



CRESCO LTD.

Financial Results Briefing for the Fiscal Year Ended March 2023

May 11, 2023

Event Summary

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[Venue Size]	
[Participants]	
[Number of Speakers]	1 Hiroshi Tominaga President and Executive Officer

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Presentation



Moderator: Now, let's all get started. We would like to begin Cresco Ltd.'s financial results presentation for the fiscal year ending March 2023. Thank you very much for participating.

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

Now, let's begin. President Tominaga, please go ahead.

1 決算のポイント 1.1. 2023年3月期の主な取組み①

■ 組織および体制関連

- 2022年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**。
-  グループでの人材・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、2022年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。
-  2023年2月、大阪・東京・名古屋の三大都市圏に拠点を持つソフトウェア開発会社「**日本ソフトウェアデザイン(株)**」の全発行済株式を取得し、連結子会社化。

Tominaga: Hello, everyone. I am Tominaga of Cresco. Thank you very much for attending Cresco's presentation today amidst the busy schedule when various companies announce their financial results. Now, I will explain the fiscal year ending March 2023.

First, let's start with the key points of the financial results. Regarding the main efforts we're implementing for the organization and structure of the Company, I was appointed President and Executive Officer in April 2022, and former President Nemoto became our chairman, resulting in the transition to a two-representative system.

With the CRESCO Group Ambition 2030 planned, we have changed our corporate logo to the orange logo, as you can see on the upper left of this page. And we are making a new start.

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The Group general division has been established to realize the CRESCO Group Ambition 2030 and to achieve group synergy with the corporate strategy main division, promoting the sharing of sales projects among the 12 group companies.

We have also implemented organizational reforms to place all of our executive officers as general managers, with the aim of speeding up management decision-making and implementation of measures through the appropriate transfer of authority.

To strengthen flexible management and improve group governance, we have increased the number of group directors' meetings, bringing together all directors of the 12 group companies several times a year for discussions through communication.

Cresco J-Cube was reorganized as a new company by merging three consolidated subsidiaries, Ars, N-System, and Nexus on July 2022.

This was started for the purpose of effectively utilizing human resources and management resources, as well as generating synergy effects within the Group. Although it's been slightly short of a year since we started, its effects are paying off quite well and contributing well to the Company's performance.

You can see the JSD mark here. In February, we acquired all shares of Japan Software Design, which has offices in the three major metropolitan areas of Osaka, Tokyo, and Nagoya, making it a consolidated subsidiary. The Group is also being firmly reinforced.

1 決算のポイント ✨ 1.1. 2023年3月期の主な取組み②

■ 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。

【RPA】

- 2022年 4月 UiPath社の認定リセラー「ゴールドパートナー」に認定。
- 2022年 5月 UiPathライセンス購入企業向けにe-Learningの提供を開始。
- 2023年 3月 「ダイヤモンドパートナー」に認定。

※ ダイヤモンドパートナー … ビジネスパートナーの中で最も高い技術力とサポート力を有し、UiPath製品の導入支援・販売実績の豊富なパートナーに対して認定されるもの。

【クラウド、DX領域】

- 2022年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」の「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。



I will continue with some business-related topics.

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We are very much strengthening the field of digital solutions and are taking various measures to strengthen our digital solutions business by expanding our business lineup in the areas of RPA, cloud computing, and DX.

First of all, regarding the RPA, we were certified as a Gold Partner of UiPath in April of last year. Afterward, we spent a year engaging in various activities and started offering e-Learning and other services in May. As a result, we were promoted to Diamond Partner in March, just two months ago, in recognition of our sales performance and activities.

UiPath's Diamond Partner is the highest level among their partner licensing. The Diamond Partner acquisition will further allow us to bolster our sales this FY2023.

For the cloud and DX areas, we were certified as a solution provider for the Public Sector Partner Program of AWS Amazon Web Services last fall in October. Thanks to this, we have gained access to bidding on public projects while adding credit to our past work.

We have released an iOS version of Intelligent Folder, a high-capacity file-sharing service. We have also started DX training services to develop DX human resources for companies, as you can see with the image in the lower right-hand corner.

This is an opportunity for our clients to receive our training services and then consult with us on various IT issues. We are gradually gaining experience by acquiring new customers through these activities.

1 決算のポイント ✨ 1.1. 2023年3月期の主な取組み③

■ 事業関連

- 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
 - 2022年 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。
 - 2022年 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。
 - 2022年11月 (株)フォーラムエンジニアリングのエンジニア専門人材サービス「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。
 - 2022年12月 日本航空(株)と医療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。
 - 2023年 2月 J R九州ホテルズ(株)と共同で数理最適化手法を用いたホテル部屋割り最適化の実証実験を行い、部屋割り最適化ツールのプロトタイプを開発。
- 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に継続して取り組み、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 business-related topics.

First, I will explain cyber-attacks, image recognition AI, machine learning, capital and business alliances, and so on. Although we have announced all the details, in August 2022, we launched a product called Managed

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Security Service for SIEM, which detects and analyzes signs of cyber-attacks and provides countermeasure support by experts.

In September, we acquired a patent for an information processing device, method, and program that visualizes the basis of image classification results through image recognition AI.

In November, although this may be a different company, a highly valued customer of ours called Forum Engineering Inc. started a human resource service specializing in engineers called Cognavi. We developed this with Forum Engineering.

We have finalized a basic agreement for a capital investment to establish an Indian corporation for global expansion of this company. This was about six months ago and we have gone through various procedures to start from this Q1.

Also in December, we announced with Japan Airlines regarding an internal inspection tool for aircraft engines that utilizes image recognition technology with medical AI. In other words, we announced a lateral development of the technology used for image recognition with medical AI and use images to determine if the engine is functioning properly.

In February, we conducted a joint validation test with JR Kyushu Hotels for optimizing hotel room allotment using mathematical optimization methods and developed a prototype of a room allotment optimization tool.

This is also a solution that we worked on with other hotels several years ago, which we have newly upgraded for JR Kyushu Hotels and are currently conducting validation tests with them.

We also encourage self-learning relating to technology, quality, and business transformation to raise the level of our business and create business opportunities. We are also continuing our technology evangelist activities, creating opportunities for several of our specialists to teach at universities and technical colleges and aggressively promote human-oriented management.

Fortunately, this has led to secondary effects where students who have taught at these places and joining our company as new graduates are gradually increasing.

Our subsidiary, Cresco Digital Technologies, is co-developing and selling a social toilet system using IoT functions with other companies.

Another subsidiary, Cresco e-Solution, has renewed a migrating service to SAP's S/4HANA, called MOA.

Cresco Vietnam, a subsidiary of Cresco, has also started selling the latest POS system for the Vietnamese food delivery market.

Lastly, the entire group is promoting the review of office space at its offices and development sites to improve business efficiency.

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1 決算のポイント 1.2. 売上高・利益

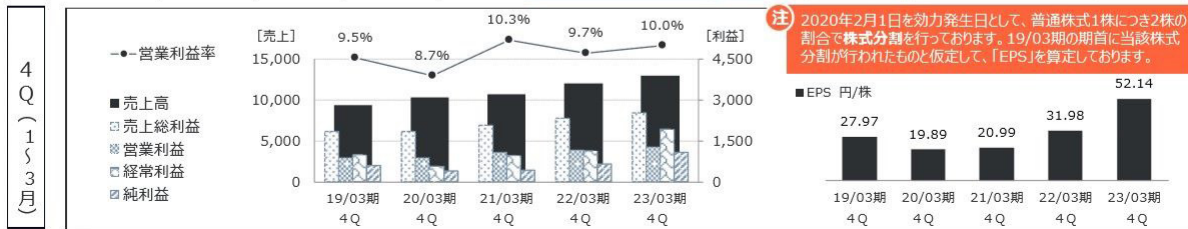
【注】（ ）内の数字は各々の利益率を表します。
 【注】「純利益」は親会社株主に帰属する当期(四半期)純利益です。

【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、売上高は順調に推移し、8.8%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、12.1%の増益。利益率は10.3% (前年同期10.0%)。
- 経常利益**
 米国における株安の進行より、当社が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)2億26百万円を計上し、7.4%の増益。

売上高	...	39億18百万円 ㊕ (前年同期比 8.8% ㊕)
営業利益	...	5億41百万円 ㊕ (前年同期比 12.1% ㊕)
経常利益	...	3億53百万円 ㊕ (前年同期比 7.4% ㊕)
純利益	...	92百万円 ㊕ (前年同期比 2.8% ㊕)

	21/03期	22/03期	23/03期	前年同期比	対通期達成率	通期 業績予想	
						22/5/10 予想	前年同期比
売上高	39,706	44,450	48,368	108.8%	101.8%	47,500	106.9%
売上総利益	7,199 (18.1%)	8,698 (19.6%)	9,641 (19.9%)	110.8%			
営業利益	3,484 (8.8%)	4,457 (10.0%)	4,998 (10.3%)	112.1%	105.2%	4,750 (10.0%)	106.6%
経常利益	4,101 (10.3%)	4,782 (10.8%)	5,135 (10.6%)	107.4%	99.7%	5,150 (10.8%)	107.7%
純利益	2,634 (6.6%)	3,236 (7.3%)	3,328 (6.9%)	102.8%	99.4%	3,350 (7.1%)	103.5%
EPS 円/株	125.43	153.92	158.10			158.99	



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These are the resulting figures. This indicates our net sales and profit.

The orange area in the middle of the table at the bottom shows net sales results. The far right side is the earnings forecast. As for sales, we see continued strong demand for IT investments to revamp existing systems and to improve productivity through DX promotion and managed to achieve an 8.8% increase in revenue at JPY48.3 billion.

Operating profit also increased by 12.1%, with a profit margin of 10.3%, due to the effect of increased revenue and the minimization of unprofitable projects. As for current profit, we recorded a loss of JPY226 million on the valuation of derivatives relating to financial commodities we own that were affected by the stock market decline in the US.

However, as a result, we managed to increase profit by 7.4%, which is a significant improvement from the previous Q3 announcement of a negative figure of just over JPY780 million.

As a result, we managed to increase revenues and profits. The upper right-hand corner shows an increase in net sales of JPY3.918 billion, operating profit of JPY541 million, current profit of JPY353 million, and net profit of JPY92 million, and the increased percentage for each is also shown.

Thanks to the outcome, we managed to achieve results with an increase in both revenues and profits. I would like to thank everyone as well.

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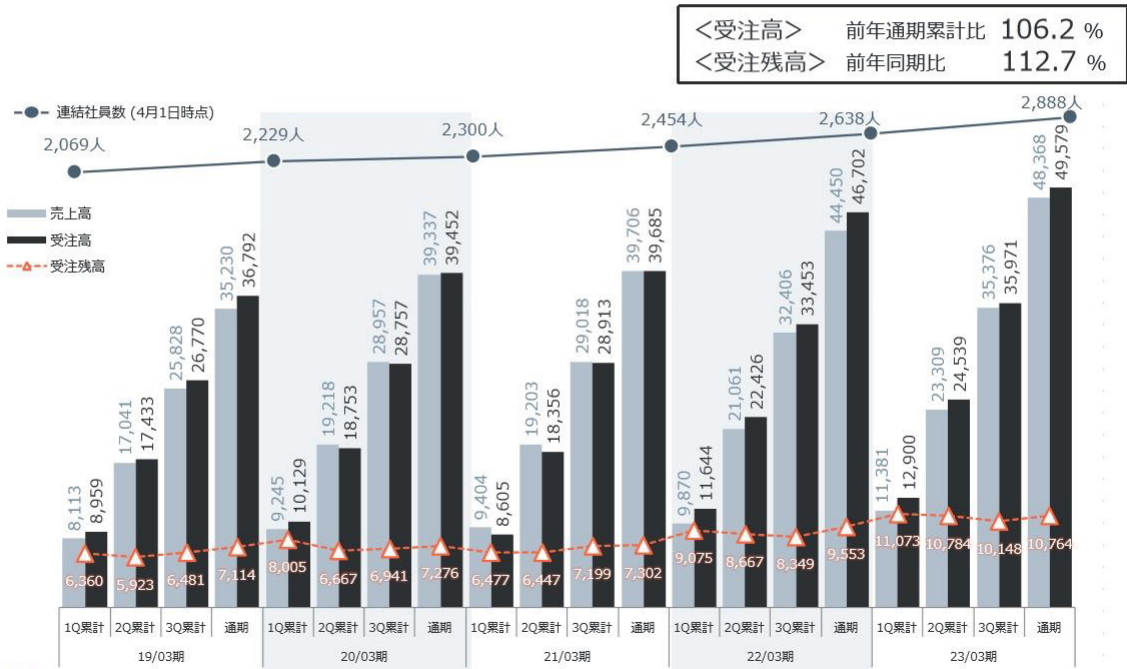
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1 決算のポイント 1.3. 受注高・受注残高

[単位：百万円未満切捨]

- 旺盛なIT投資需要を背景に、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推進によるIT投資需要が、受注を後押し。



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Next, I would like to discuss the number of orders received and order backlogs.

For the status of orders for the fiscal year ending March 2023, which I explained earlier, there is strong IT investment demand and the number of orders and order backlogs have been favorable.

Orders are also growing steadily, with the amount of orders at 106.2% and the order backlog at 112.7% compared to the previous year, reflecting the renewal of existing systems by client companies and IT investment demand for DX promotion.

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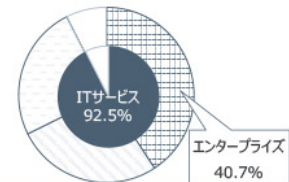
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1 決算のポイント **1.4. セグメント別売上高・利益 [ITサービス事業：エンタープライズ]**

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

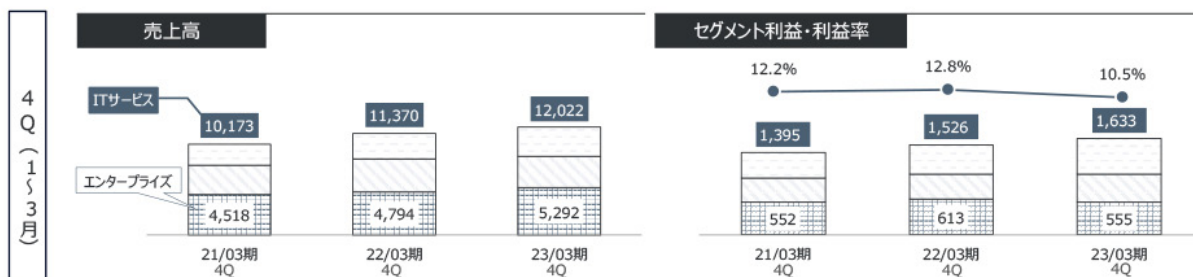
<セグメント別の売上高比率:4Q(1~3月)>



通期

- **売上高：188億39百万円（前年同期比 3.4% ↑）**
「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」分野で売上が増加
- **セグメント利益／利益率：23億74百万円／12.6%（前年同期比 5.3% ↑）**
売上高の増加と同様の理由

[単位：百万円未満切捨]



I will now explain the details for each segment.

Cresco’s segments are mainly an IT service business that is divided into three segments. Although it may be slightly hard to see in the upper right-hand corner, it is a pie graph with three or four sections.

Other than the three segments, there is one more called digital solutions for a total of four segments. I will describe each one page at a time.

This enterprise segment is a business that focuses on customers of industries listed in the sub-segments above. As you can see in the graph on the upper right-hand corner, this enterprise accounts for 38.5% of our total sales.

Net sales were JPY18.839 billion, a 3.4% increase YoY. Although there was a convergence of large-scale projects in the transportation and human resources sectors, sales increased in the distribution services, construction/real estate, information/communications/advertising, and public sectors.

This increase in sales bolstered segment profits with an increase of 5.3% YoY, indicating that the increase in sales was the cause of this higher profit. The profit margin resulted in 12.6%.

Support

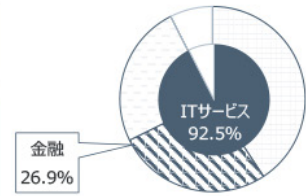
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1 決算のポイント **1.5. セグメント別売上高・利益 [ITサービス事業：金融]**

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	金融	銀行、保険、その他
	・IT企画		
	・開発・保守の総合サービス		

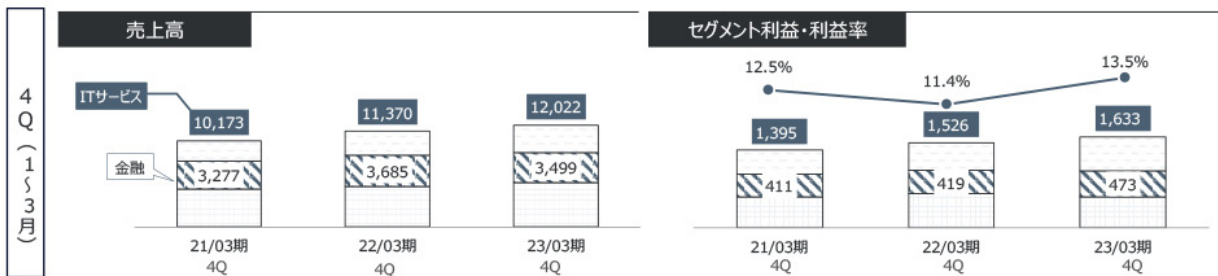
<セグメント別の売上高比率:4Q(1~3月)>



通
期

- **売上高：141億15百万円**（前年同期比 **3.1%** ↑）
「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：18億20百万円／12.9%**（前年同期比 **5.9%** ↑）
売上高の増加と同様の理由

[単位：百万円未満切捨]



Next is the financial business.

We define the financial business as banking, insurance, and other sectors. As shown in the pie chart in the upper right-hand corner, this business accounts for 28.5% of our total sales.

Net sales were JPY14.115 billion, with a growth of just over 3%, similar to the enterprise I mentioned previously. This figure is the result of an increase in the number of individual projects relating to the migration of infrastructure construction in the banking sector.

Segment profit also increased for similar reasons of increase in sales. We managed to close the year with a profit margin of 12.9% and a 5.9% increase in the amount of profit.

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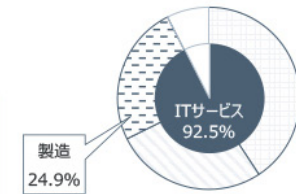
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1 決算のポイント ✨ 1.6. セグメント別売上高・利益 [ITサービス事業：製造]

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	製造	自動車、輸送機器、機械、エレクトロニクス、その他
	・IT企画		
	・開発・保守の総合サービス		

<セグメント別の売上高比率:4Q(1~3月)>



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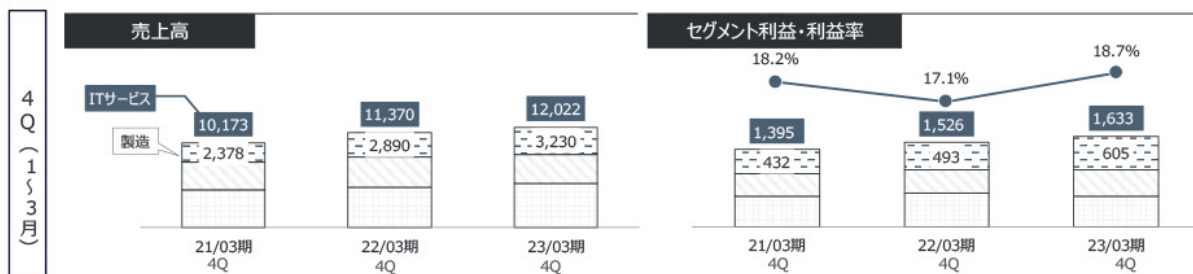
■ 売上高：126億57百万円（前年同期比 21.3% ↑）

「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
※ 特に「自動車・輸送機器」分野において新規顧客を獲得

■ セグメント利益/利益率：21億59百万円 / 17.1%（前年同期比 23.8% ↑）

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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I will now describe the manufacturing segment, which contributed to the greatest increase in our performance for this fiscal year.

As shown in the table on the upper side, the categories for automotive, transportation equipment, machinery, electronics, and others account for 26.6% of our total sales, indicated in the pie chart in the upper right-hand corner.

Net sales were JPY12.657 billion with an increase of 21.3% compared to the previous year's total, and I think this was the driving force behind the entire company's performance. For machinery/electronics and automotive/transportation equipment sectors, cloud security projects and projects for upfront investment purposes are increasing.

Especially for the automotive/transportation equipment sector, we have gained quite a number of new customers and we expect to expand this segment in the FY2023 mainly with these new customers.

Segment profit was JPY2.159 billion, an increase of 23.8% that was also reflected by sales, with the profit margin yielding more than 17.1%.

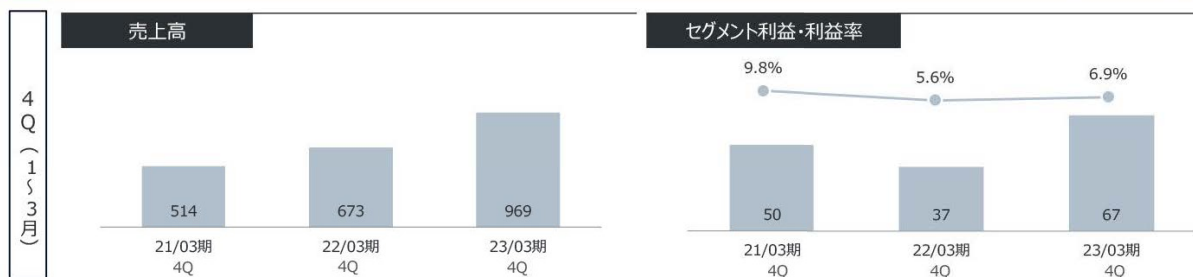
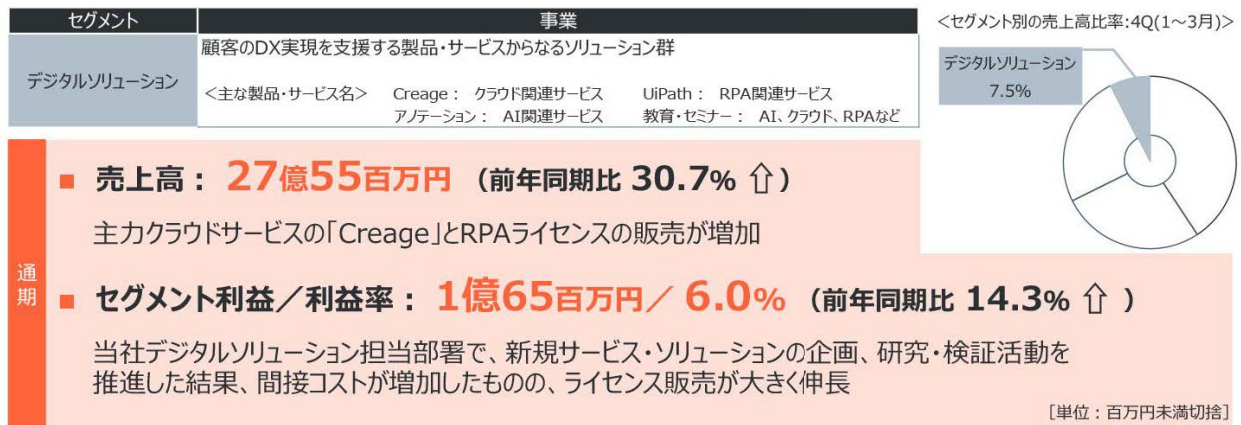
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1 決算のポイント 1.7. セグメント別売上高・利益 [デジタルソリューション事業]



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- 11 -

This is the digital solution business, which we are currently taking up efforts as a strategic and vital part of our company's business.

The main business is a solution group consisting of products and services that support customers' DX realization. One of our main solution groups is a brand called Creage, which is a cloud-related service.

UiPath, which was mentioned earlier, is offering services that are mainly RPA-related. For AI-related things, we work with annotation and various other projects. We also offer educational seminars relating to AI, cloud computing, and RPA to our clients.

This is still a small percentage in terms of overall sales, which is shown in the graph on the upper right-hand corner at 6.4%. The amount of net sales is a digit less than page three described earlier at JPY2.755 billion. The reason why it managed to achieve a 30.7% increase in sales despite the small figure is due to the increase in sales of Creage, our main cloud service, and RPA licenses.

The segment profit was JPY165 million with a 6% segment profit margin. Although growth in this area is only 14.3% compared to the percentage of sales, we are promoting planning, research, and verification activities for new services and solutions with the responsible area of our digital solutions business.

Despite an increase in indirect costs, license sales grew significantly. As a result, there was a slight decrease in profit margin. We are using this as a stepping stone for the current fiscal year.

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 **SCRIPTS**
 Asia's Meetings, Globally

2023年3月期は、『**中期経営計画2023 (2021~2023年度)**』の折り返し年度。

公表用資料から抜粋

クレスコグループは2030年に向けた経営ビジョン「CRESCO Group Ambition 2030」を掲げました。経営ビジョンを体現する行動の起点として「CRESCO Group 行動指針」を定めました。

- CRESCO Group Ambition 2030 -



人が想い描く未来、
その先へ

クレスコグループは
最高のテクノロジーと併せて
"わくわくする未来"を創造します

【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。

- CRESCO Group 行動指針 -



人が想い描く未来、その
先へ

CRESCO Group 行動指針

- さらなる高みへ
 - お客様と真摯に向き合い、より大きな価値を共創する
常に技術と品質を追求し、研鑽を重ねる
- 勇敢に進もう
 - 自らの可能性を信じ、新たな挑戦を求めて挑戦する
困難に立ち向かい、粘り強く最後までやり遂げる
- もっと面白く
 - 自由な発想と技術力で、社会に感動をもたらす
成長を楽しみ、チームで最大のパフォーマンスを発揮する

Although this is a completely different subject, I would like to briefly explain the progress of the medium-term management plan. This is the medium-term management plan.

Cresco's management vision for the fiscal year ending March 2023 is the Medium-term Management Plan 2023, which runs through FY2023, meaning FY2022 was a turnaround year.

As shown here, two full years have passed since the establishment and promotion of this vision, CRESCO Group Ambition 2030, and action guidelines, and this year marks the third year that concludes the medium-term plan.

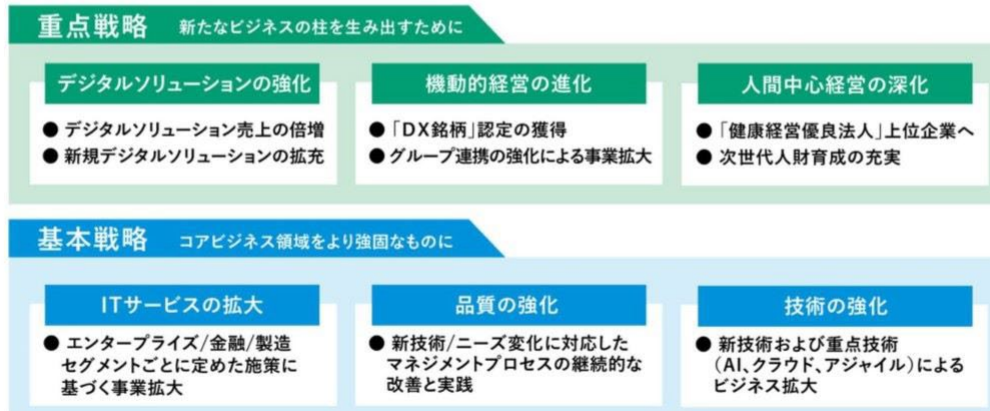
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公表用資料から抜粋

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」であると捉え、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

The three main strategies of the Medium-term Management Plan 2023 that are mainly mentioned are highlighted in green and blue in the lower section.

The three prioritized strategies are shown in green and are to strengthen digital solutions, the evolution of flexible management, and advance human-oriented management.

Our three basic strategies are being implemented by taking various measures internally, which are expanding IT services, enhancing quality, and reinforcing technology.

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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

- 特に、新ソリューション＆サービスの開発および収益改善に向けた活動に注力
- <主な取り組み>
 - ・「マネージドセキュリティサービス For SIEM」「マネージドセキュリティサービス for EDR」の提供を開始
 - ・RPAに関するe-LearningおよびDX研修サービスなどの教育サービスの提供を開始
 - ・「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」の認定取得
 - ・UiPath社「ダイヤモンドパートナー」の認定取得
 - ・当社とJR九州ホテルズ(株)の共同で、「数理最適化手法を用いたホテル部屋割り最適化」の実証実験を行い、部屋割り最適化ツールのプロトタイプを開発

機動的経営の進化

- 2022年4月、持続可能な社会に向けた行動を積極的に推進するため、クレスコグループのサステナビリティ基本方針および価値創造プロセスを制定し、公表
- クレスコグループにおける営業・案件情報の共有強化および事業ポートフォリオの多様化に向けた取り組みを実施
 - ・2022年7月、グループ子会社3社(アルス、エヌシステム、ネクサス)を再編し、(株)クレスコ・シエイキューブを設立
 - ・2023年2月、日本ソフトウェアデザイン(株)を子会社化。
- 「アイデアコンテスト」などへのスポンサー活動の推進、青少年の育成支援などの社会貢献

人間中心経営の深化

- 前期に引き続き、テレワークやワークスペース整備やwithコロナに対応した働き方改革を推進するとともに、拠点規模および環境の改善を目的とした移転等を実施
- 当社の技術力を生かし、外部教育機関におけるエバンジェリスト活動を積極的に実施
- <主な事例>
 - ・金沢工業大学の客員准教授に就任
 - ・早稲田大学「スマートエスイーDXコース」の講師を担当
 - ・琉球大学機械工学コースの講義「キャリアデザイン入門」の講師を担当
- 2023年3月、特に優良な健康経営を実践する法人として「健康経営優良法人2023」に認定
- 2023年3月、社員の健康増進のためにスポーツに積極的に取り組む企業として、スポーツ庁から「スポーツエールカンパニー」に認定

This is the progress status of prioritized strategies. First, regarding strengthening digital solutions, as I have already reported, we are focusing on the development of new solutions and services and on activities to improve profitability.

As explained earlier, we have launched two new products relating to managed security services. We also offer educational services related to RPA. AWS is also a public project, UiPath's Diamond Partners, JR Kyushu's project, which are as explained earlier.

In April of the previous year, we established and announced the Basic Policy for Cresco Group's Sustainability and value-creating process to proactively promote actions toward a sustainable society.

As I explained earlier, for group companies, we are implementing group M&A and integration as initiatives to diversify their business portfolios.

We promote sponsorship activities such as holding idea contests, as well as contributing to society by sponsoring support for the development of youths and programming contests.

As for advancing human-oriented management, we promote telework, workspace maintenance, and work style reforms that meet COVID-19, which continues from the previous fiscal year. We have been reorganizing and relocating offices, including those of group companies, to improve the size and environment of our offices.


As mentioned earlier, we also continue to offer lectures and promote technology evangelist activities outside the Company while taking advantage of our technical capabilities. Currently, we offer them at universities listed here as examples.

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In March, the Company was certified as an excellent health management corporation that practices excellent health management. The bottom mentions that we are a company that actively engages in sports to promote the health of our employees and that we have been very active in organizing walking events. In recognition of our achievements, we have been certified as a Sports Yell Company by the Sports Agency.

2 中期経営計画の進捗状況  2.4. 主な活動と成果：基本戦略

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	<ul style="list-style-type: none"> ■ エンタープライズ、金融、製造の各セグメント領域における営業力の強化のため、営業体制を変更 ■ 自動車領域の事業が拡大し、製造セグメントが伸長 ■ 公共事業への参画が進み、既存領域の継続拡大だけでなく、新領域も開拓 ■ 不足する国内開発人員への対策で、ニアショア・オフショア活用を引き続き推進 ■ ソリューションングプロセスの活用を進め、新規案件を獲得
品質の強化	<ul style="list-style-type: none"> ■ 品質スローガン「お客様に安心・感動の品質を」を実現するため、品質管理本部による品質マネジメントシステムの構築・改善、プロジェクト状況の監視、品質プロセス実施状況の監査を実施 ■ 全開発部門においてISMSを取得 ※ 2023年度は全社での獲得を目指す ■ プロジェクトマネジメント学会において当社のマネジメント活動に関する報告を行うなど、品質活動に関する価値を向上 ■ 一般論の「品質」と当社での「品質」を全社で共有し、品質強化を目的とした全員参加型の「品質に関する研修(eラーニング)」を実施
技術の強化	<ul style="list-style-type: none"> ■ 2022年9月、当社が得意とする画像認識AIや機械学習の分野において、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、情報処理方法および情報処理プログラムの特許を取得 ■ 2022年12月、日本航空(株)と医療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 ■ 5年連続で「IBM Champion」、3年連続で「UiPath Japan MVP」に認定 ■ 企業のDX人材育成を支援する、外部向け「DX研修サービス」の提供を拡充 ■ 社員のDXリテラシーを高めるため、社員教育カリキュラムの拡充を推進

These are three basic strategies. First, regarding the expansion of IT services, we have changed our sales structure to strengthen sales in the enterprise, financial, and manufacturing segments.

As mentioned earlier, the automotive sector is growing. Participation in public projects is also progressing as explained earlier. As a measure to address the shortage of domestic development personnel, we utilize nearshoring and offshoring. Offshoring is utilized in Vietnam, whereas nearshoring is expanding mainly to our Sapporo and Fukuoka offices.

We promote the use of solution processes internally to propose new things to customers, which is being promoted to win new projects.

This will strengthen the quality. As for quality, we have established a slogan within the Company called “Impressive quality here.” The quality control division implements the establishment of quality management, project monitoring, and monitoring of the process implementation status.

All development divisions have acquired ISMS certification by FY2022, and we aim for certification throughout the entire company within FY2023, including other administrative divisions.

We have reported and presented our management activities at project management conferences. We are improving the value related to quality activities.

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An e-learning program that all employees participated in was also planned and started for the first time in the previous fiscal year, to strengthen quality by sharing the general theory of quality and our company's quality throughout the Company.

This is technology enhancement. For technology, the patent acquisition I mentioned earlier was announced in September and December regarding a joint research project with JAL.

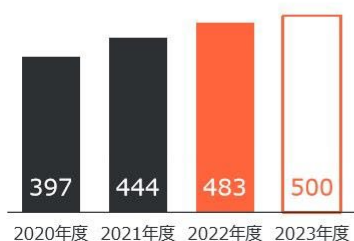
We have an employee who has received the title of IBM Champion for three consecutive years. We also have an employee with the title of Japan MVP from UiPath. This indicates that we have employees who are very specialized in terms of technology.

We are also expanding our external DX training services to support the development of DX human resources for companies, as well as educate employees and expand education that increases DX literacy. These are the current progress status of the medium-term management plan.

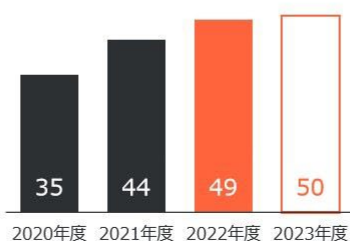
2 中期経営計画の進捗状況  2.5. 進捗状況：経営目標

公表用資料から抜粋	経営目標	2020年度実績	2023年度目標値
	連結売上高	397億円	> 500億円
	連結営業利益額	35億円	> 50億円
	ROE	14.8%	> 15%以上

売上高 [単位：億円]



営業利益 [単位：億円]



ROE [単位：%]



Consolidated net sales. The figures are for the medium-term management plan and it was devised in 2020 and continues to FY2023. It was devised to achieve consolidated net sales of JPY50 billion, operating profit of JPY5 billion, and ROE of 15% for the current fiscal year and this fiscal year will be the third year where we start with the intention of concluding it.

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- ロシア・ウクライナ紛争の長期化による景気の下振れが懸念されるものの、新型コロナウイルス感染症の影響は収束傾向にあり、企業におけるDX推進が更なる高まりを見せるものと考えられることから、IT投資は伸長し、**当社企業グループの受注は増加していくものと見込む。**
- 中長期的な企業価値の向上を目的として、「DX人材育成プログラム」や「次世代人材育成プログラム」など、様々な教育研修プログラムを設けて投資を行う予定。また、従業員確保を目的とした給与水準の引き上げや過去最大規模での新卒社員の採用により、**人件費や教育費等の増加を見込む。**
- 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。

[単位：百万円未満切捨]

2 Q 累 計	23/03期					24/03期	
	22/5/10 予想	前年 同期比	実績	前年 同期比	達成率	23/5/10 予想	前年 同期比
	売上高	22,840	108.4%	23,309	110.7%	102.1%	24,900
売上総利益			4,531 (19.4%)	111.3%			
営業利益	2,090 (9.2%)	103.6%	2,245 (9.6%)	111.3%	107.4%	2,080 (8.4%)	92.6%
経常利益	2,340 (10.2%)	105.2%	2,116 (9.1%)	95.2%	90.4%	2,170 (8.7%)	102.5%
純利益	1,420 (6.2%)	88.4%	1,467 (6.3%)	91.4%	103.4%	1,418 (5.7%)	96.6%
EPS 円/株	67.49		69.76			67.30	

通 期	23/03期					24/03期	
	22/5/10 予想	前年 同期比	実績	前年 同期比	達成率	23/5/10 予想	前年 同期比
	売上高	47,500	106.9%	48,368	108.8%	101.8%	52,500
売上総利益			9,641 (19.9%)	110.8%			
営業利益	4,750 (10.0%)	106.6%	4,998 (10.3%)	112.1%	105.2%	5,250 (10.0%)	105.0%
経常利益	5,150 (10.8%)	107.7%	5,135 (10.6%)	107.4%	99.7%	5,370 (10.2%)	104.6%
純利益	3,350 (7.1%)	103.5%	3,328 (6.9%)	102.8%	99.4%	3,582 (6.8%)	107.6%
EPS 円/株	158.99		158.10			170.00	

Therefore, the medium-term management plan already shows the current figures, which are the basis for the forecast. Currently, the forecast is based on how feasible this JPY50 billion is. This page refers to the earnings forecast.

To simply explain, the figures shown in the table at the lower right-hand side are highlighted in orange. JPY52.5 billion, compared to the JPY50 billion mentioned in the medium-term management plan. We have revised the target upward from there to JPY52.5 billion.

For operating profit, we have set a 10% target of JPY5.25 billion for the next fiscal year. As for the overall impression, as shown in the bullet point at the top, there is the issue with Russia and Ukraine and the end to COVID-19. But orders are expected to increase due to the recovery of company and customer investment, along with the accumulating agendas that need to be addressed. Therefore, we expect orders to increase.

However, there is a considerable increase in training programs for education, such as DX human resource development programs and next-generation human resource development programs, to improve corporate value over the medium to long term and we are investing in them.

We are also aggressively raising salary levels to secure employees. We are also hiring new graduates at the largest scale never seen before and expect costs to increase considerably for personnel and training expenses. If it becomes necessary to revise the earnings forecast based on future conditions and business trends, we will promptly disclose the revised information.

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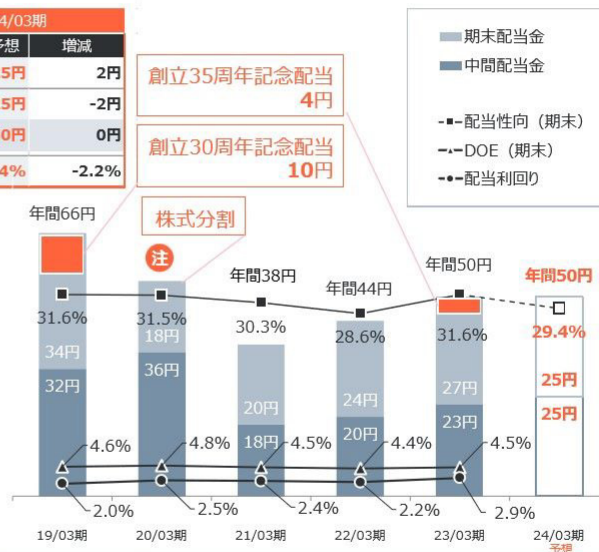
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- 株主還元方針に則った配当を継続。
- 普通配当50円 [中間25円、期末25円]。(ご参考：前年度50円 [普通配当46円、記念配当4円])

	21/03期	22/03期	23/03期	24/03期	
	実績	実績	実績	23/5/10 予想	増減
中間	18円	20円	23円	25円	2円
期末	20円	24円	27円	25円	-2円
年間	38円	44円	50円	50円	0円
配当性向	30.3%	28.6%	31.6%	29.4%	-2.2%
配当利回り	2.4%	2.2%	2.9%		
DOE	4.5%	4.4%	4.5%		
配当金の総額	798百万円	925百万円	1053百万円		

【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、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いません。

Next is the forecast for dividends.

We are currently considering a dividend of JPY50 for the current fiscal year, in accordance with our shareholder return policy.

For results regarding the fiscal year ending March 2023, we paid an interim dividend of JPY23 and a year-end dividend of JPY27, totaling JPY50. The JPY50 includes a commemorative dividend of JPY4 for the 35th anniversary of the Company's founding. The dividend was JPY50 and includes the JPY4.

For the fiscal year ending March 2024, we plan to issue a base interim dividend of JPY25 and a year-end dividend of JPY, totaling a base of JPY50.

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5月10日(水) 適時開示



「自己株式取得に係る事項の決定及び自己株式の消却に関するお知らせ」

■ 利益還元の考え

- 基本方針は、株主の皆様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。
- 株価動向や経営に与える影響を考慮しつつ、自己株式の取得を実行することも重要な株主還元政策の選択肢の一つ。

■ 自己株式の取得および消却を行う理由

- 基本方針に基づき自己株式の取得を行う。
- 取得・保有する自己株式を消却し、資本効率の向上を図る。

■ 概要

① 自己株式の取得	
株式の種類	当社普通株式
株式の総数	500,000株（上限） 発行済株式数（自己株式を除く）に対する割合 2.4%
取得額の総額	1,000,000,000円（上限）
取得期間	2023年5月11日～2023年11月30日
取得方法	東京証券取引所における市場買付け

② 自己株式の消却	
株式の種類	当社普通株式
株式の数	1,000,000株
消却予定日	自己株式の取得完了後、改めてお知らせします。

<参考> 2023年3月31日時点の自己株式の保有状況
 ・発行済株式数（自己株式を除く）： 21,070,066株
 ・自己株式数： 1,929,934株

This is the last page.

Treasury stock and cancellations were disclosed in a timely manner yesterday. In accordance with our policy of returning profits to shareholders and to maintain an appropriate distribution of profits backed by our business performance through the enhancement of shareholders' equity and maintenance of long-term stable earning power, we will purchase 500,000 shares of treasury stock with a limit of 2.4% of all shares issued, as shown on the bottom table with details on the lower left-hand side, which has a limit of JPY1 billion in terms of amount. We announced yesterday regarding our plan to purchase them starting May 11 today to November 30.

We also announced the cancellation of treasury stocks at the same time, as shown on the right side. Although 500,000 shares will be acquired, 1,000,000 shares will be canceled. We will announce how we plan to cancel them after acquiring the treasury stocks.

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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	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
クレスコワイヤレス	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
アイオス 【※1】【※5】【※7】【※10】	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
クレスコ九州 【※8】	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
クレスコ北陸	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
シーサー	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
クレスコ・デジタルテクノロジーズ 【※13】	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
メクゼス 【※3】【※4】	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
エヌシステム 【※14】	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
ネクサス 【※2】【※14】	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
アルス 【※6】【※14】	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
クレスコ・ジェイキューブ 【※14】	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
クレスコベトナム 【※9】	●	●	●	●	○	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
エニシアス 【※11】	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
OEC 【※12】	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
日本ソフトウェアデザイン 【※15】	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
子会社総数	10	10	11	11	10	11	11	11	12	12	12	12	12	13	13	13	13	11	11	12

【※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 (母社の孫会社)
 【※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「イーテクノ(株)」を子会社化 (母社の孫会社)
 【※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
 【※15】 2023年2月1日付で「日本ソフトウェアデザイン(株)」を子会社化


That is all for my overall explanation. We have attached a few pages for your reference and I will provide some additional explanations. This page shows changes in consolidated subsidiaries. This fiscal year is indicated with 12 companies shown in the rightmost column. The one at the bottom of the list is Japan Software Design, which joined our group. This is the start of the fiscal year ending March 2024.

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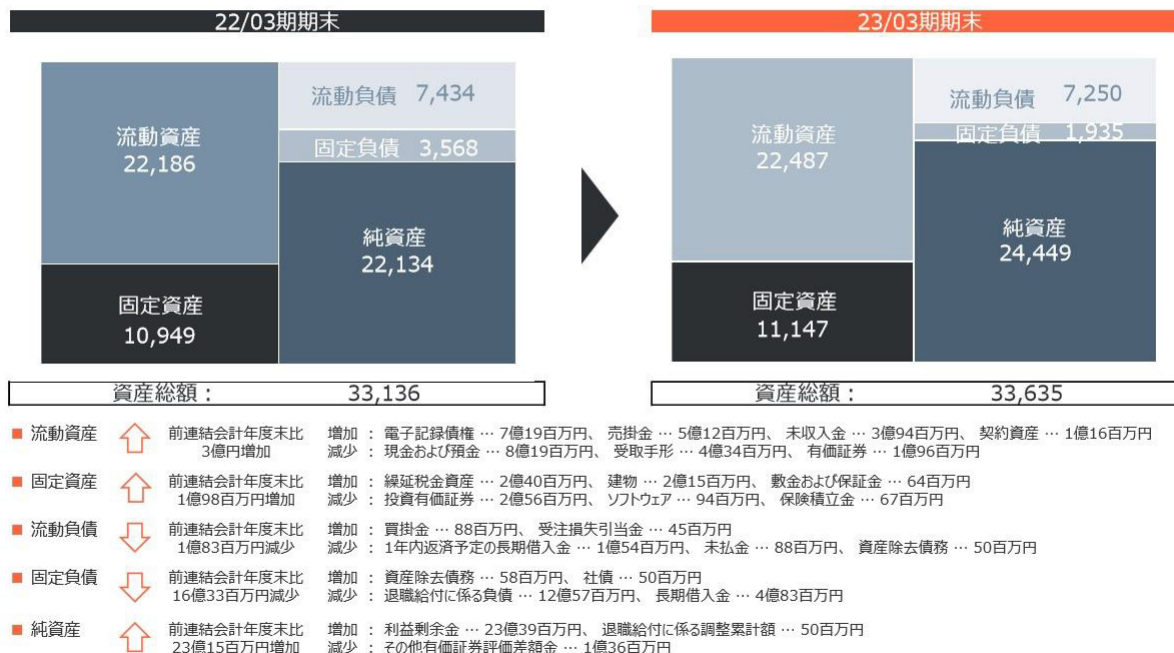
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ご参考  2) 資産・負債の状況

[単位：百万円未満切捨]

- 資産総額は、前連結会計年度末に比べて**4億98百万円増加**し、336億35百万円



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For the assets and deficits, although the increase and decrease figures are shown, the major ones are shown in the third line from the bottom and I apologize for the small fonts. Although there is a deficit relating to retirement benefits, we have decided to use a retirement benefit trust, where JPY1.5 billion in cash was transferred to the trust. This is a bit of information that we have included in our financial statements.

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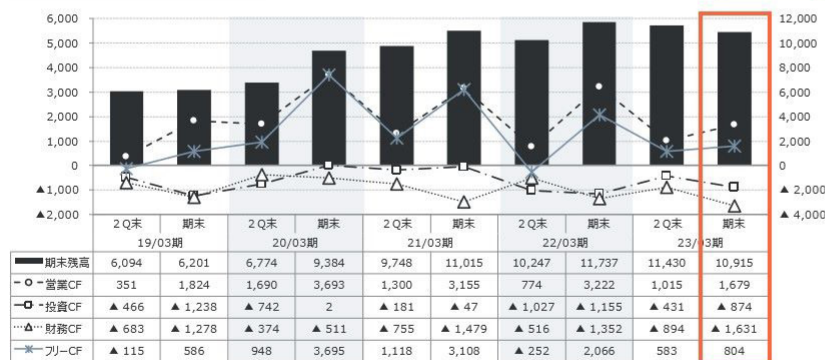
ご参考 ✨ 3) キャッシュフローの状況

[単位：百万円未満切捨]

- 現金および現金同等物の期末残高は、前連結会計年度末に比べて**8億22百万円減少**し、109億15百万円

		21/03期		22/03期		23/03期	
		2 Q末	期末	2 Q末	期末	2 Q末	期末
キャッシュ・フロー	営業活動	1,300	3,155	774	3,222	1,015	1,679
	投資活動	▲ 181	▲ 47	▲ 1,027	▲ 1,155	▲ 431	▲ 874
	財務活動	▲ 755	▲ 1,479	▲ 516	▲ 1,352	▲ 894	▲ 1,631
フリー・キャッシュ・フロー		1,118	3,108	▲ 252	2,066	583	804
キャッシュ・フロー増減		363	1,630	▲ 768	722	▲ 307	▲ 822
現金および現金同等物の期末残高		9,748	11,015	10,247	11,737	11,430	10,915

■ 営業CF	16億79百万円の収入
法人税等の支払額 …	16億93百万円
退職給付に係る負債の減少額 …	13億24百万円
税金等調整前当期純利益 …	49億44百万円
■ 投資CF	8億74百万円の支出
投資有価証券の償還による収入 …	17億5百万円
投資有価証券の取得による支出 …	20億43百万円
有形固定資産の取得による支出 …	2億94百万円
無形固定資産の取得による支出 …	1億3百万円
■ 財務CF	16億31百万円の支出
配当金の支払い額 …	9億88百万円
長期借入金返済による支出 …	6億39百万円



As a result, these figures have changed slightly, which is the most significant aspect. Cash flow is similarly located on the right where it says operating cash flow and shown on the second line from the top right. The decrease amount in deficit relating to retirement benefits is JPY1.3 billion, and as I mentioned earlier with the figures, some of the assets have been moved.

This concludes my explanation. Thank you very much for your attention.

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Question & Answer

Moderator [M]: Thank you. Now we would like to start the question-and-answer session.

We will read the questions here on your behalf and a company attendee will respond to them. Please read the questions.

Moderator [Q]: Here is the first question. Regarding your plan for this fiscal year, the figures seem quite conservative. Please provide a reason for this. Also, I would like to know whether you are considering a low profit margin as a transitory event, or if we should assume that this level may continue in the future. Thank you.

Tominaga [A]: I think the question is referring to considering figures, outlook, profit margin, and so on, at low levels and if it's a transitory one.

As I explained earlier, we have actually increased personnel costs, labor costs, and salaries quite much. We are watching over various trends, including the government's announcement in February and March, and we have implemented a salary raise of 5% or more, resulting in a considerably higher rate than last year in terms of only Cresco itself.

If you were to consider this, we have set our plans based on the expectation that we will not be able to achieve such a large profit margin this fiscal year. We recognize that it is necessary to present this value to customers at the same time and ask them to show its importance and acknowledge it, which will lead to an increase in sales. That is all.

Moderator [Q]: Thank you. Now for the next question. It seems that the profit margin for enterprise was somewhat low in Q4. Could you please explain the reason for this? The question is whether there were unprofitable projects or other transitory factors. Thank you.

Tominaga [A]: In the enterprise sector, there were some areas where profit margins were somewhat low as you have pointed out. And as you have pointed out, there were unprofitable projects and we regret that we were not able to control them properly.

In fact, those figures for enterprise were slightly in the minus range. That is all regarding our reality.

Moderator [Q]: Thank you. Now for the next question. You mentioned that there was a customer upfront investment project for the manufacturing division. I am asking regarding specifically what kind of projects they are. Thank you.

Tominaga [A]: I would say that the upfront investment projects for customers in the manufacturing division are automotive. As you all know regarding automotive, the industry has advanced quite a lot in terms of Internet connectivity and it has remained a challenge for us to firmly strengthen security as a field of IT.

As it will be necessary for communications, such as updating various automotive functions via the Internet, we have implemented upfront investments relating to automotive for such areas along with cyber security. And universities have presented us with such subjects to conduct joint research, which is where we invest in. That is all.

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Moderator [Q]: Thank you. Now for the next question. The question asks about the effects of the new M&A of Japan Software Design on a consolidated basis in terms of net sales and operating profit for the fiscal year ending March 2024. Thank you.

Tominaga [A]: Regarding the effects of Japan Software Design, to begin with, it is not a company with such large numbers. The scale of sales is just over JPY1 billion. Therefore, it won't that such a significant effect. However, the Osaka and Nagoya areas are very important bases for expanding our automotive business that I mentioned earlier, and we are now in the process of taking substantial action of sharing engineers with Cresco itself and have discussed in February and March regarding how we can expand the business to our customers. We can expect synergistic effects that aren't limited to the sum of engineers involved. That is all.

Moderator [Q]: Thank you. We will continue to accept your questions so please let us know.

Now for the next question. The restrictions associated with COVID-19 have almost disappeared. Are there any effects of this trend? The question is asking about each detail if there are any positive or negative effects. Thank you.

Tominaga [A]: We can almost see the end of COVID-19, and regarding the question about the positive and negative effects, I believe it is mostly positive. Even in terms of communication, quite many customers have returned and asked to work with us.

Some of our clients have been telling us since this April and May that they want to start working with us on projects they used to do at home. Due to these trends, I expect to see the effects of repeat orders manifest significantly.

The only downside is space. In terms of facilities, we have downsized and reorganized the space that was quite empty when addressing COVID-19. Therefore, I think we will have some difficulties regarding space if we have to suddenly make changes to the course of action and have all employees return at once or if we start working with customers. That is all.

Moderator [Q]: Thank you. Now for the next question. We received a question regarding what kind of risks are anticipated for this fiscal year. Thank you.

Tominaga [A]: I would like to explain a bit regarding anticipated risks for this fiscal year. As pointed out earlier, the truth is that the number of unprofitable projects has not yet reached zero at an annual level.

The challenge is still how to minimize unprofitable ones. Therefore, if we do not strengthen our quality management and project management, we will have projects that perform slightly negatively. I think it is a continued risk to firmly manage such issues.

We are also facing a situation where it is difficult to acquire personnel in Japan to increase revenue and profit. Therefore, we feel that there is a slight risk in terms of building a system to provide customers with good products and high-quality products while making good use of overseas resources. That is all.

Moderator [Q]: Thank you. Now for the next question. The profit margin for the digital solution business was 6% but you mentioned that indirect costs have increased. The question is whether we can expect higher profit margins in the future. Thank you.

Tominaga [A]: Regarding the profit margin in the digital solution field, we have been taking measures to raise the sales ratio mentioned earlier, along with the top line within the next few years.

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To raise the top line, I believe that we need to take action, including various internal investments and training. We have just started planning for the next medium-term management plan. We believe that it will be difficult during this period to generate such high-profit margin products for the next medium-term management plan.

We are thinking from a slightly short-term perspective to contribute to our clients' businesses by firmly expanding the top line while broadening the scope of our company to create even more value. We are working under a plan that requires a solid profit margin in the long term. That is all.

Moderator [M]: Thank you.

It seems that we have answered all questions and will therefore conclude the question-and-answer session. Finally, President Tominaga would like to add a few words. President Tominaga, please continue.

Tominaga [M]: Once again, I would like to thank you all for listening to the long financial results presentation. As reported earlier, this fiscal year, FY2023, and FY2024 will be the concluding year of our medium-term management plan, as well as a challenging year when we will firmly establish a medium-term plan for the next fiscal year and beyond.

With a firm view of the next fiscal year and beyond, Cresco has issued a message that it pledges to target JPY100 billion for Ambition 2030, and we will do our best while also including efforts toward corporate growth, contribution to customers, and contribution to society.

We hope you will continue to support Cresco this year. Thank you. Thank you very much for your time today.

Moderator [M]: This concludes today's presentation of the financial results. Thank you for your participation throughout the entire presentation.

[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.*

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