

HEROZ

Presentation Material for FY04/2026 Q1 Financial Results

September 11, 2025

HEROZ, Inc. | 4382 |

Notice

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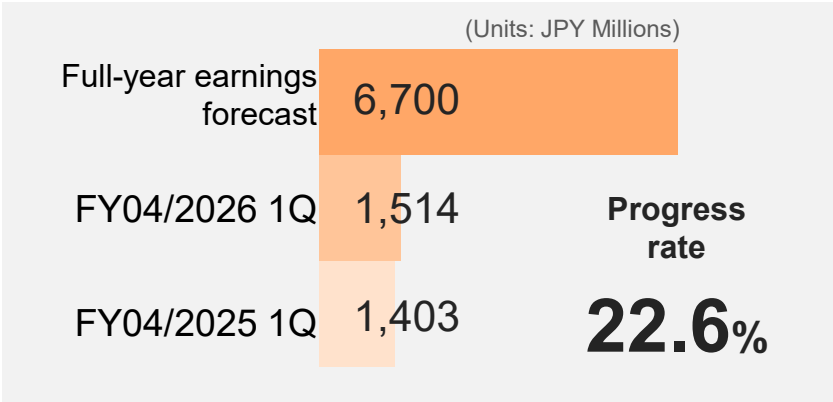
Financial Highlights

Performance
Summary

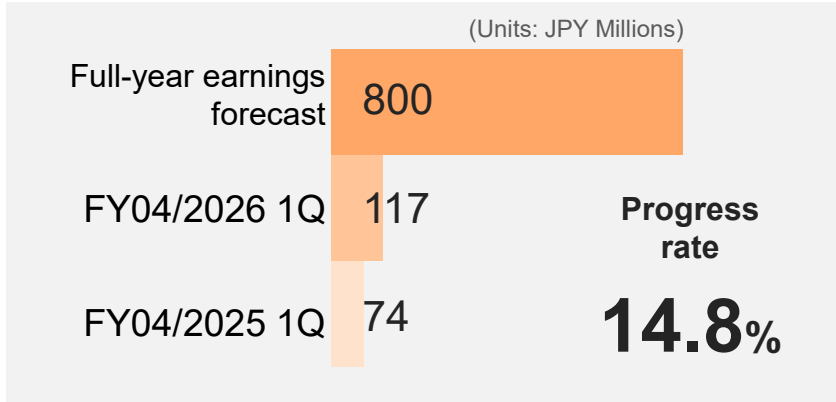
- Revenue ¥1,514 million (+7.9% YoY), EBITDA ¥228 million (+37.3% YoY), and operating profit ¥117 million (+58.3% YoY), all increased.
- FY 04/2025 is an upfront investment phase of ~¥300 million; returns will begin to materialize this year.
HEROZ ASK: revenue +77.6% QoQ JOINT: revenue +25.9% QoQ
- In the AI Security business, price revisions drove **record-high revenue and segment profit**.

Performance
progress

Sales



Operating profit



FY2026 Q1 Consolidated Performance Summary : Key SaaS metrics are also trending well.

HEROZ Group Consolidated

Revenue

1,514million yen
[YoY + 7.9%]

EBITDA*

228million yen
[YoY + 37.3%]

Operating profit

117million yen
[YoY + 58.3%]

AI SaaS KPI

ARR

4,227million yen
[YoY + 15.6%]

Recurring Revenue Ratio **

71.0%
[YoY + 4.5pt]

Recurring Churn Rate***

AI Security

0.7%
[YoY
-0.1pt]

HEROZ ASK

1.1%
[YoY - pt]

* 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 BPO security services in the AI Security service and HEROZ ASK.

Overview by business segment:
BtoB is expected to be second-half weighted this fiscal year.

*From 1Q FY ending April 2026, the AI/DX business will be renamed the AIX business.

Segment	Revenue progress	Overview of the current fiscal year	Revenue growth rate (YoY)
AIX ※	BtoC	<ul style="list-style-type: none">Record quarterly revenue; targeting +5% growth vs. prior fiscal year.Games exceeded 30 million for the second straight quarter; steady outlook.	+0.5%
	BtoB	<ul style="list-style-type: none">Slightly behind plan; expect second-half weighting and recovery from 2Q.HEROZ ASK: SMB pricing, sales, and CS upgrades boosted acquisition and retention.HEROZ BtoB: ~¥65m shifted to 2Q; pipeline > last year; full-year target in sight.	+17.7%
AI Security		<ul style="list-style-type: none">Record quarterly revenue achieved.Price changes to lift full-year profitability.	+4.9%

Performance Overview (May 2024-July 2025)

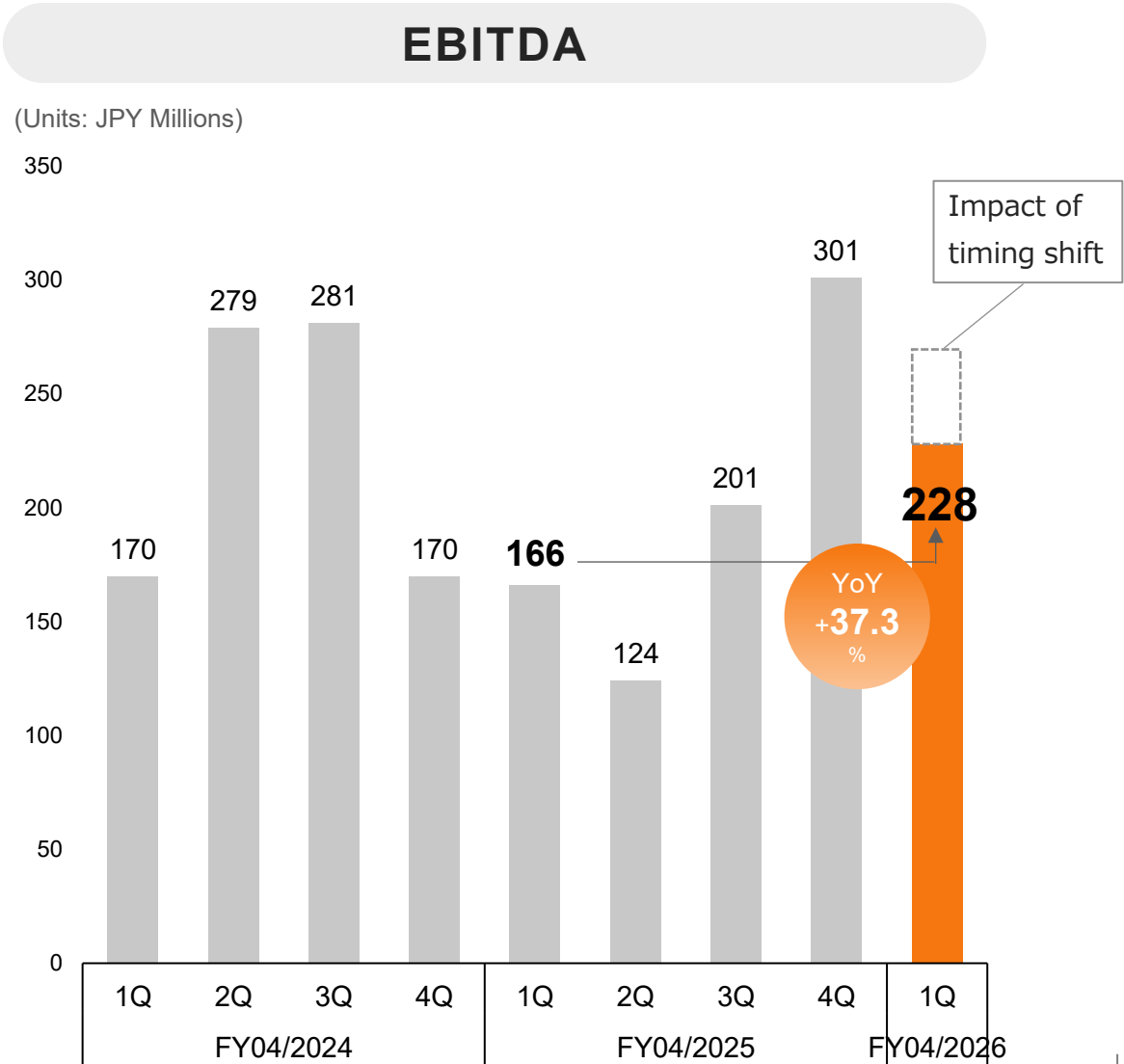
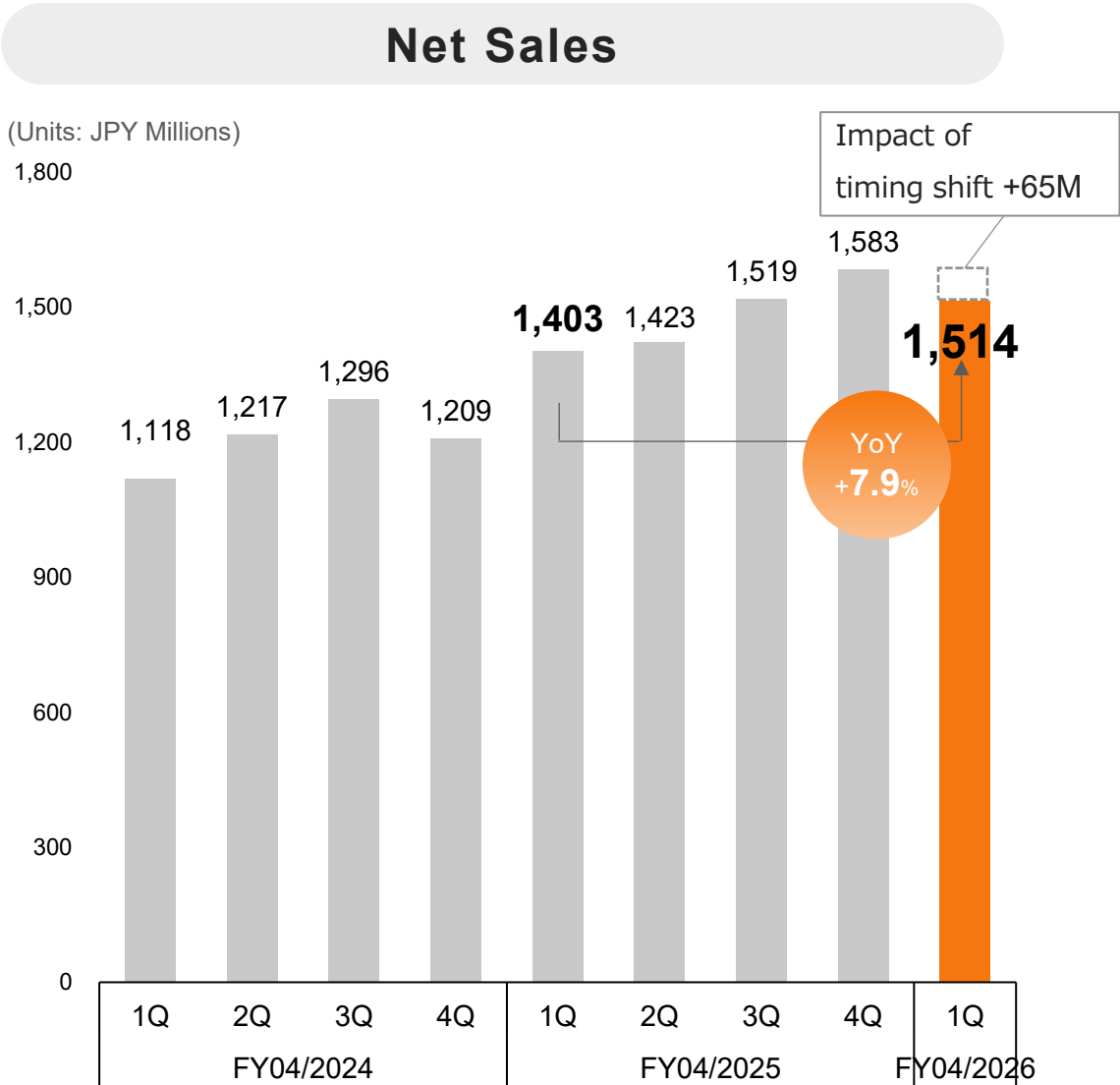
①Revenue was ¥1,514 million (+7.9% YoY) ②operating profit ¥117 million (+58.3% YoY)
③EBITDA ¥228 million (+37.3% YoY) , showing significant growth.

	FY04/2025 Q1 Results (Consolidated)	FY04/2026 Q1 Actual (Consolidated)	YoY	Initial Forecast (Announced on June ,13 2025)	Progress against Initial Forecast
(Units: JPY Millions)					
Net sales	1,403	① 1,514	7.9%	6,700	22.6%
Cost of Sales	754	846	12.2%	-	-
SG&A expenses	574	549	-4.3%	-	-
Operating Profit	74	② 117	58.3%	800	14.7%
Ordinary Profit	56	94	68.6%	720	13.1%
Net Income(loss) attributable to owners of the parent	-45	-11	-	150	-
EBITDA	166	③ 228	37.3%	1,300	17.6%

Key Performance KPIs (by Quarter) Net Sales, EBITDA

~¥65M shifted to 2Q, landing near 4Q levels.

EBITDA, adjusted for timing, slightly below 4Q levels.

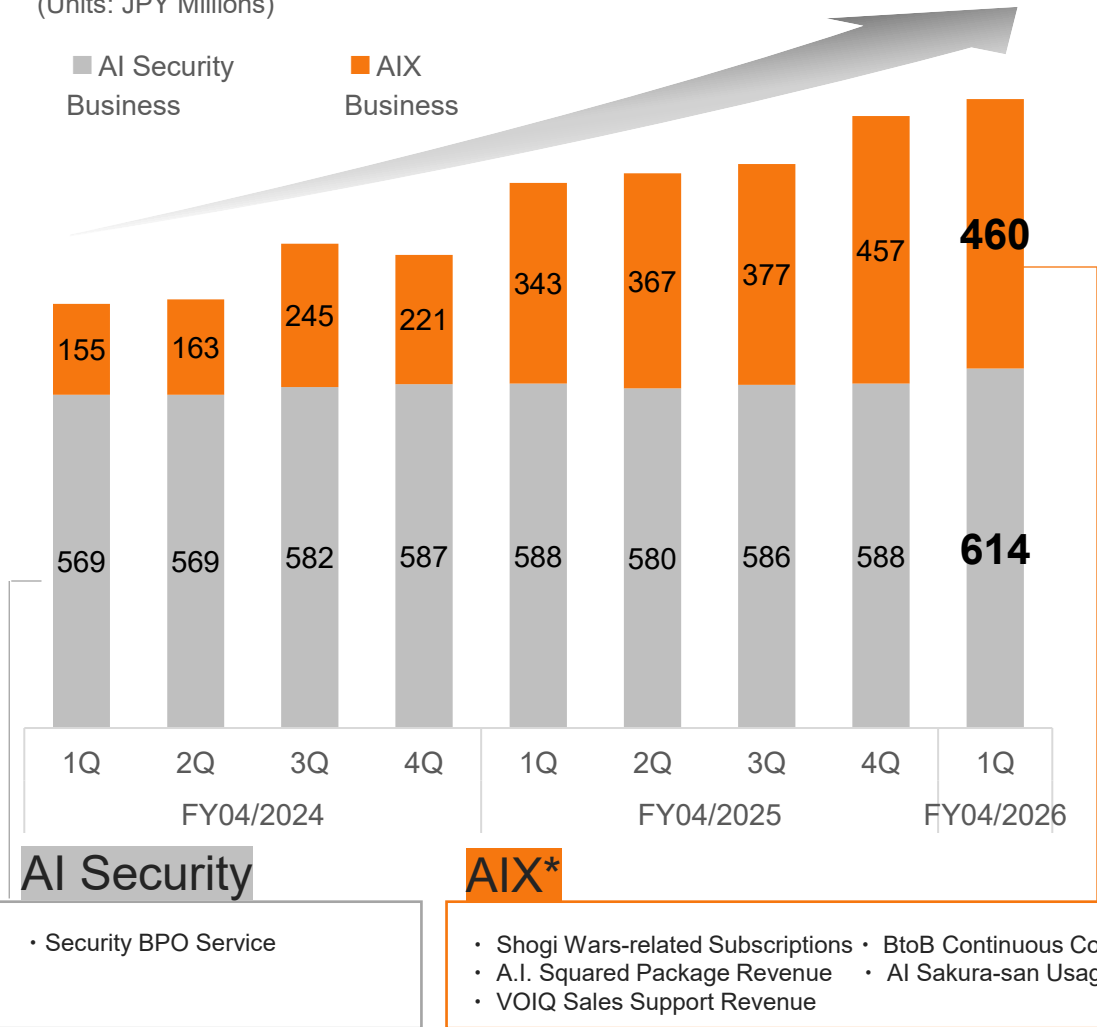


Recurring Revenue & ARR: Steady growth driven by new SaaS and M&A effects. HEROZ

Recurring Revenue Trends (Quarterly)

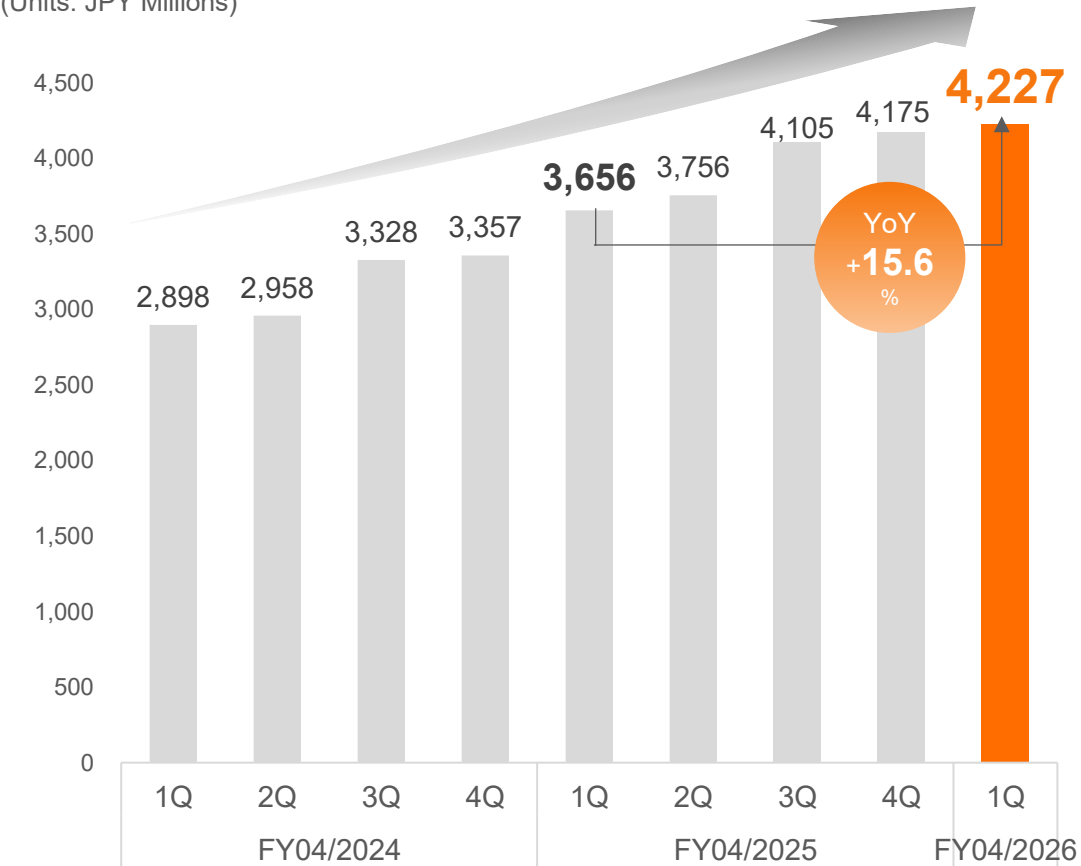
*From 1Q FY ending April 2026, the AI/DX business will be renamed AIX business.

(Units: JPY Millions)



ARR Trends

(Units: JPY Millions)

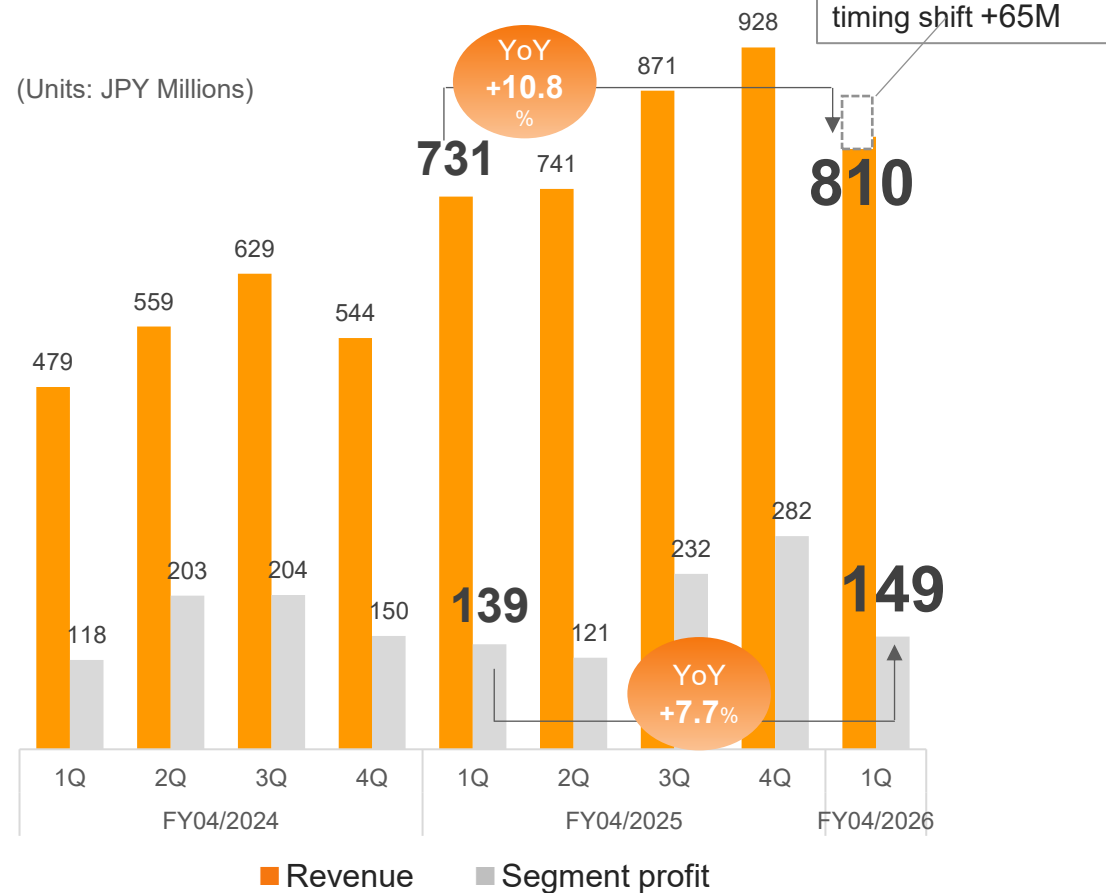


Segment Revenue & Profit Trends

*From 1Q FY ending April 2026, the AI/DX business will be renamed AIX business.

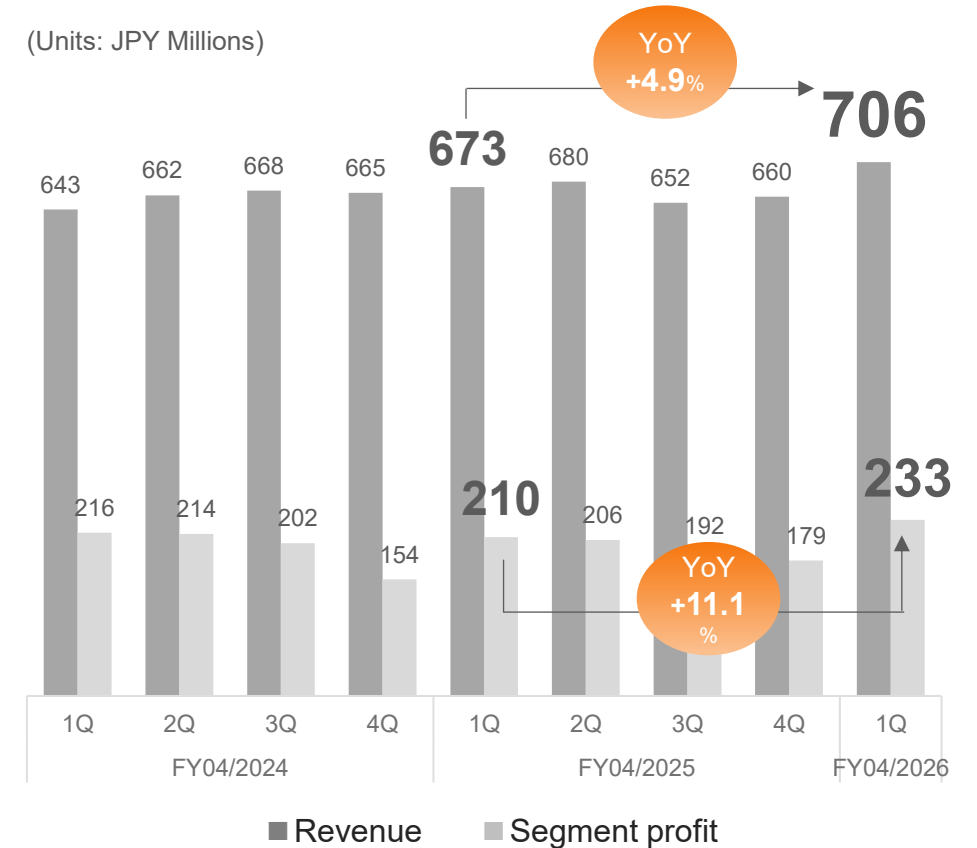
AIX Business*

- HEROZ BtoB revenue saw ~¥65M timing shift but **grew 10.8% YoY**.



AI Security Business

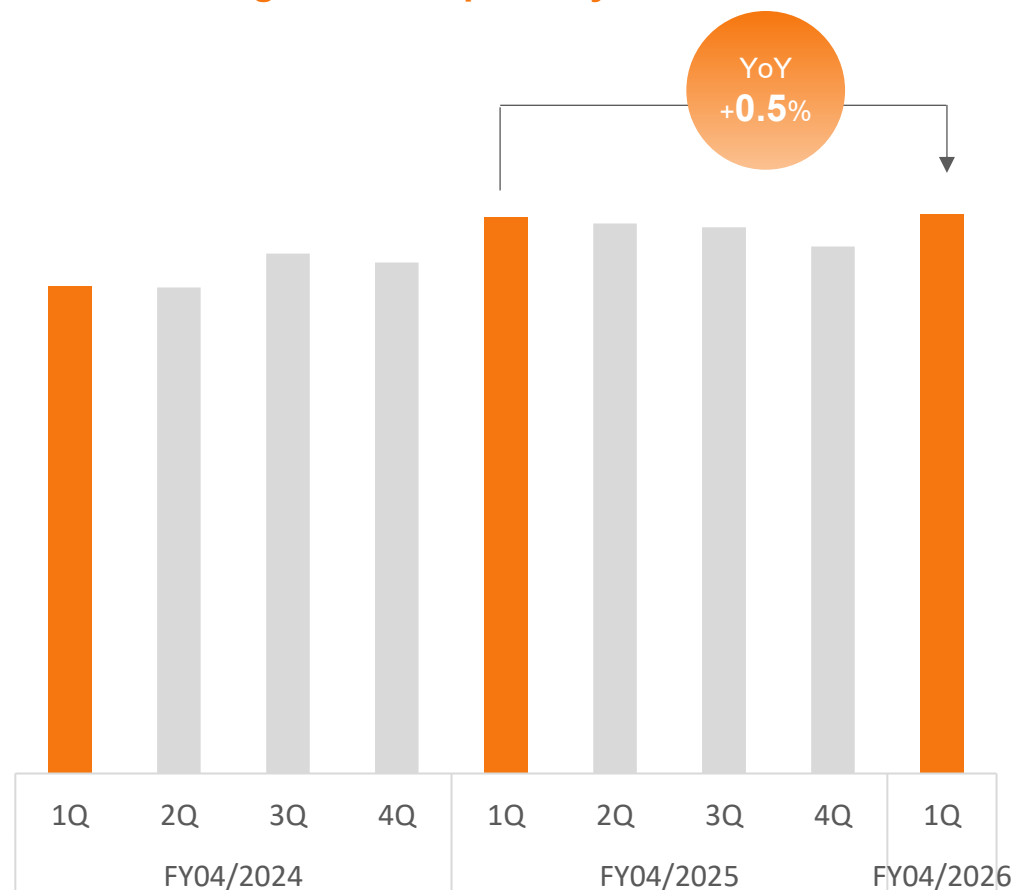
- Price revisions drove YoY growth, **achieving record-high quarterly results**.



Performance of the BtoC : Recorded highest-ever quarterly revenue.

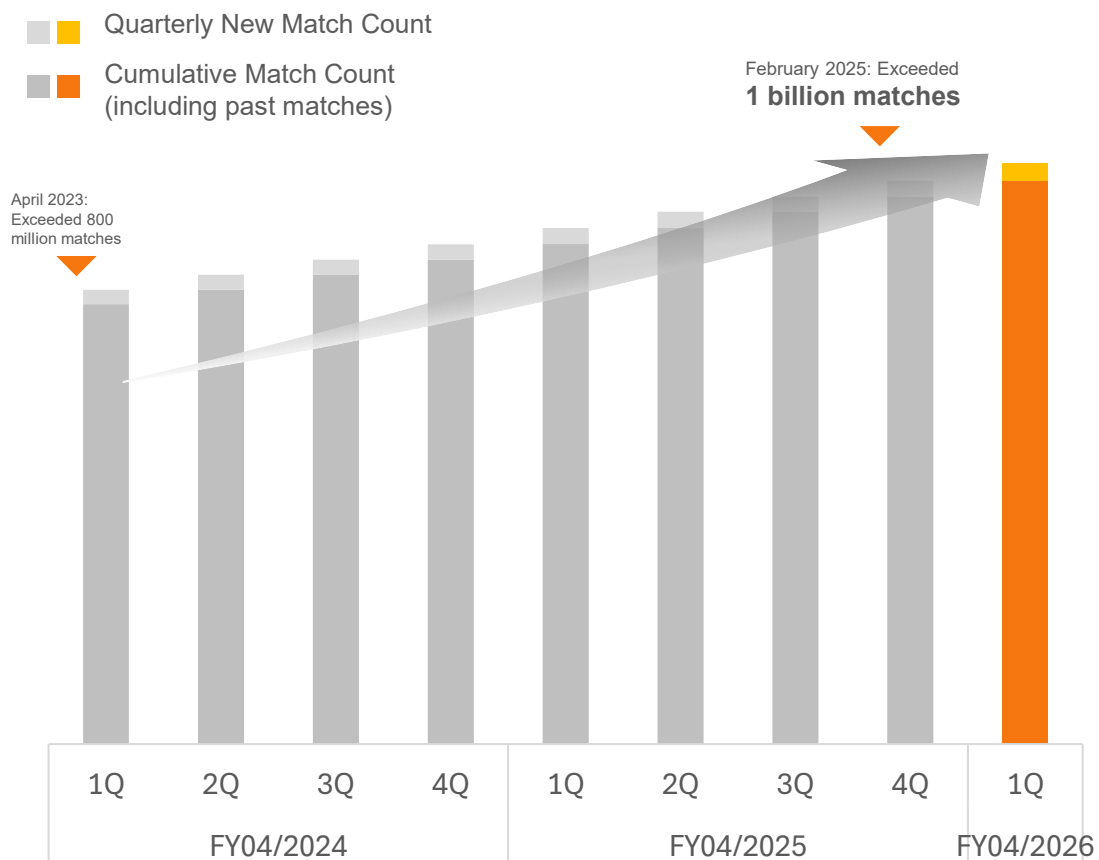
BtoC Revenue Trends

- Achieved **0.5% YoY** growth
- **Recorded highest-ever quarterly revenue**



Quarterly match numbers

- "Sprint" drove 30M+ games for **two straight quarters, hitting a record high.**

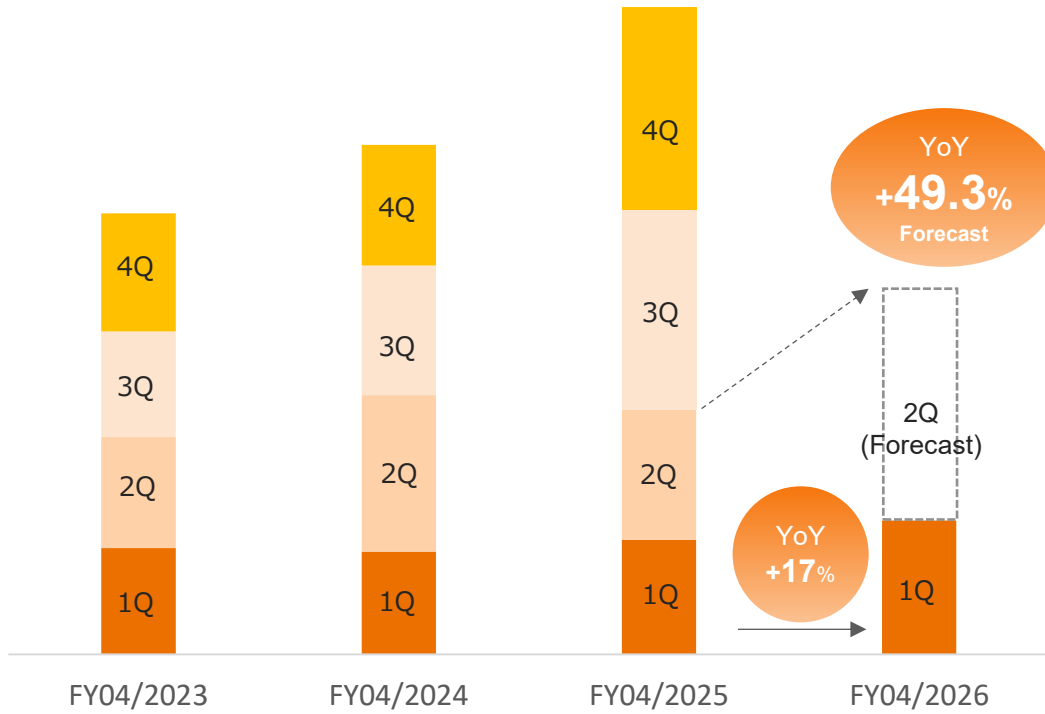


※Figures prior to the fiscal year ending April 2024 have been adjusted for the impact of changes in accounting standards

Performance of the BtoB : 17% YoY growth; 2Q plan improvement expected.

BtoB Revenue Trends

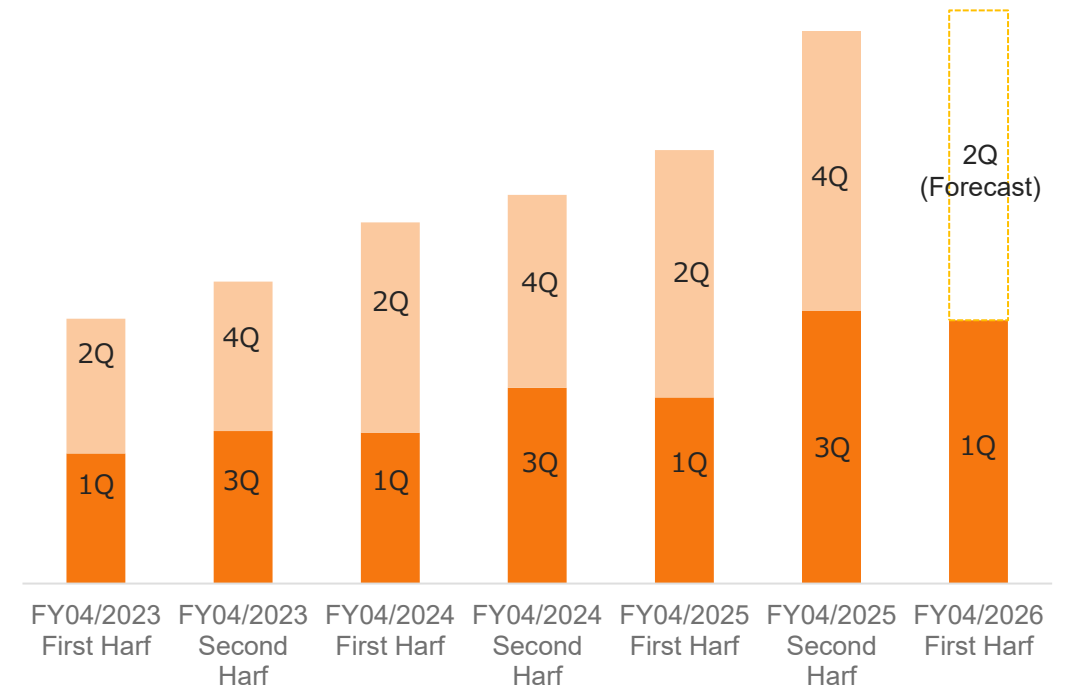
- Despite a ~¥65M timing shift, 1Q achieved **+17%** YoY growth.
- 2Q progress rate expected to improve with **+49.3%** YoY growth forecast.



*2Q outlook is subject to change, including timing.

BtoB Number of Active Projects Quarterly

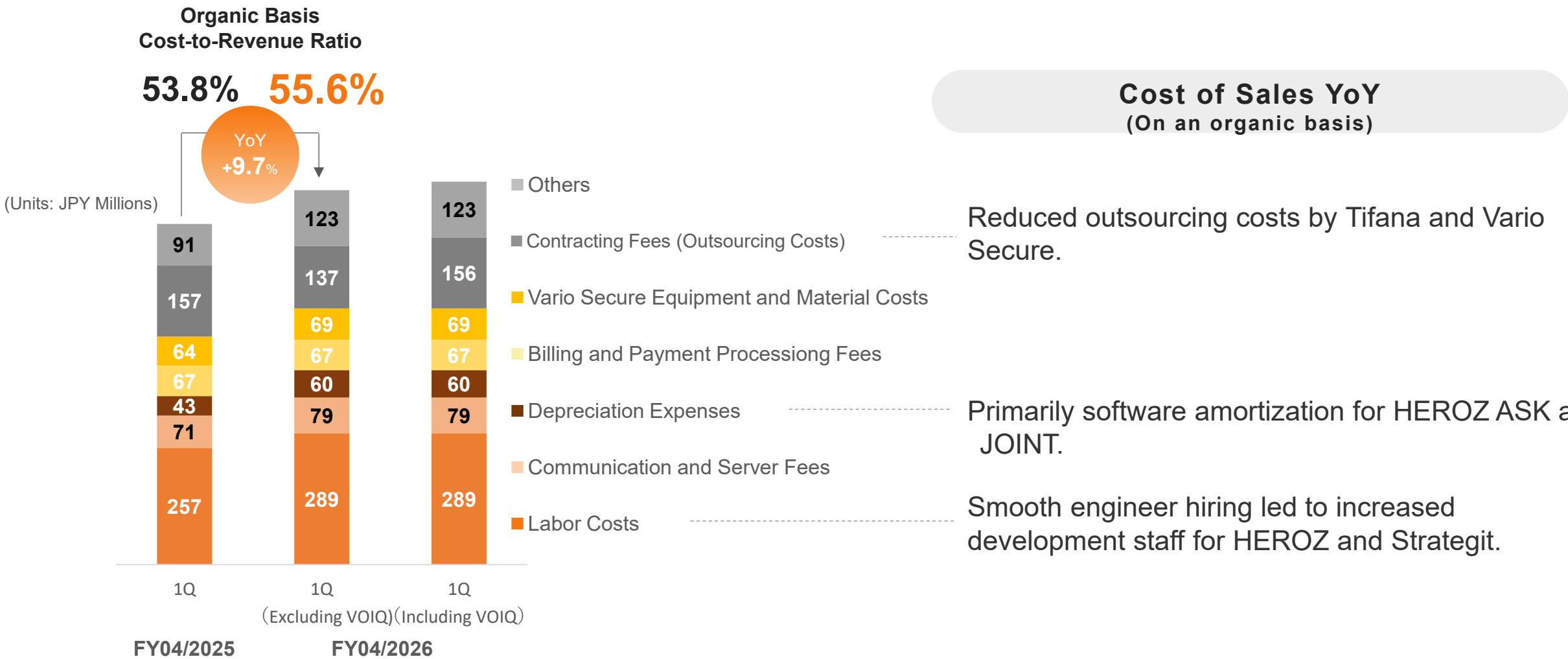
- Despite delays from timing shifts, expected to **surpass last fiscal year's second-half levels.**



*2Q outlook is subject to change, including timing.

Cost Breakdown: Development hiring raised cost of sales YoY.

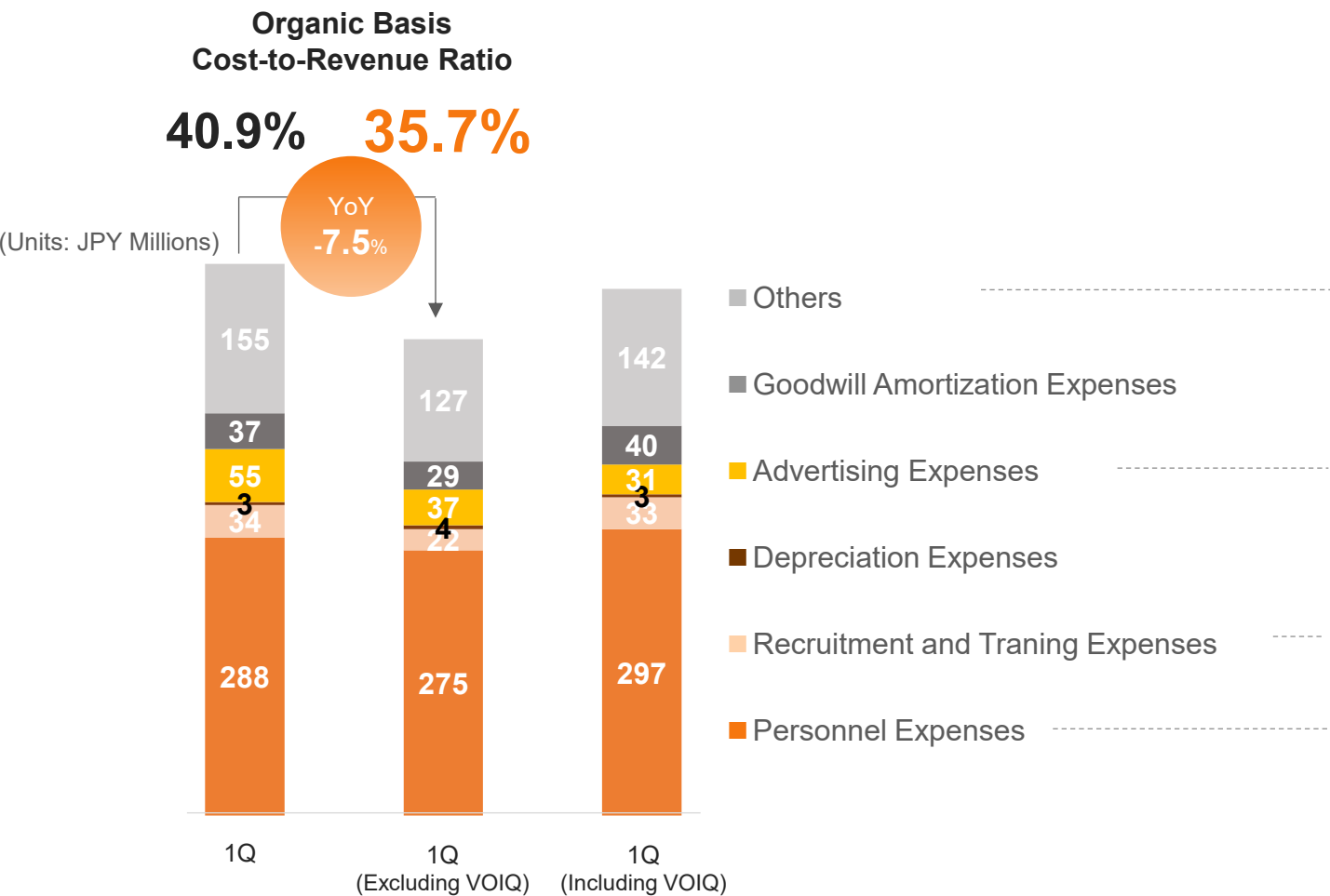
- Development hiring progressed smoothly, raising cost of sales by **9.7% YoY** and cost ratio by **~2 points**.
- Outsourcing costs are also trending downward.



Excluding VOIQ for organic comparison, as it was unconsolidated last 1Q.

SG&A (Consolidated): 1Q down YoY, with a lower cost ratio, showing cost cuts.

- **Down 7.5% YoY**; staffing rose, recruitment costs normalized, and ads were selective.
- Cost-to-revenue ratio **fell ~5 points**; proper cost control will continue.



SG&A YoY (On an organic basis)

Other SG&A dropped sharply with cuts in outsourcing and system costs.

Last year's major exhibition was held in Q1, but this year it took place in Q4, reducing exhibition costs for this Q1.

Active hiring continues with AI and direct sourcing, keeping costs steady.

Staff increased due to prior sales and marketing hires.

FY04/2025

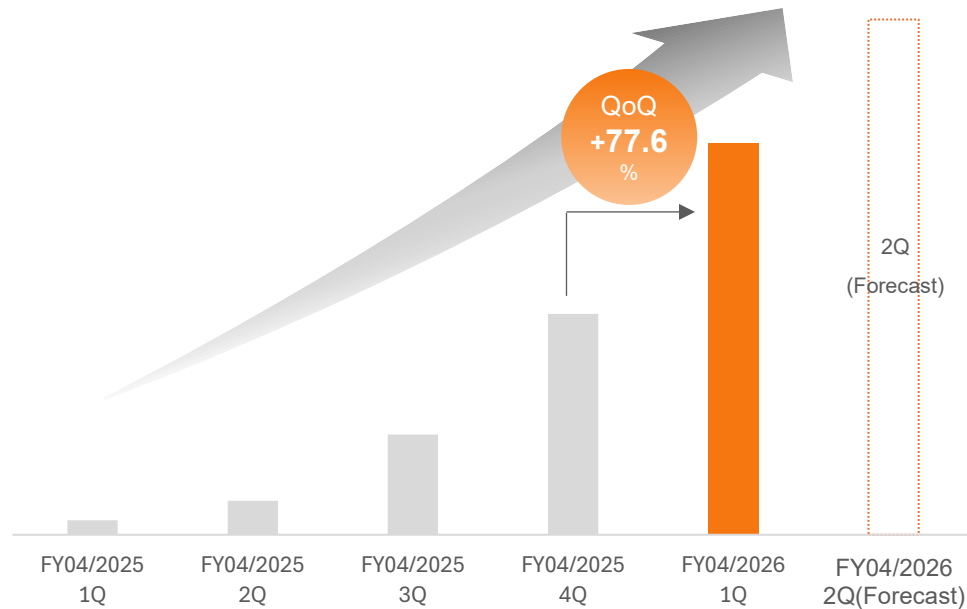
FY04/2026

Excluding VOIQ for organic comparison, as it was unconsolidated last 1Q.

HEROZ ASK Revenue Trends

- 1Q revenue grew **+77.6% QoQ**, with total contracted clients **reaching ~300** as of the end of August.
- Targeting SMBs, pricing plan changes, sales restructuring, and CS support proved effective.

HEROZ ASK

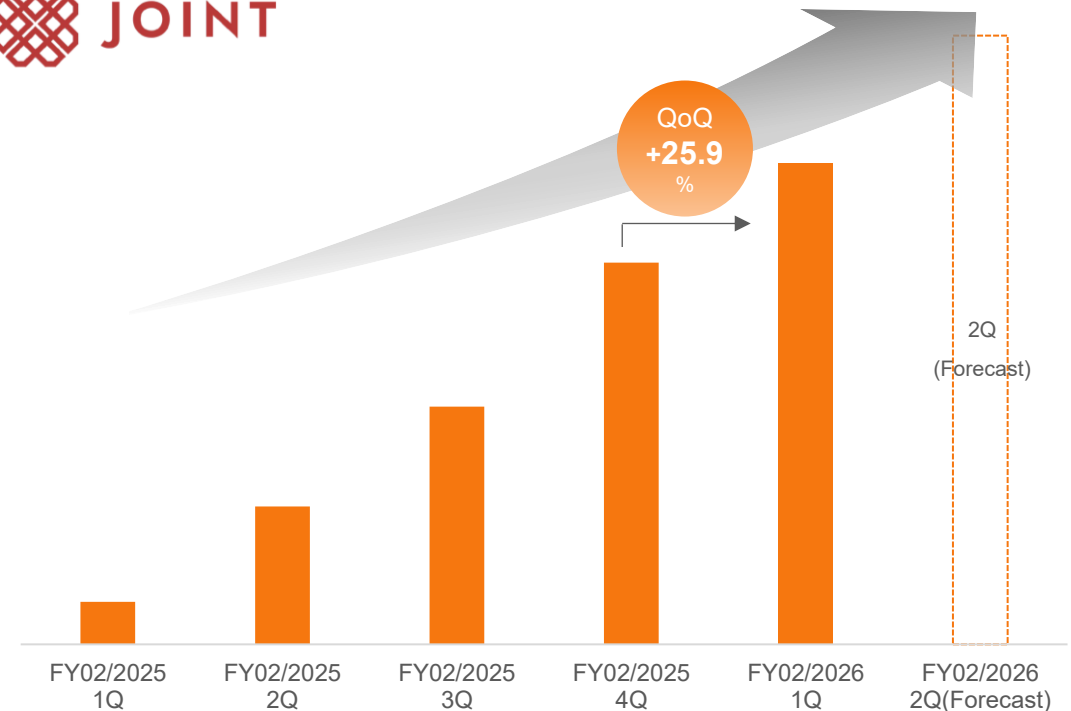


*The 2Q outlook is subject to change, including its timing.

JOINT Revenue Trends

- JOINT's revenue steadily increased in 1Q, growing **+25.9% QoQ**.
- Number of connectors also grew by **+16 QoQ**.

JOINT



*Includes revenue from initial setup.

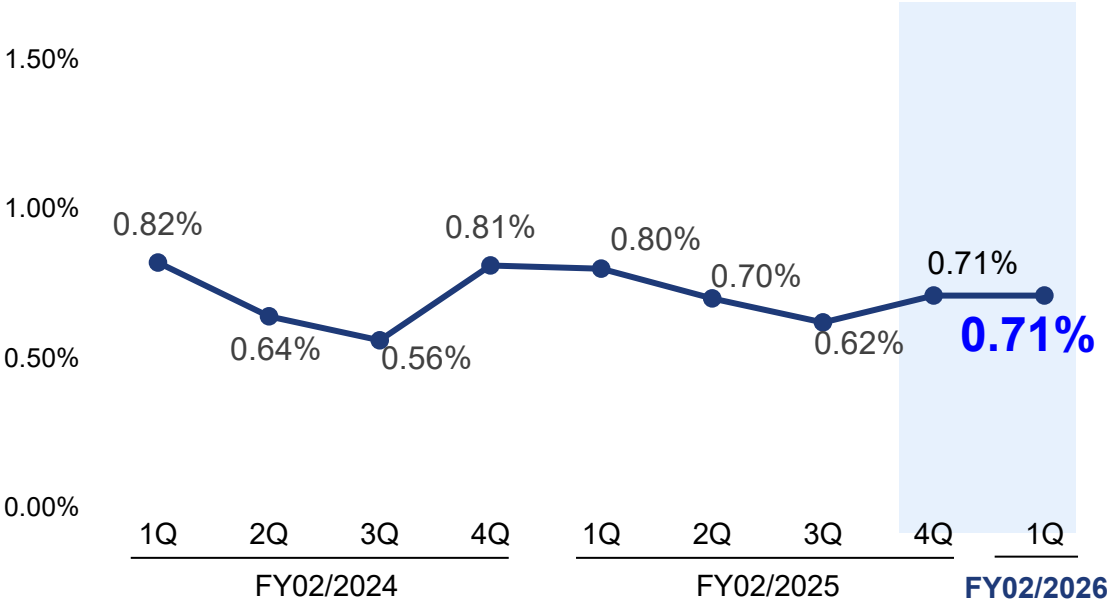
*The 2Q outlook is subject to change, including its timing.

Churn Rate Trend: HEROZ ASK continues to decline to low levels.

- AI Security's 1Q FY2026 churn rate was **0.71%**, staying below 1%.
- HEROZ ASK's churn rate decreased to **1.11%**, showing continued improvement.

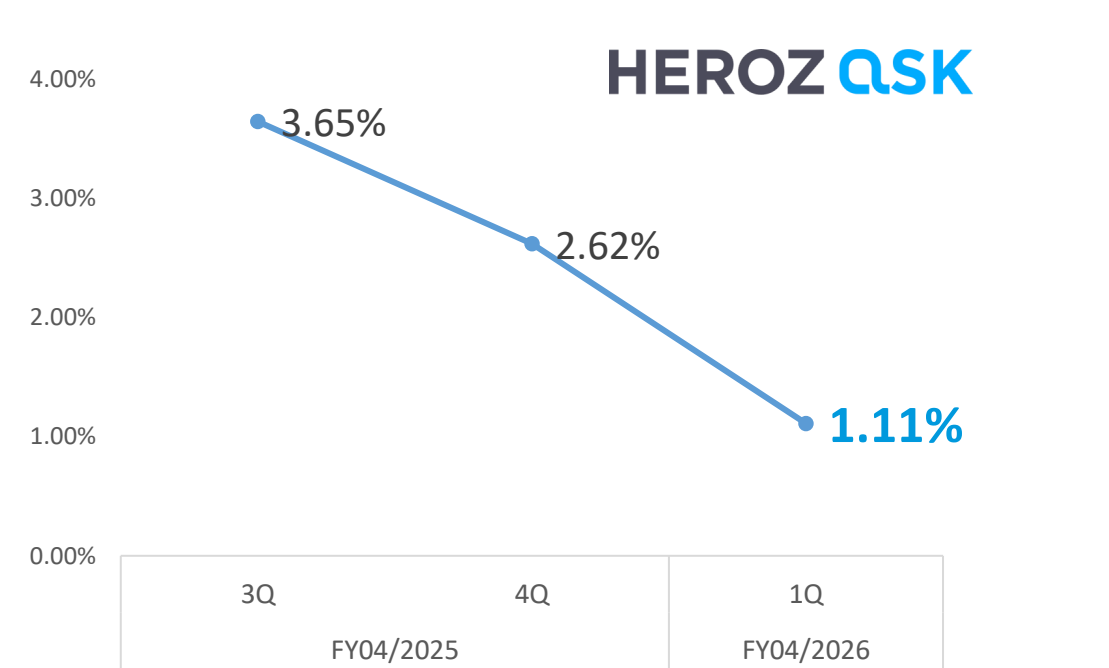
Quarterly Churn Rate Trend

Security BPO Service: Quarterly Churn Rate Trend



※ : Churn Rate (Revenue-based) = Quarterly Churn Amount ÷ (Monthly Revenue at Beginning of Fiscal Year × 3 Months)

HEROZ ASK User ID: Quarterly Churn Rate Trend



※ : Churn Rate (ID-based) = Quarterly Churned IDs ÷ (Cumulative IDs at Quarter Start × 3)

02



HEROZ Business Overview

● Sales Trends and Main History

(JPY Millions)

HEROZ was founded with the concept of “Surprise to the Heart”, aiming to create services that will surprise the world.

We believe that everyone has unique abilities, and through the creation of our services, we would like to help "give birth to as many heroes as possible".

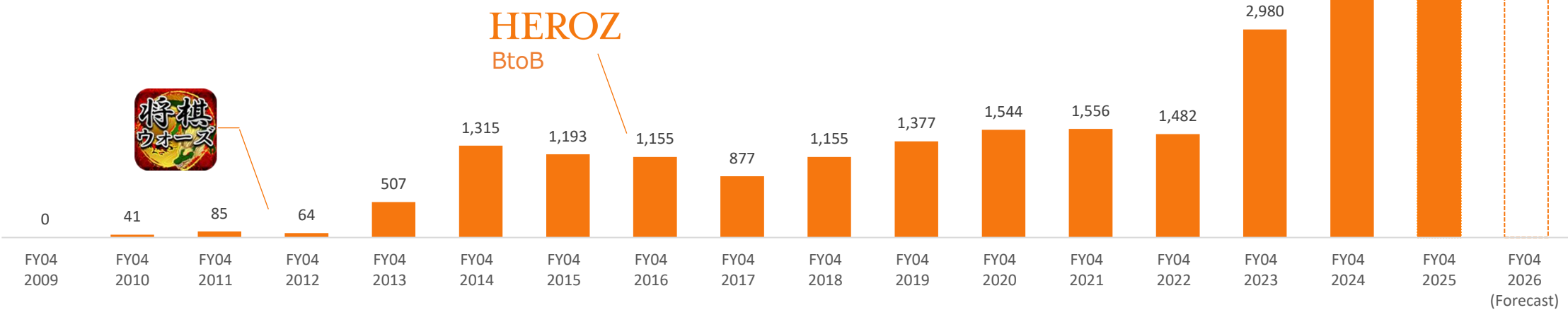
We want to do things that maximize the power of technology while at the same time making things interesting and surprising people, and this desire is at the root of HEROZ's "Surprise to the Heart" concept.

Newly added companies to our group

VOIQ
Tifana.com
Web・AI制作会社 ティファナ

AI SQUARED
After Internet × Artificial Intelligence

Vario Secure
StrategIT



2009 Established

2012 "Shogi Wars" released.

2013 Shogi AI developed by our engineers (at the time) won against an active professional Shogi player.

2016 JVA2016 Small and Medium Enterprise Agency Director-General's Award

2017 Capital and business alliances with various partners

2018 Listed on the Tokyo Stock Exchange.

2022 Vario Secure became part of the group
StrategIT became part of the group

2023 A.I.Squared became part of the group

2024 Tifana.com became part of the group
VOIQ Inc. became part of the group

Value Creation Through AI

HEROZ's vision is to **"Drive an AI revolution and create the future."**

We aim to build a society where generative AI automates and supports daily tasks, allowing people to focus on self-fulfillment.

AI is a partner in creating value, aiming for societal contribution.

The AI Revolution Achieved in the World of Shogi

Our shogi AI now aids **player learning and enriches spectator experiences.**

Just as coexistence with AI has evolved shogi and expanded its appeal, human-AI collaboration will **extend to other industries.**

The Age of Humans vs.AI

Growing pessimism that shogi is over



In 2017, PONANZA won against then Meijin Amahiko Sato

The Age of Human with AI

Human intelligence evolves with AI



Professionals are now studying Shogi through AI
(we also launched Kishin Analytics)

Evolution of the Shogi world

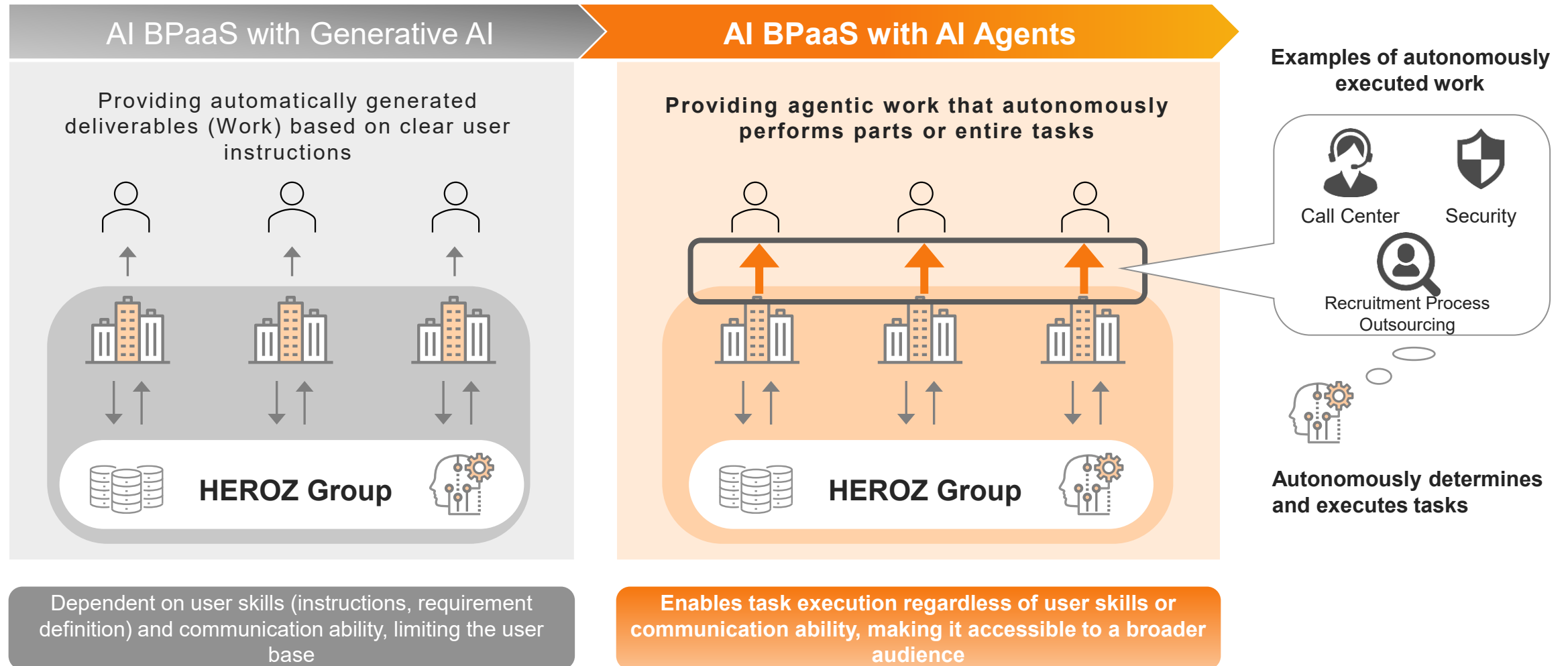
A new era has arrived in which practicing with AI is the norm.



AI shifted from "opponent" to "partner" for shogi players.

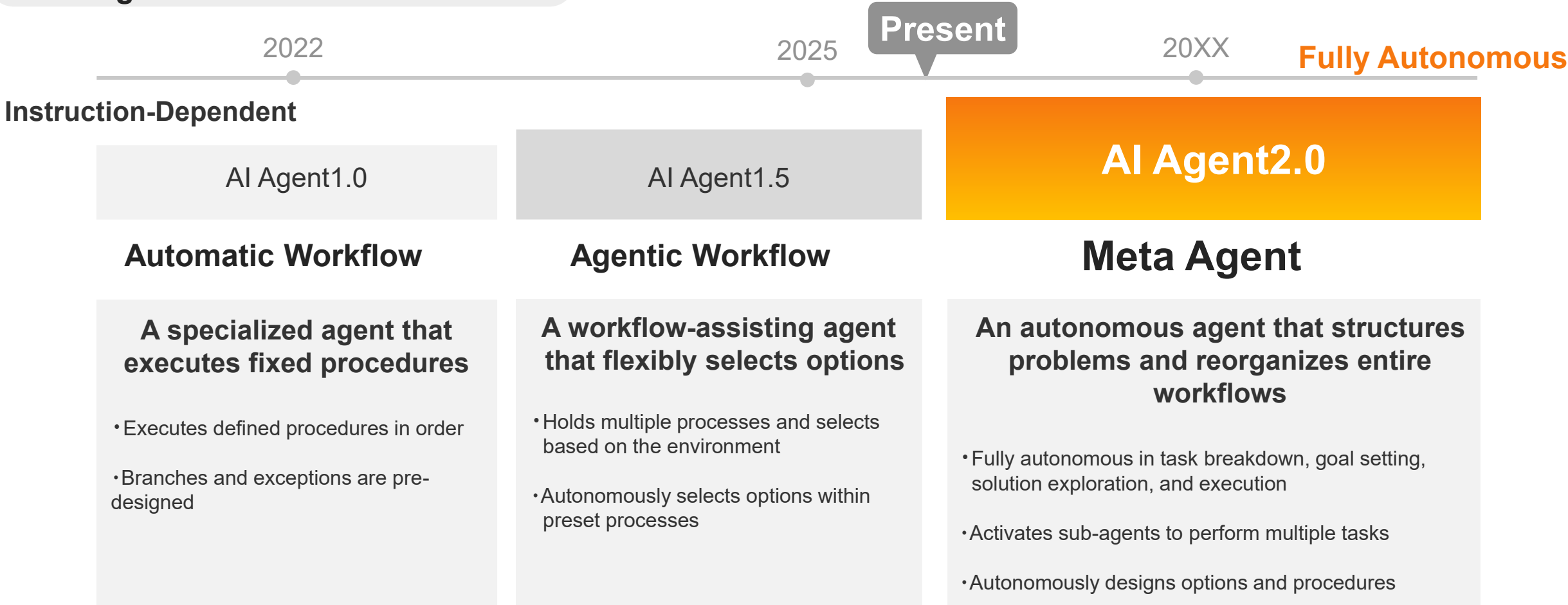
The AI BPaaS Model Evolving with AI Agents

- Refreshing the model from AI BPaaS to AI agents.
- Autonomously execute tasks end-to-end or in parts, accelerating adoption and deployment.



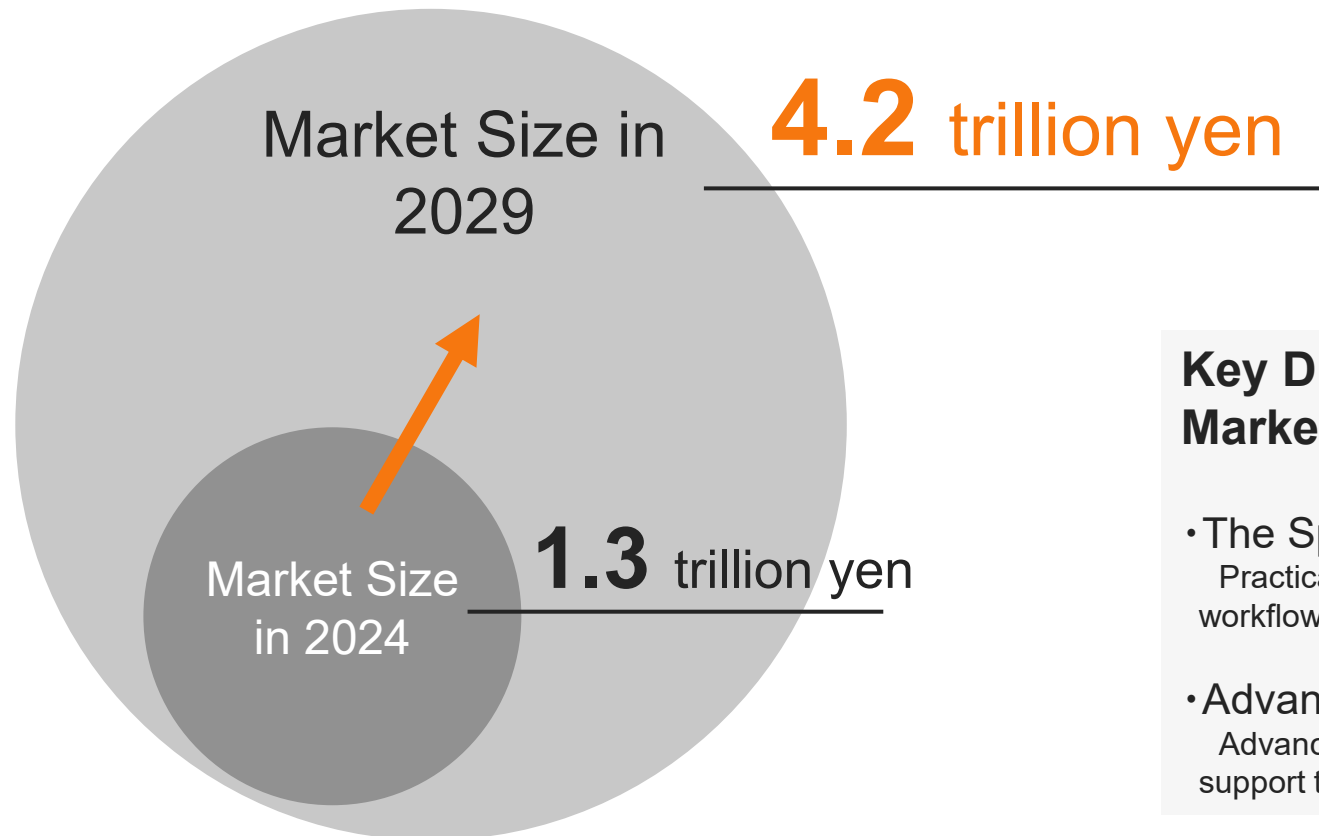
- HEROZ advances AI agents from instruction-based to fully autonomous, redefining task execution.
- A next-gen AI agent that structures problems and designs workflows to solve business challenges.

AI Agent Evolution Direction



- 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



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.

03

Initiatives in each business segment

Hosting various events to maximize the shogi player population.

- Hosted "Tanpopo Cup" with Vtubers and initiatives for all skill levels.
- Continue implementing initiatives to maximize the shogi population.

Further expanding to maximize the shogi population

- Teamed up with FESA (European Shogi Federation) to host **the 11th Shogi Wars Kishin Tournament European Championship** in Wroclaw, Poland.
- Hosted the **"Tanpopo Cup"** on Shogi Wars, led by virtual shogi idol Tanpopo-chan, with special guests Taichi Nakamura 8-dan and professional mahjong player Takaharu Ooi.
- Held a talk show on "Shogi and AI" in Numazu featuring **Sota Fujii**, winner of the 96th Hulin Cup Kisei Tournament, and our CEO Hayashi.
- Released **beginner-friendly shogi pieces** and hosted events like the 125th Shogi Wars Dan-Kyu Championship, **resulting in a record-high number of premium users**. We will continue offering initiatives for all skill levels.

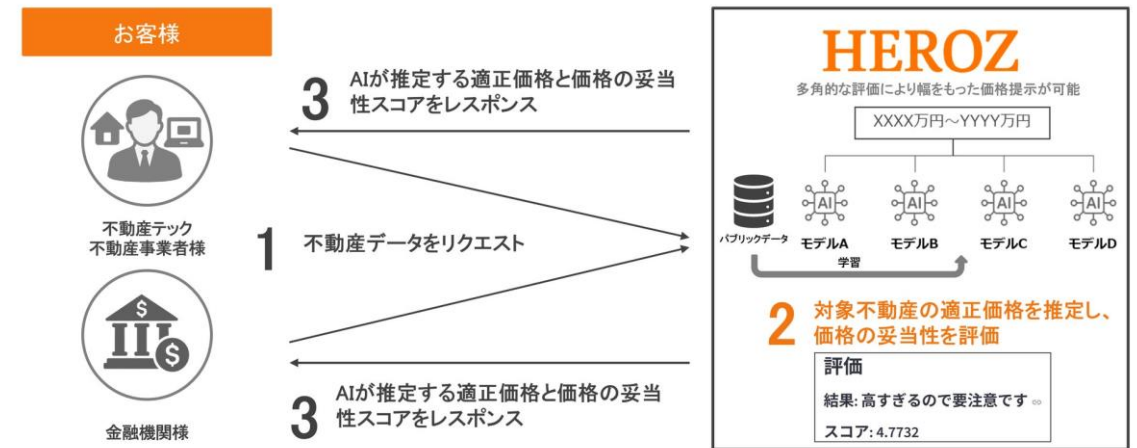


Propally launched its new "Free AI Sale Estimation" service utilizing HEROZ's "Real Estate Price Estimation AI."

- AI estimation based on past transaction prices and public data enhances transparency in real estate transactions.
- Automatically provides an estimated sale price in as little as 60 seconds, allowing users to check market trends for free and without any contact.

AI estimation enhances transparency in real estate transactions.

- HEROZ developed AI to estimate fair real estate sale prices and support fraud detection in housing loan screenings, providing the technology to Propally Inc.
- A public data-driven model boosts reliability for real estate tech firms and reduces risks for financial institutions.
- Aiming for 10,000 users of "Free AI Sale Estimation" within the year, expanding to related services.



- HEROZ ASK now includes OCR, image generation, and code interpreter to further boost productivity.
- A single platform enables fast, accurate document creation and data processing.

Expanding features to drive further growth.

- Added OCR, image generation, and code interpreter to support data extraction and processing from image-rich documents.
- Enables use in scenarios such as the following.
 - Customer Support
Reduce initial response time with full-text manual search.
 - Marketing & PR
Streamline market research report analysis and data extraction.
 - Construction & Real Estate
Cross-search annotations in blueprints and inspection records.

HEROZ ASK



AI Sakura-san: Contracted users steadily growing.

HEROZ



- Expanding use cases in internal inquiries and city halls.
- AI Sakura-san's recurring revenue grows with new acquisitions, expecting further expansion.

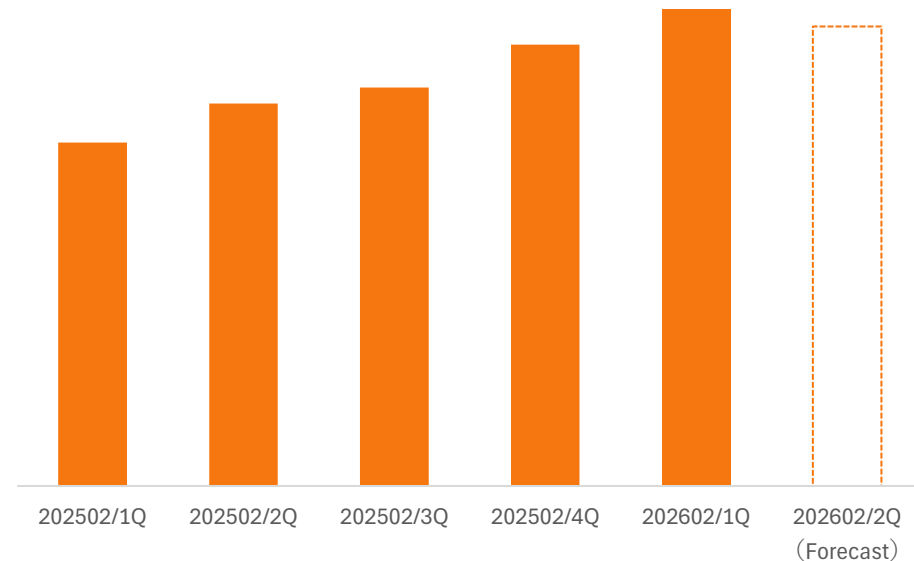
Continues to perform as AI meeting national standards

- Registered as an AI service meeting national standards on the Digital Agency's "Digital Marketplace (DMP)," enabling smooth adoption by government agencies, municipalities, and public organizations.
- Hankyu Railway boosts efficiency with generative AI, while Kawachinagano City enhances services and reduces staff workload.



AI Sakura-san Revenue Trends

- Despite some cancellations in 1Q, new acquisitions progressed well, with recovery expected from 2Q onward.



*Future revenue may change.

04

Frequently Asked Questions and Answers

- FAQs from our latest financial results announcement.

Q : Outlook for HEROZ BtoB in FY 04/2026?

A : In BtoB, while 4Q slightly underperformed planned figures due to timing shifts, we are targeting approximately 20% annual growth driven by increased projects and carryovers.

For HEROZ ASK, although prior investments, mainly in personnel costs, were significant, the effects are gradually materializing with established sales and CS structures. We aim for monthly profitability within this fiscal year.

Q : What is the policy regarding new M&A initiatives?

A : Since 2022, we have actively pursued M&A initiatives. In the previous fiscal year, we welcomed VOIQ Inc. into our group to advance AI BPaaS through AI-powered sales outsourcing. We plan to continue actively engaging in M&A moving forward.

05



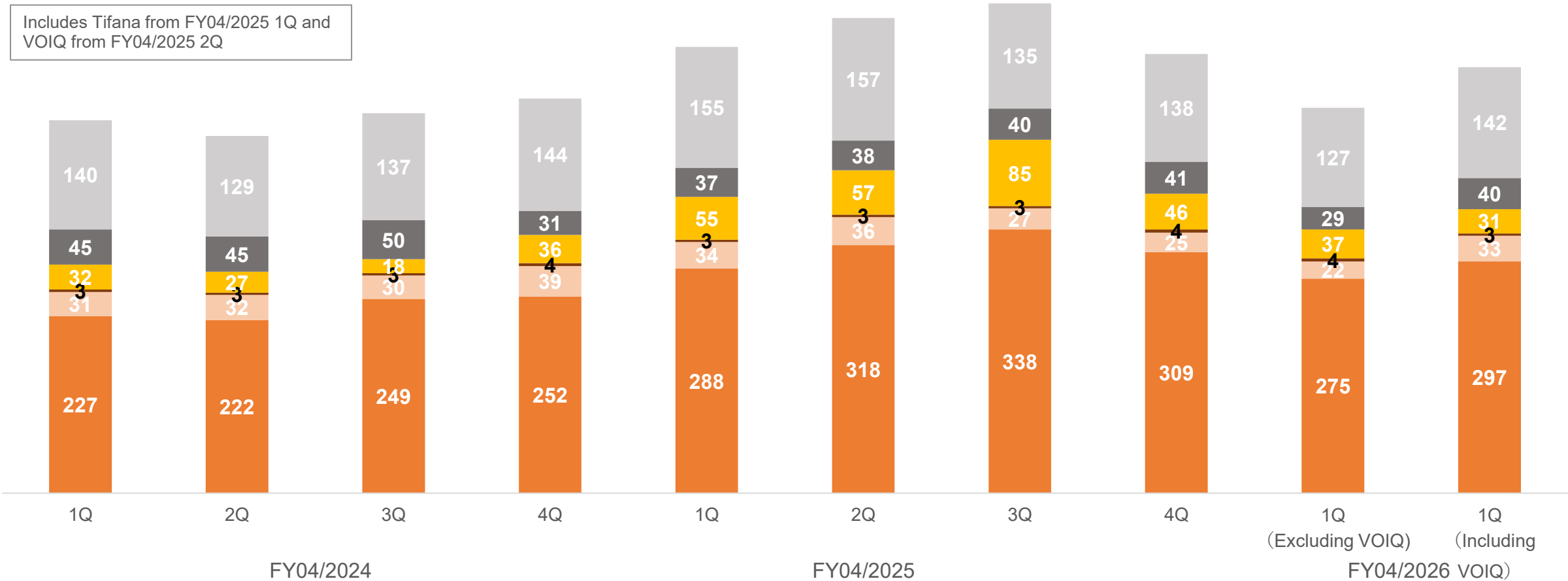
Appendix

SG&A Breakdown Trend (Consolidated)

- Personnel costs rose YoY from investments in ASK and JOINT expansion.
- Recruitment and training costs have normalized; cost control measures continue.

(Units: JPY Millions)

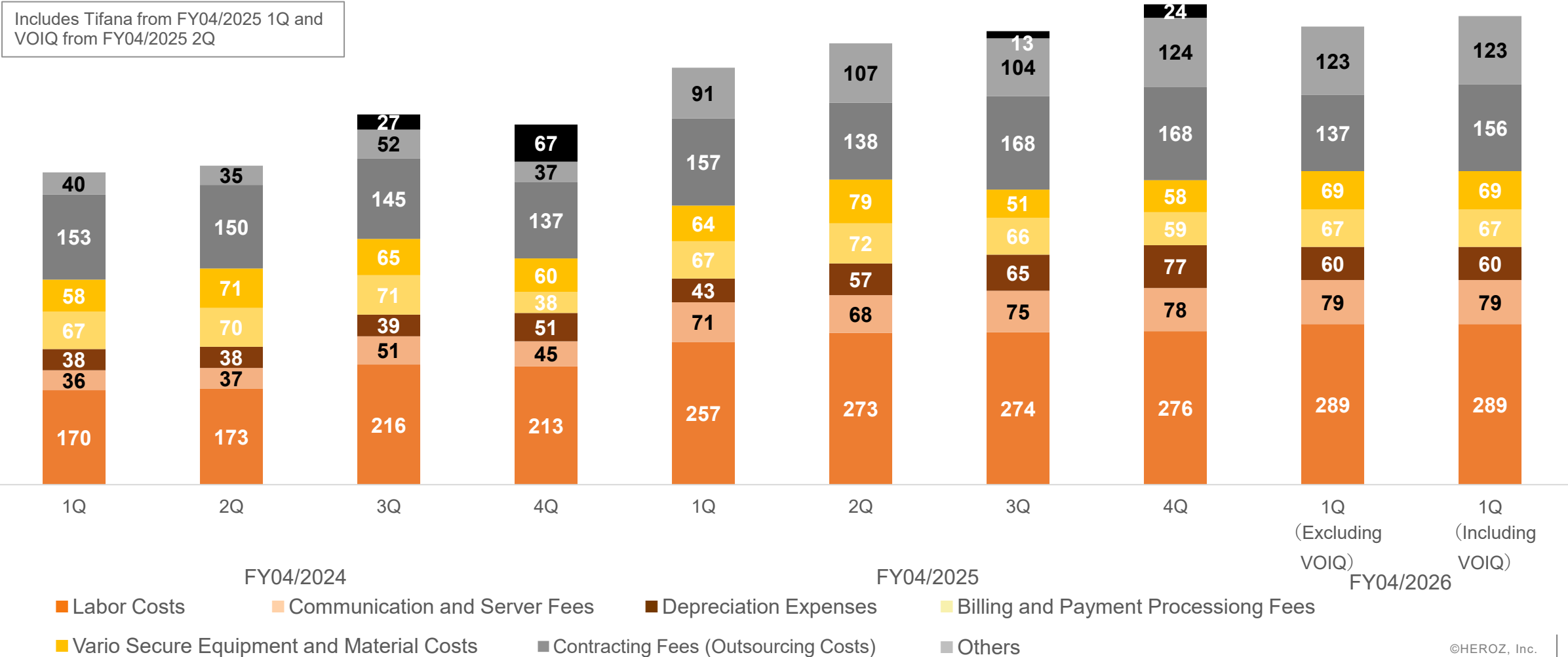
Includes Tifana from FY04/2025 1Q and
VOIQ from FY04/2025 2Q



Cost of Sales Breakdown Trend (Consolidated)

- To drive growth, we will invest in personnel, raising labor costs group-wide.
- Outsourcing costs are declining, absorbing VOIQ-related expenses.

(Units: JPY Millions)



Balance Sheet (As of July 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.
- For operations via AI-driven liquidity provision to crypto assets, we plan to hold approximately ¥100 million in Bitcoin.

	FY2025 (Consolidated) (A)	FY04/2026 Q1 (Consolidated) (B)	Increment (B-A)
(Unit: Million Yen)			
Current Assets	4,538	4,452	-85
Cash and Deposits	1,733	1,409	-323
Fixed Assets	3,608	3,634	25
Tangible Fixed Assets	215	212	-3
Intangible Fixed Assets	2,572	2,566	-6
Investments and Other Assets	821	855	34
Total Assets	8,147	8,087	-60
Current Liabilities	1,487	1,407	-79
Non-current Liabilities	1,458	1,420	-38
Net Assets	5,201	5,259	57

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