



May 12, 2022

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

[Japanese GAAP]

Company name: SAN HOLDINGS, INC. Listing: Tokyo Stock Exchange
 Stock code: 9628 URL: <https://www.san-hd.co.jp>
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Scheduled date of Annual General Meeting of Shareholders: June 24, 2022
 Scheduled date of payment of dividend: June 27, 2022
 Scheduled date of filing of Annual Securities Report: June 27, 2022
 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, 2022 (April 1, 2021 – March 31, 2022)

(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, 2022	20,001	6.0	3,376	32.4	3,386	33.5	2,040	30.6
Fiscal year ended Mar. 31, 2021	18,865	(11.3)	2,550	(17.5)	2,536	(17.2)	1,562	(15.8)

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2022: 2,040 (up 30.6%)
 Fiscal year ended Mar. 31, 2021: 1,562 (down 15.8%)

	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, 2022	187.60	-	6.9	10.1	16.9
Fiscal year ended Mar. 31, 2021	141.24	-	5.6	7.9	13.5

Reference: Equity in earnings of affiliates (million yen): Fiscal year ended Mar. 31, 2022: - Fiscal year ended Mar. 31, 2021: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	33,847	29,629	87.5	2,777.16
As of Mar. 31, 2021	32,387	28,548	88.1	2,578.18

Reference: Shareholder's equity (million yen) As of Mar. 31, 2022: 29,629 As of Mar. 31, 2021: 28,548

(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, 2022	2,991	(1,491)	(1,103)	7,435
Fiscal year ended Mar. 31, 2021	2,093	(983)	(498)	7,038

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, 2021	-	16.00	-	17.00	33.00	369	23.7	1.3
Fiscal year ended Mar. 31, 2022	-	17.00	-	21.00	38.00	413	20.3	1.4
Fiscal year ending Mar. 31, 2023 (forecast)	-	21.00	-	21.00	42.00		21.3	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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	9,800	3.0	1,460	(9.0)	1,450	(9.6)	930	(10.4)	87.16
Full year	20,800	4.0	3,400	0.7	3,390	0.1	2,130	4.4	199.64

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, 2022 (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: Yes
 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, 2022: 12,164,016 shares As of Mar. 31, 2021: 12,164,016 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2022: 1,495,038 shares As of Mar. 31, 2021: 1,091,017 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2022: 10,875,920 shares Fiscal year ended Mar. 31, 2021: 11,064,590 shares

Note: The SAN HOLDINGS' stock held by the Employee Stock Ownership Plan of 136,100 shares as of March 31, 2021 and 134,700 shares as of March 31, 2022 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, 2022

(April 1, 2021 – March 31, 2022)

(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, 2022	5,966	21.6	2,727	46.1	2,706	47.3	1,924	82.2
Fiscal year ended Mar. 31, 2021	4,907	(11.6)	1,866	(18.4)	1,837	(18.8)	1,056	(37.8)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2022	176.96	-
Fiscal year ended Mar. 31, 2021	95.44	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2022	30,992	28,387	91.6	2,660.70
As of Mar. 31, 2021	29,982	27,412	91.4	2,475.58

Reference: Shareholders' equity (million yen): As of Mar. 31, 2022: 28,387 As of Mar. 31, 2021: 27,412

Reason for differences between non-consolidated financial results for fiscal year ended Mar. 31, 2021 and 2022.

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

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.

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1. Overview of Results of Operations

(1) Results of Operations

In the fiscal year that ended on March 31, 2022, there was a recovery of the Japanese economy despite the severe impact of the global COVID-19 pandemic. However, the economic outlook has become increasingly unclear because of a sixth wave of the pandemic in the fourth quarter with infections remaining high even after the February peak, the high cost of crude oil and other resources following Russia's invasion of Ukraine and other events.

In Japan's funeral industry, companies are continuing to provide services for saying farewell to the deceased while taking many actions to ensure the safety of customers, employees and all other involved with funerals during the pandemic. For example, to reduce close contact among mourners, funeral attendance is divided into several small groups and people receive food to take home or gourmet catalog gift cards instead of meals at the funeral hall. In addition, online instead of face-to-face formats are used for funeral seminars, preliminary consultations and other meeting. Funeral companies are constantly adding services and revising how services are provided in order to reflect changes in lifestyles and activities caused by the pandemic.

The fiscal year ended in March 2022 is the final year of a three-year medium-term management plan. The plan has three priorities: broaden the lineup of end-of-life support, extend the funeral business to more areas of Japan and increase operating efficiency.

In the end of life support business, Life Forward Co., Ltd. operates an internet platform for the services of this business. This company enlarged its lineup of services in April 2021 in order to begin providing assistance for Buddhist memorial services, inheritance planning, final arrangements prior to death concerning assets and other matters, and the sorting of the deceased's belongings. Life Forward is a source of information about our services in the Tokyo and Osaka areas and plans to expand this information service to all areas of Japan during the fiscal year ending in March 2023. In addition, since April 2021, Life Forward has been using the consultation skills of end-of-life counselors at this company's contact center to work as an alliance partner with a company that provides life support services to seniors. In May, Life Forward and another company jointly developed a funeral insurance policy that includes end-of-life consultations. The three funeral companies of the SAN HOLDINGS Group started selling funeral insurance in November 2021. This insurance provides free end-of-life consultations, reduce procedures for funeral arrangements and covers funeral expenses (the payment for the funeral can be made directly to the funeral company).

The expansion of the funeral hall network continued in the fiscal year. KOEKISHA Hall in Nagai (Sumiyoshi-ku, Osaka) opened in September 2021, Nerima Hall of KOEKISHA opened in October 2021 (Nerima-ku, Tokyo), Kokubunji Hall of KOEKISHA (Kokubunji city, Tokyo) opened in November 2021, Ikoma Hall of KOEKISHA (Ikoma city, Nara) opened in February 2022 and the SOU-SEN Higashiasahimachi funeral hall opened in March 2022. This will result in five more locations during this fiscal year.

A Productivity Improvement Project started in 2019 for the purpose of conducting business operations more efficiently. KOEKISHA, the group's core company, has increased its operating margin by taking actions based on this project for raising the efficiency of tasks performed by funeral personnel, reexamining their roles and making other improvements.

During the fiscal year, the number of funerals at the SAN HOLDINGS Group increased 8.5% year on year because of increases in the number of funerals at all three group funeral companies. There was a decrease in average revenue per funeral resulting from the positive effect on revenue per funeral of the higher number of large funerals and the negative effect of a decline in average revenue per ordinary funeral. As a result, funeral service revenue was up 6.4%.

Sales of products and services associated with funerals were also higher than one year earlier because the number of funerals increased.

At the core KOEKISHA Group, there were many activities for improving operating efficiency and controlling personnel expenses. As a result, operating expenses increased 1.3% and selling, general and administrative expenses were up 9.3% mainly due to consulting fees for strategic activities.

Operating revenue increased 6.0% year on year to 20,001 million yen. Earnings were higher as well with operating profit up 32.4% to 3,376 million yen and ordinary profit up 33.5% to 3,386 million yen.

There were extraordinary losses of 19 million yen for the retirement of non-current assets and 193 million yen for impairment losses. The impairment losses were mainly the result of the decision to rebuild the KOEKISHA Takarazuka Hall in order to have a facility of the necessary size for family funerals.

Due to these activities, profit before income taxes was 3,173 million yen and, after taxes, profit attributable to owners of parent was 2,040 million yen, 30.6% higher than in the previous fiscal year.

The SAN HOLDINGS Group is composed of segments based on companies, primarily the three funeral companies and SAN HOLDINGS, the holding company. There are four reportable segments: KOEKISHA Group, SOU-SEN Group, TARUI Group and Holding Company Group. The KOEKISHA Group segment includes the revenue and earnings of Life Forward Co., Ltd., which started operating in the fiscal year that ended in March 2021.

Business segment performance was as follows. Revenue and earnings were higher than one year earlier in three segments except the TARUI Group.

1) The KOEKISHA Group

At KOEKISHA CO., LTD., the core company of this segment, the number of ordinary funerals (less than 5 million yen) was 8.8% higher than one year earlier. (COVID-19 deaths are responsible for about 40% of this increase). Average revenue per funeral decreased because of the increase in funerals for COVID-19 deaths and the larger number of small funerals.

The number of large funerals (more than 5 million yen) recovered during the current fiscal year along with extensive measures for safety during the pandemic to enable holding these funerals with confidence. The result was an increase in revenue from one year earlier to about 75% of the pre-pandemic revenue in the fiscal year that ended in March 2020.

At KOEKISHA, the number of funerals increased 9.1% year on year and funeral service revenue increased 7.7%, which are less than 5% below the pre-pandemic revenue in the fiscal year that ended in March 2020.

Sales of products and services associated with funerals, such as Buddhist memorial services and sermons and courtesy gifts, were also higher than one year earlier. The main reasons were more opportunities to sell these items because of the increase in the number of funerals and the establishment of a framework for selling these products and services during the pandemic.

As the number of funerals increased, measures for the efficient use of personnel resulted in declines in personnel expenses and these expenses as a percentage of sales. Direct expenses were about the same as in the previous fiscal year. Direct expenses were raised by the increase in the number of large funerals, which have a high direct expense ratio, and higher sales of flowers, courtesy gifts and other items. But these expenses were held down by activities to improve operating efficiency, which is a key goal of the medium-term management plan.

Sales in the KOEKISHA Group segment were 16,601 million yen, up 7.3% year on year, and the segment profit was 1,961 million yen, up 99.1%.

2) The SOU-SEN Group

At SOU-SEN CORPORATION, the number of funerals mostly in or near the cities of Yonago and Sakaiminato increased 10.6% year on year. Although more people are holding simple funerals, there was a small decrease in the average revenue per funeral. As a result, funeral service revenue increased 9.0%. Sales of products and services associated with funerals increased as there were higher sales of food and other categories.

Sales in the SOU-SEN Group segment were 1,367 million yen, up 7.9% year on year, and the segment profit was 75 million yen, up 94.5%.

3) The TARUI Group

At TARUI CO., LTD., the number of funerals was 3.6% higher than one year earlier mainly because of more funerals at locations that were remodeled to handle small funerals. However, the downturn in average revenue per funeral exceeded the increase in the number of funerals. As a result, funeral service revenue decreased 5.1%. Sales of products and services associated with funerals decreased from one year earlier, although there were higher sales involving Buddhist memorial services and sermons and some other items.

Sales in the TARUI Group segment were 1,648 million yen, down 5.7% year on year, and the segment profit was 299 million yen, down 8.6%.

4) Holding Company Group

Operating revenue at SAN HOLDINGS increased mainly because of an increase in dividend income.

Sales in the Holding Company Group segment were 5,966 million yen, up 21.6% year on year, and the segment profit was 2,706 million yen, up 47.3%.

(2) Financial Position

Assets

Current assets at the end of the current fiscal year were 8,715 million yen, up 819 million yen from the end of the previous fiscal year. This was mainly due to increases of 400 million yen in cash and deposits, and 307 million yen in trade accounts receivable and contract assets.

Non-current assets were 25,132 million yen, up 639 million yen from the end of the previous fiscal year. Property, plant, and equipment increased 508 million yen because buildings and structures associated with the opening of new funeral halls increased and land increased because of the purchase of some funeral halls that were leased. In addition, intangible assets increased because of an increase in software in progress relating to IT investments, and investments and other assets increased because of an increase in deferred tax assets.

As a result, total assets increased 1,459 million yen from the end of the previous fiscal year to 33,847 million yen.

Liabilities

Current liabilities at the end of the current fiscal year were 3,026 million yen, up 485 million yen from the end of the previous fiscal year. This was mainly due to increases of 237 million yen in trade accounts payable, 145 million yen in income taxes payable, and 102 million yen in accounts payable-other resulting from funeral hall renovations, TV commercials and other activities.

Non-current liabilities were 1,191 million yen, a decrease of 106 million yen from the end of the previous fiscal year. This was mainly due to decreases in lease obligations and long-term accounts payable-other.

As a result, total liabilities increased 378 million yen from the end of the previous fiscal year to 4,217 million yen.

Net assets

Net assets were 29,629 million yen at the end of the current fiscal year, up 1,081 million yen from the end of the previous fiscal year. The main factors include a 1,653 million yen increase in retained earnings due to profit attributable to owners of parent of 2,040 million yen and dividend payments of 377 million yen and purchase of treasury shares in an amount of 599 million yen.

Consequently, the equity ratio decreased 0.6 percentage points from the end of the previous fiscal year to 87.5%.

(3) Cash Flows

Cash and cash equivalents at the end of the current fiscal year was 7,435 million yen, up 396 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 2,991 million yen (2,093 million yen provided in the previous fiscal year).

Positive factors include profit before income taxes of 3,173 million yen and depreciation of 868 million yen. Negative factors include income taxes paid of 1,119 million yen.

Cash flows from investing activities

Net cash used in investing activities was 1,491 million yen (983 million yen used in the previous fiscal year).

Negative factors include purchase of property, plant and equipment of 1,349 million yen for the opening of new funeral halls and renovation and rebuilding of existing funeral halls and other projects, and purchase of software of 149 million yen.

Cash flows from financing activities

Net cash used in financing activities was 1,103 million yen (498 million yen used in the previous fiscal year).

The main factors include cash dividends paid of 377 million yen and purchase of treasury shares of 599 million yen.

(4) Outlook

The emergence of new and highly infectious variants of the virus that causes COVID-19 produced a sixth wave of infections in Japan and there are concerns about an upturn in COVID-19 cases or even a seventh wave. We expect that Japan will adopt the policy of holding down the spread of infections while maintaining economic activity. However, prices of crude oil, resources and many other items are rising because of the impact of the Ukraine crisis on commodity prices and the weaker yen caused by the gap between the monetary policies of the United States and Japan. These higher prices are certain to have an effect on inflation in Japan.

In Japan's funeral market, the effects of the pandemic are slowly declining. We forecast a continuation of the growing tendency for people to have small and simple funerals and in the diversification of funeral formats to reflect shifts in lifestyles and preferences. Funeral companies will have to adapt to these shifts in customers' needs.

The SAN HOLDINGS Group is firmly committed to providing value added services that meet customers' expectations while placing priority on the safety of customers, business partners, and employees and their families as the pandemic continues in order to enable people to use the group's services with confidence.

There will be many activities for achieving our new 10-year vision, which also serves as our purpose: Be a dependable end-of-life partner by moving even closer to the senior generation and their family members. These activities include measures for accomplishing the goals of the new medium-term management plan that covers the three-year period ending in March 2025. More information about the 10-year vision and management plan are in a press release that was release today.

In the fiscal year ending in March 2023, based on the assumption that the pandemic will continue through this year, we forecast no change in the market share of ordinary funerals at existing funeral halls based the number of these funerals and we forecast growth in the number of these funerals due to the six new funeral halls. There will be activities to maintain and increase revenue per funeral. In the large funerals (more than 5 million yen) market, our goal is revenue growth by increasing the number of funerals. During the first year of the new medium-term plan, as part of measures involving major goals of the new medium-term plan, there will be higher personnel and recruiting expenses for strengthening the workforce and higher expenses for opening funeral halls. Despite the outlook for higher expenses, we are forecasting growth in revenue and earnings.

Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2023 (Results for the fiscal year ended March 31, 2022 are shown in parentheses.)

Operating revenue	20,800 million yen	(20,001 million yen)
Operating profit	3,400 million yen	(3,376 million yen)
Ordinary profit	3,390 million yen	(3,386 million yen)
Profit attributable to owners of parent	2,130 million yen	(2,040 million yen)

*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, M&A and other strategic investments with emphasis on constructing funeral halls. The objective is to use retained earnings for strengthening our business foundation and increasing corporate value.

For the fiscal year that ended in March 2022, shareholders received an interim dividend of 17 yen per share and we plan to pay a year-end dividend of 21 yen per share. This will result in a fiscal year dividend of 38 yen per share and a dividend payout ratio of 20.3%. For the fiscal year ending in March 2023, based on our dividend policy, we plan to pay interim and year-end dividends of 21 yen per share. This will result in a fiscal year dividend of 42 yen and an expected dividend payout ratio of 21.3%.

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**

	(Millions of yen)	
	FY3/21 (As of Mar. 31, 2021)	FY3/22 (As of Mar. 31, 2022)
Assets		
Current assets		
Cash and deposits	7,042	7,443
Trade accounts receivable	452	-
Trade accounts receivable and contract assets	-	759
Merchandise and finished goods	114	119
Raw materials and supplies	47	29
Income taxes refund receivable	0	-
Consumption taxes refund receivable	43	57
Other	195	308
Allowance for doubtful accounts	(1)	(2)
Total current assets	7,895	8,715
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,289	9,761
Machinery, equipment and vehicles, net	49	37
Tools, furniture and fixtures, net	89	95
Land	12,247	12,418
Leased assets, net	397	315
Construction in progress	80	32
Total property, plant and equipment	22,153	22,662
Intangible assets	155	218
Investments and other assets		
Long-term loans receivable	202	184
Deferred tax assets	466	574
Beneficial interests in real estate trust	493	500
Guarantee deposits	736	749
Other	294	252
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	2,183	2,251
Total non-current assets	24,492	25,132
Total assets	32,387	33,847

	(Millions of yen)	
	FY3/21	FY3/22
	(As of Mar. 31, 2021)	(As of Mar. 31, 2022)
Liabilities		
Current liabilities		
Trade accounts payable	613	851
Current portion of long-term borrowings	5	-
Lease liabilities	117	108
Accounts payable-other	514	617
Income taxes payable	413	558
Accrued consumption taxes	221	225
Provision for bonuses	484	427
Provision for bonuses for directors (and other officers)	31	48
Other	140	190
Total current liabilities	2,541	3,026
Non-current liabilities		
Lease liabilities	322	246
Asset retirement obligations	410	484
Provision for employee stock ownership plan trust	27	39
Long-term deposits received	243	242
Long-term accounts payable-other	293	178
Total non-current liabilities	1,297	1,191
Total liabilities	3,839	4,217
Net assets		
Shareholders' equity		
Share capital	2,568	2,568
Capital surplus	5,492	5,494
Retained earnings	21,749	23,402
Treasury shares	(1,261)	(1,835)
Total shareholders' equity	28,548	29,629
Total net assets	28,548	29,629
Total liabilities and net assets	32,387	33,847

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

(Millions of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Operating revenue	18,865	20,001
Operating expenses	15,085	15,279
Operating gross profit	3,780	4,721
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	178	184
Salaries and allowances	356	340
Bonuses	42	49
Provision for bonuses	48	46
Provision for bonuses for directors (and other officers)	31	48
Outsourcing expenses	124	175
Provision of allowance for doubtful accounts	(0)	0
Advertising expenses	3	3
Depreciation	21	18
Other	424	477
Total selling, general and administrative expenses	1,230	1,345
Operating profit	2,550	3,376
Non-operating income		
Interest income	3	2
Dividend income	0	0
Subsidy income	16	29
Miscellaneous income	15	18
Total non-operating income	35	51
Non-operating expenses		
Interest expenses	0	0
Dismantling removal expense	29	20
Casualty loss	1	6
Miscellaneous losses	17	13
Total non-operating expenses	48	41
Ordinary profit	2,536	3,386
Extraordinary income		
Gain on sale of non-current assets	0	-
Total extraordinary income	0	-
Extraordinary losses		
Loss on retirement of non-current assets	7	19
Impairment losses	77	193
Total extraordinary losses	85	213
Profit before income taxes	2,451	3,173
Income taxes-current	876	1,236
Income taxes-deferred	12	(103)
Total income taxes	888	1,132
Profit	1,562	2,040
Profit attributable to owners of parent	1,562	2,040

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Profit	1,562	2,040
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	1,562	2,040
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,562	2,040
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Millions 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	5,491	20,544	(1,288)	27,315	27,315
Changes during period						
Dividends of surplus			(358)		(358)	(358)
Profit attributable to owners of parent			1,562		1,562	1,562
Purchase of treasury shares					-	-
Disposal of treasury shares				26	26	26
Gains on disposal of treasury shares		1			1	1
Total changes during period	-	1	1,204	26	1,232	1,232
Balance at end of period	2,568	5,492	21,749	(1,261)	28,548	28,548

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Millions 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	5,492	21,749	(1,261)	28,548	28,548
Cumulative effects of changes in accounting policies			(9)		(9)	(9)
Restated balance	2,568	5,492	21,739	(1,261)	28,538	28,538
Changes during period						
Dividends of surplus			(377)		(377)	(377)
Profit attributable to owners of parent			2,040		2,040	2,040
Purchase of treasury shares				(599)	(599)	(599)
Disposal of treasury shares				26	26	26
Gains on disposal of treasury shares		1			1	1
Total changes during period	-	1	1,662	(573)	1,090	1,090
Balance at end of period	2,568	5,494	23,402	(1,835)	29,629	29,629

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	2,451	3,173
Depreciation	911	868
Impairment losses	77	193
Loss on retirement of property, plant and equipment	7	19
Increase (decrease) in allowance for doubtful accounts	(9)	0
Increase (decrease) in provision for bonuses	(7)	(57)
Increase (decrease) in provision for bonuses for directors (and other officers)	(29)	17
Increase (decrease) in provision for employee stock ownership plan trust	13	11
Interest and dividend income	(3)	(2)
Interest expenses	0	0
Loss (gain) on sale of property, plant and equipment	(0)	-
Decrease (increase) in trade receivables	41	(285)
Decrease (increase) in inventories	(18)	13
Increase (decrease) in trade payables	(122)	237
Increase (decrease) in accrued consumption taxes	(96)	4
Decrease (increase) in other assets	132	(186)
Increase (decrease) in other liabilities	(180)	103
Subtotal	3,168	4,110
Interest and dividends received	0	0
Interest paid	(0)	(0)
Income taxes paid	(1,075)	(1,119)
Net cash provided by (used in) operating activities	2,093	2,991
Cash flows from investing activities		
Purchase of property, plant and equipment	(881)	(1,349)
Proceeds from sale of property, plant and equipment	3	-
Purchase of intangible assets	(89)	(149)
Proceeds from collection of loans receivable	0	-
Other proceeds	36	63
Other payments	(52)	(55)
Net cash provided by (used in) investing activities	(983)	(1,491)
Cash flows from financing activities		
Repayments of long-term borrowings	(19)	(5)
Purchase of treasury shares	-	(599)
Repayments of finance lease liabilities	(120)	(121)
Dividends paid	(358)	(377)
Net cash provided by (used in) financing activities	(498)	(1,103)
Net increase (decrease) in cash and cash equivalents	610	396
Cash and cash equivalents at beginning of period	6,427	7,038
Cash and cash equivalents at end of period	7,038	7,435

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

Not applicable.

Changes in Accounting Policies**Application of the Accounting Standard for Revenue Recognition**

Beginning with the fiscal year ended on March 31, 2022, SAN HOLDINGS started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). Based on this standard, revenue expected to be received in exchange for the provision of promised goods and services is recognized when the control of the goods and services is transferred to customers. Accordingly, SAN HOLDINGS has changed its method of recognizing revenue from membership fees when goods or services are provided, whereas it previously recognized revenue at the time of payment.

In addition, revenue from the provision of services was previously recognized at the time of completion of services. SAN HOLDINGS has changed to a method of recording revenue over a certain period of time by estimating the progress of the relevant performance obligation.

For the application of the Accounting Standard for Revenue Recognition, in accordance with the transitional treatment prescribed in the proviso to Paragraph 84 of this standard, the cumulative effect of the retrospective application of the new accounting policies, if it is applied prior to the current fiscal year, is added to or subtracted from retained earnings at the beginning of the current fiscal year. The new accounting policies are then applied beginning with this amount of retained earnings.

As a result, operating revenue decreased by 8 million yen, and operating gross profit, operating profit, ordinary profit and profit before income taxes decreased by 6 million yen, respectively. Profit attributable to owners of parent decreased by 4 million yen and the balance of retained earnings at the beginning of the current fiscal year decreased by 9 million yen.

Due to the application of the Accounting Standard for Revenue Recognition, trade accounts receivable that were presented in the current assets section of the consolidated balance sheet in the previous fiscal year is, from the current fiscal year, included in trade accounts receivable and contract assets. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made to the previous fiscal year's consolidated financial statements to conform to the new presentation. Furthermore, in accordance with the transitional measures prescribed in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, SAN HOLDINGS has not presented the Revenue Recognition, Note, for the previous fiscal year.

Reclassifications**Consolidated Statement of Income**

"Rental income from company housing," 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.

As a result, "Rental income from company housing" of 3 million yen presented under non-operating income in the previous fiscal year's consolidated statement of income is reclassified as "Miscellaneous income."

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

As a result, "Miscellaneous loss" of 19 million yen presented under non-operating expenses in the previous fiscal year's consolidated statement of income is reclassified and divided into "Casualty loss" of 1 million yen and "Miscellaneous loss" of 17 million yen.

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”

The SUN HOLDINGS Group will transition from the consolidated taxation system to the group tax sharing system in the fiscal year ending in March 2023. 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.

From the beginning of the fiscal year ending in March 2023, SAN HOLDINGS plans to use the accounting and disclosure treatments prescribed in Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (PITF No. 42, August 12, 2021) for corporate income tax, local income tax and tax effect accounting in conjunction with the application of the group tax sharing system.

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, the results of operations of the SAN HOLDINGS Group may be negatively affected by the pandemic 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. As concerns continue about a rebound of the sixth wave and the possibility of a seventh wave of the pandemic, Japan is likely to continue measures for holding down infections and supporting economic activity. Predicting when the pandemic will end is still impossible. Due to this situation, decisions about the need for the impairment of non-current assets and accounting estimates for the ability to recover deferred tax assets are based on the assumption that the pandemic will continue to affect the revenue and earnings of the SAN HOLDINGS Group at least until the end of March 2023.

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 million yen. As of the end of the current fiscal year, the trust held 134,000 shares of SAN HOLDINGS with a book value of 147 million 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 is 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, and breakdown of revenue

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Millions 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	1,266	1,748	406	18,865	-	18,865
Inter-segment sales and transfers	27	0	0	4,501	4,528	(4,528)	-
Total	15,471	1,266	1,748	4,907	23,394	(4,528)	18,865
Segment profit	985	38	328	1,837	3,189	(652)	2,536
Segment assets	5,692	299	1,294	29,982	37,270	(4,882)	32,387
Other items							
Depreciation (Note 3)	259	16	44	591	911	-	911
Interest income	6	0	3	7	16	(13)	3
Interest expenses	3	0	-	9	13	(13)	0
Increase in property, plant and equipment and intangible assets	161	21	32	676	891	-	891

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Millions 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							
Funeral service revenue	13,604	1,181	1,525	-	16,310	-	16,310
Other	2,967	185	123	-	3,277	-	3,277
Revenue from contracts with customers	16,572	1,367	1,648	-	19,588	-	19,588
Other revenue	-	-	-	413	413	-	413
External sales	16,572	1,367	1,648	413	20,001	-	20,001
Inter-segment sales and transfers	29	0	0	5,553	5,582	(5,582)	-
Total	16,601	1,367	1,648	5,966	25,584	(5,582)	20,001
Segment profit	1,961	75	299	2,706	5,043	(1,656)	3,386
Segment assets	6,012	404	1,391	30,992	38,801	(4,954)	33,847
Other items							
Depreciation (Note 3)	209	14	31	612	868	-	868
Interest income	6	0	3	10	20	(17)	2
Interest expenses	7	0	-	9	17	(17)	0
Increase in property, plant and equipment and intangible assets	153	5	7	1,462	1,628	-	1,628

Notes: 1. Contents of adjustments are as follows.

To segment profit	(Millions of yen)	
	FY3/21	FY3/22
Elimination of amount equivalent to dividends paid to the holding company by consolidated subsidiaries	(652)	(1,658)
Adjustment of allowance for doubtful accounts related to the netting elimination of assets and liabilities	0	1
Total	(652)	(1,656)

To segment assets	(Millions of yen)	
	FY3/21	FY3/22
Stock of subsidiaries held by the holding company	(2,522)	(2,512)
Adjustment of allowance for doubtful accounts related to the netting elimination of assets and liabilities	504	834
Elimination of inter-segment transactions	(2,864)	(3,275)
Total	(4,882)	(4,954)

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

FY3/21 (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.

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

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

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

(Millions of yen)

	KOEKISHA Group	SOU-SEN Group	TARUI Group	Holding Company Group	Total
Impairment loss	3	-	-	74	77

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

(Millions of yen)

	KOEKISHA Group	SOU-SEN Group	TARUI Group	Holding Company Group	Total
Impairment loss	58	-	-	135	193

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

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

Not applicable.

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

Not applicable.

Information related to gain on bargain purchase for each reportable segment

FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)

Not applicable.

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

Not applicable.

Per Share Information

(Yen)

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net assets per share	2,578.18	2,777.16
Net income per share	141.24	187.60

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

2. The SAN HOLDINGS' stock held by the Employee Stock Ownership Plan is included in the treasury shares that are deducted from the number of shares outstanding at the end of the period for calculating the net assets per share.

3. The SAN HOLDINGS' stock held by the Employee Stock Ownership Plan of 136,000 shares as of March 31, 2021 and 134,000 shares as of March 31, 2022 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:

	FY3/21 (Apr. 1, 2020 – Mar. 31, 2021)	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	1,562	2,040
Amount not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Millions of yen)	1,562	2,040
Average number of shares outstanding (Shares)	11,064,590	10,875,920
Summary of latent shares not included in the calculation of the diluted net income per share since there was no dilutive effect	(Consolidated subsidiary) Life Forward CO., LTD. No.1 new acquisition rights Number of new acquisition rights: 820 Common shares: 820 shares	-

Subsequent Events

Establishment of a joint venture

On February 28, 2022, SAN HOLDINGS and Kosaido Holdings Co., Ltd. signed a contract to establish a jointly owned company. This company was established on April 1, 2022.

1. Objective for establishing a joint venture

Establishing a business alliance with Kosaido Holdings and the joint establishment with this company of a funeral company that will use the facilities of Tokyo Hakuzen Co., Ltd. to hold funerals, will make it possible to provide a broader range of funeral services in Tokyo and provide high-quality funerals to a large number of people.

2. Profile of the joint venture

(1)	Company name	Grand Ceremo Tokyo Co., Ltd.
(2)	Location	13F, Seavans South Building S, 1-2-3 Shibaura, Minato-ku, Tokyo
(3)	Representative	Takashi Sakurai, President and Representative Director
(4)	Business	Funeral services
(5)	Capital	100 million yen
(6)	Establishment	April 1, 2022
(7)	Fiscal year end	March
(8)	Net assets	200 million yen
(9)	Total assets	200 million yen
(10)	Equity ownership	Kosaido Holdings Co., Ltd.: 51% SAN HODLINGS, INC.: 49%

Repurchase of treasury shares

The SAN HOLDINGS Board of Directors approved a resolution on May 12, 2022 to repurchase its own shares pursuant to Article 156 of the Companies Act, which is applicable in lieu of Article 165, Paragraph 3 of this act.

1. Reason for stock repurchase

SAN HOLDINGS is repurchasing stock to distribute earnings to shareholders and improve capital efficiency, and increase flexibility regarding actions involving capital in response to changes in the operating environment.

2. Type of shares and total number of shares to be repurchased:

SAN HOLDINGS common stock: Up to 230,000 shares

3. Total value of shares to be repurchased:

Up to 350 million yen

4. Repurchase schedule:

From May 13, 2022 to October 31, 2022

5. Method of repurchase:

Purchase on the Tokyo Stock Exchange

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.