

January 14, 2022

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Names of Representatives:
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Notice of Convention of an Extraordinary Shareholders' Meeting, Changes to the Articles of Incorporation, and Capital Reduction

HEROZ, Inc. (the "Company") hereby announces that its Board of Directors, at a meeting held on January 14, 2022, passed a resolution to add "Changes to the articles of incorporation" and "Capital Reduction" as agenda items for its extraordinary shareholders' meeting planned on March 31, 2022.

1. Convention of the Extraordinary Shareholders' Meeting

(1) Record date/public notice date/method of public notification

Record date: February 9, 2022

Public notice date: January 25, 2022

Method of public notification: Electronic public notification

(Expected to be publicized on the Company website: <https://heroz.co.jp/ir/>)

(2) Scheduled Date

March 31, 2022 (Thu), 10:00 AM

(3) Location

Please confirm the convention notification for the extraordinary shareholders' meeting, expected to be sent in mid-March.

(4) Additional Agenda Items

Agenda Item 1: Changes to the articles of incorporation

Agenda Item 2: Capital Reduction

2. Changes to the articles of incorporation

(1) Reasons for Amendment

(Article 2)

The worker dispatch business will be added to Article 2 (Purpose) of the current articles of incorporation in view of future business development.

(Article 12 and Supplementary Article 1)

- 1) Pursuant to “Act on Partial Amendments to the Act on Strengthening Industrial Competitiveness Industrial Competitiveness, etc.,” (Law No. 70, 2021) which permits shareholders’ meetings to be convened without a designated location, as well as the impact of infectious diseases, natural disasters, and advancement of social digitalization, Section 2 will be added to Article 12 (Convention of a shareholders’ meeting) to allow for a virtual-only shareholders’ meeting to expand alternatives for the meeting, thereby protecting shareholder interests.
- 2) A bylaw relating to the enforcement of the abovementioned new provision is provided. The bylaw will be deleted after a predetermined date.

(Articles 14, 23, and 24)

The Company has introduced a Co-CEO (Co-Chief Executive Officer) system to strengthen its management structure. In order to clarify and substantiate this position by referring to its role in the articles of incorporation, the current Articles 14 (Right to call and chairperson of a shareholders’ meeting), 23 (CEO), and 24 (Right to call and chairperson of a board meeting) will be amended.

(Article 18 and Supplementary Article 2)

The articles of incorporation will be amended as follows, in light of the expected introduction of an electronic provision system for shareholders’ meeting materials pursuant to the amended provisions set forth in Article 1 caveat of the bylaws of the Act Partially Amending the Companies Act (No. 70, 2019) which will be enacted on September 1, 2022.

- 1) Article 18 (Electronic provision measures, etc.) Section 1, which states that electronic provision measures will be taken in connection with information contained in shareholders’ meeting reference documents, etc., will be added.
- 2) Article 18 (Electronic provision measures, etc.) Section 2, which allows the Company to limit the scope of items stated in documents to be sent to shareholders in response to their information requests, will be added.
- 3) The current Article 18 (Online disclosure and deemed provision of shareholders’ meeting reference documents, etc.) will be deleted, as the provision will not be necessary once the electronic provision system for shareholders’ meeting materials is introduced.
- 4) A bylaw relating to the enforcement of the abovementioned new provision is provided. The bylaw will be deleted after a predetermined date.

(2) Nature of the Proposed Changes

Proposed changes to the articles of incorporation are as follows.

(Changes underlined)

Current Articles of Incorporation	Proposed Amendment
(Purpose) Article 2 1. ~9. (omitted) (New) 10. (omitted)	(Purpose) Article 2 1. ~9. (unchanged) <u>10. Worker dispatch business</u> <u>11. (unchanged)</u>
(Convention of a shareholders’ meeting) Article 12. The Company’s annual general meetings of shareholders shall be convened within 3 months after every fiscal year end and extraordinary general meetings of shareholders shall be convened as needed. (New)	(Convention of a shareholders’ meeting) Article 12. The Company’s annual general meetings of shareholders shall be convened within 3 months after every fiscal year end and extraordinary general meetings of shareholders shall be convened as needed. <u>2. The Company’s shareholders’ meetings may take the</u>

(Right to call and chairperson of a shareholders' meeting)
Article 14. Unless otherwise set forth by law, the CEO shall call and be the chairperson of the meeting.

2. Where the CEO of the Company is unable to serve as chairperson due to unforeseen circumstances, another director shall serve as chairperson pursuant to the order set forth in advance by the Board of Directors.

(Online disclosure and deemed provision of shareholders' meeting reference documents, etc.)

Article 18. The Company shall be deemed to have provided information which should be contained in shareholders' meeting reference documents, business reports, financial statements and consolidated financial statements in connection with the convention of shareholders' meetings in the event that it discloses such information using the Internet, pursuant to the dictates of legal decrees.

(New)

(CEO)

Article 23. The Company shall appoint a CEO (Chief Executive Officer).

2. In the event that there are two or more representative directors, one shall be appointed CEO by board resolution. In the event that there is one representative director, such representative directors shall be appointed CEO.

form of a shareholders' meeting without a designated location.

(Right to call and chairperson of a shareholders' meeting)
Article 14. Unless otherwise set forth by law, the CEO shall call and be the chairperson of the meeting. In the event that there are multiple CEOs, a Co-CEO shall call and be the chairperson of the meeting pursuant to the order set forth in advance by the Board of Directors.

2. Where the CEO or Co-CEO of the Company is unable to serve as chairperson due to unforeseen circumstances, another director shall call the shareholders' meeting and serve as chairperson pursuant to the order set forth in advance by the Board of Directors.

(Deleted)

(Electronic provision measures, etc.)

Article 18. The Company shall take electronic provision measures when convening shareholders' meetings with respect to information contained in shareholders' meeting reference documents, etc.

2. The Company shall not be required to state all or a portion of items subject to electronic provision measures set forth in legal decrees in documents provided to shareholders who request such documents before the record date of voting rights.

(CEO)

Article 23. The Company's Board of Directors shall appoint one or multiple CEOs (Chief Executive Officers) from the representative directors. In the event that there are multiple CEOs, each shall be referred to as a Co-CEO.

(Deleted)

(Right to call and chairperson of a board meeting)
Article 24. Unless otherwise set forth by law, the CEO shall call and be the chairman of board meetings. Where the CEO is unable to serve as chairperson due to unforeseen circumstances, another director shall serve as chairperson pursuant to the order set forth in advance by the Board of Directors.

(New)

(New)

(New)

(Right to call and chairperson of a board meeting)
Article 24. Unless otherwise set forth by law, the CEO shall call and be the chairman of board meetings. In the event that there are multiple CEOs, a Co-CEO shall call and be the chairperson of the board meeting pursuant to the order set forth in advance by the Board of Directors.

2. Where the CEO or Co-CEO is unable to serve as chairperson due to unforeseen circumstances, another director shall call the board meeting and serve as chairperson pursuant to the order set forth in advance by the Board of Directors.

Bylaws

(Effect of Changes to Article 12, Section 2)

The addition of Article 12 (Convention of a shareholders' meeting) Section 2 shall become effective on the day that the Minister of Economy, Trade and Industry and the Minister of Justice confirm that a shareholders' meeting shall be convened without a designated location pursuant to the Act on Strengthening Industrial Competitiveness Industrial Competitiveness, etc. This bylaw (Effect of Changes to Article 12, Section 2) shall be deleted after such day.

(Transitional measures, etc. concerning changes to Electronic provision measures)

1. The deletion of Article 18 in the current articles of incorporation (Online disclosure and deemed provision of shareholders' meeting reference documents, etc.) and the addition of Article 18 (Electronic provision measures, etc.) shall become effective on the day of the enactment of the amended provisions set forth in Article 1 caveat of the bylaws of the Act Partially Amending the Companies Act (No. 70, 2019).

2. Notwithstanding the foregoing, the current Article 18 (Online disclosure and deemed provision of shareholders' meeting reference documents, etc.) shall maintain its effect at shareholders' meetings which take place within 6 months after the enactment date.

3. This bylaw (Transitional measures, etc. concerning changes to Electronic provision measures) in this Article shall be deleted on the later of 1) the date 6 months after the effective date or 2) 3 months after the shareholders' meeting referred to in the previous section.

(3) Planned Schedule

Shareholders' meeting for changes to the articles of incorporation: March 31, 2022

Effective date of changes to the articles of incorporation: : March 31, 2022

3. Capital Reduction

(1) Objectives of the Capital Reduction

This capital reduction will be implemented to secure flexibility and agility in the Company's future capital policy.

Specifically, paid-in-capital will be reduced, and the entire amount of decrease will be reclassified as other capital surplus pursuant to Article 447 Section 1 of the Companies Act.

The capital reduction is merely a reclassification of accounts in the net assets section of the balance sheet and does not affect the Company's total net assets. As total shares outstanding will also remain unchanged, there will be no impact on the number of shares held by shareholders or on net assets per share.

(2) Overview of the Capital Reduction

1) Amount of the Capital Reduction

Paid-in capital will be reduced by 2,266,959,196 yen, from 2,276,959,196 yen to 10,000,000 yen.

In the event that stock acquisition rights issued by the Company are exercised before the effective date of the capital reduction, paid-in capital will be reduced by the amount of increase in paid-in capital resulting from the stock issuance due to exercise, such that the ultimate paid-in capital will be 10,000,000 yen.

2) Method of the Capital Reduction

The entire decrease in paid-in capital will be reclassified as other capital surplus, without changing the total number of shares outstanding.

(3) Planned Schedule for the Capital Reduction

1) Board of Directors' resolution date: January 14, 2022

2) Public notice date for objections from creditors: February 15, 2022

3) Deadline for objections from creditors: March 18, 2022

4) Extraordinary Shareholders' Meeting resolution date: March 31, 2022

5) Effective date of the capital reduction: March 31, 2022

(4) Future Outlook

The impact of this capital reduction on the Company's performance is negligible, as the capital reduction is merely a reclassification of accounts in the net assets section of the balance sheet and does not affect the Company's total net assets.

Furthermore, the capital reduction is subject to approval at the extraordinary shareholders' meeting planned for March 31, 2022.