Funai Soken Holdings Incorporated

Q1 Financial Results Briefing for the Fiscal Year Ending December 2025

May 9, 2025

[Speaker]	Eijiro Saito	Executive Officer, Head of Corporate Strategy Department
	Naoya Yamane	Senior Manager of Corporate Finance Department

Presentation

Saito: Thank you very much for all your help. I am Saito of Funai Soken Holdings. I would now like to report on the details of the financial results for Q1 of FY2025, which we announced earlier at 3:30 PM.

Here is the table of contents of the financial summary that we just released. Today we will focus mainly on the executive summary and the financial report for Q1 of the fiscal year ending December 31, 2025.

1. Executive Summary

Funai Soken Holdings

Highlights

FY2025 1Q Financial Results	■ **New 1st-quarter records** were set for sales and operating income ■ **Double-digit growth** in sales and income in the consulting and logistics segments ■ Decrease in net income for the quarter is due to extraordinary losses incurred due to the sale of the Gotanda Office
KPIs	■ Consultant headcount increased **3.5%** and sales per employee increased **12.3%** over the same period last year ■ Management workshop membership numbers and per-month revenue both **reached record figures**, up **23.0%** over the same period last year ■ Avg. spend per contract on monthly support consulting services was up **9.1%** over the same period last year
Outlook for 2025	■ Target: **Record** net sales (¥33 bil.) and operating income (¥8.9 bil.) ■ **Record** ROE (**25+%**), dividends up for the **15th straight year** (by ¥10)
News	■ As part of our DX strategy, we acquired e-commerce and online marketing specialists Apparel-Web, Inc. as a group company in April 2025

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Let me begin with a summary of the financial results. I will begin with a summary of the key points of the current financial results. In Q1, both net sales and operating income reached record highs for Q1.

By segment, the mainstay management consulting and logistics businesses posted double-digit growth in both sales and profits. On the other hand, net income decreased due to an extraordinary loss associated with the sales of the Gotanda office.

As for major KPIs, the number of consultants increased by 3.5% YoY. From a productivity perspective, sales per employee increased 12.3%. The Management Study Group posted record highs in both membership and monthly unit price, with revenues up 23% YoY.

Monthly support consulting, our mainstay business also grew steadily in terms of both the number of companies and unit price, with an increase of 9.1%.

Our full-year forecast for 2025 remains unchanged from the previous forecast, and we plan to achieve record-high results for the current fiscal year, with net sales of JPY33 billion and operating income of JPY8.9 billion. ROE is expected to be 25% or higher, the highest ever, and the dividend will be increased by JPY10, marking the 15th consecutive year of dividend increases.

As part of the DX strategy, Apparel-Web, a company with strengths in EC and web marketing, has been added to the Group.

(1) Consolidated Income

Sales and operating income were up by double digits, buoyed by robust performance in the core consulting segment as well as logistics. The decrease in net income for the quarter is mainly due to extraordinary losses of ¥2,155 mil. incurred due to the sale of the Gotanda Office.

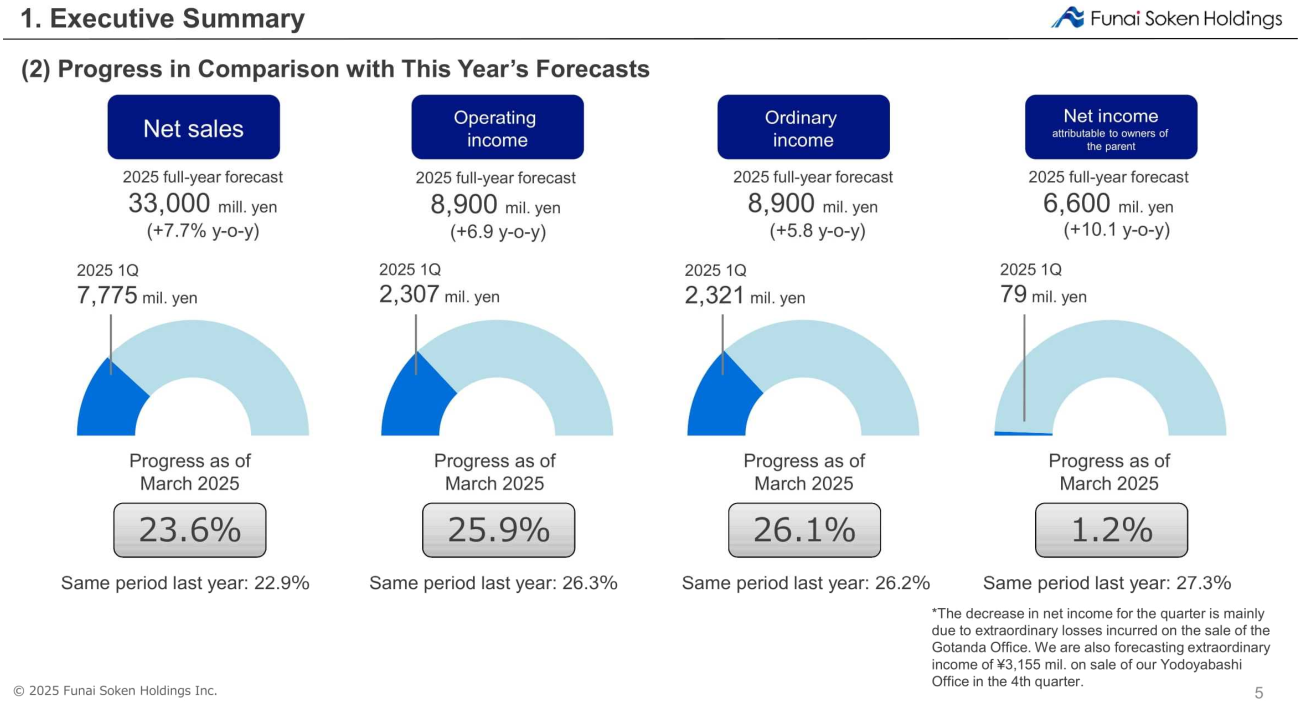
	FY2024 1Q		FY2025 1Q		
	Amount (million yen)	% of total	Amount (million yen)	% of total	Change (%)
Net sales	6,970	100.0	7,775	100.0	+11.6
Operating income	2,076	29.8	2,307	29.7	+11.1
Ordinary income	2,069	29.7	2,321	29.9	+12.2
Net income attributable to owners of the parent	1,501	21.5	79	1.0	-94.7

*The decrease in net income for the quarter is mainly due to extraordinary losses incurred on the sale of the Gotanda Office. We are also forecasting extraordinary income of ¥3,155 mil. on sale of our Yodoyabashi Office in the 4th quarter.

We will continue with a report on specific consolidated earnings.

Q1 sales were JPY7.775 billion, up 11.6% from the same period last year. Operating income was JPY2.307 billion, plus-11.1%; ordinary income was JPY2.321 billion, plus-12.2%; and net income for the quarter was JPY79 million.

Net sales, operating income, and ordinary income all achieved double-digit growth. The decrease in net income was mainly due to an extraordinary loss of JPY2.155 billion associated with the sale of the Gotanda office, as explained earlier in the [PowerPoint].



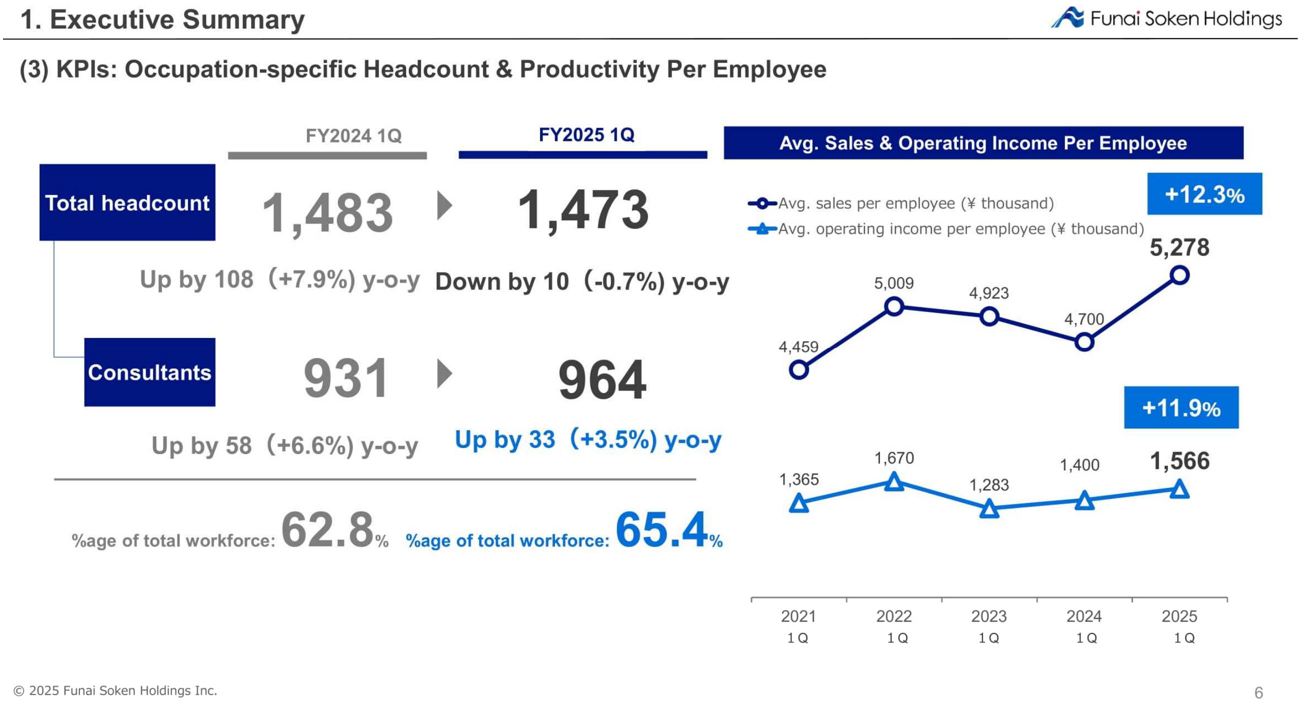
I would like to continue by explaining our progress toward the full-year earnings forecast.

For the current fiscal year, we plan a 7.7% increase in sales to JPY33 billion and a 6.9% increase in operating income to JPY8.9 billion, and our current progress rate is 23.6% for sales and 25.9% for operating income. Since our business model is one in which sales increase with each passing period, this rate of progress at the end of Q1 is roughly in line with previous years.

Net income for the quarter was 1.2% of the total, due to the impact of extraordinary losses. However, as we reported at the time of the closing of accounts in February, this was planned.

Conversely, in Q4, we expect to post an extraordinary gain of JPY3.155 billion from the sales of the Yodoyabashi office, so we are projecting total net income for the year of JPY6.6 billion, an increase of 10.1% over the previous year.

Therefore, the current results are in line with the plan.

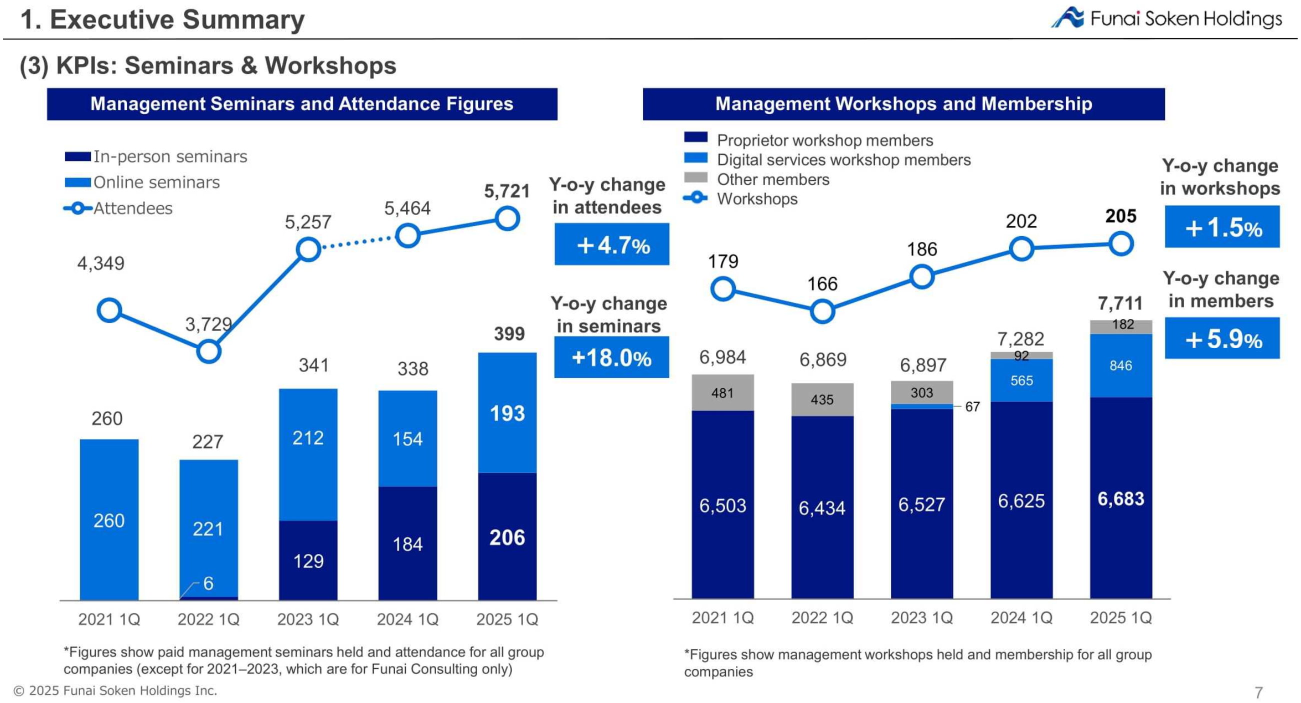


Next, we discuss trends in key KPI indicators.

First, we would like to explain the indicators related to human resources.

The total number of employees was 1,473, a decrease of 10 from the same period last year, but the number of consultant personnel was 964 at the end of Q1, an increase of 33, or 3.5%, from 931 in the same period last year.

The adjacent graph shows Q1 sales and operating income for each fiscal year divided by the number of employees. Both sales and operating income grew at double-digit rates, which I believe can be attributed to an increase in the unit price of stock income from management workshops and monthly support, which I will explain later in this report.

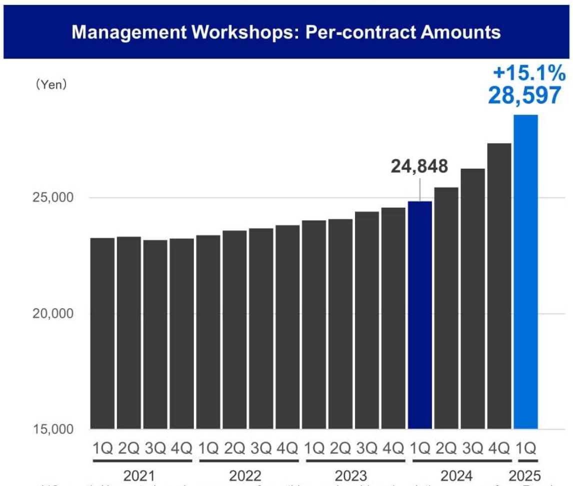


Next, I will explain the performance trends of management seminars and management workshops, which are leading indicators in terms of orders received.

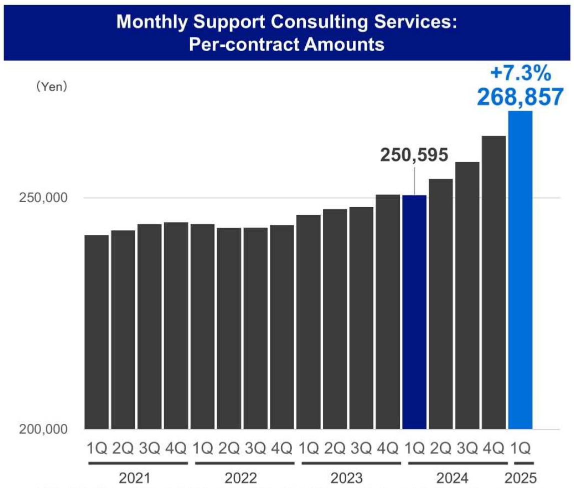
The number of management seminars held increased by 18% and the number of participants increased by 4.7%. The management workshop has reached a new record high of 7,711 members, a plus of 5.9%.

(3) KPIs: Management Workshop & Monthly Support Services: Per-contract Amounts

Management workshop subscriptions are trending upward due to organization-wide membership fee increases starting in April 2024. Avg. spend per contract on monthly support consulting services was up 7.3% over the same period last year



*12-month (4-quarter) moving average of monthly membership subscription revenue from Funai Consulting's management workshops



*12-month (4-quarter) moving average of monthly per-contract amounts for Funai Consulting's monthly support consulting services

Next, here is a graph of the monthly unit price changes for management workshops and monthly support.

Since most of our contracts are renewed on a yearly basis, the graph here shows the moving average monthly unit price over four quarters, or one year, to better represent the actual situation.

We have been raising the price of our management workshops as a matter of policy since last April. In addition, in monthly support consulting, we have been able to gradually increase the unit price per contract, with the unit price per month for management workshops increasing by 15.1% and the unit price per month for monthly support consulting increasing by 7.3% compared to the same period of the previous year.

2. Financial Results as of FY2025 1Q

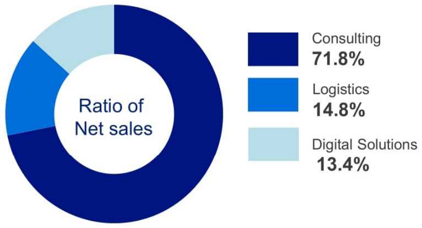
Funai Soken Holdings

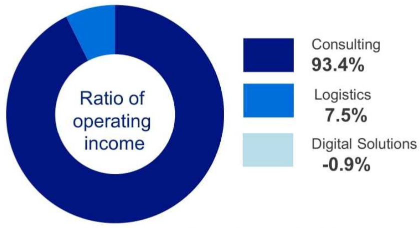
(1) Results of Operations by Segment

Sales and income in the consulting segment were up, buoyed by robust sales of monthly support services and management workshops. The logistics segment was also solid, with double-digit growth in sales and operating income.

Net sales	FY2024 1Q	FY2025 1Q	
	Amount (million yen)	Amount (million yen)	Change (%)
Consulting	4,912	5,589	+13.8
Logistics	995	1,147	+15.3
Digital Solutions	1,062	1,038	-2.3
(Intra-group & whole-group transactions)	0	–	–
Total	6,970	7,775	+11.6

Operating income	FY2024 1Q	FY2025 1Q	
	Amount (million yen)	Amount (million yen)	Change (%)
Consulting	1,705	2,157	+26.5
Logistics	142	172	+20.9
Digital Solutions	180	-19	–
(Intra-group & whole-group transactions)	47	-2	–
Total	2,076	2,307	+11.1





*Percentages exclude intra-group & whole-group transactions

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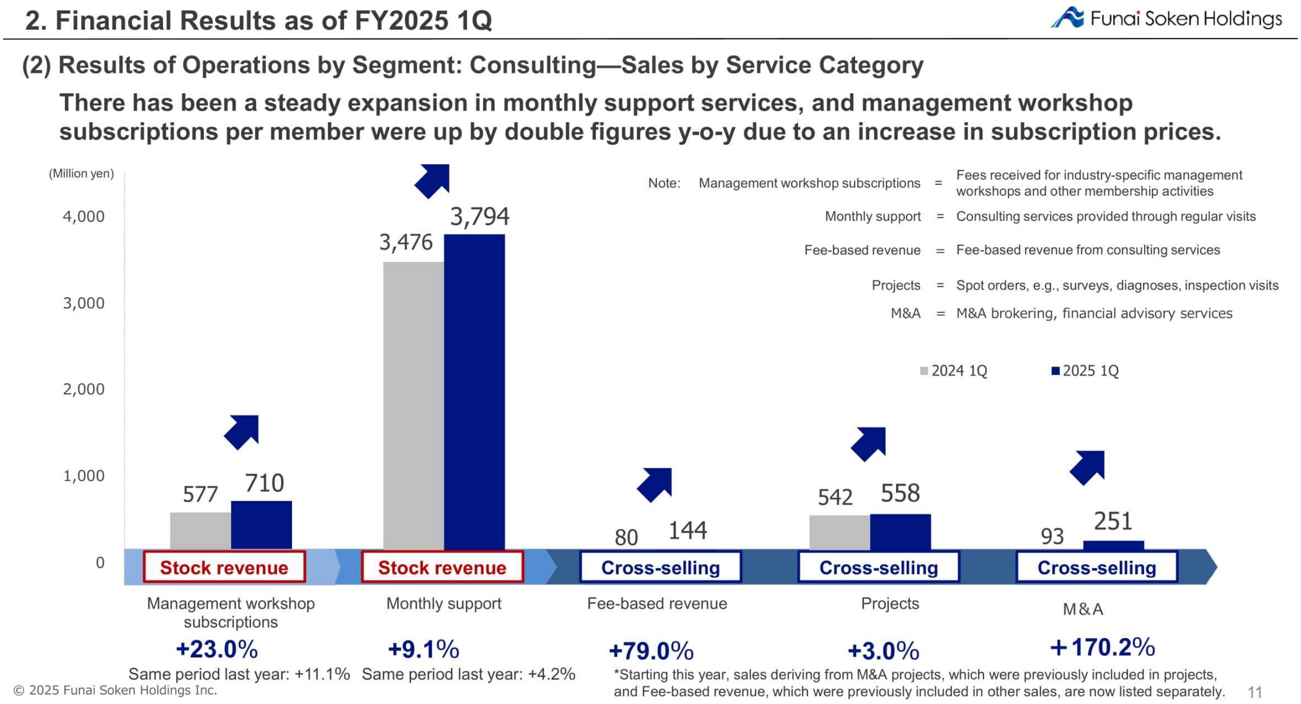
I will now report on the details by segment. Here are the results of each of the three projects.

As I mentioned at the beginning, we were able to increase sales by more than 10% and operating income by more than 20% in both the management consulting business and the logistics business.

The digital solutions business had a difficult Q1, but this was offset by the core business.

We will now look at each segment individually.



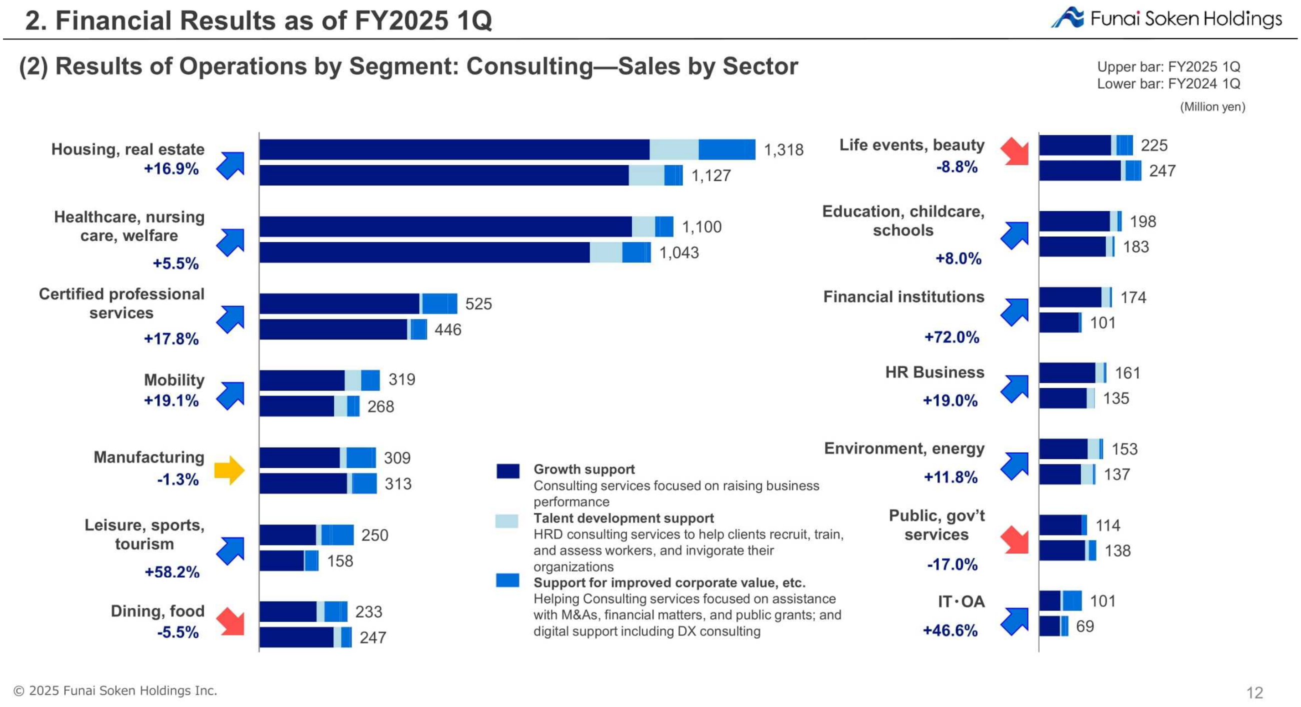
We will begin with our management consulting business.

The graph here shows sales by major business category in the management consulting business.

For better clarity, we have reorganized our business model to include the stock income portion of our business model and the cross-selling portion, which is mainly generated by members of our management workshop and monthly support customers.

As you can see, the stock income portion of management workshop and monthly support is driving stable growth. Our business model is to build up cross-selling on top of these revenues. Monthly support, which accounts for the largest component, totaled JPY3.794 billion, up 9.1% from the same period last year, and is steadily expanding.

The membership fee income of the management workshop was plus-23%, which is due to the effect of the price increase I explained earlier. In the area of cross-selling, M&A activities grew significantly during the quarter to JPY251 million, an increase of 170.2%.



Next, here is the sales situation as seen from the perspective of the main industry categories.

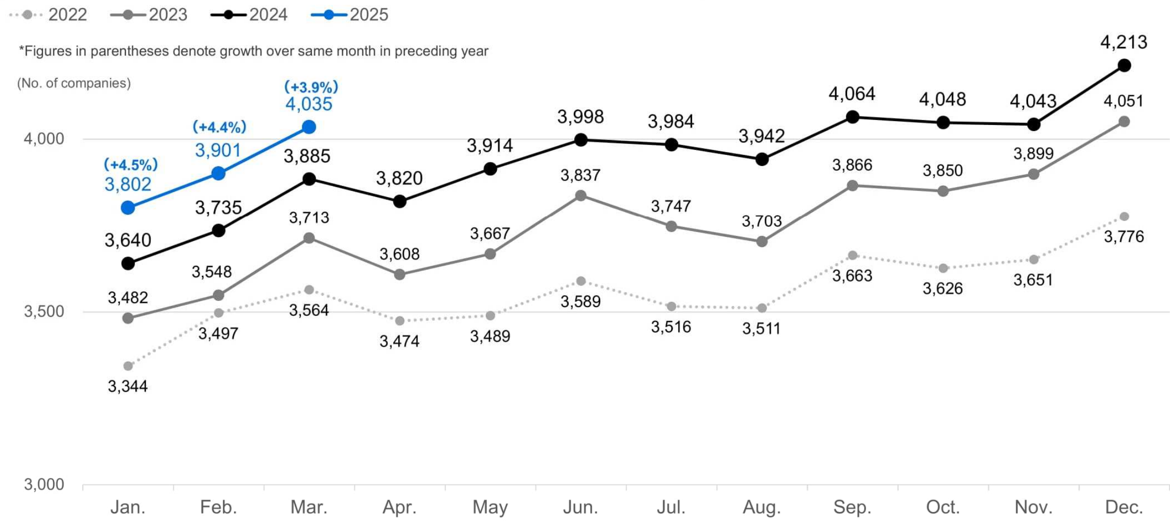
Many industries also exceeded the previous year's results here. In particular, the mainstay housing and real estate field, which had been struggling somewhat in the first half of last year, has been performing well since Q4 of last year, contributing significantly to overall performance, with an increase of 16.9% or approximately JPY200 million in terms of value in Q1.

2. Financial Results as of FY2025 1Q

Funai Soken Holdings

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

Monthly Consulting Client Company Numbers



*Figures denote the total number of consulting contracts per month in the consulting segment
(i.e., Funai Consulting, Proseed, Funai Consulting Shanghai, Seicho Senryaku, Funai Soken Agata FAS and Almacreation; excl. intra-group transactions).

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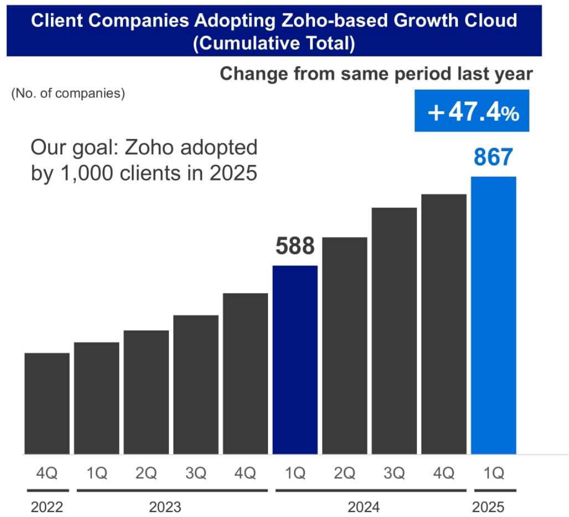
Here is the number of consulting companies by month. The trend has remained the same, with a constant increase of several percent each month.

2. Financial Results as of FY2025 1Q

Funai Soken Holdings

(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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We will provide an overview of the DX consulting trends that we are currently focusing on.

This chart shows the sales transition of DX consulting as defined within the company and the cumulative number of companies that have implemented Zoho among the products we have developed under the service name of Growth Cloud. As you can see, we are making great progress in both of these areas, and our goal is to have 1,000 companies using Growth Cloud Zoho by the end of 2025.

These are the results reported for the management consulting business.

2. Financial Results as of FY2025 1Q

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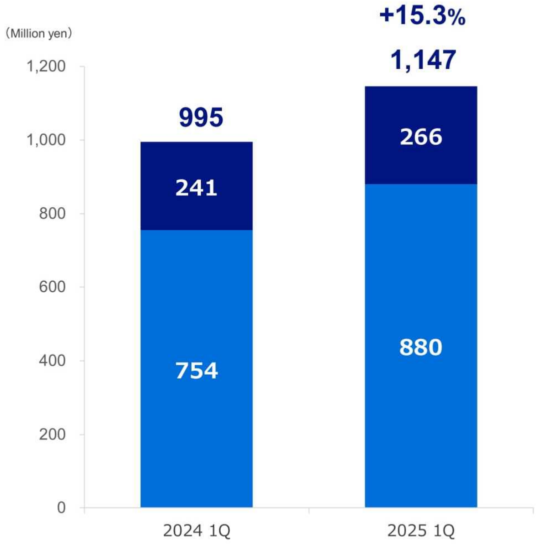
(3) Results of Operations by Segment: Logistics—Sales by Service Category



Logistics Consulting
Helping clients reduce logistics costs

+10.7%

- **Consulting for logistics companies was strong as workshop memberships recovered**
- **Revenues from consulting services for shipper clients were sluggish as a result of a slowdown in growth in renewals of existing contracts**

374 management workshop memberships as of Mar.31, 2025; 340 as of Mar.31, 2024

Logistics BPO
Logistics on behalf of clients
Reducing purchasing costs through joint buying

+16.8%

- **Sales were up, buoyed by increased business from existing clients**
- **New client development is progressing well despite the current unfavorable conditions for large-scale new orders**

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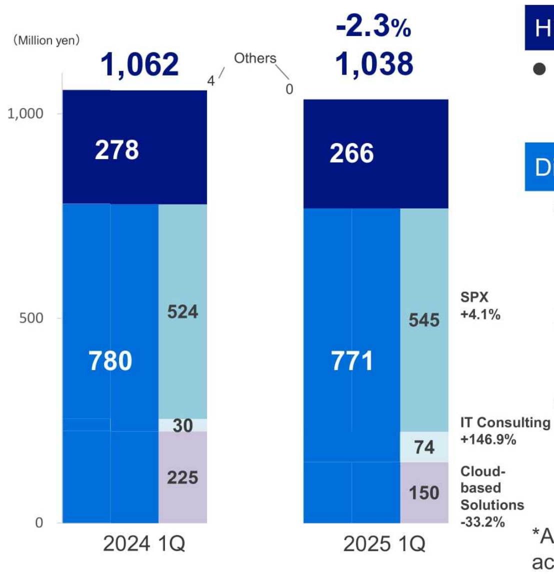
Next is the logistics business.

In the logistics business, both logistics consulting and logistics BPO performed well in the current fiscal year. In particular, our consulting services for logistics companies have also helped us to greatly increase the number of members of our management workshop.

Logistics BPO also had a quarter in which sales increased as existing customers expanded their transactions.

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



HR Solutions -4.1%

- Recruiting Cloud (AI-powered recruiting service): Revenues down due to tightening of some major clients' advertising budgets

Digital Solutions -1.2%

Sales Process Transformation (SPX)
Online ad agency services remained roughly the same, but net sales were up due to robust sales of call center BPO services

IT Consulting
Sales were up, with new projects offsetting the conclusion of major projects from last year

Cloud-based Solutions
Revenue is expected to decline due to a decrease in outsourced orders received, direct-client projects are expected to increase

*Apparel-Web, which was acquired April 2025, will be included in accounts in the digital solutions segment starting in the second quarter

Next is the digital solutions business. Digital solutions also shows a breakdown.

As for the SPX business, call center-related BPO increased due to strong sales, and IT consulting sales also increased due to an increase in projects.

In cloud solutions, the number of subcontracted projects has decreased due to the shrinkage of subcontracted projects, but the number of first-tier subcontracted projects is expected to increase in the future.

In HR solutions, the AI recruiting cloud service was affected by a decline in the advertising budgets of some large clients, resulting in a YoY decline of 4.1%.

As noted at the bottom of this report, Apparel-Web, which joined our group in April, will be included in the digital solutions business segment from Q2.

(5) Consolidated Financial Position: Balance Sheet
Decrease in property, plant, and equipment due to sale of Gotanda Office

(Million yen)

		As of Dec. 31, 2024	As of Mar. 31, 2025	Change	Major factors behind changes
Current assets		17,756	17,731	▲25	Decrease in cash and deposits due to dividend payments
Noncurrent assets	Property, plant, and equipment	6,507	4,438	▲2,068	Decrease in land, buildings, and structures due to sale of Gotanda Office
	Intangible assets	661	727	+66	Increase in goodwill of subsidiary acquired
	Investments and other assets	6,513	7,067	+553	Increase in deferred tax assets due to listing in accounts of extraordinary losses on sale of Gotanda Office
Total assets		**31,438**	**29,964**	**▲1,474**	
Current liabilities		6,274	6,395	+120	Increase in provision for employees' bonuses
Noncurrent liabilities		174	222	+47	Increase in lease obligations due to renewal of building leases
Total liabilities		**6,449**	**6,617**	**+167**	
Total net assets		**24,989**	**23,347**	**▲1,641**	Decrease due to dividend payments
Total liabilities & net assets		**31,438**	**29,964**	**▲1,474**	

Next, here is a summarized balance sheet. The major movement was a decrease in tangible fixed assets due to the sale of the Gotanda office.

(6) News

Funai Soken Consulting Group Acquires Apparel-Web

We acquired e-commerce and online marketing specialists Apparel-Web, Inc. as a group company as part of our effort to realize the Group Vision of becoming the foremost provider of digital and comprehensive consulting solutions for mid-scale and SME clients as stated in the Mid-Range Business Plan.

By adding Apparel-Web's deep expertise in the apparel industry and extensive knowhow in e-commerce and online marketing to the Funai Soken Consulting Group's expertise in consulting for a broad range of industries, we continue to build a comprehensive support system covering everything from management strategy to advanced digital marketing.

ApparelWeb

Apparel-Web, Inc.
Incorporated: Jan. 2000
Business: Digital marketing, etc.

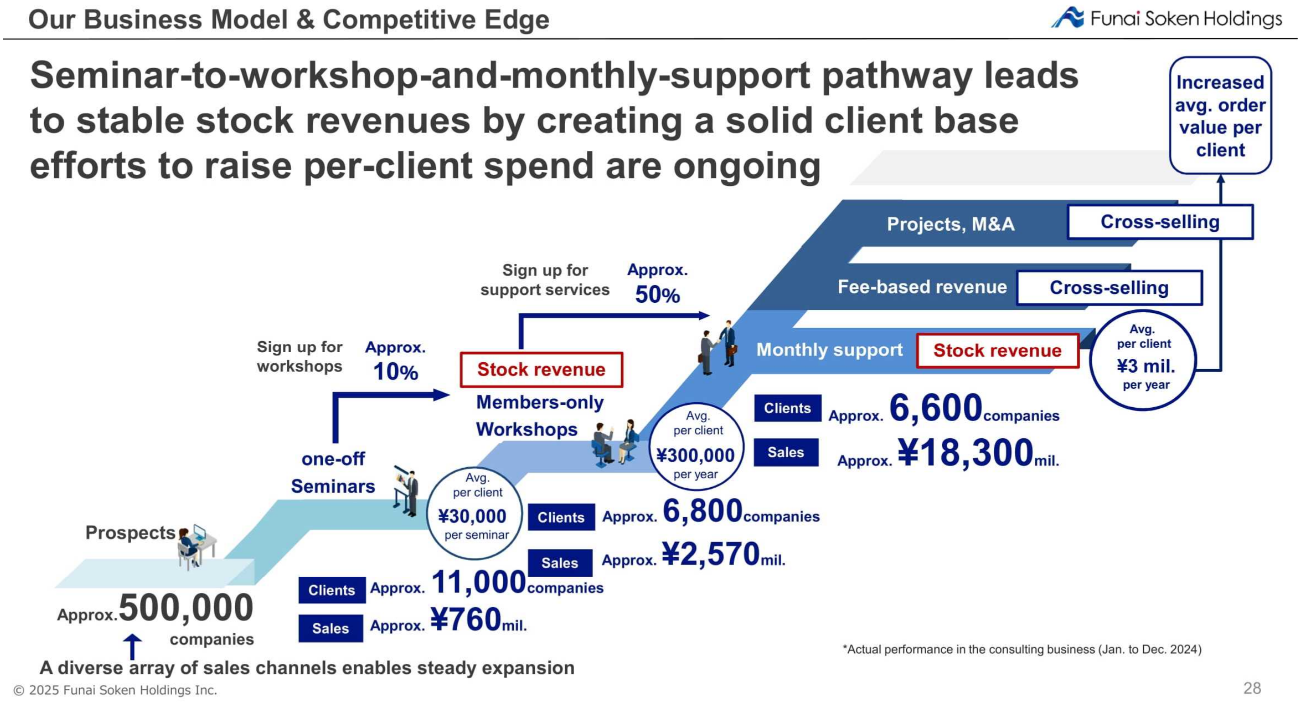
As the last topic of the financial report, as I mentioned earlier, as part of our DX strategy, we have recently acquired shares of Apparel-Web, which has strengths in EC and web marketing, and made it a wholly owned subsidiary as of April 30.

Apparel-Web was established in January 2000 and is engaged in digital marketing and other businesses. The aim is to provide customers with a consistent support system ranging from the formulation of management strategies for the Funai Soken Group to advanced digital marketing, which is one of Apparel-Web's strengths.

This is the Q1 financial report that we announced today.

Lastly, there are some updated and newly disclosed materials regarding our business model and competitive advantages, which are always included as reference materials at the end of the financial summary. I would like to explain them, and then we will move on to the Q&A session.

If you are an investor who is watching and have questions, we would love to hear from you at this time via the chat section.



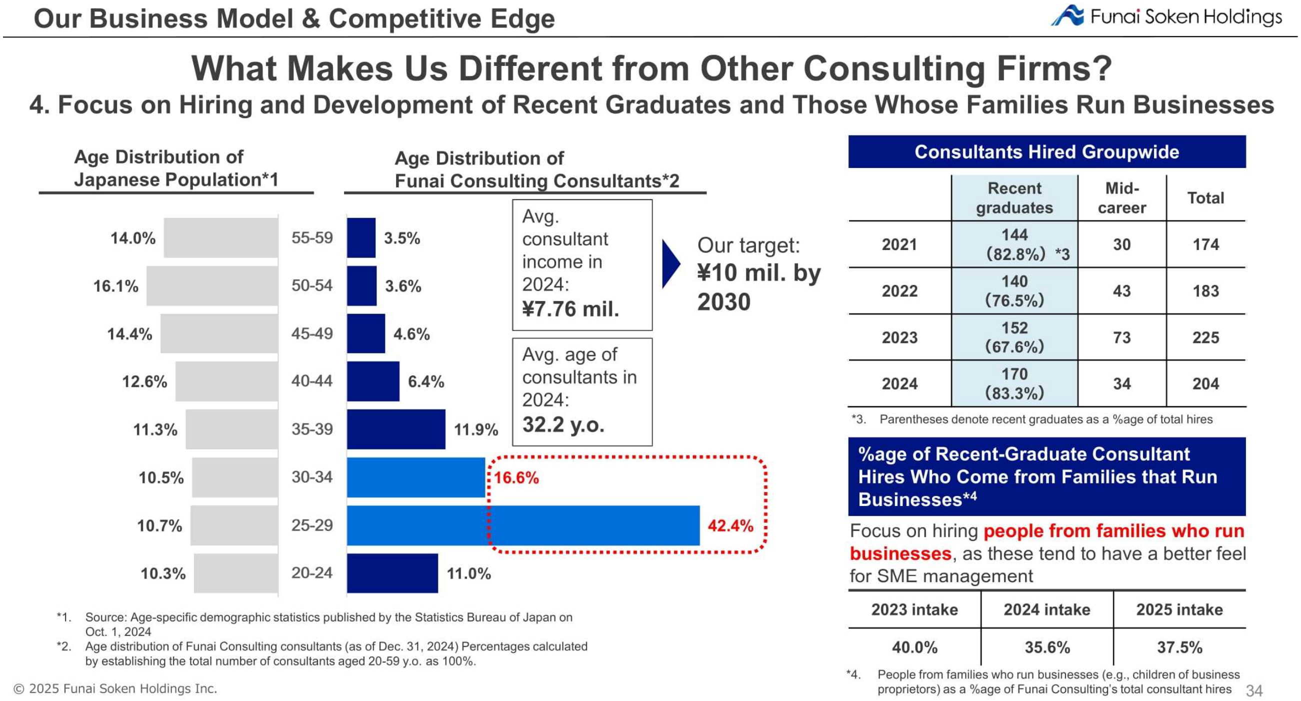
This is a diagram we often use to explain our business model. We have renewed some parts of the site for easier understanding and would like to explain them again.

The Group is acquiring new clients and also realizing stable and continuous orders through a cyclical cycle starting with management seminars.

We have established a cycle of attracting customers through management seminars from our client list and web page, and then increasing our client base by having them join our management workshop.

The management workshop is currently experiencing record membership growth, and we are building a business model in which seminar participants and workshop members lead to monthly support consulting. Last year, we provided monthly support to approximately 6,600 clients under consulting contracts.

These management seminars and monthly support have become a stable source of stock income, and we are currently promoting cross-selling and up-selling to increase the unit price per client, which I believe is a competitive advantage of our business model.



The figure here is a newly disclosed reference material.

I would like to explain the difference between us and other consulting firms in terms of human resources. The figure here, showing the age distribution of consultant positions at the core company, Funai Consulting, compared to the age distribution of the Japanese population.

One of the characteristics of our human capital management is that we have established a system for recruiting and training mainly new graduates. Compared to general consulting firms, the average age of our consultants are young, at 32.2 years old. Because of the large number of young employees, the average annual salary is JPY7.76 million, which may seem slightly lower than that of consultants at other consulting firms, but I believe this is partly due to the young average age of our consultants.

However, we would like to gradually raise this annual income level in the future, and our mid- to long-term goal is to raise the average annual income of consultants to JPY10 million by 2030.

In addition, our company hires new graduates, mainly new consultant hires, but one unique point is that we plan to focus on hiring family business personnel. We are strengthening our recruitment of family business human resources, which are defined as the sons and daughters of business owners who own their own family business. We are strengthening our recruitment of these family businesspeople who have a deep understanding of small and medium business management, which is our main client.

Incidentally, 37.5% of new graduate consultants who joined the Company in 2025 have their parents in the family business. We believe this is another unique aspect of our consulting firm that other consulting firms do not have. This concludes this Q1 financial report and explanation from me. Thank you very much.

Question & Answer

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

Participant [Q]: I think the current economic environment is different from what we assumed at the beginning of the period, such as the impact of tariffs in the US. What should we think about the impact on the current situation?

Saito [A]: Thank you for your question. Regarding the so-called Trump tariffs, first of all, our core clientele is small and midsize business owners, so I believe that they are not as affected by the tariffs as large companies.

However, we do not yet know what the future situation will be, so what we are sure of is that the current impact is not as great as for other major companies.

Participant [Q]: Next question. The price increase for monthly support consulting seems to be going well, how is the customer feedback?

Saito [A]: Thank you. Regarding customer feedback and customer response, we are aware that there is a certain level of understanding now that prices are rising and the unit cost of services is increasing.

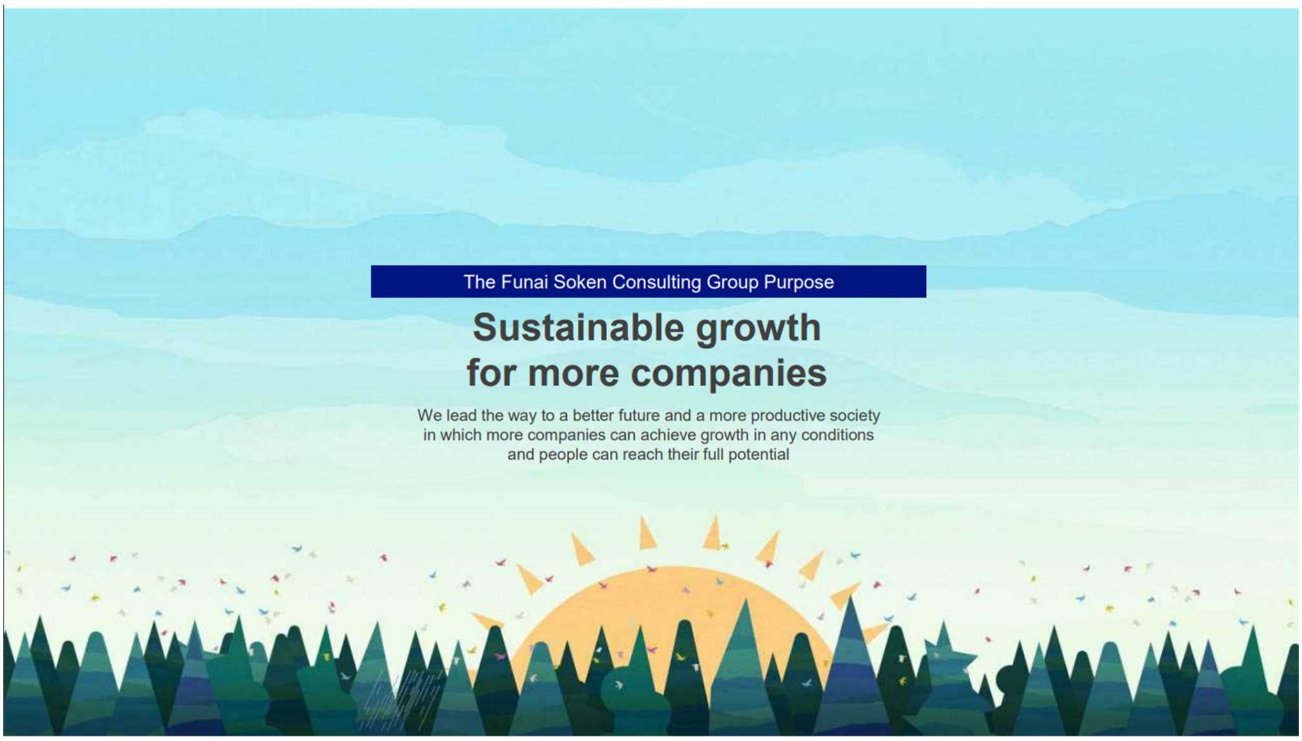
One of the indicators to measure this is the customer renewal or retention rate. We use this as one of our key KPIs, and the renewal rate is currently over 70%. This has not declined in the process of raising the unit price. In that sense, we believe that customers are accepting this increase in unit price.

However, we should not just raise prices because other companies are also raising their prices. We should also focus on providing higher quality consulting services and higher quality services. In conclusion, we would like you to acknowledge that the customer feedback has been well understood and accepted.

Moderator [M]: Thank you very much. How about others?

That concludes the questions we have received, and we will now conclude the question-and-answer session. If you have individual questions, we are open to one-on-one requests, so please contact us.

This concludes the meeting for the reporting of financial results for Q1 of the fiscal year ending December 31, 2025. Thank you very much for watching.



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