



# Investor Presentation

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January 2023

Nasdaq: HTCR



# 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, the

- (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.

Although forward-looking statements contained in this presentation are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.



# Who We Are

We are an experienced software provider with a mission to provide happiness to our customers through our technology.



**836** clients  
in Japan

**23** clients  
overseas



Our CMS business customer retention rate is very high at **96%** in **2021** and **95%** in **2020**.



**20%+** Annual Sales Growth



# About HeartCore, Inc.

## ESTABLISHED

June 2009

## Cash

\$7.8 million USD

(9/30/2022)

## EMPLOYEES

60\*

## PRESIDENT & CEO

Sumitaka Yamamoto



**US OFFICE**  
Silicon Valley, CA

**JAPAN HEADQUARTERS**  
Shinagawa-ku, Tokyo

**OKINAWA BRANCH**  
Naha City, Okinawa



**JUNE 2009**  
Content Management  
System (CMS)



**APRIL 2015**  
Customer Experience  
Management (CXM)



**JANUARY 2018**  
Robotic Automaton  
Process (RPA)



**APRIL 2019**  
ProcessMining



**DECEMBER 2019**  
TaskMining



**APRIL 2022**  
GO IPO Consulting



**SEPTEMBER 2022**  
SIGMAWAYS  
Acquisition



# What We Do

## 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.

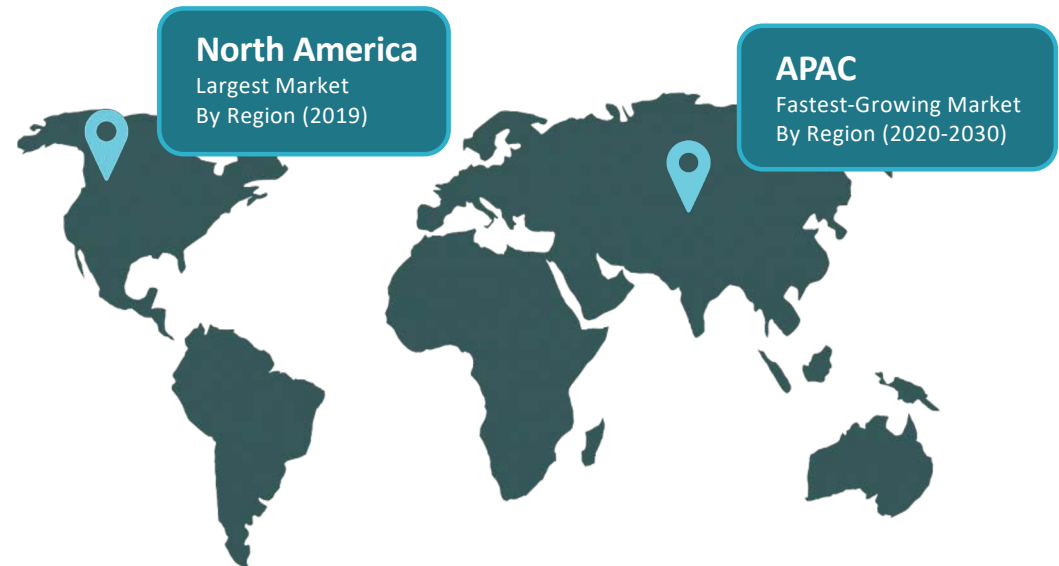
*The benefits include:*

- ✓ User-friendliness
- ✓ Quick deployment
- ✓ Ease of maintenance including updates
- ✓ Extendable functionality
- ✓ SEO (Search Engine Optimization) friendly features

**Content  
Management  
Market**

**\$5,894.8M**  
2019 Market  
Size

**18.4%**  
Market Growth Rate  
(2020-2030)





# CMS Features

*HeartCore streamlines website operations*



## Easy-to-use EDITOR

- Create and update web pages as easily as entering text into a Microsoft Word document.
- Import data as simply as copying and pasting the information you wish to enter.



## Granular ACCESS RIGHTS and Workflows

- Set up detailed access permissions and flexible workflows.
- Reduce the production and operation time and ensure the accuracy of information.



## Secure PUBLISHING SETTINGS

- View private information on the website before it gets publicly disclosed.
- We believe HeartCore is the only CMS in the world that can publish tens of thousands of pages simultaneously, and thousands of PDF files at the same time.



## Extensive PREVIEW FUNCTIONS

- Preview across screen sizes and device types.
- Preview registered content from two or three generations ahead with a future date on the same page.



Multilingual  
Support



Accessibility  
Check Function



Multi-Device  
Support



Multiple Site  
Management



## GROWTH STRATEGIES

# Content Management System (CMS)

### CMS Product Innovation

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- Launch highly differentiated HeartCore Ver. 12 in FY22
- New standard features include:
  - PIM (product information management)
  - DAM (digital asset management)
  - Marketing automation
  - SEO analysis tools
- HeartCore Ver. 12 expands content management beyond browsers serving as an omnichannel content hub

### Sales & Marketing

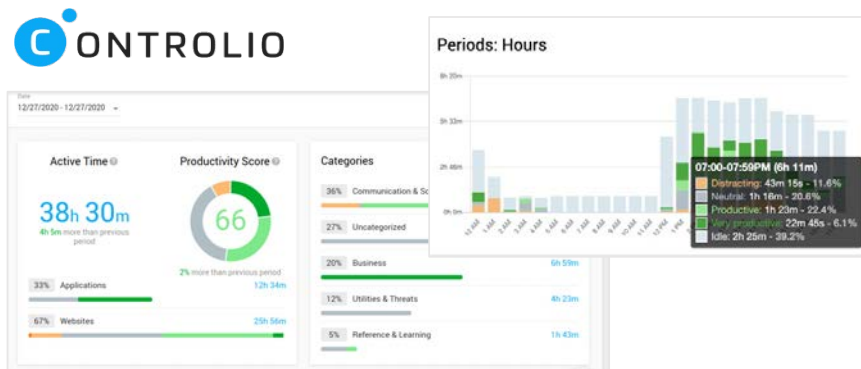
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- Invest funds in marketing and increase the number of business negotiations to three times that of previous years
- 650 legacy customers will be able to upgrade to HeartCore Ver. 12 will be proactively upsold to the newest platform.
- Company aims to increase its market share from the current 25% to 40% by incorporating all functions related to content management.



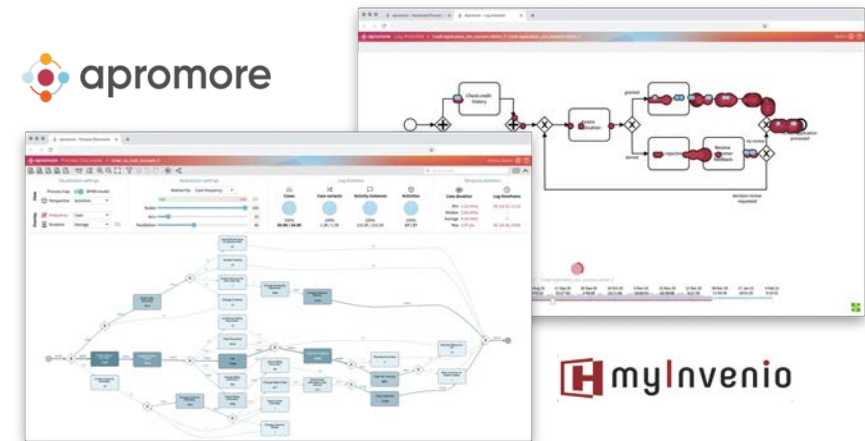
## DIGITAL TRANSFORMATION

# Process Mining & Task Mining



## Task Mining

- Employee computer activity monitoring
- Track user behavior
- Monitor productivity
- Manage risk



## Process Mining

- Automate business process discovery and analysis
- Uncover operational friction
- Optimize and monitor business processes



# Robotic Process Automation (RPA)



## **RPA's enable automation of all business applications:**

- Business packaged software
- Self-developed applications
- Web Applications
- Mobile Applications



## **RPA's work in a variety of environments:**

- Multi-platform
- Remote desktop and virtual environment
- All OS versions
- All browsers



## **Quick start available**

- Operating conditions are JAVA only
- Minimum cost required for installation
- No module installation in the execution environment is required



## **Stable operation that never stops**

- Building unstoppable robots utilizing scripted scenarios
- Advanced error handling
- Execution of pure JAVA code
- Implementation of JAVA plug-ins



## **Large-scale robot operations are possible**

- Management portal for robots
- Orchestration features
- Centralized scenario management
- Execution history trace



# Robotic Process Automation (RPA)



## High-speed image matching

- High-speed identification of operation targets on the screen using a proprietary image analysis engine
- Highly versatile, independent of the operating application platform
- Color detection



## Browser auto-operation

- Automatic operation by specifying HTML elements in a Web page
- Automatic data acquisition within a page



## OCR

- Loading scanned documents and converting to digital data
- Input to business applications
- Diverse OCR engines
- Font registration



## Back-end operation

- Fast Excel data loading
- No need to install Excel on the executing terminal



## Via OS commands

- Utilization of Windows/Unix-based OS commands
- Reliable file operations are possible. (e.g., getting a list of files in a folder, creating a new file or folder, copying, moving, etc.)



## GROWTH STRATEGIES

# Digital Transformation

## Process Mining & Task Mining

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### PRODUCTS

- Continue developing new features
- Integrate with BPMS
- Integrate with other DX solution

### ALLIANCE

- Make stronger alliance with IBM
- Expand alliance with Consulting firm
- Expand alliance with ERP Package vendor
- Expand alliance with DB solution vendor

### MARKETING

- Enhance the marketing activity
- Expand target customer globally

### ORGANIZATION

- Strengthen our sales organization in Japan and US

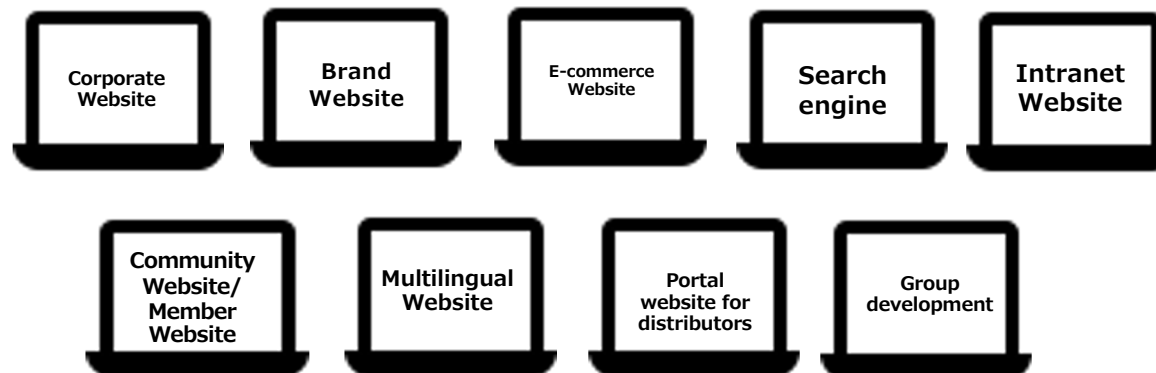
## M&A

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Acquire a middle range consulting firm, IT solution vendor etc.



# 667 Elite Cross-Sector Customers





# Our Business Model

## Content Management System

### OUR CUSTOMERS

- Sales exceed \$100 million/year
- Companies that want to use the web to license customers and engagement

### GO-TO-MARKET STRATEGY

- Exhibitions, seminars
- Partner sales
- Recurring business from existing customers

### PRICING STRUCTURE

- On-premise \$26,000/server +18% from license
- Price annual maintenance fee
- or Cloud \$1,000/month fee



## Digital Transformation

### OUR CUSTOMERS

- Sales exceed \$1 billion/year
- Companies that want to improve their operations and efficiency of their work processes

### GO-TO-MARKET STRATEGY

- Exhibitions, seminars
- Partner sales

### PRICING STRUCTURE

- **Process mining:** \$50,000/year for license
- **Task mining:** \$250/year/Unit as a subscription
- **RPA:** \$5,000 subscription fee per year





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# **Organic Growth Initiative**

## **Go-IPO Consulting Service**



# Go IPO Consultation Service

## GO IPO is for Japanese Companies interested in listing on the Nasdaq Stock Market

Launched at the end of Q1 '22, our Nasdaq consulting services are based on our experience and achievements

HeartCore's deep expertise in navigating the Japanese and U.S. markets gives us the competitive edge in servicing our clients

### 【Japan】

- Auditor Audit attestation for two years (progression basis)
- Examination by the Underwriter
- Tokyo Stock Exchange Examination

### 【U.S.A.】

- Auditor Audit attestation for two years (audited in 3 months for the past 2 years)
- Review by the Underwriter, Underwriter counsel, the audit firm and the company's attorney
- SEC Confirmation



# Our GO IPO Consultation





# Our GO IPO Business Model

## "How to IPO on NASDAQ" Book






- Authored by Sumitaka Kanno
- #1 selling book on Amazon Japan
- Advertised across newspapers, train ads, and in bookstores to attract a large clientele
- Target companies must meet the following requirements:

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





## Our GO IPO Customer Wins Since Launch (4 clients from May)

	Company Name	Company Profile	Initial	Warrants
	<b>Zero Spo Inc.</b>	First user. It offers a different form of service from the usual massage parlor, with more than 40 stores in Japan that can provide services ranging from injuries such as sprains and strains to stiff shoulders, back pain, headaches, knee pain, sports injuries, and pelvic correction.	\$460,000	3%
	<b>Syla Technologies</b>	The company is a real estate crowdfunding investment firm. With more than 1 million members, it has the largest number of members in Japan. The company specializes in real estate investment, and is involved in the development of its own brand of condominiums, the "SYFORME" series, mainly in the 23 wards of Tokyo, as well as the sale, purchase, management, and brokerage of real estate.	\$500,000	2%
	<b>AERWINS Inc.</b>	Drone and AI businesses such as original drone development, platforms such as wireless power supply systems and AI control systems, provision of drone pilots, and development of drone racing systems. They are developing an air mobility business such as the computing power sharing business that shares computing power around the world and the development of the practical hover bike "XTURISMO Limited Edition".	\$400,000	1%
	<b>Metros Development</b>	At Metros Development, they are not only in the redevelopment consulting business, but also involved in the real estate development business. They have developed relationships of trust with major developers through our redevelopment consulting services, and have the know-how to maximize real estate value, including land value. Their products that match the characteristics of the area and meet local needs.	\$500,000	3%
	<b>SBC Medical Group</b>	SBC Medical Group offers more than 10 medical services, including not only cosmetic surgery but also infertility treatment and regenerative medicine treatment in plastic surgery. In providing better "medical services" in the future, we will first consider and practice making our customers happy. In this way, our staff can feel pride in their work and a sense of fulfillment.	\$900,000	2.7%



## Recent GO IPO Customer Win, we receive \$400,000 and \$6M warrants

AERWINS Technologies Inc., an air mobility platform company, announces signing of a definitive agreement for going public via a business combination with Pono Capital Corp., a NASDAQ listed company, to become a public company.



<https://www.nasdaq.com/press-release/aerwins-technologies-inc.-an-air-mobility-platform-company-announces-signing-of-a>

- The transaction values AERWINS at \$600 million, which is expected to result in a combined pro forma equity value of approximately \$750 million, assuming no redemptions in the business combination.
- Achieving a public listing milestone is expected to enable AERWINS to promote the expansion of its air mobility platform business globally, increase production capacity, new product research and development and make AERWINS a recognized leader in air mobility.

HeartCore has 1% of the issued warrants of AERWINS stock, equating to 6M shares after the NASDAQ listing

Expected to have a significant positive impact on HeartCore's profits



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# **Inorganic Growth Strategy**

## **Complimentary Acquisitions**



# HeartCore to Acquire Sigmaways (Unaudited)



CEO AND FOUNDER  
PRAKASH SADASIVAM



Sigmaways generated approximately \$8.7 million revenue (unaudited) for the year ended December 31, 2021



Acquisition would expand the operational footprint in the U.S., expected to add significant revenue to HeartCore's top line



Anticipated to provide complementary cross-sell and upsell opportunities for both companies



Following closing, HeartCore expects to reduce production costs, transitioning from outsourcing to leveraging Sigmaways' team

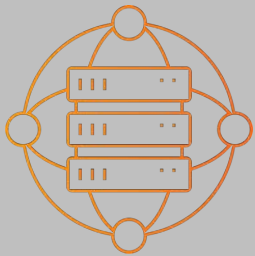


Shared corporate philosophy of putting the customers first



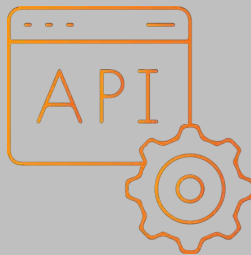
# Sigmaways Business

## SI development for existing 800 customers



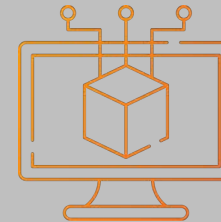
### BIG DATA & CLOUD SERVICES

With cloud and advanced data architecture, we solve enterprise data challenges, optimizing storage, management, and utilization.



### API MANAGEMENT

Platform agnostic and customized applications development, realized through API gateways, custom portals, and internal systems.



### MICROSERVICE S ARCHITECTURE

A robust development architecture that streamlines application development leveraging a host of coupled services.



# Sigmaways Key Clients and Affiliates



## KEY CLIENTS

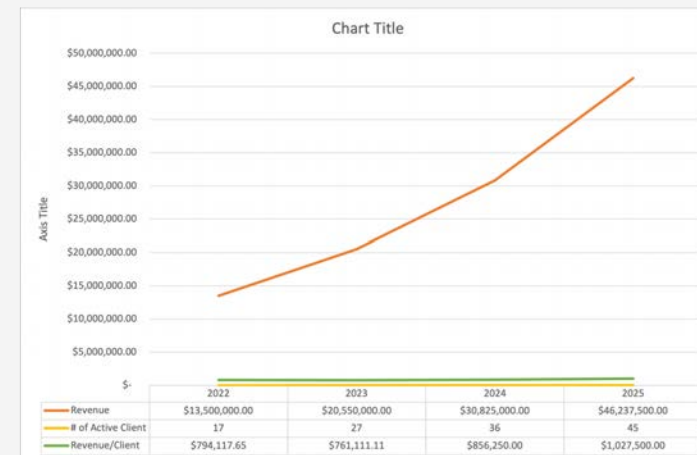
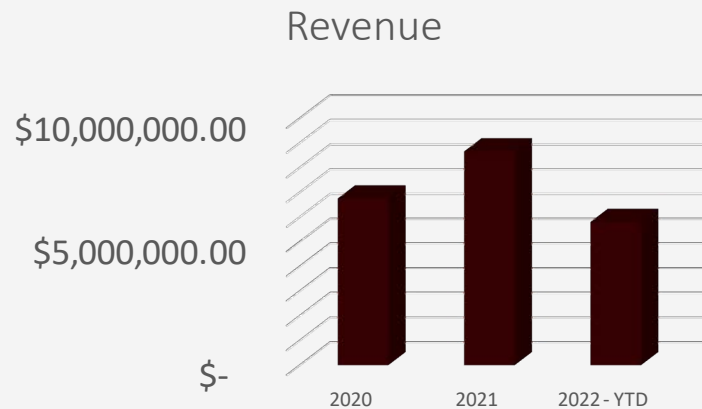


## AFFILIATIONS





# Sigmaways Revenues (Unaudited)



Year	Revenue	# of Active Client	Revenue/Client
2020	\$6,750,800	13	\$519,292
2021	\$8,653,918	15	\$576,928
2022 - As of June	\$5,800,067	17	\$764,706



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# 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.



# Why We Win



Streamline customer web operations



Leading digital transformation with the latest marketing technology



Secure systems trusted by leaders in the financial industry



Integrated high-quality site search engine



Top-notch customer support



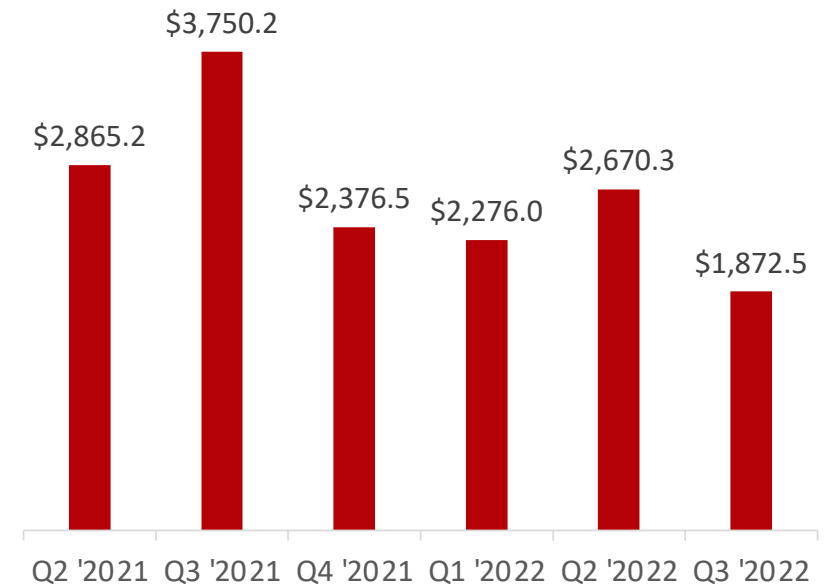
Personalization without third-party cookies\*



# Overview of Key Financials

Cash (as of Sep 30, 2022)	\$7.8M
Market Cap (as of Nov 28, 2022)	\$19.42M
Stock Price (as of Nov 28, 2022)	\$1.10
Shares Outstanding (as of Nov 28, 2022)	17.65M
Warrants (as of Sep 30, 2022)	1.5M
Insider Holdings (as of Nov 28, 2022)	76.7%
Free Floating Shares (as of Nov 28, 2022)	4.1M

## Revenue (in thousands)





# Investment Highlights

95%

CMS Customer  
Retention Rate, 2020

40%

Anticipated Market Share  
(up from 25%)

20%

Annual Sales Growth



## Aggressive M&A

Synergistic target companies  
will improve earnings



## Human Resources Investments

Focus on securing and training  
the best talent in the industry

836

Japanese  
Clients

23

Overseas  
Clients





**INVESTOR RELATIONS**

**Gateway Group, Inc.**

Matt Glover and John Yi  
HTCR@gatewayir.com  
(949) 574-3860

**WEBSITE**

[www.heartcore.co.jp](http://www.heartcore.co.jp)



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# **APPENDIX**



# Overview of Key Financials in Q3 (for the Nine Months ended September 30, 2022)

Netsales (in U.S. dollar currency, unit: U.S. dollars)

128.08JPY/\$ 108.52JPY/\$

Business Segment	9/30/2022	9/30/2021	Amount	% of
CX	4,857,309	7,195,256	-2,337,947	-32%
CM S	4,757,369	7,012,129	-2,254,760	-32%
VR360	99,940	183,127	-83,187	-45%
DX	1,039,365	1,250,755	-211,390	-17%
Process Mining	453,368	588,307	-134,939	-23%
RPA	317,110	433,736	-116,626	-27%
Task Mining	252,234	228,712	23,522	10%
Others	16,653	0	16,653	-
IPO Consulting	922,100	0	922,100	-
Total	6,818,774	8,446,011	-1,627,237	-19%

Netsales (in yen currency basis, unit: yen)

Business Segment	9/30/2022	9/30/2021	Amount	% of
CX	622,124,137	780,829,181	-158,705,044	-20%
CM S	609,323,822	760,956,239	-151,632,418	-20%
VR360	12,800,315	19,872,942	-7,072,627	-36%
DX	133,121,869	135,731,933	-2,610,063	-2%
Process Mining	58,067,373	63,843,076	-5,775,702	-9%
RPA	40,615,449	47,069,031	-6,453,582	-14%
Task Mining	32,306,131	24,819,826	7,486,304	30%
Others	2,132,916	0	2,132,916	-
IPO Consulting	118,102,568	0	118,102,568	-
Total	873,348,574	916,561,114	-43,212,540	-5%

Net sales decrease -5% in yen terms to 873 million yen this fiscal year, compared to 916 million yen in the same period last year. However, due to the significant depreciation of the yen, revenue was down -19% YoY when converted to dollars.

Gross profit decreased \$1,194,001, or 6.7%, to \$2,882,866 from \$4,076,867 for the nine months ended September 30, 2021. Gross margin decreased 6.0% from 42.3% to 48.3%.

EBITDA, a non-GAAP measure, decreased to -\$5.1 million, compared to an EBITDA of \$622,000 in the same period last year.

As of September 30, 2022, the Company had a cash balance of \$7.8 million compared to \$3.1 million in the same period last year.



## CASE STUDY

# Seibu Railway Co.,LTD.



## CHALLENGES

The previous CMS was selected as a static CMS in consideration of security, but in terms of actual operation, it took several hours to reconfigure the site after maintenance, and the railroad company was having difficulty updating important operation information and news releases in real time.

"There are about 100 people in charge of the Web within the company. Replacing our static CMS has enabled us to display the information we need as a railroad company in real time."

- SEIBU RAILWAY

## THE RESULTS

- HeartCore has been able to achieve both security and real-time updating by devising an infrastructure structure.
- The support center in Japan notifies Seibu of security patches and minor version upgrades on a case-by-case basis, which Seibu finds especially reassuring.
- Seibu reports that they've had no security problems they started using the system.





## CASE STUDY

# Tokyu Department Store Co.,Ltd.



## CHALLENGES

The main advertising medium for department stores is newspaper inserts, but when promoting on a website, it is necessary to constantly enrich the fixed information. For this reason, they needed a tool that was easy to maintain.

There were many problems such as having to upload to FTP according to the publication date and time, pages having broken links, and forgetting to delete content that had been published for a period of time that had ended.



## THE RESULTS

- The store introduced the content database, a standard feature of HeartCore, and created a management and input screen specifically designed for the scope of daily operations.
- This enabled the store to operate more efficiently and increase the amount of information provided to their clients. By organizing, standardizing, and simplifying operations that had previously been cumbersome, they are now able to provide even the most detailed information about the store in a timely manner.
- Information on each Tokyu Department Store could be automatically linked not only to the Tokyu Department Store website, but also to the websites and smartphone applications of group companies.



## CASE STUDY

# A.L.I. Technology.



### CHALLENGES

A.L.I. is the only company that has already commercialized and marketed a flying bike. Although its intended use is for leisure and government applications, orders have already been placed, making it the only product available for purchase at this time.

The company was aiming to list on the Japanese stock market but decided to list on NASDAQ in order to gain global recognition and expand its addressable market internationally.



### NEXT STEPS

- HeartCore will provide consulting services and aim to help A.L.I. list on the NASDAQ by the end of 2022.
- Similar to all Go IPO clients, we will assist the client throughout the audit and legal firm hiring process, translate requested documents into English, provide general support services, assist in the preparation of the S-1 or F-1 filing, and more.
- As compensation for our services, we expect to generate an aggregate of \$400,000 in initial fees.
- In addition, HeartCore has received warrants to acquire 1% of A.L.I. Technologies Inc.'s common stock, on a fully diluted basis.





## COMPETITIVE ANALYSIS

# Content Management System (CMS)

### ANALYSIS OF MAJOR COMPETITORS\*

CMS	HeartCore	AdobeEM	Sitecore	Acquia
Basic Functionality	✓	✓	✓	✓
Performance	✓		✓	✓
Security	✓	✓	✓	
Search Function	✓			
Digital Marketing	✓	✓	✓	✓
Ease Development	✓		✓	✓
Price	✓			✓

\*Analysis by AJS: <https://www.ajs.co.jp>

### PATENT

We have applied for a patent in Japan:

- For a solution that enables personalization and user tracking without the use of cookies, which can be used in increasingly stringent privacy protection situations.



## COMPETITIVE ANALYSIS

# Process Mining

FEATURES	myInvenio	Celonis	Signavio	Apromore	UiPath
On Premise	✓			✓	
Process Analysis	✓	✓	✓	✓	✓
Performance Analysis, Variant Analysis	✓	✓	✓	✓	✓
Process Discovery	✓	✓	✓	✓	✓
Conformance Checking	✓	✓	✓	✓	
BPMN	✓	✓	✓	✓	✓
Real Time Analysis	✓	✓	✓	✓	
Process animation	✓	✓	✓	✓	✓
RPA connecting	✓	✓	✓	✓	
Activity map	✓			✓	
Social net	✓	✓	✓	✓	
Predictive analytics	✓	✓	✓	✓	✓
Customize Platform	✓	✓	✓	✓	
Simulation	✓		✓	Planned	
Module for process analysis	✓			✓	
Decision rule mining	✓			Planned	
Multi level process mining	✓			Planned	
ETL connecting	✓	✓		✓	✓



## COMPETITIVE ANALYSIS

# Task Mining

FEATURES	Contlorio	Skysea	Lanscope	MeeCap
Dashboard	✓		✓	✓
Reports	✓	✓	✓	✓
Activities	✓	✓	✓	✓
Attendance	✓	✓	✓	✓
Categories	✓	✓		
Detailed	✓	✓		
CSV download	✓	✓	✓	✓
Productivity score	✓			✓
Online session	✓	✓		