Overview of the Board of Directors' Opinion on the Shareholder Proposals

November 10, 2026
Takara Holdings Inc.(2531)

Board of Directors Opposes All of the Shareholder Proposals

For details, please refer to the Company's press release dated November 10, 2026, titled “Notice Regarding the Date, Time, Venue and Agenda Items of the Extraordinary General Meeting of Shareholders and the Company's Board of Directors' Opinion on the Shareholder Proposals.”

■The Shareholder Proposals and the Board of Directors' Opinion

Proposal	Description	Board Opinion
Proposals No. 1 – 3	Removal of Directors (Masako Tomotsune, Tomoko Kawakami and Takao Motomiya)	Oppose
Proposals No. 4 – 6	Election of Directors (Eric Johnson, Yuko Tashiro and Marc André Tousignant)	Oppose

■Proposals No. 1 - 3: Summary of Reasons for Opposition

1 **The Current Composition of the Board of Directors Is Optimal**

4 of the 7 directors, constituting a majority of the Board, are independent outside directors (including 2 women). The 3 outside directors subject to Proposals No. 1, 2 and 3 were elected with approximately 94% shareholder approval at the AGM held in June 2026 (with the Proposing Shareholder also voting in favor).

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2 **The Board of Directors Exercises Effective Oversight**

Under the oversight of outside directors, the Company has formulated and implemented the Medium-Term Management Plan for 2030, including a review of its business portfolio, and has pursued the acquisition of full ownership of Takara Bio and reforms to its profit structure.

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3 **Sincere Engagement in Constructive Dialogue with Shareholders**

The Company has never substantively rejected dialogue with the Proposing Shareholder and remains committed to continuing sincere and constructive dialogue.

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■Proposals No. 4 - 6: Summary of Reasons for Opposition

4 **No Necessity or Reasonable Justification for Electing the Proposed Candidates**

There is no necessity or reasonable justification for removing the current outside directors, who play indispensable roles on the Company's Board of Directors and fully exercise their oversight functions, and electing the proposed candidates in their place.

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Reference: The Company's press release dated November 10, 2026, titled “Notice Regarding the Date, Time, Venue and Agenda Items of the Extraordinary General Meeting of Shareholders and the Company's Board of Directors' Opinion on the Shareholder Proposals.”

1. The Current Composition of the Board of Directors Is Opimal

Four of the seven directors, constituting a majority of the Board, are independent outside directors (including two women). Following deliberations by the Nomination and Remuneration Committee, the Board has been optimally composed of directors possessing the skills necessary to implement the Company's management strategy.

■ Director Selection Process and Approach to Board Composition

- Directors are elected in accordance with the process set forth in the “Takara Holdings Corporate Governance Policy.”
- Candidates for outside director positions are subject to preliminary screening and deliberation by the Nomination and Remuneration Committee, which then provides its advice and recommendations to the Board of Directors. The Board of Directors deliberates on and determines the candidates.

  - Directors are selected based on their abilities, knowledge, experience and expertise, regardless of gender, nationality, professional background, age or other such attributes.

  - Outside directors are selected with an emphasis on their extensive experience in their respective fields and their ability to provide advice and recommendations from an independent standpoint to ensure the soundness and appropriateness of the Board of Directors' decision-making.

  - The current outside directors possess extensive knowledge and expertise in areas such as law, finance, academia and corporate management, and their composition is considered optimal, with due consideration given to diversity of skills.

■ Expertise and Key Contributions of the Outside Directors Subject to Proposals No. 1 - 3

Name	Expertise and Background	Nomination and Remuneration Committee	Key Contributions	Approval Rate (June 2026)
Masako Tomotsune	Extensive experience, a proven track record and deep expertise in corporate legal affairs and related fields as an attorney	Chair	Led deliberations to ensure objective and transparent nomination and remuneration processes; provided input from a compliance perspective; proactively recommended reinforcement of ROIC discipline, business portfolio strategy, dividend policy and enhancement of external communications	**93.76%**
Tomoko Kawakami	Extensive experience, a proven track record and deep expertise in business administration, marketing and related fields as a university professor and researcher in Japan and overseas	Member	Applied cutting-edge insights in areas relevant to the Company's businesses, including biomanufacturing, business applications of generative AI, and sustainability and branding, to oversight and advice at Board meetings	**93.74%**
Takao Motomiya	Extensive experience and a proven track record in taxation and related fields through his career with the national tax authorities and as a certified public tax accountant	Member	Participated in various committees and meetings, raising questions, expressing opinions and making recommendations from the perspectives of legal and regulatory compliance and corporate governance	**93.70%**

- All three outside directors were elected with high approval rates at the Annual General Meeting of Shareholders held on June 26, 2026, and the Company understands that the Proposing Shareholder also voted in favor of their election.
- Removing these outside directors, who were elected with the support of an overwhelming majority of shareholders, only approximately six months after their election would hinder the Company's ongoing initiatives to enhance its corporate value over the medium to long term.

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2. The Board of Directors Exercises Effective Oversight

Outside directors participated in the formulation of the Medium-Term Management Plan for 2030 from its initial stages. Based on a review of the previous Medium-Term Management Plan, the Company formulated a bold new plan that goes beyond a mere extension of its previous approach. These initiatives are steadily producing results.

■Formulation and Implementation Process of the Medium-Term Management Plan for 2030

Timing	Initiatives
Formulation Stage	Outside directors participated in discussions at meetings of the Board of Directors and various management committees. The Company conducted a multifaceted review of the results of the previous Medium-Term Management Plan and published its “Review of Medium-Term Management Plan for 2025.”
2026/5/13	Formulated the “TaKaRa Group Medium-Term Management Plan for 2030,” designating the first two years as a period of “Structural reform, turnaround, and laying the groundwork for future growth.”
2026/6/15	Resolved to establish the “Business Portfolio Strategy Committee” as an advisory body to the Board of Directors.
2026/9/15	Held a meeting of the Committee, with all four outside directors participating. Drawing on external expertise, the Committee advanced open-minded discussions on the merits of each business, without being constrained by existing strategies or plans.

■Five Basic Policies

(a)Business Portfolio Strategy to Realize Long-Term Vision 2050

(b)Review of Group Governance and Management Structure

(c)Reinforcement of ROIC Discipline

(d)Reform of the Profit Structure of Existing Businesses

(e)Establish a Growth Path by Leveraging Group Synergies

■Bold Business Portfolio Strategy and Results Achieved to Date

- Classified businesses into five categories—“Core,” “Cash,” “Growth,” “Problem,” and “Creation”—and promptly implemented withdrawals from certain “Problem” businesses (entered into a basic agreement with the Sumitomo Chemical Group on November 2, 2026, regarding the transfer of the GMP cell processing contract services business, and continues discussions with the Sumitomo Chemical Group regarding the transfer of proprietary gene therapy clinical development programs).
- Aims to determine, within approximately two years, whether to continue positioning the Japanese Food business as a growth business and whether to continue the CDMO and Gene Therapy businesses.
- Revised upward its consolidated financial forecasts for the fiscal year ending March 31, 2027 (as disclosed in today's “Notice Regarding Revisions to Consolidated Financial Forecasts and Dividend Forecast (Dividend Increase) for the Fiscal Year Ending March 31, 2027”). Improvements in the gross profit to sales ratio and reductions in the SG&A ratio in the overseas Japanese food wholesale business are progressing generally in line with the plan. The Takara Bio Group is also expected to achieve operating income at the level initially planned through reforms to its profit structure.
- Implemented additional measures, including the sale of non-core real estate and the decision to sell 70% of the issued shares of its logistics subsidiary.

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(Reference) Business Portfolio Strategy under the Medium-Term Management Plan for 2030

■ Business Portfolio Strategy for Recovery to Growth Trajectory

	As of March 31, 2026				
	Market stage	Capital efficiency	Competitive advantages	Positioning	Direction of the business	Corporate resource allocation policy
Washu	Domestic: Mature Overseas: Growth	Weak	Moderate	Core	With the aim of achieving stable and sustainable growth, reform its profit structure into one capable of funding investment in manufacturing facilities in Japan, which is necessary to maintain and increase its competitiveness. At the same time, enhance its global expansion strategy for Washu and seasonings to strengthen its ability to create Washu markets overseas	Make appropriate investments to sustain competitiveness of the business
Whiskey	Mature	Strong	Weak	Cash	Enhance and establish brand equity over the medium- to long-term and ensure that the business will continue to serve as a source of growth investment	Invest selectively to strengthen brand equity
Japanese Food	Growth	Poor	Weak	**Growth (under review)**	Strengthen management to increase the operating income ratio to net sales, make sure to capture returns on past investments in growth, and restore the business to growth with capital efficiency **Determine whether the business should continue to be positioned as a growth business based on its operating income to sales ratio and activities**	Prioritize investments that enhance profitability
Reagents	Growth	Moderate	Weak	Core (turnaround)	Restore competitiveness by developing and fostering high value-added products and new products that capitalize on the Group's strengths (e.g., spatial biology and diagnostic reagents) as well as expanding the B2B business domain	Prioritize and focus R&D spending
CDMO	Growth	Poor	Limited	**Problem (under review)**	Promptly implement structural reform through fundamental fixed cost reductions and other measures, including an exit from and discontinuation of some domains **• Gene Therapy: Discontinue proprietary gene therapy clinical development programs** **• CDMO: Withdraw from GMP cell processing contract services** **Then, determine whether to continue these two businesses based on their profitability and competitive advantages**	Keep additional investment to a minimum
Gene Therapy	Growth	Poor	Limited	**Problem (under review)**		
New Businesses	(Growth)	-	-	Creation	Launch new businesses by generating new business ideas centered on the utilization of biotechnology and exploring new technologies and assets, while also making CVC and startup investments	Invest swiftly in line with established criteria

Reference: The Company's "Medium-Term Management Plan for 2030 Briefing" (May 19, 2026).

2. The Board of Directors Exercises Effective Oversight

Under the oversight of outside directors, the Company decided to make Takara Bio a wholly owned subsidiary and is implementing reforms to its profit structure aimed at achieving an early return to profitability. The Company believes that continued oversight and advice from its current outside directors will also be effective in determining whether to continue the relevant businesses.

■Background and Objectives of Making Takara Bio a Wholly Owned Subsidiary

<Background>

- Declining competitiveness and profitability in the reagents and instruments business due to rapid changes in the life science research market and competitive environment
- Structural issues, including the considerable time required to recover capital investments in the CDMO business, which is a front-loaded investment-type business

<Decision-Making Process>

- On February 13, 2026, the Company decided to make Takara Bio a wholly owned subsidiary following thorough deliberations through an appropriate process under the oversight of outside directors

<Objectives>

- Establish a structure that enables prompt and flexible decision-making and completely eliminate structural conflicts of interest by ending the parent-subsidiary dual-listing structure
- Implement Group-wide initiatives more flexibly and effectively to reform the profit structure, establish new growth strategies and business models, and create and expand new businesses

<Following the Completion of the Tender Offer>

- Reassessed Takara Bio's plans, including measures representing a significant departure from its previous approach, and incorporated the results into “Reform of the Profit Structure of Existing Businesses” under the Medium-Term Management Plan for 2030

■Key Measures and Progress of Profit Structure Reforms

The Medium-Term Management Plan targets fixed-cost reductions of approximately 2.8 billion yen by FY2028 and an early return to profitability.

Key Measures	Progress
Discontinuation of proprietary gene therapy clinical development programs	Discussions are ongoing regarding the transfer of the programs
Withdrawal from GMP cell processing contract services	Entered into a basic agreement on November 2, 2026, regarding the transfer of the business to the Sumitomo Chemical Group
Voluntary retirement program at Takara Bio	148 employees opted for voluntary retirement (target: approximately 120 employees)
Reductions in personnel costs and maintenance costs, closure of the Sweden site, etc.	Prompt implementation of various fixed-cost reduction measures

→Including other measures, total cost reductions are currently expected to reach 2.957 billion yen.

The Company believes that continued oversight and advice from its current outside directors will be effective in enabling it to promptly determine whether to continue the CDMO and Gene Therapy businesses.

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3. Sincere Engagement in Constructive Dialogue with Shareholders

The Board of Directors has sincerely engaged in constructive dialogue with shareholders and investors, including the Proposing Shareholder, and has never substantively rejected such dialogue.

■The Proposing Shareholder's Assertions and the Company's Position

Proposing Shareholder's Assertions	Company's Position
The Company rejected the Proposing Shareholder's requests for substantive dialogue regarding (1) a comprehensive review of the Company's strategy and business portfolio led by outside directors and (2) necessary changes to the composition of the Board of Directors, management and governance structure.	The Proposing Shareholder requested that the Company's outside directors be granted authority to engage in "negotiations" with the Proposing Shareholder on these specific matters. The Company merely responded that it did not intend to accommodate such a request. The Company also informed the Proposing Shareholder that its outside directors remained willing to engage with the Proposing Shareholder in its capacity as a shareholder to the extent reasonable. **⇒These assertions do not constitute grounds for removing the outside directors subject to Proposals No. 1 - 3.**

■Track Record of Dialogue with Shareholders and Investors

Initiative	Details
Dialogue with the Proposing Shareholder	Held more than 30 meetings since April 2020. Taking into account the wishes of the Proposing Shareholder, the Company's President and Representative Director and all outside directors have participated in meetings.
Reflection in the Medium-Term Management Plan for 2030	The business portfolio strategy aligned with the Long-Term Vision was developed through extensive discussions, taking into account the views of shareholders and investors, including those expressed during previous dialogue with the Proposing Shareholder.
Individual IR Meetings	A total of 174 individual IR meetings attended by officers and employees, including the President and Representative Director (fiscal year ended March 31, 2026).
Briefings and Other Initiatives	Conducted financial results briefings, small-group meetings, sustainability small-group meetings, sustainability and ESG meetings, and briefings for individual investors.

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4. No Necessity or Reasonable Justification for Electing the Proposed Candidates／ Conclusion

The Company firmly believes that steadily advancing initiatives to enhance corporate value under the oversight and guidance of the Board of Directors, including the current outside directors, will serve the common interests of all shareholders.

■The Board of Directors' Opinion on Each Proposal

Proposal	Reasons	Board Opinion
Proposals No. 1 - 3 Removal of Directors	The current composition of the Board of Directors is optimal in terms of size and balance of skills, and the Board appropriately fulfills its oversight function. Accordingly, the three outside directors should not be removed.	**Oppose**
Proposals No. 4 - 6 Election of Directors	Members of the Nomination and Remuneration Committee (excluding the outside directors subject to Proposals No. 1 through No. 3) interviewed all outside director candidates proposed by the Proposing Shareholder, and the Committee and the Board of Directors carefully considered the proposals. There is no necessity or reasonable justification for removing the current outside directors, who play indispensable roles on the Board of Directors and fully exercise their oversight functions, and electing the proposed candidates in their place.	**Oppose**

The Company's Board of Directors has determined that the Shareholder Proposals are not appropriate from the perspective of enhancing the Company's corporate value over the medium to long term and, ultimately, protecting the common interests of all shareholders, and therefore opposes all of the Shareholder Proposals.

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