April 10th, 2025

To Our Valued Stakeholders,

Notice of Fraudulent Applications for Certain Subsidies Made by Our Consolidated Subsidiary

SHIFT Inc. (headquartered in Minato-ku, Tokyo, Japan; Masaru Tange, CEO and Representative Director) hereby announces that it confirmed the fact of a fraudulent application in connection with the receipt of subsidies by Infinic Inc. ("Infinic"), our consolidated subsidiary, as a result of an internal audit conducted with the assistance of outside experts.

In response to this case, Representative Director of Infinic was dismissed as of today.

1. Background

We have conducted internal audits of Infinic, engaged in the nursery business that we acquired in October 2023, since the acquisition as a part of PMI (Post Merger Integration). While we were conducting internal audits with the cooperation of outside experts, we confirmed that, since before the acquisition, Representative Director of Infinic had filed an improper application for a portion of the subsidies.

We have already consulted with the local government and are proceeding with the necessary responses to this matter.

We are also in the process of establishing a check system for Infinic under our guidance and will continue to strive for compliance.

2. Impact on Business Performances

The impact on our consolidated financial statements of FY2025 is immaterial.

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