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Consolidated Financial Results for the Three Months Ended March 31, 2025 [Japanese GAAP]



May 14, 2025

Company name: Core Concept Technologies Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 4371
 URL: <https://www.cct-inc.co.jp>
 Representative: Takeshi Kaneko, Representative Director, President, CEO
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 Scheduled date of commencing dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended March 31, 2025 (January 1, 2025 to March 31, 2025)

(1) Consolidated Operating Results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	5,039	13.6	598	6.5	590	4.8	416	3.6
March 31, 2024	4,437	-	562	-	562	-	402	-

Note: Comprehensive income Three months ended March 31, 2025: 416 million yen (3.6%)
 Three months ended March 31, 2024: 402 million yen (- %)

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2025	24.92	23.95
March 31, 2024	23.59	22.56

Note: Since quarterly consolidated financial statements have been prepared since the six months ended June 30, 2023, year-on-year percentage changes for the three months ended March 31, 2024 have not been provided.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	Million yen	Million yen	%
As of March 31, 2025	7,635	4,611	60.4
As of December 31, 2024	8,009	4,195	52.4

Reference: Equity As of March 31, 2025: 4,610 million yen
 As of December 31, 2024: 4,194 million yen

2. Dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended December 31, 2024	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
Fiscal year ending December 31, 2025	-				
Fiscal year ending December 31, 2025 (Forecast)		0.00	-	19.00	19.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	21,800	13.7	2,300	14.6	2,307	12.8	1,576	9.5	94.31

Note: Revisions to the financial results forecast most recently announced: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: – company (Company name) –

Excluded: – company (Company name) –

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

As of March 31, 2025: 17,491,600 shares

As of December 31, 2024: 17,487,600 shares

2) Total number of treasury shares at the end of the period:

As of March 31, 2025: 776,288 shares

As of December 31, 2024: 776,288 shares

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year):

Three months ended March 31, 2025: 16,714,667 shares

Three months ended March 31, 2024: 17,041,540 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or audit firm: None

* Proper use of earnings forecasts and other special matters

(Cautionary statement regarding forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended as a guarantee that they will be achieved by the Company. Actual results may differ significantly from these forecasts due to a wide range of factors. For the assumptions used as the basis for the earnings forecasts and precautions regarding their use, please refer to “1. Overview of Operating Results, etc. (3) Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attachments.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

Forward-looking statements herein are based on the Company's judgment as of the end of the three months ended March 31, 2025.

During the three months ended March 31, 2025, the Japanese economy recovered slowly, despite showing signs of stalling, due to improvements in the labor situation and increased wages, as well as steady capital investment. On the other hand, for the global economy, the outlook for business conditions remained uncertain due to risks of a downward swing in the economy, such as trade policy directions in the United States, situation in the Middle East, the deceleration of the Chinese economy, and the continued high interest rates in Europe and the United States.

Although the tariff policy by the United States remains in a state of flux, the short-term impact on IT investments by customers in Japan is limited, and the Group believes that its impact on the Group's performance for the current fiscal year will be small.

In the information service industry to which the Group belongs, with the scale of the system integration (SI) market expected to expand moderately over the medium to long term, the share attributable to the digital transformation (DX) market, in which the Group provides services, is expected to expand. The Group is focusing on the manufacturing, construction, and logistics industries. These industries are facing substantial business challenges, including responding to workforce shortages, passing on know-how from veteran employees, and engaging in decarbonization. Not only the digitalization of some operations up to now, but companywide DX investment is accelerating, mainly among large corporations, and this is driving market expansion.

Moreover, the IT industry is also experiencing an expansion in the scale of the business process outsourcing (BPO) market. Meanwhile, in a situation of tight supply and demand due to a shortage of IT engineers, the Group is leveraging "Ohgi," its database of small- and medium-sized IT enterprises and their employees, to respond swiftly to the IT staffing demands of its clients. Further, the Group brings another of its strengths to bear by using "Ohgi" to build a project system capable of receiving orders for a larger number of DX projects than the number of its employees.

Under these conditions, as a result of the Group's efforts to follow up with existing clients, net sales in the area of DX support were 2,397,656 thousand yen (up 14.5% year on year), and net sales in the area of IT personnel staffing support were 2,642,154 thousand yen (up 12.7% year on year).

For the three months ended March 31, 2025, net sales were 5,039,811 thousand yen (up 13.6% year on year), operating profit was 598,892 thousand yen (up 6.5% year on year), ordinary profit was 590,123 thousand yen (up 4.8% year on year), and profit attributable to owners of parent was 416,567 thousand yen (up 3.6% year on year).

Since the Group operates in a single segment of DX-related business, segment information is not presented.

(2) Overview of Financial Position for the Period under Review

1) Status of financial position

(Assets)

Total assets as of March 31, 2025 decreased by 373,592 thousand yen from the end of the previous year to 7,635,690 thousand yen. This is mainly attributable to a decrease in cash and deposits of 509,715 thousand yen due to payments of bonuses and taxes and a decrease in investments and other assets of 63,288 thousand yen mainly due to proceeds from withdrawal of investments in REVA Investment Limited Partnership No. 1, despite an increase in accounts receivable - trade, and contract assets of 172,222 thousand yen due to an increase in net sales.

(Liabilities)

Liabilities as of March 31, 2025 decreased by 790,460 thousand yen from the end of the previous year to 3,023,772 thousand yen. This is mainly attributable to a decrease in short-term borrowings of 390,000 thousand

yen due to seasonal fluctuation of working capital, a decrease of 160,943 thousand yen in provision for bonuses due to periodic and year-end bonus payments, a decrease of 91,751 thousand yen in income taxes payable due to payment of taxes, and a decrease of 160,527 thousand yen in other current liabilities due to payment of accounts payable - other.

(Net assets)

Net assets as of March 31, 2025 increased by 416,867 thousand yen from the end of the previous year to 4,611,917 thousand yen. This is mainly attributable to an increase in retained earnings by 416,567 thousand yen from the posting of profit attributable to owners of parent. As a result, equity capital ratio stood at 60.4% (52.4% at the end of the previous year).

(3) Consolidated Financial Results Forecast and Other Forward-looking Information

The current financial results forecast remains unchanged from that announced on February 13, 2025.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	2,195,129	1,685,414
Accounts receivable - trade and contract assets	3,273,287	3,445,509
Work in process	28,590	35,852
Other	338,826	376,701
Allowance for doubtful accounts	(7,682)	(8,086)
Total current assets	5,828,151	5,535,390
Non-current assets		
Property, plant and equipment	277,209	274,799
Intangible assets		
Goodwill	641,792	624,013
Customer-related intangible assets	244,521	237,842
Other	247,874	257,197
Total intangible assets	1,134,187	1,119,053
Investments and other assets	769,735	706,446
Total non-current assets	2,181,131	2,100,299
Total assets	8,009,282	7,635,690
Liabilities		
Current liabilities		
Accounts payable - trade	1,138,578	1,155,017
Short-term borrowings	830,000	440,000
Current portion of bonds payable	10,000	10,000
Current portion of long-term borrowings	4,356	3,606
Income taxes payable	281,370	189,619
Provision for bonuses	337,866	176,922
Reserve for quality assurance	11,636	19,297
Provision for loss on orders received	25,244	22,623
Other	943,517	782,990
Total current liabilities	3,582,568	2,800,075
Non-current liabilities		
Bonds payable	25,000	20,000
Retirement benefit liability	25,000	25,249
Asset retirement obligations	57,414	57,433
Long-term accounts payable - other	2,530	2,365
Other	121,719	118,648
Total non-current liabilities	231,663	223,696
Total liabilities	3,814,232	3,023,772
Net assets		
Shareholders' equity		
Share capital	566,028	566,178
Capital surplus	530,310	530,460
Retained earnings	4,558,536	4,975,103
Treasury shares	(1,460,874)	(1,460,874)
Total shareholders' equity	4,194,000	4,611,867
Share acquisition rights	1,050	1,050
Total net assets	4,195,050	4,611,917
Total liabilities and net assets	8,009,282	7,635,690

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

For the three months ended March 31

(Thousand yen)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Net sales	4,437,930	5,039,811
Cost of sales	3,226,954	3,669,525
Gross profit	1,210,975	1,370,285
Selling, general and administrative expenses	648,856	771,392
Operating profit	562,118	598,892
Non-operating income		
Interest income	8	888
Share of profit of entities accounted for using equity method	4,055	—
Subsidy income	4,203	10,384
Surrender value of insurance policies	—	8,000
Other	1,959	371
Total non-operating income	10,226	19,643
Non-operating expenses		
Interest expenses	247	1,719
Share of loss of entities accounted for using equity method	—	14,799
Loss on investments in investment partnerships	—	3,572
Commission expenses	8,983	8,278
Other	183	43
Total non-operating expenses	9,414	28,412
Ordinary profit	562,931	590,123
Profit before income taxes	562,931	590,123
Income taxes	160,888	173,556
Profit	402,042	416,567
Profit attributable to owners of parent	402,042	416,567

Quarterly Consolidated Statements of Comprehensive Income
For the three months ended March 31

(Thousand yen)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Profit	402,042	416,567
Comprehensive income	402,042	416,567
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	402,042	416,567

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the event of significant changes in shareholders' equity)

Not applicable.

(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the current fiscal year, including the three months ended March 31, 2025, and multiplying quarterly profit before income taxes by the estimated effective tax rate.

(Notes on segment information, etc.)

Segment information is not presented, as the Company operates in a single segment of DX-related business.

(Notes on changes in accounting policies)

(Application of the "Accounting Standard for Current Income Taxes," etc.)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022"), etc. have been applied effective from the beginning of the three months ended March 31, 2025.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso of Paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Guidance 2022"). This change in accounting policies has no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies are deferred for tax purposes, the Revised Guidance 2022 has been applied effective from the beginning of the three months ended March 31, 2025. This change in accounting policies has no impact on the quarterly consolidated financial statements for the three months ended March 31, 2024 and the consolidated financial statements for the previous fiscal year.

(Notes on statements of cash flows)

The Company has not prepared quarterly statements of cash flows for the three months ended March 31, 2025. Depreciation (including amortization concerning intangible assets excluding goodwill) and amortization of goodwill for the three months ended March 31 are as follows:

	Three months ended March 31, 2024	Three months ended March 31, 2025
Depreciation	28,325 thousand yen	38,226 thousand yen
Amortization of goodwill	4,249 thousand yen	17,778 thousand yen