



**FY03/24**

# **Q1 Financial Results Presentation**

**Securities code: 7868**

August 9, 2023

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**1**

## **Q1 FY03/24 Highlights**

# 1-01 Q1 FY03/24 Consolidated Financial Results

- In the Information Segment, income decreased due to changes in COVID-19-related special demand from the previous fiscal year and large BPO projects that were shifted to Q4. However, profits were booked by curbing outsourcing costs and reducing fixed costs, while the funeral business in the Profit Generating Funeral Services Segment also contributed to an increase in consolidated profit.
- Each segment produced results that exceeded the Q1 forecast.

(Millions of yen)

	Q1 FY03/24	Q1 FY03/23	YoY change		Q1 FY03/24 Forecast (May 12, 2023)	Compared to forecast	
			Change	Rate of Change (%)		Change	Rate of Change (%)
Net sales	<b>7,644</b>	7,832	-188	-2.4	7,164	480	6.7
Operating profit	<b>746</b>	467	279	59.8	295	451	152.9
Ordinary profit	<b>818</b>	463	355	76.6	281	537	191.1
Profit attributable to owners of parent	<b>646</b>	356	290	81.5	206	440	213.6

# 1-02 Q1 FY03/24 Financial Results Summary by Business Segment

(Millions of yen)

	Net sales				YoY change			Compared to forecast			Operating profit				Compared to forecast		
	Q1 FY03/24	Q1 FY03/23	Change	Rate of Change (%)	Q1 FY03/24 Forecast (May 12, 2023)	Change	Rate of Change (%)	Q1 FY03/24	Q1 FY03/23	Difference	Rate of Change (%)	Q1 FY03/24 Financial Results Forecast (May 12, 2023)	Change	Rate of Change (%)			
Public Funeral Services	1,207	1,148	59	5.1	1,352	-145	-10.7	58	112	-54	-47.6	38	20	52.6			
Profit-Generating Funeral Services	1,796	1,255	541	43.0	1,703	93	5.5	641	434	207	47.5	516	125	24.2			
Asset Consulting	0	0	0	—	0	0	—	-29	0	-29	—	0	-29	—			
Information	3,160	3,838	-678	-17.7	2,628	532	20.2	-155	-185	30	—	-419	263	—			
HR	1,480	1,589	-109	-6.8	1,481	-1	-0.1	-23	-45	22	—	-74	51	—			
Adjustments, etc.			0	—		0	—	254	150	104	69.3	234	20	8.5			
Total	7,644	7,832	-188	-2.4	7,164	480	6.7	746	467	279	59.8	295	451	152.9			

- ... YoY change

(Regarding changes in the calculation method for profit or loss of reporting segments)

Due to a change in the Company's performance evaluation and approach following a review of the Group's performance classifications, the method for booking management guidance fees for Group companies has been changed effective from the first quarter of the current fiscal year. These fees, which were included in corporate expenses as an adjustment, are now booked as operating expenses for each Group company of the reporting segment. The segment information for the first quarter of the previous fiscal year listed here is based on the reporting segment classifications following this change.

## 1-03 Q1 FY03/24 Funeral Services Segment

(Millions of yen)

	Net sales		YoY change		Q1 FY03/24 Financial Results Forecast (May 12, 2023)	Compared to forecast		Operating profit		YoY change		Q1 FY03/24 Financial Results Forecast (May 12, 2023)	Compared to forecast	
	Q1 FY03/24	Q1 FY03/23	Change	Rate of Change (%)		Change	Rate of Change (%)	Q1 FY03/24	Q1 FY03/23	Difference	Rate of Change (%)		Change	Rate of Change (%)
Public Funeral Services	1,207	1,148	59	5.1	1,352	-145	-10.7	58	112	-54	-47.6	38	20	52.6
Profit-Generating Funeral Services	1,796	1,255	541	43.0	1,703	93	5.5	641	434	207	47.5	516	125	24.2
Funeral Services total	3,003	2,403	600	25.0	3,055	-52	-1.7	699	546	153	28.0	554	145	26.2

### Business segment market environment

- Total deaths from April to June decreased year on year, while the number of attendees per funeral service increased.

### Net sales

-  The number of times funeral halls were used increased year on year, partly due to the new funeral hall (an addition) that went into operation in advance at Kirigaya Funeral Hall.
-  The number of attendees increased year on year, due in part to COVID-19's reclassification as a Class 5 infectious disease in May. Confectionery and beverages accordingly recovered year on year. In the funeral business, the unit price for funeral services is increasing.
-  The number of cremations showed a year on year decrease due to decrease in deaths.

### Operating profit

-  Profit improved due to increased income related to the use of funeral halls, confectionery, and beverages.
-  In the funeral business, the profit margin is improving due to higher unit prices for funeral services.

# 1-04 Q1 FY03/24 Asset Consulting Segment

(Millions of yen)

	Net sales		YoY change		Q1 FY03/24 Financial Results Forecast (May 12, 2023)	Compared to forecast		Operating profit		YoY change		Q1 FY03/24 Financial Results Forecast (May 12, 2023)	Compared to forecast	
	Q1 FY03/24	Q1 FY03/23	Change	Rate of Change (%)		Change	Rate of Change (%)	Q1 FY03/24	Q1 FY03/23	Difference	Rate of Change (%)		Change	Rate of Change (%)
Asset Consulting	0	0	0	—	0	0	—	-29	0	-29	—	0	-29	—

## Business segment market environment

- Super-aged society: The percentage of elderly people continued to rise. Real estate accounts for about 40% of the value of inherited property.

## Business overview

- Advertisements in Tokyo Hakuzen funeral homes are having an impact, driving inquiries, and the number of estate tax returns are gradually increasing.
- The increase in inquiries led to orders for real estate brokerage and real estate resale services.
- We are planning action to strengthen customer touch points.

## Operating company

Tokyo Hakuzen Anshin Support Co., Ltd.  
(Asset consulting)

### Operations

- Real estate-backed loans for paying taxes, etc.
- Real estate purchases

### Income

- Interest income
- Resale of real estate
- Consulting income

# 1-05 Q1 FY03/24 Information Segment

(Millions of yen)

	Net sales		YoY change		Q1 FY03/24 Financial Results Forecast (May 12, 2023)	Compared to forecast		Operating profit		YoY change		Q1 FY03/24 Financial Results Forecast (May 12, 2023)	Compared to forecast	
	Q1 FY03/24	Q1 FY03/23	Change	Rate of Change (%)		Change	Rate of Change (%)	Q1 FY03/24	Q1 FY03/23	Difference	Rate of Change (%)		Change	Rate of Change (%)
Information	3,160	3,838	-678	-17.7	2,628	532	20.2	-155	-185	30	—	-419	263	—

## Business segment market environment

- Demand for publication printing continued to decline. Local government BPO projects decreased significantly in relation to COVID-19. They are now at a pre-pandemic level.

## Net sales

- ↓ BPO: Won a certain number of local government BPO projects, but there was a reactionary decrease from the COVID-19-related special demand in the previous fiscal year.
- ↓ Printing: Publishing and printing struggled due to a decline in the number of new editions and a continued decrease in reprints. Commercial printing, which received orders for large projects, performed well, but printing as a whole continued to contract.
- ↑ Package printing (China): Orders from Japanese companies remained strong.

## Operating profit

- ↑ Printing-related business: Reduced fixed costs by improving the in-house production rate (factory utilization rate), optimizing human resources, etc.
- ↑ Package printing (China): Booked stable profit due to higher sales.
- ↓ BPO: Declined year on year because income decreased significantly due to the rebound from the COVID-19-related special demand in the previous fiscal year.

# 1-06 Q1 FY03/24 HR Segment

(Millions of yen)

	Net sales		YoY change		Q1 FY03/24 Financial Results Forecast (May 12, 2023)	Compared to forecast		Operating profit		YoY change		Q1 FY03/24 Financial Results Forecast (May 12, 2023)	Compared to forecast	
	Q1 FY03/24	Q1 FY03/23	Change	Rate of Change (%)		Change	Rate of Change (%)	Q1 FY03/24	Q1 FY03/23	Difference	Rate of Change (%)		Change	Rate of Change (%)
HR	1,480	1,589	-109	-6.8	1,481	-1	-0.1	-23	-45	22	—	-74	51	—

## Business segment market environment

- Shifted to post-pandemic. Increased demand for positions in sales and services and workers with permanent employment status.

## Net sales

- ↓ Recruitment Media/HR tech: Struggled to recruit with print media as customer acquisition stagnated in some sales areas.
- Temporary staffing: Pandemic-related operations declined, but transactions with general companies increased, resulting on par with the previous fiscal year.
- ↑ Recruitment: The domestic recruitment business performed firmly year on year, while overseas recruitment also grew.
- ↓ BPO: The October 2022 transfer of business to the Information Segment decreased the portion in the BPO business.

## Operating profit

- ↑ Recruitment Media/HR tech: Steadily reviewed and reduced fixed costs.
- ↓ Recruitment: Decreased year on year due to the impact of upfront costs from strengthening human resources.
- ↓ BPO: The October 2022 transfer of business to the Information Segment decreased the portion in the BPO business.

# 1-07 New Business

## Funeral business

- FY03/24 Performance (2 companies\* combined)

(Millions of yen)

	Q1				
	Actual	Plan	Diff. from plan	Prior year	Diff. from prior year
Net sales	329	343	-14	44	285
Operating profit	45	21	24	-59	104

\* ... 2 companies: Kosaido Lifewel, Gran Ceremo Tokyo

Primary cause  
(Difference from plan)

- Profitability improved due to more attendees.

(Difference from the prior year)

- There were upfront costs because the previous fiscal year was the first for the newly launched funeral business.

## Asset Consulting Business

- Real estate-related projects are expected to gradually shift to booking sales beginning in the second quarter.
- We are closely monitoring the conversion ratio from inheritance procedure consultations to real estate-related projects.

## Furnaces Business

- Start by bringing maintenance in-house.

**2**

**Consolidated  
Financial Forecast for  
FY03/24**

## 2-01 Revisions to Consolidated Financial Forecast for FY03/24

### Difference between the forecast and actual Q1 performance

In the Information Segment, income increased compared to the forecast, with support from orders for large printing projects and steady growth in the BPO business. As a result of steady performance in each segment, each one increased profit compared to the forecast.

(Millions of yen)

	Previous forecast (Announced on May 12, 2023)	Actual	Compared to the previous forecast		(Reference) Prior FY results
			Change	Rate of Change (%)	
Net sales	7,164	<b>7,644</b>	480	6.7	7,832
Operating profit	295	<b>746</b>	451	152.9	467
Ordinary profit	281	<b>818</b>	537	191.1	463
Profit attributable to owners of parent	206	<b>646</b>	440	213.6	356

# 2-02 Revisions to Consolidated Financial Forecast for FY03/24

(Millions of yen)

## Q1

	Actual	Initial forecast	Compared to initial forecast		Prior FY results	YoY	
			Change	Rate of Change (%)		Change	Rate of Change (%)
Net sales	<b>7,644</b>	7,164	480	6.7	7,832	-188	-2.4
Operating profit	<b>746</b>	295	451	152.9	467	279	59.7
Ordinary profit	<b>818</b>	281	537	191.1	463	355	76.6
Quarterly profit	<b>646</b>	206	440	213.6	356	290	81.3

## Q2

	Forecast	Initial forecast	Compared to initial forecast		Prior FY results	YoY	
			Change	Rate of Change (%)		Change	Rate of Change (%)
Net sales	<b>8,777</b>	8,796	-19	-0.2	8,657	120	1.4
Operating profit	<b>879</b>	931	-52	-5.6	730	149	20.4
Ordinary profit	<b>715</b>	767	-52	-6.8	740	-25	-3.3
Quarterly profit	<b>521</b>	565	-44	-7.8	573	-52	-9.1

## H1 (cumulative)

	Forecast	Initial forecast	Compared to initial forecast		Prior FY results	YoY	
			Change	Rate of Change (%)		Change	Rate of Change (%)
Net sales	<b>16,421</b>	15,960	461	2.9	16,489	-68	-0.4
Operating profit	<b>1,625</b>	1,226	399	32.6	1,197	428	35.7
Ordinary profit	<b>1,533</b>	1,048	485	46.3	1,203	330	27.4
Quarterly profit	<b>1,167</b>	771	396	51.4	930	237	25.5

## Q3

	Forecast	Initial forecast	Compared to initial forecast		Prior FY results	YoY	
			Change	Rate of Change (%)		Change	Rate of Change (%)
Net sales	<b>10,488</b>	10,610	-122	-1.1	9,711	777	8.0
Operating profit	<b>1,721</b>	1,832	-111	-6.0	1,219	502	41.2
Ordinary profit	<b>1,672</b>	1,783	-111	-6.2	1,172	500	42.7
Quarterly profit	<b>1,220</b>	1,313	-93	-7.1	973	247	25.3

## Q4

	Forecast	Initial forecast	Compared to initial forecast		Prior FY results	YoY	
			Change	Rate of Change (%)		Change	Rate of Change (%)
Net sales	<b>13,311</b>	13,430	-119	-0.9	10,469	2,842	27.1
Operating profit	<b>3,212</b>	3,302	-90	-2.7	1,864	1,348	72.3
Ordinary profit	<b>3,189</b>	3,279	-90	-2.8	1,810	1,379	76.2
Quarterly profit	<b>2,333</b>	2,416	-83	-3.4	2,139	194	9.1

## Full year (cumulative)

	Forecast	Initial forecast	Compared to initial forecast		Prior FY results	YoY	
			Change	Rate of Change (%)		Change	Rate of Change (%)
Net sales	<b>40,221</b>	40,000	221	0.6	36,668	3,553	9.7
Operating profit	<b>6,558</b>	6,360	198	3.1	4,280	2,278	53.2
Ordinary profit	<b>6,394</b>	6,110	284	4.7	4,185	2,209	52.8
Current profit	<b>4,720</b>	4,500	220	4.9	4,042	678	16.8



# Additional Funeral Halls | New Funeral Halls

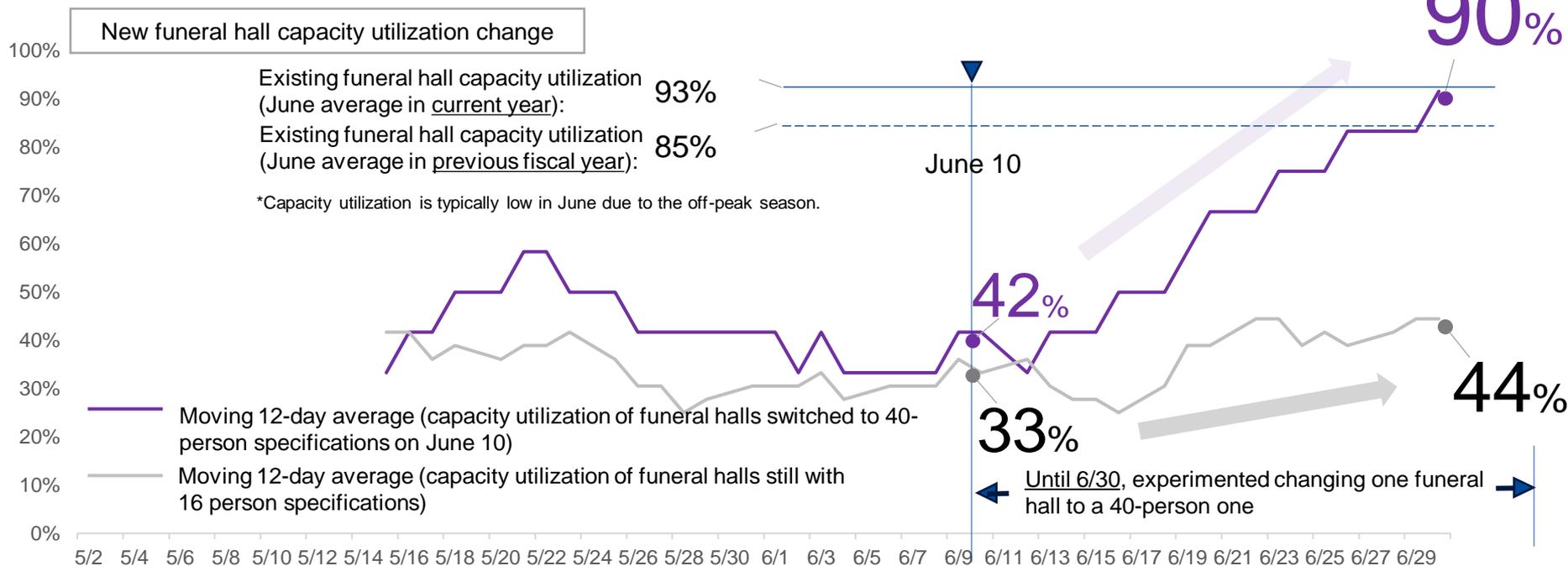
2-03

## Result of Advance Sales

The “new funeral hall specifications”:

The specifications have been changed from the luxury 16-person (funeral hall with waiting room) type for family funerals to the 40-person (funeral hall with separate waiting room) type (which is the same as existing funeral halls) to accommodate the trend toward smaller funeral services, which led to:

### Significant Improvement in Funeral Hall Capacity Utilization



▶ From July 1st, three 40-person funeral halls and two luxury 16-person funeral halls (five halls total)

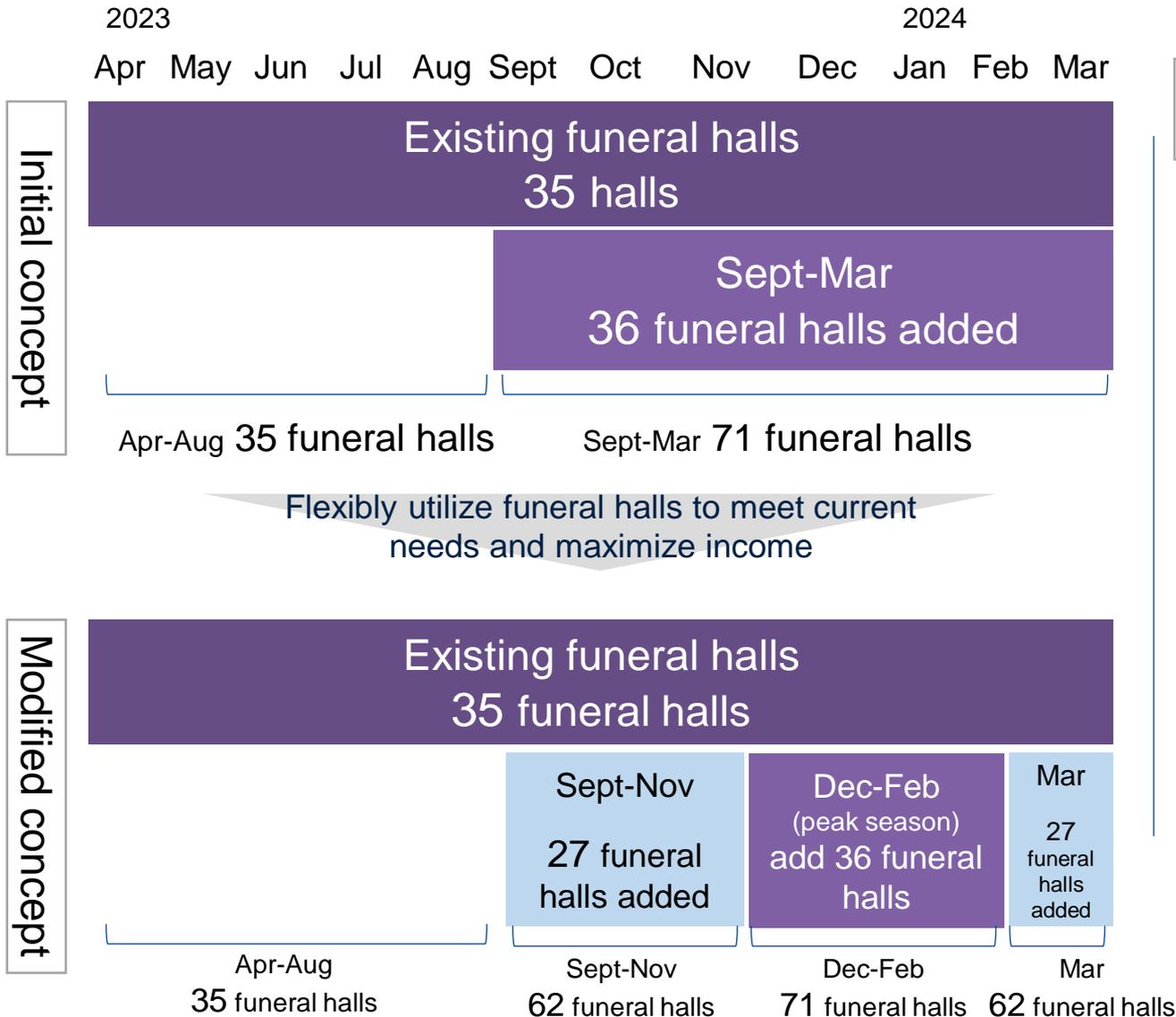
August total  $\frac{34}{35}$  (=97%)

■ Recent new funeral hall utilization \*Total 5 halls \*Closed on auspicious *tomobiki* days

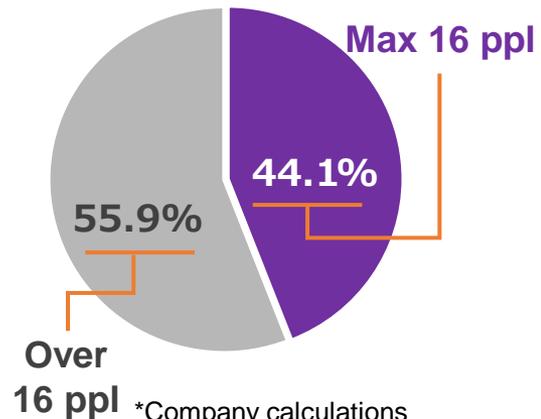
	July																															August									
Date	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	
Services	2	3	Off	4	2	4	3	4	Off	5	4	3	1	1	Off	5	5	4	5	Off	5	5	5	4	5	Off	5	3	4	5	5	Off	5	5	5	4	5	5	Off	5	5



## 2-04 Number of Funeral Halls in FY03/24



**Composition of the number of attendees to a funeral service held in 40-person funeral halls**



\*Company calculations  
 Period: April-June 2023  
 Target: Tokyo Hakuzen Kirigaya Funeral Hall

During peak season (December to February), we expect plenty of demand for 16-person funeral halls.

## 2-05 Impact on Performance From Modified Funeral Hall Plan

### FY03/24 Estimated Impact on Performance

Minimize negative impact from modified funeral hall plan (utilized funeral halls), etc., by implementing other measures.

(Millions of yen)

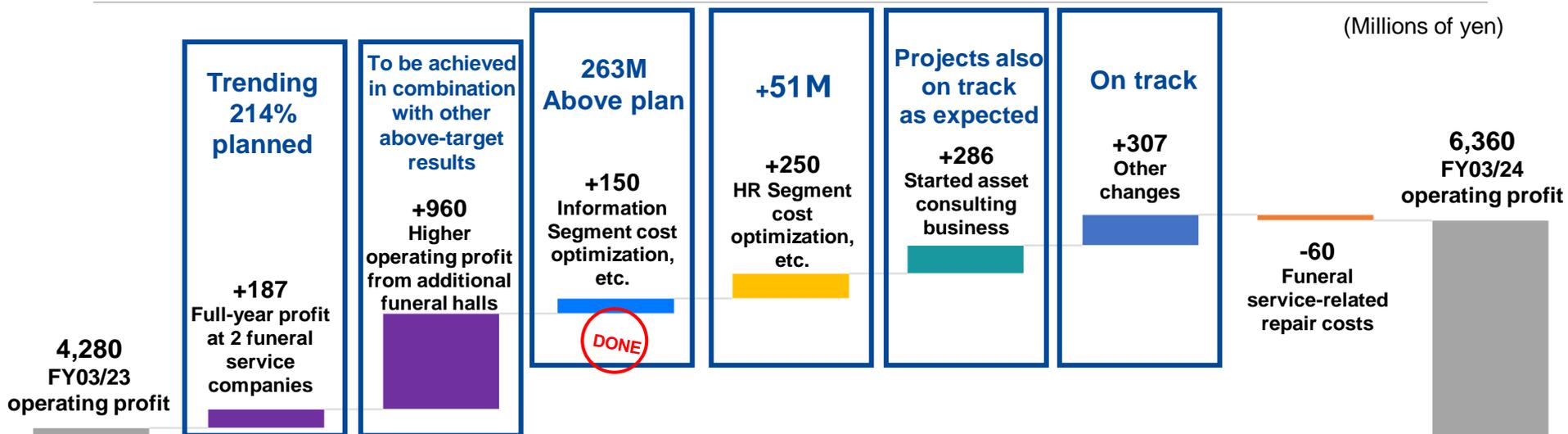
	Q1 Results	Q2 Forecast	Q3 Forecast	Q4 Forecast	Full-year Forecast
Higher sales of ancillary services, confectionery, beverages	+29	+67	+90	+101	+287
Modified funeral hall plan   decrease of sales from fewer utilized funeral halls	-	-86	-161	-120	-367
Other sales	+451	0	-50	-100	+301
Total net sales	+480	-19	-122	-119	+221
Total operating profit	+451	-52	-111	-90	+198

Reflect modified funeral hall plan's impact on performance in consolidated financial forecast

(Millions of yen)

Consolidated financial forecast	Q1	Q2	Q3	Q4	Full year
Net sales	7,644	8,777	10,488	13,311	40,221
Operating profit	746	879	1,721	3,212	6,558

## 2-06 Past Profit Gains | FY03/23 → FY03/24



In FY03/23, **+480 million yen above target** forecast (compared to Medium-Term Business Plan 2.0)

And in FY03/24,

+960 million yen from **added funeral halls**, +286 million yen from the newly launched **Asset Consulting Business**, +400 million yen from **Information & HR Segment cost optimization, etc.** to be added for operating profit of 6,360 million yen as the goal

'23.3

Operating profit **+2,080 million yen**  
(Change of +48.6%)

'24.3

**3**

**FY03/24**

**Shareholder Return**

## 3-01 Revision to Dividend Forecast

### Dividend Forecast for FY03/24

- ✓ The year-end dividend has been revised (payout ratio 30%) due to revisions to the full-year consolidated financial forecast.

Record date	Dividend per share		
	End of Q2	End of FY	Total
FY03/23 results	7.75 yen	13.50 yen	21.25 yen
FY03/24 previous forecast (May 12, 2023)	23.65 yen	23.65 yen	47.30 yen
FY03/24 revised forecast	26.30 yen	26.30 yen	52.60 yen

We aim to maintain a steady dividend payout ratio of 30% after FY03/24.

## 3-02 Shareholder Return

### Changes involving largest shareholder (as of June 23, 2023)

Shareholding ratio of the largest shareholder (PA Ace IV (HK) Limited) 15.06% → 9.98%



Carried out stock buyback to mitigate market impact at time of disposition

(Estimated ratio of shares in circulation: 36.50% to 49.58%)

[As of March 31, 2023]

[As of June 23, 2023]

### Approach to shareholder return and internal reserves

**Dividend and internal reserves**



Dividend

... Dividends implemented as a stable return policy  
⇒ Current dividend payout ratio 30%

Internal reserves

... Seeking scale for growth investments  
(Expansion, furnace manufacturing, etc.)

**Stock buyback**

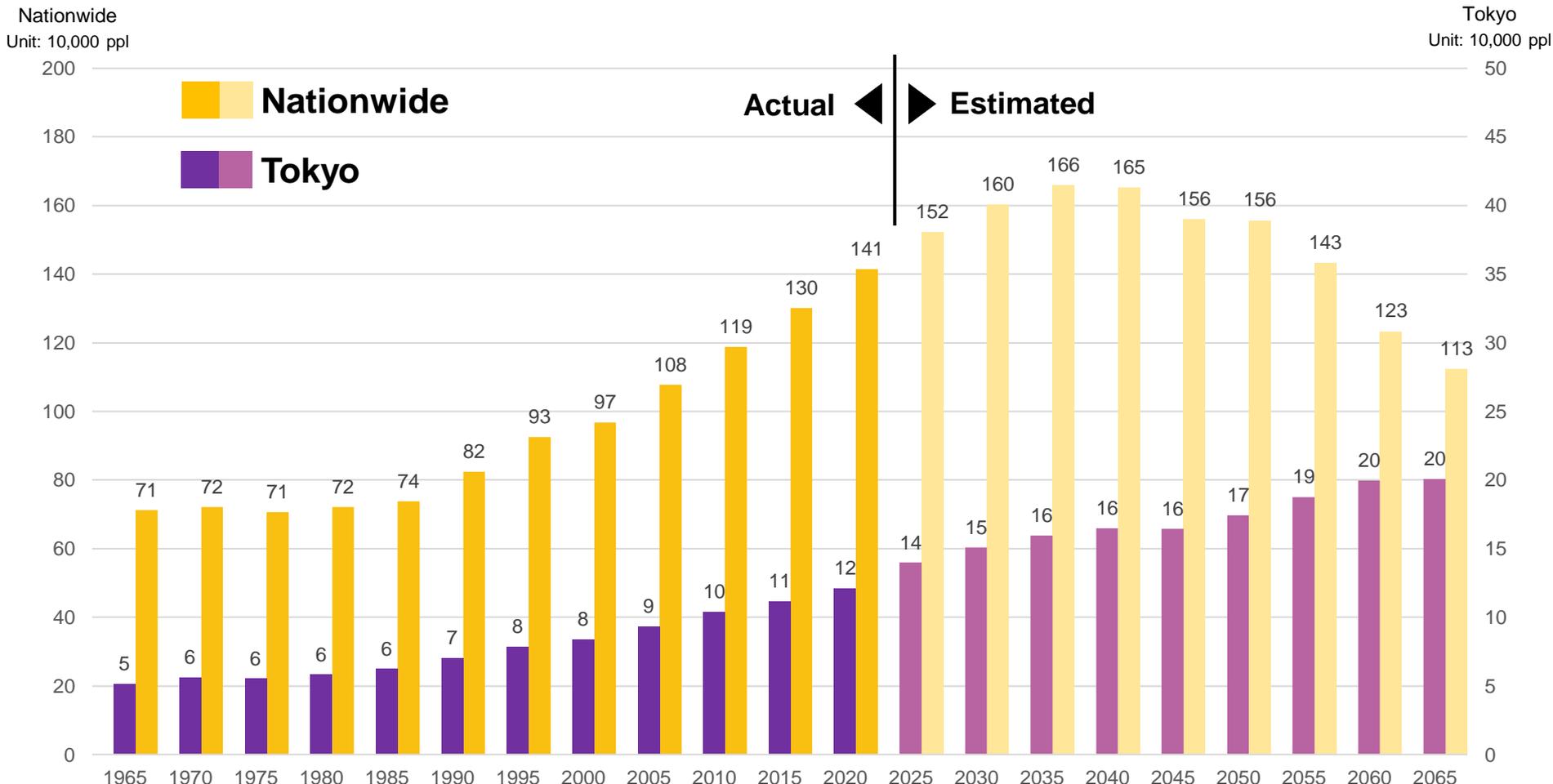


Plan to flexibly execute based on cash balances and stock price trends

# 4

## Long-Term Outlook

# 4-01 State of the Population | Estimated Deaths



**Nationwide: Statistics Bureau, Ministry of Internal Affairs and Communications; National Institute of Population and Social Security Research**  
**Tokyo: Bureau of Social Welfare, Tokyo Metropolitan Government; Office of the Governor for Policy Planning, Tokyo Metropolitan Government**

**Nationwide deaths will peak in around 2040, but will continue rising in Tokyo until at least 2065.**  
 (\*There were 1.58 million deaths nationwide in 2022.)



## 4-02 Tokyo Funeral Homes | Furnace Operation

**In 40 years, deaths in Tokyo will increase by about 70%.**

2022: 120,000 ppl  2060: 200,000 ppl

### Major Tokyo Funeral Homes | Furnace Operation

Name	Tokyo Hakuzen	Rinkai Funeral Hall	Mizue Funeral Home	Toda Funeral Home	Yatsuka Funeral Hall	Nikka Funeral Hall	Fuchu no Mori Civil Funeral Hall
Furnaces	64	10	20	15	9	14	6
Monthly average Cremations	~5,800	~800	~600	~1,300	~600	~1,000	~200
Monthly cremations per furnace	90	80	30	87	67	72	33
Daily cremations per furnace	3.6	2.6 *Open all-year	1.2	3.5	2.7	3	1.3
Furnace type	Grate	Cart	Cart	Grate	Grate	Grate	Cart
Operation types	Private	Public	Public	Private	Private	Private	Public

- Public funeral homes are already out of spare capacity to handle more cremations. (Those with carts handle fewer per day.)
- Furnace capacity utilization at private funeral homes is about 50%.  
However, capacity utilization is high for cremations at 11 a.m., 12 p.m., and during the peak season (winter).

→ In the future, there will be a need to add furnaces and review operating hours.

# 4-03 Room for Expansion at Tokyo Hakuzen | Social Responsibility

As a company that provides cremation services in the public interest, we will fulfill our social responsibility in response to the increase in deaths.

\*Company estimates based on statistical data from the Office of the Governor for Policy Planning, Tokyo Metropolitan Government

## Predicted number of cremation services

FY2022 **70,000**  
(Deaths in Tokyo: 120,000)

FY2060 **130,000**\*  
(Deaths in Tokyo | Estimate: 200,000)

## Our response

1. Operational capabilities developed by Tokyo Hakuzen

Expand service hours and cremations we handle

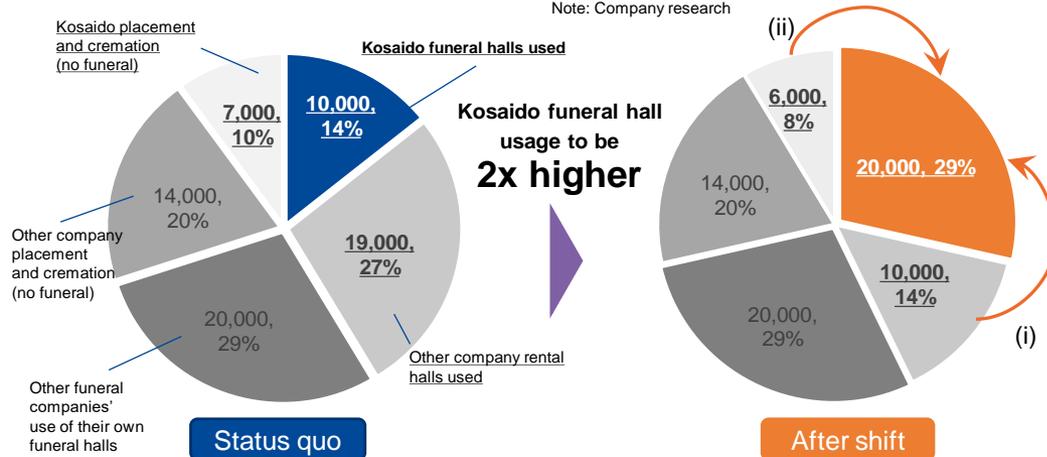
2. Utilize room for expansion at Tokyo Hakuzen

Additional furnaces (expansion)

Add yet more funeral halls

Breakdown of Funeral Hall Used for 70,000 Cremations\*

Note: Company research

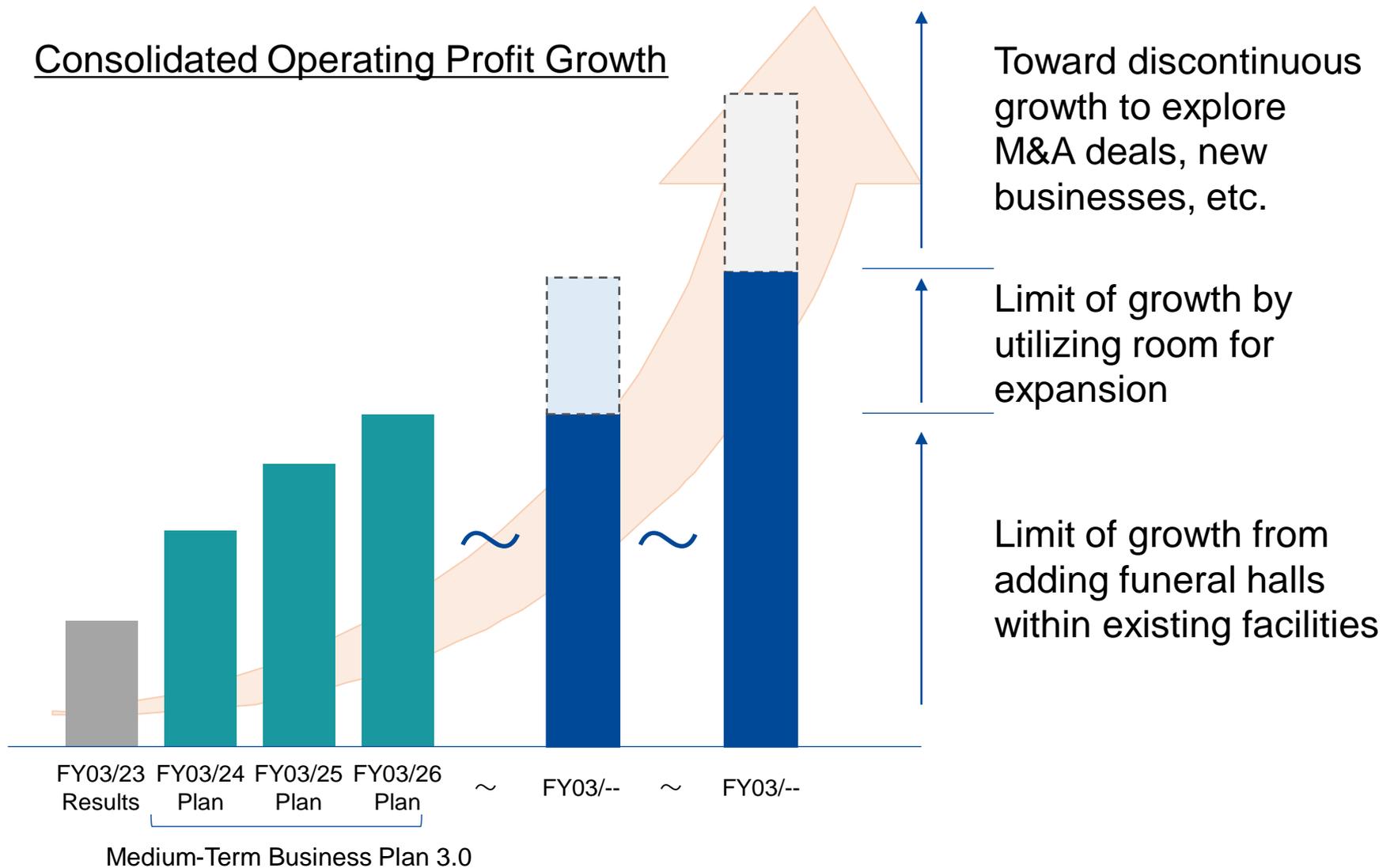


(i) Shift 9,000 services from "Other company rental halls used" to "Kosaido funeral halls used"  
(ii) Shift 1,000 services from "Kosaido placement and cremation" to "Kosaido funeral halls used"

Current facilities			
Funeral homes	Number of funeral homes	6 locations (23 wards)	
	Total floor area	45,132 m <sup>2</sup>	
	Furnaces	Total furnaces	64
		Area	1,568 m <sup>2</sup> (including back of furnaces)
	Funeral halls	Total number of funeral halls	35 halls
		Area	3,889 m <sup>2</sup> (including 1,790 m <sup>2</sup> for waiting rooms)
	Additional funeral halls	Facilities added	36 halls (end of Sept 2023)
		Additional floor area	2,168 m <sup>2</sup>
		Remarks	Floorspace added in existing funeral homes
	Room for expansion [ 7 locations (within the existing sites in the 23 wards) ]		
Total floor area	10,460 m <sup>2</sup>		
Furnace floor area: funeral hall area	(Ideal) 1,000 m <sup>2</sup> : 3,800 m <sup>2</sup>		

## 4-04 Business Growth Beyond Medium-Term Business Plan 3.0

### Consolidated Operating Profit Growth





# A

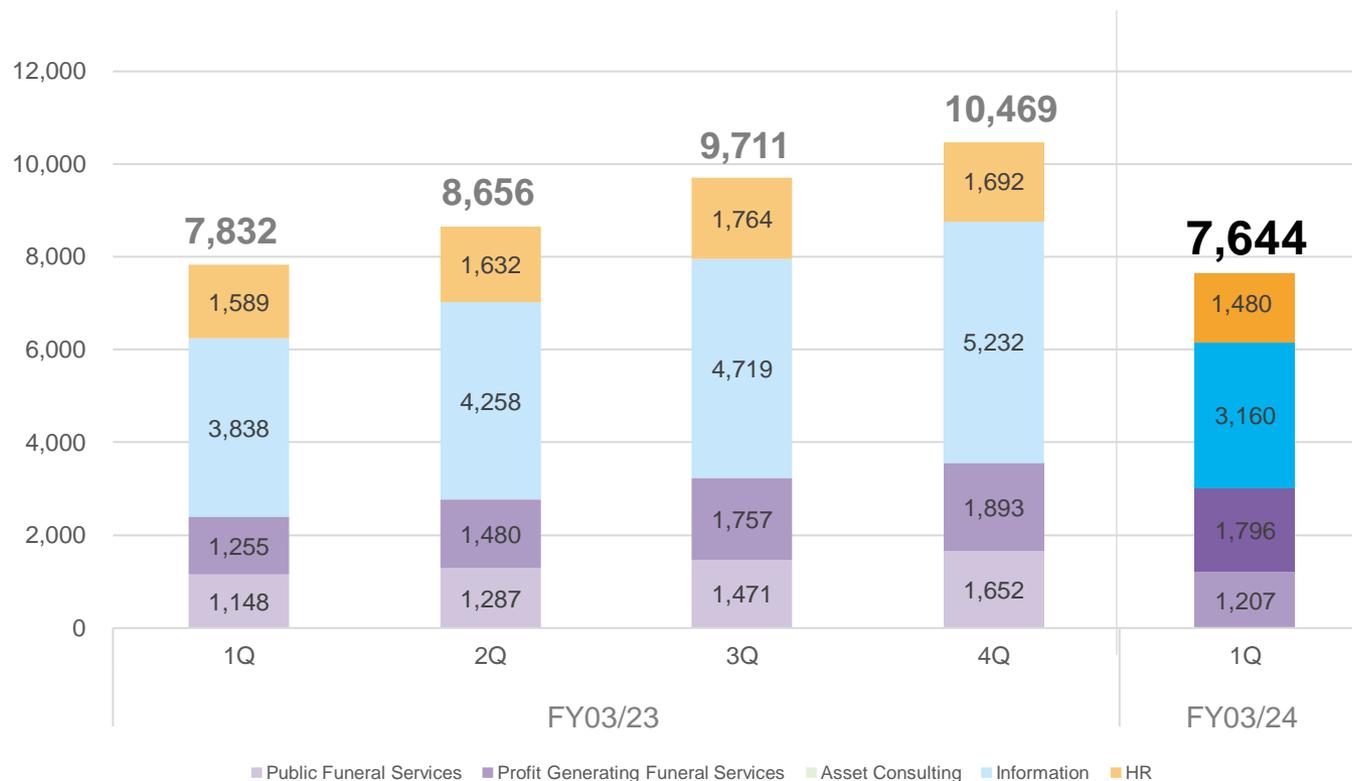
## **Appendix**

- 1. Details of FY03/24 Performance**
- 2. Medium-Term Business Plan  
Performance Targets**
- 3. ESG Activities Report**
- 4. Company Introduction**

## A1-01 Quarterly Trend (Net Sales)

- Despite higher sales in the Funeral Services Segment, Q1 net sales declined 2.4% year on year due to the reactionary decrease in COVID-19-related BPO projects in the Information and HR segments.

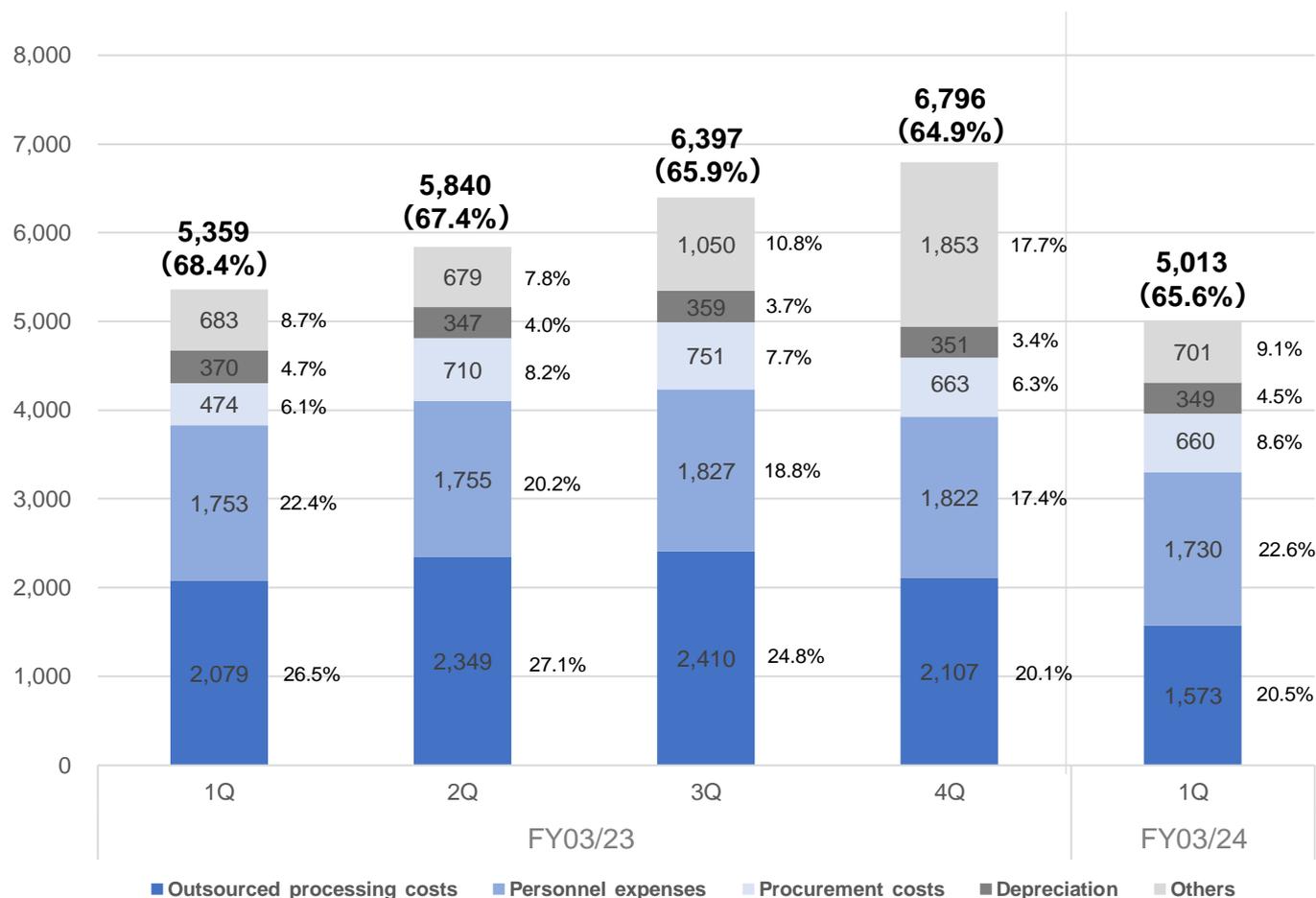
(Millions of yen)



## A1-02 Quarterly Trend (Cost of Sales)

- Q1 cost of sales decreased year on year (-346 million yen, -2.8 pt cost of sales ratio).
- Containing subcontract expenses and reducing fixed costs in the Information Segment contributed to cost cuts.

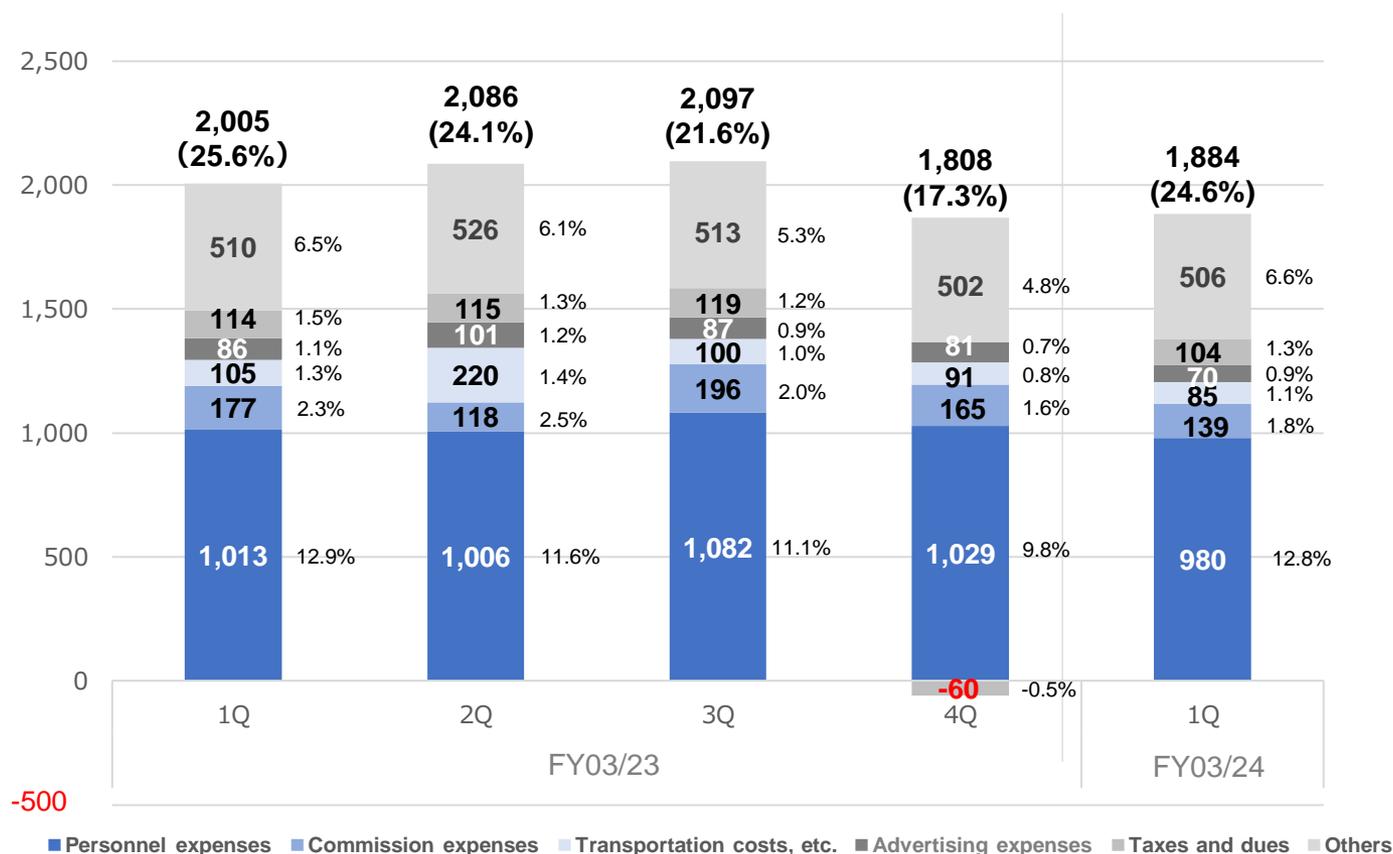
(Millions of yen / %: Cost of sales ratio)



## A1-03 Quarterly Trend (SG&A Expenses)

- Q1 SG&A expenses decreased year on year (-121 million yen, -1.0 pt SG&A expenses ratio).
- Reduced fixed costs by implementing cost optimization at operating company.

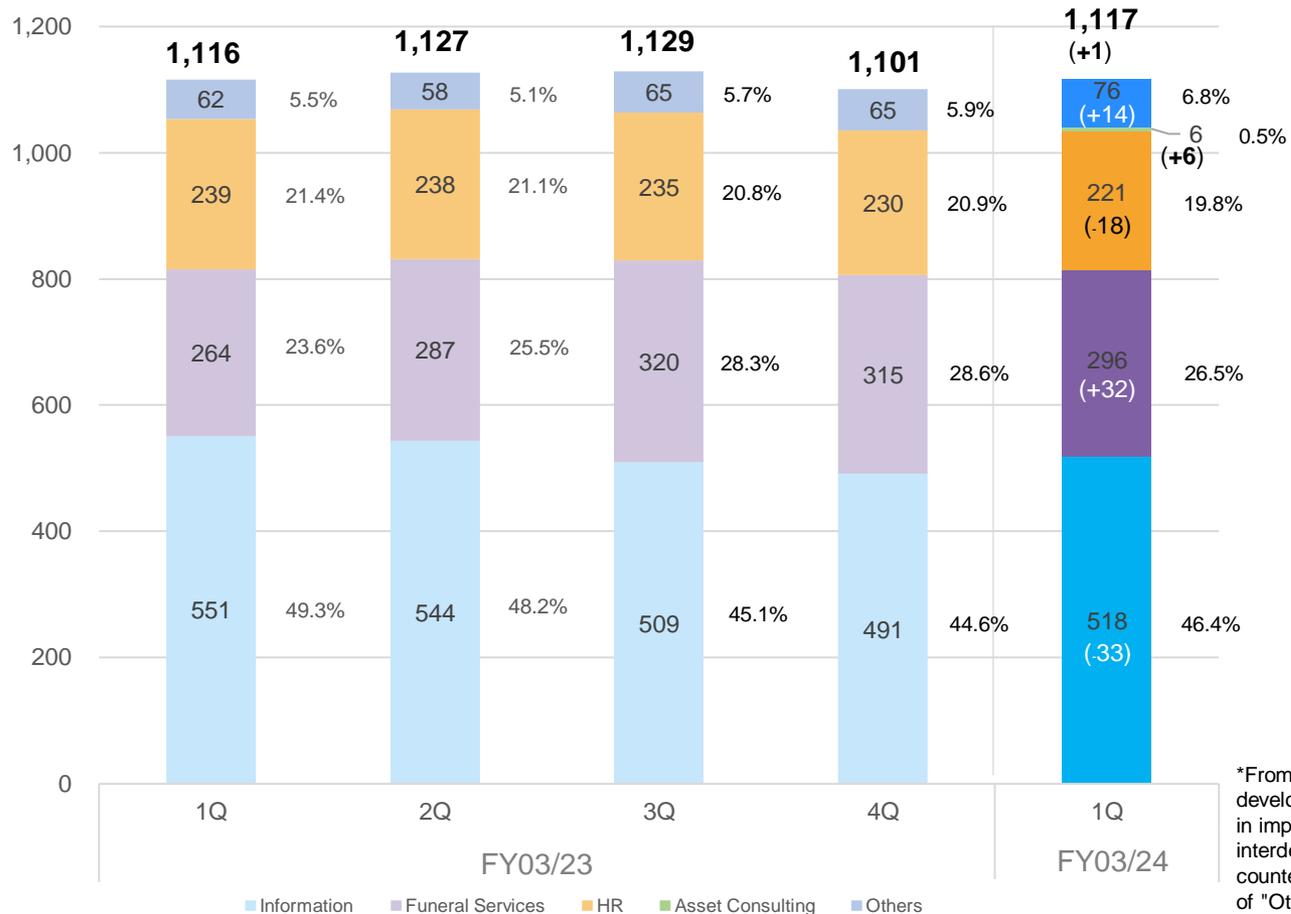
(Millions of yen / %: SG&A expense ratio)



# A1-04 Quarterly Trend (Number of Employees)

- Reassigned personnel as an organization to implement Medium-Term Business Plan 3.0.
- There were changes in individual businesses, but no major fluctuation overall.

(Number of employees / %: Composition ratio)  
 \*Numbers inside parentheses indicate YoY change



\*From now on, some development personnel engaged in implementing company-wide interdepartmental DX will be counted in "Information" instead of "Other."

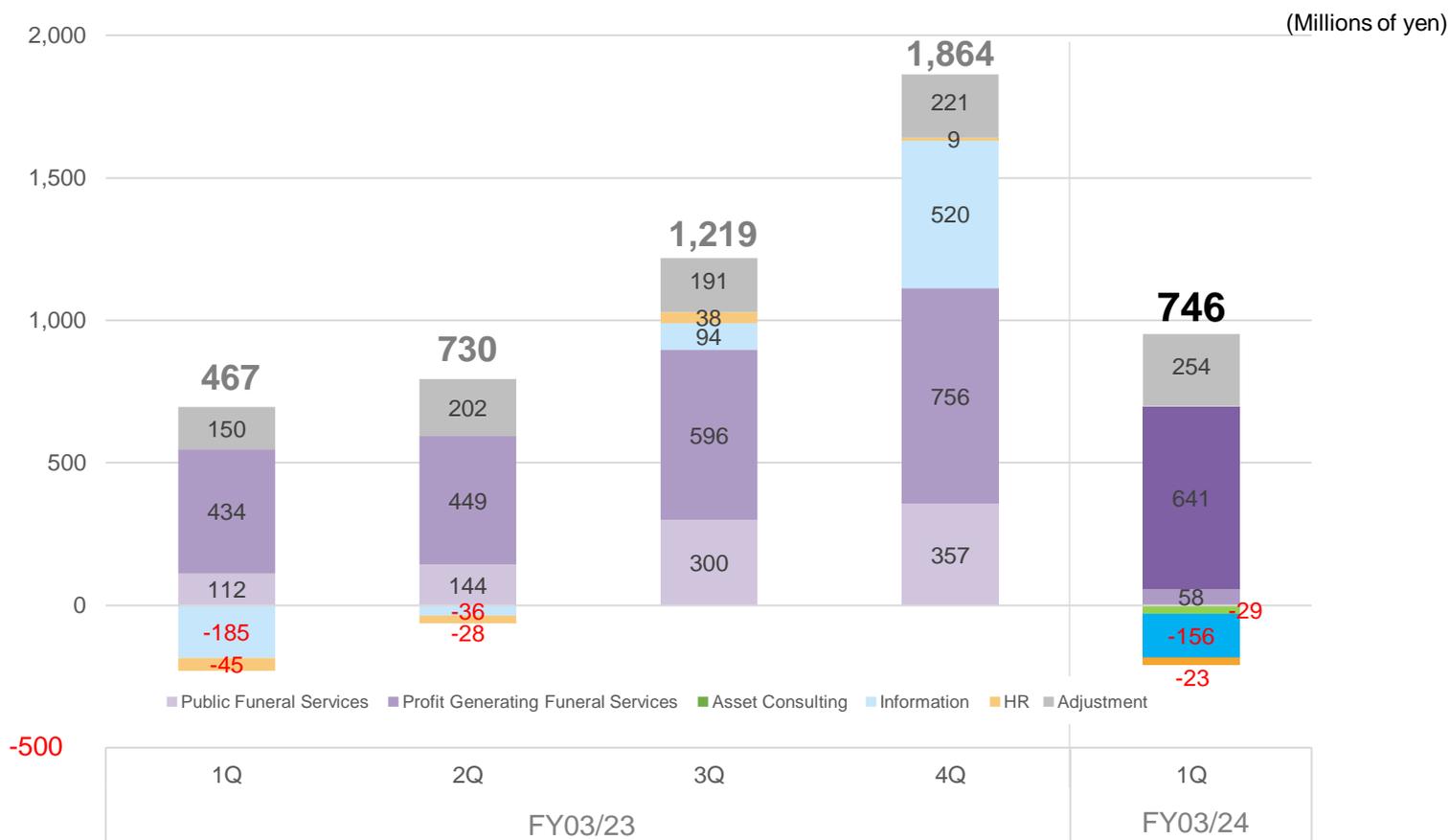


# Quarterly Trend

## A1-05 (Operating Profit by Segment)

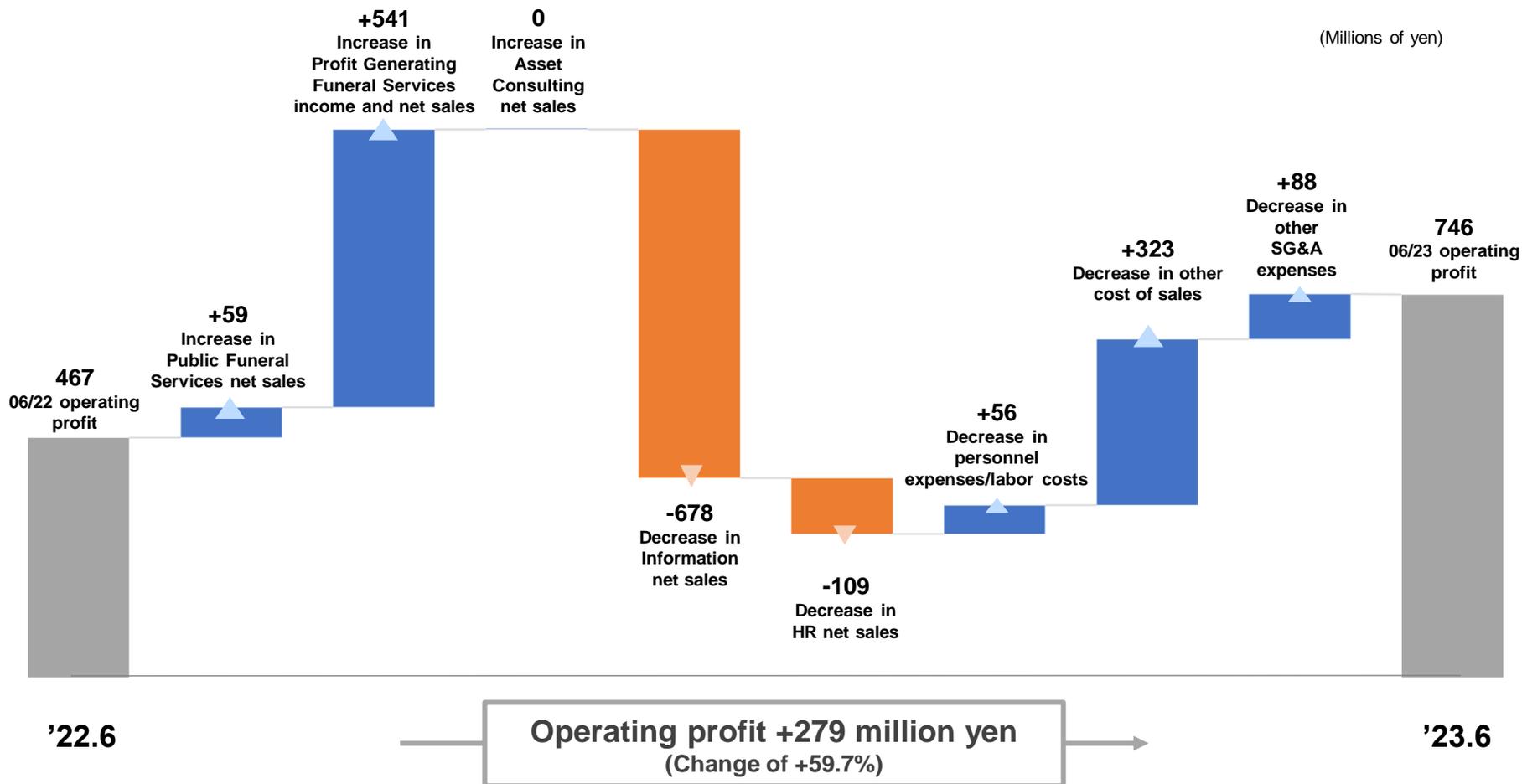
The method for booking management guidance fees for Group companies has been changed effective from the first quarter of the current fiscal year. These fees, which were included in corporate expenses as an adjustment, are now booked as operating expenses for each Group company of the reporting segment. Materials for the previous fiscal year were prepared according to this change.

- Operating profit increased 59.8% year on year thanks to solid performance in the funeral halls business and the funeral business due to an increase in visitors (attendees) following the lifting of pandemic-related restrictions, as well as cost optimizations in the Information and HR segments.



# A1-06 Q1 FY03/24 Analysis of Change in Operating Profit (Major Items)

- Year on year, Information and HR segment income decreased, but Profit Generating Funeral Services income increased. Containing costs and reducing fixed costs, especially in the Information Segment, resulted in higher profit.



# A1-07 Consolidated Balance Sheet

(Millions of yen)

	March 2023	June 2023	Difference as of quarter end
<b>Current assets</b>	<b>27,998</b>	<b>26,161</b>	<b>-1,837</b>
Cash and deposits	18,699	10,386	-8,313
Notes and accounts receivable–trade	5,810	3,675	-2,315
<b>Non-current assets</b>	<b>43,134</b>	<b>43,591</b>	<b>457</b>
Property, plant and equipment	35,807	36,208	401
Intangible assets	886	830	-56
Investments and other assets	6,440	6,553	113
<b>Total assets</b>	<b>71,134</b>	<b>69,753</b>	<b>-1,381</b>
<b>Current liabilities</b>	<b>12,443</b>	<b>15,549</b>	<b>3,106</b>
Short-term debt	1,400	4,900	3,500
Income taxes payable	325	424	99
<b>Non-current liabilities</b>	<b>17,256</b>	<b>15,751</b>	<b>-1,505</b>
<b>Total liabilities</b>	<b>29,699</b>	<b>31,301</b>	<b>1,602</b>
<b>Shareholders' equity</b>	<b>41,060</b>	<b>37,852</b>	<b>-3,208</b>
Capital	100	105	5
Retained earnings	30,561	30,822	261
Share acquisition rights	11	84	73
<b>Total net assets</b>	<b>41,434</b>	<b>38,452</b>	<b>-2,982</b>
<b>Total liabilities and net assets</b>	<b>71,134</b>	<b>69,753</b>	<b>-1,381</b>

# Public Funeral Services Business

## A1-08 Income & Expenditures | Q1 FY03/24

The Public Funeral Services Business is a business that has a significant amount of public interest and requires permanence and non-profitability.

Increase in transparency



Increase in business stability

### ■ The Company's responsibilities in the Public Funeral Services Business

Investment in maintaining and renovating cremation furnaces

Provision for losses, etc. in the Public Funeral Services Business

### ■ Concept underlying the income and expenditures in the Public Funeral Services Business (calculation formula)

Profit from the Public Funeral Services Business - income taxes - reserve for special repair of cremation furnaces = Balance of payments

||

(Reserves for losses in the Public Funeral Services Business)

### ■ Business Income & Expenditure for FY03/24 | Cumulative total from April 2023 to June 2023

(i) Profit in the Public Funeral Services segment			(iv) Income taxes	(v) Furnaces reserve for special repair	(v) Reserve for special repair of cremation furnaces	The balance of payments is appropriated as profit.	(vii) Public Funeral Services business reserves for losses
(ii) Segment sales	(iii) Segment expenses	(ii - iii) =			(i - iv - v) =		
1,207	1,149	58	18	188	- 147		0

(\*Estimate based on information as of August 2023)

## A2-01 Medium-Term Business Plan 3.0 Performance Targets

### Medium-Term Business Plan 3.0 (announced May 12, 2023)

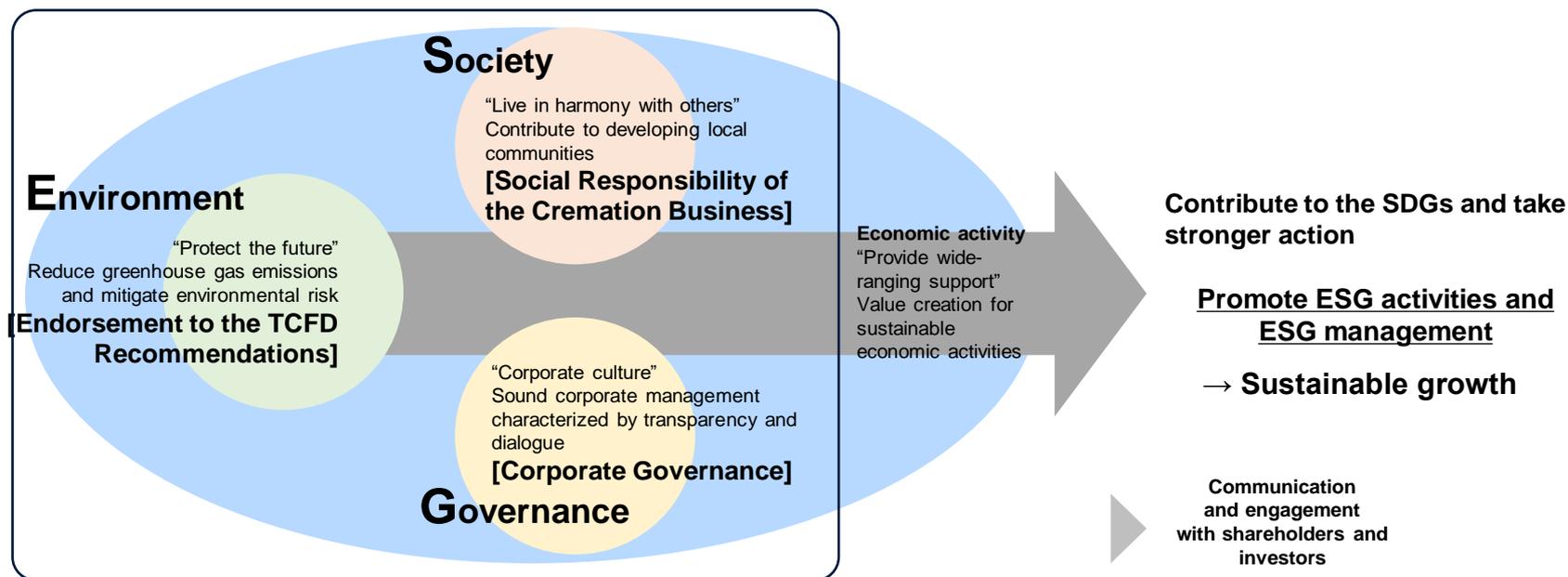
(Millions of yen)

	FY03/22 Results	FY03/23 Results	Medium-Term Business Plan 3.0		
			FY03/24 Forecast	FY03/25 Plan	FY03/26 Plan
Net sales	35,361	36,668	40,000	42,100	43,800
Operating profit	3,729	4,280	6,360	7,970	8,710
Ordinary profit	3,610	4,185	6,110	7,750	8,490
Profit before income taxes	3,627	4,071	6,110	7,750	8,490
Income taxes	17	29	1,610	2,250	2,490
Profit attributable to owners of parent	3,643	4,042	4,500	5,500	6,000

# A3-01 ESG Activities Report

The purpose of the Kosaido Holdings ESG Activity Report is to provide shareholders, investors, business partners, and a wide range of other stakeholders with an understanding of the Company’s approach and concrete action to further sustainability. The Kosaido Group SDGs Declaration defines four materialities (key issues) that are linked to both ESG activities and business management.

The word “Kosai” in our company name means “contributing to society at large.” Since our founding, we have diversified into the Public Funeral Services Business, Profit-Generating Funeral Services Segment, Asset Consulting, Information, and HR according to this common philosophy, thus providing valuable services that people and society appreciate. This report presents concrete action in our ESG activities with an awareness of our contribution to the SDGs, along with action to carry out our corporate philosophy.



# ESG Activity Report [Society]

## A3-02 - Social Responsibility of the Cremation Business

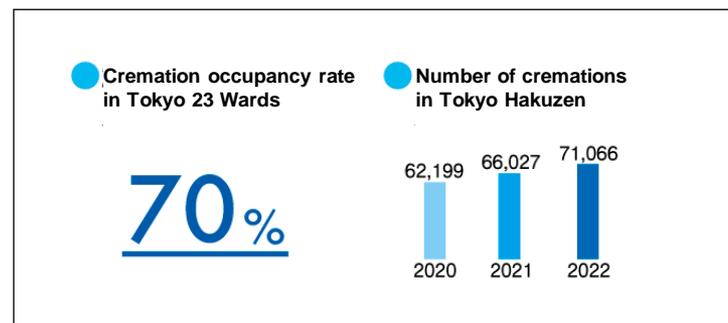
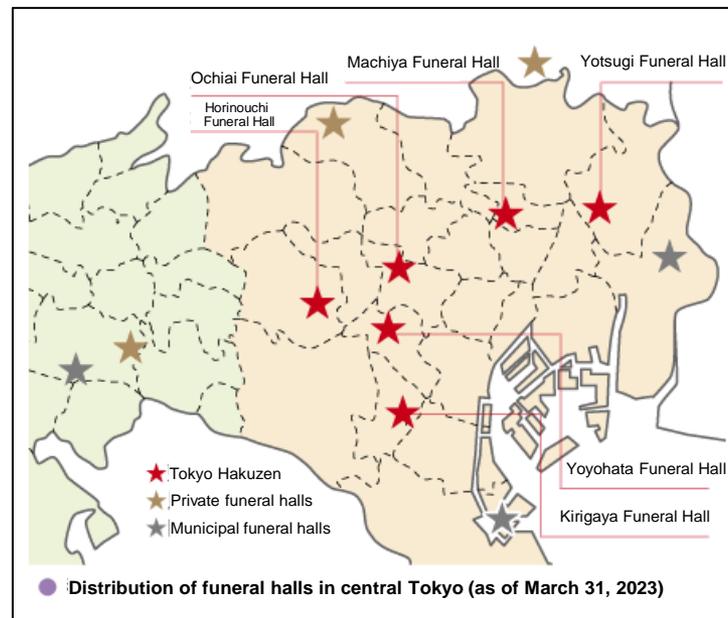
### Basic Concept

The Company conducts our business based on the spirit of “Kosai,” which means “contributing to society at large.” Especially in Tokyo Hakuzen’s cremation business, we contribute to the local community at large by carrying on this spirit and putting it into practice.

Originally, crematorium operations in Japan were regulated by the Act Concerning Graveyard, Burial, etc. and managing entities were generally local public organizations. Even if operations were more difficult, the operator had to be a public interest corporation or a religious corporation. But because Tokyo Hakuzen has been doing business in Tokyo since before this law came into force, **Tokyo Hakuzen, a private company, is operating six crematoriums.** Tokyo Hakuzen’s crematoriums have a long history. They were built between the Edo Period (1603-1867) to the Meiji Era (1868-1912). Today, these facilities stand at convenient locations in Tokyo.

64\* furnaces are operating at Tokyo Hakuzen funeral homes, handling approximately 70,000 cremations a year.\* This accounts for about 70% of deaths in Tokyo's 23 wards.\* Therefore, these locations receive many visitors, around 700,000. (\*As of July 2023)

**For more than 100 years since our establishment, we have been an indispensable business upholding the social infrastructure in the metropolis of Tokyo and fulfilling our social responsibility, but without public assistance, because we are a private company.** In addition to contributing to the local community, our cremation business supports its development.



# ESG Activity Report [Society]

## A3-03 - Social Responsibility of the Cremation Business

### Social Responsibility of the Cremation Business in a High-Death Society

Both local communities and Japanese society as a whole are facing a high number of deaths, and that figure increases by the year. As shown in these materials, nationwide deaths will peak by around 2040, and the number in Tokyo will continue increasing until 2065.



(From this document: Q1 FY03/24 Highlights)

\*See next page for death statistics and trends.

In a society already facing a high number of deaths, those of us in the cremation business must take prompt action. However, public facilities operated by local governments cannot cope and there are already cremation waiting lists. In the future, the facilities may become more incapable of holding the funeral services requested by bereaved families.

In response, Tokyo Hakuzen is working to accurately understand social issues and problems from our unique business perspective as a private company, and we are striving for sustainable operations that do not rely on public funds. Tokyo Hakuzen, with a history spanning 100 years, takes the accelerating trend of a high number of deaths in Tokyo's large population seriously. We believe that it is our social responsibility to make efforts to build a society where we can always perform cremations and funeral processions at any time.

We also clearly recognize that without Tokyo Hakuzen, funeral processions in Tokyo would not be possible. Carrying on our business for the next 100 years and in perpetuity beyond is also connected to our company's great significance for society. We aspire to be a company that society always recognizes for its contributions, while establishing bonds of trust with society and members of the local community, and maintaining an awareness of the requirements for appropriate behavior according to our corporate responsibilities.



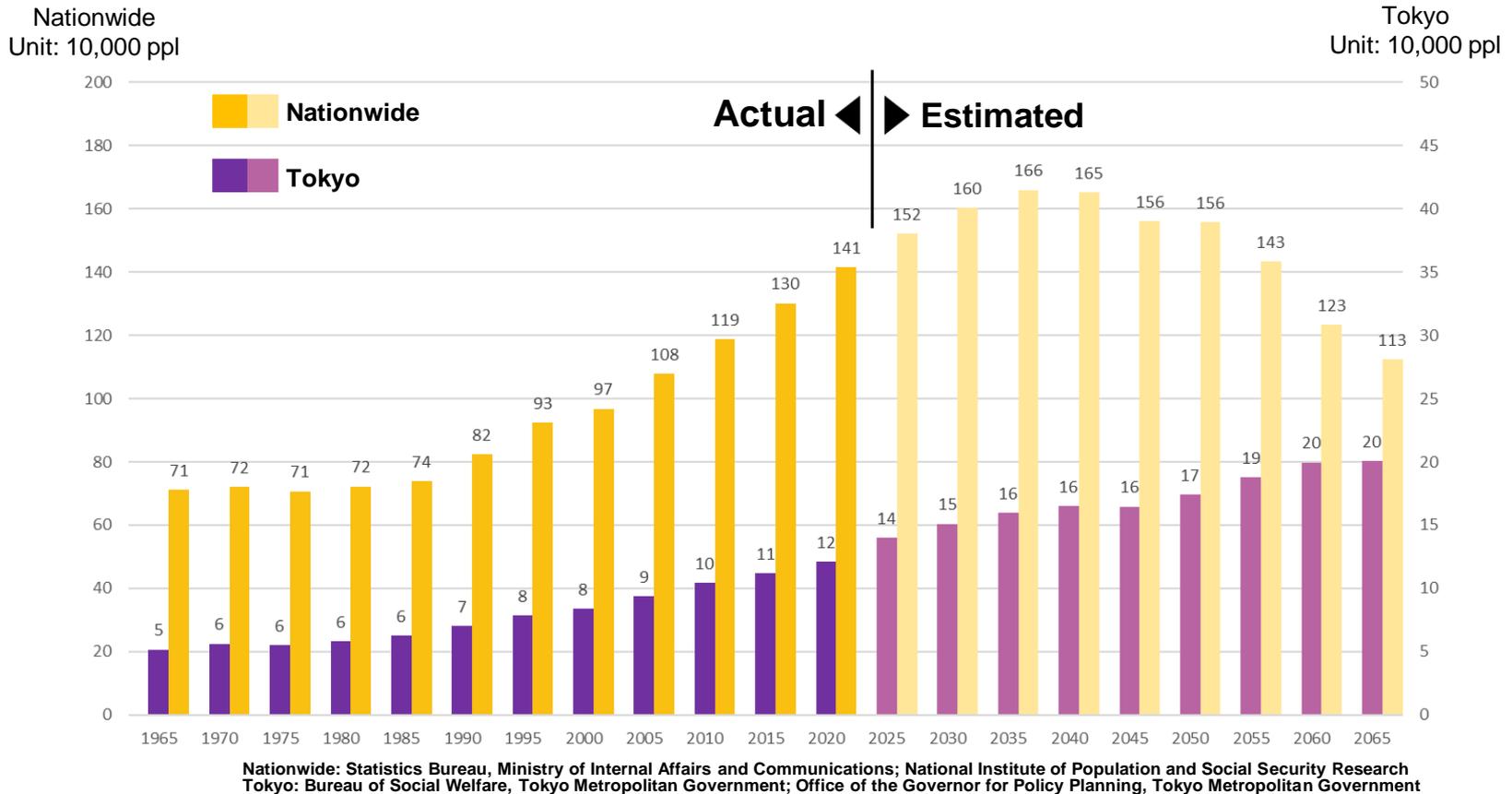
広濟堂グループ  
東京博善

# ESG Activity Report [Society]

## A3-04 - Social Responsibility of the Cremation Business

\*Excerpt/reprint from this document: Q1 FY03/24 Highlights)

### State of the Population | Estimated Deaths



**Nationwide deaths will peak in around 2040, but will continue rising in Tokyo until at least 2065.  
(\*There were 1.58 million deaths nationwide in 2022.)**

# ESG Activity Report [Society]

## A3-05 - Social Responsibility of the Cremation Business

### Tokyo Hakuzen's Actions

#### ■ Cremation technology for smooth funeral services

While many crematoriums use furnaces with carts, Tokyo Hakuzen uses grates that enable quick cremations so we can handle the increasing number of services. While other crematoriums normally handle two to three services per day, ours perform seven to nine. This eliminates waiting times before funeral services and reduces the psychological burden for the bereaved. To cope with a society with high number of deaths, we are focused on improving our operations as well as our technology.



Outside the cremation furnaces at Yotsugi Funeral Home

#### ■ Development of new, environmentally friendly cremation furnace system (Patented)

##### \*Environmentally friendly

To help protect the environment, we are furthering the development of new cremation furnace systems that suppress dioxins while reducing CO2 emissions. We have developed and patented Japan's first environmentally friendly cremation furnace system that generates electricity from the cremation furnace's residual heat and uses a power recycling system. This new cremation system significantly suppresses exhaust gas emissions compared to conventional cremation furnace systems, and has achieved reductions in CO2, dioxins, and other toxic substances.

#### Stimulating the local economy through mutual understanding from exchanges with the community \*CSR activities

Each of our six funeral homes in Tokyo hold Community Appreciation Gatherings to thank neighboring communities for their understanding and support. We endeavor to provide a setting where people of all ages can have an enjoyable and meaningful time through various events such as facility tours, morning markets, sales of products that support the employment of people with disabilities, *rakugo* (traditional Japanese comic storytelling) performances, mini concerts, art exhibitions, health seminars, and more.



The Kirigaya Funeral Hall held a Community Appreciation Gathering on July 9, 2023 for the neighborhood.

The event was a great success, with a dance performance by local children, a show by top-ranked *rakugo* storyteller Hanahei Hayashiya, an earthquake experience, and a Mercari class.

# A3-06 ESG Activity Report [Environment]

Disclosure Based on the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

In addition to endorsing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), in 2022, in response to increasing greenhouse gas emissions and extreme weather conditions caused by global warming, which have become important issues for the international community, the Group announced our SDGs Declaration to promote sustainability management. We have established a materiality on the environment and will work with our partners to further reduce risks to the environment. In addition, we have begun to disclose information in accordance with the TCFD and we will continue to implement the PDCA cycle to strengthen our management strategies related to climate change based on feedback from our stakeholders.

## GHG Emissions Reduction Target

For GHG emissions from business activities at our company's sites (Scope 1 and 2), we are taking action to reduce with a medium-term target of 2030. For Scope 3, we are surveying the state of GHG emissions control by suppliers and customers.

Item	Scope 1+2 reduction targets	Scope 3 reduction targets
2050 target	Carbon neutrality	Carbon neutrality
2030 target	Reduce CO <sub>2</sub> emissions by 34%	To be formulated based on the status of suppliers and purchases
Emissions factor	Ministry of the Environment "Measurement Methods and Emissions Factors under the Measurement, Reporting, and Publication System"	
Reference year	2020	

We disclose information according to TCFD recommendations at our Japanese website (IR Site/Environmental Policy).

You can check the following items according to disclosure rules: "Governance," "Strategy," "Risk Analysis," "Indicators and Targets," "Reduction Targets"

\*The information will be updated in December 2023.



# A3-07 ESG Activity Report [Governance]

## Basic Concept

Aiming to maximize shareholder value, sustainably increase enterprise value, and earn society's trust, we not only boost profitability, but also emphasize shareholder rights, implement efficient, fair, and transparent management practices, and ensure compliance. Furthermore, we enhance corporate governance by fulfilling the social responsibilities required of companies in terms of the environment, society, and governance, and by addressing social issues for the sustainable growth of the company and society.

## Overview of Corporate Governance Structure

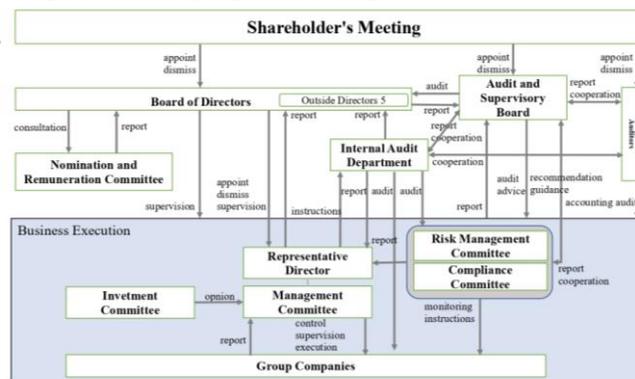
### ■ Board of Directors

As a company with a Board of Corporate Auditors, we endeavor to enhance corporate governance and improve the fairness and transparency of management based on our basic concept by building a management organization enabling proper supervision and monitoring while allowing directors to make appropriate decisions and promptly carry out business operations. In addition, we have established a voluntary nomination and compensation committee, whose primary members are independent outside directors and independent outside auditors, to deliberate and report to the Board of Directors on the directors' compensation, policy for determining their compensation, and proposed candidates for director positions. The Board of Directors, comprising two executive directors, one non-executive director, five outside directors, and corporate auditors, generally hold a regular monthly Board of Directors meeting, along with extraordinary meetings as necessary, to determine important business strategies, including management targets and strategies, as well as matters required by law, and to supervise business execution.

### ■ Board of Corporate Auditors

One full-time auditor and two outside auditors are appointed to ensure objectivity and neutrality in management oversight as they audit the state of governance and operations. In addition, we have appointed two outside auditors as independent directors, with the understanding that the roles of outside directors and outside auditors are, as an independent body entrusted by shareholders, to maintain a neutral and impartial position and ensure management's neutrality and objectivity.

Corporate Governance Organizational Diagram



For more information on corporate governance, please visit the IR News section of our website.

## A4-01 Company Overview

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<b>Company name</b>	<b>KOSAIDO Holdings Co., Ltd.</b>	<b>Establishment</b>	<b>January 1949</b>		
<b>Net sales</b>	<b>36,668</b> million yen (FY03/22)	<b>Total assets</b>	<b>69,753</b> million yen (as of June 30, 2023)	<b>Net assets</b>	<b>38,452</b> million yen (as of June 30, 2023)
<b>Representative</b>	<b>Hiroshi Kurosawa, President &amp; CEO</b>				
<b>Number of employees</b>	<b>1,101 (consolidated   as of March 31, 2023)</b>				
<b>Market information</b>	<b>Prime Market, Tokyo Stock Exchange (Securities code: 7868)</b>				

# A4-02 History



Kosaido Group

2021

Transitioned to a **holding company structure**



1984  
Tokyohakuzen joined the Group  
(Started ending-related business)



2022

Launched **Funeral Planning Services**  
(Kosaido Lifewell, Gran Ceremo Tokyo)



2013

Established **Vietnam subsidiary**  
(Started **Foreign HR business**)



1977

Launched a **job information magazine**  
(Started **HR services business**)



1970

Founded **Japan's first computer typesetting** company



1949

Founded Sakurai Toshiyado  
(Started **information solution business**)



2023

Launched **Asset Consulting Business**  
(Tokyo Hakuzaen Anshin Support Co., Ltd)



## A4-03 Mission, Vision, and Value

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**MISSION** Further enrich 100-year lives

**VISION** A Company that creates myriad “thank yous”

**VALUE** Provide innovative services overflowing with gratitude through individual challenges and strong organizational connections.

Based on **our management philosophy** of “**Kosai**,” which means **contributing to society at large** and is part of our company name, we hope to be a trusted corporate group that plays a leading role in the development of society and the enrichment of people’s lives.

# A4-04 KOSAIDO Group

Further enrich  
100-year lives.



By combining the Group's strengths

in the three business domains of **Ending-related Business**,  
**Information Solutions Business**, and **HR Service Business**,

**KOSAIDO provides comprehensive support**  
for people's 100-year lives.

**We will take on the challenge of creating innovative services**  
in order to achieve a better environment, more enriching lifestyles,  
and a society filled with hope for the future.

## Ending-related Business

-  TOKYO HAKUZEN
-  KOSAIDO LIFEWELL
-  GRAN CEREMO TOKYO



[Main businesses]  
Crematory operation and  
provision of funeral halls  
Funeral planning services  
Ending-related business

## Information Solution Business

-  KOSAIDO NEXT
-  WEIHAI K&K PACKAGE
-  x-climb



[Main businesses]  
Offset printing (publishing,  
commercial)  
Newspaper printing  
Digital printing  
Package printing  
IT & digital solutions  
Campaign solutions  
D2C business support  
Digital promotion support  
BPO services  
Exhibition business

## HR Service Business

-  KOSAIDO HR SOLUTIONS
-  KOSAIDO BUSINESS SUPPORT
-  Career Station
-  KYODO SYSTEM SERVICE
-  FINES
-  NT
-  KOSAIDO HR VIETNAM
-  TalentAsia



[Main businesses]  
HR media  
HR media agency  
Environmental magazine  
publishing  
Free newspaper rack agency  
Temporary staffing  
Recruitment  
HR development, education,  
training  
RPO services  
Foreign HR services  
HR Tech services



# A4-05 KOSAIDO Group's SDGs Declaration

To put our corporate philosophy of “contributing to society at large” into action, we have identified and are acting on four materialities that contribute to the SDGs.

As our company name (KOSA “iDO”) implies, we aspire to take action (“DO”) together with our stakeholders, including our employees, to solve societal issues and create a bright future.



## Economy

**Providing wide-ranging support**

**Value creation for sustainable economic activities**

Even in a fast-changing world, we will create value in collaboration with others as an innovator of sustainable economic activities with flexibility unconstrained by preconceived assumptions, in keeping with our company name, "Kosai," which means contributing to society at large and is in our DNA.





## Society

**Live in harmony with others**

**Developing equitable and diverse communities**

In the coming era where people live for 100 years, we will serve as a facilitator of local communities, “putting care first,” so that everyone can choose their own way of life and achieve a lifestyle of freedom both physically and mentally.








**Company that guides the future in a positive direction**



## Environment

**Protect our future**

**Reduce environmental burden to leave a beautiful earth to future generations.**

We will strive to safeguard the Earth by reducing greenhouse gas emissions and conserving ecosystems so that the next generation of children and living creatures can coexist in harmony, and we will work with our partners to further reduce environmental risks.










## Corporate Culture

**Connect with smiles**

**Sound corporate management characterized by transparency and dialogue**

We will not only comply with laws and regulations, but also promote "respect for human rights," "gender equality," and "women's empowerment" based on the SDGs' universal values, so that no one is left behind. As a result, each of us will be a mood maker who fosters a rewarding workplace and maintains a communication-rich corporate culture.










## A4-06 Contact

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**If you have any comments or questions about this presentation or other IR-related topics, please use the inquiry form at the following URL to contact us.**

**In addition, Facilities Tour for Institutional Investors and Analysts are held accordingly (funeral home tours operated by Tokyo Hakuzen Co., Ltd.).**

**If you would like to join, please contact us via the URL below.**

**Inquiry Form URL:  
<https://www.kosaido.co.jp/contact/>**