



February 13 2023

**Summary of Consolidated Financial Results  
for the Third Quarter of the Fiscal Year Ending March 31, 2023  
(Nine Months Ended December 31, 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  
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 Tel: +(81)6-6226-0038  
 Scheduled date of filing of Quarterly Report: February 14, 2023  
 Scheduled date of payment of dividend: -  
 Preparation of supplementary materials for quarterly financial results: None  
 Holding of quarterly financial results meeting: None

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

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2022**

(April 1, 2022 – December 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	%
Nine months ended Dec. 31, 2022	15,708	7.1	2,969	15.3	2,936	14.1	1,934	16.4
Nine months ended Dec. 31, 2021	14,672	5.2	2,575	46.1	2,574	47.5	1,661	50.2

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2022: 1,934 (up 16.4%)  
 Nine months ended Dec. 31, 2021: 1,661 (up 50.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2022	183.06	-
Nine months ended Dec. 31, 2021	152.01	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2022	34,411	30,803	89.5
As of Mar. 31, 2022	33,847	29,629	87.5

Reference: Shareholder's equity (million yen) As of Dec. 31, 2022: 30,803 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 Dec. 31, 2022:	12,164,016 shares	As of Mar. 31, 2022:	12,164,016 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2022:	1,667,238 shares	As of Mar. 31, 2022:	1,495,038 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2022:	10,568,287 shares	Nine months ended Dec. 31, 2021:	10,929,842 shares
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Note: The SAN HOLDINGS' stock held by the Employee Stock Ownership Plan of 133,800 shares as of December 31, 2022 and 135,000 shares as of December 31, 2021 are included in the treasury shares that are deducted from the number of shares for calculating the number of treasury shares at the end of the period and the average number of shares outstanding during the period.

\* 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.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

During the first nine months of the fiscal year ending in March 2023, there was an economic upturn in Japan that was centered on a recovery in capital expenditures. Despite the negative effects of the high cost of resources, the yen's depreciation and other events, demand in the service sector is recovering and corporate earnings are strong as Japan returns to normal social and economic activities while implementing pandemic safety measures.

During the pandemic, the shift to small and simple funerals gained momentum. Although future upturns in the number of COVID-19 cases are expected to continue to affect the funeral market, the increase in the preference for small and simple funerals has been slowing down in the current fiscal year. In this environment, funeral companies need to continue to provide a place for saying farewell to the deceased while using appropriate pandemic safety measures. Furthermore, funeral services must incorporate steps for the safety and peace of mind of mourners as well as measures to reflect the wishes of family members and others associated with the deceased.

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 in Hirano-ku, Osaka, and the SOU-SEN Yonehara Hall in Yonago, Tottori prefecture and the TARUI Shioya Funeral Hall in Tarumi-ku, Kobe opened in December, 2022. We plan to open The KOEKISHA Kyodo Hall in Setagayaku-ku, Tokyo, in March 2023. In addition, properties have already been acquired for four 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. In addition, Grand Ceremo Tokyo Co., Ltd., which was established in April 2022, started operations on July 5, 2022. This company is 51% owned by Kosaido Holdings Co., Ltd. and 49% owned by SAN HOLDINGS.

During the first nine months, funeral service revenue at the three funeral companies of the SAN HOLDINGS Group was 6.3% higher than one year earlier, and the number of funerals increased 2.7% because of the number of funerals increased at KOEKISHA and SOU-SEN. Average revenue per funeral increased because of the larger number of large funerals, such as corporate funerals and farewell events, and a recovery in the revenue of ordinary funerals too. Sales at group companies of products and services associated with funerals decreased.

Operating expenses increased 4.9%. The main reasons were higher direct expenses, the result of an increase in the number of corporate funerals and farewell events, the higher cost of utilities and gasoline because of rising prices of resources and energy, and increases in advertising and building and land leasing expenses. Selling, general and administrative expenses increased 9.5%. This was attributable primarily to recruiting expenses to build a stronger workforce.

Operating revenue increased 7.1% year on year to 15,708 million yen. Earnings were higher as well with operating profit up 15.3% to 2,969 million yen. Although non-operating expenses included an equity-method loss of 21 million yen associated with Grand Ceremo Tokyo Co., Ltd., ordinary profit increased 14.1% to 2,936 million yen. After taxes, profit attributable to owners of parent was 1,934 million yen, 16.4% higher than in the first nine months 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 funerals increased 1.2% year on year and funeral service revenue increased 5.3%. Of these, the number of ordinary funerals (less than 5 million yen) was 1.1% higher than one year earlier. Average revenue per funeral increased because higher number of mourners. Revenue from large funerals (more than 5 million yen) increased mainly because of the higher number of these funerals. On the other hand, 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 family 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 13,006 million yen, up 6.7% year on year, and the segment profit was 1,825 million yen, up 22.6%.

#### 2) The SOU-SEN Group

At SOU-SEN CORPORATION, the number of funerals increased 12.2% mainly due to more funerals in the Yonago, Matsue and Tottori areas. Average revenue per funeral increased mainly due to measures for holding funerals safely during the pandemic. The result was a 13.2% 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 1,083 million yen, up 10.3% year on year, and the segment profit was 104 million yen, up 178.2%.

#### 3) The TARUI Group

At TARUI CO., LTD., the number of funerals increased 9.0% as more than half of funeral halls posted an increase. Average revenue per funeral increased because of higher rates for ordinary funerals and orders for holding large funerals (more than 5 million yen). As a result, funeral service revenue increased 10.7%. Sales of products and services associated with funerals increased due to an increase in sales of family altars and fixtures and courtesy gifts.

Sales in the TARUI Group segment were 1,334 million yen, up 10.2% year on year, and the segment profit was 258 million yen, up 30.5%.

#### 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 5,074 million yen, up 4.1% year on year, and the segment profit was 2,514 million yen, up 0.3%.

**(2) Explanation of Financial Position**

## Assets

Current assets at the end of the third quarter were 9,071 million yen, up 356 million yen from the end of the previous fiscal year. This was mainly due to a 237 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 76 million yen in cash and deposits.

Non-current assets were 25,339 million yen, up 207 million yen from the end of the previous fiscal year. Property, plant, and equipment decreased 9 million yen, which is primarily the result of an increase in buildings and structures due to opening new funeral halls and other reasons and a decrease in leased assets because of depreciation. Intangible assets increased 194 million yen due to an increase in software associated with the start of a new core data system. As a result, total assets increased 563 million yen from the end of the previous fiscal year to 34,411 million yen.

## Liabilities

Current liabilities at the end of the third quarter were 2,540 million yen, down 486 million yen from the end of the previous fiscal year. This was mainly due to decreases of 137 million yen in trade accounts payable and 268 million yen in income taxes payable.

Non-current liabilities were 1,067 million yen, a decrease of 123 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 610 million yen from the end of the previous fiscal year to 3,607 million yen.

## Net assets

Net assets were 30,803 million yen at the end of the third quarter, up 1,173 million yen from the end of the previous fiscal year. The main factors include a 1,484 million yen increase in retained earnings due to profit attributable to owners of parent of 1,934 million yen, and dividend payments of 450 million yen and purchase of treasury shares in an amount of 349 million yen. Consequently, the equity ratio increased 2.0 percentage points from the end of the previous fiscal year to 89.5%.

**(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)	Third quarter of FY3/23 (As of Dec. 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	7,443	7,366
Trade accounts receivable and contract assets	759	996
Merchandise and finished goods	119	139
Raw materials and supplies	29	30
Other	366	539
Allowance for doubtful accounts	(2)	(2)
Total current assets	8,715	9,071
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,761	9,793
Land	12,418	12,418
Leased assets, net	315	247
Other, net	165	192
Total property, plant and equipment	22,662	22,652
Intangible assets	218	413
Investments and other assets		
Long-term loans receivable	184	171
Beneficial interests in real estate trust	500	464
Investment securities	-	76
Guarantee deposits	749	794
Other	826	777
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	2,251	2,273
Total non-current assets	25,132	25,339
Total assets	33,847	34,411

	(Millions of yen)	
	FY3/22 (As of Mar. 31, 2022)	Third quarter of FY3/23 (As of Dec. 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Trade accounts payable	851	713
Lease liabilities	108	99
Income taxes payable	558	290
Provision for bonuses	427	192
Provision for bonuses for directors (and other officers)	48	43
Other	1,032	1,200
Total current liabilities	3,026	2,540
Non-current liabilities		
Lease liabilities	246	175
Provision for employee stock ownership plan trust	39	47
Asset retirement obligations	484	503
Other	421	341
Total non-current liabilities	1,191	1,067
Total liabilities	4,217	3,607
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,568	2,568
Capital surplus	5,494	5,507
Retained earnings	23,402	24,886
Treasury shares	(1,835)	(2,158)
Total shareholders' equity	29,629	30,803
Total net assets	29,629	30,803
Total liabilities and net assets	33,847	34,411



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

(Millions of yen)

	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Operating revenue	14,672	15,708
Operating expenses	11,135	11,686
Operating gross profit	3,537	4,022
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	139	128
Salaries	254	253
Bonuses	49	59
Provision for bonuses	21	24
Provision for bonuses for directors (and other officers)	26	43
Provision of allowance for doubtful accounts	0	0
Depreciation	15	20
Other	455	521
Total selling, general and administrative expenses	961	1,053
Operating profit	2,575	2,969
Non-operating income		
Interest income	2	1
Dividend income	0	0
Subsidy income	14	8
Miscellaneous income	12	13
Total non-operating income	28	23
Non-operating expenses		
Interest expenses	0	0
Dismantling removal expense	20	23
Share of loss of entities accounted for using equity method	-	21
Miscellaneous losses	9	11
Total non-operating expenses	30	56
Ordinary profit	2,574	2,936
Extraordinary income		
Gain on sale of non-current assets	-	4
Total extraordinary income	-	4
Extraordinary losses		
Loss on retirement of non-current assets	18	6
Total extraordinary losses	18	6
Profit before income taxes	2,555	2,935
Income taxes-current	779	953
Income taxes-deferred	114	46
Total income taxes	894	1,000
Profit	1,661	1,934
Profit attributable to owners of parent	1,661	1,934

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

(Millions of yen)

	First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)
Profit	1,661	1,934
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	1,661	1,934
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,661	1,934
Comprehensive income attributable to non-controlling interests	-	-

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

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Segment and Other Information**

I. First nine months of FY3/22 (Apr. 1, 2021 – Dec. 31, 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	10,011	838	1,108	-	11,958	-	11,958
Other	2,159	143	101	-	2,404	-	2,404
Revenue from contracts with customers	12,171	981	1,210	-	14,363	-	14,363
Other revenue	-	-	-	309	309	-	309
External sales	12,171	981	1,210	309	14,672	-	14,672
Inter-segment sales and transfers	23	0	0	4,566	4,589	(4,589)	-
Total	12,194	981	1,210	4,875	19,262	(4,589)	14,672
Segment profit	1,488	37	197	2,506	4,231	(1,656)	2,574

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 nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 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	10,551	948	1,232	-	12,732	-	12,732
Other	2,428	135	101	-	2,665	-	2,665
Revenue from contracts with customers	12,980	1,083	1,334	-	15,397	-	15,397
Other revenue	-	-	-	310	310	-	310
External sales	12,980	1,083	1,334	310	15,708	-	15,708
Inter-segment sales and transfers	26	-	0	4,764	4,790	(4,790)	-
Total	13,006	1,083	1,334	5,074	20,499	(4,790)	15,708
Segment profit	1,825	104	258	2,514	4,702	(1,766)	2,936

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.

## Subsequent Even

### Purchase and Retirement of Treasury Shares

The SAN HOLDINGS Board of Directors approved a resolution on February 13, 2023 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, and will retire shares in accordance with Article 178 of the Companies Act.

#### 1. Reason for acquisition and retirement of shares

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. Details of the stock repurchase

- |  |  |
|--|--|
| (1) Type of shares and total number of shares to be repurchased: | SAN HOLDINGS common stock:<br>Up to 195,000 shares |
| (2) Total value of shares to be repurchased:                     | Up to 350 million yen                              |
| (3) Repurchase schedule:   | From February 14, 2023 to July 31, 2023            |
| (4) Method of repurchase:  | Purchase on the Tokyo Stock Exchange               |

#### 3. Details of share retirement

- |   |  |
|---|--|
| (1) Type of shares to be retired:         | SAN HOLDINGS common stock: 464,016 shares<br>(3.81% of total shares outstanding prior to the retirement) |
| (2) Total number of shares to be retired: | 11,700,000 shares  |
| (3) Planned date of retirement:           | February 28, 2023  |

*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.*