

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

March 24, 2026

Company Name	SHIFT Inc.
Representative	Masaru Tange, CEO and Representative Director (TSE Prime Market Code: 3697)
Inquiries	Motoya Kobayashi, Director TEL: +81-3-6809-1165

### **Notice of Incorporation Subsidiary and Mergers between our Subsidiaries**

SHIFT Inc. (Head Office: Minato-ku, Tokyo; CEO and Representative Director: Masaru Tange; hereinafter “SHIFT”), which supports customers in creating software services and products that sell, hereby announces that its Board of Directors resolved the following three matters at a meeting held today:

(1) The incorporation of Secure One Co., Ltd. , as a wholly owned subsidiary company by SHIFT (a consolidated subsidiary; hereinafter “Secure One”)

(2) The absorption-type merger of SHIFT SECURITY, Inc. (a consolidated subsidiary wholly owned by SHIFT; \*Note 1; hereinafter “SHIFT SECURITY”), into Secure One

(3) The absorption-type merger into Secure One of KRAF inc. (\*Note 2; hereinafter “KRAF”) and MAS Lab inc. (\*Note 3; hereinafter “MAS Lab”), both of which are consolidated subsidiaries wholly owned by SHIFT SECURITY

\*Note 1: Head Office: Shibuya-ku, Tokyo; Representative Director: Shinobu Kaneuchi

\*Note 2: Head Office: Miyazaki City, Miyazaki Prefecture; Representative Director: Masashi Fujisaki

\*Note 3: Head Office: Shibuya-ku, Tokyo; Representative Director: Toshihiko Takei

#### 1. Reasons for the Incorporation of the Subsidiary and the Organizational Restructuring

With the advancement of AI and IoT technologies and the increasing sophistication and complexity of cyberattacks, cyberattacks in Japan have become more active. According to a survey conducted by the National Institute of Information and Communications Technology (NICT) (\*Note), the number of cyberattack-related communications observed by the institute in 2024 increased by more than tenfold compared with ten years earlier (2015), reaching a record high.

(\*Note) National Institute of Information and Communications Technology, “NICTER Observation Report 2024”

Under these circumstances, companies are facing a shortage of personnel with specialized knowledge and skills in the field of cybersecurity. At the same time, given the rapid pace of technological evolution in this

field, it is difficult to say that systematic and continuous methods for human resource development have been sufficiently incorporated, making it challenging for companies to train and secure such personnel internally.

Since its incorporation in 2016, SHIFT SECURITY has provided cybersecurity services, including vulnerability assessments, across a wide range of industries, including the enterprise sector. By incorporating SHIFT's expertise in business standardization and systemization cultivated through its quality assurance business, SHIFT SECURITY has incorporated a framework for developing individuals with no prior IT or security experience into cybersecurity professionals and has grown to employ more than 250 security assessors, making it one of the largest in the industry.

In addition, in 2017, SHIFT SECURITY made KRAF a wholly owned subsidiary to serve as its business operations center, and in 2021 incorporated MAS Lab as a group company to provide professional services in the cybersecurity field, where standardization is difficult, thereby strengthening its business foundation and expanding its operations.

Furthermore, in April 2024, SHIFT SECURITY began offering system diagnostics for generative AI usage ahead of the rest of the industry. By actively developing and providing services that incorporate SHIFT's accumulated know-how in AI utilization, the group has been working to further expand its business.

In light of these developments, SHIFT has decided to incorporate Secure One and carry out an organizational restructuring with the aim of further improving management efficiency and strengthening its business foundation and expertise.

As AI becomes more widely adopted, it is expected that unknown threats and new vulnerabilities will continue to emerge. Accordingly, companies are required not only to enhance their cybersecurity measures but also to incorporate systems that enable continuous monitoring of their security posture.

At Secure One, we will provide services delivered by highly skilled professionals to address complex and high-difficulty security challenges that are difficult to resolve using AI alone. At the same time, with an eye toward future automation, we will actively promote the use of AI in vulnerability assessments to enhance the added value of our services.

In particular, by applying the knowledge that SHIFT has cultivated through the use of AI test agents to the cybersecurity domain, Secure One will advance initiatives to leverage AI in vulnerability assessments. This will enable not only our traditional enterprise customers but also small and medium-sized enterprises to introduce and enhance cyber-security measures, thereby helping to create an environment in which advanced security practices are more widely accessible.

The SHIFT Group aims to realize a safe and secure society by further enhancing its technological capabilities and expertise in the era of collaboration between humans and AI, and through its initiatives in the field of cybersecurity.

## 2. Overview of the Newly Incorporated Subsidiary

(1) Name	Secure One Co., Ltd. (provisional)	
(2) Address	3-22-7 Yoyogi, Shibuya-ku, Tokyo	
(3) Job title and name of representative	Shinobu Kaneuchi, Representative Director	
(4) Business	Provision of various security services, including vulnerability assessments	
(5) Share capital	¥10 million	
(6) Incorporation	June 1, 2026 (planned)	
(7) Major shareholders and ownership ratios	SHIFT Inc. 100%	
(8) Relationship between the Company and the relevant company	Capital relationship	Secure One will be incorporated as a consolidated subsidiary wholly owned by SHIFT.
	Personnel relationship	Four directors and one company auditor from SHIFT are scheduled to be appointed.
	Business relationship	SHIFT plans to enter into a service agreement with Secure One.

## 3. Overview of the Organizational Restructuring

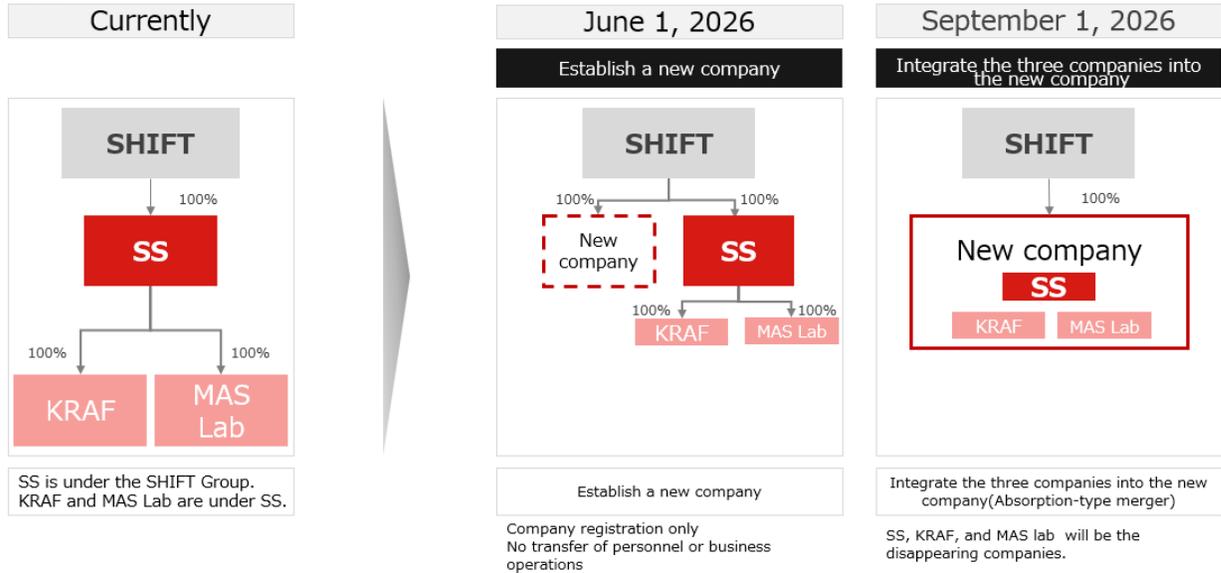
### (1) Schedule of the Organizational Restructuring

(1) Date of resolution at the meeting of the Board of Directors	March 24, 2026
(2) Date of conclusion of the agreement	June 1, 2026 (planned)
(3) Date of Incorporation of the Newly Incorporated Company	June 1, 2026 (planned)
(4) Scheduled Date of the Absorption-Type Merger (Effective Date)	September 1, 2026 (planned)

### (2) Method of the Organizational Restructuring

The organizational restructuring will be carried out through an absorption-type merger, with Secure One as the surviving company and SHIFT SECURITY, KRAF, and MAS Lab as the companies to be absorbed and dissolved.

**[Structure]**



**(3) Details of the Allotment Related to the Organizational Restructuring**

As this organizational restructuring constitutes an intra-group transaction within the SHIFT Group, it is scheduled to be carried out without consideration.

**(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights in Connection with the Organizational Restructuring**

There are no applicable matters.

**(5) Changes in Capital Stock Resulting from the Organizational Restructuring**

There will be no increase or decrease in capital stock as a result of the organizational restructuring.

**(6) Rights and Obligations to Be Succeeded by the Surviving Company**

Secure One will comprehensively succeed to all rights and obligations of SHIFT SECURITY, KRAF, and MAS Lab, including their contractual positions and any other rights and obligations.

**(7) Outlook for Performance of Obligations**

There will be no change in the performance of obligations as a result of the organizational restructuring.

#### 4. Overview of the Parties Involved in the Absorption-Type Merger

	Surviving company	Disappearing Company
(1) Name	Secure One Co., Ltd. (provisional)	SHIFT SECURITY, Inc.
(2) Address	3-22-7 Yoyogi, Shibuya-ku, Tokyo	3-22-7 Yoyogi, Shibuya-ku, Tokyo
(3) Job title/name of representative	Shinobu Kaneuchi, Representative Director	Shinobu Kaneuchi, Representative Director
(4) Business activities	- Provision of various security services, including vulnerability assessments	- Vulnerability assessments - Security monitoring - Security consulting
(5) Common stock	¥10 million (planned)	¥5 million
(6) Date of incorporation	June 1, 2026 (planned)	June 1, 2016
(7) Number of shares outstanding	To be determined	1,000
(8) Fiscal year end	August 31 (planned)	August 31
(9) Major shareholders and percentage of shares	SHIFT Inc. 100%	SHIFT Inc. 100%
(10) Operating Results and Financial Position for the Most Recent Fiscal Year (Unit: Millions of yen)		
Fiscal Period		Fiscal Year Ended August 2025
Net Assets		1,595
Total Assets		1,914
Net Assets per Share (yen)		1,595,135
Net Sales		2,322
Operating Profit	-	598
Ordinary Profit		605
Profit Attributable to Owners of Parent		426
Basic Earnings per Share (yen)		426,642
Dividends per Share (yen)		-

	Disappearing Company	Disappearing Company
(1) Name	KRAF, inc.	MAS Lab inc.
(2) Address	2-2-22 Oimatsu, Miyazaki-shi, Miyazaki Prefecture	3-22-7 Yoyogi, Shibuya-ku, Tokyo
(3) Job title/name of representative	Masashi Fujisaki, Representative Director	Toshihiko Takei, Representative Director
(4) Business activities	- Security (vulnerability) assessments and testing - SOC (security monitoring) - Software functional testing - Security Management System (S4) - Partner program	- Penetration testing - Security consulting
(5) Common stock	¥15 million	¥15 million
(6) Date of incorporation	November 1, 2017	April 1, 2021
(7) Number of shares outstanding	4,500	3,000
(8) Fiscal year end	August 31	August 31
(9) Major shareholders and percentage of shares	SHIFT SECURITY, Inc. 100%	SHIFT Inc. 100%
(10) Operating Results and Financial Position for the Most Recent Fiscal Year (Unit: Millions of yen)		
Fiscal Period	Fiscal Year Ended August 2025	Fiscal Year Ended August 2025
Net Assets	234	174
Total Assets	427	235
Net Assets per Share (yen)	52,093	58,321
Net Sales	735	253
Operating Profit	32	106
Ordinary Profit	32	117
Profit Attributable to Owners of Parent	31	99
Basic Earnings per Share (yen)	7,064	33,255
Dividends per Share (yen)	-	-

## 5. Future Outlook

The impact of this alliance on the Company's consolidated financial results is expected to be immaterial. Should any material impact arise due to significant changes in business conditions, SHIFT will promptly disclose such information as soon as it becomes known.

\*As this organizational restructuring constitutes a simplified absorption-type merger involving consolidated subsidiaries, certain disclosure items and details have been omitted.\*