



April 10, 2023

Company Name: HEROZ, Inc.

Name of Representatives:

Takahiro Hayashi,

Co-Chief Executive Officer:

Stock Code: 4382, TSE Prime Market

Contact: Hiroya Mori,

Chief Financial Officer

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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 Revision of Full-Year Earnings Forecasts of Consolidated Subsidiaries

HEROZ, Inc. (the "Company") hereby announces that its consolidated subsidiary, Vario Secure, Inc. today released a "Notice of Revision of Full-Year Earnings Forecasts [IFRS]" as attached.

Since the Company's consolidated earnings forecast for the fiscal year ending April 30, 2023 will be affected by the revision of the earnings forecast of Vario Secure, Inc., a consolidated subsidiary, the Company is currently examining the amount of the impact. The Company will promptly announce the amount of impact once it is determined.



April 10, 2023

Company Name: Vario Secure, Inc.

Name of Representatives:

Yoshihiko Inami

Chief Executive Officer:

Stock Code: 4494, TSE Standard Market

Contact: Hideko Isoe

Director, General Manager of Administration Headquarters

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Notice of Revision of Full-Year Earnings Forecasts [IFRS]

Vario Secure, Inc. (the “Company”) hereby announce that our Board of Directors, at a meeting held on April 10, 2023, revised our earnings forecast for the fiscal year ending February 28, 2023 (March 1, 2022 to February 28, 2023), which was announced on April 13, 2022, as follows.

1. Revision of the forecast figures for the current fiscal year (March 1, 2022 to February 28, 2023)

	Revenue	Operating profit	Profit before tax	Profit	Basic earnings per share
Previous forecasts (A)	Millions of yen 2,650	Millions of yen 785	Millions of yen 756	Millions of yen 525	Yen Sen 128.01
Current revision forecasts (B)	2,634	581	542	383	93.41
Increase or decrease (B-A)	-15	-203	-214	-141	—
Increase or decrease percentage (%)	-0.6	-26.0	-28.3	-27.0	—
(Reference) Previous period results (Fiscal year ended February 28, 2022)	2,566	751	701	500	132.29

Note: The figure for " Basic earnings per share " is calculated after adjusting the number of shares for the capital increase through third-party allotment implemented on September 27, 2022.

2. Reason for revision

The Company sells Vario Communicate Router (VCR), an integrated security device (UTM) for small and medium-sized enterprises (SMEs), through distributors, but sales were sluggish due to an unexpectedly intense competitive environment. In light of this situation, we have taken measures by introducing a new model with new services, but the sales have not recovered. Based on these situations, the Company has decided to record a provision of 94 million yen for minimum purchase guarantees related to contracts with suppliers and a loss of 64 million yen on the write-down of VCR inventories.

As a result of the above, revenue is expected to be 2,634 million yen, and on the expense side, due to the provision of reserves and valuation losses, operating profit is expected to be 581 million yen, profit before tax 542 million yen, and profit for the year 383 million yen.

In addition, VCR is a one-time chargeable, cut-sale revenue model, and is categorized as an “Integration service”. As for "Managed Security Services," our mainstay recurring model that collects fixed usage fees from users, sales remained steady.

The dividend forecast remains unchanged, and the Company plans to pay a year-end dividend of 40.50 yen per share for the fiscal year ending February 28, 2023, as announced.

Note: The final results may differ from the forecast due to various factors in the future.