Financial results for Q4 of FY 12/2023

Core Concept Technologies Inc.

Securities Code: 4371

February 13, 2024

1 **Executive Summary**

Results for Q4 of FY 12/2023

◆**Sales and profit grew year on year.**

	Q4 of FY 12/2022 (non-consolidated)	Q4 of FY 12/2023 (consolidated)			
Net sales	12,113	**15,921**	million yen	**+31.4**	% year on year
Operating profit	1,120	**1,744**	million yen	**+55.6**	% year on year
Operating profit margin	9.3	**11.0**	%	**+1.7**	points year on year

Earnings forecast for FY 12/2024

◆**We plan to increase sales and profit.**

Net sales	**20,856**	million yen	**+31.0**	% year on year
Operating profit	**2,398**	million yen	**+37.5**	% year on year
Operating profit margin	**11.5**	%	**+0.5**	points year on year

Topics

◆**We will acquire the shares of Pros Cons, Inc. to make it a wholly owned subsidiary.**

・The date of share transfer will be February 16, 2024.

・Pros Cons will join our corporate group in FY 12/2024.

2 **Earnings Report**

Consolidated profit and loss statement

CORE CONCEPT TECHNOLOGIES INC.

◆ **Net sales were slightly lower than the earnings forecast, but profit was higher than expected.**

◆ **Gross profit margin improved significantly compared to the previous fiscal year.**

*The profit and loss of Denso will be included in consolidated results from Q4.

Unit: million yen

	Non-consolidated	Consolidated	Change	% change	Consolidated earnings forecast	Progress rate
	2022 Q4	2023 Q4				
Net sales	12,113	15,921	+3,808	+31.4%	16,093	98.9%
Outsourcing expenses	7,479	9,502	+2,022	+27.0%	-	-
Personnel expenses	1,461	1,896	+435	+29.8%	-	-
Other costs*1	225	206	-18	-8.1%	-	-
Gross profit*1	2,947	4,315	+1,368	+46.4%	-	-
Selling, general and administrative expenses*1, 2	1,826	2,570	+744	+40.8%	-	-
Operating profit	1,120	1,744	+623	+55.6%	1,608	108.5%
Ordinary profit	1,139	1,765	+625	+54.9%	1,626	108.5%
Profit	836	1,303	+466	+55.7%	1,133	115.0%
Gross profit margin	24.3%	27.1%	+2.8P	-	-	-
Operating profit margin	9.3%	11.0%	+1.7P	-	10.0%	-
Outsourcing expense rate	61.7%	59.7%	-2.1P	-	-	-

*1 Q4 of FY 12/2022: Recalculated while including an allocated cost of 217 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).

*2 120 million yen and 296 million yen were posted in selling, general and administrative expenses in FY 12/2022 and FY 12/2023, respectively, as a provision for year-end bonus.

Factors in increase/decrease of operating profit

◆ **Operating profit rose thanks to growth in net sales.**
(+623 million yen, or up 55.6%, year on year)

CORE CONCEPT TECHNOLOGIES INC.
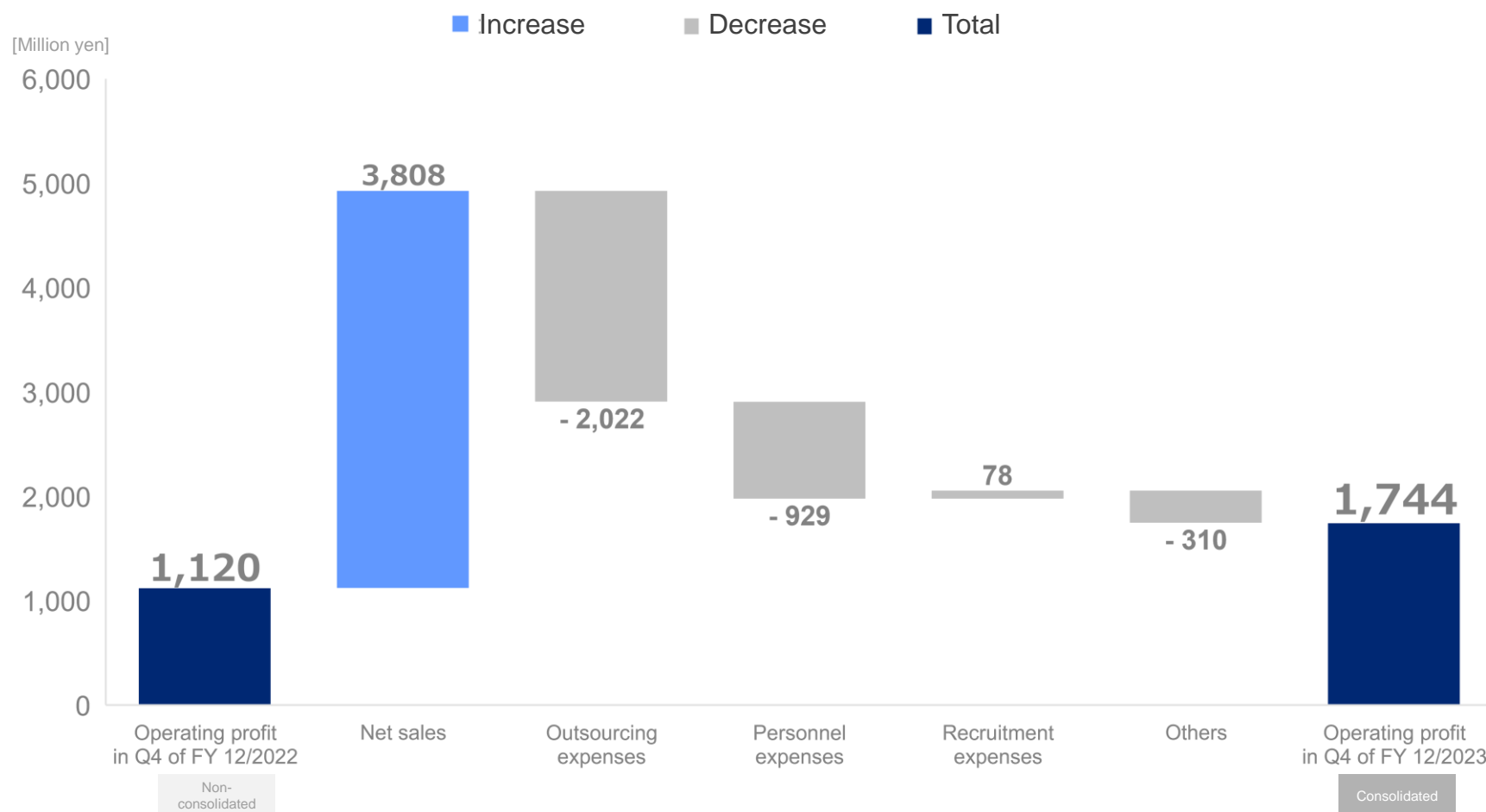
◆ **Gross profit margin of support for DX improved considerably year on year.**

Unit: million yen

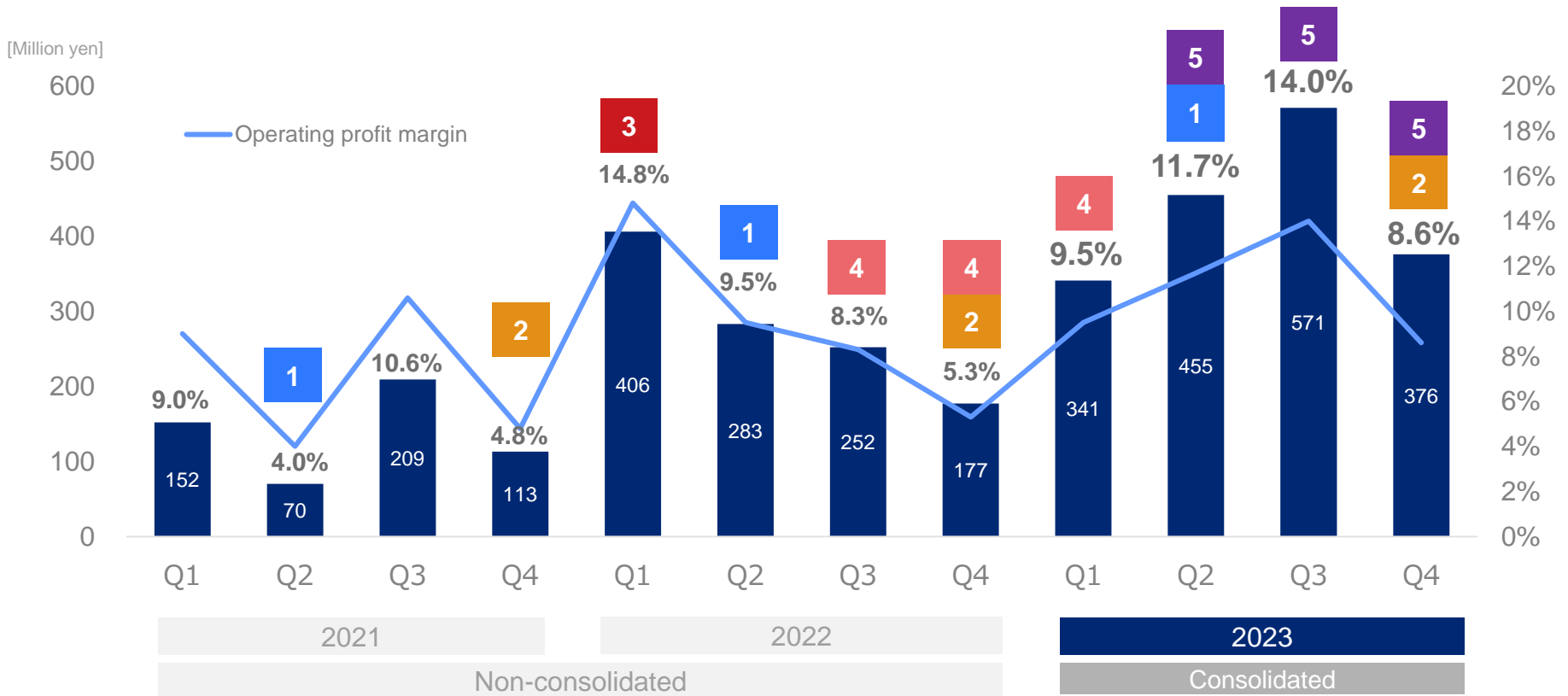|	Non-consolidated	Consolidated		Change	% change
	2022 Q4	**2023 Q4**			
Net sales	12,113	15,921		+3,808	+31.4%
Support for DX	5,939	7,606		+1,666	+28.1%
Support for staffing of IT personnel	6,173	8,314		+2,141	+34.7%
Gross profit*	2,947	4,315		+1,368	+46.4%
Support for DX*	1,963	2,924		+960	+48.9%
Support for staffing of IT personnel*	983	1,390		+407	+41.5%
Gross profit margin*	24.3%	27.1%		+2.8P	-
Support for DX*	33.1%	38.4%		+5.4P	-
Support for staffing of IT personnel*	15.9%	16.7%		+0.8P	-
Backlog of orders (as of the end of term)	2,824	2,681		-142	-5.0%
Support for DX	1,593	1,185		-408	-25.6%
Support for staffing of IT personnel	1,230	1,496		+265	+21.6%

*Q4 of FY 12/2022: Recalculated while including an allocated cost (support for DX: 197 million yen; support for staffing of IT personnel: 19 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).

CORE CONCEPT
TECHNOLOGIES INC.

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

[Million yen]

■ Support for DX   ■ Support for staffing of IT personnel   Total

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	1,693	1,750	1,971	2,385	2,754	2,979	3,038	3,339	3,592	3,894	4,083	4,351
Support for staffing	895	1,000	1,108	1,293	1,389	1,521	1,574	1,687	1,849	2,058	2,152	2,254
Support for DX	797	749	863	1,092	1,364	1,458	1,463	1,651	1,742	1,835	1,930	2,097

2021 | 2022 | 2023

Non-consolidated | Consolidated
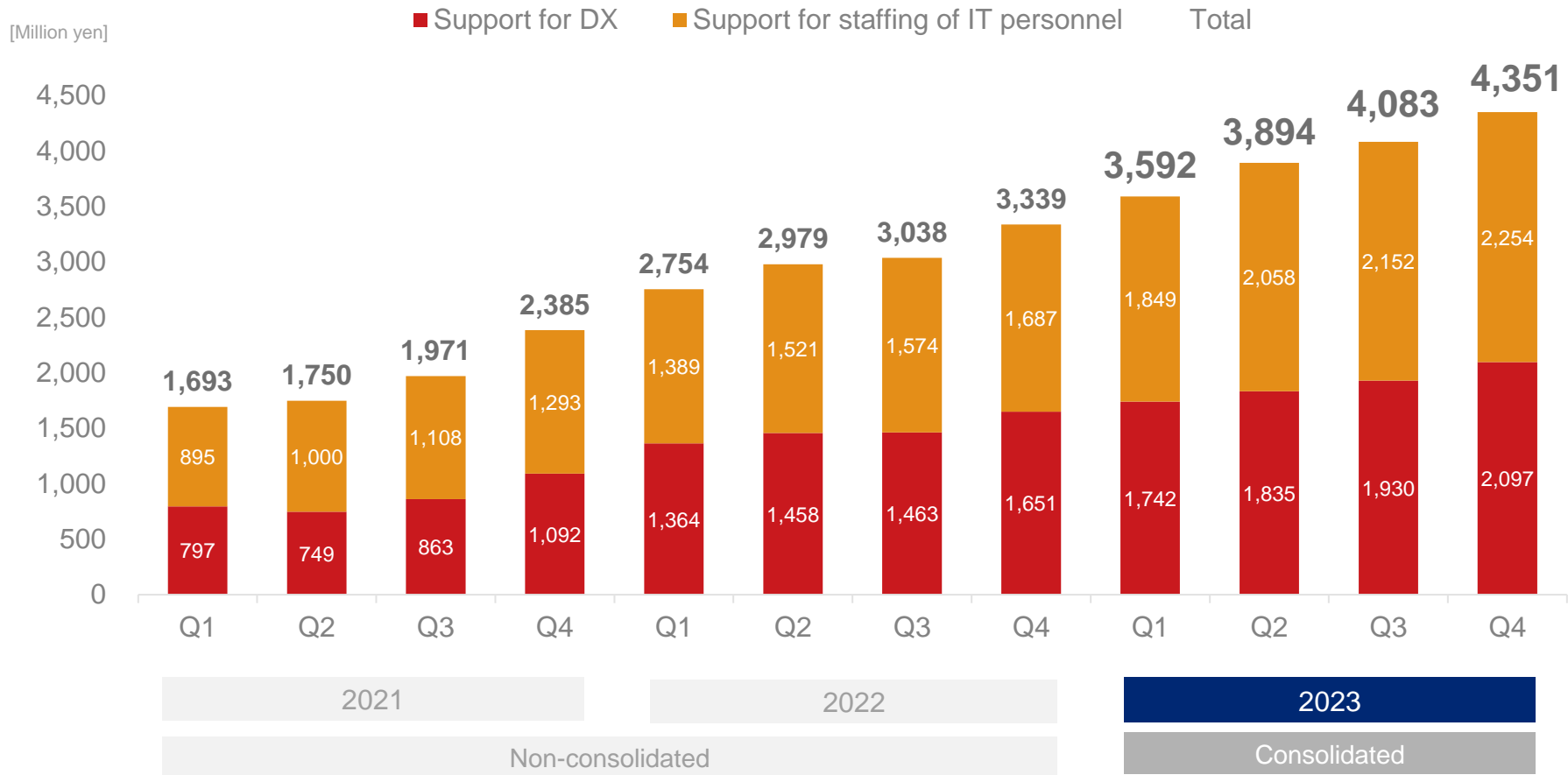
Variation in quarterly operating profit

CORE CONCEPT
TECHNOLOGIES INC.

1 Operating profit margin dropped due to recruitment of new graduates & experienced personnel.

2 Operating profit margin dropped due to a provision for year-end bonus. (155 million yen, 120 million yen, and 296 million yen were posted in FY 12/2021, FY 12/2022, and FY 12/2023, respectively.)

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

4 Operating profit margin dropped due to an increase in outsourcing expenses to deal with strong demand.

5 Operating profit margin increased thanks to the improvement in gross profit margin of support for DX.

[Million yen]

Operating profit margin

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Value	152	70	209	113	406	283	252	177	341	455	571	376
Margin	9.0%	4.0%	10.6%	4.8%	14.8%	9.5%	8.3%	5.3%	9.5%	11.7%	14.0%	8.6%

2021 — Non-consolidated

2022 — Non-consolidated

2023 — Consolidated

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Variation in quarterly selling, general and administrative expenses

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1 Increase due to the posting of a provision for year-end bonus
(155 million yen, 120 million yen, and 296 million yen were posted in FY 12/2021, FY 12/2022, and FY 12/2023, 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]

■ Personnel expenses ■ Recruitment expenses ■ Rent ■ Commissions paid ■ Others

	2021				2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	277 (40)	312 (44)	294 (43)	543 (48)	362 (51)	461 (54)	423 (57)	579 (52)	499	617	570	884
Others	45	57	51	106	74	90	79	84	101	133	125	142
Commissions paid	36	33	48	68	46	55	81	69	100	99	104	89
Rent	52	52	52	54	54	54	54	44	47	54	57	61
Recruitment expenses	9	16	4	15	38	72	29	57	29	51	12	26
Personnel expenses	133	152	137	298	148	188	178	323	220	278	270	564

Non-consolidated (2021, 2022) / Consolidated (2023)

*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.

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Consolidated profit and loss statement (quarterly basis)

CORE CONCEPT TECHNOLOGIES INC.

◆ **Net sales increase steadily in each quarter.**

◆ **Gross profit margin improved from Q2 of FY 12/2023 thanks to the rationalization of outsourcing expense rate, elevating the operating profit margin, too.**

Unit: million

	Non-consolidated				Consolidated			
	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Net sales	2,754	2,979	3,038	3,339	3,592	3,894	4,083	4,351
Outsourcing expenses	1,579	1,805	1,990	2,105	2,241	2,372	2,409	2,478
Personnel expenses	349	343	375	392	426	416	502	551
Other costs*	56	86	-2	84	85	31	29	60
Gross profit*	768	745	676	756	840	1,072	1,141	1,260
Selling, general and Administrative expenses*	362	461	423	579	499	617	570	884
Operating profit	406	283	252	177	341	455	571	376
Ordinary profit	430	284	250	174	356	455	567	386
Profit	314	209	184	127	261	318	405	317
Gross profit margin	**27.9%**	**25.0%**	**22.2%**	**22.7%**	**23.4%**	**27.5%**	**28.0%**	**29.0%**
Operating profit margin	**14.8%**	**9.5%**	**8.3%**	**5.3%**	**9.5%**	**11.7%**	**14.0%**	**8.6%**
Outsourcing expense rate	**57.3%**	**60.6%**	**65.5%**	**63.0%**	**62.4%**	**60.9%**	**59.0%**	**57.0%**

*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

Results by segment (quarterly basis)

CORE CONCEPT
TECHNOLOGIES INC.

◆ **Both support for DX and support for staffing of IT personnel saw appropriate trends in each gross profit margin.**

Unit: million

	Non-consolidated				Consolidated			
	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Net sales	2,754	2,979	3,038	3,339	3,592	3,894	4,083	4,351
Support for DX	1,364	1,458	1,463	1,651	1,742	1,835	1,930	2,097
Support for staffing of IT personnel	1,389	1,521	1,574	1,687	1,849	2,058	2,152	2,254
Gross profit*	768	745	676	756	840	1,072	1,141	1,260
Support for DX*	553	504	429	476	549	715	782	877
Support for staffing of IT personnel*	215	240	246	279	291	357	359	383
Gross profit margin*	27.9%	25.0%	22.2%	22.7%	23.4%	27.5%	28.0%	29.0%
Support for DX*	40.5%	34.6%	29.3%	28.9%	31.5%	39.0%	40.5%	41.8%
Support for staffing of IT personnel*	15.5%	15.8%	15.7%	16.6%	15.7%	17.4%	16.7%	17.0%
Backlog of order (as of the end of term)	2,226	1,960	2,405	2,824	2,644	2,790	2,719	2,681
Support for DX	1,296	1,027	1,273	1,593	1,443	1,482	1,357	1,185
Support for staffing of IT personnel	929	933	1,131	1,230	1,201	1,307	1,362	1,496

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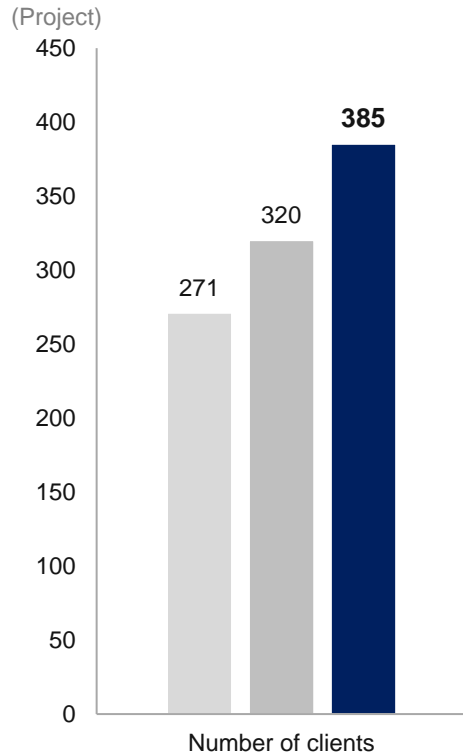Impact: (Support for DX) Q1: 47 million yen; Q2: 49 million yen; Q3: 52 million yen; Q4: 47 million yen

(Support for staffing of IT personnel) Q1: 4 million yen; Q2: 5 million yen; Q3: 5 million yen; Q4: 4 million yen
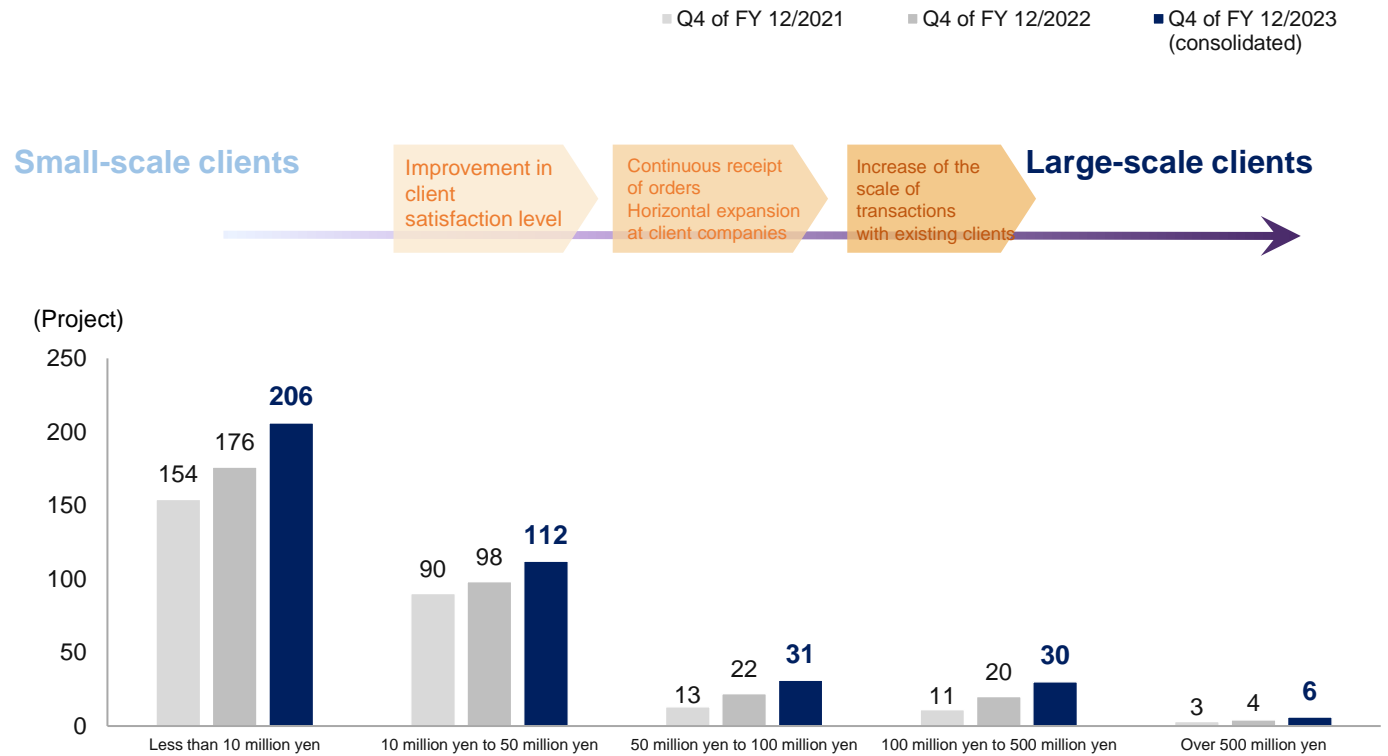
CORE CONCEPT
TECHNOLOGIES INC.

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

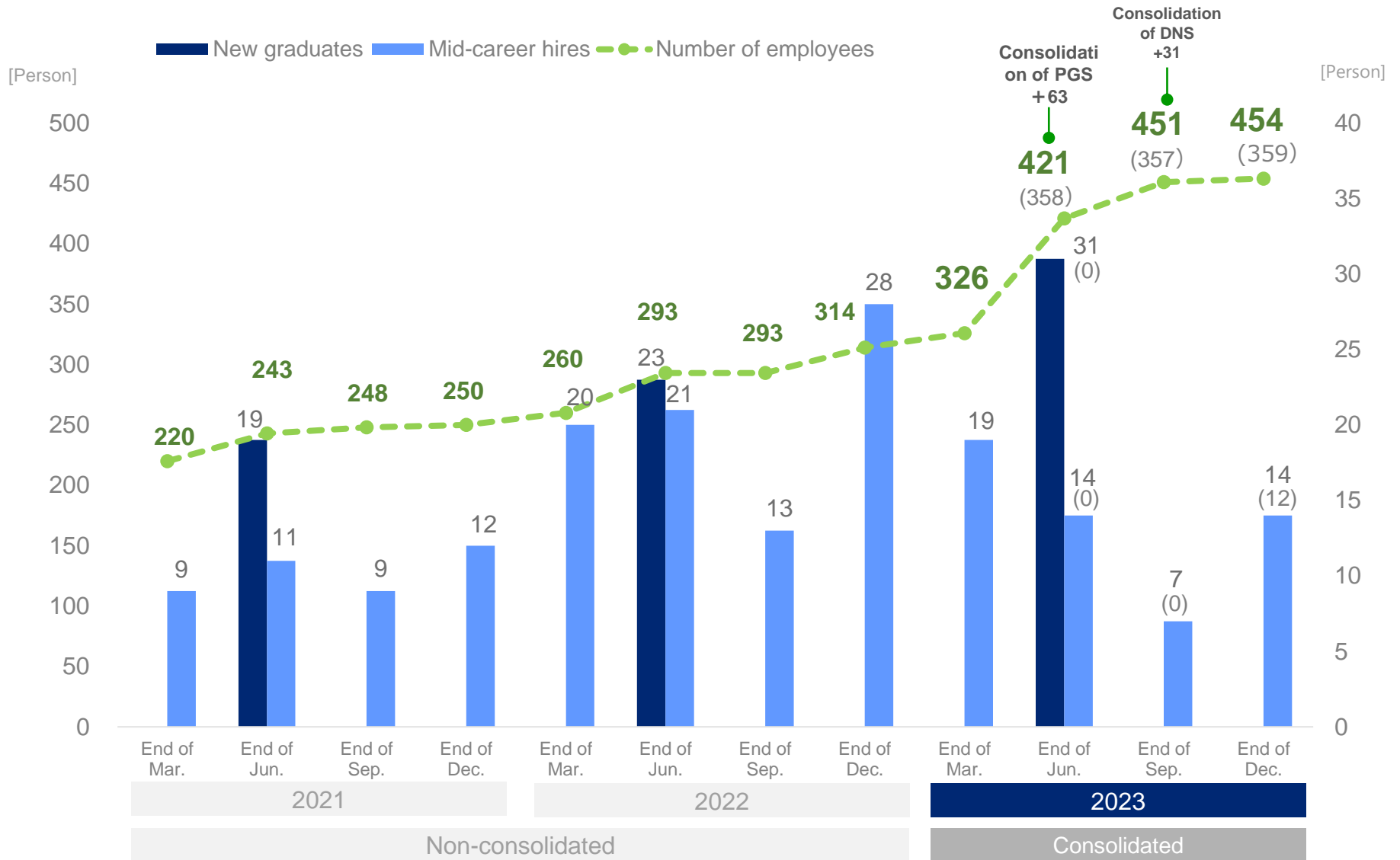Variation in the total number of clients

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

■ Q4 of FY 12/2021　■ Q4 of FY 12/2022　■ Q4 of FY 12/2023 (consolidated)

(Project)

450
400　　　**385**
350
300
250　271　320
200
150
100
50
0

Number of clients

Small-scale clients

Improvement in client satisfaction level

Continuous receipt of orders Horizontal expansion at client companies

Increase of the scale of transactions with existing clients

Large-scale clients

(Project)

250
200
150　154　176　**206**
100　　　　90　98　**112**
50　　　　　　　13　22　**31**　11　20　**30**
0　　　　　　　　　　　　　　　　　　3　4　**6**

Less than 10 million yen　10 million yen to 50 million yen　50 million yen to 100 million yen　100 million yen to 500 million yen　Over 500 million yen

*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

CORE CONCEPT
TECHNOLOGIES INC.

■ New graduates ■ Mid-career hires ●--● Number of employees

[Person]

Consolidation of DNS +31

Consolidation of PGS +63

421 (358)

451 (357)

454 (359)

220 **243** **248** **250** **260** **293** **293** **314** **326**

| End of Mar. | End of Jun. | End of Sep. | End of Dec. | End of Mar. | End of Jun. | End of Sep. | End of Dec. | End of Mar. | End of Jun. | End of Sep. | End of Dec. |

2021 — 2022 — 2023

Non-consolidated — Consolidated

Values: 9, 19/11, 9, 12, 20, 23/21, 13, 28, 19, 31(0)/14(0), 7(0), 14(12)

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

CORE CONCEPT
TECHNOLOGIES INC.

◆ **Cash and deposits and equity capital remained at appropriate levels even after acquiring treasury shares.**

Unit: million yen

	Non-consolidated	Consolidated		
	2022 Q4	**2023 Q4**	**Change**	**Major factors in increase/decrease**
Current assets	4,351	4,746	+394	Cash and deposits: -379 Accounts receivable - trade: +744
Cash and deposits	2,199	1,819	-379	Operating CF: +1,162; purchase of the shares of affiliated companies: -156; acquisition of treasury shares: -999
Non-current assets	762	1,365	+602	Costs for fixtures and fittings due to the layout change of offices: +56 Expenditure currently being spent for replacing mission-critical systems: +120 Goodwill: +200 (acquisition: +210; depreciation: -10) Client-related assets: +94 (acquisition: +98; depreciation: -3) Deferred tax asset: +93 (mainly an increase in a provision for bonus)
Total assets	5,114	6,111	+997	
Current liabilities	2,133	2,757	+623	Accounts payables - trade: +113; accrued income taxes: +191; provision for bonus: +218
Non-current liabilities	134	145	+11	
Net assets	2,846	3,208	+362	Retained earnings: +1,304 Acquisition of treasury shares: -999 Increases in capital and capital reserve used for exercising stock option: +57
Total liabilities and net assets	5,114	6,111	+997	
Equity capital ratio	**55.6%**	**52.5%**	**-3.1P**	

3 Earnings Forecast

Earnings forecast for FY 12/2024

Unit: million yen

	2023	2024 earnings forecast	Change	% change
Net sales	15,921	20,856	+4,935	31.0%
Support for DX	7,606	9,743	+2,136	28.1%
Support for staffing of IT personnel	8,314	11,113	+2,798	33.7%
Gross profit	4,315	5,839	+1,524	35.3%
Support for DX	2,924	4,000	+1,075	36.8%
Support for staffing of IT personnel	1,390	1,839	+448	32.3%
Gross profit margin	27.1%	28.0%	+0.9P	-
Support for DX	38.4%	41.1%	+2.6P	-
Support for staffing of IT personnel	16.7%	16.6%	-0.2P	-
Operating profit	1,744	2,398	+654	37.5%
Ordinary profit	1,765	2,399	+633	35.9%
Profit	1,303	1,646	+343	26.3%
Operating profit margin	**11.0%**	**11.5%**	**+0.5P**	**-**

*We do not take into account M&As in FY 12/2024.

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Business environment

- We expect both DX investment and IT personnel demand from client companies to continue to increase.

- There are no significant risk factors which could lead to a deterioration in performance.

Major initiatives in our business

- Company-wide
  ・Focus on outbound initiatives (DX sales and securing personnel).
  ・Improve profitability management by replacing mission-critical systems.

- Support for DX
  ・Expand the areas covered by products including SFA and ERP in order to widen the scope of proposal.
  ・Strengthen competitiveness by enriching the functions of Orizuru.
  ・Expand transactions with existing clients and cultivate new clients focused on the manufacturing, construction and logistics industries.

- Support for staffing of IT personnel
  ・Expand Ohgi regionally (including M&As).
  ・Expand the range of human resource proposals (high-value human resources and excellent human resources living outside major cities).

Secure human resources (mid-career hires and new graduates)

- Establish a new Personnel Department and strengthen recruitment activities.

No. of employees in our group

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

Key points to earnings forecast
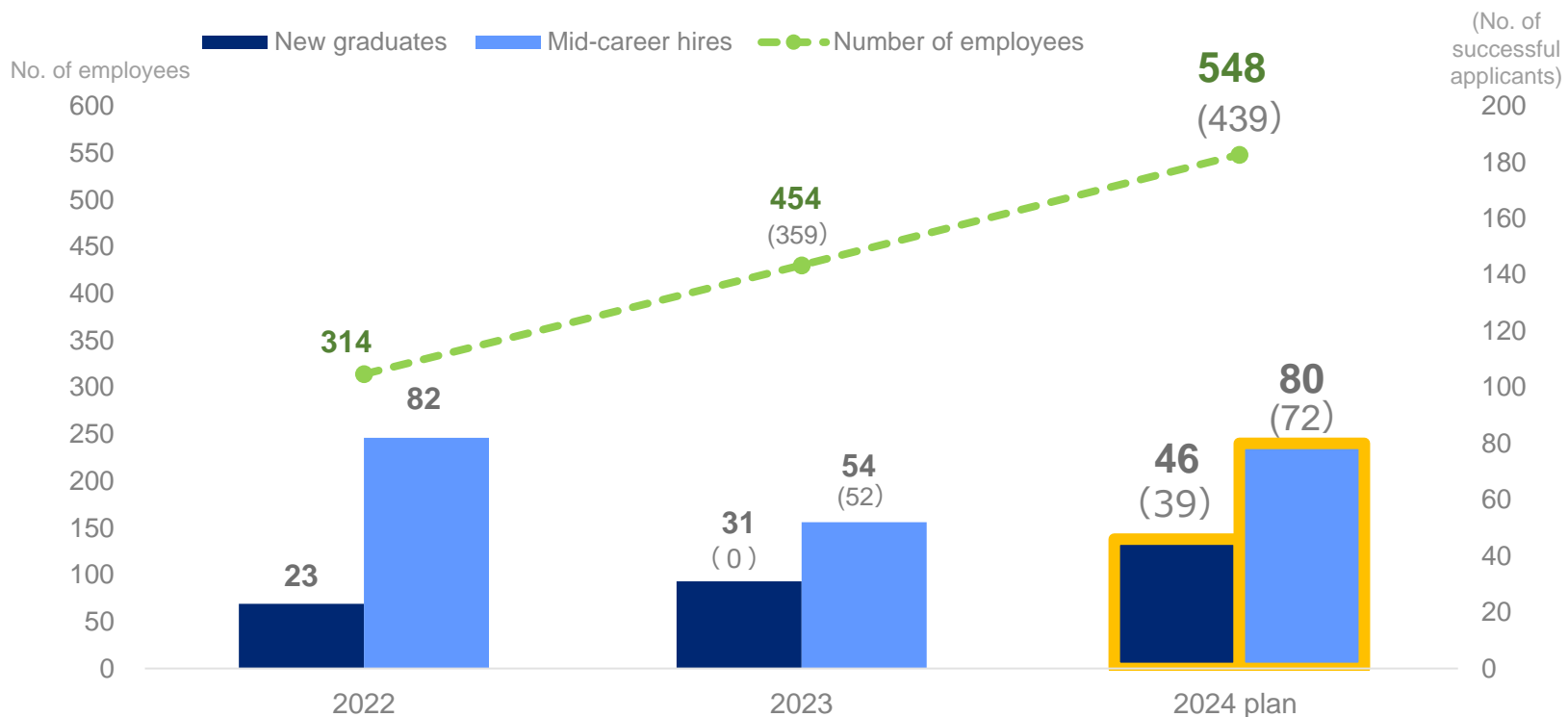
Net sales

- We plan to increase sales by 31.0% compared to the previous fiscal year (our envisioned normal growth rate).

- We will aim for a sales rate which exceeds our earnings forecast by proactively promoting M&As.

- We expect the sales rate in the second half of the year to be higher compared to ordinary years.

Gross profit margin

- The rate will remain flat at about 40% for support for DX.

- The rate will remain flat at 16 to 17% for support for staffing of IT personnel.

Operating profit

- The operating profit margin will decrease in Q2 and Q4 due to seasonal factors as special factors disappeared.

- There is a possibility that unplanned brokerage fees and due diligence expenses may arise following new M&As.

4 Growth Strategy

Our growth strategy and concrete measures

		Increase in the number of clients and the scale of transactions Expansion of the areas of support for DX	**Increase in human resources**
Organic		**Manufacturing/Construction** ▷ Start of outbound marketing **Logistics** ▷ Receive large-scale orders from received orders **Cloud solution** ▷ Expansion of products **Leading system integrators** ▷ Expansion through an increase in personnel	Tokyo metropolitan area ▷ Share expansion of Ohgi network (currently about 50%) Local areas ▷ Expansion of Ohgi network via outbound proposals
Business alliance M&A	**Purposes**	·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	■2023 ·Investment in REVA Investment Limited Partnership No. 1 ·Business alliance with REVA Corporation ■2024 ·Acquisition of Pros Cons, Inc. as a wholly owned subsidiary	■2023 ·Acquisition of P. G. System Co., Ltd. as a wholly owned subsidiary ·Acquisition of Denso Co., Ltd. as a wholly owned subsidiary

■ Support for DX   ■ Support for staffing of IT personnel

CORE CONCEPT TECHNOLOGIES INC.

◆ **Issues on scratch development (for large companies) and package utilization (for SMEs)**

Client companies

Original system

Package utilization

A   B   C   D

Scratch development

On-premise

SIer

Issues

・Client companies cannot proceed with DX by themselves (black box).

・Costs and time required for development

・Tends to become a legacy system.

Issues

・Difficult to perform customization tailored to business workflow

・Difficult to enable linkage between packages

Package utilization

Cloud

SaaS companies

CORE CONCEPT TECHNOLOGIES INC.

◆ **We will respond to all kinds of needs for digitalization from client companies with cloud products in each field and Orizuru.**

◆ **We will address the issue of the poor customizability of cloud products by using Orizuru as a comprehensive customization platform.**

Client companies

Original system

- Use cloud products excellent in each field.
- Become an integrated system through linkage between systems.

A | B | C

+ | + | +

Orizuru

- Orizuru as a comprehensive customization platform

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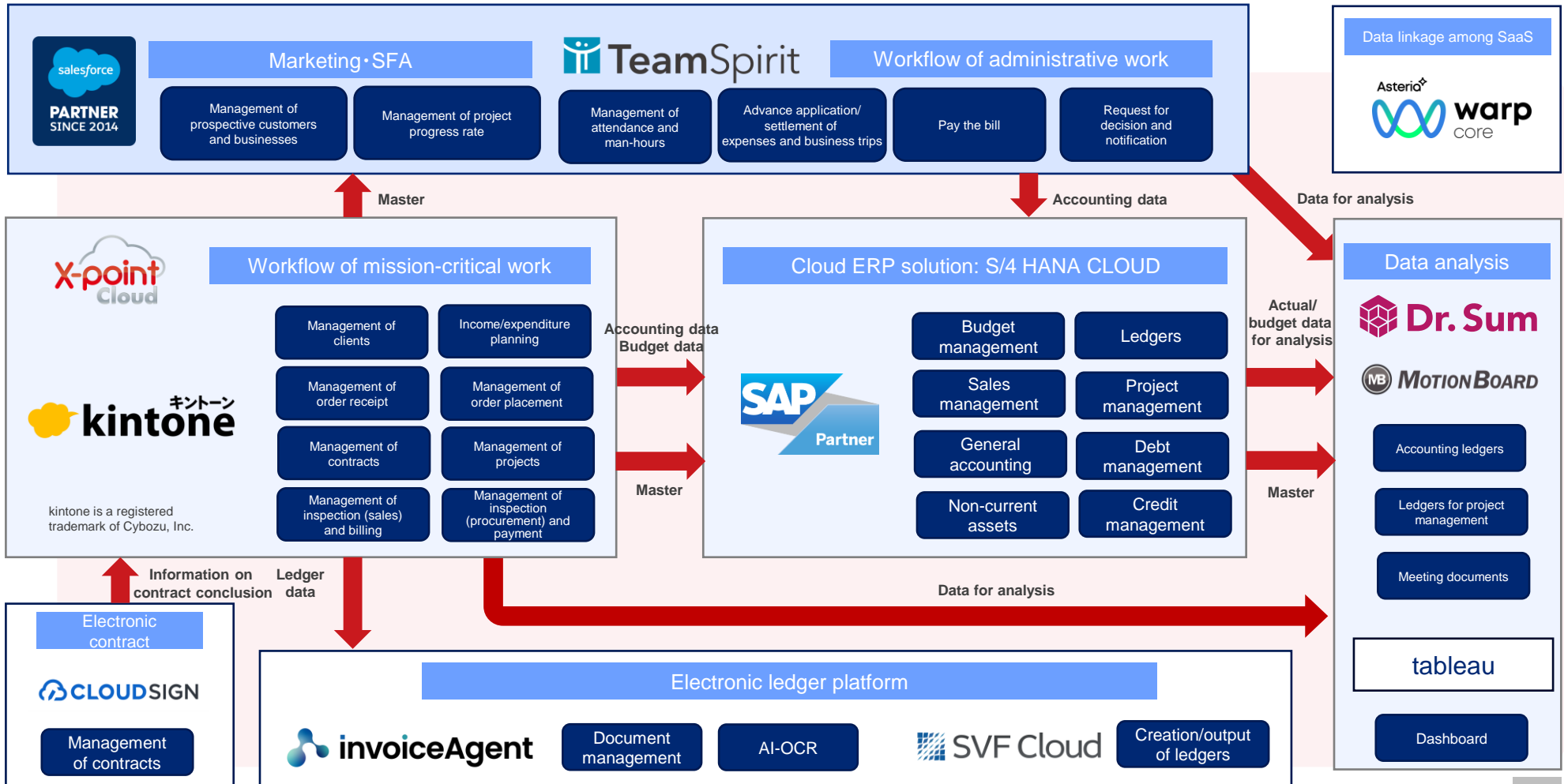
Solution

- Construct a system tailored to customer needs by connecting Orizuru and each product.

- Maintain the functions unique to each client company thanks to the customization suited for their respective business workflow.

- Reduce costs and time required for development.

- Automatically update to the latest version.

Cloud solution: Product mapping

CORE CONCEPT
TECHNOLOGIES INC.

◆ **We use our original product "Orizuru" to respond to specific industries which require practical knowledge and individual customization.**

◆ **We integrate standard cloud products for common fields (Fit to Standard).**

Marketing Marketing management System

MA	CRM	SFA
Acquisition of prospective customers	Customer management	Marketing management

Partner (existing)

Salesforce

salesforce PARTNER SINCE 2014

Mission-critical system (management)

ERP			
Accounting	Sales management	Inventory management	Production management

Partner (new)

SAP S/4 HANA Cloud

Acquire new partners as necessary

SAP Partner

Specific industry Middleware system (planning/ execution)

✔Orizuru 3D

| Order receipt | Design | Procure-ment |

✔OrizuruMES

MES

Manufacturing/ construction

WMS

TMS

Logistics

Original product

Orizuru

•**Orizuru standard functions + customization**

•**Customization of Orizuru with features of cloud products**

| CAD | PLM |

Aras Innovator

Acquire new partners as necessary

On-site system (control)

| PLC | DCS |

Cloud solution: (Case study) Configuration of our mission-critical systems

CORE CONCEPT
TECHNOLOGIES INC.

◆ **All of our mission-critical systems are configured on cloud (Fit to Standard).**

◆ **We accumulate know-how while cultivating human resources during the configuration process.**

CORE CONCEPT
TECHNOLOGIES INC.

◆ We will acquire the shares of Pros Cons, Inc. on February 16, 2024 to make it a wholly owned subsidiary.
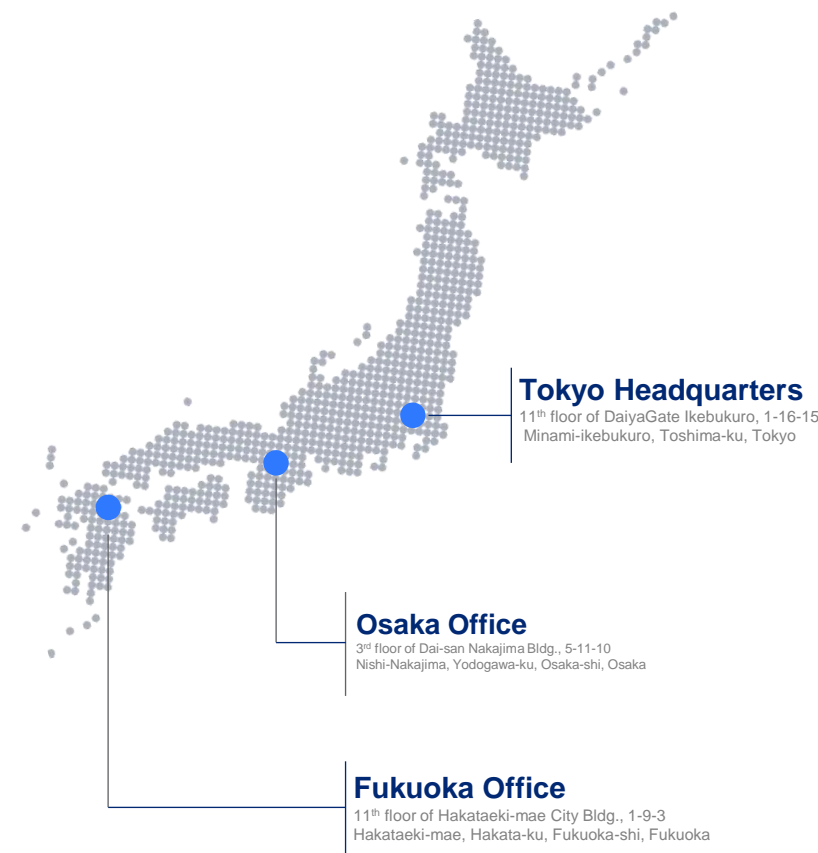
pros cons

✓ Our company is expected to strengthen the product competitiveness of our smart factory solution "Orizuru MES" by incorporating the AI-based appearance inspection solution into it after acquiring Pros Cons, Inc. as a wholly owned subsidiary.

✓ We will be able to achieve the growth of the two companies by contributing to the growth of Pros Cons, Inc. by offering the know-how for cross-selling, recruitment, and personnel development.

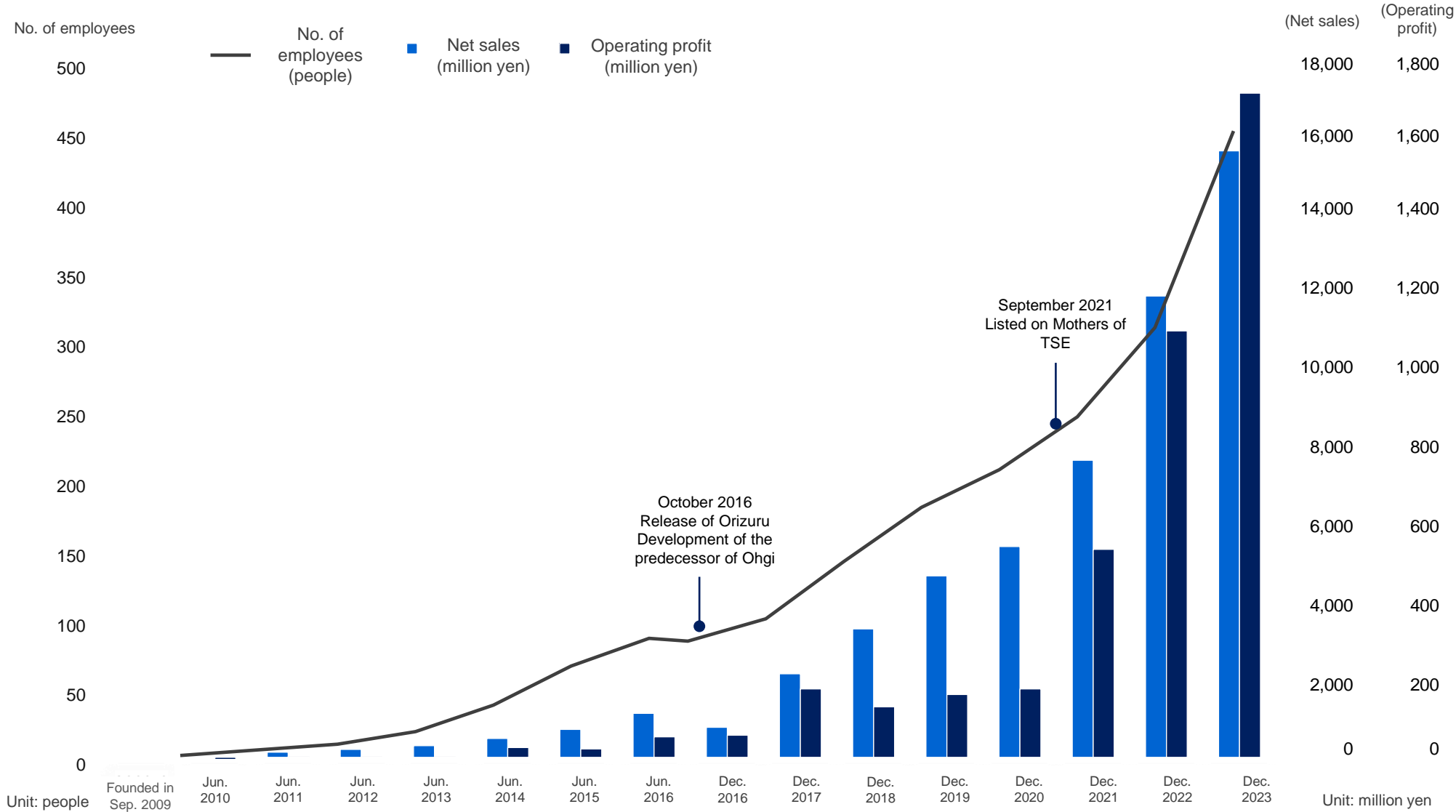|	
Name	Pros Cons, Inc.
Address	1-26-15 Tomioka, Koto City, Tokyo
Outline of business	Planning, design, and development of AI-based systems Development and sale of the AI-based appearance inspection software "Gemini eye" Design, manufacturing, and sale of appearance inspection equipment
Date of establishment	January 18, 2019
Date of conclusion of agreement	February 13, 2024
Date of share transfer	February 16, 2024
Acquisition price	309 million yen (rough estimate) *280 million yen (shares) + 29 million yen (agency fee, etc.) (rough estimate)
Net sales	104 million yen (FY 12/2022)
Operating profit	24 million yen (FY 12/2022)
No. of employees	5 (as of the end of January 2024) *Includes 1 director.

5 Appendix

Corporate profile

CORE CONCEPT TECHNOLOGIES INC.

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	**562,173,000 yen** (as of December 31, 2023)
Account closing month	**December**
Number of employees	**Consolidated: 454; non-consolidated: 359** (as of December 31, 2023)
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
11th floor of Hakataeki-mae City Bldg., 1-9-3 Hakataeki-mae, Hakata-ku, Fukuoka-shi, Fukuoka

Group companies

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

Variation in past performance

No. of employees

No. of employees (people) — Net sales (million yen) — Operating profit (million yen)

(Net sales) (Operating profit)

October 2016
Release of Orizuru
Development of the
predecessor of Ohgi

September 2021
Listed on Mothers of
TSE

Founded in Sep. 2009 | Jun. 2010 | Jun. 2011 | Jun. 2012 | Jun. 2013 | Jun. 2014 | Jun. 2015 | Jun. 2016 | Dec. 2016 | Dec. 2017 | Dec. 2018 | Dec. 2019 | Dec. 2020 | Dec. 2021 | Dec. 2022 | Dec. 2023

Unit: people

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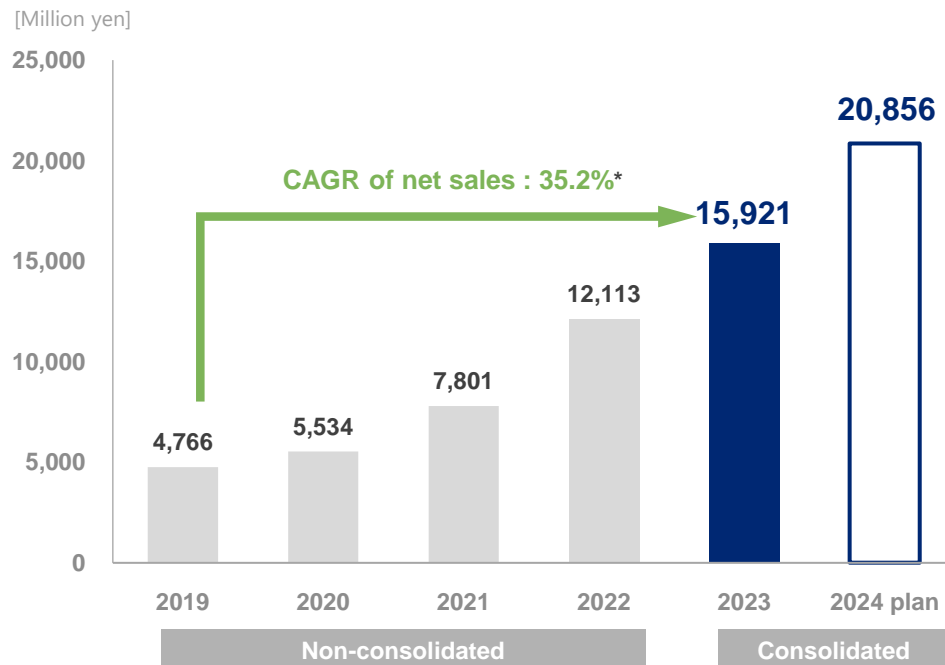
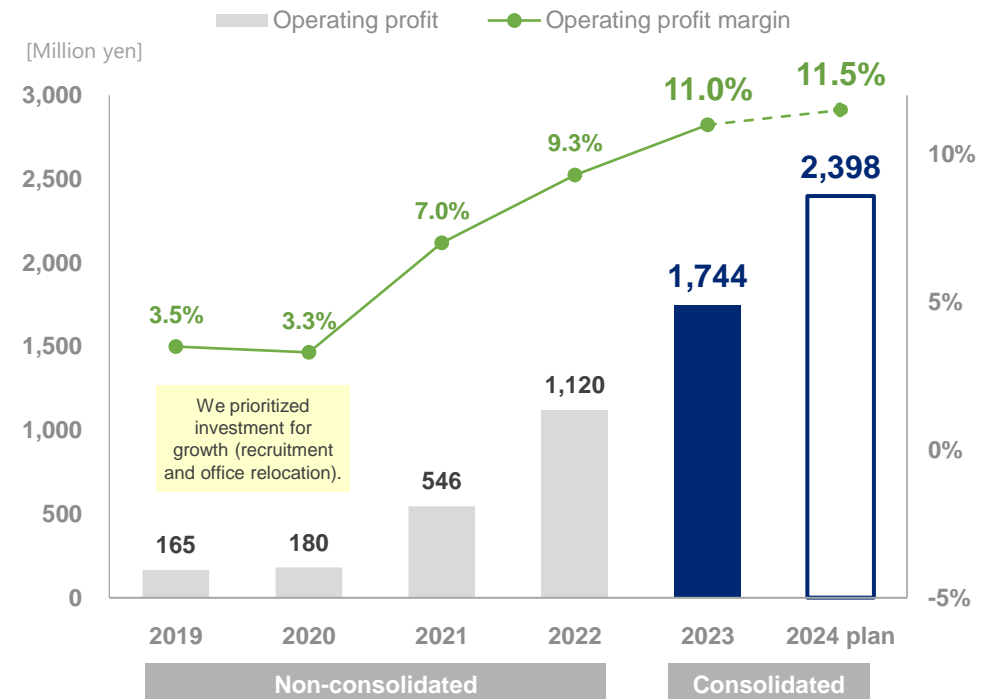*Due to the change of the accounting period, FY 12/2016 was an irregular 6-month period.

◆ **Annual sales growth of 30% or more will continue against a background of strong demand.**

◆ **Operating profit margin improved thanks to the rise in the unit price and a decrease in SG&A ratio.**

Sales growth

[Million yen]

CAGR of net sales : 35.2%*

- 2019: 4,766
- 2020: 5,534
- 2021: 7,801
- 2022: 12,113
- 2023: 15,921 (Consolidated)
- 2024 plan: 20,856 (Consolidated)

Non-consolidated | Consolidated

*From FY 12/2019 to FY 12/2023

Variations in operating profit and its margin

Operating profit ▬ Operating profit margin

[Million yen]

We prioritized investment for growth (recruitment and office relocation).

- 2019: 165 — 3.5%
- 2020: 180 — 3.3%
- 2021: 546 — 7.0%
- 2022: 1,120 — 9.3%
- 2023: 1,744 — 11.0% (Consolidated)
- 2024 plan: 2,398 — 11.5% (Consolidated)

Non-consolidated | Consolidated

Management structure: Directors

	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

CORE CONCEPT TECHNOLOGIES INC.

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

CORE CONCEPT TECHNOLOGIES INC.

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
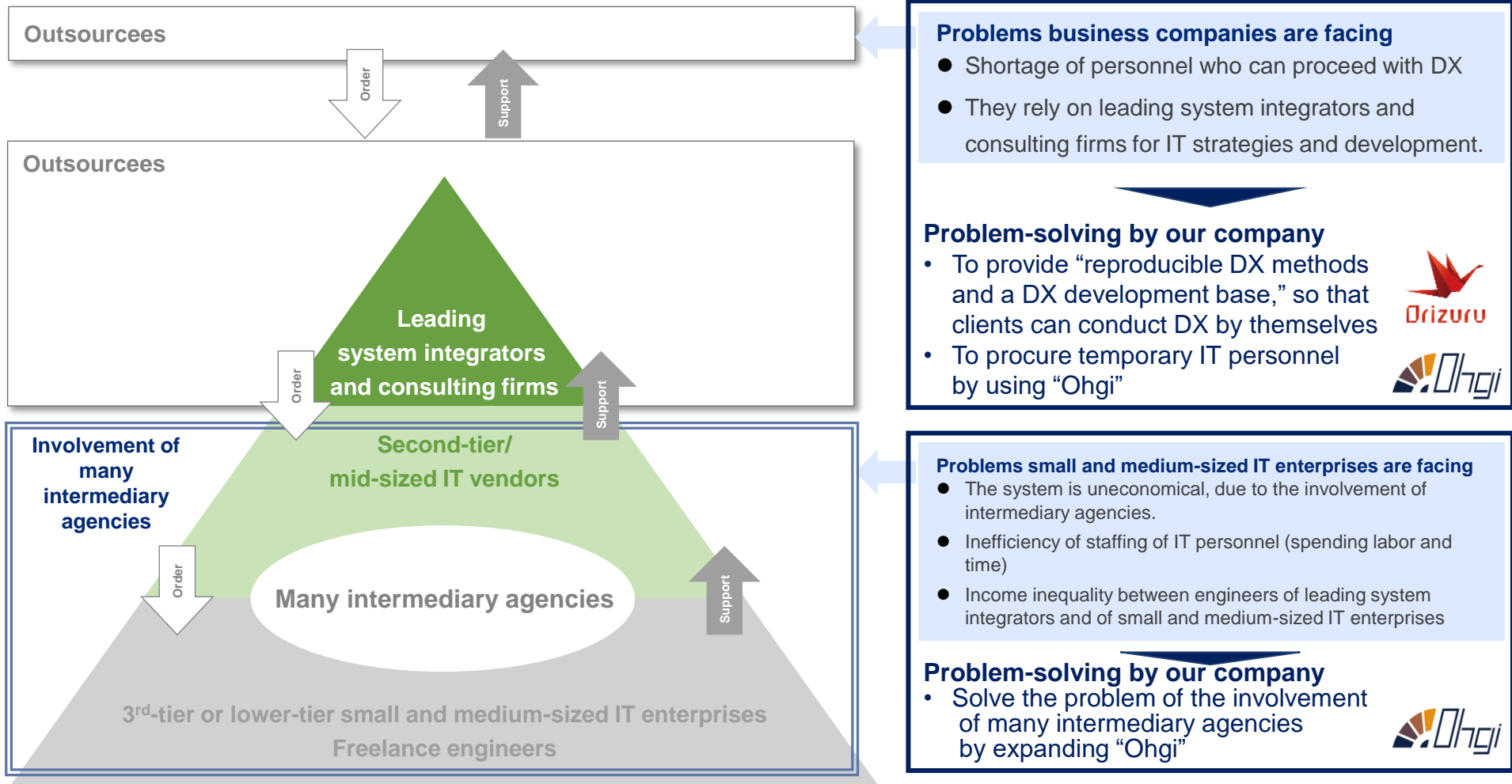Exchange ideas freely and move away from conventional wisdom and fixed concepts.
With firm determination, we shall find the new value the world is searching for.

Act Together
We are supported by many stakeholders, including our customers and employees.
Act Together to respond to their understanding and trust.

What we do: Create the next-gen of the IT industry - Industrial issues and our ideal state

CORE CONCEPT TECHNOLOGIES INC.

◆ **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.**

Outsourcees

Order

Support

Outsourcees

Leading system integrators and consulting firms

Order

Support

Involvement of many intermediary agencies

Second-tier/ mid-sized IT vendors

Order

Many intermediary agencies

Support

3rd-tier or lower-tier small and medium-sized IT enterprises

Freelance engineers

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.

Problem-solving by our company

• To provide "reproducible DX methods and a DX development base," so that clients can conduct DX by themselves

• To procure temporary IT personnel by using "Ohgi"

Orizuru

Ohgi

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 engineers of leading system integrators and of small and medium-sized IT enterprises

Problem-solving by our company

• Solve the problem of the involvement of many intermediary agencies by expanding "Ohgi"

Ohgi

Business description

◆ **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."**
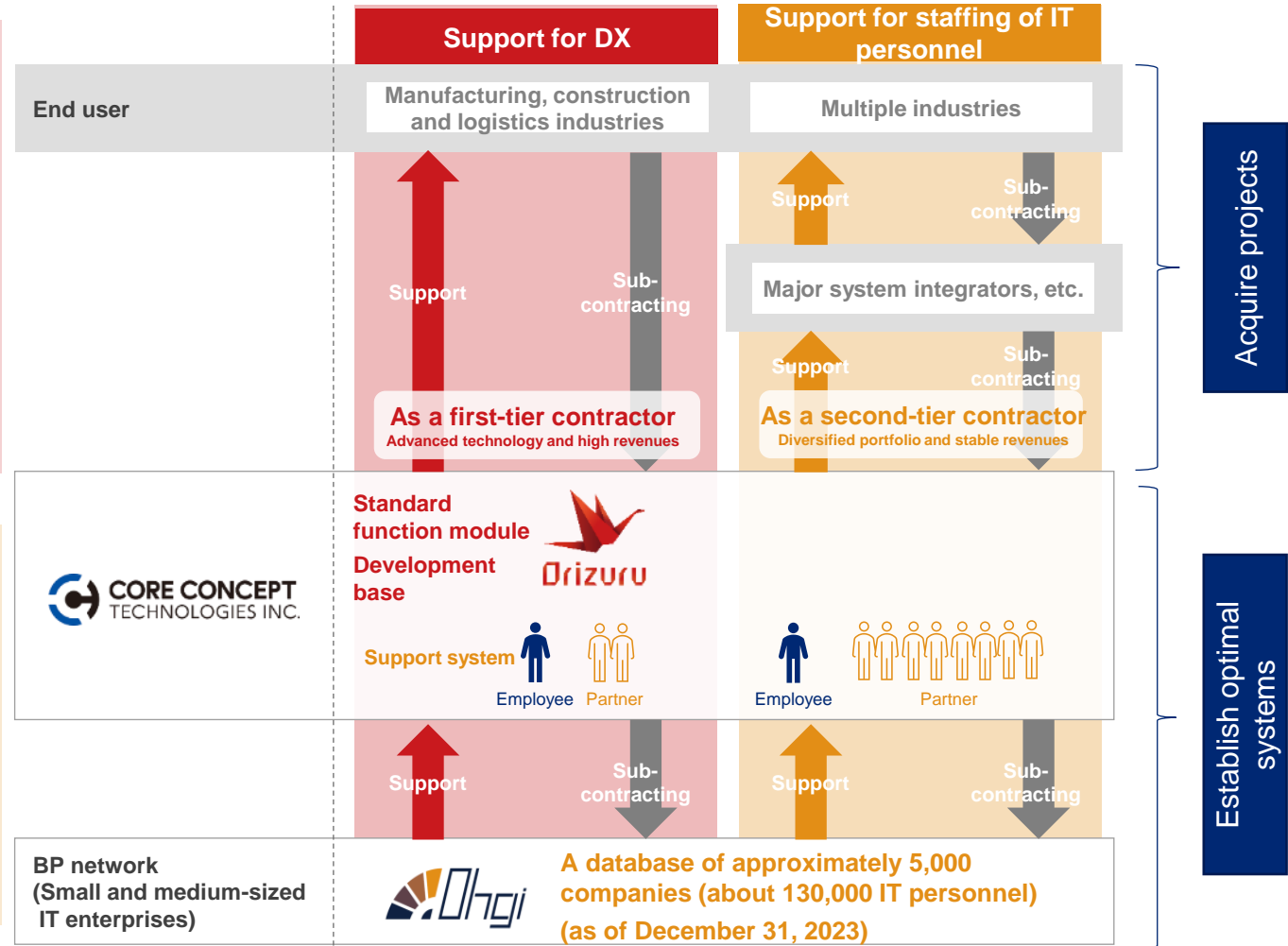
Support for DX

✓ 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."**

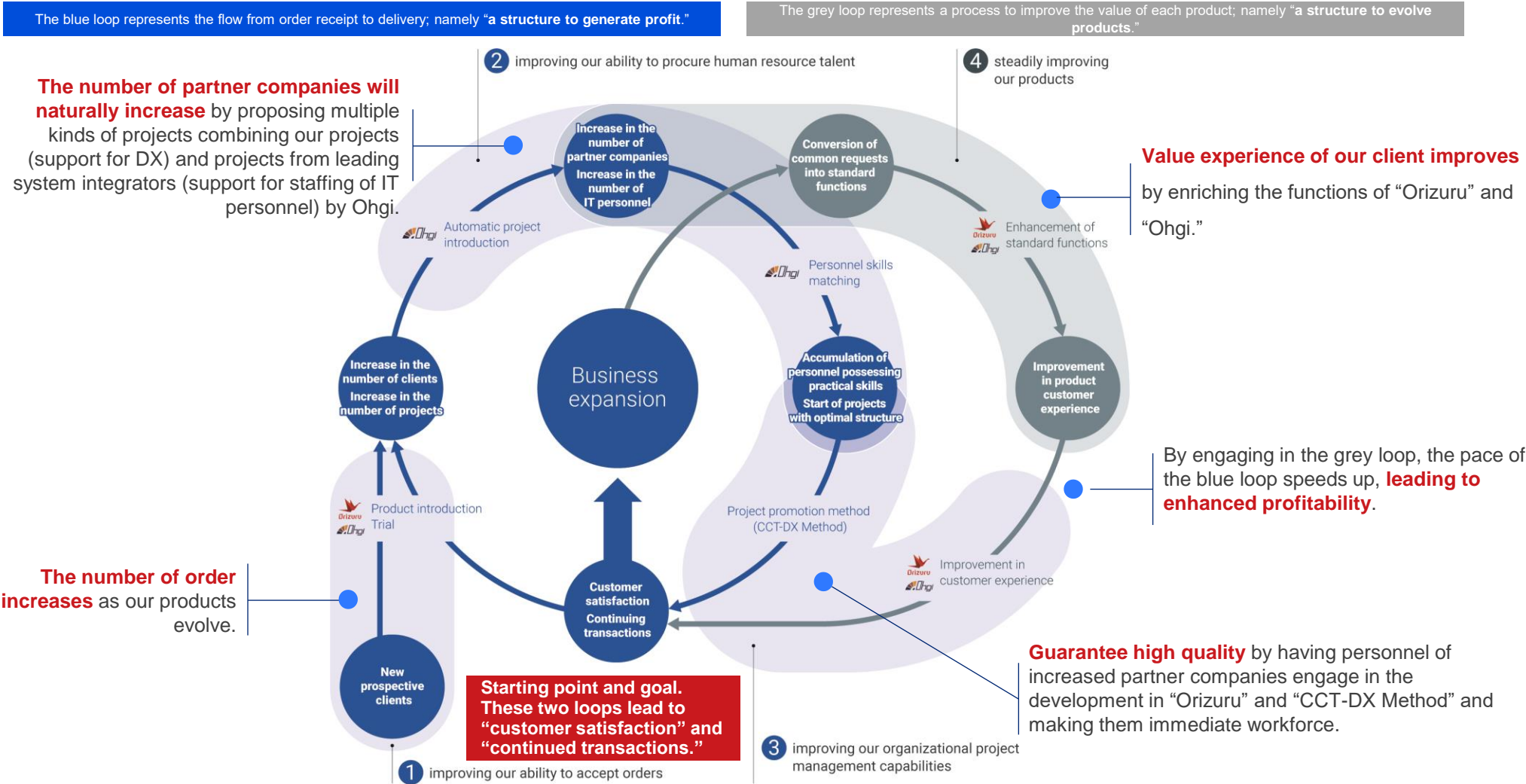✓ Our strengths are the technical capability centered on AI and profound knowledge on manufacturing.

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 130,000 IT personnel"** from among **"about 5,000 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.

Support for DX

Support for staffing of IT personnel

End user — Manufacturing, construction and logistics industries | Multiple industries

Support / Sub-contracting

Major system integrators, etc.

Support | Sub-contracting

As a first-tier contractor
Advanced technology and high revenues

As a second-tier contractor
Diversified portfolio and stable revenues

Standard function module
Development base
Orizuru

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Support system — Employee Partner | Employee Partner

BP network (Small and medium-sized IT enterprises)
Ohgi

A database of approximately 5,000 companies (about 130,000 IT personnel) (as of December 31, 2023)

Acquire projects

Establish optimal systems
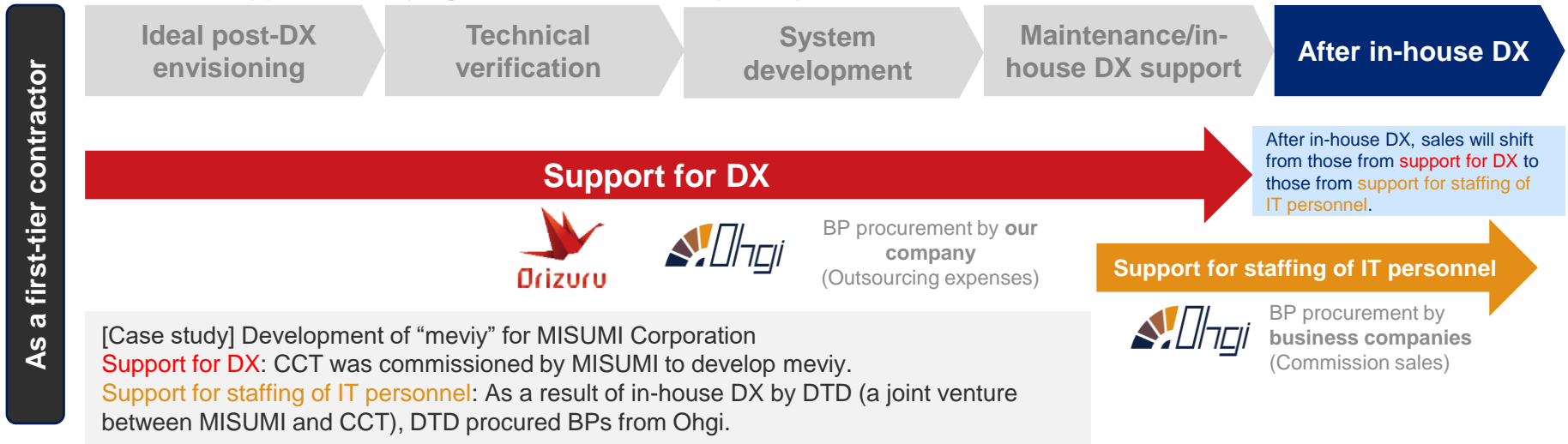
Ecosystem of our business growth

CORE CONCEPT TECHNOLOGIES INC.

◆ **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.**"

② improving our ability to procure human resource talent

④ steadily improving our products

The number of partner companies will naturally increase by proposing multiple kinds of projects combining our projects (support for DX) and projects from leading system integrators (support for staffing of IT personnel) by Ohgi.

Value experience of our client improves by enriching the functions of "Orizuru" and "Ohgi."

By engaging in the grey loop, the pace of the blue loop speeds up, **leading to enhanced profitability**.

The number of order increases as our products evolve.

Starting point and goal. These two loops lead to "customer satisfaction" and "continued transactions."

Guarantee high quality by having personnel of increased partner companies engage in the development in "Orizuru" and "CCT-DX Method" and making them immediate workforce.

① improving our ability to accept orders

③ improving our organizational project management capabilities

◆ 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)

As a first-tier contractor

Ideal post-DX envisioning	Technical verification	System development	Maintenance/in-house DX support	After in-house DX

Support for DX

Drizuru Ohgi

BP procurement by **our company**
(Outsourcing expenses)

After in-house DX, sales will shift from those from support for DX to those from support for staffing of IT personnel.

Support for staffing of IT personnel

Ohgi BP procurement by **business companies**
(Commission sales)

[Case study] Development of "meviy" for MISUMI Corporation
Support for DX: CCT was commissioned by MISUMI to develop meviy.
Support for staffing of IT personnel: As a result of in-house DX by DTD (a joint venture between MISUMI and CCT), DTD procured BPs from Ohgi.

Mainly for major system integrators

As a second-tier contractor

Client companies

Planning	Technical verification	System development	Operation and maintenance

Support for staffing of IT personnel

Ohgi BP procurement by **our company**
(Outsourcing expenses)

Major clients

CORE CONCEPT
TECHNOLOGIES INC.

◆ **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.**

Support for DX

Support for staffing of IT personnel

Characteristics of support for DX

◆ **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

Support for DX product "Orizuru"

◆ **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)**
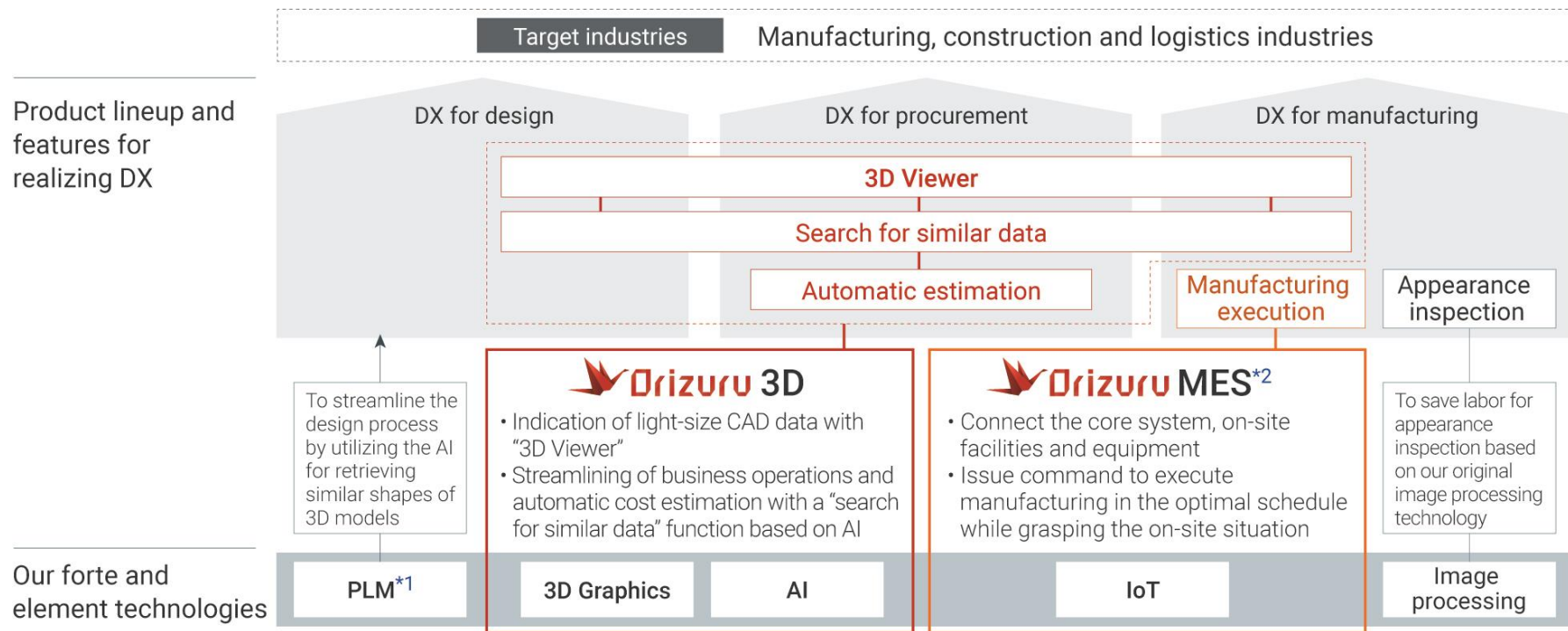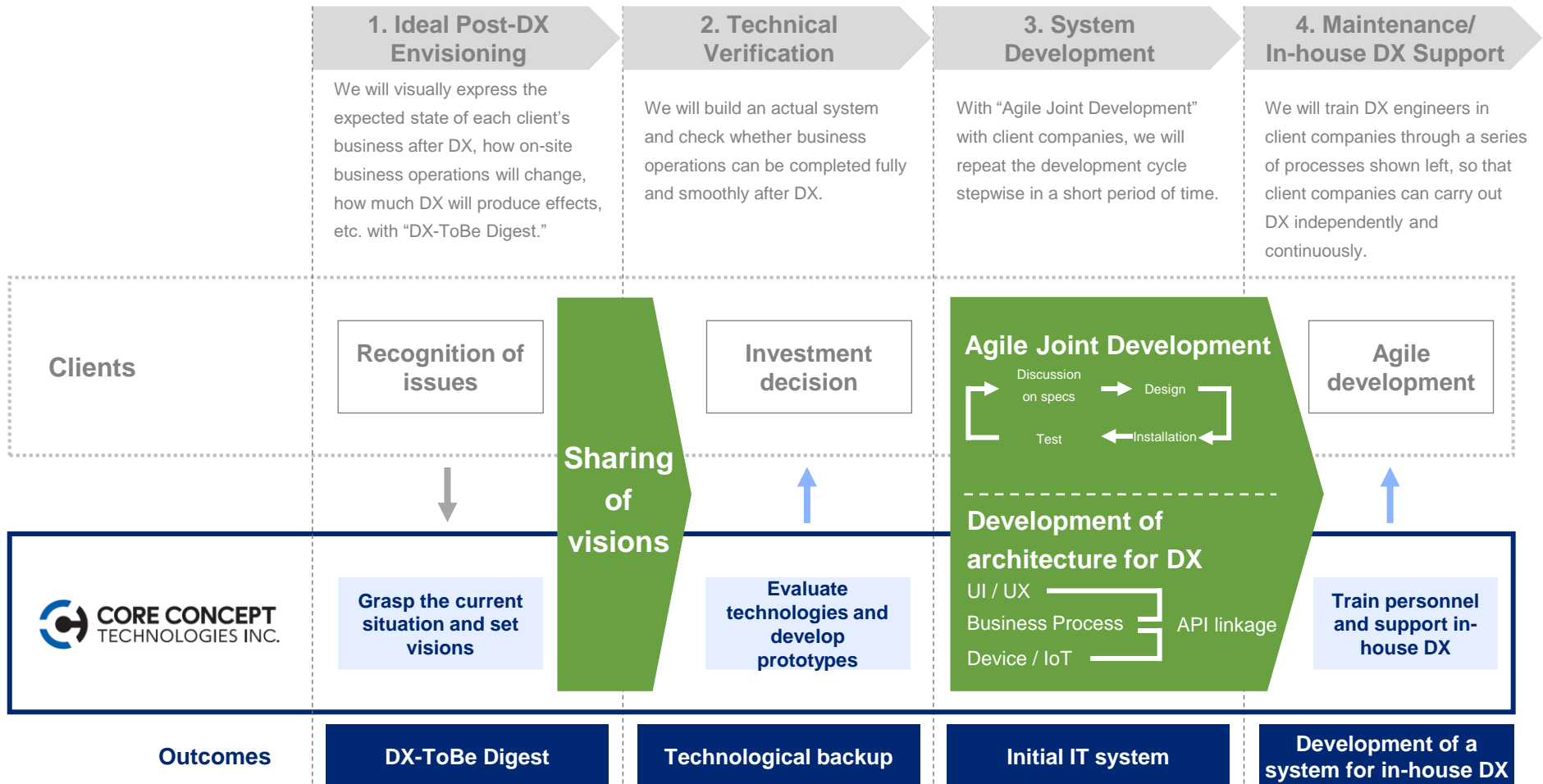

*1 Abbreviation for "Product Lifecycle Management." It means aggregating various technological information on the entire product lifecycle, and using it to improve product development capabilities and corporate competitiveness.

*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.**

1. Ideal Post-DX Envisioning	2. Technical Verification	3. System Development	4. Maintenance/ In-house DX Support
We will visually express the expected state of each client's business after DX, how on-site business operations will change, how much DX will produce effects, etc. with "DX-ToBe Digest."	We will build an actual system and check whether business operations can be completed fully and smoothly after DX.	With "Agile Joint Development" with client companies, we will repeat the development cycle stepwise in a short period of time.	We will train DX engineers in client companies through a series of processes shown left, so that client companies can carry out DX independently and continuously.

Clients

Recognition of issues

Investment decision

Agile Joint Development

Discussion on specs → Design
Test ← Installation

Agile development

Sharing of visions

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Grasp the current situation and set visions

Evaluate technologies and develop prototypes

Development of architecture for DX

UI / UX
Business Process — API linkage
Device / IoT

Train personnel and support in-house DX

Outcomes

DX-ToBe Digest

Technological backup

Initial IT system

Development of a system for in-house DX

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TECHNOLOGIES INC.

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

Sales	**Support system**	**Personnel staffing**
✓ Responding to the needs from business companies, mainly major system integrators	✓ Responding to all needs from upstream to downstream	✓ Quickly procure the right personnel
✓ Strong relationships with both clients and BPs, more reliable than competitors (mostly small and medium-sized companies)	✓ Capable of forming teams ranging from one person to dozens of people	✓ 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)

Matching process with "Ohgi"

1st-tier contractor

Ohgi

Partners

Matching with "Ohgi"

Reduce the "matching" time, which takes 3 days to 1 week with the conventional method, by 99%

Proceed to "meeting coordination"

10 min.
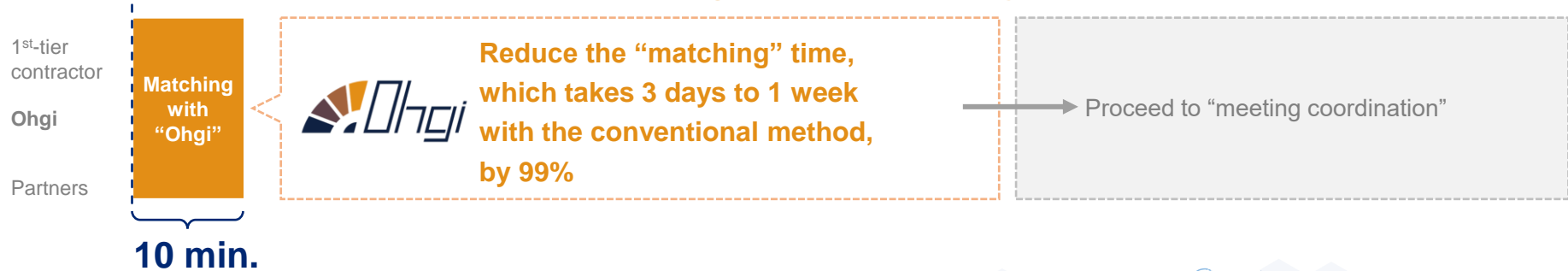
Features of Ohgi

✓ **A network of approximately 5,000 companies (about 130,000 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.**"

Market scale: Scale of the DX market and the business domain of our company

CORE CONCEPT TECHNOLOGIES INC.

◆ **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

CORE CONCEPT TECHNOLOGIES INC.

◆ **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

■ Number of engineers supplied ■ Deficiency

(thousand)

Year	Supplied	Deficiency
2015	994	
	1,005	
	1,018	
	1,032	220
	1,046	261
2020	1,060	304
	1,071	314
	1,081	326
	1,091	338
	1,101	351
	1,110	364
2025	1,114	381
	1,118	398
	1,122	415
	1,127	432
2030	1,133	449
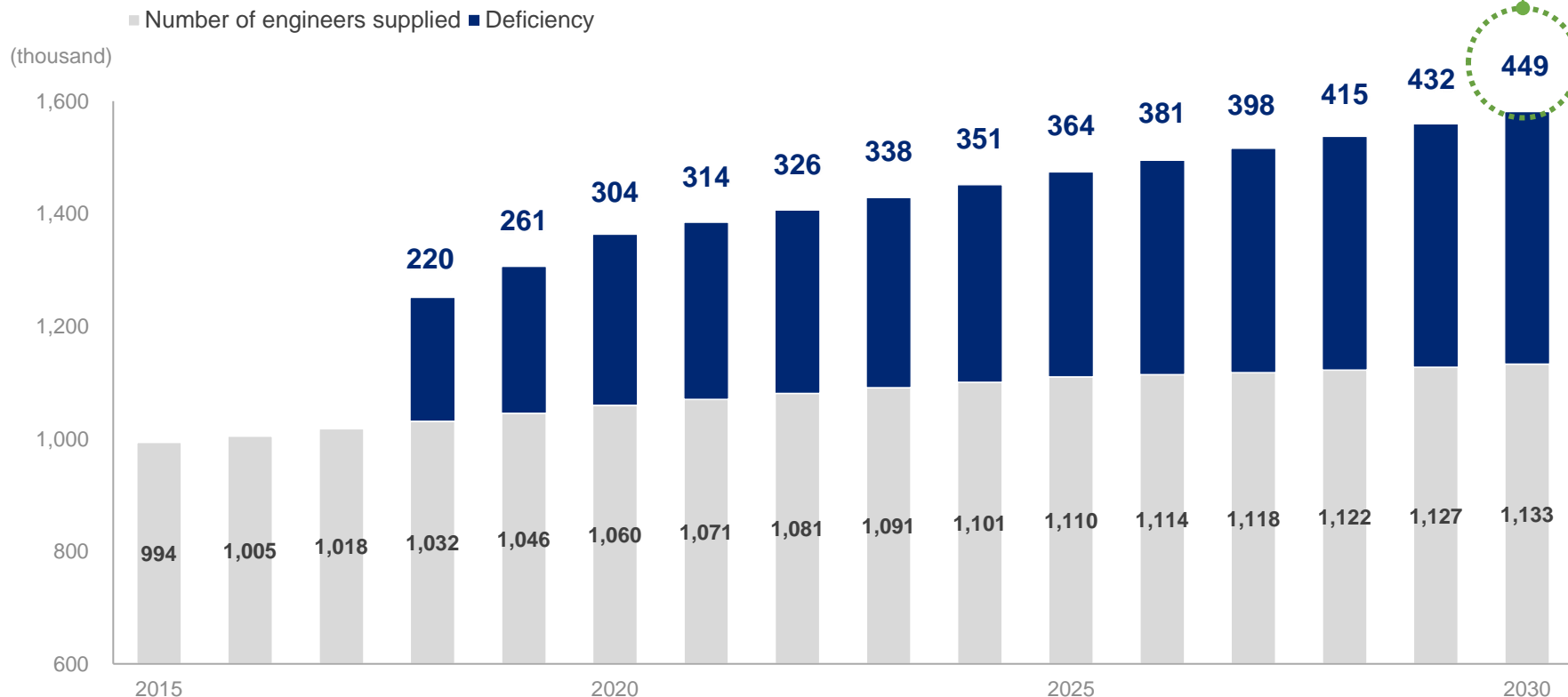
*Source: *Survey on IT Engineers Demanded and Supplied* produced by Mizuho Information & Research Institute, Inc. in March 2019

Example of support for DX: We supported MISUMI Corporation in developing a platform for receiving and placing orders for components.

CORE CONCEPT TECHNOLOGIES INC.

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.

meviy

Client side

1. Request for a quote
To upload **3D data**

2. Automatic price estimation
To indicate prices and delivery dates **immediately**

About **330,000** client companies

4. To deliver products in a short period of time without fail
To ship products **in one day** at the earliest

AI-based automatic price estimation

3. Data linkage

A manufacturing program **will be automatically produced.**

Manufacturer side

Digital technology-based manufacturing

Our company's roles

Orizuru

Ohgi

✓ **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.

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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

Example of support for DX: Support for building a MiraiFactory for Fine Sinter Co., Ltd.

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

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

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

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

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

Example of support for DX: Support for design support system construction for Takenaka Corporation

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."

Example of support for DX: DX of on-site work for a major construction company

CORE CONCEPT TECHNOLOGIES INC.

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

Example of support for Salesforce introduction: TORAY Engineering Co., Ltd.

support for Salesforce introduction

We provided one-stop support for PoC, construction and use when introducing Salesforce.

We centralized information between sales, technology and purchasing as a company-wide information sharing platform.

Multi-cloud

In addition to reforming the sales and marketing areas, we utilized multiple products in Salesforce to meet extensive demand such as data analysis with BI, semi-automation of order receipt with electronic commerce, and coordination of information between sales, technology and purchasing.

Linkage with external systems

Linking with mission-critical systems improved the operational efficiency of order receipt. Additionally, linking with PLM and purchasing systems contributed to information sharing and operational efficiency improvement among production staff, purchasing staff, vendors and suppliers.

Agile process

We leveraged the features of no-code and low-code to repeat the cycle of construction, evaluation and improvement, deployment, and use by users at high speed. We then continued to expand the functions and deploy them to other departments.

Salesforce, Sales Cloud and other names are trademarks of Salesforce, Inc. We have obtained permissions to used them from Salesforce.

We plan to engage in activities in FY2024 focused on Scope 3 aggregation and disclosure, promotion of health-oriented business administration, enhanced information security and strengthened group management.

Our Materiality	Results of Main Initiatives
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	• 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	• Increase in the number of partner human resources Approx. 100,000 (FY 12/2022) ⇒Approx. 130,000 (FY 12/2023) • Expanding "Ohgi" into regional areas
Taking the Initiative in Global Environmental Conservation •Realizing a zero carbon business •Realizing a circular economy business	• 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 •Widely disseminating the CCT WAY •Strengthening organizational capabilities by promoting employee engagement •Creating a comfortable and rewarding working environment	• 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 •Data security and system risk management •Ensure highly transparent governance and compliance	• Data security • Establishment of Nomination and Remuneration Committee Appointment of female Outside Director

Resolving Social Issues through Business Activities

Resolving Social Issues through Corporate Activities

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.

		FY2020	FY2021	FY2022	FY2023
Number of new graduates hired	Male	17	19	20	30
	Female	5	0	3	1
Number of mid-career employees hired	Male	33	34	66	41
	Female	4	7	16	11
Employee turnover		10.0%	8.8%	12.8%	11.7%
Average years of employment		2.79	2.15	3.03	3.17
Hours of overtime		22.08	22.81	21.92	19.74
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	4	5
	Percent	0.95%	0.80%	1.27%	1.39%
Gender Wage Gap		80.2%	82.6%	80.3%	76.0%

*Please also refer to the Integrated Report (to be revised in around June 2024).

- This material was produced by our company for the sole purpose of providing information, and not intended for soliciting the purchase or sale of securities of our company.

- 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.

- Unless otherwise specified, this document indicates financial data in accordance with the generally accepted accounting principles in Japan.

- Information on companies other than our company is based on publicly available information.

CORE CONCEPT
TECHNOLOGIES INC.