

## 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 28, 2019

To whom it may concern:

Company name: CRESCO LTD.  
Representative: President, Operating Officer Hiroyuki Nemoto  
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### Notice Concerning Absorption-type Merger with a Consolidated Subsidiary (Simple/Short-Form)

CRESCO LTD. (the “Company”) hereby announces the decision made at the Board of Directors meeting held on January 28, 2019 to conduct an absorption-type merger (“This Merger”) with Cresco KYUSHU Co., Ltd. (hereinafter “Cresco KYUSHU”), which is a subsidiary of the Company, as of April 1, 2019. Details are set forth below.

Furthermore, as This Merger is a simple merger with a wholly-owned subsidiary, some disclosure items and their content have been omitted.

#### 1. Purpose of the merger

It was decided to conduct an absorption-type merger with Cresco KYUSHU, with the Company as the surviving company, in order to achieve business expansion, growth, and to promote efficient utilization of human resources and business efficiency within the corporate group. 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. Outline of the merger

##### (1) Merger schedule

- |   |                           |
|---|---------------------------|
| (i) Date of board of directors resolution to enter merger contract: | January 28, 2019          |
| (ii) Date of execution of merger contract:                          | January 28, 2019          |
| (iii) Date of merger (effective date):                              | April 1, 2019 (scheduled) |

Note: This Merger is a simple merger for the Company pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act, and short-form merger for Cresco KYUSHU pursuant to the provisions of Article 784, Paragraph 1 of the Companies Act, so it will be conducted without receiving approval for the merger contract from the respective general meetings of shareholders.

##### (2) Merger method

The merger shall be an absorption-type merger with the Company as the surviving company and Cresco KYUSHU as the dissolving company.

##### (3) Details of share allocation pursuant to the merger

There will be no allocation of shares of the Company or other monetary compensation, etc., as the Company holds all shares of Cresco KYUSHU.

##### (4) Share acquisition rights and bonds with share acquisition rights of the absorbed company

There is nothing to report.

## (5) Outline of the parties (as of September 30, 2018)

	<b>Surviving company</b>	<b>Absorbed company</b>
Trade name	CRESKO LTD.	Cresco KYUSHU Co. Ltd.
Location of headquarters	Shinagawa Intercity A-tower 26th Floor 2-15-1 Kounan Minato-ku, Tokyo	No.14 Okabe Building 1-7-22, Hakataekimae, Hakata-ku, Fukuoka-shi, Fukuoka
Name and title of representative	Hiroyuki Nemoto President, Operating Officer	Takashi Mieno President
Major line of business	For Information Systems: <ul style="list-style-type: none"> <li>• Consulting and Solution Services</li> <li>• Design and Development</li> <li>• Operations management and Maintenance Services</li> <li>• Investigation, Analysis, Evaluation, and Technical Support</li> </ul>	<ul style="list-style-type: none"> <li>• Outsourced computer information management</li> <li>• Planning, design, development, and maintenance of computer software</li> <li>• Sale of computer software, hardware, and peripherals</li> </ul>
Capital	2,514,875,803 yen	50,000,000 yen
Date established	April 1988	September 2005
Number of issued shares	12,000,000 shares	1,000 shares
Fiscal year-end	March 31	March 31
Number of employees	1,123	39
Major shareholder and shareholding ratio	<ul style="list-style-type: none"> <li>• Iwasaki Corporation Ltd. 2,839,624 shares 23.66%</li> <li>• Japan Trustee Services Bank, Ltd. (Trust Account) 962,600 shares 8.02%</li> <li>• Individual shareholders 581,832 shares 4.84%</li> <li>• BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS 570,000 shares 4.75%</li> <li>* Treasury shares (1,059,877 shares 8.83%)</li> </ul>	CRESKO LTD. (100%)

## 3. Financial position and operating results for the most recent fiscal year

	<b>CRESKO LTD.</b> <b>[Consolidated]</b> (Surviving company) (Fiscal year ended March 31, 2018)	<b>Cresco KYUSHU Co. Ltd.</b> <b>[Non-Consolidated]</b> (Absorbed company) (Fiscal year ended March 31, 2018)
Net assets	15,109 million yen	92 million yen
Total assets	24,127 million yen	188 million yen
Net assets per share	1,379.38 yen	92,909.86 yen
Net sales	33,328 million yen	454 million yen
Operating profit	3,091 million yen	17 million yen
Ordinary profit	3,492 million yen	20 million yen
Profit	2,202 million yen	4 million yen
Earnings per share	200.25 yen	4,879.93 yen

**4. Status of integrating company after integration**

There is no change to the Company's trade name, location of headquarters, name and title of representative, major line of business, capital or fiscal year-end of the Company as a result of This Merger.

**5. Outlook for the coming year**

This Merger is with a wholly-owned subsidiary so there will only be minor impact on the Company's consolidated financial results.