



TaKaRa Group Report

2024

Integrated Report

TAKARA HOLDINGS INC.



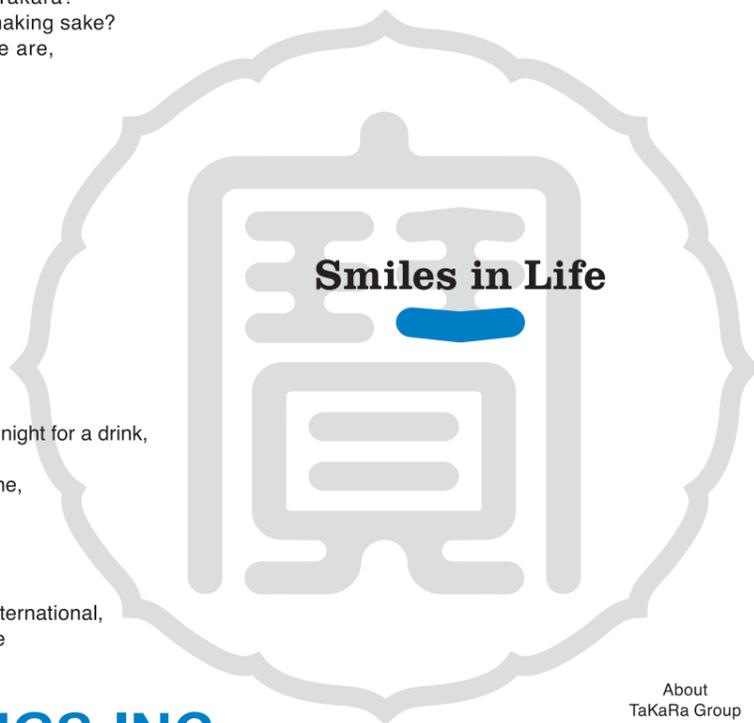
What do you think of when you hear the name Takara?  
A sake brewery? A company that specializes in making sake?  
Although sake brewing is a huge part of who we are,  
what the Takara Group really wants to do is  
to make people smile – to enrich people’s lives  
by filling them with smiles.

For over 180 years, we have been honing  
our sake brewing technologies;  
we have expanded our Japanese food  
wholesale network globally,  
and our sake production sites  
can be found all over the world.  
We also offer innovative biotechnologies,  
such as regenerative medicine  
and cell and gene therapy.  
All in the name of bringing smiles to people’s faces.  
Whether you are someone going out somewhere tonight for a drink,  
sitting down to a meal in New York,  
or working on the frontlines of research and medicine,  
everything we do, we do to see you smile.

Smiles are life’s treasures.  
By leveraging the unique capabilities  
of each company – Takara Shuzo, Takara Shuzo International,  
and Takara Bio – the Takara Group will continue  
to strive to bring more smiles to the world.

## TAKARA HOLDINGS INC.

TAKARA SHUZO CO., LTD. / TAKARA SHUZO INTERNATIONAL CO., LTD. / TAKARA BIO INC.



About  
TaKaRa Group



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### Editorial Policy

The Takara Group Report is designed to provide our stakeholders with information on the initiatives we implement to improve the Group’s corporate value. In the Special Topic, we featured activities by Takara Shuzo and the Takara Shuzo International Group to spread Japanese food culture around the world, and initiatives by the Takara Bio Group to develop and manufacture virus vectors. In the message from the President, the report describes enterprise value improvement through ROIC-driven management and the progress of the Takara Group Medium-Term Management Plan for 2025. Through the Takara Group Report, we would like to share management the Group is aiming for, i.e., management that focuses on utilizing products and services to solve social issues and creating growth capital to raise our earning capacity, as well as the realization of our Vision through these efforts.

### Scope:

Takara Group (on a consolidated basis; including some nonconsolidated figures)

### Period covered:

Fiscal year ended March 31, 2024 (April 2023 to March 2024)

\* The Report refers to some of the initiatives taken before 2023 and in or after April 2024.

### Forward-Looking Statements

Statements in this report, other than those based on historical fact, concerning the current plans, prospects, strategies, and expectations of the Company and its Group companies represent forecasts of future results, or forward-looking statements. 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.

### Reference Guidelines

International Integrated Reporting Framework by the IFRS Foundation  
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0 by the Ministry of Economy, Trade and Industry

# Our History

## Continuing to Deliver Diverse Values of Washu, Japanese Food, and Life Science—Takara Group's Challenges

Washu: Japanese alcoholic beverages

### Takara Group's Developments

<b>1842</b>	<b>1925</b>	<b>1946</b>	<b>2002</b>	<b>2017</b>	<b>2017</b>	<b>2020</b>	<b>2023</b>
Founded (The Yomo family's fourth-generation Unosuke began sake business in Takenakacho, Fushimi.)	Founded TAKARA SHUZO CO., LTD. (currently TAKARA HOLDINGS INC.)	Announced Three Points of Importance, Three Points of Care as the company motto	Executed a company split-up to transition to a holding company system/Changed the trade name to TAKARA HOLDINGS INC., and established TAKARA SHUZO CO., LTD. and TAKARA BIO INC.	Opened the Takara Holdings Corporate History Museum on the occasion of our 90th anniversary	Spun off the overseas business of TAKARA SHUZO CO., LTD. to establish TAKARA SHUZO INTERNATIONAL CO., Ltd.	Established TaKaRa Group Challenge for the 100 <sup>th</sup> (long-term management vision) and Takara Group Sustainability Policy	Updated Vision to Smiles in Life

### Business History

#### Takara Shuzo (Domestic Business) Domestic Alcoholic Beverages, Seasonings and Raw Alcohol Businesses

<b>1897</b> Registered the “寶 (Takara)” mark as a trademark for mirin	<b>1977</b> Launched Takara Shochu Jun to reinvigorate shochu	<b>1984</b> Launched <i>Takara Can Chu-Hi</i> as Japan's first canned Chu-Hi product	<b>1998</b> Launched Takara Hon-mirin <i>Junryo</i>	<b>2001</b> Launched Zenryo Imo Shochu <i>Ikomon</i> , brewed entirely with imo (sweet potato) and imo koji	<b>2001</b> Completed <i>Sho Chiku Bai Shirakabura</i> in Nada as a production base of high-quality sake	<b>2006</b> Launched <i>Takara Shochu Highball</i> , a dry flavored chu-hi	<b>2007</b> Launched <i>Gokujo Takara Shochu</i>	<b>2011</b> Launched <i>Sho Chiku Bai Shirakabura Mio</i>	<b>2017</b> Launched <i>Takara CRAFT</i> , a chu-hi for limited local sales	<b>2022</b> Launched <i>Sho Chiku Bai Subaru Nama Chozo Shu</i> as raw stored sake.	<b>2022</b> Launched <i>Takara Karakuchi Zero Ball</i> , a dry flavored non-alcohol chu-hi

#### Takara Shuzo International Group (Overseas Business) Overseas Alcoholic Beverages Business and Japanese Food Wholesale Business

<b>1951</b> Started exporting the <i>Sho Chiku Bai</i> brand of sake to the U.S.	<b>1983</b> Founded Takara Sake USA Inc. to start manufacturing and selling <i>Sho Chiku Bai</i> produced in the U.S.	<b>1986</b> Acquired the assets and business right of The Tomatin Distillery Co. Ltd (UK)	<b>1992</b> Acquired all shares of AADC Holding Company, Inc., the parent company of Age International, Inc. (U.S.)	<b>1995</b> Founded Beijing Takara Foods Co., Ltd. (currently Takara Shuzo Foods Co., Ltd.) to start manufacturing <i>Sho Chiku Bai</i> produced in China	<b>2010</b> Acquired shares of FOODEX S.A.S. (France) to enter the Japanese Food Wholesale Business in overseas market	<b>2013</b> Acquired the management right of Tazaki Foods Ltd. (UK)	<b>2014</b> Acquired the management right of Cominport Distribucion S.L. (Spain)	<b>2016</b> Made Mutual Trading Co., Inc. (U.S.) into a subsidiary/Expanded Japanese food wholesale networks into the U.S.	<b>2017</b> Accepted the capital increase of Nippon Food Supplies Company Pty Ltd (Australia) to make the company into a subsidiary	<b>2020</b> Acquired shares of Tokyo Mutual Trading Co., Ltd. to make the company into a subsidiary	<b>2023</b> Acquired shares of Ontario Spring Water Sake Company (Canada) to make the company into a subsidiary

#### Takara Bio Group (Biomedical Business) Reagents, Instruments, Related Contract Services, and Gene Therapy Businesses

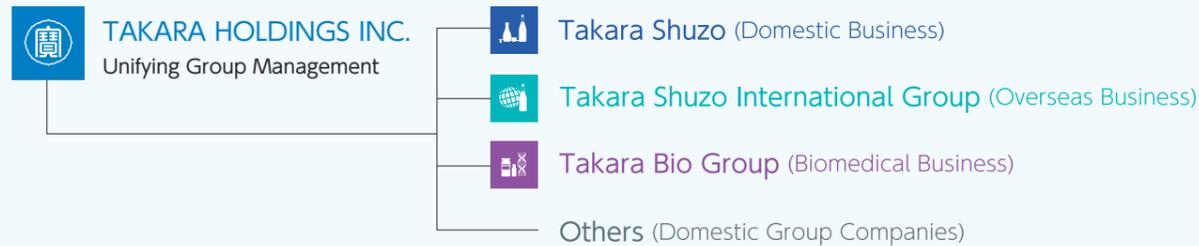
<b>1979</b> Launched the first domestically produced “restriction enzyme” as a reagent for genetic engineering research (launched the Biomedical Business)	<b>1988</b> Acquired the exclusive distribution right in Japan for a gene amplification system using the PCR technology	<b>1993</b> Obtained a wide range of worldwide PCR-related patents license/ Started manufacturing reagents for bioresearch in China	<b>1995</b> Developed the RetroNectin® Method for highly-efficient gene transduction in hematopoietic stem cells	<b>2004</b> Listed on the Tokyo Stock Exchange (TSE) Mothers	<b>2005</b> Acquired the management right of U.S.-based Clontech Laboratories, Inc. (currently Takara Bio USA, Inc.)	<b>2014</b> Acquired all shares of Collectis AB in Gothenburg, Sweden and changed its trade name to Takara Bio Europe AB	<b>2014</b> Completed the construction of the Center for Gene and Cell Processing/ Started the CDMO business on a full scale	<b>2016</b> Changed listing from the TSE Mothers to the First Section of the TSE	<b>2018</b> NY-ESO-1-siTCR gene therapy drug for synovial sarcoma designated as an item subject to Sakigake Designation Scheme	<b>2020</b> Started operation of the Center for Gene and Cell Processing II	<b>2020</b> Obtained the approval for manufacturing and selling Takara SARS-CoV-2 Direct PCR Detection Kit, an in vitro diagnostic

# Our Growth

## Takara Group in the World

The Takara Group started its business from the sake brewing business and has expanded the business area to include the biomedical business and the Japanese food wholesale business in overseas markets. As of March 31, 2024, the Takara Group consists of 64 consolidated companies in total including 12 companies in Japan and 52 overseas companies. In terms of geographical regions, we have also extended our business activities in countries in Europe, the U.S., and Asia as well as Japan. More than half of the Group's employees work overseas, resulting in diverse human resources.

### Corporate Profile



### Takara Shuzo (Domestic Business)



Striving to craft unique *washu* by combining over 180 years of technical expertise with innovative thinking

**Line of business**  
Takara Shuzo manufactures and sells a wide range of products, from Japanese alcoholic beverages (*washu*) such as shochu, sake, and light-alcohol refreshers, to imports such as Chinese alcoholic beverages and whisky, to seasonings such as Hon-mirin, and even raw alcohol.



### Takara Shuzo International Group (Overseas Business)



Leveraging our global network to spread Japanese food culture across the world

**Line of business**  
Takara Shuzo International Group bolsters global awareness and acceptance of Japanese food culture (*washu* and Japanese food) by selling alcoholic beverages and wholesale Japanese food overseas.



### Takara Bio Group (Biomedical Business)

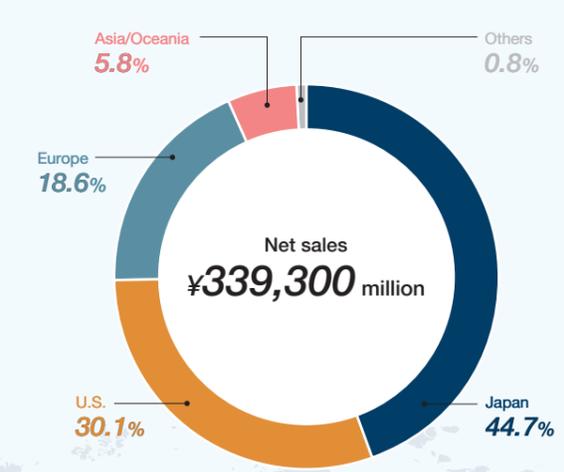


A global platformer providing infrastructure for the life science industry

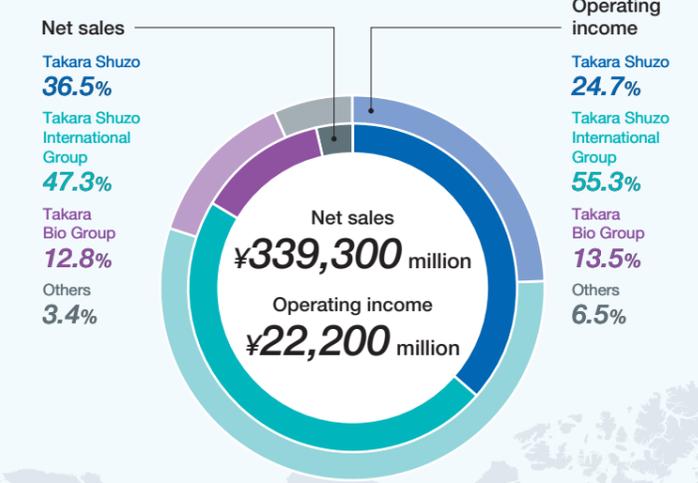
**Line of business**  
Takara Bio Group supplies reagents and instruments and provide CDMO services for cutting-edge regenerative medicine products to customers inside and outside Japan.



### Net sales by region



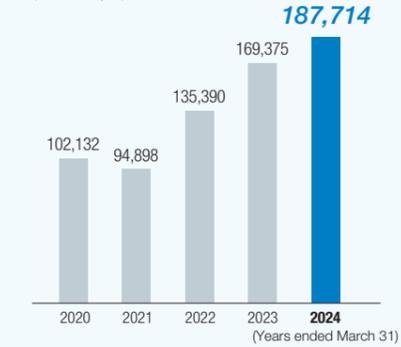
### Net sales and operating income by business



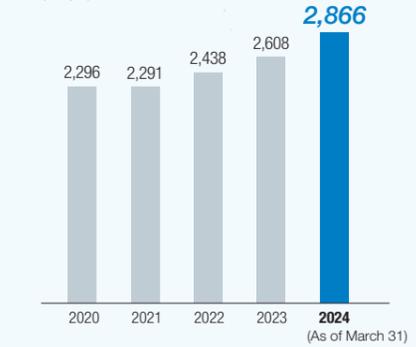
(Year ended March 31, 2024)



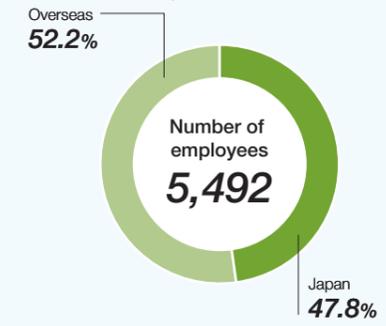
### Trends in overseas sales



### Trends in number of overseas employees



### Percentage of overseas and domestic employees





Special Topic 1 Further Spreading Japanese Food Culture (Washu and Japanese Food) Around the World

Smiles in Life

# History of Japanese Food Culture in North America and a Quest for Further Penetration

Through Mutual Trading Co., Inc. ("Mutual Trading"), a pioneer in the wholesaling of Japanese food products in the United States founded in 1926, and Takara Sake USA Inc. ("Takara Sake USA"), a *washu* production and sales company established in 1983, the Takara Shuzo International Group is striving to promote Japanese food culture (*washu* and Japanese food) in North America. Mutual Trading is expanding its network of Japanese food wholesalers throughout the U.S., while Takara Sake USA is generating synergy through means such as leveraging its sales channels in the cultivation of *washu*. Furthermore, we aim to advance the promotion of Japanese food culture by actively educating the public on Japanese cuisine and the culture of *washu*.

## Mutual Trading Co., Inc., a pioneer Japanese food wholesaler in the U.S.



Mutual Trading head office in Los Angeles

Mutual Trading, which has been promoting sushi in the U.S. since 1965, also began importing *junmai* sake ("Deluxe *Sho Chiku Bai*") from Takara Shuzo in 1971. For close to a century, we have worked to promote Japanese food culture in the U.S. Our efforts include having hosted the Japanese Food & Restaurant Show (now the Japanese Food & Restaurant Expo) since 1989. Given this history, one strength of Mutual Trading is in making proposals to restaurants. And, with a product lineup featuring in excess of 10,000 items, it serves as a one-stop shop for any item necessary to open a restaurant. Moreover, in collaboration with Tokyo



Japanese Food & Restaurant Expo 2023

Mutual Trading Co., Ltd. — which handles purchasing from Japan — we offer a vast range of *washu*, and our strength is that we carry brands that are popular in Japan.

## Takara Sake USA Inc. boasts high technical capabilities underpinned by a 40-year history

Takara Sake USA was established in 1983, when a heightened awareness of health drove a spike in the popularity of sushi. It began producing and selling California-made *Sho Chiku Bai*. Although many creative techniques were required to brew sake using local rice and water, we have achieved a level of taste and quality rivaling that of Japan, as evidenced by *Sho Chiku Bai Junmai Daiginjo* having won a gold award at The U.S. National Sake Appraisal\*. *Sho Chiku Bai* has grown to become North America's top brand, and we are challenging ourselves to develop innovative products that meet the market environment and satisfy needs, leveraging our considerable technical capabilities backed by our four-decade history and the strength of our local base of operations.



Takara Sake USA in Berkeley, California

\* Held annually since 2001, it is the oldest sake appraisal held outside of Japan. Gold and silver awards are presented to the sake entries that are highly evaluated.

## Promoting public awareness of Japanese food culture



Miyako Sushi & Washoku School

Mutual Trading has been promoting Japanese food and *washu* through the Miyako Sushi & Washoku School, which has trained Japanese food chefs since 2008, and the Sake School of America, which since 2010 has cultivated Japanese sake specialists. Moreover, Takara Sake USA's Sake Museum, established in 1997, is working to educate visitors on *washu* culture using exhibits related to sake and a tasting room that provides visitors with the opportunity for a real-life experience. As well as selling products, we are working to promote Japanese food culture in North America by training chefs and spreading *washu* culture.



Sake Museum

## Expansion of Japanese food wholesale operations in North America

In the Japanese food wholesale business in North America, Mutual Trading operates bases in the U.S. Going forward, we plan to open new locations in Houston, Texas, a city showing remarkable economic growth, and in Seattle, Washington, representing our first presence in the state. With this development, the Japanese food wholesale network in North America will consist of 15 bases in 12 states, and we plan to further grow the network to 20 as early as possible. The *washu* in our overseas alcoholic beverage business is developed by Takara Sake USA of California and Ontario Spring Water Sake Company of Ontario, Canada. The latter produces and sells *washu* and sake-based cocktails. Leveraging the extensive networks of both businesses, we are working to promote Japanese food culture, from the production of *washu* to the sale of Japanese food ingredients.



## The Takara Group and the History of Spread of Japanese Food in North America

History of the Takara Group in North America		History of Spread of Japanese Food in North America	
1926	• Mutual Trading Co., Inc. (MTC) founded	1963	• Japanese restaurant Restaurant Nippon opened in New York
1951	• Launched export of <i>washu Sho Chiku Bai</i> to North America	1965	• Kawafuku and Tokyo Kaikan opened in Los Angeles; Sushi Bar introduced
1965–	• Promoted sushi in the U.S. (Mutual Trading)	1960s–early 1970s	• California Roll born in LA
1971	• First <i>junmai</i> sake imported to the U.S.: Deluxe <i>Sho Chiku Bai</i> (Mutual Trading)		
1983	• Takara Sake USA Inc. (Takara Sake USA) established	1970s–1990s	• Growing health consciousness sparks growth in popularity of sushi among the affluent • Sushi restaurants spread across the U.S. (sushi, hot sake, edamame) • NOBU NY opened; Birth of <i>washoku</i> fusion cuisine
	• Launched local production and sales of <i>Sho Chiku Bai Classic</i>		
	• Opened a showroom specializing in cookware and restaurant supplies for Japanese chefs (Mutual Trading)	1993–Around 1995–2000	• Spread of conveyor belt sushi • 5,980 Japanese restaurants in the U.S.*3 • Spread of Japanese foods other than sushi (ramen, yakitori, gyoza, curried rice)
1989	• Held 1st Japanese Food & Restaurant Show (Mutual Trading)		
1992	• Made Age International, Inc. a group company	2000s–	• 14,129 Japanese restaurants in the U.S.*3 • <i>Washoku</i> is registered as a UNESCO Intangible Cultural Heritage
1997	• Completed Takara Sake USA's Sake Museum at Takara Sake USA		
2008	• Opened Miyako Sushi & Washoku School (Mutual Trading)	2010	• Demand for takeout rises due to spread of COVID-19 (sushi, bento (lunch boxes), donburi (rice-bowl dishes)) • 23,064 Japanese restaurants in the U.S.*3
2010	• Opened Sake School of America (Mutual Trading)		
2011	• Gold Award for <i>Sho Chiku Bai Classic</i> *1 (Takara Sake USA)	2013	• 10th anniversary of registration of <i>washoku</i> as UNESCO Intangible Cultural Heritage
2013	• Gold Award for <i>Sho Chiku Bai Junmai Daiginjo</i> *2 (Takara Sake USA)		
2016	• 90th anniversary of founding of Mutual Trading	2020–	
	• Made Mutual Trading a group company		
2023	• Made Ontario Spring Water Sake Company a group company	2022	
	• 40th anniversary of founding of Takara Sake USA	2023	

\*1, \*2: U.S. National Sake Appraisal; \*3: Source: JETRO

# Viral vector manufacturing and development initiatives

Viruses, while often associated with the image of disease-causing villains, have proven to be superior remedies when used well. Many pharmaceutical companies and bio start-ups are now using viruses to develop new drugs, and there are also approved drugs in the pipeline. Regarding new drug discovery platforms that are attracting attention, Takara Bio operates a CDMO business, which provides clients with one-stop support—from development to commercial manufacturing—and also develops its own drug discovery platform technologies.

## Viral life cycle

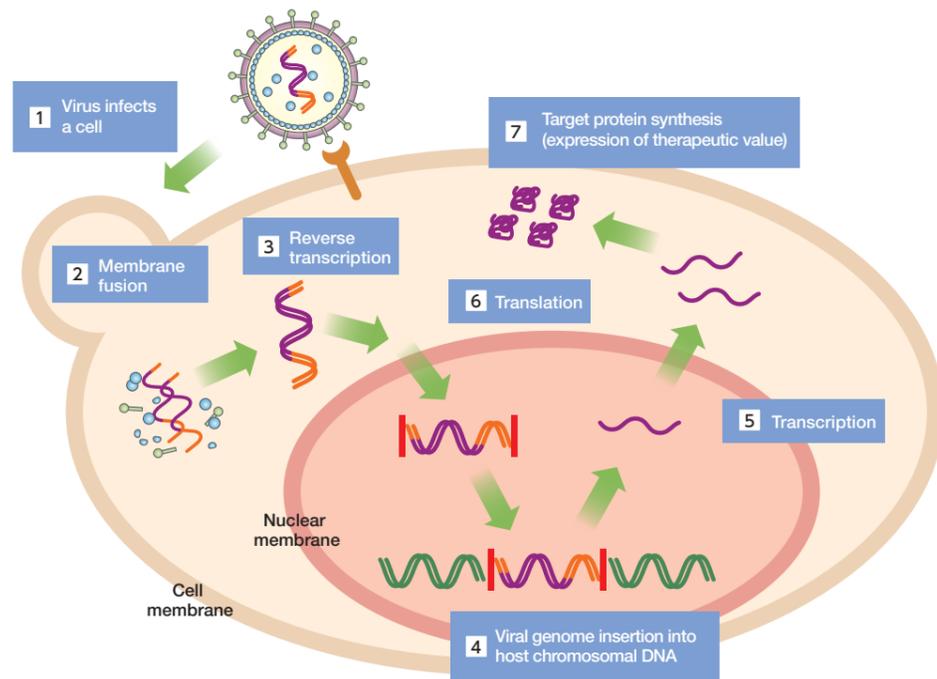
The structure of a virus is simple, consisting of genes and the protein shell that encases them. The virus cannot multiply independently, instead infecting host cells and multiplying. Each virus determines which cells of which organisms it will infect. When a virus does find a host cell, it enters and commandeers the host cell's system to create a large number of progeny viruses\* based on its own genetic information.

\* Some viruses are known to become latent, or dormant, in the host cell.

## The Scheme for Transforming Viruses into Drugs

In gene therapy, the properties of viruses are used to locate specific cells and transport genes into them. Viruses used in treatment are artificially modified; dangerous genes related to pathogenesis are preliminarily removed and replaced with therapeutic genes. Viruses that have been modified in this way to transport genes are called viral vectors—gene carriers—and play a central role in gene therapy.

## Process of viral vector expressing a therapeutic effect



## Typical gene therapy vectors

### ① Adeno-associated virus (AAV) vectors

AAV vectors carrying therapeutic genes are used during in vivo gene therapy where they are transferred, either systemically or locally, directly into the body. Takara Bio has experience both with approved drugs (indications: hemophilia A, B, muscular dystrophy, etc.) and clinical trial products under development (age-related macular degeneration, retinitis pigmentosa).

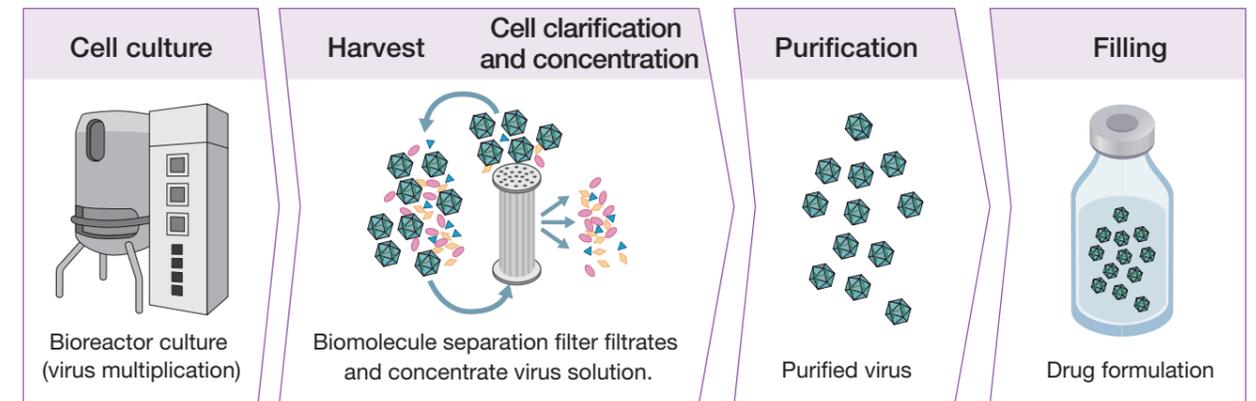
### ② Lentiviral vector

Lentiviral vectors are proven as a treatment for blood cancers. They are used for ex vivo gene therapy in which therapeutic genes are introduced into T cells, or immune cells, using lentiviral vectors and these transfected cells are administered.

## Takara Bio's initiatives

# 1 Viral vector manufacturing (CDMO business)

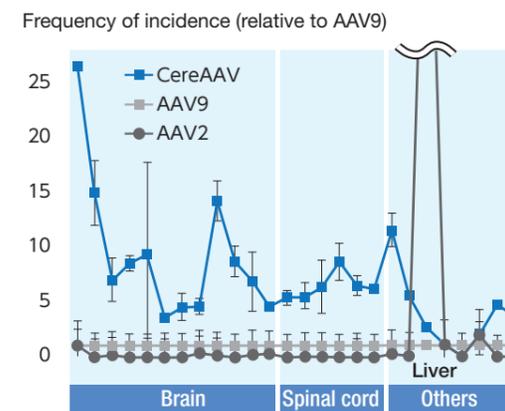
Viral vectors are manufactured through the culturing of specially processed virus-producing cells and the extraction and purification of the virus from the cells and cell supernatant. Special technology and equipment are required for manufacturing, which is conducted under strict control in line with the Good Manufacturing Practices (GMP), quality control standards for manufacturing pharmaceuticals. This is why it is common practice to outsource manufacturing to specialized operators. Takara Bio provides one-stop service—from R&D to commercial manufacturing—using cutting-edge facilities.



# 2 Viral vector development (drug discovery platform technology)

Takara Bio is developing viral vectors that have higher directivity to organs and cells derived from artificially modified viruses. Expectations are that enhanced directivity will result in reduced vaccination doses, prevention of unanticipated adverse events, and suppression of costs. Takara Bio has created viral vectors that can efficiently deliver genes to brain and inner ear tissue, and is currently developing applications.

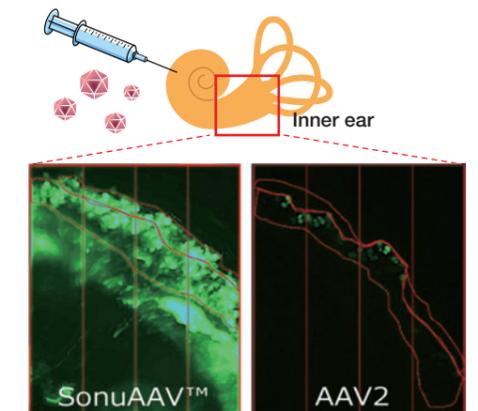
## CereAAV™ brain-tropic vector



CereAAV™ features high directivity to the brain and nerves. The graph shows the results of directionality tests on crab-eating macaques. Compared with existing gene therapy vectors AAV2 and AAV9, it has high directivity to the brain and spinal cord, but less so to the liver, which causes adverse phenomena.

\* Data from joint research with Project Leader Takayuki Harada and Researcher Kazuhiko Namekata of the Tokyo Metropolitan Institute of Medical Science, et al.

## SonuAAV™ inner ear directional vector



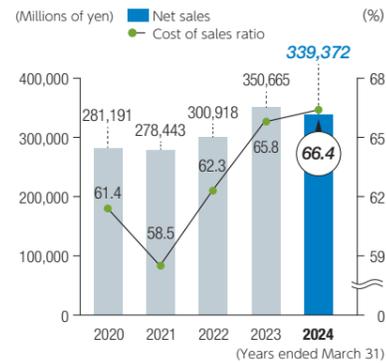
SonuAAV™ delivers genes into inner ear supporting cells 95 times more efficiently than existing gene therapy vectors (AAV2). The green areas in the figure indicate gene transfer sites. Moreover, tests using mouse disease models have heightened expectations regarding therapeutic effects against hereditary hearing loss.

\* Data from joint research with Kazusaku Kamiya, Associate Professor, Juntendo University

## Financial Highlights

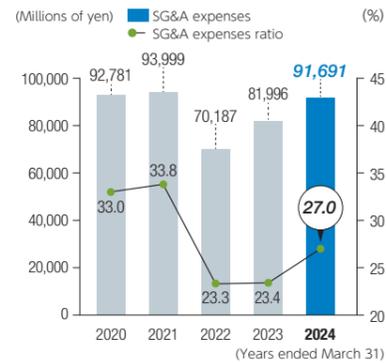
### Net sales / Cost of sales ratio

¥339,372 million **66.4 %**



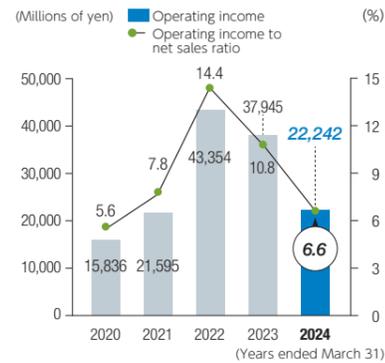
### SG&A expenses / SG&A expenses ratio

¥91,691 million **27.0 %**



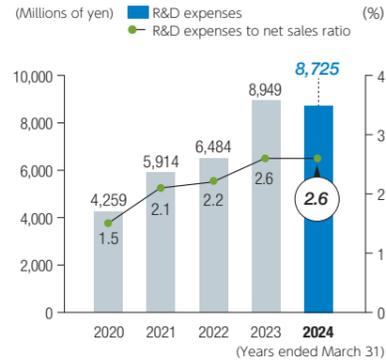
### Operating income / Operating income to net sales ratio

¥22,242 million **6.6 %**



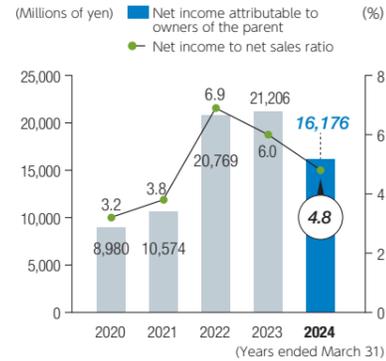
### R&D expenses / R&D expenses to net sales ratio

¥8,725 million **2.6 %**



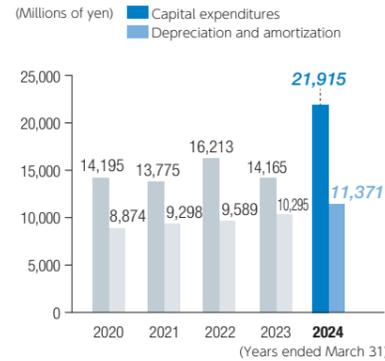
### Net income attributable to owners of the parent / Net income to net sales ratio

¥16,176 million **4.8 %**



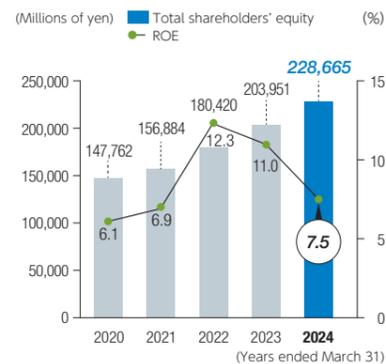
### Capital expenditures / Depreciation and amortization

¥21,915 million ¥11,371 million



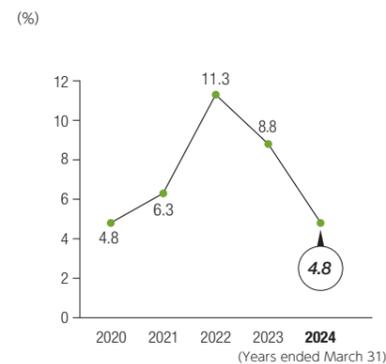
### Total shareholders' equity / ROE

¥228,665 million **7.5 %**



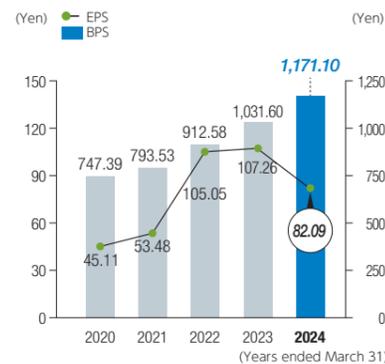
### Return on invested capital (ROIC)

**4.8 %**



### EPS / BPS

¥82.09 ¥1,171.10

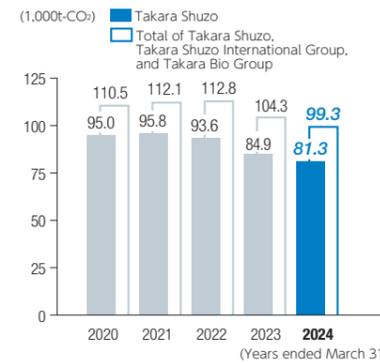


From the fiscal year ended March 31, 2022, in accordance with the adoption of the Accounting Standard for Revenue Recognition, a part of expenses that were previously accounted for as SG&A expenses were deducted from net sales. The net sales and SG&A expenses for the fiscal year ended March 31, 2021 and before are figures before the adoption of the Accounting Standard for Revenue Recognition.

## Non-Financial Highlights

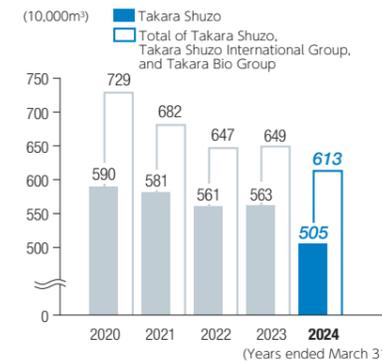
### Production process CO<sub>2</sub> emissions

**99,300 t-CO<sub>2</sub>**



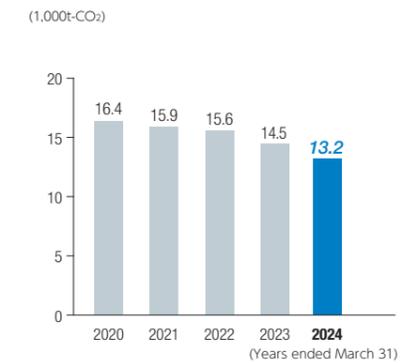
### Volume of water used in production processes

**6,130,000 m<sup>3</sup>**



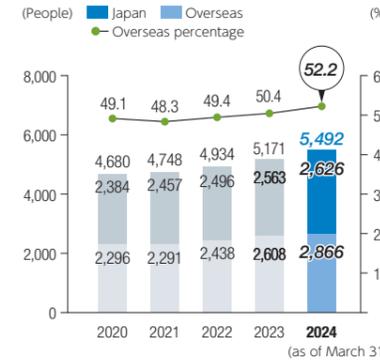
### CO<sub>2</sub> emissions from transportation processes (Takara Shuzo)

**13,200 t-CO<sub>2</sub>**



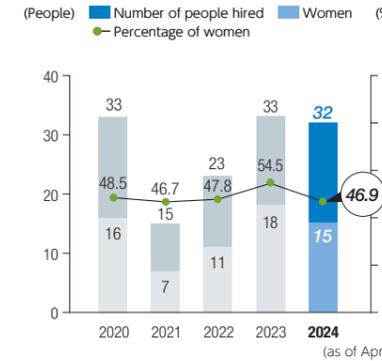
### Percentage of overseas employees

**52.2 %**



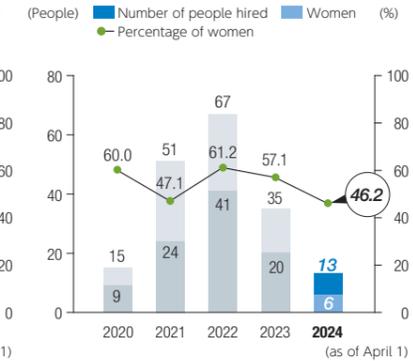
### Percentage of women among college graduate new hires (Total of Takara Holdings, Takara Shuzo, and Takara Shuzo International)

**46.9 %**



### Percentage of women among college graduate new hires (Takara Bio)

**46.2 %**



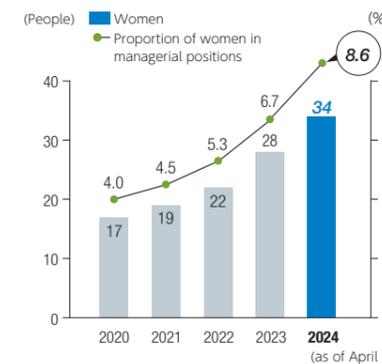
### Percentage of employees with disabilities (Takara Holdings, Takara Shuzo, Takara Bio)

Takara Holdings 3.12% Takara Shuzo 2.92% Takara Bio 2.56%



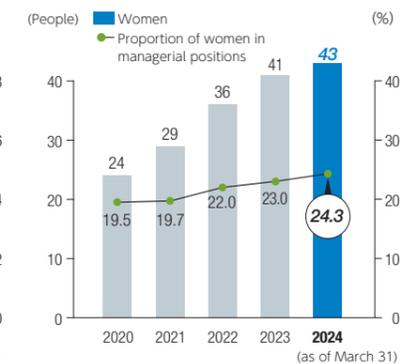
### Proportion of women in managerial positions (Total of Takara Holdings, Takara Shuzo, and Takara Shuzo International)

**8.6 %**



### Proportion of women in managerial positions (Takara Bio)

**24.3 %**



\* Managerial position = manager or above

\* Managerial position = manager or above



## Message from the President

### Mutsumi Kimura

Representative Director and President  
TAKARA HOLDINGS INC.



**We will promote ROIC-driven management and accelerate investing in growth and high-priority fields to increase the Group's enterprise value.**

### Aggressive Management through Penetration of ROIC

Under the TaKaRa Group Challenge for the 100<sup>th</sup> (TGC100), a six-year long-term management vision that will culminate in FY2025 (fiscal year ending March 31, 2026), the Takara Group—led by Takara Shuzo, which is responsible for domestic operations, Takara Shuzo International, which promotes overseas operations, and Takara Bio, which is responsible for biotechnology business—is taking on a host of challenges.

In the Takara Group Medium-Term Management Plan for 2025 over the three years through March 2026—the final stage of TGC100—our management policy is as follows “During this period, Takara Group intends to accelerate investing in growth and high-priority fields to increase the Group's enterprise value.”

To this point, the Group has focused on reducing costs and expenses. In itself, this is not wrong. I think that before long, however, cost reduction became an objective, and there was a lack of perspective on how to use the resources resulting from this process for further growth. In the current business environment, where the aging and declining population will inevitably lead to the domestic

market contracting, it is essential to develop and execute a more aggressive plan than ever. Measures include expanding exports of alcoholic beverages overseas—where there is significant room for growth—and expanding bases for Japanese food ingredient wholesaling, in the United States in particular. We also believe we must expand the range of high-margin products offered domestically.

In the past, a defensive stance had been at the forefront. In this medium-term plan, however, we have strongly emphasized our offensive posture of aggressive investment in growth and high-priority fields to achieve sustainable growth in enterprise value.

The first of the five key strategic initiatives in this medium-term plan is “thorough ROIC management.” Generating sufficient returns on investment is the premise for the promotion of aggressive investment. For this purpose, we have decided to disseminate the ROIC concept groupwide.

From this perspective, we believe managing profit and loss with an awareness of invested capital efficiency is important, in addition to the traditional concept of profit generation in relation to sales.

### Achievements and Challenges in the First Year of Medium-Term Management Plan for 2025

At the end of FY2023 (ending March 31, 2024), the first year of this medium-term plan, Takara Group's consolidated results showed sales and profits both falling. By business segment, Takara Shuzo recorded increases in both sales and profit, also surpassing the first-year targets of the medium-term plan. The Takara Shuzo International Group achieved increased sales and profit. While the results fell slightly short of the targets for the first year of the medium-term plan, these two companies together exceeded the combined targets. Meanwhile, the Takara Bio Group posted significant declines in both sales and profits owing to a sharp drop in demand related to COVID-19 infections, as well as global stagnation in the life science research market. The company also failed to reach the first-year targets of the medium-term plan.

Although Takara Group's overall performance fell shy of its targets, the interim results of the medium-term plan by business segment indicate that growth is on the horizon.

Takara Shuzo's overarching policy is to thoroughly cultivate its brands and promote initiatives to improve profit margins, including the

expansion of key brands and exports.

In this medium-term plan, we have positioned brands that are expected to increase earnings as key brands and are promoting their development. For popular sparkling sake brand *Sho Chiku Bai Shirakabegura Mio Sparkling Sake*, *Takara Shochu Highball*, which is favored by many fans for its dry taste, and *Takara Karakuchi Zero Ball*, a non-alcoholic chu-hi drink that achieves a pleasant drinking experience and the sense that the consumer is actually enjoying an alcoholic drink, sales were up. This was partly attributable to spending on advertising and, subsequently, the effects of aggressive information dissemination through television commercials, social media video content, and fan sites, and sales of key brands as a whole grew.

Although last fiscal year saw increased costs, such as surging raw material and energy prices, a higher proportion of key brands in the product mix, company-wide cost reductions and efficiency improvements, and price revisions resulted in improved profit margins.

Meanwhile, the challenge is to accelerate new product development. We plan to develop and

## Message from the President

launch about one new item in each category over the three years of the medium-term plan. Last fiscal year, however, we launched only one item, *Takara Hon-Mirin Luxury Rice Koji* (100% domestic rice malt),” in the seasonings category.

Although in the short term we will need to respond to demand for less profitable products, looking forward, we will focus on increasing the composition ratio of high-margin products. We will also develop new products that will grow into the next pillars of our business.

The Takara Shuzo International Group is developing new bases—primarily in North America—through M&A and organic expansion, developing new products that meet local needs through collaboration with Takara Shuzo and overseas group companies and capturing major chain volume retailers and restaurants.

Although the business as a whole achieved a year-on-year increase in sales and profit of over 10%, with the impact of foreign exchange rates, results in local currency terms—excluding M&A and the effect of foreign exchange—were slightly lower than planned, partly attributable to the impact of somewhat challenging conditions in the European market.

Amidst such circumstances, we have made progress in our initiatives to expand our U.S. base in the overseas Japanese Food Wholesale Business. Among the U.S., Europe, and Australia, where we operate, we lag behind our competitors, particularly in the number of offices in the U.S. As such, we have made it a top priority to fortify our presence in this market, the world's largest.

Following the acquisitions of Karolina, Inc. in Florida in December 2022 and Yamasho, Inc. in Illinois in January 2023, in July 2023, we acquired Minamoto Wholesale Corporation, based in Austin, Texas, in July 2023. This is geographically an area we have positioned as a priority area and where economic growth is swift. Furthermore, the company plans to open a branch in Houston. Together with the existing Texas branch in Dallas and the aforementioned acquisition, we will have a total of three locations in the state. Texas, where many Japanese companies have established operations, has the second largest state population in the U.S. after California. With the fourth largest number of Japanese restaurants in the U.S. and a remarkable growth rate in terms of the number of stores, by expanding its network of locations in Texas, the company will bolster sales in the greater metropolitan areas in the southern part of the state and surrounding areas. Another area of focus is Seattle, located in the state of Washington. The city ranks fifth in the U.S. in the number of Japanese restaurants. The company plans to open a branch in Seattle, where it had not previously had a location, by the end of 2025.

This will bring our total number of locations in North America to 15 in 12 states. We will continue to grow the number of locations, with the aim of reaching 20 as early as possible.

In the overseas alcoholic beverages business (*washu*), exclusive overseas products of *Mio*, positioned as a global priority brand, performed well. To further revitalize the brand, group company Takara Sake USA entered into an official sponsorship agreement with the New York Mets of Major League

Baseball for FY2024. *Mio* is also on the menu in the VIP room at Dodger Stadium—home stadium of Major League Baseball's Los Angeles Dodgers—and we expect its presence to increase in line with the success of Japanese athletes.

With regard to one of our business policies, which is to develop and nurture “innovative Japanese alcoholic beverages” not bound by the conventional domain of *washu*, we are expanding sales of sake cocktails produced by Ontario Ltd. of Canada—acquired through M&A in May 2023—by utilizing the sales channels of Mutual Trading, a U.S. wholesaler of Japanese food ingredients overseas. Furthermore, through collaboration with WAKAZE, Inc., a sake startup company in which Takara Holdings invested in January 2023, Takara Sake USA has undertaken initiatives such as the contract manufacturing of SummerFall, a sparkling sake in a can which WAKAZE began marketing in April 2024, for the U.S. market.

As for the Takara Bio Group, while we had anticipated decreased sales of products related to COVID-19 infection testing, factors including stagnation in the Chinese economy combined to lead to deterioration in the market environment for the life sciences industry, resulting in a decline in revenue and profits.

Going forward, we will also work to establish a global reagent manufacturing system to satisfy needs in every region of the world. Moreover, long-term social needs for the bio-related industry are high. Given this, in the CDMO business that supports gene therapy development and manufacturing by pharmaceutical companies, we plan to achieve increased revenue and profits this fiscal year by leveraging our proprietary platform technology and clinical development experience to deploy C“R”DMO, which will provide comprehensive support services from the early stages of development (research).

### Bolster growth investment to enhance earning capacity

As stated in the key strategies of the current Medium-Term Management Plan, our group aims to enhance our future earning capacity and social sustainability. We have established our two proprietary business models: to bolster the global awareness and acceptance of Japanese food culture, and to become a prominent platform provider of a critical infrastructure for the global life science industry. We aim to create value over the medium to long term.

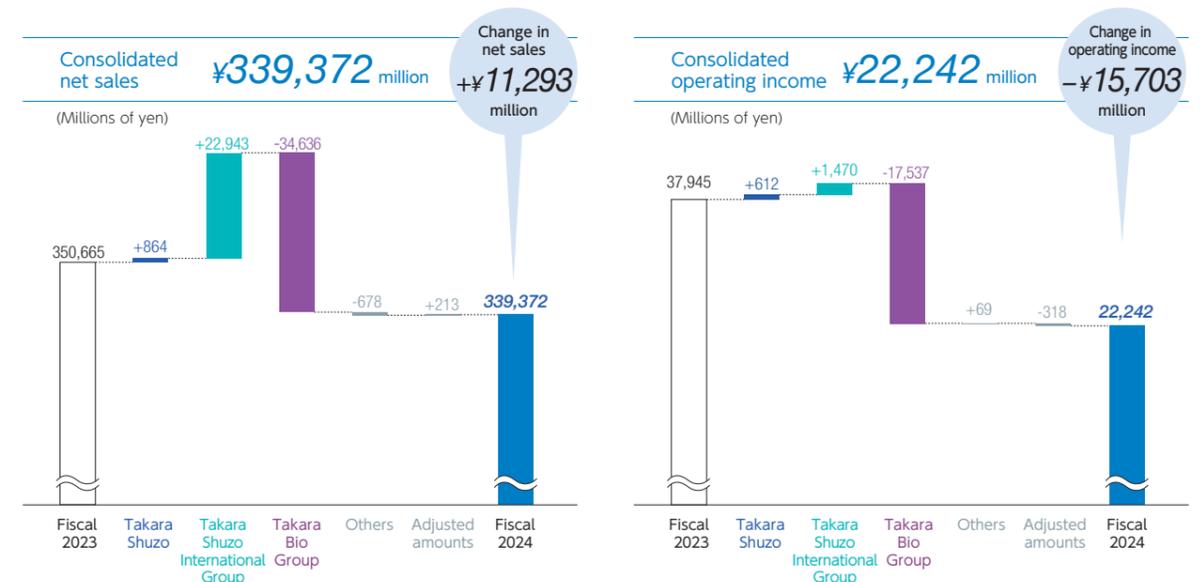
To achieve this, over the three years of the medium-term plan, we intend to invest approximately 88 billion yen. This amount exceeds the three-year operating cash flow generated by the Group as a whole, and is 2.7 times more than the previous medium-term plan.

FY2023 investment results include the renewal of facilities for the canned chu-hi line at Takara Shuzo's Fushimi Plant, the purchase of land for the expansion of facilities at the Matsudo Plant, and M&A and warehouse function expansion in the Takara Shuzo International Group. The Takara Bio Group invested 27.0 billion yen for the group as a whole, including the construction of the Center for Gene and Cell Processing II. While this was less than the 31.8 billion yen planned for the first year of the medium-term plan, progress was generally in line with the plan, with the exception of the Takara Bio Group.

From the perspective of going concerns, the foundation of this Medium-Term Management Plan



Breakdown of changes in consolidated financial results for fiscal 2024



## Message from the President

is the strategy of investing in business fields with growth potential as a stepping stone to the future.

In the course of investing the 88 billion yen planned, it is important not only about investing in a growing business with profit potential, but about securing a return that exceeds the cost of capital. To this end, we are focused on raising employee awareness of ROIC.

The ROIC target for FY2024 is 4.8% and for FY2025 the company aims for 5.2%. To achieve the target of 7.5% or more in the final year of the Medium-Term Management Plan, we believe the issue of how we disseminate ROIC within the company is crucial. Therefore, we are working to instill in our employees the Takara version of ROIC translation, an updated version of the model we have used internally for some time as an approach to business innovation. By incorporating this thinking regarding ROIC into each employee's job, we are attempting to heighten awareness of the need to generate innovation and raise productivity.

It presents the concept that, to improve productivity, the management resources to be invested are the denominator, so to speak, and the returns to be obtained are the numerator. Furthermore, instead of choosing between reducing the denominator or increasing the numerator, we should practice both.

The Takara version of ROIC translation divides business into existing operations and operations in growth areas. After having identified existing operations, it selects new operations that need reinforcement. Then it considers how to cut time and costs in existing operations without sacrificing output, and utilizes the extra capacity created by these operations in growth area businesses. In this way, each employee is striving to maintain the numerator—the return on existing work—while reducing the denominator and investing the created resources in the denominator of growth areas to boost results, which in turn leads to higher groupwide productivity.

Rather than making cost reduction an objective in and of itself, we need to focus on what should be done with the money and time saved through reduced costs and higher business efficiency. In other words, we make employees aware of how to achieve productivity gains and of whether they can take on the challenges they wish to.

We believe that front-line employees think about improving ROIC in this way will ultimately have a positive effect on the company's business performance and stock price.

Of course, we will not achieve results overnight. As such, I will personally inform employees repeatedly about the meaning and significance of ROIC-driven management to achieve improvement in ROIC.



In recognition of the company's activities and achievements, in July 2024, for the first time, it was selected as a constituent of the FTSE Blossom Japan Index, a top ESG investment index.

This index was designed by FTSE Russell to gauge the performance of companies demonstrating strong ESG practices. The FTSE Blossom Japan Index is also one of the ESG indices adopted by Japan's Government Pension Investment Fund (GPIF), which manages the nation's public pension funds. Going forward, we will accelerate sustainable society-oriented initiatives and our business activities to resolve social issues.

Implementing the measures we have discussed to this point and achieving the productivity improvements we are currently working on and the innovations we aim for require the promotion of active participation of a diverse range of human resources who will serve as the driving force, and the fostering of a sense of satisfaction that will enhance employee engagement.

With this in mind, it is important to first deepen the dialogue to align the vector of the employees with the direction of the company, and then maximize the power of the organization as a whole. I personally have visited offices nationwide, and set up opportunities for employees to ask any questions they have about the business or their work, and shared my thoughts on our enterprise social network in the interest of revitalizing communication among employees by ensuring their psychological safety. We believe that by doing so, we can help develop an organizational culture that encourages trial and error.

Moreover, the fall of 2024 will bring the launch of starTreasure, a new business development program in which employees participate.

Reviewing the history of our group, we have not created a new business in the more than 10 years since we entered the overseas Japanese food wholesale business in 2010. We are launching the new program recognizing that we were deficient in terms of activities to develop and foster new businesses.

After having the employees themselves recognize the need for new businesses, the aim is to alter their way of thinking so that they can leverage the knowledge they gain through their daily work in the creation of new business opportunities.

We are also working on collaboration with startups. The aim is not only to create specific new products or growth businesses, but by exposing employees to corporate cultures and personnel with differing organizational climates, we aim to create a chemical reaction of sorts. We hope this will foster a mindset of challenge among employees where they will not fear failure.

Next year, our group will celebrate the milestone of its 100th anniversary. With starTreasure, we are also sowing seeds that will give rise to new businesses with an eye toward the coming century. Under the vision of "Smiles in Life" we will constantly address challenges to make people's lifestyles, vitality, and lives throughout the world filled with smiles, achieve the goals set out in our Medium-Term Management Plan, and move forward toward the next 100 years.

We hope that all of our stakeholders are excited about the challenges—which are not merely an extension of our past endeavors—that lie ahead for the Group.

### Creating New Sprouts to Carve Out the Next Century

Takara Group has formulated the Takara Group Sustainability Vision to "step up group-wide efforts to drive corporate sustainability," one of the key strategies of the current Medium-Term Management Plan. With regard to the 10 material issues, we are working to address the TCFD framework and other disclosure standards and to resolve social issues such as dietary habits and life science research through our business activities.

Most recently, we have been working to cultivate human resources to grow our overseas business, to implement initiatives based on the action plan of the

Act on the Promotion of Women's Active Engagement in Professional Life, to continue CO<sub>2</sub> emission reductions, and to further raise the sophistication of TCFD disclosures. Furthermore, we are promoting sustainability activities that are closely linked to our business. This is evidenced by the proactive adoption of environmentally friendly materials by the Takara Bio Group, Takara Shuzo's regional development through *Takara CRAFT*, collaboration with FERMENSTATION, a company that develops and produces sustainable alcohol, and pushing forward with the labeling of the amount of pure alcohol in products.

#### Takara Group Medium-Term Management Plan for 2025 – Five Key Strategic Initiatives

- 1 Ensure ROIC-driven corporate management is practiced across the Group and invest in businesses in growth and high-priority fields
- 2 Establish and strengthen Takara's unique business models that facilitate the operational enhancement and the medium- and long-term provision of value while enhancing social sustainability
- 3 More aggressively invest in the Group's intangible assets, including human capital and IT (Motivate employees to have a greater sense of pride and purpose at work to achieve greater productivity and drive innovation)
- 4 Step up group-wide efforts to drive corporate sustainability
- 5 Upgrade corporate communications programs

# Message from the Director in Charge of Finance

We are committed to heightening capital efficiency, achieving sustainable growth, and enhancing the Group's enterprise value.

**Keisuke Mori**  
Director



## Results for the Fiscal Year Ended March 31, 2024

Looking at net sales for the fiscal year ending March 31, 2024, Takara Shuzo, which handles domestic business, and the Takara Shuzo International Group, which is responsible for overseas business, posted higher earnings. The Takara Bio Group, however, recorded a decline in sales, and overall group net sales dropped 3.2% year on year to ¥339,372 million. Operating income increased for Takara Shuzo and the Takara Shuzo International Group, but decreased for the Takara Bio Group, resulting in overall Group operating income of ¥22,242 million, down 41.4% year on year, and ordinary income of ¥23,336 million, a year-on-year decline of 39.7%. Net income attributable to owners of the parent also fell year on year, 23.7%, to ¥16,176 million.

## Financial Strategy of the Medium-Term Management Plan for 2025

In the medium-term plan starting from the fiscal year ending March 31, 2024, we have established "ensure ROIC-driven corporate management is practiced across the Group and invest in businesses in growth and high-priority fields" as a key strategy. We will invest approximately 88 billion yen over the three-year period—mainly in growth and high-priority fields—surpassing operating cash flow. The company is targeting ROE of 9.0% or more and ROIC of 7.5% or more for the fiscal year ending March 31, 2026.

Our financial policy is to "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." And our shareholder return policy is to provide shareholder returns commensurate with profit levels (dividend payout ratio of about 35%).

## Financial Status for the Fiscal Year Ended March 31, 2024

In the fiscal year ended March 31, 2024—the first year of this medium-term plan—we invested 27 billion yen in growth and high-priority fields in line with our management policy.

With regard to investment projects, we continue to use the NPV method to determine investment efficiency and apply a hurdle rate of 7.5%, an approximation of WACC, which sets the cost of shareholders' equity at 9.0%, the ROE target for this Medium-Term Management Plan.

With regard to M&A projects, the discount rate used in the calculation of enterprise value using the DCF and other methods is employed as the hurdle rate, and it will not be less than 7.5%.

As for ROE and ROIC, as shown in the graph on the right, they were high from FY2021 to FY2023 as demand driven by COVID-19 led to increases in operating income and net income attributable to owners of the parent.

The ROE target for the first year of this medium-term plan—which saw a decrease in demand related to the pandemic—was 7.2%, but the actual ROE was 7.5%, surpassing the goal, as net income attributable to owners of the parent exceeded the plan's target due to factors such as the sale of cross shareholdings.

ROIC was 4.8%, compared with the 5.8% target for the first year of this medium-term plan, owing mainly to Takara Bio's failure to achieve its operating income goal.

Compared with the pre-pandemic FY2019 ROIC of 4.8%, ROIC remained flat as, though operating income rose, there was also an increase in invested capital. By business segment, operating capital increased mainly due to fixed assets of the Takara Bio Group and M&A activity of the Takara Shuzo International Group.

ROIC was below the Group's WACC, which we recognize to be over 6%, and PBR is hovering around 1x. Given this, we recognize that we need to further augment activities to heighten enterprise value.

The dividend was ¥29, for a dividend payout ratio of 35.3%. Moreover, the company executed ¥3 billion in share buybacks between November 2023 and February 2024, and reduced its cross shareholdings by 8 issues, resulting in a reduction of approximately ¥4.8 billion for the fiscal year ended March 2024.

products and bolstering exports, and the overseas Japanese food wholesale business further deepening existing routes, diversifying channels, and expanding its bases. The Takara Bio Group anticipates rises in both sales and profit by advancing its regional glocal strategy and by leveraging the Center for Gene and Cell Processing II in the outsourcing (CDMO) business.

As a result of the above, for the fiscal year under review, we plan to achieve a 6.7% year-on-year increase in net sales to ¥362 billion, a 15.5% year-on-year rise in operating income to ¥25.7 billion, a 12.7% year-on-year increase in ordinary income to ¥26.3 billion, and a 6.3% year-on-year net income attributable to owners of the parent to ¥17.2 billion yen, marking a return to profitability.

For FY2024, the Takara Group as a whole plans to invest ¥25.5 billion.

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Regarding ROE, although net income attributable to owners of the parent is expected to increase year on year, the rise in shareholders' equity will result in a forecast of 7.3%, lower than that for FY2023.

The projected ROIC is 5.2%—higher than FY2023—due to increased operating income in each segment. The company plans to pay a dividend of ¥31 per share, for a dividend payout ratio of 35.2%.

The Group will shift to a focus on profit growth toward achieving the ROE and ROIC targets of this medium-term plan, and will further heighten capital efficiency through measures such as reducing cross shareholdings. Moreover, we will work to optimize inventory levels and to enhance invested capital efficiency. Furthermore, from FY2024, we will accelerate the dissemination of ROIC-driven management by adding the degree of achievement of ROIC targets as a performance assessment indicator for workplace managers and above.

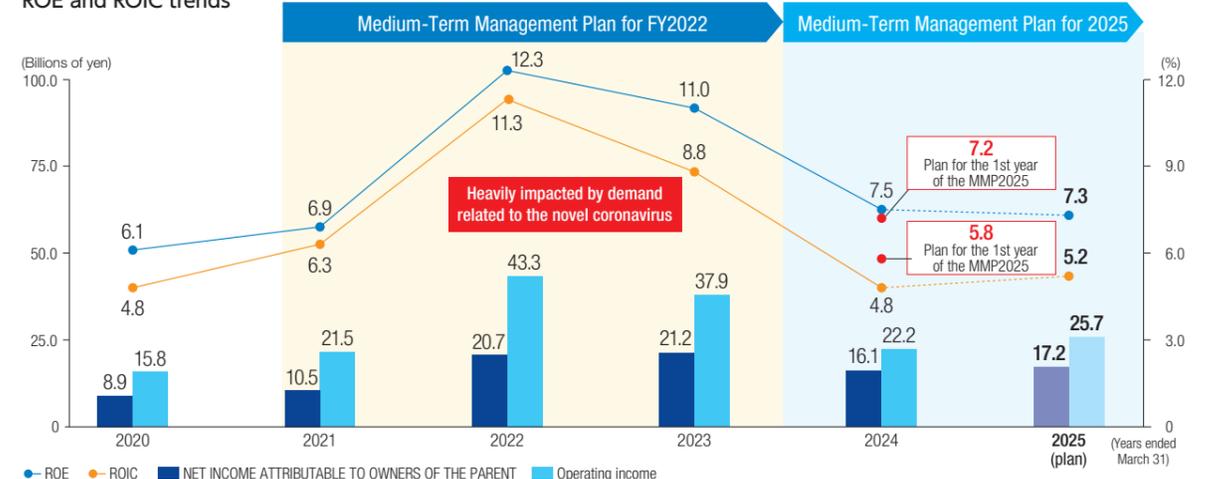
Takara Holdings will continue working to achieve sustainable growth through our business activities and enhance the Group's enterprise value to bring smiles to the faces of our stakeholders.

## Business Performance and Financial Outlook for the Fiscal Year Ending March 31, 2025

For FY2024, the second year of this medium-term plan, Takara Shuzo expects a decrease in net sales due to lower sales of shochu and alcohol as a raw material. Operating income is expected to rise, however, as cost reductions, an improved product mix, and price revisions will offset cost increases due to raw materials and fuel and foreign exchange effects.

The Takara Shuzo International Group expects increases in both sales and profits as Japanese food spreads overseas, with the overseas alcoholic beverages business expanding its overseas-exclusive

ROE and ROIC trends



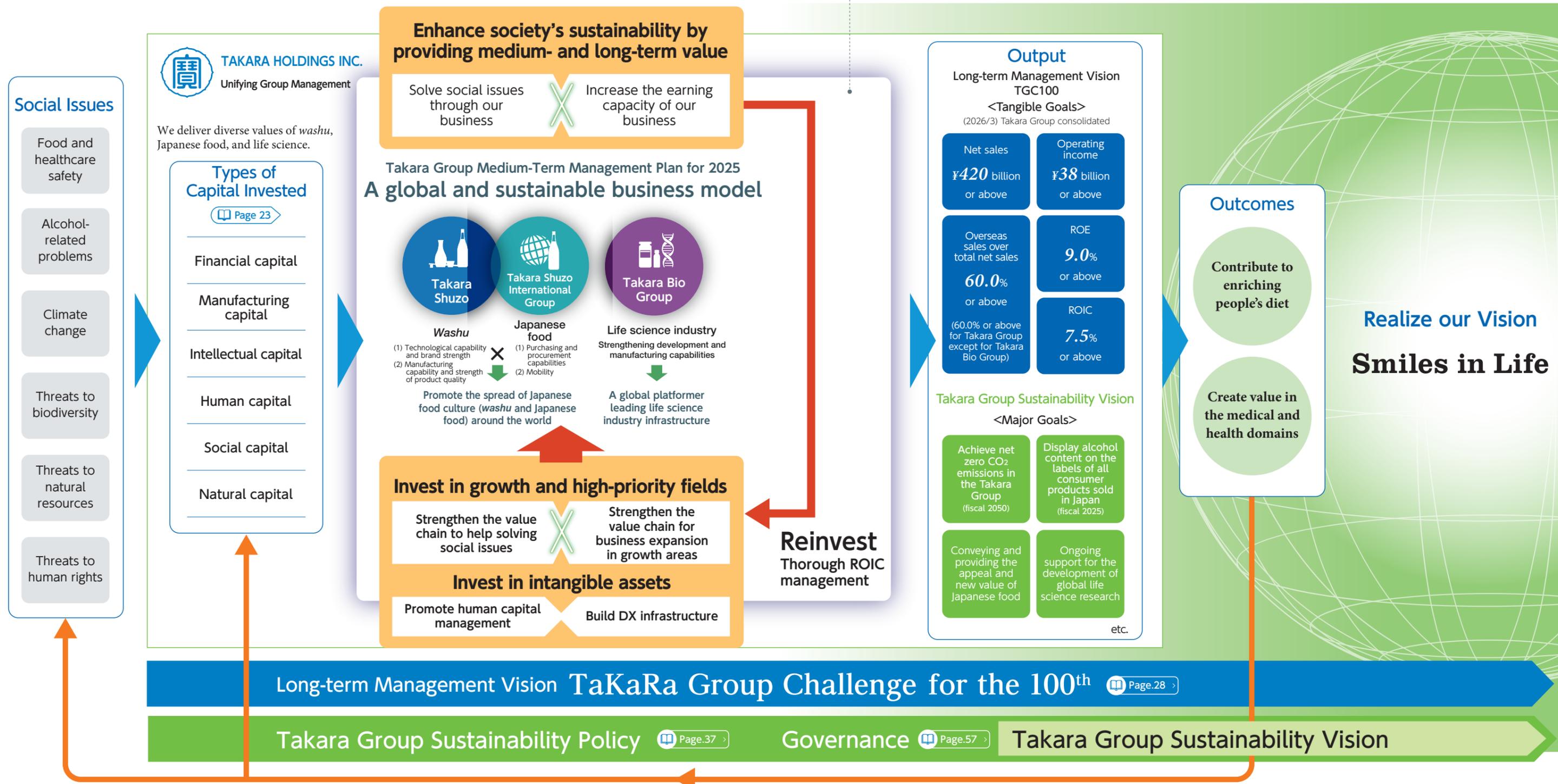
# Our Value Creation Process

For the Takara Group, the preservation of rich natural environment is a major premise in continuing its business. As a corporate group engaged in food and healthcare businesses, the safety and reliability of its services is the most important theme. At the same time, we need to address a variety of social issues that include alcohol-related problems.

Under TaKaRa Group Challenge for the 100<sup>th</sup>, our long-term management vision, we will fulfill our responsibilities as a company to create a sustainable society by solving social issues through our business activities. And through the value creation process, we will constantly address challenges to make people's lifestyles, vitality, and lives throughout the world filled with smiles.

**Business Environment**

- Domestic Business**
  - Alcohol consumption in decline; younger people drinking less
  - The inbound tourism market recovering and expanding
- Overseas Business**
  - The global Japanese food market expanding
  - Popularity of innovative *washu*
- Biomedical Business**
  - The biomedical industry expanding markets
- General Trends**
  - The Liquor Tax Act revised
  - Further growing demand for sake made in Japan
  - Soaring costs with no sign of decline
  - Businesses increasingly required to help address various social/environmental issues related to sustainability



# Takara Group's Capital

The history of the Takara Group began with the sake brewing business in 1842. Currently, the Takara Group is promoting operations including primarily the domestic alcoholic beverages and seasonings business operated by Takara Shuzo, the overseas alcoholic beverages and Japanese food wholesale business promoted by the Takara Shuzo International Group, and the biomedical business operated by the Takara Bio Group. The Takara Group's advantage is that its businesses are each independent and have established a well-balanced business portfolio that is resilient to changes in the environment.

In addition to maintaining this structure, we aim to further strengthen the capital accumulated until now and to improve the sustainable corporate value as a source of value creation.

## Financial capital Pages 19-20

Enhance global cash management and improve asset efficiency to accelerate investing in businesses in growth and high-priority fields

- Build a robust portfolio through the domestic, overseas, and biomedical businesses

◆ ROE	7.5%
◆ ROIC	4.8%
◆ Equity ratio	52.3%
◆ Bond ratings	A (R&I), A+ (JCR)

(Fiscal year ended March 31, 2024)

## Manufacturing capital Pages 32-34

Manufacturing structure to provide customers all over the world with safe and reliable products and services

### <Takara Shuzo>

- Core factories in East and West Japan: Matsudo Plant (Matsudo City, Chiba Prefecture) and Fushimi Plant (Kyoto City, Kyoto Prefecture)
- Manufacture of high-quality sake such as *junmai* sake and *daiginjo* sake: Shirakabegura (Kobe City, Hyogo Prefecture)
- Keeping about 85 varieties of barrel aged shochu in about 20,000 casks: Kurokabegura (Koyu District, Miyazaki Prefecture)

### <Takara Shuzo International Group>

- Manufacture of *washu* that meets local needs: Takara Sake USA Inc. (U.S.), Takara Shuzo Foods Co., Ltd. (China)
- Manufacture of whiskeys in Scotland: The Tomatin Distillery Co. Ltd (UK)
- Manufacture of sake-based cocktails, etc. in Canada: Ontario Spring Water Sake Company (Canada)

### <Takara Bio Group>

- Glocal manufacturing system to implement stable supply
- Center for Gene and Cell Processing equipped for the manufacture of various modalities  
Head office (Kusatsu City, Shiga Prefecture), Takara Bio USA, Inc. (U.S.), Takara Biotechnology (Dalian) Co., Ltd. (China), Takara Bio Europe S.A.S. (France), and DSS Takara Bio India Private Limited (India)

◆ Alcoholic beverage manufacturing locations	6 in Japan, 4 overseas
◆ Bio-manufacturing locations	5

(As of March 2024)



Shirakabegura



Takara Sake USA Inc.



Takara Bio head office

## Intellectual capital Pages 32-34

Increase brand strength, technological capability, and strength of product quality to achieve sustainable growth

- Visualize product development, cooking effects and functions numerically  
East Japan Seasonings Customer Center (Chuo-ku, Tokyo), West Japan Seasonings Customer Center (Kyoto City, Kyoto Prefecture)
- Genetic and cellular engineering technologies for supporting the sustainable growth of the reagent and equipment business, CDMO business, and gene therapy field

◆ R&D expenses	¥8,725 million
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(Fiscal year ended March 31, 2024)



## Human capital Pages 25-26

Foster human resources and promote the active involvement of diverse human resources to improve corporate value and realize the growth of the Group

- Provide training for our employees at the Takara Holdings Corporate History Museum (disseminating the TaKaRa Five Values, the Group's common values, and Vision, and fostering human resources who take on challenges based on what they learn from the history of the Takara Group)
- Promote the active involvement of women and seniors and promote the employment of persons with disabilities
- Engage in activities to achieve a comfortable workplace environment and a work-life balance

◆ Number of employees across the Group	5,492
◆ Percentage of overseas employees	52.2%

(As of March 31, 2024)



## Social capital Pages 55-56

Build cooperative relationships with suppliers and partner companies as well as networks to realize global business growth

- Trusted brands we have acquired through the deep bonds with our customers and suppliers  
For example, the *Takara* brand, which has a history of over 120 years, and *Sho Chiku Bai*, known for its "*yorokobi no sake*" tagline, meaning "sake of joy"
- Spread Japanese food culture (*washu* and Japanese food) around the world through Japanese food wholesale networks
- Support research activities in the life science field at universities and companies (reagents and instruments business and CDMO business)

◆ Coordination with many customers and suppliers who support brand cultivation	
◆ Overseas sales over total net sales	55.3%

(Fiscal year ended March 31, 2024)



## Natural capital Pages 38-44

Strengthen the value chain to help solve social issues such as climate change and preservation of biodiversity

- Activities to protect natural environments and assistance for research toward safeguarding the wildlife in these habitats  
The Takara Harmonist Fund was established in 1985.
- Initiatives to realize a sustainable society  
Reducing greenhouse gas emissions, using environmentally friendly containers, etc.

◆ Takara Harmonist Fund	
Number of grant recipients:	422
Cumulative total amount of grants:	¥199,410,000

(As of June 2024)



## Message from the Director in Charge of Human Resources

We will work to foster a corporate culture in which diverse human resources aim to grow independently and take on challenges to realize our Vision.

**Hideo Takahashi**  
Managing Director



### Focusing on Cultivation of Global Human Resources

From the perspective that personnel are important capital and management “assets,” the Group has described them as “human capital” since before the spread of this concept. Based on the fundamental idea that the comprehensive strength of human resources is the source of a company’s sustainable growth and development—a long-established concept—we are working to augment human capital in accordance with changes in the business environment, management strategies, and issues.

To realize the vision of “Smiles in Life” which is currently being promoted in our long-term management vision, TaKaRa Group Challenge for the 100th (TGC100), we have established three human capital development policies: “Fostering human resources who can be responsible for the next generation of the Group and take charge of global business growth,” “Establishing a workplace offering both rewarding work and job satisfaction as well as a corporate culture that nourishes people,” and “Promoting the active involvement of diverse human resources.”

In particular, we are working towards the establishment of a business model for “expanding Takara’s global sales of *washu* and Japanese food” by Takara Shuzo and Takara Shuzo International, one of the key strategies of the Medium-Term Management Plan for 2025, the final stage of

TGC100. With this in mind, securing and cultivating global human resources has become an urgent issue.

As the Group continues to expand its overseas bases, in addition to securing human capital through new graduate and mid-career recruitment, it is also supporting the image formation of careers in overseas business through job rotations, which entail the transfer of young employees in their 20s and 30s who wish to work overseas to Takara Shuzo International and overseas bases, and through the Global Café exchange program involving employees working in Japan or abroad. We are working to foster a global mindset by broadening the scope of our cross-cultural training program—previously only available to employees newly assigned overseas—and covering topics including preparation for life overseas and learning about the culture and customs of the country to which one has been assigned, to include domestic employees who hope to work overseas. From this fiscal year, in addition to the conventional support offered to students attending language schools, we have also begun providing learning opportunities for students to acquire language skills necessary for business, such as English-language email writing and discussion.

In FY2018, we launched a selective leadership development study group for managers with an eye toward cultivating human capital to carry the next generation. To this point, 58 people have taken the course, the primary goal of which is to foster awareness and preparedness to take charge of the

group. Since FY2022, we have also been implementing training to develop next-generation leaders among factory technical staff to pass on our manufacturing know-how and skills as a manufacturer. We are promoting the development of personnel with a wealth of experience to take on the responsibility of ensuring safety and security.

### Ascertaining Actual Employee Engagement through Surveys

With regard to “diversifying the Group’s human resources and increasing employee engagement,” we are building an organization that respects diversity, encompassing women, seniors, and persons with disabilities. In recent years, among new graduate hires, the proportion of women has surpassed our target of 40%. Our aim is to increase the ratio of women in management positions from 8.6% as of April 2024 to 10% or more by the end of FY2025. With regard to seniors, we have in place a system of continuous employment up to the age of 70. We have also introduced a system of treatment based on ability to encourage people to enthusiastically demonstrate their capabilities.

We see the foundation for these measures as “establishing a workplace offering both rewarding work and job satisfaction as well as a corporate culture that nourishes people.” To bolster human capital, the Group believes it is essential to understand employees’ current engagement level. With this in mind, with the help of outside experts, we conducted our first employee survey in 2023 with the aid of outside experts. To resolve the issues identified, we have launched two new initiatives.

The first targets young employees: “promotion of career development support for medium- to long-term growth.” This program is in response to requests from younger employees—particularly those in their 30s—for further career development support. We have developed a scheme to foster the human resources necessary to achieve the group’s medium- to long-term vision. For this program, which continuously promotes employee growth, our aim is to provide training content that encourages workers to consider their own careers autonomously, and can be put into action.

As part of our support for the necessary reskilling, we are working on the visualization of the skills possessed by our employees, as well as the knowledge, skills and qualifications required for the work that they want to do. We also promote educational measures in support of independent learning. Moreover, we conduct study sessions for the purpose of

upgrading IT skills common to different businesses and types of jobs, and are increasing opportunities for those wanting to attend, including managers who seek to boost their skills.

### Implementing Various Initiatives to Promote Climate Innovation to Evolve into an Organization Incorporating Trial and Error

The second of the aforementioned initiatives is to foster “a challenging organizational culture and the ability to innovate.” One of the strengths of our group’s employees is that they are highly diligent and are able to accomplish what they set out to do. The issue as we saw it was to further enhance their spirit of taking on challenges.

Given changes in the business environment, we must also create new businesses. We aim to develop an organizational culture that encourages the process of trial and error through the “TaKaRa WAKU-WORK Project,” which encourages stronger communication such as one-on-one meetings between supervisors and subordinates, and starTreasure, a new employee participation-type business development program to be launched this year.

Furthermore, as the cost of investing in human capital is increasing year by year, we are working to bolster human capital groupwide through a host of measures. These include training to develop next-generation leaders, and expansion of opportunities to learn and places of learning where employees can pursue autonomous growth.

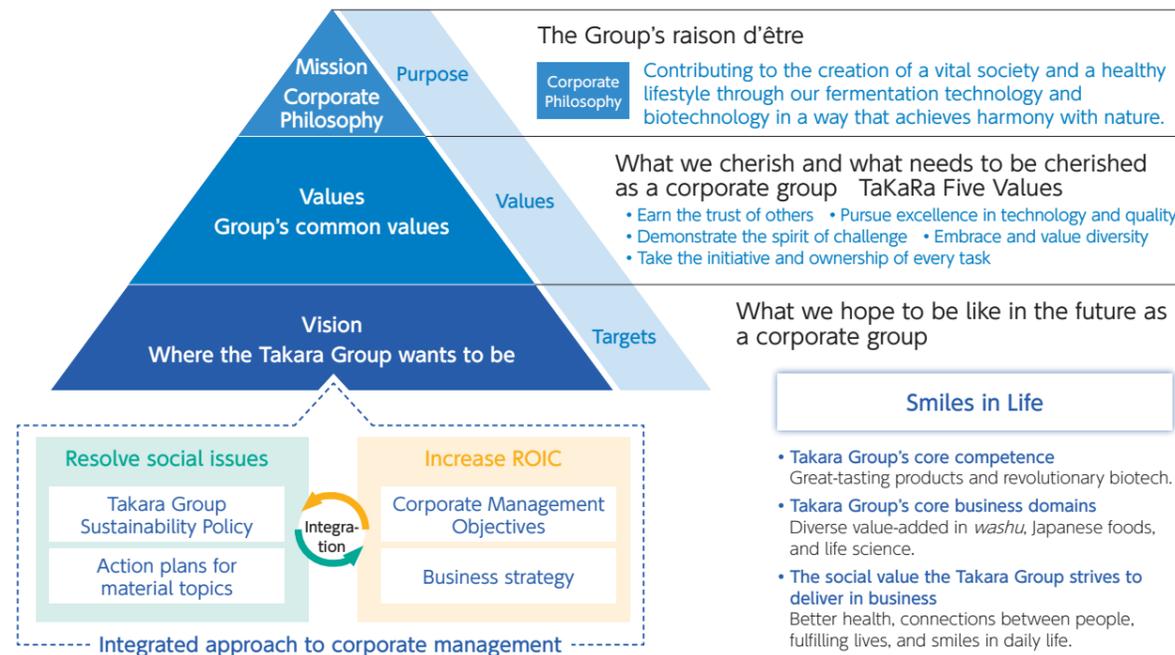
Going forward, with our first priority being the creation of an environment where people can work with energy and enthusiasm so that all employees can cooperate in resolving social issues with a smile and create many more smiles around the world, we will continue to enhance engagement by developing a sense of unity and ambition to realize our vision.



Global Café in session

## Our Identity

The Takara Group's identity (our "Takara-ness") is a systematization of the Vision (what we aspire to be) presented in our Long-term Management Vision (TGC100) and, and redefines as our Values (the values shared amongst the Group) what all employees in the Group should respect based on our Mission, the raison d'être of our Group. This identity is rooted in the amalgamation of all the different strengths of each individual employee of the Takara Group, fostering a corporate culture to make our Vision reality while heightening our sense of unity as a Group while not losing our "Takara-ness."



## Group's common values (TaKaRa Five Values)

The "TaKaRa Five Values" presents what we cherish and what needs to be cherished as a corporate group. These common values of the Group express the ideas and spirit of the company motto, "Three Points of Importance, Three Points of Care," in a way that accommodates the changing times and globalization and is easily understood by employees.



\* The importance of decorum, The importance of the law, The importance of responsibility, Care with words and actions, Care with fire, Care with machinery.

- 01 Earn the trust of others**  
Uphold laws and social ethics, build trust gradually through individual actions, and gain confidence inside and outside the company
- 02 Pursue excellence in technology and quality**  
Exercise ingenuity, apply wisdom, and select only the best technologies to provide safe, reliable products and services to our customers
- 03 Demonstrate the spirit of challenge**  
Make repeated efforts to achieve our goals while adapting to environmental changes
- 04 Embrace and value diversity**  
Respect others' thoughts and work together to enhance both our individual and team strengths
- 05 Take the initiative and ownership of every task**  
Take the lead to initiate action and fulfill the task without compromise

## Long-term Management Vision

# TaKaRa Group Challenge for the 100<sup>th</sup>

| Vision |

# Smiles in Life

**The Takara Group is committed to enriching the homes, lifestyles, and lives of people around the world with smiles. Leveraging our expertise in the pursuit of delicious taste and innovative biotechnologies, we are a corporate group who safely and securely provide diverse value across the *washu*, Japanese food, and life science sectors.**

In 2020, TAKARA HOLDINGS INC. formulated TaKaRa Group Challenge for the 100<sup>th</sup> (hereinafter, TGC100), a six-year long-term management vision ending in the fiscal year ending March 31, 2026, which is the centennial of the Group's foundation. And the Company has worked progressively on the Takara Group Medium-Term Management Plan for 2022 (the fiscal year ending March 31, 2021 through the fiscal year ending March 31, 2023) for three years. As a conclusion to TGC100, the Medium-Term Management Plan for 2025 (the fiscal year ending March 31, 2024 through the fiscal year ending March 31, 2026) adopts a management policy to increase enterprise value over a three-year period by accelerating investments in growth and high-priority fields\* focusing on utilizing products and services to solve social issues and creating long-term and sustainable growth capital to raise our earning capacity, all while enhancing our value chain for solving social issues.

\* Growth and high-priority fields  
Takara Shuzo: Enhance the safety and security of production systems; develop and nurture "hit" products; focused brand development  
Takara Shuzo International Group: Expand food wholesale sites in North America and Europe; expand *washu*  
Takara Bio Group: Expand the reagents and equipment business; expand the CDMO (contract development and manufacturing organization) business; maximize the value of drug discovery platform technologies



# Takara Group Medium-Term Management Plan for 2025

Under the Takara Group Medium-Term Management Plan for 2025 (MMP2025), we will establish the Group's two unique business models, "Spreading Japanese food culture (*washu* and Japanese food) all over the world" and "A prominent platform provider of a critical infrastructure for the global life science industry," and thereby provide products and services that have value required by customers and the society. At the same time, we will enhance the Takara Group's own value by realizing our Vision "Smile in Life".

## Corporate Management Objectives

**During this period, Takara Group intends to accelerate investing in businesses in growth and high-priority fields to increase the Group's enterprise value**

The Takara Group intends to accelerate investing in businesses in growth and high-priority fields and motivate employees to achieve greater productivity and drive innovation at work. In addition, we will establish and enhance the Group's two unique business models with global and sustainable implications. All these efforts will enable us to remain on the growth path and achieve the Group's Vision. Furthermore, we will upgrade our corporate communications programs as part of our efforts to increase the Group's enterprise value.

## Takara Group's Consolidated Tangible Goals (fiscal year ending March 31, 2026)

Net sales <b>¥420</b> billion or above	Operating income <b>¥38</b> billion or above	Overseas sales over total net sales <b>60.0%</b> or above <small>(60.0% or above for Takara Group except for Takara Bio Group)</small>	ROE <b>9.0%</b> or above	ROIC <b>7.5%</b> or above
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<Reference> Tangible Goals for TGC100 (before change) Net sales: 340 billion yen or above, Operating income: 23 billion yen or above, Overseas sales over total net sales: 44% or above, ROE: 8.0% or above

## Takara Group's Consolidated Results (fiscal year ended March 31, 2024)

Net sales <b>¥339.3</b> billion	Operating income <b>¥22.2</b> billion	Overseas sales over total net sales <b>55.3%</b>	ROE <b>7.5%</b>	ROIC <b>4.8%</b>
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## Five Key Strategic Initiatives

- Ensure ROIC-driven corporate management is practiced across the Group and invest in businesses in growth and high-priority fields**
  - 3-year investment plan 88 billion yen, ROIC target of 7.5% or more

The Takara Group's investment performance for the fiscal year ended March 31, 2024 and investment plans for the fiscal year ending March 31, 2025 are as follows.

### Investment Performance (fiscal year ended March 31, 2024)

	'24/3 Actual	Plan for the 1st year of the MMP2025	Overview
Takara Shuzo	¥4.1 billion	¥4.9 billion	<ul style="list-style-type: none"> <li>Fushimi Plant: Facility upgrades for canned chu-hi line</li> <li>Matsudo Plant: Purchase of land for facility expansion</li> </ul>
Takara Shuzo International Group	¥11.9 billion	¥10.5 billion	<ul style="list-style-type: none"> <li>M&amp;As in North America (acquired Ontario Limited for alcoholic beverages and Minamoto Wholesale Limited, LLC for food wholesale)</li> <li>Expansion and relocation of warehouse functions in North America and Spain</li> </ul>
Takara Bio Group	¥10.9 billion	¥16.0 billion	<ul style="list-style-type: none"> <li>Expenses related to the Center for Gene and Cell Processing III</li> <li>Expansion of the vector manufacturing area and aseptic filling area in the Center for Gene and Cell Processing II</li> </ul>
Takara Group consolidated	¥27.0 billion	¥31.8 billion	

### Investment Plan (fiscal year ending March 31, 2025)

	'25/3 Forecast	Overview
Takara Shuzo	¥4.2 billion	<ul style="list-style-type: none"> <li>Matsudo Plant: Integration of large PET line</li> <li>Kusu Plant: Update to Cubi line</li> </ul>
Takara Shuzo International Group	¥9.4 billion	<ul style="list-style-type: none"> <li>Investment in M&amp;As</li> <li>Expansion and relocation of warehouse functions in North America, Spain, etc.</li> </ul>
Takara Bio Group	¥10.4 billion	<ul style="list-style-type: none"> <li>Construction of the Center for Gene and Cell Processing III</li> </ul>
Takara Group consolidated	¥25.5 billion	

## 2 Establish and strengthen Takara's unique business models that facilitate the operational enhancement and the medium- and long-term provision of value while enhancing social sustainability

### Takara Group's two unique business models



## Collaboration between Takara Shuzo and the Takara Shuzo International Group

Takara Shuzo and the Takara Shuzo International Group are working together to promote initiatives leveraging strengths that are unique to the Group. We will make the most of the technological capability and brand strength that Takara Shuzo has cultivated in brewing sake, as well as the Takara Shuzo International Group's overseas Japanese food wholesale networks. In the future, we will promote the expansion of set menus of Japanese food and *washu* by strengthening exports and expanding products exclusive to overseas markets, and work to spread *washu* and Japanese food around the world.

### Major progress

- Cultivating *Mio Sparkling Sake* into a global sake brand by strengthening sales in and outside Japan
- Developing products exclusive to overseas markets such as *Mio* <CRISP>, *Mio* <NIGORI>, and TaKaRa CHU-HI

## Takara Bio Group

The Takara Bio Group aims to further enhance its presence in the life sciences industry. By strengthening our development and manufacturing capabilities to accelerate the expansion of our business into the areas of clinical and drug discovery, and by providing technologies, products, and services that will become a global platform for the life science industry, backed by Takara Bio's proprietary technologies, we are promoting the establishment of a prominent platform provider of a critical infrastructure for the global life science industry.

### Major progress

- Establishing a global reagent manufacturing system to respond flexibly and promptly to the needs of each region around the world
- As a C "R" DMO, utilizing our proprietary platform technologies and experience in clinical development to provide comprehensive support services that accompany clients from the initial development stage (R).
- Completed the construction of the Center for Gene and Cell Processing II and began construction of the Center for Gene and Cell Processing III

### 3 More aggressively invest in the Group's intangible assets, including human capital and IT (Motivate employees to have a greater sense of pride and purpose at work to achieve greater productivity and drive innovation)

Takara Holdings, Takara Shuzo, and Takara Shuzo International Group are implementing the TaKaRa WAKU-WORK Project to renew our operations and corporate culture. By renewing our operations, we will continuously update the way we work to make it easier to work, and by renewing our corporate culture, we will foster an organizational culture of trial and error and enhance our execution capabilities to realize a sense of satisfaction. Through these efforts, we will aim to achieve greater productivity while ensuring individuals have a sense of pride and purpose at work.



Communication Space (Head office of Takara Holdings)

#### Major progress

- Implementing the operation of business update cycle (Takara version of ROIC Translation) to achieve greater productivity
- Conducting one-on-one meetings and changed the layout of the head office of Takara Holdings, Takara Shuzo, and Takara Shuzo International Group to revitalize communication.

### 4 Step up group-wide efforts to drive corporate sustainability

In response to the need to address issues such as climate change, biodiversity conservation, resource conservation, and respect for human rights, the Takara Group formulated the "Takara Group Sustainability Policy" as the Group's policy for sustainability in 2020. In addition, we formulated the "Takara Group Sustainability Vision" in 2021 as specific medium- to long-term goals based on our Sustainability Policy. Furthermore, in 2023, we established the Sustainability Management Office, a dedicated department for sustainability promotion, and have accelerated our sustainability activities. In order to achieve our goals, we will carefully address issues and contribute to the realization of a sustainable society.

#### Major progress

- Increasing the sophistication of disclosure based on the Task Force on Climate-related Financial Disclosures (TCFD), such as conducting scenario analysis in the Japanese Food Wholesale Business in overseas markets and expanding the scope of Scope 3 calculation to include the Overseas Alcoholic Beverages Business, etc.
- The number of export destination countries for *washu* increased to 57 (fiscal 2023), and we continue our activities to spread the appeal and value of *washu* overseas
- The Takara Bio Group is working to establish production facilities in a global and multipolar manner (in Japan, the United States, Europe, and China) to ensure the stable supply of product.
- Completed the display of the amount of alcohol contained on packages of RTD products

### 5 Upgrade corporate communications programs

The Takara Group consists of three independent business portfolios. We are strengthening our corporate communications in order to build our stakeholders' understanding, sympathy, and appreciation of the Takara Group.

#### Major progress

- Creating and placing corporate advertisements based on Vision's image
- Disseminating information through websites and various media
- Enhancing dialogue with shareholders, institutional investors, and other stakeholders ('24/3 actual)
  - Financial results briefing sessions (May and November)
  - Small meetings (June and March)
  - Individual IR interviews (127 times)
  - ESG interviews (2 times)
  - Briefings for individual investors (3 times)

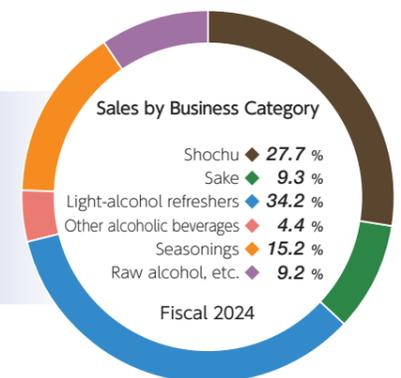


Corporate advertisement

## Takara Group Medium-Term Management Plan for 2025 - Business Strategies



Takara Shuzo



### Business Objectives under the Medium-Term Management Plan for 2025

To maintain the global leadership position in the *washu* market\*1, Takara Shuzo leverages its engineering excellence and "Made-in-Japan quality"\*2 to develop and market products that create new demand in growth areas, and also to enhance its brand equity. The company works more closely with the Takara Shuzo International Group to resolve social issues and bolster its profit and profit margin.

\*1: No. 1 *washu* sales in Japan and overseas markets (exports + local production) combined

\*2: Takara's promise of high-quality, world-class global products produced in Japan, as a company regarded as high quality and trustworthy in safety and security within Japan and able to deliver the same value to people around the world.

Takara Shuzo has a basic policy aimed at expanding its *washu* to the global market while implementing thorough brand cultivation and improving profit margins.

In the fiscal year ended March 31, 2024, net sales increased to ¥123,786 million due to the effect of price revisions in October 2022 and changes in the sales composition. Operating income increased to ¥5,503 million, as changes in product mix and the effect of the price revisions absorbed cost increases, boosting gross profit, while advertising expenses increased.

For the fiscal year ending March 31, 2025, we will continue to develop key brands by broadcasting

television commercials focusing on *Mio* and *Takara Karakuchi Zero Ball*, strengthening the product lineup of *Takara Shochu Highball* with alcohol content of 5% and exclusive products, and promoting the world of cheap saloons. In addition, by collaborating with the Takara Shuzo International Group, we will accelerate the speed of product development in both traditional wash and innovative wash, with a focus on global development of *Mio*. Furthermore, we will promote initiatives for sustainability, including converting the heavy oil boiler to a gas boiler and the installation of solar panels at production sites to reduce CO<sub>2</sub> emissions.

### Launched *Sho Chiku Bai Shirakabegura Nend* in Limited Quantity and through Limited Sales Routes

Takara Shuzo newly launched *Sho Chiku Bai Shirakabegura Nend* in limited quantities and through limited sales routes. This product symbolizes "a tasty drink during the mealtime that gives you satisfying experience and that you won't get tired of drinking" that the *Sho Chiku Bai* brand has been striving for. We adopted the Japanese traditional "kimoto zukuri" brewing method for manufacturing the product, and realized a delicious flavor of rice through high level process control of microbial growth. We used *Yamadanishiki* rice from Nishiwaki City, Hyogo Prefecture as rice for sake. We have worked with dedicated farmers to improve the quality of rice, while also making efforts to reduce methane gas emissions\*1 and pesticide use to reduce environmental impact.

The product name *Nend* expresses our commitment to starting with the preparation of rice paddy soil, and "*N•end* (Never•nd)" expresses our determination to ceaselessly continue activities to protect beautiful nature and build a new future of sake. Furthermore, we will invite Mr. Kenichi Ohashi\*2, Master of Wine\*3, to promote the *Sho Chiku Bai* project, under which we develop products and disseminate information to the world.

Through this product, Takara Shuzo aims to create value of "future 'good sake' = a drink during the mealtime with the delicious flavor of rice," and to improve the quality image of *Sho Chiku Bai*.

\*1: We have achieved up to 69% reduction of methane gas emissions, which has 25 times the greenhouse effect of CO<sub>2</sub>, by optimizing the decomposition of rice straw and extending the mid-drying period of rice.

\*2: Member of the judging panel at Annual Japan Sake Award. Representative Director and President of Yamajin Co., Ltd., a specialist sake store. Expert Japanese sake evaluator of the National Research Institute of Brewing (NRIB) As the co-chairman of the Japanese Sake section of the International Wine Challenge (IWC), the largest global Japanese sake contest, he has been involved in the activities to enlighten the world about Japanese sake for many years.

\*3: The world's most difficult and highest qualification in wine, certified by The Institute of Masters of Wine of the United Kingdom.

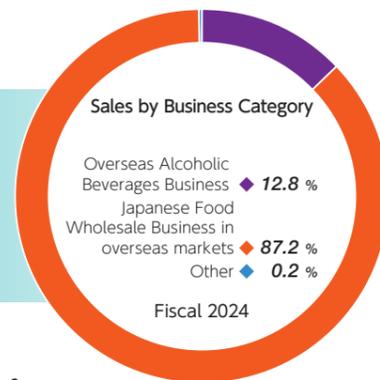


*Sho Chiku Bai Shirakabegura Nend*

# Takara Group Medium-Term Management Plan for 2025 - Business Strategies



## Takara Shuzo International Group



### Business Objectives under the Medium-Term Management Plan for 2025

The Takara Shuzo International Group works more closely with Takara Shuzo and other Takara Group companies around the globe to expand its portfolio of export and locally manufactured products that meet local needs, as well as to enhance its global presence as a wholesaler of Japanese food with a strength in *washu*. All these efforts will enable the group to take full advantage of having both *washu* and Japanese foodstuffs in its offerings in order to bolster the global awareness and acceptance of Japanese food culture. The group intends to play its part in resolving social issues and become a global leader in the *washu* and Japanese food markets\*5.

\*5: No. 1 global *washu* sales + No. 1 wholesale of Japanese food in overseas markets

The Takara Shuzo International Group has a basic policy aimed at achieving earnings growth in the entire group by tremendous growth of the *washu* and Japanese Food Wholesale Business and stable growth of the Western liquor business.

In the fiscal year ended March 31, 2024, net sales increased to ¥160,427 million due to year-on-year sales increases in both the Overseas Alcoholic Beverages Business and Japanese Food Wholesale Business in overseas markets, addition of the performance of companies newly joined the Group, and the contribution of the yen's depreciation. Operating income increased to ¥12,291 million, as an increase in gross profit due to increased sales absorbed an increase in selling, general and administrative expenses such as soaring personnel expenses and temporary expenses due to M&A.

For the fiscal year ending March 31, 2025, Overseas Alcoholic Beverages Business will focus most on expanding sales of the global key brand *Mio*, and aim for dramatic growth. In the traditional *washu* category, we will revitalize the *Shirakabegura* brand to develop it into a strong brand that is accepted overseas. For innovative *washu* category, we will accelerate the speed of product development mainly through global *washu* collaboration project.

In the Japanese Food Wholesale Business in overseas markets, Mutual Trading Co., Inc. of the United States plans to establish a base in Houston, Texas, as well as in Seattle, Washington, where there has been no base so far, in 2025, thereby promoting the expansion of areas and bases. In addition, we will work to increase sales by expanding differentiated products such as plant-based improving products, vegan foods, and luxury *wagyu* beef.

### Strengthen Overseas Japanese Food Wholesaler Network in the U.S.

Mutual Trading Co., Inc. acquired all membership interest in Minamoto Wholesale Limited, LLC, a Japanese food wholesaler located in Austin, Texas, the United States.

In the U.S., Texas has the second largest population after California. The area actively invites business firms and is expected to retain high economic growth in the future. Texas is also ranked 4th in the U.S. in terms of the number of Japanese restaurants and has the highest growth rate among the top five states for the number of Japanese restaurants. For Mutual Trading, net sales from Texas grow at a higher rate than an increase in the Japanese restaurant count.

Mutual Trading has faced issues of sales and distribution efficiency since its office is located near Dallas in the northern area of Texas, with a long distance from the southern areas. The acquisition of interest of Minamoto Wholesale enables the company to strengthen its sales and improve distribution efficiency in the southern areas including Austin and San Antonio.

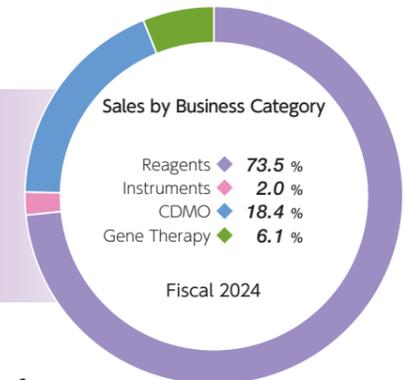
In conjunction with this acquisition, by opening new sales and distribution sites in Houston, Texas, we will further strengthen sales in a southern metropolitan area and its suburbs in Texas.



Appearance of Minamoto Wholesale Limited, LLC



## Takara Bio Group



### Business Objectives under the Medium-Term Management Plan for 2025

The Takara Bio Group boosts R&D spending to develop new reagents and equipment, expand CDMO service offerings, and develop base technology for creating additional modalities\*6. All these efforts will enable the group to expand its business into areas that support health and medical-related industries faster and to enhance its presence as a prominent platform provider of a critical infrastructure for the global life science industry.

\*6: Treatments

The Takara Bio Group's basic strategy for business growth is to aim to become a global platformer leading life science industry infrastructure by developing basic technologies for biological drug discovery through the reagent and equipment business and the CDMO business.

In the fiscal year ended March 31, 2024, net sales decreased to ¥43,505 million due to a decrease in sales of COVID-19 related reagents. Operating income decreased to ¥3,003 million, despite efforts to reduce selling, general and administrative expenses through the selection and concentration of R&D projects.

For the fiscal year ending March 31, 2025, we will accelerate the establishment of a global and multipolar "glocal" manufacturing structure in the reagent business, based on the balance between improving efficiency and reducing risks. In addition to the existing

basic research areas, we will focus on the development of OEM and customized products. In the equipment business, we will aim to expand our business by enhancing our product lineup and developing new genetic testing systems. In the CDMO business, as competition intensifies due to an increase in the number of companies entering the business, we will work to secure our advantage and differentiate ourselves by providing comprehensive support (CRDMO) services that leverage our experience in clinical development of gene therapy drugs accumulated to date and proprietary platform technologies. In the gene therapy field, we will advance the development of ancillary materials and bioproducts used in the manufacture of gene and cell therapy drugs, as well as the commercialization of Takara Bio's proprietary drug discovery platform technologies.

### Launched High-quality RNA Synthase (Research Reagent) Suitable for mRNA Vaccine Development

Takara Bio launched PrimeCap™ T7 RNA Polymerase (low dsRNA), an RNA synthetase suitable for the development of messenger RNA (mRNA) vaccines.

Triggered by its practical application as a vaccine against COVID-19, mRNA vaccines have been widely studied not only for the prevention of infectious diseases but also for cancer treatment and other purposes. In general, mRNA used as a vaccine is produced by enzymatic synthesis with RNA synthetase (RNA polymerase). Since artificially enzymatically synthesized mRNA produces an impurity called dsRNA, which triggers an immune responses, it is essential to minimize the formation of this impurity in order to produce safe and effective mRNA vaccines. Another challenge is to increase the efficiency of adding a cap structure required for mRNA to function in vivo as a vaccine.

This reagent has solved these issues by genetically engineering a conventional product and optimizing reaction conditions. By combining with an ancillary enzyme reagent, the formation of impurity is reduced and mRNA with a cap structure can be efficiently synthesized.

Takara Bio will enhance enzymes for the production of mRNA vaccines, and as a CDMO, provide contracted services for the development, production, and quality testing of mRNA vaccines, to provide one-stop support for the widespread use of mRNA vaccines, which are new modalities.



PrimeCap™ T7 RNA Polymerase (low dsRNA)

Status of activities for each materiality

Materiality	Target indicators	Target figures	Activities in fiscal 2023	
 <b>Environment</b>  Page 38 >	CO <sub>2</sub> emissions (production sites)	Reduce CO <sub>2</sub> emissions by 46% by fiscal 2030 (compared to fiscal 2018) [TS, TSIG]	Takara Shuzo + Takara Shuzo International Group CO <sub>2</sub> emissions: 18% decrease (compared to fiscal 2018) Takara Bio Group CO <sub>2</sub> emission intensity: 11% decrease (compared to fiscal 2018) Takara Shuzo CO <sub>2</sub> emission intensity (distribution): 18% decrease (compared to fiscal 2018)	
	CO <sub>2</sub> emissions	Reduce CO <sub>2</sub> emission intensity by 50% by fiscal 2030 (compared to fiscal 2018) [TBG]		
	CO <sub>2</sub> emissions (distribution)	Reduce CO <sub>2</sub> emission intensity by 10% by fiscal 2030 (compared to fiscal 2018) [TS]		
	CO <sub>2</sub> emissions	Achieve net zero CO <sub>2</sub> emissions by fiscal 2050 [TG]		
	Water usage	Reduce units of water usage by 15% by fiscal 2025 (compared to fiscal 2017) [TS]	Units of water usage decreased by 12.9% (compared to fiscal 2017)	
	Reuse rate of waste generated in production processes	Continue reusing 98% or more of waste [TS]	Reuse rate: 98.1%	
	Use of paper with forest protection certification in paper carton products	100% usage by fiscal 2030 [TS]	Implementation rate: 44.4%	
	Usage rate of biomass ink in paper and plastic labels	100% usage by fiscal 2025 [TS]	Usage rate: 57.1%	
	Usage rate of paper with forest protection certification in paper packaging	100% usage by fiscal 2025 [TBG]	Implementation rate: 89%	
	Usage rate of aluminum-free packages in one-sided aluminum pouches	100% usage by fiscal 2025 [TBG]	Used gradually with the start of a new lot Updated manufacturing instructions for approximately 97% of products	
 <b>Safety and Reliability</b>  Page 45 >	FSSC22000 certification at all six plants in Japan	Maintain certification [TS]	Maintained FSSC22000 certification at all six plants in Japan	
	Completion rate for the auditing and quality control assessment of new outsourcing contractors and raw material suppliers	Maintain a completion rate of 100% [TS]	Completion rate: 100%	
	Completion rate for checking the safety of raw materials with warranties	Maintain a completion rate of 100% [TS]	Achieved a safety check completion rate of 100%	
	The Quality Control Department provides training sessions to improve the knowledge of Customer Contact Office staff members	At least once a year [TS]	Conducted once	
	Completion rate for testing the degree of understanding of the manual to improve the quality of responding to customers	100% [TS]	Completion rate: 100%	
	ISO certifications obtained by business offices, licenses, registrations, and the like necessary for operating business	Maintain certifications, licenses, registrations, and the like [TBG]	Maintained certifications, licenses, registrations, and the like	
	Rate of Takara Shuzo's products in compliance with food laws and regulations in export destination countries	Maintain a completion rate of 100% [TSIG]	Maintained a 100% compliance rate	
	 <b>Wellness</b>  Page 47 >	Recognition of salt-free cooking liquor	35% in fiscal 2030 [TS]	22.9% (As of December 2023)
		Lineup of organic and vegan products	1,369 items in fiscal 2025 [TSIG]	1,433 items (As of March 2024)
		Lineup of food-allergy-conscious products (gluten-free and other food-allergy-conscious products)	1,540 items in fiscal 2025 [TSIG]	1,638 items (As of March 2024)
 <b>Human Resources</b>  Page 49 >	Newly appoint women to manager and assistant manager positions	Appoint at least 50 women by the end of fiscal 2030 [TH, TS, TSI]	Total 35 (As of April 1, 2024)	
	Percentage of employees with disabilities	Maintain the level at the statutory rate of 2.5% or more [Domestic Group Companies]	[TH] 3.12% [TS] 2.92% [TB] 2.56% (As of April 1, 2024)	
	Total working hours	Reduce total working hours by fiscal 2025: compared to fiscal 2020 [Domestic Group Companies]	[TH, TS, TSI] 1,854.22 hours, up 9.05 hours (compared to fiscal 2020) [TB] 1,851.88 hours, down 63.07 hours (compared to fiscal 2020)	
	Percentage of paid leave taken (number of days taken)	Increase the percentage by fiscal 2025: compared to fiscal 2020 [Domestic Group Companies]	[TH, TS, TSI] 73.5%, 7.1% improvement (compared to fiscal 2020) [TB] 70.5%, 20.3% improvement (compared to fiscal 2020)	
	Reinstatement rate for employees who take childcare leave	Maintain a 100% reinstatement rate [Domestic Group Companies]	Maintained a 100% reinstatement rate	

Materiality	Target indicators	Target figures	Activities in fiscal 2023
 <b>Responsible Alcohol Producer</b>  Page 51 >	Number of views of Takara Shuzo's website page on spreading awareness on the appropriate consumption of alcohol	50% increase in fiscal 2025 (compared to fiscal 2020) [TS]	21% decrease (compared to fiscal 2020)
	Number of cases of violating the voluntary standards on advertisements	Maintain the status of having no cases [TS]	Maintained the status of having no cases
	Display the amount of alcohol contained on packages of products	Display on packages of all consumer products (except for alcohol-based seasoning) by fiscal 2025 [TS]	Completed the display of information on ready-to-drink products in fiscal 2023
	Display warnings about the risk of drinking for expectant and nursing mothers, and warnings to raise awareness on the appropriate consumption of alcohol	Display on packages of all consumer products (except for alcohol-based seasoning) by fiscal 2025 [TS]	Warnings for expectant and nursing mothers are displayed on all products. Warnings to raise awareness on the appropriate consumption of alcohol are displayed on all products over 2 liters.
	Completion rate for e-learning and other educational programs on the appropriate consumption of alcohol	Completion rate of 100% by employees of all domestic Group companies [Domestic Group Companies]	100% implemented
 <b>Community</b>  Page 52 >	Activities to support local fruit farms	20 activities by fiscal 2030 [TS]	Implemented 6 activities
	 <b>Well-Balanced Diet</b>  Page 53 >	Number of social media followers, with a focus on <i>Mio Sparkling Sake</i>	300,000 or more followers by fiscal 2025 [TS]
Development of exclusive overseas products and overseas business company products		20 items by fiscal 2025 [TSIG]	26 items (As of March 2024) * 12 items in fiscal 2022 and 14 items in fiscal 2023
Number of export destination countries for <i>washu</i>		100 countries by fiscal 2030 [TSIG]	57 countries (As of December 2023)
 <b>Procurement</b>  Page 55 >	Number of followers on Takara Shuzo's official Facebook page	200,000 or more followers by fiscal 2025 [TS]	141,000 (As of March 2024)
	Dissemination of Sustainability Procurement Guidelines	To all suppliers [TS]	100% implemented
 <b>Governance</b>  Page 57 >	Regularly hold Risk Compliance Committee meetings	Twice per year [TG]	Implemented twice
	Hold compliance training sessions	Once per year [TG]	Implemented a training session for each job level once per year
	Conduct compliance on-the-job training	Four times per year [TG]	Implemented four times
	Monitor the state of risk management	Once per year [TG]	Implemented once
	Regularly hold various drills	Once per year [TG]	Held various drills once or more per year

<Intended organizations>  
 [TG] Entire Takara Group, [TH] Takara Holdings, [TS] Takara Shuzo, [TSI] Takara Shuzo International, [TSIG] Takara Shuzo International Group, [TB] Takara Bio, [TBG] Takara Bio Group,  
 [Domestic Group Companies] Takara Holdings, Takara Shuzo, Takara Shuzo International, Takara Bio, Kawahigashi Shoji, Total Management Business, Takara Butsuryu System, TB, Takara Bussan, Luc Corporation, Tokyo Mutual Trading, Takara Supply Communications (former Taihei Printing, Takara Yoki)

Status of inclusion in ESG indexes

Takara Holdings is a constituent of ESG index used by the Government Pension Investment Fund (GPIF) and other major ESG indexes. \* As of July 2024



FTSE4Good Index Series



FTSE Blossom Japan Index

2024 CONSTITUENT MSCI日本株 ESGセレクト・リーダーズ指数

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MSCI Nihonkabu ESG Select Leaders Index



S&P/JPX Carbon Efficient Index

# Takara Group Sustainability Policy

## Basic Policy

Based on our corporate philosophy, which is "Contributing to the creation of a vital society and a healthy lifestyle through our fermentation technology and biotechnology in a way that achieves harmony with nature," the Takara Group has benefited society by unlocking new potential in the culinary, lifestyle, and life science fields through our fermentation technologies for traditional Japanese sake and our cutting-edge innovation in biotechnologies and by continuing to create new value.

The preservation of a rich natural environment is a major premise for the business continuity of the Takara Group, which engages in business activities on the basis of the bounty of diverse natural resources such as grains, water, and microorganisms.

In addition, in handling business related to food and medicine, the Takara Group's most important theme is to deliver safe and reliable goods, products, and services. At the same time, we must also address various social issues, including those related to alcohol.

The social environment surrounding the Group has undergone rapid change, and with the need for a global response to such diverse issues as climate change, biodiversity conservation, resource conservation, and respect for human rights, corporate entities face an increasing responsibility to create a sustainable society.

The Group's Vision is "Smiles in Life" as our vision, declaring that we will continue to take on

the challenge of filling the lifestyles of people around the world, living, and the life of others with smiles. In order to continue to achieve the creation of social value through business activities into the future, it is necessary to take greater initiatives to resolve various social issues than ever before, and we formulated the Takara Group Sustainability Policy.

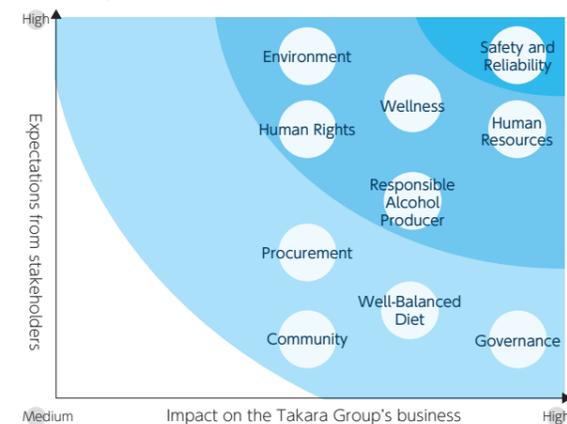
The Takara Group Sustainability Policy identifies 10 material issues, including "Safety and Reliability," with regard to social issues surrounding the Takara Group, and sets policies for addressing each of them. The Takara Group Sustainability Vision, which sets specific medium- to long-term goals based on these policies, has been formulated.

The Takara Group will contribute to the realization of a sustainable society by continuing to create social value through our business activities, aiming to be a corporate group that is trusted by all of stakeholders.

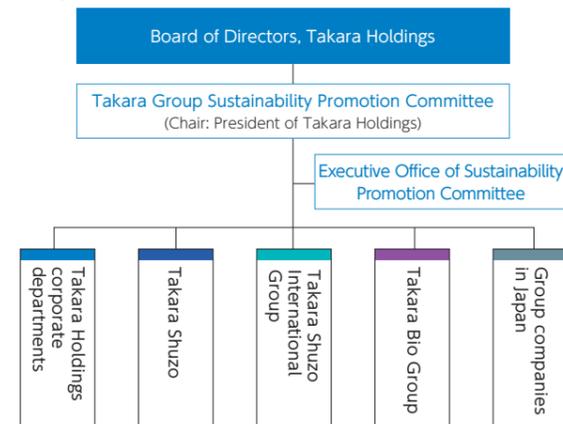
## Sustainability Promotion Committee

Takara Group has established the Takara Group Sustainability Promotion Committee chaired by the Representative Director and President of Takara Holdings under the supervision of the Board of Directors. Based on the decisions made by this committee, the Executive Office of Sustainability Promotion Committee establishes and implements specific activities for each Group company.

Materiality matrix



Composition of the committee



For details, please visit Takara Holdings' website "TaKaRa Group Sustainability." <https://www.takara.co.jp/english/sustainability/index.html>



## Environment

The preservation of a rich natural environment is a major premise for the business continuity of the Takara Group, which engages in business activities on the basis of the bounty of diverse natural resources such as grains, water, and microorganisms.

In order to address environmental problems such as climate change, the Takara Group has formulated the Takara Group Environmental Policy.

## Takara Group Environmental Topics

### Obtained third party certification for calculation of greenhouse gas (GHG) emissions from a GHG emissions verification organization



Third party certification report

Takara Holdings and Takara Shuzo obtained third party certification from JMACC, a GHG emissions verification organization, for their GHG calculations for fiscal 2022.

### Expanding the use of renewable energy

The Takara Group is actively promoting the purchase of electricity derived from renewable energy sources and the installation of solar power generation panels at each business site of our Group companies.

### Installation of solar power generation panels

- Tomatin Distillery' plant
- Takara Bio head office
- Takara Holdings Corporate History Museum



Tomatin Distillery' plant



Takara Bio head office



Takara Holdings Corporate History Museum

### Use of environmentally conscious product packages and packaging

Takara Shuzo is procuring materials and developing products that take the 3Rs (Reduce, Reuse, Recycle) into consideration. As an independent initiative, the 4th R (Refuse), in addition to the 3Rs, Takara Shuzo is selling shochu by weight.

The Group as a whole is also promoting the following initiatives.

- Use of paper with forest protection certification and biomass ink
- Use of biomass plastics
- Use of containers made of recycled plastic materials



Pouches partially made of biomass plastic

In this way, we will contribute to the realization of a circular economy.



Food trays made of recycled plastic

### Initiatives to reduce food loss by making use of unused areas

Takara Shuzo has developed products that make use of unused areas such as pericarp, and is actively promoting initiatives to reduce food loss.

- *TaKaRa CRAFT KYO LEMON*, launched in November 2023, uses Kyo lemon spirits made by extracting aroma components from pericarp and seeds that are normally thrown away as unused areas, and Kyo lemon pastes made by grinding pericarp and seeds.



- *TaKaRa HAKKO JORYU SOUR*, launched in September 2024, uses pericarp fermented spirits made by fermenting citrus pericarp and then distilling, in its products.



## Toward the realization of a sustainable society

### Initiatives to reduce CO<sub>2</sub> emissions

The Takara Group has set CO<sub>2</sub> emissions reduction targets in its Sustainability Vision, and is working to calculate Scope 1, 2, and 3, and reduce CO<sub>2</sub> emissions.

FY2030	Takara Shuzo + Takara Shuzo International Group	Reduce CO <sub>2</sub> emissions at production sites by 46% compared with FY2018
	Takara Bio Group	Reduce CO <sub>2</sub> emission intensity (CO <sub>2</sub> emissions per net sales) by 50% compared with FY2018
FY2050	Entire Group	Net zero CO <sub>2</sub> emissions

### Expand the scope of calculation of greenhouse gas emissions

The Takara Group is gradually expanding the scope of calculation for Scope 1, 2, and 3. In fiscal 2022, calculations were made for Takara Holdings and Takara Shuzo, and for the Overseas Alcoholic Beverages Business of the Takara Shuzo International Group in fiscal 2023. In order to understand the GHG emissions of the entire Takara Group, we will expand the scope of calculation to include Japanese food wholesale business in overseas markets.

### Reduce CO<sub>2</sub> emissions from production processes

The Takara Group's total CO<sub>2</sub> emissions in production processes for fiscal 2023 was 99,300 t-CO<sub>2</sub>, a 4.8% year-on-year decrease, and 15.0% decrease from fiscal 2018. The decrease was because CO<sub>2</sub> emissions from Takara Shuzo's production processes, which comprise 80% or more of the entire Group's CO<sub>2</sub> emissions, were 81,300 t-CO<sub>2</sub> for the same period, a decrease (4.2%) year on year thanks to initiatives to install energy-saving equipment and optimize equipment operations, such as upgrading to a high-efficiency boiler, converting fuel for the heavy oil boiler, and making heat recovery from distilled waste hot water more efficient. In addition, CO<sub>2</sub> emissions were flat at the Takara Shuzo International Group, and decreased at the Takara Bio Group due to partial use of renewable energy electricity in the Takara Biotechnology (Dalian).

### Changes in CO<sub>2</sub> emissions from the Takara Group's production processes



<Scope of calculations>  
Takara Shuzo Co., Ltd., Takara Sake USA Inc., Takara Shuzo Foods Co., Ltd. (China), The Tomatin Distillery Co. Ltd, Takara Bio Inc., Takara Biotechnology (Dalian) Co., Ltd. (China), DSS Takara Bio India Pvt. Ltd., Takara Bio USA, Inc. \* Results included Mizuho Norin Co., Ltd. and Kinoko Center Kin Inc. till February 2019.

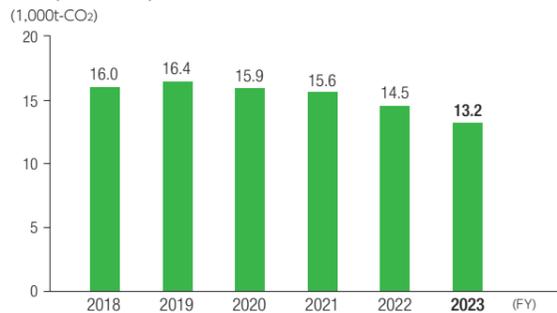


LNG tank

### Reduce CO<sub>2</sub> emissions from transportation processes

At Takara Shuzo, we are promoting high-efficiency transportation, energy-saving vehicle operations, and modal shifts, improving loading efficiency for products shipped by truck and tanker, and taking other measures to reduce CO<sub>2</sub> emissions during product transportation. In fiscal 2023, CO<sub>2</sub> emissions from transportation processes were 13,200 t-CO<sub>2</sub>, a 17.5% reduction from the base year of fiscal 2018, achieving the target.

### Changes in CO<sub>2</sub> emissions from Takara Shuzo's transportation processes



Shipping alcohol in a dedicated tanker

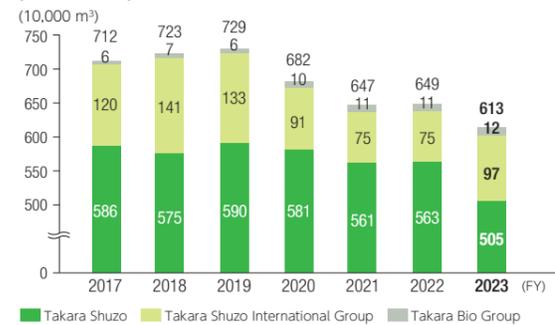
### Limiting water usage in production processes

As stated in the Takara Group Environmental Policy, "We will promote energy and resource conservation and strive to use resources in a sustainable manner," the Takara Group recognizes the importance of reducing water consumption and will promote reduction and optimization of water consumption.

The Takara Group's total water usage in production processes for fiscal 2023 was 6.13 million m<sup>3</sup>, a 5.5% year-on-year decrease thanks to the effects of newly installed water-saving equipment.

Takara Shuzo's units of water usage (water usage per unit of production) decreased by 12.9% from the base year of fiscal 2017.

### Changes in water usage in the Takara Group's production processes



<Scope of calculations>  
Takara Shuzo Co., Ltd., Takara Sake USA Inc., Takara Shuzo Foods Co., Ltd. (China), The Tomatin Distillery Co. Ltd, Takara Bio Inc., Takara Biotechnology (Dalian) Co., Ltd. (China), DSS Takara Bio India Pvt. Ltd., Takara Bio USA, Inc. \* Results included Mizuho Norin Co., Ltd. and Kinoko Center Kin Inc. till February 2019.

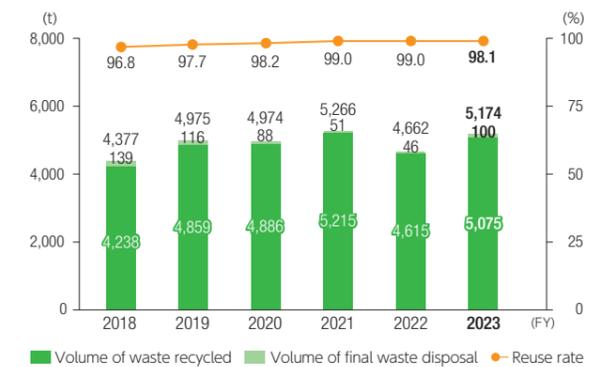
### Changes in per unit of water usage at Takara Shuzo



### Reduce plant waste volume and promote a circular economy through recycling

In Takara Shuzo plants, waste products generated include by-products such as shochu lees and the like, as well as wastewater treatment sludge, and shipping materials for raw ingredients, containers, etc. As a countermeasure, we are making efforts to reduce the volume of waste generated in our plants by repurposing food-based by-products (such as shochu lees) into feed and fertilizer and recycling waste paper from sake cartons. The volume of waste generated by Takara Shuzo in fiscal 2023 was 5,174 tons (reuse rate was 98.1%), achieving the target reuse rate of 98%.

### Changes in waste generation and reuse rate at Takara Shuzo



### Composting of activated carbon

At Fushimi Plant, almost all the activated carbon discharged in the production process of sake and Hon-mirin has been reused since October 2021. Activated carbon is recycled as organic fertilizer by mixing with other raw materials and composting. Activated carbon, which was previously thrown away, is now sold as organic fertilizer at home improvement stores in Japan.



### Initiatives for biodiversity conservation

#### Assistance from Takara Harmonist Fund

Takara Holdings established the Takara Harmonist Fund in 1985, and ever since has carried out annual activities for protecting Japan's forests, grasslands, and aquatic environments, in addition to offering assistance for research and other efforts toward safeguarding the wildlife in these habitats.

In fiscal year 2024, eleven activities and studies related to the conservation of the natural environment were selected. During 39 years of the program, a cumulative total of 199,410,000 yen has been granted to 422 recipients. The Takara Group will continue to promote the preservation of biodiversity and rich natural environment by offering assistance to activities and research for protecting and improving Japan's natural environments.



Grant awarding ceremony

# Takara Group's Sustainability

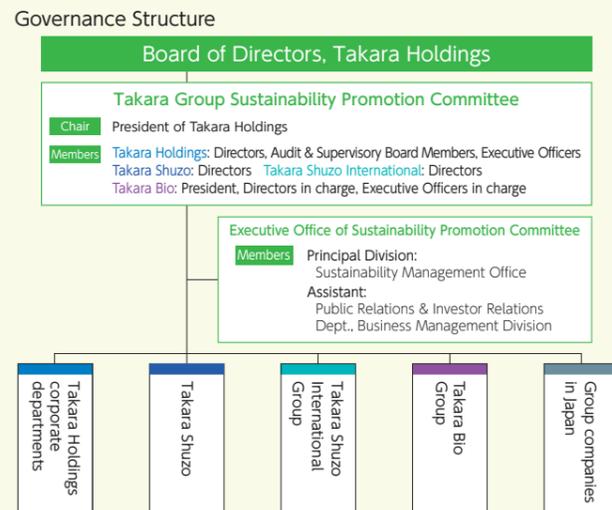
## Disclosures based on the TCFD framework **TCFD** TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Takara Group positions the harmonization of its business activities with global environmental preservation as one of its key challenges, and is actively implementing these initiatives. Recognizing that climate change is an important issue that has an impact on the sustainability of business, the Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and continues to assess and respond to risks and opportunities related to climate change in accordance with the TCFD framework, disclose relevant information, and engage in dialogue with stakeholders. The Group has also joined the TCFD Consortium, where companies and financial institutions which support the TCFD recommendations work together to move ahead with initiatives, and discuss effective information disclosure of companies and initiatives to lead to right investment decisions by financial institutions, etc.

### Governance

The Takara Group has established the Takara Group Sustainability Promotion Committee chaired by the Representative Director and President of Takara Holdings, under the supervision of the Board of Directors. The committee assesses the risks and opportunities that climate change poses to business, formulates strategies, and discusses targets, etc. In addition, as a subordinate organization of the Takara Group Sustainability Promotion Committee, the Executive Office of Sustainability Promotion Committee has been established to deal with climate change issues. The Executive Office of Sustainability Promotion Committee sets out and implements specific activities for each Group company based on decisions made by the Takara Group Sustainability Promotion Committee.

These sustainability initiatives, including climate change issues, are reported to the Board of Directors by the Takara Group Sustainability Promotion Committee.



### Risk Management

The Takara Group identified risks and opportunities for Takara Shuzo Co., Ltd. and Takara Shuzo International Co., Ltd. (Overseas Alcoholic Beverages Business, Japanese Food Wholesale Business in overseas markets). As a process to identify them, we extracted potential risks and opportunities for transition risks and physical risks by referring to experts' opinions and published reports, and selected risks and opportunities that are expected to have a significant impact over the short-, medium-, and long-term period, taking into account the likelihood and magnitude of impact. The Takara Group Sustainability Promotion Committee reports to the Board of Directors on the details of identified risks and opportunities and the countermeasures.

### Strategy and Scenario Analysis

In addition to Takara Shuzo Co., Ltd. in fiscal year 2021 and the Overseas Alcoholic Beverages Business of Takara Shuzo International Co., Ltd. in fiscal year 2022, the Takara Group expanded its scope to include Japanese Food Wholesale Business in overseas market of Takara Shuzo International Co., Ltd. in fiscal year 2023, and conducted a scenario analysis to understand the impact of climate change risks and opportunities on the business and consider countermeasures to be taken.

In this analysis, we referred to RCP 2.6 (below 2°C scenario) and RCP 8.5 (4°C scenario) based on AR5 of IPCC (Intergovernmental Panel on Climate Change) for physical risks, and APS scenario (below 2°C scenario), SDS scenario (below 2°C scenario), and NZE2050 scenario (1.5°C scenario) based on WEO of IEA (International Energy Agency) for transition risks to analyze and examine the impact of climate change.

- Transition risk** As the temperature rise is limited to less than 2°C and strict environmental regulations are introduced to achieve carbon neutrality, the adoption of carbon tax will force up production costs, operating costs, storage costs, and the prices of containers and packaging materials, causing an impact on our business.
- Physical risk** As the temperature rise will be about 4°C, damage due to storm surges and floods caused by sea level rise will have a significant impact on our operations. In addition, it has been found that the amount of yield of crops, which are raw materials, is greatly affected by rising temperatures.
- Opportunities** We think that the reduction of operating costs through promotion of energy conservation efforts such as the introduction of energy-saving equipment as well as increased demand for ethical consumption and eco-friendly products will become business opportunities for us.

Going forward, we will continue to review risks and opportunities and give shape to measures to be taken, and reflect them in our medium- to long-term management strategies, thereby striving to improve the resilience of our strategies.

Target companies: Takara Shuzo Co., Ltd.  
Takara Shuzo International Co., Ltd.  
Overseas Alcoholic Beverages Business (Takara Sake USA Inc., Takara Shuzo Foods Co., Ltd., and The Tomatin Distillery Co. Ltd)  
Japanese Food Wholesale Business in overseas markets (Mutual Trading Co., Inc., Tazaki Foods Limited, FOODEX S.A.S., Cominport Distribución S.L., and Nippon Food Supplies Company Pty Ltd)

\* For disclosures based on the TCFD framework of Takara Bio Inc., please visit Takara Bio's website.

## Business Risks and Opportunities due to Climate Change in Domestic Business and Overseas Alcoholic Beverages Business

Risk	Content	Period*1	Impact*2	Measures
Transition risk	Increase in production costs due to implementation of carbon tax	Medium-term	1.5°C Scenario: Medium; 2.0°C Scenario: Medium	<ul style="list-style-type: none"> <li>Promoting initiatives to reduce CO<sub>2</sub> emissions and increasing the ratio of renewable energy</li> <li>Promoting modal shifts (in Japan)</li> <li>Promoting the use of renewable energy (installation of solar panels, etc.)</li> <li>Converting company vehicles to EVs</li> </ul>
	Increase in costs of containers and packaging materials	Medium-term	Medium; Medium	<ul style="list-style-type: none"> <li>Switching to recycled containers and low-carbon alternative containers</li> <li>Obtaining certification for paper and cardboards (e.g. FSC, PEFC)</li> <li>Use of biomass materials for soft packaging materials and printing</li> <li>Reducing weight of packaging materials (making bottles and cans lighter and abolishing labels and stickers)</li> </ul>
Physical risk	River flooding (flood damage)	Long-term	4.0°C Scenario: Large	<ul style="list-style-type: none"> <li>Decentralization of production sites in Japan</li> <li>Survey and examination of countermeasures for sites where large-scale flooding is expected</li> <li>Consideration and formulation of BCP</li> </ul>
	Coastal flooding (flood damage)	Long-term	Large	
	Impact on crop yields (see below for details)			(See below for details)

\*1 Medium-term until around 2030 Long-term until around 2050 \*2 Impact on financial indicators Large 5% or more Medium 1-5% Small Less than 1%  
Transition risk is the impact on consolidated operating income, and physical risk is the impact on consolidated net sales, consolidated property, plant and equipment, and consolidated inventories.

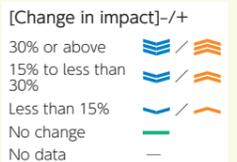
Opportunities	Content	Measures
Opportunities	Impact on cost of switching to energy-saving equipment	<ul style="list-style-type: none"> <li>Installing low-carbon equipment (converting the heavy oil boiler to a natural gas boiler)</li> <li>Using a biomass boiler at Tomatin</li> </ul>
	Impact of energy conservation promotion on cost reduction	<ul style="list-style-type: none"> <li>Installing energy-saving equipment that reduces operating costs</li> <li>Considering the promotion of the reuse of waste heat (use of heat pumps, etc.)</li> </ul>
	Increase in demand for eco-products (demand for ethical consumption)	<ul style="list-style-type: none"> <li>Product development consistent with ethical consumption (Takara CRAFT, Sho Chiku Bai Nend, etc.)</li> <li>Initiatives for environmentally friendly products and certified products</li> </ul>

### Impact on crop yields

In addition to Takara Shuzo Co., Ltd., we have expanded our scope to include the Overseas Alcoholic Beverages Business of Takara Shuzo International Co., Ltd., and analyzed the impact of temperature rise on yields for four items that account for a large proportion of raw material use.

Global average temperature rise (°C) and changes in impact since pre-industrial times

Item	Major country of origin	2.0°C	4.0°C	Measures
Sugarcane (yield)	Brazil	↗	↗	<ul style="list-style-type: none"> <li>Continue stable procurement through cooperation with producers</li> <li>Surveying and diversifying suppliers to reduce procurement risk</li> <li>Survey and examination of raw materials compatible with climate change</li> </ul>
Corn (yield)	United States	↘	↘	
Paddy rice (yield)	Japan	↔	↘	
Paddy rice (yield)	China	↗	↗	
Paddy rice (yield)	United States	↗	↗	
Barley (yield)	UK	↗	—	



Business Risks and Opportunities due to Climate Change in Japanese Food Wholesale Business in overseas markets

Risk	Content	Period*1	Impact*2	Measures
Transition risk	Increase in product procurement costs due to implementation of carbon tax	Medium-term	1.5°C Scenario: Small, 2.0°C Scenario: Small	<ul style="list-style-type: none"> <li>Understanding carbon tax and carbon pricing trends</li> <li>Studying and switching to products using sustainable containers and packaging materials</li> </ul>
	Increase in distribution and storage costs due to implementation of carbon tax	Medium-term	Small, Small	<ul style="list-style-type: none"> <li>Introducing EVs and electric trucks</li> <li>Understanding renewable electricity trends in various countries</li> <li>Promoting the use of renewable energy (installation of solar panels, etc.)</li> </ul>
	Increase in storage costs due to rising electricity prices	Medium-term	—, Small	<ul style="list-style-type: none"> <li>Considering and promoting energy conservation measures (Converting lighting to LEDs and those with automatic sensors, utilizing heat pumps for air conditioning, etc.)</li> </ul>
	Rise in procurement prices due to decline in raw material yield	Medium-term	Medium (Qualitative evaluation)	<ul style="list-style-type: none"> <li>Considering and selecting alternative suppliers</li> <li>Studying and procuring alternative products</li> </ul>
	River flooding (flood damage)	Long-term	4.0°C Scenario: Small	<ul style="list-style-type: none"> <li>Consideration and formulation of BCP (Countermeasures involving site facilities, inventory, distribution routes, delivery volume to customers, drills, etc.)</li> <li>Consideration of site location and securing floor height of facilities, taking into account flood damage risk</li> </ul>
Physical risk	Coastal flooding (flood damage)	Long-term	Small	

\*1 Medium-term until around 2030 Long-term until around 2050 \*2 Impact on financial metrics Large 5% or more Medium 1-5% Small Less than 1%  
 Transition risk is the impact on consolidated operating income, and physical risk is the impact on consolidated net sales, consolidated property, plant and equipment, and consolidated inventories. - Scenario data unavailable

Opportunities	Content	Measures
Opportunities	Increase in business due to switch to environmentally-friendly products and packages	<ul style="list-style-type: none"> <li>Selecting environmentally-friendly products and packages, and expanding their lineup</li> <li>Building cooperative relationships with suppliers for procurement</li> </ul>
	Increase in demand for ethical consumption	<ul style="list-style-type: none"> <li>Strengthening lineup of plant-based "vegan products," etc. that serve as substitutes for beef and lead to curbing temperature rise</li> <li>Providing information to customers regarding product features and certification acquisition</li> </ul>

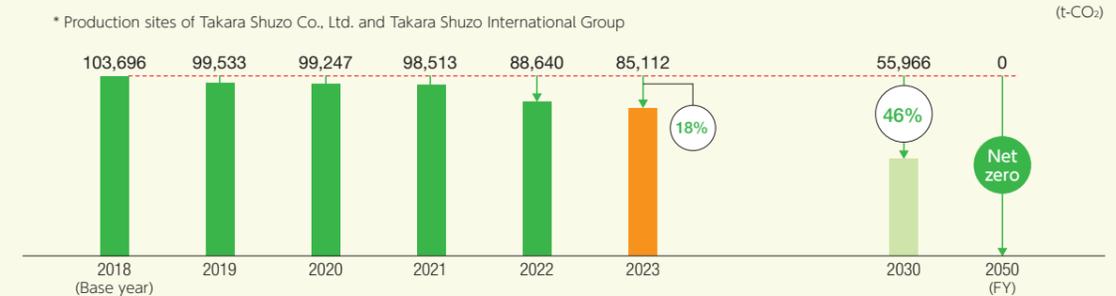
Indicators and Targets

The Takara Group has set CO<sub>2</sub> emissions reduction targets in its Takara Group Sustainability Vision. Takara Shuzo Co., Ltd. and the Takara Shuzo International Group have set CO<sub>2</sub> emissions targets in Scope 1 and Scope 2 in total for their production sites.

Targets and Progress for FY2023

Year achieved	Scope	Indicators and targets	FY2023 results
2030	Takara Shuzo/Takara Shuzo International Group	Reduce CO <sub>2</sub> emissions at production sites by 46% compared with FY2018.	Compared to FY2018: 18% reduction CO <sub>2</sub> emissions: 85,112 (t-CO <sub>2</sub> )
	Takara Bio Group	Reduce CO <sub>2</sub> emission intensity (CO <sub>2</sub> emissions per net sales) by 50% compared with FY2018.	Compared to FY2018: 11% reduction
	Takara Shuzo (Distribution)	Reduce CO <sub>2</sub> emission intensity (CO <sub>2</sub> emissions per sales volume) from shipping by 10% compared with FY2018.	Compared to FY2018: 18% reduction
2050	Entire Group	Net zero CO <sub>2</sub> emissions	—

Scope 1 and Scope 2 Total CO<sub>2</sub> Emissions of Takara Shuzo Co., Ltd. and Takara Shuzo International Group



GHG Emissions of Takara Holdings Inc. and Takara Shuzo Co., Ltd. in FY2023

Takara Holdings Inc. and Takara Shuzo Co., Ltd. calculate greenhouse gas (GHG) emissions in Scope 1, Scope 2, and Scope 3. Going forward, we will work to grasp our Group-wide GHG emissions.

		Unit: t-CO <sub>2</sub> e			
		FY2022	FY2023		
Scope1+Scope2		90,802	86,954		
Scope1		69,280	66,486		
Scope2		21,522	20,468		
Category		FY2022	FY2023	Calculation method	
Scope3		802,323	754,409		
Upstream	Category 1	Purchased goods and services	605,552	564,630	Calculated for procured raw materials, containers, and packaging materials
	Category 2	Capital goods	8,864	13,111	Calculated for purchased facilities and instruments
	Category 3	Fuel- and energy-related activities not included in Scope 1 and 2	18,450	17,603	Calculated based on the amount of fuel and electricity used
	Category 4	Upstream transportation and distribution	106,276	100,036	Calculated for the logistics of procured raw materials, containers, and packaging materials
	Category 5	Waste generated in operations	864	940	Calculated for waste weight and disposal cost
	Category 6	Business travel	230	233	Calculated for employee business travels
	Category 7	Employee commuting	575	587	Calculated for employee commuting
	Category 8	Upstream leased assets	—	—	Not included in the calculation
Downstream	Category 9	Downstream transportation and distribution	4,408	3,814	Calculated for shipping logistics
	Category 10	Processing of sold products	—	—	Not included in the calculation
	Category 11	Use of sold products	—	—	Not included in the calculation
	Category 12	End-of-life treatment of sold products	50,813	48,220	Calculated for waste from products sold
	Category 13	Downstream leased assets	6,291	5,236	Calculated for instruments leased to outside parties
	Category 14	Franchises	—	—	Not included in the calculation
	Category 15	Investments	—	—	Not included in the calculation
Scope1+Scope2+Scope3		893,125	841,363		

Scope 1: Direct emissions of greenhouse gases by the business itself (fuel combustion, industrial processes)  
 Scope 2: Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies  
 Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the activities of the business)



## Safety and Reliability

As a company involved in food and medicine, the Takara Group believes that it is important that customers find us reliable. In order to continue to be a corporate group trusted by customers into the future, we have established, and are working on, the Takara Group Quality Policy.

### Ensuring safe and reliable quality at Takara Shuzo

#### Examine compliance with laws, regulations, and voluntary standards at the design stage

We check legality and the suitability of label descriptions using design review methods addressing all aspects of designs at the stages of product design, including raw materials, package and wrapping, and manufacturing processes. This allows us to create products after eliminating the possibility of inferior quality and inappropriate information provision at the design stage, and after confirming that product designs are as satisfactory as possible.

#### Stable procurement of raw materials whose safety has been confirmed

With regard to procuring raw materials, we strive to use only raw materials for which we have confirmed the entire procurement route without exception and that have warranties attesting to their quality, safety, and legality. In addition to these efforts, we conduct regular quality audits of suppliers that supply raw materials and carry out analysis of residual pesticides/herbicides, heavy metals, stable isotope ratios of alcohol imported from overseas, etc. according to the conditions of raw materials and suppliers, in order to improve the reliability of raw material quality by



Stable isotope ratio mass spectrometer

ensuring that any hazardous substances or foreign materials are not mixed in the raw materials.

#### Maintain and improve manufacturing lines that ensure safe and reliable quality

Manufacturing lines at our plants incorporate new technologies, and strict management of equipment maintenance and production processes ensures high quality. With inspection machines, we inspect all products for external appearance, foreign substances, and labeling/printing.



Interior of inspection machine

Furthermore, in the inspection department, organoleptic inspections are carried out by expert panelists, and ingredient analysis and inspections are handled by state-of-the-art analytic instruments.

### Ensuring safe and reliable quality at Takara Shuzo International Group

#### Efforts toward the establishment of a global quality assurance system

Takara Shuzo International has newly appointed a person in charge of overseas quality assurance and quality control to further strengthen its quality assurance system. At meetings regularly held with the executives of our overseas group companies, we work to share our quality policies and exchange and collect information on food safety. In coordination with the Quality Assurance Department of Takara Holdings, we conduct quality audits on our overseas group companies to identify quality risks and improve processes, thereby ensuring safer and more reliable quality.

### Takara Group Quality Policy

Based on our corporate philosophy, which is "Contributing to the creation of a vital society and a healthy lifestyle through our fermentation technology and biotechnology in a way that achieves harmony with nature," we will bring safe and reliable products and services to customers throughout the world.

- 1 We will listen carefully to our customers and pursue quality that satisfies them.
- 2 We will work together as a group on quality assurance activities throughout the entire process until products are delivered to customers.
- 3 We will comply with the relevant laws, regulations and voluntary standards.
- 4 We will live up to the trust of our customers by making efforts to provide them with appropriate information that is easy to understand.

### Ensuring safe and reliable quality at Takara Bio Group

#### Efforts for quality control

The Takara Bio Group, in an effort to ensure safe quality, complies with the quality management system (ISO 9001, etc.) and maintains related certifications and strives to increase product quality and customer satisfaction. The Center for Gene and Cell Processing, which provides CDMO services, has established a quality control system in compliance with GMP/GCTP\*, and has obtained manufacturing license and manufacturing registration for special cell processing products, regenerative medical products, pharmaceutical products (including biological products), and in-vitro diagnostics agents. In addition, our laboratories for genetic analysis services and testing have acquired a recognition from CAP-LAP and are registered as clinical testing laboratories.

We will strive to maintain these certification systems and business licenses and aim to expand the scope of certification as necessary.

In addition, we have organized a quality culture fostering system to foster a corporate culture that emphasizes quality, and carried out our activities. We conduct continuous improvement activities, education and training for all employees of the Takara Bio Group, as well as on-site inspections by management.

\* Manufacturing control and quality standards for pharmaceuticals and regenerative medical products

#### Appropriate disclosure of product information

We actively publish materials related to product safety. We disclose and provide appropriate information in accordance with laws and regulations in various languages, including product manuals, Certificate of Analysis (CoA), SDS (Safety Data Sheet), the indication of poisonous or deleterious substances in accordance with the Poisonous and Deleterious Substances Control Act, and the labeling of products that fall under living modified organism (LMO) based on the Act on the Conservation and Sustainable Use of Biological Diversity through Regulations on the Use of Living Modified Organisms (the Cartagena Act).

### Efforts of Customer Contact Office

#### Pursue customer satisfaction

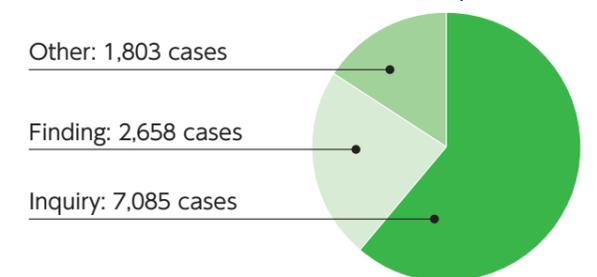
The Customer Contact Office receives 11,546 comments a year. These include a wide variety of inquiries, feedback, and complaints about products, and Takara Shuzo listens carefully to each of these comments, striving to deliver products and improve services in order to satisfy customers. In addition,

videos on frequently asked questions are posted on the website of the Customer Contact Office, and efforts are being made to make them easier for customers to understand.

We have voiced a declaration of conformity to ISO 10002 (targeting management systems for handling customer requests and complaints) and thus clarified our specific efforts and responsibilities to improve customer response, thereby continually striving to improve these processes.

#### Number and breakdown of customer contact cases

11,546 cases for fiscal year 2023



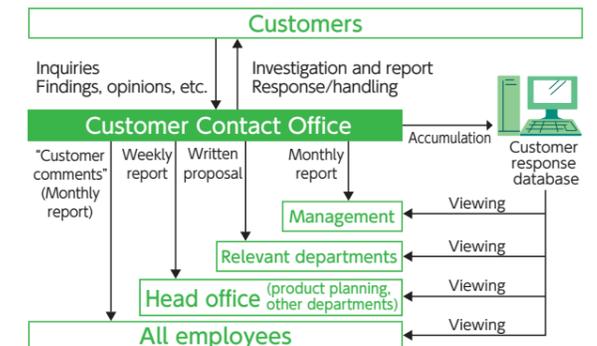
#### Examples of improvements made based on customer comments

Clearly specify the material used for the labels of Takara Shochu

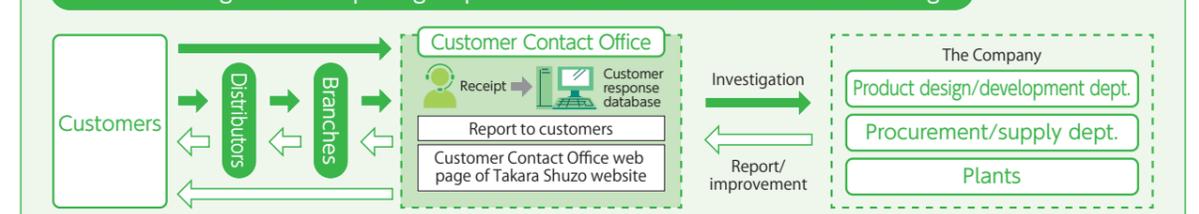
Customer comments: When sorting the garbage, material used for the labels is not clear.



#### Internal feedback on customer comments



#### Flow of investigation and reporting on products on which customers sent their findings



# Takara Group's Sustainability



## Wellness

As a company involved in food and medicine, the Takara Group aims to contribute to a healthy lifestyle. We will work to create a society where people can continue to enjoy a healthy lifestyle, including through the development of revolutionary biotechnologies such as gene therapy, the supply of related services, and the development of health-conscious products.

### Supply of health-conscious products

#### Development of low-alcohol products

For *Takara HAKKO JORYU SOUR*, launched in September 2024, we have achieved a flavor that allows customers to enjoy the satisfaction of alcohol even with 3% alcohol content through the use of dedicated Takara Shochu and the newly developed pericarp fermented spirits. As the Ministry of Health, Labour and Welfare announced the "Guidelines for Drinking with Consideration of Health," and attention to the amount of alcohol contained will increase in the future, we will provide customers with various options as products that are enjoyable to drink even with low alcohol content.



#### Development of non-alcoholic products

Takara Shuzo is actively engaged in the development of health-conscious products. *Takara Karakuchi Zero Ball* is a non-alcoholic beverage perfect for meals with a crisp and dry flavor. It is not only alcohol-free, but also containing no calories, no carbs, no added sweeteners, and no purines.



#### Development of products with no or low carbs

*Takara Shochu Highball* has been endorsed not only by existing chu-hi drinkers, but also by health-conscious customers, with its features of containing no purines, no added sweeteners, and no\*1 or low carbs.

\*1 Labeled no carb when a product contains less than 0.5g of carbohydrates per 100ml in accordance with Japan's Food Labeling Standards.



Carbohydrate-free, dry flavored Takara Shochu Highball Dry 350ml



#### Promoting the lack of added salt in our cooking sake

*Takara Ryori no Tame no Seishu* is a salt-free sake made with 100% Japanese rice, with a focus on making dishes more delicious. Takara Shuzo is disseminating information by highlighting reduced salt content, including the fact that its cooking liquor does not contain salt and is also making an appeal to customers that there is a difference between cooking liquors and salt-added cooking liquors.



#### Offering organic, vegan, and food-allergy-conscious products

In 2013, *washoku*, a traditional dietary cultures of Japan, was registered as a UNESCO Intangible Cultural Heritage. This was a boost for Japanese cuisine, and the popularity and reputation of *washoku* is increasing year by year worldwide. The Takara Group delivers *washoku* to the tables around the world through its overseas Japanese food wholesalers.

In addition to organic and vegan products, we have expanded our product lineup to include gluten-free and other food-allergy-conscious products. As of March 2024, we offer a lineup of 3,071 items.

We will realize the world where people with various needs and barriers to food can all sit around the same table



Yutaka Vegan Edamame Gyoza



Yutaka Gluten Free & Organic Konjac Noodles



Yutaka Reduced Salt Gluten Free Soy Sauce

### Support for the development of global life science research

Takara Bio provides a variety of products and services amounting to 10,000 items, from basic research to industrial application in the life science field. We are working to establish production facilities in a global and multipolar manner in Japan, the United States, Europe, and China, providing support for the development of global life science research through the stable supply of products.



Takara Bio's research reagents

### Contribute to the life science community

Takara Bio supports life science communities by sponsoring various academic meetings and events related to life sciences and biotechnology, such as seminars for biotechnology researchers. We strive to promote the understanding of biotechnology in society by participating in university or group seminars and holding public relations workshops for university students.

We are also driving commercialization of technology seeds originating from academia through open innovation.



Seminar

### Application of genetic analysis technology to testing and diagnostics

Takara Bio Group is focusing on the development of global products that align with the characteristics and demand of regions across the globe as well as products to test for viruses that cause infectious diseases, based on genetic engineering technologies it has developed in the research reagents business.



Pathogen Associated Gene Detection Series

### Initiatives for the development of gene therapies

Takara Bio is advancing the development of gene therapy technologies that fulfill unmet medical needs through the development and practical application of drug discovery platform technologies that utilize gene and cell technologies. In addition, we are promoting the CDMO business to support the development and manufacture of regenerative and cellular medicine and gene therapy products and also working on the development and sales of ancillary materials that support new modalities.



CDMO business

**Example of development of academia technology seeds (fiscal year 2023)**  
 In the gene therapy field, Takara Bio entered into a license agreement with University Health Network in Canada on the exclusive use of the patent relating to JAK/STAT cytokine signaling technology and has started a clinical trial for CD19 JAK/STAT CAR-T therapy (TBI-2001) at Princess Margaret Cancer Centre (Toronto, Ontario, Canada), where joint development is in progress.

# Takara Group's Sustainability



## Human Resources

We believe that a company is an organization comprising all of its individual employees and that the collective power of those human resources is the source of a company's sustainable growth and development. Therefore, it is indispensable that we maximize the potential of individuals and organizations by investing in our human resources in order to further increase corporate value and achieve Group growth.

Along with establishing a workplace offering both rewarding work and job satisfaction as well as a corporate culture that nourishes people, we will successfully foster human resources who can be responsible for the next generation of the Group as well as promoting the active involvement of diverse human resources.

### Fostering human resources

#### Implementing measures to foster human resources responsible for next generation

Aiming to foster human resources who can be responsible for the next generation of the Group, Takara Holdings, Takara Shuzo, and Takara Shuzo International have been providing executive candidate development training for employees in managerial positions primarily in their forties and workplace leadership development training in factories. The Group will continue its efforts to train human resources that will support the Group into the future by expanding measures to develop human resources targeting particular ranks that need to be strengthened in order to achieve business growth, such as the training to strengthen management capabilities of managers and pre-management personnel that began in fiscal year 2023.

#### Developing human resources for global business growth

Takara Holdings, Takara Shuzo, and Takara Shuzo International aim to acquire human resources who will realize global business growth through continuous mid-career recruitment and new graduate recruitment. Our human resources development efforts center on training through job rotation, such as assignment of young employees to Takara Shuzo International Co., Ltd. and overseas posts. To provide them learning opportunities to acquire language skills necessary for global business, we support those who attend language schools, take online English lessons, etc. For those who are transferred to overseas positions, we offer a support program that helps them be mentally prepared to live abroad and learn the custom and lifestyle of the host country, in addition to supporting them with language skills acquisition.

As measures to support employees' independent learning, we allow them to take multiple correspondence courses related to language learning, provide opportunities for all employees to take the TOEIC® tests by group application, and regularly hold Global Café, an exchange program between employees working in Japan and overseas Group employees. Through these and other measures, we are fostering a corporate culture that actively promotes global business development.

### Promoting the active involvement of diverse human resources

#### Promoting the active involvement of female employees

The Takara Group is moving forward with initiatives in every Group company in line with an action plan that is based on the Female Participation Promotion Act to further promote the advancement of female employees' careers. At Takara Holdings, Takara Shuzo, and Takara Shuzo International, we provide trainings for female managers and assistant managers with the aim of advancing their careers while balancing work and life events. Training is also provided for supervisors who have female employees reporting to them, with the aim of creating an environment that enables women to work with greater motivation. The companies plan to newly appoint at least 50 women to manager and assistant manager positions by fiscal year 2030 as a mid- to long-term target. As of April 2024, a total of 35 women have been appointed. The proportion of women in managerial positions was 8.6% as of April 2024 and the companies plan to increase the proportion to 10% or more by the end of fiscal year 2025.

### Achieving a comfortable workplace environment and a work-life balance

#### Promoting the utilization of childcare leave by male employees

Each of the Takara Group companies is making efforts in line with an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children. Takara Holdings, Takara Shuzo, and Takara Shuzo International are working to maintain and improve the level of childcare leave utilization, with the targets of "100% of employees returning from childcare leave" and "30% or more of male employees taking childcare leave."

In fiscal year 2023, the percentage of male employees taking childcare leave was 84.2%, as a result of efforts to create an environment that makes it easier for male employees to take childcare leave, such as by individually informing male employees about the leave, holding individual interviews with them to confirm their intentions at an early timing, and following up after the interviews, as well as the establishment of a company-wide consultation desk within the Personnel Division.

### Workplace safety and health and maintenance and promotion of employee wellness

The Takara Group strives to create a workplace environment that is safe and healthy. Furthermore, as initiatives to maintain and promote the health of its employees, in addition to statutory medical checkups, we conduct employee stress check every year, following which employees who have been diagnosed as having an increased level of stress will meet an industrial physician if they wish to do so. And if the physician deems that measures need to be taken to improve an employee's working conditions, we take action accordingly. Through this and other initiatives, we endeavor to prevent mental health problems among our employees. In addition, through group analysis based on the results of stress checks, we work to grasp the status of stress in each organization, and make improvements to the workplace environment as necessary.

From the perspective of preventing health problems caused by long working hours, we do not allow overtime work of over 60 hours per month or working on Sundays as a rule. In addition, supervisors thoroughly manage the employees' overtime working hours. Furthermore, the person in charge of managing overtime working hours in each workplace and the Personnel Division also confirm the status of overtime working hours in the middle of each month. We will continue working in cooperation with industrial physicians and the

Takara Group Health Insurance Association to reduce health risks of our employees.

### Improving employee engagement

#### Understanding the current state through engagement survey and efforts towards improvement

To realize Takara Group's Vision, we need each and every employee to understand and sympathize with the goals and vision of the organization and to have them voluntarily demonstrate his/her capabilities while bringing their diverse strengths together, and thereby maximize our ability to get things done as an organization. Recognizing that we cannot improve productivity or generate innovation without fostering a sense of satisfaction among our employees such as by improving their engagement, we have been conducting an employee engagement survey since 2023.

In conducting the survey, in order to more accurately grasp the situation of the Company, we designed our own survey with the cooperation of external experts, using five indicators: "Company," "Workplace," "Supervisor," "Job," and "Systems." We share the issues identified in the analysis of the survey with all of our employees, including officers, and work to further improve employee engagement through initiatives under the company-wide project to reform our corporate culture and by strengthening career development support programs.

Employee data (Total of Takara Holdings, Takara Shuzo, and Takara Shuzo International)

Theme	Classification	Item	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Promoting the active involvement of diverse human resources	Employees	Number of full-time employees (as of April 1)	People	1,340	1,336	1,314	1,269	1,264
		Male	People	1,160	1,141	1,117	1,074	1,048
		Women	People	180	195	197	195	216
		Ratio of women	%	13.4	14.6	15.0	15.4	17.1
		Average years of service (for full-time employees as of April 1)	Year	22.6	22.4	22.7	22.6	22.0
		Male	Year	23.2	23.1	23.4	23.4	23.0
		Women	Year	18.8	18.2	18.7	18.5	17.4
		Number of new graduate hires (university and graduate school graduates)	People	33	33	15	23	33
		Male	People	18	17	8	12	15
		Women	People	15	16	7	11	18
	Ratio of women	%	45.5	48.5	46.7	47.8	54.5	
	Turnover rate within three years (new graduate hires)	%	23.1	13.3	6.3	10.9	6.0	
	Promoting the active involvement of female employees	Number of women in managerial positions (as of April 1)	People	16	17	19	22	28
		Ratio of women in managerial positions (as of April 1)	%	3.8	4.0	4.5	5.3	6.7
		Number of newly appointed women in managerial positions	People	1	2	2	4	7
Promoting the active involvement of seniors	Number of women in management positions (as of April 1)	People	34	34	39	41	48	
	Ratio of women in management positions (as of April 1)	%	5.4	5.5	6.2	6.7	7.9	
Promoting the hiring of people with disabilities	Number of newly appointed personnel in management positions	People	5	4	8	9	14	
	Number of employees re-employed after retirement	People	34	35	39	39	48	
Acquisition of diverse human resources	Ratio of employees with disabilities (Takara Holdings as of April 1)	%	2.70	2.78	2.65	2.44	2.78	
	Ratio of employees with disabilities (Takara Shuzo as of April 1)	%	2.56	2.59	2.69	2.59	2.49	
Achieving a comfortable workplace environment and a work-life balance	Working hours	Mid-career hiring ratio (including full-time employees)	%	21.3	23.3	41.4	31.9	38.4
		Total working hours	Hours	1,856.21	1,845.17	1,862.05	1,862.49	1,854.22
		Overtime working hours	Hours	135.12	103.55	137.20	136.45	134.10
	Taking paid leave	Ratio of paid leave taken	%	69.1	66.4	69.1	76.5	73.5
		Number of employees taking childcare leave	People	8	6	8	10	20
	Taking childcare leave	Male	People	2	0	3	6	16
		Women	People	6	6	5	4	4
		Reinstatement rate from childcare leave	%	87.5	100.0	100.0	100.0	100.0
	Industrial accidents	Ratio of childcare leave taken by male employees	%	7.4	0.0	18.8	27.3	84.2
		Frequency rate of industrial accidents (Whole company)	-	0.74	0.36	1.09	0.74	2.57
Industrial accidents severity rate (Whole company)		-	0.007	0	0.034	0.003	0.004	
Working from home	Number of employees using the work-from-home system	People	—	794	769	684	526	

\* Frequency rate of industrial accidents: (total number of absence from work and death + accidents not accompanied by lost worktime) / total number of hours actually worked × 1,000,000

For employee data of Takara Bio, please visit Takara Bio's website.  
<https://www.takara-bio.com/en/sustainability/materiality/human.html>



# Takara Group's Sustainability



## Responsible Alcohol Producer

Alcohol has played an important role as a communication tool for facilitating human relationships since ancient times. However, it sometimes causes so-called alcohol-related issues, including the consumption of alcohol by those under the age of 20 and drunk driving. The Takara Group believes that tackling alcohol-related issues head-on is an important responsibility as a company that manufactures and sells alcoholic beverages, and we have therefore established, and are working on, the Basic Policy on Responsible Drinking.

### Spreading awareness on the appropriate consumption of alcohol

**Educational efforts using our website and pamphlets**  
In 1985, Takara Shuzo launched the "Say No" campaign focusing on the "appropriate day, appropriate sake, and appropriate manner" proposal to foster harmony between society and drinking. The next year, 1986, Takara Shuzo published "Say No Book," a pamphlet that provided a description of appropriate drinking practices. In 1995, the pamphlet title was changed to "Say No! Press," and in 2009, we updated the publication and published "Maintaining a Positive Relationship with Alcohol," which we made available on Takara Shuzo's website in our effort to educate the public on appropriate consumption of alcohol and to deter problematic drinking.



The "Maintaining a Positive Relationship with Alcohol" booklet

### Implementation of responsible marketing

**Implement responsible advertising**  
Takara Shuzo complies with the industry's voluntary standards for advertisements, and follows various regulations in its advertisements, such as not using expressions that would induce underage drinking on TV commercials on alcoholic beverages, newspaper, magazine advertisements, etc. In 2022, the Company formulated the Takara Shuzo Voluntary Standards for Advertisements, which cover a wider range of fields than the industry's voluntary standards and contain more stringent provisions. We are striving to ensure and maintain the status of having no cases of violating the industry's voluntary standards by implementing the internal standards, which we continuously review and update as appropriate.

### Conscientious product labeling

Takara Shuzo displays the prohibition of underage drinking on product packages since 1995 and, warnings about the risk of drinking for expectant or nursing mothers since 2004 to prevent drinking while pregnant or nursing.

With regard to disclosure of alcohol content, Takara Shuzo discloses the amount of alcohol contained in all category products on its website. We plan to display the information on the packages of all consumer products sold in Japan, except for alcohol-based seasoning, by fiscal year 2025. As for ready-to-drink products, we completed placing information display on all products before the end of fiscal year 2023.

In addition, since 2006, caution labels regarding moderate drinking have been displayed on packages of products with a volume of more than 2 liters, in accordance with provisions of voluntary industry standards. However, under our own initiative, we plan to expand this practice to all consumer products sold in Japan (excluding alcohol-based seasonings), not limited to products with a volume of more than 2 liters, by fiscal year 2025.



Display of alcohol amount contained and messages promoting appropriate consumption of alcohol

### Age certification system when accessing website

In 2019, Takara Shuzo introduced an age certification system for access to web pages related to alcoholic beverages on its website to prevent underage drinking.



Age affirmation system



## Community

The Takara Group will contribute to the development of local communities by seeking communication with local communities, recognizing their needs and issues, and undertaking initiatives to resolve them. The needs and issues of local communities are diverse and are likely to change with the times. These range from global issues such as climate change, to local issues such as garbage, the education of children who will be responsible for the next generation, promotion of the economy and culture, and large-scale disaster support. As a good corporate citizen, we strive to understand what challenges our local communities are facing and what they require through communication with stakeholders. We will then consider what we can do for the needs and challenges we have identified and take actions to contribute to the development of local communities.

### Education on the environment and other issues for children who will lead the future

#### Takara Shuzo Farm School

Since 2004, Takara Shuzo has been providing an environmental education program, the Takara Shuzo Farm School, for the purpose of teaching children who will lead the future the importance of protecting the natural environment and its biodiversity and conveying the preciousness of natural bounty.

In 2024, we are hosting three classes targeting elementary school students and their families in a rice field in Nantan, Kyoto Prefecture, including rice farming experience from planting in spring to harvest in fall and nature observation of rural mountain woodlands.



Rice planting experience

#### Takara Shuzo Eco-School

Since 2012, we have been conducting an environmental education program, the Takara Shuzo Eco-School, for third to sixth grade elementary school students and their families. The program aims to let participants learn about the current situation of waste problems and how to reduce wastes through fun events such as making picture using cullet, or glass bottles crushed into gravel, and other recycling experiences. In 2024, classes were held in Kyoto City and also Yao City, Osaka Prefecture.

#### Takara Bio conducts on-site classes at elementary schools

To help in the comprehensive learning curriculum stipulated by the Ministry of Education, Culture, Sports, Science and Technology in the education curriculum guidelines, we have been conducting on-site classes at elementary schools in Kusatsu, Shiga Prefecture. In 2023, we gave a career education class on "learning about jobs," in which we introduced the business of, and what types of job there are, at Takara Bio. In addition to the

introduction using videos, children also experienced changing into dust-free clothes that are actually worn in our laboratories and manufacturing facilities. We are working to have children learn independently and find an opportunity to thinking about their future, triggered by new awareness about work that they have gained from the program.



Thank-you letters received after an on-site class

### Promotion of local economies

#### Continually foster community-based products

We are working to revitalize local economies by developing and nurturing products that are loved by local residents, have their roots in their local communities, and are only marketed in that region, such as *TaKaRa CRAFT*, which is made from rare gifts of fruit available in particular production areas. We are also taking part in the Kyo Lemon Project Council, which aims for production on abandoned farmlands and to support new farmers with their cultivation, and eventually create new lemon production areas in Kyoto. In addition, in response to the issue of labor shortages faced by some production areas during harvest season due to the aging of population, the Group sends its employees to such production areas to assist with the harvesting.



Kyo Lemon: Planting of saplings on an abandoned farmland and our employees helping with the harvesting

# Takara Group's Sustainability



## Well-Balanced Diet

The Takara Group will increase the value and appeal of *washu* and Japanese food, and will bring rich diet filled with connections between people throughout the world by leveraging our position as a top manufacturer of *washu*, and our Japanese food wholesaling network overseas.

### Providing the richness of *washu* and Japanese food

**Spreading the excellence of sake to the world**  
 True to its tagline, "yorokobi no sake (sake of joy)," *Sho Chiku Bai* is bringing the joy of drinking sake and its tastiness to many people in Japan and overseas in its effort to continue taking on the challenge of expanding sake users and creating a new future for sake culture.



Sho Chiku Bai brand key visual

*Sho Chiku Bai Shirakabegura Mio Sparkling Sake*, a low-alcohol, easy-to-drink "typical Japanese sparkling sake that represents Japan," brings good taste and excitement to the world with its refreshing bubbles and fruity and gentle sweetness coming from rice.

In Japan, we will use TV commercials and Web videos featuring the theme, "On days when I want to relax, I go for *Mio*," to convey the benefits of *Mio* felt by loyal users: "With just *Mio*, an ordinary day turns into an extraordinary, high quality time that gives me luxurious comfort." By making people unfamiliar with traditional sake recognize it as a "new sake" that they, too, can enjoy, we aim to expand the number of sake users.



"On days when I want to relax, I go for *Mio*." video

Overseas, we disseminate information on *Mio* in various countries utilizing, in part, the National Tax Agency's subsidies granted under the project to support the overseas market development of Japanese alcoholic beverages. In the United States, we are communicating the appeal of *Mio* through tie-in projects with popular restaurants and influencers, in addition to opening official social media accounts.

In addition, in April 2024, we entered into an official sponsorship agreement with the New York Mets, which belong to the National League East Division of the Major League Baseball (MLB).

Under this partnership, *Mio* will become the first Japanese sake to be served at Citi Field, the home ground of the New York Mets. In addition, at select games, we plan to hold tasting events where visitors can savor *Mio*. Meanwhile, we exhibited booths at "HYPER JAPAN" in the UK and at "HKTDC Food Expo" in Hong Kong, and visitors who tasted *Mio* at these shows posted their experience on social media. We will continue broadening the appeal of sake around the world, with focus on *Mio*.



(U.S.) Electronic bulletin boards in Citi Field



(Hong Kong) HKTDC Food Expo

We believe that it is our mission as a global leader in the *washu* market to increase the number of people who enjoy *Washu* in Japan and overseas by creating "good sake for the future" that is rooted in the original appeal of sake and not bound by the recent standards of judgment such as that the more milled the rice is, the better the sake will be. Based on this belief, we launched *Sho Chiku Bai Shirakabegura Nend* in limited quantities and through limited sales routes\*. Featuring *Nend* and *Sho Chiku Bai Shirakabegura Kimoto Junmai*, both of which are KIMOTO-type sake that have the



Sho Chiku Bai series advertisement (The 6th of the 6-part series)

exclusive characteristics of *Sho Chiku Bai Shirakabegura*, we endeavor to create new value with what the *Sho Chiku Bai* brand considers as "good sake for the future—a drink that presents the umami of rice to be enjoyed during meal."

\* First release in October 2023, second release in March 2024, and twice annual releases are planned in the coming years.

### Conveying the appeal of alcohol-based seasoning

We provide information on alcohol-based seasoning, with a focus on Takara Hon-mirin, our top brand, and *Takara Ryori no Tame no Seishu*, a salt-free cooking sake, which continue to be chosen for their reliable quality. Using Takara Coking Notebook, our official social media account, we communicate on an ongoing basis the power of sake to enhance the tastiness of dishes and recipes of appetizer foods that only an alcohol manufacturer can think up.



Takara Cooking Notebook, our official social media account

The Japanese Cuisine Taught by Famous Chefs Course, co-hosted by Takara Shuzo and the NPO Japanese Culinary Academy, began in 2009 and has been held 52 times in the past 15 years. Participants who experienced the cooking effects of Takara Hon-mirin, which is rich in body and flavor and

enhances the flavor of the dashi stock, and *Takara Ryori no Tame no Seishu*, which removes the fishy smell and tenderizes the ingredients, gave us feedback saying that they were pleased to be able to learn authentic Japanese cuisine and how to use alcohol-based seasonings directly from top chefs.



Japanese Cuisine Taught by Famous Chefs Course

### Conveying and providing the appeal and new value of Japanese food

Takara Shuzo International is supplying local Japanese restaurants, supermarkets, and retailers with a variety of Japanese food ingredients such as rice, laver, soy sauce, vinegar, and complementary products, which are essential for Japanese food. In order to further promote the spread of Japanese



(Spain) Gourmet event GASTRONOMA Valencia

food overseas, we are also participating in exhibitions held in various regions and disseminating information at showrooms.

Mutual Trading Co., Inc., one of the oldest Japanese food wholesalers in the U.S., which was established in Los Angeles in 1926, hosts the Japanese Food & Restaurant Expo, an exhibition and sales event for those involved in the restaurant business, to further promote the spread of *washu* and Japanese food in the U.S.



(U.S.) Japanese Food & Restaurant Expo



## Procurement

In order to continuously provide customers with safe and reliable products and services, it is essential for us to continue sustainable transactions with suppliers who are our business partners. The Takara Group aims to realize sustainable procurement by ensuring the safety and quality of raw materials and more, and by also considering the social responsibility of the entire supply chain, including consideration for the environment and human rights as well as compliance with laws and social ethics based on the Takara Group Procurement Policy.

### Collaboration with suppliers

#### Requesting suppliers' compliance to ensure sustainable procurement

Takara Shuzo is asking its suppliers to observe the Sustainability Procurement Guidelines that give consideration to the environment and social issues.

The Guidelines have been presented to a total of 241 suppliers, all of whom have submitted a letter of consent by July 2024.

#### On-site inspection of suppliers

As part of human rights due diligence of suppliers, in May 2023, we visited four suppliers in Brazil who are manufacturers of ethanol to conduct on-site inspections.

The inspections confirmed that these suppliers met standards for all of the 26 items listed in the Sustainability Procurement Guidelines and that there was no case of child labor or forced labor.

### Takara Shuzo's Sustainability Procurement Guidelines

- 1 Ensuring safety and reliability
- 2 Consideration for the global environment
- 3 Human rights, labor, and health and safety
- 4 Compliance with laws and social norms
- 5 Information security
- 6 Social contribution



Sugarcane fields in Brazil



Visiting a supplier in Brazil

We also conduct plant audits of new and existing suppliers on a regular basis.

If the compliance status is insufficient, we ask for improvement, propose improvement plans, or take other measures.



Supplier auditing



## Human Rights

In order to respect the human rights of all stakeholders, the Takara Group has established the Takara Group Human Rights Policy. Recognizing the impacts we may have on the human rights of various stakeholders, including not only our employees but also business partners, customers, and local communities, we have established a human rights due diligence process in accordance with the Guiding Principles on Business and Human Rights of the United Nations, and are taking measures to protect human rights.

### Respect for human rights

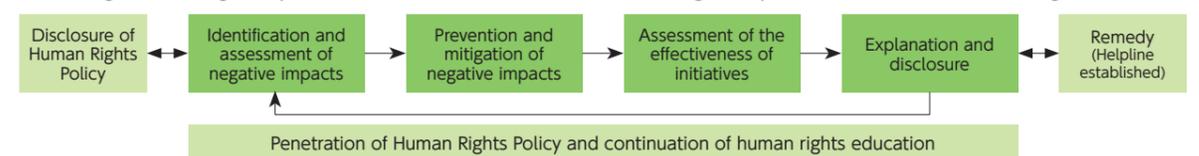
#### Initiatives for human rights due diligence

In fiscal year 2023, we continued to implement initiatives that have already been put into action within the Takara Group as part of human rights due diligence process. Under the leadership of the cross-organizational working team, we addressed issues in each process of human rights due diligence.

With regard to identification and assessment of negative human rights impacts, we have updated risk response maps (identifying potential human

rights risks) and carried out analysis of human rights risks based on the interviews with suppliers conducted during our visits to manufacturers of ethanol in Brazil. As for prevention and mitigation of negative impacts, we are continuing human rights education within the Group, such as study meetings built on the findings of human rights awareness survey, a training program designed to enhance the understanding of human rights and compliance education by e-learning.

Human rights due diligence process based on the United Nations Guiding Principles on Business and Human Rights



Initiatives for major items in the human rights due diligence process in fiscal 2023

Item	Details of major items	Major initiatives for fiscal 2023
Human Rights Policy	Penetration of the policy	• Conducted training sessions for risk compliance leaders and human rights study meetings to spread the understanding of the policy
	Updated risk response maps	• Reviewed current risk items, examined if more anticipated risks need to be added, and revised the risk response maps accordingly
Identification and assessment of negative impacts	Monitoring of suppliers	• Switched from conducting questionnaire surveys to obtaining letter of consent, and received a letter of consent from each company
	Monitoring of overseas Group companies	• Checked the status of their response to laws concerning human rights due diligence in each respective country
	Assessment of risks identified	• Visited four manufacturing suppliers in Brazil to conduct on-site inspections
Prevention and mitigation of negative impacts	Development and dissemination of response flow	• Made the Takara Group Helpline and contact point for harassments known to all through on-the-job compliance trainings and other opportunities
	Human rights education and training	• Conducted compliance trainings (on-the-job, e-learning) and exams to gauge their learning on human rights and harassment
Effectiveness assessment of measures taken	Feedback to employees and Group companies	• Provided feedback to employees on the results of the human rights awareness survey and held study meetings utilizing the survey results
	Conducting additional verification	• Identified issues from fiscal 2022 initiatives and checked the status of fiscal 2023 initiatives periodically (three times per year)
Explanation and disclosure	Communication outside the Company	• Disclosed information in the Integrated Report and on the sustainability website



**Governance**

**The Takara Holdings Corporate Governance Policy <Basic Policy>**

The Company has formulated "TaKaRa Group Challenge for the 100<sup>th</sup>," our long-term management vision ending in the fiscal year ending March 31, 2026, which is the 100th anniversary of the Group's foundation. The Challenge sets forth "Where the Takara Group wants to be (Vision)\*" as well as management strategies and business strategies in order to achieve this Vision.

The company believes that achieving this Vision will lead to the sustainable growth of the Group and an increase in corporate value over the medium- to long-term, and that what is required to effectively and efficiently realize this Vision is a corporate governance structure that ensures a transparent, fair,

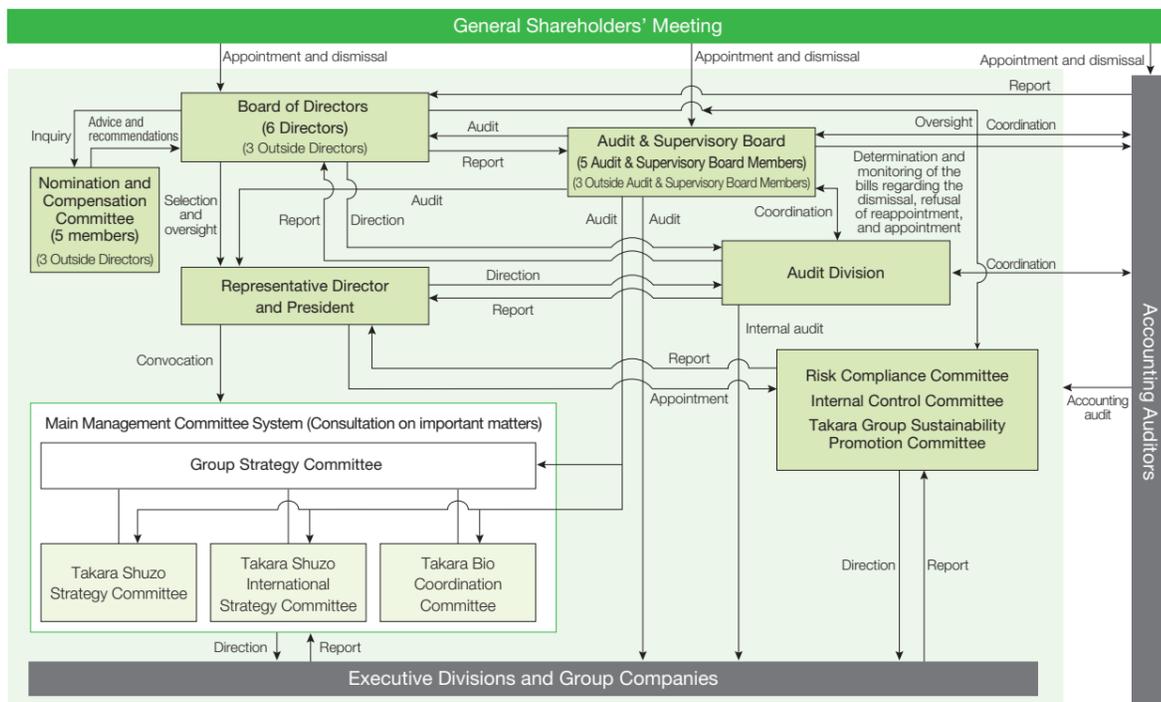
speedy and resolute decision making. At the same time, we also believe that to continue to be a trusted corporate group, we need a structure that respects the positions of stakeholders, including shareholders, customers, employees, creditors, and local communities, and enables us to make efforts in appropriate communication.

The Company aims for sustainable growth and an increase in corporate value over the medium- to long-term by establishing a corporate governance structure based on the above policy, and will make efforts in accordance with the specific policies set forth in the Takara Holdings Corporate Governance Policy.

\* "Where the Takara Group wants to be (Vision)" Smiles in Life

The Takara Group is committed to enriching the homes, lifestyles, and lives of people around the world with smiles. Leveraging our expertise in the pursuit of delicious taste and innovative biotechnologies, we are a corporate group who safely and securely provide diverse value across the *washu*, Japanese food, and life science sectors.

**Corporate Governance System (As of June 27, 2024)**



Note: The role of the Takara Bio Coordination Committee is to report on the business activities of Takara Bio Inc. The committee does not inhibit Takara Bio's autonomy, and its prior approval is not required for the decisions of Takara Bio's Board of Directors.

**Promotion of corporate governance**

**Corporate governance structure**

As a holding company that manages a corporate group, Takara Holdings has decided that the following framework will be most appropriate for the Takara Group to ensure highly effective supervision and audits of corporate management. Hence, we have adopted a system of a Company with an Audit & Supervisory Board as our corporate governance structure.

- ▶ The Board of Directors makes important management decisions and supervises the execution of operations. The Board consists of executive Directors with high level of expertise and experience related to our businesses and multiple independent Outside Directors with a wealth of experience and a broad view who are capable of offering advice and suggestions from the perspectives of all stakeholders including shareholders.
- ▶ Audit & Supervisory Board Members with the knowledge of finance, accounting, and legal affairs, including independent Outside Audit & Supervisory Board Members with a wealth of experience and a broad view, comprise the Audit & Supervisory Board. Each Audit & Supervisory Board Member effectively exercises their function and authority to audit the execution of operations by Directors.

With these frameworks in place, Outside Directors and Audit & Supervisory Board Members monitor, supervise, and offer advice on Directors' business management and performance of duty according to their roles and functions from their independent and objective standpoint, thereby providing highly effective supervision.

**Directors and Board of Directors**

From among those who meet certain criteria, persons who are deemed to be best suited from the viewpoint of mutually complementing the execution of operations and enhancing supervisory functions are appointed as Directors, regardless of gender, nationality, career, and age, among others, by taking into account the candidates' skills, knowledge, experience, and specialization. This way we ensure the diversity necessary for the Board of Directors as a whole. Currently, three of our six Directors are Outside Directors, and two of our Directors are women.

The term of office for our Directors is set at one year in order to respond promptly to changes in the management environment and to ensure the clarity of Directors' management responsibilities.

**Audit & Supervisory Board Members and Audit & Supervisory Board**

Takara Holdings appoints individuals with the knowledge of finance, accounting, and legal affairs as Audit & Supervisory Board Members in order to ensure functions necessary to perform the roles and responsibilities of the Audit & Supervisory Board Members and Audit & Supervisory Board. Currently, of the five Audit & Supervisory Board Members, three are Outside Audit & Supervisory Board Members, and three have extensive knowledge about finance and accounting.

**Appointment of independent officers**

Takara Holdings has established criteria for independent officers, which are more rigorous than those specified by the Tokyo Stock Exchange, and it designates all of the Outside Officers who are deemed to be independent by meeting these criteria as independent officers. Currently, a total of five officers are designated as independent officers. They are Outside Directors Masako Tomotsune, Tomoko Kawakami, and Takao Motomiya, and Outside Audit & Supervisory Board Members Toshihito Yamanaka and Akiko Yoshimoto.

**Nomination and Compensation Committee**

To ensure the independence and objectivity of the Board of Directors' functions regarding the nomination of Director candidates and Director compensation, Takara Holdings has established the Nomination and Compensation Committee, a majority of whose members are independent Outside Directors, under the Board of Directors and ensures their appropriate participation.

**Officer compensation**

Compensation for Directors and Audit & Supervisory Board Members is determined based on the Rules for Compensation of Officers approved by the Board of Directors within the range of the amount for each based on resolutions at the general shareholders' meeting. Compensation for Directors is determined by the Representative Director and President delegated by resolution of the Board of Directors, upon deliberation by the Nomination and Compensation Committee; while compensation for Audit & Supervisory Board Members is determined by deliberation by the Audit & Supervisory Board Members. Revisions to the Rules for Compensation of Officers relating to Directors are based on resolutions by the Board of Directors, while revisions relating to Audit & Supervisory Board Members are subject to consultation with the Audit & Supervisory Board Members.

Compensation for executive Directors consists of a fixed amount of compensation in accord with the Director's title and role, plus performance-linked compensation to enhance incentive, while compensation for Outside Directors and Audit & Supervisory Board Members consists of a fixed amount of compensation only, taking their role into consideration.

The amount of performance-linked compensation for each executive Director is determined based on the amount of performance-linked compensation paid for the previous fiscal year and each of their performance evaluation points of the previous fiscal year.

The performance evaluation points for the previous fiscal year is calculated using consolidated operating income as the primary evaluation indicator. This is because consolidated operating income is positioned as the most important management indicator.

**Areas of Expertise and Experience (Skill Matrix)**

<Directors>

Name	Corporate management strategies	Finance Accounting Tax affairs	Legal affairs Compliance	Human resources Labor affairs	Research and development Product technologies	Brand strategies Marketing	Overseas business Internationality
Mutsumi Kimura	●	●	●	●			●
Hideo Takahashi			●	●			
Keisuke Mori	●	●					
Masako Tomotsune			●	●			
Tomoko Kawakami	●					●	●
Takao Motomiya		●	●				

<Executive Officers>

Name	Corporate management strategies	Finance Accounting Tax affairs	Legal affairs Compliance	Human resources Labor affairs	Research and development Product technologies	Brand strategies Marketing	Overseas business Internationality
Koichi Nakao	●		●	●	●	●	●
Kenji Murata	●				●	●	
Minoru Mori	●					●	●
Masanao Suzuki	●			●			
Mineo Kawashima	●		●				
Kei Sato	●					●	

**Reasons for Appointment as Outside Officers and Attendance at the Board of Directors' Meetings and Audit & Supervisory Board Meetings** (fiscal year ended March 31, 2024)

Position	Name	Reasons for Appointment	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Board Meetings
Outside Director	<b>Masako Tomotsune</b>	As an attorney, Masako Tomotsune possesses broad knowledge as well as extensive experience and track record related to corporate law and other matters. The Company has determined that these qualifications will be useful in the further enhancement of its management structure.	13 out of 13 meetings	—
Outside Director	<b>Tomoko Kawakami</b>	Tomoko Kawakami has been involved over many years in the academic field of economics at Waseda University and elsewhere, in addition to research activities related to marketing and other fields. The Company has determined that her broad knowledge, extensive experience, and track record in these areas will be useful in the further enhancement of its management structure.	13 out of 13 meetings	—
Outside Director	<b>Takao Motomiya</b>	Takao Motomiya served in key positions at the National Tax Agency and other organizations. The Company has determined that his broad knowledge as well as extensive experience and track record related to tax affairs will be useful in the further enhancement of its management structure.	10 out of 10 meetings	—
Outside Audit & Supervisory Board Member	<b>Toshihito Yamanaka</b>	Toshihito Yamanaka served in key positions at Mizuho Bank, Ltd. and Mizuho Corporate Bank, Ltd., and the Company has determined that his broad knowledge and many years of experience and track record in financial institutions will be useful in the further enhancement of its audit structure.	13 out of 13 meetings	14 out of 14 meetings
Outside Audit & Supervisory Board Member	<b>Satoshi Matsunaga</b>	Satoshi Matsunaga served in key positions at The Norinchukin Bank, and the Company has determined that his broad knowledge and many years of experience and track record in financial institutions will be useful in the further enhancement of its audit structure.	13 out of 13 meetings	14 out of 14 meetings
Outside Audit & Supervisory Board Member	<b>Akiko Yoshimoto</b>	Akiko Yoshimoto served in key positions at the Ministry of Health, Labour and Welfare and other organizations, and the Company has determined that her broad knowledge as well as extensive experience and track record related to labor laws and systems, etc. will be useful in the further enhancement of its audit structure.	10 out of 10 meetings	10 out of 10 meetings

**Compensation for Directors and Audit & Supervisory Board Members** (fiscal year ended March 31, 2024)

Officer category	Fixed amount of compensation		Amount of performance-linked compensation		Total (Millions of yen)
	Number of eligible officers	Total amount (Millions of yen)	Number of eligible officers	Total amount (Millions of yen)	
Directors (Outside Directors)	7 (3)	86 (22)	4 (—)	81 (—)	168 (22)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	6 (4)	92 (50)	— (—)	— (—)	92 (50)
Total (Outside Officers)	13 (7)	179 (72)	4 (—)	81 (—)	261 (72)

Notes: 1. The amount of compensation and other benefits for Directors does not include the employee salary component for Directors serving concurrently as employees.  
 2. At end of the fiscal year under review, the number of Directors was seven (including three Outside Directors) and the number of Audit & Supervisory Board Members was five (including three Outside Audit & Supervisory Board Members). The reason for the discrepancy with the above-noted number of Audit & Supervisory Board Members is that it includes one Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member) who retired during the fiscal year under review.  
 3. Performance-linked compensation is determined by the Representative Director and President, upon deliberation by the Nomination and Compensation Committee, based on the amount of performance-linked compensation paid for the previous fiscal year and each of their performance evaluation points of the previous fiscal year. The performance evaluation points for the previous fiscal year is calculated using consolidated operating income as the primary evaluation indicator. This is because consolidated operating income is positioned as the most important management indicator.  
 4. The 108th General Shareholders' Meeting held on June 27, 2019, approved an annual amount of up to ¥136 million as fixed compensation for Directors (of which up to ¥30 million is for Outside Directors). Furthermore, the 104th General Shareholders' Meeting held on June 26, 2015, approved an annual amount equivalent to 1% of consolidated operating income of the previous fiscal year as performance-linked compensation (for Directors other than Outside Directors). These amounts do not include the employee salary component for Directors serving concurrently as employees. The 106th General Shareholders' Meeting held on June 29, 2017, approved an annual amount of up to ¥120 million as compensation for Audit & Supervisory Board Members.

**Assessment of effectiveness of the Board of Directors**

Takara Holdings assesses the effectiveness of the Board of Directors every year from the viewpoints of its operation as a conference body and its role as an organ that works to increase corporate value over the medium- to long-term. An overview of the results of the assessment for the fiscal year ended March 31, 2024, is as follows.

**1 Assessment method**

We conducted a questionnaire survey of all Directors and Audit & Supervisory Board Members, in which respondents evaluated the following categories on a five-point scale and answered open-ended questions.

**[Matters to be assessed]**

**① Operation of the Board of Directors as a conference body**

Agenda items; convocation procedures; meeting materials; explanation, discussion, and decision-making; meeting minutes; and yearly schedule

**② Role of the Board of Directors as an organ that works to increase corporate value over the medium- to long-term**

Discussions on management strategies and other matters and the composition of the Board of Directors

**2 Overview of assessment results**

**① On the operation of the Board of Directors as a conference body**

It was determined that the Board of Directors operates properly for the most part and are effective. On the other hand, we are aware that there are still issues that need to be continuously addressed in order to further deepen discussions at the Board of Directors. We will continue taking measures to rectify identified issues, and keep striving to increase the effectiveness of the Board of Directors by evaluating the results of those measures and applying that to make further improvements.

**② On the ideal form of the Board of Directors as an organ**

While there are certain positive opinions regarding the involvement of independent Outside Officers in the formulation process of the medium-term management plan, among others, we recognize that there are ongoing challenges such as reflecting more diverse opinions in the formulation of management strategies, and further enhancing the supervisory function of the Board of Directors. Going forward, we will strive to improve the effectiveness of the Board of Directors by seeking an ideal form of the Board of Directors from these perspectives and implementing measures accordingly.

**Consider optimum corporate governance**

As a holding company, Takara Holdings has established the "Rules and Regulations for Overseeing Group Companies" that specify matters necessary to manage the Group companies. We require these companies to regularly report on their business activities while ensuring that they maintain their uniqueness and autonomy, and to discuss material matters with us before making any decisions or report decisions to us as soon as they are made. This way we support their appropriate risk-taking while supervising their execution of operations.

We have meeting bodies in place as described below in order to ensure that operational decisions are made and information is delivered properly and promptly.

- ▶ The Group Strategy Committee meets at least six times a year as a rule to discuss material matters related to the overall management of the Takara Group, review each Group company's performance, and report updates on activities.

- ▶ The Takara Shuzo Strategy Committee and the Takara Shuzo International Strategy Committee each meet once a month as a rule to hold preliminary discussions on material matters, including the matters to be resolved at the Boards of Directors of Takara Shuzo Co., Ltd. and Takara Shuzo International Co., Ltd., report on these matters, and provide updates on relevant activities.
- ▶ The Takara Bio Coordination Committee meets once a month as a rule to make an ex post facto report on material matters including the matters resolved at the Board of Directors of Takara Bio Inc., which is a listed subsidiary of Takara Holdings, as well as updates on relevant activities.
- ▶ Each of the other subsidiaries holds the Strategy Committee meetings and the Consultation and Coordination Committee meetings four times a year as a rule to hold preliminary discussions on material matters, including the matters to be resolved at the Board of Directors of each of these subsidiaries, report on these matters, and provide updates on relevant activities.

**About Our Listed Subsidiary Takara Bio Inc.**

As of June 27, 2024, Takara Holdings is the parent company of Takara Bio Inc. (Tokyo Stock Exchange Prime Market; Securities code number: 4974, hereinafter referred to as "Takara Bio"), holding 60.93% of the voting rights of Takara Bio.

On April 1, 2002, Takara Bio was spun off from the parent company as a wholly owned subsidiary to take over Takara Holdings' biomedical business unit. Subsequently, the ratio of voting rights held by Takara Holdings was reduced to its current level through third party capital increase by Takara Bio, public subscriptions, the issuance of bonds with stock acquisition rights, and other corporate actions.

As of the end of March 2024, the Takara Group consists of Takara Holdings that is a holding company, 66 subsidiaries, and two affiliates. Takara Bio is positioned as the subsidiary specializing in life science to promote the Biomedical Business for the Group. Takara Bio is not a competitor of the Takara Group's any other segment, and has only limited dealings with Takara Holdings.

Takara Bio is a growing enterprise of great promise in the Takara Group. We believe that having Takara Bio in our business portfolio is extremely important for maximizing the Group's corporate value in the future.

In order to further accelerate the growth of our Biomedical Business, Takara Bio needs to have its own means of financing. Moreover, to hire and train talented employees and further advance the management of Takara Bio, it is vital to maintain Takara Bio as a listed subsidiary.

The Takara Bio Corporate Governance Policy specifies that one-third or more of Directors at Takara Bio (three out of nine) must be independent

Outside Directors with no vested interest in Takara Bio or Takara Holdings. Hence, we believe that we have the system in place for protecting the rights of Takara Bio's minority shareholders and ensuring independent decision-making. Furthermore, three of the five Audit & Supervisory Board Members at Takara Bio are independent Outside Audit & Supervisory Board Members. For the purpose of protecting the interests of Takara Bio's minority shareholders, a special committee consisting of at least three independent members, including Outside Officers, has been established. The committee deliberates and examines matters related to important transactions or acts that constitute conflicts of interest between Takara Holdings or its subsidiaries and the minority shareholders of Takara Bio, and offers the results thereupon as advice and suggestions to the Board of Directors of Takara Bio.

Takara Holdings has established the Rules and Regulations for Overseeing Group Companies from the viewpoint of consolidated business administration. The objective of these Rules and Regulations is to ensure that our Group companies maintain their uniqueness and autonomy while the corporate value of the overall Group is maximized. The above Rules and Regulations, which classify Group companies by capital relationship and other attributes, apply to Takara Bio. In accordance with classification under the said Rules and Regulations, Takara Bio is not required to hold preliminary discussions with or obtain prior approval from Takara Holdings on material matters, including matters to be resolved by its Board of Directors, but need to only make reports. Hence, Takara Bio runs its business independently.

# Takara Group's Sustainability

## Takara Group Compliance Action Guidelines <Basic Policy>

The Takara Group aims to achieve corporate philosophy, "Contributing to the creation of a vital society and a healthy lifestyle through our fermentation and biotechnology, emphasizing harmony with nature." In the process of realizing it, we perform business activities honestly and fairly under the TaKaRa Five Values, which are the shared values of the Group.

- ① We will comply with laws and regulations in Japan and overseas, fully recognize social ethics, and act with common sense and responsibility as a member of society.
- ② We will work to lower environmental burdens, and contribute to the development of life science that values the dignity of life.

- ③ We will conduct sustainable business activities that are widely useful to society by pursuing profit through fair competition rather than pursuing profit in a manner contrary to these Action Guidelines.
- ④ We will comply with employment regulations, and will not engage in any unfair or dishonest practices in violation of employment regulations.
- ⑤ We will always draw a line between public and private matters, and will not pursue personal gain by using corporate assets, information, business authority, or position.

## Promotion of compliance

### Reinforce the compliance promotion structure

The Takara Group has established the Risk Compliance Committee chaired by the President of Takara Holdings and including all members of the Board of Directors of Takara Holdings in order to ensure trustworthy and fair corporate activities and is undertaking a reinforcement of the Group-wide risk management and compliance promotion structure. Our goal is to prevent serious noncompliance, including corrupt practices, and to fulfill the corporate social responsibility of the entire Takara Group and increase the Group's corporate value by ensuring that all employees understand the Takara Group Compliance Action Guidelines, ensuring each Group company's proper compliance and taking risk management measures in accordance with the guidelines.

### Implement compliance education

In order to enhance employees' compliance awareness, the Takara Group issues compliance newsletters that deal with compliance-related subjects familiar to its employees and offers an e-learning course every month. We also provide annual training for each job level, including risk and compliance seminars for top management led by guest specialists, training sessions for new managers, and new employee training, along with annual group training based on Takara Group Compliance Action Guidelines for risk compliance leaders who promote workplace compliance

education. The group training is designed to advance the leaders' understanding of their role, respect for human rights, and prevention of unfair practices as well as understanding of the key and relevant compliance-related subjects. Furthermore, based on these subjects that the group training deals with, the compliance leaders provide on-the-job training at their offices as part of our company-wide compliance education.

### Appropriately operate the whistleblowing system

We have helplines in place inside as contacts for whistleblowers in the event that they have noticed any legal infringements, unfair practices, or acts that violate social ethics, such as bullying or harassments, and outside the Company (i.e., third-party organizations) for securing the anonymity of the whistleblowers. We operate these helplines in accordance with Japan's Whistleblower Protection Act and the Helpline Rules in order to ensure that whistleblowers do not receive disadvantageous treatment due to the reports they have made. The Company gives full consideration to maintaining confidentiality when investigating reports and takes appropriate action based on confirmed facts.

Our Group companies in overseas locations also have their local whistleblowing hotlines and have established and operate processes that allow their local employees to directly contact the helpline in Japan for reporting and consultation through a third-party organization.

## Reinforcement of the risk management structure

### Promote risk management (normal risk management)

The Takara Group strives to prevent the materialization of risks and to mitigate risks by thoroughly checking each workplace for any potential risks and taking preventive measures according to the findings. We also confirm the effectiveness of these measures against risks annually and review these measures if necessary. These activities are repeated every year to reinforce the risk management structure.

### Promote crisis management (emergency risk management)

We have a Business Continuity Plan (BCP) in place based on the scenario of a large-scale earthquake and other emergencies. Specifically, in addition to taking such steps as ensuring electric power at our production sites through the introduction of private electricity generating equipment, enhancing the reliability of information dissemination, and preparing backup offices in case the regular offices are devastated, we ensure the effectiveness of our BCP by conducting emergency drills according to the plan.

Moreover, in the event of situations with a possibility of endangering life and limb or those that could seriously impact on corporate confidence or assets, we establish an Emergency Response Headquarters while cooperating with each department to take prompt and targeted action.

We will continue to improve the BCP.

## Areas of Activities for Risk Management and Compliance Promotion



The Takara Group has defined "compliance" and "risk management" as the areas of activities for Takara's risk management and compliance promotion, and further classified risk management into "risk management" for preventing risks surrounding companies and "crisis management" that sets forth actions to take in an emergency.

Messages from Outside Directors

“Smiles in Life” we will support the challenges to make people around the world smile



Outside Director **Masako Tomotsune**  
(Appointed June 28, 2018)

With the Vision of “Smiles in Life” we are expanding our business globally in the fields of alcoholic beverages, Japanese food, and biotechnology to make people around the world smile. We acquired shares in overseas companies, fostered global human resources, and developed new products. As a result, the overseas sales ratio rose 7.0 percentage points year on year to 55.3%, significantly approaching the target set out in the Medium-Term Management Plan (60.0% or more). As for other tangible goals in the Medium-Term Management Plan, we plan to further promote key strategic initiative of “Ensure ROIC-driven corporate management is practiced across the Group and invest in businesses in growth and high-priority fields.” In addition to capital profitability, I believe that

we also need to disseminate information and strengthen communication, etc. in order to enhance market evaluation.

Recently, there have been a series of scandals at major Japanese companies. We have diligently manufactured products for nearly 100 years since our founding, and as an Outside Director, I have been checking compliance from a zero base. Internal audits also went into the corporate culture, and external evaluations were conducted on a regular basis. The Board of Directors had discussions based on the results of these evaluations as well.

As a female Outside Director, I have long been concerned with promoting the active involvement of female employees, and the female hiring ratio has exceeded the target in our action plan, reaching approximately 47%, and women are also being promoted to managerial positions. We need a

workplace that is comfortable and rewarding to work in, regardless of gender, and we have taken various measures to improve employee engagement, with the percentage of male employees taking childcare leave more than tripling from the previous year to 84.2%. We have also been selected as a constituent stock of the FTSE4Good Index Series and the FTSE Blossom Japan Index, and are developing upcycle products, selling products that take ecosystems and environmental impact into consideration by significantly reducing methane gas emissions, etc. and providing grants related to biodiversity conservation, etc. through the “Takara Harmonist Fund,” which has been in operation for 39 years.

In light of the increasingly rapid changes in the external environment, we will continue to make efforts for the benefit of investors and other stakeholders to improve the Group's enterprise value.

Aiming to improve enterprise value through global and sustainable business



Outside Director **Tomoko Kawakami**  
(Appointed June 27, 2019)

Our goal in the Medium-Term Management Plan for 2025 is to improve enterprise value by accelerating investment in businesses in growth and high-priority fields. We recognize that the most important challenge is to improve our stock price and brand value by establishing a global and sustainable business model and further strengthening company-wide information dissemination.

I lived in Denmark in 2022 and Hawaii from 2023 to the present, and as a consumer, I experienced soaring prices and the yen's depreciation after the COVID-19 pandemic. I am also discussing with local researchers and practitioners about global and

sustainable business practices, and exploring specific images of the Group's direction.

At Waseda University, I serve as the Director of Marketing and Sustainability International Institute, and shares the latest information with the Group. In July 2024, thanks to the efforts of the Sustainability Management Office and others, we were selected as a constituent stock of the FTSE4Good Index Series, a global index for ESG investment, for the first time, which was very happy news.

Sales and income remain important targets. Today, however, as symbolized by ESG investment, it is necessary to strategically plan and develop products and services with global and sustainable value, realize the technologies and organizations that

support them, and communicate the fact that they have been realized immediately and clearly in an easy-to-understand manner. Because it changes customers' attitudes and behaviors, increases the number of our fans, increases sales and profit margins, attracts investors' attention, and leads to the improvement of stock price, brand, and enterprise value.

In addition to realizing environmental conservation and solving social issues on a global scale and further improving financial results, I will continue to provide management advice, aiming for management in which employees can take the Vision of “Smiles in Life” as their own responsibility.

I will work to improve the Group's medium- to long-term enterprise value by fulfilling the role of Outside Director, and other responsibilities.



Outside Director **Takao Motomiya**  
(Appointed June 29, 2023)

One year has passed since COVID-19 was reclassified to Class 5 infectious disease, and sales in many business sectors have recovered to pre-COVID-19 levels due to the removal of constraints on economic activity and an increase in the number of foreign visitors to Japan. In the restaurant market, however, sales in sectors closely associated with alcoholic beverages (pubs, izakaya) have been well below pre-COVID-19 levels, although they are on a recovery track.

In addition, the outlook is expected to remain uncertain due to labor shortages, high prices, the trend toward a weaker yen, and other factors.

Despite these circumstances, the Group is striving to grow its business by appropriately responding to changes in the business environment and other factors

on a Group-wide basis with a well-balanced business portfolio that includes the Domestic Business, Overseas Business, and Biomedical Business.

Regarding the Takara Group Medium-Term Management Plan for 2025 (its final year is the fiscal year ending March 31, 2026), which we have been working on since the previous fiscal year, we have set out a management policy of “During this period, Takara Group intends to accelerate investing in businesses in growth and high-priority fields to increase the Group's enterprise value” toward the completion of the Long-Term Management Vision (TaKaRa Group Challenge for the 100th), and has also set tangible goals. The Group's officers and employees are united in their efforts to implement various measures toward the realization of the policy. Some measures have been implemented efficiently and rapidly progressing. However, as this year is the middle year of a three year plan, I believe it is

important to confirm and evaluate the progress status in a timely manner, and work with the awareness that this will be an important year in which a concrete path toward realizing the plan is established.

Since I was appointed as Outside Director, I have participated in various meetings other than those of the Board of Directors as much as possible, and made efforts to understand the status of the Group and provide opinions and advice. Going forward, I will make use of my experience in areas such as compliance with laws and regulations and supervision of organizations and operations to fulfill the roles and responsibilities of an Outside Director of providing advice on management policies and management improvements, supervision of management, supervision of conflicts of interest, and reflecting the opinions of stakeholders, and work to improve the Group's medium- to long-term enterprise value.

# Directors and Audit & Supervisory Board Members (As of June 27, 2024)

## Directors



**Mutsumi Kimura** (61)

Representative Director and President

- Apr. 1985 Joins the Company
- Apr. 2002 Director, TAKARA BIO INC.
- Jun. 2004 Managing Director, TAKARA BIO INC.
- Jun. 2007 Senior Managing Director, TAKARA BIO INC.
- Jun. 2009 Executive Vice President, TAKARA BIO INC.
- Jun. 2014 Director  
Senior Managing Director, TAKARA SHUZO CO., LTD.
- Jun. 2016 Executive Vice President
- Jun. 2017 Director, TAKARA SHUZO CO., LTD. (incumbent)
- Jul. 2017 President, TAKARA SHUZO INTERNATIONAL CO., LTD.
- Jun. 2018 President (incumbent)
- Apr. 2020 Director, TAKARA SHUZO INTERNATIONAL CO., LTD. (incumbent)
- Jun. 2022 Director, TAKARA BIO INC. (incumbent)



**Hideo Takahashi** (62)

Managing Director  
(Personnel, General Affairs, Public Relations & Investor Relations, Quality Assurance)

- Apr. 1985 Joins the Company
- Apr. 2012 General Manager of Personnel Division
- Jun. 2016 Executive Officer, General Manager of Personnel Division, TAKARA SHUZO CO., LTD.
- Jun. 2017 Executive Officer, General Manager of Personnel Division
- Jun. 2018 Director  
Audit & Supervisory Board Member, TAKARA SHUZO CO., LTD.
- Jun. 2020 Audit & Supervisory Board Member, TAKARA SHUZO INTERNATIONAL CO., LTD.
- Jun. 2022 Managing Director (incumbent)



**Keisuke Mori** (61)

Director  
(Business Management, Sustainability Promotion, Accounting & Finance, Business Support & IT Promotion)

- Apr. 1985 Joins the Company
- Apr. 2008 General Manager of Administrative Innovation Division
- Apr. 2011 Concurrent General Manager of Corporate Planning Division
- Apr. 2012 General Manager of Business Management Division
- Jun. 2017 Executive Officer, General Manager of Business Management Division
- Jul. 2017 Audit & Supervisory Board Member, TAKARA SHUZO INTERNATIONAL CO., LTD.
- Jun. 2018 Director (incumbent)
- Jun. 2020 Audit & Supervisory Board Member, TAKARA SHUZO CO., LTD.



**Masako Tomotsune** (52)

Outside Director

- Oct. 2002 Joins Tanabe & Partners
- Apr. 2010 Self-Defense Forces Personnel Ethics Board Member
- Apr. 2013 Partner at Tanabe & Partners (incumbent)
- Jun. 2018 Director (incumbent)
- Jun. 2020 Outside Director (Audit & Supervisory Committee Member), The Kodensha Co., Ltd. (incumbent)
- Apr. 2024 Member of the Evaluation Committee, Member of the Compliance Committee, Agriculture & Livestock Industries Corporation (incumbent)



**Tomoko Kawakami** (59)

Outside Director

- Apr. 2009 Professor, Faculty of Business and Commerce, Kansai University
- Apr. 2015 Professor, Waseda Business School (Graduate School of Business and Finance) (incumbent)
- Jun. 2019 Director (incumbent)
- Dec. 2019 Examiner of Certified Public Accountant Examination
- Sep. 2022 Outside Director, BeNext-Yumeshin Group Co. (currently Open Up Group Inc.) (incumbent)
- Mar. 2023 Visiting Scholar, Shidler College of Business, University of Hawaii at Manoa (incumbent)



**Takao Motomiya** (67)

Outside Director

- Jul. 2016 Regional Commissioner, Takamatsu Regional Taxation Bureau, National Tax Agency
- Jul. 2017 Retired from National Tax Agency
- Dec. 2017 Tax accountant, Takao Motomiya Certified Tax Accountant Office (incumbent)
- Jun. 2023 Director (incumbent)  
Auditor of Public Interest Incorporated  
Foundation Brewing Society of Japan (incumbent)

## Audit & Supervisory Board Members

**Teruaki Mitsui** (62)

Standing Audit & Supervisory Board Member

- Apr. 1985 Joins the Company
- Apr. 2015 General Manager of Accounting & Shared Services Dept.
- Jun. 2017 Executive Officer, General Manager of Accounting & Shared Services Dept.  
Audit & Supervisory Board Member, TAKARA SHUZO CO., LTD.
- Apr. 2020 Executive Officer, General Manager of Accounting Dept.
- Jun. 2020 Standing Audit & Supervisory Board Member (incumbent)
- Jun. 2021 Audit & Supervisory Board Member, TAKARA SHUZO CO., LTD. (incumbent)  
Audit & Supervisory Board Member, TAKARA SHUZO INTERNATIONAL CO., LTD. (incumbent)

**Toshihito Yamanaka** (63)

Standing Audit & Supervisory Board Member  
(Outside Audit & Supervisory Board Member)

- Apr. 2012 General Manager of Branch Banking Division III, Mizuho Bank, Ltd.
- Apr. 2013 Deputy Director-General of Group Human Resources Division, Mizuho Bank, Ltd.
- Jun. 2013 Retirement from Mizuho Bank, Ltd.  
Standing Audit & Supervisory Board Member (incumbent)  
Audit & Supervisory Board Member, TAKARA SHUZO CO., LTD.

**Yoichi Suzuki** (64)

Standing Audit & Supervisory Board Member

- Apr. 1983 Joins the Company
- Apr. 2012 General Manager of Hokkaido Branch, TAKARA SHUZO CO., LTD.
- Apr. 2014 General Manager of Tokyo Metropolitan Area Branch, TAKARA SHUZO CO., LTD.
- Jun. 2017 Executive Officer, General Manager of Tokyo Metropolitan Area Branch, TAKARA SHUZO CO., LTD.
- Apr. 2018 Executive Officer, Deputy General Manager of Seasonings & Alcohol Business Division, TAKARA SHUZO CO., LTD.
- Jun. 2018 Managing Executive Officer, General Manager of Seasonings & Alcohol Business Division, TAKARA SHUZO CO., LTD.
- Apr. 2020 Managing Executive Officer, Deputy of Sales (mainly Seasonings & Alcohol Business), TAKARA SHUZO CO., LTD.
- Jun. 2021 Standing Audit & Supervisory Board Member (incumbent)  
Audit & Supervisory Board Member, TAKARA SHUZO CO., LTD. (incumbent)  
Audit & Supervisory Board Member, TAKARA SHUZO INTERNATIONAL CO., LTD. (incumbent)

**Satoshi Matsunaga** (58)

Standing Audit & Supervisory Board Member  
(Outside Audit & Supervisory Board Member)

- Apr. 2019 Managing Executive Officer, The Norinchukin Bank
- Apr. 2021 Standing Counsel, The Norinchukin Bank
- Jun. 2021 Retired from The Norinchukin Bank  
Standing Audit & Supervisory Board Member (incumbent)

**Akiko Yoshimoto** (61)

Audit & Supervisory Board Member  
(Outside Audit & Supervisory Board Member)

- Jul. 2019 Director-General of Secretariat, Central Labour Relations Commission, Ministry of Health, Labour and Welfare
- Oct. 2021 Retired from Ministry of Health, Labour and Welfare
- Feb. 2022 Senior Advisor, Boston Consulting Group (incumbent)
- Jun. 2022 Outside Director, Toenec Corporation (incumbent)
- Jun. 2023 Audit & Supervisory Board Member (incumbent)
- Jun. 2024 Outside Director, Sumitomo Seika Chemicals Company, Limited. (incumbent)



# Eleven-Year Consolidated Financial Summary

	Millions of yen <sup>*3</sup>										
	2024/3	2023/3	2022/3	2021/3	2020/3	2019/3	2018/3	2017/3	2016/3	2015/3	2014/3
<b>For the Years Ended March 31</b>											
Net sales <sup>*1</sup>	<b>¥339,372</b>	¥350,665	¥300,918	¥278,443	¥281,191	¥277,443	¥268,142	¥234,193	¥225,364	¥219,490	¥209,568
Takara Shuzo	<b>123,786</b>	122,921	119,710	152,537	153,141	152,457	149,839	149,452	145,492	147,884	149,633
Takara Shuzo International Group	<b>160,427</b>	137,483	102,186	69,589	82,765	77,834	70,717	37,540	30,490	26,233	16,481
Takara Bio Group	<b>43,505</b>	78,142	67,699	46,086	34,565	35,841	32,312	29,375	29,729	25,969	23,905
Others (Domestic Group Companies)	<b>30,271</b>	30,950	30,719	29,238	31,801	32,742	36,412	39,017	41,050	42,980	43,123
Adjusted amounts	<b>(18,619)</b>	(18,832)	(19,396)	(19,007)	(21,082)	(21,431)	(21,140)	(21,193)	(21,398)	(23,577)	(23,575)
Cost of sales	<b>225,438</b>	230,723	187,376	162,849	172,574	168,694	163,529	140,182	135,868	134,390	129,447
Gross profit	<b>113,933</b>	119,941	113,541	115,594	108,617	108,749	104,612	94,010	89,495	85,099	80,121
Selling, general and administrative (SG&A) expenses	<b>91,691</b>	81,996	70,187	93,999	92,781	90,945	88,999	80,458	77,815	74,003	70,631
Operating income (loss) <sup>*1</sup>	<b>22,242</b>	37,945	43,354	21,595	15,836	17,804	15,612	13,551	11,680	11,096	9,490
Takara Shuzo	<b>5,503</b>	4,890	4,135	4,879	4,175	5,948	5,569	5,071	4,082	4,428	4,513
Takara Shuzo International Group	<b>12,291</b>	10,821	8,472	1,043	3,532	4,532	4,393	3,182	2,752	2,270	907
Takara Bio Group	<b>3,003</b>	20,541	28,902	13,952	6,274	5,463	3,555	3,202	2,667	2,302	1,954
Others (Domestic Group Companies)	<b>2,363</b>	2,293	2,222	1,803	2,018	1,954	2,318	2,167	2,058	1,654	1,581
Adjusted amounts	<b>(919)</b>	(601)	(379)	(84)	(164)	(95)	(224)	(72)	120	440	533
Income before income taxes	<b>26,238</b>	39,692	40,961	20,583	15,643	17,658	18,903	14,520	12,548	11,453	18,642
Net income attributable to owners of the parent	<b>16,176</b>	21,206	20,769	10,574	8,980	10,411	11,029	8,480	7,055	5,706	10,280
Depreciation and amortization	<b>11,371</b>	10,295	9,589	9,298	8,874	7,827	7,702	6,213	6,180	5,537	4,997
Capital expenditures	<b>21,915</b>	14,165	16,213	13,775	14,195	10,671	6,414	6,658	6,003	9,533	8,967
Research and development (R&D) expenses	<b>8,725</b>	8,949	6,484	5,914	4,259	4,708	5,063	4,550	4,608	3,754	3,376
Net cash provided by (used in) operating activities	<b>29,178</b>	45,478	16,376	27,100	11,744	13,508	16,265	12,826	10,373	9,545	7,233
Net cash provided by (used in) investing activities	<b>(19,993)</b>	(10,474)	(10,399)	(6,738)	(3,690)	(9,213)	(19,916)	16,200	(10,864)	(10,253)	(12,254)
Net cash provided by (used in) financing activities	<b>(13,448)</b>	(22,215)	4,133	(1,506)	(11,653)	(4,243)	(5,570)	(2,828)	(9,482)	6,819	2,562
Free cash flow	<b>9,185</b>	35,003	5,977	20,362	8,054	4,295	(3,650)	29,026	(490)	(708)	(5,021)
<b>As of March 31</b>											
Total assets	<b>¥437,468</b>	¥399,174	¥362,438	¥306,918	¥283,882	¥287,106	¥284,281	¥274,368	¥253,253	¥264,438	¥238,577
Interest-bearing debt	<b>55,299</b>	51,793	60,655	50,256	46,070	47,427	47,982	47,852	42,837	48,324	38,909
Total net assets	<b>280,465</b>	255,318	224,555	191,535	181,329	179,795	176,217	165,920	156,148	158,404	146,422
Total shareholders' equity	<b>228,665</b>	203,951	180,420	156,884	147,762	148,197	145,111	135,043	130,386	131,923	121,431
<b>Per Share of Common Stock (Yen and U.S. dollars):</b>											
Basic net income	<b>¥ 82.09</b>	¥ 107.26	¥ 105.05	¥ 53.48	¥ 45.11	¥ 52.15	¥ 54.97	¥ 42.15	¥ 35.06	¥ 28.36	¥ 50.83
Total equity	<b>1,171.10</b>	1,031.60	912.58	793.53	747.39	742.36	726.90	671.11	647.97	655.60	603.44
Annual dividends	<b>29.00</b>	38.00	37.00	21.00	20.00	18.00	16.00	13.00	12.00	10.00	11.00
<b>Ratios:</b>											
Return on assets (ROA)	<b>3.9%</b>	5.6%	6.2%	3.6%	3.1%	3.6%	3.9%	3.2%	2.7%	2.3%	4.6%
Return on equity (ROE)	<b>7.5</b>	11.0	12.3	6.9	6.1	7.1	7.9	6.4	5.4	4.5	9.3
Equity ratio	<b>52.3</b>	51.1	49.8	51.1	52.1	51.6	51.0	49.2	51.5	49.9	50.9
D/E ratio	<b>24.2</b>	25.4	33.6	32.0	31.1	32.0	33.1	35.4	32.9	36.6	32.0
Dividend payout ratio	<b>35.3</b>	35.4	35.2	39.3	44.3	34.5	29.1	30.8	34.2	35.3	21.6

\*1 Starting in the fiscal year ended March 31, 2018, we reorganized our business segments. Net sales and operating income (loss) for the fiscal years ended March 31, 2014 to 2017 have been calculated based on business segments restructured after the change.

\*2 From the fiscal year ended March 31, 2022, in accordance with the adoption of the Accounting Standard for Revenue Recognition, a part of expenses that were previously accounted for as SG&A expenses were deducted from net sales. The net sales and SG&A expenses for the fiscal year ended March 31, 2021 and before are figures before the adoption of the Accounting Standard for Revenue Recognition.

\*3 Japanese yen amounts are rounded down to the nearest million yen.

\*4 The Company adopted Partial Amendments to Accounting Standard for Tax Effect Accounting from the fiscal year ended March 31, 2019, and some of the figures for the fiscal year ended March 31, 2018 have been restated.



# Consolidated Financial Statements

## Consolidated Balance Sheet

TAKARA HOLDINGS INC. and consolidated subsidiaries  
Year ended March 31, 2024

	Millions of yen	
	2024	2023
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and deposits	¥ 95,085	¥ 96,820
Notes and accounts receivable-trade	60,854	61,624
Electronically recorded monetary claims-operating	9,268	8,093
Merchandise and finished goods	61,834	57,812
Work in process	1,659	1,718
Raw materials and supplies	7,558	7,372
Other	9,768	8,765
Allowance for doubtful accounts	(817)	(694)
Total current assets	245,213	241,513
NONCURRENT ASSETS:		
Property, plant and equipment		
Buildings and structures	80,477	76,265
Accumulated depreciation	(42,178)	(39,487)
Buildings and structures, net	38,298	36,778
Machinery, equipment and vehicles	92,456	90,919
Accumulated depreciation	(76,436)	(75,654)
Machinery, equipment and vehicles, net	16,019	15,265
Land	21,665	20,861
Lease assets	1,438	1,520
Accumulated depreciation	(757)	(731)
Lease assets, net	681	789
Construction in progress	12,796	3,662
Other	35,749	28,496
Accumulated depreciation	(20,328)	(16,962)
Other, net	15,420	11,533
Total property, plant and equipment	104,882	88,890
INTANGIBLE ASSETS:		
Goodwill	12,154	10,668
Other	6,181	5,262
Total intangible assets	18,336	15,931
INVESTMENTS AND OTHER ASSETS:		
Investment securities	43,597	30,573
Net defined benefit asset	1,510	1,054
Deferred tax assets	1,913	2,170
Other	22,078	19,103
Allowance for doubtful accounts	(62)	(64)
Total investments and other assets	69,036	52,838
Total noncurrent assets	192,254	157,661
<b>TOTAL ASSETS</b>	<b>¥ 437,468</b>	<b>¥ 399,174</b>

	Millions of yen	
	2024	2023
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Notes and accounts payable-trade	¥ 22,315	¥ 21,775
Short-term loans payable	10,008	4,919
Current portion of bonds	5,000	—
Accrued alcohol tax	8,174	5,815
Accrued expenses	8,826	6,368
Income taxes payable	2,600	2,220
Provision for bonuses	3,470	3,380
Other	20,262	22,975
Total current liabilities	80,657	67,454
NONCURRENT LIABILITIES:		
Bonds payable	15,000	20,000
Long-term loans payable	10,422	15,186
Lease obligations	7,369	4,452
Deferred tax liabilities	8,806	4,855
Net defined benefit liability	8,735	8,925
Other	26,010	22,980
Total noncurrent liabilities	76,345	76,401
Total liabilities	157,003	143,856
<b>NET ASSETS</b>		
SHAREHOLDERS' EQUITY:		
Capital stock	13,226	13,226
Capital surplus	2,716	1,994
Retained earnings	169,909	163,825
Treasury stock	(2,103)	(1,682)
Total shareholders' equity	183,749	177,363
ACCUMULATED OTHER COMPREHENSIVE INCOME:		
Valuation difference on available-for-sale securities	22,511	12,974
Deferred gains or losses on hedges	3	286
Foreign currency translation adjustment	22,389	13,686
Remeasurements of defined benefit plans	12	(359)
Total accumulated other comprehensive income	44,915	26,588
Noncontrolling interests	51,799	51,366
Total net assets	280,465	255,318
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>¥ 437,468</b>	<b>¥ 399,174</b>



# Consolidated Financial Statements

## Consolidated Statement of Income

TAKARA HOLDINGS INC. and consolidated subsidiaries  
Year ended March 31, 2024

	Millions of yen	
	2024	2023
NET SALES	¥ 339,372	¥ 350,665
COST OF SALES	225,438	230,723
Gross profit	113,933	119,941
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	91,691	81,996
Operating income	22,242	37,945
NONOPERATING INCOME:		
Interest income	457	265
Dividends income	948	800
Other	755	612
Total nonoperating income	2,161	1,678
NONOPERATING EXPENSES:		
Interest expenses	450	324
Foreign exchange losses	—	222
Provision for loss on litigation	114	—
Other	501	370
Total nonoperating expenses	1,066	917
ORDINARY INCOME	23,336	38,706
EXTRAORDINARY INCOME:		
Gain on sale of investment securities	3,971	674
Insurance claim income	—	678
Other	63	327
Total extraordinary income	4,034	1,681
EXTRAORDINARY LOSS:		
Loss on sale and retirement of noncurrent assets	842	499
Impairment loss	207	—
Other	82	195
Total extraordinary losses	1,132	694
INCOME BEFORE INCOME TAXES	26,238	39,692
INCOME TAXES-CURRENT	8,899	10,144
INCOME TAXES-DEFERRED	(426)	857
TOTAL INCOME TAXES	8,472	11,001
NET INCOME	17,766	28,690
NET INCOME ATTRIBUTABLE TO THE NONCONTROLLING INTEREST	1,589	7,483
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 16,176	¥ 21,206

## Consolidated Statement of Cash Flows

TAKARA HOLDINGS INC. and consolidated subsidiaries  
Year ended March 31, 2024

	Millions of yen	
	2024	2023
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Income before income taxes	¥ 26,238	¥ 39,692
Depreciation and amortization	9,999	9,118
Impairment losses	207	—
Amortization of goodwill	1,179	998
Interest and dividends income	(1,405)	(1,066)
Interest expenses	450	324
Insurance claim income	—	(678)
Loss (gain) on sale and retirement of non-current assets	794	235
Loss (gain) on sale of investment securities	(3,971)	(674)
Decrease (increase) in notes and accounts receivable-trade	1,994	2,634
Decrease (increase) in inventories	982	8,969
Increase (decrease) in notes and accounts payable-trade	(914)	(252)
Increase (decrease) in accrued alcohol tax	2,358	(1,358)
Increase (decrease) in accrued consumption taxes	(3,031)	2,104
Increase (decrease) in other current liabilities	2,264	(1,261)
Other, net	0	835
Subtotal	37,147	59,621
Interest and dividends income received	1,380	1,053
Interest expenses paid	(457)	(340)
Income taxes paid	(8,459)	(15,535)
Proceeds from insurance income	—	678
Subsidy refund	(433)	—
Net cash provided by (used in) operating activities	29,178	45,478
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Payments into time deposits	(4,592)	(23,167)
Proceeds from withdrawal of time deposits	5,530	24,008
Purchase of property, plant and equipment and intangible assets	(19,210)	(10,618)
Proceeds from sale of investment securities	4,874	793
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,441)	(1,068)
Subsidies received	463	32
Subsidy refund	(1,335)	—
Other, net	(282)	(454)
Net cash provided by (used in) investing activities	(19,993)	(10,474)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:		
Net increase (decrease) in short-term borrowings	(262)	(435)
Proceeds from long-term borrowings	466	6
Repayments of long-term borrowings	(105)	(363)
Redemption of bonds	—	(10,000)
Purchase of treasury stock	(2,999)	(0)
Cash dividends paid	(7,503)	(7,305)
Dividends paid to noncontrolling interests	(2,004)	(1,579)
Repayments of lease obligations	(1,036)	(919)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,551)
Other, net	(3)	(67)
Net cash provided by (used in) financing activities	(13,448)	(22,215)
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	2,661	3,267
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,601)	16,056
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	91,785	75,729
CASH AND CASH EQUIVALENTS AT END OF PERIOD	¥ 90,184	¥ 91,785

# Business Risks

## Business Risks

Of matters related to Overview of Business and Overview of Accounting in the Annual Securities Report, major risks that management believes could have a significant impact on the consolidated company's financial position, operating results, and cash flows are described below. Upon identification of the possibility of such risks, the Group will make its best efforts to avoid such an occurrence or take countermeasures against such an occurrence.

Descriptions related to the possible occurrence of events in the future are based on the Group's judgments as of March 31, 2024. Please note that the following descriptions do not cover all of the risk factors concerning investment decisions.

### (1) Risks concerning consumer preferences and demand fluctuations

The majority of Takara Shuzo's sales are generated within Japan, and its market is highly vulnerable to changes in the tastes of consumers, which have been affected by the COVID-19 pandemic. Takara Shuzo therefore strives to develop both original products that meet the ever-changing tastes of consumers and unique products that differentiate the Company from competitors. However, changes in consumer trends have been accelerating recently. For this reason, if Takara Shuzo fails to offer attractive products that satisfy the tastes of consumers and reflect market trends, it may cause a decline in business growth and profitability. Furthermore, in Japan, population decline, the rapidly aging population, and the younger generation's shift away from drinking could lead to a decline in liquor demand, which may adversely affect business performance and financial position. Takara Shuzo is working to develop and nurture high-value-added products that meet consumer needs, such as SDGs-conscious products.

### (2) Risks concerning market competition

#### ① Takara Shuzo

In the Japanese alcoholic beverages and seasonings market, amid sluggish growth in the overall market, competition in product development and marketing strategies with competing companies has intensified. The intensification of competition may lead to a decline in sales and profitability, by hindering the passing on of soaring raw material prices to product prices, which may adversely affect business performance and financial position. Takara Shuzo is striving to address these challenges by developing and cultivating products that are differentiated by its proprietary technologies, strengthening its brand power, carrying out sales activities that reflect the changes in distribution channels, price revision that can gain an understanding from the market, and engaging in thorough cost cutting and efficiency improvements to generate the funds to support these activities.

#### ② Takara Shuzo International Group

In the Overseas Alcoholic Beverages Business, the whisky market has many stalwart manufacturers around the world, while fierce competition with a large number of rival export companies producing overseas or manufacturing in Japan is also present in the Japanese alcoholic beverages market, including sake products. Furthermore, in the Japanese Food Wholesale Business overseas, while the size of the overseas market for Japanese food and alcoholic beverages is expanding, competition is also intensifying. If we are not able to remain competitive enough to surpass our rivals, the Group's business performance and financial position may be adversely affected. The Takara Shuzo International Group is striving to address these challenges by expanding bases through means such as M&As, and developing and cultivating appealing products with Takara Shuzo's technologies through collaboration with Takara Shuzo, while strengthening our brand power. We are also striving to enhance our product procurement capability, including intergroup procurement that takes advantage of group synergies, and to diversify our sales channels to include retail stores in addition to the restaurant market, which is our strength.

#### ③ Takara Bio Group

The Takara Bio Group holds a unique industrial position with a certain financial foundation, solid presence in the Asian market, and a broad lineup of proprietary technologies.

However, manufacturing, sales and provision of research reagents, instruments and contract services, unlike medicines and medical devices, do not require permits and approvals. Therefore, the lack of barriers such as patents makes it relatively easy to enter these markets, and there are a large number of competing companies not only in Japan, but overseas as well.

In addition, in the gene therapy field, technological advances are fueling the development of therapeutic agents with a high level of safety and track records of efficacy, which is leading to approval for manufacturing and marketing overseas. With the expansion of market

size in this field, many market participants, including major U.S. and European pharmaceutical manufacturers and start-ups, have launched initiatives to research and develop gene therapies.

In this environment, the Takara Bio Group is working independently and partnering with external bodies, such as universities, and companies to develop technologies and products. At the same time, if other companies are quicker than the Takara Bio Group in similar product or technology fields, it may adversely affect the product development and business performance of the Group. Taking such risks into account, the Takara Bio Group will strive to dominate the market and differentiate itself from competitors, by protecting the technologies and products developed by the Takara Bio Group as intellectual properties to the extent possible, and maintain price competitiveness by promoting cost reductions and strengthening its manufacturing structure.

### (3) Risks concerning dependence on particular plants for manufacturing

#### ① Takara Shuzo

Most of Takara Shuzo's alcoholic beverage products are manufactured at the Fushimi Plant (Fushimi Ward, Kyoto City) and Matsudo Plant (Matsudo City, Chiba Prefecture). In the event of a major earthquake or any other occurrence that disrupts operations in either of these areas, the manufacture and supply of products could decline significantly, adversely affecting Takara Shuzo's business performance and financial position. Takara Shuzo has established a Business Continuity Plan (BCP) for the entire company and for individual locations to ensure stable production and supply. It has also built a flexible production system through a system of mutual support that also encompasses the Kusu Plant (Yokkaichi City, Mie Prefecture).

#### ② Takara Bio Group

Most of the Takara Bio Group's mainstay reagents are manufactured by Chinese subsidiary Takara Biotechnology (Dalian) Co., Ltd. Any changes in the revenue trend of that subsidiary or other factors, such as suspension of its business for any reason, may adversely affect the Takara Bio Group's business strategies and performance. Taking such risks into account, we are advancing the development of a multipolar manufacturing and research structure on a global scale, while considering the balance between improving efficiency and reducing risks.

### (4) Risks concerning fluctuations of raw material prices

Takara Shuzo's procurement of raw materials could be indirectly affected by the climatic and economic conditions of supplier countries and regions. Ethanol for shochu and other products comes mainly from North and South America and Asia, and rice for sake and other products is procured in Japan; therefore, the prices of these raw materials are influenced by weather conditions in these areas and the market for the raw material. Furthermore, any impacts stemming from geopolitical factors on its global supply chain could lead to higher procurement prices for raw materials and fuel, and this could in turn lead to higher manufacturing costs, affecting our business performance and financial position. Takara Shuzo strives to diversify its raw material suppliers to ensure stable and advantageous procurement, as well as working to reduce costs through technological innovation.

### (5) Risks concerning Japan's legal regulations

#### ① Takara Shuzo

The Alcoholic Beverages Business of Takara Shuzo is subject to regulations specified under the Liquor Tax Act that governs liquor taxes and the licenses for the manufacturing and/or selling of alcoholic beverages in Japan. In accordance with the Liquor Tax Act, Takara Shuzo has obtained, in addition to the license as a seller, the license for manufacturing each type of product and for operating each manufacturing plant from the relevant taxation offices. In future business operations, Takara Shuzo will continue to be regulated by the Liquor Tax Act, and consequently any change to the liquor tax rates may affect selling prices and sales trends. In addition to complying with laws and regulations such as the Liquor Tax Act, Takara Shuzo strives to respond flexibly to revisions to legislation, implementing measures such as reviews of product strategies as necessary.

#### ② Takara Shuzo International Group

In the various countries where it is expanding its business, the Takara Shuzo International Group is subject to various government regulations, including export restrictions, tariff duties, and other types of import/export regulations, due to the need for permission to undertake business or investment, for national security reasons, or for other reasons. The Takara Shuzo International Group is also subject to legislation governing trade, monopolies, patents, consumers, taxation, foreign currency exchange, transportation, human rights, and environmental and recycling issues. Any failure by the Group to comply with any of these legislative regulations may lead to the restriction of its activities or an increase in the costs of compliance. The Group will implement measures to mitigate

these impacts through compliance with laws and regulations.

#### ③ Takara Bio Group

In advancing research and development, the Takara Bio Group is subject to, and has a policy committed to observing, the Act on Prevention of Radiation Hazards due to Radioisotopes, etc., as well as the Act on the Conservation and Sustainable Use of Biological Diversity through Regulations on the Use of Living Modified Organisms ("Cartagena Act").

In addition, the in vitro diagnostic products and gene therapy products that have been developed and marketed by the Takara Bio Group are subject to regulations under the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices and other related laws and regulations, and require approval or permission from the presiding government agencies in order to engage in commercial activities. If individual projects being advanced in research and development of the Takara Bio Group fail to receive the necessary approval, it may adversely affect the Group's business strategies.

### (6) Risks concerning social attitudes toward drinking

It has been said that drinking alcoholic beverages in moderation generally relieves weariness, increases appetite, eases stress, and works as a social lubricant. On the other hand, many problems in habitual drinking have been pointed out, such as intoxication, organ damage due to chronic drinking, alcohol use disorder, under-age drinking, and damage to the fetus owing to drinking by pregnant women, characteristics of which are not seen in any other beverages or foods. If these alcohol-attributable problems become more serious within society, production and sales activities may be further regulated or otherwise affected, and the business performance and financial position of the Group may be affected. Recognizing these problems, Takara Shuzo and the Takara Shuzo International Group, as organizations producing and selling alcoholic beverages, are carrying out various activities, including the disclosure of the alcohol content of its main products on its website, based on the Basic Policy on Responsible Drinking established by the Group to spread the idea of "controlled, moderate drinking" from the viewpoint of meeting their social responsibilities by helping to maintain and improve people's health, as well as supporting the "global strategy to reduce the harmful use of alcohol" adopted by the World Health Organization (WHO) and working towards achieving its goals.

### (7) Risks concerning R&D activities

The biotechnology-related industry covers a wide range of fields including the areas of regenerative and cellular medicine and gene therapy, the research support field directly targeting research departments at universities, public research institutes, and private businesses as well as inspection companies aimed at basic research and drug discovery, and other fields, such as environment, energy, food, and information.

In this situation, the Takara Bio Group believes that R&D activities covering a wide range of scope are extremely important to maintain the Group's competitive edge. However, there is no guarantee that the R&D activities will progress as planned. In particular, due to a long period of time required for clinical development in the gene therapy field, any delay in R&D activities may adversely affect the Takara Bio Group's business strategies and performance.

Moreover, the business environment surrounding the biotechnology industry is rapidly changing, and the Takara Bio Group's business environment may be significantly affected by new technological innovation and new entrants. Therefore, there is no guarantee that the ongoing R&D activities will always bear expected fruits and there is a possibility of not being able to achieve expected revenues.

### (8) Risks concerning intellectual property rights

In biotechnology-related industries, where the success of business depends solely on the success of R&D activities, the Takara Bio Group protects technologies developed in-house with patents to prevent competitors from imitating them. The Takara Bio Group will continue placing the highest priority on applying for and obtaining patents in its R&D activities. Not all applications are registered, however, and if a registered patent is made invalid or lapses, the Takara Bio Group's business strategy or business performance may be affected.

Also, in future business operations, the Takara Bio Group is willing to acquire or buy licenses for necessary patent rights held by third parties, but this strategy may be prohibitively expensive. Further, if some patent right held by a third party becomes necessary and the Takara Bio Group is not able to acquire the license, it may affect the Group's business strategy and performance.

### (9) Risks concerning impairment losses of fixed assets

The Group owns significant amounts of tangible and intangible fixed assets, including goodwill. If impairment losses are recorded in accordance with accounting standards for impairment of fixed assets due to sudden changes in the business environment or other factors,

such losses may adversely affect the Group's business performance and financial position. The Group has set a rule in which certain investments must be approved by the Board of Directors or other body. For the assessment of investment effectiveness, the Group has set hurdle rates based on the NPV method and verifies its progress every fiscal year. The Group has also established a system for early detection of signs of impairment.

### (10) Risks concerning fluctuations in exchange rates

Local currency-denominated items, including sales, expenses, and asset and liability accounts are translated into Japanese yen for the purpose of the preparation of the consolidated financial statements. The amount of these items recorded in the financial statements may be affected by the exchange rate at translation. When purchasing goods through import, procuring raw materials, or exporting products in a foreign currency, fluctuations in exchange rates may adversely affect the Group's business performance and financial position.

The Group uses currency options, enters into foreign currency forward contracts, and uses other exchange rate hedging transactions to mitigate the adverse effects caused by fluctuations in exchange rates.

### (11) Risks concerning product liability

All of the products developed and manufactured by the Group are exposed to the risk of product liability compensation. If any defect is found in a product during the manufacturing, selling, or clinical testing process, or any health impairment is caused by an alcoholic beverage, food, drug, medical instrument, in vitro diagnostic product, regenerative medical products, research products or investigational drugs for clinical trial materials in particular, the Group may be subject to a product liability claim. A defect that results in large-scale product recalls or product liability compensation could not only cause a huge financial cost but also substantially affect the Group's reputation, business performance, and financial position. Despite possessing product liability insurance in preparation for these risks, there is no guarantee that the insurance will be able to cover the full amount of the final compensation. In addition to compliance with laws and regulations, the Group is working to establish thorough quality control and risk management systems.

### (12) Information security

The Group manages a vast amount of information, including personal information, making use of a number of IT systems related to its business operations. If the loss, leakage, or falsification of such personal and/or other internal information or ransomware attack occurs, the Group could lose its credibility among the general public, in addition to business disruption and response costs. In addition, if it becomes impossible to conduct business operations for a certain period of time due to system malfunctions or cyberattack, the continuation of business activities may be adversely affected. These risks are expanding due to the advancement of digital transformation and the expansion of work-from-home. The Group has established "Information Management Regulations" and an "IT Security Policy" and undergoes third-party assessments of IT security to strengthen measures against risks.

### (13) Risks concerning lawsuits

The Group strives to observe all the laws and regulations relevant to its business operations by enhancing its compliance measures. However, as the Group conducts its business both within and outside Japan, there remains a risk of a third party filing a suit over such issues as the Product Liability Law, intellectual property rights, or a claim for compensation for an invention irrespective of whether or not the Group or its employees have violated any law. If a court case were to be brought against the Group, or if the court decision were to go against the Group, the Group's business performance and financial position may be adversely affected. The Group thoroughly complies with laws and regulations and has established a system to receive advice and checks from the legal department and external experts when concluding important contracts.

### (14) Risks concerning natural disasters and accidents

The business activities of the Group may be obstructed by physical and human damage resulting from natural disasters such as storms, earthquakes, lightning, floods, and droughts, accidents such as fire, and the global pandemic of infectious diseases. Taking into account such risks, the Group strives to conduct inspections and training and improve its contact system and business continuity plan (BCP) in order to minimize the spread of damage in the event of disaster.

The Company's Risk Compliance Committee chaired by the President of the Company is responsible for overall risk control of the Group. Under the supervision of the committee, each division in charge is engaged in activities to prevent and mitigate risks surrounding the Group concerning law and social ethics, product safety and quality, and health and safety, among others.



## Major Consolidated Subsidiaries

(As of March 31, 2024)

Note: Percentage of equity owned in parentheses indicates percentage of indirectly owned equity.

Name	Address	Issued capital	Percentage of equity owned	Line of business
<b>Takara Shuzo (Domestic Business)</b>				
<b>TAKARA SHUZO CO., LTD.</b>	20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8688, Japan	¥1,000 million	100.0%	Manufacture and sale of alcoholic beverages, seasonings, and raw alcohol
<b>Takara Shuzo International Group (Overseas Business)</b>				
<b>TAKARA SHUZO INTERNATIONAL CO., LTD.</b>	20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8688, Japan	¥10 million	100.0%	Management of group companies, export and sale, etc. of alcoholic beverages and seasonings
Tokyo Mutual Trading Co., Ltd. (Japan)	4-26-4, Taito, Taito-ku, Tokyo 110-0016, Japan	¥60 million	(51.0%)	Export and sale of foods, alcoholic beverages, sundries, etc.
Takara Sake USA Inc.	708 Addison St., Berkeley, CA 94710, U.S.A.	US\$7,000 thousand	(100.0%)	Manufacture, sale, export, and import and sale of alcoholic beverages
Age International, Inc.	229 W.Main St., Frankfort, KY 40601, U.S.A.	US\$250 thousand	(100.0%)	Sale of bourbon whiskey
Mutual Trading Co., Inc.	4200 Shirley Avenue, El Monte, CA 91731	US\$5,394 thousand	(85.8%)	Import and wholesale of alcoholic beverages, foods, seasonings, etc.
The Tomatin Distillery Co. Ltd	Tomatin, Inverness-shire, IV13 7YT Scotland, U.K.	£3,297 thousand	(94.2%)	Manufacture and sale of Scotch whisky
Tazaki Foods Ltd	12 Innova Way, Enfield, EN3 7FL, U.K.	£2,357 thousand	(100.0%)	Import and wholesale of alcoholic beverages, foods, seasonings, etc.
FOODEX S.A.S.	64 Rue du Ranelagh, 75016 Paris, France	€10,250 thousand	(100.0%)	Import and wholesale of alcoholic beverages, foods, seasonings, etc.
Cominport Distribución S.L.	Avenida Marconi nave 1-P.A.E. Neisa Sur-28021, Madrid, Spain	€166 thousand	(100.0%)	Import and wholesale of alcoholic beverages, foods, seasonings, etc.
Keta Foods, Lda	Quinta do Olival das Minas, Quinta do Duque No.26, 2625-573 Vialonga, Portugal	€15 thousand	(100.0%)	Import and wholesale of alcoholic beverages, foods, seasonings, etc.
Nippon Food Supplies Company Pty Ltd	Warehouse 9 & 10, Building 3, 161 Manchester Road, Auburn NSW 2144, Australia	A\$17 million	(51.0%)	Import and wholesale of alcoholic beverages, foods, seasonings, etc.
Takara Shuzo Foods Co., Ltd.	No.31 Nanyuan West St. Fengtai District Beijing, China 100076	RMB130,000 thousand	(92.0%)	Manufacture, sale, and import and sale of alcoholic beverages
Shanghai Takara Shuzo International Trading Co., Ltd.	Shenergy International Building 18th Floor, Room 1808A, No.1, FuXing Middle Rd, Huangpu District, Shanghai, China 200021	US\$600 thousand	(100.0%)	Import and sale of alcoholic beverages and foods
Ontario Spring Water Sake Company	51 Gristmill Lane, Toronto Ontario, Canada, M5A 3C4	CDN\$100	(80.0%)	Manufacture and sale of alcoholic beverages

### Takara Bio Group (Biomedical Business)

<b>TAKARA BIO INC.</b>	Nojihigashi 7-4-38, Kusatsu, Shiga 525-0058, Japan	¥14,965 million	60.9%	Development, manufacture and sales of reagents and equipment, contract manufacturing, genetic medicine
Takara Bio USA, Inc.	2560 Orchard Parkway, San Jose, CA 95131, U.S.A.	US\$83 thousand	(100.0%)	Development, manufacture and sales of reagents and equipment
Takara Bio Europe S.A.S.	34 rue de la Croix de Fer 78100 Saint-Germain-en-Laye, France	€891 thousand	(100.0%)	Sales of reagents and equipment, and contract manufacturing
Takara Bio UK Ltd.	Wilberforce House, Station Road, LONDON NW4 4QE	£100 thousand	(100.0%)	Sales of reagents and equipment
DSS Takara Bio India Private Limited	A-5 Mohan Co-op Industrial Estate, Mathura Road, New Delhi, 110044, India	Rs.110 million	(51.0%)	Manufacture and sale of reagents
Takara Biotechnology (Dalian) Co., Ltd.	No.19 Dongbei 2nd Street, Development Zone, Dalian, China 116600	¥2,350 million	(100.0%)	Development, manufacture, sales within the Group of reagents, and contract manufacturing
Takara Biomedical Technology (Beijing) Co., Ltd.	Life Science Park, 22 KeXueYuan Road Changping District, Beijing 102206 China	¥1,330 million	(100.0%)	Sales of reagents and equipment
Takara Korea Biomedical Inc.	601, New T Castle, 108, Gasan Digital 2-ro, Geuncheon-gu, Seoul 08506, Korea.	₩3,860 million	(100.0%)	Sales of reagents and equipment

### Others (Domestic Group Companies)

Takara Supply Communications Co., Ltd.	1 Butai-cho, Fushimi-ku, Kyoto 612-8338, Japan	¥90 million	100.0%	Wholesaling of containers and packaging materials, printing, web production, and digital services
Kawahigashi Shoji Co., Ltd.	20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8008, Japan	¥30 million	100.0%	Real estate leasing
Total Management Business Co., Ltd.	20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8008, Japan	¥20 million	100.0%	Marketing research, sales promotion planning, and temporary staffing service
Takara Butsuryu System Co., Ltd.	55-13 Osumihama, Kyotanabe, Kyoto 610-0343, Japan	¥50 million	100.0%	Transportation, warehousing, automobile service, non-life insurance agent, travel agent, etc.
Takara Bussan Co., Ltd.	5-487 Shinmachi Fushimi-ku, Kyoto 612-8081, Japan	¥10 million	100.0%	Sale of foods and feed
Luc Corporation, Ltd.	2-12, 3-chome, Akasaka, Minato-ku, Tokyo 107-0052, Japan	¥80 million	100.0%	Import and sale of wine

\* Takara Supply Communications Co., Ltd. was established on April 1, 2024.



## Investor Information

(As of March 31, 2024)

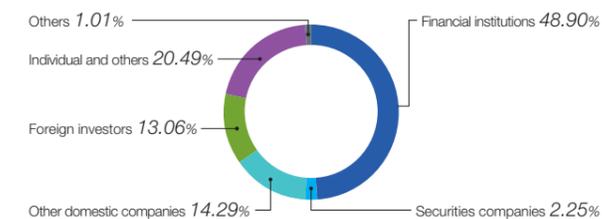
<b>Trade Name</b>	TAKARA HOLDINGS INC.	<b>Established</b>	September 6, 1925
<b>Business</b>	Holding company	<b>Issued Capital</b>	¥13,226 million
<b>Head Office</b>	20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8688, Japan	<b>Company Representative</b>	Mutsumi Kimura, President
<b>Telephone</b>	+81-75-241-5130	<b>Website</b>	www.takara.co.jp/english

### Stock and Investor Information

<b>Common Stock Authorized Issued and Outstanding</b>	870,000,000 shares 197,252,043 shares
<b>Number of Shareholders</b>	90,346
<b>Stock Listings (Common Stock)</b>	Prime Market of Tokyo Stock Exchange, Inc.
<b>Securities Code Number</b>	2531
<b>Shareholder Registry Administrator</b>	3-3 Marunouchi 1-chome, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co., Ltd.
<b>Inquiries to Shareholder Registry Administrator</b>	8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-8507, Japan Mizuho Trust & Banking Co., Ltd. Stock Agency Transfer Department Telephone: 0120-288-324 (toll free, within Japan only)
<b>Annual Meeting of Shareholders</b>	The annual meeting of shareholders of the Company is normally held in June each year in Kyoto, Japan. In addition, the Company may hold a special meeting of shareholders whenever necessary by giving at least two weeks, advance notice to shareholders.

**Independent Auditor** Deloitte Touche Tohmatsu LLC

### Distribution of ownership among shareholders



### Principal shareholders

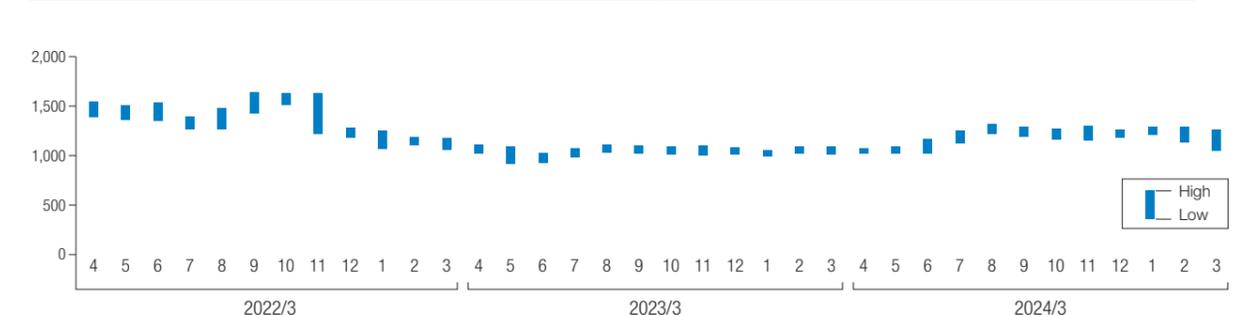
Name	Number of shares held (Thousand shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	35,294	18.08
Custody Bank of Japan, Ltd. (Trust Account)	14,571	7.46
Mizuho Bank, Ltd.	9,738	4.99
The Norinchukin Bank	9,500	4.87
Meiji Yasuda Life Insurance Company	5,370	2.75
Bank of Kyoto, Ltd.	5,000	2.56
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3,878	1.99
KOKUBU GROUP CORP.	3,489	1.79
Takara Group Employees' Shareholding Association	3,167	1.62
Japan Alcohol Trading CO., LTD.	3,000	1.54

Notes: (1) Number of shares held is rounded down to the nearest thousand.  
(2) The percentage of shares held was calculated excluding 1,995 thousand shares of treasury stock.

### Bond ratings

Rating institution	Long-term rating	Short-term rating
Rating and Investment Information, Inc. (R&I)	A/Stable	a-1
Japan Credit Rating Agency, Ltd. (JCR)	A+/Stable	J-1

### Stock Price Range on the Tokyo Stock Exchange (¥en)





## **TAKARA HOLDINGS INC.**

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