

Translation

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September 25, 2018

To whom it may concern:

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Notice Concerning Acquisition and Cancellation of 5th and 6th Series Share Acquisition Rights with Exercise Price Amendment Options (Subject to Exercise Restrictions)

CRESCO LTD. (the "Company") hereby announces, with regard to the 5th and 6th Series Share Acquisition Rights (which are hereinafter respectively referred to as the "5th Series Share Acquisition Rights," and the "6th Series Share Acquisition Rights," and individually or collectively as the "Share Acquisition Rights"), which were issued on December 28, 2017, that it resolved at a meeting of its Board of Directors held on September 25, 2018 to acquire all the Share Acquisition Rights as of October 10, 2018 and cancel all the Share Acquisition Rights immediately after the acquisition as follows:

1. Details of Share Acquisition Rights to be acquired and canceled

(1) Details of 5th Series Share Acquisition Rights

(1) Name of Share Acquisition Rights to be acquired and canceled	CRESCO LTD. 5th Series Share Acquisition Rights
(2) Number of share acquisition rights to be acquired and canceled (*)	2,000 units (100 shares per share acquisition right)
(3) Acquisition cost (*)	8,536,000 yen in total (4,268 yen per share acquisition right)
(4) Acquisition date and cancellation date	October 10, 2018
(5) Number of remaining share acquisition rights after cancellation	0 units

(2) Details of 6th Series Share Acquisition Rights

(1) Name of share acquisition rights to be acquired and canceled	CRESCO LTD. 6th Series Share Acquisition Rights
(2) Number of share acquisition rights to be acquired and canceled (*)	2,000 units (100 shares per share acquisition right)
(3) Acquisition cost (*)	8,248,000 yen in total (4,124 yen per share acquisition right)
(4) Acquisition date and cancellation date	October 10, 2018
(5) Number of remaining share acquisition rights after cancellation	0 units

* If the Share Acquisition Rights are exercised by the acquisition date, the number of the share acquisition rights to be acquired and canceled and acquisition cost would decrease.

2. Reason for acquisition and cancellation

The Company issued the 4th Series Share Acquisition Rights through the 6th Series Share Acquisition Rights on December 28, 2017 with an eye to acquisition of advanced technologies and expansion of business domain through active investments in M&A and capital/business alliances, improvement of development capabilities and efficiency, and research and development activities, etc.

With regard to the 4th Series Share Acquisition Rights, as announced on February 26, 2018, the exercise of the share acquisition rights of 2,000 units was fully completed, resulting in raising funds for a total of 783,196,000 yen.

However, since then, the price of the Company's common shares has remained at a level below the minimum exercise price of the Share Acquisition Rights (3,357 yen), and neither of the 5th Series Share Acquisition Rights (total number of share acquisition rights: 2,000 units, exercise price: 5,035 yen) and the 6th Series Share Acquisition Rights (total number of share acquisition rights: 2,000 units, exercise price: 5,754 yen) can be expected to be exercised at this time.

The originally planned uses of the amount of funds (expected amount) are as follows:

- (i) Costs relating to M&A and capital/business alliances (2,334 million yen)
- (ii) Costs relating to the improvement of development capabilities and efficiency (400 million yen)
- (iii) Research and development expenses (200 million yen)
- (iv) Costs relating the activities to improve the internal environment and public relations activities (100 million yen)

Funds raised with the 4th Series Share Acquisition Rights were used for (i) in the acquisition of shares of Nexus Corporation and ARS Corporation Ltd. as announced in the Notice Concerning Acquisition of Shares of Nexus Corporation (for Conversion into a Subsidiary) on January 11, 2018 and the Notice Concerning Acquisition of Shares of ARS Corporation Ltd. (for Conversion into a Subsidiary) announced on September 25, 2018.

As for (i), in view of the current situation where there are fewer deals that match the conditions than originally anticipated and the scale of future M&A deals, etc. that the Company currently assumes, the Company expects to be able to raise funds through accumulation of free cash flows and bank borrowings for the time being. In addition, costs for (ii) through (iv) are also expected to be financed through accumulation of free cash flows. However, in the light of business circumstances, the Company is planning to reduce non-essential and non-urgent costs in the current fiscal year. In and after the next fiscal year, the Company will incorporate such costs in the budget plan anew and implement the activities.

As a result of considering handling of the Share Acquisition Rights from standpoints of the above situations, fundraising needs in the Group, dilution of shares, market environment, and so forth, the Company has decided to acquire all the remaining 5th Series Share Acquisition Rights and 6th Series Share Acquisition Rights and cancel these rights.

3. Future outlook

There is no impact of the acquisition and cancellation of the Share Acquisition Rights on consolidated financial results for the fiscal year ending March 31, 2019.

(Reference)

CRESCO LTD. 5th Series Share Acquisition Rights

(1) Allotment date	December 28, 2017
(2) Allotted party	CREDIT SUISSE SECURITIES (JAPAN) LIMITED
(3) Total number of share acquisition rights	2,000 units
(4) Class and number of shares that are the subject of the share acquisition rights	Common shares: 200,000 shares (100 shares per share acquisition right)
(5) Total paid-in amount	8,536,000 yen in total (4,268 yen per share acquisition right)
(6) Exercise price	5,035 yen
(7) Number of share acquisition rights exercised by September 25, 2018	0 units

CRESCO LTD. 6th Series Share Acquisition Rights

(1) Allotment date	December 28, 2017
(2) Allotted party	CREDIT SUISSE SECURITIES (JAPAN) LIMITED
(3) Total number of share acquisition rights	2,000 units
(4) Class and number of shares that are the subject of the share acquisition rights	Common shares: 200,000 shares (100 shares per share acquisition right)
(5) Total paid-in amount	8,248,000 yen in total (4,124 yen per share acquisition right)
(6) Exercise price	5,754 yen
(7) Number of share acquisition rights exercised by September 25, 2018	0 units

For the details of the issuance of Share Acquisition Rights, please refer to the press release "Notice Concerning the Issuance through Third-Party Allotment of 4th Series Subscription Rights to Shares with Exercise Price Amendment Clause (Subject to Exercise Restrictions) and 5th and 6th Series Subscription Rights to Shares with Exercise Price Amendment Options (Subject to Exercise Restrictions)" dated December 13, 2017.