

Translation

Notice: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

October 30, 2017

To whom it may concern:

Company name: CRESCO LTD.
Representative: President, Operating Officer Hiroyuki Nemoto
(Stock code: 4674 Tokyo Stock Exchange, First Section)
Inquiries: Director, Managing Executive Chihiro Sugawara
Officer, General Manager of Group
Business Promotion Unit
TEL +81-3-5769-8011

Notice Concerning Restructuring of Subsidiaries in the Kansai Region

CRESCO LTD. (the “Company”) hereby announces the decision made at the Board of Directors meeting held on October 30, 2017 to integrate the Kansai Office (Yodogawa-ku, Osaka-shi, Osaka) of IOS Co., Ltd. (Representative Director: Daichi Miyamoto, Headquarters: Minato-ku, Tokyo; “IOS”) into Media Magic Co., Ltd. (Representative Director: Naoko Nakasu, Headquarters: Chuo-ku, Osaka-shi, Osaka; “Media Magic”). Details are set forth below.

1. Reason for integration

Up until now, the CRESCO Group’s business conducted in the Kansai region has mainly been carried out by two separate arms of the Group: the Kansai Office of consolidated subsidiary IOS, and Media Magic. However, judging that the unification of these business operations will enhance development efficiency and that a strategic consolidation will also enable the provision of more value-added services to customers, the Company decided to execute the integration. This integration will bring about not only the fusion of both company’s strengths but also the integration of tasks, currently being performed redundantly, and the promotion of management efficiency. Looking forward, the CRESCO Group will set its sights on further growth by applying the principle of “selection and concentration” to its management resources.

2. Integration outline

- (1) Date of implementation of integration: Monday, April 2, 2018
- (2) Date of business commencement: Monday, April 2, 2018
- (3) Integration method: Business transfer
- (4) Summary of involved companies

Trade name	IOS Co., Ltd.	Media Magic Co., Ltd.
Major line of business	<ul style="list-style-type: none">• Development of computer software• IT consulting• Design, development and manufacturing of information and communication equipment and facilities and peripheral equipment	<ul style="list-style-type: none">• Development of computer software• IT consulting• System integration• Web design
Date established	June 1989	April 1995
Location of headquarters	Shinagawa Tokyu Building 9F, 1-6-31, Kounan, Minato-ku, Tokyo	Nakahiro Building 3F, 3-5-6, Aduchimachi, Chuo-ku, Osaka-shi, Osaka
Representative	Daichi Miyamoto, President	Naoko Nakasu, President
Capital	313,365,000 yen	100,000,000 yen
End of the fiscal year	March 31	March 31
Major shareholder and shareholding ratio	CRESCO LTD. 100%	CRESCO LTD. 96.5%

3. Financial results of the most recent fiscal year (Fiscal year ended March 31, 2017)

(Unit: Amounts less than one million yen are rounded down)

Trade name	IOS Co., Ltd.	Media Magic Co., Ltd.
Net assets	1,751	39
Total assets	2,735	165
Net sales	4,546	409
Operating profit	273	17
Ordinary profit	289	20
Profit	196	21

4. Status of integrating company after integration

For the time being, the trade name, locations of headquarters and branches of Media Magic will remain unchanged.

After the integration on April 2, 2018, this company is planning to implement a change of trade name and relocation of headquarters.

Trade name	Media Magic Co., Ltd.
Location of headquarters	Nakahiro Building 3F, 3-5-6, Aduchimachi, Chuo-ku, Osaka-shi, Osaka
Location of branches	[Osaka] Shin-Osaka Sanyo Building 2F, 4-4-6 Nishinakajima, Yodogawa-ku, Osaka-shi, Osaka *Former Kansai Office of IOS Co., Ltd.
	[Tokyo] Kabutocho Chuo Building 4F, 11-10 Nihombashi Kabutocho, Chuo-ku, Tokyo
Representative	Naoko Nakasu, President
Capital	100,000,000 yen
End of the fiscal year	March 31

5. Future outlook

The Company considers that this matter's impact on the financial results of the fiscal year ending March 31, 2018 will be insignificant. However, if the Company recognizes any kind of matter requiring disclosure, it will make such disclosure promptly.