Translation

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To whom it may concern:

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Notice Regarding Disposal of Treasury Shares as Restricted Stock to the Employee Shareholding Association

CRESCO LTD. (Head Office: Minato-ku, Tokyo; Representative Director, President and Executive Officer: Hiroshi Tominaga; hereinafter the "Company") hereby announces that, at a meeting of its Board of Directors held today, it resolved to dispose of treasury shares as restricted stock (hereinafter the "Disposal of Treasury Shares" or the "Disposal") to the CRESCO Employee Shareholding Association (hereinafter the "Association"), the intended allottee, under its Restricted Stock Incentive Plan for the Employee Shareholding Association (hereinafter the "Plan"), as described below.

1. Summary of Disposal

(1)	Date of Disposal	February 15, 2027
(2)	Class and number of shares to be disposed of	69,600 shares of the Company's common stock (Note)
(3)	Disposal price	1,960 yen per share
(4)	Total Disposal amount	136,416,000 yen
(5)	Method of disposal (intended allottee)	By way of a third-party allotment, subject to the Association submitting an application to subscribe for the shares, the Company will allot to the Association the number of shares specified in its subscription application, up to the number of shares stated in (2) above. The number of shares so allotted will constitute the actual number of shares to be disposed of. (CRESCO Employee Shareholding Association: 69,600 shares) Applications by individual Eligible Employees (as defined below) for only a portion of the shares to be granted will not be accepted.
(6)	Other	The Company has filed an Extraordinary Report pursuant to the Financial Instruments and Exchange Act in connection with the Disposal of Treasury Shares.

Note: The "number of shares to be disposed of" and the "total disposal amount" have been calculated on the assumption that each of the 3,480 employees of the Company and its subsidiaries, representing the maximum number of employees who may be eligible for the Plan, will be granted 20 shares of the Company's common stock as restricted stock. The actual number of shares to be disposed of and the actual total disposal amount will be determined according to the number of employees of the Company and its subsidiaries who consent to participate in the Plan (hereinafter the "Eligible Employees"), up to a maximum of 3,480 employees, after the completion of enrollment promotion activities for employees who are not members of the Association and the confirmation of Association members' consent to participate in the Plan. Specifically, as stated in (5) above, the number of shares specified in the Association's subscription application will constitute the "number of shares to be disposed of," and the amount obtained by multiplying that number by the disposal price per share will constitute the "total disposal amount." The Company or its subsidiaries will grant each Eligible Employee a monetary claim in the uniform amount of 39,200 yen, and the Company will allot 20 shares to each Eligible Employee through the Association.

2. Purposes and reasons for disposal

At the meeting of its Board of Directors held today, the Company resolved to introduce the Plan for Eligible Employees among the employees of the Company and its subsidiaries who are members of the Association.

As a measure to enhance employee welfare, the Plan is intended to provide Eligible Employees with an opportunity to acquire shares of the Company's common stock issued or disposed of by the Company as restricted stock through the Association, thereby supporting their asset formation. The Plan is also intended to provide Eligible Employees with an incentive to contribute to the sustainable enhancement of the Company's corporate value and to further align their interests with those of the Company's shareholders.

An overview of the Plan is set out below.

Overview of the Plan

Under the Plan, the Company and its subsidiaries will grant Eligible Employees monetary claims as special incentive payments for the purpose of granting each Eligible Employee 20 shares as restricted stock (hereinafter the "Special Incentive Payments"). Eligible Employees will contribute the Special Incentive Payments to the Association. The Association will then contribute the Special Incentive Payments received from Eligible Employees to the Company as contributions in kind and receive shares of the Company's common stock issued or disposed of as restricted stock.

When the Company issues new shares or disposes of shares of its common stock under the Plan, the amount payable per share will be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the relevant Board resolution (or, if no trading takes place on that day, the closing price on the most recent preceding trading day), within a range that does not constitute a particularly favorable price for the Association and, ultimately, the Eligible Employees.

Upon the issuance or disposal of the Company's common stock under the Plan, the Company and the Association will enter into a restricted stock allotment agreement that includes provisions stipulating, among other things, that:

The allotted shares may not be transferred to a third party, pledged as collateral, or otherwise disposed of for a specified period (hereinafter the "Transfer Restrictions"); and The Company will acquire the allotted shares without consideration upon the occurrence of certain events. The grant of the Special Incentive Payments to Eligible Employees will be conditional upon the execution of a restricted stock allotment agreement between the Company and the Association.

Until the Transfer Restrictions are lifted, Eligible Employees will, pursuant to the Association's rules (hereinafter the "Association Rules") (Note), be restricted from withdrawing their membership interests relating to the restricted stock held in proportion to the monetary claims they have contributed to the Association (hereinafter the "Restricted Stock Interests" or "RS Interests").

Note: At a meeting of its board of directors scheduled for November 16, 2026, the Association plans to resolve to amend the Association Rules and related provisions to accommodate the Plan before receiving the shares under the Disposal of Treasury Shares. These amendments are expected to become effective after two weeks have elapsed from the date on which notice is sent to Association members pursuant to the Association Rules and related provisions following that resolution, provided that objections are received from fewer than one-third of the Association's members.

In the Disposal of Treasury Shares, the Association, as the intended allottee, will, pursuant to the Plan, pay in the entire amount of the Special Incentive Payments contributed by Eligible Employees as property contributed in kind, and the Company will dispose of shares of its common stock to the Association (hereinafter the "Allotted Shares").

The restricted stock allotment agreement to be entered into between the Company and the Association in connection with the Disposal of Treasury Shares (hereinafter the "Allotment Agreement") is outlined in "3. Overview of the Allotment Agreement" below. As stated in the Note to Section 1 above, the number of shares to be disposed of will be determined at a later date. If all 3,480 employees of the Company and its subsidiaries, representing the maximum number of employees who may be eligible for the Plan, join the Association and consent to participate in the Plan, the number of shares to be disposed of is expected to be 69,600. Based on this number of shares, the dilution resulting from the Disposal of Treasury Shares will be 0.17% of the 42,000,000 total issued shares as of September 30, 2026 (rounded to two decimal places; the same applies to percentage calculations below), and 0.18% of the 391,707 total voting rights as of September 30, 2026.

As a measure to enhance employee welfare, the Plan is intended to provide Eligible Employees with an opportunity to acquire shares of the Company's common stock issued or disposed of by the Company as restricted stock through the Association, thereby supporting their asset formation. It is also intended to provide Eligible Employees with an incentive to contribute to the sustainable enhancement of the Company's corporate value and to further align their interests with those of the Company's shareholders.

The Company believes that the Plan will contribute to increasing the corporate value of the Company and its group companies. Accordingly, the Company considers the number of shares to be disposed of and the resulting dilution to be reasonable and, taking into account the extent of such dilution, has determined that the impact on the market will be minimal.

The Disposal of Treasury Shares will be implemented subject to the amended Association Rules and related provisions becoming effective no later than the day immediately preceding the disposal date, and the execution of the Allotment Agreement between the Company and the Association within the prescribed period.

3. Outline of the Allotment Agreement

(1) Transfer Restriction Period
From February 15, 2027 to February 2, 2032.

(2) Conditions for Lifting the Transfer Restrictions
Provided that an Eligible Employee has remained a member of the Association continuously throughout the transfer restriction period, the Transfer Restrictions will be lifted upon the expiration of that period for all Allotted Shares corresponding to the Restricted Stock Interests held by that Eligible Employee.

(3) Treatment upon Withdrawal from the Association
If an Eligible Employee withdraws from the Association during the transfer restriction period due to mandatory retirement or another justifiable reason (meaning the loss of membership eligibility or the submission of an application for withdrawal, and including withdrawal due to death), the Company will lift the Transfer Restrictions, as of the date on which the Association accepts the Eligible Employee's withdrawal application, on the number of Allotted Shares calculated as described below. If the Eligible Employee loses membership eligibility, the relevant date will be the date on which such eligibility is lost; in the case of withdrawal due to death, it will be the date of death. The applicable date is hereinafter referred to as the "Withdrawal Application Acceptance Date." The number of shares for which the Transfer Restrictions will be lifted will be calculated by multiplying the number of Allotted Shares corresponding to the Restricted Stock Interests held by the Eligible Employee on the Withdrawal Application Acceptance Date by the number of months from the month immediately following the month in which the disposal date falls through the month in which the Withdrawal Application Acceptance Date falls, divided by 60, the number of months applicable to the transfer restriction period. Any fraction of less than one share will be rounded down.

(4) Treatment upon Becoming a Non-Resident
If, during the transfer restriction period, the Company or one of its subsidiaries decides that an Eligible Employee will become a non-resident due to an overseas transfer or another reason, the Transfer Restrictions will be lifted, as of the date of that decision (hereinafter the "Overseas Transfer Decision Date"), for all Allotted Shares corresponding to the Restricted Stock Interests held by the Eligible Employee on the Overseas Transfer Decision Date.

(5) Treatment upon Transfer to a Domestic Group Company or Similar Event
If, during the transfer restriction period, the Company or one of its subsidiaries decides that an Eligible Employee will be transferred to a domestic group company or become subject to a similar event, the Transfer Restrictions will be lifted, as of the date of that decision (hereinafter the "Domestic Group Company Transfer Decision Date"), for the number of Allotted Shares calculated as described below. The number of shares for which the Transfer Restrictions will be lifted will be calculated by multiplying the number of Allotted Shares corresponding to the Restricted Stock Interests held by the Eligible Employee on the Domestic Group Company Transfer Decision Date by the number of months from the month immediately following the month in which the disposal date falls through the month in which the Domestic Group Company Transfer Decision Date falls, divided by 60, the number of months applicable to the transfer restriction period. Any fraction of less than one share will be rounded down.

(6) Acquisition by the Company without Consideration
If, during the transfer restriction period, an Eligible Employee commits an act in violation of laws or regulations or otherwise falls under any of the specified circumstances set forth in the Allotment Agreement, the Company will automatically acquire without consideration all Allotted Shares corresponding to the Restricted Stock Interests held by that Eligible Employee at that time. The Company will also automatically acquire without consideration any Allotted Shares for which the Transfer Restrictions have not been lifted upon the expiration of the transfer restriction period or at the time the Transfer Restrictions are lifted pursuant to (3), (4), or (5) above.

(7) Management of the Shares
During the transfer restriction period, the Allotted Shares will be held and managed in a dedicated account opened by the Association with Nomura Securities Co., Ltd., so that they cannot be transferred, pledged as collateral, or otherwise disposed of during that period. In accordance with the Association Rules and related provisions, the Association will record and manage the Restricted Stock Interests separately from the other membership interests held by Eligible Employees (hereinafter the "Ordinary Interests").

(8) Treatment in the Event of Organizational Restructuring or Similar Transactions
If, during the transfer restriction period, a merger agreement under which the Company will become the disappearing company, a share exchange agreement or share transfer plan under which the Company will become a wholly owned subsidiary, or any other matter relating to an organizational restructuring or similar transaction is approved at a General Meeting of Shareholders of the Company (or by the Company's Board of Directors if shareholder approval is not required for such transaction), the Company will, by resolution of its Board of Directors, lift the Transfer Restrictions for all Allotted Shares held by the Association on the approval date that correspond to the Restricted Stock Interests held by Eligible Employees.
Such Transfer Restrictions will be lifted immediately before the business day immediately preceding the effective date of the organizational restructuring or similar transaction.

4. Basis for Calculation of the Disposal Price and Specific Details

The Disposal of Treasury Shares to the Association, the intended allottee, will be carried out using the Special Incentive Payments granted to Eligible Employees for the purpose of granting restricted stock, which the Eligible Employees will contribute to the Association as property to be contributed. To eliminate arbitrariness in determining the disposal price, the Company has set the disposal price at ¥1,960, the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on November 13, 2026, the business day immediately preceding the date of the Board resolution. This is the market price immediately preceding the date of the Board resolution, and the Company considers it to be reasonable and not to constitute a particularly favorable price.

The deviations of the disposal price from the average closing prices of the Company's common stock on the Prime Market of the Tokyo Stock Exchange are shown below. Deviation percentages are rounded to two decimal places.

Period	Average closing price (rounded down to the nearest yen)	Deviation
One month (October 14, 2026–November 13, 2026)	2,029 yen	(3.40%)
One month (August 14, 2026–November 13, 2026)	1,959 yen	0.05%
Six months (May 14, 2026–November 13, 2026)	1,749 yen	12.06%

The Company's Audit and Supervisory Committee, consisting of four members, including three outside directors, has expressed its opinion that the disposal price does not constitute a particularly favorable price for the intended allottee and is lawful, taking into account that the Disposal of Treasury Shares is intended to implement the Plan and that the disposal price is the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on the business day immediately preceding the date of the Board resolution.

5. Procedures under the Code of Corporate Conduct

Because the Disposal of Treasury Shares (i) will result in a dilution ratio of less than 25% and (ii) will not involve a change in controlling shareholder, neither obtaining an opinion from an independent third party nor conducting procedures to confirm shareholders' intent is required under Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange.