordance with that standard, its principles are applied retroactively to past accounting figures herein.  
2. Starting in FY2022, the direct recruiting business is included in the "other businesses" segment due to its decreased financial importance.

# FY2022 1st Quarter Financial Results

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# 1. FY2022 1st Quarter Financial Results

## (1) Consolidated Income

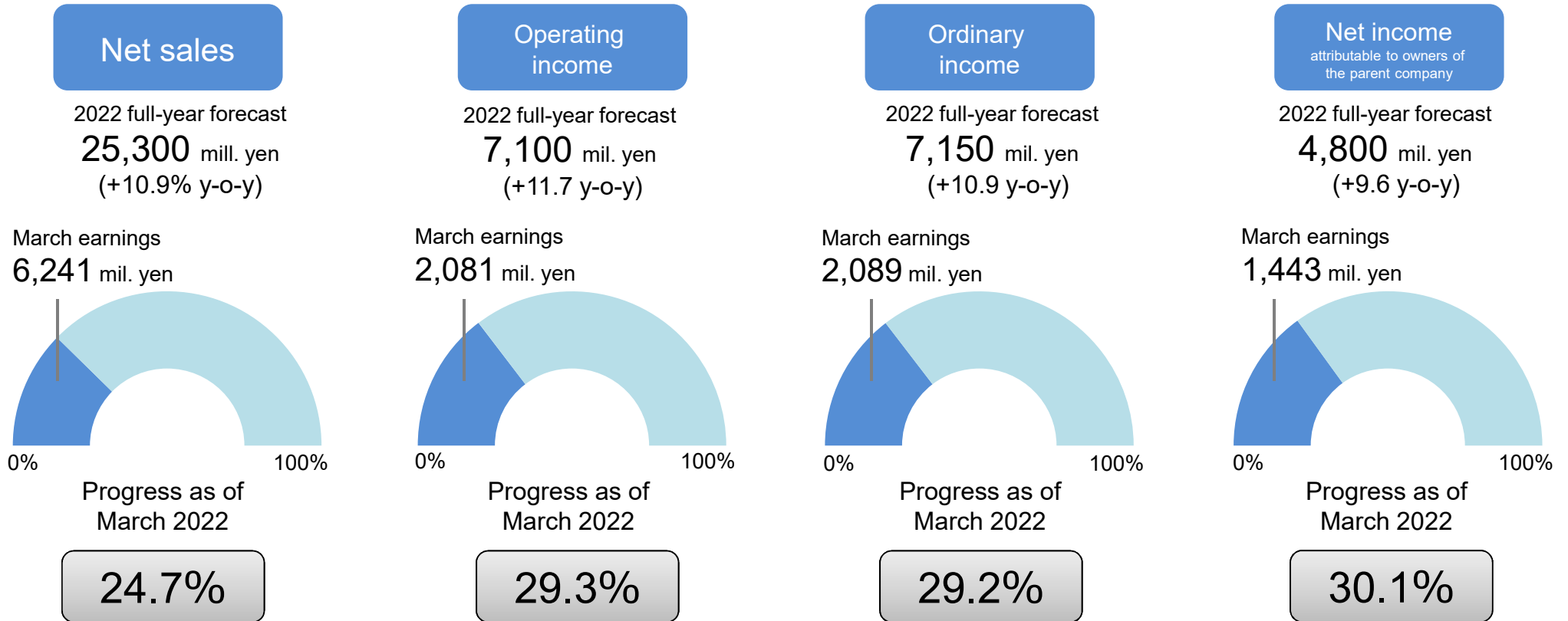
- Catering to clients' needs amid Covid-19 resulted in record performance.
- Sales were solid, with sales of monthly support services and projects up in the consulting segment, and sales of logistics consulting and BPO up in the logistics segment.
- As consulting is highly profitable, the increase in revenue in that segment caused profit margins to rise as well.

	March 2021		March 2022		
	Amount (million yen)	% of total	Amount (million yen)	% of total	Change (%)
Net sales	5,481	100.0	6,241	100.0	+13.9
Operating income	1,677	30.6	2,081	33.3	+24.0
Ordinary income	1,705	31.1	2,089	33.5	+22.5
Net income attributable to owners of the parent	1,166	21.3	1,443	23.1	+23.8

# 1. FY2022 1st Quarter Financial Results

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

- Sales so far are at 24.7% of this year's forecast of 25,300 million yen.
- Operating income, ordinary income, and net income are all at around 30% of this year's forecast.

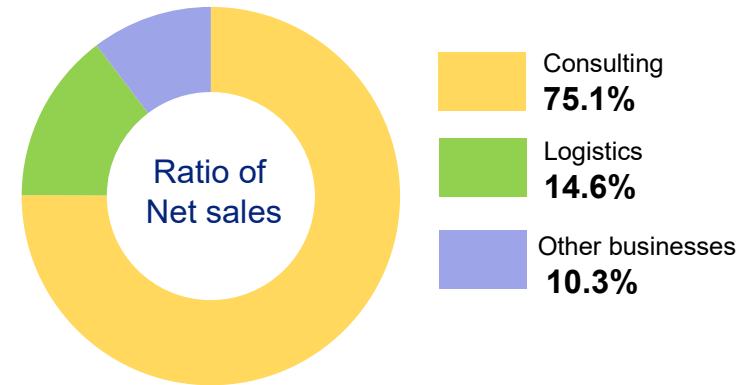


# 1. FY2022 1st Quarter Financial Results

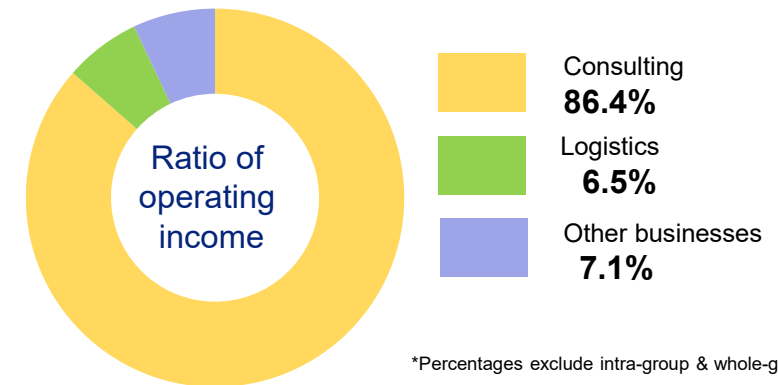
## (3) Results of Operations by Segment

- Sales and income increased on the back of robust performance in the consulting and logistics segments.
- Among other businesses, we achieved a large increase in direct recruiting income due to improved profit margins and an increase in system development orders.

Net sales	March 2021	March 2022	
	Amount (million yen)	Amount (million yen)	Change (%)
Consulting	4,230	4,682	+10.7
Logistics	654	910	+39.2
Other businesses	591	643	+8.9
(Intra-group & whole-group transactions)	5	4	—
<b>Total</b>	<b>5,481</b>	<b>6,241</b>	<b>+13.9</b>



Operating income	March 2021	March 2022	
	Amount (million yen)	Amount (million yen)	Change (%)
Consulting	1,519	1,783	+17.3
Logistics	74	134	+80.0
Other businesses	45	145	+223.4
(Intra-group & whole-group transactions)	38	17	—
<b>Total</b>	<b>1,677</b>	<b>2,081</b>	<b>+24.0</b>

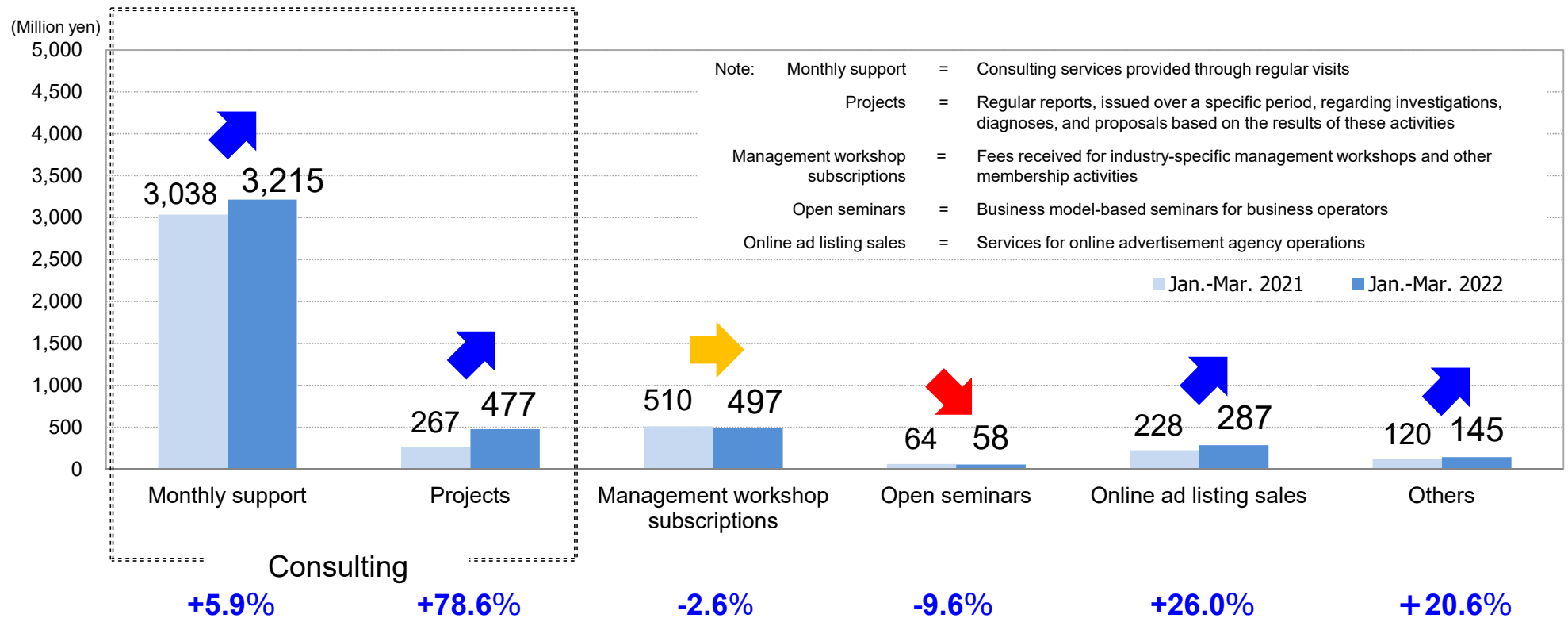


\*Percentages exclude intra-group & whole-group transactions

# 1. FY2022 1st Quarter Financial Results

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

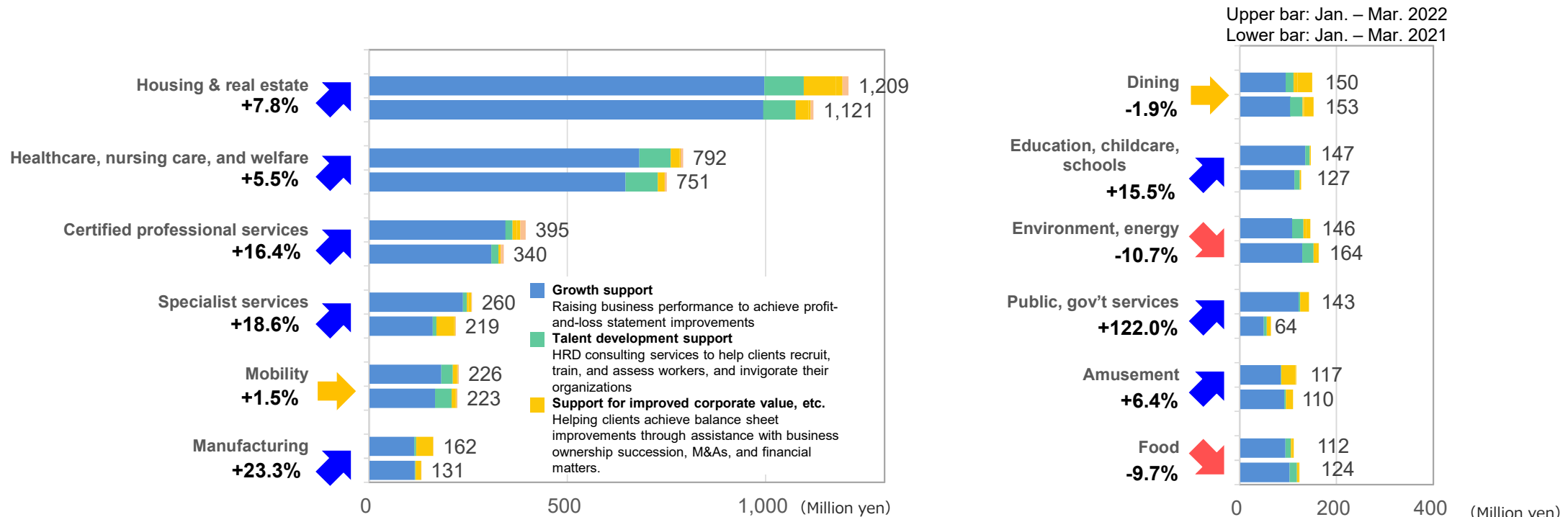
- Monthly support sales grew strongly, finishing 5.9% over the same period in the preceding year. Project sales skyrocketed 78.6% over the same period in the preceding year, boosted by public-sector orders and contingency fees from successful M&As.
- Open seminar sales were down 9.6% from the same period in the preceding year due to a slight decrease in the number of online seminars held.
- Web ad listings increased 26.0% over the same period in the preceding year on the back of continuing solid rise in accounts.



# 1. FY2022 1st Quarter Financial Results

## (4) 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.
- There was continued strong performance in digital transformation consulting services, which include DX for marketing (e.g., online sales) for manufacturing clients, and DX to help clients use AI, robotics, and RPA to increase the efficiency of work processes.



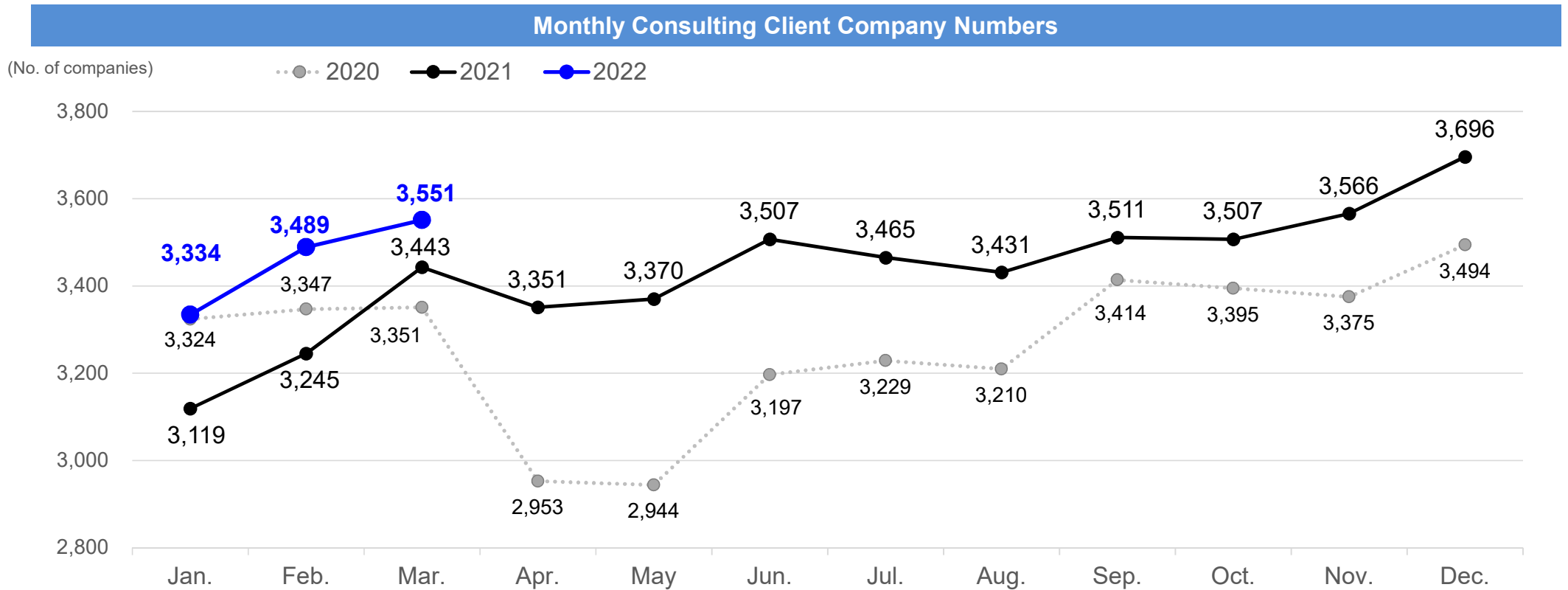
Figures show total sales of consulting contracts, management workshop subscriptions, and open seminars, grouped in accordance with the company's industry classifications, for Jan. through Mar. 2021 and 2022.



# 1. FY2022 1st Quarter Financial Results

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

- The number of consulting client companies rose in the first quarter, and is tracking above the same period in the previous two years.

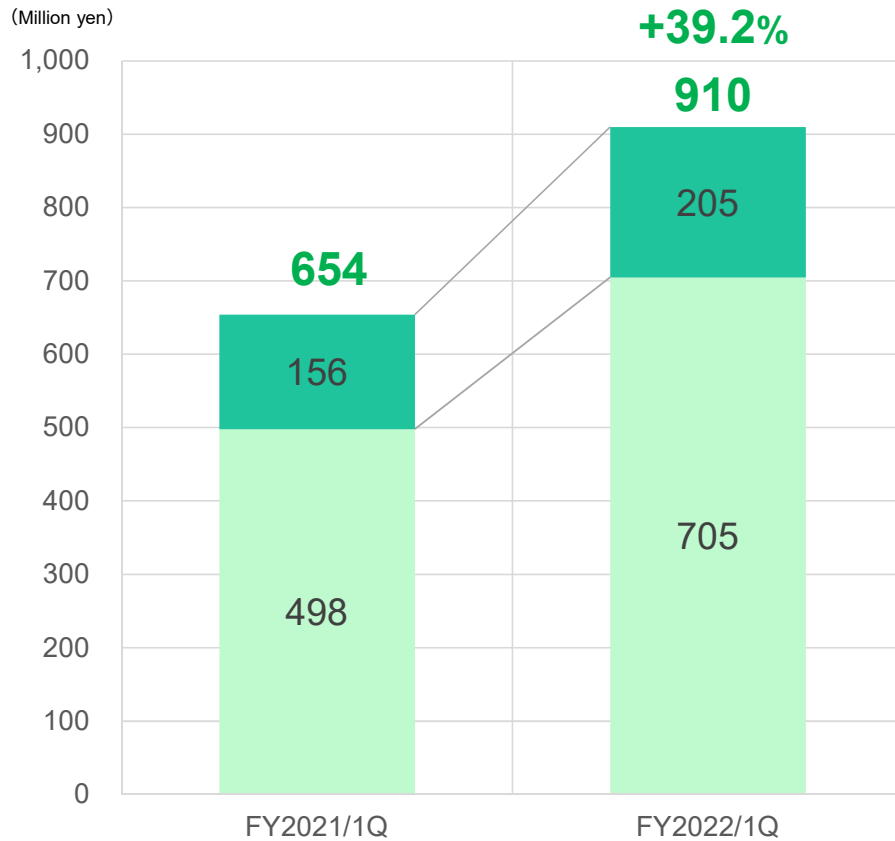


\*Figures denote number of client companies (in Japan) per month in the consulting segment (excl. intra-group transactions).

# 1. FY2022 1st Quarter Financial Results

## (5) Performance by Segment: Logistics—Sales by Service Category

- Solid progress toward achieving full-year forecasts (currently 28.5% toward full-year sales target of 3,200 million yen).
- Increase in workshop member numbers and online sales have contributed to increased sales.



### Logistics Consulting

Helping clients reduce logistics costs

**↑ +31.7%**

- Consulting for logistics companies was in line with the preceding year; management workshop memberships increased: 308 as of Mar. 31, 2022; 277 as of Mar. 31, 2021.
- Revenues from consulting services increased, buoyed by a recovery in orders.

### Logistics BPO

Logistics on behalf of clients  
Reducing purchasing costs through joint buying

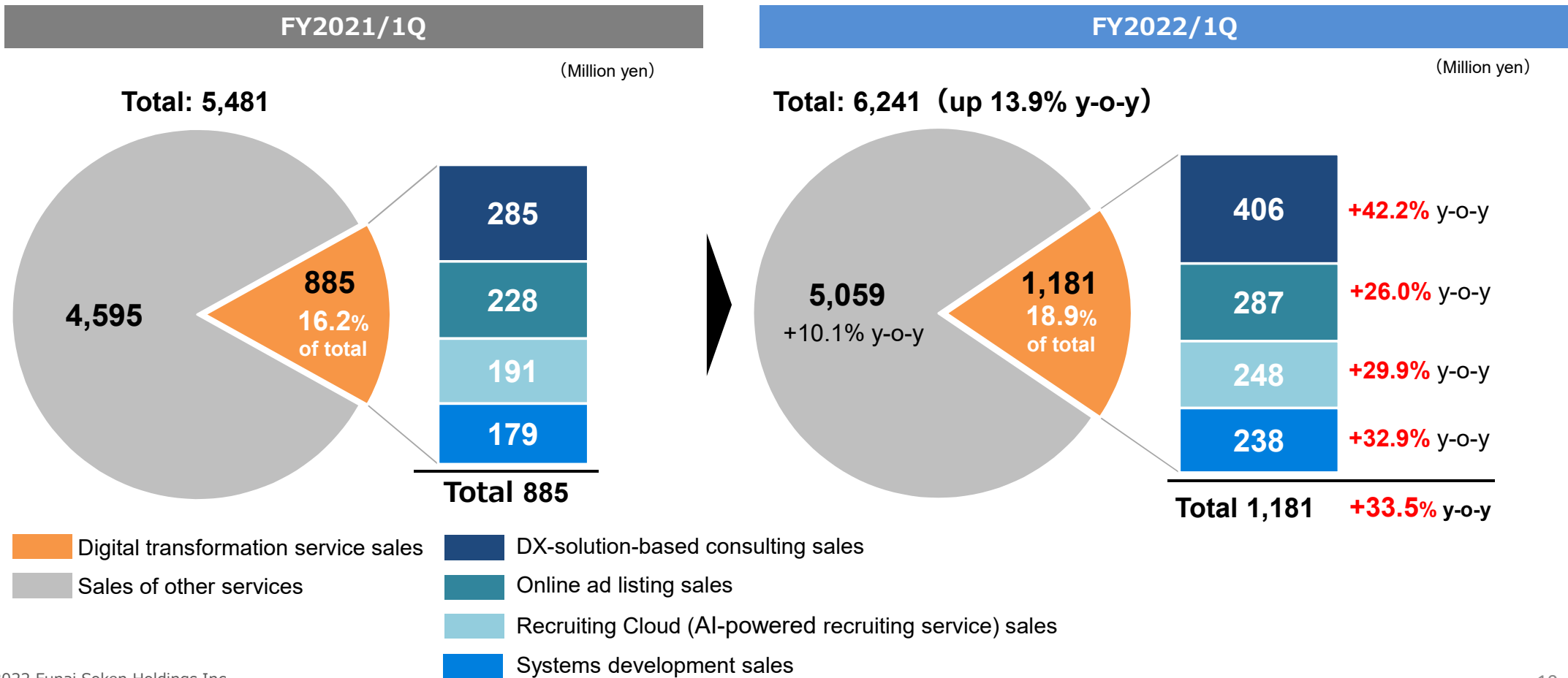
**↑ +41.6%**

- Deep-mining of existing clients and growth in client orders resulted in an increase in sales.
- Demand for product deliveries was particularly strong among clients.
- Sales increased due to the effect of rising fuel prices on our core offering in this segment: joint purchasing of fuel.

# 1. FY2022 1st Quarter Financial Results

## (6) Results of Operations in Digital Transformation Services

- The group is investing significant effort into digital transformation services, which grew at least 30%.
- Digital transformation services account for an increasingly large share of total sales and are helping grow the group's business overall.



# 1. FY2022 1st Quarter Financial Results

## (7) Consolidated Financial Position—Balance Sheet

(Million yen)

	As of Dec. 31, 2021	As of Mar. 31, 2022	Change	Major factors behind changes	
Current assets	19,049	19,280	+230	Increase in current assets: Major factors include increases in trade notes and accounts receivable, and short-term investment securities; decreases in cash and deposits.	
Noncurrent assets	Property, plant, and equipment	5,917	5,931		+ 13
	Intangible assets	705	831		+126
	Investments and other assets	5,256	4,500	-755	Decrease in noncurrent assets: Major factors include increase in software, decrease in investment securities.
<b>Total assets</b>	<b>30,928</b>	<b>30,543</b>	<b>-384</b>		
Current liabilities	5,053	4,407	-645	Decrease in current liabilities: Major factors include increase in provision for bonuses, decreases in current portion of long-term loans payable and income taxes payable.	
Noncurrent liabilities	164	292	+ 128	Increase in noncurrent liabilities: Major factors include increase in long-term loans payable.	
<b>Total liabilities</b>	<b>5,217</b>	<b>4,699</b>	<b>-517</b>		
<b>Total net assets</b>	<b>25,710</b>	<b>25,844</b>	<b>+133</b>	Financial position remains sound with a high equity ratio of 82.4%.	
<b>Total liabilities &amp; net assets</b>	<b>30,928</b>	<b>30,543</b>	<b>-384</b>		

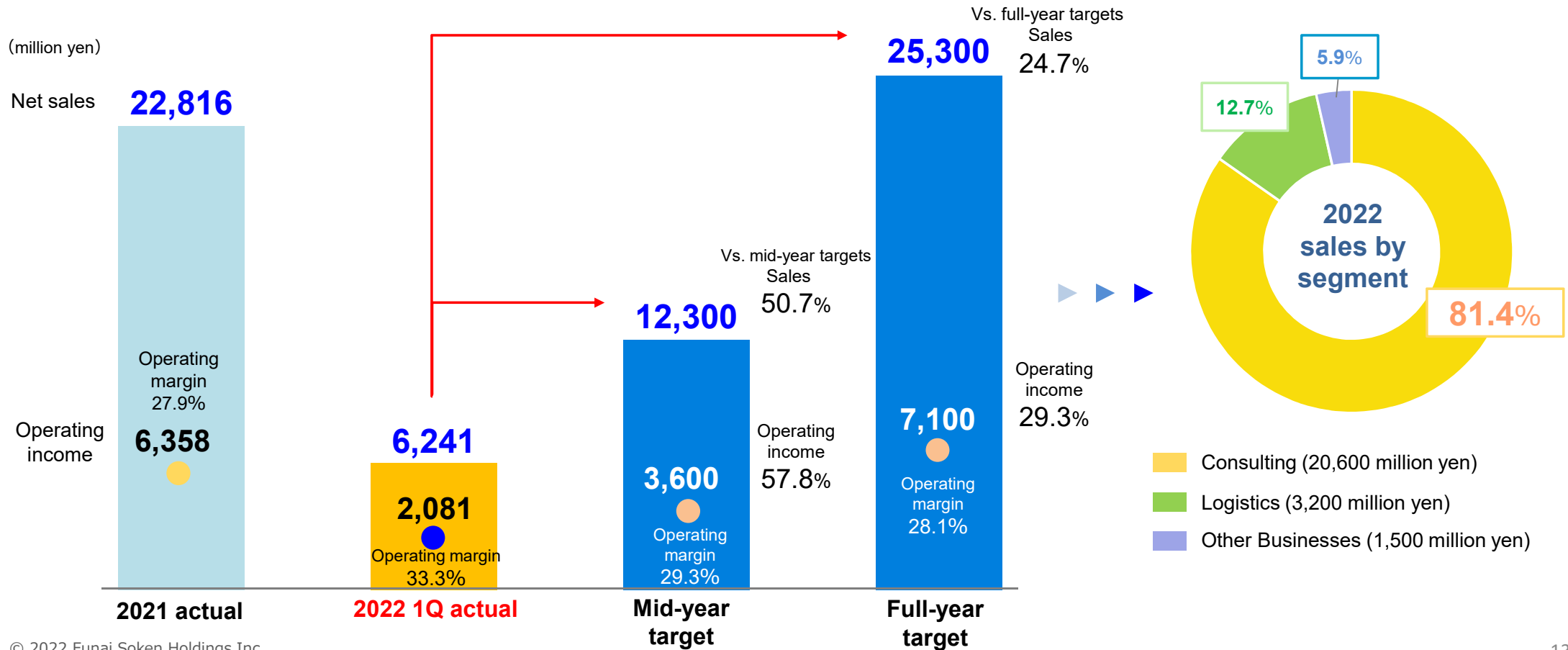
# Outlook and Initiatives

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## 2. 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.

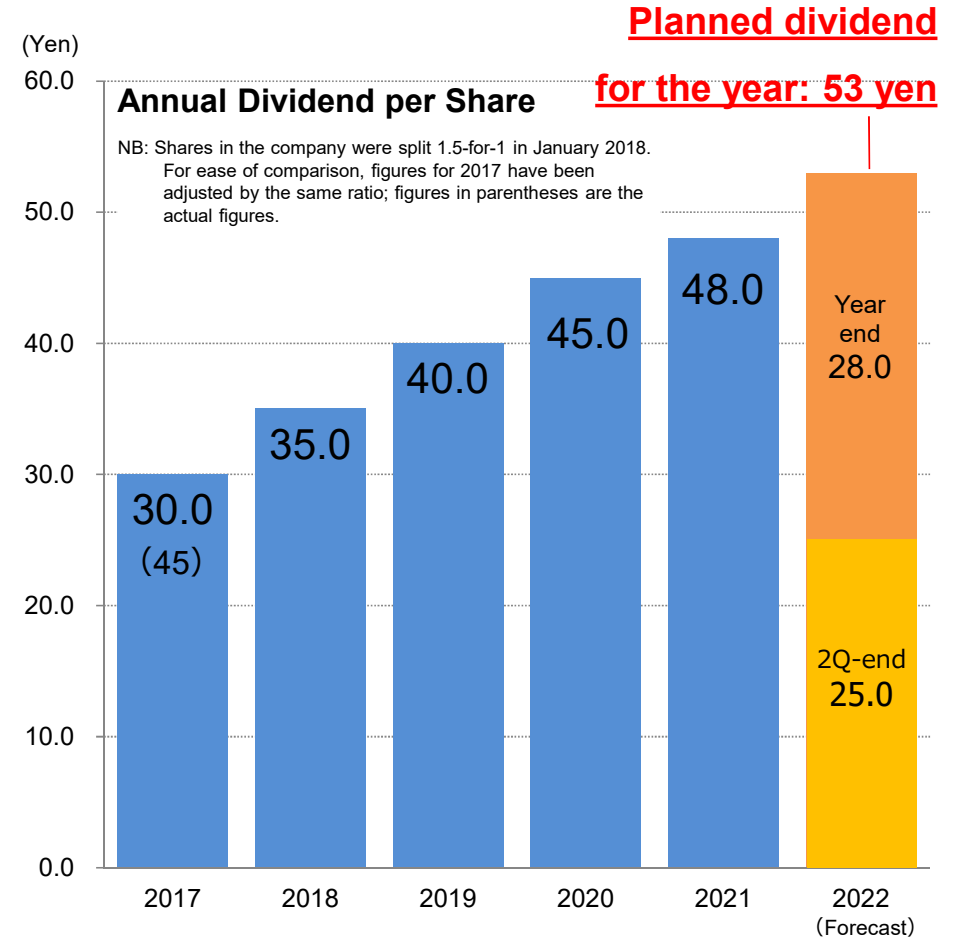


## 2. Outlook and Initiatives

### (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.

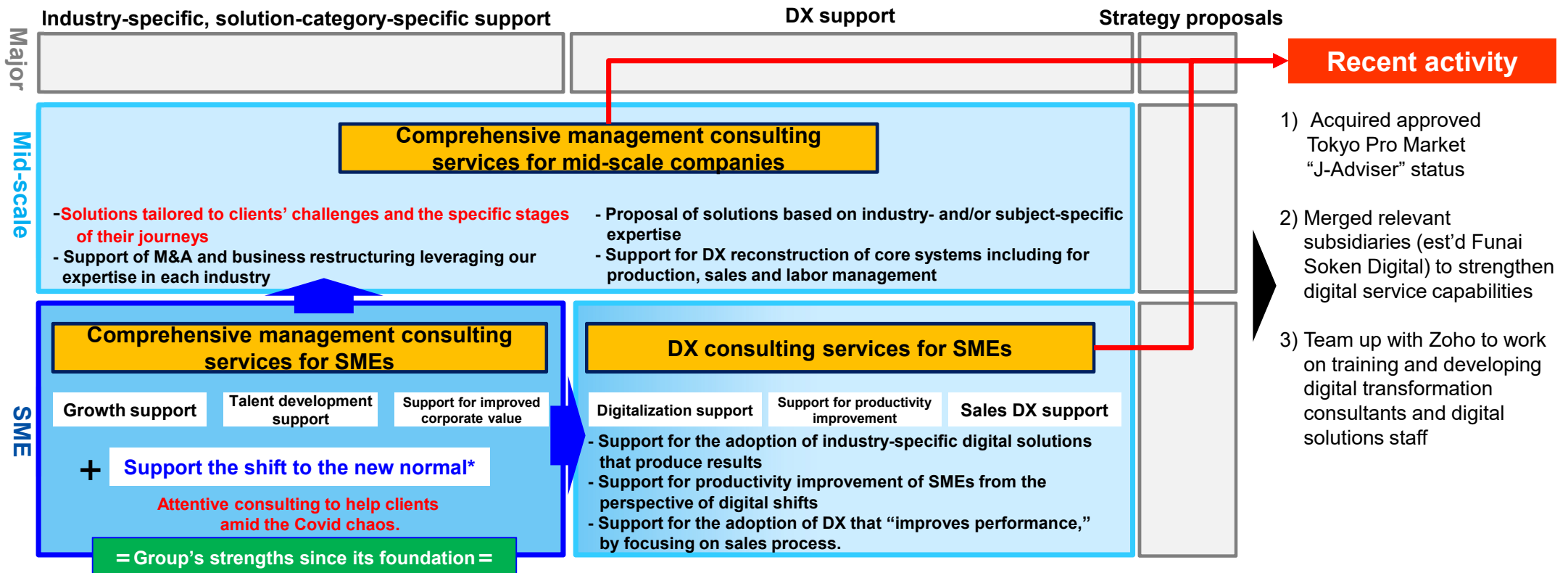
Record date	Initial forecast		Actual dividend	
	Dividend (per share)	Details	Dividend (per sharer)	Details
FY2017	39.0	2Q-end 15.0 Year end 24.0	45.0	2Q-end 15.0 Year end 30.0
FY2018 1.5-for-1 share split	33.0	2Q-end 15.0 Year end 18.0	35.0	2Q-end 15.0 Year end 20.0 *including special dividend of 2.0
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		



## 2. Outlook and Initiatives

### (3) Business Strategy

Our **comprehensive management consulting services for SMEs**, the group's core strength, are the ideal vehicle for offering clients through **post-Covid "new normal" support** to help them cope amid the related upheaval. We are also working on a series of initiatives relating to **digital transformation consulting for SMEs** and **comprehensive management consulting services for mid-scale companies**, which will help us expand into new business segments as stated in our Mid-Range Business Plan.



\*Support clients' shift to the new normal in the post-COVID era from the perspective of company management



## 2. Outlook and Initiatives

### (3) Business Strategy 1) Acquired approved Tokyo Pro Market “J-Adviser” status

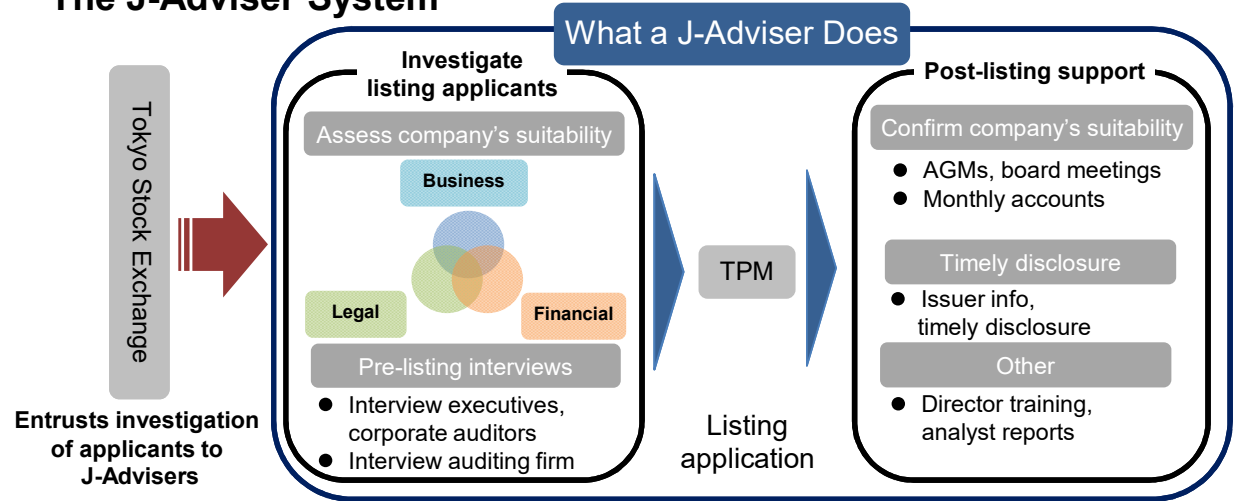
- Funai Consulting, the group’s main subsidiary, was recently granted approved Tokyo Pro Market “J-Adviser” status by Tokyo Stock Exchange, Inc., for its Tokyo Pro Market for professional investors.
- Funai Consulting already offered IPO consulting services, but becoming a J-Adviser enables the company to serve as a one-stop provider of comprehensive pro-market solutions. The company is looking to harness these strengths to develop outstanding local companies.

#### ■ What Does Being a J-Adviser Mean?

As a J-Adviser, Funai Consulting is entrusted by Tokyo Stock Exchange to investigate client companies that want to be listed on the Tokyo Pro Market, which has a different listing system than regular share markets. Funai Consulting can guide companies through the listing process and provide post-listing support for rule compliance and disclosure.



#### The J-Adviser System



- J-Advisers work under entrustment from the Tokyo Stock Exchange.
- J-Advisers continue to advise and assist clients after listing.

See the Tokyo Stock Exchange website for more details.  
<https://www.jpx.co.jp/english/equities/products/tpm/index.html>

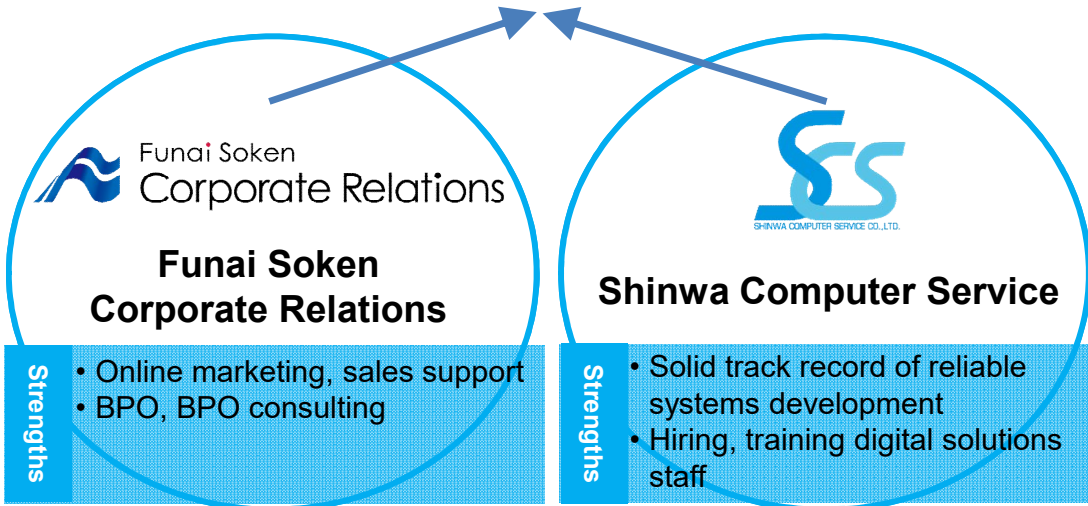
## 2. Outlook and Initiatives

### (3) Business Strategy 2) Merger of Subsidiaries to Strengthen Digital Service Capabilities

- Two Funai Soken Consulting Group companies merged (surviving company renamed Funai Soken Digital) to bolster the group's ability to provide digital services.
- Currently formulating strategies for ongoing business in the digital services segment.

**Merger scheduled for July 1, 2022**

Surviving company to be renamed:  
**Funai Soken Digital, Inc.** (name TBC)



#### 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.

### 3) Team up with Zoho to work on training and developing digital transformation consultants and digital solutions staff

- Zoho is the ideal tool for our digital transformation consulting services for SMEs and mid-scale clients.
- We entered into a training and certification partnership agreement with Zoho Japan to develop digital solutions staff and improve productivity, thereby addressing two of the most pressing needs of SMEs.
- 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, the Growing Company's Preferred DX Tool* (written and edited by Funai Consulting Inc.)

#### About Zoho

Zoho is a suite of cloud-based solutions to help businesses digitalize their operations and improve efficiency. Worldwide, Zoho has more than

**75 mil.**  
users

at

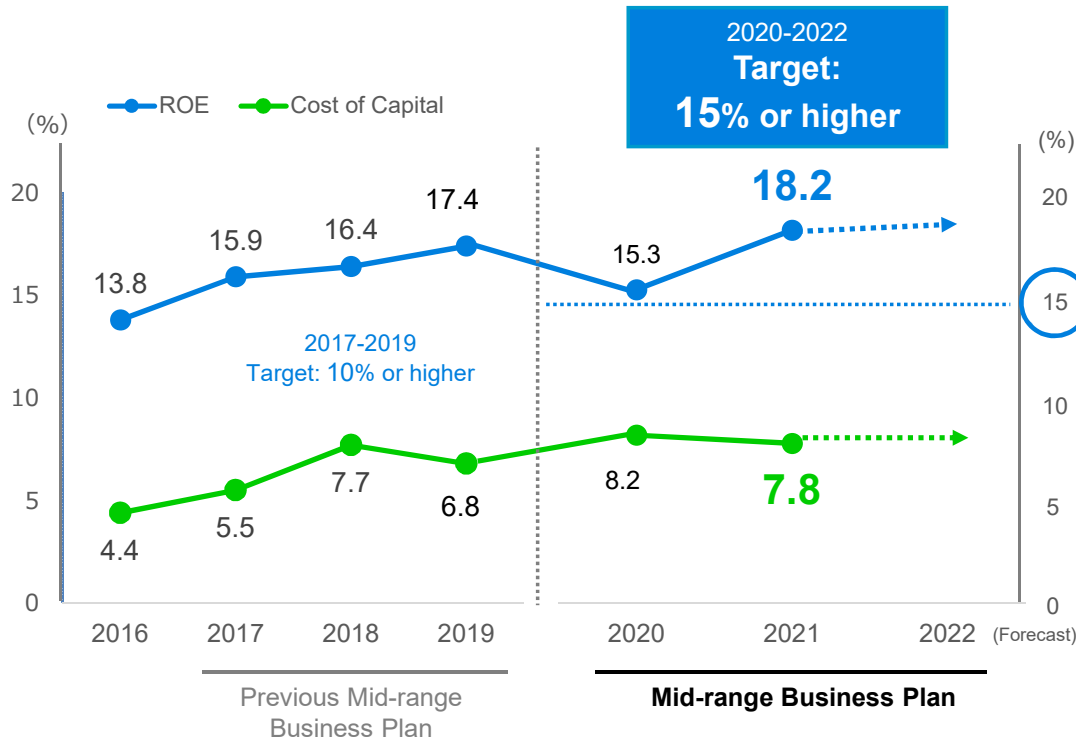
**250,000**  
companies

## 2. Outlook and Initiatives

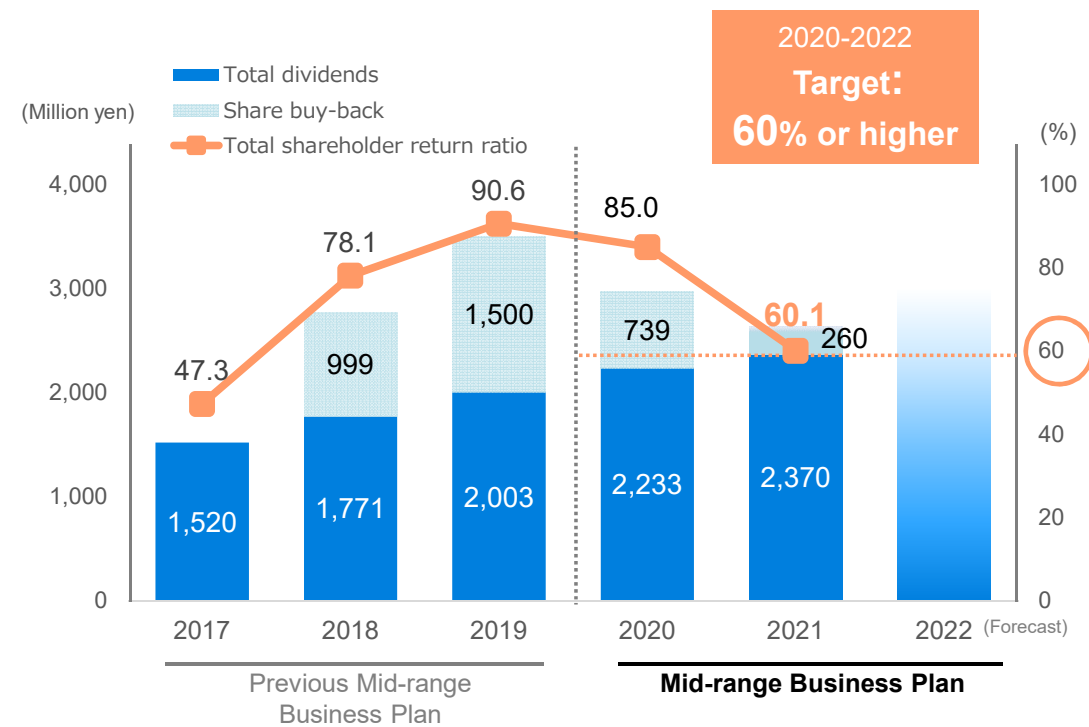
### (4) Financial Strategy: (1) Capital Policy and Shareholder Return Policy

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.

■ Consolidated ROE and capital cost: Results and targets



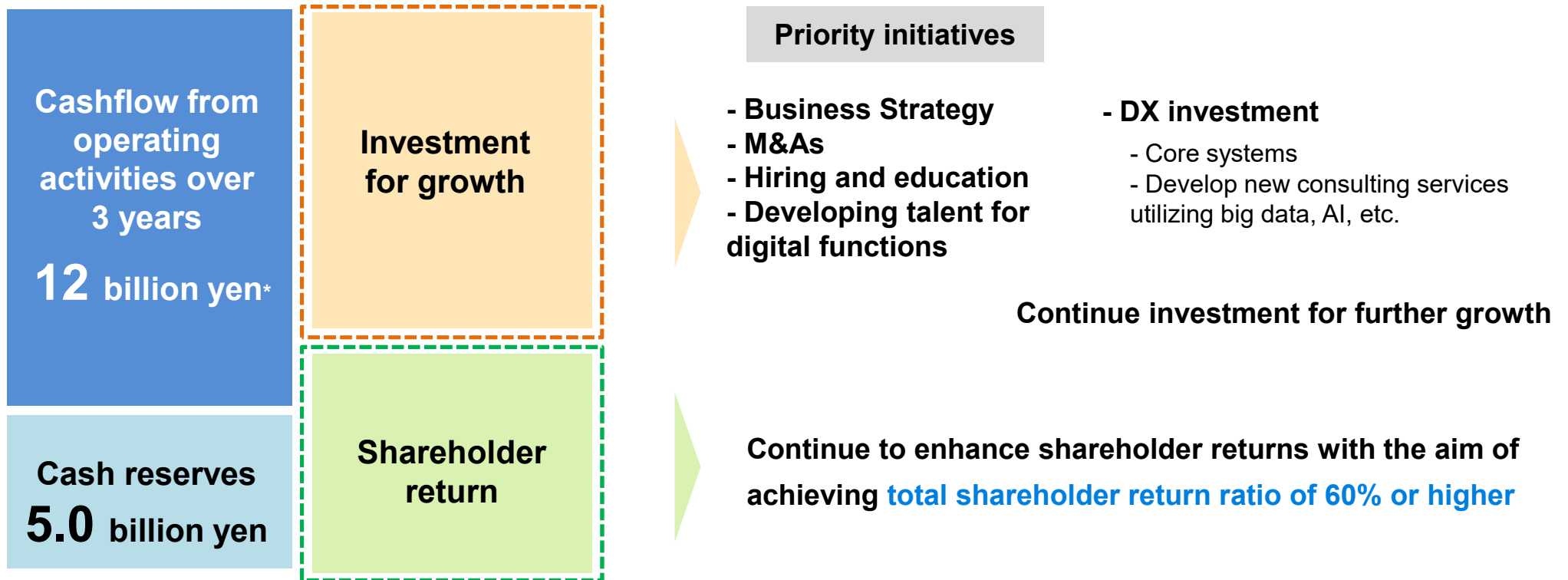
■ Total dividends and total shareholder return ratio: Results and targets



## 2. Outlook and Initiatives

### (4) Financial Strategy: (2) Investment for Growth: Allocation of cashflow from operating activities over three years

Increase shareholders' value by allocating cashflow from operating activities and cash reserves to investment for the next stage of growth and to appropriate shareholder returns.



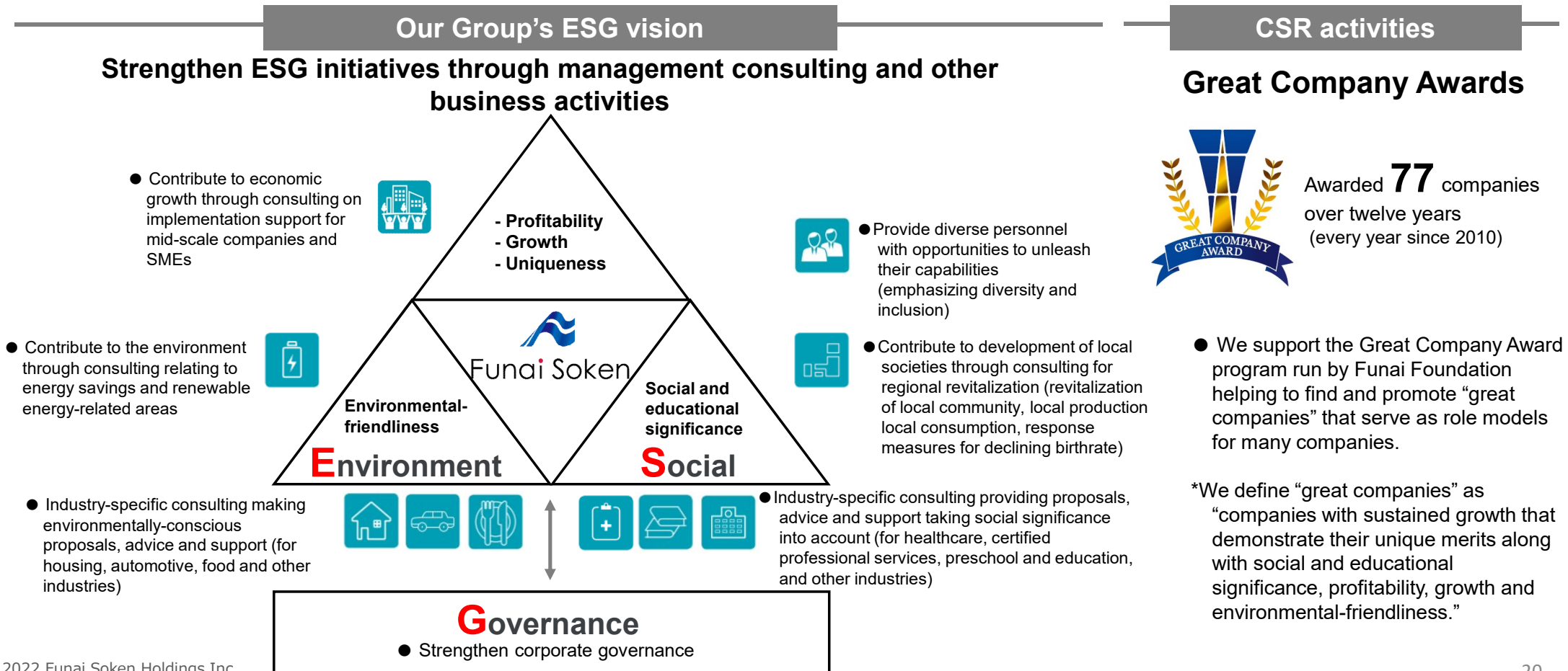
(Excluding operating capital of 6.0 billion yen\*)

\*The numbers have been revised reflecting the revised plan

## 2. Outlook and Initiatives

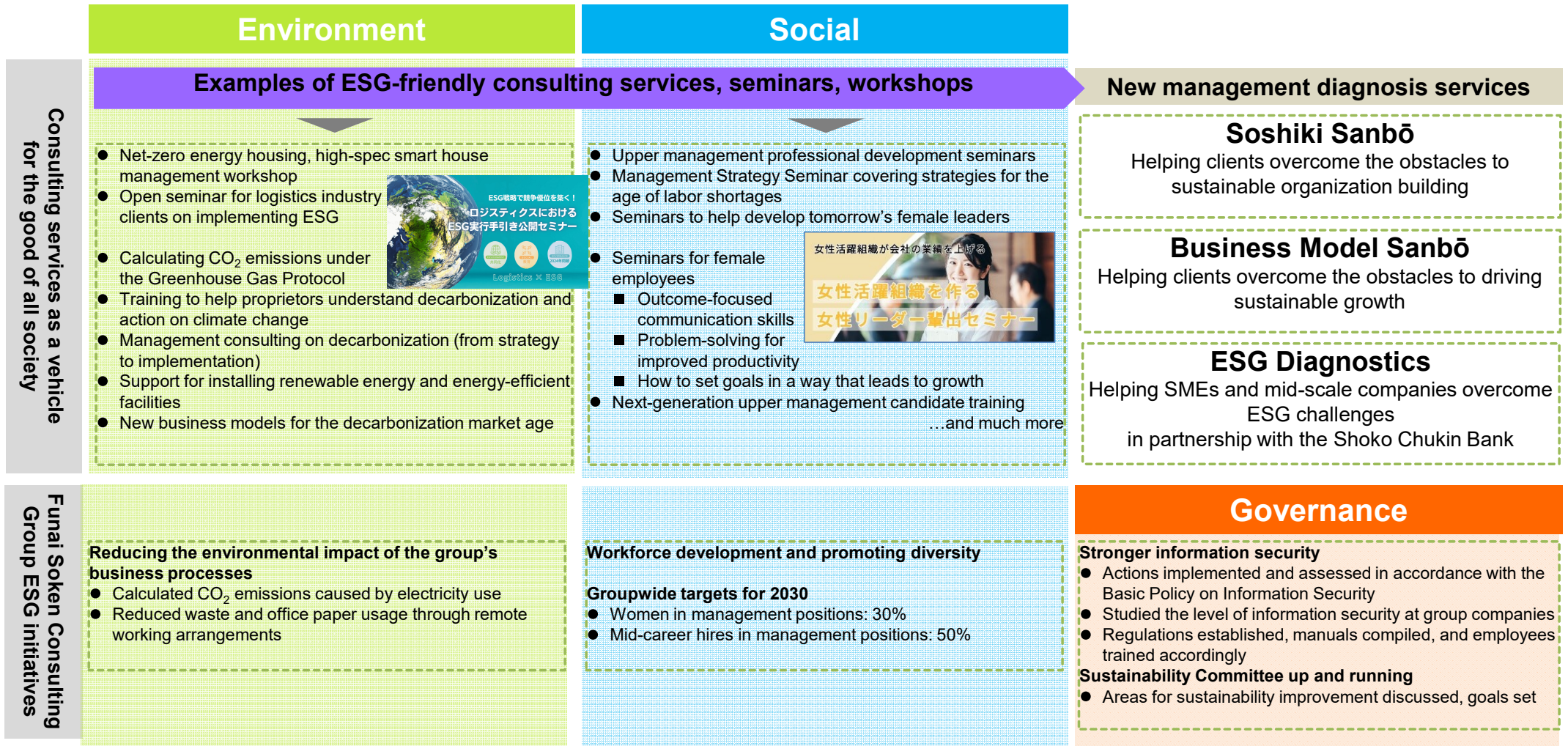
### (5) ESG

We will further strengthen our initiatives for ESG, recognizing its importance, under the Group philosophy:  
“We help to build a better future for people, business, and the society.”



## 2. Outlook and Initiatives

### (5) Our ESG Initiatives in 2021



## 2. Outlook and Initiatives

### (6) Corporate Governance Structure

In order to ensure legal compliance in the running of the company's business and to drive mid-to-long-term corporate value, the company is working to strengthen its corporate governance structure, and established a Sustainability Committee on July 1.

#### Nominating Committee

Ensures objectivity and validity of the process for selecting candidates for director positions.

**3 out of 4 members are outside directors**

#### Successor Nominating Committee

Ensures fairness and transparency of selection and nurturing of future presidential candidates.

**3 out of 4 members are outside directors**

#### Compensation Committee

Ensures objectivity and validity of officer remuneration by keeping remuneration tied to mid-to-long-term business performance.

**3 out of 4 members are outside directors**

#### Governance Committee

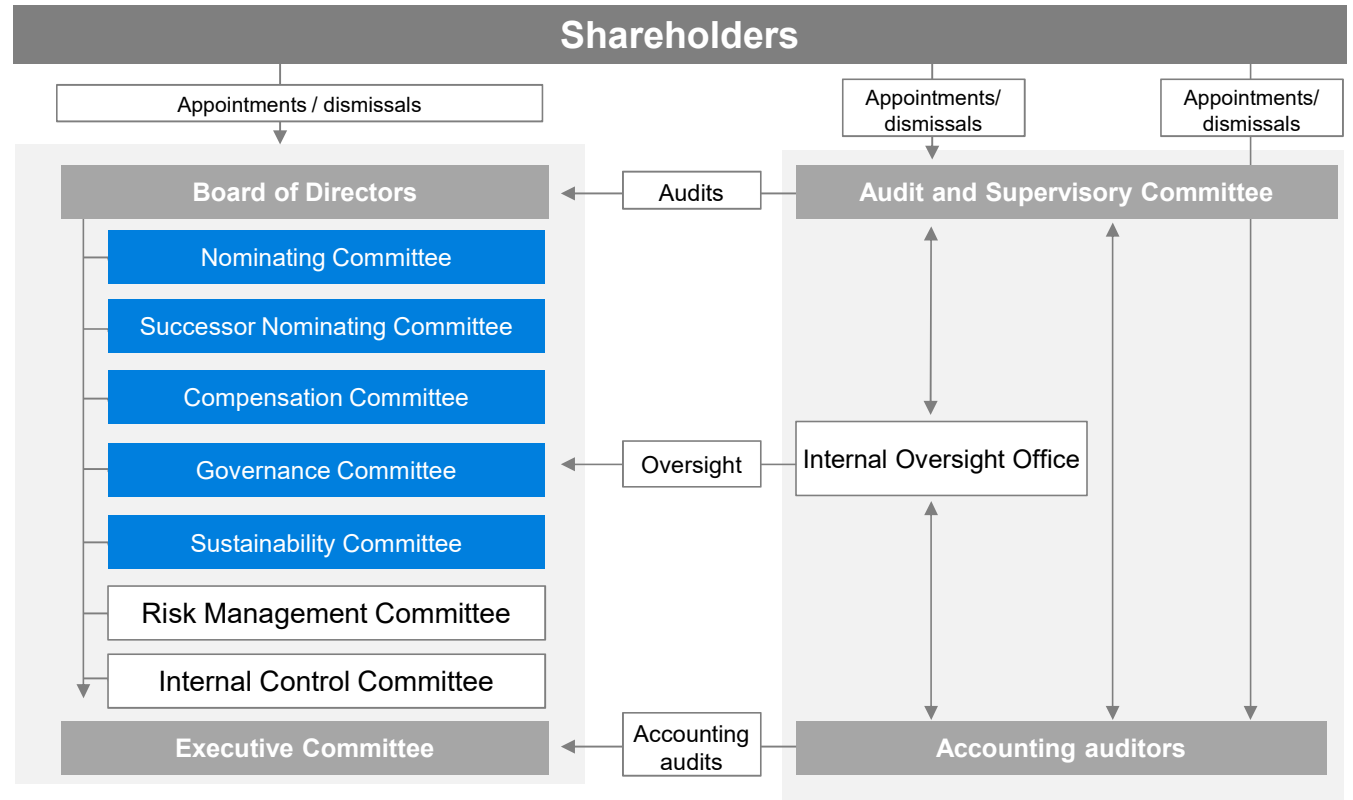
Discusses governance issues from a mid-to-long-term perspective, and endeavor to strengthen governance.

**All 4 members are outside directors**

#### Sustainability Committee

Coordinates cross-sectional pursuit of sustainability throughout the whole group, and implement ongoing issues under strict governance.

**1 out of 2 members are outside directors**



#### Previous Initiatives to Strengthen the Group's Governance

- 2019 Established a Successor Nominating Committee, appointed outside directors to the boards of the group's core companies, appointed in-house attorneys.
- 2020 Appointed 1 female director.
- 2021 Established a Sustainability Committee. The five advisory committees shown to the left are chaired by outside directors.

## 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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## Our Mission

### **We help to build a better future for people, businesses, and society**

We at the Funai Consulting Group will offer solutions for a better future to all the people and businesses we are involved with – and to society as a whole – and will do our best to turn those ideas into reality.

## Our Vision for the Future

### **Trusted and respected by society for bringing joy to people and businesses through our work**

We are determined to work together as a corporate group to bring joy to the people and businesses we are involved with. By earning the trust and respect of the people and businesses we seek to please, we can also earn the trust and respect of society as a whole.