Funai Soken Holdings Incorporated

Financial Results Briefing for the Fiscal Year Ended December 2025

February 6, 2026

[Speakers]

Takayuki Nakatani	President and Group CEO
Motoki Haruta	Director and Executive Officer, Head of Management Divisional Headquarters

Presentation

Nakatani: My name is Nakatani, President and CEO of Funai Soken Holdings. We thank you for your ongoing support to our group.

I will walk you through the details of the financial results for the fiscal year ended December 31, 2025, and the new medium-term management plan for fiscal years 2026 to 2028, both of which were announced today at 12:00 PM Japan Standard Time. Considering the time given, I will only provide a summary of the financial report, with excerpts from the documents, and the details will be presented by Haruta. I would then like to continue by explaining our medium-term management plan.

Highlights

2025 Financial Results	■ **New records** were set for sales and income for a **fifth consecutive year** ■ **Record ROE of 26.5%**; exceeding Mid-Range Business Plan target of 25% ■ **Double-digit growth** in operating income in the core consulting segment as well as logistics
KPIs	■ Consultant headcount increased by **7.9% y-o-y to a record high of 1,098** ■ Management workshop membership numbers exceeded 8,000, eventually reaching **record figures** ■ Per-contract monthly revenue also increased steadily: management workshops **up 11.9% y-o-y,** monthly support **up 6.1% y-o-y**
Outlook for 2026	■ Target: **Record** net sales (¥37.0 bil.) and operating income (¥9.1 bil.) ■ Target: Dividend payout ratio of at least **60%**, total return ratio of at least **65%**, dividends up for the **16th straight year**
News	■ Logi-Create was acquired in Jan. 2026 to strengthen the group's supply chain consulting ■ New Mid-Range Business Plan, dubbed "Sustainable Growth 2028" unveiled in Feb. 2026

This is the executive summary for the fiscal year ended December 31, 2025.

In the fiscal year under review, both sales and profits reached record highs, marking the fifth consecutive year of growth in both sales and profits. Capital efficiency, consolidated ROE of 26.5%, also achieved a record, exceeding the target of 25% set in the mid-term management plan. On the business front, the mainstay core consulting segment and logistics segment led the way, achieving double-digit growth in terms of operating income.

The number of consultants, a leading indicator, increased by 7.9% over the previous year to 1,098, and the number of management workshop members surpassed the 8,000 mark. Per-contract revenue also increased 11.9% YoY for management workshops and 6.1% for monthly support, showing the results of our efforts in the numbers.

For FY2026, the Company plans to record net sales of JPY37 billion and operating income of JPY9.1 billion, and plans to increase dividends to shareholders for the 16th consecutive fiscal year.

(1) Consolidated Income

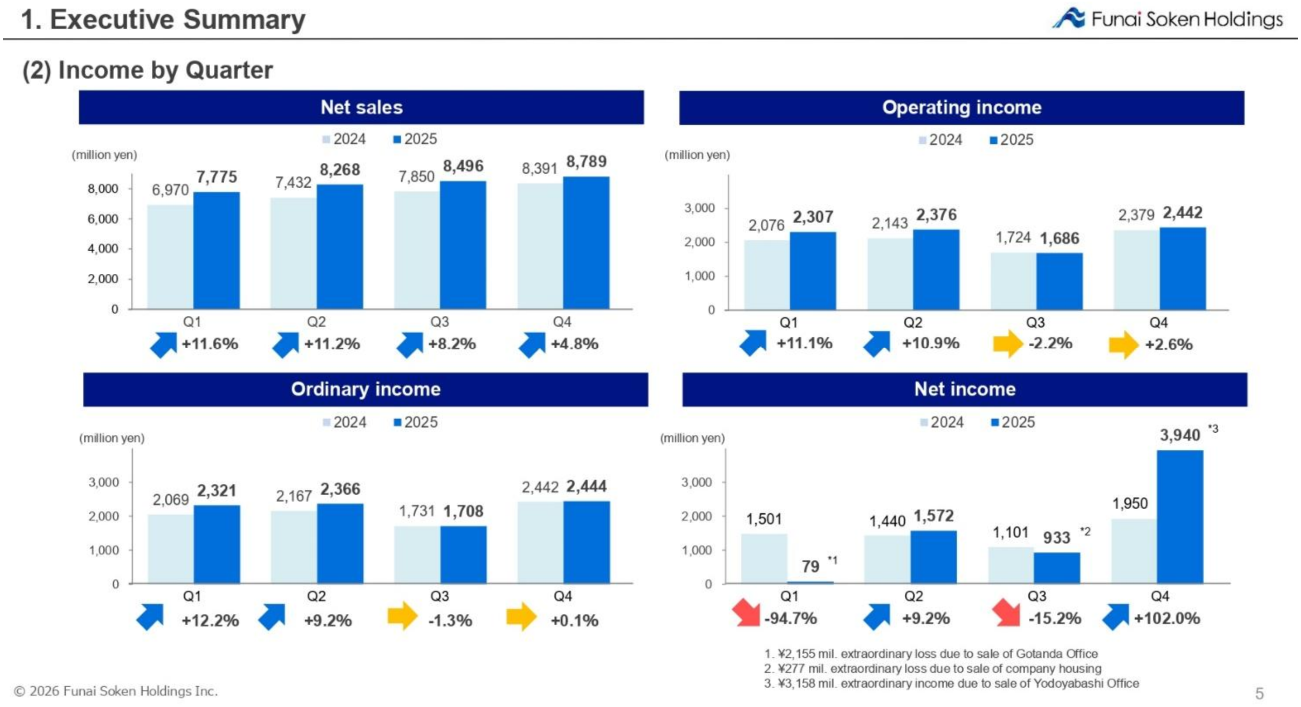
New records were set for sales and income for a fifth consecutive year

	FY2024		FY2025			Compared with forecast issued on Feb. 7, 2025	
	Amount (million yen)	% of total	Amount (million yen)	% of total	Change (%)	Amount (million yen)	Change (%)
Net sales	30,645	100.0	33,330	100.0	+8.8	33,000	+1.0
Operating income	8,324	27.2	8,813	26.4	+5.9	8,900	-1.0
Ordinary income	8,411	27.4	8,841	26.5	+5.1	8,900	-0.7
Net income attributable to owners of the parent	5,993	19.6	6,526	19.6	+8.9	6,600	-1.1

This is the status of consolidated profit and loss.

Net sales were JPY33,330 million, up 8.8% from the previous year, operating income was JPY8,813 million, up 5.9%, and ordinary income was JPY8,841 million, up 5.1%. Net income attributable to shareholders of the parent company was JPY6,526 million, up 8.9%.

Although we achieved our sales forecast announced last February by 1%, operating income, ordinary income, and net income fell short by about 1% each due to the accelerated hiring of consultants and other initiatives, which I will explain further shortly.



Next is the performance transition on a quarterly basis.

In the corresponding quarter, sales were also positive YoY and increased in all quarters. Note that net income decreased significantly in Q1 and increased significantly in Q4. This was due to an extraordinary loss of approximately JPY2.1 billion from the sale of the Gotanda office in Q1 and an extraordinary gain of approximately JPY3.1 billion from the sale of the Yodoyabashi office in Q4.

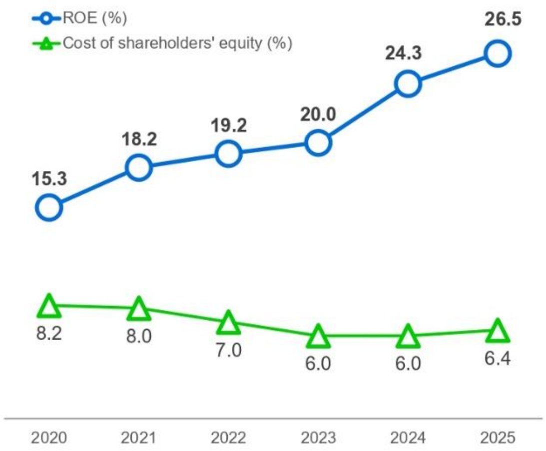
1. Executive Summary

Funai Soken Holdings

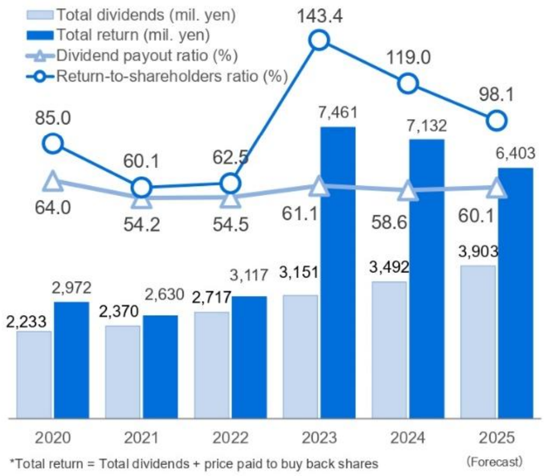
(3) KPIs: Capital Efficiency & Shareholder Returns

Record ROE of 26.5%; exceeding Mid-Range Business Plan target of 25%. Other targets met in all three years of the plan: dividend payout ratio (55%) and return-to-shareholders ratio (60%).

Consolidated ROE and Cost of Capital



Total Dividend & Payout Ratio, Total Return to Shareholders & Ratio



*Total return = Total dividends + price paid to buy back shares

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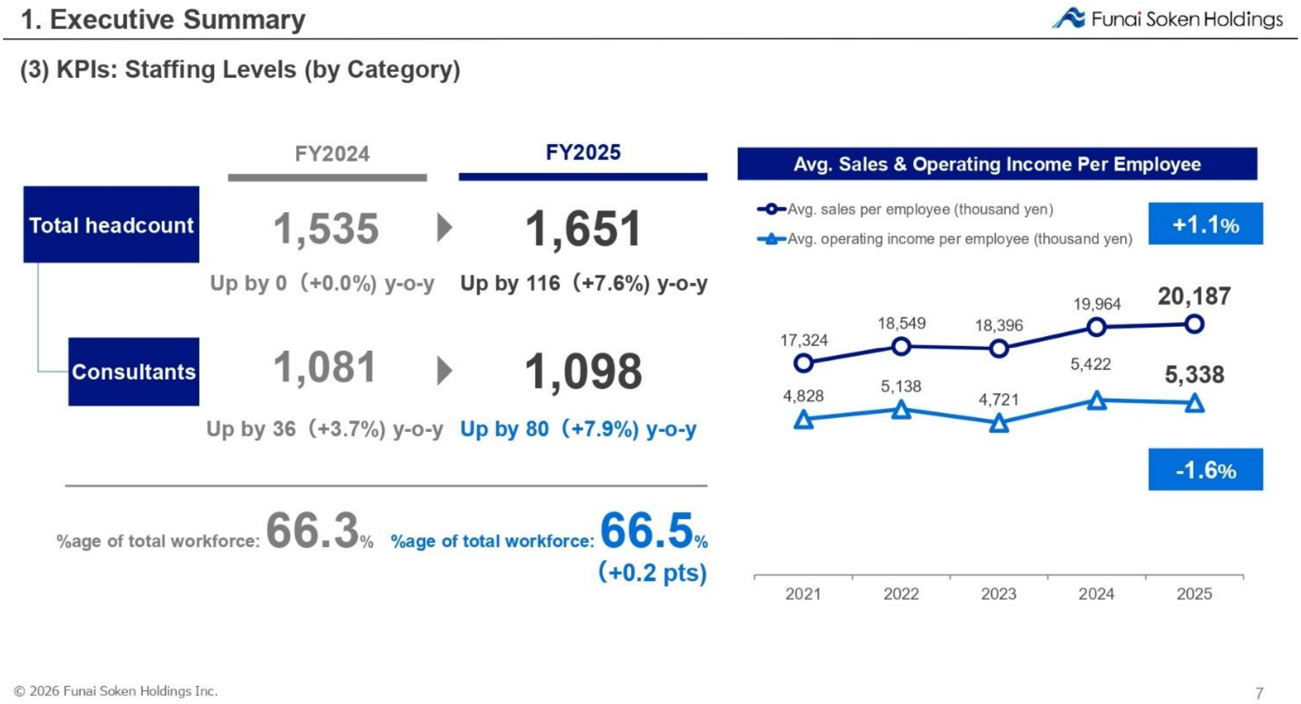
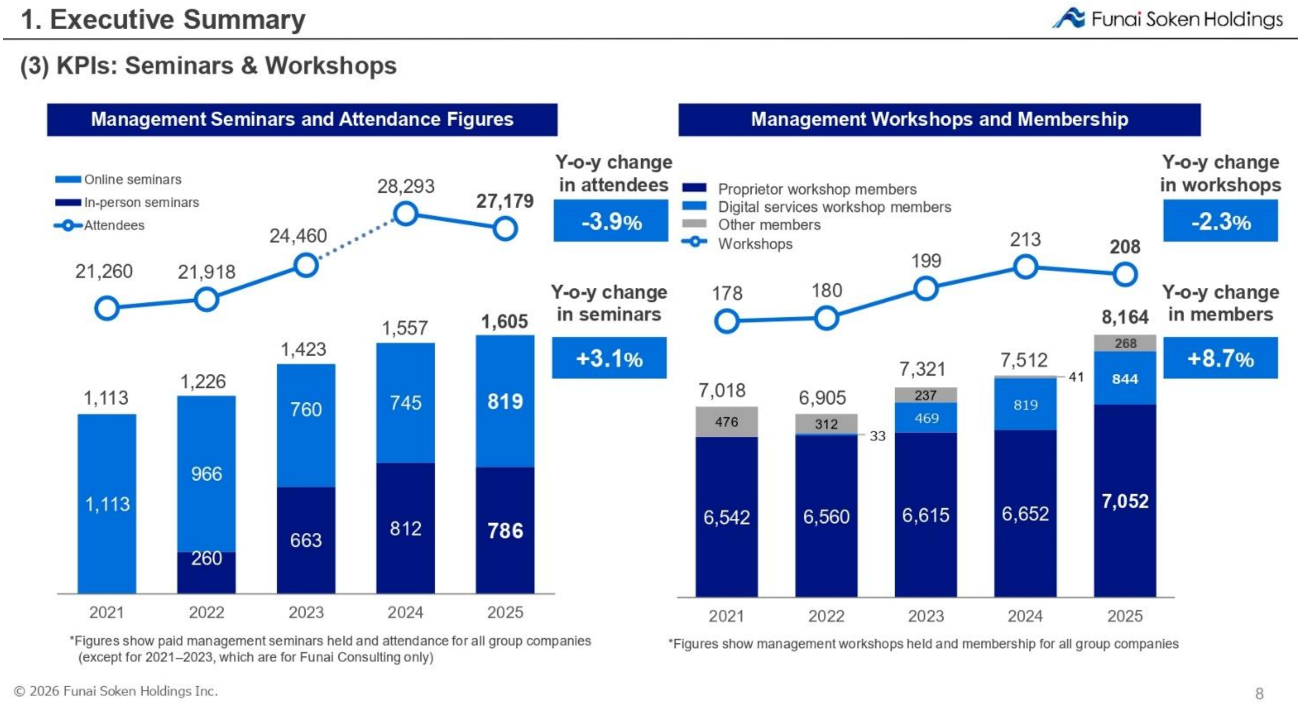
The following is an explanation of the key KPIs.

Capital efficiency, as I mentioned earlier, reached a record ROE of 26.5%. We were also able to achieve our shareholder return targets for all three years, with a dividend payout ratio of 60.1% and a total return ratio of 98.1% in FY2025, compared to the medium-term management plan targets of a dividend payout ratio of 55% and a total return ratio of 60%.



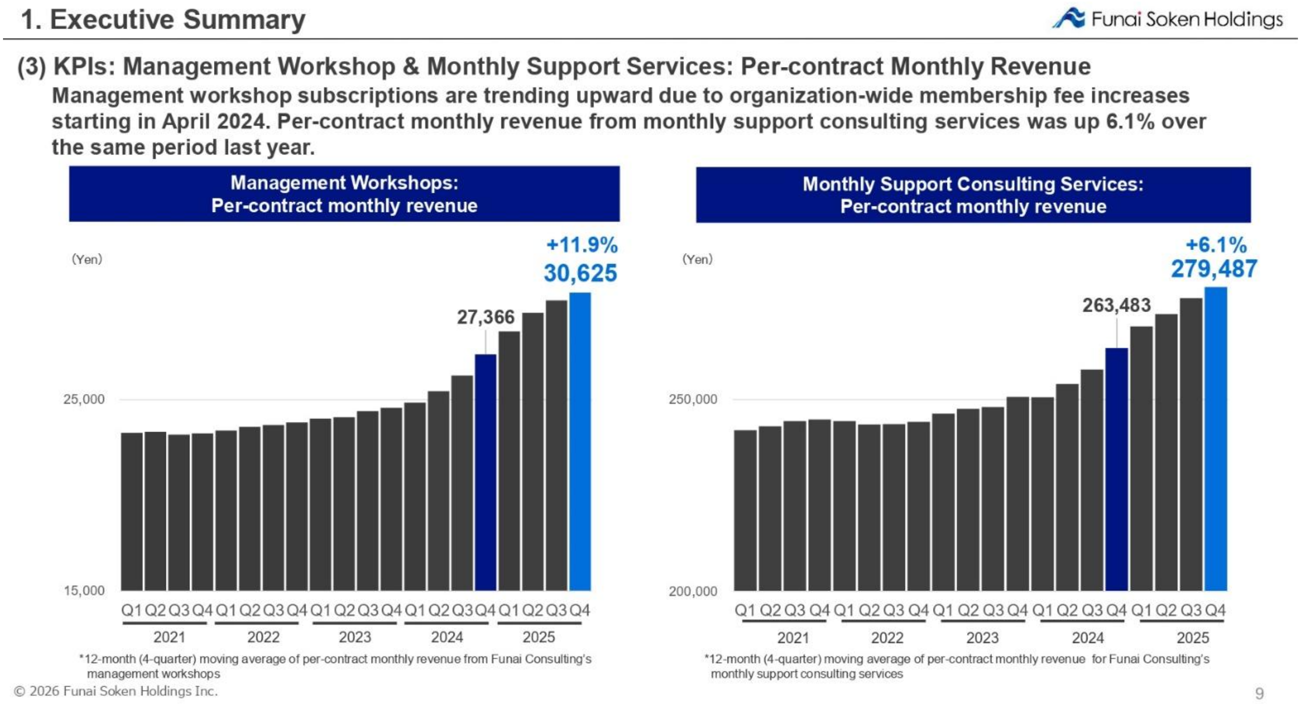
This shows the transitions of personnel and productivity.

The Group now has 1,651 employees, of which 1,098 are consultant personnel, a steady expansion. The consultant ratio also increased to 66.5%. Despite aggressive hiring, sales per employee surpassed JPY20 million for the first time.



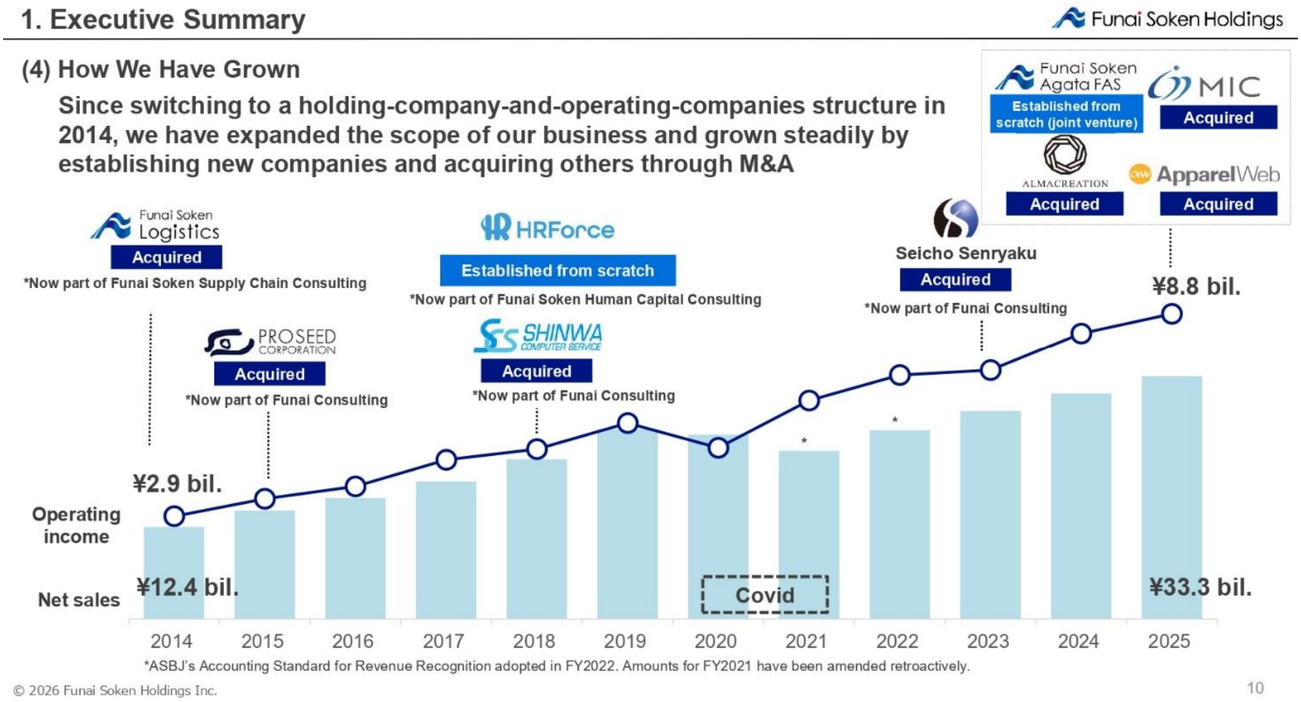
These are the results of management seminars and management workshops that serve as the starting point for our business model.

The number of participants in management seminars decreased by 3.9% from the previous year, but this was due to the fact that 2024 was the year of the opening seminar for the relocation of the Tokyo head office and other large customer-attracting events. The management workshop, which serves as the foundation for stock earnings, continued to reach a record high with 8,164 members, an increase of 8.7% over the same period last year.



This shows the trend of per-contract revenue.

The management workshop saw a significant 11.9% YoY increase in its monthly per-contract revenue, thanks to the effect of the systematic revision of membership fees starting in April 2024. Monthly support consulting also showed a steady increase in per-contract revenue, up 6.1%.



As a final part of the summary, I would like to explain the growth trends of our group since our consolidation as a holding company in 2014.

Through aggressive M&A and group reorganization, our group has expanded its business domain, and sales have grown from JPY12.4 billion at that time to JPY33.3 billion, a 2.7-fold increase. We will continue to pursue sustainable growth through a combination of organic growth and M&A.

Now, Haruta will continue to explain the details from here.

Haruta: Thank you very much for all your support. My name is Haruta from Funai Soken. We will now report on the details by segment.

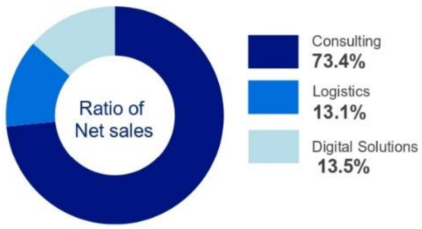
2. FY2025 Financial Report

Funai Soken Holdings

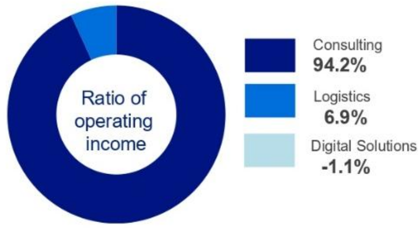
(1) Results of Operations by Segment

Increased sales and income in the consulting business due to growth in management workshops, monthly support, projects, and M&A. Profitability was up in the logistics business, and income increased sharply.

Net sales	FY2024 Amount (million yen)	FY2025 Amount (million yen)	FY2025 Change (%)
Consulting	22,375	24,471	+9.4
Logistics	4,306	4,354	+1.1
Digital Solutions	3,962	4,504	+13.7
(Intra-group & whole-group transactions)	0	–	–
Total	30,645	33,330	+8.8



Operating income	FY2024 Amount (million yen)	FY2025 Amount (million yen)	FY2025 Change (%)
Consulting	7,508	8,369	+11.5
Logistics	496	609	+22.8
Digital Solutions	159	-96	–
(Intra-group & whole-group transactions)	159	-69	–
Total	8,324	8,813	+5.9



*Percentages exclude intra-group & whole-group transactions

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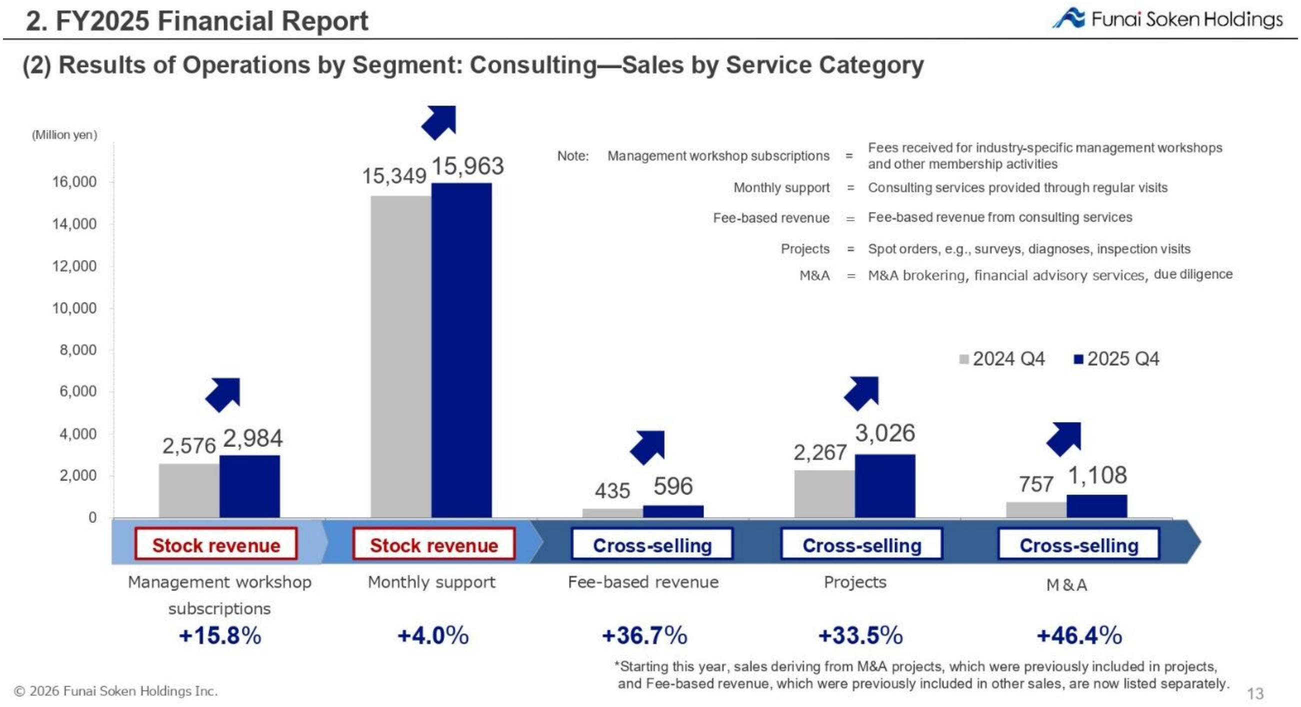
The core consulting segment achieved an increase in both sales and profit, with net sales up 9.4% and operating income up 11.5%.

In the logistics segment, net sales were up only 1.1%, but operating income was up a significant 22.8%, improving profitability.

In the digital solutions segment, sales grew by 13.7% and operating income improved by about JPY60 million from Q3, but the segment still posted an operating loss of JPY96 million.

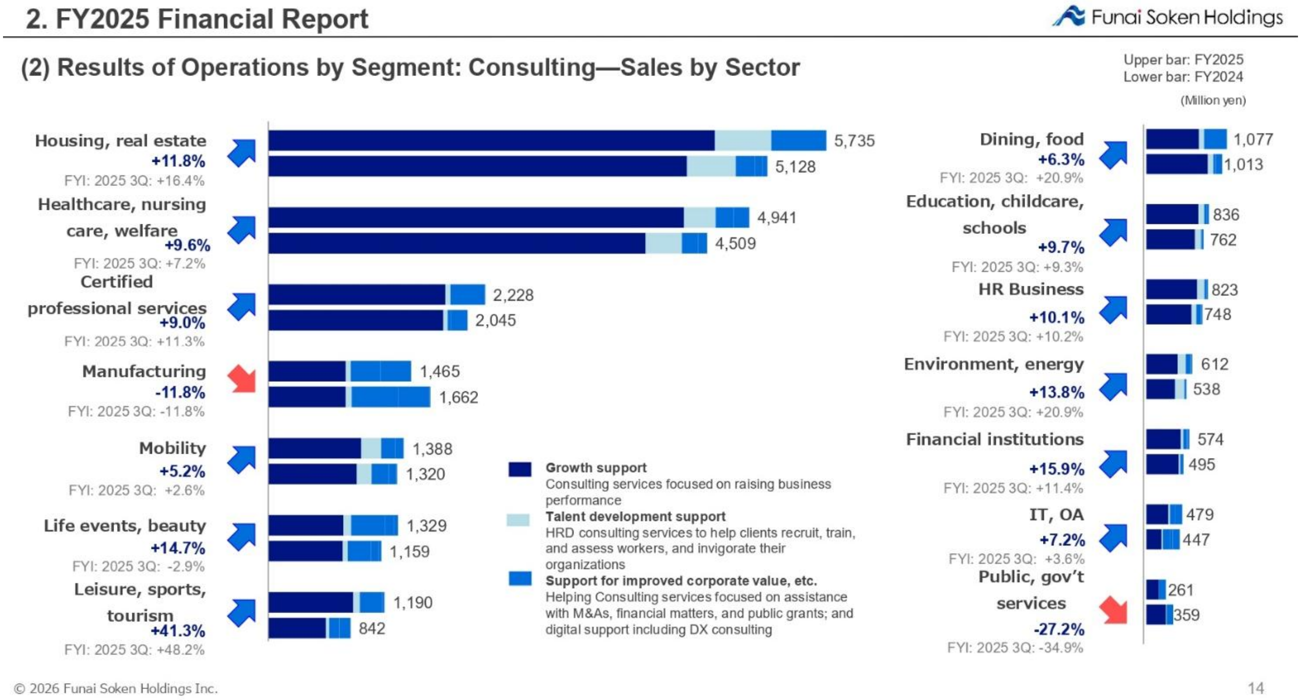
As a result, we were able to achieve the segment-specific sales and profit targets set in the mid-term management plan, with the exception of operating income from the digital solutions segment.

We will now look at each segment individually.



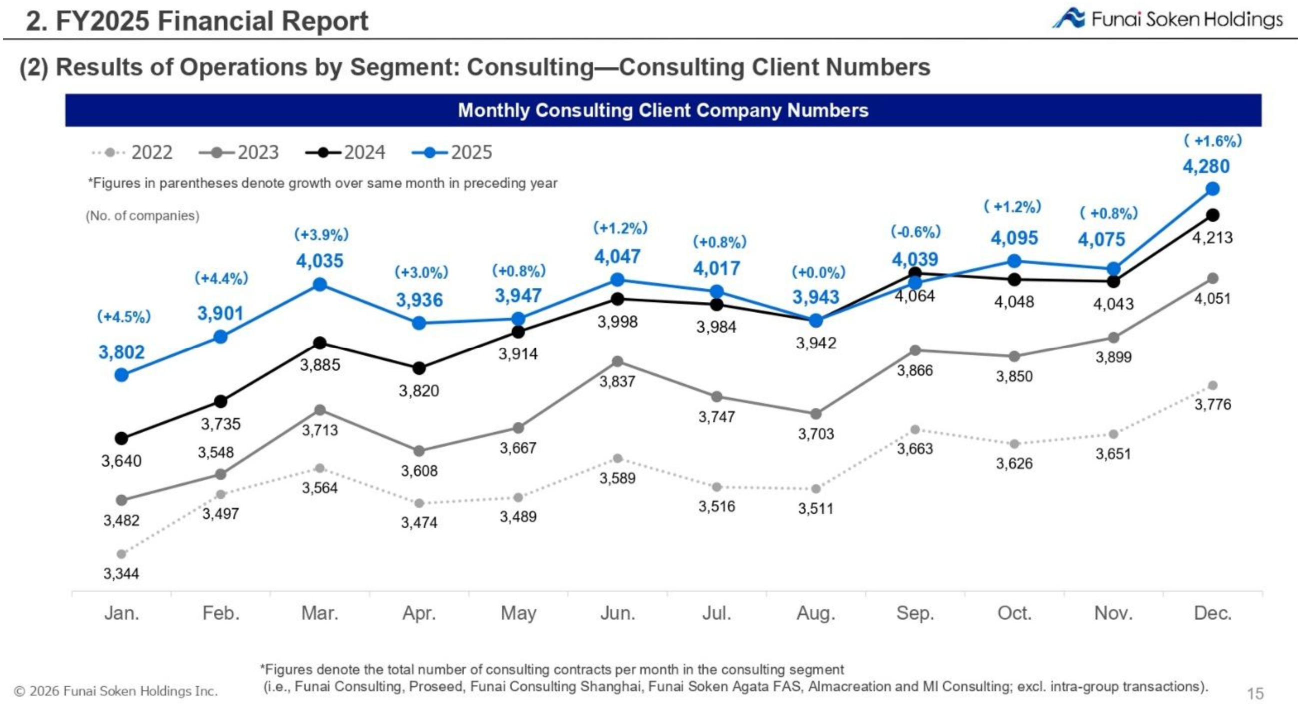
This is the status of sales in the core consulting segment by operation.

Management workshop membership fees, which are stock income, remained steady at 15.8% over the previous year, and monthly support was up 4%. In the area of cross-selling, M&A-related and other revenues, such as project fee income, also made a significant contribution.



This is sales by major industry segment.

In many segments, we experienced YoY increases. The main divisions of the Company were able to achieve solid growth, with the mainstay housing and real estate growing by 11.8%, and healthcare, nursing care, welfare by 9.6%.

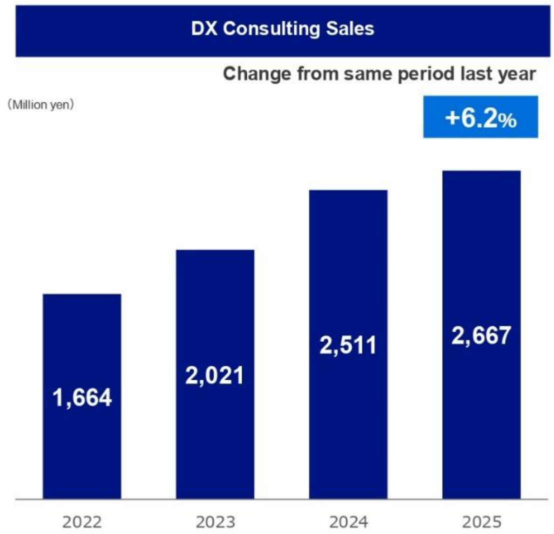


This is the transition of the number of clients by month.

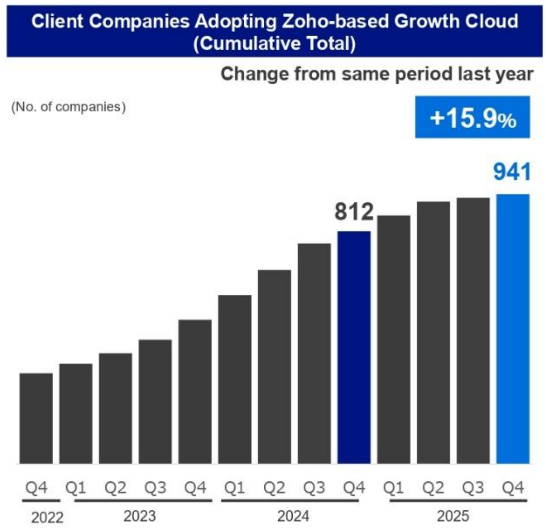
Although for only one month in 2025, we were below the previous year's level due to increases in per-contract prices, the results have been above the previous year's level since Q4.

2. FY2025 Financial Report

(2) Results of Operations by Segment: Consulting—Trends in DX Consulting Services



*Figures show DX consulting sales at Funai Consulting



*Figures show the groupwide cumulative total number of client companies that have adopted Growth Cloud, a Zoho product

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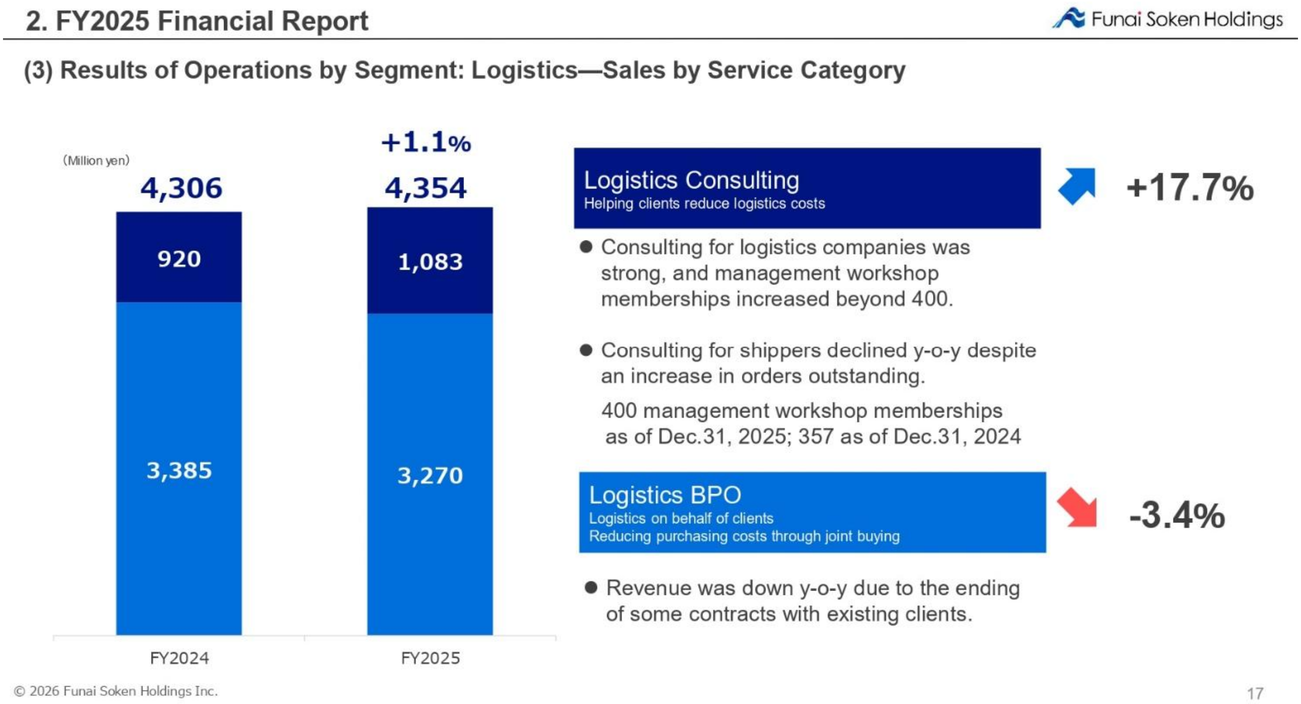
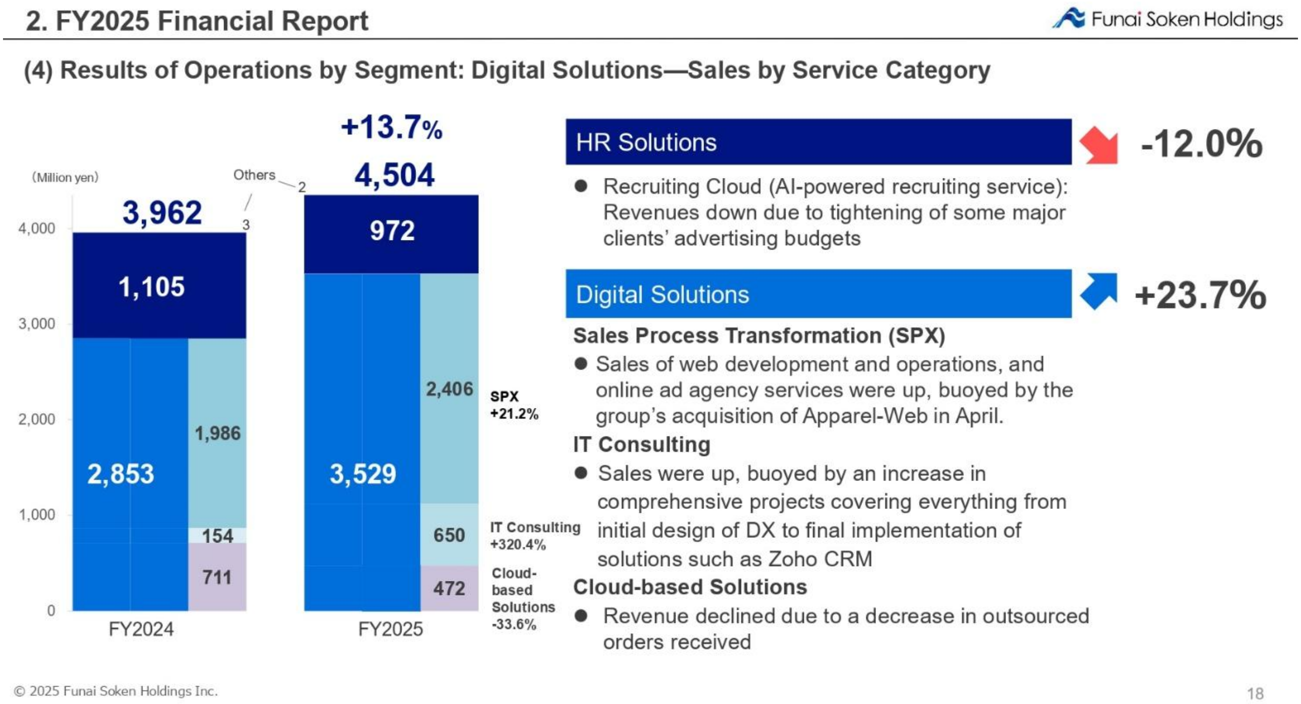
It shows the transition in sales of DX consulting as defined internally, and the cumulative number of companies that have implemented Zoho among the products we offer under the service name Growth Cloud.

DX consulting sales increased 6.2%, and the cumulative number of companies that have adopted our Growth Cloud Zoho has increased 15.9%.



This shows performance trends in the logistics segment.

The logistics consulting sector performed well with a positive 17.7%, and the number of management workshop members increased to 400 members. On the other hand, the logistics BPO area was down 3.4%, in line with the strategy of increasing the consulting ratio, but the increase in the ratio of high-margin consulting contributed to the segment's overall profit growth.



Next is the digital solutions segment.

Overall, business sales were up 13.7% from the previous year. Sales of HR solutions declined due to the impact of clients' shrinking advertising budgets. This business is currently undergoing a transition to a more profitable consulting model.

Looking at the breakdown of digital solutions, sales of SPX increased 21.2%, partly due to the contribution of Apparel Web, which joined the Group in April, and sales of IT consulting increased significantly due to an increase in one-stop projects ranging from DX grand design to implementation support. On the other hand, the reduction of subcontracted contract development resulted in a decline in sales of cloud solutions.

2. FY2025 Financial Report

(5) Consolidated Financial Position: Balance Sheet

Owned office space was sold off to enable more effective use of resources, which resulted in a decrease in property, plant, and equipment.

(Million yen)

		As of Dec. 31, 2024	As of Dec. 31, 2025	Change	Major factors behind changes
Current assets		17,756	20,711	+2,954	Increase in cash and deposits due to sale of Gotanda and Yodoyabashi offices
Noncurrent assets	Property, plant, and equipment	6,507	2,668	(3,838)	Decrease in land, buildings, and structures due to sale of Gotanda and Yodoyabashi offices
	Intangible assets	661	1,688	+1,027	Increase in goodwill due to aggressive M&A
	Investments and other assets	6,513	9,425	+2,911	Increase in long-term deposits and investment securities due to investment of surplus funds
Total assets		**31,438**	**34,493**	**+3,054**	
Current liabilities		6,274	8,514	+2,240	Increase in other accounts payable due to increase in transactions
Noncurrent liabilities		174	190	+15	
Total liabilities		**6,449**	**8,705**	**+2,255**	
Total net assets		**24,989**	**25,788**	**+798**	Equity ratio steady at 72.4%.
Total liabilities & net assets		**31,438**	**34,493**	**+3,054**	

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Next is the summarized balance sheet.

The major movements include a decrease in property, plant, and equipment due to the sale of the Gotanda and Yodoyabashi offices, while cash and deposits increased. The Company continues to maintain a high level of financial soundness with an equity ratio of 72.4%.

2. FY2025 Financial Report

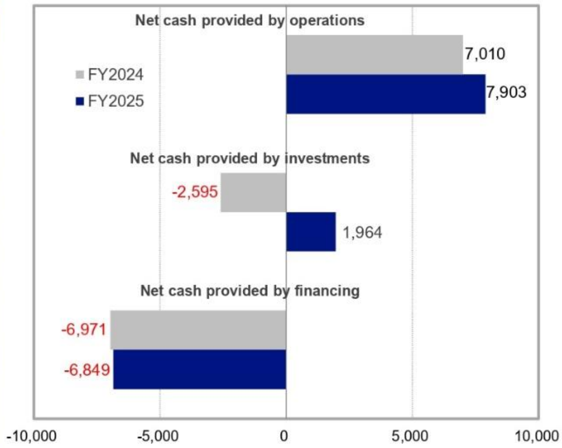
Funai Soken Holdings

(5) Consolidated Financial Position—Cash Flow Statement

(Million yen)

	FY2024	FY2025	Change
Net cash provided by (used in) operations			
Net income before income taxes and other adjustments	8,275	9,236	961
Depreciation	378	391	12
Other	(184)	(641)	(456)
Subtotal	8,469	8,987	518
Income taxes paid	(2,185)	(1,922)	262
Income tax refunds	717	823	106
Other	8	15	6
Net cash provided by (used in) operations	7,010	7,903	893
Net cash provided by (used in) investments			
Payments into time deposits	(2,000)	(2,100)	(100)
Purchase of property, plant and equipment andintangible assets	(965)	(994)*1	(28)
Proceeds from sale of property, plant, and equipment, and intangible assets	606	5,827 *2	5,220
Other	(237)	(769)	(532)
Net cash provided by (used in) investments	(2,595)	1,964	4,559
Net cash provided by (used in) financing			
Purchase of treasury shares	(3,642)	(2,501)	1,140
Dividends paid	(3,302)	(3,703)	(401)
Other	(27)	(643)	(616)
Net cash provided by (used in) financing	(6,971)	(6,849)	122
Change in cash and cash equivalents	(2,547)	3,012	5,560
Cash and cash equivalents at start of fiscal year	12,894	10,346	(2,547)
Cash and cash equivalents at end of fiscal year	10,346	13,359	3,012

(Million yen)



1. Mainly due to purchase of property, plant, and equipment associated with the relocation of Osaka Headquarters
2. Mainly proceeds from the sale of Gotanda and Yodoyabashi offices

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Next is cash flow.

Cash flow from operating activities has remained steadily positive. The movements in investing and financing activities reflect the sale of the office relocation mentioned earlier.

(6) News

(1) Funai Soken Group Acquires Logi-Create in Jan. 2026

The new company will team up with Funai Soken Supply Chain Consulting to strengthen SCM support and practical logistics solutions for manufacturing and distribution industry clients.

LOGI CREATE

Logi-Create Co., Ltd.
Incorporated: Jun. 2015
Business: Logistics consulting

(2) Funai Consulting Enters into Strategic Comprehensive Partnership with Tokio Marine & Nichido

TOKIO MARINE NICHIDO 東京海上日動 × Funai Soken

The companies will combine their wealth of insights to develop sustainable growth roadmapping services tailored for mid-scale companies and SMEs, and to pursue cross-selling opportunities.

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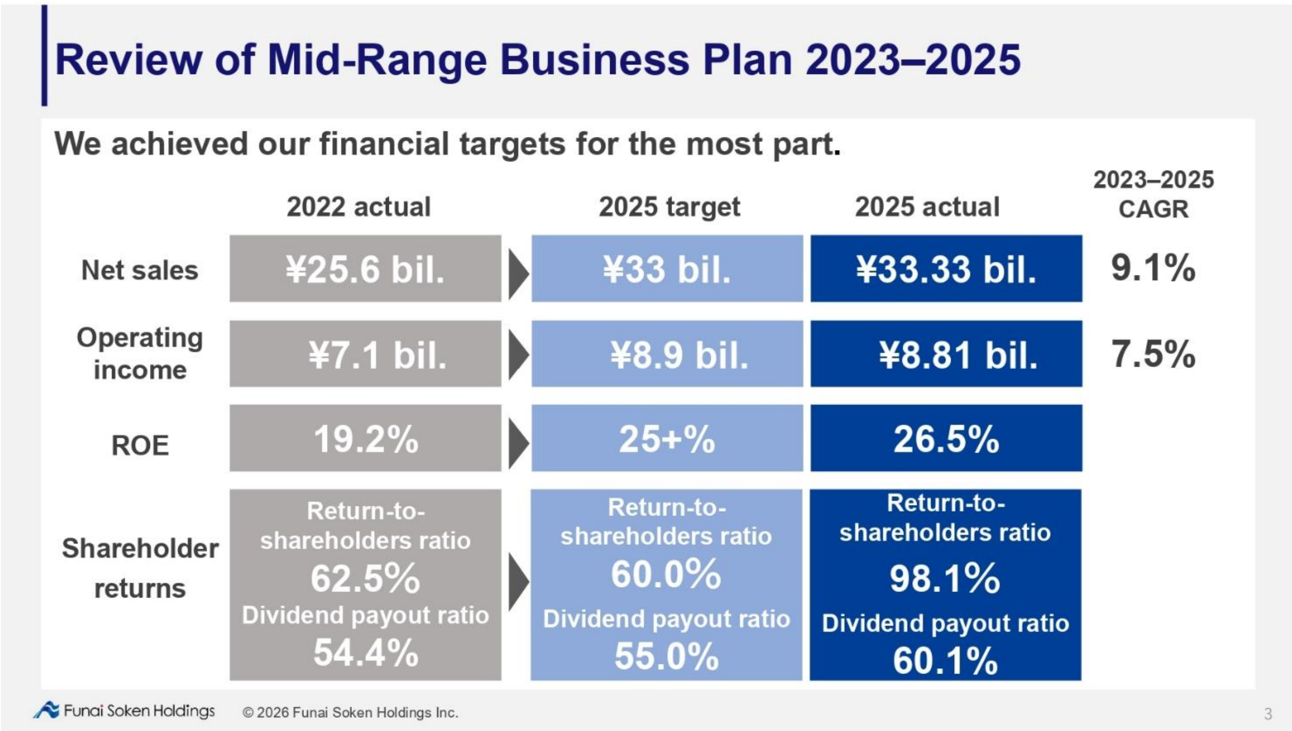
As the last part of the financial report, we would like to share some recent topics.

In January 2026, Logi-Create joined the Group. This will strengthen the supply chain management support for the manufacturing and distribution industries.

We have also concluded a strategic comprehensive partnership agreement with Tokio Marine & Nichido and will jointly promote the development of new solutions for the sustainable growth of SMEs and mid-sized enterprises.

That is all from me.

Nakatani: I would now like to explain our mid-term management plan, Sustainable Growth 2028, which we announced today and covers the FY2026 through 2028.



Review of Mid-Range Business Plan 2023–2025

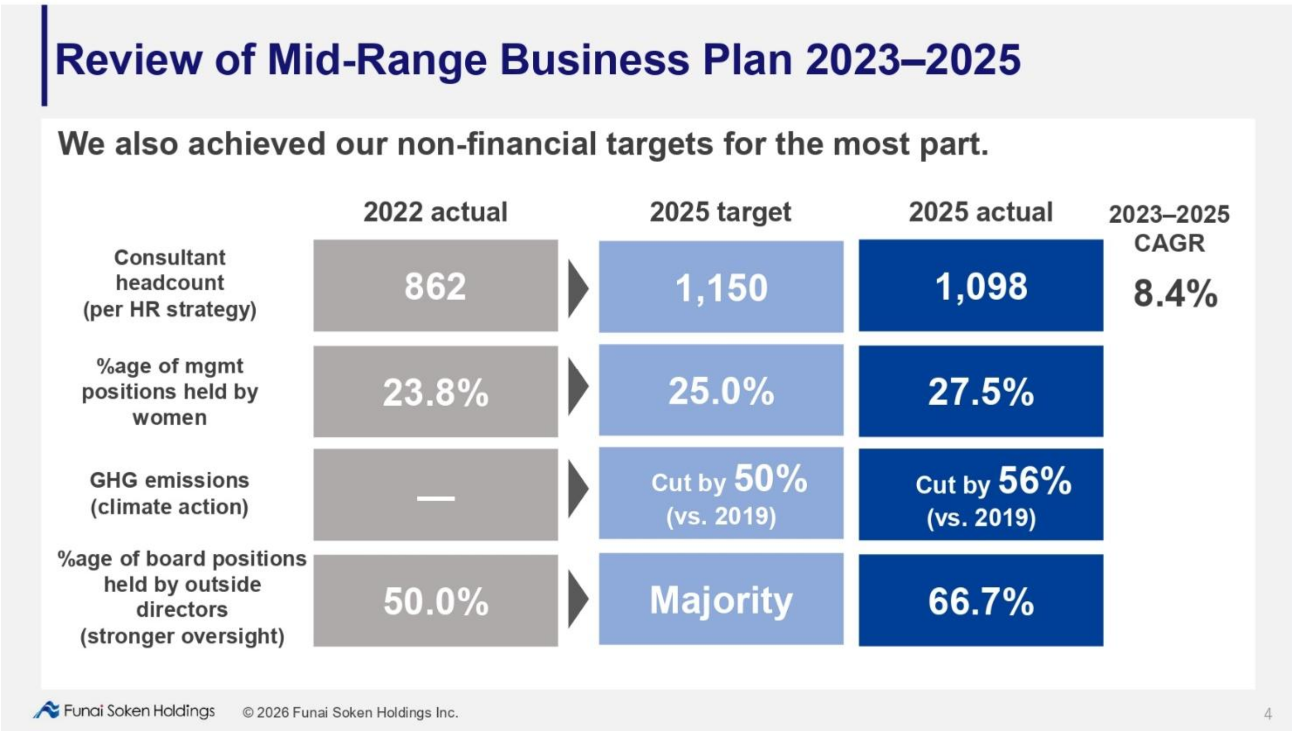
We achieved our financial targets for the most part.

	2022 actual	2025 target	2025 actual	2023–2025 CAGR
Net sales	¥25.6 bil.	¥33 bil.	¥33.33 bil.	9.1%
Operating income	¥7.1 bil.	¥8.9 bil.	¥8.81 bil.	7.5%
ROE	19.2%	25+%	26.5%	
Shareholder returns	Return-to-shareholders ratio 62.5% Dividend payout ratio 54.4%	Return-to-shareholders ratio 60.0% Dividend payout ratio 55.0%	Return-to-shareholders ratio 98.1% Dividend payout ratio 60.1%	

Funai Soken Holdings 3

First, let’s look back at the quantitative aspects of the previous mid-term plan up to FY2025.

Regarding financial targets, net sales were JPY33.33 billion, exceeding the target of JPY33 billion. The three-year average annual growth rate is 9.1%. Operating income did not reach the target of JPY8.9 billion but amounted to JPY8.81 billion. The three-year average annual growth rate is 7.5%. ROE exceeded the target of 25%, reaching 26.5%. The total return to shareholders was 98.1%, exceeding the target of 60%, and the dividend payout ratio was 60.1%, exceeding the target of 55%.



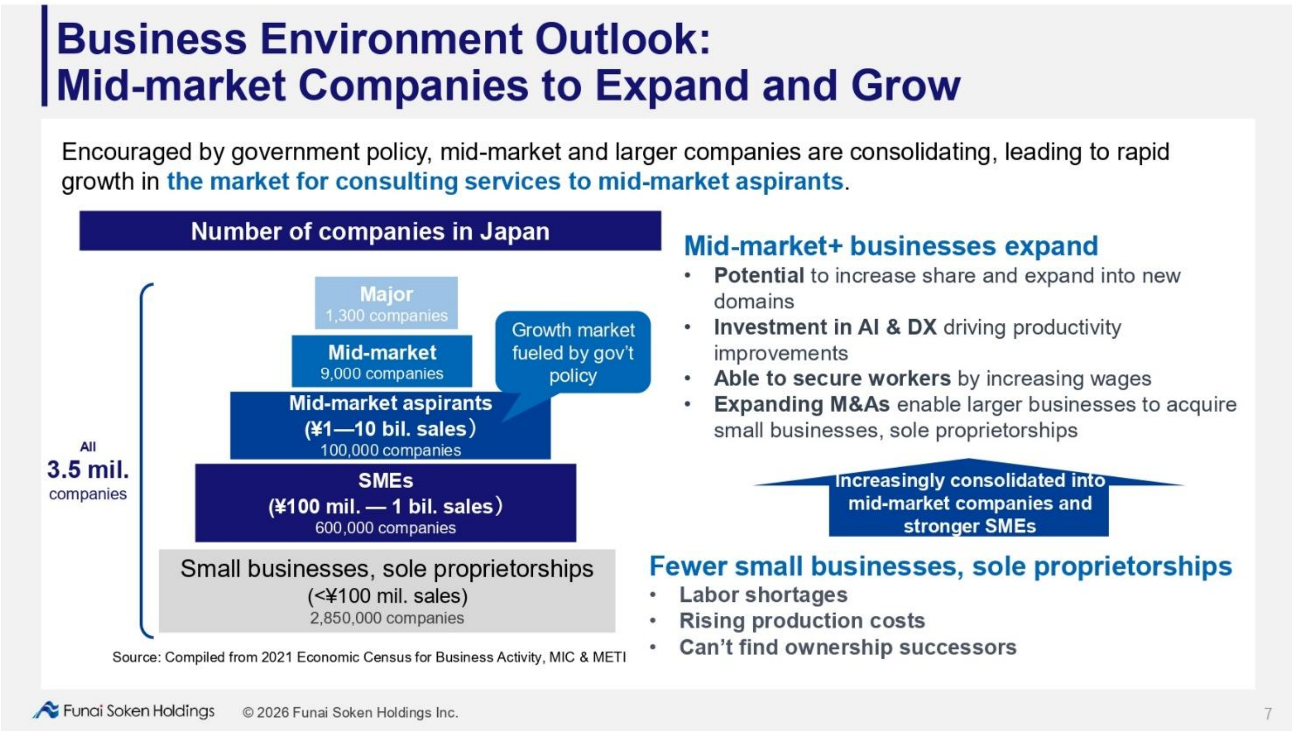
Next are nonfinancial objectives.

The number of consultants did not reach the target of 1,150 but reached 1,098. The three-year average growth rate was 8.4%. The ratio of female managers exceeded the target of 25%, reaching 27.5%. Our GHG emissions reduction target, which is a response to climate change, was also set at 50% of the 2019 level, but we exceeded this target with a 56% reduction. The ratio of outside directors, which is intended to strengthen the supervisory function, exceeded the target of a majority at 66.7%.

This wraps up our look back at the previous mid-term management plan.

Next, I will share our mid-term management plan, Sustainable Growth 2028.

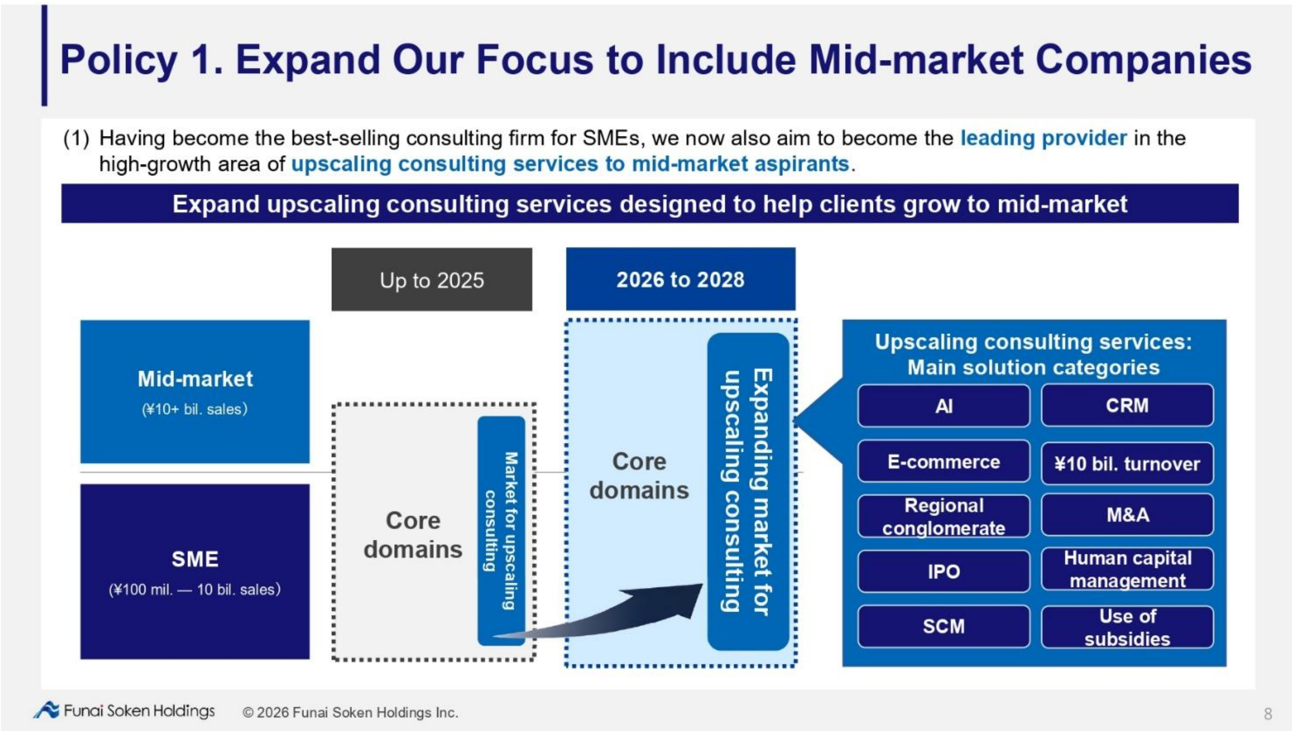
Aiming for the Group's corporate philosophy, "Sustainable Growth for More Companies", the Group will strive to further expand its business as a group. In particular, we have set a new group vision to be a comprehensive transformation consulting group focusing on medium-sized companies and companies aspiring to become medium-sized companies, as well as growth-oriented small rising star companies, to accelerate the realization of the purpose.



Before explaining the forecast by segment, we will discuss the outlook for the recent business environment.

Changes are taking place in the environment surrounding domestic companies. Small businesses and sole proprietors are expected to decline in number due to factors such as labor shortages, rising production costs, and the lack of successors. As a result, consolidation will increasingly occur toward mid-sized and larger companies that have stronger growth potential and the ability to promote AI and DX initiatives, attract talent, and expand through M&A.

In light of this environment, we have three main business pillars this time.



Our first pillar is to become a leading firm for mid-sized corporate consulting.

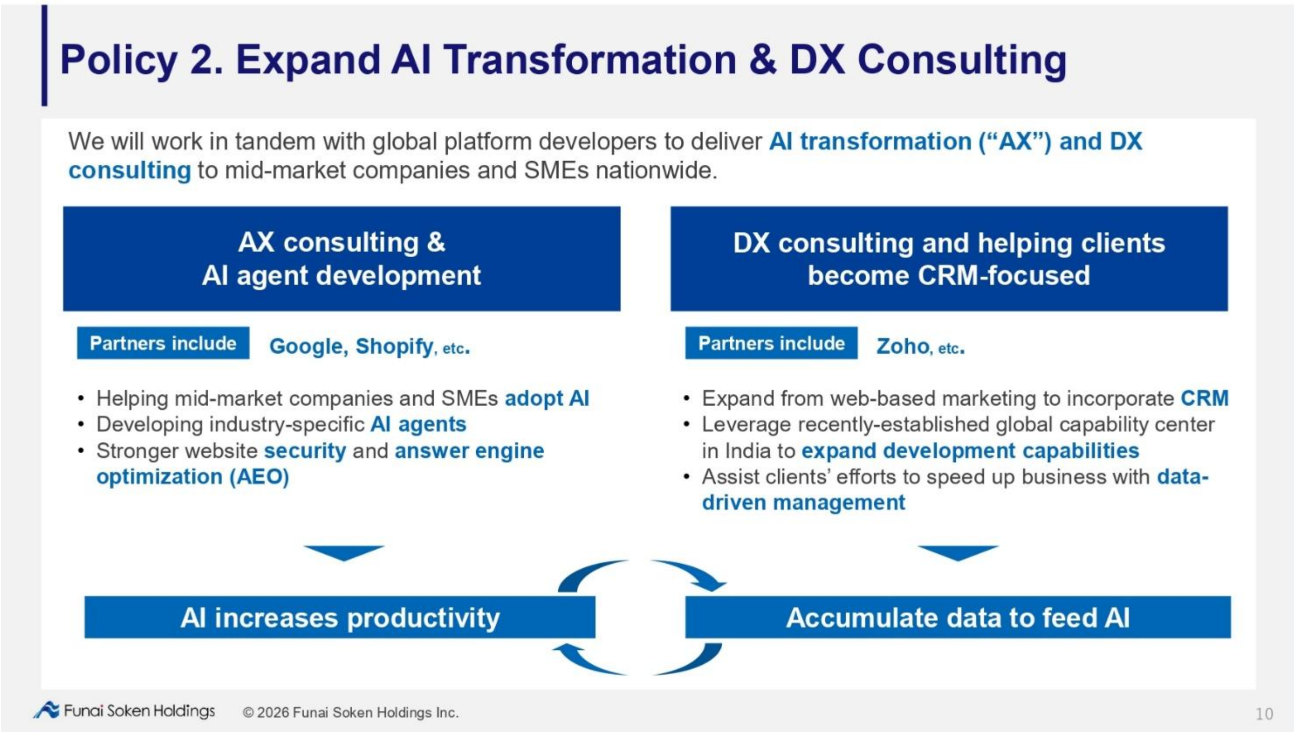
We view the mid-cap consulting market as being divided into two categories: consulting for "conversion" into mid-cap and consulting for mid-cap.

I would like to talk about the first growth market, which is to become a leading consulting company that supports businesses in transitioning into mid-sized companies.

Currently, this market for consulting services is expanding, encouraged by national policy. Specific consulting topics include AI, CRM, EC, JPY10 billion turnover, regional conglomerates, M&A, IPO, human capital management, supply chain management, and subsidies, as shown on the right. We would like to expand on these themes in particular.

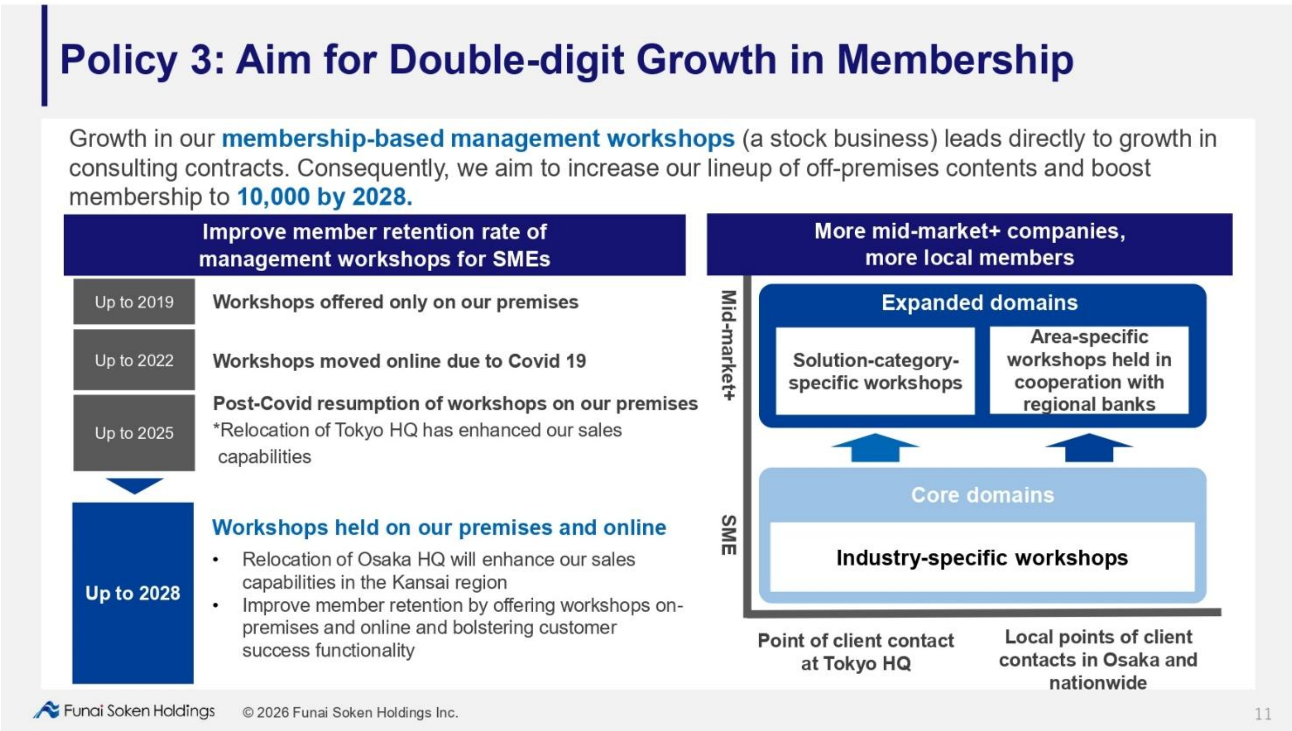
Second, through consulting with mid-sized companies that are already leaders in their industries and regions, we aim to expand our client base and create impacts on the local Japanese economy.

As shown on the left, the top five management issues for mid-sized companies are: securing staff and human resource development in first place, digitization and DX in second place, M&A in third place, decarbonization and GX in fourth place, and overseas expansion in fifth place. In response to these challenges, Funai Soken group has reorganized itself into a federation of specialized firms that a seamless, comprehensive range of support covering everything from consulting to hands-on implementation of solutions.



The second major strategy is to expand AX, AI transformation consulting and DX consulting.

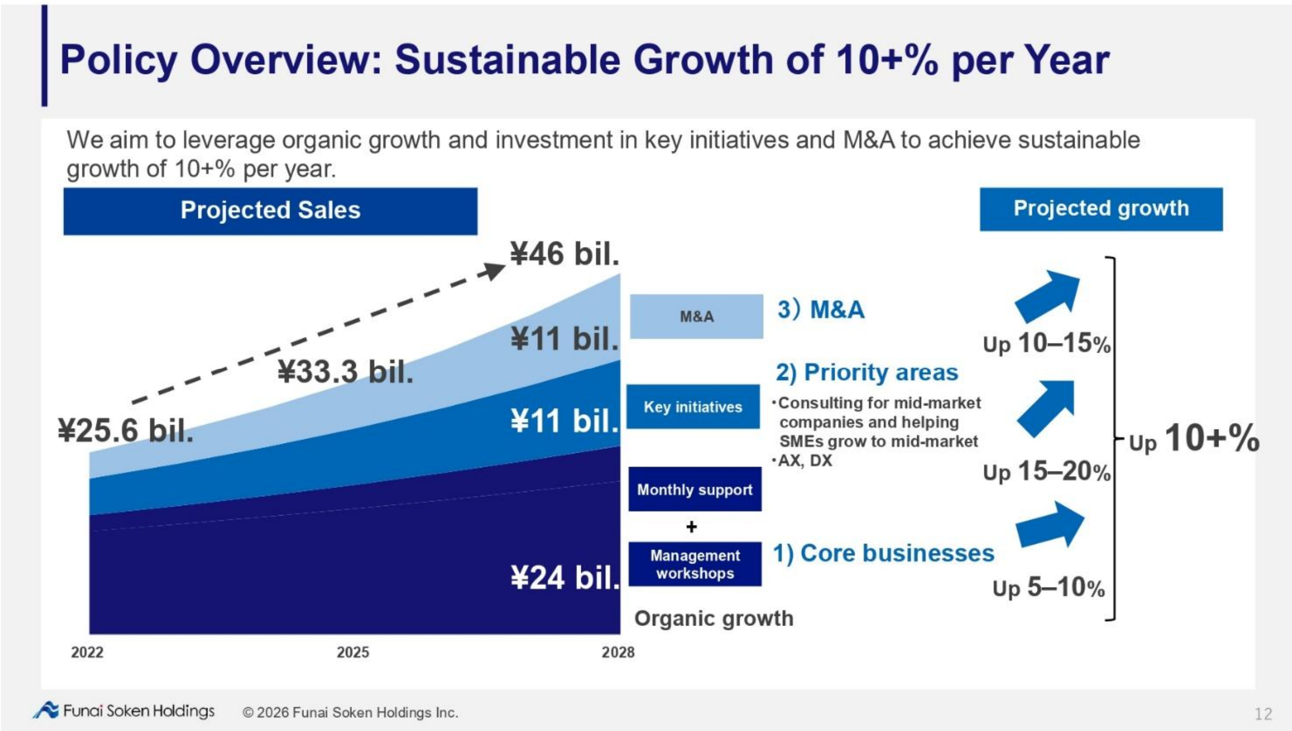
For AX, we will provide DX consulting and AI agent development with global partners such as Google and Shopify. As for DX, we will promote DX consulting and helping clients become CRM-focused together with Zoho and other companies.



The third pillar is to achieve double-digit growth in membership.

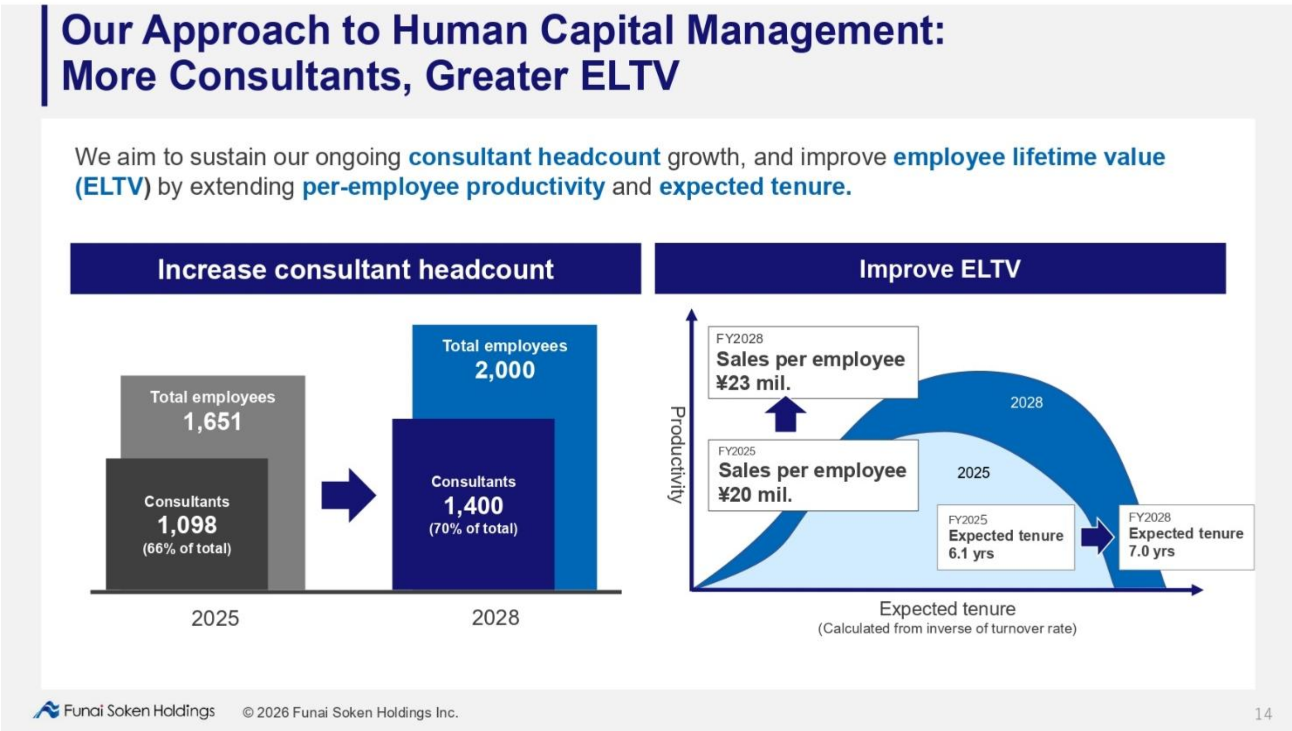
For our company, which is a stock-type business, the expansion of our membership organization, the management workshop directly leads to an increase in the number of consulting engagements. To this end, we will also expand our non-visitor content, aiming to reach 10,000 members by 2028.

Specifically, the management workshop for SMEs will seek to improve member retention rates by improving its hybrid content and customer success functions. In addition, to increase the number of medium-sized companies and above and regional members, we will promote the expansion of theme-based management workshops and area-based management workshops in cooperation with regional banks and other organizations.



Through these three major strategies, we aim to achieve sustained sales growth of more than 10% per year.

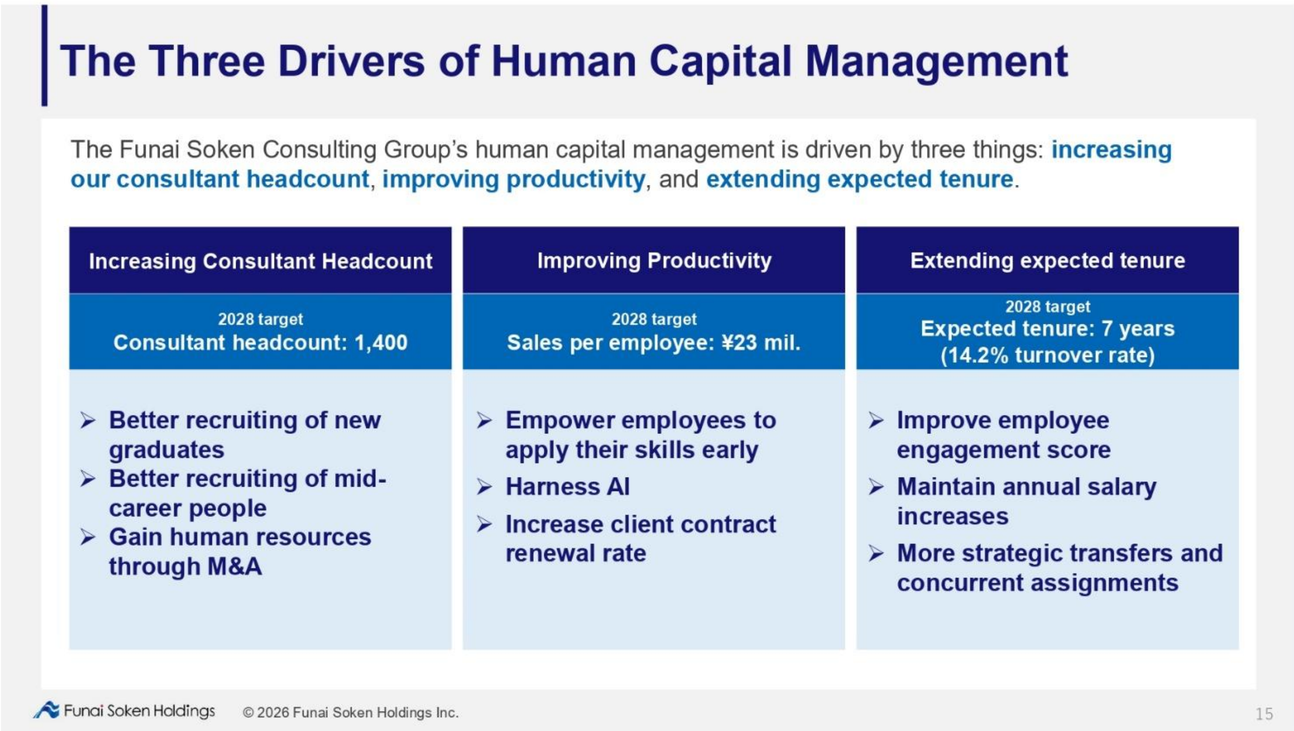
We aim to achieve growth of 10% or more overall through the growth of each of our core businesses, priority areas, and M&A.



This is about the strengthening of human capital management.

The Group's approach to human capital management is to multiply the number of consultants by ELTV, the value of contribution per employee. The number of consultants will continue to grow, with the goal of reaching a total of 2,000 employees and 1,400 consultants by 2028.

ELTV is calculated by multiplying sales per employee, which represents productivity, by the expected number of years of employment. Productivity is targeted at JPY23 million in sales per employee in 2028, with an expected tenure of 7 years.

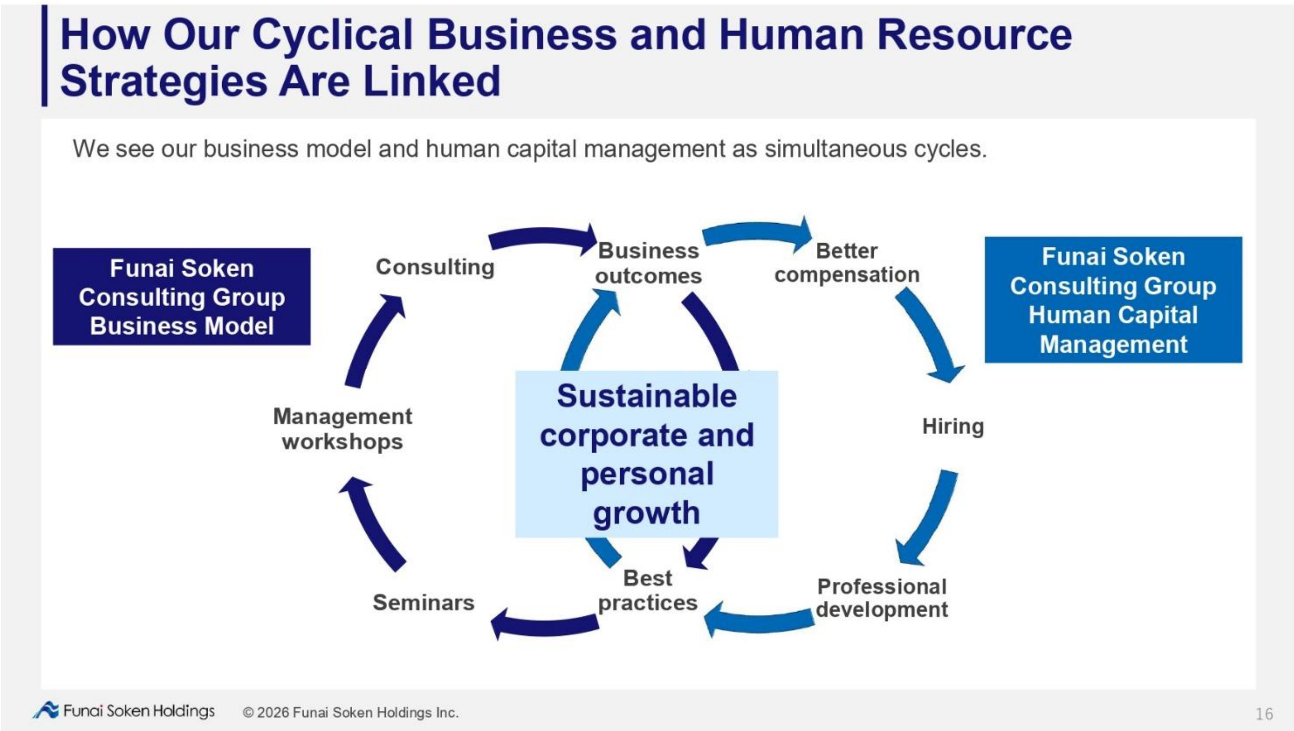


We will focus on the three drivers of human capital management: increasing the number of consultants, improving productivity, and expanding expected tenure.

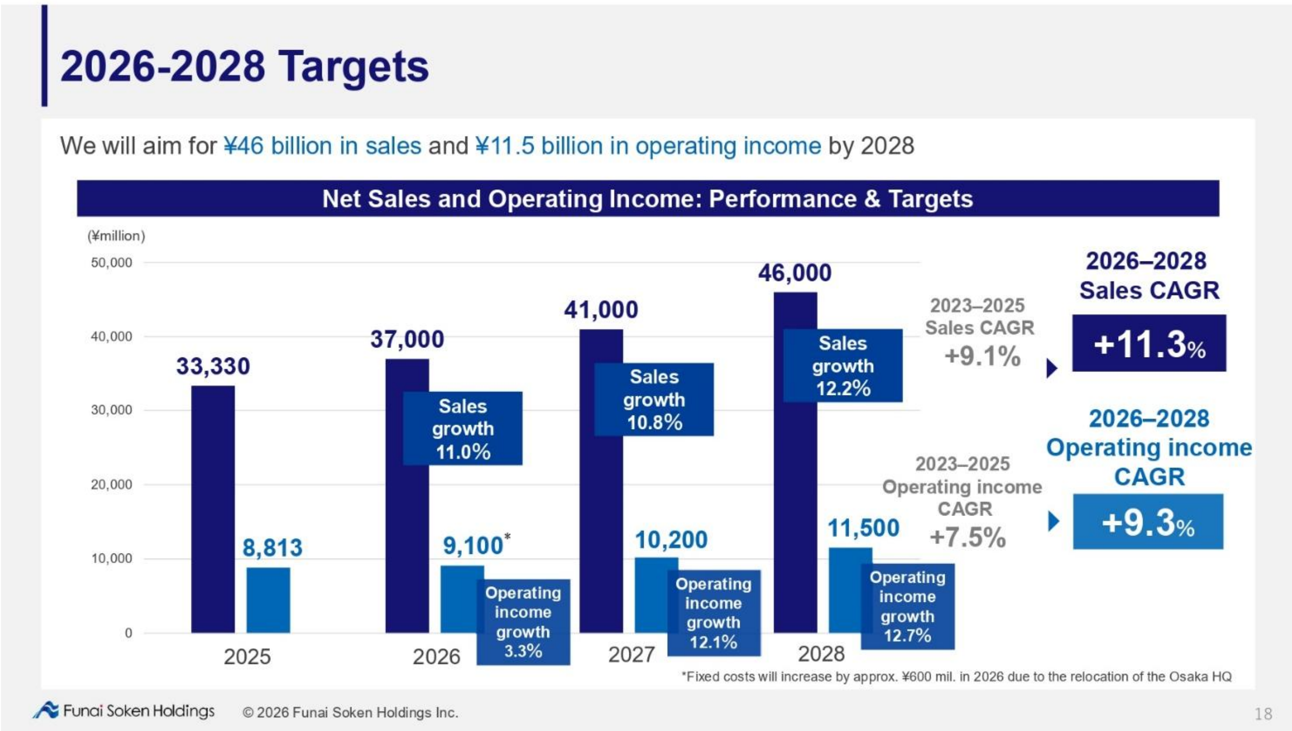
Specifically, the number of consultants will be strengthened by enhancing new graduate recruitment, enhancing career recruitment, and acquiring human resources through M&A.

In addition, productivity will be improved by strengthening early success, promoting the use of AI, and increasing the customer retention rate.

And the expected tenure will be improved by increasing engagement scores, sustained annual salary increases, and expanding strategic transfers and dual assignments.



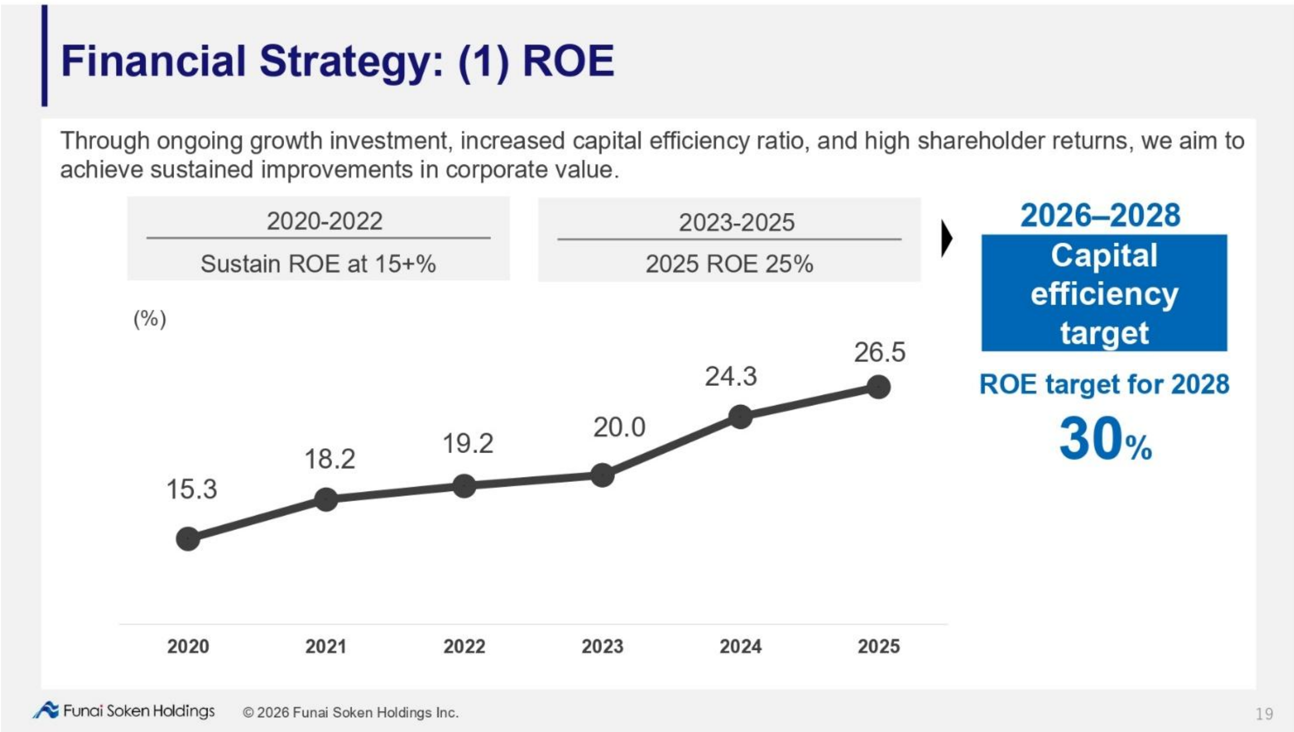
In this way, Funai Soken group promotes a loop model that simultaneously runs the business model and human capital management cycle to achieve sustainable growth for people and companies.



Finally, here are our plans for next year.

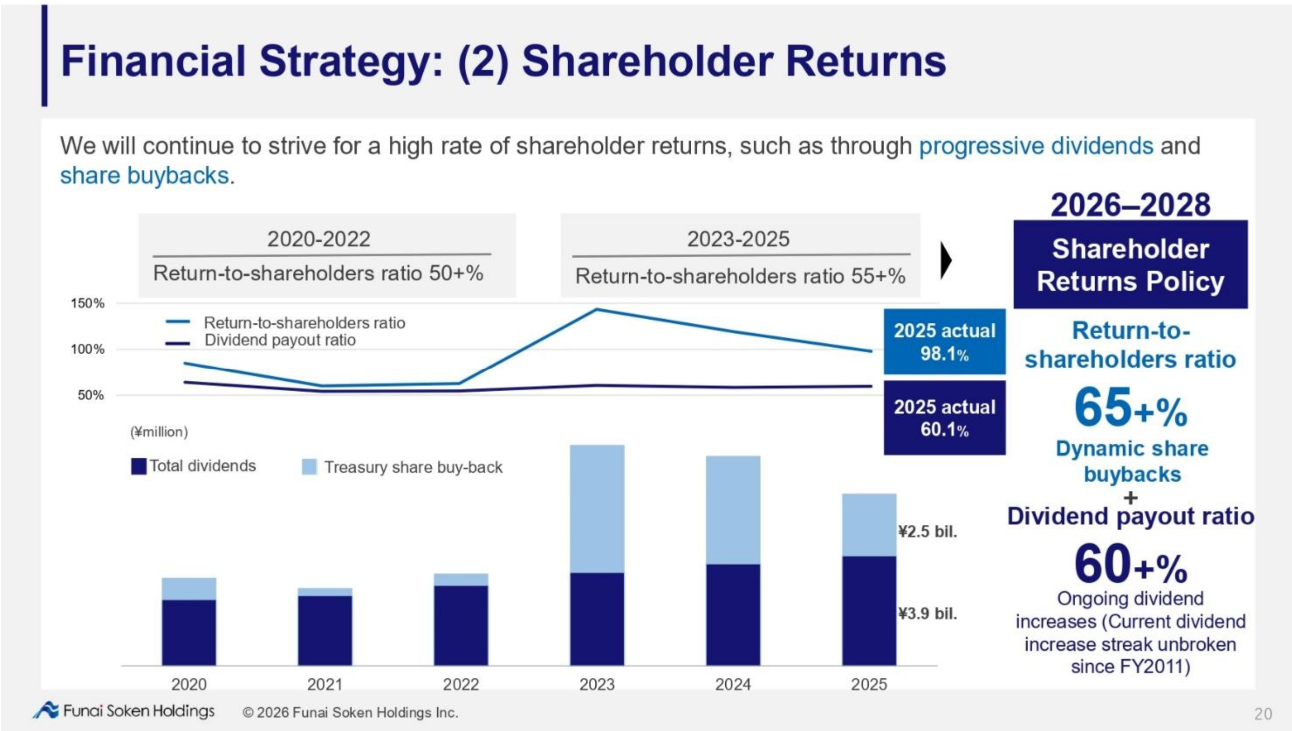
For the year 2028, we aim to achieve the Group's net sales of JPY46 billion and operating income of JPY11.5 billion. Toward this point, we aim to achieve net sales of JPY37 billion and operating income of JPY9.1 billion in 2026, and net sales of JPY41 billion and operating income of JPY10.2 billion in 2027. The CAGR for sales will be 11.3%, 2.2 percentage points higher than the previous mid-term plan. The three-year CAGR for operating income will be 9.3%, 1.8 percentage points better than the previous mid-term plan.

In 2026, fixed costs will increase by approximately JPY600 million due to relocation within the Osaka headquarters. This will temporarily lower the growth rate of operating income, but after 2027, operating income is also planned for double-digit growth.



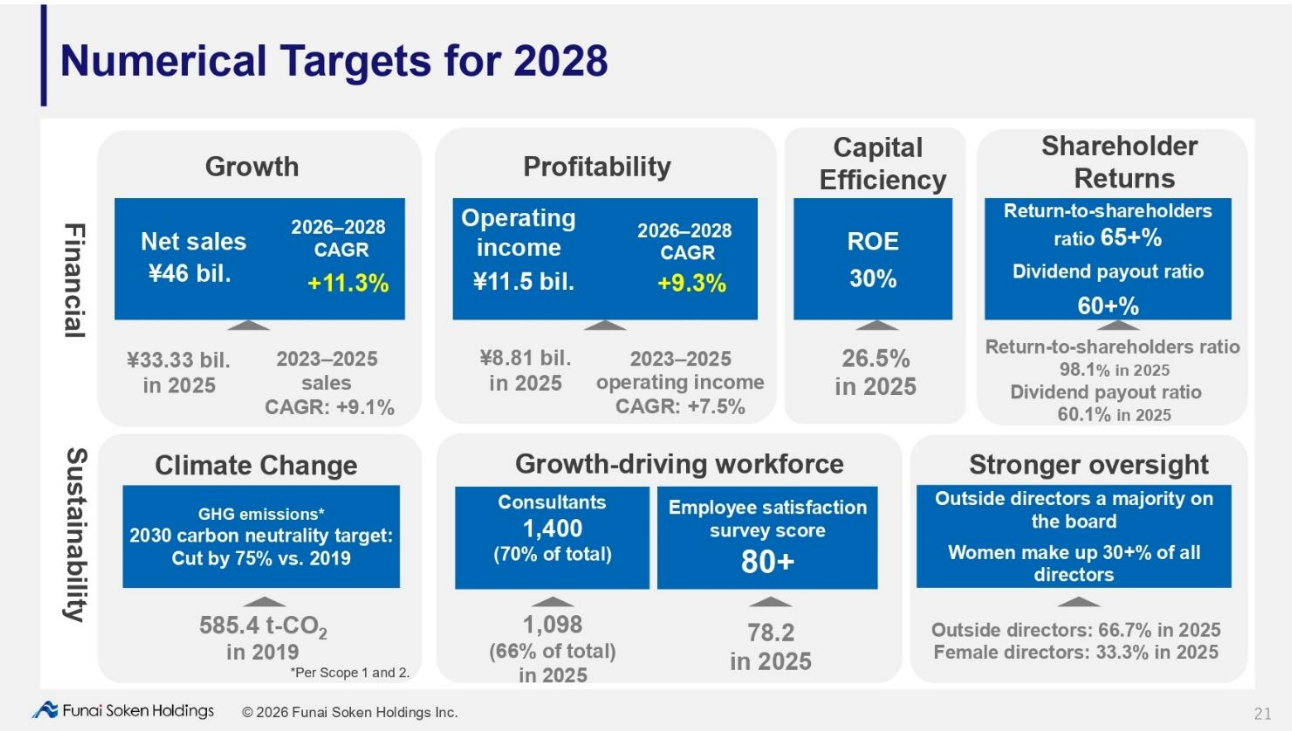
The first financial target is ROE.

We aim to sustainably increase corporate value through continued growth, improved efficiency of invested capital, and high shareholder returns, with a target ROE of 30% by 2028.



The second financial target is shareholder return.

We will continue to provide a high level of shareholder returns through progressive dividends and share buybacks. From 2026 to 2028, we aim to achieve a total return ratio of at least 65% and a dividend payout ratio of at least 60%.



Finally, here are the quantitative targets for FY2028.

As previously mentioned, our financial targets are net sales of JPY46 billion, operating income of JPY11.5 billion, ROE of 30%, total return ratio of 65% or higher, and dividend payout ratio of 60% or higher. Sustainability targets include a 75% reduction in GHG emissions compared to 2019, 1,400 consultants, an employee satisfaction score of 80 or higher, a majority of outside directors, and at least 30% female directors.

This concludes the explanation of the medium-term management plan.

Moderator: Thank you very much.

Question & Answer

Moderator [M]: We will now move to the question-and-answer session.

I will now read out the questions we have received.

Participant [Q]: First question. Manufacturing is declining by industry, and will this continue?

Nakatani [A]: As you have seen the graphs by industry, dark blue is for growth execution support, which is our primary focus; light blue is for human resource development support; and blue is for value enhancement support, digitalization support, and others.

In fact, the manufacturing sector was very much in this blue last year, which means that the big subsidies were decided. Usually, if you look at it in balance with other industries, we had more grant consulting than we had planned, which, in a sense, means that we had a large amount of project-based work last year.

To see the momentum of the industry itself, the sum of the dark blue and light blue areas shows the base momentum of the industry, excluding spot demands. In that sense, the manufacturing sector itself was not slowing down in any significant way, and the numbers were almost on par with the previous year. As to whether there will be a continuous decline for a long time to come, I would answer that this is by no means the case.

Moderator [M]: Thank you very much.

Participant [Q]: Next question. The number of Zoho installations is coming to a head, but is the content of DX consulting changing?

Nakatani [A]: You mentioned that the number of Zoho installations has reached a plateau, but this is a graph of the number of companies that have installed Zoho's Growth Cloud, i.e., by package type, by business category. Originally, our plan for 2025 was to have almost 1,000 companies install the system. In that sense, we reached our original target for the most part.

On the other hand, from the latter half of the fiscal year, the style changed from setting KPIs for the number of installation to increasing the number of accounts per company, including implementations SFA and other products. As you can see on the left, DX consulting itself is still growing at a reasonable rate.

IT consulting grew to JPY650 million versus JPY154 million the previous year, and we intend to classify this in the same way in the new mid-term plan. This includes consulting for EC, consulting for web cloud lift, and consulting for Zoho's individual development. If you add up these figures, you can see that DX consulting has been growing steadily.

As for whether the content is changing, it can be said that the theme is gradually advancing.

Moderator [M]: Thank you very much.

Participant [Q]: Next question. What is the quarterly slope of the JPY600 million increase in Osaka headquarters expenses for the new fiscal year?

Haruta [A]: We moved our Osaka headquarters to Inogate Osaka, directly above JR Osaka Station, and started operations in January this year. This will result in an increase in depreciation expenses related to rent and construction, which will increase fixed costs by approximately JPY600 million in FY2026.

The question is how the slope would be when viewed in terms of annual quarters to that, but the conclusion is that there is no slope within a quarter. Since rent and depreciation start in January, when viewed on a quarterly basis within that period, the cost would be approximately JPY150 million per quarter, with no particular inclination within the quarter.

Moderator [M]: Thank you very much. I will read out the question.

Questioner [Q]: What is the current scale of your services for SMEs transitioning into mid-sized companies? How much will it be in the mid-term plan period? How much DX consulting will also be involved?

Nakatani [A]: We do not have exact data here, but we feel that this market itself may be growing by 20% or more each year, as we see our work increase. In that sense, I personally believe that the market size will be around 30 billion during this mid-term plan period.

Also, for DX consulting, it depends on where you view the breadth of DX. We believe that this market, which has been growing at a double-digit rate, was primarily focused on large companies, but finally begins to expand in earnest to the small and mid-sized business market.

Moderator [M]: Thank you very much. I will read the next question.

Questioner [Q]: Claude Cowork is disrupting the entire IT market. As SMEs and mid-sized companies adopt AI agents, in what ways are these AI agents likely to affect your company's performance? Please let us know if there are any positive or negative aspects.

Nakatani [A]: It is often said that the IT market is moving in a big way with the emergence of AI, especially for SaaS companies. I think there are both positive and negative aspects to the performance of AI agents.

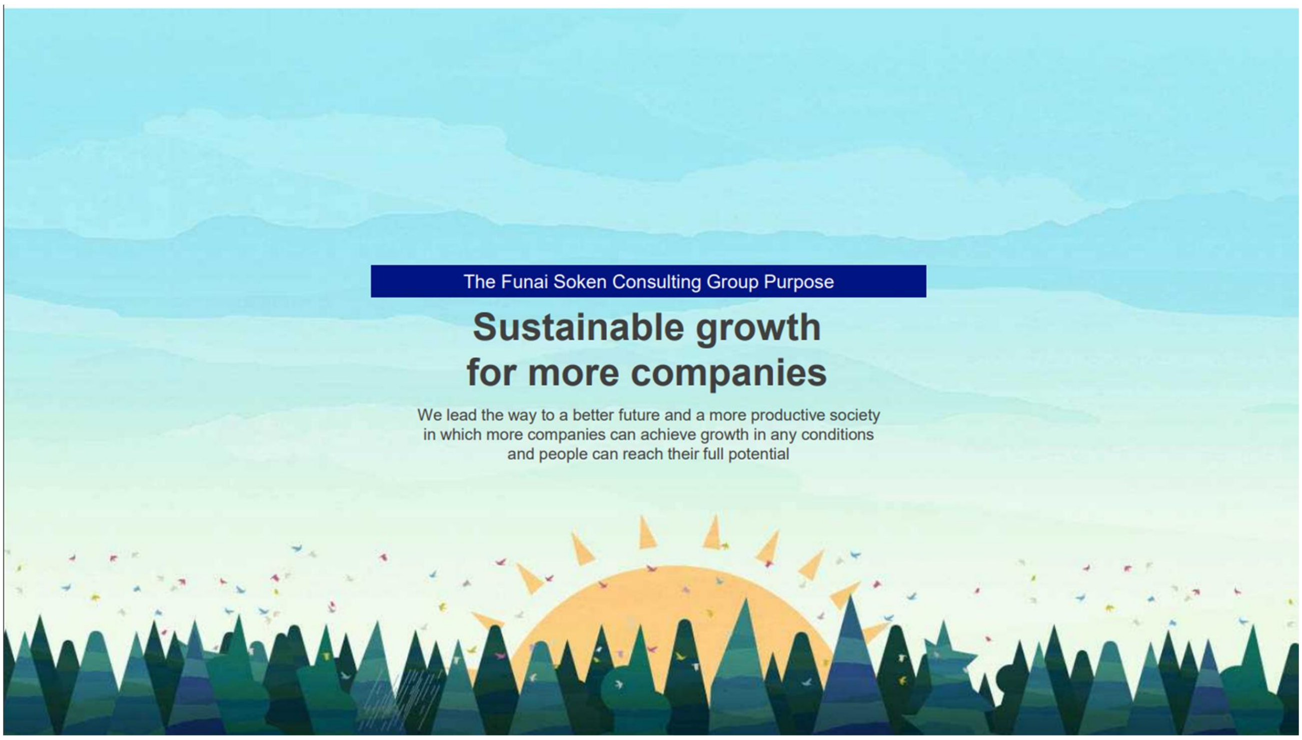
For us, we believe that the expansion of this AI agent market for small and mid-sized companies is probably larger than the negative aspects. But in any case, the AI market is not something that is easy to get a clear figure for, as the market moves significantly after six months. As to whether consulting for small and midsize companies will be disrupted by AI, if anything, what AI is good at is desktop research, for example, and what information is already available on the Internet will certainly be greatly affected.

For the small and midsize market, we are helping, where there is no information available on the Internet, we either pick it up on the spot, including what we can get on our feet, or we combine it with our existing knowledge and experience. So, in a sense, we believe that this is the last market in the consulting industry to be impacted and the least impactful. In that sense, we believe that the positive impact is greater for us.

Moderator [M]: It is time for us to end the question-and-answer session. If you have individual questions, please contact us for one-on-one sessions.

This concludes the financial results briefing. Thank you very much for watching. Thank you.

[END]



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