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Consolidated Financial Results for the Nine Months Ended May 31, 2026 [Japanese GAAP]

July 15, 2026

Company name: SHIFT, Inc.
Stock exchange listing: Tokyo Stock Exchange   Code number: 3697
URL: https://www.shiftinc.jp
Representative: Masaru Tange, President and CEO
Contact: Shun Yamaguchi, 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, 2026 (September 1, 2025 to May 31, 2026)

(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	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
May 31, 2026	115,848	21.4	11,383	(4.3)	7,312	(37.1)	3,979	(36.6)
May 31, 2025	95,412	17.6	11,899	68.7	11,629	60.3	6,277	89.3

(Note) Comprehensive income: For the nine months ended May 31, 2026: ¥3,671 million (-45.2%)
For the nine months ended May 31, 2025: ¥6,697 million (109.4%)

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
May 31, 2026	15.32	15.30
May 31, 2025	23.84	23.82

(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 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, 2025, 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, 2025 reflect the finalized accounting treatment.

(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
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Yen
May 31, 2026	13,162	(2.1)	9,090	(31.0)	5,757	(26.4)	22.16
May 31, 2025	13,444	—	13,173	—	7,821	—	29.70

(Notes) 1. From the fiscal year ending 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 + M&A-related expenses
・Adjusted ordinary profit: Ordinary profit + goodwill amortization + amortization of customer-related intangible assets + M&A-related expenses
・Adjusted profit attributable to owners of parent: Profit attributable to owners of parent + goodwill amortization + amortization of customer-related intangible assets + M&A-related 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 nine months ended May 31, 2025 is presented.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2026	105,279	38,634	36.1
As of August 31, 2025	77,001	41,037	52.7

(Reference) Shareholders' equity: As of May 31, 2026: ¥38,038 million
As of August 31, 2025: ¥40,598 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, 2025	—	0.00	—	0.00	0.00
Fiscal year ending August 31, 2026	—	0.00	—		
Fiscal year ending August 31, 2026 (Forecast)				4.10	4.10

(Notes) 1. Changes in dividend forecast from the most recent announcement: Yes
2. For the year-end dividend forecast for the fiscal year ending August 31, 2026, please see "1. Summary of Business Results (3) Explanation of Financial Results Forecast and Other Forward-Looking Information" on page 8 of the attached materials.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending August 31, 2026 (September 1, 2025 to August 31, 2026)
(Percentages indicate rates of year-on-year change)

	Net sales		Adjusted operating profit		Adjusted ordinary profit		Adjusted profit attributable to owners of parent		Adjusted basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	160,000	23.2	20,000	13.4	16,000	(6.9)	9,000	(17.1)	34.79

	Basic earnings per share
	Yen
Full year	24.35

(Notes) 1. Changes in financial results forecast from the most recent announcement: Yes
2. For the consolidated financial results forecast for the fiscal year ending August 31, 2026, please see "1. Summary of Business Results (3) Explanation of Financial Results Forecast and Other Forward-Looking Information" on page 8 of the attached materials.
3. From the fiscal year ending August 31, 2026, 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 + M&A-related expenses
   - Adjusted ordinary profit: Ordinary profit + goodwill amortization + amortization of customer-related intangible assets + M&A-related expenses
   - Adjusted profit attributable to owners of parent: Profit attributable to owners of parent + goodwill amortization + amortization of customer-related intangible assets + M&A-related 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: One company

Nisseicom, Limited

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 12, “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: None
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(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, 2026: 267,500,670 shares
August 31, 2025: 267,500,670 shares

2) Total number of treasury shares at the end of the period:
May 31, 2026: 11,895,649 shares
August 31, 2025: 4,215,507 shares

3) Average number of shares outstanding during the period:
Nine months ended May 31, 2026: 259,782,822 shares
Nine months ended May 31, 2025: 263,342,928 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 (3,218,250 shares as of May 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 (3,256,684 shares in the nine months ended May 31, 2026; 3,373,345 shares in the nine months ended May 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.

* 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.

Contents of Attached Materials

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, 2026.

The Company applied provisional accounting treatment for the business combination with KINSHA Co., Ltd., which was completed on March 1, 2025. 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, 2026

During the nine months ended May 31, 2026, the Japanese economy continued to recover gradually as various measures to revitalize the economy took effect amid improving employment and income conditions. However, the economic outlook remained uncertain due to rising prices, uncertainties surrounding U.S. trade and tariff policies, and geopolitical tensions in the Middle East.

In the software market the SHIFT Group serves, in addition to initiatives toward digital transformation (DX), the implementation of new technologies such as generative AI in real business is rapidly advancing.

Recognizing this change in the business environment as a strong tailwind, the Group is evolving its existing business model and is dramatically accelerating its efforts as a “generative AI-native company.” During the nine months ended May 31, 2026, the Group launched a series of generative AI-related services, including the provision of an “AI Test Agent” that significantly shortens test execution periods through autonomous operation, as well as the visualization of system specifications through AI (reverse engineering).

In system development settings, as functionality becomes more complex and development cycles accelerate, 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 has set forth its “SHIFT3000” growth strategy, targeting annual net sales of ¥300 billion (¥3,000 *oku* in Japanese). We believe that 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)—will drive business expansion and growth, thereby supporting the safety and reliability of IT infrastructure and contributing to a dramatic improvement in the productivity of client companies.

Our results in the nine months ended May 31, 2026 were as follows.

(Millions of yen)

Nine months ended	May 31, 2025	May 31, 2026	Change	Change (%)
Net sales	95,412	115,848	20,436	21.4 %
Operating profit	11,899	11,383	(516)	(4.3) %
EBITDA*	14,306	14,130	(175)	(1.2) %
Profit attributable to owners of parent	6,277	3,979	(2,297)	(36.6) %

* 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 for the nine months ended May 31, 2026, versus the full-year earnings forecast are as follows.

* The Company has revised the consolidated earnings for the fiscal year ending August 31, 2026 that it announced on October 14, 2025. For details, please refer to the press release, “Notice Regarding Revision of Earnings Forecasts and Recognition of Non-operating Expenses and Extraordinary Losses,” dated today (July 15, 2026)

(Millions of yen)

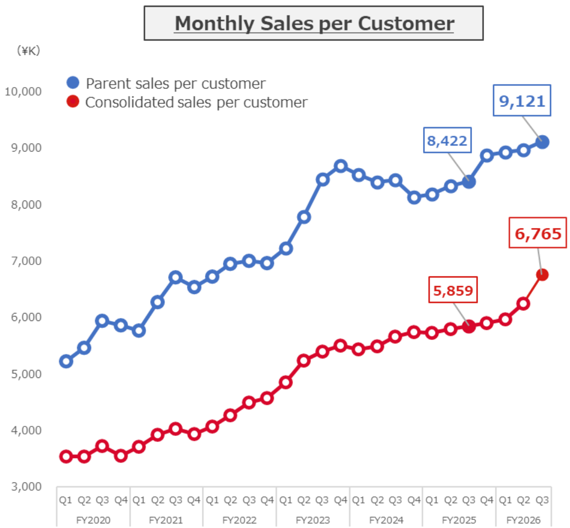
	Forecast for the fiscal year ending August 31, 2026	Results for the nine months ended May 31, 2026	Progress rates
Net sales	160,000	115,848	72.4 %
Adjusted operating profit*	20,000	13,162	65.8 %
Adjusted ordinary profit*	16,000	9,090	56.8 %
Adjusted profit attributable to owners of parent*	9,000	5,757	64.0 %

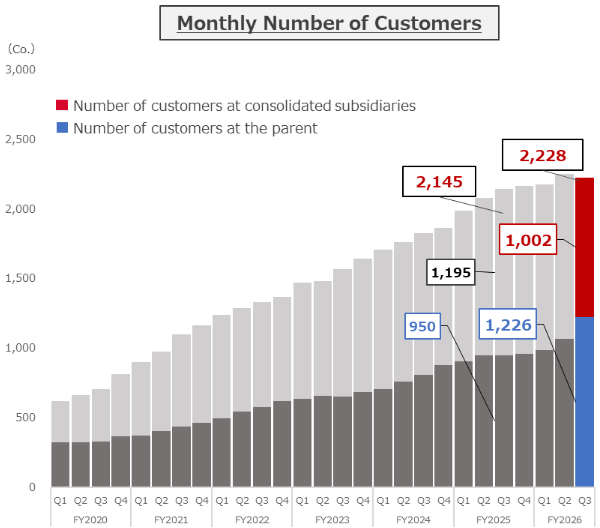
* The calculation methods for each adjusted indicator, including adjusted operating profit, are as follows.

- Adjusted operating profit:
  Operating profit + goodwill amortization + amortization of customer-related intangible assets + M&A-related expenses
- Adjusted ordinary profit:
  Ordinary profit + goodwill amortization + amortization of customer-related intangible assets + M&A-related expenses
- Adjusted profit attributable to owners of parent:
  Profit attributable to owners of parent + goodwill amortization + amortization of customer-related intangible assets + M&A-related expenses

In the nine months ended May 31, 2026, net sales continued to grow steadily, driven by strengthening 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. In addition, profit attributable to owners of parent grew at a slower pace than operating profit due not only to the factors described above, but also to the recognition of share of loss of entities accounted for using equity method and other factors.

In addition to strengthening its sales activities, the Company has promoted AI utilization through AI investments, and sales per customer, number of customers, sales per project, and number of projects have continued to increase. In addition to our existing services, the launch and expansion of AI-related services have already shifted the Company onto a discontinuous growth trajectory. Actual figures for these indicators for the nine months ended May 31, 2026 and quarterly trend 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)

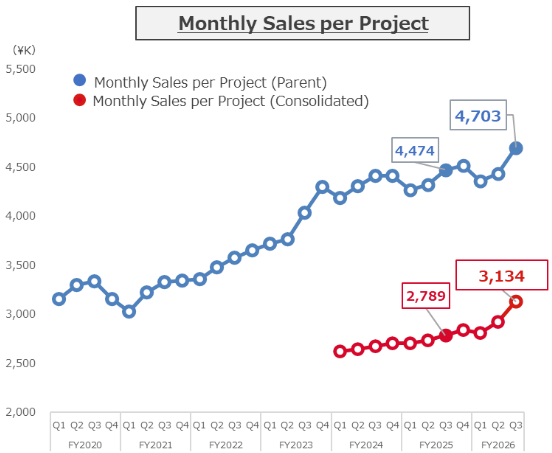
$$\text{Monthly sales per customer (consolidated)} = \frac{\text{Parent sales + sales of consolidated subsidiaries}}{\text{Number of customers at the parent (sum) + number of customers at consolidated subsidiaries (sum)}}$$

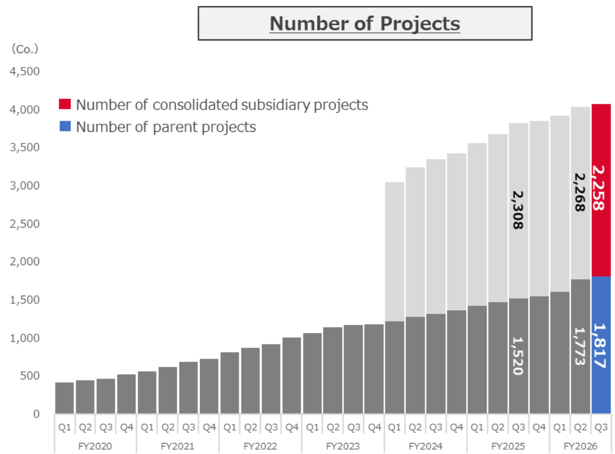
Parent sales	As noted in (a) above
Sales of consolidated subsidiaries	Quarterly sales obtained by adding up monthly sales for the corresponding three months
Number of customers at the parent (sum)	As noted in (a) above
Number of customers at consolidated subsidiaries (sum)	Quarterly number of customers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

Monthly number of customers = Number of customers at the parent (average) +
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

Number of projects = Average number of parent projects + Average number of consolidated subsidiary projects

Average number of parent projects	The average monthly number of projects for which sales were recognized during the quarter.
Average number of consolidated subsidiary projects	

3) Segment results

Segment results are as follows.

(a) Software Testing Related Services

(Millions of yen)

Nine months ended	May 31, 2025	May 31, 2026	Change	Change (%)
Net sales	61,873	74,534	12,660	20.5 %
Gross profit	22,839	25,835	2,996	13.1 %
Selling, general and administrative expenses	6,679	10,173	3,494	52.3 %
Of which, acquisition-related expenses	23	22	(1)	(5.1) %
Of which, goodwill amortization	9	24	15	167.2 %
Of which, amortization of customer-related intangible assets	—	—	—	— %
Operating profit	16,160	15,662	(498)	(3.1) %
EBITDA	16,319	15,926	(392)	(2.4) %

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, 2026, net sales in Software Testing Related Services increased as a result of thorough customer-focused proposals, coming in at ¥74,534 million (+20.5% year-on-year). Operating profit, however, declined to ¥15,662 million (-3.1% year-on-year), due to increased hiring expenses resulting from the normalization of recruitment activities that had been strategically restrained in the nine months ended May 31, 2025.

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 ¥22 million (-5.1% year-on-year).

Of the general and administrative expenses, ¥6,975 million (¥6,887 million in the nine months ended May 31, 2025) was recorded as corporate expenses and not allocated to the Software Testing Related Services segment.

(b) Software Development Related Services

(Millions of yen)

Nine months ended	May 31, 2025	May 31, 2026	Change	Change (%)
Net sales	29,804	35,978	6,174	20.7 %
Gross profit	7,780	9,374	1,593	20.5 %
Selling, general and administrative expenses	5,597	7,613	2,016	36.0 %
Of which, acquisition-related expenses	2	62	60	— %
Of which, goodwill amortization	632	813	181	28.6 %
Of which, amortization of customer-related intangible assets	62	69	7	12.1 %
Operating profit	2,183	1,761	(422)	(19.4) %
EBITDA	2,986	2,785	(200)	(6.7) %

In Software Development Related Services, the SHIFT Group mainly 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, 2026, net sales in Software Development Related Services increased as a result of the normalization of recruitment activities that had been strategically restrained in the nine months ended May 31, 2025, while operating profit declined due to the impact of upfront hiring investments. Net sales in Software Development Related Services amounted to ¥35,978 million (+20.7% year-on-year), while operating profit declined to ¥1,761 million (-19.4% year-on-year). Acquisition-related expenses associated with M&A activities included in the segment’s selling, general and administrative expenses amounted to ¥62 million (29.7x the amount recorded in the nine months ended May 31, 2025).

(c) Other Proximate Services

(Millions of yen)

Nine months ended	May 31, 2025	May 31, 2026	Change	Change (%)
Net sales	7,642	9,892	2,249	29.4 %
Gross profit	3,469	4,297	828	23.9 %
Selling, general and administrative expenses	3,065	3,511	445	14.5 %
Of which, acquisition-related expenses	171	145	(25)	(15.1) %
Of which, goodwill amortization	415	341	(73)	(17.7) %
Of which, amortization of customer-related intangible assets	218	203	(15)	(6.9) %
Operating profit	403	786	382	94.7 %
EBITDA	1,384	1,849	464	33.6 %

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, 2026, net sales in Other Proximate Services increased to ¥9,892 million (+29.4% year-on-year), while operating profit totaled ¥786 million (+94.7% year-on-year), driven in part by strong performance at certain group companies, primarily supported by replacement demand for PCs equipped with Windows 11. Acquisition-related expenses associated with M&A activities included in the segment's selling, general and administrative expenses came to ¥145 million (-15.1% year-on-year).

Note that segments are generally classified by individual company. However, in response to the diversification of services provided by the SHIFT Group in recent years, net sales information by individual company's service category is disclosed separately from segment information for reference purposes.

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

	Consulting	Development	Testing	BPaaS	Other	Adjustments	Total
Consolidated net sales	3,839	12,188	15,066	943	2,591	216	34,845
Of which, AI-related*1	85	523	326	0	16	—	952
Non-consolidated net sales	3,160	3,535	14,446	783	85	227	22,238

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

	Consulting	Development	Testing	BPaaS	Other	Adjustments	Total
Consolidated net sales	8,206	25,379	31,419	1,892	5,177	(39)	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	1,568	173	(10)	46,890

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

	Consulting	Development	Testing	BPaaS	Other	Adjustments	Total
Consolidated net sales	14,339	42,579	47,410	3,240	8,008	271	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	2,681	351	271	74,346

(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 of adjustments to the cost recovery method and principal-agent considerations, among other items for certain sales.
3. Services included in each category are as below.

Category	Service description
Consulting	Consulting services related to strategy, operational improvement, and digital transformation
Development	Services such as system development and package software implementation
Testing	Quality assurance services
BPaaS	Customer success, help desk, and various back office support operations
Other	Services not included in the categories above

(2) Summary of Financial Condition

(Assets)

Total assets as of May 31, 2026 were ¥105,279 million, increasing by ¥28,278 million compared to total assets as of August 31, 2025. This was mainly attributable to increases of ¥11,430 million in goodwill due to M&A and ¥10,025 million in cash and deposits due to borrowings and other factors.

(Liabilities)

Total liabilities as of May 31, 2026 were ¥66,644 million, increasing by ¥30,681 million compared to total liabilities as of August 31, 2025. This was mainly due to an increase of ¥18,700 million in short-term borrowings reflecting new loans obtained to acquire shares in Nisseicom, Limited, among others.

(Net assets)

Net assets as of May 31, 2026 were ¥38,634 million, decreasing by ¥2,403 million compared to net assets as of August 31, 2025. This mainly reflected an increase of ¥6,341 million in treasury shares deducted from net assets due to share buybacks, partially offset by a ¥3,979 million increase in retained earnings due to the recording of profit attributable to owners of parent.

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

The Company has revised the consolidated earnings and dividend forecasts for the fiscal year ending August 31, 2026 that it announced on October 14, 2025. For details, please refer to the press releases issued today (July 15, 2026), "Notice Regarding Revision of Earnings Forecasts and Recognition of Non-operating Expenses and Extraordinary Losses" and "Notice Concerning Changes to Capital Allocation Policy and Revision to Year-End Dividend Forecast (Commencement of Dividend Payments)."

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of August 31, 2025	As of May 31, 2026
Assets		
Current assets		
Cash and deposits	23,726	33,751
Notes and accounts receivable - trade, and contract assets	15,400	20,479
Inventories	1,626	1,971
Other	2,390	4,253
Allowance for doubtful accounts	(20)	(32)
Total current assets	43,123	60,424
Non-current assets		
Property, plant and equipment	7,923	8,628
Intangible assets		
Goodwill	7,866	19,296
Other	4,321	5,516
Total intangible assets	12,188	24,813
Investments and other assets		
Investment securities	9,583	4,999
Other	4,316	6,473
Allowance for doubtful accounts	(134)	(59)
Total investments and other assets	13,765	11,413
Total non-current assets	33,877	44,854
Total assets	77,001	105,279
Liabilities		
Current liabilities		
Accounts payable - trade	2,054	3,745
Short-term borrowings	—	18,700
Current portion of long-term borrowings	3,532	4,672
Accrued expenses	7,308	7,870
Income taxes payable	3,158	907
Provision for bonuses	423	2,153
Provision for share-based payments	80	30
Other provisions	16	—
Other	8,453	11,379
Total current liabilities	25,028	49,460
Non-current liabilities		
Long-term borrowings	8,504	11,312
Retirement benefit liability	136	3,377
Asset retirement obligations	705	1,042
Other	1,589	1,452
Total non-current liabilities	10,935	17,184
Total liabilities	35,963	66,644
Net assets		
Shareholders’ equity		
Share capital	21	21
Capital surplus	14,365	14,466
Retained earnings	31,964	35,943
Treasury shares	(5,834)	(12,176)
Total shareholders’ equity	40,516	38,255
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	71	(233)
Foreign currency translation adjustment	10	17
Total accumulated other comprehensive income	81	(216)
Share award rights	413	377
Share acquisition rights	25	50
Non-controlling interests	—	167
Total net assets	41,037	38,634
Total liabilities and net assets	77,001	105,279

(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, 2025	For the nine months ended May 31, 2026
Net sales	95,412	115,848
Cost of sales	62,370	77,490
Gross profit	33,041	38,358
Selling, general and administrative expenses	21,141	26,974
Operating profit	11,899	11,383
Non-operating income		
Interest income	8	20
Dividend income	0	19
Subsidy income	120	106
Reversal of allowance for doubtful accounts	2	79
Other	54	70
Total non-operating income	186	296
Non-operating expenses		
Interest expenses	76	203
Foreign exchange losses	—	18
Commission expenses	4	19
Share of loss of entities accounted for using equity method	—	3,872
Loss on investments in capital	369	234
Other	6	19
Total non-operating expenses	457	4,368
Ordinary profit	11,629	7,312
Extraordinary income		
Gain on change in equity	—	18
Gain on sale of investment securities	54	280
Gain on bargain purchase	1	—
Subsidy income	55	—
Total extraordinary income	112	298
Extraordinary losses		
Impairment losses	977	501
Loss on tax purpose reduction entry of non-current assets	55	—
Loss on valuation of investment securities	590	302
Total extraordinary losses	1,624	803
Profit before income taxes	10,117	6,806
Income taxes	3,771	2,836
Profit	6,346	3,970
Profit (loss) attributable to non-controlling interests	69	(8)
Profit attributable to owners of parent	6,277	3,979

Quarterly Consolidated Statements of Comprehensive Income

Nine months ended May 31

(Millions of yen)

	For the nine months ended May 31, 2025	For the nine months ended May 31, 2026
Profit	6,346	3,970
Other comprehensive income		
Valuation difference on available-for-sale securities	364	(304)
Foreign currency translation adjustment	(13)	6
Total other comprehensive income	351	(298)
Comprehensive income	6,697	3,671
(Breakdown)		
Comprehensive income attributable to owners of parent	6,628	3,680
Comprehensive income attributable to non-controlling interests	69	(8)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Pursuant to a resolution of the Board of Directors dated January 14, 2026, the Company acquired 7,900,000 shares of its own stock. As a result, treasury shares increased by ¥6,341 million during the nine months ended May 31, 2026, bringing the balance of treasury shares to ¥12,176 million as of May 31, 2026.

(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, 2025 (From September 1, 2024 to May 31, 2025)

1. Sales and profit or loss by reportable segment

(Millions of yen)

	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	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	16,160	2,183	403	18,747	(6,847)	11,899

(Notes)

1. The adjustment of ¥(6,847) million to segment profit mainly comprises corporate 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. The figures above have been restated to reflect a significant revision to the initial purchase price allocation following the finalization of the provisional accounting treatment for a business combination.

2. Assets by reportable segment

The amount of assets in the Software Testing Related Services segment increased by ¥8,354 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. The increase in segment assets reflects the revised amount following the finalization of the provisional accounting treatment.

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

	Software Testing Related Services	Software Development Related Services	Other Proximate Services	Corporate/ 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.

II. Nine months ended May 31, 2026 (From September 1, 2025 to May 31, 2026)

1. Sales and profit or loss by reportable segment

(Millions of yen)

	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	74,058	33,114	8,675	115,848	—	115,848
Intersegment net sales and transfers	476	2,863	1,216	4,557	(4,557)	—
Total	74,534	35,978	9,892	120,405	(4,557)	115,848
Segment profit	15,662	1,761	786	18,209	(6,825)	11,383

(Notes)

1. The adjustment of ¥(6,825) million to segment profit mainly comprises corporate 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

Compared with the end of the previous fiscal year (August 31, 2025), segment assets changed significantly as of the end of the first nine months of the fiscal year under review (May 31, 2026). This was mainly attributable to the acquisition of all shares of Nisseicom, Limited and its inclusion in the scope of consolidation, which resulted in the recognition of its assets and goodwill and increased assets in the Software Development Related Services segment by ¥29,768 million. In addition, assets in the Other Proximate Services segment increased by ¥19,958 million, primarily due to the recognition of shares of subsidiaries by the acquiring company.

The amount of assets in the Software Testing Related Services segment increased by ¥5,384 million from the end of the previous fiscal year, mainly due to an increase in cash and deposits resulting from borrowings and other factors.

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

(Significant impairment loss on non-current assets)

	Software Testing Related Services	Software Development Related Services	Other Proximate Services	Corporate/ eliminations	Total
Impairment losses	—	—	501	—	501

(Note) Business 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.

(Significant changes in the amount of goodwill)

Goodwill of ¥12,528 million was recognized in the Software Development Related Services segment as a result of the inclusion of Nisseicom, Limited in the scope of consolidation. The amount of goodwill is provisional because the purchase price allocation has not yet been completed.

(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, 2026. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill are as below.

	For the nine months ended May 31, 2025	For the nine months ended May 31, 2026
Depreciation	1,348 million yen	1,565 million yen
Amortization of goodwill	1,057 million yen	1,180 million yen