



# **Material for briefing the full-year financial results for FY 12/2021**

Core Concept Technologies Inc.  
Securities Code: 4371  
February 10, 2022

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# 1 Executive Summary

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## Topics **Listed on Mothers of TSE** on Sep. 22, 2021

### Results for FY 12/2021

**Both net sales and operating income reached the (upwardly revised) earnings forecast.**

Net sales: **7,801** million yen **+41.0** % year on year

Operating income: **546** million yen **+202.1** % year on year

Operating income margin: **7.0** % **+3.7** points year on year

### Earnings forecast for FY 12/2022

Net sales: **10,400** million yen **+33.3** % year on year

Operating income: **852** million yen **+56.1** % year on year

Operating income margin: **8.2** % **+1.2** points year on year

# 2 Business Description

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Corporate name **Core Concept Technologies Inc. (CCT)**

Business description **To support client companies in DX and staffing of IT personnel**

Location **11th floor of DaiyaGate Ikebukuro, 1-16-15 Minami-ikebukuro, Toshima-ku, Tokyo**

Representative **Takeshi Kaneko, Representative Director/President/CEO**

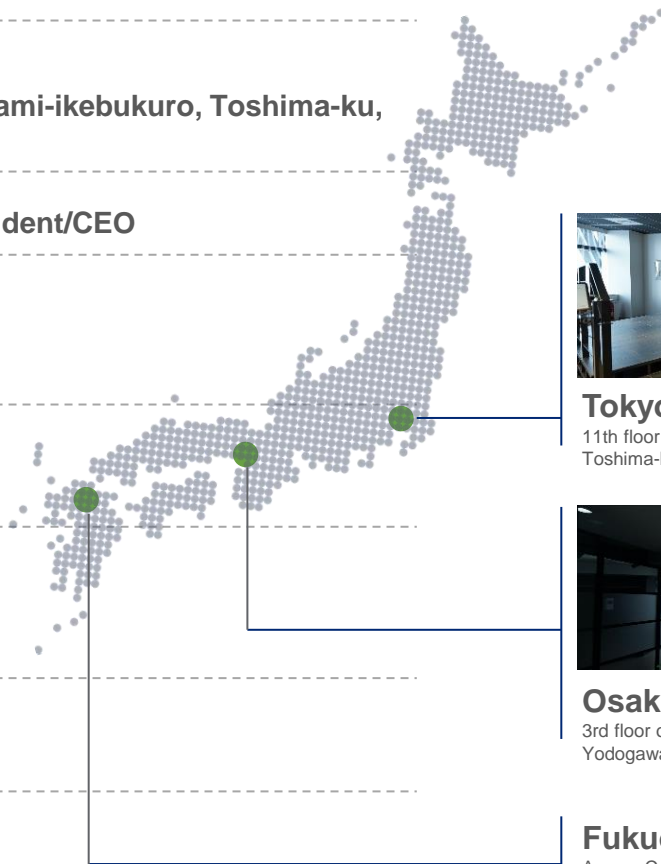
Date of establishment **September 17, 2009**

Capital stock **509,638,000 yen (as of December 31, 2021)**

Account closing month **December**

No. of employees **250 (as of December 31, 2021)**

Office locations **Tokyo (headquarters), Osaka, and Fukuoka**



**Tokyo Headquarters**  
11th floor of DaiyaGate Ikebukuro, 1-16-15 Minami-ikebukuro, Toshima-ku, Tokyo



**Osaka Office**  
3rd floor of Dai-san Nakajima Bldg., 5-11-10 Nishi-Nakajima, Yodogawa-ku, Osaka-shi, Osaka

**Fukuoka Office**  
Across Cube Hakataeki-mae, 3-4-25 Hakataeki-mae, Hakata-ku, Fukuoka-shi, Fukuoka

## Mission

# To create the next-generation IT industry

## Vision

# Right AI, Right DX.

In order to support and promote true digital transformation (DX) among clients and secure business competitiveness in the AI era to come, we will fulfill our valuable roles. (Right AI, Right DX.) Under this management vision, we are operating business with the aim of becoming an IT vendor for offering new values.

## Course of Action

# Think Big, Act Together.

Our course of action is composed of the following:

- (1) **Out-of-the-box, freewheeling thinking (Think Big), and**
- (2) **Cooperatively taking action while envisioning ideal business activities from the standpoint of customers (Act Together).**

## Our core business is to support DX and staff IT personnel.

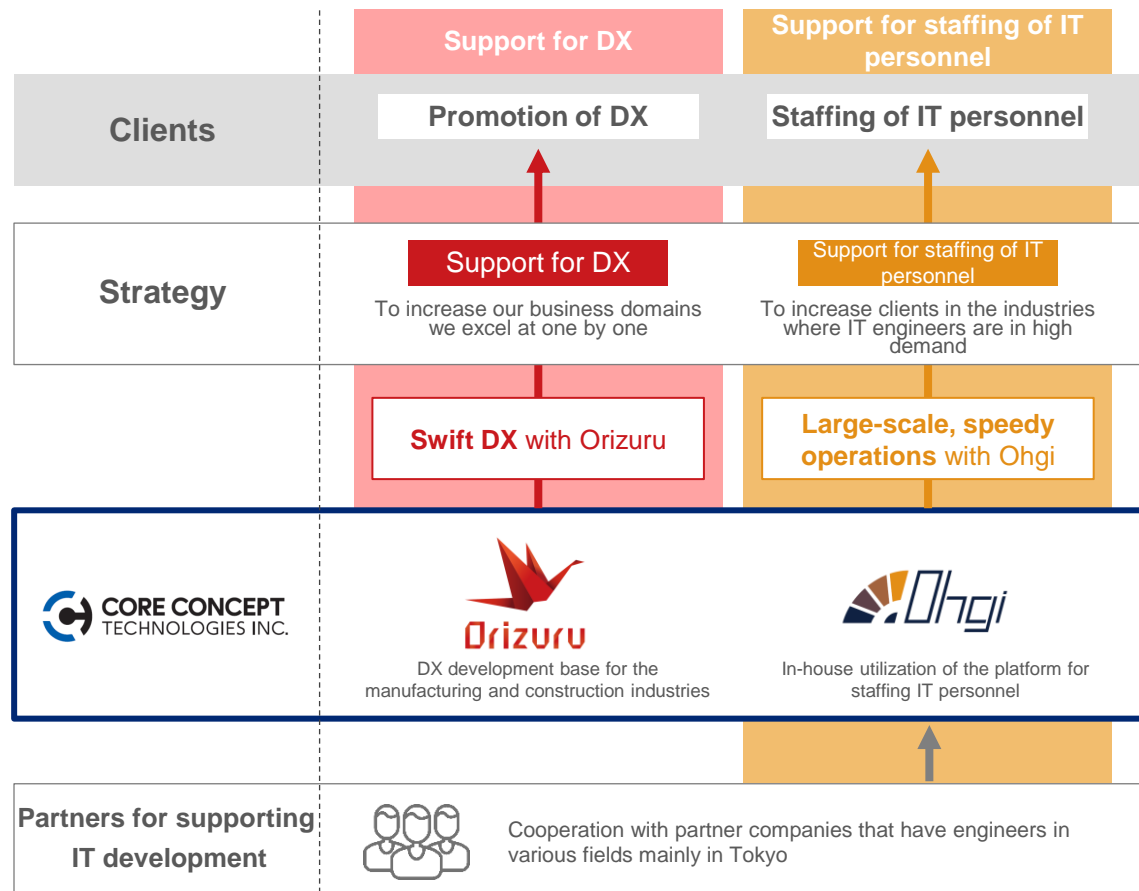
### Support for DX

We support client companies in DX, based on "CCT-DX Method," which is CCT's original method for supporting DX, and "Orizuru," a DX development base and an IoT/AI solution for streamlining the establishment and operation of systems.

We provide hands-on support for clients in all processes, including the envisioning of an ideal state after DX, the verification of technologies, the development, operation, and maintenance of systems, and in-house DX.

### Support for staffing of IT personnel

By utilizing the know-how for implementing projects and managing teams, broad partnership for supporting IT development, and the capability of staffing IT personnel with "Ohgi," which is a platform for staffing personnel, we support some functions of the HR sections, procurement sections, and project managers of various companies, leading system integrators, consulting firms, etc. on a one-stop basis.





We have supported clients in a broad range of fields, mainly the manufacturing and construction fields.

Support for DX



Support for staffing of IT personnel



\*Existing clients account for over 80% of sales. Repeat orders from existing clients shore up steady growth.

## Support for all processes of DX, including the envisioning of an ideal state, system development, and in-house DX

- Employees and corporate organizations that possess the skills to reform business operations (consultation) and advanced IT technologies (AI)  
(By improving the strengths of the members who founded our company through recruitment and training, we organized a team of engineers who are versed in on-site operations in the manufacturing and construction fields and possess consulting skills.)
- “CCT-DX Method,” a unique method for hands-on support for all processes of DX
- To customize and actualize DX swiftly at low cost based on “Orizuru,” which is equipped with standard functions

## Business base that facilitates stable, significant growth and financial resilience

- Stable orders from leading system integrators
- Business leverage utilizing the network of partners for supporting IT development and financial resilience based on control of outsourcing expenses when the business environment worsens
- Business operation in the DX market and the IT personnel market, which are expected to grow

# 3 Earnings Report

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✓ **Sales and profit grew considerably year on year  
(net sales: +41.0%; operating income: +202.1%)**

\*In 4Q, we posted a provision for year-end bonus (to be provided in March 2022) in SG&A.

Unit: million yen

	Full year for 2020	Full year for 2021	Change	% Change	Forecast (After revision on Mar. 12)	Progress rate
Net sales	5,534	7,801	+2,266	+41.0%	7,650	102.0%
Outsourcing expenses	3,068	4,561	+1,492	+48.6%	-	-
Personnel expenses	1,098	1,235	+136	+12.5%	-	-
Other costs	248	206	(41)	(16.7%)	-	-
Gross margin	1,119	1,797	+677	+60.6%	-	-
SG&A	938	1,250	+312	+33.3%	-	-
Operating income	180	546	+365	+202.1%	535	102.2%
Ordinary income	188	546	+357	+189.7%	535	102.2%
Net income	124	410	+285	+228.8%	368	111.5%
<b>Gross profit margin</b>	<b>20.2%</b>	<b>23.0%</b>	<b>+2.8P</b>	-	-	-
<b>Operating income margin</b>	<b>3.3%</b>	<b>7.0%</b>	<b>+3.7P</b>	-	<b>7.0%</b>	-
<b>Outsourcing expense rate</b>	<b>55.4%</b>	<b>58.5%</b>	<b>+3.0P</b>	-	-	-

✓ Both support for DX and support for staffing of IT personnel saw significant growth of sales and profit.

Unit: million yen

	Full year for 2020	Full year for 2021	Change	% Change
Net sales	5,534	7,801	+2,266	+41.0%
Support for DX	2,747	3,503	+755	+27.5%
Support for staffing of IT personnel	2,786	4,297	+1,510	+54.2%
Gross margin	1,119	1,797	+678	+60.6%
Support for DX	765	1,201	+436	+57.0%
Support for staffing of IT personnel	354	595	+241	+68.1%
Gross profit margin	20.2%	23.0%	+2.8P	-
Support for DX	27.8%	34.3%	+6.5P	-
Support for staffing of IT personnel	12.7%	13.9%	+1.1P	-

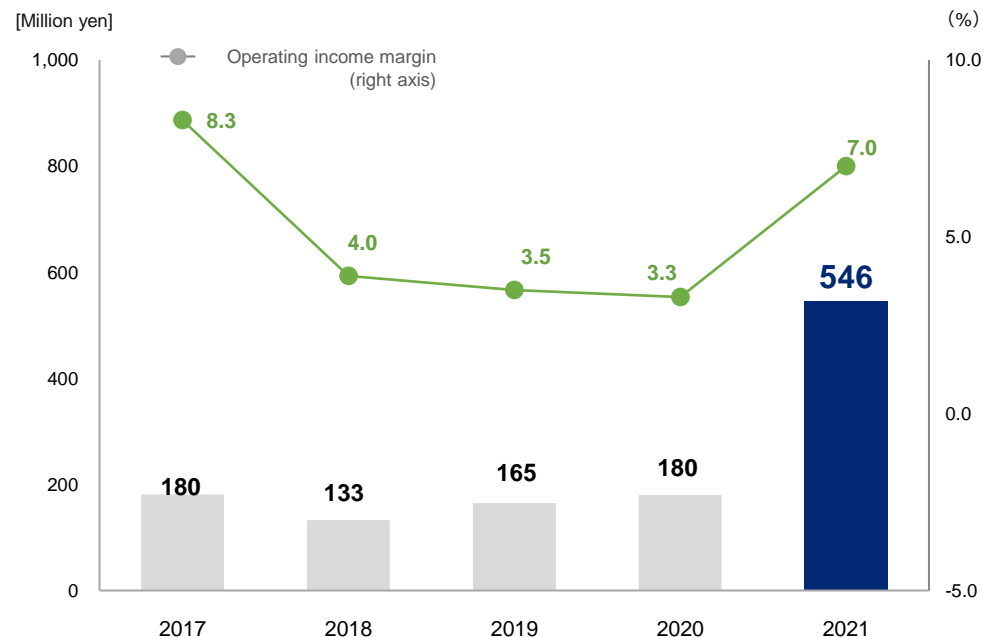
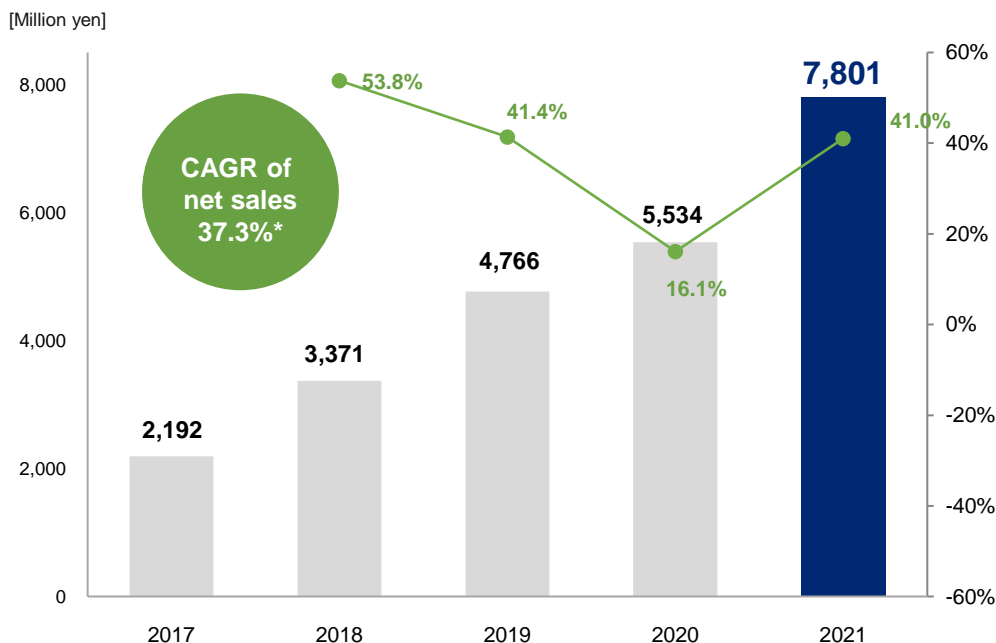
✓ The top line kept growing significantly, and we entered the profit growth stage in FY 12/2021.

**Variations in net sales and sales growth**

- In FY 12/2020, growth rate declined, due to the delay in order receipt and the postponement of project delivery due to the novel coronavirus pandemic.
- The impact of the novel coronavirus pandemic is lingering in FY 12/2021, but growth rate has recovered.

**Variations in operating income and its margin**

- We invested for growth from FY 12/2018 to FY 12/2020. We prioritized active recruitment and office relocation.
- Profit grew from FY 12/2021.

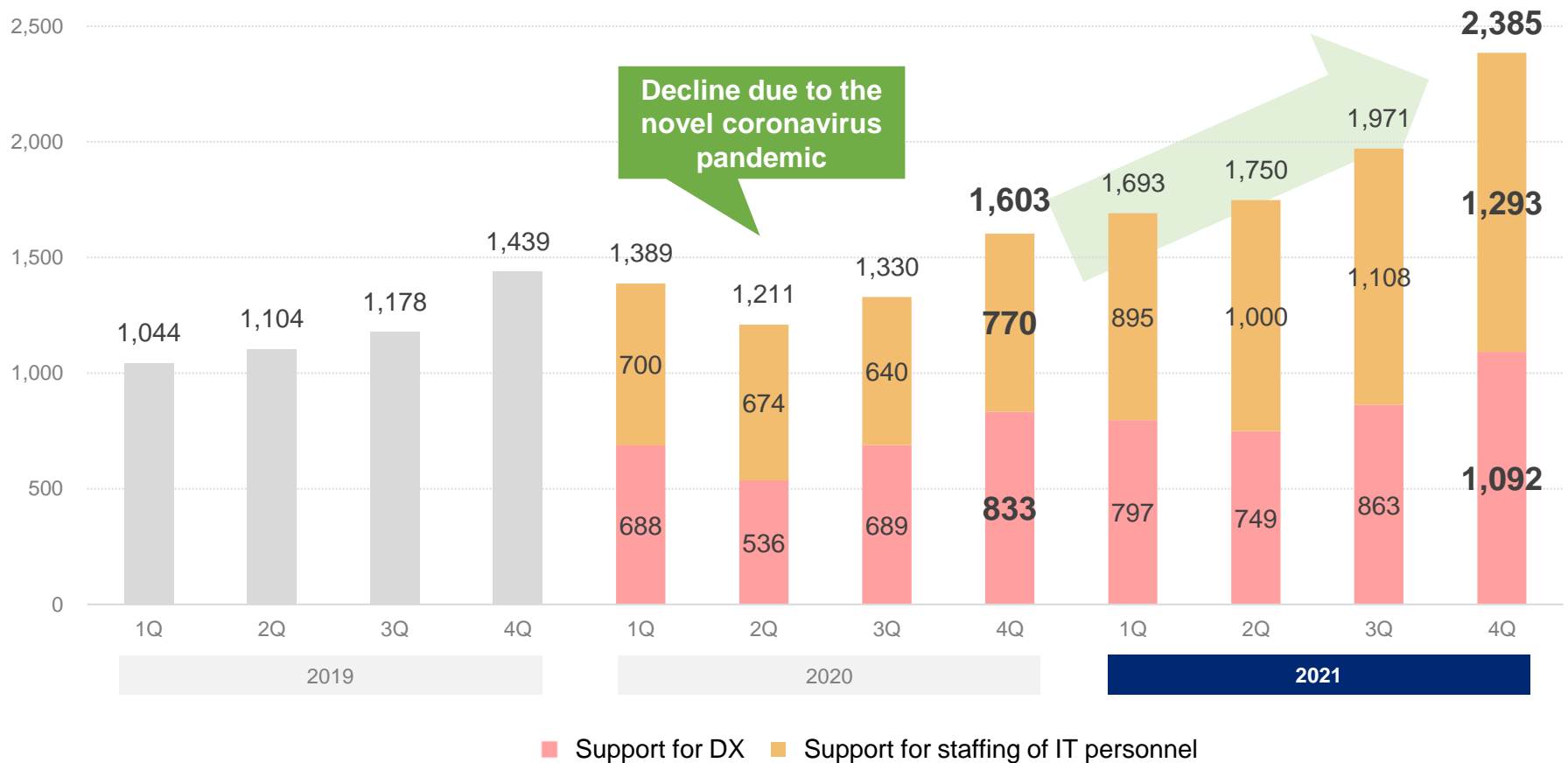


\*From FY 12/2017 to FY 12/2021

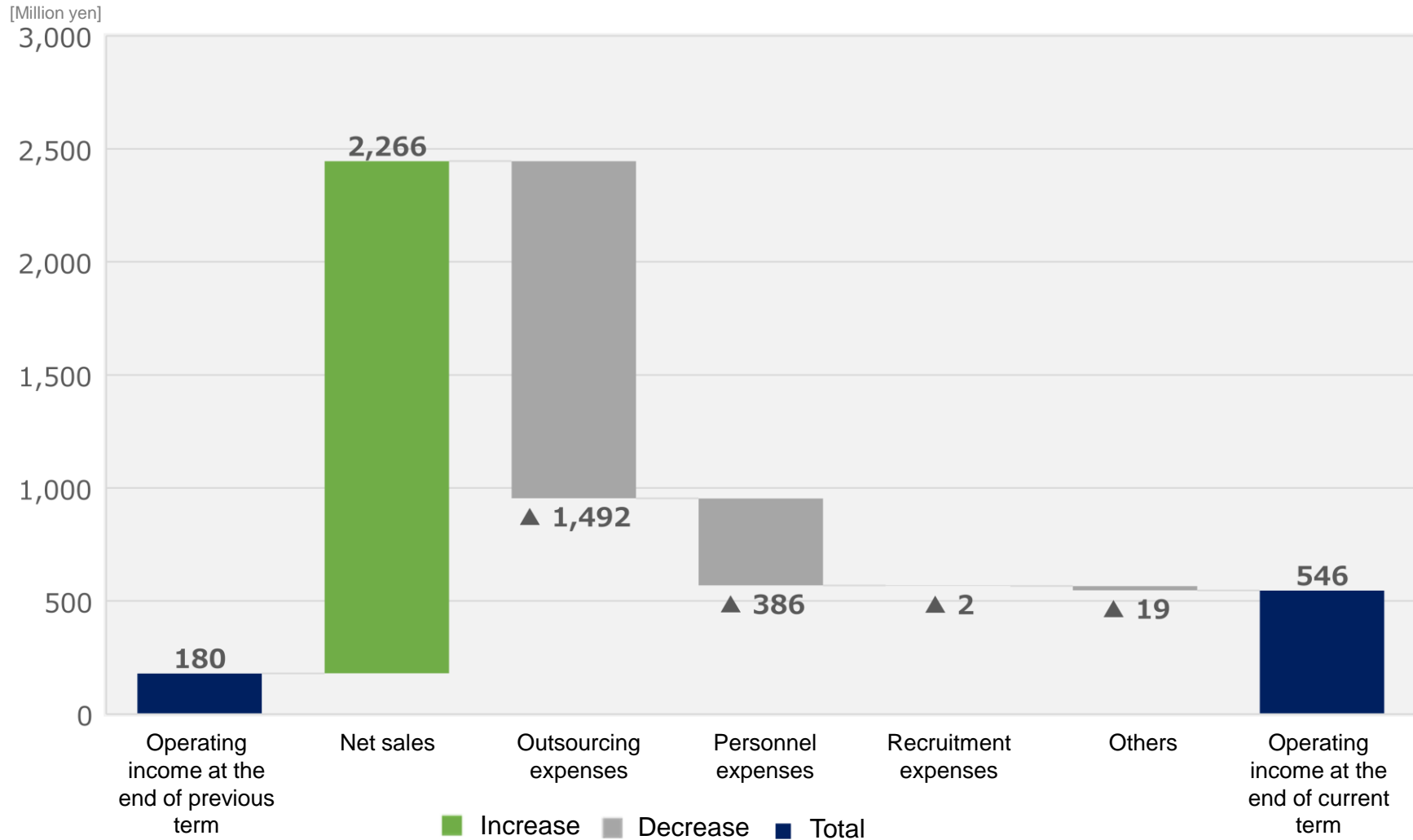
## Variation in quarterly net sales

- FY 12/2020 saw a decline in performance in 2Q and 3Q amid the novel coronavirus pandemic, but the performance recovered in FY 12/2021, showing healthy sales in 3Q and 4Q.
- Sales grew in both support for DX and support for staffing of IT personnel. In FY 12/2021, support for staffing of IT personnel grew steeply.

[Million yen]

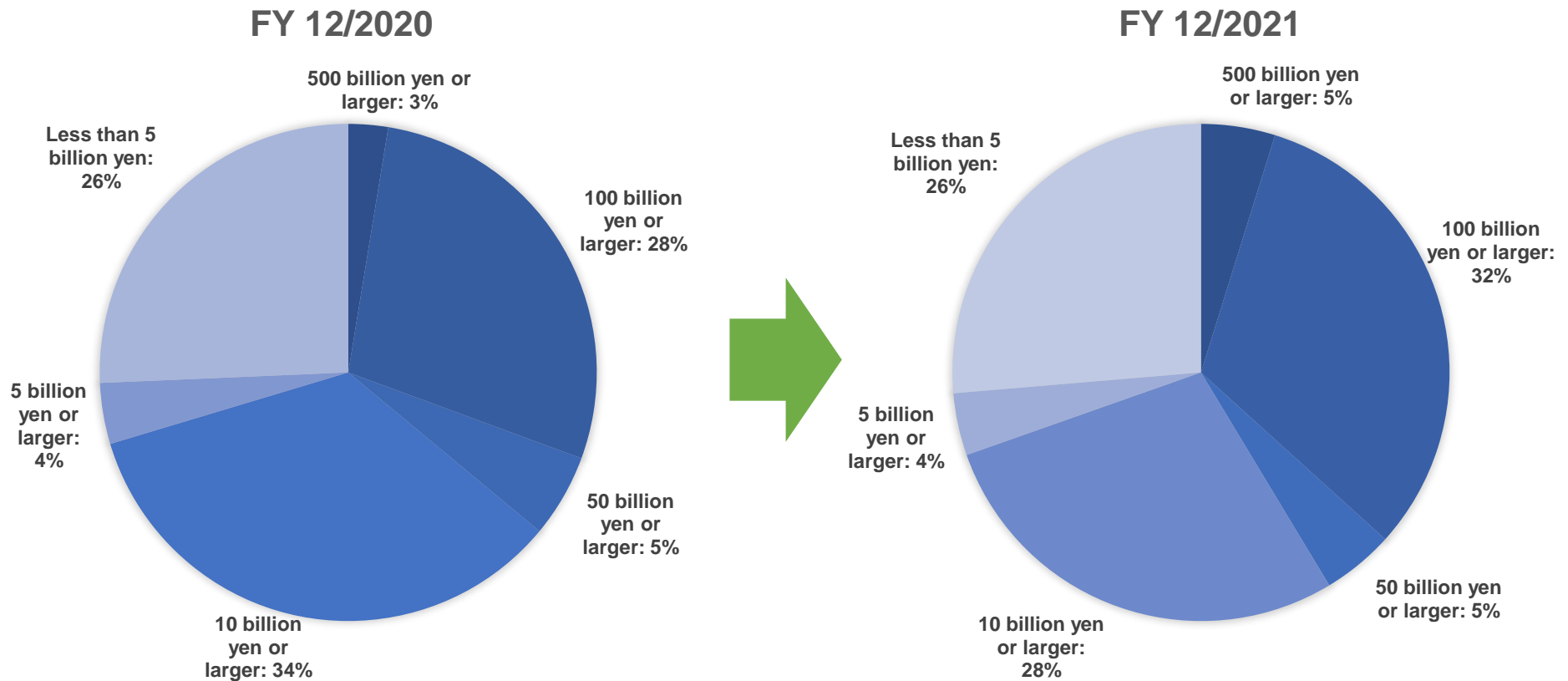


✓ Thanks to the growth in net sales, operating income rose considerably by 366 million yen or 202.1% from the previous term.

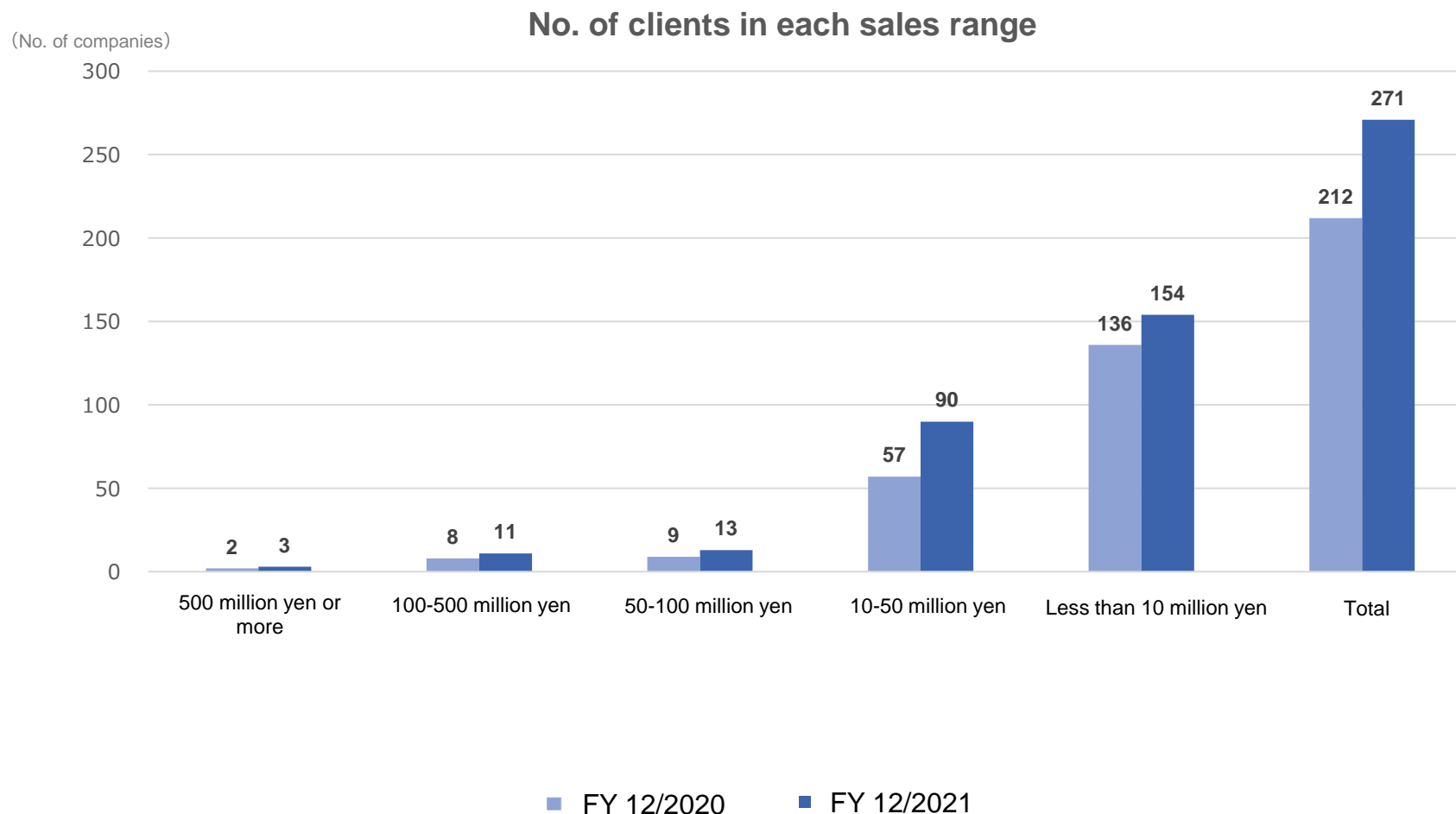




- ✓ Increased transactions with large companies by actively giving proposals based on a track record of DX support.



✓ **As we increased continuous transactions with existing clients, the number of clients who spend a lot on our services is increasing.**



✓ **Cash & deposits and equity capital increased considerably due to the capital increase through listing.**

Unit: million yen

	End of FY 12/2020	End of FY 12/2021	Change	Major factor in increase/decrease
Current assets	1,488	3,031	+1,543	
Cash & deposits	307	1,341	+1,034	+822 due to the capital increase at the time of listing
Fixed assets	696	741	+45	
<b>Total assets</b>	<b>2,184</b>	<b>3,773</b>	<b>+1,589</b>	
Current liabilities	1,218	1,617	+399	
Fixed liabilities	249	194	(55)	
Net assets	716	1,961	+1,245	+822 due to the capital increase at the time of listing
<b>Total liabilities and net assets</b>	<b>2,184</b>	<b>3,773</b>	<b>+1,589</b>	
<b>Equity capital ratio</b>	<b>32.7%</b>	<b>52.0%</b>	<b>+19.2P</b>	

# 4 Earnings Forecast

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### External environment

- The economic outlook still remains uncertain, due to the impact of the spread of the new variant of the novel coronavirus on the Japanese economy, etc.
- The demand for DX-related investment and IT staffing is growing.

### Major activities

- Support for DX: In the manufacturing field, we promoted sales toward new clients. In the construction field, orders from super general contractors, with which we started transactions, increased.
- Support for staffing of IT personnel: Transactions with existing leading system integrators increased steadily, and new clients increased.
- We concentrated on the recruitment of employees, particularly of managers, to enhance management and delivery systems (recruitment expenses: 47 million yen in 2021 → 200 million yen forecasted in 2022)

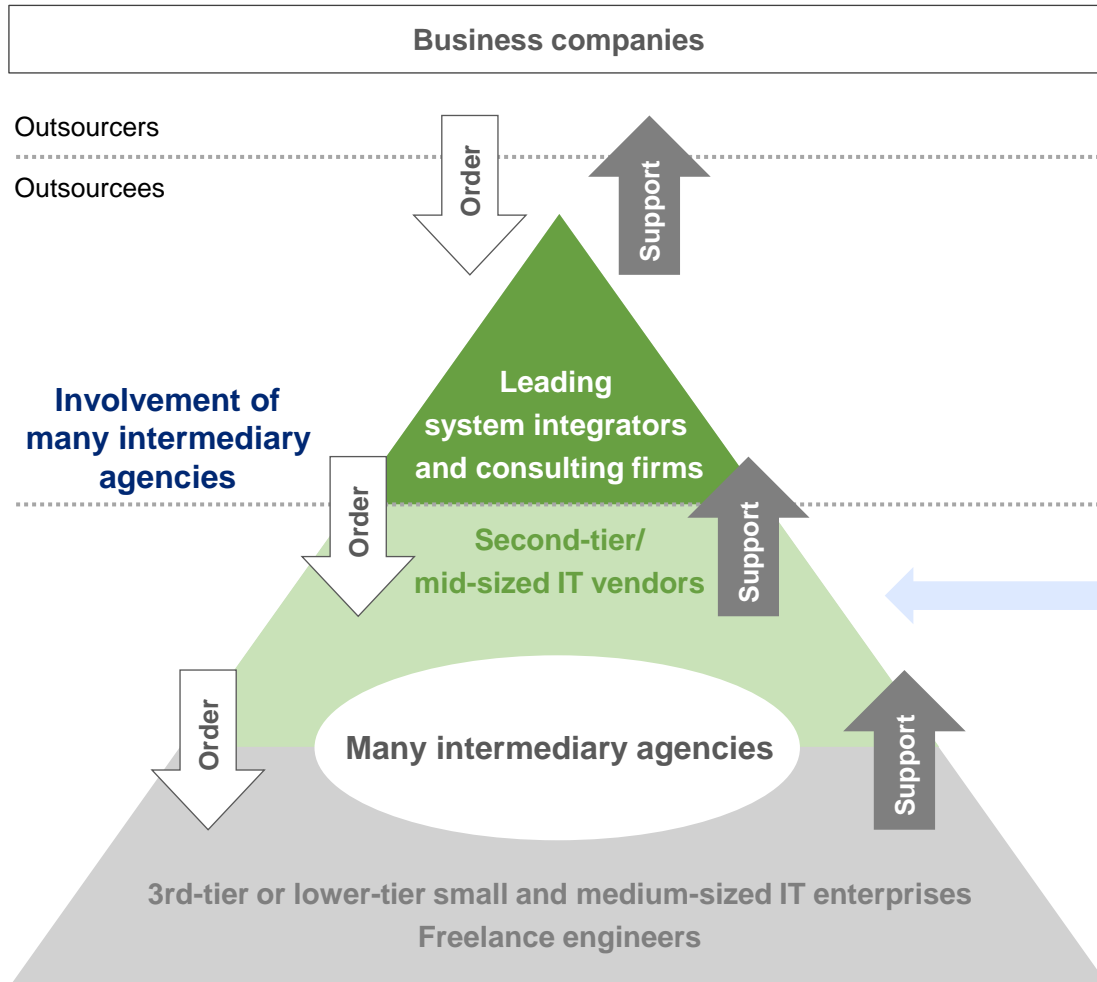
Unit: million yen

	2021 result	2022 forecast	Change	% Change
Net sales	7,801	10,400	+2,598	+33.3%
Gross margin	1,797	2,464	+667	+37.2%
Operating income	546	852	+306	+56.1%
Ordinary income	546	868	+322	+59.1%
Net income	410	602	+191	+46.7%
<b>Gross profit margin</b>	<b>23.0%</b>	<b>23.7%</b>	<b>+0.7%</b>	<b>-</b>
<b>Operating income margin</b>	<b>7.0%</b>	<b>8.2%</b>	<b>+1.2%</b>	<b>-</b>

# 5 Growth Strategy

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**It is difficult for business companies to conduct DX by themselves.  
The involvement of many intermediary agencies makes each project uneconomical.**



**Problems business companies are facing**

- Shortage of personnel who can proceed with DX
- They rely on leading system integrators and consulting firms for IT strategies and development.

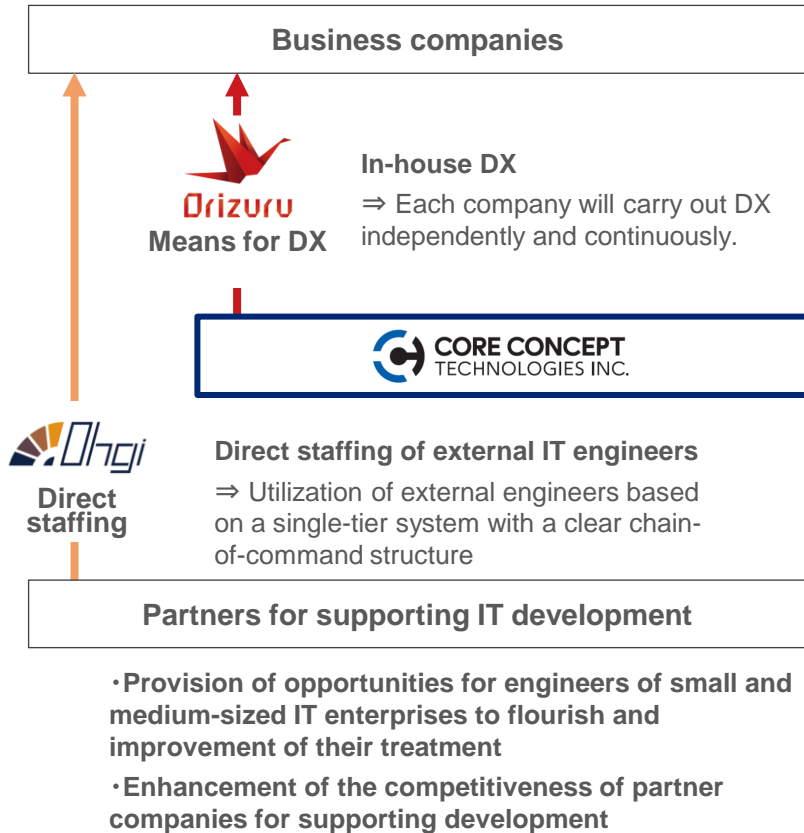
**Problems small and medium-sized IT enterprises are facing**

- The system is uneconomical, due to the involvement of intermediary agencies.
- Inefficiency of staffing of IT personnel (spending labor and time)
- Income inequality between leading system integrators and engineers of small and medium-sized IT enterprises

**So that business companies can implement DX by themselves, we will provide “repeatable DX methods and a DX function platform.”**

**We will offer a system for enabling business companies to hire external IT engineers directly, to skip intermediary agencies.**

Our ideal state = Next-generation company in the IT field



Our strategies

**To provide “repeatable DX methods and a DX function platform,” so that clients can conduct DX by themselves**

- “CCT-DX Method” for implementing DX without help from outside
  - “Orizuru” equipped with DX functions for each industry
- (Current) We are focusing on manufacturing and construction industries.  
 (In the future) We will expand our business domain to include other industries.

**To offer a system for enabling business companies to hire IT engineers directly**

- To provide client companies with “Ohgi,” a platform for staffing

**To increase partners for supporting IT development to be registered in Ohgi**

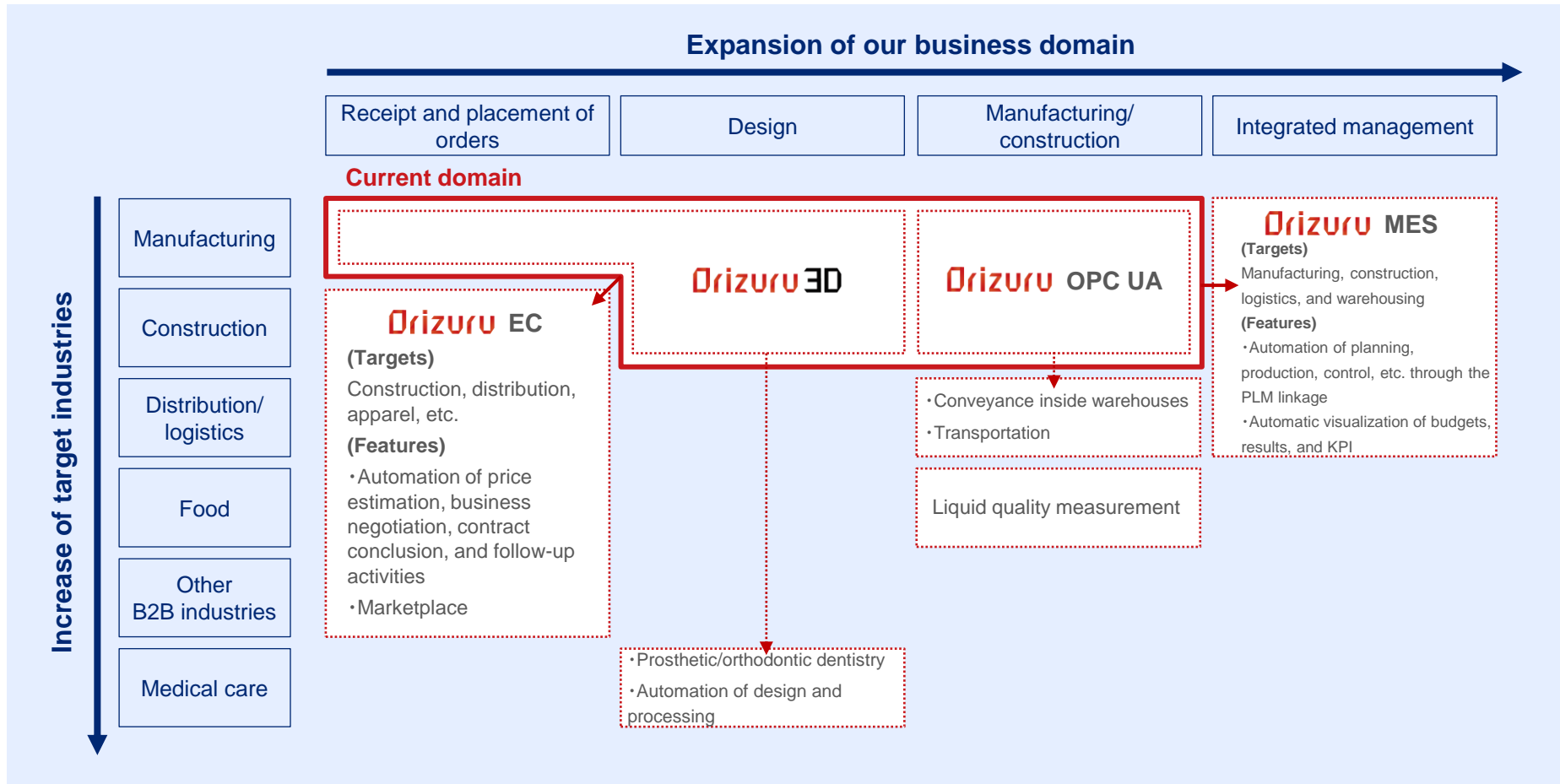
- (Current) Tokyo
- (In the future) Tokyo Metropolitan Area, Osaka, Fukuoka, Nagoya, and Sendai

Pursuit of synergy among 3 strategies



# To expand the DX support domain by enhancing the functions of “Orizuru”

## To conduct business also in industries that have a high affinity for the manufacturing and construction industries



# We aim to establish a platform by providing “Ohgi” with client companies.



**Needs from outsourcers**

[Business companies]

- It is impossible to hire excellent engineers.
- They do not have the know-how to hire external engineers.

[Leading system integrators]

- They want to hire engineers flexibly according to projects. (Sufficient number of engineers for a certain period)
- As they entrust many partner companies, it is difficult to manage projects.
- They want to hire engineers at appropriate prices (while curtailing outsourcing expenses).

**Charging model**

**Monthly fee per successful project × Commission rate × No. of months**

This is not a recurring-revenue business, but if the number of successful projects on Ohgi increases, the revenues from Ohgi will become quasi-recurring.

**Needs from outsourcees**

[Small and medium-sized IT enterprises]

- It is difficult to acquire transactions.
- They want to increase the utilization rate of their engineers.
- They want to find projects in which their engineers’ skills can be utilized.
- They want to find profitable projects.

# 6 Appendix

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-Introduction of  
our business-

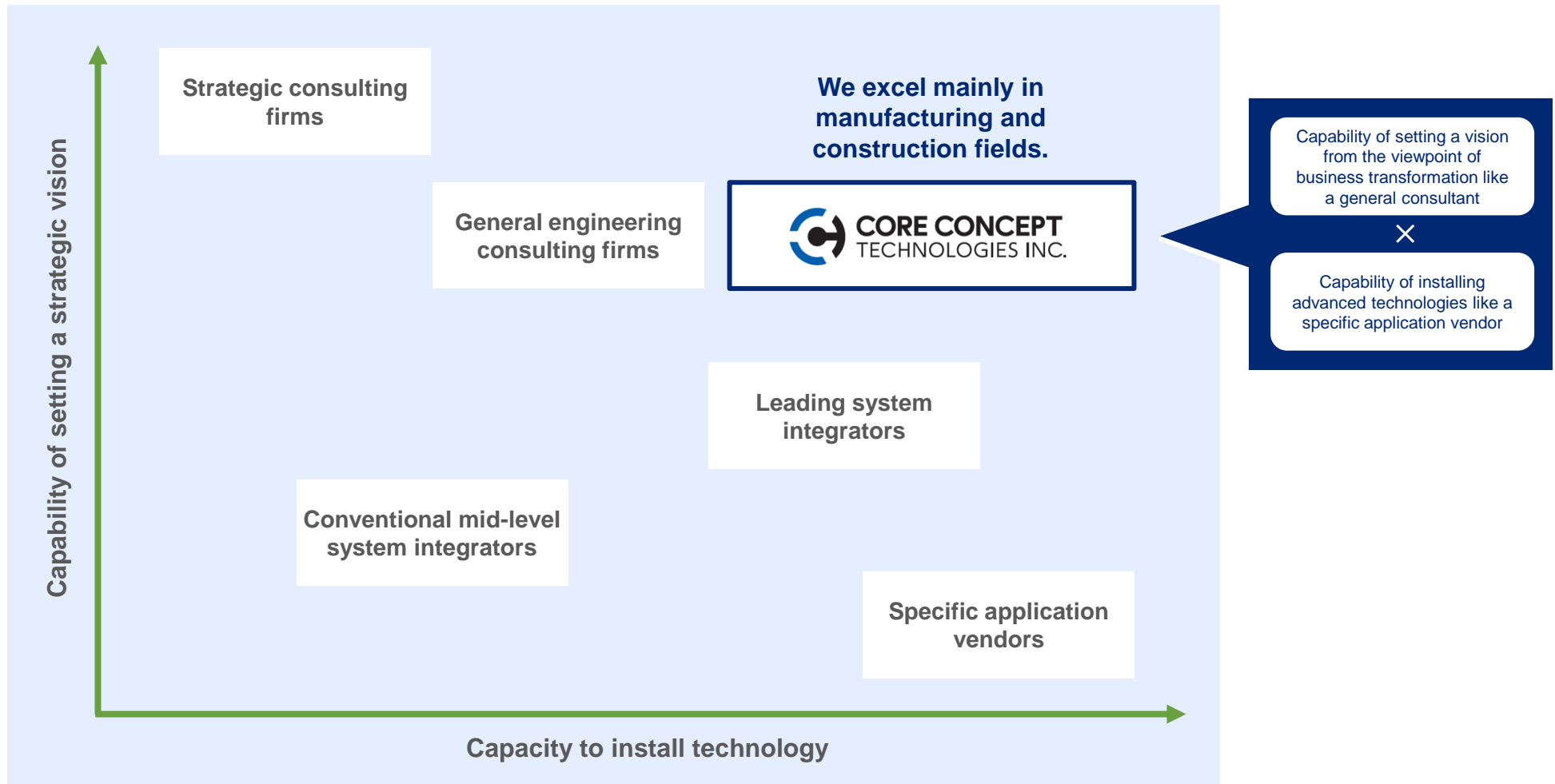
The investment in DX is expected to grow considerably.

We will expand our DX support business domain in the fields of traffic/transportation, distribution, and medical care, which have a high affinity for the manufacturing and construction fields.

Industries/business fields	2020 [100 million yen]	Forecast for FY 2030 [100 million yen]	Growth from FY 2020 [times]	
<b>Traffic/transportation</b>	<b>2,780</b>	<b>12,740</b>	<b>4.5</b>	← Future priority field
Finance	1,887	6,211	3.2	
<b>Manufacturing</b>	<b>1,620</b>	<b>5,450</b>	<b>3.3</b>	← Current priority field
<b>Distribution/Retail</b>	<b>441</b>	<b>2,455</b>	<b>5.5</b>	← Future priority field
<b>Medical care/nursing care</b>	<b>731</b>	<b>2,115</b>	<b>2.8</b>	← Future priority field
Real estate	220	970	4.4	
Municipalities	409	4,900	11.9	
Sales and marketing	1,564	4,500	2.8	
Customer services	410	802	1.9	
Others	3,759	11,814	3.1	
	<b>13,821</b>	<b>51,957</b>	<b>3.7</b>	

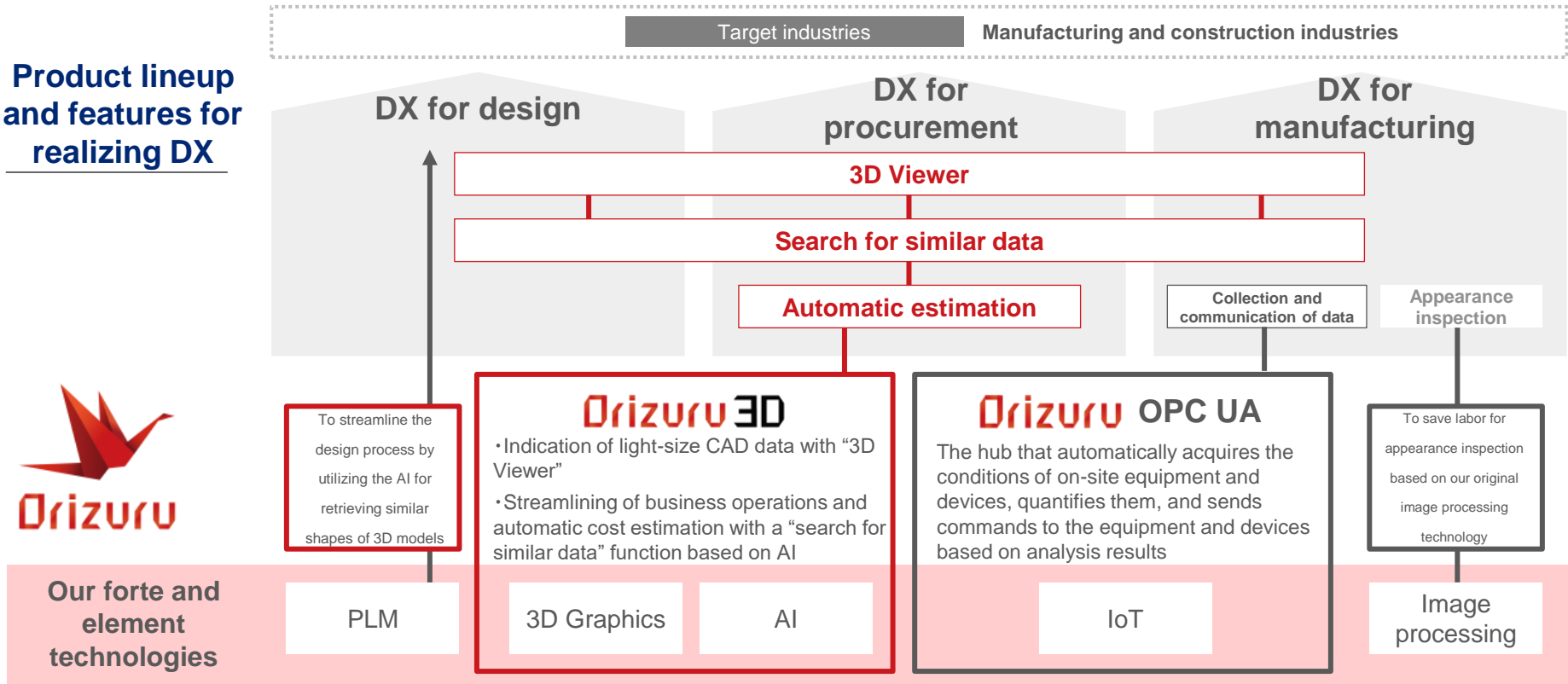
\*Source: *Future Outlook for the Digital Transformation Market in 2022* produced by Fuji Chimera Research Institute, Inc. on January 13, 2022

In the field of DX support for the manufacturing and construction industries, we offer high added value as a general consultant and a technical expert.



# To actualize DX swiftly at low cost by utilizing “Orizuru,” a development base for DX in the manufacturing and construction industries

**Product lineup and features for realizing DX**



**\*PLM:** Abbreviation of “Product Lifecycle Management.” It means summarizing a variety of technological information on the entire product lifecycle, and using it for improving the capability of developing products and corporate competitiveness.

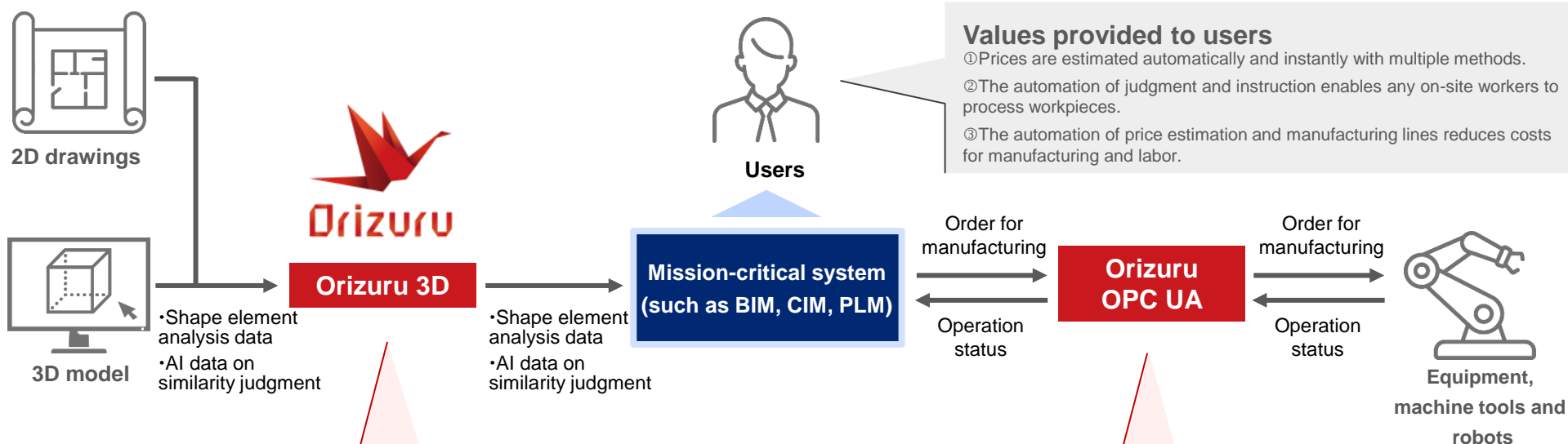
**3D Graphics:** A method of producing a 3D image on a plane by using 3D data with height, width, and depth.

**AI:** Abbreviation of “Artificial Intelligence.” Technology for conducting intellectual activities, such as identification, inference, and problem solving, on behalf of human beings.

**IoT:** Abbreviation of “Internet of Thing.” It means linking the Internet with things that have been offline so far.

**CAD:** Abbreviation of “Computer Aided Design.” It is a tool for supporting design and drawing with a computer.

# Key technology for linking digital design data to manufacturing systems seamlessly



## Features of Orizuru 3D

Unique feature: By extracting shape characteristics from 3D models and 2D drawings with multiple methods, it is possible to retrieve previous cases and estimate prices through various approaches.

- ① To automate the process of estimating prices by summing up the costs for respective shape elements
- ② To automate the process of estimating prices by referring to similar products manufactured in the past based on AI for similarity judgment
- ③ To estimate prices with AI for similarity judgment and past data
- ④ To extract parameters, such as dimensions and tolerances, from design data

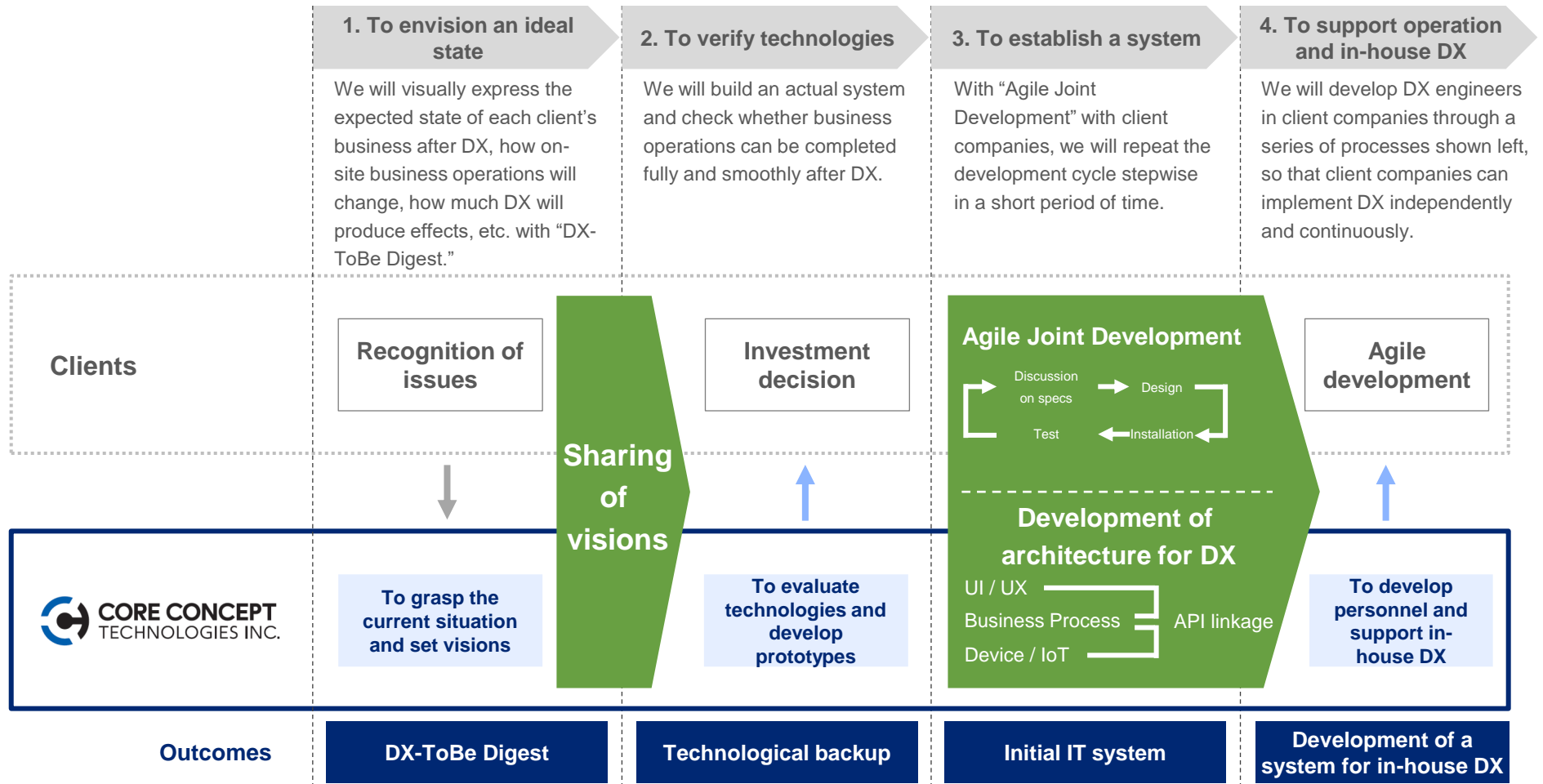
## Features of Orizuru OPC UA

Unique feature: It is compatible with the common IF standard “UMATI” for equipment and machine tools, and has a broad range of application which enables communication with a variety of equipment and machine tools.

- ① Real-time communication function with equipment, machine tools, robots, etc.
- ② Remote control mechanism for automating equipment, machine tools, and robots

**BIM/CIM:** To reproduce a 3D model of an actual structure in a computer, put together a variety of technical information throughout the lifecycle of a building or structure, link it to the engineering chain, streamline and sophisticate construction and civil engineering works, and enhance corporate competitiveness. BIM is for construction, while CIM is for civil engineering, but the management of 3D models of buildings, landforms, etc. is collectively called “BIM/CIM.”

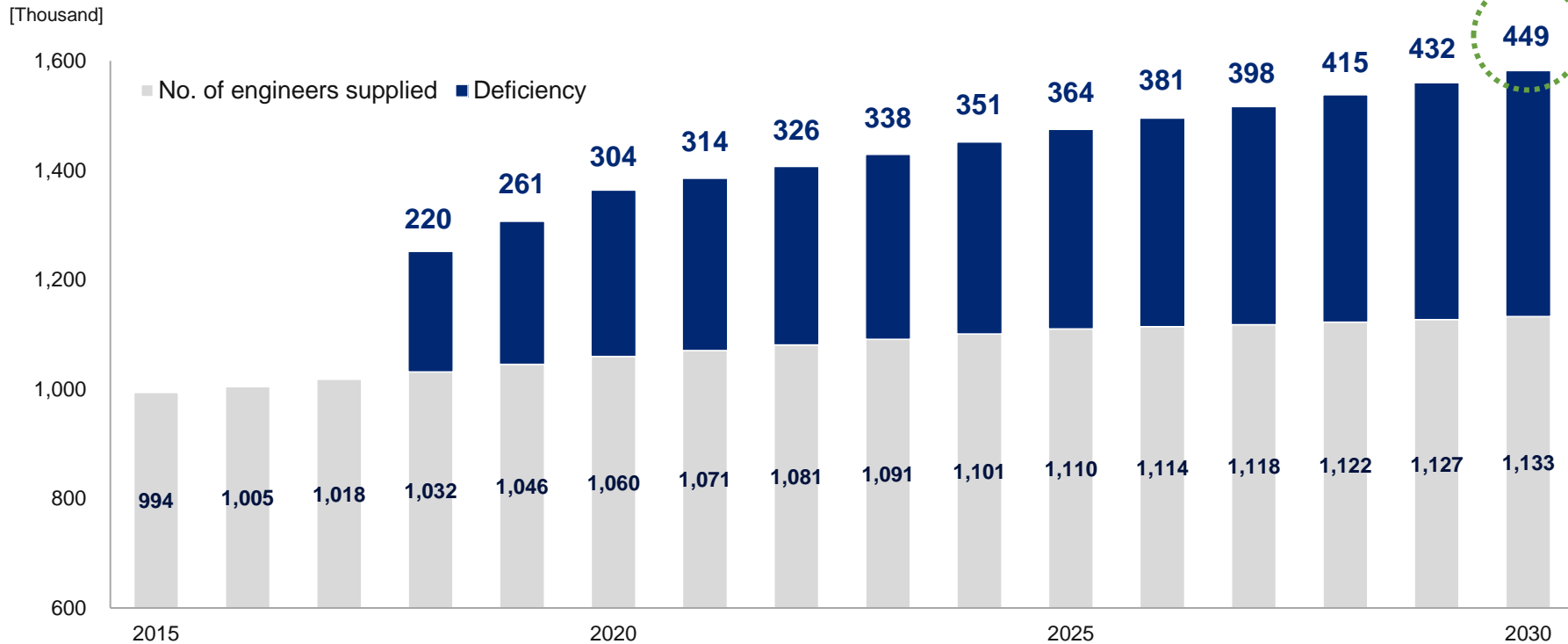
# Unique method for hands-on support for all processes of DX





We are entering the age in which business competitiveness is determined by the capability of staffing IT personnel.

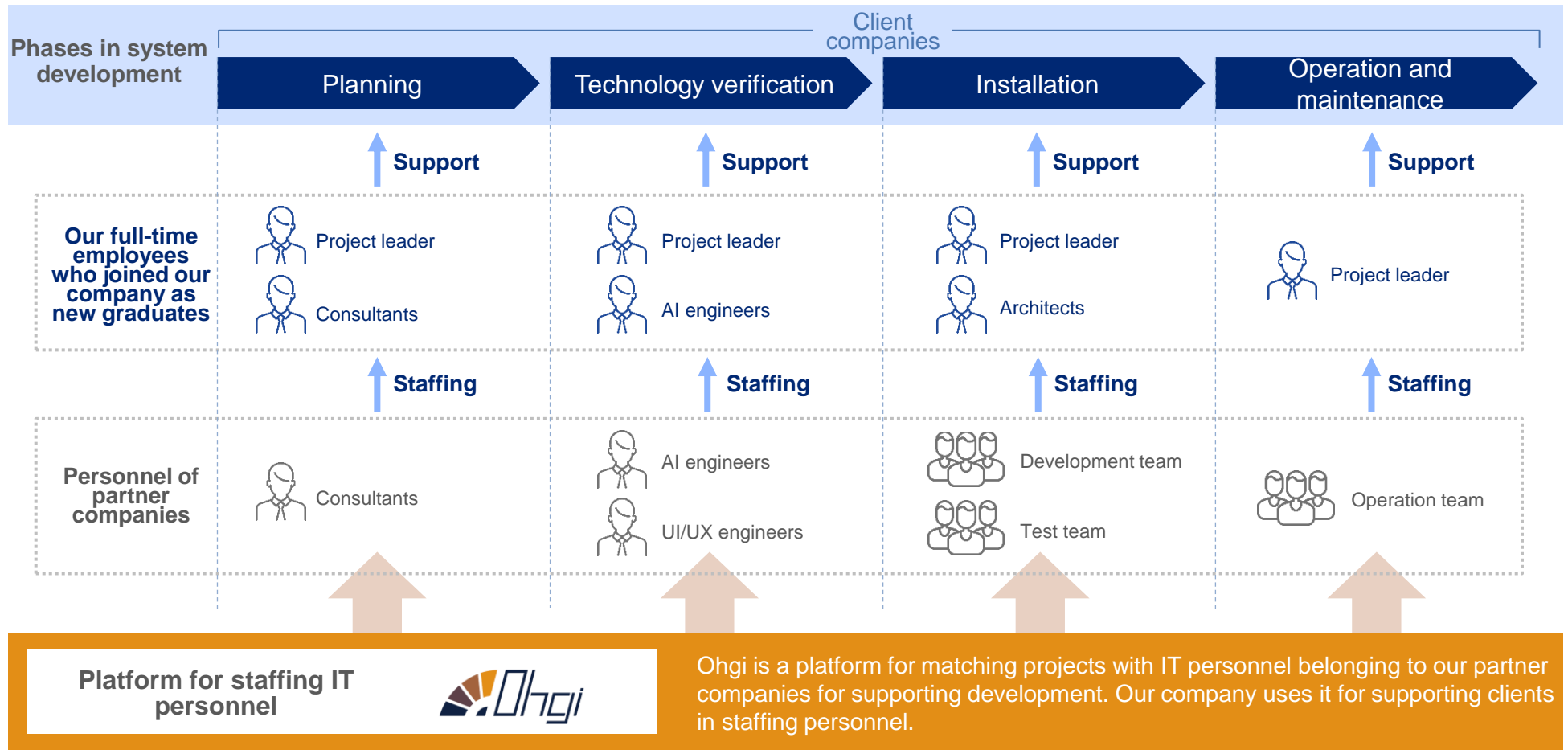
Estimated number of IT engineers demanded and supplied



Shortage of about 450,000 IT engineers

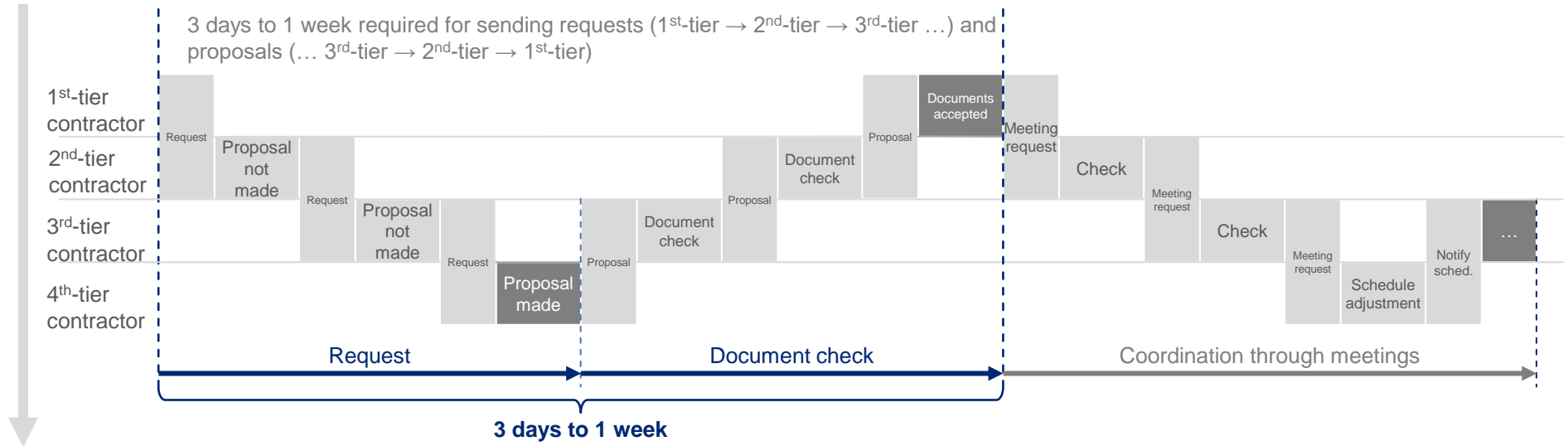
\*Source: Survey on the Demand and Supply of IT Personnel produced by the Ministry of Economy, Trade and Industry in April 2019

# To meet the needs for personnel demanded in each phase (processes, jobs, the number of workers, and periods) with “Ohgi” swiftly

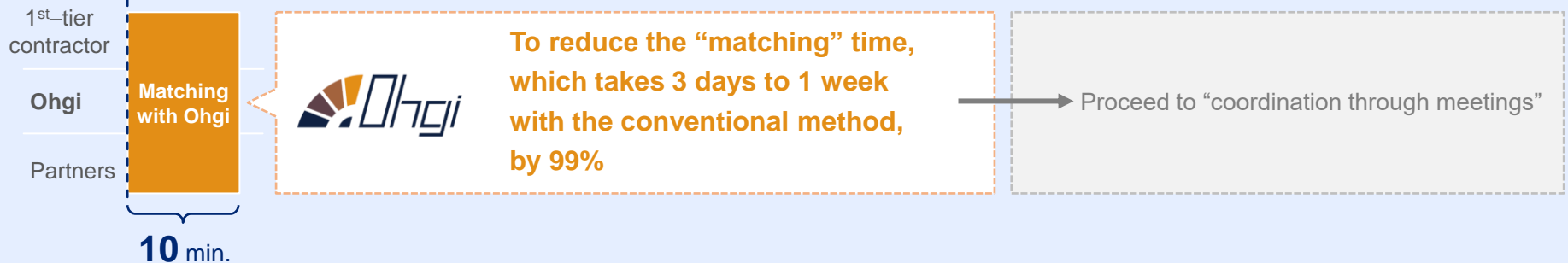


**By reducing the time for allocating staff to each project considerably, it is possible to swiftly give a proposal to each client company.**

**Workflow in the conventional multi-outsourcing system**



**Matching process with Ohgi**



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- The descriptions related to forecasts included in this material are based on our judgments and assumptions as well as currently available information, and include information on our business plans, market scale, competitors' situations, industries, and growth potential. Accordingly, there is a possibility that actual results may differ significantly from explicit and implicit forecasts due to various risks and uncertainties.
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**CORE CONCEPT**  
TECHNOLOGIES INC.

