



**CRESCO LTD.**

Q1 Financial Results Briefing for the Fiscal Year Ending March 2022

August 17, 2021

## Event Summary

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<b>[Company Name]</b>	CRESCO LTD.
<b>[Company ID]</b>	4674-QCODE
<b>[Event Language]</b>	JPN
<b>[Event Type]</b>	Earnings Announcement
<b>[Event Name]</b>	Q1 Financial Results Briefing for the Fiscal Year Ending March 2022
<b>[Fiscal Period]</b>	FY2021 Q1
<b>[Date]</b>	August 17, 2021
<b>[Number of Pages]</b>	25
<b>[Time]</b>	15:00 – 15:55 (Total: 55 minutes, Presentation: 37 minutes, Q&A: 18 minutes)
<b>[Venue]</b>	Webcast
<b>[Venue Size]</b>	
<b>[Participants]</b>	
<b>[Number of Speakers]</b>	1 Hiroyuki Nemoto                      President

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# Presentation

**Moderator:** Thank you for your patience, everyone. CRESCO LTD. will hold its financial results briefing for the first quarter of the fiscal year ending March 31, 2022.

Thank you very much for taking time out of your busy schedule to watch today's presentation. Today, President Hiroyuki Nemoto will provide you with an explanation.

After the explanation, the Company will respond to the questions you have sent. Please note that it may be difficult to answer all questions due to time constraints. We appreciate your understanding. The briefing is scheduled to end at 4:00 PM.

I would like to get started immediately. We have President Nemoto.

**Nemoto:** I'm Nemoto, President of CRESCO. Thank you always for all your help and support. Thank you very much for participating in today's financial results briefing. I will provide an explanation for about 40 minutes, and then I will answer questions. Let's get right into the explanation.

決算のポイント

## 1.1. 売上高・利益 (連結)



[単位: 百万円未満切捨]

- 新型コロナウイルス禍は、収束が難しい状況にあるも、顧客のIT投資計画は、順調に回復。
- 主要顧客を中心に、受注は改善。既存プロジェクトおよび新規プロジェクトの中止・中断・延期の懸念はない。
- 売上高は5.0%の増収、営業利益、経常利益、純利益とも増益へ。
- 営業利益率は、8.1%（前年同期4.5%）と大きく改善。

□ 売上高	…	4億66百万円の増収(前年同期比 5.0%増)。	□ 経常利益	…	35百万円の増益(前年同期比 4.2%増)。
□ 営業利益	…	3億73百万円の増益(前年同期比 87.4%増)。	□ 当期純利益	…	1億47百万円の増益(前年同期比 26.5%増)。

1 Q 累 計	20/03期		21/03期		22/03期		前年 同期比	対上期 進捗率	2 Q 業 績 予 想	22/03期	
	20/03期	21/03期	22/03期	前年 同期比	対上期 進捗率	21/5/10 予想				前年 同期比	
売上高	9,245	9,404	9,870	105.0%	48.1%	20,500	106.8%				
売上総利益	1,743 (18.9%)	1,451 (15.4%)	1,849 (18.7%)	127.4%							
営業利益	770 (8.3%)	426 (4.5%)	799 (8.1%)	187.4%	46.5%	1,720 (8.4%)	125.8%				
経常利益	670 (7.2%)	847 (9.0%)	883 (9.0%)	104.2%	46.5%	1,900 (9.3%)	103.0%				
純利益	433 (4.7%)	555 (5.9%)	702 (7.1%)	126.5%	50.9%	1,380 (6.7%)	105.5%				
注	EPS 円/株	19.80	26.45	33.43			65.65				



[注] ( ) 内の数字は各々の利益率を表します。  
[注] 「純利益」は「親会社株主に帰属する四半期純利益」です。

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人が想い描く未来、その先へ

3

The main settlement points of the financial results for the first quarter, the consolidated figures for sales and profit.

It is difficult to say that the coronavirus is still under control, but I feel that our customers' IT investments are recovering steadily. This means that orders are improving, especially from major customers. In addition,

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existing and new projects have been launched smoothly, and there have been no cancellations, suspensions, or postponements as there were last year.

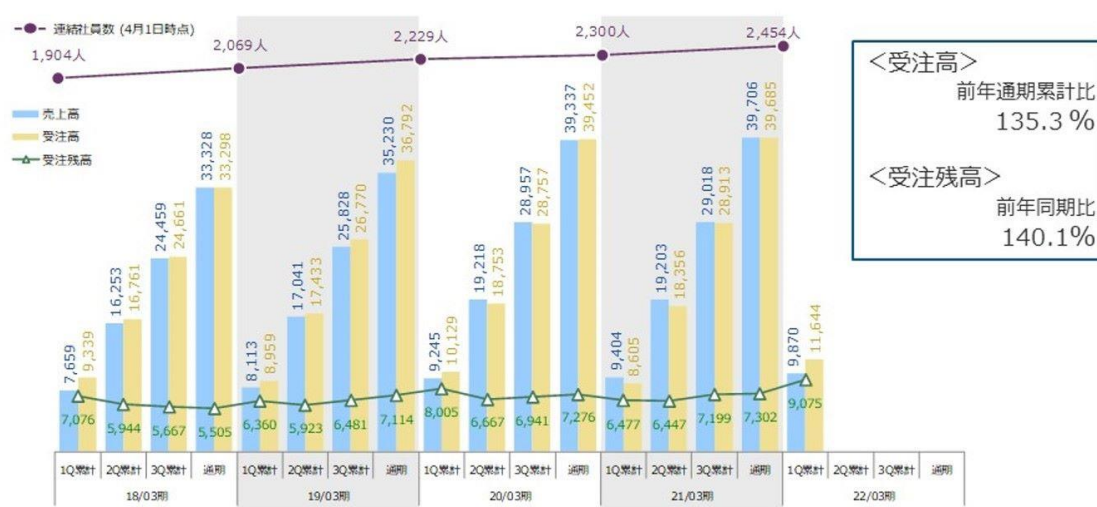
In the first quarter, net sales increased by 5% to JPY9.87 billion. Operating income, ordinary income, and net income have all increased. Operating income was 8.1%, and while last year it dropped to 4.5% due to the disruption caused by the pandemic, it has improved and is now back to normal.

Net sales, as I mentioned earlier, were JPY9.87 billion. Operating income was JPY799 million. Ordinary income was JPY883 million. Net income was JPY702 million.

## 1.2. 受注高・受注残高 (連結)

[単位：百万円未満切捨]

- 新型コロナウイルス禍が続く中、主要顧客を中心に受注高、受注残高とも順調に回復。
- 受注状況は、2020年度のIT投資抑制の反動や企業のデジタル変革（DX）遂行が後押し。



I will now explain about orders received and order backlog.

We believe that orders received and order backlogs are also recovering steadily. Orders received were 135% compared to the previous year's total, and the order backlog was 140%.

This is partly due to the fact that this year we have made some changes to the way the system handles business, and the numbers are coming in a little earlier than usual, which is reflected in the 135% and 140% figures, but overall, it is already much better than last year.

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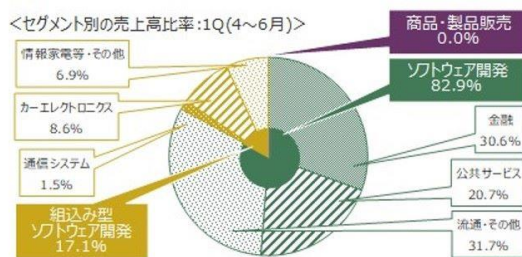
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### 1.3. 報告セグメントの変更 (連結)

- 2021年4月(2022年3月期)から以下のとおり、報告セグメントを変更。  
(2021年5月10日発表: [https://www.cresco.co.jp/news/newsr/2021/210510\\_ir.pdf](https://www.cresco.co.jp/news/newsr/2021/210510_ir.pdf))
- なお、前年度との比較を可能にするため、「1.4. セグメント別売上高・利益」については、2021年3月期の数値を(新)セグメントに準じて記載。

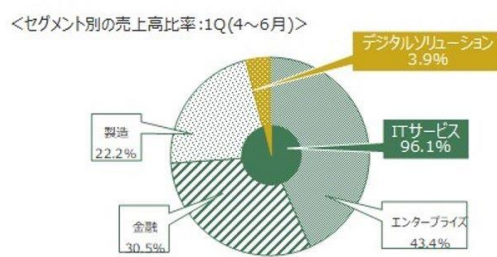


2021年3月期 第1四半期



セグメント	事業	サブセグメント
ソフトウェア開発	・ビジネスアプリケーション開発 ・IT基盤システム構築 ・オリジナル製品・サービス	・金融 (銀行、保険、カード、証券 etc.) ・公共サービス (旅行、人材、物流、航空、鉄道、電力、放送、医療 etc.) ・流通・その他 (小売、不動産、情報通信、郵送 etc.)
組み込み型ソフトウェア開発	・組み込みソフトウェア開発	・通信システム (携帯情報端末 etc.) ・カーエレクトロニクス (デジタルメーター、センターディスプレイ etc.) ・情報家電等・その他 (デジタル家電、医療機器、制御システム etc.)
商品・製品販売	・子会社「クレスコワイヤレス」の商品・製品販売	

2022年3月期 第1四半期



セグメント	事業	サブセグメント
ITサービス	・コンサルティング ・IT企画・開発・保守の総合サービス	・エンタープライズ (情報・通信、広告、流通サービス、運輸、人材紹介・人材派遣、公共、資源・エネルギー、建設・不動産、旅行・ホテル、医療・ヘルスケア、その他) ・金融 (銀行、保険、その他) ・製造 (自動車、輸送機器、機械、エレクトロニクス、その他)
デジタルソリューション	顧客のDX実現を支援する製品・サービスからなるソリューション群	「Creage」「インテリジェントフォルダ」、RPA等

In terms of changes in reporting segments, and this was released on May 10, we have changed the way we divide our segments from this fiscal year.

On the left are the segments up to last year. It was largely divided into software development, embedded software development, and product sales. Software development was further divided into finance, public services, distribution, and others, and the embedded software development segment was divided into communication systems, car electronics, information appliances, and others. However, as you can see on the right, we have changed the segmentation.

There are 2 major segments: IT services and digital solutions. IT solutions is divided into 3 sub-segments for each customer: enterprise, financial, and manufacturing. IT services include system integration and system maintenance, which is what we have been doing until now.

Digital solutions include the sale of licenses and monthly service fees. In our case, we have a variety of digital solutions, such as those related to cloud computing, RPA, AI, and so on. We have reorganized this segment into the digital solutions segment.

In terms of digital solutions, we are currently at 3.9%, but we would like to increase this percentage over the next 3 to 10 years. In addition, within our IT services we have cloud computing, which is often referred to as "DX" in the world today; AI, as well as development for shifting to the cloud and AI-related development.

If you look at where the so-called DX sales are, you can see that they are in IT services as well as digital solutions. I would like to be able to explain more about where sales lie based on the technology.

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## ITサービス事業

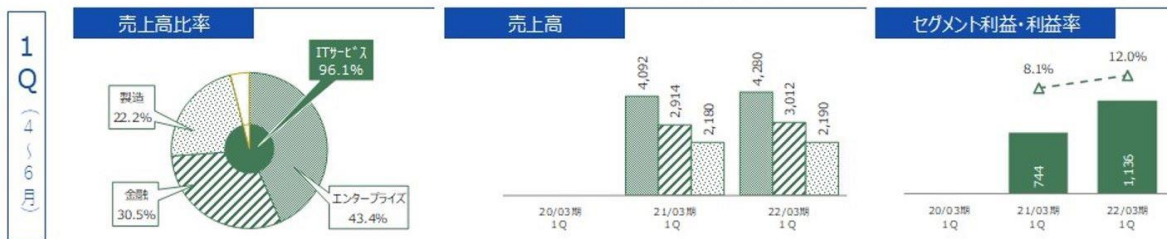
[単位：百万円未満切捨]

- 売上高は、94億84百万円。「エンタープライズ」「金融」の伸長により、3.2%の増収。
- セグメント利益は、受注の増加や生産性の向上、不採算プロジェクトの解消等により、52.7%の増益。

- エンタープライズ … 「情報・通信・広告」、「運輸」および「人材紹介・人材派遣」が回復し、4.6%増収。(前年同期比 1億88百万円の増収)
- 金融 … 「銀行」は減少したものの、「保険」および「その他」が増加し、3.4%増収。(前年同期比 98百万円の増収)
- 製造 … 「自動車・輸送機器」が落ち込んだものの「機械・エレクトロニクス」が増加し、0.5%の増収。(前年同期比 10百万円の増収)

1 Q 累計	IT サービス	売上高	20/03期		21/03期		22/03期		前年同期比
			金額	利益(率)	金額	利益(率)	金額	利益(率)	
		エンタープライズ			4,092		<b>4,280</b>	<b>104.6%</b>	
		金融			2,914		<b>3,012</b>	<b>103.4%</b>	
		製造			2,180		<b>2,190</b>	<b>100.5%</b>	
		合計			9,186		<b>9,484</b>	<b>103.2%</b>	
		セグメント利益(率)			744 (8.1%)		<b>1,136 (12.0%)</b>	<b>152.7%</b>	

※ 2021年3月期より前の期については新セグメント分類によるデータはありません。



Next, in terms of sales by segment, IT services are divided into 3 sub-segments: enterprise, financial, and manufacturing.

In the enterprise sector, the information, telecommunications, advertising, transportation, and the recruitment and staffing sectors are recovering. The revenue increased by 4.6%, but I have a feeling that it will grow even more in the future.

In the financial sector, the number of banks has decreased slightly, but the number of insurance companies, especially life insurance companies, has increased. That's why revenue increased by 3.4%.

Then there is the manufacturing sector, the manufacturers. Although sales of automobiles and transportation equipment declined, sales of machinery and electronics-related products increased, albeit only slightly, by 0.5%.

In terms of segment profit, we are eliminating unprofitable projects and orders are going well, so there is no need for personnel to be on standby, and we have seen a considerable increase in profits compared to last year.

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## デジタルソリューション事業

[単位：百万円未満切捨]

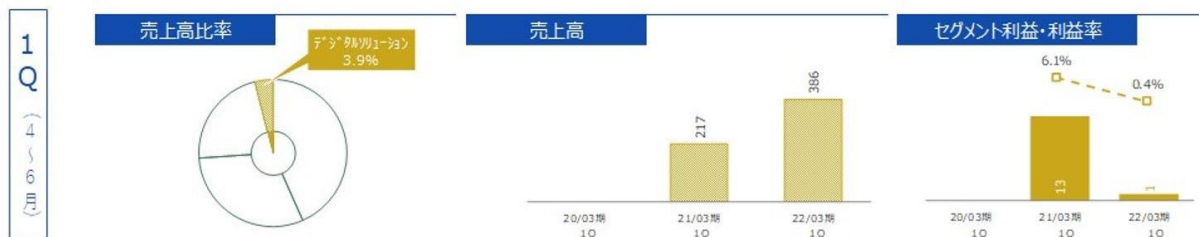
- 売上高は、3億86百万円。クラウド関連・ロボティクス関連の増加により、77.4%の増収。
- セグメント利益は、デジタルソリューション事業推進の端緒として人的投資を行ったことにより、減益。

## ◆ 主な製品・サービス名

- Creage (クラウド関連サービス)
- UiPath (RPA関連サービス)
- アノテーション (AI関連サービス)
- 教育・セミナー (AI、クラウド、RPAなど)

1 Q 累 計	デジタル ソリューション	売上高		20/03期	21/03期	22/03期	前年同期比
		セグメント利益(率)				217	386
					13 (6.1%)	1 (0.4%)	11.1%

※ 2021年3月期より前の期については新セグメント分類によるデータはありません。



In digital solutions, sales were JPY386 million, which is a 177% increase compared to last year. Cloud-related and robotics-related products are the main areas of growth.

Segment income has decreased significantly from last year, but this is due to the fact that we have invested a lot in human resources in order to promote our digital solutions business. Our main services are cloud services, RPA services, and AI services.

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### 新型コロナウイルス禍の影響は限定的、2020年度のIT投資抑制の反動に期待。 成長の軸足が、従来のSIビジネスから、DXビジネスへ大きくシフト。

- お客様、ITベンダーとも、ニューノーマルが定着し、**事業活動への支障は大幅に減少。**
- 新型コロナウイルスの変異株の感染拡大や再度発出された緊急事態宣言により、先行き懸念は依然拭えないものの、DX推進の機運は大きく、引き続き**受注は増加傾向。**
- デジタル技術を活用した変革の担い手である、**DX人材の育成・確保が急務。**

#### 【ご参考】 景気判断の調査等

##### 政府による7月の月例経済報告 [2021年7月19日発表]

「景気は、新型コロナウイルス感染症の影響により、依然として厳しい状況にあるなか、持ち直しの動きが続いているものの、一部で弱さが増している。」旨の判断。

##### 2021年6月の日銀短観 [2021年7月1日発表]

代表的な指標の大企業・製造業の業況判断指数(DI)が、前回3月調査より9ポイント改善してプラス14となり、3四半期連続での改善。また、大企業・非製造業は、プラス1と2ポイント改善し、5四半期ぶりにプラス圏に浮上。

##### IDC Japanの2021年3月末時点の国内ICT市場予測 (前回予測のアップデート) [2021年5月25日発表]

2021年は0.2ポイント悪化となり前年比2.7%増の1兆3,772億円と予測。COVID-19は、飲食/宿泊/運輸などのサービス業を中心に国内経済へ深刻な影響を与えているが、サプライチェーンの混乱が収まり、製造業を中心とする国内の主要産業は回復しつつある。またテレワークや各種サービスのオンライン化による非接触の定着によって通信分野がIT支出を牽引している。しかしながら、感染の再拡大の兆候も見られており、有効なワクチンや治療薬が国民に広く投与されるまでは、予断を許さない状況が続くとみられる。2020年～2025年の年間平均成長率 (CAGR) は2.6%、2025年の国内IT市場規模は2兆3,776億円と予測。

※上記の予測は、COVID-19のワクチンの配布が開始されることで2021年に経済成長率は2.8%のプラス成長に転じ、海外経済の復調と政府の景気刺激策によって下支えされるものの、回復ペースが緩やかなため、経済活動がCOVID-19の感染拡大以前の水準に回復するのは2023年以降になることを前提に基づく。

I would like to talk about the outlook for this fiscal year.

In the information service industry, the financial results for the first quarter have been released, and compared to last year, there has already been a considerable recovery and positive growth. We feel the same way, and the Nikkei Industrial Weather Forecast shows that the weather has already turned sunny, so we expect that the economy will turn positive unless there is a serious problem.

Everyone talks about SI service business shifting to DX business, and in the DX business, there are many projects that are shifting to the use of new technologies such as cloud computing, robots, and AI in our IT services. If anything, the steady stream of orders has made it more urgent to secure human resources. The challenge is to prepare human resources properly to respond to orders.

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## 1 新型コロナウイルスへの対応

- クレスコ本社に『コロナ緊急対策本部』を設置、クレスコグループで連携して、関係者の感染状況の確認や情報収集、各種施策の検討および運用を継続中。
- お取引先様も含めたテレワークの推進。
- 政府や自治体の要請(緊急事態宣言を含む)に準じた施策を適宜アップデートし、社内に徹底。
- 在宅勤務が主となる社員には在宅勤務にかかる光熱費・通信費等の補助のため「在宅勤務手当」を支給し、通勤が主となる社員には通勤等の心身負担軽減のため、「通勤者支援手当」を支給。
- **新型コロナワクチン接種時および副反応時の特別休暇制度を導入。**  
就業時間中に接種した場合はみなし勤務とする柔軟な措置も適用。
- 「新型コロナウイルスに関する当社の対応について」は、ホームページで随時更新。

### 【基本対応方針】

- (1) 従業員等およびその家族の生命の安全・健康を確保する。
- (2) 事業に与える被害の最小化を図る。
- (3) お客様・取引先・株主等に悪影響を及ぼさない。
- (4) 地域経済の早期安定化へ貢献する。
- (5) 各種対応の際は、常に人道面で配慮する。

Our response to the novel coronavirus.

Since March last year, we have set up a task force to monitor the situation, collect information, and study and implement various measures. Basically, we are promoting telework, including for our customers, and 70% or 80% of our employees are still teleworking. We are also taking various actions in response to requests from government authorities.

We provide telecommuting allowances, and for those who commute to work we provide commuter support allowances. Also, at the moment, there is talk of adverse reactions to vaccinations, so we are working to provide such leave. For the past month, the Delta variant has been spreading nationwide, and we have been alerting our employees to the fact that some of us have also been infected, so we are focused and remaining alert.

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## 2 2022年3月期の連結業績予想について

- 新型コロナウイルス禍によるクレスコグループの業績への影響は『**精緻に把握することが困難**』。
- 現時点における**入手可能かつ合理的な情報による判断および現状認識**。

- ① 新型コロナウイルス禍は、当面、収束は難しいが、影響は限定的であり、事業に大きな支障はない。

感染力の強い変異株の拡がりや2021年7月の東京都・沖縄県を対象とした4回目の緊急事態宣言の発出・延長を受けて、新型コロナウイルス禍は、当面、収束は難しい見込み。しかしながら、内外のワクチン接種拡大に伴い、経済活動への制約は、着実に薄らいできると考える。オンラインや対面による営業活動やリモート開発、在宅勤務も常態化し、事業への大きな支障はない。

2021年度からの新ビジョン「CRESCO Group Ambition 2030」と「中期経営計画2023」に沿って、当社企業グループ全体の事業ポートフォリオの最適化に努め、コア事業であるITサービスや新たな価値を提供するデジタルソリューションを積極的に展開し、事業目標の達成と価値創出に取り組むことが必要、と認識。

- ② 景況感は、業種・業態により濃淡はあるものの、IT投資は改善傾向であり、受注は増加する。

景況感は、業種・業態により濃淡はあるものの、内外のワクチン接種拡大に伴う経済正常化の期待を反映して、改善傾向。IT投資の勢いも概ね回復。加えて、新型コロナウイルス禍がもたらしたニューノーマルへの対応ニーズ増大により、新たな事業価値の創出や競争力強化、イノベーションを実現する「デジタル変革」に大きく軸足が移り、需要は更に加速する見込み。

2021年度においては、環境の変化に即した顧客ポートフォリオの最適化を通じて、多様化、複雑化するニーズをしっかりと取り込み、そして、自らも競争優位性を確保するイノベーションを実現し、着実な受注の獲得に努めることが必要、認識。

This is the forecast for the entire Group.

The situation of the coronavirus is not expected to have much of an impact, but I hope that it will not dampen the investment mindset of our customers. I hope that the situation will recover quickly, as we have customers who are in the travel industry and the air transportation industry whose core businesses are completely affected.

As I will explain in a moment, we have created a mid-term management plan and a new vision, and we will proceed with management based on these plans.

## Support

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- 2021年5月10日発表の**連結業績予想に、変更なし。**
- 業績予想における新型コロナウイルス禍の状況等を含む仮定については、現時点における入手可能かつ合理的な情報による判断に基づいているが、引き続き動向を注視。
- 今後、仮定の誤りにより開示すべき事象が発生した場合、速やかに公表。

[単位：百万円未満切捨]

2 Q 累 計	21/03期					22/03期	
	20/5/8 予想	前年 同期比	実績	前年 同期比	達成率	21/5/10 予想	前年 同期比
	売上高	19,000	98.9%	19,203	99.9%	101.1%	20,500
売上総利益			3,255 (17.0%)	90.8%			
営業利益	1,450 (7.6%)	84.0%	1,366 (7.1%)	79.2%	94.3%	1,720 (8.4%)	125.8%
経常利益	1,550 (8.2%)	81.7%	1,844 (9.6%)	97.3%	119.0%	1,900 (9.3%)	103.0%
純利益	1,040 (5.5%)	91.3%	1,308 (6.8%)	114.9%	125.8%	1,380 (6.7%)	105.5%
EPS 円/株	49.55		62.34			65.65	

通 期	21/03期					22/03期	
	20/5/8 予想	前年 同期比	実績	前年 同期比	達成率	21/5/10 予想	前年 同期比
	売上高	40,000	101.7%	39,706	100.9%	99.3%	42,400
売上総利益			7,199 (18.1%)	99.3%			
営業利益	3,400 (8.5%)	95.6%	3,484 (8.8%)	98.0%	102.5%	3,850 (9.1%)	110.5%
経常利益	3,600 (9.0%)	97.0%	4,101 (10.3%)	110.5%	113.9%	4,200 (9.9%)	102.4%
純利益	2,450 (6.1%)	101.2%	2,634 (6.6%)	108.8%	107.5%	2,850 (6.7%)	108.2%
EPS 円/株	116.67		125.43			135.59	

【注】 ( ) 内の数字は各々の利益率を表します。

【注】「純利益」は「親会社に帰属する当期純利益」です。

No changes have been made to the financial forecast. This is what we announced on May 10.

Sales for the half year are expected to be JPY20.5 billion and for the full year JPY42.4 billion, which we believe we will be able to achieve.

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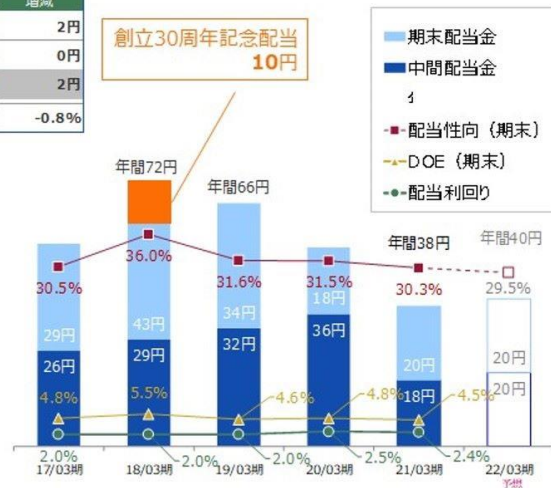
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- 2021年5月10日に発表した配当予想に、変更なし。

	19/03期 実績	20/03期 実績	21/03期 実績	22/03期	
				21/5/10 予想	増減
中間	32円	36円	18円	20円	2円
期末	34円	18円	20円	20円	0円
年間	66円	-	38円	40円	2円
配当性向	31.6%	31.5%	30.3%	29.5%	-0.8%
配当利回り	2.0%	2.5%	2.4%		
DOE	4.6%	4.8%	4.5%		
配当金の総額	722百万円	750百万円	798百万円		

【配当金の総額：百万円未満切捨】

株主還元方針
<ul style="list-style-type: none"> <li>当社は株主のみならずに対する利益還元を経営の重要課題と位置づけ、株主資本の充実と長期的な安定収益力を維持するとともに、業績に裏付けられた適正な利益配分を維持することを基本方針としております。</li> <li>特段の株主優待は行っていません。</li> <li>配当に関しては、原則、連結経常利益をもとに、特別損益を零とした場合に算出される親会社に帰属する当期純利益の30%相当を目的に継続的に実現することを目指してまいります。</li> </ul>



- 2020年2月1日を効力発生日として、普通株式1株につき2株の割合で株式分割を行っております。

- 17/03期中間～20/3期中間は分割前の実際の配当金の額を記載しております。
- 20/03期の合計は、株式分割の実施により単純計算ができないため記載していません。

This is the dividend forecast.

The dividend forecast, which was announced on May 10, is JPY40 per share, consisting of an interim dividend of JPY20 per share, and a year-end dividend of JPY20 per share, and we have not changed this forecast.

As you can see on the bottom left of this page, our policy is to link dividends to profits, with the target being 30% of net income attributable to the parent company, which is calculated based on consolidated ordinary income and assuming that extraordinary gains and losses are JPY0.

### Support

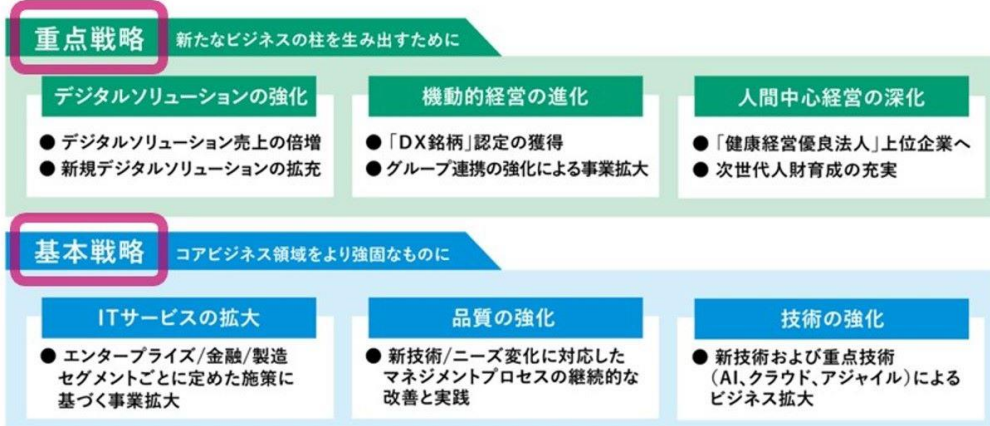
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公表用資料から  
抜粋

#### 基本戦略・重点戦略

経営ビジョン実現に向けて2021年から2023年までの3か年の中期経営計画「中計2023」を策定いたしました。「中計2023」ではコアビジネス推進のための3つの基本戦略にてビジネスの土台を強化しつつ、新たなビジネスの柱を生み出すための3つの重点戦略に取り組んでまいります。



クレスコはESGを企業が認識すべき「社会から企業への期待」と捉え、取り組んでまいります  
「ESGに対する当社の考えと取り組み状況」 : [https://www.cresco.co.jp/ir/group\\_business/esg.html](https://www.cresco.co.jp/ir/group_business/esg.html)

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7

I would like to talk briefly about the mid-term management plan and comment on its progress.

This is our mid-term management plan, and we are working on it based on 3 priority strategies and 3 basic strategies. Priority strategies means creating new business pillars. The basic strategy is to further strengthen the core business areas that we have been working on.

I would like to explain what kind of progress has been made in each of these areas in the next section.

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重点戦略 <small>新たなビジネスの柱を生み出すために</small>	
デジタルソリューションの強化	<ul style="list-style-type: none"> <li>デジタルソリューション推進部門としてデジタルイネーブルメントサービスユニットの設置。</li> <li>クレスコのデジタルソリューションブランドの再整理を開始。</li> </ul>
機動的経営の深化	<ul style="list-style-type: none"> <li>経済産業省 DX認定制度「DX認定事業者」認定取得。</li> <li>「株式会社OEC」社を子会社化。</li> </ul>
人間中心経営の進化	<ul style="list-style-type: none"> <li>コロナ禍における働き方改革推進（テレワーク推進、ワークプレイス整備、ワークチン休暇の導入）。</li> <li>認定試験受験推進企業として「2020年度優秀受験団体」表彰を受賞。</li> </ul>
基本戦略 <small>コアビジネス領域をより強固なものに</small>	
ITサービスの拡大	<ul style="list-style-type: none"> <li>新規取引先開拓に向けた営業人員の増強。</li> </ul>
品質の強化	<ul style="list-style-type: none"> <li>PMO日本支部主催「PMI日本フォーラム2021」にて当社社員が講演を実施。</li> <li>車載組込みシステムフォーラム（ASIF）幹事会社へ選出。</li> </ul>
技術の強化	<ul style="list-style-type: none"> <li>「次世代を担う人材育成支援およびAI技術に関する研究促進」で北海道大学と協力を強化。</li> <li>マイクロソフト社パートナー「Goldコンピテンシー」認定の取得。</li> </ul>

The priority strategy is to strengthen digital solutions and, as I explained in the segment section, these are things such as licenses that can generate sales even without people, or services that can be billed on a monthly basis.

In order to strengthen this, we created a new department called the Digital Enablement Service Unit as a promotion department. We are gathering people here to promote digital solutions. We have also started to reorganize the brands of our various existing digital solutions businesses.

On to number 2. We are aiming to eventually become a DX-certified brand or a DX brand, but first of all, in May we obtained certification as a DX-certified business based on the DX certification system of the Ministry of Economy, Trade and Industry. I think it's relatively early in the industry.

We have been actively pursuing M&A for the past 10 years, and this fiscal year we acquired a subsidiary called OEC Ltd. on July 1. The Company's strength lies in its development for the manufacturing industry, which has sales of JPY2 billion and operating income of about JPY200 million.

In terms of the evolution of human-centered management, the way we work amid the pandemic is changing, so we need to promote and support this change through promoting telework and workplace development, which means office development.

We are also taking various measures such as the introduction of vaccine leave. Also, in terms of education, we are encouraging the acquisition of various qualifications and training, and we were distinguished with an award of excellence as a company that promotes the taking of certification exams on a nationwide scale.

There are 3 basic strategies. In terms of expanding our existing IT services, we are also strengthening our sales activities in order to develop new business partners. Although orders from existing customers and others have

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returned, it is normal for customers' investments to go through ups and downs, so even if we reach a peak now, in 3 years it might fall down. While this is normal, it's important to always develop new business partners.

Second, there is quality enhancement. For example, 1 of our employees gave a lecture at a forum held by the Japanese branch of PMO, an organization that promotes quality management. In addition, there is an organization for systems that are installed in cars, and we have become the managing company of this organization. This shows we are active in strengthening quality management externally as well.

In the area of technology enhancement, we invested in a venture company in the area of AI from Hokkaido University last year in order to develop the next generation of human resources. In this context, we are strengthening our cooperative relationship with Hokkaido University.

We have also been certified as a Microsoft Gold Competency Partner. In the area of cloud computing, we have been working with Amazon and AWS for the past 10 years, but recently we have been receiving a lot of requests from customers to work with Microsoft's Azure and Microsoft's cloud computing. This is another area where we are putting a lot of effort into, including human resource development, in cooperation with Microsoft.

#### 経営方針

##### 【2030年度に向けた10年間の経営ビジョン】

#### CRESCO Group Ambition 2030

### 人が想い描く未来、その先へ

クレスコグループは最高のテクノロジーと絆で“わくわくする未来”を創進します



人が想い描く未来、その先へ  
クレスコグループは、最高のテクノロジーと絆で“わくわくする未来”を創進します



##### 【「中計2023」の経営目標】

連結 売上高	連結 営業利益額	ROE
500億円	50億円	15%以上

#### 対処すべき課題

1. 新規顧客の獲得および  
お客様とのリレーションシップの強化
2. デジタルソリューションビジネスの拡大と  
新技術の研究・開発
3. M&A・アライアンスの推進と  
グループ企業に対する管理の強化
4. 人材採用と育成環境の拡充
5. DX推進と機動的経営の実現
6. 健康経営の推進
7. 働き方改革の推進と健全な労働環境づくり
8. 品質の強化
9. 生産性の追求
10. 開発に従事する人材の確保と体制強化
11. ダイバーシティへの取り組み
12. コーポレート・ガバナンスの推進
13. 事業ポートフォリオの最適化と  
柔軟な組織経営

This year, we have launched the CRESCO Group Ambition 2030, which is our management policy and 10-year management vision for 2030. “Create the future, beyond the horizon.” With this in mind, the CRESCO Group will realize a stimulating future through the best technology and partnerships.

Our strength is our technology, the best technology. Because we are in the age of COVID-19 as well as the digital age, we want to place value on human connections. We are sending out this message to emphasize the importance of our ties with our customers as well as within the Company. The message is that we are working to create an exciting future.

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As you can see here, we have set targets for consolidated net sales of JPY50 billion, consolidated operating income of JPY5 billion, and ROE of at least 15% for the mid-term plan ending in 2023.

Until now, we have been chasing single-year targets and following those published figures, but from this fiscal year, we are now looking a little further ahead to see how we are doing against these figures for the next 3 years.

※1Qの対応状況は口頭で説明し、後日、議事録を当社サイトで公開いたします。

### 1 新規顧客の獲得およびお客様とのリレーションシップの強化

ニーズの多様化、複雑化に伴い、当社企業グループは、お客様の事業目標達成や未来構想に向けたイノベーションを実現する、まさに「ITパートナー」としての役割を期待されております。お客様の期待に応えるための、幅広いITサービス、デジタルソリューションを提供できるよう、営業体制の強化とマーケティング活動を継続的に実施し、新規顧客の獲得及びお客様とのリレーションシップの強化を図ってまいります。また、営業情報、顧客情報を共有できる仕組みを構築し、当社企業グループ間及び各事業部門の営業メンバーが連携し、戦略的、網羅的に幅広い提案型営業を展開してまいります。

### 2 デジタルソリューションビジネスの拡大と新技術の研究・開発

「デジタル変革」(DX)が本格化する中、従来のITサービス(システムインテグレーションを含む。)のみならず、お客様のDXに直結するデジタルソリューションビジネスの拡大が競争優位性を担保するために必要であると考えております。当社企業グループが強みとするAIやクラウド分野を戦略技術に据え、これらの技術を活かした、幅広い産業向けのソリューション群を提供してまいります。また、市場ニーズに適時・的確に応えることができる技術力の保持と革新的なビジネスの組成に不可欠な知見・アイデアを募集、集約するため、他企業とのアライアンスや産学連携、お客様との共同研究、オープンイノベーション等を通じた新技術の研究・開発に努めてまいります。

### 3 M&A・アライアンスの推進とグループ企業に対する管理の強化

継続的なM&A・アライアンスの推進による事業の拡大や新たな事業機会の確保、人材の獲得、取引先の開拓は成長戦略の重要テーマであり、加えて、グループ連携や協業をはじめ、業務インフラの整備、技術支援、人事交流等の施策を講じ、シナジー効果による「稼ぐ力の最大化」が不可欠と考えております。当社企業グループ各社に対する管理の強化につきましては、コーポレート・ガバナンスの観点から取締役あるいは監査役を派遣するほか、グループ事業の最適化やP M I (Post Merger Integration: 統合効果の最大化)の推進に取り組んでまいります。

Next, I would like to talk a little bit about the issues that need to be addressed and what was discussed, although some of it overlaps with what I have explained so far.

The first is to acquire new customers and strengthen relationships with them.

We have been strengthening our sales force to attract new customers, and thanks to this we have received a certain number of inquiries. I've heard a lot about cloud computing and RPA in particular.

However, due to the problem of resources for proposals and the fact that face-to-face sales have been difficult due to the pandemic, we have not been able to do so freely, so we are not receiving orders at the speed we would like. Regardless of whether we can get orders or not, I believe that we will continue to develop new customers.

We are also making progress in building friendships with customers who started doing business with us last year, such as real estate and life insurance customers, and business has been expanding. As for our existing customers, we are shifting our human resources to those customers with strong investments, and I think we are doing well in this area.

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In terms of the relationships with our customers, of course this goes for sales too, but for our main customers we have been appointing account managers since last year. An account manager is a manager who works side by side with the salesperson in charge, and listens to and coordinates all discussions with the customer, whether it is about digital solutions or IT services. A general manager-level individual will handle around 15 or 20 companies, and we appoint an account manager for each of our major customers.

The second is the expansion of digital solutions and the research and development of new technologies.

As I mentioned earlier, we are currently reviewing our strategy based on our existing products, and we are also beginning to consider some new products. We are also releasing services for Microsoft's Azure, so we want to focus on that as well. Also, in the area of AI, we are currently focusing on AI annotation, a solution for creating data for AI. In this area, we continue to appeal to people outside the Company by speaking to the media and at seminars, and we have received quite a few inquiries through that.

Third, we will promote M&A and alliances and strengthen the management of Group companies.

As I mentioned earlier, we merged and acquired OEC on July 1, and we are now starting PMI activities. In addition, in order to further promote collaboration with existing Group companies, a team in charge of Group business strategy is actively engaged in promoting collaborations. We will continue to pursue mergers and acquisitions, but for smaller target companies our policy is to merge them with existing Group companies after M&A.

※1Qの対応状況は口頭で説明し、後日、議事録を当社サイトで公開いたします。

#### 4 人材採用と育成環境の拡充

人材は、お客様へ提供する付加価値の源泉であり、企業の発展を支える不可欠な存在です。企業の提供する商品やサービスが厳しく選別される時代、特にIT業界においては、人材の差が企業の競争優位性を決定づける大切な経営資源と考えております。事業戦略に沿った継続的な採用活動（新卒、キャリア）を推進するとともに、社員ひとりひとりが、心から仕事を楽しみ、能力を発揮できるよう、人材育成プログラムのブラッシュアップと実践、次世代人材の育成に注力してまいります。また、技術の研鑽と実ビジネスの具現化を通じて、お客様志向の「技術のクレスコ」を目指してまいります。

#### 5 DX推進と機動的経営の実現

経営課題やビジネス課題への素早い対応を実現するためには、企業活動を加速する「仕組みづくり」と行動を促進する「マインドセットの醸成」が必要となります。『中期経営計画2023』をベースに、人材の確保・育成はもとより、組織改革や制度改革を含めたDXへの取り組みを積極的に進め、経営の機動性を高める仕組みづくりに取り組んでまいります。また、データ経営基盤の構築を視野に入れた情報システムの全体最適化やオフィスワーク・リモートワークの環境整備、時代に即した働き方改革を通じて、「継続的に挑戦していこう」とするマインドセットを醸成してまいります。

#### 6 健康経営の推進

「健康」は個人生活の質の向上のみならず、企業の利益にも繋がる大切な要素でもあり、企業が、能動的にマネジメントアプローチすべきテーマであります。心身の健康を維持・増進する取り組みは、企業のレピュテーションや人材採用の面でも効果が期待できるものであり、併せて、企業のリスクマネジメントとしても重要であります。2019年9月に健康経営宣言を発表し、2021年3月には、昨年度に続き、「健康経営優良法人認定制度」に基づく「健康経営優良法人2021」に認定されました。今後も社員が健康で安心・安全に、やりがいを持って働ける職場を実践するため、当社企業グループに即した諸施策を推進してまいります。

We are expanding our human resource recruitment and training environment.

This year, we are hired about 150 new employees for the entire Group, but the training is mainly conducted online. For the next fiscal year, we are planning to hire about 200 new graduates for the entire Group, and we

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are almost finished. However, mid-career hiring is very competitive, and hiring is extremely difficult now. We have been hiring senior members, people in their 50s who have a good track record, at the general manager level and in sales.

Fifth, the promotion of DX and the realization of flexible management.

As I mentioned earlier, we were certified as a DX business by the Ministry of Economy, Trade and Industry in May. Also, in July, in terms of digitization within the Company, we shifted our email from Google's email to Microsoft's email. In addition, we are planning to start considering the use of electronic forms in the second half of the fiscal year.

We are putting a lot of effort into the promotion of health management. Last year, we were certified as an excellent health management corporation, and we are taking various actions to be registered as such this year as well, but I think our first priority right now is to avoid contracting the coronavirus. There are various different ways of working, and we are promoting vaccinations through the workplace. We are not doing this on our own, but through health insurance associations, the Japan Association of New Economy, and our clients' groups. We are actively promoting vaccinations at work and giving special leave.

We also hired a public health nurse as a full-time employee this year, so the nurse has been conducting educational activities for employees, sending out videos, and following up on the results of health checkups. From this fiscal year, we have decided to provide a health promotion allowance, and I feel that the employees' awareness of exercise and health is increasing.

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#### 7 働き方改革の推進と健全な労働環境づくり

働き方改革は、生産性向上につながるテーマであり、社員のモチベーションや人材採用、離職防止の面でも効果が期待できるものと捉え、『働く人の立場・視点』で環境づくりや諸制度の導入に取り組んでおります。2019年9月には、女性社員だけでなく、男性社員が育児休業等を取得している点や時間外労働の削減、年次有給休暇の高取得率等が評価され、次世代育成支援対策推進法に基づく子育てサポート企業として、「プラチナくるみん」の認定を受けました。2021年度からは新人事制度へ移行し「クレスコ版ジョブ型制度」を導入します。この制度は、社員がこれまで以上に専門性・強みといったスペシャリティを追求し、実力に即した処遇を実現するもの、と考えております。今後も国の政策や法制度の動向を鑑み、デジタル技術を積極的に活用し、実効性の高い諸施策を推進してまいります。

#### 8 品質の強化

お客様に提供するサービス品質（QCD）の向上を目指すことは、結果として、当社企業グループの持続的な成長と企業価値の向上につながります。「契約・約束を守る」「仕事に責任を持つ」「品質（Q）、価格（C）、納期（D）を厳守する」等ビジネスでは当たり前のことを着実に実践し、プロジェクトマネジメントを含めたサービス品質の向上を通じて、お客様からの信頼・信用を重ね、クレスコブランドの確立を目指してまいります。2020年3月には、これまでの継続的な取り組みが評価され、一般社団法人プロジェクトマネジメント学会から「PM実施賞奨励賞」を受賞いたしました。

#### 9 生産性の追求

生産性向上の目的は、小さな工夫を積み重ねながら、業務の能率アップと効率化によって作られた「時間」「省かれたコスト」を有効に活用し、新たな価値や収益を生み出すことにあります。生産性向上は、恒常的な人手不足への対応、競争優位性の確保、労働環境の改善に資するものであり、最終的には、収益性にも直結するテーマです。当社企業グループでは、各社の状況に応じた働き方改革をはじめとして、各種情報共有ツールの導入、知的財産の活用、仕事のプロセス改善、基幹システムの刷新など、社員が、主体的にイキイキと働くことができる環境づくりに取り組んでおります。

This is all in terms of promoting work style reforms and creating a healthy working environment.

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Telework has already become a common practice, and as part of our various office renovations, we have opened a permanent multi-purpose studio from August. We are building a studio from which we can smoothly transmit a variety of information. Also, we are moving to a new personnel system in April. At present, we are still working on the establishment and improvement of the system.

Also, last year, although this is a negative aspect, the rate of paid leave utilization decreased, although I think this was due to the advancement of telework. This is not very good, so we are following up by setting targets early to improve the situation.

Next is quality enhancement.

While we are engaged in various activities outside the Company, we are also currently reviewing our quality processes and regulations within the Company. Some of the things we made in the past are gradually becoming obsolete, so we will focus on reviewing these areas this year.

In addition, in order to prevent unprofitable projects from occurring and to detect problems in projects as early as possible, the quality control department has been monitoring and following up on priority projects for several years now, and we continue to do this.

The ninth is the pursuit of productivity.

Recently, in pursuit of productivity, we have been using various tools, no-code and low-code development methods among others. 1 topic we have been discussing lately is the shortage of human resources, and we are consciously creating projects that specialize in technological fields, such as cloud computing, AI, and robotics, where 1 team can handle multiple projects.

In short, it is becoming more and more difficult to assign 1 or 2 full-time staff, so we are making a conscious effort to handle multiple projects as a team in order to improve efficiency and develop human resources at the same time.

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#### 10 開発に従事する人材の確保と体制強化

IT投資に関わる需要の増加に伴い、開発に従事する人材不足は依然否めず、人材の確保と体制の強化は、継続的な課題となっております。当社企業グループは、部門や企業間を横断する開発体制を構築するほか、ニアショア（子会社や協力会社との協業による国内分散開発）やクレスコベトナムを通じたオフショア（ベトナムの現地企業との協業による国外分散開発）を積極的に活用し、人材不足による機会損失（案件の失注や縮小など）が発生しないよう取り組んでおります。また、併せて、協力会社とのリレーションシップの強化、人材の流出防止施策の実施、リモート開発の環境整備に努めてまいります。

#### 11 ダイバーシティへの取り組み

多様性の受け入れは、個人ひとりひとりが充実した人生を送り、併せて、企業が変化する市場環境や技術構造の中で競争優位性を築くために、不可欠であります。当社企業グループは、個人の「違い」を尊重し、職務に関係のない性別、年齢、国籍等の属性を考慮せず、個人の成果や能力、貢献度に応じた評価を基本としております。女性の採用や女性管理職比率の増加にも注力し、2017年9月には、女性活躍推進法認定マーク「えるぼし」を取得しました。その他、外国人や障がい者の採用にも積極的に取り組んでおります。2021年4月からは、LGBTに対する取り組みの一環として、パートナーシップ制度を導入いたします。これは、同性パートナーについても「配偶者と同様の取扱い」とし、社内の休暇や給付金の対象とするものです。今後も、多様な人材が組織に平等に参画し、その能力を最大限発揮できる機会の提供を通じて、様々なイノベーションを生み出し、価値創造に繋げてまいります。

#### 12 コーポレート・ガバナンスの推進

持続的な成長と企業価値の向上を実現するため、コーポレート・ガバナンス体制の強化が重要と考え、的確かつ迅速な意思決定及び業務執行体制並びに適正な監督・監視体制の構築を図っております。また、経営の健全化、公正性の観点から、コーポレート・ガバナンスの実効性を一層強化するため、当社企業グループ全体で、リスク管理、内部統制、コンプライアンスへの取り組み（月次チェックや教育）を徹底するとともに、経営環境の変化に対応した投資戦略・財務管理の方針の策定や独立社外取締役の活用、取締役会の多様性など、信頼性の向上と自浄能力の増強に努めてまいります。加えて、改訂コーポレート・ガバナンス・コードへの対応も対応してまいります。

Tenth, secure human resources for development and strengthen the system.

Since Q2, there has been a strong sense of an overall shortage of workers. We are in a situation where we are increasing our use of business partners, near-shore and off-shore resources.

Number 11, our diversity initiatives.

There aren't any major things to talk about, but as you can see here, we have introduced a partnership system this year as part of our efforts to accommodate people in the LGBT community.

Twelfth is the promotion of corporate governance.

In June, we established a Compensation Committee consisting mainly of external directors. We are aiming for the prime market, so we will continue to promote governance appropriate for the prime market.

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#### 13 事業ポートフォリオの最適化と柔軟な組織経営

当社企業グループには、お客様との継続的な取引関係をベースとする事業特性があり、「安定性」と「依存度」の2つの側面を持ち合わせております。このような事業特性を鑑み、特定の取引先・業界や技術の動向により、業績が左右されないようリスク分散を図るため、事業ポートフォリオの最適化に取り組んでおります。また、多様化、複雑化するニーズと変化が著しい技術革新を先取りし、厳しさを増す経営環境に的確に順応するため、経営資源（ヒト・モノ・カネ・情報・時間）の有効活用（選択と集中）とマーケティング活動、研究・開発、組織・チーム・人材の活性化を通じた柔軟な組織経営に努めてまいります。

This is the last one.

The optimization of our business portfolio and flexible organizational management. Depending on the investment trends of our customers, there are some situations, but there are also situations where customers are struggling in their core business and are not able to invest as much as they would like.

In such a situation, we are able to move and assign development staff across the organization. Of course, we have a system in place to support customers who are currently in a difficult situation, but I think we are able to assign resources flexibly. We have some experience in this area, so I think we are doing quite well.

That's all I have to say.

Now I would like to continue on with the Q&A session to answer your questions.

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## Question & Answer

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**Moderator:** Thank you very much for your explanation. We will now hold a question-and-answer session. I will read the questions you sent us here. Now for the first question.

The question is: Can you please explain how you are addressing the shortage of human resources in the IT and digital areas? Thank you.

**Nemoto:** The shortage of human resources is probably an issue for all companies in our industry, and the level of mobility is quite high. In the last fiscal year, things were a little bit calmed down due to the pandemic, but in the year before that, FY2019, and then this year, FY2021, I feel that there has been a lot of movement of human resources.

The first step in securing is hiring, and that means hiring new graduates. It will take time, but I think the basic principle is to train new graduates well. We have 150 employees in the Group this April and 200 employees planned next year, so we will not be able to reach 10% of the total number of employees, but we will continue to hire new graduates for 7% to 8% of the existing employees to develop human resources.

The rest is mid-career hiring. As I mentioned earlier, mid-career hiring has been very difficult. It's not just the IT industry; our customers are producing in-house, so they are starting to hire.

In addition, large manufacturers, such as car manufacturers, are also hiring. Foreign companies, such as GAFA, are also aggressively hiring, so it's extremely difficult. However, we also believe that we must at least make up for the positions of those who leave, so we are currently discussing with various human resource companies and implementing various measures for mid-career hiring. However, in terms of it being a struggle, I think this a tough battle to fight. That's about it.

Now we also have to deal with retention. In short, we have been taking measures to retain ace employees and employees we consider important, such as granting them RS, restricted stock, and so on since last year. However, I think it is very important not only to pay, but also to create and manage a company that is attractive.

That's all.

**Moderator:** Thank you very much. Next question: There was no information about gains on valuation of securities and derivatives in this year's earnings report, so I was wondering if you could explain about it?

**Nemoto:** In the previous fiscal year, there was a gain on valuation of derivatives of approximately JPY300 million, and a gain on valuation of securities of JPY12 million. It is almost zero this year. This was due to an irregular event last quarter, when the market plummeted drastically due to COVID-19 at the end of March, resulting in a write-down. There was a write-down, but I remember that by the end of June in the first quarter of last year, there was about JPY300 million that had returned.

That's all.

**Moderator:** Thank you very much. I will read the next question as it is: With the establishment of the Digital Agency in September, we can expect the acceleration of digitalization in the corporate world. Which industries will be a target for new customer development? Thank you.

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**Nemoto:** In the first half of last year, we were in a particularly difficult situation, so we thought a lot about what new areas to focus on. 1 of the topics that arose was the Digital Agency, and it's public works. We have already been doing public works-related projects. It's something we've done before. However, it is difficult for us to work as a prime contractor in that area, so we will mainly work as a subcontractor, but we will be doing work with public works.

Another area where we have expanded in the last year is pharmaceuticals. Pharmaceuticals didn't necessarily come up because of COVID-19, but it is an area that we have not been involved in before, so we would like to expand our business in the area of health care and pharmaceuticals.

Also real estate-related customers. As I mentioned earlier, in the sense of horizontal growth, we have developed a second customer last year. That customer is growing quite well, so we would like to add real estate-related customers as well.

That's about it.

**Moderator:** Thank you very much. Now for the next question: What exactly are the businesses that are classified as digital solutions business? Thank you.

**Nemoto:** This is how we define digital solutions. In short, we talk about "man-hours," but we are referring to businesses that increase sales without the work of people. In short, we are talking about a business that does not depend on man-hours.

It's license sales, maintenance fees, system usage fees, that kind of thing. We also categorize education, seminars, et cetera, as the digital solutions business. Therefore, the digital solutions business is not all about DX, such as cloud computing or AI. We call the digital solutions business a business that does not depend on man-hours.

As I mentioned here, our current main product and service is a cloud-related service, which we launch under the brand name Creage. Then there is the RPA service. We sell a licensed version of UiPath from overseas and are also developing it. Development is not included here. It's just a licensing and education business.

Also, AI related services. Annotation services, education/seminars, creating PoC, and so on are the main target services. The biggest growing areas right now are cloud and RPA robotics-related. These are also the 2 most common inquiries from new customers.

That's all.

**Moderator:** Thank you very much. Now on to the next question: Regarding the mid-term management plan, what is the percentage of the JPY50 billion in net sales by segment? They ask for "an approximate idea."

**Nemoto:** Currently, digital solutions sales account for 3.9% of total sales, but in 3 years' time, when we have JPY50 billion in total sales, we would like to aim for 10%. To be honest, I think 10% is a bit difficult to achieve. I think it would be great if we could get it to 7%, 8%, or somewhere around there. However, the use of the cloud is growing at a very fast pace. Depending on how it grows, I think that 10% is not impossible.

**Moderator:** Thank you very much. Now on to the next question: I heard that the order situation is steadily recovering, but I was wondering if your company still has enough capacity to handle the volume of work?

**Nemoto:** We still have some capacity left. When I say this, and I regret to have to say this to our customers, but we choose whether to keep a project or close it if it's too difficult to predict and move on to new work. In that sense, I think there is still some room for transformation. On the other hand, if we don't create some

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extra capacity, we won't be able to attract new customers. In a sense, I believe that extra capacity is something that we have to create.

**Moderator:** Thank you very much. Now on to the next question: We would like to know more about your M&A strategy and what areas you are focusing on. Thank you.

**Nemoto:** M&A basically applies to IT services and digital solutions, which we have segmented here. Therefore, our first premise is that we will not do anything that is not related to IT.

Also, we would like to work with companies that are unique and have strengths in fields, customers, and technological areas where there are synergies. I think there are still many industries that our group is not involved in, and I think there are technological areas that we are not involved in. Also, I would like to work with more companies in rural areas, so I would like to work with those companies as well.

In terms of regional companies, we are doing various businesses for customers in Osaka, but we are also expanding rapidly in Sapporo, Kyushu, and Fukuoka as near-shore bases. There are a lot of needs. I think that companies that have a development system that can accept our group's work as a near-shore base in other regions could also be candidates.

That's all.

**Moderator:** Thank you very much. It seems that all the questions have been answered, so this concludes the question-and-answer session.

To finish, the President would like to speak. We have President Nemoto.

**Nemoto:** Once again, thank you very much for taking the time to join the presentation. I feel that this fiscal year has started out as planned and is going well. In July, as I mentioned earlier, we merged OEC into our group through M&A. In this sense, I think we have made a good start in the first quarter of the year, which is the start of our mid-term business plan and the start of our new vision.

In the second quarter and beyond, we are still concerned about the coronavirus, but I think the market conditions will be fairly good, so we will do our best to do our job well, help our customers promote DX, and grow as a company.

Truly, we appreciate your continued support and look forward to working with you. Thank you very much for your time today.

**Moderator:** Thank you very much, President Nemoto.

This concludes the financial results briefing for today. Thank you very much for watching to the end.

[END]

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