



August 14, 2025

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending August 31, 2026

[Japanese GAAP]

Company name: SAN HOLDINGS, INC.

Stock code: 9628

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 payment of dividend:

Preparation of supplementary materials for financial results:

Listing: Tokyo Stock Exchange

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

Holding of financial results meeting:

None

None

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

1. Consolidated Financial Results for the Fiscal Year Ending August 31, 2026 (April 1, 2025 – June 30, 2025)

(1) Consolidated Operating Results (Cumulative)

(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	%
Fiscal year ending Aug. 31, 2026	9,154	65.9	901	6.7	861	(0.3)	582	5.7
Fiscal year ended Mar. 31, 2025	5,518	8.6	845	11.0	863	12.7	551	10.9

Note: Comprehensive income for the 1Q (million yen)

Fiscal year ending Aug. 31, 2026: 582 (5.7%)

Fiscal year ended Mar. 31, 2025: 551 (10.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ending Aug. 31, 2026	28.48	-
Fiscal year ended Mar. 31, 2025	27.01	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Fiscal year ending Aug. 31, 2026	59,491	37,237	62.6
Fiscal year ended Mar. 31, 2025	63,053	37,172	59.0

Reference: Shareholder's equity (million yen)

As of Jun. 30, 2025: 37,237

As of Mar. 31, 2025: 37,172

2. Dividends

	Dividend per share						
	1Q-end	2Q-end	3Q-end	4Q-end	5Q-end	Year-end	Total
Fiscal year ended Mar. 31, 2025	Yen -	Yen 12.00	Yen -	-	-	Yen 25.00	Yen 37.00
Fiscal year ending Aug. 31, 2026	-	-	-	-	-	-	-
Fiscal year ending Aug. 31, 2026 (forecast)		-	28.50	-	-	28.50	57.00

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

2. Following the change in the fiscal period, the forecast figures now cover a 17-month period from 1 April 2025 to 31 August 2026, instead of a 12-month period from 1 April 2025 to 31 March 2026.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending August 31, 2026 (April 1, 2025 – August 31, 2026)

(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	59,300	-	6,470	-	6,310	-	3,520	-	171.99

Notes: 1. Revisions to the most recently announced dividend forecast: Yes

2. Following the change in the fiscal period, the forecast figures now cover a 17-month period from 1 April 2025 to 31 August 2026, instead of a 12-month period from 1 April 2025 to 31 March 2026, so the rates of increase and decrease are omitted.

3. 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 June 30, 2025 (excluding treasury shares).

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(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, 2025: 23,000,000 shares As of Mar. 31, 2025: 23,000,000 shares

2) Number of treasury shares at the end of the period

As of Jun. 30, 2025: 2,534,520 shares As of Mar. 31, 2025: 2,535,420 shares

3) Average number of shares outstanding during the period (cumulative for the quarter)

Fiscal year ending Aug. 31, 2026: 20,465,094 shares Fiscal year ended Mar. 31, 2025: 20,409,934 shares

Note: 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 (261,900 shares in Q1 of the fiscal year ended March 31 2025 and 258,300 shares in Q1 of the fiscal year ending August 31, 2026)

* Review of the attached quarterly consolidated financial statements by a certified public accountant or audit firm: Yes (voluntary)

* 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. Overview of Results of Operations, (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. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	3
(3) Explanation of Consolidated Forecast and Other Forward-looking Statements	4
2. Consolidated Financial Statements and Notes	5
(1) Consolidated Balance Sheet	5
(2) Consolidated Statements of Income and Comprehensive Income	7
Consolidated Statement of Income	7
Consolidated Statement of Comprehensive Income	8
(3) Notes to Consolidated Financial Statements	9
Financial Reporting Framework	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Quarterly Consolidated Statement of Cash Flows	9
Segment and Other Information	10
Interim Review Report	12

1. Overview of Results of Operations

(1) Results of Operations

During the first quarter of the current consolidated fiscal period (hereinafter referred to as the "current period"), the Japanese economy has recovered moderately, mainly due to improvements in the employment and income situations and increased inbound demand, although relatively weak developments have been seen in some sectors. On the other hand, uncertainties surrounding the economy and prices remain high due to factors such as trade policies of various countries.

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. Currently, M&A and other activities for the reorganization of the funeral and end-of-life support business sectors are increasing.

SAN HOLDINGS is promoting the medium-term management plan (FY2025 to FY2027) with the goal of achieving the growth of the funeral business and the growth of the end-of-life support business set forth in the 10-Year Vision, which defines the direction and desired future state for our Group as we approach our 100th anniversary in 2032.

In the above medium-term management plan, which prioritizes the growth of the funeral business, we aim to open 550 group halls nationwide by FY2031, as set forth in the 10-Year Vision, through a combination of new hall openings by our company and network expansion via mergers and acquisitions in major cities across Japan. As of the end of June 2025, the number of our halls reached 276, operating across 16 prefectures. We will continue to strive for further growth as Japan's largest listed funeral business company.

In the other key focus area, the growth of the end-of-life support business, we aim to contribute to improving the quality of life for many seniors and their families by providing various values throughout the life-ending stage of the senior generation. Kunika Next Co., Ltd., which became a subsidiary in June 2025, operates home-visit medical massage services in Fushimi Ward, Kyoto City, Moriguchi City, Osaka Prefecture, Otsu City, Shiga Prefecture, Fuchu City, Tokyo and Kawagoe City, Saitama Prefecture, and this business is expected to have strong synergy with the rehabilitation-focused day services provided by our Group. Effective utilization of human resources and synergistic effects in attracting customers are expected, and through high-quality care, we aim to realize a secure and comfortable lifestyle.

For the current period, consolidated operating revenue amounted to 9,154 million yen, up 65.9% compared to the same quarter of the previous year (hereinafter referred to as the "year-on-year"), and operating profit was 901 million yen, up 6.7% year-on-year. Ordinary profit was 861 million yen, down 0.3% year-on-year. Quarterly net profit attributable to owners of parent after deducting tax expenses was 582 million yen, up 5.7% year-on-year.

Funeral service revenue for the period under review at Group funeral companies was up 81.2% year-on-year. The total number of funerals performed by the Group increased by 97.2% compared to the same period last year due to the consolidation of Kizuna Holdings Corp. as a subsidiary, but the average revenue per funeral decreased by 8.1% year-on-year, reflecting a higher proportion of family funerals within the total number of funerals. In addition, sales of products and services associated with funerals increased as sales of return gifts and commissions received for post-funeral procedures and related services increased.

As for expenses, operating expenses increased 74.8% year-on-year due to the effect of the consolidation of Kizuna Holdings Corp. In addition, selling, general and administrative expenses increased due to factors such as amortization of goodwill, higher recruitment costs associated with hiring personnel to support future business growth, and increased personnel expenses. As a result, selling, general and administrative expenses increased 94.3% year-on-year.

The reportable segments of the SAN HOLDINGS Group are the KOEKISHA Group, SOU-SEN Group, TARUI Group, KIZUNA 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. Business segment performance was as follows.

a. KOEKISHA Group

At KOEKISHA Co., Ltd., the core company of the KOEKISHA Group, the average revenue per funeral increased mainly for general funerals (funerals costing 5 million yen or less). However, the number of funerals held decreased year-on-year due to increased

competition for affordable funerals in the Kinki area and a lower number of deaths compared to the same period last year in the Tokyo metropolitan area. As a result, funeral service revenue remained steady year-on-year. In addition, sales of products and services associated with funerals increased year-on-year as sales of return gifts and commissions received for post-funeral procedures and related services increased.

Expenses increased year-on-year due to higher operating costs associated with new hall openings as well as increases in land rent and other lease expenses.

Operating revenue in this segment were 4,565 million yen, down 0.5% year on year, and the segment profit was 3,88 million yen, down 26.2%.

b. SOU-SEN Group

In the SOU-SEN Group, centered around SOU-SEN Corp., the average revenue per funeral, particularly general funerals, increased. The number of funerals performed also increased, resulting in funeral service revenue rising 6.1% year-on-year. With the increase in attendees, revenue from the sale of funeral-related products and services, including return gifts, also grew year-on-year.

Operating revenue in this segment were 387 million yen, up 7.2% year-on-year, and the segment profit was 35 million yen, up 32.6%.

c. TARUI Group

At TARUI Co., Ltd., which is part of the Tarui Group, the number of funerals performed for general funerals decreased due to a lower number of deaths compared to the same period last year, but the average revenue per funeral increased, resulting in funeral service revenue remaining steady year-on-year. Revenue from the sale of products and services associated with funerals increased year-on-year, primarily due to higher sales of return gifts.

Expenses increased year-on-year due to higher operating costs associated with new hall openings as well as increases in land rent and other lease expenses.

Operating revenue in this segment were 489 million yen, up 2.8% year-on-year, and the segment profit was 68 million yen, down 30.0%.

d. KIZUNA Group

The KIZUNA Group is composed of Kizuna Holdings Corp., which became a consolidated subsidiary in September 2024, and its subsidiaries: Famille Corp., Hanakoma and Bizenya.

Operating revenue in this segment were 3,662 million yen, and the segment profit was 212 million yen due to recording of 178 million yen in goodwill amortization.

e. Holding Company Group

Operating revenue at San Holdings Inc. of the Holding Company Group increased 12.1% year-on-year due to an increase in real estate management revenue.

In operating expenses, fixed costs such as expenses for rent of space, land, etc., increased mainly in association with the opening of new branches. Selling, general and administrative expenses increased due to higher outsourcing costs and other related expenses.

Operating revenue in this segment were 3,656 million yen, up 12.1% year on year, and the segment profit was 2,648 million yen, up 13.9%.

(2) Financial Position

Assets

Current assets at the end of the first quarter of the consolidated fiscal period were 11,290 million yen, down 3,976 million yen from the end of the previous consolidated fiscal year (hereinafter referred to as the "previous period"). This was mainly due to a decrease in cash and deposits of 3,660 million yen, resulting from the payment of unpaid corporate taxes and other related expenses.

Non-current assets were 48,200 million yen, up 414 million yen from the end of the previous fiscal year. This was mainly due to an increase of 630 million yen in property, plant and equipment from the addition of buildings and structures related to new hall investments, and a decrease of 239 million yen in intangible assets due to the amortization of goodwill.

As a result, total assets decreased 3,562 million yen from the end of the previous fiscal year to 59,491 million yen.

Liabilities

Current liabilities at the end of the first quarter were 6,540 million yen, down 3,124 million yen from the end of the previous fiscal year. This was mainly due to decreases of 430 million yen in accounts payable-other, 500 million yen in short-term borrowings, 1,835 million yen in income taxes payable, and 365 million yen in provision for bonuses, among other factors.

Non-current liabilities were 15,713 million yen, a decrease of 503 million yen from the end of the previous fiscal year. This was mainly due to a decrease in long-term borrowings of 619 million yen.

As a result, total liabilities decreased 3,627 million yen from the end of the previous fiscal year to 22,253 million yen.

Net assets

Net assets were 37,237 million yen at the end of the first quarter of the current period, up 65 million yen from the end of the previous fiscal year. This was mainly due to the recording of quarterly profit attributable to the owners of the parent of 582 million yen and the payment of dividends of surplus of 518 million yen.

Consequently, the equity ratio increased 3.6 percentage points from the end of the previous fiscal year to 62.6%.

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

As mentioned in the “Notice Concerning Change of Accounting Period (Fiscal Year-End) and Partial Amendments to Articles of Incorporation” (dated May 8, 2025), the Company has announced a change in the fiscal year-end, and at the 96th Annual General Meeting of Shareholders held on June 25, 2025, it was resolved to change the fiscal year to run from September 1 each year through August 31 of the following year.

The 97th fiscal year, which is the transitional period due to the change in the fiscal year-end, will be an irregular 17-month accounting period from April 1, 2025, to August 31, 2026. Therefore, based on the 12-month earnings forecast announced on May 8, 2025, we have revised the full-year earnings forecast figures for the 17-month period from April 1, 2025, to August 31, 2026, taking into account the impact of the TOB conducted in September 2024, which resulted in Kizuna Holdings Corp. becoming a consolidated subsidiary, as well as recent business trends.

Additionally, regarding the dividend forecast, considering the change in the fiscal period from 12 months to 17 months, we have revised the dividend per share to 57 yen.

Note: The above earnings forecast has been prepared based on information available as of the date of this document’s release. Actual results may differ from the forecast figures due to various factors in the future.

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

	(Millions of yen)	
	FY3/25 (As of Mar. 31, 2025)	FY8/26 (As of Jun. 30, 2025)
Assets		
Current assets		
Cash and deposits	12,663	9,003
Accounts receivable and contract assets	1,708	1,329
Merchandise and finished goods	176	176
Raw materials and supplies	56	59
Other	675	735
Allowance for doubtful accounts	(13)	(13)
Total current assets	<u>15,267</u>	<u>11,290</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,988	16,926
Land	13,107	13,107
Leased assets, net	1,367	1,422
Other, net	1,152	789
Total property, plant and equipment	<u>31,615</u>	<u>32,246</u>
Intangible assets		
Goodwill	11,278	11,094
Trademark rights	836	822
Other	809	768
Total intangible assets	<u>12,924</u>	<u>12,685</u>
Investments and other assets		
Long-term loans receivable	216	211
Investment securities	162	229
Guarantee deposits	1,767	1,833
Other	1,116	1,012
Allowance for doubtful accounts	(17)	(18)
Total investments and other assets	<u>3,245</u>	<u>3,268</u>
Total non-current assets	<u>47,786</u>	<u>48,200</u>
Total assets	<u>63,053</u>	<u>59,491</u>

	(Millions of yen)	
	FY3/25 (As of Mar. 31, 2025)	FY8/26 (As of Jun. 30, 2025)
Liabilities		
Current liabilities		
Trade accounts payable	1,482	1,051
Short-term borrowings	500	-
Current portion of long-term borrowings	2,531	2,530
Lease liabilities	176	179
Income taxes payable	2,268	433
Provision for bonuses	681	315
Provision for bonuses for directors (and other officers)	59	9
Other	1,965	2,019
Total current liabilities	9,664	6,540
Non-current liabilities		
Long-term borrowings	13,588	12,968
Lease liabilities	998	1,045
Asset retirement obligations	1,270	1,332
Provision for employee stock ownership plan trust	69	72
Long-term deposits received	290	294
Long-term accounts payable-other	1	1
Total non-current liabilities	16,217	15,713
Total liabilities	25,881	22,253
Net assets		
Shareholders' equity		
Share capital	2,568	2,568
Capital surplus	5,488	5,488
Retained earnings	31,003	31,068
Treasury shares	(1,888)	(1,887)
Total shareholders' equity	37,172	37,237
Total net assets	37,172	37,237
Total liabilities and net assets	63,053	59,491

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

	FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)	FY8/26 (Apr. 1, 2025 – Jun. 30, 2025)	(Millions of yen)
Operating revenue	5,518	9,154	
Operating expenses	4,230	7,393	
Operating gross profit	1,287	1,761	
Selling, general and administrative expenses			
Remuneration for directors (and other officers)	44	82	
Salaries	107	173	
Bonuses	22	6	
Provision for bonuses	20	6	
Provision for bonuses for directors (and other officers)	13	9	
Provision of allowance for doubtful accounts	(2)	1	
Depreciation	31	75	
Goodwill amortization	5	184	
Other	199	319	
Total selling, general and administrative expenses	442	859	
Operating profit	845	901	
Non-operating income			
Interest income	0	0	
Dividend income	0	0	
Share of profit of entities accounted for using equity method	12	16	
Miscellaneous income	6	7	
Total non-operating income	19	25	
Non-operating expenses			
Interest expenses	0	45	
Miscellaneous losses	1	20	
Total non-operating expenses	1	65	
Ordinary profit	863	861	
Extraordinary income			
Gain on sale of non-current assets	-	0	
Other	-	0	
Total extraordinary income	-	0	
Extraordinary losses			
Loss on retirement of non-current assets	2	2	
Total extraordinary losses	2	2	
Profit before income taxes	861	858	
Income taxes-current	71	159	
Income taxes-deferred	238	116	
Total income taxes	309	275	
Profit	551	582	
Profit attributable to owners of parent	551	582	

Consolidated Statement of Comprehensive Income

	FY3/25 (Apr. 1, 2024 – Jun. 30, 2024)	FY8/26 (Apr. 1, 2025 – Jun. 30, 2025)	(Millions of yen)
Profit	551	582	
Comprehensive income attributable to:	551	582	
Comprehensive income attributable to owners of parent	551	582	
Comprehensive income attributable to non-controlling interests	-	-	

(3) Notes to Consolidated Financial Statements**Financial Reporting Framework**

The quarterly consolidated financial statements are prepared in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange Standards for Preparing Quarterly Financial Statements and the Accounting Standards for Quarterly Financial Statements generally accepted in Japan (however, the omission of certain disclosures as prescribed in Article 4, Paragraph 2 of the Tokyo Stock Exchange Standards for Preparing Quarterly Financial Statements is applied).

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Quarterly Consolidated Statement of Cash Flows

The quarterly consolidated statement of cash flows for the first quarter of the current consolidated cumulative period has not been prepared. Depreciation expenses (including amortization expenses related to intangible assets excluding goodwill) and goodwill amortization for the first quarter of the current consolidated cumulative period are as follows.

	First quarter of the previous consolidated cumulative period (Apr. 1, 2024 – Jun. 30, 2024)	First quarter of the current consolidated cumulative period (Apr. 1, 2025 – Jun. 30, 2025)
Depreciation	244 million yen	504 million yen
Goodwill amortization	5 million yen	184 million yen

Segment and Other Information**Segment information****I. First quarter of the previous consolidated cumulative period (Apr. 1, 2024 - Jun. 30, 2024)****1. Information related to operating revenue 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	KIZUNA Group	Holding Company Group	Total		
Operating revenue								
Funeral service revenue	3,604	320	443	-	-	4,369	-	4,369
Other	972	40	32	-	-	1,045	-	1,045
Revenue from contracts with customers	4,577	361	476	-	-	5,415	-	5,415
Other revenue	-	-	-	-	103	103	-	103
External sales	4,577	361	476	-	103	5,518	-	5,518
Inter-segment sales and transfers	12	-	-	-	3,158	3,170	(3,170)	-
Total	4,589	361	476	-	3,262	8,689	(3,170)	5,518
Segment profit	526	26	97	-	2,325	2,976	(2,112)	863

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 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 quarter of the current consolidated cumulative period (Apr. 1, 2025 - Jun. 30, 2025)

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	KIZUNA Group	Holding Company Group	Total		
Net sales								
Funeral service revenue	3,609	340	448	3,521	-	7,919	-	7,919
Other	938	47	41	140	-	1,167	-	1,167
Revenue from contracts with customers	4,548	387	489	3,662	-	9,087	-	9,087
Other revenue	-	-	-	-	67	67	-	67
External sales	4,548	387	489	3,662	67	9,154	-	9,154
Inter-segment sales and transfers	17	0	-	0	3,588	3,607	(3,607)	-
Total	4,565	387	489	3,662	3,656	12,762	(3,607)	9,154
Segment profit	388	35	68	212	2,648	3,352	(2,491)	861

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	(2,491)
Adjustment of allowance for doubtful accounts related to the netting elimination of assets and liabilities	0
Total	(2,491)

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

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

Not applicable.

**Independent Auditor's Interim Review Report on
Quarterly Consolidated Financial Statements**

August 14, 2025

To the Board of Directors, SAN HOLDINGS, INC.

Deloitte Touche Tohmatsu LLC Osaka Office

Katsufumi Takami
Certified public accountant
Designated limited liability partner, managing partner

Tatsuya Yasuba
Certified public accountant
Designated limited liability partner, managing partner

Naomi Furuta
Certified public accountant
Designated limited liability partner, managing partner

Auditor's Conclusion

Our audit firm conducted an interim review of the quarterly consolidated financial statements of SAN HOLDINGS, INC. for the first quarter (from April 1, 2025 to June 30, 2025) of the current consolidated fiscal period beginning April 1, 2025 and ending August 31, 2026 as presented in the "Attached Materials" section of the Quarterly Financial Results, including the quarterly consolidated balance sheet, the quarterly consolidated statement of income, the quarterly consolidated statement of comprehensive income, and related notes.

Based on the interim review we conducted, nothing has come to our attention that causes us to believe that the above quarterly consolidated financial statements are not prepared, in all material respects, in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange Standards for Preparing Quarterly Financial Statements and the Accounting Standards for Quarterly Financial Statements generally accepted in Japan (however, the omission of certain disclosures as prescribed in Article 4, Paragraph 2 of the Tokyo Stock Exchange Standards for Preparing Quarterly Financial Statements is applied).

Basis for Auditor's Conclusion

We conducted our quarterly review in accordance with the quarterly review standards generally accepted in Japan. Our responsibilities under the quarterly review standards are described in Auditor's Responsibilities for the Quarterly Review of the Consolidated Financial Statements. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of the Code of Professional Ethics in Japan (including the provisions applicable to the audits of financial statements of entities with significant public interest) and have fulfilled our other ethical responsibilities as auditors. We believe that the evidence we have obtained provides a sufficient basis for expressing our conclusion.

Responsibilities of Management, Corporate Auditors, and the Audit & Supervisory Board for the Quarterly Consolidated Financial Statements

Management's responsibility is to prepare the quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange Standards for Preparing Quarterly Financial Statements and the Accounting Standards for Quarterly Financial Statements generally accepted in Japan (however, the omission of certain disclosures as prescribed in Article 4, Paragraph 2 of the Tokyo Stock Exchange Standards for Preparing Quarterly Financial Statements is applied). This includes establishing and operating such internal controls as management determines necessary to enable the preparation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for evaluating whether it is appropriate to

prepare the statements on a going concern basis, and, if necessary, disclosing matters related to the going concern in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange Standards for Preparing Quarterly Financial Statements and the Accounting Standards for Quarterly Financial Statements generally accepted in Japan (however, the omission of certain disclosures as prescribed in Article 4, Paragraph 2 of the Tokyo Stock Exchange Standards for Preparing Quarterly Financial Statements is applied).

The responsibility of the auditors and the Audit & Supervisory Board Members is to monitor the execution of duties by Directors in establishing and operating the financial reporting process.

Auditor's Responsibility in the Interim Review of the Quarterly Consolidated Financial Statements

The auditor's responsibility is to express a conclusion on the quarterly consolidated financial statements from an independent standpoint in the interim review report based on the interim review conducted by the auditor.

The auditor, in accordance with the Interim Review Standards generally accepted as appropriate and fair in Japan, exercises professional judgment and maintains professional skepticism throughout the review process to carry out the following procedures.

- The auditor conducts inquiries, analytical procedures, and other interim review procedures primarily directed at management and those responsible for financial and accounting matters. The interim review procedures are limited in scope compared to an audit of financial statements for a fiscal year conducted in accordance with Auditing Standards generally accepted in Japan.
- If it is determined that there is significant uncertainty related to events or conditions that may cast substantial doubt concerning the going concern assumption, based on the evidence obtained, the auditor concludes whether or not there are any matters that would lead the auditor to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange Standards for Preparing Quarterly Financial Statements and the Accounting Standards for Quarterly Financial Statements generally accepted in Japan (however, the omission of certain disclosures as prescribed in Article 4, Paragraph 2 of the Tokyo Stock Exchange Standards for Preparing Quarterly Financial Statements is applied). Furthermore, if significant uncertainty related to the going concern assumption is identified, the interim review report is required to either draw attention to the related notes in the quarterly consolidated financial statements or, if the notes regarding the significant uncertainty are inadequate, express a qualified or adverse conclusion on the quarterly consolidated financial statements. The auditor's conclusion is based on evidence obtained up to the date of the interim review report. However, due to future events or circumstances, the company may no longer be able to continue as a going concern.
- The auditor evaluates whether the presentation and disclosures in the quarterly consolidated financial statements contain any matters that would lead the auditor to believe that they are not prepared in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange Standards for Preparing Quarterly Financial Statements and the Accounting Standards for Quarterly Financial Statements generally accepted in Japan (however, the omission of certain disclosures as prescribed in Article 4, Paragraph 2 of the Tokyo Stock Exchange Standards for Preparing Quarterly Financial Statements is applied).
- The auditor obtains evidence regarding the financial information of the company and its consolidated subsidiaries, which forms the basis for expressing a conclusion on the quarterly consolidated financial statements. The auditor is responsible for the direction, supervision, and review of the interim review of the quarterly consolidated financial statements. The auditor is solely responsible for the auditor's conclusion.

The auditor reports to the Audit & Supervisory Board Members regarding the planned scope and timing of the interim review, as well as significant findings identified during the review.

The auditor reports to the Audit & Supervisory Board Members that the auditor has complied with the professional ethics regulations regarding independence in Japan, and also reports on any matters reasonably considered to affect the auditor's independence, as well as on any measures taken to eliminate threats to independence or safeguards applied to reduce such threats to an acceptable level.

Conflict of Interest

There is no conflict of interest to be reported between the company and its consolidated subsidiaries and this audit firm or its partners, pursuant to the provisions of the Certified Public Accountants Act.

Notes: 1. The original copy of the above interim review report is separately retained by the Company (the quarterly financial results disclosure company).

2. XBRL data and HTML data are not included in the scope of the interim review.