May 15, 2026

Consolidated Financial Results for the Fourth Quarter of the Fiscal Year Ending August 31, 2026 (Twelve Months Ended March 31, 2026)

[Japanese GAAP]

Company name: SAN HOLDINGS, INC.
Listing: Tokyo Stock Exchange
Stock code: 9628
URL: https://www.san-hd.co.jp

Representative: Satoshi Harishima, President and Representative Director
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Scheduled date of payment of dividend: -
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 – March 31, 2026)

(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	37,865	-	3,124	-	2,956	-	4,500	-
Fiscal year ended Mar. 31, 2025	31,984	42.5	4,521	19.3	4,363	14.8	4,721	99.8

Note: Comprehensive income for the 4Q (million yen)
Fiscal year ended March 31, 2026: 4,444 (-%)
Fiscal year ended Mar. 31, 2025: 4,721 (99.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ending Aug. 31, 2026	213.39	-
Fiscal year ended Mar. 31, 2025	230.96	-

Notes: 1. The fiscal year ending August 2026 is a transitional period due to a change in the fiscal year-end, and is an irregular accounting period of 17 months from April 1, 2025 to August 31, 2026. Therefore, for the 4Q of fiscal year ending August 31, 2026, the year-on-year changes are not presented.
2. For the fiscal year ended March 2025, full-year figures are presented.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Fiscal year ending Aug. 31, 2026	76,015	45,021	59.2
Fiscal year ended Mar. 31, 2025	63,053	37,172	59.0

Reference: Shareholder's equity (million yen) As of Mar. 31, 2026: 45,021 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	-		28.50	-			
Fiscal year ending Aug. 31, 2026 (forecast)					-	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
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	59,300	-	4,200	-	4,040	-	4,520	-	214.32

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

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 YOY are omitted.

*** Notes**

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

Nine new companies: Cocolonet Co., LTD., Tamanoya CO., LTD., Kanno Trading Co., LTD., With Wedding CO., LTD., Fleur CO., LTD., Heartline CO., LTD., Kitakanto Gojo Center CO., LTD., Kigetsudo Celeo CO., LTD., Kanno Trading Vietnam Company Limited

Excluded: -

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

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

As of Mar. 31, 2026: 24,200,000 shares As of Mar. 31, 2025: 23,000,000 shares

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

As of Mar. 31, 2026: 348,292 shares As of Mar. 31, 2025: 2,535,420 shares

3) Average number of shares outstanding during the period (cumulative up to the 4Q)

As of Mar. 31, 2026: 21,089,860 shares As of Mar. 31, 2025: 20,440,401 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 (259,200 shares as of March 31, 2025 and 150,640 shares as of March 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

1. 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 6 for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Overview of Results of Operations

The Company, by a resolution to partially amend the Articles of Incorporation at the Annual General Meeting of Shareholders held on June 25, 2025, changed the fiscal year-end (end date of the fiscal year) from March 31 of each year to August 31. As a transitional measure, the current consolidated fiscal year is an irregular accounting period of 17 months, from April 1, 2025 to August 31, 2026. Accordingly, no comparison with the previous fiscal year is presented.

(1) Results of Operations

During the 12 months of the current cumulative consolidated period (hereinafter, the "current period"), the Japanese economy showed a moderate recovery trend, supported by improvements in employment and income conditions, although some weakness was observed due to concerns such as continued price increases. On the other hand, uncertainties surrounding the economy and prices remain high, including the impact of escalating tensions in the Middle East and trade policies in 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 part of this initiative, in February 2026, the Group made Cocolonet CO., LTD. a consolidated subsidiary through a share exchange. The business development area of the SAN HOLDINGS Group has come to span 23 prefectures, from Hokkaido to Kyushu, making it possible to provide secure and reliable services across Japan. We will continue to strive for further growth as Japan's largest listed dedicated 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 and support services, including the operation of rehabilitation-focused day service facilities and the provision of home-visit medical massage services.

The consolidated operating results for the current period recorded operating revenue of 37,865 million yen. Regarding expenses, operating expenses amounted to 30,833 million yen, and selling, general and administrative expenses amounted to 3,907 million yen. This was mainly due to increases in amortization of goodwill resulting from the consolidation of Kizuna Holdings Corp., increases in hall opening-related costs such as rent expenses on land and buildings, and increases in recruitment costs and personnel expenses associated with hiring in preparation for future business growth. As a result, operating profit amounted to 3,124 million yen.
Ordinary profit amounted to 2,956 million yen, due to an increase in interest expenses resulting from borrowings for the TOB (tender offer) of Kizuna Holdings Corp.
In addition, as extraordinary income, a gain on negative goodwill of 2,810 million yen was recorded in connection with the consolidation of Cocolonet CO., LTD. Please note that the amount is a provisional figure. Quarterly net profit attributable to owners of parent after deducting tax expenses was 4,500 million yen.

During the current period, funeral service revenue of the Group's funeral companies amounted to 32,606 million yen. In anticipation of the diversification of funeral styles, in addition to opening in-house family funeral halls, the Company consolidated Kizuna Holdings Corp., which specializes in family funerals, resulting in an increase in the proportion of family funerals in the total number of funerals conducted by the Group. Although this was a factor that put downward pressure on the average revenue per funeral, the total number of funerals conducted and funeral service revenue for the Group increased due to these measures. Revenue from the sale of merchandise and provision of services related to funerals remained steady, mainly driven by sales of return gifts at a later date and fee income from post-funeral procedures.

The SAN HOLDINGS Group has segments based on companies, primarily the four funeral companies and SAN HOLDINGS, the holding company. In previous fiscal years, there were five reportable segments: KOEKISHA Group, SOU-SEN Group, TARUI Group, KIZUNA Group and Holding Company Group. During the period under review, the reportable segment "COCOLONET Group" was added due to the consolidation of Cocolonet CO., LTD.

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 number of deaths in the Company's business areas decreased on a 12-month basis comparison excluding special factors associated with the change in the fiscal year-end, resulting in a significant impact. However, this company maintains its competitive advantage in both the Tokyo metropolitan area and the Kinki region, and maintains or improves its market share in its business area. We recognize that the current situation of mortality reduction constitutes a transitional phase due to a reactive decline following excess mortality (mortality exceeding that predicted based on past data). It is expected that, as this impact subsides, demand related to funeral services will return to a recovery trend. 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.

Regarding expenditures, the Company is making proactive investments in hall opening-related costs and recruitment and personnel expenses to expand its hall network in preparation for future business growth.

Sales in this segment were 19,686 million yen, and the segment profit was 2,259 million yen.

b. SOU-SEN Group

At the SOU-SEN Group, centered on SOU-SEN Corporation, the average revenue per funeral remained at a stable level due to an increase in the number of large-scale funerals conducted. On the other hand, due to the temporary closure of existing halls for renovation aimed at strengthening competitiveness, the number of funerals conducted and funeral service revenue decreased. Revenue from the sale of merchandise and provision of services related to funerals remained steady, mainly driven by return gifts provided at a later date and memorial services. Regarding expenditures, the Company is making proactive investments in personnel expenses in preparation for future business growth.

Sales in this segment were 1,631 million yen, and the segment profit was 163 million yen.

c. TARUI Group

At TARUI Co., Ltd. of the TARUI Group, the average revenue per funeral remained steady, mainly for general funerals, while the decrease in the number of funerals conducted due to a decline in the number of deaths in the business area (on a 12-month basis comparison excluding special factors associated with the change in the fiscal year-end) has resulted in a decrease in revenue from funeral services. Revenue from the sale of merchandise and provision of services related to funerals increased, mainly driven by memorial services and fee income from post-funeral procedures. Regarding expenditures, the Company is making proactive investments in hall opening-related costs and recruitment costs and personnel expenses to expand its hall network in preparation for future business growth.

Sales in this segment were 2,075 million yen, and the segment profit was 368 million yen.

d. KIZUNA Group

The KIZUNA Group is composed of Kizuna Holdings Corp. and its subsidiaries: Famille Corp., Hanakoma and Bizenya. Due to the consolidation of a subsidiary in September 2024, financial results for the period from September 2024 through February 2025 were included in the cumulative consolidated fourth quarter of the previous fiscal year, and accordingly no year-over-year comparison of operating results has been made.

Segment revenue for the current period amounted to 14,280 million yen, reflecting full-period contribution. Segment profit was 153 million yen due to recording of 714 million yen in goodwill amortization.

e. COCOLONET Group
The COCOLONET Group, newly added as a reportable segment from the current period, consists of Cocolonet CO., LTD., a subsidiary of the Company, and its subsidiaries.
As the deemed acquisition date is March 31, 2026, this segment is included in only the balance sheet in the consolidated financial statements.

f. Holding Company Group
At SAN HOLDINGS,INC., which is the Holding Company Group, dividend income from operating subsidiaries increased. Operating expenses mainly consisted of strategic expenditures on fixed costs such as rent expenses on land and buildings associated with new hall openings.
Sales in this segment were 7,193 million yen, and the segment profit was 2,502 million yen.

(2) Financial Position

Assets
Current assets at the end of the fourth quarter (hereinafter referred to as the "end of the current period") were 14,883 million yen, down 383 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 2,935 million yen in cash and deposits, attributable to payments of corporate taxes payable and expenditures related to new hall investments.
Non-current assets were 61,131 million yen, up 13,345 million yen from the end of the previous fiscal year. This was mainly due to an increase in property, plant and equipment of 9,790 million yen resulting from increases in buildings and structures and land following the consolidation of Cocolonet CO., LTD., and an increase in investment securities of 1,808 million yen. In addition, intangible assets decreased by 840 million yen due to the progress of amortization of goodwill.
As a result, total assets increased 12,961 million yen from the end of the previous fiscal year to 76,015 million yen.

Liabilities
Current liabilities at the end of the current period were 8,058 million yen, a decrease of 1,605 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 and income taxes payable of 1,796 million yen.
Non-current liabilities were 22,935 million yen, an increase of 6,718 million yen from the end of the previous fiscal year. This was mainly due to a decrease in long-term borrowings of 2,390 million yen and the recognition of advances for prepaid transactions (deposits received before the provision of services for ceremony preparatory mutual aid businesses) of 8,596 million yen in connection with the consolidation of Cocolonet CO., LTD.
As a result, total liabilities increased 5,112 million yen from the end of the previous fiscal year to 30,994 million yen.

Net assets
Net assets were 45,021 million yen at the end of the current period, up 7,849 million yen from the end of the previous fiscal year. This was mainly due to an increase of 2,835 million yen from business combinations, quarterly profit attributable to owners of the parent of 4,500 million yen, proceeds from disposal of treasury shares of 1,625 million yen, and the payment of dividends of surplus of 1,112 million yen.
Consequently, the equity ratio increased 0.2 percentage points from the end of the previous fiscal year to 59.2%.

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

Regarding the consolidated forecast, the impact of the consolidation of Cocolonet CO., LTD. was not considered on the figures in the "Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending August 2026", given that said impact was under review. We have now established a reasonable outlook incorporating the impact of the consolidation and hereby announce the forecast. This forecast is based on the 17-month consolidated earnings outlook of SAN HOLDINGS, INC. announced on August 14, 2025, and the impact of the consolidation of Cocolonet CO., LTD. (for the five-month period from April 2026 to August 2026).
Accordingly, for the full-year outlook, net sales are expected to be 59,300 million yen, operating profit 4,200 million yen, ordinary profit 4,040 million yen, and profit attributable to owners of the parent 4,520 million yen.

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY3/25 (March 31, 2025)	FY8/26 (March 31, 2026)
Assets		
Current assets		
Cash and deposits	12,663	9,728
Notes receivable - trade, operating accounts receivables and contract assets	—	2,249
Trade accounts receivable and contract assets	1,708	—
Securities	—	714
Merchandise and finished goods	176	617
Raw materials and supplies	56	99
Other	675	1,500
Allowance for doubtful accounts	(13)	(26)
Total current assets	15,267	14,883
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,988	21,432
Land	13,107	17,297
Leased assets, net	1,367	1,442
Other, net	1,152	1,233
Total property, plant and equipment	31,615	41,406
Intangible assets		
Goodwill	11,278	10,541
Trademark rights	836	782
Other	809	760
Total intangible assets	12,924	12,084
Investments and other assets		
Long-term loans receivable	216	210
Investment securities	162	1,971
Guarantee deposits	1,767	2,071
Other	1,116	3,417
Allowance for doubtful accounts	(17)	(30)
Total investments and other assets	3,245	7,640
Total non-current assets	47,786	61,131
Total assets	63,053	76,015

(Millions of yen)

	FY3/25 (March 31, 2025)	FY8/26 (March 31, 2026)
Liabilities		
Current liabilities		
Trade accounts payable	1,482	1,675
Short-term borrowings	500	—
Current portion of long-term borrowings	2,531	2,553
Lease liabilities	176	195
Income taxes payable	2,268	471
Provision for bonuses	681	802
Provision for bonuses for directors (and other officers)	59	31
Other	1,965	2,327
Total current liabilities	9,664	8,058
Non-current liabilities		
Long-term borrowings	13,588	11,198
Lease liabilities	998	1,066
Asset retirement obligations	1,270	1,662
Provision for employee stock ownership plan trust	69	21
Advances for prepaid transactions	-	8,596
Other	291	390
Total non-current liabilities	16,217	22,935
Total liabilities	25,881	30,994
Net assets		
Shareholders’ equity		
Capital	2,568	2,568
Capital surplus	5,488	8,324
Retained earnings	31,003	34,391
Treasury shares	(1,888)	(262)
Total shareholders’ equity	37,172	45,021
Total net assets	37,172	45,021
Total liabilities and net assets	63,053	76,015

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	FY8/26 (Apr. 1, 2025 – Mar. 31, 2026)
Operating revenue	37,865
Operating expenses	30,833
Operating gross profit	7,031
Selling, general and administrative expenses	
Remuneration for directors (and other officers)	328
Salaries	672
Bonuses	61
Provision for bonuses	72
Provision for bonuses for directors (and other officers)	31
Outsourcing expenses	681
Provision of allowance for doubtful accounts	8
Depreciation	311
Goodwill amortization	737
Other	1,001
Total selling, general and administrative expenses	3,907
Operating profit	3,124
Non-operating income	
Interest income	11
Dividend income	0
Share of profit of entities accounted for using equity method	28
Miscellaneous income	29
Total non-operating income	69
Non-operating expenses	
Interest expenses	177
Miscellaneous losses	60
Total non-operating expenses	237
Ordinary profit	2,956
Extraordinary income	
Received insurance proceeds	53
Gain on negative goodwill	2,810
Other	0
Total extraordinary income	2,864
Extraordinary losses	
Loss on retirement of non-current assets	14
Disaster losses	31
Total extraordinary losses	46
Profit before income taxes	5,774
Income taxes-current	1,228
Income taxes-deferred	45
Total income taxes	1,274
Profit	4,500
Profit attributable to owners of parent	4,500

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY8/26 (Apr. 1, 2025 – Mar. 31, 2026)
Profit	4,500
Comprehensive income	4,500
including	
Comprehensive income attributable to owners of parent	4,500
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

The Company conducted a share exchange effective February 1, 2026, under which the Company became the wholly owning parent company and Cocolonet CO., LTD. became the wholly owned subsidiary under the Share Exchange. As a result, capital surplus increased by 2,716 million yen, and treasury shares decreased by 1,458 million yen.

Quarterly Consolidated Statement of Cash Flows

The quarterly consolidated statement of cash flows for the fourth 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 fourth quarter of the current consolidated cumulative period are as follows.

	FY8/26 (Apr. 1, 2025 – Mar. 31, 2026)
Depreciation	2,081 million yen
Goodwill amortization	737 million yen

Segment and Other Information

Segment information

First 12 months of FY8/26 (Apr. 1, 2025 - Mar. 31, 2026)

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	COCOLONET Group	Holding Company Group	Total		
Operating revenue									
Funeral service revenue	15,536	1,429	1,896	13,743	—	—	32,606	—	32,606
Other	4,073	201	178	534	—	—	4,987	—	4,987
Revenue from contracts with customers	19,610	1,631	2,075	14,277	—	—	37,593	—	37,593
Other revenue	—	—	—	—	—	271	271	—	271
External operating revenue	19,610	1,631	2,075	14,277	—	271	37,865	—	37,865
Inter-segment operating revenue and transfers	76	0	—	2	—	6,921	7,001	(7,001)	—
Total	19,686	1,631	2,075	14,280	—	7,193	44,866	(7,001)	37,865
Segment profit	2,259	163	368	153	—	2,502	5,447	(2,491)	2,956

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 revisions for reportable segments

As a result of the share exchange under which Cocolonet CO., LTD. became a wholly owned subsidiary, the Company has newly added the “COCOLONET Group” as a reportable segment in the current consolidated fiscal year.

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

Not applicable.

Significant gain on negative goodwill

Gain on negative goodwill was booked in the COCOLONET segment as SAN HOLDINGS has acquired the shares of Cocolonet Co., LTD. and included this company in the scope of consolidation in FY8/26. This event resulted in a gain on negative goodwill amounting to 2,810 million yen. Please note that this is an extraordinary income and is not included in the segment profit.

4. Information about assets for each reportable segment

The amount of assets in the reportable segment of COCOLONET has increased by 17,266 million yen for the fourth quarter of the current consolidated cumulative period, compared to the last day of the previous fiscal year, due to the acquisition of the shares of Cocolonet CO, LTD. and inclusion into the scope of consolidation in FY8/26.

Business Combinations, etc.

Business combination through a simplified share exchange

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 business combination

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

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

Description of Businesses: funeral business, stone materials business, wedding business, floral business, and funeral preparatory mutual aid 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 (The deemed acquisition date: March 31, 2026)

(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) Company name after the business combination

The name remains the same.

(6) Ratio of voting rights acquired

100%

(7) Main reason for selecting the company to acquire

The Company acquired all of Cocolonet Co., LTD.'s shares in consideration for shares.

2. Period of results of the acquired company included in the consolidated statement of income for the consolidated fiscal period

As only the balance sheet is consolidated for the consolidated fiscal period, the results of the acquired company are not included.

3. Matters related to the calculation of acquisition cost

(1) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition: Common shares of the Company	4,175 million yen
Acquisition cost:	4,175 million yen

(2) 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	Common shares of the Company: 3,134,389 shares	

Note: For each common share of Cocolonet stock, shares of SAN HOLDINGS common stock in the amount of 0.90

shares was allotted and delivered.

4. Description and amount of major acquisition-related costs
   Advisory fees, etc.: 379 million yen
5. Amount and cause of gain on negative goodwill
   (1) Amount of gain on negative goodwill
   2,810 million yen
   The amount of negative goodwill is a provisional amount, as the allocation of the acquisition cost has not yet been completed.
   (2) Cause
   As the fair value of the net assets at the time of acquisition of the acquired company's shares exceeded the acquisition cost, the difference is recognized as a gain on negative goodwill.

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

May 15, 2026

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 fourth quarter (from January 1, 2026 to March 31, 2026) 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.