

Translation

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March 28, 2022

To whom it may concern:

Company name: CRESCO LTD.
Representative: President, Executive Officer Hiroyuki Nemoto
(Stock code: 4674 Tokyo Stock Exchange, First Section)
Inquiries: Director, Managing Executive
Officer, and General Manager, Kazuo Sugiyama
Corporate Supervisory Unit
TEL +81-3-5769-8011

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.