

December 10, 2021

Company Name: HEROZ, Inc.

Names of Representatives:

Takahiro Hayashi,

Co-Chief Executive Officer

Stock Code: 4382

Contact: Hiroya Mori,

Chief Financial Officer

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

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Notice of Application and Plan Submission for Selection of the Prime Market

HEROZ, Inc. (the “Company”) passed a resolution and submitted an application today to select the Prime Market of the Tokyo Stock Exchange, Inc. (“TSE”) following the restructuring into new market segments, planned for April 2022. As the Company does not meet the listing criteria for the market as of the record date for the transition (June 30, 2021), it also submitted a plan for fulfilling the criteria for maintaining stock listing in the new market segment.

I. The Company’s current status with respect to listing maintenance criteria and duration of the plan for fulfilling such criteria

While the Company met the Prime Market’s listing maintenance criteria as of the record date with respect to 1) number of shareholders, 2) number of tradable shares, 3) market capitalization of tradable shares, and 4) average daily trading value based on TSE records of the distribution status of the Company’s shares, etc. as of the record date, the tradable share ratio of 33.6% falls below the minimum threshold. However, the Company will execute its plan to fulfill the Prime Market’s listing maintenance criteria based on its belief that listing on the Prime Market is crucial to enhance its business value and to achieve continuous enterprise value creation.

The Company aims to complete the initiatives set forth in its plan, detailed below, no later than the fiscal year ending April 2026.

II. Basic strategy, challenges, and specific initiatives aimed at fulfilling listing maintenance criteria

(1) Basic strategy

The Company provides services which apply AI to deliver fun and convenient lifestyles based on its core concept of bringing “wonder to the heart”. The Company will aim to achieve compliance with the listing maintenance criteria of the Prime Market by continuing to pursue continuous enterprise value creation while engaging in business activities with fairness and integrity. By reinforcing the internal control framework in

line with business expansion, the Company also aims to further strengthen its corporate governance.

(2) Challenges

As of the record date for transition to the Prime Market, the 2 company representatives owned 57.7% of total shares outstanding. This serves two purposes: 1) promoting stable management toward sustained growth and medium-to-long-term enterprise value creation and 2) enhancing awareness of the shareholder's perspective by aligning the interests of management and shareholders. On the other hand, the Company recognizes that increasing the tradable share ratio and expanding the investor base are important management goals. Going forward, the Company plans to achieve the required tradable share ratio and reach out to a broad investor base through the initiatives detailed below.

(3) Specific initiatives

Of the 6th, 7th, and 8th Stock Acquisition Rights issued to enhance officer and employee motivation and morale, the equivalent of 135,600 shares granted to employees remained unexercised as of the record date for calculating the number of tradable shares (April 30, 2021). These Stock Acquisition Rights are expected to be exercised in the future, as exercise would lead to economic gain based on the current stock price. The equivalent of another 97,500 shares of the 11th Stock Acquisition Rights, which are performance-linked and for which the exercise period has not yet arrived, have been granted to employees. By executing its medium-to-long-term growth strategy, the Company plans to achieve its targeted performance and enhance its enterprise value to facilitate exercise of the Stock Acquisition Rights by its employees.

In the event that all such Stock Acquisition Rights are exercised, total shares outstanding will increase by 233,100 shares so that there will be 5,287,182 tradable shares and 15,258,682 listed shares in total, increasing the tradable share ratio to 34.6%.

The Company may issue stock acquisition rights if they contribute to the sustainable enhancement of corporate value by motivating officer and employee in the future. The exercise of stock acquisition rights will also lead to a further increase in the tradable share ratio.

In order to further enhance the tradable share ratio, the Company will also pursue market sales of its shares owned by other corporations, etc.

Through such efforts, the Company aims to fulfill the listing maintenance criterion for tradable share ratio set forth by the TSE and to maintain its stock listing on the Prime Market, which is one of the new market segments of the TSE.