



CRESCO LTD.

Q3 Financial Results Briefing for the Fiscal Year Ending March 2023

February 7, 2023

Event Summary

[Company Name]	CRESCO LTD.
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[Venue]	Webcast
[Venue Size]	
[Participants]	
[Number of Speakers]	2
	Hiroshi Tominaga President and Executive Officer
	Kazuo Sugiyama Director and Senior Managing Executive Officer in charge of Management Department

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Presentation

Moderator: Hello, everyone. Thank you for waiting.

We will now begin the financial results briefing of CRESCO LTD. for Q3 of the fiscal year ending March 31, 2023. Thank you very much for taking time out of your busy schedule to join us. Today's briefing is attended by Hiroshi Tominaga, President and Executive Officer and Director, and Kazuo Sugiyama, Director and Senior Managing Executive Officer in charge of Management Department.

We will first explain an overview of the financial results for Q3 of the fiscal year ending March 31, 2023 and the forecast for the full year, followed by a question-and-answer session. The briefing is scheduled to end at 4:00 PM. After the event, a questionnaire page will appear, and we would appreciate your cooperation in answering it.

Then, let us begin the briefing. President Tominaga, please start.

1 決算のポイント ✨ 1.1. 第3四半期までの主な取組み①

■ 組織および体制関連

- 4月1日付で「代表取締役会長」「代表取締役社長執行役員」の**2代表制に移行**するとともに、『CRESCO Group Ambition 2030』の策定を機に、**コーポレートロゴを変更(創業以来初)**。
- 『CRESCO Group Ambition 2030』実現のため、「経営戦略本部」を設置するとともに、グループシナジーの更なる発揮のため、「グループ統括本部」を設置し、**グループ間での営業案件の共有を推進**。
- 適切な権限委譲による経営上の意思決定と施策実行の迅速化を目的として、**執行役員を本部長に据える組織改革**を実施。
- 機動的経営の強化およびグループガバナンス向上のため、グループ役員会議の頻度を増やし、**グループ役員間の連携を強化**。
- グループの人材・経営資源の有効活用によるシナジー効果の更なる発揮を目的として、7月1日付で連結子会社3社(アルス、エヌシステム、ネクサス)を合併し、「**(株)クレスコ・ジェイキューブ**」として再編。

■ 事業関連

- RPAやクラウド、DX領域でのビジネスラインナップを拡充し、デジタルソリューション事業を強化。
 - ・ 4月： UiPath社の認定リセラー「ゴールドパートナー」に認定。
 - ・ 5月： UiPathライセンス購入企業向けにe-Learningの提供を開始。
 - ・ 10月： アマゾンウェブサービス(AWS)の「AWS公共部門パートナープログラム」「AWS公共部門ソリューションプロバイダー」に認定。
大容量ファイル共有サービス「インテリジェントフォルダ」のiOSアプリをリリース。
企業のDX人材を育成する「DX研修サービス」を開始。

Tominaga: Hello, everyone. I am Tominaga from CRESCO. Thank you very much for joining CRESCO's financial results briefing today. I will now explain the status of the financial results on a consolidated basis for Q3.

I will start with the key points of the financial statements. This page describes the main initiatives up to Q3, some of which overlap with what has been described in previous reports, but I will explain it here for the sake of repetition.

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As for the organization and structure, on April 1, CRESCO transitioned to a two-representative system, with myself and Nemoto as the two representatives. We have also changed the color of our corporate logo to this orange for the first time since the establishment of the Company while we established CRESCO Group Ambition 2030 to start this new fiscal year. CRESCO used to be in the blue color for more than 30 years, but we have started this fiscal year in the orange color.

In order to realize the CRESCO Group Ambition 2030, we have established the promotion of management strategy unit and the group supervisory unit, to promote the sharing of group sales projects.

Next, as for executive officers, for the purpose of speeding up management decision-making through the appropriate transfer of authority, the entire organization was changed, with the executive officers being placed in the position of general manager. More than six months have already passed since the start of the new system, and I think that various decisions are being made speedily.

In addition, in order to strengthen flexible management and improve group governance, we have increased the frequency of group directors' meetings and strengthened information sharing with the directors of the 11 group companies.

Lastly, the three consolidated subsidiaries merged together as of July 1, and reorganized and started under the new name of CRESCO J CUBE CO., LTD. This company has taken the form of a restart as a company of about 200 employees, starting in July.

In terms of business, we are expanding our business lineup in the areas of RPA, cloud, and DX, and strengthening our digital solutions business. First, we were certified as a reseller gold partner of UiPath in May. We also started offering e-Learning for companies that purchased licenses.

By doing this as a set, we have been able to increase the number of users who are interested in CRESCO. We have done this in a way that includes quite a bit of education and support for our customers.

In October, we were selected as a partner of Amazon Web Services, or AWS, in the public sector. We applied for the position and were selected, and now we are easily obtaining works for introduction of AWS in the public sector cloud.

In addition, we released an iOS app version of our original service, Intelligent Folder, which is now being used by a wide range of customers.

Lastly, we started a DX training service to develop DX human resources for companies, which is also in the education area. In the same way as UiPath, which I just mentioned, we have launched external sales of our training service that emphasizes education.

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1 決算のポイント ✨ 1.1. 第3四半期までの主な取組み②

■ 事業関連

- その他（サイバー攻撃対策、画像認識AIや機械学習、資本・業務提携等）
 - ・ 8月： サイバー攻撃の兆候を検知・分析し、その情報をもとに専門家による対策支援を提供する「マネージドセキュリティサービス for SIEM」の販売を開始。
 - ・ 9月： 画像認識AIによる画像分類結果の根拠を可視化する情報処理装置、情報処理方法、情報処理プログラムの特許を取得。
 - ・ 11月： (株)フォーラムエンジニアリングのエンジニア専門の人材サービス「コグナビ」のグローバル展開を目的としたインド法人への資本出資に関する基本合意を締結。
 - ・ 12月： 日本航空(株)との間で、医療AIによる画像認識技術を活用した「航空機エンジン内部検査ツール」を開発することを発表。
- 事業の底上げとビジネス機会の創出を目的として、技術・品質・ビジネス変革に関する自己学習を奨励。
- エバンジェリスト活動も継続して取り組み、複数名の当社社員が大学で教鞭をとる機会を創出し、人間中心経営を強力に推進。
- 子会社「クレスコ・デジタルテクノロジーズ」が、同社のIoT機能を搭載した「ソーシャルトレシステム」を他社と共同開発し、販売を開始。
- 子会社「クレスコ・イー・ソリューション」が、SAP S/4HANAへの移行サービス「MOA」をリニューアル。
- 子会社「クレスコ ベトナム」が、ベトナムのフードデリバリー市場向け最新POSシステムの販売を開始。
- 事業効率の向上を目的に、事業所および開発拠点の移転等のオフィススペースの見直しを推進。

I will continue with the topics of our business. Please take a look at the listed items under others, which include cyber-attack countermeasures, image recognition AI, machine learning, and capital and business alliances.

In August, we launched a new security-related service called Managed Security Service for SIEM, which has already received inquiries and orders from H2, as this security area is attracting huge interest.

In September, we were granted a patent for image recognition AI in the area of technology that we have been studying with hospitals and universities.

In November, we concluded a basic agreement with our customer, Forum Engineering, with which we have developed cognavi, a human resource service specializing in engineers. Through this agreement, we will make a capital investment in their Indian subsidiary as our intention to support them technically and the customer's goal of expanding this service, which has been developed for the Japanese market, globally, have matched each other.

In December, as I just talked about the project of image recognition technology with Japan Airlines or JAL in the September section, we are working to horizontally expand the medical AI technology to apply to the internal inspection of aircraft engines. Specifically, we are developing a technology to assist in inspections of the status of blades, rotating blades, from images. We have announced this joint development with JAL. The Nikkei Sangyo Shimbun recently reported extensively on this matter.

Next, we continue to encourage self-study in technology, quality, and business transformation in order to raise the level of our business and create business opportunities. We have set firm targets for training hours for employees and encouraged them to meet the targets.

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We have also continued evangelist activities and strongly promoted people-centered management by creating opportunities to teach science and information personnel at universities and technical colleges.

From below that on this page shows solutions of subsidiaries. We have developed a social toilet system with IoT with our subsidiary, CRESCO Digital Technologies Ltd., in collaboration with another company, Hikari Gokin Co., Ltd., and we have deployed this solution in several restrooms in Hokkaido and other areas.

Next, CRESCO e-Solution is good at SAPS, so they have renewed their MOA, a service for transitioning to SAP S/4HANA.

Then, I will move on to the topic of Vietnam. As for CRESCO VIETNAM CO., LTD., the food delivery market in Vietnam is booming, and we have begun selling the latest POS systems to food delivery companies in Vietnam.

Lastly, this is related to the COVID-19, and CRESCO alone, as well as the CRESCO Group as a whole, is promoting a review of its office space.

1 決算のポイント 1.2. 売上高・利益

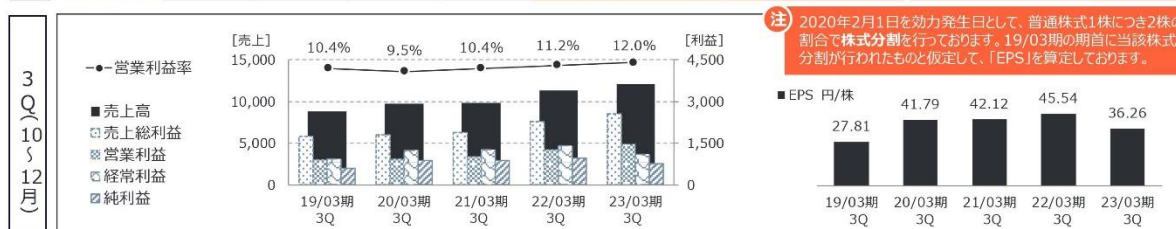
【注】（ ）内の数字は各々の利益率を表します。
【注】「純利益」は「親会社株主に帰属する当期(四半期)純利益」です。

【単位：百万円未満切捨】

- **売上高**
既存システムの刷新やDX推進による生産性向上を目的としたIT投資需要が依然として旺盛で、売上は順調に推移し、9.2%の増収。
- **営業利益・利益率**
増収効果および不採算案件の極小化等により、12.3%の増益。利益率は10.5%（前年同期10.2%）。
- **経常利益**
米国における株安の進行より、保有する金融商品に関してデリバティブ評価損(営業外費用)を7億89百万円計上(1月30日に適時開示)し、12.1%の減益。

売上高	...	29億69百万円 ↑ (前年同期比 9.2% ↑)
営業利益	...	4億4百万円 ↑ (前年同期比 12.3% ↑)
経常利益	...	4億38百万円 ↓ (前年同期比 12.1% ↓)
純利益	...	3億33百万円 ↓ (前年同期比 13.0% ↓)

3Q 累計		21/03期			22/03期			23/03期			対通期		通期 業績予想	
		21/03期	22/03期	23/03期	前年同期比	対通期進捗率	22/5/10 予想	前年同期比						
	売上高	29,018	32,406	35,376	109.2%	74.5%	47,500	106.9%						
	売上総利益	5,127 (17.7%)	6,348 (19.6%)	7,095 (20.1%)	111.8%									
	営業利益	2,388 (8.2%)	3,292 (10.2%)	3,697 (10.5%)	112.3%	77.8%	4,750 (10.0%)	106.6%						
	経常利益	3,123 (10.8%)	3,641 (11.2%)	3,202 (9.1%)	87.9%	62.2%	5,150 (10.8%)	107.7%						
	純利益	2,193 (7.6%)	2,564 (7.9%)	2,230 (6.3%)	87.0%	66.6%	3,350 (7.1%)	103.5%						
	EPS 円/株	104.46	121.96	105.99			158.99							



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Now I will talk about the main point, sales and profit. This is the current financial situation.

Demand for IT investments to improve productivity through renewal of existing systems and DX promotion remains strong. Therefore, sales increased by 9.2%.

Operating profit was up 12.3% due to the effect of increased sales, including the favorable profit margin and the minimization of unprofitable projects. We were able to increase operating profit more than sales, 10.5% in operating margin.

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However, in ordinary profit, we recorded a large loss of JPY789 million on valuation of derivatives, which is a non-operating expense, due to the ongoing decline in the stock market in the US. This was disclosed in a timely manner on January 30. This resulted in a 12.1% decrease in profit. Since Sugiyama, the officer in charge of finance, is present today, he is going to give a supplementary explanation on this next page.

Overall, for the current Q3 cumulative total for the fiscal year ended March 31, 2023, sales were JPY35.3 billion, operating profit was JPY3,697 million, and ordinary profit was JPY3,202 million, with a slightly negative figure for ordinary profit.

As noted in the square in the upper right corner, we were able to increase sales and operating profit, but the arrows pointing downward indicate ordinary profit and net profit, which is a bit disappointing.

I will now turn the presentation over to Mr. Sugiyama, who will explain the next page.

1 決算のポイント 1.3. デリバティブ評価損について

1月30日(月) 適時開示 「デリバティブ評価損の計上に関するお知らせ」 

■ 概要

米国でのインフレ抑制策としての政策金利の引上げとリセッション入り懸念等による当該金融商品の対象株式である米国株式の下落の影響を受け、当第3四半期連結累計期間において、**デリバティブ評価損7億89百万円を営業外費用に計上**。

金融商品の内容	期限前償還条項付円建て他社株式連動債（デリバティブが組み込まれた複合金融商品）
取得価額	19億円（10銘柄 対象株式 米国上場株式）
償還期間	3年債
保有目的	有価証券利息の獲得

■ 見通し

ウクライナ問題もコロナ禍も依然、予断を許さず、今年度末の時価は楽観視できないが、現時点の株価回復状況からすると、評価損益の回復は十分に期待できると判断し、**現時点での通期業績予想および配当金額の修正は行わない**が、今後、業績予想の修正の必要が生じた場合には、速やかに開示。

■ 投資運用方針の変更

当該他社株式連動債は、私募形式の仕組債につき、流動性が低く評価損益の変動幅も大きく、償還時まで損益確定が困難であることから、来年以降に満期償還を迎える銘柄から順次減少させる方向で検討中。

Sugiyama: I am Sugiyama. Thank you for your time. I would like to explain the write-down of derivatives.

The bond subject to this write-down are known as a yen-denominated other company's equity-linked bond with prepayment clauses. This is a three-year bond in private placement form and is a so-called structured bond. The target is the share prices of US-listed stocks. Since it is a structured bond, the knock-in price is set at, say 65 or 60. If the price is higher than that level on the maturity redemption date three years later for the bond being set at 100 when it is structured, the full amount will be redeemed in cash. If the price is less than that, so 65 becomes 64 or so, the difference will be the loss on redemption and will be settled first.

The structured bond is subject to an early redemption clause, and the early redemption determination date is every three months, four times a year. So, there are 12 determination dates over three years. The first early redemption judgment date is three months after structured, and if the bond is set at 100 when it is structured

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and the closing price of the target stock is 100 or more, the early redemption will be made in three months. The redemption price is discounted by 3.5% each time from the second redemption to the eleventh redemption, and if the target stock price exceeds at each redemption date, the shares will be redeemed early.

If there is no early redemption, whether or not it is higher than the knock-in price will matter at the final redemption date three years later. If the knock-in price is 65, it will depend on whether it is higher than 65 or not.

For interest payments, the timing of interest payment determination is also the same as the early redemption and redemption determination dates. If the basis for that interest payment, or stock price, is above the determined knock-in price, in other words, the target stock price is above the 65 mark, the yield will be as expected. If the value is less than that, it will be 0.1, which employs a system of digital coupon bond.

As for the outlook for the future, the situation still does not allow for optimism due to the COVID-19 and the Ukraine issue, but the share prices of the stocks covered by this structured bond have recovered considerably since the beginning of the year in January, nearly 30% on average.

Judging from these circumstances, including a feeling of hitting the ceiling for the US interest rate, we have decided not to revise our financial results and dividends at this time, as we expect a considerable recovery in the market value of the structured bond.

However, we will promptly disclose the revised information in the event of any other circumstances that require such revisions. The investment management policy has not yet been decided, but is currently under discussion, taking into consideration the low liquidity of this structured bond in the form of a private placement and the fact that the volatility of the market value is quite large. The redemption at maturity will begin in H2 of next year, and we are currently considering the possibility of reducing such bonds after the maturity date. That's all.

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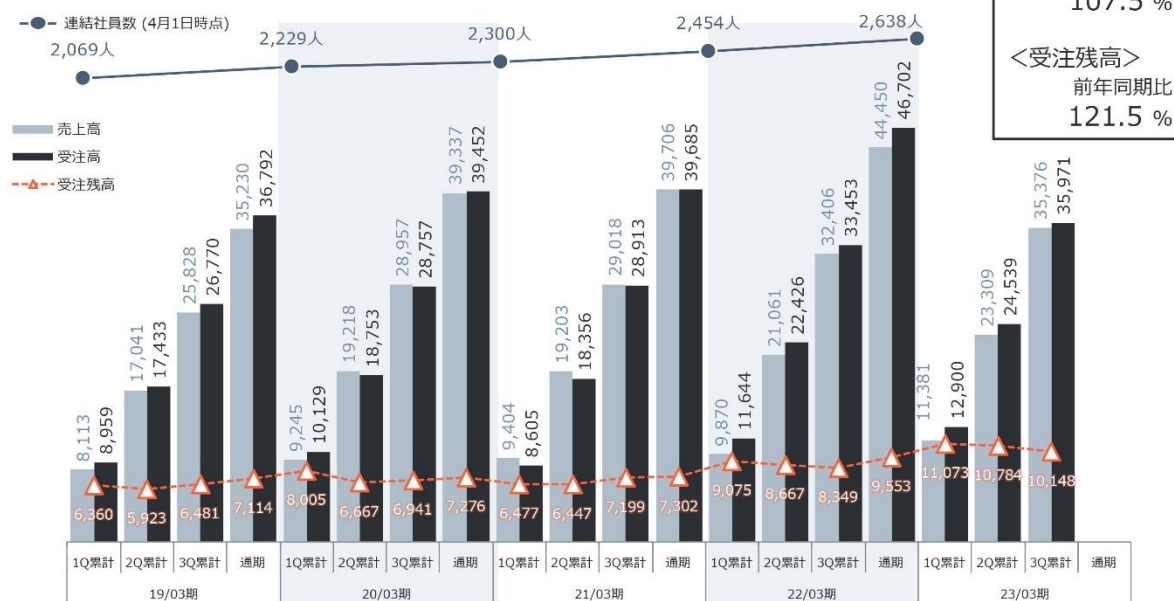
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1 決算のポイント 1.4. 受注高・受注残高

[単位：百万円未満切捨]

- 旺盛なIT投資需要を背景に、上期同様、受注高と受注残高は順調に推移。
- 顧客企業における既存システムの刷新やDX推進が、受注を後押し。



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Tominaga: I will continue with our presentation. This page shows orders received and outstanding orders.

As you can see in the graph, orders are increasing at a higher rate than in the previous fiscal year. As described in the upper section, there is strong demand for IT investment in general. As in H1, orders received and outstanding orders remained steady. The renewal of existing systems and the promotion of DX at client companies are driving orders. Our major challenge now is to continue to deliver high quality products.

Then, let me explain in detail business by segment. The segments include three IT services and one digital solution, which I will explain on the following four pages.

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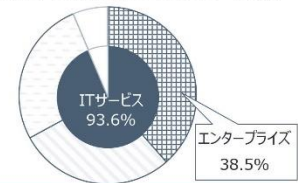


1 決算のポイント 1.5. セグメント別売上高・利益 [ITサービス事業：エンタープライズ]

[単位：百万円未満切捨]

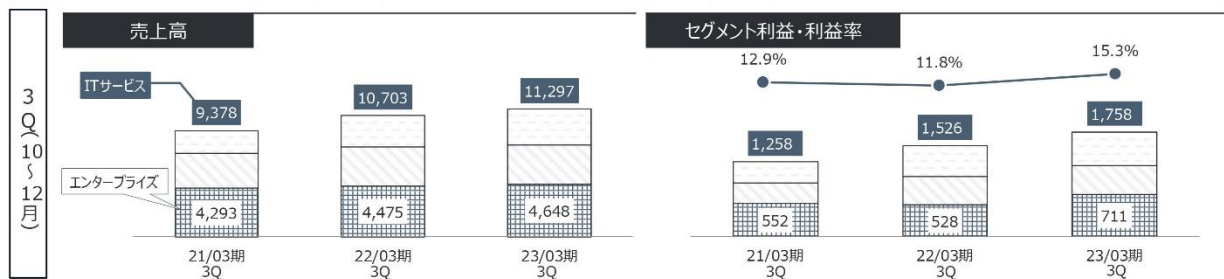
セグメント		サブセグメント	
IT サービス	・コンサルティング	エンタープライズ	情報・通信、広告、流通サービス、運輸、
	・IT企画		人材紹介・人材派遣、公共、資源・エネルギー、
	・開発・保守の総合サービス		建設・不動産、旅行・ホテル、医療・ヘルスケア、その他

<セグメント別の売上高比率:3Q(10~12月)>



3Q累計

- **売上高：135億46百万円（前年同期比 0.9% ↑）**
 - ・「運輸」「人材紹介・人材派遣」分野で大型案件の収束があったものの、「流通サービス」「建設・不動産」「情報・通信・広告」「公共」分野の売上が増加
- **セグメント利益／利益率：18億18百万円／13.4%（前年同期比 10.8% ↑）**
 - ・「情報・通信・広告」分野で利益率が高い案件を獲得



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This is an area of enterprise in the IT services business.

As you can see in the upper right chart, this area accounts for 38.5% of the total. Sales were JPY13,546 million, which is a slight increase YoY. It grew slightly with almost no change in the situation.

The reality is that while some increased, others decreased. In a system development, there is a big mountain of development work: fewer people are needed for upstream; more people are needed for downstream to develop a system; and once the development is finished, fewer people are needed to operate the system. So, we have just got over the mountain and recovered from other projects.

In the areas of transportation and temporary staffing services, we have seen a slight slowdown in the number of large-scale projects. On the other hand, sales in the distribution services, construction/real estate, information/communications/advertising, and public sectors increased. Part of this increased sales were attributable to the fact that we have been able to develop new customers and cultivate new business, which will lead us to the next stage.

Segment profit was slightly different from sales growth, at JPY1,818 million, a 13.4% profit margin, up slightly more than 10% or 10.8% YoY. There were projects that we have been working on quite a bit in our group companies, and we have been able to successfully deliver, mainly cloud projects in the information, telecommunications, and advertising fields. Another major factor contributing greatly to our success was the level of service we provided and the fact that we were able to acquire projects with high profit margins, mainly in the cloud.

If you look at the graphs below, all items are growing. The graphs show the increases compared to the same period of last year.

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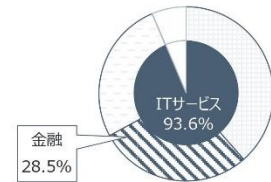
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1 決算のポイント **1.6. セグメント別売上高・利益 [ITサービス事業：金融]**

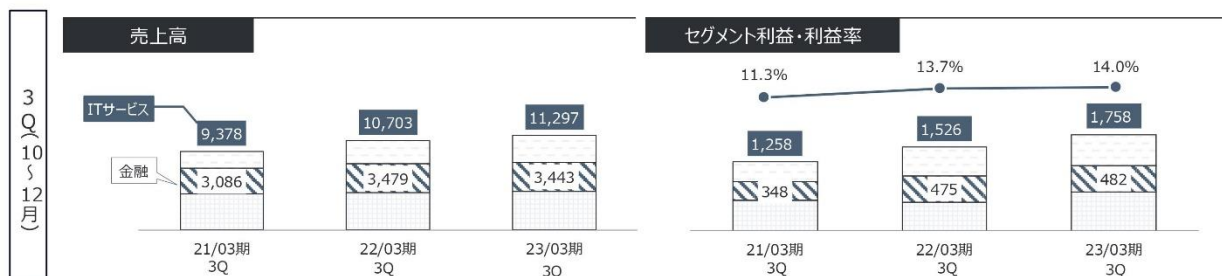
[単位：百万円未満切捨]

セグメント		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	金融	銀行、保険、その他

<セグメント別の売上高比率:3Q(10~12月)>



- 3Q累計
- **売上高：106億15百万円（前年同期比 6.1% ↑）**
・「銀行」分野で基盤構築・移行といった個別案件が増加
 - **セグメント利益／利益率：13億47百万円／12.7%（前年同期比 3.7% ↑）**
・売上高の増加と同様の理由



Next is the finance segment of the IT services business.

As described in the upper right corner, overall, the finance accounts for about 28.5% of the total. Sales were JPY10,615 million, up 6.1% YoY. There were not any particular factors that posted an increase in sales, but rather a gradual increase in individual projects in the banking sector, such as infrastructure construction and migration, raised the entire level.

The bank projects are not handled by CRESCO alone, but by various group subsidiaries as well, so I think it is fair to say that the current figures are the result of the gradual increases in each bank project, including those handled by each subsidiary.

The growth in segment profit and profit margin was driven by sales. The graphs below show that all of the Q3 sales YoY are growing in an upward direction.

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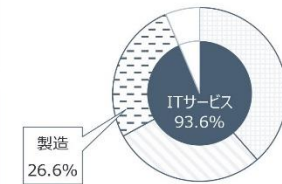


1 決算のポイント 1.7. セグメント別売上高・利益 [ITサービス事業：製造]

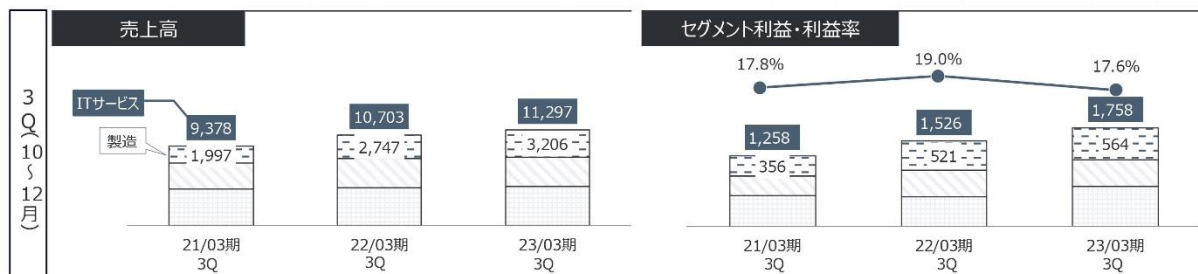
[単位：百万円未満切捨]

セグメント		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	製造	自動車、輸送機器、機械、エレクトロニクス、その他

<セグメント別の売上高比率:3Q(10~12月)>



- 3Q累計
- **売上高：94億27百万円（前年同期比 25.0% ↑）**
 - ・「機械・エレクトロニクス」「自動車・輸送機器」分野で、クラウド・セキュリティ案件や先行投資目的の案件が増加
 - **セグメント利益／利益率：15億54百万円／16.5%（前年同期比 24.4% ↑）**
 - ・売上高の増加と同様の理由



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Next is the last segment of the IT services business, the manufacturing segment.

In the manufacturing segment of CRESCO, the automotive/transportation equipment and machinery/electronics sectors account for 26.6% of the total, as shown in the upper right chart.

Net sales were JPY9,427 million, a significant increase here. In both of the machinery/electronics and automotive/transportation equipment sectors, we have seen a significant increase in cloud projects, security projects, and other projects for up-front investment purposes. We have been focusing on technology in this field by bringing in some employees from other sluggish segments.

As for the cloud projects, embedded systems are our strength, but we are seeing an increase in the number of customers who want to receive various data from the embedded products through the cloud and convert it into services. There are many cases where we are now backing up such technologies.

We collect data steadily and link it to services. We are not only making things, but also creating services with our customers. Also, in such areas, security via the network must be strong, so security projects are also growing, including the area of collecting data from vehicles.

In terms of prior investment, we are seeing a gradual commercialization of recently trendy technologies, including those in the metaverse.

Profits also increased for the same reason as sales. The ratio has grown at about the same rate. The graphs below show a similar increase in sales.

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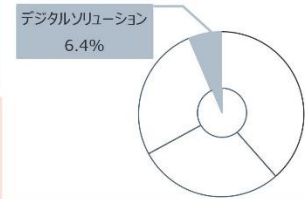
 **SCRIPTS**
Asia's Meetings, Globally

1 決算のポイント 1.8. セグメント別売上高・利益 [デジタルソリューション事業]

[単位：百万円未満切捨]

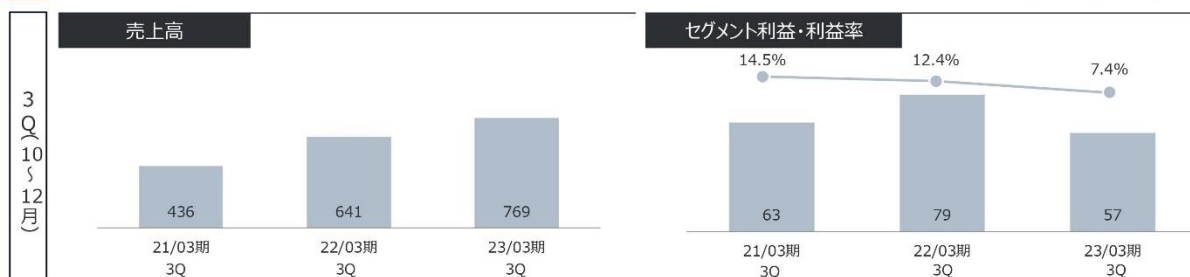
セグメント	事業
デジタルソリューション	顧客のDX実現を支援する製品・サービスからなるソリューション群 <主な製品・サービス名> Creage：クラウド関連サービス UiPath：RPA関連サービス アノテーション：AI関連サービス 教育・セミナー：AI、クラウド、RPAなど

<セグメント別の売上高比率:3Q(10~12月)>



3Q累計

- **売上高：17億85百万円（前年同期比 24.5% ↑）**
 ・ 主クラウドサービスの「Creage」とRPAライセンスの販売が増加
- **セグメント利益／利益率：98百万円／5.5%（前年同期比 8.3% ↓）**
 ・ 当社デジタルソリューション担当部署で、新規サービスやソリューションの企画、研究・検証活動を推進した結果、間接コストが増加



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Lastly, I'll explain the digital solutions.

As for digital solutions, we sell services, a group of products and services that support customers' DX realization. Main services include Creage, a cloud-related service, UiPath's RPA-related service, AI-related service in annotation, and education and seminars, which, as I explained earlier, account for a large part of our external sales.

Sales were JPY1,785 million here, which was a significant increase YoY. This is because cloud service is still very strong as there are still many customers that have not introduced them, and we are supporting such customers. Also, since we have maintained a very high position as a partner of UiPath for RPA licenses, we are working together with UiPath to promote sales of RPA licenses.

Profits were down slightly YoY. However, this was due in part to investments, including the creation of new services, planning, and the creation of PoCs in the department in charge.

Indirect costs temporarily increased as a result of the promotion of research and verification activities. We are currently attempting to make good things and create new services for next year. This concludes the segment description.

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ロシア・ウクライナ紛争に端を発する物価高騰や金融市場の不透明感は懸念材料だが、顧客企業におけるIT投資需要は依然として旺盛。

- 新型コロナウイルス禍からの正常化が進む一方で、ロシア・ウクライナ紛争に端を発する物価高騰と、それらに対する各国の金融政策・財政政策の結果、金融市場の不透明感が増大し、家計消費と企業投資に極めて重大な影響を与える。
- 当社企業グループの顧客企業の一部で、IT投資を厳選または延期あるいは規模を縮小する等の動きが認められるものの、既存システムの刷新やDX推進による生産性向上を目的としたIT投資需要は依然として旺盛。

【ご参考： 景気判断の調査等】

2023年1月 月例経済報告 [2023年1月25日発表]

「景気は、このところ一部に弱さがみられるものの、緩やかに持ち直している。」旨の判断。

先行きは、ウイズコロナの下で各種政策の効果もあり、景気が持ち直していくことが期待される。

※ ただし、世界的な金融引締め等が続く中、海外景気の下振れが我が国の景気を下押しするリスク。

また、物価上昇、供給面での制約、金融資本市場の変動等の影響や中国における感染拡大の影響に、十分注意する必要あり。

2023年1月 ロイター業況判断調査 [2023年1月18日発表]

業況判断DI： 製造業は、自動車メーカーの生産調整の影響や各種のコスト上昇による収益圧迫などにより、2021年1月以来、2年ぶりにマイナスへ転換(14ポイント悪化)、非製造業も小幅悪化(5ポイント悪化)。

2023年1月 Quick短観 [2023年1月18日発表]

業況判断DI： 前月調査から3ポイント悪化のプラス8。非製造業DIは前月から7ポイント改善のプラス35の高水準。

2022年12月 日銀短観 [2022年12月14日発表]

業況判断DI： 大企業・製造業は、業況感が前回調査(9月調査)からDI+7と1ポイント悪化。多くの業種で輸入コストの増加が利益を圧迫。

大企業・非製造業は、コロナ禍の景気への下押し圧力が弱まる中、業況感が+19と5ポイント改善。コロナ前に近い水準まで回復。

全規模・全産業設備投資計画は、2022年度+15.1%。ソフトウェア投資+14.3%。

I will now explain the forecast for the fiscal year ending March 31. With regard to the economy and client business trends, the soaring prices and uncertainty in the financial markets, both triggered by the recent conflict, remain concerns, but customer demand for IT investment remains strong.

While the COVID-19 pandemic is subsiding, the uncertainty in the financial markets is increasing as a result of soaring prices borne by the Russian-Ukrainian conflict and the monetary and fiscal policies of various countries in response to these circumstances. It is honestly true that such a situation has an extremely serious impact on household consumption and business investment. It is also true that some of our customers are experiencing a considerable impact on their business performance.

However, our group covers a wide range of industries, including the three segments plus digital solutions, as I just mentioned. Even though there is a trend among some of our customers to carefully select or postpone IT investments, or scale back, in general, there is still strong demand for IT investment to revamp existing systems and to improve productivity through DX promotion. Overall, we are seeing a slight positive if we consider it on a plus/minus basis.

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[単位：百万円未満切捨]

- 2023年2月1日付で「日本ソフトウェアデザイン株式会社」[☑]を子会社化（1月30日：適時開示[☑]）した影響は軽微なため、2022年5月10日公表の2023年3月期の業績予想は変更なし。
- 今後の状況や事業動向等を踏まえ、業績予想の修正が必要となった場合には、速やかに開示。

通 期	22/03期						23/03期	
	22/2/28 予想	前年 同期比	実績	前年 同期比	達成率	22/5/10 予想	前年 同期比	
	売上高	44,000	110.8%	44,450	111.9%	101.0%	47,500	106.9%
売上総利益			8,698 (19.6%)	120.8%				
営業利益	4,440 (10.1%)	127.4%	4,457 (10.0%)	127.9%	100.4%	4,750 (10.0%)	106.6%	
経常利益	4,600 (10.5%)	112.2%	4,782 (10.8%)	116.6%	104.0%	5,150 (10.8%)	107.7%	
純利益	3,180 (7.2%)	120.7%	3,236 (7.3%)	122.9%	101.8%	3,350 (7.1%)	103.5%	
EPS 円/株	151.14		153.92			158.99		

【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。

Next is the earnings forecast.

On February 1, we made Japan Software Design CO., LTD. a subsidiary. As disclosed on January 30, sales of this company headquartered in Osaka for the last fiscal year were about JPY900 million, so we do not expect any change in the overall forecast from this matter because the sales are very minor.

As Sugiyama explained a little while ago, we will promptly disclose any revisions to the earnings forecast based on future conditions and business trends. At the present time, we expect sales and operating profit of JPY47.5 billion and JPY4.75 billion, or 10%, respectively, and ordinary profit of JPY5.15 billion. We have not revised the forecast at this time.

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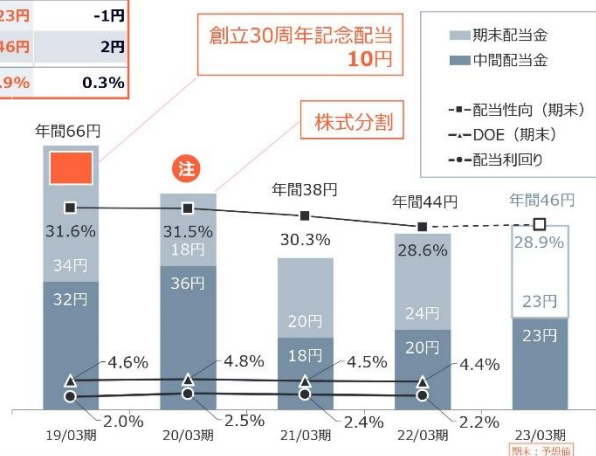
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- 株主還元方針に則った配当を継続。
- 2022年5月10日公表の2023年3月期の配当予想に**変更なし**。

	21/03期	22/03期	23/03期		
	実績	実績	実績	22/5/10 予想	増減
中間	18円	20円	23円	23円	3円
期末	20円	24円	-	23円	-1円
年間	38円	44円	-	46円	2円
配当性向	30.3%	28.6%	-	28.9%	0.3%
配当利回り	2.4%	2.2%	-	-	-
DOE	4.5%	4.4%	-	-	-
配当金の総額	798百万円	925百万円	-	-	-

[配当金の総額：百万円未満切捨]

株主還元方針	
▶	当社は株主のみならず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。

- 19/03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。

The same applies to dividends.

For the fiscal year ending March 31, 2023, we have forecasted JPY23 for the interim period and JPY23 for the year-end, for a total annual amount of JPY46, as we announced in May, and this figure remains unchanged at this time.

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ご参考  1) 連結子会社の変遷

	2019年3月期				2020年3月期				2021年3月期				2022年3月期				2023年3月期			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
クレスコ・イー・ソリューション	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
クレスコワイレス	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
アイオス <small>【※1】【※5】【※7】【※10】</small>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
クレスコ九州 <small>【※8】</small>	●	●	●	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
クレスコ北陸	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
シーズリー	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
クレスコ・デジタルテクノロジーズ <small>【※13】</small>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
メクゼス <small>【※3】【※4】</small>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
エヌシステム <small>【※14】</small>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	○	○	○	○
ネクサス <small>【※2】【※14】</small>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	○	○	○	○
アルス <small>【※6】【※14】</small>	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
クレスコ・ジェイキューブ <small>【※14】</small>	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
クレスコベトナム <small>【※9】</small>	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
エニシアス <small>【※11】</small>	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
OEC <small>【※12】</small>	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○
子会社総数	10	10	11	11	10	11	11	11	12	12	12	12	12	13	13	13	13	11	11	11

- 【※1】 2017年10月2日付で「アイオス」は「(株)アプリケーションズ」を子会社化 (当社の孫会社)
- 【※2】 2018年1月12日付で「(株)ネクサス」を子会社化
- 【※3】 2018年3月12日付で「メディア・マシック」は「メクゼス」に商号変更
- 【※4】 2018年4月1日付で「メクゼス」は「アイオス 関西営業所」を統合
- 【※5】 2018年4月1日付で「アイオス」は「アプリケーションズ」を統合
- 【※6】 2018年10月1日付で「アルス(株)」を子会社化
- 【※7】 2018年11月1日付で「アイオス」は「イーテクノ(株)」を子会社化 (当社の孫会社)
- 【※8】 2019年4月1日付で「クレスコ九州」を統合
- 【※9】 2019年9月17日付で「CRESCO VIETNAM CO., LTD.(クレスコベトナム)」を設立 (営業開始は2019年10月1日から)
- 【※10】 2019年10月1日付で「アイオス」は「イーテクノ」を統合
- 【※11】 2020年4月1日付で「(株)エニシアス」を子会社化
- 【※12】 2021年7月1日付で「(株)OEC」を子会社化
- 【※13】 2022年5月1日付で「クリエイティブジャパン」は「クレスコ・デジタルテクノロジーズ」に社名変更
- 【※14】 2022年7月1日付で「アルス」は「エヌシステム」「ネクサス」を統合

Before going to the last topic, as I mentioned earlier, the CRESCO Group had 11 consolidated subsidiaries as of the end of December at Q3 announcement, and now we have 12 from Q4 with the addition of Japan Software Design on February 1.

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ご参考 ✨ 2) 経営ビジョンと中期経営計画の詳細URL



【注】コーポレートロゴ変更に伴い、イメージ画像を変更しました。内容に変更はありません。



「経営ビジョン」の詳細
<https://www.cresco.co.jp/corpinfo/vision/>



「中期経営計画2023」の詳細
<https://www.cresco.co.jp/ir/plan.html>



Please turn to the last page. As you can see in the lower right corner of this page, although it is a little difficult to see the letters, FY2023, or the next fiscal year, will be the third year of the mid-term management plan, and as mentioned earlier, the next fiscal year will be the year in which a new plan will be formulated toward the year 2030. We will continue to grow together with the 12 group companies I introduced earlier. We hope you will continue to support us.

That is all for my presentation. Thank you for your time today.

Moderator: Thank you very much.

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Question & Answer

Moderator [Q]: Then, we will now start the question-and-answer session.

I read the first question. I would like to know in detail about how the M&A of Japan Software Design will benefit your company. Please give your explanation.

Tominaga [A]: Yes. Japan Software Design entered into the CRESCO Group on February 1. The company has roughly 100 engineers. It has a total of about 100 system engineers, mainly in Osaka, but also partly in Nagoya and Tokyo.

Our group has two sites in Osaka: Osaka Office and Mexess Co., Ltd. Together with these, the business in Osaka can expand the range of its customers.

In Osaka, the areas where this Japan Software Design specializes are financial services, including insurance. They also have expertise in areas such as development for the manufacturing industry, and we believe that we can achieve even greater synergies by combining the company with our two CRESCO Group companies.

In Nagoya, where CRESCO has its Nagoya office, there is a great shortage of engineers in the automobile development industry, including parts manufacturers in the automotive industry. We believe that the business area in Nagoya can be expanded considerably, especially for automobile manufacturers, thanks to the fact that Japan Software Design has a considerable system centering on automobiles.

We are thinking of doing the same in Tokyo, where they have a slightly smaller base and fewer people, but together, we will be able to develop new areas for our customers. That is all.

Moderator [Q]: Thank you very much. I read the next question.

What solutions in your digital solutions business are currently the mainstay of your business performance? Also, as stated in the mid-term plan, when and what kind of solutions do you plan to create in the future? Please give your explanation.

Tominaga [A]: I will explain the digital solutions business. As I explained earlier in the numbers, the two biggest digital solutions are the clouds and UiPath's RPA, which are the two that are greatly supporting the current figures.

In terms of clouds, our main focus is on AWS, but we are also gradually training engineers to work in areas other than AWS, such as Google's cloud and Microsoft's cloud, and we believe that the cloud area will continue to grow.

As for UiPath, we are now in a position as a gold partner, and we are aiming for even higher status as we are highly regarded in terms of technology, consulting, and sales. We are working to move to a higher stage and strengthen our structure. I believe that these two pillars will be able to increase their numbers a little more in the next fiscal year as well.

However, as you pointed out, it is not good for us to only work on these two areas, and we are working on and investing in new areas as well. We are now in the process of developing components for AI-based solutions, as explained in the JAL image recognition project, which will use AI to perform image recognition and voice analysis, and link them to solutions. We are currently working on the initiatives that we hope will gradually contribute to our business performance in the next fiscal year and beyond. That is all.

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Moderator [Q]: Thank you very much. I read the next question.

Although the progress of operating profit up to Q3 appears high, please let me know if there are any particular increases in expenses that you are anticipating in Q4. Please give your explanation.

Tominaga [A]: In Q4, we have not made any particularly large investments, or rather, we have not had any large expected expenses. As I mentioned earlier, we have already completed the move to a more efficient space, so there is no new investment for Q4 at the moment.

However, as I just said, we will proceed as planned to create new solutions for the next fiscal year. That is all.

Moderator [Q]: Thank you very much. I read the next question.

You mentioned a news release that you are proceeding with joint development with JAL, and I am wondering how much of an impact this will have on your company's performance. Please give your explanation.

Tominaga [A]: Thank you very much. In terms of the impact on business performance by the project with JAL, to be honest, we have yet to see a direct impact, nor an increase of several hundred million yen. We are still chicks and just starting to grow. This is not only about analyzing JAL's engine, but also, we are receiving inquiries from various other industries from a different perspective, among those who have heard this news and wondered if this could be used as an opportunity to do other things. In this respect, I feel that this is very significant news in terms of branding and advertising effects.

However, as I said at the beginning, this is not yet a story that will soon turn into hundreds of millions or something like that. That is all.

Moderator [Q]: Thank you very much.

I read the next question. You have invested in Indian business for cognavi with Forum Engineering. I would like to know in detail about your aim. Also, will you continue to actively participate in overseas business in this way in the future? Please give your explanation.

Tominaga [A]: As for cognavi, I would like to add a little supplemental explanation regarding the India business. CRESCO has a management philosophy called the CRESCO Charter, which can be found on our website. It states at the end that "CRESCO is a company that is a citizen of the world." This has been our philosophy since our founding 35 years ago.

With regards the investment in India, Forum Engineering would like to establish a corporation in India and aim for an IPO in the future, and we are of course hoping for the financial benefits from such a move. However, there are also some employees who are motivated to take on global challenges and want to be involved in this initiative, as well as some new graduates who say, "CRESCO is a company that is going to do many things on the world stage." So, we decided to take on this challenge with the aim of such effects, including development of human resources. That is all.

Moderator [Q]: Thank you very much. I read the next question.

I am sure there is some overlap with what you have explained so far, but I am asking you to tell me about your future M&A strategy. Please give your explanation.

Tominaga [A]: Regarding M&A, as for Japan Software Design, as I explained earlier, it has been much like we have recruited engineers and people to join CRESCO. I think that our M&A activities to date have been very much in this form, and I think that the overall amount of sales has increased accordingly.

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We will continue to consider M&A strategies in the re-drafting of the medium-term business plan for the next fiscal year and beyond, but it will not be limited to bringing in engineers, but we hope to find a company that can work together with us, including service-related solutions, or a company that can demonstrate synergy with CRESCO's current digital solutions and IT services. We hope to make a good match with a good company that has a good strategy, without being concerned about the number of people involved. That is all.

Moderator [Q]: Thank you very much. I read the next question.

You mentioned that IT investments continue to be strong, and I would like to ask how the situation is with regard to the availability of resources. Please give your explanation.

Tominaga [A]: I will talk about securing of resources. IT services sector is currently structured in such a way that it is necessary to secure human resources to produce products and increase sales in order to increase profits. So, securing human resources is a big issue. Frankly speaking, it continues to be difficult to attract people in Japan, especially in the Tokyo metropolitan area. In our case, we have a near-shore development system in which work is sent from the Tokyo metropolitan area to our Sapporo office and Fukuoka office.

We have a system of more than 100 people in each of the two cities, although the number is a little larger in Sapporo. In addition, we have a company in Hanoi, Vietnam, called CRESCO VIETNAM, under which we employ more than 100 Vietnamese engineers.

The other day, at the beginning of the new year, I visited the client companies in Vietnam and told the management of the clients that we would like to continue to secure resources. Since we have established a training system there, and have the Vietnamese side train their own technicians as well. So, if we communicate our technological needs in Japan, we will be able to secure engineers not only from Japan but also from Vietnam and other areas in the future. That is all.

Moderator [M]: Thank you very much. Since it seems that we have no more questions, we now conclude the question-and-answer session.

Finally, President Tominaga would like to add a few words. President Tominaga, please continue.

Tominaga [M]: Once again, thank you all very much for your valuable time today.

As I explained earlier, next fiscal year marks the end of the mid-term plan, and we have been aiming for a figure of JPY50 billion for this mid-term plan. In the next fiscal year, we will continue to manage the Company with a firm commitment to growth toward the next medium-term management plan and 2030. Also, we will provide higher value to our customers, and our employees will grow with them.

We hope to continue to receive your generous support. Thank you very much for your time today.

Moderator [M]: This concludes today's financial results briefing. Please fill out the questionnaire that will appear on the display. Thank you very much for joining us today.

[END]

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