

Be a dependable end-of-life partner by moving even closer to
the senior generation and their family members



協ホールディングス株式会社
SAN HOLDINGS

SAN HOLDINGS, INC.

Results of Operations

(Fiscal Year Ended March 31, 2023)

May 2023

Tokyo Stock Exchange, Prime Market
Stock code: 9628

Contents

I	FY3/23 Financial Overview	P 02
II	Funerals and Funeral Revenue at KOEKISHA	P 10
III	SOU-SEN and TARUI Financial Highlights	P 16
IV	FY3/24 Forecasts (Revenue and Earnings/Dividends)	P 19
V	Growth of the Funeral Business Centered on a New Brand	P 24
VI	Growth of the End-of-Life Support Business	P 31
VII	A More Powerful Foundation for Business Operations ...	P 35

FY3/23 Financial Overview

Be a dependable end-of-life partner by moving even closer to
the senior generation and their family members

FY3/23 Results

- | FY3/23 revenue and earnings increased YoY
- | Revenue up mainly because of higher revenue per funeral for ordinary funerals and more large funerals
- ∅ The pct. of small, simple funerals slightly increased in FY3/23 and there was a recovery in revenue per ordinary funeral.
- ∅ The fast upturn in small funerals caused by the pandemic slowed down in the current fiscal year.
- | Expenses increased mainly because of higher utility and fuel expenses, the result of external factors, and of expenses for the following activities at group companies. (*Expenses were controlled as planned.)
- ∅ Expenses for advertising, rent at new funeral halls, personnel (recruiting/larger workforce), and depreciation of software related to a core IT system
- | As a result, there was a double-digit increase in operating profit and the operating margin also improved.
- | The net income profit margin increased due to extraordinary income for the sale of non-current assets (sale of the land of the former Takarazuka funeral hall)

FY3/24 Earnings Forecasts

- | Forecast higher revenue and lower earnings
- ∅ Up-front expenses for adding funeral halls as planned
- ∅ Increases in personnel and recruiting expenses to hire people required for expected growth in the number of funerals
- ∅ The pandemic is no longer a significant risk concerning results of operations

FY3/24 Dividend Forecast

- | Plan to pay interim and year-end dividends of 23 yen per share, a fiscal year dividend of 46 yen (up 2 yen per share: dividend increase for the 8th consecutive year) (Expected dividend payout ratio: 21.4%)

FY3/23 Revenue and Earnings

- Operating revenue increased 8.3% YoY and operating profit increased 14.6%. The operating margin increased 1.0 points to 17.9% because the pct. increase in operating expenses, which are more than 90% of all expenses, was smaller than the increase in revenue.
- Revenue increased due mainly to more large funerals and a recovery in revenue per ordinary funeral as the upturn in small funerals caused by the pandemic became slower.
- In operating expenses, higher direct expenses (more non-family mourners, more company funerals and farewell events), higher personnel expenses, advertising and funeral hall rental expenses for opening, higher recruiting expenses for more employees, and consulting fees for strategic actions.

(Millions of yen)

	FY3/22	FY3/23	YoY change		Initial forecast (Revised on May 12, 2022)	
			%	Amount	Fiscal year	Results vs. Fct.
Operating revenue	20,001	21,663	8.3%	1,662	20,800	104.1%
Operating expenses	15,279	16,325	6.8%	1,046		
SG&A expenses	1,345	1,470	9.3%	124		
Operating profit	3,376	Record high 3,868	14.6%	491	3,400	113.8%
Operating margin	16.9%	17.9%	1.0% pt		16.3%	
Ordinary profit	3,386	Record high 3,843	13.5%	456	3,390	113.4%
Profit attributable to owners of parent	2,040	Record high 2,783	36.4%	743	2,130	130.7%
Net income per share (Yen)	187.60	263.84	40.6%	76.24	199.64	132.2%

Quarterly Revenue and Earnings

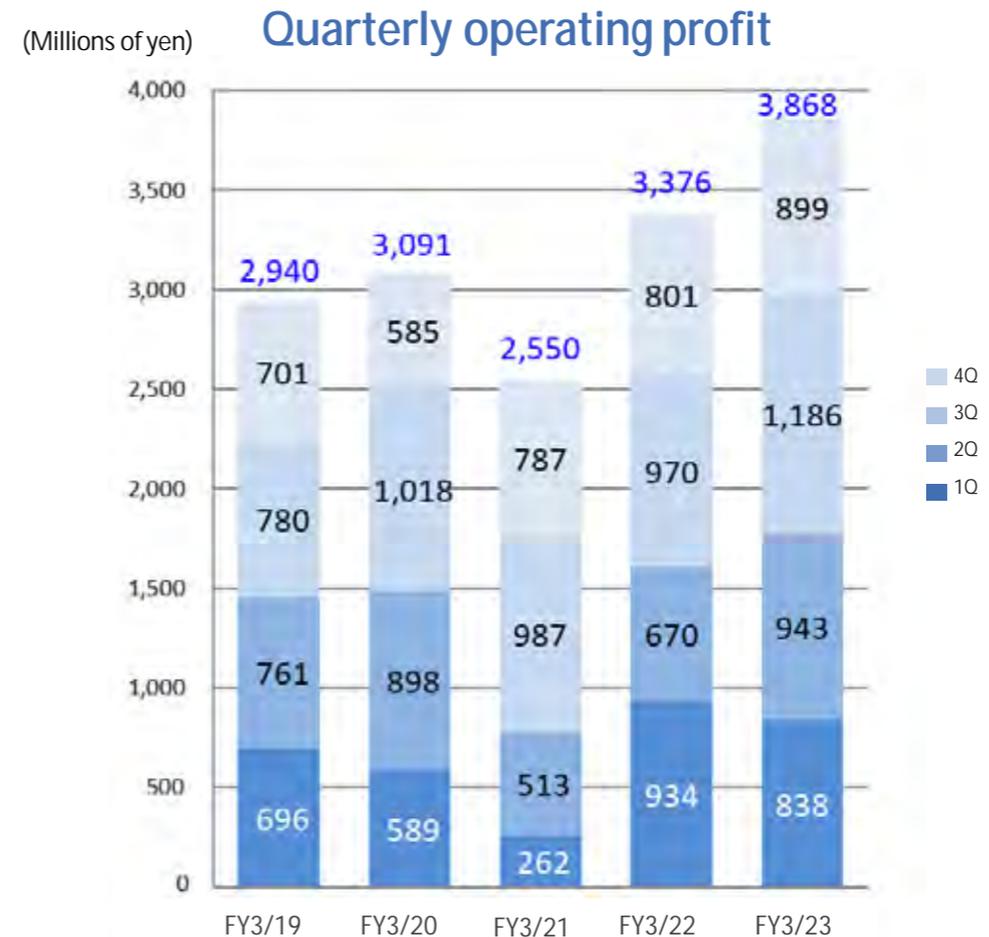
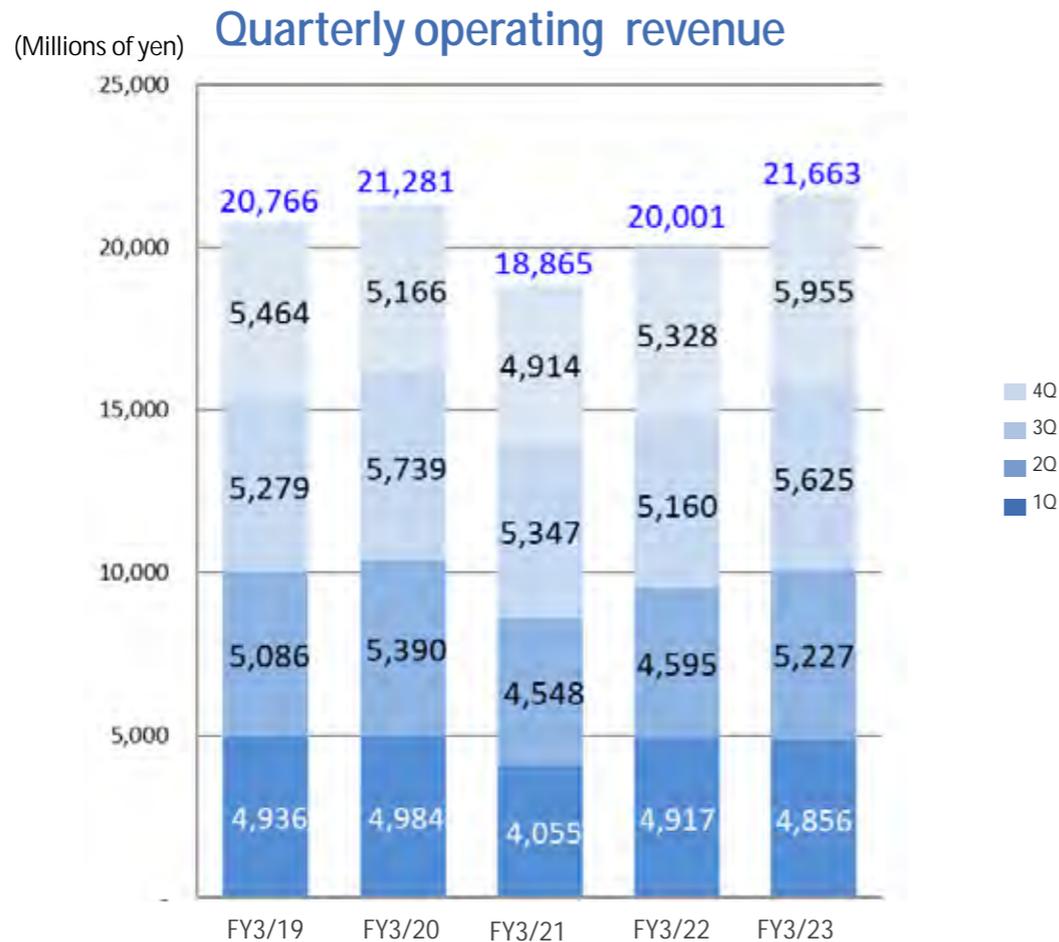
- Revenue and earnings increased YoY in every quarter except the 1Q. Very high growth and operating margin in the 2Q due to a double-digit increase in funerals at the three funeral companies. In the 4Q, operating expenses and SG&A expenses increased.
- The high 4Q profit is the result of the gain on the sale of the land of the former Takarazuka funeral hall.

(Millions of yen)

	1Q	YoY change %	2Q	YoY change %	3Q	YoY change %	4Q	YoY change %
Operating revenue	4,856	-1.2%	5,227	13.7%	5,625	9.0%	5,955	11.8%
Operating expenses	3,667	-0.1%	3,934	9.0%	4,083	5.9%	4,639	12.0%
SG&A expenses	349	12.2%	348	10.6%	355	5.9%	416	8.7%
Operating profit	838	-10.3%	943	40.8%	1,186	22.2%	899	12.2%
Operating margin	17.3%	-1.7%	18.1%	3.5%	21.1%	2.3%	15.1%	0.1%
Ordinary profit	825	-12.1%	937	41.1%	1,173	21.0%	906	11.6%
Profit	526	-13.8%	692	62.0%	715	14.8%	848	124.1%

Quarterly Revenue and Earnings

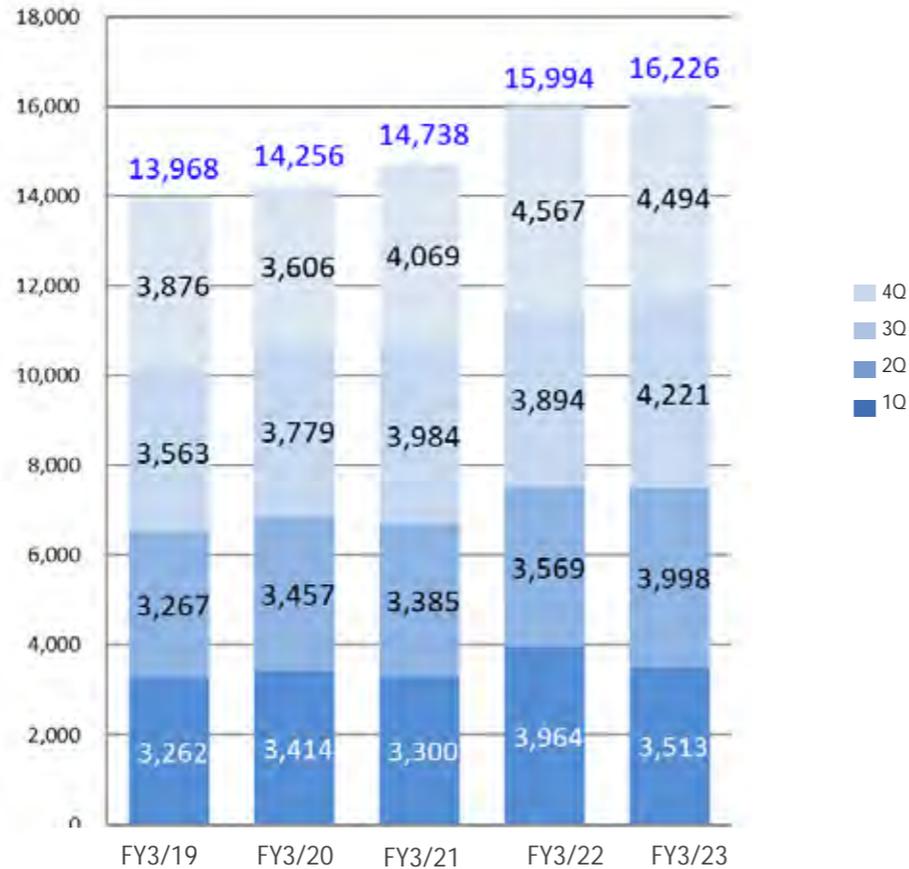
- FY3/23 revenue and operating profit were higher than in FY3/20, which was before the downturn caused by the pandemic.
- After adjusting for the effect of the pandemic in the 4Q of FY3/20, revenue in FY3/23 can be regarded as having recovered to about the same level as prior to the pandemic.
- Operating profit was higher than before the pandemic in FY3/22 and increased even more in FY3/23.



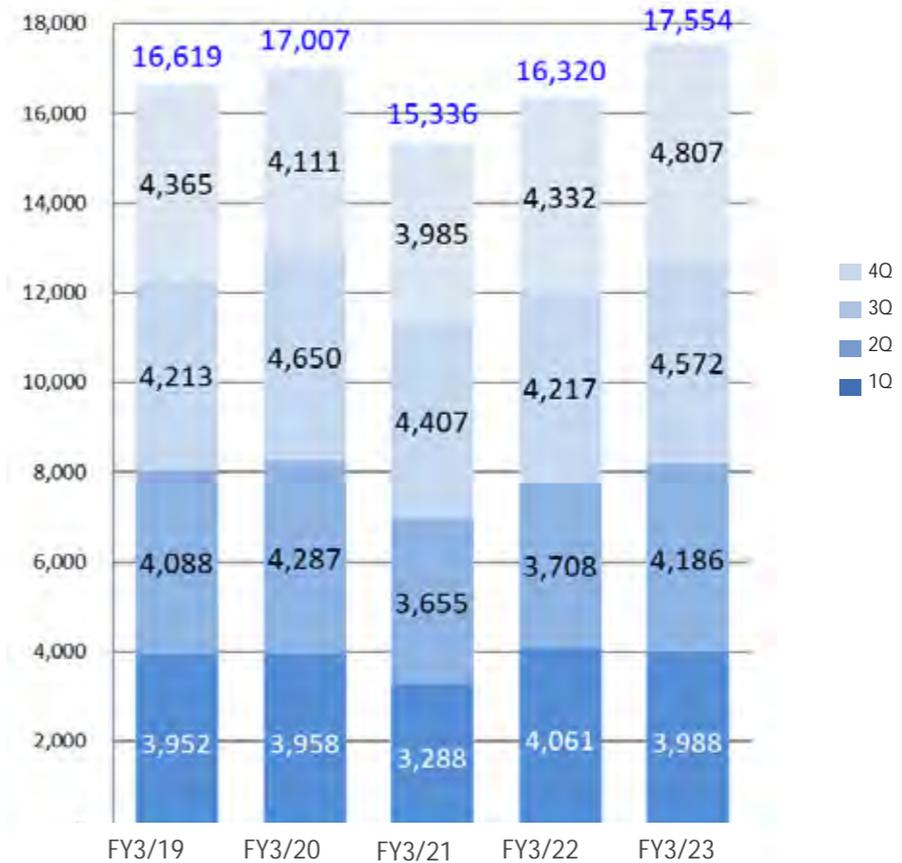
Funerals and Funeral Revenue at Group Companies

- The number of funerals increased during the three years of the pandemic mainly because of new funeral halls, although upturns of COVID cases from time to time affected funeral activity somewhat.
- Funeral revenue was below the pre-pandemic level (FY3/20) during the first and second years of the pandemic but higher in the third year. Revenue growth is attributable to more funerals, including large funerals, and a recovery of average revenue per ordinary funeral.

(Funeral) **Quarterly number of funerals**

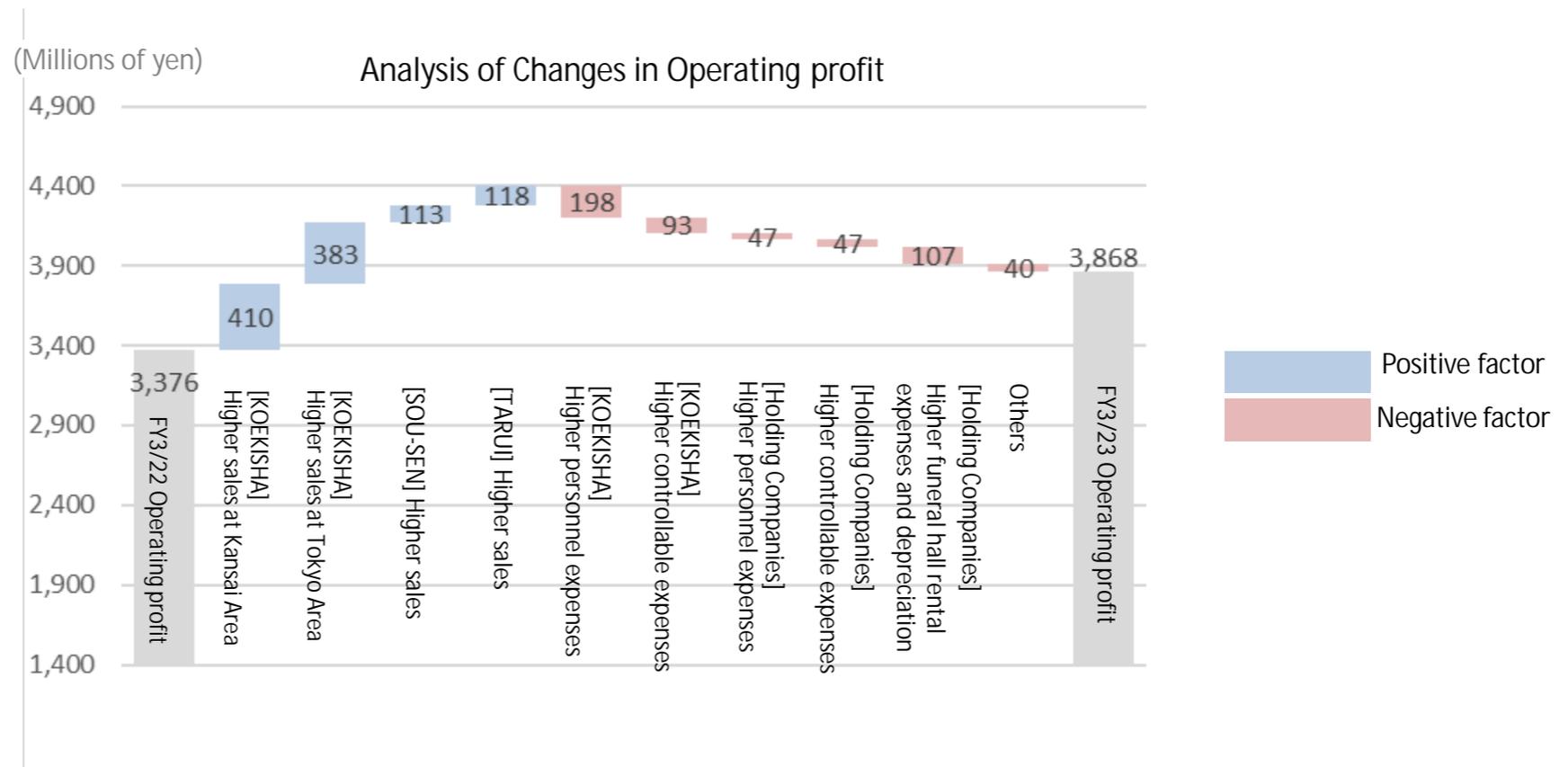


(Millions of yen) **Quarterly funeral revenue**



Analysis of Changes in Operating Profit

Operating profit increased as marginal profit resulting from revenue growth at the three funeral companies more than offset increases in personnel expenses (mainly at KOEKISHA and the holding company), advertising, utility and fuel expenses, and funeral hall rental expenses and software depreciation because of the addition of new funeral halls.



Changes in Assets in the Balance Sheet

Note: Only major accounts are shown.

- Assets increased ¥2.38 billion
- Capital expenditures of ¥833 million for new funeral halls and renovations and depreciation was ¥806 million. Property, plant and equipment decreased ¥178 million due partly to a decrease of ¥168 million in land caused by the sale of the land of the former Takarazuka funeral hall. Intangible assets were up ¥179 million because of additional software for the new core IT system.
- Cash and deposits increased ¥1,749 million despite expenditures for these investments and for distributions to shareholders.
- Net assets increased ¥1,985 million mainly because of a ¥1,750 million increase in retained earnings.

(Millions of yen)

	March 31, 2022	March 31, 2023	Change
Current assets	8,715	11,039	2,323
Cash and deposits	7,443	9,192	1,749
Trade accounts receivable and contract assets	759	919	159
Non-current assets	25,132	25,189	57
Property, plant and equipment	22,662	22,483	-178
Buildings and structures	9,761	9,840	78
Land	12,418	12,250	-168
Intangible assets	218	398	179
Investments and other assets	2,251	2,308	56
Total assets	33,847	36,229	2,381

Reference:

Capital expenditures on PP&E: ¥833 million (FY3/23)

Depreciation expenses of PP&E: ¥806 million (FY3/23)

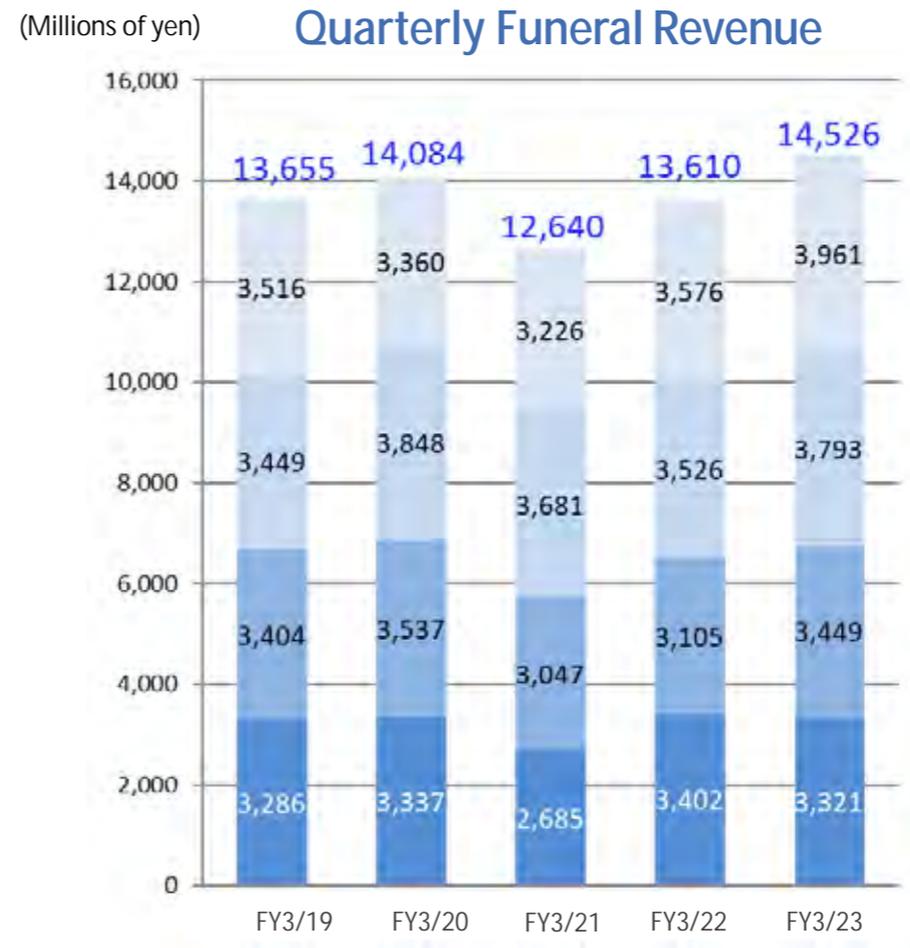
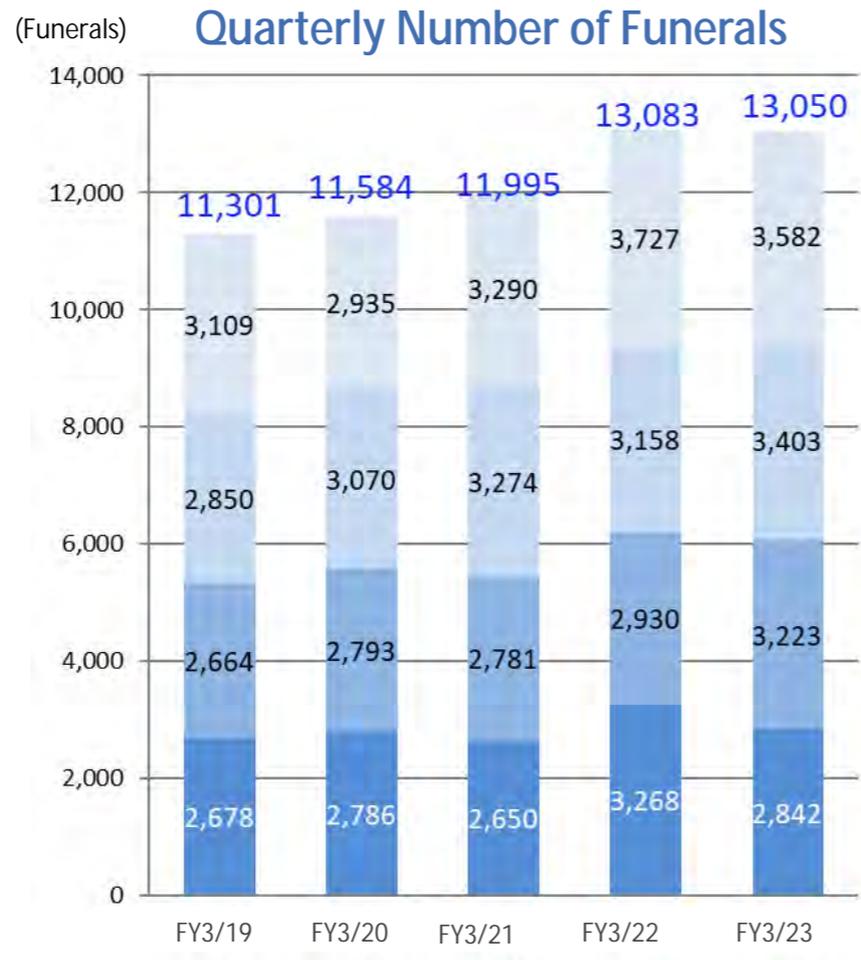
	March 31, 2022	March 31, 2023	Change
Current liabilities	3,026	3,559	532
Trade accounts payable	851	993	141
Income taxes payable	558	666	107
Non-current liabilities	1,191	1,054	-136
Lease obligations	246	174	-72
Long-term accounts payable-other	178	64	-113
Total liabilities	4,217	4,613	395
Shareholders' equity	29,629	31,615	1,985
Retained earnings	23,402	25,153	1,750
Treasury shares	(1,835)	(1,594)	240
Total net assets	29,629	31,615	1,985
Total liabilities and net assets	33,847	36,229	2,381
Equity ratio	87.5%	87.3%	-0.2pt

Funerals and Funeral Revenue at KOEKISHA

Be a dependable end-of-life partner by moving even closer to
the senior generation and their family members

KOEKISHA: Number of Funerals and Revenue

- The number of FY3/23 funerals decreased 0.3% as the decline in 4Q funerals from the FY3/22 4Q when pandemic death funerals increased because of the sixth wave of the pandemic could not be offset by an increase in other funerals.
- Funeral revenue increased 6.7% because of a recovery in average revenue per ordinary funeral and an increase in the number of large funerals.



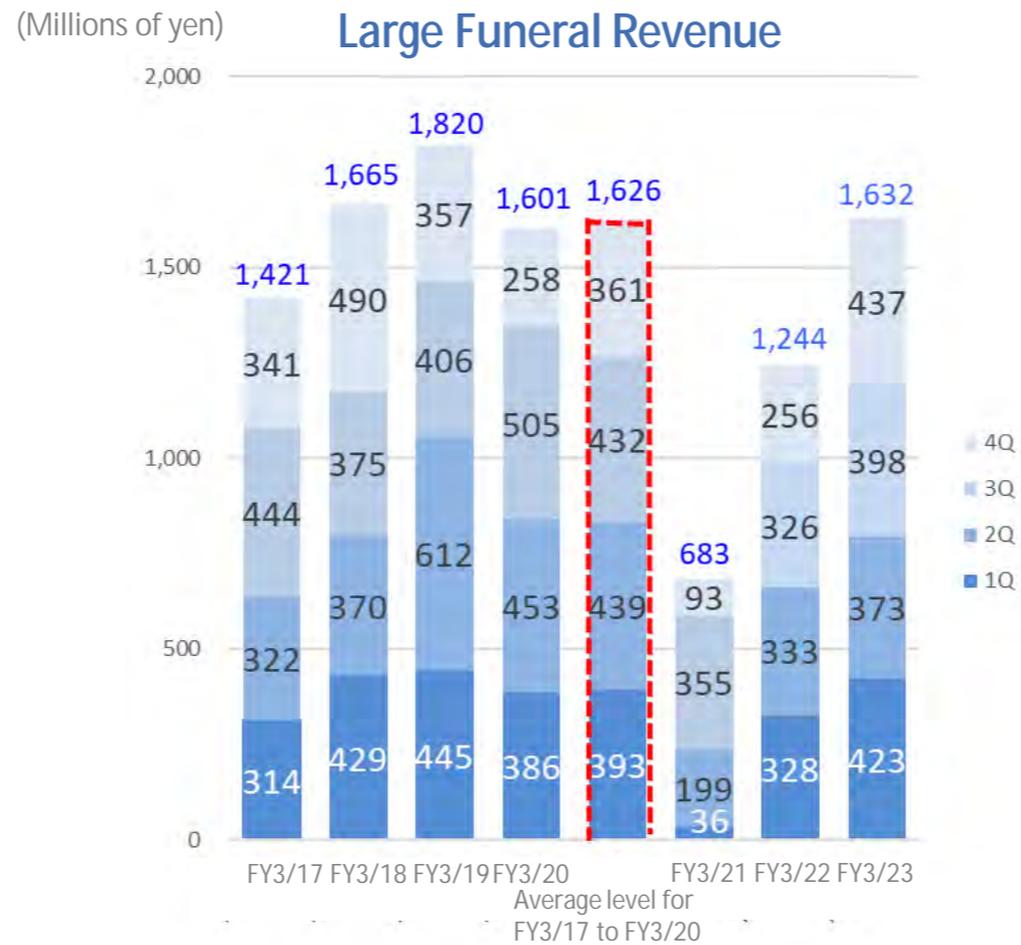
KOEKISHA: Number of Funerals and Revenue

- Large and ordinary funerals both contributed to revenue growth. Big contributions by large funerals in the Tokyo area and by ordinary funerals in the Kansai area.
- The only decrease was ordinary funerals in the Kansai area.
- Funerals and revenue were affected mainly by a decrease in pandemic death funerals, especially compared with FY3/22 4Q when there was a sixth wave of the pandemic. However, this decrease had a much smaller effect on revenue than on the number of funerals.

	Top: Number of funerals Bottom: Revenue (Millions of yen)	Large funerals (More than ¥5 million)	Ordinary funerals	Total
Tokyo area	21	263	251	272
Kansai area	5	125	(310)	(305)
Total	26	388	(59)	(33)

KOEKISHA: Large Funeral Revenue

- In FY3/21, company funerals, farewell events and other large funeral (more than ¥5 million) revenue fell to well under half of the pre-pandemic level. But revenue recovered during the following two years.
- In FY3/23, large funeral revenue was 100.4% of the average for the four years before the pandemic (FY3/17 to FY3/20).



At KOEKISHA, the number of funerals decreased 0.3% but revenue per funeral increased 7.0%.

(Major causes of changes)

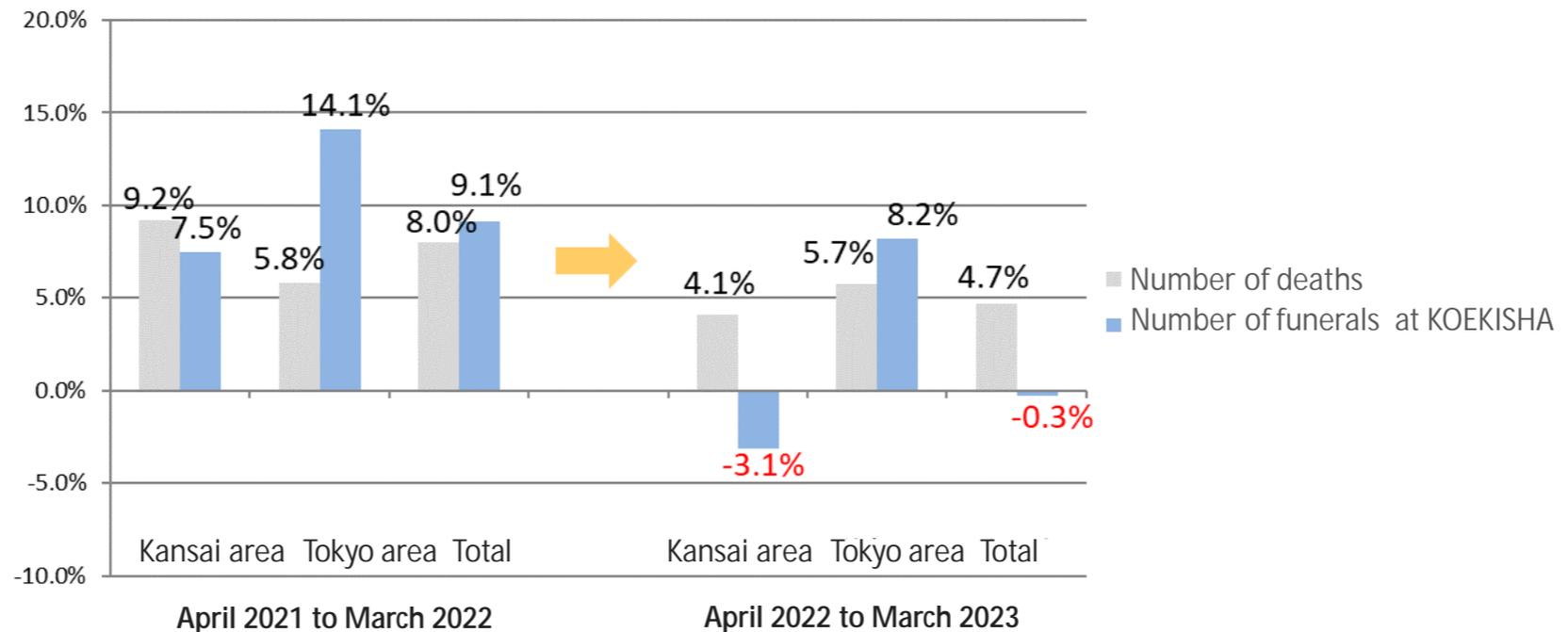
- Revenue per ordinary funerals (broad definition) (less than ¥5 million) increased mainly in the Kansai area.
- The number of large funerals (more than ¥5 million) increased mainly in the Tokyo area.

Top: Number of funerals

Bottom: Revenue (Thousands of yen)

	All			Tokyo Area			Kansai Area		
	FY3/22	FY3/23	Change	FY3/22	FY3/23	Change	FY3/22	FY3/23	Change
KOEKISHA funerals	13,083 1,040	13,050 1,113	-0.3% 7.0%	3,316 1,296	3,588 1,330	8.2% 2.6%	9,767 953	9,462 1,030	-3.1% 8.1%

Market share estimates are based on comparisons of the rate of increases in numbers of deaths and funerals.
 (Kansai area) The market share is decreasing because the number of funerals decreased even though the number of deaths increased. Impact of the opening of more funeral halls by competitors.
 (Tokyo area) More funerals at new and existing locations with the increase exceeding the growth rate of all deaths



Note: In the second half of FY3/22, there were a large number of extra deaths from pandemic or non-pandemic causes in Tokyo, Kanagawa and Osaka prefectures. In the first half of FY3/23, there were a large number of extra deaths as well, but this time due only to the pandemic. (Data compiled by SAN HOLDINGS based on the “Japan Excess and Below Expected Mortality Dashboard” of the National Institute of Infectious Diseases.)

SOU-SEN and TARUI Financial Highlights

Be a dependable end-of-life partner by moving even closer to
the senior generation and their family members

- The number of funerals increased in all three major markets: Tottori, Yonago and Matsue. One reason was three new funeral halls in the Yonago area (Hino, Kaike and Yonehara) and one in the Matsue area (Higashiasahi-machi).
- Revenue per funeral increased due to the larger number of mourners.
- Revenue growth of about 10% YoY offset higher personnel expenses and controllable expenses, resulting in much higher earnings and a big increase in the operating margin.

	FY3/22	FY3/23	Change	YoY
Number of funerals	1,431	1,589	158	11.0%
Average price of funerals (Thousands of yen)	823	841	18	2.2%
Operating revenue (Millions of yen)	1,367	1,515	148	10.9%
Operating profit (Millions of yen)	129	201	72	55.8%

Notes: 1. Revenue and operating profit are based on segment information.
 2. Operating profit is before the allocation of parent company expenses.

- The number of funerals increased at existing locations as well as at the new Shioya funeral hall. Although the number of small funerals increased, average revenue per funeral was higher because of more large funerals.
- Revenue growth of 10% YoY offset higher personnel and controllable expenses. There was also a reduction in fixed expenses. The result was an increase in earnings and a further improvement in the operating margin.

	FY3/22	FY3/23	Change	YoY
Number of funerals	1,446	1,587	141	9.8%
Average price of funerals (Thousands of yen)	1,057	1,065	7	0.7%
Operating revenue (Millions of yen)	1,648	1,831	182	11.1%
Operating profit (Millions of yen)	369	434	65	17.6%

Notes: 1. Revenue and operating profit are based on segment information.
 2. Operating profit is before the allocation of parent company expenses.

FY3/24 Forecasts (Revenue and Earnings/Dividends)

Be a dependable end-of-life partner by moving even closer to
the senior generation and their family members

FY3/24

- Forecast higher revenue and lower earnings, but the revenue and operating profit forecasts are both higher than the plan for the second year of the current medium-term plan that was announced in May 2022.

(Reasons)

- Up-front expenses of ¥230 million for opening eight funeral halls
- Increase of ¥620 million in personnel and recruiting expenses to hire people required for expected growth in the number of funerals
- One-time contribution to FY3/23 earnings of the ¥287 million gain on the sale of the land of the former Takarazuka funeral hall

(Millions of yen)

	(1) FY3/24 Forecast	YoY change		(2) FY3/24 1H Forecast	YoY change		FY3/24 2H Forecast (1)-(2)	YoY change	
		%	Amount		%	Amount		%	Amount
Operating revenue	22,700	4.8%	1,036	10,600	5.1%	516	12,100	4.5%	519
Operating profit	3,570	-7.7%	-298	1,470	-17.5%	-312	2,100	0.7%	14
Operating margin	15.7%	-2.1% pt		13.9%	-3.8% pt		17.4%	-0.7% pt	
Ordinary profit	3,560	-7.4%	-283	1,450	-17.8%	-313	2,110	1.4%	29
Profit	2,270	-18.4%	-513	920	-24.5%	-298	1,350	-13.7%	-214

The revenue and earnings forecasts are based on the following assumptions.

Overall

Based on the medium-term plan, there will be activities for growth of the funeral business, growth of the end-of-life support business, a more powerful foundation for business operations and improving the quality of services. There will also be many recruiting activities to hire the people needed to accomplish these goals. As a result, the assumption is that revenue and earnings will be higher than the second-year goals of the medium-term plan.

Operating revenue

- For ordinary funerals, the forecast assumes no change in the market share of existing funeral halls based on the number of funerals but a larger number of funerals as the number of deaths increases. Also includes the expected increase in revenue from eight new funeral halls.
- We expect a smaller number of pandemic death funerals than in FY3/23.
- We expect that revenue per ordinary funeral will stay the same.
- There will be measures to increase the number of large funerals (more than ¥5 million) but we do not expect higher revenue from these funerals.
- Forecast growth in revenue from sales of products and services associated with funerals.

Operating expenses

- Direct expense: We expect the direct expense ratio to continue to improve mainly because of higher productivity and replacements of selected products. The forecast includes the effect of higher prices of items we purchase but we plan to remain profitable by raising some prices to pass on higher expenses.

(continued on next page)

Operating expenses (continued)

- Personnel expenses: Based on a workforce plan incorporating the benefits of higher productivity, we plan to hire many people to build a stronger workforce to support expansion to more areas of Japan by adding funeral halls. This is expected to increase personnel expenses and temporarily raise these expenses as a pct. of revenue.
- Controllable expenses: The forecast includes higher operating expenses caused by new funeral halls and the effects of high prices of resources and energy on utility and fuel expenses. The forecast also includes necessary recruiting expenses as well as expenses for planned funeral hall renovations. We expect higher advertising and other strategic expenses but will hold down other controllable expenses.
- Fixed expenses: Increase will be limited primarily to expenses at new funeral halls.

SG&A expenses

The forecast includes an increase in personnel and recruiting expenses due to larger workforce, as well as an increase in depreciation expenses due to the startup of the core IT system (in FY3/23).

Plan for investments

Planning on investments of ¥1,490 million funeral halls (mainly Ending Haus, which are locations designed for family funerals) and IT systems and equipment.

Investments: New funeral halls ¥620 million; renovations and relocations ¥390 million;
IT systems and equipment ¥470 million

FY3/24

- Plan to pay interim and year-end dividends of 23 yen per share, a fiscal year dividend of 46 yen, up 2 yen per share. (8th consecutive year of dividend increase)
- The expected dividend payout ratio is 21.4%.

(Yen)	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	(Forecast) FY3/24
Annual dividend	57.00	-	33.00	38.00	44.00	46.00
Interim	27.00	30.00	16.00	17.00	21.00	23.00
Year-end	30.00	16.00	17.00	21.00	23.00	23.00
Payout ratio (consolidated)	15.2%	18.8%	23.7%	20.3%	16.7%	21.4%

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

Growth of the Funeral Business Centered on a New Brand

Be a dependable end-of-life partner by moving even closer to
the senior generation and their family members

Reasons for Adding a New Funeral Business Brand

External environment	
Market	Competitive landscape
<p><u>Increasing number of deaths</u> The funeral market in Japan is likely to remain large for the foreseeable future.</p> <p><u>Diversification of consumers' needs</u></p> <ul style="list-style-type: none"> More farewell events centered on families Increasing diversity in the formats of funerals <p><u>Changing values of customers</u> Customers' values are shifting from traditional and formal funerals to small and simple events.</p>	<p><u>More locations of competitors</u></p> <ul style="list-style-type: none"> Faster increase in the number of funeral halls by using M&A and the dominant presence strategy Competition is increasing in the market for small funerals, mainly family funerals Emergence of a business to match people's needs with the right funeral service providers

SAN HOLDINGS Group Management Policy

- **The New 10-Year Vision**
To be a source of services that satisfy a broad spectrum of customers, we will expand our operations from the Kansai/Tokyo/San-in areas to all areas of Japan.
- **Medium-term Plan (Key Goal: Growth of the funeral business)**
Speed up the expansion of the funeral hall network, mainly by using a new funeral services brand, to cover more areas of Japan and serve more customers.

Inexpensive funerals handled by professionals

ENDING HAUS.



- A brand solely for family funerals with high-quality services and reasonable prices
 - A low-cost, low-investment business model

Plans for the Funeral Business Centered on the New Ending Haus brand

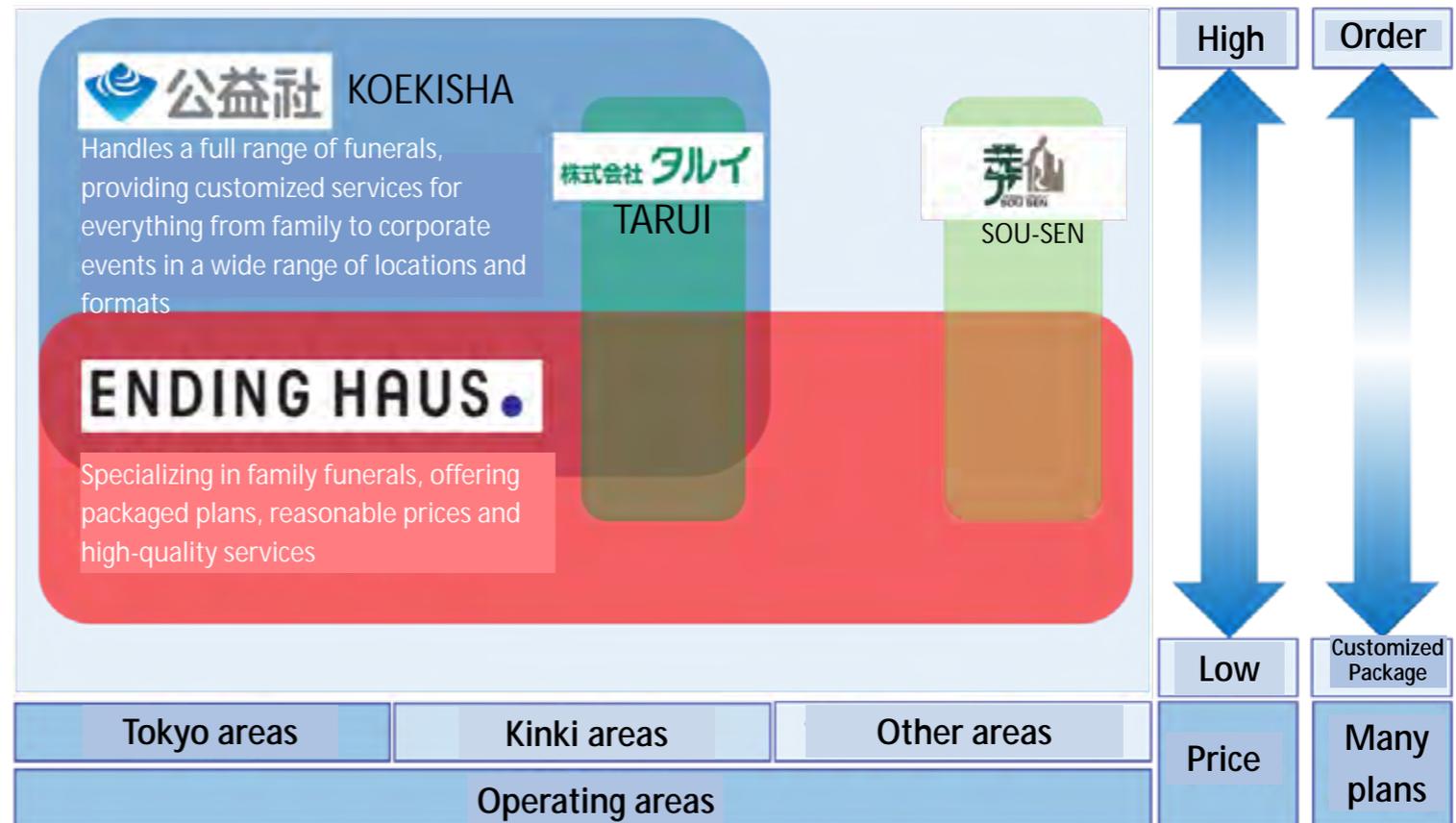
Operating areas

- Initially, Ending Haus locations will be opened in the Tokyo area and Kansai area, which is where KOEKISHA operates.
- ⓐ **The plan is to slowly expand Ending Haus operations to large cities in all areas of Japan.**
- Ending Haus locations will be in areas that do not take business away from current KOEKISHA funeral halls.
- M&A and business alliances may be used for opening Ending Haus locations.

A low-cost business model requiring small investments

- Small funeral halls (investment of ¥40-¥70 million)
- ⓐ **Quickly open new locations to build a large network of Ending Haus funeral halls.**
- Simple funeral service plans
- ⓐ **Makes low-cost operations possible**

Positioning of SAN HOLDINGS Group Brands



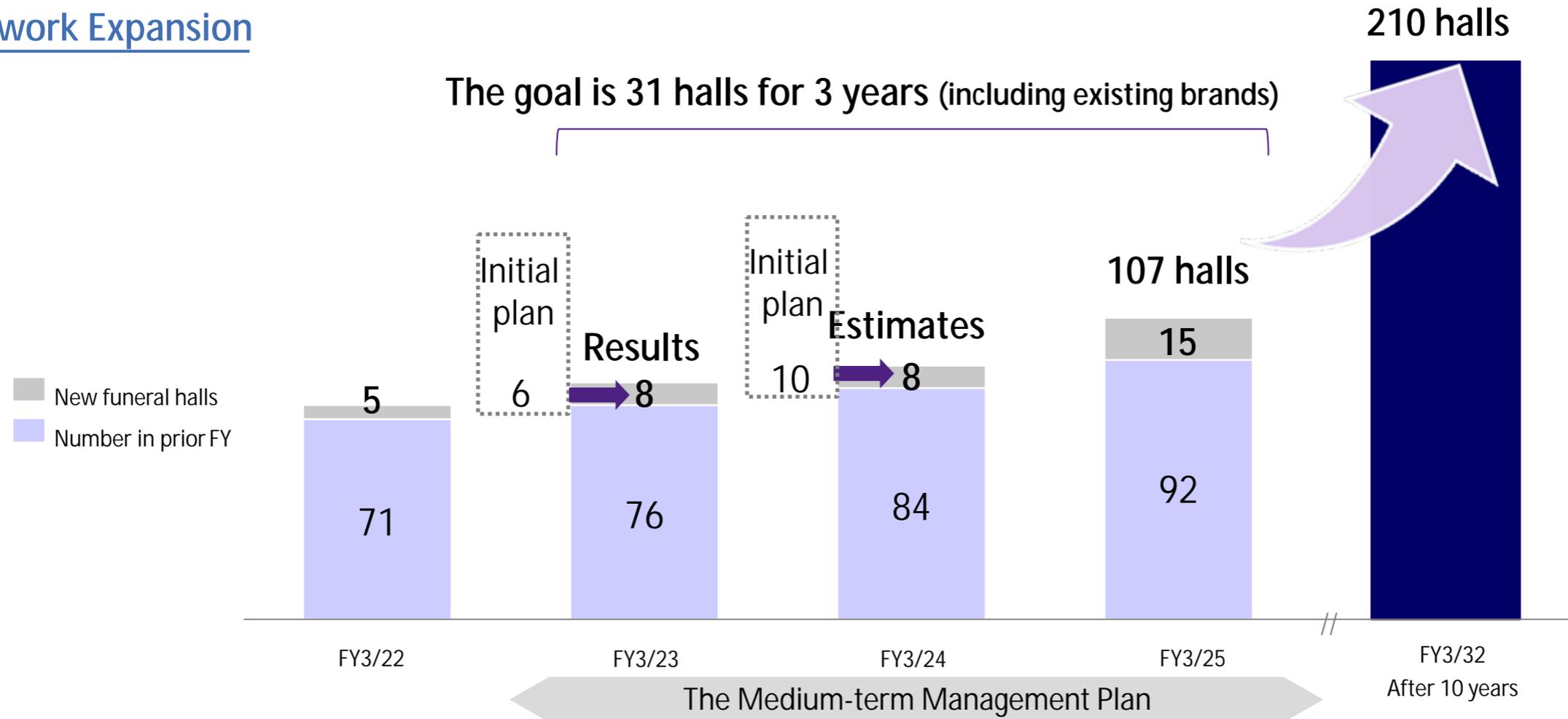
*A new funeral hall using an existing brand costs between ¥100 million and ¥250 million.

*The quality of services is equally high for all brands.

Funeral Hall Opening Plan Centered on the New Ending Haus brand

In FY3/23, the plan was to open six funeral halls but eight locations were added. Four of the new funeral halls use the new Ending Haus brand.
(2 halls in Tokyo area: Shinkoiwa, Higashiyotsugi; 2 halls in Kinki area: Osaka tsurumi, Daito)

Network Expansion



New Locations in FY3/23

Existing brands



KOEKISHA Hirano Hall
(Hirano-ku, Osaka)
opened on September 25, 2022



TARUI Funeral Hall in Shioya
(Tarumi-ku, Kobe)
opened on December 17, 2022



Yonehara Hall of SOU-SEN
(Yonago, Tottori)
opened on December 9, 2022



KOEKISHA Kyodo Hall
(Setagaya-ku, Tokyo)
opened on March 18, 2023

New brand



ENDING HAUS Higashiyotsugi
(Katsushika-ku, Tokyo)
opened March 28, 2023



ENDING HAUS Osaka tsurumi
(Tsurumi-ku, Osaka)
opened March 28, 2023



ENDING HAUS Shinkoiwa
(Katsushika-ku, Tokyo)
opened March 28, 2023



ENDING HAUS Daito
(Daito, Osaka)
opened March 28, 2023

Opened 8 funeral halls in FY3/23 à 84 SAN HOLDINGS group funeral halls as of March 2023
(KOEKISHA: 18 in Tokyo area, 40 in Kansai area/ SOUSEN: 14/ TARUI: 12)

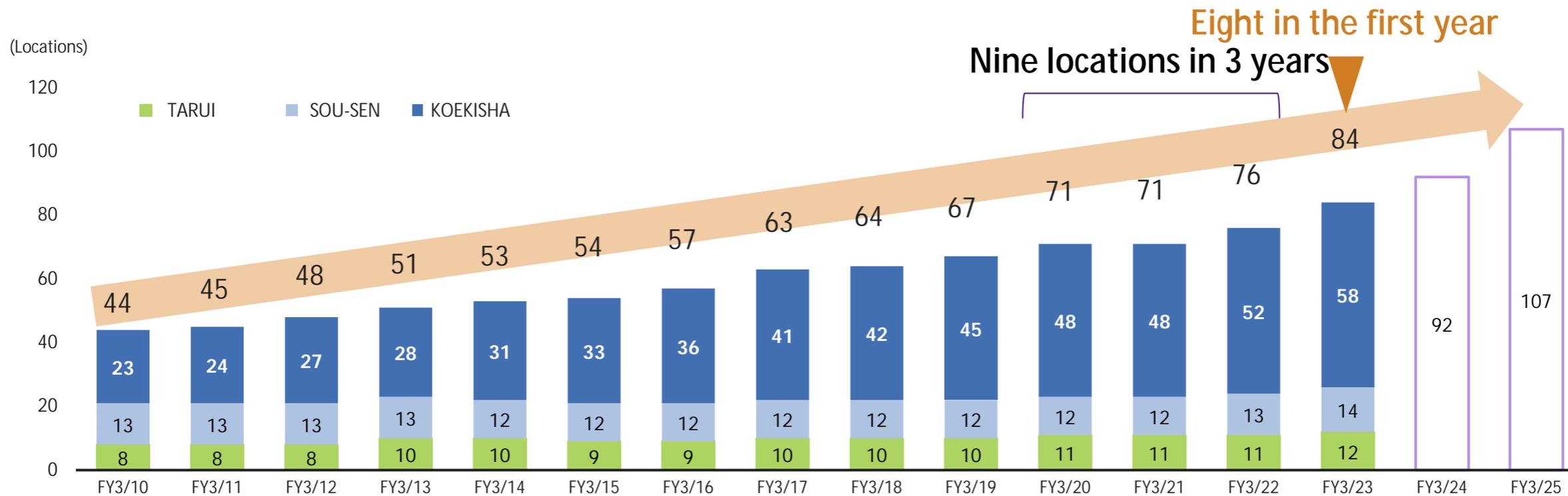
Faster Pace of Funeral Hall Openings Mainly by Using the Ending Haus brand

Nine locations were added during the previous medium-term plan (3 years)

Plan to add 31 locations during the current medium-term plan (FY3/23-FY3/25)

The goal is 31 new locations for 3 years

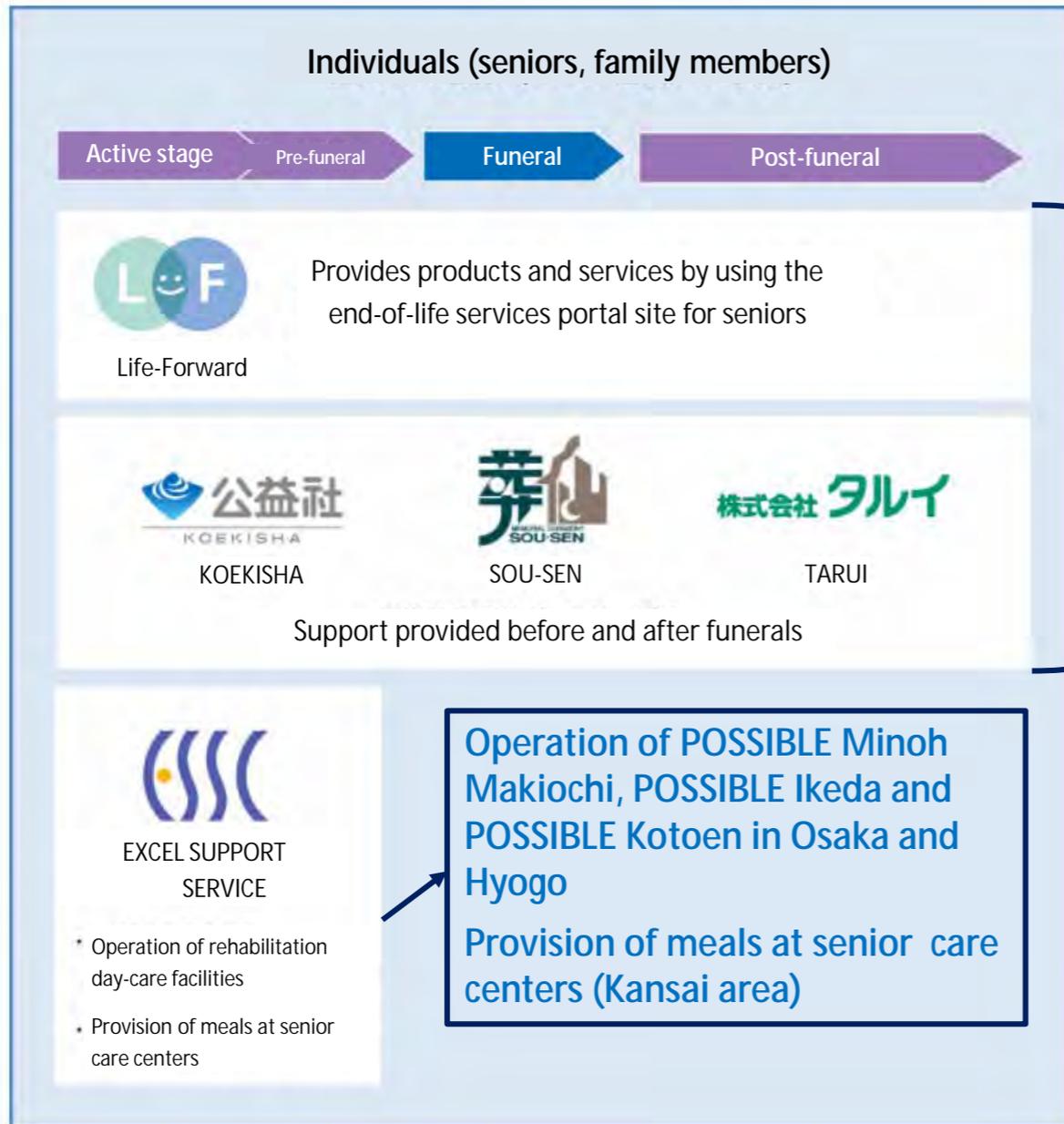
SAN HOLDINGS Group Funeral Halls



Growth of the End-of-Life Support Business

Be a dependable end-of-life partner by moving even closer to
the senior generation and their family members

Services of the End-of-Life Support Business



Minna-ga-eranda-shukatsu (end-of-life services for everyone) end-of-life services portal site



Services	Funerals Ceremonies
Sales	Graves Simple memorial service Household altars Insurance
Support	Inheritance procedures Belongings
Introduction	Renovation Home security systems Fee-based nursing homes
End-of-life services for seniors living alone	

Growth of the End-of-Life Support Business

- n Enlarge in the Minna-ga-eranda-shukatsu (end-of-life services for everyone) end-of-life services portal site for seniors and cover more areas of Japan.

à Nationwide operations (March 2023-)



- n Larger lineup of products and services

à Started a real estate brokerage service in April 2023

*Service started in the Kansai area, operated by the Real Estate Support Department of the Customer Service Division at the Osaka head office



- n Growth of the day care business specializing in rehabilitation

à The number of users is increasing at the three locations of this business.

Acquiring expertise about the operation of these facilities and plan to use this knowledge for the growth of this business

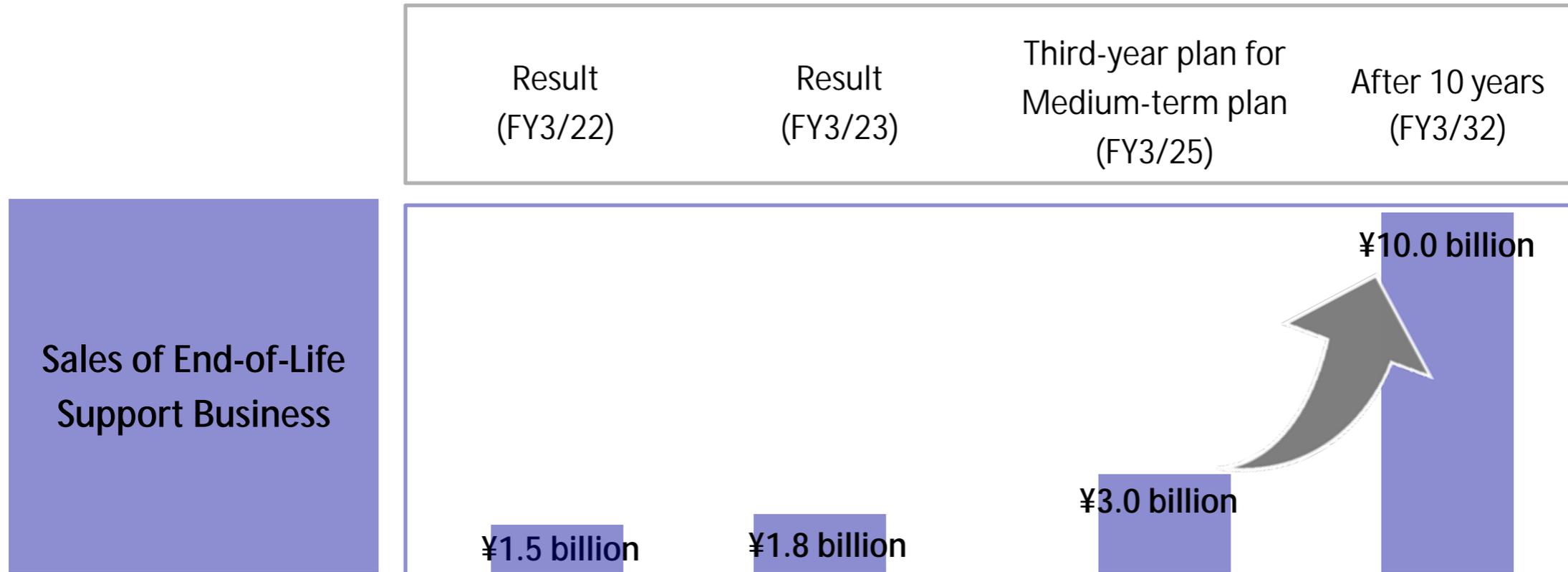


- n Growth of senior care facility foodservice operations

à Increasing the number of foodservice contracts

(One contract was added in FY3/23, raising to seven the number of facilities where we provide meals.)

End-of-Life Support Business Sales and Sales Growth Plan



A More Powerful Foundation for Business Operations

Be a dependable end-of-life partner by moving even closer to
the senior generation and their family members

Social

Grief care services that meet high standards	<ul style="list-style-type: none">• Hidamari Club meetings for grief care are a place where family members can receive support from many sources following a funeral. The club started in 2003 and now has more than 1,000 members.
Embalming	<ul style="list-style-type: none">• Embalming can often return the appearance of the deceased to an almost life-like state to facilitate a better experience for saying farewell.• Embalming was performed for many pandemic deaths (Started in the city of Osaka on November 10, 2022/Plan to expand this service to other areas)
On-site services for natural disasters	<ul style="list-style-type: none">• Some employees, including embalmers, are qualified as reserve military personnel who are called for assistance following a natural disaster. These individuals help transport people who died during the disaster and provide other assistance.
International transport	<ul style="list-style-type: none">• Assistance for dealing with the complex procedures required for the international transport of the deceased<ul style="list-style-type: none">(1) Transport of the deceased from another country to Japan(2) Transport of the deceased from Japan to another country

A More Powerful Foundation for Business Operations

ESG Management (2)/2

37

n **TCFD compliance:** Statement of support submitted in October 2022

Environment

n **Use of environmentally responsible products:** Started selling a new eco-coffin in November 2022

Expanding the environmental product lineup

Requires less energy to burn during cremation than a conventional wood coffin does. Furthermore, emissions of harmful gases are reduced because there are no metal fixtures.

n **Use of recyclable materials and packaging:** Paper bags, envelopes and other items use recyclable materials
Started in August 2022

n **Reduction of GHG emissions:**

l Use of hybrid hearses and transport vehicles; goal is about 80% share in 2024 vs. 30% in 2021

l Increasing use of embalming is lowering the use of dry ice

n **Energy conservation:** Installation of solar panels at two funeral halls

Installation of LED lights when building new funeral halls and renovating existing locations: 15 funeral halls

Governance

n **Compliance with internal controls:** Internal audits, compliance training programs

n **Establish an effective risk management system:** Risk management activities all year based on a FY action plan

Summary of “Notice of Treasury Stock Policy and Retirement of Treasury Stock” (February 13, 2023)

Policy for holding treasury stock

Distributing earnings to shareholders is one of our highest priorities. We will continue to consider and implement the repurchase and retirement of stock while taking steps to increase financial soundness and maintain sufficient retained earnings.

Repurchased stock will be held as treasury stock for use in the future for M&A deals and other measures. The guideline for treasury stock holdings is about 10% of all shares issued. As a rule, treasury stock holdings above 10% will be retired.

n Repurchase of stock in FY3/23

Repurchased 193,500 shares for ¥349 million between May 13 and October 18, 2022 (announced on October 19, 2022)

Plan to repurchase up to 195,000 shares for up to ¥350 million between February 14 and July 31, 2023 (announced on February 13, 2023)

n Retirement of treasury stock in FY3/23

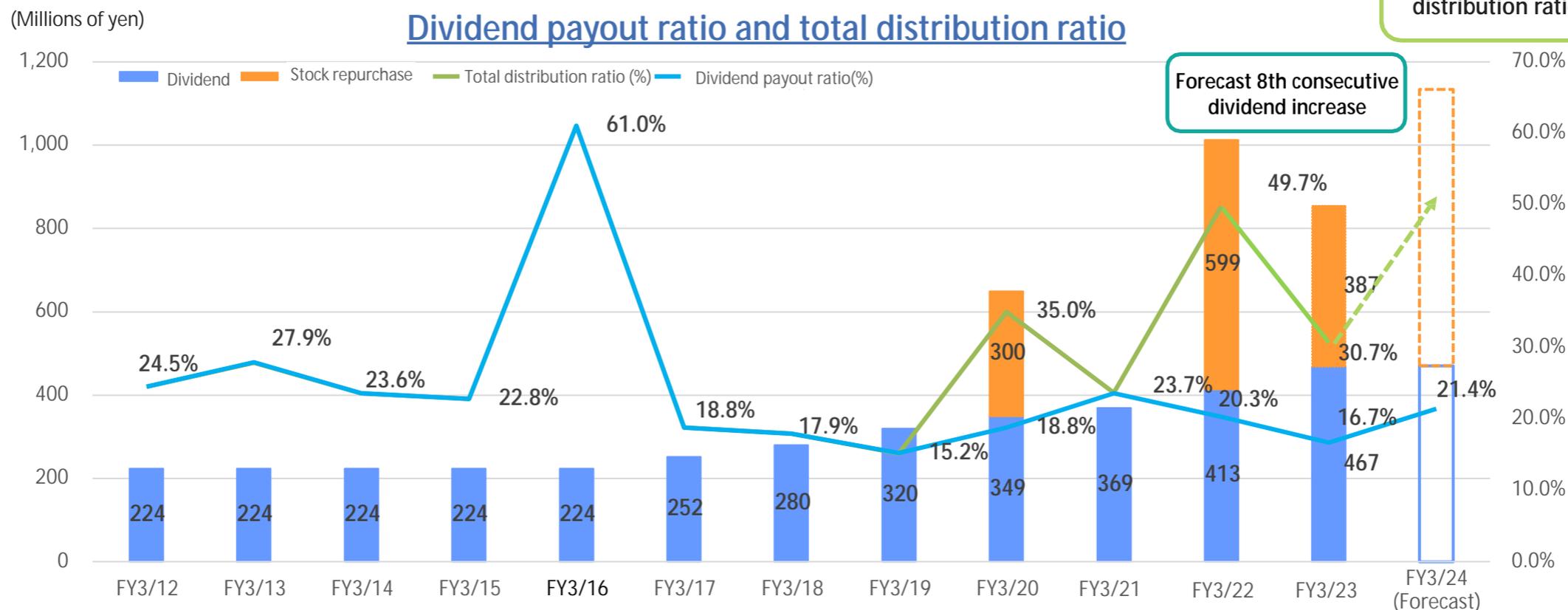
Retired 464,016 shares (3.81 % of total shares outstanding prior to the retirement) on February 28, 2023 (announced on February 13, 2023)

Increase distributions to shareholders based on dividend stability

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

Furthermore, we will consider repurchasing stock while taking into account the capital capacity, stock price and other applicable factors.

Plan to increase the total shareholder distribution ratio



DPS	¥20.0	¥20.0	¥20.0	¥20.0	¥20.0	¥22.5	¥25.0	¥28.5	¥31.0	¥33.0	¥38.0	¥44.0	¥46.0
-----	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

Dividend payout ratio	24.5%	27.9%	23.6%	22.8%	61.0%	18.8%	17.9%	15.2%	18.8%	23.7%	20.3%	16.7%	21.4%
-----------------------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

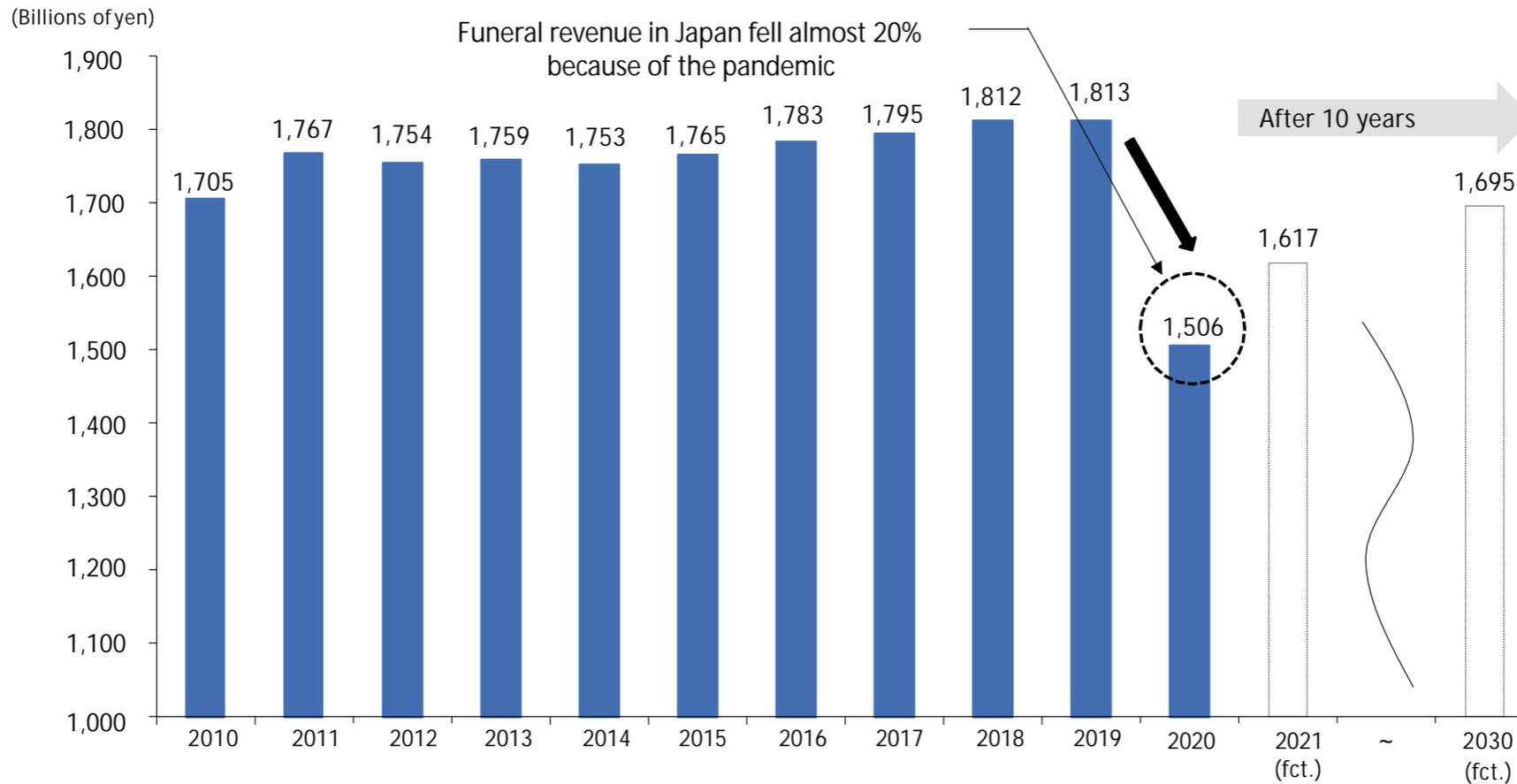
Reference Materials

Be a dependable end-of-life partner by moving even closer to
the senior generation and their family members

Market Size in the Funeral Business

n No prospects for significant growth of Japan's funeral market, but the market is expected to remain relatively steady.

- Revenue per funeral is declining because of smaller funerals and the pandemic
- The number of deaths in Japan will continue to increase



Source: The Funeral Business Today and Outlook, Yano Research Institute Ltd. (2021 edition)

*Funeral revenue is calculated by multiplying average revenue per funeral (including beverages and courtesy gifts) by the number of funerals (95% of deaths).

*Excludes temple/shrine expenses, cremation, household altars and gravestones

n Dramatic shifts in the nature of the funeral market resulting from changes in people's values and preferences and the increasing speed of the growth of online services.

Changes in values	Changes in preferences	Increasing speed of online sector
Diversifying styles for funerals and memorial services because of changes in society and values	Shift from traditional, formal funerals to small and simple ceremonies	Online/digital sales and marketing activities are needed as customers use the internet to look for information

New funeral formats

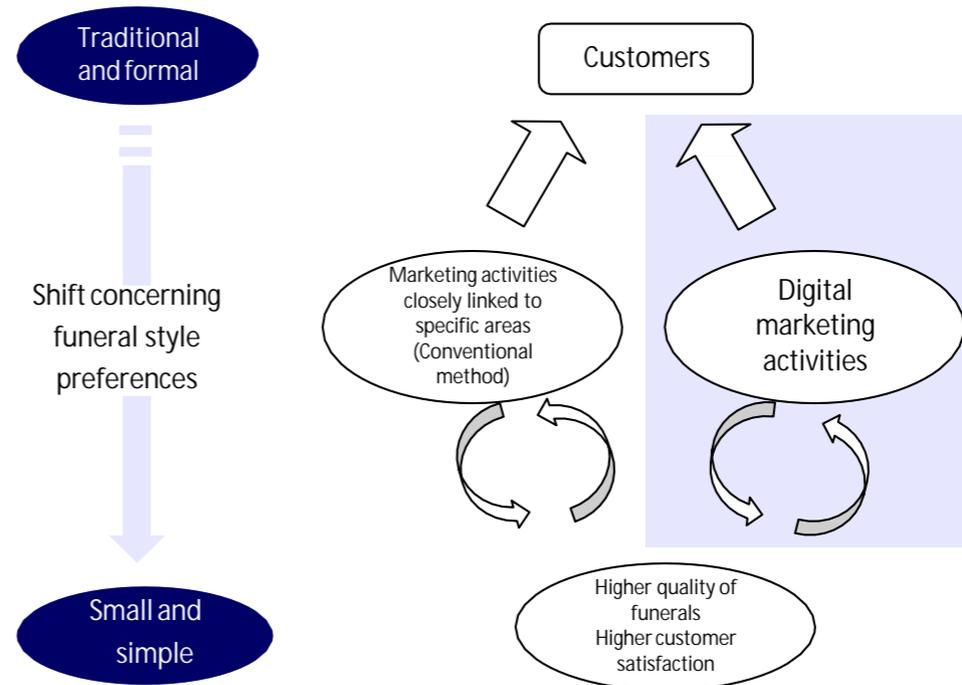
n Increasingly diverse views of the role of funerals because of changes in values involving household composition/relationships among relatives and religious ceremonies

- Ø Direct cremation; simple cremation ceremony
- Ø Same-day cremation
- Ø Non-religious funerals, etc.

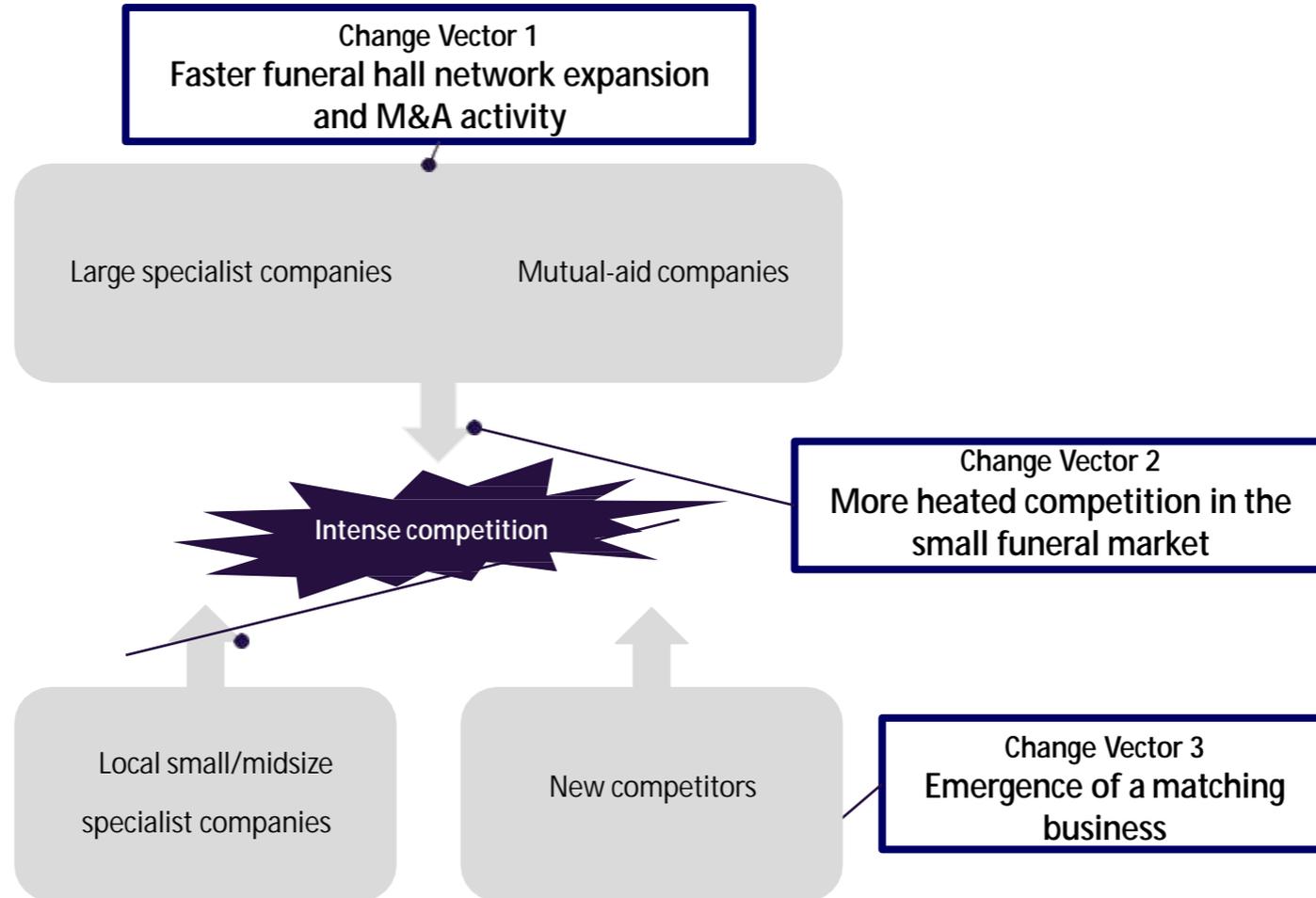
New memorial service formats

n Aging population/fewer children make grave maintenance difficult and alter values; new views of memorial services will be increasing

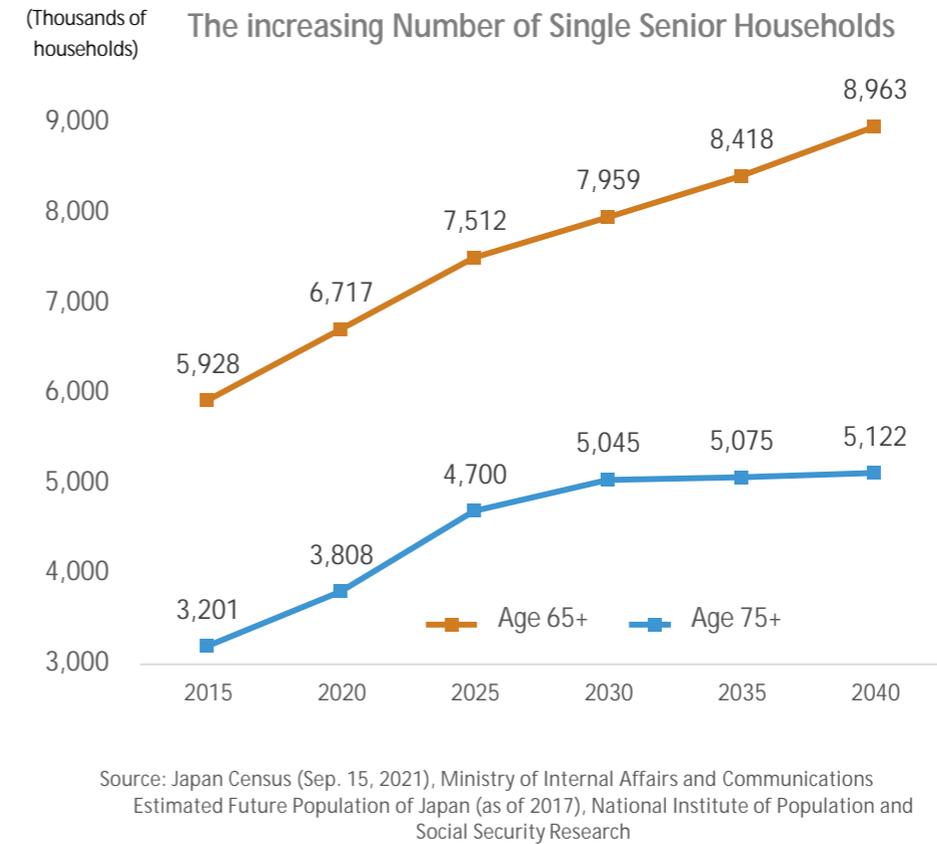
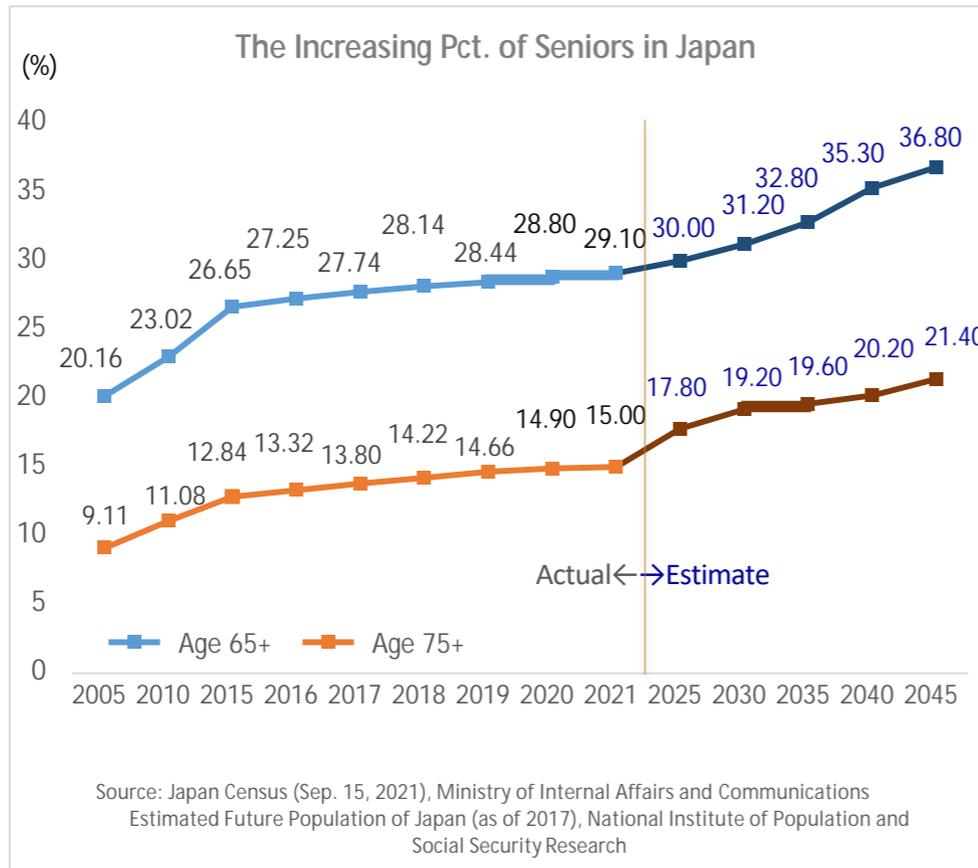
- Ø Perpetual memorial service/Simple memorial service/Crypt
- Ø Tree ash scattering/Scattering of ashes in space/Balloon ash scattering/Other formats



Qualitative changes are significantly altering the competitive dynamics of Japan's funeral market.



- n Japan's population of seniors is increasing steadily
 - Growth of the senior market will be fueled by the increasing number of seniors and the diversification of seniors' life styles.
- n Household size is falling as nuclear families increase; more seniors living alone
 - The demand among seniors for support services is expected to grow.

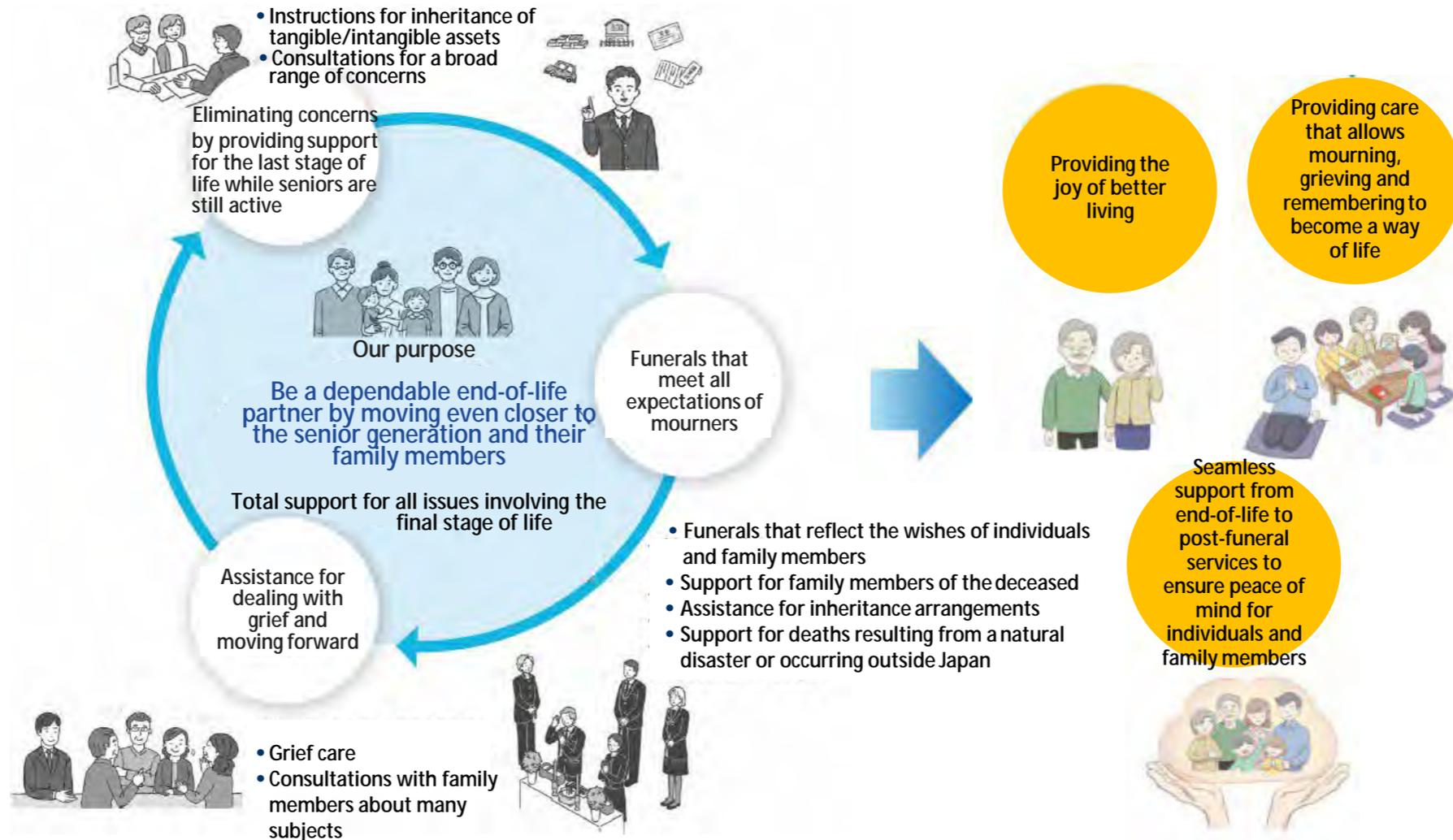


We are using strengths and knowledge acquired during 90 years of operations since its inception for growth in the funeral and other businesses by expanding the scope of activities in the end-of-life support business domain.

Our goal is to provide the end-of-life services that seniors need to enjoy fulfilling lives with confidence as well as to be a source of support concerning a variety of issues involving people's lives.

- (1) **More than 15,000 funerals** every year and **84 funeral halls** (as of March 2023)
- (2) 315 experienced funeral directors (as of November 2022)
- (3) An embalming staff of 25 (as of April 2023)
- (4) **Total support** extending from the final years to needs after a funeral
- (5) An **end-of-life support business** that draws on the extensive knowledge and experience of the SAN HOLDINGS Group
- (6) One of Japan's leaders in the **company funeral and farewell event** sector
- (7) Operation of the **Hidamari Club** for grief care and other support following a funeral

Our purpose is to “be a dependable end-of-life partner by moving even closer to the senior generation and their family members”

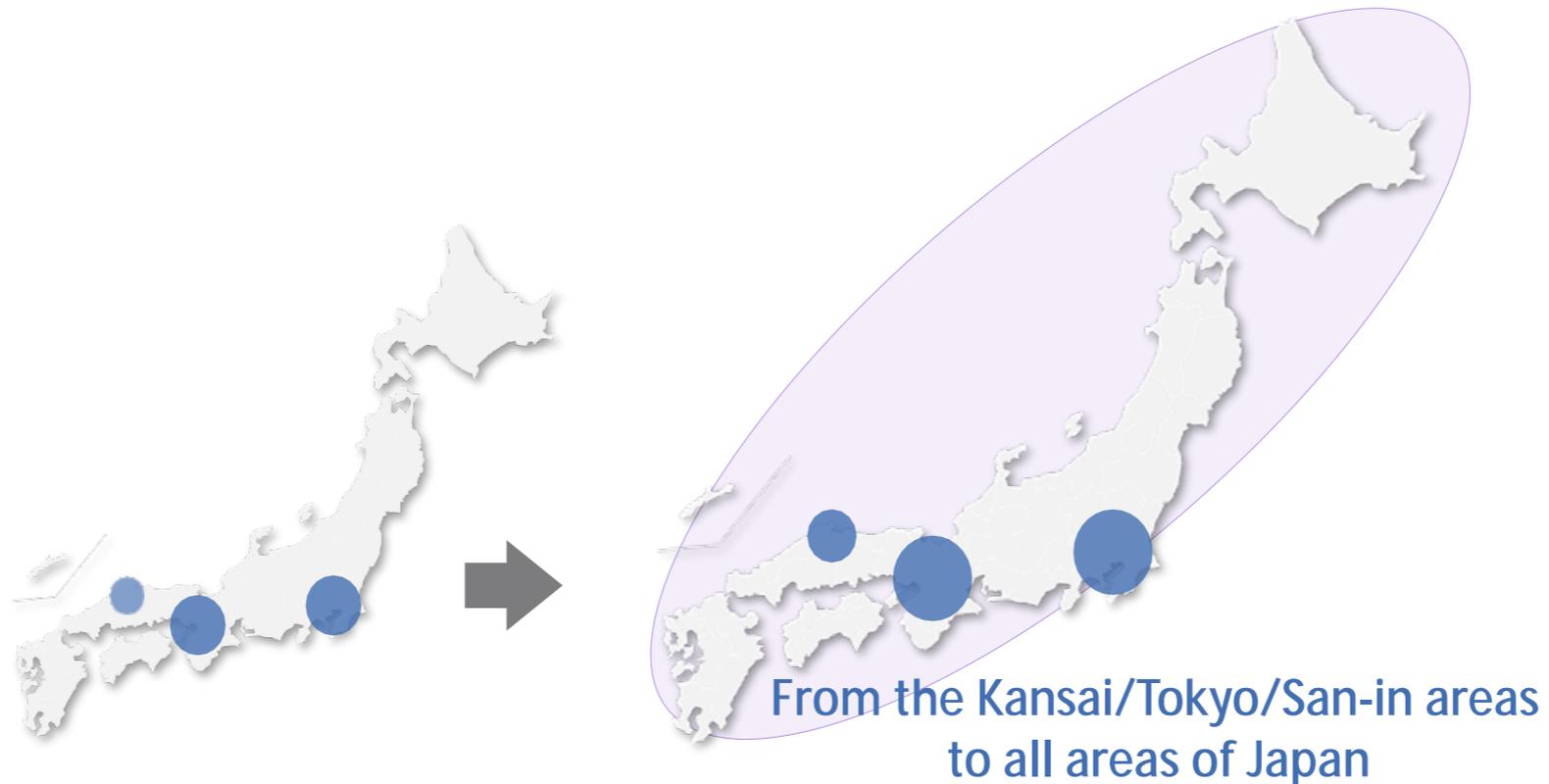


The New 10-Year Vision

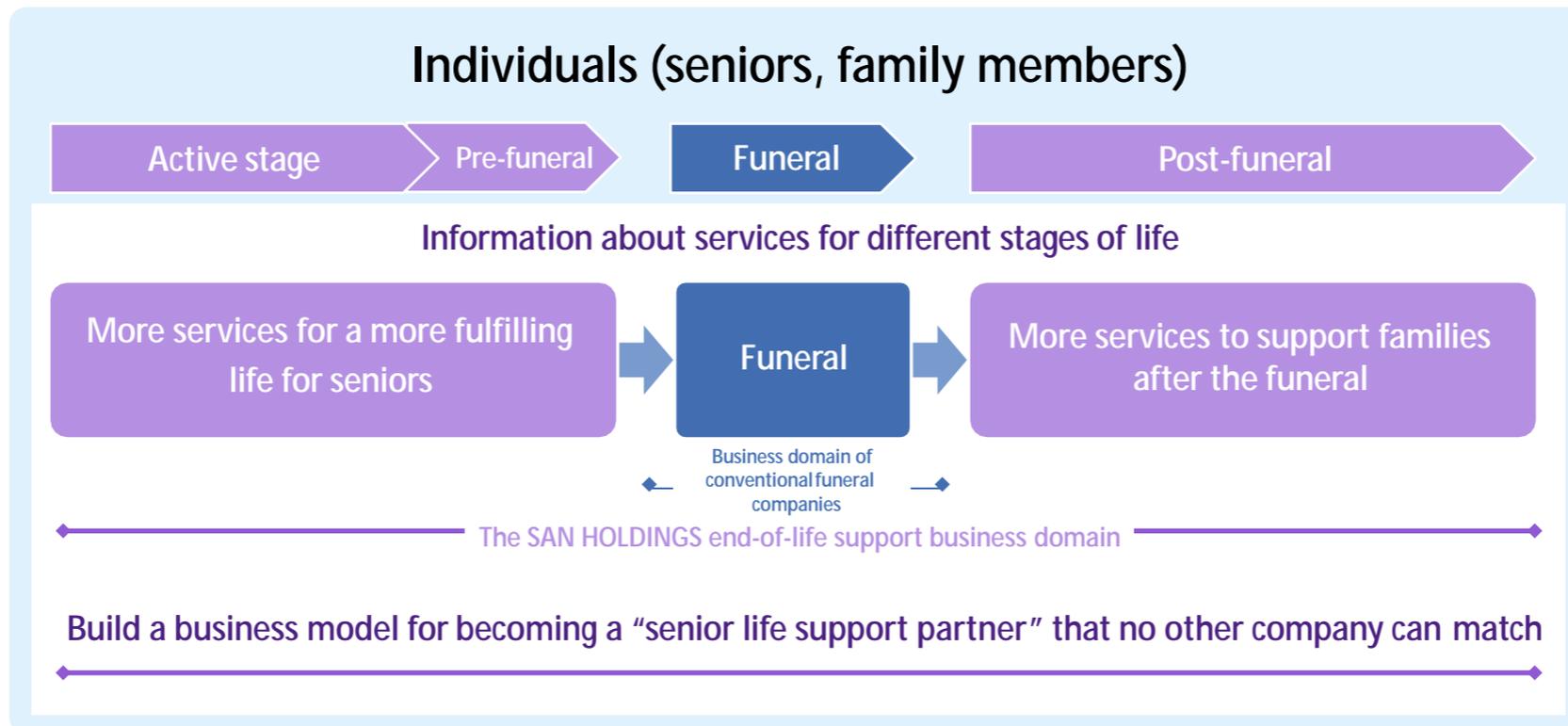
Two Initiatives for Accomplishing Medium/Long-term Goals

Be a dependable end-of-life partner by moving even closer to
the senior generation and their family members

1. **To be a source of services that satisfy a broad spectrum of customers, we will expand our operations from the Kansai/Tokyo/San-in areas to all areas of Japan.**



- 2. To contribute to improving our customers' quality of life, we continue expanding our end-of-life support business and use the final stage of life for the provision of an even larger range of value by creating new businesses and services.



This business contributes to society as a source of services and products needed for people to enjoy a fulfilling life style with confidence during the final stage of life. Activities include support for daily activities, preparations for this final stage and a variety of other support.

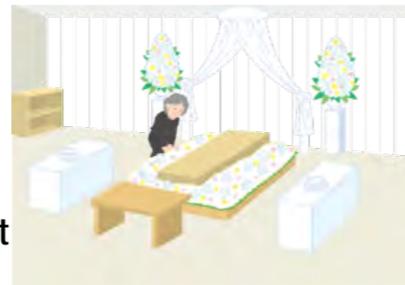
Preliminary consultations



Information about nursing care facilities



Pre-Funeral Trust Funds



Help with household chores



Before funeral

Funeral

After funeral

Funeral service seminars



End-of-life notebook



Ash scattering



Graves



Progress in Medium-term Management Plan FY3/23-FY3/25

Stage 1 - Speed and challenges as we look ahead to our 100th anniversary -

Be a dependable end-of-life partner by moving even closer to
the senior generation and their family members

The Five Key Goals of the Medium-term Plan (FY3/23-FY3/25)

We are dedicated to using business activities to contribute to society and increase corporate value as **a dependable end-of-life partner that has close ties with the senior generation and their family members.**

Growth	Business growth for more corporate value	ES	Use value-added, high-quality services to contribute to society
---------------	---	-----------	--

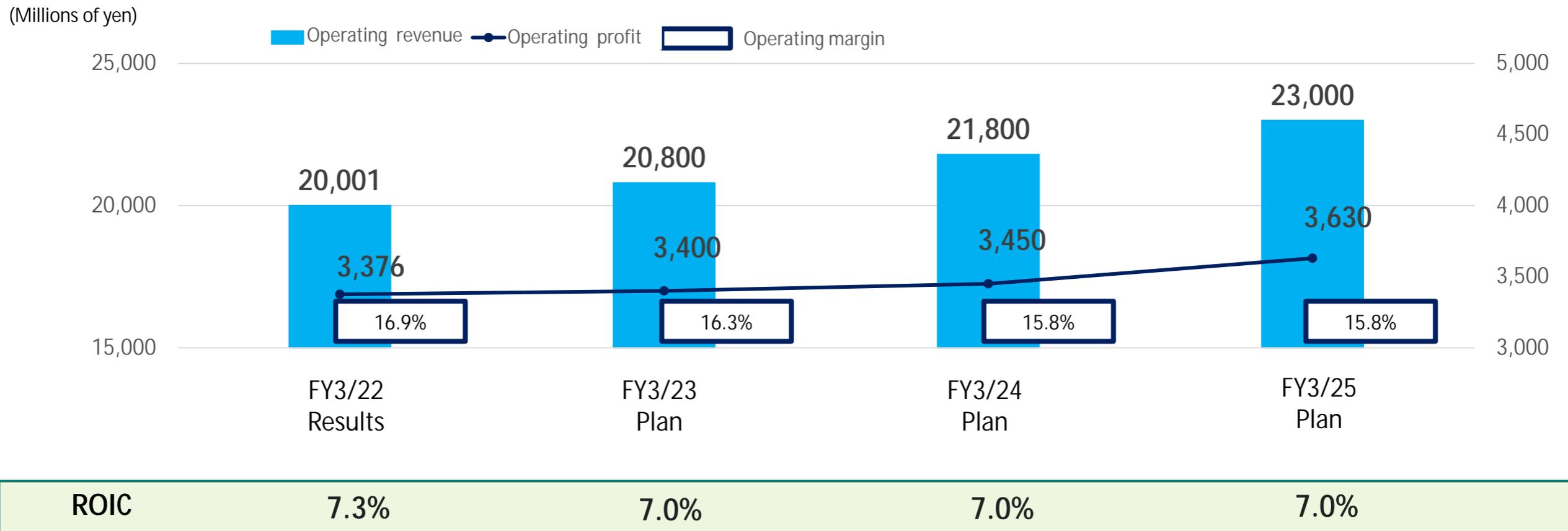
Growth of the funeral business	Growth of the end-of-life support business	Make the funeral business more competitive	A stronger infrastructure for Japan's best services that achieve outstanding customer satisfaction
Speed up the expansion of the funeral hall network, mainly by using a new funeral services brand, to cover more areas of Japan and serve more customers.	Expand the end-of-life support business, extending from when people are still active through the post-funeral stage, for long-term support for customers and their family members. Develop this business into another core business.	Build a framework for the SAN HOLDINGS Group to provide high-quality services with efficiency.	<ul style="list-style-type: none"> n Upgrade quality management, the key to providing the outstanding services that are the source of corporate value. n Quickly train people who provide funeral services and maintain the high quality of these people. n Increase customer satisfaction

A more powerful foundation for business operations

- n Use recruiting and training activities to increase the overall strength of the SAN HOLDINGS Group.
- n Personnel systems for fully utilizing a diverse and skilled workforce and encouraging innovations; establishment of a sound employee education infrastructure.
- n Continue improving the efficiency of all operations of the SAN HOLDINGS Group.
- n Many activities involving the environment, society and governance (ESG).

Goals of the Medium-term Management Plan (FY3/23 to FY3/25)

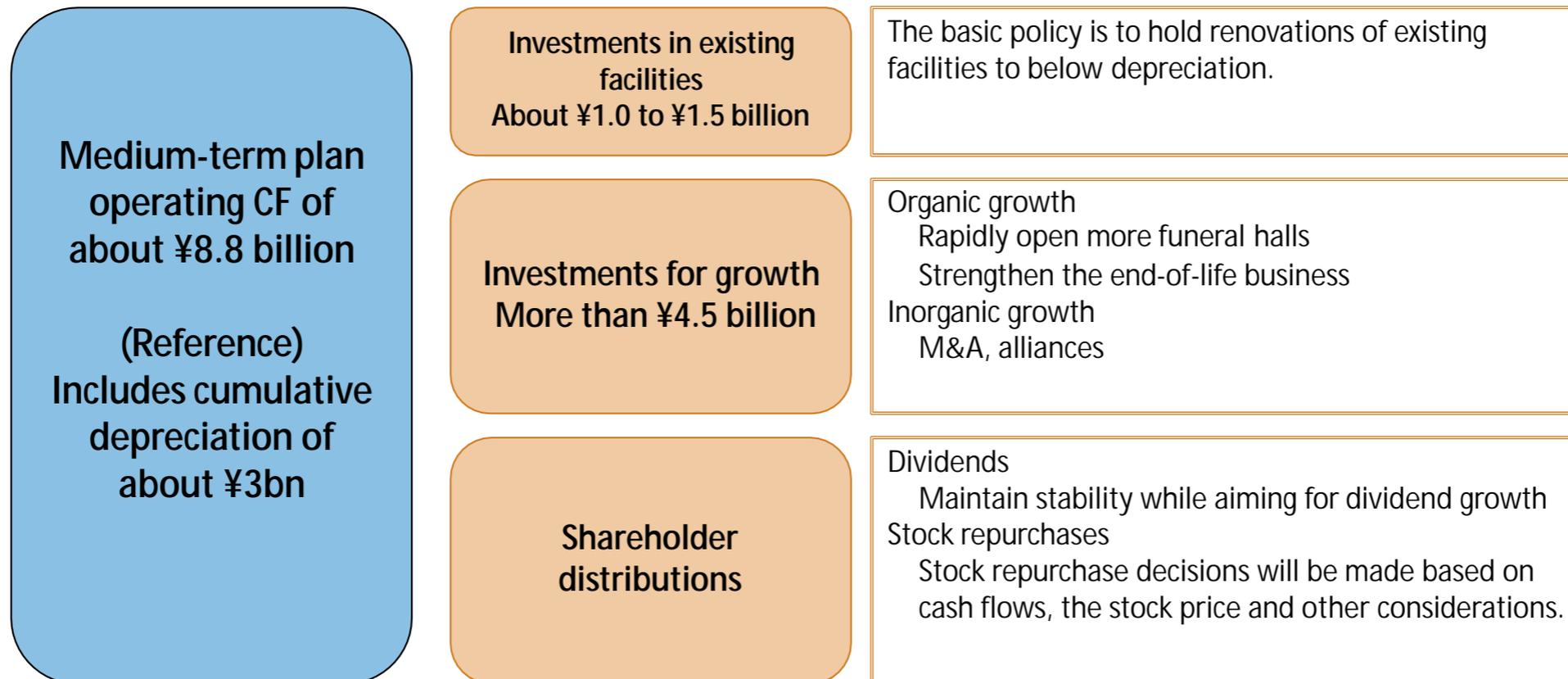
- Revenue and earnings growth to revenue of ¥23 billion and operating profit of ¥3.6 billion in FY3/25.
- Although there will initially be expenses for strategic measures (expenditures for recruiting, personnel and opening new funeral halls), the plan's goals are an operating margin of at least 15.5% and an ROIC of at least 7.0%.



*ROIC = Operating profit after tax / Invested capital

Invested capital = Interest-bearing debt + Net assets, operating profit after tax = Operating profit x (1 - Effective tax rate)

- Large investments are planned for business growth. During the plan's three years, **operating cash flows** are expected to be more than **¥8.8 billion**. **Investments involving existing facilities** will be **¥1.0 to ¥1.5 billion** and **investments for growth** will be more than **¥4.5 billion**.



Other Reference

Be a dependable end-of-life partner by moving even closer to the senior generation and their family members

(Reference) E-Mail Service (Started on March 1, 2023)

The e-mail service provides registered users with press releases and other corporate news, TV programs, updates of official SAN HOLDINGS notes and other information. Visit the SAN HOLDINGS website to register for this service.



<https://www.san-hd.co.jp/>

The screenshot shows the SAN HOLDINGS website homepage. At the top, there is a navigation bar with the company name 'サンホールディングス株式会社' and various menu items. Below the navigation bar, there is a large banner image showing three people (two elderly and one younger man) looking at a tablet. To the right of the banner, there is a blue box with white text: 'ライブエンディングのトータルサポート企業としてシニアライブをサポート'.

Below the banner, there is a 'ニュースリリース' (News Release) section. It contains a list of news items with dates and titles. At the bottom right of the page, there is a button labeled 'メール配信サービス' (E-mail Distribution Service). A red arrow points from the QR code and URL above to this button.

Date	Category	Title
2023年04月03日	お知らせ・重要ニュース	自己株式の取得状況に関するお知らせ (PDF形式: 125KB)
2023年03月29日	その他	当社が発行された日経CNBCのIR最新動画が更新されました。
2023年03月29日	その他	ライブエンディングの最新情報をお届けする『サンホールディングスHeartful Vol.8』を発行。移居(ライブエンディングプラン)はラが私生活に不安だらけの老後ではなく、希望に満ちた未来に「ゲーム」 (PDF形式: 293KB)
2023年03月27日	取締役会関連	経営事業の新ブランド展開のお知らせ (PDF形式: 464KB)
2023年03月27日	取締役会関連	サンホールディングスグループ お客様の価値観の変化に対応した 経営事業の新ブランドを展開 (PDF形式: 642KB)
2023年03月27日	お知らせ・重要ニュース	子会社の組織の名前変更に関するお知らせ (PDF形式: 153KB)
2023年03月25日	お知らせ・重要ニュース	取締役および執行役員の担当・経歴等に関するお知らせ (PDF形式: 127KB)
2023年03月23日	お知らせ・重要ニュース	子会社の組織変更に関するお知らせ (PDF形式: 152KB)
2023年03月23日	お知らせ・重要ニュース	子会社役員の変動に関するお知らせ (PDF形式: 122KB)
2023年03月23日	お知らせ・重要ニュース	子会社の取締役および執行役員の辞任・担当に関するお知らせ (PDF形式: 126KB)
2023年03月23日	お知らせ・重要ニュース	子会社の役員人事に関するお知らせ (PDF形式: 115KB)
2023年03月01日	その他	当社の最新情報ニュースでお届けする「メール配信サービス」を開始しました。
2023年03月01日	決算・業績	2023年3月期第3四半期決算発表(要約版)を開始いたしました。
2023年03月01日	お知らせ・重要ニュース	自己株式の取得状況に関するお知らせ (PDF形式: 125KB)



Be a dependable end-of-life partner by moving even closer to the senior generation and their family members

Company Overview

Name:	SAN HOLDINGS, INC.
Established:	October 2, 1944 (Founded in August 1932)
Capital:	¥2,568.15 million
Listing:	Tokyo Stock Exchange, Prime Section Stock code 9628
Operating revenue:	¥21,663 million (FY3/23)

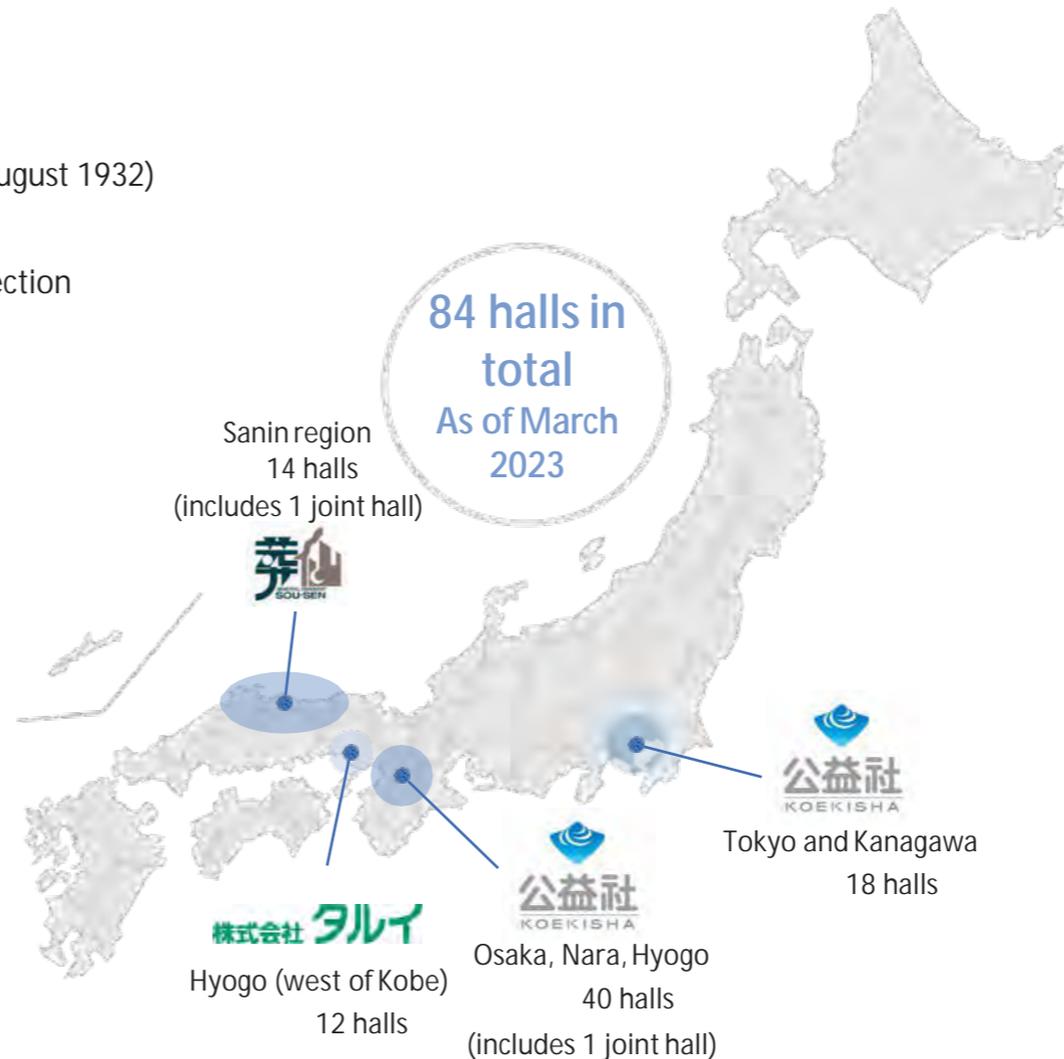
Current Areas of Operations

- Tokyo area (Tokyo, Kanagawa)
- Kansai area (Osaka, Hyogo, Nara)
- San-in region (Tottori, Shimane)

The Funeral Industry

Japan has no regulatory agency and no regulations for funeral companies

Reference: There were about 1.39 million deaths in Japan in 2022 and this is expected to increase to about 1.7 million by 2040. In 2020, funeral revenue was estimated to be about ¥1,607 billion (1.37 million deaths x ¥1,173,000)



Be a dependable end-of-life partner by moving even closer to the senior generation and their family members

Corporate Philosophy

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

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

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

Our Mission

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

Our Vision

An organization that is a source of joy and happiness in people's lives by meeting their needs with sincerity An organization capable of sustained growth by creating new forms of value and offering services with substantial added value An organization where people are highly motivated and have the initiative to constantly take on new challenges

Our Value

Live and grow based on one's own values and initiative
Constantly tackle new challenges without fear of change and continue to evolve

Be a dependable end-of-life partner by moving even closer to the senior generation and their family members

Cautions

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the management of SAN HOLDINGS at the time the materials were prepared. Actual results may differ materially from the forecasts.

Inquires: Corporate Planning Department, SAN HOLDINGS, INC.
TEL: +(81)6-6226-0038

May 23, 2023

Live webcasts of results of operations for the fiscal year ended March 31, 2023

Copyright 2022 SAN HOLDINGS, Inc. All Rights Reserved.

Be a dependable end-of-life partner by moving even closer to
the senior generation and their family members