



TaKaRa Group Report

2023

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.

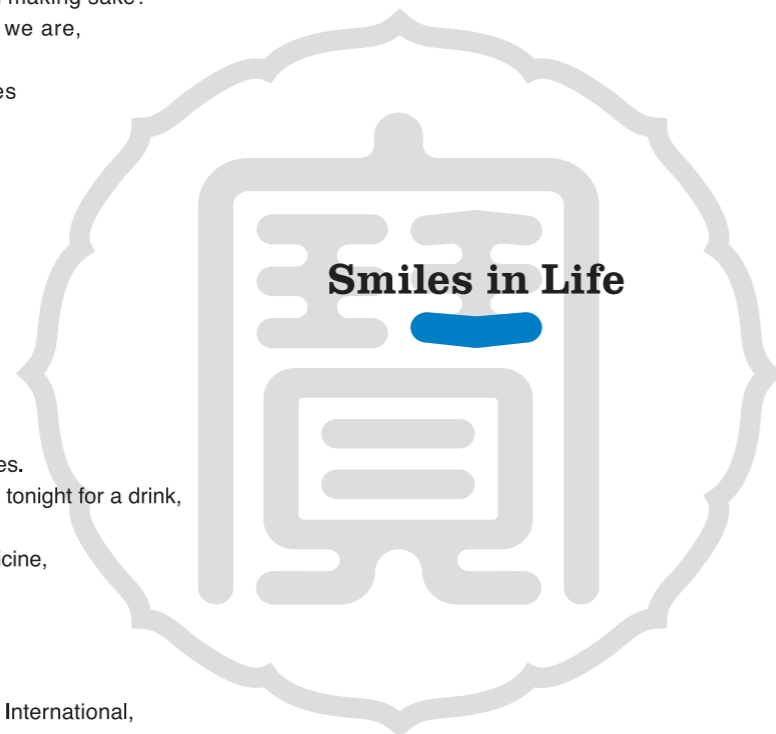
For over 180 years, we have been honing
our sake brewing technologies;
we have expanded our Japanese food
wholesale network globally,
and our sake production sites
can be found all over the world.
We also offer innovative biotechnologies,
such as regenerative medicine
and cell and gene therapy.

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.



INDEX

About Takara Group

- 01 Vision
- 02 INDEX
- 03 Our History
Continuing to Deliver Diverse Values of *Washu*, Japanese Food, and Life Science—Takara Group's Challenges
- 05 Our Growth
Takara Group in the World
- 07 Special Topic 1 Collaboration between Takara Shuzo and the Takara Shuzo International Group
Working to Spread Japanese Food Culture (*Washu* and Japanese Food) Around the World
- 08 Special Topic 2 Growth of the CDMO Business for Gene and Cell Therapies
Increasing the Sophistication of Proprietary Technologies and Expanding their Provision to New Markets and Customers
- 11 Takara Group's Snapshot
Financial Highlights
Non-Financial Highlights

Value Creation Story

- 13 Message from the President
We will accelerate investment in growth and high-priority fields and work to achieve our Vision in order to further raise enterprise value.
- 19 Message from the Director in Charge of Finance
We will generate cash flow by raising asset efficiency and accelerate investment in growth and high-priority fields to increase enterprise value.
- 21 Our Value Creation Process
- 23 Takara Group's Capital
- 25 Our Identity
- 26 Message from the Director in Charge of Human Resources
We will foster diverse human capital through widespread practice of the TaKaRa Five Values.
- 27 Long-term Management Vision TaKaRa Group Challenge for the 100th
- 28 Takara Group Medium-Term Management Plan for 2025
- 29 Business Strategies: Takara Shuzo
- 30 Business Strategies: Takara Shuzo International Group
- 31 Business Strategies: Takara Bio Group
- 32 Initiatives for Sustainability

Takara Group's Sustainability

- 33 Takara Group Sustainability Policy
- 34 Environment
- 40 Responsible Alcohol Producer
- 41 Safety and Reliability
- 43 Wellness
- 45 Human Resources
- 47 Well-Balanced Diet
- 49 Procurement
- 50 Human Rights
- 51 Community
- 52 Governance
- 58 Status of Activities for Each Materiality
- 59 Messages from External Directors

Financial Strategy and Corporate Information

- 61 Directors and Audit & Supervisory Board Members
- 63 Management's Discussion and Analysis
- 67 Eleven-Year Consolidated Financial Summary
- 69 Consolidated Financial Statements
- 73 Major Consolidated Subsidiaries
- 74 Investor Information

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 collaboration between Takara Shuzo and the Takara Shuzo International Group, and the growth of gene and cell therapies and the CDMO business pursued by Takara Bio. This report describes the Takara Group Medium-Term Management Plan for 2025, which we have established as the final step to achieve the Vision in our long-term management vision, TaKaRa Group Challenge for the 100th, as well as our initiatives for sustainability. 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.

Scope:

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

Period covered:

Fiscal year ended March 31, 2023 (April 2022 to March 2023)

* The Report refers to some of the initiatives taken before 2022 and in or after April 2023.

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.



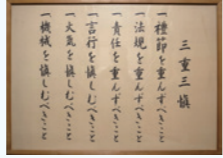





Reference Guidelines

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

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

Washu: Japanese alcoholic beverages

Takara Group's Developments

							
1842	1925	1946	1998	2002	2017	2017	2020
Founded (The Yomo family's fourth-generation Unosuke began sake making 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	Issued the first edition of Green Ink Accounting Report, an environmental report	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 th (long-term management vision) and Takara Group Sustainability Policy

Business History

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

									
1897	1977	1984	2001	2001	2006	2007	2011	2017	2018
Registered the "寶 (Takara)" mark as a trademark for mirin	Launched Takara Shochu Jun to reinvigorate shochu	Launched Takara Can Chu-Hi as Japan's first canned Chu-Hi product	Launched Zenryo Imo Shochu Ikkomon, brewed entirely with imo (sweet potato) and imo koji	Completed Sho Chiku Bai Shirakabegura in Nada as a production base of high-quality sake	Launched Takara Shochu Highball, a dry flavored chu-hi	Launched Gokujo Takara Shochu	Launched Sho Chiku Bai Shirakabegura Mio	Launched Takara CRAFT, a chu-hi for limited local sales	Launched Takara Karakuchi Zero Ball, a dry flavored non-alcohol chu-hi

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

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

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

									
1979	1988	1993	1995	2004	2005	2014	2016	2020	2020
Launched the first domestically produced "restriction enzyme" as a reagent for genetic engineering research (launched the Biomedical Business)	Acquired the exclusive distribution right in Japan for a gene amplification system using the PCR technology	Obtained a wide range of worldwide PCR-related patents license/Started manufacturing reagents for bioresearch in China	Developed the RetroNectin® Method for highly-efficient gene transduction in hematopoietic stem cells	Listed on the Tokyo Stock Exchange (TSE) Mothers	Acquired the management right of U.S.-based Clontech Laboratories, Inc. (currently Takara Bio USA, Inc.)	Completed the construction of the Center for Gene and Cell Processing/Started the CDMO business on a full scale	Changed listing from the TSE Mothers to the First Section of the TSE	Started operation of the Center for Gene and Cell Processing II	Obtained the approval for manufacturing and selling Takara SARS-CoV-2 Direct PCR Detection Kit, an in vitro diagnostic

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, 2023, the Takara Group consists of 59 consolidated companies in total including 12 companies in Japan and 47 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. Approximately 50% of the Group's employees work overseas, resulting in diverse human resources.

Corporate Profile



Takara Shuzo (Domestic Business)



Delivering *washu* supported by unique and solid technology

Line of business Manufacture and sale of shochu, sake, light-alcohol refreshers, Hon-mirin, seasonings, and raw alcohol



Takara Shuzo International Group (Overseas Business)



Spreading Japanese food culture all over the world through *washu* and Japanese food

Line of business Export of alcoholic beverages and seasonings, etc., manufacture and sale of them by overseas subsidiaries, and import and sale of alcoholic beverages and food by Japanese food wholesale subsidiaries outside Japan



Takara Bio Group (Biomedical Business)

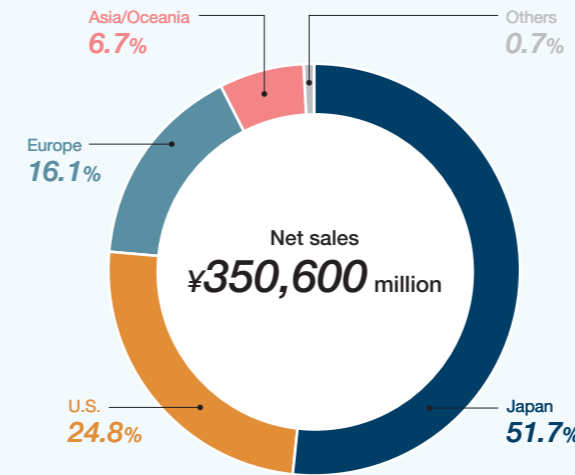


Contributing to the health of humankind through the development of revolutionary biotechnologies

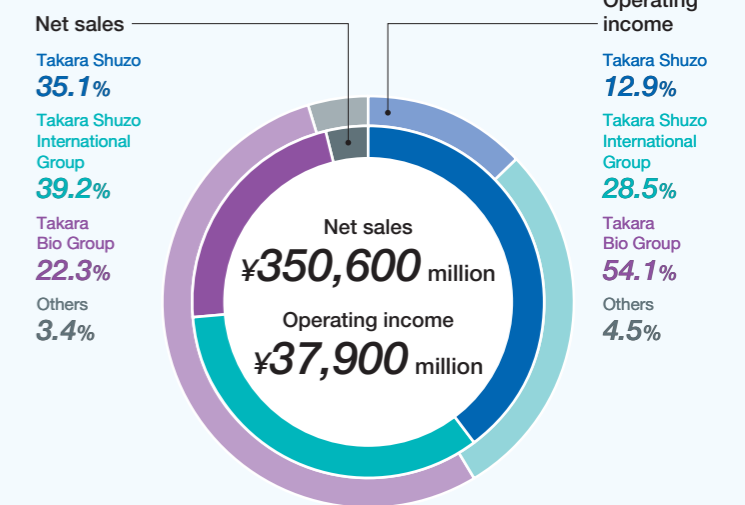
Line of business Manufacture and sales of reagents and equipment, contract manufacturing, genetic medicine business



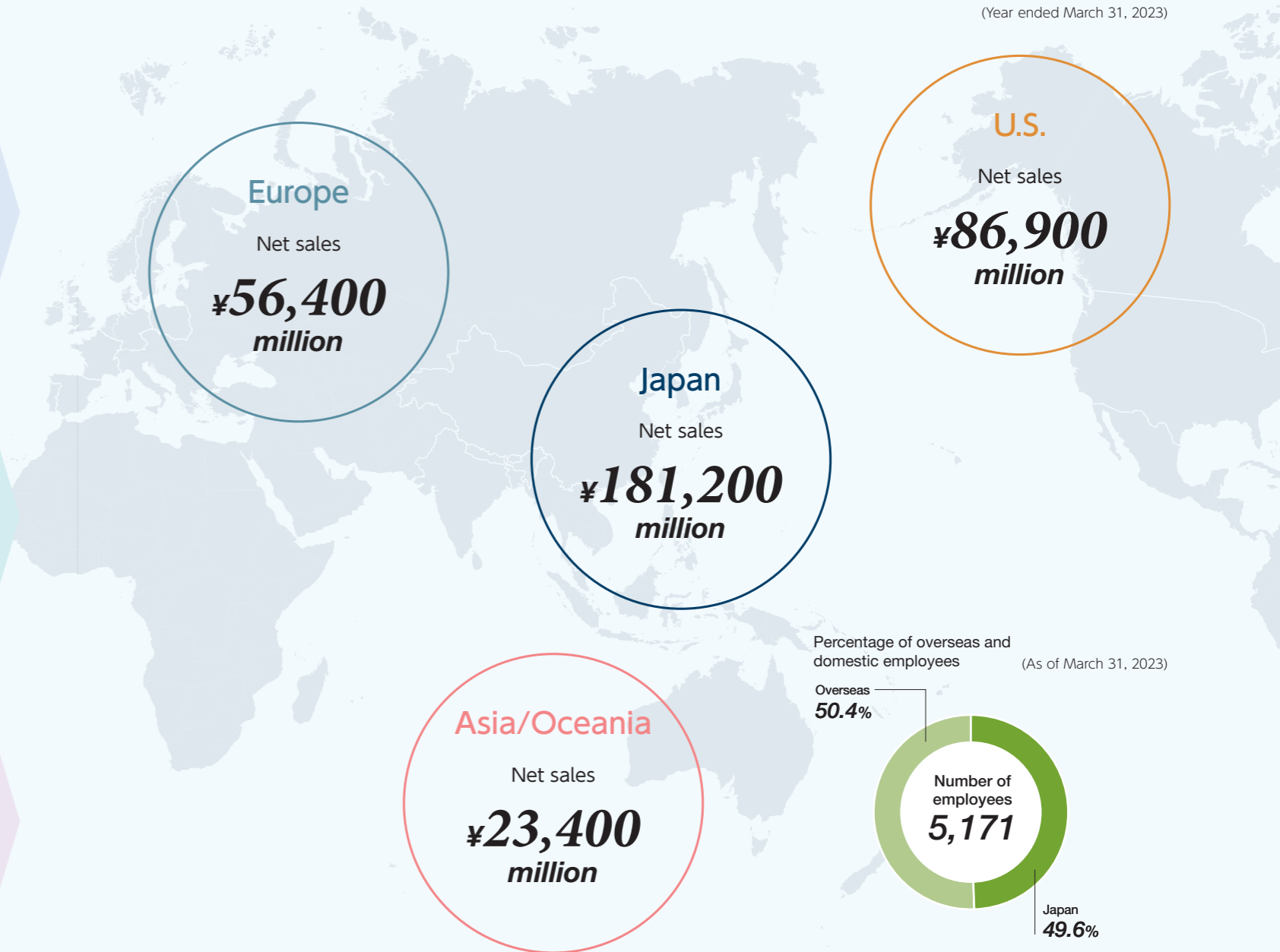
Net sales by region



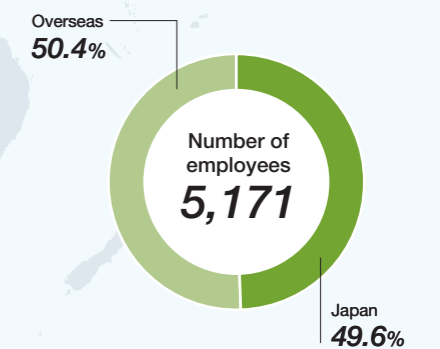
Net sales and operating income by business



(Year ended March 31, 2023)



Percentage of overseas and domestic employees (As of March 31, 2023)





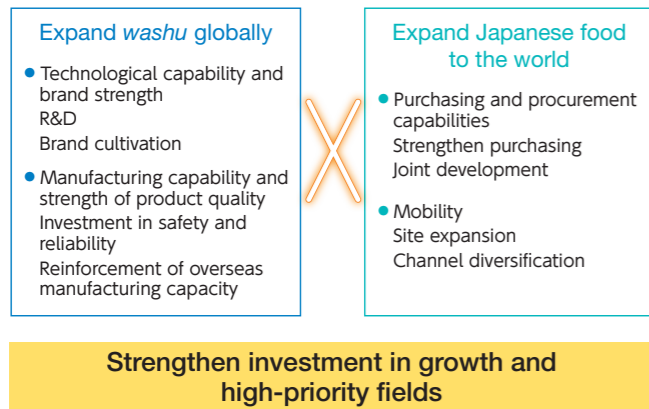
Special Topic 1 Collaboration between Takara Shuzo and the Takara Shuzo International Group

Working to Spread Japanese Food Culture (Washu and Japanese Food) Around the World

Takara Shuzo and the Takara Shuzo International Group are promoting the spread of Japanese food culture around the world, working to both expand *washu* globally and expand Japanese food to the world, and will build a business model that generates related synergies.

We will strengthen investment in growth and high-priority fields on the two axes of technological capability/brand strength and manufacturing capability/strength of product quality to expand *washu* globally and on the two axes of purchasing/procurement capabilities and mobility to expand Japanese food to the world as we work to promote the spread of Japanese food culture around the world.

Business model for spreading Japanese food culture around the world [Page 29](#)



Takara Shuzo International Group Business Locations



Smiles in Life

- Smiles are Life's Treasures -

◆ Technological capability and brand strength of Takara Shuzo, producer of Mio Sparkling Sake



Takara Shuzo boasts the top share of the domestic market in the *washu* categories of *ko*-type shochu, sake, and Hon-mirin. Ever aware of changes in market needs, the company has produced innovative brands with proprietary technologies, drawing on the technological capability and brand strength it has cultivated throughout its over 180 years of history. *Sho Chiku Bai Shirakabegura Mio Sparkling Sake*, which first gave rise to the sparkling sake market, is sold in 43 countries worldwide (excluding Japan) and has earned a strong reputation overseas. As a core product for expanding *washu* globally, *Mio Sparkling Sake* is being developed into a global sake brand.



Sho Chiku Bai Shirakabegura Mio Sparkling Sake

◆ Manufacturing and selling high-quality washu domestically and overseas under Made-in-Japan quality standards



Takara Shuzo and the Takara Shuzo International Group are strengthening manufacturing capability and strength of product quality, manufacturing and selling high-quality *washu* domestically and overseas under safe and reliable Made-in-Japan quality* standards. Shirakabegura in Nada, Kobe produces *Sho Chiku Bai Kaori* to meet the needs of the European market. It has a fruity aroma and fresh taste and continues to attract new users as a product made exclusively for export. Established in 1983, Takara Sake USA, which brews its sake using local rice and water, manufactures and sells products that meet local needs, including *Sho Chiku Bai*, which boasts the highest production volume in the U.S., and fruit-flavored sake products. Going forward, we will continue to develop products that meet needs domestically and overseas as we aim to expand *washu* globally.



Shirakabegura in Nada, Kobe



Takara Sake USA in Berkeley, California

From left, *Sho Chiku Bai Kaori*, an export-only product, *Sho Chiku Bai Classic Junmai* made in the U.S.

* 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.

◆ Strengthening purchasing and procurement capabilities to actively expand Japanese food wholesale networks in overseas markets



Mutual Trading Co., Inc. (U.S.) has added two new subsidiaries and expanded to 12 locations in 11 states



Yutaka, an original brand of Tazaki Foods Ltd. (U.K.)

In the Japanese Food Wholesale Business in overseas markets, which is developed by the Takara Shuzo International Group in the U.S., Europe, and Australia, we are drawing on purchasing and procurement capabilities to develop high value-added products, expand products for retail, and strengthen the handling of *washu* for restaurants. In addition, by strengthening mobility, we will actively expand our Japanese food wholesale networks in overseas markets, including by entering undeveloped areas, demonstrate synergies in *washu* proposals for restaurants, and work to expand *washu* starting with *Mio Sparkling Sake* globally. Further, we will bolster our presence as a Japanese food wholesaler with strength in *washu* and promote the spread of Japanese food culture (*washu* and Japanese food) around the world.



Special Topic 2 Growth of the CDMO Business for Gene and Cell Therapies

Increasing the Sophistication of Proprietary Technologies and Expanding their Provision to New Markets and Customers

Takara Bio aims to achieve business growth centering on both its Reagents and CDMO businesses. In the CDMO business, we draw on our extensive experience in the development of gene and cell therapies to support the pharmaceutical companies' development and manufacturing of gene and cell therapies as a CDMO. The CDMO business for gene and cell therapies differs from the CDMO business for antibody-drugs, etc. in that the CDMO business for gene and cell therapies must deal with a variety of modalities simultaneously even while manufacturing on a small scale. Takara Bio has established the Centers for Gene and Cell Processing, one of the largest dedicated facilities in Japan, which offer a diverse menu in the areas of vector manufacturing, cell processing, quality testing, and gene analysis and testing, to meet the needs of a growing market.

CDMO business

Processes from manufacturing method development to manufacturing are undertaken for pharmaceuticals on contract from pharmaceutical companies and other organizations.
* CDMO (Contract Development and Manufacturing Organization)

Main CDMO services

Vector manufacturing

Manufacture of vectors that deliver therapeutic genes to the body and cells under GMP/GCTP* standards. Comprehensive support is provided from small-scale test manufacturing to large-scale manufacturing.

Cell processing (cellular product manufacturing)

Manufacture of therapeutic agents (cell products) based on cells such as iPS cells, mesenchymal stem cells, and CAR-T cells (genetically modified cells).

Quality testing

Provision of testing services required for manufactured gene and cell therapies as pharmaceuticals.

Genetic analysis and testing

Provision of diverse genetic analysis and testing services with cutting-edge next-generation sequencers (NGS).

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

Market for Gene and Cell Therapies

The market for gene and cell therapies is expected to grow at a rapid pace of about 30% annually until 2030. The outsourcing needs of pharmaceutical companies that are advancing development are growing steadily, and the CDMO market for cell and gene therapies is also expected to grow.

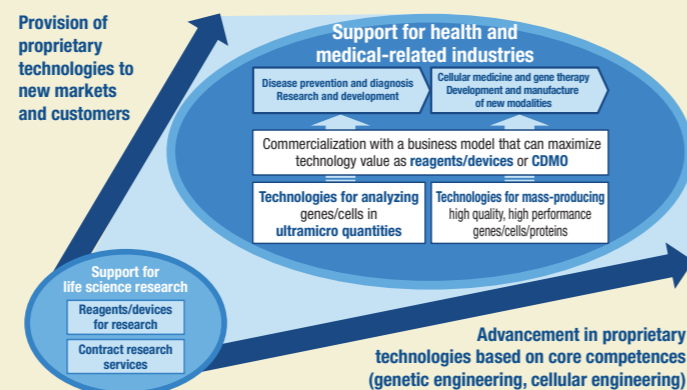
Modality	2020	2030	Annual growth rate
Gene and cell therapies			
Regenerative medicine	¥280.0 billion	¥2.6 trillion	28%
Ex vivo gene therapy	¥140.0 billion	¥2 trillion	31%
In vivo gene therapy	¥210.0 billion	¥2.9 trillion	30%

Source: Meeting materials from the Headquarters for Healthcare Policy (December 23, 2020)

Business model of the Takara Bio Group

Page 31

With core technologies in genetic engineering and cellular engineering, Takara Bio provides reagents, devices, and contract research services to universities and other academic institutions in support of life science research around the globe. In addition, through active research and development, the company is developing CDMO services and new products in clinical-related fields and working to expand its business into areas that support health and medical-related industries as it aims to be a global platformer leading life science industry infrastructure.



Smiles in Life

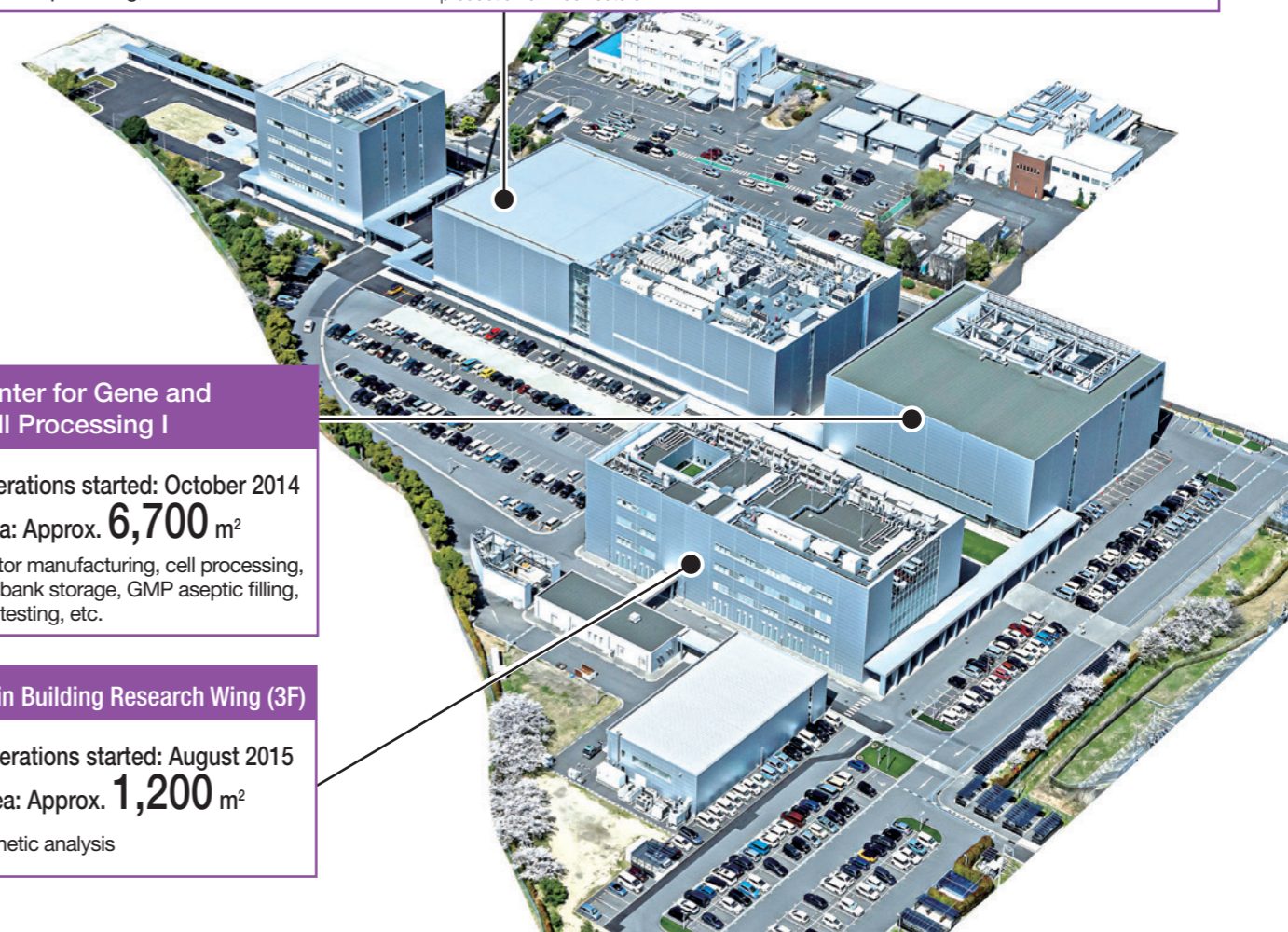
- Smiles are Life's Treasures -

CDMO facilities for gene and cell therapies among the nation's largest

Center for Gene and Cell Processing II

Operations started: January 2020
Area: Approx. 14,500 m²

Manufacture of gene and cell therapeutic agents, quality testing, new technology development research, development of technologies related to research reagents, manufacturing, vector manufacturing, cell processing, cell bank storage, GMP aseptic filling, etc.



Center for Gene and Cell Processing I

Operations started: October 2014
Area: Approx. 6,700 m²

Vector manufacturing, cell processing, cell bank storage, GMP aseptic filling, cell testing, etc.

Main Building Research Wing (3F)

Operations started: August 2015
Area: Approx. 1,200 m²

Genetic analysis

Initiatives for mRNA Vaccine Production and Ancillary Materials Supply

During the COVID-19 pandemic, mRNA vaccines were developed and utilized. In addition to vaccines, mRNA is expected to be used in the future as a therapeutic agent for cancer and other diseases, and the pharmaceutical companies involved in its development are increasing. mRNA is manufactured using technology similar to gene and cell therapies, and Takara Bio is involved in the contract manufacture of drug substances as a part of its CDMO business.

In addition, manufacturing mRNA requires an ingredient (enzyme group) called a modifying enzyme, and Takara Bio is moving forward with development in order to be able to supply large quantities of this enzyme at the grade needed for drug manufacturing.

Takara Bio's initiatives related to mRNA vaccines

- CDMO contracting for mRNA drug substances
- Manufacture and sale of ingredients (enzyme groups) used in manufacturing mRNA

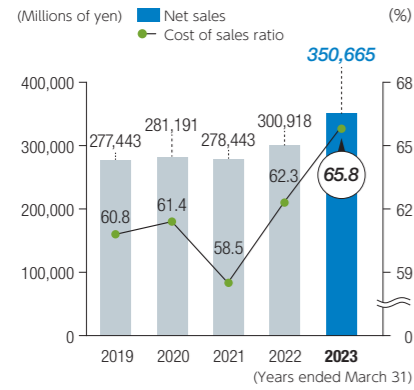


Examples of enzymes used in mRNA vaccine development
Left: BspQ I
Right: Recombinant RNase Inhibitor ver. 2.0

Financial Highlights

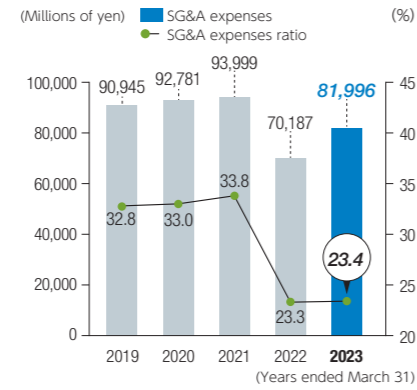
Net sales / Cost of sales ratio

¥350,665 million **65.8** %



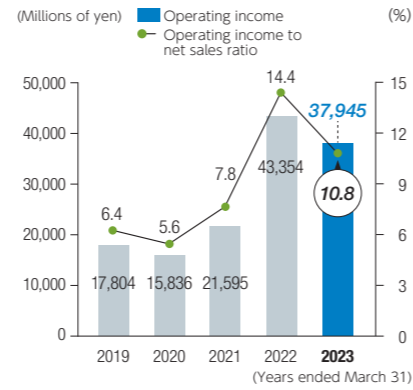
SG&A expenses / SG&A expenses ratio

¥81,996 million **23.4** %



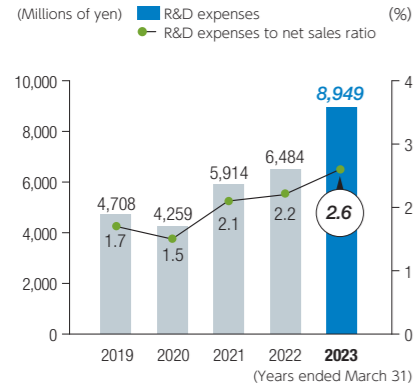
Operating income / Operating income to net sales ratio

¥37,945 million **10.8** %



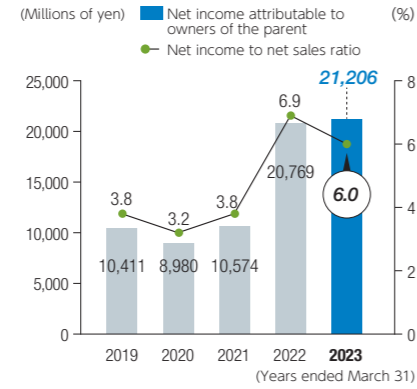
R&D expenses / R&D expenses to net sales ratio

¥8,949 million **2.6** %



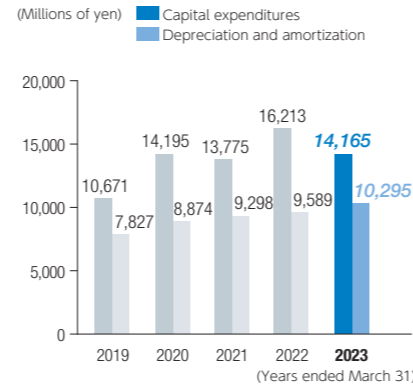
Net income attributable to owners of the parent / Net income to net sales ratio

¥21,206 million **6.0** %



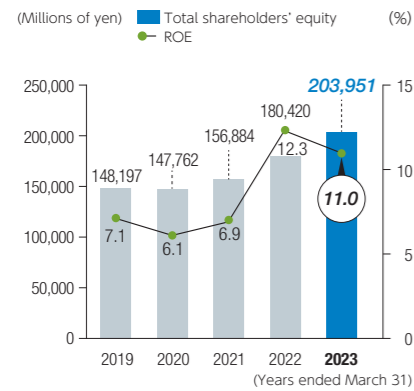
Capital expenditures / Depreciation and amortization

¥14,165 million ¥10,295 million



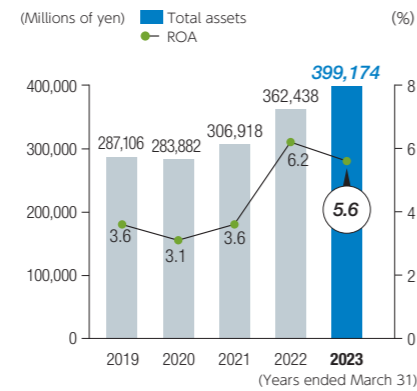
Total shareholders' equity / ROE

¥203,951 million **11.0** %



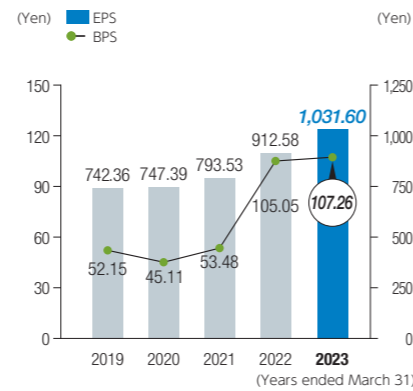
Total assets / ROA

¥399,174 million **5.6** %



EPS / BPS

¥107.26 ¥1,031.60

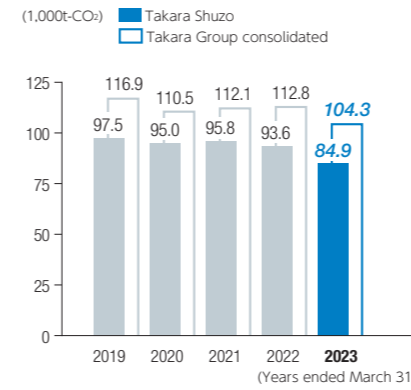


From the fiscal year ended March 31, 2022, in accordance with the adoption of the Accounting Standard for Revenue Recognition, a part of expenses that were previously accounted for as SG&A expenses were deducted from net sales. The net sales and SG&A expenses for the fiscal year ended March 31, 2021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

Non-Financial Highlights

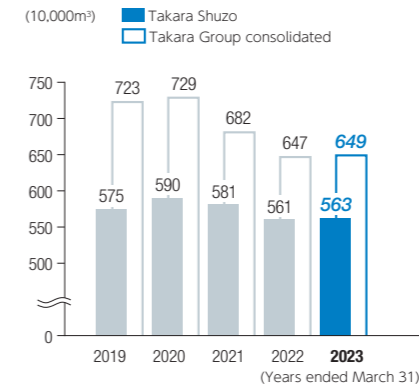
Production process CO₂ emissions

104,300 t-CO₂



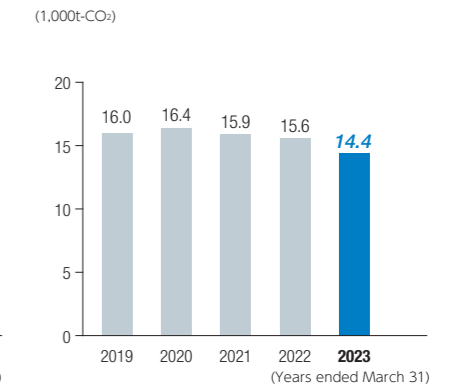
Volume of water used in production processes

6,490,000 m³



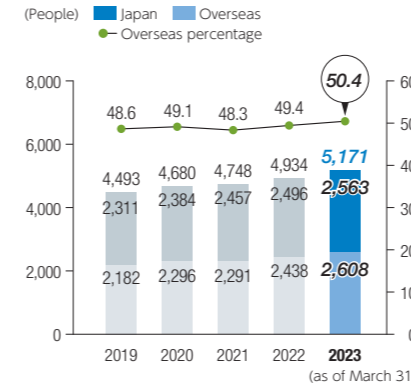
CO₂ emissions from transportation processes (Takara Shuzo)

14,400 t-CO₂



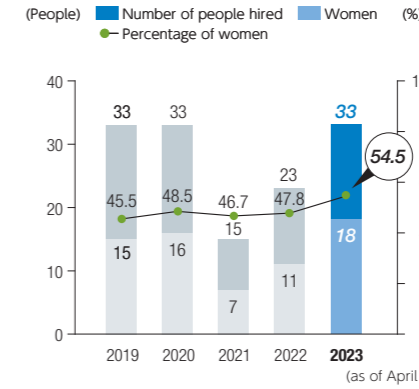
Percentage of overseas employees

50.4 %



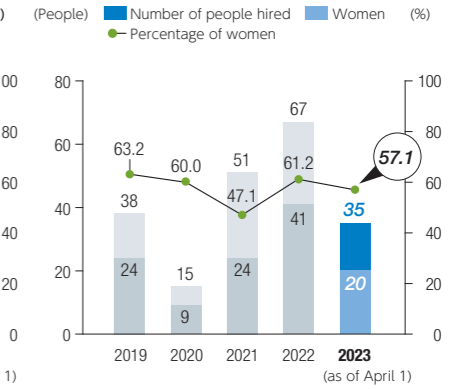
Percentage of women among college graduate new hires (Total of Takara Holdings, Takara Shuzo, and Takara Shuzo International)

54.5 %



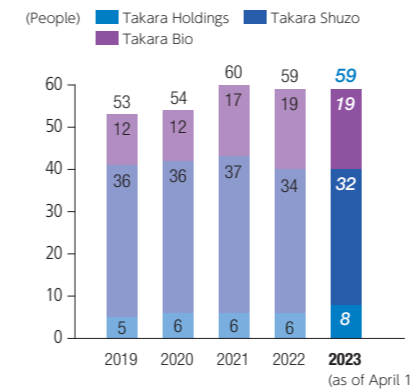
Percentage of women among college graduate new hires (Takara Bio)

57.1 %



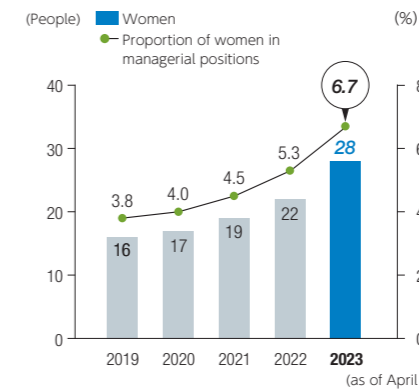
Number of employees with disability

59



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

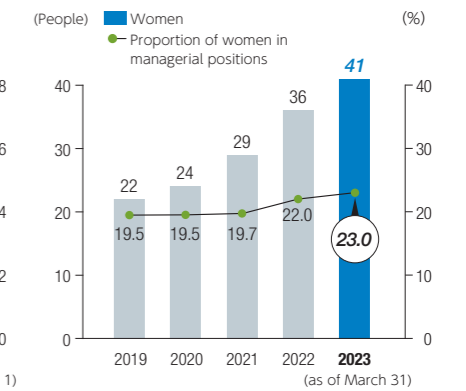
6.7 %



* Managerial position = manager or above

Proportion of women in managerial positions (Takara Bio)

23.0 %



* Managerial position = manager or above



Message from the President

Mutsumi Kimura

Representative Director and President
TAKARA HOLDINGS INC.

We will accelerate investment in growth and high-priority fields and work to achieve our Vision in order to further raise enterprise value.

Three independent business portfolios

The Takara Group today is made up of three businesses: Takara Shuzo, which is engaged in our Domestic Business, the Takara Shuzo International Group, which promotes our Overseas Business, and the Takara Bio Group, which handles our Biomedical Business.

Our strength lies in the fact that we have built a well-balanced business portfolio that is resilient to changing conditions thanks to having multiple, fully independent businesses that differ in their content and areas of development.

Achievements and challenges under the Medium-Term Management Plan for 2022

The Company is carrying out its six-year long-term management vision, TaKaRa Group Challenge for the 100th (hereinafter, TGC100), with a view to March 2026, and last fiscal year completed the three-year Takara Group Medium-Term Management Plan for 2022 (hereinafter, "previous medium-term

plan") as a first step.

The previous medium-term plan turned out to coincide with the three years of the COVID-19 pandemic, but this situation was not anticipated when the plan was formulated, so it began amid a search for direction.

As a result, led by Takara Shuzo International Group, which saw expanded demand for Japanese food overseas, and the Takara Bio Group, which benefited from increased demand related to COVID-19, we were able to achieve all our quantitative targets, starting with net sales, at levels that exceeded the medium-term plan.

Of course, we don't want anything like the pandemic to ever happen again, but the experience of COVID-19 gave greater clarity to the challenges we need to overcome in each of our businesses.

First of all, at Takara Shuzo, with commercial products suffering because of stagnant eating-out demand, how to raise the profit margin of household products strongly emerged as an issue. Household products have lower profit margins than commercial products, so we need to shift to a product mix with high profitability. We are also working to improve profit margins in response to soaring raw material and energy prices caused by the subsequent Ukraine situation through rigorous cost reductions, efficiency improvements, and revisions to product prices.

Another challenge, one that was not caused by the pandemic, was the voluntary product recall conducted in 2021 that caused significant inconvenience to customers. As a manufacturer that sells products that customers eat and drink, if such

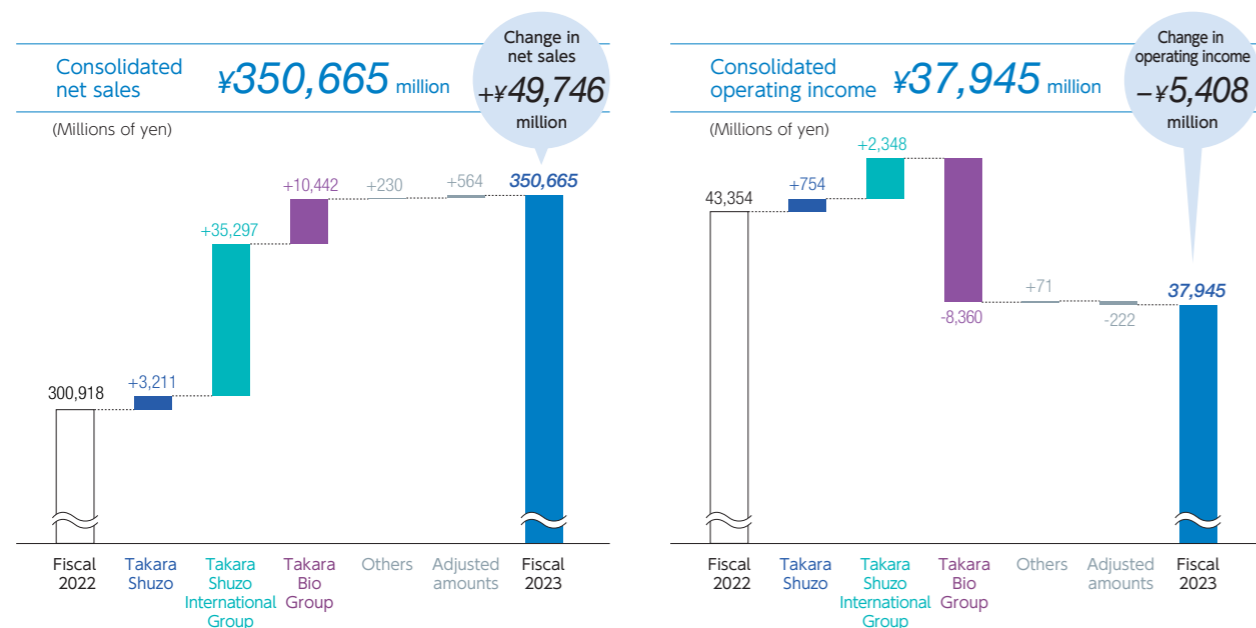
an incident were to happen again, we would have no choice but to exit the market. To ensure safety and reliability and fortify our production system, we will make robust capital investments and build systems to ensure that such an incident never happens again.

Takara Shuzo International Group made a majority of its sales to restaurants, so in FY2020 with foodservice markets stagnating due to the impact of lockdowns in various countries, it was dealt a major blow. To make it through, we worked to diversify channels by developing routes like delivery, mass merchandisers, and online retail in which our involvement had previously been limited. Since FY2021, foodservice markets have grown to exceed pre-pandemic levels, and, though we still primarily sell to restaurants, we continue to expand our sales routes, which is helping to further improve our performance.

During the unprecedented crisis of the COVID-19 pandemic, the Takara Bio Group made every effort to meet the requirements of society, fulfilling its responsibility to supply Japan-made PCR test kits, which I think is highly significant. The word "PCR" has now entered the common parlance, but Takara Bio's PCR test kit is the fruit of its over 30 years of involvement in developing the technology since acquiring exclusive domestic sales rights for PCR in 1988.

Message from the President

Breakdown of changes in consolidated financial results for fiscal 2023



Executing investment 2.7 times greater than the previous medium-term plan to further raise earning capacity

Our new three-year Takara Group Medium-Term Management Plan for 2025 (hereinafter, "medium-term plan"), which runs through March 2026 and caps off our TGC100 vision, gets underway in FY2023.

The medium-term plan's policy is to accelerate investing in businesses in growth and high-priority fields to increase the Group's enterprise value over the plan's three years, and we intend to carry out robust investment in growth and high-priority fields. The Group thus far has taken a sound and steady approach to investment activities. Major growth, however, cannot be expected from Japan domestically because of aging and population declines, which are inevitable, but, at the same time, overseas markets are enjoying remarkable growth and there are growth opportunities available to everyone. Going forward, sound and steady will not be enough. We will need to incorporate a more active approach. Under the medium-term plan, we will focus on raising our earning capacity by carefully studying areas with growth potential going forward, including Overseas Business, where there is much room for growth, and executing investments with precision to generate returns.

The medium-term plan sets forth five key strategic initiatives, and the two positioned as strategies for raising earning capacity are "Ensure ROIC-driven corporate management is practiced across the Group and invest in businesses in growth

and high-priority fields" and "Establish and strengthen the Takara Group's two unique business models." We are planning to invest approximately ¥88.0 billion over three years primarily in growth and high-priority fields. This amount exceeds the operating cash flow generated by the Group as a whole (¥87.4 billion) and is 2.7 times more than the previous medium-term plan.

At Takara Shuzo, we will make capital investments for safety and reliability to ensure the voluntary product recall discussed above never happens again and also make investments to reduce CO₂ emissions. At the Takara Shuzo International Group, we will invest in M&A in order to expand with new locations. Moreover, at the Takara Bio Group, we are planning capital investments for future growth.

In addition, we have newly added ROIC to our quantitative targets as an indicator for the pursuit of capital efficiency. For many years we had tended to emphasize earnings alone, but given our intention to invest in growth, we must make sure our investments are efficient, so we need to raise our awareness in this regard.

As for the specific initiatives in each of our businesses, at Takara Shuzo, we will focus on key brands and work to expand exports in order to improve profits and profit margins. With the population declining and aging, the birthrate low, and

preferences diversifying, alcohol consumption in Japan has been on the decline, and this trend is said to have been accelerated by the COVID-19 pandemic. We believe that alcohol is a necessary lubricant in people's lives. Takara Shuzo's No.1 brands include Takara Shochu, *Sho Chiku Bai* brand of sake, and Takara Hon-mirin, and even in the market for light-alcohol refreshers, where competition is intense, our dry flavored products, which stand apart from other companies, have gained a substantial following. For our existing brands, we have made clear decisions on whether to extend, maintain, or end them, and for eight key brands, including *Takara Shochu Highball*, we will increase brand development expenditures, including for advertising, and develop them into even stronger brands. We also plan to launch a limited number of new high-quality products.

At the Takara Shuzo International Group, we will establish new sites via M&A and our own expansion, primarily in North America. Further, we will develop new products that meet local needs in cooperation with Takara Shuzo and overseas Group companies and will pursue major U.S. mass merchandising and restaurant chains to develop new sales channels.

As for our financial targets, the Group intends to post no less than ¥420.0 billion in consolidated net sales and ¥38.0 billion in consolidated operating income, an overseas sales ratio of 60% or above (60% or above, excluding Takara Bio Group), an ROE of 9.0% or above, and an ROIC of 7.5% or above. Since the financial targets for TGC100 set in 2020 have been met, they will be replaced with the new financial targets in the medium-term plan.

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





Strengthen the Takara Group's unique business models to increase enterprise value

To "establish and strengthen the Takara Group's two unique business models," one of our key strategic initiatives, we will first promote the spread of Japanese food culture (*washu* and Japanese food) around the world through Takara Shuzo and the Takara Shuzo International Group.

The Takara Bio Group enhanced its presence during the pandemic, but there has not been enough communication about the Takara Shuzo International Group, which has been growing significantly in recent years, and as a result the growth potential of the Group I feel is not fully understood. We will therefore reassert the following as our business model. We will fully demonstrate the technological capabilities and brand power of Takara Shuzo and the strength of the overseas Japanese food wholesale network of the Takara Shuzo International Group and generate synergies in overseas markets where further growth can be expected. With the popularity of *washu* and Japanese food on the rise worldwide, we will expand exports pivoting on establishing *Sho Chiku Bai Shirakabegura Mio Sparkling Sake* as a global brand and promote the spread of Japanese food culture around the world.

Our second business model is to be a global platformer leading life science industry infrastructure, which is the aim of the Takara Bio Group. The Takara Bio Group has refined its gene and cell technologies over many years. Its strength is being able to provide gene- and cell-level solutions for conventional therapeutic drug development based on low molecular weight compounds. Under the medium-term plan, pivoting on the reagent and equipment business and the CDMO business, we will realize sustainable growth and also engage in application development for gene therapy drugs in which we are already involved in order to maximize the value of our unique drug discovery platform technologies. However, we do not intend to maintain an extensive pipeline of therapeutic drugs. Our aim is to be a global platformer for the life science industry.

We will build infrastructure that supports life science industry participants, including pharmaceutical companies, universities, and other research institutions, and provide technologies, products, and services on a one-stop basis to support global research and development and help solve social issues.



In addition, we will begin construction on the Center for Gene and Cell Processing III, which will manufacture vaccines when an infectious disease pandemic occurs to accommodate the government's policy on maintaining an emergency vaccine production system and will conduct the CDMO business in normal times.

Regarding Takara Holdings' results for this fiscal year (the fiscal year ending March 2024), we are expecting a decline in profit due to making the

forementioned growth investment and because of a decline in demand for reagents related to novel coronavirus testing in the Biomedical Business, but by establishing and strengthening the two business models, we plan to establish a global, sustainable business model and raise enterprise value.

We intend to strengthen corporate communications and work to provide more information so that the Group is revalued by the market and investors.

Reforming our corporate culture to foster a sense of satisfaction among our human resources

While taking these aggressive measures, the key to our next stage of growth will be the development of our human resources. While enhancing our portfolio of human resources for the next generation required for growth and high-priority fields and increasing the number of women in management positions, we will renew our corporate culture and foster a sense of satisfaction by promoting active involvement of diverse human resources and increasing employee engagement, which is positioned as a point of focus in our medium-term plan.

Fostering a sense of satisfaction is no easy task in some respects, but I believe that sharing the same goals is a fundamental aspect of this regardless of how the times may change. We have therefore linked the Vision set forth in TGC100 as where the Takara Group wants to be with the initiatives promoted under the medium-term plan and updated to a more easy-to-understand expression: "Smiles in Life - Smiles are Life's Treasures." The phrase expresses how the Takara Group contributes to life in various ways. Takara Shuzo and the Takara Shuzo International Group provide lifestyles and the Takara Bio Group supports life.

By aligning vectors and pooling our strengths to realize the Vision, we will foster a sense of satisfaction in each and every employee to thereby achieve our goals and maximize enterprise value.

I had the opportunity to visit our sites and explain the medium-term plan, and after the presentation employees were able to freely ask questions and address parts of the plan they had doubts about. In addition, at "bottom-up" meetings, which are an opportunity to announce the results of daily improvement activities, such as cost reductions and efficiency improvements, I hold round-table discussions with employees that give them the chance to honestly express their thoughts and doubts in an exchange of opinions. These meetings are held as a continuing initiative. I believe that when diverse opinions and ways of thinking come into contact, it can produce new value. At large

organizations in particular, a sense of stagnation can set in to a certain degree. People may come to think that no matter what they say, their opinion won't be heard. We are aiming for a corporate culture in which diverse human resources openly share their opinions with one another and harness their own individuality to play an active role.

In addition, for a company to achieve sustainable growth, sustainability initiatives are essential. Under our medium-term plan as well, we will work to strengthen the value chain to help solve social issues through business, such as by communicating the appeal and new value of *washu* and Japanese food, and solve social issues through such measures as executing a CO₂ emissions reduction plan.

In three years, the Takara Group will mark its 100th anniversary. I am sometimes asked about our goals for the next 100 years, but it is impossible to look 100 years into the future. What is most important for a company though is continuing, which means, in other words, being a going concern. To achieve this, a company must constantly respond to changes of the times and continue to be an entity that is needed by society. "Establish and strengthen the Takara Group's two unique business models" in the medium-term plan is based on this idea.

Moreover, I want employees to learn the Takara Group's DNA and our history of challenges at the Takara Holdings Corporate History Museum, our training facility, and make this knowledge the foundation of daily activities while also passing it down to the next generation.

By combining the strengths of our diverse human resources to convey the appeal of *washu* and Japanese food and provide support for life science research around the world, we will create an abundance of smiles and move forward in solving social issues. Thank you to our stakeholders for your continuing support of the Takara Group. You can expect good things from us going forward.

Message from the Director in Charge of Finance

We will generate cash flow by raising asset efficiency and accelerate investment in growth and high-priority fields to increase enterprise value.

Keisuke Mori
Director



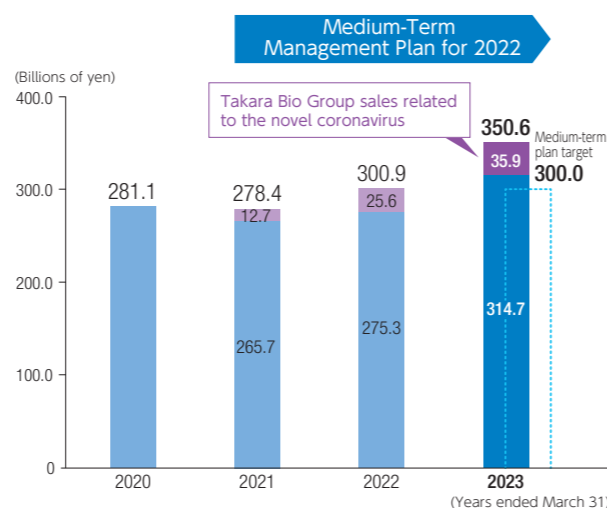
Review of Medium-Term Management Plan for 2022

The Takara Group Medium-Term Management Plan for 2022 (hereinafter, the "previous medium-term plan") (FY2021–2023), the first step of TaKaRa Group Challenge for the 100th (hereinafter, "TGC100"), our six-year long-term management vision that runs through fiscal 2026, set forth a management policy of transforming the business model and operating foundation of each business segment during the three-year period to make them more robust and a financial policy of making growth investments with an awareness of improving investment efficiency based on the maintenance of a sound balance sheet and enhancing profitability and efficiency to improve ROE.

With regard to results under the previous medium-term plan, the Group as a whole continued to grow despite major effects caused by the COVID-19 pandemic. Results in FY2023, the final year of the plan, were net sales of ¥350.6 billion (up 24.7% compared to FY2020), operating income of ¥37.9 billion (up 139.6% compared to FY2020), an overseas sales ratio of 48.3%, and ROE of 11.0%, all

of which exceeded the financial targets put forth in TGC100. These results include sales of the Takara Bio Group related to the novel coronavirus. Net sales excluding these sales was ¥265.7 billion in FY2021, ¥275.3 billion in FY2022, and ¥314.7 billion in FY2023, so we continue to grow steadily.

Trends in net sales



Financial policy of Medium-Term Management Plan for 2025

Takara Holdings established the Takara Group Medium-Term Management Plan for 2025 (hereinafter, the "medium-term plan") (FY2024–2026) in May 2023. The medium-term plan sets forth a management policy of accelerating investing in businesses in growth and high-priority fields to increase the Group's enterprise value during the three years of the plan, and we intend to make investments of approximately ¥88.0 billion, which would exceed operating cash flow. Specifically, Takara Shuzo plans to invest ¥21.0 billion to fortify facilities to manufacture safe and reliable products and reduce CO₂ emissions, and the Takara Shuzo International Group, ¥20.0 billion to expand sites, including via M&A, enhance warehouse functions, and augment manufacturing capacity. The Takara Bio Group is planning ¥46.0 billion for capital investments in the Center for Gene and Cell Processing III.

As we make these proactive investments, it will be essential that we make appropriate investment decisions and conduct subsequent monitoring. Takara Holdings has used the NPV method for decisions on investment efficiency and has verified investment decisions and progress based on this, but we raised the hurdle rate, which is used in this method, from 6.0% to 7.5% based on an ROE of 9.0%, which is targeted by the plan. In addition, for M&A deals, we apply a discount rate that uses the DCF and other methods to calculate enterprise value.

In the medium-term plan, total cash flow, which includes financial cash flow, is negative because we will be making aggressive investments, but our shareholder return policy is to provide shareholder

returns commensurate with profit levels (payout ratio of about 35%), so by utilizing cash on hand we will maintain a dividend payout ratio that is equivalent to the ratio thus far. For FY2024, we plan to pay a dividend of ¥27 per share (dividend payout ratio of 35.6%).

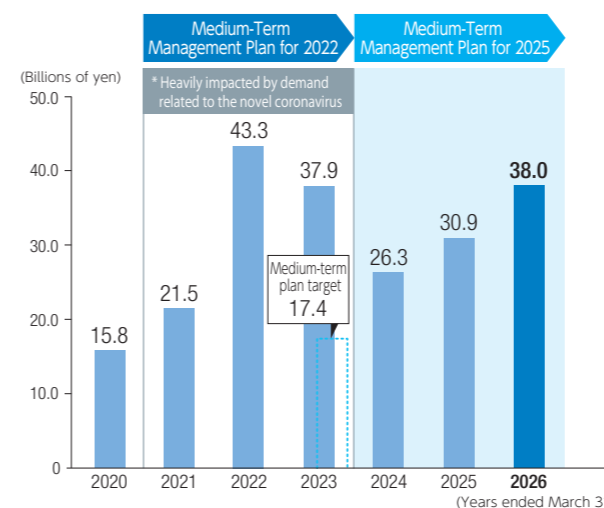
In addition, ROIC has been made a new management indicator as of this medium-term plan, and we set a target for ROIC of 7.5%, which exceeds the approximately 6% figure that is the WACC standard for Takara Holdings. In order to achieve this ROIC target going forward, we will strengthen monitoring of whether business activities are serving to increase profitability and efficiency and work to increase capital efficiency over the medium to long term.

Financial outlook of the Medium-Term Management Plan for 2025

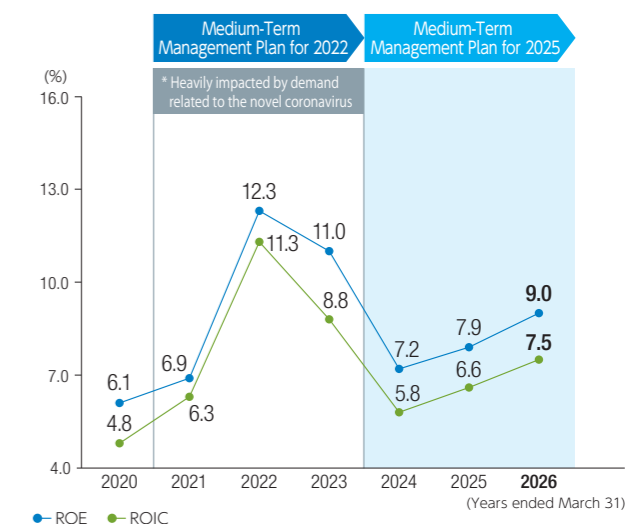
For FY2024, we are expecting the Takara Group's consolidated operating income to decline to ¥26.3 billion because the Takara Bio Group will see a large decline in demand related to the novel coronavirus and we plan to be active in our investments, and are projecting ROE to be 7.2% and ROIC to be 5.8%. Our financial targets for FY2026, however, the final year of the medium-term plan, are consolidated net sales of ¥420.0 billion or above, consolidated operating income of ¥38.0 billion or above, an overseas sales ratio of 60% or above, and an overseas sales ratio excluding the Takara Bio Group of 60% or above.

Takara Holdings will continue working to increase the enterprise value of the Group so that we bring smiles to the faces of our stakeholders.

Trends in operating income



Trends in ROE and ROIC

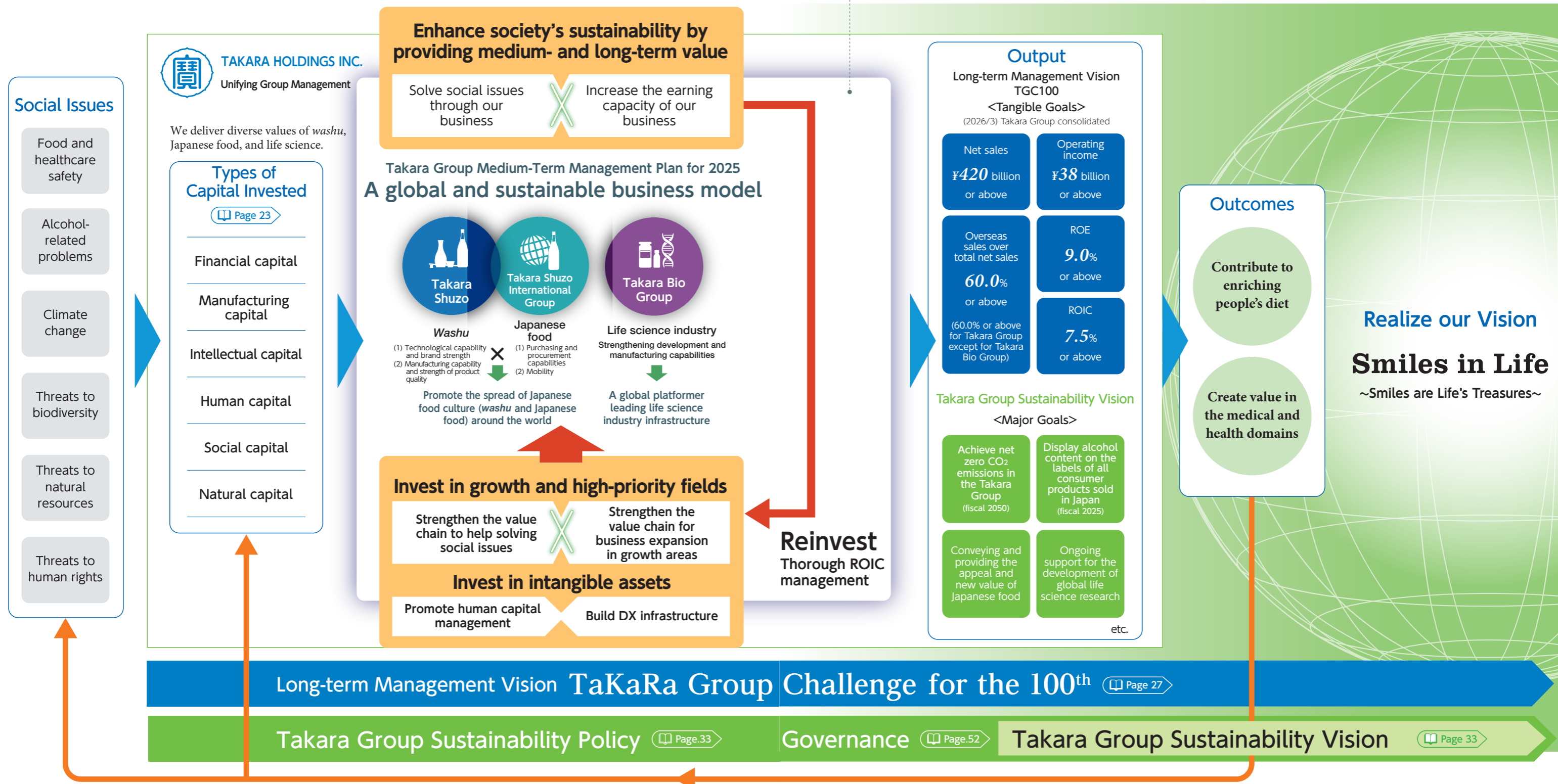


For the Takara Group, the preservation of rich natural environment is a major premise in continuing its business. As a corporate group engaged in food and healthcare businesses, the safety and reliability of its services is the most important theme. At the same time, we need to address a variety of social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

Under TaKaRa Group Challenge for the 100th, our long-term management vision, we will fulfill our responsibilities as a company to create a sustainable society by creating social value through our business activities. And through this 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 foodservice market recovering
 - The Liquor Tax Act revised
 - The inbound tourism market recovering and expanding
- Overseas Business**
 - The global Japanese food market expanding
 - Popularity of innovative *washu*
 - Sake exports increasing
 - Further growing demand for sake made in Japan
- Biomedical Business**
 - The biomedical industry expanding markets
- General Trends**
 - Soaring costs with no sign of decline
 - Businesses increasingly required to help address various social/environmental issues related to ESG or the SDGs



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 solidly 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	11.0%
◆ ROIC	8.8%
◆ Equity ratio	51.1%
◆ Bond ratings	A (R&I), A+ (JCR)

(Fiscal year ended March 31, 2023)

Manufacturing capital

Pages 29-31

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>

- Production and sales that meet 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)

<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, 3 overseas
◆ Bio-manufacturing locations	5

(As of March 2023)



Shirakabegura



Takara Sake USA



Takara Bio head office

Intellectual capital

Pages 29-31

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

◆ R&D expenses	¥8,949 million
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(Fiscal year ended March 31, 2023)



Human capital

Pages 45-46

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 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	5,171
◆ Percentage of overseas employees	50.4%

(As of March 31, 2023)



Social capital

Pages 49-50

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	48.3%

(Fiscal year ended March 31, 2023)



Natural capital

Pages 34-36

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.

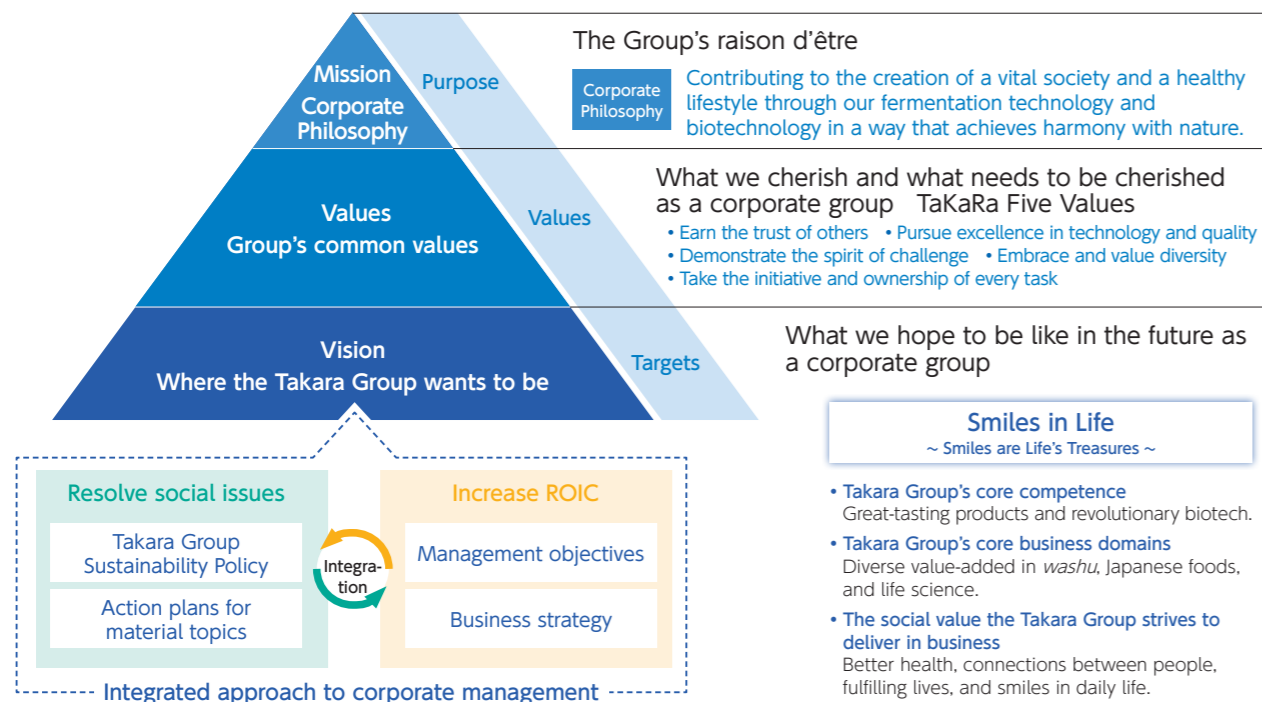
◆ Takara Harmonist Fund	
Number of grant recipients:	411
Cumulative total amount of grants:	¥194,461,000

(As of June 2023)

- ◆ Setting goals for CO₂ emissions reductions

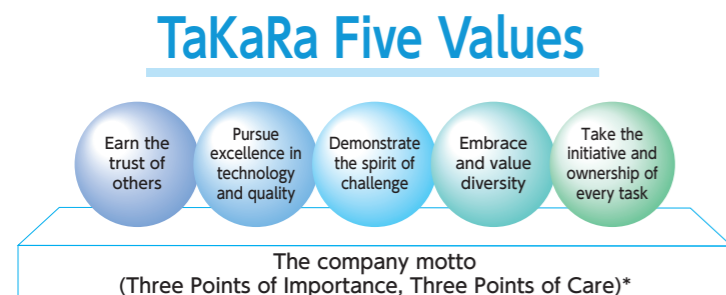


The Takara Group's identity (our "Takara-ness") is a systematization of the Vision (what we aspire to be) presented in our Long-term Management Vision (TGC100) and, and redefines as our Values (the values shared amongst the Group) what all employees in the Group should respect based on our Mission, the 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

We will foster diverse human capital through widespread practice of the TaKaRa Five Values.

Hideo Takahashi
Managing Director



To realize the Group's Vision (where the Takara Group wants to be), "Smiles in Life - Smiles are Life's Treasures," the systematic hiring and fostering of human resources based on the strategies of each business and issues of corporate departments is one of our high priority issues, and it will be necessary to further strengthen investment in human resources.

In particular, to establish a business model for expanding Takara's global sales of *washu* and Japanese food, a priority strategy of the Takara Group Medium-Term Management Plan for 2025, we will accelerate investing in businesses in growth and high-priority fields, starting with expanding locations for our Japanese food wholesale business in overseas markets, while recognizing that fostering so-called global human resources, people who can help achieve global business growth, is an urgent issue. Currently, employees interested in overseas assignments are transferred to Takara Shuzo International and actively given the experience of working overseas to provide ongoing development through job rotations. In addition, along with conducting year-round hiring of mid-career professionals who can be expected to contribute immediately in overseas markets, we also continue to acquire future global human resources such as students who want to be involved in overseas business in the future.

In addition, we are fostering human resources capable of leading the Group's next generation through training for executive management candidates that has been held since fiscal 2018 and also are expanding our training menu, with goals set for promoting the active involvement of diverse human resources, including the further involvement of women.

At the same time, with business expansion and globalization, human resources are also diversifying. In order to share the organization's direction, the Vision, and the Group's common values, we conduct training utilizing the Takara Holdings Corporate History Museum, which is a Group training facility. The training fosters a sense of unity while sharing the history of the Group and instilling the TaKaRa Five Values, which are our common values.

Moreover, with regard to workplace and culture development, we regularly administer a survey to grasp the level of employee engagement and take measures for issues identified based on the results.

The Group will foster a culture where diverse human resources demonstrate their abilities to promote improvement in corporate value and train the human resources that will support the Group into the future.



TaKaRa Group Challenge for the 100th

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.

* Japanese alcoholic beverage

In 2020, TAKARA HOLDINGS INC. formulated TaKaRa Group Challenge for the 100th(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*1, 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

Long-term Management Vision "TaKaRa Group Challenge for the 100th" (FY2021-2026)

Takara Group Medium-Term Management Plan for 2022 (FY2021-2023)

During this period, each business segment was to transform its business model and operating foundation to make them more robust.

Takara Group Medium-Term Management Plan for 2025 (FY2024-2026)

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

Achievements and Challenges under the Takara Group Medium-Term Management Plan for 2022

Net sales for the entire Group have expanded for the past three years, led by the Takara Shuzo International Group and Takara Bio Group. In particular, the Takara Bio Group tapped into a rise in demand for products related to COVID-19 testing, and this had a significant impact on the performance and helped the Takara Group's results to reach the quantitative targets in all items and exceed the TGC100 targets.

Taking into account a sharp decrease in the demand for COVID-19 testing-related products in the future, the Takara Group will respond to changes in the business environment and strengthen the business model and contents thereof in each business segment to achieve stable and sustainable growth while maintaining its advantageous well-balanced business portfolio.

Tangible Goals

	Medium-Term Management Plan FY2023	Long-term Management Vision (TGC100)
Net sales	¥ 300 billion or above	¥ 340 billion or above
Operating income	¥17.4 billion or above	¥23.0 billion or above
Overseas sales over total net sales	39.0% or above	44.0% or above
ROE	7% or above	8% or above

Results versus Tangible Goals

	Fiscal 2023 results
Net sales	¥350.6 billion
Operating income	¥ 37.9 billion
Overseas sales over total net sales	48.3%
ROE	11.0%



Takara Group Medium-Term Management Plan for 2025

Under the Takara Group Medium-Term Management Plan for 2025, we will firmly establish the Group's two unique business models, "Spreading Japanese food culture (*washu* and Japanese food) all over the world" and "A global platformer in the 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 "Smiles in Life - Smiles are Life's Treasures."

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)

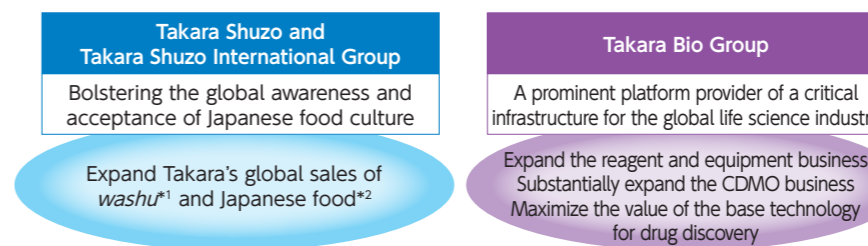
Net sales ¥420 billion or above	Operating income ¥38 billion or above	Overseas sales over total net sales 60.0% or above (60.0% or above for Takara Group except for Takara Bio Group)	ROE 9.0% or above	ROIC 7.5% or above
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<Reference> Tangible Goals for 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

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
 - 3-year investment plan 88 billion yen, ROIC target of 7.5% or more
- 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



*1 A general term for Japanese traditional alcoholic beverages under the Liquor Tax Act such as refined sake, shochu, and mirin, including innovative Japanese alcoholic beverages that incorporate Japanese elements

*2 A general term for traditional Japanese food originating in Japan and food originating overseas and adapted in Japan into innovative Japanese food

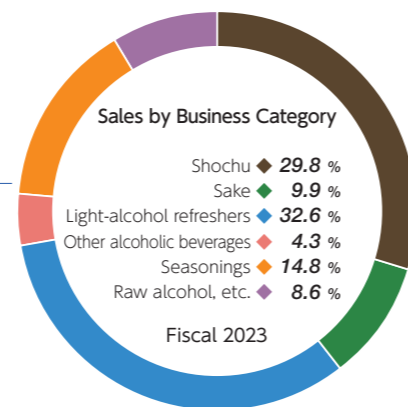
- 3 More aggressively invest in the Group's intangible assets, including human capital and IT (Motivate employees to have a greater sense of pride and purpose at work to achieve greater productivity and drive innovation)
 - We will renew our corporate culture and foster a sense of satisfaction by diversifying the Group's human resources and increasing employee engagement, while taking steps to enhance our human resources portfolio required for growth and high-priority fields.
 - We will renew our operations and make it easier to work by updating our business operation with paperless systems and digitalization, and rebuild the domestic Group companies' core systems.
- 4 Step up group-wide efforts to drive corporate sustainability
 - We will comply with disclosure standards including the TCFD framework as appropriate, and enhance our initiatives for solving social issues through our business.
- 5 Upgrade corporate communications programs
 - We aim to increase enterprise value by building understanding, sympathy, and appreciation with internal and external stakeholders.

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



Takara Shuzo

Takara Shuzo is one of Japan's leading manufacturers of various types of *washu* (Japanese traditional alcoholic beverages and seasonings), including sake, shochu, and a Japanese seasoning called Hon-mirin.



Achievements and Challenges under the Medium-Term Management Plan FY2023

Achievements

- Takara Shuzo improved profit margins primarily by revising prices and curbing cost increases through company-wide efforts to reduce costs

Challenges

- Develop and nurture "hit" products and improve the product mix through the cultivation of existing brands
- Bolster equipment to ensure safety and reliability

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 product development, we will carefully choose new products that are technologically differentiated and that have high profit margins and put them on the market.

We will implement a well-controlled policy on our existing brands, such as controlling whether to develop, maintain, or discontinue a certain brand, and also aim to improve profit margins by taking steps such as adding high value to a brand through quality improvement.

Takara Shuzo will implement measures including the increase of brand cultivation costs to reinforce its eight key brands such as *Gokujo Takara Shochu* and *Takara Shochu Highball* and cultivate them to stronger brands.

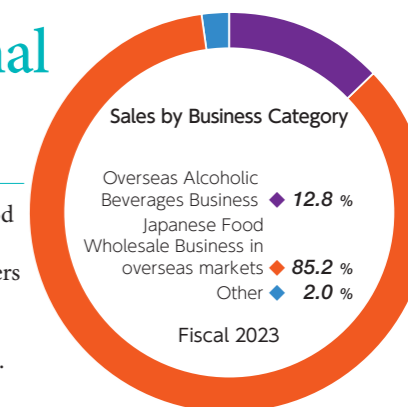
Takara Shuzo will collaborate with the Takara Shuzo International Group to actively expand exports with a focus on the development of *Sho Chiku Bai Shirakabegura Mio Sparkling Sake* into a global brand.

Furthermore, we will make investments to produce safe and reliable products and reduce CO₂ emissions for a long time to come.



Takara Shuzo International Group

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



Achievements and Challenges under the Medium-Term Management Plan FY2023

Achievements

- Diversified sales channels such as mass sales channel and online sales
- In the Japanese Food Wholesale Business in overseas markets, net sales and operating income increased due to appropriate responses, such as price revisions, to cost increases

Challenges

- Expand *washu* exports by enhancing collaboration with Takara Shuzo
- Further expansion and improvement of Japanese food wholesale networks
- Strengthen administrative systems at overseas group companies

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 Overseas Alcoholic Beverages Business, Takara Shuzo, Takara Shuzo International, and overseas group companies will form a trinity and develop innovative *washu* products as well as new *washu* products that

meet local needs.

In the Western liquor business, the Group will work to further improve the value of its brands such as Tomatin and Blanton's and achieve stable profit growth.

In the Japanese Food Wholesale Business in overseas markets, we will work to diversify our sales channels and develop new areas, strengthen our distribution systems, and promote the development and nurturing of differentiated products mainly in North America and Europe.

Collaboration between Takara Shuzo and the Takara Shuzo International Group

Page 07

Takara Shuzo and the Takara Shuzo International Group work together to develop traditional*3 and innovative*4 *washu* products that meet the needs and trends of the global markets, as well as to enhance brand marketing, with a focus on building *Mio Sparkling Sake* into a global brand. All these efforts will enable us to market *washu* more widely in the world and bolster Takara's presence as a global leader in the *washu* market.

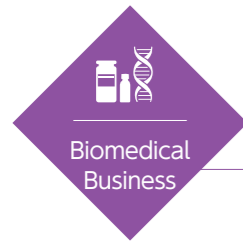
*3: Sake that meets the standards set forth in the Liquor Tax Act of Japan
 *4: Innovative Japanese alcoholic beverage that expands the sphere of conventional *washu*

Cultivate *Mio Sparkling Sake* into a global brand to make it known as a typical Japanese sparkling sake

We will roll out a universal visual advertisement with the "THE JAPANESE SPARKLING SAKE" catch phrase to maximize the enhancement of the *Mio Sparkling Sake* brand image. In Japan, we are offering the *Mio* and *Mio CLEAR*, two pillar items of the brand, to further strengthen the No.1 share position and brand power in the domestic sparkling sake market. At the same time, we will introduce products that meet local needs primarily in North America. We will also promote information dissemination in and outside Japan, such as reimporting information disseminated overseas to Japan, to enhance cultivation of *Mio Sparkling Sake* as a global brand.

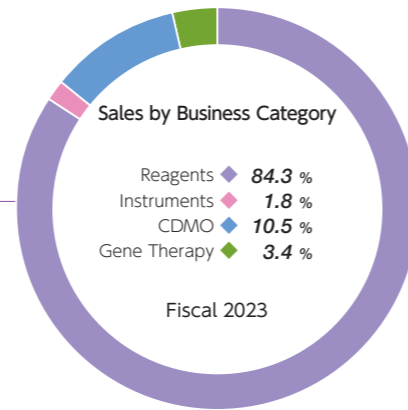


Sho Chiku Bai Shirakabegura Mio Sparkling Sake
 Sho Chiku Bai Shirakabegura Mio CLEAR Sparkling Sake



Takara Bio Group

The Takara Bio Group aims 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.



Achievements and Challenges under the Medium-Term Management Plan FY2023

Achievements

- Built a mass production and stable supply system in response to a surge in demand for COVID-19 testing
- Redeveloped a global supply chain management system
- Established a future growth foundation by investing R&D expenses more than the amount specified in the Medium-Term Management Plan

Challenges

- Maintain an annual growth rate of 7% by strengthening, for example, new product development capabilities for research reagents
- Expand the CDMO business by actively engaging in the full use of the Center for Gene and Cell Processing II and development of manufacturing-related technologies

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 has a basic policy aimed at reaching quantitative targets in the Long-Term Management Plan 2026 ahead of schedule and achieving tremendous growth. We will reset a system built during the COVID-19 pandemic in which our management resources were concentrated on meeting COVID-19-related demand, carry out business structural reforms, and work to further increase earnings in the reagent and equipment business and the CDMO business.

Going forward, we will fully utilize an earnings structure built by the R&D investment, capital expenditures, and human investment that we have actively made and encourage tremendous growth. The Takara Bio Group will seek growth of the reagent business

by the global and multipoler (glocal) rollout of reagents for general research and systematization in the equipment business by the accelerated development of new PCR-related equipment and single cell analysis equipment models and the development of specialized reagents. We will aim for tremendous growth of the CDMO business by proactively developing technologies and human resources and making capital expenditures. In the gene therapy business, we will prepare for an application for approval of the manufacture and sales of the NY-ESO-1 siTCR® gene therapeutic agent (TBI-1301) and boost the added value of our proprietary drug discovery platform technologies for regenerative and cellular medicine and gene therapy.

Takara Bio selected as eligible for subsidy for the project of "Developing Biopharmaceutical Manufacturing Sites to Strengthen Vaccine Production"

Takara Bio was selected as eligible for the project of "Developing Biopharmaceutical Manufacturing Sites to Strengthen Vaccine Production" (hereinafter referred to as the Development Project) implemented by Japan's Ministry of Economy, Trade and Industry under the supplementary budget for the fiscal year ended in March 2022.

Using a subsidy provided for the Development Project, we plan to undertake a vaccine production site development project aimed at developing a dual-use manufacturing facility that allows us to conduct the CDMO business (our business) to support the development and manufacture of regenerative and cellular medicine and gene therapy during normal times and switch to vaccine production in the event of a pandemic (during emergencies) as well as a production site development project for ingredients aimed at developing a manufacturing facility for ingredients indispensable for vaccine production at the Takara Bio head office in Kusatsu City, Shiga Prefecture, at which the Center for Gene and Cell Processing III is also scheduled to be constructed (scheduled to be completed at the end of June 2027).



Takara Bio head office (Kusatsu City, Shiga Prefecture)

Initiatives for Sustainability

Page 33

Major achievements under the Medium-Term Management Plan FY2023

Achievements

- Disclosures based on the TCFD framework (Takara Holdings, Takara Bio)
- Formulated an emissions reduction roadmap for attaining goals for CO₂ emissions reductions
- Promotion of human rights due diligence
- Pursuit of solutions to social issues through our business
 - Launch of non-alcoholic beverages, appeal of salt-free cooking liquor (Takara Shuzo)
 - Spreading *washu* and Japanese food culture through exhibitions and events (Takara Shuzo International Group)
 - Support for COVID-19 infection prevention measures through the stable supply of PCR and antigen test kits in Japan (Takara Bio Group)

Sustainability initiatives promoted under the Takara Group Medium-Term Management Plan for 2025

Resolve social issues through the business of providing products and services

Well-balanced diet	Promote the appeal and new value of Washu and Japanese food, etc.
Environment	Develop environmentally friendly products and support environmentally friendly packaging methods
Community	Promotion of local economies
Wellness	Support global life sciences research and development; provide health conscious products, etc.

Enhance the value chain that supports resolving social issues

Safety and Reliability	Maintain safety and security in product quality assurance in each company
Responsible Alcohol Producer	Raise awareness around proper consumption of alcoholic beverages (prohibition of drinking by persons under the age of 20; prohibition of driving under the influence of alcohol, etc.) and market responsibly
Environment	Implement CO ₂ emissions reduction plans (by investing in facilities, among others)
Human Resources	Nurture human resources to lead the next generation and global human resources; implement human resources diversification initiatives; etc.
Procurement	Require suppliers to comply with guidelines
Human Rights	Implement human rights due diligence processes
Governance	Bolster corporate governance

Under the sustainability initiatives promoted according to the Takara Group Medium-Term Management Plan for 2025, we will work to solve social issues through our business and strengthen the value chain to help solve social issues while complying with global disclosure standards and enhancing the initiatives.

We will continue to work on conveying the appeal and new value of *washu* and Japanese food in Well-

Balanced Diet, supporting for the development of global life science research and supplying health-conscious products in Wellness, implementing CO₂ emissions reduction plans in Environment, spreading awareness on the appropriate consumption of alcohol in Responsible Alcohol Producer, and implementing human rights due diligence process in Human Rights.

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 ~Smiles are Life's Treasure~" 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.

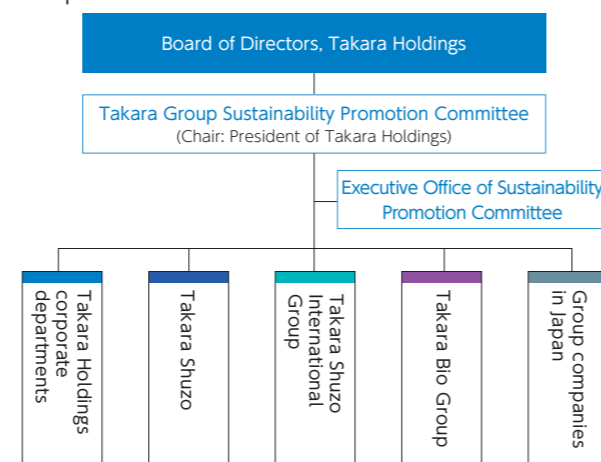
The Takara Group Sustainability Policy identifies 10 material issues, including "safety and security," with regard to social issues surrounding the Takara Group, and sets policies for addressing each of them. The Takara Group Sustainability Vision, which sets specific medium- to long-term goals based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

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.

Energy for Takara Holdings Corporate History Museum goes 100% carbon-free

On April 1, 2023, the Takara Holdings Corporate History Museum switched to using electricity from renewable energy sources in order to go carbon-free.

As the Museum's facilities are fully electric, the energy used in the Museum is carbon-free.



Recipients of assistance from Takara Harmonist Fund for fiscal year 2023 selected

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. The selection of recipients of assistance is carried out by a steering committee comprised of experts specialized in the natural sciences, and a grant awarding ceremony has been held.



Grant awarding ceremony

Red-rumped swallow

Tomatin Distillery awarded Sustainable Distillery of the Year

The Tomatin Distillery Co. Ltd (UK) was named "Sustainable Distillery of the Year" at the Icons of Whisky Awards 2023 organized by Whisky Magazine.

The Distillery is working with fellow members of the Scotch Whisky Association towards achieving the ambitious target, for the industry, of reducing all greenhouse gas emissions, including CO₂, to virtually zero (net zero emissions) in our operations by 2040, and this initiative was recognized.

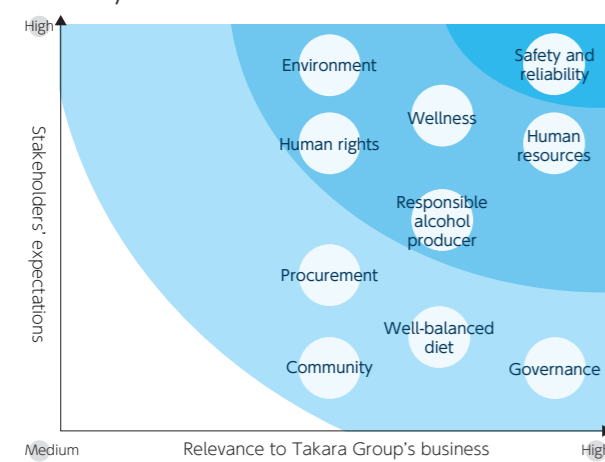


In fiscal year 2023, ten activities and studies related to the conservation of the natural environment, including a study aimed at discovering the reasons behind the decline in the red-rumped swallow population during the mating season, were selected. During 38 years of the program, a cumulative total of 194,461,000 yen has been granted to 411 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.



Observation of cicada eclosion (Miyashiro Water and Green Network, an NPO corporation)

Materiality matrix



Response to climate change issues

Formulating a roadmap to reduce CO₂ emissions

The Takara Group has set CO₂ emissions reduction targets in its Sustainability Vision, formulated a roadmap for reduction, and created a plan for measures to reduce emissions.

FY2030	<ul style="list-style-type: none"> Reduce CO₂ emissions at Takara Shuzo and Takara Shuzo International Group production sites by 46% compared with FY2018 Reduce CO₂ emission intensity (CO₂ emissions per net sales) at Takara Bio Group by 50% compared with FY2018
FY2050	<ul style="list-style-type: none"> Net zero CO₂ emissions for the entire Takara Group

Reduce CO₂ emissions from production processes

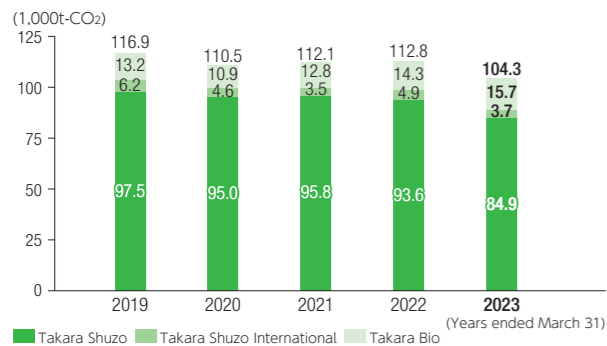
The Takara Group's total CO₂ emissions in production processes for fiscal year 2022 was 104,300 t-CO₂, a 7.5% year-on-year decrease. The decrease was because CO₂ emissions from Takara Shuzo's production processes, which comprise 80% or more of the entire Group's CO₂ emissions, were 84,900 t-CO₂ for the same period, a decrease (9.3%) year on year thanks to initiatives such as upgrading to a high-efficiency boiler, converting the heavy oil boiler to a gas boiler, and reusing the waste heat from hot water for sterilization.

In addition, CO₂ emissions from the Takara Shuzo International Group for fiscal year 2022 decreased by 24.5% year on year partly due to the use of a biomass boiler at The Tomatin Distillery, and CO₂ emissions from the Takara Bio Group increased by 9.7% due to full operation of the Center for Gene and Cell Processing II.

Examples of initiatives to reduce CO₂ emissions from production processes

- Installing energy-saving equipment such as high-efficiency gas boilers, and converting the heavy oil boiler to a gas boiler
- Reusing the waste heat from hot water for sterilization
- Promoting the use of co-generation (combined heat and power) systems

Changes in CO₂ 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.

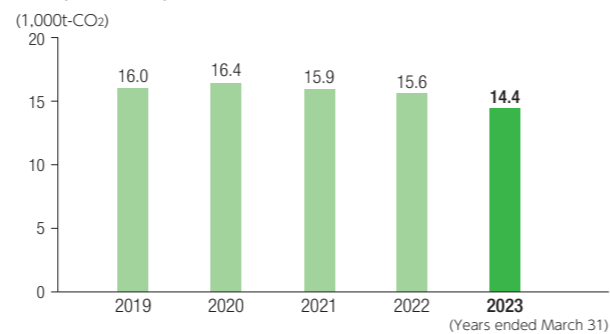
Reduce CO₂ emissions from transportation processes

At Takara Shuzo, we are promoting high-efficiency transportation, energy-saving vehicle operations, heat pump installation, and modal shifts, improving loading efficiency for products shipped by truck, and taking other measures to reduce CO₂ emissions during product transportation. In fiscal year 2022, CO₂ emissions from transportation processes were 14,400 t-CO₂, a 7.7% year-on-year reduction.

Examples of initiatives to reduce CO₂ emissions from transportation processes

- Modal shifts to ferries, rail cars, etc.
- Production closer to the area of consumption in order to reduce shipping between east and west bases
- Developing high-capacity cargo trucks with our transportation subsidiaries

Changes in CO₂ emissions from Takara Shuzo's transportation processes

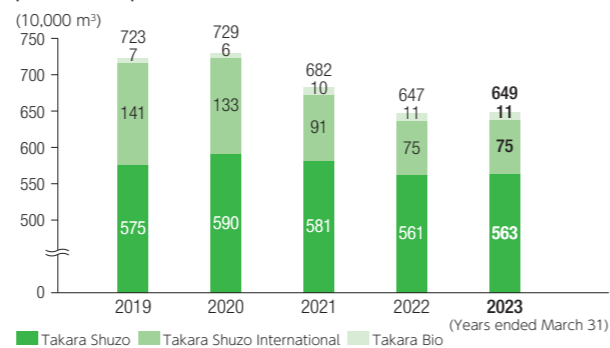


Sustainable water resource use

Limiting water usage in production processes

The Takara Group's total water usage in production processes for fiscal year 2022 was 6.49 million m³, a 0.3% year-on-year increase.

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.

Limiting waste generation

Reduce plant waste volume and promote a circular economy through recycling

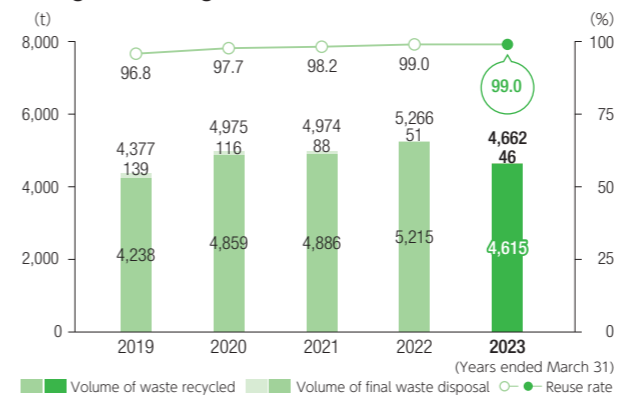
In Takara Shuzo plants, waste products generated include by-products such as shochu lees and the like, as well as wastewater treatment sludge, and shipping materials for raw ingredients, containers, etc. For this reason, we are striving to reduce the volume of waste generated in our plants, which includes continuing to reuse 99% or more of waste, by making efforts to effectively utilize the waste, such as repurposing food-based by-products (such as shochu lees) into feed and fertilizer.

The volume of waste generated by Takara Shuzo in fiscal 2022 was 4,662 tons, and the reuse rate was 99.0%.

Examples of initiatives for reducing waste products

- Installing equipment for converting shochu lees into feed
- Reducing wastewater treatment sludge

Changes in waste generation and reuse rate at Takara Shuzo



Pick up! Equipment for converting shochu lees into feed

At our Kurokabegura, we promote "Zero Emissions" through installing equipment for converting shochu lees into feed. With this equipment, the effective ingredients in shochu lees from wheat or potatoes can be reused as raw materials for blended feed. In addition, the tiny amount of remaining alcohol is recovered and used to fuel the boilers in the facility.



Equipment for converting shochu lees into feed at Kurokabegura

Initiatives to reduce food loss

Takara Shuzo uses scarce Japan-produced fruits as raw materials for some of its products. Fruits have other edible and tasty parts besides their juice. However, most of them are thrown away without being used once squeezed to extract the juice. We are working to reduce food loss by developing technologies to extract tasty parts from unused areas such as the pericarp and improving the use rate of Japan-produced fruits.



Takara Can Chu-Hi Sumika

Response to environmentally conscious product packages and packaging

Develop environmentally conscious products

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. Shochu is put into specialized tanks at our plants and sent directly to retail stores, where customers bring empty containers such as plastic PET bottles from their homes and fill the exact amount they need from the specialized tanks when making a purchase. In such a way, customers purchase only the needed amount of contents without purchasing new containers. This helps to save resources and reduce waste. From 1998, when these efforts started, to the end of March 2023, we have been able to conserve the equivalent of approximately 10.18 million 2.7-liter PET bottles.

We are promoting the use of paper with forest protection certification in paper carton products and packaging cardboards, as well as the use of biomass ink. We are also making bottles and cans lighter, and abolishing labels and stickers.

Takara Bio is promoting the use of aluminum-free packages in one-sided aluminum pouches for reagents. We are also facilitating the use of paper with forest protection certification and vegetable oil-based ink in paper packages.



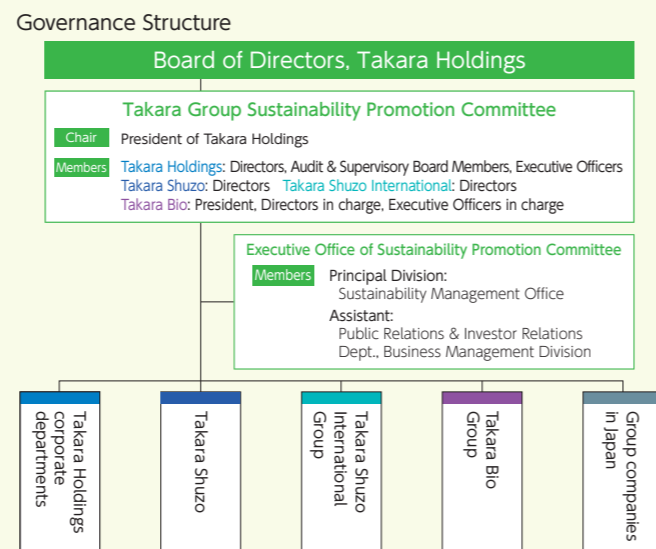
Takara Ryori no Tame no Seishu using paper with forest protection certification

Disclosures based on the TCFD framework

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 has joined the TCFD Consortium. We will continue 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.

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 the Overseas Alcoholic Beverages Business of Takara Shuzo International Co., Ltd. (Takara Sake USA Inc., Takara Shuzo Foods Co., Ltd., and The Tomatin Distillery Co. Ltd). 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., which was analyzed in fiscal year 2021, the Takara Group expanded its scope to include the Overseas Alcoholic Beverages Business of Takara Shuzo International Co., Ltd. (Takara Sake USA Inc., Takara Shuzo Foods Co., Ltd., and The Tomatin Distillery Co. Ltd) in fiscal year 2022, 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) 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.

Business Risks and Opportunities due to 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 the prices of containers and packaging materials and increase energy costs, 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. **Impact on crop yields**
- 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.

Business Risks and Opportunities due to Climate Change

Risk	Content	Period*1	Impact*2	Measures
Transition risk	Increase in energy costs due to carbon tax	Medium-term	1.5°C Scenario: Medium; 2.0°C Scenario: Medium	<ul style="list-style-type: none"> Promoting initiatives to reduce CO₂ emissions and increasing the ratio of renewable energy Promoting modal shifts (in Japan) Promoting the use of renewable energy (installation of solar panels, etc.) Converting company vehicles to EVs
	Increase in costs of containers and packaging materials	Medium-term	Medium; Medium	<ul style="list-style-type: none"> Switching to recycled containers and low-carbon alternative containers Obtaining certification for paper and cardboards (e.g. FSC, PEFC) Use of biomass materials for soft packaging materials and printing Reducing weight of packaging materials (making bottles and cans lighter and abolishing labels and stickers)
Physical risk	River flooding (flood damage)	Long-term	4.0°C Scenario: Large	<ul style="list-style-type: none"> Decentralization of production sites in Japan Survey and examination of countermeasures for sites where large-scale flooding is expected
	Coastal flooding (flood damage)	Long-term	Large	
	Impact on crop yields (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%

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

Impact on crop yields

In addition to Takara Shuzo Co., Ltd., which we have analyzed up until now, we have expanded our scope to include the Overseas Alcoholic Beverages Business of Takara Shuzo International Co., Ltd. (Takara Sake USA Inc., Takara Shuzo Foods Co., Ltd., and The Tomatin Distillery 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"> Continue stable procurement through cooperation with producers Surveying and diversifying suppliers to reduce procurement risk Survey and examination of raw materials compatible with climate change
Corn (yield)	United States	↘	↘	
Paddy rice (yield)	Japan	↘	↘	
Paddy rice (yield)	China	↗	↗	
Paddy rice (yield)	United States	↗	↗	
Barley (yield)	UK	↘	—	

[Changes in impact]-/+
 30% or above: ↗ / ↘
 15% to less than 30%: ↘ / ↗
 Less than 15%: ↘ / ↗
 No change: —
 No data: —

Indicators and Targets

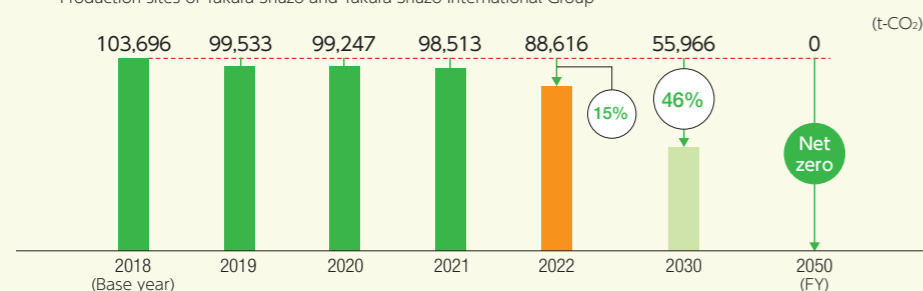
The Takara Group has set CO₂ emissions reduction targets in its Takara Group Sustainability Vision. Takara Shuzo and Takara Shuzo International Group have set CO₂ emissions targets in Scope 1+2 for their production sites.

Targets and Progress for FY2022

Year achieved	Scope	Indicators and targets	FY2022 results
2030	Takara Shuzo/Takara Shuzo International Group	Reduce CO ₂ emissions at production sites by 46% compared with FY2018.	Compared to FY2018: 15% reduction CO ₂ emissions: 88,616 (t-CO ₂)
	Takara Bio Group	Reduce CO ₂ emission intensity (CO ₂ emissions per net sales) by 50% compared with FY2018.	Compared to FY2018: 45% reduction
	Takara Shuzo (Distribution)	Reduce CO ₂ emission intensity (CO ₂ emissions per sales volume) from shipping by 10% compared with FY2018.	Compared to FY2018: 9% reduction
2050	Entire Group	Net zero CO ₂ emissions	—

Scope 1 and Scope 2 Total CO₂ Emissions of Takara Shuzo and Takara Shuzo International Group

* Production sites of Takara Shuzo and Takara Shuzo International Group



GHG Emissions of Takara Holdings and Takara Shuzo in FY2022

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

		Unit: t-CO ₂ e			
		FY2021	FY2022		
Scope1+Scope2		104,859	90,158		
	Scope1	84,081	68,999		
	Scope2	20,778	21,159		
Category		FY2021	FY2022	Calculation method	
Scope3					
Upstream	Category 1	Purchased goods and services	625,373	605,552	Calculated for procured raw materials, containers, and packaging materials
	Category 2	Capital goods	6,221	8,864	Calculated for purchased facilities and instruments
	Category 3	Fuel- and energy-related activities not included in Scope 1 and 2	18,680	16,226	Calculated based on the amount of fuel and electricity used
	Category 4	Upstream transportation and distribution	112,830	105,474	Calculated for the logistics of procured raw materials, containers, and packaging materials
	Category 5	Waste generated in operations	947	862	Calculated for heavy waste
	Category 6	Business travel	235	230	Calculated for employee business travels
	Category 7	Employee commuting	586	574	Calculated for employee commuting
	Category 8	Upstream leased assets	—	—	Not included in the calculation
Downstream	Category 9	Downstream transportation and distribution	5,300	5,092	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	52,579	50,813	Calculated for waste from products sold
	Category 13	Downstream leased assets	267	262	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		927,877	884,107		

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)



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," a booklet calling for appropriate drinking practices. We distribute this booklet to various organizations. It is also available on Takara Shuzo's website (only available in Japanese).



The "Maintaining a Positive Relationship with Alcohol" booklet

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.

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. In particular, we plan to complete the information display on ready-to-drink products by the end of fiscal year 2023.



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 certification system

Implementation of responsible marketing

Implement responsible advertising

Takara Shuzo complies with the industry's voluntary standards for advertisements. Takara Shuzo displays various warnings, while not using expressions that would induce underage drinking on TV commercials on alcoholic beverages, newspaper, magazine advertisements, etc. In addition, Takara Shuzo has established its own internal voluntary standards covering a wider range of fields than the industry's voluntary standards. We are striving to ensure and maintain the status of having no cases of violating the industry's voluntary standards by appropriately implementing even stricter internal voluntary standards.



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 safety and legality in quality. 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



Stable isotope ratio mass spectrometer

suppliers, in order to improve the reliability of raw material quality by 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. Furthermore, in the inspection department, organoleptic inspections are carried out by expert panelists, and ingredient



Interior of inspection machine

analysis and inspections are handled by state-of-the-art analytic instruments. Under the Medium-Term Management Plan for 2025, we are investing ¥14.3 billion in an effort to create safe and reliable products.

Ensuring safe and reliable quality at Takara Shuzo International Group

Efforts toward the establishment of a global quality assurance system

At meetings regularly held with the executives of our overseas group companies, Takara Shuzo International works to share our quality policies and communicate with the administrative departments. In coordination with the Quality Assurance Department of Takara Holdings, the Takara Shuzo International conducts quality audits on its overseas group companies to strengthen quality control systems and improve processes in the group companies.

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.

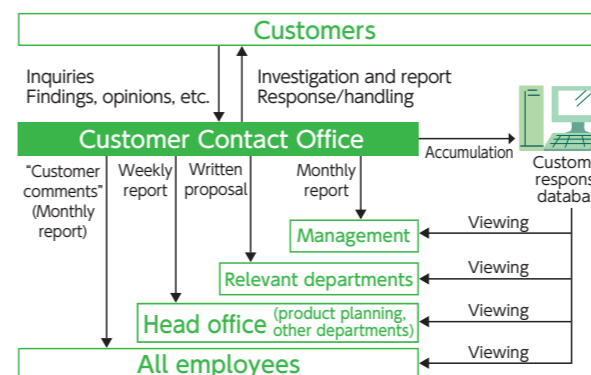
We will strive to maintain these certification systems and business licenses and aim to expand the scope of certification as necessary.

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

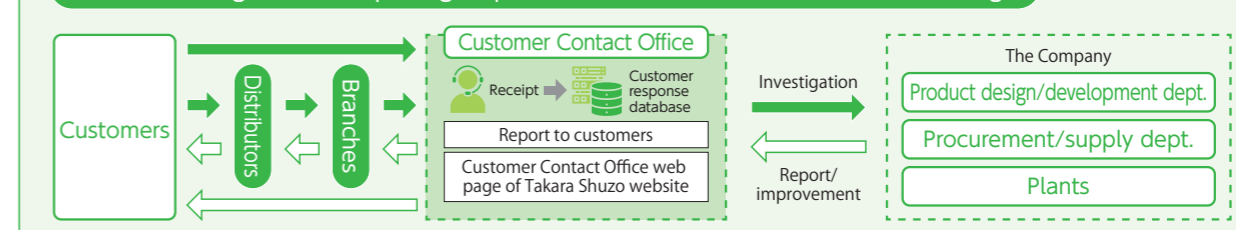
Appropriate disclosure of product information

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).

Internal feedback on customer comments



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



Efforts of Customer Contact Office

Pursue customer satisfaction

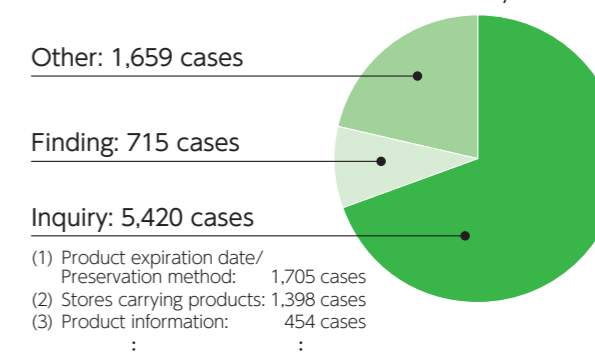
The Customer Contact Office receives approximately 7,800 comments a year. These include a wide variety of inquiries, feedback, and complaints about products, and Takara Shuzo listens carefully to each of these comments, striving to deliver products and improve services in order to satisfy customers.

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.

We launched toll-free telephone service in May 2023 to receive comments from more customers.

Number and breakdown of customer contact cases

7,794 cases for fiscal year 2022

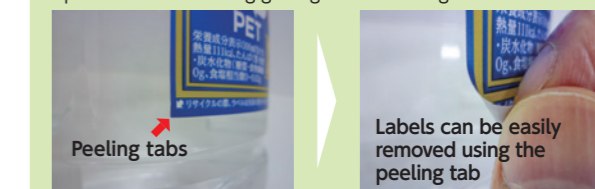


Examples of improvements made based on customer comments

Changing label specifications of Takara Shochu large PET bottle products

Customer comments: Difficult to remove labels, making it difficult to sort the garbage

The labels were made easier to remove compared to current products when sorting garbage after drinking.





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 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 offering a satisfying experience through our unique technology. 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 is a dry flavored chu-hi that pays tribute to the taste of the shochu highball originated from cheap saloons in Tokyo's colorful *shitamachi* (lower city) districts in the early 1950s (shochu highball is said to be the origin of the word "chuhai"), created by leveraging Takara Shuzo's proprietary technologies. Its features of containing no purines, no added sweeteners, and no*1 or low carbs, in addition to the strong satisfaction and dry flavor based on Takara Shochu with the alcohol content of 7%, have been endorsed not only by existing chu-hi drinkers, but also by health-conscious customers.

*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's proprietary *Umami Appu Kobo* (umami-boosting yeast) used in the product is effective in giving an extra well-seasoned flavor and umami while eliminating raw odors.

In the current market of broadly-defined cooking liquor for home use (excluding substitute of sake for drinking), salt-added cooking liquors account for 65%*2 of the market. However, the fact that there are cooking liquors containing salt has not been really recognized. Takara Shuzo is disseminating information by highlighting reduced salt content, including the fact that the cooking liquor it manufactures and sells 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.

*2 Source: Intage SRI. Sales amount from April 2022 to March 2023

Takara Ryori no Tame no Seishu Kome Koji Tappuri 2-bai 500ml *Rakuraku Chosetsu Bottle*, a salt-free cooking sake



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

Due to its healthy image, Japanese food is increasingly gaining recognition overseas. Tazaki Foods Ltd., a Japanese food wholesaler in the U.K., offers a lineup of more than 220 items including organic and vegan products and gluten-free and other food-allergy-conscious products to meet customers' needs.



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

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.



Takara SARS-CoV-2 Direct PCR Detection Kit, an in-vitro diagnostic agent

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.



Technology seminar



CDMO business

Example of development of academia technology seeds (fiscal year 2022)

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.



Human Resources

In the Takara Group, we take the perspective that personnel are crucial business assets and view them as valuable human resources. Because 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, we also believe that maximizing the potential of individuals and organizations by investing in our human resources is indispensable for further increasing corporate value and achieving Group growth. Along with establishing a workplace offering both rewarding work and job satisfaction as well as a corporate culture that nourishes people, we are successfully fostering human resources who can be responsible for the next generation of the Group and take charge of global business growth as well as promoting the active involvement of diverse human resources.

Fostering human resources

Implement 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 managerial positions primarily in their forties since fiscal year 2018 and workplace leadership development training for technicians or engineers in factories since fiscal year 2022. In fiscal year 2022, nine employees participated in the training for executive candidate development, bringing the total number of participants since fiscal year 2018 to 40. Meanwhile, 14 employees participated in the training for workplace leadership development in fiscal year 2022. The Group will continue its efforts to train human resources that will support the Group into the future.

We will also foster our global human resources and continue to acquire global human resources to realize global business growth.

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 Act on the Promotion of Female Participation and Career Advancement in the Workplace ("Female Participation Promotion Act") to further promote the advancement of female employees' careers. Furthermore, three companies — Takara Holdings, Takara Shuzo, and Takara Shuzo International — aim to increase the number of women in managerial positions even further. The companies plan to appoint at least 50 women by fiscal 2030 as a mid- to long-term target, compared with 39 women in managerial positions as of April 2021. By April 2023, a total of 22 women were newly appointed to manager and assistant manager positions. The proportion of women in managerial positions was 6.7% as of April 2023 and the companies plan to increase the proportion to 10% or more by the end of fiscal 2025.

Initiatives on promoting the active involvement of female employees are available on the websites of Takara Holdings, Takara Shuzo, and Takara Bio.

Promote the active involvement of senior human resources

Takara Holdings, Takara Shuzo, Takara Shuzo International, and Takara Bio have a re-employment system in place, allowing those who wish to work past the retirement age of 60 to do so until they turn 65. During the three years from FY2020 to FY2022, the ratio of employees who were re-employed after reaching their retirement age was 81% in Takara Holdings, Takara Shuzo, and Takara Shuzo International combined and 89% in Takara Bio.

In October 2022, Takara Holdings, Takara Shuzo, and Takara Shuzo International introduced a continuous employment system for employees up to the age of 70 as part of efforts to secure job opportunities for people up to 70 years old. Takara Bio introduced the system in April 2023.

Promote the hiring of people with disabilities

When hiring people with disabilities, we ensure that our workplaces are conducive to allowing these individuals to exercise their talents. Approaches to doing so include understanding the individual's work skills, securing and developing a range of work tasks suited to the person's circumstances, and improving the workplace environment. Additionally, people with disabilities participate in professional work alongside able bodied employees as we strive to create an environment in which they will feel a sense of purpose in their job.

As of April 1, 2023, there were eight employees with disabilities working at Takara Holdings (in comparison to the statutory required number of six and employment rate of 2.78%), 32 at Takara Shuzo (against the statutory required number of 29 and employment rate of 2.49%), and 19 at Takara Bio (against the statutory required number of 19 and employment rate of 2.30%).

Achieving a comfortable workplace environment and a work-life balance

Prevent long working hours

In the Takara Group, each workplace engages in initiatives such as not permitting over 60 hours of overtime per month or working on Sundays as a rule, and automatically turning off lights after 9 p.m. In addition, supervisors thoroughly manage the status of 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. Under the Article 36 Agreement, we limit the maximum extended working hours to 75 hours per month. We also ensure that the total hours of overtime work and work on holidays in excess of 40 hours a week do not exceed 80 hours a month.

Promote diverse working styles

As an effort to support employees in fulfilling work and family responsibilities, Takara Holdings, Takara Shuzo, and Takara Shuzo International expanded the work-from-home system that was previously available only for employees with parenting and long-term care giving responsibilities to all employees, except those whose duties require them to come to the workplace such as plant floor workers. In addition, while only half-day paid leave was previously available when taking annual paid leave on the days when employees work from home, the system for paid leave was expanded in April 2022 to allow them to take annual paid leave by hour in order to promote diverse working styles.

Takara Bio is reviewing its work arrangements in combination with its efforts to improve productivity. And as an effort to support its employees in fulfilling work and family responsibilities, the company offers shorter work hours until their children complete the

fourth grade in primary school (until three years old under law). The company also allows its employees who are working shorter hours to raise children to use the flextime system.

Ensure workplace safety and sanitation

The Takara Group strives to create a workplace environment that is safe and healthy, and comply with laws and regulations concerning safety and health. In the event any disaster occurs in connection with our business, we will minimize the accident and take recurrence prevention measures, while immediately implementing the required procedures such as filing reports and notices.

Furthermore, as part of our mental health support for employees, our Group companies engage an external institution to conduct stress checks every year to prevent mental health problems and help employees recognize any stress they are going through. The 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.

Employee data

Theme	Classification	Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022
Promoting the active involvement of diverse human resources	Employees	Number of full-time employees (as of April 1)	People	1,352	1,340	1,336	1,314	1,269
		Male	People	1,178	1,160	1,141	1,117	1,074
		Women	People	174	180	195	197	195
		Ratio of women	%	12.9	13.4	14.6	15.0	15.4
		Average years of service (for full-time employees as of April 1)	Year	22.8	22.6	22.4	22.7	22.6
		Male	Year	23.2	23.2	23.1	23.4	23.4
		Women	Year	19.7	18.8	18.2	18.7	18.5
		Number of new graduate hires (university and graduate school graduates)	People	23	33	33	15	23
		Male	People	15	18	17	8	12
		Women	People	8	15	16	7	11
	Ratio of women	%	34.8	45.5	48.5	46.7	47.8	
	Turnover rate within three years (new graduate hires)	%	5.9	23.1	13.3	6.3	10.9	
	Promoting the active involvement of female employees	Number of women in managerial positions (as of April 1)	People	15	16	17	19	22
		Ratio of women in managerial positions (as of April 1)	%	3.6	3.8	4.0	4.5	5.3
		Number of newly appointed women in managerial positions	People	2	1	2	2	4
		Number of women in management positions (as of April 1)	People	30	34	34	39	41
	Promoting the active involvement of seniors	Ratio of women in management positions (as of April 1)	%	4.8	5.4	5.5	6.2	6.7
		Number of newly appointed personnel in management positions	People	7	5	4	8	9
Promoting the hiring of people with disabilities	Number of employees re-employed after retirement	People	36	34	35	39	39	
	Ratio of employees with disabilities (Takara Holdings as of April 1)	%	2.00	2.70	2.78	2.65	2.44	
Acquisition of diverse human resources	Ratio of employees with disabilities (Takara Shuzo as of April 1)	%	2.59	2.56	2.59	2.69	2.59	
	Mid-career hiring ratio (including full-time employees)	%	18.9	21.3	23.3	41.4	31.9	
Achieving a comfortable workplace environment and a work-life balance	Working hours	Total working hours	Hours	1,880.37	1,856.21	1,845.17	1,862.05	1,862.49
		Overtime working hours	Hours	130.98	135.12	103.55	137.20	136.45
	Taking paid leave	Ratio of paid leave taken	%	64.2	69.1	66.4	69.1	76.5
		Number of employees taking childcare leave	People	4	8	6	8	10
	Taking childcare leave	Male	People	0	2	0	3	6
		Women	People	4	6	6	5	4
		Reinstatement rate from childcare leave	%	100.0	87.5	100.0	100.0	100.0
	Industrial accidents	Ratio of childcare leave taken by male employees	%	0.0	7.4	0.0	18.8	27.3
		Frequency rate of industrial accidents*	—	1.09	0.74	0.36	1.09	0.74
	Working from home	Industrial accidents severity rate	—	0.004	0.007	0	0.034	0.003
Number of employees using the work-from-home system		People	—	—	942	927	924	

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

* 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://ir.takara-bio.co.jp/en/sustainability/human.html>





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 alcohol and food

Conveying the "joy" and "tastiness" of drinking sake to the world

The *Sho Chiku Bai Shirakabegura Mio Sparkling Sake* has been tasted as a gateway to sake in about 40 countries in the world. By rolling out a universal visual advertisement with the "THE JAPANESE SPARKLING SAKE" catch phrase that represents a typical Japanese sparkling sake and cultivating the *Mio Sparkling Sake* into a global brand, we will promote the excellence of sake domestically and overseas.



THE JAPANESE SPARKLING SAKE visual

Conveying the appeal of alcohol-based seasoning

We provide information on alcohol-based seasoning, with a focus on Takara Hon-mirin, our top brand for Hon-mirin, and *Takara Ryori no Tame no Seishu*, a salt-free cooking sake. We are regularly conveying the tastiness of dishes, primarily Japanese cuisine, using sake through our official social media "Takara Cooking Notebook."



Takara Cooking Notebook

Conveying and providing the appeal and new value of Japanese food

The Takara Shuzo International Group is supplying local Japanese restaurants, supermarkets, and retailers with *washu* and 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 *washu* and Japanese food overseas, we are also pursuing initiatives such as participating in exhibitions held in various regions and disseminating information at showrooms.



Exhibition room for sake brewing equipment at Takara Sake USA Inc.

Takara Sake USA, which produces *washu*, particularly sake, in Berkley, California, the U.S., exhibits sake brewing tools to give a feeling of traditional sake making. This exhibition along with the Tasting Room bring enjoyment to many visitors.

Mutual Trading Co., Inc., one of the oldest Japanese food wholesaler 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, and disseminates information to further promote the spread of *washu* and Japanese food in the U.S.



Japanese Food & Restaurant Expo

In addition, Mutual Trading has established Miyako Sushi & Washoku School to train future Japanese food or sushi chefs and Sake School of America to offer seminars on *washu*, working on conveying *washu* and Japanese food culture.



Sake School of America

As the largest Japanese food wholesale network in Europe, the Foodex Group, which operates in 6 European countries, mainly France, has L'ATELIER DU SAKE, a *washu* showroom in Paris, where dedicated sommeliers are working to spread *washu*. The Foodex Group participates in various exhibitions, including Sirha, Europe's largest international food service trade fair, which attracts more than 200,000 visitors. In addition, as part of the Project to Disseminate the Certification of Cooking Skills for Japanese Cuisine in Foreign Countries by the Ministry of Agriculture, Forestry and Fisheries, the Foodex Group is



A sake sommelier

striving to promote the spread of traditional Japanese food culture by supporting seminars that introduce to local chefs traditional Japanese cooking techniques, such as fresh fish *Ikejime* technique.



L'ATELIER DU SAKE

In the U.K., we have a special booth for the *Sho Chiku Bai Shirakabegura Mio Sparkling Sake* at Hyper Japan, the largest Japanese cultural event in the U.K., every year. In the U.K., the taste of the *Mio Sparkling Sake* is also highly praised and is increasingly gaining popularity particularly among young men and women.

Tazaki Foods Ltd., which is operating its business since 1978, offers products under its signature Yutaka brand. The Yutaka brand now offers more than 190 items. They are available not only in U.K. but also in more than 16 countries in and outside Europe.



Hyper Japan

Conveying the appeal of authentic Japanese cuisine

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 50 times up until 2022. Although lectures were distributed via live streaming in 2020 and 2021 due to the COVID-19 pandemic, we were able to invite participants to a venue and hold a course in 2022 as before. It has been well received by the participants as they can learn about authentic Japanese cuisine and the proper use of alcohol-based seasoning directly from Kyoto's top chefs.



Japanese Cuisine Taught by Famous Chefs Course



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 has formulated the Sustainability Procurement Guidelines that give consideration to the environment and social environments.

Aiming to promote sustainability, we are making the Guidelines known to all of our suppliers and requesting their understanding.

Requirements in the Sustainability Procurement Guidelines

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

Audits at suppliers' factories

Takara Shuzo conducts audits on supplier plants as necessary to confirm compliance with the Sustainability Procurement Guidelines. If the compliance status is insufficient, we ask for improvement or propose improvement plans.



Supplier auditing

Takara Group Procurement Policy

- | | |
|---|--|
| <p>1 Ensuring safety and quality
In accordance with the Takara Group Quality Policy, we will promote activities aimed at ensuring a high level of safety and quality.</p> <p>2 Consideration for the environment
Based on the Takara Group Environmental Policy, we will engage in activities with consideration for the global environment.</p> <p>3 Consideration for human rights
In accordance with the Takara Group Human Rights Policy, we will engage in activities with consideration for human rights.</p> <p>4 Compliance with laws and social ethics
In accordance with the Takara Group Compliance Action Guidelines, we will comply with laws and social ethics. We will not request entertainment or gifts from suppliers, nor will we be the recipient of entertainment that exceeds the boundaries of common sense.</p> | <p>5 Equitable and fair transactions
We will treat all suppliers with common sense and honesty and conduct equitable and fair transactions. When selecting suppliers, we will make our decisions after equitable and fair comparisons and evaluations, based on quality, price, delivery date, technical capabilities, supply capacity and other conditions.</p> <p>6 Maintaining information security
We will appropriately manage confidential information and personal information obtained during procurement activities.</p> <p>7 Expectations of suppliers
With regard to the above, we expect the same considerations from our suppliers, and will endeavor to promote initiatives throughout the entire supply chain.</p> |
|---|--|



Human Rights

The Takara Group has formulated the Takara Group Human Rights Policy to respect the human rights of all stakeholders and is promoting various initiatives, including education and training.

Respect for human rights

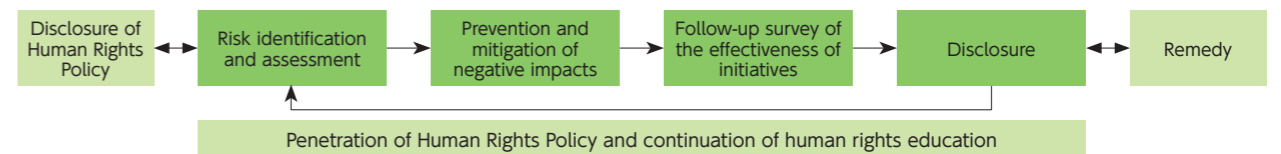
Implementing programs to enhance understanding of human rights

Internally, we conduct a program designed to enhance the understanding of human rights including on the Takara Group Human Rights Policy. The program is provided through compliance education by e-learning, new employee training, training sessions targeting different job levels, and so on, to promote human rights education within the Group. In fiscal year 2022, we continued to hold a program themed on Business and Human Rights in the training session for risk compliance leaders across the entire Group, followed by workplace education provided by the risk compliance leaders.

Implementation of human rights due diligence process

In fiscal year 2022, 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 a newly established cross-organizational working team, we addressed current issues of human rights due diligence process through efforts such as updating risk response maps (identifying potential human rights risks), carrying out analysis based on interviews with suppliers and identifying risks, conducting employee awareness surveys as a method of identifying human rights risks, and enhancing human rights education programs.

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



The Takara Group Human Rights Policy

Recognizing that the Takara Group may potentially affect the human rights of various stakeholders, including business partners, customers, and local communities, in addition to our employees, through our business activities, we respect human rights as set out in the United Nations' International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

This Policy applies to all officers and employees of the Takara Group. We also request business partners to support and comply with this Policy.

- We will comply with the laws and regulations of each and every country in which we conduct business activities.
- We will respect the diversity, personality, and individuality of all stakeholders and will not allow any irrational discrimination on the grounds of birth, nationality, race, ethnicity, creed, religion, gender, age, disability, sexual orientation, gender identity, employment status, hobbies, educational background, etc.
- We support the right to freedom of association and the right to collective bargaining. Illegal child labor and forced labor are not permitted in domestic and overseas working environments.
- We will establish and operate whistleblowing contacts within the Company and at an external third party organization for reporting violations of laws, regulations, and internal regulations including this Policy. In addition, we will prohibit any disadvantageous treatment of whistleblowers on the basis of such whistleblowing.
- We will extensively convey our Human Rights Policy to our employees, and provide ongoing education and training.



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.

Environmental education for children

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.

We could not hold the Farm School for the past few years due to COVID-19 pandemic, but in 2023 we hosted three classes, including rice farming experience and nature observation in a rice field in Nantan, Kyoto Prefecture, targeting elementary school students and their families.

In 2022, we also launched the Online Farm School on Takara Shuzo's website, providing a system that allows more people to participate.



Hands-on Paddy Field in Sonobe-cho Nie, Nantan City, Kyoto Prefecture



Removing weeds

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, in which they can learn with fun about the current situation of waste problems and how to reduce waste while experiencing recycling. In 2023, classes were held in Kyoto City and also Koto-ku, Tokyo.

Takara Bio conducts on-site bio classes at elementary schools

Since 2018, as part of 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. To have children deepen their understanding of biotechnology, we introduce in an easy-to-understand manner the content of our work, including research on cancer therapeutic agents as a typical example, as well as videos of our employees actually working in the laboratory. We are working to have children learn independently and find an opportunity to think about how they live their lives, not only through textbooks but also cross-cutting, comprehensive, and exploratory learning experiences.

Promotion of local economies

Continually foster community-based products

We develop and nurture products that are loved by local residents and have their roots in their local communities using carefully chosen ingredients from around Japan that are unique to each locality. Examples include *Takara CRAFT* chu-hi, which is made from rare gifts of nature and creates a connection between agricultural producers and consumers.

In addition, in response to the issue of labor shortages during harvest season due to the aging of population in each production area, we began activities for our company employees to visit production areas to assist with the harvesting.



Odawara lemon harvesting volunteers



Governance

The Takara Holdings Corporate Governance Policy <Basic Policy>

The Company has formulated "TaKaRa Group Challenge for the 100th," 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

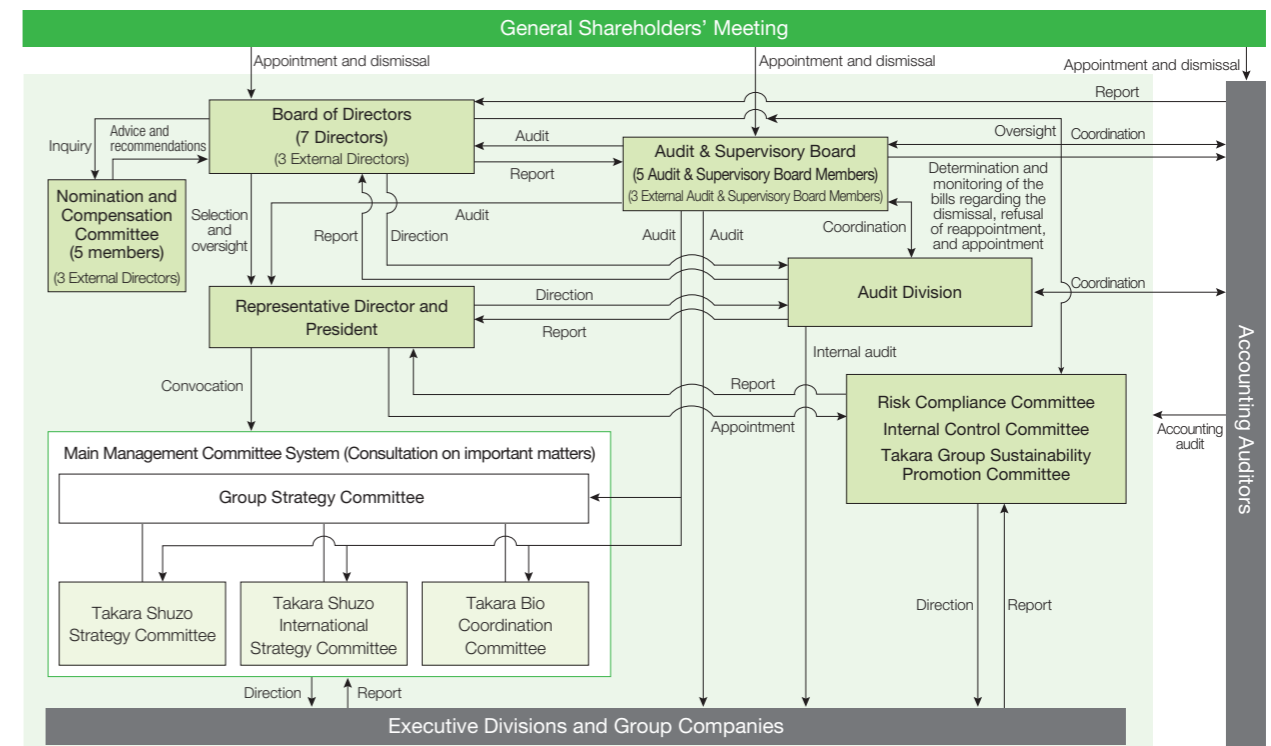
ensures a transparent, fair, speedy and resolute decision making. At the same time, we also believe that to continue to be a trusted corporate group, we need a structure that respects the positions of stakeholders, including shareholders, customers, employees, creditors, and local communities, and enables 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 - Smiles are Life's Treasures

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 29, 2023)



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 external 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 external 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, external 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 seven Directors are external Directors, and two of our Directors are women.

The term of office for our Directors is 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 external Audit & Supervisory Board Members.

Areas of Expertise and Experience of Directors (Skill Matrix)

Name	Corporate management 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			●	●			
Koichi Nakao	●		●	●	●	●	●
Keisuke Mori	●	●					
Masako Tomotsune			●	●			
Tomoko Kawakami	●					●	●
Takao Motomiya		●	●				

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 external 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 External Directors Masako Tomotsune, Tomoko Kawakami, and Takao Motomiya, and External 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 with a majority of independent external 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 external 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.

Reasons for Appointment as External Officers and Attendance at the Board of Directors' Meetings and Audit & Supervisory Board Meetings (fiscal year ended March 31, 2023)

Position	Name	Reasons for Appointment	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Board Meetings
External Director	Masako Tomotsune	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.	14 out of 14 meetings	—
External Director	Tomoko Kawakami	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.	14 out of 14 meetings	—
External Director	Takao Motomiya	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.	—	—
External Audit & Supervisory Board Member	Toshihito Yamanaka	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.	14 out of 14 meetings	13 out of 13 meetings
External Audit & Supervisory Board Member	Satoshi Matsunaga	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.	14 out of 14 meetings	13 out of 13 meetings
External Audit & Supervisory Board Member	Akiko Yoshimoto	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.	—	—

Compensation for Directors and Audit & Supervisory Board Members (fiscal year ended March 31, 2023)

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 (External Directors)	9 (3)	90 (18)	6 (—)	90 (—)	180 (18)
Audit & Supervisory Board Members (External Audit & Supervisory Board Members)	5 (3)	91 (49)	— (—)	— (—)	91 (49)
Total (External Officers)	14 (6)	181 (68)	6 (—)	90 (—)	271 (68)

- 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 six (including two external Directors) and the number of Audit & Supervisory Board Members was five (including three external Audit & Supervisory Board Members). The reason for the discrepancy with the above-noted number of Directors is that it includes three Directors (including one external Director) 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 external 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 external 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 Board of Directors with a focus on the operation of Board of Directors every year. An overview of the results of the assessment for the fiscal year ended March 31, 2023, is as follows.

1 Assessment method

As part of Takara Holdings' continued efforts to improve the operation of Board of Directors' Meetings in the fiscal year ended March 31, 2023, all Directors and Audit & Supervisory Board Members evaluated the following categories on a five-point scale and filled out open-ended questionnaires. The compiled results were discussed at the Board of Directors' Meeting on May 11, 2023.

- (1) Agenda items, (2) Convocation procedures, (3) Meeting materials, (4) Explanation, discussion, and decision-making, (5) Meeting minutes, (6) Yearly schedule

2 Overview of assessment results

It was determined that Board of Directors operate properly for the most part and are effective. However, we also realize that challenges remain with deepening discussions in the Board of Directors' Meetings. 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.



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 and the Consultation and Coordination Committee 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 29, 2023, 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 2023, the Takara Group consists of Takara Holdings that is a holding company, 61 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 external 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 external 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 external 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. We apply the said Rules and Regulations to Takara Bio and receive reports on matters resolved at Takara Bio's Board of Directors and other actions, while we do not require Takara Bio to request a prior approval from us on the matters to be resolved by its Board of Directors. Hence, Takara Bio runs its business independently.

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. We repeat these activities every year and report the results to the Risk Compliance Committee.

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.

Status of activities for each materiality

Materiality	Target indicators	Target figures	Activities in fiscal 2022
Safety and Reliability	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 in September 2022
	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
Human Resources	Rate of Takara Shuzo's products in compliance with food laws and regulations in export destination countries	Maintain a completion rate of 100% [TSIG]	Compliance rate: 100%
	Newly appoint women to manager and assistant manager positions	Appoint at least 50 women by the end of fiscal 2030 [TH, TS, TSI]	Total 22 (As of April 1, 2023)
	Percentage of employees with disabilities	Maintain the level at the statutory rate of 2.3% or more [Domestic Group Companies]	[TH] 2.78% [TS] 2.49% [TB] 2.30% (As of April 1, 2023)
	Total working hours	Reduce total working hours by fiscal 2025, compared to fiscal 2020 [Domestic Group Companies]	[TH, TS, TSI] 1,862.49 hours, up 17.3 hours (compared to fiscal 2020) [TB] 1,883.22 hours, down 31.7 hours (compared to fiscal 2020)
Wellness	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] 76.5%, 10.1% improvement (compared to fiscal 2020) [TB] 67.8%, 17.6% 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
	Recognition of salt-free cooking liquor	35% in fiscal 2030 [TS]	24% (As of March 2023)
Responsible Alcohol Producer	Lineup of organic and vegan products	1,369 items in fiscal 2025 [TSIG]	1,269 items (As of December 2022)
	Lineup of food-allergy-conscious products (gluten-free and other food-allergy-conscious products)	1,540 items in fiscal 2025 [TSIG]	1,490 items (As of December 2022)
Environment	Number of views of Takara Shuzo's website page on spreading awareness on the appropriate consumption of alcohol	20% increase in fiscal 2022, and 50% increase in fiscal 2025 (compared to fiscal 2020) [TS]	6% increase in fiscal 2022 (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]	Started display of information on ready-to-drink products in September 2021. Display on the rest of the products began in October 2022. Moved up the target date for ready-to-drink products to fiscal 2023.
Environment	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. Display on products of 2 liters or less began in October 2022.
	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
	CO ₂ emissions (production sites)	Reduce CO ₂ emissions by 46% by fiscal 2030 (compared to fiscal 2018) [TS, TSIG]	Takara Shuzo + Takara Shuzo International Group CO ₂ emissions in fiscal 2022: 15.0% decrease (compared to fiscal 2018)
	CO ₂ emissions	Reduce CO ₂ emission intensity by 50% by fiscal 2030 (compared to fiscal 2018) [TBG]	Takara Bio Group CO ₂ emission intensity: 45% decrease (compared to fiscal 2018)
	CO ₂ emissions (distribution)	Reduce CO ₂ emission intensity by 10% by fiscal 2030 (compared to fiscal 2018) [TS]	Created CO ₂ emissions roadmaps for Takara Shuzo, Takara Shuzo International Group, and Takara Bio Group. Working to introduce specific measures for achieving the 2030 target, such as upgrading to energy-saving equipment, installing biomass boilers, installing solar panels, and using renewable energy sources.
	CO ₂ emissions	Achieve net zero CO ₂ emissions by fiscal 2050 [TG]	Takara Shuzo CO ₂ emissions intensity (distribution): 9.1% decrease in fiscal 2022 (compared to fiscal 2018)
	Water usage	Reduce units of water usage by 15% by fiscal 2025 (compared to fiscal 2017) [TS]	Units of water usage decreased by 6.9% (compared to fiscal 2017)
	Reuse rate of waste generated in production processes	Continue reusing 98% or more of waste [TS]	Reuse rate: 99.0%
	Use of paper with forest protection certification in paper carton products	100% usage by fiscal 2030 [TS]	Implementation rate: 33.3%
	Usage rate of biomass ink in paper and plastic labels	100% usage by fiscal 2025 [TS]	Usage rate: 42.9%
Governance	Usage rate of paper with forest protection certification in paper packaging	100% usage by fiscal 2025 [TBG]	Implementation rate: 55%
	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
	Usage rate of vegetable oil-based ink in paper packages	100% usage by fiscal 2025 [TBG]	Usage rate: 55%
	Regularly hold Risk Compliance Committee meetings	Twice per year [TG]	Implemented twice
Well-Balanced Diet	Hold compliance training sessions	Once per year [TG]	Implemented once
	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
Procurement	Regularly hold various drills	Once per year [TG]	Held various drills once or more per year
	Number of social media followers, with a focus on Mio Sparkling Sake	300,000 or more followers by fiscal 2025 [TS]	155,000 (As of March 2023)
Community	Development of exclusive overseas products and overseas business company products	20 items by fiscal 2025 [TSIG]	12 items (As of December 2022)
	Number of export destination countries for washu	100 countries by fiscal 2030 [TSIG]	57 countries (As of December 2022)
Community	Number of followers on Takara Shuzo's official Facebook page	200,000 or more followers by fiscal 2025 [TS]	135,697 (As of March 2023)
	Dissemination of Sustainability Procurement Guidelines	To all suppliers [TS]	100% implemented
Community	Activities to support local fruit farms	20 activities by fiscal 2030 [TS]	Implemented 7 activities

<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, Taihei Printing, Kawahigashi Shoji, Total Management Business, Takara Butsuryu System, TB, Takara Yoki, Takara Bussan, Luc Corporation, Tokyo Mutual Trading

Messages from External Directors

I will work to raise enterprise value by incorporating the perspective of stakeholders into management.



Masako Tomotsune
(Appointed June 28, 2018)
External Director

Under the Medium-Term Management Plan for 2025, external directors also take part in prior discussions, and with “Smiles in Life – Smiles are Life’s Treasures” as its Vision, the plan sets forth the aims of investing in growth fields, human capital, and IT, promoting sustainability, and strengthening investor relations. With regard to IR, I am taking a more active role by participating in interviews and small meetings with investors and briefings for individual investors led by the Public Relations & Investor Relations Dept., and I communicate the invaluable opinions of investors within the company and make sure they are drawn on. In addition, for IT, we are implementing DX initiatives that include creating and applying rules for the use of generative AI and raising business efficiency by updating internal systems and using digital signatures. For sustainability, we make

disclosures based on the TCFD framework, conduct human rights due diligence, and have expressed our support for the WHO’s global strategy to reduce the harmful use of alcohol.

Aiming to realize the Medium-Term Management Plan for 2025, executives and employees are seriously engaged from their respective positions in a way that is true to Takara. A general atmosphere is starting to take hold that is aimed at changing the company for the better without being constrained by past precedent. This includes the project to renew business processes and the corporate culture to foster a sense of satisfaction by promoting sustainability and raising employee engagement. I expect these changes and our human resources to drive the medium- to long-term growth of the Takara Group going forward.

As an external director, I actively speak at various meetings from a medium- to long-term perspective, and I ask questions in advance at these meetings, consult with the other external directors, and collaborate with Audit & Supervisory Board Members. Specifically, I have spoken on a priority basis about promotion of women’s active involvement, respect for diversity, human rights, compliance, and reinforcement of governance, drawing on my knowledge as an attorney, and also about human capital management, including human resources development, and promoting sustainability.

Going forward, I intend to give every effort to incorporating the perspectives of stakeholders into management to raise the medium- to long-term enterprise value of Takara Holdings while also constantly monitoring the ever changing situation in society.

We will aim to realize our Vision by linking together societal and corporate sustainability.



Tomoko Kawakami
(Appointed June 27, 2019)
External Director

I am Tomoko Kawakami, an external director of Takara Holdings and a professor at Waseda University. With a well-balanced business portfolio, Takara Holdings was able to achieve steady growth even during the COVID-19 pandemic. At the same time, with the protracted Ukraine situation, economic slowing in the U.S. and Europe caused by inflation and monetary tightening, the need to address global environmental issues, and the impact of generative AI, which spread rapidly in 2023, tackling new management issues has become an imperative.

Even in my area of research, new fields have arisen. Purpose-driven marketing emphasizes the reason for a company’s existence in society, and sustainable marketing involves establishing financial

targets in tandem with solutions to social issues. It is now difficult for companies that only pursue financial results to earn strong evaluations from customers and investors. I perceive this acutely every day at the business school where I interact with businesspeople from various industries.

Takara Holdings has established its Medium-Term Management Plan for 2025 with a close eye on this trend. The core thinking behind it is linking societal sustainability—the response to climate change and human rights—with sustainability brought about by providing value over the long term through a company’s earning capacity.

Based on this thinking, Takara Holdings updated its Vision to “Smiles in Life – Smiles are Life’s Treasures.” This can be seen as the company’s

purpose, the clear expression of its raison d’être. This is also related to the importance of human capitalism for it is people who create the value that makes people smile. Generative AI is also a tool for people, one that has meaning when it is used to generate smiles, which are life’s treasures.

As a specialist, I will continue to provide management advice so that stakeholders can live happy lives filled with smiles thanks to the purpose-driven management of Takara Holdings.

Drawing on my experience thus far, I will work for the sustainable growth of the Group as a whole.



Takao Motomiya
(Appointed June 29, 2023)
External Director

I am Takao Motomiya and I was recently appointed an external director of Takara Holdings.

Takara Holdings was originally a sake maker and has a wealth of history, but it has not rested its laurels on tradition; it has flexibly responded to changes in society and the environment, manufacturing alcoholic beverages overseas and expanding into the bio business, for example, and it now conducts Group management through Takara Shuzo, Takara Shuzo International, and Takara Bio, operating companies with differing characteristics.

The products and services handled by these businesses are deeply related to people’s health and daily lives. They are subject to both legal and social regulations, so precise management and a

high level of compliance are required at every stage from manufacture to sale.

At the Ministry of Finance and National Tax Agency, I was involved in the planning and appropriate execution of tax law, improvements to tax administration, and the appropriate management of liquor tax administration. With regard to liquor tax administration, I worked on initiatives aimed at the sound development of the alcoholic beverages industry, and in my role I became aware of the importance of listening to the opinions of people in differing positions and with differing interests, including people in the alcoholic beverages industry, relevant ministries and agencies, institutes, and consumers. The same has been the

case in my experience as a certified tax accountant. I work to provide advice after fully learning about the client’s situation and to ensure that tax obligations are appropriately met as prescribed by laws and regulations related to taxation.

Drawing on this experience, I will make every effort to fulfill my role as an independent external director by providing advice and overseeing management from the standpoint of the entire Group’s sustainable growth and higher enterprise value over the medium to long term and by ensuring that the opinions of various stakeholders, starting with minority shareholders, are utilized.

Thank you in advance.

Directors and Audit & Supervisory Board Members (As of June 29, 2023)

Directors



Mutsumi Kimura (60)

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 (61)

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

- 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)



Koichi Nakao (61)

Director

- Apr. 1985 Joins the Company
- Apr. 2002 Director, TAKARA BIO INC.
- Jun. 2003 Managing Director, TAKARA BIO INC.
- Jun. 2004 Senior Managing Director, TAKARA BIO INC.
- Jun. 2007 Executive Vice President, TAKARA BIO INC.
- May 2009 President, TAKARA BIO INC. (incumbent)
President, Takara Bio USA Holdings Inc. (incumbent)
- Jun. 2009 Director (incumbent)



Keisuke Mori (60)

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 (51)

External 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)



Tomoko Kawakami (58)

External 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 (66)

External 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)

Audit & Supervisory Board Members

Teruaki Mitsui (61)

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 (62)

Standing Audit & Supervisory Board Member
(External 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 (63)

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 (57)

Standing Audit & Supervisory Board Member
(External 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 (60)

Audit & Supervisory Board Member
(External 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)



Overview of Management Results

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

Under these economic circumstances, the Group has worked on the Takara Group Medium-Term Management Plan FY2023, which serves as the first step in the Group's action plans cited in its long-term management vision, TaKaRa Group Challenge for the 100th, announced in May 2020. In the fiscal year under review, which was the final year of the plan, the Group has been appropriately allocating and investing management resources in areas that should be strengthened, and has been focusing on rebuilding business structures and global corporate functions that consistently generate various forms of value that enhance profitability, while flexibly addressing environmental changes. In this way, the Group has focused on achieving sustainable growth in Japan and overseas and enhancing corporate value.

Net sales

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

Results by business segment were as follows.

(1) Takara Shuzo

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

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

(2) Takara Shuzo International Group

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

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

(3) Takara Bio Group

The Takara Bio Group is developing reagents/instruments that support research and development activities using

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

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

Other

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

Financial position

(Assets)

At the end of the fiscal year under review, current assets totaled ¥241,513 million, an increase of ¥9,189 million compared with that at the end of the previous fiscal year. This was primarily due to an increase in cash and deposits of ¥16,375 million, and decreases in notes and accounts receivable-trade of ¥1,232 million and merchandise and finished goods of ¥5,360 million. Noncurrent assets were ¥157,661 million, an increase of ¥27,546 million compared with that at the end of the previous fiscal year. This was primarily due to increases of ¥9,143 million in property, plant and equipment and ¥17,831 million in investments and other assets, mainly due to the application of ASC Topic 842, "Leases." As a result, total assets were ¥399,174 million, an increase of ¥36,736 million compared with that at the end of the previous fiscal year.

(Liabilities)

At the end of the fiscal year under review, current liabilities totaled ¥67,454 million, a decrease of ¥11,696 million compared with that at the end of the previous fiscal year. This was primarily due to a decrease in current portion of bonds of ¥10,000 million. Noncurrent liabilities were ¥76,401 million, an increase of ¥17,670 million compared with that at the end of the previous fiscal year. This was primarily due to an increase of ¥15,417 million in other noncurrent liabilities mainly due to the application of ASC Topic 842, "Leases." As a result, total liabilities were ¥143,856 million, an increase of ¥5,973 million compared with that at the end of the previous fiscal year.

(Net assets)

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

million, and noncontrolling interests of ¥7,231 million. As a result, the equity ratio totaled 51.1%, compared with 49.8% at the end of the previous fiscal year.

Cash flows

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

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

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

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

Business Risks

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, 2023. 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

(i) 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.

(ii) 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 add to the restaurant market, which is our strength.

(iii) 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

(i) 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).

(ii) 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 have established 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

(i) 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.

(ii) 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.

(iii) 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 minimize the adverse effects caused by short-to-medium-term 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 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.



Eleven-Year Consolidated Financial Summary

(Fiscal year ended March 31, 2023)

	Millions of yen*3					Millions of yen*3					Thousands of *5 U.S. dollars	
	2023/3	2022/3	2021/3	2020/3	2019/3	2018/3	2017/3	2016/3	2015/3	2014/3	2013/3	2023/3
For the Years Ended March 31												
Net sales*1	¥350,665	¥300,918	¥278,443	¥281,191	¥277,443	¥268,142	¥234,193	¥225,364	¥219,490	¥209,568	¥200,989	\$ 26,169,141
Takara Shuzo	122,921	119,710	152,537	153,141	152,457	149,839	149,452	145,492	147,884	149,633		917,320
Takara Shuzo International Group	137,483	102,186	69,589	82,765	77,834	70,717	37,540	30,490	26,233	16,481		1,025,992
Takara Bio Group	78,142	67,699	46,086	34,565	35,841	32,312	29,375	29,729	25,969	23,905		583,149
Others (Domestic Group Companies)	30,950	30,719	29,238	31,801	32,742	36,412	39,017	41,050	42,980	43,123		230,970
Adjusted amounts	(18,832)	(19,396)	(19,007)	(21,082)	(21,431)	(21,140)	(21,193)	(21,398)	(23,577)	(23,575)		(140,537)
Cost of sales	230,723	187,376	162,849	172,574	168,694	163,529	140,182	135,868	134,390	129,447	123,630	1,721,813
Gross profit	119,941	113,541	115,594	108,617	108,749	104,612	94,010	89,495	85,099	80,121	77,359	895,082
Selling, general and administrative (SG&A) expenses	81,996	70,187	93,999	92,781	90,945	88,999	80,458	77,815	74,003	70,631	68,225	611,910
Operating income (loss)*1	37,945	43,354	21,595	15,836	17,804	15,612	13,551	11,680	11,096	9,490	9,133	283,171
Takara Shuzo	4,890	4,135	4,879	4,175	5,948	5,569	5,071	4,082	4,428	4,513		36,492
Takara Shuzo International Group	10,821	8,472	1,043	3,532	4,532	4,393	3,182	2,752	2,270	907		80,753
Takara Bio Group	20,541	28,902	13,952	6,274	5,463	3,555	3,202	2,667	2,302	1,954		153,291
Others (Domestic Group Companies)	2,293	2,222	1,803	2,018	1,954	2,318	2,167	2,058	1,654	1,581		17,111
Adjusted amounts	(601)	(379)	(84)	(164)	(95)	(224)	(72)	120	440	533		(4,485)
Income before income taxes	39,692	40,961	20,583	15,643	17,658	18,903	14,520	12,548	11,453	18,642	9,256	296,208
Net income attributable to owners of the parent	21,206	20,769	10,574	8,980	10,411	11,029	8,480	7,055	5,706	10,280	4,687	158,253
Depreciation and amortization	10,295	9,589	9,298	8,874	7,827	7,702	6,213	6,180	5,537	4,997	4,973	76,828
Capital expenditures	14,165	16,213	13,775	14,195	10,671	6,414	6,658	6,003	9,533	8,967	5,282	105,708
Research and development (R&D) expenses	8,949	6,484	5,914	4,259	4,708	5,063	4,550	4,608	3,754	3,376	3,090	66,783
Net cash provided by (used in) operating activities	45,478	16,376	27,100	11,744	13,508	16,265	12,826	10,373	9,545	7,233	7,967	339,388
Net cash provided by (used in) investing activities	(10,474)	(10,399)	(6,738)	(3,690)	(9,213)	(19,916)	16,200	(10,864)	(10,253)	(12,254)	(3,672)	(78,164)
Net cash provided by (used in) financing activities	(22,215)	4,133	(1,506)	(11,653)	(4,243)	(5,570)	(2,828)	(9,482)	6,819	2,562	1,229	(165,783)
Free cash flow	35,003	5,977	20,362	8,054	4,295	(3,650)	29,026	(490)	(708)	(5,021)	4,295	261,216
As of March 31												
Total assets	¥399,174	¥362,438	¥306,918	¥283,882	¥287,106	¥284,281	¥274,368	¥253,253	¥264,438	¥238,577	¥207,586	\$ 2,978,910
Interest-bearing debt	51,793	60,655	50,256	46,070	47,427	47,982	47,852	42,837	48,324	38,909	43,098	386,514
Total net assets	255,318	224,555	191,535	181,329	179,795	176,217	165,920	156,148	158,404	146,422	114,318	1,905,358
Total shareholders' equity	203,951	180,420	156,884	147,762	148,197	145,111	135,043	130,386	131,923	121,431	100,040	1,522,022
Per Share of Common Stock (Yen and U.S. dollars):												(U.S. dollars)
Basic net income	¥ 107.26	¥ 105.05	¥ 53.48	¥ 45.11	¥ 52.15	¥ 54.97	¥ 42.15	¥ 35.06	¥ 28.36	¥ 50.83	¥ 23.01	\$ 0.80
Total equity	1,031.60	912.58	793.53	747.39	742.36	726.90	671.11	647.97	655.60	603.44	493.14	7.70
Annual dividends	38.00	37.00	21.00	20.00	18.00	16.00	13.00	12.00	10.00	11.00	9.00	0.28
Ratios:												
Return on assets (ROA)	5.6%	6.2%	3.6%	3.1%	3.6%	3.9%	3.2%	2.7%	2.3%	4.6%	2.3%	—
Return on equity (ROE)	11.0	12.3	6.9	6.1	7.1	7.9	6.4	5.4	4.5	9.3	4.8	—
Equity ratio	51.1	49.8	51.1	52.1	51.6	51.0	49.2	51.5	49.9	50.9	48.2	—
D/E ratio	25.4	33.6	32.0	31.1	32.0	33.1	35.4	32.9	36.6	32.0	43.1	—
Dividend payout ratio	35.4	35.2	39.3	44.3	34.5	29.1	30.8	34.2	35.3	21.6	39.1	—

*1 Starting in the year ended March 31, 2018, we reorganized our business segments. Net sales and operating income (loss) for the 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.

*5 The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥134 to U.S. \$1, the approximate rate of exchange at March 31, 2023.

Consolidated Balance Sheet

TAKARA HOLDINGS INC. and consolidated subsidiaries
Year ended March 31, 2023

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
ASSETS			
CURRENT ASSETS:			
Cash and deposits	¥ 96,820	¥ 80,445	\$ 722,537
Notes and accounts receivable-trade	61,624	62,856	459,880
Electronically recorded monetary claims-operating	8,093	7,403	60,395
Merchandise and finished goods	57,812	63,172	431,432
Work in process	1,718	2,012	12,820
Raw materials and supplies	7,372	7,458	55,014
Other	8,765	9,422	65,410
Allowance for doubtful accounts	(694)	(449)	(5,179)
Total current assets	241,513	232,323	1,802,335
NONCURRENT ASSETS:			
Property, plant and equipment			
Buildings and structures	76,265	69,584	569,141
Accumulated depreciation	(39,487)	(36,902)	(294,679)
Buildings and structures, net	36,778	32,682	274,462
Machinery, equipment and vehicles	90,919	88,453	678,500
Accumulated depreciation	(75,654)	(73,447)	(564,582)
Machinery, equipment and vehicles, net	15,265	15,006	113,917
Land	20,861	20,170	155,679
Lease assets	1,520	1,512	11,343
Accumulated depreciation	(731)	(605)	(5,455)
Lease assets, net	789	907	5,888
Construction in progress	3,662	1,782	27,328
Other	28,496	24,046	212,656
Accumulated depreciation	(16,962)	(14,848)	(126,582)
Other, net	11,533	9,198	86,067
Total property, plant and equipment	88,890	79,747	800,810
INTANGIBLE ASSETS:			
Goodwill	10,668	10,070	79,611
Other	5,262	5,290	39,268
Total intangible assets	15,931	15,360	118,888
INVESTMENTS AND OTHER ASSETS:			
Investment securities	30,573	29,228	228,156
Net defined benefit asset	1,054	907	7,865
Deferred tax assets	2,170	2,682	16,194
Other	19,103	2,253	142,559
Allowance for doubtful accounts	(64)	(64)	(477)
Total investments and other assets	52,838	35,006	394,313
Total noncurrent assets	157,661	130,114	1,176,574
TOTAL ASSETS	¥ 399,174	¥ 362,438	\$ 2,978,910

* The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥134 to U.S. \$1, the approximate rate of exchange at March 31, 2023.

TAKARA HOLDINGS INC. and consolidated subsidiaries
Year ended March 31, 2023

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
LIABILITIES			
CURRENT LIABILITIES:			
Notes and accounts payable-trade	¥ 21,775	¥ 20,973	\$ 162,500
Short-term loans payable	4,919	5,497	36,708
Current portion of bonds	—	10,000	—
Accrued alcohol tax	5,815	7,172	43,395
Accrued expenses	6,368	5,579	47,522
Income taxes payable	2,220	6,602	16,567
Provision for bonuses	3,380	3,161	25,223
Other	22,975	20,164	171,455
Total current liabilities	67,454	79,151	503,388
NONCURRENT LIABILITIES:			
Bonds payable	20,000	20,000	149,253
Long-term loans payable	15,186	15,248	113,328
Lease obligations	4,452	3,005	33,223
Deferred tax liabilities	4,855	3,969	36,231
Net defined benefit liability	8,925	8,944	66,604
Other	22,980	7,562	171,492
Total noncurrent liabilities	76,401	58,730	570,156
Total liabilities	143,856	137,882	1,073,552
NET ASSETS			
SHAREHOLDERS' EQUITY:			
Capital stock	13,226	13,226	98,701
Capital surplus	1,994	2,499	14,880
Retained earnings	163,825	149,933	1,222,574
Treasury stock	(1,682)	(1,682)	(12,552)
Total shareholders' equity	177,363	163,976	1,323,604
ACCUMULATED OTHER COMPREHENSIVE INCOME:			
Valuation difference on available-for-sale securities	12,974	12,216	96,820
Deferred gains or losses on hedges	286	412	2,134
Foreign currency translation adjustment	13,686	4,330	102,134
Remeasurements of defined benefit plans	(359)	(515)	(2,679)
Total accumulated other comprehensive income	26,588	16,443	198,417
Noncontrolling interests	51,366	44,135	383,328
Total net assets	255,318	224,555	1,905,358
TOTAL LIABILITIES AND NET ASSETS	¥ 399,174	¥ 362,438	\$ 2,978,910



Consolidated Statement of Income

TAKARA HOLDINGS INC. and consolidated subsidiaries
Year ended March 31, 2023

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
NET SALES	¥ 350,665	¥ 300,918	\$ 2,616,902
COST OF SALES	230,723	187,376	1,721,813
Gross profit	119,941	113,541	895,082
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	81,996	70,187	611,910
Operating income	37,945	43,354	283,171
NONOPERATING INCOME:			
Interest income	265	176	1,977
Dividends income	800	590	5,970
Rental income from real estate	176	157	1,313
Other	436	568	3,253
Total nonoperating income	1,678	1,492	12,522
NONOPERATING EXPENSES:			
Interest expenses	324	330	2,417
Foreign exchange losses	222	807	1,656
Other	370	477	2,761
Total nonoperating expenses	917	1,615	6,843
ORDINARY INCOME	38,706	43,230	288,850
EXTRAORDINARY INCOME:			
Gain on sale of noncurrent assets	264	88	1,970
Gain on sale of investment securities	674	—	5,029
Insurance claim income	678	100	5,059
Other	63	4,470	470
Total extraordinary income	1,681	4,658	12,544
EXTRAORDINARY LOSS:			
Loss on sale and retirement of noncurrent assets	499	407	3,723
Loss on voluntary product recall	—	1,190	—
Other	195	5,329	1,455
Total extraordinary losses	694	6,928	5,179
INCOME BEFORE INCOME TAXES	39,692	40,961	296,208
INCOME TAXES-CURRENT	10,144	11,900	75,701
INCOME TAXES-DEFERRED	857	(309)	6,395
TOTAL INCOME TAXES	11,001	11,590	82,097
NET INCOME	28,690	29,370	214,104
NET INCOME ATTRIBUTABLE TO THE NONCONTROLLING INTEREST	7,483	8,601	55,843
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 21,206	¥ 20,769	\$ 158,253

Consolidated Statement of Cash Flows

TAKARA HOLDINGS INC. and consolidated subsidiaries
Year ended March 31, 2023

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Income before income taxes	¥ 39,692	¥ 40,961	\$ 296,208
Depreciation and amortization	9,118	8,425	68,044
Impairment loss	—	185	—
Amortization of goodwill	998	875	7,447
Increase (decrease) in provision for sales promotion expenses	—	(2,049)	—
Interest and dividends income	(1,066)	(767)	(7,955)
Interest expenses	324	330	2,417
Insurance claim income	(678)	(100)	(5,059)
Loss (gain) on sale and retirement of non-current assets	235	319	1,753
Loss (gain) on sale of investment securities	(674)	—	(5,029)
Decrease (increase) in notes and accounts receivable-trade	2,634	(7,109)	19,656
Decrease (increase) in inventories	8,969	(21,235)	66,932
Increase (decrease) in notes and accounts payable-trade	(252)	3,920	(1,880)
Increase (decrease) in liquor taxes payable	(1,358)	281	(10,134)
Increase (decrease) in accrued consumption taxes	2,104	(1,890)	15,701
Increase (decrease) in other current liabilities	(1,261)	3,372	(9,410)
Other, net	835	(112)	6,231
Subtotal	59,621	25,406	444,932
Interest and dividends income received	1,053	787	7,858
Interest expenses paid	(340)	(334)	(2,537)
Income taxes paid	(15,535)	(10,253)	(115,932)
Proceeds from insurance income	678	100	5,059
Subsidies received	—	671	—
Net cash provided by (used in) operating activities	45,478	16,376	339,388
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:			
Payments into time deposits	(23,167)	(15,513)	(172,888)
Proceeds from withdrawal of time deposits	24,008	14,758	179,164
Purchase of property, plant and equipment and intangible assets	(10,618)	(14,762)	(79,238)
Proceeds from sale of property, plant and equipment and intangible assets	430	1,326	3,208
Purchase of investment securities	(517)	(43)	(3,858)
Proceeds from sale of investment securities	793	—	5,917
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,068)	—	(7,970)
Other, net	(334)	3,834	(2,492)
Net cash provided by (used in) investing activities	(10,474)	(10,399)	(78,164)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:			
Net increase (decrease) in short-term borrowings	(435)	66	(3,246)
Repayments of long-term borrowings	(363)	(55)	(2,708)
Proceeds from issuance of bonds	—	9,927	—
Redemption of bonds	(10,000)	—	(74,626)
Cash dividends paid	(7,305)	(4,147)	(54,514)
Dividends paid to noncontrolling interests	(1,579)	(763)	(11,783)
Repayments of lease obligations	(919)	(710)	(6,858)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,551)	(175)	(11,574)
Other, net	(61)	(8)	(455)
Net cash provided by (used in) financing activities	(22,215)	4,133	(165,783)
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	3,267	2,758	24,380
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,056	12,869	119,820
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	75,729	62,860	565,141
CASH AND CASH EQUIVALENTS AT END OF PERIOD	¥ 91,785	¥ 75,729	\$ 684,962



Major Consolidated Subsidiaries

(As of March 31, 2023)

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

Name	Address	Issued capital	Percentage of equity owned	Line of business
Takara Shuzo (Domestic Business)				
TAKARA SHUZO CO., LTD.	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
Takara Shuzo International Group (Overseas Business)				
TAKARA SHUZO INTERNATIONAL CO., LTD.	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 40602, U.S.A.	US\$250 thousand	(100.0%)	Sale of bourbon whiskey
Mutual Trading Co., Inc.	4200 Shirley Avenue, El Monte, CA 91731	US\$2,616 thousand	(70.7%)	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. Neysa Sur - 28021, Madrid, Spain	€143 thousand	(100.0%)	Import and wholesale of alcoholic beverages, foods, seasonings, etc.
Keta Foods, Lda	Parque Industrial - Olival das Minas, Rua dos Quintanilhas, No.2 2625-577 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

Takara Bio Group (Biomedical Business)

TAKARA BIO INC.	Nojihigashi 7-4-38, Kusatsu, Shiga 520-0058, 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, Geumcheon-gu, Seoul 08506, Korea.	₩3,860 million	(100.0%)	Sales of reagents and equipment

Others (Domestic Group Companies)

Taihei Printing Co., Ltd.	1 Butai-cho, Fushimi-ku, Kyoto 612-8338, Japan	¥90 million	100.0%	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 Yoki Co., Ltd.	20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8008, Japan	¥30 million	100.0%	Wholesale of glass bottles
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



Investor Information

(As of March 31, 2023)

Trade Name TAKARA HOLDINGS INC.

Business Holding company

Head Office 20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8688, Japan

Telephone +81-75-241-5130

Established September 6, 1925

Issued Capital ¥13,226 million

Company Representative Mutsumi Kimura, President

Website www.takara.co.jp/english

Stock and Investor Information

Common Stock

Authorized 870,000,000 shares
Issued and Outstanding 199,699,743 shares

Number of Shareholders 83,851

Stock Listings (Common Stock) Prime Market of Tokyo Stock Exchange, Inc.

Securities Code Number 2531

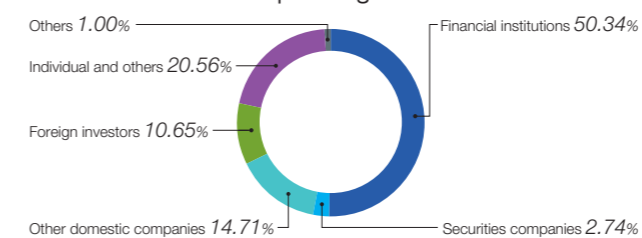
Shareholder Registry Administrator Mizuho Trust & Banking Co., Ltd. 3-3 Marunouchi 1-chome, Chiyoda-ku, Tokyo

Inquiries to Shareholder Registry Administrator Mizuho Trust & Banking Co., Ltd. Stock Agency Transfer Department 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-8507, Japan Telephone: 0120-288-324 (toll free, within Japan only)

Annual Meeting of Shareholders 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

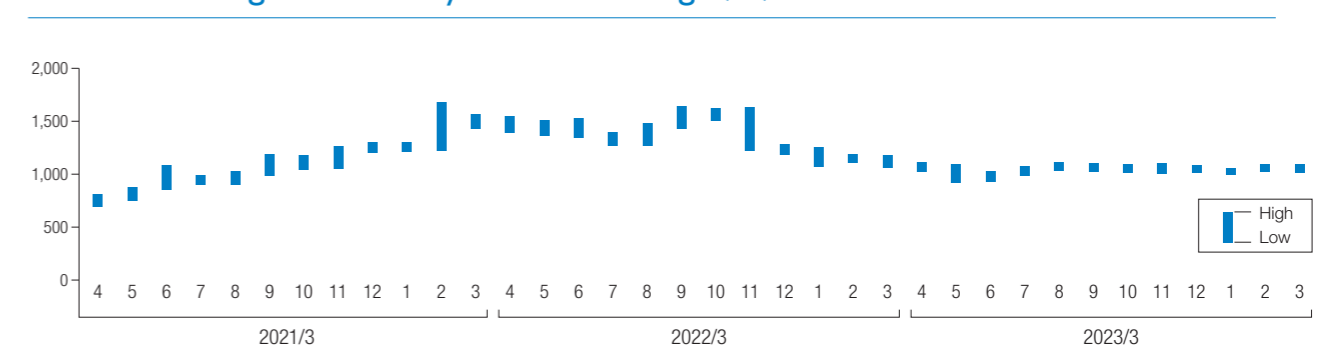
Name	Number of shares held (Thousand shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	35,910	18.16
Custody Bank of Japan, Ltd. (Trust Account)	16,994	8.60
Mizuho Bank, Ltd.	9,738	4.93
The Norinchukin Bank	9,500	4.81
Meiji Yasuda Life Insurance Company	5,370	2.72
Bank of Kyoto, Ltd.	5,000	2.53
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3,878	1.96
KOKUBU GROUP CORP.	3,489	1.77
Takara Group Employees' Shareholding Association	3,208	1.62
Japan Alcohol Trading CO., LTD.	3,000	1.52

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)





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