



**CRESCO LTD.**

Q1 Financial Results Briefing for the Fiscal Year Ending March 2023

August 9, 2022

## Event Summary

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<b>[Company Name]</b>	CRESCO LTD.
<b>[Company ID]</b>	4674-QCODE
<b>[Event Language]</b>	JPN
<b>[Event Type]</b>	Earnings Announcement
<b>[Event Name]</b>	Q1 Financial Results Briefing for the Fiscal Year Ending March 2023
<b>[Fiscal Period]</b>	FY2022 Q1
<b>[Date]</b>	August 9, 2022
<b>[Number of Pages]</b>	20
<b>[Time]</b>	15:00 – 15:46 (Total: 46 minutes, Presentation: 28 minutes, Q&A: 18 minutes)
<b>[Venue]</b>	Webcast
<b>[Venue Size]</b>	
<b>[Participants]</b>	
<b>[Number of Speakers]</b>	1 Hiroshi Tominaga                      President and Executive Officer

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# Presentation

**Moderator:** Ladies and gentlemen, thank you for your patience. We will now begin CRESCO LTD.'s Q1 financial results briefing for the fiscal year ending March 2023.

Thank you very much for taking time out of your busy schedule.

Today, President and Executive Officer Hiroshi Tominaga will provide an overview of the Q1 financial results for the fiscal year ending March 31, 2023, followed by a question-and-answer session.

If you have any questions, please type your question in the box under Ask a Question and send it to us. You can submit your question during the briefing as well. Your question will be read on your behalf and answered by the Company attendee. Please note that it may be challenging to answer all questions due to time constraints.

I would now like to begin. President Tominaga, if you could kindly take the stand?

## 1 決算のポイント ✨ 1.1. 第1四半期の主な取組み

### ■ 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。
- 4月1日付で、創業以来初となる**コーポレートロゴの変更**を実施。
- 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、**当社の執行役員を本部長に据える組織改革**を実施。
- 長期ビジョン『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**。
- 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**。

### ■ 事業関連

- デジタルソリューションとしてのRPA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。
- 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。
- 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「ソーシャルトレシシステム」の販売を開始。
- 事業効率の向上を目的として、開発拠点の移転等のオフィススペース戦略の見直しを開始。

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**Tominaga:** Hello, everyone. My name is Tominaga of CRESCO LTD. This will be my first financial results briefing since assuming the position of President in April. I understand that there may be many points that are difficult for you to hear, but I would appreciate your kind understanding.

I would now like to go over the consolidated financial results for Q1 of the fiscal year ending March 31, 2023.

First, let me start with the highlights of the settlement of accounts.

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To begin with, the main initiatives in Q1 included organization and structure. As I mentioned earlier, as of April 1, Tominaga was appointed President and Executive Officer, and Mr. Nemoto, the former President, was appointed Chairman and Representative Director, thus shifting to a two-representative system.

The division of roles is as follows: I, Tominaga, will manage CRESCO LTD. on a stand-alone basis, and Nemoto will manage the 11 group companies.

Secondly, as you all may have noticed the change in the logo on top of this PowerPoint, the whole thing has changed. The corporate logo has been changed for the first time since the Company's founding. CRESCO LTD. was founded in 1988 and has been in business for 34 terms, using the blue corporate color and blue logo until last year. Toshio Iwasaki, the founder, retired from the Board of Directors at last year's shareholders' meeting, and he himself suggested that it would be a good idea to renew the corporate logo to reflect the Company's second era.

Continuing, the third point. As for the third point, for the purpose of speeding up management decision-making and implementation of measures through appropriate delegation of authority, we have nine executive officers, and we are implementing organizational reforms to assign nine of them as general managers. Until now, a director was involved in settlement of accounts, but considering efficiency, we have slightly changed the organization to speed up proposals, estimates, etc., to customers.

In order to realize the long-term vision of CRESCO Group Ambition 2030, we have established the corporate strategy division in April and the group management division in order to further demonstrate group synergy and promote the sharing of sales projects among group companies.

The content is quite similar, but in order to strengthen agile management and improve group governance, we have increased the frequency of group board meetings, and there are more than 30 group board members. Thus, to enhance this collaboration by the end of July, we held two more meetings to discuss what we should do to grow as a group.

Next, in terms of business. First, strengthening RPA as a digital solution was recognized in April as a certified reseller and gold partner of UiPath. This is the second partner, following diamond partner, to receive this certification in recognition of our technical and support capabilities.

In conjunction with this, in May, we began offering e-learning for companies that have purchased UiPath licenses, and we are creating a mechanism to provide solid support through e-learning while also delivering the product to customers.

Subsequently, we encourage self-study in technology, quality, and business transformation to raise the bottom line and create business opportunities. This is one of the messages I sent out when I became the President in April: make time for all employees to study, prepare content in-house accordingly, and encourage employees to study not only technology and quality but also businesses.

Next is our subsidiary, CRESCO Digital Technologies Ltd., which sells social toilet systems that incorporate the Company's IoT functionality. This is mainly for public restrooms, so we have created and are selling a new type of restroom for public restroom operators and tourism businesses, which will connect information that will lead to the cleaning of public restrooms and also visualize and consolidate information that will lead to attracting more tourists.

Lastly, intending to improve business efficiency, we have also begun to review office space strategy, including relocation of development sites. CRESCO LTD. moved to the Shinagawa head office in 2004, and since then, we have not made any major renovations, especially in the business divisions, but we have completely changed to a free address system; hence even executive officers do not have fixed seats, and we have

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considerably expanded the space for web conferencing and remote work to improve space efficiency. The same changeover to remote work-compatible spaces has been implemented at all group companies.

## 1 決算のポイント 1.2. 売上高・利益

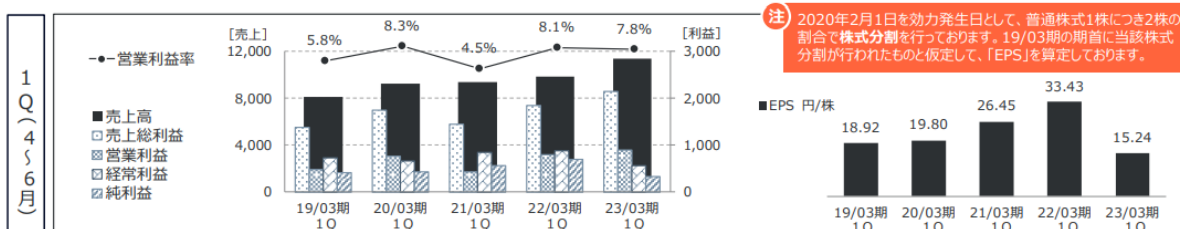
【注】（ ）内の数字は各々の利益率を表します。  
【注】「純利益」は「親会社株主に帰属する当期(四半期)純利益」です。

[単位：百万円未満切捨]

- 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。業種別に濃淡はあるものの、主要顧客を中心に売上が増加。15.3%の二桁増収。
- 営業利益は、11.6%の増益となるも、不採算案件の発生等により、営業利益率は7.8%（前年同期8.1%）。
- 経常利益は、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）484百万円を計上し、減益。

売上高	...	15億11百万円	↑
		(前年同期比 15.3%↑)	
営業利益	...	92百万円	↑
		(前年同期比 11.6%↑)	
経常利益	...	3億20百万円	↓
		(前年同期比 36.2%↓)	
純利益	...	3億82百万円	↓
		(前年同期比 54.4%↓)	

1 Q 累計		21/03期	22/03期	23/03期	前年同期比	対2Q累計進捗率	2Q累計 業績予想	
							22/5/10 予想	前年同期比
	売上高	9,404	9,870	11,381	115.3%	49.8%	22,840	108.4%
	売上総利益	1,451 (15.4%)	1,849 (18.7%)	2,148 (18.9%)	116.2%			
	営業利益	426 (4.5%)	799 (8.1%)	891 (7.8%)	111.6%	42.7%	2,090 (9.2%)	103.6%
	経常利益	847 (9.0%)	883 (9.0%)	563 (4.9%)	63.8%	24.1%	2,340 (10.2%)	105.2%
	純利益	555 (5.9%)	702 (7.1%)	320 (2.8%)	45.6%	22.6%	1,420 (6.2%)	88.4%
	EPS 円/株	26.45	33.43	15.24			67.49	



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Next, let's look at the most significant part of this briefing, sales, and profit.

Demand for IT investment to improve productivity through DX promotion continues to appear strong. Although there are shades of gray when viewed separately by industry, sales increased mainly with our significant customers, ending the year with a double-digit sales growth of 15.3%.

Operating profit increased by 11.6%, but there were some unprofitable projects, which slightly lowered the operating profit margin compared to last year, as shown in the bottom graph.

As for operating profit, in addition to the investment mentioned earlier, in terms of investment in space and human resources, 180 new employees joined the Group as a whole in April, and those costs are included as we have already intensively conducted training from April to June in the form of a comprehensive educational institution.

Lastly, ordinary profit. This is a very unfortunate and noteworthy point, but the Company posted JPY484 million in non-operating expenses for valuation losses on derivatives related to financial instruments held by the Company, which ultimately resulted in a decrease in ordinary profit.

As summarized in the upper right square, net sales increased JPY1.511 billion, an increase of 15.3% YoY, and operating profit was JPY 92 billion, an increase of 11.6% YoY. Ordinary profit ended at JPY320 million, which decreased 36.2% YoY. Net profit was also negative. Please refer to the graphs and tables below for numerical data.

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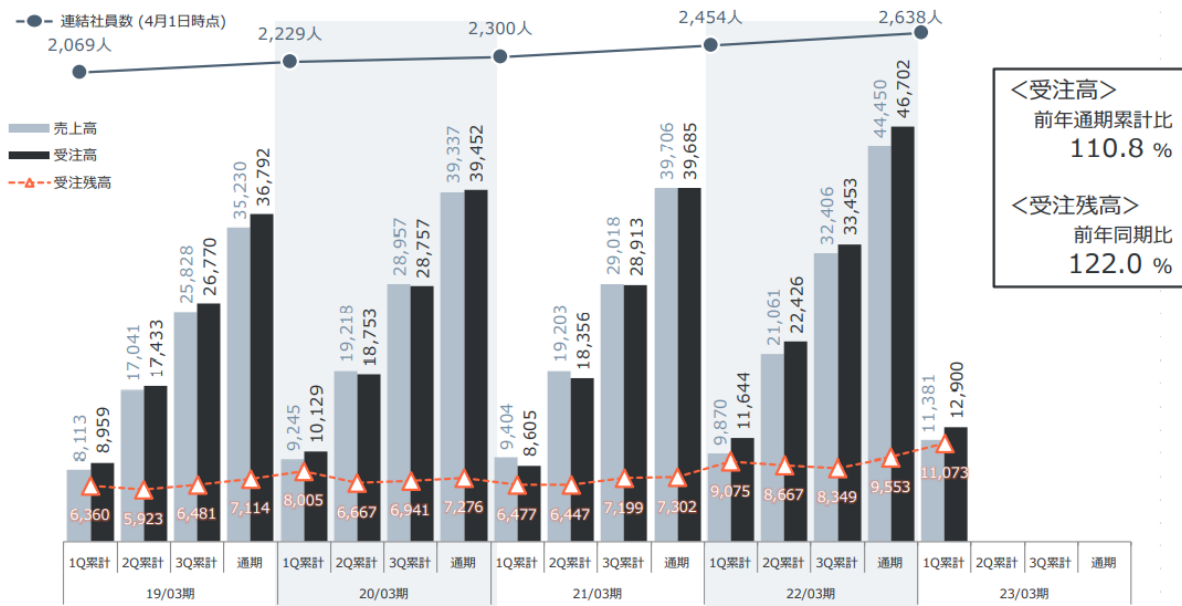
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# 1 決算のポイント 1.3. 受注高・受注残高

[単位：百万円未満切捨]

- 受注高と受注残高は、業種別に濃淡はあるものの、順調に推移。
- 企業のDX推進や経済活動正常化に向けた動きが、ビジネスを後押し。



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Continuing, the new orders received.

New orders, as mentioned earlier, have been very steady, although there are some shades of gray by industry sector. The DX promotion of business and economic activity is normalizing. From April to June, we also saw a trend that the COVID-19 sixth wave, in particular, was calming down, so the situation is that the movement towards normalization was boosting business from April to June.

New orders received increased by more than 10% compared to the same period last year, and the order backlog was more than 20% higher than last year. Overall, customers continue to be firm.

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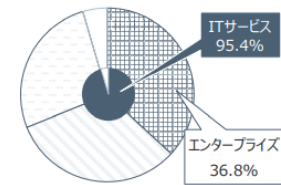
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1 決算のポイント **1.4. セグメント別売上高・利益 [ITサービス事業：エンタープライズ]**

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	エンタープライズ 情報・通信、広告、流通サービス、運輸、 人材紹介・人材派遣、公共、資源・エネルギー、 建設・不動産、旅行・ホテル、医療・ヘルスケア、その他

<セグメント別の売上高比率:1Q(4~6月)>



1Q累計

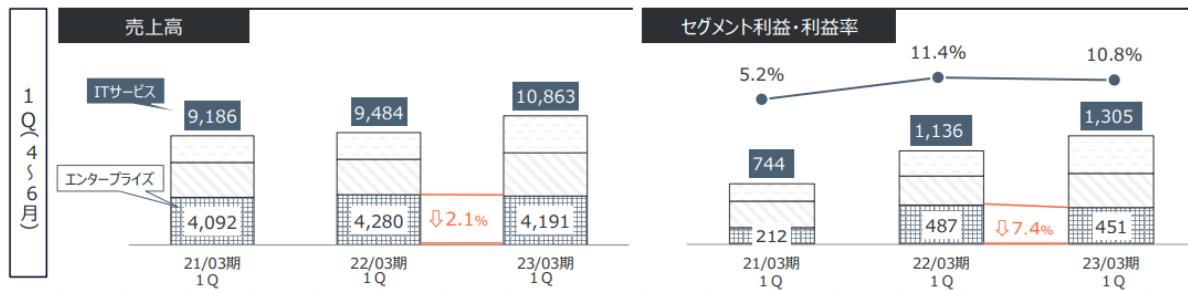
■ **売上高：41億91百万円（前年同期比 2.1%↓）**

「流通サービス」「建設・不動産」分野において新規案件を獲得できたものの、「人材紹介・人材派遣」「運輸」等の分野で、大型案件の収束や一部不採算案件の発生に伴う営業機会のロスが発生。

■ **セグメント利益/利益率：4億51百万円/ 10.8%（前年同期比 7.4%↓）**

売上高の減少と同様の理由。

[単位：百万円未満切捨]



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I would like to go over each individual segment.

By segment, I will first explain what we call enterprise in the IT services business.

Enterprise is a bit confusing, but we classify all other areas, except for manufacturing and financial services, as enterprise. As mentioned in the sub-segments above, we have sub-segments such as information and communication, advertising, distribution services, transportation, placement and dispatching, public services, resources and energy, construction and real estate, travel and hotels, and medical and healthcare, which are grouped together as enterprise.

Net sales were JPY4.191 billion, down by 2.1%. This is because the distribution services and construction and real estate sectors are growing due to the acquisition of new projects. In the case of distribution services, we have acquired new systems for retail and food chains. However, there was a convergence of some large projects in the areas of placement and dispatching and transportation. That said, although we are now at the conclusion of a large-scale project, it is fine to understand that we are now at the point in the process where the downstream process has been completed, and we are currently engaged in the upstream process and inquiries for the next project.

The placement and dispatching and transportation industries are also very active customers, and their appetite for IT investment is strong, so we are now in a situation of a slight convergence. We are also experiencing some unprofitable projects, which are leading to the loss of sales opportunities. The situation is that we have had several cases where we have had to allocate resources to recover from quality issues.

Segment income decreased slightly for the same reason as for sales. However, as you can see in the bar graph of net sales shown below, the enterprise business was down 2.1%, but other businesses increased in finance

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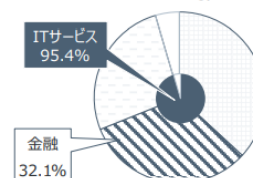


and manufacturing. Nonetheless, we have shifted some of its internal resources to finance and manufacturing during this fiscal year and took measures to increase overall sales.

## 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：金融]

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:1Q(4~6月)>



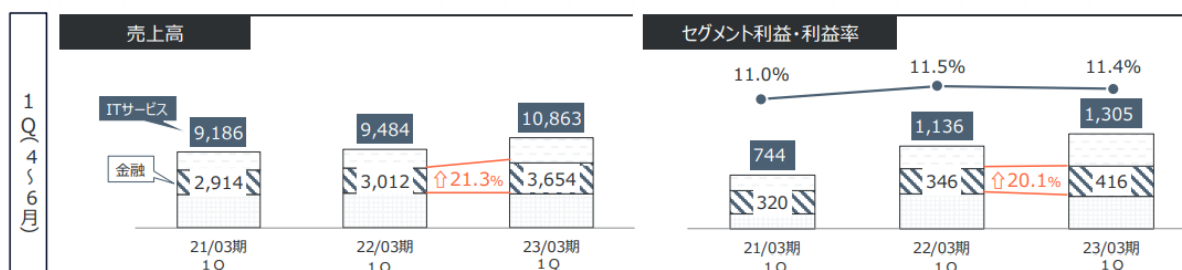
### ■ 売上高：36億54百万円（前年同期比 21.3% ↑）

当社における「銀行」「保険」分野での基盤構築・移行案件の増加と連結子会社における証券・カード等「その他」分野での案件増加。

### ■ セグメント利益／利益率：4億16百万円／11.4%（前年同期比 20.1% ↑）

売上高の増加と同様の理由。

[単位：百万円未満切捨]



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Continuing in the area of finance.

Banking and insurance are prevalent in the financial sector at CRESCO LTD. Net sales totaled to JPY3.654 billion, an increase of 21.3% from the same period last year.

The number of infrastructure construction and migration projects in the banking and insurance sectors increased. This is because, in the fields of banking and insurance, there are many fairly large systems, and there are many systems that have many old on-premises servers, but since they are moving to the cloud, we had several projects running in parallel, which were fairly large-scale cloud migrations. These have led to a considerable increase in overall sales.

In addition, the number of projects in other areas, such as securities and cards at consolidated subsidiaries, is increasing.

In the financial sector, we are also in charge of online securities, online life insurance, etc. In these fields, cloud migration is, of course, progressing, but our clients are also taking on the challenge of growth and new business strategies in other new technological fields, and we are providing support for these as well.

Segment profit increased for the same reasons as for net sales.

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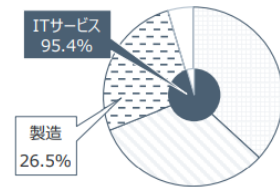
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1 決算のポイント **1.6. セグメント別売上高・利益 [ITサービス事業：製造]**

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:1Q(4~6月)>



1 Q 累計

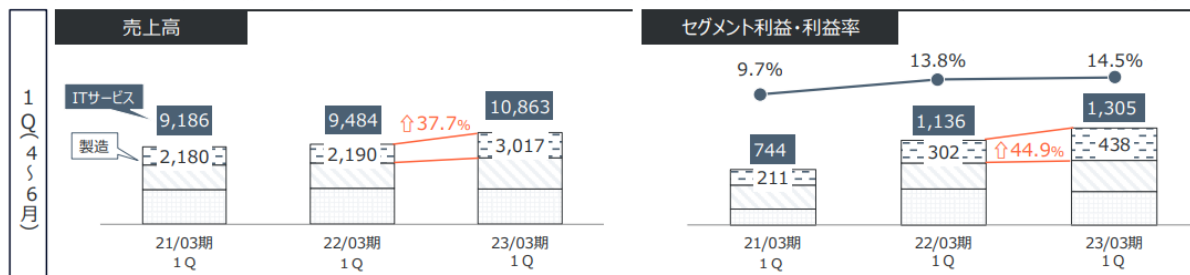
■ **売上高：30億17百万円（前年同期比 37.7% ↑）**

当社における「機械・エレクトロニクス」「自動車・輸送機器」分野での新規顧客からの受注や先行投資案件の増加、および「(株)OEC」の連結効果。

■ **セグメント利益/利益率：4億38百万円 / 14.5%（前年同期比 44.9% ↑）**

売上高の増加に加え、前年同期に連結子会社で発生していた不採算案件が解消。

[単位：百万円未満切捨]



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Next, we move to the manufacturing page.

In terms of manufacturing, we have a large number of automotive, transportation equipment, machinery, and electronics subsegments.

As mentioned below, the growth rate is substantial, but the effect of adding a consolidated subsidiary is also very large.

This area is very much involved in the development of machinery, electronics, digital TVs, IoT products, and digital cameras in our company. With regards to automobiles and transportation equipment, the automobile is the car itself, but for transportation equipment, we have a subsidiary that is in charge of railroad systems, and we are very rapidly expanding in that field.

We have been able to expand horizontally and receive orders from new customers. In terms of prior investment projects, the field of embedded security, which has been making a lot of noise recently, is attracting a great deal of attention from our customers, and we see an increase in the number of projects in the security field.

As mentioned earlier, OEC Ltd became a consolidated subsidiary from Q2 of last year on July 1. Thus, the results for Q1 show this level of growth compared to the same period last year.

In addition to the sales increase mentioned above, unprofitable projects that had occurred in the same period of the previous year at other consolidated subsidiaries were resolved, and these projects also boosted segment profit.

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## 1.7. セグメント別売上高・利益 [デジタルソリューション事業]

セグメント	事業	<セグメント別の売上高比率:1Q(4~6月)>
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 アンテーション: AI関連サービス 教育・セミナー: AI、クラウド、RPAなど	デジタルソリューション 4.6%

1  
Q  
累  
計

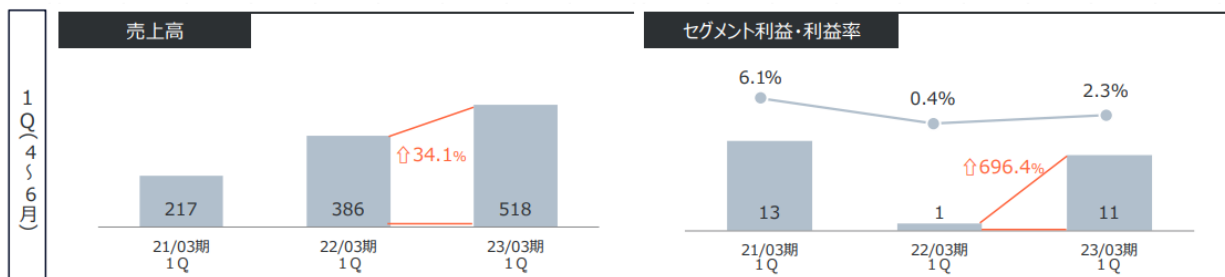
### ■ 売上高: 5億18百万円 (前年同期比 34.1%↑)

主クラウドサービスである「Creage」とRPAライセンスの販売が増加。

### ■ セグメント利益/利益率: 11百万円/2.3% (前年同期比 696.4%↑)

デジタルソリューションの組織体制拡大によるコスト増加はあったものの、上記の売上高の増加により当該コスト増を十分に吸収。

[単位: 百万円未満切捨]



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Next is the digital solutions business. This is a separate area from our IT services.

I will read the explanation at the top. Digital solutions, as defined by COVID-19, is a group of solutions consisting of products and services that help customers realize DX. It is in the form of carrying quite a variety of services.

Creage is a related service of the cloud. UiPath, which I mentioned earlier, is a related service for RPA. The annotation also holds AI and other education and seminars for customers, including AI, cloud computing, and RPA, and we provide educational support to customers.

Sales are still small as a percentage of total sales but are JPY518 million; they are, of course, up from the previous year. Sales of Creage, our mainstay cloud service, and RPA license sales increased.

RPA is also a system that visualizes the customer's operations and improves operational efficiency, so we are receiving very strong inquiries from customers, and we feel that RPA will continue to be very effective as a tool for reforming the customer's industry itself.

In terms of segment profit, although it is not vast, it is steadily growing. For digital solutions, we expanded our organizational structure in April, which increased costs, but sales were sufficient to absorb the increase, and we managed to generate a profit in the situation. However, the profit margin is still low, so we need to take various measures to improve profitability and take on new solutions to sell more efficiently to our customers going forward.

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新型コロナウイルス禍やロシア・ウクライナ紛争、円安は懸念材料だが、影響は限定的。  
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感染症の脅威が一段落し、飲食/レジャー/観光/航空/陸運等の産業に需要回復の兆し  
が認められた半面、ロシア・ウクライナ紛争に端を発する物価高騰や人件費の上昇圧力、円安の急速な進行  
など、家計や企業の消費動向に悪影響を与えかねない事象が複数発生。
- 当社企業グループの顧客企業においては、投資を厳選する動きが一部で認められるものの、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、引き合いは堅調に推移。

【ご参考： 景気判断の調査等】

2022年7月 月例経済報告 [2022年7月26日発表]

「景気は、緩やかに持ち直している。」旨の判断。新型コロナ感染拡大後、初めて上向きに修正。

先行きについては、感染対策に万全を期し、経済社会活動の正常化が進む中で、各種政策の効果もあって、景気が持ち直していくことが期待される。

※ ただし、世界的に金融引締めが進む中で金融資本市場の変動や原材料価格の上昇、供給面での制約等による下振れリスクに十分注意する必要がある。

2022年7月 Quick短観 [2022年7月15日発表]

業況判断DI： 7月の製造業はプラス10(8ポイント悪化) 2カ月ぶりの悪化。全産業はプラス22(2ポイント悪化)。

2022年7月 ロイター業況判断調査 [2022年7月13日発表]

業況判断DI： 7月の製造業DIがプラス9と前月から横ばい、非製造業はプラス14と1ポイント改善。

製造業は旺盛な需要がある半導体関連が堅調だが、多くの業種が原材料・エネルギー価格上昇の影響を受けている。

非製造業は物価高の影響が懸念される中、緩やかな回復にとどまっている。

2022年6月 日銀短観 [2022年7月1日発表]

業況判断DI： 大企業・製造業は、プラス9と5ポイント悪化、非製造業はプラス13で4ポイント改善

再び増加の兆しが見える新型コロナウイルス感染者数の動向に加え、ロシアのウクライナ軍事侵攻の行方、

エネルギー価格・食品価格の高騰、電力不足問題、米国など海外景気の悪化懸念などが、先行きの景況感に影響。

Now I would like to go over a little about the outlook for the fiscal year ending March 31, 2023.

These are trends in the economy and client companies.

As I mentioned earlier, during the period from April to June, the sixth wave of COVID-19 dropped a bit graphically, and with my appointment as the President, we had a lot of face-to-face meetings with our customers and increased opportunities for communication. In general, the information we have received from our customers in the US and Europe indicates that COVID-19, the Russian-Ukrainian conflict, and the depreciation of the yen are still a concern, but the impact appears to be limited. We now feel that demand for IT investments by our clients remains strong.

We are already seeing a trend among our clients' industries and sectors to use IT as a weapon for survival as if they cannot survive in their respective industries unless they promote DX.

Below that the first point. While the threat of COVID-19 has subsided and signs of demand recovery were observed in the food and beverage, leisure, tourism, aviation, land transportation, and other industries, several events occurred that could adversely affect household and business consumption trends, including price hikes triggered by the conflict in Russia and Ukraine, upward pressure on labor costs, and the rapid depreciation of the yen.

Some of our corporate group's client companies are becoming more selective in their investments. To be honest, since the start of the seventh wave, there has been some talk of postponing the start of the travel industry, but I believe that we will be able to bring positive results for other customers as a whole.

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Demand for IT investments to revamp existing systems and to improve productivity through DX promotion remains strong, and inquiries are continuing to be firm, a situation mentioned earlier that I feel is reflected in the order backlog.

## 2 2023年3月期の見通し 2.2. 業績予想

[単位：百万円未満切捨]

- 2022年5月10日公表の、2023年2Q連結累計期間および通期の連結業績予想に変更なし。
- 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。

2 Q 累 計	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	20,500	106.8%	21,061	109.7%	102.7%	22,840
売上総利益			4,071 (19.3%)	125.1%			
営業利益	1,720 (8.4%)	125.8%	2,017 (9.6%)	147.6%	117.3%	2,090 (9.2%)	103.6%
経常利益	1,900 (9.3%)	103.0%	2,223 (10.6%)	120.5%	117.0%	2,340 (10.2%)	105.2%
純利益	1,380 (6.7%)	105.5%	1,606 (7.6%)	122.8%	116.4%	1,420 (6.2%)	88.4%
EPS 円/株	65.65		76.44			67.49	

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
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			159.22	

[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。

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This is a forecast of the business performance.

This is the same as the consolidated earnings forecast announced on May 10, 2022, for the Q2 consolidated cumulative period and the full-year consolidated earnings forecast for FY2023. If revisions become necessary in light of future conditions, business trends, etc., we will, of course, disclose them promptly.

As mentioned earlier, we are receiving steady orders in our core business area, raising operating profit, so we do not see any issues. This time, we have a large negative figure in the derivatives section. In the derivatives operation section, I have written a little in the quarterly report, but in the operation section, the figure is temporarily JPY1.34 billion for the derivatives products of JPY1.9 billion at the end of the fiscal year ending June 30, so the figure is a negative JPY560 million.

However, this derivative management instrument is estimated with the temporary US stock price at the end of June, and the market value is evaluated at the end of each month while the Board of Directors and others discuss the issue. We are now seeing that the end of June was the bottom of the market, so we are also seeing a slight recovery trend in July, and finally, at the end of Q2, we believe that we will be able to achieve this total figure with a positive operating profit and a slight recovery of the negative derivatives.

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## 2 2023年3月期の見通し 2.3. 配当予想

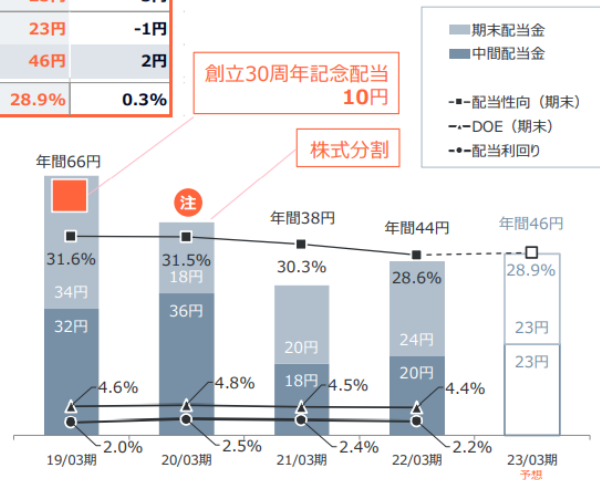
- 株主還元方針に則った配当を継続。
- 2022年5月10日公表の、2023年3月期の配当目標「**2円増加 46円**」に変更なし。

	20/03期	21/03期	22/03期	23/03期	
	実績	実績	実績	22/5/10 予想	増減
中間	36円	18円	20円	23円	3円
期末	18円	20円	24円	23円	-1円
年間	<b>注</b>	38円	44円	46円	2円
配当性向	31.5%	30.3%	28.6%	28.9%	0.3%
配当利回り	2.5%	2.4%	2.2%		
DOE	4.8%	4.5%	4.4%		
配当金の総額	750百万円	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いません。
- ▶ 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**を目標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。

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Lastly, regarding the dividend forecast, which is also the same as the previous forecast, we have not changed our previous forecast of an increase of JPY2 totaling to JPY46, or JPY23 each for H1 and H2, the interim and the year-end. As last year was JPY44, we are considering JPY46 for this fiscal year, with no change in the dividend forecast.

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## 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	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●			
クレスコワイヤレス	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●			
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	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●			
ネクサス <small>【※2】</small>	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●			
アルス <small>【※6】</small>	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○			
クレスコベトナム <small>【※9】</small>	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○			
エニシアス <small>【※11】</small>	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○			
OEC <small>【※12】</small>	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○			
<b>子会社総数</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>			

【※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・マジック」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「イーテック(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「イーテック」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

Last but not least, I would like to add one more thing.

Consolidated subsidiaries, I think I mentioned the 11 companies earlier, but on July 1, we integrated N-System, Nexus, and Ars, which are a bit down the middle, into a new company named CRESCO J CUBE CO., LTD, which was launched on July 1 after the business integration.

We have started with 11 group companies since Q2 as we are reorganizing in order to improve management efficiency and to face customers in a larger volume.

That concludes my presentation for today. Thank you very much for your attention.

**Moderator:** Thank you very much.

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## Question & Answer

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**Moderator [Q]:** Now, I would like to open the floor for questions.

Please send us your question by text from the box under Ask a Question on the screen. We will read your question on your behalf, and a company representative will respond to you.

Now, please kindly send us your questions.

Now for your first question.

I am sure that you have gained a new perspective on your company since assuming the position of President in April, but I would like to ask you what you feel are the most significant issues facing your company at this time.

Appreciate your input.

**Tominaga [A]:** I think your question is about the challenges I feel most since assuming the position of President in April.

I joined CRESCO LTD. in 1990 as a system engineer and have worked my way up to my current role.

I still feel the importance of human resources in the field is paramount. It goes without saying that we will improve our technical capabilities, but as I mentioned earlier, the business sense, what kind of business customers should move towards, and how CRESCO LTD. should contribute to that. However, I feel that we must strengthen ourselves, which includes the education and recruitment of human resources.

Is this okay?

**Moderator [Q]:** Thank you very much.

Going on to the next question.

What was the profit impact of the unprofitable projects? Also, is the case already in the process of being settled? Or is this something that will continue for some time until the delivery date?

Appreciate your advice.

**Tominaga [A]:** Regarding the unprofitable projects, they are already closed as of now. The amount was not that large, and when I say not that large, I mean that we were able to close the deal and deliver it to the client with a negative value of several tens of millions in yen. There are no other ongoing unprofitable projects at this time.

That will be all.

**Moderator [Q]:** Thank you very much.

Going on to the next question.

I have a question regarding the valuation loss on derivatives and what is the reason for the operation.

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Please kindly advise.

**Tominaga [A]:** I think your question is directed to the derivatives operation.

CRESCO LTD. has decided on a policy of investing only within the limits of surplus funds. We have been continuously purchasing some of these derivative-based products for several years. As you can see from the 10-year average, we have been investing our surplus funds in the form of an increase of approximately JPY300 million every year, and we continue to do so for the reason of accumulating these funds and using them for M&A, as mentioned earlier.

Is this okay?

**Moderator [Q]:** Thank you very much.

Going on to the next question.

You mentioned that there are shades of gray by industry in the Q1 orders, but we are wondering if you could explain what exactly the situation is by industry.

Please kindly advise.

**Tominaga [A]:** I think your question is about the status of orders by industry.

As I mentioned earlier, the travel business showed some signs of recovery in Q1, April to June, but CRESCO LTD. is also involved in system development for businesses such as Go To Travel, which I am not sure if you are familiar with. We were beginning to see prospects for system development that would lead to the next phase of the project, but the seventh wave of COVID-19 has caused us to postpone it for a little while. The situation is such that orders are being extended ahead in units of six months postponement.

As I mentioned earlier, we are seeing a steady movement toward new investment in the human resources and transportation sectors, and we are seeing a solid trend toward systemization and a firm commitment to new investment over the next year or two to ensure survival.

As for embedded systems, I think it involves the development of EVs, especially cars, and I am also very fond of cars, but I feel that digital meter systems are impressive in any car. When you get into a car, you no longer see meters like in the past but cars with several iPads like screens in a row. So, I now feel that the only negative aspect is still the travel, and the rest is quite positive.

That is all.

**Moderator [Q]:** Thank you very much.

Going on to the next question.

Personnel expenses, including bonuses, have been rising in SG&A. Is this a strategy to secure investment and training in human resources? Are we correct in assuming that this trend will continue?

Please kindly advise.

**Tominaga [A]:** You mentioned that personnel expenses have ballooned in SG&A expenses. As I explained earlier, we have slightly increased the number of personnel in the administrative division this fiscal year, including the establishment of the corporate strategy division and the division that oversees the Group.

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The rest are sales related. In order to strengthen the digital solutions sector, we have increased the number of sales personnel who are capable of pre-sales and technical sales.

However, since this is an investment that is moving forward, it does not mean that it will continue to increase next year, and we are investing in human resources this fiscal year with the expectation that this investment will be converted into sales.

That is all.

**Moderator [Q]:** Thank you very much.

Going on to the next question.

Regarding the contents of the derivative product, what is the high correlation with a published index, such as the SP500 in the US or some other index?

Please kindly advise.

**Tominaga [A]:** Your question is about the specifics and correlation of derivative products, but I am sorry, I cannot answer this area professionally.

**Moderator [Q]:** Thank you very much.

Going on to the next question.

Following the production of the IT services business, you mentioned that orders from new customers and upfront investment projects increased. What was the percentage of sales from new customers? Also, please tell us what the upfront investment projects are and what percentage of sales they represent.

Please kindly advise.

**Tominaga [A]:** The percentage regarding new customer orders in the manufacturing sector of the business is still very small. I think the total is about to reach a billion. However, in the form of new orders from excellent customers and manufacturers that you all know, we are feeling very excited internally, and in the future, there will be not one but several companies. We believe that new core customers will emerge from those areas.

Also, regarding the content of upfront investment, as I mentioned earlier, there are group companies in terms of embedded security, where customer needs are very high, but the Group companies have very high-security companies. That said, we are in a situation where we are forming a team with them to teach our customers the knowledge of COVID-19, hopefully leading to new orders.

That is all.

**Moderator [Q]:** Thank you very much.

Going on to the next question.

In the digital solutions business, you mention that costs have increased due to the expansion of the organizational structure, but I was wondering what kind of organizational structure and how many people are in the digital solutions business.

Please kindly advise.

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**Tominaga [A]:** I think your question is about the organizational structure and number of people in the digital solutions business.

As for digital solutions, we have less than 30 employees, I think about 25 people. We have created a division with a rather long name, the business enablement services division, and assigned a full-time executive officer there. Under this division, we have created a department called the DX division, which is divided into two sectors: a pre-sales sector and a technical sector, which provides services to customers.

We have about 25 people, and although we are not an organization that will grow in proportion to sales, we do believe that we need to add a few more people and expand the range of our solutions.

That is all.

**Moderator [Q]:** Thank you very much.

We will continue to take your questions, so if you have any other questions, please kindly send them.

Going on to the next question.

Please elaborate on your M&A strategy, including what areas you are focusing on.

Please kindly advise.

**Tominaga [A]:** Regarding M&A strategies, the 11 companies that were listed earlier are almost all in the same industry and business category but have a slightly different range of customers. Of course, such M&A is necessary.

I think it is necessary to expand the range of our customers, but as I mentioned earlier, digital solutions is a business model that does not require human intervention, and this is something that will be emphasized going forward. One strategy is to M&A a company that can provide a solid digital solution.

We would also like to increase the power of CRESCO LTD. as a whole by adding companies that offer cutting-edge technologies, especially AI and cloud computing, to our team, even if they are small.

That is all.

**Moderator [Q]:** Thank you very much.

Since it appears that the questions have run their course, we will now conclude the question-and-answer session.

Finally, President Tominaga would like to make a few remarks. President Tominaga, if you would please.

**Tominaga [M]:** This is Tominaga. Thank you very much for taking time out of your busy schedule to attend today's briefing. CRESCO LTD. Has entered the second year towards the big dream for Ambition 2030. I, along with the executive officers and our young employees, are determined to move forward to make this big dream a reality. I hope you will continue to support CRESCO LTD.

Thank you very much for your time today.

**Moderator [M]:** With this, I would like to conclude today's financial results briefing. Thank you very much for your kind attention till the end.

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[END]

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4. *This document has been translated by SCRIPTS Asia.*

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