



November 14, 2025

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending August 31, 2026 (Six Months Ended September 30, 2025)

[Japanese GAAP]

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-

Preparation of supplementary materials for financial results:

None

Holding of financial results meeting:

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 – September 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	18,233	63.0	1,546	0.8	1,480	(5.3)	890	(5.6)
Fiscal year ended Mar. 31, 2025	11,186	7.5	1,534	(8.2)	1,564	(7.1)	943	(13.1)

Note: Comprehensive income for the 2Q (million yen) Fiscal year ending Aug. 31, 2026: 890 (-5.6%)

Fiscal year ended Mar. 31, 2025: 943 (-13.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ending Aug. 31, 2026	43.44	-
Fiscal year ended Mar. 31, 2025	46.21	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Fiscal year ending Aug. 31, 2026	59,513	37,763	63.5
Fiscal year ended Mar. 31, 2025	63,053	37,172	59.0

Reference: Shareholder's equity (million yen) As of Sep. 30, 2025: 37,763 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
	Yen	Yen	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2025	-	12.00	-	-	-	25.00	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 fiscal year-end, the dividend forecast covers the 17-month period from April 1, 2025 to August 31, 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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	59,300	-	6,470	-	6,310	-	3,520	-	171.99

Notes: 1. Revisions to the most recently announced consolidated forecast: None
2. Following the change in the fiscal period, the consolidated earnings forecast covers the 17-month period from April 1, 2025 to August 31, 2026, and as this fiscal year will be a 17-month accounting period, the rates of increase and decrease are omitted.

* Notes

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

(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: 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, 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 Sep. 30, 2025: 2,396,820 shares As of Mar. 31, 2025: 2,535,420 shares

3) Average number of shares outstanding during the period (cumulative up to the 2Q)

As of Sep. 30, 2025: 20,505,842 shares As of Sep. 30, 2024: 20,422,658 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 (257,800 shares as of September 30, 2025 and 261,100 shares as of September 30, 2024).

* The current financial report is not subject to 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 4 for forecast assumptions and notes of caution for usage.

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1. Overview of Results of Operations

Overview of Results of Operations

(1) Results of Operations

During the six months 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 September 2025, the number of our halls reached 283, 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. With increased funerals performed, we have expanded our post-funeral support, including the sale of return gifts, Buddhist altars and their fittings, and real estate brokerage. Moreover, based on the needs of local communities, we are working to provide a safe and secure lifestyle through high-quality care services, including the opening of rehabilitation-focused day service facilities and home-visit medical massage services.

For the current consolidated fiscal period, operating revenue was 18,233 million yen, representing a 63.0% increase compared with the same consolidated interim accounting period of the previous year (hereinafter referred to as the "previous interim period"), and operating profit was 1,546 million yen, an increase of 0.8% year on year. However, due to an increase in interest payments resulting from borrowings associated with the TOB of Kizuna Holdings Corp., ordinary profit decreased to 1,480 million yen, a 5.3% decline compared with the previous interim period. In addition, an extraordinary loss of 25 million yen was recorded as a disaster-related loss due to damage sustained by Famille Kami-kumamoto, a family funeral facility, during the heavy rains in Kumamoto Prefecture in August 2025. Profit attributable to owners of the parent after deducting income taxes was 890 million yen, down 5.6% year-on-year.

Funeral service revenue for the period under review at Group funeral companies was up 77.3% year-on-year. The total number of funerals performed by the Group increased by 92.8% 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 8.0% 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 73.1% 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 71.1% 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, while maintaining a competitive advantage in both the Tokyo metropolitan area and the Kinki region, the number of funeral services conducted fell below that of the same period of the previous year due in part to a decrease in the number of deaths. On the other hand, the average revenue per funeral, particularly for general funerals (those costing 5 million yen or less), increased. As a result, funeral service revenue rose by 1.0% 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.

Regarding expenses, there was an increase compared with the same period of the previous year due to higher recruitment and personnel costs associated with hiring for future business growth, as well as higher land rent and leasing costs stemming from new store openings.

Operating revenue in this segment was 9,415 million yen, up 0.5% year on year, and the segment profit was 889 million yen, down 18.9%.

b. SOU-SEN Group

Within the SOU-SEN Group, centered on SOU-SEN Corp., the average revenue per funeral remained roughly in line with the same period of the previous year. The number of funerals performed, mainly general funerals, increased, resulting in funeral service revenue rising 7.2% year-on-year. In addition, sales of products and services associated with funerals, particularly return gifts provided after ceremonies, also increased compared with the same period of the previous year.

Operating revenue in this segment was 784 million yen, up 8.0% year-on-year, and the segment profit was 67 million yen, up 34.0%.

c. TARUI Group

At TARUI Co., Ltd., part of the TARUI Group, although the number of deaths remained below the level of the same period of the previous year, the company maintained a strong competitive advantage, resulting in an increase in the number of funerals performed. In addition, with the rise in the average revenue per funeral, funeral service revenue increased by 7.9% year-on-year. Revenue from the sale of products and services associated with funerals also increased compared with the same period of the previous year, owing to higher sales of Buddhist altars and altar fittings, as well as return gifts provided after ceremonies.

Operating revenue in this segment was 991 million yen, up 9.2% year on year, and the segment profit was 165 million yen, up 0.9%.

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 was 6,943 million yen, and the segment profit was 92 million yen due to recording of 357 million yen in goodwill amortization.

e. Holding Company Group

At San Holdings, Inc. of the Holding Company Group, dividend income from operating subsidiaries increased, resulting in a 9.2% rise in revenue compared with the same period of the previous year. In operating expenses, fixed costs such as expenses for rent of space, land, etc., increased mainly in association with the opening of new branches.

Operating revenue in this segment was 4,826 million yen, up 9.2% year on year, and the segment profit was 2,757 million yen, up 16.5%.

(2) Financial Position

Assets

Current assets at the end of the second quarter were 10,978 million yen, down 4,288 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 4,241 million yen in cash and deposits, attributable to payments of corporate taxes payable and expenditures related to new hall investments.

Non-current assets were 48,534 million yen, up 748 million yen from the end of the previous fiscal year. This was mainly due to an increase of 1,080 million yen in property, plant and equipment from the addition of buildings and structures related to new hall investments, and a decrease of 442 million yen in intangible assets due to the amortization of goodwill.

As a result, total assets decreased 3,540 million yen from the end of the previous fiscal year to 59,513 million yen.

Liabilities

Current liabilities at the end of the second quarter were 6,595 million yen, a decrease of 3,068 million yen compared with the end of the previous fiscal year. This was mainly due to decreases in short-term borrowings of 500 million yen, income taxes payable of 1,843 million yen, and other current liabilities, such as consumption taxes payable, of 260 million yen.

Non-current liabilities were 15,153 million yen, a decrease of 1,063 million yen from the end of the previous fiscal year. This was mainly due to a decrease in long-term borrowings of 1,239 million yen.

As a result, total liabilities decreased 4,131 million yen from the end of the previous fiscal year to 21,749 million yen.

Net assets

Net assets were 37,763 million yen at the end of the second quarter, up 591 million yen from the end of the previous fiscal year. This was mainly due to profit attributable to owners of the parent of 890 million yen, the disposal of treasury shares amounting to 216 million yen, and the payment of dividends of 518 million yen.

Consequently, the equity ratio increased 4.5 percentage points from the end of the previous fiscal year to 63.5%.

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

There are no changes to the consolidated earnings forecast for the fiscal year ending August 2026 from the forecast announced on August 14, 2025.

2. Interim Consolidated Financial Statements and Notes

(1) Interim Consolidated Balance Sheet

(Millions of yen)

	FY3/25 (March 31, 2025)	FY8/26 (September 30, 2025)
Assets		
Current assets		
Cash and deposits	12,663	8,421
Trade accounts receivable and contract assets	1,708	1,469
Merchandise and finished goods	176	175
Raw materials and supplies	56	58
Other	675	864
Allowance for doubtful accounts	(13)	(12)
Total current assets	15,267	10,978
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,988	16,998
Land	13,107	13,112
Leased assets, net	1,367	1,460
Other, net	1,152	1,125
Total property, plant and equipment	31,615	32,696
Intangible assets		
Goodwill	11,278	10,910
Trademark rights	836	809
Other	809	762
Total intangible assets	12,924	12,481
Investments and other assets		
Long-term loans receivable	216	205
Investment securities	162	224
Guarantee deposits	1,767	1,878
Other	1,116	1,070
Allowance for doubtful accounts	(17)	(22)
Total investments and other assets	3,245	3,356
Total non-current assets	47,786	48,534
Total assets	63,053	59,513

(Millions of yen)

	FY3/25 (March 31, 2025)	FY8/26 (September 30, 2025)
Liabilities		
Current liabilities		
Trade accounts payable	1,482	1,291
Short-term borrowings	500	-
Current portion of long-term borrowings	2,531	2,509
Lease liabilities	176	189
Income taxes payable	2,268	425
Provision for bonuses	681	520
Provision for bonuses for directors (and other officers)	59	18
Other	1,965	1,641
Total current liabilities	9,664	6,595
Non-current liabilities		
Long-term borrowings	13,588	12,348
Lease liabilities	998	1,082
Asset retirement obligations	1,270	1,349
Provision for employee stock ownership plan trust	69	75
Other	291	298
Total non-current liabilities	16,217	15,153
Total liabilities	25,881	21,749
Net assets		
Shareholders' equity		
Capital	2,568	2,568
Capital surplus	5,488	5,602
Retained earnings	31,003	31,378
Treasury shares	(1,888)	(1,785)
Total shareholders' equity	37,172	37,763
Total net assets	37,172	37,763
Total liabilities and net assets	63,053	59,513

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

(Millions of yen)

	FY3/25 (Apr. 1, 2024 –Sep. 30, 2024)	FY8/26 (Apr. 1, 2025 –Sep. 30, 2025)
Operating revenue	11,186	18,233
Operating expenses	8,614	14,911
Operating gross profit	2,571	3,321
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	88	172
Salaries	214	339
Bonuses	20	6
Provision for bonuses	47	53
Provision for bonuses for directors (and other officers)	26	18
Outsourcing expenses	275	163
Provision of allowance for doubtful accounts	(2)	4
Depreciation	67	150
Goodwill amortization	11	368
Other	287	496
Total selling, general and administrative expenses	1,037	1,774
Operating profit	1,534	1,546
Non-operating income		
Interest income	1	5
Dividend income	0	0
Share of profit of entities accounted for using equity method	25	26
Miscellaneous income	17	19
Total non-operating income	43	51
Non-operating expenses		
Interest expenses	5	89
Miscellaneous losses	8	28
Total non-operating expenses	13	118
Ordinary profit	1,564	1,480
Extraordinary income		
Other	-	0
Total extraordinary income	-	0
Extraordinary losses		
Loss on retirement of non-current assets	5	10
Disaster losses	-	25
Total extraordinary losses	5	35
Profit before income taxes	1,559	1,445
Income taxes-current	532	485
Income taxes-deferred	82	68
Total income taxes	615	554
Profit	943	890
Profit attributable to owners of parent	943	890

Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY3/25 (Apr. 1, 2024 –Sep. 30, 2024)	FY8/26 (Apr. 1, 2025 –Sep. 30, 2025)
Profit	943	890
Comprehensive income	943	890
including		
Comprehensive income attributable to owners of parent	943	890
Comprehensive income attributable to non-controlling interests	-	-

(3) Interim Consolidated Statement of Cash Flows

(Millions of yen)

	FY3/25 (Apr. 1, 2024 –Sep. 30, 2024)	FY8/26 (Apr. 1, 2025 –Sep. 30, 2025)
Net cash provided by (used in) operating activities		
Profit before income taxes	1,559	1,445
Depreciation	498	1,002
Goodwill amortization	11	368
Loss on retirement of property, plant and equipment	5	10
Increase (decrease) in allowance for doubtful accounts	(2)	3
Increase (decrease) in provision for bonuses	(96)	(161)
Increase (decrease) in provision for bonuses for directors (and other officers)	(34)	(40)
Interest and dividend income	(1)	(5)
Interest expenses	5	89
Share of loss (profit) of entities accounted for using equity method	(25)	(26)
Decrease (increase) in trade receivables	427	238
Decrease (increase) in inventories	(12)	(1)
Increase (decrease) in trade payables	(204)	(190)
Increase (decrease) in accrued consumption taxes	(67)	(260)
Other	(459)	4
Subtotal	1,603	2,476
Interest and dividends received	22	69
Interest paid	(5)	(89)
Income taxes paid	(627)	(2,292)
Income taxes refund	258	2
Net cash provided by (used in) operating activities	1,252	166
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(461)	(1,726)
Purchase of intangible assets	(72)	(59)
Purchase of investment securities	(228)	(100)
Proceeds from collection of loans receivable	10	0
Purchase of shares of subsidiaries	(11,936)	-
Other proceeds	8	16
Other payments	(67)	(157)
Net cash provided by (used in) investing activities	(12,746)	(2,027)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term borrowings	10,000	(500)
Expenditures due to repayment of long-term borrowings	-	(1,261)
Repayments of finance lease liabilities	(55)	(101)
Dividends paid	(248)	(518)
Net cash provided by (used in) financing activities	9,696	(2,381)
Net increase (decrease) in cash and cash equivalents	(1,798)	(4,242)
Cash and cash equivalents at beginning of period	9,748	12,640
Cash and cash equivalents at end of period	7,950	8,398

(4) Notes to Interim Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment information

I. First six months of FY3/25 (Apr. 1, 2024 – Sep. 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 interim consolidated statement of income (Note 2)
	KOEKISHA Group	SOU- SEN Group	TARUI Group	KIZUNA Group	Holding Company Group	Total		
Operating revenue								
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 operating revenue	9,344	726	908	-	207	11,186	-	11,186
Inter-segment operating revenue 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 Corp. in the first six months of FY3/25, a new reportable segment called KIZUNA Group has been added.

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

In the KIZUNA Group segment, following the acquisition of shares in Kizuna Holdings Corp. and its inclusion within the scope of consolidation, a provisional amount of goodwill had been recorded, but as the provisional accounting treatment was finalized at the end of the previous consolidated fiscal year, the amount of goodwill changed from 11,102 million yen to 10,548 million yen.

II. First six months of FY8/26 (Apr. 1, 2025 – Sep. 30, 2025)

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 interim consolidated statement of income (Note 2)
	KOEKISHA Group	SOU-SEN Group	TARUI Group	KIZUNA Group	Holding Company Group	Total		
Operating revenue								
Funeral service revenue	7,475	676	905	6,670	-	15,727	-	15,727
Other	1,903	108	86	271	-	2,369	-	2,369
Revenue from contracts with customers	9,379	784	991	6,941	-	18,097	-	18,097
Other revenue	-	-	-	-	135	135	-	135
External operating revenue	9,379	784	991	6,941	135	18,233	-	18,233
Inter-segment operating revenue and transfers	35	0	-	1	4,690	4,728	(4,728)	-
Total	9,415	784	991	6,943	4,826	22,961	(4,728)	18,233
Segment profit	889	67	165	92	2,757	3,971	(2,491)	1,480

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 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.

Notes on Subsequent Events

Simplified Share Exchange Resulting in a Wholly Owned Subsidiary

SAN HOLDINGS, INC. (hereinafter referred to as the “Company”) and Cocolonet CO., LTD. (hereinafter referred to as “Cocolonet”) resolved at their respective Board of Directors meetings held on October 23, 2025, to conduct a share exchange (hereinafter referred to as the “Share Exchange”) under which the Company will become the wholly owning parent company and Cocolonet will become its wholly owned subsidiary, and entered into a share exchange agreement on the same date.

1. Overview of the Share Exchange

(1) Name and Business of the Wholly Owned Subsidiary in the Share Exchange

Name of the Wholly Owned Subsidiary: Cocolonet CO., LTD.

Description of Business: Funeral business, stone materials business, wedding business, floral business, mutual aid association business

(2) Purpose of the Share Exchange

As part of the Company’s initiatives addressing the key priorities outlined in its 10-Year Vision announced in May 2022, namely, the expansion of the funeral business and the growth of the end-of-life support business, the Company has been utilizing M&A strategies, and the M&A with Cocolonet is intended to achieve mutual complementation of store opening regions and to create synergies not only in the funeral business but also in related peripheral businesses.

(3) Effective date of the Share Exchange

February 1, 2026 (scheduled)

(4) Method of the Share Exchange

This Share Exchange will make the Company the wholly owning parent company under the Share Exchange and Cocolonet the wholly owned subsidiary under the Share Exchange. The Share Exchange is scheduled to take effect on February 1, 2026, subject to approval of the Share Exchange at Cocolonet’s extraordinary general meeting of shareholders, which is planned to be held on December 23, 2025. In addition, pursuant to Article 796, Paragraph 3 of the Companies Act, the Company is not required to obtain a resolution of its general meeting of shareholders, as the transaction will be conducted as a simplified share exchange.

(5) Allotment under the Share Exchange

Company name:	Company name: SAN HOLDINGS, INC. (Wholly owning parent company under the Share Exchange)	Cocolonet CO., LTD. (Wholly owned subsidiary under the Share Exchange)
Allotment ratio for the Share Exchange	1	0.90
Number of shares to be delivered through the Share Exchange	Ordinary shares of the Company: 3,136,639 shares (planned)	

Notes: 1. The shares to be delivered are expected to be provided through the use of treasury shares held by SAN HOLDINGS and/or the issuance of new shares.

2. To ensure fairness and reasonableness in determining the share exchange ratio for this Share Exchange, the Company has engaged an independent third-party institution, separate from both the Company and Cocolonet, to calculate the share exchange ratio.

(6) Overview of Accounting Treatment

For accounting treatment related to this Share Exchange, the Company plans to apply the “Accounting Standard for Business Combinations” (Accounting Standard No. 21) and the “Guidance on Accounting Standard for Business Combinations and Business Divestitures, etc.” (Implementation Guidance No. 10).

(7) Financial Position and Operating Results of Cocolonet for the Fiscal Year Ended March 2025

Consolidated net assets: 8,589 million yen

Consolidated total assets: 19,199 million yen

Consolidated operating revenue: 10,117 million yen

Consolidated operating profit: 746 million yen

Profit attributable to owners of parent: 375 million yen

2. Amount and Major Components of Assets to Be Acquired and Liabilities to Be Assumed on the Date of the Business Combination

At present, this has not been determined.

3. Goodwill (or Negative Goodwill) Arising from the Business Combination

At present, this has not been determined.