

## Translation

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February 25, 2020

To whom it may concern:

Company name:	CRESCO LTD.	
Representative:	President, Executive Officer	Hiroyuki Nemoto
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## Notice Concerning Capital and Business Alliance between CRESCO LTD. and Chowa Giken Corporation

CRESCO LTD. (the “Company”) hereby announces that it has concluded a capital and business alliance with Chowa Giken Corporation (Headquarters: Sapporo-shi, Hokkaido; Representative Director and President: Takuya Nakamura; “Chowa Giken”), an Artificial Intelligence (AI) venture company authorized by Hokkaido University, on February 25, 2020.

### 1. Purpose of the capital and business alliance

The Company has been promoting commercialization of services that make use of advanced technologies, having established the Technology Laboratory in 2012 and started up an advanced technology division in 2014. Currently, the Company positions cloud computing and AI as its new core technologies and is providing thorough education for all employees and engaging in ongoing efforts to drive innovation. With regard to AI in particular, the Company has been conducting joint investigation and research with Chowa Giken into machine learning since 2015, which has led to development results related to medical AI since 2016 that have been announced by the Company.

Chowa Giken is a highly academic company with a PhD acquisition rate of 41%. With its background in academic research, the Company’s greatest strengths are in provision of advanced solutions centered on AI, development of products and services that leverage AI, and so forth. In addition, at the end of 2019, the company established a new office in Bangladesh. With many young engineers, Bangladesh is actively engaged in honing its technological capabilities, and there are strong expectations that it will provide strategic relief for a projected shortage in advanced AI engineers in the future.

Chowa Giken’s business domain covers areas from the introduction of AI to its implementation. As Chowa Giken has positioned cloud computing and AI as its new core technologies, the Company is certain that Chowa Giken’s direction aligns with the Company’s management vision, “Lead the Digital Transformation.” Through this capital and business alliance, the two companies will integrate their human resources, sales channels, and diverse technologies, aiming to expand business even further and create new value.

### 2. Details of the capital and business alliance

- (1) Coordinate both company’s specific projects, particularly during commercialization development
- (2) Share and develop information one another regarding verified services and projects that have been made into engines, tools, and so forth
- (3) Support projects and develop human resources in fields where CRESCO lacks capability (complex mathematical modeling, etc.)
- (4) Exchange human resources between the two companies and share information through periodic meetings and electronic media

### 3. Outline of Chowa Giken Corporation

Name:	Chowa Giken Corporation
Location of headquarters:	Hokudai Business Spring 305, Kita 21-jo Nishi 12-chome 2, Kita-ku, Sapporo-shi, Hokkaido
Representative:	Takuya Nakamura
Date of establishment:	November 4, 2009
Capital:	23,250,000 yen
Major lines of business:	Consulting on AI introduction, AI research and development, implementation and operation, AI engine provision

[Inquiries Regarding Details of the Alliance]

CRESCO LTD.

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