



October 23, 2025

To Whom It May Concern:

Company name: SAN HOLDINGS, INC.

Representative name: Satoshi Harishima, President and

Representative Director

(Securities code: 9628, Prime Market, Tokyo Stock Exchange)

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Company name: Cocolonet CO., LTD.

Representative name: Kotaro Kanno, President and Representative

Director

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**Notice Regarding the Conclusion of a Share Exchange Agreement (Simplified Share Exchange)
for the Business Integration between SAN HOLDINGS, INC. and Cocolonet CO., LTD.,
and the Change in Subsidiaries of SAN HOLDINGS, INC.**

SAN HOLDINGS, INC. (hereinafter “San Holdings”) and Cocolonet CO., LTD. (hereinafter “Cocolonet,” and together with San Holdings, the “Companies”) hereby announce that, at the meetings of their respective Boards of Directors held today, the Companies resolved to implement a business integration (hereinafter the “Business Integration”) through a share exchange (hereinafter the “Share Exchange”), under which San Holdings will become the wholly owning parent company and Cocolonet will become the wholly owned subsidiary, and the Companies have today executed a share exchange agreement (hereinafter the “Share Exchange Agreement”) in connection therewith, as follows.

The Share Exchange is scheduled to be carried out upon obtaining approval of the Share Exchange Agreement at Cocolonet’s Extraordinary General Meeting of Shareholders (hereinafter the “Extraordinary General Meeting of Shareholders”) to be held on December 23, 2025. At San Holdings, the Share Exchange is scheduled to be implemented without obtaining approval of the Share Exchange Agreement at a General Meeting of Shareholders, pursuant to the procedures for a simplified share exchange under Article 796, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same).

In addition, prior to the effective date of the Share Exchange (scheduled for February 1, 2026), the common shares of Cocolonet (hereinafter the “Cocolonet Shares”) are scheduled to be delisted from the Standard Market of

Tokyo Stock Exchange, Inc. (hereinafter the “Tokyo Stock Exchange”) as of January 29, 2026 (with the final trading date being January 28, 2026).

As a result of the execution of the Share Exchange, Cocolonet will become a subsidiary of San Holdings, and we hereby notify you accordingly.

Details

I. About the Share Exchange

1. Purpose of the Business Integration

The San Holdings Group (meaning San Holdings, its 10 subsidiaries, and one equity-method affiliate; hereinafter the same) has set forth the purpose of “being a dependable end-of-life partner by moving even closer to the senior generation and their family members,” and its core business is the funeral business, which provides funeral arrangements as well as related products and services. The environment surrounding the San Holdings Group is such that, while the potential demand for funeral services is expected to continue increasing through 2040 against the backdrop of a growing population of seniors aged 65 and older, there has also been a continuing trend toward smaller-scale and simplified funerals, driven by factors such as the progression of the nuclear family and the impact of the COVID-19 pandemic. Furthermore, with the acceleration of new store openings across various regions and the rise of funeral referral companies via the Internet, competition, particularly in the provision of small-scale funeral services, has intensified. In addition, in recent years, mergers and acquisitions in the funeral industry and the broader end-of-life support business have been on the rise, and overall industry-wide restructuring is anticipated. In order to respond to these changes in the business environment, the San Holdings Group formulated a “10-Year Vision” in 2022 as a future roadmap leading up to the company’s 100th anniversary in 2032. In this 10-Year Vision, the Group has identified the following two key priorities, aiming to expand both business scale and business domains while further refining its strength in service quality.

- (1) Growth of the funeral business: To provide services that satisfy a broader range of customers, the Group will expand its service areas nationwide, with the goal of operating 550 funeral halls across the Group by FY2031.
- (2) Growth of the end-of-life support business: To further develop the end-of-life support business, which offers services and products needed in daily life and for preparing for the final stage of life, enabling people to spend their later years in peace and fulfillment, the San Holdings Group has set a target of achieving 10 billion yen in sales by FY2031, cultivating this business into a core pillar of the Group.

Meanwhile, the Cocolonet Group (meaning the corporate group consisting of eight subsidiaries and one equity-method affiliate; hereinafter the same) upholds the philosophy of “providing services that bring satisfaction and peace of mind to people’s hearts” and, through businesses including funeral services, stone materials, weddings, floral wholesale, and mutual aid societies, offers comprehensive support across all stages of its customers’ lives. The environment surrounding the Cocolonet Group is expected to remain challenging, with ongoing impacts from Japan’s declining birthrate and aging population, diversification of customer needs driven by changing values and lifestyles, and the entry of companies from other industries into the market. In order to respond to these changes in the business environment, the Cocolonet Group has set forth its “Vision 2030,” clarifying its creation of social value as contributions to “building healthy lives for people in both body and mind,” “building a fulfilling society where people feel peace of mind,” and “promoting economic growth through improved productivity.” As key priorities, the Group is considering restructuring to improve operational efficiency and strengthen headquarters functions, while also

undertaking fundamental reforms of unprofitable businesses and divisions. In addition, while positioning the funeral business as the core of its operations and pursuing active expansion through new openings and friendly M&A, the Group is also considering collaboration between its funeral business and its stone materials and floral businesses. Furthermore, the Group is working to build a business model aimed at maximizing lifetime value (LTV) while also exploring new businesses adjacent to its existing operations.

As described above, both companies have been addressing their respective challenges with the aim not only of expanding business performance and enhancing corporate value but also of achieving continuous growth and further accelerating development, and have therefore considered M&A and partnerships with other operators as one means to that end. As a result, both companies have come to recognize that by engaging in full-scale collaboration, they can create synergies not only in the funeral business but also in peripheral businesses, while mutually complementing each other's store-opening regions. Through discussions and negotiations continued since June 2025, both companies determined that in order to maximize the synergy effects described later, it is important to achieve more agile and efficient collaboration by carrying out the Share Exchange and integrating the management of San Holdings and Cocolonet, and accordingly, at today's meetings of their Boards of Directors, they resolved to proceed with the Business Integration and entered into the Share Exchange Agreement.

Both companies aim to achieve a balance between “profit growth that meets investor expectations as listed companies” and “the pursuit of high-quality services from the perspective of the social welfare role that the funeral business is inherently expected to fulfill.” The synergies that both companies, whose corporate philosophies are highly compatible, expect to realize through this Business Integration are as follows.

1) Mutual complementation of store opening regions

Both companies operate funeral businesses, and as of the end of March 2025, the San Holdings Group has opened a total of 267 halls across 16 prefectures, primarily in the Kansai and Tokyo metropolitan areas but also ranging from Hokkaido to Kyushu. Meanwhile, Cocolonet has opened 45 halls in Fukushima, Ibaraki, Tochigi, and Yamanashi prefectures (as of the end of March 2025). While both companies have established solid business foundations in their respective regions, the store locations overlap very little, and it is therefore expected that the regional complementarity between the two will generate significant benefits. In addition, given the characteristics of the funeral industry, collaboration and connection with local communities are considered extremely important, so the collaboration between the two companies not only provides complementarity in store locations but, by leveraging their respective business foundations in each region, also enables the active and effective advancement of future store-opening strategies. This is expected to make it possible to deliver each company's high-quality services to a broad range of customers across Japan.

2) Growth of the funeral business

Against the backdrop of a growing population aged 65 and over, potential demand for funerals is expected to continue rising through 2040, while at the same time there is a trend toward smaller and simpler funerals, driven by the progression of nuclear families and the impact of the COVID-19 pandemic. Amid the diversification of customer needs, upon completion of the Share Exchange, both companies will be able to mutually leverage their respective capabilities, ranging from systems that can handle everything from small-scale to large-scale funerals, to expertise and human resources in developing distinctive products and services that accurately capture customer needs, thereby enhancing quality and strengthening service capabilities in their funeral businesses.

3) Business operation efficiency

Through the integration of administrative functions between San Holdings Group companies and Cocolonet, the mutual utilization and exchange of human resources, and the future unification of systems, it is expected that the development of next-generation management talent, optimal allocation of management resources, and ultimately improved capital efficiency can be achieved.

2. Outline of the Share Exchange

(1) Schedule of the Share Exchange

Date of Board of Directors' resolution for conclusion of the Share Exchange Agreement (both companies)	October 23, 2025
Date of conclusion of the Share Exchange Agreement (both companies)	October 23, 2025
Date of public notice of record date for the Extraordinary General Meeting of Shareholders (Cocolonet)	October 23, 2025 (scheduled)
Record date for the Extraordinary General Meeting of Shareholders (Cocolonet)	November 7, 2025 (scheduled)
Date of resolution at the Extraordinary General Meeting of Shareholders to approve the Share Exchange Agreement (Cocolonet)	December 23, 2025 (scheduled)
Final trading date (Cocolonet)	January 28, 2026 (scheduled)
Delisting date (Cocolonet)	January 29, 2026 (scheduled)
Scheduled implementation date of the Share Exchange (effective date)	February 1, 2026 (scheduled)

(Note 1) San Holdings plans to implement the Share Exchange without obtaining approval of the Share Exchange Agreement at a General Meeting of Shareholders, pursuant to the procedures for a simplified share exchange under Article 796, Paragraph 2 of the Companies Act.

(Note 2) The schedule of the Share Exchange may be changed, if necessary, through discussions and agreement between the two companies due to procedural requirements or other reasons.

(Note 3) The Share Exchange is conditional upon the statutory waiting period under Article 10, Paragraph 2 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade having expired, and the Japan Fair Trade Commission not having taken measures or procedures, such as issuing a cease-and-desist order, that would prevent the Share Exchange.

(2) Method of the Share Exchange

This Share Exchange will make San Holdings the wholly owning parent company and Cocolonet the wholly owned subsidiary. The Share Exchange is scheduled to be carried out upon obtaining approval of the Share Exchange Agreement at the Extraordinary General Meeting of Shareholders. Meanwhile, San Holdings plans to implement the Share Exchange without obtaining approval of the Share Exchange Agreement at a General Meeting of Shareholders, pursuant to the procedures for a simplified share exchange under Article 796, Paragraph 2 of the Companies Act.

(3) Allotment under the Share Exchange

	San Holdings (Wholly owning parent company under the Share Exchange)	Cocolonet (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	San Holdings common shares: 3,136,639 shares (scheduled)	

(Note 1) Allocation ratio of shares

For each share of Cocolonet stock, shares of San Holdings common stock (hereinafter the “San Holdings Shares”) in the amount of 0.90 shares will be allotted and delivered. The above allotment ratio for the Share Exchange (hereinafter the “Share Exchange Ratio”) may be changed through discussions and agreement between the two companies if there are any material changes to the conditions forming the basis of its calculation.

(Note 2) Number of San Holdings Shares to be delivered through the Share Exchange

The above number of San Holdings Shares has been calculated based on Cocolonet’s total number of outstanding shares (3,843,100 shares) and treasury shares (357,945 shares) as of June 30, 2025.

In connection with the Share Exchange, San Holdings plans to allot and deliver to the shareholders of Cocolonet (excluding the shares to be canceled as described below) as of immediately prior to the time at which San Holdings acquires all of Cocolonet’s outstanding shares (hereinafter the “Reference Time”), San Holdings Shares in a number obtained by multiplying the total number of Cocolonet Shares they hold by the Share Exchange Ratio. 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.

Cocolonet plans, by resolution of its Board of Directors to be held no later than the day prior to the effective date of the Share Exchange, to cancel all of its treasury shares held as of the Reference Time (including shares acquired in response to share purchase requests from dissenting shareholders pursuant to Article 785, Paragraph 1 of the Companies Act) as of the Reference Time. The number of shares to be delivered through the Share Exchange may be subject to change in the future due to reasons such as the acquisition or cancellation of Cocolonet’s treasury shares.

(Note 3) Handling of shares less than one unit

In connection with the Share Exchange, shareholders of Cocolonet who come to hold less than one unit of San Holdings Shares (fewer than 100 shares) will, from the effective date of the Share Exchange onward, be able to make use of the following systems with respect to San Holdings Shares. It should be noted that shares less than one unit cannot be sold on financial instrument exchange markets.

- 1) System for requesting purchase of shares less than one unit (sale of shares fewer than one unit [100 shares])

This is a system under Article 192, Paragraph 1 of the Companies Act that allows shareholders holding less than one unit of San Holdings Shares to request San Holdings to purchase such fractional shares.

- 2) System for additional purchase of shares less than one unit (purchase to make up one unit [100 shares])

This is a system under Article 194, Paragraph 1 of the Companies Act, as well as the Articles of Incorporation and Share Handling Regulations of San Holdings, that allows shareholders holding less than one unit of San Holdings Shares to request San Holdings to sell them the number of shares necessary to make one full unit (100 shares) when combined with their existing fractional shares, thereby enabling them to increase their holdings to one unit.

(Note 4) Treatment of fractions less than one share

In connection with the Share Exchange, for shareholders of Cocolonet who are allotted fractions of less than one share of San Holdings Shares, the total number of such fractions (rounded down to the nearest whole share if the total includes a fraction less than one) will be aggregated and sold in accordance with Article 234 of the Companies Act and other relevant laws and regulations, and the proceeds of such sale will be distributed to the relevant shareholders in proportion to their respective fractional holdings.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights in connection with the Share Exchange

Since Cocolonet has not issued any stock acquisition rights or bonds with stock acquisition rights, there are no applicable matters.

(5) Handling of dividends of surplus

The two companies have agreed that San Holdings may pay dividends of surplus of up to 28.5 yen per share of San Holdings Shares to shareholders or registered pledgees of shares who are recorded in the final shareholder register as of December 31, 2025, and that Cocolonet may pay dividends of surplus of up to 15 yen per share of Cocolonet common stock to shareholders or registered pledgees of shares who are recorded in the final shareholder register as of September 30, 2025. Other than these, both companies shall not, from today until the day prior to the effective date of the Share Exchange, resolve to pay dividends of surplus with a record date prior to the effective date of the Share Exchange, nor resolve to acquire treasury shares with an acquisition date falling within that period (excluding acquisitions without consideration and acquisitions required in response to the exercise of shareholder rights pursuant to applicable laws and regulations).

3. Basis, etc. for Allotment under the Share Exchange

(1) Basis and reasons for the allotment

In calculating the Share Exchange Ratio described in 2.(3) “Allotment under the Share Exchange” to be used in this Share Exchange, both companies, in order to ensure fairness and appropriateness, separately engaged independent third-party valuation firms to calculate the ratio. San Holdings appointed Daiwa Securities Co. Ltd. (“Daiwa Securities”) as its third-party valuation firm, and Cocolonet appointed ES Networks CO., LTD. (“ES Networks”) as its third-party valuation firm.

At San Holdings, as described in (4) “Measures to ensure fairness” below, after carefully deliberating and reviewing the share exchange ratio report received from its third-party valuation firm, Daiwa Securities, advice from its legal advisor, City-Yuwa Partners, and the results of the due diligence conducted on Cocolonet, the company determined that the Share Exchange Ratio is appropriate and serves the interests of San Holdings’ shareholders, and therefore concluded that it is reasonable to conduct the Share Exchange on the basis of this ratio.

On the other hand, at Cocolonet, as described in (4) “Measures to ensure fairness” below, after carefully deliberating and reviewing the share exchange ratio report received from its third-party valuation firm, ES Networks, advice from its legal advisor, TMI Associates, and the results of the due diligence conducted on San Holdings, the company determined that the Share Exchange Ratio is appropriate and serves the interests of Cocolonet’s shareholders, and therefore concluded that it is reasonable to conduct the Share Exchange on the basis of this ratio.

As described above, the two companies, with reference to the Share Exchange Ratio valuations submitted by their respective independent valuation firms, conducted multiple rounds of careful negotiations and discussions on the Share Exchange Ratio after comprehensively considering factors such as both companies’ financial condition, asset condition, and future outlook. As a result, both companies concluded that the Share Exchange Ratio is appropriate and serves the interests of their respective shareholders, and therefore determined that it is reasonable to conduct the Share Exchange on the basis of this ratio. It should be noted that, pursuant to the Share Exchange Agreement, the Share Exchange Ratio may be changed through discussions and agreement between the two companies if there are any material changes to the conditions forming the basis of its valuation.

(2) Matters relating to the valuation

1) Name of the valuation firms and their relationship with both companies

Daiwa Securities, the third-party valuation firm for San Holdings, and ES Networks, the third-party valuation firm for Cocolonet, are both independent valuation firms that are not related parties of either company and have no conflict of interest to be disclosed in connection with this Share Exchange. It should be noted that the compensation payable to Daiwa Securities and ES Networks in connection with this Share Exchange includes, in addition to fixed fees payable regardless of whether the Share Exchange is consummated, success fees payable upon the execution of the Share Exchange Agreement, the holding of shareholders’ meetings, and the completion of making Cocolonet a wholly owned subsidiary. However, taking into account the general market practice in transactions of this kind and the fact that the fee structure ensures that San Holdings and Cocolonet would not bear an unreasonable financial burden in the event the Share Exchange is not consummated, the inclusion of such success fees is not considered to impair the independence of Daiwa Securities or ES Networks.

2) Overview of the valuation

Daiwa Securities, with respect to San Holdings, conducted its valuation using the market price method, given that the company is listed on a financial instruments exchange and has a market price, as well as the discounted cash flow method (hereinafter the “DCF method”) in order to reflect the future business outlook in the evaluation. Under the market price method, October 22, 2025 was set as the valuation record date, and the simple average of the closing prices on the Tokyo Stock Exchange Prime Market for the one-month, three-month, and six-month periods prior to the record date was adopted. Under the DCF method, the equity value was calculated by discounting to present value, at a certain discount rate, the future cash flows based on the financial forecasts provided by San Holdings. It should be noted that the financial forecasts used as the basis for the DCF method include fiscal years that assume significant increases or decreases. Specifically, due to a change in fiscal year-end, FY8/26 will be an irregular 17-month accounting period, for which significant increases in profit and substantial decreases in free cash flow (hereinafter “FCF”) are projected, while for FY8/27, a substantial increase in FCF is projected. It should be noted that the synergy effects expected to be realized through this Share Exchange have not been reflected, as it is difficult to estimate them at this time.

With respect to Cocolonet, since the company is listed on a financial instruments exchange and has a market price, the valuation was conducted using the market price method, as well as the DCF method in order to reflect the future business outlook in the evaluation. Under the market price method, October 22, 2025 was set as the valuation record date, and the simple average of the closing prices on the Tokyo Stock Exchange Standard Market for the one-month, three-month, and six-month periods prior to the record date was adopted. Under the DCF method, the equity value was calculated by discounting to present value, at a certain discount rate, the future cash flows deemed reasonable by San Holdings, based on the financial forecasts provided by Cocolonet. It should be noted that the financial forecasts used as the basis for the DCF method include fiscal years that assume significant increases or decreases. Specifically, for FY3/27, a substantial increase in FCF is projected due to a decrease in capital investment compared with the previous fiscal year. It should be noted that the synergy effects expected to be realized through this Share Exchange have not been reflected, as it is difficult to estimate them at this time.

Assuming the value of one San Holdings Share is set at 1, the valuation range of Cocolonet is as follows.

Adoption method	Result of Share Exchange Allocation Ratio calculation
Market price method	0.68 - 0.72
DCF method	0.56 - 0.95

In calculating the above Share Exchange Ratio, Daiwa Securities assumed that all information provided by the two companies, as well as publicly available information, was accurate and complete, and did not independently verify the accuracy or completeness thereof. In addition, neither an independent valuation, appraisal, nor assessment has been conducted with respect to all assets or liabilities (including contingent liabilities) of both companies and their affiliates, including analyses and evaluations of individual assets and liabilities, nor has any request been made to third-party institutions for such appraisals or assessments. The calculation of the Share Exchange Ratio by Daiwa Securities reflects information and economic conditions as of October 22, 2025, and assumes that the financial forecasts of both companies were reasonably considered or prepared by their managements based on the best forecasts and judgments available at this time.

On the other hand, ES Networks, since both San Holdings and Cocolonet are listed on financial instruments exchanges and have market prices, conducted its valuation using the market price method, and in order to reflect the future business outlook in the evaluation, also conducted its valuation using the DCF method.

The valuation results under each method are as follows.

Valuation method	Range of Share Exchange Allocation Ratio
Market price method	0.68 - 0.72
DCF method	0.72 - 1.26

Under the market price method, October 22, 2025 was set as the valuation record date for both companies. For San Holdings, the valuation adopted the closing price on the record date and the simple average of the closing prices on trading days for the one-month, three-month, and six-month periods prior to the record date on the Tokyo Stock Exchange Prime Market. For Cocolonet, the valuation adopted the closing price on the record date and the simple average of the closing prices on trading days for the one-month, three-month, and six-month periods prior to the record date on the Tokyo Stock Exchange Standard Market.

Under the DCF method, the valuation was based on factors such as revenues and investment plans contained in the financial forecasts presented by the management of San Holdings and Cocolonet, which both companies

approved for use by the third-party valuation firms for valuation purposes, as well as other publicly available information.

It should be noted that the financial forecasts of San Holdings, which formed the basis of the valuation using the DCF method by ES Networks, include fiscal years projecting significant profit increases; however, this is due to FY8/26 being an irregular 17-month accounting period. On the other hand, the financial forecasts of Cocolonet include fiscal years that project significant fluctuations in FCF. Specifically, for FY3/26, FCF is expected to decrease significantly due to increased capital investment resulting from plans for new funeral hall openings, while for FY3/27, FCF is expected to increase substantially as capital investment is planned at a lower level than the previous year, alongside higher sales and profit levels. In addition, aside from the costs of maintaining a listing, the synergy effects expected to be realized through the implementation of the Share Exchange are difficult to estimate at this time; therefore, the financial forecasts do not assume the implementation of the Share Exchange.

ES Networks, in calculating the Share Exchange Ratio, principally relied on information provided by the two companies and information publicly available, on the assumption that all such materials and information were accurate and complete, and did not independently verify the accuracy or completeness thereof. Furthermore, neither an independent valuation, appraisal, nor assessment has been conducted with respect to all assets or liabilities (including off-the-book assets and liabilities, contingent liabilities) of both companies and their affiliates, including analyses and evaluations of individual assets and liabilities, nor has any request been made to third-party institutions for such appraisals or assessments. In addition, with respect to the financial forecasts (including business plans and other information) submitted by both companies that served as the basis for the DCF valuation, ES Networks conducted inquiries with each company, reviewed the preparation procedures and content, and, after confirming that there were no particularly unreasonable points as assumptions for calculating the Share Exchange Ratio, assumed that the forecasts had been reasonably prepared by the management of each company based on the best forecasts and judgments available at the time of submission.

The valuation by ES Networks reflects the information and economic conditions obtained by it up to October 22, 2025.

(3) Anticipated delisting and reason therefor

As a result of the Share Exchange, Cocolonet will become a wholly owned subsidiary of San Holdings as of the effective date (scheduled for February 1, 2026), and in accordance with the delisting criteria of the Tokyo Stock Exchange, Cocolonet Shares are scheduled to be delisted as of January 29, 2026, (with the final trading date being January 28, 2026). If the current effective date of the Share Exchange is changed, the delisting date will also be changed accordingly.

After delisting, Cocolonet Shares will no longer be tradable on the Tokyo Stock Exchange Standard Market. However, since the San Holdings Shares to be allotted to Cocolonet shareholders through the Share Exchange are listed on the Tokyo Stock Exchange Prime Market, although some shareholders may receive only shares less than one unit, it will still be possible to trade one unit or more of shares on the financial instruments exchange market after the effective date of the Share Exchange, and continued liquidity of the shares is expected to be provided.

On the other hand, Cocolonet shareholders who, as a result of the Share Exchange, are allotted fewer than 100 shares of San Holdings will become holders of less than one unit of San Holdings Shares. Shares less than one unit cannot be sold on the financial instruments exchange market; however, shareholders who come to hold such shares as a result of the Share Exchange may, if they so wish, make use of the systems for requesting the purchase of

shares less than one unit or for purchasing additional shares to reach one unit. For details regarding this handling, please refer to (Note 3), “Handling of shares less than one unit,” under 2.(3) “Allotment under the Share Exchange” above. In addition, for details regarding the handling of fractions less than one share arising from the Share Exchange, please refer to (Note 4), “Treatment of fractions less than one share” under 2.(3) “Allotment under the Share Exchange” above.

It should be noted that until the final trading date of January 28, 2026 (scheduled), shareholders of Cocolonet may continue to trade their Cocolonet Shares on the Tokyo Stock Exchange Standard Market as usual, and may also exercise their legitimate rights under the Companies Act and other applicable laws and regulations.

(4) Measures to ensure fairness

As a result of this Business Integration through the Share Exchange, Cocolonet, a listed company, will become a wholly owned subsidiary of San Holdings. Accordingly, in order to ensure the fairness of this Business Integration, the two companies have implemented the following measures.

1) Obtaining valuation reports from independent third-party valuation firms

San Holdings selected Daiwa Securities, an independent third-party valuation firm separate from both companies, and obtained a valuation report concerning the Share Exchange Ratio as of October 22, 2025. For an outline of this valuation report, please refer to (2) “Matters relating to the valuation” above.

On the other hand, Cocolonet selected ES Networks, an independent third-party valuation firm separate from both companies, and obtained a valuation report concerning the Share Exchange Ratio as of October 22, 2025. For an outline of this valuation report, please refer to (2) “Matters relating to the valuation” above.

It should be noted that neither company has obtained from its respective third-party valuation firm an opinion (fairness opinion) stating that the Share Exchange Ratio is fair or appropriate from a financial point of view.

2) Advice from independent law firms

As legal advisors for the Share Exchange, San Holdings appointed City-Yuwa Partners, and Cocolonet appointed TMI Associates, and each has received advice from a legal perspective regarding various procedures of the Share Exchange as well as the methods and processes of decision-making. It should be noted that both City-Yuwa Partners and TMI Associates are independent from the two companies and have no conflict of interest in relation to either company with respect to this Business Integration, including the Share Exchange.

(5) Measures to avoid conflicts of interest

As of October 23, 2025, the date on which the resolution to conduct the Share Exchange was made, San Holdings and Cocolonet did not hold shares in each other, had not dispatched directors to each other, and had no other notable capital, personnel, or transactional relationships. Accordingly, it is considered that no particular conflict of interest arose between the two companies in implementing the decision-making process at their respective boards of directors with respect to the Share Exchange, and therefore, aside from the measures described in (4) “Measures to ensure fairness” above, no special measures were taken.

4. Overview of the parties to the Share Exchange

	Wholly owning parent company under the Share Exchange	Wholly owned subsidiary under the Share Exchange
(1) Name	SAN HOLDINGS, INC.	Cocolonet CO., LTD.
(2) Address	2-6-11 Kitahama, Chuo-ku, Osaka-shi, Osaka	15-1 Funatoma, Kamata, Fukushima-shi, Fukushima
(3) Representative's title and name	Satoshi Harishima, President and Representative Director	Kotaro Kanno, President and Representative Director
(4) Business description	Funeral business conducting funerals and providing related goods and services	Funeral business Stone materials business Wedding business Floral business Mutual aid association business
(5) Capital	2,568 million yen (As of June 30, 2025)	500 million yen (As of June 30, 2025)
(6) Date of establishment	October 2, 1944	March 30, 1966
(7) Number of outstanding shares	(Common stock) 23,000,000 shares (As of June 30, 2025)	(Common stock) 3,843,100 shares (As of June 30, 2025)
(8) Fiscal year-end	End of August	End of March
(9) Number of employees	(Consolidated) 1,249 (As of June 30, 2025)	(Consolidated) 510 (As of June 30, 2025)
(10) Major business partners	Not applicable	JA Life Create Fukushima Co., Ltd.
(11) Principal banks	Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd.	Toho Bank, Ltd. Fukushima Bank, Ltd. Mizuho Bank, Ltd. Fukushima Shinkin Bank
(12) Major shareholders and shareholding ratios	The Master Trust Bank of Japan, Ltd.: 10.64% Custody Bank of Japan, Ltd.: 6.14% Ginsen Co., Ltd.: 5.40% Koekisha (Kyoto) Co., Ltd.: 4.40% Yoko Kugo: 3.83% Yoshitaka Kugo: 3.08% Takashi Kugo: 2.94% Mitsuharu Konishi: 2.27% Sumitomo Life Insurance Company: 2.25%	Kanno LLC: 26.40% Takanori Saito: 12.42% Risuke Kawashima: 5.23% Cocolonet Group Employees' Shareholding Association: 5.07% Kimihiro Mizumoto: 2.98% Ueda Yagi Tanshi Co., Ltd.: 2.83% Kotaro Kanno: 2.59% Toho Bank, Ltd.: 2.15% Nomura Securities Co., Ltd.: 1.87% Fukushima Shinkin Bank: 1.43%

	SMBC Trust Bank Ltd.: 1.95% (As of March 31, 2025)	(As of March 31, 2025)				
(13) Relationships between the parties						
	Capital relationship	There are no noteworthy capital relationships.				
	Personnel relationship	There are no noteworthy personnel relationships.				
	Business relationship	There are no noteworthy business relationships.				
	Status as related parties	Neither company, nor their affiliates or related parties, falls under the category of related parties with respect to the other.				
(14) Operating results and financial position for the most recent three years (Unit: million yen, unless otherwise noted.)						
Fiscal year-end	San Holdings (Consolidated)			Cocolonet (Consolidated)		
	FY3/23	FY3/24	FY3/25	FY3/23	FY3/24	FY3/25
Net assets	31,615	32,877	37,172	8,071	8,572	8,589
Total assets	36,229	37,585	63,053	18,646	19,267	19,199
Net assets per share (yen)	1,508.46	1,610.89	1,816.41	2,148.29	2,273.00	2,464.62
Net sales	21,663	22,437	31,984	9,562	10,035	10,117
Operating profit	3,868	3,789	4,521	623	658	746
Ordinary profit	3,843	3,800	4,363	668	830	761
Profit attributable to owners of parent	2,783	2,363	4,721	149	579	375
Net income per share (yen)	131.92	114.38	230.96	39.75	153.86	102.31
Dividend per share (yen)	44.00	35.00	37.00	30.0	30.0	30.0

(Note) Shareholding ratios are calculated based on the total number of outstanding shares, excluding treasury shares.

5. Status after the Share Exchange

	Wholly owning parent company under the Share Exchange
(1) Name	SAN HOLDINGS, INC.
(2) Address	2-6-11 Kitahama, Chuo-ku, Osaka-shi, Osaka
(3) Representative's title and name	Satoshi Harishima, President and Representative Director
(4) Description of Business	Funeral business conducting funerals and providing related goods and services
(5) Capital	At present, this has not been determined.

(6)	Fiscal year-end	End of August
(7)	Net assets	At present, this has not been determined.
(8)	Total assets	At present, this has not been determined.

6. Overview of accounting treatment

The accounting treatment associated with this Share Exchange is expected to apply the purchase method under the Accounting Standard for Business Combinations. It is anticipated that goodwill or negative goodwill will arise in San Holdings' consolidated financial statements as a result of the Share Exchange, but the amount of such goodwill or negative goodwill has not yet been determined.

7. Outlook

As a result of the Share Exchange, Cocolonet is expected to become a wholly owned subsidiary of San Holdings. With respect to the impact of the Share Exchange on the business results of both companies, it is not possible to estimate the amount at this time. Should it become necessary to revise earnings forecasts or should any matters requiring disclosure arise, such information will be promptly announced.

II. Change in subsidiary (specified subsidiary) of San Holdings

1. Scheduled date of change

February 1, 2026 (the effective date of the Share Exchange)

2. Background of the change

As a result of the Share Exchange, Cocolonet will become a subsidiary of San Holdings as of the effective date. Since the amount of Cocolonet's capital is equivalent to 10% or more of the amount of San Holdings' capital, Cocolonet will fall under the category of a specified subsidiary of San Holdings.

3. Overview of the subsidiary to be changed (Cocolonet)

For details, please refer to "4. Overview of the parties to the Share Exchange" under "I. About the Share Exchange" above.

4. Number of shares owned and ownership ratio of voting rights before and after the change

	Number of shares owned	Ownership ratio of voting rights
Before the change	-	-
After the change	3,485,155	100.0

5. Outlook

With respect to the impact on San Holdings' business results for the current and subsequent fiscal years arising from the change in subsidiary accompanying this Share Exchange, it is not possible to estimate the amount at this time. Should any matters requiring disclosure arise in the future, such information will be promptly announced.

End

(Reference)

San Holdings: Consolidated earnings forecast for the current fiscal year (announced August 14, 2025) and consolidated results for the previous fiscal year

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Earnings forecast for the current fiscal year (FY8/26)	59,300	6,470	6,310	3,520
Results for the previous fiscal year (FY3/25)	31,984	4,521	4,363	4,721

(Note) Due to the change in fiscal year-end, the consolidated earnings forecast covers the 17-month period from April 1, 2025 to August 31, 2026.

Cocolonet: Consolidated earnings forecast for the current fiscal year (announced August 1, 2025) and consolidated results for the previous fiscal year

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Earnings forecast for the current fiscal year (FY3/26)	10,500	920	960	660
Results for the previous fiscal year (FY3/25)	10,117	746	761	375