

Translation

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January 31, 2022

To whom it may concern:

Company name: CRESCO LTD.
Representative: President, Executive Officer Hiroyuki Nemoto
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Notice Concerning Agreement to Planned Merger Among Consolidated Subsidiaries

CRESCO LTD. (the “Company”) hereby announces that the Company’s wholly owned subsidiaries ARS Corporation Ltd., N-System Corporation and Nexus Corporation have resolved at a meeting of the Board of Directors of each company to agree to the planned merger among the three companies, and the Company has resolved at a meeting of its Board of Directors held today to approve the merger.

1. Purpose of the merger

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.

2. Date of the Board of Directors resolution of involved companies

ARS Corporation Ltd.	N-System Corporation	Nexus Corporation
January 26, 2022	January 20, 2022	January 21, 2022

3. Summary of involved companies

(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 workflowsConsulting, proposals, system development, implementation and operation support for facility maintenance	<ul style="list-style-type: none">System developmentOperation maintenanceProduct development	<ul style="list-style-type: none">Solution serviceSystem developmentServer 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

4. Outlook for the coming year

Going forward, the schedule, merger method and other details of this merger will be disclosed in a timely manner once they are determined through ongoing discussions.

5. Impact on the Company's consolidated financial results

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.