

Translation

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Summary of Consolidated Financial Results for the Six Months Ended April 30,2025 (Based on Japanese GAAP)

June 12,2025

Company name: SHANON Inc.
 Listing: Tokyo Stock Exchange
 Stock code: 3976 URL <https://shanon.co.jp/>
 Representative: Hirofumi Yamazaki Representative Director
 Inquiries: Gaku Tomokiyo Chief Financial Officer
 Telephone: +81-3-6743-1551
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended April 31,2025 (from November 1, 2024 to April 30,2025)

(1) Consolidated operating results

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
April 30,2025	1,436	-3.1	(21)	-	(70)	-	(157)	-
April 30,2024	1,481	2.2	(93)	-	(93)	-	(94)	-

	Earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
April 30,2025	(34.62)	-
April 30,2024	(29.64)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of April 30,2025	1,698	851	50.1
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 ending October 31,2025	-	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: Yes
 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 April 30,2025	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 April 30,2025	254 shares	As of October 31,2024	254 shares
Average number of shares during the period			
Six months As of April 30,2025	4,545,612 shares	Six months As of April 30,2024	3,177,046 shares

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

	As of October 31, 2024	As of April 30, 2025
Assets [abstract]		
Current assets [abstract]		
Cash and deposits	763,133	737,665
Notes and accounts receivable - trade, and contract assets	443,823	244,532
Work in process	26,876	16,165
Other-CA	142,322	109,467
Current assets	1,376,156	1,107,830
Non-current assets [abstract]		
Property, plant and equipment	27,494	97,779
Intangible assets [abstract]		
Software	266,937	306,038
Software in progress	50,175	6,477
Goodwill	79,114	73,529
Other-IA	4,668	5,117
Intangible assets	400,896	391,163
Investments and other assets	355,337	101,051
Non-current assets	783,727	589,993
Deferred assets	9,597	991
Assets	2,169,482	1,698,815
Liabilities [abstract]		
Current liabilities [abstract]		
Notes and accounts payable-trade	60,749	29,609
Current portion of long-term borrowings	113,260	61,686
Current portion of bonds payable	40,000	40,000
Advances received	511,271	367,941
Income taxes payable	10,982	10,901
Provision for bonuses	59,804	80,842
Other-CL	190,760	187,067
Current liabilities	986,827	778,047
Non-current liabilities [abstract]		
Bonds payable	1,174,046	20,000
Long-term borrowings	61,151	48,793
Non-current liabilities	1,235,197	68,793
Liabilities	2,222,025	846,840
Net assets [abstract]		
Shareholders' equity [abstract]		
Share capital	550,010	1,084,365
Capital surplus	195,083	729,439
Retained earnings	△812,970	△970,329
Treasury shares	△485	△485
Shareholders' equity	△68,361	842,989
Valuation and translation adjustments [abstract]		
Foreign currency translation adjustment	10,141	8,686
Valuation and translation adjustments	10,141	8,686
Share acquisition rights	5,677	300
Non-controlling interests	—	—
Net assets	△52,542	851,975
Liabilities and net assets	2,169,482	1,698,815

	Six months ended	Six months ended
	30-Apr-24	30-Apr-25
Net sales	1,481,382	1,436,098
Cost of sales	587,629	524,452
Gross profit (loss)	893,752	911,646
Selling, general and administrative expenses	987,309	932,838
Operating profit (loss)	△93,557	△21,191
Non-operating income [abstract]		
Interest income-NOI	379	360
Subsidy income-2-NOI	6,153	4,312
Commission income - NOI	66	65
Other-NOI	403	170
Non-operating income	7,003	4,908
Non-operating expenses [abstract]		
Interest expenses-NOE	2,043	748
Interest expenses on bonds - NOE	195	121
Foreign exchange losses-NOE	1,919	301
Amortization of bond issuance costs - NOE	2,601	8,606
Loss on cancellation of insurance policies - NOE	—	33,223
Other-NOE	—	10,970
Non-operating expenses	6,760	53,971
Ordinary profit (loss)	△93,313	△70,255
Extraordinary losses [abstract]		
Loss on redemption of bonds - NOE	—	61,446
Extraordinary losses	—	61,446
Profit (loss) before income taxes	△93,313	△131,701
Income taxes-current	868	658
Income taxes-deferred	—	25,000
Income taxes	868	25,658
Profit (loss) (after amendment dated 2014-03-28)	△94,182	△157,359
Profit (loss) attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	△94,182	△157,359

	Six months ended	Six months ended
	30-Apr-24	30-Apr-25
Profit (loss) (after amendment dated 2014-03-28)	△94,182	△157,359
Other comprehensive income [abstract]		
Valuation difference on available-for-sale securities, net of tax-OCI	△89	—
Foreign currency translation adjustment, net of tax-OCI	2,000	△1,455
Other comprehensive income	1,910	△1,455
Comprehensive income	△92,271	△158,814
Comprehensive income attributable to [abstract]		
Comprehensive income attributable to owners of parent	△92,271	△158,814
Comprehensive income attributable to non-controlling interests	—	—

	Six months ended 30-Apr-24	Six months ended 30-Apr-25
Cash flows from operating activities [abstract]		
Profit (loss) before income taxes	△93,313	△131,701
Depreciation-OpeCF	75,062	69,606
Amortization of goodwill-OpeCF	22,565	5,584
Increase (decrease) in provision for bonuses-OpeCF	29,356	21,593
Interest and dividend income-OpeCF	△379	△360
Subsidy income-2-OpeCF	△6,153	△4,312
Interest expenses-OpeCF	2,043	748
Interest expenses on bonds - OpeCF	195	121
Foreign exchange losses (gains)-OpeCF	1,846	144
Loss (gain) on cancellation of insurance policies - OpeCF	—	33,223
Loss on redemption of bonds-OpeCF	—	61,446
Decrease (increase) in trade receivables - 2 - OpeCF	163,085	196,242
Decrease (increase) in inventories-OpeCF	1,023	10,711
Increase (decrease) in trade payables - 2 - OpeCF	△30,663	△31,139
Other, net-OpeCF	△92,699	△90,150
Subtotal-OpeCF	71,968	141,758
Interest and dividends received - OpeCF/InvCF	45	307
Interest paid - OpeCF/FinCF	△2,339	△883
Income taxes refund (paid) - OpeCF	△3,522	△2,206
Subsidies received - 2 - OpeCF	6,153	4,312
Net cash provided by (used in) operating activities	72,306	143,287
Cash flows from investing activities [abstract]		
Purchase of property, plant and equipment-InvCF	△172	△79,604
Proceeds from sale of property, plant and equipment - InvCF	—	14
Purchase of intangible assets-InvCF	△74,992	△66,854
Purchase of insurance funds-InvCF	△14,977	△16,606
Payments of leasehold deposits - InvCF	—	△57
Purchase of investment securities-InvCF	△60	—
Loan advances - InvCF	△135	△150
Proceeds from collection of loans receivable - InvCF	17,457	64
Proceeds from refund of leasehold deposits - InvCF	—	65,081
Proceeds from cancellation of insurance funds-InvCF	—	146,748
Net cash provided by (used in) investing activities	△72,879	48,635
Cash flows from financing activities [abstract]		
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares- FinCF	514,021	—
Repayments of long-term borrowings - FinCF	△80,644	△63,932
Proceeds from issuance of shares - FinCF	3,468	545,536
Proceeds from issuance of share acquisition rights - FinCF	4,705	—

Redemption of bonds-FinCF	△20,000	△20,000
Redemption of convertible bond-type bonds with subscription rights to shares- FinCF	—	△677,695
Net cash provided by (used in) financing activities	421,551	△216,091
Effect of exchange rate change on cash and cash equivalents	1,394	△1,300
Net increase (decrease) in cash and cash equivalents	422,372	△25,467
Cash and cash equivalents	400,862	763,133
Cash and cash equivalents	823,234	737,665