



May 20, 2020

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Notice Regarding Revision of Financial Result Forecast

Funai Soken Holdings, Inc. (hereinafter referred to as the “Company”) hereby announces that it revised, as described below, the financial result forecast it announced on February 5, 2020 taking into consideration the recent trends in business performance.

1. Revision of the consolidated financial results forecasts for the first six months of the fiscal year ending December 31, 2020 (from January 1, 2020, to June 30, 2020)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent company	Earnings per share
Previous forecast (A)	Million yen 14,000	Million yen 3,150	Million yen 3,150	Million yen 2,100	Yen 42.19
Revised forecast (B)	12,000 to 12,400	2,100 to 2,300	2,100 to 2,300	1,350 to 1,450	27.12 to 29.13
Change (B-A)	-2,000 to -1,600	-1,050 to -850	-1,050 to -850	-750 to -650	—
Rate of change (%)	-14.3 to -11.4	-33.3 to -27.0	-33.3 to -27.0	-35.7 to -31.0	—
(Reference) Financial results for the first six months of the previous fiscal year (first half of fiscal year ended Dec. 31, 2019)	12,087	2,874	2,914	1,918	38.02

2. Revision of the consolidated financial results forecasts for the fiscal year ending December 31, 2020 (from January 1, 2020, to December 31, 2020)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent company	Earnings per share
Previous forecast (A)	Million yen 29,000	Million yen 6,300	Million yen 6,300	Million yen 4,200	Yen 84.37
Revised forecast (B)	Undetermined	Undetermined	Undetermined	Undetermined	Undetermined
Change (B-A)	—	—	—	—	—
Rate of change (%)	—	—	—	—	—
(Reference) Financial results for the previous fiscal year (fiscal year ended Dec. 31, 2019)	25,752	5,705	5,755	3,868	76.67

3. Reasons for the revision

With the spread of the novel coronavirus infection prompting the Japanese government to declare a state of emergency, a prolonged slowdown in economic activities is anticipated, which is causing tremendous damage to small- and medium-sized businesses, the core clients of the Company. Since February, when concerns of coronavirus spreading in Japan cropped up, the Funai Soken Consulting Group cancelled all shop tours involving transportation by bus, cancelled or shifted management seminars and workshops to online, and moved from face-to-face consulting to online consulting, and these restrictions on sales activities hurt orders. Further, as the industries and business formats of its core clients greatly vary, it makes it difficult to measure the impact on and rationally forecast the full-year financial results at the moment.

Meanwhile, the Company has made an early digital shift of its sales and recruiting activities as well as back office operations to online and teleworking, and its business activities have been continuing smoothly.

Under such circumstances, the Company withdrew the financial result forecast released in the financial results announced on February 5, 2020, and revised the forecast for the first half of the fiscal year ending December 31, 2020, presenting the figures in ranges, after taking into account the net sales through April and the trend in orders received and on the premise that the coronavirus infection would not subside till June. The Company left the full-year forecast undetermined and plans to announce it as soon as calculation of the forecast becomes possible.

*The Company left the dividend forecast unchanged at this point.

The Company sincerely apologizes to its shareholders and requests their continued support as it strives to realize stable shareholder returns and improve corporate value.

4. Future initiatives

Assuming the impact of the novel coronavirus on economic activities to last long, the Company will support early recovery of business performance at small- and medium-sized companies by planning and holding seminars on coronavirus responses and DX consulting in the mainstay consulting business.

Note: The Company formulated the above financial result forecast based on the information available at the present and the actual results may differ from the forecast due to various factors in the future.

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