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November 7, 2025

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

SHIFT's View on Dissenting Recommendation by ISS, the Proxy Advisory Company, Regarding Proposal No.2 "Election of two (2) Directors who are Audit & Supervisory Committee Members"of the 20th Annual General Meeting of Shareholders

SHIFT Inc. ("SHIFT," headquartered in Minato-ku, Tokyo, Japan; Masaru Tange, CEO and Representative Director) has obtained information that regarding the case of the "Election of two (2) Directors who are Audit & Supervisory Committee Members" on Proposal No. 2 to be presented at the 20th Annual General Meeting of Shareholders scheduled to be held on November 25, 2025 ("Proposal"), Institutional Shareholder Services Inc. ("ISS") of the proxy advisory company is advising against the election of Ms. Naoko Yanaka, the candidate number 2. SHIFT's position on this Proposal is as stated in the Notice of the 20th Annual General Meeting of Shareholders, and SHIFT would like to provide a supplementary explanation of its views and would appreciate your understanding.

1. Content of opposing recommendations by ISS

Regarding the election of Ms. Yanaka as the candidate, number 2 in this proposal, ISS considers that she is not independent and recommends it to be opposed.

It is because SHIFT only discloses provision of professional services by the outsider or her organization, and fails to disclose the amount paid, preventing shareholders from assessing the materiality of the relationship.

2. SHIFT's view

SHIFT has determined that Ms. Yanaka is qualified as an outside director serving on the Audit & Supervisory Committee because there is no fact that she lacks independence due to the following reasons.

(1) Ms. Yanaka belongs to the law firm, but she is not an executive and has no transactions as an individual.

As stated in the Notice of Convocation, Ms. Yanaka joined the Tokyo International Law Office in January 2021 as counsel. She is not an executive of the office as stipulated in the "Criteria for Determining the Independence of Outside Directors and Outside Audit & Supervisory Board Members" established by the Tokyo Stock Exchange, Inc. with reference to the "Securing of Independent Directors (Article 436-2 of the Securities Listing Regulations)," "Guidelines for Listing Management, etc." and the "Criteria for Appointing Independent Directors in the Regulations of the Board of Directors" of the Japan Board of Directors Association. In addition, there have been no transactions with SHIFT in the past 3 years as an individual.

(2) Average annual transaction value with Tokyo International Law Office over the past 3 years is ¥10 million or less, and 2% or less of total sales of the office

As described in (1), there is no fact that the appointment of Ms. Yanaka in this agenda violates SHIFT's "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members". Moreover, as a supplement to the transaction amount between the Tokyo International Law Office and SHIFT, the average annual transaction amount for the past 3 years is lower than ¥10 million. The amount is also lower than 2% of the total sales of the office, which passes the criteria specified in the "Independence Criteria for Outside Directors and Outside Audit & Supervisory Board Members" even if we assume the candidate for this agenda is an executive officer of the office.

(3) In addition to the above, when Ms. Yanaka is a director candidate as an Audit and Supervisory Committee member, our Nominating and Compensation Committee deliberates on the criteria for determining the independence of outside officers based on SHIFT's "Independence Criteria for Outside Officers". And then, with the consent of the Audit and Supervisory Committee, Ms. Yanaka has been resulted at the Board of Directors meeting as a director candidate.

Ms. Yanaka meets the requirements for independent directors under the provisions of the Tokyo Stock Exchange, and SHIFT has notified the Exchange that she will be designated as an independent director.

[Reference]

<Positive and negative opinions regarding the previous appointment of Ms. Yanaka in 2023>

Number of votes in favor	160,388
Number of votes against	46
Percentage in favor	99.97%

We would like to ask all shareholders to carefully consider the above supplementary explanation before exercising their voting rights.

< Contact >
SHIFT
Investor Relations Unit
mailto:ir_info@shiftinc.jp