

May 8th, 2023

To Our Valued Stakeholders,

Announcement of Acquisition of CREIT SOLUTIONS Inc.

SHIFT Inc. (“SHIFT,” headquartered in Minato-ku, Tokyo, Japan; Masaru Tange, CEO and Representative Director) announced today that its wholly-owned subsidiary, SHIFT Growth Capital (“SGC,” headquartered in Minato-ku, Tokyo, Japan; Taichi Hattori, Representative Director) decided to acquire a 90.1% equity interest in CREIT SOLUTIONS Inc. (“CREIT SOLUTIONS,” headquartered in Minato-ku, Tokyo, Japan; Takehiko Wakayama, Representative Director and Chairman; Yutaka Arisawa, Representative Director and President), a provider of contracted system development, consulting service, system engineering service. SHIFT Group will also negotiate to acquire the rest equity (9.9%) with the shareholders of CREIT SOLUTIONS.

1. Reason for the acquisition

CREIT SOLUTIONS, which will participate in the SHIFT Group, possesses advanced development and technological capabilities in system installation, development, maintenance, and operation in ERP domain. Major SIer (system integrators) that are its major customers certified CREIT SOLUTIONS not only as the Company’s core partner, but also as a development-related partner, which is one of only three of the SIer’s core partners. CREIT SOLUTIONS has also built strong relationships with customers in the telecommunications, EC packaging, and finance sectors, and has also been recognized as a key partner by the other customer. On the other hand, due to the recent recruitment environment, CREIT SOLUTIONS is aware that it is getting more challenging to build a supply system that meets stable orders from customers.

By participating in the SHIFT Group, CREIT SOLUTIONS expects to collaborate with SHIFT and HOPES Corporation (“HOPES,” headquartered in Chuo-ku, Tokyo; Representative Director and President: Kentaro Uehara), which is a group company (a wholly-owned subsidiary) of SHIFT and provides business in ERP domain.

By sharing the recruitment know-how that SHIFT has accumulated to date, CREIT SOLUTIONS will also work to build strong service supply system and to cultivate new customers while maintaining stable business relations with its key customers.

As a part of its efforts to strengthen its customer base, HOPES is working to strengthen its relationships with major SIer, one of its customers, with the aim of further strengthening its development capabilities and technological capabilities. By collaborating with CREIT SOLUTIONS, HOPES will work to strengthen its development capabilities, particularly in ERP domain, with the aim of further growing centered on its core businesses.

2. Outline of SGC

(1) Name	SHIFT Growth Capita Inc.	
(2) Address	Masonic 39 MT Building, 2-4-5 Azabudai, Minato-ku, Tokyo	
(3) Name and title of representative	Taichi Hattori, Representative Director	
(4) Business	<ul style="list-style-type: none"> • Strategic planning and execution of M&A • Management and administration of the investee • Other business related to the business above 	
(5) Capital stock	¥22.5 million	
(6) Founded	March 9 th , 2022	
(7) Major shareholders and their shareholding ratio(s)	SHIFT Inc. 100%	
(8) Relationship between SHIFT and SGC	Capital relationship	SGC is a wholly owned subsidiary of SHIFT.
	Personnel relationship	Three directors and one auditor of SGC are from SHIFT.
	Business relationship	No material business relationship with SHIFT.
	Related Party Status	SGC is a wholly owned subsidiary of SHIFT.

3. Overview of CREIT SOLUTIONS

(1) Name	CREIT SOLUTIONS Inc.		
(2) Address	Shimbashi Tokyu Building 6F, 4-21-3, Shimbashi, Minato-ku, Tokyo		
(3) Name and title of representative	Takehiko Wakayama, Representative Director and Chairman Yutaka Arisawa, Representative Director and President		
(4) Business	<ul style="list-style-type: none"> • Contracted system development • Consulting service • System engineering service 		
(5) Capital stock	¥98 million		
(6) Founded	October 9th, 1976 Note: It started its business as “CREIT SOLUTIONS” from July 1st, 2022		
(7) Major shareholders and their shareholding ratio(s)	MINATO HOLDINGS INC. 90.1% 8 individuals 8.5% 2 companies 1.5%		
(8) Relationship between SHIFT and CREIT SOLUTIONS	Capital relationship	No material capital relationship between SHIFT and CREIT SOLUTIONS, neither between SHIFT related party/company and CREIT SOLUTIONS related party/company	
	Personnel relationship	No material personnel relationship between SHIFT and CREIT SOLUTIONS, neither between SHIFT related party/company and CREIT SOLUTIONS related party/company	
	Business relationship	No material business relationship between SHIFT and CREIT SOLUTIONS, neither between related SHIFT party/company and CREIT SOLUTIONS related party/company.	
	Related Party Status	No material business relationship between SHIFT and CREIT SOLUTIONS.	
(9) Operating results and financial position of CREIT SOLUTIONS over the past three years			
Fiscal year end	January 31 st , 2021	January 31 st , 2022	March 31 st , 2022
Net assets	120	178	175
Total assets	529	517	563
Net assets per share (yen)	561	832	815
Net sales	1,530	1,458	270
Operating income	13	48	14
Ordinary income	23	85	16
Net income/loss	▲7	58	▲3
Basic earnings/loss per share (yen)	▲32	270	▲16
Dividend per share (yen)	0	0	0

Note: In July 2022, Pioneer Soft. merged EIT and Pioneer Soft. changed its name “CREIT SOLUTIONS”.

Note: Pioneer Soft. changed its fiscal year in March 2022.

Note: In the fiscal year ended March 2022 (April 2021 to March 2022), EIT recorded net sales of 481 million yen, operating income of 50 million yen, and ordinary income of 23 million yen and in the fiscal year ended June 2022 (April 2022 to June 2022), net sales of 119 million yen, operating income of 15 million yen, ordinary income of 16 million yen.

4. Overview of MINATO HOLDINGS INC.

(1) Name	MINATO HOLDINGS INC.	
(2) Address	Shimbashi Tokyu Building 6F, 4-21-3 Shimbashi, Minato-ku, Tokyo	
(3) Name and title of representative	Takehiko Wakayama, Chairman and President	
(4) Business	Business administration of group companies	
(5) Capital stock	¥ 1,062,673 thousand (As of March 31 st , 2022)	
(6) Founded	December 17 th , 1956	
(7) Net assets	¥ 3,197,481 thousand (As of March 31 st , 2022)	
(8) Total assets	¥ 10,893,262 thousand (As of March 31 st , 2022)	
(9) Major shareholders and their shareholding ratio(s) (Ratios of the total shares issued excluding the shares in treasury stock) (As of March 31 st , 2022)	Name of shareholders	Ratios of total shares issued (%)
	Takehiko Wakayama	5.29%
	Toshiya Nakaide	2.83%
	Individual	2.78%
	Individual	1.99%
	UEDA YAGI TANSHI Co., Ltd.	1.98%
	Kazuhide Kamitani	1.92%
	Noriyuki Usami	1.78%
	Hitoshi Aizawa	1.64%
Individual	1.59%	
Individual	1.56%	
(10) Relationship between SHIFT and MINATO HOLDINGS	Capital relationship	No material capital relationship between SHIFT and MINATO HOLDINGS, neither between SHIFT related party/company and MINATO HOLDINGS related party/company
	Personnel relationship	No material personnel relationship between SHIFT and MINATO HOLDINGS, neither between SHIFT related party/company and MINATO HOLDINGS related party/company
	Business relationship	No material business relationship between SHIFT and MINATO HOLDINGS, neither between related SHIFT party/company and MINATO HOLDINGS related party/company.
	Related Party Status	No material business relationship between SHIFT and MINATO HOLDINGS.

5. Number of shares to be acquired, acquisition price, and shareholdings before and after transaction

(1) Number of shares held by SHIFT before the transfer	None (Number of voting rights: 0) (Percentage of voting rights held: 0.0%)
(2) Number of shares to be acquired by SHIFT	464,452 shares (Number of voting rights: 464,452)
(3) Acquisition price	¥ 1,756,557,464
(4) Number of shares to be held by SHIFT after the transfer	464,452 shares (Number of voting rights: 464,452) (Percentage of voting rights: 90.1%)

Note: SHIFT has negotiated the aforementioned acquisition price based on a third party appraisal.

6. Schedule

(1) Investment Committee resolution date	May 8 th , 2023
(2) Execution date of the share subscription agreement	May 8 th , 2023
(3) Expected closing date	June 1 st , 2023

7. Future Outlook

The SHIFT Group expects that this acquisition would have no material impact on its financial results and financial condition, although it will disclose an impact on its future financial outlook regarding the aforementioned acquisition as soon as possible, when there happens a drastic change in its situation.

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Contact

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