



February 8, 2024

**Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending March 31, 2024
(Nine Months Ended December 31, 2023)**

[Japanese GAAP]

Company name: SAN HOLDINGS, INC. Listing: Tokyo Stock Exchange
Stock code: 9628 URL: <https://www.san-hd.co.jp>
Representative: Satoshi Harishima, President and Representative Director
Contact: Yoshiyuki Yokota, Director, Executive Officer, General Manager of Corporate Planning
Department
Tel: +(81)6-6226-0038

Scheduled date of filing of Quarterly Report: February 9, 2024

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023**(April 1, 2023 – December 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	%
Nine months ended Dec. 31, 2023	16,118	2.6	2,569	(13.4)	2,575	(12.3)	1,650	(14.7)
Nine months ended Dec. 31, 2022	15,708	7.1	2,969	15.3	2,936	14.1	1,934	16.4

Note: Comprehensive income (million yen) Nine months ended Dec. 31, 2023: 1,650 (down 14.7%)
Nine months ended Dec. 31, 2022: 1,934 (up 16.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2023	79.64	-
Nine months ended Dec. 31, 2022	91.53	-

Note: SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2023. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Dec. 31, 2023	36,009	32,371	89.9
As of Mar. 31, 2023	36,229	31,615	87.3

Reference: Shareholder's equity (million yen) As of Dec. 31, 2023: 32,371 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	-	23.00	-		
Fiscal year ending Mar. 31, 2024 (forecast)				11.50	-

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

2. SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2023. The interim and year-end dividends for the fiscal year ended March 31, 2023 and the interim dividend for the fiscal year ending March 31, 2024 are the actual amounts before the stock split.

The year-end dividend for the fiscal year ending March 31, 2024 (forecast) is the amount after the stock split.

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
Full year	22,700	4.8	3,570	(7.7)	3,560	(7.4)	2,270	(18.4)	109.37

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

2. SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2023. The net income per share forecast for the fiscal year ending March 31, 2024 is adjusted to reflect the stock split. Prior to this adjustment, the forecast was a net income per share of 218.75 yen for the full year.

*** Notes**

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

Newly added: -

Excluded: -

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

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

As of Dec. 31, 2023:	23,400,000 shares	As of Mar. 31, 2023:	23,400,000 shares
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2) Number of treasury shares at the end of the period

As of Dec. 31, 2023:	2,808,088 shares	As of Mar. 31, 2023:	2,441,444 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2023:	20,728,872 shares	Nine months ended Dec. 31, 2022:	21,136,574 shares
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Notes: 1. SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2023. The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period and the average number of shares outstanding during the period have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

2. 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 (263,700 shares as of December 31, 2023 and 267,600 shares as of December 31, 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.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of the fiscal year ending in March 2024, the Japanese economy recovered at a moderate pace primarily because of pent-up demand. The recovery of the global economy slowed down and there is considerable uncertainty about the outlook because of inflation and the high cost of resources.

In Japan's funeral industry, where we operate, the demand for funeral services is expected to continue to grow until 2040 as the number of people in Japan who are at least 65 years old increases. Although there is no change in the fundamental role of funerals as a valuable place to say farewell to the deceased, there is an increasing tendency for people to have small and simple funerals. The main reasons are the rising number of families consisting only of parents and children (nuclear families) and the pandemic. Competition in Japan's funeral market is intense, especially for small funerals, as funeral companies speed up the opening of new locations nationwide, the number of websites that match funeral requirements with funeral companies increases, and for other reasons. As a result, M&A and other activities for the reorganization of the funeral and end-of-life support business sectors are increasing.

In May 2022, SAN HOLDINGS announced a New 10-Year Vision that defines the goals for the SAN HOLDINGS Group as the group looks ahead to its 100th anniversary in 2032. As one step for accomplishing this vision, a medium-term management plan covering the three-year period ending in March 2025 is under way. The plan has the primary goals of achieving the growth of the funeral business and the growth of 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. This is part of activities for the growth of the funeral business, which is one of the main goals of the medium-term management plan. New ENDING HAUS locations will consist of both funeral halls operated directly by SAN HOLDINGS and locations added through acquisitions. The plan is to increase the network of ENDING HAUS funeral halls to 31 by the end of the current medium-term management plan.

On December 21, 2023, we announced an agreement for the acquisition of Tokyo Ceremony Co., Ltd., which is now a wholly owned subsidiary. This acquisition was made to increase the pace of the addition of ENDING HAUS locations in the Tokyo area. Combining the Tokyo Ceremony infrastructure for providing outstanding services with the funeral hall network expansion strategy and funeral hall operating skills of SAN HOLDINGS is expected to make a big contribution to growth in the Tokyo area.

During the first nine months, funeral service revenue at the three funeral companies of the SAN HOLDINGS Group was 0.7% higher than one year earlier. Although the number of funerals decreased 1.1%, the average revenue per funeral was up 1.8%, which was mainly the result of higher revenue at ordinary funerals (less than 5 million yen). The number of deaths in Japan during the first nine months was lower than one year earlier because of the end of the increase in the number of deaths caused by the pandemic that had continued throughout 2022 and into early 2023. The smaller number of deaths had an effect to some extent on the number of funerals at SAN HOLDINGS funeral companies.

In addition, sales of products and services associated with funerals increased as there were higher sales mainly of family altars and fixtures and courtesy gifts.

Operating expenses increased 6.2%. The main reasons were higher personnel and recruiting expenses to handle more funerals as new funeral halls are added and to strengthen the workforce to support more sales growth, higher building and land leasing expenses due to new funeral halls, and higher up-front advertising expenses. Selling, general and administrative expenses increased 8.4%. This was attributable primarily to higher software depreciation expenses due to the start of operations of a core IT system.

Operating revenue increased 2.6% year on year to 16,118 million yen. Operating profit was down 13.4% to 2,569 million yen due to planned up-front investments for future growth. Ordinary profit decreased 12.3% to 2,575 million yen. After taxes, profit attributable to owners of parent was 1,650 million yen, 14.7% lower than in the first nine months of the previous fiscal year. The equity-method profit associated with GRAN CEREMO

TOKYO CO., LTD. steadily increased to 16 million yen in the first nine months. 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 has 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 CO., LTD., EXCEL SUPPORT SERVICE CO., LTD., where operations include funeral support services for the funerals of 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. Tokyo Ceremony is not included in results of operations in the first nine months of this fiscal year and will be included beginning with the fourth quarter.

Business segment performance was as follows.

1) The KOEKISHA Group

At KOEKISHA CO., LTD., the core company of this segment, the average revenue per funeral increased 1.7% year on year but the number of funerals decreased 2.3% year on year due to a smaller number of pandemic death funerals. As a result, funeral service revenue decreased 0.6% year on year.

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 and recruiting expenses to increase the number of funerals for the opening of new funeral halls and to strengthen the workforce in preparation for sales growth, and higher up-front advertising expenses.

Sales in the KOEKISHA Group segment were 13,227 million yen, up 1.7% year on year, and the segment profit was 1,549 million yen, down 15.1%.

2) The SOU-SEN Group

At SOU-SEN Corporation, the number of funerals was mostly unchanged from one year earlier. Average revenue per funeral continued to increase due to rising number of mourners. The result was a 6.4% 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 courtesy gifts and of family altars and fixtures.

Sales in the SOU-SEN Group segment were 1,163 million yen, up 7.4% year on year, and the segment profit was 109 million yen, up 4.8%.

3) The TARUI Group

At TARUI CO., LTD., the number of funerals remained strong, increasing 8.7% from one year earlier due to more funerals mainly at new halls for small funerals. Although the average revenue per funeral decreased, funeral service revenue increased 7.1%. Sales of products and services associated with funerals increased mainly due to an increase in sales of family altars and fixtures and courtesy gifts.

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 1,441 million yen, up 8.1% year on year, and the segment profit was 308 million yen, up 19.6%.

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 5,545 million yen, up 9.3% year on year, and the segment profit was 2,792 million yen, up 11.0%.

(2) Explanation of Financial Position

Assets

Current assets at the end of the third quarter were 10,880 million yen, down 158 million yen from the end of the previous fiscal year. This was mainly due to a 694 million yen decrease in cash and deposits.

Non-current assets were 25,129 million yen, down 60 million yen from the end of the previous fiscal year. The decrease was attributable primarily to a 38 million yen increase 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, a 213 million yen decrease in investments and other assets mainly caused by a decrease in deferred tax assets and a 115 million yen increase in intangible assets associated with the installation of a core data system.

As a result, total assets decreased 219 million yen from the end of the previous fiscal year to 36,009 million yen.

Liabilities

Current liabilities at the end of the third quarter were 2,630 million yen, down 929 million yen from the end of the previous fiscal year. This was mainly due to decreases of 584 million yen in income taxes payable and 297 million yen in provision for bonuses.

Non-current liabilities were 1,008 million yen, a decrease of 45 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 975 million yen from the end of the previous fiscal year to 3,638 million yen.

Net assets

Net assets were 32,371 million yen at the end of the third quarter, up 755 million yen from the end of the previous fiscal year.

The main factors include profit attributable to owners of parent of 1,650 million yen, a 1,165 million yen increase in retained earnings due to dividend payments of 485 million yen and purchase of treasury shares in an amount of 456 million yen.

Consequently, the equity ratio increased 2.6 percentage points from the end of the previous fiscal year to 89.9%.

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

There are no revisions to the consolidated 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)	Third quarter of FY3/24 (As of Dec. 31, 2023)
Assets		
Current assets		
Cash and deposits	9,192	8,498
Accounts receivable and contract assets	919	1,193
Merchandise and finished goods	122	141
Raw materials and supplies	29	38
Other	777	1,011
Allowance for doubtful accounts	(1)	(2)
Total current assets	11,039	10,880
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,840	9,642
Land	12,250	12,250
Leased assets, net	242	240
Other, net	150	387
Total property, plant and equipment	22,483	22,521
Intangible assets	398	513
Investments and other assets		
Long-term loans receivable	166	157
Beneficial interests in real estate trust	475	442
Investment securities	85	101
Guarantee deposits	794	808
Other	795	594
Allowance for doubtful accounts	(9)	(10)
Total investments and other assets	2,308	2,094
Total non-current assets	25,189	25,129
Total assets	36,229	36,009

	(Millions of yen)	
	FY3/23 (As of Mar. 31, 2023)	Third quarter of FY3/24 (As of Dec. 31, 2023)
Liabilities		
Current liabilities		
Trade accounts payable	993	926
Lease liabilities	94	93
Income taxes payable	666	81
Provision for bonuses	520	223
Provision for bonuses for directors (and other officers)	58	45
Other	1,226	1,260
Total current liabilities	3,559	2,630
Non-current liabilities		
Lease liabilities	174	171
Asset retirement obligations	512	521
Provision for employee stock ownership plan trust	49	56
Other	317	259
Total non-current liabilities	1,054	1,008
Total liabilities	4,613	3,638
Net assets		
Shareholders' equity		
Share capital	2,568	2,568
Capital surplus	5,488	5,505
Retained earnings	25,153	26,318
Treasury shares	(1,594)	(2,020)
Total shareholders' equity	31,615	32,371
Total net assets	31,615	32,371
Total liabilities and net assets	36,229	36,009

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

(Millions of yen)

	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)	First nine months of FY3/24 (Apr. 1, 2023 – Dec. 31, 2023)
Operating revenue	15,708	16,118
Operating expenses	11,686	12,407
Operating gross profit	4,022	3,710
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	128	133
Salaries	253	257
Bonuses	59	62
Provision for bonuses	24	24
Provision for bonuses for directors (and other officers)	43	45
Provision of allowance for doubtful accounts	0	1
Depreciation	20	63
Other	521	552
Total selling, general and administrative expenses	1,053	1,141
Operating profit	2,969	2,569
Non-operating income		
Interest income	1	1
Dividend income	0	0
Share of profit of entities accounted for using equity method	-	16
Miscellaneous income	21	15
Total non-operating income	23	33
Non-operating expenses		
Interest expenses	0	0
Dismantling removal expense	23	19
Share of loss of entities accounted for using equity method	21	-
Miscellaneous losses	11	9
Total non-operating expenses	56	28
Ordinary profit	2,936	2,575
Extraordinary income		
Gain on sale of non-current assets	4	-
Total extraordinary income	4	-
Extraordinary losses		
Loss on retirement of non-current assets	6	16
Total extraordinary losses	6	16
Profit before income taxes	2,935	2,558
Income taxes-current	953	710
Income taxes-deferred	46	196
Total income taxes	1,000	907
Profit	1,934	1,650
Profit attributable to owners of parent	1,934	1,650

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

(Millions of yen)

	First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)	First nine months of FY3/24 (Apr. 1, 2023 – Dec. 31, 2023)
Profit	1,934	1,650
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	1,934	1,650
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,934	1,650
Comprehensive income attributable to non-controlling interests	-	-

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

I. First nine months of FY3/23 (Apr. 1, 2022 – Dec. 31, 2022)

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

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	KOEKISHA Group	SOU-SEN Group	TARUI Group	Holding Company Group	Total		
Net sales							
Funeral service revenue	10,551	948	1,232	-	12,732	-	12,732
Other	2,428	135	101	-	2,665	-	2,665
Revenue from contracts with customers	12,980	1,083	1,334	-	15,397	-	15,397
Other revenue	-	-	-	310	310	-	310
External sales	12,980	1,083	1,334	310	15,708	-	15,708
Inter-segment sales and transfers	26	-	0	4,764	4,790	(4,790)	-
Total	13,006	1,083	1,334	5,074	20,499	(4,790)	15,708
Segment profit	1,825	104	258	2,514	4,702	(1,766)	2,936

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

(Millions of yen)

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

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

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

Not applicable.

II. First nine months of FY3/24 (Apr. 1, 2023 – Dec. 31, 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	10,490	1,008	1,319	-	12,818	-	12,818
Other	2,711	154	122	-	2,988	-	2,988
Revenue from contracts with customers	13,201	1,163	1,441	-	15,806	-	15,806
Other revenue	-	-	-	311	311	-	311
External sales	13,201	1,163	1,441	311	16,118	-	16,118
Inter-segment sales and transfers	26	-	-	5,233	5,259	(5,259)	-
Total	13,227	1,163	1,441	5,545	21,378	(5,259)	16,118
Segment profit	1,549	109	308	2,792	4,760	(2,185)	2,575

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.