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Notice Regarding Differences Between Non-Consolidated Financial Results for the Current and Precious Fiscal Year and the Recording of Extraordinary Income (Gain on Extinguishment of Tie-In Shares)

For the fiscal year ended August 31, 2025, differences arose compared to the results of the previous fiscal year and the Company has recorded extraordinary income (gain on extinguishment of tie-in shares). Details are provided below.

1. Non-Consolidated Financial Results for the Fiscal Year Ended August 31, 2025

Regarding the non-consolidated financial results for the fiscal year ended August 2025, differences arose compared to the previous fiscal year, with net sales differing by more than 10% and ordinary income by more than 30%. As these differences met the disclosure threshold, the details are provided below:

(a) Non-Consolidated Financial Results for the Year Ended August 31, 2025 (September 1, 2024, to August 31, 2025)

	Net sales	Operating profit	Ordinary profit	Profit	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
August 31, 2024 (A)	70,919	8,081	8,166	4,525	17.15
August 31, 2025 (B)	83,181	11,567	11,098	9,229	35.05
Difference (B-A)	12,262	3,486	2,932	4,704	-
Change (%)	17.3	43.1	35.9	103.9	-

(Note) The Company conducted a 15-for-1 stock split of its common shares, effective January 24, 2025. Accordingly, the basic earnings per share for the fiscal year ended August 31, 2024, reflect the impact of the stock split. Without the stock split, basic earnings per share would be ¥257.20.

(b) Reasons for the Differences

Through measures implemented since the previous fiscal year to address the gap between customer needs and our internal talent portfolio, including optimizing assignments and restructuring our sales organization to divisional system from this fiscal year, net sales reached ¥83,181 million, increased by 17.3% year on year, and the gross profit margin also improved. Selling, general and administrative expenses remained at the same level as the previous fiscal year, resulting in operating income of ¥11,567 million, increased by 43.1%, and ordinary income of ¥11,098 million, up 35.9% increased. As explained below, the company recorded extraordinary income of ¥2,207 million, mainly due to the absorption-type merger of SHIFT Enterprise Consulting Inc., a consolidated subsidiary. As a result, net income increased 103.9% year on year to ¥9,229 million.

2. Recognition of Extraordinary Income (Gain on Extinguishment of Tie-In Shares)

(a) Details of the Recognition of Extraordinary Income (Gain on Extinguishment of Tie-In Shares)

As disclosed on March 28, 2025, the company conducted an absorption-type merger with SHIFT Enterprise Consulting Inc., a wholly owned subsidiary, effective June 1, 2025. As a result, the difference between the net assets received from the subsidiary and the book value of the subsidiary's shares held by the Company was recognized as a gain on extinguishment of tie-in shares in extraordinary income.

(b) Amount of Gain on Extinguishment of Tie-in Shares

¥2,153 million

(c) Influence on Consolidated Performance

As a result of this transaction, a gain on extinguishment of tie-in shares of ¥2,153 million was recorded as extraordinary income in the non-consolidated financial statements for the fiscal year ended August 31, 2025. However, this gain on extinguishment of tie-in shares is eliminated in the consolidated financial statements and therefore has no effect on consolidated profit or loss.