



Presentation Material for FY04/2026 Q2 Financial Results

December 12, 2025

HEROZ, Inc. | 4382 |

Notice

This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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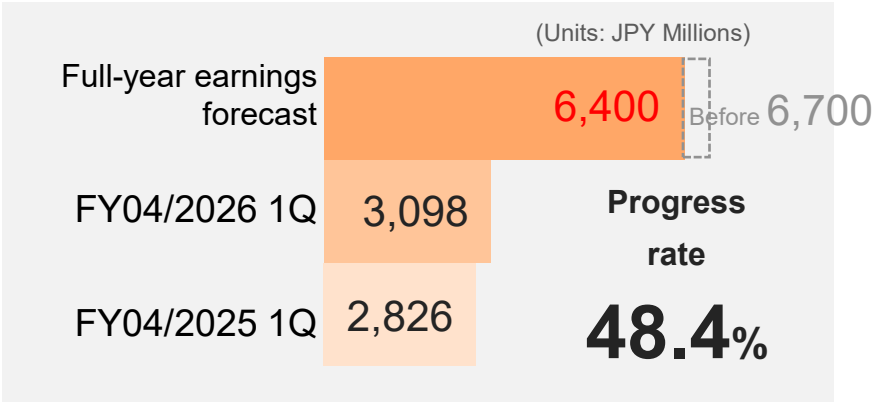
Financial Highlights

Performance
Summary

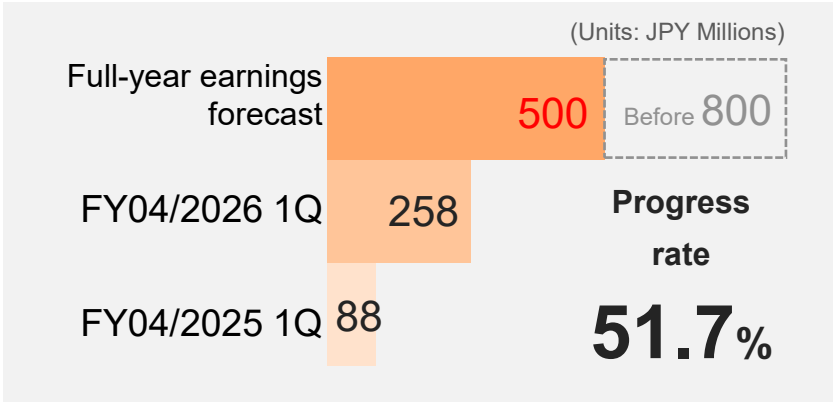
- Revenue ¥3,098 million (+9.6% YoY), EBITDA ¥492 million (+69.1% YoY), and operating profit ¥258 million (+191.2% YoY), all increased.
- HEROZ ASK: revenue +55.1% QoQ JOINT: revenue +19.9% QoQ
- Following VarioSecure’s revision of its full-year forecast, we updated our **Group outlook to revenue ¥6,400 million and operating profit ¥500 million, while still expecting higher revenue and profit YoY.**

Performance
progress
(revised)

Sales



Operating profit



Revision to FY04/2026 Full-Year Forecast

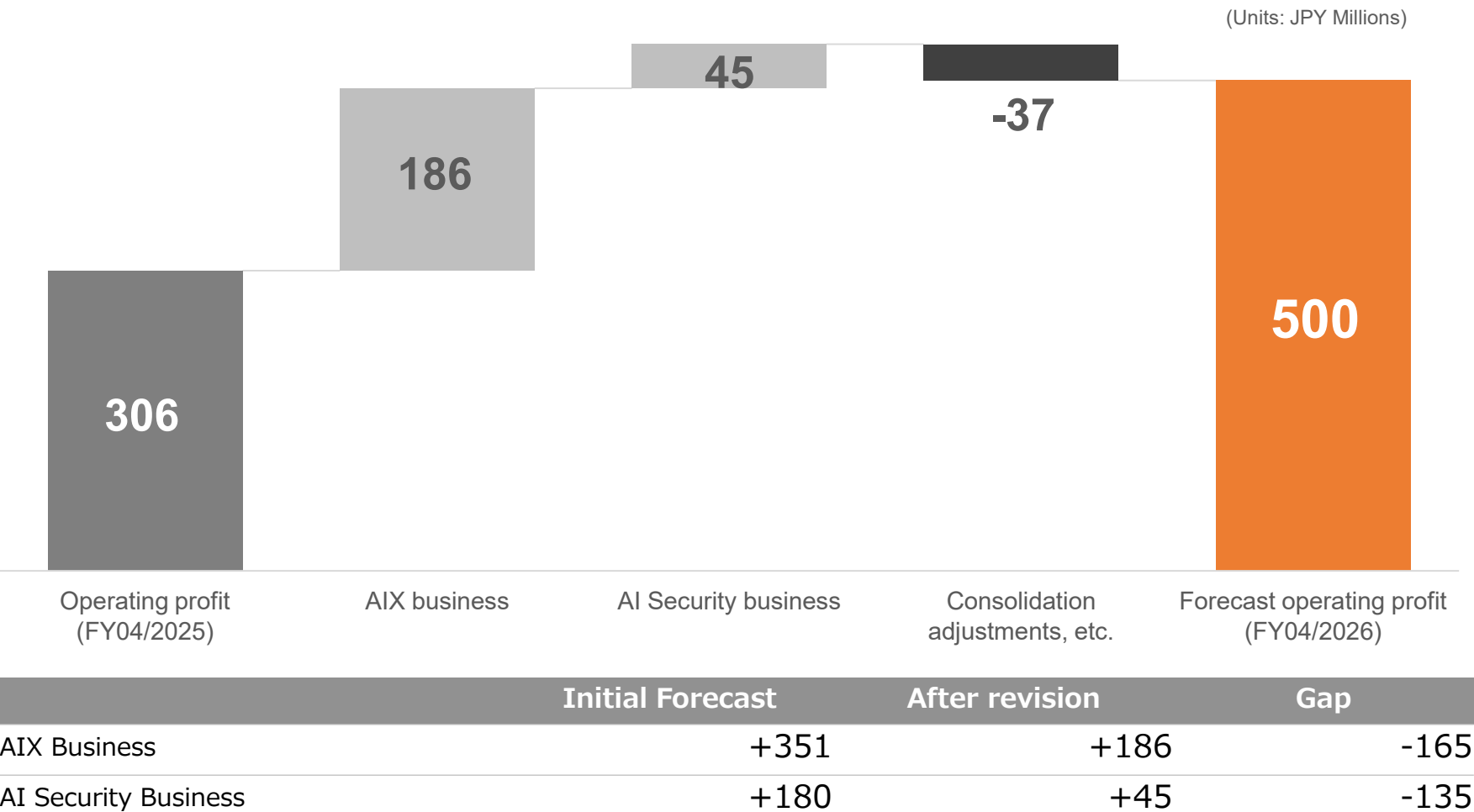
- Following VarioSecure's full-year forecast revision, we updated the Group outlook to revenue **¥6,400 million** (+7.9% YoY) and operating profit **¥500 million** (+63.2% YoY). While lower than the initial forecast, we still expect YoY growth in both revenue and profit.

(Units: JPY Millions)	FY04/2025 Results (Consolidated)	Initial Forecast (Announced on June ,13 2025)	After revision (FY04/2026)	Gap
Net sales	5,929 22.5%	6,700 13.0%	6,400 7.9%	-300 -5.1pt
Operating Profit	306 -32.1%	800 161.1%	500 63.2%	-300 -97.9pt
Ordinary Profit	228 -38.1%	720 215.5%	420 84.0%	-300 -131.4pt
Net Income(loss) attributable to owners of the parent	-177 -	150 -	50 -	-100 -
EBITDA	793 -11.9%	1,300 63.7%	1,000 26.0%	-300 -37.8pt

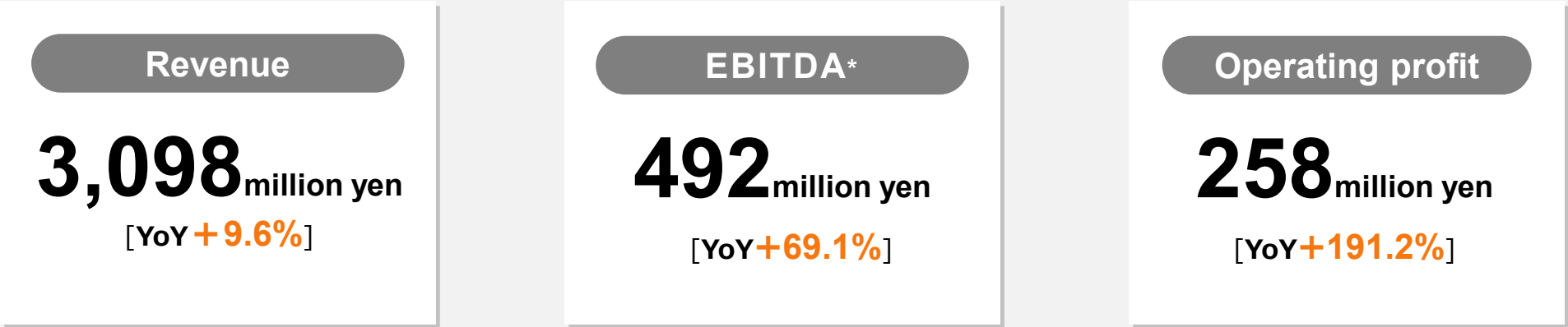
Percentage figures indicate YoY growth rates.

Revision to Operating Profit Forecast

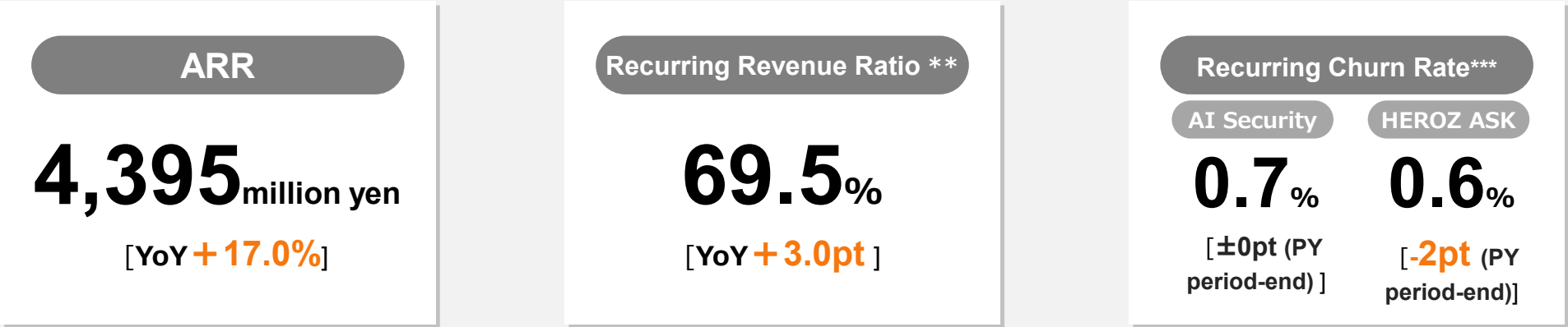
- Operating profit: **-¥300 million** vs. initial forecast (AIX **-¥165 million**, AI Security **-¥135 million**), but still **+¥194 million** YoY after revision.



HEROZ Group Consolidated



AI SaaS KPI



* 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 security BPO 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.

*The AI/DX Business was renamed the AIX Business from Q1 FY2026.

Segment	Revenue progress	Overview of the current fiscal year	Revenue growth rate (YoY)
BtoC		• Positive YoY growth for the second straight quarter, with steady progress. • Games played topped 30 million for the third straight quarter; additional second-half actions needed to reach +5% YoY growth	+0.5%
AIX ※ BtoB		• HEROZ ASK: ARR hit ¥100 million in October; on track to achieve monthly profitable this fiscal year • HEROZ BtoB: About ¥68 million shifted to 3Q; with a larger pipeline than last year, we will focus on recovering in 2H.	+23.1%
AI Security		• Record-high quarterly net sales for the second consecutive quarter. • Price changes to lift full-year profitability.	+4.8%

Performance Overview (May 2025-October 2025)

①Revenue was ¥3,098 million (+9.6% YoY) ②operating profit ¥258 million (+191.2% YoY)
③EBITDA ¥492 million (+69.1% YoY) , showing significant growth.

	FY04/2025 Q2 Results (Consolidated)	FY04/2026 Q2 Actual (Consolidated)	YoY	Initial Forecast (Announced on December ,12 2025)	Progress against Initial Forecast
(Units: JPY Millions)					
Net sales	2,826	① 3,098	+9.6%	6,400	48.4%
Cost of Sales	1,552	1,726	+11.2%	-	-
SG&A expenses	1,185	1,113	-6.0%	-	-
Operating Profit	88	② 258	+191.2%	500	51.7%
Ordinary Profit	49	212	+331.6%	420	50.7%
Net Income(loss) attributable to owners of the parent	-118	-14	-	50	-
EBITDA	291	③ 492	69.1%	1,000	49.3%

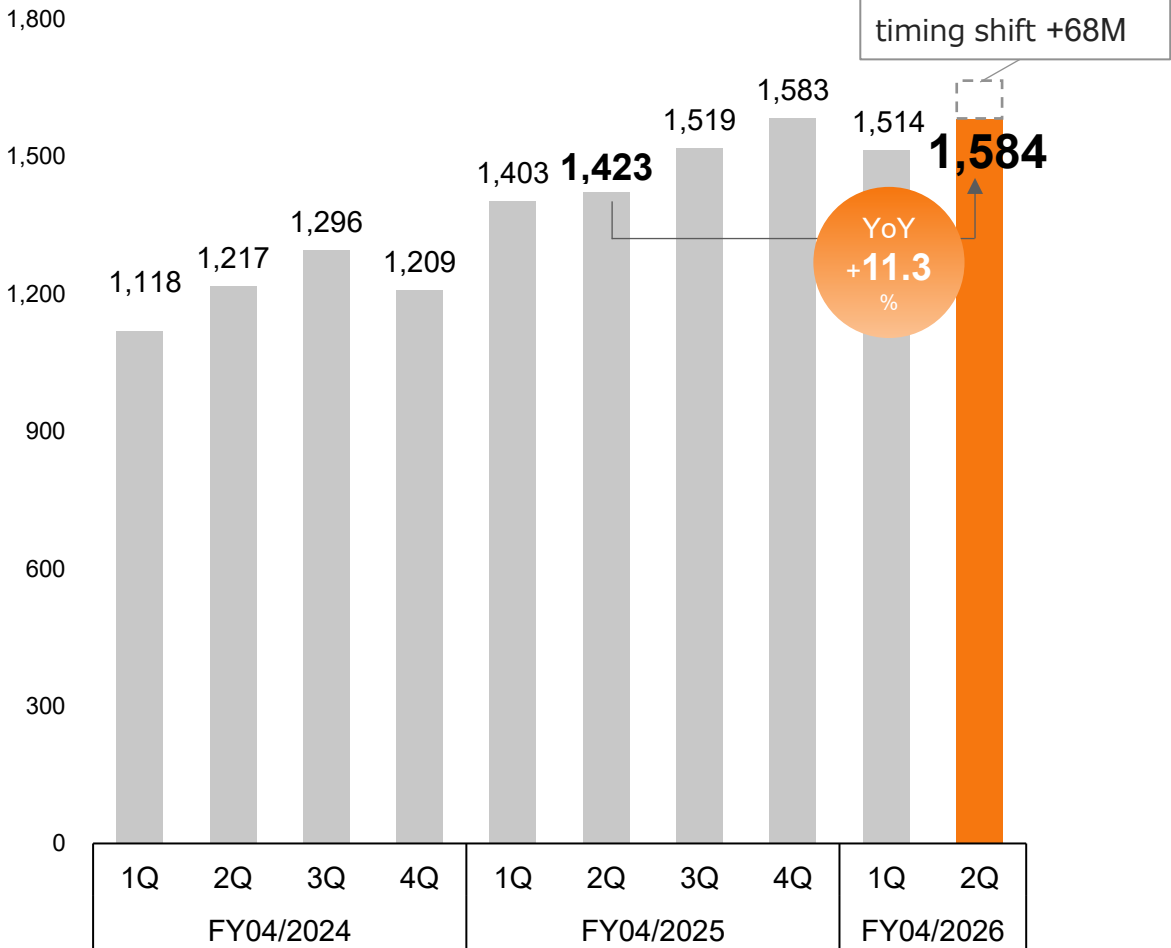
Key Performance KPIs (by Quarter) Net Sales, EBITDA

Progress in 1H is modest due to a ¥68 million timing shift, but we expect recovery and growth concentrated in 2H.

We had expected to surpass 4Q levels, but now assume a second-half-weighted growth path.

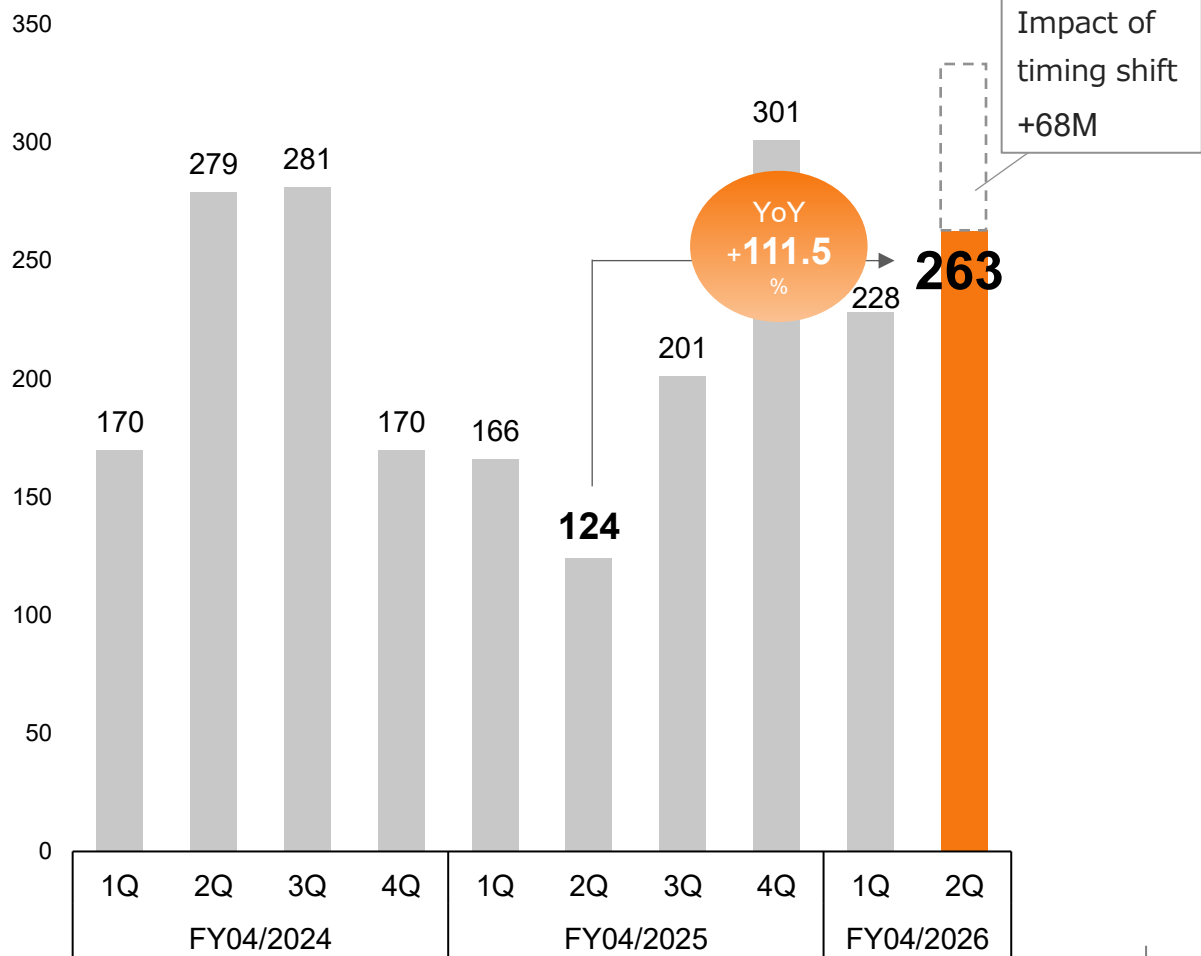
Net Sales

(Units: JPY Millions)



EBITDA

(Units: JPY Millions)

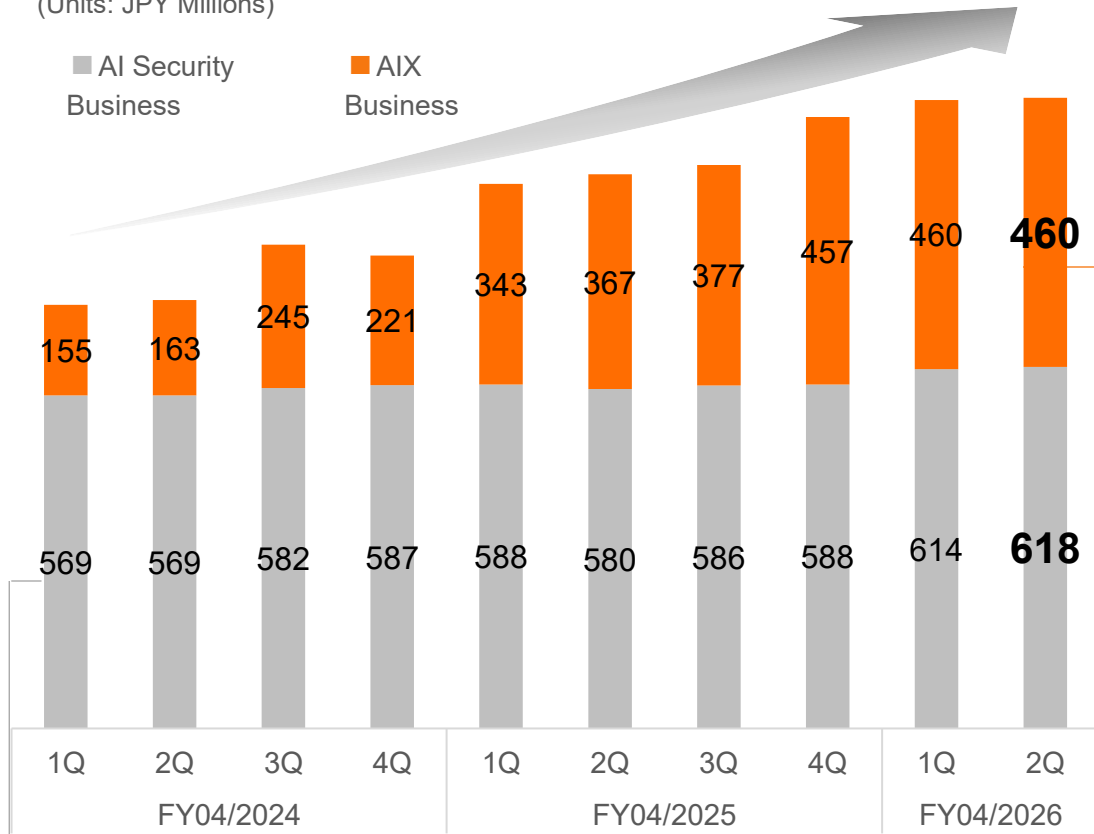


Recurring Revenue & ARR: Steady growth driven by new SaaS and M&A effects. HEROZ

Recurring Revenue Trends (Quarterly)

*The AI/DX Business was renamed the AIX Business from Q1 FY2026.

(Units: JPY Millions)



AI Security

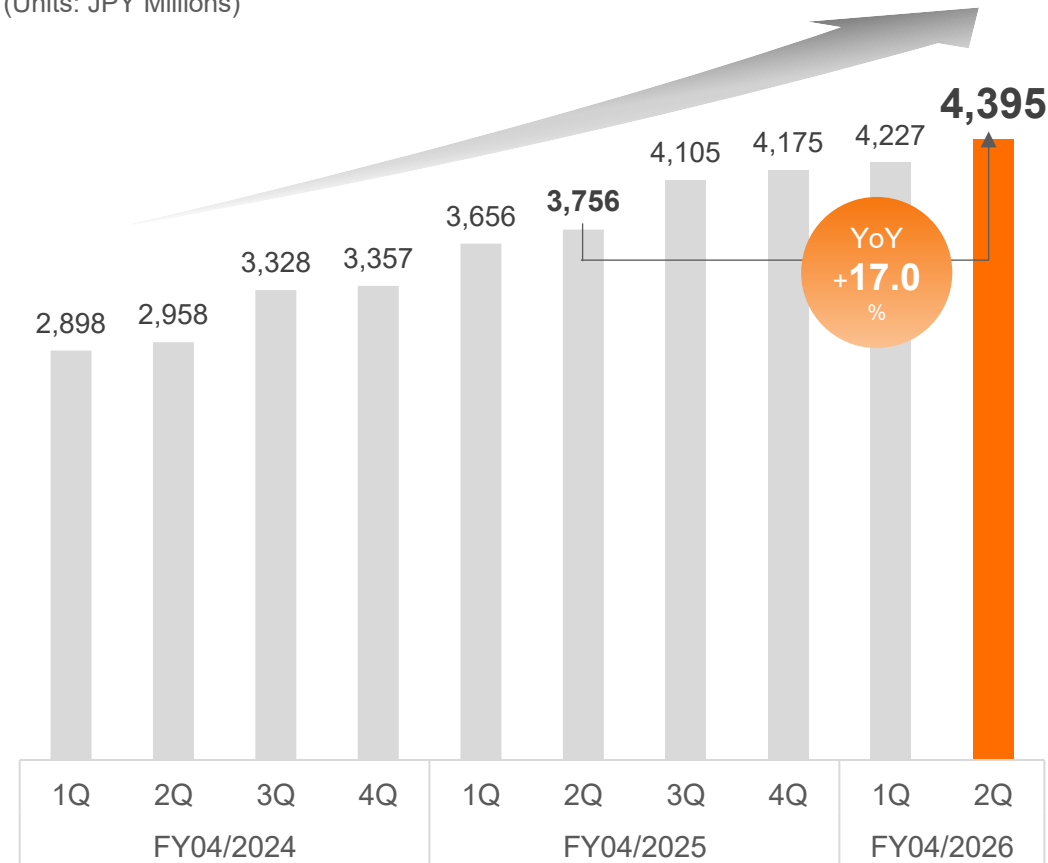
- Security BPO Service

AIX*

- Shogi Wars-related Subscriptions
- A.I. Squared Package Revenue
- VOIQ Sales Support Revenue
- BtoB Continuous Contracts/Subscriptions
- AI Sakura-san Usage Fees

ARR Trends

(Units: JPY Millions)



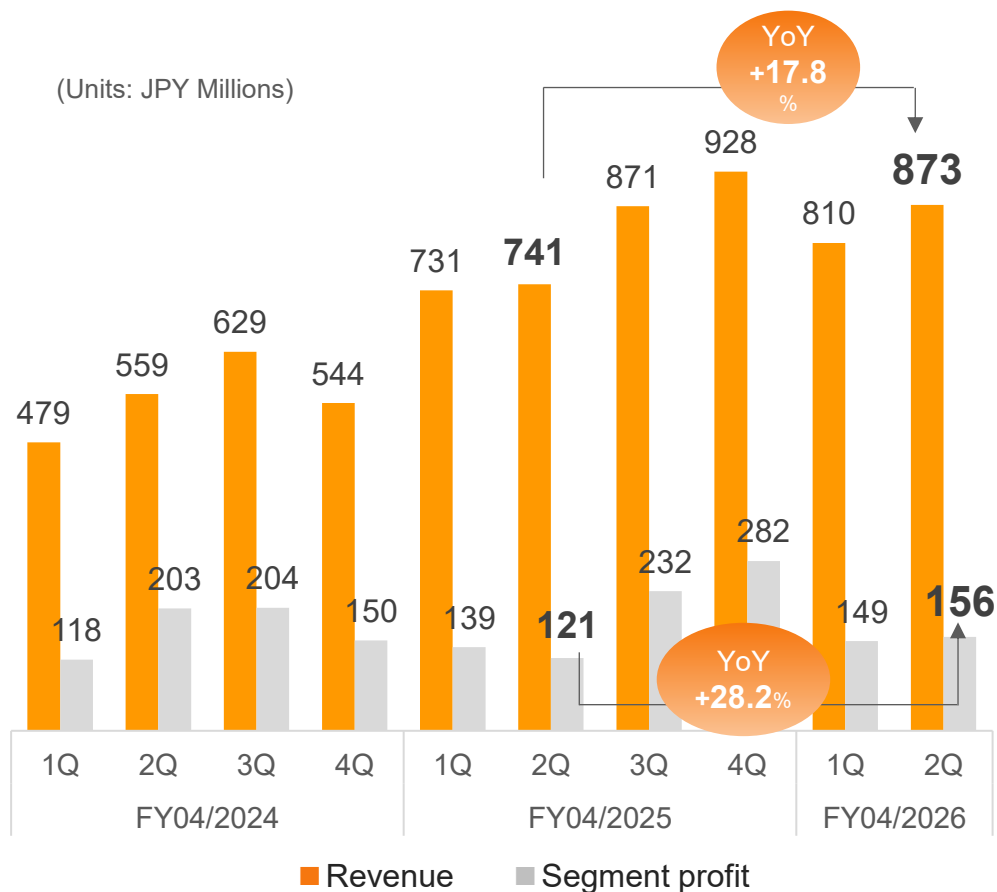
YoY
+17.0
%

Segment Revenue & Profit Trends

*The AI/DX Business was renamed the AIX Business from Q1 FY2026.

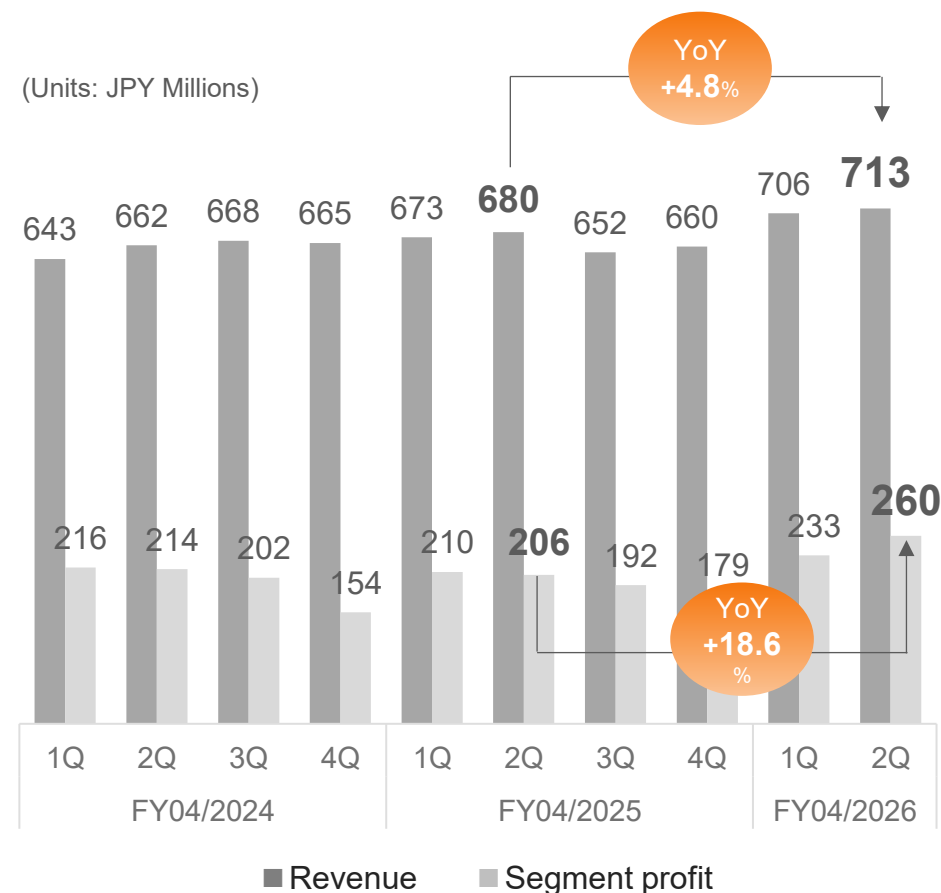
AIX Business*

- Despite a ~¥68 million timing shift in HEROZ BtoB sales, revenue grew **17.8% YoY**.



AI Security Business

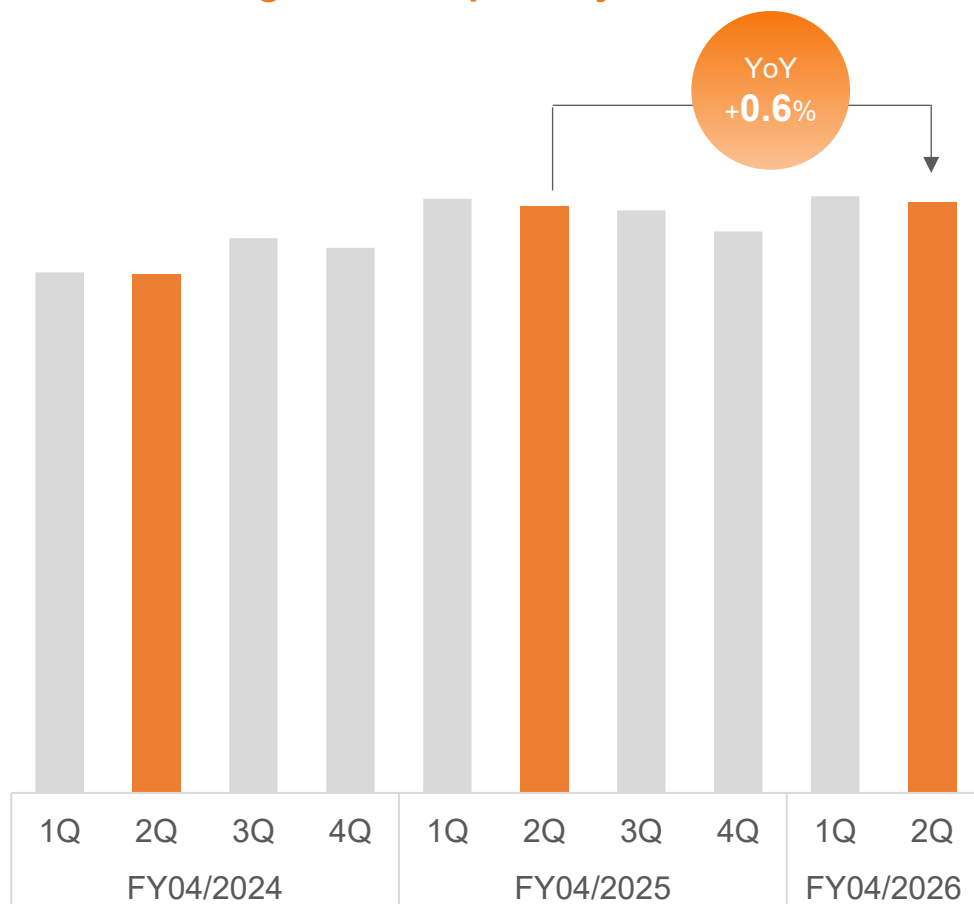
- Backed by price revisions, **both revenue and profit increased YoY**, hitting a new quarterly record.



BtoC: 2Q sales exceeded last year's level and remained solid.

BtoC Revenue Trends

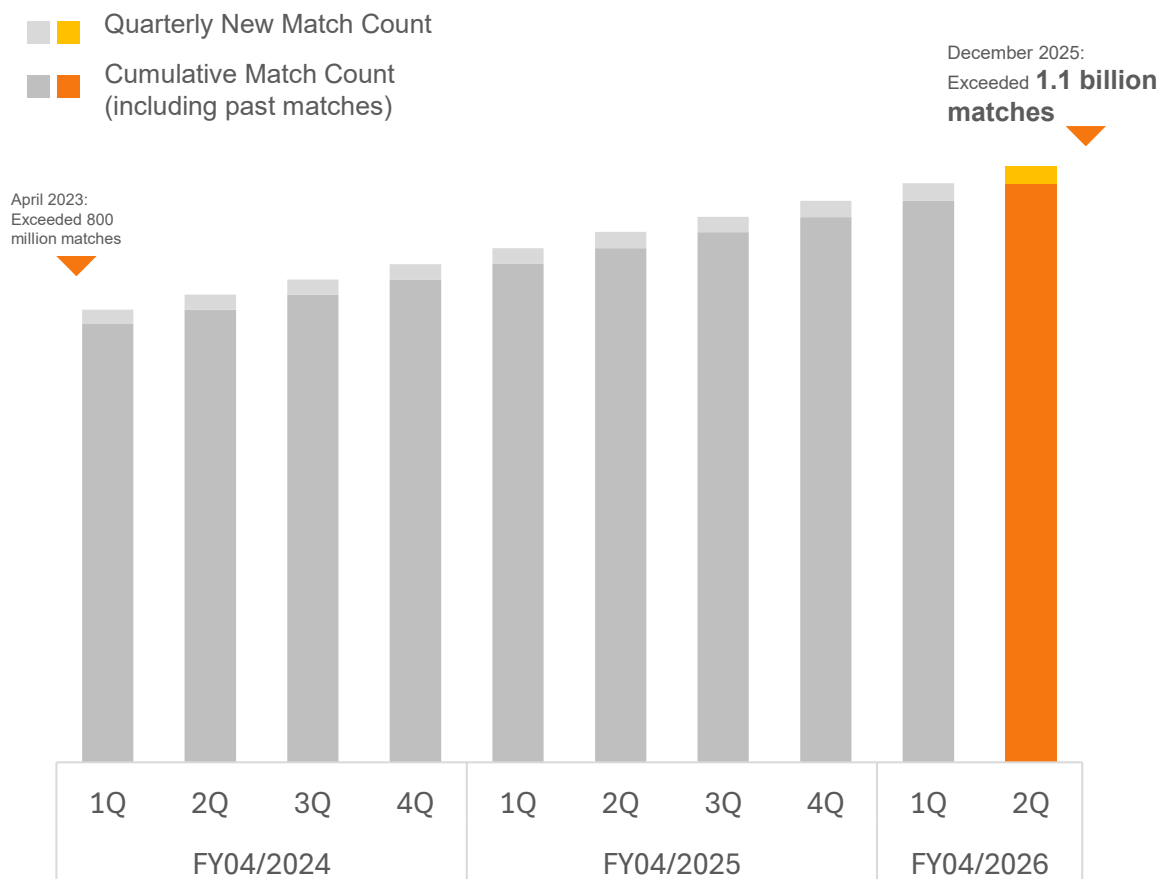
- Achieved **0.6% YoY** growth
- **Recorded highest-ever quarterly revenue**



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

Games played continue to grow steadily

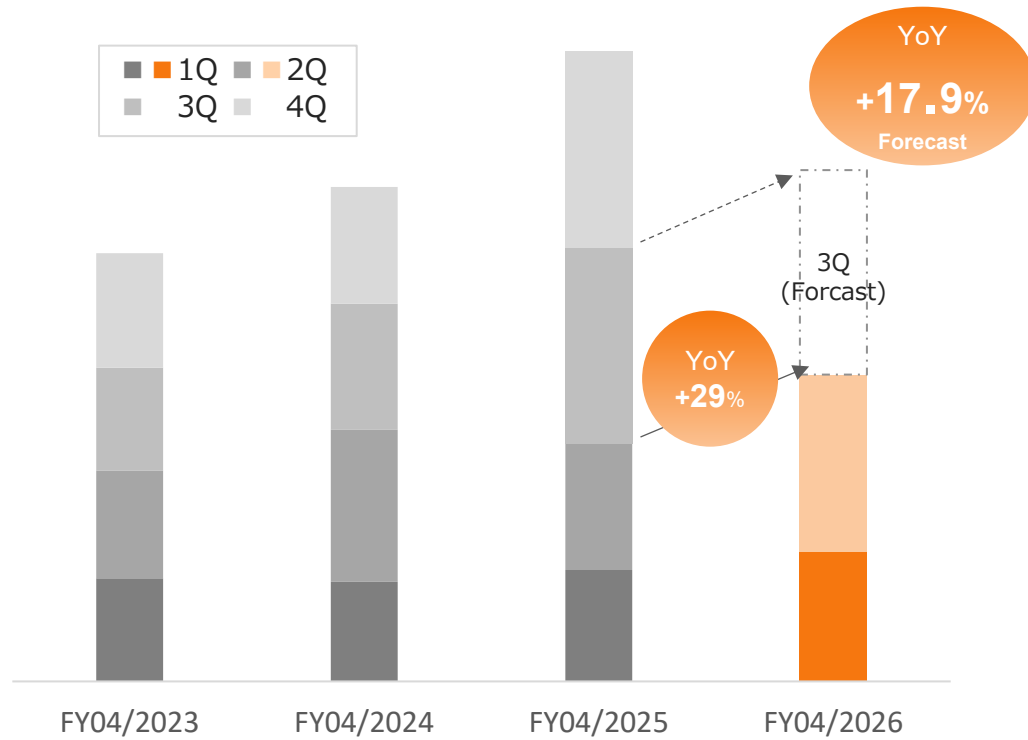
- "Sprint" drove 30M+ games for **three straight quarters, hitting a record high.**



BtoB: 1H up 29% YoY with a continued second-half-weighted structure

BtoB Revenue Trends

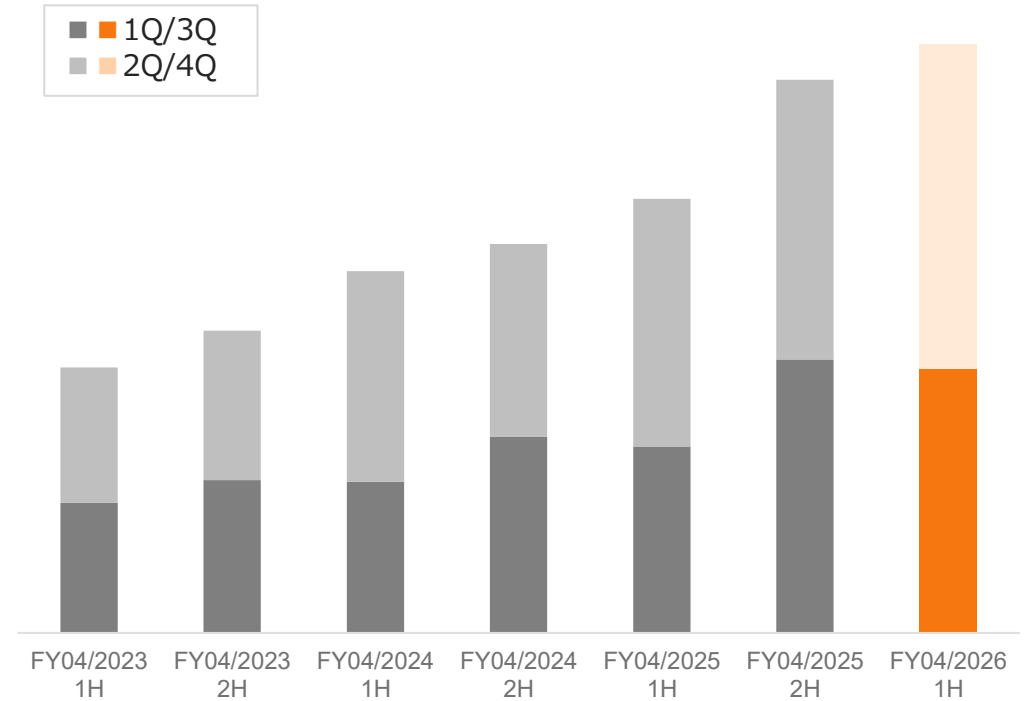
- 2Q: **+29% YoY**
- Despite a ¥68 million timing shift, 3Q is expected to be **+17.9% YoY**.



*3Q outlook is subject to change, including timing.

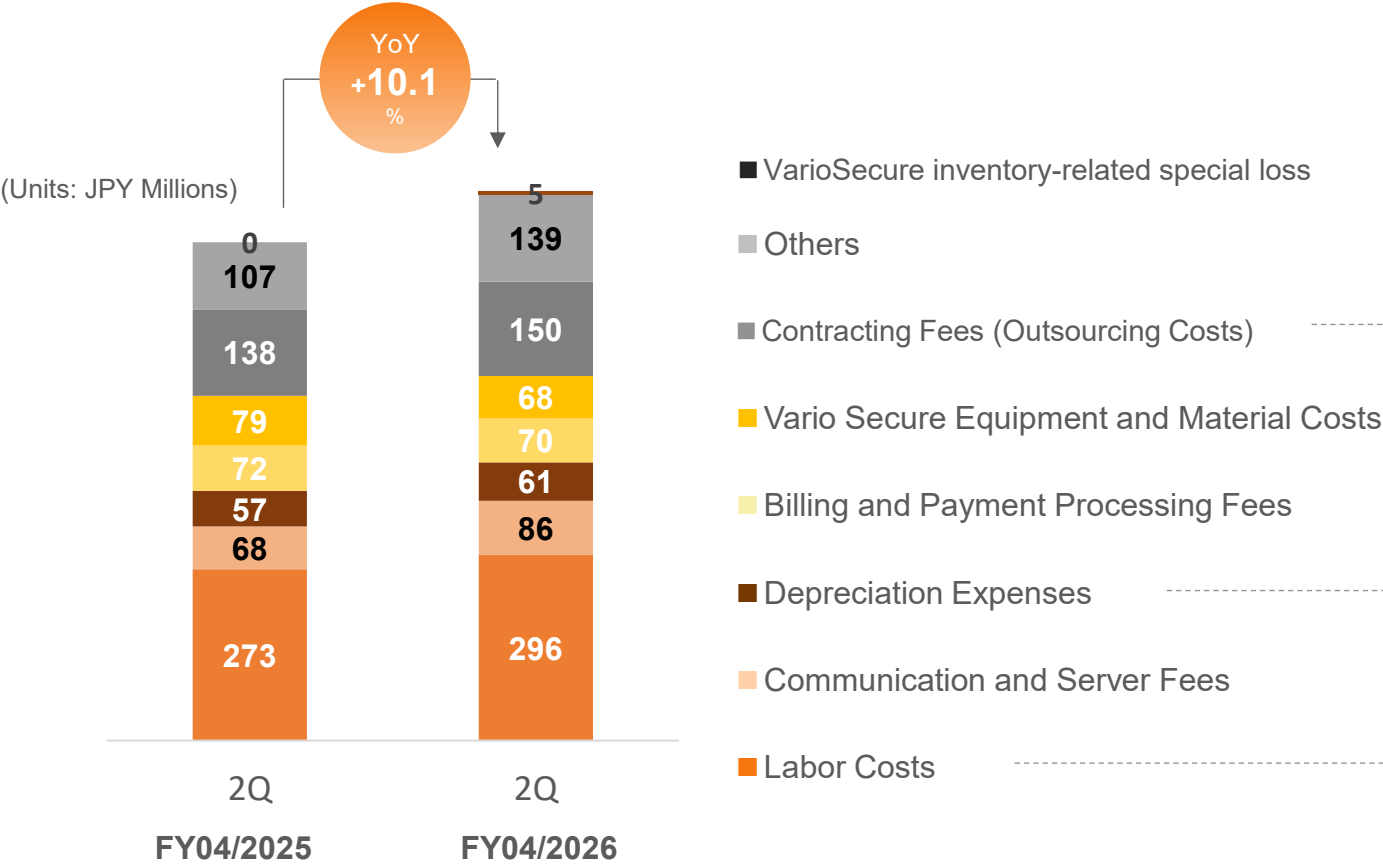
BtoB Number of Active Projects Quarterly

- Deal growth in 2Q keeps us above **last year's 2H level**.



Cost breakdown (consolidated): Cost of sales increased YoY, but the cost-of-sales ratio improved, lifting gross margin.

- Smooth hiring of developers led to a 10.1% YoY rise in cost of sales, while the cost-of-sales ratio fell ~0.6pt YoY, improving gross margin.
- Outsourcing costs are also trending downward.



Cost of Sales YoY
(On an organic basis)

VOIQ has been consolidated since August last year; 2Q includes its full June–August results, increasing costs, while outsourcing expenses at Tifana and VarioSecure decreased.

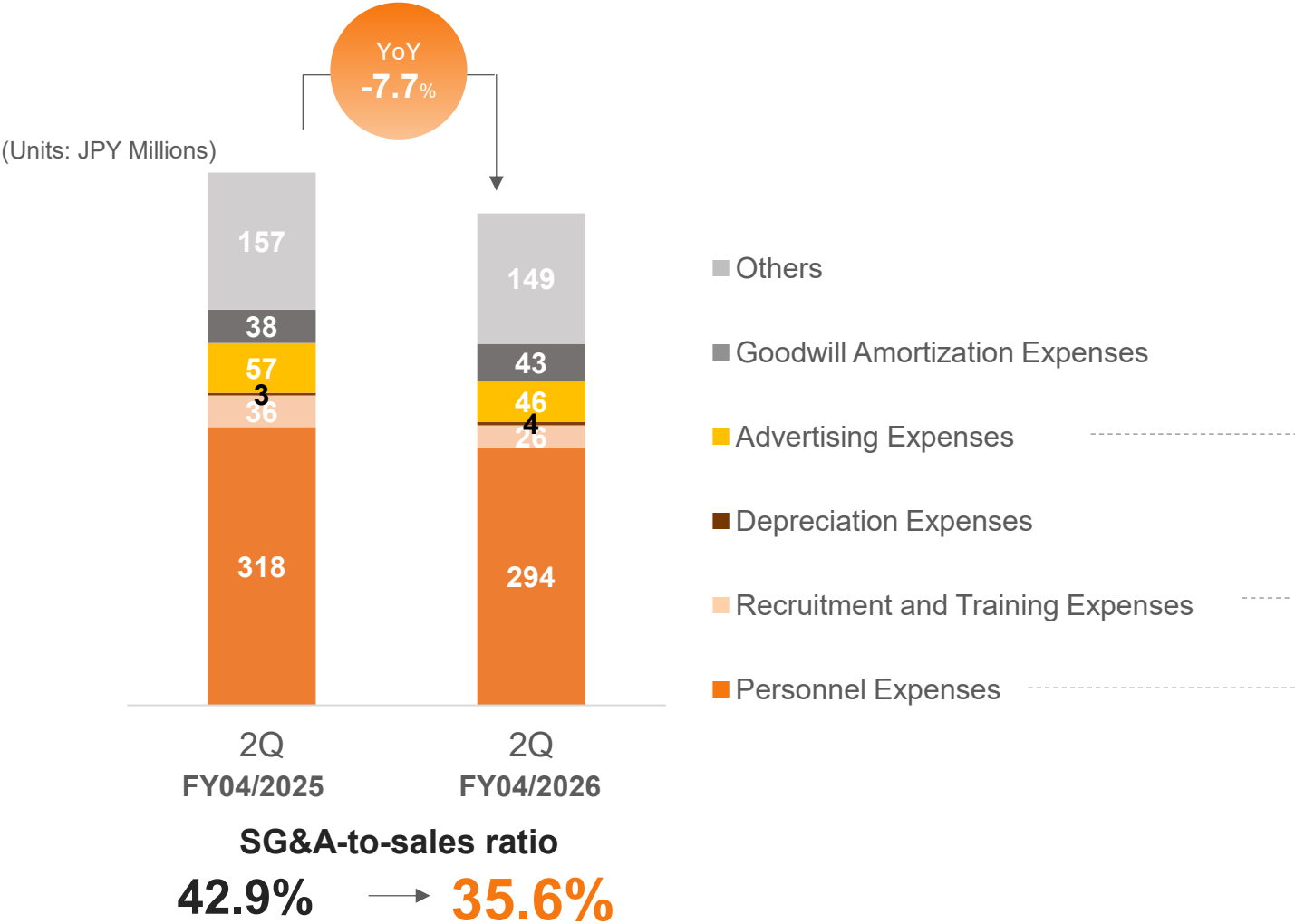
Primarily software amortization for HEROZ ASK and JOINT.

Smooth engineer hiring led to increased development staff for HEROZ and Strategit.

Ratio of cost of sales to net sales
56.1% → 55.5%

SG&A breakdown (consolidated): 2Q SG&A declined YoY, and the SG&A-to-sales ratio fell, reflecting cost reductions.

- **-7.7% YoY**, as we focus on more cost-effective initiatives.
- SG&A-to-sales ratio **down ~7pts**; we will continue disciplined cost control.



SG&A YoY (On an organic basis)

Last year we invested broadly; this year we concentrate spending on high-ROI measures such as trade shows.

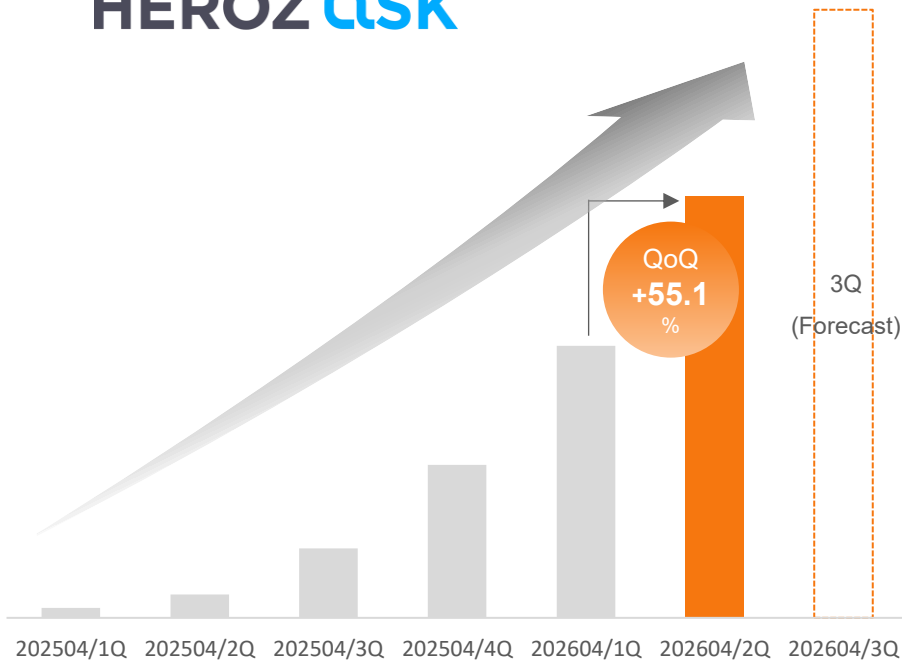
Active hiring continues with AI and direct sourcing, keeping costs steady.

Higher sales/marketing headcount from last year, offset by lower fixed costs from revising Group officer structures.

HEROZ ASK Revenue Trends

- 2Q revenue **+55.1% QoQ**; **ARR reached ¥100 million** in October.
- Contracted customers exceeded **330 companies** as of end-November.
- On track to **turn monthly profitable** within this fiscal year.

HEROZ ASK

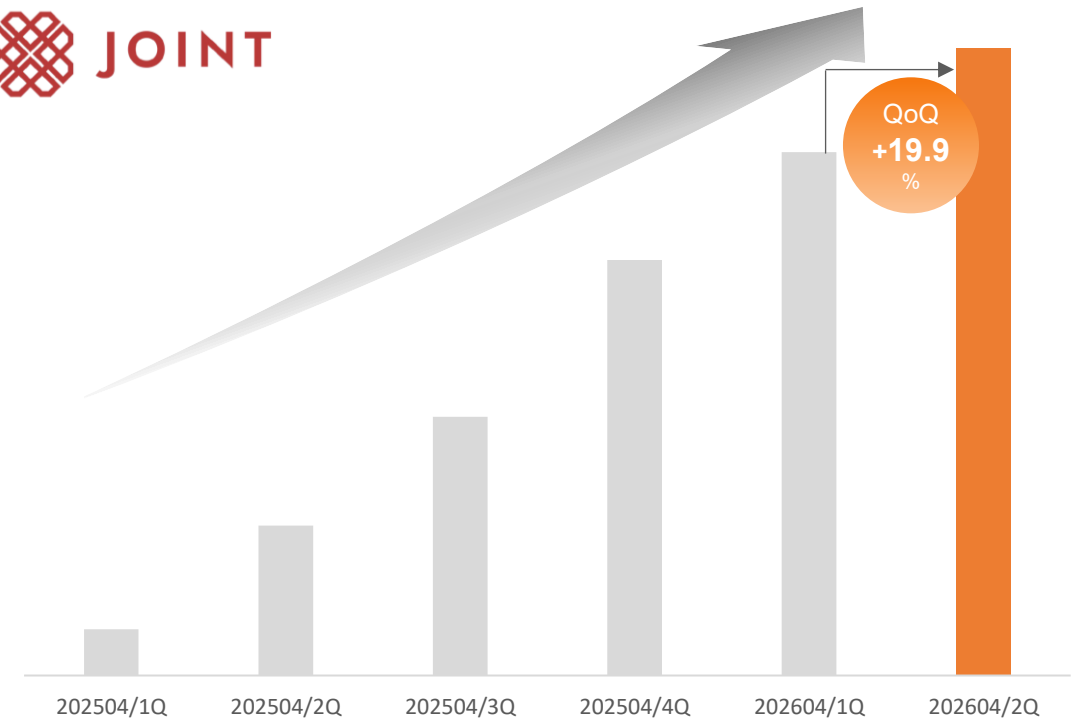


*The 3Q outlook is subject to change, including its timing.

JOINT Revenue Trends

- JOINT's revenue steadily increased in 2Q, growing **+19.9% QoQ**.
- Number of connectors also grew by **+6 QoQ**.

JOINT



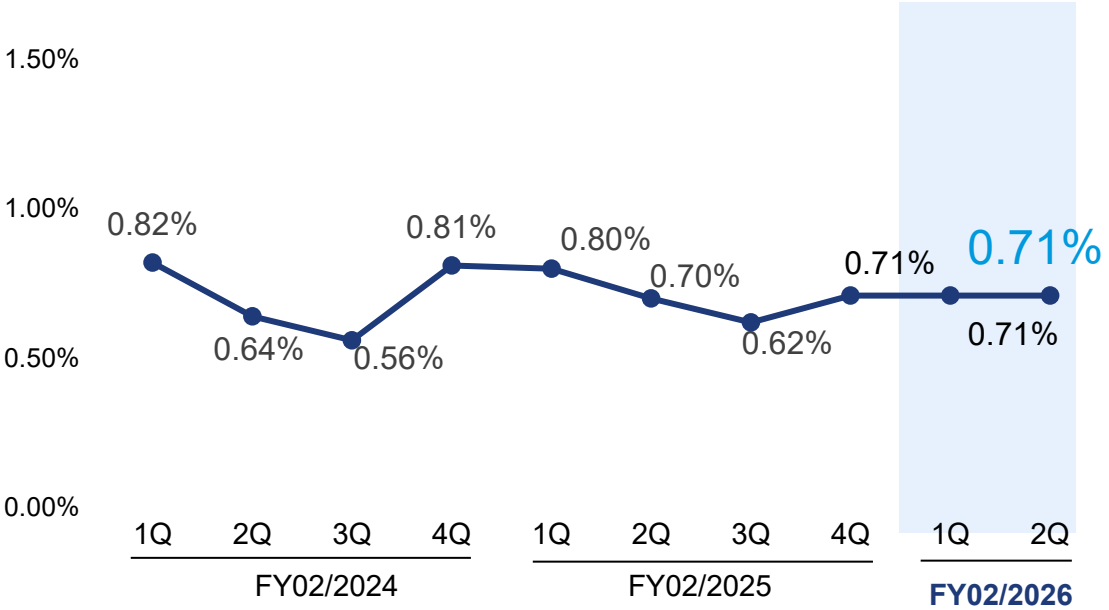
*Includes revenue from initial setup.

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

- AI Security's 2Q FY2026 churn rate was **0.71%**, staying below 1%.
- HEROZ ASK's churn rate decreased to **0.64%**, showing continued improvement.

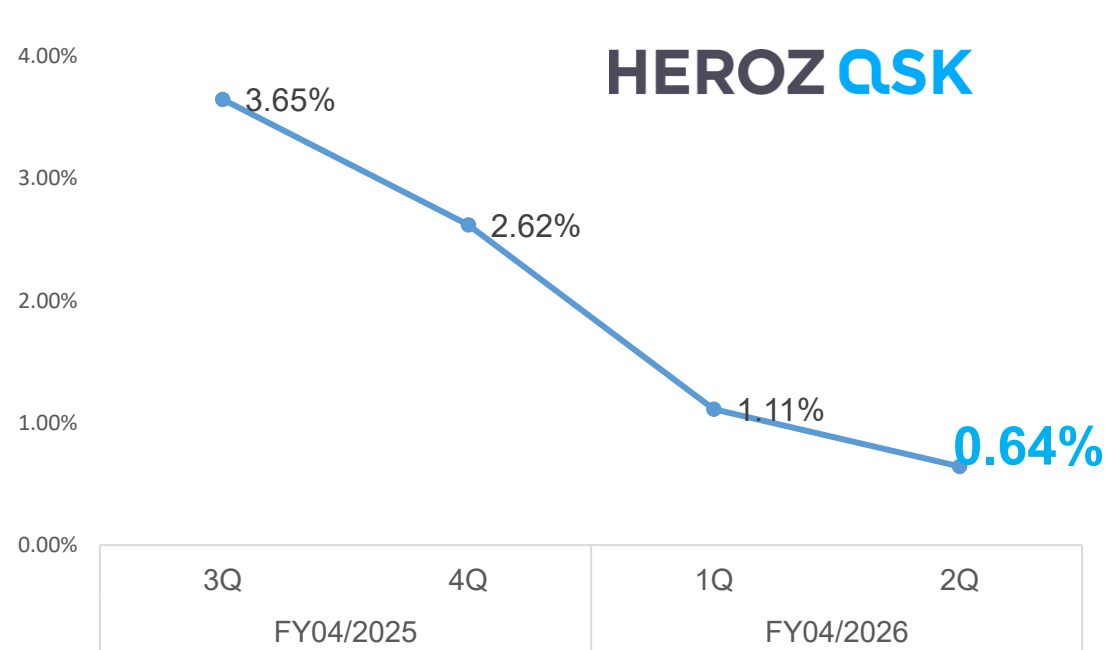
Quarterly Churn Rate Trend

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

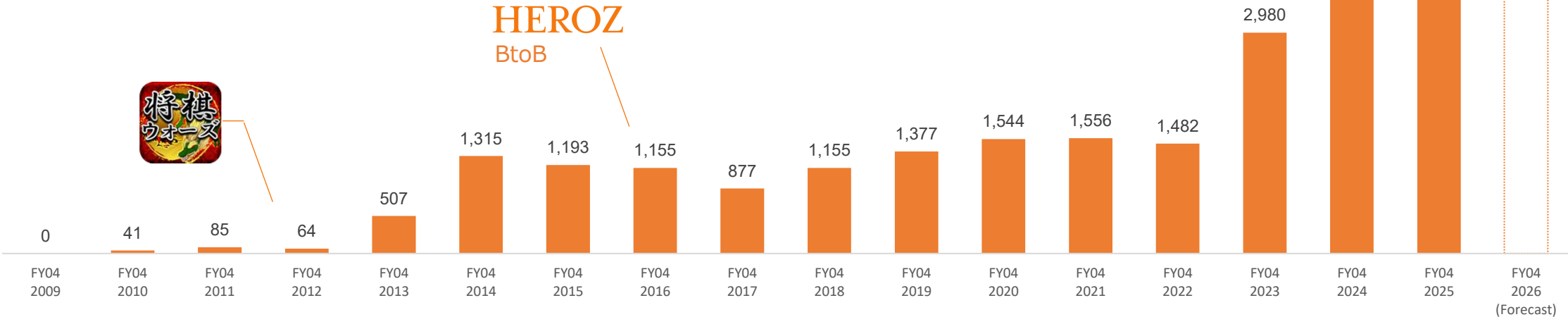
VOIQ
Tifana.com
Web・AI制作会社 ティファナ

AI SQUARED
After Internet x Artificial Intelligence

Vario Secure
StrategIT



HEROZ
BtoB



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

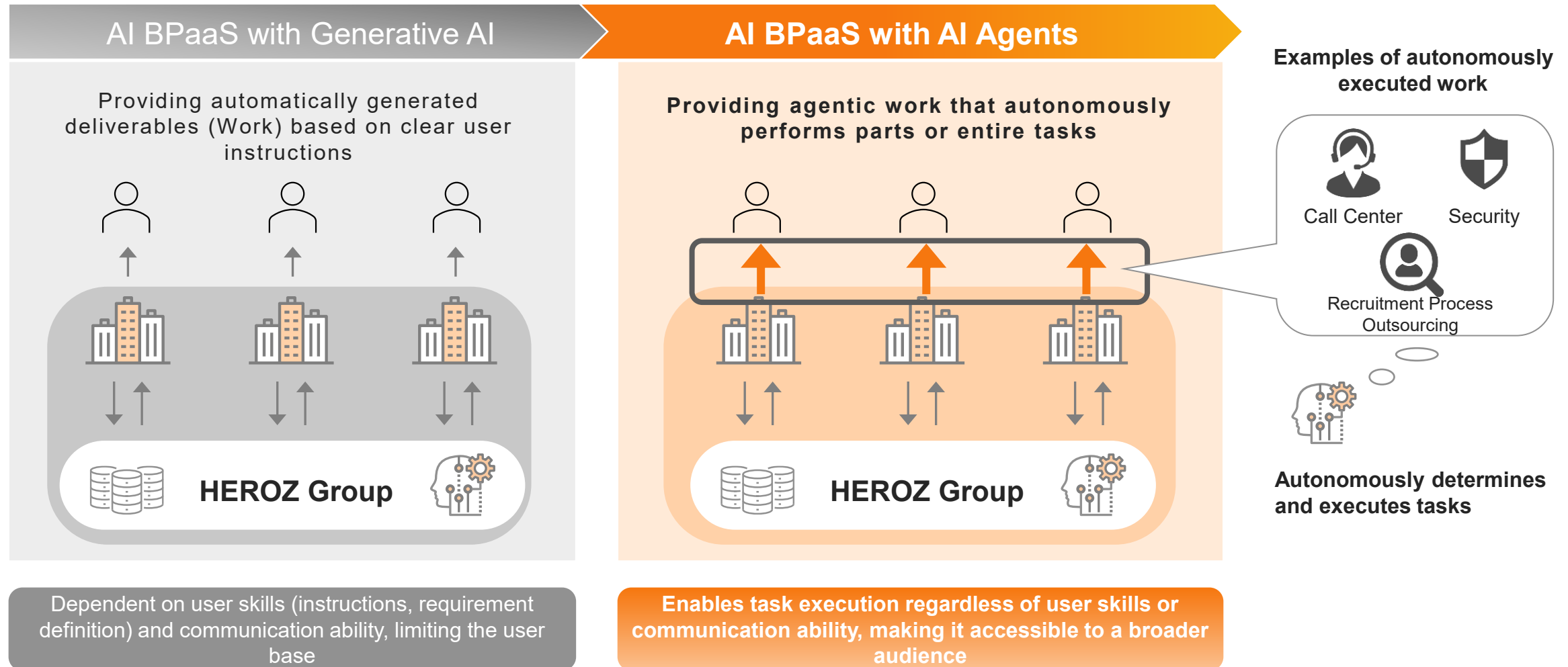
A new era has arrived in which practicing with AI is the norm.



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

The AI BPaaS Model Evolving with AI Agents

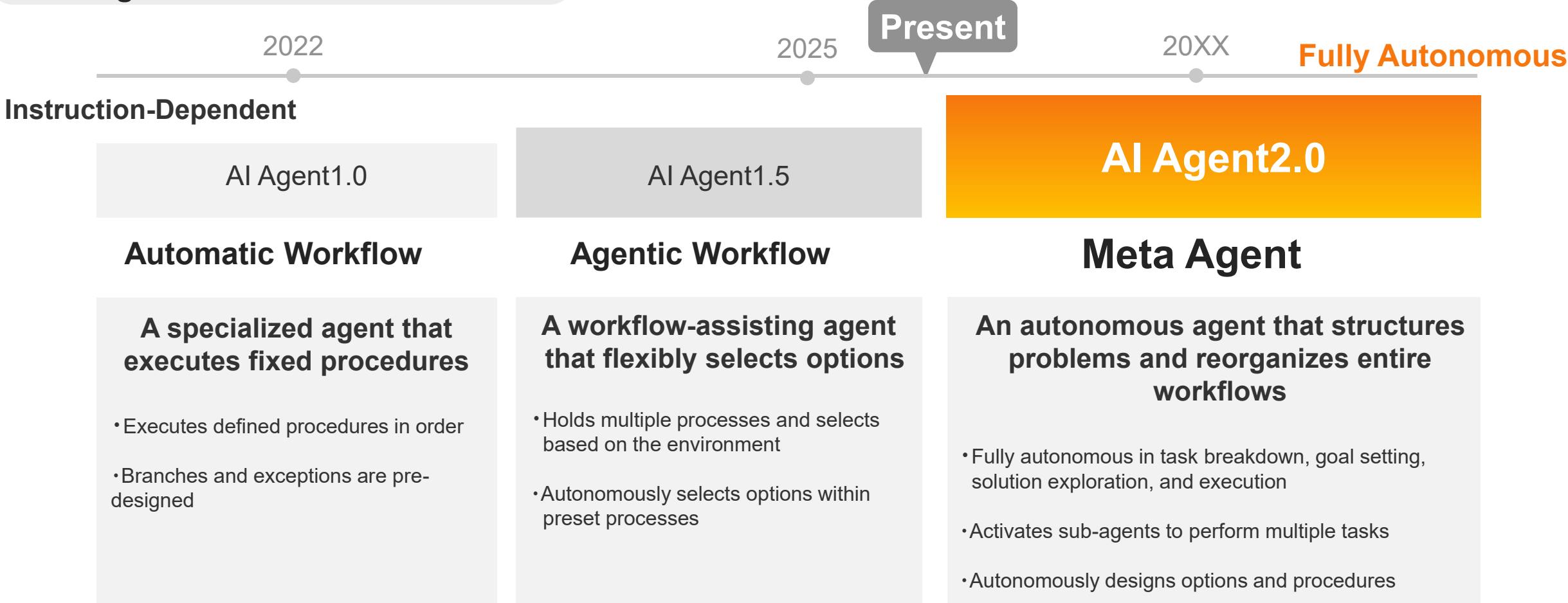
- Refreshing the model from AI BPaaS to AI agents.
- Autonomously execute tasks end-to-end or in parts, accelerating adoption and deployment.



The Next-Generation AI Agent Aimed for by HEROZ

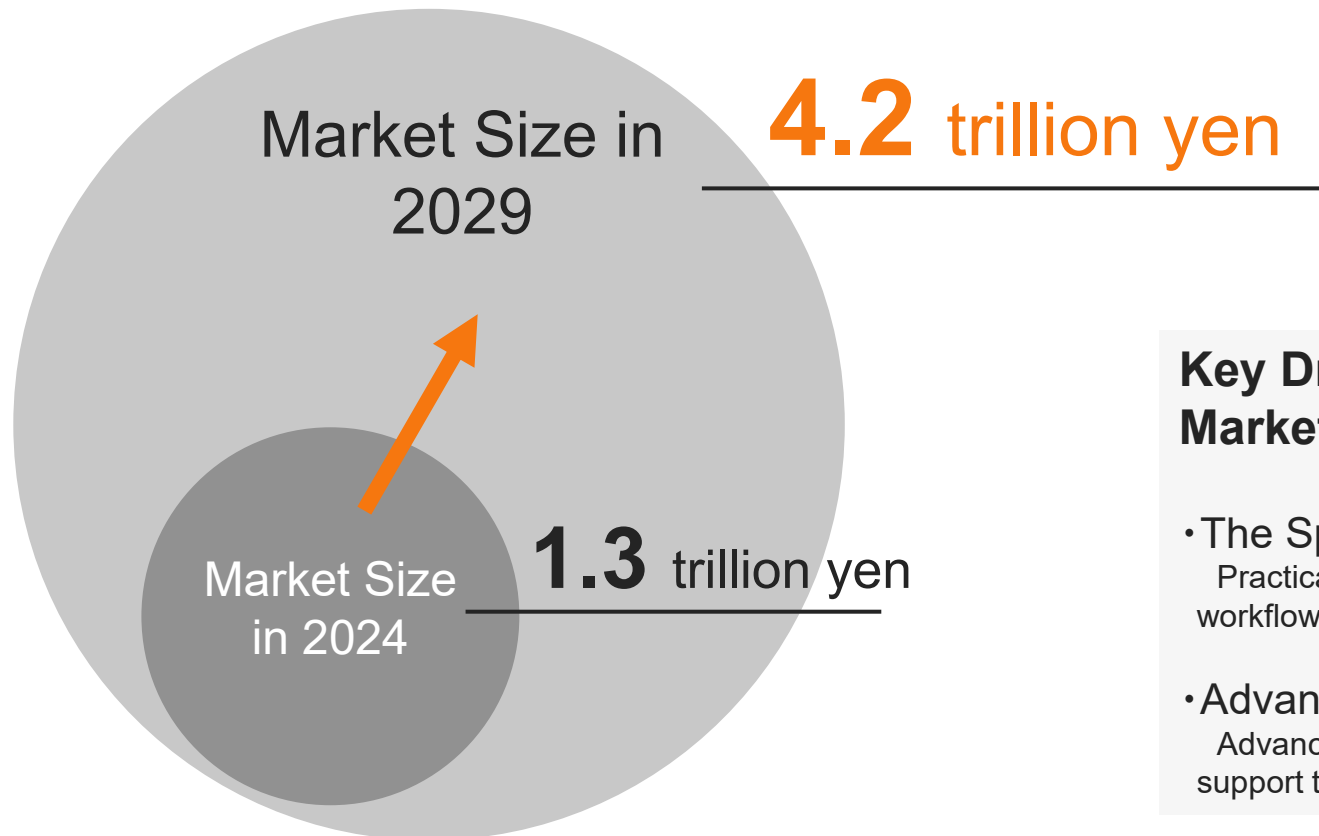
- HEROZ advances AI agents from instruction-based to fully autonomous, redefining task execution.
- A next-gen AI agent that structures problems and designs workflows to solve business challenges.

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.

*Total Games Played on Shogi Wars



over **1.1 billion** games

Game volume trend

Sprint Mode drove growth in game volume. **Over 30 million games** played per quarter.

*Targeted for achievement in December 2025

World Computer Shogi – Championship* - Titles



5 times

Track record

In 2023, our ‘dlshogi with HEROZ’ engine, developed by HEROZ AI engineers, achieved **back-to-back championship wins**.

*Includes titles won by AI engines developed by HEROZ engineers (since 2013).

Cumulative client growth (B2B business)



+32% YoY(FY Apr 2025)

Customer base expansion

+40% in FY Apr 2023 and **+34%** in FY Apr 2024, mainly from new clients in finance, entertainment and construction.

HEROZ ASK – Major feature releases*



105 releases (YoY+79)

Feature expansion

Monthly feature additions enabled rapid response to customer needs.

*As of end-Oct 2025; mainly new models (incl. GPT-5 support) and new core functions (image generation, code interpreter).

 **JOINT**
Number of connectors*

92

Group growth via M&A

Active M&A has enabled step-change growth. Applying our AI expertise to PMI, we maximize the value of each group company.

*As of end-Oct 2025

 **AIさくらさん**
AI Sakura-san’ active units*

191

 **Vario Secure**
Recurring revenue ratio ** Churn rate ≤1% **

86.9% **26** consecutive quarters

**Source: Vario Secure 2Q results disclosure

Consolidated revenue growth



+22.5% (FY Apr 2025)

Growth trend

M&A and organic growth delivered **+100.9%** YoY in FY Apr 2023 and **+62.4%** in FY Apr 2024.

*Headcount growth (HEROZ standalone)



+23.4%

External recognition

Selected in the **top 5%** ‘Triple’ tier of the SMB category in ‘SalesNow High-Growth Companies Selection 2025’.

*YoY as of end-Apr 2025

*Employee satisfaction

Share of employees ‘very’ or ‘fairly’ satisfied



74%

Work Style

Maintained an **86%** remote-work rate in FY Apr 2025, supporting flexible work styles.

*Survey conducted in Sep 2025

03

Initiatives in each business segment

Hosting various events to maximize the shogi player population.

- We run a variety of initiatives, including the 'Tatsujin-sen' master matches, to engage players from beginners to experts.
- We will continue to launch initiatives aimed at expanding the overall shogi player base.

Further expanding to maximize the shogi population

- We hosted the **3rd Tatsujin-sen Tachikawa Tachihi Cup**, where eight master players including **9-dan Yoshiharu Habu** competed, and ran a Shogi Wars booth with multiple on-site events.
- We launched a new 'Nicknames' feature, allowing users to earn a variety of 'Jo' and 'Ha' titles as they play more games, increase wins and rank, and unlock castle/strategy effects.
- Through official tournaments such as the 125th Dan/Kyu Championship, the 14th Kishin Championship, the 'Kishin Issen Cup' special event, and the 12th Seitei Championship, **premium user numbers remained at record-high levels**. We will continue to introduce initiatives that engage players from beginners to experts.



Wills launched a new 'Incentive Design Simulation' feature powered by HEROZ's Stock Price Forecast & Diagnostics AI.

HEROZ

- AI simulations based on historical data and company parameters quantify the impact of introducing shareholder incentives.
- They allow quick, numerical comparison of post-implementation stock price performance across multiple plan options.

AI helps make shareholder-return decisions more sophisticated and transparent.

- Users can input program parameters (e.g., points granted, eligibility) and simulate post-introduction stock price movements, enabling fast comparison of multiple plan options.
- The model is trained on past incentive schemes, pre-/post-introduction price and volume trends, and company fundamentals, allowing efficient scenario analysis.
- We will continue to expand training data and update the model to further improve forecast accuracy and functionality.



HEROZ ASK update: new AI analytics dashboard to analyze usage data and automatically suggest improvements.

- Goes beyond visualization by using AI to identify bottlenecks and propose cross-organizational roll-out opportunities.
- Supports the latest models (Claude Sonnet 4.5, Claude Opus 4.1, Claude Opus 4.5) to further boost productivity.

Enables both quantification of deployment impact and expansion of usage.

- The dashboard highlights high- and low-usage users and auto-generates recommendations for engagement and best-practice roll-out.
- Example use cases
 - **IT / AI promotion teams:** identify priority departments via AI analytics, track initiative impact daily, and export KPIs in CSV.
 - **Marketing / PR:** measure campaign efficiency, share successful cases across the organization, and track growth in content output.
 - **Legal / Audit:** maintain audit logs in CSV, assess the impact of guideline changes, and promote compliant use.

新機能

ダッシュボードに
業界初*の独自「AI解析」機能を搭載
(※当社調べ)

HEROZ ASK

最新モデル

「Claude Sonnet 4.5」
「Claude Opus 4.1」
に対応開始!

HEROZ ASK



The top laptop screen displays the 'AI Analysis Results' section of the HEROZ ASK dashboard. It lists several recommendations for improving AI usage, such as 'Increase the number of AI prompts used by departments with low usage' and 'Promote the use of AI prompts by departments with high usage'. The bottom laptop screen displays the 'Latest Models' section, which includes a table of model performance metrics for Claude Sonnet 4.5 and Claude Opus 4.1.

AI Sakura-san: Contracted users steadily growing.

HEROZ



- Tourism experience enhancement and workload reduction at municipal offices.
- Recurring revenue from AI Sakura-san continues to benefit from steady new customer wins.

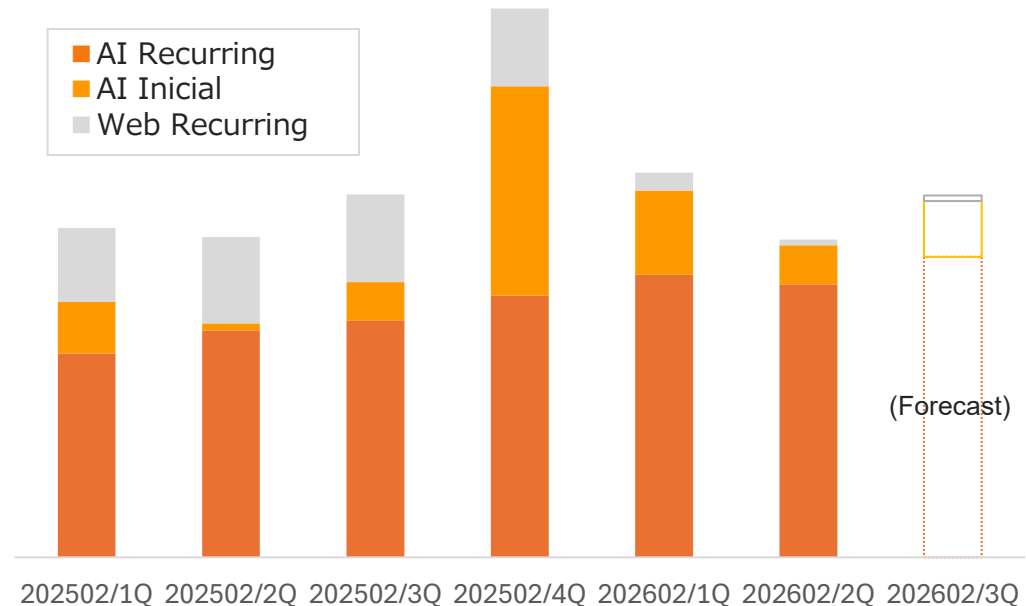
Use cases are expanding into new domains

- In the official Kyushu tourism app, 'Kyuchan's Exciting Kyushu School', AI Sakura-san serves as a travel navigator, enhancing the visitor experience.
- We added official SSO integration with the cloud security service HENNGE One, enabling enterprises and municipalities to deploy generative AI securely while maintaining usability.



AI Sakura-san Revenue Trends

- While the impact of some cancellations in 1Q was reflected in 2Q, new sign-ups remained solid, and recurring revenue is expected to recover in 3Q.



*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 1Q, HEROZ BtoB missed its plan due to about ¥65 million of revenue timing shifts. The pipeline and headcount are both increasing as planned, but given the business model we expect such timing shifts to occur and therefore lowered our full-year growth outlook, which led to a revision of the Group's full-year forecast.

HEROZ ASK, however, has surpassed roughly ¥100 million in ARR. Customer count and MRR are growing steadily, mainly among mid-sized and smaller companies with 100–1,000 employees, through both upsell and new acquisition. We target achieving monthly profitable within this fiscal year.

Q : Revision to VarioSecure's full-year forecast?

A : VarioSecure delivered ¥300 million in operating profit in 1H, but revised its profit plan due to active 2H investments. The revision reflects lower sales expectations (about ¥160 million down) and roughly ¥150 million of upfront investment in product development and sales hiring. Nonetheless, 1H sales met plan and current conditions remain firm.

05

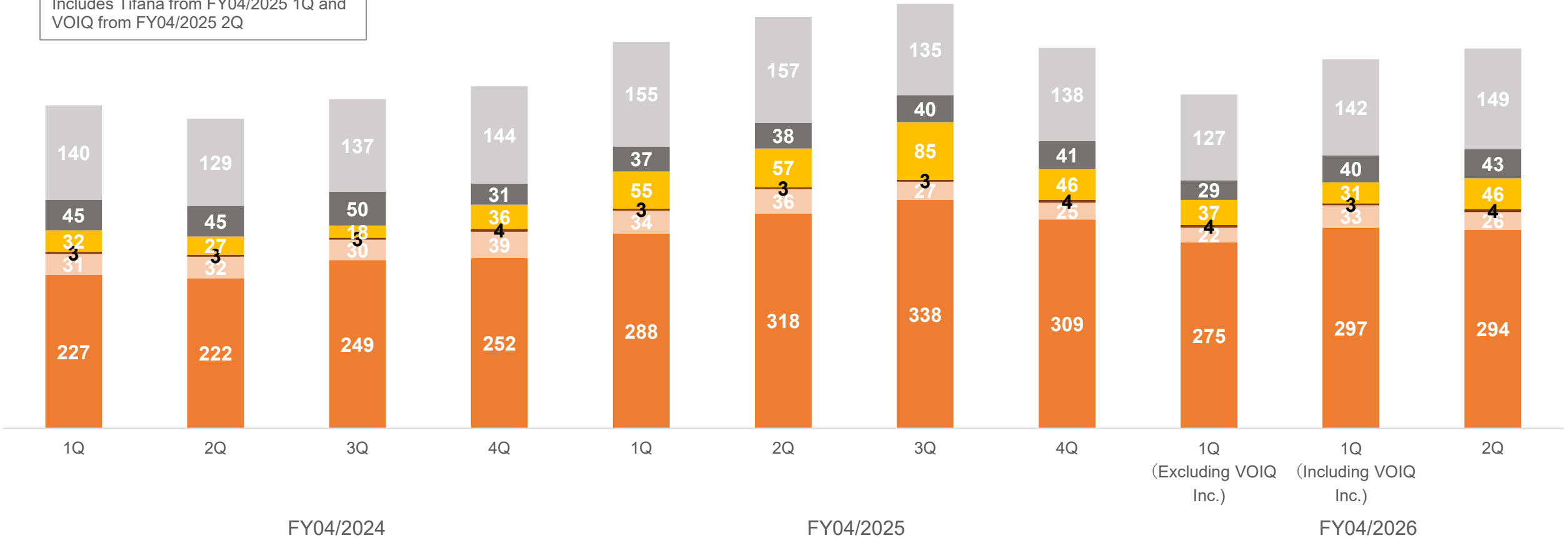
Appendix

SG&A Breakdown Trend (Consolidated)

- Headcount was increased to strengthen new SaaS offerings such as ASK and JOINT, and personnel expenses have remained at a stable elevated level since FY Apr 2025.
- We continue to exercise disciplined cost control over recruitment/training and advertising expenses.

(Units: JPY Millions)

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

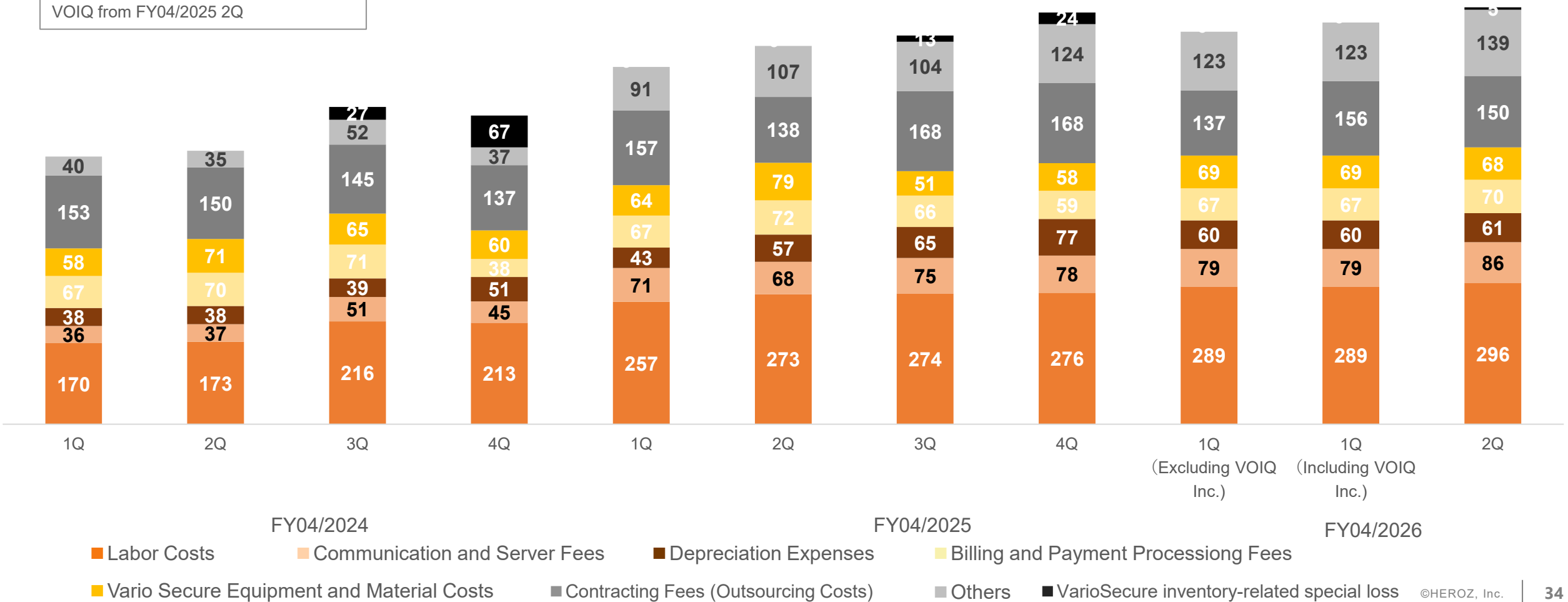


Cost of Sales Breakdown Trend (Consolidated)

- To support growth, we plan to continue investing in talent and allow labor costs within cost of sales to increase at the Group level.
- We are reducing outsourcing expenses at Tifana and Vario Secure, thereby offsetting the incremental costs associated with VOIQ.

(Units: JPY Millions)

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



Balance Sheet (As of October 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 1.8 billion yen in intangible fixed assets, which will be amortized over time.
- From 2Q, we began holding approximately ¥100 million in Bitcoin to deploy in AI-driven liquidity provision for crypto assets.

	FY2025 (Consolidated) (A)	FY04/2026 Q2 (Consolidated) (B)	Increment (B-A)
(Unit: Million Yen)			
Current Assets	4,538	4,501	-36
Cash and Deposits	1,733	1,348	-385
Fixed Assets	3,608	3,570	-38
Tangible Fixed Assets	215	192	-22
Intangible Fixed Assets	2,572	2,547	-25
Investments and Other Assets	821	830	9
Total Assets	8,147	8,072	-75
Current Liabilities	1,487	1,530	43
Non-current Liabilities	1,458	1,183	-275
Net Assets	5,201	5,358	156

- The forward-looking statements contained in this material are based on information currently available to the Company, but are not guarantees of future performance and are subject to various risks and uncertainties. Actual results may differ from the forward-looking statements contained or deemed to be contained herein due to changes in the business environment and other factors.
- This document contains information about our company and other companies, etc., and we make no representations or warranties as to the accuracy or completeness of the information contained herein.