

Financial results for the Second Quarter Ended September 30, 2023



November 14, 2023
Takara Holdings Inc.

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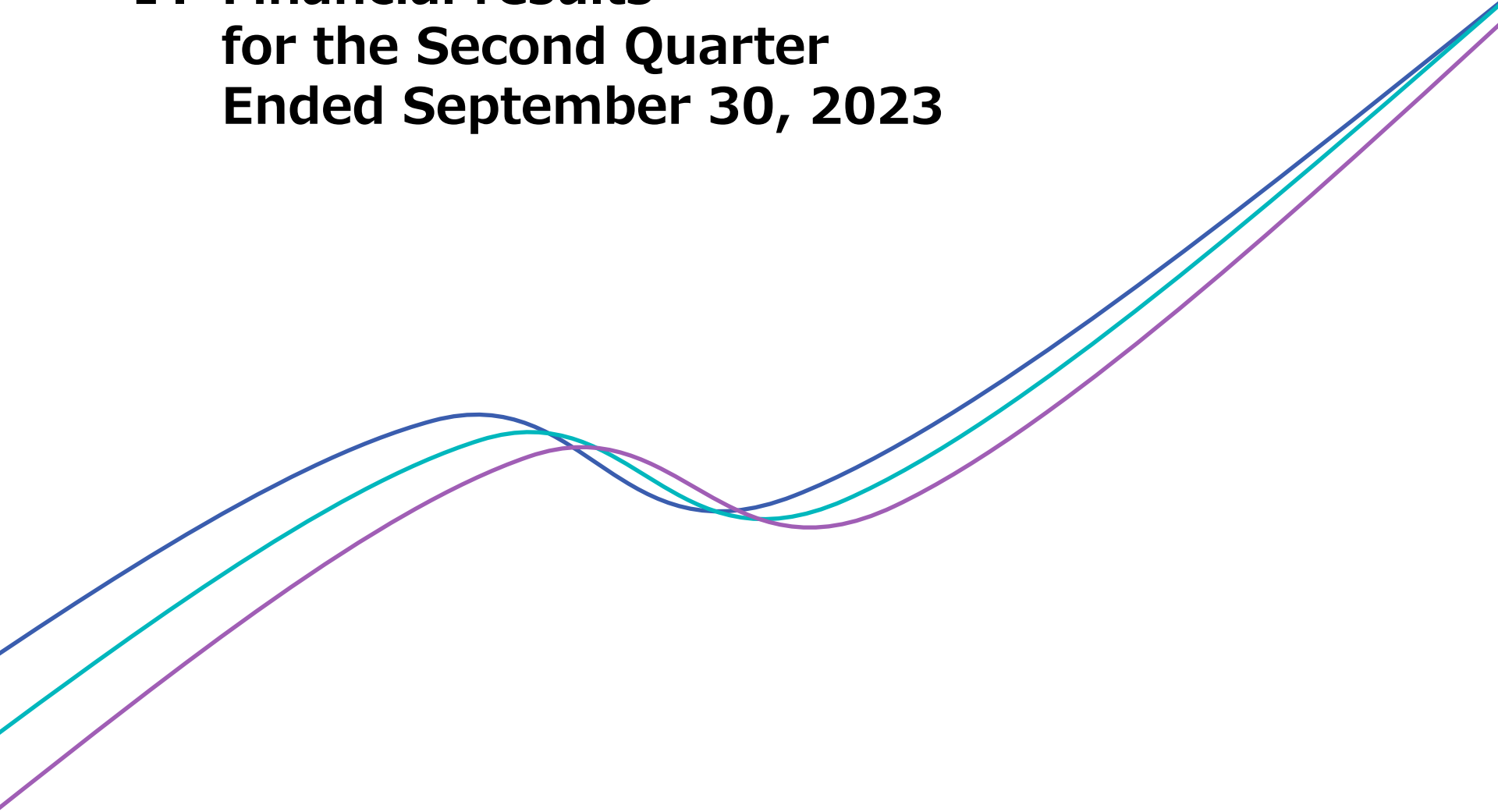
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I . Financial results for the Second Quarter Ended September 30, 2023



Takara Holdings (Consolidated) Financial Performance for the Second Quarter Ended September 30, 2023

Consolidated Statements of Income

(Millions of Yen)

		'24/3 2Q Actual	Change from '23/3 2Q		Change from forecasts announced on May, 2023		Effect of change in exchange rates on net sales Change
			Change	YOY(%)	Change	Change(%)	
	Takara Shuzo	61,190	▲ 629	▲ 1.0	▲ 430	▲ 0.7	–
	Takara Shuzo International Group	77,164	13,433	+ 21.1	▲ 2,852	▲ 3.6	5,851
	Takara Bio Group	19,116	▲ 13,470	▲ 41.3	▲ 283	▲ 1.5	859
	Other	14,866	▲ 710	▲ 4.6	▲ 441	▲ 2.9	–
	Adjustment	▲ 9,165	270	–	▲ 2,819	–	–
	Net sales	163,172	▲ 1,107	▲ 0.7	▲ 6,827	▲ 4.0	6,711
	Gross profit	55,459	▲ 2,419	▲ 4.2	▲ 1,666	▲ 2.9	
	SG&A expenses	42,995	4,730	+ 12.4	▲ 2,940	▲ 6.4	
	Takara Shuzo	3,952	1,892	+ 91.9	1,293	+ 48.6	
	Takara Shuzo International Group	6,256	597	+ 10.6	528	+ 9.2	
	Takara Bio Group	1,410	▲ 9,460	▲ 87.0	310	+ 28.2	
	Other	1,193	▲ 49	▲ 4.0	58	+ 5.1	
	Adjustment	▲ 348	▲ 131	–	▲ 826	–	
	Operating income (loss)	12,464	▲ 7,150	▲ 36.5	1,364	+ 12.3	
	Ordinary income (loss)	13,032	▲ 6,940	▲ 34.7	1,632	+ 14.3	
	Extraordinary income	36	▲ 931	▲ 96.2	28	+ 356.7	
	Extraordinary loss	84	▲ 41	▲ 32.8	▲ 30	▲ 26.8	
	Net income attributable to owners of the parent (loss)	8,043	▲ 2,829	▲ 26.0	1,343	+ 20.1	

(Note) In forecasting the financial results for the six months ended September 30, 2023, only the Takara Bio Group revised its forecasts on August 8, 2023.

Takara Holdings (Consolidated) Financial Performance for the Second Quarter Ended September 30, 2023

Consolidated Balance Sheets

(Millions of Yen)

	'23/3	'24/3 2Q	Change
Current assets	241,513	240,349	▲ 1,164
Cash and deposits	96,820	89,367	▲ 7,453
Notes and accounts receivable-trade	69,717	71,363	1,646
Inventories	66,904	70,712	3,808
Others	8,070	8,907	837
Noncurrent assets	157,661	180,516	22,855
Property, plant and equipment	88,890	100,747	11,856
Intangible assets	15,931	16,980	1,048
Investments and other assets	52,838	62,789	9,950
Total assets	399,174	420,865	21,691

	'23/3	'24/3 2Q	Change
Current liabilities	67,454	76,847	9,392
Notes and accounts payable-trade	21,775	22,126	350
Loans and bonds	4,919	15,079	10,160
Others	40,760	39,641	▲ 1,118
Noncurrent liabilities	76,401	71,946	▲ 4,454
Loans and bonds	35,186	25,482	▲ 9,703
Others	41,214	46,464	5,249
Total liabilities	143,856	148,794	4,938
Total shareholders' equity	177,363	177,893	530
Capital stock and Capital surplus	15,220	15,220	—
Retained earnings	163,825	164,356	530
Treasury stock	▲ 1,682	▲ 1,682	▲ 0
Accumulated other comprehensive income	26,588	41,795	15,206
Noncontrolling interests	51,366	52,382	1,015
Total net assets	255,318	272,071	16,753
Total liabilities and net assets	399,174	420,865	21,691

Takara Holdings (Consolidated) Financial Performance for the Second Quarter Ended September 30, 2023

Consolidated Statements of Cash Flows

(Millions of Yen)

	'23/3 2Q Actual	'24/3 2Q Actual	Change
cash flows from operating activities	7,231	14,922	7,691
cash flows from investing activities	▲ 9,553	▲ 15,796	▲ 6,243
free cash flow	▲ 2,321	▲ 874	1,447
cash flows from financing activities	▲ 21,625	▲ 9,711	11,913
Effect of exchange rate change on cash and cash equivalents	4,208	3,246	▲ 961
Cash and cash equivalents at end of period	55,991	84,446	28,455

Capital expenditures, Depreciation and Amortization, Amortization of goodwill

(Millions of Yen)

	'23/3 2Q Actual	'24/3 2Q Actual	Change
Capital expenditures	3,513	12,206	8,693
Depreciation and Amortization	4,336	4,796	459
Amortization of goodwill	472	544	71

Takara Shuzo Financial Performance for the Second Quarter Ended September 30, 2023

Statements of Income

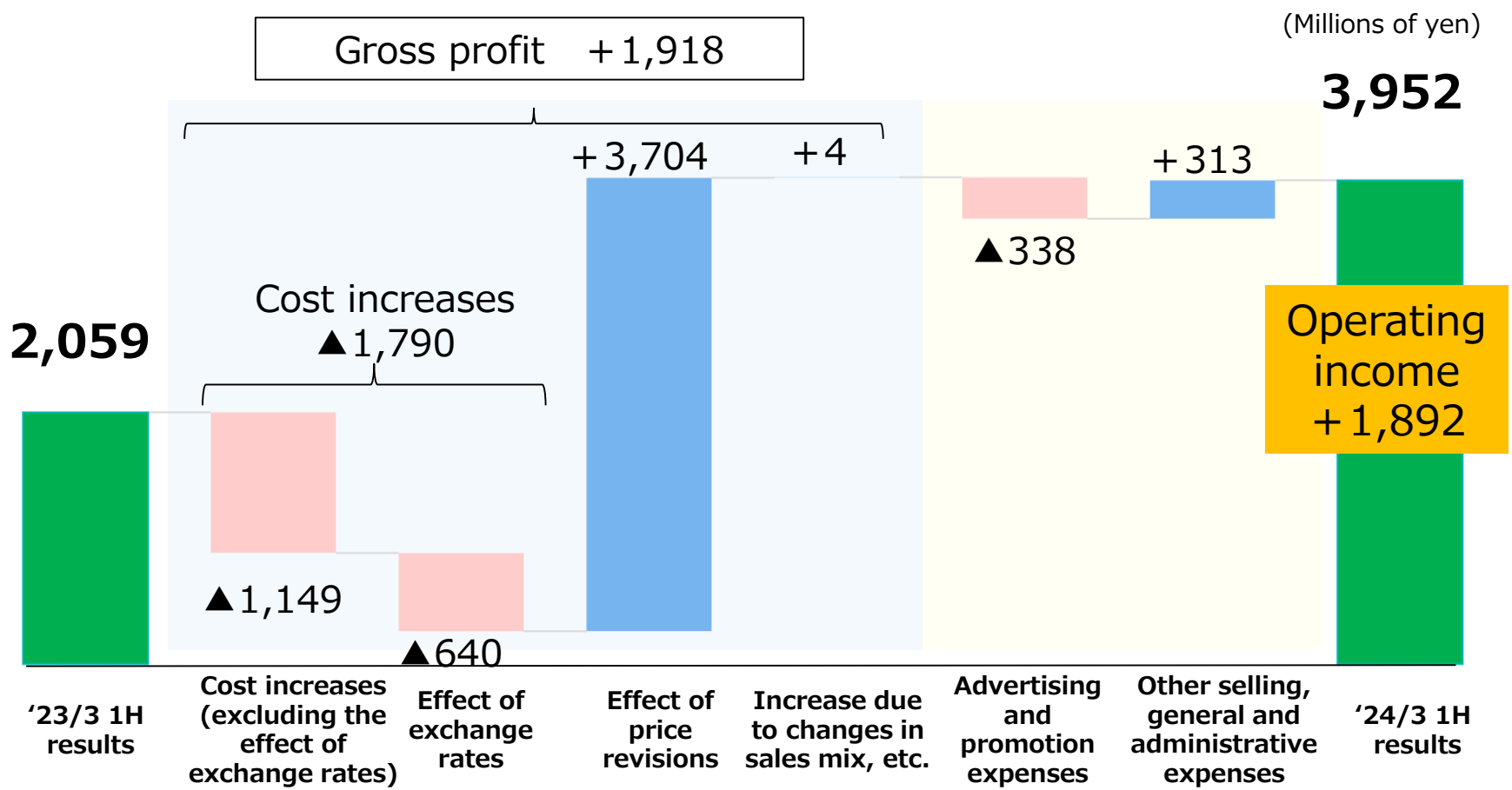
(Millions of Yen)

	'24/3 2Q Actual	Change from '23/3 2Q		Change from forecasts announced on May, 2023	
		Change	YOY(%)	Change	Change(%)
Shochu	17,469	▲ 2,528	▲ 12.6	95	+0.6
Sake	4,252	▲ 445	▲ 9.5	▲ 203	▲ 4.6
Light-alcohol refreshers	21,782	1,257	+6.1	▲ 28	▲ 0.1
Other liquors	2,750	▲ 73	▲ 2.6	48	+1.8
Hon Mirin	4,546	▲ 163	▲ 3.5	▲ 154	▲ 3.3
Other seasonings	4,447	125	+2.9	104	+2.4
Raw alcohol	5,941	1,197	+25.2	▲ 289	▲ 4.6
Net sales	61,190	▲ 629	▲ 1.0	▲ 430	▲ 0.7
Gross profit	15,974	1,918	+13.6	657	+4.3
SG&A expenses	12,021	25	+0.2	▲ 636	▲ 5.0
Operating income(Δ:loss)	3,952	1,892	+91.9	1,293	+48.6

Analysis of the Change in Operating Income for the Second Quarter Ended September 30, 2023 (Takara Shuzo) <Year-on-year>

Thanks to the effect of price revisions, gross profit increased and operating income exceeded the year-earlier result

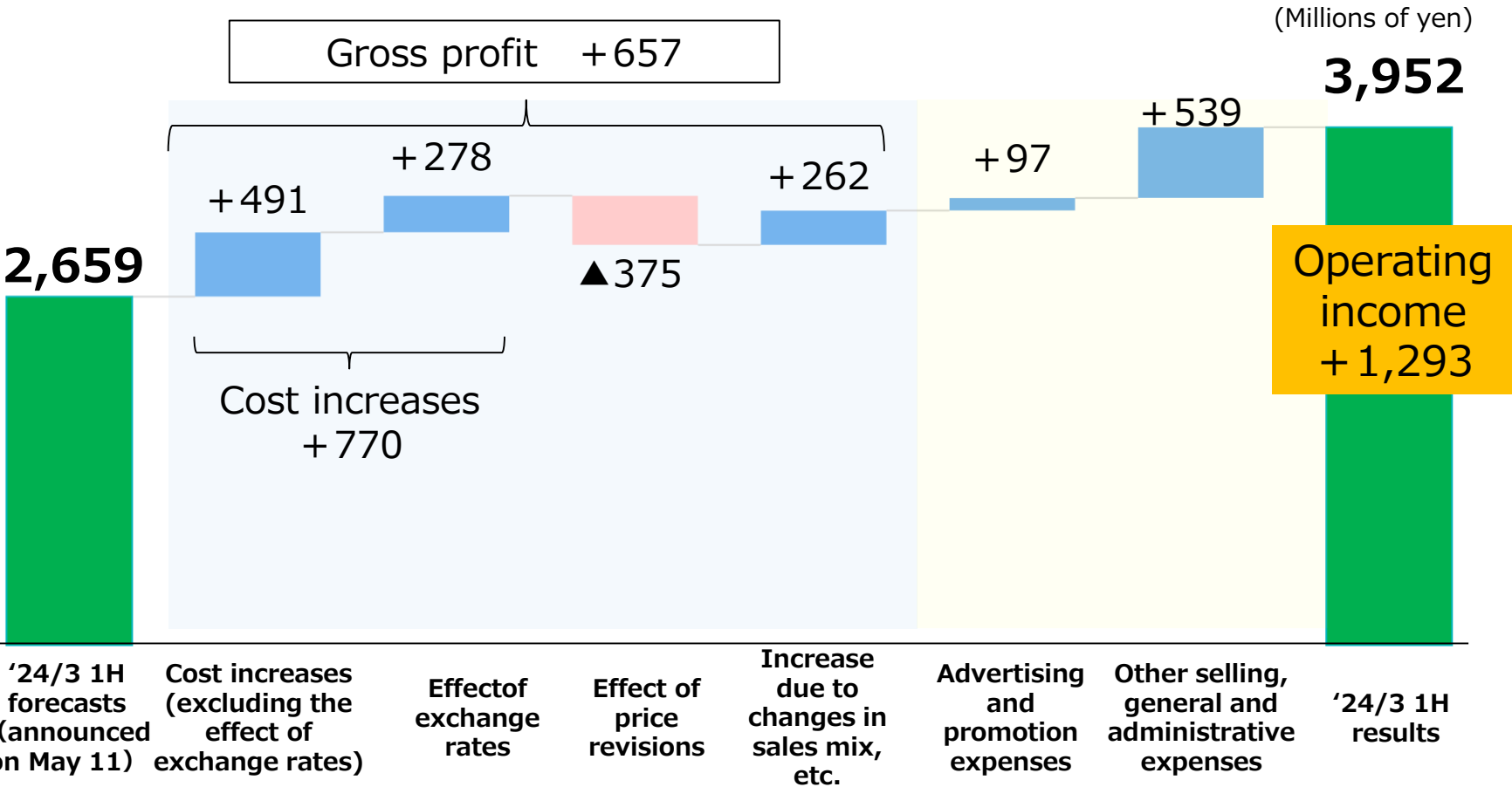
- ◆ Year-on-year change in operating income
 (positive factors are shown with a plus sign, and negative factors are shown in parentheses)



Analysis of the Change in Operating Income for the Second Quarter Ended September 30, 2023 (Takara Shuzo) <versus the forecast on May>

Operating income exceeded the forecast due to cost increase control and decreases in transportation costs and other selling, general and administrative expenses

- ◆ change in operating income versus the forecast on May
(positive factors are shown with a plus sign, and negative factors are shown in parentheses)



Takara Shuzo Int'l Group Financial Performance for the Second Quarter Ended September 30, 2023

Statements of Income

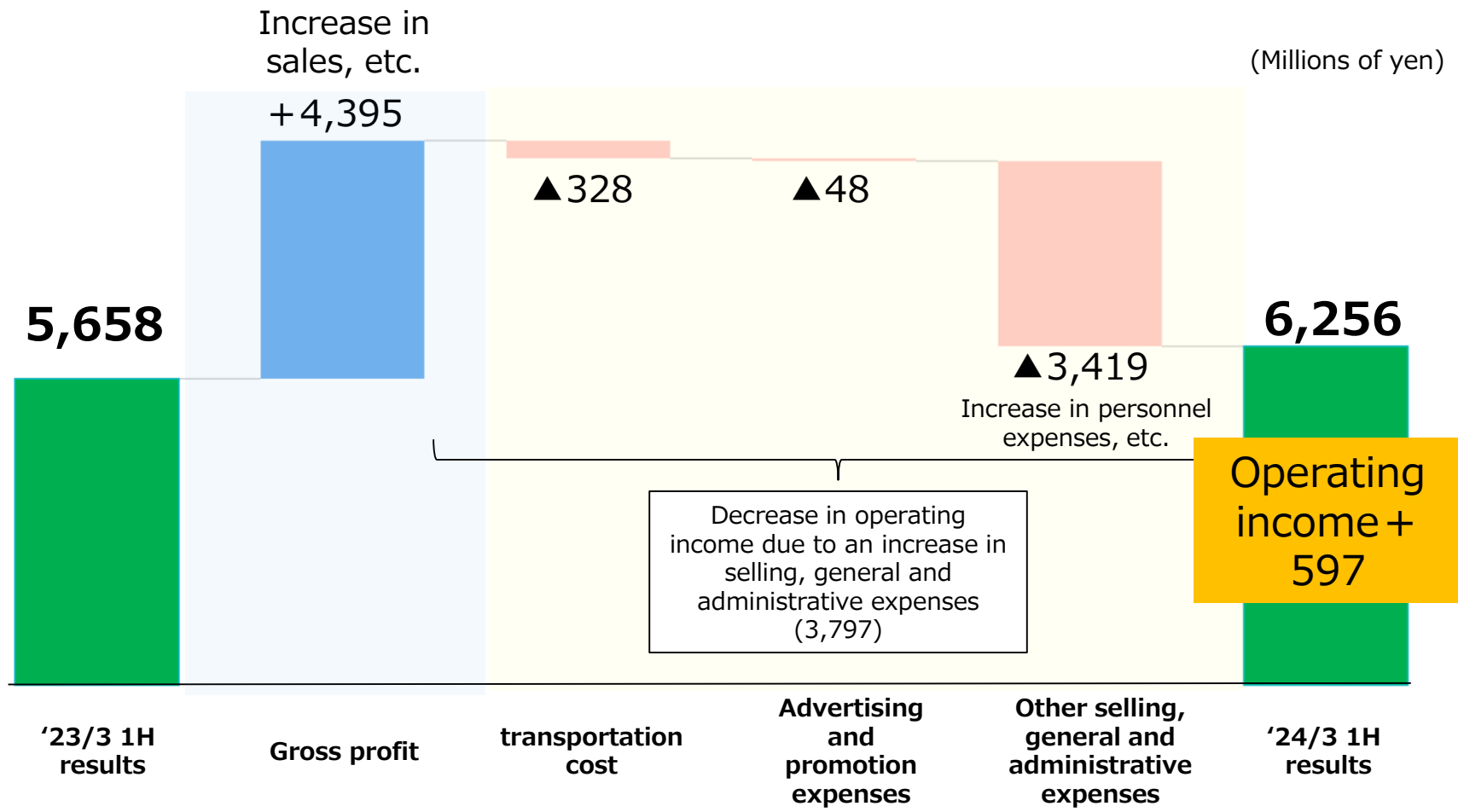
(Millions of Yen)

	'24/3 2Q Actual	Change from '23/3 2Q		Change from forecasts announced on May, 2023		Effect of change in exchange rates on net sales
		Change	YOY(%)	Change	Change(%)	Change
Overseas Alcoholic beverages business	10,262	1,974	+23.8	166	+1.6	727
Japanese food wholesale business in overseas markets	68,084	11,662	+20.7	▲ 3,131	▲ 4.4	5,243
Other	215	▲ 2,597	▲ 92.4	9	+4.4	▲ 118
Elimination	▲ 1,397	2,394	-	104	-	
Net sales	77,164	13,433	+21.1	▲ 2,852	▲ 3.6	5,851
Gross profit	24,377	4,395	+22.0	▲ 512	▲ 2.1	
SG&A expenses	18,120	3,797	+26.5	▲ 1,040	▲ 5.4	
Overseas Alcoholic beverages business	2,803	337	+13.7	191	+7.3	
Japanese food wholesale business in overseas markets	4,713	711	+17.8	516	+12.3	
Other	▲ 500	▲ 2,733	-	14	-	
Elimination	▲ 760	2,282	-	▲ 195	-	
Operating income(Δ:loss)	6,256	597	+10.6	528	+9.2	

Analysis of the Change in Operating Income for the Second Quarter Ended September 30, 2023 (Takara Shuzo Int'l Group) <Year-on-year>

Gross profit increased due to an increase in net sales, etc., which offset a rise in personnel expenses, etc. Operating income exceeded the year-earlier result

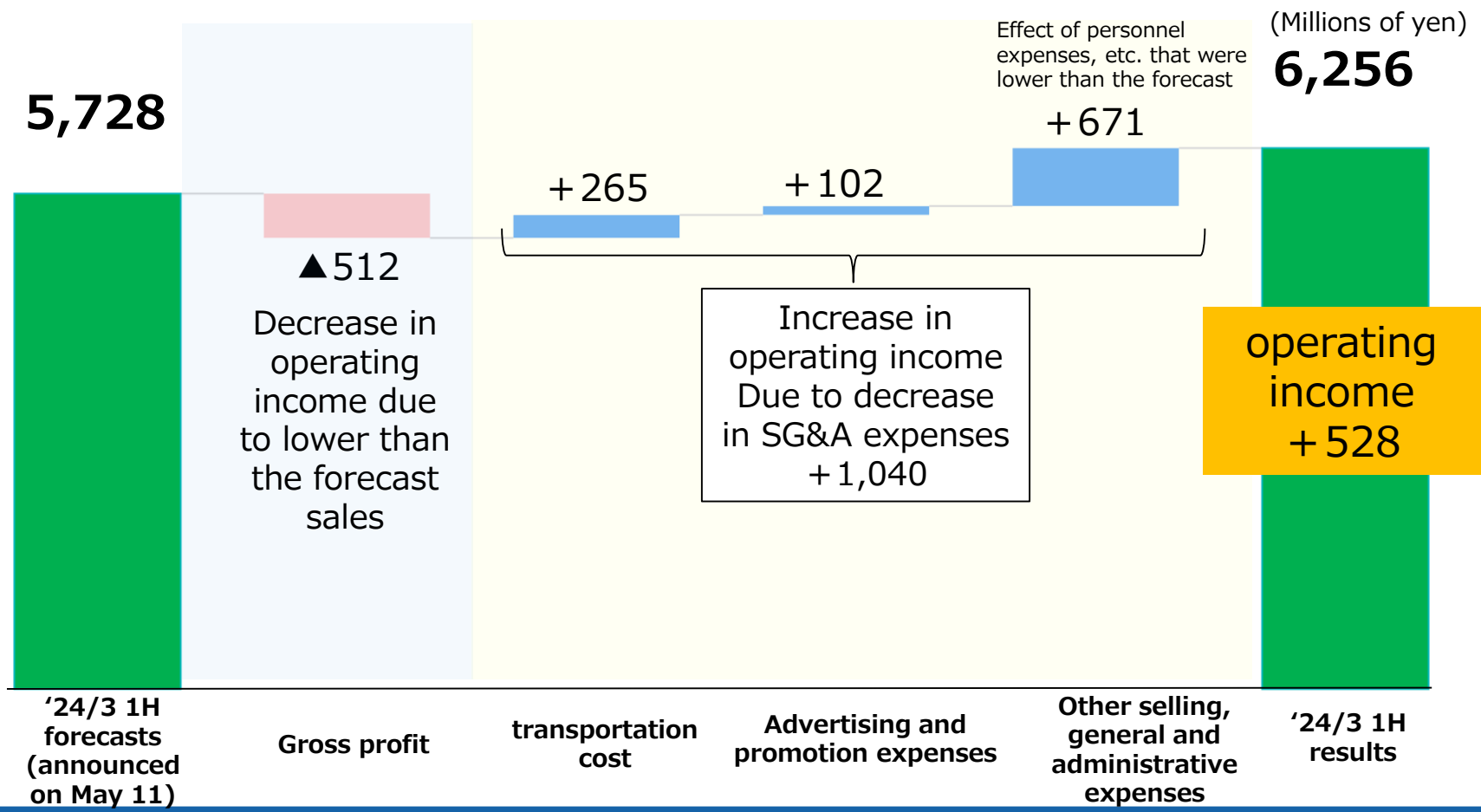
- ◆ Year-on-year change in operating income
(positive factors are shown with a plus sign, and negative factors are shown in parentheses)



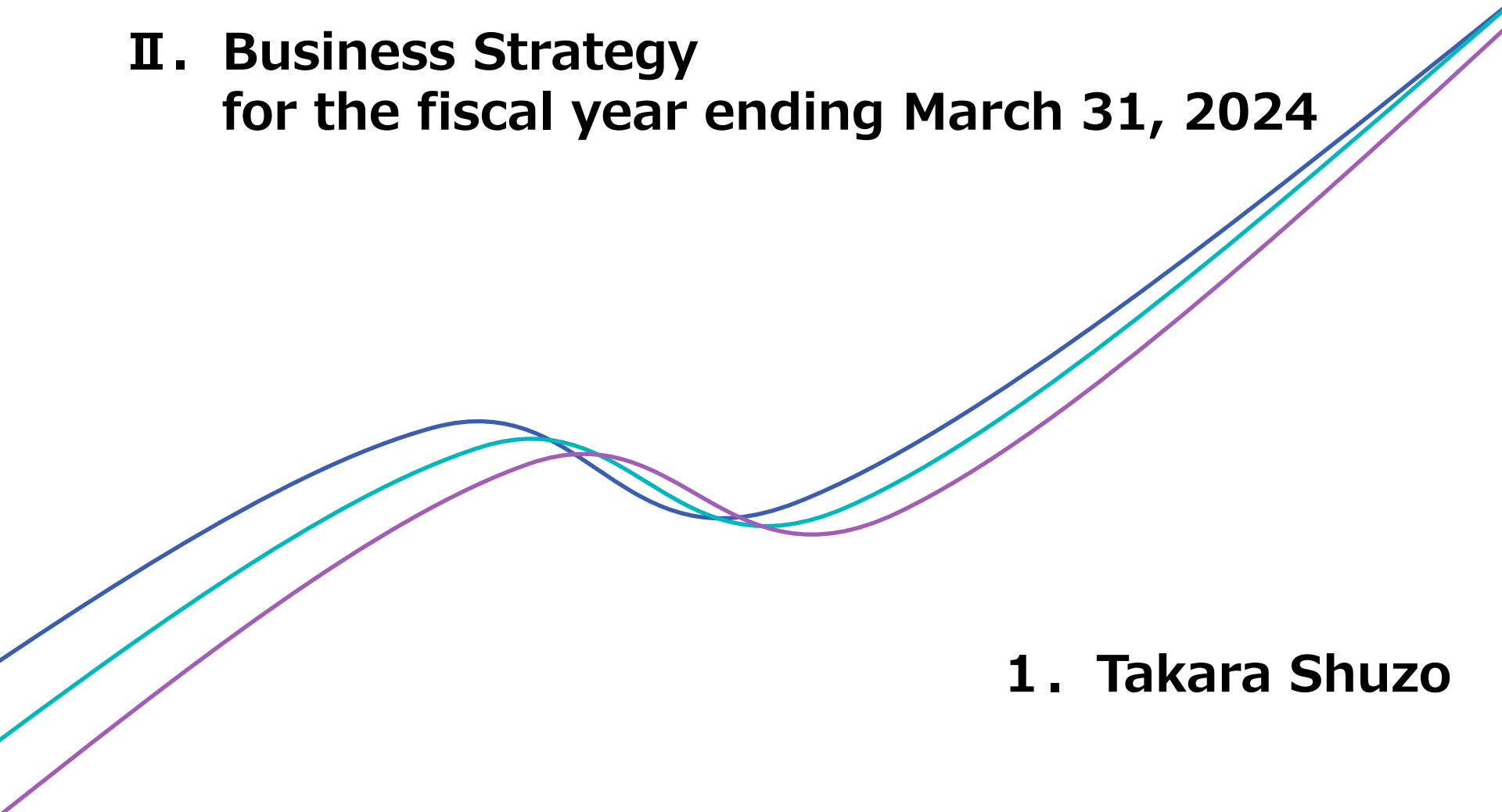
Analysis of the Change in Operating Income for the Second Quarter Ended September 30, 2023 (Takara Shuzo Int'l Group) <versus the forecast on May>

Net sales fell below the forecast, resulting in lower gross profit, but operating income exceeded the forecast as selling, general and administrative expenses were lower than the forecast

- ◆ change in operating income versus the forecast on May
(positive factors are shown with a plus sign, and negative factors are shown in parentheses)



II. Business Strategy for the fiscal year ending March 31, 2024



1. Takara Shuzo

1 . Takara Shuzo: Business Strategy in the Medium-Term Management Plan for 2025

Basic
policy

We will engage in thorough brand development, raise profit margins, and expand Washu into global markets

◆ Key Strategic Themes

- Strengthen product and brand development capabilities to substantially boost profit and profit margins
- Expand key brands and exports
- Strengthen and continue initiatives with a primary focus on safety and security
- Continue and advance companywide cost reductions

1. Initiatives of Product development

New brands

Unearth potential needs to provide a new and unprecedented quality of liquor and added value

*Launch around one carefully-selected item in each category over three years

Takara Hon-mirin “Zeitaku Kome Koji” <made with 100% Japanese rice> released on August 22



- Added an extra well-seasoned flavor and umami expected of users, in addition to the reassurance offered by 100% Japanese rice
- Volume and containers:
500ml Rakuraku Chosetsu Bottle
1,000ml PET bottle

1. Initiatives of Product development

Existing brands	Implement focused brand maintenance and renewal, including initiatives for growth, maintenance, and termination. Aim to improve profit margins by adding value through enhanced quality and the revision of product specifications
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◆ Elimination and consolidation scheduled

	As of March 31, 2023	To be discontinued during the fiscal year ending March 31, 2024
Number of items	1,174	70

As of October 31, 2023

*Reference:

During the fiscal year ended March 31, 2023, 201 items out of 1,300 items were discontinued (75 items were released as new products).

1. Brand Development Policy in the Medium-Term Management Plan for 2025

Brand development	We will develop stronger brands through increased expenditure on promotion, etc. for the eight key brands
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◆ Eight key brands



- Gokujo <Takara Shochu>
- Takara Shochu Highball and Takara Karakuchi Zero Ball
- Sho Chiku Bai Shirakabegura "MIO" Sparkling Sake, Sho Chiku Bai Subaru
- Ikkomon and ISAINA 100% pure sweet potato shochu products
- Takara Mirin

◆ Development plan of eight key brands over the three years of the Medium-Term Management Plan

	'23/3	
	Sales composition	Gross profit margin
Takara Shuzo total	100%	24%
Eight key brands	35%	28%
Other	65%	22%



	'26/3	
	Sales composition	Gross profit margin
Takara Shuzo total	100%	28%
Eight key brands	44%	31%
Other	56%	25%

1. Initiatives of Brand Development

In the first half of the fiscal year ending March 31, 2024, total net sales of the eight key brands were 3% higher than the year-earlier result. Gross profit expanded by 118%

◆ Sales results of eight key brands for '24/3 1H

(Millions of yen)

	'23/3 1H	'24/3 1H	Year-on-year change
Net sales	21,800	22,477	103%
Gross profit	5,796	6,827	118%

◆ Results of advertising expenses spent on eight key brands

(Millions of yen)

	'23/3 1H	'24/3 1H	Year-on-year change
Advertising expenses	821	1,194	145%

1. Initiatives of Brand Development <Takara Shochu Highball>

We run a BS program to convey the product's "cheap saloons concept," while working to create deeper fan experiences and acquire new users by featuring no carbs and strengthening sales of the alcohol content 5% series

- ◇Promote "cheap saloons concept" ◇Create deeper fan experiences and acquire new users
- Run advertisement tied up with TV commercials
- "No carbs" campaign
- Alcohol content 5% series



*Labeled no carb when a product contains less than 0.5g of carbohydrates per 100ml in accordance with Japan's Food Labeling Standards.

1. Initiatives of Brand Development

<Sho Chiku Bai Shirakabegura "MIO" Sparkling Sake>

Introduce limited products that meet various needs to MIO and MIO CLEAR, two pillar items, to revitalize the brand, while implementing initiatives to acquire demand from inbound tourists

◇ Introduce limited products to the two pillar items MIO and MIO CLEAR



「MIO」、 「MIO」<CLEAR>



「MIO」<PREMIUM RICH>

Released on
November 7

◇ Initiatives to acquire demand from inbound tourists



Promotion using social media posts, advertising signs at international airports, and apps for tourists visiting Japan

Worldwide advertising images

1. Initiatives of Brand Development

<Takara Karakuchi Zero Ball>

Appointed Shuzo Matsuoka again as the face of the product advertisement. Continuing from August, started running terrestrial TV commercials and digital advertisement in November to gain greater recognition

◇ Gain greater recognition through continued advertisement

(1) Terrestrial TV commercials



Running period	Amount of advisement placed
From August 1 to August 15, 2023	Approx. 1,300 GRP
From November 24 to December 31, 2023	Approx. 2,000 GRP

(2) Digital advertisement

- Delivery media: YouTube, TVer, Yahoo!, Google, etc.
- Delivery period: From November 24 (Fri) to January 8 (Mon)

● Advertisement catch copy:
 “Crisp and dry flavor perfect for a hefty meal!”



Advertising image

1. Initiatives of Brand Development

<Sho Chiku Bai "Subaru"> <ISAINA>

To revitalize the market of "Fragrant Washu," we ran a newspaper advertisement of Subaru, promoted ISAINA mixed with soda water at bars and restaurants along with digital advertisement, and acquired users

◇ Drive buying motives targeting people in 40s and 50s



Sho Chiku Bai "Subaru" <Nama-chozo>

• Newspaper advertisement to be posted (December)

◇ Offer menus featuring ISAINA with soda water at bars and restaurants. Expand recognition with digital advertisement



Zenryo Imo Shochu "ISAINA"

• Key visual

• Posted digital advertisement



1. Other Initiatives

<High-added-value Japanese sake> <Washu for inbound tourists>

Released high-added-value products from Sho Chiku Bai, the Japanese sake brand representing the nation, which conveys the “joy” and “tastiness” of drinking sake both domestically and internationally. Launched also products to address expanding demand from inbound tourists

◇High-added-value Japanese sake

◇Released products to address expanding demand from inbound tourists

Limited quantity only for professional-use channels



Initial shipment on October 17

Sho Chiku Bai Shirakabegura “Nend”

*¥10,000



Cho Tokusen Sho Chiku Bai Daiginjo “Migaki 39%” with gold leaf

*¥3,500

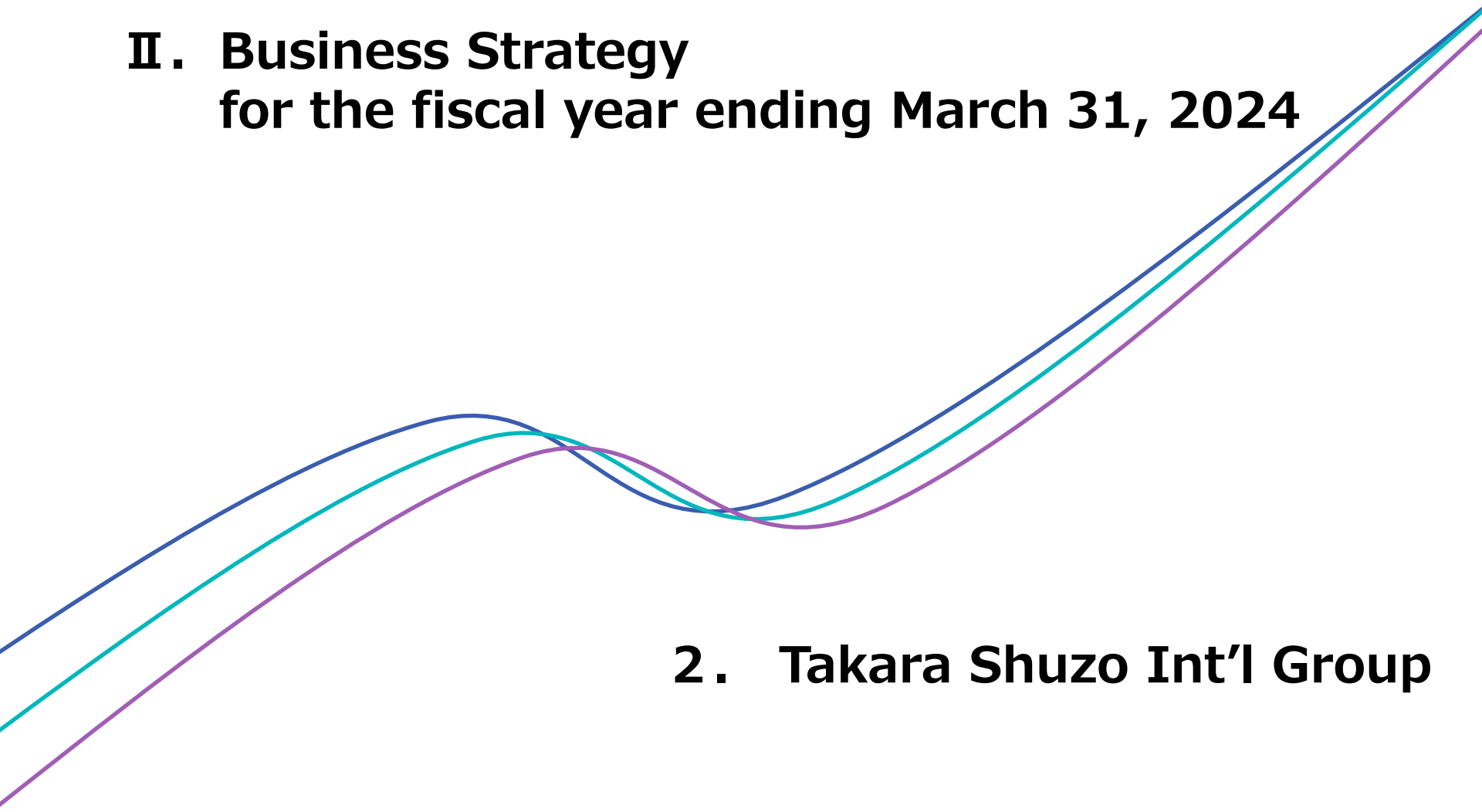


Zenryo Imo Shochu “Ikkomon” Kiwami Enjuku

*¥10,250

*Retail prices for reference (tax excluded)

II. Business Strategy for the fiscal year ending March 31, 2024

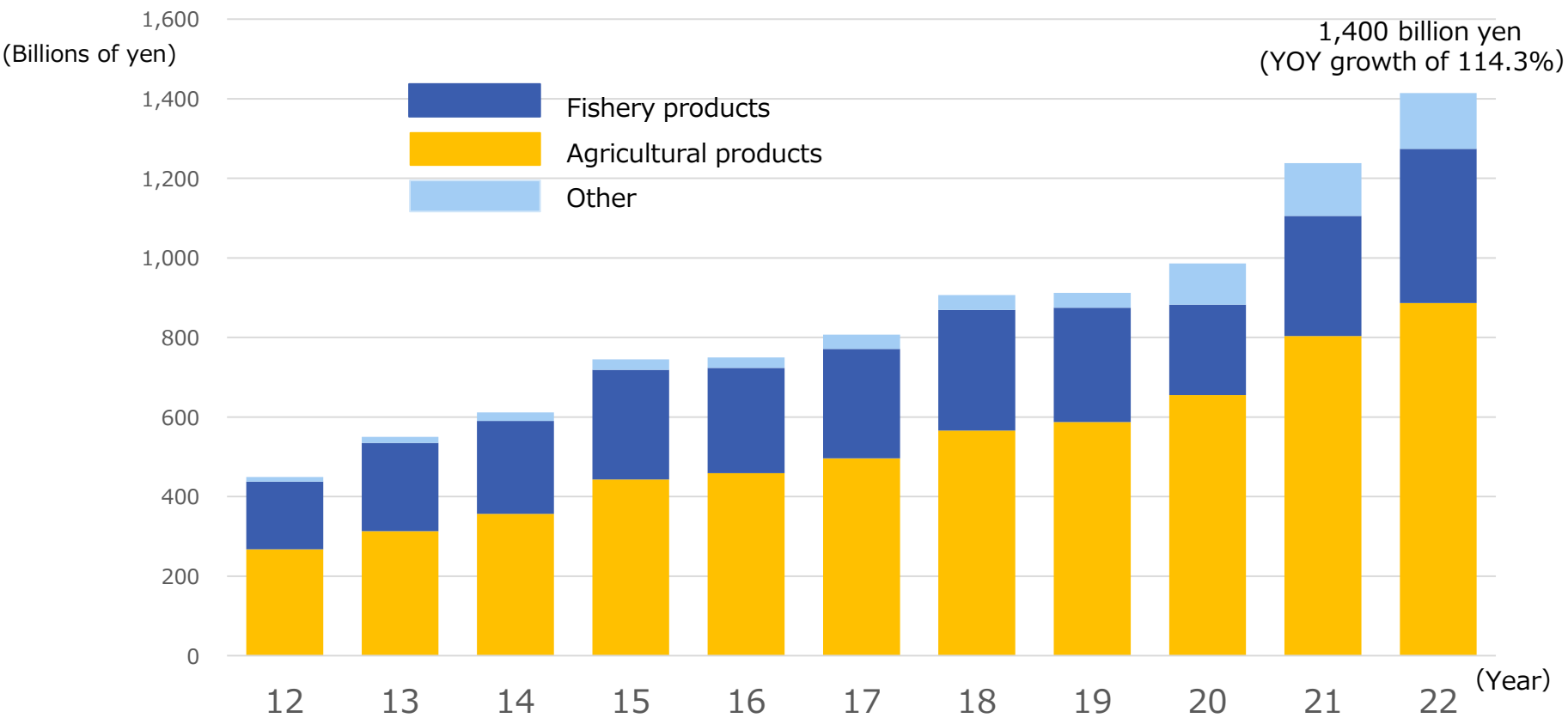


2. Takara Shuzo Int'l Group

2. Market Environment: Growth of Export Market

Exports of Japan's agricultural, forestry and fishery products and foods are increasing every year. Growth in 2022 showed a year-on-year growth of 114.3%

◇ Trends in exports of Japan's agricultural, forestry and fishery products and foods



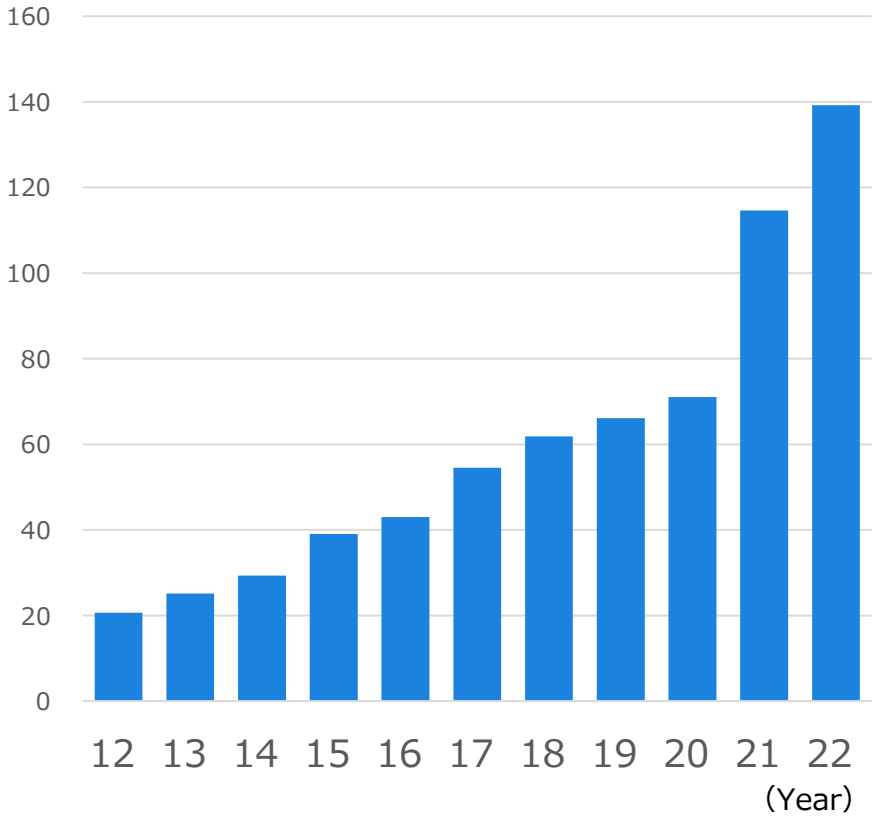
Data: Ministry of Agriculture, Forestry and Fisheries

2. Market Environment: Growth of Alcoholic Beverages and Japanese Sake

Alcoholic beverages are showing the same trend and further market expansion is expected. Japanese sake category is also growing

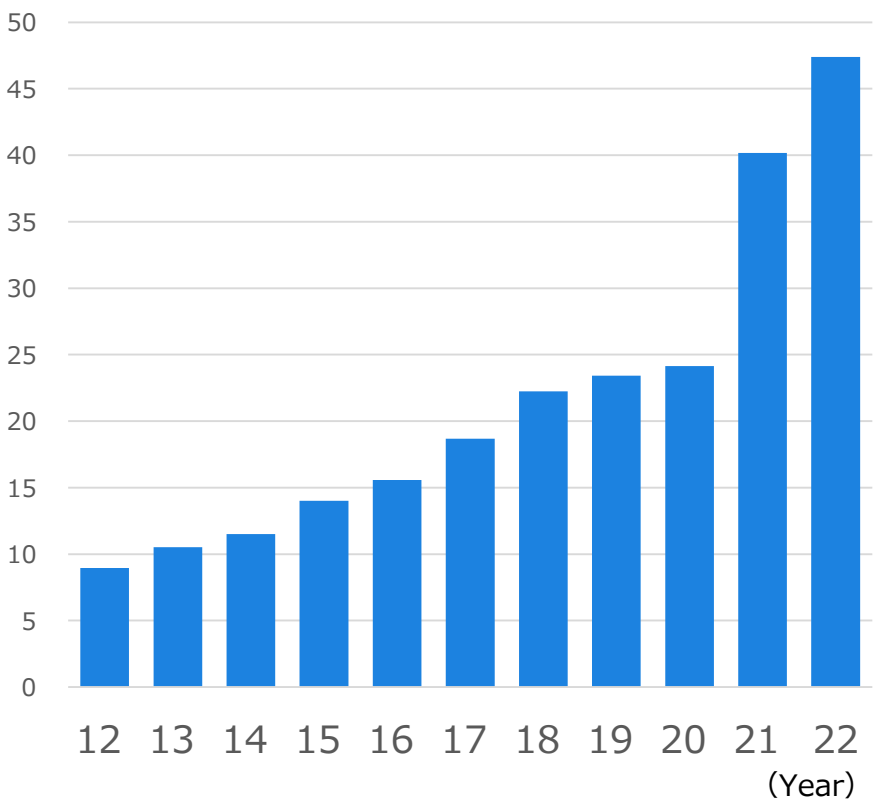
◇ Alcoholic beverages exports

(Billions of yen)



◇ Japanese sake exports

(Billions of yen)



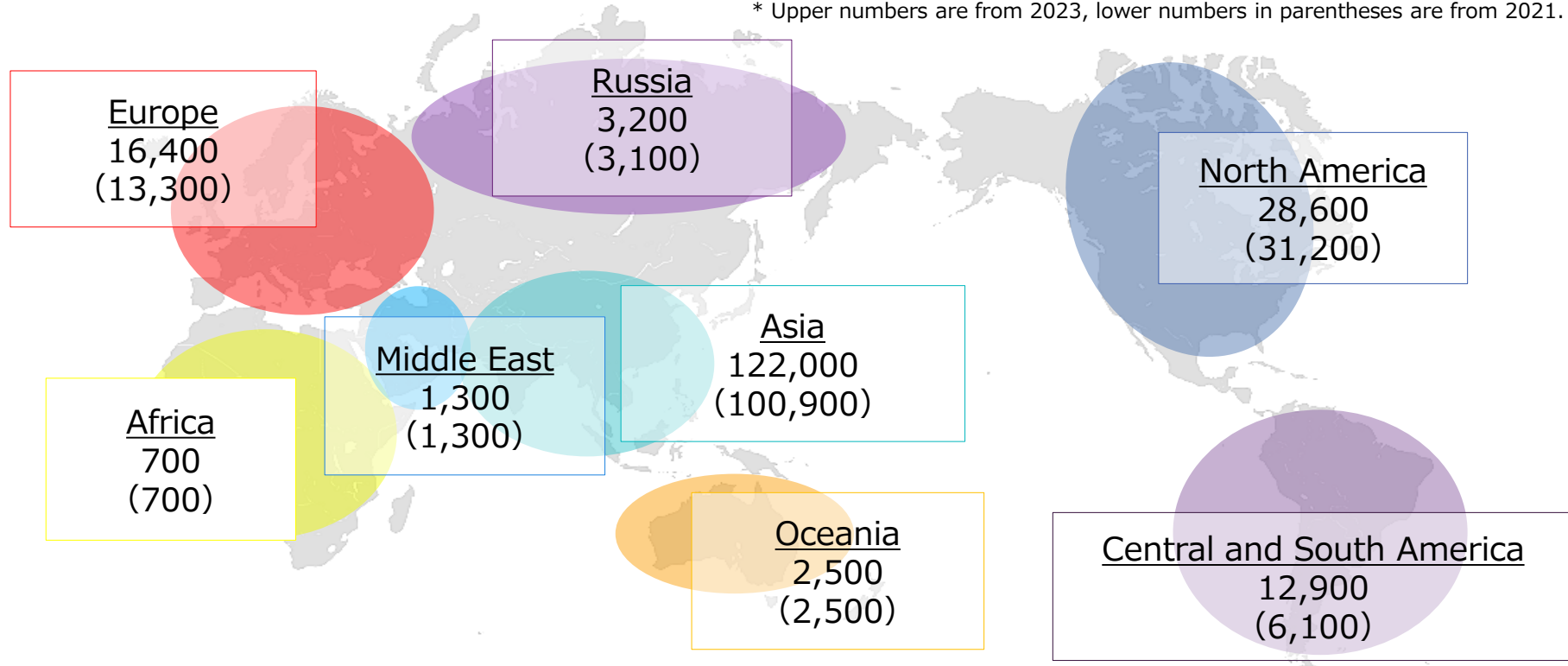
Data: Ministry of Agriculture, Forestry and Fisheries

2. Market Environment: Growth of Japanese Restaurants Abroad

The number of Japanese restaurants in the world is rapidly growing, 3.4 times larger than that 10 years ago

<2013> Approx. 55,000	→	<2019> Approx. 156,000	→	<2021> Approx. 159,000	→	<2023> Approx. 187,000
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* Upper numbers are from 2023, lower numbers in parentheses are from 2021.



Data: Ministry of Agriculture, Forestry and Fisheries

2. Market Environment: Regular and Popular Japanese Food Menus

Salmon, tuna and young yellowtail are popular sushi toppings.
In noodles, ramen became established as a regular menu, while udon is also advancing

Popular Japanese Food Menus① Sushi

Salmon



Tuna



young yellowtail



Popular Japanese Food Menus ② Noodles

Ramen



Udon



2. Market Environment: Evolved Japanese Food Menus

Overseas, strongly flavored menus and foods with crispy texture are gaining popularity.

California roll born from Japanese restaurants is now evolving into crunchy roll, dragon roll and other



Crunchy roll

- Topped with deep-fried tempura batter that gives crispy texture
- Made with imitation crab meat and avocado and served with eel sauce and mayonnaise



Dragon roll

- An inside-out sushi roll filled with tempura, topped with avocado and a slice of grilled eel
- Served with Kabayaki sauce



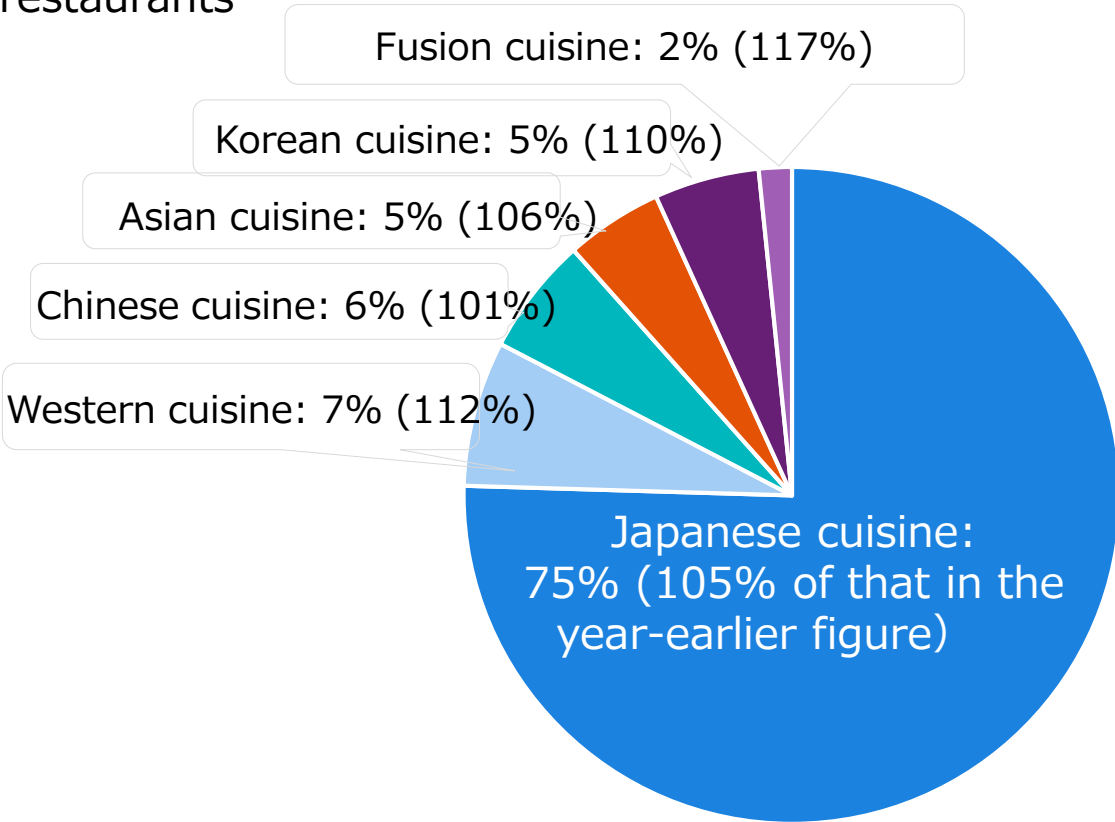
Rolled sushi using a soybean sheet

Colorful soybean sheet is used for those who are not big fans of laver

2. Takara Shuzo Int'l Group: Group Company's Transaction Case

Although Japanese foods are mainly used at Japanese restaurants, they are increasingly adopted by various types of cuisine, such as Western, Asian and fusion cuisine

■ Composition of our customer bars and restaurants



Fusion restaurant in Paris with Japanese taste

Data: Mutual Trading Co., Inc. (results of branches in Los Angels and New York) as of September 30, 2023

2. Takara Shuzo Int'l Group: Business Strategy in the Medium-Term Management Plan for 2025

Basic policy	We will achieve revenue growth for the whole Group through the rapid growth of the Washu and Japanese food wholesale business and the stable growth of Western-style liquor business
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◆ Business Strategy

Business	Role	Sales expansion strategy	Stronger SCM function
Washu	Rapid growth	Develop and cultivate differentiated products	Strengthen manufacturing, supply and logistics systems
Japanese food wholesale		Diversify sales channels	Evolve into a global supplier of Japanese foods
Western-style liquor	Stable growth	Pioneer new areas	

2. Overseas Alcoholic Beverages Business (Washu) : Business Strategy in the Medium-Term Management Plan for 2025

Business Policy

We will aim for the rapid growth of the Washu business, maximizing synergies between Takara Shuzo and overseas Group companies

- **Develop innovating products and new products capturing local needs through the combined efforts of Takara Shuzo, the Takara Shuzo Int'l Group and overseas Group companies**
- **Thoroughly cultivate existing markets and pioneer new markets**
 - **Expand exports to the United States, centered on "MIO," and expand new export destinations**
- Respond to the global rise in raw materials and energy prices
- Penetrate US mass retailing chains and bar/restaurant chains and thoroughly cultivate Japanese and Asian sales routes through the introduction of new products and by reinforcing proposals
- **Accumulate know-how through collaboration with WAKAZE**

2. Overseas Alcoholic Beverages Business (Washu) : <Initiatives of Product development>

To nurture a high-quality brand image globally, launch high-added-value products from Sho Chiku Bai brand in overseas markets

Takara Shuzo X Takara Shuzo Int'l Group

◇ Japanese sake exclusively for export



For the U.S. only
To be exported
from November

* Approx.
¥12,000

Sho Chiku Bai Shirakabegura Yamahai Tokubetsu Junmai, stored in jars in an ice room for 10 years; 640ml



For Hong Kong, Taiwan, South Korea and Singapore
To be exported
from November

* Approx.
¥10,000~
¥12,000

Sho Chiku Bai Gold Titled Sake Daiginjo; 640ml

*Examples of estimated retail prices

2. Overseas Alcoholic Beverages Business (Washu) : <Initiatives of Product development>

In the U.S., which is the largest ready-to-drink products market, we released TaKaRa CHU-HI, a canned chu-hi product that meets the local needs

Takara Shuzo X Takara Shuzo Int'l Group

A Japanese-born Chu-Hi with an authentic taste using Takara Shochu as a base, richly flavored with fruit juice



<Lemon>
Alcohol content of 5.5%

<Fuji Apple>
Alcohol content of 4.5%

<White Peach>
Alcohol content of 4.5%

To be exported
from December

For the U.S. only
Available in Japanese and Asian retail chains

Estimated retail price is approx. 400 yen in Japanese yen

2. Overseas Alcoholic Beverages Business (Washu) :

<Initiatives of "Mio">

Strengthen the MIO lineup in overseas markets and launch exclusive overseas MIO products for the U.S., Asia and Europe

Takara Shuzo



Takara
Shuzo
Int'l Group

◇Export volume of Sho Chiku Bai Shirakabegura "MIO" Sparkling Sake



	'23/3 result	'24/3 estimate
	76,000 C/S	83,000 C/S

(1 C/S is calculated as 300ml x 12 bottles)

◇MIO exclusive overseas products



To be exported
from November

*(300ml)
¥1,600

*(750ml)
¥3,900

Sho Chiku Bai Shirakabegura
"MIO" <CRISP> Sparkling
Sake 300ml·750ml

For the U.S. only
Available in Japanese and
Asian retail chains



To be exported
from December

*¥1,000
(Hong Kong)
¥1,250
(U.K.)

Sho Chiku Bai Shirakabegura
"MIO" <NIGORI> Sparkling
Sake 300ml

For Asia (Hong Kong, Taiwan,
Singapore, etc.) and Europe

*Examples of estimated retail prices

2. Overseas Alcoholic Beverages Business (Washu) : <Initiatives of “Mio”>

Step up the global promotion of MIO by opening booths at events in the U.K., Hong Kong and other

We set up a special booth to market Sho Chiku Bai “Mio” sparkling sake at the HYPER JAPAN, UK’s biggest J-culture event, and Food Expo Hong Kong 2023.



HYPER JAPAN (U.K.)



**美食博覽 Food Expo
Hong Kong 2023**

2. Overseas Alcoholic Beverages Business (Washu) : <Initiatives of “Innovative SAKE” brewing>

Invested in WAKAZE and acquired 80% of the shares issued and outstanding of Ontario Limited in Canada. By combining the realm of “Innovative SAKE” brewing to that of “traditional *washu*” brewing, we create new appeal and value of *washu*

Takara Shuzo



Takara
Shuzo
Int'l Group



WAKAZE

Promote initiatives in cooperation with Takara Shuzo Int'l Group to manufacture WAKAZE brand products in the U.S. in next spring



Ontario (Canada)



Promote sales of sake-based cocktails (sake cocktails) mixed with yuzu citrus and other fruit juice

2. Japanese Food Wholesale Business : Business Strategy in the Medium-Term Management Plan for 2025

Business Policy

We will promote the diversification of sales channels, pioneer new areas, and develop and cultivate differentiated products to achieve rapid growth significantly exceeding market growth

Area strategy: North America

- **Develop new bases through M&A and organic expansion**
- Enhance services for existing bars, restaurants and retailers
- **Expand alcoholic beverage offerings and develop products for retail sales**
- **Develop markets for key products such as alcoholic beverages including Sho Chiku Bai Shirakabegura "MIO" Sparkling Sake, Wagyu beef, non-food products and others**
- **Diversify sales channels by pioneering retail sales routes in the United States**



Mutual Trading Co., Inc. (United States)

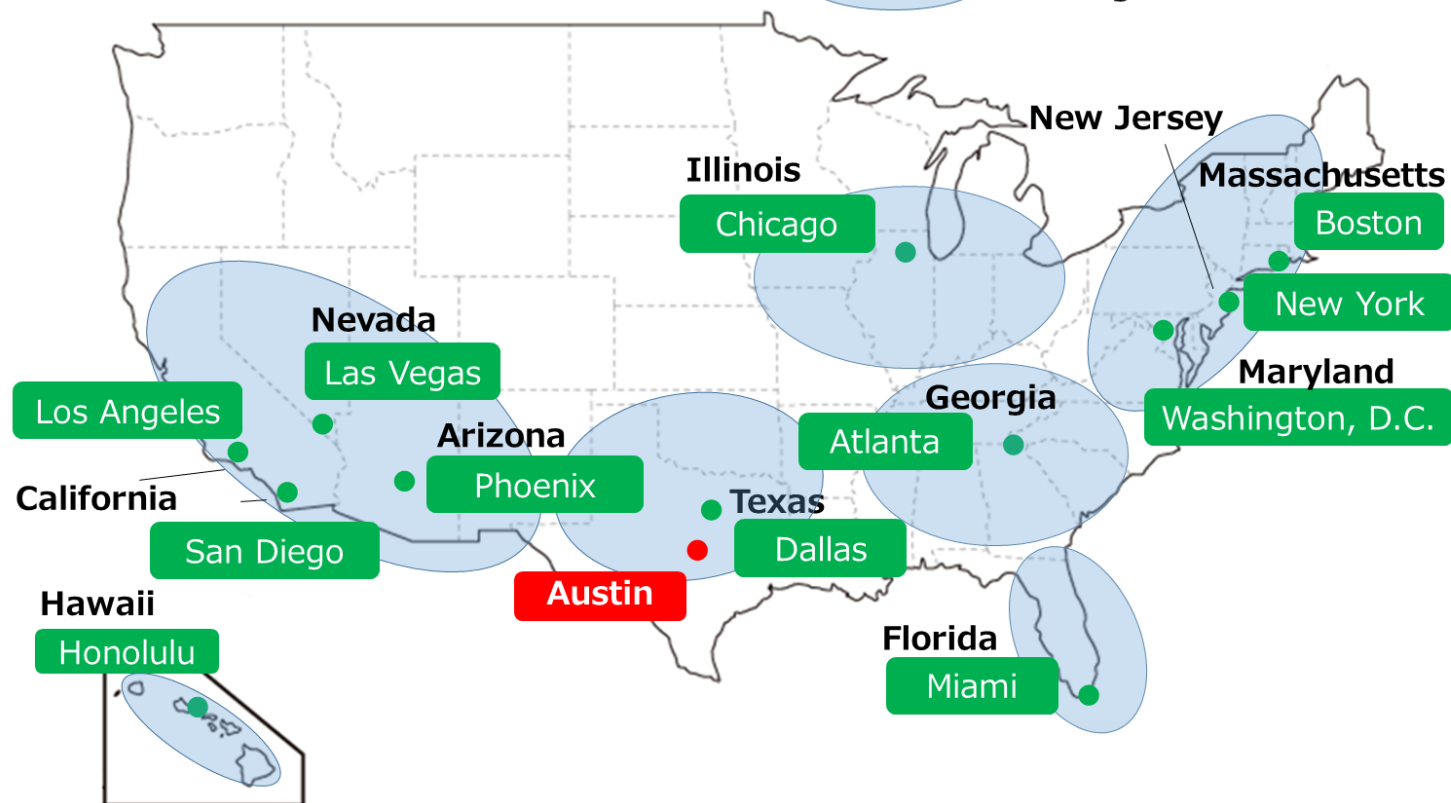
2. Japanese Food Wholesale Business : <Initiatives in North America area>

Mutual Trading Co., Inc. in the U.S. acquired all membership interests in Minamoto Wholesale Limited, LLC, a Japanese food wholesaler based in Texas (October 2023) to strengthen its sales and improve distribution efficiency in the southern areas

○ Business sites of Mutual Trading Co., Inc.

● ... Newly acquired business site

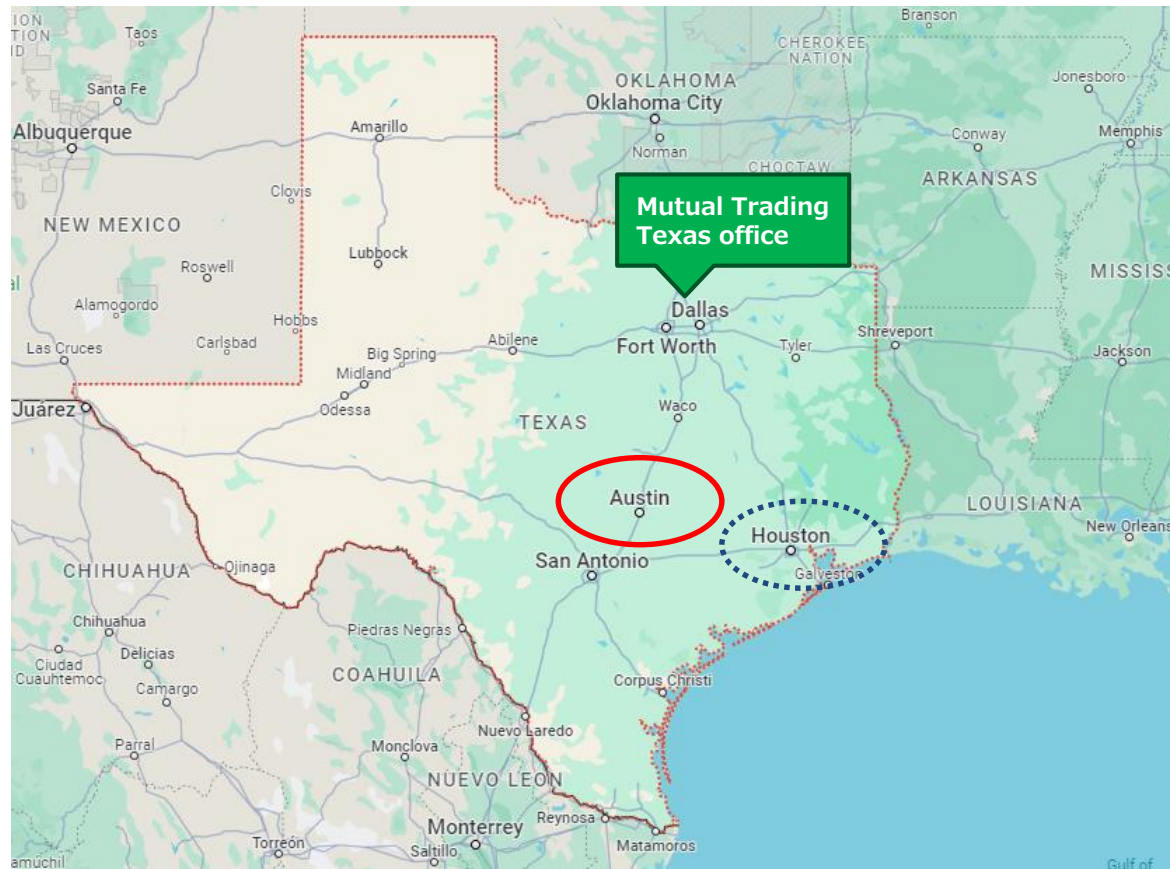
○ Areas covered by existing business sites



2. Japanese Food Wholesale Business : <Initiatives in North America area>

Plan to open new sites in Houston, Texas in autumn 2024.
This plan is designed to penetrate the southeast area and further strengthen sales in a southern metropolitan area and its suburbs in Texas

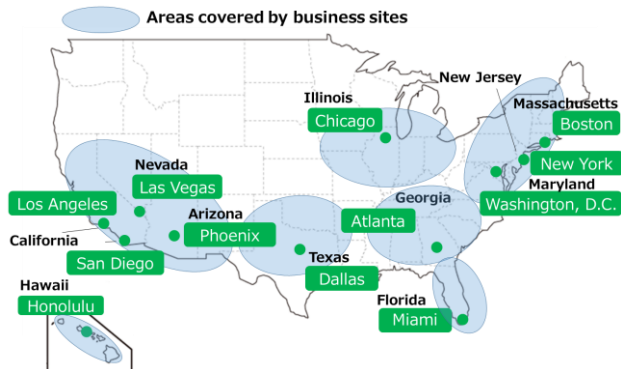
○Positional relations of cities in Texas



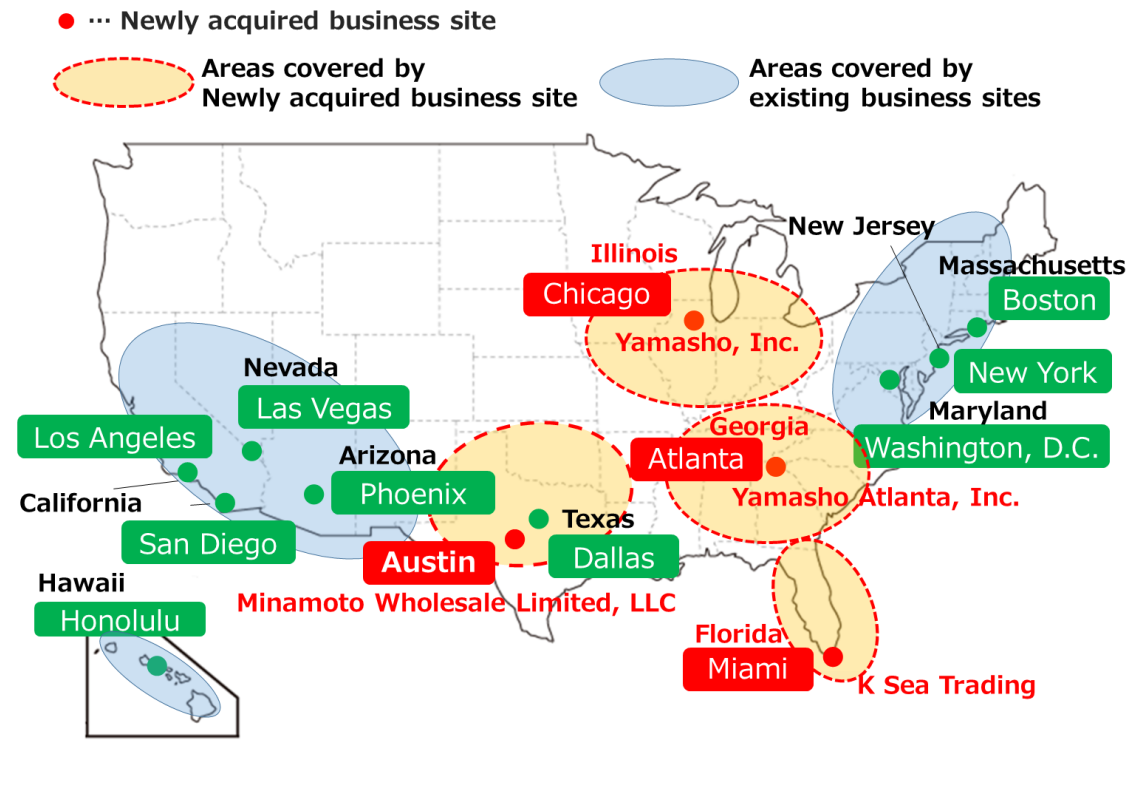
2. Japanese Food Wholesale Business : <Initiatives in North America area>

The addition of Yamasho, Inc., K Sea Trading and Minamoto Wholesale Limited, LLC to the Group has expanded our network from 9 sites in 8 states to 13 sites in 11 states

- Number of sites as of December 2022:
9 sites in 8 states



- Number of sites as of November 2023: **13 sites in 11 states**

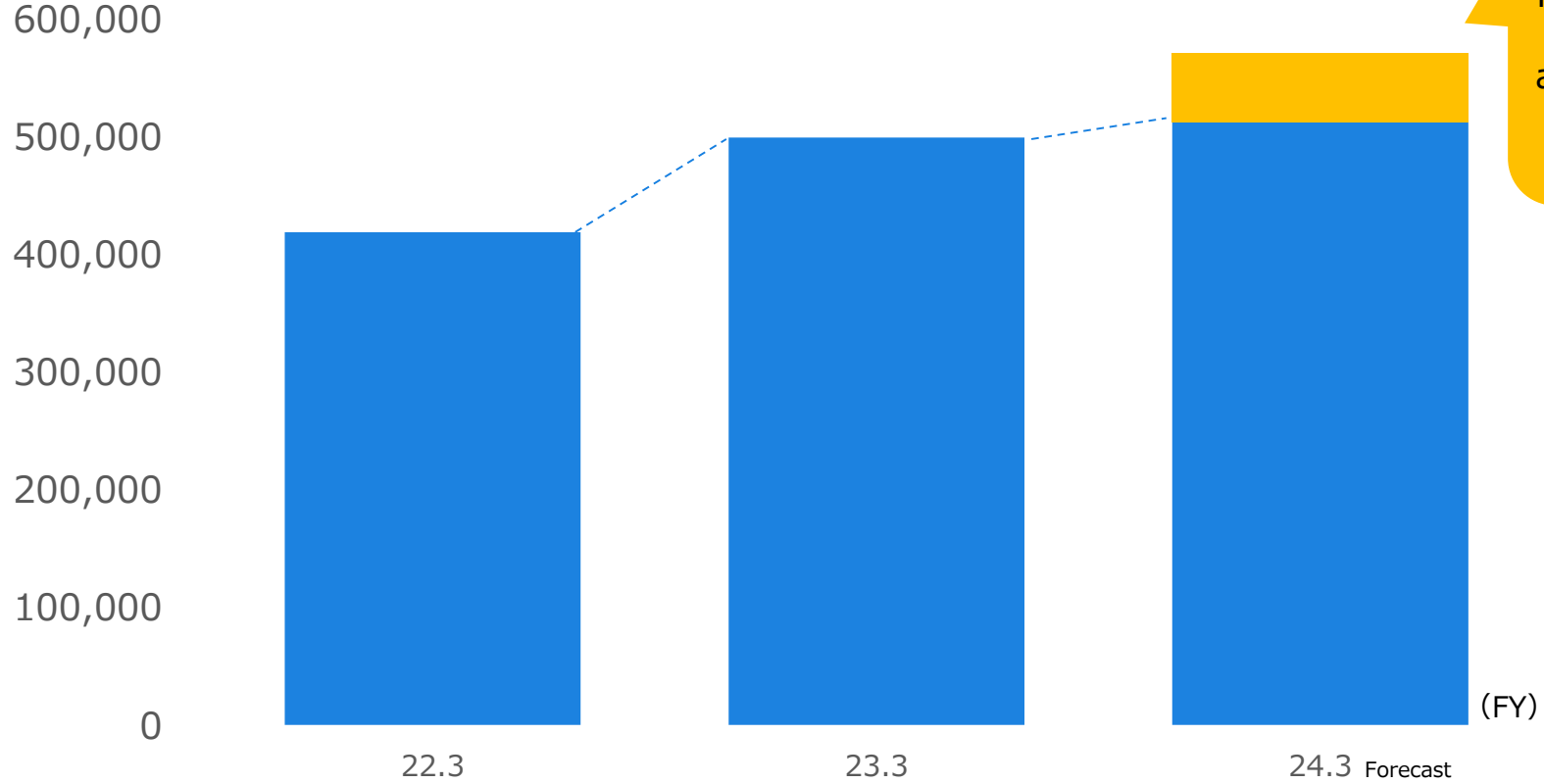


2. Japanese Food Wholesale Business : <Initiatives in North America area>

Baseline sales of Mutual Trading Co., Inc. have been expanding and are expected to grow further thanks to the additional portion earned by companies that joined the Group

○Trend in sales of Mutual Trading Co., Inc.

(Thousand U.S. dollars)



M&A accounts
Yamasho, Inc.,
K Sea Trading
and Minamoto
Wholesale
Limited, LLC

2. Japanese Food Wholesale Business : <Initiatives in North America area>

Mutual Trading Co., Inc. is expanding differentiated products offerings, developing key products and promoting diversification of sales channels

- Changed specification of foods for professional use and packaged them into smaller sizes, seeking to introduce to retail stores.
- Expansion of differentiated products
 - Strengthen the lineup of plant-based products (pork made of soybeans or peas, sashimi made of konnyaku), *washu* (locally brewed sake, authentic shochu, Japanese whisky, etc.) and Wagyu (brand beef such as Miyazaki beef and Kobe beef)
 - Achieve one-stop offerings backed by the lineup and supply of more than 10,000 items, including Japanese kitchen knives and plateware
- Promoting diversification of sales channels to cover American retail stores (Whole Foods, Costco), Asian stores (H Mart, 99 Ranch), and online retailers (Weee!, YAMIBUY)



Japanese sake showroom



Trade fair

2. Japanese Food Wholesale Business : Business Strategy in the Medium-Term Management Plan for 2025

Area strategy:
Europe

- **Firmly maintain our top market share in Europe and aim for further growth**
 - **Expand our access and capture demand from independent bars and restaurants**
 - **Develop the retail and commercial processing markets**
- Achieve business growth, including the expansion of the Washu business
 - Strengthen and enhance proposal-based sales pivoting on Japanese food recipes
 - Utilize Amador y Aranda S.L. to penetrate into southern Spain
- **Proceed with the optimization of warehouse locations and functions within Spain**



FOODEX SAS (France)



L'Atelier du Sake

2. Japanese Food Wholesale Business : Business Strategy in the Medium-Term Management Plan for 2025

FOODEX SAS (France) is introducing new products and acquiring accounts of new independent stores. Cominport Distribución S.L. (Spain) started construction to open a new warehouse

- Introducing new products (cup-sake sealed in a small glass, Koshihikari rice made in Niigata, vegan products, frozen salmon, etc.) and acquiring accounts of new independent stores mainly in France to capture demand from Paris 2024 Olympic Games in summer



FOODEX SAS (France)

- Aiming to improve efficiency of warehousing function and increase productivity through enhanced supply chain management, Cominport Distribución S.L. plans to open a new warehouse in Madrid. This will serve as a hub of existing four warehouses in the nation. (Construction started in September 2023. Operation will start in May 2024.)



Cominport Distribución S.L.
(Spain)

2. Overseas Alcoholic Beverages Business (Western-style liquor) : Business Strategy in the Medium-Term Management Plan for 2025

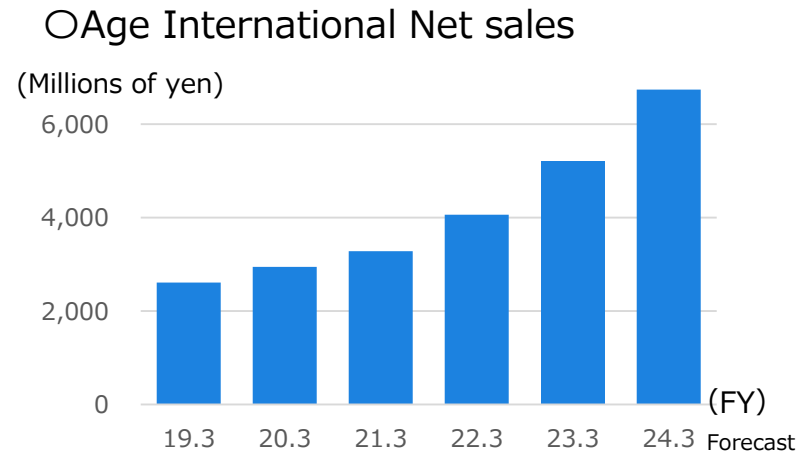
Business policy	We aim to boost the value of our brands, such as Tomatin and Blanton's, and achieve stable earnings growth
-----------------	--

◇ Age International (Kentucky, U.S.)

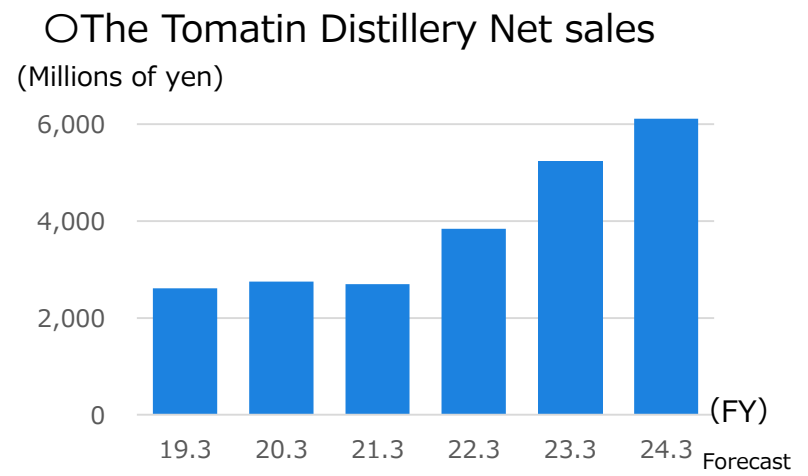


Blanton's Gold Blanton's Straight from the barrel

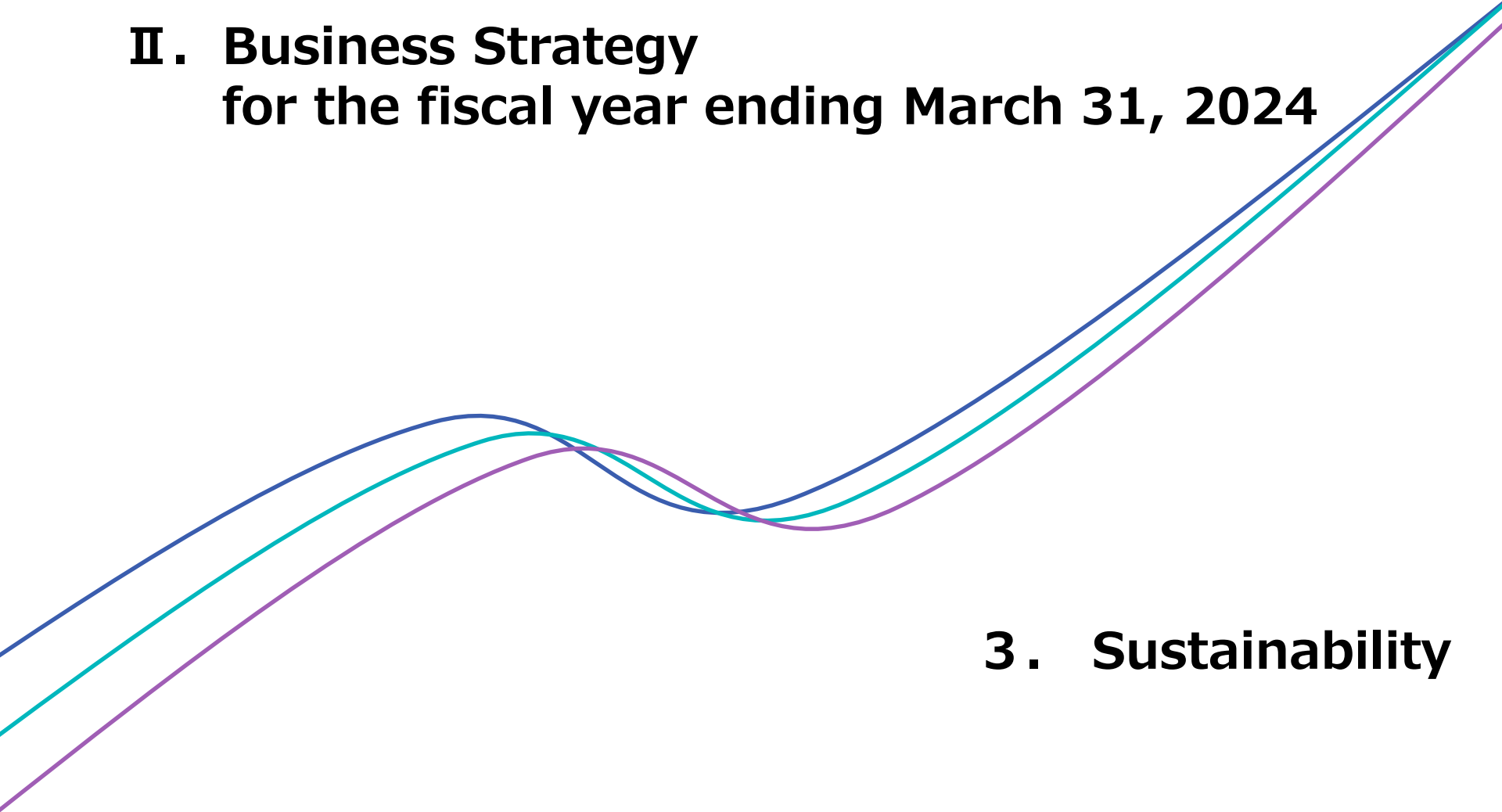
**IWSC
2023
Silber Award**



◇ The Tomatin Distillery (Scotland, U.K.)



**II. Business Strategy
for the fiscal year ending March 31, 2024**



3. Sustainability

3. Sustainability:

Resolve social issues through the business of providing products and services

Promoting initiatives to bolster awareness and acceptance of Japanese food culture by conveying the appeal and new value of *washu* and Japanese food, etc. Schools operated by Mutual Trading Co., Inc. are scheduled to reopen one by one after the interruption during the pandemic

● Sake School of America

- Operating a school that trains *washu* professionals from 2010. Reopened at the end of 2022.



● MIYAKO SUSHI & WASHOKU SCHOOL

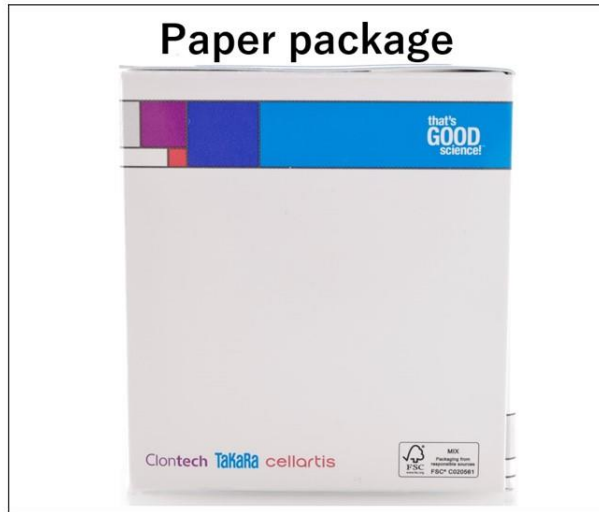
- Operating a school that trains sushi and Japanese cuisine chefs from 2008. Scheduled to reopen in January 2024.



3. Sustainability:

Resolve social issues through the business of providing products and services

Takara Bio Group adopted paper boxes or pouches made of aluminum-free PET film for packaging reagents, its mainstay products



Shifted to packages using FSC-certified materials and vegetable oil Ink

Switched from one side aluminum pouch to aluminum-free pouch

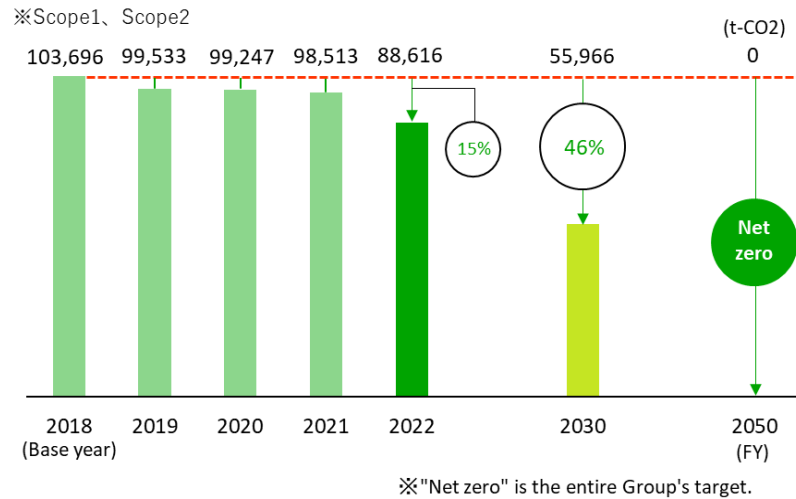
3. Sustainability:

Enhance the value chain that supports resolving social issues

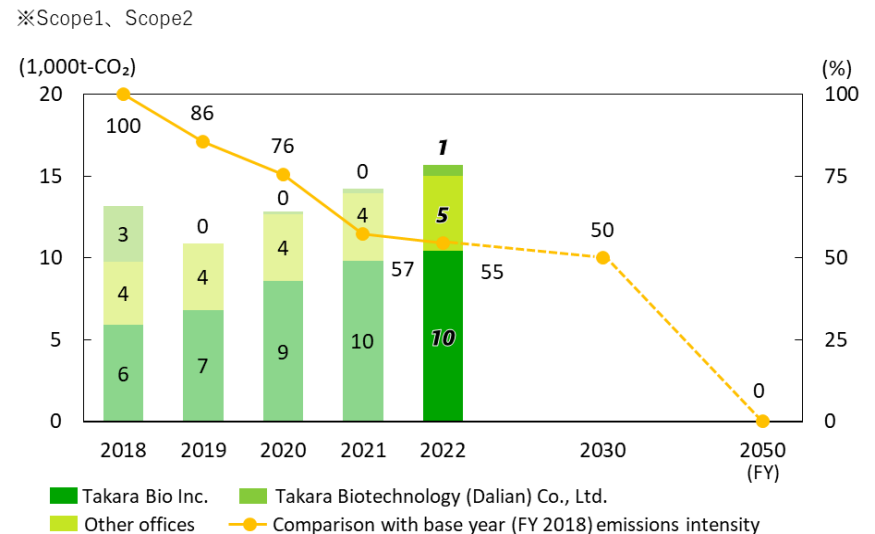
Promoting initiatives to utilize gas-fired boilers, adopt solar panels, and use CO₂-free electricity

<Targets and Progress in 2022>

◇ CO₂ Emissions target at Takara Shuzo and Takara Shuzo Int'l Group production sites



◇ CO₂ emission reduction targets of Takara Bio Group (CO₂ emissions per net sales)



◇ Progress in 2023/3

Compared to 2019/3: 15% reduction
 CO₂ emissions: 88,616 (t-CO₂)

Compared to 2019/3: 45% reduction

3. Sustainability:

Enhance the value chain that supports resolving social issues

Working to add information on the amount of alcohol contained in our products for consumers. Implementing human rights due diligence processes, including interviews with suppliers

<Disclosure of the amount of alcohol contained>

<Implementing human rights due diligence processes>



Launched in limited quantity on October 10

Amount of alcohol contained is displayed on the back label

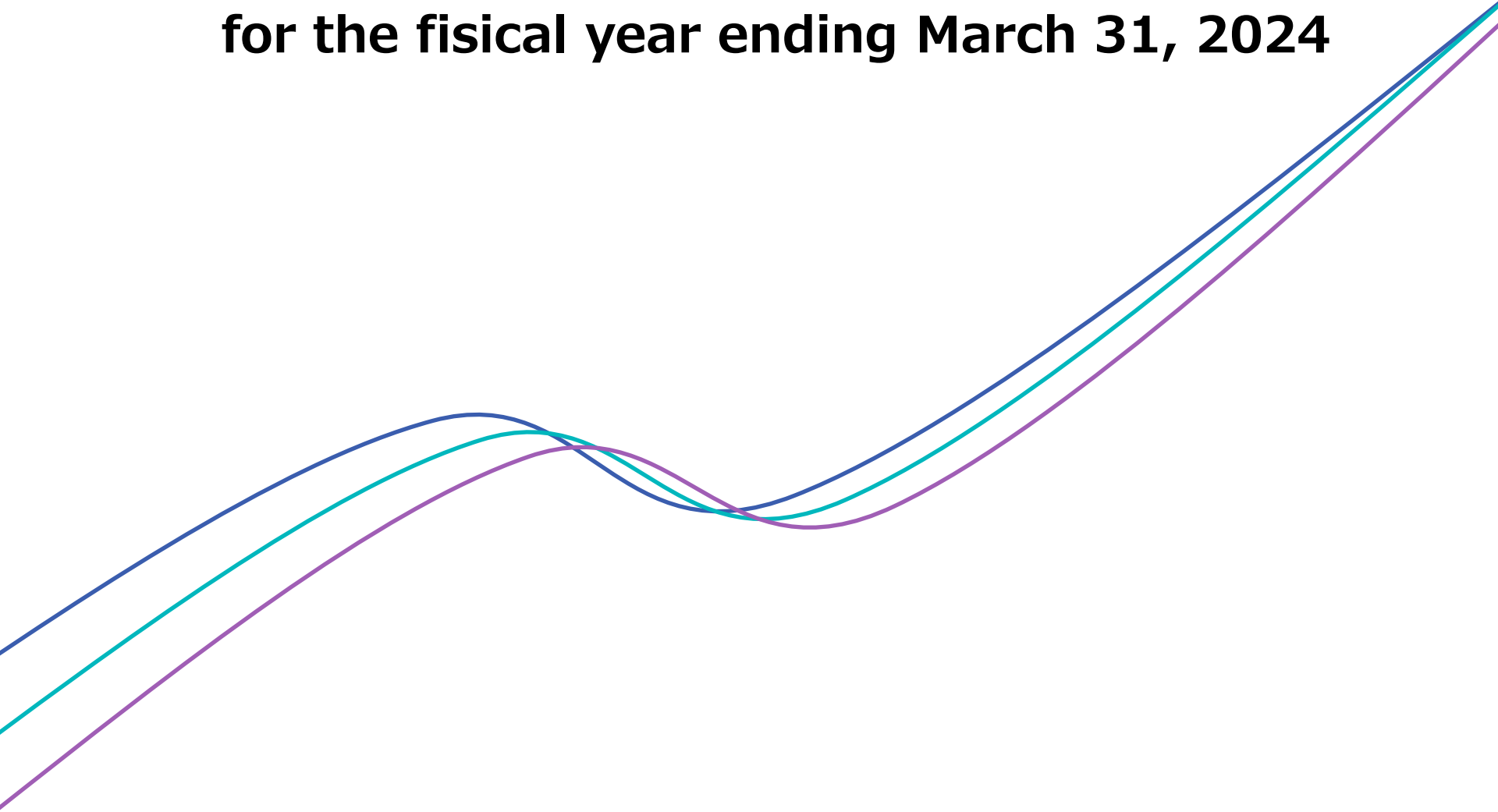
Zenryo Imo Shochu "Ikkomon" <Purple>



Plan to display the information on the packages of all consumer products sold in Japan, except for alcohol-based seasoning, by fiscal year 2025. Started providing information on some shochu products, following light-alcohol refreshers.

Based on site investigations and interviews with suppliers of crude distillation alcohol, we determined that there is a low risk of forced labor, child labor, and issues from the perspectives of health and safety and the environment.

III. Financial Forecasts for the fisical year ending March 31, 2024



Takara Shuzo Financial Forecasts for the Second half of the fiscal year ending March 31, 2024

Consolidated Statements of Income

(Millions of Yen)

	'24/3 2nd Half Forecast	Change from '23/3 2nd Half		Change from forecasts announced on May, 2023	
		Change	Change(%)	Change	Change(%)
Shochu	16,185	▲ 414	▲ 2.5	158	+ 1.0
Sake	7,105	▲ 343	▲ 4.6	43	+0.6
Light-alcohol refreshers	20,618	1,075	+5.5	38	+0.2
Other liquors	2,659	154	+6.1	322	+13.8
Hon Mirin	4,563	▲ 204	▲ 4.3	▲ 433	▲ 8.7
Other seasonings	4,738	279	+6.3	221	+4.9
Raw alcohol	5,402	▲ 376	▲ 6.5	▲ 985	▲ 15.4
Net sales	61,276	175	+0.3	▲ 629	▲ 1.0
Gross profit	15,291	71	+0.5	▲ 529	▲ 3.3
SG&A expenses	13,917	1,528	+12.3	▲ 21	▲ 0.2
Operating income(Δ:loss)	1,374	▲ 1,456	▲ 51.4	▲ 508	▲ 27.0

Takara Shuzo Int'l Group Financial Forecasts for the Second half of the fiscal year ending March 31, 2024

Consolidated Statements of Income

(Millions of Yen)

	'24/3 2nd Half Forecast	Change from '23/3 2nd Half		Change from forecasts announced on May, 2023		Effect of change in exchange rates on net sales Change
		Change	Change(%)	Change	Change(%)	
Overseas Alcoholic beverages business	10,898	933	+9.4	▲ 112	▲ 1.0	455
Japanese food wholesale business in overseas markets	74,645	9,712	+15.0	▲ 1,346	▲ 1.8	3,817
Other	31	▲ 4	▲ 9.3	▲ 10	▲ 22.1	▲ 36
Elimination	▲ 1,342	▲ 162	–	17	–	
Net sales	84,235	10,482	+14.2	▲ 1,448	▲ 1.7	4,236
Gross profit	27,082	4,669	+20.8	▲ 223	▲ 0.8	
SG&A expenses	21,139	3,889	+22.5	605	+2.9	
Overseas Alcoholic beverages business	3,057	628	+25.9	▲ 191	▲ 5.9	
Japanese food wholesale business in overseas markets	4,050	493	+13.9	▲ 590	▲ 12.7	
Other	▲ 685	▲ 153	–	120	–	
Elimination	▲ 478	▲ 187	–	▲ 166	–	
Operating income(Δ:loss)	5,943	781	+15.1	▲ 829	▲ 12.2	

Takara Shuzo Financial Forecasts for the fiscal year ending March 31, 2024

Consolidated Statements of Income

(Millions of Yen)

	'24/3 Forecast	Change from '23/3		Change from forecasts announced on May, 2023	
		Change	YOY(%)	Change	Change(%)
Shochu	33,655	▲ 2,942	▲ 8.0	254	+0.8
Sake	11,358	▲ 787	▲ 6.5	▲ 160	▲ 1.4
Light-alcohol refreshers	42,401	2,331	+5.8	10	+0.0
Other liquors	5,410	81	+1.5	371	+7.4
Hon Mirin	9,110	▲ 367	▲ 3.9	▲ 587	▲ 6.1
Other seasonings	9,186	405	+4.6	326	+3.7
Raw alcohol	11,344	821	+7.8	▲ 1,274	▲ 10.1
Net sales	122,467	▲ 454	▲ 0.4	▲ 1,059	▲ 0.9
Gross profit	31,266	1,989	+6.8	129	+0.4
SG&A expenses	25,939	1,553	+6.4	▲ 657	▲ 2.5
Operating income(Δ:loss)	5,327	436	+8.9	786	+17.3

Takara Shuzo Int'l Group Financial Forecasts for the Second half of the fiscal year ending March 31, 2024

Consolidated Statements of Income

(Millions of Yen)

	'24/3 Forecast	Change from '23/3		Change from forecasts announced on May, 2023		Effect of change in exchange rates on net sales
		Change	YOY(%)	Change	Change(%)	Change
Overseas Alcoholic beverages business	21,161	2,907	+15.9	55	+0.3	1,182
Japanese food wholesale business in overseas markets	142,730	21,375	+17.6	▲ 4,477	▲ 3.0	9,060
Other	247	▲ 2,600	▲ 91.3	-	-	▲ 154
Elimination	▲ 2,740	2,232	-	121	-	
Net sales	161,400	23,916	+17.4	▲ 4,300	▲ 2.6	10,087
Gross profit	51,460	9,065	+21.4	▲ 735	▲ 1.4	
SG&A expenses	39,260	7,686	+24.3	▲ 435	▲ 1.1	
Overseas Alcoholic beverages business	5,861	965	+19.7	1	+0.0	
Japanese food wholesale business in overseas markets	8,764	1,204	+15.9	▲ 73	▲ 0.8	
Other	▲ 1,186	▲ 2,886	-	134	-	
Elimination	▲ 1,239	2,095	-	▲ 362	-	
Operating income(Δ:loss)	12,200	1,378	+12.7	▲ 300	▲ 2.4	

Takara Holdings (Consolidated) Financial Forecasts for the fiscal year ending March 31, 2024

Consolidated Statements of Income

(Millions of Yen)

		'24/3 Forecast	Change from '23/3		Change from forecasts announced on May, 2023		Effect of change in exchange rates on net sales Change
			Change	YOY(%)	Change	Change(%)	
	Takara Shuzo	122,467	▲ 454	▲ 0.4	▲ 1,059	▲ 0.9	–
	Takara Shuzo International Group	161,400	23,916	+17.4	▲ 4,300	▲ 2.6	10,087
	Takara Bio Group	45,500	▲ 32,642	▲ 41.8	▲ 7,800	▲ 14.6	1,356
	Other	30,430	▲ 520	▲ 1.7	▲ 785	▲ 2.5	–
	Adjustment	▲ 18,797	35	–	▲ 56	–	–
	Net sales	341,000	▲ 9,665	▲ 2.8	▲ 14,000	▲ 3.9	11,444
	Gross profit	114,400	▲ 5,541	▲ 4.6	▲ 6,500	▲ 5.4	
	SG&A expenses	92,700	10,703	+13.1	▲ 1,900	▲ 2.0	
	Takara Shuzo	5,327	436	+8.9	786	+17.3	
	Takara Shuzo International Group	12,200	1,378	+12.7	▲ 300	▲ 2.4	
	Takara Bio Group	3,000	▲ 17,541	▲ 85.4	▲ 5,000	▲ 62.5	
	Other	2,371	77	+3.4	44	1.9	
	Adjustment	▲ 1,198	▲ 596	–	▲ 130	–	
	Operating income(Δ:loss)	21,700	▲ 16,245	▲ 42.8	▲ 4,600	▲ 17.5	
	Ordinary income(Δ:loss)	22,500	▲ 16,206	▲ 41.9	▲ 4,300	▲ 16.0	
	Extraordinary income	2,770	1,088	+64.8	2,762	–	
	Extraordinary loss	670	▲ 24	▲ 3.6	162	+31.9	
	Net income attributable to owners of the parent(Δ:loss)	15,000	▲ 6,206	▲ 29.3	–	–	

Takara Holdings (Consolidated) Financial Targets Forecasts for the fiscal year ending March 31, 2024

	'24/3 Forecasts	'26/3 Targets
Percentage of net sales from overseas operations	55.3%	60.0%
Percentage of net sales from overseas operations (except for Takara Bio Group)	54.3%	60.0%
ROE	7.0%	9.0% or more

Impact of Exchange Rate Fluctuations for the fiscal year ending March 31, 2024

Although the yen is expected to weaken against each currency compared to the previous fiscal year, impact of exchange rate fluctuations will be insignificant for Takara Shuzo and Takara Shuzo Int'l Group in aggregate

◇ Status of main exchange rates (compared to the previous fiscal year)

	Previous fiscal year results	Current fiscal year forecasts	Difference	*reference Initial forecasts
USD/Yen	131.64	139.60	7.96	140.0
GBP/Yen	162.02	173.90	11.88	162.0
EUR/Yen	138.15	151.00	12.85	141.0

◇ Exchange rate sensitivity of Takara Shuzo and Takara Shuzo Int'l Group

(Millions of Yen)

	Impact on operating income in the current fiscal year when JPY depreciates by 1 yen against USD
Takara Shuzo	▲ 76
Takara Shuzo Int'l Group	+ 98
Total	+ 22

Financial and Shareholder Return Policies

Financial policy

<Medium-Term Management Plan for 2025>

Create cashflow by increasing the efficiency of assets and through the sale of strategic shareholdings while enhancing global cash management, for the purpose of accelerating investments in growth and high-priority fields based on the maintenance of sound financial fundamentals

Shareholder return policy

<Medium-Term Management Plan for 2025>

Provide shareholder returns commensurate with profit levels (payout ratio of about 35%)

*Dividend forecast for the current fiscal year: 27 yen

Acquisition and cancellation of treasury stock

<Acquisition>

- Number of shares to be acquired: 3.00 million shares (upper limit)
- Total cost of acquisition: ¥3.0 billion (upper limit)
- Period of acquisition: November 13, 2023 to February 20, 2024

<Cancellation>

- Number of shares to be cancelled: Total number of shares to be acquired
- Scheduled cancellation date: February 29, 2024

Smiles in Life ~Smiles are Life's Treasures ~

We will progressively achieve our vision of “Smiles in Life ~ Smiles are Life’s Treasures ~” by contributing to a well-balanced diet for people around the world through Washu and Japanese food, and by supporting healthy lifestyles through our biomedical businesses

TAKARA HOLDINGS INC.

TAKARA SHUZO CO., LTD.
TAKARA SHUZO INTERNATIONAL CO., LTD.

TAKARA BIO INC.

Contribute to a well-balanced diet for everyone

Create value in the medical and healthcare domains

Smiles in Life
~ Smiles are Life's Treasures ~



笑顔は人生の宝

「笑顔」と聞いて、皆さんは何を思い浮かべますか。笑顔は人生の宝ですが、笑顔がもたらす健康効果は、想像以上に大きいです。笑顔は、心身の健康を維持するだけでなく、免疫力を高め、ストレスを軽減する効果があります。

180年以上の歴史を誇る「TAKARA」は、笑顔の大切さを大切にし、笑顔がもたらす健康効果を最大限に引き出すために、笑顔をサポートする商品を開発しています。

例えば、今までの笑顔をサポートする商品では、笑顔がもたらす健康効果を最大限に引き出すことができていませんでした。しかし、TAKARAは、笑顔がもたらす健康効果を最大限に引き出すために、笑顔をサポートする商品を開発しました。

宝ホールディングス株式会社
宝ホールディングス株式会社 / 宝ホールディングス株式会社 / 宝ホールディングス株式会社

Smiles in Life

宝

Forward-Looking Statements

Statements in this presentation, other than those based on historical fact, concerning the current plans, prospects, strategies and expectations of the Company and its Group 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.

<Inquiry>

Takara Holdings Inc.

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