

**Translation**

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**Summary of Non-Consolidated Financial Results  
for the Year Ended April 30, 2018  
(Based on Japanese GAAP)**

June 8, 2018

Company name: HEROZ, Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 4382 URL <https://www.heroz.co.jp>  
 Representative: Representative Director and CEO Takahiro Hayashi  
 Inquiries: Director and CFO Daisuke Asahara TEL 03(6435)2495  
 Scheduled date of ordinary general meeting of shareholders: July 27, 2018  
 Scheduled date to file Securities Report: July 30, 2018  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended April 30, 2018 (from May 1, 2017 to April 30, 2018)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended April 30, 2018	1,155	31.6	354	298.6	338	258.9	247	162.7
Year ended April 30, 2017	877	(24.1)	88	–	94	–	94	–

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended April 30, 2018	82.08	73.14	31.3	32.1	30.7
Year ended April 30, 2017	29.44	28.51	103.6	22.8	10.1

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of April 30, 2018	1,748	1,504	86.1	451.38
As of April 30, 2017	363	74	20.6	25.79

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended April 30, 2018	373	(36)	1,013	1,555
Year ended April 30, 2017	111	2	(171)	204

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended April 30, 2017	–	0.00	–	0.00	0.00	–	–	–
Year ended April 30, 2018	–	0.00	–	0.00	0.00	–	–	–
Year ending April 30, 2019 (Forecast)	–	0.00	–	0.00	0.00		–	

3. Forecast of non-consolidated financial results for the year ending April 30, 2019 (from May 1, 2018 to April 30, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	1,300	12.6	400	12.9	400	18.1	280	13.3	83.38

4. Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:	No
Changes in accounting policies due to other reasons:	No
Changes in accounting estimates:	No
Restatement of prior period financial statements:	No

(2) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of April 30, 2018	3,333,839 shares	As of April 30, 2017	3,200,000 shares
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Number of treasury shares at the end of the period

As of April 30, 2018	10 shares	As of April 30, 2017	300,000 shares
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Average number of shares during the period

Year ended April 30, 2018	3,010,005 shares	Year ended April 30, 2017	3,195,068 shares
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**Non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

	As of April 30, 2017	As of April 30, 2018
Assets		
Current assets		
Cash and deposits	204,767	1,555,078
Accounts receivable - trade	129,995	102,266
Work in process	–	6,356
Prepaid expenses	6,708	8,560
Deferred tax assets	–	11,611
Other	561	1,023
Total current assets	342,033	1,684,896
Non-current assets		
Property, plant and equipment		
Buildings, net	1,745	1,434
Tools, furniture and fixtures, net	2,370	2,940
Construction in progress	–	25,874
Total property, plant and equipment	4,115	30,250
Intangible assets		
Software	593	233
Total intangible assets	593	233
Investments and other assets		
Long-term prepaid expenses	204	46
Deferred tax assets	–	8,406
Other	16,867	24,300
Total investments and other assets	17,072	32,752
Total non-current assets	21,781	63,237
Total assets	363,814	1,748,133

(Thousands of yen)

	As of April 30, 2017	As of April 30, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	53,620	21,890
Short-term loans payable	10,000	–
Accounts payable - other	14,153	20,715
Accrued expenses	15,458	15,787
Income taxes payable	290	125,524
Advances received	6,801	12,633
Deposits received	32,437	9,705
Provision for bonuses	–	6,414
Other	6,256	30,630
<b>Total current liabilities</b>	<b>139,018</b>	<b>243,301</b>
<b>Non-current liabilities</b>		
Convertible bond-type bonds with share acquisition rights	150,000	–
<b>Total non-current liabilities</b>	<b>150,000</b>	<b>–</b>
<b>Total liabilities</b>	<b>289,018</b>	<b>243,301</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	61,350	205,990
<b>Capital surplus</b>		
Legal capital surplus	–	144,640
Other capital surplus	61,350	829,036
<b>Total capital surpluses</b>	<b>61,350</b>	<b>973,676</b>
<b>Retained earnings</b>		
Other retained earnings		
Retained earnings brought forward	78,095	325,167
<b>Total retained earnings</b>	<b>78,095</b>	<b>325,167</b>
Treasury shares	(126,000)	(4)
<b>Total shareholders' equity</b>	<b>74,795</b>	<b>1,504,831</b>
<b>Total net assets</b>	<b>74,795</b>	<b>1,504,831</b>
<b>Total liabilities and net assets</b>	<b>363,814</b>	<b>1,748,133</b>

## Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended April 30, 2017	Fiscal year ended April 30, 2018
Net sales	877,623	1,155,023
Cost of sales	685,637	646,095
Gross profit	191,986	508,927
Selling, general and administrative expenses	103,131	154,737
Operating profit	88,854	354,189
Non-operating income		
Interest income	3	4
dividends on investment	3,040	1,577
Subsidy income	2,500	–
Other	328	207
Total non-operating income	5,872	1,789
Non-operating expenses		
Interest expenses	374	32
Share issuance cost	–	4,816
Going public expenses	–	12,462
Total non-operating expenses	374	17,311
Ordinary profit	94,352	338,667
Profit before income taxes	94,352	338,667
Income taxes - current	290	111,612
Income taxes - deferred	–	(20,017)
Total income taxes	290	91,595
Profit	94,062	247,072

## Non-consolidated statements of changes in equity

Fiscal year ended April 30, 2017

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of current period	61,350	61,350	–	61,350	(15,966)	(15,966)	–	106,733
Changes of items during period								
Profit					94,062	94,062		94,062
Purchase of treasury shares							(126,000)	(126,000)
Capital reduction		(61,350)	61,350	–				–
Net changes of items other than shareholders' equity								
Total changes of items during period	–	(61,350)	61,350	–	94,062	94,062	(126,000)	(31,937)
Balance at end of current period	61,350	–	61,350	61,350	78,095	78,095	(126,000)	74,795

	Total net assets
Balance at beginning of current period	106,733
Changes of items during period	
Profit	94,062
Purchase of treasury shares	(126,000)
Capital reduction	–
Net changes of items other than shareholders' equity	–
Total changes of items during period	(31,937)
Balance at end of current period	74,795

Fiscal year ended April 30, 2018

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
Balance at beginning of current period	61,350	–	61,350	61,350	78,095	78,095	(126,000)	74,795
Changes of items during period								
Issuance of new shares	144,640	144,640		144,640				289,281
Profit					247,072	247,072		247,072
Disposal of treasury shares			767,686	767,686			125,995	893,681
Net changes of items other than shareholders' equity								
Total changes of items during period	144,640	144,640	767,686	912,326	247,072	247,072	125,995	1,430,035
Balance at end of current period	205,990	144,640	829,036	973,676	325,167	325,167	(4)	1,504,831

	Total net assets
Balance at beginning of current period	74,795
Changes of items during period	
Issuance of new shares	289,281
Profit	247,072
Disposal of treasury shares	893,681
Net changes of items other than shareholders' equity	–
Total changes of items during period	1,430,035
Balance at end of current period	1,504,831

## Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended April 30, 2017	Fiscal year ended April 30, 2018
Cash flows from operating activities		
Profit before income taxes	94,352	338,667
Depreciation	4,144	2,530
Amortization of lease deposits	724	524
Interest income	(3)	(4)
Subsidy income	(2,500)	–
dividends on investment	(3,040)	(1,577)
Interest expenses	374	32
Going public expenses	–	12,462
Share issuance cost	–	4,816
Increase (decrease) in provision for bonuses	(798)	6,414
Decrease (increase) in notes and accounts receivable - trade	30,829	27,728
Decrease (increase) in inventories	–	(6,356)
Decrease (increase) in prepaid expenses	(1,615)	(1,851)
Increase (decrease) in notes and accounts payable - trade	(31,628)	(31,730)
Increase (decrease) in accounts payable - other	(4,902)	(658)
Increase (decrease) in accrued expenses	(3,924)	328
Increase (decrease) in deposits received	22,934	(22,731)
Increase (decrease) in advances received	3,361	5,831
Other, net	(8,952)	38,607
Subtotal	99,356	373,036
Interest income received	3	4
Proceeds from subsidy income	2,500	–
Proceeds from dividends on investment	2,858	952
Interest expenses paid	(374)	(32)
Income taxes (paid) refund	6,907	(290)
Net cash provided by (used in) operating activities	111,250	373,669
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,023)	(28,306)
Purchase of intangible assets	(120)	(193)
Payments for lease and guarantee deposits	(300)	(7,957)
Proceeds from collection of lease and guarantee deposits	3,971	–
Net cash provided by (used in) investing activities	2,527	(36,456)
Cash flows from financing activities		
Increase in short-term loans payable	10,000	–
Decrease in short-term loans payable	(100,000)	(10,000)
Repayments of long-term loans payable	(5,000)	–
Proceeds from issuance of convertible bond type bonds with subscription rights to shares	50,000	316,604
Proceeds from issuance of common shares	–	189,306
Purchase of treasury shares	(126,000)	–
Proceeds from disposal of treasury shares	–	527,085
Other, net	–	(9,898)
Net cash provided by (used in) financing activities	(171,000)	1,013,097
Net increase (decrease) in cash and cash equivalents	(57,221)	1,350,310
Cash and cash equivalents at beginning of period	261,989	204,767
Cash and cash equivalents at end of period	204,767	1,555,078