

## 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.

January 29, 2018

To whom it may concern:

Company name: CRESCO LTD.  
Representative: President, Operating Officer Hiroyuki Nemoto  
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### Notice Concerning Restructuring of Subsidiaries, etc.

CRESCO LTD. (the Company) hereby announces that it resolved at a meeting of its Board of Directors held on January 29, 2018 to integrate IOS Co., Ltd. (President: Daichi Miyamoto, Headquarters: Minato-ku, Tokyo), a consolidated subsidiary of the Company, and Applications Co., Ltd. (President: Daichi Miyamoto, Headquarters: Yokohama-shi, Kanagawa), a subsidiary of IOS Co., Ltd., effective April 1, 2018. Details are set forth below.

#### 1. Reason for integration

Since its foundation in 1989, IOS Co., Ltd. has mainly provided industry infrastructure construction, application software development and maintenance services to a wide range of customers including financial institutions, manufacturing companies, public institutions, and social infrastructure.

In October 2017, IOS Co., Ltd. acquired Applications Co., Ltd. as a subsidiary to overcome urgent challenges (1. Improve the ability to receive orders, 2. Raise the overall technological strength, 3. Reinforce human resources, and 4. Expand the business domain). The integration outlined below is expected to strengthen the development capabilities and customer base of IOS Co., Ltd., as well as to realize drastic efficiency improvement and accelerate business reform, driving further expansion of its corporate value.

Looking forward, the CRESCO Group will take on the challenge of achieving further growth by applying the principle of “selection and concentration” to its management resources.

#### 2. Integration outline

- (1) Date of execution of contract: Monday, January 29, 2018
- (2) Date of implementation of integration: Sunday, April 1, 2018
- (3) Integration method: Absorption-type merger in which IOS Co., Ltd. will be the surviving company
- (4) Summary of involved companies

	Surviving company	Absorbed company
Trade name	IOS Co., Ltd.	Applications Co., Ltd.
Major line of business	<ul style="list-style-type: none"><li>• Development of computer software</li><li>• IT consulting</li><li>• Design, development and manufacturing of information and communication equipment and facilities and peripheral equipment</li></ul>	<ul style="list-style-type: none"><li>• Contracted development and maintenance of information systems, development of smartphone application software</li><li>• Website design and production, development and sales of software packages</li><li>• SaaS cloud service</li></ul>
Date established	June 1989	August 1978
Location of headquarters	Shinagawa Tokyu Building 9F, 1-6-31, Kounan, Minato-ku, Tokyo	Oak Yokohama Building, 2-15-10 Kitasaiwai, Nishi-ku, Yokohama-shi, Kanagawa
Representative	Daichi Miyamoto, President	Daichi Miyamoto, President
Capital	313,365,000 yen	27,300,000 yen
Major shareholder	CRESCO LTD. (100%)	IOS Co., Ltd. (100%)
End of the fiscal year	March 31	March 31

### 3. Financial results of the most recent fiscal year

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

	<b>IOS Co., Ltd.</b> (Surviving company) (Fiscal year ended March 31, 2017)	<b>Applications Co., Ltd.</b> (Absorbed company) (Fiscal year ended July 31, 2017)
Net assets	1,751	128
Total assets	2,735	160
Net sales	4,546	260
Operating profit	273	3
Ordinary profit	289	2
Profit	196	1

\* In October 2017, Applications Co., Ltd. changed its fiscal year end date to March 31.

### 4. Status of surviving company after integration

There will be no change in the location of headquarters, capital, and fiscal year end date of IOS Co., Ltd., which is the surviving company.

Trade name	IOS Co., Ltd.
Major line of business	<ul style="list-style-type: none"><li>• Development of computer software</li><li>• IT consulting</li><li>• Design, development and manufacturing of information and communication equipment and facilities and peripheral equipment</li></ul>
Location of headquarters	Shinagawa Tokyu Building 9F, 1-6-31, Kounan, Minato-ku, Tokyo
Representative	Daichi Miyamoto, President
Capital	313,365,000 yen
End of the fiscal year	March 31

### 5. Future outlook

The Company considers that this matter's impact on the forecast of consolidated financial results for 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.