



SAN HOLDINGS, INC.

Results of Operations

(Fiscal Year Ended March 31, 2021)

May 2021

Tokyo Stock Exchange, First Section
Stock code: 9628

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FY3/21 Financial Results

Executive Summary

- FY3/21 revenue and earnings declined due to the negative effect of COVID-19 throughout the year. The operating margin was at the 13% level because of cost-cutting measures.
- The number of ordinary funerals in FY3/21 increased YoY because of an increase in the fiscal year's second half. However, revenue per funeral was below the pre-pandemic level because simple funerals with small number of participants accounted for most of the increase in the number of funerals.
- The number of large funerals showed signs of recovery in 2Q and 3Q but was low in 4Q due to the state of emergency declared again.
- Forecast higher revenue and earnings in FY3/22 and plan to increase the dividend.

FY3/21 results

- Revenue decreased 11.3% YoY and operating profit decreased 17.5% YoY
- Operating profit and other levels of earnings were lowest in 1Q; they recovered gradually and resulted in lower sales and higher earnings for FY3/21
- Two effects of COVID-19 were mainly responsible for the revenue decline
 - (1) Decrease in large funerals, mainly farewell and memorial events
 - (2) Lower rates for ordinary funerals because of more simple funerals with fewer participants
- Operating expenses decreased 9.8%, the result of decreases in the direct expense ratio and personnel expenses, measures to hold down other expenses, which offset higher expenditures for advertising and strategic measures like outsourcing activities. General and administrative expenses decreased mainly due to lower personnel, travel and transportation, and recruiting expenses

Earnings forecasts

- Forecast higher revenue and earnings even though COVID-19 is expected to continue affecting business operations throughout FY3/22
- Forecast higher productivity and measures to hold down other expenses to more than offset expenses for at least five funeral hall openings, renovations and maintenance and higher expenses for a reform of group business operations

Dividend forecast

- Plan to pay a fiscal year dividend of 34 yen per share, up 1 yen per share (6th consecutive years of dividend increase). Expected dividend payout ratio: 24.0%

FY3/21 Revenue and Earnings

- Operating revenue decreased 11.3% YoY to ¥18.86 billion and operating profit decreased 17.5% to ¥2.55 billion. Operating margin was 13.5%, 1 point lower than one year earlier.
- Profit attributable to owners of parent decreased 15.8% as extraordinary losses were down from one year earlier
- The smaller size of funerals due to the COVID-19 pandemic was the major factor of lower revenue and earnings

(Millions of yen)	FY3/20	FY3/21	YoY change		FY3/21 Forecast*	
			%	Amount		Results vs. Fct.
Operating revenue	21,281	18,865	-11.3%	-2,415	18,800	100.3%
Operating expenses	16,716	15,085	-9.8%	-1,631		
SG&A expenses	1,472	1,230	-16.4%	-241		
Operating profit	3,091	2,550	-17.5%	-541	2,240	113.8%
Operating margin	14.5%	13.5%	-1.0pt		11.9%	
Ordinary profit	3,064	2,536	-17.2%	-527	2,200	115.3%
Profit attributable to owners of parent	1,856	1,562	-15.8%	-293	1,320	118.3%
Net income per share (Yen)	165.81	141.24	-14.8%		119.45	

* A revised forecast announced on February 5, 2021

Quarterly Revenue and Earnings

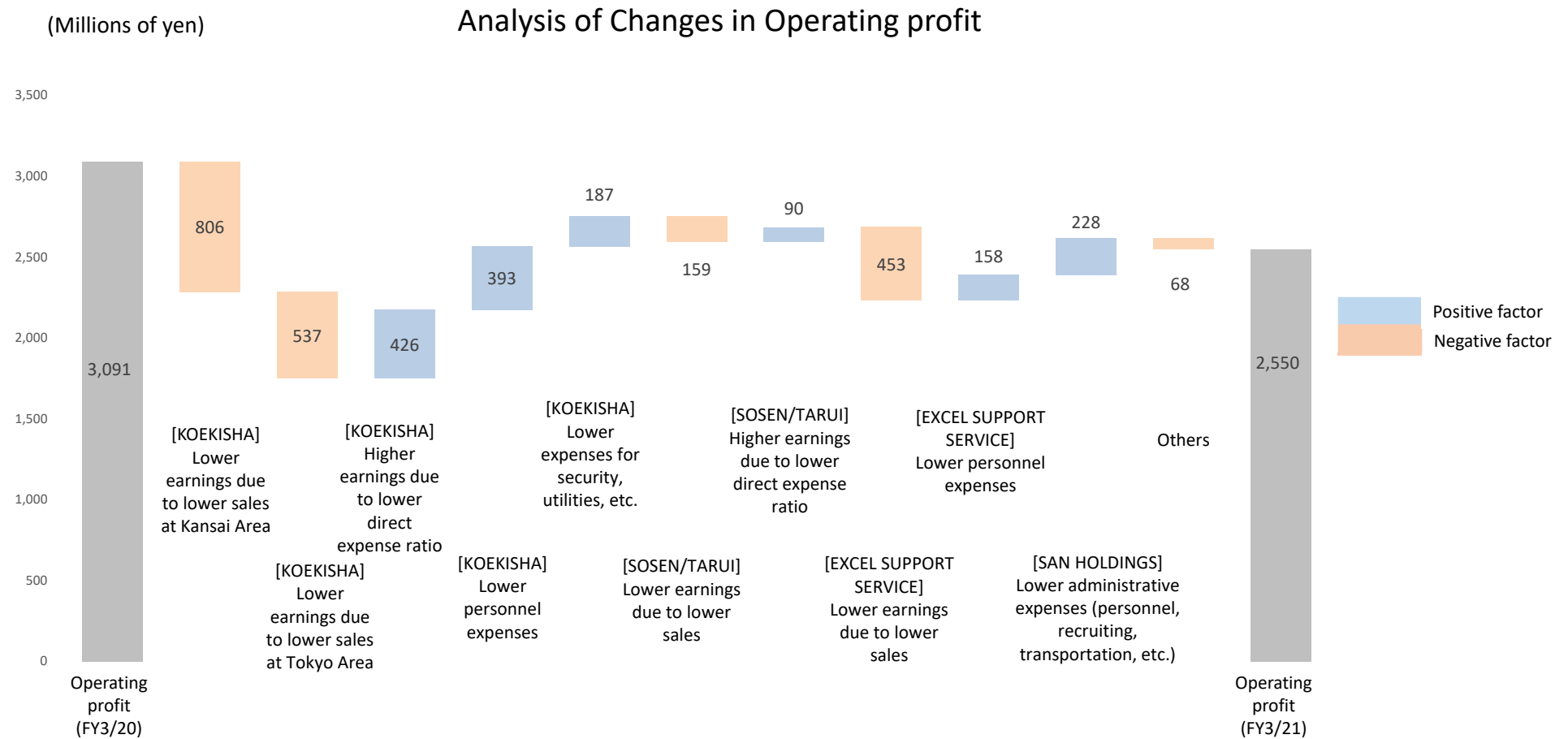
- The YoY revenue decrease narrowed to single digits in the 3Q and 4Q. Operating profit increased YoY in the 4Q for the first time in FY3/21 but revenue and profit were below the 3Q.
- The operating margin returned to double digits in the 2Q and reached a quarterly record high of 18.5% in the 3Q.
- Second half earnings were higher because the impact of COVID-19 decreased, productivity improved and expenses were reduced. But second half revenue was still down YoY, resulting in a decrease in FY3/21 earnings.

(Millions of yen)

	FY3/21 1Q	YoY change %	FY3/21 2Q	YoY change %	FY3/21 3Q	YoY change %	FY3/21 4Q	YoY change %
Operating revenue	4,055	-18.6%	4,548	-15.6%	5,347	-6.8%	4,914	-4.9%
Operating expenses	3,478	-13.8%	3,726	-9.9%	4,055	-6.8%	3,825	-8.8%
SG&A expenses	315	-12.1%	308	-13.9%	305	-17.4%	301	-21.9%
Operating profit	262	-55.5%	513	-42.9%	987	-3.1%	787	34.5%
Operating margin	6.5%	-5.3pt	11.3%	-5.4pt	18.5%	0.8pt	16.0%	4.7pt
Ordinary profit	262	-55.0%	502	-44.6%	980	-2.5%	791	39.1%
Profit	162	-56.7%	315	-47.8%	627	-2.3%	456	94.6%

Analysis of Changes in Operating Profit

Lower revenue at KOEKISHA (funerals, product sales, etc.) and EXCEL SUPPORT SERVICE (food services) severely impacted operating profit, which decreased despite a lower direct expense ratio and personnel expense and other cost cutting at all group companies.

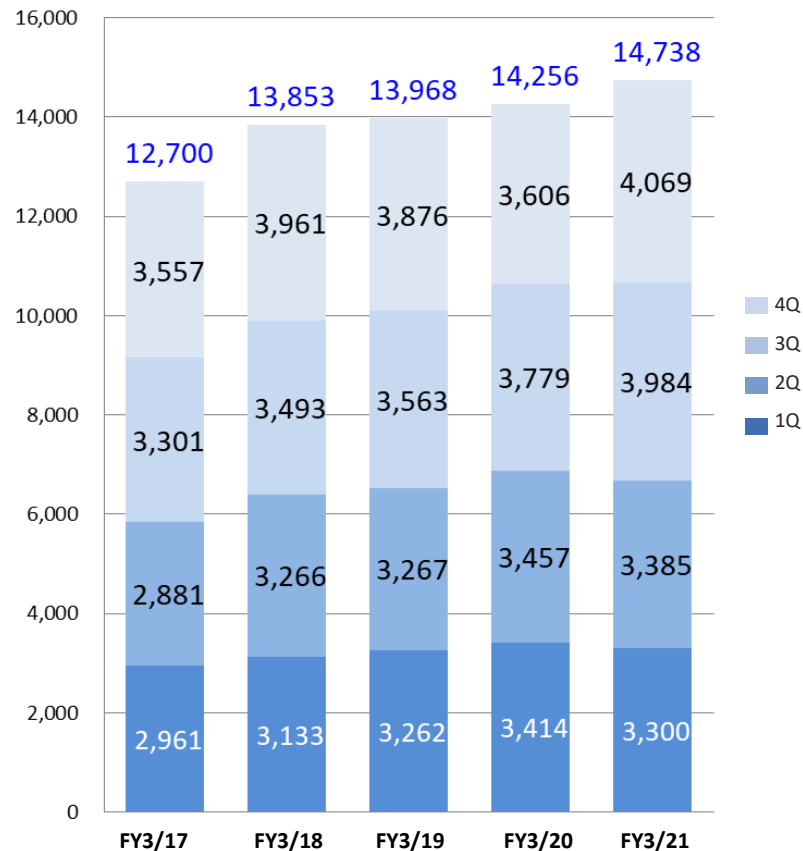


The Group's Number of Funerals and Funeral Revenue

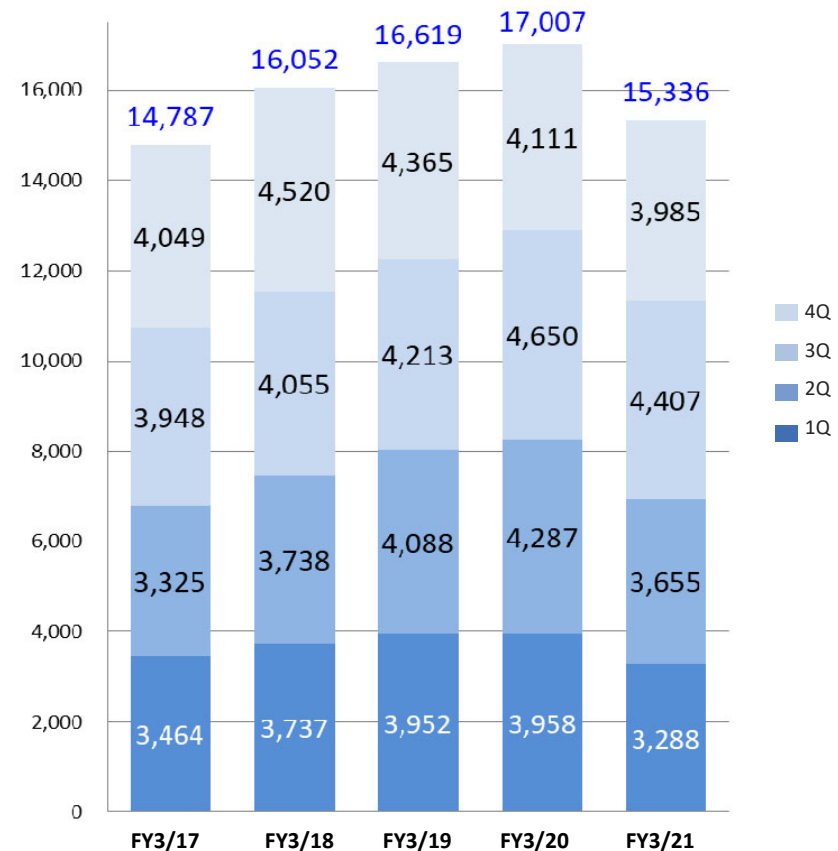
The number of funerals increased 3.4% in FY3/21 because of the second half increase. But funeral revenue was down 9.8% because of fewer large funerals and the smaller size of ordinary funerals due to COVID-19.

Note: In prior years, part of revenue associated with funerals was classified as funeral revenue at TARUI. Due to a change in this classification method in FY3/21, FY3/20 quarterly funeral revenue has been restated to permit direct comparisons with FY3/21 revenue. This change has no effect on total operating revenue.

(Funeral) Quarterly number of funerals



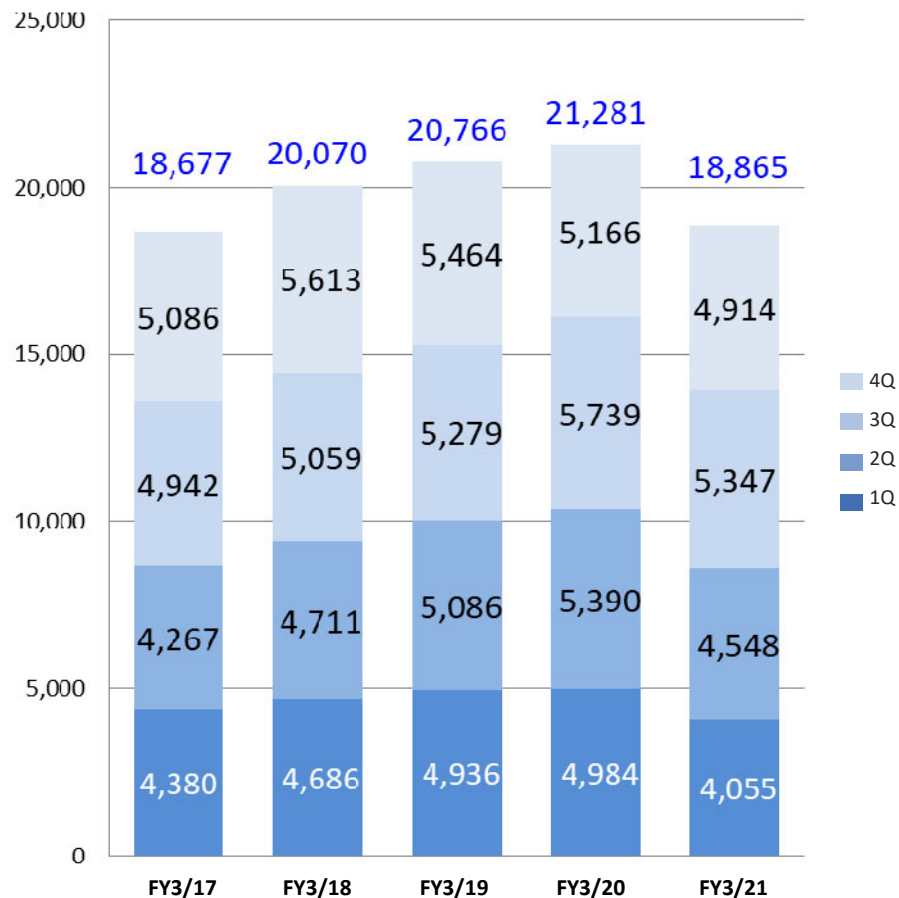
(Millions of yen) Quarterly funeral revenue



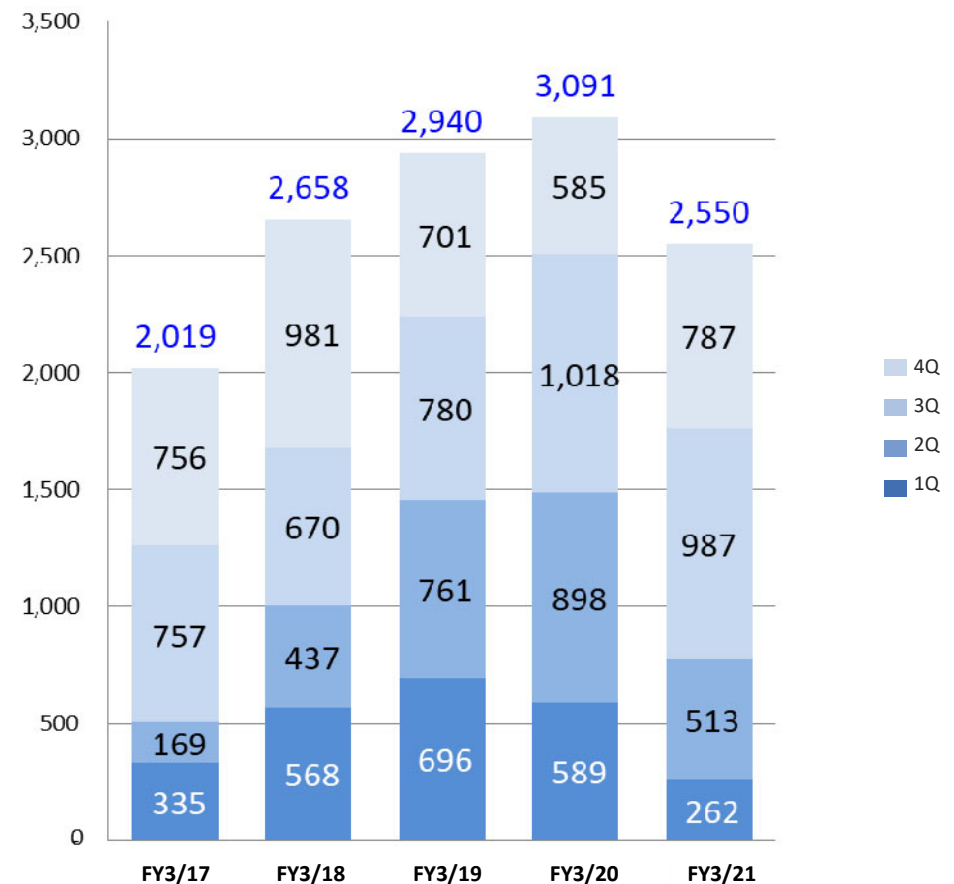
Quarterly Revenue and Earnings

- 3Q operating revenue was higher than in 3Q FY3/19 but 4Q revenue fell below ¥5 billion for the first time since FY3/16.
- Operating profit was high in the 3Q and 4Q because of measures to hold down expenses.

(Millions of yen) Quarterly operating revenue



(Millions of yen) Quarterly operating profit



Changes in Assets in the Balance Sheet

Total assets increased ¥513 million from March 31, 2020. Current assets were higher due to an increase in cash and deposits. Non-current assets were lower due to a decrease in property, plant and equipment because capital expenditures were lower than depreciation expenses and impairment losses were recorded.

(Millions of yen)	March 31, 2020	March 31, 2021	YoY change
Current assets	7,264	7,895	631
Cash and deposits	6,428	7,042	614
Trade accounts receivable	493	452	-41
Non-current assets	24,610	24,492	-117
Property, plant and equipment	22,283	22,153	-129
Buildings and structures	9,390	9,289	-101
Intangible assets	97	155	57
Investments and other assets	2,229	2,183	-45
Total assets	31,874	32,387	513

Reference:

Capital expenditures on PP&E: ¥730 million (FY3/21)

Depreciation expenses of PP&E: ¥840 million (FY3/21)

Note: Only major accounts are shown.

Changes in Liabilities and Net Assets in the Balance Sheet

Current liabilities decreased ¥563 million mainly due to lower trade accounts payable and income taxes payable. Non-current liabilities decreased ¥155 million mainly due to lower long-term accounts payable-other.

(Millions of yen)

	March 31, 2020	March 31, 2021	YoY change
Current liabilities	3,105	2,541	-563
Trade accounts payable	736	613	-122
Accounts payable-other	607	514	-92
Income taxes payable	607	413	-194
Non-current liabilities	1,453	1,297	-155
Lease obligations	404	322	-81
Long-term accounts payable-other	411	293	-118
Total liabilities	4,558	3,839	-719
Shareholders' equity	27,315	28,548	1,232
Retained earnings	20,544	21,749	1,204
Total net assets	27,315	28,548	1,232
Total liabilities and net assets	31,874	32,387	513
Equity ratio	85.7%	88.1%	2.4pt

Note: Only major accounts are shown.

Effects on funerals

- 1. Postponements and cancelations of corporate funerals and farewell events where a large number of people are expected to attend**
- 2. Smaller size of ordinary funerals due to the lower number of mourners**
 - (1) Lower prices of funerals
 - (2) Decrease in sales of flowers, memorial service items, food, courtesy gifts and other funeral items

→ Lower rates for funerals

The following page is an estimate of the effects involving funeral revenue and funeral rates, which are part of the effects in the preceding two items.

Impact of COVID-19 on Revenue and Earnings

Major effects of COVID-19 on FY3/21 performance

1. Impact of postponements and cancelations of large funerals such as corporate funerals and farewell events (SAN HOLDINGS estimates)

- Estimate of the difference between average large funeral FY revenue during the past five years and in FY3/21

→ Down ¥970 million at KOEKISHA

(Reference) Seven large funerals (¥60 million) were postponed as of March 31, 2021

2. Impact of smaller ordinary funerals due to the lower number of mourners (SAN HOLDINGS estimates)

(Increase in simple, low-cost funerals, decrease in funeral rates)

- Estimated using certain assumptions*

→ Revenue down ¥1,070 million at the three group funeral companies (down ¥780 million at KOEKISHA)

Note: Excludes events involving COVID-19

*Estimate of the gap between actual funeral revenue and the benchmark, which is revenue assuming that the number of funerals in each month is based on the composition of the number of funerals and funeral rates using actual performance between April 2019 and January 2020, which was before the COVID-19 pandemic.

Revenue and Earnings Forecasts

FY3/22

- Forecast higher revenue and earnings by achieving operating margin of 13%, which is a goal for the medium-term management plan's final year
- Forecast higher revenue and earnings for 1H and higher revenue and lower earnings in 2H

(Millions of yen)

	FY3/22	YoY change		1H FY3/22	YoY change		2H FY3/22	YoY change	
	Forecast	%	Amount	Forecast	%	Amount	Forecast	%	Amount
Operating revenue	19,760	4.7%	894	9,160	6.5%	555	10,600	3.3%	338
Operating profit	2,570	0.8%	19	950	22.5%	174	1,620	-8.7%	-154
Operating margin	13.0%	-0.5 pt		10.4%	1.4 pt		15.3%	-2.0 pt	
Ordinary profit	2,540	0.1%	3	940	22.9%	174	1,600	-9.7%	-171
Profit	1,590	1.7%	27	580	21.3%	101	1,010	-6.9%	-74

Major assumptions

- Effects of COVID-19 will continue at least until March 2022
- Anticipate up-front expenses for substantial strategic investments for growth (Investments for new funeral halls, renovations of existing funeral halls and the recently established subsidiary Life Forward)

Operating revenue

- Plan on maintaining market share as the increase in the number of funerals matches the increase in expected deaths in Japan, with growth from both existing funeral halls and recently or newly opened locations*.
*Recent and new funeral halls are locations opened within the past five years or that will open during FY3/22.
- The number of large funerals (more than ¥5 million) is expected to increase but still be at least 30% fewer than in FY3/20 (before the COVID-19 pandemic).
- Forecast higher revenue from products and services associated with funerals, although there will be negative effects COVID-19.
- Funeral halls to be opened during FY3/22 (five are currently planned) are expected to contribute to revenue growth.

Expenses

- There will be activities to limit the increase in direct expenses as a pct. of revenue, a ratio that tends to increase as the composition of revenue changes, by improving productivity.
- Plan to reduce personnel expenses as a pct. of revenue by, in principle, suspending recruiting activities (except people with certain professional skills), improving productivity and taking other actions
- For controllable expenses, forecast higher expenses for new funeral halls and, in SG&A expenses, strategic expenses for outsourcing and other activities involving various initiatives and business system rebuilding measures. Other expenses will be held down.

Major assumptions

Capital expenditures:

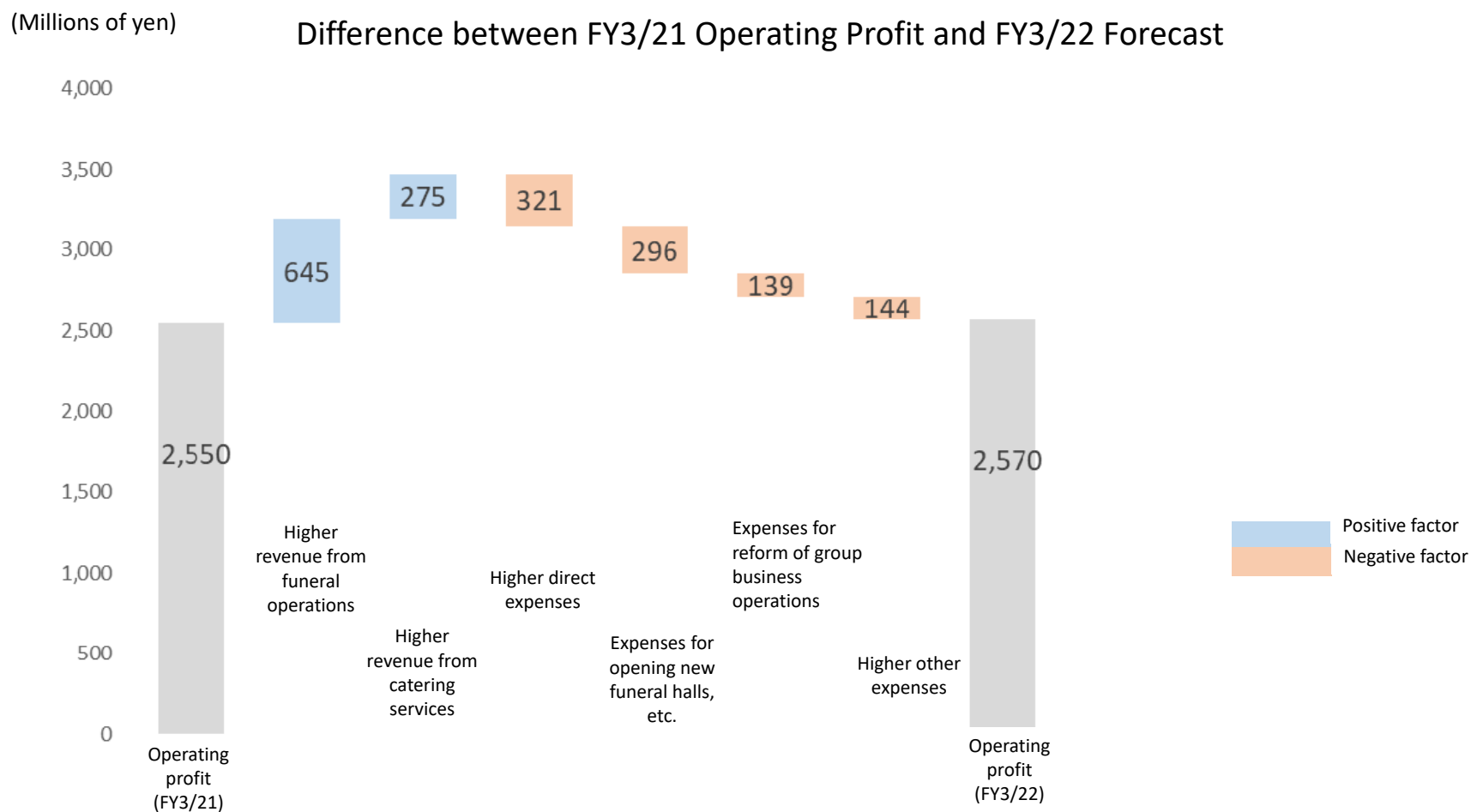
- Planning on capital expenditures of ¥2,200 million, mainly for equipment at funeral halls.

Breakdown:

- Opening of new funeral halls: ¥1,500 million
- Renovations and relocations of funeral halls: ¥500 million
- IT-related: ¥200 million

Operating Profit FY3/22 Forecast vs. FY3/21 Results

We forecast higher earnings due to increases in funeral revenue and catering revenue. In addition, direct expenses are expected to increase and there will be up-front expenditures for future growth, such as for new funeral halls and business system reforms. As a result, we forecast only a 0.8% increase in operating profit.



Dividend Forecast

FY3/22

- Plan to pay interim and year-end dividends of 17 yen per share, a fiscal year dividend of 34 yen (6th consecutive years of dividend increase)
- The expected dividend payout ratio is 24.0%

(Yen)

	FY3/17	FY3/18	FY3/19	FY3/20	FY3/21	FY3/22 (Fct.)
Annual dividend	45.00	50.00	57.00	-	33.00	34.00
Interim	22.50	24.00	27.00	30.00	16.00	17.00
Year-end	22.50	26.00	30.00	16.00	17.00	17.00
Payout ratio (consolidated)	18.8%	17.9%	15.2%	18.8%	23.7%	24.0%

Note: SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2019.

The SAN HOLDINGS Goals

Business Climates

Changes in society

Lower number of children, aging population, smaller size of households, etc.



The need for COVID-19 preventive measures



Changes in preferences and values of funerals

Diversified funeral and memorial service formats

Examples of funeral formats: Family funerals, non-religious funerals, one-day funerals

Examples of memorial service formats: Home or other simple services, trees instead of grave stones, ash scattering

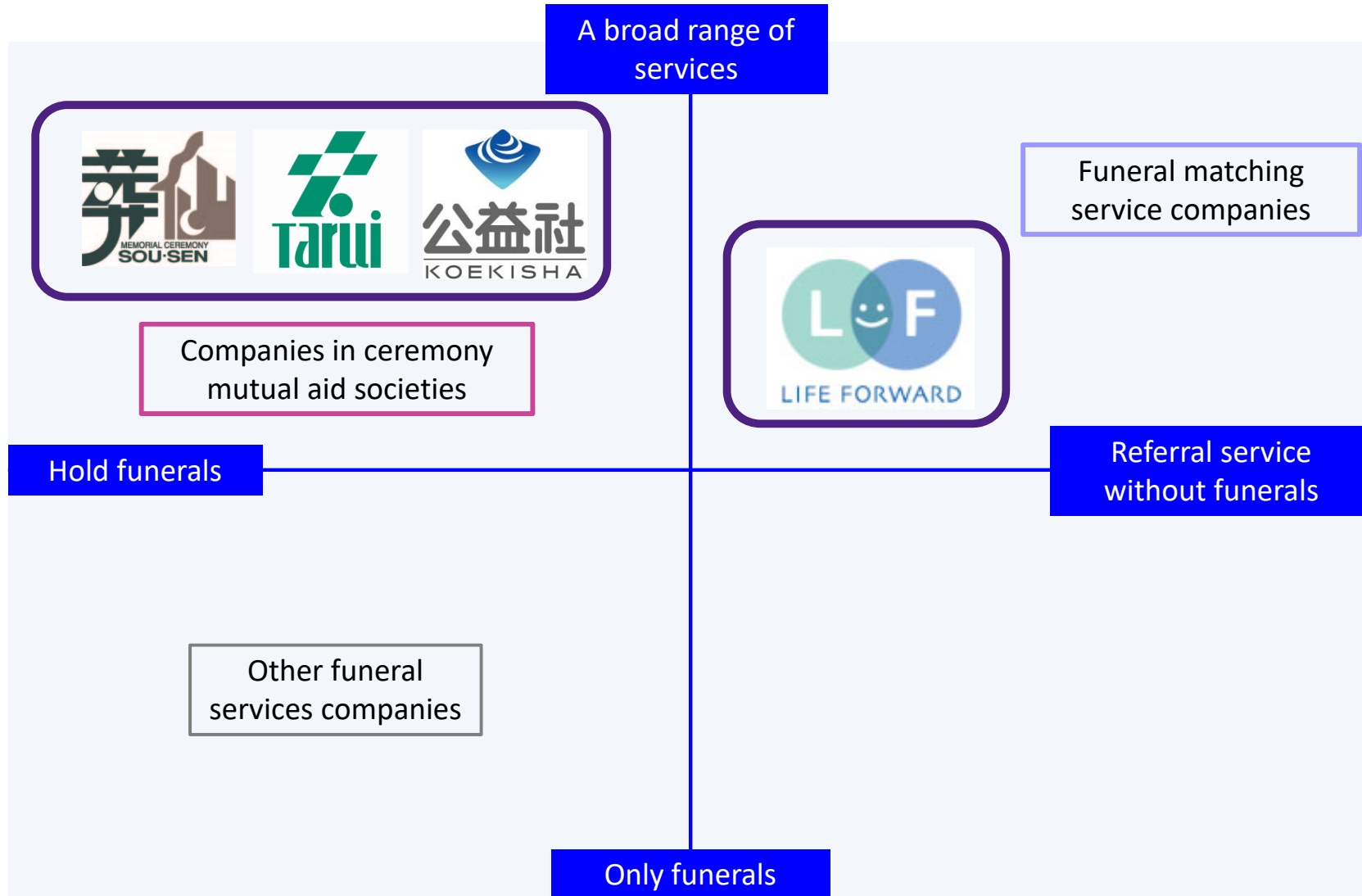
More funerals with only close relatives (fewer mourners)

Fewer funerals based on traditional social formats and values

Smaller size of funerals

COVID-19 makes it difficult to hold funerals as in the past. People are worried about whether or not funerals can continue to take place, regardless of the size of the funeral. The public needs funeral companies that they can use with confidence.

Market trends (Competitors)



The SAN HOLDINGS Group's Strengths

Group companies use highly capable workforces and many years of experience to provide proposals and support that precisely match the requirements of every customer.

<p>More than 14,000 funerals annually The number of funerals has increased at an average rate of 1.9% during the past 10 years</p>	<p>72 facilities, mainly in the Tokyo and Kansai areas Goal is 81 facilities until March 2022</p>
<p>A large number of experienced funeral directors 315 directors of funerals and other ceremonies certified by the Ministry of Health, Labour and Welfare (as of November 2020)</p>	<p>Trained embalming specialists Our embalming specialists perform preservation procedures in order to present the deceased at a funeral in a state that is as close as possible to appearance prior to death 22 embalmers certified by the International Funeral Science Association in Japan (as of November 2020)</p>
<p>Comprehensive support before and after the funeral In addition to funeral services, we provide a comprehensive line of services and support before and after funerals, including consultation and assistance in inheritance and other procedures, a residence and other matters</p>	<p>An industry leader for company funerals and farewell events Since our inception, we have handled a large number of company funerals and farewell events as well as the funerals of many prominent individuals in the organization, academic, sports, entertainment and other fields</p>
<p>The Hidamari Club – Support for families after the funeral The Hidamari Club – KOEKISHA started the Hidamari Club in 2003 to provide assistance to families following a funeral in Osaka The first grief care service of a funeral services company in Japan: more than 1,000 members Started support services in Tokyo in 2020</p>	

Started the Hidamari Club for grief care in the Tokyo Area

The Tokyo area Hidamari Club (started in December 2020) uses know-how acquired during 17 years of operation of the Osaka Hidamari Club

The Tokyo area Hidamari Club has held its first online seminar led by a grief care professional. The presentations was followed by a question and answer session. Thirty people participated in this event. Many said the information was useful and more than 60% expressed an interest in participating in a face-to-face session to share experiences and thoughts. For the time being, the Tokyo area Hidamari Club will hold regular online gatherings for COVID-19 safety. The club will start holding events that people can physically rather than virtually attend once this becomes possible.

Online Seminar on December 5, 2020

Program	
Greeting and Hidamari Club explanation	14:00-14:15
Presentation “Dealing with the Emotional and Physical Problems that Bereaved Family Members Experience – Lessons Learned from Consultations with the Bereaved”	14:15-14:45
Questions and answers	14:45-14:50

Regular online seminars started in Osaka in July 2020. Currently regular online seminars allow the participation of customers in both the Osaka and Tokyo areas.

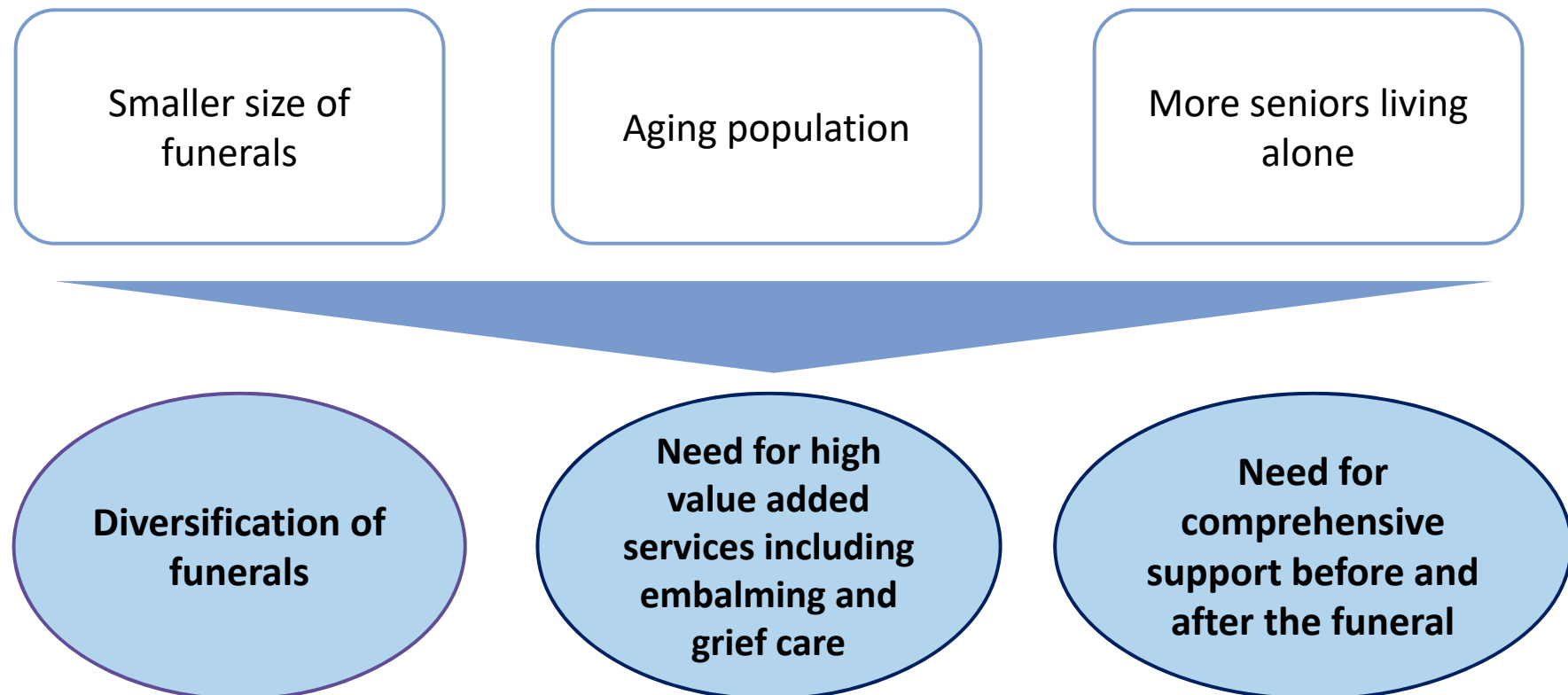


An online Hidamari Club seminar

Goals of the SAN HOLDINGS Group

Even as the values of people continue to diversify and the effects of the COVID-19 crisis continue, we believe the fundamental value people place in funerals will remain the same.

Our goals are to adapt to changes in market conditions, provide services with substantial added value, and be a source of total support for the final stage of life.

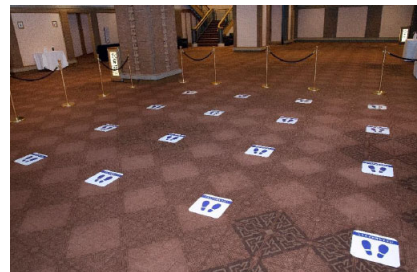


Large Funerals during the COVID-19 Pandemic

Companies and other organizations make decisions about whether or not to hold a large funeral or farewell event. Since February 2020, most of these large events have been postponed or canceled because of the pandemic. However, large funerals and farewell events slowly began to resume in June 2020.

■ Corporate funerals and farewell events with rigorous COVID-19 safety measures

Temperatures of people attending a funeral are checked at the entrance and social distancing is enforced in all locations. To allow people to attend events safely and with confidence, there are measures to prevent the spread of infections through exhaled droplets, extensive disinfecting of hands and surfaces, and many other protective activities.



Large Funerals during the COVID-19 Pandemic

Other safety measures are used as requested by companies holding funerals. For other events to say farewell to the deceased, we offer a remote participation service.

We also provide online consultations and hold online seminars.

■ Started remote funeral participation service for farewell events

In order to social distancing at funerals, we provide a remote participation service so that only some members of a company participate in the farewell event while other people can participate online.

■ Online seminars

We provide online farewell event seminars for companies and online seminars for information about how to conduct corporate funerals and other related events.

The number of people attending family funerals and other ordinary funerals decreased beginning in March 2020 because of COVID-19 concerns, resulting in more small-scale funerals. In addition, the number of courtesy gifts decreased and funerals often omitted the food that is normally provided after the funeral.

■ More funerals with fewer mourners but also more diversity of funeral needs

We provide thorough support that reflects all of the requirements and characteristics of every customer. For example, we have started a selected gourmet gift package service as an alternative to the customary funeral catering service.

■ Funerals that separate mourners into several groups

To enable people attending funerals to maintain social distancing, we offer the option of holding funerals where people attend at different times in small groups. We also arrange chairs in the funeral hall for proper distancing and exercise care in other ways to ensure that people can attend ceremonies with confidence.

■ Remote funeral participation service

The remote participation service uses a smartphone or computer supplied by the family of the deceased to distribute a picture of events to people who cannot attend because they live too far from the funeral hall or for some other reason.



We provide online consultations and seminars concerning ordinary funerals. In addition, we started providing online post-funeral support in April 2021.

■ Online preliminary consultations

These online consultations can bring together two people in different locations when necessary. These people hear explanations at the same time, making it easy to supply information that is difficult to provide using a telephone call.

■ Online seminars

Family funeral seminars held by funeral directors at funeral halls can be viewed online.

■ Online support after a funeral

In April 2021, we shifted meetings for post-funeral support from visits to the homes of bereaved to an online format.

■ Regular grief care online meetings

Activities of the Hidamari Club have been shifted from physical gatherings to virtual gatherings using the internet.

Manual for Safety during the COVID-19 Pandemic

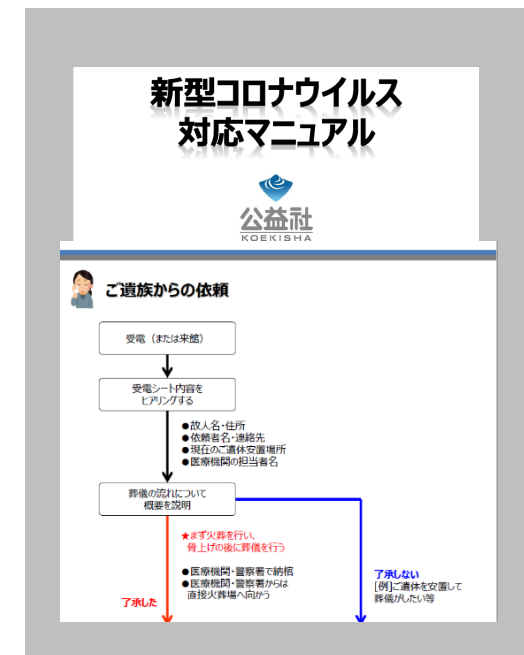
In early March 2020, before government agencies established clear guidelines for COVID-19 protection, we produced our own manual with instructions for measures to protect employees and people attending funerals from COVID-19 infections. We visited medical care facilities and police stations to explain the guidelines in our manual.

In Osaka, we established a facility for receiving the bodies of those who passed away due to COVID-19 and worked with medical care facilities for the provision of this service. In Tokyo, we cooperated with other companies to provide places for the bodies of COVID-19 victims.

■ Support for all procedures involving deaths due to COVID-19

Group companies handle procedures involving medical institutions and cremations to enable family members to say farewell to an individual who died of COVID-19 without being concerned about legal and other matters.

Special methods are used to hold funerals so that people can say farewell to the deceased in the desired manner. We provide information about holding a farewell event at a later date and about other ideas in order to conduct activities that reflect the wishes of the bereaved.



A page of the SAN HOLDINGS COVID-19 Safety Manual

Key Objectives of the Medium-term Management Plan

(FY3/20-FY3/22)

30

We will focus on key objectives 4, 5, and 7 during FY3/22, the third and final year of the plan.

1 Firmly establish the new corporate philosophy

5 Broaden the lineup of end-of-life support

2 Create a more powerful workforce

6 Make new businesses more profitable

3 Improve the quality of services

7 Extend the funeral business to more areas of Japan

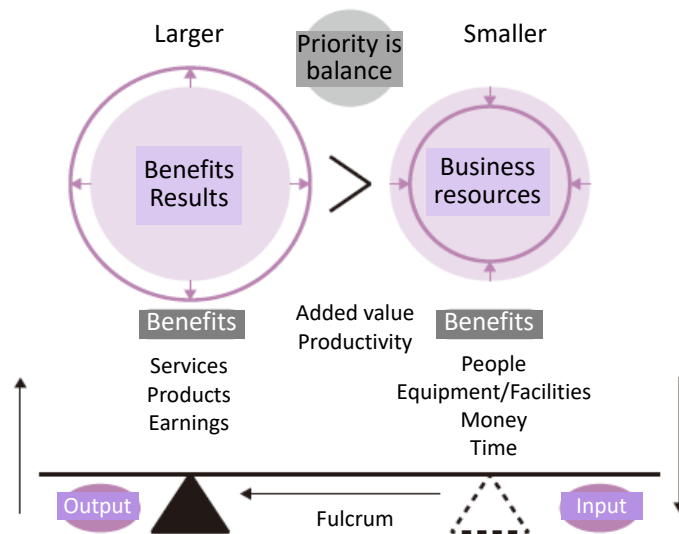
4 Increase operating efficiency

8 Upgrade risk management

Key Objective 4. Increase Operating Efficiency

Higher productivity by reviewing business processes and roles and using IT and other measures to improve various activities

Major business process reforms in all aspects of operations with the goal of raising the operating margin



An IT System and Operations Department was established in FY3/20 and a project to improve productivity started. The primary activity was a review of the business processes and roles of KOEKISHA. Benefits began to emerge in FY3/21 as improvements in KOEKISHA's operations reduced operating expenses and produced other advances.

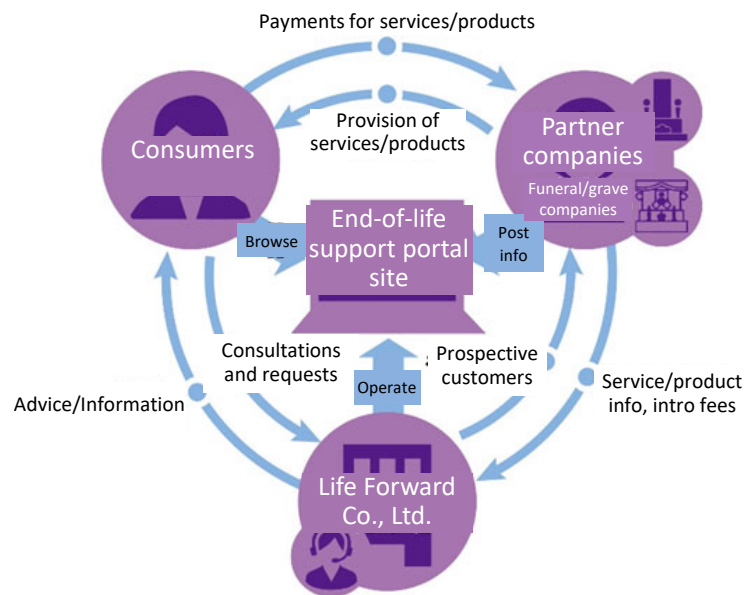
We are increasing the activities of this productivity project for even more progress with business process reforms. Another ongoing activity is the establishment of a new IT system that will contribute to boosting productivity.

Key Objective 5. Broaden the Lineup of End-of-life Support

Enlargement of the end-of-life support domain and geographic coverage

We have alliances with reliable partner companies and use a portal site to provide information about these partners. This gives people access to quality services and products that they can purchase with confidence.

We launched a portal site in July 2020 called “end-of-life choices for everyone” for funeral and grave companies.



Key Objective 5. Broaden the Lineup of End-of-life Support

A larger selection of services

New services started in April 2021

<https://www.eranda.jp>

Information about providers of religious services involving death

Information about providers of end-of-life counseling

Information about companies that handle property and other matters prior to death

Key Objective 5. Broaden the Lineup of End-of-life Support

Aim to become an organization that provides total support for the final stage of life

Seamless provision of various services

Before funeral

- Preliminary consultations

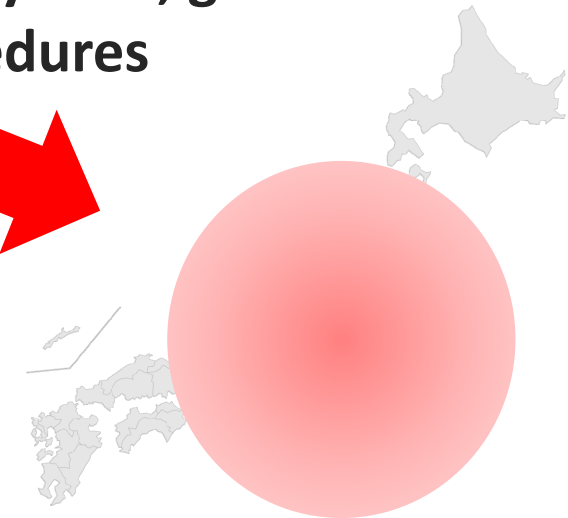


Funeral

After funeral

- Consultations about inheritance procedures
- Family altar, graves
- Procedures

**Started in the Tokyo area,
expanded to the Kansai area and
will become nationwide in FY3/23**

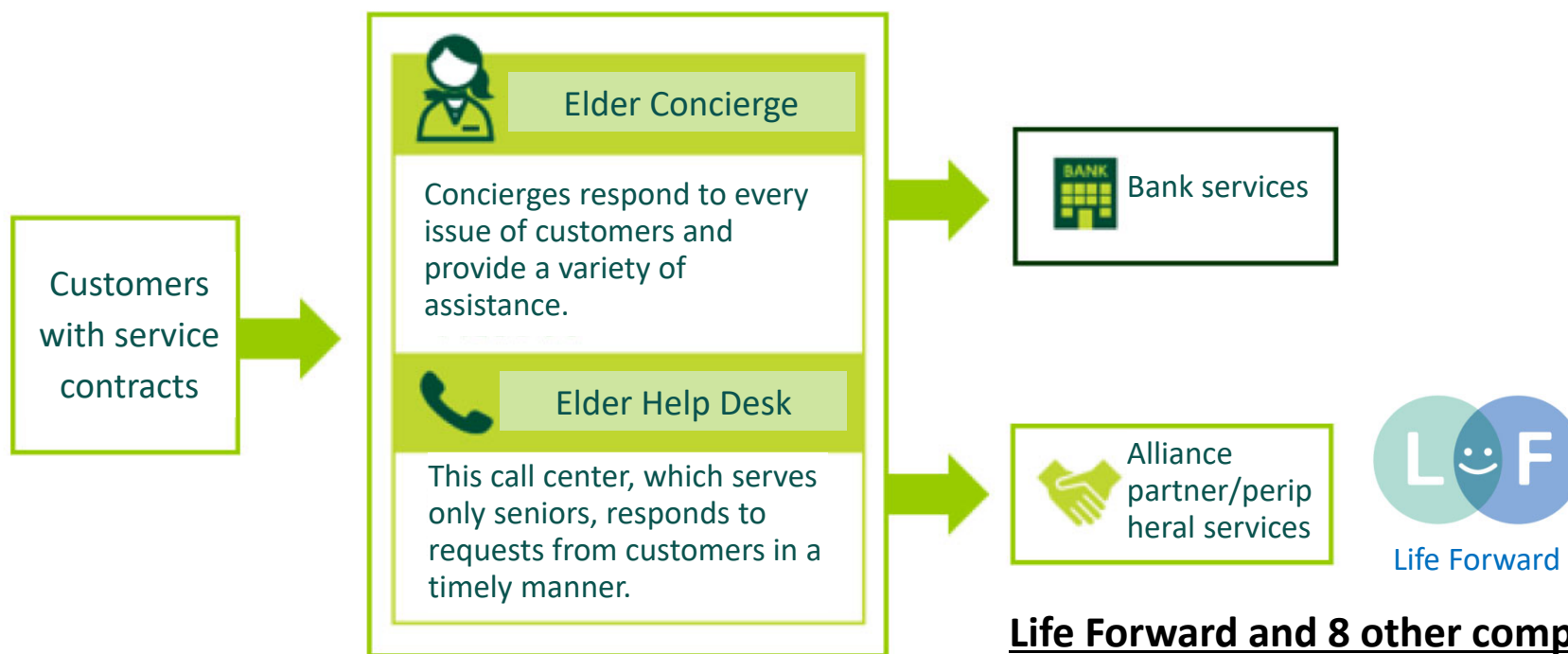


Key Objective 5. Broaden the Lineup of End-of-life Support

Participation in the SMBC Elder Program for support as people can expect to live even longer.

End-of-life services are provided through an alliance with Sumitomo Mitsui Banking Corporation.

End-of-life counselors at the Life Forward call center handle requests for information from customers.



Life Forward and 8 other companies participate in this program

Key Objective 5. Broaden the Lineup of End-of-life Support

Funeral insurance developed jointly with Sumitomo Life and Advance Create Sales started in May 2021 of Funeral Insurance for Everyone with End-of-Life Consultations

This new insurance coverage was designed by the three partner companies to reflect customers' needs in the end-of-life support market and current trends in this market. Furthermore, the strengths of each company will be used for marketing activities, the provision of peripheral services and other activities.

終活相談付き
みんなの葬儀保険
大切なご家族のために、ご自身の葬儀費用を準備する保険です。

あんしん 1
万が一の発生、遺族葬儀会社に保険金を支払うことができます。

あんしん 2
葬儀ワンセクターに、葬儀で葬儀や相談などの電話相談ができます。

終活よるす相談ダイヤル

保険金 直接支払 特則

お申し込みは **40歳～84歳まで**
(更新は99歳まで)

医師の審査や診断書の提出は不要です。

55～59歳の月払保険料 (保障金額100万円プラン) **490円** **870円**

アイアル アイアル少額短期保険株式会社

住友生命グループ
アイアル ×
アイアル少額短期保険

Advance Create
The Insurance Market Place

燦ホールディングス グループ
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Key Objective 7. Extend the Funeral Business to More Areas of Japan

Expansion mainly to major cities while aiming for prime locations and efficient investments

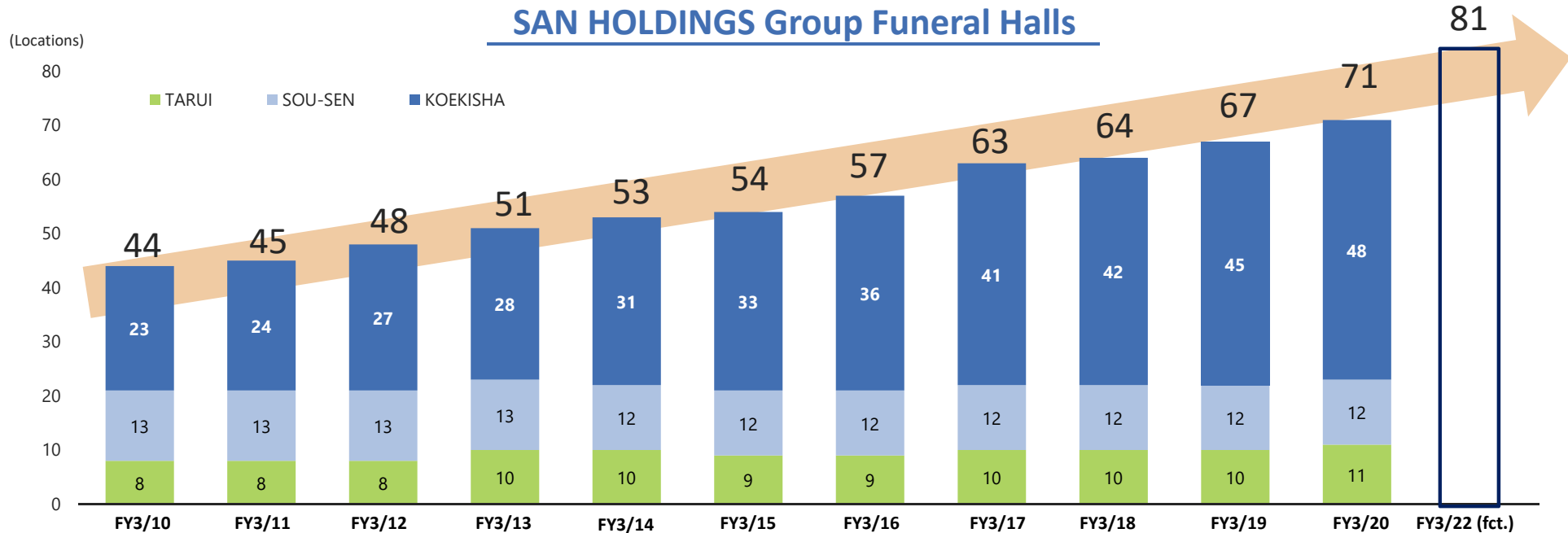
FY3/21

Four funeral halls planned to start operations in the second half of FY3/21, but openings were pushed back to FY3/22 because of difficulties purchasing property and other reasons. The goal was 80 funeral halls in March 2022.

FY3/22

We plan to add nine funeral halls during FY3/22. Now the goal is 81 funeral halls in March 2022, including a location that opened in May 2021 and is operated jointly with SOU-SEN.

**Goal is 81 locations
in March 2022**



Nine funeral halls were planned for FY3/21, five were approved and three opened during 2021



Sanin area: 1 funeral hall

February 2022



Kansai area: 2 funeral halls

September 2021/February 2022

To be open in September 2021
KOEKISHA Nagai Hall
1-82-1, Minamisumiyoshi, Sumiyoshi-ku, Osaka

Tokyo area: 2 funeral halls

October and November 2021



To be open in October 2021
KOEKISHA Nerima Hall
4-16-3, Toyotamakita, Nerima-ku, Tokyo

To be open in November 2021
KOEKISHA Kokubunji Hall
2-16-15, Minamicho, Kokubunji-shi, Tokyo

Medium-term Management Plan

Results and Forecasts (FY3/20-FY3/22)

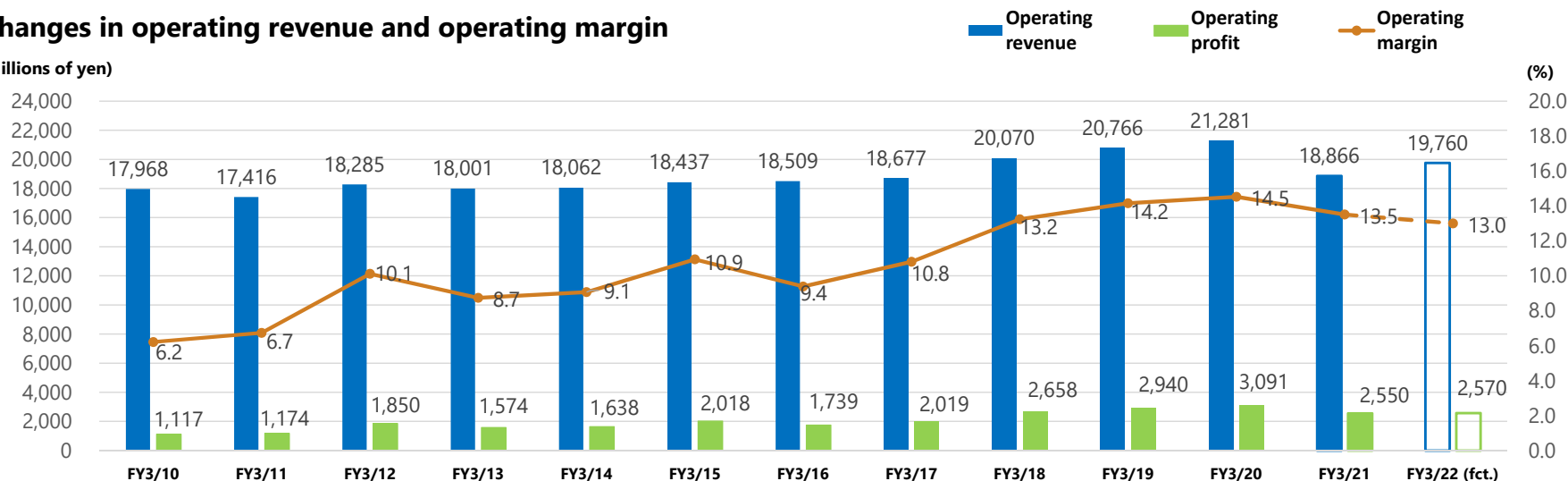
Targets

(Billions of yen; % in parentheses represent YoY change)

	1st year of the medium-term plan FY3/20		2nd year of the medium-term plan FY3/21		3rd year of the medium-term plan FY3/22	
	Results	Medium-term Plan	Results	Medium-term Plan	Forecast	Medium-term Plan
Operating revenue	21.28 (+2.5%)	21.30 (+2.6%)	18.86 (-11.3%)	22.10 (+3.9%)	19.76 (+4.7%)	22.90 (+21.4%)
Operating profit	3.09 (+5.2%)	2.81 (-4.4%)	2.55 (-17.5%)	2.90 (-6.1%)	2.57 (+0.8%)	3.03 (+18.8%)
Operating margin	14.5%	13.2%	13.5%	13.1%	13.0%	13.2%

Changes in operating revenue and operating margin

(Millions of yen)

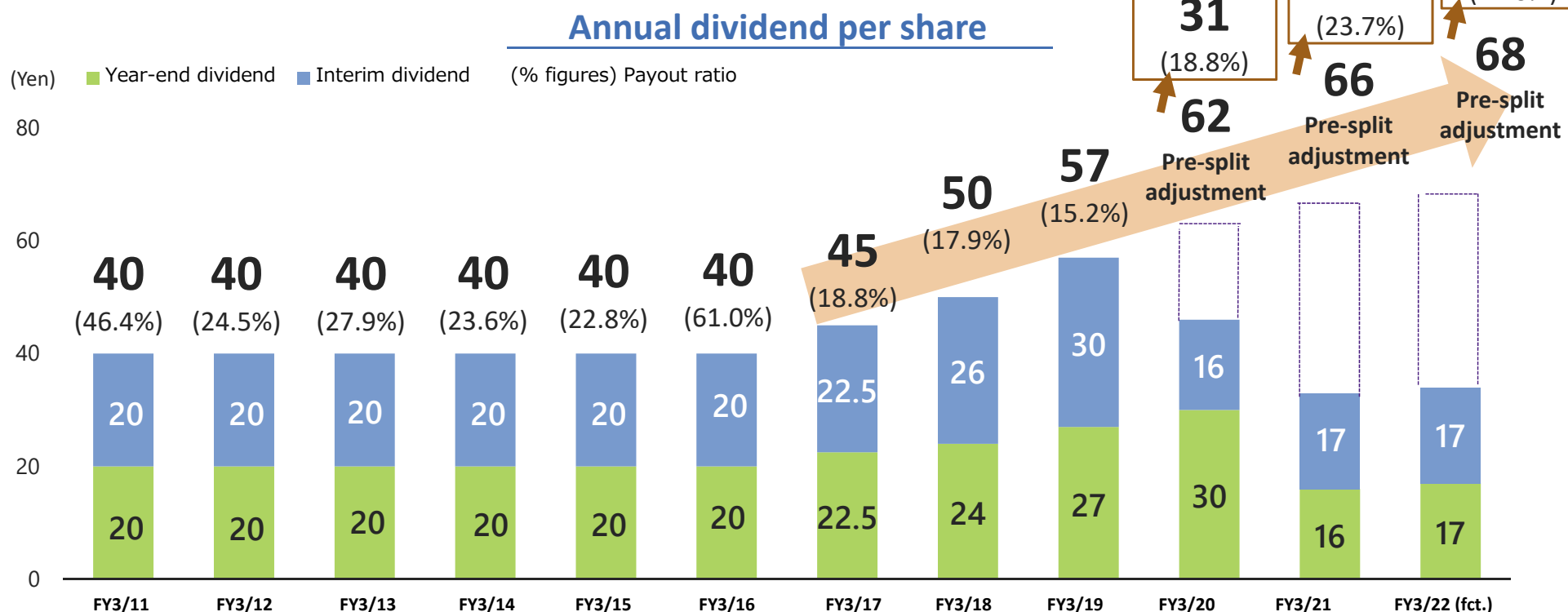


Medium-term Management Plan

Shareholder Distribution Policy (FY3/20-FY3/22)

Increase distributions to shareholders based on dividend stability

Our goal is to increase the distribution of earnings to shareholders from a medium to long-term perspective. Dividends reflect consolidated sales and earnings, cash flows, the need to retain earnings for investments for medium to long-term growth, the need to maintain financial soundness and other factors. Furthermore, our policy is to increase the dividend consistently even when the business climate is challenging based on dividend stability.



*The blank portions above actual payments in FY3/20, FY3/21 and FY3/22 show the level of dividends equivalent to before the 2-for-1 stock split in October 2019.

Stock Repurchase

Our policy on stock repurchase

We position stock repurchase as one way for distributing earnings to shareholders. We will consider repurchasing stock while taking into account the capital capacity, stock price and other applicable factors.

Repurchase of treasury shares announced on May 13, 2021

Reason for stock repurchase

To distribute more earnings to shareholders and facilitate the more efficient use of capital for greater flexibility regarding actions involving capital in response to changes in the operating environment

Details of stock repurchase

Type of shares to be repurchased: Common shares

Total number of shares to be repurchased: Up to 250,000 shares

(2.26% of total number of shares outstanding, excluding treasury shares)

Total value of shares to be repurchased: Up to ¥300 million

Repurchase schedule: May 14, 2021 to October 29, 2021

Method of repurchase: Purchase on the Tokyo Stock Exchange

(Reference) Treasury shares as of April 30, 2021

Number of shares outstanding (excluding treasury shares): 11,072,999 shares

Number of treasury shares: 1,091,017 shares

*The SAN HOLDINGS' stock held by the Employee Stock Ownership Plan Trust of 136,100 shares are included.

Reference Materials

KOEKISHA, the core company of the SAN HOLDINGS Group, conducted its second funeral perception survey in November 2020. The results of this survey are provided for reference.

Summary of the survey

Name: Perception survey concerning the new normal of funerals during the COVID-19 pandemic
Dates: November 17-18, 2020
Target: People between ages of 35 and 65 in the Tokyo area (Tokyo, Kanagawa, Chiba, Saitama) and the Kinki area (Osaka, Kyoto, Hyogo, Nara)
Size: 100 people
Method: Internet

KOEKISHA used the internet to conduct surveys in late April and the middle of November 2020 concerning the public's perception of funerals during the COVID-19 pandemic.

In April, the general perception was that funerals would have to be smaller temporarily because of the pandemic but people wanted an opportunity after the pandemic to say farewell to the deceased.

In November, people accepted changes caused by the pandemic in how funerals are held but still wanted to hold funerals as close to normal as possible. This sentiment demonstrated the desire of people for a mourning ceremony for the deceased.

These surveys reaffirmed the need for people to retain relationships even during the pandemic. There has been no change in the desire of people to hold funerals as an opportunity for mourning and for saying farewell to the deceased.

April 2020 survey

◇86% of survey participants believe that simple and small funerals are unavoidable because of the pandemic. However, even though funerals are smaller, **67% of participants want an opportunity** after the pandemic ends **to say farewell to the deceased.**

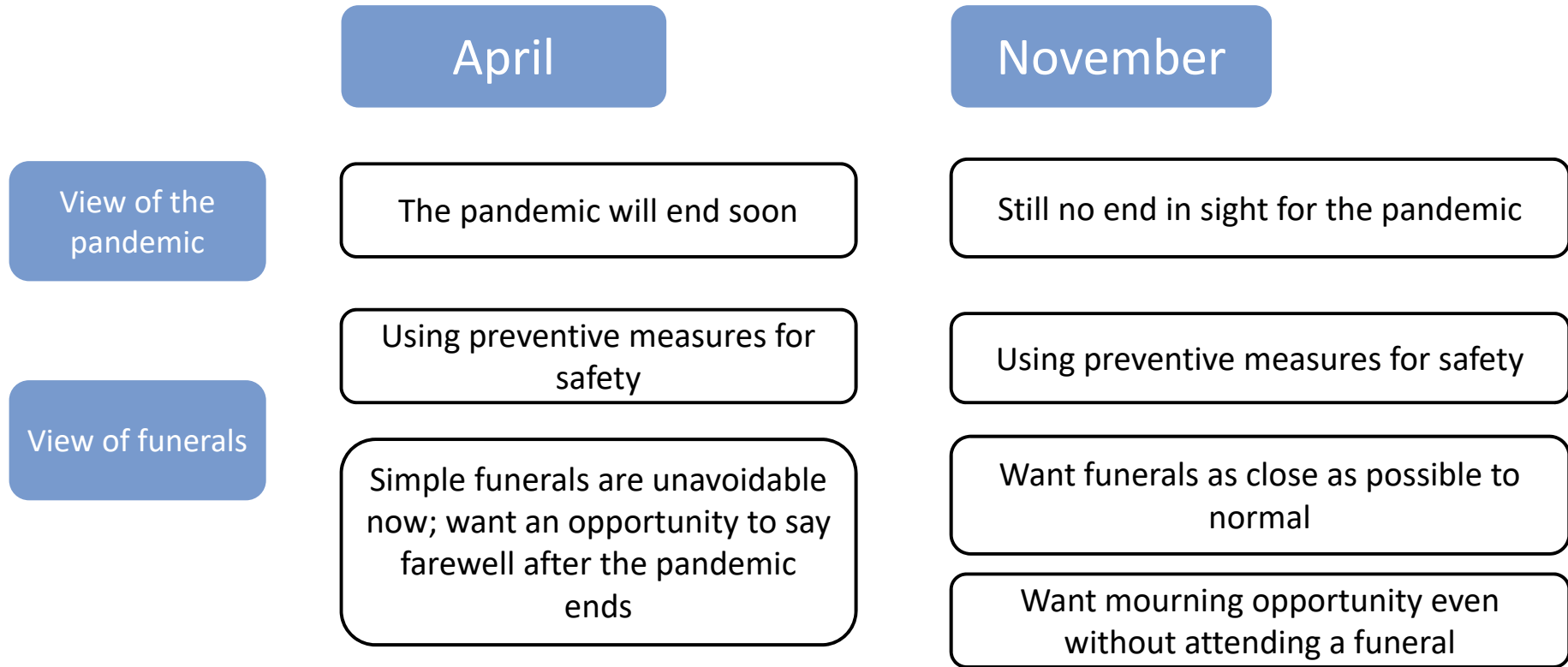
November 2020 survey

◇The perception of funerals of 53% survey participants has changed because of the pandemic. People feel that funerals have become shorter, attending funerals is more difficult and opportunities to say farewell have been lost.

◇**74% of participants still want to mourn the loss of a family member or friend.**

◇33% of participants think that funerals can continue to be simple even after the pandemic ends. However, **51% want to hold funerals that are as close to normal as possible during the pandemic.**

◇Regarding the difficulty of mourning the loss of a family member or friend, **73% of participants want an opportunity to mourn even if they are unable to attend a funeral because of the pandemic.**

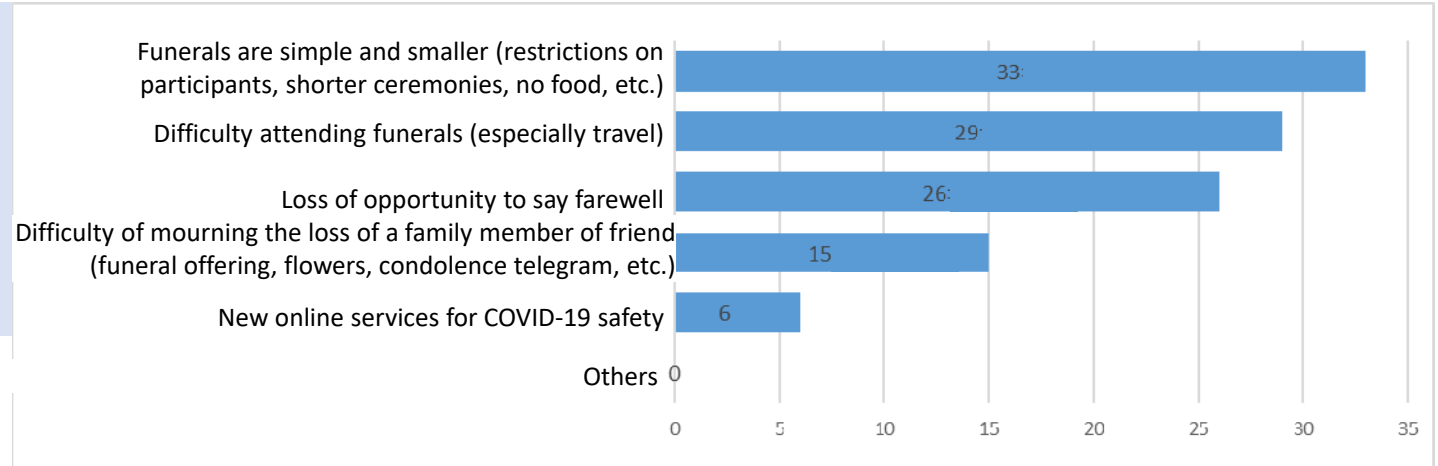


People want to mourn the loss of a family member or friend

Reaffirmed the importance of opportunities to gather with family and friends

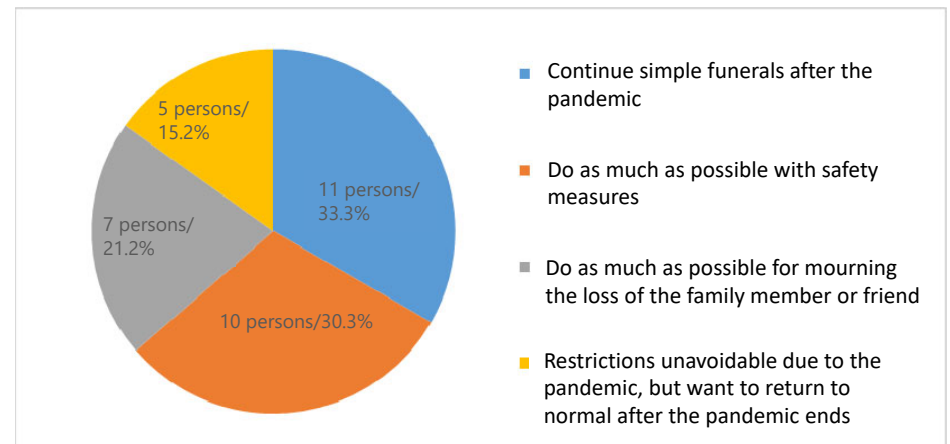
Q. How do you think the COVID-19 pandemic has altered funerals? (Multiple responses) n=53

The top responses of the 53 people who have a different perception of funerals are that funerals have become shorter, attending is difficult and opportunities to say farewell have been lost.



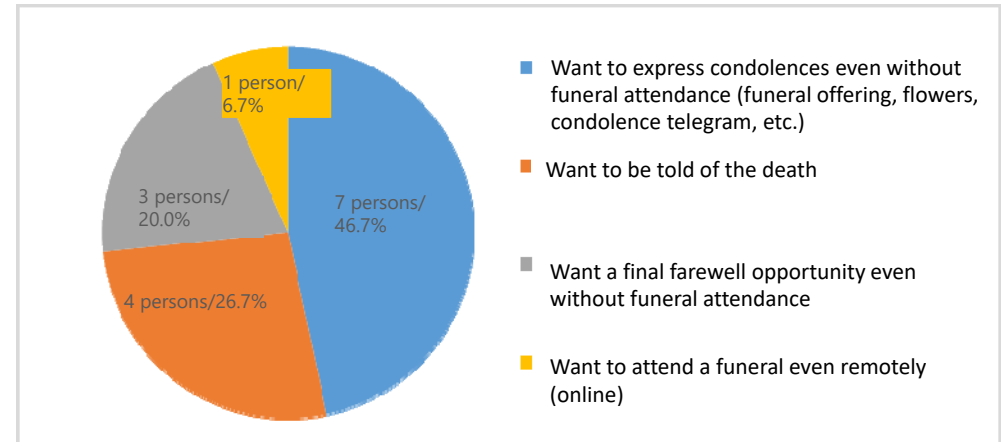
Q. What are your thoughts are funerals becoming more simple and smaller (restrictions on participants, shorter ceremonies, no food, etc.)? (One response) n=33

Only 33% of people responding to this question want to have simple funerals after the pandemic ends. 51% want funerals that are as close as possible to normal even during the pandemic. These people think funerals should do as much as possible while implementing safety measures and as much as possible should be done to mourn the loss of the family member of friend.



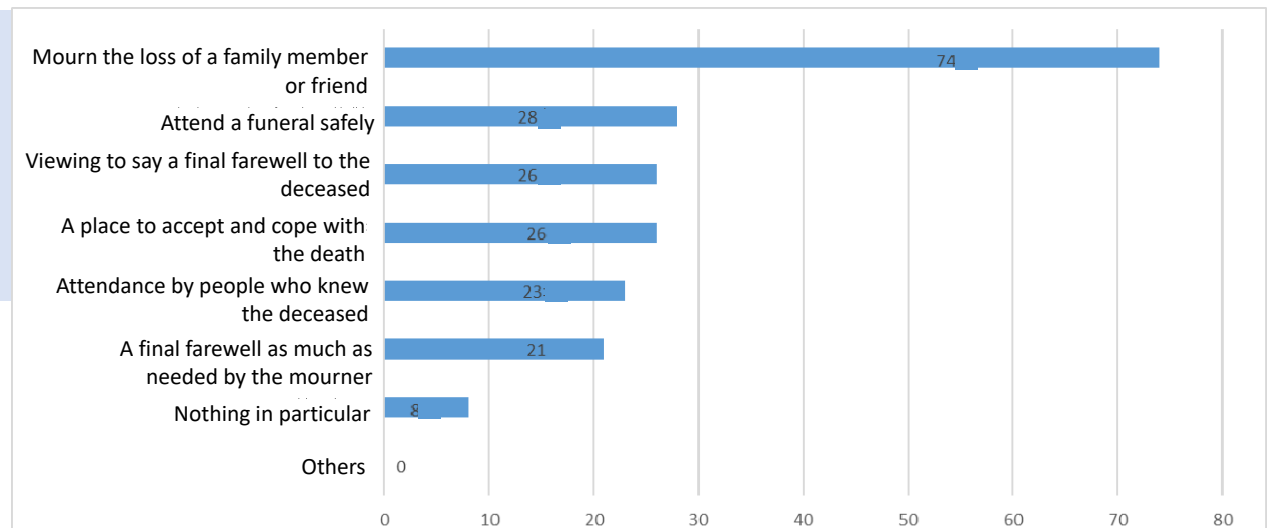
Q. What are your thoughts about the difficulty of mourning the loss of a family member or friend? (One response) n=15

73% of people responding to this question want to express their condolences even if they cannot attend a funeral or want an opportunity for a final farewell to the deceased even if they cannot attend a funeral. This demonstrates that many people want to mourn the loss of a family member or friend even without attending a funeral.



What aspects of funerals are still important even during the pandemic? (Multiple responses) n=100

74% of all survey participants want to mourn the loss of the family member or friend. This shows that the pandemic has not altered the strong desire of people to express their condolences.



Company Overview

Name: SAN HOLDINGS, INC.
 Established: October 2, 1944 (Founded in August 1932)
 Capital: ¥2,568.15 million
 Listing: Tokyo Stock Exchange, First Section
 Stock code 9628

Operating revenue: ¥21,281 million (FY3/20)

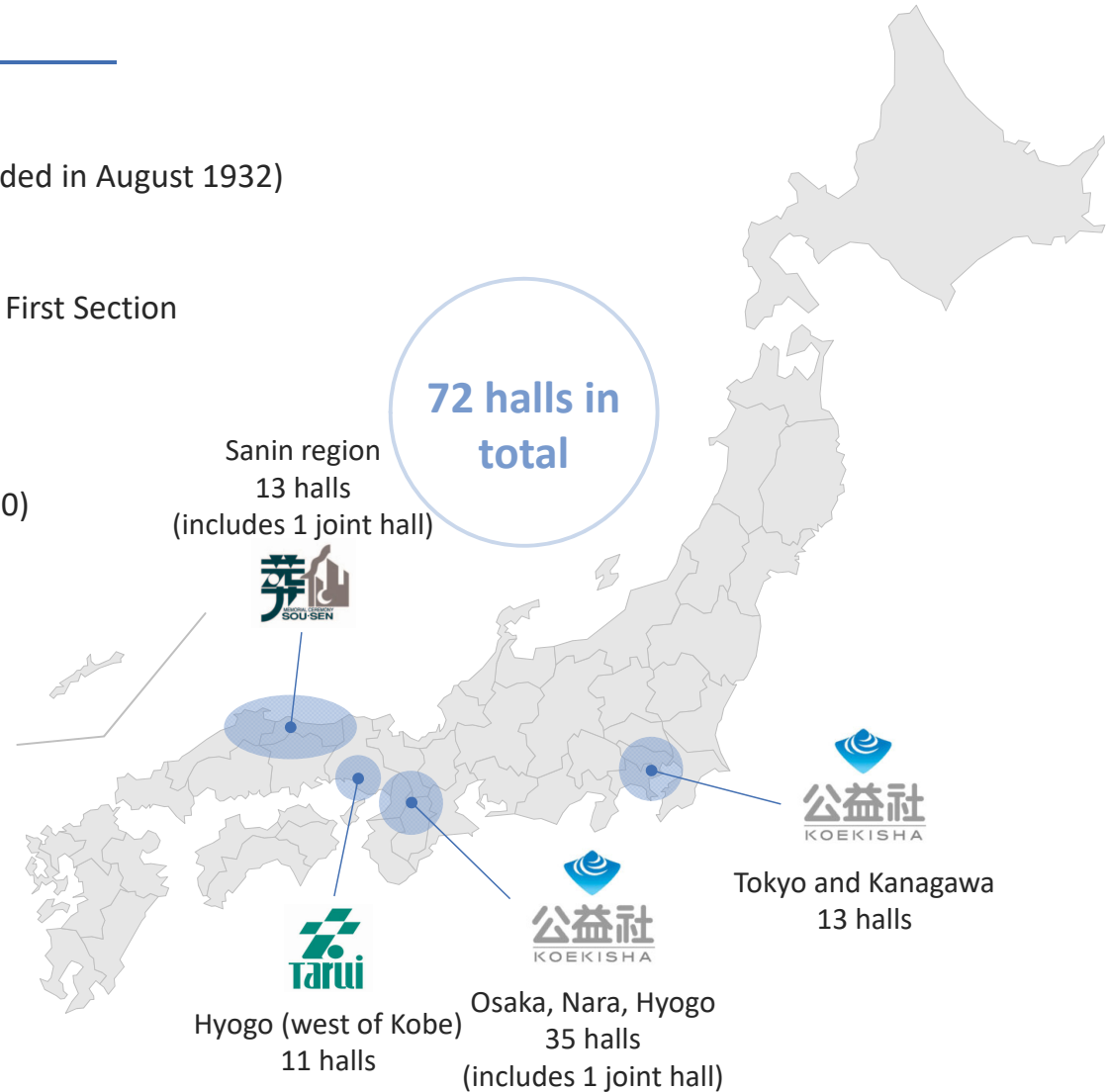
Business Area

Tokyo area (Tokyo, Kanagawa)
 Kansai area (Osaka, Hyogo, Nara)
 Sanin region (Tottori, Shimane)

The Funeral Industry

Japan has no regulatory agency and no regulations for funeral companies

Reference: There were about 1.29 million deaths in Japan in 2016 and this is expected to increase to about 1.7 million by 2040. In 2016, funeral revenue was estimated to be about ¥1,556.6 billion (1.29 million deaths x ¥1,214,000)



Corporate Philosophy

A partner for making people's lives even more fulfilling and enjoyable

Become a source of total support for the final stage of life

Our philosophy expresses our mission in society of creating new forms of value and supplying services with substantial added value for the purposes of enriching people's lives and communities through the provision of products and services and of making people's lives even more fulfilling and enjoyable.

Business Activities

Group companies are a source of comprehensive end-of-life support extending from consultations before a funeral to procedures after the funeral, assistance involving the grave and other matters, and services for the remaining family members.

Before funeral

- Preliminary consultations

Funeral



After funeral

- Consultations about inheritance procedures
- Family alter, graves
- Procedures

Cautions

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. Actual results may differ materially from the forecasts.

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