The original disclosure in Japanese was released on November 10, 2016 at 16:00 (GMT+9)

To whom it may concern,

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Company representative:	Toshio Kakimoto, President
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Notice Regarding Subscription to Third-Party Allotment of Shares of Mutual Trading Co., Inc. by Consolidated Subsidiary (Takara Shuzo Co., Ltd.)

Takara Shuzo Co., Ltd. ("Takara Shuzo"), a consolidated subsidiary of Takara Holdings, resolved at its Board of Directors' meeting held on November 10, 2016 to subscribe to third-party allotment of shares by Mutual Trading Co., Inc. ("Mutual Trading"), a Japanese food wholesaler in the United States. Details of the subscription to third-party allotment of shares are as described below.

Mutual Trading is an affiliate accounted for by the equity method of the Company, in which Takara Shuzo owns 45.4% of its voting rights. Through the subscription to third-party allotment of shares, the ownership ratio of its voting rights will be 51.0%, and therefore Mutual Trading will become a consolidated subsidiary of the Company.

1. Reason for the subscription to third-party allotment of shares

Established in 1926 in Los Angeles, California, the United States, Mutual Trading is one of the oldest Japanese food wholesalers in the country which marks its 90th anniversary this year. The history of Mutual Trading starts with the import of Japanese foods, jointly organized by Japanese immigrants in the region who missed the foods and flavors of their homeland, such as rice, *miso* and soy sauce. Since then, Mutual Trading has developed markets as a pioneer in the Japanese food wholesale business in the United States, expanding its business scale gradually in line with the widening acceptance of Japanese food culture and development in transportation technologies. Currently it handles over 5,000 items covering a broad range, from Japanese foods, seasonings and alcoholic beverages to restaurant supplies including cookware, tableware and glasses, while developing its business not only in North America but in Hawaii and South America (Peru).

In 1951, Takara Shuzo commenced the export of the sake *Sho Chiku Bai* to the United States. Since then, Takara Shuzo has built a cooperative relationship with Mutual Trading as its largest purchaser (distributer) of alcoholic beverages and seasonings in the United States. In 1982, with investment by Mutual Trading, Takara Shuzo took control of the current Takara Sake USA Inc., and started the manufacture and sale of *Sho Chiku Bai* made in California the following year, 1983. Later, this became a major driving force for the further expansion

of the sake business in the United States. Takara Shuzo started investing in Mutual Trading in 1985, and has continued strengthening their partnership in recent years, such as by subscription to third-party allotment of Mutual Trading shares in 2012.

Under Takara Group Vision 2020, our long-term vision for the ten years beginning in April 2011, the Company aims to expand business in markets where Takara advantages can be leveraged domestically and overseas and build a well-balanced business structure that can hold up well to business environment changes. In addition, the Takara Group Medium-Term Management Plan FY2017, the three-year management plan formulated as the second step of an action plan aimed at achieving the long-term vision, sets out a basic policy under which we will improve domestic business profitability and expand our overseas business, while at the same time building a well-balanced business structure that can hold up well to business environment changes by accelerating the growth of our Biomedical business and promotes efforts aimed at building a Japanese food wholesale network in the United States., Europe, and worldwide as one of our priority strategies.

As the number of Japanese restaurants in North America is thought to have increased by approximately 50 percent from 2013 to 2015(*), further growth in the market for Japanese food market is foreseen. The subscription to third-party allotment of Mutual Trading shares represents an agreement on the business strategies of Mutual Trading, which aims at further business growth in these market environments, and Takara Holdings, which wishes to develop its Japanese food wholesale network also in the United States under the aforesaid policy. Going forward backed by the expansion of the market for Japanese food, the Company will actively advance the construction and expansion of a global Japanese food wholesale network, primarily in Europe and the United States, and further expand our business and increase our corporate value by spreading Japanese food culture around the world.

(*Source: Ministry of Agriculture, Forestry and Fisheries)

2. Overview of Mutual Trading

(1)	Name	Mutual Trading Co., Inc.	
(2)	Location	Los Angeles, California, the United States	
(3)	Representative	Chairman Noritoshi Kanai	
(4)	Business	Import and wholesale of alcoholic beverages, food products, and seasonings	
(5)	Capital	2,431 Thousand U.S. dollars	
(6)	Established	April 19, 1926	
(7)	Principal shareholders and percentage of share held	Takara Shuzo Co., Ltd.(45.4%), Kanai family (14.9%), Hoshizaki family (10.1%), Inaba family (5.0%), etc.	
(8)	Relationships between the listed company and the said company	Capital relationship	Mutual Trading is an affiliate accounted for by the equity method of the Company, in which Takara Shuzo, a consolidated subsidiary of the Company, owns 45.4% of its voting rights. In addition, Mutual Trading owns 10.0% of voting rights of Takara Sake USA Inc., a consolidated subsidiary of the Company.
		Personnel relationship	Five officers and employees of the Company and its subsidiaries serve concurrently as officers of Mutual Trading, and an officer of Mutual Trading serves concurrently as an officer of Takara Sake USA Inc., a consolidated subsidiary of the Company.

		Transaction relationship	There is a transaction relationship between Mutual Trading and the Takara Group consisting of the purchase and sale of products.
(9)	Number of officers and employees	518 *as of September 30, 2016 (consolidated basis)	
(10)	Fiscal year-end	December 31	

(11) Operating performance and financial position of Mutual Trading Co., Inc. over the past three years

Units: Thousand U.S. dollars

Fiscal year	Fiscal year ended December 31, 2013	Fiscal year ended December 31, 2014	Fiscal year ended December 31, 2015
Consolidated net assets	51,374	54,775	60,005
Consolidated total assets	105,317	112,429	121,482
Consolidated net sales	186,312	207,538	231,914
Consolidated operating income	5,237	6,569	9,795
Net income attributable to owners of the parent	2,443	3,112	5,041

3. Overview of Takara Shuzo

(1)	Name	Takara Shuzo Co., Ltd.
(2)	Location	609 Takenaka-cho, Fushimi-ku, Kyoto, Japan
(3)	Representative	Toshio Kakimoto, President
(4)	Business	Manufacture and sale of alcoholic beverages, seasonings, and raw alcohol
(5)	Capital	1,000 million yen
(6)	Established	April 1, 2002
(7)	Principal shareholders and percentage of share held	Takara Holdings Inc. 100%

4. Number of shares to be acquired, acquisition price and percentage of ownership before and after acquisition of shares

(1)	Number of shares owned before transfer	108,000 shares (ownership ratio of voting rights: 45.4%)
(2)	Number of shares to be acquired	27,213 shares
(3)	Acquisition price	Acquisition price through subscription to third-party allotment 8,163 Thousand U.S. dollars
(4)	Number of shares owned after transfer	135,213 shares (ownership ratio of voting rights: 51.0%)

5. Schedule

(1)	Resolution at Board of Directors' meeting	November 10, 2016
(2)	Conclusion of share subscription through third-party allotment agreement	November 10, 2016 (scheduled)
(3)	Payment date for share subscription through third-party allotment	November 14, 2016 (scheduled)

6. Impact on Earnings

The impact of the subscription on consolidated earnings for the fiscal year ending March 31, 2017 is immaterial, as it is limited to the business performance of Mutual Trading for the fourth quarter (October - December 2016). However, the Company has included it in the consolidated forecasts for the fiscal year ending March 31, 2017, provided in the Consolidated Financial Statements for the Second Quarter Ended September 30, 2016, released today, on November 10, 2016.

End

Cautionary Statement on the Use of This Document

Statements in this document, other than those based on historical fact, concerning the current plans, prospects, strategies and expectations of the Company represent forecasts of future results. While such statements are based on the conclusions of management according to information available at the time of writing, they reflect many assumptions and opinions derived from information that includes major risks and uncertainties. Actual results may vary significantly from these forecasts due to various factors. Factors that could influence actual results include, but are not limited to, economic conditions, especially trends in consumer spending, as well as exchange rate fluctuations, changes in laws and government systems, pressure from competitors' prices and product strategies, declines in selling power of the Company's existing and new products, disruptions to production, violations of the Company's intellectual property rights, rapid advances in technology and unfavorable verdicts in major litigation.