HEROZ

Presentation Material for
FY04/2025 Full Year Financial Results

June 13,2025

HEROZ, Inc. ｜4382｜

notice
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Financial Highlights

Financial Highlights

FY04/2025 Full Year Performance Summary

- **For the fiscal year ending April 2025, net sales reached 5,929 million yen (+22.4% YoY), EBITDA was 793 million yen (-11.9% YoY), and operating profit was 306 million yen (-32.1% YoY).**

- The AI/DX business saw B2B sales grow 27% annually (+68% in Q4), while B2C sales rose 8% annually (+3% in Q4).

- The AI Security segment maintained an 87.9% recurring revenue ratio and a low churn rate of 0.7%.

- Despite 300 million yen in upfront investments for "HEROZ ASK" and "JOINT," and delayed B2B sales recognition to FY2026, actual performance-based operating profit was 582 million yen. Future efforts will focus on growing recurring revenue.

Business Strategy Update AI Agent 2.0

- **Our company has defined "AI Agent 2.0" to develop a next-generation AI agent (Meta Agent) that autonomously structures problems, sets goals, and explores and executes solutions effectively.**

- We aim to evolve the traditional AI BPaaS model using generative AI to enhance operational efficiency and versatility, accelerating AI implementation across society. Centered on next-generation AI agents like "AI Suitcase" and "Meeting Assist," we are driving various initiatives to support the future of work.

Forecast of FY04/2026 Performance

- **The performance forecast for the fiscal year ending April 2026 is: Net Sales 6,700 million yen (+13.0% YoY), EBITDA 1,300 million yen (+63.7% YoY), Operating Profit 800 million yen (+161.1% YoY).**

- We anticipate the monetization of upfront investments in HEROZ ASK and JOINT, along with the growth of existing businesses, aiming for significant profit increases, particularly in earnings.

02

FY04/2025 Full-Year Performance (Consolidated)

Our Key Performance Indicator

Performance Indicators for Business Profitability

EBITDA

- **EBITDA**, a key performance indicator for generating cash, as an important metric, and aim to continuously enhance corporate value and shareholder value through the growth of EBITDA.
  The calculation:Operating Profit + 258 million yen (Depreciation) + 31 million yen (Stock Compensation)
  + 157 million yen (Goodwill Amortization) + 2 million yen (Deposit Amortization) + 37 million yen (Inventory valuation loss)

- Amortization Period, Goodwill Balance, etc.
  ・For investments in machine learning servers, use a 5-year lifespan and the declining balance method.
  ・Goodwill Balance and Annual Amortization Amount（Q4.）
    ※ Tifana.com is expected to generate additional goodwill in the future.

(Million yen)

	Goodwill Balance	Annual Amortization
VarioSecure Inc.	987	85
A.I. Squared, Inc.	240	22
Tifana.com	632	45
VOIQ Inc.	36	8

Performance Indicators for AI SaaS Business

ARR

Recurring Revenue Ratio

Churn Rate

- Committed to the SaaS business under the theme of "AI SaaS," and we aim to address more general challenges.

- In our SaaS business model, we will focus on the following important indicators as a priority in our management approach.

ARR（Annual Recurring Revenue）
Key indicators essential for understanding the growth and profitability of the SaaS business:
Estimated as 12 times the last month of the quarter

Recurring Revenue Ratio
Indicator that shows recurring revenue, which can be regularly recorded as sales each month.

Churn Rate
To demonstrate the stability of the above recurring revenue, the churn rate of existing customers is an important indicator.

FY2025 Consolidated Performance Summary

HEROZ

HEROZ Group Consolidated

Revenue

5,929million yen

[YoY＋22.4%]

EBITDA*

793million yen

[YoY-11.9%]

Operating profit

306million yen

[YoY-32.1%]

AI SaaS KPI

ARR

4,175million yen

[YoY＋24.3%]

Recurring Revenue Ratio**

65.6%

[YoY＋1.7pt]

AI Security Recurring Churn Rate***

0.7%

[YoY-0.1pt]

* EBITDA is operating profit plus non-cash expenses like depreciation, stock-based compensation, goodwill amortization, security deposit amortization, and inventory valuation losses.

**Recurring revenue includes the sum of HEROZ's BtoB continuous revenue, BtoC subscription revenue, Vario Secure's managed security service revenue, StrategIT's subscription revenue and maintenance costs, A.I. Squared, Inc.'s package revenue, Tifana.com's "AI Sakura-san" usage fees, and VOIQ's revenue for the quarter.

***The recurring churn rate refers to the cancellation rate of managed security services in the AI Security service.
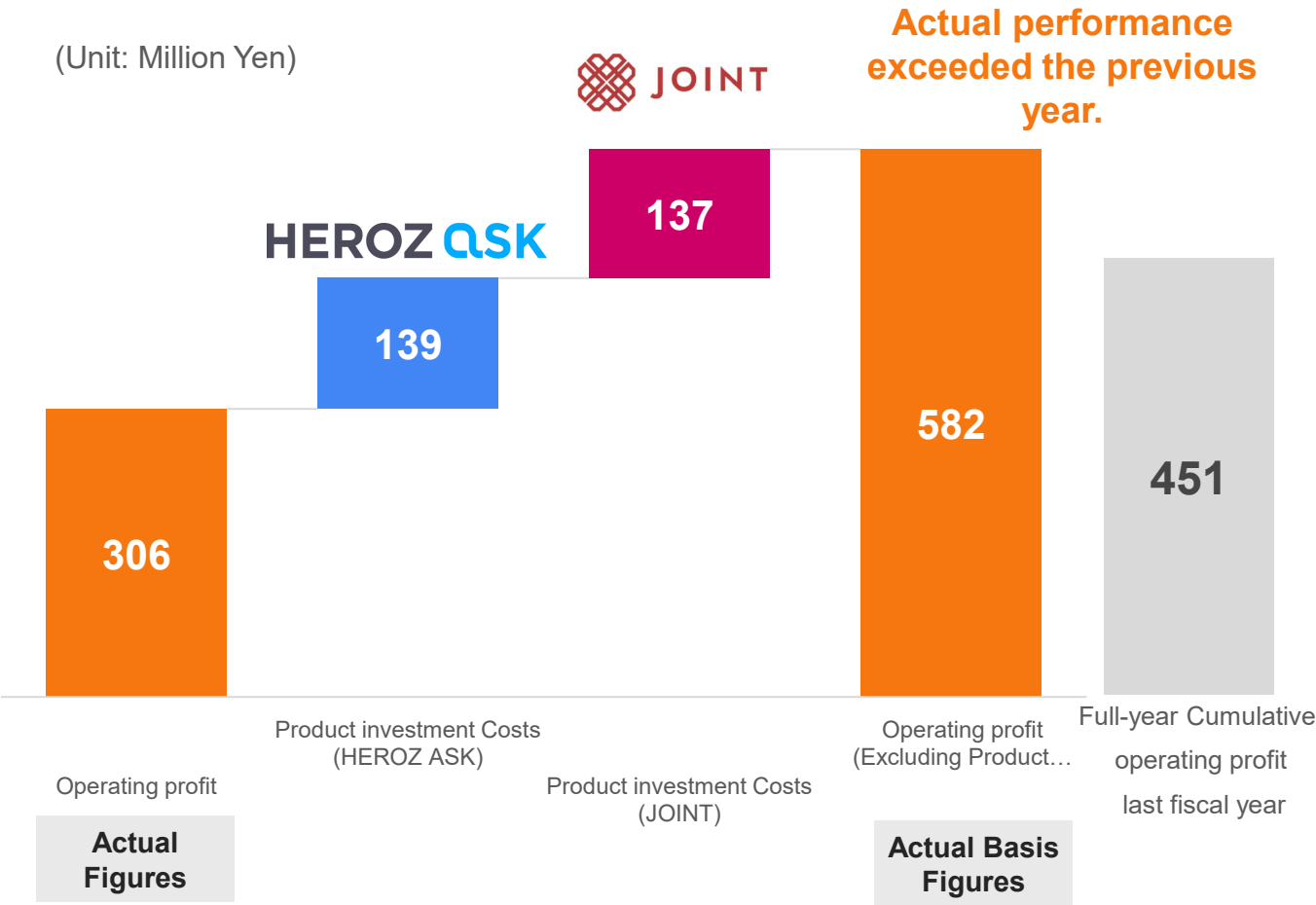
FY2025 Consolidated Performance Overview

HEROZ

- ■ Sales grew 22.4%, boosted by HEROZ's BtoC/BtoB growth and contributions from Tifana.com and VOIQ Inc..
- ■ Upfront HEROZ ASK/JOINT investments and BtoB delays led to lower-than-expected revenue.

(Units: JPY millions)	FY04/2024 Results (Consolidated)	FY04/2025 Actual （Consolidated）	YoY	Initial Forecast (Announced on June, 2024)	Progress against Initial Forecast
Net sales	4,841	**5,929**	22.4%	6,000	98.8%
EBITDA	901	**793**	-11.9%	1,000	79.4%
Operating Profit	451	**306**	-32.1%	500	61.3%
Ordinary Profit	368	**228**	-38.1%	450	50.7%
Net Income (loss) attributable to owners of the parent	203	**-177**	—	30	-

Full-year cumulative: Operating profit landed at 582 million yen on an actual performance basis.

- Operating profit for FY2025 totaled 306 million yen, landing at 582 million yen on an actual performance basis.
- Investments in "HEROZ ASK" and "JOINT" reduced profits, but Q4 saw project growth and major client wins, with higher contributions expected in FY2026.

(Unit: Million Yen)

Actual performance exceeded the previous year.

JOINT

HEROZ ASK

137

139

582

451

306

Operating profit
Actual Figures

Product investment Costs (HEROZ ASK)

Product investment Costs (JOINT)

Operating profit (Excluding Product…
Actual Basis Figures

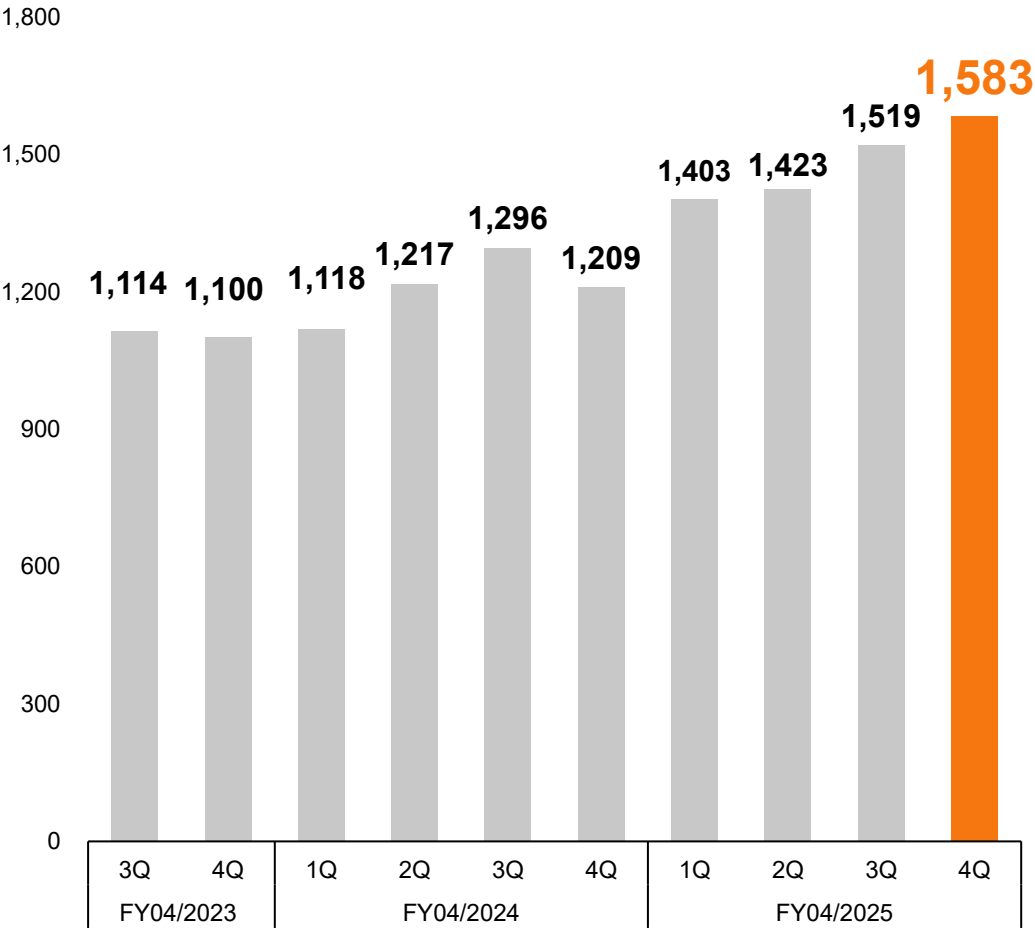Full-year Cumulative operating profit last fiscal year

- Investments in marketing and personnel expenses for new SaaS offerings like "HEROZ ASK" and "JOINT" have progressed ahead of schedule, resulting in an operating profit of 582 million yen on an actual basis.

- Going forward, we will actively continue investing in necessary areas while committing to converting these into revenue and business growth.

- **Breakdown of Product Investment Expenses**

  ・Aggregate the following related costs for "HEROZ ASK" and "JOINT"
  ∟ Personnel expenses for sales, customer success, etc.
  ∟ Marketing expenses
  ∟ New recruitment costs for sales expansion
  ∟ Other costs

Trends in KPIs (Quarterly)

HEROZ

Revenue Trends

(Unit: Million Yen)

	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	1,114	1,100	1,118	1,217	1,296	1,209	1,403	1,423	1,519	1,583
	FY04/2023		FY04/2024				FY04/2025			

EBITDA Trends

(Unit: Million Yen)

	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	258	256	170	279	281	170	166	124	201	301
	FY04/2023		FY04/2024				FY04/2025			
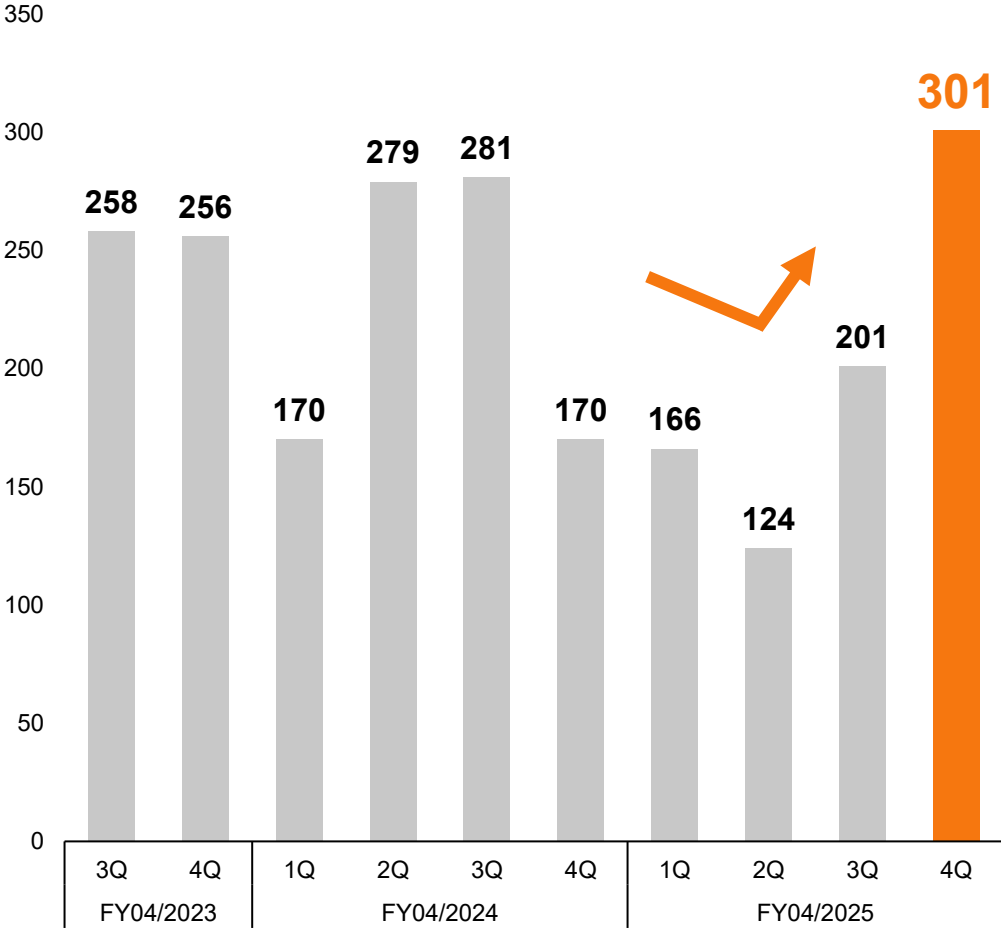
Our total ARR reached approximately 4.1 billion yen, achieving +24.3% YoY.

ARR Trends

(Unit: Million Yen)

YoY +24.3%

| | 4,105 | **4,175** |

Bar values:
2,872 — 3Q FY04/2023
2,827 — 4Q FY04/2023
2,898 — 1Q FY04/2024
2,958 — 2Q FY04/2024
3,328 — 3Q FY04/2024
3,357 — 4Q FY04/2024
3,656 — 1Q FY04/2025
3,756 — 2Q FY04/2025
4,105 — 3Q FY04/2025
4,175 — 4Q FY04/2025

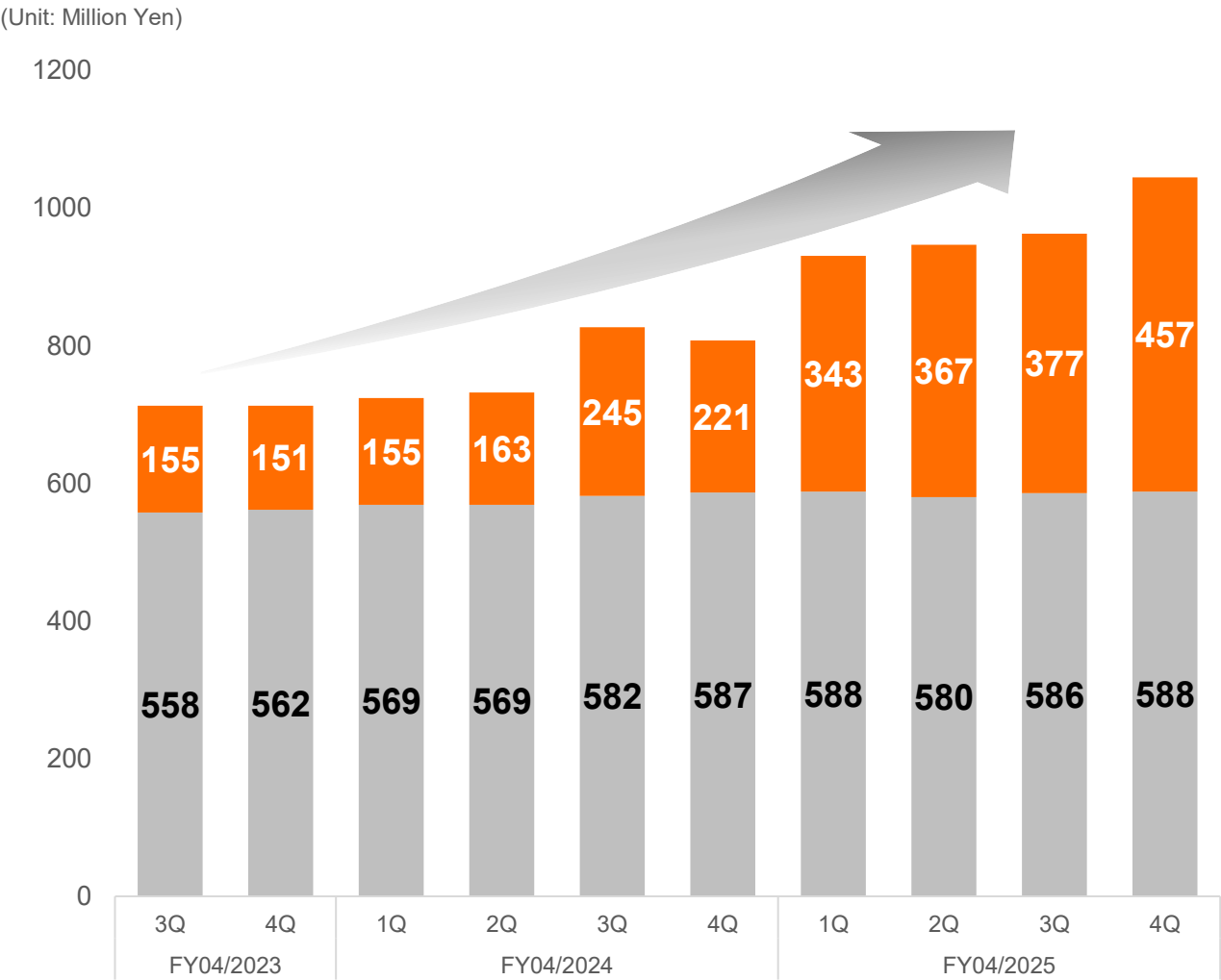Y-axis: 0, 500, 1,000, 1,500, 2,000, 2,500, 3,000, 3,500, 4,000, 4,500
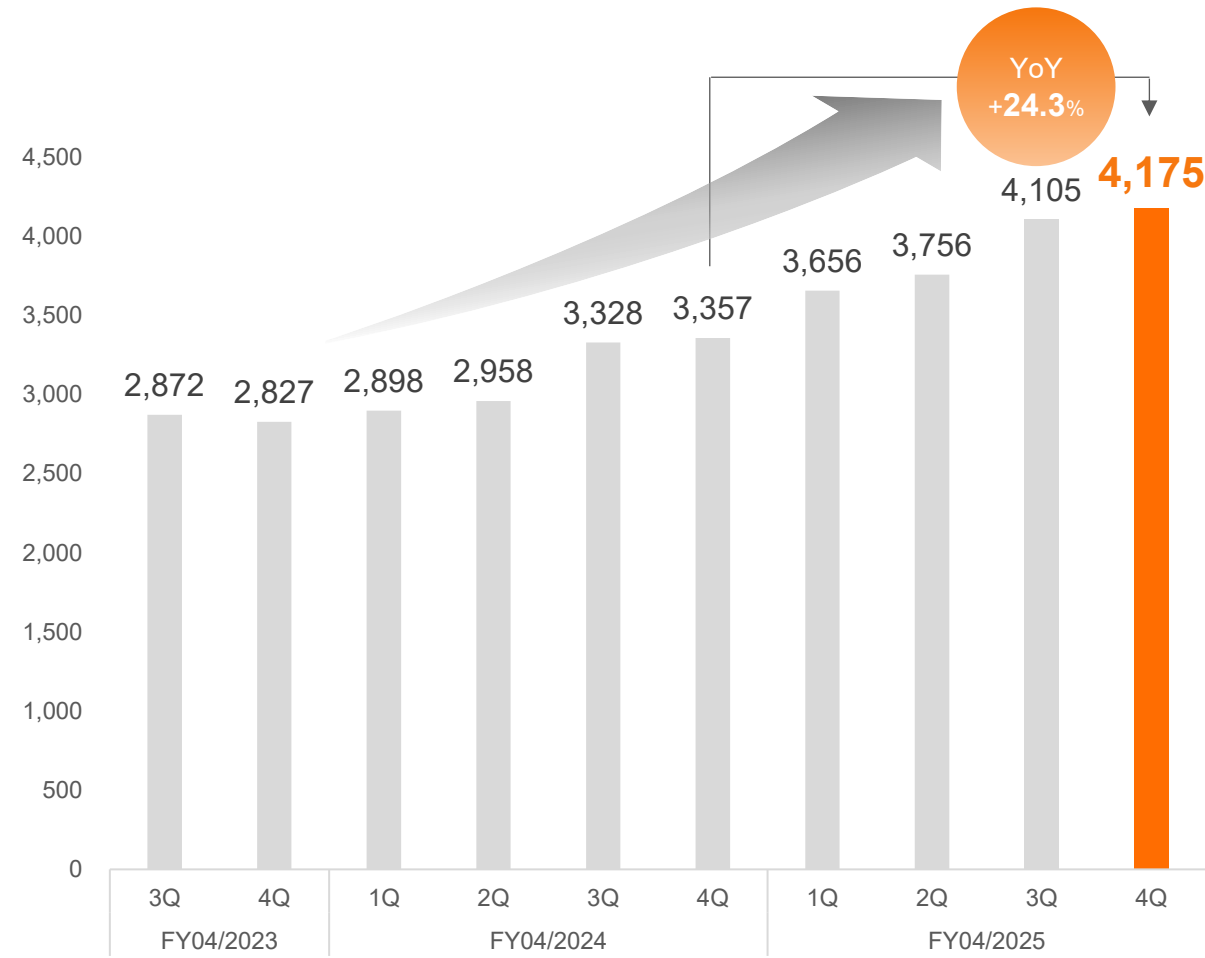
Significant growth of ARR

YoY+**24.3**%
Group total ARR **4,175** millon yen

- Recurring revenue includes BtoC and BtoB subscription sales in the AI/DX business, BtoB continuous sales, continuous sales from A.I. Squared, Inc., continuous sales from Tifana.com (AI Sakura-san), sales support revenue from VOIQ , and management security service revenue in the AI Security business.

- In Q3, increased sales from Tifana.Com and VOIQ Inc. drove ARR over 4.1 billion yen, up 24.3% year-on-year.

Recurring Revenue: Significantly increased due to new SaaS and M&A effects, aiming for further expansion in the future.

HEROZ

Recurring Revenue Trends（Quarterly）

(Unit: Million Yen)

Period	Gray	Orange
3Q FY04/2023	558	155
4Q FY04/2023	562	151
1Q FY04/2024	569	155
2Q FY04/2024	569	163
3Q FY04/2024	582	245
4Q FY04/2024	587	221
1Q FY04/2025	588	343
2Q FY04/2025	580	367
3Q FY04/2025	586	377
4Q FY04/2025	588	457

## AI/DX　Recurring Revenue

- Breakdown of recurring revenue is as follows:
  - ・ Shogi Wars-related Subscriptions
  - ・ BtoB Continuous Contracts/Subscriptions
  - ・ A.I. Squared Package Revenue
  - ・ AI Sakura-san Usage Fees
  - ・ VOIQ Sales Support Revenue

- **In Q4, growth was driven by increased recurring revenue from new SaaS and AI Sakura, as well as expanded sales from VOIQ Inc..**

AI Security　Recurring Revenue

- This is Vario Secure's managed security service, which boasts the No.1 market share and a low churn rate in Japan as a firewall-type security service for small and medium-sized businesses.

- **To expand in the zero trust security domain, "Vario Ultimate Zero" has been newly launched. It is expected to be a key service, contributing to the growth of recurring revenue in the future.**

SG&A Expenses Trends (Consolidated)

- Continue to focus on cost control for SG&A expenses.
- While continuing to invest in personnel and advertising for SaaS-related areas like HEROZ ASK and JOINT, corporate costs were controlled, leading to a 2.1% YoY decrease in organic SG&A expenses in Q4.
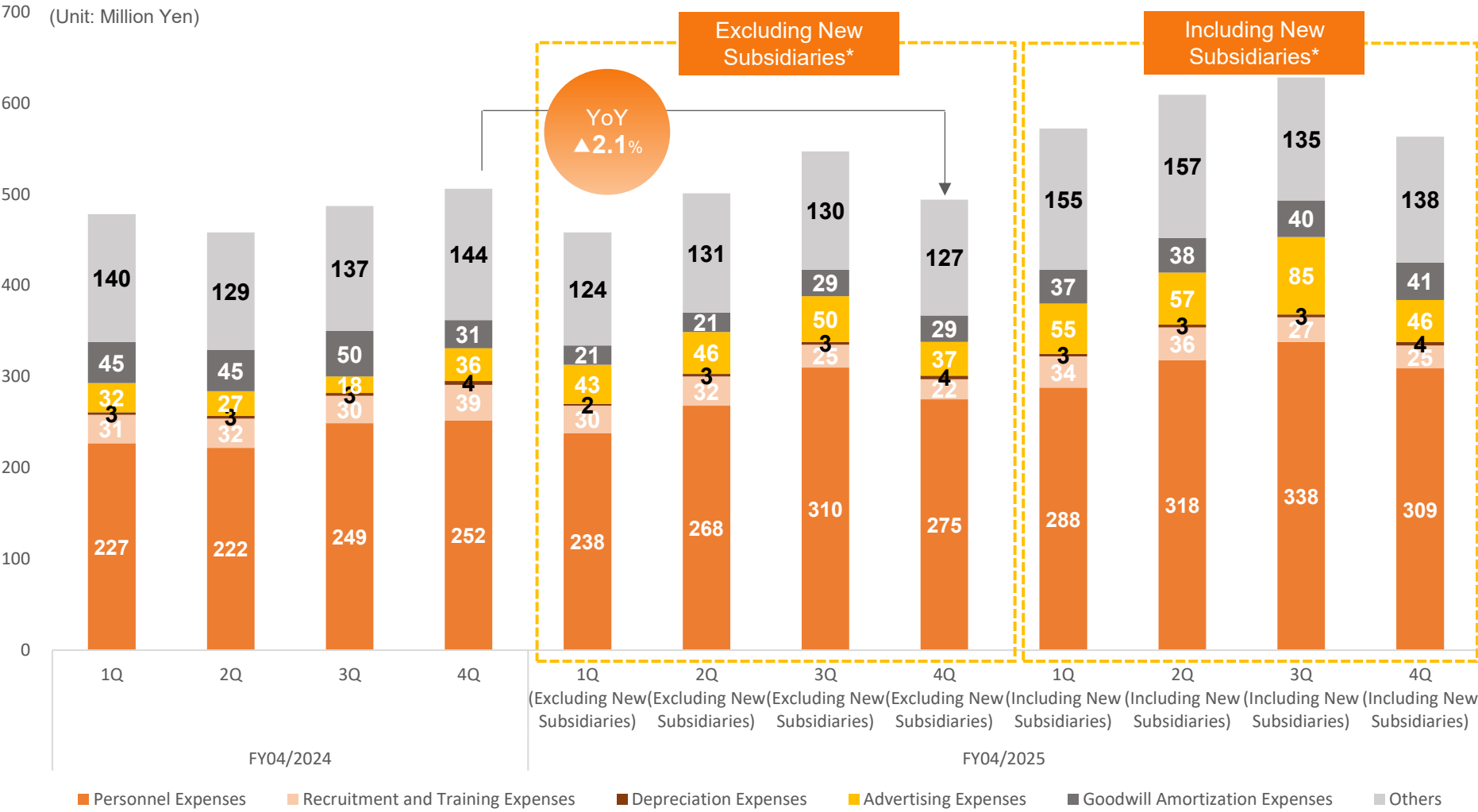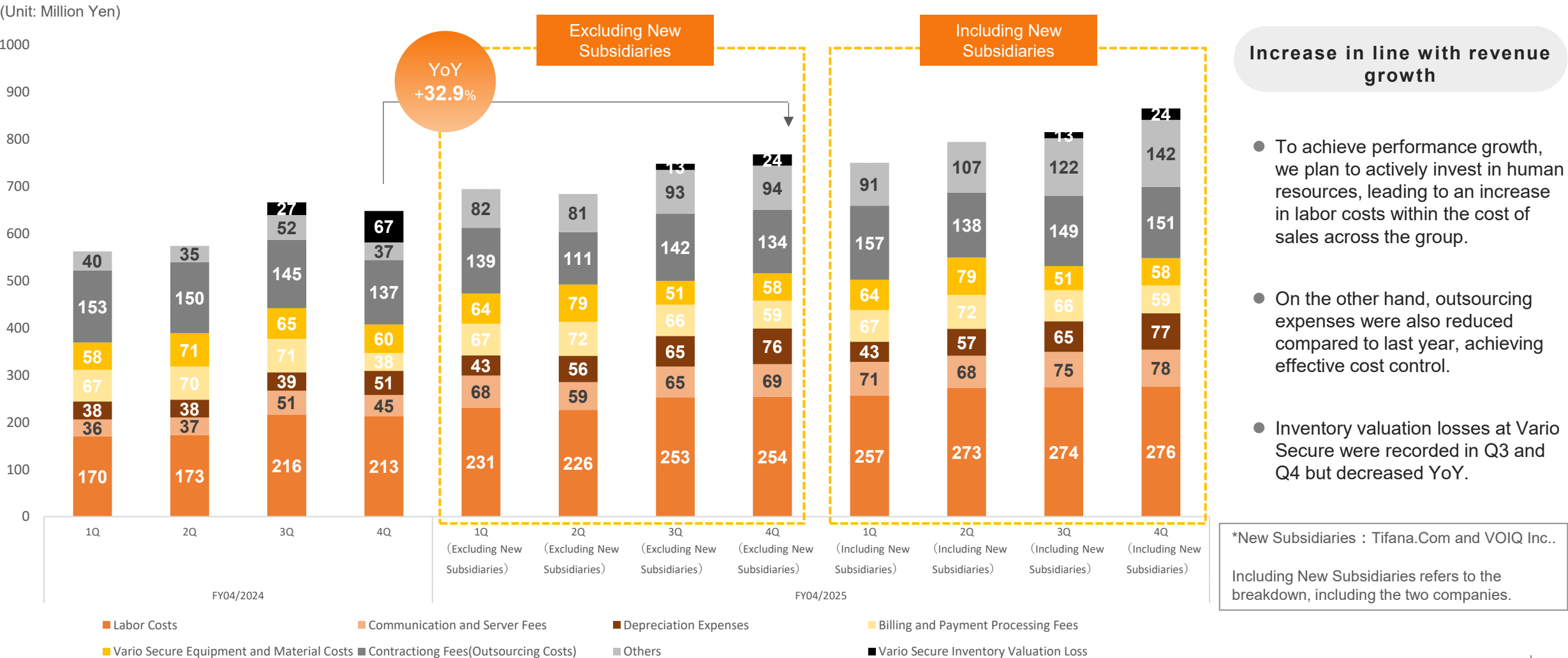

Implementing Strategic Investments

- Investments in ASK and JOINT drove personnel costs higher YoY.
- Meanwhile, recruitment and training costs stabilized, allowing for focused, strategic investments in key areas.
- BtoB growth is steadily converting investments into revenue.
- We will balance SaaS investments with cost control and revenue conversion.

*New Subsidiaries：Tifana.Com and VOIQ Inc..

Including New Subsidiaries refers to the breakdown, including the two companies.

Legend: Personnel Expenses | Recruitment and Training Expenses | Depreciation Expenses | Advertising Expenses | Goodwill Amortization Expenses | Others

Cost of Sales Trends (Consolidated)

HEROZ

- Active hiring aligned with sales growth drove personnel investments, mainly in engineering and business roles, increasing COGS by 32.9% YoY.
- Outsourcing costs were reduced YoY, maintaining ongoing cost management.

(Unit: Million Yen)

Excluding New Subsidiaries

Including New Subsidiaries

YoY +32.9%

Increase in line with revenue growth

- To achieve performance growth, we plan to actively invest in human resources, leading to an increase in labor costs within the cost of sales across the group.

- On the other hand, outsourcing expenses were also reduced compared to last year, achieving effective cost control.

- Inventory valuation losses at Vario Secure were recorded in Q3 and Q4 but decreased YoY.

*New Subsidiaries：Tifana.Com and VOIQ Inc..

Including New Subsidiaries refers to the breakdown, including the two companies.

Legend:
- Labor Costs
- Communication and Server Fees
- Depreciation Expenses
- Billing and Payment Processing Fees
- Vario Secure Equipment and Material Costs
- Contractiong Fees(Outsourcing Costs)
- Others
- Vario Secure Inventory Valuation Loss

FY04/2024 columns:
- 1Q: 170, 36, 38, 67, 58, 153, 40
- 2Q: 173, 37, 38, 70, 71, 150, 35
- 3Q: 216, 51, 39, 71, 65, 145, 52, 27
- 4Q: 213, 45, 51, 60, 38, 137, 37, 67

FY04/2025 (Excluding New Subsidiaries):
- 1Q: 231, 68, 43, 67, 64, 139, 82
- 2Q: 226, 59, 56, 72, 79, 111, 81
- 3Q: 253, 65, 65, 66, 51, 142, 93, 13
- 4Q: 254, 69, 76, 59, 58, 134, 94, 24

FY04/2025 (Including New Subsidiaries):
- 1Q: 257, 71, 43, 67, 64, 157, 91
- 2Q: 273, 68, 57, 72, 79, 138, 107
- 3Q: 274, 75, 65, 66, 51, 149, 122, 13
- 4Q: 276, 78, 77, 59, 58, 151, 142, 24

Performance by Segment ：FY04/2025

HEROZ

- In the AI/DX business, sales grew by 47.9%, driven by the increase in HEROZ BtoB projects and the expansion of revenue from the AI Sakura-san and VOIQ Inc..
- The AI Security business also maintained strong profitability, achieving an EBITDA margin of 39.1%.

(Units: JPY millions)

		FY04/2024 Full-YearResults (Consolidated)	FY04/2025 Full-Year Actual （Consolidated）	YoY （Consolidated）	YoY （Performance of HEROZ on a standalone basis）
AI/DX services	Net Sales	2,212	3,271	47.9%	16.0%
	Segment Profit	677	775	14.6%	-
	EBITDA	826	1,008	22.0%	-
	EBITDA Margin	37.4%	30.8%	-6.5pt	-
AI Security Services	Net Sales	2,640	2,667	1.0%	-
	Segment Profit	789	789	0.0%	-
	EBITDA	1,089	1,044	-4.1%	-
	EBITDA Margin	41.3%	39.1%	-2.1pt	-
Segment Profit adjustment ※	Segment Profit	-1,014	-1,258		

※ The segment profit adjustment of -1,258 million yen reflects unallocated corporate expenses. This increased year-on-year due to factors such as the rise in group companies, higher investments at HEROZ, and the profit recognition period for A.I. Squared, Inc..

AI/DX Services Segment

- This segment is responsible for BtoC focused on Shogi Wars, BtoB providing AI solutions to customers, JOINT-related business of StrategIT, services in the contact center domain by A.I. Squared, Inc., and AI business of Tifana.com.
- The recurring revenue ratio in the AI/DX business segment increased from 35% last year to 47% this year.

（Units: JPY millions）

	FY04/2025 Actual	
Net Sales	**3,271**	Recurring Revenue Ratio **47.2**%
Operating Profit	**775**	Operating Margin **23.7**%
EBITDA	**1,008**	EBITDA Margin **30.8**%

Big growth through organic means and M&A activities.

- Revenue from Shogi Wars continued to grow, driven by strong network effects and increased interest in shogi. In Q4, total games surpassed 1 billion, with the Sprint Mode performing well.

- HEROZ's BtoB business is set to sequentially recognize revenue from projects delayed from the first half to the second half.

- Recurring revenue ratio continues to grow, driven by contributions from new SaaS and usage fees for AI Sakura-san.

- Going forward, the provision of SaaS products "HEROZ ASK" and "JOINT" will further expand recurring revenue.

AI/DX Segment:
HEROZ's BtoB business steadily initiated projects, achieving over 68% YoY growth.
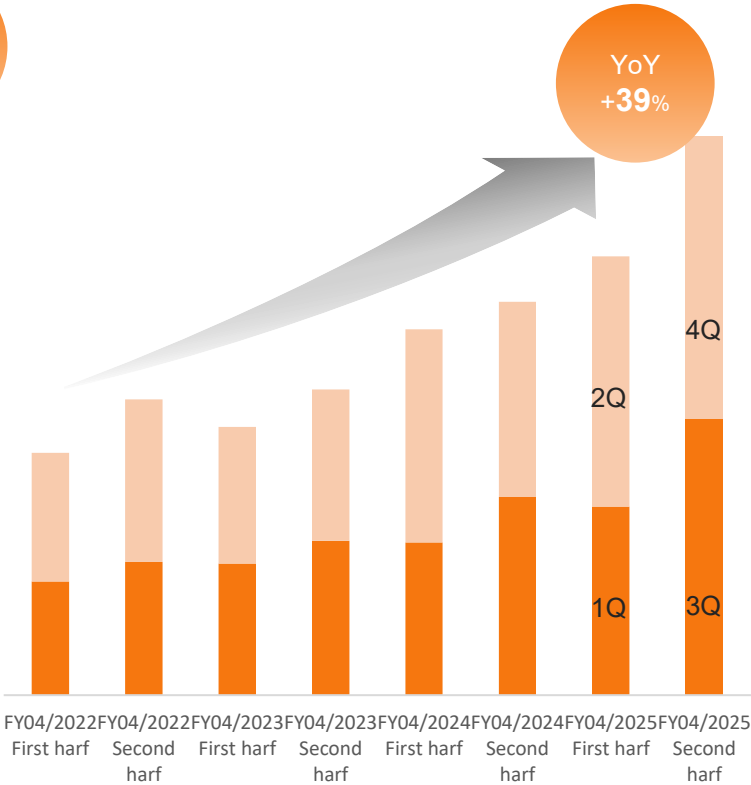
HEROZ BtoB Revenue Trends

- In Q4, with projects gradually starting and large-scale deals contributing to revenue, **standalone Q4 saw +68% YoY growth, and the full-year cumulative growth reached +27% YoY.**
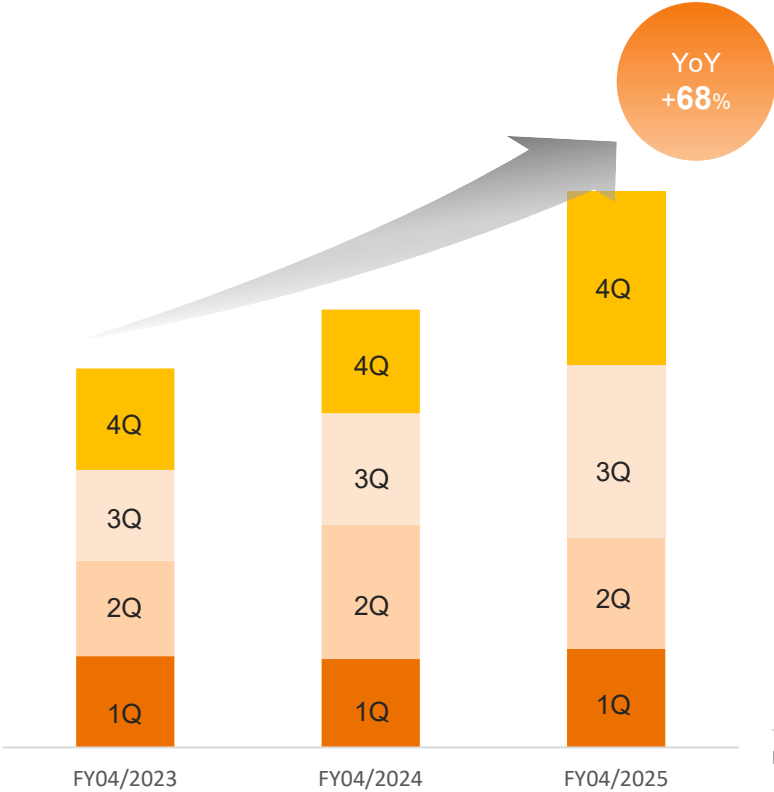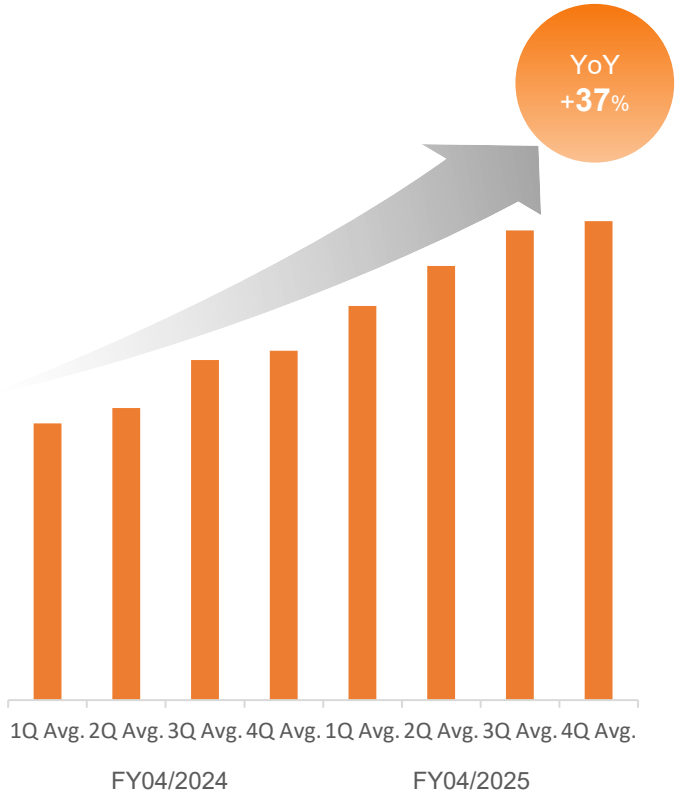
BtoB Number of Active Projects Quarterly

- Quarterly active project numbers continued to grow steadily, **achieving a 39% YoY increase in Q4.**

BtoB Average Number of Personnel Quarterly

- **Sales, business, and engineering staff increased, with Q4 headcount up 37% YoY.**
- Moving forward, efforts will focus on optimizing operations to link the increased workforce to revenue growth amid rising project numbers.


YoY +68%

4Q / 3Q / 2Q / 1Q

FY04/2023   FY04/2024   FY04/2025

YoY +39%

FY04/2022 First harf / FY04/2022 Second harf / FY04/2023 First harf / FY04/2023 Second harf / FY04/2024 First harf / FY04/2024 Second harf / FY04/2025 First harf / FY04/2025 Second harf

YoY +37%

1Q Avg. / 2Q Avg. / 3Q Avg. / 4Q Avg. / 1Q Avg. / 2Q Avg. / 3Q Avg. / 4Q Avg.

FY04/2024   FY04/2025

■ The BtoC boasts overwhelming network externalities in offerings like Shogi Wars, achieving continued growth in the forth quarter.
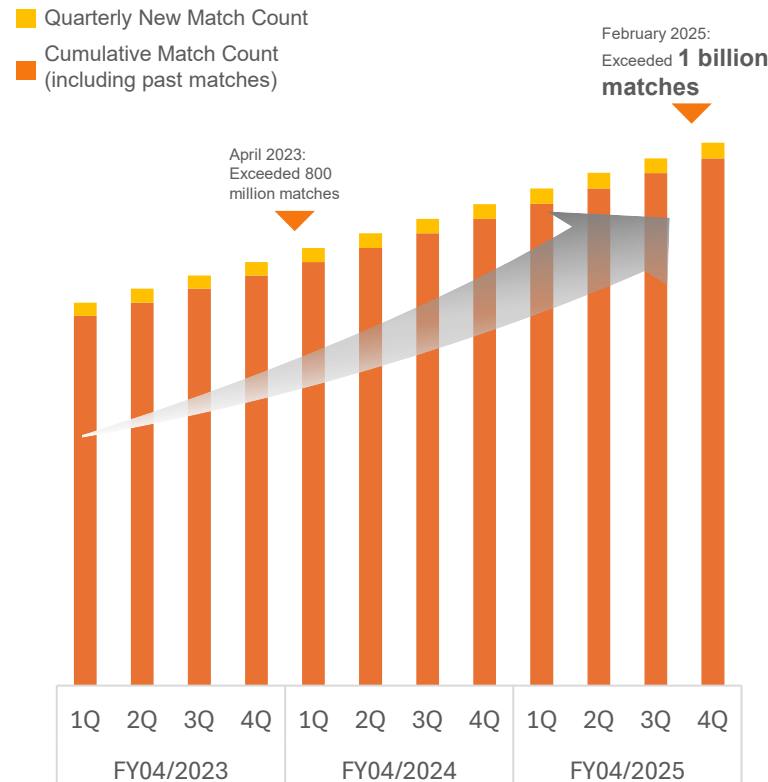■ With "Sprint" mode's success, we aim to expand the shogi player base further.

BtoC Revenue Trends

・Despite seasonal factors, growth continued YoY.

YoY
+3.1%

1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
FY04/2023				FY04/2024				FY04/2025			
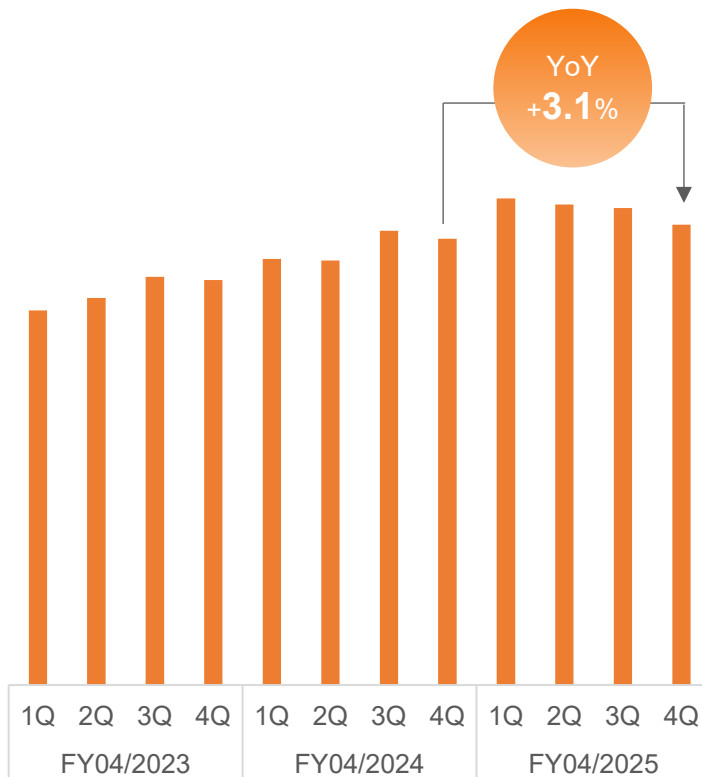
Quarterly match numbers exceeded 30 million.

・Driven by the success of "Sprint," quarterly matches exceeded 30 million, setting a new record.

■ Quarterly New Match Count
■ Cumulative Match Count (including past matches)

February 2025:
Exceeded **1 billion matches**

April 2023:
Exceeded 800 million matches

1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
FY04/2023				FY04/2024				FY04/2025			

The new "Sprint" mode boosted excitement.

・**The new "Sprint" mode starts games from evenly matched mid-to-endgame positions for intense battles.**

・A "Sprint Release Commemorative Tournament" let all users try Sprint rules, marking the decade's biggest new way to enjoy shogi.

・In appreciation of its popularity and surpassing 1 billion matches, the "Sprint" mode was made available to free members starting in April.

※Figures prior to the fiscal year ending April 2024 have been adjusted for the impact of changes in accounting standards

© HEROZ, Inc. | 18

AI Security Segment : Performance Summary

- This segment involves implementing HEROZ Group's AI into the security business operated by VarioSecure Inc..
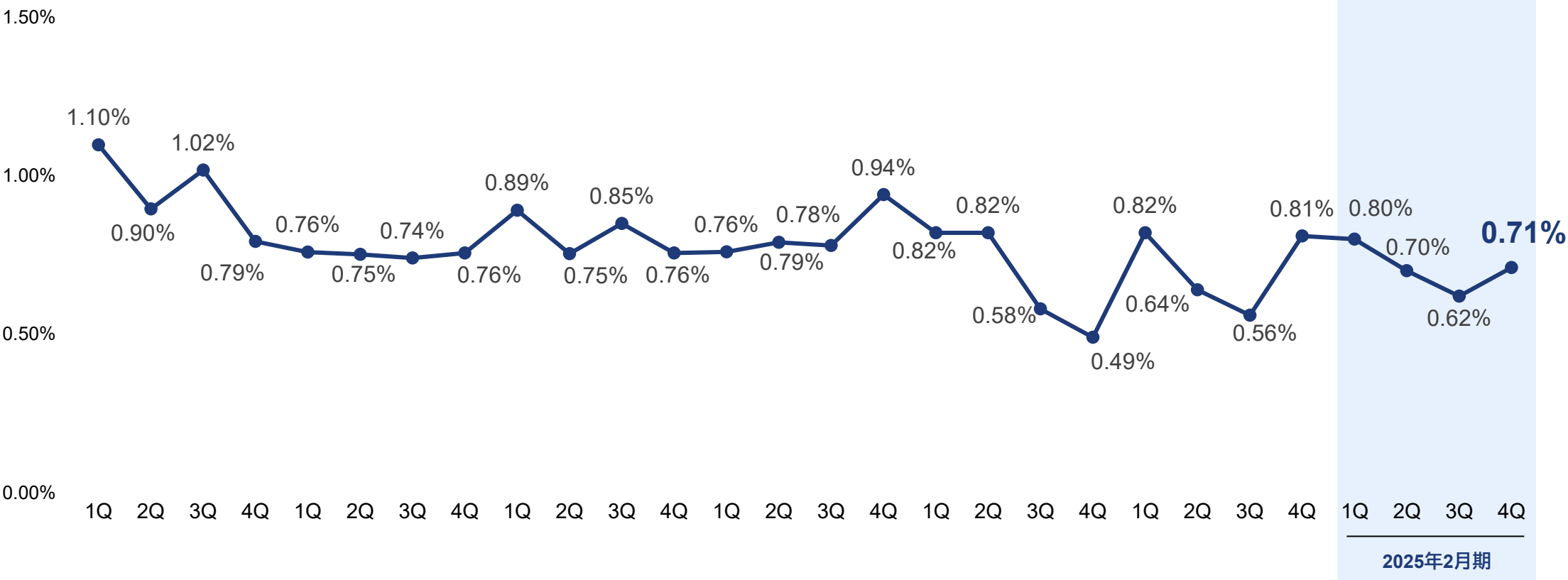- With a high recurring revenue ratio of 87.9%, the business ensures stable income.

(Unit: Million Yen)	FY04/2025 Actual	
Revenue	**2,667**	Recurring Revenue Ratio **87.9**%
Ordinary Profit	**789**	Ordinary Profit Ratio **29.6**%
EBITDA	**1,044**	EBITDA margin **39.1**%

The recurring revenue ratio is maintained at a high level of 87.9%.

- Vario Secure's revenue has been steadily progressing in both managed security and integration services, achieving growth of about 1.0% compared to the same period last year.

- The recurring revenue ratio continues to remain high. In collaboration with VOIQ Inc., the aim is to strengthen the sales foundation and expand "Vario Ultimate ZERO."

- Operating profit, planned to decline due to growth investments in staffing and marketing, landed as expected.

AI Security Segment : Churn Rate Trend

- Managed security maintains a stable revenue base with a low churn rate.
- The churn rate for Q4 FY2025 was 0.71%, consistently staying below 1%.

Managed Security Services Quarterly Churn Rate Trends

1.10%	0.90%	1.02%	0.79%	0.76%	0.75%	0.74%	0.76%	0.89%	0.75%	0.85%	0.76%	0.76%	0.79%	0.78%	0.94%	0.82%	0.82%	0.58%	0.49%	0.82%	0.64%	0.56%	0.81%	0.80%	0.70%	0.62%	0.71%

Y-axis: 1.50%, 1.00%, 0.50%, 0.00%

X-axis: 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q

2025年2月期

※ : Churn Rate (Revenue Basis) = Quarterly Cancellation Amount ÷ (Beginning-of-Year Monthly Revenue × 3 Months)

Balance Sheet (As of April 2025 End)

- Current cash and deposits will be gradually invested to achieve our growth strategy.
- Due to M&A activities, there is a goodwill balance of 1.9 billion yen in intangible fixed assets, which will be amortized over time.

(Unit: Million Yen)	FY2024（Consolidated）（A）	FY04/2025（Consolidated）（B）	Increment（B-A）
Current Assets	3,997	4,538	541
Cash and Deposits	2,738	1,733	- 1,004
Fixed Assets	3,693	3,608	- 85
Tangible Fixed Assets	262	215	-46
Intangible Fixed Assets	2,547	2,572	24
Investments and Other Assets	884	821	-63
Total Assets	7,691	8,147	456
Current Liabilities	1,168	1,487	319
Non-current Liabilities	1,380	1,458	78
Net Assets	5,143	5,201	58

03

Updates on Our Group Strategy

Changes in the AI and Generative AI Landscape

- Generative AI remains limited to skilled users, with little adoption among others.
- The emergence of AI agents enables task execution regardless of users' command or communication skills.

Human actions for task execution and the capabilities of each system

	Think	Research	Execute	Communicate
AI Agent	◯ Planning and Task Breakdown Identifying Information to Collect	◯ Gathering, Organizing, and Interpreting Information	◯ Invoking Processes Needed to Achieve Goals	◯ Engage in Dialogue to Extract and Convey Necessary Information
LLM	◯ Think Flexibly Based on Instructions and Information	✕ Think and Converse Based on Learned Knowledge	✕ Supports only thinking and dialogue	◯ Understands language and speaks in human terms
IT System	✕ Follows programmed logic	△ Can retrieve information but not interpret it	◯ Capable of predefined processes	✕ Cannot understand human language

Source: Created by our company based on Microsoft Japan's "From Generative AI to the Era of AI Agents."

The emergence of AI Agents drives a transformative evolution in AIX

- The emergence of AI agents surpasses traditional step-by-step processes, accelerating the realization of AIX.

Allows natural language interaction, removing step-by-step processes.

→**Achieving LEAPFLOG Advancement.**

Previously, continuous processes were unavoidable.

AI Transformation

✓ Organization-wide process automation achieved with minimal resources.

Digital Transformation

✓ Digitization of company-wide operations and processes
✓ Transforming businesses and models for "customer-driven value creation."

Digitalization

✓ Digitization of individual operations and manufacturing processes.

Digitization

✓ Digitization of analog and physical data

Specialized AI as a prerequisite

The evolution from generative AI to AI agents brings us closer to a future where AIX is realized in leaps.

The Next-Generation AI Agent Aimed for by HEROZ

- HEROZ advances AI agents from instruction-based to fully autonomous, redefining task execution.
- A next-gen AI agent that structures problems and designs workflows to solve business challenges.

AI Agent Evolution Direction

2022年　　　　　　　　　2025年　　**Present**　　　20XX年　　**Fully Autonomous**

Instruction-Dependent

AI Agent1.0	AI Agent1.5	AI Agent2.0
Automatic Workflow	**Agentic Workflow**	**Meta Agent**
A specialized agent that executes fixed procedures	**A workflow-assisting agent that flexibly selects options**	**An autonomous agent that structures problems and reorganizes entire workflows**
・Executes defined procedures in order ・Branches and exceptions are pre-designed	・Holds multiple processes and selects based on the environment ・Autonomously selects options within preset processes	・Fully autonomous in task breakdown, goal setting, solution exploration, and execution ・Activates sub-agents to perform multiple tasks ・Autonomously designs options and procedures

- Autonomously sets goals, recognizes the environment, and plans and executes workflows.
- Aiming for "with AI agents" to enhance human abilities and unlock new possibilities.

Example: AI Agent 2.0 handling tasks for a sales team

Environment Recognition,
Information Retrieval,
External Resource Invocation

**Users
Clients**

Tasks

Providing Solutions
to Challenges

AI Agent

Mutual Understanding,
Learning,
Goal Setting

Targeting

Listing of Sales Leads

Competitor Analysis

Customer Approach

Feedback Collection

Team Collaboration

Next Action Plan

Rebuilding, planning, and executing
workflows to achieve goals

Autonomous Execution Function by Meta Agents

Independent Decision-Making

· Autonomously sets goals and progresses tasks

Resource Invocation

· Collaborates with external systems and sub-agents

Information Retrieval

· Collects necessary data to support optimal decision-making

Mutual Understanding Dialogue

· Collaborates with users and other agents to build workflows toward goal achievement

Market Structure Changes Brought by AI Agents

■ Targeting the rapidly transforming AI systems market driven by the emergence of AI agents, HEROZ aims for further growth.

AI Systems Market: Market Size Trends

Market Size in 2029

4.2 trillion yen

Market Size in 2024

1.3 trillion yen
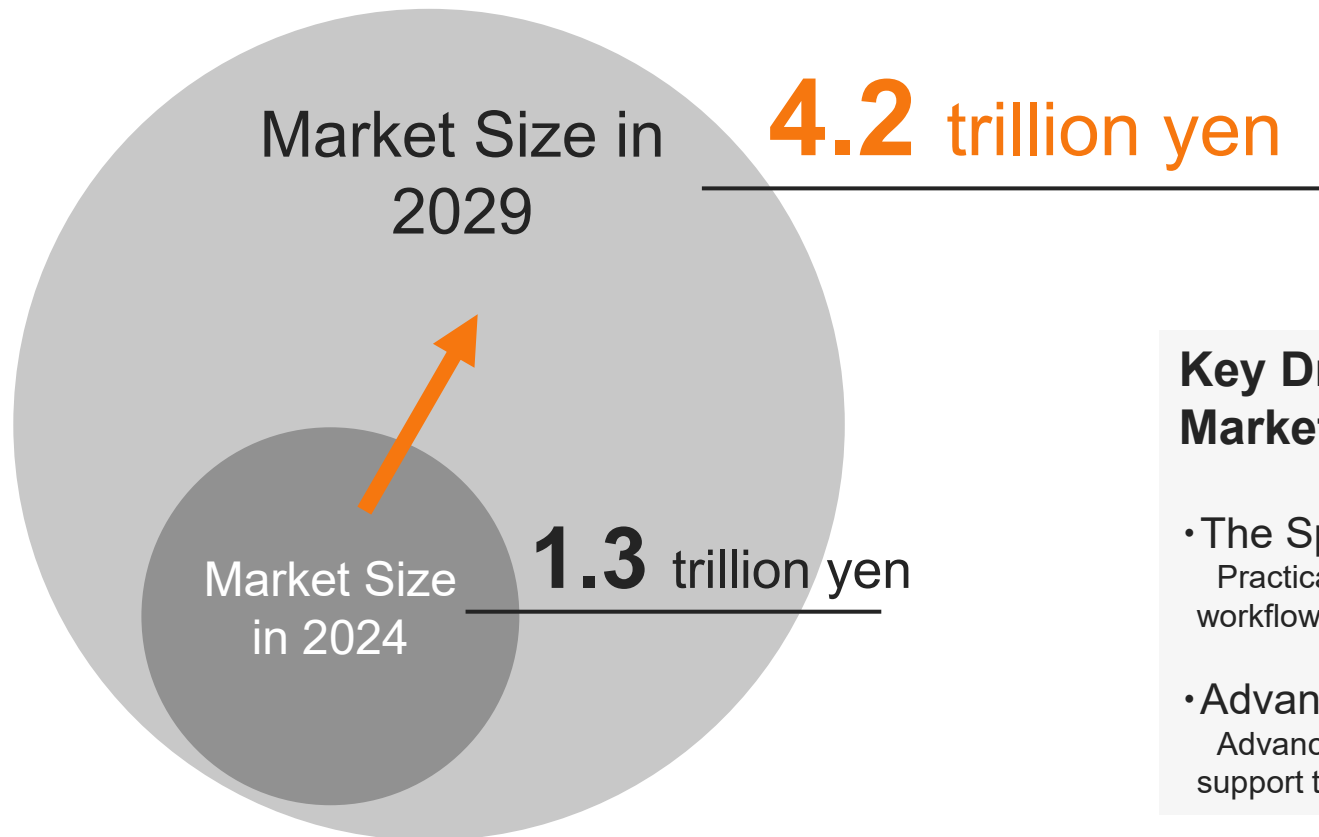
Key Drivers of Growth in the AI Systems Market

・The Spread of Generative AI
   Practical applications such as content creation support and workflow optimization

・Advancements in Technology
   Advancements in LLMs and RAG transform AI from a mere support tool to a central entity in task execution

*Source: Created by our company based on IDC Japan's "Forecast of the AI Systems Market in Japan, 2024–2029."

Note: The above data is based on expenditure and derived from independent research by each company.

HEROZ

- Launch of HEROZ ASK and business integration with group companies led to growth in AI SaaS and recurring revenues.
- Through the remarkable progress of Generative AI, promoting value provision that goes beyond mere AI tools

HEROZ 1.0	HEROZ 2.0	HEROZ 3.0
Individual problem solving based on conventional AI	**Improved productivity by providing AI-based tools(AI SaaS)**	**Provision of Work automated by Generative AI (AI BPaaS)**

Customers × Data

HEROZ AI

HEROZ Group

HEROZ Group
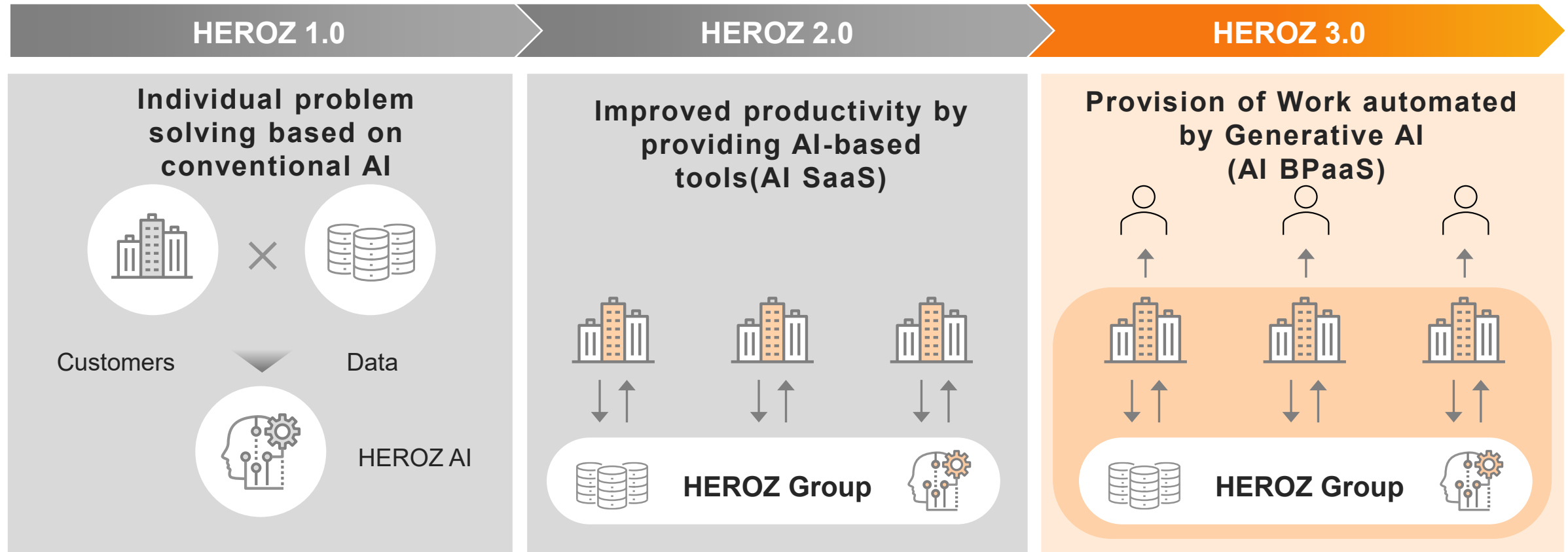
Advances in Generative AI will greatly expand the areas of that can be automated, thus promoting value provision that goes beyond mere AI tools and accelerating the AI Transformation of society

HEROZ

- HEROZ is transforming its AI BPaaS model, evolving from providing services using generative AI to adopting AI agents.
- Autonomously executing parts or entire tasks will expand user adoption and accelerate AI implementation across society.

AI BPaaS with Generative AI

Providing automatically generated deliverables (Work) based on clear user instructions

HEROZ Group

Dependent on user skills (instructions, requirement definition) and communication ability, limiting the user base

AI BPaaS with AI Agents

Providing agentic work that autonomously performs parts or entire tasks

HEROZ Group

Enables task execution regardless of user skills or communication ability, making it accessible to a broader audience

Examples of autonomously executed work

Call Center

Security

Recruitment Process Outsourcing

Autonomously determines and executes tasks

AI Agents Offered by the HEROZ Group

■ The HEROZ Group enhances corporate efficiency and productivity by providing specialized AI agents tailored to specific business processes.

AI Agents Offered by the HEROZ Group

AI Front-End Operations -Customer Support-

AIさくらさんシリーズ
Streamlining and enhancing customer interactions such as service and inquiries

QuickQA 自動応答システム / QuickSummary 自動要約・分類システム
Facilitating customer interactions through natural language processing

VOIQ
Inside Sales Outsourcing & Sales Support

AI Middle Office Operations -Business Process Management-

HEROZ QSK
Provision of an AI Agent Platform

HEROZ (BtoB)
AI Solutions Specialized in Finance, Construction, and Entertainment

JOINT
Workflow Integration Through SaaS Collaboration

AI Back-Office Operations -HR & Administration-

BLOOMWORKS
Outsourcing Recruitment Process

Vario Ultimate ZERO
Data Protection and Security Monitoring

HEROZ ASK Meeting Assist: From AI Agent 1.5 to the Next Generation

- HEROZ is promoting "Meeting Assist" to support the next generation of work styles.
- Supports meeting minutes and action item management, ensuring smooth preparation for the next meeting.

AI Agent 1.5 : Next-Generation Mobility Support Technology, AI Suitcase

- "AI Suitcase," a mobility robot for the visually impaired, begins testing at the Osaka-Kansai Expo.

- Leveraging AI Agent 1.5, the Expo pilot seeks to resolve challenges for societal use.

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Mobility Support Utilizing AI Agent 1.5 Features

Voice Interaction Function

・Provides destination guidance and surrounding information to enable flexible mobility support

Route Selection

・Provides safe and efficient mobility through route setting via a smartphone app

Assistive Reasoning

・Demonstrates flexibility by selecting optimal routes and information based on user instructions

・Offers two experience courses within the Expo: Short Tour and Long Tour
・Identifying technical challenges to drive further innovation and societal implementation

04

Initiatives in each business segment

Progress of HEROZ ASK
Developing Meeting Assist features to transform the future of work.

- HEROZ ASK is growing in sales and customers, with the company united in business expansion efforts.
- With Meeting Assist added, HEROZ aims to grow as a work-supporting AI agent and boost sales further.

Continues to achieve significant sales growth

- Recurring revenue and total contracted customer count are both increasing

  Sales in Q4 grew approximately 2.2 times compared to the previous quarter

  As of the end of May, total contracted customers exceeded 250 companies.

HEROZ ASK Revenue trends

(Forecast)

2024/06   2024/07   2024/08   2024/09   2024/10   2024/11   2024/12   2025/01   2025/02   2025/03   2025/04   2025/05

AI Agent: Release of the new Meeting Assist feature

- The new "Meeting Assist" feature for "HEROZ ASK" is scheduled for release
- To launch as an AI agent with real-time conversation analysis, task tracking, and meeting recommendations

ASKと共に、未来の働き方を創造していきましょう。

タスクをASKに。働き方を未来に。

HEROZ ASK
Meeting Assist

■ Sales are steadily increasing, with continued growth expected into the next fiscal year.

■ Connector execution counts are increasing, with plans to grow the business and enhance features as an Embedded iPaaS supporting SaaS usage.

Further sales growth is expected toward the fiscal year-end

● JOINT's sales steadily increased through Q4.

● **Successfully secured large projects, with further growth expected in the next fiscal year.**

Connector execution counts are rapidly increasing toward the fiscal year-end

● Connector execution counts are increasing, **reaching 4.5 times the January level in April.**

● Released AI-powered mapping functionality, with plans for further updates and improvements.

JOINT **Revenue trends**

1Q (見込)

FY02/2025 1Q
FY02/2025 2Q
FY02/2025 3Q
FY02/2025 4Q
FY02/2026 1Q(見込)
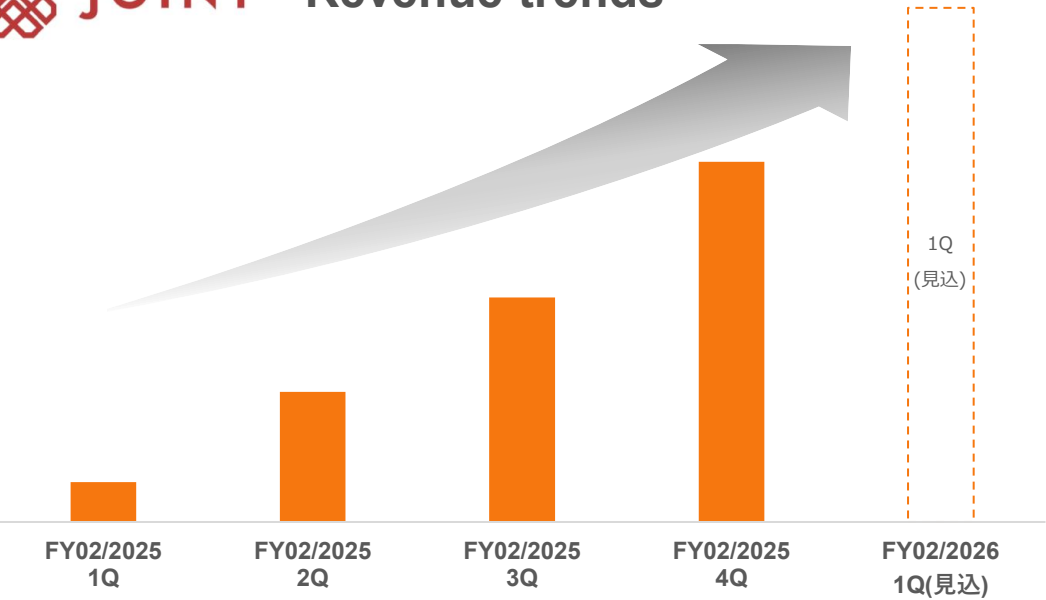
※Includes revenue from initial setup.

JOINT **Connector executions**

Achieved 4.5x growth in April compared to January!

2024/10　2024/11　2024/12　2025/01　2025/02　2025/03　2025/04
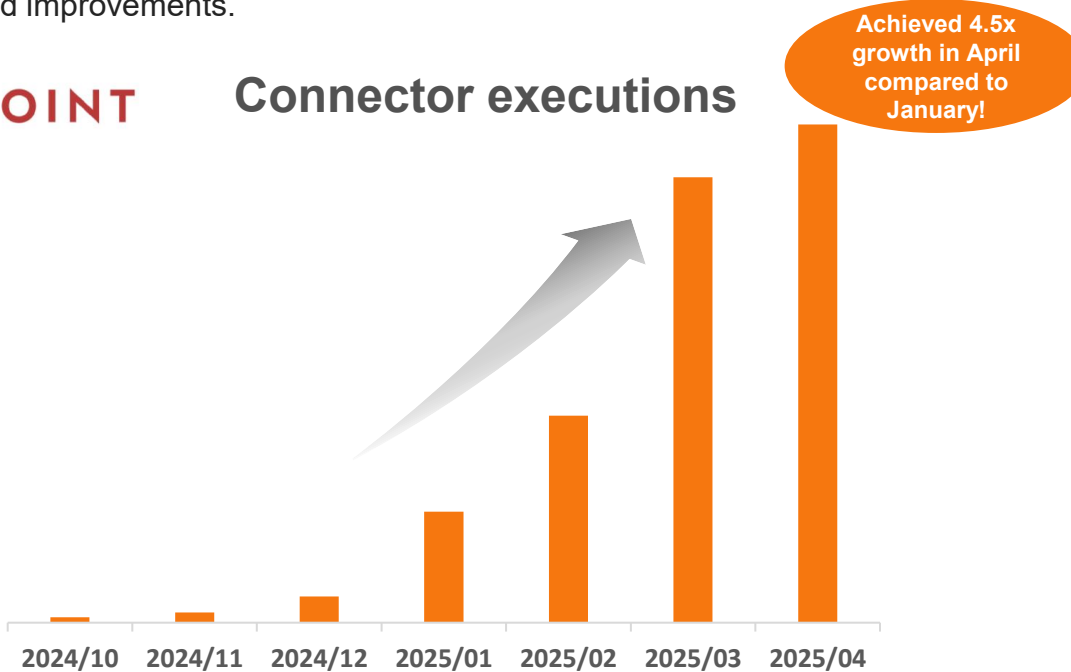
※This shows the monthly trend of connector execution counts by customers.

Co-developed an ESG-focused AI agent with NZAM

- Co-developed an AI agent to streamline ESG evaluations with automated data collection.
- The AI agent aims to create constructive dialogue time with investee companies, crucial for engagement activities.

Joint development of an AI agent to streamline ESG evaluations

- HEROZ and NZAM co-developed an ESG system where AI auto-collects and evaluates public company data.

- To enhance efficiency and consistency in ESG evaluations, a multi-model AI automatically collects public data for quantitative assessment across 57 criteria.

- By streamlining operations, the system strengthens engagement activities, supports sustainability in capital markets and corporate actions, and is set for implementation in June 2025.

NZAM × HEROZ

データの収集・前処理	ESG評価・評価根拠の提示

- 有報（EDINET）
- CG報告書（JPX）
- 統合報告書

大規模言語モデルを複数組み合わせ、自動処理を行うAIエージェントを構築

- 57項目別のESG評価
- 評価の算出根拠
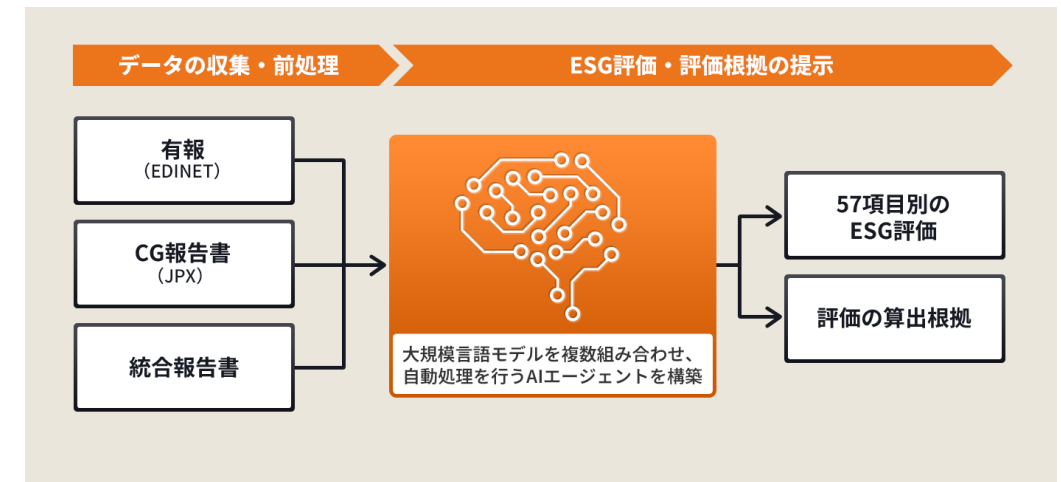
Launched with a vision for AI agents: "HEROZ ASK" × "JOINT iPaaS for SaaS/for Biz."

■ HEROZ ASK, as an AI agent, supports workflow design and enables automated data integration processes.

■ We will expand compatible services to enhance SaaS value and support IT-driven strategy realization.

Strengthening support for workflow optimization with iPaaS for SaaS

● StrategIT has integrated its generative AI SaaS, "HEROZ ASK," into the data integration platform "JOINT iPaaS" and begun its provision.

● AI proposes and supports the creation of optimal workflows, assists in generating necessary code, reduces developer workload, and helps improve operational efficiency and productivity.

● With HEROZ ASK, it becomes possible to build a "workflow-based AI agent" that makes advanced decisions while executing workflows.

HEROZ selected for "Growth Company Selection 2025" in the SMB category

- Ranked in the top 5% of ~61,000 SMBs, HEROZ is recognized as one of Japan's fastest-growing companies.

- Recognized for merging AI and recruitment expertise, HEROZ will continue boosting corporate competitiveness and brand value.

Ranked in the top 5% of the Growth Company Selection SMB category

- In SalesNow's "Growth Company Selection 2025," HEROZ achieved a 26.92% employee growth rate in the SMB category (10-99 employees) and was ranked in the top 5% among ~61,000 companies, earning Triple recognition.

- Recognized for integrating AI technology with recruitment expertise, the "BLOOMWORKS" recruitment support service helps client companies enhance their hiring systems and improve operational efficiency.

- HEROZ will continue enhancing its services and contribute to the success of client companies through sustainable growth.

SalesNow成長企業セレクション

SMB

Triple ⭐⭐⭐

Shogi Wars joins the collaboration: "Traveling Shogi Wanderings in JRA Niigata Racecourse" event held!

- "Traveling Shogi Wanderings in JRA Niigata Racecourse" was held at Niigata Racecourse on May 24–25, 2025.

- A collaborative event was held where participants could experience Shogi Wars' Sprint Mode as "Sen-Choku Shogi."

Held a collaborative event with Niigata Racecourse

- Shogi Wars collaborated in the "Traveling Shogi Wanderings in Niigata Racecourse," held as part of Niigata Racecourse's 60th-anniversary event.

- Various projects were carried out in collaboration with Tetsuya Fujimori 5-dan's popular YouTube channel, "Shogi Wanderings," known for Shogi Wars commentary.

- Inspired by Niigata Racecourse's famous 1,000m straight course, a booth was set up where visitors could experience Sprint Mode, starting from an evenly matched endgame, as "Sen-Choku Shogi."

- A talk show and match-watching event hosted by Tetsuya Fujimori 5-dan were held, followed by live commentary on "Sen-Choku Shogi" after the final race, making it an enjoyable event for horse racing fans, shogi fans, and viewers of "Shogi Wanderings."

Source: 2025 First Niigata Racecourse Event - Niigata Racecourse 60th Anniversary "Traveling Shogi Wanderings in JRA Niigata Racecourse"

AI Sakura-san: Recurring revenue and cumulative contracted users are steadily increasing.

- AI Sakura-san is increasingly active in new fields, such as Ministry of Land, Infrastructure, Transport and Tourism transport bureaus and public housing service counters.
- AI Sakura-san's recurring revenue continues to grow steadily, with further expansion anticipated.

AI Sakura-san continues to thrive across various fields

- AI Sakura-san is actively contributing across society, from customer service at stations, shopping facilities, and airports to mental health care in private companies and education boards.

- Deployed nationwide at transport bureaus, AI Sakura-san assists visitors with guidance and document filling, reducing staff workload, streamlining operations, and supporting smooth procedures for users.

アバター接客 さくらさん
国土交通省
全国38箇所の運輸支局等
に 導入！

アバター接客 さくらさん
堺市営住宅管理センター
に 導入！

AI Sakura-san's recurring revenue is steadily increasing

- AI Sakura-san's recurring revenue remains steady and is expected to continue growing next fiscal year, following the previous term's trend.

AI Sakura-san's recurring revenue

| 202502/1Q | 202502/2Q | 202502/3Q | 202502/4Q | 202602/1Q（Forecast） |
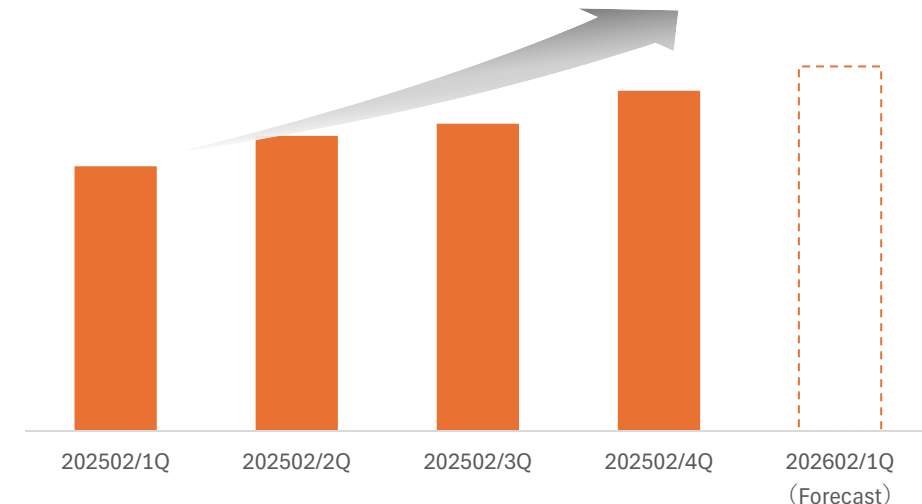
※Outlook may change over time.

AI Security: Expanding services and strengthening sales channels to accelerate security support

- Strengthening security support for SMEs through the expansion of products and services.
- Leveraging the selection as a Platinum Partner of WithSecure, further promoting adoption and strengthening the system.

Initiatives for Expanding Service Coverage

VarioSecure Inc. launches "VarioSecure Cyber Insurance," a new insurance product automatically bundled with "cyber insurance" to provide peace of mind for SMEs.

▼

Adding a "Compensation" process to the traditional security framework of Identify–Protect–Detect–Respond–Recover.

| 特定 | 防御 | 検知 | 対応 | 復旧 | 補償 |

Initiatives to Expand Sales Channels

VarioSecure Inc. begins providing services and forming a partnership with NTT Communications' "Security YOROZU Consultation."

VarioSecure Inc. announces a business alliance agreement in the security field with Toyo Media Links Co., Ltd., a company engaged in spatial production business.

Selected as the highest-ranking partner of WithSecure

- Selected as one of only three Platinum Partners of WithSecure in Japan.

- Strengthening the promotion of endpoint protection solutions and security support through "Vario Ultimate ZERO."

- Continuing to provide cybersecurity solutions, primarily for small and medium-sized enterprises.

05

Forecast of FY04/2026 Performance

Forecast of FY04/2026 Performance

- Considering the business expansion of HEROZ ASK and JOINT, full-year sales are projected at 6.7 billion yen.
- Continuing investments, targeting 800 million yen in operating profit.

（Units: JPY millions）	FY04/2025 Actual （Consolidated） (A)	FY04/2026 Forecast （Consolidated） (B)	Increase and decrease (B-A)	Increase Raito (B)/(A)
Net sales	5,929	6,700	770	+13.0%
EBITDA	793	1,300	506	+63.7%
Operating Profit	306	800	493	+161.1%
Ordinary Profit	228	720	491	+215.5%
Net Income (loss) attributable to owners of the parent	-177	150	327	-

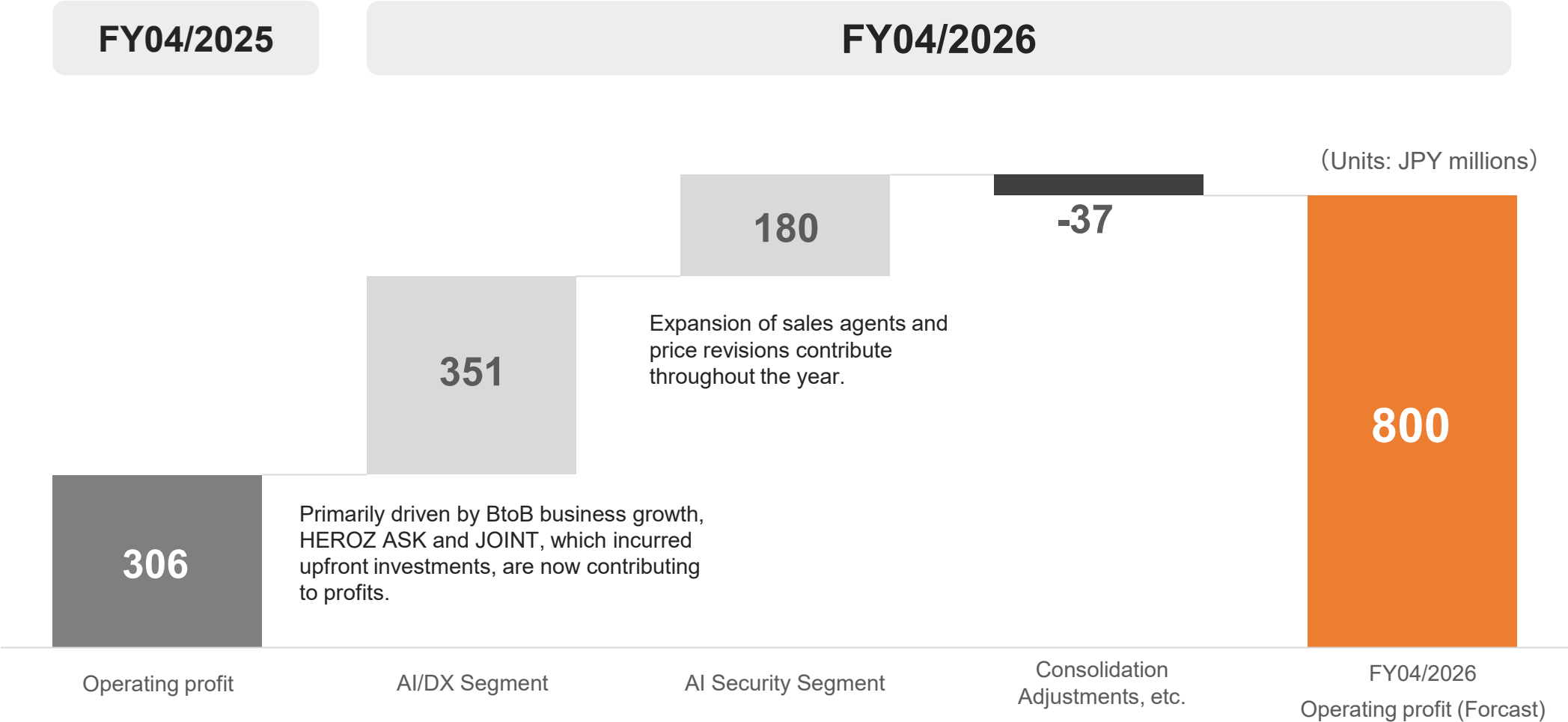# Profit Contributions of Each Business (Group & New Ventures) from This Fiscal Year Onward

- This year sees the monetization of FY2025 investments, with FY2026 operating profit expected to rise 500 million yen YoY to 800 million yen.

	FY04/2023	FY04/2024	FY04/2025	FY04/2026 Forecast（YoY）
Vario Secure	From August 2022		Vario Ultimate ZERO — From August 2024	Expanding services and sales coverage to strengthen security support for SMEs. Price revisions with existing customers and agents are expected to contribute throughout the year, improving profitability.
StrategIT	From September 2022		JOINT — From May 2024	Strong performance in iPaaS app development and reduced SG&A expenses are expected to significantly improve operating profit and achieve profitability compared to last year.
AI SQUARED After Internet × Artificial Intelligence		QuickQA 自動応答システム QuickSummary 自動要約・分類システム — From October 2023		Following structural changes and organizational adjustments, aiming for 10% sales growth compared to the previous fiscal year.
Tifana.com Web・AI制作会社 ティファナ		AIさくらさんシリーズ — From February 2024		The web business has ended to focus on AI initiatives. Continued growth in AI Sakura-san's recurring revenue is expected.
HEROZ		HEROZ ASK — From May 2024		Currently expanding ID numbers and increasing per-company unit prices. Plans to launch the AI Agent platform and Meeting Assist, with investment recovery expected to progress gradually.
VOIQ			VOIQ — From August 2024	Contributed to an increase in effective deals across group companies. Going forward, plans are in place to further strengthen external sales based on this success.

Full-Year Performance Forecast: Operating Profit

■ Although upfront investments occurred in the previous fiscal year, recovery is expected to progress from FY2026 onward, with operating profit projected to increase by approximately 500 million yen compared to FY2025.

FY04/2025

FY04/2026

（Units: JPY millions）

180

-37

Expansion of sales agents and price revisions contribute throughout the year.

351

800

306

Primarily driven by BtoB business growth, HEROZ ASK and JOINT, which incurred upfront investments, are now contributing to profits.

| Operating profit | AI/DX Segment | AI Security Segment | Consolidation Adjustments, etc. | FY04/2026 Operating profit (Forcast) |

06

Frequently Asked Questions and Answers

Frequently Asked Questions and Answers

■ Some of the frequently asked questions and answers we receive in relation to our most recent financial results announcement.

Q：What are the outlook and key growth points for HEROZ in the next fiscal year (FY04/2026)?

A：HEROZ positioned FY2025 as an investment phase, enhancing organizational and sales structures. FY2026 is expected to see improved revenue foundations and growth.

In FY2025, 300 million yen was invested in HEROZ ASK and JOINT, with contributions expected in FY2026. HEROZ ASK's sales and customer growth are driven by improved strategies, while JOINT's strong sales performance supports profit growth.

BtoC business targets 5% annual growth, BtoB aims for 20%, with contributions from JOINT and AI Square driving overall sales expansion. Despite Tifana's web business exit, profit growth is planned through revenue improvements across group companies.

In the BtoB business, delays in project timing persist, with these revenues scheduled for recognition starting in Q4. However, increased customer inquiries and project numbers indicate an improved revenue base and future growth potential.

Notes

- The forward-looking statements contained in this material are based on information currently available to the Company, but are not guarantees of future performance and are subject to various risks and uncertainties. Actual results may differ from the forward-looking statements contained or deemed to be contained herein due to changes in the business environment and other factors.

- This document contains information about our company and other companies, etc., and we make no representations or warranties as to the accuracy or completeness of the information contained herein.