



August 8, 2023

Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2024
(Three Months Ended June 30, 2023)

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: August 10, 2023
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for quarterly financial results: None
 Scheduled date of filing of Quarterly Report: None

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2023**(April 1, 2023 – June 30, 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	%
Three months ended Jun. 30, 2023	5,081	4.6	761	(9.2)	766	(7.2)	497	(5.5)
Three months ended Jun. 30, 2022	4,856	(1.2)	838	(10.3)	825	(12.1)	526	(13.8)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2023: 497 (down 5.5%)
 Three months ended Jun. 30, 2022: 526 (down 13.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2023	47.79	-
Three months ended Jun. 30, 2022	49.41	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2023	35,264	31,556	89.5
As of Mar. 31, 2023	36,229	31,615	87.3

Reference: Shareholder's equity (million yen) As of Jun. 30, 2023: 31,556 As of Mar. 31, 2023: 31,615

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	-	21.00	-	23.00	44.00
Fiscal year ending Mar. 31, 2024	-	-	-	-	-
Fiscal year ending Mar. 31, 2024 (forecast)	-	23.00	-	23.00	46.00

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

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

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

2. Net income per share is calculated based on the average number of shares outstanding during the period, which uses the number of shares outstanding as of March 31, 2023 (excluding treasury shares).

*** Notes**

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

Newly added: -

Excluded: -

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

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

As of Jun. 30, 2023:	11,700,000 shares	As of Mar. 31, 2023:	11,700,000 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2023:	1,359,822 shares	As of Mar. 31, 2023:	1,220,722 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2023:	10,402,280 shares	Three months ended Jun. 30, 2022:	10,649,721 shares
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Note: The SAN HOLDINGS' stock held by the Employee Stock Ownership Plan 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 (132,900 shares as of June 30, 2023 and 134,400 shares as of June 30, 2022).

* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Explanation of appropriate use of earnings forecasts, and other special items

Note concerning forward-looking statements

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the management of SAN HOLDINGS at the time the materials were prepared, but are not promises by SAN HOLDINGS regarding future performance. Actual results may differ materially from the forecasts. Please refer to "1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 4 for forecast assumptions and notes of caution for usage.

Contents of Attachments

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

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first quarter of the fiscal year ending in March 2024, the Japanese economy showed a recovery due to a slow increase in consumer spending centered on face-to-face services as most restrictions involving the pandemic ended. The outlook for the economy is still uncertain because of the risk of a downturn of overseas economies caused primarily by worldwide monetary tightening, concerns about inflation and other sources of uncertainty.

In Japan's funeral industry, the potential demand for funerals is expected to increase every year until 2040 because of the growing number of people in Japan who are at least 65 years old. At the same time, there is an increasing tendency for people to have small and simple funerals due to the rising number of families consisting only of parents and children (nuclear families). Even during the pandemic, there was no change in the fundamental role of funerals as a valuable place to say farewell to the deceased. However, the pandemic increased the speed of the shift to small and simple funerals. In addition, competition has become increasingly heated, especially for small funerals, as companies step up the pace of opening new funeral halls nationwide, more companies are providing matching services for selecting funeral companies, and due to other events.

Many activities are under way based on the medium-term management plan that covers the three-year period ending in March 2025. The plan is centered on the SAN HOLDINGS Group's 10-year vision that includes establishing a nationwide network of funeral halls and expanding the end of life support business.

In March 2023, we launched ENDING HAUS. as a brand for family funerals with outstanding quality at reasonable prices and opened four halls at the same time. This step is part of activities for the growth of the funeral business, which is one of our highest priorities. Our goal is to open 31 funeral halls during the next three years, primarily by using this new brand. We plan to open eight funeral halls during the current fiscal year.

In the first quarter of the current fiscal year, funeral service revenue at the three funeral companies of the SAN HOLDINGS Group was 1.5% higher than one year earlier. While the Group's average revenue per funeral was down 1.0% from one year earlier mainly due to lower sales from large funerals (more than 5 million yen), the number of funerals increased by 2.6% from one year earlier due to the opening of new funeral halls. Sales of products and services associated with funerals increased as there were higher sales mainly of food, family altars and fixtures and courtesy gifts.

Operating expenses increased 7.7%. The main reasons were higher personnel expenses to increase the number of funerals for the opening of new funeral halls and to strengthen the workforce in preparation for sales growth, higher advertising expenses to strengthen marketing activities, and higher building and land leasing expenses due to the opening of new funeral halls. Selling, general and administrative expenses increased 6.2%. This was attributable primarily to higher depreciation expenses of software due to the start of operations of a core IT system.

Operating revenue increased 4.6% year on year to 5,081 million yen. Operating profit was down 9.2% to 761 million yen partially due to investments for future growth. Ordinary profit decreased 7.2% to 766 million yen. After taxes, profit attributable to owners of parent was 497 million yen, 5.5% lower than in the first quarter of the previous fiscal year. There was an improvement from an equity-method loss of 15 million yen one year earlier to an equity-method profit of 4 million yen in the first quarter of the current fiscal year associated with Grand Ceremo Tokyo Co., Ltd. This funeral company was established in April 2022 and is 51% owned by Kosaido Holdings Co., Ltd. and 49% owned by SAN HOLDINGS.

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.

1) The KOEKISHA Group

At KOEKISHA CO., LTD., the core company of this segment, the number of funerals increased 2.0% year on year as the number of ordinary funerals (less than 5 million yen) increased mainly because of the opening of funeral halls. Average revenue per funeral decreased 1.3% year on year because revenue from large funerals (more than 5 million yen) decreased although revenue from ordinary funerals was largely unchanged.

Sales of products and services associated with funerals were higher than one year earlier because of heightened emphasis on these sales that resulted mainly in an increase in sales of food, family altars and fixtures and courtesy gifts.

Operating expenses were higher because of the higher personnel expenses to increase the number of funerals for the opening of new funeral halls and to strengthen the workforce in preparation for sales growth, higher advertising expenses to strengthen marketing activities, and higher building and land leasing expenses due to the opening of new funeral halls.

Sales in the KOEKISHA Group segment were 4,195 million yen, up 4.1% year on year, and the segment profit was 415 million yen, down 12.4%.

2) The SOU-SEN Group

At SOU-SEN CORPORATION, the number of funerals increased 4.9% overall because of the larger number of funerals mainly in the Yonago and Sakaiminato areas. Average revenue per funeral increased due to rising number of mourners. The result was a 15.2% increase in funeral service revenue. Sales of products and services associated with funerals were higher than one year earlier because of heightened emphasis on these sales that resulted mainly in an increase in sales of family altars and fixtures and courtesy gifts.

Sales in the SOU-SEN Group segment were 378 million yen, up 18.6% year on year, and the segment profit was 30 million yen, up 155.4%.

3) The TARUI Group

At TARUI CO., LTD., the number of funerals increased 5.0% due to more funerals mainly at new halls to handle small funerals. Average revenue per funeral decreased. As a result, funeral service revenue decreased 1.2%. Sales of products and services associated with funerals increased due to an increase in sales of courtesy gifts and family altars and fixtures.

Expenses were higher mainly because of higher advertising and building and land leasing expenses due to the opening of new funeral halls.

Sales in the TARUI Group segment were 414 million yen, up 0.8% year on year, and the segment profit was 62 million yen, down 11.9%.

4) Holding Company Group

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

Fixed expenses were higher mainly because of building and land leasing and depreciation expenses at new funeral halls.

Sales in the Holding Company Group segment were 3,299 million yen, up 15.2% year on year, and the segment profit was 2,443 million yen, up 20.1%.

(2) Explanation of Financial Position

Assets

Current assets at the end of the first quarter were 10,318 million yen, down 720 million yen from the end of the previous fiscal year. This was mainly due to a 1,001 million yen decrease in cash and deposits while there was a 415 million yen increase in income taxes refund receivable.

Non-current assets were 24,946 million yen, down 243 million yen from the end of the previous fiscal year. The decrease was attributable primarily to a 15 million yen decrease in property, plant and equipment, the net result of an increase in construction in progress mainly due to investments in new halls and a decrease due to depreciation, and a 226 million yen decrease in investments and other assets caused by a decrease in deferred tax assets.

As a result, total assets decreased 964 million yen from the end of the previous fiscal year to 35,264 million yen.

Liabilities

Current liabilities at the end of the first quarter were 2,679 million yen, down 879 million yen from the end of the previous fiscal year. This was mainly due to decreases of 288 million yen in trade accounts payable, 629 million yen in income taxes payable, 142 million yen in accounts payable-other, and 324 million yen in provision for bonuses, while there was an increase in deposits involving tax withheld from dividend payments.

Non-current liabilities were 1,029 million yen, a decrease of 25 million yen from the end of the previous fiscal year. This was mainly due to a decrease in long-term accounts payable-other.

As a result, total liabilities decreased 905 million yen from the end of the previous fiscal year to 3,708 million yen.

Net assets

Net assets were 31,556 million yen at the end of the first quarter, down 58 million yen from the end of the previous fiscal year.

The main factors include profit attributable to owners of parent of 497 million yen, a 253 million yen increase in retained earnings due to dividend payments of 244 million yen and purchase of treasury shares in an amount of 312 million yen during the first quarter.

Consequently, the equity ratio increased 2.2 percentage points from the end of the previous fiscal year to 89.5%.

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

There are no revisions to the forecast for the fiscal year ending in March 2024 that was announced on May 11, 2023

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

(Millions of yen)

	FY3/23 (As of Mar. 31, 2023)	First quarter of FY3/24 (As of Jun. 30, 2023)
Assets		
Current assets		
Cash and deposits	9,192	8,190
Trade accounts receivable from contracts with customers	919	899
Merchandise and finished goods	122	123
Raw materials and supplies	29	29
Other	777	1,077
Allowance for doubtful accounts	(1)	(1)
Total current assets	11,039	10,318
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,840	9,752
Land	12,250	12,250
Leased assets, net	242	232
Other, net	150	232
Total property, plant and equipment	22,483	22,467
Intangible assets	398	397
Investments and other assets		
Long-term loans receivable	166	166
Beneficial interests in real estate trust	475	451
Investment securities	85	89
Guarantee deposits	794	791
Other	795	592
Allowance for doubtful accounts	(9)	(8)
Total investments and other assets	2,308	2,081
Total non-current assets	25,189	24,946
Total assets	36,229	35,264

	(Millions of yen)	
	FY3/23 (As of Mar. 31, 2023)	First quarter of FY3/24 (As of Jun. 30, 2023)
Liabilities		
Current liabilities		
Trade accounts payable	993	704
Lease liabilities	94	92
Income taxes payable	666	36
Provision for bonuses	520	195
Provision for bonuses for directors (and other officers)	58	9
Other	1,226	1,640
Total current liabilities	3,559	2,679
Non-current liabilities		
Lease liabilities	174	164
Asset retirement obligations	512	521
Provision for employee stock ownership plan trust	49	52
Other	317	290
Total non-current liabilities	1,054	1,029
Total liabilities	4,613	3,708
Net assets		
Shareholders' equity		
Share capital	2,568	2,568
Capital surplus	5,488	5,488
Retained earnings	25,153	25,406
Treasury shares	(1,594)	(1,906)
Total shareholders' equity	31,615	31,556
Total net assets	31,615	31,556
Total liabilities and net assets	36,229	35,264

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

(Millions of yen)

	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)
Operating revenue	4,856	5,081
Operating expenses	3,667	3,948
Operating gross profit	1,188	1,132
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	44	44
Salaries	86	85
Bonuses	7	11
Provision for bonuses	20	19
Provision for bonuses for directors (and other officers)	8	9
Provision of allowance for doubtful accounts	(0)	(0)
Depreciation	2	20
Other	179	180
Total selling, general and administrative expenses	349	370
Operating profit	838	761
Non-operating income		
Interest income	0	0
Dividend income	0	0
Share of profit of entities accounted for using equity method	-	4
Miscellaneous income	4	4
Total non-operating income	4	9
Non-operating expenses		
Interest expenses	0	0
Share of loss of entities accounted for using equity method	15	-
Miscellaneous losses	2	4
Total non-operating expenses	18	4
Ordinary profit	825	766
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	824	765
Income taxes-current	106	63
Income taxes-deferred	191	205
Total income taxes	298	268
Profit	526	497
Profit attributable to owners of parent	526	497

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

	(Millions of yen)	
	First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)	First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)
Profit	526	497
Comprehensive income	526	497
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	526	497
Comprehensive income attributable to non-controlling interests	-	-

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

I. First three months of FY3/23 (Apr. 1, 2022 – Jun. 30, 2022)

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

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	KOEKISHA Group	SOU-SEN Group	TARUI Group	Holding Company Group	Total		
Net sales							
Funeral service revenue	3,310	280	383	-	3,973	-	3,973
Other	711	38	28	-	778	-	778
Revenue from contracts with customers	4,022	318	411	-	4,752	-	4,752
Other revenue	-	-	-	103	103	-	103
External sales	4,022	318	411	103	4,856	-	4,856
Inter-segment sales and transfers	9	-	0	2,760	2,770	(2,770)	-
Total	4,031	318	411	2,864	7,626	(2,770)	4,856
Segment profit	473	11	70	2,034	2,591	(1,766)	825

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

(Millions of yen)

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

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

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

Not applicable.

II. First three months of FY3/24 (Apr. 1, 2023 – Jun. 30, 2023)

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

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	KOEKISHA Group	SOU-SEN Group	TARUI Group	Holding Company Group	Total		
Net sales							
Funeral service revenue	3,326	325	379	-	4,030	-	4,030
Other	859	52	35	-	948	-	948
Revenue from contracts with customers	4,186	378	414	-	4,978	-	4,978
Other revenue	-	-	-	102	102	-	102
External sales	4,186	378	414	102	5,081	-	5,081
Inter-segment sales and transfers	9	-	-	3,197	3,206	(3,206)	-
Total	4,195	378	414	3,299	8,287	(3,206)	5,081
Segment profit	415	30	62	2,443	2,951	(2,185)	766

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

(Millions of yen)

	Amount
Elimination of amount equivalent to dividends paid to the holding company by consolidated subsidiaries	(2,184)
Adjustment of allowance for doubtful accounts related to the netting elimination of assets and liabilities	(0)
Total	(2,185)

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

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

Not applicable.

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