TAKARA & COMPANY Tech Driven Value for Growth

FASF MEMBERSHIP

July 8, 2026

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Notice Concerning Change in Dividend Policy, Resumption of Shareholder Benefit Program, and Dividend Forecasts for the Fiscal Year Ending May 31, 2027 (the Next Fiscal Year)

TAKARA & COMPANY LTD. (the "Company") hereby announces that, at a meeting of the Board of Directors held on July 8, 2026, as part of a review of capital policy and shareholder return policy, it has resolved to revise its dividend policy and resume its shareholder benefit program. It also resolved its dividend forecasts for the fiscal year ending May 31, 2027 (the next fiscal year).

Please also refer to the "New Medium-Term Management Plan FY2029" and the "Financial Results for the Fiscal Year Ended May 31, 2026," which were disclosed separately today.

1. Change in dividend policy

(1) Reason for the change (background and aim of implementing DOE of 7.5% or above)

i. Alignment with Medium-Term Management Plan

To achieve the strategic and expeditious allocation of capital outlined in the New Medium-Term Management Plan FY2029 announced today, the Company is shifting from the existing "stable dividends" shareholder return policy, to a "flexible shareholder return" approach, under which it will flexibly return accumulated operating cash flow to shareholders as circumstances warrant.

ii. Enhancing capital efficiency and a clear commitment to ROE

As part of the Company's efforts to promote management that places strong emphasis on the cost of capital and stock prices, it has set a high target level of "7.5% or above" for its new KPI, the dividend on equity ratio (DOE), as a clear demonstration of its commitment to curbing the accumulation of unnecessary retained earnings and improving return on equity (ROE).

iii. Stability of returns and providing premium benefits

By introducing a DOE calculated using shareholders' equity—which is less susceptible to fluctuations in performance over a single fiscal year—as the denominator, the Company aims to maintain "consistently high levels of profit distribution" to its shareholders from a medium- to long-term perspective, with the goal of enhancing their sense of security and investment capacity.

(2) Details of change (comparison of before and after change)

Category	Before change	After change
Basic policy on capital and returns	Stable dividends	Flexible shareholder returns
Consolidated dividend payout ratio (target)	Approx. 50%	50%-100%
Dividend on equity ratio (DOE / target)	Not established	7.5% or above

2. Resumption of shareholder benefit program

(1) Reason and aim for resumption of shareholder benefit program

i. Promoting medium- to long-term holdings, particularly among individual investors

In light of recent changes in the market environment and the diversification its shareholder base, the Company has decided to resume its shareholder benefit program—which it had discontinued as of the fiscal year ended May 31, 2023—with the aim of encouraging a broader range of investors, particularly individual shareholders, to hold the Company's shares over the medium to long term and to deepen their understanding of the Company's business.

ii. Diversification of shareholder return methods and realizing flexible shareholder returns

To achieve flexible shareholder returns as outlined in its New Medium-Term Management Plan, the Company will build a framework that enables a more flexible response to business environment and financial performance trends, as well as the expectations of shareholders, by providing direct returns through dividends in addition to the flexible management of, and in tandem with, the shareholder benefit program.

(2) Program details and future outlook

The Company is currently formulating the details of the eligibility criteria for shareholders (such as the record date, number of shares held, and holding period) and the specific benefits to be offered, with the aim of designing a program that is both appealing and sustainable for shareholders.

The Company will promptly disclose further details as soon as they are confirmed. The Company expects the resumption of this program will have a negligible impact on its consolidated financial results for the next fiscal year (ending May 31, 2027).

3. Dividend forecasts for the fiscal year ending May 31, 2027 (the next fiscal year)

(1) Reason for the formulation

As stated in "Financial Results for the Fiscal Year Ended May 31, 2026" released today, the Company has set the annual dividend for the current fiscal year at 120 yen per share (Interim dividend of 60 yen + Year-end dividend of 60 yen), which is in line with the Company's previous forecast.

Regarding the dividend forecasts for the next fiscal year (ending May 31, 2027), based on the new dividend policy outlined above (a dividend payout ratio of 50% to 100%, and a dividend on equity ratio (DOE) of 7.5% or above), the Company plans to pay an annual dividend of 180 yen per share (Interim dividend of 90 yen + Year-end dividend of 90 yen) in order to further enhance shareholder returns.

As a result, the consolidated dividend payout ratio for the next fiscal year is expected to be 66.4%, with a DOE of 7.6%. The Company will implement an optimal capital allocation that satisfies the criteria of the new policy.

(2) **Details of dividend forecasts**

Record date	2nd quarter-end (Interim dividend)	Year-end	Total (Annual dividend)
Dividends forecast for the next fiscal year (Ending May 31, 2027)	**90.00 yen**	**90.00 yen**	**180.00 yen**
Actual results for the current fiscal year (Ended May 31, 2026)	60.00 yen	60.00 yen	120.00 yen
Actual results for the previous fiscal year (Ended May 31, 2025)	45.00 yen	75.00 yen (Ordinary dividend: 45.00 yen) (Special dividend: 30.00 yen)	120.00 yen

[Notice]
The forward-looking statements contained in this document, including earnings forecasts and dividend projections, etc., are based on information currently available to the Company and certain assumptions deemed reasonable; actual results and dividend amounts may differ significantly due to various future factors.