



**Q3 FY03/23**

# **Financial Results Presentation**

**Securities code: 7868**

2023/2/10

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**Q3 FY03/23  
Highlights**

## 1-01 Q3 FY03/23 Performance Highlights

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- Nine-month consolidated results: Net sales and operating profit both increased from the same period last year. (Net sales +9.7% YoY, Operating profit +26.9% YoY)
- Revisions to consolidated financial forecast and dividend forecast for FY03/23
- Determination of growth business in existing business domains



Steady execution of plans and  
specific preparations for future growth

## 1-02 Q3 FY03/23 Consolidated Financial Results

- **Funeral Services:** Sales related to funeral halls, waiting rooms, confectionery and beverages increased due to a rise in the number of visitors.
- **Information:** Factory utilization rate was maintained in the printing business, and the BPO business remained firm.
- **HR:** HR Media and temporary staffing business remained solid, and recruitment business recovered.

(Millions of yen)

	Q3 FY03/22 [Nine months]	Q3 FY03/23 [Nine months]	YoY change	
			Amount	(%)
Net sales	23,891	<b>26,199</b>	2,308	9.7
Operating profit	1,904	<b>2,416</b>	512	26.9
Ordinary profit	1,786	<b>2,374</b>	588	32.9
Profit attributable to owners of parent	1,565	<b>1,902</b>	337	21.6

# 1-03 Revisions to Financial Forecast for FY03/23

## Reason for revision

The fourth quarter results are expected to be strong, mainly in the Funeral Services segment, and profit attributable to owners of parent is expected to increase significantly from the previous forecast given the estimated tax effects of the completion of the capital reductions at all of the consolidated companies in the fourth quarter.

(Millions of yen)

	Previously announced forecasts (Announced on May 14, 2022)	Revised forecast (Announced on February 10, 2023)	Compared with the previous forecast		(Reference) Results for the previous fiscal year
			Amount	(%)	
Net sales	37,800	<b>36,620</b>	-1,180	-3.1	35,361
Operating profit	3,800	<b>4,130</b>	330	8.7	3,729
Ordinary profit	3,700	<b>4,000</b>	300	8.1	3,610
Profit attributable to owners of parent	2,950	<b>3,850</b>	900	30.5	3,643

## 1-04 Revision to Dividend Forecast

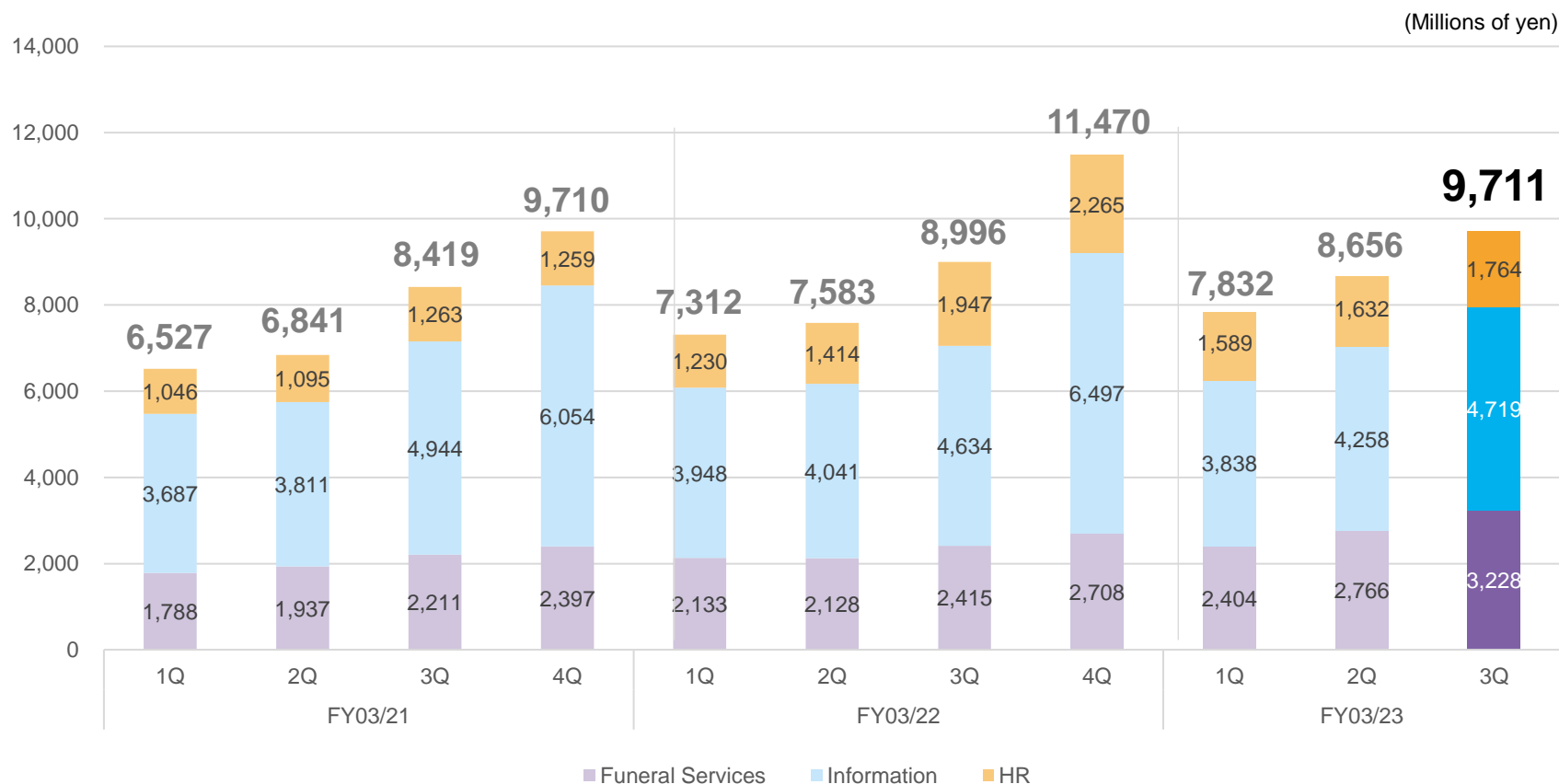
### FY03/23 dividend forecast

- ✓ Year-end dividend has been revised (payout ratio 15%) associated with revisions to the full-year financial forecast.

Record date	Dividend per share		
	End of Q2	End of FY	Total
FY03/22 results	0.00 yen	0.00 yen	0.00 yen
FY03/23 results	7.75 yen	–	–
Q3 FY03/23 Previous forecast	–	7.75 yen	15.50 yen
Q3 FY03/23 Revised forecast	7.75 yen (Completed)	12.50 yen	20.25 yen

# 1-05 Quarterly Trend (Net Sales)

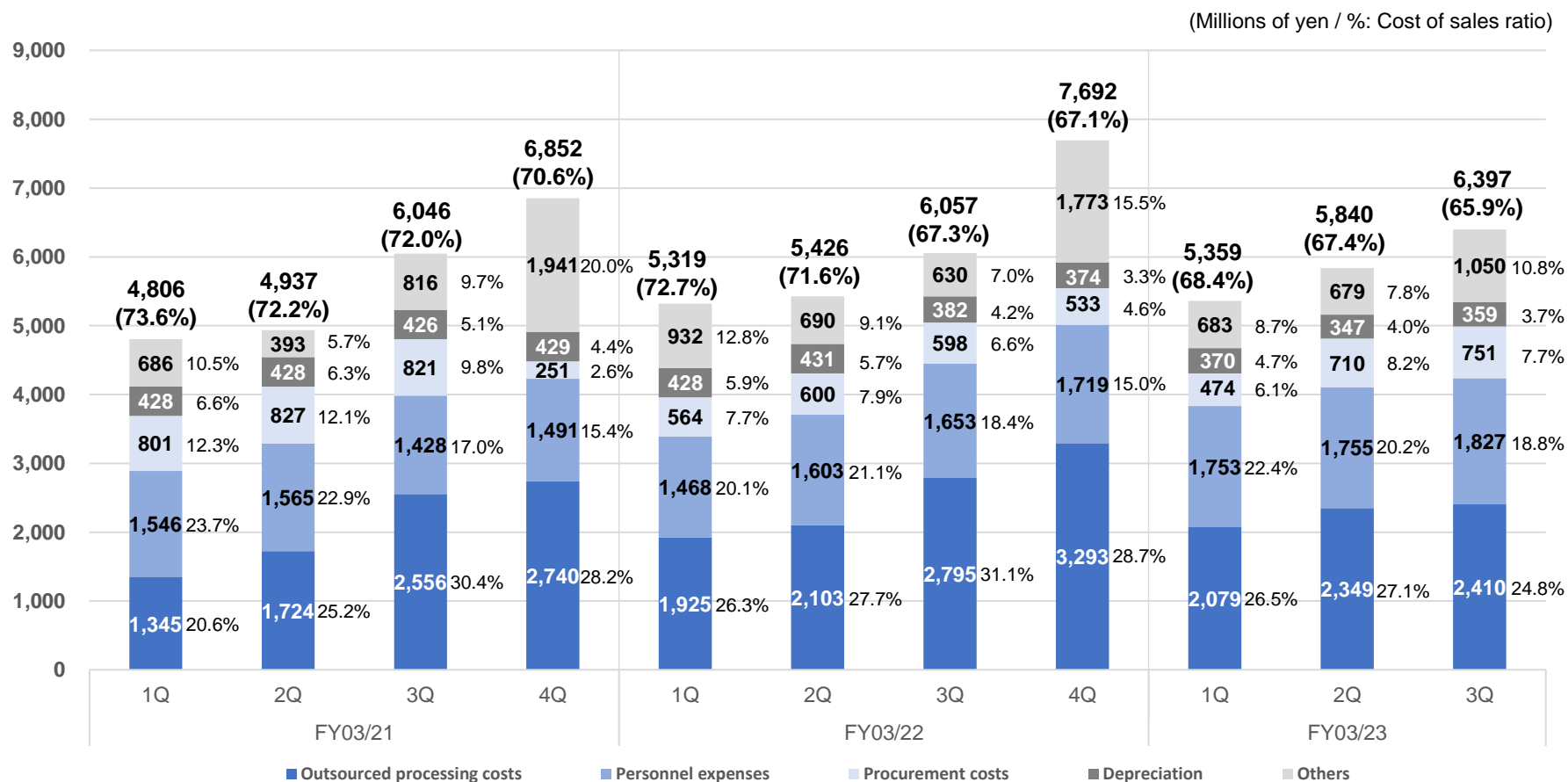
- Net sales increased 7.9% year on year due to growth in sales at two funeral planning services companies in the Funeral Services segment and the solid performance of the BPO business in the Information Services segment.





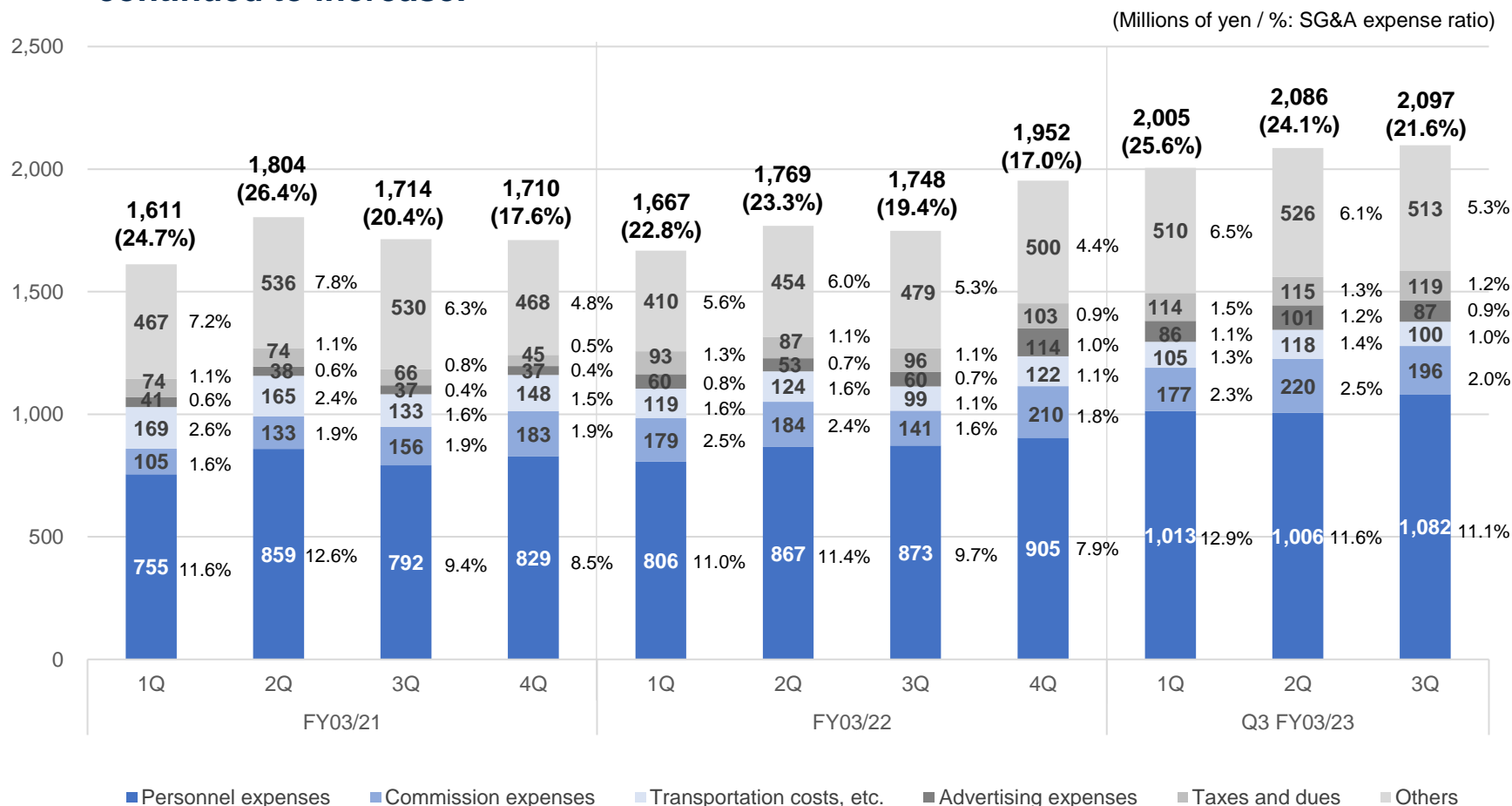
# 1-06 Quarterly Trend (Cost of Sales)

- Cost of sales increased from the same period last year (+340 million yen, -1.4pt cost of sales ratio)
- While cost of sales increased year on year, the cost of sales ratio declined due to thorough cost control.



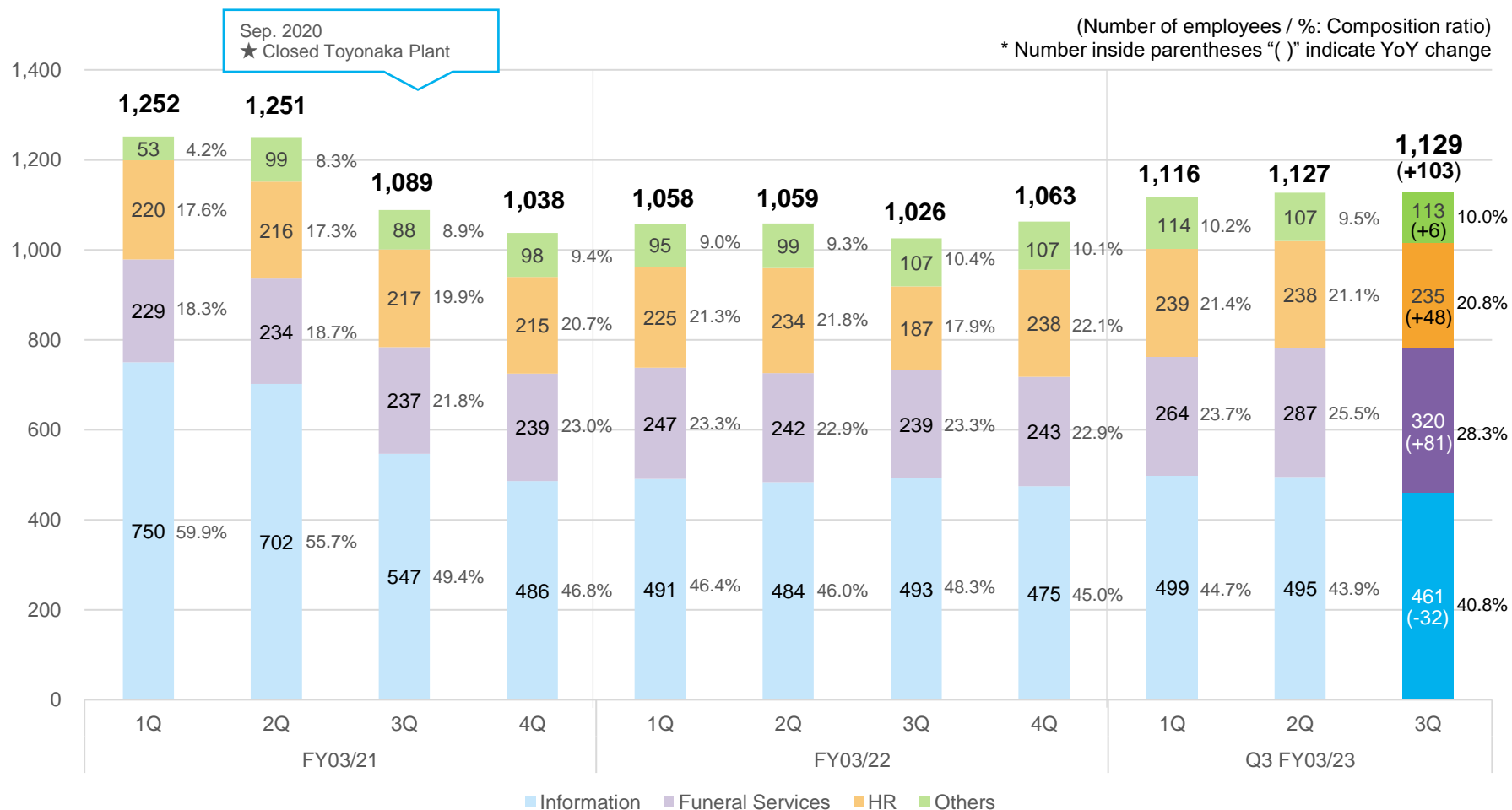
# 1-07 Quarterly Trend (SG&A Expenses)

- SG&A expenses increased from the same period last year (+349 million yen, +2.2 pt SG&A expenses ratio)
- Personnel expenses and advertising expenses as an investment for future growth continued to increase.



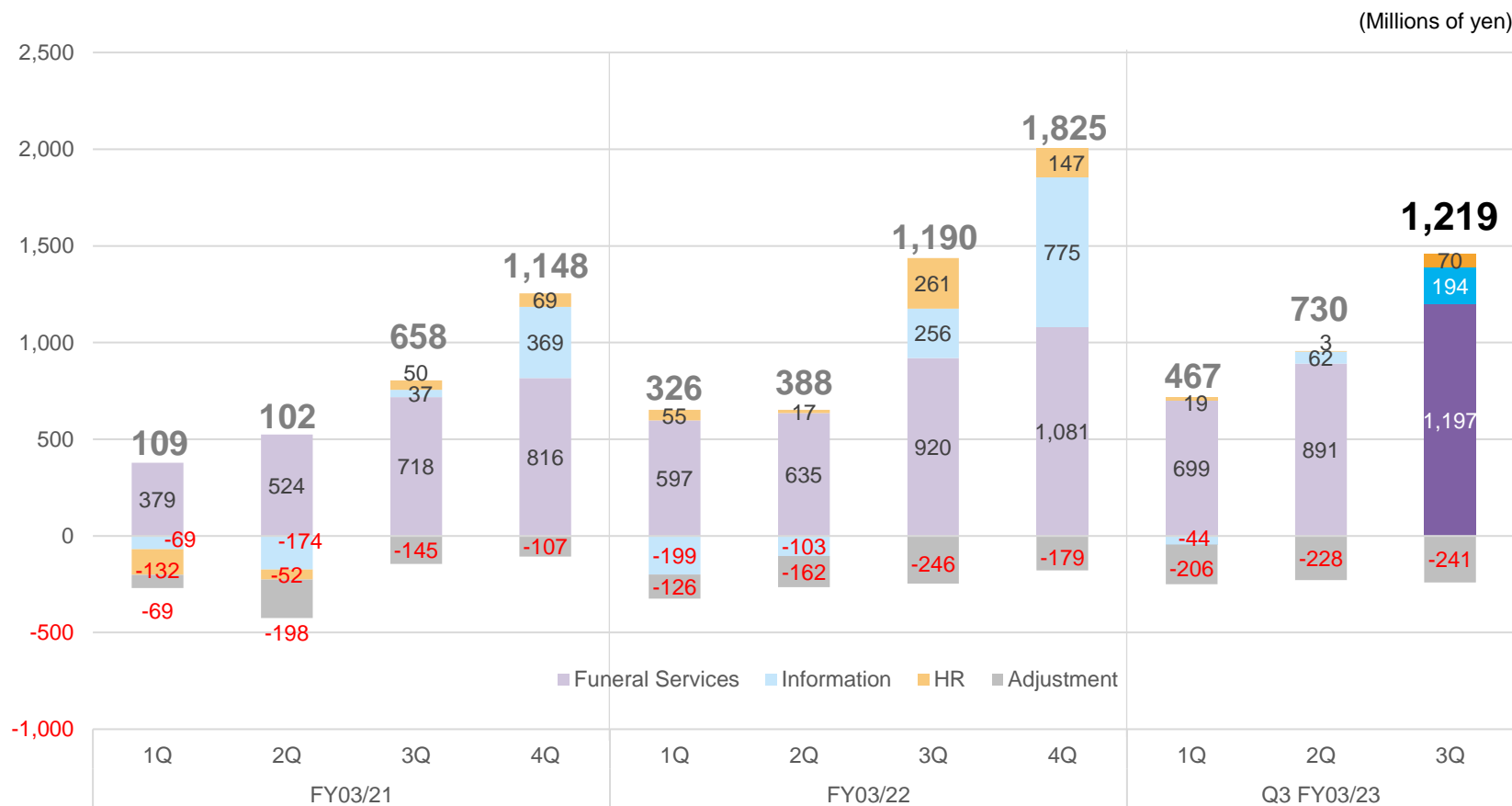
# 1-08 Quarterly Trend (Number of Employees)

- Strengthened human resources in anticipation of medium- to long-term growth in the Funeral Services segment.
- From Information to Funeral Services – Shifting employees to growth areas



# 1-09 Quarterly Trend (Operating Profit by Segment)

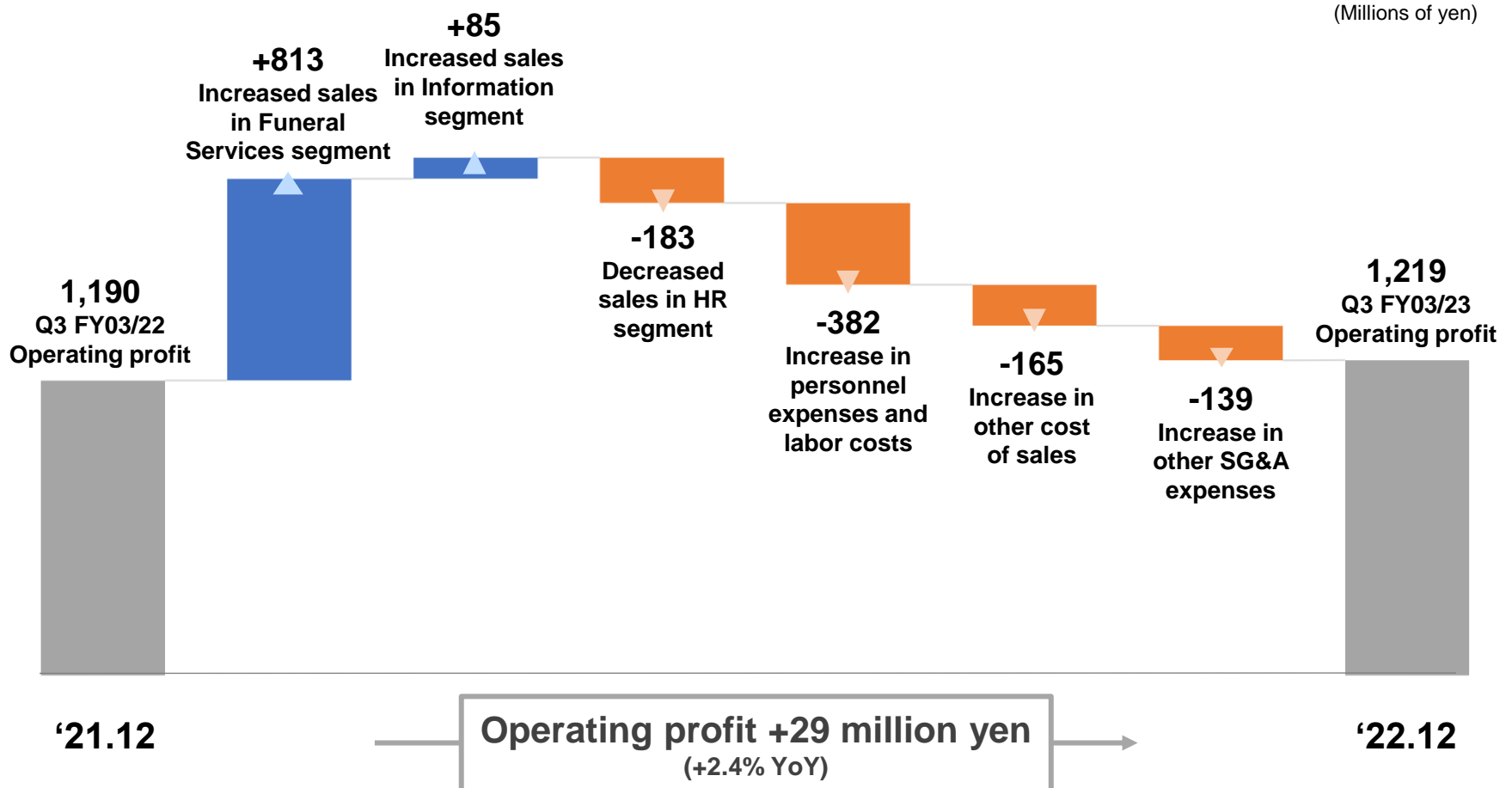
- Operating profit increased 2.4% year on year due to the growth of the funeral hall business, etc. reflecting the increasing number of visitors in the Funeral Services segment, despite a reactionary decrease in COVID-19-related BPO projects.



## Q3 FY03/23:

### 1-10 Analysis of Change in Operating Profit (Major Items)

- A decrease in sales in the HR segment and an increase in expenses were offset by an increase in sales in the Funeral Services and Information segments, resulting in a year-on-year increase in overall profit.



# 1-11 Q3 FY03/23 Financial Results Summary by Business Segment

(Millions of yen)

	Net sales		YoY change		Operating profit		YoY change	
	Q3 FY03/23 3Q [Nine months]	FY03/22 3Q [Nine months]	Amount	%	Q3 FY03/23 3Q [Nine months]	FY03/22 3Q [Nine months]	Amount	%
Funeral Services	8,398	6,676	1,722	25.8	2,787	2,152	635	29.5
Information	12,815	12,623	192	1.5	212	-46	258	— (turned profitable)
HR	4,985	4,591	394	8.6	92	333	-241	-72.4
Adjustments, etc.			0	—	-675	-534	-141	—
Total	26,199	23,891	2,308	9.7	2,416	1,904	512	26.9

(Changes in the calculation method of profit or loss of reporting 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. Segment information for the nine months in the previous consolidated fiscal year is based on the classification and the calculation method of profit or loss after the change.

# 1-12 Q3 FY03/23 Funeral Services Segment (YoY)

(Millions of yen)

	Net sales		YoY change		Operating profit		YoY change	
	Q3 FY03/23	FY03/22	Amount	%	Q3 FY03/23	FY03/22	Amount	%
	3Q	3Q			3Q	3Q		
	[Nine months]	[Nine months]			[Nine months]	[Nine months]		
<b>Funeral Services</b>	<b>8,398</b>	6,676	1,722	25.8	<b>2,787</b>	2,152	635	29.5

## Operating environment

- Despite another wave of COVID-19 infections, demand for funeral halls, confectionery, beverages and waiting rooms increased due to a rise in the number of visitors.

## Net sales

- ↑ The number of funerals increased year on year.
- ↑ Despite the increase of COVID-19 infections toward the end of the year, there were no restrictions on movement, resulting in the suppression of the trend toward the simplification of funerals. Fees in relation to the use of funeral halls, confectionery, beverages and waiting rooms recovered year on year.

## Operating profit

- ↑ Profit improved due to increased sales related to the use of funeral halls, confectionery, beverages and waiting rooms.
- ➡ Introduced a surcharge-type variable fee due to soaring fuel costs (implemented from June 2022)

# 1-13 Q3 FY03/23 Information Segment (YoY)




(Millions of yen)

	Net sales		YoY change		Operating profit		YoY change	
	Q3 FY03/23 3Q	FY03/22 3Q	Amount	%	Q3 FY03/23 3Q	FY03/22 3Q	Amount	%
	Information	12,815	12,623	192	1.5	212	-46	258



## Operating environment

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

## Net sales

-  BPO: Acquisition of government and municipal agency projects which has continued since the second quarter.
-  Printing: Although there were strong projects in some titles in publishing and printing, decreases in the number of new editions and reprints and the shrinking trend in commercial printing continued.
-  Package Printing (China): Production delayed due to lockdowns, etc. and the depreciation of the yen against the yuan continued.

## Operating profit

-  Printing-related: Despite improvement of the in-house production rate (factory utilization rate), work allocation decreased year on year.
-  BPO: COVID-related projects continued to perform well in local governments in the western Japan area



# 1-14 Q3 FY03/23 HR Segment (YoY)




(Millions of yen)

	Net sales		YoY change		Operating profit		YoY change	
	Q3 FY03/23 3Q	FY03/22 3Q	Amount	%	Q3 FY03/23 3Q	FY03/22 3Q	Amount	%
HR	4,985	4,591	394	8.6	92	333	-241	-72.4



## Operating environment

- As socioeconomic activity recovered, recruitment demand remained firm, including in the tourist business, restaurant business, etc.

## Net sales

-  HR Media/HR Tech: Increased hiring needs. YoY growth in both HR media and HR tech services
-  Temporary staffing: Higher sales at NT Co., Ltd., whose strengths are in dispatching workers to the logistics industry in Saitama Prefecture, contributed.
-  Recruitment: The domestic recruitment business performed steadily.
-  BPO: BPO business was transferred to KOSAIDO NEXT Co., Ltd. (Information segment) in October 2022.

## Operating profit

-  HR Media/Temporary staffing: Despite an increase in advertising expenses, overall profit increased year on year due in part to higher sales thanks to the effect of advertising.
-  BPO: BPO business was transferred to KOSAIDO NEXT Co., Ltd. (Information segment) in October 2022. A reactionary decrease in COVID-19-related special demand for BPO projects in the previous fiscal year

# 1-15 Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022	Difference
<b>Current assets</b>	<b>31,350</b>	<b>27,130</b>	<b>- 4,220</b>
Cash and deposits	21,662	19,229	- 2,433
Notes and accounts receivable–trade	7,131	4,886	- 2,245
<b>Non-current assets</b>	<b>42,380</b>	<b>41,710</b>	<b>- 670</b>
Property, plant and equipment	35,820	34,851	- 969
Intangible assets	916	962	46
Investments and other assets	5,643	5,896	253
<b>Total assets</b>	<b>73,736</b>	<b>68,843</b>	<b>- 4,893</b>
<b>Current liabilities</b>	<b>17,492</b>	<b>12,211</b>	<b>- 5,281</b>
Short-term borrowings	5,500	1,400	- 4,100
Income taxes payable	409	234	- 175
<b>Non-current liabilities</b>	<b>18,723</b>	<b>17,413</b>	<b>- 1,310</b>
<b>Total liabilities</b>	<b>36,215</b>	<b>29,624</b>	<b>- 6,591</b>
<b>Shareholders' equity</b>	<b>37,239</b>	<b>38,923</b>	<b>1,684</b>
Share capital	2,478	100	- 2,378
Retained earnings	26,742	28,424	1,682
<b>Share acquisition rights</b>	<b>9</b>	<b>11</b>	<b>2</b>
<b>Total net assets</b>	<b>37,520</b>	<b>39,218</b>	<b>1,698</b>



2

## **Initiatives in FY03/23**

# Initiatives in FY03/23 – 2-01 1st year Plan/Status of Medium-Term Business Plan 2.0

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## Initiatives in the third quarter by segment

- **Funeral Services Segment**

- ✓ Planning and design and selection of construction contractors for the expansion of funeral halls
- ✓ Efficient operation of cremation furnaces with consideration for users (Maximum efficiency is pursued so that customers who wish to use the service do not have to wait.)

- **Information Segment**

- ✓ Transfer of employees to the Funeral Services segment (November 2022)
- ✓ Development of human resources and cost reduction
- ✓ BPO: Transfer from HR segment for integration. Productivity enhancement

- **HR Segment**

- ✓ Strengthening collaboration to resolve employment issues, including regional comprehensive partnership agreements
- ✓ Functional enhancement of HR tech products | Progress as planned

**3**

## **Future Business Growth**

## 3-01 Future Business Growth – Funeral Hall Business

### Pillars of medium-term growth

Growth in the Funeral Services segment through the Funeral Hall Business


Funeral halls in funeral homes owned by Tokyohakuzen have a high utilization rate (more than 90%).

Issue of user convenience

Tokyohakuzen funeral homes are convenient because they are facilities that integrate the crematorium and funeral hall, but due to the high utilization rate, there are times when the halls in these funeral homes are not available.

Room for asset efficiency

There is a lot of room to utilize the Company's existing assets for the expansion of funeral halls.



Enhancement of added value through the expansion of funeral halls =  
Business growth

## 3-02 Basic Funeral Hall Business Data

### Facility-related data

(\* Based on information as of December 2022)

Current facilities		
Funeral homes	Number of funeral homes	6 locations (23 wards)
	Total floor area	45,132 m <sup>2</sup>
Funeral halls	Total number of funeral halls	35 halls
	Area of funeral halls	3,889 m <sup>2</sup> (including waiting rooms of 1,790 m <sup>2</sup> )
	Average number of tsubo	Approx. 33 tsubo (funeral hall 18 tsubo + Waiting room 15 tsubo)
Expansion plan	<b>Number of funeral halls to be expanded</b>	<b>36 halls</b>
	Additional floor area	2,168 m <sup>2</sup>
	Remarks	To be completed by August 2023

Room for expansion	
Expandable locations	7 locations (within the existing sites in the 23 wards)
Total floor area	10,460 m <sup>2</sup>
Area of funeral halls	Separately estimated to maximize income



– Integrated funeral hall –



– Funeral hall –

# 3-03 Growth potential of the Funeral Hall Business

(\* Estimate based on information as of December 2022)

## Expansion of funeral halls and income

As of December 2022

As of August 2023

From September 2023

Total number of funeral halls



Assumed annual revenue



Revenue per tsubo



Room for expansion  
 10,460 m<sup>2</sup> (3,164 tsubo)  
 In a simple calculation,  
 +7,062 million yen  
 When setting the rentable ratio at 50%,  
 +3,500 million yen

However, since the entire area cannot be used as funeral halls, the further expansion of funeral halls is under scrutiny.  
 We cannot commit to a number at this time.

Trying to maximize income from the Funeral Hall Business while assessing utilization status

Note: "Assumed annual revenue" is an estimate of annual net sales based on the number of funeral halls, and it is not necessarily the same as annual revenue for the fiscal year.

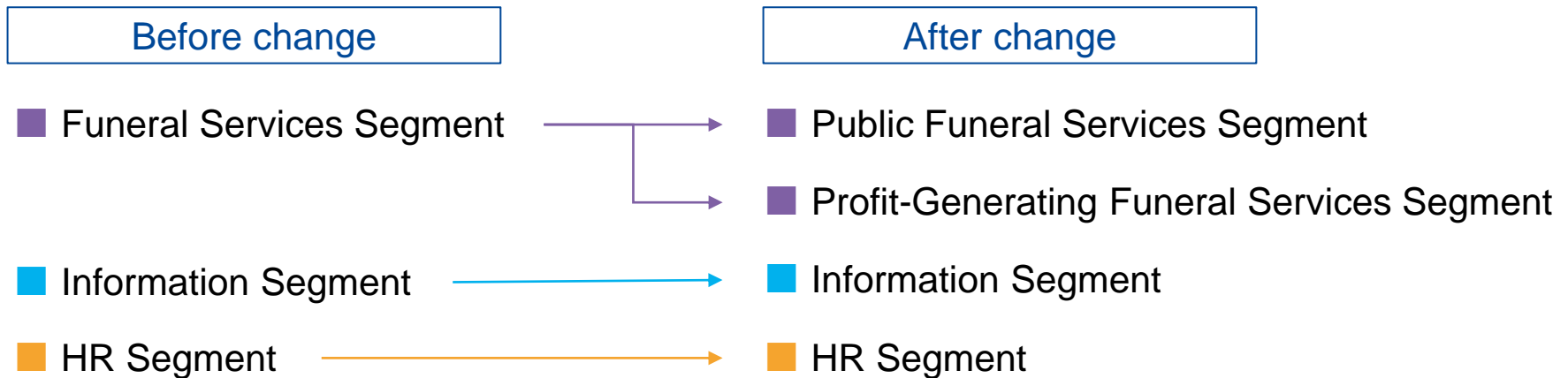


4

## **Public Services Business**

# 4-01 Changes in Segment Information – Classification of Funeral Services Segment

Business segments have been changed to clarify the growth and management status of each business (Scheduled to begin in FY03/24).



## Public Funeral Services Segment

Due to its nature there is significant public interest in the business related to cremation, so information about this business segment will be disclosed separately from other business segments where the growth of profits is sought.

# 4-02 Concept Underlying the Income and Expenditures in the Public Funeral Services Business

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

Increased transparency



Increased business stability

## ■ Our responsibilities in the Public Funeral Services Business

Investment in maintenance and renovation of 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 income and expenditures

||  
(Reserve for losses in the Public Funeral Services Business)

## ■ Estimates for FY03/23: Cumulative total from April to December 2022

(i) Profit in the Public Funeral Services segment			(iv) Income taxes	(v) Reserve for special repair of cremation furnaces	(vi) Business income and expenditures (i-iv-v)=	The balance of payments is appropriated as profit.	(vii) Reserve for losses in the Public Funeral Services Business
(ii) Segment sales	(iii) Segment expenses	(ii-iii)=					
3,582	3,039	543	188	563	-208	▶	0

(Millions of yen)

(\* Estimate based on information as of December 2022)

# 4-03 Changes in Segment Information – Notes to Disclosure Documents

From the next fiscal year (ending March 31, 2024), information will be disclosed by dividing funeral services into public services business and profit-generating services business as follows (for the current fiscal year, the information will be supplemented in the financial results presentation materials).

After change

- Segment information

(Millions of yen)

	Public Funeral Services Segment	Profit-Generating Funeral Services Segment
Net sales	X,XXX	X,XXX
Operating profit	X,XXX	X,XXX

Before change

	Funeral Services Segment
Net sales	X,XXX
Operating profit	X,XXX

- Quarterly/Securities reports: Notes

(Thousands of yen)

	Fiscal year under review
Net assets	
Shareholders' equity	XX,XXX,XXX
Share capital	X,XXX,XXX
Capital surplus	X,XXX,XXX
Retained earnings	XX,XXX,XXX
Other retained earnings	XX,XXX,XXX
(Reserve for special repair of cremation furnaces)	XXX,XXX
(Reserves for losses in the Public Funeral Services Business)	XX,XXX
Total net assets	XX,XXX,XXX

Income and expenditures of the public services business are calculated on an after-tax basis.

The net earnings at the end of the fiscal year will be appropriated as profit by Tokyohakuzen Co., Ltd., and the balance in the public services business will be reinvested in that business.

- ▶ Previously, the public services business had no excess income, and there was no possibility of income flowing out of the business.
- ▶ In the future, we will maintain the permanence of the public services business separately. In this situation, there is the possibility that there will be a remaining balance of income and expenditures, but non-profitability will be secured by a new scheme (profit appropriation) in which any income from the public services business will be reinvested in the public services business.
- ▶ If there is any overspending, it will be managed as carryover.



**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

**68,843**  
million yen  
(as of December  
31, 2022)

Net assets

**39,218**  
million yen  
(as of December  
31, 2022)

Represent-  
ative

**Hiroshi Kurosawa, President & CEO**

Number of  
employees

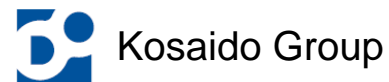
**1,129 (consolidated | as of December 31, 2022)**

Market  
information

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



# A-02 History



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

**2021**  
Transitioned to a **holding company structure**

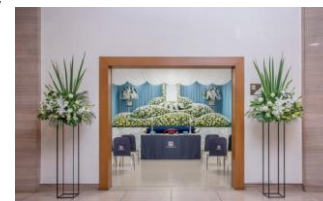
**1970**  
Founded **Japan's first computer typesetting company**

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

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

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

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



**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.

## 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.

iDo · Do it

Company that guides the future in a positive direction

# Contact

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**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.