

Translation

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March 28, 2022

To whom it may concern:

Company name: CRESCO LTD.
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Notice Concerning Restructuring of Consolidated Subsidiaries (Merger Among Wholly Owned Subsidiaries)

CRESCO LTD. (the “Company”) hereby announces that the Company’s subsidiaries have determined the schedule, merger method and other details regarding the merger announced in the “Notice Concerning Agreement to Planned Merger Among Consolidated Subsidiaries” on January 31, 2022. Details are set forth below. This reorganization is a merger among wholly owned subsidiaries; therefore, some disclosure items and their content have been omitted.

1. Purpose and details of the reorganization

Purpose: The purpose of this merger is to respond to the expected changes in the business environment and intensifying competition in the future and consolidate the know-how and resources of the three companies, and also to promote business expansion by effectively utilizing personnel and management resources, taking on large-scale projects and providing new services and to maintain and improve the Group’s competitive advantages in the industry.

Details: This merger is a merger in which ARS Corporation Ltd. is the surviving company and N-System Corporation and Nexus Corporation are the absorbed companies.

2. Outline of the merger

(1) Merger schedule (of companies involved in the merger)

- Date of execution of merger contract: Scheduled on Monday, March 28, 2022
- General meeting of shareholders for approval of merger: Scheduled on Wednesday, April 13, 2022
- Date of merger (effective date): Scheduled on Friday, July 1, 2022

(2) Form of the merger

The companies plan to conduct an absorption-type merger in which ARS Corporation Ltd. is the surviving company and N-System Corporation and Nexus Corporation are the absorbed companies.

(3) Details of share allocation pursuant to the merger

There will be no issuance of new shares due to the merger or payment of consideration for the merger.

(4) Notice concerning share acquisition rights and bonds with share acquisition rights of the absorbed companies

Share acquisition rights and bonds with share acquisition rights will not be issued.

3. Summary of companies involved in the merger (as of March 31, 2021)

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

(1) Trade name	ARS Corporation Ltd.	N-System Corporation	Nexus Corporation
(2) Major line of business	<ul style="list-style-type: none"> Human resources, payroll and workflows Consulting, proposals, system development, implementation and operation support for facility maintenance 	<ul style="list-style-type: none"> System development Operation maintenance Product development 	<ul style="list-style-type: none"> Solution service System development Server infrastructure architecture
(3) Date of establishment	March 8, 1988	April 14, 1982	February 25, 1998
(4) Location of head office	PMO Gotanda Building 8th-9th Floor, 8-1-3, Nishi-Gotanda, Shinagawa-ku, Tokyo	1-16-8, Sotokanda, Chiyoda-ku, Tokyo	KDX Shin-Nihonbashi Ekimae Building 8th Floor, 4-8-16, Nihonbashi-Honcho, Chuo-ku, Tokyo
(5) Title and name of representative	Representative Director and President Jun Fukai	Representative Director and President Naoki Nakamura	Representative Director and President Chihiro Sugawara
(6) Capital	40 million yen	100 million yen	35 million yen
(7) Number of issued shares	800 shares	200,000 shares	640 shares
(8) Net assets	459 million yen	267 million yen	303 million yen
(9) Total assets	586 million yen	492 million yen	566 million yen
(10) Fiscal year-end	March 31	March 31	March 31
(11) Major shareholder and shareholding ratio	CRESCO LTD. 100%	CRESCO LTD. 100%	CRESCO LTD. 100%

Note: The information in (6) to (9) is as of March 31, 2021.

(12) Operating results of the most recent fiscal year (Fiscal year ended March 31, 2021)

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

Net sales	596 million yen	837 million yen	717 million yen
Operating profit	53 million yen	82 million yen	18 million yen
Ordinary profit	70 million yen	92 million yen	25 million yen
Profit	45 million yen	77 million yen	12 million yen
Net assets per share	574,905.26 yen	1,339.19 yen	474,956.37 yen
Earnings per share	56,761.67 yen	386.39 yen	20,222.30 yen

4. Post-merger status

(1) Trade name	ARS Corporation Ltd.*
(2) Major line of business	<ul style="list-style-type: none"> Human resources, payroll and workflows Consulting, proposals, system development, implementation and operation support for facility maintenance
(3) Title and name of representative	Representative Director and President Jun Fukai
(4) Location of head office	PMO Gotanda Building 8th-9th Floor, 8-1-3, Nishi-Gotanda, Shinagawa-ku, Tokyo
(5) Capital	40 million yen
(6) Fiscal year-end	March 31
(7) Major shareholder and shareholding ratio	CRESCO LTD. 100%

* The company plans to change its trade name to CRESCO J CUBE CO.,LTD after July 1, 2022, which is the effective date of the merger.

5. Future outlook

This merger will only have a minor impact on the Company's consolidated financial results because it is a merger among wholly owned subsidiaries of the Company.