

Translation

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Summary of Consolidated Financial Results for the Three Months Ended January 31,2024 (Based on Japanese GAAP)

March 14,2024

Company name: SHANON Inc.
 Stock exchange listing: Tokyo
 Stock code: 3976 URL <https://shanon.co.jp/>
 Representative: President Kenichiro Nakamura
 Inquiries: Chief Financial Officer Gaku Tomokiyo TEL (03)6743-1551
 Scheduled date to file Securities Report: March 15,2024
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (Video presentation of financial results will be available on the Company's website)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended January 31,2024 (from November 1, 2023 to January 31,2024)

(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 31,2024	630	0.3	(134)	-	(135)	-	(136)	-
January 31,2023	628	17.8	(150)	-	(151)	-	(151)	-

	Earnings per share	Diluted earnings per share
Three months ended January 31,2024	Yen (42.98)	Yen -
January 31,2023	(51.76)	-

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of January 31,2024	2,157		(88)		(4.4)	
As of October 31,2023	2,024		39		1.9	

2. Cash dividends

	Annual dividends per share					Total
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end		
Fiscal year ending January 31,2024	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	
Fiscal year ended January 31,2023	-	0.00	-	-	-	
Fiscal year ended January 31,2023 (Forecast)				0.00	0.00	

3. Forecast of consolidated financial results for the year ending October 31, 2024 (from November 1, 2023 to October 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Sixmonths ending April 30,2024	1,510	4.1	(132)	-	(132)	-	(139)	-	(43.79)
Full year	3,275	11.6	32	-	30	0.0	10	0.0	3.15

Note:Revisions to the forecast of cash dividends most recently announced: No

4. Notes

(1) Changes in significant subsidiaries during the period

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: No

(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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(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, 2024	3,180,700 shares	As of October 31, 2023	3,173,900 shares
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Number of treasury shares at the end of the period

As of January 31, 2024	254 shares	As of October 31, 2023	254 shares
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Average number of shares during the period

Three months As of January 31, 2024	3,173,720 shares	Three months As of January 31, 2023	2,934,798 shares
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(Thousands of yen)

	As of October 31, 2023	As of January 31, 2024
Assets [abstract]		
Current assets [abstract]		
Cash and deposits	400,862	751,765
Notes and accounts receivable - trade, and contract assets	491,197	260,767
Work in process	50,902	70,448
Other-CA	165,181	155,744
Current assets	1,108,143	1,238,725
Non-current assets [abstract]		
Property, plant and equipment	42,971	39,856
Intangible assets [abstract]		
Software	361,997	337,460
Software in progress	30,476	60,336
Goodwill	209,566	198,284
Other-IA	7,336	7,327
Intangible assets	609,377	603,409
Investments and other assets	254,252	261,810
Non-current assets	906,602	905,076
Deferred assets	9,545	13,963
Assets	2,024,290	2,157,765
Liabilities [abstract]		
Current liabilities [abstract]		
Notes and accounts payable-trade	119,047	64,402
Current portion of long-term borrowings	157,158	154,268
Current portion of bonds payable	40,000	40,000
Income taxes payable	14,534	4,502
Advances received	452,164	347,390
Provision for bonuses	56,070	49,527
Provision for loss on orders received - CL	—	238
Other-CL	209,269	187,149
Current liabilities	1,048,244	847,478
Non-current liabilities [abstract]		
Bonds payable	694,460	1,194,046
Long-term borrowings	242,052	204,435
Non-current liabilities	936,512	1,398,481
Liabilities	1,984,756	2,245,959
Net assets [abstract]		
Shareholders' equity [abstract]		
Share capital	548,276	550,010
Capital surplus	193,349	195,083
Retained earnings	△711,357	△847,773
Treasury shares	△485	△485
Shareholders' equity	29,783	△103,164
Valuation and translation adjustments [abstract]		
Valuation difference on available-for- sale securities	390	488
Foreign currency translation adjustment	8,388	8,804
Valuation and translation adjustments	8,778	9,293
Share acquisition rights	971	5,677
Non-controlling interests	—	—
Net assets	39,534	△88,194
Liabilities and net assets	2,024,290	2,157,765

(Thousands of yen)

	Three months ended January 31, 2023	Three months ended January 31, 2024
Net sales	628,311	630,469
Cost of sales	249,948	259,661
Gross profit (loss)	378,363	370,807
Selling, general and administrative expenses	528,744	504,848
Operating profit (loss)	△150,381	△134,040
Non-operating income [abstract]		
Interest income-NOI	49	195
Commission income - NOI	36	33
Foreign exchange gains-NOI	258	—
Subsidy income-2-NOI	424	732
Other-NOI	322	154
Non-operating income	1,092	1,115
Non-operating expenses [abstract]		
Interest expenses-NOE	1,301	1,081
Interest expenses on bonds - NOE	191	128
Amortization of bond issuance costs - NOE	763	1,146
Foreign exchange losses-NOE	—	615
Non-operating expenses	2,256	2,971
Ordinary profit (loss)	△151,545	△135,896
Profit (loss) before income taxes	△151,545	△135,896
Income taxes-current	346	519
Income taxes	346	519
Profit (loss) (after amendment dated 2014-03-28)	△151,892	△136,416
Profit (loss) attributable to non-controlling interests	—	—
Profit (loss) attributable to owners of parent	△151,892	△136,416

(Thousands of yen)

	Three months ended January 31, 2023	Three months ended January 31, 2024
Profit (loss) (after amendment dated 2014-03-28)	△151,892	△136,416
Other comprehensive income [abstract]		
Valuation difference on available-for-sale securities, net of tax-OCI	83	98
Foreign currency translation adjustment, net of tax-OCI	△7,013	415
Other comprehensive income	△6,930	514
Comprehensive income	△158,822	△135,902
Comprehensive income attributable to [abstract]		
Comprehensive income attributable to owners of parent	△158,822	△135,902
Comprehensive income attributable to non-controlling interests	—	—