

10 November 2021

Company Name: HEROZ, Inc.

Names of Representatives:

Takahiro Hayashi,

Co-Chief Executive Officer

Stock Code: 4382

Contact: Hiroya Mori,

Chief Financial Officer

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Notice of Issuance of Stock Acquisition Rights

HEROZ, Inc. (hereinafter referred to as the “Company”) hereby announce that in accordance with the provisions of Articles 236, 238 and 240 of the Companies Act, a resolution has been passed to issue 11th Stock Acquisition Rights to directors, executive officers and employees. This resolution was passed at our Board of Directors meeting held on 10 November 2021. The detail is as follows.

I. Objectives and Reasons for Issuance of the Stock Acquisition Rights

Objectives of issuing the Stock Acquisition Rights with charge to directors, executive officers, and employees are to further increase motivation and morale, as well as to further enhance our cohesiveness to expand our business performance and increase our corporate value over the medium to long term.

The total number of shares of common stock that would increase if all the Stock Acquisition Rights were exercised would be equivalent to 1.04% of the total number of outstanding shares. However, the Stock Acquisition Rights are subject to the outcome of performance targets set in advance, and we recognize that achieving these targets will contribute to increasing corporate and shareholder value. For this reason, we believe that the issuance of the Stock Acquisition Rights will contribute to the benefit of our existing shareholders. Additionally, we believe that the effect of stock dilution due to the issuance will fall within an acceptable range.

II. Stock Acquisition Rights Issuance Provisions

1. Number of Stock Acquisition Rights

1,575 rights

2. Payment in Exchange for Stock Acquisition Rights

The issue price per one Stock Acquisition Rights shall be JPY 1. The value, which is not particularly advantageous, has been determined to be the same as the result calculated by StewartMcLaren, Inc., a third-

party evaluation organization.

3. Details of Stock Acquisition Rights

(1) Type and number of shares granted for Stock Acquisition Rights

The number and type of shares granted for each Stock Acquisition Right (hereinafter referred to as “number of shares granted”) shall be 100 common shares of the Company.

(2) Value of assets to be invested in the exercise of Stock Acquisition Rights and calculation method

The value of assets invested upon the exercise of the Stock Acquisition Rights shall be the amount obtained by multiplying the amount paid per share (hereinafter referred to as “exercise price”) by the number of shares granted. The exercise price shall be JPY 1,670.

(3) Period during which Stock Acquisition Rights can be exercised

The period during which the Stock Acquisition Rights can be exercised shall be from 1 May 2024 to 31 December 2026.

(4) Capital increase and capital reserve

(4.1) The amount of capital to be increased upon share issuance through exercising the Stock Acquisition Rights shall be half of the capital increase limit calculated in accordance with Article 17, Paragraph 1 of the Rules of Corporate Accounting. If the calculation results in a fraction of less than JPY 1, the fraction shall be rounded up to the nearest whole yen.

(4.2) The amount of capital reserve upon share issuance through exercising the Stock Acquisition Rights shall be the amount obtained by subtracting the amount of increased capital set forth in 4.1 above from the maximum increase in capital stated in 4.1 above.

(5) Restrictions on acquisition of Stock Acquisition Rights by transfer

Acquisition of the Stock Acquisition Rights by transfer shall require approval by a resolution of the Company's Board of Directors.

(6) Conditions for exercising stock acquisition Rights

A holder of the Stock Acquisition Rights may exercise the Stock Acquisition Rights up to the predetermined percentages of the Stock Acquisition Rights (hereinafter referred to as the “Exercisable Percentages”) allotted to each holder of the Stock Acquisition Rights, only if Net sales and EBITDA in the audited consolidated profit and loss statement (in the case of consolidated profit and loss statement are not prepared, the profit and loss statement) in securities reports the Company submitted for the each year ended April 30, 2024 and 2025 fulfill the conditions stated in the below.

(a) When Net sales is more than or equal to JPY 3,000 million and EBITDA is surplus for the year Ended April 30, 2024: Exercisable Percentages 50%

(b) When Net sales is more than or equal to JPY 3,300 million and EBITDA is surplus for the year Ended April 30, 2025: Exercisable Percentages 50%

4. Allotment Date of Stock Acquisition Rights

10 December 2021

5. Date for Cash Payment in Exchange for Stock Acquisition Rights

13 December 2021

6. Number of Stock Acquisition Rights and Persons Receiving Them

1,575 rights for 20 directors, executive officers and employees