



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.

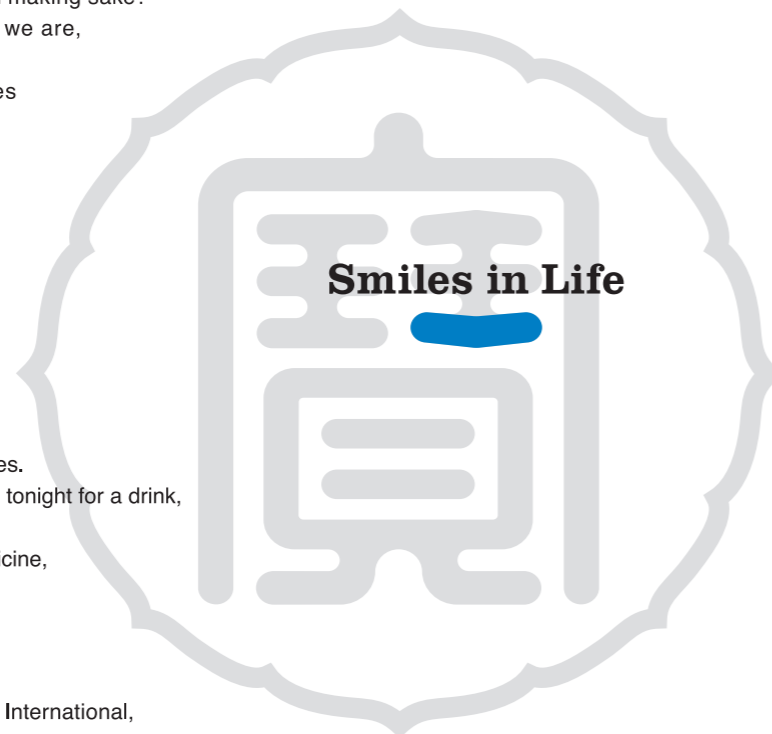
For over 180 years, we have been honing
our sake brewing technologies;
we have expanded our Japanese food
wholesale network globally,
and our sake production sites
can be found all over the world.
We also offer innovative biotechnologies,
such as regenerative medicine
and cell and gene therapy.

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.



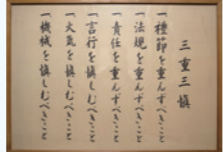




Reference Guidelines

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 Founded (The Yomo family's fourth-generation Unosuke began sake making business in Takenakacho, Fushimi.)	1925 Founded TAKARA SHUZO CO., LTD. (currently TAKARA HOLDINGS INC.)	1946 Announced Three Points of Importance, Three Points of Care as the company motto	1998 Issued the first edition of Green Ink Accounting Report, an environmental report	2002 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.	2017 Opened the Takara Holdings Corporate History Museum on the occasion of our 90th anniversary	2017 Spun off the overseas business of TAKARA SHUZO CO., LTD. to establish TAKARA SHUZO INTERNATIONAL CO., LTD.	2020 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 Registered the "寶 (Takara)" mark as a trademark for mirin	1977 Launched <i>Takara Shochu Jun</i> to reinvigorate shochu	1984 Launched <i>Takara Can Chu-Hi</i> as Japan's first canned Chu-Hi product	2001 Launched <i>Zenryo Imo Shochu Ikkomon</i> , brewed entirely with imo (sweet potato) and imo koji	2001 Completed <i>Sho Chiku Bai Shirakabegura</i> in Nada as a production base of high-quality sake	2006 Launched <i>Takara Shochu Highball</i> , a dry flavored chu-hi	2007 Launched <i>Gokujo Takara Shochu</i>	2011 Launched <i>Sho Chiku Bai Shirakabegura Mio</i>	2017 Launched <i>Takara CRAFT</i> , a chu-hi for limited local sales	2018 Launched <i>Takara Karakuchi Zero Ball</i> , a dry flavored non-alcohol chu-hi

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

									
1951 Started exporting the <i>Sho Chiku Bai</i> brand of sake to the U.S.	1983 Founded Takara Sake USA Inc. to start manufacturing and selling <i>Sho Chiku Bai</i> produced in the U.S.	1986 Acquired the assets and business right of The Tomatin Distillery Co. Ltd (UK)	1992 Acquired all shares of AADC Holding Company, Inc., the parent company of Age International, Inc. (U.S.)	1995 Founded Beijing Takara Foods Co., Ltd. (currently Takara Shuzo Foods Co., Ltd.) to start manufacturing <i>Sho Chiku Bai</i> produced in China	2010 Acquired shares of FOODEX S.A.S. (France) to enter the Japanese Food Wholesale Business in overseas market	2013 Acquired the management right of Tazaki Foods Ltd. (UK)	2016 Made Mutual Trading Co., Inc. (U.S.) into a subsidiary/Expanded Japanese food wholesale networks into the U.S.	2017 Accepted the capital increase of Nippon Food Supplies Company Pty Ltd (Australia) to make the company into a subsidiary	2020 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 Launched the first domestically produced "restriction enzyme" as a reagent for genetic engineering research (launched the Biomedical Business)	1988 Acquired the exclusive distribution right in Japan for a gene amplification system using the PCR technology	1993 Obtained a wide range of worldwide PCR-related patents license/Started manufacturing reagents for bioresearch in China	1995 Developed the RetroNectin® Method for highly-efficient gene transduction in hematopoietic stem cells	2004 Listed on the Tokyo Stock Exchange (TSE) Mothers	2005 Acquired the management right of U.S.-based Clontech Laboratories, Inc. (currently Takara Bio USA, Inc.)	2014 Completed the construction of the Center for Gene and Cell Processing/Started the CDMO business on a full scale	2016 Changed listing from the TSE Mothers to the First Section of the TSE	2020 Started operation of the Center for Gene and Cell Processing II	2020 Obtained the approval for manufacturing and selling Takara SARS-CoV-2 Direct PCR Detection Kit, an in vitro diagnostic

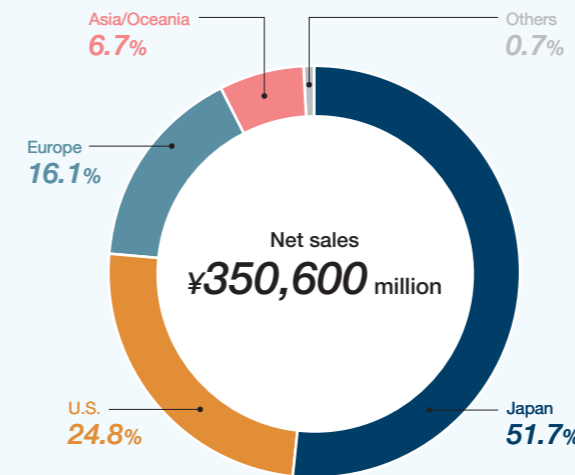
Takara Group in the World

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.

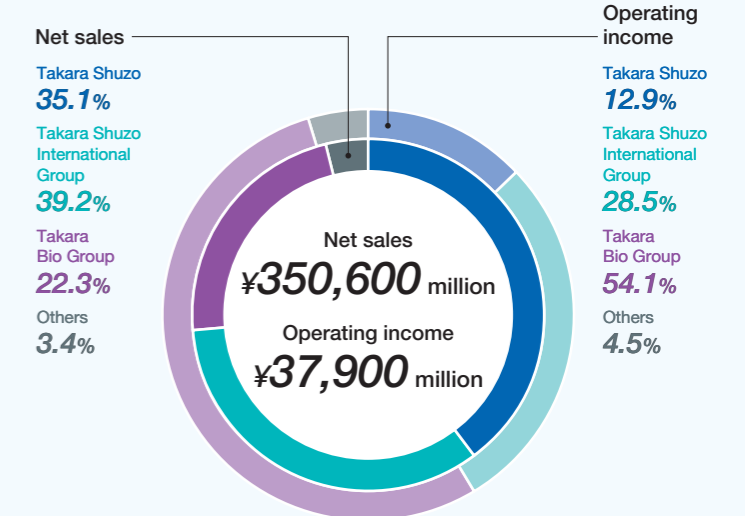
Corporate Profile



Net sales by region



Net sales and operating income by business



(Year ended March 31, 2023)

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

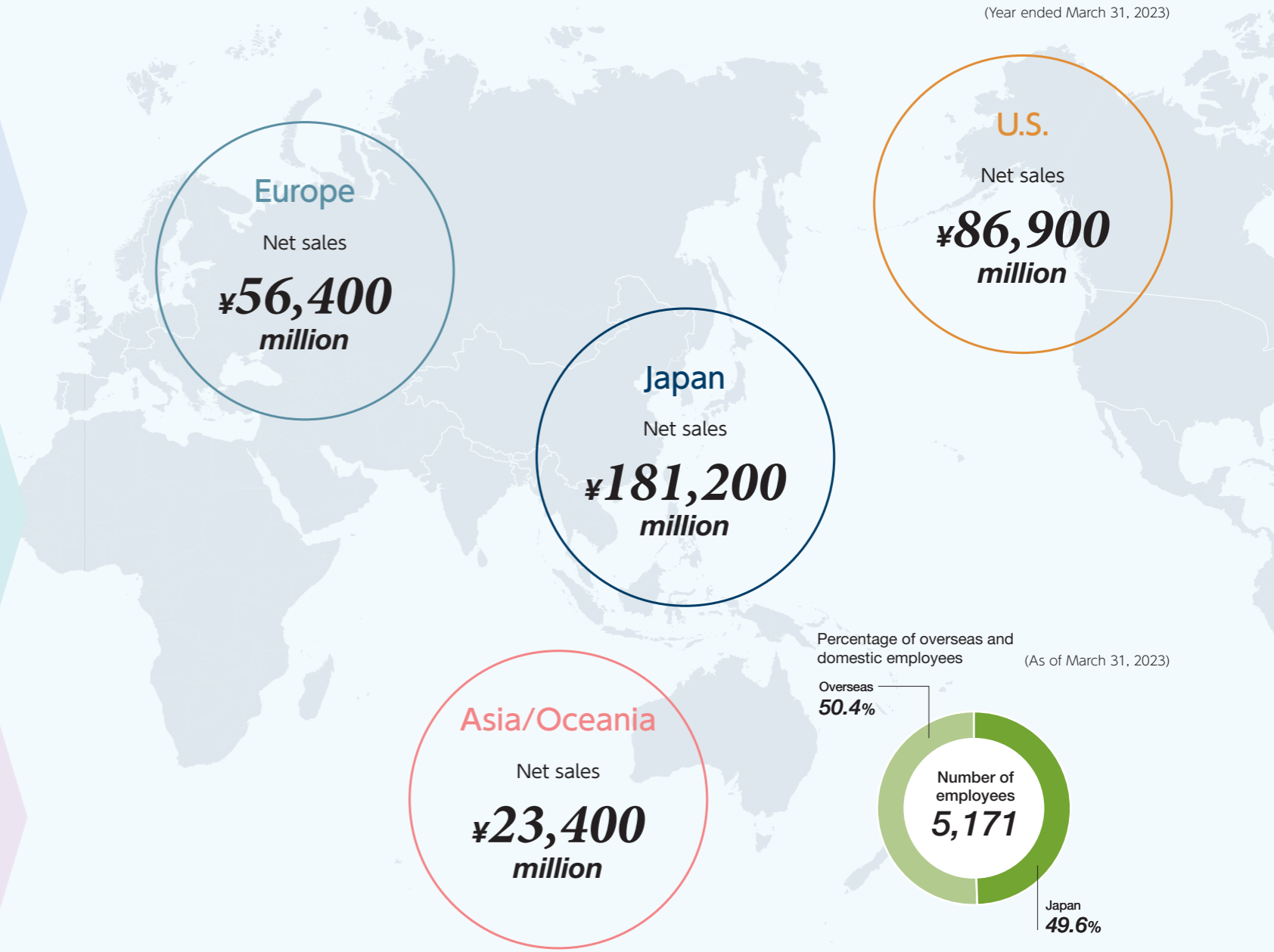


Takara Bio Group (Biomedical Business)

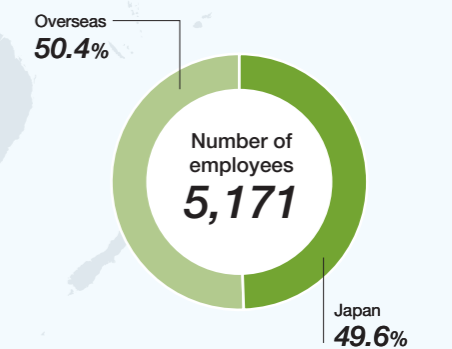


Contributing to the health of humankind through the development of revolutionary biotechnologies

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



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





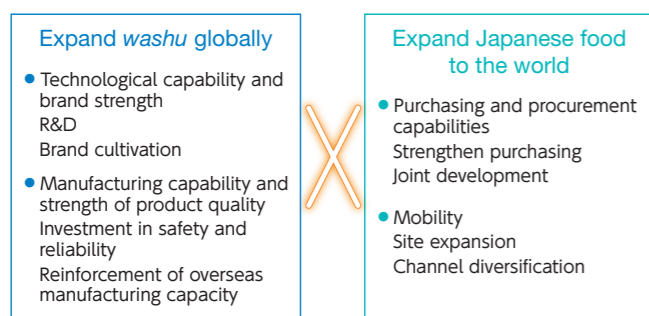
Special Topic 1 Collaboration between Takara Shuzo and the Takara Shuzo International Group

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](#)



Strengthen investment in growth and high-priority fields



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.

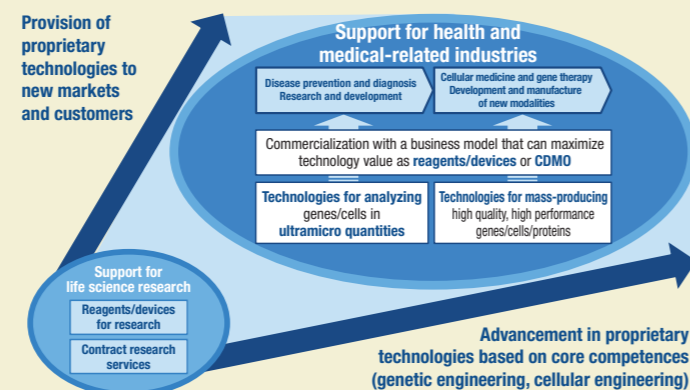
Modality	2020	2030	Annual growth rate
Gene and cell therapies			
Regenerative medicine	¥280.0 billion	¥2.6 trillion	28%
Ex vivo gene therapy	¥140.0 billion	¥2 trillion	31%
In vivo gene therapy	¥210.0 billion	¥2.9 trillion	30%

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.



Equipment used for mass production of virus vectors



Quality testing in progress



Isolator for aseptic operations

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

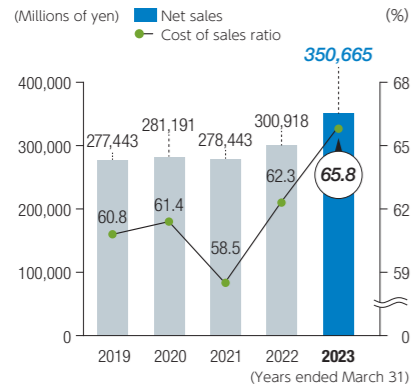


Examples of enzymes used in mRNA vaccine development
Left: BspQ I
Right: Recombinant RNase Inhibitor ver. 2.0

Financial Highlights

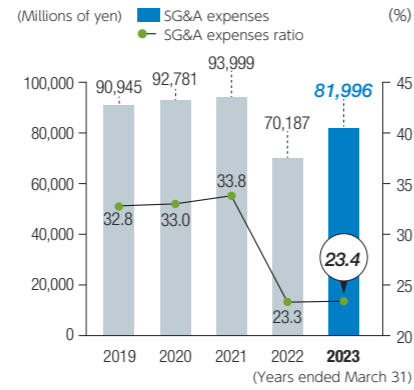
Net sales / Cost of sales ratio

¥350,665 million 65.8 %



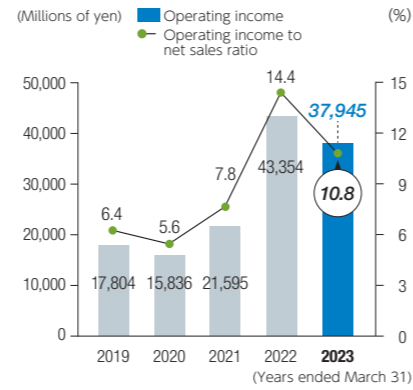
SG&A expenses / SG&A expenses ratio

¥81,996 million 23.4 %



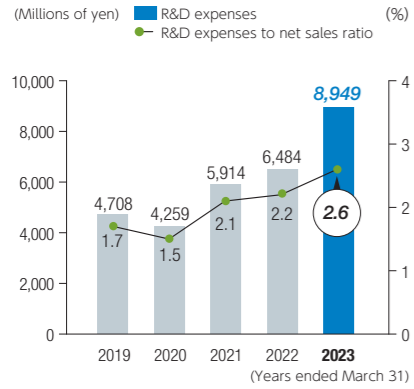
Operating income / Operating income to net sales ratio

¥37,945 million 10.8 %



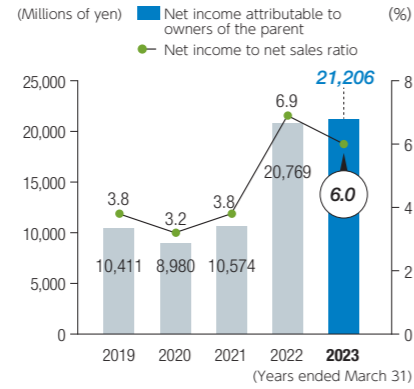
R&D expenses / R&D expenses to net sales ratio

¥8,949 million 2.6 %



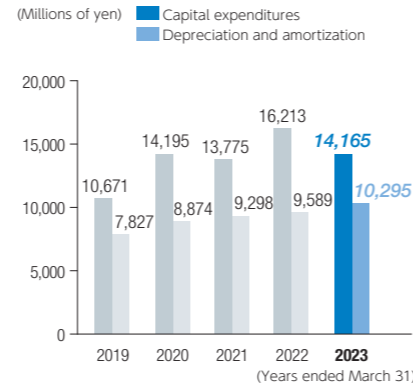
Net income attributable to owners of the parent / Net income to net sales ratio

¥21,206 million 6.0 %



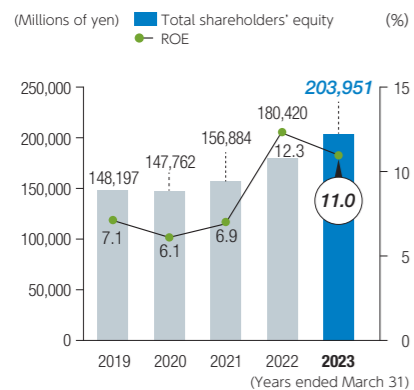
Capital expenditures / Depreciation and amortization

¥14,165 million ¥10,295 million



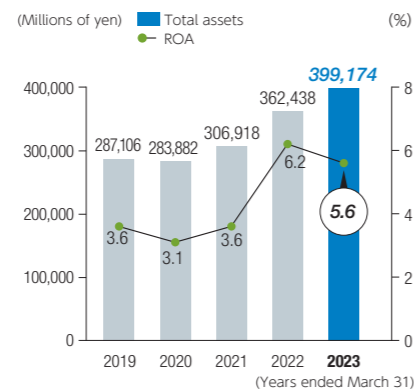
Total shareholders' equity / ROE

¥203,951 million 11.0 %



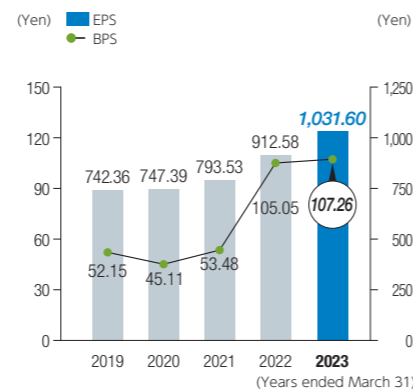
Total assets / ROA

¥399,174 million 5.6 %



EPS / BPS

¥107.26 ¥1,031.60

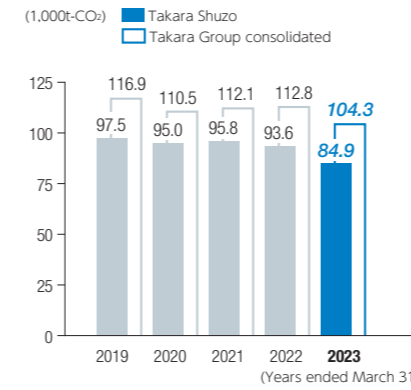


From the fiscal year ended March 31, 2022, in accordance with the adoption of the Accounting Standard for Revenue Recognition, a part of expenses that were previously accounted for as SG&A expenses were deducted from net sales. The net sales and SG&A expenses for the fiscal year ended March 31, 2021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

Non-Financial Highlights

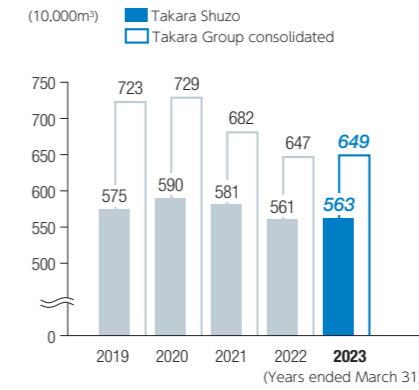
Production process CO₂ emissions

104,300 t-CO₂



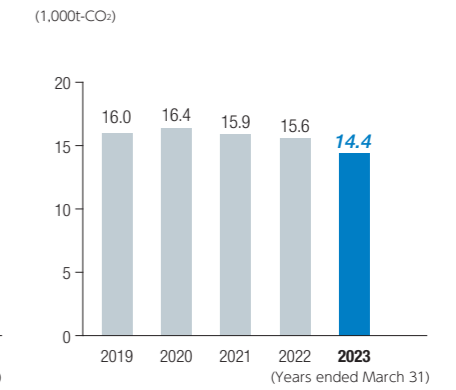
Volume of water used in production processes

6,490,000 m³



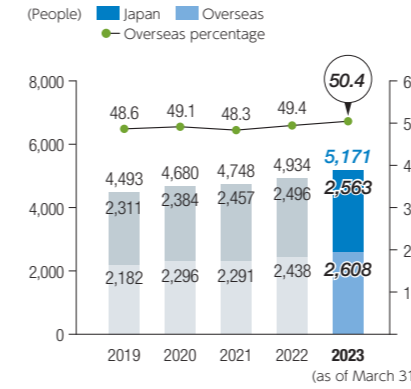
CO₂ emissions from transportation processes (Takara Shuzo)

14,400 t-CO₂



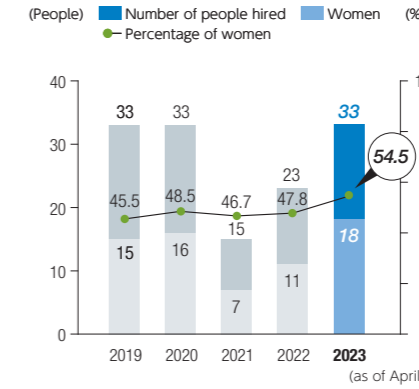
Percentage of overseas employees

50.4 %



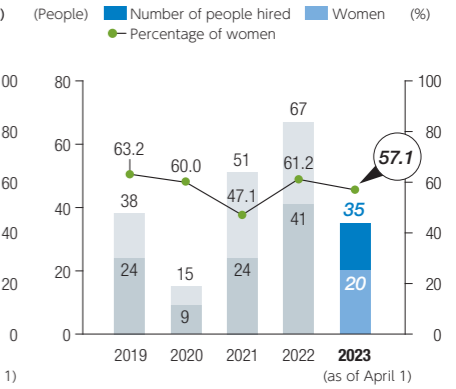
Percentage of women among college graduate new hires (Total of Takara Holdings, Takara Shuzo, and Takara Shuzo International)

54.5 %



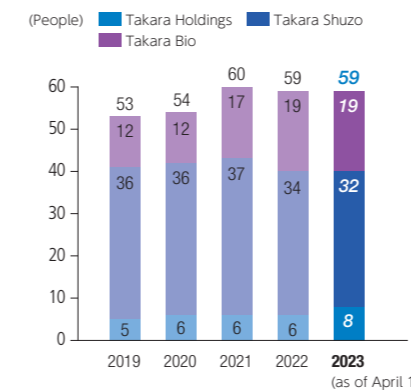
Percentage of women among college graduate new hires (Takara Bio)

57.1 %



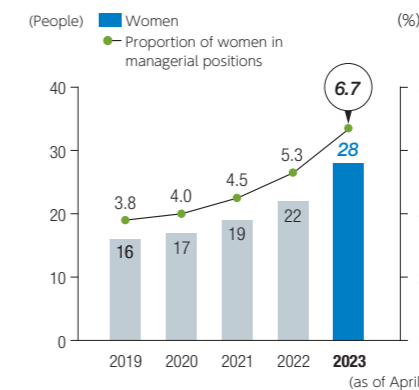
Number of employees with disability

59



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

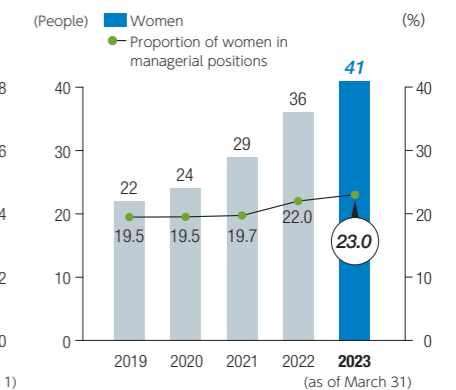
6.7 %



* Managerial position = manager or above

Proportion of women in managerial positions (Takara Bio)

23.0 %



* Managerial position = manager or above