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Consolidated Financial Results for the Year Ended August 31, 2026 [Japanese GAAP]

October 15, 2026

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 Stock exchange listing: Tokyo Stock Exchange Code number: 3697
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 Scheduled date of the annual general meeting of shareholders: November 25, 2026
 Scheduled date for commencement of dividend payments: November 26, 2026
 Scheduled filing date for annual securities report: November 24, 2026
 Availability of supplementary briefing material on financial results: Available
 Financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Year Ended August 31, 2026 (September 1, 2025 to August 31, 2026)

(1) Consolidated Operating Results

(Percentages indicate rates of year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
August 31, 2026	161,600	24.5	17,445	11.6	13,320	(12.3)	7,430	(16.8)
August 31, 2025	129,819	17.3	15,628	48.3	15,181	41.2	8,935	74.3

(Note) Comprehensive income: For the year ended August 31, 2026: ¥7,151 million (-23.6%)
 For the year ended August 31, 2025: ¥9,365 million (94.4%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit margin
Year ended	Yen	Yen	%	%	%
August 31, 2026	28.72	28.69	18.1	14.3	10.8
August 31, 2025	33.93	33.90	24.1	21.7	12.0

(Reference) Gain (loss) on equity-method investments: For the year ended August 31, 2026: ¥(3,861) million
 For the year ended August 31, 2025: ¥(75) million

- (Notes) 1. In calculating the average number of shares of the Company's common stock during the period, which is used to determine the basic earnings per share and diluted earnings per share, the Company excludes the treasury share count that includes the average number of the Company shares held in the stock benefit-type ESOP trust account during the period.
2. The Company conducted a 15-for-1 stock split of its common stock, effective January 24, 2025. Basic earnings per share and diluted earnings per share have been calculated on the assumption that the stock split had taken effect at the beginning of the previous fiscal year.

(Percentages indicate rates of year-on-year change)

	Adjusted operating profit		Adjusted ordinary profit		Adjusted profit attributable to owners of parent		Adjusted basic earnings per share
Year ended	Million yen	%	Million yen	%	Million yen	%	Yen
August 31, 2026	20,259	14.8	16,162	(6.0)	10,120	(7.6)	39.12
August 31, 2025	17,641	—	17,194	—	10,947	—	41.58

- (Notes) 1. From the fiscal year ended August 31, 2026, the Company has decided to disclose actual results for adjusted metrics, including adjusted operating profit.
- Adjusted operating profit: Operating profit + goodwill amortization + amortization of customer-related intangible assets + costs attributable to the acquiring entity in connection with M&A (including acquisition-related expenses, M&A financing expenses such as non-recourse financing expenses, and PMI and administrative expenses)
 - Adjusted ordinary profit: Ordinary profit + goodwill amortization + amortization of customer-related intangible assets + costs attributable to the acquiring entity in connection with M&A (including acquisition-related expenses, M&A financing expenses such as non-recourse financing expenses, and PMI and administrative expenses)
 - Adjusted profit attributable to owners of parent: Profit attributable to owners of parent + goodwill amortization + amortization of customer-related intangible assets + costs attributable to the acquiring entity in connection with M&A (including acquisition-related expenses, M&A financing expenses such as non-

recourse financing expenses, and PMI and administrative expenses)

- Adjusted basic earnings per share: Adjusted profit attributable to owners of parent / average number of shares of common stock during the period
2. Adjusted metrics, including adjusted operating profit, have been calculated since the previous consolidated fiscal year; therefore, no year-on-year change for the fiscal year ended August 31, 2025 is presented.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2026	109,685	42,197	37.9	162.58
As of August 31, 2025	77,001	41,037	52.7	154.20

(Reference) Shareholders' equity: As of August 31, 2026: ¥41,559 million

As of August 31, 2025: ¥40,598 million

(Note) The Company conducted a 15-for-1 stock split of its common stock, effective January 24, 2025. Net assets per share has been calculated on the assumption that the stock split had taken effect at the beginning of the previous fiscal year.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year-end
	Million yen	Million yen	Million yen	Million yen
Year ended August 31, 2026	13,723	(22,376)	15,967	30,935
August 31, 2025	15,652	(11,697)	(1,192)	23,600

2. Dividends

	Annual dividends					Total dividends	Dividend payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended/ending August 31, 2025	—	0.00	—	0.00	0.00	—	—	—
August 31, 2026	—	0.00	—	4.53	4.53	1,172	15.8	2.9
August 31, 2027 (Forecast)	—	0.00	—	5.20	5.20		10.0	

3. Consolidated Financial Results Forecast for the Year Ending August 31, 2027 (September 1, 2026 to August 31, 2027)

(Percentages indicate rates of year-on-year change)

	Net sales		Adjusted operating profit		Adjusted profit attributable to owners of parent		Adjusted basic earnings per share	Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
Full year	190,000	17.6	25,000	23.4	16,500	63.0	63.75	52.16

(Note) From the fiscal year ended August 31, 2025, the Company has decided to disclose forecast figures for adjusted metrics, including adjusted operating profit.

- Adjusted operating profit: Operating profit + goodwill amortization + amortization of customer-related intangible assets + costs attributable to the acquiring entity in connection with M&A (including acquisition-related expenses, M&A financing expenses such as non-recourse financing expenses, and PMI and administrative expenses)
- Adjusted profit attributable to owners of parent: Profit attributable to owners of parent + goodwill amortization + amortization of customer-related intangible assets + costs attributable to the acquiring entity in connection with M&A (including acquisition-related expenses, M&A financing expenses such as non-recourse financing expenses, and PMI and administrative expenses)
- Adjusted basic earnings per share: Adjusted profit attributable to owners of parent / average number of shares of common stock during the period

Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: Two companies

Nisseicom, Limited

STEP Co., Ltd.

Excluded: None

(2) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares):

August 31, 2026: 267,500,670 shares

August 31, 2025: 267,500,670 shares

2) Total number of treasury shares at the end of the period:

August 31, 2026: 11,883,699 shares

August 31, 2025: 4,215,507 shares

3) Average number of shares outstanding during the period:

Year ended August 31, 2026: 258,731,295 shares

Year ended August 31, 2025: 263,328,373 shares

- (Notes) 1. The total number of treasury shares at the end of the period includes shares in the Company held in the stock benefit-type ESOP trust account (3,206,250 shares as of August 31, 2026; 3,298,500 shares as of August 31, 2025). In calculating the average number of shares outstanding during the period, the Company excludes the treasury share count, which includes the average number of Company shares held in the subject ESOP trust account during the period (3,245,484 shares in the year ended August 31, 2026; 3,354,480 shares in the year ended August 31, 2025).
2. The Company conducted a 15-for-1 stock split of its common stock, effective January 24, 2025. Total number of issued shares at the end of the period, total number of treasury shares at the end of the period, and average number of shares outstanding during the period have been calculated on the assumption that the stock split had taken effect at the beginning of the previous fiscal year.

(Reference) Overview of Non-Consolidated Operating Performance

1. Non-Consolidated Financial Results for the Year Ended August 31, 2026 (September 1, 2025 to August 31, 2026)

(1) Non-Consolidated Operating Results

(Percentages indicate rates of year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit	
Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
August 31, 2026	100,532	20.9	12,969	12.1	12,085	8.9	3,260	(64.7)
August 31, 2025	83,181	17.3	11,567	43.1	11,098	35.9	9,229	103.9

	Basic earnings per share	Diluted earnings per share
Year ended	Yen	Yen
August 31, 2026	12.60	12.59
August 31, 2025	35.05	35.01

(Notes) 1. In calculating the average number of shares of the Company's common stock during the period, which is used to determine the basic earnings per share and diluted earnings per share, the Company excludes the treasury share count that includes the average number of the Company shares held in the stock benefit-type ESOP trust account during the period.

2. The Company conducted a 15-for-1 stock split of its common stock, effective January 24, 2025. Basic earnings per share and diluted earnings per share have been calculated on the assumption that the stock split had taken effect at the beginning of the previous fiscal year.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2026	84,969	30,900	35.8	118.96
As of August 31, 2025	65,227	34,376	52.0	128.90

(Reference) Shareholders' equity: As of August 31, 2026: ¥30,407 million

As of August 31, 2025: ¥33,937 million

(Note) The Company conducted a 15-for-1 stock split of its common stock, effective January 24, 2025. Net assets per share has been calculated on the assumption that the stock split had taken effect at the beginning of the previous fiscal year.

* This report is out of scope of audit by the external auditor.

* Proper use of earnings forecasts, and other special matters

(Cautionary note on forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable by the Company and are not intended to be construed as assurance that they will be accomplished in the future. Actual results may differ significantly from the forecasts due to a wide range of factors.

Please refer to "(4) Outlook" within "1. Overview of Operating Results" on page 13 of the attached materials for cautionary statements concerning the performance forecasts and conditions that serve as the basis for these forecasts.

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1. Overview of Operating Results

(1) Overview of Business Results

During the fiscal year ended August 31, 2026, the Japanese economy continued to recover gradually due to improving employment and income conditions and the impact of various initiatives. However, the economic outlook remained uncertain due to continuing price increases, developments in U.S. trade and tariff policies, and growing instability in the Middle East.

In the software market the SHIFT Group serves, initiatives toward digital transformation (DX) continued to advance, and the implementation and utilization of new technologies such as generative AI in business activities expanded rapidly.

Recognizing these changes in the business environment as a strong tailwind, the SHIFT Group evolved its existing business model and dramatically accelerated its efforts as a “generative AI-native company.” During the fiscal year ended August 31, 2026, the Group advanced the creation of various services leveraging generative AI, including the launch of a service that significantly shortens test execution periods through autonomous operation, as well as services that visualize system specifications using AI.

In addition, in system development settings, system functionality is becoming more complex and development cycles are accelerating. Against this backdrop, we believe that social demand for specialized quality assurance and testing services to prevent critical system failures and ensure the safety and reliability of software will continue to increase.

In this business environment, the SHIFT Group promoted initiatives for further business growth under SHIFT3000, a growth strategy aimed at expanding net sales to ¥300 billion (¥3,000 *oku* in Japanese). By organically combining the strengths the Group has cultivated since its founding, including its sales capabilities, high-quality services, expertise in recruitment and human resources, and proficiency in M&A and post-merger integration (PMI), the Group aims to achieve business expansion and sustainable growth, support the safety and reliability of IT infrastructure, and contribute to dramatic improvements in the productivity of client companies.

As a result, the operating results for the fiscal year ended August 31, 2026 were as follows.

(Millions of yen)				
Fiscal year ended	August 31, 2025	August 31, 2026	Change	Change (%)
Net sales	129,819	161,600	31,780	24.5 %
Operating profit	15,628	17,445	1,817	11.6 %
EBITDA*	18,868	21,604	2,735	14.5 %
Profit attributable to owners of parent	8,935	7,430	(1,504)	(16.8) %

* EBITDA is calculated by adding depreciation on non-current assets, including intangible assets excluding goodwill, and goodwill amortization to operating profit. The SHIFT Group monitors EBITDA as we believe it to be a useful indicator of cash generation ability, which is the source of investments for our future growth.

Based on the corporate philosophy of “We seek out new value concepts and work sincerely to provide value to the world,” the SHIFT Group aims to become a company that continuously resolves social issues. We have set sales targets as milestones toward realizing this vision and will strive to fulfill our corporate philosophy and maximize corporate value. The achievement rates versus the full-year earnings forecast for the fiscal year ended August 31, 2026 are as follows.

(Millions of yen)			
	Forecast for the fiscal year ended August 31, 2026	Results for the fiscal year ended August 31, 2026	Achievement rates
Net sales	160,000	161,600	101.0 %
Adjusted operating profit*	20,000	20,259	101.3 %
Adjusted ordinary profit*	16,000	16,162	101.0 %
Adjusted profit attributable to owners of parent*	9,000	10,120	112.4 %

* The calculation methods for each adjusted metric, including adjusted operating profit, are as follows.

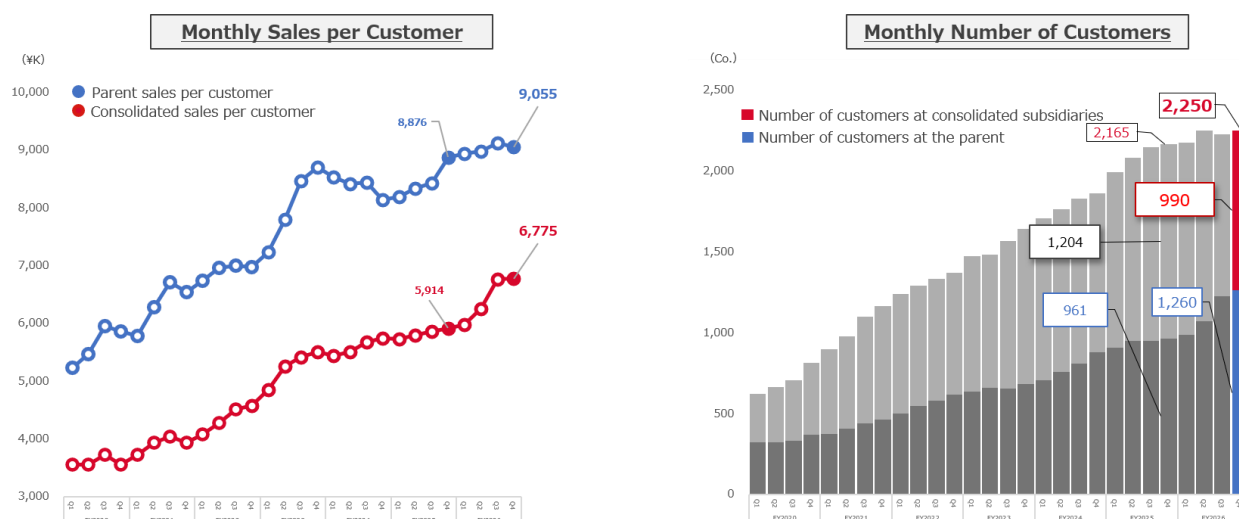
· Adjusted operating profit:

Operating profit + goodwill amortization + amortization of customer-related intangible assets + costs attributable to the acquiring entity in connection with M&A (including acquisition-related expenses, M&A financing expenses such as non-recourse financing expenses, and PMI and administrative expenses)

- Adjusted ordinary profit:
Ordinary profit + goodwill amortization + amortization of customer-related intangible assets + costs attributable to the acquiring entity in connection with M&A (including acquisition-related expenses, M&A financing expenses such as non-recourse financing expenses, and PMI and administrative expenses)
- Adjusted profit attributable to owners of parent:
Profit attributable to owners of parent + goodwill amortization + amortization of customer-related intangible assets + costs attributable to the acquiring entity in connection with M&A (including acquisition-related expenses, M&A financing expenses such as non-recourse financing expenses, and PMI and administrative expenses)

As noted above, consolidated net sales continued to grow steadily, driven by factors including strengthened sales activities and the inclusion of Nisseicom, Limited in the scope of consolidation. However, growth in operating profit was limited compared with the growth in net sales, mainly due to higher recruitment expenses following the normalization of hiring activities, which had been strategically restrained in the previous fiscal year, as well as a temporary decline in utilization rates resulting from the strategic concentration of sales resources on securing large-scale projects in the future.

Reflecting the strengthening of sales activities and the effects of promoting AI utilization through AI investments, sales per customer, number of customers, sales per project, and number of projects have continued to trend upward. With the ramp-up of AI-related services in addition to its existing services, the Company has already shifted onto a discontinuous growth trajectory. These indicators and their quarterly trends since the fiscal year ended August 31, 2020 are provided below.



Monthly sales per customer and monthly number of customers are calculated as follows. When calculating these figures, we exclude sales and number of customers from some businesses for which we deem it inappropriate to manage performance with sales per customer or number of customers as KPIs (license sales and training services, etc.).

(a) Monthly sales per customer (parent)

$$\text{Monthly sales per customer (parent)} = \frac{\text{Parent sales}}{\text{Number of customers at the parent (sum)}}$$

Parent sales	Three-month sum (for the corresponding quarter) of monthly sales and expected sales (projects started but at pre-acceptance stage, to be recorded in future) based on actual results during the corresponding three months
Number of customers at the parent (sum)	Three-month sum (for the corresponding quarter) of the monthly number of customers that were active (but from whom no sales were recorded) and from whom sales were recorded during the corresponding three months

(b) Monthly sales per customer (consolidated)

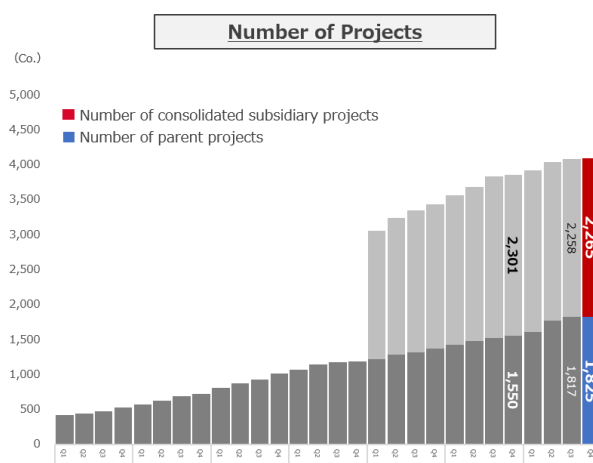
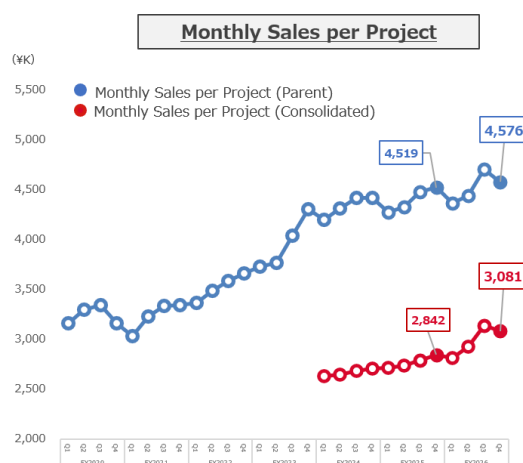
$$\text{Monthly sales per customer (consolidated)} = \frac{\text{Parent sales} + \text{sales of consolidated subsidiaries}}{\text{Number of customers at the parent (sum)} + \text{number of customers at consolidated subsidiaries (sum)}}$$

Parent sales	As noted in (a) above
Sales of consolidated subsidiaries	Quarterly sales obtained by adding up monthly sales for the corresponding three months
Number of customers at the parent (sum)	As noted in (a) above
Number of customers at consolidated subsidiaries (sum)	Quarterly number of customers obtained by adding up the monthly number of customers from whom sales were recorded on a monthly basis during the corresponding three months

(c) Monthly number of customers

$$\text{Monthly number of customers} = \text{Number of customers at the parent (average)} + \text{Number of customers at consolidated subsidiaries (average)}$$

Number of customers at the parent (average)	Three-month average of the number of customers that were active (but from whom no sales were recorded) and from whom sales were recorded on a monthly basis during the corresponding three months
Number of customers at consolidated subsidiaries (average)	Three-month average of the number of customers from whom sales were recorded on a monthly basis during the corresponding three months



Monthly sales per project and the number of projects are calculated as below. For the purpose of these calculations, net sales include only those from projects involving engineer utilization, for which sales per project and the number of projects are considered appropriate KPIs for performance management, and exclude those for small-value projects.

(a) Monthly sales per project (parent)

$$\text{Monthly sales per project (parent)} = \frac{\text{Project sales (parent)}}{\text{Aggregate project-months (parent)}}$$

Project sales (parent)	Total quarterly sales from projects involving engineer utilization
Aggregate project-months (parent)	The aggregate number of project-months, calculated by summing the number of active months for each project during the quarter

(b) Monthly sales per project (consolidated)

$$\text{Monthly sales per project (consolidated)} = \frac{\text{Project sales (parent + consolidated subsidiaries)}}{\text{Aggregate project-months (parent + consolidated subsidiaries)}}$$

Project sales (parent + consolidated subsidiaries)	Parent: As described in (a) above Consolidated subsidiaries: Total quarterly sales of the engineering consolidated subsidiaries
Aggregate project-months (parent + consolidated subsidiaries)	Parent: As described in (a) above Consolidated subsidiaries: The aggregate number of project-months, calculated by summing the number of active months for each project of the engineering consolidated subsidiaries during the quarter

(c) Number of projects

$$\text{Number of projects} = \text{Average number of projects of the parent company} + \text{Average number of projects of consolidated subsidiaries}$$

Average number of projects of the parent company	Average quarterly number of projects for which net sales were recognized during each month
Average number of projects of consolidated subsidiaries	Average quarterly number of projects for which net sales were recognized during each month

Effective from the fourth quarter of the fiscal year ended August 31, 2026, the SHIFT Group changed its segment classifications in line with a review of its management categories. Comparisons and analyses with the previous fiscal year are based on figures reclassified according to the revised classifications. Segment results are as follows.

(Consulting)

				(Millions of yen)
Fiscal year ended	August 31, 2025	August 31, 2026	Change	Change (%)
Net sales	14,789	19,263	4,474	30.3 %
Of which, net sales to external customers	14,554	18,892	4,337	29.8 %
Gross profit	6,020	7,543	1,523	25.3 %
Gross profit margin (Note)	41.4%	39.9%	(1.4)pt	—
Selling, general and administrative expenses	1,724	2,094	369	21.4 %
Of which, acquisition-related expenses	—	—	—	— %
Of which, goodwill amortization	11	1	(9)	(85.6) %
Of which, amortization of customer-related intangible assets	—	—	—	— %
Operating profit	4,295	5,449	1,153	26.9 %
EBITDA	4,337	5,511	1,173	27.1 %

The Consulting segment provides consulting services related to strategy, operational improvement, and DX, among others.

During the fiscal year ended August 31, 2026, net sales amounted to ¥19,263 million (+30.3% year-on-year) and operating profit to ¥5,449 million (+26.9% year-on-year), due to factors including the expansion of consulting projects amid demand related to client companies' promotion of DX and business transformation.

(Development)

(Millions of yen)				
Fiscal year ended	August 31, 2025	August 31, 2026	Change	Change (%)
Net sales	47,949	65,107	17,158	35.8 %
Of which, net sales to external customers	45,480	62,193	16,712	36.7 %
Gross profit	13,915	18,777	4,862	34.9 %
Gross profit margin (Note)	30.6%	30.2%	(0.4)pt	—
Selling, general and administrative expenses	8,880	12,939	4,058	45.7 %
Of which, acquisition-related expenses	80	188	108	135.7 %
Of which, goodwill amortization	829	1,294	464	56.0 %
Of which, amortization of customer-related intangible assets	83	97	13	16.6 %
Operating profit	5,034	5,838	803	16.0 %
EBITDA	6,109	7,629	1,519	24.9 %

The Development segment provides services such as system development and package software implementation.

During the fiscal year ended August 31, 2026, net sales amounted to ¥65,107 million (+35.8% year-on-year), due to the new inclusion of Nisseicom, Limited in the scope of consolidation, and other factors. Meanwhile, as selling, general and administrative expenses also increased, operating profit amounted to ¥5,838 million (+16.0% year-on-year).

(Testing)

(Millions of yen)				
Fiscal year ended	August 31, 2025	August 31, 2026	Change	Change (%)
Net sales	57,612	64,382	6,769	11.7 %
Of which, net sales to external customers	57,455	64,130	6,675	11.6 %
Gross profit	21,441	22,985	1,543	7.2 %
Gross profit margin (Note)	37.3%	35.8%	(1.5)pt	—
Selling, general and administrative expenses	5,512	6,087	575	10.4 %
Of which, acquisition-related expenses	97	—	(97)	(100.0) %
Of which, goodwill amortization	105	76	(28)	(27.2) %
Of which, amortization of customer-related intangible assets	—	—	—	— %
Operating profit	15,929	16,897	968	6.1 %
EBITDA	16,191	17,190	998	6.2 %

The Testing segment provides software quality assurance services.

Net sales amounted to ¥64,382 million (+11.7% year-on-year), due to factors including the expansion of projects through strengthened sales activities. On the other hand, as the increase in gross profit was partly offset by higher selling, general and administrative expenses, operating profit amounted to ¥16,897 million (+6.1% year-on-year).

(BPaaS)

(Millions of yen)				
Fiscal year ended	August 31, 2025	August 31, 2026	Change	Change (%)
Net sales	3,817	5,157	1,339	35.1 %
Of which, net sales to external customers	3,418	4,825	1,406	41.1 %
Gross profit	1,033	1,458	425	41.2 %
Gross profit margin (Note)	30.2%	30.2%	0.0pt	—
Selling, general and administrative expenses	577	656	79	13.7 %
Of which, acquisition-related expenses	—	—	—	— %
Of which, goodwill amortization	2	2	—	— %
Of which, amortization of customer-related intangible assets	—	—	—	— %
Operating profit	455	801	346	76.0 %
EBITDA	477	825	348	73.0 %

The BPaaS segment provides services such as customer success, help desk, and various back-office support operations.

During the fiscal year ended August 31, 2026, net sales from these services increased and came in at ¥5,157 million (+35.1% year-on-year). On the profit front, the increase in gross profit accompanying higher net sales exceeded the increase in selling, general and administrative expenses, and operating profit amounted to ¥801 million (+76.0% year-on-year).

(Investment Platform)

(Millions of yen)				
Fiscal year ended	August 31, 2025	August 31, 2026	Change	Change (%)
Net sales	—	638	638	— %
Of which, net sales to external customers	—	638	638	— %
Gross profit	—	143	143	— %
Gross profit margin (Note)	—	22.4%	22.4pt	—
Selling, general and administrative expenses	—	504	504	— %
Of which, acquisition-related expenses	—	245	245	— %
Of which, goodwill amortization	—	91	91	— %
Of which, amortization of customer-related intangible assets	—	—	—	— %
Operating profit (loss)	—	(361)	(361)	— %
EBITDA	—	(269)	(269)	— %

The Investment Platform segment engages in investment activities utilizing external capital and supports the growth of investee companies. From the fiscal year ended August 31, 2026, the SHIFT Group has recorded results for this segment due to the inclusion of an investment limited partnership and its investee companies, among others, in the scope of consolidation.

As a result, net sales amounted to ¥638 million and operating loss amounted to ¥361 million.

(Other)

(Millions of yen)				
Fiscal year ended	August 31, 2025	August 31, 2026	Change	Change (%)
Net sales	9,996	12,218	2,222	22.2 %
Of which, net sales to external customers	8,850	10,806	1,956	22.1 %
Gross profit	4,809	5,640	831	17.3 %
Gross profit margin (Note)	54.3%	52.2%	(2.1)pt	—
Selling, general and administrative expenses	3,763	4,137	374	9.9 %
Of which, acquisition-related expenses	25	22	(3)	(12.0) %
Of which, goodwill amortization	446	395	(50)	(11.4) %
Of which, amortization of customer-related intangible assets	285	270	(15)	(5.3) %
Operating profit	1,046	1,503	457	43.7 %
EBITDA	2,255	2,860	605	26.8 %

The Other segment provides IT-related services and ancillary services, including kitting, marketing, and web planning and production.

(Note) The gross profit margin of each segment is calculated by dividing gross profit by net sales to external customers.

(Reference Information)

(1) Supplementary Information on Net Sales for the Fiscal Year Ended August 31, 2026

To supplement information on business activities and the status of AI utilization in the fiscal year ended August 31, 2026, the breakdown of consolidated net sales by reportable segment, trends in AI-related net sales, and net sales by segment on a non-consolidated basis are as follows.

Three months ended November 30, 2025 (From September 1, 2025 to November 30, 2025) (Millions of yen)

	Consulting	Development	Testing	BPaaS	Investment Platform	Other	Adjustments	Total
Consolidated net sales	3,839	12,188	15,055	944	—	2,580	236	34,845
Of which, AI-related ^{*1}	85	523	326	0	—	16	—	952
Non-consolidated net sales	3,160	3,535	14,446	776	—	83	236	22,238

Six months ended February 28, 2026 (From September 1, 2025 to February 28, 2026) (Millions of yen)

	Consulting	Development	Testing	BPaaS	Investment Platform	Other	Adjustments	Total
Consolidated net sales	8,206	25,369	31,401	1,877	—	5,156	23	72,035
Of which, AI-related ^{*1}	712	1,162	1,587	2	—	32	—	3,498
Non-consolidated net sales	6,825	7,866	30,466	1,538	—	168	23	46,890

Nine months ended May 31, 2026 (From September 1, 2025 to May 31, 2026) (Millions of yen)

	Consulting	Development	Testing	BPaaS	Investment Platform	Other	Adjustments	Total
Consolidated net sales	14,339	42,579	47,410	3,251	—	7,977	289	115,848
Of which, AI-related ^{*1}	2,502	2,615	5,791	440	—	64	—	11,414
Non-consolidated net sales	12,204	12,663	46,174	2,668	—	345	289	74,346

Fiscal year ended August 31, 2026 (From September 1, 2025 to August 31, 2026) (Millions of yen)

	Consulting	Development	Testing	BPaaS	Investment Platform	Other	Adjustments	Total
Consolidated net sales	18,892	62,193	64,130	4,825	638	10,806	113	161,600
Of which, AI-related ^{*1}	4,587	4,879	13,968	892	—	71	—	24,400
Non-consolidated net sales	15,925	17,438	62,600	3,982	—	472	113	100,532

(Notes)

1. AI-related services include projects in which AI was utilized during the delivery phase and that achieved a certain level of gross profit margin. (Previously, this category also included projects involving participation in customers' AI initiatives and projects with low gross profit margins. However, because this KPI is intended to measure profitability improvements, the selection criteria have been revised and applied retrospectively to the beginning of the fiscal year under review (September 1, 2025), effective from the nine months ended May 31, 2026.)
2. The Adjustments column consists primarily of adjustments arising from the method of revenue recognition and is not allocated to any reportable segment.

(2) Reclassification of Net Sales Due to Segment Changes

To show the details of the changes in segment classifications and the correspondence between the classifications before and after the changes, the reclassification of net sales from the previous classifications to the revised classifications for the previous fiscal year and the fiscal year ended August 31, 2026 is as follows.

Fiscal year ended August 31, 2025 (From September 1, 2024 to August 31, 2025)

(Millions of yen)

New classification / Previous classification	Software Testing Related Services	Software Development Related Services	Other Proximate Services	Total for new classification
Consulting	11,950	2,604	—	14,554
Development	10,966	34,513	—	45,480
Testing	56,922	—	532	57,455
BPaaS	3,399	—	19	3,418
Investment Platform	—	—	—	—
Other	—	—	8,850	8,850
Reclassification adjustment (Note 2)	198	—	(137)	60
Total for previous classification	83,437	37,118	9,264	129,819

Fiscal year ended August 31, 2026 (From September 1, 2025 to August 31, 2026)

(Millions of yen)

New classification / Previous classification	Software Testing Related Services	Software Development Related Services	Other Proximate Services	Total for new classification
Consulting	15,961	2,930	—	18,892
Development	15,956	46,236	—	62,193
Testing	63,405	—	725	64,130
BPaaS	4,764	—	60	4,825
Investment Platform	—	638	—	638
Other	—	—	10,806	10,806
Reclassification adjustment (Note 2)	(5)	—	119	113
Total for previous classification	100,082	49,805	11,712	161,600

(Notes)

1. This table has been prepared by reclassifying net sales to external customers based on the previous and new classifications.
2. Adjustments under the new classification consist primarily of adjustments related to the method of revenue recognition and are not allocated to any reportable segment.

(3) Results Based on the Previous Segment Classifications

To provide continuity in performance trends for the fiscal year ended August 31, 2026, segment results and net sales by customer category based on the previous segment classifications are as follows.

1) Segment results

(Software Testing Related Services)

(Millions of yen)				
Fiscal year ended	August 31, 2025	August 31, 2026	Change	Change (%)
Net sales (Note)	84,295	100,700	16,404	19.5 %
Gross profit	31,052	35,677	4,625	14.9 %
Selling, general and administrative expenses	9,534	12,857	3,323	34.9 %
Of which, acquisition-related expenses	29	22	(7)	(23.9) %
Of which, goodwill amortization	17	33	15	88.8 %
Of which, amortization of customer-related intangible assets	—	—	—	— %
Operating profit	21,518	22,819	1,301	6.0 %
EBITDA	21,753	23,178	1,424	6.6 %

(Software Development Related Services)

(Millions of yen)				
Fiscal year ended	August 31, 2025	August 31, 2026	Change	Change (%)
Net sales (Note)	40,128	53,550	13,421	33.4 %
Gross profit	10,471	14,204	3,732	35.7 %
Selling, general and administrative expenses	7,860	11,628	3,767	47.9 %
Of which, acquisition-related expenses	11	288	276	— %
Of which, goodwill amortization	841	1,387	546	65.0 %
Of which, amortization of customer-related intangible assets	83	97	13	16.6 %
Operating profit	2,610	2,575	(34)	(1.3) %
EBITDA	3,683	4,431	747	20.3 %

(Other Proximate Services)

(Millions of yen)				
Fiscal year ended	August 31, 2025	August 31, 2026	Change	Change (%)
Net sales (Note)	10,741	13,384	2,642	24.6 %
Gross profit	4,874	5,808	933	19.2 %
Selling, general and administrative expenses	4,137	4,626	488	11.8 %
Of which, acquisition-related expenses	171	145	(25)	(15.1) %
Of which, goodwill amortization	535	440	(94)	(17.7) %
Of which, amortization of customer-related intangible assets	285	270	(15)	(5.3) %
Operating profit	736	1,182	445	60.4 %
EBITDA	2,039	2,591	551	27.1 %

(Note) Net sales for each segment represent the total of sales to external customers and intersegment sales or transfers.

2) Net sales by customer category

Segment	Customer category	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Software Testing Related Services	End-user companies	62,260	75,491
	Partner companies	21,176	24,590
	Net sales to external customers	83,437	100,082
	Intersegment net sales	858	618
	Segment net sales	84,295	100,700
Software Development Related Services	End-user companies	13,042	21,040
	Partner companies	24,075	28,765
	Net sales to external customers	37,118	49,805
	Intersegment net sales	3,010	3,744
	Segment net sales	40,128	53,550
Other Proximate Services	End-user companies	8,816	11,157
	Partner companies	447	554
	Net sales to external customers	9,264	11,712
	Intersegment net sales	1,477	1,672
	Segment net sales	10,741	13,384
Total segment net sales	—	135,166	167,635
Intersegment net sales	—	(5,346)	(6,035)
Total	—	129,819	161,600

(2) Overview of Financial Condition

(Assets)

Total assets as of August 31, 2026 were ¥109,685 million, increasing by ¥32,684 million compared to total assets as of August 31, 2025. The increase was mainly attributable to a ¥14,477 million increase in goodwill resulting from M&A transactions, a ¥9,126 million increase in notes and accounts receivable-trade and contract assets due to higher sales and newly consolidated subsidiaries, and a ¥7,371 million increase in cash and deposits due to borrowings and other factors.

(Liabilities)

Total liabilities as of August 31, 2026 were ¥67,487 million, increasing by ¥31,524 million compared to total liabilities as of August 31, 2025. This was mainly due to a ¥22,676 million increase in long-term borrowings (including current portion) associated with financing for the acquisition of Nisseicom, Limited shares and a ¥3,341 million increase in retirement benefit liabilities resulting primarily from the inclusion of a newly consolidated subsidiary.

(Net assets)

Net assets as of August 31, 2026 were ¥42,197 million, increasing by ¥1,160 million compared to net assets as of August 31, 2025. Treasury shares increased by ¥6,331 million mainly due to the acquisition of treasury shares, while retained earnings increased by ¥7,430 million reflecting profit attributable to owners of parent.

(3) Overview of Cash Flows

Cash and cash equivalents (hereinafter, "cash") as of August 31, 2026 were ¥30,935 million, increasing by ¥7,334 million from August 31, 2025. The cash flows affecting this figure are outlined below.

(Cash flows from operating activities)

During the fiscal year ended August 31, 2026, net cash provided by operating activities was ¥13,723 million, compared with ¥15,652 million provided by these activities in the fiscal year ended August 31, 2025. This primarily reflected ¥12,891 million in profit before income taxes, ¥3,861 million in share of loss of entities accounted for using equity method, and non-cash expenses such as ¥2,297 million in depreciation and ¥1,861 million in amortization of goodwill. These factors offset cash outflows such as ¥6,027 million in income taxes paid, ¥1,425 million arising from changes in accounts payable-other and accrued expenses, and ¥1,222 million arising from changes in trade receivables.

(Cash flows from investing activities)

Net cash used in investing activities was ¥22,376 million during the fiscal year ended August 31, 2026, compared with ¥11,697 million used in these activities in the fiscal year ended August 31, 2025. This was largely due to ¥20,982 million in purchase of shares of subsidiaries, including Nisseicom, Limited, resulting in change in the scope of consolidation, and ¥1,095 million in purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥15,967 million during the fiscal year ended August 31, 2026, compared with ¥1,192 million used in these activities in the fiscal year ended August 31, 2025. This was mainly attributable to ¥27,400 million in proceeds from long-term borrowings obtained to fund M&A and other activities, offsetting cash-decreasing factors such as ¥6,547 million in purchase of treasury shares and ¥4,723 million in repayments of long-term borrowings due to scheduled repayments and other factors.

(4) Outlook

Looking ahead, the SHIFT Group will further promote strategic investments aimed at achieving sustainable growth and improving profitability, including enhancing productivity through the utilization of advanced technologies such as AI, upgrading services, and expanding business domains.

In addition, as announced today in the “Notice Regarding Basic Agreement with Tokyo Gas Co., Ltd. on the Establishment of an Investment Limited Partnership (Subsidiary) with Joint Investment Totaling 15 Billion Yen,” the Company has entered into a basic agreement for the establishment of a ¥15.0 billion fund jointly invested in with Tokyo Gas Co., Ltd. The Company will continue to position M&A as one of its key growth strategies and work to expand investment opportunities and enhance the corporate value of the Group as a whole.

As in the previous fiscal year, the Company will disclose forecasts for adjusted operating profit, adjusted profit attributable to owners of parent, and adjusted basic earnings per share, excluding costs attributable to the acquiring entity in connection with M&A, regardless of whether the relevant transactions are completed, goodwill amortization, and amortization of customer-related intangible assets. Through these adjustments, the Company aims to present the underlying earning power of its business and continuously measure its performance.

2. Fundamental Perspective on the Selection of Accounting Standards

The SHIFT Group's policy is to prepare its consolidated financial statements in accordance with Japanese GAAP for the foreseeable future, given the likelihood that the Group will be compared with peer companies in Japan. With regard to the future adoption of International Financial Reporting Standards (IFRS), the Group intends to take domestic and overseas circumstances into consideration and respond appropriately.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
Assets		
Current assets		
Cash and deposits	23,726	31,097
Notes and accounts receivable - trade, and contract assets	15,400	24,527
Inventories	1,626	1,832
Other	2,390	3,868
Allowance for doubtful accounts	(20)	(25)
Total current assets	43,123	61,300
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,096	4,506
Tools, furniture and fixtures, net	2,605	2,228
Land	931	931
Leased assets, net	240	782
Other, net	48	36
Total property, plant and equipment	7,923	8,486
Intangible assets		
Goodwill	7,866	22,344
Customer-related intangible assets	3,921	3,851
Other	400	1,673
Total intangible assets	12,188	27,868
Investments and other assets		
Investment securities	9,583	4,961
Retirement benefit asset	—	289
Deferred tax assets	1,527	3,491
Leasehold and guarantee deposits	2,382	3,087
Other	406	275
Allowance for doubtful accounts	(134)	(75)
Total investments and other assets	13,765	12,029
Total non-current assets	33,877	48,384
Total assets	77,001	109,685
Liabilities		
Current liabilities		
Accounts payable - trade	2,054	3,962
Current portion of long-term borrowings	3,532	7,175
Accrued expenses	7,308	7,142
Income taxes payable	3,158	3,881
Accrued consumption taxes	3,236	3,386
Provision for bonuses	423	1,369
Provision for share-based payments	80	19
Other provisions	16	—
Other	5,217	6,921
Total current liabilities	25,028	33,858
Non-current liabilities		
Long-term borrowings	8,504	27,538
Deferred tax liabilities	1,194	915
Retirement benefit liability	136	3,477
Asset retirement obligations	705	1,169
Other	395	528
Total non-current liabilities	10,935	33,628
Total liabilities	35,963	67,487

(Millions of yen)

	As of August 31, 2025	As of August 31, 2026
Net assets		
Shareholders' equity		
Share capital	21	21
Capital surplus	14,365	14,466
Retained earnings	31,964	39,394
Treasury shares	(5,834)	(12,165)
Total shareholders' equity	40,516	41,716
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	71	(195)
Foreign currency translation adjustment	10	24
Remeasurements of defined benefit plans	—	13
Total accumulated other comprehensive income	81	(157)
Share award rights	413	442
Share acquisition rights	25	50
Non-controlling interests	—	145
Total net assets	41,037	42,197
Total liabilities and net assets	77,001	109,685

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended August 31, 2025 (From September 1, 2024 to August 31, 2025)	Fiscal year ended August 31, 2026 (From September 1, 2025 to August 31, 2026)
Net sales	129,819	161,600
Cost of sales	84,803	107,398
Gross profit	45,016	54,202
Selling, general and administrative expenses	29,387	36,756
Operating profit	15,628	17,445
Non-operating income		
Interest income	24	51
Dividend income	1	26
Subsidy income	138	143
Reversal of allowance for doubtful accounts	—	81
Income from expired loyalty points	27	28
Other	57	90
Total non-operating income	248	421
Non-operating expenses		
Interest expenses	117	361
Commission expenses	8	18
Share of loss of entities accounted for using equity method	75	3,861
Loss on investments in capital	390	239
Other	103	64
Total non-operating expenses	695	4,545
Ordinary profit	15,181	13,320
Extraordinary income		
Gain on change in equity	4	17
Gain on sale of investment securities	54	412
Gain on bargain purchase	1	—
Subsidy income	55	—
Total extraordinary income	116	430
Extraordinary losses		
Impairment losses	977	556
Loss on tax purpose reduction entry of non-current assets	55	—
Loss on valuation of investment securities	590	302
Total extraordinary losses	1,624	859
Profit before income taxes	13,674	12,891
Income taxes - current	5,069	6,229
Income taxes - deferred	(399)	(728)
Total income taxes	4,669	5,501
Profit	9,004	7,390
Profit (loss) attributable to non-controlling interests	69	(39)
Profit attributable to owners of parent	8,935	7,430

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended August 31, 2025 (From September 1, 2024 to August 31, 2025)	Fiscal year ended August 31, 2026 (From September 1, 2025 to August 31, 2026)
Profit	9,004	7,390
Other comprehensive income		
Valuation difference on available-for-sale securities	375	(267)
Foreign currency translation adjustment	(13)	14
Remeasurements of defined benefit plans, net of tax	—	13
Total other comprehensive income	361	(238)
Comprehensive income	9,365	7,151
(Breakdown)		
Comprehensive income attributable to owners of parent	9,296	7,191
Comprehensive income attributable to non-controlling interests	69	(39)

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended August 31, 2025 (From September 1, 2024 to August 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21	15,854	23,029	(4,940)	33,964
Changes during period					
Profit attributable to owners of parent			8,935		8,935
Purchase of treasury shares				(999)	(999)
Disposal of treasury shares				106	106
Gain on disposal of treasury shares		58			58
Change in ownership interest of parent due to transactions with non-controlling interests		(1,547)			(1,547)
Net changes in items other than shareholders' equity					
Total changes during period	—	(1,488)	8,935	(893)	6,552
Balance at end of period	21	14,365	31,964	(5,834)	40,516

	Accumulated other comprehensive income				Share award rights	Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income				
Balance at beginning of period	(304)	24	—	(279)	328	25	482	34,522
Changes during period								
Profit attributable to owners of parent								8,935
Purchase of treasury shares								(999)
Disposal of treasury shares								106
Gain on disposal of treasury shares								58
Change in ownership interest of parent due to transactions with non-controlling interests								(1,547)
Net changes in items other than shareholders' equity	375	(13)	—	361	84	—	(482)	(37)
Total changes during period	375	(13)	—	361	84	—	(482)	6,515
Balance at end of period	71	10	—	81	413	25	—	41,037

Fiscal year ended August 31, 2026 (From September 1, 2025 to August 31, 2026)
(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21	14,365	31,964	(5,834)	40,516
Changes during period					
Profit attributable to owners of parent			7,430		7,430
Purchase of treasury shares				(6,547)	(6,547)
Disposal of treasury shares				216	216
Gain on disposal of treasury shares		100			100
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes in items other than shareholders' equity					
Total changes during period	—	100	7,430	(6,331)	1,199
Balance at end of period	21	14,466	39,394	(12,165)	41,716

	Accumulated other comprehensive income				Share award rights	Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income				
Balance at beginning of period	71	10	—	81	413	25	—	41,037
Changes during period								
Profit attributable to owners of parent								7,430
Purchase of treasury shares								(6,547)
Disposal of treasury shares								216
Gain on disposal of treasury shares								100
Change in ownership interest of parent due to transactions with non-controlling interests								—
Net changes in items other than shareholders' equity	(267)	14	13	(238)	28	25	145	(39)
Total changes during period	(267)	14	13	(238)	28	25	145	1,160
Balance at end of period	(195)	24	13	(157)	442	50	145	42,197

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal year ended August 31, 2025 (From September 1, 2024 to August 31, 2025)	Fiscal year ended August 31, 2026 (From September 1, 2025 to August 31, 2026)
Cash flows from operating activities		
Profit before income taxes	13,674	12,891
Depreciation	1,845	2,297
Impairment losses	977	556
Amortization of goodwill	1,394	1,861
Increase (decrease) in allowance for doubtful accounts	72	(56)
Increase (decrease) in provision for bonuses	(16)	(44)
Interest and dividend income	(25)	(78)
Interest expenses	117	361
Subsidy income	(138)	(143)
Foreign exchange losses (gains)	(2)	(14)
Share of loss (profit) of entities accounted for using equity method	75	3,861
Loss (gain) on valuation of investment securities	590	302
Loss (gain) on sale of investment securities	(54)	(412)
Loss (gain) on investments in capital	390	239
Decrease (increase) in trade receivables	(1,281)	(1,222)
Decrease (increase) in inventories	(557)	224
Decrease (increase) in prepaid expenses	(777)	105
Increase (decrease) in trade payables	453	(25)
Increase (decrease) in accrued consumption taxes	1,083	(353)
Increase (decrease) in accounts payable - other, and accrued expenses	1,196	(1,425)
Other	665	788
Subtotal	19,683	19,715
Interest and dividends received	27	246
Interest paid	(110)	(356)
Subsidies received	135	145
Income taxes paid	(4,083)	(6,027)
Net cash provided by (used in) operating activities	15,652	13,723
Cash flows from investing activities		
Payments into time deposits	(2)	(109)
Proceeds from withdrawal of time deposits	20	109
Purchase of property, plant and equipment	(1,323)	(1,095)
Purchase of intangible assets	(155)	(568)
Purchase of investment securities	(998)	(17)
Proceeds from sale of investment securities	54	544
Payments for investments in capital	(376)	(6)
Purchase of shares of subsidiaries and associates	(7,668)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,017)	(20,982)
Payments of leasehold and guarantee deposits	(376)	(206)
Proceeds from refund of leasehold and guarantee deposits	79	130
Other	66	(174)
Net cash provided by (used in) investing activities	(11,697)	(22,376)
Cash flows from financing activities		
Proceeds from short-term borrowings	160	32,700
Repayments of short-term borrowings	(391)	(32,700)
Proceeds from long-term borrowings	5,000	27,400
Repayments of long-term borrowings	(3,029)	(4,723)
Proceeds from share issuance to non-controlling shareholders	—	186

(Millions of yen)

	Fiscal year ended August 31, 2025 (From September 1, 2024 to August 31, 2025)	Fiscal year ended August 31, 2026 (From September 1, 2025 to August 31, 2026)
Repayments of finance lease liabilities	(13)	(269)
Purchase of treasury shares	(999)	(6,547)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,900)	—
Other	(18)	(77)
Net cash provided by (used in) financing activities	(1,192)	15,967
Effect of exchange rate change on cash and cash equivalents	(5)	19
Net increase (decrease) in cash and cash equivalents	2,755	7,334
Cash and cash equivalents at beginning of period	20,844	23,600
Cash and cash equivalents at end of period	23,600	30,935

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Segment information, etc.)

(Segment information)

1 Overview of reportable segments

(1) Method of determining reportable segments

The SHIFT Group's reportable segments are the constituent business units of the Group for which separate financial data are available and that are examined on a regular basis for the purpose of enabling the Board of Directors to decide on the allocation of management resources and evaluate results of operations.

The SHIFT Group has expanded its business domains around its software quality assurance business, providing services such as consulting, system development, software testing, and BPaaS (Business Process as a Service), while also engaging in investments utilizing external capital and supporting the growth of investee companies.

Accordingly, the SHIFT Group identifies its business segments based on the services it provides and the characteristics of its business activities. To provide appropriate information on details of business activities and the management environment, the Group has aggregated business segments with generally similar economic characteristics and service elements into the following five reportable segments: Consulting, Development, Testing, BPaaS, and Investment Platform. Businesses that do not belong to any reportable segment are classified as Other.

(2) Product and service categories of each reportable segment

The product and service categories provided by each reportable segment are as follows.

Segment	Products and services
Consulting	Consulting services related to strategy, operational improvement, and DX, among others
Development	Services such as system development and package software implementation
Testing	Services related to software quality assurance, among others
BPaaS	Customer success, help desk, and various back-office support operations, among others
Investment Platform	Investment activities utilizing external capital and support for the growth of investee companies, among others

(3) Matters concerning changes in reportable segments, etc.

During the fiscal year ended August 31, 2026, in line with a review of the SHIFT Group's management structure, the Group changed the management units used for performance evaluation and allocation of management resources. Accordingly, from the fourth quarter of the fiscal year under review, the Group reviewed its method for classifying business segments and changed its reportable segments from the previous Software Testing Related Services, Software Development Related Services, and Other Proximate Services to Consulting, Development, Testing, BPaaS, and Investment Platform.

Segment information for the previous fiscal year has been prepared based on the revised classification method and is presented in the previous fiscal year section of "3. Information on sales, profit or loss, and other items by reportable segment."

2 Information on the method of calculating sales, profit or loss, and other items by reportable segment

Methods of accounting treatment for reported business segments are the same as the accounting policies adopted for the preparation of the consolidated financial statements. Profit for reportable segments is based on operating profit. Intersegment revenues and transfers are based on prevailing market prices.

3 Information on sales, profit or loss, and other items by reportable segment
Fiscal year ended August 31, 2025 (From September 1, 2024 to August 31, 2025)

(Millions of yen)

	Reportable segments						Other	Total	Adjustments (Note 1)	Amount recorded in the consolidated financial statements (Note 2)
	Consulting	Develop- ment	Testing	BPaaS	Investment Platform	Subtotal				
Net sales										
Net sales to external customers	14,554	45,480	57,455	3,418	—	120,908	8,850	129,759	60	129,819
Intersegment net sales and transfers	234	2,468	157	398	—	3,260	1,146	4,406	(4,406)	—
Subtotal	14,789	47,949	57,612	3,817	—	124,169	9,996	134,165	(4,345)	129,819
Segment profit	4,295	5,034	15,929	455	—	25,714	1,046	26,761	(11,132)	15,628
Other items										
Depreciation	30	245	157	19	—	453	763	1,216	629	1,845
Amortization of goodwill	11	829	105	2	—	948	446	1,394	—	1,394

(Notes)

1. Adjustments are as follows.

- (1) The adjustment of ¥60 million to net sales to external customers consisted primarily of adjustments arising from the method of revenue recognition and has not been allocated to any reportable segment.
- (2) The adjustment of ¥(11,132) million to segment profit mainly comprises corporate expenses not attributable to reportable segments, such as general and administrative expenses.
- (3) The ¥629 million adjustment to depreciation mainly reflects depreciation for facilities attached to the head office building not attributable to reportable segments.

2. Segment profit is adjusted to operating profit in the consolidated statements of income.

Fiscal year ended August 31, 2026 (From September 1, 2025 to August 31, 2026)

(Millions of yen)

	Reportable segments						Other	Total	Adjustments (Note 1)	Amount recorded in the consolidated financial statements (Note 2)
	Consulting	Develop- ment	Testing	BPaaS	Investment Platform	Subtotal				
Net sales										
Net sales to external customers	18,892	62,193	64,130	4,825	638	150,680	10,806	161,486	113	161,600
Intersegmen t net sales and transfers	371	2,914	251	332	—	3,869	1,412	5,282	(5,282)	—
Subtotal	19,263	65,107	64,382	5,157	638	154,549	12,218	166,768	(5,168)	161,600
Segment profit (loss)	5,449	5,838	16,897	801	(361)	28,625	1,503	30,129	(12,683)	17,445
Other items										
Depreciation	59	496	216	21	0	795	961	1,756	540	2,297
Amortization of goodwill	1	1,294	76	2	91	1,466	395	1,861	—	1,861

(Notes)

1. Adjustments are as follows.

- (1) The adjustment of ¥113 million to net sales to external customers consisted primarily of adjustments arising from the method of revenue recognition and has not been allocated to any reportable segment.
 - (2) The adjustment of ¥(12,683) million to segment profit (loss) mainly comprises corporate expenses not attributable to reportable segments, such as general and administrative expenses.
 - (3) The ¥540 million adjustment to depreciation mainly reflects depreciation for facilities attached to the head office building not attributable to reportable segments.
2. Segment profit (loss) is adjusted to operating profit in the consolidated statements of income.

(Information on impairment losses on non-current assets by reportable segment)

Fiscal year ended August 31, 2025 (From September 1, 2024 to August 31, 2025)

	Reportable segments						Other	Corporate / elimination	Total
	Consulting	Develop- ment	Testing	BPaaS	Investment Platform	Subtotal			
Impairment losses	—	—	—	—	—	—	977	—	977

(Note) In the Other segment, the SHIFT Group reduced the carrying amounts of goodwill and customer-related intangible assets recognized at the acquisition of certain consolidated subsidiaries to their recoverable amounts, and the reduced amount was recorded as an impairment loss. This was based on an evaluation that the revenue originally anticipated at the time of the acquisition was no longer expected. In addition, the Group reduced the carrying amounts of business assets held by certain consolidated subsidiaries to their recoverable amounts, and the reduced amount was recorded as an impairment loss. This was based on an evaluation that the recovery of the investment was no longer expected due to a decrease in profitability.

Fiscal year ended August 31, 2026 (From September 1, 2025 to August 31, 2026)

	Reportable segments						Other	Corporate / elimination	Total
	Consulting	Develop- ment	Testing	BPaaS	Investment Platform	Subtotal			
Impairment losses	—	—	501	—	—	501	55	—	556

(Note) In the Testing and Other segments, the SHIFT Group reduced the carrying amounts of goodwill recognized upon the acquisition of certain consolidated subsidiaries and business assets held by such subsidiaries to their recoverable amounts, and the reduced amount was recorded as an impairment loss. This was based on an evaluation that excess earning capacity based on future business plans and other factors was no longer expected.

(Per-share information)

	Fiscal year ended August 31, 2025 (From September 1, 2024 to August 31, 2025)	Fiscal year ended August 31, 2026 (From September 1, 2025 to August 31, 2026)
Net assets per share	¥154.20	¥162.58
Basic earnings per share	¥33.93	¥28.72
Diluted earnings per share	¥33.90	¥28.69

(Notes)

1. In calculating net assets per share, the number of shares of the Company's stock is the total number of shares issued at year-end excluding treasury shares (which include shares of the Company's stock held in the stock benefit-type ESOP trust account: 3,298,500 shares as of August 31, 2025; 3,206,250 shares as of August 31, 2026).
In calculating basic earnings per share and diluted earnings per share, the average number of shares of the Company's stock for the year excludes treasury shares (which include shares of the Company's stock held in the stock benefit-type ESOP trust account: 3,354,480 shares for the year ended August 31, 2025; 3,245,484 shares for the year ended August 31, 2026).
2. The Company conducted a 15-for-1 stock split of its common stock, effective January 24, 2025. Net assets per share, basic earnings per share and diluted earnings per share have been calculated on the assumption that the stock split had taken effect at the beginning of the previous fiscal year.
3. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

	Fiscal year ended August 31, 2025 (From September 1, 2024 to August 31, 2025)	Fiscal year ended August 31, 2026 (From September 1, 2025 to August 31, 2026)
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	8,935	7,430
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent on common stock (millions of yen)	8,935	7,430
Average number of shares of common stock during the period (shares)	263,328,373	258,731,295
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (millions of yen)	—	—
Increase in common stock (shares)	277,895	273,445
(Of which, share award rights [shares])	(239,814)	(273,445)
(Of which, share acquisition rights [shares])	(38,081)	(—)
Overview of potential shares not included in the calculation of diluted earnings per share as they have no dilutive effect	(Equity-method affiliate) Rise Consulting Group, Inc. First series of share acquisition rights Number of share acquisition rights: 36,612 (366,120 shares of common stock) Second series of share acquisition rights Number of share acquisition rights: 43,941 (439,410 shares of common stock)	(Equity-method affiliate) Rise Consulting Group, Inc. First series of share acquisition rights Number of share acquisition rights: 16,072 (160,720 shares of common stock) Second series of share acquisition rights Number of share acquisition rights: 34,941 (349,410 shares of common stock)

4. The basis for calculating net assets per share is as follows.

	As of August 31, 2025	As of August 31, 2026
Total net assets (millions of yen)	41,037	42,197
Deductions from total net assets (millions of yen)	439	638
(Of which, share award rights [millions of yen])	(413)	(442)
(Of which, share acquisition rights [millions of yen])	(25)	(50)
(Of which, non-controlling interests [millions of yen])	(—)	(145)
Net assets for common stock at year-end (millions of yen)	40,598	41,559
Number of shares of common stock at year-end used in calculating net assets per share (shares)	263,285,163	255,616,971

(Significant subsequent events)

(Establishment of an Investment Limited Partnership)

The Company resolved on October 15, 2026 that SHIFT Growth Capital Inc., a consolidated subsidiary of the Company, will establish an investment limited partnership (the “Fund”) with SHIFT Growth Capital Inc. as the general partner. In addition, in connection with the start of operations, SHIFT and Tokyo Gas Co., Ltd. (“Tokyo Gas”) reached a basic agreement to jointly invest a total of ¥15.0 billion. Upon execution of the partnership agreement, SHIFT Growth Capital Inc., a subsidiary of the Company, will be responsible for managing and operating the Fund. Accordingly, the Fund will become a consolidated subsidiary of the Company beginning in the following fiscal year.

(1) Purpose of establishment

The Fund is being established as part of the Company’s growth strategy through M&A and its efforts to develop and enhance its Investment Platform. The Fund will primarily invest in system integrators, system engineering service providers, and software development and sales companies in Japan. By combining Tokyo Gas’s customer base and business expertise with the Company’s expertise in investment, PMI, and growth support, the Company aims to expand investment opportunities, promote the growth of investee companies, create new business opportunities, and enhance its medium- to long-term corporate value.

(2) Overview of the Fund

Name	SGC-TG No. 1 Investment Limited Partnership	
Location of head office	Azabudai Hills Mori JP Tower, 1-3-1 Azabudai, Minato-ku, Tokyo	
Business	The Fund will primarily invest in system integrators, system engineering service providers, and software development and sales companies in Japan, with a focus on companies that possess high growth potential and significant opportunities for enhancing corporate value.	
Total amount of investment	¥15.0 billion	
Date of formation	December 1, 2026 (planned)	
Investors and investment ratios	General partner: SHIFT Growth Capital Inc.	1.0 % (planned)
	Limited partner (preferred investment): Tokyo Gas	66.7 % (planned)
	Limited partner (subordinated investment): SHIFT, Inc.	32.3 % (planned)