



November 11, 2022

**Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2023
(Six Months Ended September 30, 2022)**

[Japanese GAAP]

Company name: SAN HOLDINGS, INC. Listing: Tokyo Stock Exchange
 Stock code: 9628 URL: <https://www.san-hd.co.jp>
 Representative: Satoshi Harishima, President and Representative Director
 Contact: Yoshiyuki Yokota, Director, Executive Officer, General Manager of Corporate Planning
 Department
 Tel: +(81)6-6226-0038
 Scheduled date of filing of Quarterly Report: November 14, 2022
 Scheduled date of payment of dividend: December 5, 2022
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2022

(April 1, 2022 – September 30, 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	%
Six months ended Sep. 30, 2022	10,083	6.0	1,782	11.1	1,763	9.9	1,218	17.4
Six months ended Sep. 30, 2021	9,512	10.6	1,604	107.0	1,604	109.7	1,038	117.1

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2022: 1,218 (up 17.4%)
 Six months ended Sep. 30, 2021: 1,038 (up 117.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2022	114.96	-
Six months ended Sep. 30, 2021	94.58	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2022	34,130	30,349	88.9
As of Mar. 31, 2022	33,847	29,629	87.5

Reference: Shareholder's equity (million yen) As of Sep. 30, 2022: 30,349 As of Mar. 31, 2022: 29,629

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2022	-	17.00	-	21.00	38.00
Fiscal year ending Mar. 31, 2023	-	21.00	-	-	-
Fiscal year ending Mar. 31, 2023 (forecast)	-	-	-	21.00	42.00

Note: Revisions to the most recently announced dividend forecast: None

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
Full year	20,800	4.0	3,400	0.7	3,390	0.1	2,130	4.4	199.64

Notes: 1. Revisions to the most recently announced consolidated forecast: None

2. 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) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) 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

(4) Number of outstanding shares (common shares)

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

As of Sep. 30, 2022:	12,164,016 shares	As of Mar. 31, 2022:	12,164,016 shares
----------------------	-------------------	----------------------	-------------------

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

As of Sep. 30, 2022:	1,645,938 shares	As of Mar. 31, 2022:	1,495,038 shares
----------------------	------------------	----------------------	------------------

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2022:	10,603,294 shares	Six months ended Sep. 30, 2021:	10,976,690 shares
---------------------------------	-------------------	---------------------------------	-------------------

Note: The SAN HOLDINGS' stock held by the Employee Stock Ownership Plan of 134,100 shares as of September 30, 2022 and 135,300 shares as of September 30, 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.

* The current quarterly financial report is not subject to quarterly review 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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 4 for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
Quarterly Consolidated Statement of Income	
For the Six-month Period	7
Quarterly Consolidated Statement of Comprehensive Income	
For the Six-month Period	8
(3) Quarterly Consolidated Statement of Cash Flows	9
(4) Notes to Quarterly Consolidated Financial Statements	10
Going Concern Assumption	10
Significant Changes in Shareholders' Equity	10
Segment and Other Information	10

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the fiscal year ending in March 2023, the Japanese economy recovered with the support of a slow increase of consumer spending and other factors as social and economic activities returned to normal while implementing infection preventive measures. The recovery is taking place despite a seventh wave of the pandemic during the summer and rising prices of resources. Even during the pandemic, there was no change in the importance of funerals as a place to say farewell to someone who has passed away. Since the pandemic began more than two years ago, there has been an increase in the number of small and simple funerals partly because of various restrictions to prevent infections. In Japan's funeral industry, competition has become increasingly heated, especially for small funerals, as companies step up the pace of opening new funeral halls nationwide, people use matching services to select funeral companies, and due to other events. Changes in the business climate are also increasing M&A activity. These activities are likely to drive more progress regarding the reorganization of the funeral industry as well as the entire business sector for the provision of end-of-life services.

To continue to succeed as these changes in market conditions take place, we started a new medium-term management plan in April 2022 that covers the three-year period ending in March 2025. This period is positioned as a time to build a sound foundation for accomplishing the newly established purpose and 10-year vision of the SAN HOLDINGS Group.

For the expansion of the funeral business, which is one of the major goals of the plan, we plan to add 31 funeral halls during the next three years. In the plan's first year, we plan to add six funeral halls. The KOEKISHA Hirano Hall opened in September 2022 in Hirano-ku, Osaka and we plan to open two halls in December: the SOU-SEN Yonehara Hall in Yonago, Tottori prefecture and the TARUI Shioya Funeral Hall in Tarumi-ku, Kobe. In addition, properties have already been acquired for five more funeral halls. More information will be announced as decisions are made.

In the current fiscal year, preparations are under way for the launch of a new brand solely for family funerals. This brand will be essential for achieving the goal of adding 31 new locations. In addition, Grand Ceremo Tokyo Co., Ltd., which was established in April 2022, started operations on July 5. This company is 51% owned by Kosaido Holdings Co., Ltd. and 49% owned by SAN HOLDINGS.

During the first half, funeral service revenue at the three funeral companies of the SAN HOLDINGS Group was 5.2% higher than one year earlier, although the number of funerals decreased 0.3%. The number of funerals was down at KOEKISHA because of a temporary increase during the first half of the previous fiscal year in funerals for pandemic deaths. The number of funerals increased at SOU-SEN and TARUI. Average revenue per funeral increased because of a small upturn overall in revenue and a decrease in the number of simple, lower-price funerals. Sales at group companies of products and services associated with funerals decreased.

Operating expenses increased 4.4%. The main reasons were higher direct expenses, the result of an increase in the number of mourners other than family members at funerals and farewell events, and increases in advertising and building and land leasing expenses. Selling, general and administrative expenses increased 11.4%. This was attributable primarily to recruiting expenses to build a stronger workforce and higher outsourcing expenses involving consulting for strategic activities.

Operating revenue increased 6.0% year on year to 10,083 million yen. Earnings were higher as well with operating profit up 11.1% to 1,782 million yen. Although non-operating expenses included an equity-method loss of 25 million yen, ordinary profit increased 9.9% to 1,763 million yen. After taxes, profit attributable to owners of parent was 1,218 million yen, 17.4% higher than in the first half of 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 KOEKISHA, Excel Support Service Co., Ltd., where operations include funeral support services by KOEKISHA, senior care services, food services for senior care facilities and other activities, and Life Forward

Co., Ltd., which operates an internet platform for end-of-life services and other assistance.

Business segment performance was as follows. Revenue and earnings were higher than one year earlier in all segments.

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 2.3% lower than one year earlier. However, about 90% of the decline in the number of funerals was the result of a decrease following the temporary upturn in funerals caused by COVID-19 deaths in the first half of the previous fiscal year. Average revenue per funeral increased because simple, lower-priced funerals declined as a percentage of the total number of funerals. Revenue from large funerals (more than 5 million yen) increased mainly because of the higher number of these funerals.

At KOEKISHA, the number of funerals decreased 2.1% year on year and funeral service revenue increased 4.0%. Sales of products and services associated with funerals, mainly family altars and fixtures and courtesy gifts, were lower than one year earlier because of the increasing preference for lower-priced funerals and the smaller size of funerals.

Operating expenses increased mainly due to higher internet advertising expenses at KOEKISHA and Life Forward and higher expenses for leasing buildings and land.

Sales in the KOEKISHA Group segment were 8,337 million yen, up 5.5% year on year, and the segment profit was 1,013 million yen, up 11.7%.

2) The SOU-SEN Group

At SOU-SEN CORPORATION, the number of funerals increased 10.8% mainly due to more funerals in the Tottori area and increases in the Yonago and Matsue areas because of the opening of funeral halls. Average revenue per funeral increased mainly due to measures for holding funerals safely during the pandemic. The result was a 12.8% increase in funeral service revenue. Sales of products and services associated with funerals decreased mainly because sales of family altars and fixtures were lower.

Sales in the SOU-SEN Group segment were 689 million yen, up 9.9% year on year, and the segment profit was 45 million yen, up 576.2%.

3) The TARUI Group

At TARUI CO., LTD., the number of funerals increased 8.0% as more than half of funeral halls posted an increase. Average revenue per funeral increased 1.7% because of a lower percentage of simple, lower-priced funerals. As a result, funeral service revenue increased 9.9%. Sales of products and services associated with funerals decreased due to a decrease in sales of family altars and fixtures and courtesy gifts.

Sales in the TARUI Group segment were 869 million yen, up 9.5% year on year, and the segment profit was 168 million yen, up 52.4%.

4) Holding Company Group

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

There were increases in rent and other expenses due to the opening of new funeral halls and other fixed expenses. In addition, there was an equity-method loss, which is a non-operating expense.

Sales in the Holding Company Group segment were 3,965 million yen, up 4.6% year on year, and the segment profit was 2,301 million yen, up 2.9%.

(2) Explanation of Financial Position

Assets

Current assets at the end of the second quarter were 8,767 million yen, up 52 million yen from the end of the previous fiscal year. This was mainly due to a 31 million yen increase in trade accounts receivable and contract assets and increases in income taxes refund receivable and prepaid expenses relating to property tax. There was a decrease of 269 million yen in cash and deposits.

Non-current assets were 25,362 million yen, up 230 million yen from the end of the previous fiscal year. Property, plant, and equipment decreased 38 million yen because of the normal depreciation of various assets mainly in buildings and structures. Intangible assets increased 150 million yen, which includes a 143 million yen increase in construction in progress associated with the installation of a new core data system. Investments and other assets increased 118 million yen because of increases in guarantee deposits, investment securities involving the establishment of a joint venture, and deferred tax assets.

As a result, total assets increased 282 million yen from the end of the previous fiscal year to 34,130 million yen.

Liabilities

Current liabilities at the end of the second quarter were 2,678 million yen, down 347 million yen from the end of the previous fiscal year. This was mainly due to decreases of 144 million yen in trade accounts payable and 58 million yen in income taxes payable.

Non-current liabilities were 1,101 million yen, a decrease of 89 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 decreased 437 million yen from the end of the previous fiscal year to 3,780 million yen.

Net assets

Net assets were 30,349 million yen at the end of the second quarter, up 720 million yen from the end of the previous fiscal year.

The main factors include a 992 million yen increase in retained earnings due to profit attributable to owners of parent of 1,218 million yen and dividend payments of 226 million yen and purchase of treasury shares in an amount of 311 million yen.

Consequently, the equity ratio increased 1.4 percentage point from the end of the previous fiscal year to 88.9%.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the fiscal year forecast that was announced on May 12, 2022 as described in a press release dated November 2, 2022 regarding notice of revisions to forecast.

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

(Millions of yen)

	FY3/22 (As of Mar. 31, 2022)	Second quarter of FY3/23 (As of Sep. 30, 2022)
Assets		
Current assets		
Cash and deposits	7,443	7,174
Trade accounts receivable and contract assets	759	790
Merchandise and finished goods	119	115
Raw materials and supplies	29	27
Other	366	661
Allowance for doubtful accounts	(2)	(1)
Total current assets	8,715	8,767
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,761	9,658
Land	12,418	12,418
Leased assets, net	315	266
Other, net	165	278
Total property, plant and equipment	22,662	22,623
Intangible assets	218	369
Investments and other assets		
Investment securities	-	72
Long-term loans receivable	184	175
Beneficial interests in real estate trust	500	497
Guarantee deposits	749	771
Other	826	863
Allowance for doubtful accounts	(10)	(11)
Total investments and other assets	2,251	2,369
Total non-current assets	25,132	25,362
Total assets	33,847	34,130

	(Millions of yen)	
	FY3/22 (As of Mar. 31, 2022)	Second quarter of FY3/23 (As of Sep. 30, 2022)
Liabilities		
Current liabilities		
Trade accounts payable	851	707
Lease liabilities	108	100
Income taxes payable	558	500
Provision for bonuses	427	442
Provision for bonuses for directors (and other officers)	48	17
Other	1,032	911
Total current liabilities	3,026	2,678
Non-current liabilities		
Lease liabilities	246	197
Provision for employee stock ownership plan trust	39	44
Asset retirement obligations	484	493
Other	421	365
Total non-current liabilities	1,191	1,101
Total liabilities	4,217	3,780
Net assets		
Shareholders' equity		
Share capital	2,568	2,568
Capital surplus	5,494	5,507
Retained earnings	23,402	24,394
Treasury shares	(1,835)	(2,120)
Total shareholders' equity	29,629	30,349
Total net assets	29,629	30,349
Total liabilities and net assets	33,847	34,130

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statement of Income
(For the Six-month Period)

(Millions of yen)

	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Operating revenue	9,512	10,083
Operating expenses	7,281	7,602
Operating gross profit	2,230	2,480
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	94	86
Salaries	169	169
Bonuses	6	7
Provision for bonuses	40	50
Provision for bonuses for directors (and other officers)	17	17
Provision of allowance for doubtful accounts	0	0
Depreciation	10	5
Other	287	360
Total selling, general and administrative expenses	626	697
Operating profit	1,604	1,782
Non-operating income		
Interest income	1	1
Dividend income	0	0
Subsidy income	5	6
Miscellaneous income	8	6
Total non-operating income	15	14
Non-operating expenses		
Interest expenses	0	0
Share of loss of entities accounted for using equity method	-	25
Miscellaneous losses	16	8
Total non-operating expenses	16	34
Ordinary profit	1,604	1,763
Extraordinary income		
Gain on sale of non-current assets	-	4
Total extraordinary income	-	4
Extraordinary losses		
Loss on retirement of non-current assets	5	6
Total extraordinary losses	5	6
Profit before income taxes	1,599	1,761
Income taxes-current	545	589
Income taxes-deferred	15	(46)
Total income taxes	561	542
Profit	1,038	1,218
Profit attributable to owners of parent	1,038	1,218

Quarterly Consolidated Statement of Comprehensive Income**(For the Six-month Period)**

(Millions of yen)

	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Profit	1,038	1,218
Comprehensive income	1,038	1,218
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,038	1,218
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)
Cash flows from operating activities		
Profit before income taxes	1,599	1,761
Depreciation	417	415
Loss on retirement of property, plant and equipment	5	6
Increase (decrease) in allowance for doubtful accounts	0	0
Increase (decrease) in provision for bonuses	(67)	15
Increase (decrease) in provision for bonuses for directors (and other officers)	(13)	(31)
Interest and dividend income	(1)	(1)
Interest expenses	0	0
Loss (gain) on sale of property, plant and equipment	-	(4)
Share of loss (profit) of entities accounted for using equity method	-	25
Decrease (increase) in trade receivables	(84)	(31)
Decrease (increase) in inventories	24	5
Increase (decrease) in trade payables	(41)	(144)
Increase (decrease) in accrued consumption taxes	(51)	(4)
Subsidy income	(5)	(6)
Other, net	61	(447)
Subtotal	1,841	1,559
Interest and dividends received	0	0
Interest paid	(0)	(0)
Income taxes paid	(719)	(618)
Income taxes refund	0	-
Subsidies received	5	6
Net cash provided by (used in) operating activities	1,127	947
Cash flows from investing activities		
Purchase of property, plant and equipment	(816)	(353)
Proceeds from sale of property, plant and equipment	-	7
Purchase of intangible assets	(61)	(156)
Purchase of investment securities	-	(98)
Other proceeds	38	10
Other payments	(31)	(34)
Net cash provided by (used in) investing activities	(869)	(623)
Cash flows from financing activities		
Repayments of long-term borrowings	(5)	-
Purchase of treasury shares	(299)	(311)
Repayments of finance lease liabilities	(68)	(56)
Dividends paid	(190)	(226)
Net cash provided by (used in) financing activities	(564)	(594)
Net increase (decrease) in cash and cash equivalents	(307)	(271)
Cash and cash equivalents at beginning of period	7,038	7,435
Cash and cash equivalents at end of period	6,731	7,163

(4) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

I. First six months of FY3/22 (Apr. 1, 2021 – Sep. 30, 2021)

1. Information related to net sales, profit or loss for each reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	KOEKISHA Group	SOU-SEN Group	TARUI Group	Holding Company Group	Total		
Net sales							
Funeral service revenue	6,493	529	727	-	7,751	-	7,751
Other	1,390	97	66	-	1,554	-	1,554
Revenue from contracts with customers	7,884	627	794	-	9,306	-	9,306
Other revenue	-	-	-	206	206	-	206
External sales	7,884	627	794	206	9,512	-	9,512
Inter-segment sales and transfers	16	0	0	3,583	3,600	(3,600)	-
Total	7,901	627	794	3,789	13,112	(3,600)	9,512
Segment profit	907	6	110	2,236	3,261	(1,656)	1,604

Notes: 1. Contents of adjustment to segment profit are as follows.

(Millions of yen)

	Amount
Elimination of amount equivalent to dividends paid to the holding company by consolidated subsidiaries	(1,658)
Adjustment of allowance for doubtful accounts related to the netting elimination of assets and liabilities	1
Total	(1,656)

2. Segment profit is adjusted to be consistent with ordinary profit recorded in the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Not applicable.

II. First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)

1. Information related to net sales, profit or loss for each reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	KOEKISHA Group	SOU-SEN Group	TARUI Group	Holding Company Group	Total		
Net sales							
Funeral service revenue	6,766	596	805	-	8,168	-	8,168
Other	1,549	93	64	-	1,707	-	1,707
Revenue from contracts with customers	8,316	689	869	-	9,876	-	9,876
Other revenue	-	-	-	206	206	-	206
External sales	8,316	689	869	206	10,083	-	10,083
Inter-segment sales and transfers	20	-	0	3,758	3,778	(3,778)	-
Total	8,337	689	869	3,965	13,861	(3,778)	10,083
Segment profit	1,013	45	168	2,301	3,529	(1,766)	1,763

Notes: 1. Contents of adjustment to segment profit are as follows.

(Millions of yen)

	Amount
Elimination of amount equivalent to dividends paid to the holding company by consolidated subsidiaries	(1,765)
Adjustment of allowance for doubtful accounts related to the netting elimination of assets and liabilities	(1)
Total	(1,766)

2. Segment profit is adjusted to be consistent with ordinary profit recorded in the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

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.