

Translation

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June 17, 2021

To whom it may concern:

Company name: CRESCO LTD.
Representative: President, Executive Officer Hiroyuki Nemoto
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Notice Concerning Acquisition of Shares of OEC Ltd. (for Conversion into a Subsidiary)

CRESCO LTD. (the “Company”) hereby announces the decision made at the Board of Directors meeting held on June 17, 2021 to make OEC Ltd. its subsidiary by acquiring all of the outstanding shares of OEC Ltd. 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 12 subsidiaries and three entities accounted for using equity method under the Company as their parent company. 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.

OEC Ltd. is a development company that develops firmware and embedded software under direct contract from well-known major manufacturers in Japan and operational system applications under direct contract from large financial institutions in Japan. Its development of embedded software, in particular, makes up 70% of its sales, and it has a reputation in the IT industry as a company with uncommonly excellent developmental and technological capabilities.

We believe this share acquisition will contribute to further increase in the CRESCO Group’s corporate value by incorporating the embedded software-related business for various products, where further demand is anticipated in the future.

We remain committed to maximizing the embedded software development department of the Company, and sales channels and technologies of 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 OEC Ltd.

(1)	Name	OEC Ltd.
(2)	Location of headquarters	Shinjuku SKY Building 8F, 4-1-23 Shinjuku, Shinjuku-ku, Tokyo
(3)	Title and name of representative	Kazutoshi Tanaka
(4)	Major lines of business	<ul style="list-style-type: none">Operational system application developmentFirmware and embedded software development
(5)	Capital	15 million yen
(6)	Date of establishment	December 17, 1983
(7)	Major shareholder and shareholding ratio	Noriyuki Kamata 80%

(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 business relationships between the Company and the relevant company, but the Company’s affiliates have had transactions with the relevant company related to software development. 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			
Fiscal year-end		Fiscal year ended May 31, 2018	Fiscal year ended May 31, 2019	Fiscal year ended May 31, 2020
Net assets		438 million yen	511 million yen	609 million yen
Total assets		787 million yen	893 million yen	1,016 million yen
Net assets per share		1,462,640 yen	1,706,001 yen	2,032,307 yen
Net sales		1,749 million yen	1,777 million yen	1,882 million yen
Operating profit		73 million yen	115 million yen	154 million yen
Ordinary profit		77 million yen	123 million yen	159 million yen
Profit		53 million yen	80 million yen	105 million yen
Earnings per share		178,781 yen	268,361 yen	351,306 yen
Dividend per share		25,000 yen	25,000 yen	25,000 yen

3. Outline of the counterparty for the share acquisition

The chief counterparty for the share acquisition is an individual, whose name and address are undisclosed in line with the counterparty's wishes. There are no particularly notable capital relationships, personnel relationships, or business relationships between that individual and the Company, between that individual and related persons of the Company, or between that individual and affiliates of the Company.

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 300 shares (Number of voting rights: 300)
(3)	Number of shares held after change	Common shares 300 shares (Number of voting rights: 300) (Percentage of voting rights held: 100%)

5. Schedule

(1) Board of Directors Meeting	Thursday, June 17, 2021
(2) Date of Share Transfer Agreement	Thursday, June 17, 2021
(3) Date of Share Transfer	Thursday, July 1, 2021

6. Future outlook

This acquisition of shares is expected to have only a minimal effect on the business performance of the Company for the fiscal year ending March 2022. If an event which is required to be disclosed arises, the Company will promptly announce such event.