



November 24, 2023

Company Name: HEROZ, Inc.

Name of Representatives:

Takahiro Hayashi,

Chief Executive Officer

Stock Code: 4382, TSE Standard Market

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Chief Financial Officer

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Notice of Acquisition of Shares of A.I. Squared, Inc. (Making it a Subsidiary)

HEROZ, Inc. (the “Company”) hereby announces that it has decided to acquire shares of A.I. Squared, Inc. (hereinafter referred to as “AI2”) and has concluded a share transfer agreement on November 24, 2023.

1. Reason for acquisition of shares

With the vision of "creating the AI Revolution and building the future," we provide AI-based services in BtoC and BtoB areas, to make people's lives more convenient and enjoyable.

In addition, under the group strategy of "AI SaaS," we are promoting the implementation of AI throughout society by providing SaaS-type AI solutions to the market, leveraging the Group's accumulated AI-related technologies, SaaS, and security-related knowledge.

In recent years, AI market has seen rapid technological innovation and investment expansion in AI-related fields, including Large Language Models ("LLM"), both in Japan and overseas, triggered by the release of "ChatGPT" by OpenAI. We expect that advanced AI technologies, including LLM, will further penetrate and be implemented in societies, and that the power of AI will bring about fundamental reforms to existing business processes and business models in various industries (We call this trend “AI Transformation (AIX)”).

With such demand related to AIX expected to grow, the Company has positioned LLM as the axis of its business strategy and is promoting active R&D related to generative AI and the development of SaaS-type services that utilize LLM. In September 2023, we announced and launched “HEROZ ASK for Enterprise”, an LLM-based AI assistant service.

The mission of AI2 is "to make office work more productive through state-of-the-art natural language processing AI." With this mission, they are developing business automation solutions in the contact center business area, including automatic response systems and automatic summarization and classification systems, by applying machine learning and deep learning to natural language processing.

In addition, as peripheral services in the contact center business area, they are also developing services such as AI model creation and consulting for the advancement of business operations, utilizing their advanced AI development capabilities and know-how in service implementation.

The contact center operation, and the automation and learning of operations by AI have a high affinity, and the expectation and demand for advanced AI solutions in this area are growing, as it is expected to improve operational accuracy, increase work efficiency, and significantly reduce labor and other costs.

Under these circumstances, to further promote AIX in the contact center business area/industry and to spark an AI Revolution, through a combination of "Services in the contact center business area provided by AI2" × "Our core AI development technology and know-how in the use of LLM", we have decided to acquire shares of AI2 and make it our subsidiary,

2. Outline of the subsidiary to be transferred (AI2)

(1)	Name	A.I. Squared, Inc.		
(2)	Location	3-9-3 Iwamoto-cho, Chiyoda-ku, Tokyo		
(3)	Job title and name of Representative	Masaki Ishida President and Representative Director		
(4)	Description of business	Provision of various IT services and consulting using AI		
(5)	Share capital	239 million yen		
(6)	Date of establishment	December 1, 2015		
(7)	Major shareholders and ownership ratios	BroadBand Tower, Inc. 42.6% Japan Post Capital Co. 29.4% Media Do Corporation 18.3% Masaki Ishida 5.7% Akihito Ogino 4.0%		
(8)	Relationship between the Company and said company	Capital relationship	Not applicable	
		Personnel relationship	Not applicable	
		Business relationship	Not applicable	
(9)	Operating results and financial condition of AI2 for the past three years			
	As of / Fiscal year ended	June 2021	June 2022	June 2023
	Net assets	122	165	93
	Total assets	163	192	128
	Net assets per share (Yen)	576.00	728.16	414.05
	Net sales	387	346	340
	Operating income	△12	△54	△68
	Ordinary income	△7	△54	△68
	Net income	△7	△56	△71
	Net income per share (Yen)	△35.79	△248.34	△314.10
	Dividend per share (Yen)	—	—	—

(Million of yen, unless otherwise noted)

3. Outline of the counterparty of the share acquisition

(1)	Name	BroadBand Tower, Inc.
(2)	Address	2-1-6, Uchisaiwai-cho, Chiyoda-ku, Tokyo
(3)	Job title and name of Representative	Hiroshi Fujiwara Chairman and Representative Director, President, and CEO
(4)	Main Businesses	Computer Platform Business Media Solution Business
(5)	Relationship between the Company and said company	There are no applicable capital, personal, or business relationships.

(1)	Name	Media Do Corporation
(2)	Address	1-1-1 Hitotsubashi, Chiyoda-ku, Tokyo
(3)	Job title and name of Representative	Yasushi Fujita President and Representative Director, and CEO
(4)	Main Businesses	E-book Distribution Business Strategic Investment Business
(5)	Relationship between the Company and said company	There are no applicable capital, personal, or business relationships.

(1)	Name	Masaki Ishida
(2)	Address	Bunkyo-ku, Tokyo
(3)	Relationship between the Company and said person	There are no applicable capital, personal, or business relationships.

(1)	Name	Akihito Ogino
(2)	Address	Nerima-ku, Tokyo
(3)	Relationship between the Company and said person	There are no applicable capital, personal, or business relationships.

4. Number of shares acquired, acquisition price and shareholding before and after acquisition

(1)	Number of shares held before the change	- shares (Number of voting rights: - unit) (Ratio of voting rights held: -%)
(2)	Number of shares to be acquired	113,531 shares (Number of voting rights: 113,531 units)
(3)	Acquisition price	Due to contractual confidentiality obligations, this information will not be disclosed. The acquisition price was determined after careful scrutiny of its appropriateness by the Company's Board of Directors, based on AI2's business plan.
(4)	Number of shares held after the change	113,531 shares (Number of voting rights : 113,531 units) (Ratio of voting rights held: 50.1%)

5. Timetable

(1)	Date of resolution at the meeting of the Board of Directors	November 24, 2023
(2)	Date of conclusion of the agreement	November 24, 2023
(3)	Date of commencement of share transfer	November 30, 2023(scheduled)

6. Future outlook

The Company plans to acquire shares of AI2 and make it a consolidated subsidiary on November 30, 2023. We are currently examining the impact of this acquisition on our consolidated financial results for the fiscal year ending April 30, 2024, and will promptly announce any matters that need to be disclosed in the future.