

**Consolidated Financial Statements for the Year Ended March 31, 2023**  
**FY2023 (April 1, 2022 - March 31, 2023) [UNAUDITED]**

May 11, 2023

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 Stock exchange listings: Tokyo Stock Exchange (PRIME section)  
 Code number: 2531  
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 Annual statement filing date (as planned): Jun 29, 2023

- Notes: 1. The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.  
 2. Amounts are rounded down to the nearest million yen.

**1. Results for the year ended March 31, 2023 (April 1, 2022 - March 31, 2023)**

**(1) Consolidated operating results**

Note: Percentages indicated changes from the same period of the previous fiscal year.

	Year ended March 31, 2023		Year ended March 31, 2022	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	350,665	16.5	300,918	8.1
Operating income (loss)	37,945	(12.5)	43,354	100.8
Ordinary income (loss)	38,706	(10.5)	43,230	97.1
Net income (loss) attributable to owners of the parent	21,206	2.1	20,769	96.4
Net income (loss) per share (Yen)	107.26		105.05	
Fully diluted net income per share (Yen)	-		-	
Return on equity		11.0		12.3
Ordinary income to total assets ratio		10.2		12.9
Operating income to net sales ratio		10.8		14.4
Note: Comprehensive income (loss)	41,278	3.2	39,992	145.0
(Reference) Income (loss) from equity method investment	(49)		46	

**(2) Consolidated financial position**

	As of March 31, 2023	As of March 31, 2022
	(Millions of yen)	(Millions of yen)
Total assets	399,174	362,438
Net assets	255,318	224,555
Equity ratio (%)	51.1	49.8
Net assets per share (Yen)	1,031.60	912.58
(Reference) Equity	203,951	180,420

**(3) Consolidated Cash flow**

	Year ended March 31, 2023	Year ended March 31, 2022
	(Millions of yen)	(Millions of yen)
Cash flow from operating activities	45,478	16,376
Cash flow from investing activities	(10,474)	(10,399)
Cash flow from financing activities	(22,215)	4,133
Cash and cash equivalents, end of year	91,785	75,729

## 2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2022	Year ended March 31, 2023	Year ending March 31, 2024 (Forecast)
First quarter end	-	-	-
Second quarter end	-	-	-
Third quarter end	-	-	-
Year end	37.00	38.00	27.00
Annual	37.00	38.00	27.00
Total dividend (Millions of yen)	7,315	7,512	
Payout ratio (%)	35.2	35.4	35.6
Dividend on equity (%)	4.3	3.9	

Note: Correction of dividend forecast from the most recent dividend forecast: Yes

## 3. Forecast for the year ending March 31, 2024 (April 1, 2023 - March 31, 2024)

Note: Percentages indicated changes from the same period of the previous fiscal year.

	Six months ending September 30, 2023		Year ending March 31, 2024	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	170,000	3.5	355,000	1.2
Operating income (loss)	11,100	(43.4)	26,300	(30.7)
Ordinary income (loss)	11,400	(42.9)	26,800	(30.8)
Net income (loss) attributable to owners of the parent	6,700	(38.4)	15,000	(29.3)
Net income per share (Yen)	33.89		75.87	

## 4. Others

### (1) Material changes in subsidiaries during this period

(Changes in specified subsidiaries that caused a change in the scope of consolidation): No

### (2) Changes in accounting policies, accounting estimates and retrospective restatement

1) Changes based on revisions of accounting standard: Yes

2) Changes other than ones based on revisions of accounting standard: No

3) Changes in accounting estimates: No

4) Restatement: No

### (3) Number of outstanding shares (common stock)

#### 1) Number of outstanding shares at year end (Treasury stocks are included):

As of March 31, 2023 199,699,743 shares

As of March 31, 2022 199,699,743 shares

#### 2) Number of treasury stocks at year end:

As of March 31, 2023 1,995,612 shares

As of March 31, 2022 1,995,577 shares

#### 3) Average number of outstanding shares:

Year ended March 31, 2023 197,704,141 shares

Year ended March 31, 2022 197,704,189 shares

## Contents of the attached document

1. Overview of Financial Results.....	2
(1) Overview of Financial Results for the Fiscal Year under Review.....	2
(2) Overview of Financial Position for the Fiscal Year under Review.....	5
(3) Overview of Cash Flows for the Fiscal Year under Review.....	5
(4) Future Outlook.....	5
2. Basic Concept on Selection of Accounting Standards.....	6
3. Consolidated Financial Statements and Primary Notes.....	7
(1) Consolidated Balance Sheets.....	7
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	9
Consolidated Statements of Income.....	9
Consolidated Statements of Comprehensive Income.....	10
(3) Consolidated Statements of Changes in Net Assets.....	11
(4) Consolidated Statements of Cash Flows.....	13
(5) Notes to Consolidated Financial Statements.....	14
(Notes on Premise of Going Concern).....	14
(Changes in Accounting Policies).....	14
(Segment Information).....	14
(Revenue Recognition).....	17
(Per Share Information).....	18
(Significant Subsequent Events).....	18

○Supplement for the Consolidated Financial Statements

## 1. Overview of Financial Results

### (1) Overview of Financial Results for the Fiscal Year under Review

In the fiscal year under review, ended March 31, 2023, the global economy showed a recovery mainly in the U.S. and Europe, but the outlook remained uncertain due to soaring raw material and energy prices, as well as concerns of a global economic recession caused by monetary tightening to curb inflation in the U.S. and Europe.

Under these economic circumstances, the Group has endeavored at the Takara Group Medium-Term Management Plan for FY2021-2023, which serves as the first step in the Group's action plans cited in its long-term management vision, TaKaRa Group Challenge for the 100th, announced in May 2020. In the fiscal year under review, which was the final year of the plan, the Group has been appropriately allocating and investing management resources in areas that should be strengthened, and has been focusing on rebuilding business structures and global corporate functions that consistently generate various forms of value that enhance profitability, while flexibly addressing environmental changes. In this way, the Group has focused on achieving sustainable growth in Japan and overseas and enhancing corporate value.

As a result, in the fiscal year under review, ended March 31, 2023, net sales increased 16.5% year on year to ¥350,665 million gross profit increased 5.6% year on year to ¥119,941 million, and SG&A expenses increased 16.8% year on year to ¥81,996 million. Operating income decreased 12.5% year on year to ¥37,945 million, ordinary income decreased 10.5% year on year to ¥38,706 million, and net income attributable to owners of the parent increased 2.1% year on year to ¥21,206 million.

Results by business segment were as follows.

#### [Takara Shuzo]

Takara Shuzo gave the highest priority to supplying safe and secure products as a food manufacturer and focused on improving the product mix by developing new products with differentiation points that are supported by consumers and by nurturing high-profit products. In response to soaring raw material and energy prices, Takara Shuzo has committed to thorough cost reductions and efficiency improvement, as well as maintaining and improving profit margins by revising product prices.

The segment's sales and other information are as shown below.

In shochu, sales decreased due to a decline in sales of large-volume products of *ko*-type shochu and 35% ABV shochu. In sake, although sales of *Sho Chiku Bai Gokai* increased amid a recovery in the eating and drinking establishment market, sales of such products as *Sho Chiku Bai Ten* for household-use decreased, resulting in a decline in overall sales. In light-alcohol refreshers, sales grew as sales of *Takara Shochu Highball*, which is positioned as a core brand, continued to increase, and the launch of *Takara Dry Zero Ball* also contributed. In seasonings, sales increased due to an increase in sales of *Hon Mirin*, food seasonings and other seasonings. In raw alcohol, etc., sales also increased.

As a result, net sales for Takara Shuzo increased 2.7% year on year to ¥122,921 million. Cost of sales increased 3.0% year on year to ¥93,645 million, and gross profit increased 1.6% year on year to ¥29,276 million. As SG&A expenses decreased 1.2% year on year to ¥24,385, affected mainly by decreases in personnel expenses and transportation costs due to more efficient transfer between workplaces, operating income increased 18.3% year on year to ¥4,890 million.

#### [Takara Shuzo International Group]

The Takara Shuzo International Group engages in the Overseas Alcoholic Beverages Business, which entails exports from Japan and the manufacture and sale of alcoholic beverages in overseas locations, and the Japanese Food Wholesale Business in overseas markets, through which it sells Japanese food ingredients to Japanese food restaurants, retailers, etc. outside Japan.

The segment's sales and other information are as follows:

#### Overseas Alcoholic Beverages Business

Sales of Blanton's, the premium single-barrel bourbon, remained brisk, while those of Tomatin Scotch whisky also grew. Sales of sake and other Japanese alcoholic beverages declined in China as they were greatly affected by the COVID-19 crisis, but sales of those increased in the U.S., where the market is large. As a result, net sales of the Overseas Alcoholic Beverages Business rose 29.8% year on year to ¥18,253 million.

#### Japanese Food Wholesale Business in overseas markets

The Japanese Food Wholesale Business in overseas markets engaged in diversification of sales channels, including retail stores and online sales, and development of product procurement and supply systems that meet customer needs, and there were strong sales in the eating and drinking establishment market in the U.S. and Europe, leading to a net sales increase of 35.2% year on year to ¥121,354 million.

As a result, net sales for the Takara Shuzo International Group after the elimination of intersegment transactions rose 34.5% year on year to ¥137,483 million. Cost of sales increased 35.8% year on year to ¥95,088 million, and gross profit rose 31.9% year on year to ¥42,394 million. SG&A expenses rose 33.4% year on year to ¥31,573 million, primarily due to increases in personnel expenses and transportation costs. Accordingly, the Takara Shuzo International Group saw operating income increase 27.7% year on year to ¥10,821 million.

#### **[Takara Bio Group]**

The Takara Bio Group is developing reagents/instruments that support research and development activities using biotechnology and providing them to biotech researchers around the world as such activities become increasingly widespread. Furthermore, we are developing CDMO contract services to support the development and manufacture of regenerative and cellular medicine and gene therapy, which have been actively developed by pharmaceutical companies in recent years. CDMO refers to the business of contracting out the processes of pharmaceuticals from formulation development to manufacturing, and the Takara Bio Group is focusing on the field of gene therapy. In addition, in the gene therapy business, the Takara Bio Group is working to maximize the value of our proprietary platform technology for biologics discovery by manufacturing and selling manufacturing aids for gene therapy drugs, creating new modalities (therapeutic means), and advancing new clinical development projects.

In this segment, although sales in the instruments and CDMO businesses decreased, sales in the reagents business increased due to a significant increase in sales of testing-related reagents for COVID-19, including antigen test reagents. Sales in the gene therapy business also increased.

As a result, net sales for the Takara Bio Group increased 15.4% year on year to ¥78,142 million. Cost of sales grew 80.5% year on year to ¥33,377 million mainly due to a change in sales mix, and gross profit decreased 9.0% year on year to ¥44,765 million. SG&A expenses were up 19.3% year on year to ¥24,224 million primarily due to increases in personnel expenses and R&D expenses. Operating income decreased 28.9% year on year to ¥20,541 million.

#### **[Other]**

The Other segment includes the real estate rental business, the transportation business, and the wine import and sale business. Net sales of the Other segment increased 0.8% year on year to ¥30,950 million due to continued strong import and sale of wine. Cost of sales increased 0.5% year on year to ¥26,770 million, and gross profit increased 2.1% year on year to ¥4,179 million. SG&A expenses rose 0.8% year on year to ¥1,885 million due to an increase in transportation costs, and operating income was up 3.2% year on year to ¥2,293 million.

**Breakdown of sales results by product category**

Segment	Previous Fiscal Year (From April 1, 2021 to March 31, 2022)	Fiscal Year under Review (From April 1, 2022 to March 31, 2023)	YoY Comparison
Product category	Amount (Millions of yen)	Amount (Millions of yen)	(%)
<b>Takara Shuzo</b>			
Shochu	37,935	36,597	(3.5)
Sake	12,803	12,145	(5.1)
Light-alcohol refreshers	37,677	40,069	6.3
Other alcoholic beverages	5,467	5,328	(2.5)
<i>Hon Mirin</i>	9,097	9,477	4.2
Other seasonings	8,560	8,780	2.6
Raw alcohol, etc.	8,168	10,522	28.8
<b>Total</b>	<b>119,710</b>	<b>122,921</b>	<b>2.7</b>
<b>Takara Shuzo International Group</b>			
Overseas Alcoholic Beverages Business	14,063	18,253	29.8
Japanese Food Wholesales Business in overseas markets	89,728	121,354	35.2
Other	62	2,847	—
Elimination of intra-Group transaction on consolidation	(1,668)	(4,972)	—
<b>Total</b>	<b>102,186</b>	<b>137,483</b>	<b>34.5</b>
<b>Takara Bio Group</b>			
Reagents	52,479	65,925	25.6
Instruments	1,518	1,375	(9.4)
CDMO	11,426	8,200	(28.2)
Gene therapy	2,275	2,640	16.1
<b>Total</b>	<b>67,699</b>	<b>78,142</b>	<b>15.4</b>
<b>Reported segment total</b>	<b>289,596</b>	<b>338,547</b>	<b>16.9</b>
Other	30,719	30,950	0.8
<b>Segment total</b>	<b>320,315</b>	<b>369,498</b>	<b>15.4</b>
Sales not allocated to business segments and intersegment transactions	(19,396)	(18,832)	—
<b>Total</b>	<b>300,918</b>	<b>350,665</b>	<b>16.5</b>

Notes: 1. Amounts include alcohol tax.

2. Net sales of GMP grade (for manufacturing regenerative medical products) reagents, etc., which had been included in Takara Bio Group's "Reagents" until the fiscal year ended March 31, 2022, will be included in "Gene therapy" from the first quarter. The results for the previous fiscal year presented in this table have been restated to reflect this change.

## **(2) Overview of Financial Position for the Fiscal Year under Review**

### **(Assets)**

At the end of the fiscal year under review, current assets totaled ¥241,513 million, an increase of ¥9,189 million compared with that at the end of the previous fiscal year. This was primarily due to an increase in cash and deposits of ¥16,375 million, and decreases in notes and accounts receivable-trade of ¥1,232 million and merchandise and finished goods of ¥5,360 million.

Noncurrent assets were ¥157,661 million, an increase of ¥27,546 million compared with that at the end of the previous fiscal year. This was primarily due to increases of ¥9,143 million in property, plant and equipment and ¥17,831 million in investments and other assets, mainly due to the application of ASC Topic 842, “Leases.”

As a result, total assets were ¥399,174 million, an increase of ¥36,736 million compared with that at the end of the previous fiscal year.

### **(Liabilities)**

At the end of the fiscal year under review, current liabilities totaled ¥67,454 million, a decrease of ¥11,696 million compared with that at the end of the previous fiscal year. This was primarily due to a decrease in current portion of bonds of ¥10,000 million.

Noncurrent liabilities were ¥76,401 million, an increase of ¥17,670 million compared with that at the end of the previous fiscal year. This was primarily due to an increase of ¥15,417 million in other noncurrent liabilities mainly due to the application of ASC Topic 842, “Leases.”

As a result, total liabilities were ¥143,856 million, an increase of ¥5,973 million compared with that at the end of the previous fiscal year.

### **(Net Assets)**

At the end of the fiscal year under review, total net assets were ¥255,318 million, an increase of ¥30,762 million compared with that at the end of the previous fiscal year. This was primarily due to increases in retained earnings of ¥13,891 million, foreign currency translation adjustment of ¥9,355 million, and noncontrolling interests of ¥7,231 million.

As a result, the equity ratio totaled 51.1%, compared with 49.8% at the end of the previous fiscal year.

## **(3) Overview of Cash Flows for the Fiscal Year under Review**

Net cash provided by operating activities increased ¥29,101 million year on year to ¥45,478 million primarily due to income before income taxes of ¥39,692 million, depreciation and amortization of ¥9,118 million, a decrease in notes and accounts receivable-trade of ¥2,634 million, a decrease in inventories of ¥8,969 million, an increase in accrued consumption taxes of ¥2,104 million, and income taxes paid of ¥15,535 million.

Net cash used in investing activities resulted in expenditure of ¥10,474 million, an increase in expenditure of ¥74 million compared with that of the previous fiscal year primarily due to payments into time deposits of ¥23,167 million, proceeds from withdrawal of time deposits of ¥24,008 million, purchase of property, plant and equipment and intangible assets of ¥10,618 million, and purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥1,068 million.

Net cash used in financing activities totaled ¥22,215 million (¥4,133 million provided in the previous fiscal year) primarily due to expenditure for redemption of bonds of ¥10,000 million, cash dividends paid of ¥7,305 million, dividends paid to noncontrolling interests of ¥1,579 million, and payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation of ¥1,551 million.

As a result, cash and cash equivalents at fiscal year-end, including effect of exchange rate change on cash and cash equivalents, stood at ¥91,785 million, up ¥16,056 million from the previous fiscal year-end.

## **(4) Future Outlook**

In the fiscal year ending March 31, 2024, Takara Shuzo International Group expects to increase profits in both the Overseas Alcoholic Beverages Business and Japanese Food Wholesale Business in overseas markets by further cultivating existing sales channels, diversifying sales channels, and expanding new sales areas, against the backdrop of the spread of Japanese food overseas.

On the other hand, Takara Shuzo expects to see a decrease in profit due to higher costs for raw materials, containers, and other items, as well as increased investments for safety and security and brand development expenses, despite the positive effects of price revisions implemented in the fiscal year ended March 31, 2023. The Takara Bio Group also expects a decrease in profit due to lower demand for testing-related reagents for COVID-19 and its plans to increase personnel expenses, R&D expenses, and other expenses.

As a result, regards the outlook for results for the following fiscal year, the year ending March 31, 2024, the Group is forecasting net sales of ¥355,000 million, operating income of ¥26,300 million, ordinary income of ¥26,800 million, and net income attributable to owners of the parent of ¥15,000 million. The details of the consolidated results forecasts and the results forecasts for each segment are described on pages 10/15-13/15 in “Supplement for the Consolidated Financial Statements.”

## **2. Basic Concept on Selection of Accounting Standards**

The Takara Group has a policy to prepare the Consolidated Financial Statements in accordance with the Japanese GAAP for the time being, taking into consideration comparability of the Consolidated Financial Statements across periods and companies.

As regards the application of the International Financial Reporting Standards, the Takara Group will take appropriate actions, taking into account the situations in Japan and other countries.



### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2022	As of Mar. 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	80,445	96,820
Notes and accounts receivable-trade	62,856	61,624
Electronically recorded monetary claims-operating	7,403	8,093
Merchandise and finished goods	63,172	57,812
Work in process	2,012	1,718
Raw materials and supplies	7,458	7,372
Other	9,422	8,765
Allowance for doubtful accounts	(449)	(694)
<b>Total current assets</b>	<b>232,323</b>	<b>241,513</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	69,584	76,265
Accumulated depreciation	(36,902)	(39,487)
Buildings and structures, net	32,682	36,778
Machinery, equipment and vehicles	88,453	90,919
Accumulated depreciation	(73,447)	(75,654)
Machinery, equipment and vehicles, net	15,006	15,265
Land	20,170	20,861
Lease assets	1,512	1,520
Accumulated depreciation	(605)	(731)
Lease assets, net	907	789
Construction in progress	1,782	3,662
Other	24,046	28,496
Accumulated depreciation	(14,848)	(16,962)
Other, net	9,198	11,533
<b>Total property, plant and equipment</b>	<b>79,747</b>	<b>88,890</b>
Intangible assets		
Goodwill	10,070	10,668
Other	5,290	5,262
<b>Total intangible assets</b>	<b>15,360</b>	<b>15,931</b>
Investments and other assets		
Investment securities	29,228	30,573
Net defined benefit asset	907	1,054
Deferred tax assets	2,682	2,170
Other	2,253	19,103
Allowance for doubtful accounts	(64)	(64)
<b>Total investments and other assets</b>	<b>35,006</b>	<b>52,838</b>
<b>Total noncurrent assets</b>	<b>130,114</b>	<b>157,661</b>
<b>Total assets</b>	<b>362,438</b>	<b>399,174</b>

(Millions of Yen)

	As of Mar. 31, 2022	As of Mar. 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	20,973	21,775
Short-term loans payable	5,497	4,919
Current portion of bonds	10,000	—
Accrued alcohol tax	7,172	5,815
Accrued expenses	5,579	6,368
Income taxes payable	6,602	2,220
Provision for bonuses	3,161	3,380
Other	20,164	22,975
Total current liabilities	79,151	67,454
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	15,248	15,186
Lease obligations	3,005	4,452
Deferred tax liabilities	3,969	4,855
Net defined benefit liability	8,944	8,925
Other	7,562	22,980
Total noncurrent liabilities	58,730	76,401
Total liabilities	137,882	143,856
<b>Net assets</b>		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	2,499	1,994
Retained earnings	149,933	163,825
Treasury stock	(1,682)	(1,682)
Total shareholders' equity	163,976	177,363
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,216	12,974
Deferred gains or losses on hedges	412	286
Foreign currency translation adjustment	4,330	13,686
Remeasurements of defined benefit plans	(515)	(359)
Total accumulated other comprehensive income	16,443	26,588
Noncontrolling interests	44,135	51,366
Total net assets	224,555	255,318
Total liabilities and net assets	362,438	399,174

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income****(Consolidated Statements of Income)**

(Millions of Yen)

	FY2022 (Apr. 1, 2021 – Mar. 31, 2022)	FY2023 (Apr. 1, 2022 – Mar. 31, 2023)
Net sales	300,918	350,665
Cost of sales	187,376	230,723
Gross profit	113,541	119,941
Selling, general and administrative expenses	70,187	81,996
Operating income	43,354	37,945
Nonoperating income		
Interest income	176	265
Dividends income	590	800
Rental income from real estate	157	176
Other	568	436
Total nonoperating income	1,492	1,678
Nonoperating expenses		
Interest expenses	330	324
Foreign exchange losses	807	222
Other	477	370
Total nonoperating expenses	1,615	917
Ordinary income	43,230	38,706
Extraordinary income		
Gain on sale of noncurrent assets	88	264
Gain on sale of investment securities	—	674
Insurance claim income	100	678
Other	4,470	63
Total extraordinary income	4,658	1,681
Extraordinary loss		
Loss on sale and retirement of noncurrent assets	407	499
Loss on voluntary product recall	1,190	—
Other	5,329	195
Total extraordinary losses	6,928	694
Income before income taxes	40,961	39,692
Income taxes-current	11,900	10,144
Income taxes-deferred	(309)	857
Total income taxes	11,590	11,001
Net income	29,370	28,690
Net income attributable to the noncontrolling interest	8,601	7,483
Net income attributable to owners of the parent	20,769	21,206

**(Consolidated Statements of Comprehensive Income)**

(Millions of Yen)

	FY2022 (Apr. 1, 2021 – Mar. 31, 2022)	FY2023 (Apr. 1, 2022– Mar. 31, 2023)
Net income	29,370	28,690
Other comprehensive income		
Valuation difference on available-for-sale securities	845	757
Deferred gains or losses on hedges	219	(125)
Foreign currency translation adjustment	9,189	11,855
Remeasurements of defined benefit plans	367	100
Total other comprehensive income	10,622	12,588
Comprehensive income	39,992	41,278
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	29,349	31,351
Comprehensive income attributable to noncontrolling interest	10,643	9,927

**(3) Consolidated Statements of Change in Net Assets**

FY2022 (Apr. 1, 2021 – Mar. 31, 2022)

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	13,226	2,292	135,184	(1,682)	149,020
Cumulative effects of changes in accounting policies			(1,867)		(1,867)
Restated balance	13,226	2,292	133,316	(1,682)	147,152
Changes of items during the period					
Dividends from surplus			(4,151)		(4,151)
Net income			20,769		20,769
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		0		0	0
Purchase of shares of consolidated subsidiaries		206			206
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	206	16,617	(0)	16,823
Balance at the end of current period	13,226	2,499	149,933	(1,682)	163,976

	Accumulated other comprehensive income					Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	11,370	193	(2,840)	(859)	7,863	34,650	191,535
Cumulative effects of changes in accounting policies							(1,867)
Restated balance	11,370	193	(2,840)	(859)	7,863	34,650	189,667
Changes of items during the period							
Dividends from surplus							(4,151)
Net income							20,769
Purchase of treasury stock							(0)
Disposal of treasury stock							0
Purchase of shares of consolidated subsidiaries							206
Net changes of items other than shareholders' equity	845	219	7,171	343	8,580	9,484	18,064
Total changes of items during the period	845	219	7,171	343	8,580	9,484	34,888
Balance at the end of current period	12,216	412	4,330	(515)	16,443	44,135	224,555

FY2023 (Apr. 1, 2022 – Mar. 31, 2023)

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	13,226	2,499	149,933	(1,682)	163,976
Changes of items during the period					
Dividends from surplus			(7,315)		(7,315)
Net income			21,206		21,206
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		0		0	0
Purchase of shares of consolidated subsidiaries		(505)			(505)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(505)	13,891	(0)	13,386
Balance at the end of current period	13,226	1,994	163,825	(1,682)	177,363

	Accumulated other comprehensive income					Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	12,216	412	4,330	(515)	16,443	44,135	224,555
Changes of items during the period							
Dividends from surplus							(7,315)
Net income							21,206
Purchase of treasury stock							(0)
Disposal of treasury stock							0
Purchase of shares of consolidated subsidiaries							(505)
Net changes of items other than shareholders' equity	757	(125)	9,355	156	10,144	7,231	17,375
Total changes of items during the period	757	(125)	9,355	156	10,144	7,231	30,762
Balance at the end of current period	12,974	286	13,686	(359)	26,588	51,366	255,318

**(4) Consolidated Statements of Cash Flows**

(Millions of Yen)

	FY2022 (Apr. 1, 2021– Mar. 31, 2022)	FY2023 (Apr. 1, 2022– Mar. 31, 2023)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	40,961	39,692
Depreciation and amortization	8,425	9,118
Impairment loss	185	—
Amortization of goodwill	875	998
Increase (decrease) in provision for sales promotion expenses	(2,049)	—
Interest and dividends income	(767)	(1,066)
Interest expenses	330	324
Insurance claim income	(100)	(678)
Loss (gain) on sale and retirement of non-current assets	319	235
Loss (gain) on sale of investment securities	—	(674)
Decrease (increase) in notes and accounts receivable-trade	(7,109)	2,634
Decrease (increase) in inventories	(21,235)	8,969
Increase (decrease) in notes and accounts payable-trade	3,920	(252)
Increase (decrease) in liquor taxes payable	281	(1,358)
Increase (decrease) in accrued consumption taxes	(1,890)	2,104
Increase (decrease) in other current liabilities	3,372	(1,261)
Other, net	(112)	835
Subtotal	25,406	59,621
Interest and dividends income received	787	1,053
Interest expenses paid	(334)	(340)
Income taxes paid	(10,253)	(15,535)
Proceeds from insurance income	100	678
Subsidies received	671	—
Net cash provided by (used in) operating activities	16,376	45,478
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(15,513)	(23,167)
Proceeds from withdrawal of time deposits	14,758	24,008
Purchase of property, plant and equipment and intangible assets	(14,762)	(10,618)
Proceeds from sale of property, plant and equipment and intangible assets	1,326	430
Purchase of investment securities	(43)	(517)
Proceeds from sale of investment securities	—	793
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(1,068)
Other, net	3,834	(334)
Net cash provided by (used in) investing activities	(10,399)	(10,474)
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term borrowings	66	(435)
Repayments of long-term borrowings	(55)	(363)
Proceeds from issuance of bonds	9,927	—
Redemption of bonds	—	(10,000)
Cash dividends paid	(4,147)	(7,305)
Dividends paid to noncontrolling interests	(763)	(1,579)
Repayments of lease obligations	(710)	(919)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(175)	(1,551)
Other, net	(8)	(61)
Net cash provided by (used in) financing activities	4,133	(22,215)
Effect of exchange rate change on cash and cash equivalents	2,758	3,267
Net increase (decrease) in cash and cash equivalents	12,869	16,056
Cash and cash equivalents at beginning of period	62,860	75,729
Cash and cash equivalents at end of period	75,729	91,785

## **(5) Notes to Consolidated Financial Statements**

### **(Notes on Premise of Going Concern)**

No items to report.

### **(Changes in Accounting Policies)**

(Application of ASC Topic 842, “Leases”)

Overseas subsidiaries that apply U.S. GAAP adopted ASC Topic 842, “Leases” (hereinafter referred to as the “Standard”), from the fiscal year under review. Accompanying this, regarding lease transactions of lessees, all leases are recognized as assets and liabilities in principle.

The method of recognizing the cumulative impact due to the adoption of the Standard on the commencement date of adoption, which is permitted as an interim measure, was employed for the adoption of the Standard.

As a result, in the consolidated balance sheet for the fiscal year under review, “Other” under investments and other assets, “Other” under current liabilities, and “Other” under noncurrent liabilities increased by ¥16,531 million, ¥1,350 million, and ¥15,234 million, respectively. The impact on profit or loss and per share information for the fiscal year under review is immaterial.

### **(Segment Information)**

#### 1. Overview of Reported Segments

Reporting segments are the segments of the Takara Group for which financial information can be obtained. The Board of Directors, the top organization for decision making on Group management, examines such information to determine the allocation of management resources and evaluate the business performance on a regular basis.

The Group consists of the corporate groups centered on the operating companies Takara Shuzo Co., Ltd., Takara Shuzo International Co., Ltd. and Takara Bio Inc.; other businesses; and the Company, which manages the whole group as the holding company. All operating companies develop comprehensive business strategies, covering both domestic and overseas operations, for the goods, products and services that they offer, and work to expand their business operations. Accordingly, the Group has defined three reported segments based on the content of goods, products and services, while taking into consideration the scope of managerial responsibility and the capacity to evaluate business performance. These three reported segments are Takara Shuzo, the Takara Shuzo International Group, and the Takara Bio Group.

Takara Shuzo primarily engages in the manufacture and sale of alcoholic beverages and seasonings in Japan. The Takara Shuzo International Group engages in the export of alcoholic beverages from Japan, the manufacture and sale of alcoholic beverages at overseas locations, and the Japanese Food Wholesale Business in overseas markets. The Takara Bio Group engages in development of basic technologies for bio drug discovery through the business of reagents and instruments as well as CDMO services.

#### 2. Calculation method for net sales, income or loss, assets, and other items of each reported segment

The accounting treatment of reported business segments is generally the same as that explained in “Basis of Presentation of Consolidated Financial Statements.”

The figures for the income of reported segments are based on operating income. Intersegment income is based on the prevailing market price.



3. Net sales, Income (Loss), Assets and Other items by Reported Segment  
Previous Fiscal Year (From April 1, 2021, to March 31, 2022)

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated financial statements (Note: 3)
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Subtotal				
Net sales								
External customers	118,889	101,920	67,699	288,510	12,408	300,918	—	300,918
Intersegment	820	265	0	1,086	18,310	19,396	(19,396)	—
Total	119,710	102,186	67,699	289,596	30,719	320,315	(19,396)	300,918
Segment income (loss)	4,135	8,472	28,902	41,510	2,222	43,733	(379)	43,354
Segment assets	90,442	89,836	115,712	295,991	19,836	315,827	46,610	362,438
Other items								
Depreciation and amortization	2,590	1,675	3,554	7,820	238	8,059	366	8,425
Amortization of goodwill	—	374	500	875	—	875	—	875
Investment in equity- method affiliates	—	—	—	—	—	—	1,769	1,769
Increase in total fixed assets, property, plant and equipment and intangible assets	1,785	844	13,180	15,810	208	16,018	194	16,213

Notes: 1. Other includes business segments that are not part of reported segments, such as the real estate rental business, the transportation business, and the wine import and sale business.

2. Details of adjustment amounts are as follows.

(1) Segment income (loss) comprises intersegment eliminations of ¥34 million and loss of the Company not allocated to business segments of ¥(413) million.

(2) Segment assets include assets of the Company not allocated to business segments of ¥75,059 million and other adjustment (principally intersegment eliminations) of ¥(28,449) million. Assets attributed to the Company include surplus funds and long-term investment assets.

(3) Depreciation and amortization primarily comprises depreciation and amortization recognized by the Company.

(4) Investment in equity-method affiliates comprises investments in equity-method affiliates not allocated to business segments.

(5) Increase in total fixed assets, property, plant and equipment and intangible assets is primarily the increase recorded by the Company.

3. Segment income (loss) has been adjusted to the operating income of consolidated financial statements.

Fiscal Year under Review (From April 1, 2022, to March 31, 2023)

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated financial statements (Note: 3)
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Subtotal				
Net sales								
External customers	122,116	137,256	78,139	337,512	13,152	350,665	—	350,665
Intersegment	805	226	2	1,035	17,797	18,832	(18,832)	—
Total	122,921	137,483	78,142	338,547	30,950	369,498	(18,832)	350,665
Segment income (loss)	4,890	10,821	20,541	36,252	2,293	38,546	(601)	37,945
Segment assets	89,979	121,348	129,202	340,530	18,849	359,380	39,794	399,174
Other items								
Depreciation and amortization	2,467	2,043	4,050	8,561	230	8,791	326	9,118
Amortization of goodwill	—	399	599	998	—	998	—	998
Investment in equity- method affiliates	—	—	—	—	—	—	1,715	1,715
Increase in total fixed assets, property, plant and equipment and intangible assets	2,763	4,704	6,516	13,985	100	14,085	79	14,165

Notes: 1. Other includes business segments that are not part of reported segments, such as the real estate rental business, the transportation business, and the wine import and sale business.

2. Details of adjustment amounts are as follows.

(1) Segment income (loss) comprises intersegment eliminations of ¥57 million and loss of the Company not allocated to business segments of ¥(658) million.

(2) Segment assets include assets of the Company not allocated to business segments of ¥64,793 million and other adjustment (principally intersegment eliminations) of ¥(24,999) million. Assets attributed to the Company include surplus funds and long-term investment assets.

(3) Depreciation and amortization primarily comprises depreciation and amortization recognized by the Company.

(4) Investment in equity-method affiliates comprises investments in equity-method affiliates not allocated to business segments.

(5) Increase in total fixed assets, property, plant and equipment and intangible assets is primarily the increase recorded by the Company.

3. Segment income (loss) has been adjusted to the operating income of consolidated financial statements.

**(Revenue Recognition)**

## 1. Information on breakdown of revenue from contracts with customers

Previous Fiscal Year (From April 1, 2021, to March 31, 2022)

(Millions of yen)

	Reported Segment				Other (Note)	Total
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Subtotal		
Alcoholic Beverages Business	118,889	12,194	—	131,084	4,542	135,626
Japanese Food Wholesales Business in overseas markets	—	89,725	—	89,725	—	89,725
Bio	—	—	67,699	67,699	—	67,699
Other	—	—	—	—	7,261	7,261
Revenue earned from contracts with customers	118,889	101,920	67,699	288,510	11,803	300,313
Other revenue	—	—	—	—	605	605
Net sales to external customers	118,889	101,920	67,699	288,510	12,408	300,918

Note: Other includes business segments that are not part of reported segments, under which revenue from the import and sale of wine and from freight delivery services is included in “Revenue earned from contracts with customers,” and revenue from real estate rental is included in “Other revenue” based on ASBJ Statement No. 13 “Accounting Standard for Lease Transactions.”

Fiscal Year under Review (From April 1, 2022, to March 31, 2023)

(Millions of yen)

	Reported Segment				Other (Note)	Total
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Subtotal		
Alcoholic Beverages Business	122,116	15,905	—	138,021	5,298	143,320
Japanese Food Wholesales Business in overseas markets	—	121,351	—	121,351	—	121,351
Bio	—	—	78,139	78,139	—	78,139
Other	—	—	—	—	7,245	7,245
Revenue earned from contracts with customers	122,116	137,256	78,139	337,512	12,543	350,056
Other revenue	—	—	—	—	609	609
Net sales to external customers	122,116	137,256	78,139	337,512	13,152	350,665

Note: Other includes business segments that are not part of reported segments, under which revenue from the import and sale of wine and from freight delivery services is included in “Revenue earned from contracts with customers,” and revenue from real estate rental is included in “Other revenue” based on ASBJ Statement No. 13 “Accounting Standard for Lease Transactions.”

**(Per Share Information)**

	Previous Fiscal Year (From April 1, 2021, to March 31, 2022)	Fiscal Year under Review (From April 1, 2022, to March 31, 2023)
Net assets per share	¥912.58	¥1,031.60
Profit per share	¥105.05	¥107.26

Notes: 1. Fully diluted profit per share is not presented since there were no potential shares.

2. The basis of calculation of net assets per share is as follows.

	Previous Fiscal Year (As of March 31, 2022)	Fiscal Year under Review (As of March 31, 2023)
Total net assets (¥ million)	224,555	255,318
Amount deducted from total net assets (¥ million)	44,135	51,366
(of which minority interests) (¥ million)	(44,135)	(51,366)
Net assets at term-end related to shares of common stock (¥ million)	180,420	203,951
Shares of common stock at term-end used to calculate net assets per share (1,000 shares)	197,704	197,704

3. The basis of calculation of net income per share and fully diluted net income per share is as follows.

	Previous Fiscal Year (From April 1, 2021, to March 31, 2022)	Fiscal Year under Review (From April 1, 2022, to March 31, 2023)
Net income attributable to owners of the parent (¥ million)	20,769	21,206
Amount not belonging to common shareholders (¥ million)	—	—
Net income related to shares of common stock (¥ million)	20,769	21,206
Average number of shares outstanding during the term (1,000 shares)	197,704	197,704

**(Significant Subsequent Events)**

No items to report.