



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

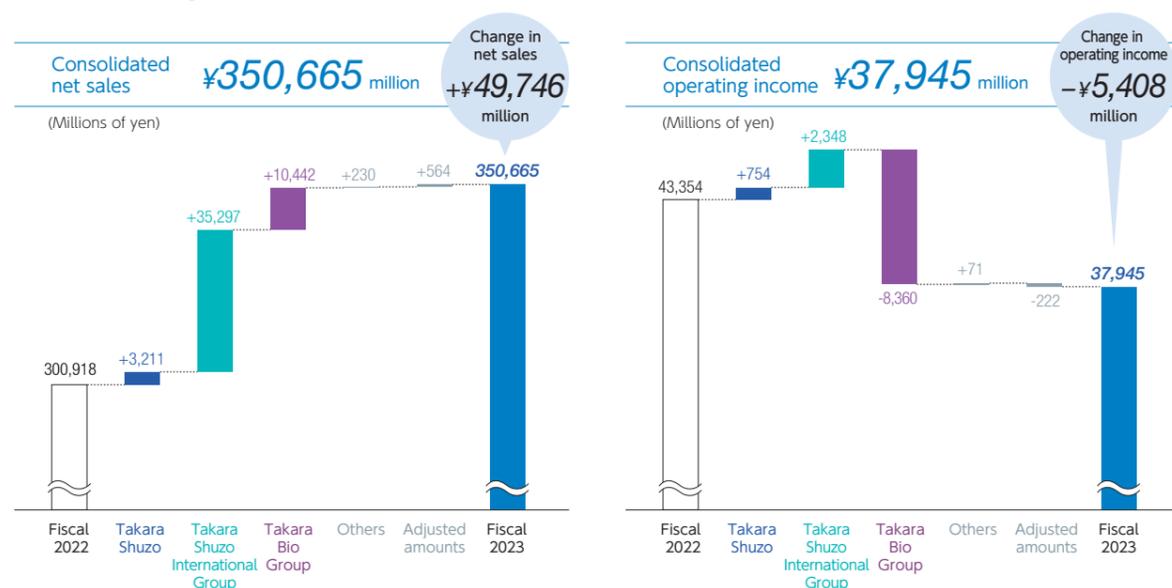
an incident were to happen again, we would have no choice but to exit the market. To ensure safety and reliability and fortify our production system, we will make robust capital investments and build systems to ensure that such an incident never happens again.

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



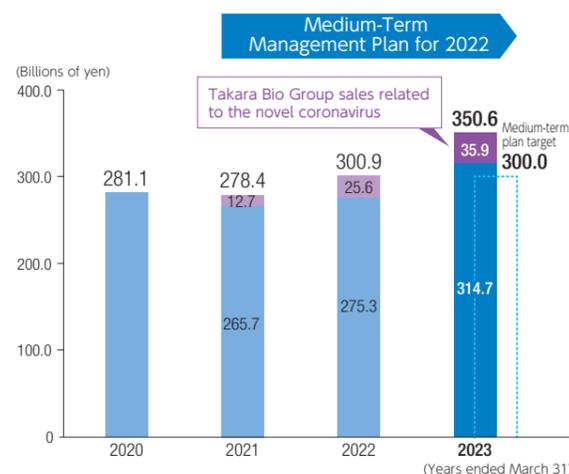
Review of Medium-Term Management Plan for 2022

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%).

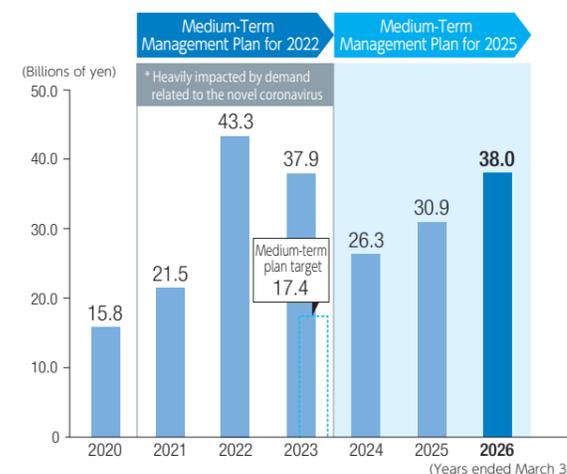
In addition, ROIC has been made a new management indicator as of this medium-term plan, and we set a target for ROIC of 7.5%, which exceeds the approximately 6% figure that is the WACC standard for Takara Holdings. In order to achieve this ROIC target going forward, we will strengthen monitoring of whether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

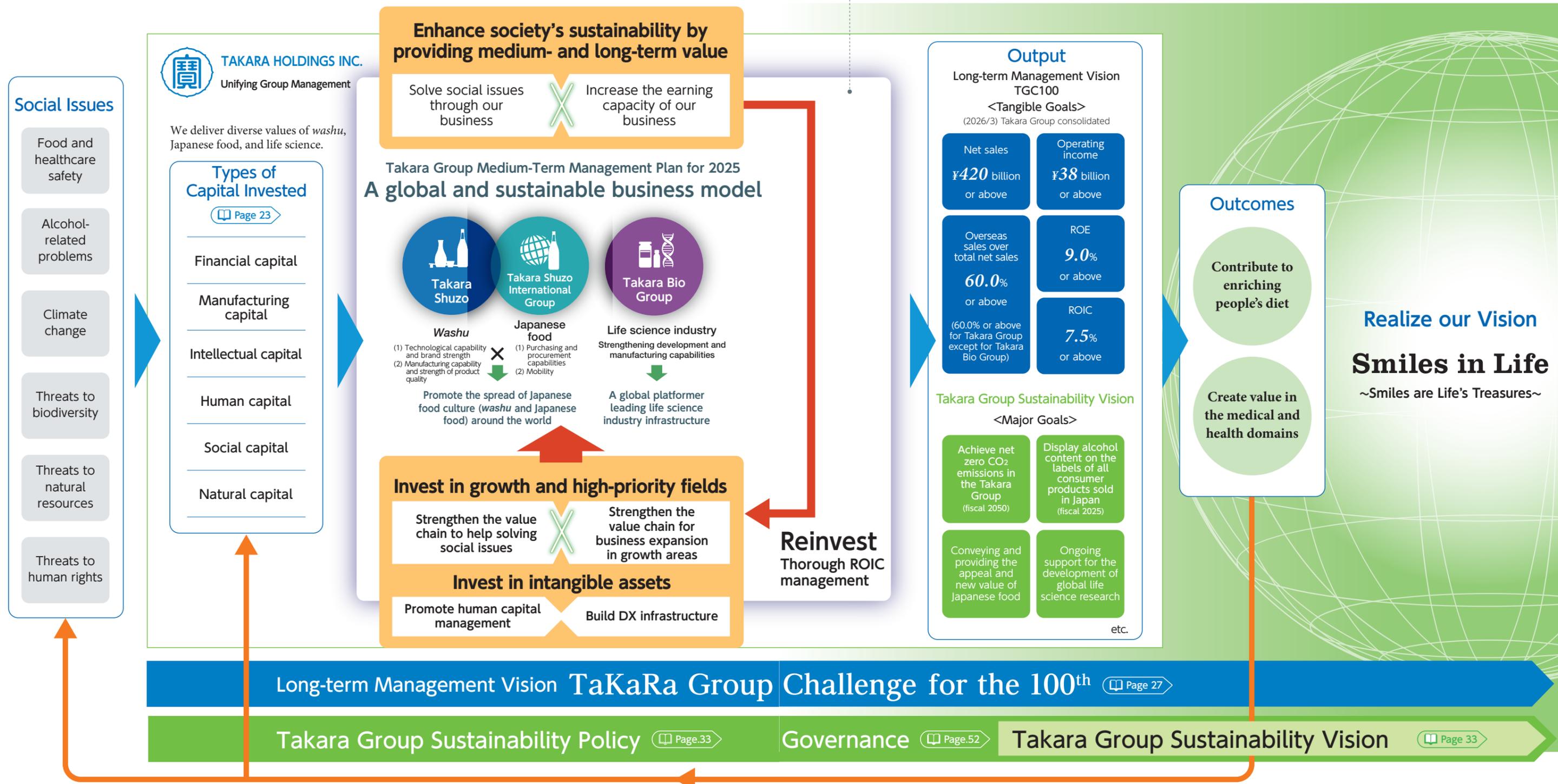


For the Takara Group, the preservation of rich natural environment is a major premise in continuing its business. As a corporate group engaged in food and healthcare businesses, the safety and reliability of its services is the most important theme. At the same time, we need to address a variety of social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

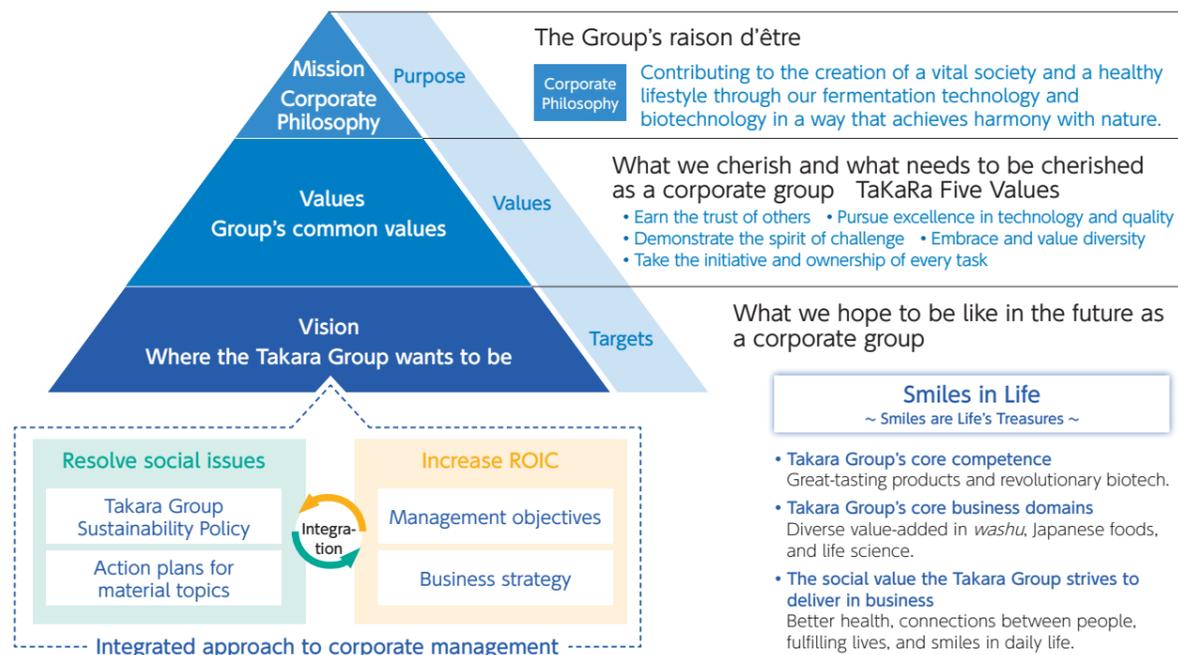
◆ Takara Harmonist Fund	
Number of grant recipients:	411
Cumulative total amount of grants:	¥194,461,000

(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)

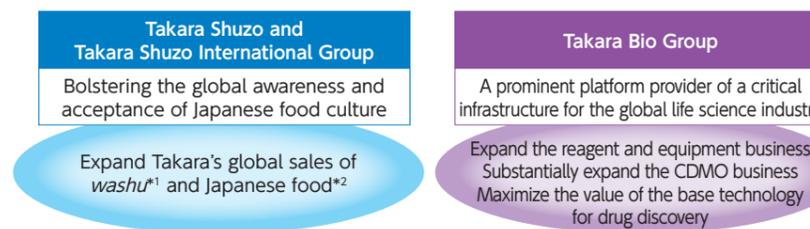
Net sales ¥420 billion or above	Operating income ¥38 billion or above	Overseas sales over total net sales 60.0% or above (60.0% or above for Takara Group except for Takara Bio Group)	ROE 9.0% or above	ROIC 7.5% or above
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<Reference> Tangible Goals for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

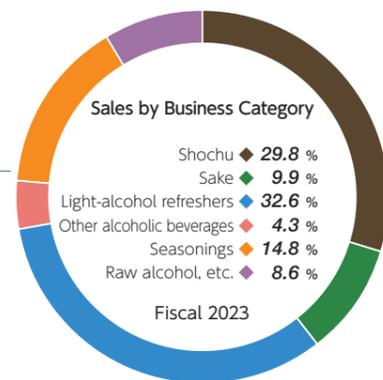
- 3 More aggressively invest in the Group's intangible assets, including human capital and IT (Motivate employees to have a greater sense of pride and purpose at work to achieve greater productivity and drive innovation)
 - We will renew our corporate culture and foster a sense of satisfaction by diversifying 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.

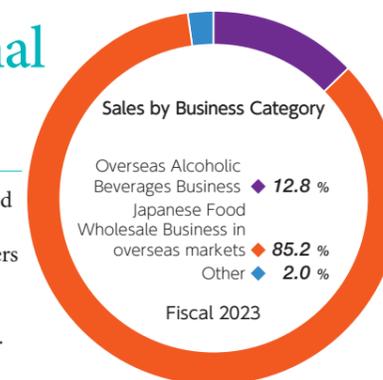
Takara Shuzo will collaborate with the Takara Shuzo International Group to actively expand exports with a focus on the development of *Sho Chiku Bai Shirakabegura Mio Sparkling Sake* into a global brand.

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.

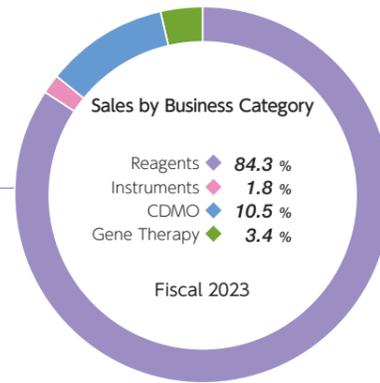


Sho Chiku Bai Shirakabegura Mio Sparkling Sake
 Sho Chiku Bai Shirakabegura Mio CLEAR Sparkling Sake



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.