



**HeartCore**

ENTERPRISES

HTCR | Nasdaq Listed

# Investor Presentation

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Nasdaq: HTCR

September 2024

# Forward-Looking Statements

Certain information set forth in this presentation contains “forward-looking information”, including “future-oriented financial information” and “financial outlook”, under applicable securities laws (collectively referred to herein as forward-looking statements). Except for statements of historical fact, the information contained herein constitutes forward-looking statements and includes, but is not limited to:

- (i) Projected financial performance of the Company;
- (ii) Completion of, and the use of proceeds from, the sale of the shares being offered hereunder;
- (iii) The expected development of the Company’s business, projects, and joint ventures;
- (iv) Execution of the Company’s vision and growth strategy, including with respect to future M&A activity and global growth;
- (v) Sources and availability of third-party financing for the Company’s projects;
- (vi) Completion of the Company’s projects that are currently underway, in development or otherwise under consideration;
- (vii) Renewal of the Company’s current customer, supplier and other material agreements; and
- (viii) Future liquidity, working capital, and capital requirements. Forward-looking statements are provided to allow potential investors the opportunity to understand management’s beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment.

These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements.

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# HeartCore Enterprises, Inc.

- Tokyo based Leading Enterprise Software Development & Consulting Company
- Majority market share provider of content management (CMS) and digital transformation solutions for well-known Japanese enterprise customers
- Global enterprise customer count of 962, up 105% YOY
- **88% CMS Business Customer Retention Rate in 2023**
- Go IPO<sup>SM</sup> consulting service helps Japanese-based companies go public in the U.S.
- \$22M revenue in 2023 (150% increase compared to 2022)



# HeartCore History



969 clients  
in Japan

24 clients  
overseas

ESTABLISHED  
June 2009



**US OFFICE**  
Silicon Valley, CA

**JAPAN HEADQUARTERS**  
Shinagawa-ku, Tokyo

**OKINAWA BRANCH**  
Naha City, Okinawa

EMPLOYEES  
62



JUNE 2009

Content Management  
System (CMS)



JANUARY 2018

Robotic Automaton  
Process (RPA)



DECEMBER 2019

TaskMining



APRIL 2023

10<sup>th</sup> Go IPO<sup>SM</sup>  
Client Signed



September 2023

Hired Sabatini Global  
Sales and Marketing  
Team



April 2024

Formed Artificial  
Intelligence (AI) Software  
Development Division



APRIL 2015

Customer Experience  
Management (CXM)



APRIL 2019

ProcessMining



APRIL 2022

Go IPO<sup>SM</sup>  
Consulting Service



February 2023

SIGMAWAYS  
Acquisition



February 2024

HeartCore Luvina Vietnam



# Enterprise Software Business

Q2'24 Software  
Business Performance

**\$3.9M**  
Software Revenue

**20%**  
Organic Growth Rate

**Profitable  
Operations**

## Content Management System

Our customer experience management platform:

Includes **marketing, sales, service, and content management systems** as well as other tools and integrations that enable companies to attract and engage customers throughout the customer lifecycle.



## Digital Transformation

Provides customers with robotics process automation, process mining and task mining:

Accelerating the **digital transformation** of enterprises across their entire business including **marketing, sales, and customer service**.



# Content Management System (CMS)

CMS software helps users create, manage, and modify content on websites without the need for specialized technical knowledge.

- HeartCore has heavily invested into sales & marketing and has an increase of 130% in its YoY pipeline growth
- 700 legacy customers will be proactively upsold to HeartCore Version 12, the newest platform
- Company aims to increase its market share from 25% to 40% by incorporating all functions related to content management

**Content Management Market**

**\$22.27B**

Projected Global Market Size (2024)

**5.22%**

Market Growth Rate (2024-2028)



<https://www.statista.com/outlook/tmo/software/enterprise-software/content-management-software/worldwide?currency=usd>



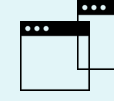
Multilingual Support



Accessibility Check Function



Multi-Device Support



Multiple Site Management

# Go IPO<sup>SM</sup> Consulting Service

“We have just scratched the tip of the iceberg with our Go IPO business line,” Sumitaka Kanno, CEO

## Building a Diverse Portfolio of Japan-based Growth Companies

- \$5 Million Net Revenue YTD - fees + warrant revenue recognition
- Expect Q-to-Q volatility - change in asset value is recognized as revenue
- Warrants strengthen the balance sheet
- 14 signed clients currently in the Go IPO pipeline
- 3 successful client IPOs since inception
- 3-4 client IPOs scheduled to occur before the end of 2024
- Launched [HeartCore Financial](#) in Q1 2024

HeartCore has generated a total of \$18.9 million in revenue from its Go IPO business



# Our Go IPO<sup>SM</sup> Business Model

Sumitaka Kanno, Founder and CEO of HeartCore Enterprises, LLC authored "*How to Go IPO*" a popular book in Japan

Target companies must meet the following criteria

1. Sales of more than \$6M for three consecutive years
2. Robust and compelling technology
3. Dominant market position
4. Annual growth rate of over 30%
5. Ability to pay \$2M in IPO costs
6. Robust and attractive technology
7. Major specific market share



# HeartCore Acquisition of Sigmaways



Sigmaways generated approximately \$10 million revenue (unaudited) for the year ended December 31, 2023



Acquisition expands HeartCore's operational footprint in the U.S. and adds significant revenue to the Company's top line



Provides complementary cross-sell and upsell opportunities for both companies



Reduces HeartCore's production costs, transitioning from outsourcing resources to leveraging Sigmaways' team



Shared corporate philosophy of putting the customers first

# Sigmaways Key Clients and Affiliates



## KEY CLIENTS


## AFFILIATIONS




# Financial Highlights

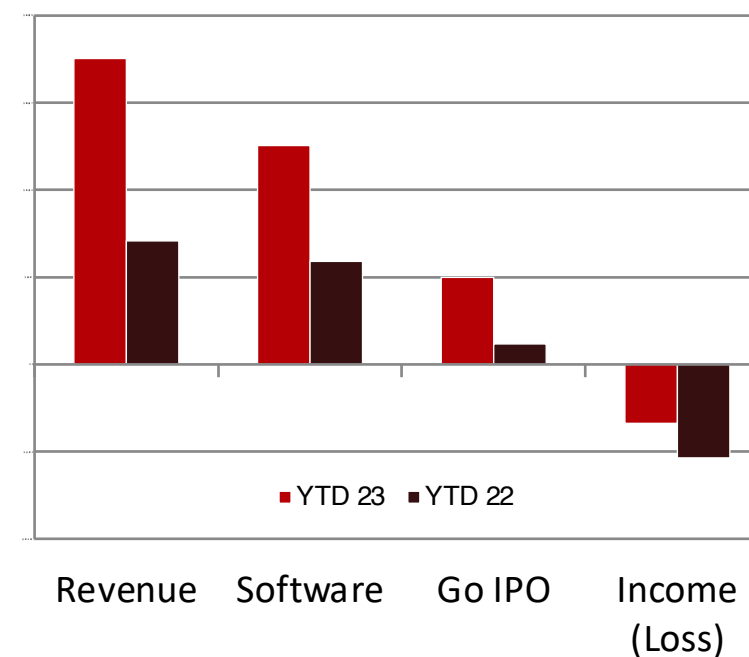
	<u>Q2 2024</u>	<u>YTD23</u>	<u>YTD22</u>
Revenue	\$ 4,066	\$21,846 (148% increase)	\$8,818
Software	\$3,854 (26% increase)	\$15,634 (112% increase)	\$ 7,370
Go IPO	\$151	\$ 6,212 (329% increase)	\$ 1,448
Other	\$62	\$366	\$57
Income(Loss)*	\$(1,972)	\$(4,877)	\$(6,677)
EPS**	\$(0.09)	\$(0.21)	\$(0.37)

\*Comprehensive income (loss) attributable to HeartCore Enterprises, Inc.

\*\*Net income (loss) attributable to HeartCore Enterprises, Inc.

Note: amounts are rounded in \$thousand

### YTD23 compared to YTD22



# Outlook 2024

## Expect continued growth from the enterprise software business

- Growth through new customers and cross- & up-selling existing ones
- Growth through new technologies, such as digital transformation
- Growth through Sigmaways
- 30% organic growth expected for 2024

## Building a diversified portfolio of Japan-based growth companies through GO IPO<sup>SM</sup>

- 14 signed clients in the pipeline
- Optimistic 2024 IPO market outlook
- 3 new contract wins in 2024, receiving \$1.7m in initial fees and 2-3% warrants
- 1 Successful Go IPO Listing in 2024
- 3-4 client IPO scheduled by end of 2024

**2024 is expected to be the strongest year in HeartCore's history**

# Long-term Outlook

## Transformational Period

Growing enterprise software company building a portfolio of Japan-based growth companies that strengthen HeartCore's balance sheet.

### Enterprise Software

- Established strong market position in Japan
- Growth through new customers
- Growth through acquisitions
- Growth expected in US and India

### Go IPO<sup>SM</sup> Consulting

- Building a portfolio of Japan-based growth companies
- Long-term asset with faster-than-market growth potential
- Bolsters the balance sheet
- Potential source of cash



# Investment Highlights

88%

CMS Customer  
Retention Rate, 2023

40%

Anticipated Market  
Share (up from 25%)

210%

Anticipated Revenue  
Growth Y/Y

4%

Anticipated Customer  
Growth Y/Y



## Aggressive M&A

Synergistic target companies  
will improve earnings



## Human Resources Investments

Focus on securing and training  
the best talent in the industry

969

Japanese  
Clients

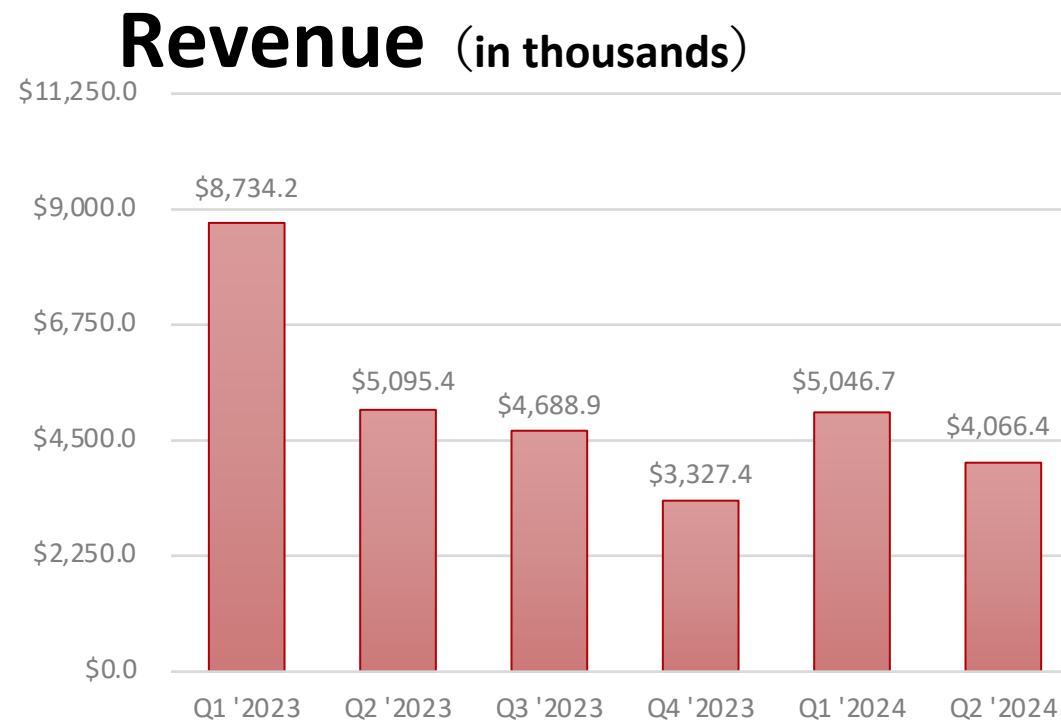
25

Overseas  
Clients

# APPENDIX

# Overview of Key Financials

Cash (as of June 30, 2024)	\$3.8M
Market Cap (as of Aug. 14, 2024)	\$14.19M
Shares Outstanding (as of June 30, 2024)	20.86M
Warrants (as of Dec. 31, 2023)	1.47M
Insider Holdings (as of June 30, 2024)	75.37%
Free Floating Shares (as of June 30, 2024)	5.14M



**Projected full year 2024 Revenue** (subject to change depending on timing of Go IPO client IPOs) = **\$46.6M**



# About Management Team



**CEO**

• Sumitaka Kanno (Yamamoto)



**COO**

• Kimio Hosaka



**CFO**

• Qizhi Gao

*Chairman of Board, Chief Executive Officer, President and Director*

After graduating from the Kansai Gaidai University in Japan, Kanno joined the Japan Air Force and became a pilot. He then founded his own company, popularized snowboarding in Japan, and created a huge boom in the sport. He later worked at BroadVision in Japan, a global software vendor and former NASDAQ company. With over 20 years of experience in information technology and website engineering, he developed the solutions that enterprises rely on everyday throughout their organizations.



**INVESTOR RELATIONS**

**Gateway Group, Inc.**

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<https://heartcore-enterprises.com/>