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Announcement Regarding the Establishment of an Overseas Subsidiary

SHIFT Inc. (“SHIFT,” headquartered in Minato-ku, Tokyo, Japan; Masaru Tange, CEO and Representative Director), which supports clients in developing and delivering software services and products that drive sales, has resolved at the Board of Directors meeting held today to establish SHIFT Arabia W.L.L. (“SHIFT Arabia”, headquartered in Kingdom of Bahrain, Manama; Masashi Suzuki, Managing Director) as a subsidiary. The new company will engage in software testing, distribution of Japanese entertainment content across the Middle East (*1), and other related businesses.

(※1) Release: July 10, 2025 (Link) of Notice of Capital-and-Business Alliance with Media Do Co., Ltd.

1. Reasons for Establishing the Subsidiary

Since launching its software quality assurance and testing business in 2009, SHIFT has provided services for a wide range of industries and sectors, from enterprise to entertainment. In particular, within the entertainment domain, SHIFT established a dedicated business unit in 2014 specializing in quality assurance for mobile and console games, which has since played a significant role in driving the company’s growth.

In recent years, the value of overseas exports of entertainment content originating from Japan has grown significantly compared with other industries, positioning the content industry as one of Japan's key pillars. Overseas sales have approximately tripled over the past decade, reaching ¥5.8 trillion in 2023, surpassing the export value of the steel and semiconductor industries. The content industry is expected to continue demonstrating steady medium- to long-term growth (*2).

(※2) METI's "Entertainment and Creative Industry Strategy: Overseas Sales of the Content Industry: 5-Year Action Plan Toward ¥20 trillion" (Link) (June 2025)

Especially in the Middle East, Japanese anime broadcast during the 1980s gained immense popularity, becoming a widespread social phenomenon. Japanese anime content continues to attract significant

attention in the region, with a large and enduring fan base that remains strong to this day. However, due to substantial cultural and religious differences, achieving appropriate localization poses considerable challenges. As a result, exports to the Middle East remain relatively modest compared to other regions, and the number of works translated from Japanese into Arabic is still limited.

Through the establishment of a local subsidiary in the Kingdom of Bahrain, SHIFT aims to capture the significant growth opportunities within the Middle Eastern market. Leveraging its extensive expertise in software testing and localization support for entertainment content, the company will work to accurately identify and respond to local market needs, thereby promoting the broader distribution of popular Japanese content and various related products across the region.

SHIFT aims to enhance the global presence of Japanese IP by promoting the reach of high-quality content created in Japan throughout the Middle East and other international markets, thereby contributing to the continued growth and development of the industry.

2.Outline of the subsidiary to be established

(1)	Name	SHIFT Arabia W.L.L. (provisional)	
(2)	Address	Manama, the Kingdom of Bahrain (expected)	
(3)	Job title/name of representative	Managing Director/CEO, Masashi Suzuki	
(4)	Business Activities	・ Software test operations ・ Content sales and other adjacent businesses	
(5)	Capital Contribution	10,000BHD	
(6)	Date of Establishment	Late November 2025 (planned)	
(7)	Major shareholders and shareholding ratio	SHIFT Inc. 100%	
(8)	Relationship between the Listed Company and the Subject Company	Capital Relationship	The company will be established as a consolidated subsidiary wholly owned by our company.
		Human Relationship	Three directors from our company are scheduled to be appointed.
		Business relationship	We plan to enter into a business outsourcing agreement with the company.

3. Outlook

The impact of this incident on the consolidated results for the fiscal year ending August 2026 is expected to be minor. However, in the event that the impact is caused by a significant change in the business conditions, we will promptly disclose it as soon as it becomes clear.