

CAREER DESIGN CENTER CO., LTD.

FY9/2022

Financial Results Briefing for the Full Year

Thursday, November 10, 2022



CAREER DESIGN CENTER

- 1. Financial Results for the Fiscal Year Ending September 30, 2022**
- 2. Plan for the Fiscal Year Ending September 30, 2023**
- 3. Progress on the Medium-Term Management Plan**

Comparative Analysis with the Previous Fiscal Year

1. Due to the absorption type merger of a subsidiary on April 1, 2021, there was a shift to non-consolidated financial results starting from the first nine months of the previous fiscal year.
2. Results from the first half of the year for a subsidiary that was subject to an absorption type merger have been removed from the financial results for the previous fiscal year, but in this document, a comparative analysis has been performed by adding the results of consolidated subsidiaries up to the second quarter of the previous fiscal year to the non-consolidated results of the previous fiscal year (*adjusted results).
3. Also note that since the new revenue recognition standards have been applied since the beginning of the fiscal year under review, for the results of the previous fiscal year figures calculated using methods based on different standards are used.

<Fiscal Year Ended September 30, 2021>

	First half
Businesses other than the IT Worker Dispatch Business	Non-consolidated Financial Results
IT Worker Dispatch Business	Consolidated subsidiaries
All Businesses	Consolidated Results

+

Second half
Non-consolidated Financial Results

=

Full year
Non-consolidated Financial Results



<Fiscal Year Ended September 30, 2022>

	First half
All Businesses	Non-consolidated Financial Results

+

Second half
Non-consolidated Financial Results

=

Full year
Non-consolidated Financial Results

Impact Due to the New Revenue Recognition Standards

In connection with accounting methods affected by the revised revenue recognition standards, changes to accounting standards have been applied to net sales from the fiscal year ended September 30, 2022, as below.

Business	Category	Accounting Method Up to the Previous Fiscal Year	Accounting Method from the Current Fiscal Year	Scope of Impact
Media	Sales from advertising	Recorded in bulk as of the start of advertising placement	Distributed over the period of placement	<p>Net sales Distributed over the period of placement, with some recorded in the following fiscal period</p> <p>Profit Same amount as net sales recorded in the next fiscal period</p>
	Agent net sales	Gross recorded (total amount shown)	Net recorded (net amount shown)	<p>Net sales / costs Related cost portion declines</p> <p>Profit No impact</p>
Personnel Placement	Net sales from outside affiliates	Net recorded (net amount shown)	Gross recorded (total amount shown)	<p>Net sales / costs Related cost portion increases</p> <p>Profit No impact</p>

Financial Results for the Fiscal Year Ended September 30, 2022

Summary

- ① We announced a Medium-Term Management Plan despite predicting an impact due to COVID-19. To achieve business growth from the first fiscal year of the plan, we formulated **a plan that improves existing businesses and strengthens investment in new measures**
- ② The **Media and Personnel Placement businesses** whose recoveries were delayed due to the COVID-19 pandemic **along with new measures got off to steady starts, performing better than planned.** As a result, upward revisions were made twice during the fiscal year and record net sales were achieved.
- ③ To accelerate recruitment at CDC for future business expansion, a skill allowance was introduced for engineers, starting salaries were raised, and the incentive system was revised. **We succeeded in hiring around 180 new graduate and mid-career employees.**
- ④ By actively working to boost the productivity of current employees and hire new employees, **the number of companies doing business with CDC increased dramatically.** Demand for job offers has remained high, **and unit prices per transactions are on the rise**
- ⑤ In light of steady progress in net sales, **investment in personnel and advertising was increased** from plans set at the beginning of the period, and although record profit levels were not reached, **profit greatly exceeded our forecasts from the beginning of the fiscal year**

FY9/2022 Financial Results

(Million yen)

	Initial forecasts FY9/2022	Results FY9/2022	Results FY9/2021 * Adjusted	YoY
Net sales	13,755	15,507	12,091	128 %
Operating profit	502	1,102	342	322 %
Ordinary profit	500	1,101	362	304 %
Profit	395	793	—	—

* Results for the fiscal year ended September 30, 2022 include H1 results for a subsidiary

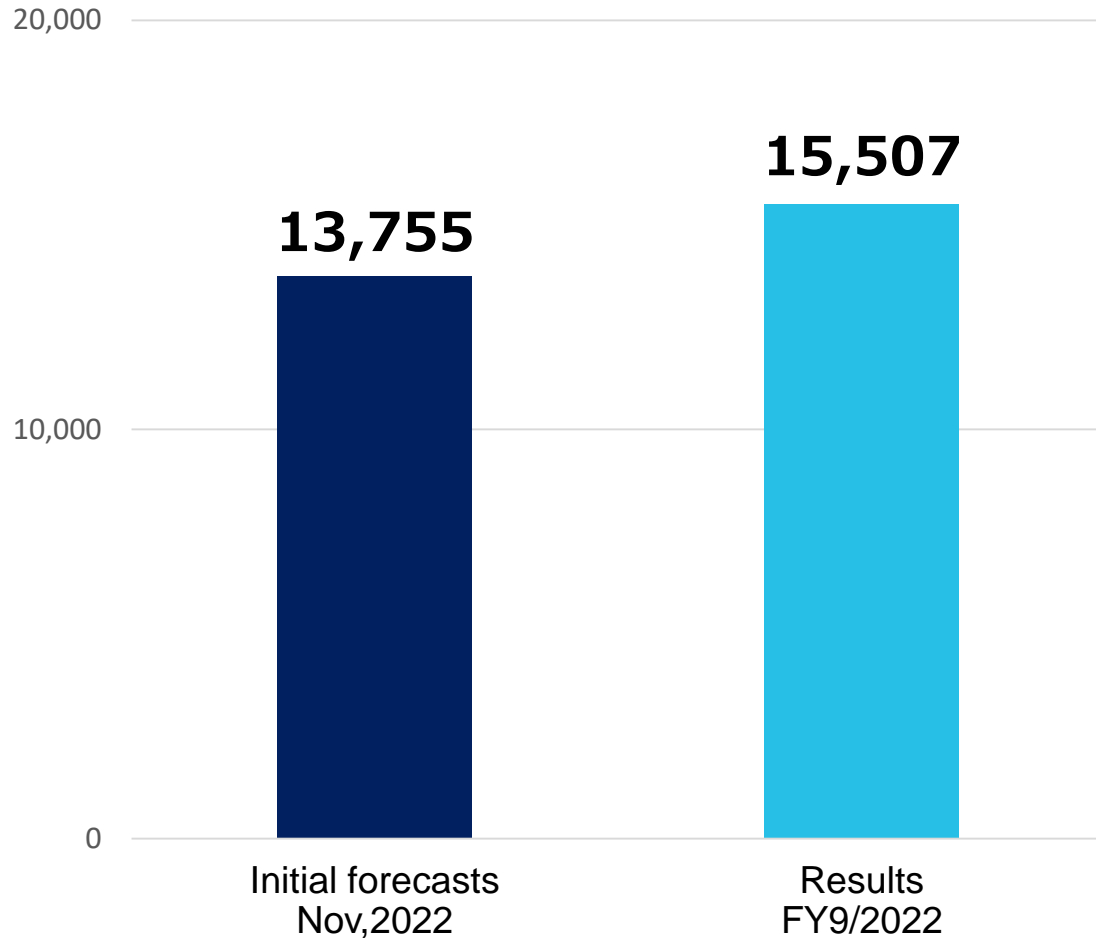
FY9/2022 Financial Results

(Million yen)

	Initial forecasts FY2022/9	Revised upward (1) Mar, 2022	Revised upward (2) Jul, 2022	Results FY9/2022
Net sales	13,755	14,760	15,420	15,507
Operating profit	502	802	1,107	1,102
Ordinary profit	500	800	1,100	1,101
Profit	395	610	700	793

FY9/2022 Net Sales

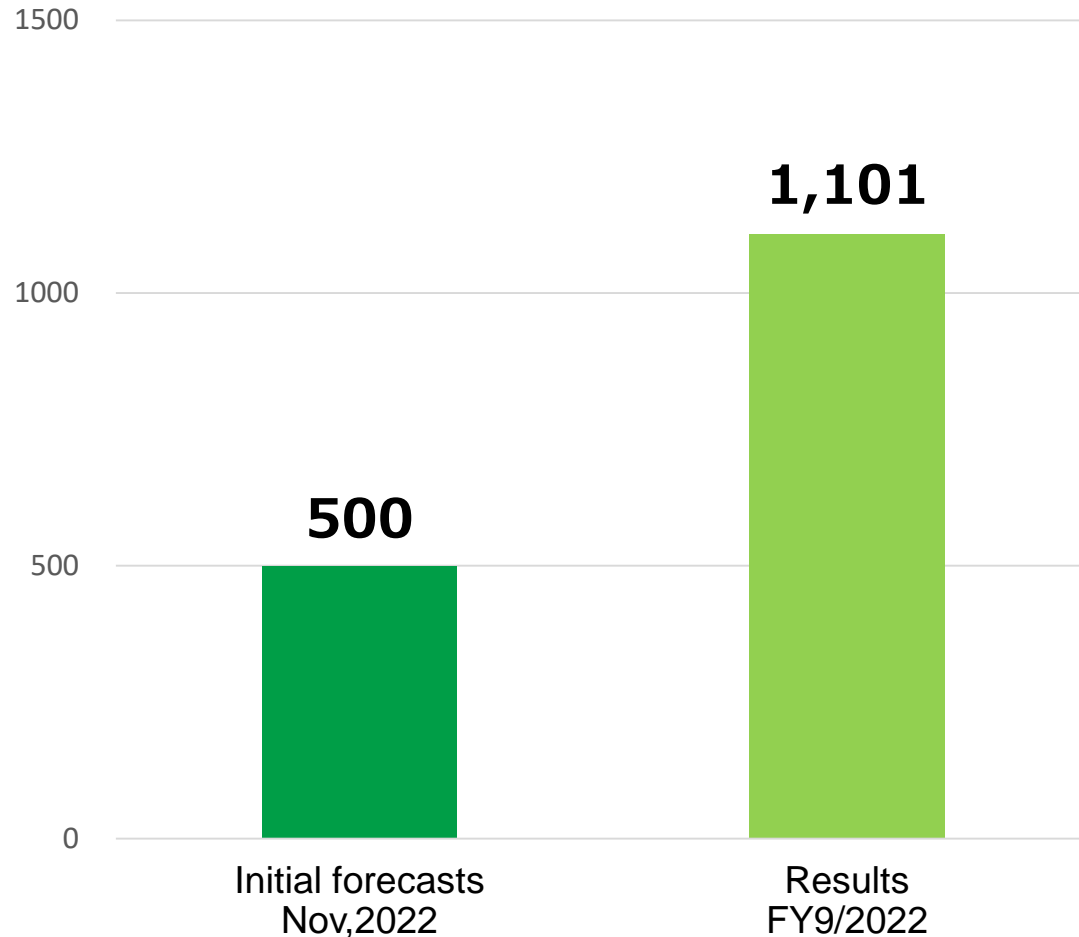
(Million yen)



- The **media and personnel placement businesses**, whose recoveries has been delayed due to COVID-19, **ended up performing much better than forecast**
- The **IT Worker Dispatch and Job Hunting Businesses**, which had been performing steadily even during the pandemic, **continued their strong performance**
- Demand for job offers has remained high, and **unit transactional prices per company are on the rise**
- The **number of companies doing business with CDC** rose considerably as a result of improved productivity among existing employees and the stepped up hiring of new employees

FY9/2022 Ordinary Profit

(Million yen)



- To enhance cost effectiveness among recruiting companies in response to higher than planned sales growth, **we ran additional advertising worth around 700 million yen**
- **We hired CDC employees at a faster rate than planned at the beginning of the fiscal year** and strengthened investments in personnel
- Although we failed to break record profit by a slim margin, **the results were far above our forecasts made at the start of the fiscal year**

FY9/2022 Expenses

(Million yen)

	Initial forecasts FY9/2022	Results FY9/2022	Results FY9/2021 * Adjusted	YoY
Total expenses	13,255	14,406	11,729	123 %
Personnel expenses	4,342	4,360	4,040	108 %
Advertising expenses	1,350	2,098	1,280	164 %
Dispatched worker salaries	5,205	5,483	4,450	123 %
Other	2,357	2,465	1,959	126 %

* Results for the fiscal year ended September 30, 2022 include H1 results for a subsidiary

FY9/2022 Business Overview

(Million yen)

		Results FY9/2022	Results FY9/2021 * Adjusted	YoY
Media	Net sales	4,891	3,930	124%
	Ordinary profit	57	27	211%
Personnel Placement	Net sales	2,919	1,981	147%
	Ordinary profit	221	▲179	—
New Graduate Media	Net sales	559	454	123%
	Ordinary profit	171	126	136%
New Graduate Placement	Net sales	242	166	146%
	Ordinary profit	44	▲2	—
IT Worker Dispatch	Net sales	6,894	5,572	124%
	Ordinary profit	486	391	124%

* Results for the fiscal year ended September 30, 2022 include H1 results for a subsidiary

* As adjustments due to new revenue recognition accounting standards, in addition to ordinary profit in each business, 120 million yen was recorded.

Overview of the Media Business

Results

Net sales **4,891** million yen (up 24% year on year)

Ordinary profit **57** million yen (up 111% year on year)

Sales

Record productivity levels were achieved by restricting hiring in the previous fiscal year and enhancing the productivity of existing employees

Hiring of new employees resumed in the fiscal year under review, **and the securing of new personnel** resulted in **the number of companies doing business withy CDC increasing beyond forecasts**

Medium-Term Management Plan: Key Activities

Net sales from new initiatives including the strengthening of efforts to attract female engineers, expanding sales in the Osaka area and gaining corporate advertising in web magazines amounted to **approximately 500 million yen (a share of around 10% sales in the Media business overall)**

Acquisition of new registrations

We revised channels for attracting external customers, improved efficiency and strengthened channels for acquiring customers directly through CDC

As with 2021, we continued to conduct online conferences for engineers, improving our performance in attracting these workers

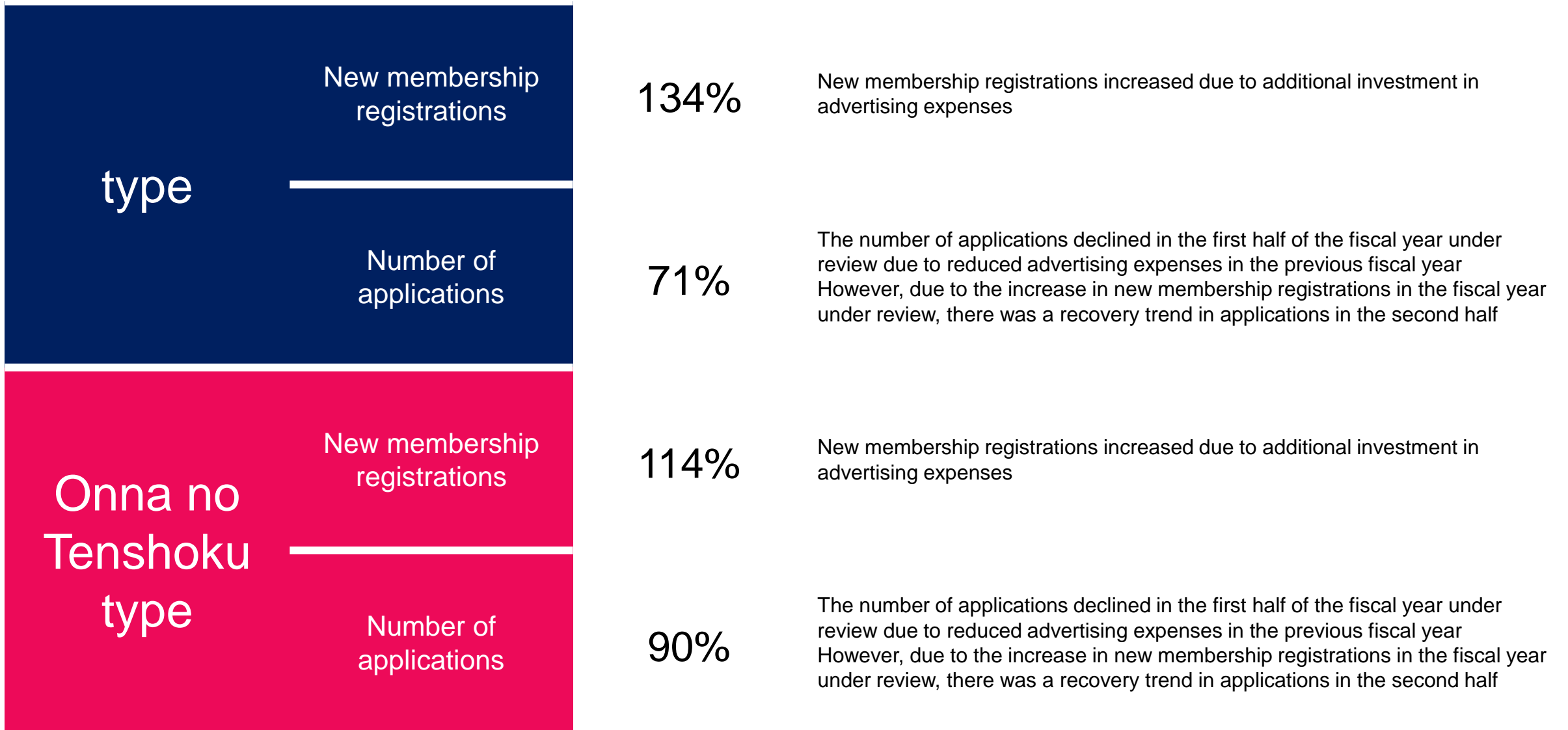
The PC version of Direct type was released, developing recruitment results for recruiting companies

Overview of the Media Business (By Product)

(Million yen)

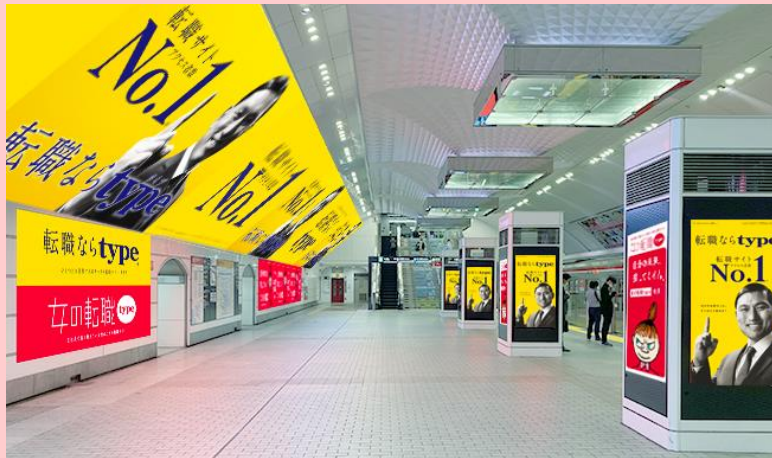
	Results FY9/2022	Results FY9/2021	YoY
Engineers	1,838	1,590	116%
Sales	289	291	99%
Other	352	339	104%
type total	2,479	2,221	112%
Onna no Tenshoku type	2,180	1,524	143%
Engineer Job Fairs	137	140	98%
Women's Job Fairs	0	13	—
Fair Total	137	154	89%

Overview of the Media Business (For Products / YoY)



Overview of the Media Business (Additional Investment in Advertising)

With the aim of expanding recognition in the Kansai area, we took over entire areas inside the Osaka Metro Midosuji Line Umeda Station building with large digital signage and posters



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Web advertising

Channels to attract customers were strengthened with an emphasis placed on new engineer members and higher numbers of applications for the type brand, with the aim of acquiring new membership registrations.



Overview of the Personnel Placement Business

Results

Net sales **2,919** million yen (up 47% year on year)

Ordinary profit **221** million yen (-179 million yen in the previous year)

Sales

Although we eased off hiring in the previous fiscal year, **starting in the fiscal year under review we stepped up the hiring of sales personnel and career advisors**

In addition to fields in which we were already active, we established a new organization targeting the mid-career placement field

Medium-Term Management Plan: Key Activities

In the mid-career field that targets highly skilled engineers and management level workers, **we achieved net sales of 300 million yen**, far exceeding our forecast for the first year of the endeavor

Acquisition of new registrations

Competition for acquiring membership registrations has intensified, but **the number of registrations has remained firm**, reflecting our efforts to attract members through the CDC website and stepped up friend referral campaigns

Overview of the New Graduate Media Business

Results

Net sales

559 million yen (up 23% year on year)

Ordinary profit

171 million yen (up 36% year on year)

Sales

We achieved a rise in unit transactions amounts for existing client companies, and strengthened new account development. As a result, the number of companies doing business with CDC increased.

Key Measures

The number of companies doing business with CDC has increased due to seminars aimed at science students and women, groups in higher demand for job offers, and due to individual seminars tailored to the recruitment needs of individual companies

Acquisition of new registrations

Events were held online multiple times. The events attracted students from around Japan and led to strong performance

Overview of the New Graduate Placement Business

Results

Net sales

242 million yen (up 46% year on year)

Ordinary profit

44 million yen (-2 million yen in the previous year)

Sales

We eased off on new hiring and worked to improve the productivity of existing employees

We strengthened the development of job offers with a focus on the IT and HR industries where hiring demand is strong

Key Measures

We focused on developing job offers and improving the contract matching rate for students for which we maintain points of contact

Acquisition of new registrations

Job seeking activities of students expecting to graduate in FY2023 have kicked off early, resulting in strong results in attracting customers

Overview of the New Graduate Placement Business

Results * Adjusted

Net sales **6,894** million yen (up 24% year on year)

Ordinary profit **486** million yen (up 24% year on year)

Sales

We increased hiring and achieved organizational strength

Key Measures

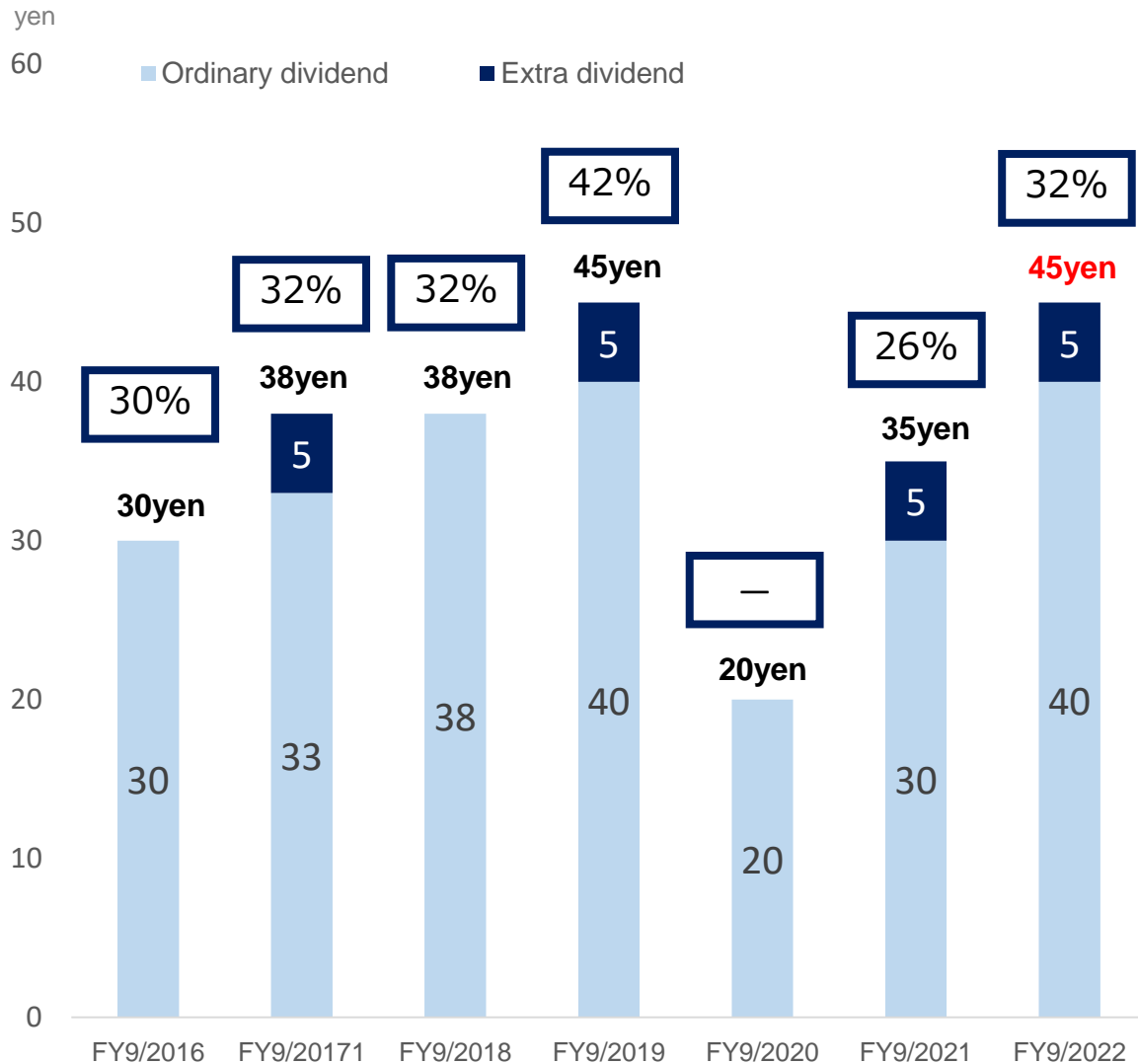
There continued to be a high demand among dispatched staff for remote work, **and we strengthened the development of remote work job offers**

Acquisition of new registrations

In advertising, we revised the efficiency of channels for attracting external customers, and strengthened channels for acquiring customers directly through CDC

* Results for the fiscal year ended September 30, 2022 include H1 results for a subsidiary

Dividends in FY9/2022



CDC recognizes that returning profits to shareholders is an important management issue, and has adopted the basic policy of distributing profits based on operating results, while comprehensively taking into account the need to enhance retained earnings and the financial position of the company

**Dividends per share amounted to 45 yen
(ordinary dividend of 40 yen, special dividend of 5 yen)**

Policies

- ① We will set improved profit margins in the Media and Personnel Placement businesses as our most important challenge, and actively work to **raise unit prices per transaction and improve productivity through system improvements and other efforts**
- ② In anticipation of further expansion in the IT worker dispatch field, we will start **considering entering the field of services for the dispatch of workers for indefinite-term employment**
- ③ Amid increasingly intensive competition to acquire registered members, we will increase advertising expenses, but also **strengthen efforts to attract customers directly through CDC (SEO, website, friend referrals, etc.)** in order to acquire registered members more efficiently
- ④ We will continue to **strengthen advertising in the Kansai area and for the Direct type brand**, and **have budgeted advertising expenses totaling around 150 million yen** We will work to improve branding effects in Osaka and enhance the site's power in attracting engineers
- ⑤ We will continue to step up hiring at CDC. **We plan to hire around 200 employees, comprising new graduate and mid-career hires**
We will further improve the productivity of existing employees and ensure that new employees get up to speed quickly

FY9/2023 Plan

(Million yen)

	Plan FY9/2023	Results FY9/2022	YoY
Net sales	17,500	15,507	113 %
Operating profit	1,314	1,102	119 %
Ordinary profit	1,300	1,101	118 %
Profit	881	793	111 %

FY9/2023 Expenses

(Million yen)

	Plan FY9/2023	Results FY9/2022	YoY
Total expenses	16,200	14,406	112%
Personnel expenses	4,943	4,360	113%
Advertising expenses	2,180	2,098	104%
Dispatched worker salaries	6,286	5,483	115%
Other	2,791	2,465	113%

FY9/2023 Business Plan

(Million yen)

		Plan FY9/2023	Results FY9/2022	YoY
Media	Net sales	5,590	4,891	114%
	Ordinary profit	347	57	608%
Personnel Placement	Net sales	3,227	2,919	111%
	Ordinary profit	279	221	126%
New Graduate Media	Net sales	580	559	104%
	Ordinary profit	172	171	101%
New Graduate Placement	Net sales	253	242	104%
	Ordinary profit	20	44	46%
IT Worker Dispatch	Net sales	7,850	6,894	114%
	Ordinary profit	480	486	99%

Media

■ Improving profitability and enhancing organizational foundation

We will strive to boost productivity and reinforce the organizational base by developing new employees and making improvements to business processes

■ Strengthening the acquisition of membership registrations in the Osaka area

While continuing to focus on increasing the number of occupations we handle, we will try to increase the number of membership registrations acquired through advertising in the Kansai area and and by acquiring dominant companies as clients

■ Strengthening the product power of the Direct type brand

We will aim to to create a database with a high purity of engineers by strengthening advertising and scouting activities

■ Raising unit prices per transaction

We will try to increase unit prices per translation by improving discount rates

■ type renewal project

With updates to our system infrastructure, we will reduce future person hours for various tasks, achieve business streamlining, and enable the addition of new functions with a greater sense of speed

FY9/2023 Key Initiatives (2)

Personnel Placement

■ Enhancing organizational foundation in the mid-career field

We will split the organization for the mid-career field from the existing Personnel Placement Business and work to further reinforce it

■ Curbing the acquisition price of membership registrations

We will strengthen the friend referral program and build a network of members with successful contracts to curb the acquisition price of membership registrations

New Graduate Media

■ Enhancing organizational foundation

We will maintain a profitable structure for both sales staff and career advisors, and strive to expand the organization

New Graduate Placement

■ Enhancing organizational foundation

We will try to expand the organization in order to cater to the increasingly diverse needs of companies

IT Worker Dispatch

■ Intake of dispatch workers for indefinite-term employment

In anticipation of further expansion in the IT worker dispatch field, we will start considering entering the field of services for the dispatch of workers for indefinite-term employment

FY9/2023 Dividends



CDC recognizes that returning profits to shareholders is an important management issue, and has adopted the basic policy of distributing profits based on operating results, while comprehensively taking into account the need to enhance retained earnings and the financial position of the company

The forecast dividend for the fiscal year ending September 30, 2023 will be **50 yen per share (ordinary dividend of 50 yen)**

Beyond 200, the Medium-Term Management Plan

In the fiscal year ended September 30, 2022, the first year of the Medium-Term Management Plan, the recover in hiring demand among recruiting companies occurred sooner than expected, reflecting in progress on net sales and ordinary profit around a year ahead of schedule. **Our forecast results for FY9/2023 are also a year ahead of the plan**, and we will **consider revisions** to target figures for FY9/2026 in the Medium-Term Management Plan as we go forward.

(Million yen)

	Results FY2022/9	Results Forecast FY9/2023	Medium-Term Management Plan FY9/2026
Net sales	15,507	17,500	20,000
Ordinary profit	1,101	1,300	2,400
Ratio of Ordinary Profit to Sales	7%	7%	12%
ROE	23%	23%	15% or higher

Medium-Term Management Plan: Progress on Key Initiatives

By implementing key measures as new sources of revenue, **around 800 million yen of 15.5 billion yen in net sales for the full year (about 5% of total) were sales due to these key measures**, which helped raise the bottom line in our results

	Key Activities	Net sales	Registrations
1	Promotion of Direct type, a direct recruiting service	PC version released in addition to the smartphone app Commercialization is planned for the future	We started attracting users through the Direct type brand alone, and the acquisition of membership registrations is on the rise
2	Attracting more companies to advertising in web magazines	We captured demand for corporate branding and achieve solid performance	We distributed web magazines and conducted online events to strengthen product power and the ability to attract members
3	Strengthening efforts to acquire job offers for female engineers and new users from among female engineers	We captured demand for engineer recruitment at an early stage and have seen healthy results	We strengthened user acquisitions by enhancing job offers
4	Expanding sales in the Kansai area and strengthening efforts to acquire new users	We increased the number of companies listing job opening and the number of job types, strengthened user acquisition and achieved healthy results	We improved user acquisition by running promotion in Osaka and capturing job offers
5	Attracting more business in the mid-career placement field	We saw strong results mainly in the engineer job field by strengthening the development of job offers	We implemented measures for acquiring membership registrations with a narrowed focus on mid-career job offers

Medium-Term Management Plan: Newly Added Key Measures

We will also work on new measures to further improve profitability in an effort to achieve the Medium-Term Management Plan

	New Key Measures	Details
1	Strengthen job offers in the sales field of the Media Business	We will improve the acquisition of job offers primarily in the IT, web and HR industries, and target initiatives for acquiring membership registrations
2	Stepped up efforts among female workers in the personnel placement field	With the recovery from the COVID-19 pandemic, hiring demand in the area of female workers has increased, and we will aim to increase the number of successful contracts by actively approaching such workers
3	Expanding the network of workers under successful contracts in the personnel placement business	By improving the friend referral program and building a network of members with successful contracts, we will curb the unit acquisition price of membership registrations and seek to improve profit margins
4	Further expansion of the IT worker dispatch field (for indefinite-term employment)	In anticipation of further expansion in the IT worker dispatch field, we will start considering entering the field of services for the dispatch of workers for indefinite-term employment

Medium-Term Management Plan Investment Plan

Investment strategy based on cash flows from operating activities to be created in the future

Investment in human capital

4.5 billion yen

Advertising expenses

9.5 billion yen

System investment

2.5 billion yen

Increase of customers and job offers

Increase of new members

Higher matchup rate and larger number of matchups

Strengthening branding

Medium-Term Management Plan Investment Plan

Investment in human capital

■ Strengthening hiring at CDC

We will aim to hire both new graduates and mid-career workers beyond our initial plans with the aim of expanding net sales

■ Strengthening development and training

We will make enhancements to new employee development and tiered training in an effort to further improve productivity

Advertising expenses

■ Strengthening channels for attracting customers directly through CDC

We will acquire job seekers more efficiently through SEO, our website, friend referrals and other measures

■ Curbing the unit acquisition cost of job seekers

By enhancing the friend referral program and developing a network of members with successful contracts, we will curb the cost of acquiring each job seeker

System investment

■ Project to revamp the type brand

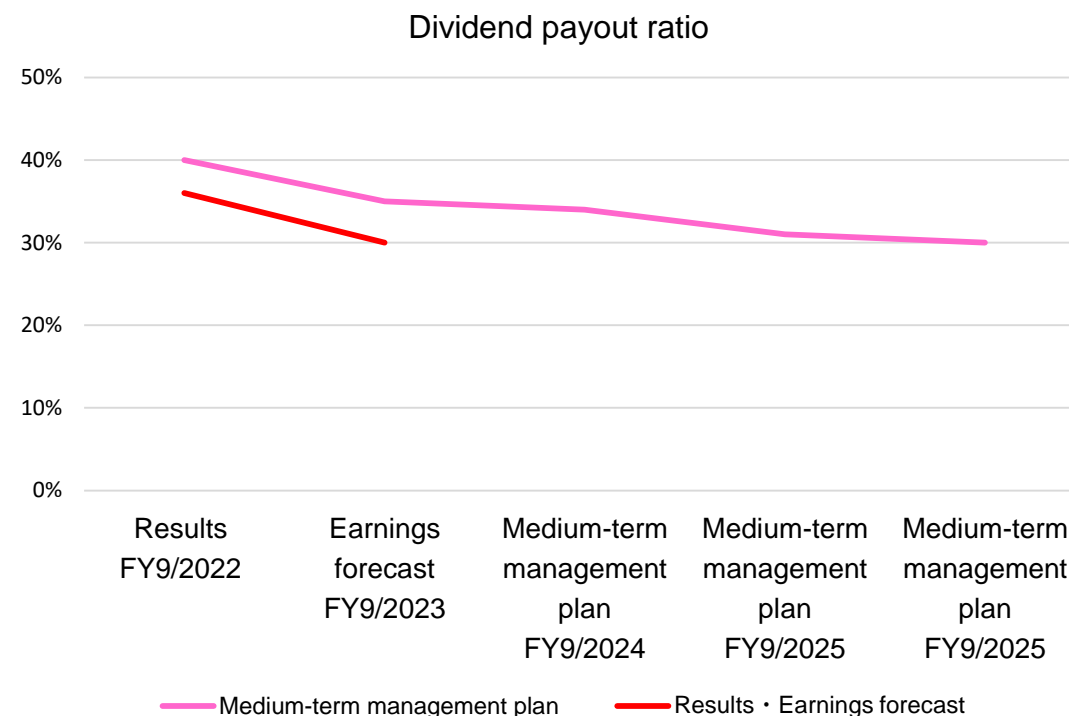
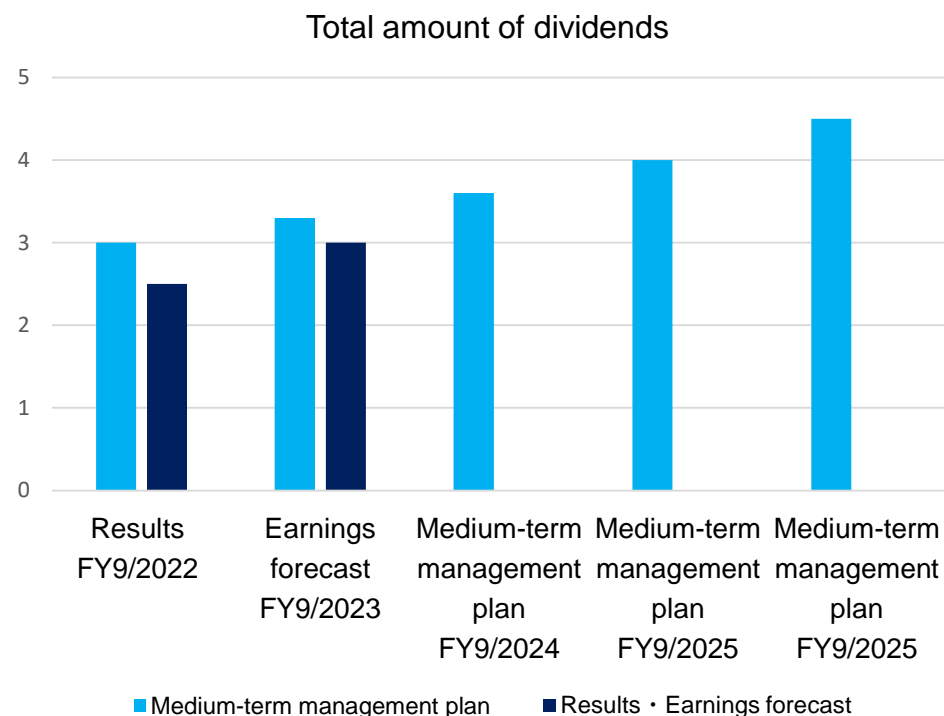
With updates to our system infrastructure, we will reduce future person hours for various tasks, achieve business streamlining, and enable the addition of new functions with a greater sense of speed

■ Business streamlining

We will revise our business processes to build more efficient mechanisms

Shareholder Returns Policy

- **We will consistently maintain** a dividend payout ratio of **around 30%** and **increase the absolute amount of dividends in accordance with the improvements in our business results.**
- On the other hand, **we will make such decisions from a comprehensive perspective because our business model involves the risk of a decline in business performance associated with economic fluctuations.**
- Although total dividends and the dividend payout ratio declined due to the purchase of treasury stock implemented in November 2022, we will continue to issue dividends based on the above policy.



Disclaimer

The industry trends, analyses, future outlook, strategies and other information presented today are determinations made by Company management based on currently available information, but various factors may cause significant changes to the environment surrounding business in the future. Therefore, please note that future strategies and business performance may vary significantly from the information presented today.