

8, March 2024

Company Name: HEROZ, Inc.

Names of Representatives:

Takahiro Hayashi,

Chief Executive Officer

Stock Code: 4382

Contact: Hiroya Mori,

Chief Financial Officer

(Telephone: +81-3-6435-2495)

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Announcement of Revisions to Full-Year Consolidated Earnings Forecasts for the Fiscal Year
Ending April 2024

HEROZ, Inc. (the “Company”) hereby announce that we have decided to revise our consolidated earnings forecast for the fiscal year ending April 30, 2024, which was disclosed on June 9, 2023, as follows.

1. Revision of consolidated earnings forecast for the fiscal year ending April 30, 2024
(May 1, 2023 - April 30, 2024)

	Net Sales	EBITDA(*)	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
Forecast announced on Jun. 9 (A)	Millions of Yen 4,800	Millions of Yen 800	Millions of Yen 400	Millions of Yen 385	Millions of Yen 30	Yen Sen 2.00
Revised forecast announced at this time (B)	4,850	920	450	410	-930	-61.85
Increase/Decrease (B-A)	50	120	50	25	-960	-
Percentage increase/decrease (%)	+1.0%	+15.0%	+12.5%	+6.5%	-	-
(Reference) Full year result ended April. 30, 2023	2,980	609	257	216	-574	-38.22

*EBITDA (operating income + depreciation and amortization + amortization of security deposits + amortization of goodwill (excluding extraordinary losses) + stock-based compensation expense + loss on write-down of inventories)

2. Reasons for Revision of Earnings Forecasts

Based on the favorable progress of sales revenue, EBITDA, and operating profit for the third quarter of the fiscal year ending in April 2024, we will revise our full-year performance forecast. Regarding the revision of this performance forecast, we announced on November 24, 2023 that we were examining the impact on the consolidated full-year performance due to the acquisition of A.I. Squared, Inc. As of now, we have examined and calculated the impact based on the available information, so we have disclosed the revised figures.

Furthermore, regarding the inclusion period of A.I. Squared, Inc. in the consolidated full-year performance for the fiscal year ending in April 2024, it has been determined after consultation with the auditing firm that it will cover a period of 5 months (the third quarter from October to December, which is 3 months, and the fourth quarter from January to February, which is 2 months). Based on this, we are calculating the sales revenue, EBITDA, operating profit, and ordinary profit.

Furthermore, regarding the recognition of extraordinary losses due to the partial lump-sum amortization of goodwill associated with the share impairment treatment of our consolidated subsidiary, VarioSecure Inc., we have been examining the impact on the full-year consolidated

performance. Based on the available information at this time, we have also conducted a thorough examination and will disclose the findings in conjunction with the other revisions. We announced this on February 2, 2024.

Based on the impact of the recognition of extraordinary losses on the full-year consolidated performance for the fiscal year ending in April 2024, the current net loss attributable to the parent company shareholders is expected to be 930 million yen. As mentioned in the announcement on February 2nd, it should be noted that due to a market price decline of over 50% compared to the acquisition cost of VarioSecure Inc. shares as of January 31, 2024, we will recognize the impairment loss on these shares in the separate financial statements. As a result, in accordance with the provisions of the "Practical Guidelines for Capital Consolidation Procedures in Consolidated Financial Statements," we will amortize this impairment in the consolidated financial statements. This amortization represents the lump-sum amortization of a portion of the goodwill due to the decline in the market price of VarioSecure Inc. shares in the consolidated financial statements and does not refer to the amortization of goodwill that is recognized in the separate financial statements of VarioSecure Inc.

Regarding our performance forecast, it is based on the information available to us at the present time and our internal assessment. The forecast is subject to various uncertainties, and the actual performance may differ from these projected figures. We will periodically review and, in accordance with disclosure regulations, publicly announce updates to our performance forecast as necessary.