

19, 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)

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Notice of Acquisition of Shares of Tifana.com Co., Ltd. (Making it a Subsidiary)

HEROZ, Inc. (the "Company") hereby announces that it has decided to acquire shares of Tifana.com Co., Ltd. (hereinafter referred to as "Tifana.com") and concluded a share transfer agreement on March 19, 2024.

**1. Reason for acquisition of shares**

With the vision of "creating the AI Revolution and building the future," we provide AI-based services in BtoC and BtoB areas, to make people's lives more convenient and enjoyable.

In addition, under the group strategy of "AI SaaS," we are promoting the implementation of AI throughout society by providing SaaS-type AI solutions to the market, leveraging the Group's accumulated AI-related technologies, SaaS, and security-related knowledge.

In recent years, AI market has seen rapid technological innovation and investment expansion in AI-related fields, including Large Language Models ("LLM"), both in Japan and overseas, triggered by the release of "ChatGPT" by OpenAI. We expect that advanced AI technologies, including LLM, will further penetrate and be implemented in societies, and that the power of AI will bring about fundamental reforms to existing business processes and business models in various industries(We call this trend "AI Transformation (AIX)").

Amidst this expected growth in demand for AIX, we have positioned LLM at the core of our business strategy, and are actively pursuing R&D related to generative AI and the development of SaaS-type services that utilize LLM. In September 2023, we announced "HEROZ ASK for Enterprise," an LLM-based AI assistant. After receiving feedback from a large number of major

customers through the closed beta version, we improved the functions of the product to make it easier to use in business settings, and in February 2024, we began offering an early access version (paid version).

Tifana.com is engaged in the AI business, which develops and sells DX solutions using AI for corporate clients, and the Web production business, which builds and designs websites, based on the desire to "make the world smile with the power of the Web and AI.

In the AI business, we provide the DX solution "AI Sakura-San," which is currently being introduced at numerous train stations and commercial facilities for guidance and customer service. In addition to customer service and reception through avatars, "AI Sakura-San" has been developed in various series to meet the needs of companies, such as internal help desks, reception support, and business improvement, to realize automation of customer operations through services suited to each company.

**【Reasons why "AI Sakura-San" is chosen】**

The latest AI technologies such as ChatGPT and image generation AI are installed.

Having acquired various ISO certifications such as patents related to AI, quality assurance, and cloud security.

Customized and delivered in a short period of time according to the client's business

Operation and maintenance are fully automated.

"AI Sakura-San" was also selected first in the BOXIL SaaS section chatbot category in the "BOXIL SaaS Award 2024," in which Smart Camp Inc. awards the most highly regarded SaaS of the moment. It was also selected as "Good Service," "No. 1 in Service Stability," "No. 1 in Functional Satisfaction," and "No. 1 in Ease of Use" in the chatbot category in the "BOXIL SaaS Award Spring 2024," announced on the same day.

Although the further penetration and implementation of advanced AI technologies, including LLM, in society is being promoted, it is said that the current business scene in Japan does not fully trust LLM in terms of low accuracy of information and information control. It is also said that it is difficult to get an image of how to utilize LLM and that it is only used as a search tool.

Under such circumstances, we will acquire the shares of Tifana.com in order to accelerate the implementation and utilization of LLM in society and business scenes and further promote AIX by mutually utilizing "Tifana.com" know-how, technology, and design capabilities that have made AI and chatbots a familiar part of society" and "our know-how in implementing AI solutions in various industries, knowledge specialized in the use of LLM in business scenes, and our products". By mutually utilizing "our know-how, technology, and design capabilities that have made LLM a

familiar presence in the market," and "our expertise in implementing AI solutions in various industries and our knowledge and products specialized for use in LLM business scenes," we have decided to acquire shares of Tifana.com to further promote AIX by accelerating the implementation and use of LLM in society and business scenes.

## 2. Outline of the subsidiary to be transferred (Tifana.com )

(1)	Name	Tifana.com Co., Ltd.		
(2)	Location	2-22-7 Oohashi, Meguro-ku, Tokyo		
(3)	Job title and name of Representative	Ryo Fujii President and Representative Director		
(4)	Description of business	Web production business and AI business		
(5)	Share capital	200 million yen		
(6)	Date of establishment	May, 2000		
(7)	Major shareholders and ownership ratios	The company is not disclosing this information based on the confidentiality obligation under the share transfer agreement, as the company is acquiring shares from an individual.		
(8)	Relationship between the Company and said company	Capital relationship	Not applicable	
		Personnel relationship	Not applicable	
		Business relationship	Not applicable	
(9)	Operating results and financial condition of Tifana.com for the past three years			
	As of / Fiscal year ended	February 2021	February 2022	February 2023
	Net assets	113	143	43
	Total assets	343	350	269
	Net assets per share (Yen)	28,363.72	35,817.34	10,874.96
	Net sales	568	570	423
	Operating income	-34	32	(*)-104
	Ordinary income	-25	40	-96
	Net income	-28	29	-99
	Net income per share (Yen)	-7,226.06	7,453.61	-24,942.37
	Dividend per share (Yen)	—	—	—

(Million of yen, unless otherwise noted)

\*With respect to operating income for the fiscal year ending February 2023, after adjusting for certain estimated amounts associated with the transfer, the actual operating income of the business is 21 million yen, and the business remains substantially profitable.

**3. Number of shares acquired, acquisition price and shareholding before and after acquisition**

(1) Name	The company is not disclosing this information based on the confidentiality obligation under the share transfer agreement, as the company is acquiring shares from an individual.
(2) Address	The company is not disclosing this information based on the confidentiality obligation under the share transfer agreement, as the company is acquiring shares from an individual.
(3) Relationship between the Company and said person	There are no applicable capital, personal, or business relationships.

**4. Number of shares acquired, acquisition price and shareholding before and after acquisition**

(1) Number of shares held before the change	- shares (Number of voting rights: - unit) (Ratio of voting rights held: -%)
(2) Number of shares to be acquired	4,000 shares (Number of voting rights: 4,000 units)
(3) Acquisition price	730 million of yens (*)
(4) Number of shares held after the change	4,000 shares (Number of voting rights : 4,000 units) (Ratio of voting rights held: 100%)

\* In addition to the above, an agreement has been reached with the current owners of Tifana.com regarding conditional consideration. The consideration for the price adjustment will be an amount calculated by multiplying the sales of the company's AI business by a certain rate over the three fiscal years following the acquisition of the shares.

**5. Timetable**

(1)	Date of resolution at the meeting of the Board of Directors	March 19, 2024
(2)	Date of conclusion of the agreement	March 19, 2024
(3)	Date of commencement of share transfer	March 25, 2024 (scheduled)

**6. Future outlook**

The Company plans to acquire shares of Tifana.com and make Tifana.com a consolidated subsidiary on March 25, 2024. We are currently examining the impact of this acquisition on our consolidated financial results for the fiscal year ending April 30, 2024, and will promptly announce any matters that need to be disclosed in the future.