

14, June 2024

Company Name: HEROZ, Inc.

Names of Representatives:

Takahiro Hayashi,

Chief Executive Officer

Stock Code: 4382

Contact: Hiroya Mori,

Chief Financial Officer

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#### Notice Concerning Recording of Extraordinary Loss

HEROZ, Inc. (the “Company”) hereby announces that it will record an impairment loss on goodwill as an extraordinary loss in its consolidated financial results for the fourth quarter of the fiscal year ending April 30, 2024, and a loss on valuation of stocks of affiliated companies as an extraordinary loss in its non-consolidated financial results for the fourth quarter of the fiscal year ending April 30, 2024.

##### 1. Recording of Extraordinary Loss

As a result of a review of business plans and other factors and an examination of the recoverability of the goodwill related to StrategIT, Inc (our group company: hereinafter referred to as “StrategIT”), the Company has decided to record an impairment loss, as an extraordinary loss in the consolidated financial statements. The amount of that loss is 184,966 thousand yen.

In conjunction with the goodwill impairment loss, an extraordinary loss of 359,594 thousand yen was recorded in the non-consolidated accounts as a loss on valuation of stocks of subsidiaries and affiliates. However, there is no impact on consolidated results of operations because the loss on valuation of stocks of subsidiaries and affiliates is eliminated in the consolidated financial statements.

In the rapidly growing SaaS market, the Company acquired shares of StrategIT in August 2022 and made it a group company in order to promote business and market growth through "StrategIT's domain knowledge on SaaS implementation and collaboration" and "our AI development know-how". Since then, we have pursued business growth and group synergy through information

collaboration and communication in terms of sales, technology, and management. Despite constant fluctuations in performance, StrategIT has worked to strengthen its business foundation, and in May 2024, released "JOINT iPaaS for SaaS," a SaaS-to-SaaS collaboration product for SaaS vendors. Currently, they are in the process of developing a recurring business model through the "JOINT iPaaS for SaaS" business, a collaboration platform for SaaS vendors, from the traditional SaaS implementation support and solution business of developing SaaS-to-SaaS collaboration, and are in the stage of making up-front investments in sales personnel and marketing expenses to expand sales of the product.

As a result, we have recognized signs of impairment of the goodwill held by the Company as we are shifting to a business model in which expenses will be incurred in advance for several years. As a result of our assessment of whether an impairment loss should be recognized, we have decided to record an impairment loss on the goodwill, related to StrategIT, for the fiscal year ending April 30, 2024. In conjunction with the recording of the goodwill impairment loss in the consolidated financial statements, a loss on valuation of stocks of subsidiaries and affiliates will also be recorded in the non-consolidated financial statements. However, as mentioned above, the loss on valuation of stocks of subsidiaries and affiliates will be eliminated in the consolidated financial statements, so the only impact on the consolidated financial statements will be the goodwill impairment loss.

The SaaS market is expected to continue to expand, and with the rapid spread of Generative AI, etc., seamless linkage and collaboration between various SaaS is expected to continue to be an important need and trend. We will aim for further business growth and ARR expansion as a stock-type business through sales expansion and functional enhancement of the "JOINT" platform.

## 2. Impact on business performance

The above extraordinary loss (impairment loss) is reflected in the "Consolidated Financial Results for the Fiscal Year Ended April 30, 2024 (Japanese GAAP)" released on June 14, 2024, and please refer to that report for details.