

February 29, 2024

To whom it may concern

Company name: Kamakura Shinsho, Ltd.
Representative: Fumio Kobayashi, Representative Director,
President and COO
Code number: 6184; TSE Prime Market
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Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Kamakura Shinsho, Ltd. (“the Company”) is striving to create a society in which each individual can live a cheerful and positive life with peace of mind by providing information and building a service infrastructure in response to the needs of the elderly and their families (the so-called end-of-life preparation), which are expanding with the progress of Japan’s aging society. In accordance with its management philosophy (see “1. The Company’s management philosophy”), the Company is taking on the challenge of implementing businesses that support end-of-life preparations. Our business performance over the last several years is shown in the table below (see “2. Trends in operating results and return on capital”). Society’s needs for these businesses are extremely large and unmet. Against this backdrop, the Company recognizes that we are in the midst of growth. Through aggressive investment, hiring and training of human resources, and productivity improvement using IT, we will continue to strengthen our management base and achieve sustainable profit growth in the future. We also believe that investors’ understanding and support are essential to the realization of our management philosophy. Therefore, as our efforts to be properly evaluated in the stock market, we will strive to improve our corporate value with an awareness of the cost of capital, implement appropriate shareholder return measures, and proactively enhance communication with investors.

1. The Company’s management philosophy

Mission

We help people live a life free of regrets, and build a cheerful, positive society.

Vision

When “end of life activity” becomes the norm,
then everyone will think of Kamakura Shinsho.

2. Trends in operating results and return on capital

	FY01/21	FY01/22	FY01/23
Net sales (Millions of yen)	3,238	3,826	5,004
Operating profit (Millions of yen)	265	532	686
Net income (Millions of yen)	180	361	453
EBITDA (Millions of yen)	440	662	824
ROE (Return on equity) (%)	5.0	9.8	12.9
ROIC (Return on invested capital) (%)	5.1	9.5	13.9
PBR (x)	9.1	5.4	11.9
Net asset per share (yen)	95.02	93.82	88.91
Dividend per share (yen)	1.00	2.00	2.50

The Company's return on capital has been consistently above its cost of capital (about 6%). For example, the equity spread with ROE (12.9%) for the fiscal year ended January 31, 2023 is relatively high at approximately 7%. While ROE and ROIC were 5.0% and 5.1%, respectively, for the fiscal year ended January 31, 2021, they have continuously improved to ROE of 12.9% and ROIC of 13.9% for the fiscal year ended January 31, 2023, and we expect these figures to improve further in the current fiscal year. As we plan to maintain trends at high levels in the next fiscal year and beyond, we are also considering medium- to long-term measures to achieve these goals.

The Company's dividend policy is to maintain stable dividends. While the Company paid a dividend of 1.00 yen per share for the fiscal year ended January 31, 2021, subsequent growth has led to a dividend of 2.00 yen per share for the fiscal year ended January 31, 2022 and 2.50 yen per share for the fiscal year ended January 31, 2023. In both cases, the dividend payout ratio has remained stable at the 20% level. With a stable financial base, we will also flexibly purchase treasury stock at appropriate times to return profits to shareholders and expand our options for the future.

3. Policy for future efforts

We are working on growth strategies and other issues, and aim to continuously increase our corporate value through stable earnings growth. We recognize that the development of Japan's aging society, which is unprecedented in the world, is causing a wide range of social issues not seen in the past, and at the same time, business opportunities are rapidly expanding. We have been expanding our business base from funeral services, Buddhist altars, and graves, which focus on the multi-death society, to inheritance and long-term care services, which focus on the 100-year age of life. More recently, we have been working to solve social issues such as the rapidly increasing number of elderly people living alone and the problem of vacant houses. We will continue to strive to provide a variety of services in

accordance with the needs of society.

(1) Growth strategy

As mentioned above, in addition to the stable growth of our existing businesses, we will further accelerate growth by creating new services and developing new channels, aiming to achieve net sales of 10 billion yen or more and operating profit of 2 billion yen or more in the fiscal year ending January 31, 2026.

To achieve these goals, we have formulated and are implementing the following measures.

(i) Maximizing existing business (strengthening cross-usage)

The Company will respond to the needs of potential customers by accumulating information on inquiries to the customer center from the customer's perspective, and by using technology to link customer data to various businesses. Through this, we aim to achieve net sales of 1 billion yen via cross-usage.

(ii) Creation of new service businesses

Our relatively new asset management business, long-term care business, and public-private collaboration business, which started a few years ago, have achieved stable growth and turned profitable through appropriate unit economics. In addition, through our network with numerous municipalities across Japan, we gather information on specific social issues that are expanding in an aging society, support municipalities in their DX activities, and provide solutions to local residents' problems related to end-of-life preparation. We have also launched single elderlies business and insurance services on a full-scale basis.

(iii) Building of infrastructure base such as a customer database

To enable data-driven measures by building a common customer database for the business units, we will implement a replacement to the new system and aim to build a membership system utilizing IT and a common web-based platform that is applicable to all major businesses. This is expected to facilitate cross-usage and significantly improve client and customer management operations.

(2) Strengthening of each ESG initiative

In order to achieve global carbon neutrality, we will strive to reduce greenhouse gas emissions. Additionally, we will contribute further to society by developing businesses that are of value to all stakeholders, including customers, business partners, shareholders, and employees, so that we can continue to be a member of society in the future. To ensure that our business development and growth themselves will lead to the sustainability of society as a whole, we have established the following major policies for each of our ESG initiatives.

(i) Response to the Task Force on Climate-related Financial Disclosures (TCFD) and information

disclosure

We plan to complete the implementation of the system, and respond to and disclose Scope 1 and Scope 2 emissions in the fiscal year ending January 31, 2024, and Scope 3 emissions in the fiscal year ending January 31, 2025.

(ii) Strengthening of human capital

We aim to achieve sustainable growth and enhance medium- and long-term corporate value by realizing the wellbeing of our employees. We strive to develop a system in which individuality is respected regardless of gender, nationality, career, etc., and each employee can maximize his or her abilities. The percentage of women in our overall employee population has steadily remained at approximately 45%, and we are working to improve the working styles and environment for women, especially those of child-rearing age. In addition, we are actively hiring senior employees, who have a strong affinity with our business, to promote diversity, and working to develop a system that allows senior employees to play an even more active role in the Company.

(iii) Enhancement of corporate governance

In February 2023, the Company established a voluntary Nomination and Compensation Advisory Committee with a majority of external directors to strengthen checks and balances by external directors and ensure transparency. In addition, the Company maintains a majority of external directors, approximately 57% of all directors. We are also taking other measures such as disclosure of the skill matrix and evaluation of the effectiveness of the Board of Directors.

(3) Implementation of shareholder return measures

(i) Dividend policy

Our policy is to maintain stable dividends while enhancing internal reserves as a source of investment necessary for aggressive business growth. The Board of Directors deliberates on the status of business performance, future investments, financial conditions, and other factors to determine an appropriate dividend amount, with a target payout ratio of 20%.

(ii) Repurchase of treasury shares

The Company repurchased its own shares in accordance with the provisions of its Articles of Incorporation pursuant to Article 165, Paragraph 2 of the Companies Act. 1,043,567 shares were repurchased during the fiscal year ended January 31, 2023. In the fiscal year ending January 31, 2024, the Company plans to repurchase 943,500 shares (maximum), including 243,500 shares already repurchased.