

March 28th, 2025

To Our Valued Stakeholders,

Notice of the Absorption-type Merger of a Subsidiary

SHIFT Inc. (“SHIFT,” headquartered in Minato-ku, Tokyo, Japan; Masaru Tange, CEO and Representative Director) is announcing that, at a meeting of the Board of Directors held on March 28th, 2025, it decided to merge SHIFT Enterprise Consulting Inc. (“SEC,” headquartered in Minato-ku, Tokyo; Tetsuya Hasegawa, Representative Director), a group company (a consolidated subsidiary; ownership ratio: 100%) by absorption (hereinafter “the Reorganization”).

1. Reasons for the Reorganization

SEC was established as a company to promote ERP business by encompassing group companies engaged in ERP business with the aim of strengthening ERP business in the SHIFT Group. However, due to recent changes in the circumstances surrounding SEC, such as the revitalization of demand for ERP business in SHIFT itself, we decided to change its policy to develop its business within SHIFT rather than as a specialized company. ERP business both in SHIFT and the SHIFT Group is currently progressing smoothly and performing well. Recently, it recorded net sales of ¥17.3 billion and a net sales growth rate of 29%*. SHIFT has gradually begun to penetrate the brand as a company with ERP operations. In addition, ERP business is positioned as a key strategic asset for the growth of certainty in aiming for “SHIFT2000,” and further rapid growth is required in the future.

SEC will once again become a business in SHIFT, and by directly utilizing SHIFT’s overwhelming recruiting, sales, and technological capabilities, we will work to maximize our business resources. In this way, we will work to further increase our corporate value.

* Net sales is the total cumulative net sales for the last 12 months (from Q2 of FY08/24 to Q1 of FY08/25) including net sales of group companies that provide ERP services. The net sales growth rate is YonY basis.

2. Outline of the Reorganization

i. Schedule of the Reorganization

(1) Board resolution date	March 28 th , 2025
(2) Execution date of the absorption-type merger agreement	March 28 th , 2025
(3) Expected absorption-type merger date	June 1 st , 2025

ii. Method of the Reorganization

This is an absorption-type merger with SHIFT as the succeeding company and SEC as the dissolving company.

iii. Allotments Related to the Reorganization

The Reorganization is planned to be non-compensatory transaction because it is the one within the SHIFT Group.

iv. Treatment of New Share Subscription Rights and New Share Subscription Bonds Related to the Reorganization

Not applicable.

v. Change in Capital due to the Reorganization

There will be no increase or decrease in capital due to the Reorganization.

vi. Rights and Obligations to be Succeeded by the Succeeding Company

SHIFT will succeed to the contractual status and other rights and obligations pertaining to SEC that are stipulated in the absorption-type merger agreement.

vii. Prospects for Performance of Debt Obligations

There is no change in the performance of obligations due to the Reorganization.

3. Overview of Companies Involved in the Reorganization

	Succeeding company	Extinguished company
(1) Name	SHIFT Inc.	SHIFT Enterprise Consulting Inc.
(2) Address	Azabudai Hills Mori JP Tower, 1-3-1, Azabudai, Minato-ku, Tokyo	Azabudai Hills Mori JP Tower, 1-3-1, Azabudai, Minato-ku, Tokyo
(3) Job title/name of representative	Masaru Tange, CEO and Representative Director	Tetsuya Hasegawa, Representative Director
(4) Business activities	Software quality assurance and testing business	<ul style="list-style-type: none"> - IT and management consulting, surveys, training and guidance - Planning, development, sales and leasing of computer software - Planning, development, production, distribution, management, operation and sales of various application software
(5) Common stock	¥21 million	¥10 million
(6) Date of establishment	September 7 th , 2005	October 2 nd , 2023
(7) Number of shares outstanding	267,500,670	30,000
(8) Fiscal year end	August 31 st	August 31 st
(9) Major shareholders and percentage of shares held	<p>Masaru Tange 31.44%</p> <p>The Master Trust Bank of Japan, Ltd. (Trust Account) 10.52%</p> <p>Custody Bank of Japan, Ltd. (Trust Account) 10.04%</p> <p>Note: Percentage of total number of shares outstanding (excluding treasury stock)</p>	SHIFT Inc. 100%

4. Outlook

The SHIFT Group expects the Reorganization to have no material impact on its financial results or financial condition. However, should there be any significant changes, the company will promptly disclose any impact on its future financial outlook.

Note: As the Reorganization is an absorption-type merger that covers the consolidated subsidiary, disclosure items and details are partially omitted.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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Contact

Motoya Kobayashi

Director

ir_info@shiftinc.jp