



May 13, 2021

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021**[Japanese GAAP]**

Company name: SAN HOLDINGS, INC. Listing: Tokyo Stock Exchange, First Section
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 Scheduled date of Annual General Meeting of Shareholders: June 25, 2021
 Scheduled date of payment of dividend: June 28, 2021
 Scheduled date of filing of Annual Securities Report: June 28, 2021
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

*(All amounts are rounded down to the nearest million yen)***1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2021	18,865	(11.3)	2,550	(17.5)	2,536	(17.2)	1,562	(15.8)
Fiscal year ended Mar. 31, 2020	21,281	2.5	3,091	5.2	3,064	4.3	1,856	(12.1)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2021: 1,562 (down 15.8%)
 Fiscal year ended Mar. 31, 2020: 1,856 (down 12.1%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2021	141.24	-	5.6	7.9	13.5
Fiscal year ended Mar. 31, 2020	165.81	-	6.8	9.6	14.5

Reference: Equity in earnings of affiliates (million yen): Fiscal year ended Mar. 31, 2021: - Fiscal year ended Mar. 31, 2020: -
 Note: SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2019. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	32,387	28,548	88.1	2,578.18
As of Mar. 31, 2020	31,874	27,315	85.7	2,471.96

Reference: Shareholder's equity (million yen) As of Mar. 31, 2021: 28,548 As of Mar. 31, 2020: 27,315

Note: SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2019. Net assets per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2021	2,093	(983)	(498)	7,038
Fiscal year ended Mar. 31, 2020	3,267	(769)	(1,681)	6,427

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2020	-	30.00	-	16.00	-	349	18.8	1.3
Fiscal year ended Mar. 31, 2021	-	16.00	-	17.00	33.00	369	23.7	1.3
Fiscal year ending Mar. 31, 2022 (forecast)	-	17.00	-	17.00	34.00		24.0	

Note: SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2019. The dividends for 2Q-end of the fiscal year ended March 31, 2020 are the actual amounts before the stock split. The dividends for the fiscal year ended March 31, 2020 and afterward are the amounts after the stock split.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	9,160	6.5	950	22.5	940	22.9	580	21.3	52.41
Full year	19,760	4.7	2,570	0.8	2,540	0.1	1,590	1.7	143.70

Note: Net income per share is calculated based on the average number of shares outstanding during the period, which uses the number of shares outstanding as of March 31, 2021 (excluding treasury shares).

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None
 Newly added: - Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, others: None
- 2) Changes in accounting policies other than 1) above: None
- 3) Changes in accounting-based estimates: None
- 4) Restatements: None

(3) Number of outstanding shares (common shares)

- 1) Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 31, 2021:	12,164,016 shares	As of Mar. 31, 2020:	12,164,016 shares
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- 2) Number of treasury shares at the end of the period

As of Mar. 31, 2021:	1,091,017 shares	As of Mar. 31, 2020:	1,113,767 shares
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- 3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2021:	11,064,590 shares	Fiscal year ended Mar. 31, 2020:	11,197,427 shares
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Notes: 1. SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2019. The average number of shares outstanding during the period has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

2. The SAN HOLDINGS' stock held by the Employee Stock Ownership Plan of 136,600 shares as of March 31, 2020 and 136,100 shares as of March 31, 2021 are included in the treasury shares that are deducted from the number of shares for calculating the number of treasury shares at the end of the period and the average number of shares outstanding during the period.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021

(April 1, 2020 – March 31, 2021)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2021	4,907	(11.6)	1,866	(18.4)	1,837	(18.8)	1,056	(37.8)
Fiscal year ended Mar. 31, 2020	5,549	9.0	2,286	13.3	2,261	15.0	1,696	(0.2)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2021	95.44	-
Fiscal year ended Mar. 31, 2020	151.54	-

Note: SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2019. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2021	29,982	27,412	91.4	2,475.58
As of Mar. 31, 2020	29,239	26,686	91.3	2,415.00

Reference: Shareholders' equity (million yen): As of Mar. 31, 2021: 27,412 As of Mar. 31, 2020: 26,686

Note: SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2019. Net assets per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Reason for differences between non-consolidated financial results for fiscal year ended Mar. 31, 2020 and 2021

The differences between sales and earnings in the past two fiscal years are mainly because of a decline in operating revenue due to lower dividend income.

* The current financial report is not subject to audit by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Note concerning forward-looking statements

- 1. Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the management of SAN HOLDINGS at the time the materials were prepared, but are not promises by SAN HOLDINGS regarding future performance. Actual results may differ materially from the forecasts. Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 5 for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	4
(3) Cash Flows	5
(4) Outlook	5
(5) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years	6
2. Basic Approach to the Selection of Accounting Standards	6
3. Consolidated Financial Statements and Notes	7
(1) Consolidated Balance Sheet	7
(2) Consolidated Statements of Income and Comprehensive Income	9
Consolidated Statement of Income	9
Consolidated Statement of Comprehensive Income	10
(3) Consolidated Statement of Changes in Equity	11
(4) Consolidated Statement of Cash Flows	12
(5) Notes to Consolidated Financial Statements	13
Going Concern Assumption	13
Reclassifications	13
Additional Information	13
Segment and Other Information	14
Per Share Information	17
Subsequent Events	17

1. Overview of Results of Operations

(1) Results of Operations

In the fiscal year that ended on March 31, 2021, the COVID-19 pandemic impacted economies worldwide throughout the year. In Japan, damage inflicted by two states of emergency is expected to result in negative growth of the economy during the current fiscal year. Although Japan's economy faces many difficulties, there was an economic upturn in the third and fourth quarters of 2020 with the support of a recovery in external demand, low interest rates and government measures to stimulate economic growth. Overall, the Japanese economy has been staging a steady comeback following the record-setting plunge in the second quarter of 2020.

The COVID-19 crisis had an enormous negative impact on the funeral industry, where the primary business is providing places where people gather to bid farewell to the deceased. The decline in the number of people attending funerals due to consideration for preventing infections resulted in big downturns in revenue from funerals as well as from associated items such as food provided at funerals, memorial service items and courtesy gifts.

Small funerals have increased as a percentage of all funerals in Japan in the current fiscal year. Nevertheless, there has been no change at all in the desire of families to hold ceremonies to honor the deceased even amid the restrictions on contact among people during this crisis.

The SAN HOLDINGS Group used numerous measures to prevent the spread of COVID-19 and ensure the safety of guests and employees in order to provide places where mourners can gather in confidence. In addition, group companies started new services. One is the remote funeral participation service that allows mourners who are unable to attend due to the pandemic and other reasons to use the internet to view funeral proceedings. Others are online seminars that replaced seminars held at funeral halls and online funeral consultations for people who want to avoid face-to-face meetings.

The fiscal year ended in March 2021 is the second year of the current three-year medium-term management plan that has the goal of making SAN HOLDINGS an organization that provides total support for the final stage of life. To continue making progress toward this goal, there are three priorities in the current fiscal year: broaden the lineup of end-of-life support, increase operating efficiency and extend the funeral business to more areas of Japan.

As one step to broaden the lineup of end-of-life support, Life Forward CO., LTD. was established on April 1, 2020. This company started operations in July to provide platforms for end-of-life support services. These services are a key component of the SAN HOLDINGS Group's new challenge of becoming a source of a comprehensive lineup of end-of-life support services for which demand from seniors will increase in future. Life Forward began by supplying information about providers of funeral services and graves in the Tokyo area. The company is building a network of partners that provide services and products with outstanding quality and reliability. Furthermore, activities have started earlier than originally planned to establish similar partnerships in the Kansai area in order to launch this service in this region too.

To increase operating efficiency, there have been activities for many years to improve the productivity of the operations of KOEKISHA. Viewing the COVID-19 crisis as an opportunity for more progress, group companies conducted an even more thorough review of their operations in order to lower personnel expenses, direct expenses and other types of expenses.

To extend the funeral business to new areas of Japan, five new funeral halls are already planned for the fiscal year ending in March 2022. No funeral halls were opened during the current fiscal year. Activities will continue to identify locations for new funeral halls that can produce good returns on investments, primarily in the Tokyo and Kansai areas.

During the fiscal year, the number of funerals at the SAN HOLDINGS Group increased 3.4% because of increases in the number of funerals at all three group companies. Due to the negative effect of COVID-19 that began in the beginning of the current fiscal year, the average revenue per funeral was 12.8% lower than in the previous fiscal year.

In the fiscal year's first quarter, performance declined because of the first declaration of a state of emergency. In the second quarter, there were signs of an improvement following the downturn caused by the pandemic. During the third and fourth quarters, the number of funerals was higher than one year earlier. However, revenue per funeral decreased because an increase in simple, lower-priced services with small numbers of mourners accounted for most of this recovery.

Sales of products and services associated with funerals were also lower than one year earlier. The main reasons were the smaller size of funerals, the decline in Buddhist memorial services and sermons, and restrictions on visiting customers for sales activities due to COVID-19.

Operating expenses decreased 9.8% from one year earlier. Direct expenses were down because of a decline in expenses for large funerals and in the procurement of memorial service items and courtesy gifts due to the smaller number of people attending funerals. A shift to performing internally activities that were previously outsourced also held down expenses. Measures to raise efficiency and rigorously control personnel expenses contributed to a decline in personnel expenses. As a result, selling, general and administrative expenses were down 16.4% because of decreases in personnel expenses, travel and transportation expenses, and recruiting expenses and other reasons.

Operating revenue decreased 11.3% year on year to 18,865 million yen. Earnings were lower as well with operating profit down 17.5% to 2,550 million yen and ordinary profit down 17.2% to 2,536 million yen. Profit before income taxes decreased 15.1% to 2,451 million yen because of an impairment loss for funeral halls and other non-current assets. As a result, profit attributable to owners of parent decreased 15.8% to 1,562 million yen.

Business segment performance was as follows.

1) The KOEKISHA Group

The number of ordinary funerals (less than 5 million yen) increased at KOEKISHA CO., LTD., the core company of the KOEKISHA Group, in both the Kansai and Tokyo areas. However, average revenue per funeral was lower mainly because of the big increase in the number of simple, lower-priced funerals with a small number of mourners due to COVID-19.

The number of large funerals (more than 5 million yen) was down by about 50% in the Tokyo and Kansai areas and revenue from these funerals was down more than 50% from the previous fiscal year.

At KOEKISHA, the number of funerals increased 3.5% from one year earlier but funeral service revenue decreased 10.3%.

Sales of products and services associated with funerals were lower than one year earlier because sales of Buddhist memorial services and sermons, courtesy gifts and family altars and fixtures decreased due to COVID-19.

Operating expenses decreased mainly because of decreases in direct expenses, personnel expenses and the cost of supplies.

Sales in the KOEKISHA Group segment were 15,471 million yen, down 12.3% year on year, and the segment profit was 985 million yen, down 43.5%. This segment includes Life Forward CO., LTD., which started operations during current fiscal year.

2) The SOU-SEN Group

At SOU-SEN CORPORATION, the number of funerals mostly in or near the cities of Yonago and Matsue increased 1.0% from one year earlier. However, the number of mourners decreased and funerals were smaller. The resulting decline in average revenue per funeral caused funeral service revenue at SOU-SEN to decrease 13.0%.

Sales of products and services associated with funerals were lower one year earlier mainly due to lower food

sales.

Operating expenses decreased mainly due to decreases in direct expenses, personnel expenses and the cost of supplies.

Sales in the SOU-SEN Group segment were 1,266 million yen, down 12.6% year on year, and the segment profit was 38 million yen, down 11.8%.

3) The TARUI Group

At TARUI CO., LTD., the number of funerals was 7.4% higher than one year earlier primarily because of funerals at newly opened and renovated locations. Average revenue per funeral decreased because of an increase in the number of small-family funerals and a higher share of lower priced funerals. The result was a 3.6% decrease in funeral service revenue.

Operating expenses decreased because of the lower direct expenses and personnel expenses.

Sales in the TARUI Group segment were 1,748 million yen, down 3.8% year on year, and the segment profit was 328 million yen, up 1.3%.

4) Holding Company Group

Operating revenue at SAN HOLDINGS decreased because of a decrease in dividend income.

Operating expenses decreased due to decreases mainly in personnel expenses and travel and transportation expenses.

Sales in the Holding Company Group segment were 4,907 million yen, down 11.6% year on year, and the segment profit was 1,837 million yen, down 18.8%.

(2) Financial Position

Assets

Current assets at the end of the current fiscal year were 7,895 million yen, up 631 million yen from the end of the previous fiscal year. This was mainly due to increases of 614 million yen in cash and deposits and 43 million yen in consumption taxes receivable, while there was a decrease of 41 million yen in trade accounts receivable.

Non-current assets were 24,492 million yen, down 117 million yen from the end of the previous fiscal year. There was a 129 million yen decrease in property, plant and equipment as the decrease caused by depreciation of buildings and structures and leased assets was greater than the increase resulting from expenditures primarily for renovating and rebuilding funeral halls.

As a result, total assets increased 513 million yen from the end of the previous fiscal year to 32,387 million yen.

Liabilities

Current liabilities at the end of the current fiscal year were 2,541 million yen, down 563 million yen from the end of the previous fiscal year. This was mainly due to decreases of 122 million yen in trade accounts payable, 194 million yen in income taxes payable and 96 million yen in consumption taxes payable.

Non-current liabilities were 1,297 million yen, a decrease of 155 million yen from the end of the previous fiscal year. This was mainly due to a decrease in long-term accounts payable-other and lease obligations.

As a result, total liabilities decreased 719 million yen from the end of the previous fiscal year to 3,839 million yen.

Net assets

Net assets were 28,548 million yen at the end of the current fiscal year, up 1,232 million yen from the end of the previous fiscal year. The main factors include a 1,204 million yen increase in retained earnings due to

profit attributable to owners of parent of 1,562 million yen and dividend payments of 358 million yen.

Consequently, the equity ratio increased 2.4 percentage points from the end of the previous fiscal year to 88.1%.

(3) Cash Flows

Cash and cash equivalents at the end of the current fiscal year was 7,038 million yen, up 610 million yen over the end of the previous fiscal year.

The cash flow components during the current fiscal year and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash provided by operating activities was 2,093 million yen (3,267 million yen provided in the previous fiscal year).

Positive factors include profit before income taxes of 2,451 million yen and depreciation of 911 million yen. Negative factors include income taxes paid of 1,075 million yen.

Cash flows from investing activities

Net cash used in investing activities was 983 million yen (769 million yen used in the previous fiscal year).

Negative factors include purchase of property, plant and equipment of 881 million yen for the renovation and rebuilding of existing funeral halls and other projects.

Cash flows from financing activities

Net cash used in financing activities was 498 million yen (1,681 million yen used in the previous fiscal year).

The main factors include cash dividends paid of 358 million yen and repayments of finance lease obligations of 120 million yen.

(4) Outlook

Based on expectations towards the end of COVID-19 because of progress with vaccinations as well as a recovery in external demand and other positive events, it is expected that the impact of COVID-19 on the Japanese economy will gradually decline. However, caution is still required, in part because of concerns about the possibility of the emergence of new variants of COVID-19. For these reasons, the economic recovery will probably be very slow.

In Japan's funeral market, the business climate is likely to remain challenging because of COVID-19. The highest priority of the SAN HOLDINGS Group is protecting customers, business partners, and employees and their families from COVID-19. We will continue providing funeral and other services to our customers while remaining committed to this priority.

Predicting when the COVID-19 crisis will end is still impossible at this time. For the determination of a forecast for the fiscal year ending in March 2022, we assume that the effects of this crisis will continue at least until March 2022.

The outlook for operating revenue from ordinary funerals is based on the rate at which deaths increase and the expected increase in the number of funerals resulting from opening new funeral halls. We forecast an increase in the number of large funerals (more than 5 million yen) despite the negative effects of COVID-19. Our revenue forecast also assumes that average revenue per funeral will be about the same as in the current fiscal year. We forecast an increase in sales of products and services associated with funerals.

Activities during the current fiscal year to boost productivity and cut costs have created a framework that makes it easier to generate earnings. These activities will continue in the fiscal year ending in March 2022. At

the same time, there will be substantial strategic investments for growth. Major expenditures include new funeral halls, renovations of existing funeral halls and the recently established subsidiary Life Forward. Due to these investments, we anticipate up-front expenses during the fiscal year. Based on this outlook, we expect a temporary decline in the operating margin but we also expect that measures to hold down other expenses will enable us to achieve the operating margin target of 13% for the final year of the current medium-term management plan.

Based on the above factors, earnings forecasts for the fiscal year ending March 31, 2022 are as follows:

Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (Results for the fiscal year ended March 31, 2021 are shown in parentheses.)

Operating revenue	19,760 million yen	(18,865 million yen)
Operating profit	2,570 million yen	(2,550 million yen)
Ordinary profit	2,540 million yen	(2,536 million yen)
Profit attributable to owners of parent	1,590 million yen	(1,562 million yen)

Changes in the COVID-19 pandemic and other events involving this crisis may have a significant negative effect on the validity of the assumptions used for our forecast. In this event, we will promptly announce a revised forecast based on new assumptions.

*Cautionary statement with respect to earnings forecasts

Forecasts incorporate risks and uncertainties because these statements are based on judgements made by using information available to the management of SAN HOLDINGS and its group companies. Actual results may differ materially from the forecasts due to changes in the economy and market conditions of the SAN HOLDINGS and its group companies as well as a number of other factors.

(5) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years

Distributing earnings to shareholders is one of our highest priorities. For the dividend, our policy is to aim for a higher dividend based on a commitment to dividend stability. Dividends reflect our consolidated performance and financial condition, the need to retain earnings for investments for medium and long-term growth, financial soundness and other applicable factors.

In addition, we will consider repurchasing stock in a flexible manner that takes into account the stock price and other applicable factors.

Retained earnings are used mainly for marketing, IT systems and other strategic investments with emphasis on constructing funeral halls in the Kansai and Tokyo areas. The objective is to use retained earnings for strengthening our business foundation and increasing corporate value.

For the fiscal year that ended in March 2021, shareholders received an interim dividend of 16 yen per share and we plan to pay a year-end dividend of 17 yen per share. This will result in a fiscal year dividend of 33 yen per share and a dividend payout ratio of 23.7%.

For the fiscal year ending in March 2022, based on our dividend policy, we plan to pay interim and year-end dividends of 17 yen per share. This will result in a fiscal year dividend of 34 yen and an expected dividend payout ratio of 24.0%.

2. Basic Approach to the Selection of Accounting Standards

SAN HOLDINGS Group will continue to prepare consolidated financial statements using generally accepted accounting principles in Japan for the time being because shareholders, creditors and business partners in Japan account for most stakeholders, there is no plan to procure funds from overseas, and all business activities are conducted in Japan.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/20	FY3/21
	(As of Mar. 31, 2020)	(As of Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	6,428,795	7,042,917
Trade accounts receivable	493,588	452,421
Merchandise and finished goods	89,380	114,439
Raw materials and supplies	54,039	47,445
Income taxes receivable	-	190
Consumption taxes receivable	-	43,523
Other	199,629	195,673
Allowance for doubtful accounts	(1,234)	(1,213)
Total current assets	7,264,198	7,895,398
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,390,883	9,289,351
Machinery, equipment and vehicles, net	56,195	49,068
Tools, furniture and fixtures, net	106,864	89,727
Land	12,247,709	12,247,709
Leased assets, net	470,711	397,050
Construction in progress	11,195	80,698
Total property, plant and equipment	22,283,558	22,153,606
Intangible assets	97,222	155,062
Investments and other assets		
Long-term loans receivable	220,375	202,903
Deferred tax assets	478,828	466,518
Beneficial interests in real estate trust	498,159	493,454
Guarantee deposits	723,667	736,767
Other	329,074	294,898
Allowance for doubtful accounts	(20,858)	(10,976)
Total investments and other assets	2,229,246	2,183,565
Total non-current assets	24,610,028	24,492,234
Total assets	31,874,226	32,387,633

	(Thousands of yen)	
	FY3/20	FY3/21
	(As of Mar. 31, 2020)	(As of Mar. 31, 2021)
Liabilities		
Current liabilities		
Trade accounts payable	736,264	613,580
Current portion of long-term borrowings	19,992	5,038
Lease obligations	115,028	117,902
Asset retirement obligations	9,598	-
Accounts payable-other	607,011	514,650
Income taxes payable	607,732	413,000
Accrued consumption taxes	317,318	221,259
Provision for bonuses	491,757	484,612
Provision for bonuses for directors (and other officers)	60,372	31,238
Other	140,277	140,302
Total current liabilities	3,105,353	2,541,584
Non-current liabilities		
Long-term borrowings	5,038	-
Lease obligations	404,373	322,819
Asset retirement obligations	382,817	410,748
Provision for employee stock ownership plan trust	14,287	27,960
Long-term deposits received	235,476	243,187
Long-term accounts payable-other	411,085	293,069
Total non-current liabilities	1,453,079	1,297,786
Total liabilities	4,558,432	3,839,370
Net assets		
Shareholders' equity		
Share capital	2,568,157	2,568,157
Capital surplus	5,491,381	5,492,913
Retained earnings	20,544,571	21,749,051
Treasury shares	(1,288,316)	(1,261,860)
Total shareholders' equity	27,315,794	28,548,262
Total net assets	27,315,794	28,548,262
Total liabilities and net assets	31,874,226	32,387,633

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Operating revenue	21,281,066	18,865,977
Operating expenses	16,716,596	15,085,080
Operating gross profit	4,564,470	3,780,897
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	184,120	178,699
Salaries and allowances	359,599	356,725
Bonuses	56,949	42,863
Provision for bonuses	49,562	48,382
Provision for bonuses for directors (and other officers)	60,482	31,238
Outsourcing expenses	138,024	124,784
Provision of allowance for doubtful accounts	12,751	(613)
Advertising expenses	66,931	3,411
Depreciation	25,631	21,132
Other	518,601	424,052
Total selling, general and administrative expenses	1,472,654	1,230,677
Operating profit	3,091,815	2,550,220
Non-operating income		
Interest income	3,483	3,198
Dividend income	4	4
Subsidy income	720	16,840
Company residencies rent	3,642	3,928
Miscellaneous income	28,214	11,524
Total non-operating income	36,065	35,497
Non-operating expenses		
Interest expenses	2,137	73
Dismantling removal expense	24,461	29,799
Miscellaneous losses	37,157	19,003
Total non-operating expenses	63,756	48,876
Ordinary profit	3,064,124	2,536,841
Extraordinary income		
Gain on sale of non-current assets	15,362	482
Total extraordinary income	15,362	482
Extraordinary losses		
Loss on retirement of non-current assets	6,710	7,925
Loss on sale of non-current assets	5	-
Impairment losses	150,818	77,751
Cancellation penalty	35,572	-
Total extraordinary losses	193,106	85,676
Profit before income taxes	2,886,380	2,451,646
Income taxes-current	1,052,498	876,521
Income taxes-deferred	(22,754)	12,310
Total income taxes	1,029,744	888,831
Profit	1,856,635	1,562,815
Profit attributable to owners of parent	1,856,635	1,562,815

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Profit	1,856,635	1,562,815
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	1,856,635	1,562,815
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,856,635	1,562,815
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	2,568,157	5,488,615	19,027,330	(1,014,088)	26,070,015	26,070,015
Changes during period						
Dividends of surplus			(339,395)		(339,395)	(339,395)
Profit attributable to owners of parent			1,856,635		1,856,635	1,856,635
Purchase of treasury shares				(449,693)	(449,693)	(449,693)
Disposal of treasury shares				175,466	175,466	175,466
Gains on disposal of treasury shares		2,765			2,765	2,765
Total changes during period	-	2,765	1,517,240	(274,227)	1,245,778	1,245,778
Balance at end of period	2,568,157	5,491,381	20,544,571	(1,288,316)	27,315,794	27,315,794

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	2,568,157	5,491,381	20,544,571	(1,288,316)	27,315,794	27,315,794
Changes during period						
Dividends of surplus			(358,335)		(358,335)	(358,335)
Profit attributable to owners of parent			1,562,815		1,562,815	1,562,815
Purchase of treasury shares					-	-
Disposal of treasury shares				26,456	26,456	26,456
Gains on disposal of treasury shares		1,532			1,532	1,532
Total changes during period	-	1,532	1,204,480	26,456	1,232,468	1,232,468
Balance at end of period	2,568,157	5,492,913	21,749,051	(1,261,860)	28,548,262	28,548,262

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY3/20	FY3/21
	(Apr. 1, 2019 – Mar. 31, 2020)	(Apr. 1, 2020 – Mar. 31, 2021)
Cash flows from operating activities		
Profit before income taxes	2,886,380	2,451,646
Depreciation	855,789	911,487
Impairment losses	150,818	77,751
Loss on retirement of property, plant and equipment	6,710	7,925
Increase (decrease) in allowance for doubtful accounts	12,038	(9,845)
Increase (decrease) in provision for bonuses	(31,755)	(7,145)
Increase (decrease) in provision for bonuses for directors (and other officers)	10,801	(29,134)
Increase (decrease) in provision for employee stock ownership plan trust	14,287	13,673
Interest and dividend income	(3,488)	(3,202)
Interest expenses	2,137	73
Loss (gain) on sale of property, plant and equipment	(15,356)	(482)
Decrease (increase) in trade receivables	156,982	41,166
Decrease (increase) in inventories	322	(18,465)
Increase (decrease) in trade payables	(280,850)	(122,684)
Increase (decrease) in accrued consumption taxes	155,220	(96,059)
Decrease (increase) in other assets	19,433	132,542
Increase (decrease) in other liabilities	(199,521)	(180,575)
Subtotal	3,739,948	3,168,671
Interest and dividends received	15	15
Interest paid	(976)	(65)
Income taxes paid	(546,526)	(1,075,175)
Income taxes refund	75,183	-
Net cash provided by (used in) operating activities	3,267,644	2,093,446
Cash flows from investing activities		
Purchase of property, plant and equipment	(792,609)	(881,354)
Proceeds from sale of property, plant and equipment	112,456	3,608
Purchase of intangible assets	(30,505)	(89,892)
Loan advances	(371)	-
Proceeds from collection of loans receivable	5	2
Proceeds from cancellation of insurance funds	8,846	-
Other proceeds	14,400	36,043
Other payments	(81,844)	(52,104)
Net cash provided by (used in) investing activities	(769,621)	(983,696)
Cash flows from financing activities		
Repayments of long-term borrowings	(919,992)	(19,992)
Purchase of treasury shares	(299,911)	-
Repayments of finance lease obligations	(122,587)	(120,461)
Dividends paid	(339,395)	(358,335)
Net cash provided by (used in) financing activities	(1,681,887)	(498,788)
Net increase (decrease) in cash and cash equivalents	816,136	610,960
Cash and cash equivalents at beginning of period	5,611,704	6,427,841
Cash and cash equivalents at end of period	6,427,841	7,038,802

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Reclassifications

Consolidated Statement of Income

“Insurance claim income,” which was separately presented under non-operating income in the previous fiscal year, is included in “Miscellaneous income” from the current fiscal year since the amount fell below 10% of non-operating income. To conform to this change, the consolidated financial statements for the previous fiscal year are reclassified.

“Subsidy income,” which was included in “Miscellaneous income” under non-operating income in the previous fiscal year, is presented separately from the current fiscal year since the amount exceeded 10% of non-operating income. To conform to this change, the consolidated financial statements for the previous fiscal year are reclassified.

As a result, “Insurance claim income” of 16,582 thousand yen and “Miscellaneous income” of 12,352 thousand yen presented under non-operating income in the previous fiscal year’s consolidated statement of income is reclassified and divided into “Subsidy income” of 720 thousand yen and “Miscellaneous income” of 28,214 thousand yen.

“Casualty loss,” which was separately presented under non-operating expenses in the previous fiscal year, is included in “Miscellaneous losses” from the current fiscal year since the amount fell below 10% of non-operating expenses. To conform to this change, the consolidated financial statements for the previous fiscal year are reclassified.

As a result, “Casualty loss” of 21,557 thousand yen presented under non-operating expenses in the previous fiscal year’s consolidated statement of income is reclassified as “Miscellaneous losses.”

Additional Information

Application of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System”

With regard to the transition to the group tax sharing system that was established by the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020) and the non-consolidated tax system items that were revised by this act, SAN HOLDINGS and certain domestic consolidated subsidiaries has not applied “Guidance on Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) Article 44 pursuant to “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ Practical Issues Task Force (PITF) No. 39, March 31, 2020) Article 3. Consequently, deferred tax assets and deferred tax liabilities are based on the tax law before the revision.

Impact of COVID-19

Since the middle of February 2020, COVID-19 has negatively affected the performance of the SAN HOLDINGS Group mainly by reducing the size of funerals as the number of mourners declined. Although a recovery in the size of funerals is unlikely to happen as long as this pandemic continues, group companies are working on determining ways to hold funerals that enable people to attend these events with confidence. For services that require direct contact, such as restaurants and nursing care, we expect that the pandemic will continue to negatively affect results of operations because of actions by the Japanese government and local governments, such as restrictions on the activities of the public and limitations on operating hours.

COVID-19 is restricting a broad spectrum of economic and corporate activities. Predicting changes in the number of infections and the timing of the end of this crisis is impossible. However, we assume that COVID-19 will continue to impact sales and earnings until at least the end of March 2022. As a result, we are

using this assumption for decisions about the impairment of non-current assets, the ability to recover deferred tax assets and other accounting estimates.

If the impact of COVID-19 differs from the current assumption, the results of operations and financial position of the SAN HOLDINGS Group may be affected.

Distribution of SAN HOLDINGS stock to employees, etc. using a trust

SAN HOLDINGS is using this distribution of stock as an incentive plan to heighten motivation for contributing to the growth of corporate value. The distribution of stock will increase benefits for employees of SAN HOLDINGS and its subsidiaries and is expected to give employees a stronger feeling of belonging to a unified team and participating in management. This will give employees a stronger commitment to the medium and long-term growth of sales and earnings and to increasing the stock price.

(1) Outline of transactions

The incentive plan uses a trust established and funded by SAN HOLDINGS to purchase at once a sufficient number of shares of SAN HOLDINGS common stock for upcoming distributions. Employees who meet the designated requirements will receive points granted in accordance with stock distribution rules established by the directors of SAN HOLDINGS and its subsidiaries. The points are subsequently used to determine the number of shares of SAN HOLDINGS common stock to be received by employees from the trust. Points reflect each person's job and other factors. There is no cost to employees because SAN HOLDINGS covers the entire cost of stock purchases made by the trust.

(2) SAN HOLDINGS stock remaining in the trust

The book value (excluding associated expenses) of SAN HOLDINGS stock held by the trust is shown as treasury shares in the net assets section of the consolidated balance sheet. As of the end of the previous fiscal year, the trust held 136,000 shares of SAN HOLDINGS with a book value of 149,781 thousand yen. As of the end of the current fiscal year, the trust held 136,000 shares of SAN HOLDINGS with a book value of 149,233 thousand yen.

Segment and Other Information

Segment information

1. Overview of reportable segment

Segments used for financial reporting are SAN HOLDINGS' constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

SAN HOLDINGS, which is the holding company, determines strategies and performs management functions for all group companies. SAN HOLDINGS oversees the operations of subsidiaries that provide funeral-related services and leases real estate used for funeral halls and other facilities. All subsidiaries conduct business activities involving their respective services and products in accordance with the strategies determined by SAN HOLDINGS.

Consequently, the SAN HOLDINGS Group is composed of segments based on company group, primarily the three funeral companies and SAN HOLDINGS, the holding company, and there are four reportable segments: KOEKISHA Group, SOU-SEN Group, TARUI Group and Holding Company Group.

2. Calculation method for net sales, profit or loss, assets, and other items for each reportable segment

The accounting methods for reportable segments are the same as those used for preparing the consolidated financial statements."

Segment profit for reportable segments are based on ordinary profit.

Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit or loss, assets, and other items for each reportable segment

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	KOEKISHA Group	SOU-SEN Group	TARUI Group	Holding Company Group	Total		
Net sales							
External sales	17,611,322	1,449,660	1,817,297	402,786	21,281,066	-	21,281,066
Inter-segment sales and transfers	24,386	-	50	5,147,165	5,171,601	(5,171,601)	-
Total	17,635,708	1,449,660	1,817,348	5,549,951	26,452,668	(5,171,601)	21,281,066
Segment profit	1,742,493	44,128	324,151	2,261,545	4,372,318	(1,308,194)	3,064,124
Segment assets	5,518,127	365,234	1,154,192	29,239,191	36,276,745	(4,402,518)	31,874,226
Other items							
Depreciation (Note 3)	215,727	13,362	40,222	586,477	855,789	-	855,789
Interest income	6,292	1	2,241	4,282	12,818	(9,334)	3,483
Interest expenses	809	160	-	10,502	11,472	(9,334)	2,137
Increase in property, plant and equipment and intangible assets	240,269	14,462	10,877	720,196	985,806	-	985,806

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	KOEKISHA Group	SOU-SEN Group	TARUI Group	Holding Company Group	Total		
Net sales							
External sales	15,444,580	1,266,919	1,748,396	406,081	18,865,977	-	18,865,977
Inter-segment sales and transfers	27,063	24	40	4,501,334	4,528,461	(4,528,461)	-
Total	15,471,643	1,266,943	1,748,436	4,907,415	23,394,439	(4,528,461)	18,865,977
Segment profit	985,221	38,925	328,209	1,837,205	3,189,562	(652,721)	2,536,841
Segment assets	5,692,697	299,871	1,294,876	29,982,898	37,270,345	(4,882,712)	32,387,633
Other items							
Depreciation (Note 3)	259,290	16,567	44,363	591,265	911,487	-	911,487
Interest income	6,267	1	3,316	7,178	16,764	(13,565)	3,198
Interest expenses	3,992	70	-	9,575	13,638	(13,565)	73
Increase in property, plant and equipment and intangible assets	161,205	21,010	32,669	676,654	891,540	-	891,540

Notes: 1. Contents of adjustments are as follows.

To segment profit

(Thousands of yen)

	FY3/20	FY3/21
Elimination of amount equivalent to dividends paid to the holding company by consolidated subsidiaries	(1,308,000)	(652,800)
Adjustment of allowance for doubtful accounts related to the netting elimination of assets and liabilities	(194)	78
Total	(1,308,194)	(652,721)

To segment assets	(Thousands of yen)	
	FY3/20	FY3/21
Stock of subsidiaries held by the holding company	(2,512,585)	(2,522,585)
Adjustment of allowance for doubtful accounts related to the netting elimination of assets and liabilities	151,211	504,289
Elimination of inter-segment transactions	(2,041,144)	(2,864,416)
Total	(4,402,518)	(4,882,712)

2. Segment profit is adjusted to be consistent with ordinary profit recorded in the consolidated statement of income.
3. Depreciation under other items include amortization of long-term prepaid expenses.

Related information

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

1. Information by product or service

Omitted since sales to external customers in the category of a single product or service exceeded 90% of operating revenue on the consolidated statement of income.

2. Information by region

(1) Net sales

Not applicable because there are no external sales outside Japan.

(2) Property, plant and equipment

Not applicable because there is no property, plant and equipment outside Japan.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

1. Information by product or service

Omitted since sales to external customers in the category of a single product or service exceeded 90% of operating revenue on the consolidated statement of income.

2. Information by region

(1) Net sales

Not applicable because there are no external sales outside Japan.

(2) Property, plant and equipment

Not applicable because there is no property, plant and equipment outside Japan.

Information related to impairment losses on non-current assets for each reportable segment

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

(Thousands of yen)

	KOEKISHA Group	SOU-SEN Group	TARUI Group	Holding Company Group	Total
Impairment loss	68,218	-	-	82,600	150,818

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Thousands of yen)

	KOEKISHA Group	SOU-SEN Group	TARUI Group	Holding Company Group	Total
Impairment loss	3,740	-	-	74,011	77,751

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

Not applicable.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

Not applicable.

Information related to gain on bargain purchase for each reportable segment

FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)

Not applicable.

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

Not applicable.

Per Share Information

(Yen)

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net assets per share	2,471.96	2,578.18
Net income per share	165.81	141.24

Notes: 1. Diluted net income per share is not presented because there are no latent shares with a dilutive effect.

2. SAN HOLDINGS conducted a 2-for-1 stock split on October 1, 2019. Net assets per share and net income per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

3. The SAN HOLDINGS' stock held by the Employee Stock Ownership Plan of 136,000 shares are included in the treasury shares that are deducted from the number of shares for calculating the average number of shares outstanding for the determination of net income per share.

4. The basis of calculating the net income per share is as follows:

	FY3/20 (Apr. 1, 2019 – Mar. 31, 2020)	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	1,856,635	1,562,815
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	1,856,635	1,562,815
Average number of shares outstanding (Shares)	11,197,427	11,064,590
Summary of latent shares not included in the calculation of the diluted net income per share since there was no dilutive effect	-	-

Note: SAN HOLDINGS conducted a 2-for-1 stock split on October 1, 2019. The average number of shares outstanding has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Subsequent Events

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.