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Company Name: HEROZ, Inc.

Names of Representatives:

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Notice of Progress Based on the Plan for Compliance with the Listing Maintenance Standards for the  
TSE Prime Market,  
and Status of Application for Selection and Compliance with the Standard Market

HEROZ, Inc. (the "Company") submitted and disclosed on December 10, 2021 its plan to comply with the criteria for maintaining its listing on the prime market. The Company hereby announces the status of its compliance with the criteria for maintaining listing on the prime market as of the most recent reference date (April 30, 2023) and the progress toward such compliance, as described below.

Based on the Company's compliance with the listing maintenance standards of the Tokyo Stock Exchange ("TSE"), and after considering how to respond to the TSE's rule revisions, the Board of Directors of the Company resolved at a meeting held today to apply for selection to the Standard Market, and the Company hereby announces that it has submitted an application for selection to the TSE.

**1. Trends in compliance with prime market listing maintenance standards and planning period**

The Company's compliance with the criteria for maintaining prime market listings as of April 2023, including the transition thereof, is as follows.

As of April 30, 2023, the Company was non-compliant with respect to "tradable share ratio" and "market capitalization of tradable shares" in terms of compliance with the criteria for maintaining prime market listing. In addition, as of June 30, 2021 (the transition standard date), the Company was

not in conformity with the standards with respect to "tradable share ratio".

|  |  | Total market capitalization of tradable shares (yen) | Tradable share ratio (%)      |
|--|--|--|-------------------------------|
| Company's conformity status and transition | As of the transition reference date (June 30, 2021)      | 13,163,563,703                                       | 33.6                          |
|  | As of April 30, 2022 (As of the previous record date)    | 4,981,954,654  | 33.6                          |
|  | As of April 30, 2023 (as of the most recent record date) | 6,415,340,657  | 34.5                          |
| Listing Maintenance Criteria               |  | Over 10 billion yen                                  | Over 35 %                     |
| planning period                            |  | Fiscal year ending April 2026                        | Fiscal year ending April 2026 |

\*The Company's compliance status is calculated based on the distribution of share certificates, etc. as understood by the Tokyo Stock Exchange as of the record date.

## 2. Status of implementation and evaluation of efforts to comply with prime market listing maintenance standards

### (a) Basic policy

Under the concept of "Surprise to the Heart," the Company provides AI-based services to make people's lives more convenient and enjoyable. The Company has worked to further enhance its corporate governance by conducting fair and honest business activities while aiming to continuously improve its corporate value, and by strengthening its internal control system in response to the expansion of the Company's business.

### (b) About the "Tradable share ratio"

#### • Status of Implementation of Initiatives

In the plan submitted on December 10, 2021, the Company had granted its employees the 6th Stock Acquisition Rights, 7th Stock Acquisition Rights, 8th Stock Acquisition Rights, and 11th Stock Acquisition Rights. The Company's plan was to increase its corporate value by implementing its medium- to long-term growth strategy and to create an environment that facilitates exercise by its employees. In addition, to further increase the tradable share ratio, the Company had set a plan to sell the Company shares held by some of its operating companies, etc. on the market. In addition, the Company announced the issuance of the 12th and 13th Stock Acquisition Rights in December 2022.

#### • Evaluation of Initiatives

The sale of the Company's shares held by business companies and others has progressed,

and the tradable share ratio has increased from 33.6% to 34.5%. On the other hand, since we expect that stock acquisition rights will be exercised gradually in the future, at this stage we will work to promote the exercise of stock acquisition rights and achieve the tradable share ratio by enhancing our corporate value through the execution of our business plan.

**(c) About the “Total market capitalization of tradable shares”**

• Status of Implementation of Initiatives

As of the previous record date, the total market capitalization of tradable shares was 4.9 billion yen, failing to meet the criteria of 10 billion yen or more required by the criteria for maintaining listing on the prime market.

In response to this situation, the Company had set a plan to improve its corporate value through the realization of its medium- to long-term strategy by improving its "tradable share ratio" and realizing its growth strategy in BtoB services, which has become an issue. For the period of the plan, we have set KPIs for both BtoC and BtoB services, and by implementing business strategies based on these KPIs, we have expected to increase sales by the fiscal year ending April 2026 and aimed to achieve a market capitalization of 10 billion yen or more by the same period.

• Evaluation of Initiatives

The Company was able to achieve discontinuous growth by forming a sales organization and improving the performance of its BtoB services beginning in the fiscal year ended April 30, 2023, as well as by making VarioSecure, Inc. and StrategIT, Inc. a consolidated subsidiary in the second quarter of the fiscal year ended April 30, 2023. However, as of April 30, 2023, the total market capitalization of tradable shares was 6.4 billion yen, and although we achieved growth compared to the previous base date, we continued to fail to meet the criteria of 10 billion yen or more required by the prime market listing maintenance criteria.

In addition to improving the "tradable share ratio," the Company intends to continue to achieve growth through organic growth and M&A, as in the previous period, in order to increase corporate value and improve the market capitalization of tradable shares.

**3. Reasons for selecting the Standard Market**

In accordance with the recent revision of the Tokyo Stock Exchange rules, the termination date of the transitional measures, which had not been clarified, has been set for March 2025, and companies, that have previously set a deadline for achieving the standard after March 2025, will be designated as

“Securities Under Supervision” from March 2026, although there is a grace period until that deadline. In light of these circumstances, the Company has decided to select the Standard Market because we believe that ensuring an environment in which shareholders and investors can hold and trade our shares with peace of mind without concerns about maintaining our listing, and allocating management resources for the execution of our plans from a medium- to long-term perspective, rather than from a short-term perspective to meet the Prime Market's criteria for maintaining listing, will contribute to our growth and increase corporate value.

#### 4. Conformity to standard market

The Company's compliance with the criteria for maintaining listing on the Standard Market as of April 30, 2023 is as follows, and the Company is in compliance with all of the criteria.

|  |                      | Number of shareholders | Number of tradable shares | Total market capitalization of tradable shares | Tradable share ratio | Monthly average trading volume | Net Assets             |
|--|----------------------|------------------------|---------------------------|--|----------------------|--------------------------------|------------------------|
| Our Conforming Status                        | As of April 30, 2023 | 8,165                  | 51,870 units              | 6.4 Billion yen                                | 34.5%                | 8,942 units<br>(* 2)           | 6 Billion yen<br>(* 3) |
| Standard Market Listing Maintenance Criteria |                      | 400                    | 2,000 units               | 1 Billion yen                                  | 25%                  | 10 units                       | Over 0 yen             |

(\*1)The Company's compliance status is calculated based on the distribution of shares, etc. as known by the Tokyo Stock Exchange as of the base date.

(\*2) Monthly average trading volume is calculated by dividing the total trading volume of the Company from January to June 2023 (\*2) Average monthly trading volume is calculated by dividing the total trading volume of the Company from January to June 2023 by 6.

(\*3) The figures are based on the "Consolidated Financial Results for the Fiscal Year Ended April 30, 2023 [Japanese GAAP] (Consolidated)" disclosed by the Company on June 9, 2023.

After the change of market classification to the Standard Market, we will continue to promote various measures for organic and discontinuous growth with the aim of increasing corporate value, including projects planned for conforming to the listing maintenance standards of the Prime Market, and we will also continue to work on improving the tradable share ratio.

#### 5. Scheduled date of market reclassification to the Standard Market

The scheduled date of the market reclassification to the Standard Market is Friday, October 20, 2023.