



May 11, 2023

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2023**[Japanese GAAP]**

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Scheduled date of Annual General Meeting of Shareholders: June 27, 2023

Scheduled date of payment of dividend: June 28, 2023

Scheduled date of filing of Annual Securities Report: June 28, 2023

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, 2023 (April 1, 2022 – March 31, 2023)**

(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, 2023	21,663	8.3	3,868	14.6	3,843	13.5	2,783	36.4
Fiscal year ended Mar. 31, 2022	20,001	6.0	3,376	32.4	3,386	33.5	2,040	30.6

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2023: 2,783 (up 36.4%)
 Fiscal year ended Mar. 31, 2022: 2,040 (up 30.6%)

	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, 2023	263.84	-	9.1	11.0	17.9
Fiscal year ended Mar. 31, 2022	187.60	-	6.9	10.1	16.9

Reference: Equity in earnings of affiliates (million yen): Fiscal year ended Mar. 31, 2023: (12) Fiscal year ended Mar. 31, 2022: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	36,229	31,615	87.3	3,016.92
As of Mar. 31, 2022	33,847	29,629	87.5	2,777.16

Reference: Shareholder's equity (million yen) As of Mar. 31, 2023: 31,615 As of Mar. 31, 2022: 29,629

(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, 2023	3,262	(594)	(923)	9,179
Fiscal year ended Mar. 31, 2022	2,991	(1,491)	(1,103)	7,435

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, 2022	-	17.00	-	21.00	38.00	413	20.3	1.4
Fiscal year ended Mar. 31, 2023	-	21.00	-	23.00	44.00	467	16.7	1.5
Fiscal year ending Mar. 31, 2024 (forecast)	-	23.00	-	23.00	46.00		21.4	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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	10,600	5.1	1,470	(17.5)	1,450	(17.8)	920	(24.5)	87.20
Full year	22,700	4.8	3,570	(7.7)	3,560	(7.4)	2,270	(18.4)	215.17

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, 2023 (excluding treasury shares).

*** Notes**

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

Newly added: -

Excluded: -

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

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common shares)

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

As of Mar. 31, 2023: 11,700,000 shares As of Mar. 31, 2022: 12,164,016 shares

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

As of Mar. 31, 2023: 1,220,722 shares As of Mar. 31, 2022: 1,495,038 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2023: 10,549,602 shares Fiscal year ended Mar. 31, 2022: 10,875,920 shares

Note: The SAN HOLDINGS' stock held by the Employee Stock Ownership Plan of 134,700 shares as of March 31, 2022 and 133,400 shares as of March 31, 2023 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, 2023

(April 1, 2022 – March 31, 2023)

(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, 2023	6,147	3.0	2,697	(1.1)	2,668	(1.4)	2,375	23.4
Fiscal year ended Mar. 31, 2022	5,966	21.6	2,727	46.1	2,706	47.3	1,924	82.2

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2023	225.18	-
Fiscal year ended Mar. 31, 2022	176.96	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	32,766	29,964	91.4	2,859.43
As of Mar. 31, 2022	30,992	28,387	91.6	2,660.70

Reference: Shareholders' equity (million yen): As of Mar. 31, 2023: 29,964 As of Mar. 31, 2022: 28,387

* 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, 2023, there was an economic upturn in Japan. Despite the negative effects of the high cost of resources, the fluctuation of the yen exchange rate and other events, Japan returns to normal social and economic activities while implementing pandemic safety measures. Capital expenditures are increasing slowly as corporate earnings remain high and consumer spending is also recovering gradually despite the negative effect of inflation.

The pandemic raised the pace of the shift in Japan to small and simple funerals. Although the outlook for the pandemic and its effects are difficult to predict, we believe this shift slowed down somewhat during 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 planned to add six funeral halls and opened eight funeral halls as follows.

September 2022	The KOEKISHA Hirano Hall (Hirano-ku, Osaka)
December 2022	The SOU-SEN Yonehara Hall (Yonago-city, Tottori) The TARUI Shioya Funeral Hall (Tarumi-ku, Kobe)
March 2023	The KOEKISHA Kyodo Hall (Setagayaku-ku, Tokyo) The Ending House Higashi Yotsugi (Katsushika-ku, Tokyo) The Ending House Shinkoiwa (Katsushika-ku, Tokyo) The Ending House Osaka Tsurumi (Tsurumi-ku, Osaka) The Ending House Daito (Daito-city, Osaka)

Ending House is a new brand for locations exclusively for family funerals, which accounted for half of the new locations during the current fiscal year. This brand is a key element of activities to accomplish the medium-term goal of expanding the funeral business. 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.

In the current fiscal year, funeral service revenue at the three funeral companies of the SAN HOLDINGS Group was 7.6% higher than one year earlier, and the number of funerals increased 1.5% because of the number of funerals increased at SOU-SEN and TARUI. Average revenue per funeral increased because of an overall upturn in revenue for funerals of all sizes. Sales at group companies of products and services associated with funerals increased.

Operating expenses increased 6.8%. 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 the recent increase in prices of resources and energy, and increases in advertising and building and land leasing expenses due to opening of new funeral halls. Selling, general and administrative expenses increased 9.3%. This was attributable primarily to recruiting expenses to build a stronger workforce and an increase in the depreciation of software.

Operating revenue increased 8.3% year on year to 21,663 million yen. Earnings were higher as well with operating profit up 14.6% to 3,868 million yen. Although non-operating expenses included an equity-method loss of 12 million yen associated with Grand Ceremo Tokyo Co., Ltd. and dismantling removal expense of 24 million yen associated with funeral hall renovations, ordinary profit increased 13.5% to 3,843 million yen. There was extraordinary income of 292 million yen due to a gain on the sale of non-current assets resulting mainly from the sale of the land of the KOEKISHA Takarazuka Funeral Hall (see note). After taxes, profit before income taxes was 4,127 million yen and profit attributable to owners of parent was 2,783 million yen, 36.4% higher than in the previous fiscal year.

Note: A newly constructed KOEKIZHA Takarazuka Funeral Hall designed for family funerals, which is located adjacent to the previous hall, opened in December 2022.

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 except the Holding Company Group.

1) The KOEKISHA Group

At KOEKISHA CO., LTD., the core company of this segment, the number of funerals decreased 0.3% year on year. The main reason is an increase in funerals for pandemic deaths in the fourth quarter of the previous fiscal year (January to March 2022) during a sixth wave of the pandemic. Funeral service revenue increased 6.7% primarily because of an increase in the number of large funerals (more than 5 million yen) and an increase in revenue per funeral for ordinary funerals (less than 5 million yen). Sales of products and services associated with funerals increased as higher sales involving memorial services, graves and gravestones offset lower sales of family altars and fixtures and courtesy gifts.

Operating expenses increased mainly due to higher personnel expenses and advertising expenses and higher expenses for leasing buildings and land for new funeral halls. Sales in the KOEKISHA Group segment were 17,934 million yen, up 8.0% year on year, and the segment profit was 2,442 million yen, up 24.5%.

2) The SOU-SEN Group

At SOU-SEN CORPORATION, the number of funerals increased 11.0% primarily because of a larger number of funerals resulting from new funeral halls, mainly in the cities of Yonago and Matsue. Average revenue per funeral increased due to rising number of mourners. The result was a 13.5% 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 1,515 million yen, up 10.9% year on year, and the segment profit was 139 million yen, up 84.3%.

3) The TARUI Group

At TARUI CO., LTD., the number of funerals increased 9.8% as both new and existing funeral halls posted an increase. Average revenue per funeral increased overall for small funerals and there were orders for holding large funerals (more than 5 million yen). As a result, funeral service revenue increased 10.5%. 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 1,831 million yen, up 11.1% year on year, and the segment profit was 371 million yen, up 23.9%.

4) Holding Company Group

Operating revenue at SAN HOLDINGS increased mainly because of an increase in dividend income. Fixed expenses were higher because of leasing and depreciation expenses at new funeral halls and software depreciation involving a new core IT system. In addition, there was an equity-method loss related to joint venture Grand Ceremo Tokyo Co., Ltd., which is a non-operating expense.

Sales in the Holding Company Group segment were 6,147 million yen, up 3.0% year on year, and the segment profit was 2,655 million yen, down 1.9%.

(2) Financial Position

Assets

Current assets at the end of the current fiscal year were 11,039 million yen, up 2,323 million yen from the end of the previous fiscal year. This was mainly due to a 1,749 million yen increase in cash and deposits and a 159 million yen increase in trade accounts receivable and contract assets.

Non-current assets were 25,189 million yen, up 57 million yen from the end of the previous fiscal year. Property, plant, and equipment decreased 178 million yen, which is the result of the sale of the land of the KOEKISHA Takarazuka Funeral Hall. There were a 179 increase in intangible assets due to increase in software associated with a new core IT system and a 56 million yen increase in investments and other assets due to investments in joint venture Grand Ceremo Tokyo Co., Ltd. and guarantee deposits for opening new funeral halls.

As a result, total assets increased 2,381 million yen from the end of the previous fiscal year to 36,229 million yen.

Liabilities

Current liabilities at the end of the current fiscal year were 3,559 million yen, up 532 million yen from the end of the previous fiscal year. This was mainly due to increases of 141 million yen in trade accounts payable and 107 million yen in income taxes payable.

Non-current liabilities were 1,054 million yen, a decrease of 136 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 395 million yen from the end of the previous fiscal year to 4,613 million yen.

Net assets

Net assets were 31,615 million yen at the end of the current fiscal year, up 1,985 million yen from the end of the previous fiscal year. The main factors include a 1,750 million yen increase in retained earnings due to profit attributable to owners of parent of 2,783 million yen, and dividend payments of 450 million yen and purchase of treasury shares in an amount of 387 million yen.

Consequently, the equity ratio declined 0.2 percentage points from the end of the previous fiscal year to 87.3%.

(3) Cash Flows

Cash and cash equivalents at the end of the current fiscal year was 9,179 million yen, up 1,744 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 3,262 million yen (2,991 million yen provided in the previous fiscal year).

Positive factors include profit before income taxes of 4,127 million yen and depreciation of 882 million yen.

Negative factors include an increase in trade receivables of 159 million yen and income taxes paid of 1,407 million yen.

Cash flows from investing activities

Net cash used in investing activities was 594 million yen (1,491 million yen used in the previous fiscal year).

Positive factors include proceeds from sales of fixed assets of 462 million yen due to the sale of the land of the KOEKISHA Takarazuka Funeral Hall. Negative factors include purchase of property, plant and equipment of 780 million yen for construction of new funeral halls and renovation and rebuilding of existing funeral halls, and payments of 220 million yen due to building of a new core IT system.

Cash flows from financing activities

Net cash used in financing activities was 923 million yen (1,103 million yen used in the previous fiscal year).

The main factors include cash dividends paid of 450 million yen and purchase of treasury shares of 387 million yen.

(4) Outlook

The effects of numerous events will have to be closely watched because of the considerable uncertainty about the Japanese economy due to the economies of other countries, inflation, the Ukraine conflict, prices of resources and other factors. In Japan, social and economic activity is returning to normal along with pandemic safety measures as the severity of the pandemic declines. Measures to live with COVID-19 are continuing, such as revisions of the legal status of the pandemic and the end of the requirement to wear masks. Progress concerning a return to normal social and economic activities is expected to continue.

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 will continue to take numerous actions aimed at accomplishing the goals of the current medium-term management plan for the three-year period ending in March 2025. These actions will be accompanied by measures for the safety of customers, business partners, and employees and their families concerning the pandemic.

Our outlook for the fiscal year ending in March 2024 is as follows.

- In the funeral business, we expect to maintain the market shares of existing funeral halls and increase the number of funerals at new locations. We also anticipate no change in average revenue per funeral. Based on this outlook, we forecast an increase in ordinary funeral revenue. The number of funerals for pandemic deaths is expected to be smaller than in the previous fiscal year.
- In the end of life support business, our goal is to increase sales in the customer service businesses of the three funeral companies and in all other categories.
- In accordance with the medium-term management plan, we will hire more people in order to operate new funeral halls and support the larger scale of our operations during the fiscal year ending in March 2024.

We plan to open eight locations during the fiscal year as in the previous fiscal year. Most will use the Ending House brand. The eight new locations are expected to result in up-front expenses of 227 million yen. There will also be up-front expenditures for recruiting activities in order to add the people we need to create the workforce needed for the continuing increase in the number of funeral halls. These activities are expected to raise personnel and recruiting expenses by 620 million yen.

- As a result, we forecast higher revenue but lower earnings in the fiscal year ending in March 2024. However, we expect that operating revenue and operating profit will be higher than the plan for these earnings in the second year of the medium-term management plan, which was announced in May 2022.

Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024 (Results for the fiscal year ended March 31, 2023 are shown in parentheses.)

Operating revenue	22,700 million yen	(21,663 million yen)
Operating profit	3,570 million yen	(3,868 million yen)
Ordinary profit	3,560 million yen	(3,843 million yen)
Profit attributable to owners of parent	2,270 million yen	(2,783 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 2023, shareholders received an interim dividend of 21 yen per share and we plan to pay a year-end dividend of 23 yen per share. This will result in a fiscal year dividend of 44 yen per share and a dividend payout ratio of 16.7%.

For the fiscal year ending in March 2024, based on our dividend policy, we plan to pay interim and year-end dividends of 23 yen per share. This will result in a fiscal year dividend of 46 yen and an expected dividend payout ratio of 21.4%.

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**

	FY3/22 (As of Mar. 31, 2022)	FY3/23 (As of Mar. 31, 2023)
(Millions of yen)		
Assets		
Current assets		
Cash and deposits	7,443	9,192
Trade accounts receivable from contracts with customers	759	919
Merchandise and finished goods	119	122
Raw materials and supplies	29	29
Income taxes refund receivable	-	197
Consumption taxes refund receivable	57	23
Other	308	556
Allowance for doubtful accounts	(2)	(1)
Total current assets	8,715	11,039
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,761	9,840
Machinery, equipment and vehicles, net	37	29
Tools, furniture and fixtures, net	95	106
Land	12,418	12,250
Leased assets, net	315	242
Construction in progress	32	14
Total property, plant and equipment	22,662	22,483
Intangible assets	218	398
Investments and other assets		
Long-term loans receivable	184	166
Deferred tax assets	574	551
Beneficial interests in real estate trust	500	475
Investment securities	-	85
Guarantee deposits	749	794
Other	252	243
Allowance for doubtful accounts	(10)	(9)
Total investments and other assets	2,251	2,308
Total non-current assets	25,132	25,189
Total assets	33,847	36,229

	(Millions of yen)	
	FY3/22	FY3/23
	(As of Mar. 31, 2022)	(As of Mar. 31, 2023)
Liabilities		
Current liabilities		
Trade accounts payable	851	993
Lease liabilities	108	94
Accounts payable - other	617	754
Income taxes payable	558	666
Accrued consumption taxes	225	291
Provision for bonuses	427	520
Provision for bonuses for directors (and other officers)	48	58
Other	190	180
Total current liabilities	3,026	3,559
Non-current liabilities		
Lease liabilities	246	174
Asset retirement obligations	484	512
Provision for employee stock ownership plan trust	39	49
Long-term deposits received	242	253
Long-term accounts payable - other	178	64
Total non-current liabilities	1,191	1,054
Total liabilities	4,217	4,613
Net assets		
Shareholders' equity		
Share capital	2,568	2,568
Capital surplus	5,494	5,488
Retained earnings	23,402	25,153
Treasury shares	(1,835)	(1,594)
Total shareholders' equity	29,629	31,615
Total net assets	29,629	31,615
Total liabilities and net assets	33,847	36,229

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

(Millions of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Operating revenue	20,001	21,663
Operating expenses	15,279	16,325
Operating gross profit	4,721	5,338
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	184	172
Salaries and allowances	340	338
Bonuses	49	67
Provision for bonuses	46	58
Provision for bonuses for directors (and other officers)	48	58
Outsourcing expenses	175	194
Provision of allowance for doubtful accounts	0	0
Advertising expenses	3	6
Depreciation	18	41
Other	477	530
Total selling, general and administrative expenses	1,345	1,470
Operating profit	3,376	3,868
Non-operating income		
Interest income	2	2
Dividend income	0	0
Subsidy income	29	9
Company residencies rent	4	5
Reversal of allowance for doubtful accounts	-	2
Miscellaneous income	14	11
Total non-operating income	51	31
Non-operating expenses		
Interest expenses	0	0
Dismantling removal expense	20	24
Share of loss of entities accounted for using equity method	-	12
Loss on disaster	6	-
Non-deductible consumption tax	1	7
Miscellaneous losses	12	11
Total non-operating expenses	41	56
Ordinary profit	3,386	3,843
Extraordinary income		
Gain on sale of non-current assets	-	292
Other	-	1
Total extraordinary income	-	293
Extraordinary losses		
Loss on retirement of non-current assets	19	6
Impairment losses	193	3
Total extraordinary losses	213	9
Profit before income taxes	3,173	4,127
Income taxes-current	1,236	1,320
Income taxes-deferred	(103)	22
Total income taxes	1,132	1,343
Profit	2,040	2,783
Profit attributable to owners of parent	2,040	2,783

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Profit	2,040	2,783
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	2,040	2,783
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	2,040	2,783
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statement of Changes in Equity

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

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(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	5,494	23,402	(1,835)	29,629	29,629
Changes during period						
Dividends of surplus			(450)		(450)	(450)
Profit attributable to owners of parent			2,783		2,783	2,783
Purchase of treasury shares				(387)	(387)	(387)
Disposal of treasury shares				27	27	27
Gains on disposal of treasury shares		12			12	12
Cancellation of treasury shares		(18)	(582)	600	-	-
Total changes during period	-	(5)	1,750	240	1,985	1,985
Balance at end of period	2,568	5,488	25,153	(1,594)	31,615	31,615

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Cash flows from operating activities		
Profit before income taxes	3,173	4,127
Depreciation	868	882
Impairment losses	193	3
Loss on retirement of property, plant and equipment	19	6
Increase (decrease) in allowance for doubtful accounts	0	(1)
Increase (decrease) in provision for bonuses	(57)	93
Increase (decrease) in provision for bonuses for directors (and other officers)	17	9
Increase (decrease) in provision for employee stock ownership plan trust	11	10
Interest and dividend income	(2)	(2)
Interest expenses	0	0
Loss (gain) on sale of property, plant and equipment	-	(292)
Share of loss (profit) of entities accounted for using equity method	-	12
Decrease (increase) in trade receivables	(285)	(159)
Decrease (increase) in inventories	13	(2)
Increase (decrease) in trade payables	237	141
Increase (decrease) in accrued consumption taxes	4	66
Other, net	(83)	(209)
Subtotal	4,110	4,686
Interest and dividends received	0	0
Interest paid	(0)	(0)
Income taxes paid	(1,119)	(1,407)
Other, net	-	(16)
Net cash provided by (used in) operating activities	2,991	3,262
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,349)	(780)
Proceeds from sale of property, plant and equipment	-	462
Purchase of intangible assets	(149)	(220)
Purchase of investment securities	-	1
Other proceeds	63	12
Other payments	(55)	(69)
Net cash provided by (used in) investing activities	(1,491)	(594)
Cash flows from financing activities		
Repayments of long-term borrowings	(5)	-
Purchase of treasury shares	(599)	(387)
Repayments of finance lease liabilities	(121)	(85)
Dividends paid	(377)	(450)
Net cash provided by (used in) financing activities	(1,103)	(923)
Net increase (decrease) in cash and cash equivalents	396	1,744
Cash and cash equivalents at beginning of period	7,038	7,435
Cash and cash equivalents at end of period	7,435	9,179

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Reclassifications

Consolidated Statement of Income

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

As a result, “Miscellaneous income” of 18 million yen presented under non-operating income in the previous fiscal year’s consolidated statement of income is reclassified and divided into “Rental income from company housing” of 4 million yen and “Miscellaneous income” of 14 million yen.

“Non-deductible consumption taxes,” 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 13 million yen presented under non-operating expenses in the previous fiscal year’s consolidated statement of income is reclassified and divided into “Non-deductible consumption taxes” of 1 million yen and “Miscellaneous loss” of 12 million yen.

Consolidated Statement of Cash Flows

“Decrease (increase) in other assets” and “Increase (decrease) in other liabilities” under the “Net cash provided by operating activities” in the previous fiscal year are summarized as “Other, net” from the current fiscal year from a listing perspective.

To conform to this change, “Decrease (increase) in other assets” and “Increase (decrease) in other liabilities” are reclassified as “Other, net” of (83) million yen under the “Net cash provided by operating activities” in the previous year’s consolidated statement of cash flows.

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”

Beginning with the first quarter of the fiscal year that ended in March 2023, the SAN HOLDINGS Group transitioned from the consolidated taxation system to the group tax sharing system. To implement this change, SAN HOLDINGS used 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. Furthermore, pursuant to Paragraph 32 (1) of PITF No. 42, SAN HOLDINGS assumes that there was no effect of the accounting method change associated with the application of PITF No. 42.

Impact of COVID-19

Three years after the start of the COVID-19 pandemic in the middle of February 2020, social and economic activity in Japan has mostly returned to normal because of numerous measures for living with the pandemic.

The pandemic affected the SAN HOLDINGS Group mainly by reducing the size of funerals due to the smaller number of mourners. During the fiscal year that ended in March 2023, average revenue per funeral started to recover.

The SAN HOLDINGS Group will continue to provide places where people can say farewell to the deceased in a safe environment backed by measures to prevent the spread of COVID-19. Due to recent changes involving the pandemic, we believe the impact of the pandemic in the fiscal year ending in March 2024 will be small in

relation to the impact in the prior three fiscal years. We are using this assumption for accounting estimates concerning the need to recognize the impairment of non-current assets, prospects for recovering deferred tax assets and other items.

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 March 31, 2022, the trust held 134,000 shares of SAN HOLDINGS with a book value of 147 million yen. As of March 31, 2023, the trust held 133,000 shares of SAN HOLDINGS with a book value of 146 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

FY3/22 (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

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(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	14,525	1,337	1,690	-	17,553	-	17,553
Other	3,377	178	141	-	3,697	-	3,697
Revenue from contracts with customers	17,902	1,515	1,831	-	21,250	-	21,250
Other revenue	-	-	-	413	413	-	413
External sales	17,902	1,515	1,831	413	21,663	-	21,663
Inter-segment sales and transfers	31	-	0	5,734	5,766	(5,766)	-
Total	17,934	1,515	1,831	6,147	27,430	(5,766)	21,663
Segment profit	2,442	139	371	2,655	5,609	(1,766)	3,843
Segment assets	6,216	463	1,491	32,753	40,925	(4,696)	36,229
Other items							
Depreciation (Note 3)	186	11	29	656	882	-	882
Interest income	6	0	4	12	22	(19)	2
Interest expenses	9	-	-	10	19	(19)	0
Share (loss) of profit of entities accounted for using equity method	-	-	-	(12)	(12)	-	(12)
Investment in equity-method affiliates	-	-	-	98	98	-	98
Increase in property, plant and equipment and intangible assets	96	10	17	909	1,035	-	1,035

Notes: 1. Contents of adjustments are as follows.

To segment profit (Millions of yen)

	FY3/22	FY3/23
Elimination of amount equivalent to dividends paid to the holding company by consolidated subsidiaries	(1,658)	(1,765)
Adjustment of allowance for doubtful accounts related to the netting elimination of assets and liabilities	1	(1)
Total	(1,656)	(1,766)

To segment assets (Millions of yen)

	FY3/22	FY3/23
Stock of subsidiaries held by the holding company	(2,512)	(2,512)
Adjustment of allowance for doubtful accounts related to the netting elimination of assets and liabilities	834	1,116
Elimination of inter-segment transactions	(3,275)	(3,300)
Total	(4,954)	(4,696)

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

Related information

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.

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

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

FY3/22 (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

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Millions of yen)

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

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

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

Not applicable.

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

Not applicable.

Information related to gain on bargain purchase for each reportable segment

FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)

Not applicable.

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

Not applicable.

Per Share Information

(Yen)

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net assets per share	2,777.16	3,016.92
Net income per share	187.60	263.84

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 134,000 shares as of March 31, 2022 and 133,000 shares as of March 31, 2023 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:

	FY3/22 (Apr. 1, 2021 – Mar. 31, 2022)	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)
Net income per share		
Profit attributable to owners of parent (Millions of yen)	2,040	2,783
Amount not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Millions of yen)	2,040	2,783
Average number of shares outstanding (Shares)	10,875,920	10,549,602
Summary of latent shares not included in the calculation of the diluted net income per share since there was no dilutive effect	-	-

Subsequent Events

Not applicable.

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