



Financial results for Q3 of FY 12/2023

Core Concept Technologies Inc.

Securities Code: 4371

November 13, 2023



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1 Executive Summary

Results for Q3 of FY 12/2023

Sales and profit grew year on year.

	Q3 of FY 12/2022 (non-consolidated)	Q3 of FY 12/2023 (consolidated)			
Net sales	8,773	11,570	million yen	+31.9	% year on year
Operating profit	943	1,368	million yen	+45.0	% year on year
Operating profit margin	10.8	11.8	%	+1.1	points year on year

Topics in Q3

◆ Secondary offering of shares of our company

Conducted for the purpose of improving the distribution and liquidity of shares of our company while looking ahead to the listing on the Prime Market.

- Sale through the underwriting by the underwriter: 2,386,000 shares
 [Breakdown] Domestic sales: 1,693,700 shares (71.0%)/Overseas sales: 692,300 shares (29.0%)
- Sale through over allotment: 350,000 shares

*For other details, see the timely disclosed contents.

◆ Acquisition of treasury shares

Conducted for the purpose of enhancing the return to shareholders, improving capital efficiency, and alleviating the impact of the above secondary offering on the demand and supply of shares of our company.

- Acquisition of treasury shares: 376,100 shares (999 million yen)

2 Earnings Report

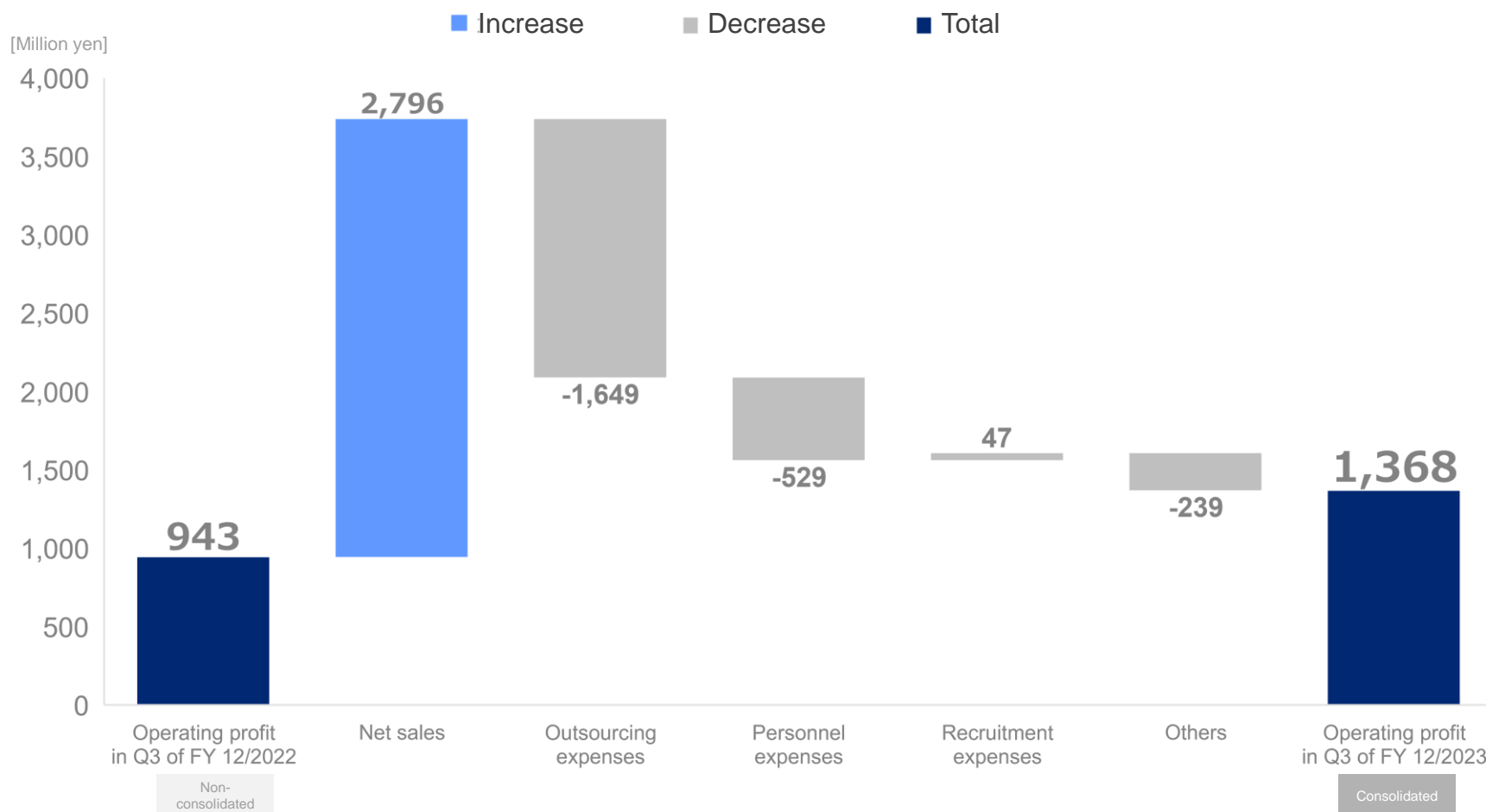
- ◆ Sales and profit grew year on year. (The following change and % change are comparison between Q3 of FY 12/2022 (non-consolidated) and Q3 of FY 12/2023 (consolidated).)
- ◆ The profit and loss of P. G. System and Denso will be included in consolidated results from Q3 and Q4, respectively.

Unit: million yen

	Non-consolidated	Consolidated				
	2022 Q3	2023 Q3	Change	% Change	Consolidated earnings forecast	Progress rate
Net sales	8,773	11,570	+2,796	+31.9%	16,093	71.9%
Outsourcing expenses	5,374	7,023	+1,649	+30.7%	-	-
Personnel expenses	1,068	1,345	+276	+25.9%	-	-
Other costs*	140	146	+4	+6.0%	-	-
Gross profit*	2,190	3,054	+864	+39.5%	-	-
Selling, general and administrative expenses*	1,246	1,686	+439	+35.3%	-	-
Operating profit	943	1,368	+424	+45.0%	1,608	85.1%
Ordinary profit	965	1,378	+413	+42.8%	1,626	84.7%
Profit	709	985	+276	+38.9%	1,133	86.9%
Gross profit margin	25.0%	26.4%	+1.4P	-	-	-
Operating profit margin	10.8%	11.8%	+1.1P	-	10.0%	-
Outsourcing expense rate	61.3%	60.7%	-0.6P	-	-	-

*Q3 of FY 12/2022: Recalculated while including an allocated cost of 164 million yen, which was included in other costs, in selling, general and administrative expenses (posted in selling, general and administrative expenses from FY 12/2023).

◆ **Operating profit rose thanks to growth in net sales.**
 (+424 million yen, or up 45.0%, year on year)



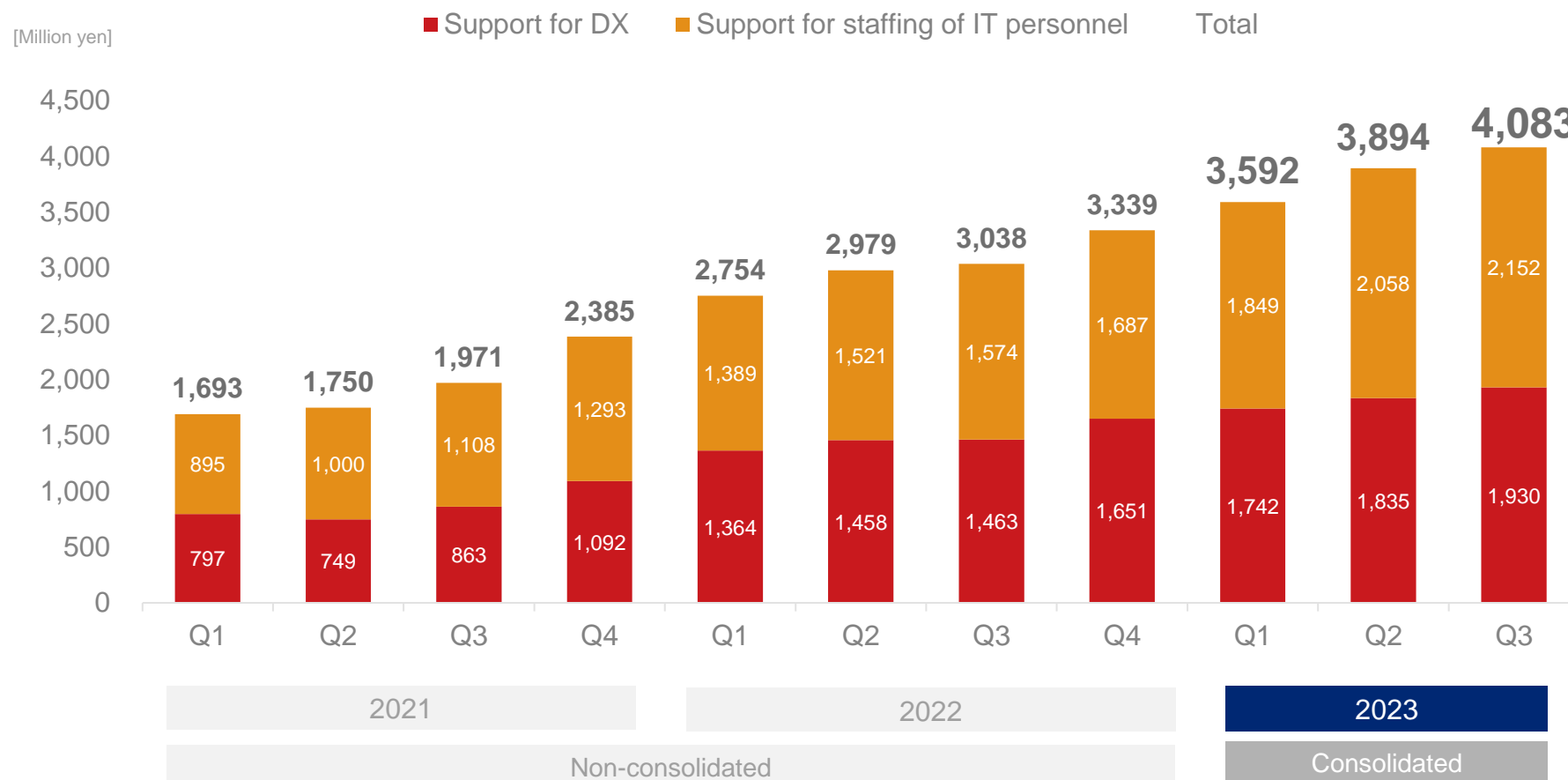
◆ Both support for DX and support for staffing of IT personnel saw growth of sales and profit.

	Non-consolidated	Consolidated	Unit: million yen	
	2022 Q3	2023 Q3	Change	% Change
Net sales	8,773	11,570	+2,796	+31.9%
Support for DX	4,287	5,509	+1,221	+28.5%
Support for staffing of IT personnel	4,485	6,060	+1,574	+35.1%
Gross profit*	2,190	3,054	+864	+39.5%
Support for DX*	1,487	2,047	+559	+37.6%
Support for staffing of IT personnel*	703	1,007	+304	+43.3%
Gross profit margin*	25.0%	26.4%	+1.4P	-
Support for DX*	34.7%	37.2%	+2.5P	-
Support for staffing of IT personnel*	15.7%	16.6%	+0.9P	-
Backlog of orders (as of the end of term)	2,405	2,719	+314	+13.1%
Support for DX	1,273	1,357	+83	+6.6%
Support for staffing of IT personnel	1,131	1,362	+230	+20.3%

*Q3 of FY 12/2022: Recalculated while including an allocated cost (support for DX: 149 million yen; support for staffing of IT personnel: 15 million yen), which was included in other costs, in selling, general and administrative expenses (posted in selling, general and administrative expenses from FY 12/2023).

◆ An upward trend continues in terms of net sales for both support for DX and support for staffing of IT personnel.

Since many client companies settle accounts in March, net sales tend to increase from April (the second quarter of our fiscal year) to March of the following year (the first quarter of our fiscal year).

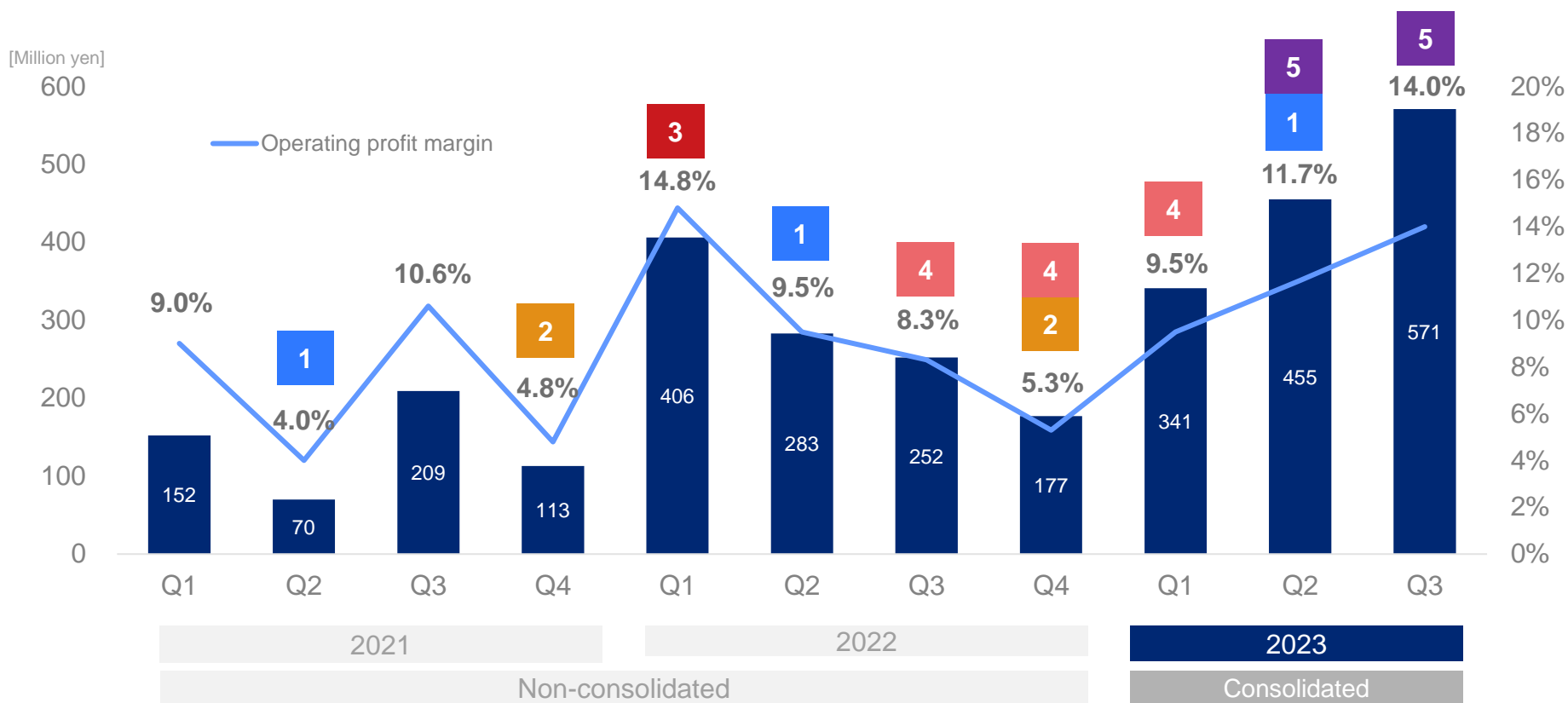


Variation in quarterly operating profit

- 1** Operating profit margin dropped due to recruitment of new graduates & experienced personnel.
- 4** Operating profit margin dropped due to an increase in outsourcing expenses to deal with strong demand.

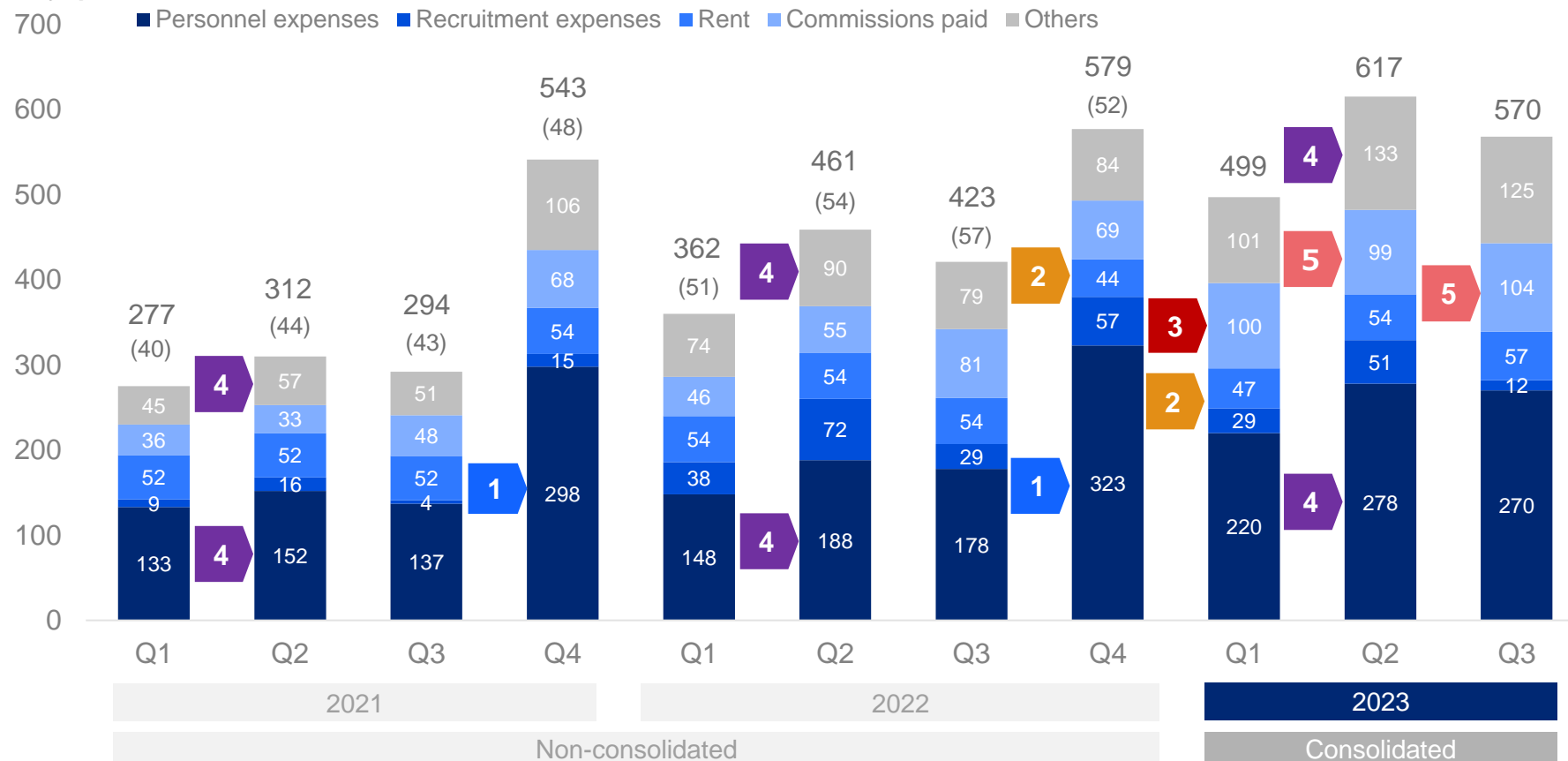
- 2** Operating profit margin dropped due to a provision for year-end bonus. (155 million yen and 120 million yen were posted in selling, general and administrative expenses in FY 12/2021 and FY 12/2022, respectively.)
- 5** Operating profit margin increased thanks to the improvement in gross profit margin of support for DX.

- 3** Operating profit margin increased mainly due to the recording of sales from highly profitable large projects.



- 1** Personnel expenses rose due to the posting of a provision for year-end bonus. (155 million yen and 120 million yen were posted in FY 12/2021 and FY 12/2022, respectively.)
- 2** Decrease due to subleasing of a part of the office
- 3** Marketing expenses, such as costs for webinars and content creation, increased.
- 4** Augmentation of personnel and training expenses in the training period for employees fresh out of college (April to June) (Personnel expenses will be included in costs from July.)
- 5** Brokerage fees for M&A and remuneration for experts increased.

[Million yen]



*A portion of personnel expenses (remuneration for executives) was posted as cost of sales in FY 12/2021.

*Recalculated while including the allocated amount that was included in the cost until FY 12/2022 in selling, general and administrative expenses (Others). The impact is shown in parentheses (recorded in selling, general and administrative expenses from FY 12/2023).

*Personnel expenses include remuneration for executives.

- ◆ Net sales have been increasing steadily.
- ◆ Operating profit margin remains at a high level thanks to the improvement in gross profit margin in Q3.

Unit: million yen

	Non-consolidated				Consolidated		
	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Net sales	2,754	2,979	3,038	3,339	3,592	3,894	4,083
Outsourcing expenses	1,579	1,805	1,990	2,105	2,241	2,372	2,409
Personnel expenses	349	343	375	392	426	416	502
Other costs*	56	86	-2	84	85	31	29
Gross profit*	768	745	676	756	840	1,072	1,141
Selling, general and administrative expenses*	362	461	423	579	499	617	570
Operating profit	406	283	252	177	341	455	571
Ordinary profit	430	284	250	174	356	455	567
Profit	314	209	184	127	261	318	405
Gross profit margin	27.9%	25.0%	22.2%	22.7%	23.4%	27.5%	28.0%
Operating profit margin	14.8%	9.5%	8.3%	5.3%	9.5%	11.7%	14.0%
Outsourcing expense rate	57.3%	60.6%	65.5%	63.0%	62.4%	60.9%	59.0%

*FY 12/2022: Recalculated while including an allocated cost, which was included in other costs, in selling, general and administrative expenses (posted in selling, general and administrative expenses from FY 12/2023). Impact: Q1: 51 million yen; Q2: 54 million yen; Q3: 57 million yen; Q4: 52 million yen

◆ The improvement in gross profit margin of support for DX continues also in Q3.

Unit: million yen

	Non-consolidated				Consolidated		
	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Net sales	2,754	2,979	3,038	3,339	3,592	3,894	4,083
Support for DX	1,364	1,458	1,463	1,651	1,742	1,835	1,930
Support for staffing of IT personnel	1,389	1,521	1,574	1,687	1,849	2,058	2,152
Gross profit*	768	745	676	756	840	1,072	1,141
Support for DX*	553	504	429	476	549	715	782
Support for staffing of IT personnel*	215	240	246	279	291	357	359
Gross profit margin*	27.9%	25.0%	22.2%	22.7%	23.4%	27.5%	28.0%
Support for DX*	40.5%	34.6%	29.3%	28.9%	31.5%	39.0%	40.5%
Support for staffing of IT personnel*	15.5%	15.8%	15.7%	16.6%	15.7%	17.4%	16.7%
Backlog of order (as of the end of term)	2,226	1,960	2,405	2,824	2,644	2,790	2,719
Support for DX	1,296	1,027	1,273	1,593	1,443	1,482	1,357
Support for staffing of IT personnel	929	933	1,131	1,230	1,201	1,307	1,362

*Recalculated while including an allocated cost, which was included in other costs, in selling, general and administrative expenses in FY 12/2022 (posted in selling, general and administrative expenses from FY 12/2023).

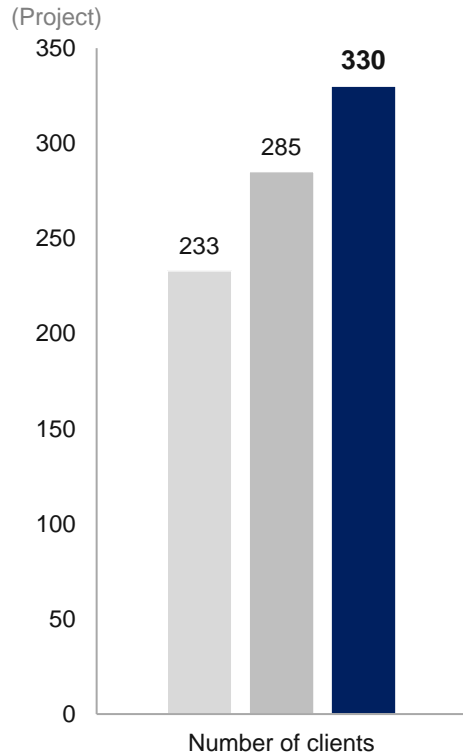
Impact: (Support for DX) Q1: 47 million yen; Q2: 49 million yen; Q3: 52 million yen; Q4: 47 million yen

(Support for staffing of IT personnel) Q1: 4 million yen; Q2: 5 million yen; Q3: 5 million yen; Q4: 4 million yen

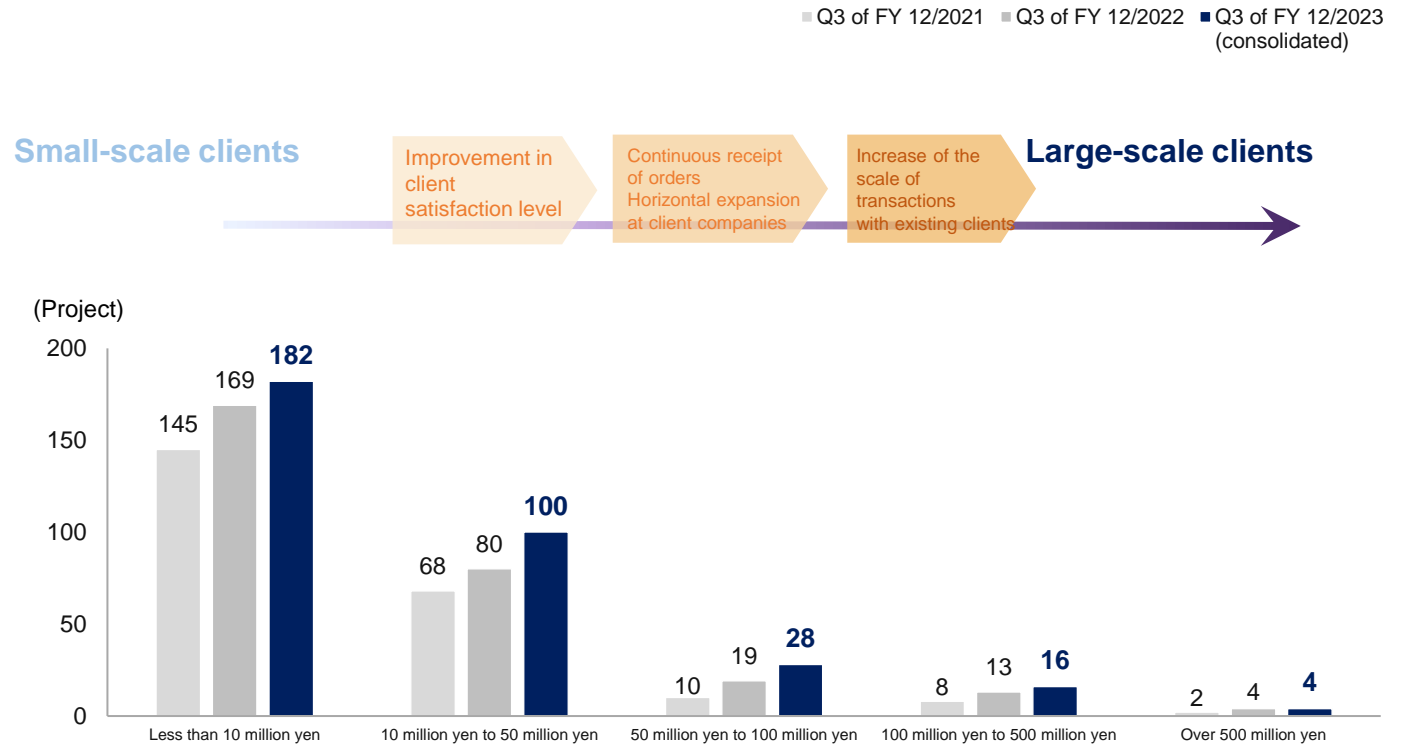
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◆ **Our growth driver is to continually increase transactions with existing clients* by enhancing their satisfaction and to acquire more large-scale clients.**

Variation in the total number of clients

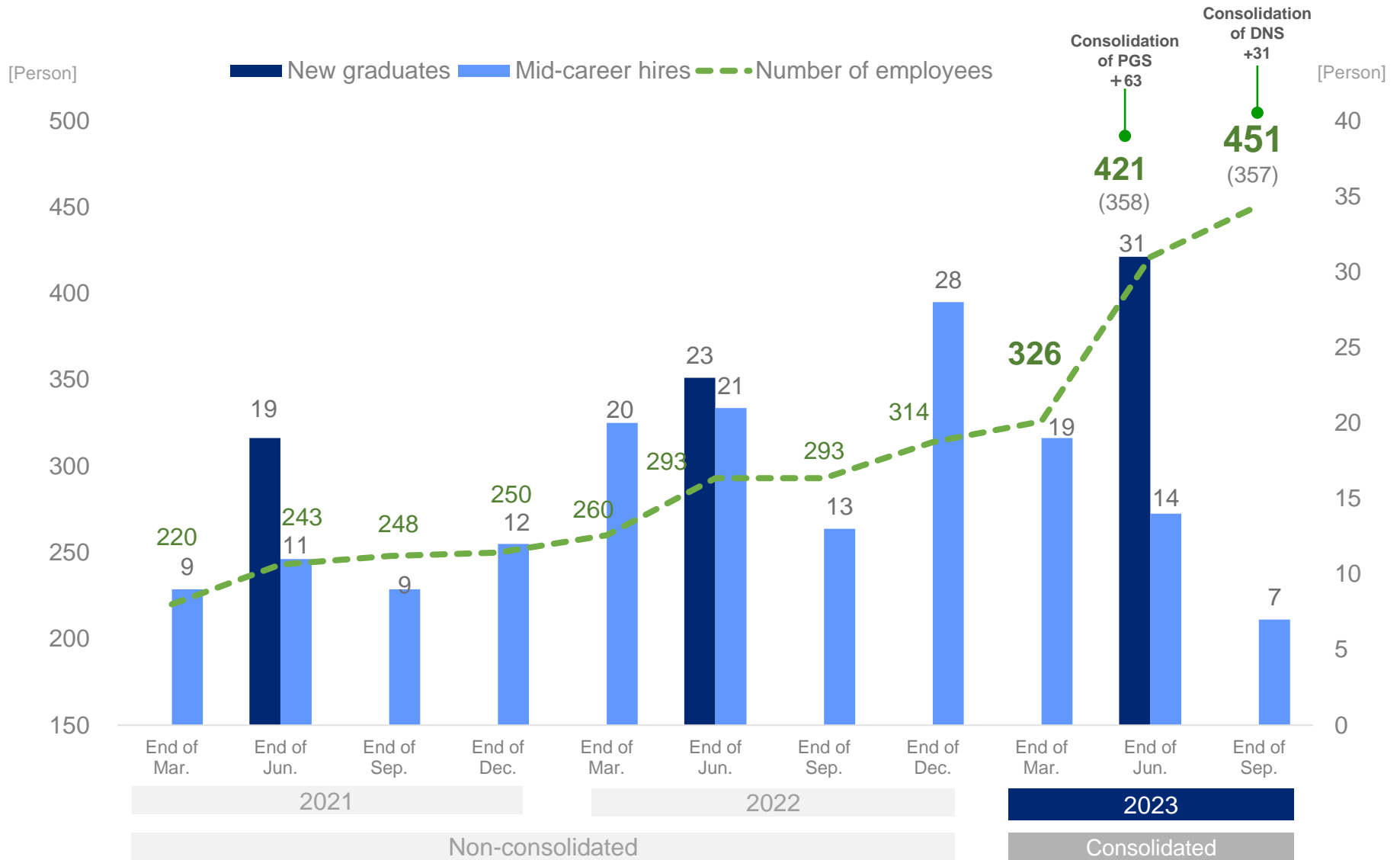


Variation in the number of clients (for each sales range)



*The sales from clients who made transactions with us in the previous fiscal year and existing clients account for about 90% of total sales.

Variation in the number of employees



*The parenthesis represents the number of employees of CCT only.

◆ In Q3 of FY 12/2023, the balance sheets of P. G. System and Denso were included.

Unit: million yen

	Non-consolidated	Consolidated		
	End of FY 12/2022	Q3 of FY 12/2023	Change	Major factors in increase/decrease
Current assets	4,351	4,898	+546	Decrease in cash and deposits: -351 Increase in accounts receivable - trade due to sales growth: +869 (CCT: +781, PGS: +68, DNS: +22)
Cash and deposits	2,199	1,847	-351	Purchase of the shares of affiliated companies: -347
Non-current assets	762	1,249	+487	Costs for fixtures and fittings due to the layout change of offices: +57 Expenditure currently being spent for replacing mission-critical systems: +95 Increase in intangible assets through acquisition of companies (Goodwill: +248, client-related assets: +55)
Total assets	5,114	6,147	+1,033	
Current liabilities	2,133	2,216	+83	
Non-current liabilities	134	228	+93	
Net assets	2,846	3,702	+856	Retained earnings: +986 Increases in capital and capital reserve used for exercising stock option: +56 Acquisition of treasury shares: -186 (64,200 shares) *Excluding fractional shares
Total liabilities and net assets	5,114	6,147	+1,033	
Equity capital ratio	55.6%	60.2%	+4.6 points	

3 Business Model

- ◆ We acquire multiple kinds of projects with support for DX (1st-tier contractor) focusing on specific industries and support for staffing of IT personnel (2nd-tier contractor) covering a wide range of industries. In addition, we increase top line by leveraging “Ohgi.”

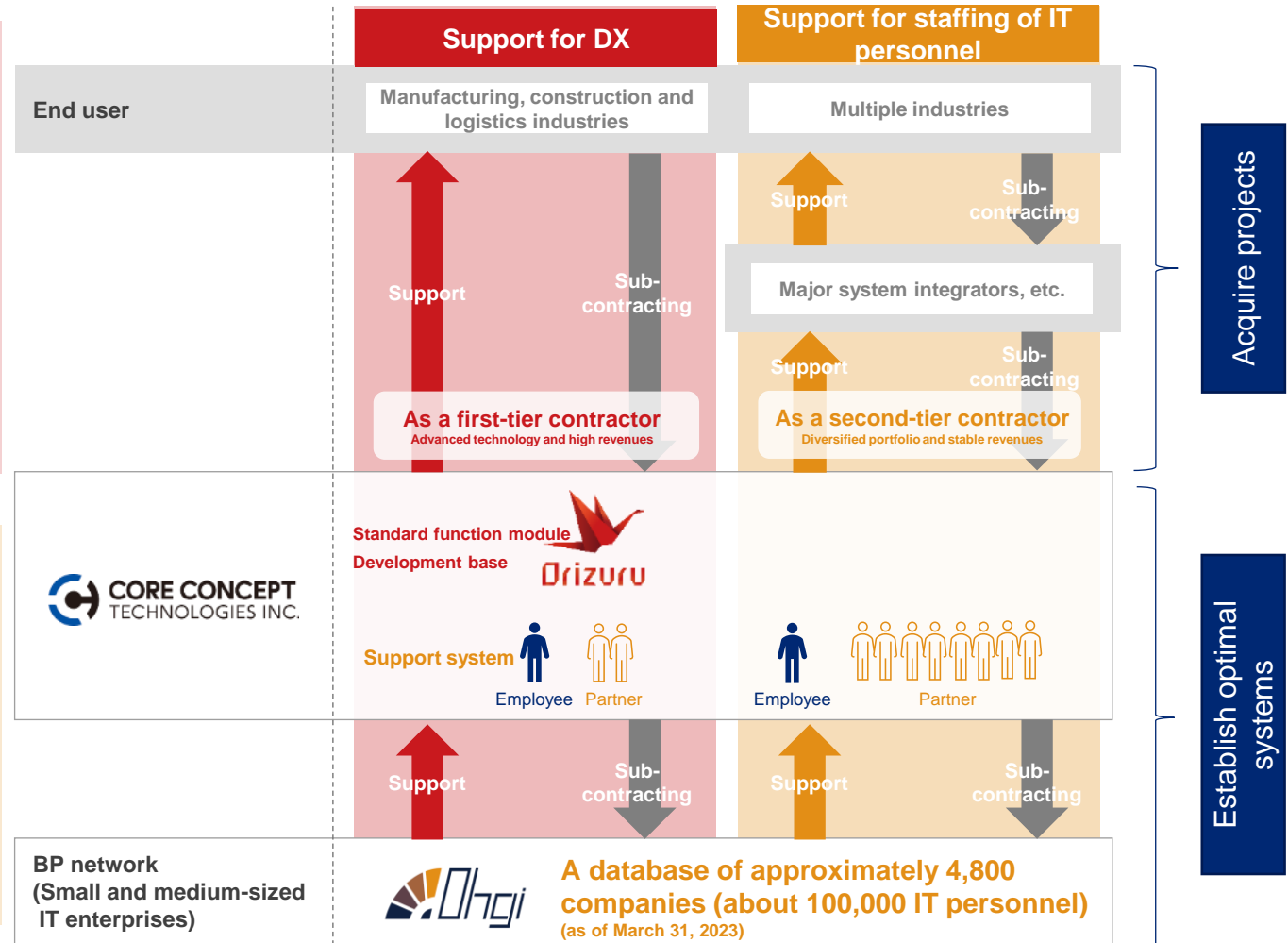
Support for DX

- ✓ We reform clients’ business process and value chain, increase sales and improve profit margin. Furthermore, we support in-house DX.
- ✓ Utilizing the standard function module + customizable “Orizuru” and the DX support methodology “CCT DX-Method.”
- ✓ Our strengths are the technical capability centered on AI and profound knowledge on manufacturing.

Support for staffing of IT personnel

- ✓ Undertaking part of projects as a subcontractor to meet temporary needs for IT personnel from major system integrators, etc.
- ✓ Leverage by actively utilizing business partners (BPs).
- ✓ Strength of “Ohgi,” a database with which we can approach “about 100,000 IT personnel” from among “about 4,800 small and medium-sized IT enterprises”

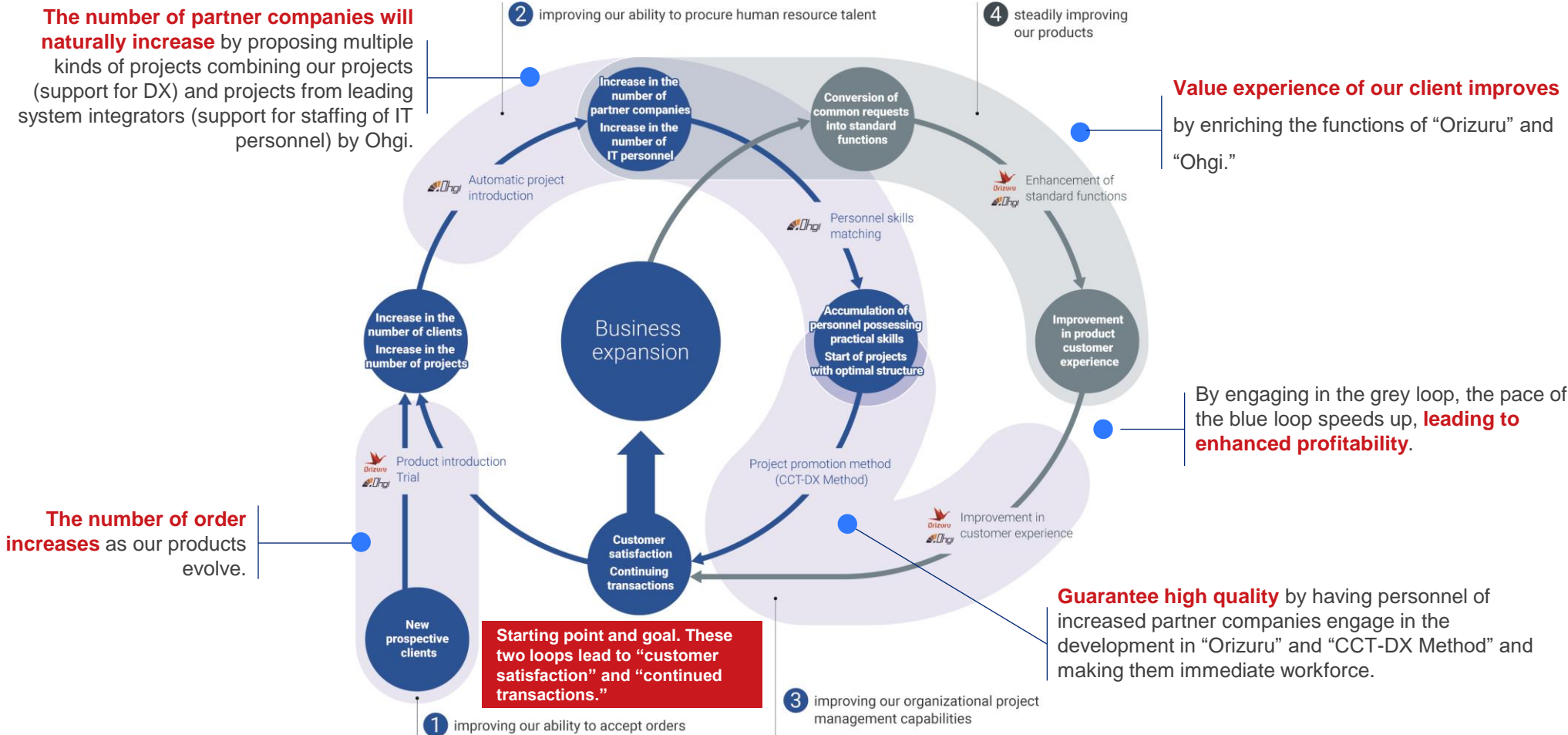
*We utilize the “Ohgi” network in projects we received in support for DX, and work on projects in collaboration with them.



◆ We realize sustainable growth through synergy based on two loops, which enhances our competitive advantage.

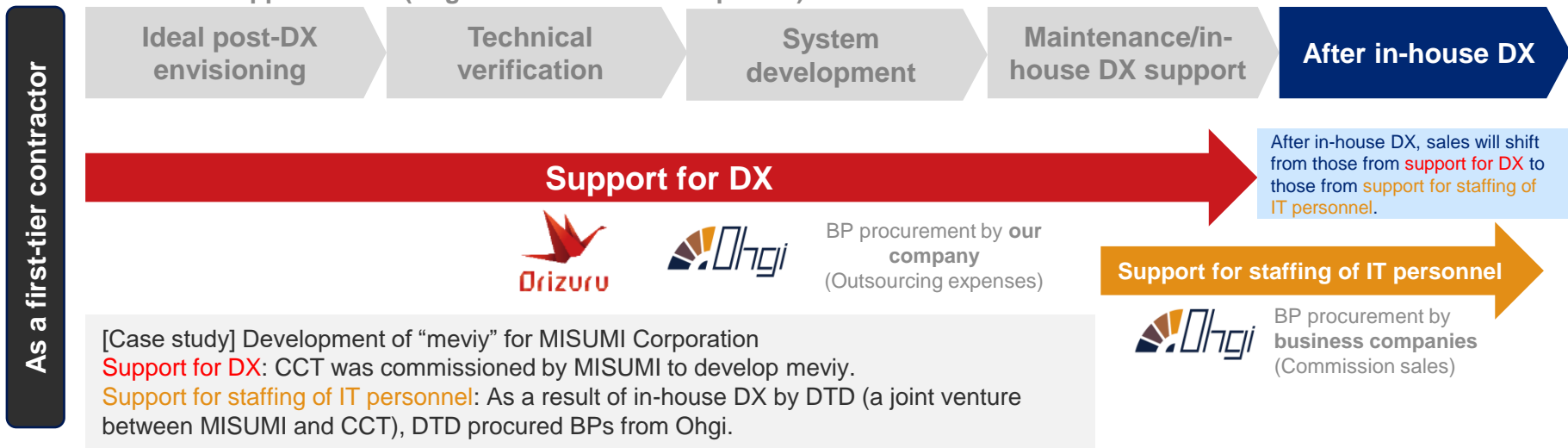
The blue loop represents the flow from order receipt to delivery; namely "a structure to generate profit."

The grey loop represents a process to improve the value of each product; namely "a structure to evolve products."



◆ Building a unique business model that ensures profitability even after “in-house DX” by supporting both DX and IT personnel staffing.

Process of support for DX (targeted at business companies)



Mainly for major system integrators



4 **Growth Strategy**

		Increase in the number of clients and the scale of transactions Expansion of the areas of support for SX	Increase in human resources
Organic	Existing areas	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center;"> <div style="background-color: #c00000; color: white; padding: 5px; margin-right: 10px;">Manufacturing</div> <div style="font-size: 2em;">}</div> <div>Horizontal expansion based on the standard functions of Orizuru and introduction of actual cases</div> </div> <div style="display: flex; align-items: center;"> <div style="background-color: #c00000; color: white; padding: 5px; margin-right: 10px;">Construction</div> <div style="font-size: 2em;">}</div> <div></div> </div> <div style="display: flex; align-items: center;"> <div style="background-color: #e69d00; color: white; padding: 5px; margin-right: 10px;">Leading system integrators</div> <div style="font-size: 2em;">}</div> <div>Expansion through an increase in personnel</div> </div> </div>	<div style="display: flex; align-items: center; gap: 10px;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">Tokyo metropolitan area</div> <div style="font-size: 2em;">}</div> <div>Share expansion of Ohgi network (currently about 50%)</div> </div>
	New areas	<div style="display: flex; align-items: center;"> <div style="background-color: #c00000; color: white; padding: 5px; margin-right: 10px;">Logistics</div> <div style="font-size: 2em;">}</div> <div>Already received orders Aiming to acquire large projects</div> </div>	<div style="display: flex; align-items: center; gap: 10px;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">Local areas</div> <div style="font-size: 2em;">}</div> <div>Nationwide expansion of Ohgi network</div> </div>
Business alliance M&A	Purposes	<ul style="list-style-type: none"> •To acquire knowledge and clients in other industries •To shorten the time to expand the functions of Orizuru 	Securing of human resources
	Targets	IT enterprises with forte in areas that match our policy to expand the support for DX areas	Mainly the local small and medium-sized IT enterprises
	Results	<ul style="list-style-type: none"> •Investment in REVA Investment Limited Partnership No. 1 •Business alliance with REVA Corporation (March 2023) 	<p>Made two companies wholly-owned subsidiaries.</p> <ul style="list-style-type: none"> •P. G. System Co., Ltd. (May 2023) •Denso Co., Ltd. (August 2023)

Support for DX
 Support for staffing of IT personnel

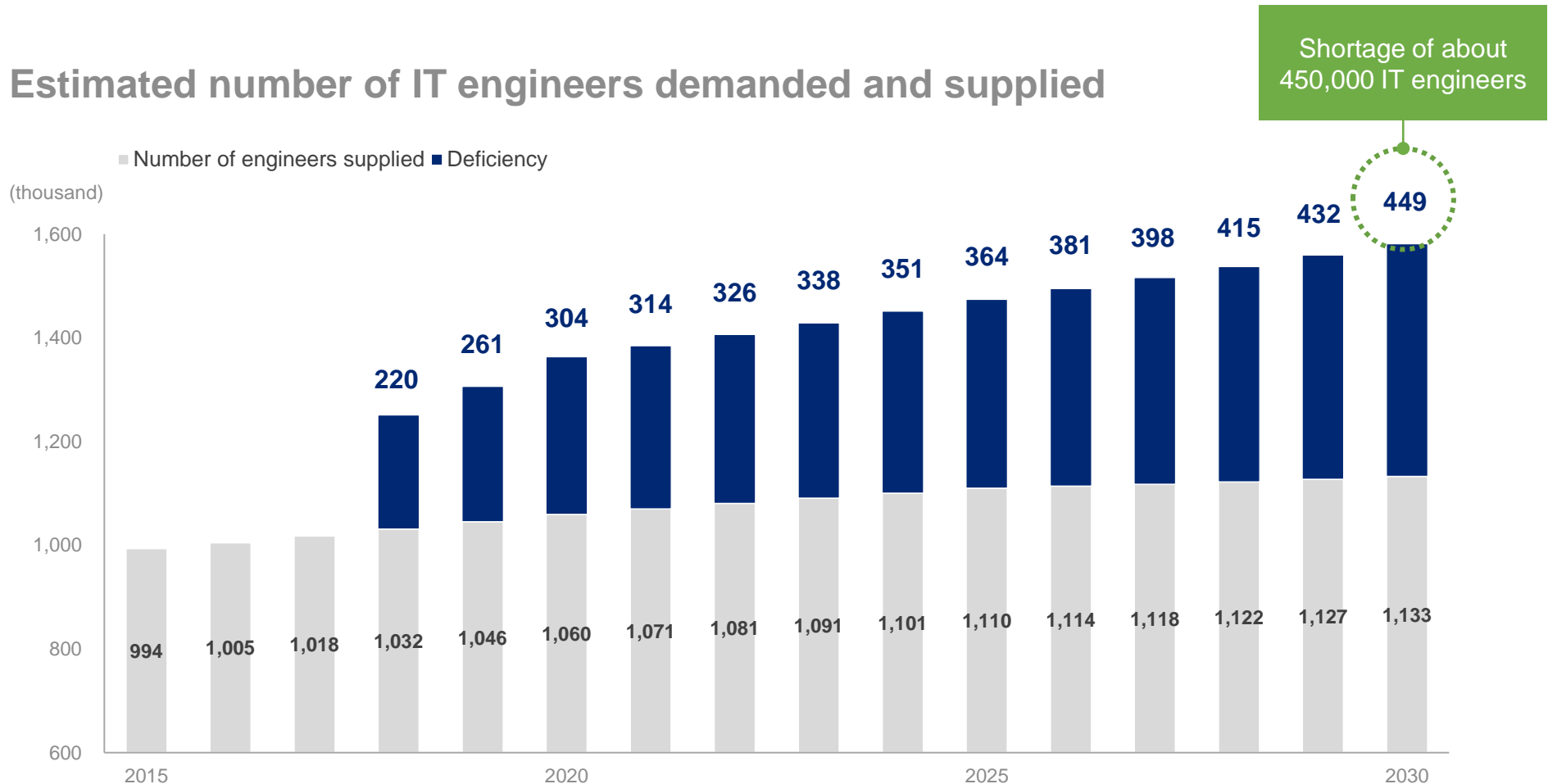
- ◆ The investment in DX is expected to grow considerably.
- ◆ We will expand our DX support business domain in the fields of traffic/transportation, which have a high affinity for the manufacturing and construction fields.

Industries/business fields	FY 2021 [100 million yen]	Forecast for FY 2030 [100 million yen]	CAGR 30/21 (%)	
Traffic/ transportation	3,215	11,795	15.5	← Future priority field
Finance	2,465	8,880	15.3	
Manufacturing	2,590	8,130	13.6	← Current priority field
Distribution/retail	516	1,852	15.2	
Medical care/nursing care	896	2,052	9.6	
Real estate	435	1,514	14.9	
Municipalities	520	1,760	14.5	
Sales and marketing	1,630	3,240	7.9	
Customer services	231	462	8.0	
Others	10,675	25,509	-	
Total	23,173	65,194	12.2	

*Source: *Future Outlook for the Digital Transformation Market in 2023* produced by Fuji Chimera Research Institute, Inc. on January 30, 2023

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

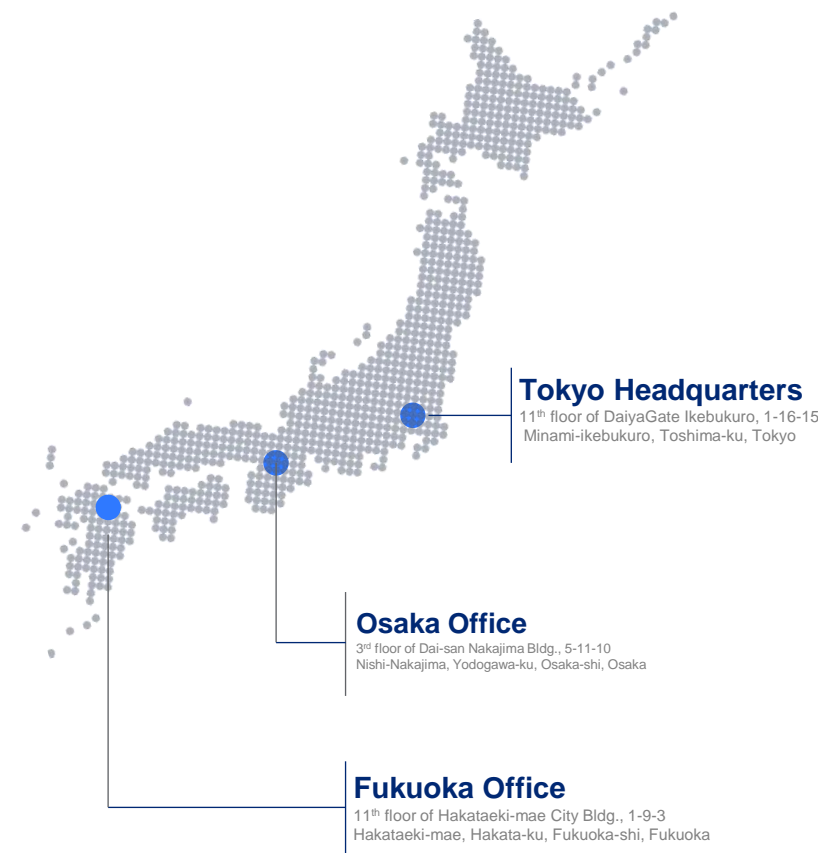
Estimated number of IT engineers demanded and supplied



*Source: Survey on IT Engineers Demanded and Supplied produced by Mizuho Information & Research Institute, Inc. in March 2019

5 Appendix

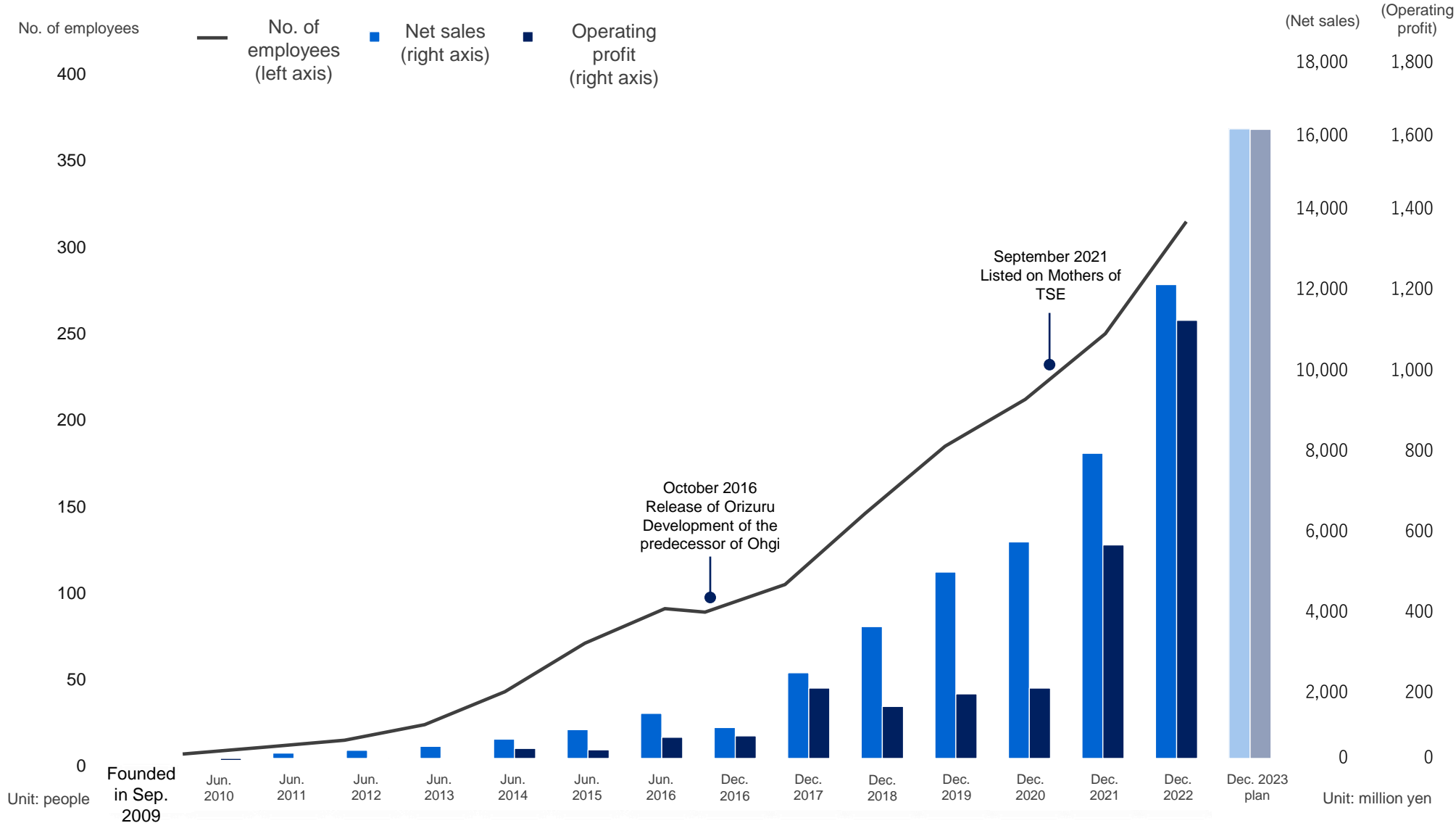
Corporate name	Core Concept Technologies Inc. (CCT)
Business description	To support client companies in DX and staffing of IT personnel
Location	11th floor of DaiyaGate Ikebukuro, 1-16-15 Minami-ikebukuro, Toshima-ku, Tokyo
Representative	Takeshi Kaneko, Representative Director, President, CEO
Date of establishment	September 17, 2009
Capital stock	561,813,000 yen (as of September 30, 2023)
Account closing month	December
Number of employees	Consolidated: 451; non-consolidated: 357 (as of September 30, 2023)
Office locations	Tokyo (headquarters), Osaka, and Fukuoka



Group companies

Corporate name	P. G. System Co., Ltd. (wholly owned subsidiary)	2 nd floor of Taiyo Seimei Ube Bldg., 18-10 Matsushima-cho, Ube-shi, Yamaguchi
Corporate name	Denso Co., Ltd. (wholly owned subsidiary)	6 th floor of Komoriyama Bldg., 15-1 Omiya-cho, Saiwai-ku, Kawasaki-shi, Kanagawa

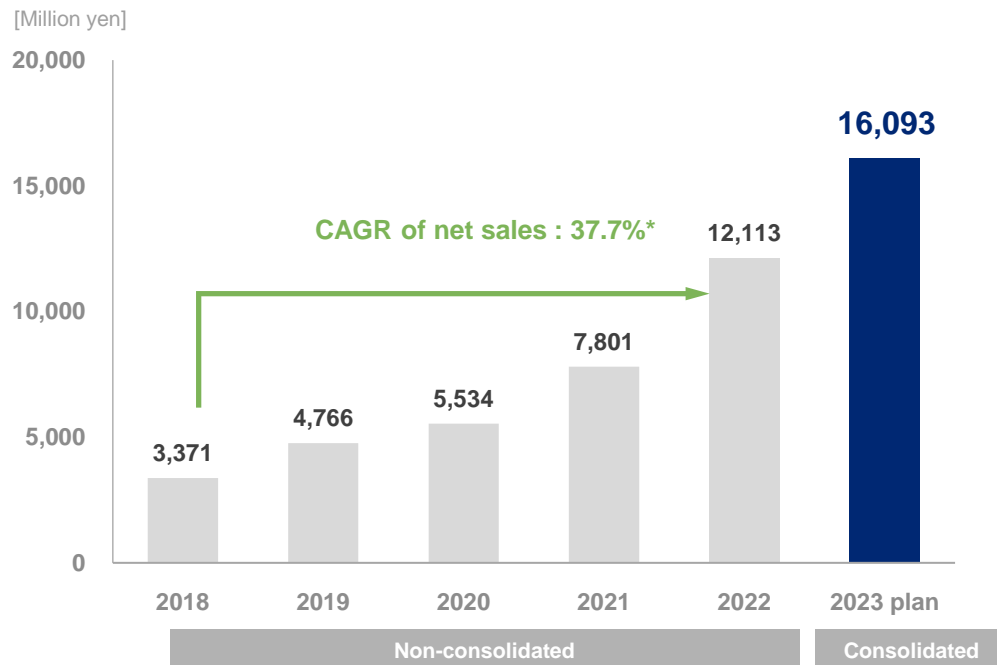
Variation in past performance



*Due to the change of the accounting period, FY 12/2016 was an irregular 6-month period.

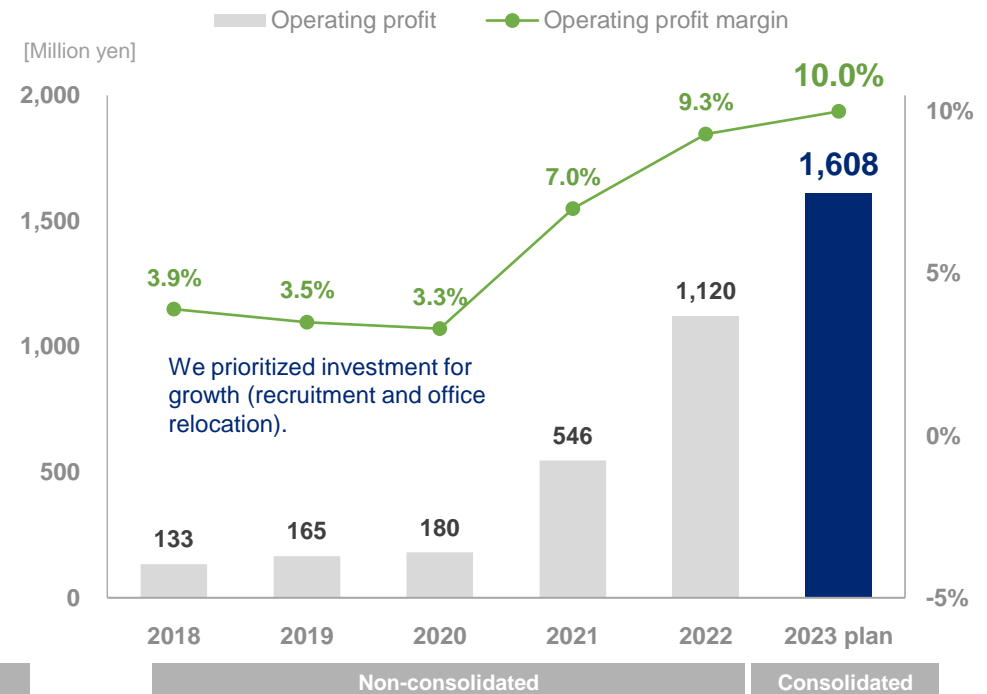
- ◆ We achieved sales growth at an annual rate of more than 30%, and expect sales to grow, backed by strong demand.
- ◆ Operating profit margin improved thanks to the rise in the unit price and a decrease in SG&A ratio.

Sales growth



*From FY 12/2018 to FY 12/2022

Variations in operating profit and its margin





Takeshi Kaneko



Katsunori Shimomura



Hajime Tsunoo



Tadaaki Taguchi



Kazuaki Nakajima

Post	Representative Director, President and CEO	Director and Chairperson	Director and General Manager of System Integration Division	Director, CTO and General Manager of Marketing Division	Director and CFO
Biography	2000: Entered Inx Co., Ltd. (currently SOLIZE Corporation). 2006: Established Laguna Co., Ltd. 2006: Entered KT Consulting Co., Ltd. 2009: Served as Auditor at ShinStar Co., Ltd. 2010: Entered CCT. 2013: Appointed as Director and Vice-president. 2015: Appointed as Representative Director, President and CEO (incumbent).	1979: Entered NEC Software Co., Ltd. 1991: Entered Inx Co., Ltd. (currently SOLIZE Corporation). 1995: Served as Managing Director at Inx Co., Ltd. 1996: Director at Geiyo Senzai Co., Ltd. (incumbent). 2009: Established CCT. 2009: Appointed as Representative Director. 2020: Appointed as Director and Chairperson (incumbent).	2002: Entered Inx Co., Ltd. (currently SOLIZE Corporation). 2009: Entered Nitori Co., Ltd. 2009: Entered CCT. 2012: Appointed as Executive Officer in charge of HR. 2016: Appointed as Director (incumbent). 2020: Appointed as General Manager of System Integration Division (incumbent).	2002: Entered Inx Co., Ltd. (currently SOLIZE Corporation). 2009: Entered CCT. 2012: Appointed as Executive Officer in charge of technology. 2015: Appointed as Director and CTO (incumbent). 2020: Appointed as General Manager of Marketing Division (incumbent).	1995: Entered Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.). 2014: Served as Executive Officer at Human Holdings Co., Ltd. 2017: Served as Director at S-cubism Inc. 2018: Entered CCT. 2019: Appointed as Executive Officer and CFO. 2020: Appointed as General Manager of Business Administration Division. 2020: Appointed as Director and CFO (incumbent).

Management structure: Directors belonging to the audit and supervisory committee



Koshi Kakuta



Takuo Hirose



Masaya Suzuki



Eri Nakajima

Post	Director and Audit and Supervisory Committee Member	Director and Audit and Supervisory Committee Member	Director and Audit and Supervisory Committee Member	Director and Audit and Supervisory Committee Member
Biography	<p>1969: Entered Mitsui Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation).</p> <p>1997: Entered Otsuka Corporation.</p> <p>1997: Served as Representative Director at 10art-ni Corporation.</p> <p>2002: Served as Representative Director at Zend Open Source Systems Japan, Ltd.</p> <p>2011: Appointed as Auditor at S-cubism Inc. (incumbent).</p> <p>2019: Appointed as Auditor at CCT.</p> <p>2021: Appointed as Director and Audit and Supervisory Committee Member at CCT (incumbent).</p>	<p>1997: Registered as attorney. Joined Tomotsune Kimura & Mitomi (currently Anderson Mori & Tomotsune).</p> <p>2003: Worked at Shearman & Sterling LLP in the U.S.</p> <p>2004: Obtained the New York Bar registration.</p> <p>2004: Returned to work at Anderson Mori & Tomotsune.</p> <p>2005: Appointed as a partner attorney at Anderson Mori & Tomotsune (incumbent).</p> <p>2007: Served as Outside Auditor at Roland DG Corporation.</p> <p>2010: Served as Outside Director at Roland DG Corporation.</p> <p>2018: Appointed as Outside Auditor at Cyfuse Biomedical K.K. (incumbent).</p> <p>2020: Appointed as Auditor at CCT.</p> <p>2021: Appointed as Director and Audit and Supervisory Committee Member at CCT (incumbent).</p> <p>2021: Appointed as Outside Director at Hamamatsu Photonics K.K. (incumbent).</p>	<p>2000: Joined Ernst & Young ShinNihon LLC.</p> <p>2004: Registered as CPA.</p> <p>2019: Opened and operates Masaya Suzuki Accounting Office.</p> <p>2020: Appointed as Auditor at CCT.</p> <p>2021: Appointed as Director and Audit and Supervisory Committee Member at CCT (incumbent).</p> <p>2022: Appointed as Outside Auditor at CCR&B Advisors Inc. (incumbent).</p>	<p>1995: Entered the Environment Agency (currently Ministry of the Environment).</p> <p>2003: Went on loan to the Agency for Natural Resources and Energy of METI.</p> <p>2015: Went on loan to Nagano Prefecture as a vice-governor.</p> <p>2022: Appointed as Outside Director at IDEC Corporation (incumbent).</p> <p>2023: Appointed as Director and Audit and Supervisory Committee Member at CCT (incumbent).</p>

Our Purpose

Driving sustainable industrial development through the power of our technology and people

What We Do

Create the Next-Gen of the IT Industry

- ✓ We envision a future in which each industry develops sustainably and will make this vision real to create a sustainable society through the evolution of our products and people.
- ✓ We contribute to the sustainable development of industry by reforming our clients' business processes and value chains through Digital Transformation (DX). Along with growing sales and improving profitability, we solve issues such as reducing environmental impact through the improvement of asset and energy efficiency, eliminating labor shortages through improved labor productivity, and passing on know-how from veteran employees.
- ✓ By utilizing "Ohgi," an extensive business partner network made mainly of small and medium-sized companies, we contribute to the reduction of the adverse effects of the multiple contracting structure in the Japanese system integration industry, such as the uneconomical middle margins, as well as the regional income disparity of IT human resources.

Our Values

Think Big, Act Together.

Think Big

Exchange ideas freely and move away from conventional wisdom and fixed concepts.

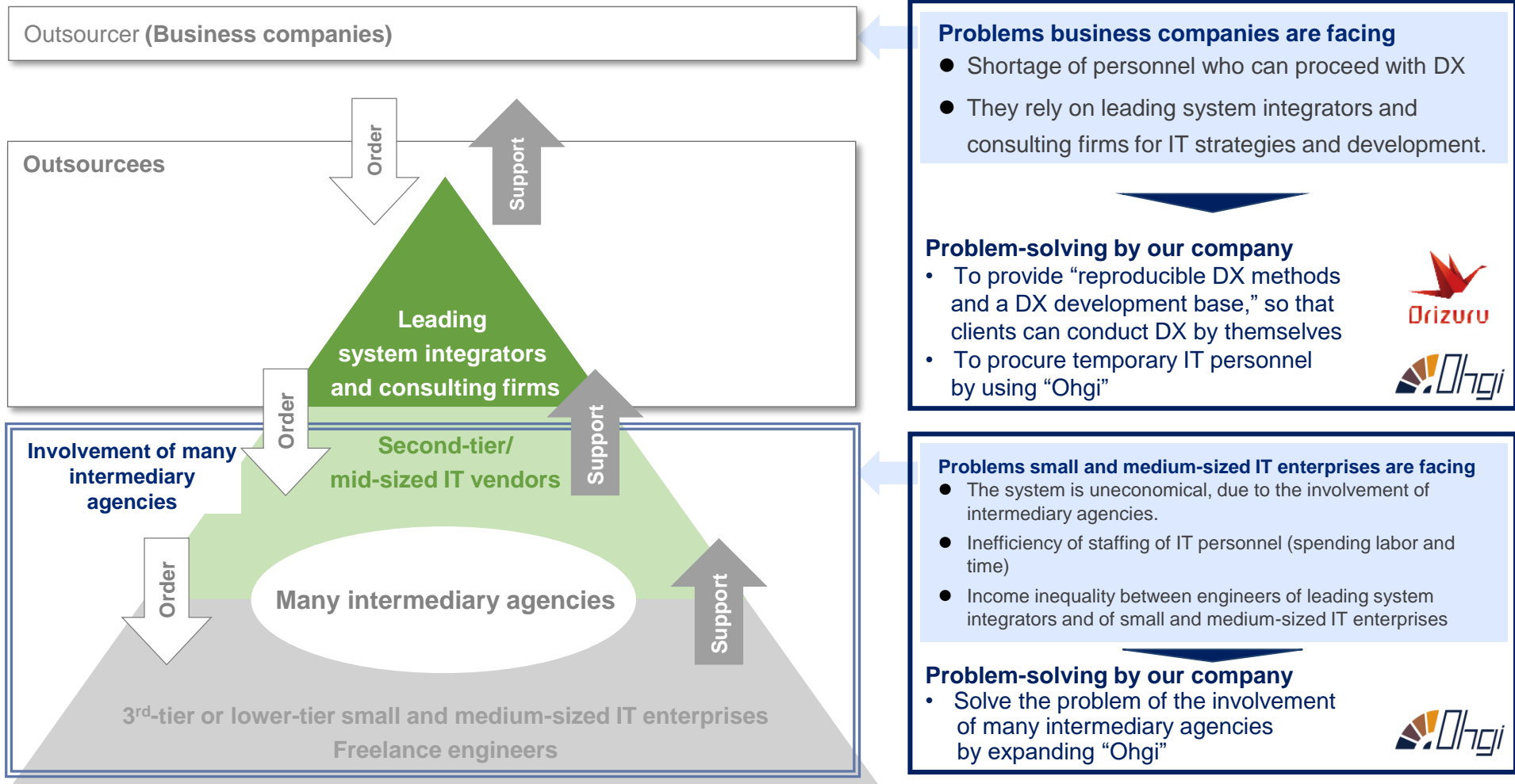
With firm determination, we shall find the new value the world is searching for.

Act Together

We are supported by many stakeholders, including our customers and employees.

Act Together to respond to their understanding and trust.

◆ We solve the problem of the involvement of many intermediary agencies in the IT industry and make the world change, so that companies can conduct DX autonomously.



- ◆ Support for DX has supported clients mainly in the manufacturing and construction fields.
- ◆ Support for staffing of IT personnel has assisted a wide range of industries through leading system integrators.



OBUYASHI

Support for DX



Link to Good Living

Support for staffing of IT personnel



- ◆ Focus on the manufacturing, construction, and logistics industries where we can leverage our strengths.
- ◆ The use of Orizuru enables speedy realization of DX for customers.

Manufacturing

(since the establishment of our company)

Construction

(since 2015)

Logistics

(since 2023)

Main areas of support



Design, procurement and manufacturing

- ✓ Order receipt and procurement (Orizuru)
- ✓ Smart factory (Orizuru)
- ✓ PLM (ArasInnovataor)
- ✓ ERP (mcFrame/infor)



Design and construction

- ✓ BIM linkage system/common data infrastructure
- ✓ Design efficiency (AI utilization)
- ✓ PLM (ArasInnovataor)



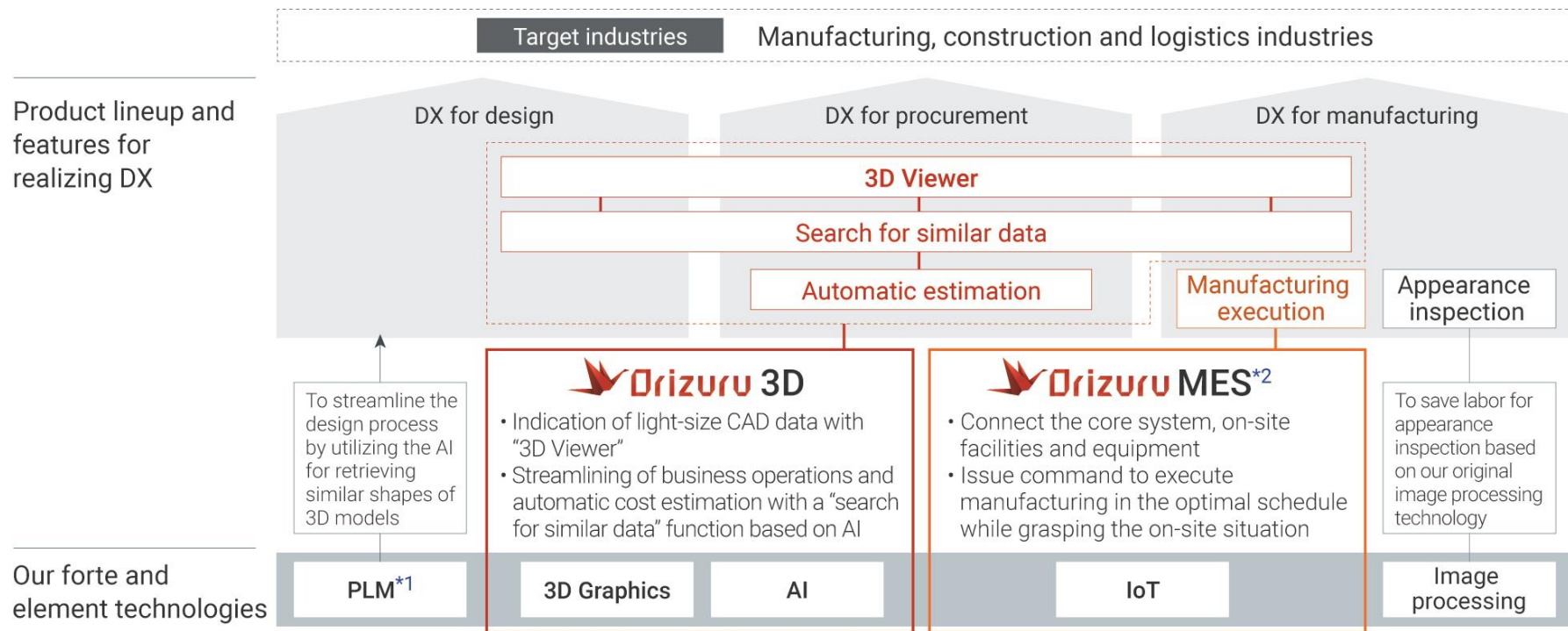
Warehousing and transportation

- ✓ WMS (Warehouse Management System)
- ✓ TMS (Transport Management System)

Strengths

- ✓ 3D shape data processing technology (CAD, numerical algorithms of geometry and image processing by AI)
- ✓ Manufacturing expertise in the manufacturing industry
- ✓ Achievements in the manufacturing industry by support for DX
- ✓ Experience in the development of BIM common data infrastructure and BIM data (IFC) handling technology
- ✓ Extensive business knowledge in the construction industry
- ✓ Achievements in the manufacturing industry by support for DX

- ◆ To actualize the functions demanded by customers swiftly at low cost by utilizing a DX development base “Orizuru”
- ◆ Working on various development projects evolves the standard functions of Orizuru (basically, no need for investment in development)



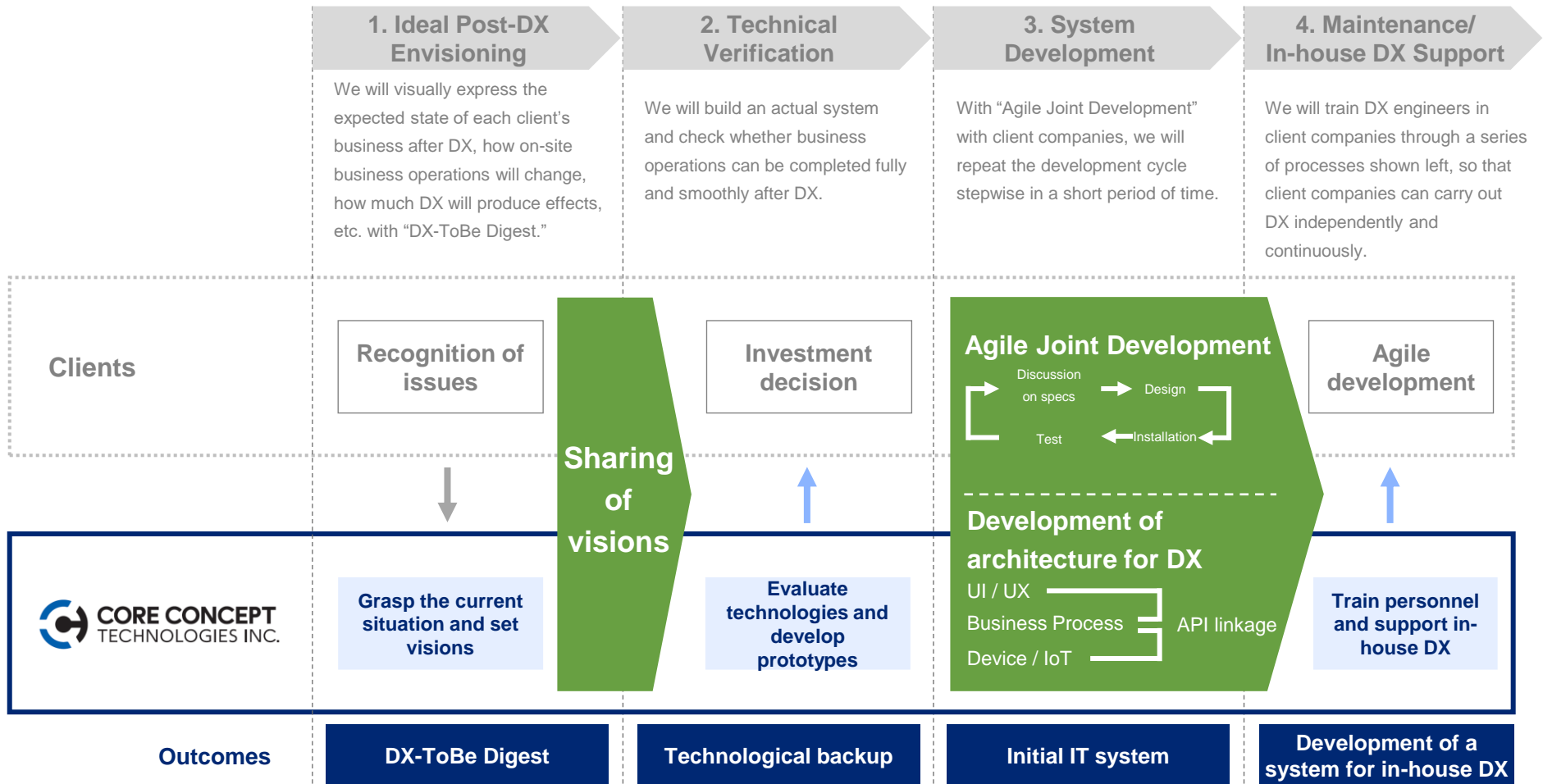
*1 Abbreviation for “Product Lifecycle Management.” It means aggregating various technological information on the entire product lifecycle, and using it to improve product development capabilities and corporate competitiveness.

*2 Abbreviation for “Manufacturing Execution System.” MES grasps and manages manufacturing processes, and gives instructions and support to workers.

We realized that many clients had common needs as we supported DX. In 2016, we commercialized “Orizuru” equipped with the functions to respond to the needs. The product was named “Orizuru” as we hope that **“we want to vitalize the Japanese manufacturing industry which possesses fine and delicate technical capabilities like paper crane.”**

Support for DX: Project promotion method “CCT-DX Method”

- ◆ Original method to accompany and support our clients to realize DX in-house by utilizing Orizuru and Ohgi.
- ◆ Aim to continue maintaining quality and customer satisfaction even as the number of projects and employees increases.



◆ Ability to give proposals (speed × quality × quantity) utilizing Ohgi, an extensive BP network

Sales



- ✓ Responding to the needs from business companies, mainly major system integrators
- ✓ Strong relationships with both clients and BPs, more reliable than competitors (mostly small and medium-sized companies)

Support system



- ✓ Responding to all needs from upstream to downstream
- ✓ Capable of forming teams ranging from one person to dozens of people

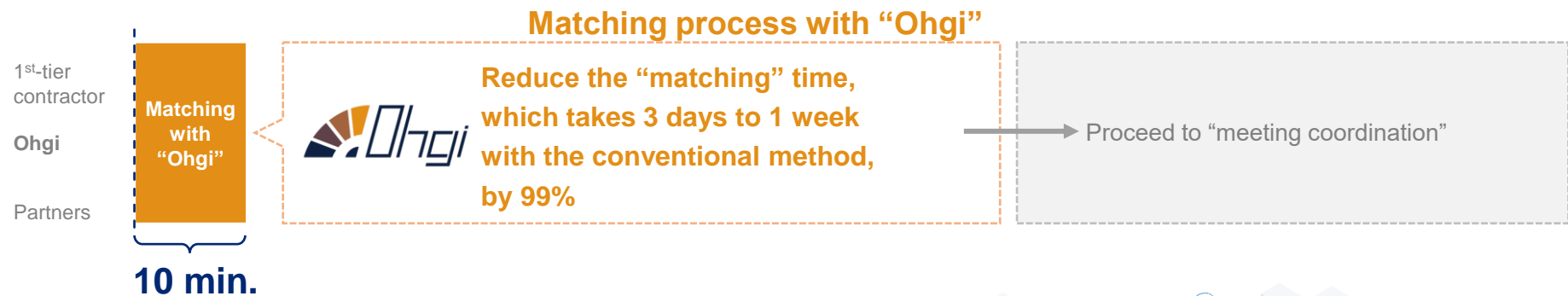
Personnel staffing



- ✓ Quickly procure the right personnel
- ✓ Ohgi mainly consists of employees belonging to small and medium-sized IT enterprises, rather than freelancers, so we have won the significant trust of end-users.

- ◆ Ohgi considerably reduces the time required for matching projects and personnel.
- ◆ We have formed a wide network of small and medium-sized IT enterprises.

Workflow in the conventional multi-outsourcing system (3 days to 1 week required for sending requests and proposals)



Features of Ohgi

- ✓ A network of approximately 4,800 companies (about 100,000 IT personnel) centered in Tokyo
- ✓ Targets mainly at small and medium-sized IT enterprises (not freelancers)
- ✓ We will expand the network to include local IT enterprises.



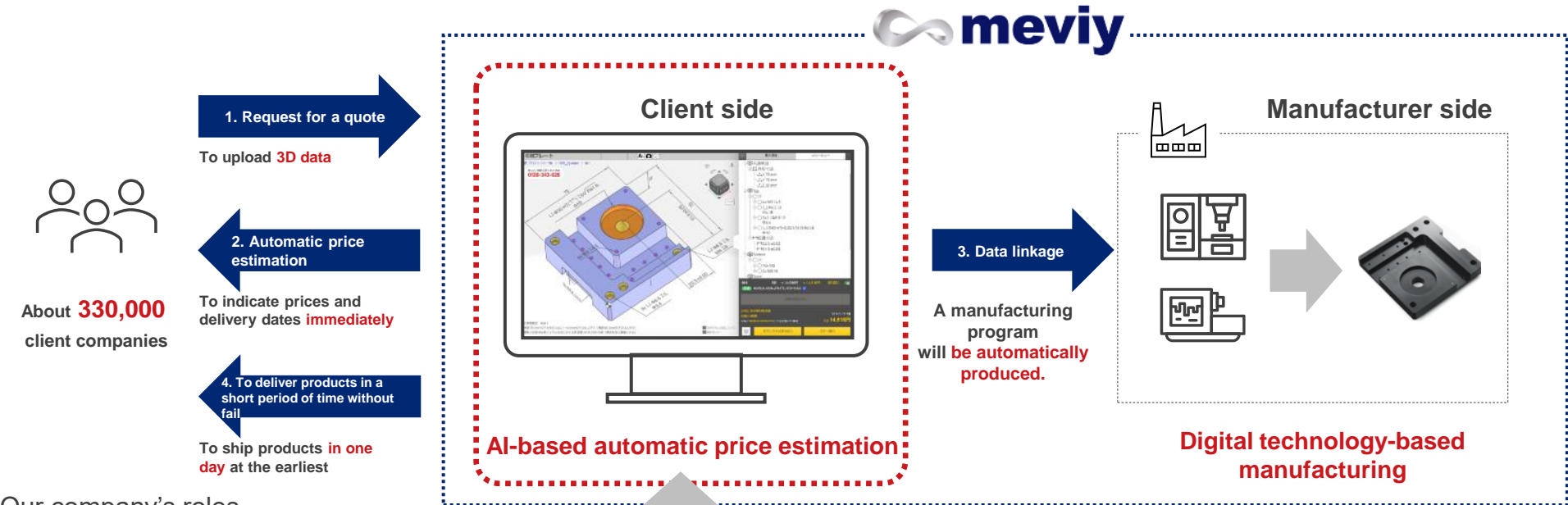
We made a database of human resource network which includes many BPs we have cultivated since our founding and information on employees who belong to the companies.

The product was named “Ohgi” as we hope that **“we want to expand our business to every corner of Japan.”**

Development of a platform for receiving and placing orders for components

We supported MISUMI in developing a smooth transaction from enabling their clients to upload design data, automatic price estimation and immediate product shipment.

We will utilize the shape data processing technology nurtured through the development of “Orizuru” for AI-based automatic price estimation and digital technology-based manufacturing.



Our company's roles

- To jointly develop a 3D user interface and technologies for AI-based automatic price estimation and digital technology-based manufacturing by utilizing the shape data processing technology nurtured through the development of **Orizuru**.
- To organize a large-scale development team utilizing **Ohgi**

*MISUMI Group Inc. received the Prime Minister Award at the 9th Japanese Manufacturing Awards for meviy.

Support for construction of a smart factory

To support the formulation of a scheme for realizing a smart factory and develop a system

To establish a system for linking all processes including the design of storage batteries, order receipt, production planning, manufacturing, and distribution and integrating the entire factory from end to end, by combining CCT Orizuru MES and Infor CloudSuite Industrial (CSI).

Formulation of a scheme

- We applied the CCT-DX Method. The experts in CCT understood the processes for manufacturing storage batteries, and supported the formulation of a scheme for realizing a smart factory that can maximize the production capacity of new factories.

Expected effects: Productivity improvement and ROI improvement in planning



Development of OT and the entire system based on IT

- We established a system for linking all processes, including design, order receipt, procurement, production, distribution, and accounting.
- We installed the production management function based on Infor CSI, and applied Orizuru MES, which put together the know-how of CCT, to the manufacturing execution system, to integrate IT and OT.

Expected effects: Productivity improvement and optimization of the entire system



Swift personnel procurement

- We procured personnel with Ohgi, and formed a development team swiftly.

Expected effects: Sticking to schedule and flexible management of development costs



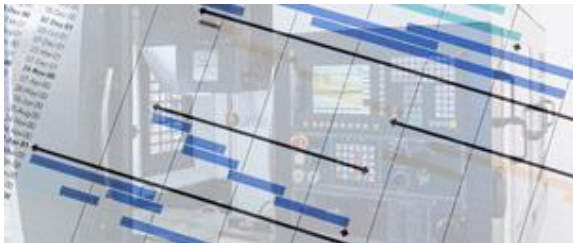
Support for construction of a smart factory

- A visualization of the overall concept of a smart factory
- Reforming the manufacturing line: Designed DX for production control, quality control, and production planning
- Resolving technical issues with a demonstration line
- Verifying reform policies, improvement effects, and ROI in each process

Production plan optimization for each facility

Developing an hourly production plan that is standardized and designed for each production facility

Expected effect: Reduction of work dependent on individual skills



Instructions to start construction for technicians

Issuing a work instruction list that directs each technician to perform high-priority work

Expected effect: Increased work efficiency



Preparatory work instructions for technicians

Instructions for preparing necessary items, such as cutting tools required for processing, and individual identification by 2D barcode

Expected effects: Increased work efficiency and error prevention



Automatic processing condition adjustment

Test processing, processing condition adjustment, and manufacturing are executed based on automatic measurement results and various sensor data.

Expected effects: Productivity improvement and quality improvement



Understanding real-time production status

Real-time monitoring and understanding of production from anywhere, instead of traditional local monitoring and monthly tabulation

Expected effects: Remote work and real-time monitoring



Design and BIM management system development

- **Design management system development support for realizing open BIM**
- **Utilizing Orizuru 3D to process and display various BIM models (IFC data)**
- **Supporting the improvement and stabilization of design quality**
- **Incorporating the needs and knowledge of design users into the Orizuru 3D development roadmap**

Cooperation with external systems

By expanding the scope of common data utilization by linking it with external systems, we will strengthen data linkage in general design work and improve architectural design quality by utilizing that data.

Expected effect: Improvement of design quality



Systematization of design know-how

It improves and stabilizes design quality by promoting and executing the systematization of designers' advanced know-how. It also helps improve the productivity of design work in response to social demand such as work style reform.

Expected effects: Improvement of design quality and productivity



Joint development

By incorporating the needs and knowledge of design users into the Orizuru 3D development roadmap, it has grown as a DX development base optimized for the construction industry.

Expected effect: Enhancing the value of Orizuru 3D



BIM/CIM: A technology that recreates the 3D model of a real building on a computer, collects various technical information generated over the entire architecture and construction life cycle, connects the engineering chain, realizes efficiency and sophistication of architectural and construction work, and strengthens corporate competitiveness. BIM targets the construction field, and CIM targets the civil engineering and construction field. The three-dimensional model management, such as buildings and topography, is collectively called "BIM/CIM."

Remote management center establishment support

Dissemination of knowledge of veteran staff and tackling the issue of developing young human resources Improving productivity and achieving workstyle reform for on-site employees through centralized management of information

Remote communication

In response to the problem of difficulty in maintaining on-site capabilities due to the mass retirement of veteran employees, by synchronizing on-site information such as images in real time at the remote management center, it is possible to obtain information equivalent to or better than the construction site even from remote locations, which makes it possible to provide support as if veteran employees were on the site.

Expected effects: Improvement of productivity, knowledge transfer and remote work



Consolidation of on-site operations

There was a concern that the number of mid-level workers responsible for on-site work would decrease, and the number of work sites that could be handled would decline, making it challenging to secure profits. In response to this, simple tasks common to each site, such as document preparation and photo sorting, which had been performed on-site until now, were consolidated at the remote management center to reduce the on-site workload.

Expected effects: Workstyle reforms and securing profits



Next-generation human resources development

There was a chronic lack of opportunities for young people to be trained due to the small number of mid-career workers, resulting in knowledge not being passed to the next generations. In response to this, we created case method (simulation) type educational content using VR generated from the site information accumulated in the remote management center. In addition, we have established a system in which past knowledge is managed in a manner allowing it to be referred to at any time, providing opportunities for voluntary knowledge acquisition during operations.

Expected effects: Knowledge transfer and speeding up personnel training



◆ We will enhance corporate value through our materiality initiatives.

	Our Materiality	Results of Main Initiatives
Resolving Social Issues through Business Activities	Realizing Sustainability through Client DX Contributing to business continuity, increasing sales and profit, and sustainable development of industry by using "Orizuru" to implement client DX	<ul style="list-style-type: none"> Improving labor productivity (Misumi) Reducing environmental impact (Fine Sinter)
	Developing the IT Human Resources Who Will Shape the Future Resolving the problems caused by involvement of many intermediary agencies and contributing to the sustainable development of the IT industry by improving the skills of IT engineers and expanding the "Ohgi" network	<ul style="list-style-type: none"> Increase in the number of partner human resources Approximately 63,000 (2021) → Approximately 100,000 (2022) Expanding "Ohgi" into regional areas
Resolving Social Issues through Corporate Activities	Taking the Initiative in Global Environmental Conservation <ul style="list-style-type: none"> Realizing a zero carbon business Realizing a circular economy business 	<ul style="list-style-type: none"> Realizing 100% renewable energy at head office and data centers (Scope 1, 2) Recycling unused PCs
	An Organization Where Each and Every Individual Can Contribute <ul style="list-style-type: none"> Widely disseminating the CCT WAY Strengthening organizational capabilities by promoting employee engagement Creating a comfortable and rewarding working environment 	<ul style="list-style-type: none"> Incorporating the CCT WAY into personnel evaluations and providing CCT WAY training Holding Whole Company Meeting, Officer Exchange Meetings, and Exchange Workshops Promoting work-life balance and investing in human resources development
	Resilient Business Base <ul style="list-style-type: none"> Data security and system risk management Ensure highly transparent governance and compliance 	<ul style="list-style-type: none"> Data security Establishment of Nomination and Remuneration Committee Appointment of female Outside Director

Environmental Impact Reductions through Support for Smart Factory Construction

We provide smart factory solutions using "Orizuru" as support for DX in the manufacturing industry. From 2021, we started to support Fine Sinter Co., Ltd.'s production line reforms, including production control, quality control, and production planning. We have optimized the production planning for each production equipment and built a system that can advance manufacturing production based on various sensor data and automatic measurement results. Implementing smart factory technology not only improves productivity but also contributes to reducing environmental impact.

CCT WAY Training Aiming for Professionalism

This training is designed to help us grow from a venture business to the next stage. We hold a total of five semi-annual training sessions for young and mid-level employees with different themes, such as business logical thinking, and writing and presentation skills. Through this training, we aim to improve the basic skills necessary to embody the "CCT WAY" and to improve the perspective of employees as members of society.



		FY2019	FY2020	FY2021	FY2022
Number of new graduates hired	Male	15	17	19	20
	Female	2	5	0	3
Number of mid-career employees hired	Male	38	33	34	66
	Female	8	4	7	16
Employee turnover		14.8%	10.0%	8.8%	12.8%
Average years of employment		2.74	2.79	2.15	3.03
Hours of overtime		19.88	22.08	22.81	21.92
Return rate after maternity and parental leave		100.0%	100.0%	100.0%	100.0%
Users of the shortened working hour system	Number	2	2	2	4
	Percent	1.10%	0.95%	0.80%	1.27%
Gender Wage Gap		85.2%	80.2%	82.6%	80.3%

*Please also refer to the Integrated Report 2023, which was issued on July 19.

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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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