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Consolidated Financial Results for the Nine Months Ended May 31, 2025 [Japanese GAAP]

July 9, 2025

Company name: SHIFT, Inc.
 Stock exchange listing: Tokyo Stock Exchange Code number: 3697
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 Contact: Kenichiro Asai, Accounting Unit Manager, Administrative Division
 Phone: +81-3-6809-1165
 Scheduled date for commencement of dividend payments: None
 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 Nine Months Ended May 31, 2025 (September 1, 2024 to May 31, 2025)

(1) Consolidated Operating Results (cumulative) (Percentages indicate rates of year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended May 31, 2025	95,412	17.6	11,906	68.7	11,635	60.4	6,282	89.5
May 31, 2024	81,143	28.1	7,055	(14.3)	7,255	(16.0)	3,315	(16.7)

(Note) Comprehensive income: For the nine months ended May 31, 2025: ¥6,703 million (109.6%)
 For the nine months ended May 31, 2024: ¥3,197 million (-21.1%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended May 31, 2025	23.86	23.84
May 31, 2024	12.56	12.55

- (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.
3. At the end of the fiscal year ended August 31, 2024, the Company finalized provisional accounting treatment applying to a business combination in the third quarter of that year. The figures for the nine months ended May 31, 2024 reflect the finalized accounting treatment.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2025	77,830	38,311	48.7
As of August 31, 2024	62,717	34,522	53.7

(Reference) Shareholders' equity: As of May 31, 2025: ¥37,936 million
 As of August 31, 2024: ¥33,684 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2024	—	0.00	—	0.00	0.00
Fiscal year ending August 31, 2025	—	0.00	—		
Fiscal year ending August 31, 2025 (Forecast)				0.00	0.00

(Note) Changes in dividend forecast from the most recent announcement: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2025 (September 1, 2024 to August 31, 2025)
(Percentages indicate rates of year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	130,000	17.5	15,000	42.4	14,500	34.8	7,900	54.1	30.02

(Notes) 1. Changes in financial results forecast from the most recent announcement: Yes

2. The Company conducted a 15-for-1 stock split of its common stock, effective January 24, 2025. The forecast for basic earnings per share for the fiscal year ending August 31, 2025, takes into account the impact of the stock split. The projection for basic earnings per share prior to reflecting the stock split is ¥450.25.

Notes:

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

Newly included: Two companies

Consolidated subsidiary: KINSHA Co., Ltd.

Equity-method affiliate: Rise Consulting Group, Inc.

Excluded: None

(2) Application of special accounting treatment in preparing the quarterly financial statements: Yes

(Note) For details, please see the attached materials on page 11, "2. Quarterly Consolidated Financial Statements and Primary Notes (3) Notes to Quarterly Consolidated Financial Statements (Application of special accounting treatment in preparing the quarterly financial statements)."

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(Note) For details, please see the attached materials on page 11, "2. Quarterly Consolidated Financial Statements and Primary Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)."

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

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

May 31, 2025: 267,500,670 shares

August 31, 2024: 267,500,670 shares

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

May 31, 2025: 4,215,457 shares

August 31, 2024: 3,407,040 shares

3) Average number of shares outstanding during the period:

Nine months ended May 31, 2025: 263,342,928 shares

Nine months ended May 31, 2024: 263,865,029 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 (3,298,500 shares as of May 31, 2025; 3,398,850 shares as of August 31, 2024). 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 (3,373,345 shares in the nine months ended May 31, 2025; 3,525,033 shares in the nine months ended May 31, 2024).

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.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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.

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1. Summary of Business Results

All matters relating to the future in the sections below reflect the current views of the SHIFT Group as of May 31, 2025.

The Company applied provisional accounting treatment for the business combination with Club Nets Corporation, which was completed on February 1, 2024. As the accounting treatment was finalized at the end of the previous fiscal year, the figures used for comparison and analysis with the previous nine-month consolidated accounting period reflect the amounts revised following the finalization of the provisional accounting treatment.

(1) Summary of Business Results

1) Results for the nine months ended May 31, 2025

During the nine months ended May 31, 2025, the Japanese economy recovered gradually as various initiatives to reinvigorate the economy bore fruit in an environment of improving employment and incomes. However, the economic outlooks in Japan and overseas remain clouded due to political uncertainties in the US and volatility in financial and capital markets.

In the software market the SHIFT Group serves, demand for digital transformation (DX), which is revolutionizing the entire industry, continued to grow, particularly with a focus on the utilization of new technologies such as generative AI, as Japan moved closer to the “2025 Digital Cliff,” a term used to refer to the expected economic stagnation and decline in international competitiveness if the existing legacy systems, which have become complex, outdated, and black box-like, were to remain in place. Under these conditions, we believe it is ever more important to secure and train personnel, and to upskill existing employees, to achieve co-existence and co-prosperity between humans and AI.

As societal focus increasingly shifts toward security, particularly in networks and applications, the emergence of security risks such as malware infections and attacks exploiting software vulnerabilities has become more pronounced, further highlighting the critical importance of robust security measures.

In this business environment, the SHIFT Group has set forth its “SHIFT3000” growth strategy, targeting annual net sales of ¥300 billion (¥3,000 *oku* in Japanese). With the IT market expected to grow increasingly dynamic, the Group is working to expand its business and achieve growth by enhancing corporate value through DX initiatives. This effort combines 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).

Based on the above, our results in the nine months ended May 31, 2025 were as follows.

(Millions of yen)				
Nine months ended	May 31, 2024	May 31, 2025	Change	Change (%)
Net sales	81,143	95,412	14,268	17.6 %
Operating profit	7,055	11,906	4,850	68.7 %
EBITDA*	9,085	14,309	5,224	57.5 %
Profit attributable to owners of parent	3,315	6,282	2,967	89.5 %

(Note) 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.

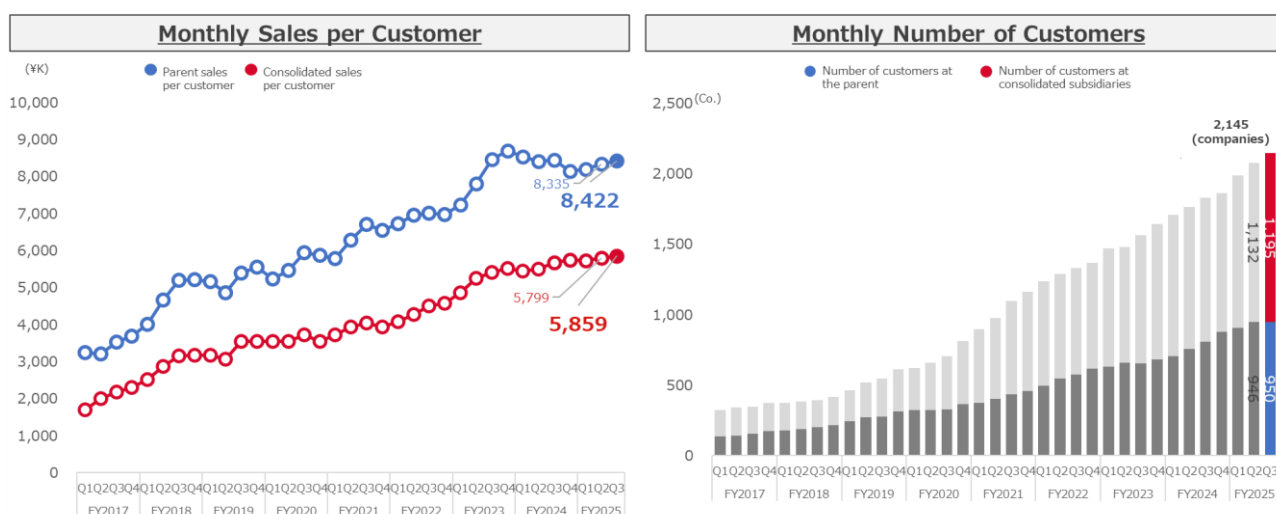
2) Progress versus earnings forecast and major KPIs

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 progress rates as of May 31, 2025, versus the full-year earnings forecast for the fiscal year ending August 31, 2025 are as follows.

(Millions of yen)	Forecast for the fiscal year ending August 31, 2025	Results for the nine months ended May 31, 2025	Progress rates	(Reference) Progress as of May 31, 2024 versus the full-year forecast for the previous fiscal year
Net sales	130,000	95,412	73.4 %	71.2 — 66.5 %
Operating profit	15,000	11,906	79.4 %	60.8 — 48.3 %
Ordinary profit	14,500	11,635	80.2 %	62.5 — 49.7 %
Profit attributable to owners of parent	7,900	6,282	79.5 %	45.4 — 33.2 %

As described above, net sales for the nine months ended May 31, 2025 remained steady. In addition, all profit categories were also favorable, supported in part by profitability improvement measures implemented since the previous fiscal year.

Furthermore, KPIs, including sales per customer, number of customers, unit price for engineer, and number of engineers, are continuing to rise. Actual figures for these indicators for the nine months ended May 31, 2025 and quarterly trend since the fiscal year ended August 31, 2017 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) or from whom sales were recorded during the corresponding three months

(b) Monthly sales per customer (consolidated)

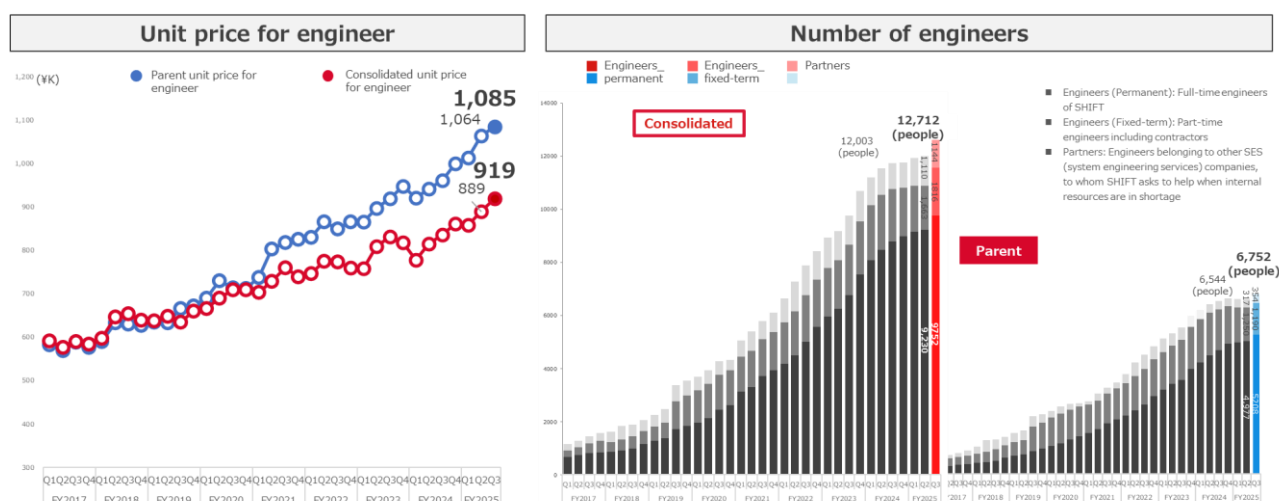
$$\text{Monthly sales per customer (consolidated)} = \frac{\text{Parent sales} + \text{sales of consolidated subsidiaries}}{\text{Number of customers at the parent (sum)} + \text{number of customers at consolidated subsidiaries (sum)}}$$

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 who were active (but from whom no sales were recorded) or 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



Unit price for engineer and number of engineers are calculated as follows. When calculating these figures, we exclude sales and number of engineers from some businesses for which we deem it inappropriate to manage performance with unit price for engineer (license sales and training services, etc.).

(a) Unit price for engineer (parent)

$$\text{Unit price for engineer (parent)} = \frac{\text{Parent sales}}{\text{Number of engineers at the parent}}$$

Parent sales	Sales excluding projects where engineers were not involved
Number of engineers at the parent	Monthly equivalent of the person-hours of engineers that worked on projects from which sales were recorded during the month, plus the person-hours of personnel involved in the management of the projects

(b) Unit price for engineer (consolidated)

$$\text{Unit price for engineer (consolidated)} = \frac{\text{Parent sales + sales of consolidated subsidiaries}}{\text{Number of engineers at the parent + number of engineers at consolidated subsidiaries}}$$

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 engineers at the parent	As noted in (a) above
Number of engineers at consolidated subsidiaries	Quarterly number of registered engineers obtained by adding up the monthly number of registered engineers for the corresponding three months

(c) Number of engineers

The number of engineers above is the sum of the SHIFT Group's full-time employees, contract employees, and part-time employees, as well as contract employees at partner companies, who have an employment contract at the end of each quarter.

3) Segment results

Segment results are as follows.

(a) Software Testing Related Services

				(Millions of yen)
Nine months ended	May 31, 2024	May 31, 2025	Change	Change (%)
Net sales	52,430	61,873	9,443	18.0 %
Gross profit	17,519	22,839	5,319	30.4 %
Selling, general and administrative expenses	6,119	6,676	556	9.1 %
Of which, acquisition-related expenses	205	23	(181)	(88.4) %
Of which, goodwill amortization	1	6	4	275.9 %
Of which, amortization of customer-related intangible assets	—	—	—	— %
Operating profit	11,400	16,163	4,762	41.8 %
EBITDA	11,551	16,319	4,767	41.3 %

In Software Testing Related Services, the SHIFT Group mainly provides services such as software testing and quality assurance, consulting and PMO, customer support, and security.

In the nine months ended May 31, 2025, sales in Software Testing Related Services came to ¥61,873 million (+18.0% year-on-year) and operating profit to ¥16,163 million (+41.8% year-on-year), driven by an increase in existing customers. Acquisition-related expenses associated with M&A activities, which are included in the Software Testing Related Services segment's selling, general and administrative expenses, came to ¥23 million (-88.4% year-on-year).

Of the general and administrative expenses, ¥6,887 million (¥5,382 million in the nine months ended May 31, 2024) was recorded as companywide expenses and not allocated to the Software Testing Related Services segment.

(b) Software Development Related Services

(Millions of yen)

Nine months ended	May 31, 2024	May 31, 2025	Change	Change (%)
Net sales	25,703	29,804	4,101	16.0 %
Gross profit	6,283	7,780	1,497	23.8 %
Selling, general and administrative expenses	5,219	5,597	378	7.2 %
Of which, acquisition-related expenses	5	2	(3)	(61.1) %
Of which, goodwill amortization	616	632	15	2.6 %
Of which, amortization of customer-related intangible assets	56	62	6	10.8 %
Operating profit	1,064	2,183	1,119	105.1 %
EBITDA	1,813	2,986	1,172	64.6 %

In Software Development Related Services, the SHIFT Group primarily provides services directly involved in the software development process, including system development, system performance enhancement, IT strategy formulation, system planning and design, engineer matching platform, and data analysis.

In the nine months ended May 31, 2025, due to steady recruitment of engineers and an increase in newly consolidated subsidiaries through M&A, sales of Software Development Related Services amounted to ¥29,804 million (+16.0% year-on-year) and operating profit to ¥2,183 million (+105.1% year-on-year). Acquisition-related expenses associated with M&A activities included in the segment's selling, general and administrative expenses amounted to ¥2 million (-61.1% year-on-year).

(c) Other Proximate Services

(Millions of yen)

Nine months ended	May 31, 2024	May 31, 2025	Change	Change (%)
Net sales	5,974	7,642	1,668	27.9 %
Gross profit	2,459	3,469	1,009	41.0 %
Selling, general and administrative expenses	2,437	3,061	624	25.6 %
Of which, acquisition-related expenses	62	168	106	170.7 %
Of which, goodwill amortization	457	415	(42)	(9.3) %
Of which, amortization of customer-related intangible assets	138	218	79	57.5 %
Operating profit	22	407	384	— %
EBITDA	884	1,387	503	57.0 %

In Other Proximate Services, the SHIFT Group mainly provides services in adjacent markets to software testing and software development, such as web planning and production, marketing, kitting, cloud services, localization, and M&A/PMI, using a business model distinct from SHIFT's existing businesses.

In the nine months ended May 31, 2025, sales of Other Proximate Services amounted to ¥7,642 million (+27.9% year-on-year) and operating profit to ¥407 million (18.1 times the year-earlier level), owing to full-year earnings contributions from group companies acquired in the previous fiscal year and an increase in product sales projects driven by the transition to a new OS, among other factors. Acquisition-related expenses associated with M&A activity, which are included in the Other Proximate Services segment's selling, general and administrative expenses, came to ¥168 million (+170.7% year-on-year).

(2) Summary of Financial Condition

(Assets)

Total assets as of May 31, 2025 were ¥77,830 million, increasing by ¥15,112 million compared to total assets as of August 31, 2024. This was mainly attributable to increases of ¥7,581 million in investment securities mainly resulting from acquisition of shares in Rise Consulting Group, Inc. and ¥6,600 million in cash and deposits due to borrowings.

(Liabilities)

Total liabilities as of May 31, 2025 were ¥39,518 million, increasing by ¥11,322 million compared to total liabilities as of August 31, 2024. This was mainly due to an increase of ¥10,731 million in short-term borrowings reflecting new loans obtained to secure working capital and to acquire shares in Rise Consulting Group, Inc.

(Net assets)

Net assets as of May 31, 2025 were ¥38,311 million, increasing by ¥3,789 million compared to net assets as of August 31, 2024. This mainly reflected an increase of ¥6,282 in retained earnings million owing to the recording of profit attributable to owners of parent, offsetting a decrease of ¥1,488 million in capital surplus due to the acquisition of additional shares in a subsidiary. Treasury shares deducted from net assets increased by ¥893 million due to the purchase of treasury shares to be used for the Company shares grant after the vesting of the restricted stock unit plan, among other factors.

(3) Explanation of Financial Results Forecast and Other Forward-Looking Information

The Company has revised its consolidated earnings forecast for the fiscal year ending August 31, 2025, announced on October 10, 2024. For details, please refer to the press release, "Notice Concerning Revisions to Full-Year Financial Results Forecasts," dated today (July 9, 2025).

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of August 31, 2024	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	20,869	27,469
Notes and accounts receivable - trade, and contract assets	13,805	13,970
Inventories	977	1,291
Other	1,382	1,932
Allowance for doubtful accounts	(13)	(17)
Total current assets	37,022	44,646
Non-current assets		
Property, plant and equipment	6,818	7,856
Intangible assets		
Goodwill	9,262	8,094
Other	4,615	4,337
Total intangible assets	13,877	12,431
Investments and other assets		
Investment securities	1,145	8,726
Other	3,921	4,225
Allowance for doubtful accounts	(68)	(57)
Total investments and other assets	4,998	12,895
Total non-current assets	25,695	33,183
Total assets	62,717	77,830
Liabilities		
Current liabilities		
Accounts payable - trade	1,509	1,675
Short-term borrowings	50	10,781
Current portion of long-term borrowings	2,856	2,553
Accrued expenses	6,367	6,113
Income taxes payable	2,012	2,005
Provision for bonuses	339	991
Provision for share-based payments	—	80
Other	6,517	7,773
Total current liabilities	19,653	31,974
Non-current liabilities		
Long-term borrowings	6,671	5,280
Retirement benefit liability	33	140
Asset retirement obligations	627	700
Other	1,209	1,422
Total non-current liabilities	8,542	7,544
Total liabilities	28,195	39,518
Net assets		
Shareholders' equity		
Share capital	21	21
Capital surplus	15,854	14,365
Retained earnings	23,029	29,312
Treasury shares	(4,940)	(5,834)
Total shareholders' equity	33,964	37,864
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(304)	60
Foreign currency translation adjustment	24	10
Total accumulated other comprehensive income	(279)	71
Share award rights	328	349
Share acquisition rights	25	25
Non-controlling interests	482	—
Total net assets	34,522	38,311
Total liabilities and net assets	62,717	77,830

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

Quarterly Consolidated Statements of Income

Nine months ended May 31

(Millions of yen)

	For the nine months ended May 31, 2024	For the nine months ended May 31, 2025
Net sales	81,143	95,412
Cost of sales	55,433	62,370
Gross profit	25,709	33,041
Selling, general and administrative expenses	18,653	21,135
Operating profit	7,055	11,906
Non-operating income		
Interest income	0	8
Dividend income	66	0
Subsidy income	90	120
Other	96	56
Total non-operating income	254	186
Non-operating expenses		
Interest expenses	37	76
Foreign exchange losses	4	—
Commission expenses	2	4
Loss on investments in capital	—	369
Office relocation expenses	5	—
Other	5	6
Total non-operating expenses	54	457
Ordinary profit	7,255	11,635
Extraordinary income		
Gain on sale of investment securities	—	54
Gain on bargain purchase	—	1
Subsidy income	—	55
Total extraordinary income	—	112
Extraordinary losses		
Impairment losses	—	977
Loss on tax purpose reduction entry of non-current assets	—	55
Loss on valuation of investment securities	1,437	590
Total extraordinary losses	1,437	1,624
Profit before income taxes	5,817	10,124
Income taxes	2,415	3,771
Profit	3,402	6,352
Profit attributable to non-controlling interests	87	69
Profit attributable to owners of parent	3,315	6,282

Quarterly Consolidated Statements of Comprehensive Income
Nine months ended May 31

(Millions of yen)

	For the nine months ended May 31, 2024	For the nine months ended May 31, 2025
Profit	3,402	6,352
Other comprehensive income		
Valuation difference on available-for-sale securities	(204)	364
Foreign currency translation adjustment	(0)	(13)
Total other comprehensive income	(204)	351
Comprehensive income	3,197	6,703
(Breakdown)		
Comprehensive income attributable to owners of parent	3,111	6,634
Comprehensive income attributable to non-controlling interests	86	69

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the event of significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27; October 28, 2022; hereafter the "2022 Revised Accounting Standard") and related guidelines have been applied from the beginning of the first quarter of the current fiscal year.

With respect to revisions related to the classification of income taxes (taxation on other comprehensive income), the Company has followed the transitional treatment prescribed in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and Paragraph 65-2 (2) of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28; October 28, 2022; hereafter the "2022 Revised Implementation Guidance"). These changes have had no impact on the quarterly consolidated financial statements.

In addition, revisions related to the treatment of tax deferrals for gains and losses arising from the sale of subsidiary shares between consolidated entities have been applied from the beginning of the first quarter of the current fiscal year in accordance with the 2022 Revised Implementation Guidance. These changes have been applied retrospectively, and the quarterly consolidated financial statements and consolidated financial statements for the previous fiscal year reflect the finalized treatment. However, these changes had no impact on the reported figures for the prior year's quarterly consolidated financial statements or consolidated financial statements.

(Application of special accounting treatment in preparing the quarterly financial statements)

Tax expenses are estimated using a rational effective tax rate on profit before income taxes for the fiscal year including the third quarter under review after the application of tax-effect accounting. Tax expenses are calculated by multiplying profit before income taxes by this estimated effective tax rate.

(Segment information, etc.)

Segment information

I. Nine months ended May 31, 2024 (From September 1, 2023 to May 31, 2024)

1. Sales and profit or loss by reportable segment

	Reportable segments				Adjustments (Note 1)	Amount recorded in the quarterly consolidated statements of income (Note 2)
	Software Testing Related Services	Software Development Related Services	Other Proximate Services	Total		
Net sales						
Net sales to external customers	52,338	23,629	5,175	81,143	—	81,143
Intersegment net sales and transfers	91	2,073	799	2,964	(2,964)	—
Total	52,430	25,703	5,974	84,108	(2,964)	81,143
Segment profit	11,400	1,064	22	12,487	(5,432)	7,055

(Millions of yen)

(Notes)

1. The adjustment of ¥(5,432) million to segment profit mainly comprises companywide expenses not attributable to reportable segments, such as general and administrative expenses.
2. Segment profit is adjusted to operating profit in the quarterly consolidated statements of income.

2. Assets by reportable segment

The Company acquired all shares in Club Nets Corporation and accordingly included it in the scope of consolidation in the six months ended February 29, 2024. As a result, the amount of assets in the Other Proximate Services segment increased by ¥7,578 million compared with August 31, 2023. The increase in the amount of net assets for the segment reflects revisions following the finalization of provisional accounting treatment.

II. Nine months ended May 31, 2025 (From September 1, 2024 to May 31, 2025)

1. Sales and profit or loss by reportable segment

	Reportable segments				Adjustments (Note 1)	(Millions of yen) Amount recorded in the quarterly consolidated statements of income (Note 2)
	Software Testing Related Services	Software Development Related Services	Other Proximate Services	Total		
Net sales						
Net sales to external customers	61,152	27,697	6,561	95,412	—	95,412
Intersegment net sales and transfers	721	2,106	1,080	3,908	(3,908)	—
Total	61,873	29,804	7,642	99,320	(3,908)	95,412
Segment profit	16,163	2,183	407	18,754	(6,847)	11,906

(Notes)

1. The adjustment of ¥(6,847) million to segment profit mainly comprises companywide expenses not attributable to reportable segments, such as general and administrative expenses.
2. Segment profit is adjusted to operating profit in the quarterly consolidated statements of income.
3. At the end of the previous fiscal year, the Company finalized provisional accounting treatment applying to a business combination. Following a significant revision to the initial allocation of acquisition cost, the segment information for the nine months ended May 31, 2024 reflects the revision.

2. Assets by reportable segment

The amount of assets in the Software Testing Related Services segment increased by ¥8,246 million from the end of the previous fiscal year. This mainly reflected an increase of ¥6,015 million in cash and deposits driven by sales growth.

3. Impairment loss on non-current assets and goodwill, etc., by reportable segment

	Software Testing Related Services	Software Development Related Services	Other Proximate Services	Companywide/ eliminations	Total
Impairment losses	—	—	977	—	977

(Note) Property, plant and equipment, goodwill, and other intangible assets related to certain consolidated subsidiaries engaged in Other Proximate Services were written down to their recoverable amounts, as those subsidiaries are no longer expected to generate excess earnings based on future business plans. The resulting decrease in value has been recognized as an impairment loss.

(Notes to the quarterly consolidated statement of cash flows)

The Company has not prepared a statement of cash flows for the nine months ended May 31, 2025. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill are as below.

	For the nine months ended May 31, 2024	For the nine months ended May 31, 2025
Depreciation	953 million yen	1,348 million yen
Amortization of goodwill	1,076 million yen	1,054 million yen

(Significant subsequent events)

(Refinancing of borrowings)

At the Board of Directors meeting held on June 24, 2025, the Company resolved to refinance on a long-term basis the short-term loan of ¥5,000 million from Mizuho Bank, Ltd. that was made on April 14, 2025. The following refinancing has been completed except for Sumitomo Mitsui Banking Corporation. This refinancing is intended to ensure the stability of the financial base by procuring funds on a long-term basis.

Lender	Mizuho Bank, Ltd.	Sumitomo Mitsui Banking Corporation	Resona Bank, Limited	The Chiba Bank, Ltd.
Borrowing amount	2,000 million yen	1,000 million yen	1,000 million yen	1,000 million yen
Interest rate	Base interest rate + spread	Base interest rate + spread	Base interest rate + spread	Base interest rate + spread
Borrowing date	June 30, 2025	July 2025 (planned)	June 27, 2025	June 27, 2025
Contract period	5 years	5 years	5 years	5 years
Collateral	No	No	No	No
Guarantee	No	No	No	No

(Special overdraft agreement)

At the Board of Directors meeting held on June 24, 2025, the Company resolved to enter into a Special overdraft agreement with the MUFG Bank, Ltd. and The Chiba Bank, Ltd. for the purpose of ensuring flexibility in funding.

Lender	MUFG Bank, Ltd.	The Chiba Bank, Ltd.
Borrowing limit	4,000 million yen	500 million yen
Interest rate	Base interest rate + spread	Base interest rate + spread
Contract date	July 11, 2025 (planned)	July 11, 2025 (planned)
Contract period	1 year (Automatic yearly renewal subsequently planned)	1 year (Automatic yearly renewal subsequently planned)
Collateral	No	No
Guarantee	No	No

(Increase in borrowing limit of special overdraft agreement)

At the Board of Directors meeting held on June 24, 2025, the Company resolved to increase the borrowing limit of ¥300 million under the special overdraft agreement with Mizuho Bank, Ltd. to ¥4,000 million, for the purpose of ensuring flexibility in funding.

Lender	Mizuho Bank, Ltd.
Borrowing limit	¥4,000 million
Interest rate	Base interest rate + spread
Contract date	July 11, 2025 (planned)
Contract period	1 year (Automatic yearly renewal subsequently planned)
Collateral	No
Guarantee	No