

Translation

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Summary of Consolidated Financial Results for the Three Months Ended January 31,2025 (Based on Japanese GAAP)

March 14,2025

Company name: SHANON Inc.
 Listing: Tokyo Stock Exchange
 Stock code: 3976 URL <https://shanon.co.jp/>
 Representative: Representative Directors kiichiro Nagashima
 Inquiries: Chief Financial Officer Gaku Tomokiyo
 Telephone: +81-3-6743-1551
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended January 31,2025 (from November 1, 2024 to January 31,2025)

(1) Consolidated operating results

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended January 31,2025	670	6.3	(50)	-	(97)	-	(159)	-
January 31,2024	630	0.3	(134)	-	(135)	-	(136)	-

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended January 31,2025	(50.13)	-
January 31,2024	(42.98)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of January 31,2025	1,705	851	49.9
As of October 31,2024	2,169	(52)	(2.7)

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended October 31,2024	-	0.00	-	0.00	0.00
Fiscal year ended October 31,2025	-				
Fiscal year ended October 31,2025 (Forecast)		0.00	-	0.00	0.00

3. Notes

(1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatement of prior period financial statements: None

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of January 31,2025	5,926,200 shares	As of October 31,2024	3,180,700 shares
Number of treasury shares at the end of the period			
As of January 31,2025	254 shares	As of October 31,2024	254 shares
Average number of shares during the period			
Three months As of January 31,2025	3,180,446 shares	Three months As of January 31,2024	3,173,720 shares

*Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

(Thousands of yen)

	As of October 31, 2024	As of January 31, 2025
Assets [abstract]		
Current assets [abstract]		
Cash and deposits	763,133	621,296
Notes and accounts receivable - trade, and contract assets	443,823	223,716
Work in process	26,876	38,947
Other-CA	142,322	190,238
Current assets	1,376,156	1,074,198
Non-current assets [abstract]		
Property, plant and equipment	27,494	35,126
Intangible assets [abstract]		
Software	266,937	289,124
Software in progress	50,175	32,467
Goodwill	79,114	76,321
Other-IA	4,668	4,814
Intangible assets	400,896	402,727
Investments and other assets	355,337	191,851
Non-current assets	783,727	629,705
Deferred assets	9,597	1,201
Assets	2,169,482	1,705,105
Liabilities [abstract]		
Current liabilities [abstract]		
Notes and accounts payable-trade	60,749	17,099
Current portion of long-term borrowings	113,260	85,444
Current portion of bonds payable	40,000	40,000
Advances received	511,271	395,083
Income taxes payable	10,982	4,427
Provision for bonuses	59,804	49,291
Other-CL	190,760	186,830
Current liabilities	986,827	778,176
Non-current liabilities [abstract]		
Bonds payable	1,174,046	20,000
Long-term borrowings	61,151	55,259
Non-current liabilities	1,235,197	75,259
Liabilities	2,222,025	853,435
Net assets [abstract]		
Shareholders' equity [abstract]		
Share capital	550,010	1,084,365
Capital surplus	195,083	729,439
Retained earnings	△812,970	△972,401
Treasury shares	△485	△485
Shareholders' equity	△68,361	840,917
Valuation and translation adjustments [abstract]		
Foreign currency translation adjustment	10,141	10,452
Valuation and translation adjustments	10,141	10,452
Share acquisition rights	5,677	300
Non-controlling interests	—	—
Net assets	△52,542	851,670
Liabilities and net assets	2,169,482	1,705,105

	Three months ended	Three months ended
	31-Jan-24	31-Jan-25
Net sales	630,469	670,046
Cost of sales	259,661	257,041
Gross profit (loss)	370,807	413,005
Selling, general and administrative expenses	504,848	463,553
Operating profit (loss)	△134,040	△50,548
Non-operating income [abstract]		
Interest income-NOI	195	13
Subsidy income-2-NOI	732	2,512
Commission income - NOI	33	33
Other-NOI	154	162
Non-operating income	1,115	2,722
Non-operating expenses [abstract]		
Interest expenses-NOE	1,081	418
Interest expenses on bonds - NOE	128	81
Foreign exchange losses-NOE	615	1,010
Amortization of bond issuance costs - NOE	1,146	8,395
Loss on cancellation of insurance policies - NOE	—	33,223
Other-NOE	—	6,700
Non-operating expenses	2,971	49,829
Ordinary profit (loss)	△135,896	△97,655
Extraordinary losses [abstract]		
Loss on redemption of bonds - LE	—	61,446
Extraordinary losses	—	61,446
Profit (loss) before income taxes	△135,896	△159,101
Income taxes-current	519	329
Income taxes	519	329
Profit (loss) (after amendment dated 2014-03-28)	△136,416	△159,430
Profit (loss) attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	△136,416	△159,430

	Three months ended	Three months ended
	31-Jan-24	31-Jan-25
Profit (loss) (after amendment dated 2014-03-28)	△136,416	△159,430
Other comprehensive income [abstract]		
Valuation difference on available-for-sale securities, net of tax-OCI	98	—
Foreign currency translation adjustment, net of tax-OCI	415	311
Other comprehensive income	514	311
Comprehensive income	△135,902	△159,119
Comprehensive income attributable to [abstract]		
Comprehensive income attributable to owners of parent	△135,902	△159,119
Comprehensive income attributable to non-controlling interests	—	—