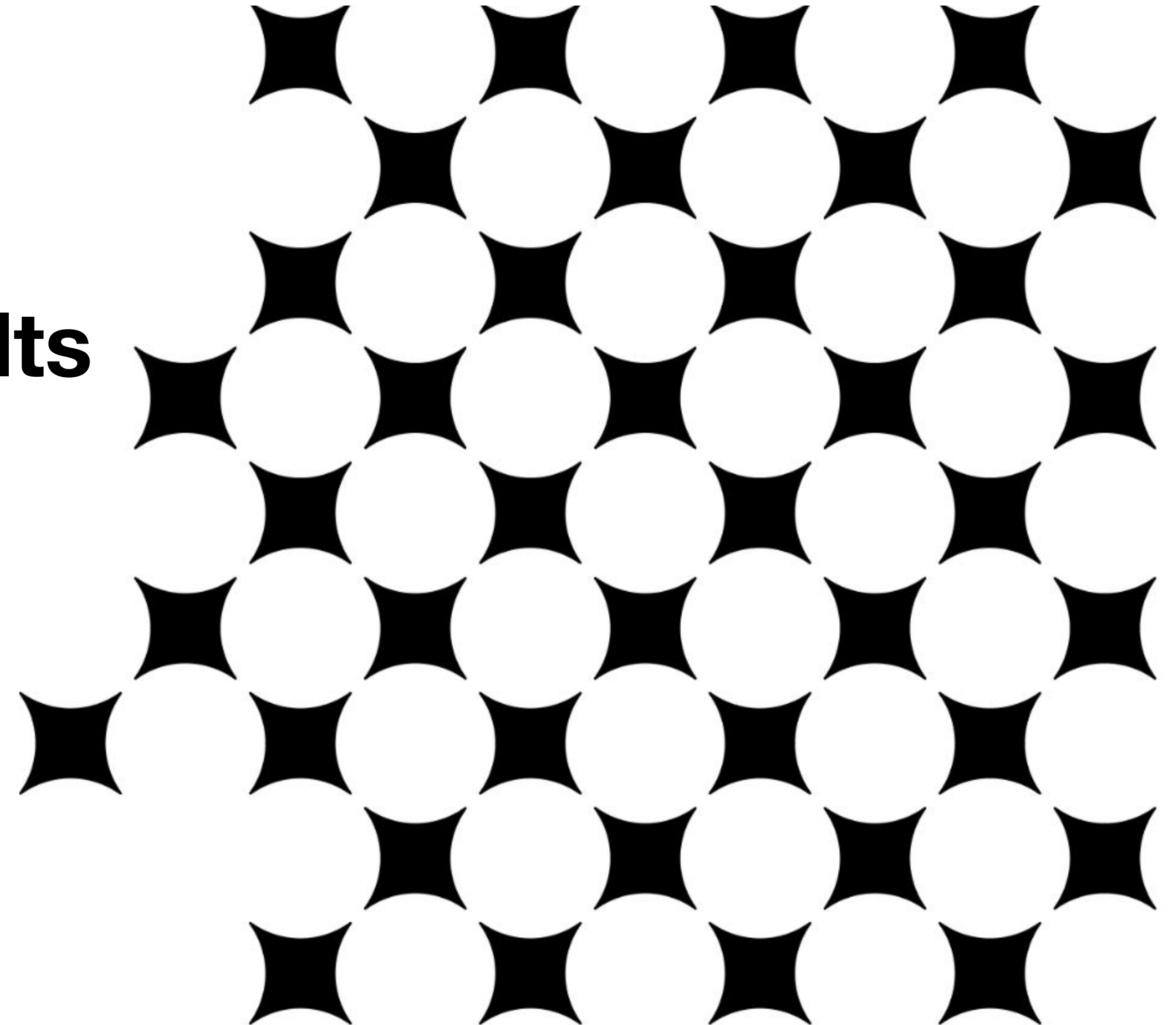
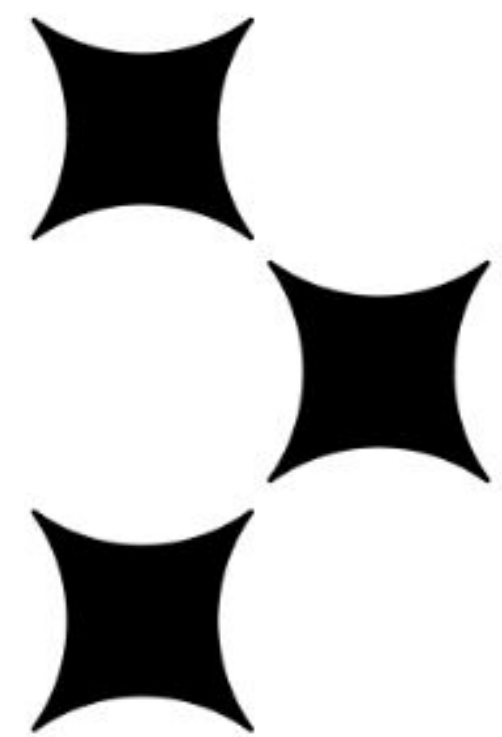




*Note: This is a translation of part of the original Japanese version and is provided for reference purposes only.  
In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.*

# **FY09/2022 Full-year Consolidated Financial Results**

HENNGE K.K. (4475 : TYO)  
November 11, 2022



# Table of Contents

- 1. FY09/2022 Full-year Consolidated Financial Results**
- 2. FY09/2023 Full-year Forecasts**
- 3. Growth Strategy**
- 4. Appendix**
  - Corporate Overview**
  - Total Addressable Market**
  - Others**
- 5. Past Materials**

**FY09/2022**  
**Full-year Consolidated Financial Results**  
**(Financial Results)**

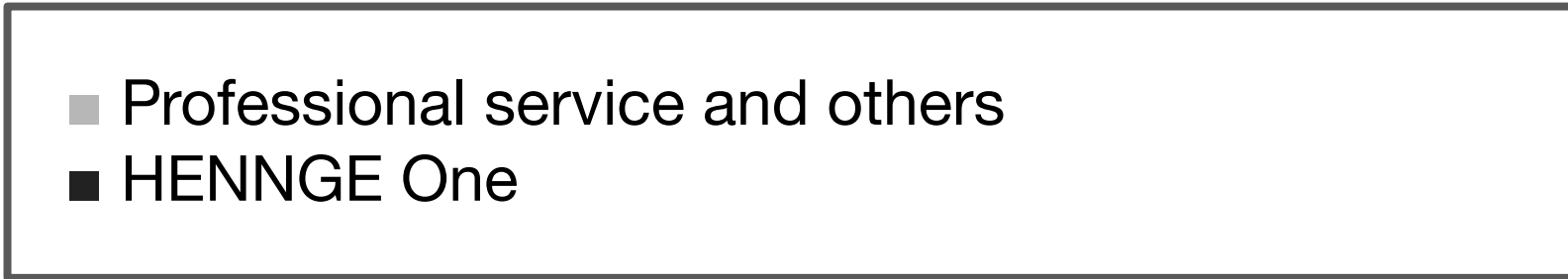
# Overview of Consolidated Financial Results

(YoY, 12 months accumulated comparison)

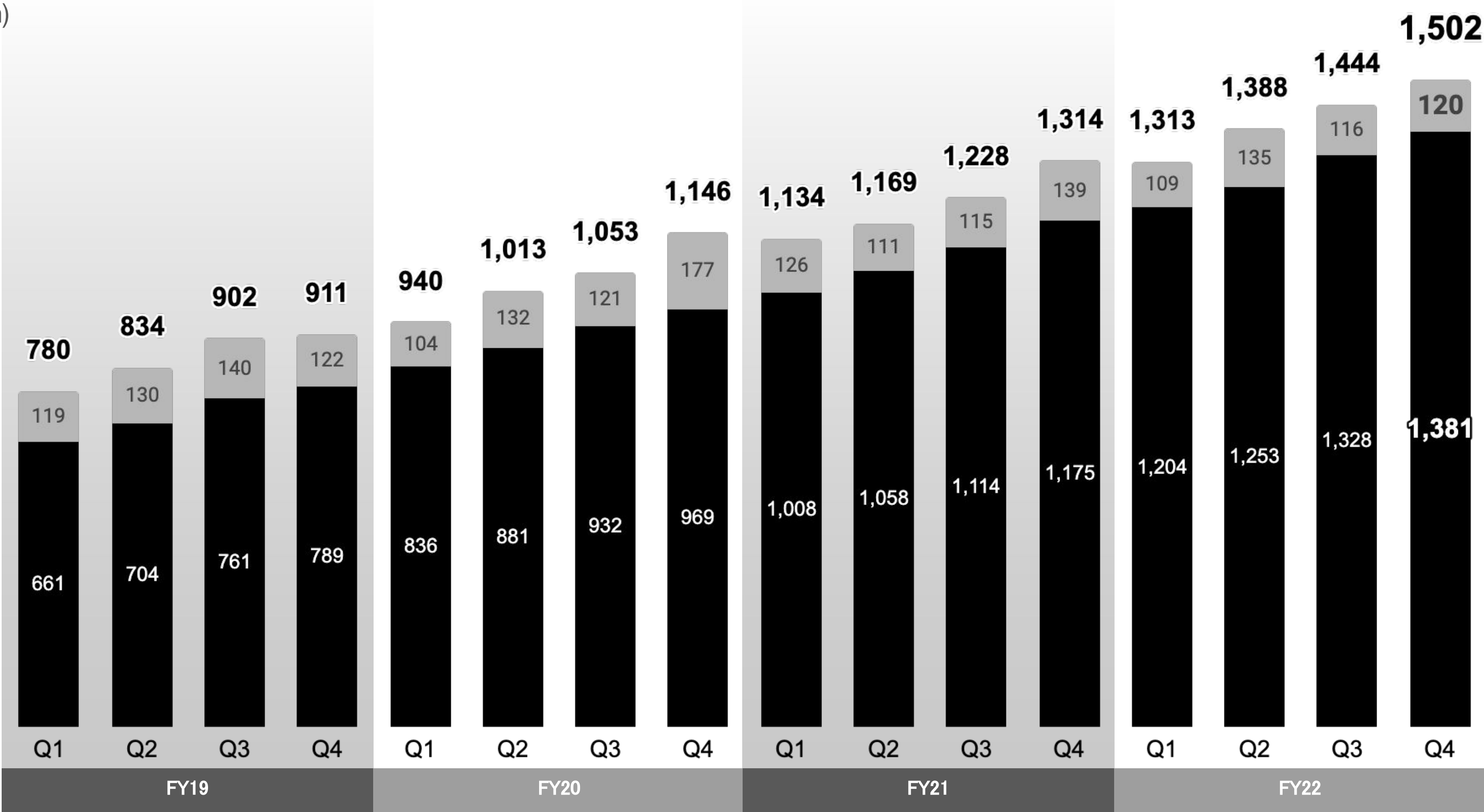
(unit: million yen)	FY2021	FY2022	YoY	YoY (%)	FY22 Forecast	Progress (%)
<b>Net sales</b>	4,845	<b>5,646</b>	+801	+16.5%	5,782	97.7%
(HENNGE One)	4,355	<b>5,166</b>	+811	+18.6%	5,305	97.4%
(Professional service and others)	490	<b>480</b>	-10	-2.0%	476	100.8%
Total cost of sales	822	<b>874</b>	+53	+6.4%		
<b>Gross profit</b>	4,023	<b>4,772</b>	+749	+18.6%		
(Gross profit margin)	(83.0%)	(84.5%)		(+1.5pt)		
Total selling, general and administrative expenses	3,643	<b>4,309</b>	+666	+18.3%		
<b>Operating income</b>	380	<b>462</b>	+82	+21.6%	434	106.5%
(Operating income margin)	(7.8%)	(8.2%)		(+0.3pt)	(7.5%)	
<b>Ordinary income</b>	383	<b>452</b>	+69	+17.9%	434	104.1%
<b>Profit attributable to owners of parent</b>	224	<b>321</b>	+97	+43.5%	273	117.5%
(Net income margin)	(4.6%)	(5.7%)		(+1.1pt)	(4.7%)	

1. The net sales **rose** by **16.5%** YoY to **5.65B** yen. The sales of HENNGE One **rose** by **18.6%** YoY to **5.17B** yen.
2. The total SG&A **increased** by **18.3%** (+0.67B yen) YoY to **4.31B** yen.
3. The profit attributable to owners of parent **increased** by **0.10B** yen YoY to **0.32B** yen.

# Quarterly Trend of Net Sales



(unit: million yen)

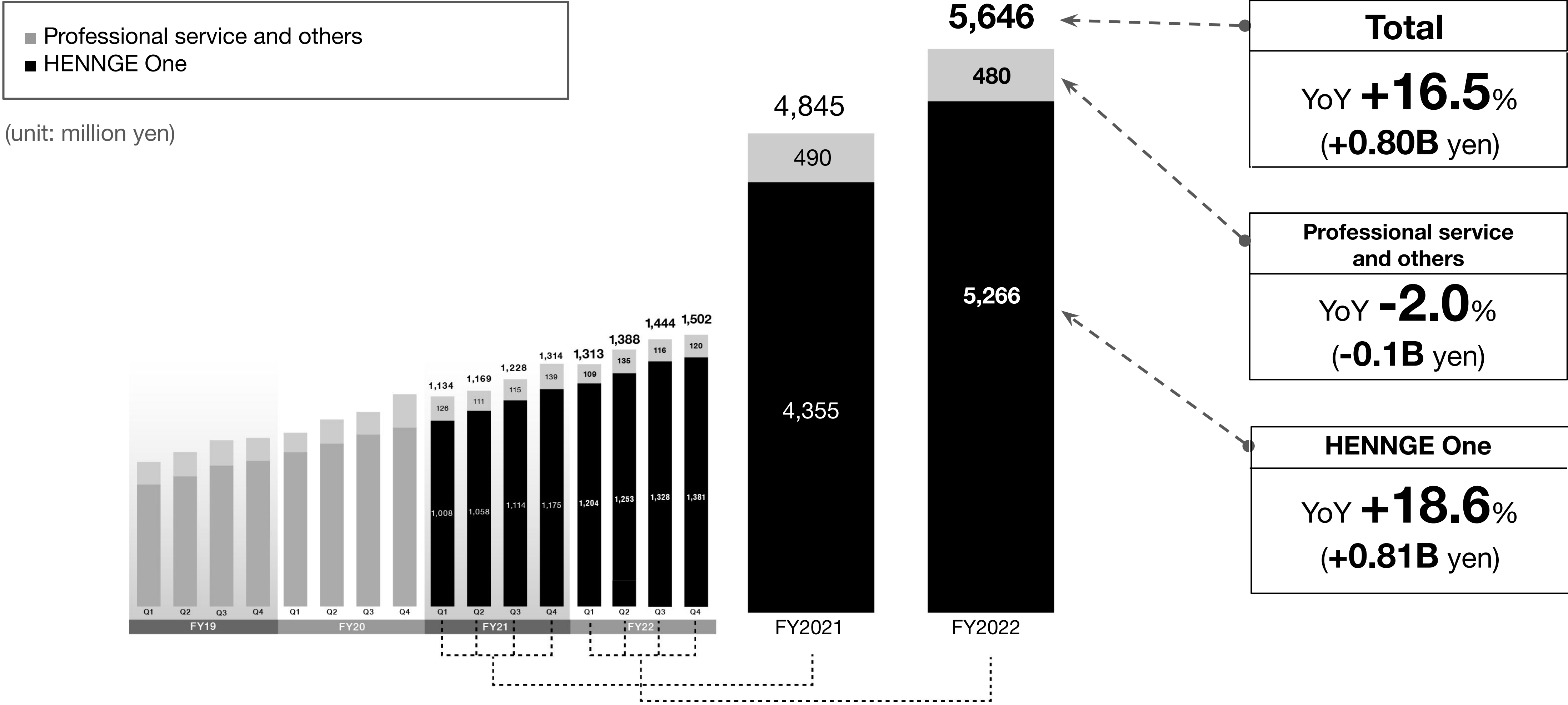


# Net Sales

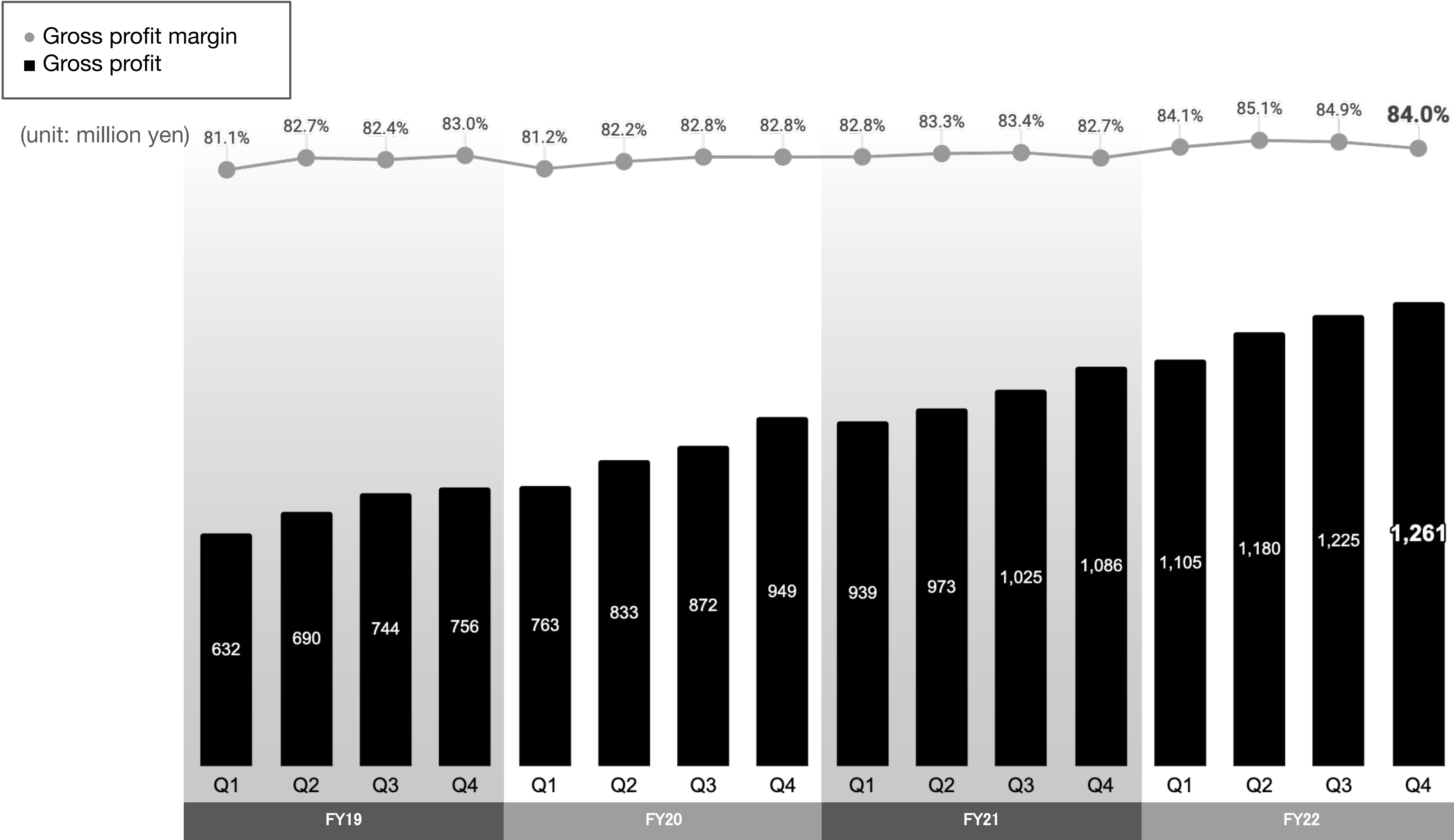
(YoY, 12 months accumulated comparison)

The net sales increased by 16.5% YoY to 5.65B yen.  
 The sales of HENNGE One, our key driver of the growth, grew by 18.6%.

(YoY, 12 mons accum. comparison)



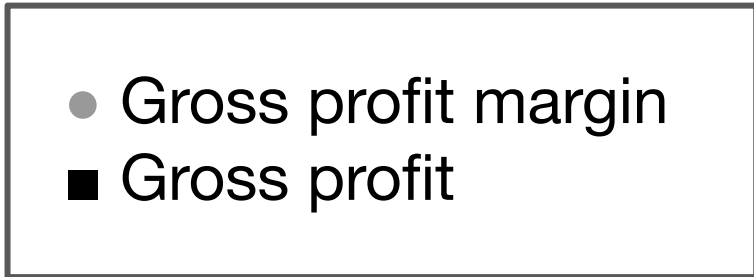
# Quarterly Trend of Gross Profit



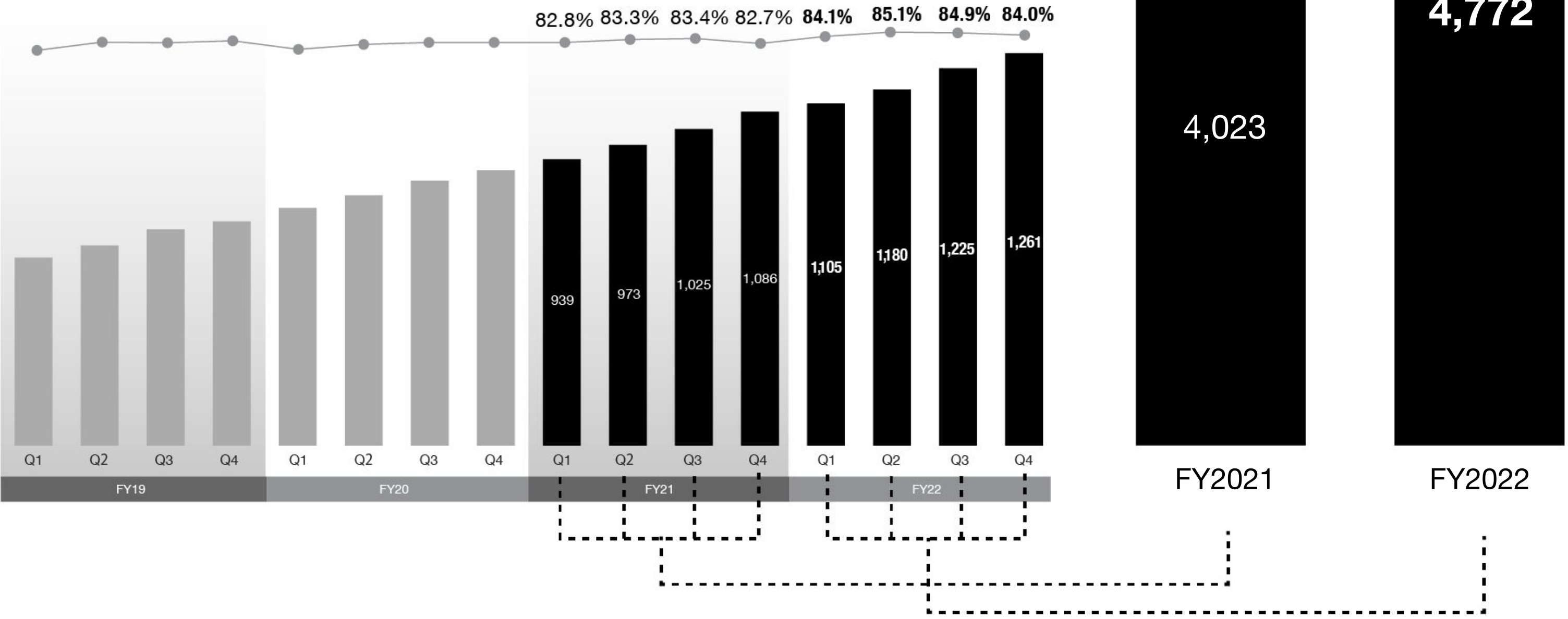
# Gross Profit

(YoY, 12 months accumulated comparison)

The gross profit increased by 0.75B yen YoY to 4.77B yen.  
 The gross profit margin increased by 1.5pt YoY to 84.5%, and remains high.



(unit: million yen)



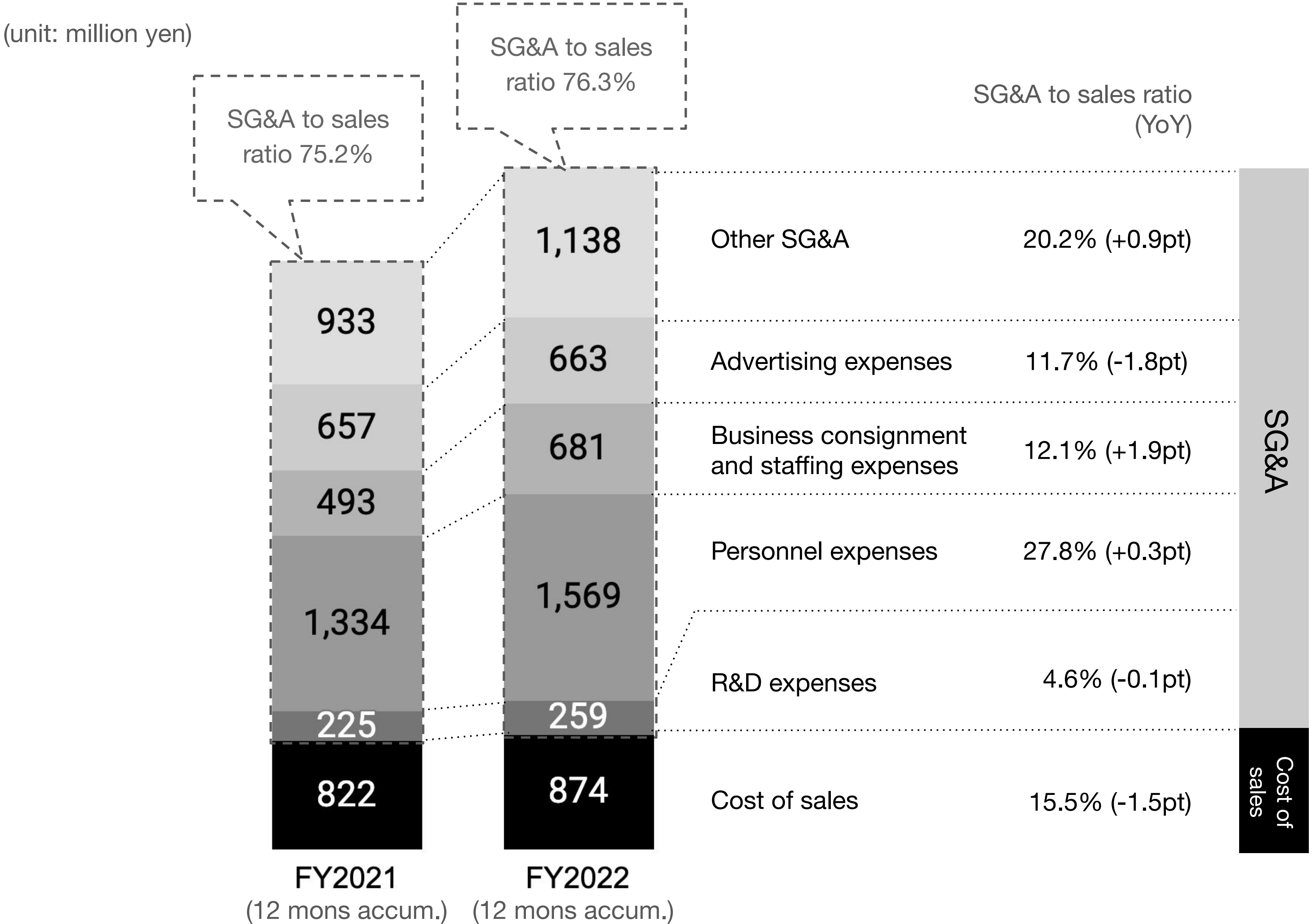
(YoY, 12 mons accum. comparison)

Gross profit
YoY <b>+18.6%</b> (+0.75B yen)



# Structure of Operating Expenses

(YoY, 12 months accumulated comparison)



**Other SG&A** increased mainly due to enhanced recruitment activities, additional internal system usage fees to accommodate increased employees, and transportation expenses due to eased restrictions regarding COVID-19.

**Advertising expenses** remained at the same level as the previous year, as a result of taking a multi-layered approach including advertising related to HENNGE One's new features, creating contents of TV commercials and holding various events.

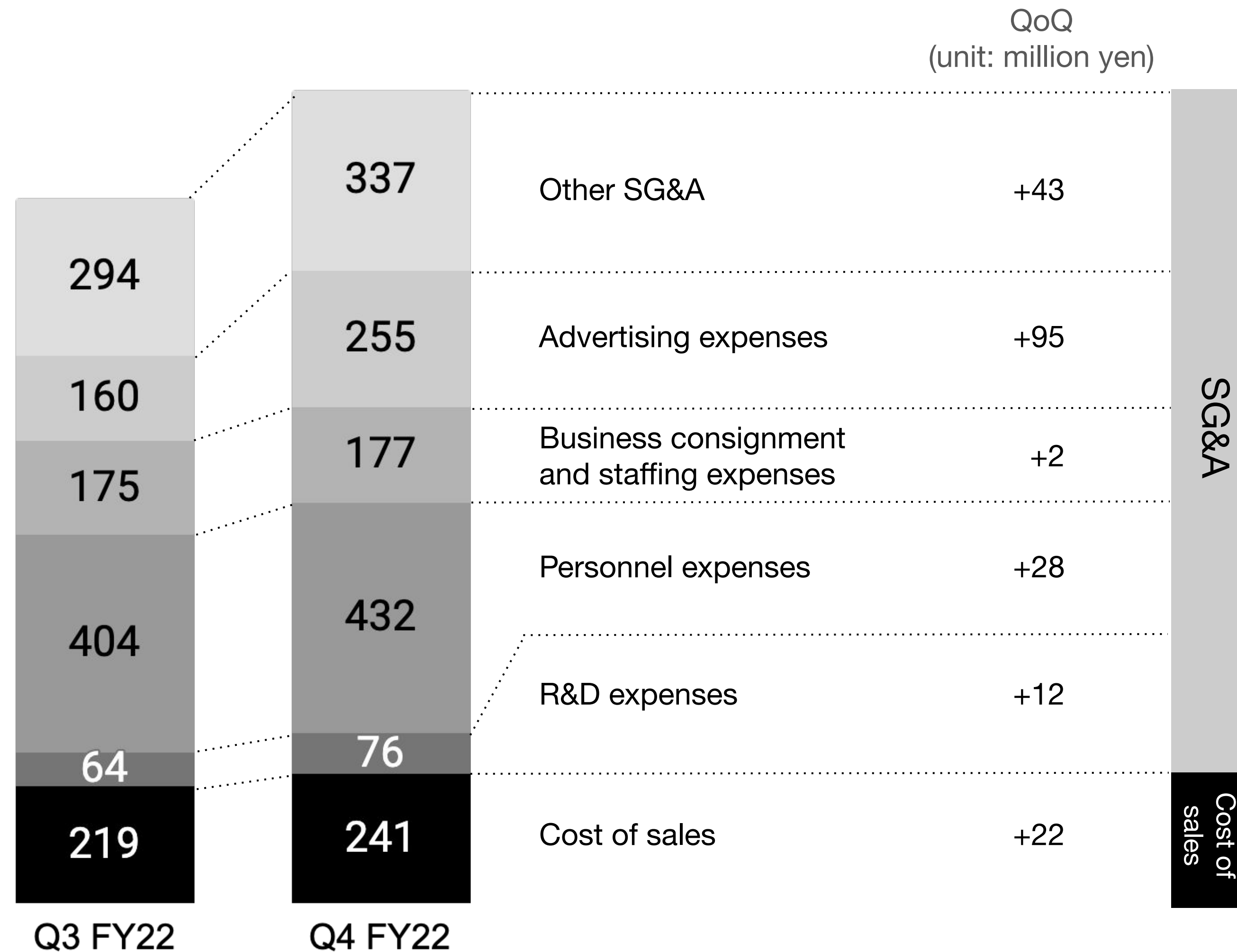
**Business consignment and staffing expenses** increased due to enhancement of sales and customer success activities.

**The cost of sales ratio** remained at a low rate of **15.5%**, which enables proactive investment in customer acquisitions.

# Structure of Operating Expenses

(QoQ comparison of Q3 FY09/2022 & Q4 FY09/2022)

(unit: million yen)

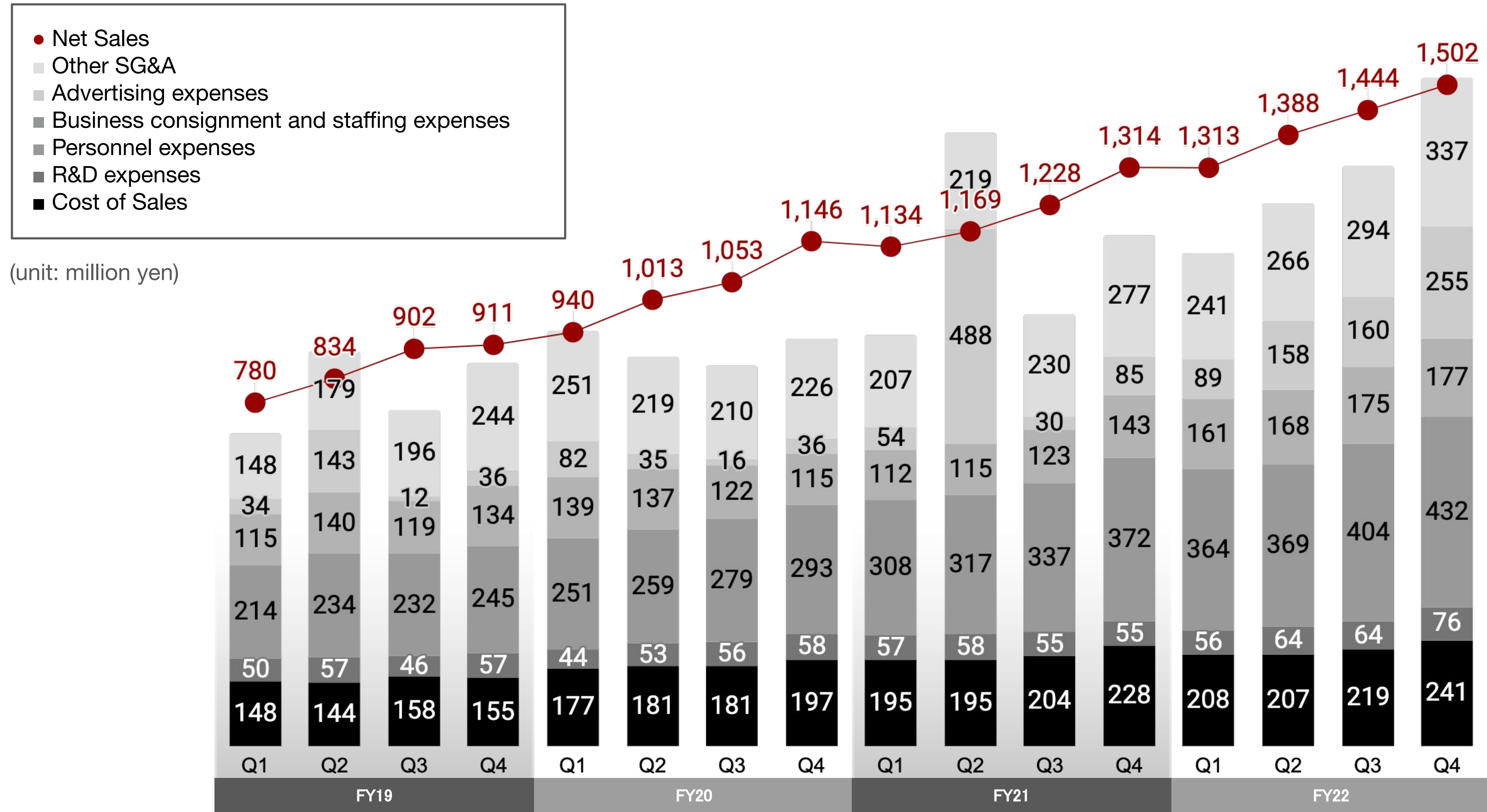


**Other SG&A** increased QoQ mainly due to an increase in recruitment costs associated with active recruitment activities, additionally, an increase in transportation expenses due to eased regulations regarding COVID-19.

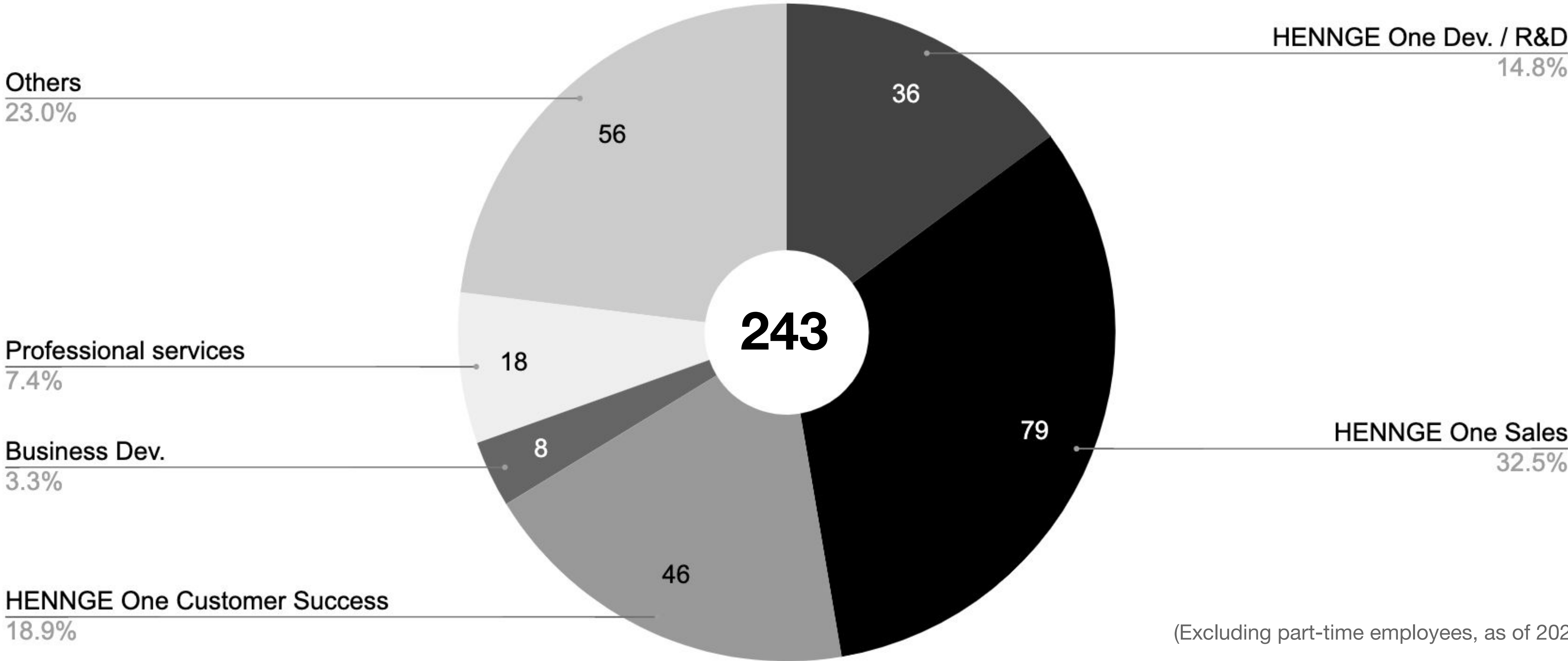
**Advertising expenses** increased QoQ as a result of conducting out-of-home advertising around major stations in Tokyo, Osaka and other areas.

**Personnel expenses** increased QoQ due to an increase in the number of employees in this quarter and an increase in the salary level through a revision of the internal policy.

# Quarterly Trend of Net Sales and Operating Expenses



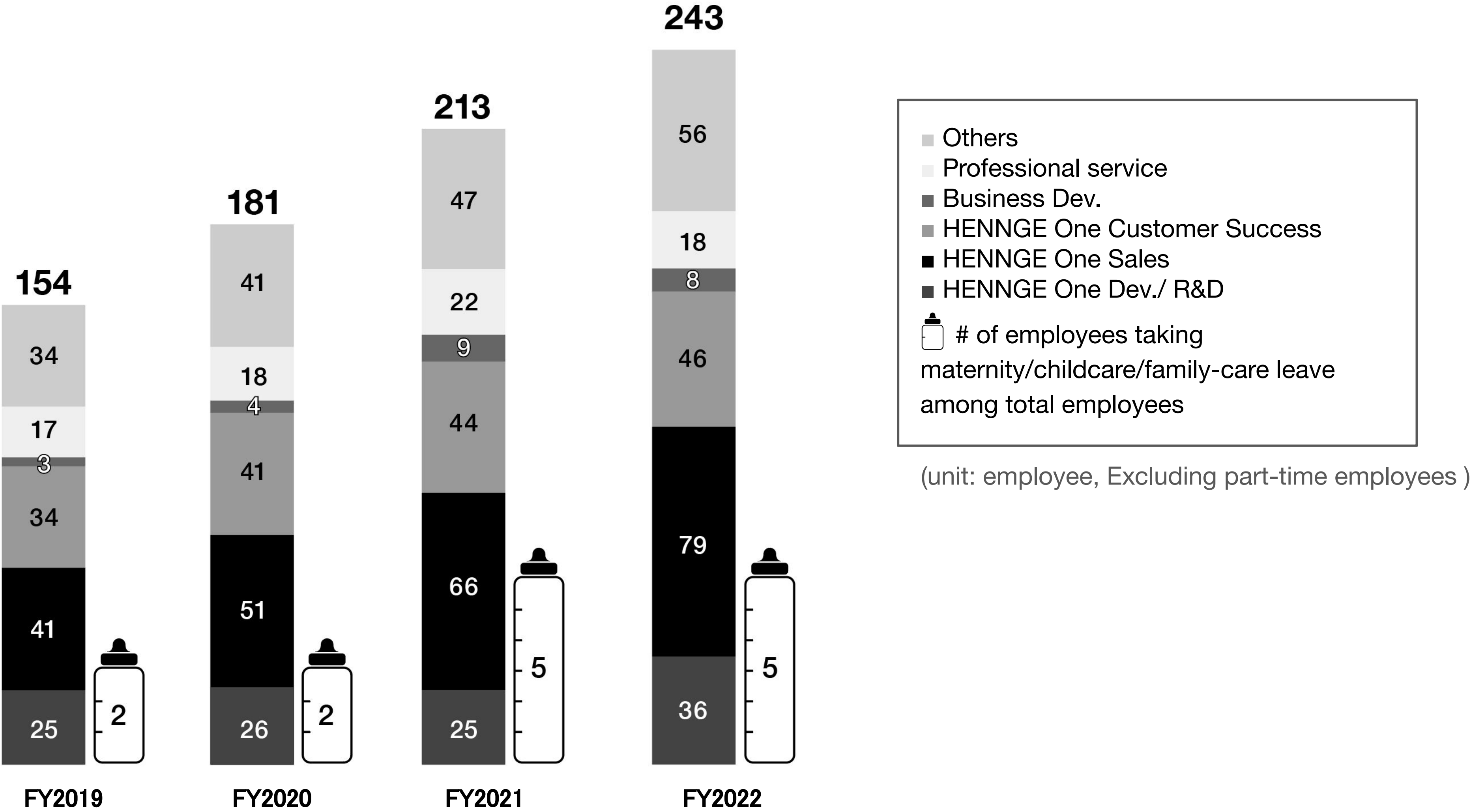
# Breakdown of Employees by Function



(Excluding part-time employees, as of 2022-09-30)

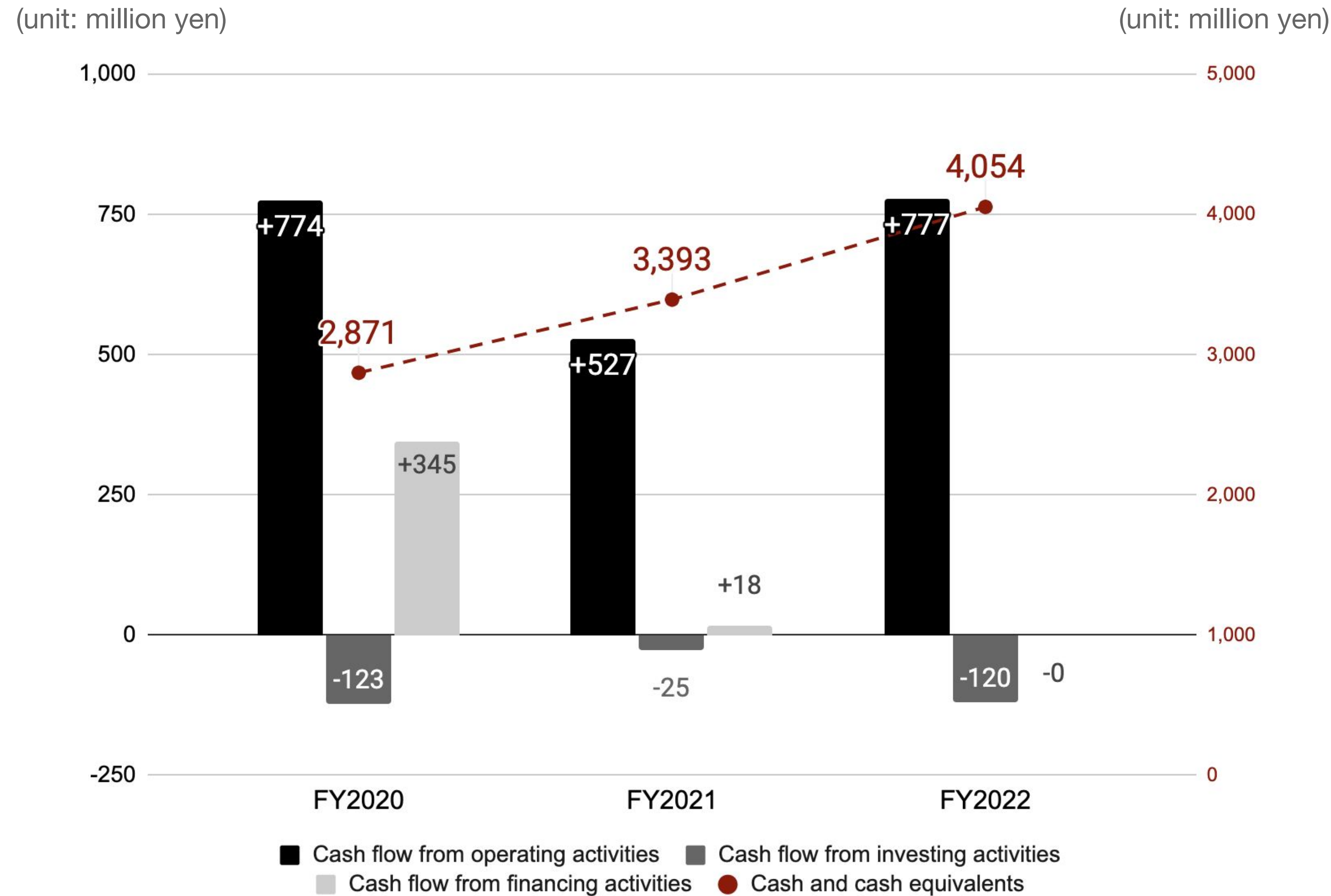
# Number of Employees

In Q4, the number of employees increased by 30 compared to the end of FY21.



# Cash Flow Statement

(YoY, 12 months accumulated comparison)



## CF from operating activities

Increased 250 million yen YoY, mainly because most of the income consists of upfront payments for annual contracts of HENNGE One and the number of contracts has increased compared to the previous fiscal year.

## CF from investing activities

Decreased by 90 million YoY mainly due to the investment in new businesses.

## CF from financing activities

There was no significant fluctuation.

**FY09/2022**  
**Full-year Consolidated Financial Results**  
**(Business Activities)**

# Business Highlights

- **Advertisements and events**

- **Exhibition at “Japan IT Week Nagoya”** (July 2022)
- **Starting “Ultra-trial campaign”** (August to September 2022)  
Conducted out-of-home advertising around major stations in Tokyo, Nagoya, Osaka, Hiroshima and Fukuoka
- **Hosting “HENNGE MEET UP! 2022”** (July to September 2022)
- **Hosting, sponsoring and participating in various events** (July to September 2022)

- **Others**

- **Hosting “HENNGE Talks!”** (September 2022)  
This is an event for the IT engineers and UI/UX designers who are interested in working in Japan.



# Advertising Activities In Q4 FY2022

In Q4, we were carrying out the following multi-layered advertising activities in line with the initial plan for FY22.

## Exhibition at “Japan IT Week Nagoya” (July 2022)



## “Ultra-trial campaign” (A wide variety of advertisements) (From August 2022)



**FY09/2022**  
**Full-year Consolidated Financial Results**  
**(KPI Results)**

# HENNGE One KPI Highlights

(Progress in 12 months, compared to the end of FY09/2021)

**# of user companies (N)**

**2,213** companies  
increased by **261** companies

**# of contracted users**

**2.32M** users  
increased by **187K** users

**ARR**

**5.60B** yen  
increased by **0.86B** yen

**ARPU**

**2,410** yen  
increased by **193** yen

**Average # of users (n)**

**1,050** users  
decreased by **45** users

**Average monthly churn rate  
over the past 12 months**

**0.21** %  
improved by **0.04**pts

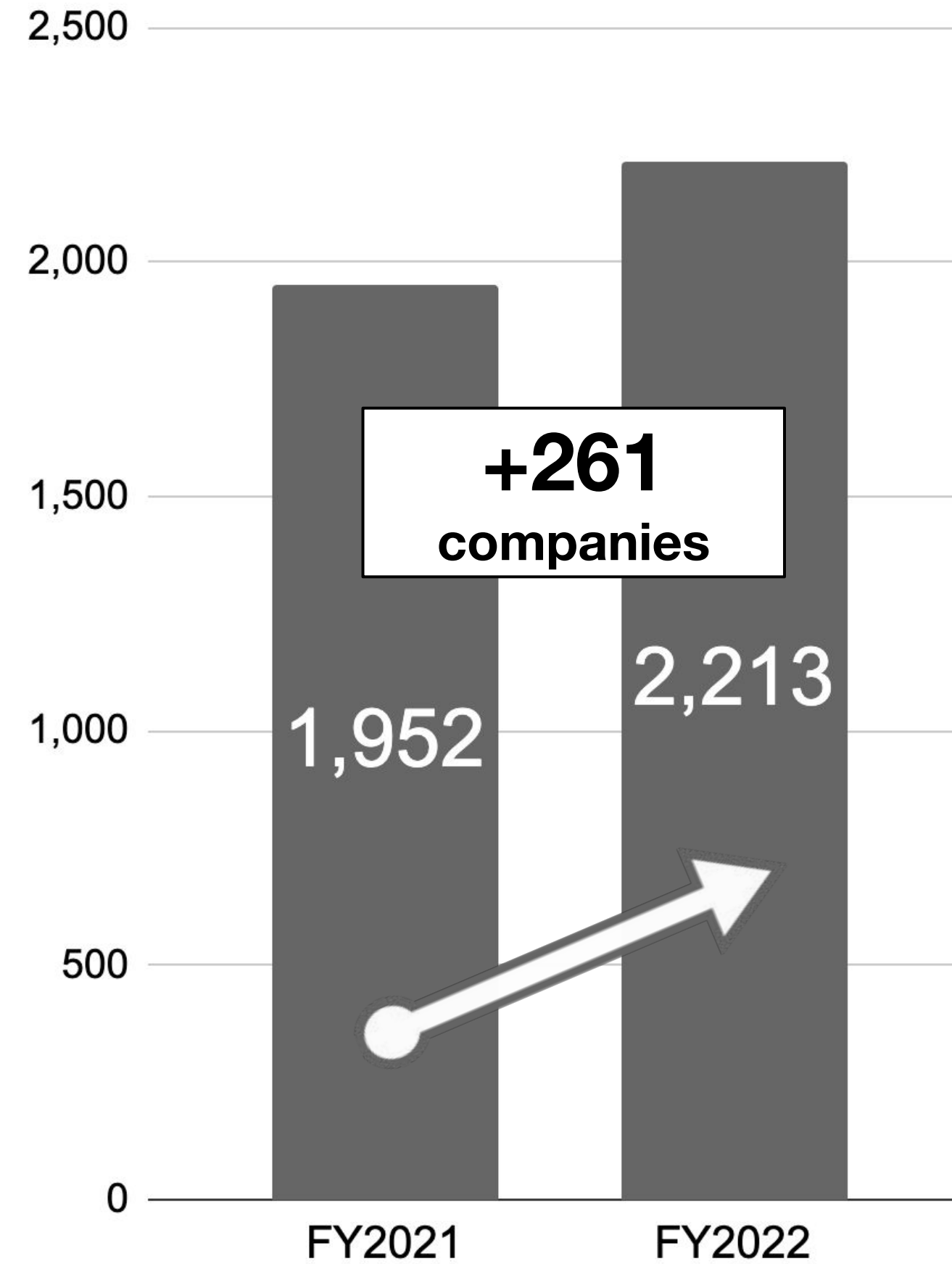
# HENNGE One KPI

(YoY, compared to the end of Q4 FY09/2021)

## # of contracted companies

YoY **+13.4%**

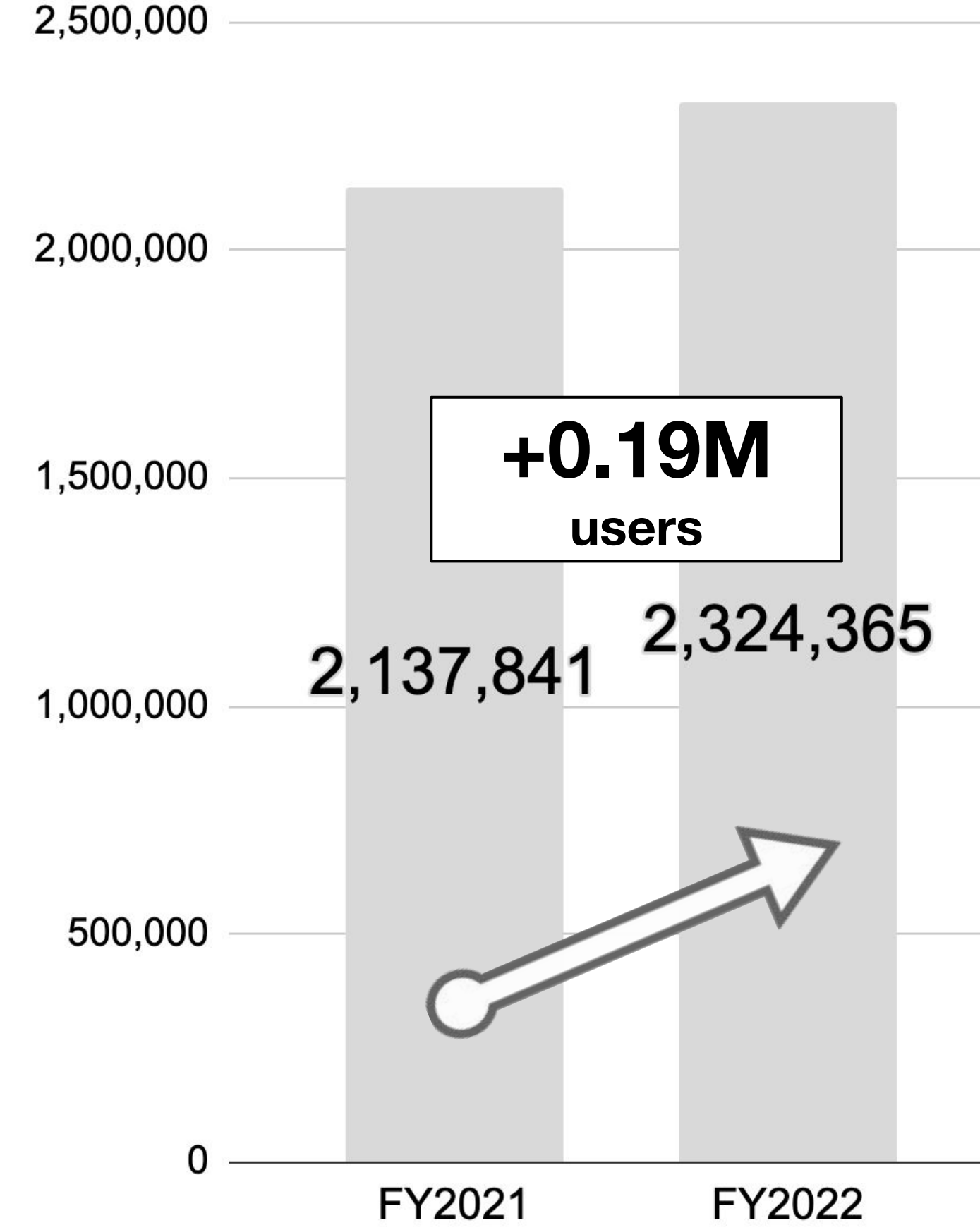
(unit: companies)



## # of contracted users

YoY **+8.7%**

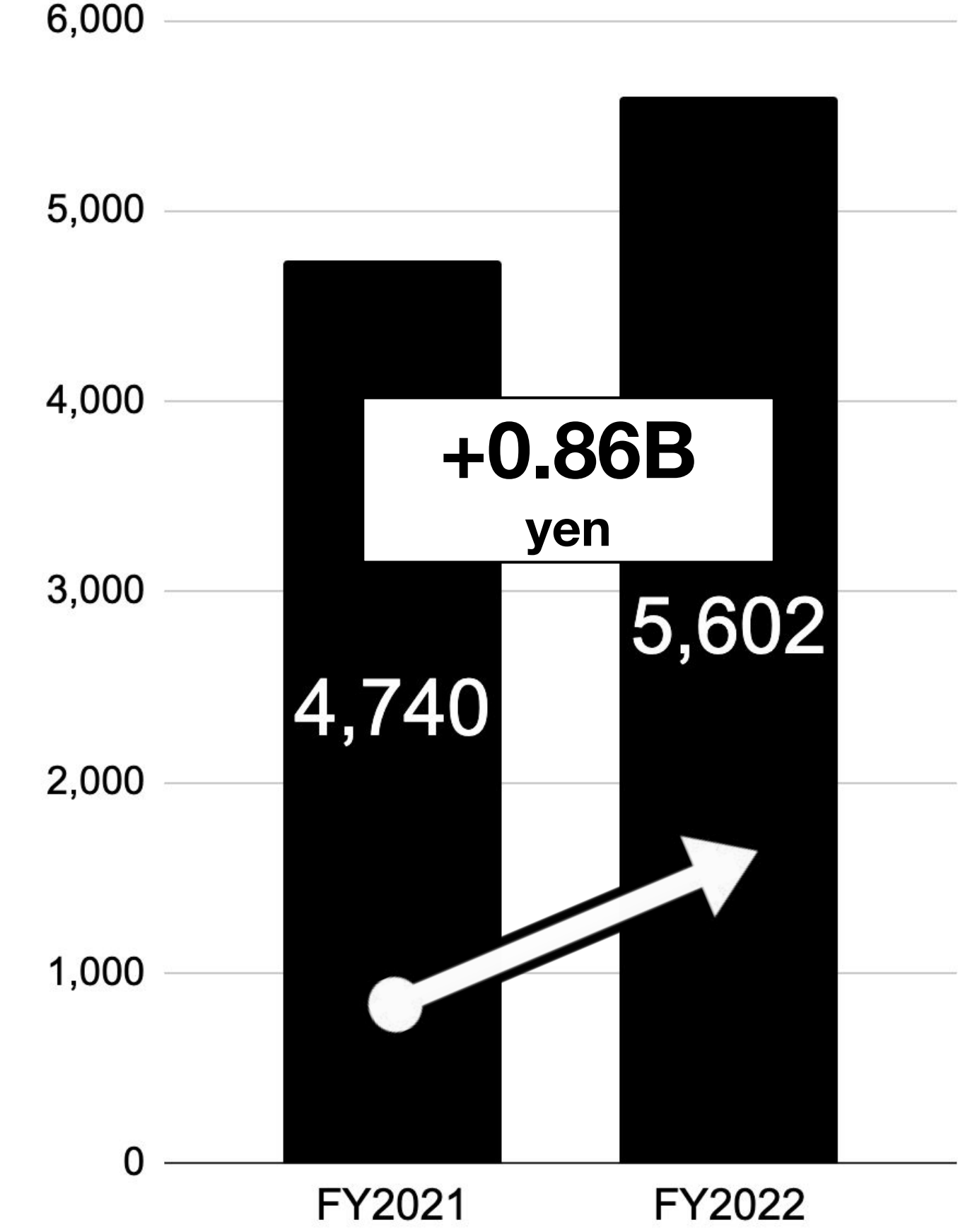
(unit: users)



## ARR

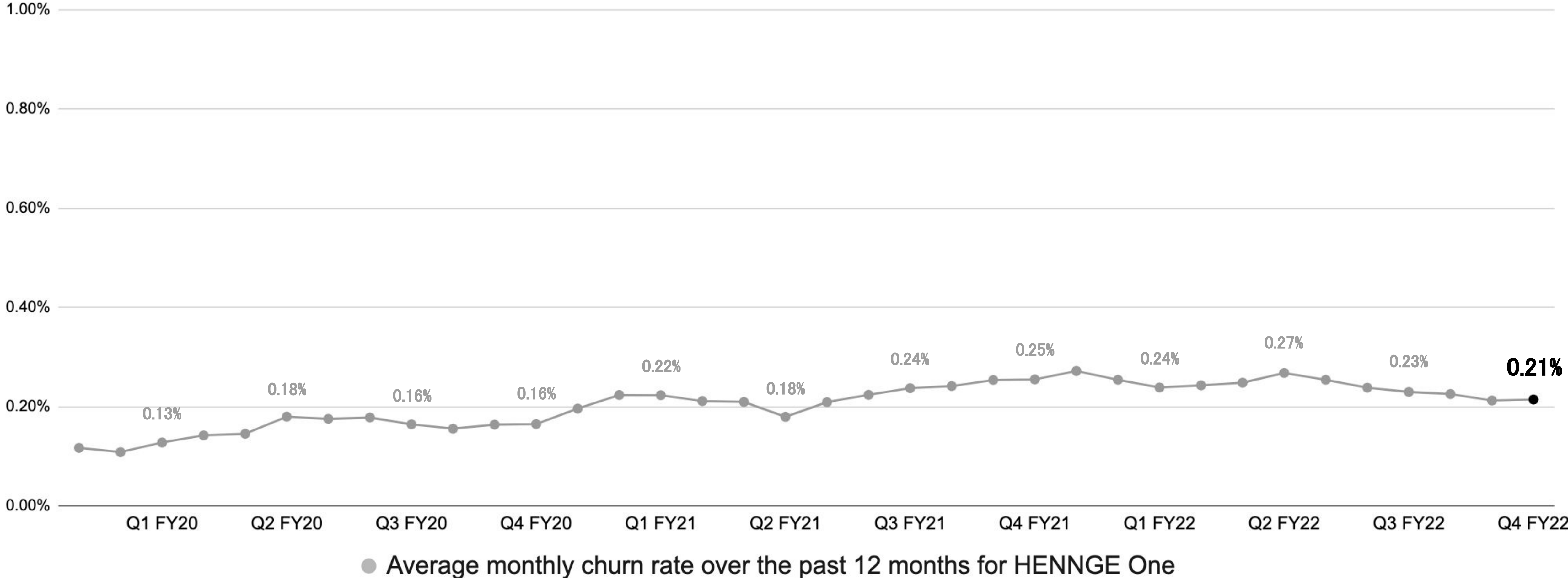
YoY **+18.2%**

(unit: million yen)



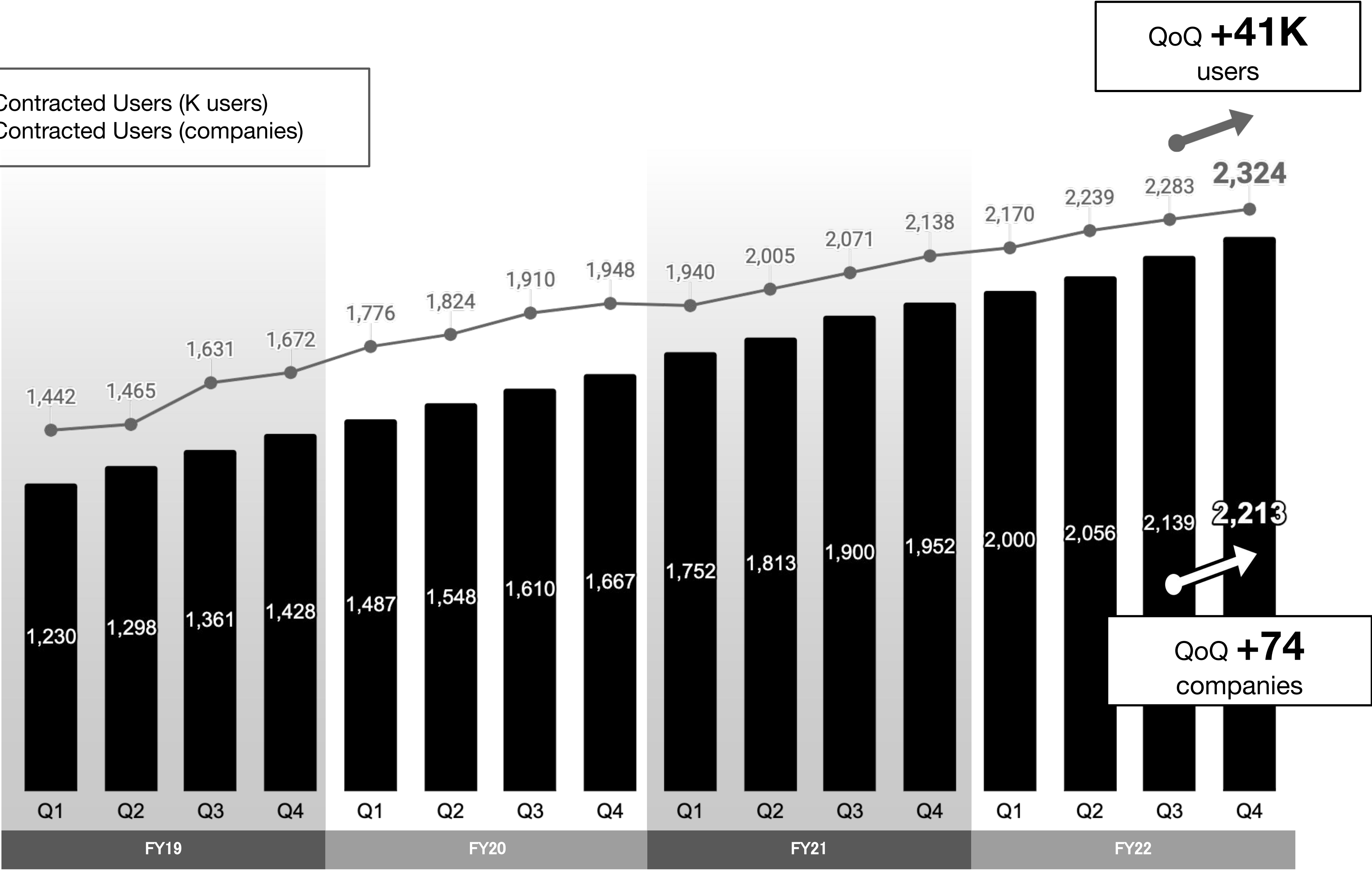
# HENNGE One Gross Revenue Churn Rate

Continuously maintained a stable and sustainable growth model with a low churn rate.



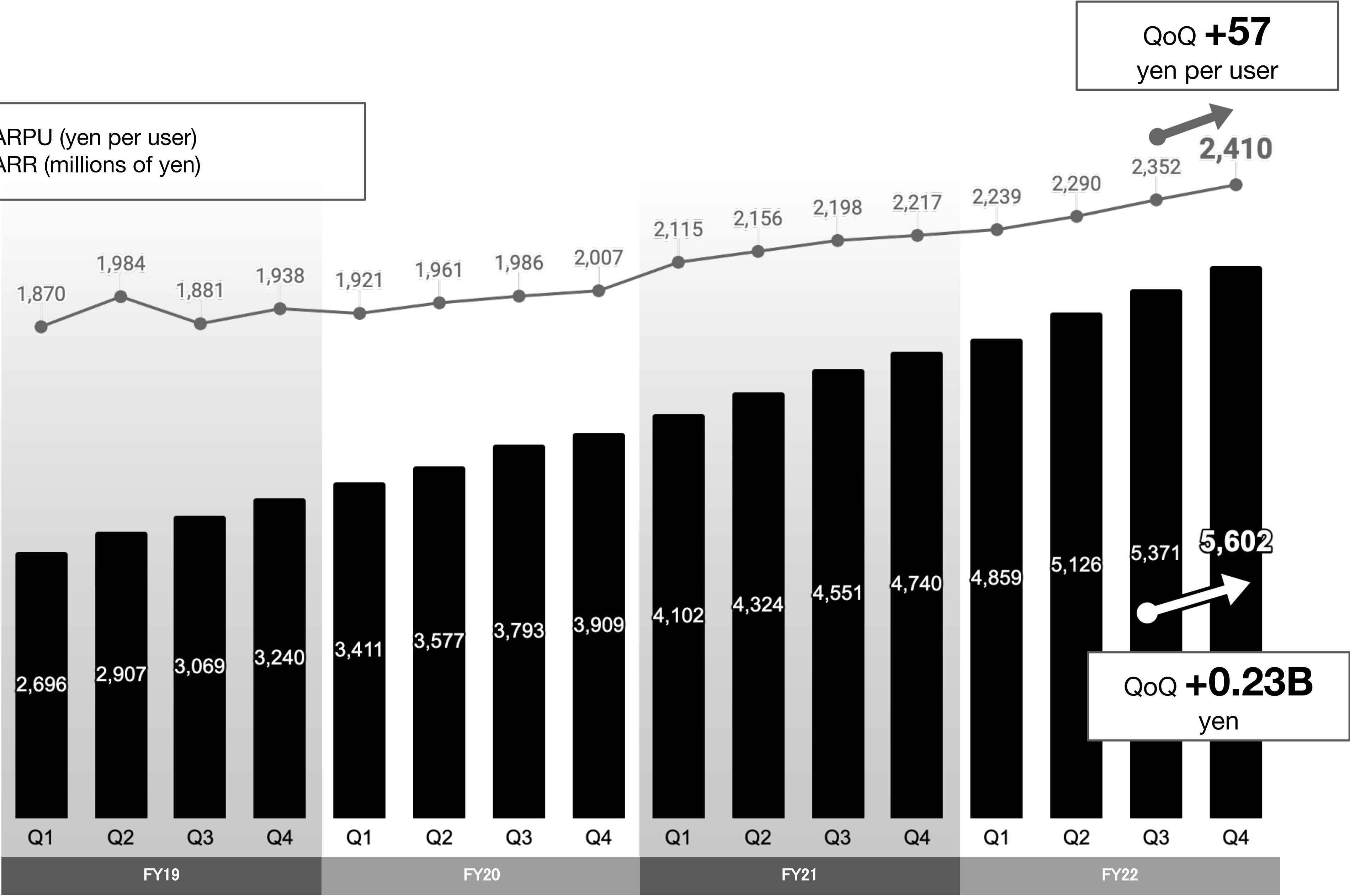
# HENNGE One Contracted Companies & Users

● HENNGE One Contracted Users (K users)  
■ HENNGE One Contracted Users (companies)



# HENNGE One ARR & ARPU

● HENNGE One ARPU (yen per user)  
■ HENNGE One ARR (millions of yen)



# **FY09/2023**

# **Full-year Forecasts**



# Our Policy of FY2023

**To accelerate mid-term growth in HENNGE One ARR,  
continuously carrying out active marketing activities and building a  
more solid organization by enhancing our talent acquisition capability.**

## **HENNGE One Business**

Achieve the sustained annual growth of more than 20% for the ARR by increasing the number of contracted companies(N) and ARPU.

## **Marketing Activities**

Hold the interactive events which are focused on the specific target such as large companies, resellers, existing customers and so on. Carrying out a wide variety of advertisements (web, print advertisements, out-of-home advertising, TV commercials, etc.) to raise recognition of our company and services will be continued.

## **Personnel plan**

Actively recruit in each function and aim to increase a total of 45+ headcounts. In order to strengthen the organization for acquiring new customers more, we will focus on increasing the number of experienced IT sales members. We will keep considering various actions which will contribute to our talent acquisition enhancement.

# Overview of FY2023 Forecasts

(unit: million yen)	FY21 Result	FY22 Result	FY23 Forecast	YoY	YoY (%)
<b>Net sales</b>	4,845	5,646	<b>6,725</b>	+1,079	+19.1%
(HENNGE One)	4,355	5,166	<b>6,234</b>	+1,067	+20.7%
(Professional service and others)	490	480	<b>491</b>	+11	+2.4%
<b>Operating expenses</b>	4,465	5,184	<b>6,164</b>	+980	+18.9%
<b>Operating income</b>	380	462	<b>561</b>	+99	+21.3%
(Operating income margin)	(7.8%)	(8.2%)	<b>(8.3%)</b>		(+0.2pt)
<b>Ordinary income</b>	383	452	<b>561</b>	+109	+24.0%
<b>Profit attributable to owners of parent</b>	224	321	<b>353</b>	+32	+10.0%
(Net income margin)	(4.6%)	(5.7%)	<b>(5.3%)</b>	(3.0%)	(-0.4pt)

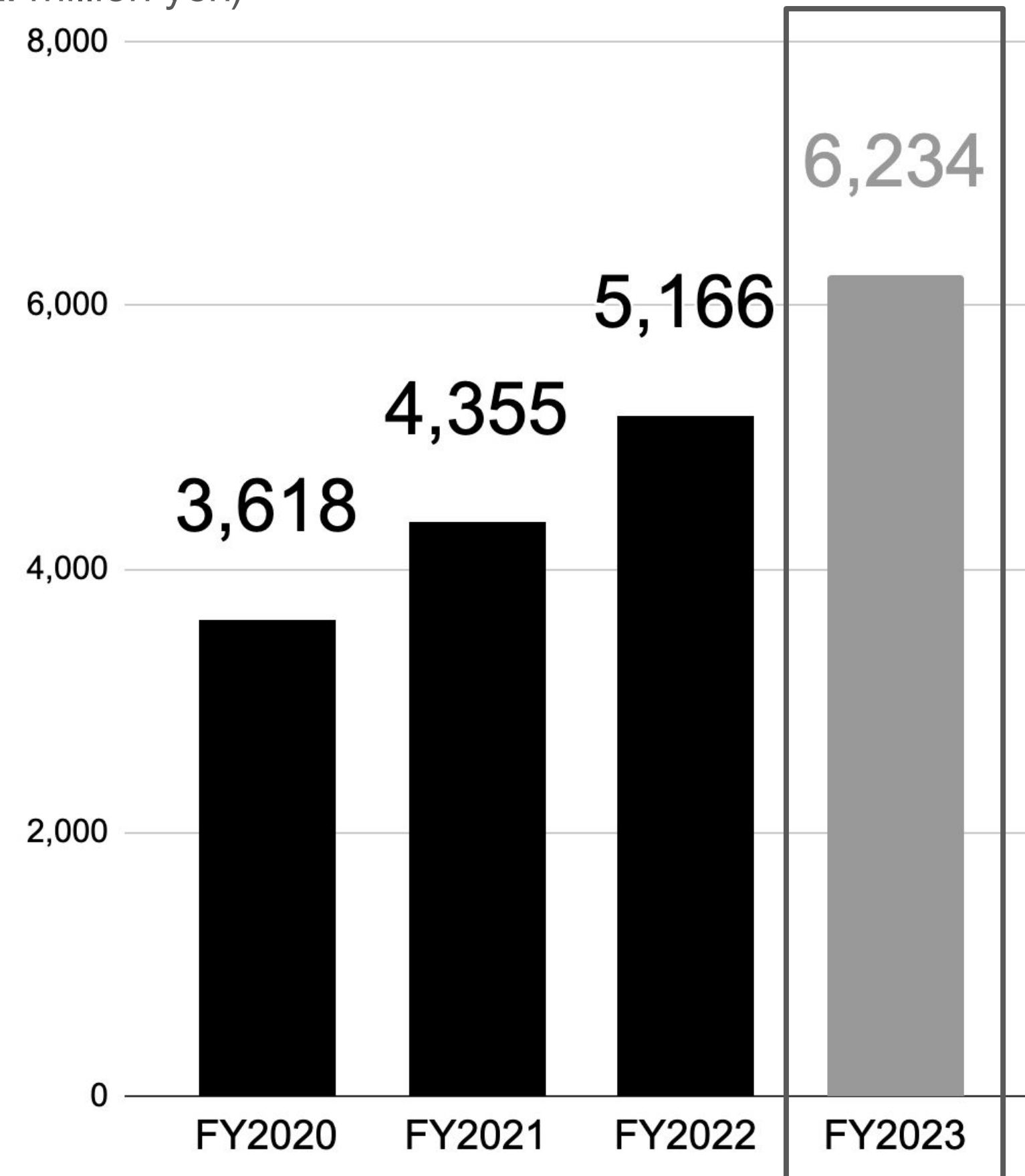
1. The sales of HENNGE One, our key driver of growth, is expected to **grow** by **20.7%** YoY. The sales of Professional service and others is expected to **grow** by **2.4%** YoY.
2. The net sales is expected to **grow** by **19.1%** YoY, and the operating income is expected to **increase** by **21.3%** YoY.

# FY2023 Forecasts of Sales by Business

Sales of HENNGE One business is expected to grow by 20.7% YoY to 6.23B yen.

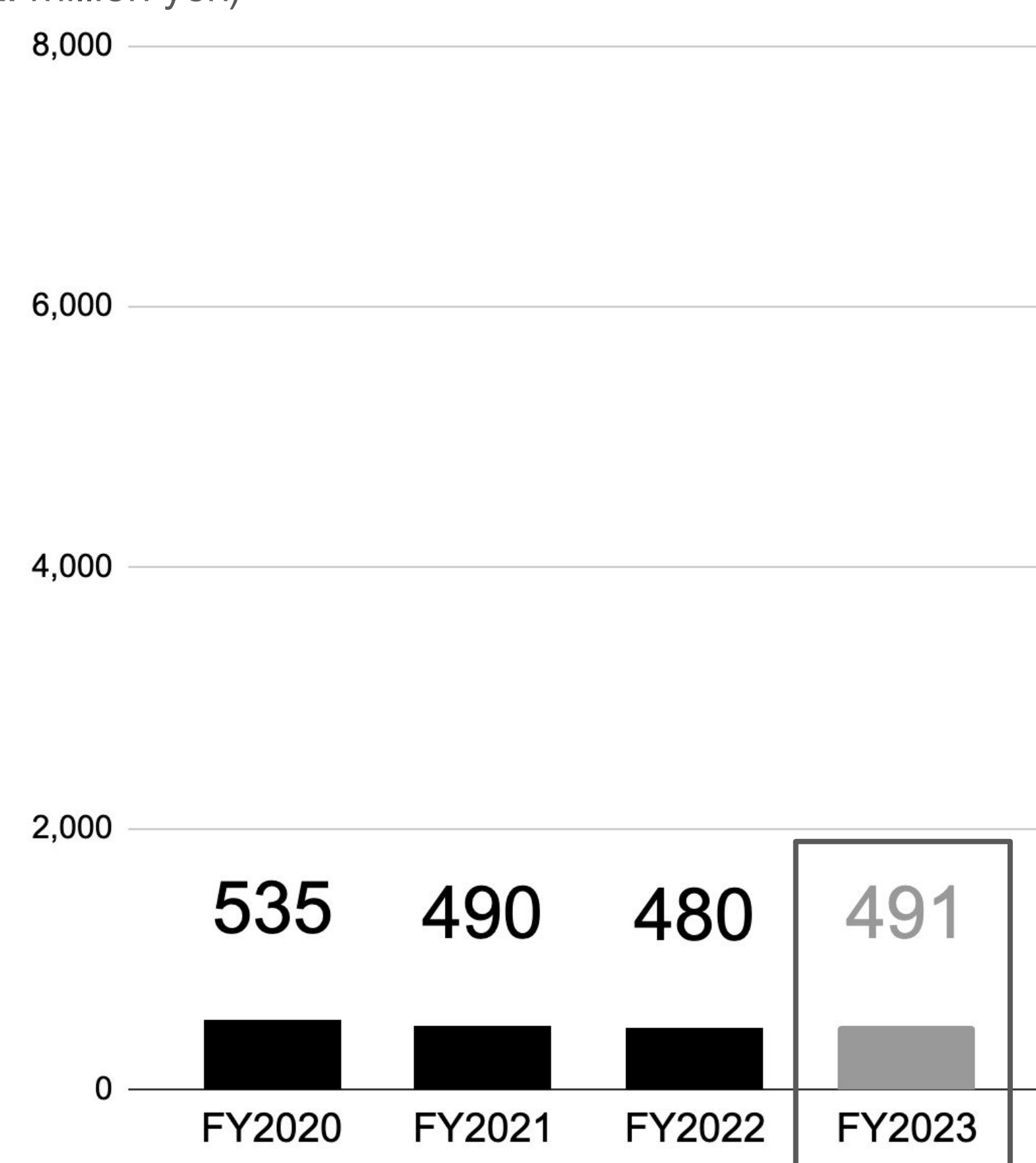
## HENNGE One

(unit: million yen)



## Professional service and others

(unit: million yen)



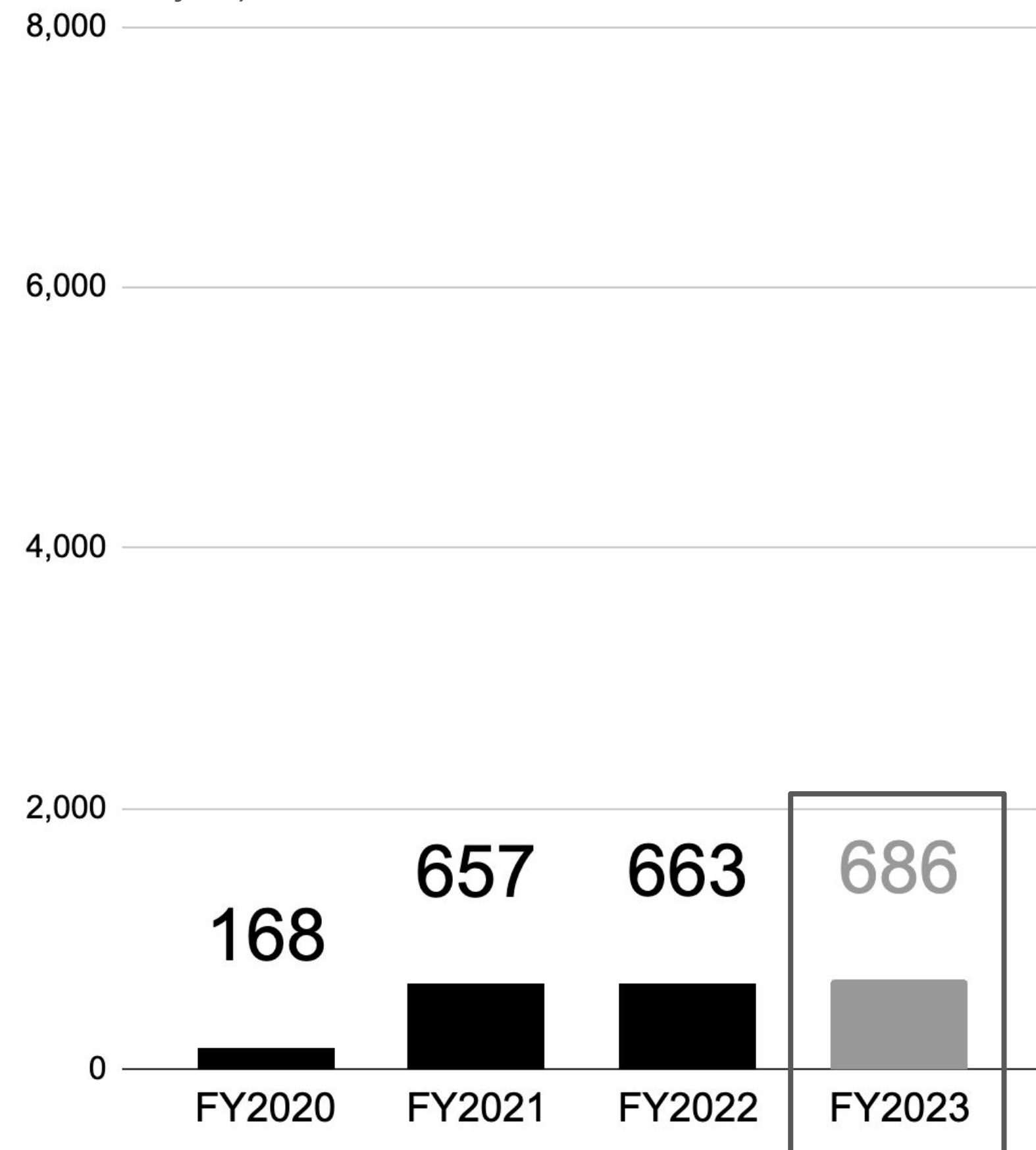
# FY2023 Forecasts of Operating Expenses

Advertising expenses is expected to increase by 3.5% YoY to 0.69B yen.

Operating expenses excluding advertising expenses is expected to increase by 21.2% to 5.48B yen.

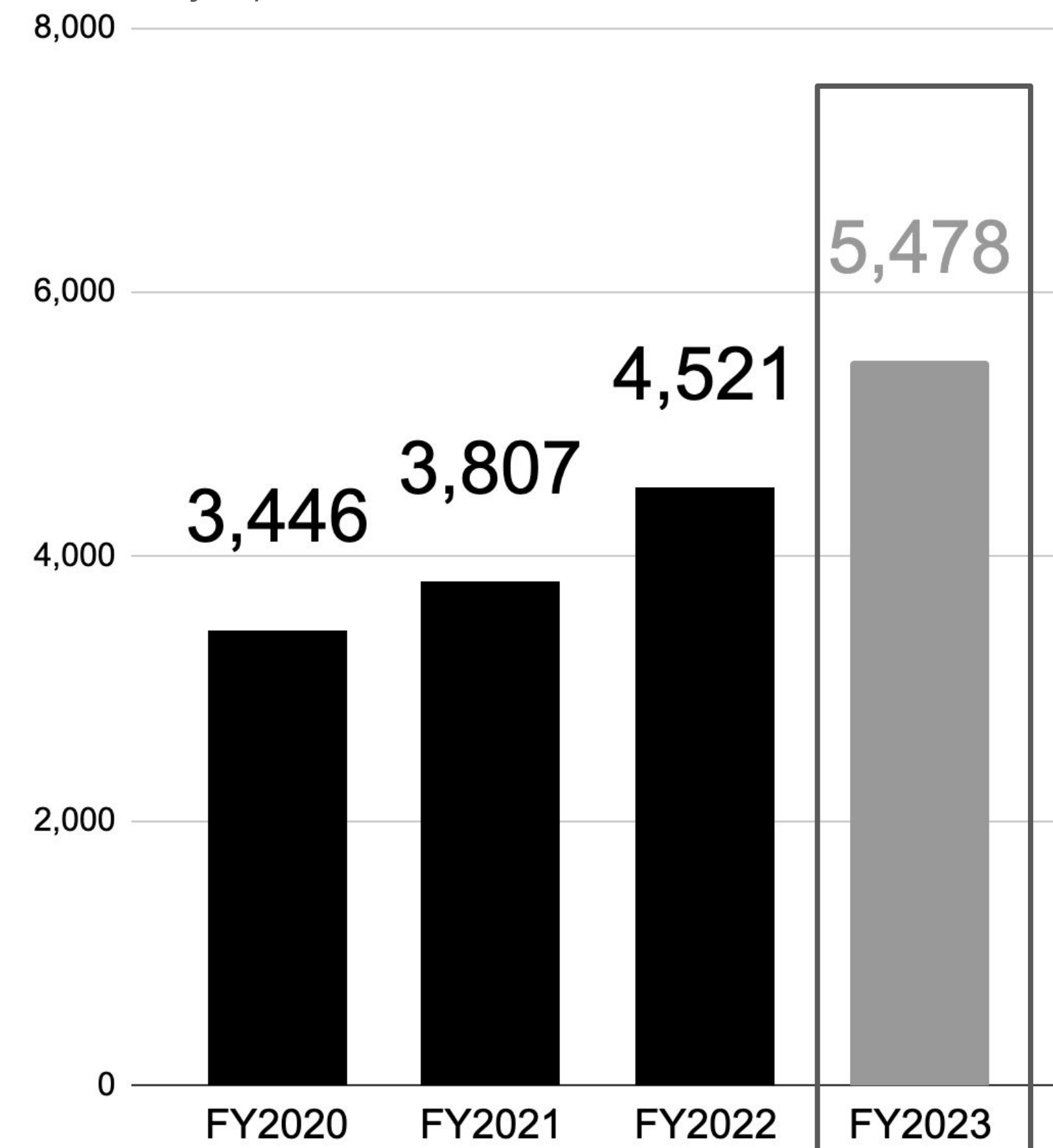
## Advertising expenses

(unit: million yen)



## Operating expenses excl. advertising expenses

(unit: million yen)



# Growth Strategy

## Vision

We want to deliver the power of technology as many people as we can.

# Liberation of Technology

テクノロジーの解放

## Maximize LTV

Our growth strategy is to maximize LTV.

Currently, Y and r are already in a high number, therefore our focus is to maximize ARR.

$$\mathbf{LTV = ARR \times Y \times r}$$

Y = [Average contract duration in years]

r = [Gross profit rate]

$$\mathbf{ARR = N \times n \times ARPU}$$

N = [# of contracted companies]

n = [Average # of contracted users per contracted company]

ARPU = [Average Revenue Per User]

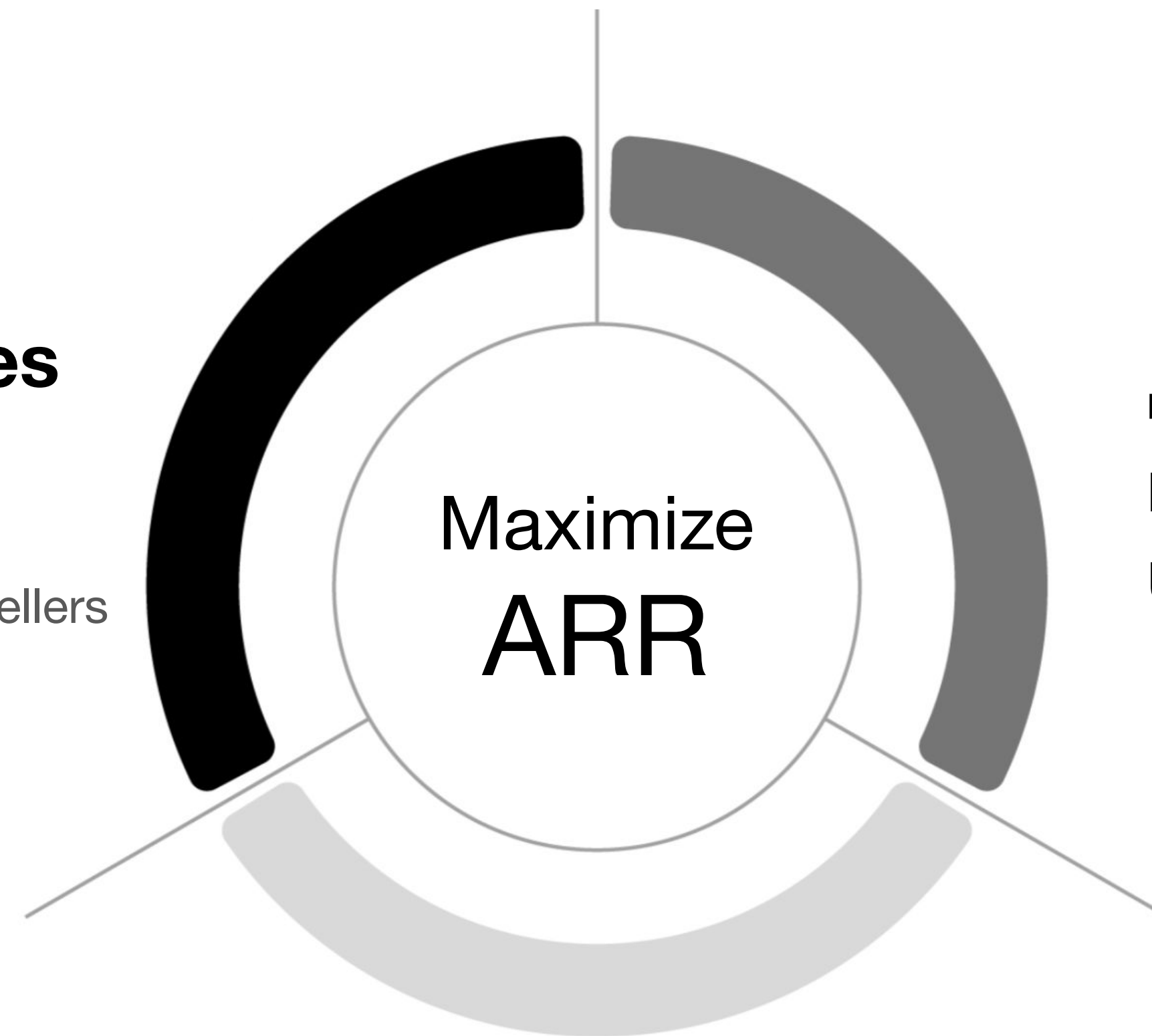
# Maximize ARR

$$ARR = N \times n \times ARPU$$

maximize **N**

**N = # of contracted companies**

- Increase our sales force
- Extend our presence in a wider region
- Strengthen the partnership with our resellers



maximize **n**

**n = Average # of contracted users per contracted company**

- Target large companies
- Promote customer success activities

maximize **ARPU**

**ARPU = Average Revenue Per User**

- Develop new features/services and cross-sell to both new and existing customers



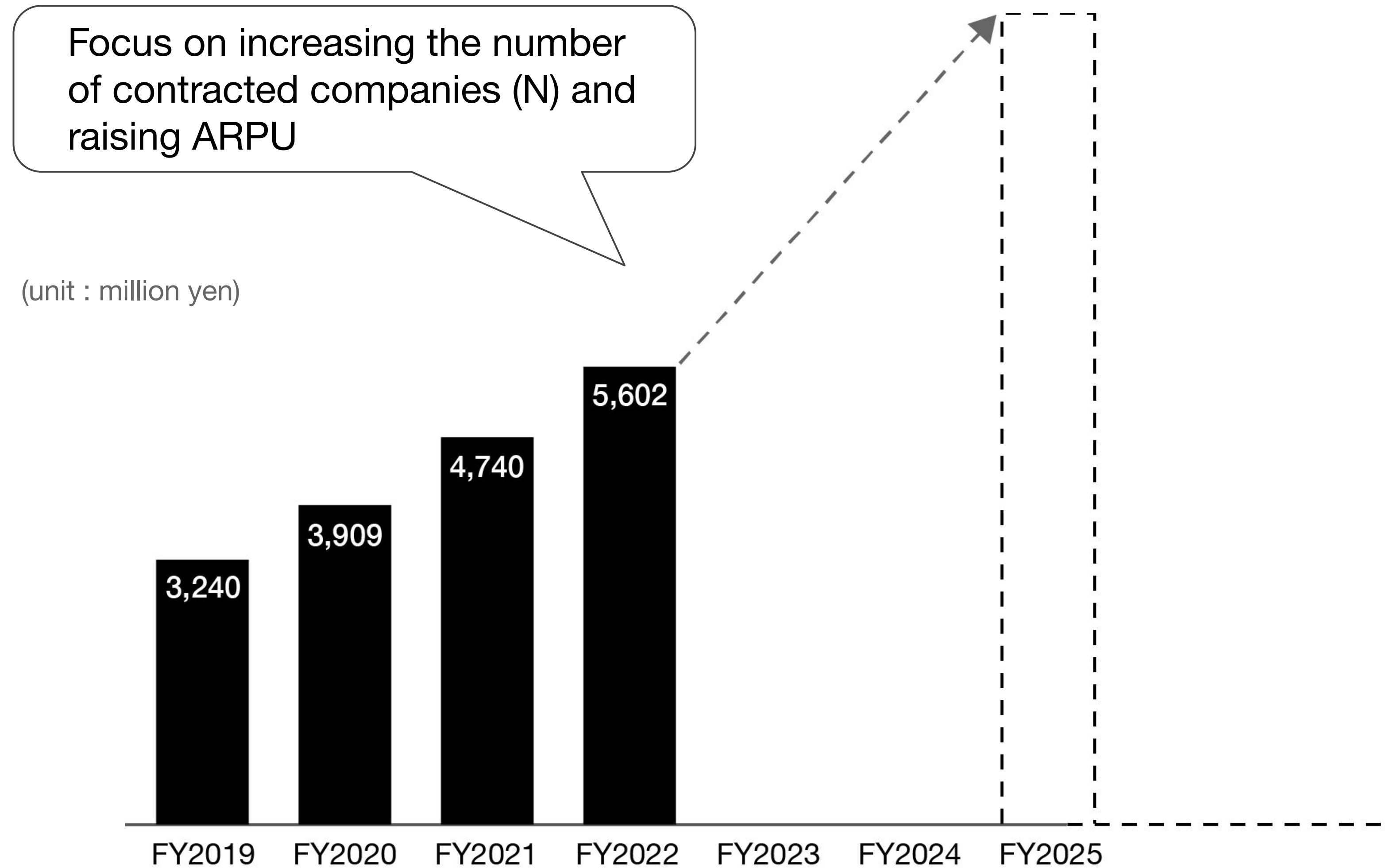
# Progress of Our Growth Strategy (HENNGE One)

Aim to accelerate ARR growth by focusing on increasing N in the short term while increasing ARPU in the mid/long term.

	ARR			N			n			ARPU		
	ARR (millions of yen)	YoY (%)	YoY	# of contracted companies (companies)	YoY (%)	YoY	Average # of contracted users per contracted company (users)	YoY (%)	YoY	Average Revenue Per User (yen)	YoY (%)	YoY
FY2014	<b>563</b>		=	<b>232</b>		×	<b>1,187</b>		×	<b>2,042</b>		
FY2015	<b>880</b>	+56.5%	+318	<b>399</b>	+72.0%	+167	<b>1,095</b>	-7.8%	-93	<b>2,015</b>	-1.3%	-27
FY2016	<b>1,288</b>	+46.3%	+407	<b>642</b>	+60.9%	+243	<b>1,018</b>	-7.0%	-76	<b>1,970</b>	-2.2%	-45
FY2017	<b>1,898</b>	+47.4%	+611	<b>928</b>	+44.5%	+286	<b>1,107</b>	+8.7%	+89	<b>1,848</b>	-6.2%	-122
FY2018	<b>2,552</b>	+34.4%	+653	<b>1,176</b>	+26.7%	+248	<b>1,166</b>	+5.3%	+59	<b>1,861</b>	+0.7%	+13
FY2019	<b>3,240</b>	+27.0%	+688	<b>1,428</b>	+21.4%	+252	<b>1,171</b>	+0.4%	+5	<b>1,938</b>	+4.2%	+77
FY2020	<b>3,909</b>	+20.7%	+670	<b>1,667</b>	+16.7%	+239	<b>1,169</b>	-0.2%	-2	<b>2,007</b>	+3.5%	+68
FY2021	<b>4,740</b>	+21.2%	+830	<b>1,952</b>	+17.1%	+285	<b>1,095</b>	-6.3%	-73	<b>2,217</b>	+10.5%	+210
FY2022	<b>5,602</b>	+18.2%	+862	<b>2,213</b>	+13.4%	+261	<b>1,050</b>	-4.1%	-45	<b>2,410</b>	+8.7%	+193

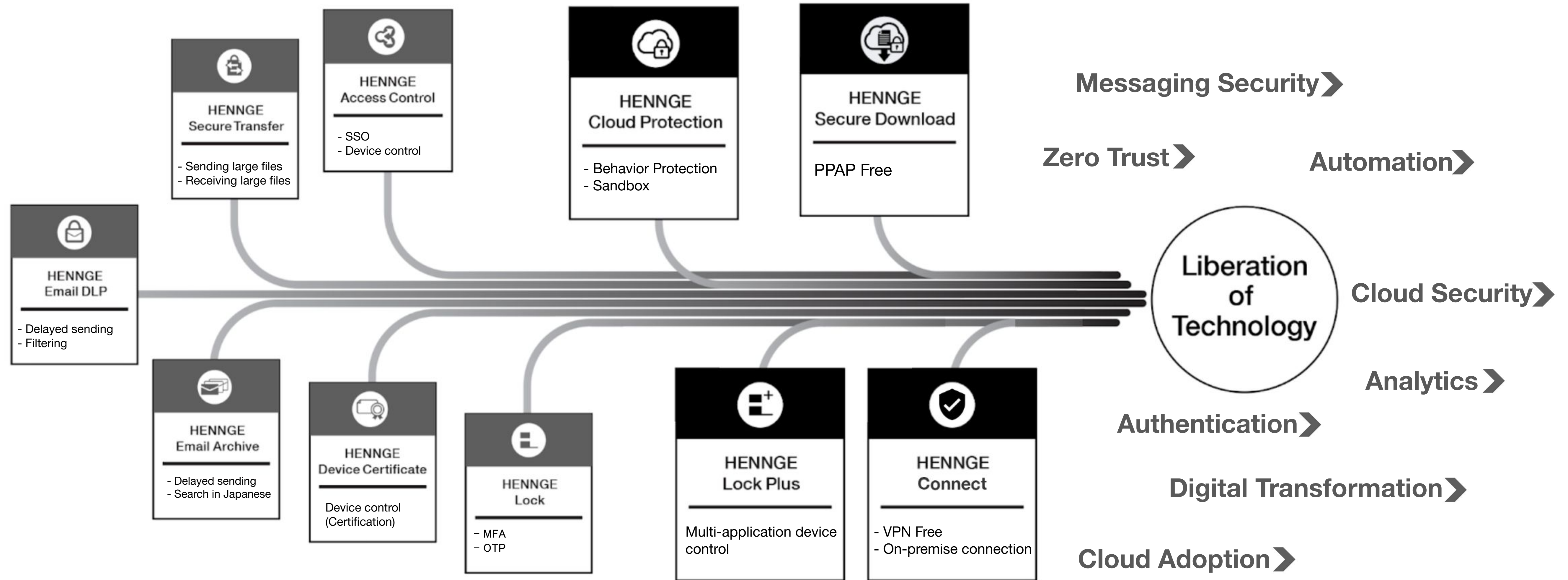
# Growth Strategy on and After FY2023

By FY25, having HENNGE One ARR growth at mid-20% in CAGR, we aim to exceed 10B yen for HENNGE One ARR.



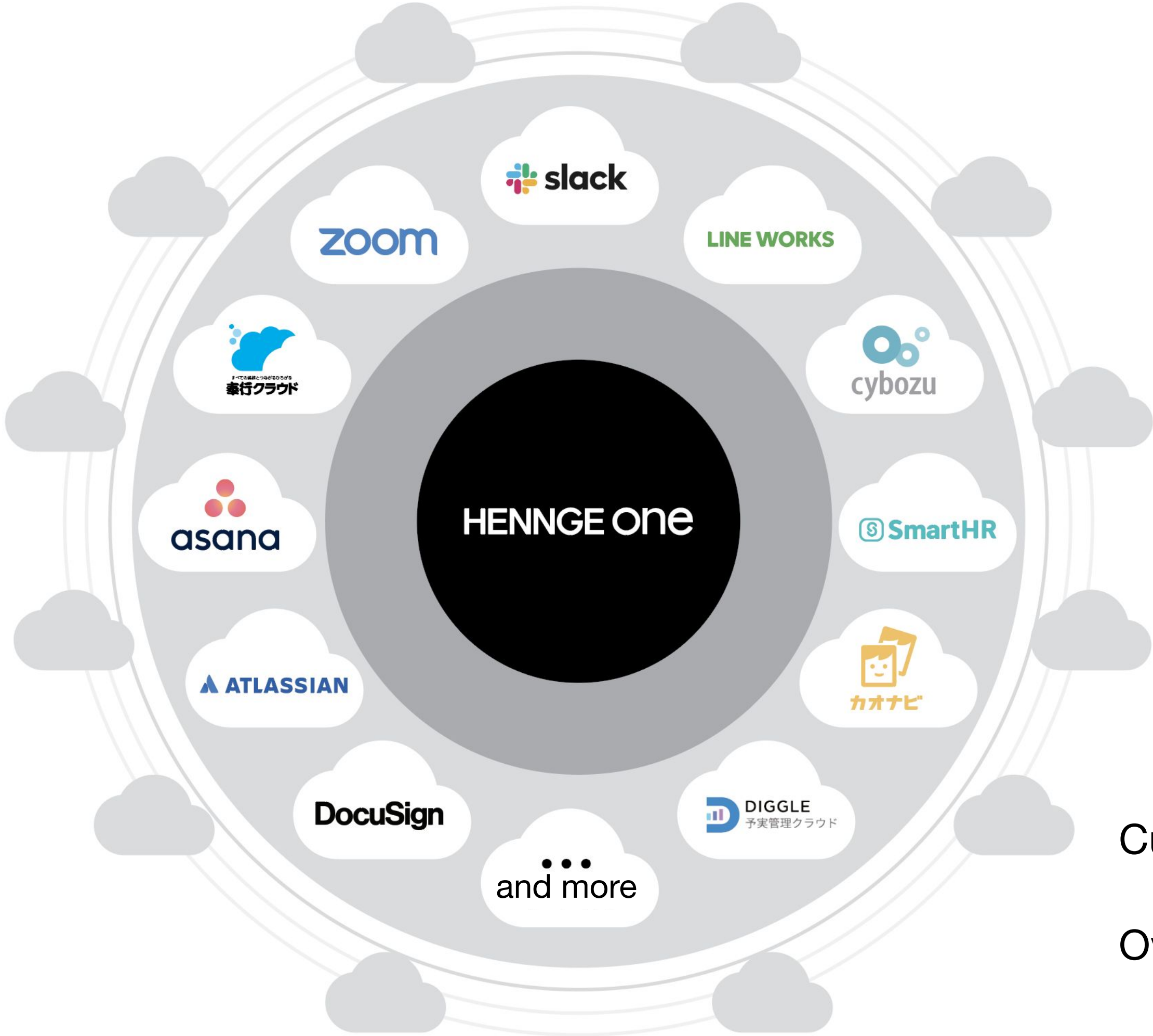
# HENNGE One, Supporting Customers' Change

Supporting customers' SaaS utilization and continuously liberate technology.



# HENNGE One as a SaaS Platform

HENNGE One will grow as the global SaaS market expands.



Currently integrates with  
Over **230** Cloud services



**HENNGE**

# Appendix (Corporate Overview)

# Corporate Profile

**Company name :** HENNGE K.K.

**Executives :**

Kazuhiro Ogura  
 Representative Director, President and CEO  
 Kazuaki Miyamoto  
 Representative Director, Executive Senior Vice President  
 Yoshiki Nagatome  
 Director, Executive Senior Vice President  
 Haruo Amano  
 Director, Executive Senior Vice President

Fumiaki Goto	Outside Director
Mio Takaoka	Outside Director
Michiko Kato	Outside Director

Koichi Tamura	Auditor
Akenobu Hayakawa	Auditor
Kunihiro Onai	Auditor

**Founded on :** November 5, 1996

**# of employees :** 243 (as of 2022-09-30, excluding part-time employees)



Kazuhiro Ogura



Kazuaki Miyamoto



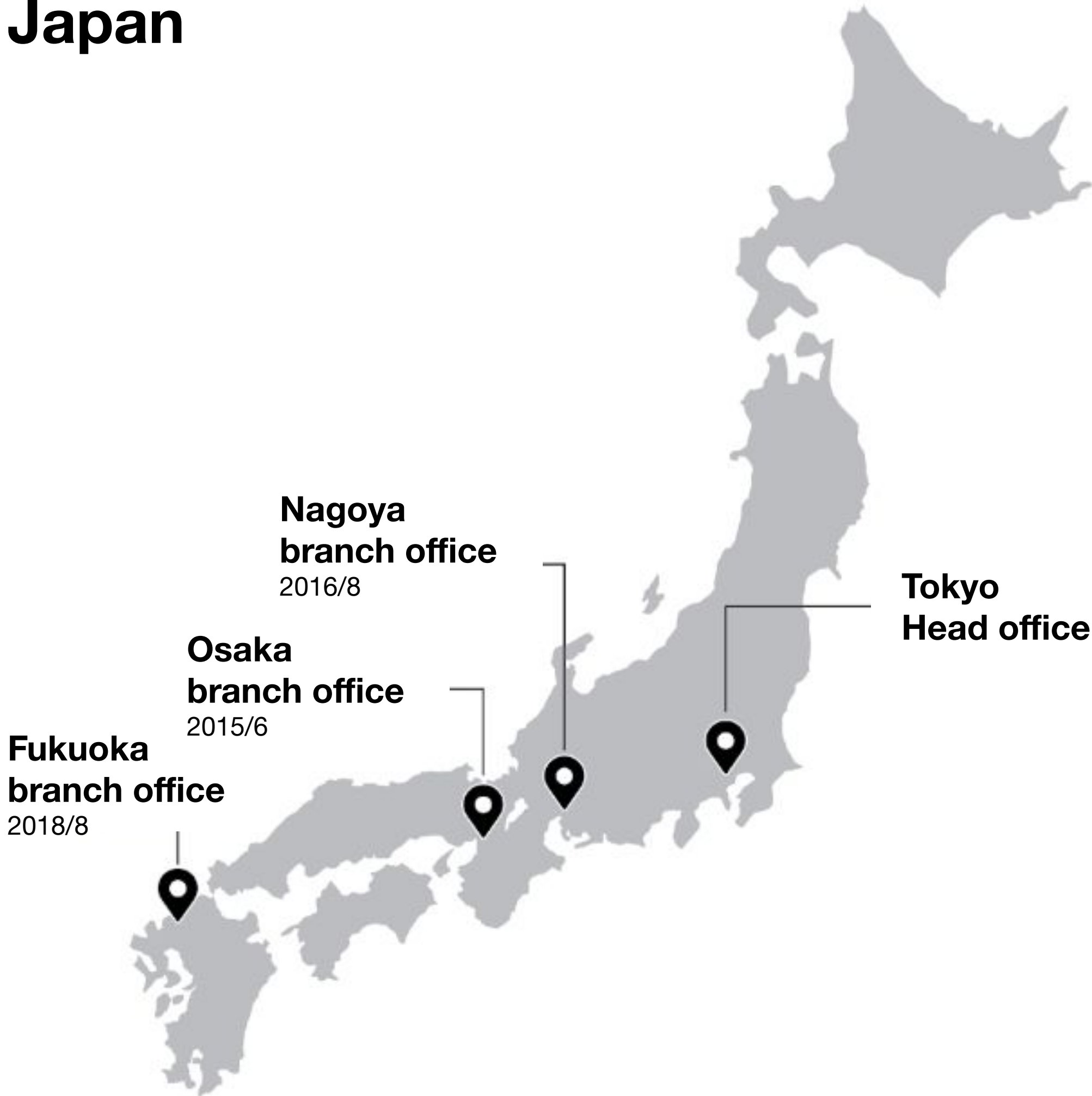
Yoshiki Nagatome



Haruo Amano

# Locations

## Japan



## Taiwan





## Vision

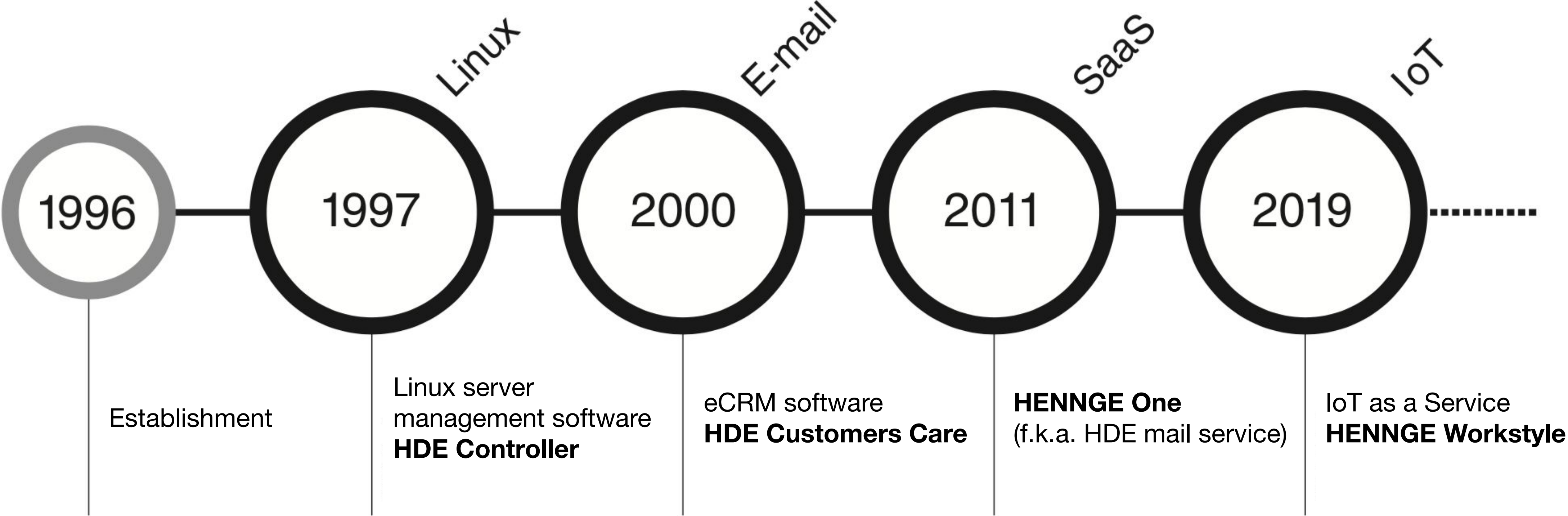
We want to deliver the power of technology as many people as we can.

# Liberation of Technology

テクノロジーの解放

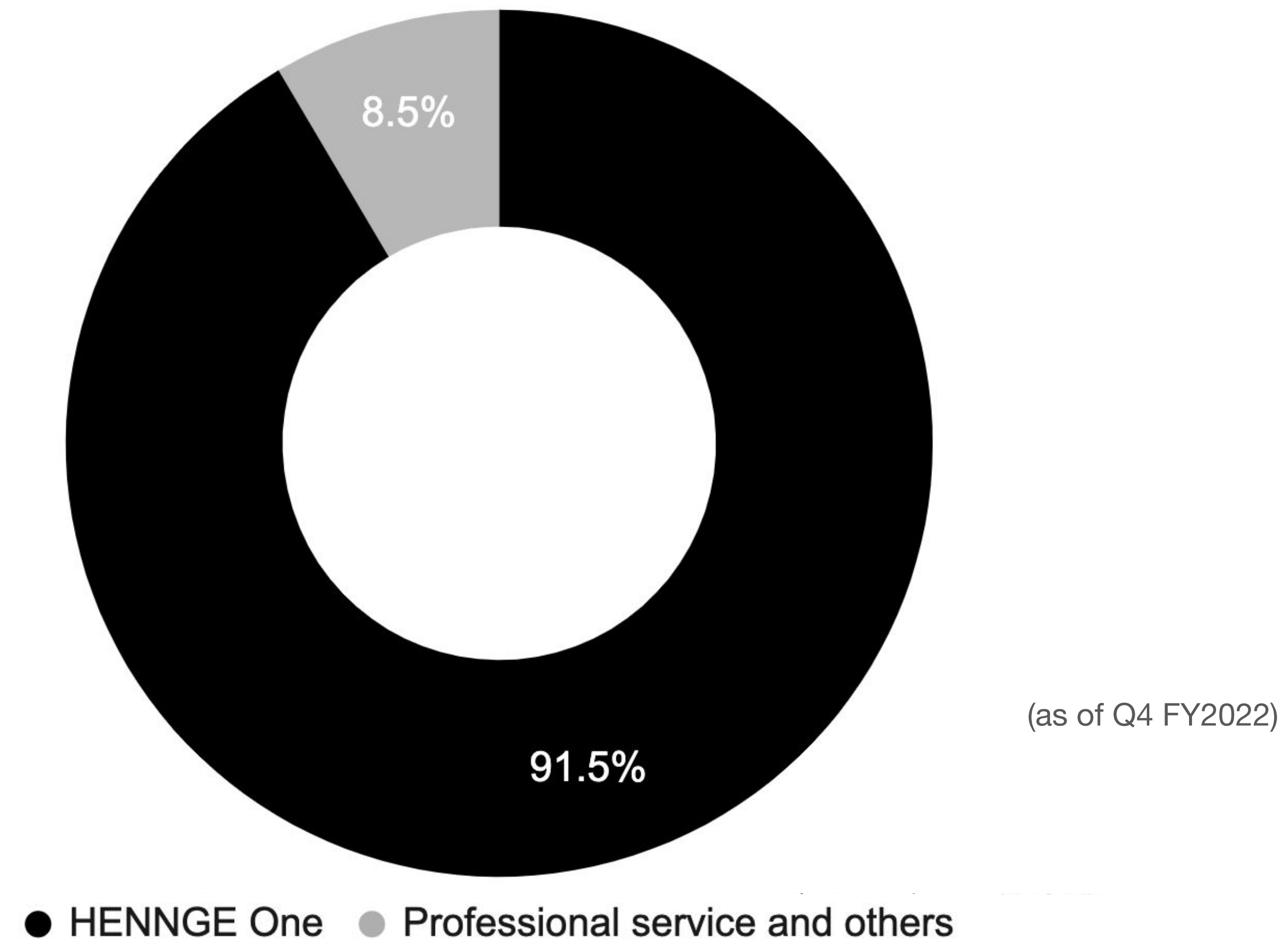
# History

Our business domain is ever-changing, but our will remains steadfast.



# Sales Structure by Business

91.5% of the net sales comes from HENNGE One business.

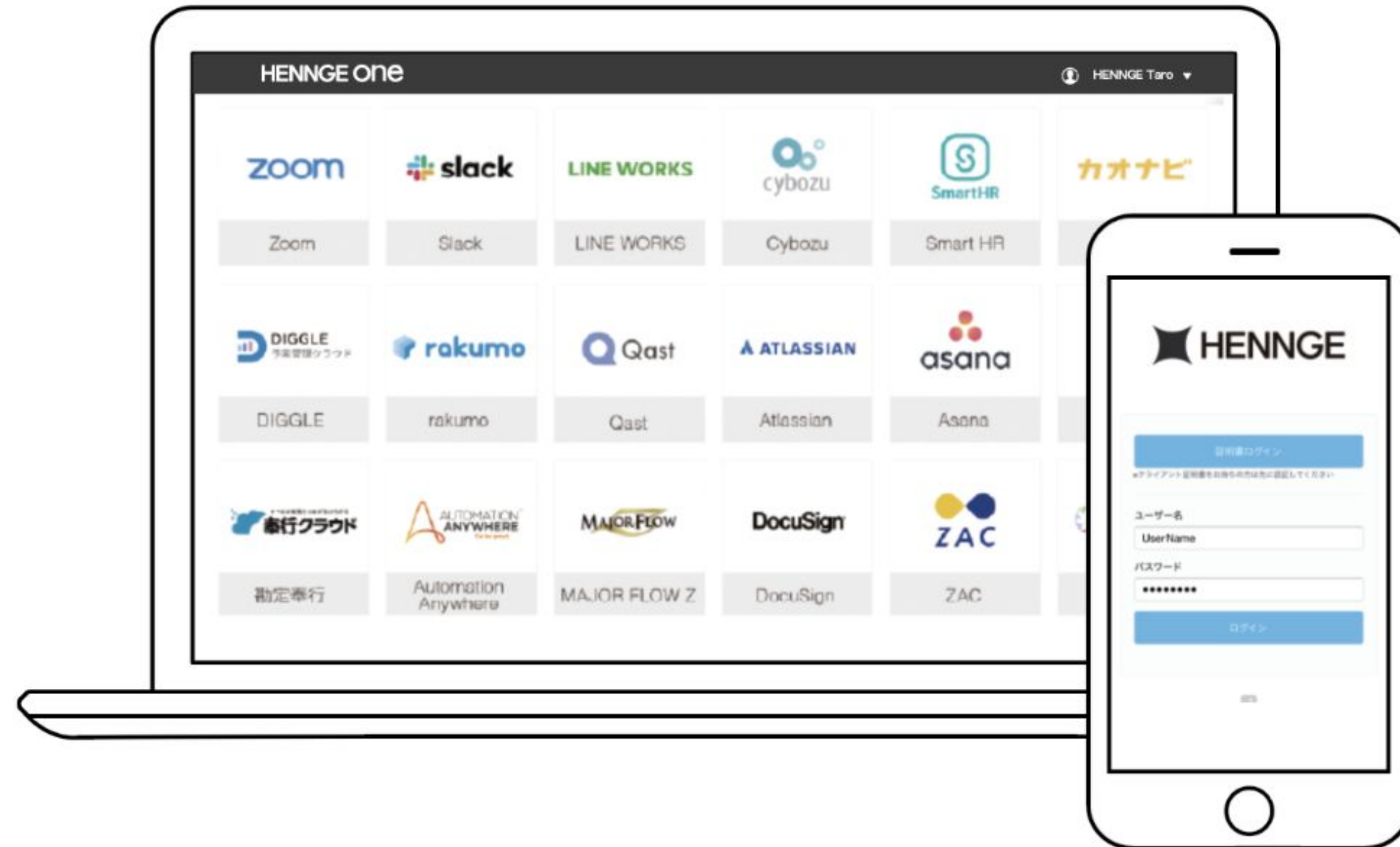


# HENNGE One

Identity as a Services (IDaaS)

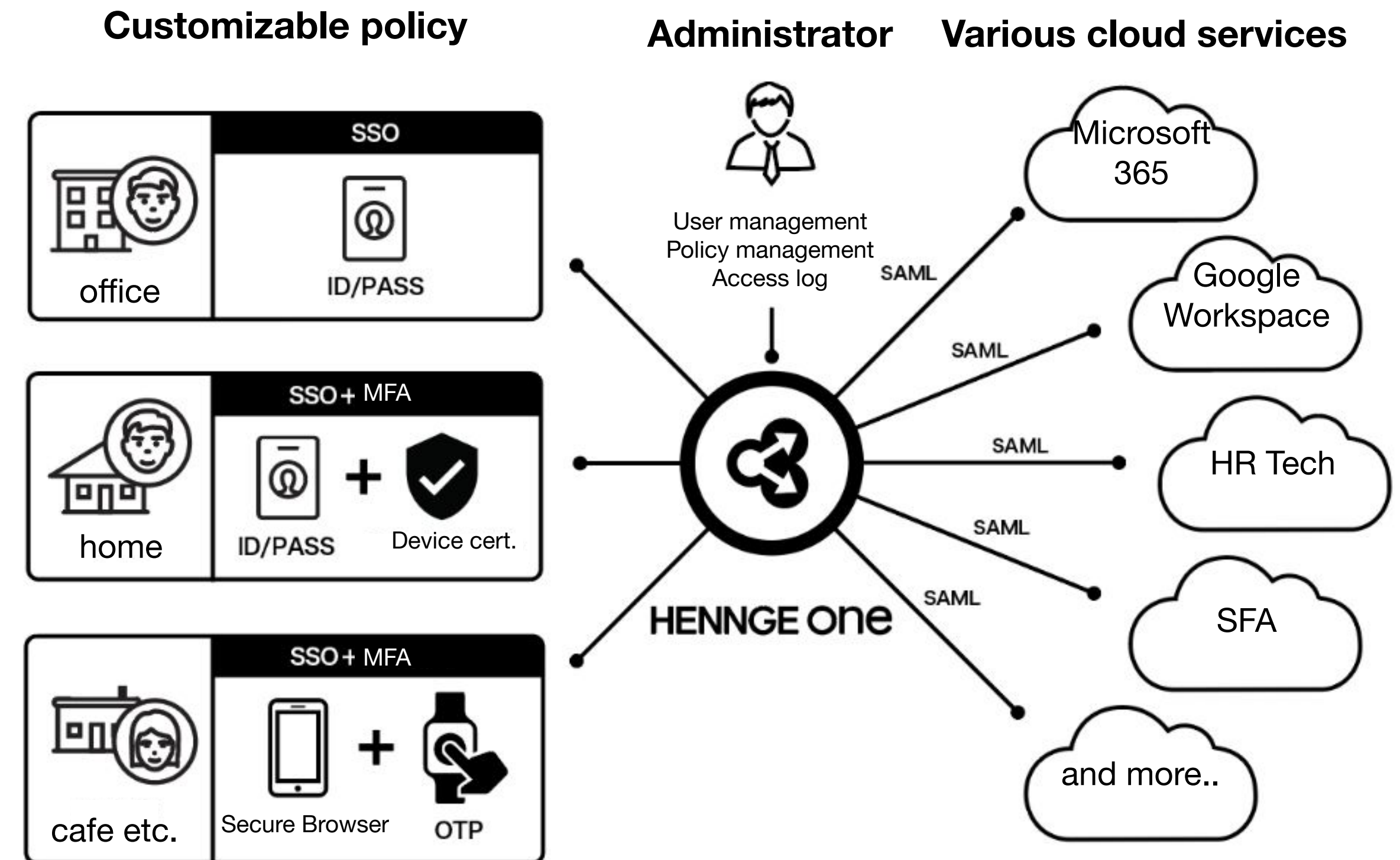
Provide centralized authentication to various SaaS-es, with Single Sign On (SSO) technology

## ID Federation



HENNGE One's service availability rate: **over 99.9%**

## Access Control

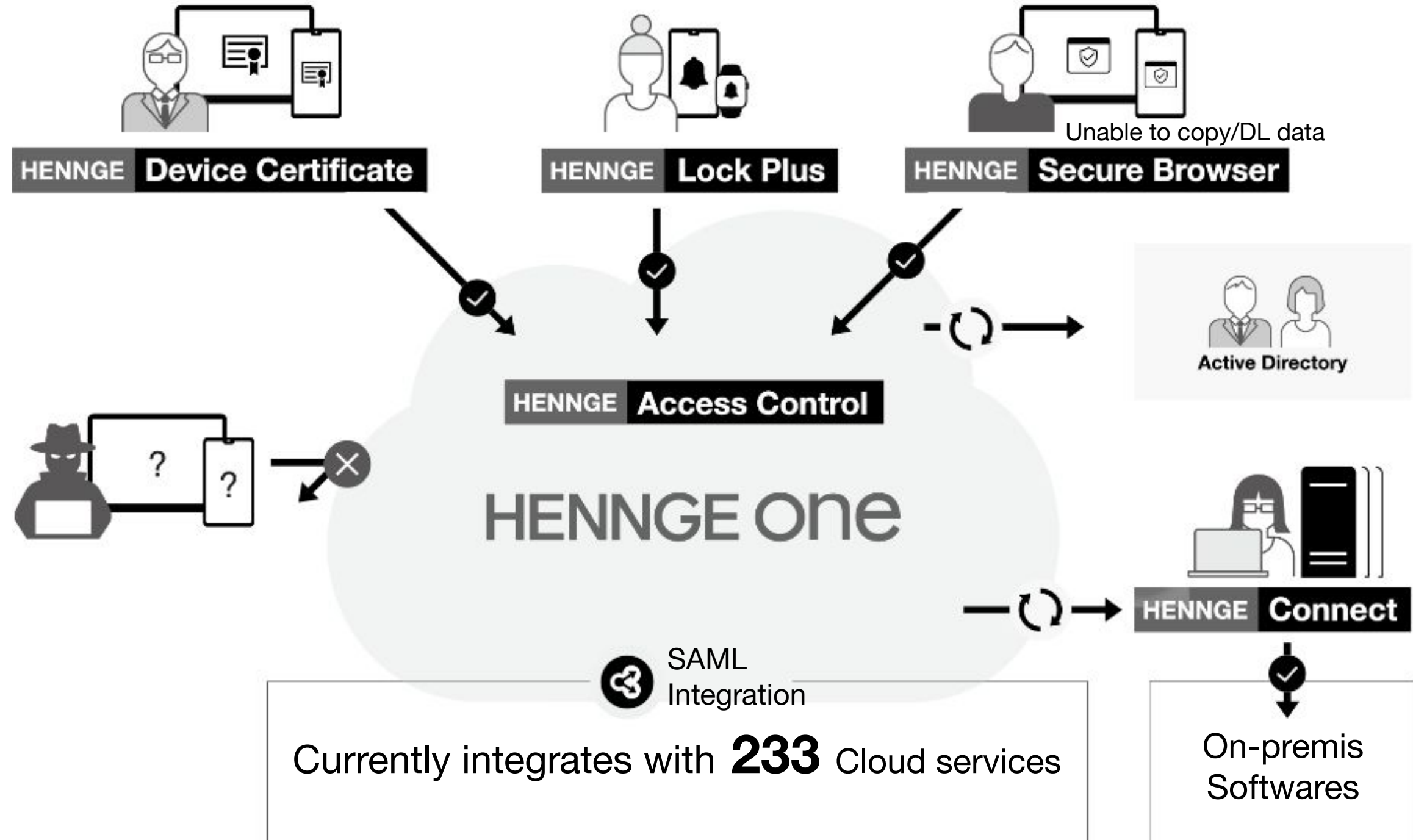


Currently integrates with **233** Cloud services

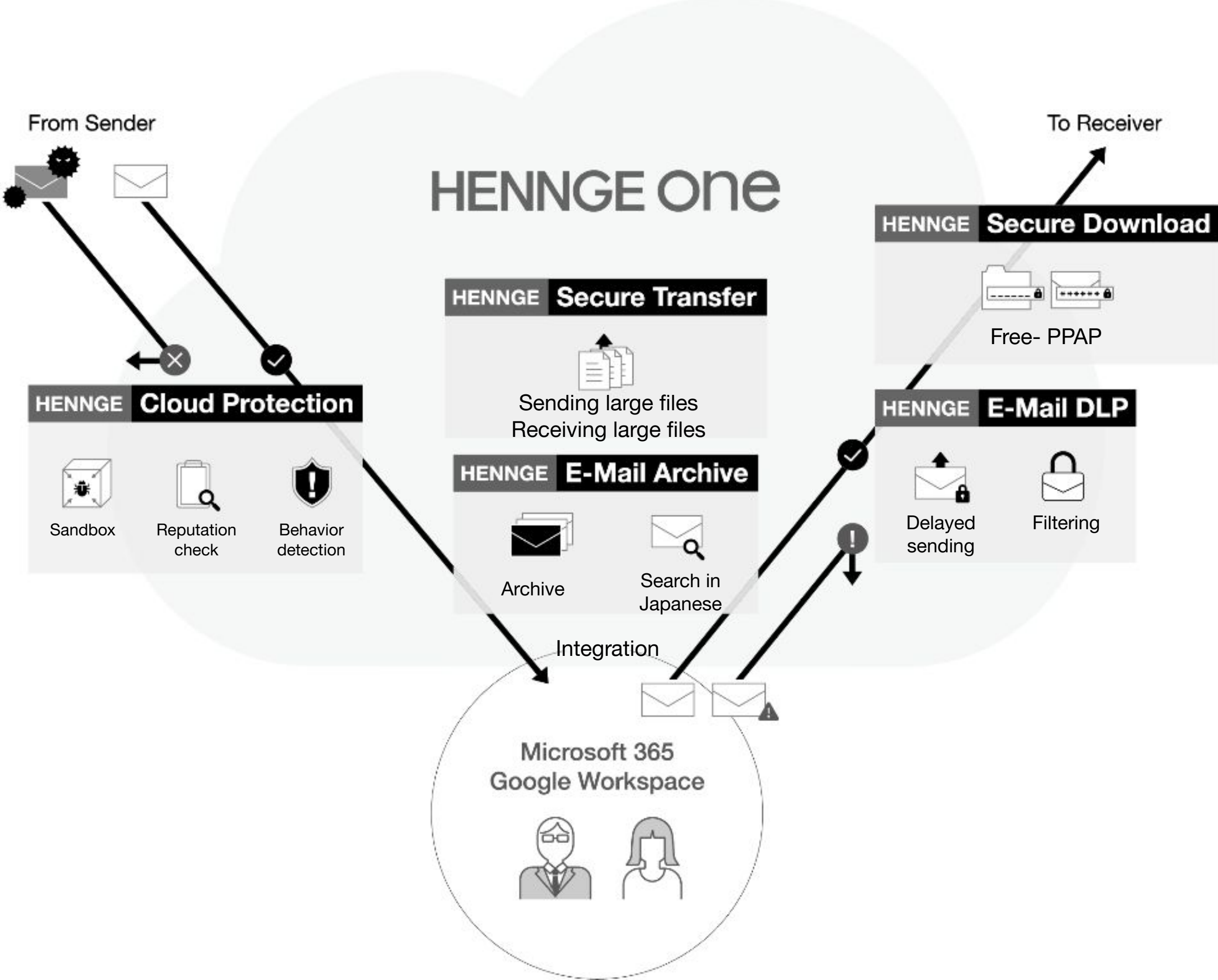
# HENNGE One

Support cloud usage with a balanced convenience and security through IdP features, which provide IP restrictions, device certificate, secure browser, and multi-factor authentication, and E-Mail security features, which provide integrated mail security for both sending and receiving that can be linked to cloud mail.

## IdP Features



## E-Mail Security Features



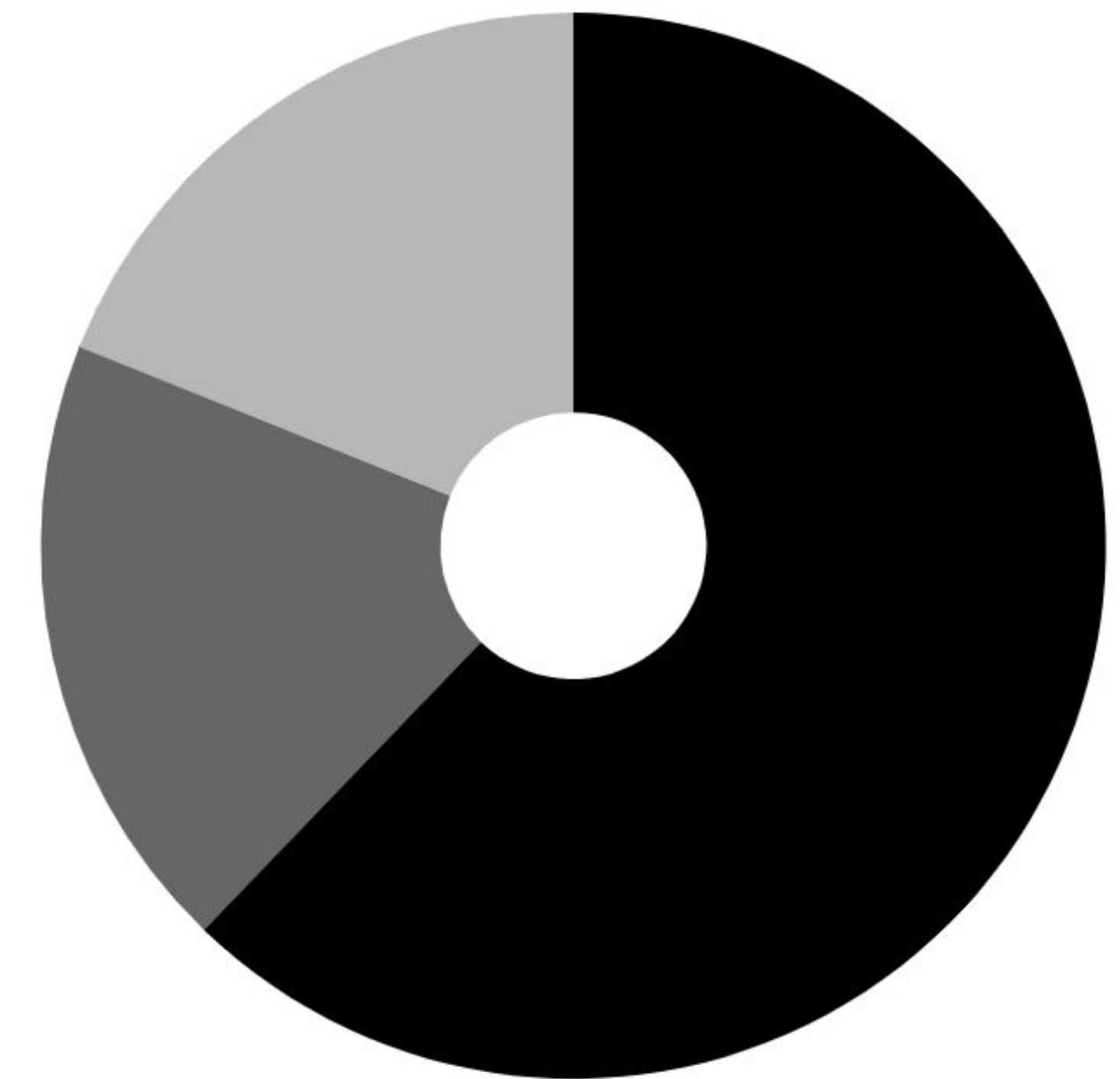
# HENNGE One Solid Customer Base

HENNGE One is used by 2,213 customers in various industries, and has 2.32 million users.  
 Average number of contracted users per contracted company is approximately 1,050. (as of 2022-09-30)



Approx. **16.0%** of listed companies on TSE are using HENNGE One.

Breakdown by contracted Users Size (ARR Base, FY2022)



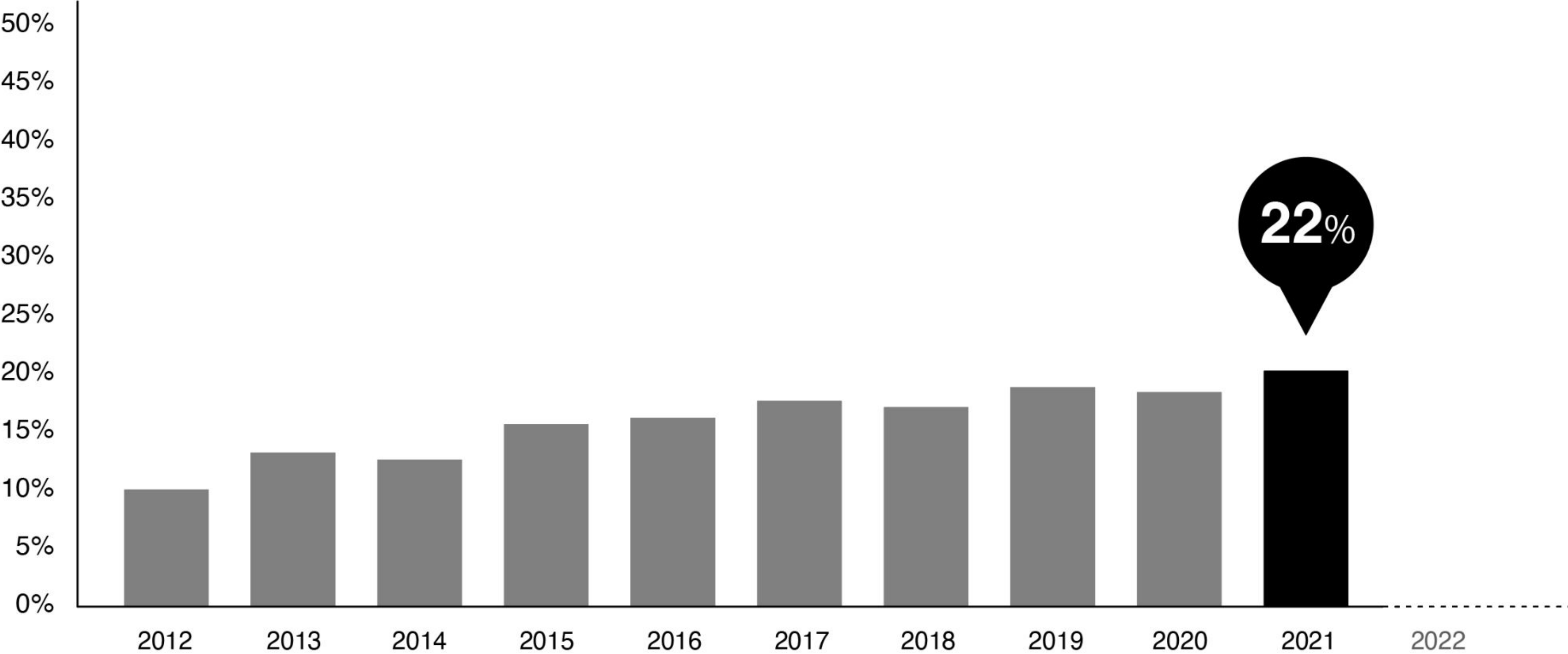
● 300 - 5000 users ● Less than 300 users  
 ● Over 5000 users

# Appendix

## (Total Addressable Market)

# Cloud Adoption Rate in Japan

Cloud Adoption Rate in Japan has increased by 4.0pt to 22% from 2021.

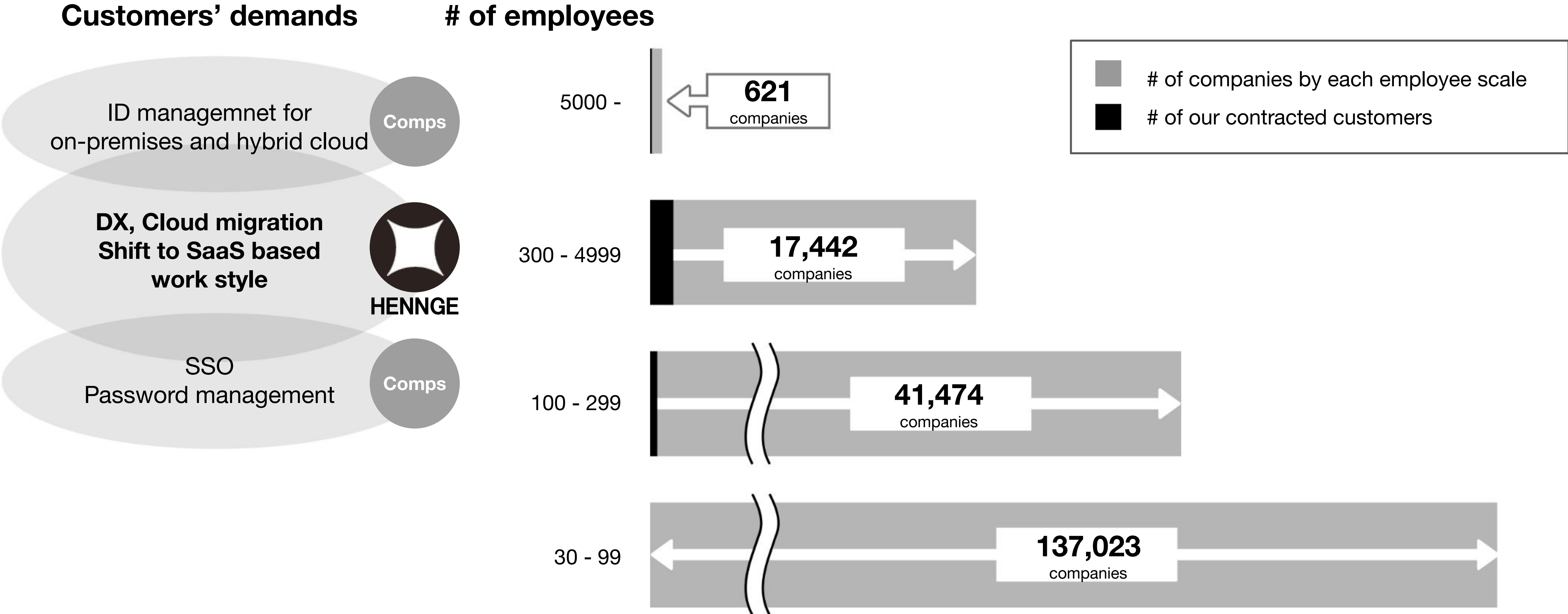


(Reference: Press release 'Average Cloud Computing Adoption Rate in Japan' in June 2021 by Gartner, Inc.  
URL of the original release is <https://www.gartner.co.jp/ja/newsroom/press-releases/pr-20210614>)



# Number of Companies by Employee Size in Japan

There is a huge potential market because cloud adoption will continue to accelerate.



Calculated by HENNGE Group based on the total number of companies with 30 or more employees in Japan as the number of our potential customers if cloud computing become more widespread in Japan in the future.  
(References: 'Economic Census -Activity Survey Results' by Ministry of Economy, Trade and Industry of Japan in 2016)

## Regional Split in the number of companies

Japan has number of metro areas other than Tokyo. Our focus is to expand the business not only in Tokyo but also within other metro areas, such as Nagoya, Osaka, Fukuoka, and others.

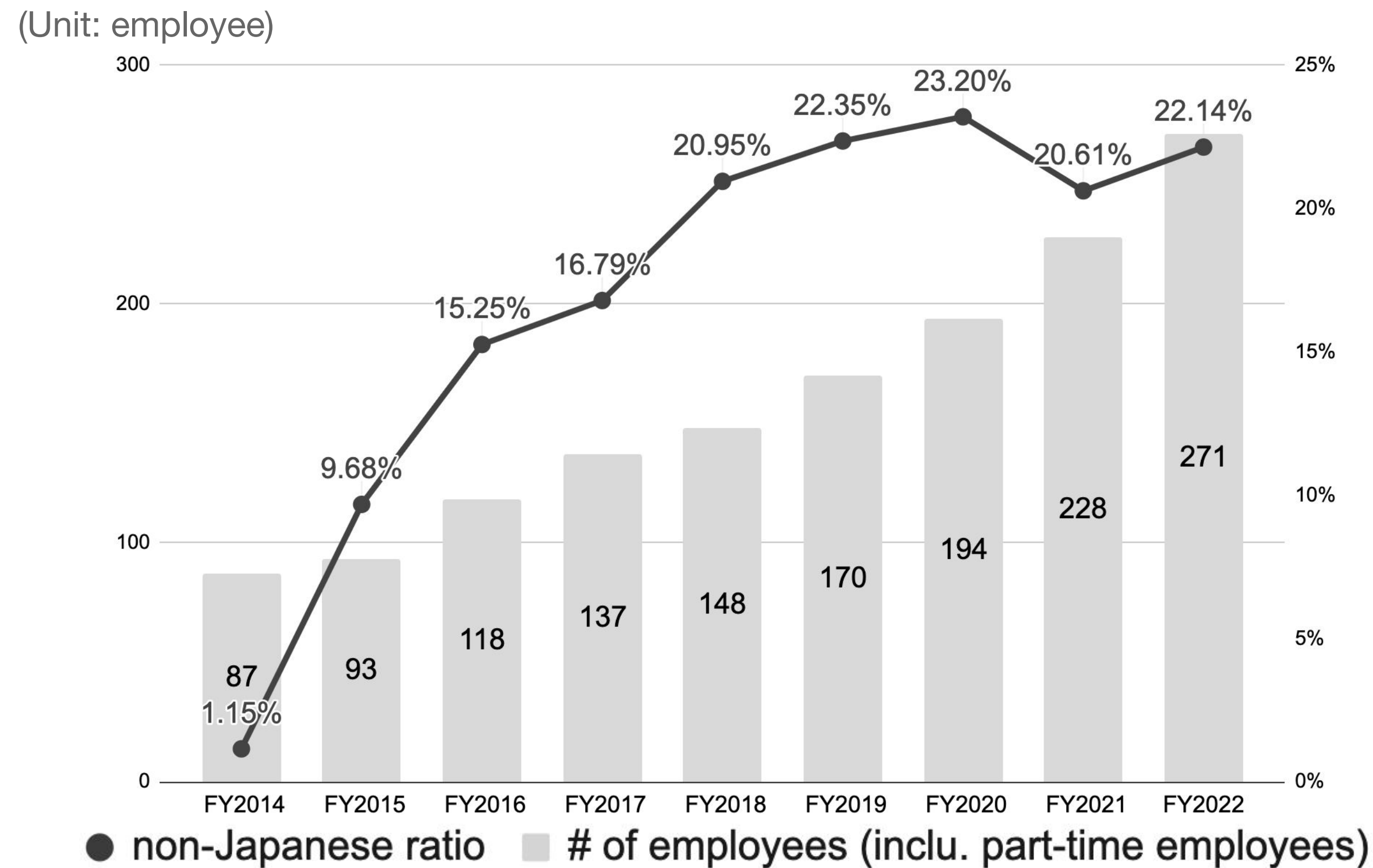


# Appendix (Others)

# Diversity and Inclusion

Focusing our efforts on the Global Internship Program (GIP) to not only provide career development opportunities for the most talented candidates from all over the world, but also to be the precedent organization of diversity and inclusion that utilize the power of digital transformation to overcome social issues.

## Non-Japanese ration and # of employees (including part-time employees)



## GIP applications (accum.) :

**165** countries and regions

**21,705** applicants

## Interns (accum.) :

**26** countries and regions

**127** interns

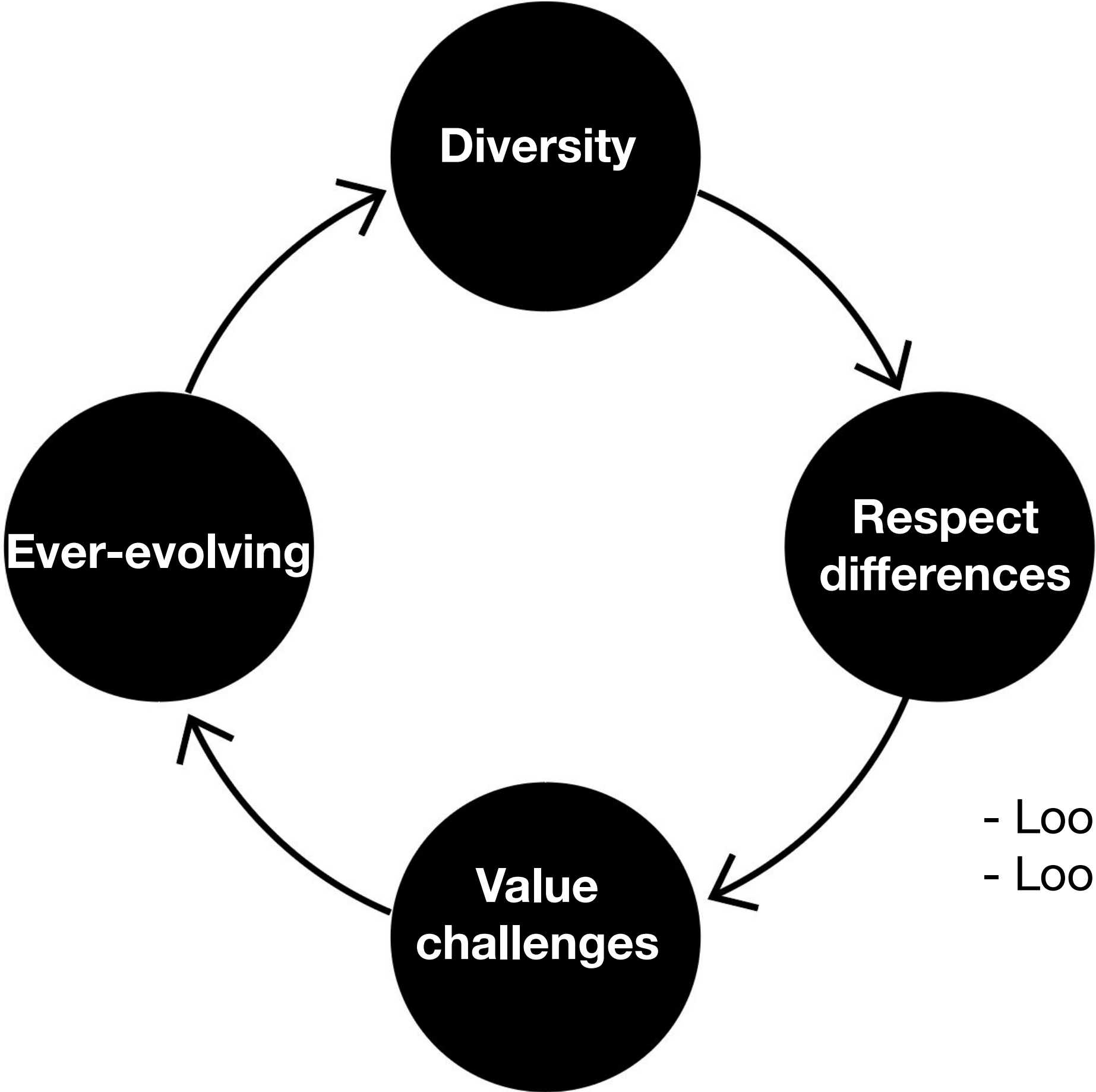
(Accumulated since 2012, as of 2022-09-30)

## Employees (including part-time employees) :

from more than **22** countries and regions

# Diversity

Diversity is the key driver to keep challenging and changing. We recognize the differences and respect the differences, which then we can create a basis for an ever-changing organization that value challenges.



- Look for differences if everyone is all the same
- Look for similarities if everyone is different

# Business Investments and New Business Development

We are approaching business fields adjacent to current businesses through both business investment and new business development, along with R&D activities in current businesses.

## Business investments

Invested in B2B startups/fund that own proprietary elements and technologies, and that are also in sync with our existing businesses.

### - Our portfolio



(rakumo Inc.)  
[4060: TYO]



(DIGGLE Co., Ltd.)



(any Inc.)



(sitateru Inc.)



(DNX Ventures)



(kickflow, Inc.)

## New business development

Regularly holding a sessions across divisions to develop ideas for new businesses based on our mission, 'Making the world a better place through technology by continuing to change and challenge.'



新規事業アイデアコンテスト  
**Inspire Matsuri**  
(インスパイア祭り)

# **Past Materials (New Services, etc.)**

# HENNGE One Business

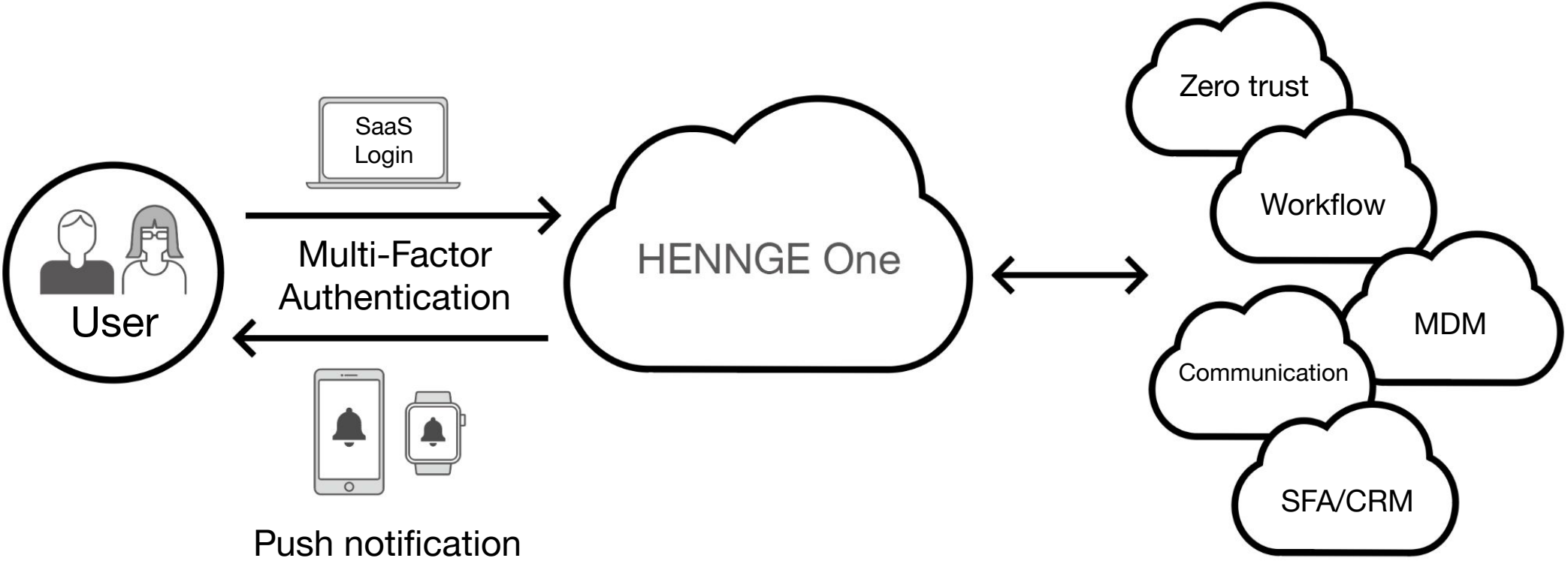
## Three New Features for HENNGE One (Since October 2021)

HENNGE One’s new features providing more secure file transfer, smartphone access security, and E-Mail protection from targeted attacks were launched in October 2021.

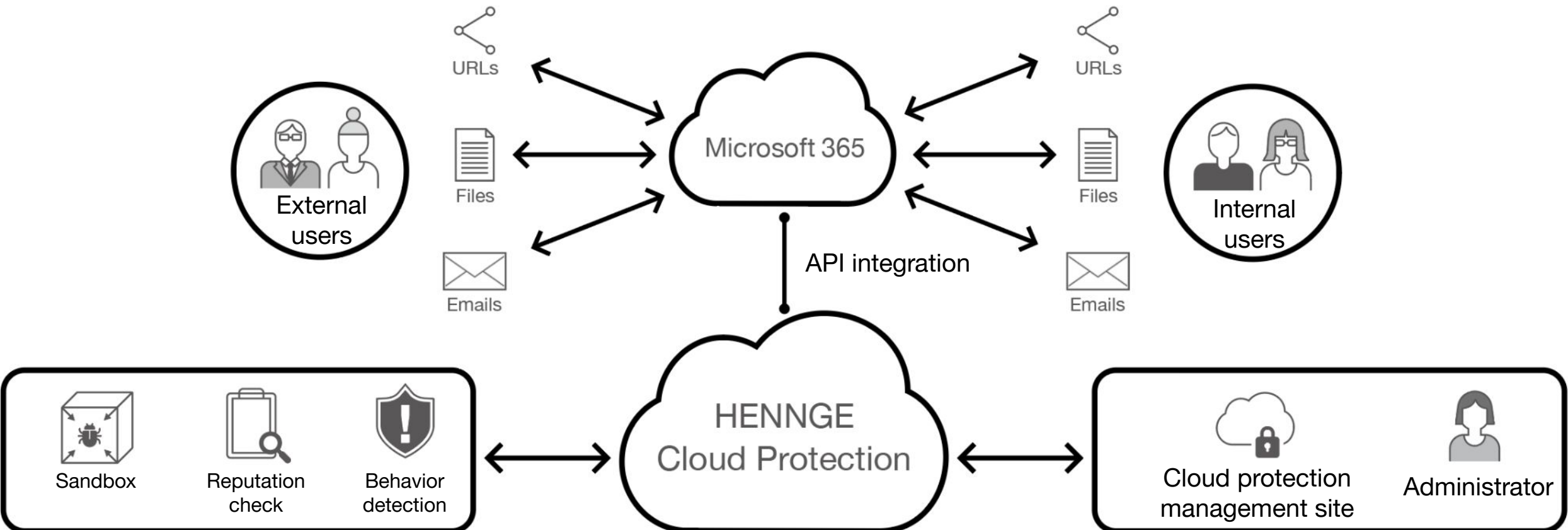
### HENNGE Secure Download



### HENNGE Lock Plus



### HENNGE Cloud Protection

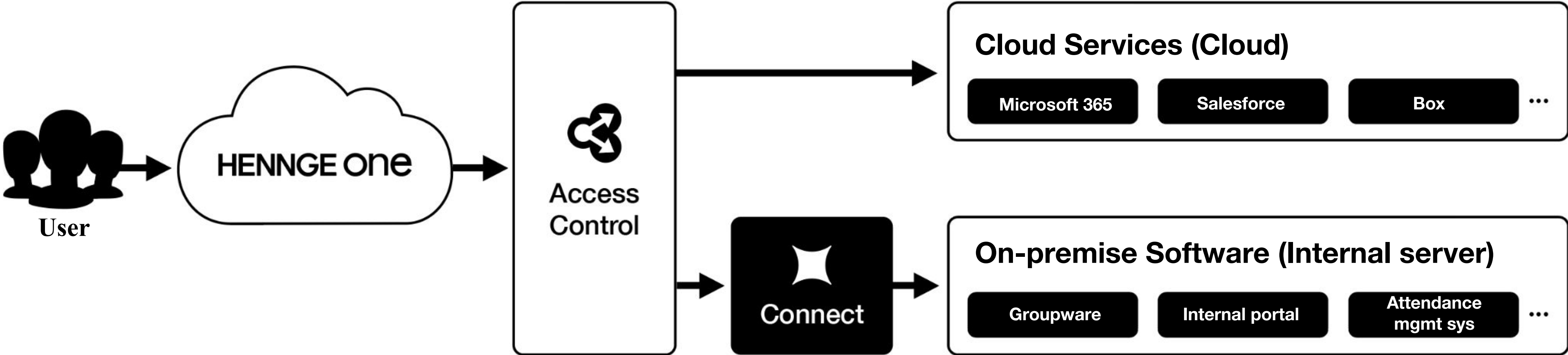




# HENNGE One Business

## HENNGE Connect (Since April 2022)

“HENNGE Connect” has been launched as a feature of HENNGE IdP Pro and HENNGE One Pro in April 2022. Enables seamless access management in a hybrid environment of on-premise and cloud.



# HENNGE One Business

## Renewal of Service Lineup for HENNGE One (Since October 2021)

Service lineups were renewed from October 2021.

Approaching varieties of customers with high value-added suite plans, as well as setting up single-function plans for light users.

Set plan	Description	Price
<b>HENNGE One Basic</b>	A set plan that offers the best value when implementing all the features of HENNGE One at once (with limited use of Certificates, Lock Plus, and Cloud Protection)	@JPY600/mon
<b>HENNGE One Pro</b>		@JPY1,000/mon

Single-function plan	Description	Price
<b>HENNGE IDP Lite</b>	SSO/IP address control/OTP/AD Connect etc.	@JPY150/mon
<b>HENNGE IDP</b>	Lite function/Device certificates/Support Plus/Lock Plus etc.	@JPY300/mon
<b>HENNGE IDP Pro</b>	IDP/Secure browser/Additional device certificates etc.	@JPY500/mon
<b>HENNGE DLP</b>	Delayed sending/Filtering etc.	@JPY300/mon
<b>HENNGE ARC</b>	Archive etc.	@JPY300/mon
<b>HENNGE Cloud Protection</b>	Behavior detection/Sandbox etc.	@JPY200/mon

# HENNGE One Business

## License lineup for HENNGE One announced in June 2019 (From June 2019 to September 2021)

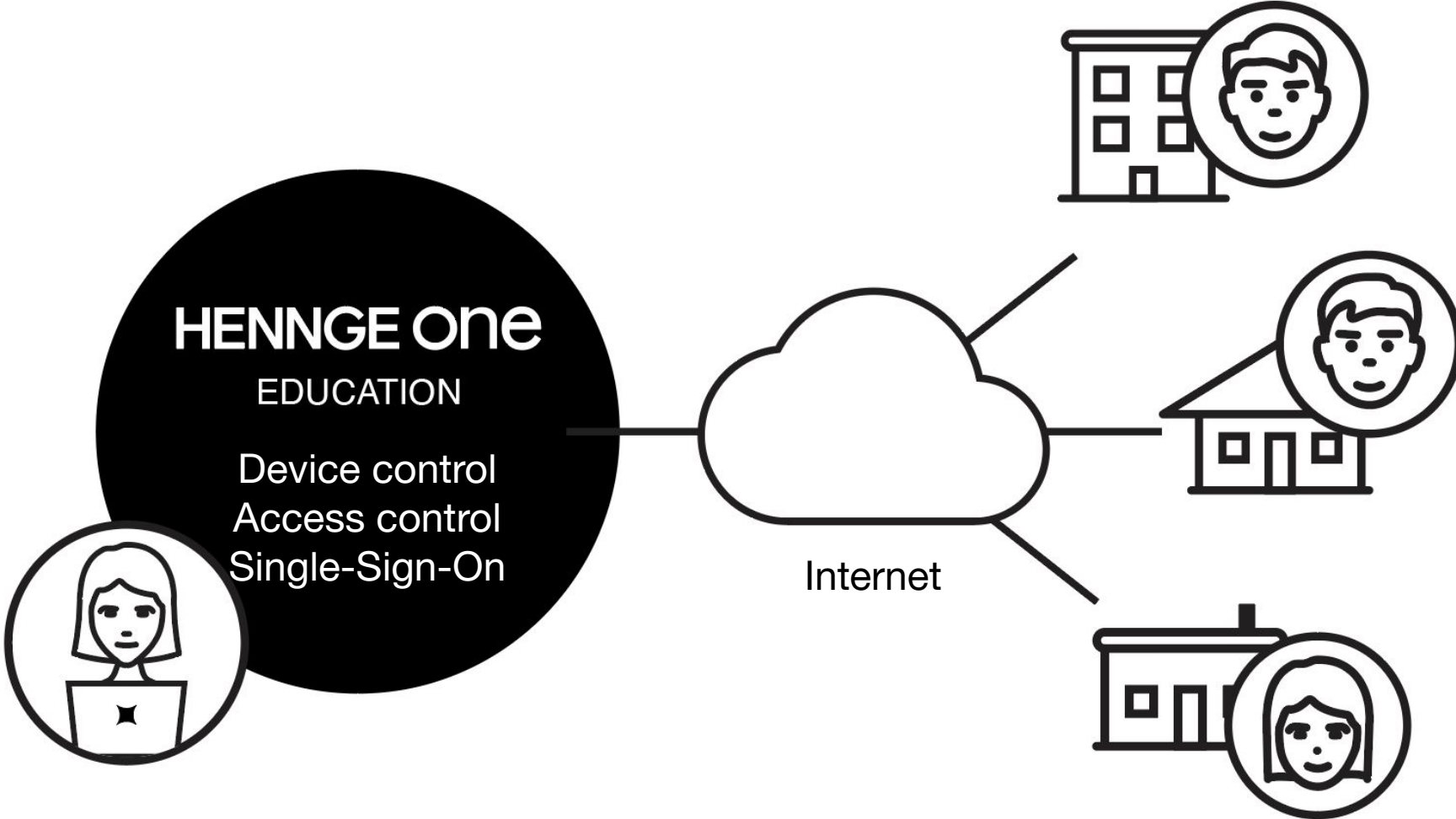
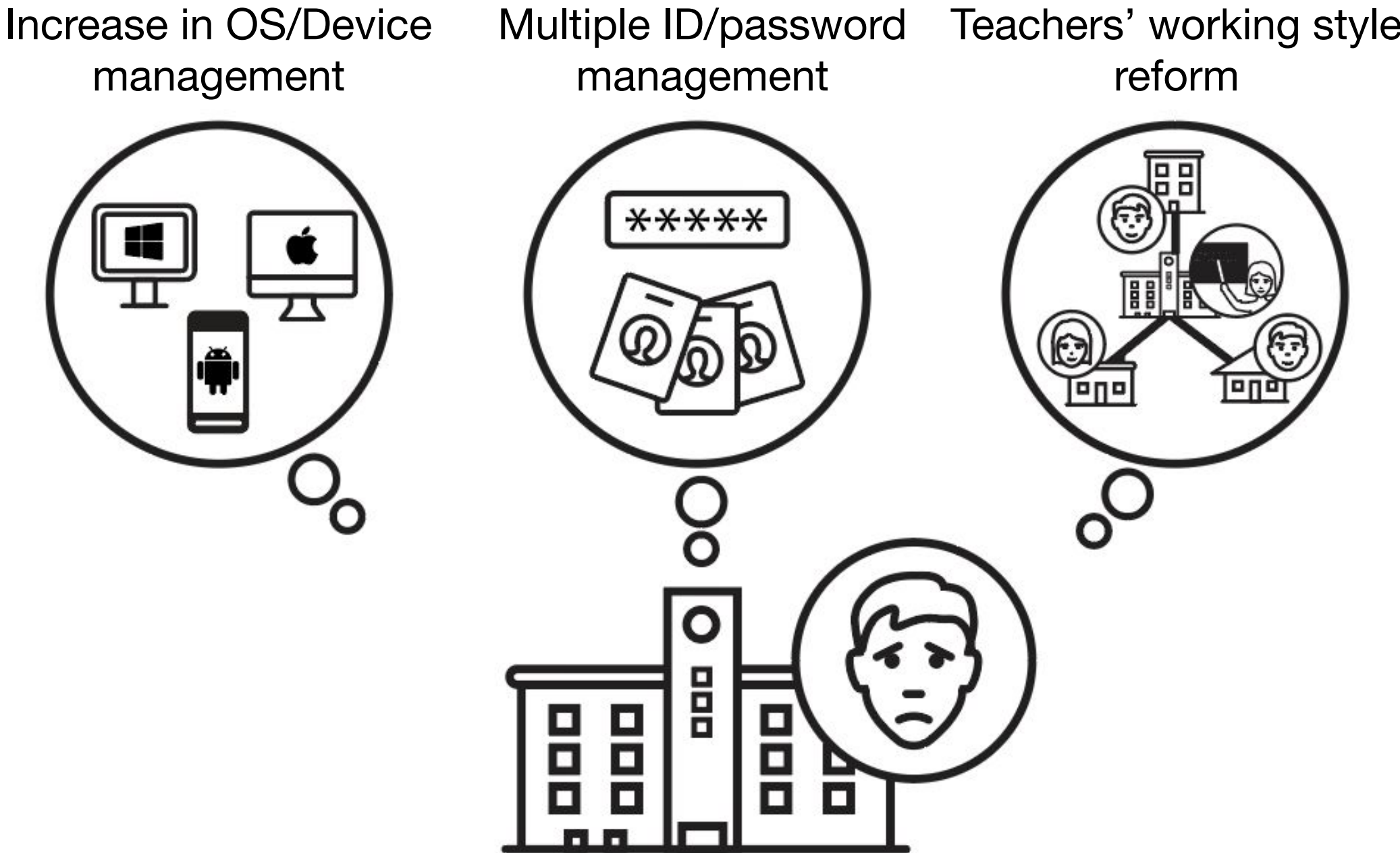
※ New contracts taken into place after October 2021 will apply new licence lineup which was announced in August 2021.

HENNGE One Secure Access	HENNGE One Standard	HENNGE One Business
<p>SaaSとのシングル・サインオンと端末制御機能を含めた、エントリー向けのプランです。</p>	<p>Office 365/G Suiteやその他SaaSとのSSOにメール誤送信対策を含めた標準プランです。</p>	<p>Standardプランに端末制御に必要なデバイス証明書を追加したエンタープライズプランです。</p>
<p>月額 <b>400</b> 円 (税抜) 1ユーザー/月 (年間契約)</p>	<p>月額 <b>500</b> 円 (税抜) 1ユーザー/月 (年間契約)</p>	<p>月額 <b>750</b> 円 (税抜) 1ユーザー/月 (年間契約)</p>
<p>プラン内容</p> <ul style="list-style-type: none"> <li>HENNGE Access Control</li> <li>HENNGE Secure Browser</li> <li>HENNGE Device Certificate</li> </ul> <p>※ デバイス証明書発行 (1ユーザー1枚まで) ※ 提供可能ライセンス数 200ライセンス～</p>	<p>プラン内容</p> <ul style="list-style-type: none"> <li>HENNGE Access Control</li> <li>HENNGE Secure Browser</li> <li>HENNGE Email Archive</li> <li>HENNGE Email DLP</li> <li>HENNGE Secure Transfer</li> </ul> <p>※ デバイス証明書発行 (有償オプション) ※ 提供可能ライセンス数 100ライセンス～</p>	<p>プラン内容</p> <ul style="list-style-type: none"> <li>HENNGE Access Control</li> <li>HENNGE Secure Browser</li> <li>HENNGE Email Archive</li> <li>HENNGE Email DLP</li> <li>HENNGE Device Certificate</li> <li>HENNGE Secure Transfer</li> </ul> <p>※ デバイス証明書発行 (1ユーザー3枚まで) ※ 提供可能ライセンス数 100ライセンス～</p>

# HENNGE One Business

## HENNGE One for Education (Since July 2020)

In response to GIGA School Program advocated by the Japanese Ministry of Education, Culture, Sports, Science and Technology (MEXT), HENNGE One for Education has become available from July 1, 2020, to all elementary, junior high, and high schools nationwide. We will support to establish a safe and secure learning environment for children through this service.

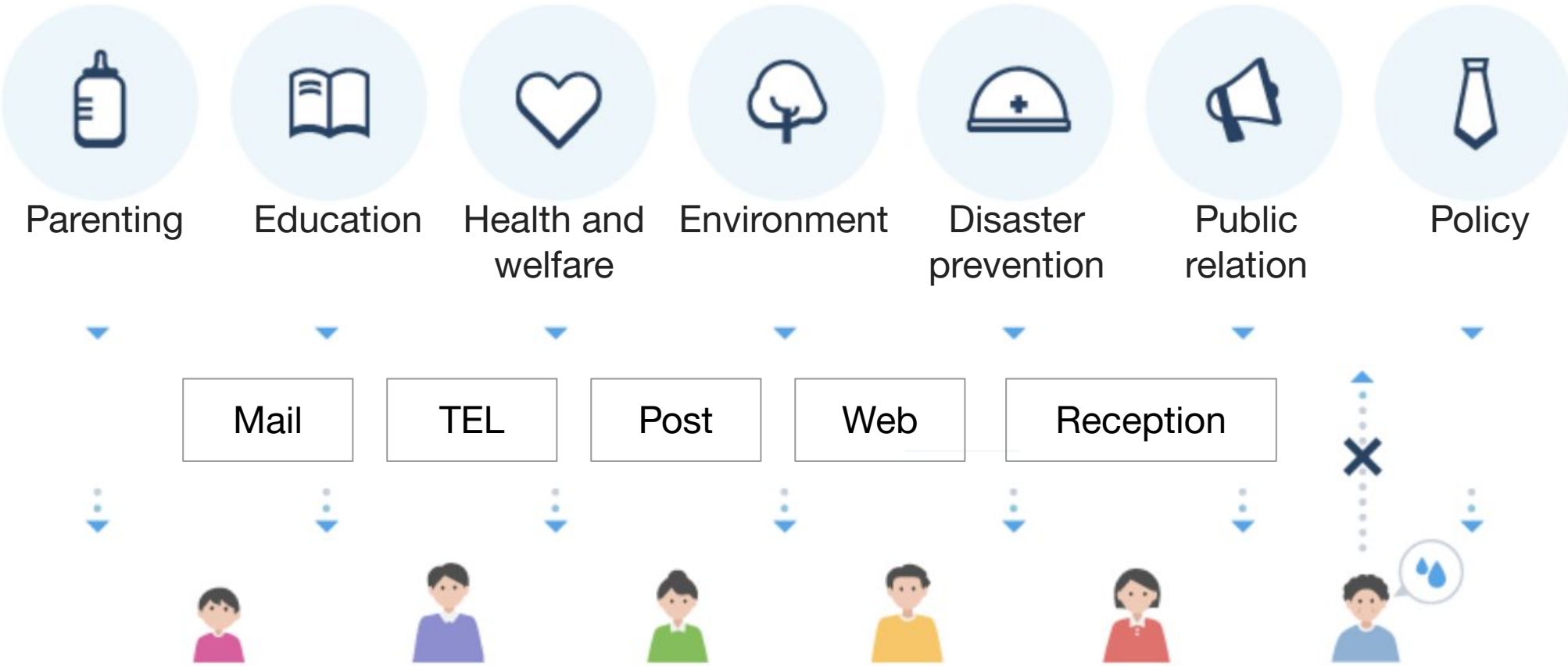


# Professional Service and Others Business

## SumaMachi (Since August 2020)

SumaMachi is a communication service that enables smooth two-way communication with community residents to municipalities nationwide.  
(Previously named as “CHROMO”, which is renamed in October 2021.)

### Municipalities (Issues that municipalities are facing)



The delivery of information is divided between different departments. It's one-way communication and difficult to receive the needs of local residents.

### Municipalities (What SumaMachi can do)

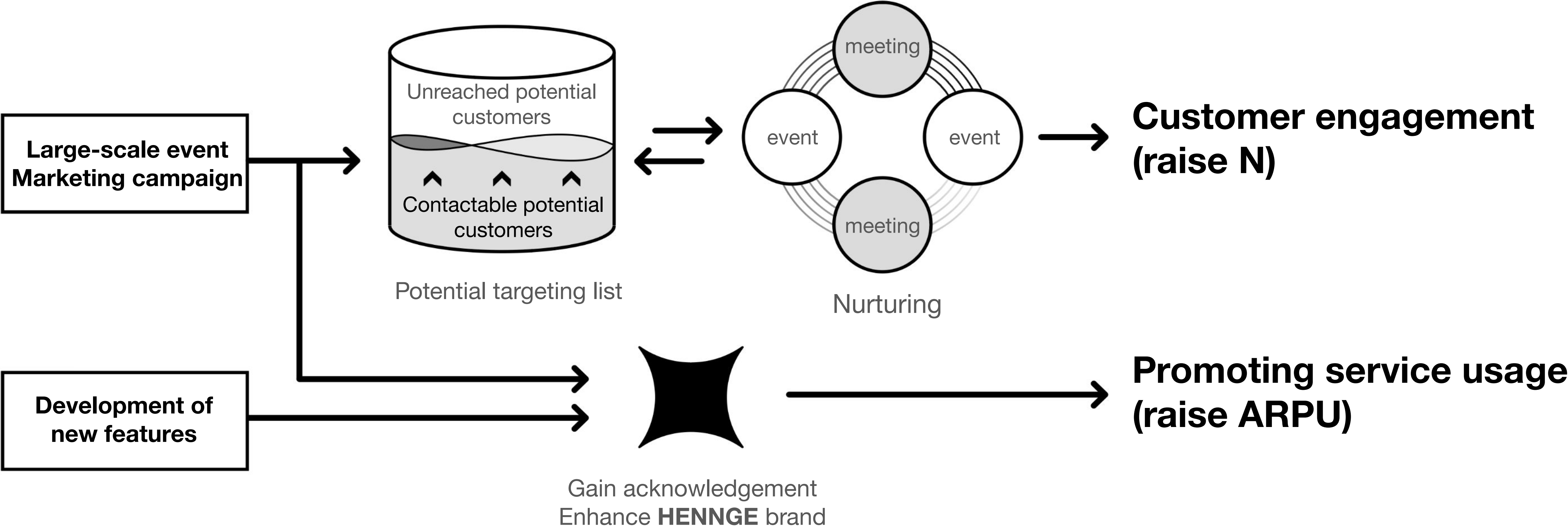


With SumaMachi, it's easy to centralize management of information transmission and revitalize local communities through interactive communication.

# Past Materials (Marketing)

# Marketing Activities for HENNGE One

It requires some time from marketing campaigns to the contribution in expansion of ARR as HENNGE One's lead time is relatively long. However, the results of the investment in advertising expenses can be seen cumulatively in a long term.

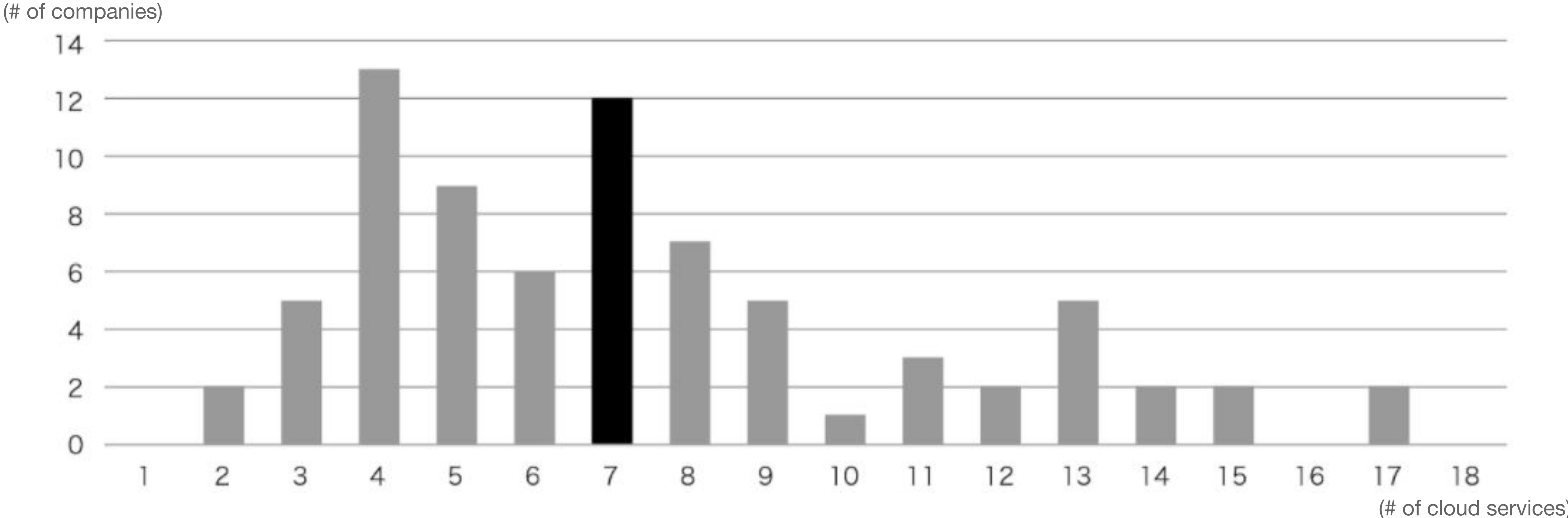


# **Past Materials (Our Surveys, etc.)**



# SaaS usage survey to our customers (on December 2019)

On average, our customers are using 7 cloud services per company, and 24% of them are using 10 cloud services.



Survey overview: SaaS usage survey in business  
Number of valid responses: 72  
Survey date: November 14, 2019  
Survey method: Analysis based on the above 72 valid responses to our usage survey from our HENNGE One users.

# Glossary

**ARR (Annual Recurring Revenue)**

refers to revenue, normalized on an annual basis, that a company expects to receive from its customers for providing them with products or services of subscription-based model.

**ARPU (Average Revenue Per User)**

refers to the average annual contract amount per contracted user.

**CAGR (Compound Average Growth Rate)**

refers to a geometric progression ratio which provides a constant rate of return over a period of time.

**E-Mail DLP (E-Mail Data Loss Prevention / E-Mail Data Leak Protection)**

prevents confidential information loss/data leakage when sending an e-mail externally.

**Gross Revenue Churn Rate**

is calculated based on the decrease in contract value due to service cancellations, etc.

**IDaaS (Identity as a Service)**

is an Identity and Access Management solution delivered in the form of a cloud-based service.

**LTV (Life Time Value)**

is the total worth to a business of a customer over the whole period of their relationship.

# Disclaimer

This document has been prepared by HENNGE K.K. (the “Company”) solely for information purpose. This document does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Company in Japan, the United States or any other jurisdictions. It is prohibited to offer or distribute securities issued by the Company without due registration, or exemption of registration, required under applicable laws in Japan, the United States, or any other jurisdictions. The information contained herein is based on current economic, regulatory, market trends and other conditions. The Company makes no representation or guarantee with respect to the credibility, accuracy or completeness of the information herein. The information contained herein may change without prior notice. You may not publish or use this document and the contents thereof for any other purpose without a prior written consent of the Company. Furthermore, the information on future business results is forward-looking statements. Forward-looking statements include but not limited to expressions such as "believe", “expect", "plan", "strategic", "expect", "anticipate", "predict" and "possibility", as well as other similar expressions to explain future business activities, achievements, events and future conditions. Forward-looking statements are predictions about the future that reflect management’s judgment based on currently available information. As such, these forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those expressed in or suggested by the forward-looking statements.

Therefore, you may not rely entirely on forward-looking statements. The Company does not assume any obligation to change or correct any forward-looking statements in light of new information, future events or other findings.

This document and its contents are confidential and are being provided to you solely for your information and may not be retransmitted. This presentation is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. In giving this presentation, the Company does not undertake any obligation to provide the recipient with access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent.

Information on companies other than the Company and information provided from third parties are based on public information or sources. The Company has not independently verified the accuracy and appropriateness of such data and indicators used herein, nor assume any responsibility for the accuracy and appropriateness of such data and indicators presented in this document.



**HENNGE**