



November 12, 2020

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2021
(Six Months Ended September 30, 2020)

[Japanese GAAP]

Company name: SAN HOLDINGS, INC. Listing: Tokyo Stock Exchange, First Section
 Stock code: 9628 URL: <https://www.san-hd.co.jp>
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 Scheduled date of filing of Quarterly Report: November 13, 2020
 Scheduled date of payment of dividend: December 7, 2020
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2020
(April 1, 2020 – September 30, 2020)

(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	%
Six months ended Sep. 30, 2020	8,604	(17.1)	775	(47.9)	765	(48.7)	478	(51.2)
Six months ended Sep. 30, 2019	10,375	3.5	1,487	2.0	1,489	2.3	979	(6.1)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2020: 478 (down 51.2%)
 Six months ended Sep. 30, 2019: 979 (down 6.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2020	43.24	-
Six months ended Sep. 30, 2019	87.14	-

Note: SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2019. 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 Sep. 30, 2020	30,982	27,642	89.2
As of Mar. 31, 2020	31,874	27,315	85.7

Reference: Shareholder's equity (million yen) As of Sep. 30, 2020: 27,642 As of Mar. 31, 2020: 27,315

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2020	-	30.00	-	16.00	-
Fiscal year ending Mar. 31, 2021	-	16.00	-	-	-
Fiscal year ending Mar. 31, 2021 (forecast)	-	-	-	16.00	-

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, 2019. The dividends for 2Q-end of the fiscal year ended March 31, 2020 are the actual amounts before the stock split. The dividends for the fiscal year ended March 31, 2020 are the amounts after the stock split.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)
 (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	19,400	(8.8)	1,500	(51.5)	1,460	(52.4)	880	(52.6)	79.64

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

2. Net income per share is calculated based on the average number of shares outstanding during the period, which uses the number of shares outstanding as of March 31, 2020 (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 Sep. 30, 2020:	12,164,016 shares	As of Mar. 31, 2020:	12,164,016 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2020:	1,091,317 shares	As of Mar. 31, 2020:	1,113,767 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2020:	11,056,391 shares	Six months ended Sep. 30, 2019:	11,240,115 shares
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Notes: 1. SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2019. The average number of shares outstanding during the period has 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 of 136,600 shares as of March 31, 2020 and 136,400 shares as of September 30, 2020 are included in the treasury shares that are deducted from the number of shares for calculating the number of treasury shares at the end of the period and the average number of shares outstanding during the period.

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

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

Note concerning forward-looking statements

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

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the fiscal year ending in March 2021, the global COVID-19 pandemic triggered a sharp economic downturn in Japan centered on declines in consumer spending and exports. Exports subsequently started to recover as economic activity resumed overseas. Consumer spending as well has started to slowly come back, although spending for face-to-face services remains low. Corporate sentiment in Japan has stopped falling but is still low and capital expenditures are declining. Although economic activity in Japan is beginning to resume, the risk of another wave of COVID-19 infections and continuing measures to prevent infections continued to weigh heavily on the economy.

In Japan's funeral industry, companies are continuing to hold funerals while taking many actions to ensure the safety of employees and people attending funerals. The COVID-19 crisis is forcing companies to seek new ways to provide funeral services. Due to the need for precautions regarding COVID-19, the size of funerals is decreasing because of the decline in the number of mourners. As a result, there have been big downturns in funeral service revenue as well as in the revenue for food provided at funerals, memorial service items, courtesy gifts and other items associated with funerals.

Small family funerals have increased as a percentage of all funerals in Japan in the current fiscal year. Nevertheless, there has been no change at all in the desire of families to hold ceremonies to honor the deceased even amid the restrictions on contact among people during this crisis. As a result, there is demand for locations capable of holding safe funerals that people can attend with confidence.

Since the middle of February, the SAN HOLDINGS Group has required all employees to wash their hands frequently and wear masks when interacting with customers. Funeral halls are thoroughly sanitized and well ventilated. Furthermore, chairs, incense stands and other items are arranged to facilitate proper social distancing. Every possible measure is used to ensure the safety of customers and employees.

KOEKISHA CO., LTD., the core company of the SAN HOLDINGS Group, started a remote funeral participation service that uses the internet to view funeral proceedings. This service allows people who are not able to attend a funeral mainly due to COVID-19 precautions to experience this event and bid farewell to the deceased. This company has also replaced seminars held at funeral halls with online seminars and has started online funeral consultations for customers who want to avoid face-to-face meetings.

The fiscal year ending in March 2021 is the second year of the current three-year medium-term management plan that has the goal of making SAN HOLDINGS an organization that provides total support for the final stage of life. To continue making progress toward this goal, there are three priorities in the current fiscal year: broaden the lineup of end-of-life support, increase operating efficiency and extend the funeral business to more areas of Japan.

As one step to broaden the lineup of end-of-life support, Life Forward CO., LTD. was established on April 1, 2020. This company started operating a website in July that supplies highly transparent information involving support for the final stage of life. The website began by providing information about funerals and graves in the Tokyo area, an activity that uses the assistance of alliance partners.

During the first half of the current fiscal year, the number of funerals at the SAN HOLDINGS Group was down 2.7% from one year earlier because of a decrease in the number of funerals at KOEKISHA, the core company of the three funeral companies in the SAN HOLDINGS Group. The average revenue per funeral decreased at all three companies because of the smaller size of funerals due to COVID-19. As a result, funeral service revenue was down 16.1%.

Sales of products and services associated with funerals at the SAN HOLDINGS Group also decreased, the result of smaller funerals, restrictions on visiting customers for sales activities and other effects of COVID-19. Operating expenses decreased 11.8% from one year earlier. There was a decline in expenses for funerals, personnel expenses, advertising expenses, utility expenses and other items. In addition, depreciation and other

fixed expenses increased. Selling, general and administrative expenses were down 13.0% because of decreases in personnel expenses, travel and transportation expenses, and recruiting expenses and other reasons.

Operating revenue decreased 17.1% to 8,604 million yen. Operating profit decreased 47.9% to 775 million yen, ordinary profit decreased 48.7% to 765 million yen and profit attributable to owners of parent decreased 51.2% to 478 million yen.

Business segment performance was as follows.

1) The KOEKISHA Group

At KOEKISHA, the core company of the KOEKISHA Group, funeral service revenue was down about 70% from one year earlier. During the first half, and especially in the first quarter, the COVID-19 pandemic made it very difficult to hold corporate funerals, other events to say farewell to the deceased and other activities. As a result, the number of large funerals (more than 5 million yen) was down more than 60% from the first half of the previous fiscal year.

Revenue from ordinary funerals (less than 5 million yen) decreased 8.9% and, due to COVID-19, the average revenue per funeral was down 7.3%.

Sales of products and services associated with funerals were lower than one year earlier, mainly for courtesies gifts and family altars and fixtures, because COVID-19 reduced the size of funerals and restricted sales activities.

Operating expenses decreased mainly because of decreases in direct expenses, personnel expenses, advertising expenses and the cost of supplies.

Sales in the KOEKISHA Group segment were 7,037 million yen, down 18.5% year on year, and the segment profit was 85 million yen, down 89.4%.

2) The SOU-SEN Group

At SOU-SEN CORPORATION, the number of funerals mostly in or near the cities of Tottori and Sakaiminato decreased 4.3% from one year earlier and funerals were smaller. The resulting decline in average revenue per funeral caused funeral service revenue at SOU-SEN to decrease 15.8%.

Operating expenses decreased mainly due to decreases in direct expenses, personnel expenses and rent.

Sales in the SOU-SEN Group segment were 589 million yen, down 14.4% year on year, and the segment loss was 9 million yen, compared with a profit of 7 million yen one year earlier.

3) The TARUI Group

At TARUI CO., LTD., the number of funerals increased 1.9% from one year earlier but average revenue per funeral decreased. The result was an 11.9% decrease in funeral service revenue.

Operating expenses decreased because of the lower direct expenses and advertising expenses.

Sales in the TARUI Group segment were 789 million yen, down 9.0% year on year, and the segment profit was 102 million yen, down 26.4%.

4) Holding Company Group

Operating revenue at SAN HOLDINGS decreased because of a decrease in dividend income.

Operating expenses decreased due to decreases mainly in personnel expenses, recruiting and recruitment advertising expenses for group companies, and travel and transportation expenses.

Sales in the Holding Company Group segment were 2,776 million yen, down 18.6% year on year, and the segment profit was 1,239 million yen, down 32.8%.

(2) Explanation of Financial Position

Assets

Current assets at the end of the second quarter were 6,401 million yen, down 862 million yen from the end of the previous fiscal year. This was mainly due to decreases of 934 million yen in cash and deposits and 64 million yen in trade accounts receivable.

Non-current assets were 24,581 million yen, down 28 million yen from the end of the previous fiscal year. This was primarily due to the normal depreciation of various assets, mainly buildings and structures and leased assets, and a decrease of 82 million yen in deferred tax assets.

As a result, total assets decreased 891 million yen from the end of the previous fiscal year to 30,982 million yen.

Liabilities

Current liabilities at the end of the second quarter were 1,973 million yen, down 1,132 million yen from the end of the previous fiscal year. This was mainly due to decreases of 211 million yen in trade accounts payable, 500 million yen in income taxes payable and 183 million yen in accrued consumption taxes.

Non-current liabilities were 1,367 million yen, a decrease of 86 million yen from the end of the previous fiscal year. This was mainly due to a decrease in long-term accounts payable-other and lease obligations.

As a result, total liabilities decreased 1,218 million yen from the end of the previous fiscal year to 3,340 million yen.

Net assets

Net assets were 27,642 million yen at the end of the second quarter, up 326 million yen from the end of the previous fiscal year. The main factors include a 299 million yen increase in retained earnings due to a 478 million yen of profit attributable to owners of parent and dividend payments of 178 million yen.

Consequently, the equity ratio increased 3.5 percentage points from the end of the previous fiscal year to 89.2%.

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

Although the second wave of COVID-19 that started during the summer may be about to decline, the outlook remains uncertain. For example, there are concerns about the possibility of an increase in people hospitalized due to COVID-19, and especially the number of severe cases, and about the possibility of concurrent outbreaks of COVID-19 and influenza.

In the second quarter of the current fiscal year (July to September), the impact of the COVID-19 crisis on the performance of the SAN HOLDINGS Group was smaller than in the first quarter (April to June), when a state of emergency was declared and prefectural governments asked people to stay home as much as possible. However, sales and earnings have not returned to the pre-crisis levels.

There are no revisions to the consolidated forecast for the fiscal year ending March 31, 2021 that was announced on May 14, 2020. This forecast assumed that COVID-19 would no longer affect sales and earnings by January 2021, which is the beginning of the fiscal year's fourth quarter. This assumption has now been revised based on the outlook for this crisis to continue impacting sales and earnings at least until the end of the fiscal year.

Changes in the COVID-19 pandemic and other events involving this crisis may have a significant negative effect on the validity of the assumptions used for our forecast. If there is a significant change, we will promptly announce a revised forecast based on new assumptions.

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

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	Second quarter of FY3/21 (As of Sep. 30, 2020)
Assets		
Current assets		
Cash and deposits	6,428,795	5,494,125
Trade accounts receivable	493,588	429,307
Merchandise and finished goods	89,380	99,624
Raw materials and supplies	54,039	42,406
Other	199,629	336,957
Allowance for doubtful accounts	(1,234)	(958)
Total current assets	7,264,198	6,401,463
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,390,883	9,292,424
Land	12,247,709	12,247,709
Leased assets, net	470,711	432,610
Other, net	174,254	348,898
Total property, plant and equipment	22,283,558	22,321,644
Intangible assets	97,222	150,873
Investments and other assets		
Long-term loans receivable	220,375	211,703
Beneficial interests in real estate trust	498,159	497,927
Guarantee deposits	723,667	703,726
Other	807,902	716,609
Allowance for doubtful accounts	(20,858)	(21,063)
Total investments and other assets	2,229,246	2,108,902
Total non-current assets	24,610,028	24,581,420
Total assets	31,874,226	30,982,883

	(Thousands of yen)	
	FY3/20 (As of Mar. 31, 2020)	Second quarter of FY3/21 (As of Sep. 30, 2020)
Liabilities		
Current liabilities		
Trade accounts payable	736,264	524,993
Current portion of long-term borrowings	19,992	15,034
Lease obligations	115,028	115,717
Income taxes payable	607,732	107,638
Provision for bonuses	491,757	371,366
Provision for bonuses for directors (and other officers)	60,372	15,051
Other	1,074,205	823,404
Total current liabilities	3,105,353	1,973,205
Non-current liabilities		
Long-term borrowings	5,038	-
Lease obligations	404,373	360,799
Provision for employee stock ownership plan trust	14,287	21,721
Asset retirement obligations	382,817	396,320
Other	646,562	588,233
Total non-current liabilities	1,453,079	1,367,076
Total liabilities	4,558,432	3,340,281
Net assets		
Shareholders' equity		
Share capital	2,568,157	2,568,157
Capital surplus	5,491,381	5,492,913
Retained earnings	20,544,571	20,843,719
Treasury shares	(1,288,316)	(1,262,189)
Total shareholders' equity	27,315,794	27,642,601
Total net assets	27,315,794	27,642,601
Total liabilities and net assets	31,874,226	30,982,883

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

(Thousands of yen)

	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Operating revenue	10,375,467	8,604,092
Operating expenses	8,170,661	7,204,931
Operating gross profit	2,204,805	1,399,161
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	93,785	89,256
Salaries	177,938	182,032
Bonuses	15,159	8,134
Provision for bonuses	41,096	33,517
Provision for bonuses for directors (and other officers)	18,278	15,051
Provision of allowance for doubtful accounts	10,871	(38)
Depreciation	12,723	10,433
Other	347,223	285,395
Total selling, general and administrative expenses	717,076	623,782
Operating profit	1,487,729	775,378
Non-operating income		
Interest income	1,777	1,634
Dividend income	4	4
Miscellaneous income	22,233	9,801
Total non-operating income	24,015	11,439
Non-operating expenses		
Interest expenses	2,068	48
Dismantling removal expense	6,851	17,012
Miscellaneous loss	12,866	4,714
Total non-operating expenses	21,787	21,775
Ordinary profit	1,489,957	765,042
Extraordinary income		
Gain on sales of non-current assets	15,362	482
Total extraordinary income	15,362	482
Extraordinary losses		
Loss on retirement of non-current assets	-	5,255
Total extraordinary losses	-	5,255
Profit before income taxes	1,505,320	760,269
Income taxes-current	435,322	199,292
Income taxes-deferred	90,477	82,838
Total income taxes	525,800	282,131
Profit	979,519	478,138
Profit attributable to owners of parent	979,519	478,138

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

(Thousands of yen)

	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Profit	979,519	478,138
Other comprehensive income		
Total other comprehensive income	-	-
Comprehensive income	979,519	478,138
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	979,519	478,138
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)
Cash flows from operating activities		
Profit before income taxes	1,505,320	760,269
Depreciation	407,883	471,844
Loss on retirement of property, plant and equipment	-	5,255
Increase (decrease) in allowance for doubtful accounts	10,822	(70)
Increase (decrease) in provision for bonuses	(70,641)	(120,391)
Increase (decrease) in provision for bonuses for directors (and other officers)	(31,292)	(45,320)
Interest and dividend income	(1,782)	(1,638)
Interest expenses	2,068	48
Loss (gain) on sales of property, plant and equipment	(15,362)	(482)
Decrease (increase) in trade receivables	(192,693)	64,281
Decrease (increase) in inventories	(3,591)	1,389
Increase (decrease) in trade payables	(208,073)	(211,271)
Increase (decrease) in accrued consumption taxes	15,305	(183,159)
Other, net	(379,153)	(121,943)
Subtotal	1,038,810	618,809
Interest and dividends received	10	8
Interest paid	(910)	(43)
Income taxes paid	(340,625)	(715,910)
Income taxes refund	75,183	-
Net cash provided by (used in) operating activities	772,467	(97,136)
Cash flows from investing activities		
Purchase of property, plant and equipment	(415,410)	(533,561)
Proceeds from sales of property, plant and equipment	112,462	482
Purchase of intangible assets	-	(68,048)
Loan advances	(371)	-
Collection of loans receivable	2	2
Proceeds from cancellation of insurance funds	8,846	-
Other proceeds	13,037	23,326
Other payments	(59,124)	(12,383)
Net cash provided by (used in) investing activities	(340,556)	(590,182)
Cash flows from financing activities		
Repayments of long-term borrowings	(909,996)	(9,996)
Repayments of finance lease obligations	(58,877)	(59,912)
Dividends paid	(168,488)	(178,989)
Net cash provided by (used in) financing activities	(1,137,362)	(248,897)
Net increase (decrease) in cash and cash equivalents	(705,451)	(936,216)
Cash and cash equivalents at beginning of period	5,611,704	6,427,841
Cash and cash equivalents at end of period	4,906,252	5,491,624

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Additional Information

Application of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System”

With regard to the transition to the group tax sharing system that was established by the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020) and the non-consolidated tax system items that were revised by this act, SAN HOLDINGS and certain domestic consolidated subsidiaries has not applied “Guidance on Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) Article 44 pursuant to “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ Practical Issues Task Force (PITF) No. 39, March 31, 2020) Article 3. Consequently, deferred tax assets and deferred tax liabilities are based on the tax law before the revision.

Impact of COVID-19

Since the middle of February 2020, COVID-19 has negatively affected the performance of the SAN HOLDINGS Group by reducing the size of ordinary funerals as the number of mourners declined and by causing postponements and cancelations of corporate funerals and other events to say farewell to the deceased. COVID-19 is restricting a broad spectrum of economic and corporate activities. Predicting changes in the number of infections and the timing of the end of this crisis is impossible. However, we assume that COVID-19 will continue to impact sales and earnings until at least the end of this fiscal year. As a result, with regard to these effects of COVID-19 on results of operations, we are using this assumption for decisions about the impairment of non-current assets, the ability to recover deferred tax assets and other accounting estimates.

If the impact of COVID-19 differs from the current assumption, the results of operations and financial position of the SAN HOLDINGS Group may be affected.

Distribution of SAN HOLDINGS stock to employees, etc. using a trust

SAN HOLDINGS is using this distribution of stock as an incentive plan to heighten motivation for contributing to the growth of corporate value. The distribution of stock will increase benefits for employees of SAN HOLDINGS and its subsidiaries and is expected to give employees a stronger feeling of belonging to a unified team and participating in management. This will give employees a stronger commitment to the medium and long-term growth of sales and earnings and to increasing the stock price.

(1) Outline of transactions

The incentive plan uses a trust established and funded by SAN HOLDINGS to purchase at once a sufficient number of shares of SAN HOLDINGS common stock for upcoming distributions. Employees who meet the designated requirements will receive points granted in accordance with stock distribution rules established by the directors of SAN HOLDINGS and its subsidiaries. The points are subsequently used to determine the number of shares of SAN HOLDINGS common stock to be received by employees from the trust. Points reflect each person's job and other factors. There is no cost to employees because SAN HOLDINGS covers the entire cost of stock purchases made by the trust.

(2) SAN HOLDINGS stock remaining in the trust

The book value (excluding associated expenses) of SAN HOLDINGS stock held by the trust is shown as treasury shares in the net assets section of the consolidated balance sheet. As of the end of the previous fiscal year, the trust held 136,000 shares of SAN HOLDINGS with a book value of 149,781 thousand yen. As of the end of the second quarter of the current fiscal year, the trust held 136,000 shares of SAN HOLDINGS with a book value of 149,562 thousand yen.

Segment Information

I. First six months of FY3/20 (Apr. 1, 2019 – Sep. 30, 2019)

1. Information related to net sales, profit or loss for each reportable segment (Thousands 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							
External sales	8,620,027	688,725	867,144	199,569	10,375,467	-	10,375,467
Inter-segment sales and transfers	15,311	-	20	3,210,951	3,226,282	(3,226,282)	-
Total	8,635,339	688,725	867,164	3,410,521	13,601,750	(3,226,282)	10,375,467
Segment profit	807,639	7,152	138,897	1,844,464	2,798,153	(1,308,196)	1,489,957

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

	(Thousands of yen)
	Amount
Elimination of amount equivalent to dividends paid to the holding company by consolidated subsidiaries	(1,308,000)
Adjustment of allowance for doubtful accounts related to the netting elimination of assets and liabilities	(196)
Total	(1,308,196)

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 six months of FY3/21 (Apr. 1, 2020 – Sep. 30, 2020)

1. Information related to net sales, profit or loss for each reportable segment (Thousands 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							
External sales	7,022,658	589,739	789,098	202,596	8,604,092	-	8,604,092
Inter-segment sales and transfers	14,471	-	20	2,573,640	2,588,131	(2,588,131)	-
Total	7,037,129	589,739	789,118	2,776,236	11,192,224	(2,588,131)	8,604,092
Segment profit (loss)	85,657	(9,466)	102,282	1,239,284	1,417,757	(652,714)	765,042

Notes: 1. Contents of adjustments to segment profit (loss) are as follows.

(Thousands of yen)	
	Amount
Elimination of amount equivalent to dividends paid to the holding company by consolidated subsidiaries	(652,800)
Adjustment of allowance for doubtful accounts related to the netting elimination of assets and liabilities	85
Total	(652,714)

2. Segment profit (loss) 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.