



November 7, 2024

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2025
(Six Months Ended September 30, 2024)

[Japanese GAAP]

Company name: SAN HOLDINGS, INC. Listing: Tokyo Stock Exchange
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Scheduled date of filing of Semi-annual Report: November 8, 2024

Scheduled date of payment of dividend: December 2, 2024

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2024**(April 1, 2024 – September 30, 2024)**

(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, 2024	11,186	7.5	1,534	(8.2)	1,564	(7.1)	943	(13.1)
Six months ended Sep. 30, 2023	10,407	3.2	1,671	(6.2)	1,684	(4.5)	1,085	(10.9)

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2024: 943 (down 13.1%)

Six months ended Sep. 30, 2023: 1,085 (down 10.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2024	46.21	-
Six months ended Sep. 30, 2023	52.32	-

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 Sep. 30, 2024	56,735	33,832	59.3
As of Mar. 31, 2024	37,585	32,877	87.5

Reference: Shareholder's equity (million yen) As of Sep. 30, 2024: 33,631 As of Mar. 31, 2024: 32,877

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2024	-	23.00	-	12.00	-
Fiscal year ending Mar. 31, 2025	-	12.00	-	-	-
Fiscal year ending Mar. 31, 2025 (forecast)	-	-	-	12.00	24.00

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, 2023. The interim dividend for the fiscal year ended March 31, 2024 is the actual amount before the stock split.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(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	24,300	8.3	3,820	0.8	3,830	0.8	2,450	3.7	120.04

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

2. SAN HOLDINGS is currently examining the impact of consolidation of KIZUNA HOLDINGS Corp. An announcement will be made as soon as the impact has been determined

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly added: 4 (KIZUNA HOLDINGS Corp., Famille Corp., Hanakoma, Bizenya)

Excluded: -

(2) Application of special accounting methods for presenting interim 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: Yes

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, 2024:	23,000,000 shares	As of Mar. 31, 2024:	23,400,000 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2024:	2,546,888 shares	As of Mar. 31, 2024:	2,990,388 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2024:	20,422,658 shares	Six months ended Sep. 30, 2023:	20,754,016 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 (261,100 shares as of September 30, 2024 and 264,600 shares as of September 30, 2023).

*The current financial report is not subject to quarterly (semi-annual) 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 Interim Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 5 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Interim Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the fiscal year ending in March 2025, there was a slow recovery of the Japanese economy accompanied by signs of weakness in some sectors. Significant uncertainty about the Japanese economy as well as inflation continued because of geopolitical risk involving conflicts in the Middle East and Ukraine, the possibility of an economic downturn caused by monetary tightening in many countries, and other events.

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. There is no change in the fundamental role of funerals as a valuable place to say farewell to the deceased. However, a shift is taking place as the types of funerals become more diverse. For example, many people prefer a funeral for only family members and other close acquaintances or a one-day funeral. The result is a decline in average revenue per funeral. Furthermore, funeral companies in Japan are adding more locations and there are more companies that operate websites for selecting a funeral company. Intense competition to receive orders for small funerals is one of the most significant results of these events.

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.

We launched ENDING HAUS as a brand for family funerals with outstanding quality at reasonable prices. This is part of core activities for the growth of the funeral business, which is one of the main goals of the medium-term management plan. During the first half, we opened ENDING HAUS Imazato in Higashinari-ku in the city of Osaka, ENDING HAUS Taisho in Taisho-ku in the city of Osaka, ENDING HAUS Kitakasai in Edogawa-ku, Tokyo, ENDING HAUS Sagamihara-chuo in the city of Sagamihara, Kanagawa, ENDING HAUS Ichikawa-hirata in the city of Ichikawa, Chiba. During the current fiscal year, we plan to open 16 locations, mostly using the ENDING HAUS brand. Eleven of these locations are already operating or are expected to open soon.

In September 2024, the SAN HOLDINGS Group acquired KIZUNA HOLDINGS Corp., making this company a consolidated subsidiary. This company operates 155 funeral halls in 11 prefectures at its three group companies: Famille Corp., Hanakoma and Bizenya. This acquisition enlarges the coverage of the SAN HOLDINGS Group to 15 prefectures from Hokkaido to Kyushu, enabling us to provide our reliable services to an even larger number of people. Together, the SAN HOLDINGS Group and KIZUNA HOLDINGS Corp. operate 251 funeral halls and handle about 30,000 funerals annually. Our goal is to continue growing as Japan's largest listed company that specializes in the funeral business.

During the first half, funeral service revenue at the funeral companies of the SAN HOLDINGS Group was 7.6% higher than one year earlier.

Although the average revenue per funeral was down 1.8%, which was mainly the result of smaller funerals, the number of funerals increased 9.6%. In addition, sales of products and services associated with funerals increased as sales of food and commissions received for real estate brokerage services increased.

Operating expenses were 7.8% higher than one year earlier. There were more expenses due to an increase in the number of funerals for the opening of new funeral halls and to hiring people because of the outlook for sales to continue growing. Higher expenses were also attributable to an increase in personnel expenses because of salary increases and an increase in funeral hall operating expenses due to the opening of new locations. Selling, general and administrative expenses increased 39.4%. This was the result of higher personnel expenses, expenses involving the tender offer for KIZUNA HOLDINGS, an increase in software depreciation expenses due to the start of a new core IT system, and other reasons.

Operating revenue increased 7.5% to 11,186 million yen. Operating profit was down 8.2% to 1,534 million yen due to planned up-front investments for future growth. Ordinary profit decreased 7.1% to 1,564 million yen. After taxes, profit attributable to owners of parent was 943 million yen, 13.1% lower than in the first half of the previous fiscal year. The equity-method profit associated with GRAN CEREMO TOKYO CO., LTD. was 25 million yen. 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. In previous fiscal years, there were four reportable segments: KOEKISHA Group, SOU-SEN Group, TARUI Group and Holding Company Group. Due to the acquisition of KIZUNA HOLDINGS in the period under review, a fifth reportable segment called KIZUNA Group has been added.

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.

Business segment performance was as follows.

1) The KOEKISHA Group

Sales at KOEKISHA CO., LTD., the core company of this segment, increased 11.4% year on year mainly because of a larger number of ordinary funerals (less than 5 million yen) due to newly opened funeral halls. Average revenue per funeral decreased 2.0% because of a higher percentage of simple funerals (only cremation). Sales of products and services associated with funerals were higher than one year earlier mainly because of sales of family altars and fixtures and food.

Operating expenses increased because of 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, and higher building and land leasing expenses due to new funeral halls.

Sales in the KOEKISHA Group segment were 9,368 million yen, up 9.4% year on year, and the segment profit was 1,096 million yen, up 16.3%.

2) The SOU-SEN Group

SOU-SEN Corporation is the core company of this segment. Funeral service revenue decreased 3.8% as the number of funerals was about the same as one year earlier but average revenue per funeral declined due to a higher percentage of simple funerals. Sales of products and services associated with funerals decreased because sales of courtesy gifts were lower.

Sales in the SOU-SEN Group segment were 726 million yen, down 5.2% year on year, and the segment profit was 50 million yen, down 19.9%.

3) The TARUI Group

At TARUI CO., LTD., the number of funerals increased 4.5% from one year earlier due to more funerals mainly at new halls for small funerals. The average revenue per funeral decreased. As a result, funeral service revenue increased 3.1%. Sales of products and services associated with funerals decreased as slow sales of courtesy gifts offset strong sales involving memorial services.

Sales in the TARUI Group segment were 908 million yen, up 1.9% year on year, and the segment profit was 163 million yen, up 2.4%.

4) The KIZUNA Group

This new segment beginning with the period under review is the operations of consolidated subsidiary KIZUNA HOLDINGS and its three subsidiaries: Famille Corp., Hanakoma and Bizenya.

An acquisition date of August 31, 2024, is used for preparation of the financial statements. As the acquisition date is within three months of the end of the period under review, KIZUNA HOLDINGS is included in only the balance sheet in the interim consolidated financial statements.

5) Holding Company Group

Operating revenue at SAN HOLDINGS was unchanged from one year earlier due to an increase in real estate management revenue and a decrease in dividend income.

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

Selling, general and administrative expenses increased because of higher personnel expenses, expenses involving the tender offer for KIZUNA HOLDINGS, an increase in software depreciation expenses due to the start of a new core IT system, and other reasons.

Sales in the Holding Company Group segment were 4,421 million yen, down 0.0% year on year, and the segment profit was 2,366 million yen, down 12.5%.

(2) Explanation of Financial Position

Assets

Current assets at the end of the second quarter were 10,176 million yen, down 1,658 million yen from the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits of 1,795 million yen.

Non-current assets were 46,558 million yen, up 20,808 million yen from the end of the previous fiscal year. The increase was attributable primarily to an 8,353 million yen increase in property, plant and equipment resulting from an increase in buildings and structures associated with KIZUNA HOLDINGS becoming a consolidated subsidiary, and a 11,090 million yen increase in goodwill.

As a result, total assets increased 19,149 million yen from the end of the previous fiscal year to 56,735 million yen.

Liabilities

Current liabilities at the end of the second quarter were 15,791 million yen, up 12,155 million yen from the end of the previous fiscal year. This was mainly due to increases of 10,400 million yen in short-term borrowings and 1,454 million yen in current portion of long-term borrowings resulting from consolidation of KIZUNA HOLDINGS. The short-term borrowing of 10 billion yen is a bridge loan associated with the KIZUNA HOLDINGS tender offer. The plan is to replace this loan with long-term debt within the next year.

Non-current liabilities were 7,110 million yen, an increase of 6,039 million yen from the end of the previous fiscal year. This was mainly due to increases of 4,538 million yen in long-term borrowings, 884 million yen in lease liabilities and 601 million yen in asset retirement obligations.

As a result, total liabilities increased 18,194 million yen from the end of the previous fiscal year to 22,902 million yen.

Net assets

Net assets were 33,832 million yen at the end of the second quarter, up 955 million yen from the end of the previous fiscal year.

The main factors include profit attributable to owners of parent of 943 million yen, dividends from surplus of 248 million yen and an increase of 201 million yen in non-controlling interests.

The equity ratio decreased 28.2 percentage points from the end of the previous fiscal year to 59.3%.

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

KIZUNA HOLDINGS was included in the scope of consolidation because SAN HOLDINGS acquired this company in the first half of the current fiscal year. As the deemed acquisition date is August 31, 2024 and the difference with the interim consolidated balance sheet date does not exceed three months, KIZUNA HOLDINGS is included in only the balance sheet in the interim consolidated financial statements.

The impact of this consolidation on the consolidated earnings forecasts is currently being reviewed. An announcement will be made as soon as the effect has been determined.

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

(Millions of yen)

	FY3/24 (As of Mar. 31, 2024)	Second quarter of FY3/25 (As of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	9,789	7,994
Trade accounts receivable and contract assets	1,362	1,347
Merchandise and finished goods	137	177
Raw materials and supplies	25	53
Other	522	611
Allowance for doubtful accounts	(2)	(8)
Total current assets	11,835	10,176
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,859	15,555
Land	12,250	13,049
Leased assets, net	230	1,425
Other, net	183	846
Total property, plant and equipment	22,524	30,877
Intangible assets		
Goodwill	233	11,324
Other	566	756
Total intangible assets	799	12,080
Investments and other assets		
Long-term loans receivable	152	250
Beneficial interests in real estate trust	455	443
Investment securities	120	123
Guarantee deposits	821	1,662
Other	889	1,137
Allowance for doubtful accounts	(13)	(16)
Total investments and other assets	2,426	3,600
Total non-current assets	25,750	46,558
Total assets	37,585	56,735

	(Millions of yen)	
	FY3/24 (As of Mar. 31, 2024)	Second quarter of FY3/25 (As of Sep. 30, 2024)
Liabilities		
Current liabilities		
Trade accounts payable	1,029	1,204
Short-term borrowings	-	10,400
Current portion of long-term borrowings	-	1,454
Lease liabilities	88	186
Income taxes payable	685	595
Provision for bonuses	566	531
Provision for bonuses for directors (and other officers)	60	26
Other	1,205	1,393
Total current liabilities	3,636	15,791
Non-current liabilities		
Long-term borrowings	-	4,538
Lease liabilities	168	1,053
Asset retirement obligations	561	1,163
Provision for employee stock ownership plan trust	59	62
Other	282	292
Total non-current liabilities	1,071	7,110
Total liabilities	4,708	22,902
Net assets		
Shareholders' equity		
Share capital	2,568	2,568
Capital surplus	5,505	5,488
Retained earnings	27,030	27,471
Treasury shares	(2,226)	(1,896)
Total shareholders' equity	32,877	33,631
Non-controlling interests	-	201
Total net assets	32,877	33,832
Total liabilities and net assets	37,585	56,735

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

(Millions of yen)

	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Operating revenue	10,407	11,186
Operating expenses	7,991	8,614
Operating gross profit	2,415	2,571
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	88	88
Salaries	170	214
Bonuses	11	20
Provision for bonuses	44	47
Provision for bonuses for directors (and other officers)	18	26
Outsourcing expenses	108	275
Provision of allowance for doubtful accounts	1	(2)
Depreciation	41	67
Amortization of goodwill	-	11
Other	258	287
Total selling, general and administrative expenses	744	1,037
Operating profit	1,671	1,534
Non-operating income		
Interest income	1	1
Dividend income	0	0
Share of profit of entities accounted for using equity method	8	25
Miscellaneous income	10	17
Total non-operating income	19	43
Non-operating expenses		
Interest expenses	0	5
Miscellaneous losses	7	8
Total non-operating expenses	7	13
Ordinary profit	1,684	1,564
Extraordinary losses		
Loss on retirement of non-current assets	12	5
Total extraordinary losses	12	5
Profit before income taxes	1,671	1,559
Income taxes-current	546	532
Income taxes-deferred	38	82
Total income taxes	585	615
Profit	1,085	943
Profit attributable to owners of parent	1,085	943

Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Profit	1,085	943
Comprehensive income	1,085	943
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,085	943
Comprehensive income attributable to non-controlling interests	-	-

(3) Interim Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)	First six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)
Cash flows from operating activities		
Profit before income taxes	1,671	1,559
Depreciation	459	498
Goodwill amortization	-	11
Loss on retirement of property, plant and equipment	12	5
Increase (decrease) in allowance for doubtful accounts	1	(2)
Increase (decrease) in provision for bonuses	(36)	(96)
Increase (decrease) in provision for bonuses for directors (and other officers)	(39)	(34)
Interest and dividend income	(1)	(1)
Interest expenses	0	5
Share of loss (profit) of entities accounted for using equity method	(8)	(25)
Decrease (increase) in trade receivables	(63)	427
Decrease (increase) in inventories	(3)	(12)
Increase (decrease) in trade payables	(165)	(204)
Increase (decrease) in accrued consumption taxes	(100)	(67)
Other, net	(76)	(459)
Subtotal	1,649	1,603
Interest and dividends received	0	22
Interest paid	(0)	(5)
Income taxes paid	(1,065)	(627)
Income taxes refund	196	258
Other, net	2	-
Net cash provided by (used in) operating activities	783	1,252
Cash flows from investing activities		
Purchase of property, plant and equipment	(312)	(461)
Purchase of intangible assets	(71)	(72)
Purchase of investment securities	-	(228)
Loan advances	(4)	-
Proceeds from collection of loans receivable	1	10
Purchase of shares of subsidiaries	-	(11,936)
Other proceeds	10	8
Other payments	(56)	(67)
Net cash provided by (used in) investing activities	(432)	(12,746)
Cash flows from financing activities		
Proceeds from short-term borrowings	-	10,000
Purchase of treasury shares	(312)	-
Repayments of finance lease liabilities	(52)	(55)
Dividends paid	(244)	(248)
Net cash provided by (used in) financing activities	(609)	9,696
Net increase (decrease) in cash and cash equivalents	(258)	(1,798)
Cash and cash equivalents at beginning of period	9,179	9,748
Cash and cash equivalents at end of period	8,921	7,950

(4) Notes to Interim Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Accounting Policies

Application of Accounting Standard for Current Income Taxes

SAN HOLDINGS has applied the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022) from the beginning of the first half of the current fiscal year.

Revisions concerning the accounting classification of income taxes (taxation of other comprehensive income) are made in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of this revised accounting standard and with Paragraph 65-2, Item 2 of Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022). The application of this standard has no effect on the consolidated financial statements.

For the revision concerning the change in the treatment in the consolidated financial statements of the tax deferral of gains or losses on sales of shares of subsidiaries, etc. between consolidated companies, SAN HOLDINGS has applied the Implementation Guidance on Accounting Standard for Tax Effect Accounting beginning with the first half of the current fiscal year. This change has been applied retrospectively and the interim and fiscal year consolidated financial statements for the previous fiscal year are shown after this restatement. This change in accounting policies has no effect on the interim and fiscal year consolidated financial statements in the previous fiscal year.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

I. First six months of FY3/24 (Apr. 1, 2023 – Sep. 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 interim consolidated statement of income (Note 2)
	KOEKISHA Group	SOU-SEN Group	TARUI Group	KIZUNA Group	Holding Company Group	Total		
Net sales								
Funeral service revenue	6,774	654	814	-	-	8,243	-	8,243
Other	1,768	111	76	-	-	1,957	-	1,957
Revenue from contracts with customers	8,542	766	891	-	-	10,200	-	10,200
Other revenue	-	-	-	-	206	206	-	206
External sales	8,542	766	891	-	206	10,407	-	10,407
Inter-segment sales and transfers	17	-	-	-	4,215	4,232	(4,232)	-
Total	8,559	766	891	-	4,421	14,639	(4,232)	10,407
Segment profit	942	63	159	-	2,703	3,869	(2,185)	1,684

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 interim consolidated statement of income.

2. Information related to revisions for reportable segments

Not applicable.

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

Not applicable.

II. First six months of FY3/25 (Apr. 1, 2024 – Sep. 30, 2024)

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 interim consolidated statement of income (Note 2)
	KOEKISHA Group	SOU-SEN Group	TARUI Group	KIZUNA Group	Holding Company Group	Total		
Net sales								
Funeral service revenue	7,399	630	838	-	-	8,868	-	8,868
Other	1,945	95	69	-	-	2,110	-	2,110
Revenue from contracts with customers	9,344	726	908	-	-	10,979	-	10,979
Other revenue	-	-	-	-	207	207	-	207
External sales	9,344	726	908	-	207	11,186	-	11,186
Inter-segment sales and transfers	23	0	0	-	4,214	4,238	(4,238)	-
Total	9,368	726	908	-	4,421	15,424	(4,238)	11,186
Segment profit	1,096	50	163	-	2,366	3,676	(2,112)	1,564

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	(2,110)
Adjustment of allowance for doubtful accounts related to the netting elimination of assets and liabilities	(1)
Total	(2,112)

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

2. Information related to revisions for reportable segments

Due to the acquisition of KIZUNA HOLDINGS in the first six months of FY3/25, a new reportable segment called KIZUNA Group has been added.

Prior-year segment information has been revised to incorporate this new segment to permit comparisons.

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

Significant impairment losses on non-current assets

Not applicable.

Significant change in goodwill

Goodwill was booked in the KIZUNA Group segment as SAN HOLDINGS has acquired IZUNA HOLDINGS and included this company in the scope of consolidation in the first six months of FY3/25. The event caused an increase of goodwill by 11,102 million yen.

The amount of goodwill is tentatively calculated since the allocation of acquisition cost has not been completed

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.