

Translation

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Summary of Consolidated Financial Results for the Year Ended December 31, 2025 (Based on Japanese GAAP)

February 13, 2026

Company name: SHANON Inc.

Stock exchange listing: Tokyo

Stock code: 3976 URL: <https://shanon.co.jp/>

Representative: Hirofumi Yamazaki

Representative Directors

Inquiries: Gaku Tomokiyo

Chief Financial Officer

TEL (03)6743-1551

Scheduled date of ordinary general meeting of shareholders:

March 30, 2026

Scheduled date to file Securities Report:

March 27, 2026

Scheduled date to commence dividend payments:

-

Preparation of supplementary material on financial results:

Yes

Holding of financial results meeting:

Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2025 (from November 1, 2024 to December 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	%
Year ended December 31, 2025	3,208	—	120	—	64	—	(27)	—
Year ended October 31, 2024	3,206	9.3	(51)	—	(53)	—	(101)	—

	Earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2025	(5.18)	—	(6.1)	3.1	3.8
Year ended October 31, 2024	(31.97)	—	—	(2.5)	(1.6)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended December 31, 2025	1,998	986	49.2	165.94
Year ended October 31, 2024	2,169	(52)	(2.7)	(18.31)

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2025	593	(61)	(287)	1,009
Year ended October 31, 2024	226	(160)	295	763

2. Cash dividends

	Annual dividends per share						Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets
	1st quarter-end	2nd quarter-end	3rd quarter-end	4rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended October 31, 2024	-	0.00	-	-	0.00	0.00	-	-	-
Year ended December 31, 2025	-	0.00	-	-	0.00	0.00	-	-	-
Year ended December 31, 2026 (Forecast)	-	0.00	-	-	0.00	0.00		-	

3. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2025

Yes

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Newly included: One company (INNOVATION X SOLUTIONS, INC.)

Excluded: — company (—)

(2) 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

(3) Number of issued shares (common shares)

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

As of December 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 December 31, 2025	254 shares	As of October 31, 2024	254 shares
Average number of shares during the period			
As of December 31, 2025	5,339,466 shares	As of October 31, 2024	3,178,755 shares

	As of October 31, 2024	As of December 31, 2025
Assets [abstract]		
Current assets [abstract]		
Cash and deposits	763,133	1,009,496
Notes and accounts receivable - trade, and contract assets	443,823	223,105
Work in process	26,876	21,093
Prepaid expenses	141,783	133,744
Other-CA	539	13,148
Allowance for doubtful accounts-CA-by group	—	△93
Current assets	1,376,156	1,400,495
Non-current assets [abstract]		
Property, plant and equipment [abstract]		
Buildings	72,076	75,630
Accumulated depreciation-buildings	△51,415	△12,642
Buildings, net	20,661	62,988
Tools, furniture and fixtures	24,786	50,305
Accumulated depreciation-tools, furniture and fixtures	△17,953	△22,327
Tools, furniture and fixtures, net	6,832	27,977
Property, plant and equipment	27,494	90,965
Intangible assets [abstract]		
Software	266,937	256,737
Software in progress	50,175	67,075
Goodwill	79,114	80,745
Other-IA	4,668	5,521
Intangible assets	400,896	410,080
Investments and other assets [abstract]		
Leasehold deposits - IOA	140,350	67,968
Insurance funds	188,896	26,849
Deferred tax assets	25,000	1,127
Other-IOA	1,090	465
Investments and other assets	355,337	96,410
Non-current assets	783,727	597,456
Deferred assets [abstract]		
Bond issuance costs - DA	9,597	430
Deferred assets	9,597	430
Assets	2,169,482	1,998,382
Liabilities [abstract]		
Current liabilities [abstract]		
Notes and accounts payable-trade	60,749	24,106
Current portion of long-term borrowings	113,260	22,476
Current portion of bonds payable	40,000	40,000
Accounts payable-other	94,342	120,181
Advances received	511,271	448,632
Income taxes payable	10,982	32,690
Accrued consumption taxes	43,491	101,607
Provision for bonuses	59,804	135,158
Other-CL	52,926	52,579
Current liabilities	986,827	977,431

	As of October 31, 2024	As of December 31, 2025
Non-current liabilities [abstract]		
Bonds payable	1,174,046	—
Long-term borrowings	61,151	34,656
Non-current liabilities	1,235,197	34,656
Liabilities	2,222,025	1,012,087
Net assets [abstract]		
Shareholders' equity [abstract]		
Share capital	550,010	1,084,365
Capital surplus	195,083	729,439
Retained earnings	△812,970	△840,644
Treasury shares	△485	△485
Shareholders' equity	△68,361	972,674
Valuation and translation adjustments [abstract]		
Foreign currency translation adjustment	10,141	10,696
Valuation and translation adjustments	10,141	10,696
Share acquisition rights	5,677	2,922
Non-controlling interests	—	—
Net assets	△52,542	986,294
Liabilities and net assets	2,169,482	1,998,382

	Fiscal year ended	Fiscal year ended
	31-Oct-24	31-Dec-25
Net sales	3,206,743	3,208,384
Cost of sales	1,274,858	1,091,322
Gross profit (loss)	1,931,884	2,117,062
Selling, general and administrative expenses	1,983,508	1,996,314
Operating profit (loss)	△51,624	120,747
Non-operating income [abstract]		
Interest and dividend income-NOI	542	1,658
Subsidy income-2-NOI	7,679	5,782
Commission income - NOI	133	4,954
Other-NOI	1,735	353
Non-operating income	10,091	12,748
Non-operating expenses [abstract]		
Interest expenses-NOE	3,403	1,356
Interest expenses on bonds - NOE	353	223
Foreign exchange losses-NOE	2,525	2,500
Amortization of bond issuance costs - NOE	5,512	9,167
Loss on cancellation of insurance policies - NOE	—	33,372
Loss on retirement of non-current assets-NOE	—	13,874
Other-NOE	—	8,005
Non-operating expenses	11,795	68,502
Ordinary profit (loss)	△53,328	64,994
Extraordinary income [abstract]		
Gain on sale of shares of subsidiaries and associates - EI	36,611	—
Gain on sale of businesses - EI	—	15,008
Extraordinary income	36,611	15,008
Extraordinary losses [abstract]		
Impairment losses - EL	78,546	—
Loss on redemption of bonds - LE	—	61,446
Extraordinary losses	78,546	61,446
Profit (loss) before income taxes	△95,264	18,557
Income taxes-current	6,349	21,231
Income taxes-deferred	—	25,000
Income taxes	6,349	46,231
Profit (loss) (after amendment dated 2014-03-28)	△101,613	△27,673
Profit (loss) attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	△101,613	△27,673

	Fiscal year ended	Fiscal year ended
	31-Oct-24	31-Dec-25
Profit (loss) (after amendment dated 2014-03-28)	△101,613	△27,673
Other comprehensive income [abstract]		
Valuation difference on available-for-sale securities, net of tax-OCI	△390	—
Foreign currency translation adjustment, net of tax-OCI	1,752	555
Other comprehensive income	1,362	555
Comprehensive income	△100,250	△27,118
Comprehensive income attributable to [abstract]		
Comprehensive income attributable to owners of parent	△100,250	△27,118
Comprehensive income attributable to non-controlling interests	—	—

	Shareholders' equity [member]					Valuation and translation adjustments [member]			Share acquisition rights [member]	Non-controlling interests [member]	Net assets [member]
	Share capital [member]	Capital surplus [member]	Retained earnings [member]	Treasury shares [member]	Shareholders' equity [member]	Valuation difference on available-for-sale securities [member]	Foreign currency translation adjustment [member]	Valuation and translation adjustments [member]			
Net assets	548,276	193,349	△711,357	△485	29,783	390	8,388	8,778	971	—	39,534
Changes during period [abstract]											
Issuance of new shares	1,734	1,734			3,468						3,468
Profit (loss) attributable to owners of parent			△101,613		△101,613						△101,613
Net changes in items other than shareholders' equity						△390	1,752	1,362	4,705	—	6,068
Total changes during period	1,734	1,734	△101,613	—	△98,145	△390	1,752	1,362	4,705	—	△92,076
Net assets	550,010	195,083	△812,970	△485	△68,361	—	10,141	10,141	5,677	—	△52,542

	Shareholders' equity [member]					Valuation and translation adjustments [member]			Share acquisition rights [member]	Non-controlling interests [member]	Net assets [member]
	Share capital [member]	Capital surplus [member]	Retained earnings [member]	Treasury shares [member]	Shareholders' equity [member]	Valuation difference on available-for-sale securities [member]	Foreign currency translation adjustment [member]	Valuation and translation adjustments [member]			
Net assets	550,010	195,083	△812,970	△485	△68,361	—	10,141	10,141	5,677	—	△52,542
Changes during period [abstract]											
Issuance of new shares	534,355	534,355			1,068,710						1,068,710
Profit (loss) attributable to owners of parent			△27,673		△27,673						△27,673
Net changes in items other than shareholders' equity				0	0		555	555	△2,754	—	△2,199
Total changes during period	534,355	534,355	△27,673	0	1,041,036	—	555	555	△2,754	—	1,038,836
Net assets	1,084,365	729,439	△840,644	△485	972,674	—	10,696	10,696	2,922	—	986,294

	Fiscal year ended	Fiscal year ended
	31-Oct-24	31-Dec-25
Cash flows from operating activities [abstract]		
Profit (loss) before income taxes	△95,264	18,557
Depreciation-OpeCF	149,732	181,872
Amortization of goodwill-OpeCF	59,130	13,449
Increase (decrease) in provision for bonuses-OpeCF	7,360	74,647
Increase (decrease) in allowance for doubtful accounts-OpeCF	—	37
Interest and dividend income-OpeCF	△542	△1,658
Subsidy income-2-OpeCF	△7,679	△5,782
Interest expenses-OpeCF	3,403	1,356
Interest expenses on bonds - OpeCF	353	223
Loss (gain) on cancellation of insurance policies - OpeCF	—	33,372
Foreign exchange losses (gains)-OpeCF	2,300	2,542
Loss on retirement of non-current assets-OpeCF	—	13,874
Loss (gain) on sale of shares of subsidiaries and associates - OpeCF	△36,611	—
Loss (gain) on sale of businesses - OpeCF	—	△15,008
Impairment losses - OpeCF	78,546	—
Loss on redemption of bonds-OpeCF	—	61,446
Decrease (increase) in trade receivables - 2 - OpeCF	31,247	245,510
Decrease (increase) in inventories-OpeCF	24,025	5,783
Increase (decrease) in trade payables - 2 - OpeCF	△7,939	△36,529
Increase (decrease) in accrued consumption taxes-OpeCF	961	56,496
Other, net-OpeCF	19,937	△46,834
Subtotal-OpeCF	228,962	603,357
Interest and dividends received - OpeCF/InvCF	542	1,658
Interest paid - OpeCF/FinCF	△3,862	△1,553
Income taxes paid-OpeCF	△6,700	△15,414
Subsidies received - 2 - OpeCF	7,679	5,782
Net cash provided by (used in) operating activities	226,621	593,829
Cash flows from investing activities [abstract]		
Purchase of property, plant and equipment-InvCF	△1,162	△99,592
Proceeds from sale of property, plant and equipment - InvCF	62	14
Purchase of intangible assets-InvCF	△144,344	△165,437
Purchase of insurance funds-InvCF	△30,027	△17,357
Proceeds from cancellation of insurance funds-InvCF	—	147,081
Payments of leasehold deposits - InvCF	△63,136	△57
Proceeds from sale of businesses - InvCF	—	23,000
Loan advances - InvCF	△135	△150
Proceeds from collection of loans receivable - InvCF	48,532	150
Proceeds from refund of leasehold deposits - InvCF	—	69,223
Purchase of investment securities-InvCF	△60	—

	Fiscal year ended	Fiscal year ended
	31-Oct-24	31-Dec-25
Proceeds from sale of investment securities - InvCF	955	—
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation - InvCF	28,778	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation-InvCF	—	△17,987
Net cash provided by (used in) investing activities	△160,536	△61,110
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	△157,158	△117,279
Proceeds from issuance of shares - FinCF	3,468	545,536
Redemption of bonds-FinCF	△40,000	△20,000
Proceeds from issuance of share acquisition rights - FinCF	4,705	2,400
Redemption of convertible bond-type bonds with subscription rights to shares- FinCF	—	△697,695
Purchase of shares of subsidiaries not resulting in change in scope of consolidation - FinCF	△30,000	—
Net cash provided by (used in) financing activities	295,037	△287,038
Effect of exchange rate change on cash and cash equivalents	1,149	682
Net increase (decrease) in cash and cash equivalents	362,271	246,362
Cash and cash equivalents	400,862	763,133
Cash and cash equivalents	763,133	1,009,496