



November 9, 2023

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending March 31, 2024
(Six Months Ended September 30, 2023)

[Japanese GAAP]

Company name: SAN HOLDINGS, INC. Listing: Tokyo Stock Exchange
 Stock code: 9628 URL: <https://www.san-hd.co.jp>
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Scheduled date of filing of Quarterly Report: November 10, 2023

Scheduled date of payment of dividend: December 4, 2023

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2023**(April 1, 2023 – September 30, 2023)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2023	10,407	3.2	1,671	(6.2)	1,684	(4.5)	1,085	(10.9)
Six months ended Sep. 30, 2022	10,083	6.0	1,782	11.1	1,763	9.9	1,218	17.4

Note: Comprehensive income (million yen) Six months ended Sep. 30, 2023: 1,085 (down 10.9%)
 Six months ended Sep. 30, 2022: 1,218 (up 17.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2023	52.32	-
Six months ended Sep. 30, 2022	57.48	-

Note: SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2023. Net income per share has been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Sep. 30, 2023	36,038	32,190	89.3
As of Mar. 31, 2023	36,229	31,615	87.3

Reference: Shareholder's equity (million yen) As of Sep. 30, 2023: 32,190 As of Mar. 31, 2023: 31,615

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2023	-	21.00	-	23.00	44.00
Fiscal year ending Mar. 31, 2024	-	23.00	-	-	-
Fiscal year ending Mar. 31, 2024 (forecast)	-	-	-	11.50	-

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

2. SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2023. The interim and year-end dividends for the fiscal year ended March 31, 2023 and the interim dividend for the fiscal year ending March 31, 2024 are the actual amounts before the stock split.

The year-end dividend for the fiscal year ending March 31, 2024 (forecast) is the amount after the stock split.

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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	22,700	4.8	3,570	(7.7)	3,560	(7.4)	2,270	(18.4)	109.37

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

2. SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2023. The net income per share forecast for the fiscal year ending March 31, 2024 is adjusted to reflect the stock split. Prior to this adjustment, the forecast was a net income per share of 218.75 yen for the full year.

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: -

Excluded: -

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common shares)

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

As of Sep. 30, 2023:	23,400,000 shares	As of Mar. 31, 2023:	23,400,000 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2023:	2,677,644 shares	As of Mar. 31, 2023:	2,441,444 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2023:	20,754,016 shares	Six months ended Sep. 30, 2022:	21,206,588 shares
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Notes: 1. SAN HOLDINGS conducted a 2-for-1 common stock split on October 1, 2023. The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period and the average number of shares outstanding during the period have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

2. The SAN HOLDINGS' stock held by the Employee Stock Ownership Plan are included in the treasury shares that are deducted from the number of shares for calculating the number of treasury shares at the end of the period and the average number of shares outstanding during the period (264,600 shares as of September 30, 2023 and 268,200 shares as of September 30, 2022).

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

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

Note concerning forward-looking statements

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

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the fiscal year ending in March 2024, the Japanese economy recovered slowly mainly because of strong consumer spending even as prices continued to climb. The recovery of the global economy slowed down and there is considerable uncertainty about the outlook because of inflation and the high cost of resources.

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. Although there is no change in the fundamental role of funerals as a valuable place to say farewell to the deceased, there is an increasing tendency for people to have small and simple funerals. The main reasons are the rising number of families consisting only of parents and children (nuclear families) and the pandemic. In addition, competition has become increasingly heated, especially for small funeral services, as companies step up the pace of opening new funeral halls nationwide, more companies are providing matching services for selecting funeral companies, and due to other events.

In May 2022, SAN HOLDINGS announced a New 10-Year Vision that defines the goals for the SAN HOLDINGS Group as the group looks ahead to its 100th anniversary in 2032. As one step for accomplishing this vision, a medium-term management plan covering the three-year period ending in March 2025 is under way. The plan has the primary goals of achieving the growth of the funeral business and the growth of the end-of-life support business.

In March 2023, we launched ENDING HAUS. as a brand for family funerals with outstanding quality at reasonable prices and opened four halls. This is part of activities for the growth of the funeral business, which is one of the main goals of the medium-term management plan. Our plan is to open 31 funeral halls during the next three years, primarily by using this new brand. We plan to open eight funeral halls during the current fiscal year.

During the first half, funeral service revenue at the three funeral companies of the SAN HOLDINGS Group was 0.8% higher than one year earlier. Although the number of funerals was mostly unchanged from one year earlier, the average revenue per funeral was up 1.6% from one year earlier. This is because higher revenue per ordinary funerals (less than 5 million yen), while there were lower sales from large funerals (more than 5 million yen). In addition, sales of products and services associated with funerals increased as there were higher sales mainly of family altars and fixtures and courtesy gifts.

Operating expenses increased 5.1%. The main reasons were higher personnel and recruiting expenses to increase the number of funerals for the opening of new funeral halls and to strengthen the workforce in preparation for sales growth, higher building and land leasing expenses due to the opening of new funeral halls, and higher up-front advertising expenses. Selling, general and administrative expenses increased 6.7%. This was attributable primarily to higher depreciation expenses of software due to the start of operations of a core IT system.

Operating revenue increased 3.2% year on year to 10,407 million yen. Operating profit was down 6.2% to 1,671 million yen due to planned up-front investments for future growth. Ordinary profit decreased 4.5% to 1,684 million yen. After taxes, profit attributable to owners of parent was 1,085 million yen, 10.9% lower than in the first half of the previous fiscal year. The equity-method profit associated with GRAN CEREMO TOKYO CO., LTD. steadily increased to 8 million yen in the first half. This funeral company was established in April 2022 and is 51% owned by Kosaido Holdings Co., Ltd. and 49% owned by SAN HOLDINGS.

The SAN HOLDINGS Group has segments based on companies, primarily the three funeral companies and SAN HOLDINGS, the holding company. There are four reportable segments: KOEKISHA Group, SOU-SEN Group, TARUI Group and Holding Company Group. The KOEKISHA Group segment includes KOEKISHA CO., LTD., EXCEL SUPPORT SERVICE CO., LTD., where operations include funeral support services by KOEKISHA CO., LTD., senior care services, food services for senior care facilities and other activities, and

Life Forward CO., LTD., which operates an internet platform for end-of-life services and other assistance.

Business segment performance was as follows.

1) The KOEKISHA Group

At KOEKISHA CO., LTD., the core company of this segment, the number of funerals decreased 1.7% year on year due to a smaller number of pandemic death funerals. Funeral service revenue slightly increased as the average revenue per funeral increased 1.8% year on year.

Sales of products and services associated with funerals were higher than one year earlier because of heightened emphasis on these sales that resulted mainly in an increase in sales of food, family altars and fixtures, and courtesy gifts.

Operating expenses were higher because of the higher personnel and recruiting expenses to increase the number of funerals for the opening of new funeral halls and to strengthen the workforce in preparation for sales growth, and higher up-front advertising expenses.

Sales in the KOEKISHA Group segment were 8,559 million yen, up 2.7% year on year, and the segment profit was 942 million yen, down 6.9%.

2) The SOU-SEN Group

At SOU-SEN Corporation, the number of funerals was mostly unchanged from one year earlier. Average revenue per funeral continued to increase due to rising number of mourners. The result was a 9.6% increase in funeral service revenue. Sales of products and services associated with funerals were higher than one year earlier because of heightened emphasis on these sales that resulted mainly in an increase in sales of family altars and fixtures and of courtesy gifts.

Sales in the SOU-SEN Group segment were 766 million yen, up 11.1% year on year, and the segment profit was 63 million yen, up 37.7%.

3) The TARUI Group

At TARUI CO., LTD., the number of funerals remained strong, increasing 7.0% from one year earlier due to more funerals mainly at new halls for small funerals. Although the average revenue per funeral decreased, funeral service revenue increased 0.9%. Sales of products and services associated with funerals increased mainly due to an increase in sales of courtesy gifts and family altars and fixtures.

Expenses were higher mainly because of higher advertising and building and land leasing expenses due to the opening of new funeral halls.

Sales in the TARUI Group segment were 891 million yen, up 2.5% year on year, and the segment profit was 159 million yen, down 4.9%.

4) Holding Company Group

Operating revenue at SAN HOLDINGS increased mainly because of an increase in dividend income.

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

Sales in the Holding Company Group segment were 4,421 million yen, up 11.5% year on year, and the segment profit was 2,703 million yen, up 17.4%.

(2) Explanation of Financial Position

Assets

Current assets at the end of the second quarter were 10,854 million yen, down 184 million yen from the end of the previous fiscal year. This was mainly due to a 255 million yen decrease in cash and deposits as a result of investments in new halls and stock repurchases.

Non-current assets were 25,184 million yen, down 5 million yen from the end of the previous fiscal year. The decrease was attributable primarily to a 27 million yen decrease in property, plant and equipment, the net result of an increase in construction in progress mainly due to investments in new halls and a decrease due to depreciation, and an 8 million yen decrease in investments and other assets mainly caused by a decrease in deferred tax assets.

As a result, total assets decreased 190 million yen from the end of the previous fiscal year to 36,038 million yen.

Liabilities

Current liabilities at the end of the second quarter were 2,821 million yen, down 738 million yen from the end of the previous fiscal year. This was mainly due to decreases of 165 million yen in trade accounts payable and 208 million yen in income taxes payable.

Non-current liabilities were 1,026 million yen, a decrease of 28 million yen from the end of the previous fiscal year. This was mainly due to a decrease in long-term accounts payable-other.

As a result, total liabilities decreased 766 million yen from the end of the previous fiscal year to 3,847 million yen.

Net assets

Net assets were 32,190 million yen at the end of the second quarter, up 575 million yen from the end of the previous fiscal year.

The main factors include profit attributable to owners of parent of 1,085 million yen, an 841 million yen increase in retained earnings due to dividend payments of 244 million yen and purchase of treasury shares in an amount of 312 million yen during the second quarter.

Consequently, the equity ratio increased 2.0 percentage points from the end of the previous fiscal year to 89.3%.

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

There are no revisions to the consolidated forecast for the fiscal year ending in March 2024 that was announced on May 11, 2023.

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

(Millions of yen)

	FY3/23 (As of Mar. 31, 2023)	Second quarter of FY3/24 (As of Sep. 30, 2023)
Assets		
Current assets		
Cash and deposits	9,192	8,937
Accounts receivable and contract assets	919	982
Merchandise and finished goods	122	120
Raw materials and supplies	29	34
Other	777	781
Allowance for doubtful accounts	(1)	(1)
Total current assets	11,039	10,854
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,840	9,604
Land	12,250	12,250
Leased assets, net	242	253
Other, net	150	347
Total property, plant and equipment	22,483	22,456
Intangible assets	398	428
Investments and other assets		
Long-term loans receivable	166	161
Beneficial interests in real estate trust	475	471
Investment securities	85	93
Guarantee deposits	794	833
Other	795	750
Allowance for doubtful accounts	(9)	(10)
Total investments and other assets	2,308	2,299
Total non-current assets	25,189	25,184
Total assets	36,229	36,038

	(Millions of yen)	
	FY3/23 (As of Mar. 31, 2023)	Second quarter of FY3/24 (As of Sep. 30, 2023)
Liabilities		
Current liabilities		
Trade accounts payable	993	827
Lease liabilities	94	96
Income taxes payable	666	457
Provision for bonuses	520	484
Provision for bonuses for directors (and other officers)	58	18
Other	1,226	937
Total current liabilities	3,559	2,821
Non-current liabilities		
Lease liabilities	174	182
Asset retirement obligations	512	525
Provision for employee stock ownership plan trust	49	54
Other	317	264
Total non-current liabilities	1,054	1,026
Total liabilities	4,613	3,847
Net assets		
Shareholders' equity		
Share capital	2,568	2,568
Capital surplus	5,488	5,505
Retained earnings	25,153	25,994
Treasury shares	(1,594)	(1,877)
Total shareholders' equity	31,615	32,190
Total net assets	31,615	32,190
Total liabilities and net assets	36,229	36,038

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

(Millions of yen)

	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Operating revenue	10,083	10,407
Operating expenses	7,602	7,991
Operating gross profit	2,480	2,415
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	86	88
Salaries	169	170
Bonuses	7	11
Provision for bonuses	50	44
Provision for bonuses for directors (and other officers)	17	18
Provision of allowance for doubtful accounts	0	1
Depreciation	5	41
Other	360	367
Total selling, general and administrative expenses	697	744
Operating profit	1,782	1,671
Non-operating income		
Interest income	1	1
Dividend income	0	0
Share of profit of entities accounted for using equity method	-	8
Miscellaneous income	13	10
Total non-operating income	14	19
Non-operating expenses		
Interest expenses	0	0
Share of loss of entities accounted for using equity method	25	-
Miscellaneous losses	8	7
Total non-operating expenses	34	7
Ordinary profit	1,763	1,684
Extraordinary income		
Gain on sale of non-current assets	4	-
Total extraordinary income	4	-
Extraordinary losses		
Loss on retirement of non-current assets	6	12
Total extraordinary losses	6	12
Profit before income taxes	1,761	1,671
Income taxes-current	589	546
Income taxes-deferred	(46)	38
Total income taxes	542	585
Profit	1,218	1,085
Profit attributable to owners of parent	1,218	1,085

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

	(Millions of yen)	
	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Profit	1,218	1,085
Comprehensive income	1,218	1,085
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,218	1,085
Comprehensive income attributable to non-controlling interests	-	-

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)	First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	1,761	1,671
Depreciation	415	459
Loss on retirement of property, plant and equipment	6	12
Increase (decrease) in allowance for doubtful accounts	0	1
Increase (decrease) in provision for bonuses	15	(36)
Increase (decrease) in provision for bonuses for directors (and other officers)	(31)	(39)
Interest and dividend income	(1)	(1)
Interest expenses	0	0
Loss (gain) on sale of property, plant and equipment	(4)	-
Share of loss (profit) of entities accounted for using equity method	25	(8)
Decrease (increase) in trade receivables	(31)	(63)
Decrease (increase) in inventories	5	(3)
Increase (decrease) in trade payables	(144)	(165)
Increase (decrease) in accrued consumption taxes	(4)	(100)
Other, net	(453)	(76)
Subtotal	1,559	1,649
Interest and dividends received	0	0
Interest paid	(0)	(0)
Income taxes paid	(618)	(1,065)
Income taxes refund	0	196
Other, net	6	2
Net cash provided by (used in) operating activities	947	783
Cash flows from investing activities		
Purchase of property, plant and equipment	(353)	(312)
Proceeds from sale of property, plant and equipment	7	-
Purchase of intangible assets	(156)	(71)
Purchase of investment securities	(98)	-
Loan advances	-	(4)
Proceeds from collection of loans receivable	-	1
Other proceeds	10	10
Other payments	(34)	(56)
Net cash provided by (used in) investing activities	(623)	(432)
Cash flows from financing activities		
Purchase of treasury shares	(311)	(312)
Repayments of finance lease liabilities	(56)	(52)
Dividends paid	(226)	(244)
Net cash provided by (used in) financing activities	(594)	(609)
Net increase (decrease) in cash and cash equivalents	(271)	(258)
Cash and cash equivalents at beginning of period	7,435	9,179
Cash and cash equivalents at end of period	7,163	8,921

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

I. First six months of FY3/23 (Apr. 1, 2022 – Sep. 30, 2022)

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	Holding Company Group	Total		
Net sales							
Funeral service revenue	6,766	596	805	-	8,168	-	8,168
Other	1,549	93	64	-	1,707	-	1,707
Revenue from contracts with customers	8,316	689	869	-	9,876	-	9,876
Other revenue	-	-	-	206	206	-	206
External sales	8,316	689	869	206	10,083	-	10,083
Inter-segment sales and transfers	20	-	0	3,758	3,778	(3,778)	-
Total	8,337	689	869	3,965	13,861	(3,778)	10,083
Segment profit	1,013	45	168	2,301	3,529	(1,766)	1,763

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	(1,765)
Adjustment of allowance for doubtful accounts related to the netting elimination of assets and liabilities	(1)
Total	(1,766)

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

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

Not applicable.

II. First six months of FY3/24 (Apr. 1, 2023 – Sep. 30, 2023)

1. Information related to net sales, profit or loss for each reportable segment and breakdown of revenue

(Millions of yen)

	Reportable segment					Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	KOEKISHA Group	SOU-SEN Group	TARUI Group	Holding Company Group	Total		
Net sales							
Funeral service revenue	6,774	654	814	-	8,243	-	8,243
Other	1,768	111	76	-	1,957	-	1,957
Revenue from contracts with customers	8,542	766	891	-	10,200	-	10,200
Other revenue	-	-	-	206	206	-	206
External sales	8,542	766	891	206	10,407	-	10,407
Inter-segment sales and transfers	17	-	-	4,215	4,232	(4,232)	-
Total	8,559	766	891	4,421	14,639	(4,232)	10,407
Segment profit	942	63	159	2,703	3,869	(2,185)	1,684

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

(Millions of yen)

	Amount
Elimination of amount equivalent to dividends paid to the holding company by consolidated subsidiaries	(2,184)
Adjustment of allowance for doubtful accounts related to the netting elimination of assets and liabilities	(0)
Total	(2,185)

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

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

Not applicable.

Subsequent Events

Stock split

On October 1, 2023, SAN HOLDINGS conducted a stock split by the resolution of the Board of Directors meeting held on August 24, 2023.

1. Purpose of stock split

Using this split to lower the cost of an investment unit of SAN HOLDINGS stock will make this stock accessible to a broader range of investors. This is expected to increase the stock’s liquidity and expand stock ownership to more investor segments.

2. Overview of stock split

(1) Method of stock split

Shareholders listed in the final shareholder register on the record date of September 30, 2023 (effectively September 29, 2023 as September 30 was a business holiday of the shareholder registry administrator) will receive one additional share of common stock for each share held on the record date.

(2) Increase in number of shares due to the stock split

Total number of shares outstanding prior to the stock split:	11,700,000 shares
Increase in number of shares due to the stock split:	11,700,000 shares
Total number of shares outstanding following the stock split:	23,400,000 shares
Total number of authorized shares following the stock split:	84,000,000 shares

(3) Schedule of stock split

Public notice of record date:	September 4, 2023
Record date:	September 30, 2023
Effective date:	October 1, 2023

(4) Impact on per share information

Information about the effect on per share information is shown in the corresponding section.

3. Partial revision of the Articles of Incorporation due to the stock split

(1) Reason for revision

In accordance with this stock split, the total number of authorized shares as stipulated in Article 6 of the SAN HOLDINGS Articles of Incorporation was revised on October 1, 2023, pursuant to Article 184, Paragraph 2 of the Companies Act.

(2) Details of revision

Details of changes are as follows.

(Revised sections are underlined.)

Current	After change
(Total number of authorized shares) Article 6 Total number of authorized shares of the Company shall be <u>42,000,000</u> shares.	(Total number of authorized shares) Article 6 Total number of authorized shares of the Company shall be <u>84,000,000</u> shares.

(3) Schedule of revision

Effective date: October 1, 2023

4. Other

There is no change in the amount of share capital upon this stock split.

Repurchase of treasury shares

The SAN HOLDINGS Board of Directors approved a resolution on November 9, 2023 to repurchase its own shares pursuant to Article 156 of the Companies Act, which is applicable in lieu of Article 165, Paragraph 3 of this act.

1. Reason for stock repurchase

SAN HOLDINGS is repurchasing stock to distribute earnings to shareholders and improve capital efficiency, and increase flexibility regarding actions involving capital in response to changes in the operating environment.

2. Type of shares and total number of shares to be repurchased

SAN HOLDINGS common stock: Up to 350,000 shares

3. Total value of shares to be repurchased

Up to 350 million yen

4. Repurchase schedule

From November 10, 2023 to April 30, 2024

5. Method of repurchase:

Purchase on the Tokyo Stock Exchange

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.