



Q1 FY03/23

Financial Results Presentation

Securities code: 7868

2022/8/9

0 Contents

1	Q1 FY03/23 Highlights	P. 3
	<ul style="list-style-type: none">• Quarterly Performance• Analysis of Change in Operating Profit• Segment Performance	
2	Medium-Term Business Plan 2.0 (FY2022-FY2024)	P. 17
	<ul style="list-style-type: none">• Basic Policy• Consolidated Financial Forecast• Segment Forecast	
3	Initiatives in FY03/23	P. 27
4	Shareholder Returns	P. 30
A	Appendix: Company Introduction	P. 32

Activities of KOSAIDO Holdings

- Measures to address rising costs
- Digital transformation (BPO, HR Tech)
- Thorough business management



⊕ Investments for future growth



1

Q1 FY03/23 Highlights

1-01 Q1 FY03/23 Performance Highlights

- Q1 consolidated results: Net sales and operating profit both increased from the same period last year.
(Net sales +7.1% YoY, Operating profit +42.9% YoY)
- Started Medium-Term Business Plan 2.0 (FY2022-FY2024)
- Launched funeral planning services in earnest
(Kosaido Lifewell | “Tokyohakuzen funeral”)



Made a solid start for short-term performance and
medium- to long-term growth

1-02 Q1 FY03/23 Consolidated Financial Results

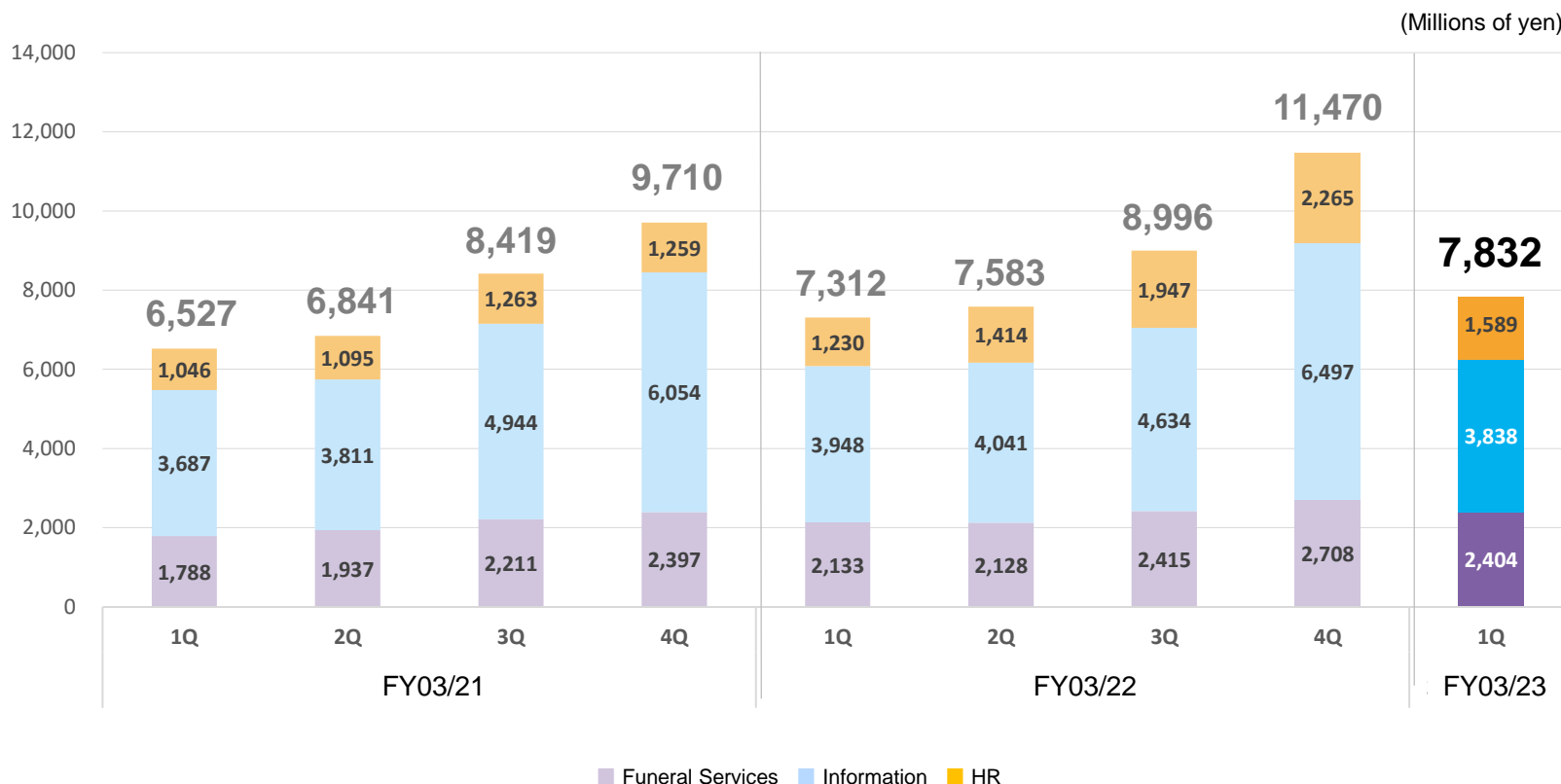
- **Funeral Services:** Sales and profit increased as the number of cremation services handled and visitors increased steadily.
- **Information:** Profitability improved due to higher in-house production ratio (plant utilization ratio) in the printing business.
- **HR:** Sales increased mainly in the owned media, HR Tech, and temporary staffing businesses.

(Millions of yen)

	Q1 FY03/22	Q1 FY03/23	YoY change	
			Amount	%
Net sales	7,312	7,832	520	7.1
Operating profit	326	467	141	42.9
Ordinary profit	312	463	151	48.1
Profit attributable to owners of parent	238	356	118	49.7

1-03 Quarterly Trend (Net Sales)

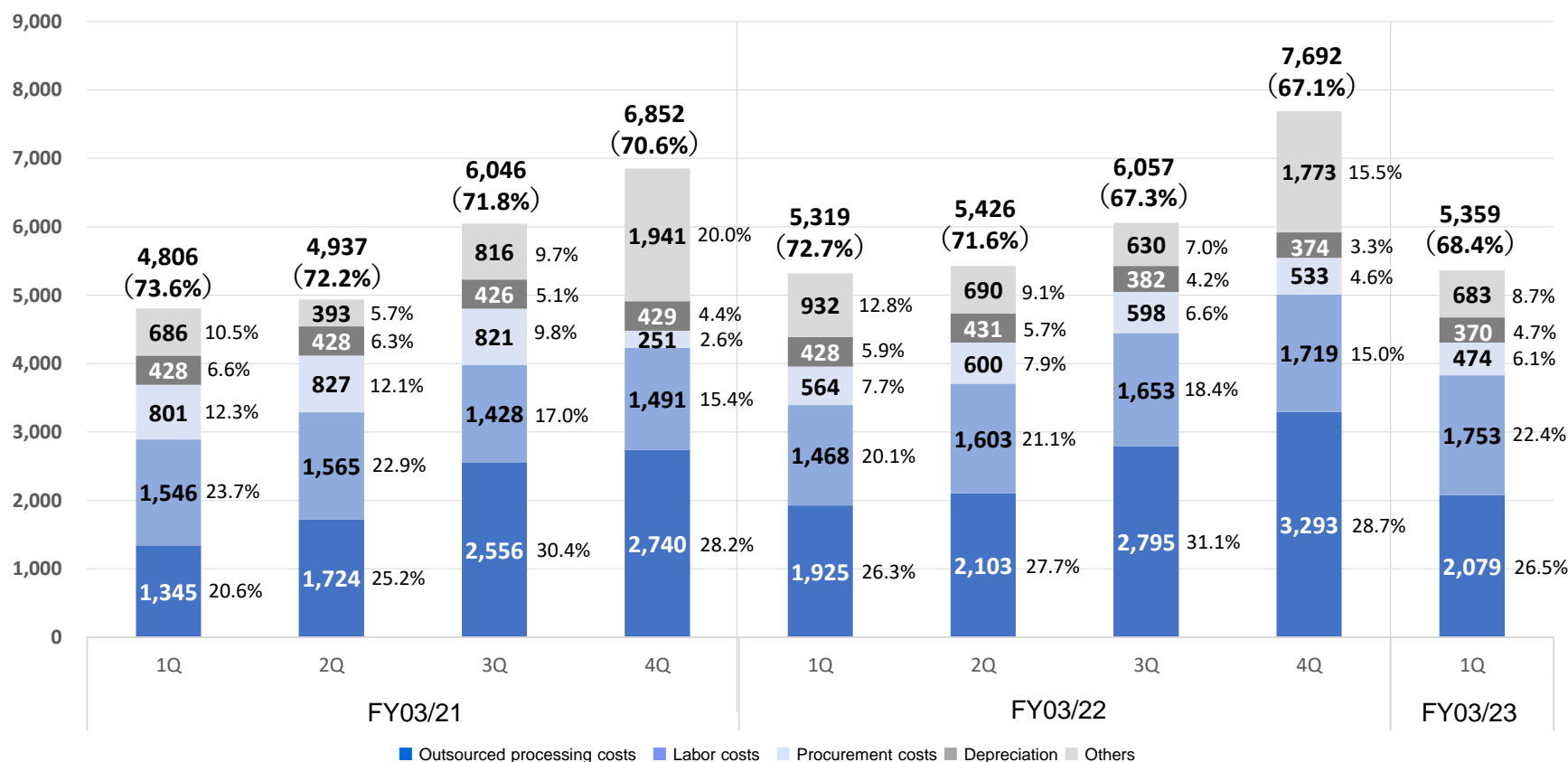
- Net sales increased 7.1% from the same period last year. This was attributable to an increase in cremation fee sales, which expanded as the number of cremation services handled in the Funeral Services segment increased, as well as an increase in temporary staffing business sales in the HR segment.



1-04 Quarterly Trend (Cost of Sales)

- Cost of sales increased from the same period last year (+40 million yen, -4.3pt cost of sales ratio)
- Despite an increase in labor costs as a result of greater sales at a temporary staffing company acquired in the previous fiscal year and in the temporary staffing business, the cost of sales ratio decreased from the same period last year due to higher overall sales.

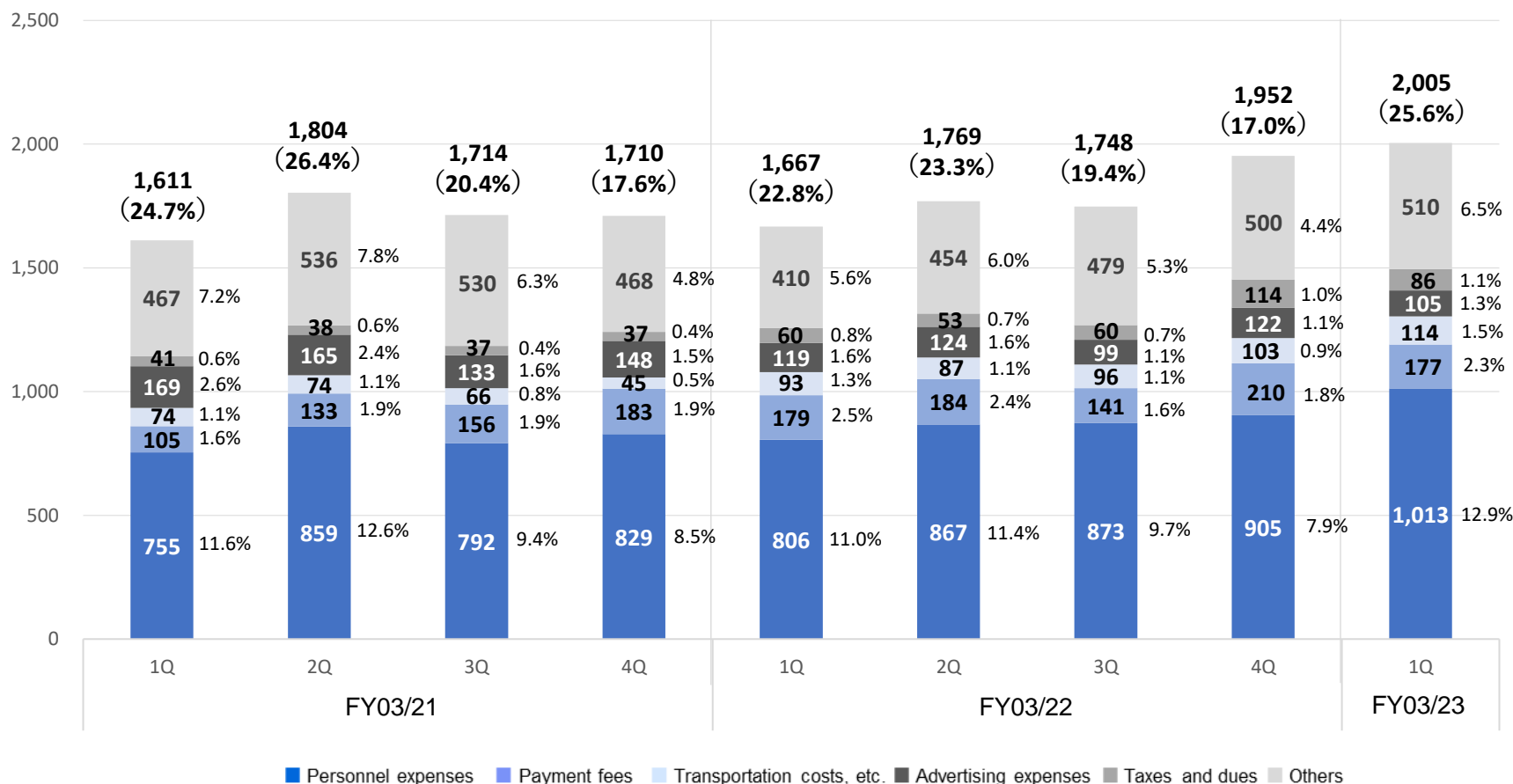
(Millions of yen / %: cost of sales ratio)



1-05 Quarterly Trend (SG&A Expenses)

- SG&A expenses increased from the same period last year (+339 million yen, +2.8pt SG&A expense ratio)
- Personnel expenses as an investment for future growth increased

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

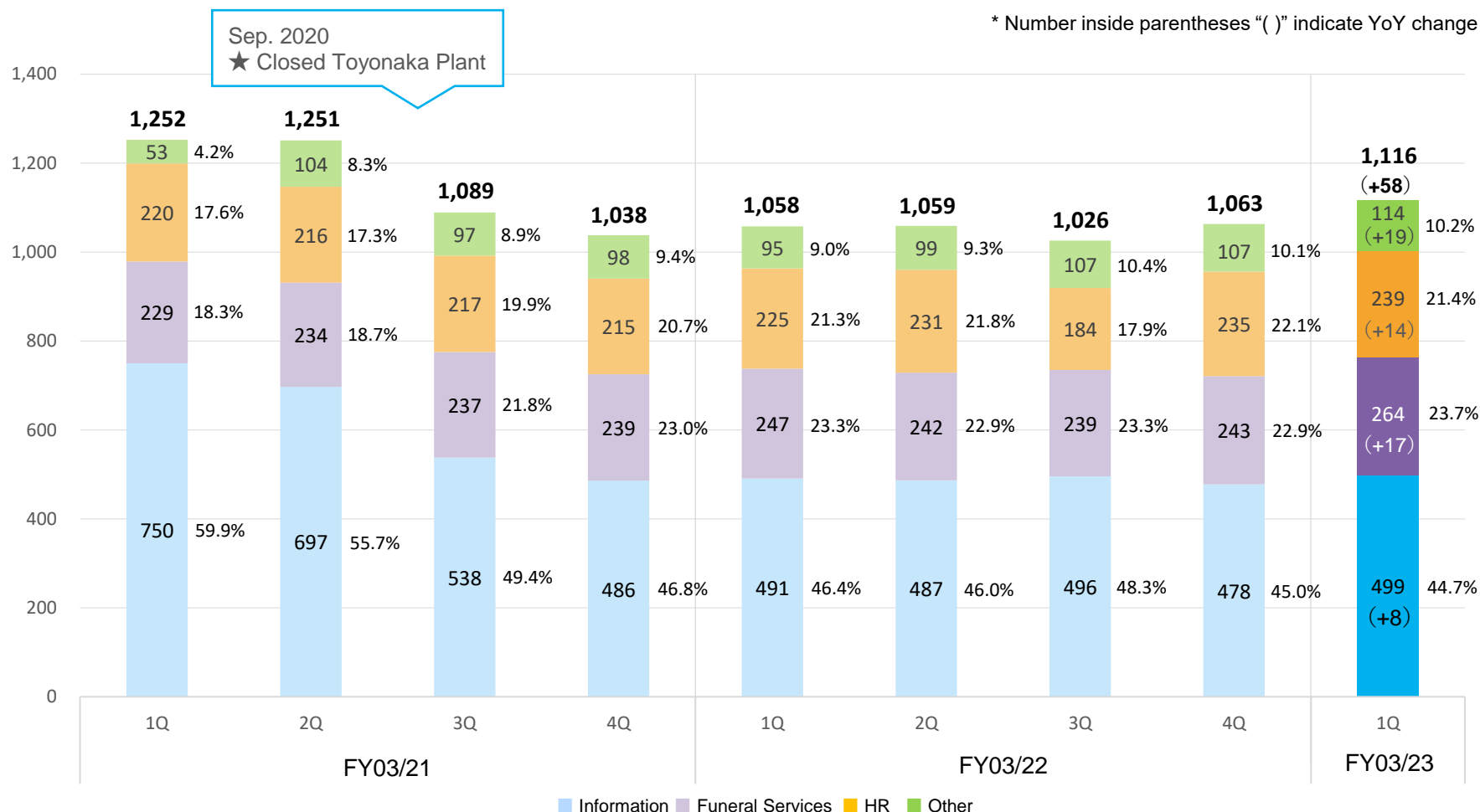


1-06 Quarterly Trend (Number of Employees)

- Increased from the same period last year due to an enhancement of personnel resources in each segment

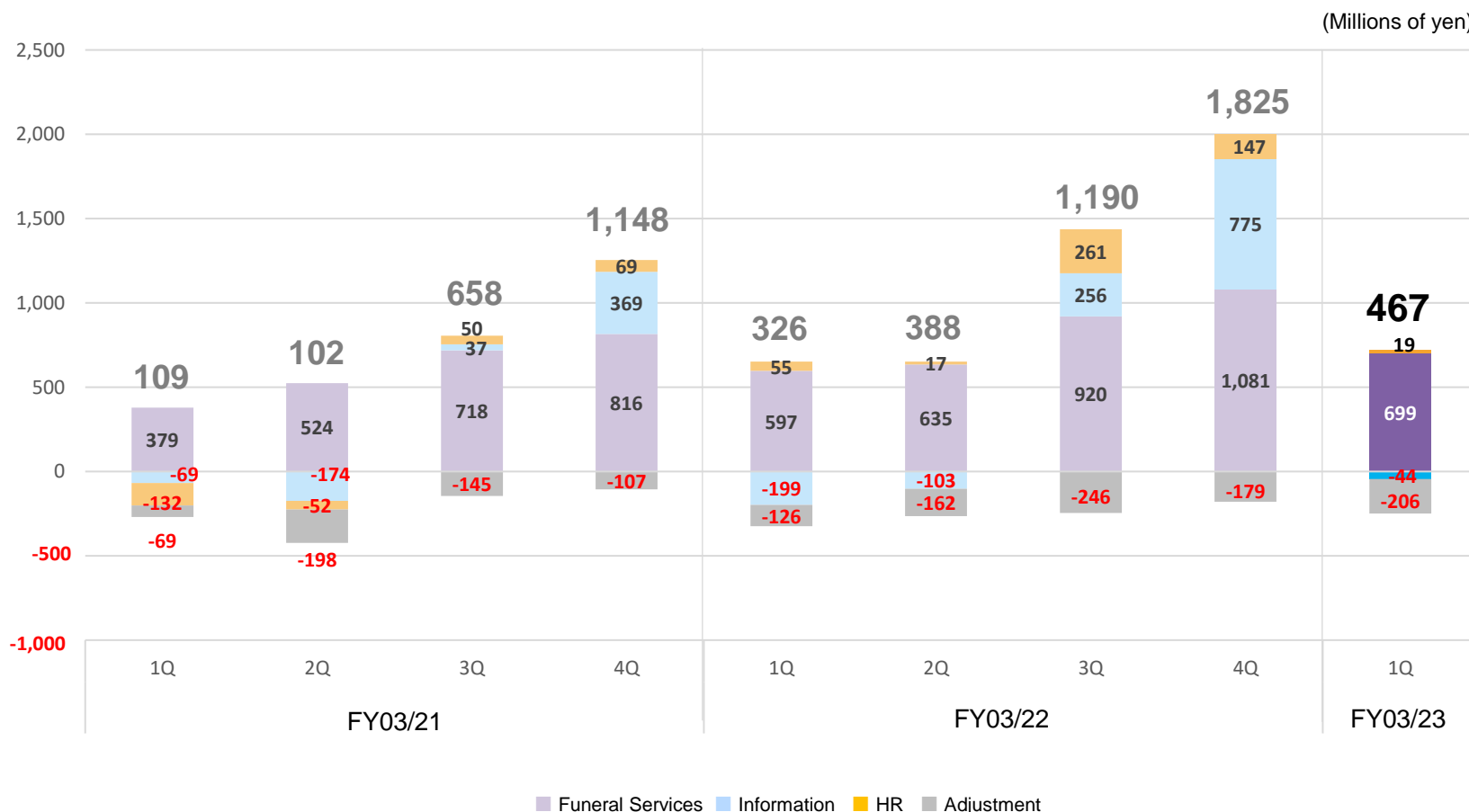
(Number of employees / %: Composition ratio)

* Number inside parentheses “()” indicate YoY change



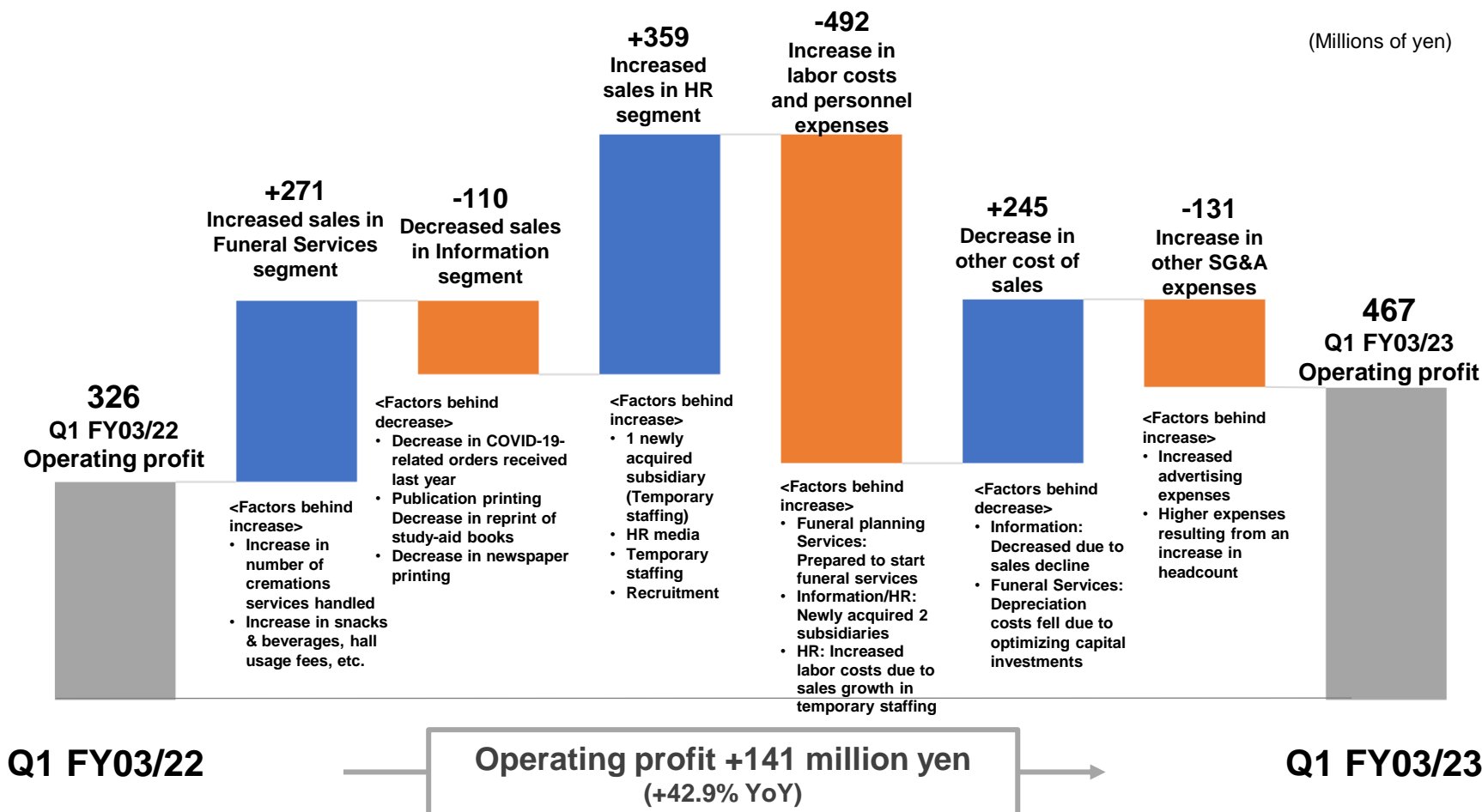
1-07 Quarterly Trend (Operating Profit by Segment)

- Operating profit increased 42.9% from the same period last year as the Funeral Services segment's funeral halls business expanded and the loss in the Information segment's printing business narrowed due to improved utilization ratio.



Q1 FY03/23: Analysis of Change in Operating Profit (Major Items)

- Operating profit increased due to higher sales in the Funeral Services and HR segments, despite higher labor costs and personnel expenses resulting from the launch of a new business and the strengthening of the staffing structure.



Q1 FY03/23 Financial Results Summary by Business Segment

(Millions of yen)

	Net sales		YoY change		Operating profit		YoY change	
	Q1 FY03/23	Q1 FY03/22	Amount	%	Q1 FY03/23	Q1 FY03/22	Among	%
Funeral Services	2,404	2,133	271	12.7	699	597	102	17.1
Information	3,838	3,948	-110	-2.8	-44	-199	155	— (Loss narrowed)
HR	1,589	1,230	359	29.1	19	55	-36	-65.6
Adjustments, etc.			0	—	-206	-126	-80	
Total	7,832	7,312	520	7.1	467	326	141	42.9

(Changes in the calculation method of profit or loss of reportable segments)

Management guidance fees paid by group companies, which were previously included in each reportable segment's profit, are included in the segment profit adjustment as a corporate expense beginning in the first quarter of the current fiscal year in order to more accurately present each segment's operating results. Because the first quarter of the previous fiscal year occurred prior to the transition to a holding company, no management guidance fees were incurred, and there was no impact on segment profit or loss.

1-10 Q1 FY03/23 Funeral Services Segment (YoY)

(Millions of yen)

	Net Sales		YoY change		Operating profit		YoY change	
	Q1 FY03/23	Q1 FY03/22	Amount	%	Q1 FY03/23	Q1 FY03/22	Amount	%
Funeral Services	2,404	2,133	271	12.7	699	597	102	17.1

Operating environment

- COVID-19 was temporarily contained, and demand for confections and beverages as well as funeral halls use returned. On the other hand, fuel prices soared.

Net sales

- ↑ Number of cremation services handled rose from the same period last year
- ↑ Due to the temporary recovery from COVID-19, the trend of funeral service simplification was slowed, and confectionary and beverage fees, resting fees, and funeral halls usage fees rebounded moderately from the same period last year.

Operating profit

- ↑ Increased due to sales growth
- Introduced surcharge-type variable fees in response to soaring fuel and other costs (from June 2022)
- ↓ SG&A expenses grew in order to establish a funeral planning services joint venture (Gran Ceremo Tokyo Co., Ltd.) and prepare for the start of a funeral planning services business (Kosaido Life Well Co., Ltd.).

(Millions of yen)								
	Net-sales		YoY change		Operating profit		YoY change	
	Q1 FY03/23	Q1 FY03/22	Amount	%	Q1 FY03/23	Q1 FY03/22	Amount	%
Information	3,838	3,948	-110	-2.8	-44	-199	155	— (Loss narrowed)

Operating environment

- Demand for publication printing continued to decline. On the other hand, BPO-related needs of government and municipal corporation remained steady.

Net sales

- ↓ Publication Printing: Declined from the same period last year due to a drop in reprints of study-aid book orders, despite strong orders for comic books.
- ↓ Commercial Printing: Decrease in promotional projects and large COVID-19-related projects for which orders were received in the previous fiscal year.
- ↓ Package Printing (China): Production delays caused by the shutdown, as well as the weakened yen against the yuan, affected sales.
- ↑ BPO: Performed steadily as a result of securing COVID-19-related projects as well as projects from government offices.

Operating profit

- ↑ Printing-related: Outsourcing costs were reduced as the in-house production ratio (factory utilization ratio) improved.
- ↑ Publication printing: Because of strong sales for paperback and comic projects, we were able to secure the operation of large printing presses.
- ↑ BPO: COVID-19-related projects from local governments in western Japan remained strong.

1-12 Q1 FY03/23 HR Segment (YoY)

(Millions of yen)								
	Net sales		YoY change		Operating profit		YoY change	
	Q1 FY03/23	Q1 FY03/22	Amount	%	Q1 FY03/23	Q1 FY03/22	Amount	%
HR	1,589	1,230	359	29.1	19	55	-36	-65.6

Operating environment

- Recruiting demand was on a recovery trend due to the temporary containment of COVID-19.

Net sales

- ↑ HR Media/HR Tech: Because of the food and beverage industry's recovery and other factors, the number of clients increased, as did the retention rate and number of accounts.
- ↑ Temporary staffing: COVID-19-related services remained strong. There was also an impact from a newly acquired company, which became a consolidated subsidiary from Q2 FY03/22.
- ↓ BPO: Decreased from the same period last year due to the dropout of demand for a large COVID-19-related project in the previous year but increased compared to Q1 FY03/21.
- ↑ Recruitment: The domestic recruitment business performed steadily.

Operating profit

- ↓ BPO: Decreased from the same period last year due to the dropout of demand for a large COVID-19-related project in the previous year but increased compared to Q1 FY03/21.
- ↑ HR Media/Temporary staffing: Increased from the same period last year, owing in part to increased advertising sales, despite an increase in advertising expenses.

1-13 Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022	Difference
Current assets	31,350	26,695	-4,655
Cash and deposits	21,662	18,716	-2,946
Notes and accounts receivable–trade	7,131	4,723	-2,408
Non-current assets	42,380	41,799	-581
Property, plant and equipment	35,820	35,471	-349
Intangible fixed assets	916	808	-108
Investments and other assets	5,643	5,518	-125
Total assets	73,736	68,498	-5,237
Current liabilities	17,492	12,634	-4,858
Accounts payable–other	1,692	1,419	-273
Income taxes payable	409	331	-78
Non-current liabilities	18,723	17,901	-822
Total liabilities	36,215	30,535	-5,679
Shareholders' equity	37,239	37,595	356
Share capital	2,478	2,478	0
Retained earnings	26,742	27,099	357
Share acquisition rights	9	11	2
Total net assets	37,520	37,962	441





2

Medium-Term Business Plan 2.0 (FY2022-FY2024)

Basic Policy

- 1. Enter the funeral planning services business.**
- 2. Metamorphose into an “ultra-aging society” stock.**
- 3. Reinstate dividends and enhance shareholder returns.**

2-02 Medium-Term Business Plan 2.0 | Performance Plan (Consolidated)

(Millions of yen)

	FY03/20 Actual	FY03/21 Actual	FY03/22 Actual	FY03/23 Plan	FY03/24 Plan	FY03/25 Plan
Net sales	35,088	31,497	35,361	37,800	40,600	44,400
Operating profit	2,328	2,017	3,729	3,800	4,700	6,200
Ordinary profit	2,210	1,823	3,610	3,700	4,800	6,300
Profit before income Taxes	-1,289	349	3,627	3,690	4,800	6,300
Income taxes	731	-486	17	740	1,050	1,500
Profit attributable to owners of parent	-2,671	854	3,643	2,950	3,750	4,800

2-03 Funeral Services Segment | Business Environment & Market Trends

External

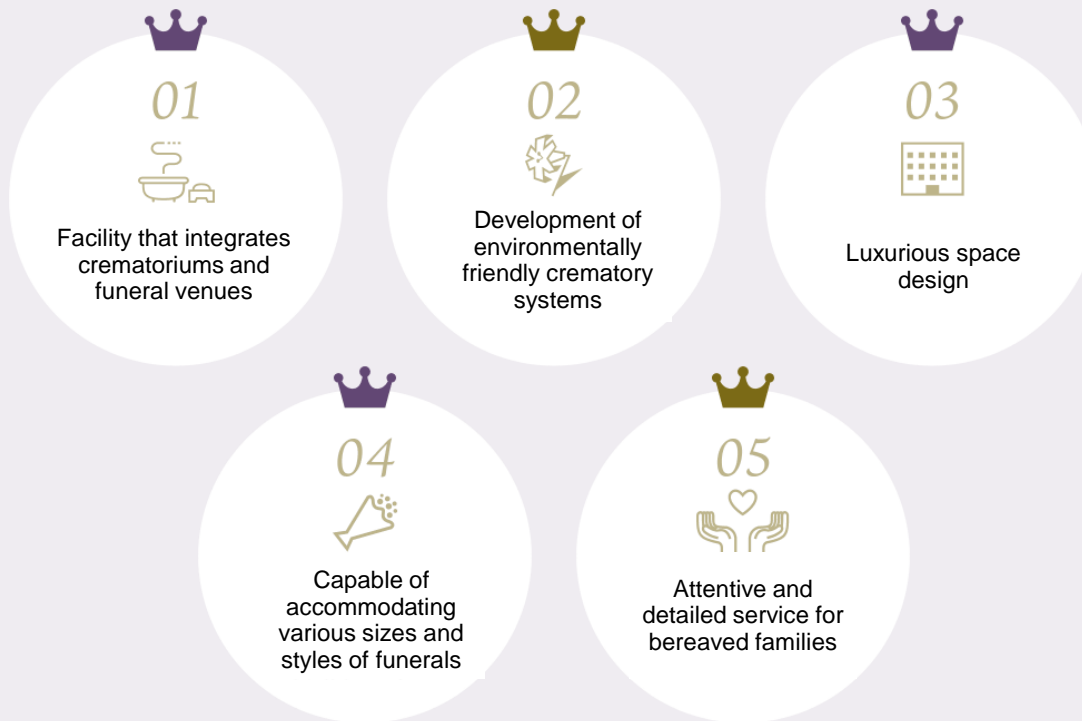
- ✓ Demographic forecasts show that the number of deaths will be on the rise (until about 2040).
- ✓ Cremation services: Crematorium ownership requires a municipal permit, creating a significant barrier to entry.
- ✓ Funeral planning services: There are no barriers to entry. In recent years, prices have fallen due to new entrants from other industries.
- ✓ Funeral formats are becoming more diverse and simplified as households and customs change, resulting in a decrease in the unit price of funerals ceremony.

Internal

- ✓ We own six crematoriums and funeral venues in Tokyo. Our superior market share has allowed us to handle a rising number of cremation services.
- ✓ Despite a declining trend in unit prices due to the simplification of funeral ceremony, sales have been secured through measures such as revising cremation fees and expanding business hours.
- ✓ There is concern that higher building and equipment repair costs, depreciation, and labor costs may put a strain on profitability.
- ✓ Began branding activities to increase the funeral industry's overall presence and improve its image.

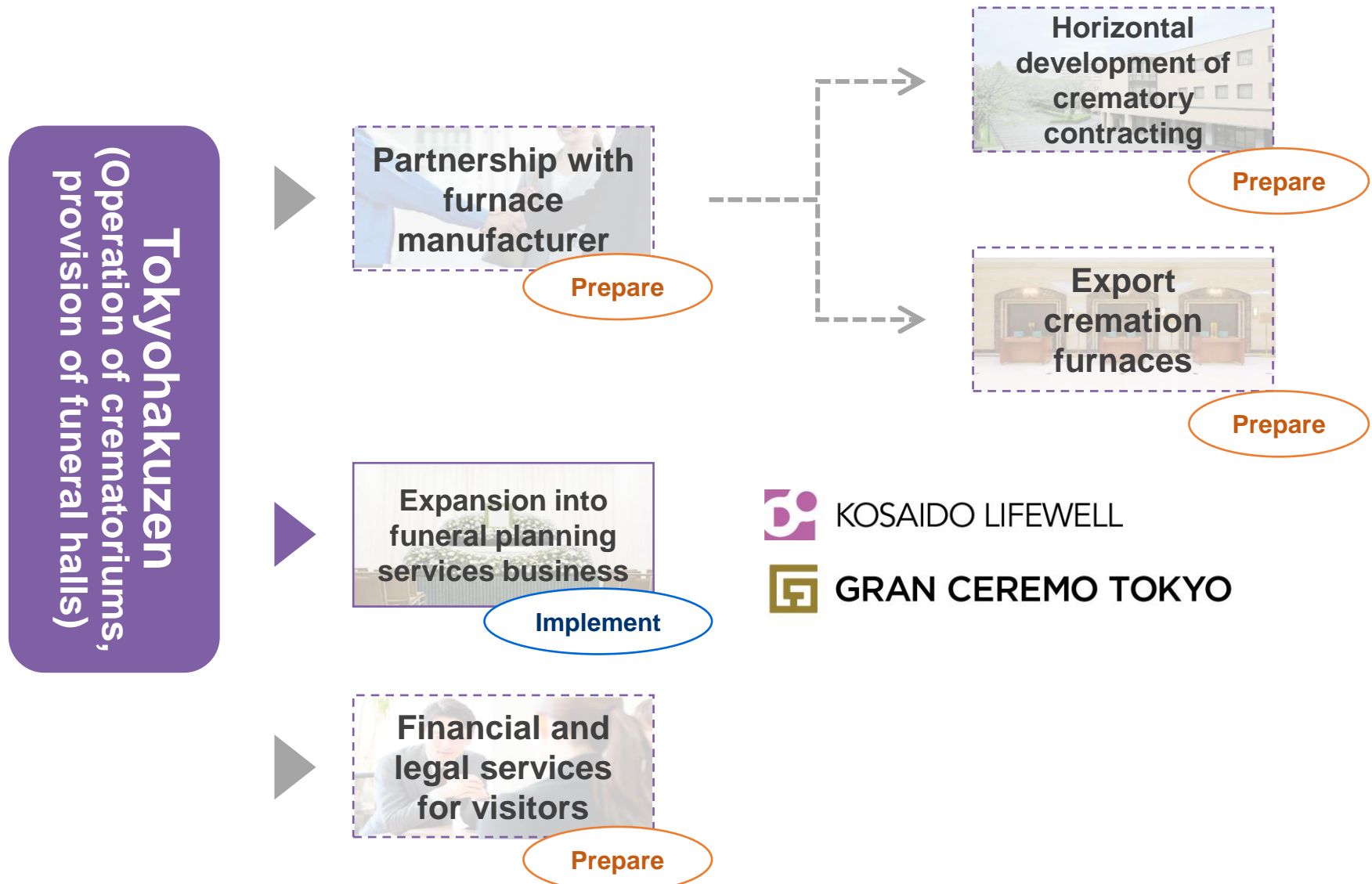
2-04 Tokyohakuzen's Strengths and Business Features

5 Reasons Why Customers Choose Tokyohakuzen



**Over 60% share of cremation services in Tokyo's 23 wards,
over 700,000 visitors per year**

Unparalleled crematoriums and funeral venues in Japan



2-06 Funeral Services Segment | Most Recent Investment Plan

Overview		Amount (millions of yen)	Period
Expansion of funeral halls	Expansion of funeral halls in areas with few funeral facilities (Ochiai, Kirigaya, etc.)	850	Until March 2023
Improvement of facilities	Improvements to Tokyohakuzen's infrastructure and systematization to accommodate the diverse needs of bereaved families	180	Until March 2023
Expansion of business domain	Expansion of new business domains to enhance the industry's presence	100	Until March 2023

2-07 Funeral Services Segment | Financial Plan & Business Strategy

Financial Plan

(Millions of yen)

		FY03/20 Actual	FY03/21 Actual	FY03/22 Actual	FY03/23 Plan	FY03/24 Plan	FY03/25 Plan
Funeral services segment total	Net sales	8,735	8,333	9,384	10,860	12,795	14,790
	Operating profit Old segment disclosure standards	2,564	2,437	3,083	3,380	3,970	5,110
	Operating profit New segment disclosure standards	2,564	2,437	<u>3,233</u>	<u>3,693</u>	<u>4,298</u>	<u>5,451</u>
Existing business	Net sales	8,735	8,333	9,384	9,970	10,835	11,600
	Operating profit *Old standard	2,564	2,437	3,083	3,340	3,480	3,880
	Operating profit *New standard	2,564	2,437	<u>3,233</u>	<u>3,653</u>	<u>3,808</u>	<u>4,221</u>
Funeral planning services business	Net sales	0	0	0	890	1,960	3,190
	Operating profit *No impact from change in standard	0	0	0	40	490	1,230

*Management guidance fees, which were previously included in segment profit under the old standard, are now recorded as corporate expenses included in adjustments under the new standard. This change has no impact on consolidated operating profit.

Business Strategy

Existing business | Operation of crematoriums and funeral venues

- Expand peripheral businesses (new services)
- Extend operating hours for early morning and evening ,
on the day of tomobiki

Funeral services business

- Expand funeral halls  TOKYO HAKUZEN
- Funeral services  KOSAIDO LIFEWELL  GRAN CEREMO TOKYO



2-08 Information Segment | Financial Plan & Business Strategy

Financial Plan

(Millions of yen)

		FY03/20 Actual	FY03/21 Actual	FY03/22 Actual	FY03/23 Plan	FY03/24 Plan	FY03/25 Plan
Information segment	Net sales	20,789	18,496	19,120	19,570	19,680	19,770
	Operating profit Old segment disclosure standards	55	163	377	1	80	140
	Operating profit New segment disclosure standards	55	163	<u>729</u>	<u>645</u>	<u>736</u>	<u>818</u>

*Management guidance fees, which were previously included in segment profit under the old standard, are now recorded as corporate expenses included in adjustments under the new standard. This change has no impact on consolidated operating profit.

Business Strategy

Environment

- The printing market is shrinking. Orders are being placed in ever smaller lots and with a wider range of products, putting a strain on profitability.
- Demand for outsourcing from e-commerce and other businesses, as well as government offices, is strong in the BPO market.

Strategy

- We aim for stable growth in sales and profits in the printing business while working to further improve production efficiency.
- We will promote initiatives for emerging technologies (Web 3, etc.) in order to expand business.
- We aim to establish a distinct position in the BPO market by combining numerous products such as IT services, printing, and promotions.

2-09 HR Segment | Financial Plan & Business Strategy

Financial Plan

(Millions of yen)

		FY03/20 Actual	FY03/21 Actual	FY03/22 Actual	FY03/23 Plan	FY03/24 Plan	FY03/25 Plan
HR Segment	Net sales	5,545	4,663	6,856	7,370	8,125	9,840
	Operating profit Old segment disclosure standards	159	-65	341	110	400	700
	Operating profit New segment disclosure standards	159	-65	<u>480</u>	<u>432</u>	<u>759</u>	<u>1,097</u>

*Management guidance fees, which were previously included in segment profit under the old standard, are now recorded as corporate expenses included in adjustments under the new standard. This change has no impact on consolidated operating profit.

Business Strategy

Environment

- Although employment is stagnant owing to COVID-19, demand for foreign human resources is increasing.
- The labor market is in flux, and domestic labor shortages are becoming more severe.

Strategy

- We will deploy the TalentAsia System, which is a comprehensive assistance system for foreign nationals with specific skills, across Japan.
- We will roll out a new service that solves recruitment issues using our HR technology, the TalentClip recruitment management system, at the core.



3

Initiatives in FY03/23 (FY2022-FY2024)

3-01 Initiatives in FY03/23 | Plan and Status in the 1st Year of MTBP

Partnership
with furnace
manufacturer

Confidential

Horizontal
development of
crematory
contracting

In parallel with preparations for the partnership, we will initiate dialogue with local governments.

Export
cremation
furnaces

Start after partnership

Expansion into
funeral planning
services business

Financial and
legal services
for visitors

(Millions of yen)

Q1	Plan	Actual
Net sales	17	44
Operating profit	-125	-60

- Increase in the number of funeral halls due to renovations
 ⇒ Scheduled start in Nov. 2022
 ⇒ Scheduled completion in Aug. 2023
 As a result, the number of funeral halls will increase from 35 to 62.
- Opened a temporary consultation booth on August 2. Received four inheritance consultations on the first day.
- Scheduled to form an inheritance services team on October 1.
- Conducting hiring efforts to expedite the formation of a registered real-estate broker team.

Others

- **Information** segment
 - ✓ Begin organizational reform to strengthen the BPO business. Planned to be completed by the end of the year.
 - ✓ Release NFT service β version on August 1. Full-scale launch scheduled for October 1.
- **HR** segment
 - ✓ Various progress is being made as planned.

3-02 FY03/23 Financial Forecast

(Millions of yen)

	FY03/23 Full-Year Forecast	FY03/22	YoY change	
			Amount	%
Net sales	37,800	35,361	+2,439	6.9
Operating profit	3,800	3,729	+71	1.9
Ordinary profit	3,700	3,610	+90	2.5
Profit-before income taxes	3,690	3,627	+63	1.7
Income taxes	740	17	+723	4,252.9
Profit attributable to owners of parent	2,950	3,643	-693	-19.0

4

Shareholder Returns

4-01 Shareholder Returns | Dividend Forecast

(Millions of yen)

	FY03/20 Actual	FY03/21 Actual	FY03/22 Actual	FY03/23 Plan	FY03/24 Plan	FY03/25 Plan
Net profit	-2,671	854	3,643	2,950	3,750	4,800
Target dividends (in exact yen)	-	-	-	443	1,125	1,440
Target dividend payout ratio	-	-	-	15%	30%	30%

- ✓ Resume dividend payouts from FY03/23 (target payout ratio: 15%).
- ✓ Implement capital allocation with the pursuit of medium-to long-term growth opportunities in mind.
- ✓ Aim for consistent dividend payout ratio of 30% starting in FY03/24 while achieving business growth.

A large, stylized white letter 'A' is centered within a light blue circle. This circle is set against a dark blue background that features a large, abstract, wavy shape on the left side, resembling a stylized 'C' or a wave. The overall design is clean and modern.

A

Appendix: Company Introduction

A-01 Company Overview

**Company
name**

KOSAIDO Holdings Co., Ltd.

**Establish
ment**

January 1949

Net sales

35,361
million yen
(FY03/22)

**Total
assets**

68,498
million yen
(as of June 30, 2022)

Net assets

37,962
million yen
(as of June 30, 2022)

**Represent
ative**

Hiroshi Kurosawa, President & CEO

**Number of
employees**

1,116 (consolidated | as of June 30, 2022)

**Market
information**

**Prime Market, Tokyo Stock Exchange
(Securities code: 7868)**

A-02 History



1970
Founded **Japan's first computer typesetting** company

1949
Founded Sakurai Toshyado
(**Started information solution business**)

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

1977
Launched a **job information magazine**
(**Started HR services business**)



2021
Transitioned to a **holding company structure**

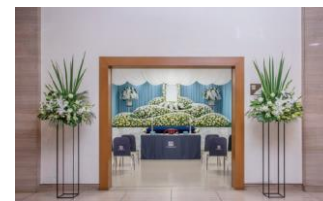


Kosaido Group

2013
Established **Vietnam subsidiary**
(Started **Foreign HR business**)



2022
Launched **Funeral planning Services**
(Kosaido Lifewell, Gran Ceremo Tokyo)



A-03 Mission, Vision, and Value

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.

A-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



A-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.




Contact

This material will be available on our company website.

If you have any comments or concerns about this presentation or other IR-related topics, please use the inquiry form below to contact us.

Inquiry Form URL:

<https://www.kosaido.co.jp/contact/>



Further enrich 100-year lives

<Precautionary note regarding this material>

The figures included in the financial forecast and other sections of this material are based on judgements and assumptions made by the Company according to currently available information. Please be aware that actual results may differ significantly from these projections due to variabilities such as uncertainties inherent in judgements and assumptions, future company operations, and changes in internal and external conditions.