

Translation

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January 30, 2023

To whom it may concern:

Company name: CRESCO LTD.
Representative: President and Executive Officer Hiroshi Tominaga
(Stock code: 4674 Tokyo Stock Exchange, Prime Market)
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Notice Concerning Acquisition of Shares of Japan Software Design Co.,Ltd. (for Conversion into a Subsidiary)

CRESCO LTD. (the “Company”) hereby announces the decision made at the Board of Directors meeting held on January 30, 2023 to make Japan Software Design Co.,Ltd. (“JSD”) its subsidiary by acquiring all of the outstanding shares of JSD. Details are set forth below.

The Company does not need to disclose this share acquisition based on disclosure standards and is doing so on a voluntary basis. Accordingly, certain disclosure matters and details have been partially omitted.

1. Reasons for the share acquisition

The CRESCO Group has grown into an IT conglomerate currently with 11 subsidiaries and two entities accounted for using equity method under their parent company, CRESCO LTD. (“CRESCO”). Leveraging the organic interconnections linking each of the companies together, we develop and provide services that meet a broad range of needs including consultation for corporate IT strategy planning, development, and operation and maintenance.

JSD, with offices in the three major metropolitan areas of Osaka, Tokyo, and Nagoya, has established a strong foundation in business relationship with customers based on a trust which is attested by its achievements. Many employees certified in IT proficiency form the crux of JSD’s solid capabilities in software development. In Osaka and Tokyo, the company is engaged in business IT system development and IT system operation management in a broad range of sectors, mainly in banking, insurance, merchandising, and logistics sectors. In Nagoya, it handles embedded software development for automobile manufacturers under service and delegation agreements.

This share acquisition is expected to enable alliances in the various service application fields of the Company. In addition, it is anticipated to realize business collaboration in the Kansai region between JSD and our Dependable Systems Technology Office plus our Osaka-based subsidiary, Mexess Co.,Ltd., as well as to realize a collaborative relationship with our Nagoya System Development Center which carries out the embedded systems business. We therefore believe that the share acquisition will contribute to further increase in the CRESCO Group’s corporate value.

We remain committed to maximizing sales channels and technologies of CRESCO and each group company, delivering more value-added solution services that support our customers’ core businesses, and further expanding our business while demonstrating our strength of integrated capabilities.

2. Outline of Japan Software Design Co., Ltd.

(1)	Name	Japan Software Design Co., Ltd.
(2)	Location of headquarters	Osaka Sakaisuji Building 3F, 2-2-13, Bakuromachi, Chuo-ku, Osaka-shi, Osaka
(3)	Title and name of representative	Shigekiyo Miki
(4)	Major lines of business	- Creation and sale of computer-related software - Manufacturing and sale of computers and related equipment - Outsourced computer data processing operations
(5)	Capital	45 million yen
(6)	Date of establishment	May 4, 1983
(7)	Major shareholder and shareholding ratio	Shigekiyo Miki (100%)

(8)	Relationship between the listed company and the relevant company	Capital relationship	There are no particularly notable capital relationships between the Company and the relevant company. There are also no particularly notable capital relationships between the related persons and affiliates of the Company and the related persons and affiliates of the relevant company.	
		Personnel relationship	There are no particularly notable personnel relationships between the Company and the relevant company. There are also no particularly notable personnel relationships between the related persons and affiliates of the Company and the related persons and affiliates of the relevant company.	
		Business relationship	There are no particularly notable business relationships between the Company and the relevant company. There are no particularly notable business relationships between the related persons of the Company and the related persons and affiliates of the relevant company.	
		Related party status	The relevant company is not a related party of the Company. Moreover, the related persons and affiliates of the relevant company are not related parties of the Company.	
(9)	Operating results and financial position of the relevant company for the last three years			
			(Millions of yen)	
	Fiscal year	FY3/2020	FY3/2021	FY3/2022
	Net assets	213	234	256
	Total assets	537	517	479
	Net assets per share (yen)	236,686	260,919	284,662
	Net sales	901	878	925
	Operating profit	12	1	24
	Ordinary profit	18	43	31
	Profit	13	21	21
	Earnings per share (yen)	15,298	24,232	23,742
	Dividend per share (yen)	–	–	–

3. Outline of the counterparty for the share acquisition

(1)	Name	Shigekiyo Miki		
(2)	Address	Iwade-shi, Wakayama		
(3)	Relationship between the listed company and the relevant individual	Capital relationship	There are no particularly notable capital relationships between the Company and the relevant individual. There are also no particularly notable capital relationships between the related persons and affiliates of the Company and the relevant individual.	
		Personnel relationship	There are no particularly notable personnel relationships between the Company and the relevant individual. There are also no particularly notable personnel relationships between the related persons and affiliates of the Company and the relevant individual.	
		Business relationship	There are no particularly notable business relationships between the Company and the relevant individual. There are also no particularly notable business relationships between the related persons and affiliates of the Company and the relevant individual.	

4. Number of shares to be acquired and shares held before and after change

(1)	Number of shares held before change	Common shares 0 shares (Number of voting rights: 0) (Percentage of voting rights held: 0%)
(2)	Number of shares acquired	Common shares 900 shares (Number of voting rights: 900)
(3)	Number of shares held after change	Common shares 900 shares (Number of voting rights: 900) (Percentage of voting rights held: 100%)

*The acquisition price is determined based on due diligence.

5. Schedule

(1) Board of Directors Meeting	Monday, January 30, 2023
(2) Date of Share Transfer Agreement	Wednesday, February 1, 2023
(3) Date of Share Transfer	Wednesday, February 1, 2023

6. Outlook

This acquisition of shares is expected to have negligible effect on the business performance of the Company for the fiscal year ending March 2023. If an event which is required to be disclosed arises, the Company will promptly announce such event.