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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 Concerning Changes to Capital Allocation Policy and Revision to Year-End Dividend Forecast (Commencement of Dividend Payments)

SHIFT Inc. ("SHIFT," headquartered in Minato-ku, Tokyo, Japan; Masaru Tange, CEO and Representative Director) hereby announces that it resolved today to change its capital allocation policy, including the formulation of a shareholder return policy, and to revise its year-end dividend forecast for the fiscal year ending August 31, 2026. Details are as follows.

1. Background to the Policy Change

Since its listing on the Tokyo Stock Exchange Mothers market in 2014, SHIFT has expanded its business and achieved steady growth in both net sales and profits. Following its market transfer to the First Section of the Tokyo Stock Exchange in 2019, SHIFT positioned M&A as one of its key strategies. Since then, through its active M&A activities, SHIFT has grown to have 40 group companies, thereby enhancing the corporate value of the SHIFT Group.

In its M&A activities, SHIFT has aimed to become a comprehensive IT services company. To that end, SHIFT has conducted M&A targeting promising companies, primarily for the purpose of acquiring new service capabilities, talented human resources, technological capabilities, and customer bases, and has welcomed such companies into the SHIFT Group. Furthermore, in 2025, leveraging the M&A expertise it has cultivated to date, SHIFT established a fund, SGC 1 Investment Limited Partnership, which has made it possible for SHIFT to expand into M&A utilizing external capital.

Meanwhile, in response to the emergence of the AI era, SHIFT is currently promoting a transformation of its business model as an "AI-native company." In this process, the AI business domain that SHIFT has developed internally has steadily been shifting into the monetization phase. SHIFT has become convinced of the significant growth potential of this domain and has determined that it is necessary to allocate management resources in a focused manner toward its full-scale rollout going forward.

Since its listing, SHIFT has prioritized allocating the profits it has generated to growth investments. Under these circumstances, SHIFT believes that the expansion of its growth options, including the ability to conduct M&A utilizing external capital, has created financial capacity to balance continued investment with shareholder returns. Based on this recognition, SHIFT has reviewed its capital allocation policy through FY2028 and has decided to pay dividends for the first time since its listing.

Specifically, under its policy of conducting M&A primarily through transactions utilizing external capital, SHIFT will allocate profits generated through FY2028 as follows: 80% to internal reserves for the purpose of strengthening its financial base, enabling SHIFT to identify the management resources required in the AI era and flexibly execute optimal growth investments; and 20% to shareholder returns. In strengthening its financial base, SHIFT will seek to reduce the ratio of goodwill and customer-related intangible assets to net assets, and will strive to maintain a sound financial position in combination with the utilization of external capital. With regard to shareholder returns, SHIFT will set its total return ratio at 20%, of which half, or 10%, will be allocated to dividends, and the remaining half, or 10%, will be implemented as flexible shareholder return measures, including dividends or share repurchases, taking into account circumstances at the time.

The capital allocation policy and shareholder return policy announced today are based on the expansion of SHIFT's "means of growth," including the establishment of the fund, in addition to its business investments to date, and are intended to achieve both investment and shareholder returns. SHIFT will continue to position sales and account management, human resources and recruitment, technology, and M&A as key areas for business expansion. In addition, SHIFT will promote a variety of growth initiatives, including the full-scale rollout of AI services that have already begun to generate revenue. By linking these initiatives to the enhancement of shareholder returns, the SHIFT Group will aim to achieve sustainable enhancement of corporate value.

2. Revision to Dividend Forecast

(1) Details of Revision

	Annual dividends (Yen)		
	2nd quarter-end	Year-end	Total
Previously announced forecast		0.00	0.00
Revised forecast		4.10	4.10
Fiscal year ending August 31, 2026	0.00		
Fiscal year ended August 31, 2025	0.00	0.00	0.00

(2) Reason for Revision

With regard to the dividend forecast for the fiscal year ending August 31, 2026, SHIFT had previously announced, as of October 14, 2025, that it did not plan to pay a dividend. However, based on the policy described above, SHIFT has decided to revise its dividend forecast to ¥4.10 per share, with a record date of August 31, 2026. The dividend is scheduled to be submitted for approval as a proposal concerning the appropriation of surplus at the Company's 21st Annual General Meeting of Shareholders, to be held in November 2026.

Note: The above forecast has been calculated based on information available as of the date of this announcement. The actual dividend may differ from the forecast due to various factors going forward.

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