February 7, 2025

Consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024) [Under Japanese GAAP]

Company name:	Funai Soken Holdings, Inc.	Stock Exchange listing: Tokyo Stock Exchange	
Stock code:	9757	URL: https://hd.funaisoken.co.jp	
President & Group CEO:	Takayuki Nakatani		
Contact:	Motoki Haruta, Director and Executive Officer, Head of Management Divisional Headquarters Telephone: +81-(0)6-6232-0130		

General meeting of shareholders: March 29, 2025
Scheduled date of payment of dividend: March 31, 2025
Scheduled date of filing Annual Securities Report: March 31, 2025
Supplementary materials compiled to explain financial statements: Yes
Briefing to be held to explain financial results: Yes (For institutional investors and analysts)

(Figures are rounded to the nearest million yen; fractions of one million discarded rather than rounded up or down)

1. Consolidated Financial Results for FY2024 (January 1, 2024 - December 31, 2024)

(1) Consolidated Results of Operations (Percentages represent year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Dec. 31, 2024	30,645	8.5	8,324	14.9	8,411	14.5	5,993	15.2
Year ended Dec. 31, 2023	28,238	10.2	7,247	2.1	7,343	2.0	5,201	4.2

Note: Comprehensive income: 6,095 million yen (up 15.0%) in the year ended Dec. 31, 2024
5,299 million yen (up 9.8%) in the year ended Dec. 31, 2023

	Earnings per Share (basic)	Earnings per Share (diluted)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Dec. 31, 2024	128.01	126.54	24.3	26.7	27.2
Year ended Dec. 31, 2023	106.30	105.03	20.0	22.7	25.7

Reference: Equity method investment income (Million yen) Dec. 31, 2024: –
Dec. 31, 2023: –

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended Dec. 31, 2024	31,438	24,989	77.2	523.49
Year ended Dec. 31, 2023	31,631	25,726	79.2	524.01

Reference: Shareholders' equity: 24,269 million yen in the year ended Dec. 31, 2024
25,054 million yen in the year ended Dec. 31, 2023

(3) Consolidated Cash Flow Position

	Net cash provided by (used in) operations	Net cash provided by (used in) investments	Net cash provided by (used in) financing	Cash and cash equivalents at end of fiscal year
	Million yen	Million yen	Million yen	Million yen
Year ended Dec. 31, 2024	7,010	(2,595)	(6,971)	10,346
Year ended Dec. 31, 2023	5,479	(2,233)	(7,385)	12,894

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Dec. 31, 2023	―	32.00	―	33.00	65.00	3,151	61.1	12.1
Year ended Dec. 31, 2024	―	37.00	―	38.00	75.00	3,492	58.6	14.3
Forecast for year ending Dec. 31, 2025	―	42.00	―	43.00	85.00		59.7	

3. Forecast of Consolidated Financial Results for FY 2025 (January 1, 2025 - December 31, 2025)

(Percentages represent year-on-year change, full-year figures represent change compared with previous year; first-half figures represent change compared with same period in previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	16,000	11.1	4,600	9.0	4,600	8.6	1,800	(38.8)	38.83
Full year	33,000	7.7	8,900	6.9	8,900	5.8	6,600	10.1	142.36

Remarks

(1) Significant changes in the scope of consolidation during the fiscal year: None

No. of new companies added: None
Names of new companies added: None
No. of companies removed: None
Names of companies removed: None

(2) Changes in accounting policies; changes in estimates; re-statement of amendments

1) Changes in accounting policies caused by revision of accounting standards: None
2) Other changes in accounting policies: None
3) Changes in accounting estimates: None
4) Re-statement of amendments: None

(3) Number of issued shares (common stock)

1) Number of shares issued at end of the period (including treasury stock)	As of Dec. 31, 2024	50,000,000	As of Dec. 31, 2023	52,000,000
2) Number of treasury shares at end of the period	As of Dec. 31, 2024	3,639,843	As of Dec. 31, 2023	4,186,224
3) Average number of shares during the period	Fiscal year ended Dec. 31, 2024	46,821,659	Fiscal year ended Dec. 31, 2023	48,933,078

Note: This financial summary is excluded from audit by a CPA or auditing company.

Statement Regarding the Use of Forward-Looking Statements

Forecasts in these materials regarding future performance 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. Please refer to “1. Results of Operations (4) Outlook” on page 5 of the appendix for further information concerning the conditions on which these forecasts are based and further cautions with respect to the use of forward-looking statements.

Appendix Contents

1. Results of Operations

(1) This Fiscal Year's Results

During the current fiscal year, the economic environment remained uncertain due to factors including concerns over the slowdown in the pace of economic expansion in the United States triggered by the rising unemployment rate and the prolonged war in Ukraine. Meanwhile, regarding the domestic situation, the financial markets showed signs of normalization due to the Bank of Japan ending its negative interest rate policy, and large enterprises are also showing an improvement in business confidence as the employment and income environment improves. However, small and medium-sized enterprises (SMEs) continue to face severe conditions, including soaring raw material prices and difficulties in securing employees due to labor shortages.

Under these conditions, we relocated our Tokyo headquarters to Tokyo Midtown Yaesu, Yaesu Central Tower in April, and launched operations in accordance with our Group purpose, "sustainable growth for more companies." In the same month, we merged three of our consolidated subsidiaries, with Funai Consulting, Inc. as the surviving company and Funai Soken Digital Inc. and Funai Soken IT Solutions Inc. as the absorbed companies. By consolidating the Tokyo operations of the entire Group into a single location through these initiatives and leveraging Group synergies, we have strengthened our framework for becoming the go-to provider of digital solutions and comprehensive management consulting for medium-sized businesses and SMEs.

As a result, looking the Group's business performance, the Group posted 30,645 million yen in net sales (up 8.5% year on year), 8,324 million yen in operating income (up 14.9% year on year), 8,411 million yen in ordinary income (up 14.5% year on year), and 5,993 million yen in net income attributable to owners of the parent (up 15.2% year on year) for FY2024, as the Group achieved record-high results.

Net sales increased in the monthly consulting support service, project-based consulting service, and management seminar, which are the mainstays of the consulting business. In addition, there was strong performance in consulting services for logistics companies in the logistics business, and in online advertisement agency services in the digital solutions business, resulting in an increase in net sales. Consequently, net sales rose 8.5% year on year to 30,645 million yen.

As for operating income, cost of sales was 18,783 million yen (17,517 million yen in the previous fiscal year). SG&A expenses were 3,537 million yen (3,473 million yen in the previous fiscal year). Although the relocation of the Tokyo headquarters in April resulted in increased costs, consolidating the Tokyo offices contributed to operational efficiency and an increase in the number of management seminar participants and management study group members. We also worked to reduce SG&A expenses through appropriate cost control in areas such as personnel hiring expenses.

Consequently, operating income rose 14.9% over the previous fiscal year to 8,324 million yen.

Non-operating income was 138 million yen, compared with 114 million yen in the previous fiscal year, while non-operating expenses were 51 million yen, compared with 19 million yen in the previous fiscal year.

Consequently, ordinary income rose 14.5% over the previous fiscal year to 8,411 million yen.

With income taxes totaling 2,281 million yen for the current fiscal year, compared with 2,070 million yen in the previous fiscal year, net income attributable to owners of the parent rose 15.2% year on year to 5,993 million yen.

Consolidated performance for each business segment is outlined below.

I. Consulting

In the consulting business, the number of visiting management executives also increased due to the effect of relocating the Tokyo headquarters in April as the central Tokyo base for the entire Group, and record highs were achieved for both the number of management seminar participants and management study group members, along with a significant increase in orders. Examined by industry, the consulting business for the medical, nursing care, and welfare industries saw a steady increase in sales. In addition, the consulting business for the manufacturing industry also saw a significant increase in sales. By theme, we were able to achieve significant performance growth in the area of consulting on the use of subsidies, as many of our clients' subsidy applications were approved. As a result, we achieved net sales and income exceeding results for the previous fiscal year. In terms of profit, productivity improved due to factors including the hybridization of face-to-face and remote consulting activities and the use of generative AI. As a result, progress was made in cost control of travel expenses and web promotional expenses, and profit increased.

Consequently, net sales increased 10.3% year on year to 22,375 million yen, and operating income rose 11.1% year on year to 7,508 million yen.

II. Logistics

In the logistics business, net sales from consulting services for logistics companies increased as the number of management study group members recovered, and monthly support remained strong. In logistics BPO services, transactions with existing major customers expanded. In addition, net sales increased due to steady progress in developing new customers, despite a difficult environment for winning new large orders.

Consequently, net sales increased 10.8% year on year to 4,306 million yen, and operating income rose 25.8% year on year to 496 million yen.

III. Digital Solutions

In the digital solutions business, online advertisement agency services in digital solutions continued to perform well, and HR solutions achieved stronger performance due to an improved delivery rate compared to customer budgets. However, net sales declined due to a decrease in system development projects for cloud solutions. Profit increased mainly due to properly controlling recruitment expenses to secure human resources.

Consequently, net sales decreased 2.2% year on year to 3,962 million yen and an operating income of 159 million yen was posted, compared with an operating loss of 70 million yen in the previous fiscal year.

(2) This Fiscal Year's Financial Position

(Assets)

Total assets decreased 192 million yen year-on-year to 31,438 million yen at the end of FY2024.

Current assets decreased by 901 million yen from the end of the previous fiscal year to 17,756 million yen. This was mainly due to a decrease in cash and deposits, and increases in trade notes, accounts receivable, and contract assets, and short-term investment securities.

Noncurrent assets increased 708 million yen from the end of the previous fiscal year to 13,682 million yen. This was mainly due to an increase in buildings and structures and long-term deposits, and a decrease in construction in progress included in other property, plant, and equipment and investment securities.

(Liabilities)

Total liabilities increased 544 million yen year-on-year to 6,449 million yen at the end of FY2024.

Current liabilities rose by 608 million yen from the end of the previous fiscal year to 6,274 million yen. This was mainly due to an increase in the current portion of long-term loans payable, accounts payable - other, and unpaid consumption taxes and contract liabilities included in other current liabilities.

Noncurrent liabilities decreased by 63 million yen from the end of the previous fiscal year to 174 million yen. This was mainly due to an increase in deferred tax liabilities and a decrease in long-term loans payable and long-term lease obligations included in other noncurrent liabilities.

(Net Assets)
Total net assets decreased 736 million yen year-on-year to 24,989 million yen at the end of FY2024. This was mainly due to an increase from net income attributable to owners of the parent, a decrease in retained earnings due to appropriation of surplus and cancellation of treasury stock, and a decrease in treasury stock due to treasury stock acquisition and cancellation.

(Equity ratio)
The shareholders' equity ratio decreased by 2.0 percentage points to 77.2% compared to the end of the previous fiscal year.

(3) This Fiscal Year's Cashflow Position

Cash and cash equivalents decreased 2,547 million yen year-on-year to 10,346 million yen at the end of FY2024.

Trends in cash flow by activity are described below.

(Cash Flows from Operating Activities)
Cash flows from operating activities ended on a net gain of 7,010 million yen this year compared to a net gain of 5,479 million yen in the preceding year. This was mainly due to net income before income taxes and other adjustments of 8,275 million yen; income taxes paid of 2,185 million yen; and income tax refunds of 717 million yen.

(Cash Flows from Investing Activities)
Cash flows from investing activities ended on a net loss of 2,595 million yen this year compared to a net loss of 2,233 million yen in the preceding year. This was mainly due to expenditures of 965 million yen for the purchase of property, plant, equipment, and intangible assets; proceeds of 606 million yen from the sale of tangible and intangible fixed assets; and expenditures of 2,000 million yen for payments into time deposits.

(Cash Flows from Financing Activities)
Cash flows from financing activities ended on a net loss of 6,971 million yen this year compared to a net loss of 7,385 million yen in the preceding year. This was mainly due to a net expenditure of 3,641 million yen on the sale and purchase of treasury stock, and 3,302 million yen distributed as dividends.

The following table presents the historical movements of certain cash flow indices.

	FY12/20	FY12/21	FY12/22	FY12/23	FY12/24
Shareholders' equity ratio (%)	82.4	80.7	81.7	79.2	77.2
Shareholders' equity ratio based on market price (%)	446.3	417.7	406.2	387.6	352.4
Interest-bearing debt to cash flow ratio (years)	0.1	0.1	0.1	0.1	0.0
Interest coverage ratio (x)	761.7	1,056.1	671.8	823.3	1,486.6

Notes:
1 Indices are calculated on a consolidated basis as follows:
Shareholders' equity ratio: Shareholders' equity divided by total assets
Shareholders' equity ratio based on market price: Market capitalization divided by total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt divided by operating cash flow
Interest coverage ratio: Operating cash flow divided by interest payments
2 Market capitalization: Closing stock price at FY-end multiplied by the number of outstanding shares at period-end (after deducting treasury stock).
3 Interest-bearing debt: All interest-bearing liabilities listed under liabilities on the consolidated balance sheet (excluding lease obligations).
4 Operating cash flow and interest payments are taken from cash flows from operating activities and interest paid, respectively, as listed in consolidated cash flow statements.

(4) Outlook

The Group has set “becoming the go-to provider of digital solutions and comprehensive management consulting for medium-sized businesses and SMEs” as the Group vision in the three-year Mid-range Business Plan, which started from the fiscal year ended December 31, 2023, and is accelerating the growth of the Group as a whole. The current fiscal year marks the second year of the plan.

In January 2025, Funai Research Institute Agata FAS Inc. began operations with Agata Global Consulting Co., Ltd. To achieve the sustainable growth of customer companies, we provide comprehensive support for family succession, employee succession, and third-party succession (M&A), and we provide a one-stop service ranging from strategy formulation to execution and PMI (post-merger integration) with the aim of becoming the leading company in the FAS industry for medium-sized businesses and SMEs.

In January 2025, Almacreation Inc. led by Masanori Kanda, one of Japan’s leading marketers and a mentor to many business leaders, was added to the Group. We will accelerate further enhancement of the value provided to customer companies by sharing our know-how and expanding our customer base, strengthening our company through the development of diverse human resources, and sharing consultant training know-how through Almacreation Inc.’s “Next Generation Marketing Implementation Group.” Furthermore, in April 2025, we will strengthen our consulting on the use of subsidies and will support the growth of medium-sized businesses and SMEs by merging Funai Consulting, Inc., as the surviving company, and Seichou Senryaku Inc., as the absorbed company, in the Group.

As the Group’s Osaka Headquarters is scheduled to be relocated in January 2026, it was resolved at a meeting of the Board of Directors today to record an extraordinary profit from the transfer of the current Osaka Headquarters owned by the Company and an extraordinary loss from the transfer of the Gotanda Office owned by the Company's consolidated subsidiary, Funai Consulting, Inc., as part of the effective utilization of management resources. For the details, please refer to the Notice of Extraordinary Income from Sale of Noncurrent Assets and Extraordinary Loss from Sale of Subsidiary’s Noncurrent Assets dated February 7, 2025.

Including the outlook above, for the full year of FY2025, the final year of the Mid-range Business Plan, we project 33,000 million yen in net sales, 8,900 million yen in operating income, 8,900 million yen in ordinary income, and 6,600 million yen in net income attributable to owners of the parent. We will continue to make every effort to achieve our planned figures.

(5) Basic Policy Regarding Distribution of Earnings, Dividends for the Current and Next Fiscal Years

Returning adequate earnings to shareholders is as important to us as strengthening our financial condition and management fundamentals. As such, we are determined to give back to shareholders through distribution of earnings and by buying treasury stock to an appropriate level in light of business performance. Our basic policy is to distribute surpluses in accordance with business performance, and as such, we will, with due consideration of factors such as market climate and capital efficiency, endeavor to maintain a return-to-shareholders ratio of at least 60% by using tools such as dynamic buy-backs of treasury shares.

Retained earnings will be used to enhance capital through a balance of investments for the long-term growth of corporate value, and in strengthening the company's financial condition to facilitate flexible capital policies.

In FY2025, we plan to pay an interim dividend of 42 yen per share and a year-end dividend of 43 yen per share, making a total annual dividend of 85 yen per share.

Dividends per Share

	Interim	Year end	Annual total
FY2024	37 yen	38 yen	75 yen
FY2025 (forecast)	42 yen	43 yen	85 yen

2. The Funai Soken Consulting Group

The group is comprised of Funai Soken Holdings and seven subsidiaries and second-tier subsidiaries. Our core business is management consulting, and we also offer logistics and digital solutions services relating to those operations.

The roles of the various Group companies in each segment are outlined below.

Consulting
The group is fully equipped to offer a comprehensive range of consulting services, and we focus mainly on management consulting. In addition to core management consulting solutions, we also provide industry-specific and solution-specific workshops and seminars.

Group companies involved in this segment: Funai Consulting, Inc., Funai Consulting Shanghai, Inc., Proseed Corporation, Seichou Senryaku, Inc. and Funai Research Institute FAS Company Split Preparatory Company

Logistics
Our logistics services cover two main areas: consulting, designed to help clients improve results and reduce their logistics costs; and BPO services, in which we design, build, and operate clients' logistics frameworks.

Group companies involved in this segment: Funai Soken Logistics, Inc.

Digital Solutions
We provide Sales Process Transformation (SPX) services such as online advertising management services, cloud solution services such as cloud development and operation, and HR solution services centered on the provision of recruiting cloud services (AI recruiting cloud services).

Group companies involved in this segment: Funai Consulting, Inc. (Digital Solutions Business), HR Force, Inc.

3. Basic Approach to Selection of Financial Accounting Standards

The Funai Soken Consulting Group's consolidated financial statements are prepared in accordance with Japanese financial reporting standards to provide for easier comparison of performance from year to year and company to company.

Regarding whether to apply international financial reporting standards, we will continue to monitor the situation and act in accordance with Japanese trends regarding such accounting standards.

4. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

(Thousand yen)

	FY12/23 (As of Dec. 31, 2023)	FY12/24 (As of Dec. 31, 2024)
Assets		
Current assets		
Cash and deposits	12,894,272	10,846,416
Trade notes, accounts receivable, and contract assets	4,129,004	4,348,404
Short-term investment securities	300,984	1,203,261
Work in process	150,485	199,518
Raw materials and supplies	6,491	6,437
Other current assets	1,229,965	1,372,282
Allowance for doubtful accounts	(53,224)	(219,478)
Total current assets	18,657,980	17,756,843
Noncurrent assets		
Property, plant, and equipment		
Buildings and structures, net	998,696	1,639,515
Land	4,596,717	4,556,233
Other property, plant, and equipment, net	550,587	311,549
Total property, plant, and equipment	6,146,000	6,507,298
Intangible asset		
Software	308,460	360,002
Goodwill	355,138	266,353
Other intangible assets	461,254	34,700
Total intangible assets	1,124,853	661,056
Investments and other assets		
Investment securities	3,220,850	2,264,909
Assets related to retirement benefits	445,246	450,794
Long-term deposits	600,000	2,100,000
Other investments and other assets	1,442,358	1,705,831
Allowance for doubtful accounts	(6,138)	(7,787)
Total investments and other assets	5,702,316	6,513,748
Total noncurrent assets	12,973,170	13,682,104
Total assets	31,631,150	31,438,947

(Thousand yen)

	FY12/23 (As of Dec. 31, 2023)	FY12/24 (As of Dec. 31, 2024)
Liabilities		
Current liabilities		
Trade notes and accounts payable	536,548	601,882
Short-term loans payable	200,000	200,000
Current portion of long-term loans payable	-	100,000
Accounts payable - other	2,005,791	2,208,591
Income taxes payable	1,167,733	1,170,901
Other current liabilities	1,756,359	1,993,587
Total current liabilities	5,666,433	6,274,962
Noncurrent liabilities		
Long-term loans payable	100,000	-
Retirement benefit liabilities	67,893	50,148
Deferred tax liabilities	5,902	94,105
Other noncurrent liabilities	64,447	30,219
Total noncurrent liabilities	238,242	174,473
Total liabilities	5,904,676	6,449,436
Net asset		
Shareholders' equity		
Capital stock	3,125,231	3,125,231
Capital surplus	2,946,634	2,946,634
Retained earnings	26,579,111	25,409,643
Treasury stock	(7,558,359)	(7,276,480)
Total shareholders' equity	25,092,618	24,205,029
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	90,312	193,482
Foreign currency translation adjustments	27,771	32,868
Accumulated adjustments for retirement benefits	(155,813)	(162,135)
Total accumulated other comprehensive income	(37,729)	64,215
Subscription rights for shares	671,585	720,265
Total net assets	25,726,474	24,989,511
Total liabilities and net assets	31,631,150	31,438,947

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousand yen)

	FY12/23 (Jan. 1 – Dec. 31, 2023)	FY12/24 (Jan. 1 – Dec. 31, 2024)
Net sales	28,238,771	30,645,058
Cost of sales	17,517,559	18,783,846
Gross profit	10,721,212	11,861,211
SG&A expenses	3,473,404	3,537,035
Operating income	7,247,808	8,324,175
Non-operating income		
Interest income	7,156	9,888
Dividend income	9,219	10,642
Gain on sales of investment securities	20,353	4,918
Gain on valuation of investment securities	76	2,796
Surrender value of insurance policies	20,971	18,284
Insurance bonus income	16,539	53,894
Other non-operating income	40,492	38,500
Total non-operating income	114,808	138,925
Non-operating expenses		
Interest expenses	6,733	4,854
Loss on valuation of investment securities	1,736	2,209
Investment partnership management expenses	1,078	24,484
Donations	2,050	14,050
Other non-operating expenses	7,660	5,939
Total non-operating expenses	19,259	51,538
Ordinary income	7,343,357	8,411,562
Extraordinary income		
Gain on sales of noncurrent assets	8	195,102
Total extraordinary income	8	195,102
Extraordinary losses		
Loss on sales of noncurrent assets	-	945
Impairment losses	23,953	39,744
Loss on retirement of noncurrent assets	46,910	18,211
Office relocation expenses	-	272,338
Total extraordinary losses	70,864	331,240
Net income before income taxes and other adjustments	7,272,502	8,275,424
Current income taxes	2,157,611	2,182,610
Deferred income taxes	(86,834)	99,324
Total income taxes	2,070,776	2,281,934
Net income	5,201,726	5,993,489
Net income attributable to owners of the parent	5,201,726	5,993,489

Consolidated Statement of Comprehensive Income

(Thousand yen)

	FY12/23 (Jan. 1 – Dec. 31, 2023)	FY12/24 (Jan. 1 – Dec. 31, 2024)
Net income	5,201,726	5,993,489
Other comprehensive income		
Valuation difference on available-for-sale securities	70,556	103,169
Foreign currency translation adjustments	472	5,097
Adjustments for retirement benefits	26,524	(6,321)
Total other comprehensive income	97,553	101,944
Comprehensive income	5,299,280	6,095,434
Details		
Comprehensive income attributable to owners of the parent	5,299,280	6,095,434

(3) Consolidated Statement of Changes in Net Assets

FY12/23 (Jan. 1 – Dec. 31, 2023)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	3,125,231	2,955,094	25,108,389	(4,100,171)	27,088,544
Change					
Dividends from surplus			(3,054,177)		(3,054,177)
Net income attributable to owners of the parent			5,201,726		5,201,726
Purchase of treasury stock				(4,312,428)	(4,312,428)
Disposal of treasury stock		(8,459)	(20,651)	198,064	168,953
Cancellation of treasury stock			(656,175)	656,175	-
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	-	(8,459)	1,470,721	(3,458,188)	(1,995,926)
Balance at end of current fiscal year	3,125,231	2,946,634	26,579,111	(7,558,359)	25,092,618

	Accumulated other comprehensive income				Subscription rights for shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at start of fiscal year	19,755	27,299	(182,338)	(135,282)	747,650	27,700,911
Change						
Dividends from surplus						(3,054,177)
Net income attributable to owners of the parent						5,201,726
Purchase of treasury stock						(4,312,428)
Disposal of treasury stock						168,953
Cancellation of treasury stock						-
Net changes of items other than shareholders' equity	70,556	472	26,524	97,553	(76,064)	21,489
Total changes of items during the fiscal year	70,556	472	26,524	97,553	(76,064)	(1,974,437)
Balance at end of current fiscal year	90,312	27,771	(155,813)	(37,729)	671,585	25,726,474

FY12/24 (Jan. 1 – Dec. 31, 2024)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at start of fiscal year	3,125,231	2,946,634	26,579,111	(7,558,359)	25,092,618
Change					
Dividends from surplus			(3,309,098)		(3,309,098)
Net income attributable to owners of the parent			5,993,489		5,993,489
Purchase of treasury stock				(3,640,082)	(3,640,082)
Disposal of treasury stock			(25,558)	93,662	68,103
Cancellation of treasury stock			(3,828,300)	3,828,300	-
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	-	-	(1,169,468)	281,879	(887,588)
Balance at end of current fiscal year	3,125,231	2,946,634	25,409,643	(7,276,480)	24,205,029

	Accumulated other comprehensive income				Subscription rights for shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at start of fiscal year	90,312	27,771	(155,813)	(37,729)	671,585	25,726,474
Change						
Dividends from surplus						(3,309,098)
Net income attributable to owners of the parent						5,993,489
Purchase of treasury stock						(3,640,082)
Disposal of treasury stock						68,103
Cancellation of treasury stock						-
Net changes of items other than shareholders' equity	103,169	5,097	(6,321)	101,944	48,680	150,625
Total changes of items during the fiscal year	103,169	5,097	(6,321)	101,944	48,680	(736,963)
Balance at end of current fiscal year	193,482	32,868	(162,135)	64,215	720,265	24,989,511

(4) Consolidated Cash Flow Statement

(Thousand yen)

	FY12/23 (Jan. 1 – Dec. 31, 2023)	FY12/24 (Jan. 1 – Dec. 31, 2024)
Net cash provided by (used in) operations		
Net income before income taxes and other adjustments	7,272,502	8,275,424
Depreciation	301,314	378,310
Impairment losses	23,953	39,744
Amortization of goodwill	100,505	88,784
Share-based compensation expenses	92,541	116,595
Increase (decrease) in allowance for doubtful accounts	10,560	167,903
Decrease (increase) in assets related to retirement benefits	(23,434)	(11,869)
Increase (decrease) in liabilities related to retirement benefits	(4,101)	(17,744)
Loss (gain) on valuation of investment securities	1,660	587
Loss (gain) on sales of investment securities	(20,353)	(4,918)
Interest and dividends received	(16,376)	(20,531)
Interest expenses	6,733	4,854
Loss (gain) on exchange	1,554	2,123
Contributions	2,050	14,050
Loss (gain) on sales of property, plant, and equipment	(8)	(49,502)
Loss on retirement of property, plant, and equipment	2,339	42,926
Loss (gain) on sales of intangible assets	-	(144,654)
Loss on retirement of intangible assets	44,571	6,943
Decrease (increase) in notes and accounts receivable-trade and contract assets	(324,168)	(215,963)
Decrease (increase) in other assets	(489,135)	(745,275)
Increase (decrease) in other liabilities	253,037	495,302
Other cash provided by (used in) operations	6,575	46,095
Subtotal	7,242,321	8,469,186
Interest and dividends received	29,003	27,822
Interest paid	(6,655)	(4,715)
Income taxes paid	(2,385,943)	(2,185,152)
Income tax refunds	602,481	717,592
Contributions paid	(2,050)	(14,150)
Net cash provided by (used in) operations	5,479,157	7,010,584

(Thousand yen)

	FY12/23 (Jan. 1 – Dec. 31, 2023)	FY12/24 (Jan. 1 – Dec. 31, 2024)
Net cash provided by (used in) investments		
Proceeds from sale and redemption of securities	408,150	300,000
Purchase of investment securities	(367,500)	(142,500)
Proceeds from sale and redemption of investment Securities	100,189	2,872
Purchase of property, plant, and equipment	(501,907)	(864,025)
Proceeds from sale of property, plant, and equipment	1,012	139,096
Proceeds from earnest related sales of property, plant and equipment	122,640	-
Purchase of intangible assets	(148,075)	(101,289)
Proceeds from sale of intangible assets	-	467,709
Payments for fulfillment of asset retirement obligations	-	(150,325)
Payments into time deposits	(600,000)	(2,000,000)
Proceeds from distributions from investment partnerships	53,337	16,080
Proceeds from surrender of insurance reserves	75,812	-
Payments of guarantee deposits	(759,955)	(486,546)
Proceeds from refund of guarantee deposits	-	223,305
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(617,530)	-
Net cash provided by (used in) investments	(2,233,826)	(2,595,622)
Net cash provided by (used in) financing		
Repayment of lease obligations	(25,562)	(27,466)
Purchase of treasury shares	(4,312,428)	(3,642,084)
Proceeds from sale of treasury shares	346	187
Dividends paid	(3,047,742)	(3,302,081)
Net cash provided by (used in) financing	(7,385,386)	(6,971,444)
Effect of exchange rate changes on cash and cash equivalents	2,920	8,625
Net increase (decrease) in cash and cash equivalents	(4,137,134)	(2,547,856)
Cash and cash equivalents at start of fiscal year	17,031,407	12,894,272
Cash and cash equivalents at end of fiscal year	12,894,272	10,346,416

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumptions)

None to report.

(Segment Information)

1. Overview of Segments Included in Reports

(1) Determination of Segments Included in Reports

The segments for which reports are compiled are those components of the group for which financial information can be obtained separate from other component units. Segments are reviewed periodically by the board of directors in order to make more informed decisions on how management resources can best be allocated, and in order to evaluate performance.

We employ three main segments in these reports. They are, in keeping with the categories of work performed by the companies within the group: consulting, logistics and digital solutions. Their activities can be defined as follows.

(2) Types of Products and Services of Each Segment Included in Reports

The Consulting Business includes consulting services such as guidance, research, and diagnosis related to corporate management, as well as management study groups and seminars conducted by a membership organization. The Logistics Business includes logistics consulting services aimed at improving clients' business performance and reducing logistics costs, and logistics BPO services for designing, building, and operating clients' logistics frameworks. The Digital Solutions Business includes SPX (Sales Process Transformation) services such as online advertising management services, cloud solutions that include the development and operation of cloud services, and HR solutions centered on the provision of recruiting cloud (AI recruiting cloud) services.

2. Calculation of Net Sales, Income/Losses, Assets, and Other Accounts for Each Segment

Accounting methods for the reported segments are largely the same as those used in the consolidated financial statements.

Segment-specific income or losses are calculated based on operating income figures. Inter-segment sales and transfers are calculated based on current market prices.

3. Other Information About Net Sales, Income/Losses, Assets, and Other Accounts for Each Segment

FY12/23 (Jan. 1 – Dec. 31, 2023)

(Thousand yen)

	Consulting	Logistics	Digital Solutions	Total	Adjustment(1)	Amount listed in consolidated financial statements(2)
Net sales						
Sales to external customers	20,284,921	3,886,134	4,051,746	28,222,801	15,970	28,238,771
Inter-segment sales and transfers	1,364,350	524,141	1,257,737	3,146,229	(3,146,229)	—
Total	21,649,271	4,410,275	5,309,483	31,369,030	(3,130,258)	28,238,771
Segment income (loss)	6,757,409	394,802	(70,745)	7,081,467	166,341	7,247,808
Segment assets	19,808,871	2,121,583	2,564,753	24,495,208	7,135,942	31,631,150
Others						
Depreciation	91,574	3,499	53,482	148,556	152,758	301,314
Amortization of goodwill	88,784	—	11,721	100,505	—	100,505
Impairment loss	23,953	—	—	23,953	—	23,953
Change in property, plant, equipment, and intangible assets	500,978	3,220	35,569	539,767	535,163	1,074,930

Notes:

1 Details of adjustments are as follows.

(1) Adjustments of segment income or losses include elimination of inter-segment transactions and whole-group revenues and expenses that are not attributable to any segment. Whole-group revenues are comprised of outsourcing and consulting fees from group companies and real estate rental income, and whole-group expenses are mainly comprised of those incurred in group operations.

(2) Adjustments of segment assets include elimination of inter-segment transactions and assets held throughout the group that are not attributable to any segment. Whole-group assets are comprised of assets relating to the operation of the group.

(3) Adjustments of depreciation include elimination of inter-segment transactions and depreciation of assets held throughout the group that are not attributable to any segment.

(4) Change in property, plant, equipment, and intangible assets includes elimination of inter-segment transactions and assets held throughout the group that are not attributable to any segment.

2 Segment income or losses are adjusted against operating income in the consolidated financial statements.

FY12/24 (Jan. 1 – Dec. 31, 2024)

(Thousand yen)

	Consulting	Logistics	Digital Solutions	Total	Adjustment(1)	Amount listed in consolidated financial statements(2)
Net sales						
Sales to external customers	22,375,953	4,306,391	3,962,266	30,644,611	446	30,645,058
Inter-segment sales and transfers	444,447	550,008	439,935	1,434,391	(1,434,391)	—
Total	22,820,401	4,856,399	4,402,201	32,079,002	(1,433,944)	30,645,058
Segment income	7,508,286	496,808	159,843	8,164,938	159,236	8,324,175
Segment assets	22,398,523	2,496,032	1,682,131	26,576,686	4,862,260	31,438,947
Others						
Depreciation	104,754	2,920	16,887	124,562	253,748	378,310
Amortization of goodwill	88,784	—	—	88,784	—	88,784
Impairment loss	39,744	—	—	39,744	—	39,744
Change in property, plant, equipment, and intangible assets	38,967	—	45,332	84,300	899,155	983,455

Notes:

1 Details of adjustments are as follows.

(1) Adjustments of segment income include elimination of inter-segment transactions and whole-group revenues and expenses that are not attributable to any segment. Whole-group revenues are comprised of outsourcing and consulting fees from group companies and real estate rental income, and whole-group expenses are mainly comprised of those incurred in group operations.

(2) Adjustments of segment assets include elimination of inter-segment transactions and assets held throughout the group that are not attributable to any segment. Whole-group assets are comprised of assets relating to the operation of the group.

(3) Adjustments of depreciation include elimination of inter-segment transactions and depreciation of assets held throughout the group that are not attributable to any segment.

(4) Change in property, plant, equipment, and intangible assets includes elimination of inter-segment transactions and assets held throughout the group that are not attributable to any segment.

2 Segment income is adjusted against operating income in the consolidated financial statements.

(Per-share Information)

	FY12/23 (Jan. 1 – Dec. 31, 2023)	FY12/24 (Jan. 1 – Dec. 31, 2024)
Net assets per share	524.01 yen	523.49 yen
Earnings per share (basic)	106.30 yen	128.01 yen
Earnings per share (diluted)	105.03 yen	126.54 yen

Note: 1. The basis for calculation of basic and diluted net income per share is as follows.

	FY12/23 (Jan. 1 – Dec. 31, 2023)	FY12/24 (Jan. 1 – Dec. 31, 2024)
Earnings per share (basic)		
Net income attributable to owners of the parent (Thousand yen)	5,201,726	5,993,489
Amount not attributable to common shareholders (Thousand yen)	—	—
Net income attributable to common-stock owners of the parent (Thousand yen)	5,201,726	5,993,489
Average number of common shares outstanding during the fiscal year	48,933,078	46,821,659
Earnings per share (diluted)		
Adjusted net income attributable to owners of the parent (Thousand yen)	—	—
Increase in common shares	593,207	541,652
(Portion of increase made up of subscription rights)	(593,207)	(541,652)
Summary of non-dilutive stock equivalents not used in calculation of earnings per share (diluted)	—	

Note: 2. Basis for calculation of net assets per share is as follows.

	FY12/23 (Jan. 1 – Dec. 31, 2023)	FY12/24 (Jan. 1 – Dec. 31, 2024)
Total net assets on consolidated balance sheets (Thousand yen)	25,726,474	24,989,511
Deductions from total net assets (Thousand yen)	671,585	720,265
(Portion of deductions made up of subscription rights) (Thousand yen)	(671,585)	(720,265)
Net assets attributable to common shareholders (Thousand yen)	25,054,889	24,269,245
Number of common shares used in calculation of net assets per share at end of year	47,813,776	46,360,157

(Subsequent Events)

(Transfer of noncurrent assets)

The Company passed a resolution to transfer noncurrent assets at a meeting of the Board of Directors held on February 7, 2025. For the details, please refer to the Notice of Extraordinary Income from Sale of Noncurrent Assets and Extraordinary Loss from Sale of Subsidiary’s Noncurrent Assets dated February 7, 2025.

5. Other Information

(1) Orders and Sales

I. Orders

Orders won by each operating segment in this consolidated fiscal year are as follows.

(Thousand yen)

Segment	FY12/23 (Jan. 1 – Dec. 31, 2023)		FY12/24 (Jan. 1 – Dec. 31, 2024)	
	Orders received	Orders outstanding	Orders received	Orders outstanding
Consulting	17,184,006	7,455,707	19,303,285	8,221,558
Logistics	698,631	266,668	831,750	308,935
Digital Solutions	1,289,586	209,104	963,450	143,492

Note:

1 Consulting orders above include only monthly support service and project consulting revenues.
2 Logistics revenues include only that earned from logistics consulting activities.
3 Digital Solutions includes only that earned from IT consulting and cloud-based solutions.
4 The above amounts are based on sale prices.

II. Sales

Sales made by each operating segment in the current fiscal year are as follows.

(Thousand yen)

Segment	FY12/23 (Jan. 1 – Dec. 31, 2023)		FY12/24 (Jan. 1 – Dec. 31, 2024)	
	Amount	% of total	Amount	% of total
Consulting	20,284,921	71.8%	22,375,953	73.0%
Logistics	3,886,134	13.8%	4,306,391	14.1%
Digital Solutions	4,051,746	14.4%	3,962,266	12.9%
Total	28,222,801	100.0%	30,644,611	100.0%

Note:

1 Sales amounts indicate sales to external customers.
2 No single customer accounted for 10% or more of aggregate net sales.

(2) Changes in Directors and Officers

(Scheduled to take effect on March 29, 2025)

1) Legal representatives

None to report.

2) Other directors and officers

Scheduled resignations

Name	New Title	Previous Title
Masahiro Hyakumura	—	Director and standing member of the Audit and Supervisory Committee

Scheduled appointments

Name	New Title	Previous Title
Nobuko Nakajima	Outside director and standing member of the Audit and Supervisory Committee	Attorney, Tamayama Law Office

3) Executive officers

None to report.

List of Directors, Auditors, and Executive Officers

Funai Soken Holdings Inc. (scheduled to take effect on March 29, 2025)

Name	Title	Position
Takayuki Nakatani	President	Group CEO
Tatsuro Ono	Director and executive vice president	
Motoki Haruta	Director and executive officer	Head of Management Divisional Headquarters and head of Human Capital Divisional Headquarters
Nobuyuki Isagawa	Outside director	
Taeko Yamamoto	Outside director	
Tomomi Murakami	Outside director	
Nobuko Nakajima	Outside director and standing member of the Audit and Supervisory Committee (new)	
Atsushi Nakao	Outside director and member of the Audit and Supervisory Committee	
Akihiro Kobayashi	Outside director and member of the Audit and Supervisory Committee	
Masaru Sumitomo	Executive officer	Deputy head of Human Capital Divisional Headquarters
Eijiro Saito	Executive officer	Deputy head of Human Capital Divisional Headquarters and head of Corporate Strategy Department
Akiyo Koike	Executive officer	Head of Wellbeing Divisional Headquarters
Keiichiro Kizawa	Executive officer	Head of Digital Design Divisional Headquarters

Funai Consulting Inc. (scheduled to take effect on March 28, 2025)

Name	Title	Position
Daisuke Shingai	President & CEO	
Kyohei Deguchi	Director and executive vice president	
Yoshihito Sugahara	Director and senior vice president	Head of Administration Divisional Headquarters
Hitoshi Nagira	Director and executive officer	
Tomoyuki Murata	Outside director	
Nobuko Nakajima	Auditor (new)	
Noboru Sugiura	Senior executive officer	Head of Offerings Divisional Headquarters
Isao Kikuchi	Senior executive officer	Head of AI Promotion Office and head of Public Grants & Subsidies Consulting Department
Katsuya Kohira	Senior executive officer	Deputy head of Offerings Divisional Headquarters
Hiroshige Sunakawa	Senior executive officer	Head of Industry-specific Consulting Divisional Headquarters
Osamu Seo	Executive officer	Head of DX Consulting Divisional Headquarters
Yoshihiko Ito	Executive officer	Head of DX Management Office
Noriyasu Shoji	Executive officer	Head of Industry-specific Digital Promotion Office
Katsura Matsui	Executive officer	Head of Improved Corporate Value Consulting Divisional Headquarters
Kazuya Katayama	Executive officer (new)	Deputy head of DX Consulting Divisional Headquarters