

## Translation

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To whom it may concern:

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## Notice Concerning Introduction of Restricted Shares Remuneration System

CRESCO LTD. (the “Company”) hereby announces that the Board of Directors, at its meeting held on May 15, 2019, held a review into revising the officer remuneration system, resolved the introduction of the restricted shares remuneration system (hereinafter referred to as the “System”), and resolved to submit the proposal concerning the System for resolution at the 31st Ordinary General Meeting of Shareholders to be held on June 21, 2019 (hereinafter referred to as the “Ordinary General Meeting of Shareholders”), as follows.

### 1. Purpose, etc. of introducing the System

#### (1) Purpose of introducing the System

The System is designed to provide Directors excluding Outside Directors and Directors serving on the Audit and Supervisory Committee of the Company (hereinafter referred to as “Eligible Directors”) with incentives for achieving sustained improvement in the corporate value of the Company and further promoting value sharing with shareholders.

#### (2) Conditions of introducing the System

For granting the restricted shares under the System, remuneration in the form of monetary claims shall be provided to Eligible Directors, and therefore introduction of the System shall be subject to approval of the shareholders at the Ordinary General Meeting of Shareholders on the payment of the said remuneration to Eligible Directors.

The maximum amount of remuneration to Directors (excluding Directors serving on the Audit and Supervisory Committee) of the Company approved at the 27th Ordinary General Meeting of Shareholders held on June 19, 2015 is ¥300 million or less per year. At the 31st Ordinary General Meeting of Shareholders, the Company intends to seek approval of the shareholders on introduction of the System and setting the maximum amount to be paid to Eligible Directors of the Company under the System within the said limit of remuneration.

### 2. Overview of the System

Eligible Directors may make contributions in-kind of all of the monetary remuneration claim received from the Company in accordance with the System to have common shares of the Company issued or disposed of.

The total amount of monetary remuneration claim to be thereunder provided to Eligible Directors shall be ¥60 million or less per year which excludes employee salaries of Directors concurrently serving as employees. The specific periods of payment to individual Eligible Directors and the specific allocation shall be determined by the Board of Directors.

The total number of common shares thereby issued or disposed of shall be 30,000 shares or less per year (provided that, if a split or consolidation of common shares of the Company (including allotment without contribution of common shares of the Company) is conducted on or after the day on which this proposal is approved at the Ordinary General Meeting of Shareholders, the said total number shall be adjusted within a reasonable range as necessary in accordance with the ratio of the split or consolidation after the effective date of such split or consolidation). The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company’s common share on the Tokyo Stock Exchange on the business day immediately before the date of each resolution by the Board of Directors (the closing price on the closest preceding trading day, if there is no closing price on that date) within the range in which the price may not be particularly advantageous to Eligible Directors who subscribe for the said common shares of the Company.

The issuing or disposing of common shares of the Company under the System (hereinafter referred to as the “Shares”) is subject to an agreement on the allotment of shares with restriction on transfer. This agreement is to be concluded between the Company and Eligible Directors to whom restricted shares remuneration will be provided. The agreement includes provisions of (i) prohibition of transferring the Shares to any third party, hypothecating or otherwise disposing of the Shares during a certain period (hereinafter referred to as the “Restriction Period”) and (ii) acquisition of the Shares by the Company without contribution in the event that certain grounds arise. During the Restriction Period, the Shares shall be managed under dedicated accounts that Eligible Directors will open with Nomura Securities Co., Ltd., to ensure that the restricted shares may not be transferred, hypothecated or otherwise disposed of during the Restriction Period.