

Mid-term management plan

(FY2021-FY2023)

CRESCO LTD.

President Hiroyuki Nemoto



株式会社 **クレスコ**

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Mid-term management plan Agenda

1. Introduction
2. Management principle
3. Management vision
4. Main business task and our policy
5. Key Strategy and basic strategy
6. The Challenge to 100 Billion Yen
7. Steps toward 2030
8. Key business achievement indicator
9. FY2023 business objective

1 Introduction

Since its foundation in 1988, CRESCO Ltd. has been contributing to a wide range of fields, from its core business of system development to the provision of various IT services and its own products, in order to achieve "growth", which is the origin of the company name.

The full-fledged arrival of the digital age, accelerated by the pandemic, has created a strong need for structural reform and innovation in the information services industry, as well as for enhanced DX support for our customers.

In this rapidly changing business environment, the CRESCO Group has launched a new management vision for the next 10 years, "CRESCO Group Ambition 2030", starting in 2021, with the aim of achieving sustainable growth and increasing corporate value.

Under this new management vision, we will strive to achieve consolidated sales of 100 billion yen by realizing our vision of an stimulating future at the end of 2030.

CRESCO Group Ambition 2030

Create the future, Beyond the horizon

We will realize a stimulating future through the best technology and partnerships

In order to realise our management vision, we have set three steps in our medium-term management plan: "Transformation", "Challenge" and "Soar". This document outlines the first step of this plan, the medium-term Management Plan 2023, which covers the three-year period from 2021 to 2023.

This plan sets out the basic policy and the direction in which our corporate group should move, and aims to unite the group to achieve new growth. Through the steady implementation of our strategies, we will strive to become a leading company in the industry, both in name and in reality.

2 Management Principle

The CRESCO Group is aiming for further growth based on the management principles of "the sentiment behind our name" and the "CRESCO Charter".

About our name

We believe that our corporate mission is to grow so that we can make our greatest possible contribution to people's happiness around the world, make our workers proud and happy to work here, and demonstrate our abilities to the utmost of our capacity. We have therefore chosen the name CRESCO, which means "to grow" in Latin.

The CRESCO Charter

CRESCO is a people-centered, merit-based company. CRESCO is a company characterized by freedom, youth and dreams. CRESCO is a company that demonstrates the most sophisticated technology. CRESCO is a company where each person is mindful of how we run our business. CRESCO is a company that is a citizen of the world.

3 Management vision

CRESCO has established the Group Vision "**CRESCO Group Ambition 2030**" for the year 2030. As a starting point for actions embodying the Group Vision, we also have set forth the "**Action Guiding Principles at CRESCO Ltd.**".

- CRESCO Group Ambition 2030 -



- Action Guiding Principles at CRESCO Ltd. -

Further our goals.

We put the client first to co-create the future together.
We actively seek to enhance our technology and quality.

Advance courageously.

We trust in our potential and challenge for innovation.
We persevere in the face of challenges.

Enjoy the challenges.

We inspire society with creativity and professional expertise.
We cherish growth to maximize our potential as a team.

CRESCO Group Vision : <https://www.cresco.co.jp/corpinfo/vision>

Main business task

- **A succession of trust built through technology and quality**
We must continue to strengthen our comprehensive IT services, which are based on our core strengths of development capabilities, to provide a stable basis for our business.
- **Initiatives to respond to customer needs and changing times**
The trend of IT systems from "making and developing" to "combining and using" is accelerating, and the needs of customers are diversifying accordingly. It is important for us to continue our efforts so that we can flexibly change the form of our services.
- **Corporate structure to accommodate expansion of group business**
The growth in the size and proportion of CRESCO Group's business requires a shift to an improved governance and an organization structure capable of responding appropriately to management issues and risks.
- **Recruiting and developing human resources adapted to the DX era**
In an era of chronic IT human capital shortages and mobility, human resources are the most important management asset, and threats to their stability are the greatest risk.



Our policy

- **Developing and implementing industry segment strategies to ensure the growth of IT services**
We will develop industry segment strategies that accurately reflect the IT needs of each type of business in IT services (comprehensive services that include consulting, IT planning, development and maintenance), and continue to pursue technology and quality to ensure growth.
- **"Digital Solutions" as a new business pillar**
We will expand our Digital Solutions (a group of solutions comprising products and services that help our customers achieve DX) to meet customer needs and become a new pillar of growth.
- **Establishing an agile management base to cope with change**
We will build a group management base that can respond flexibly and accurately to changes in the social environment by implementing management reforms through DX itself.
- **Management based on "people-centered" and "merit-based".**
In the spirit of "people-centered" and "merit-based", which are the themes of the first section of the Cresco Charter, we pursue the management of a company where each employee can enjoy growth and achieve results.

5 Key strategy and Basic strategy

To achieve the group's vision, "Medium-Term Management Plan 2023", a three-year medium-term corporate plan, has been developed for the period from 2021 to 2023.

Under the "Medium-Term Management Plan 2023", we will **strengthen the foundations of our business through three basic strategies** to promote our core businesses. We will also work on **three key strategies to create new business pillars**.

Key strategy to create new business pillars

Strengthening digital solutions

- Doubled digital solution sales
- Expansion of new digital solutions

Evolution of agile management

- "DX Stocks" Certification.
- Strengthen group collaboration to expand business

Deepening of human-centered management

- Become a top-tier company in Corporate Health evaluation
- Developing the next generation of human resources

Basic strategy to strength core business

Expansion of IT services

- Business expansion based on measures defined for Enterprise, Finance and Manufacturing segments

Enhancing quality

- Continuous improvement and practice of management processes in response to new technologies/ changing needs

Strengthening skills

- Business growth through new and focused technologies (AI, Cloud, Agile)

CRESCO perceives and pursues ESG as an "expectation from society to the company" that all companies should be mindful of CRESCO's views on ESG and the status of its initiatives: https://www.cresco.co.jp/ir/group_business/esg.html

6 The Challenge to 100 Billion Yen

CRESCO will take on a new challenge to become a company with **sales of 100 billion yen** through CRESCO Group Ambition 2030.

The challenge to 100 billion yen in sales

Strengthening
digital solutions

Evolution
of agile
management

Deepening of
human-centered
management

Expansion
of IT services

Enhancing
quality

Strengthening
our skills

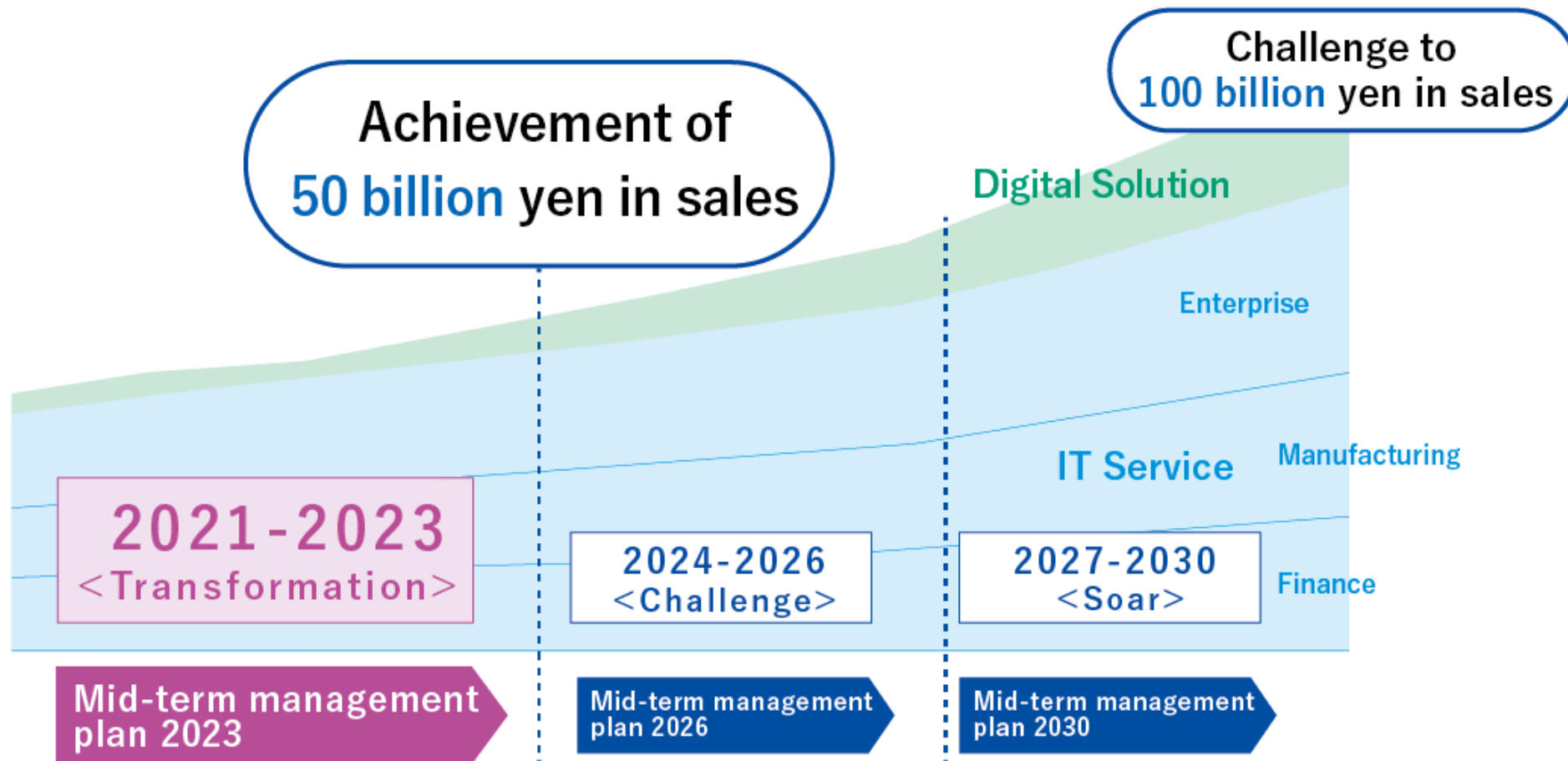
CRESCO Group Ambition 2030

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7 Steps toward 2030

We are aiming to achieve sales of 50 billion yen in “Midterm Plan 2023” in order to ultimately become a company with sales of 100 billion yen. The period of the medium-term management plan is defined as "transformation" until 2030, "Transformation" until 2026, and "leap" until 2030. We will drive our business growth strategy on four pillars: IT services (enterprise, financial, manufacturing) and digital solutions.



Segment area		Key initiative	Target for FY2023 (FY2020 sales ratio)
IT Service	Enterprise	<ul style="list-style-type: none"> ● Speedy response to market changes and new technologies to become a true partner 	> 25% growth
	Finance	<ul style="list-style-type: none"> ● Promote an approach to industry restructuring and channel diversification 	> 14% growth
	Manufacturing	<ul style="list-style-type: none"> ● Support our customers from product development to the provision of services 	> 17% growth
Digital Solution		<ul style="list-style-type: none"> ● Expanding Digital solutions ● Strengthening marketing and branding 	> 200% growth

Business Objective	FY2020 Achievement	FY2023 Goal
Consolidated operating profit	39.7 billion	> 50 billion
Consolidated Gross profit	3.5 billion	> 5 billion
ROE	14.8%	> over 15%



<https://www.cresco.co.jp>

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