



CRESCO LTD.

Q3 Financial Results Briefing for the Fiscal Year Ending March 2022

February 10, 2022

Event Summary

[Company Name]	CRESCO LTD.
[Company ID]	4674-QCODE
[Event Language]	JPN
[Event Type]	Earnings Announcement
[Event Name]	Q3 Financial Results Briefing for the Fiscal Year Ending March 2022
[Fiscal Period]	FY2021 Q3
[Date]	February 10, 2022
[Number of Pages]	27
[Time]	15:00 – 15:47 (Total: 47 minutes, Presentation: 33 minutes, Q&A: 14 minutes)
[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	1 Hiroyuki Nemoto Representative Director, President, and Executive Officer

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com



Presentation

Moderator: Thank you for your patience, everyone. CRESCO LTD. will hold a financial results briefing for the third quarter of the fiscal year ending March 31, 2022. Thank you very much for taking time out of your busy schedules to join us today.

Today, President Hiroyuki Nemoto will present the financial results for the third quarter of the fiscal year ending March 31, 2022, followed by a question-and-answer session.

Let's get started right away. Thank you, President Nemoto.

1

連結決算のポイント

1.1. 売上高・利益

[単位：百万円未満切捨]

- 経済活動の正常化に向けた動きやデジタル変革を背景に、顧客のIT投資は、順調に増加。
- 旅行や空輸関連はコロナの影響が続くも、主要顧客を中心に売上が増加。高稼働が継続。
- 売上高は11.7%増収。営業利益は37.9%増益、過去最高益を更新。
- 増収効果や販管費の未消化等により、営業利益率は10.2% (前年同期8.2%)で、中計目標値「10%」を維持。

□ 売上高 … 33億88百万円の増収(前年同期比 11.7%増)

□ 営業利益 … 9億04百万円の増益(前年同期比 37.9%増)

□ 経常利益 … 5億18百万円の増益(前年同期比 16.6%増)

□ 当期純利益 … 3億71百万円の増益(前年同期比 16.9%増)

3Q累計		20/03期			21/03期			22/03期			対通期進捗率		通期業績予想	
		売上高	売上総利益	営業利益	経常利益	純利益	EPS 円/株	売上高	売上総利益	営業利益	経常利益	純利益	EPS 円/株	22/03期 21/5/10 予想
	売上高	28,957		29,018		32,406	111.7%	76.4%	42,400		106.8%			
	売上総利益	5,379 (18.6%)		5,127 (17.7%)		6,348 (19.6%)	123.8%							
	営業利益	2,653 (9.2%)		2,388 (8.2%)		3,292 (10.2%)	137.9%	85.5%	3,850 (9.1%)		110.5%			
	経常利益	3,141 (10.8%)		3,123 (10.8%)		3,641 (11.2%)	116.6%	86.7%	4,200 (9.9%)		102.4%			
	純利益	2,003 (6.9%)		2,193 (7.6%)		2,564 (7.9%)	116.9%	90.0%	2,850 (6.7%)		108.2%			
	注	EPS 円/株	94.09	104.46		121.96			135.45					

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

【注】 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。18/03期の期首に当該株式分割が行われたものと仮定して、「EPS」を算定しております。

© 2021 CRESCO LTD.
CRESCO Group Ambition 2030 「人が想い描く未来、その先へ」
3

Nemoto: I am Nemoto of CRESCO. Thank you for participating in today's financial results briefing. I would like to provide an explanation at a rather slow pace for about 30 minutes, and then we will move on to 20 or 30 minutes of question-and-answer time.

I will now begin to explain the financial results. These are the main points of the consolidated financial statement.

In terms of sales and profits, I believe that against the backdrop of the digital transformation and the normalization of economic activities, customers' IT investments have been increasing very steadily.

Support

Japan	03.4405.3160	North America	1.800.674.8375
Tollfree	0120.966.744	Email Support	support@scriptasia.com

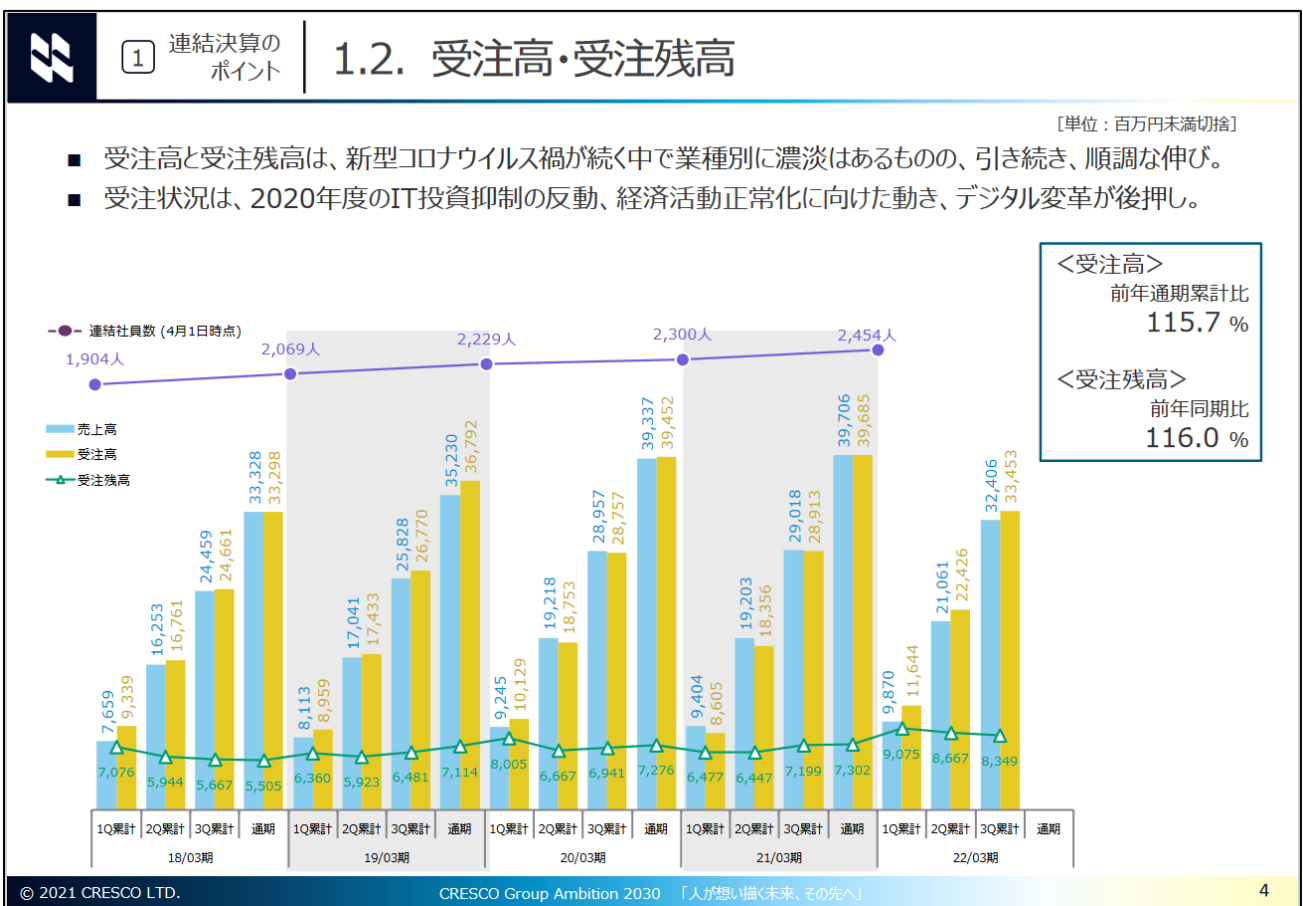


Some of our customers, such as those in the travel and air transportation industries, have been affected by the coronavirus, but we have seen an increase in sales with our main customers and major customers, and our capacity utilization continues to be very high.

Net sales increased by 11.7% through the third quarter, and operating income increased by 37.9%, reaching a record high.

Both sales and profits increased, but SG&A expenses were not fully covered, especially in the first half of the year when the state of emergency continued for a long time, so we were not able to cover the expenses for business trips and events. As a result, our operating income ratio is now 10.2%, which is above the 10% target of the medium-term management plan.

The cumulative total up to the third quarter, the black area in the middle of the chart, shows net sales of JPY32.4 billion, operating income of JPY3.2 billion, ordinary income of JPY3.6 billion, and net income of JPY2.5 billion.



The next item is the number of orders received and the order backlog.

As I mentioned earlier, we have received a lot of requests from customers, and orders are growing steadily. This means that as sales are growing, simultaneously the number of orders is growing considerably and the order backlog is also growing.

As you can see in the angle brackets on the right, the total number of orders received increased by 115% compared to the total number of orders received in the previous year.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com





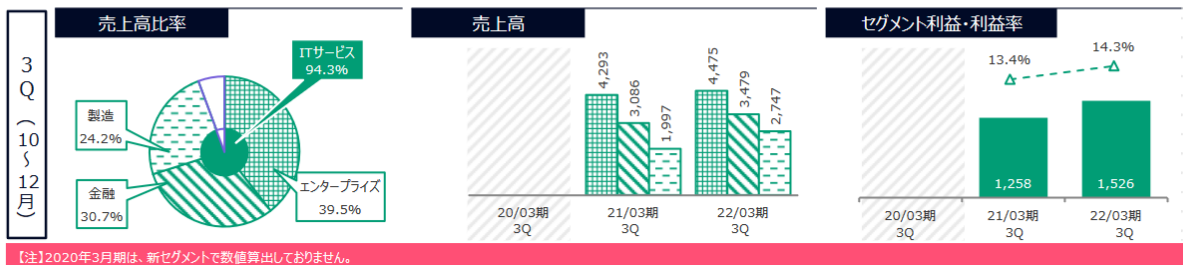
[単位：百万円未満切捨]

ITサービス事業

- 売上高は、309億72百万円。「エンタープライズ」「金融」「製造」の全サブセグメントが伸長し、10.3%増収。
- セグメント利益は、売上高増加や生産性向上、不採算プロジェクトの極小化等により、29.4%増益。

- エンタープライズ … 「人材紹介・人材派遣」「運輸」「旅行・ホテル」「建設・不動産」の受注が回復し、6.9%増収。(前年同期比 8億68百万円増収)
- 金融 … 「保険」の大型案件受注や証券・クレジットカード等「その他」の案件増加により、10.1%増収。(前年同期比 9億20百万円増収)
- 製造 … 「機械・エレクトロニクス」の案件増加や子会社OECの連結効果により、17.3%の増収。(前年同期比 11億11百万円増収)

		20/03期	21/03期	22/03期	前年同期比
3 Q 累 計	IT サ ー ビ ス	エンタープライズ	12,557	13,425	106.9%
		金融	9,083	10,003	110.1%
		製造	6,431	7,542	117.3%
	セグメント利益(率)	28,072	30,972	110.3%	
		3,239 (11.5%)	4,192 (13.5%)	129.4%	



This section explains sales and profit by segment.

From this fiscal year, we have changed the way we divide our segments into two major segments, IT services and digital solutions.

For IT services, we have three sub-segments: enterprise, finance, and manufacturing, depending on the type of customer.

As for the definition of IT services, as in the past, IT services are categorized as businesses in which engineers operate to create various products or develop systems.

In terms of technology, our IT services naturally include cloud computing, AI, and other technologies that are being used and highlighted in the current DX wave. In terms of the IT services segment as a whole, sales increased by 10.3%, which is quite a recovery from the almost flat sales growth in the previous fiscal year due to the impact of the pandemic.

Segment income increased by 29.4% due to the increase in sales and the significant increase in utilization, which resulted in improved productivity and the minimization of unprofitable projects.

Enterprise consists of human resources and the transportation industry. This will be logistics. There's also travel and hotels. In our main business of travel and hotels, we continue to face a very difficult situation in terms of customers, but we have been able to participate in Go To Travel and other national programs, and things are looking up a little compared to last year.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

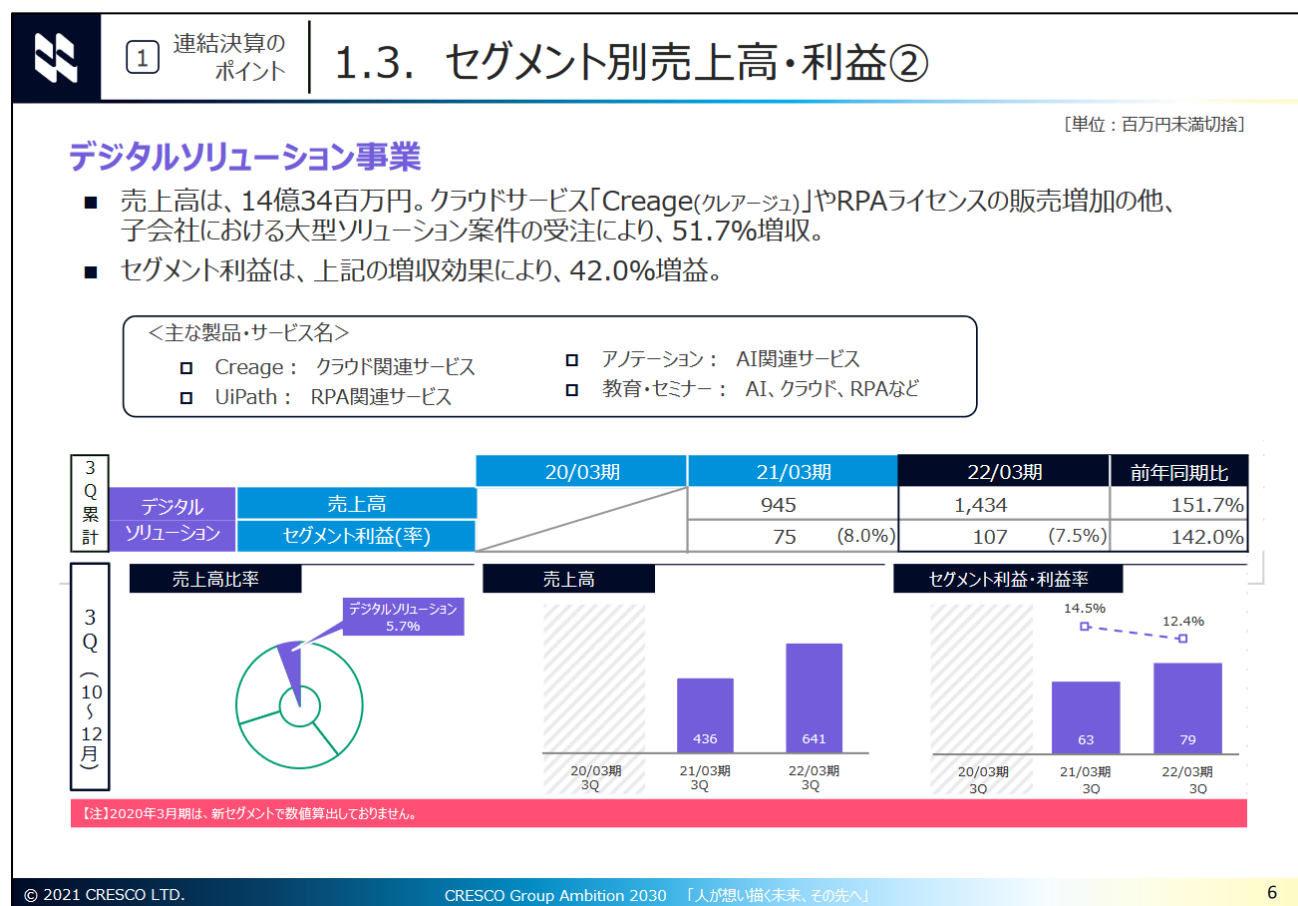
In addition, orders in the construction and real estate sectors are recovering, resulting in a 6.9% increase in sales.

In the financial sector, we received an order for a large insurance project, which was the first year of a customer's three-year plan to promote DX as part of its mid-term plan. There was also growth in securities, credit card, and other projects, resulting in an overall increase of 10.1%.

In the manufacturing division, we are seeing an increase in the number of machinery and electronics projects, and in July last year, a subsidiary company called OEC, which handles embedded systems and manufacturing customers, joined the Group. Due in part to the effects of this relationship, sales increased by 17.3%.

In terms of the manufacturing industry, there is also a large segment related to automobiles, but the automobile industry is either flat or slightly negative at present. This is due to the shortage of semiconductors, which has been reported in the news and other media, and the fact that it has been difficult to manufacture automobiles and auto parts as expected for the past year. So, although it seems that the bottom has been reached, compared to the previous year, the situation is still flat or slightly negative.

As you can see in the cumulative total for the first three quarters of the fiscal year, enterprise sales were JPY13.4 billion, financial sales JPY10 billion, and manufacturing sales JPY7.5 billion, for a total of JPY30.9 billion.



Next, the digital solutions business.

In our company, the IT service business is referred to as the digital solutions business, which are businesses other than those in which engineers are paid for their work, such as selling licenses and services, rather than manufacturing.

Support

Japan	03.4405.3160	North America	1.800.674.8375
Tollfree	0120.966.744	Email Support	support@scriptspasia.com

The main product service is written in the middle, which is a cloud-related brand called Creage. Below that, in the area of RPA, we have a product called UiPath, which is the number one product in the industry. This is license income, and the other is annotation, which is an AI-related service. We also categorize education, seminars, and other such activities as digital solutions businesses.

Sales through the third quarter were JPY1.434 billion, and sales of the cloud service Creage and RPA licenses are increasing, which means that this area is stock. There are some temporary sales, but there are also usage fees, annual license fees, license usage fees, and other stock businesses that are growing rapidly.

Compared to the previous year, sales increased by over 50%.

2 今期の
見通し

2.1. 情報サービス産業業界の動向

新型コロナウイルス禍の影響は、限定的。経済活動の正常化に向けた動きが牽引。
躊躇なきデジタル変革(DX)の推進により、システム開発の需要が一気に加速。

- 新型コロナウイルスは、オミクロン株を中心とする新規感染者が増加傾向にあるものの、アフターコロナ・ウィズコロナを踏まえ、DX推進は加速の様相で、引き続き**受注は増加傾向**。
- ワクチンの追加接種を含む感染対策やニューノーマルが定着し、**事業活動への支障は無し**。
- 引き合い・受注・業務量の増加により、**人材の育成・確保や、開発体制の強化が喫緊の課題**。

【ご参考： 景気判断の調査等】

2022年1月Quick短観 [2022年1月19日発表]
業況判断DIは、1月の製造業はプラス25(6ポイント改善)2カ月ぶりの改善、J全産業はプラス24(5ポイント改善)。
1月特別調査： 2022年の経営リスクは「コロナ再拡大」が過半数、インフレや供給網にも懸念。

政府による1月の月例経済報告 [2022年1月18日発表]
「景気は、新型コロナウイルス感染症による厳しい状況が徐々に緩和される中で、このところ持ち直しの動きがみられる。」旨の判断。

2021年12月の日銀短観 [2021年12月13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9月調査と変わらず「プラス18」となり、景況感の順調な回復が継続。
また、大企業・非製造業は、7ポイント上昇の「プラス9」となり、6四半期連続で改善。

IDC Japanの国内ITサービス市場予測(抜粋&要約) [2021年10月5日発表]
COVID-19の感染拡大によってもたらされた外部環境の変化に対応するため、企業がDXに本格的に取り組む姿勢は強まっている。
2022年以降は、徐々に成長率は鈍化するものの、レガシーシステムの刷新/更新需要、企業によるDX投資の本格化が同市場の成長を支える。
IDCでは、2020年～2025年の年間平均成長率は2.4%で推移すると予測。

© 2021 CRESCO LTD.
CRESCO Group Ambition 2030 「人が思い描く未来、その先へ」
8

This is the outlook for this fiscal year. We believe that the impact of the pandemic will be limited in our industry.

At present, 100,000 people in Japan are suffering from the Omicron variant every day, so the mood is a little gloomy compared to a month ago, but I believe that the wave of digital transformation will continue.

There are a number of surveys of economic assessments that I refer to below, and I have seen that many of them contain such descriptions and explanations.


So, I feel that the trend is continuing to increase in terms of orders. In the third quarter, after the state of emergency was lifted, many of our sales staff visited our customers and talked about their investment plans for the next fiscal year starting April 2022, and it can be said that overall, there was an upward trend. As of now, I don't think there will be any hindrance to our business activities.

Support

Japan	03.4405.3160	North America	1.800.674.8375
Tollfree	0120.966.744	Email Support	support@scriptasia.com



I believe that it will be a challenge to train and secure human resources and to strengthen the development system.



2 今期の
見通し

2.2. 新型コロナウイルスへの対応

- **クレスグループで連携し、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。**在宅勤務、リモート開発の継続。
- 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。**
新型コロナワクチンの**3回目接種に対応し、「ワクチン休暇」の日数を追加付与。**
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感染により不就業となる場合は、失効した年次有給休暇の利用許容。
- **多様な働き方の実現にむけたDX推進、ワークプレイスの整備**
社内決裁書類等の電子化拡大、電子ワークフロー推進。
ワークスタイル変革を見据えたオフィススペース、レイアウトの変更。
- 「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。

© 2021 CRESCO LTD.CRESCO Group Ambition 2030 「人が思い描く未来、その先へ」9

We have been taking various measures to deal with the pandemic since the first wave in April of the year before last.

In particular, since the spread of Omicron in January, we have been taking measures such as promoting telecommuting more and more, and granting vaccine leave again so that people can receive the vaccine as soon as possible. We've also instructed to refrain from business trips and dinner events.

However, unfortunately, the situation is the same as other places, and since the middle of January, about 30 people alone have been infected. We have instructed our employees that even if they are infected, as long as they are able to work from home and feel okay to work, they will be allowed to do so, so that their work will not stagnate.

However, if the current situation drags on for two or three more months, I am somewhat concerned that it may affect the attitude, or affect the willingness of customers to invest in the new fiscal year.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasias.com





2.3. 連結業績の見通し

- 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、**現状の認識**による見通し。
 - ① 新型コロナウイルス禍の収束は当面難しいが、**影響は限定的であり、事業に大きな支障はない**。
 - ・ 9月末における緊急事態宣言およびまん延防止等重点措置の全面解除以降、追加のワクチン接種を含む感染の予防対策に重点を置き、できるだけ制約のない日常生活と経済活動に戻していくための取組みが始まっている。
 - ・ 12月に入り、オミクロン株の新規感染者数が増加傾向となり、年明けの1月には、第6波に突入。新型コロナウイルス禍の収束は当面難しいこと、また、第6波や新たな変異株の発生・流行に起因する景気の下振れリスクは依然拭い切れないこと変わらないが、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ており、影響は限定的で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、クレスコ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**。
 - ・ 経済正常化に向けた動きが活発化する中、景況感は業種・業態により濃淡はあるものの、順調に回復し、IT投資も改善傾向。
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、今後も需要は更に加速する見込み。
 - ・ 2021年度は、「DX認定事業者」として、環境の変化に即した様々なサービスを創出する。多様化、複雑化するニーズをしっかりと取り込み、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、と認識。

As for the outlook for consolidated business results, we are now making better progress than we had originally expected.

However, we are still in the process of closing the accounts for January and the monthly accounts, and we are in the process of gaining a grasp on the business forecasts with more precision. It is expected to be higher than the figures that have been announced.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



② 今期の
見通し

2.4. 連結業績予想

[単位：百万円未満切捨]

- 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。

	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	
通期	売上高	40,000	101.7%	39,706	100.9%	99.3%	42,400	106.8%
	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			135.45	

[注] () 内の数字は各々の利益率を表します。「純利益」は「親会社に帰属する当期純利益」です。

The announced figures are JPY42.4 billion in sales, JPY3.85 billion in operating income, JPY4.2 billion in ordinary income, and JPY2.85 billion in net income, but we expect the figures to go up.

We would like to make announcements as necessary when the numbers are finalized.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



② 今期の
見通し

2.5. 連結配当予想

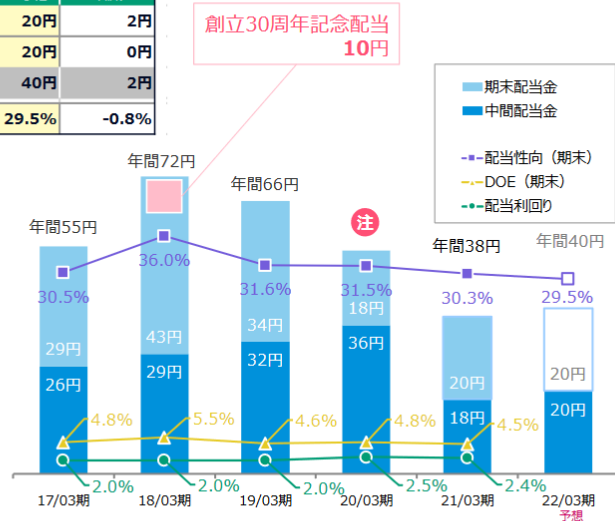
- 2021年5月10日に発表した配当予想に、変更なし。

	20/03期	21/03期	22/03期		
	実績	実績	実績	21/5/10 予想	増減
中間	36円	18円	20円	20円	2円
期末	注 18円	20円	-	20円	0円
年間	-	38円	-	40円	2円
配当性向	31.5%	30.3%	-	29.5%	-0.8%
配当利回り	2.5%	2.4%	-	-	-
DOE	4.8%	4.5%	-	-	-
配当金の総額	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

- 当社は株主のみなさま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。
- 特段の株主優待は行っておりません。
- 配当に関しましては、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。



注 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おりません。

We have also maintained our consolidated dividend forecast.

JPY20 for the interim and JPY20 for the year-end, totaling JPY40, and our policy is to link dividends to profits, so we will consider increasing dividends when the profit outlook becomes clearer.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



2030年度に向けた10年間の経営ビジョン 「CRESCO Group Ambition 2030」

人が思い描く未来、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”を創造します



「中期経営計画2023」の 経営目標

連結 売上高 **500**億円

連結 営業利益 **50**億円

ROE **15%**以上

This is about the mid-term management plan.

This is the first year of our mid-term plan, a three-year mid-term plan.

At the end of three years, we are aiming for consolidated sales of JPY50 billion, operating income of JPY5 billion, and ROE of over 15%.

Support

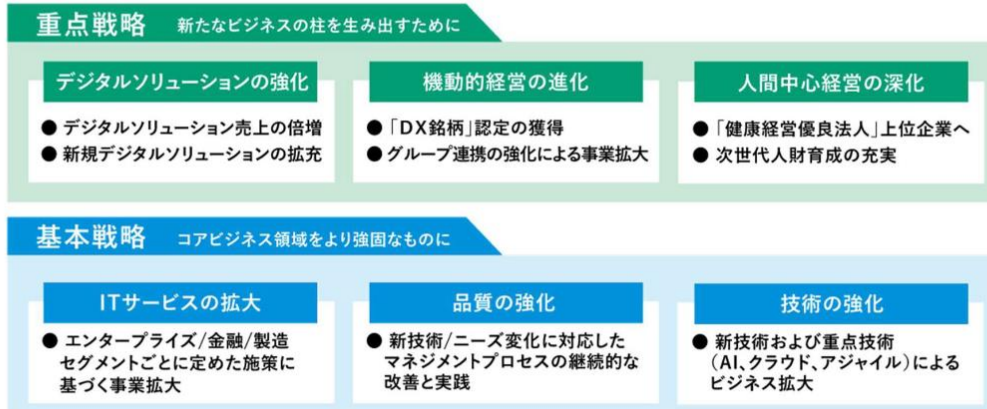
Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



公表用資料から抜粋

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

I would like to briefly explain what progress has been made on these three priority strategies and three basic strategies.

As for issues that I will discuss later. There are some areas that overlap with the responses to the issues, so I think I will omit some explanations for those areas that overlap.

In terms of basic and priority strategies, as I mentioned earlier, we will strengthen our digital solutions business, evolve flexible management, and deepen our human-centered management.

The basic strategy is to expand IT services, enhance quality, and strengthen technology. This means that we will continue to do what we have been doing for a long time and make it even stronger.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



重点戦略 新たなビジネスの柱を生み出すために		
デジタルソリューションの強化	1Q	<ul style="list-style-type: none"> デジタルソリューション推進部門として、「ビジネスイネーブルメントサービスユニット」を設置 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
	2Q	<ul style="list-style-type: none"> デジタルソリューションサイトを公開 クラウドマネージドサービスを、Azure対応にバージョンアップ
	3Q	<ul style="list-style-type: none"> IaaS型クラウドサービス「SOROBAN」の販売代理店契約を締結 2年連続で、当社社員が「UiPath Japan MVP 2021」に認定 「UiPath Reboot Work Festival Japan 2021」でブース出展と講演を実施
機動的経営の深化	1Q	<ul style="list-style-type: none"> 経済産業省のDX認定制度「DX認定事業者」の認定を取得 「株式会社OEC」社を子会社化
	2Q	—
	3Q	<ul style="list-style-type: none"> 東証新市場区分「プライム市場」を選択および決定 2022年4月の社長交代を、発表 <<< 詳細は次ページ >>>
人間中心経営の進化	1Q	<ul style="list-style-type: none"> コロナ禍における働き方改革を推進(テレワーク推進、ワークスペース整備、ワケン休暇の導入) 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
	2Q	<ul style="list-style-type: none"> 「ニューノーマルな交流拠点」として、多目的スタジオを設置 都立公立小中学校のデジタル活用支援の取り組みに参加
	3Q	<ul style="list-style-type: none"> オンラインイベント「クレスコフェア2021」「Cresco Adventcalendar2021」を開催 「第2回日本眼科AI学会総会 眼科AIコンテスト」で当社社員が入賞 組込みシステム技術協会「ET & IoT 2021」で当社社員が講演を実施

In order to strengthen our digital solutions, we have signed a distributorship agreement with SOROBAN, a company that provides new services and cloud services for GPU AI and other analytical data analysis.

As AI is expected to expand in the future, we have entered into a distributorship agreement with a market need for such a high-performance computer cloud service.

Then there's UiPath. As for RPA, our employees here are MVPs, and I have written about their various efforts and activities.

And then there are events. While this is an online event, we hold exhibitions and lectures.

In addition, we have decided to deepen our flexible management, and although the market will change in April, we have decided to go to the prime market. Also, we have announced that we will be changing president this April. We'll talk more about it on this next page.

In terms of the evolution of human-centered management, there was an online event called Cresco Fair 2021, which is like an exhibition in which all group employees participate. It is a rather large event in October, where we make various things and exhibit them using new technologies, exhibit various digital solutions of the Cresco Group, and have outside celebrities give lectures.

In addition, for Cresco Adventcalendar2021, we have been running an engineering blog for 10 years, and we basically publish one technical article a week, however in December from the first to the 25th, our active engineers publish a blog everyday about a variety of topics, so it is one of the most popular pages on our website.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



In addition, there is an ophthalmology AI contest that has been held by the Japanese Ophthalmological Society since five years ago, and our employees have won awards there among other things, and we have also given a lecture at the Japan Embedded Systems Technology Association, so our events participate in a variety of external events.

3

連結中期
経営計画

3.3. 進捗状況②

2021年12月20日

各位

<p>会社名 代表者名 問合せ先</p>	<p>株式会社クレスコ 代表取締役 社長執行役員 根元 浩幸 (コード番号：4674 東証一部) 取締役 常務執行役員 杉山 和男 コーポレート統括本部長 (TEL. 03-5769-8011)</p>
------------------------------	---

代表取締役の異動に関するお知らせ

当社は、2021年12月20日開催の取締役会において、下記のとおり、代表取締役を異動することについて決議いたしましたので、お知らせいたします。

記

1. 異動の理由

2021年度からスタートいたしました、10年間の長期ビジョン「CRESCO Group Ambition 2030」および「中期経営計画2023」を迅速に推し進めるべく、経営体制の一層の強化を図り、さらなる成長と企業価値向上を目指すことを目的として、代表取締役を異動するものです。

2. 新旧代表取締役の氏名および役職名

新役職名	氏名	現役職名
代表取締役会長	根元 浩幸 (ねもと ひろゆき)	代表取締役 社長執行役員
代表取締役 社長執行役員	富永 宏 (とみなが ひろし)	取締役 専務執行役員 サービスコンピテンシー統括本部長 兼 技術研究所、品質管理本部管掌

開示の詳細： https://www.cresco.co.jp/redirect/news/211220_corp.html

© 2021 CRESCO LTD.

CRESCO Group Ambition 2030 「人が思い描く未来、その先へ」

17

I'll talk about the role of the president on the next page. This was sent out on December 20th of last year.

The new president, Hiroshi Tominaga, who is currently the Senior Managing Director in charge of Technology and Quality Management, will become president on April 1.

For my part, I'll be the Chairman of the Board of Representatives, and I'll be overseeing the Group. There are 12 group companies, so I'll be watching over the Group companies.

Thus, next year, we will have Tominaga to manage all of the stand-alone operations.

Support

Japan	03.4405.3160	North America	1.800.674.8375
Tollfree	0120.966.744	Email Support	support@scriptasia.com





基本戦略 コアビジネス領域をより強固なものに

ITサービスの拡大	1Q	・ 新規取引先開拓に向けた営業人員の増強
	2Q	－
	3Q	・ クレスコベトナムの開発体制を増強（技術者稼働数 … 2Q:60名 → 3Q:90名）
品質の強化	1Q	・ PMO日本支部主催「PMI日本フォーラム2021」で当社社員が講演を実施 ・ 車載組込みシステムフォーラム(ASIF)幹事会社へ選出
	2Q	－
	3Q	・ 品質・プロジェクト管理教育の刷新
技術の強化	1Q	・ 「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 ・ 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
	2Q	・ 画像処理AI学習データ作成時のアノテーション作業負荷を軽減する手法の特許取得
	3Q	・ 名古屋大学と、組込みセキュリティに関する共同研究を開始 ・ 角膜形状解析画像の機械学習を用いた分類に関する論文を複数掲載

This is the progress of the basic strategy.

In the area of IT services, there is a lot of news, but due to the situations surrounding our customers, there are many things we cannot talk about. One thing that I can talk about is a developing company called Cresco Vietnam. The developing company in Vietnam is gradually increasing its operations, and the number of employees has been increased to 90, nearly 100, in the third quarter.

Regarding quality improvement, we have renewed the contents of quality and project management education, and we are providing e-learning contents to all our employees.

Also, we are working with Nagoya University to strengthen our technology. We have been sending people to Nagoya University for a while now. We have started joint research on embedded security, specifically on the security of embedded products, and we are working together on teaching materials to educate our engineers on embedded security, or in other words, conducting PoC together.

Embedded security is a very key technology in the software that will be embedded in various products in the future, so we need to increase the number of engineers in this area.

And, as I mentioned earlier, ophthalmology. We have published several papers and other materials on classification using machine learning on analyzed images in ophthalmology.

That concludes this section.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



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。

2Q時

- ◆ 新規顧客は、上期で10件獲得。受注規模はまだ小さい。既存顧客の新規提案、受注条件の改善の活動を進めた。
- ◆ 来年度に向け、顧客のIT投資意欲はかなりある。

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。

2Q時

- ◆ 9月に、顧客の事例紹介・セミナー情報を紹介するデジタルソリューションの新しいサイト「wakuwaku.cresco」を公開。マーケティングにつなげていく。
- ◆ 10月末まで、デジタルイベント「クレスコフェア」を実施。グループの約20件のデジタルソリューションや、技術研究所の共同研究の成果を発表。また、社員が社会課題等を想定して、ソリューション、モノづくりをするアイデアコンテストを実施。もともとは、社内イベントだったが、デジタル時代になり、社外にも公開。顧客から、技術・アイデアの問い合わせあり。

Next, I would like to explain some of the issues that need to be addressed, although some of them overlap with what I just mentioned.

Firstly, as I mentioned earlier, in the third quarter, the state of emergency was lifted and we were able to revitalize our customer visits. I think it was doing well, but it has come to a halt again since the middle of January, which is unfortunate, but I have a relatively good feeling about it and a good feeling about the next term.

We also have a number of group companies and business partnerships, and I think we have made a lot of progress in terms of joint proposals and coordination with them for new customers and projects.

The second is the expansion of the digital solutions business and the research and development of new technologies, for example things I mentioned earlier like the Cresco Fair, becoming a distributor for a GPU cloud service called SOROBAN, giving various external lectures, and continuing to post Adventcalendar articles on our engineering blog every day for 25 days.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasias.com



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PMI(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。

2Q時

- ◆ 10月に、GPUリソースを提供しているハイレゾ社と代理店契約を締結。AIでハイパワーのGPUを使いたいニーズにこたえる。大学の研究室や顧客の研究機関等の、AIやデータ分析が必要な顧客への提供。
- ◆ 7月に、グループ入りした「OEC」が、2Qは予定どおりの業績を出して貢献。PMIも順調に推移。
- ◆ 新規のM&Aは、積極的に活動中。

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。

2Q時

- ◆ 中途採用が苦戦。上級職(管理職層)を少なくとも10名以上採用したいが、2~3名で推移。地方の札幌・大阪は目標どおりだが、首都圏が特に厳しい。条件の緩和、クレスコの認知度を上げて継続して頑張っていきたい。
- ◆ 新卒採用は、ほぼできている。3年間の離職率が大体5%ぐらいで、まずまず。

The third item is the promotion of M&A and alliances, and to strengthen the management of group companies. We are continuing to work on various new M&A projects, but we are not able to discuss anything new at this stage.

However, this past January 31, we announced that we would integrate three group companies in order to achieve further growth of the Group companies. On July 1, three companies, N-system, ARS, and NEXUS, will be merged into a 200-person company.

When we think about future growth, we think it would be better to work together, and that is what we are working on as a project right now.

The fourth is the improvement of the environment for recruiting and training human resources. I think this is related to where we talked about embedded security with Nagoya University, and where we completely renewed our quality control system.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



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。

2Q時

- ◆ 働き方の変化で、社内設備の効率化を目指して、投資を継続。
オフィスのレイアウト変更、電話、電子取引、電子帳票保管、経営指標のBI化、社内教育のeラーニング化、ネットワーキングの増強、RPAの増強 など。

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。

2Q時

- ◆ 来年4月から、健康増進手当を支給。
- ◆ 管理職のオンラインの会議で、社内の保健師から課題や各職場での留意点を講演。
- ◆ ホームページで健康経営に関する情報（健康経営戦略マップ、各種統計値）発信。

Fifth, the promotion of DX and the realization of flexible management. This is an internal matter, but we have also started updating our system to support electronic forms. Operation will start in April, so we have already started work. We also want to think seriously about what we, CRESCO, can do in terms of DX, so we are starting to conduct training for senior management.

The sixth item is the promotion of health management. Here is where we have e-learning. We have health management self-care training for all employees, walking events, and we also have a dedicated public health nurse, but we need a column for the nurse. Those are things we are developing quite a bit. Regarding the public health nurse's column, it was distributed to all employees approximately 15 times by the third quarter.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasias.com

**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。

2Q時

- ◆ 健康経営とも密接に関係しており、コーチング・メンタリングを数年前から行い、心理的安全性の高い職場環境づくりに継続的に取り組む。
- ◆ 残業時間を低減するため、定期的なフォロー、朝会・夕会を実施し、メリハリのついた働き方、定期的な対面コミュニケーションに取り組む。
- ◆ 顧客からの仕事の受け方（営業交渉も含む）の改善。

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。

2Q時

- ◆ 10月に品質方針を一部改定し、社外にリリース。
- ◆ 品質戦略会議を月次で開催し、来年度の適用を目標に、プロセス・規定の改定に着手。
- ◆ 社内の品質管理教育も見直し、在宅勤務対応でeラーニングが11月からできるように準備。

The seventh is the promotion of work style reform and the creation of a healthy working environment. In December, there was the 5th Nikkei Smart Work Management Survey in the third quarter, and we received three stars. We're not quite there yet, though, because there is a maximum of five stars. One of the items on the list was the ability to utilize human resources, and we received an A++ in that area.

Then there's the area of the Shinagawa head office business unit. Since telework has already been fully adopted, we are in the process of changing the layout and implementing other renovations from the third quarter to the fourth quarter. We are planning to go ahead with a completely free address system.

In terms of strengthening quality, as I mentioned earlier, we have started to revamp and begin training on quality management and project management.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



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。

2Q時

- ◆ 一部の事業部で、チーム化の推進に取り組中。
多くの案件をこなすため、特定の案件に特定の人を固定せず、複数人数でチームを組み、小規模な複数案件を担当し、業務効率化を図る。なお、チームを組むことで人材育成を兼ねる。

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。

2Q時

- ◆ 単体では、2022年も100名弱の新卒を採用。2023年も同様の採用を目標に活動を開始。
- ◆ ベトナムのオフショアの活用。今期末には100名ぐらいの体制。現地のリーダー含めて、6名で100名ぐらいを回せるようにする。
- ◆ ビジネスパートナーは、中長期的な信頼関係の構築を継続して取り組む。

In the pursuit of productivity, there is no particular story to mention.

Regarding the 10th item, securing human resources for development and strengthening the system, as I mentioned earlier, the offshore base in Vietnam is steadily growing and the system is being strengthened.

We are also working to strengthen the coordination of development resources among group companies.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasias.com



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。

2Q時

- ◆ 2022年の新卒採用は、弊社で初めて、女性比率が50%を超える。
- ◆ 中途採用は、フランスやマレーシアなど、海外の技術者も採用。新卒は、韓国から採用。

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・コードへの確に対応してまいります。

2Q時

- ◆ SDGs、ESGは、設備を持っていないため難しい。在宅勤務の定着により、事務所の光熱費が減り、ペーパーレスが進む。コストは2019年と比較して30%ほど減少。

As part of our diversity initiatives, in the third quarter, we held an external training program for female candidates for management positions, with one person at the general manager level participating.

As for the promotion of corporate governance, number 12, there is nothing special to mention at this time.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



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。

2Q時

- ◆ グループ会社間で、営業案件・ビジネスパートナーの情報を共有し、受注の取りこぼしを防止。仕事の有無ではなく、ビジネスパートナーのリソースの問題。

This is the optimization of the business portfolio and flexible organizational management. This is for not only CRESCO alone, but as I mentioned in the second quarter, we have been strengthening the sales collaboration among group companies, and in this sense, I think that we have been able to streamline and strengthen group collaboration in a very good way.

That's all that I have for you.

Thank you very much for your attention.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

Question & Answer

Moderator [Q]: We will now have a question-and-answer session.

Now, there was a question asked before we began, so I will read that now.

Please tell me about the intention and background of the change of the president. Thank you.

Nemoto [A]: Regarding the intent behind changing the president, the most important thing was that I had been in office for eight years, almost eight whole years, and I decided that it would be better to have a new leader in order to revitalize the entire organization. Also, I am the president now, and I oversee all of the companies in the Group as well as the stand-alone company, but the volume of work has increased considerably with 12 companies in the Group, so I have decided that it would be better to divide the workload. Our primary goal is to revitalize the organization. Does that answer the question?

Moderator [Q]: Thank you very much. Next question.

Things appear to be doing very well against the full-year plan, especially in terms of profits. There is no change in the full-year plan, but I would like to know what kind of risks you expect. Thank you.

Nemoto [A]: As you have just asked, we have made a lot of progress with regard to the earnings forecast, but as for the risk, I don't think there are any in this fiscal year, but as I explained earlier, we have not been able to examine it closely yet.

If I were to say that there is a risk, I would say that for the next fiscal year, if the current situation of the coronavirus were to be prolonged, the things that customers were planning to do may be scaled back or postponed.

The other thing would be geopolitics. Recently, because of Ukraine, high oil prices and inflation have had an impact on our customers' investment plans, but I don't think there will be much of an impact this fiscal year.

However, if the stock price were to drop significantly, there would be some risk of a drop due to the valuation of our securities.

Moderator [Q]: Thank you very much. Now for the next question.

In the IT services business, you mentioned that orders for travel and hotels are also recovering, but is this due to the lull in the pandemic in the second half of last year? Or is it correct to assume that despite COVID-19, certain investments in IT will be made? Thank you.

Nemoto [A]: We have customers in the travel industry, but that industry continues to be in a really difficult situation. In the third quarter, there was a bit of a lull, but the situation has again become severe as of January, so while there has been a lot of talk about expanding IT investments, a lot of that has been postponed. When it comes to fundamental system operations or protection, also unavoidable issues that need to be taken care of, our customers have been putting much effort into investing.

We are also involved in the Go To Travel project, which started the year before last as a national project, and we have been able to maintain a certain level of investment in that area.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



However, I think we can say that our customers' core business is still not out of the woods yet, and they are going through a very difficult period. That's all.

Moderator [Q]: Thank you very much. Next question.

I have a question about the expansion of engineers at the Vietnam base. How much room is there to increase? Thank you.

Nemoto [A]: In Vietnam, we originally established the Company about two and a half years ago, and from the start we have been planning to increase the number of employees to 300. The current situation is that we have finally reached about 100 people, and progress has been delayed for about a year due to the coronavirus.

In the end, I would like to have about 300 people. Some of the local employees are seconded from CRESCO, and we also hired a Japanese bridge engineer there, so about 7 employees now. We have a Japanese bridge engineer and about 90 to 100 engineers from our local partner companies working on [unclear audio]. I think I can probably get to 150 next year. That's all.

Moderator [Q]: Thank you very much. Next question.

The profit margin of the manufacturing sector is high in IT services. The question is why is it more profitable than enterprise or finance? Thank you.

Nemoto [A]: The profit margin of the manufacturing division is certainly high, but I think we were able to control the price negotiations and pricing with our customers.

I also think it is significant that we have had almost no unprofitable projects.

Moderator [Q]: Thank you very much. Next question.

We would like to ask you to explain in more detail about the large-scale solution project you received in the digital solutions business. Thank you.

Nemoto [A]: In the digital solutions area, we have increased by about 50% compared to the previous fiscal year, and that growth is in cloud services, Creage. Also, RPA is growing. Cloud services.

Nowadays, our customers have their own computers, or in other words, on-premise computers, but the trend of shifting to the cloud has been going on for about three or four years now, and it is really coming into full swing.

This is a development project to receive orders for IT services and shift them to the cloud. After we put it on the cloud, we operate it and manage the accounting, and we also sell our services, such as Creage, to our customers.

IT services plus digital solutions, and the cloud is getting bigger and bigger. Once one starts using the cloud, the amount the customers use will gradually increase. As the scope increases, especially in the area of accounting, the rate of growth can be seen here. Does that answer the question?

Moderator [Q]: Thank you very much. Now for the next question.

We would like to know more about your M&A strategy and what areas you are focusing on. Thank you.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



Nemoto [A]: Yes. In terms of M&A, we are basically focusing on IT-related industries. In other words, our targets are companies that we can manage well. We are not thinking of expanding into a completely different industry.

In terms of location, I'm already thinking of anywhere in Japan. It could even be in a rural area. However, we are not thinking much about overseas at the moment. We are not thinking about going overseas at the moment because the risks are too great, and we don't have a lot of experience in overseas business yet.

We target companies that have different technical specialties, have different customers and are small in scale, even companies with 30 or 50 employees.

However, when it comes to small companies, if it were to remain on its own, management costs would be high, so in the future it would be merged with an existing company. M&A is one important strategy that we are going to continue to do. That's all.

Moderator [M]: Thank you very much.

It seems that all the questions have been answered, so this will conclude the question-and-answer session.

Lastly, our president, Mr. Nemoto, would like to say a few words. Thank you, President Nemoto.

Nemoto [M]: Thank you very much for taking time out of your busy schedule to participate in our financial results briefing today.

Our industry is in the middle of the pandemic, and although we are experiencing a bit of a tailwind in this situation, we need to keep a close eye on the situation in the world, and since the world is changing very rapidly, and we would like to respond quickly to the situation and continue to boost our business. I hope that you will continue to support us in this endeavor. Thank you very much for your time today.

Moderator [M]: Thank you very much, President Nemoto. This concludes the financial results briefing for today. Thank you very much for watching to the end today.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked with [Inaudible].*
2. *Portions of the document where the audio is obscured by technical difficulty are marked with [TD].*
3. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
4. *This document has been translated by SCRIPTS Asia.*

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com



Disclaimer

SCRIPTS Asia reserves the right to edit or modify, at its sole discretion and at any time, the contents of this document and any related materials, and in such case SCRIPTS Asia shall have no obligation to provide notification of such edits or modifications to any party. This event transcript is based on sources SCRIPTS Asia believes to be reliable, but the accuracy of this transcript is not guaranteed by us and this transcript does not purport to be a complete or error-free statement or summary of the available data. Accordingly, SCRIPTS Asia does not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information contained in this event transcript. This event transcript is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal.

In the public meetings and conference calls upon which SCRIPTS Asia's event transcripts are based, companies may make projections or other forward-looking statements regarding a variety of matters. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the applicable company's most recent public securities filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are accurate and reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the anticipated outcome described in any forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE PUBLIC MEETING OR CONFERENCE CALL. ALTHOUGH SCRIPTS ASIA ENDEAVORS TO PROVIDE ACCURATE TRANSCRIPTIONS, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE TRANSCRIPTIONS. IN NO WAY DOES SCRIPTS ASIA OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BY ANY PARTY BASED UPON ANY EVENT TRANSCRIPT OR OTHER CONTENT PROVIDED BY SCRIPTS ASIA. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S PUBLIC SECURITIES FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS. THIS EVENT TRANSCRIPT IS PROVIDED ON AN "AS IS" BASIS. SCRIPTS ASIA DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, AND ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT.

None of SCRIPTS Asia's content (including event transcript content) or any part thereof may be modified, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of SCRIPTS Asia. SCRIPTS Asia's content may not be used for any unlawful or unauthorized purposes.

The content of this document may be edited or revised by SCRIPTS Asia at any time without notice.

Copyright © 2022 SCRIPTS Asia Inc. ("SCRIPTS Asia"), except where explicitly indicated otherwise. All rights reserved.

Support

Japan 03.4405.3160
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

