

Translation

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July 1, 2024

To whom it may concern:



Company name: CRESCO LTD.
Representative: President and Executive Officer Hiroshi Tominaga
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Notice Concerning Completion of Reorganization Between the Company and Consolidated Subsidiaries (Merger Between Wholly Owned Subsidiaries and Acquisition of Part of Business of Wholly Owned Subsidiary)

CRESCO LTD. (head office: Minato-ku, Tokyo; President and Executive Officer: Hiroshi Tominaga; hereinafter, the “Company”) hereby announces the completion today of the reorganization among the three companies consisting of the Company and the Company’s wholly owned subsidiaries Japan Software Design CO., LTD. (hereinafter, “JSD”) and Mexess Co., Ltd. (hereinafter, “Mexess”) as announced in the “Notice Concerning Reorganization Between the Company and Consolidated Subsidiaries (Merger Between Wholly Owned Subsidiaries and Acquisition of Part of Business of Wholly Owned Subsidiary)” on March 25, 2024.

The reorganization involves a merger between wholly owned subsidiaries and the acquisition of part of the business from a wholly owned subsidiary; therefore, some disclosure items and their content have been omitted.

1. Purpose and details of the reorganization

(1) Purpose

The purpose of the reorganization is to promote rapid business expansion and to maintain and improve the Group’s competitive advantages in the industry by organizing and consolidating the know-how and resources of the three companies by region to effectively utilize personnel and management resources and by improving productivity and efficiently providing services.

(2) Details

The reorganization involves an absorption-type merger with Mexess as the surviving company and JSD as the absorbed company, and the acquisition by the Company of part of the business from JSD.

2. Overview of the companies involved in the merger

(As of March 31, 2024; Unit: Amounts less than one million yen are rounded down)

(1) Trade name	Mexess Co., Ltd. (Surviving company)	Japan Software Design CO., LTD. (Absorbed company)
(2) Line of business	<ul style="list-style-type: none">• Business-related and control systems development (web-type and CS-type)• Web design and production• Development of mobile apps• System infrastructure architecture• IT consulting• RPA• BI, etc.	<ul style="list-style-type: none">• Development and maintenance of computer software• Design and operation management of telecom system• Worker dispatching undertakings• Any and all other businesses incidental or related to any of the foregoing items
(3) Date of establishment	April 3, 1995	May 4, 1983
(4) Location of head office	4-2-12, Honmachi, Chuo-ku, Osaka-shi, Osaka	2-2-13, Bakuromachi, Chuo-ku, Osaka-shi, Osaka
(5) Title and name of representative	Naoko Nakasu, President	Naoko Nakasu, President
(6) Capital	100 million yen	45 million yen

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Trade name	Mexess Co., Ltd. (Surviving company)	Japan Software Design CO., LTD. (Absorbed company)
(7) Number of issued shares	2,000 shares	900 shares
(8) Net assets	401 million yen	49 million yen
(9) Total assets	606 million yen	342 million yen
(10) Fiscal year-end	March 31	March 31
(11) Major shareholder and shareholding ratio	CRESKO LTD. 100%	CRESKO LTD. 100%
(12) Operating results of the most recent fiscal year (Fiscal year ended March 31, 2024)		
Net sales	1,416 million yen	797 million yen
Operating profit	132 million yen	15 million yen
Ordinary profit	139 million yen	20 million yen
Profit	92 million yen	14 million yen
Net assets per share	200,651.60 yen	54,740.97 yen
Earnings per share	46,407.42 yen	15,762.72 yen

3. Post-merger status

(1) Trade name	Mexess Co., Ltd.
(2) Line of business	<ul style="list-style-type: none"> • Business-related and control systems development (web-type and CS-type) • Web design and production • Development of mobile apps • System infrastructure architecture • IT consulting • RPA • BI, etc.
(3) Title and name of representative	Naoko Nakasu, President
(4) Location of head office	4-2-12, Honmachi, Chuo-ku, Osaka-shi, Osaka
(5) Capital	100 million yen
(6) Fiscal year-end	March 31
(7) Major shareholder and shareholding ratio	CRESKO LTD. 100%

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4. Overview of the companies involved in the transfer of the business

(As of March 31, 2024; Non-consolidated basis for each company;

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

(1) Trade name	CRESO LTD. (Company acquiring the business)	Japan Software Design CO., LTD. (Company transferring the business)
(2) Line of business	For information systems: <ul style="list-style-type: none"> • Consulting and solution services • Design and development • Operation management and maintenance • Investigation, analysis, evaluation, and technological support 	<ul style="list-style-type: none"> • Development and maintenance of computer software • Design and operation management of telecom system • Worker dispatching undertakings • Any and all other businesses incidental or related to any of the foregoing items
(3) Date of establishment	April 1, 1988	May 4, 1983
(4) Location of head office	2-15-1, Kounan, Minato-ku, Tokyo	2-2-13, Bakuromachi, Chuo-ku, Osaka-shi, Osaka
(5) Title and name of representative	Hiroshi Tominaga, President and Executive Officer	Naoko Nakasu, President
(6) Capital	2,514 million yen	45 million yen
(7) Net assets	21,201 million yen	49 million yen
(8) Total assets	30,928 million yen	342 million yen
(9) Major shareholder and shareholding ratio	<ul style="list-style-type: none"> • Iwasaki Corporation Ltd. 21.74% • The Master Trust Bank of Japan, Ltd. (Trust Account) 9.47% • Masahiro Urasaki 6.09% 	CRESO LTD. 100%

5. Outlook

The reorganization involves a merger between wholly owned subsidiaries and the acquisition of part of the business from a wholly owned subsidiary; therefore, the impact on the consolidated financial results is immaterial.