



June 9, 2023

Company Name: HEROZ, Inc.

Name of Representatives:

Takahiro Hayashi,

Co-Chief Executive Officer:

Stock Code: 4382, TSE Prime Market

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Notice of Recording of Extraordinary Loss

HEROZ, Inc. (the "Company") hereby announces an extraordinary loss for the fourth quarter of the fiscal year ending April 30, 2023.

1. Recording of Extraordinary Losses.

"VarioSecure", a consolidated subsidiary of the Company, reported in its financial results for the fiscal year ended February 28, 2023 that sales of VCR (Vario Communicate Router), an integrated security device (UTM) in its integration service (sales of integrated security devices for small and medium-sized businesses (sales-type)), were sluggish due to unexpectedly intense competition. And despite the launch of additional new models with new services, sales have not recovered, and a provision for minimum purchase guarantee under procurement contracts was recorded.

Although VarioSecure implemented various measures to recover sales, sales of VCR, did not recover even in May 2023, and sales of VCR continued to fall far short of VarioSecure's sales plan. Considering these recent sales conditions, it is assumed that a rapid recovery of this product is unlikely in the future, and at this point, in addition to reevaluating the provision for reserves in light of the situation to date, it has been determined that it will be difficult to meet the designated purchase guarantee for the procurement of this product.

As a result, we have determined that the provision for the designated purchase guarantee is an exceptional and extraordinary circumstance and have recorded it as an extraordinary loss in our consolidated financial statements.

2. Impact on Business Performance.

As a result of the above, an extraordinary loss of 101 million yen will be recorded, but there will be no revision to the earnings forecast announced on December 9, 2022.

Forecasts of business performance are based on information currently available to the Company. Forecasts are subject to various uncertainties, and actual results may differ from these forecasts. We will review our earnings forecasts from time to time and disclose them in accordance with the disclosure rules.