Funai Soken Holdings Incorporated

Q1 Financial Results Briefing for the Fiscal Year Ending December 2026

May 13, 2026

【Speaker】

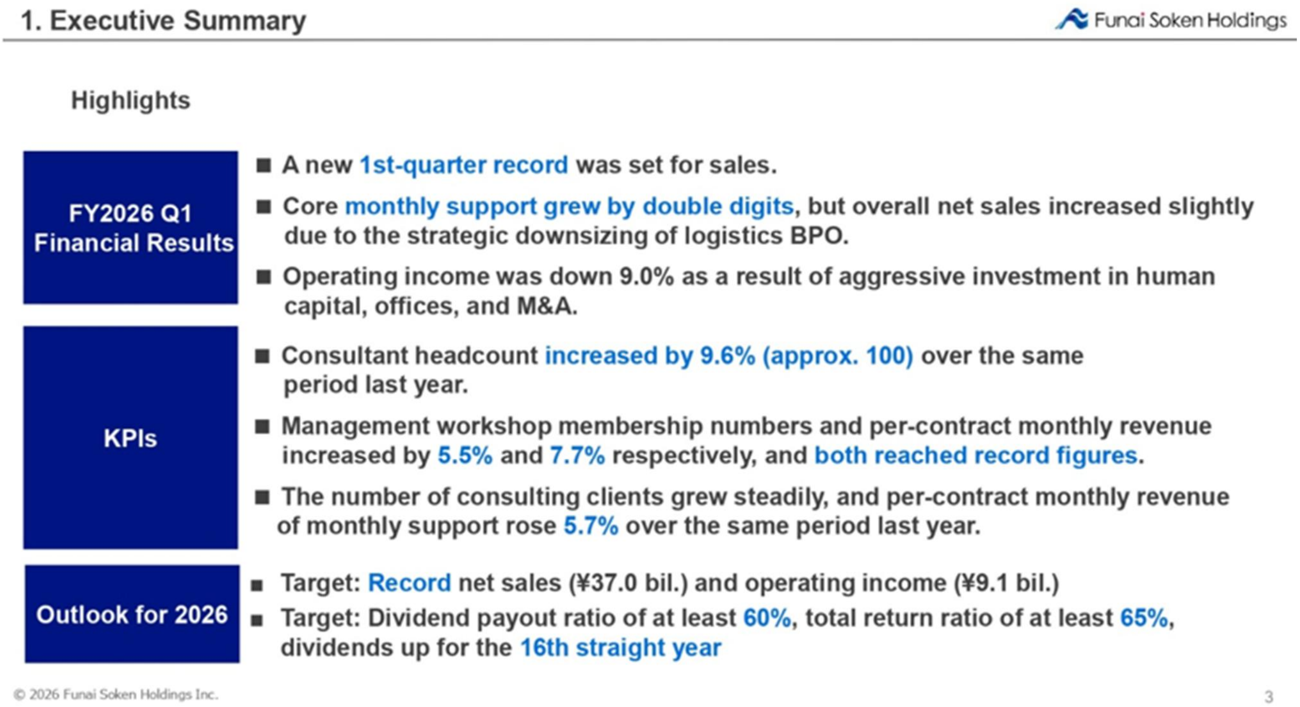
Eijiro Saito	Executive officer, Deputy head of Management Division
Tsubasa Yamamoto	Head of Corporate Strategy Department
Naoya Yamane	Senior Manager of Corporate Finance Department

Presentation

Saito: I am Saito of Funai Soken. Thank you for your continued support. Now, I would like to report on the financial results for Q1 of the fiscal year ending December 2026, which we have just announced at 3:30 PM.

This is the table of contents for the summary of financial results we just released. Today, among these items, Yamamoto and I will mainly present the executive summary, the financial results for FY2026 Q1, and forecasts and growth strategy. We will then answer your questions.

Please note that, starting this fiscal year, the three reportable segments of consulting, logistics, and digital solutions until last year have been consolidated into a single segment of consulting. We have disclosed this information retroactively in the materials for comparison with last year's figures, but please feel free to ask if anything is unclear.



Now, I would like to begin with the summary of financial results.

First, I will briefly summarize the key points of this quarter's financial results. For Q1 of FY2026, sales reached a record high for any Q1 period. Our core monthly support grew by double digits; however, overall net sales increased only slightly, primarily due to the strategic downsizing of logistics BPO. On the profit side, operating income declined 9% YoY due to aggressive investments in human capital, offices, and M&A.

With regard to major KPIs that are leading indicators of our performance, consultant headcount increased 9.6% YoY, or approximately 100 consultants. The management workshop membership, as the foundation for our recurring revenue, has set new records in both membership growth and per-contract monthly revenue, with increases of 5.5% and 7.7%, respectively. Monthly support consulting also showed steady growth with a 5.7% increase per contract.

There are no changes to our full-year outlook. We are projecting record-high net sales of JPY37 billion and operating income of JPY9.1 billion. With regard to shareholder returns, we plan to increase dividends for the 16th straight year, aiming for a dividend payout ratio of at least 60% and a total return ratio of at least 65%.

1. Executive Summary

Funai Soken Holdings

(1) Consolidated Income

A new 1st-quarter record was set for sales; operating income was down due to aggressive investments. The large increase in net income for the quarter is mainly due to a rebound from the extraordinary loss of ¥2,155 mil. incurred last year due to the sale of the Gotanda Office.

	FY2025 Q1		FY2026 Q1		
	Amount (million yen)	% of total	Amount (million yen)	% of total	Change (%)
Net sales	7,775	100.0	7,944	100.0	+2.2
Operating income	2,307	29.7	2,100	26.4	-9.0
Ordinary income	2,321	29.9	2,136	26.9	-8.0
Net income attributable to owners of the parent	79*	1.0	1,391	17.5	+1658.8

*Net income for Q1 2025 reflects the effects of extraordinary losses of ¥2,155 mil. incurred on the sale of the Gotanda Office.

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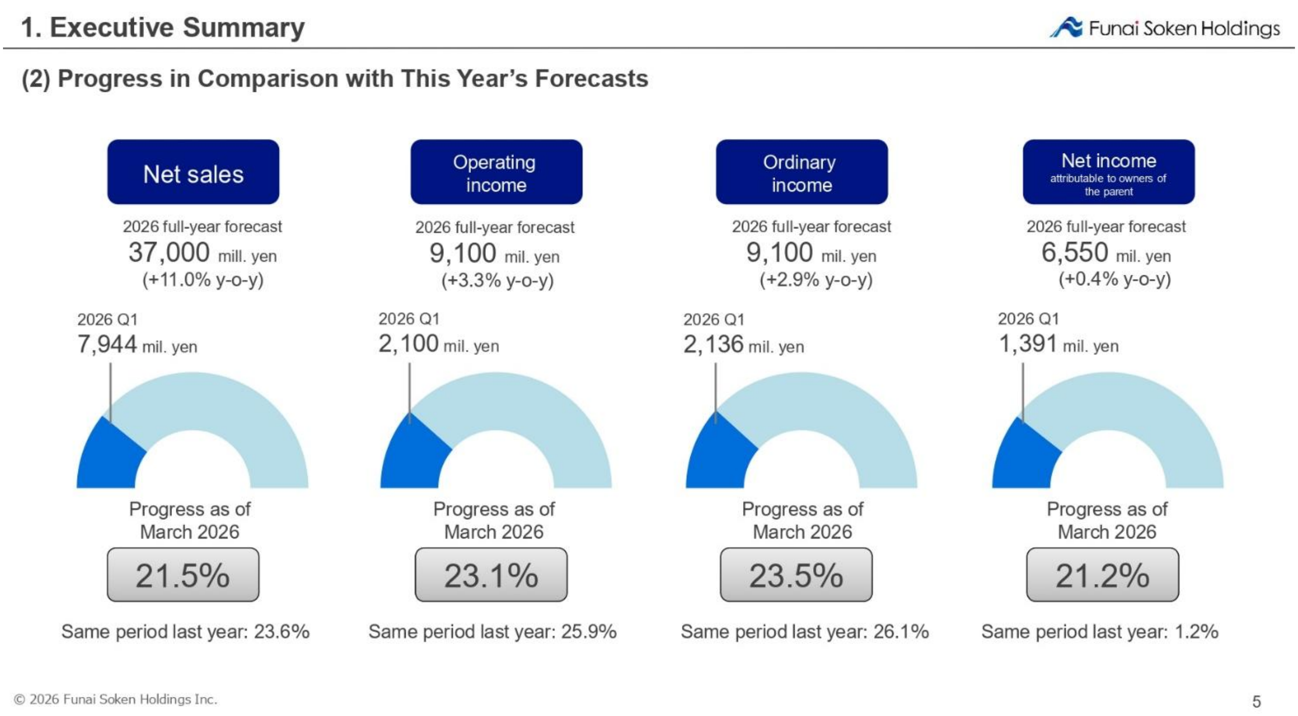
This is a breakdown of the consolidated income.

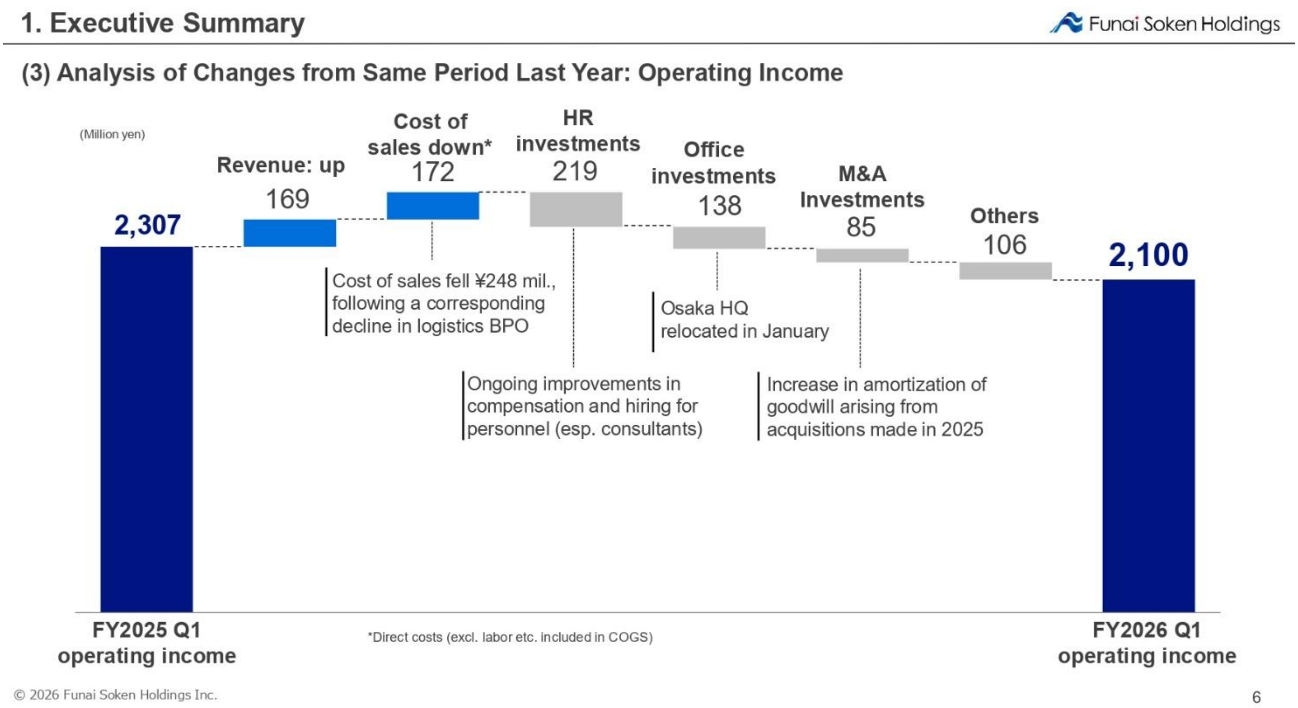
Net sales were JPY7,944 million, up 2.2% YoY. Operating income was JPY2,100 million, down 9 %. Ordinary income was JPY2,136 million, down 8%, and this decrease was due to the aggressive upfront investment I mentioned earlier.

Net income attributable to owners of the parent was JPY1,391 million. The significant YoY increase in profit is mainly due to the absence of an extraordinary loss of JPY2,155 million recorded last year in connection with the sale of the Gotanda Office.



This is the progress toward the full-year forecast.

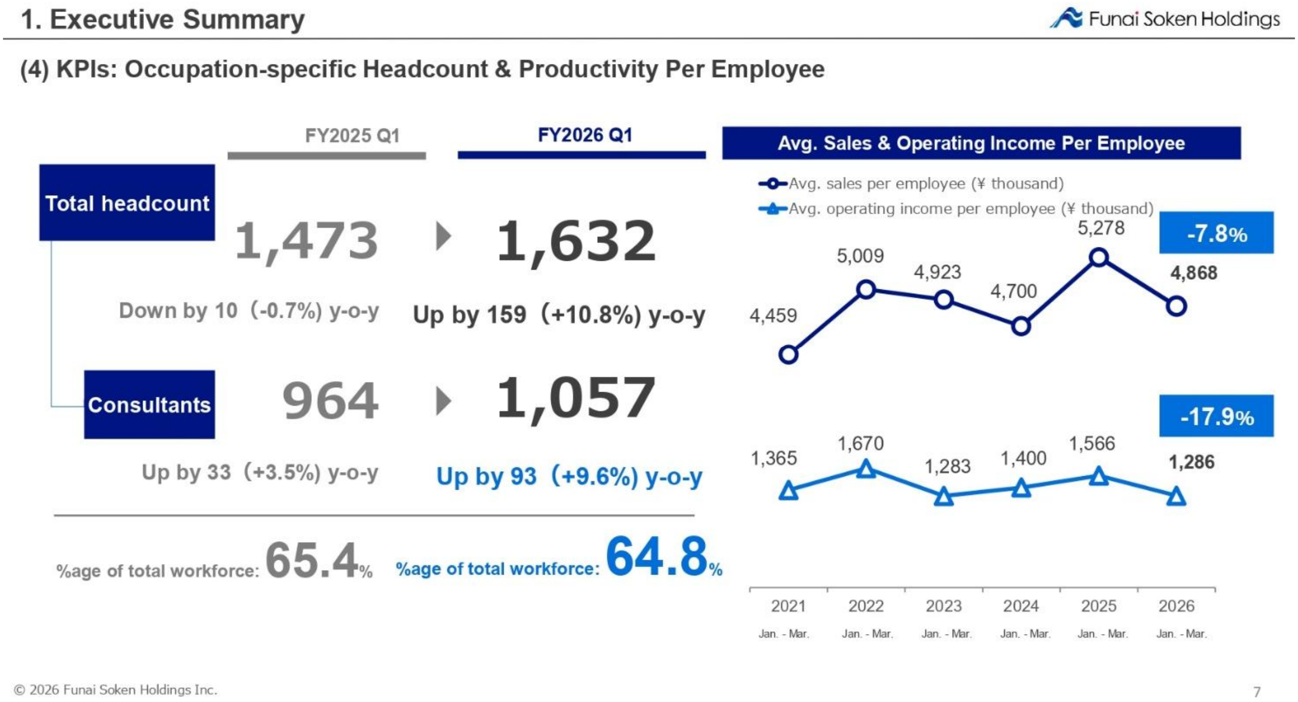
Progress in Q1 toward 2026 full-year forecast stands at 21.5% for net sales, 23.1% for operating income, 23.5% for ordinary income, and 21.2% for net income.



I will explain more specifically the factors behind the change in operating income.

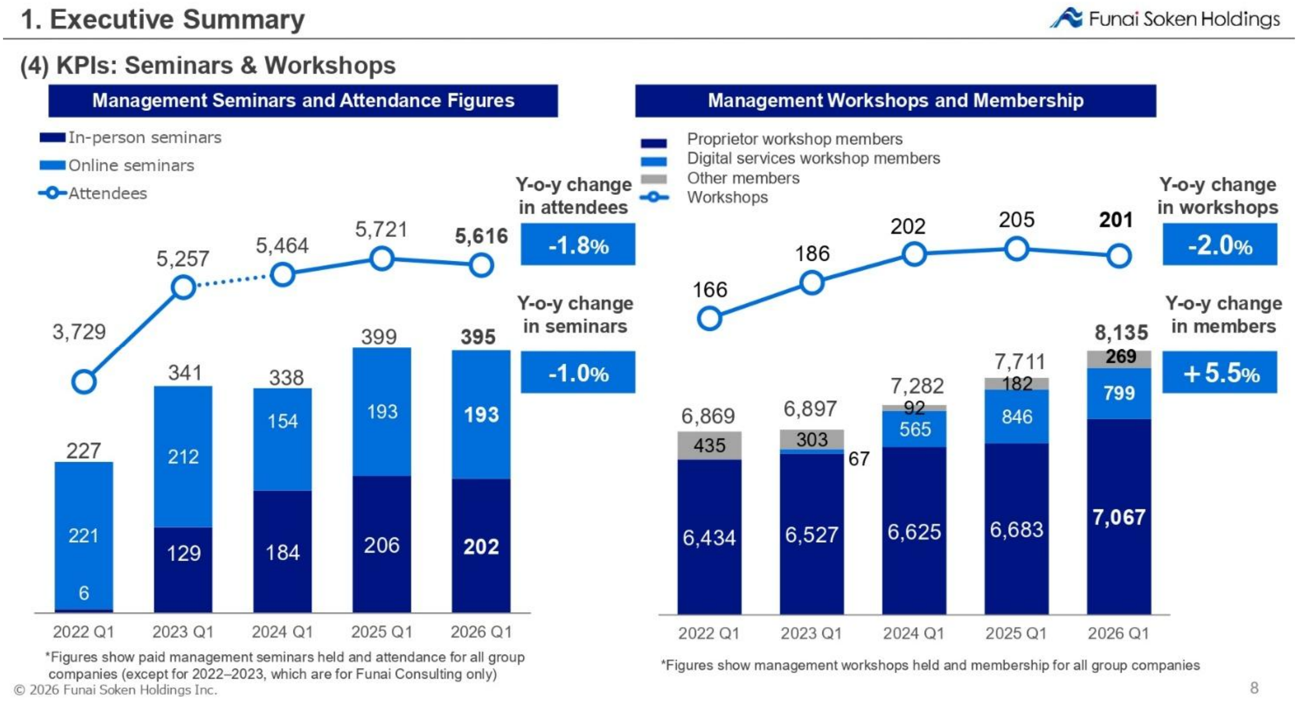
Operating income for Q1 came in at JPY2,100 million, compared to JPY2,307 million in the same period last year. The increase was driven by a JPY169 million rise in revenue. Additionally, due to a decline in operations within the logistics BPO, related cost of sales fell by JPY248 million; consequently, cost of sales decreased by JPY172 million, leading to a corresponding increase in gross profit.

On the other hand, with an eye toward future growth, we invested JPY219 million in human resources through ongoing improvements in compensation, primarily for consultants, and by strengthening our hiring activities. Also, JPY138 million of office investments for the relocation of the Osaka head office from January this year. An increase of JPY85 million in amortization of goodwill resulting from M&A transactions conducted in the previous fiscal year. These upfront investments have led to increased costs, and as a result, operating income has decreased.



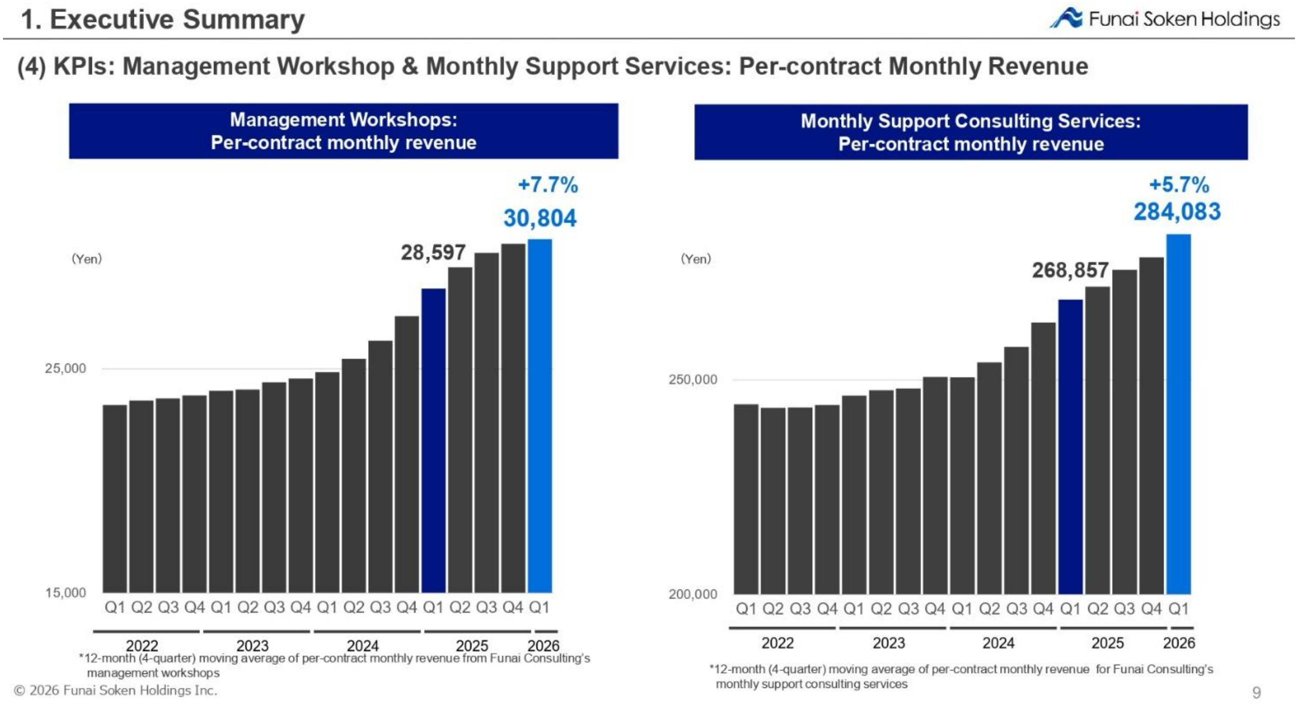
From here on, I will report on the major KPIs that serve as leading indicators of our future performance.

First, our headcount composition. The number of employees totaled 1,632, an increase of 159 YoY. As a percentage, it was up 10.8%. Of this total, 1,057 were consultant personnel, an increase of 93 YoY. As a percentage, it rose significantly to 9.6%. Consultants account for 64.8% of the total.



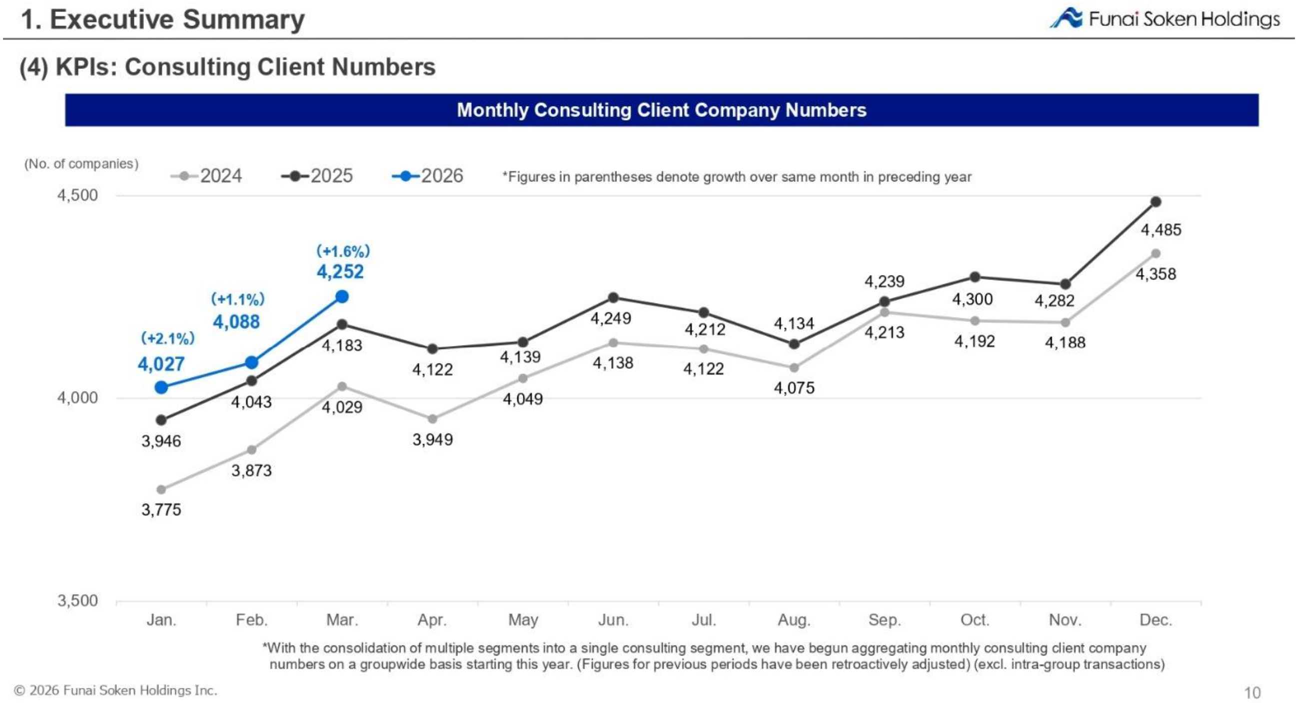
Moving on to the results of management seminars and management workshops.

For the management seminars, both the number of attendees and the number of seminars held generally followed the same pace as the previous year. Meanwhile, the management workshop's membership has been steadily growing, reaching 8,135 members with a 5.5% increase YoY, continuing to set new records.



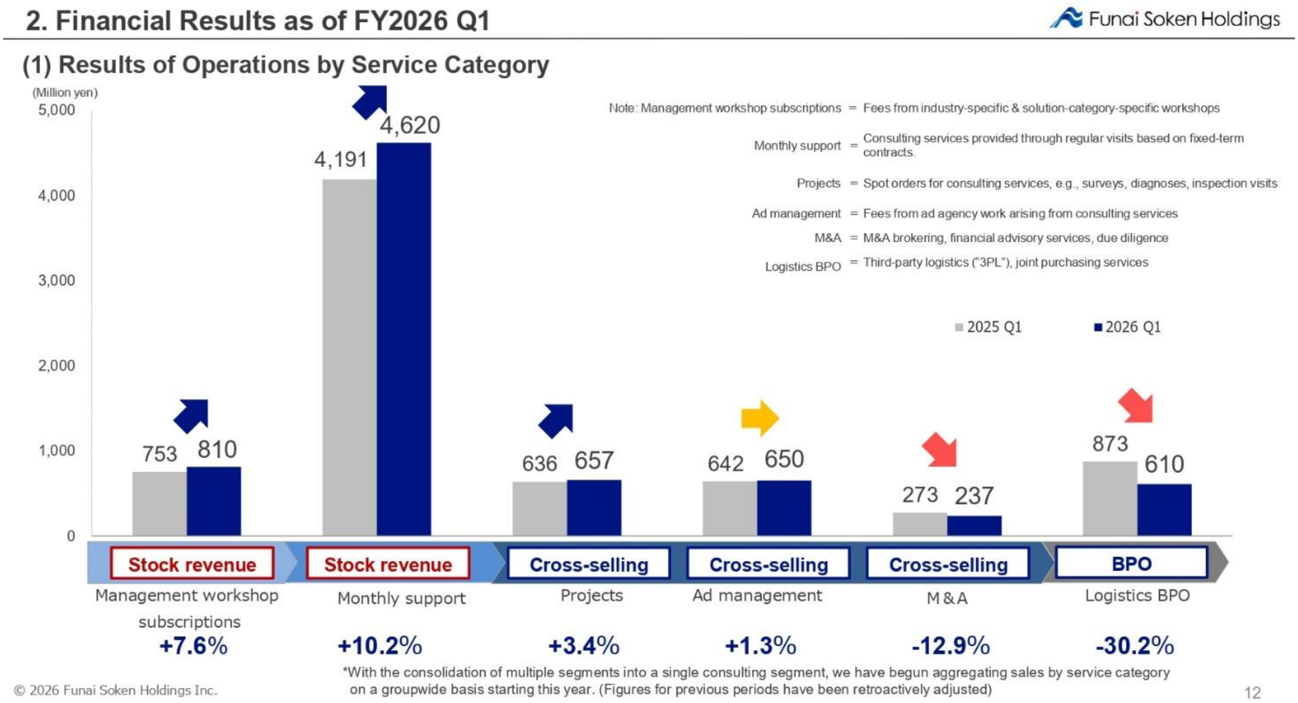
These charts show the trends in monthly revenues for the management workshop and the monthly support services, which are the main pillars of our recurring revenue.

For the management workshop, the monthly revenue per contract has been steadily increasing since membership fees were raised in April 2024. The average monthly membership fee has exceeded JPY30,000, marking a 7.7% YoY increase. For the monthly support consulting, the revenue per contract has also been gradually increasing, resulting in a 5.7% YoY increase.



Moving on to the numbers of consulting clients.

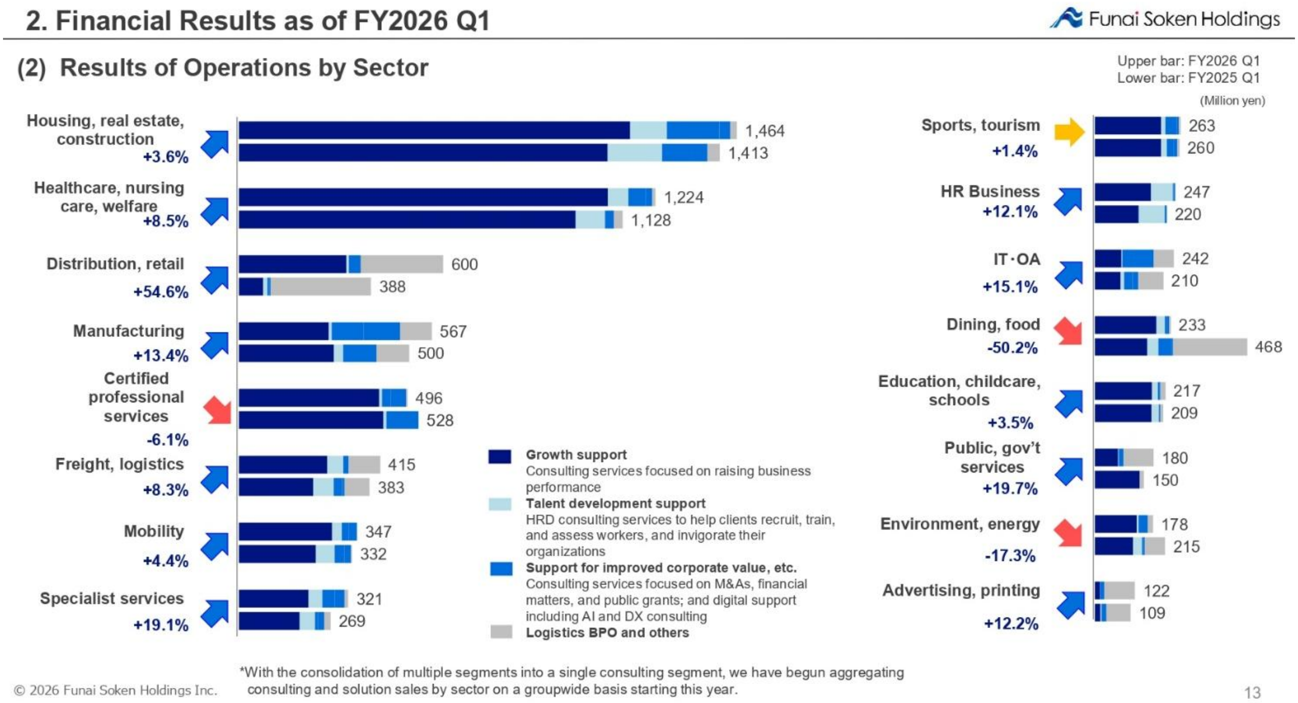
This graph shows the trend in total client numbers on a group-wide basis, going back to 2024, following the consolidation of consulting segments starting this fiscal year. As a result, the number of client companies totaled 4,252 as of March, an increase of 1.6% YoY. As you can see, while we have achieved higher unit pricing as mentioned earlier, the number of client companies we support continues to grow steadily.



From here on, I will provide more detailed performance trends, categorized by services, industry, and theme. First, I will report on sales by major service category.

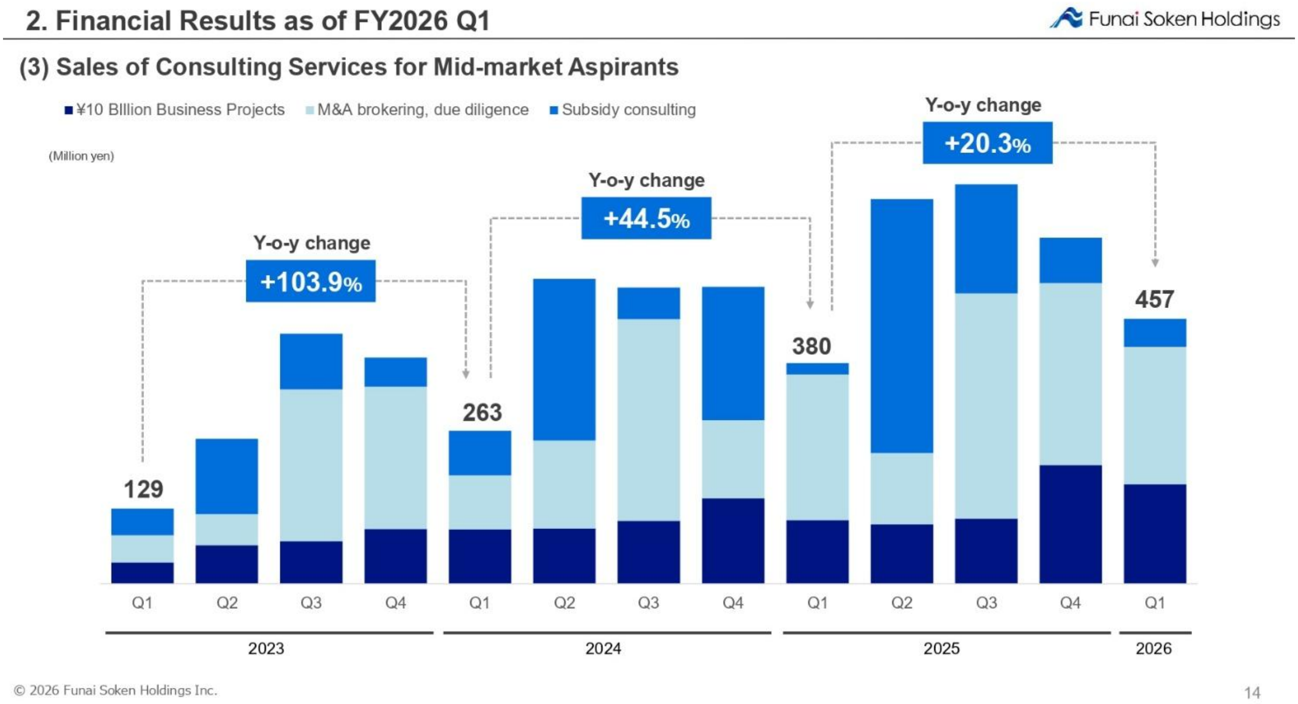
Subscriptions to management workshops as our stock revenue, or recurring revenue, increased 7.6% YoY to JPY810 million, and monthly support grew largely by 10.2% to JPY4.62 billion.

Projects and advertising management in the cross-selling area also remained strong. On the other hand, M&A decreased 12.9% to JPY237 million, partly because the closing was delayed to Q2 or later. Logistics BPO decreased 30.2%, to JPY610 million, mainly due to a strategic downsizing of operations. However, the mainstay monthly support services were able to firmly drive overall growth.



Moving on to sales by major sector.

Housing, real estate, and construction, which account for a large percentage of the total, increased 3.6% to JPY1,464 million. Healthcare, nursing care, and welfare grew steadily and increased 8.5% to JPY1,224 million. Distribution and retail, which includes many customers of Apparel-Web, a company that joined our group last April, saw significant growth of 54.6%, and other various sectors also outperformed the previous year's results.



This is a slide we have newly released. As themes related to our consulting services to mid-market aspirants, a key focus area of the Mid-Range Business Plan released this year, we have provided sales trends over the past three years for JPY10 billion business projects, M&A-related, and subsidy consulting.

The combined sales of these three themes amounted to JPY457 million in the current Q1, showing a high growth rate of 20.3% YoY. Although M&A-related and subsidies are quite variable in sales even on a quarterly basis, they are steadily increasing in size each year and continue to grow as a new driver of our future growth.

2. Financial Results as of FY2026 Q1

Funai Soken Holdings

(4) Consolidated Financial Position: Balance Sheet

Decrease in current assets due to dividend payments as part of ongoing dividend increase policy

(Million yen)

		As of Dec. 31, 2025	As of Mar. 31, 2026	Change	Major factors behind changes
Current assets		20,711	17,373	(3,337)	Decrease in cash and deposits due to dividends and income taxes paid
Noncurrent assets	Property, plant, and equipment	2,668	2,254	(413)	Decrease due to sale of company housing
	Intangible assets	1,688	1,884	+195	Increase in goodwill due to acquisition of subsidiary
	Investments and other assets	9,425	9,837	+412	Increase in long-term deposits due to investment of surplus funds
Total assets		**34,493**	**31,350**	**(3,142)**	
Current liabilities		8,514	5,753	(2,761)	Decrease due to income taxes paid
Noncurrent liabilities		190	244	+54	
Total liabilities		**8,705**	**5,997**	**(2,707)**	
Total net assets		**25,788**	**25,352**	**(435)**	Equity ratio steady at 78.2%.
Total liabilities & net assets		**34,493**	**31,350**	**(3,142)**	

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Lastly, I would like to explain the condensed balance sheet to explain our financial position.

Current assets decreased from the end of the previous year. This was due to a decrease in cash and deposits, primarily resulting from dividend payments associated with consecutive dividend increases and the payment of income taxes. Total net assets were JPY25,352 million, and the equity ratio remained high at 78.2%, maintaining a sound financial base.

Now, I will turn it over to Yamamoto, who will report on the topics and forecasts for Q1 and our future growth strategy.

2. Financial Results as of FY2026 Q1

Funai Soken Holdings

(5) News

I. Operations Begin at New Osaka HQ, "Sustainable Growth Square Osaka"—Direct Access from Osaka Stn.

With state-of-the-art facilities, a more spacious area for attracting clientele, and a directly walkable link with Osaka Stn., the new Osaka HQ will not only maximize business opportunities in Western Japan, but also serve as a growth investment that further cements our revenue base and improves our ability to compete in a tight recruitment market.

II. New Capital & Business Alliance with Standage

STANDAGE × Funai Soken Group

Standage, Inc., is one of Japan's top providers of international trade support services for mid-market companies and SMEs, with a client roster of around 450 companies (as of Dec. 2025). The partnership agreement enables us to harness Standage's deep insights and provide mid-market and SME clients a full spectrum of close-quarters support to ramp up their export businesses and international expansion efforts.

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Yamamoto: Thank you, and hello everyone. My name is Yamamoto, and I am in charge of investor relations in the Corporate Strategy Department together with Saito. I will explain starting from this page.

First, I would like to highlight the key topics for Q1.

The photo on the left is our Osaka Headquarters, our newly launched base, Sustainable Growth Square OSAKA, which is directly connected to JR Osaka Station. Equipped with cutting-edge facilities, this base will not only maximize business opportunities in Western Japan but also serve as a hub for recruiting top talent, thereby further strengthening the revenue base that drives our sustainable growth.

The second topic on the right side is the capital and business alliance with STANDAGE. By combining their expertise as a leader in trade support for small and midsize companies with our strategic planning capabilities, we will accelerate our end-to-end support for exports and overseas expansion.

(5) News

III. Funai Soken Holdings & Funai Consulting Win Government Recognition for Health & Productivity Management

2026
健康経営優良法人
KENKO Investment for Health
大規模法人部門

Funai Soken Holdings and Funai Consulting were recognized by the Ministry of Economy, Trade, and Industry under its KENKO Investment for Health program that recognizes organizations for excellence in strategically implementing efforts that lead to the maintenance and promotion of employee health. In keeping with our commitment to enhancing employee well-being as stated in the Basic Policy on Human Resources, we endeavor to maximize employee lifetime value (ELTV) through initiative such as implementing labor standards that surpass statutory requirements and support for work-life balance, e.g., for those undergoing medical treatment.

IV. 190 New Employees Join Group in 2026 Intake

A total of 190 new employees joined the Funai Soken Consulting Group on April 1, 2026. Most of them were recruited to work as consultants, more than 40% were women, around 30% of them come from families who run businesses*, and all of them are a welcome addition to our efforts to create a workforce that can build and sustain growth.

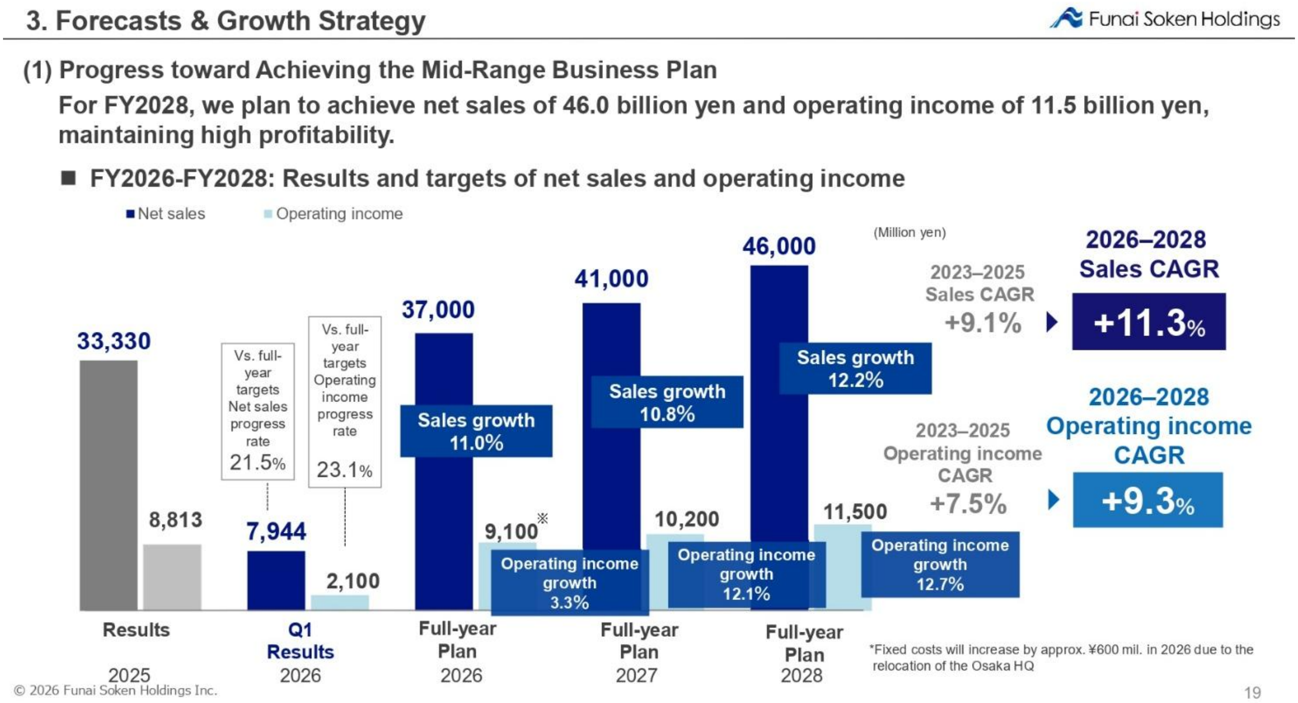
*I.e., people from families who run businesses (e.g., children of business proprietors) as a percentage of Funai Consulting's total consultant hires.

Next, for the third topic, Funai Soken Holdings and Funai Consulting have been certified as companies of KENKO Investment for Health 2026 in the large-scale corporation category.

As part of the Mid-Range Business Plan, we aim to maximize Employees Lifetime Value, ELTV, and as part of that effort, we will continue to focus on such health promotion initiatives.

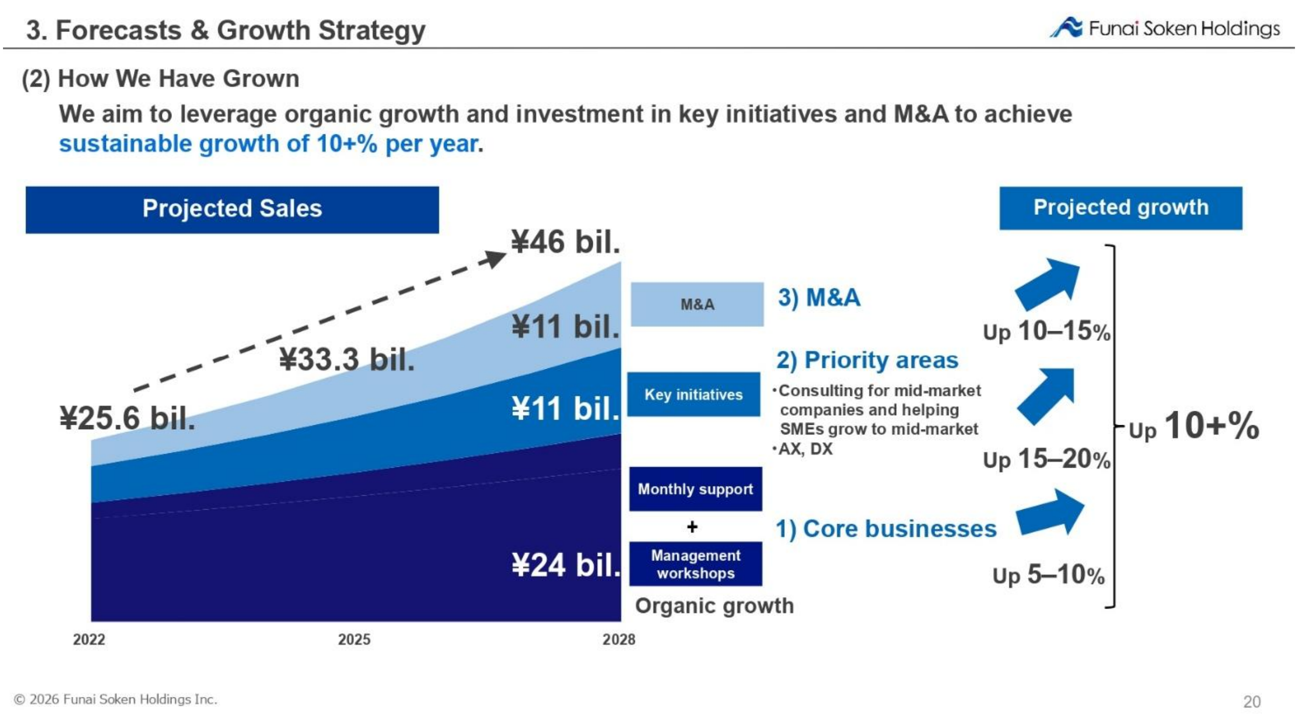
The fourth topic is about the new graduates who joined the Company this April.

A total of 190 new hires joined the Group, primarily in consulting roles. The female ratio is approximately 40%, and about 30% of the new hires come from families that run their own businesses. This further strengthens our talent base, which is one of our company's unique strengths.



From here on, I will explain our earnings forecasts and our strategy for sustainable growth.

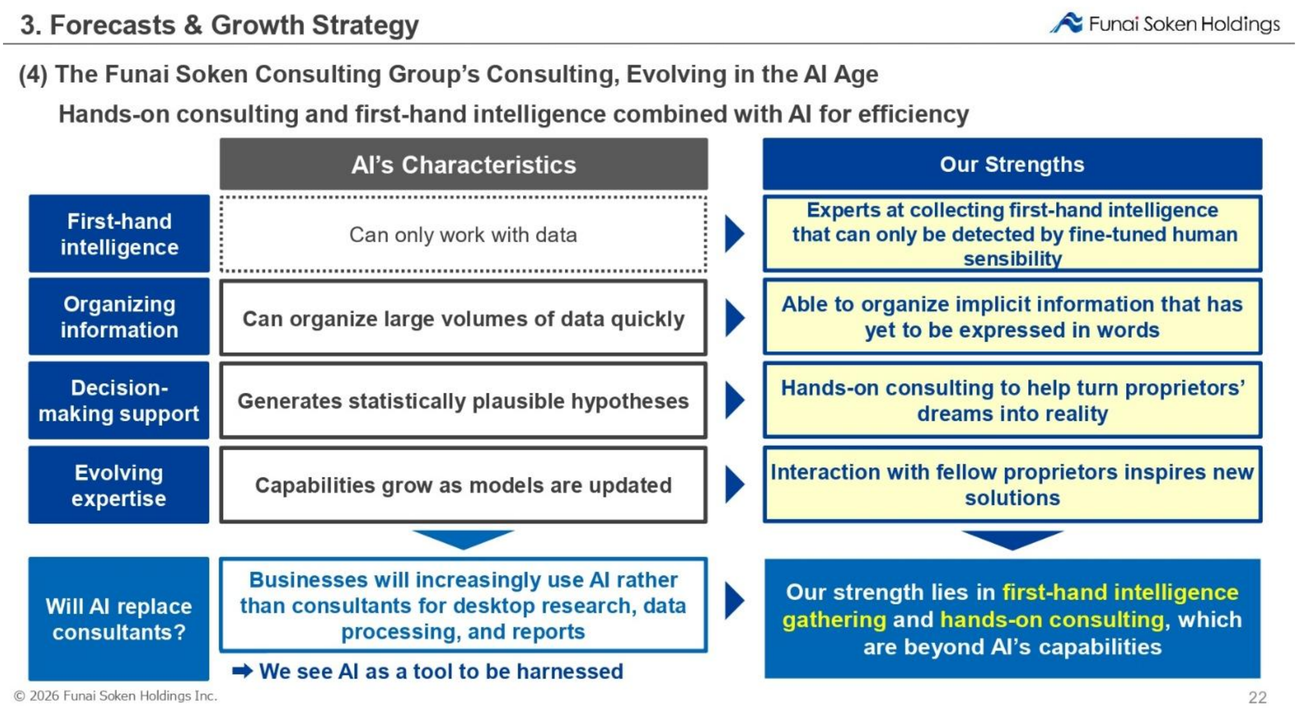
This chart shows our progress against the Mid-Range Business Plan announced in February this year and our Q1 results. We plan to achieve group-wide net sales of JPY46 billion and operating income of JPY11.5 billion in FY2028. In the current fiscal year, we expect an increase in fixed costs of approximately JPY0.6 billion per year due to the relocation of the Osaka Headquarters, but we plan to achieve increased profits even after accounting for these costs. The average annual growth rate of sales over the past three years stands at 11.3%, and we are moving steadily toward the Mid-Range Business Plan targets.



This slide illustrates our group's growth projection.

Based on organic growth of 5% to 10% in our core business, which is centered on the monthly support and the management workshops, we aim to achieve sustainable growth of more than 10% per year for the Group as a whole; with 15% to 20% growth in key areas such as consulting services to mid-market aspirants and digital transformation, and 10% to 15% growth through aggressive M&A.

Recently, in particular, we have been expanding our business through M&A and the establishment of new companies. This chart illustrates our path since becoming a holding company in 2014. In 2026, Logi-Create newly joined our group in January.



Lastly, I would like to explain our competitive advantage in the rapidly advancing AI era, which is a topic frequently asked by investors.

While AI excels at organizing large volumes of data and generating statistical hypotheses, our company's strength lies in gathering first-hand, real-world information, which is extremely difficult for AI to replace, as well as in providing support that helps business owners turn their dreams into reality. Our approach is to actively leverage AI to streamline operations while maximizing the unique value that only humans can provide.

This page provides a more detailed overview of how AI and human resources are primarily utilized in our operations.

While we use AI for tasks such as desktop research, data organization, and the creation of standard operating procedures, our staff are responsible for finding best practices that are not available online, sharing knowledge at face-to-face management workshops, and providing hands-on support for on-site operations. Through this hybrid model combining human expertise and AI, we will continue to deliver more accurate and faster consulting services.

That concludes my presentation. Thank you for your attention.

Moderator: Thank you.

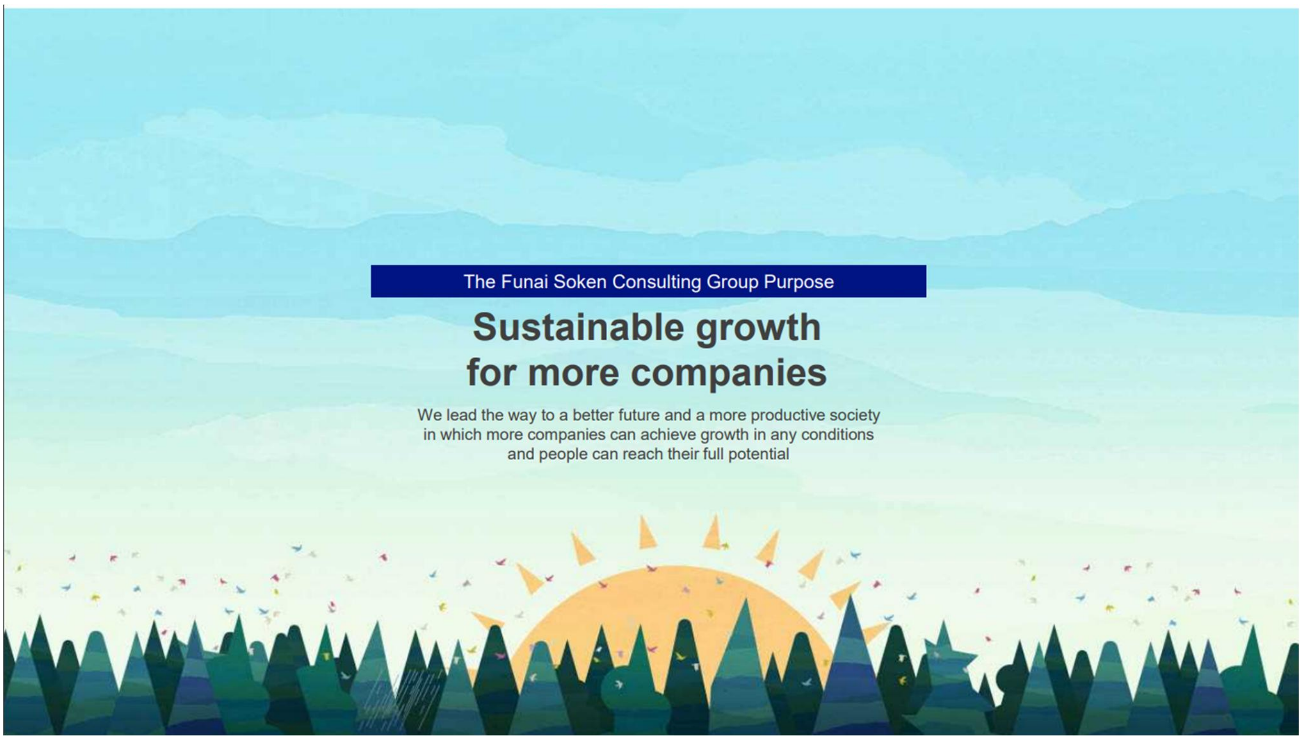
Question & Answer

Moderator [M]: We will now move on to the Q&A session. We plan to accept questions for approximately three minutes. If you have any questions, please enter them now.

Since there appear to be no questions, we would like to close the Q&A session. If you have any specific questions, we are available for one-on-one meetings. Please feel free to contact us.

This concludes the financial results briefing for Q1 of the fiscal year ending December 2026. Thank you very much for joining us. Goodbye.

[END]



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Actual results may differ greatly from these forecasts for a number of factors.

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