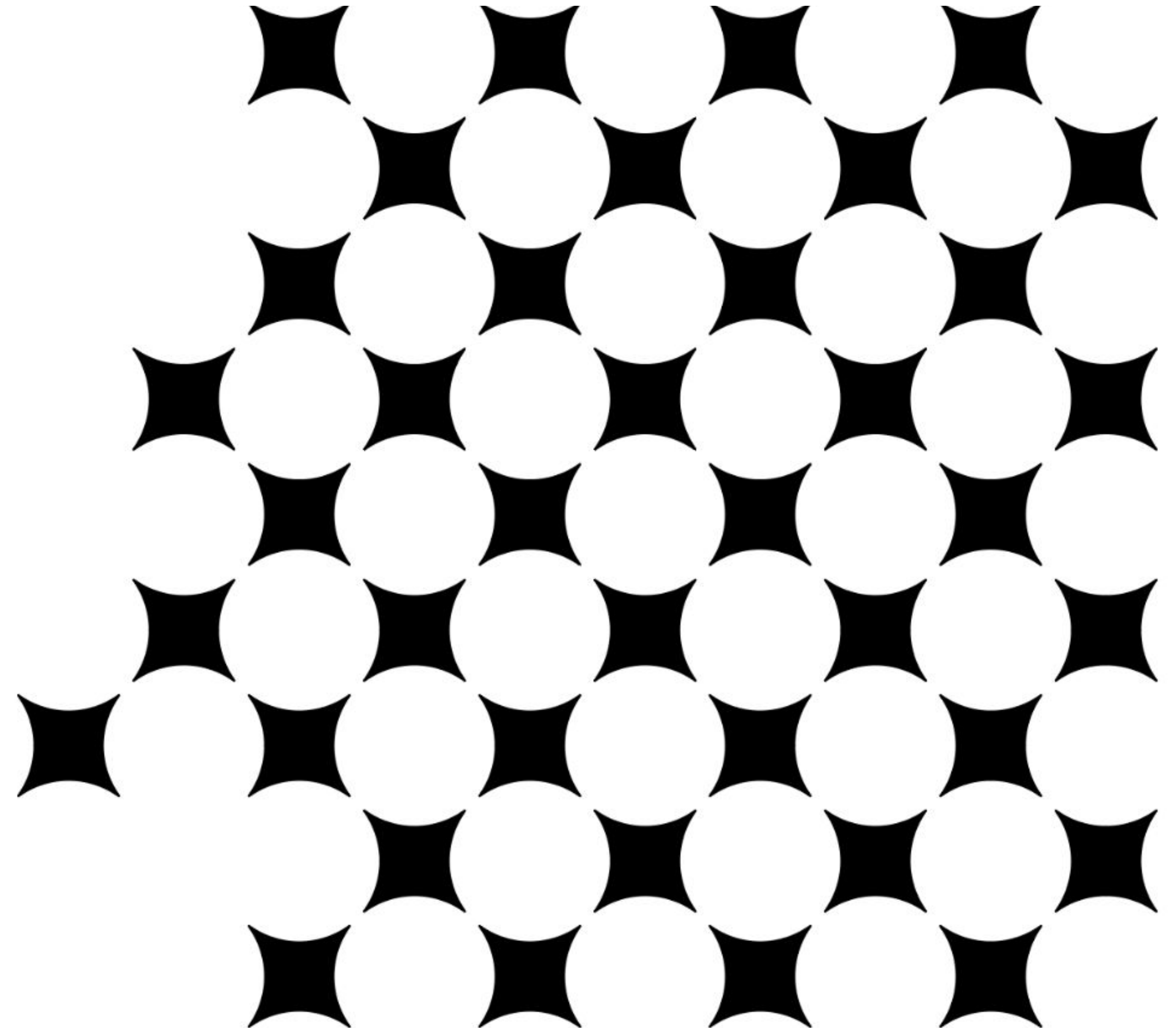
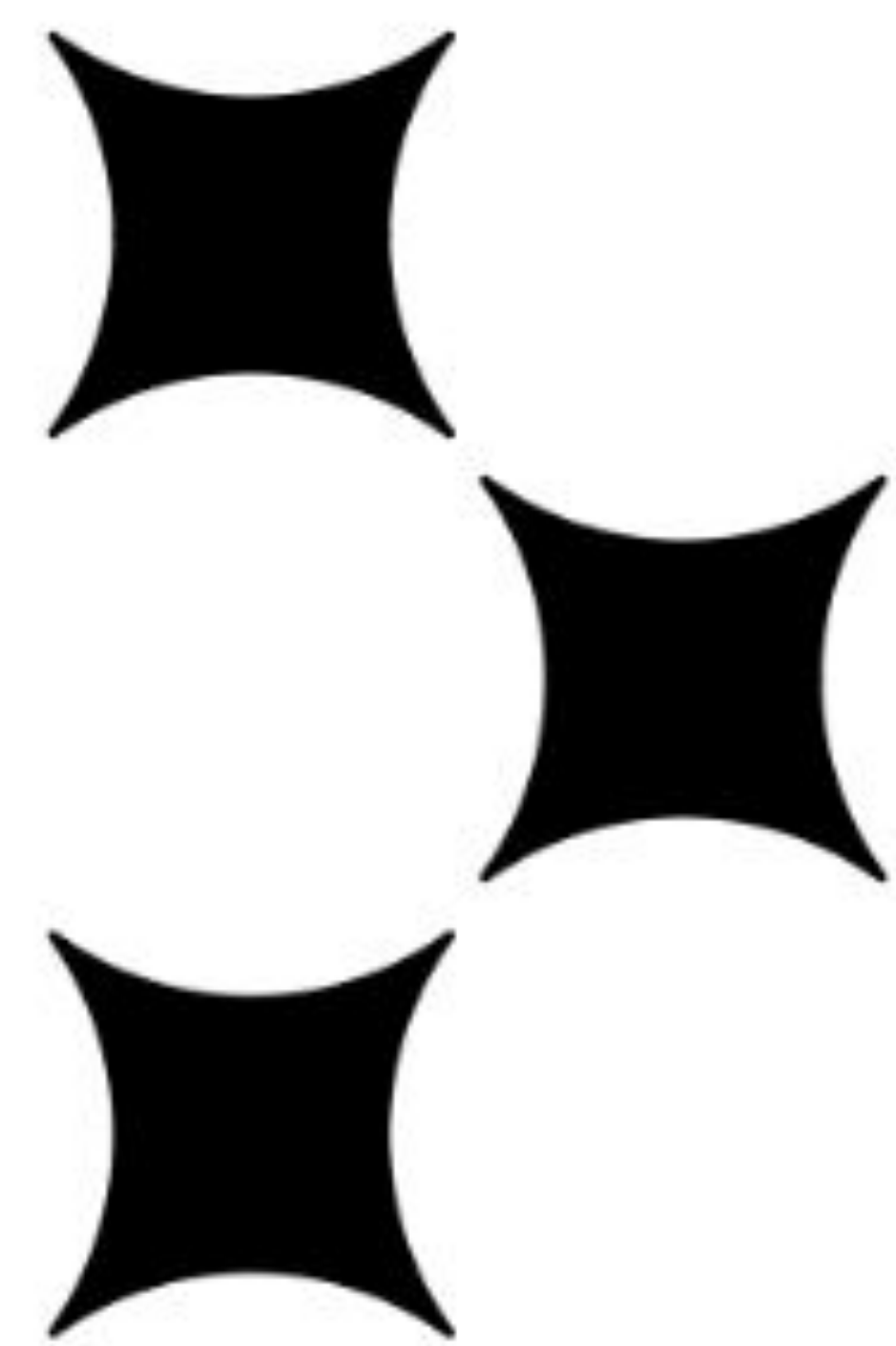




*Note: This is a translation of part of the original Japanese version and is provided for reference purposes only.  
In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.*

# Growth Strategy

HENNGE K.K. (4475: TSE Growth)  
November 7, 2025



# Table of Contents

- 1. Corporate Overview**
- 2. Business Model**
- 3. Competitive Advantages**
- 4. Market Environment**
- 5. Business Plan**
- 6. Business Risks**



# 1. Corporate Overview



# Corporate Profile

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

**Directors :**

**Kazuhiro Ogura**

Representative Director, President and CEO/CTO

**Kazuaki Miyamoto**

Representative Director, Executive Senior Vice President

**Yoshiki Nagatome**

Director, Executive Senior Vice President

**Haruo Amano**

Director, Executive Senior Vice President

**Mio Takaoka**

Outside Director

**Michiko Kato**

Outside Director

**Fumiaki Goto**

Director (Full-time Audit & Supervisory Committee Member)

**Akenobu Hayakawa**

Outside Director (Audit & Supervisory Committee Member)

**Kunihiro Onai**

Outside Director (Audit & Supervisory Committee Member)



**Founded on :** November 5, 1996

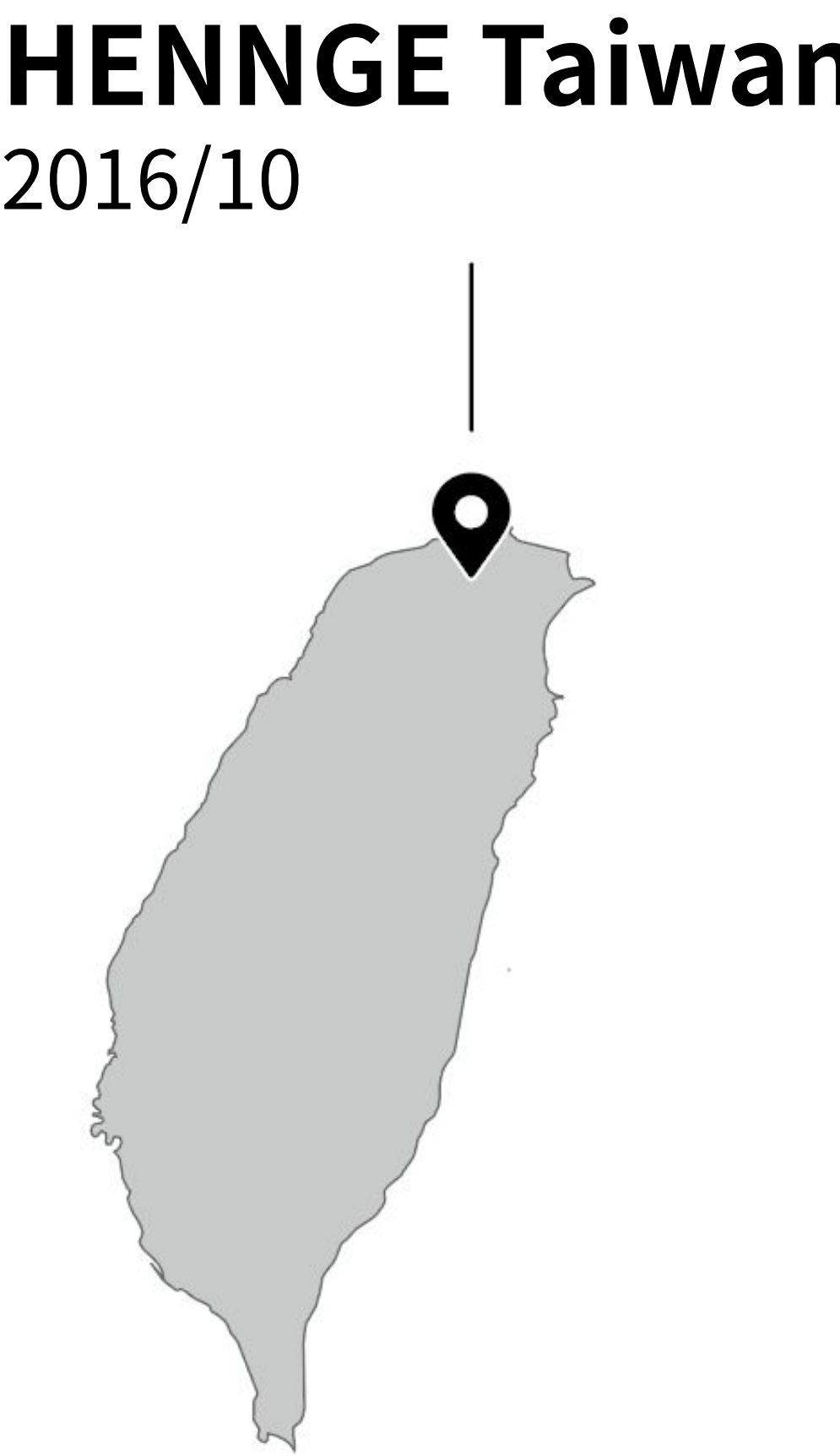


# Locations

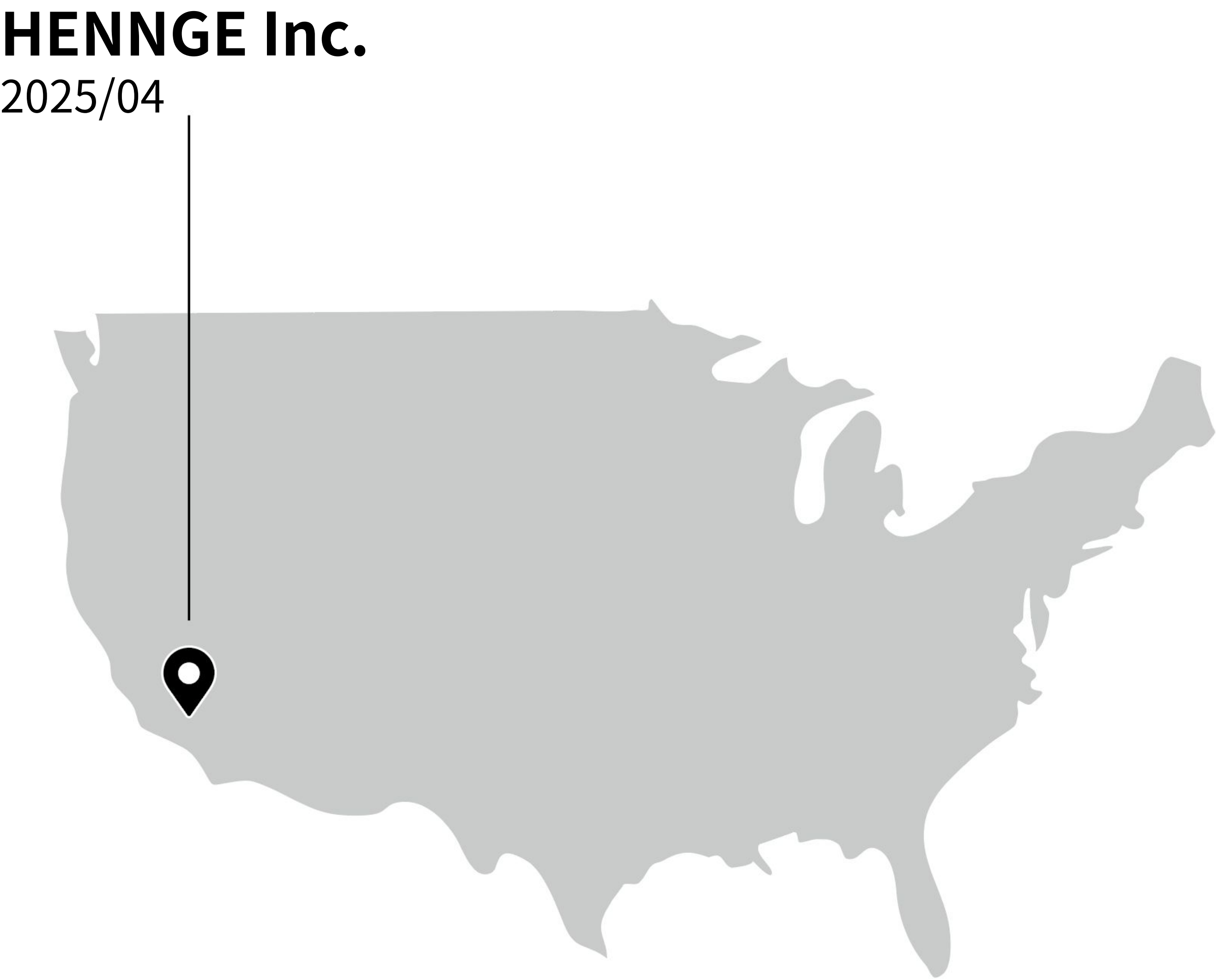
## Japan



## Taiwan



## USA



## Corporate Philosophy

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

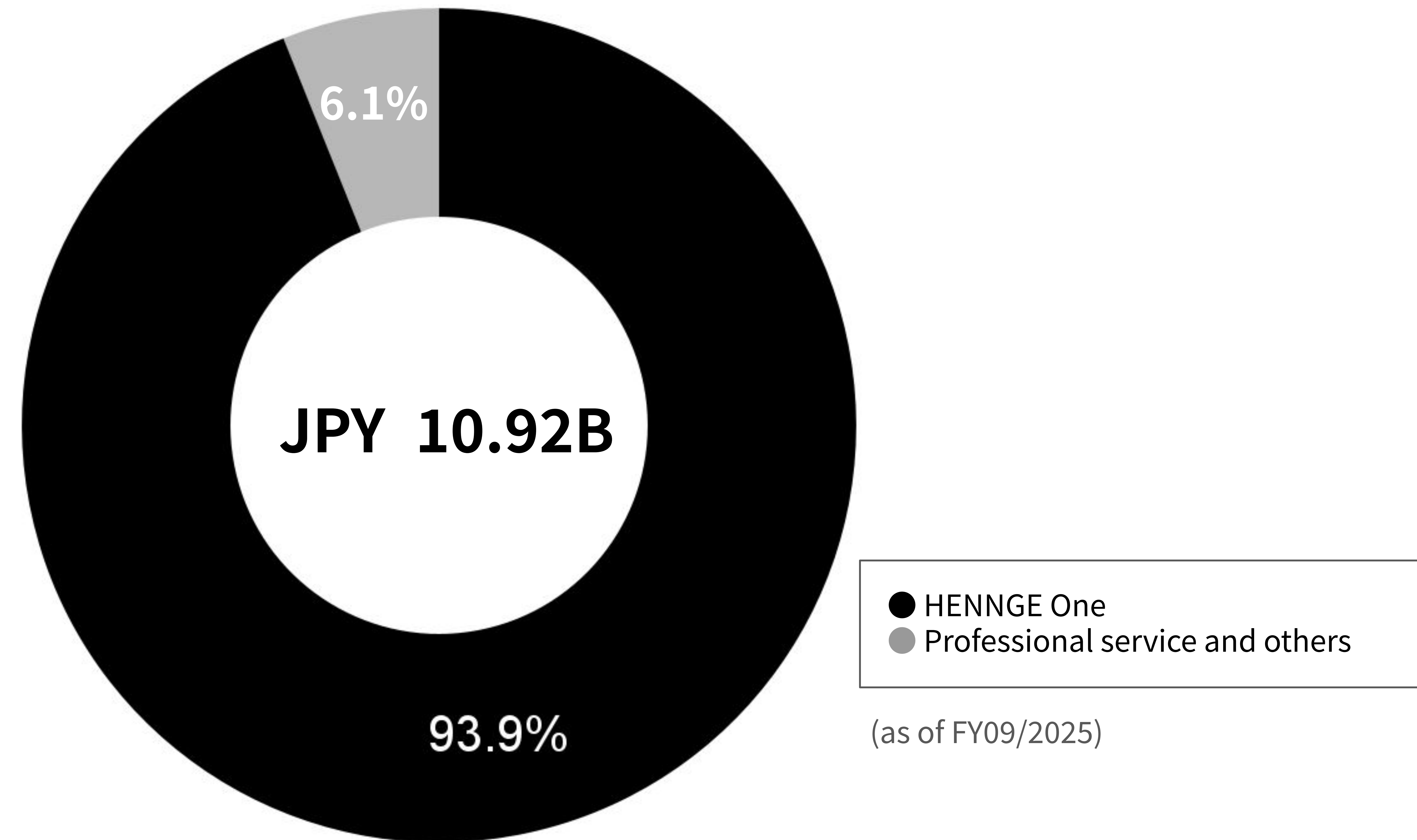
# Liberation of Technology

テクノロジーの解放

## 2. Business Model

# Sales Structure by Business

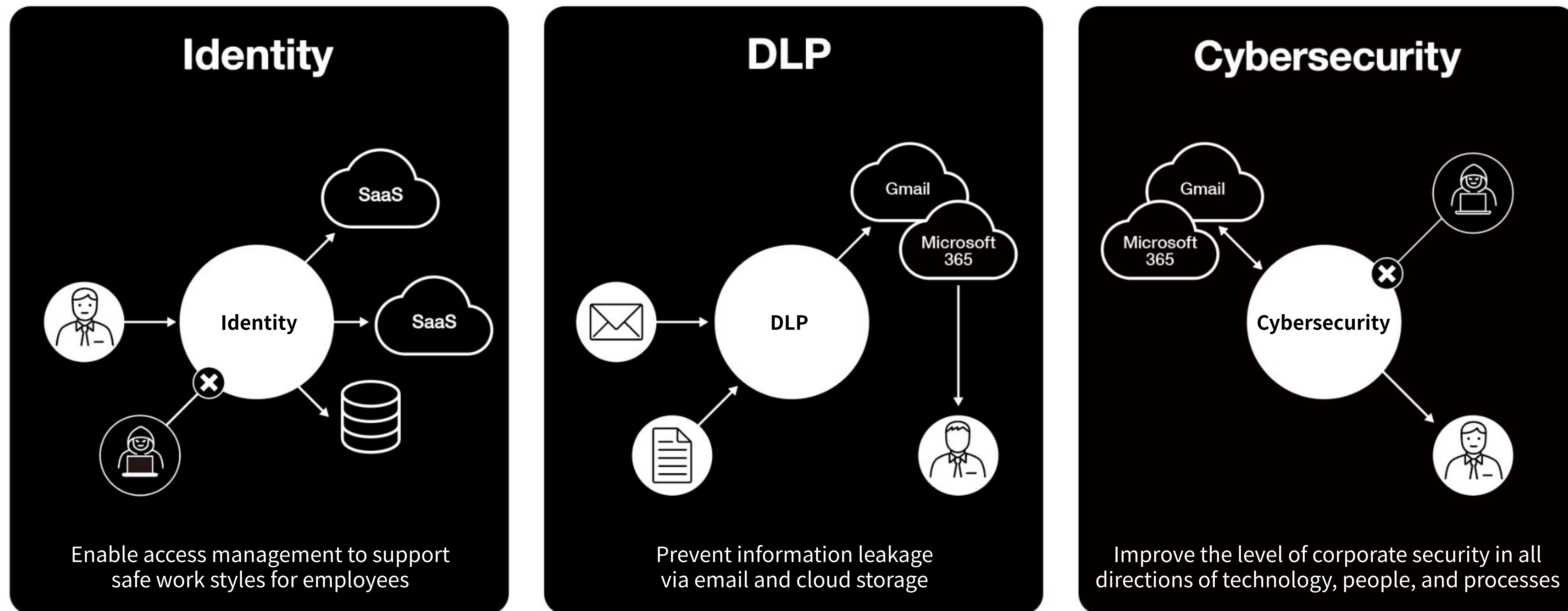
Our current growth driver is HENNGE One business.





# HENNGE One

Provide services in one-stop that remove obstacles for companies trying to improve productivity by adopting cloud. Enhance security and usability of cloud to all the employees by having company-wide implementation.



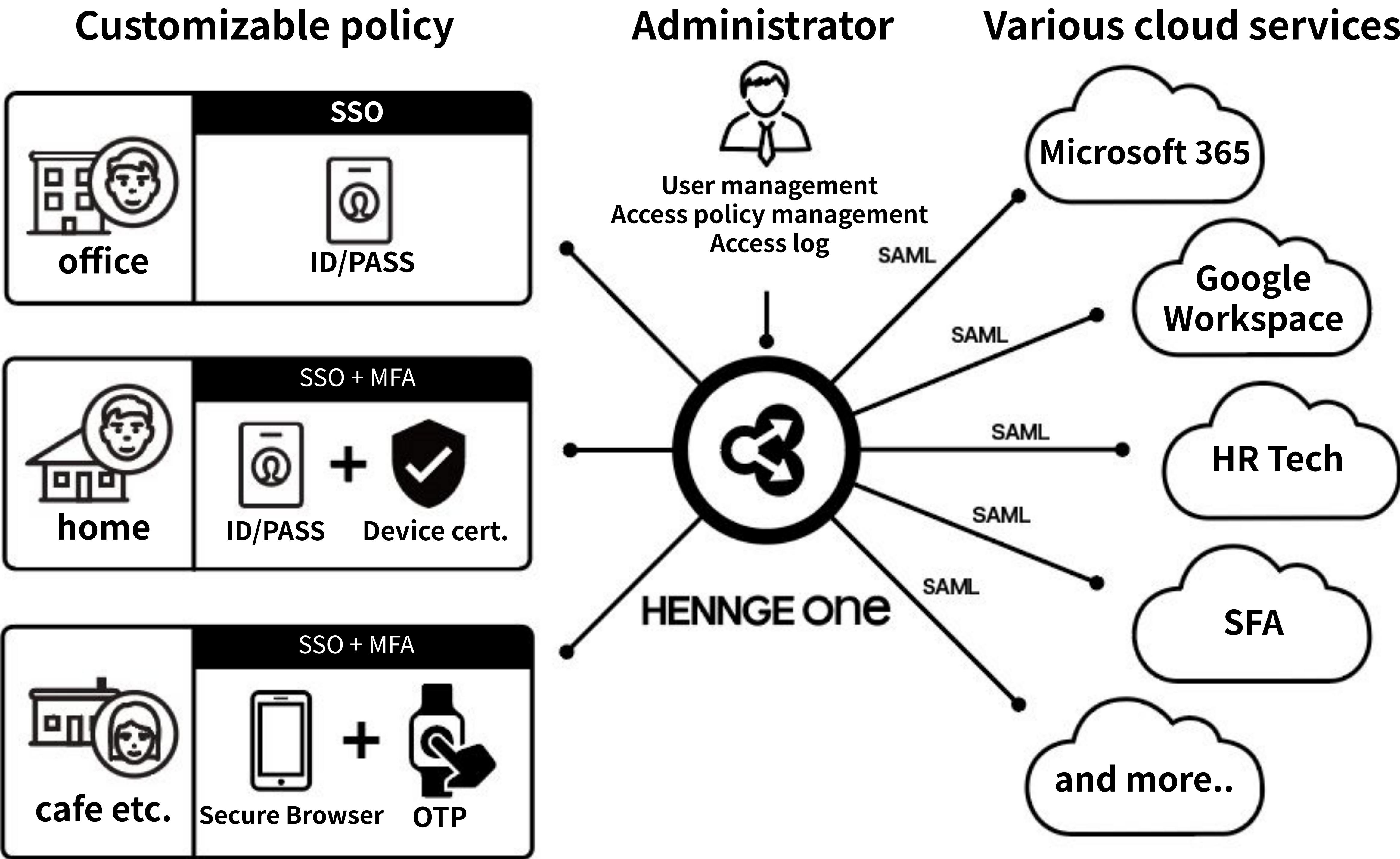
HENNGE One's service availability rate: **Over 99.9%**



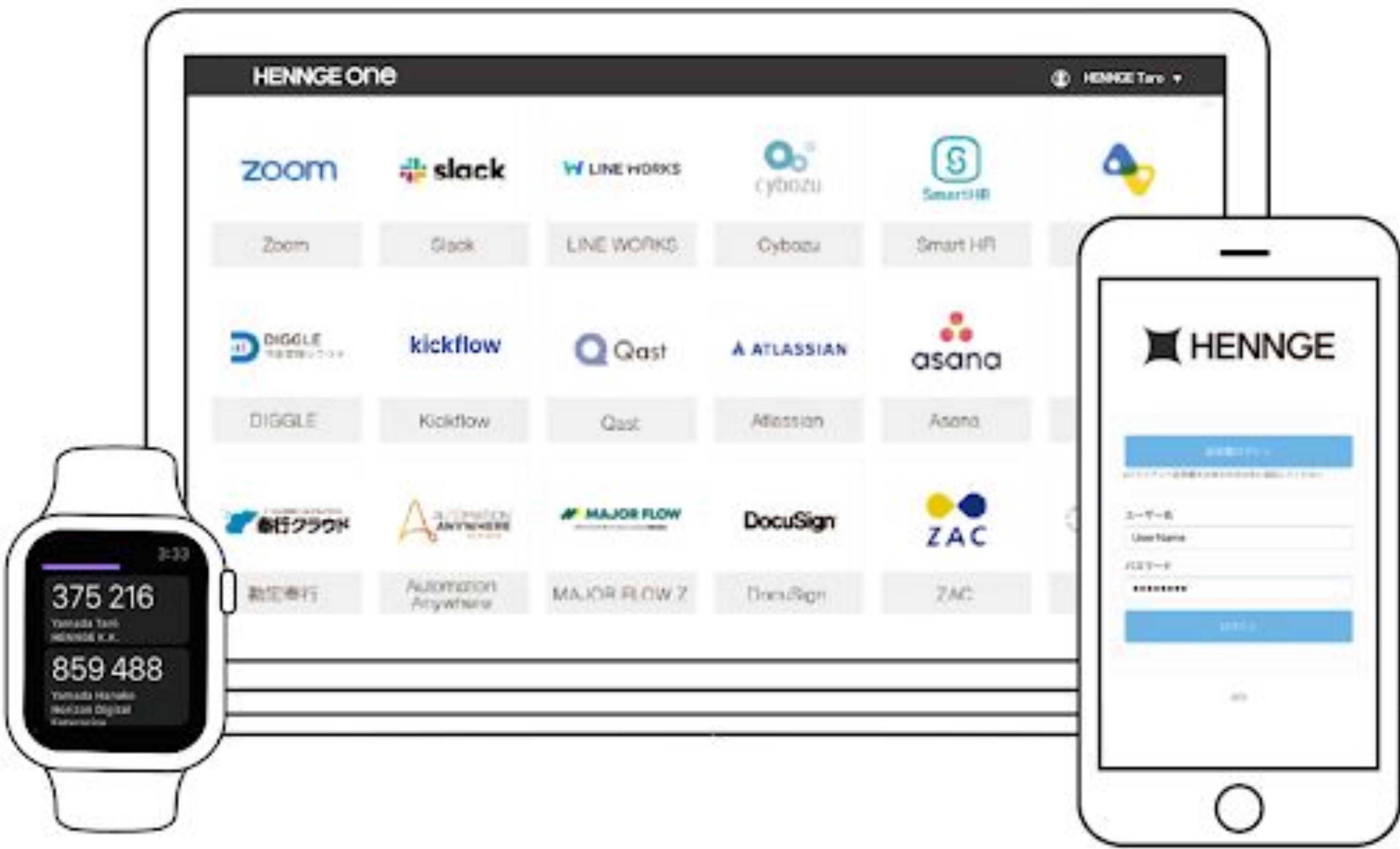
# HENNGE One - Identity

Provide cross-sectional secure access and SSO for various cloud services used by companies.

## Access Control



## ID Federation

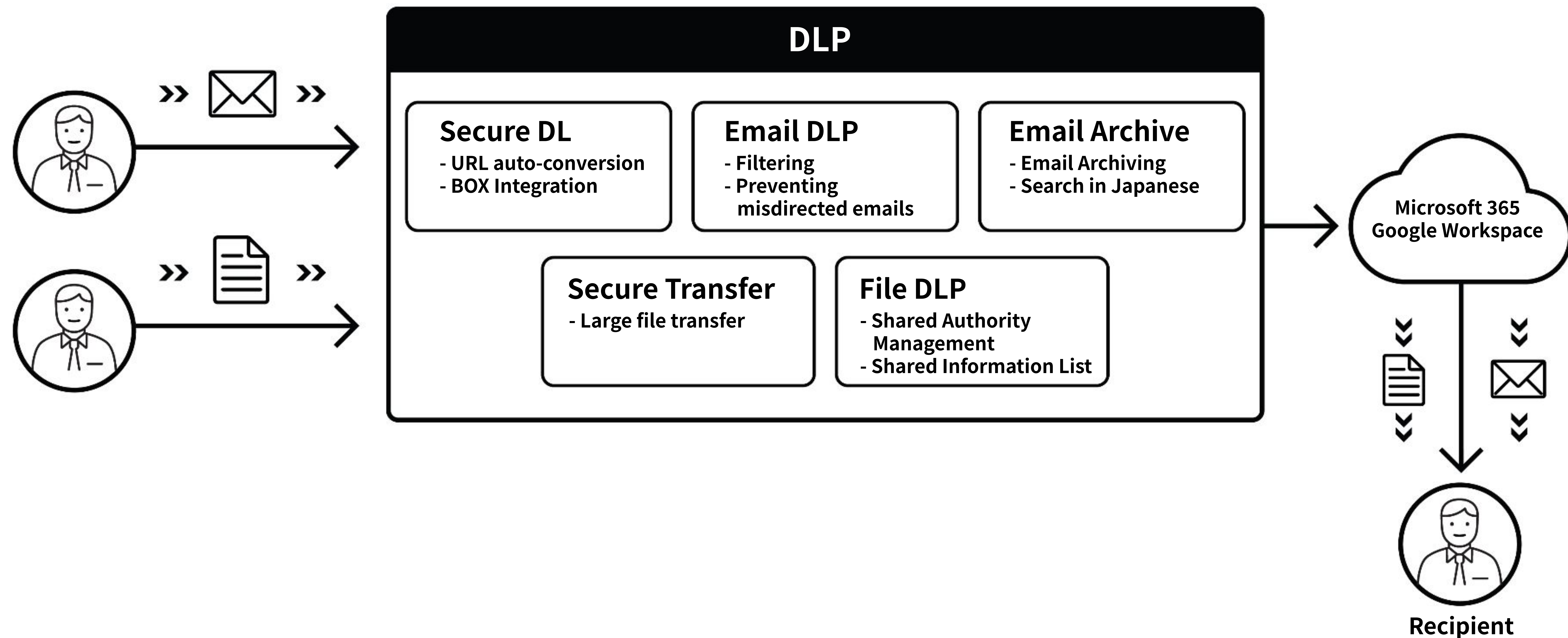


SSO Integration: Currently integrates with **429** cloud services



# HENNGE One - DLP

Prevent leaks of important data, such as confidential corporate information, from misdirected email and wrong file sharing misconfiguration.

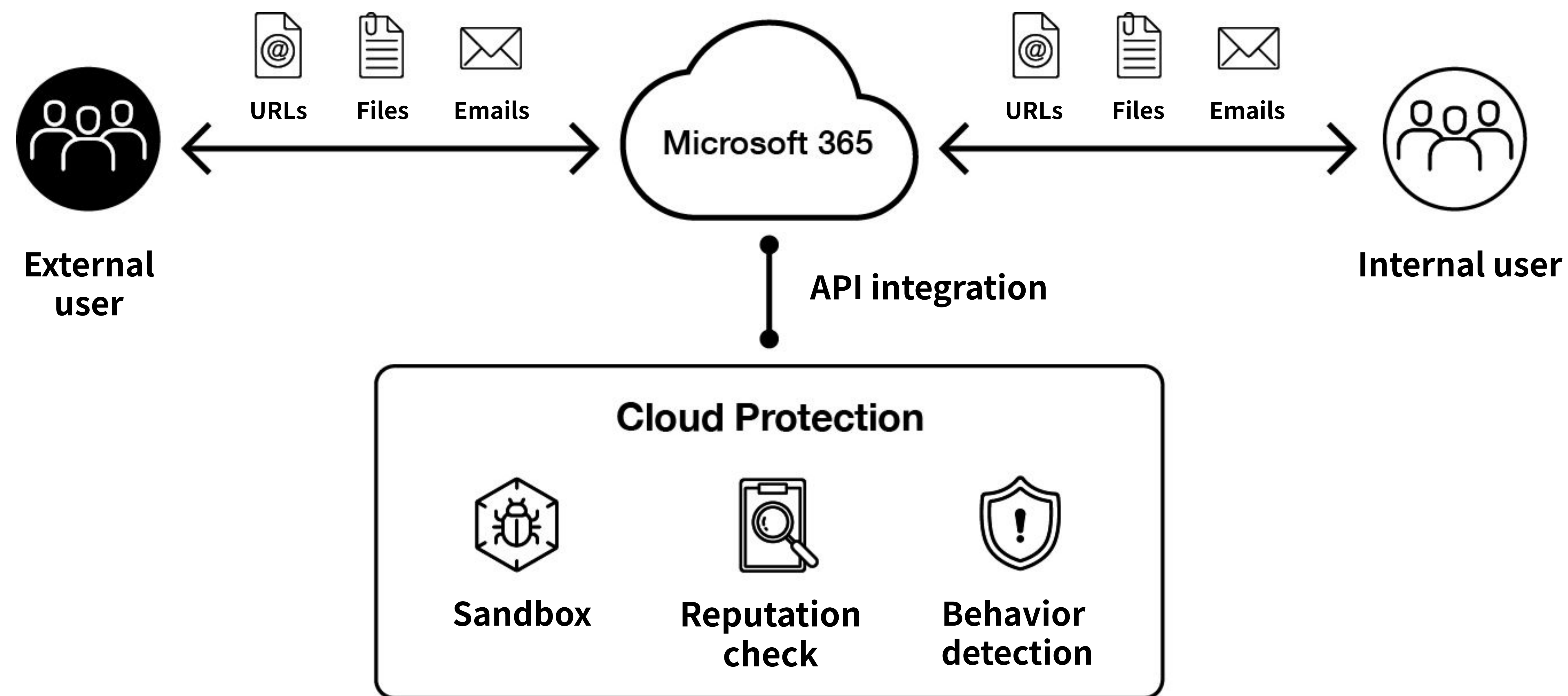




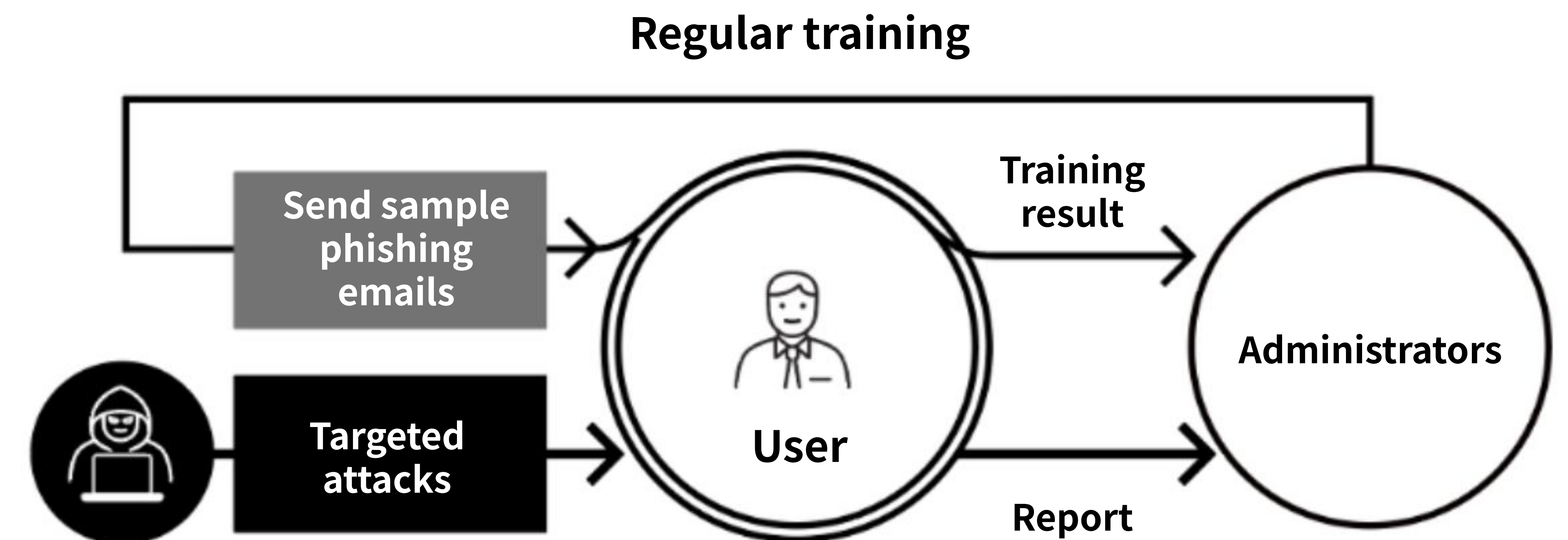
# HENNGE One - Cybersecurity

Improve the level of security from technology, people, and processes, by addressing measures such as for ransomware and targeted email attacks.

## HENNGE Cloud Protection



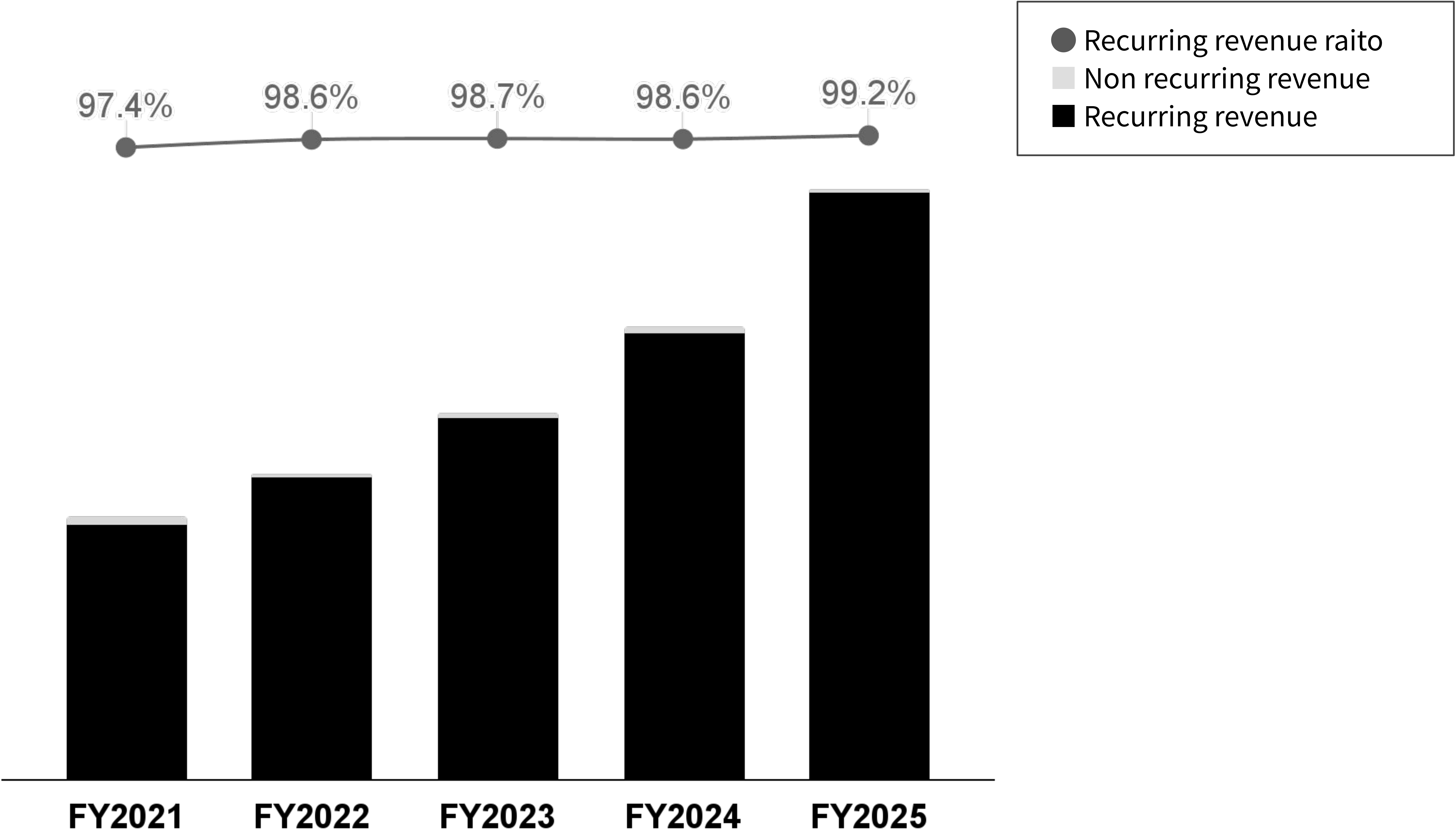
## HENNGE Tadrill





# Recurring Revenue Ratio

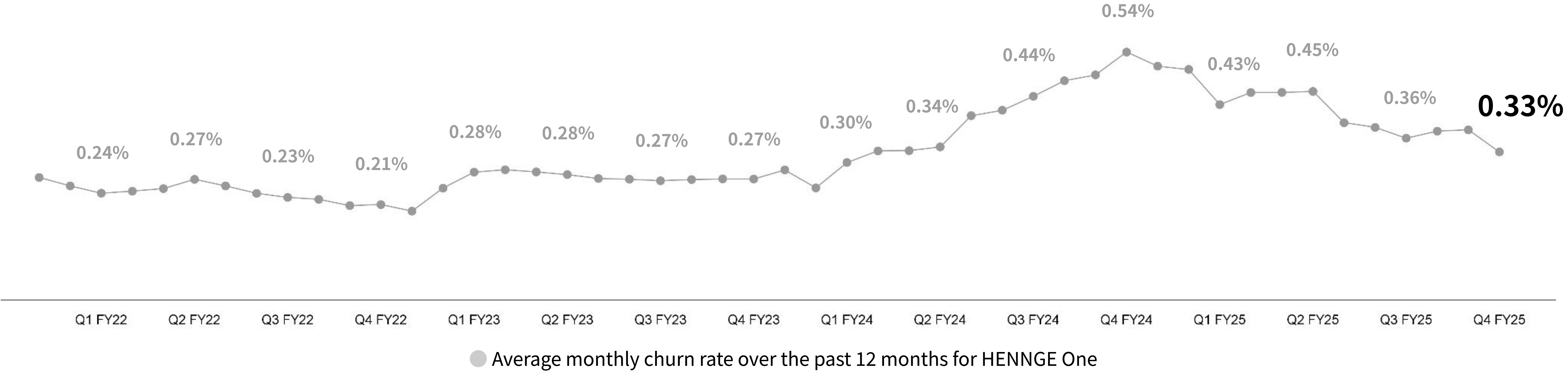
Including our main service HENNGE One, we mainly conduct a subscription model business.  
Barring any cancellations, the contracts secured this year become the foundational revenue from next year onwards.





# HENNGE One Gross Revenue Churn Rate

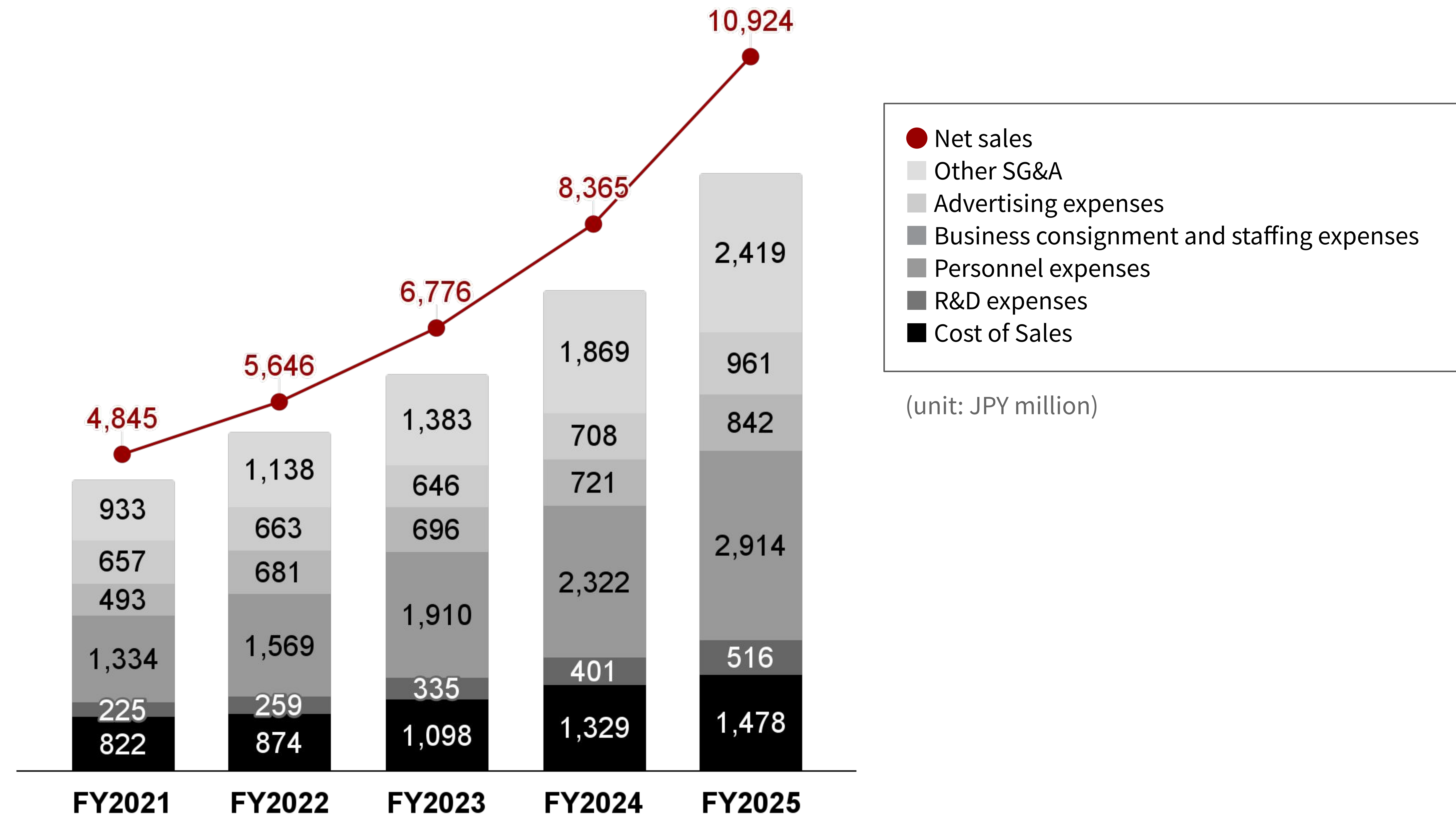
By maintaining a low churn rate, our business maintains a stable and sustainable growth.





# Net Sales and Operating Expenses

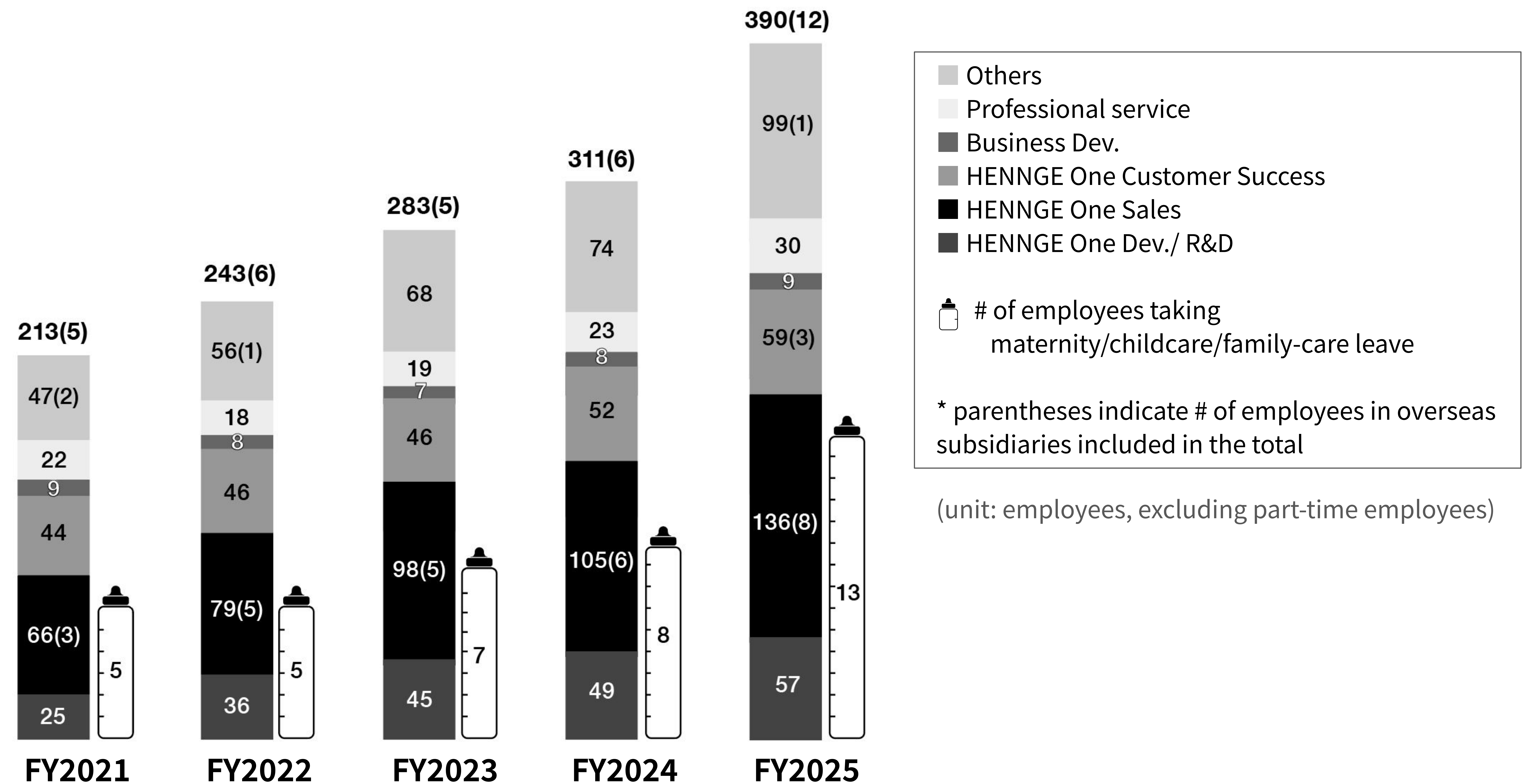
Our business model enables us to steadily increase profit even if investments for further business growth is increased.





# Number of Employees

In order to create further growth, we will build and strengthen an organization which can generate and provide higher value to the customer.





# 3. Competitive Advantages



# Competitive Advantages

**1 Diversity**

**2 Service Delivery That Meets the Customers' Demands**

**3 Solid Customer Base**

**4 Financial Soundness**



# Value

Continuously eat unripe fruits and remain as early adopters in order to make “liberation of technology” happen. Through a number of trial and error, we will identify new technology that is useful for our customers, and widely deliver the technology.

**Eat unripe fruits,  
and make mistakes early**



# Building Our Organization

To achieve sustainable business growth, we will foster a “culture of continuous challenge to change without fear of failure” through initiatives in four key areas.

## Company that continues to change

**Diversity × Share core values × Collaboration**

Ensuring diversity  
and inclusion

Collaboration that  
focuses on value  
and winning  
as "One HENNGE"

Recruitment without  
compromising on  
quality or quantity

Individual learning  
and growth  
as an organization

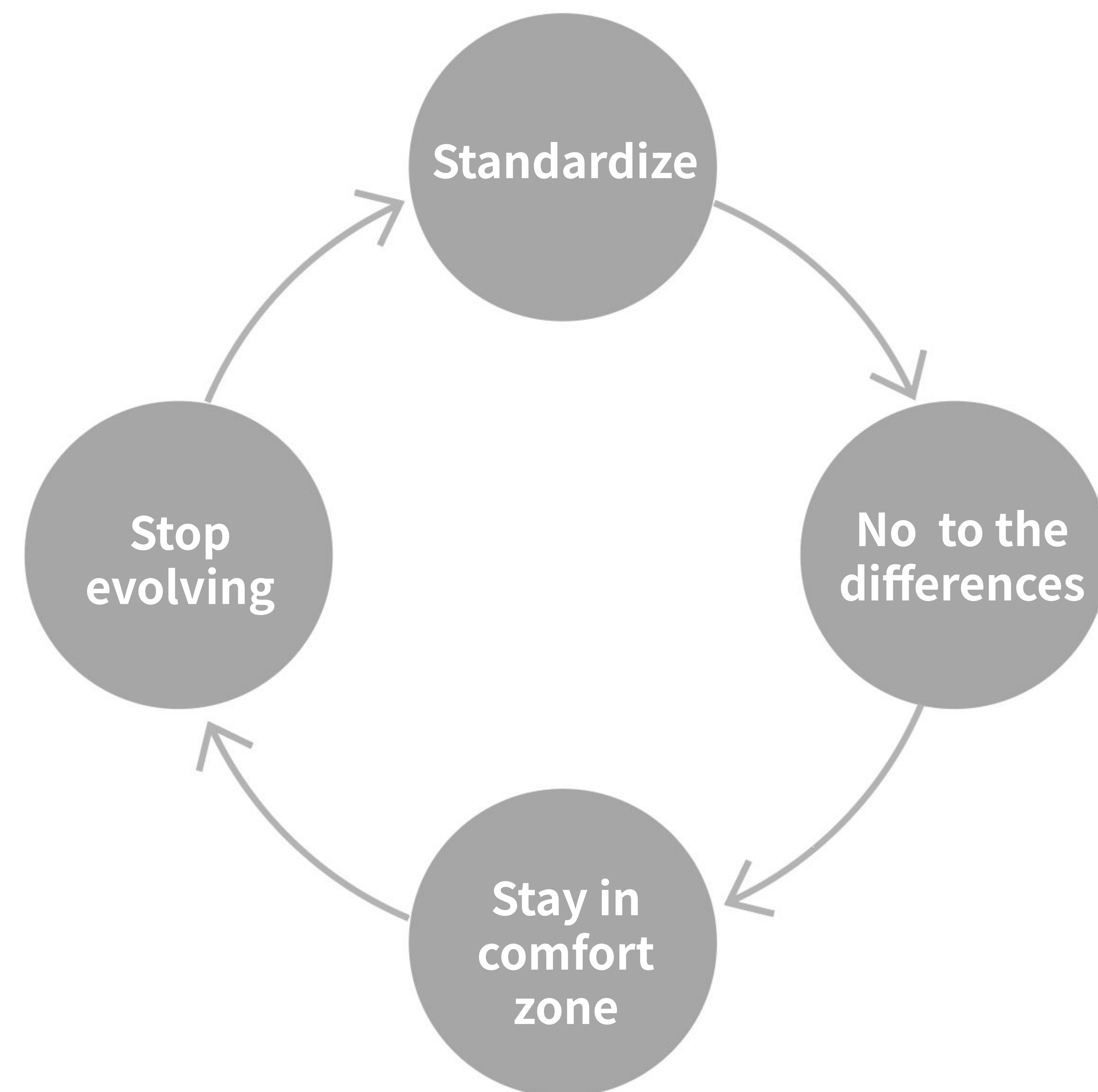


# Diversity in Organization

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.

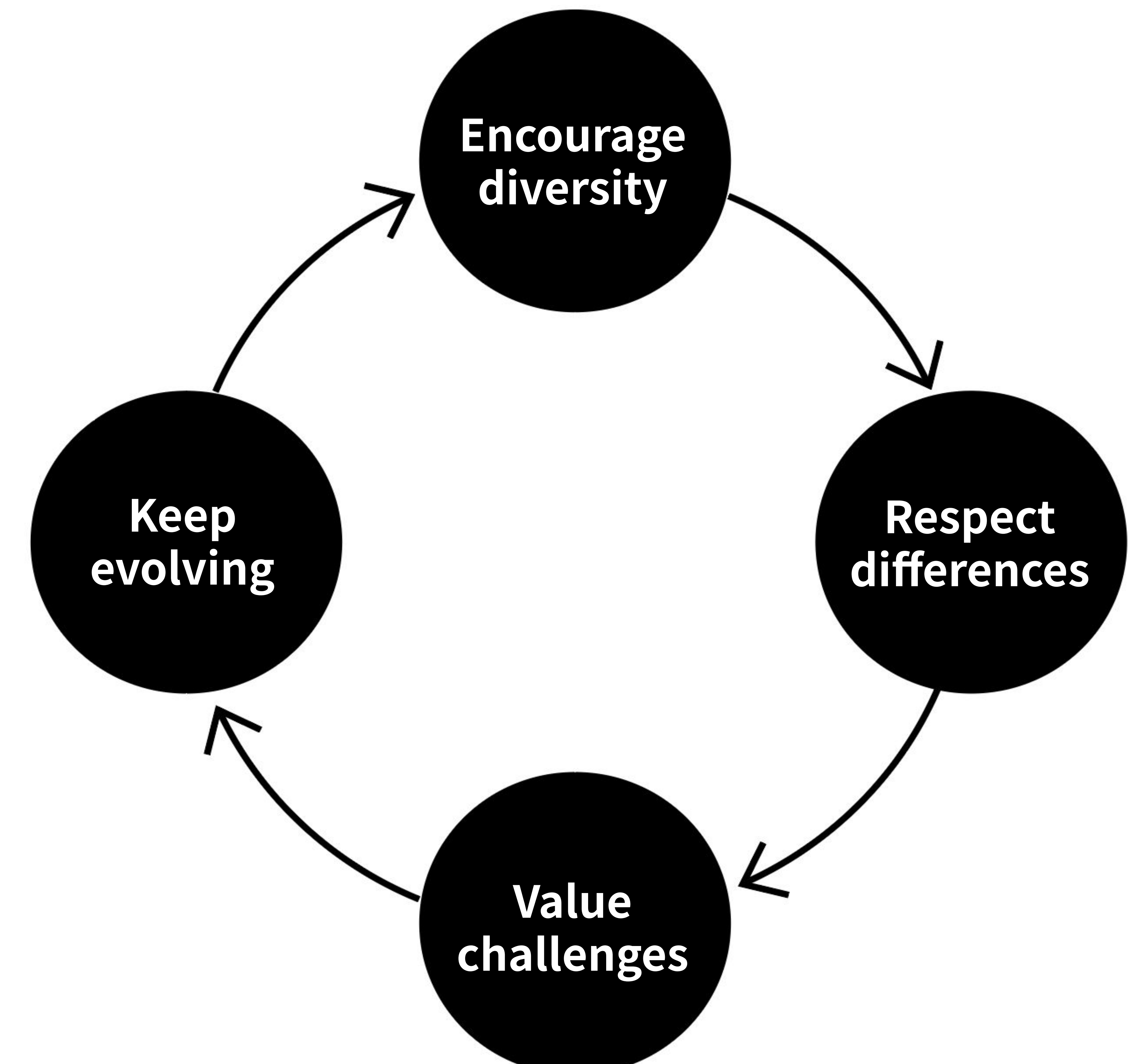
## Old HENNGE

Controlling organization that fears diversity



## HENNGE

Trustworthy organization that embraces diversity



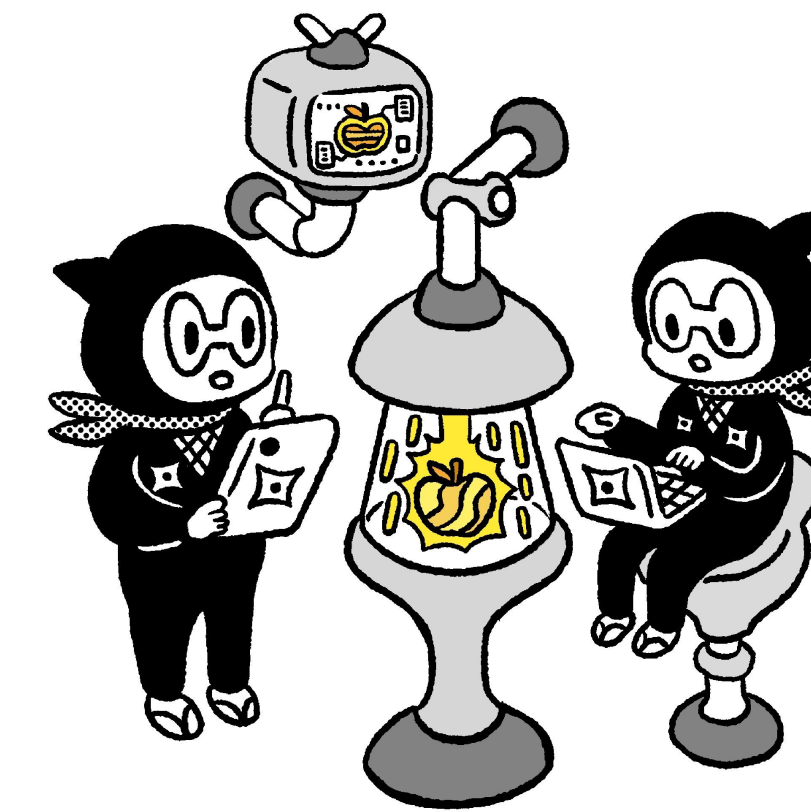


# HENNGE WAY

HENNGE WAY is our code of conduct in order to keep changing with challenges and failures.

## 01 Love technology

Love and use technology.



## 02 Eat unripe fruits

Take on challenges and learn from mistakes early.



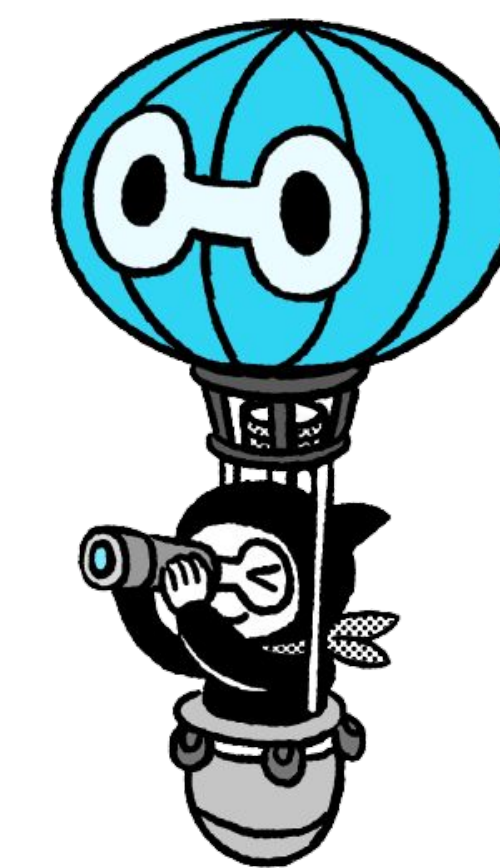
## 03 Be a learnaholic

Be endlessly curious.  
Get addicted to learning.



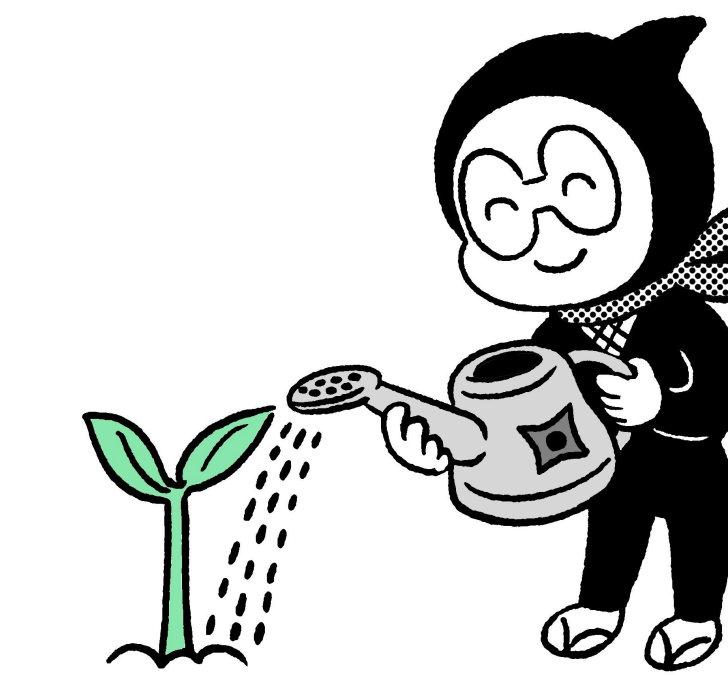
## 04 Lead yourself with passion

Take the initiative with passion.



## 05 Help passionate HENNGE people

Support people who are passionate about igniting changes.



## 06 Respect differences

Differences are natural.  
Stay diverse.



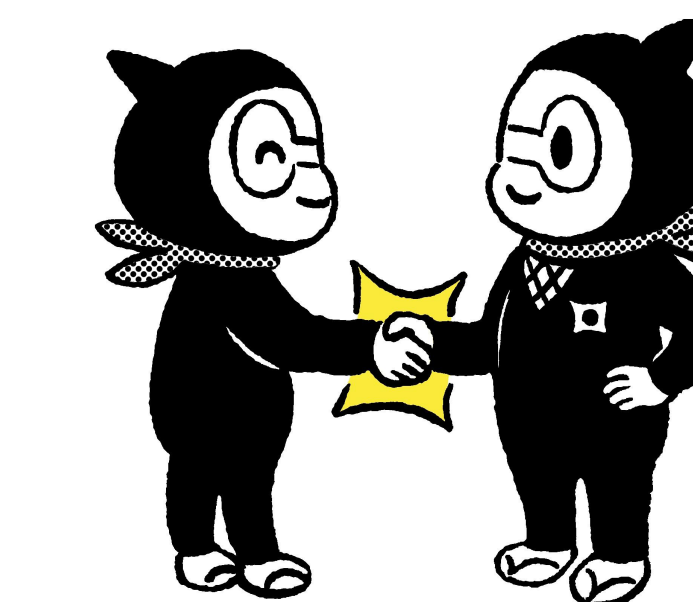
## 07 Keep it open

Share information and opinions openly.



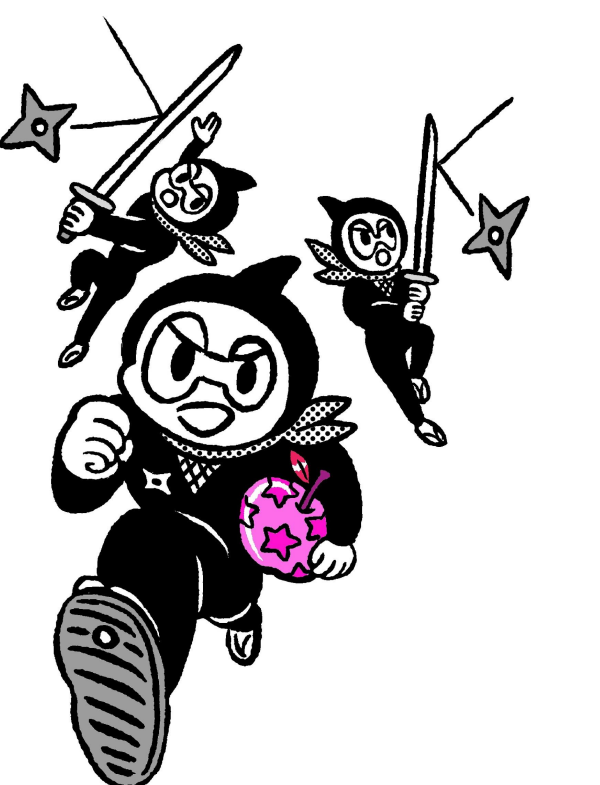
## 08 Track and trust

Act with speed, wisely taking acceptable risks.



## 09 Win together

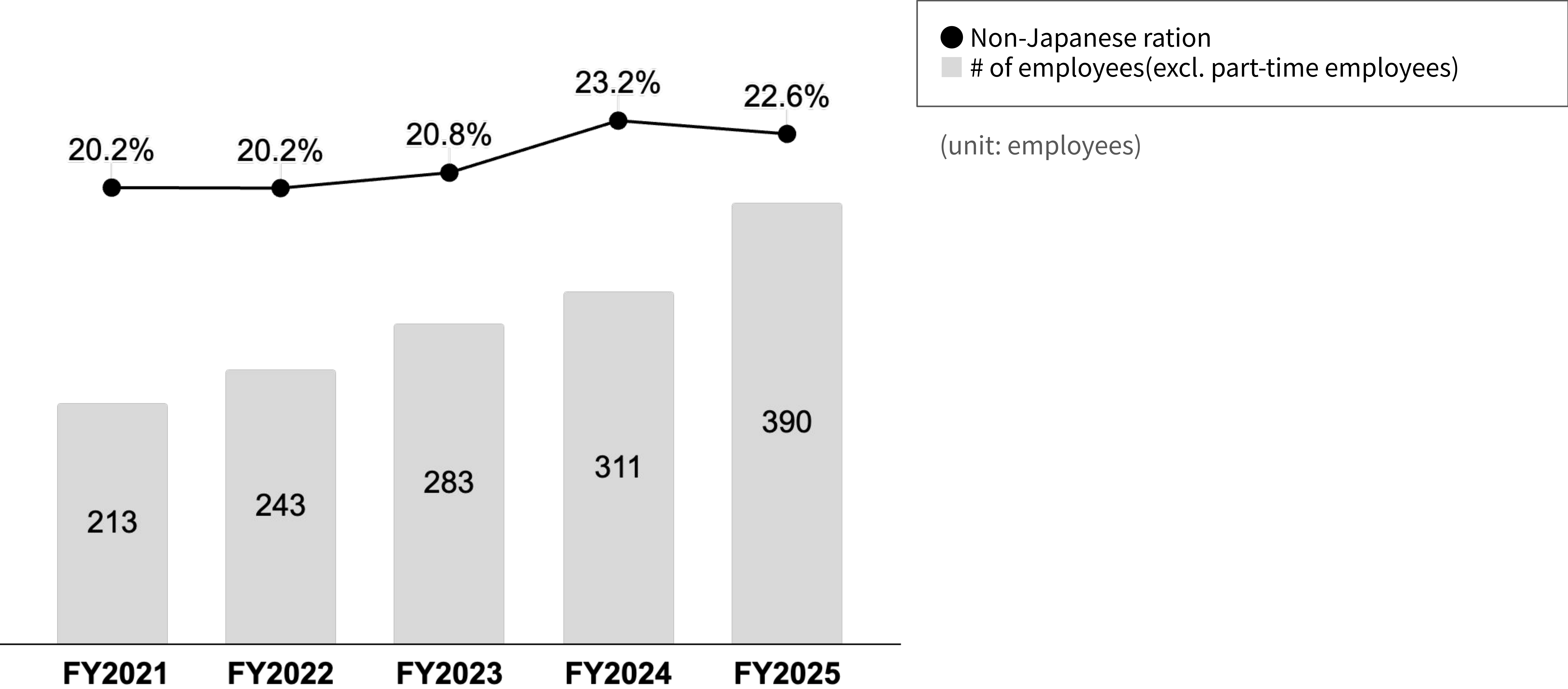
You can't win alone.  
The mountains is high.  
So, what do we do?





# Diversity and Inclusion

We have talented employees from approx. 30 countries and regions, driving the sustainable growth of the company. We are putting our efforts in the Global Internship Program (GIP) to provide career development opportunities for the most talented candidates from all over the world as well as to be the precedent organization of diversity and inclusion that utilize the power of digital transformation to overcome social issues.





# Competitive Advantages

**1** Diversity

**2** Service Delivery That Meets the Customers' Demands

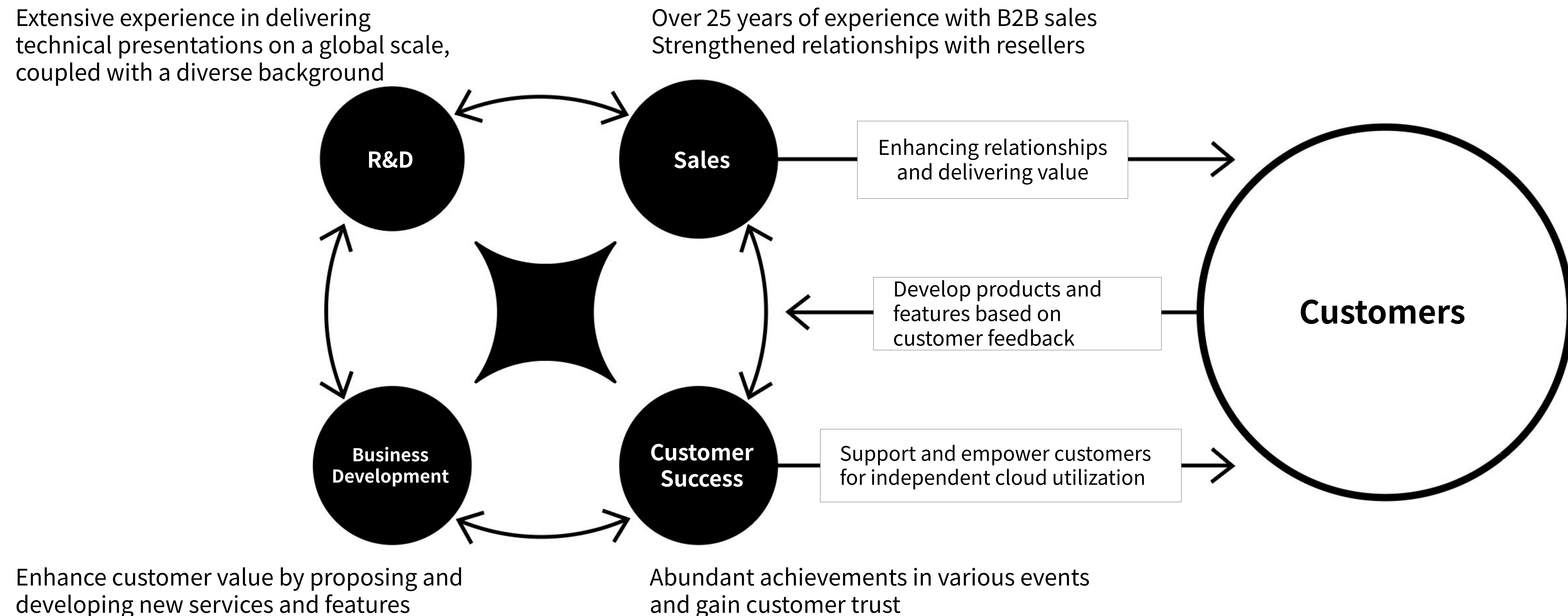
**3** Solid Customer Base

**4** Financial Soundness



# Structure to Deliver Best Customer Experience

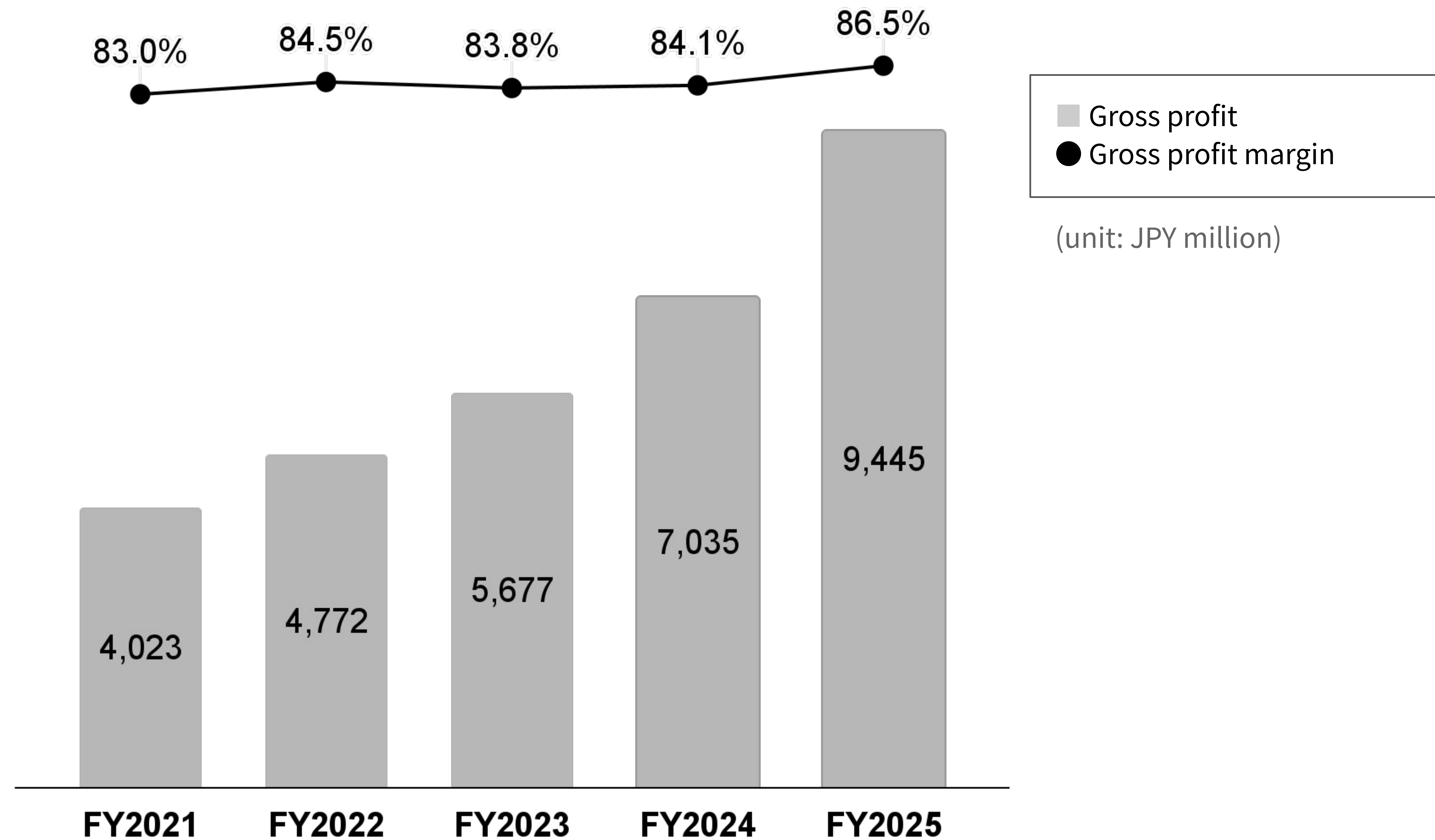
We will capture the customers' needs and find the latest seeds for technology to deliver the best customer experience. To make this happen, our various departments collaborate to provide services that stay close to our customers.





# Excellent R&D Structure

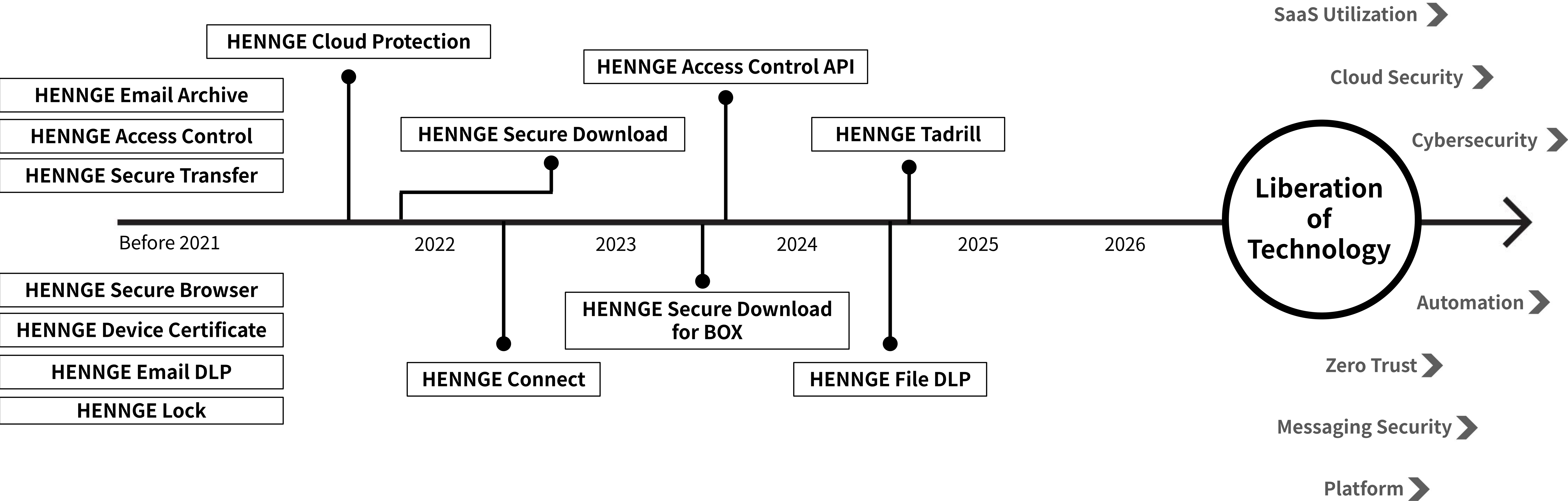
With engineers from diverse backgrounds, we maintain the gross profit margin at a high level by continuously providing new features and improving the efficiency with stable operation of the infrastructure system.





# HENNGE One, Supporting Customers' Change

Search for the market demands and accelerate the release of new features and services that meet the demands. Continue to support our customers in utilizing SaaS and keep continuing the “liberation of technology”.





# HENNGE One - Service Overview

Service	Overview
HENNGE Access Control	Access control/SSO, etc.
HENNGE Device Certificate	Device certificate
HENNGE Secure Browser	Secure browser
HENNGE Lock	App for one-time password
HENNGE Connect	Secure gate to On-Premise system
HENNGE Access Control API	API for ID management

Service	Overview
HENNGE Email Archive	Email audit/Archive
HENNGE Secure Transfer	Large file transmission and reception
HENNGE Email DLP	Countermeasures against misdirected emails (filter, select sending method)
HENNGE Secure Download	Uploading email attachments to cloud storage with auto URL notification
HENNGE Secure Download for Box	Uploading email attachments to Box with auto URL notification
HENNGE File DLP	Countermeasure against information leakage from file sharing
HENNGE Cloud Protection	Countermeasure against targeted attacks (protection for email and data)
HENNGE Tadrill	Targeted attack email training, establishing a reporting workflow



# Competitive Advantages

**1**

**Diversity**

**2**

**Service Delivery That Meets the Customers' Demands**

**3**

**Solid Customer Base**

**4**

**Financial Soundness**



# HENNGE One - Solid Customer Base

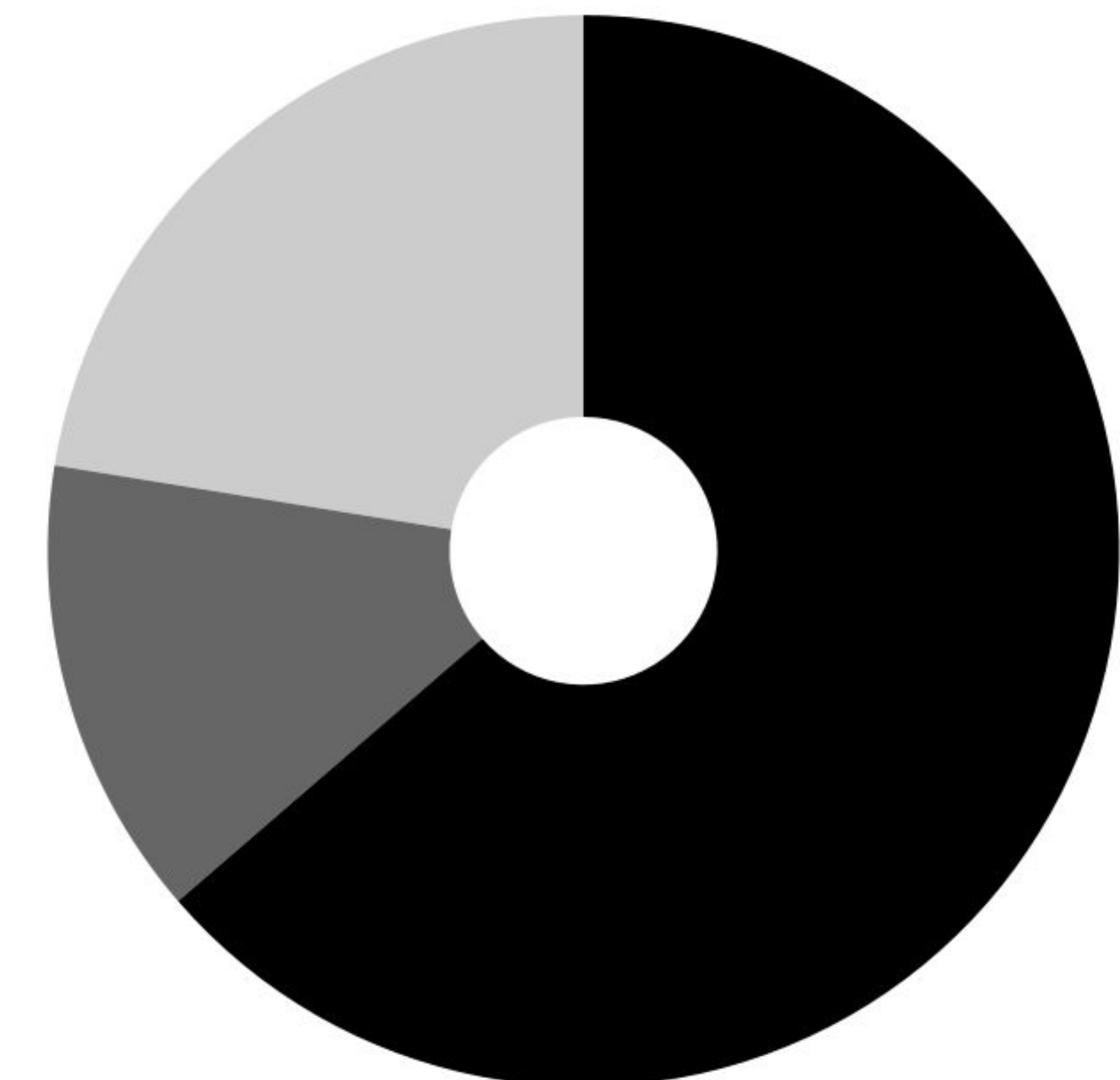
HENNGE One is used by 3,427 companies in various industries, and has approximately 2.80 million users.  
Average number of contracted users per contracted company is approximately 817. (as of 2025-09-30)



and more

Approx. **19.5%** of listed companies on TSE are using HENNGE One.

## Breakdown by Contracted Users Size (ARR Base, FY2025)



● 300 - 5,000 users ● Less than 300 users ● Over 5,000 users



# Competitive Advantages

**1**

**Diversity**

**2**

**Service Delivery That Meets the Customers' Demands**

**3**

**Solid Customer Base**

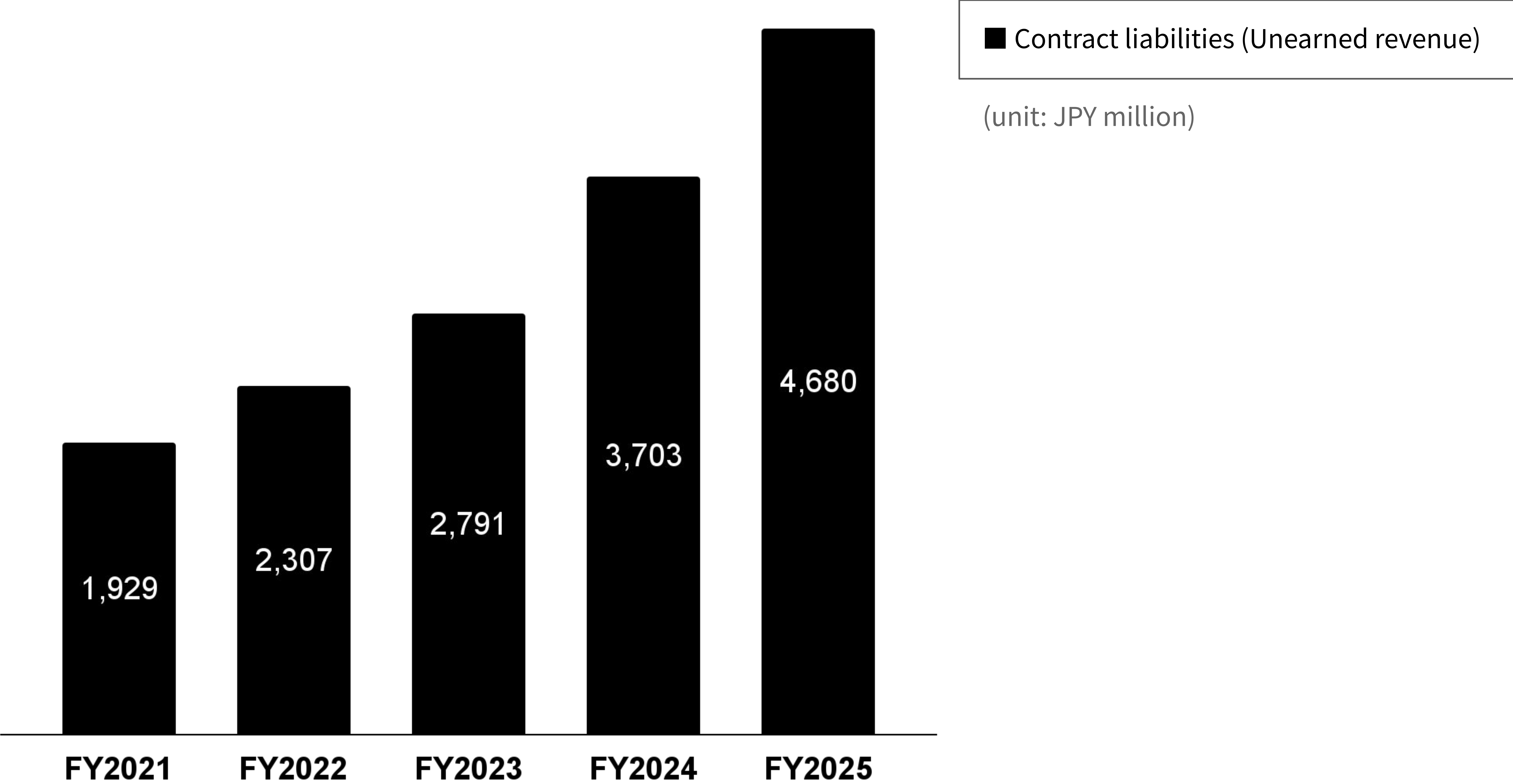
**4**

**Financial Soundness**



# Financial Soundness

As HENNGE One basically have an annual contract with upfront payments model which cash-in-flow precedes cash-out-flow, we can actively invest for future growth.



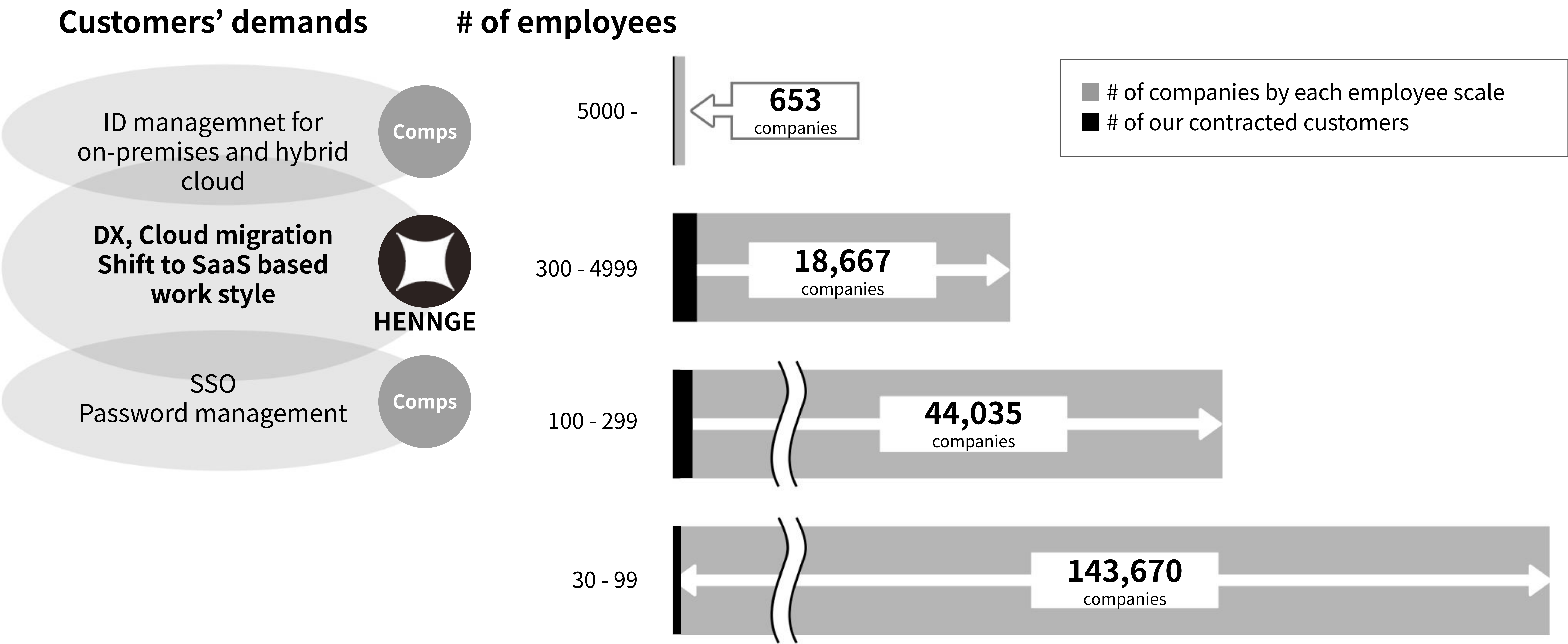


# 4. Market Environment



# Domestic Market with Significant Growth Potential

Enormous potential within the market exists as cloud adoption will accelerate going forward.



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 2021)



# Total Addressable Market

By having expansion in the cloud market and strengthening our sales power, we believe that the number of customers whom we can approach will increase going forward.

Since the expansion of the market will lead to the diversification of customer demands, we will increase the value provided to customers by enhancing services.

## Expansion of market

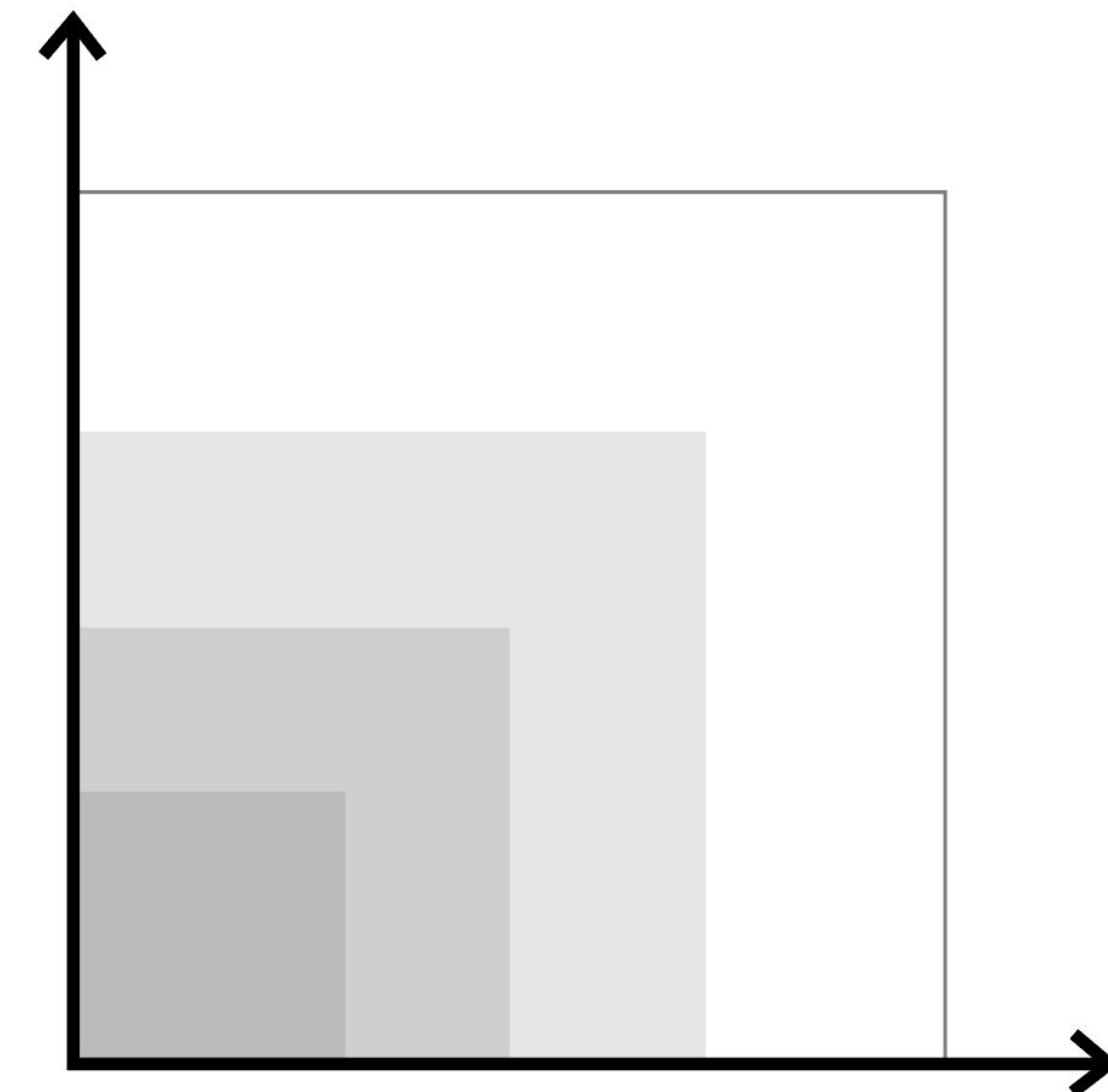
- Increase in # of companies shifting to cloud-based working style
- Increased corporate security awareness

## Expansion of our market

- Enhance the sales power
- Effective sales promotion by strengthening cooperation with resellers
- Expansion of sales region(including overseas)

## Expansion of our services

- Enhance the new license lineup and the new services(including M&A, etc.)
- Enhance the customer success activities





# 5. Business Plan



# Maximize LTV

Our growth strategy is to maximize LTV.

Currently, “Y” and “r” are already in high numbers, therefore our focus is to maximize ARR.

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

Y = [Average contract duration in years]

r = [Gross profit rate]

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

N = [# of contracted companies]

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

ARPU = [Average Revenue Per User]

# HENNGE One - Progress of our ARR

In the recent years, number of small to mid sized contracts were acquired by strengthening relationships with resellers. As a result of providing demanded new services and features, ARPU has improved and led to a notable ARR growth.

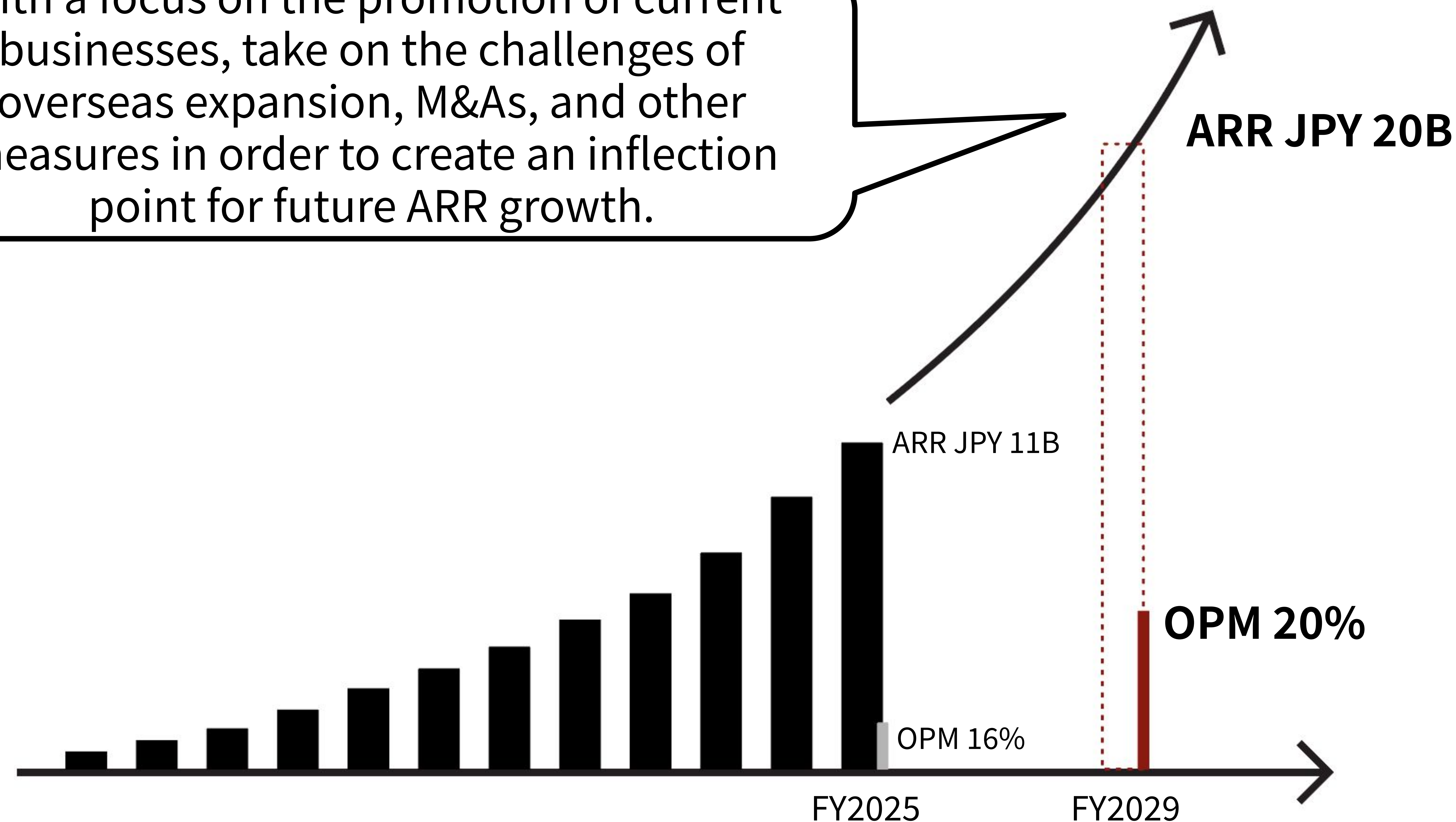
	ARR			N			n			ARPU		
	ARR	YoY (%)	YoY	# of contracted companies	YoY (%)	YoY	Average # of contracted users per contracted companies	YoY (%)	YoY	Average Revenue Per User	YoY (%)	YoY
	(JPY million)			(companies)			(users)			(JPY)		
FY2017	1,898		=	928		×	1,107		×	1,848		
		+47.4%	+611		+44.5%	+286		+8.7%	+89		-6.2%	-122
FY2018	2,552		=	1,176		×	1,166		×	1,861		+13
		+34.4%	+653		+26.7%	+248		+5.3%	+59		+0.7%	
FY2019	3,240		=	1,428		×	1,171		×	1,938		+77
		+27.0%	+688		+21.4%	+252		+0.4%	+5		+4.2%	
FY2020	3,909		=	1,667		×	1,169		×	2,007		+68
		+20.7%	+670		+16.7%	+239		-0.2%	-2		+3.5%	
FY2021	4,740		=	1,952		×	1,095		×	2,217		+210
		+21.2%	+830		+17.1%	+285		-6.3%	-73		+10.5%	
FY2022	5,602		=	2,213		×	1,050		×	2,410		+193
		+18.2%	+862		+13.4%	+261		-4.1%	-45		+8.7%	
FY2023	6,929		=	2,610		×	912		×	2,910		+501
		+23.7%	+1,328		+17.9%	+397		-13.2%	-138		+20.8%	
FY2024	8,753		=	2,951		×	845		×	3,508		+598
		+26.3%	+1,824		+13.1%	+341		-7.3%	-67		+20.5%	
FY2025	11,135		=	3,427		×	817		×	3,977		+468
		+27.2%	+2,382		+16.1%	+476		-3.4%	-28		+13.4%	



# Mid-term Target

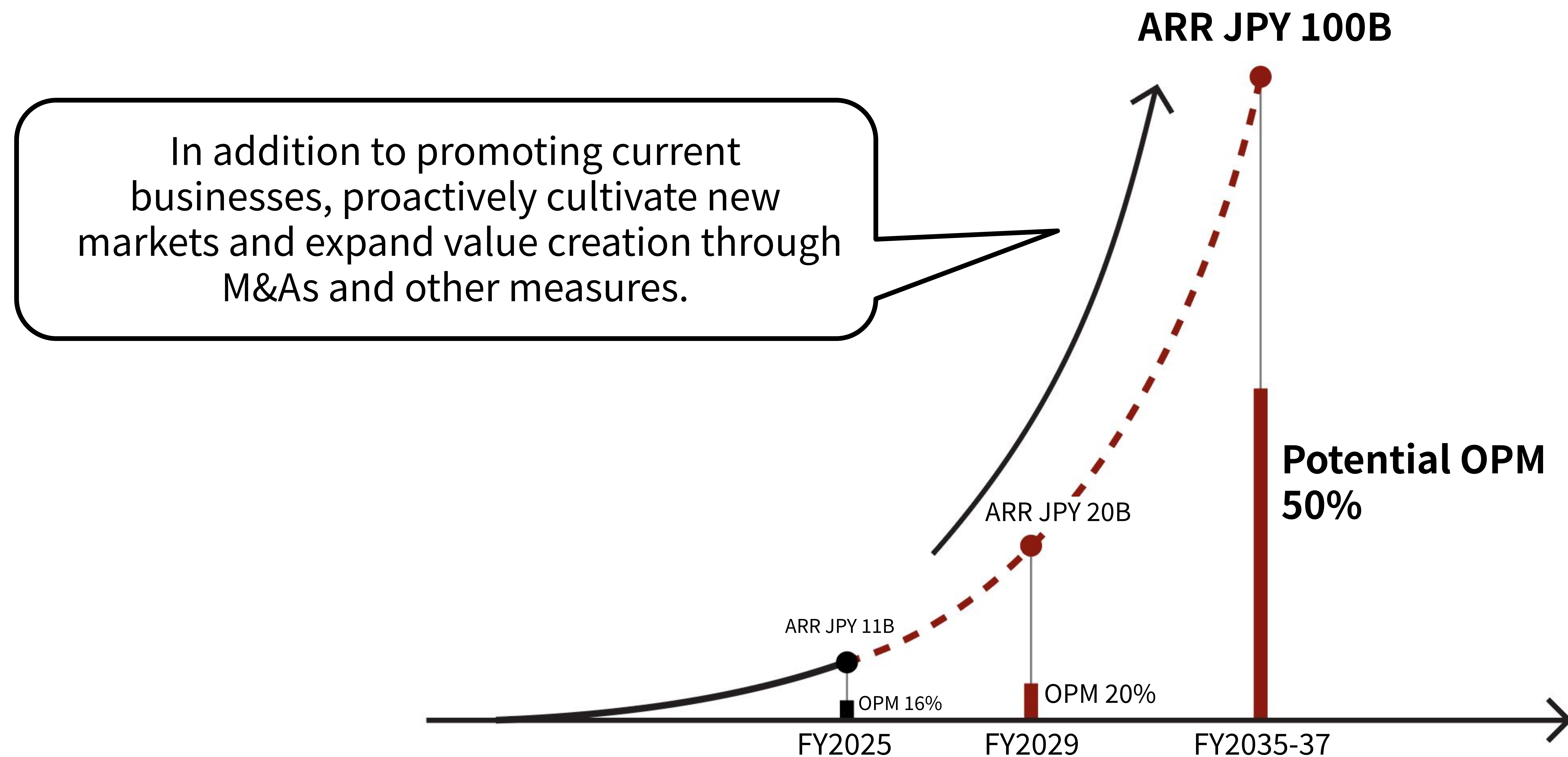
Aim to achieve above 20% in CAGR for ARR growth from FY2025 to FY2029, resulting in JPY 20B as a group's ARR. To build a solid foundation for growth beyond JPY 20B, we set our target operating profit margin at 20%. Please refer to P.16 of this material for the progress of the number of employees.

With a focus on the promotion of current businesses, take on the challenges of overseas expansion, M&As, and other measures in order to create an inflection point for future ARR growth.



# Our Long-term Ambition

Aim to establish a business model which enables us to exceed JPY 100B for ARR and a potential operating profit margin (Potential OPM) of 50% within FY2035 to FY2037.





# Path to Becoming World Class IT Company

We will aggressively focus on promoting the existing business, cultivating new markets, and expanding our value through M&As and other measures. To accelerate these efforts, strengthening HENNGE brand is one of the key area.





# To Achieve Sustainable Growth

By maximizing LTV, that is the maximization of the total cumulative gross profit that can be earned over time, we will build a solid model that enables to stably increase profit even with larger investments for further business growth.

- **Gross Profit:**

We recognize that the current gross profit margin (86.5% as of 2025-09-30) is at a high level. There is still a room for further improvement, such as, through increasing the proportion of SaaS business among our net sales, and continued technical development efforts. Simultaneously, there is also potential for decrease resulting from the addition of new services and features, including M&A, which embraces a different business in nature. It also may be impacted from fluctuations in exchange rates.

While taking various factors into account, **as a whole, we aim to maintain a high level of gross profit margin.**

- **Operating Profit:**

To maximize LTV, we will actively invest in high-return initiatives including strengthening our brand and enhancing talent acquisition capabilities. **We will maintain our policy to continuously increase operating income, even with larger investments for future growth.**

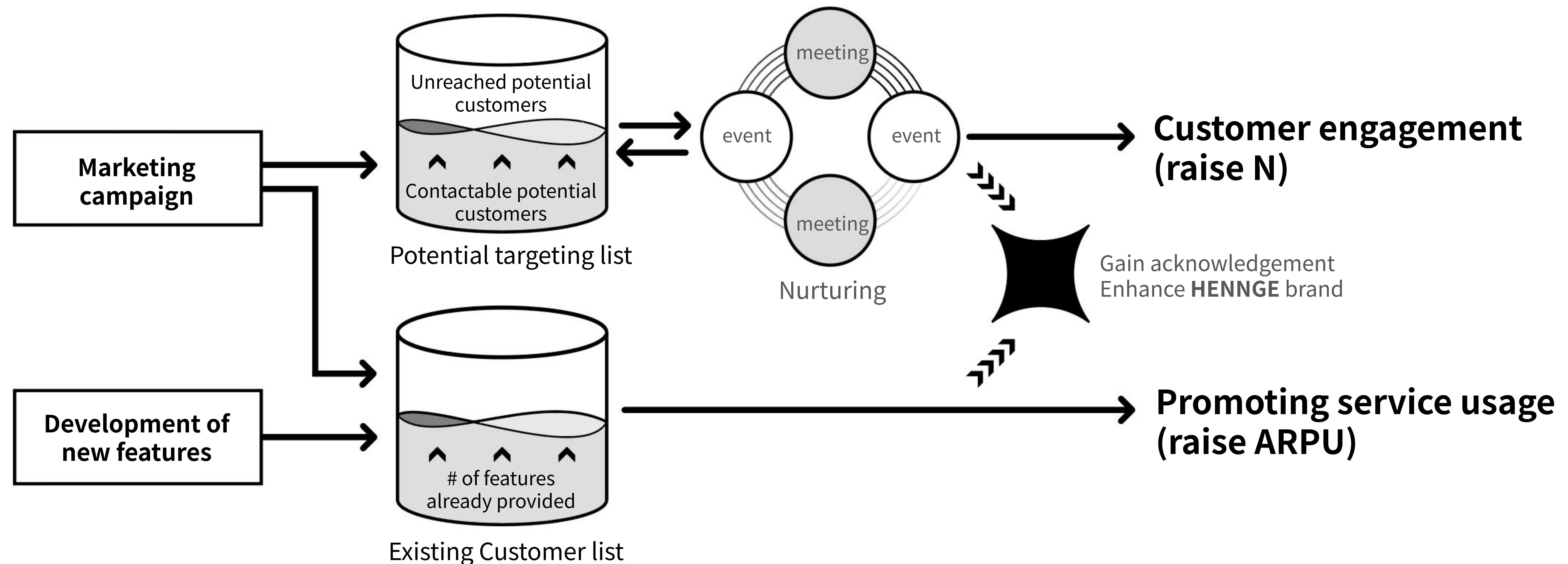
- **Return on Equity (ROE):**

We recognize that the current ROE (40.6% as of 2025-09-30) is at a high level. While continuously striving for sustainable profit growth, we will execute investments including M&A, with the aim of maximizing LTV. Although ROE may fluctuate temporarily due to such investments, **we aim to maximize our corporate value in the long term through generating returns that exceed our cost of capital and maintaining a balance between profit growth and capital efficiency.**



# Marketing Activities for HENNGE One

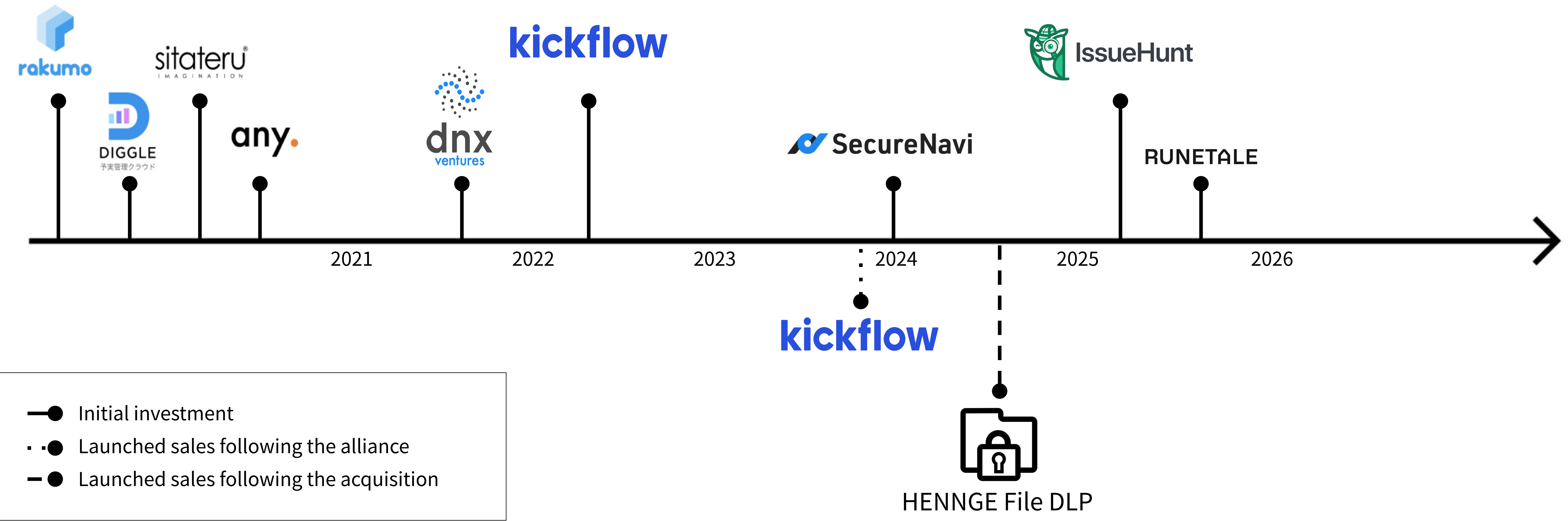
It requires some time from marketing campaigns to the contribution in expansion of ARR as HENNGE One's lead time is relatively long. Therefore, the outcome of the investment in advertising can be seen cumulatively in a long term.





# Business Investments

Mainly invested in B2B startups that own proprietary elements and technologies, which have synergy with our business. We will increase the value provided to our customers through business alliances, M&As, and other measures.





# 6. Business Risks



# Major Business Risks (Regarding Business Environment)

Following risks are major items that are recognized as items which may significantly impact realization of our growth or execution of business strategies, together with how we plan to address these risks, as of the filing date. Please refer to our annual securities report for other risks.

## **Changes in the Business Environment** (Possibility of occurrence: Middle, Degree of impact: Middle, Changes in significance of the risk from PY: No)

In the internet industry where HENNGE operates business, not only large enterprises but also small and medium enterprises are aggressively investing in IT for the purpose of BCP and improvement of competitiveness of the company by increasing efficiency. The cloud service market, on which we are focusing and comprising the majority of sales, is rapidly growing as a result of its characteristics, such as its convenience and low initial investment. As our growth requires the growth of the cloud service market itself, there might be a risk that may impact our business if we can not adapt to the changes of the business environment in the future or if the growth of the cloud service market would slow down due to the changes in economic situations and trends. Moreover, in the rapidly growing cloud services market, there might be a risk that may impact our business if competition heats up due to the entry of major domestic and foreign capitals and other competitors in the future.

HENNGE provides a one-stop service that eliminates various hurdles that arise when companies utilize cloud services to support their productivity improvements through cloud adoption. The service currently provides features including Single Sign On features, which enables secure login across various cloud services using a single ID and password along with multi-factor authentication, data leakage prevention features, which include file sharing management to prevent cloud email misdelivery, sending and receiving of large-volume files, and PPAP-free transition measures, and cybersecurity features. We will continue to develop and research new features to meet the changing demands of our customers and also further improve the quality of our customer success. In order to mitigate such a risk, we would like to boost the cloud service market and, at the same time, differentiate our services from competitors.

## **Addressing the Innovation** (Possibility of occurrence: Low, Degree of impact: High, Changes in significance of the risk from PY: No)

HENNGE operates businesses within the IT industry where innovation happens at a fast pace. In order to adapt to such environment, we have developed our R&D function to adopt latest technologies and develop existing and new business continuously. However, in case there is an innovation which no one has anticipated, there is a risk that may impact our business. In addition, our main service, HENNGE One, is provided in conjunction with cloud-based groupware which our customers use. There is a risk that may impact our business if cloud-based groupware vendors change their policies to allow users to use only their original product similar to HENNGE One.

HENNGE is able to respond to market needs from a technology perspective by approaching the latest information about new technologies, accumulating know-how, or seeking business synergy with the approach, which is not only aggressive trial or adoption of new technologies by itself but also investment in or business partnership with other SaaS businesses, while our research and development division's commitment to the research and development of cutting-edge technologies.

In order to mitigate such a risk, we would like to create a competitive advantage by differentiating our services from entering competitors by continuously improving our current services and developing and providing new services.

## **Investment and M&A** (Possibility of occurrence: High, Degree of impact: Low, Changes in significance of the risk from PY: No)

The IT industry is not only experiencing rapid technological innovation, but also undergoing digital transformation (DX) in many companies. HENNGE recognizes that in order to continue expanding our business, it is crucial to appropriately incorporate various new technologies into our services and to timely and accurately capture market and user needs. Currently, to maintain technological capabilities that meet market needs, HENNGE is not only developing new businesses but also investing in companies that HENNGE believes have potential for business synergy. In addition, for future business expansion, HENNGE may carry out investments, including capital participation, establishment of subsidiaries, development of joint ventures, alliances, and M&A, both domestically and internationally. There is a possibility that our business and performance may be affected if the business of the investee company does not progress as planned, if HENNGE is unable to recover the investment amount, or if events occur that require impairment.

In making investment decisions, HENNGE strives to mitigate this risk by carefully examining the business details of the candidate company, confirming that business synergy with HENNGE can be obtained, considering the business plan of the candidate company, HENNGE's financial condition, the impact on the candidate company, and ensuring that the valuation of the candidate company is at an appropriate level.



# Supplementary Information: 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 Annual Growth Rate)**

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

**DLP (Data Loss Prevention / Data Leak Protection)**

prevents confidential information loss/data leakage when sending emails and sharing via cloud storage.

**Gross Revenue Churn Rate**

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

**LTV (Life Time Value)**

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

**SSO (Single Sign On)**

is a method that enables users to log into multiple systems with just one user authentication.



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