

Translation

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March 25, 2024

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 Conclusion of Basic Agreement Regarding Transfer of Shares of Consolidated Subsidiary

CRESCO LTD. (head office: Minato-ku, Tokyo; President and Executive Officer: Hiroshi Tominaga; hereinafter, the “Company”) hereby announces that, at the meeting held on March 25, 2024, the Board of Directors resolved to agree on the basic outline of a share transfer agreement with Shogo Moriyama (hereinafter, “Mr. Moriyama”), Representative Director of the Company’s consolidated subsidiary CRESCO Wireless, Inc. (hereinafter, “CWI”), to transfer all shares of CWI and concluded the basic agreement on the same day. Details are set forth below.

If this share transfer is completed as planned, CWI will be removed from the Company’s scope of consolidation.

1. Reason

CWI, which is engaged in the design and development of hardware and software and the sale of products specialized for Bluetooth wireless technology, was established by Mr. Moriyama as an in-house venture of the Company in October 2005. Since its establishment, CWI has contributed to the CRESCO Group, such as by actively promoting collaboration with manufacturers, telecommunications carriers and other companies that require short-range wireless communications devices and solutions utilizing those devices.

Over the past quarter century, Bluetooth wireless technology has been utilized extensively on a global scale and its use is expected to expand as an essential component of terminal infrastructure in the age of IoT. As a way to achieve further business growth of CWI, Mr. Moriyama, the President of CWI, made a request regarding a share transfer through a management buyout, using the CRESCO Group’s “Medium-Term Management Plan 2023” as the separating point, and we have held discussions on this matter. As a result, since we reached the conclusion that it is desirable for CWI to promote its growth strategy independently and have determined that the share transfer is beneficial to both parties, we have concluded a basic agreement.

2. Outline of the consolidated subsidiary to be transferred

(1) Name	CRESCO Wireless, Inc.	
(2) Location	Yamate Building 9th Floor, 2-5-9, Sanno, Ota-ku, Tokyo	
(3) Title and name of representative	Shogo Moriyama, Representative Director and President	
(4) Line of business	Development of short-range wireless communications solutions and sale of products, such as Bluetooth BR/BLE devices, BLE beacons, and various bridge terminals (Dust, Wi-Fi, 3G/LTE/NB-IoT/GPS, and others)	
(5) Capital	100 million yen	
(6) Fiscal year-end	March 31	
(7) Date of establishment	October 11, 2005	
(8) Major shareholder and shareholding ratio	CRESCO LTD. 100%	
(9) Relationship between the listed company and the relevant company	Capital relationship	The Company holds 100% of the shares of the relevant company.
	Personnel relationship	One Director and two employees of the Company serve as a Director or Audit & Supervisory Board Member of the relevant company.
	Business relationship	Not applicable

(10) Consolidated operating results and consolidated financial position of the relevant company for the last three years (Millions of yen)			
Fiscal year	FY3/2021	FY3/2022	FY3/2023
Net assets	142	119	113
Total assets	144	130	126
Net assets per share (yen)	81,206	73,236	69,540
Net sales	75	68	75
Operating profit	(3)	(13)	(4)
Ordinary profit	1	(13)	(4)
Earnings per share (yen)	320	(8,291)	(3,695)

3. Outline of the counterparty for the share transfer

(1) Name	Shogo Moriyama
(2) Address	Kohoku-ku, Yokohama-shi, Kanagawa
(3) Relationship between the listed company and the relevant individual	Representative Director and President of the relevant company (CWI)

4. Number of shares to be transferred, transfer price, and shares held before and after change

(1) Number of shares held before change	1,625 shares (Number of voting rights: 1,625) (Percentage of voting rights held: 100%)
(2) Number of shares to be transferred	1,625 shares (Number of voting rights: 1,625)
(3) Transfer price	The transfer price has not been determined because it must be negotiated after the financial results of the relevant company (CWI) for the fiscal year ending March 31, 2024 are finalized.
(4) Number of shares held after change	0 shares (Number of voting rights: 0) (Percentage of voting rights held: 0%)

5. Schedule

(1) Date of Board of Directors resolution	March 25, 2024
(2) Date of conclusion of agreement	June 2024 (planned)
(3) Date of share transfer	June 2024 (planned)

6. Outlook

From today onward, the Company will proceed with discussions toward the conclusion of the share transfer agreement. The Company is currently examining the impact on the financial results for the fiscal year ending March 31, 2024 and thereafter, and if any matters requiring disclosure arise, the Company will promptly announce them.