

For the Year Ended December 2022

Summary of Financial Results

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

February 8, 2023



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[Statement Regarding Use of These Materials]

FY2022 Financial Report

1. FY2022 Financial Report

(1) Consolidated Income

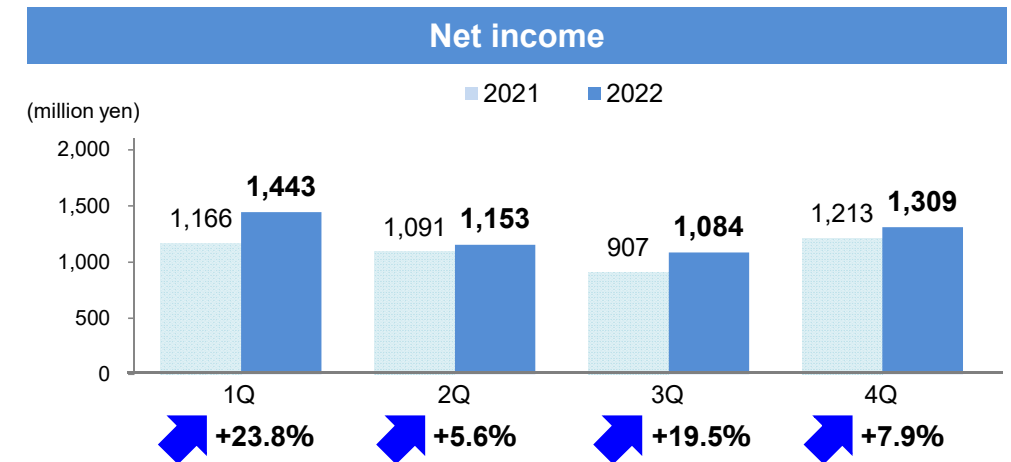
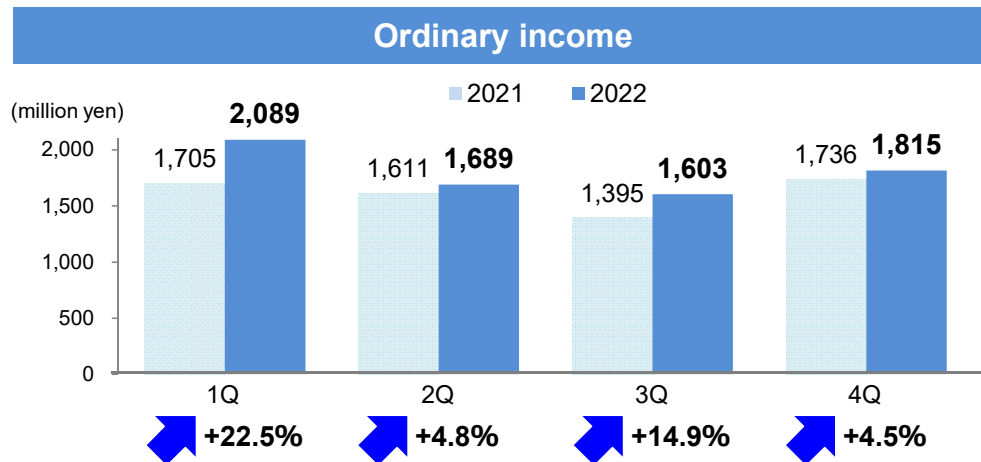
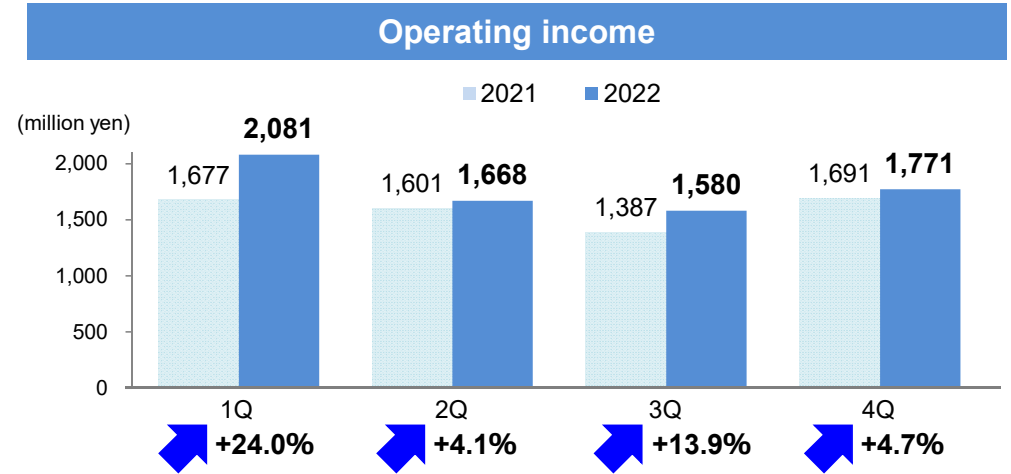
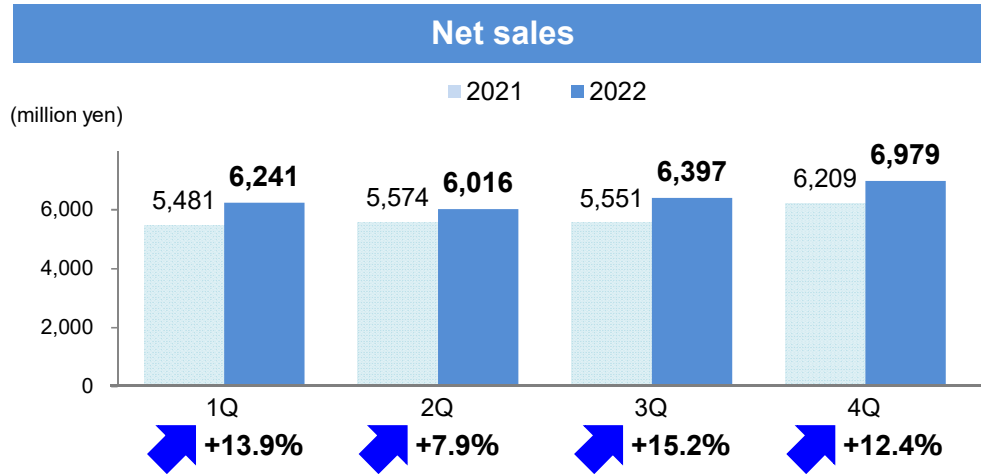
- Double-digit growth in both sales and income led to record performance and enabled us to achieve the targets of the 2020-2022 Mid-Range Business Plan.

	FY12/21		FY12/22			Compared with forecast issued on Feb. 4, 2022	
	Amount (million yen)	% of total	Amount (million yen)	% of total	Change (%)	Amount (million yen)	Change (%)
Net sales	22,816	100.0	25,635	100.0	+12.4	25,300	+1.3
Operating income	6,358	27.9	7,100	27.7	+11.7	7,100	+0.0
Ordinary income	6,448	28.3	7,197	28.1	+11.6	7,150	+0.7
Net income attributable to owners of the parent	4,378	19.2	4,990	19.5	+14.0	4,800	+4.0

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(2) Income by Quarter

- Sales, operating income, ordinary income, and net income were up in all quarters.

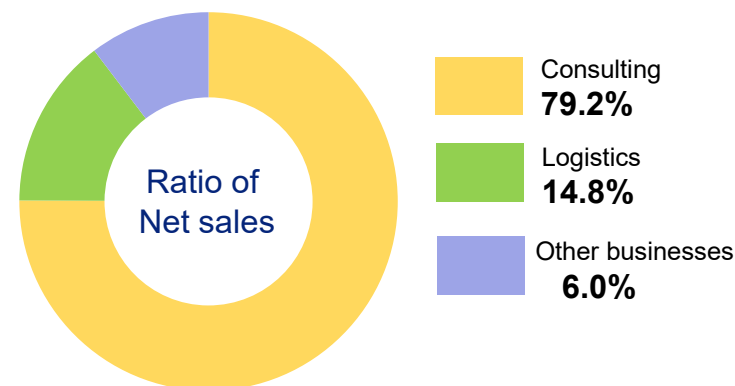


1. FY2022 Financial Report

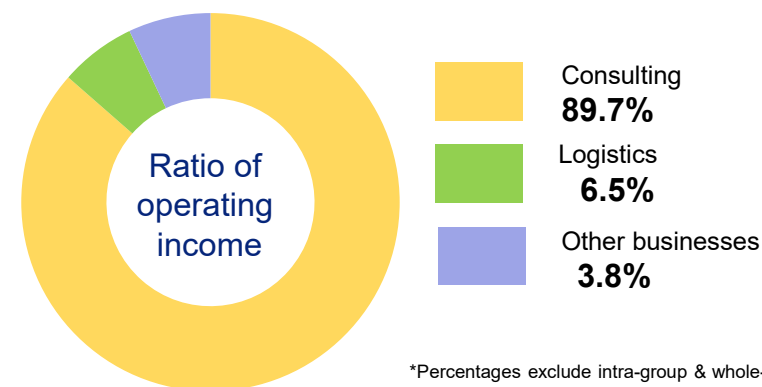
(3) Results of Operations by Segment

- Sales and income were up in all segments.
- Among other businesses, solid performance drove increases in sales and income in the direct recruiting business.

Net sales	FY 12/21	FY 12/22	
	Amount (million yen)	Amount (million yen)	Change (%)
Consulting	18,544	20,314	+9.5
Logistics	2,922	3,778	+29.3
Other businesses	1,328	1,524	+14.8
(Intra-group & whole-group transactions)	21	17	—
Total	22,816	25,635	+12.4



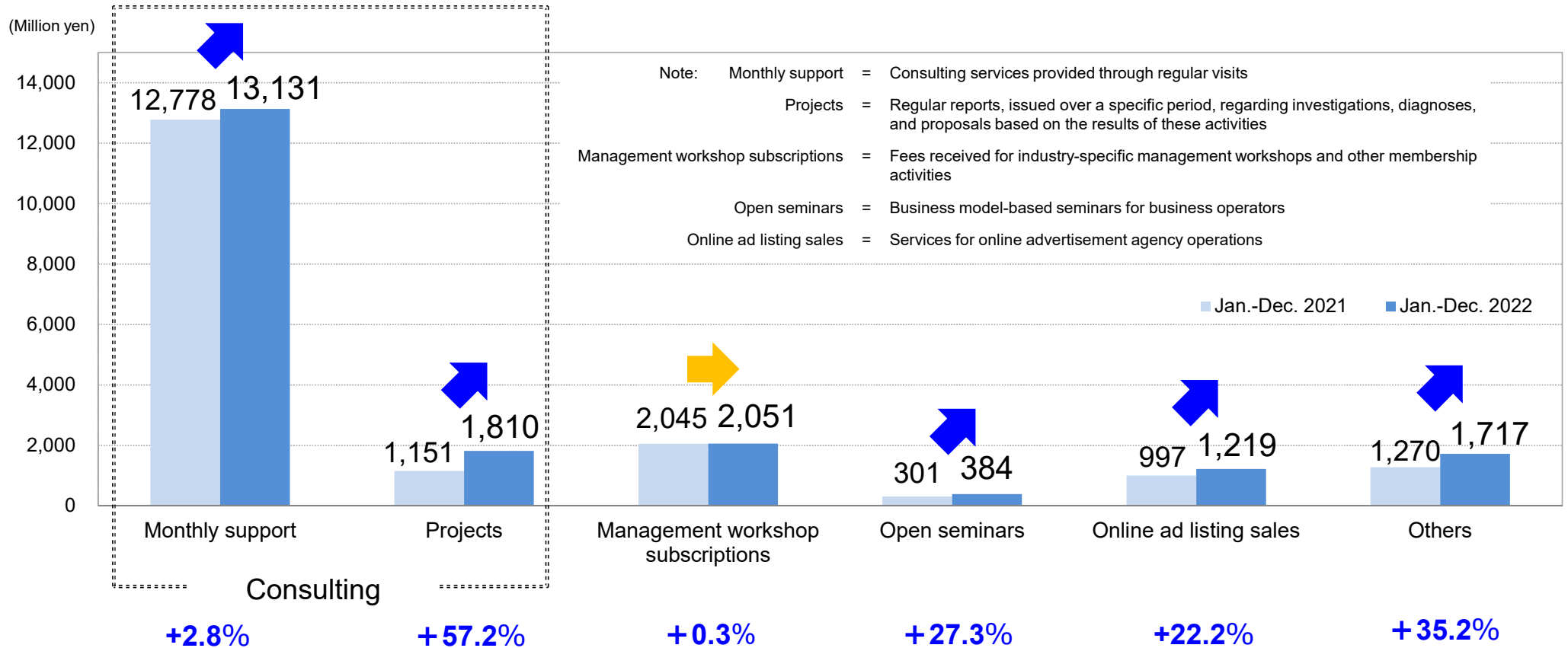
Operating income	FY 12/21	FY 12/22	
	Amount (million yen)	Amount (million yen)	Change (%)
Consulting	5,893	6,150	+4.4
Logistics	338	448	+32.3
Other businesses	-68	260	—
(Intra-group & whole-group transactions)	194	241	—
Total	6,358	7,100	+11.7



*Percentages exclude intra-group & whole-group transactions

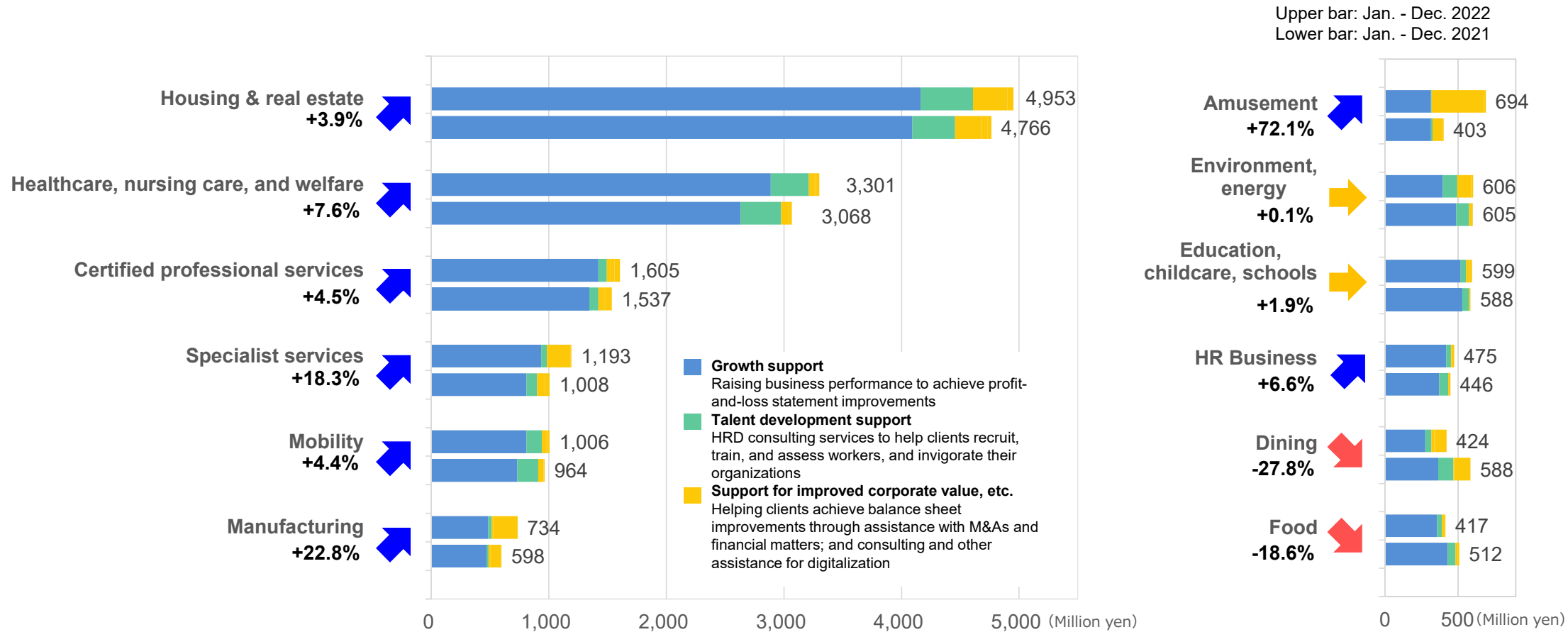
1. FY2022 Financial Report

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



1. FY2022 Financial Report

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

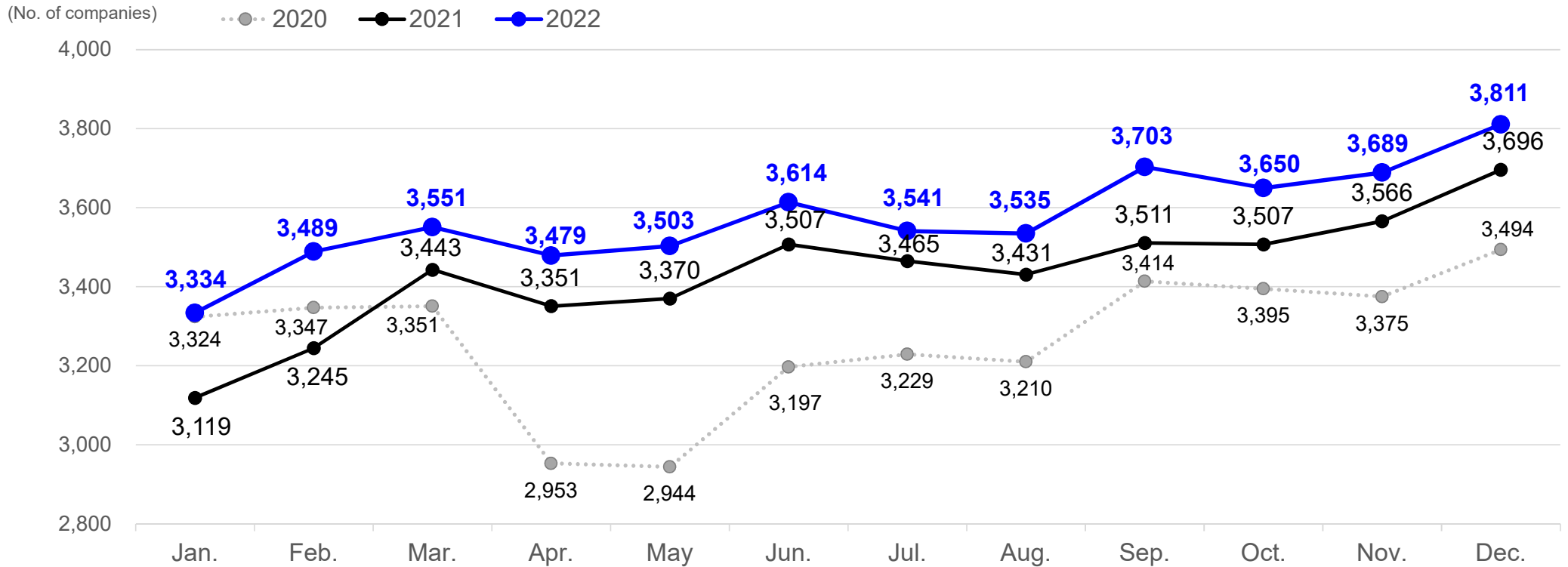


Figures show total sales of consulting contracts, management workshop subscriptions, and open seminars, grouped in accordance with the company's industry classifications, for Jan. through Dec. 2021 and 2022.

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

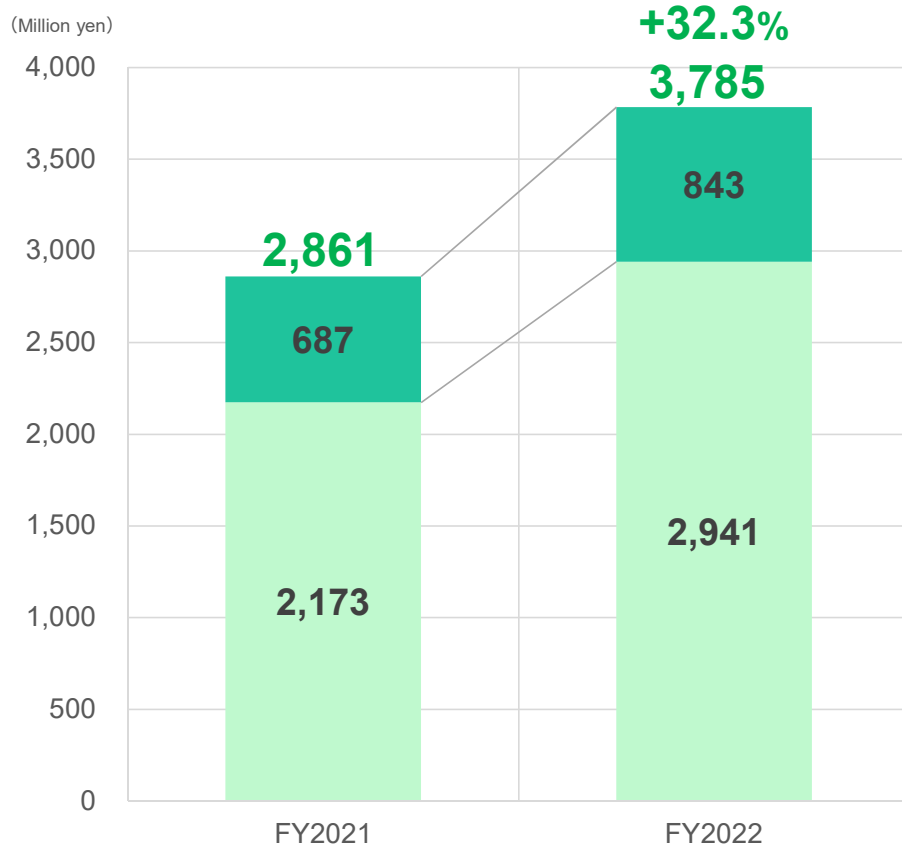
Monthly Consulting Client Company Numbers



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

1. FY2022 Financial Report

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



Logistics Consulting
Helping clients reduce logistics costs

➡ **+22.7%**

- Consulting for logistics companies was in line with the preceding year; management workshop memberships increased: 298 as of Dec. 31, 2022; 299 as of Dec. 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

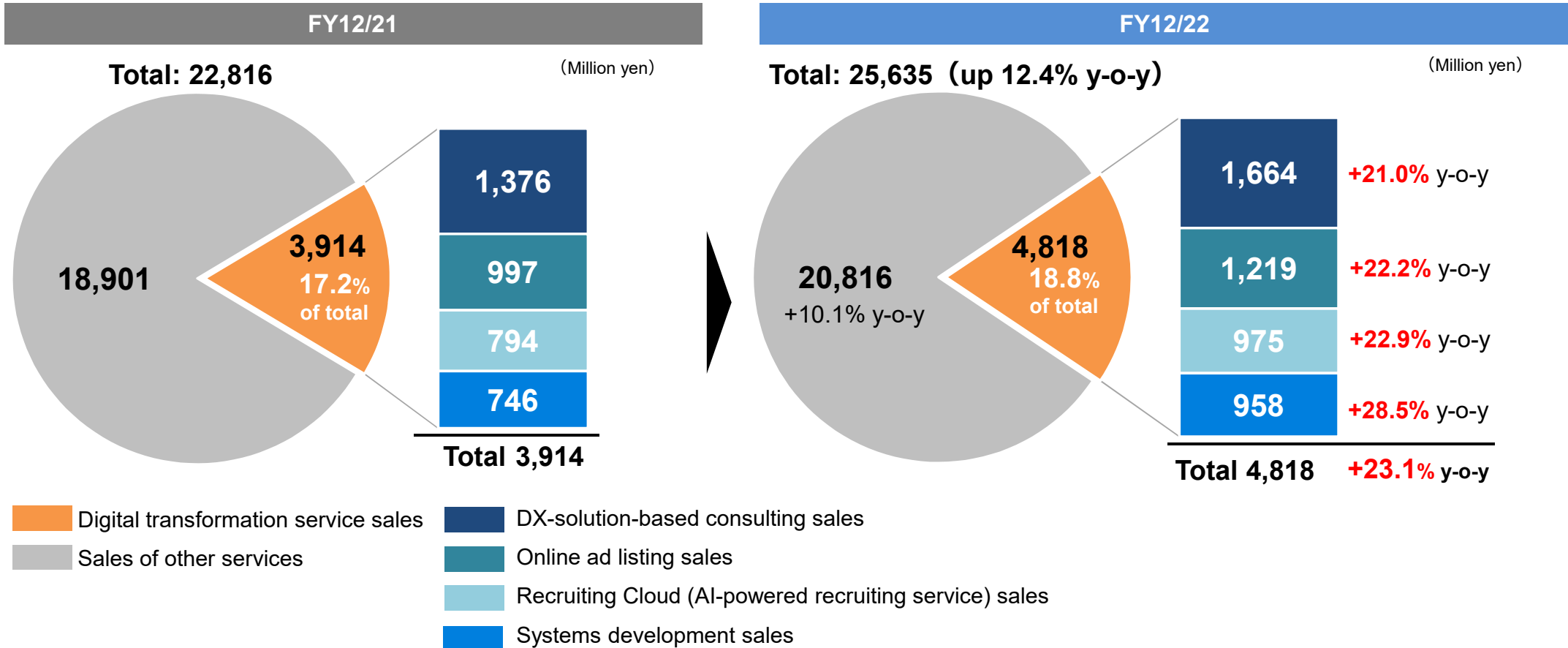
➡ **+35.3%**

- Demand for e-commerce solutions was strong among existing clients.
- A jump in online inquiries boosted new client acquisitions, resulting in a large increase in revenue.

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(6) Results of Operations in Digital Transformation Services

- The group is investing significant effort into DX services, which grew more than 20%.



1. FY2022 Financial Report

(7) Consolidated Financial Position—Balance Sheet

(Million yen)

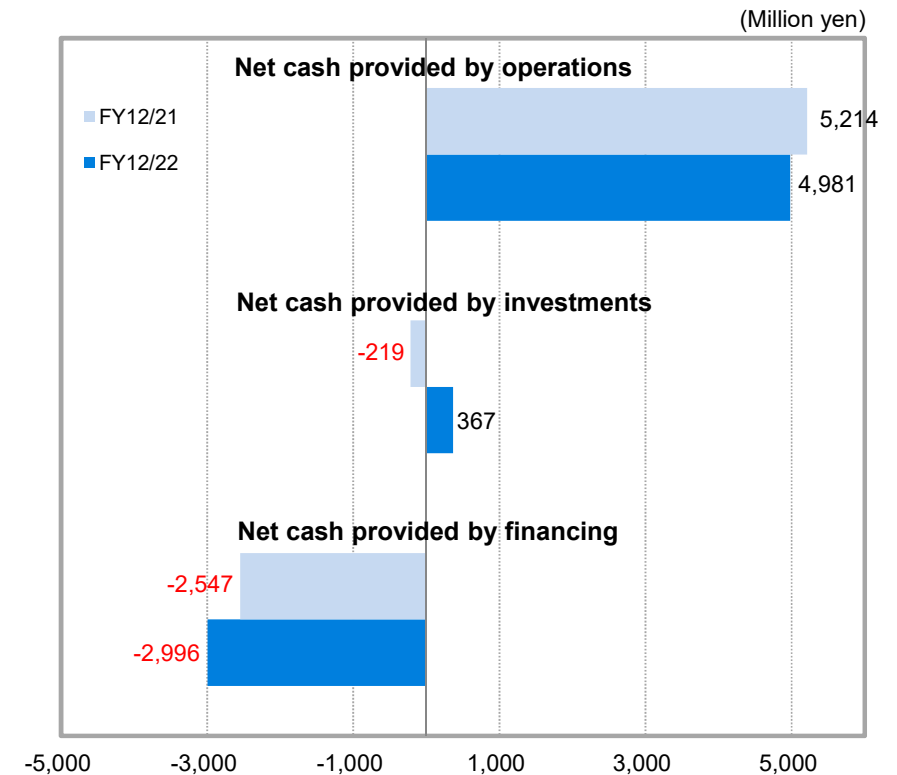
	As of Dec. 31, 2021	As of Dec. 31, 2022	Change	Major factors behind changes	
Current assets	19,049	22,283	+3,233	Increase in current assets: Major factors include increases in cash and deposits, trade notes and accounts receivable, contract assets, and short-term investment securities.	
Noncurrent assets	Property, plant, and equipment	5,917	5,813		-103
	Intangible assets	705	830		+125
	Investments and other assets	5,256	4,082	-1,173	Decrease in noncurrent assets: Major factors include decrease in investment securities.
Total assets	30,928	33,010	+2,082		
Current liabilities	5,053	5,067	+13	Increase in current liabilities: Major factors include increase in other accounts payable (listed under “others”); decreases in accrued consumption taxes and current portion of long-term loans payable.	
Noncurrent liabilities	164	242	+78	Increase in noncurrent liabilities: Major factors include increase in long-term loans payable.	
Total liabilities	5,217	5,309	+92		
Total net assets	25,710	27,700	+1,990	Financial position remains sound with a high equity ratio of 81.7%.	
Total liabilities & net assets	30,928	33,010	+2,082		

1. FY2022 Financial Report

(7) Consolidated Financial Position—Cash Flow Statement

(Million yen)

	FY12/21	FY12/22	Change
Net cash provided by (used in) operations			
Net income before income taxes and other adjustments	6,424	7,138	713
Depreciation	240	311	71
Decrease (increase) in trade notes and accounts receivable and contract assets	(476)	(459)	17
Decrease (increase) in other assets	(474)	(586)	(112)
Increase (decrease) in other liabilities	477	132	(345)
Other cash provided by (used in) operations	79	227	147
Subtotal	6,272	6,764	492
Interest and dividends received	42	38	(4)
Income taxes paid	(1,610)	(2,264)	(653)
Income tax refunds	540	451	(89)
Others	(30)	(8)	22
Net cash provided by (used in) operations	5,214	4,981	(232)
Net cash provided by (used in) investments			
Purchase of short-term and long term investment securities	(724)	(399)	325
Proceeds from sales of short-term and long term investment securities	721	1,113	392
Purchase of property, plant and equipment and intangible assets	(218)	(356)	(137)
Other cash provided by (used in) investments	2	9	7
Net cash provided by (used in) investments	(219)	367	587
Net cash provided by (used in) financing			
Purchase of treasury stock	(266)	(403)	(136)
Dividends paid	(2,272)	(2,566)	(294)
Other cash provided by (used in) financing	(8)	(26)	(17)
Net cash provided by (used in) financing	(2,547)	(2,996)	(448)
Change in cash and cash equivalents	2,458	2,356	(102)
Cash and cash equivalents at start of fiscal year	12,216	14,675	2,458
Cash and cash equivalents at end of fiscal year	14,675	17,031	2,356



1. FY2022 Financial Report

(8) Change of Representative Directors

To refresh the company's management, a new management framework is scheduled to be introduced as outlined below.

Representative Director (scheduled to take effect on March 25, 2023)

Name	New Title	Previous Title
Sakae Takashima (age: 65 y.o.)	N/A (resigning)	Chairman and Group CEO
Takayuki Nakatani (age: 54 y.o.)	President and Group CEO	President & CEO

Forecasts & Shareholder Returns

2. Forecasts & Shareholder Returns

(1) FY2023 Earnings Forecast

- Forecast for FY2023: 28.5 billion yen in net sales and 7.9 billion yen in operating income.

	Consolidated mid-year forecast for FY2023			Consolidated full-year forecast for FY2023		
	2022 (actual) (million yen)	2023 forecast (million yen)	Change (%)	2022 (actual) (million yen)	2023 forecast (million yen)	Change (%)
Net sales	12,258	13,600	+ 10.9	25,635	28,500	+ 11.2
Operating income	3,749	4,000	+ 6.7	7,100	7,900	+ 11.3
Ordinary income	3,779	4,000	+ 5.8	7,197	7,950	+ 10.5
Net income	2,596	2,700	+ 4.0	4,990	5,500	+ 10.2

Sales Forecasts by Segment

Consulting	20,000 mil. yen
Logistics	3,900 mil. yen
Digital solutions	4,600 mil. yen

Operating Income Forecasts by Segment

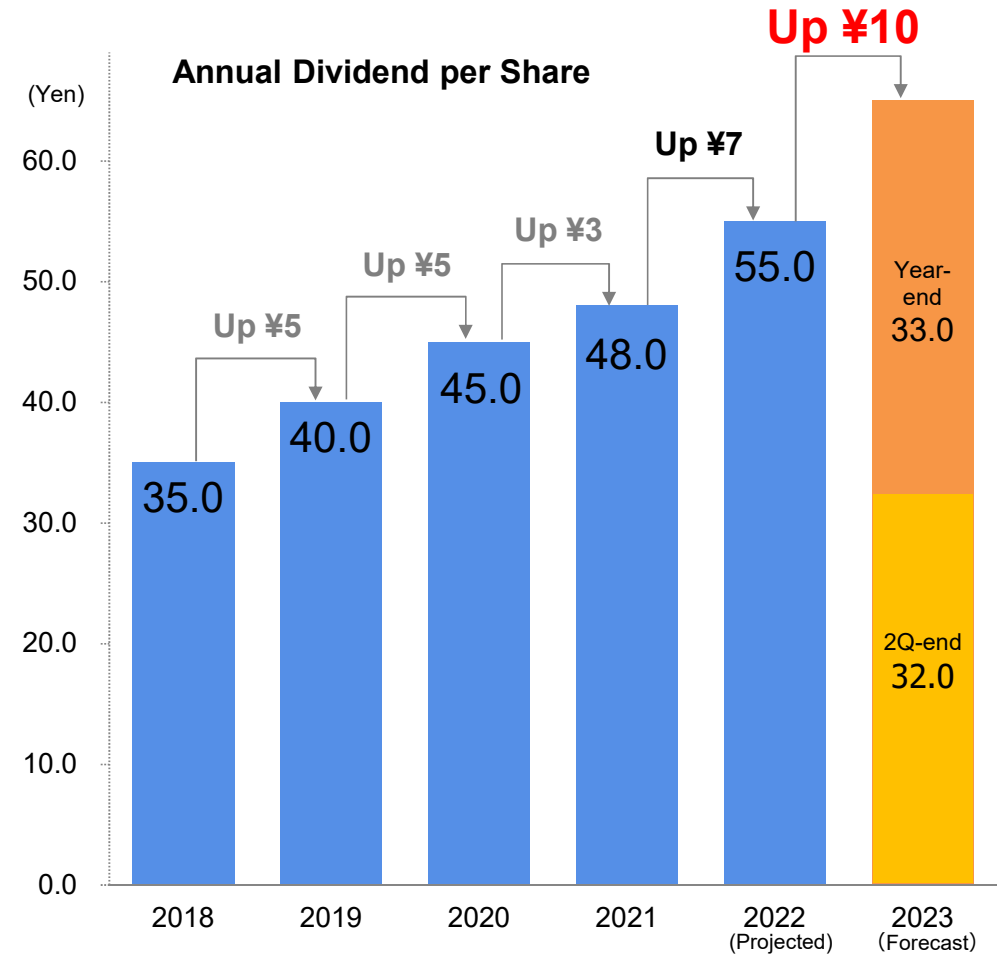
Consulting	7,000 mil. yen
Logistics	500 mil. yen
Digital solutions	200 mil. yen

2. Forecasts & Shareholder Returns

(2) Annual Dividends

- We plan to pay a total dividend of 65 yen per share for FY2023, comprising an interim dividend of 32 yen, a year. **65 yen per share**

Record date	Initial forecast		Actual dividend	
	Dividend (per share)	Details	Dividend (per sharer)	Details
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 *incl. 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 *Incl. 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	53.0	2Q-end 25.0 Year end 28.0	55.0	2Q-end 25.0 Year end 30.0 *Incl. a commemorative dividend of 2.0
FY2023 (Forecast)	65.0	2Q-end 32.0 Year end 33.0		



2. Forecasts & Shareholder Returns

(3) Purchase and Retirement of Treasury Shares

- The Board of Directors approved a share buyback on November 8, 2022; the buyback was completed on January 19, 2023.
- The company retired treasury shares on January 31, 2023.

Purchase of Treasury Shares
Buy-back period: Nov. 9, 2022 – Jan. 19, 2023
Price of buy-back: 499,912,200 yen
Number of shares purchased: 183,600

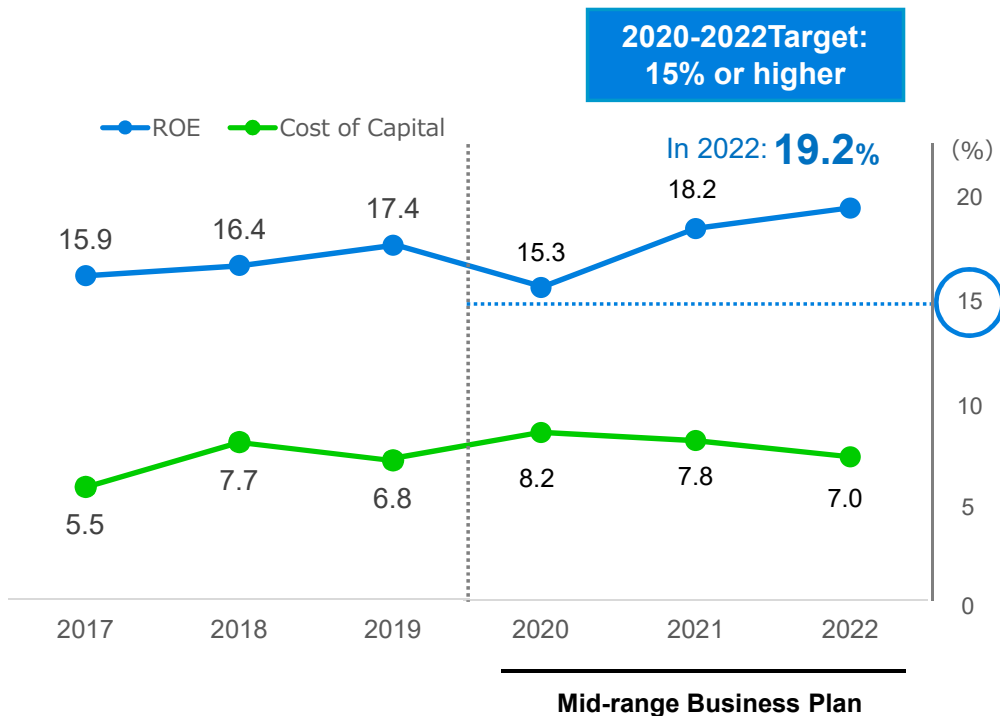
Retirement of Treasury Shares
Date of retirement: Jan. 31, 2023
Number of shares retired: 500,000
%age of total shares issued by the company prior to retirement: 0.95%

2. Forecasts & Shareholder Returns

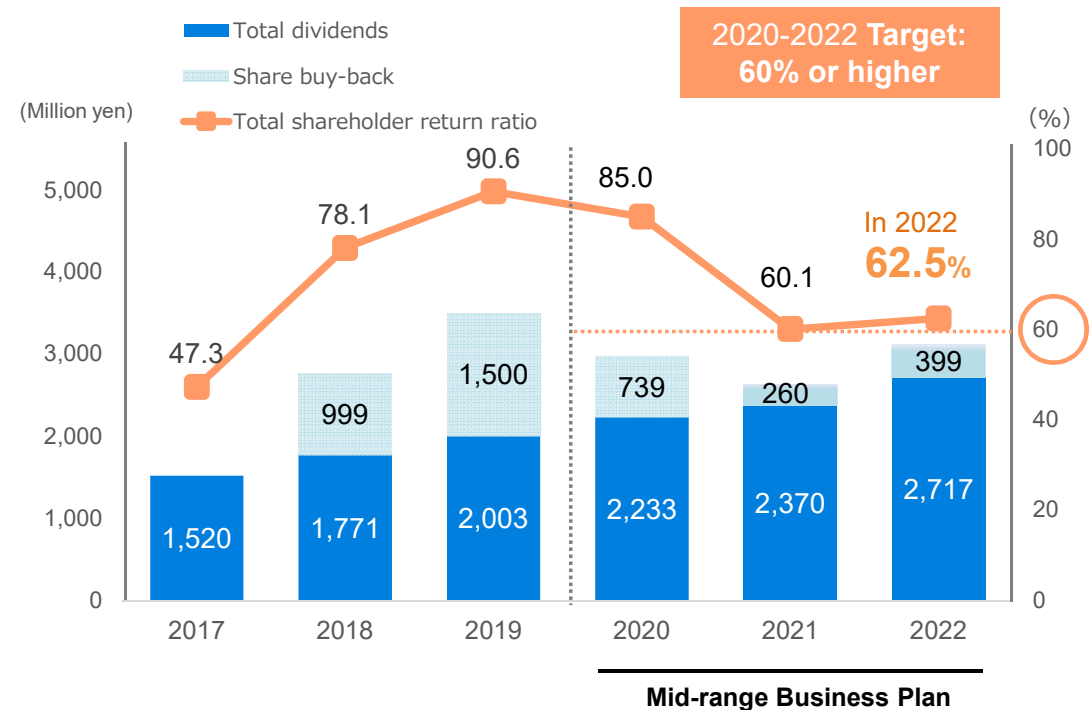
(4) Capital Policy and Shareholder Returns Policy

- We undertook a share buyback in 2022 as part of our quest to **improve capital efficiency** and boost the **return-to-shareholders ratio**
- Consequently, we **achieved our targets for consolidated ROE (target 15+%, actual 19.2%) and return-to-shareholders ratio (target 60+%, actual 62.5%)**.
- Thus, all targets set forth in the 2020-2022 Mid-Range Business Plan were achieved in all years of the plan period.

Consolidated ROE and Cost of Capital



Total Dividend and Return-to-Shareholders Ratio





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.

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