

Medium-Term Management Plan

(FY2024-FY2026)

AS of Apr 1, 2024

CRESCO 

CRESCO LTD.



- 1. Review of Medium-Term Management Plan 2023**
- 2. Realizing the CRESCO Group Ambition 2030**
- 3. Growth Strategy in Medium-Term Management Plan 2026**
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Note: Medium-Term Management Plan 2023 : CRESCO's "Medium-Term Management Plan (FY2021–FY2023)"
Medium-Term Management Plan 2026 : CRESCO's "Medium-Term Management Plan (FY2024–FY2026)"

1. Review of Medium-Term Management Plan 2023

Review of Medium-Term Management Plan 2023 | Financial (Group)



- In the Medium-Term Management Plan 2023, we were able to promote improved profitability and expanded sales simultaneously and to achieve our business revenue targets.

FY3/2024 figures are forecasted

	FY3/2020 results	Medium-Term Management Plan 2023 Targets (FY3/2024)	Medium-Term Management Plan 2023 Results (FY3/2024)	Growth Rate
Consolidated net sales	39.7 billion yen	50.0 billion yen	52.5 billion yen	+32.2%
Consolidated operating profit	3.5 billion yen	5.0 billion yen	5.3 billion yen	+51.4%
Consolidated operating profit ratio	8.8%	10%	10.1%	-
ROE	14.8%	15% or more	14.3%	-

Review of Medium-Term Management Plan 2023 | Strategy-specific Assessment



- Centered on our basic strategy, the business foundation of the existing SI business has been stabilized. We are laying the groundwork for a shift in our business structure starting with growth in our digital solutions business and will continue to promote related initiatives toward further growth in the Medium-Term Management Plan 2026.

FY3/2024 figures are forecasted

Status of Initiatives and Results

Future Policy

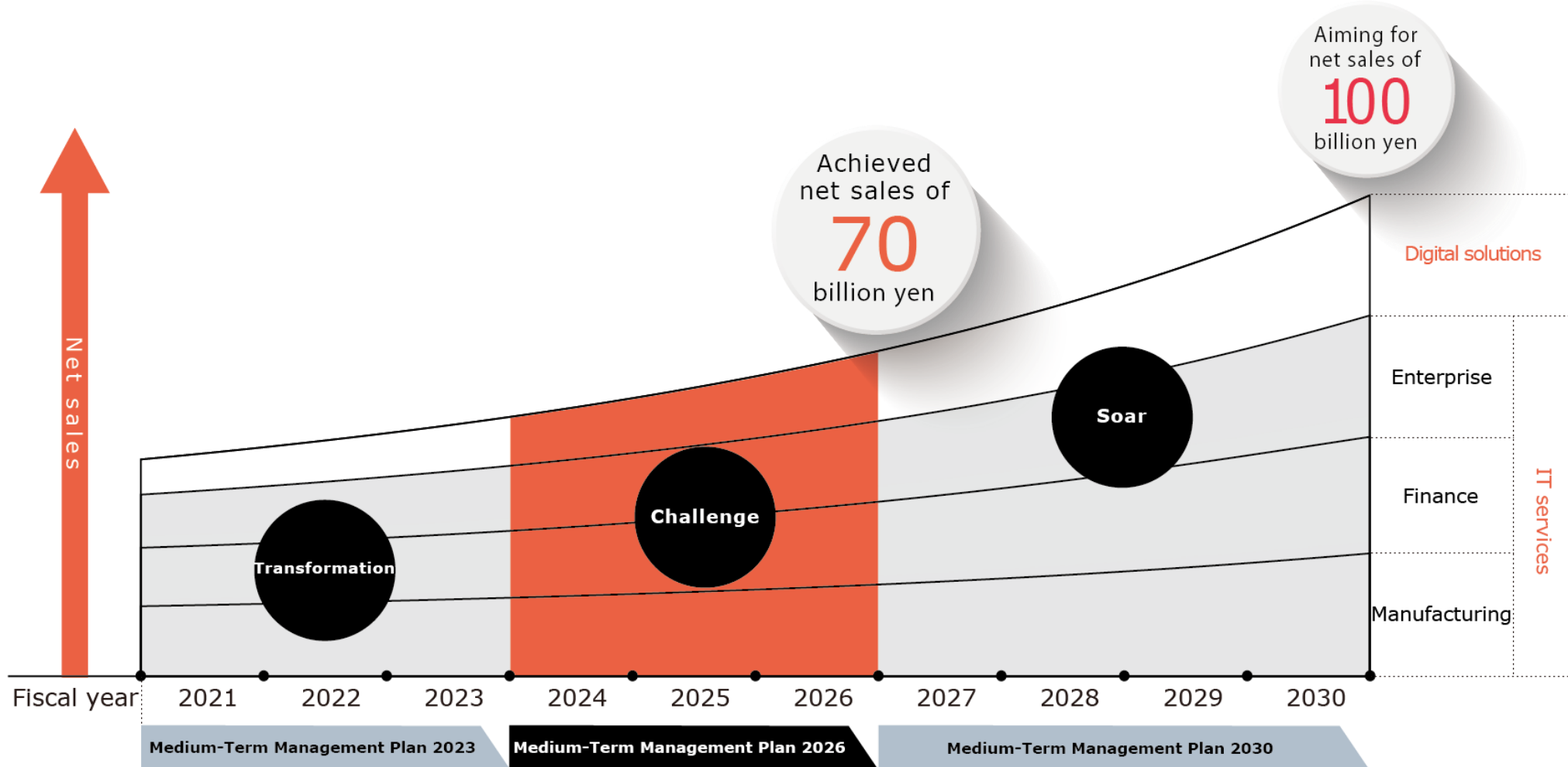
	Status of Initiatives and Results	Future Policy
Key strategy	Strengthening digital solutions <ul style="list-style-type: none"> ✓ Group net sales in the digital solutions business has tripled compared to 2020. This growth was centered on improved functions for our cloud service “Creage” and RPA ✓ Additional lineup expansions implemented 	<ul style="list-style-type: none"> ➢ Continue to increase the sales ratio of the digital solutions business ➢ To pursue increased profitability, promote the development of in-house digital solutions. Also procure and expand solutions centered on the fields of core systems, operational improvements, and increased productivity
	Evolution of agile management <ul style="list-style-type: none"> ✓ Achieved Group sales growth. Built a platform for coordination among Group companies in sales projects and exercised synergies in customer proposals and other areas ✓ Acquired Digital Transformation (DX) certification. Continued to challenge ourselves to become a DX stock 	<ul style="list-style-type: none"> ➢ Pursue stronger business synergies among Group companies ➢ Pursue internal digital transformation as a key policy and work to further improve operational performance
	Deepening of human-centered management <ul style="list-style-type: none"> ✓ Recognized as an organization under the “Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category)” for our health management initiatives for five consecutive years, and recognized as “White 500” for the first time. ✓ Established next-generation personnel training and an internal on-demand learning platform ✓ Introduced an engagement survey. Implemented improvement policies 	<ul style="list-style-type: none"> ➢ Build a human resource portfolio based on our management strategy and promote the hiring and development of highly specialized personnel ➢ Build systems and environments in which diverse personnel can be successful over the long term and create a culture that tackles even greater challenges
Basic strategy	Expansion of IT services <ul style="list-style-type: none"> ✓ IT service sales in the financial and manufacturing segments have achieved significant growth of more than 136% compared to FY2020 ✓ The growth rates for the enterprise business differ on an industry basis, however we newly entered the public welfare and healthcare industries 	<ul style="list-style-type: none"> ➢ Expand the provision of value in sectors that connect more strongly to customer growth and innovation ➢ Create dedicated teams and personnel able to provide optimal offerings on an individual customer basis
	Enhancement of quality <ul style="list-style-type: none"> ✓ Created standard development processes, issued manuals, and acquired ISMS certification in the business sector ✓ With the increase in extremely difficult projects (use of new technologies, large-scale), we produced cases studies for the required quality initiatives 	<ul style="list-style-type: none"> ➢ In addition to raising the level of existing quality and issue resolution, create quality standards, risk management, and development processes in line with the growth strategy
	Enhancement of technology <ul style="list-style-type: none"> ✓ The sales ratio of focus technology fields (AI, cloud, agile, robotics) reached one fourth of company-wide sales ✓ Starting with the launch of CRESCO A STARS, developed and strengthened our internal and external leaders centered on technology fields 	<ul style="list-style-type: none"> ➢ Continue to grow the cloud, automation, and agile sectors and focus on strengthening AI, data analytics, and security ➢ While continuing to reshuffle our technology portfolio, encourage coordination with external specialist companies

2. Realizing the CRESCO Group Ambition 2030



Positioning of Medium-Term Management Plan 2026

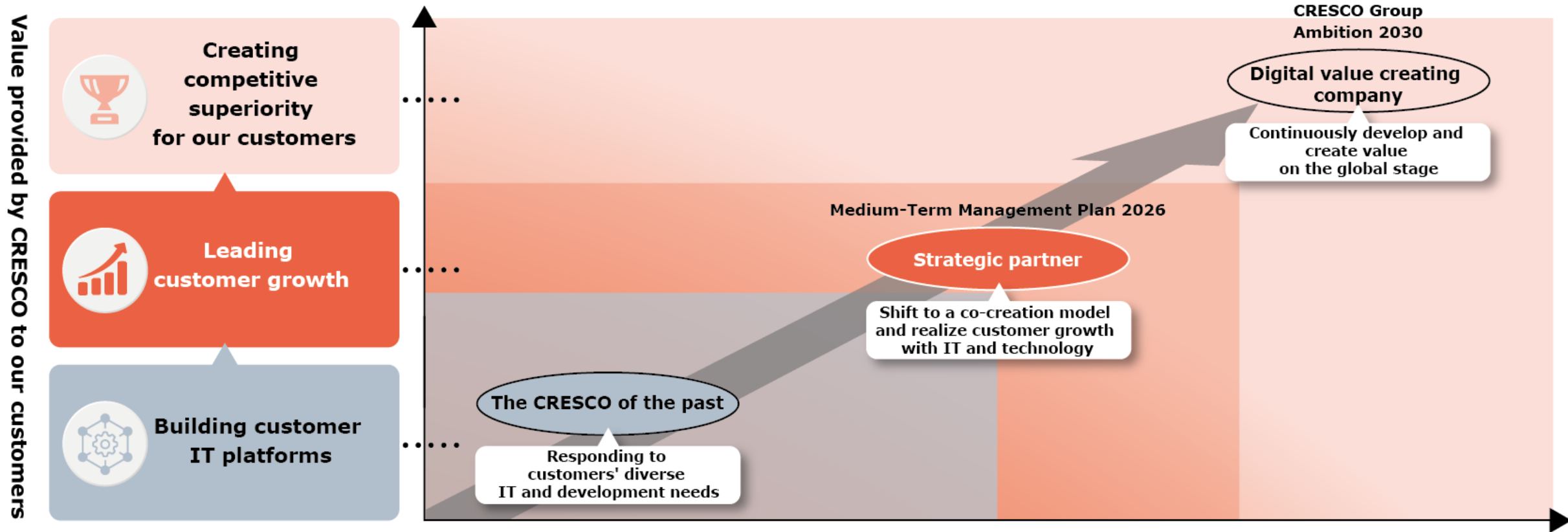
- The Group continues to aim to become a business with consolidated net sales of 100 billion yen by 2030. At the same time, under the theme of “Challenge” in the Medium-Term Management Plan 2026, the Group has set a target of achieving consolidated net sales of 70 billion yen.



Roadmap to 2030



- **Create competitive superiority for our customers through IT and technology while aiming to become a company that creates digital value to evolve along with society.**



Sustainability Management at the Group



Highly developed digital society

Improving experiential value through data use

Spread of green technologies that reduce the environmental burden

Automated driving and electrified automation

Safe and secure lifestyles

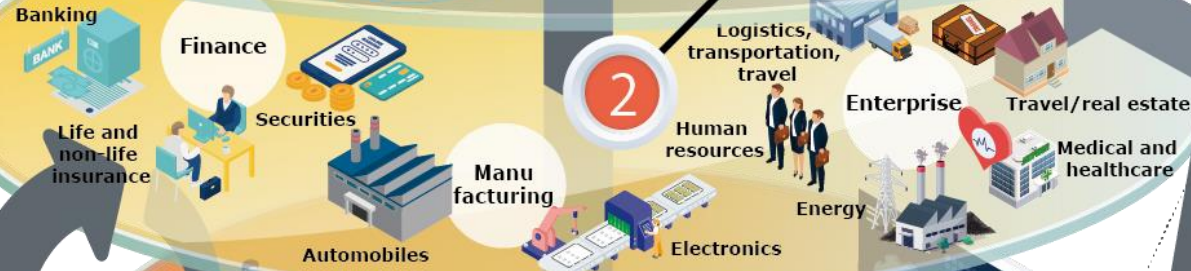
Customers

1

Mutual growth through co-prosperity

Because the growth of our customers is essential to our continuous growth as a Group, we work to realize growth for our customers as a partner

1



Data analytics, cloud computing, AI Robotics, agile, security

IT and technology

Digital Solution

2

Contributing to the resolution of social issues through our customers' businesses

Providing value centered on IT and technology and combining customer businesses to contribute to the resolution of social issues

3

Ongoing development and stability of digital society

With the transition to a digital society progressing, pursue safe and continuous development so that nobody is left behind








The Group's Material Issues

CRESCO Group Ambition 2030

Create the future, Beyond the horizon

We will realize a stimulating future through the best technology and human bonds



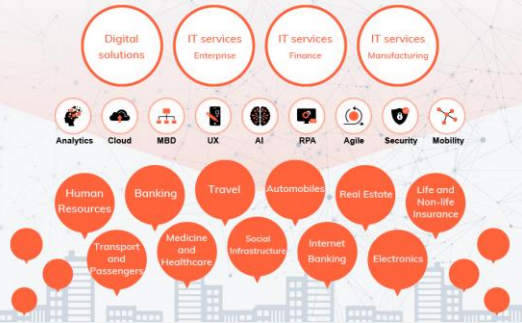
Resolving social issues through our business	Realizing a sustainable society through DX and innovation Promote digitalization throughout society and contribute to an environment in which anyone can access the necessary technologies and digital services 
	Contributing to the global environment through IT By spreading green technology, realize a decarbonized society and GX together with our customers 
	Establishing a safe digital society Contribute to improved security throughout society and realize a safe, secure, and resilient society 
Further strengthening our management platform	Creating opportunities for diverse human resources to have job satisfaction and success Develop the next generation of personnel that will rise to the challenge of innovation and build work environments in which diverse human resources can work energetically with job satisfaction 
	Maintain value provision through continuous governance checks and improvements Create a solid structure for corporate governance and establish a system for business operations that continuously increases corporate value 

The Group's Business Activities and Value Creation



Business activities' value and growth strategies

CRESCO Group's businesses



Digital Solution

- ◆ Solutions group from products and services that realize customer growth

IT Service

- ◆ Consulting
- ◆ IT planning
- ◆ Comprehensive services for development and maintenance

CRESCO Group's growth strategies



Continuously grow and move society forward together with our customers

Evolve into a strategic partner that realizes the growth of our client companies

New challenges

Further innovation

Develop our core businesses and build an even stronger management platform



**Sustainability management/
Corporate governance**

Values created by the CRESCO Group

Social values

For local communities and society

- ◆ Contributing to the digital society through development of new technologies and services

For customers

- ◆ Provision of high-quality IT and digital solution services

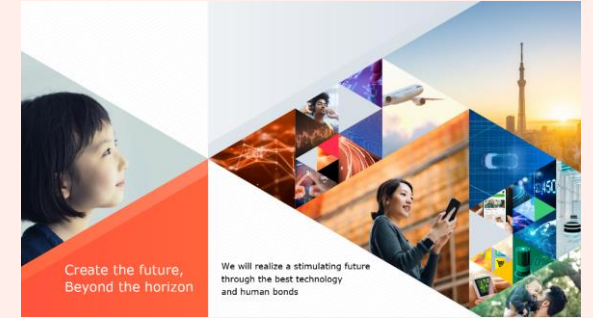
For employees

- ◆ Environment in which each employee can keep growing and flourish energetically

For shareholders and investors

- ◆ Enhancement of corporate value through sustained growth

A world that the CRESCO Group wants to realize



CRESCO Group Ambition 2030

**Create the future,
Beyond the horizon**

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

Toward a company with the consolidated net sales of 100 billion yen in 2030

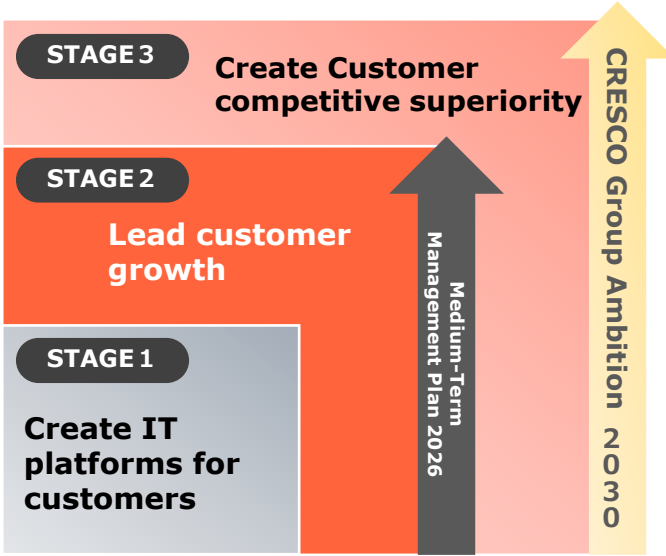
3. Growth Strategy in Medium-Term Management Plan 2026

The Group's Ideal Direction based on a Recognition of the Business Environment



Changes in the External Environment	The Group's core competencies
<p>Keeping up with rapid changes in the business environment</p> <p>To respond to rapid changes in the business environment, we must transform to a business model that uses optimal IT technology</p>	<p>Service / technologies</p> <p>Broad coverage in the IT services and solutions fields</p> <p>The Group's integrated strength and network with a wide range of partners</p>
<p>Steady trend of DX needs and ICT/DX investment demand</p> <p>DX needs are strong regardless of the industry or sector, and business applications of advanced technologies such as AI are progressing actively</p>	<p>Customer Platform</p> <p>Long-term transaction histories and relationships of trust with leading companies in each industry</p>
<p>Moving away from legacy systems</p> <p>The move away from outdated and complex existing systems is progressing, and system standardization and usage-type models are progressing</p>	<p>Human resources/organization</p> <p>Speedy and flexible response to change using the qualities unique to an independent company</p> <p>Straight-forward, diligent organizational culture focused on commitment</p>
<p>The democratization of internal production and development at user companies</p> <p>The internal production of IT capabilities to cut costs, enhance development agility, and accumulate knowhow is progressing</p>	
<p>Expansion into the global market and intensifying competition</p> <p>With the Japanese market contracting and foreign labor hiring progressing, providing value for global expansion and strategic sectors is taking priority</p>	

The Group's Ideal Direction



In addition to realizing customer growth and continuously increasing competitive superiority, by driving evolution in our digital society, make broad social contributions



CRESCO

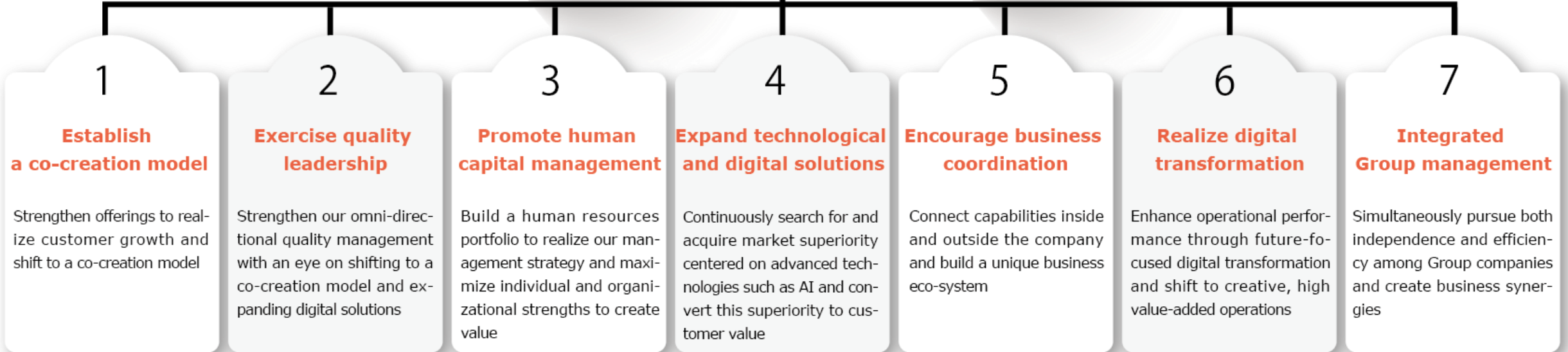
Continuously grow and move society forward together with our customers

Evolve into a strategic partner that realizes the growth of our client companies

New challenges

Further innovation

Develop our core businesses and build an even stronger management platform

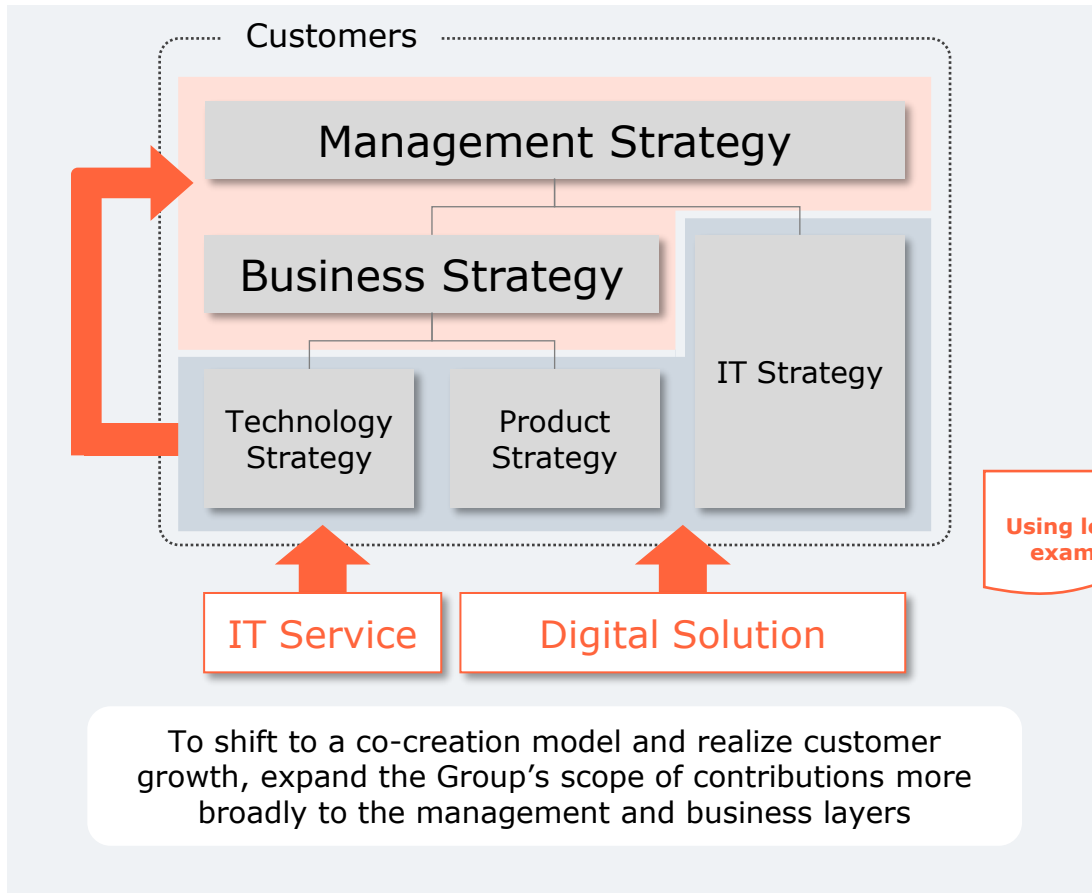




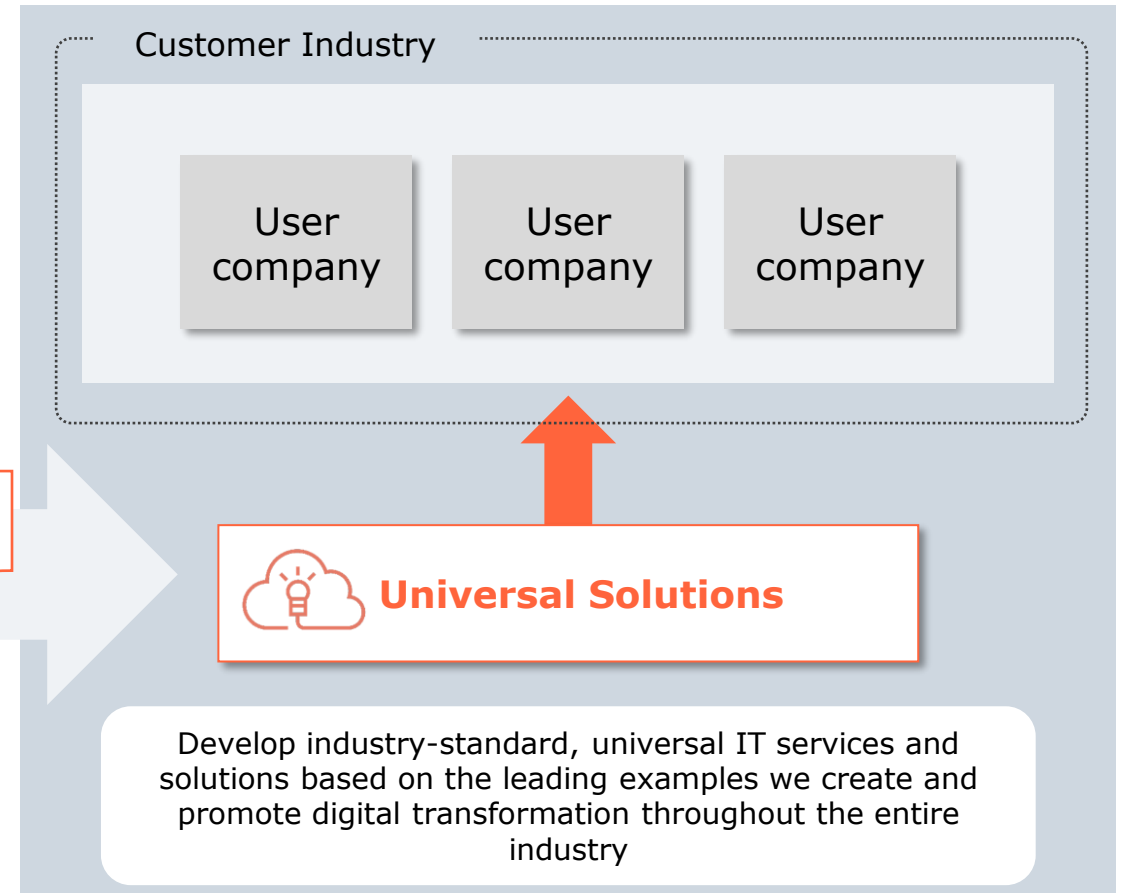
Policy to Realize Customer Growth

- **By contributing to the realization of each of our customer's strategies, we will establish a position as a strategic partner that is difficult for customers to replace**
- **Furthermore, we will circulate the knowledge that we gain through this process back into the industry and society at large in the interest of growth**

STEP 1 | Evolve into a Strategic Partner



STEP 2 | Promote Digital Transformation throughout the Industry



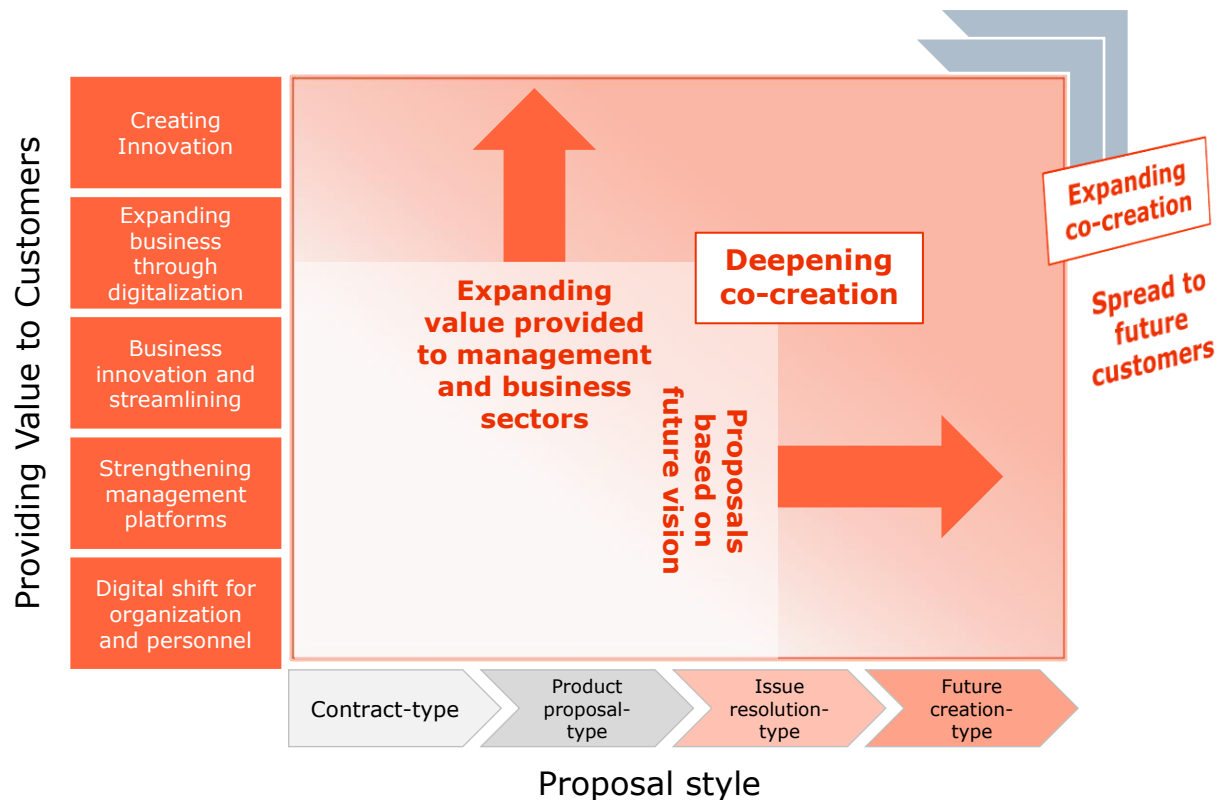
Establishing a Co-Creation Model | Strategic Policy



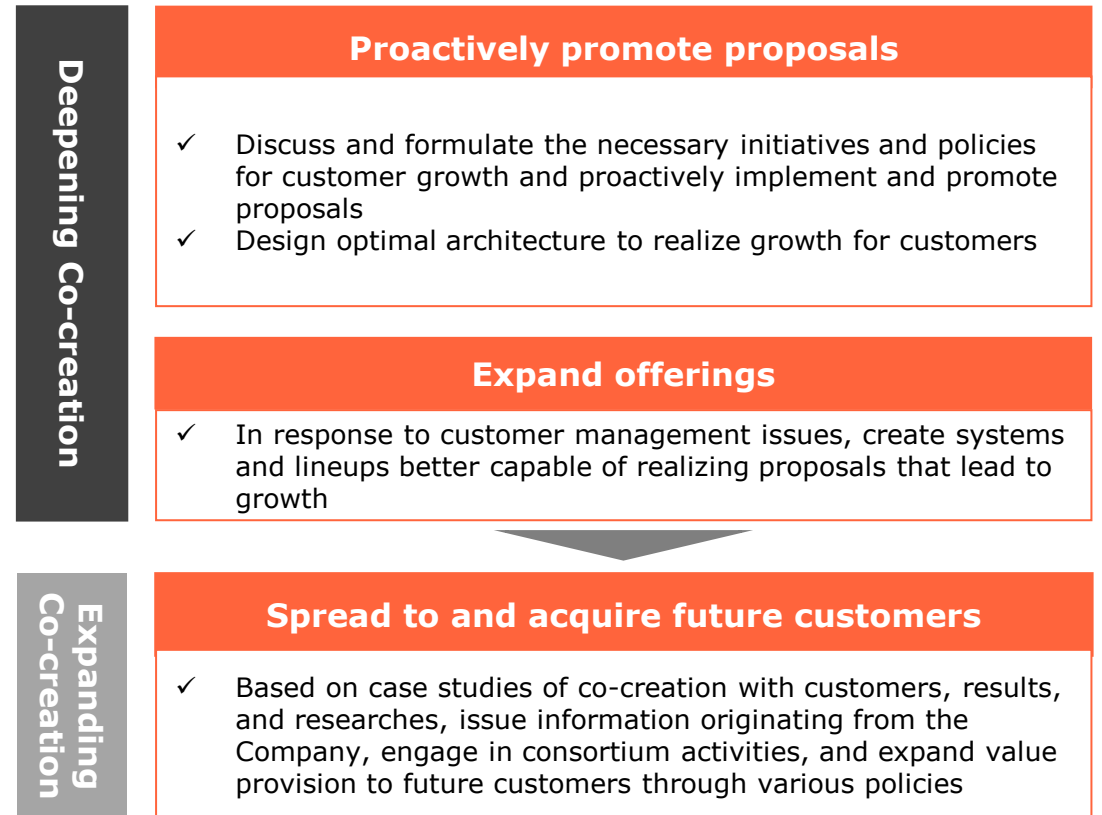
Strategic Policy

As a strategic partner, proactively implement and promote proposals that lead to customer growth. Based on the results and technologies cultivated through that process, strengthen external communication and expand the value provided to future customers

Desired Co-Creation Model



Themes of Initiatives





Strategic Policy

Providing the appropriate services and products to co-creation strategic partners that ensure quality levels for safety, security, and excitement and that support customer growth

Customer Relationships

Realizing growth through co-creation with customers

Realization Conditions

Exercising value with strategic partners



Providing quality in terms of safety, security, and excitement

Continuous Growth Conditions

Individual Growth

IT professional development initiatives

Organizational Growth

Four initiatives to create CRESCO quality

CRESCO Quality



Co-creation

- ✓ Develop the necessary initiatives and policies for customer growth jointly with customers



Value Creation

- ✓ Satisfy the "true requirements" of customers and realize proposals that exceed their expectations



Issue Resolution

- ✓ Propose resolutions that utilize our knowledge and experience as professionals



Expected Quality

- ✓ Continuously improve the quality management system for QCD compliance

Constituent Elements



Aim for further development of IT professionals toward the goal of "co-creation" with our strategic partners



In addition to our existing initiatives, aim to strengthen quality management in all directions toward "co-creation" with our customers



Strategic Policy

To realize our management strategy, build a human resources portfolio in which diverse human resources can be successful and create value by maximizing individual and organizational strength

Value Creation

Maximizing the value of human capital

Strategically based human resources portfolio

Skill development and career independence

Cooperation and success of diverse personnel

The CRESCO Charter

CRESCO is a company with a focus on **people** and **a merit-based philosophy**

Themes of Initiatives

Strategically based human resources portfolio

Personnel acquisition

- ✓ Create and manage a dynamic human resources portfolio focused on future change and innovation toward establishing a co-creation model
- ✓ To secure excellent human resources, aggressively strengthen new graduate hiring, mid-career hiring, and diversity hiring

Skill development and career independence

Development

Assignment

Assessment

- ✓ Create a structure for development, assignment, and assessment to expand co-creation-type personnel
- ✓ Foster the individual growth of each employee through synergies between skill development and career independence

Cooperation and success of diverse personnel

Health and productivity management

Engagement

D&I

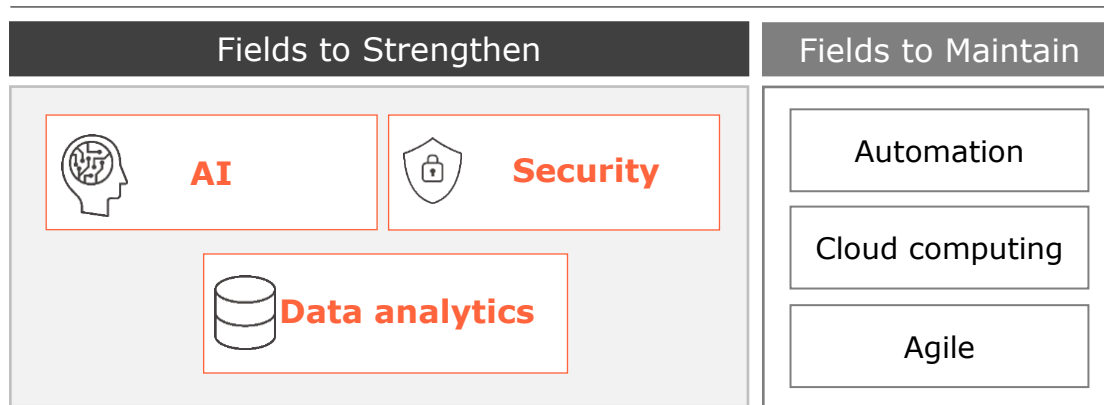
- ✓ Create relationships of mutual growth through empathy and cooperation between the company and employees and among employees
- ✓ Create an atmosphere and culture in which individual employees can fully exercise diverse capabilities and approach new challenges with a sense of excitement



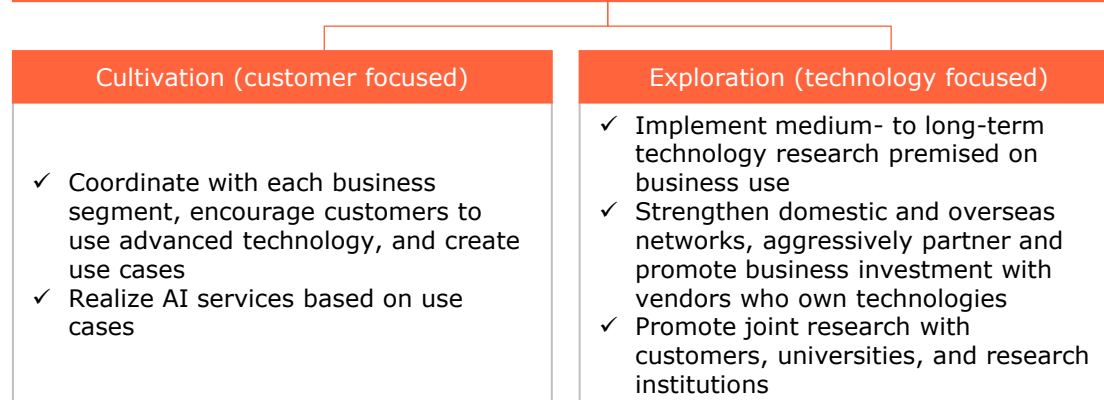
Strategic Policy

Provide services in response to management issues by expanding technologies and digital solutions from a customer-focused perspective and explore new technologies for the future

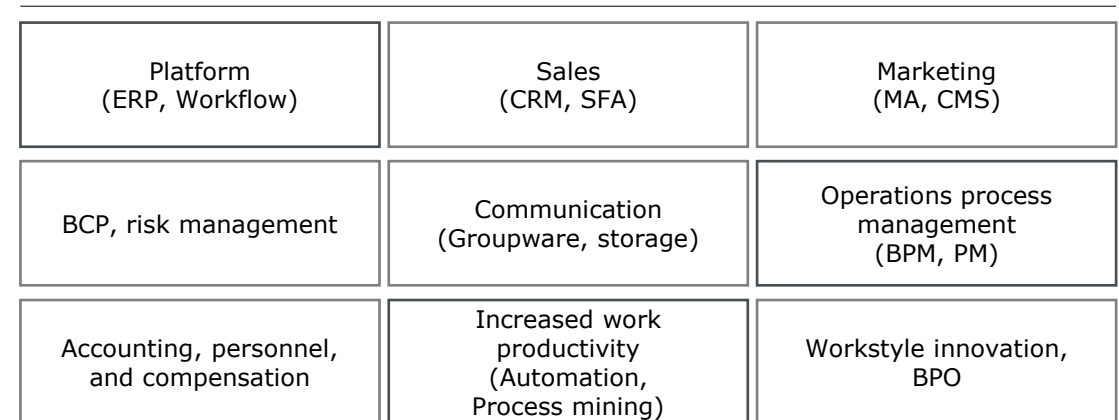
Technology Strategy



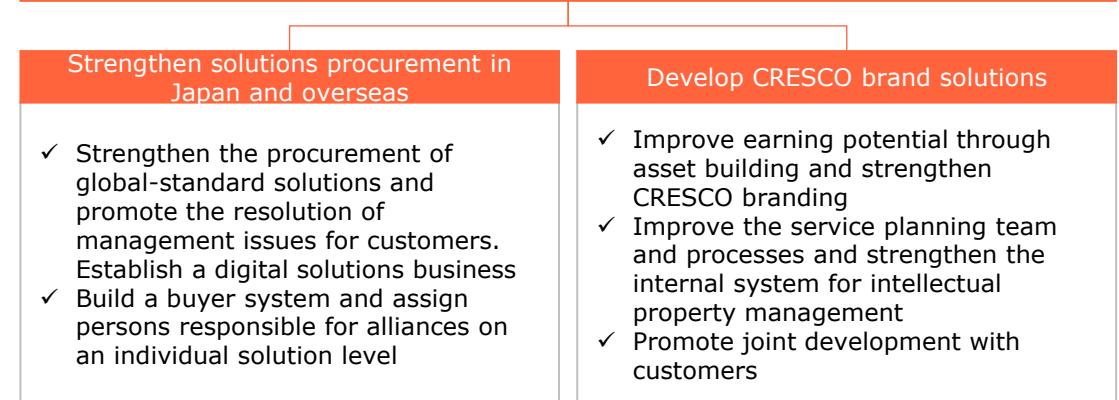
Balancing customer-focused "cultivation" and technology-focused "exploration"



Digital Solution Strategy



Strengthening the areas of operations that contribute to management issues



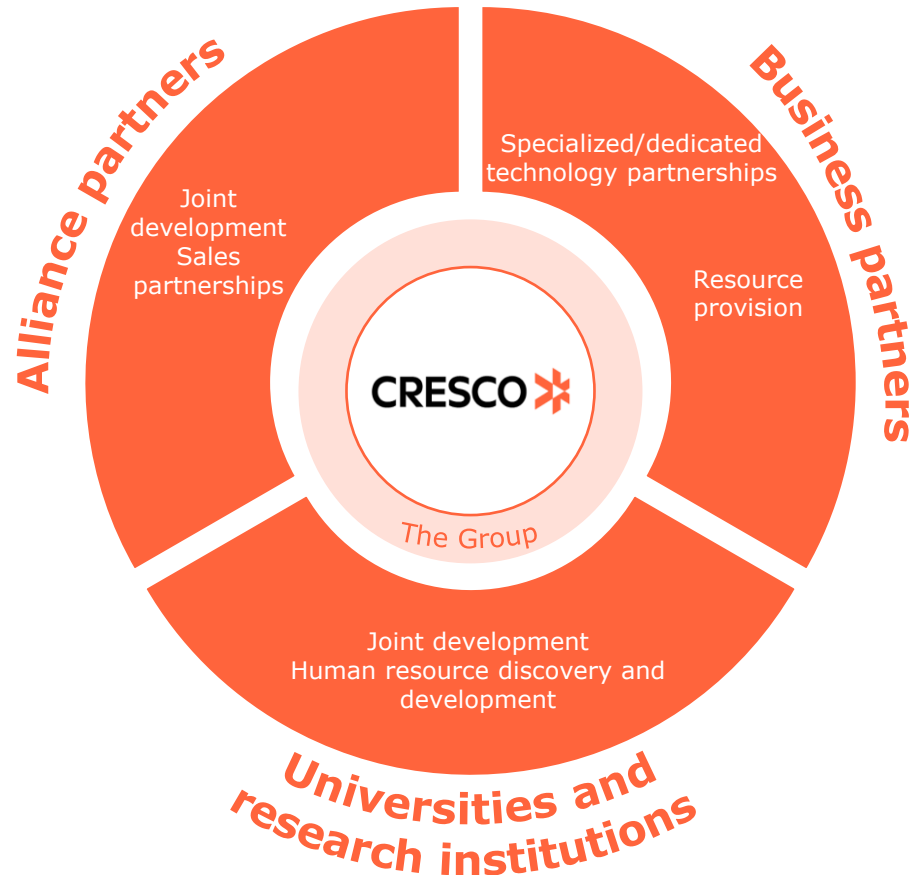
Promoting Coordination Among Businesses | Strategic Policy



Strategic Policy

By cooperating and coordinating with diverse partners including companies, universities, and research institutions and creating synergies, we will expand our business ecosystem and draw out our usable capabilities and resources to the maximum

Business Ecosystem Concept



Themes of Initiatives

Acquire Alliance Partners

- ✓ Through strategic alliance partnerships, we not only will provide intellectual property and resources, but also will acquire alliance partners with the goal of pioneering new markets and developing technologies
 - Strengthen cooperation in technology and sales
 - Acquire new alliance partners through technological partnerships

Strengthen Relationships with Business Partners

- ✓ Build strategic relationships and strengthen proposal capabilities with important business partners that allow the scope of both "specialized/dedicated technology partnerships" and "resource provision" to be expanded
 - Define and expand core business partners with which we conclude partnerships based on the management and business strategies of both companies
 - Build win-win relationships (holding joint education sessions, etc.)

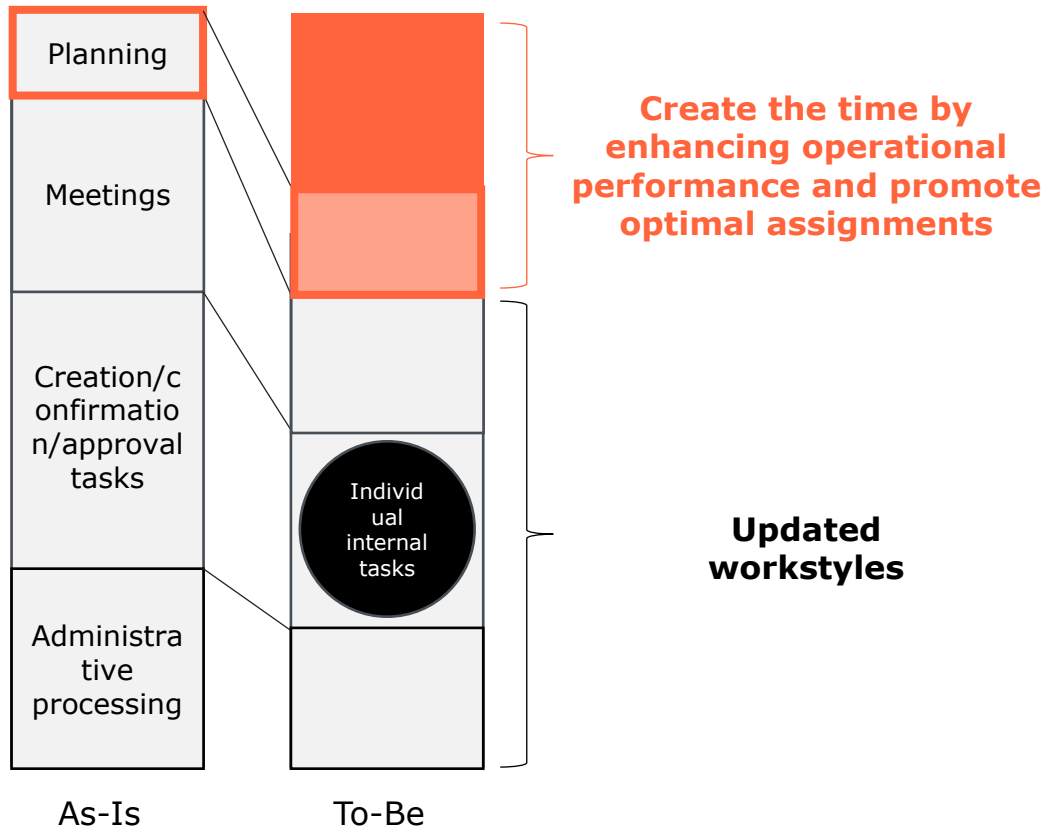
Strengthen Partnerships between Industry and Academia

- ✓ Strengthen the joint development system with universities and research institutions
- ✓ Discover, develop, and acquire excellent human resources



Strategic Policy

Digitally innovate internal operations with a focus on the future and enhance operational performance to shift to more creative operations and higher value-added operations



Themes of Initiatives

Management	<ul style="list-style-type: none"> ✓ Use management data effectively and conduct strategic management-related decision making to establish competitive superiority
Sales	<ul style="list-style-type: none"> ✓ Using internal and external data, by increasing the accuracy of sales operations for customers and realizing co-creative sales for our customers' businesses, contribute to expanded sales and profitability
System Development	<ul style="list-style-type: none"> ✓ Using AI and automation, increase the operational efficiency of development ✓ Through the digital transformation of development processes, increase quality
Sales Management	<ul style="list-style-type: none"> ✓ Through the digital transformation of sales management operating processes, enhance operational efficiency and provide higher value services



Strategic Policy

Based on the independent management of each Group company, strengthen business synergies, maximize the value provided to customers, and streamline Group management

Maximize the Value Provided to Customers

Group Joint Proposals

Optimizing the Information Sharing Platform

- ✓ Promote Group coordination and supplement capabilities in the customer proposal and installation phase

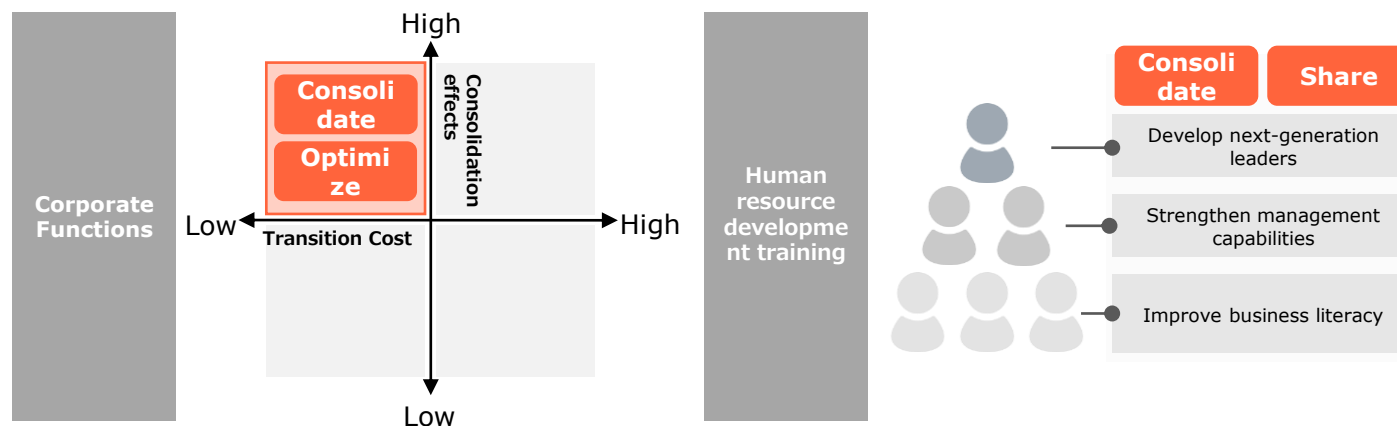


Streamline Group Management

Consolidating Corporate Functions

Creating Shared Human Resource Development

- ✓ Consolidate and optimize duplicated tasks within the Group centered on management division operations such as purchasing, legal, corporate communication and human resource development



4. Strategies by Business Segment



- **Using connections with leading companies in a wide range of industries, build new services using multiple best practices that go beyond the boundaries of individual industries and develop them on a cross-industry basis**

Business outline

- In the enterprise business, support digital transformation that anticipates changes in the market and the emergence of new technologies for customers in diverse industries including human resources, travel, logistics, and transportation
- Using cross-industry-type knowledge and best practices, provide one-stop service from planning, to development, to operations and management



Business strategy

Grow and expand current business sectors

- ① **Expand and streamline the provision of one-stop service**
 - Led by operational application development, expand the sectors we service including platform building (cloud) and data linking and analysis platform building
 - Promote the streamlining of system introduction through not only full-scratch development, but also through the combination of low-code/no-code development and the introduction of digital solutions
- ② **Cultivate core industries**
 - Promote the standardization of system development and maintenance on an individual industry basis for the core industries of human resource services, travel, air travel (passengers), and transportation (ground transportation)

Strengthen and establish new business sectors

- ① **Further growth in the enterprise sector**
 - In addition to our core industries, maintain momentum in expanding into other industries including real estate, distribution, the government sector, and the medical and healthcare industry
- ② **Co-create services with new value together with customers**
 - Innovate from a contracted-development business style to a value co-creation business that works to further understand customers' businesses, enhance their competitive superiority, and resolve issues
 - Strengthen account management, pursue business transitions with customers, and engage in the co-creation of new businesses with customers
 - Go beyond the boundaries of individual industries to build new services combining multiple best practices and develop them on a cross-industry basis



- **In addition to building and operating a sound financial system as a form of social infrastructure, promote digital transformation and co-creation toward rapid shifts in business categories**

Business outline

- In the financial business, we provide wide-ranging support from system building to operations and maintenance for core systems, information systems, market systems, and EUC mostly for the core industries of banking, securities, and insurance
- Based on the operational knowhow that we have cultivated since our founding as well as our track record in system building and operations, we are promoting digital transformation using new technologies together with our customers



Business strategy

Grow and expand current business sectors

- ① **Expand in the sectors with back-end systems**
 - Build and operate on-premises and cloud platforms in the core sectors of financial institution systems and continuously automate and streamline operations
 - Train in core back-end technologies and strengthen responsiveness to new technologies
 - Strengthen evaluations of similar services and propose even better services
- ② **Strengthen data linking and processing technologies (middleware)**
 - Using operational knowledge and data linking and processing technologies that link increasingly large-scale and complex financial systems, encourage data integration and utilization

Strengthen and establish new business sectors

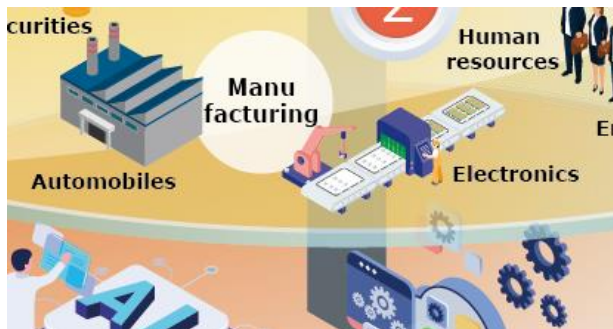
- ① **Promote operations around the theme of co-creation**
 - Promote co-creation with client companies centered on front-end system operations
 - Introduce agile development methods to roll out highly flexible services
- ② **Promote further data use**
 - Implement data governance, large-scale data processing, and improved and streamlined ETL processing
 - Strengthen education and investment in new technologies such as generative AI and propose them to customers
- ③ **Strengthen operational knowledge and promote legal and regulatory compliance**
 - Strengthen investment in education and development related to product knowledge, marketing, risk management, and global regulations
 - Promote proposals and installations that immediately resolve customer issues such as regulatory compliance.



- **Expand the fields we service from product businesses to service business and promote co-creation businesses**

Business outline

- In the manufacturing business, to respond to changes in customers' business models such as the shift to products plus services centered on the mobility and electronics industries as well as software-first manufacturing, provide one-stop service including everything from UI/UX evaluations to design, development, evaluation, operation, and maintenance
- Also support the product development field, including consulting for safety and security, improved manufacturing efficiency, and the visualization of development processes



Business strategy

Grow and expand current business sectors

- ① **Integrating and improving the “infotainment” business**
 - We have a development track record in the IVI sector including indicators and center displays, and we own multimedia technologies in the electronics field. Going forward, we will support product development aimed at integration and connectivity
- ② **Cybersecurity response and safe product design**
 - Based on a software-first approach, develop consulting services for cybersecurity response and design

Strengthen and establish new business sectors

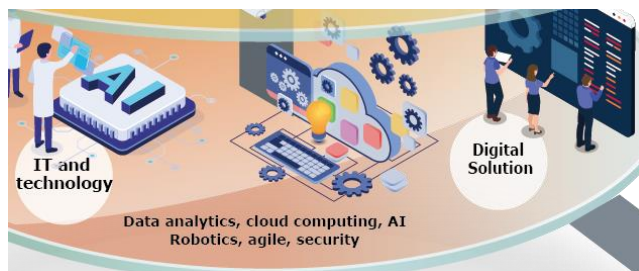
- ① **Focus on the mobility sector**
 - Strengthen the safe driving control sector (ADAS and AD)
 - Strengthen the AUTOSAR-compliant standardized development process and model-based development
 - Expand into the electrified sector (battery control, battery charger control)
- ② **Implement mobility services**
 - Develop and implement services using user data (vehicle management, telematics insurance, etc.)
 - Develop sharing and MaaS applications and algorithms
 - Transition customer service and sales online
- ③ **Strengthen the IT capabilities of client companies**
 - Promote the development of IT personnel centered on software
 - Create and provide low-code and no-code development tools and development environments



- **Expand solutions suited to fields of operation to respond to management issues**

Business outline

- In the digital solutions business, propose and support the introduction of solutions that contribute to the resolution of customers' management issues and solutions necessary for customers' business growth
- Stay current with trends in technology and create a service lineup using our own technologies and strengths
- Plan and develop new solutions and new businesses



Business strategy

Grow and expand current business sectors

- ① **Continuous initiatives in the fields of the cloud and automation**
 - Continuously update our core solutions including Creage, security, and RPA
- ② **Strengthen pre-sales and customer success**
 - Strengthen and optimize pre-sales and sales systems
 - Improve life time value through education and onboarding services

Strengthen and establish new business sectors

- ① **Expand solutions that contribute to the resolution of management issues**
 - To enhance the value provided to customers, expand and promote the sales of solutions that contribute to the resolution of management issues and services that utilize our capabilities (strengthen our offerings)
- ② **Develop and implement CRESCO-brand digital solutions**
 - Build asset businesses and develop profitable in-house solutions
 - Build and curate our brand story
- ③ **Establish a position in the industry by enhancing our brand strength**
 - Establish content websites and provide more information on case studies, technologies, and solutions externally
 - Enhance our presence through public events and external lectures

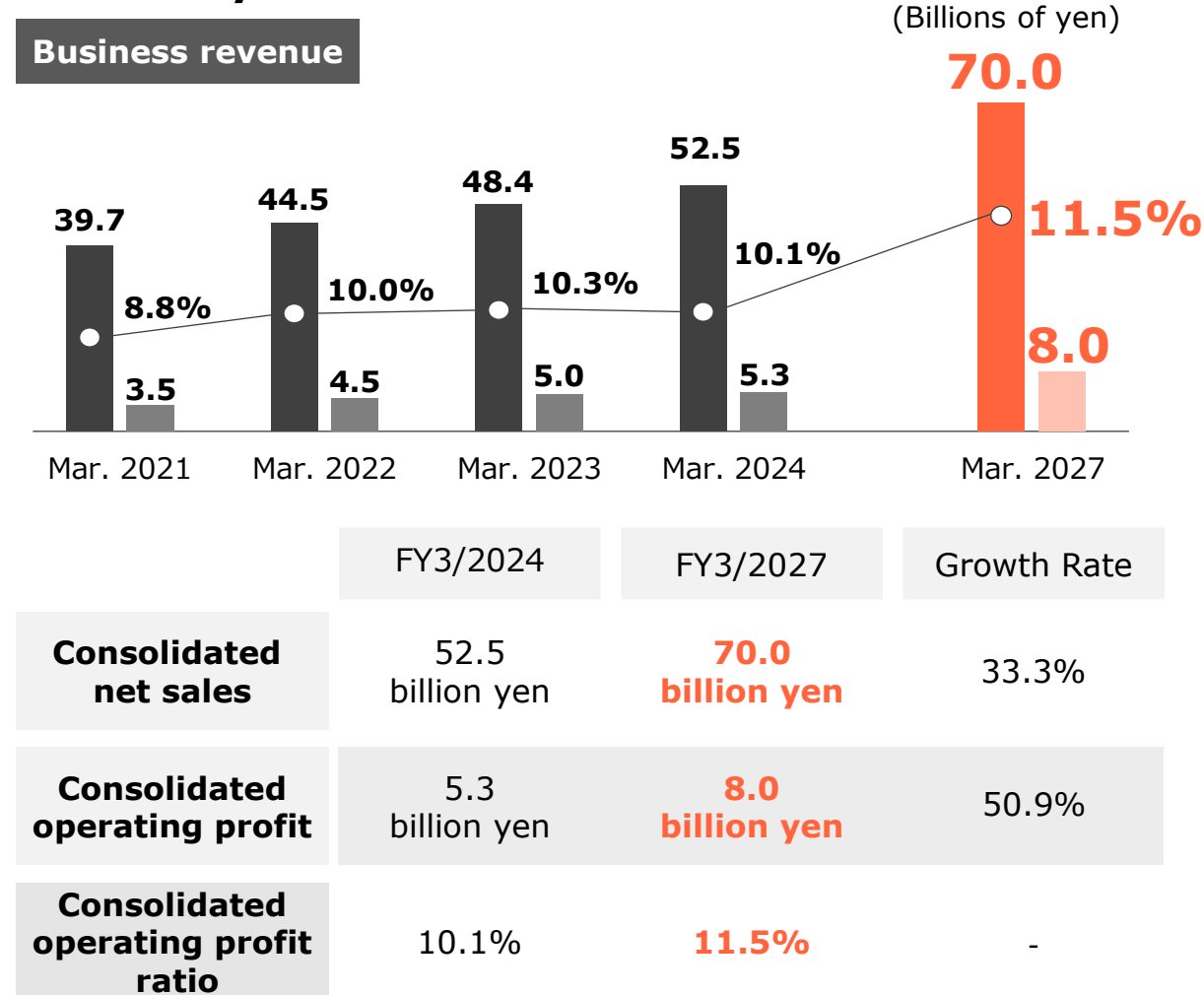
5. Group-wide Objectives

FY2026 Financial and Non-Financial Targets (Group)

FY3/2024 figures are forecasted



- In FY2026, on a consolidated basis, we aim to achieve 70 billion yen in net sales, an operating profit ratio of 11.5%, and ROE of 15%, and to realize high earnings and growth
- Furthermore, we aim to strengthen shareholder returns and to increase our dividend payout ratio to 40% by FY2024



Management efficiency	FY3/2024	FY3/2027
ROE	14.4%	15%

Shareholder return	FY3/2024	FY3/2027
Dividend payout ratio	30%	40%

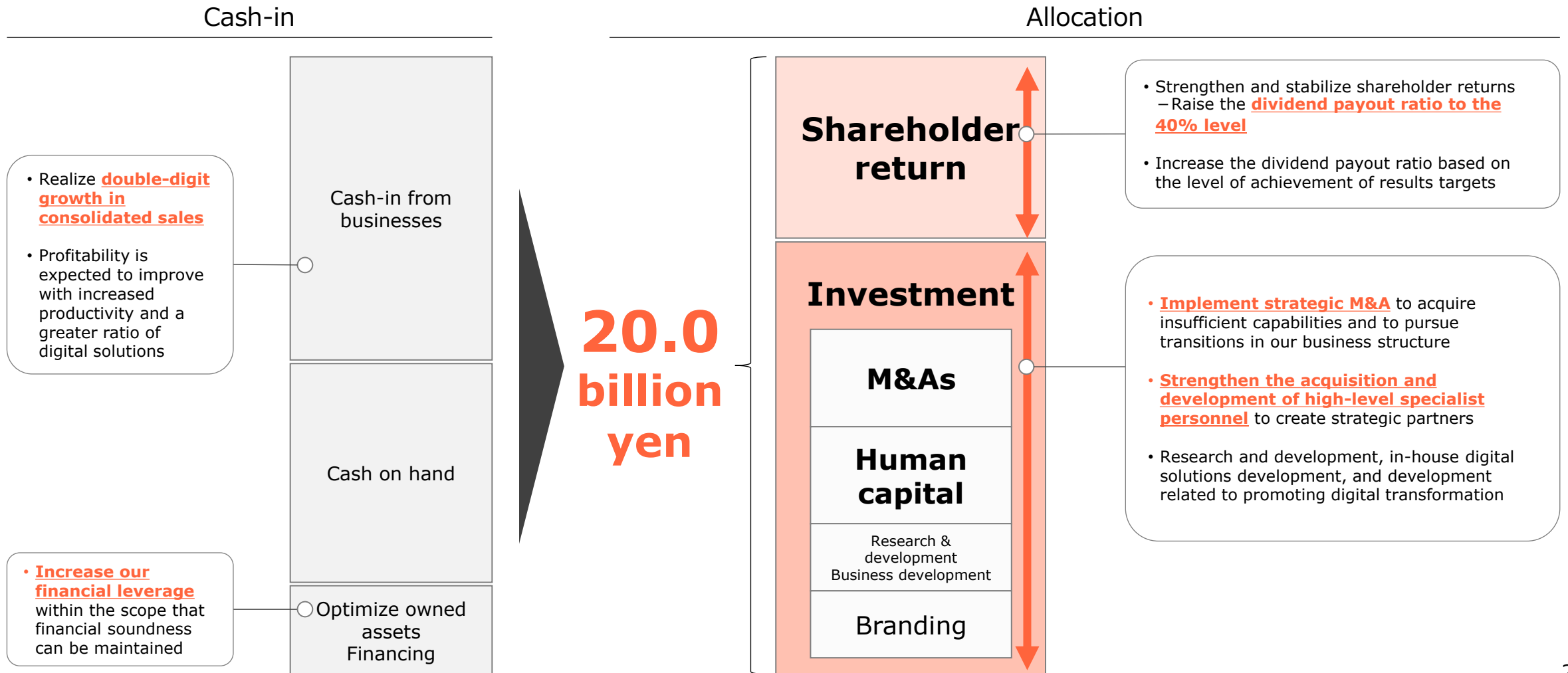
Non-financial Indicators	FY3/2024	FY3/2027
Ratio of female managers*	11%	13%
Engagement score*	64.4	70

*Target values on a non-consolidated basis



Cash allocation policy

- Over the course of three years, we will carry out aggressive investment centered on M&A and human capital development to enhance our corporate value and expand our capabilities. We will also strengthen shareholder returns mainly through the cash generated by business growth



Terminology



CRESCO Group Ambition 2030	Official name for the Company's Group vision formulated in 2021.
A focus on people and a merit-based philosophy	Management policy deriving from "CRESCO is a company with a focus on people and a merit-based philosophy" in "The CRESCO Charter," which has formed the Company's management philosophy since our founding.
Strategic partner	Established in the Medium-Term Management Plan 2026 as a keyword indicating the type of relationship we hope to achieve by strengthening partnerships with our customers.
Co-creation model	Established in the Medium-Term Management Plan 2026 as a keyword indicating the style of co-creating value with our customers achieved by strengthening proactive proposals and offerings from the Company that connect to customer growth.
Core businesses	Official name for the main business segments that the Group has always pursued.
Digital Solution	Solutions group from products and services that support the realization of customers' digital transformation
Creage	Name for the integrated cloud support service provided by the Group.
CRESCO quality	Official name for the quality standards independently established by the Group to deliver safety, security, and excitement to our customers.
Alliance partner	Official name for the group or partner companies that conduct new market development and technological development jointly with the Group.
Business partner	Official name for the group of partner companies from which the Group obtains capabilities and resources and which cooperate with the Group. Following the strategic policy of the Medium-Term Management Plan 2026, we aim to create more strategic relationships in the future.
EUC	"EUC" is the acronym for "end user computing." EUC refers to technology that allows employees to access secure environments to perform operations.
ETL processing	Process to extract ("E") the necessary data from the data stored on databases, transform ("T") it for the desired purpose, and load ("L") data into the system requiring it.
IVI	"IVI" is the acronym used for "In-Vehicle Infotainment," a collective term for systems that provide information in an entertaining way and systems that provide both information and entertainment.

Thank You



[Notes]

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