



TaKaRa Group Report

2022

Integrated Report

TAKARA HOLDINGS INC.

Corporate Philosophy

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.

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We aim to contribute to Smiles in Life by further
increasing our presence in the global market through
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to realize sustainable growth and increase the
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Editorial Policy

The Takara Group Report is designed to provide our stakeholders with information on the initiatives we implement to improve the Group's corporate value. In the Special Topic, we featured Takara Shuzo International Group, which conveys the culture of *Washu* produced by Takara Shuzo to countries around the world, and Takara Bio Group, which delivers research reagents to biological researchers around the world. We would like to share what sort of value the Group is providing to society by explaining our long-term management vision, TaKaRa Group Challenge for the 100th (hereinafter, "TGC100"), the Takara Group Medium-Term Management Plan FY2023, which sets out our actions to achieve the Vision presented in TGC100, and our initiatives for sustainability.

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

Period covered: Fiscal year ended March 31, 2022 (April 2021 to March 2022)

* The Report refers to some of the initiatives taken before 2021 and in or after April 2022.

Reference Guidelines

International Integrated Reporting Framework by the International Integrated Reporting Council (IIRC)
Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry

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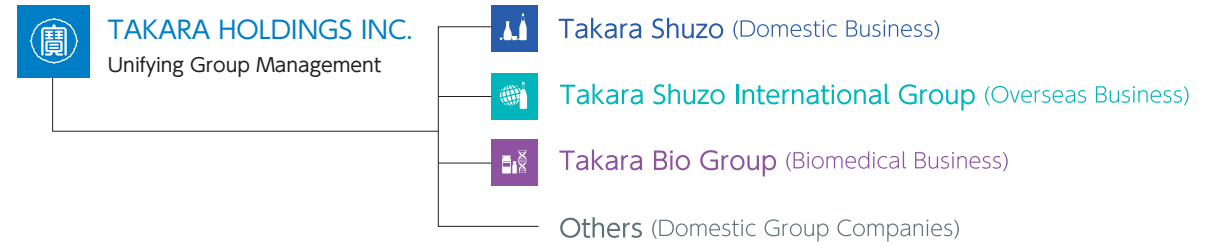
Statements in this report, other than those based on historical fact, concerning the current plans, prospects, strategies, and expectations of the Company and its Group companies represent forecasts of future results, or forward-looking statements. While such statements are based on the conclusions of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

Our History

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

Business History

Corporate Profile



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 *Takara Shochu Jun* to reinvigorate shochu
- 1984** Launched *Takara Can Chu-Hi* as Japan's first canned Chu-Hi product
- 2001** Launched *Zenryo Imo Shochu Ikkomon*, brewed entirely with imo (sweet potato) and imo koji
- 2001** Completed *Sho Chiku Bai Shirakabegura* in Nada as a production base of high-quality sake

Transition to value-added management leveraging our position as the top manufacturer of Japanese traditional alcoholic beverages

- 2006** Launched *Takara Shochu Highball*, a dry flavored chu-hi
- 2007** Launched *Gokujo Takara Shochu*
- 2011** Launched *Sho Chiku Bai Shirakabegura Mio*, a sparkling sake
- 2017** Launched *Takara CRAFT*, a chu-hi for limited local sales
- 2018** Takara Shuzo became No. 1 company in domestic sake sales volume

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

- 1951** Started exporting the *Sho Chiku Bai* brand of sake to the U.S.
- 1983** Founded Takara Sake USA Inc. to start manufacturing and selling *Sho Chiku Bai* 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 *Sho Chiku Bai* produced in China

Global expansion of washu, and expansion and improvement of Japanese food wholesale networks

- 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

Development of basic technologies for biological drug discovery through the research reagents and instruments business and the CDMO business

- 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

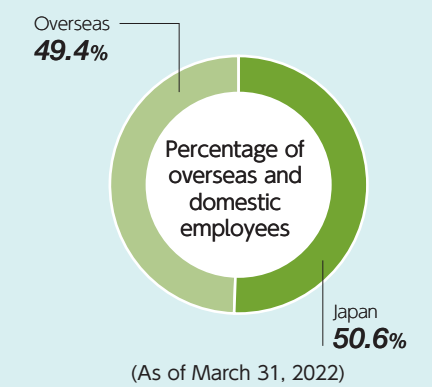
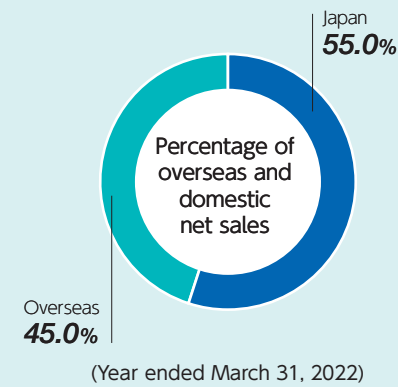
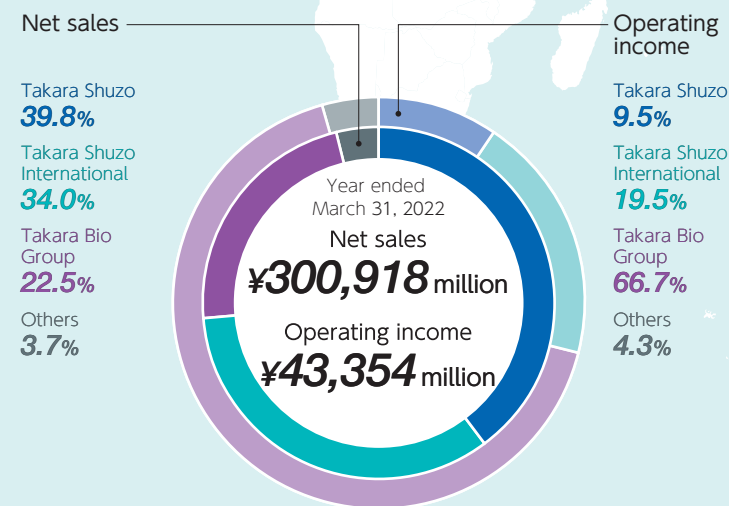
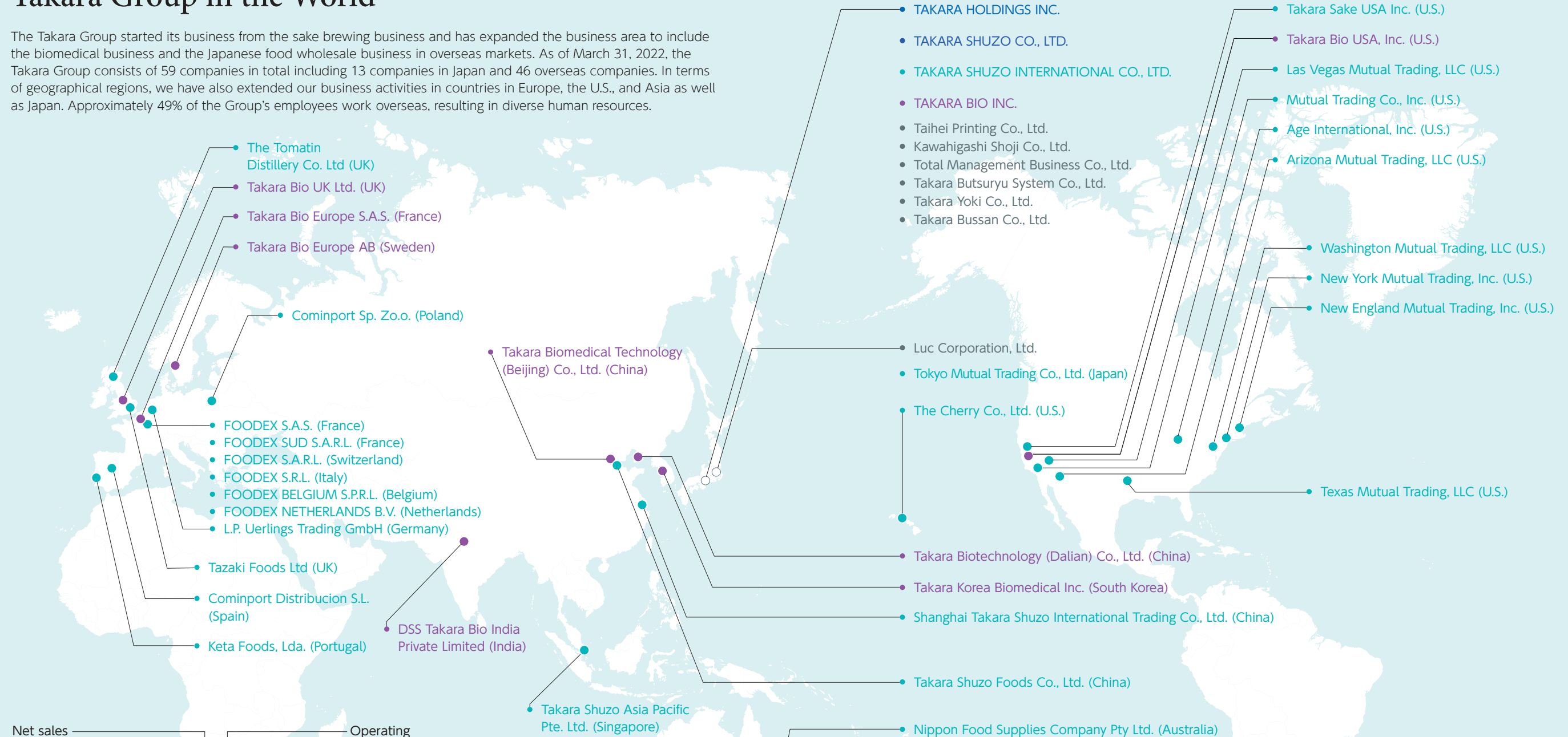
Takara Group's Developments

- 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 100th (long-term management vision) and Takara Group Sustainability Policy

Our Growth

Takara Group in the World

The Takara Group started its business from the sake brewing business and has expanded the business area to include the biomedical business and the Japanese food wholesale business in overseas markets. As of March 31, 2022, the Takara Group consists of 59 companies in total including 13 companies in Japan and 46 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 49% of the Group's employees work overseas, resulting in diverse human resources.





Delivering *Washu* Culture to People throughout the World

Japan's Popular Mio Sparkling Sake Presented to the World

Since its launch in 2011, *Mio Sparkling Sake* has created a new market for sparkling sake. The new style of sake was a hit with young people in their twenties and thirties who, while unfamiliar with sake, valued it as their perfect drink. Cumulative sales have surpassed 80 million bottles. The popularity of *Mio Sparkling Sake* has spread from Japan to the international market, bringing steady growth in the number of countries where it is sold. It has been introduced in 39 countries around the world, from the United States to Asia and Europe. Its popularity as a new style of Japanese sake continues to grow.

The Takara Group will work to build *Mio Sparkling Sake* into a global brand that is loved worldwide. As we do so, we will propose a rich diet through *washu* and Japanese cuisine and spread the culture of *washu* including Japanese sake to the people of the world.

From Japanese restaurants to American supermarkets

Since 1983, Takara Sake USA Inc. has been working on locally produced sake brewing using rice and water from the United States. It is also strengthening its imports of the internationally popular *Mio Sparkling Sake* and of high value-added sake. The *Mio Sparkling Sake* is particularly easy to drink among Japanese sake. Its fruity taste has made it increasingly popular as a new style of sake. At Takara Sake USA Inc., we have ramped up our sharing of social media content such as cocktail ideas. In addition to sales to Japanese restaurants and Japanese supermarkets, we have also expanded sales to American bars and supermarkets. As a result, in fiscal 2021, sales of *Mio Sparkling Sake* jumped to 251% year on year. In addition, Mutual Trading Co., Inc., a leading Japanese food wholesaler in the United States, has helped to promote *washu* culture in the United States. It operates the Sake School of America, a school that trains professionals in *washu*.



A shot from a lecture at Sake School of America



Tasting Room at Takara Sake USA Inc.

From Japan



Shirakabegura in Nada, Kobe, a sake production base that is highly regarded in Japan and overseas



Number of countries where *Mio Sparkling Sake* is sold

39

(January 2021 to December 2021, excluding Japan)



Sho Chiku Bai Shirakabegura *Mio Sparkling Sake*



To the World



UK A big hit at the HYPER JAPAN Festival: *Mio Sparkling Sake*

Japanese food has become increasingly popular in the UK over the past few years amid a trend toward healthy lifestyle choices. This has led to a gradual increase in the appreciation of sake. At HYPER JAPAN, the largest Japanese cultural event in the UK, sample bottles of *Mio Sparkling Sake* were sold at a special booth. The booth achieved sales of about 4,400 bottles this year, hitting a new record. *Mio Sparkling Sake* is particularly popular with young men and women. As it is carbonated, they find it easy to drink and they enjoy the sweet taste of the rice. In the future, we will continue to expand our core fan base who are interested in Japanese culture and convey the appeal of *Mio Sparkling Sake*. In addition, at Tazaki Foods Ltd., the largest Japanese food wholesaler in the UK, marketing managers specializing in *washu* share knowledge about Japanese sake such as *Mio Sparkling Sake* with restaurant heads and explain how to match sake with certain foods. This has helped to spread *washu*.



Sake marketing manager promotes *Mio Sparkling Sake*



L'ATELIER DU SAKE, Paris Showroom



A sake sommelier promotes *Mio Sparkling Sake*

FR Creating the image of "Sparkling sake = *Mio Sparkling Sake*"

Founded in Paris, France in 1992 and operating in nine European countries, the Foodex Group, Europe's largest Japanese food wholesaler network, strives to spread Japanese food culture in Europe. The popularity of sake in France has, in the past, revolved around Japanese restaurants. However, as Japanese food has grown in popularity, sake has gradually spread to French and fusion businesses that offer Japanese ingredients. In France, *Mio Sparkling Sake* is becoming the household name for sparkling sake. The drink has gained recognition as a new product of sake, mainly among people in their twenties, thirties and forties. It has become increasingly popular as an aperitif. The Foodex Group is working to spread *washu* culture. At its showroom in Paris, dedicated sommeliers introduce sake such as *Mio Sparkling Sake*, offering samples. Other initiatives include actively participating in events such as exhibitions.

Special Topic 2 Pioneer of Reagents for Bioresearch and PCR Technology

Contributing to Healthy Lifestyles Around the World Through Glocal Manufacturing and Sales Systems

Takara's Biomedical Business began with the production and sale of the first domestically produced bioresearch reagent "restriction enzyme" (four items) in 1979. In 1988, we became the first company in Japan to enter into an exclusive distribution agreement for a PCR system with a U.S. company, and we worked to sell and promote PCR testing. Since then, we have carried out product development and mergers and acquisitions, and we currently offer approximately 10,000 bioresearch reagents. These bioresearch reagents are manufactured in China, Japan, the United States and Europe. They are then supplied to bioresearchers worldwide from sales locations around the world.



Three Unique Research Reagent Brands

The COVID-19 pandemic triggered the widespread adoption of tests and vaccines that use biotechnology, such as PCR tests and messenger RNA vaccines. When we look at the world, extensive R&D activities using biotechnology are carried out in fields such as food, environment, and energy. Biotechnology has become a familiar part of our lives. Takara Bio Group is committed to building a glocal product development, manufacturing, and sales

system that aligns with the characteristics and needs of each region of the world in order to drive further use of biotechnology.

Takara Bio Group's research reagents consist of three unique brands: **TaKaRa**®, **Clontech**® and **Cellartis**®. With a glocal perspective, we support the diverse needs of biotechnology research worldwide from basic research to cutting-edge research and to industrial applications.

1 Takara Bio Inc. (Japan)

TaKaRa is a brand from Takara Bio. Since the advent of genetic engineering, Takara Bio has supported the development of biotechnology research through the supply of research reagents. In the field of PCR, Takara Bio covers a wide range of areas from basic research to industrial fields such as testing for pathogenic viruses. In addition, the gene transfer agent Retronectin® is widely used in gene therapy worldwide.

2 Takara Bio USA, Inc. (U.S.)

Clontech is a brand from Clontech Laboratories, Inc. (currently Takara Bio USA, Inc.). In the field of advanced biotechnology research that elucidates the functions of cells and genes, Clontech has a wide range of products that offer unique features such as genetic analysis and genome editing of ultra-low input samples such as single cells, and provides strong support for advanced biotechnology research in the world.

3 Takara Bio Europe AB (Sweden)

Cellartis is a brand from Cellartis AB (currently Takara Bio Europe AB), which was launched by researchers at the University of Gothenburg, Sweden. It provides research reagents necessary for basic research and applied development of stem cells such as iPSCs and ES cells. The brand is marked by a culture medium to culture stem cells while maintaining undifferentiation, as well as one that induces the differentiation of hepatocytes, neurons, etc.

Development and Manufacturing Locations of Takara Bio Group

1 Takara Bio Inc. (Japan)



2 Takara Bio USA, Inc. (U.S.)



3 Takara Bio Europe AB (Sweden)

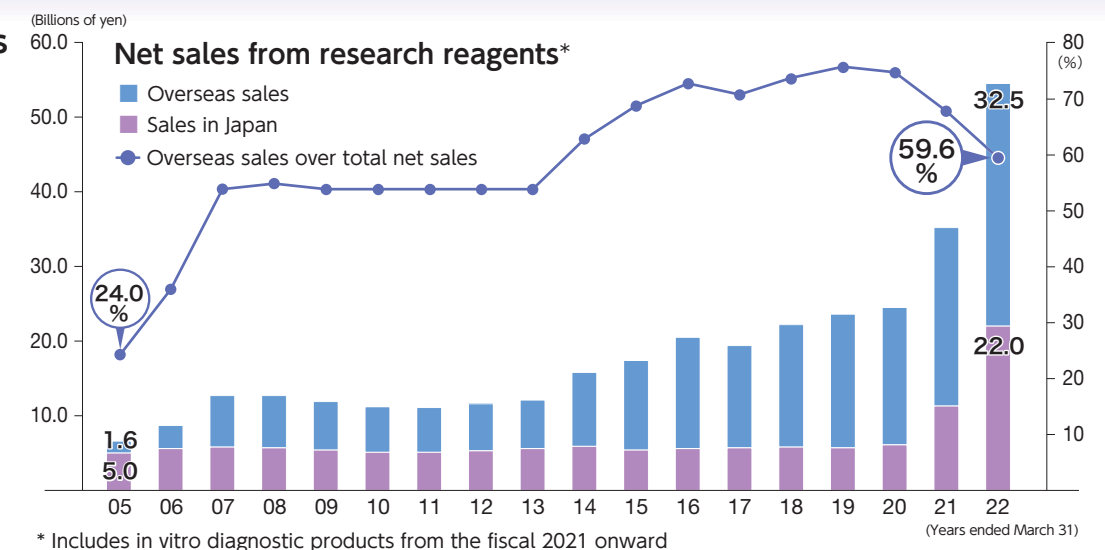


7 Takara Biotechnology (Dalian) Co., Ltd. (China)



Growth of Reagents Business

The reagent business, which began with the domestic sale of restriction enzymes, is actively engaged in expanding overseas sales and increasing its performance. In fiscal 2022, we worked to ensure a stable supply of COVID-19 testing products, achieving sales of ¥54.6 billion, a significant increase in Japan and overseas.

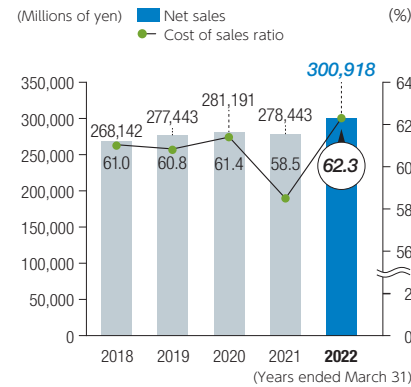


Takara Group's Snapshot

Financial Highlights

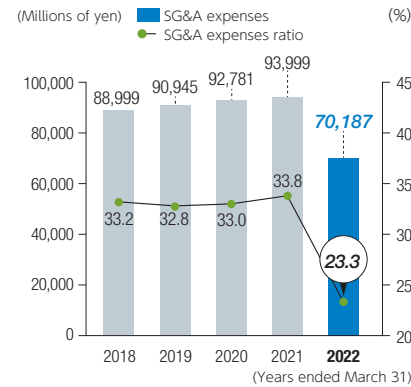
Net sales / Cost of sales ratio

¥300,918 million 62.3 %



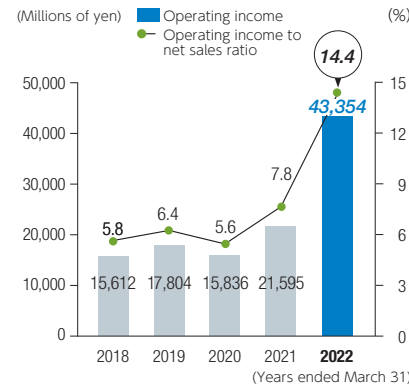
SG&A expenses / SG&A expenses ratio

¥70,187 million 23.3 %



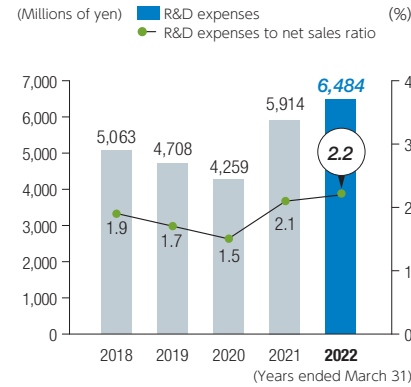
Operating income / Operating income to net sales ratio

¥43,354 million 14.4 %



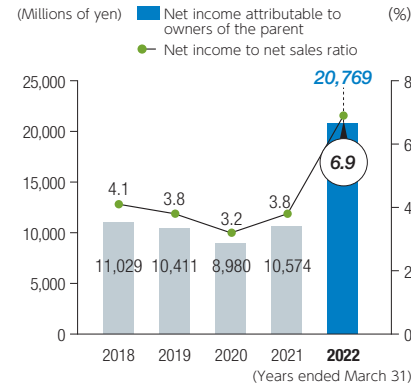
R&D expenses / R&D expenses to net sales ratio

¥6,484 million 2.2 %



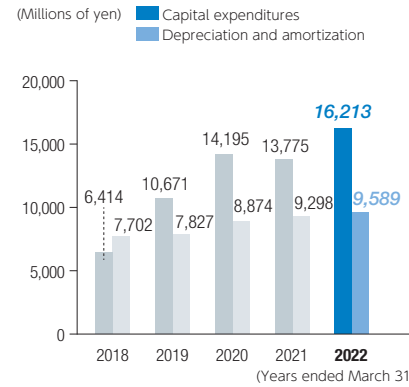
Net income attributable to owners of the parent / Net income to net sales ratio

¥20,769 million 6.9 %



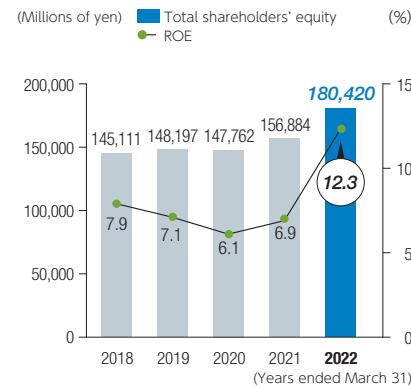
Capital expenditures / Depreciation and amortization

¥16,213 million ¥9,589 million



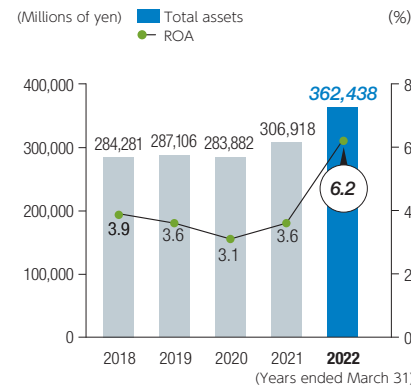
Total shareholders' equity / ROE

¥180,420 million 12.3 %



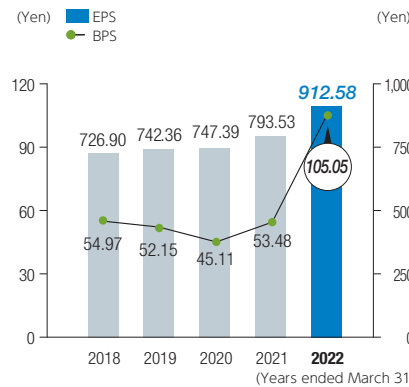
Total assets / ROA

¥362,438 million 6.2 %



EPS / BPS

¥105.05 ¥912.58

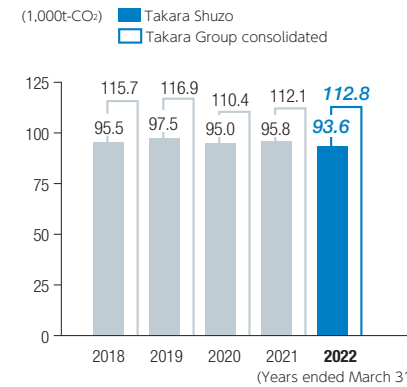


Notes: 1. The Company adopted Partial Amendments to Accounting Standard for Tax Effect Accounting from the fiscal year ended March 31, 2019, and some of the figures for the fiscal year ended March 31, 2018 have been restated.
2. From the fiscal year ended March 31, 2022, in accordance with the adoption 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.

Non-Financial Highlights

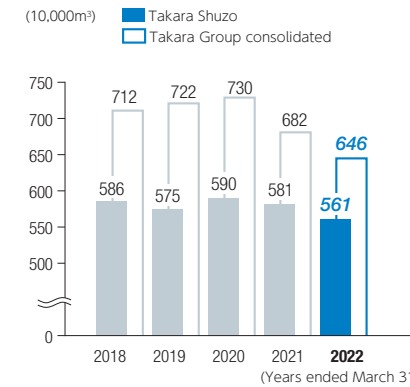
Production process CO₂ emissions

112,800 t-CO₂



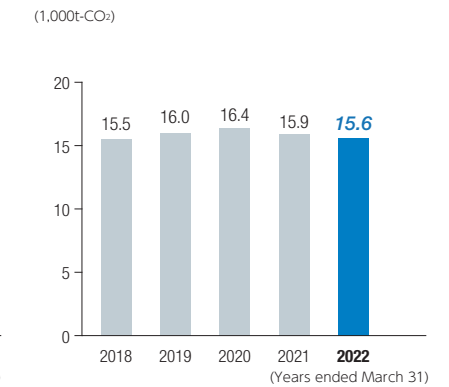
Volume of water used in production processes

6,460,000 m³



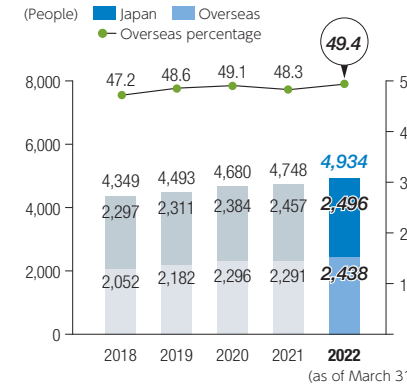
CO₂ emissions from transportation processes (Takara Shuzo)

15,600 t-CO₂



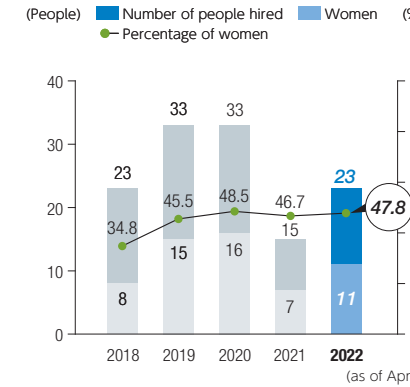
Percentage of overseas employees

49.4 %



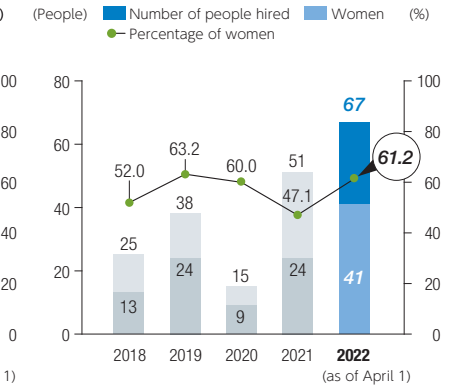
Percentage of women among college graduate new hires (Total of Takara Holdings, Takara Shuzo, and Takara Shuzo International)

47.8 %



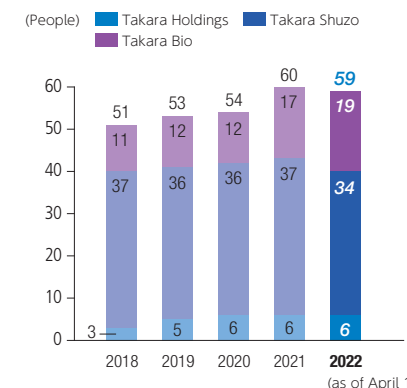
Percentage of women among college graduate new hires (Takara Bio)

61.2 %



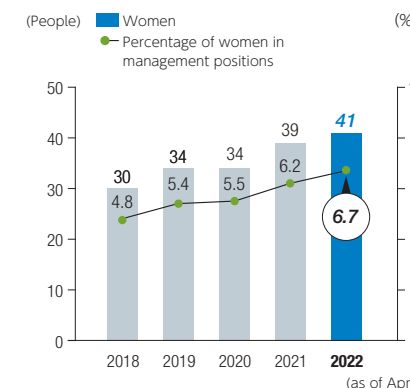
Number of employees with disability

59



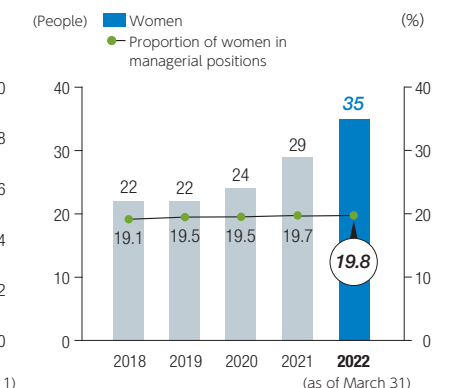
Percentage of women in management positions (Total of Takara Holdings, Takara Shuzo, and Takara Shuzo International)

6.7 %



Proportion of women in managerial positions (Takara Bio)

19.8 %



* Management position = assistant manager or above

* Managerial position = manager or above (including Acting Manager)

Message from the President



Mutsumi Kimura

Representative Director and President
TAKARA HOLDINGS INC.

We aim to contribute to Smiles in Life by further increasing our presence in the global market through business development that pursues the Essence of Takara.

Under a 20-year holding company structure, we promoted the independence and growth of the three businesses in the Takara Group

In 2022, Takara Holdings celebrated its 20th anniversary. Three businesses form the Takara Group today— Takara Shuzo, which is engaged in our Domestic Business, the Takara Shuzo International Group, which manages our Overseas Business, and the Takara Bio Group, which operates our Biomedical Business. By establishing a well-balanced business portfolio that is resilient to

changes in the environment with these three businesses, we have, over the course of two decades, expanded our operating income from ¥8.6 billion to ¥31.7 billion (forecast for fiscal 2023).

Takara Bio was founded with the aim of making our Biomedical Business independent and self-supporting. When the company spun off in 2002, I myself participated as a founding member of

Takara Bio, but we started with a loss-making business. In 2004, we worked with project members to list on the Mothers section of the Tokyo Stock Exchange, and by fiscal 2008, we achieved an operating surplus. Takara Bio then moved to the First Section of the Tokyo Stock Exchange in 2016, and since then, it has been on a steady growth path.

In our Overseas Business, in addition to our operations in manufacturing and selling alcoholic beverages in overseas markets, we entered the international Japanese food wholesale business in 2010. In 2017, we established Takara Shuzo International to accelerate the growth of the Overseas Business and in the five years since then, the Takara Group's overseas sales ratio has increased to 45%. [Page 06](#) →

Looking at each of the three businesses of Takara

Holdings for fiscal 2022, both sales and operating income exceeded pre-COVID-19 levels in the Takara Shuzo International Group thanks to a recovery in the overseas restaurant market from the impact of the COVID-19 pandemic in addition to diversified sales channels and improved cost ratio. The Takara Bio Group significantly expanded its performance due to an increase in PCR testing products for COVID-19, as well as an increase in reagents for general research. Meanwhile, Takara Shuzo experienced a decline in operating income due to lower net sales caused by a sluggish commercial market and also due to higher raw material costs. However, the Takara Group as a whole recorded a record high in net sales and all profit items. Although the COVID-19 pandemic created exceptional demand, even excluding its effects, we are continuing to grow over the long term. [Page 19](#) →

Message from the President



We are working to build a business portfolio that is resilient to environmental changes by constantly taking on challenges

The Takara Group operates three businesses globally that are solidly independent and we aim to realize sustainable growth in Japan and overseas and to improve the Group's corporate value. Recently, unforeseen events have occurred one after another, from the COVID-19 pandemic to soaring raw material prices and sharp fluctuations in exchange rates, but the Takara Group is continuing to grow its overall performance.

The background to our business portfolio has been a journey of constant challenges in new areas as we worked to achieve sustainable growth as a company. In the 1960s, our beer business failed and the survival of the company itself fell into jeopardy. Given that experience, we have been keenly aware of the need to continue our company. In the 2000s, we had to make another withdrawal when we exited the beverage business. But we have constantly pursued growth through new challenges. As our Takara Holdings Corporate History Museum shows, the Takara Group's history truly is a history of embracing challenges.

For example, after withdrawing from the beer business, we searched for new business opportunities. In the end, we arrived at

biotechnology, mainly genetic engineering technology, which led to our Biomedical Business of today. Amid the long-term shrinking trend of the domestic market for alcoholic beverages due to changes in demographics and in consumer preferences, we challenged the international market.

Recently, our Overseas Business, mainly the overseas restaurant market, encountered a temporary but severe impact from the unexpected situation of the COVID-19 pandemic. The Biomedical Business, however, responded to the demands of society, enabling it to greatly improve its performance. While the commercial-use alcoholic beverages business struggled due to the COVID-19 pandemic, Takara Shuzo was able to meet growing demand in the home consumption market, which had been one of its original strengths. The Takara Group's advantage is that our businesses are structured to complement each other in response to changes in the business environment. Under Takara Holdings, each Takara Group company operates independently and we believe that we have established a business portfolio that is resilient to changes in the environment.

In creating new business opportunities, we have focused on future potential and growth while making a comprehensive judgment as to whether there are stronger competitors, whether we can build barriers to entry, and whether the business is something we can handle on our own. Rather than

trying to copy other companies, we have sought to create business models that align with our own *raison d'être*. We have expanded our business by competing in markets where we can apply strengths that other companies lack. [Page 03](#) →

We will promote Japanese food culture to the world and aim to be a global market leader in *washu* and Japanese food

Takara Shuzo International Group is accelerating its efforts for growth against the backdrop of the global Japanese food market, which is expected to continue to grow further. In addition to Japanese food, we aim to spread Japanese food culture throughout the world and become a leading company in the global *washu* and Japanese food markets by conveying the delicious taste of *washu* such as sake and shochu, which are traditional Japanese alcoholic beverages.

The origins of our Overseas Business date back to the 1980s. As interest in sake was growing along with a boom in Japanese food in the United States, Takara Shuzo sought to enter the United States sake market. Takara Sake USA Inc. was founded in 1983 and started producing and selling *Sho Chiku Bai* using rice grown in California. This business model, production and sale of alcoholic beverages, is similar to Takara Shuzo's domestic business and it started in the United States and expanded to the UK and China.

In 2010, we partnered with FOODEX S.A.S., one of France's largest wholesalers of Japanese food, to launch a Japanese Food Wholesale Business in overseas markets. This was a challenge for a new business model for our group. Since then, we added to our Group Tazaki Foods Ltd. in the UK in 2013, Cominport Distribución S.L. in Spain in 2014, Keta Foods, Lda in Portugal and Mutual Trading Co., Inc. in the United States in 2016, and Nippon Food Supplies Company Pty Ltd in Australia in 2017. In this way, we have expanded our network and established operations in 15 countries around the world. While mergers and acquisitions have been at the core of our business expansion, we have not simply used money to buy time. Instead, we have grown steadily to date by emphasizing shared values with our partners and the alignment of our goals with theirs.

Breakdown of changes in consolidated financial results for fiscal 2022



* From the fiscal year ended March 31, 2022, in accordance with the adoption of the Accounting Standard for Revenue Recognition and other standards, a part of expenses that were previously accounted for as SG&A expenses were deducted from net sales. The adoption had an impact of ¥29,000 million for Takara Shuzo and ¥28 million for Takara Shuzo International Group. If the Accounting Standard for Revenue Recognition and other standards had not been applied, consolidated net sales would be ¥329,947 million.

Message from the President

We will focus on bolstering our three businesses in a changing market environment

At present, the combination of these three businesses of the Takara Group is functioning well, and we believe that it is important to maintain this structure and accurately address the respective issues in the three businesses.

Looking back over the past 20 years, we were not expecting our current performance from the start. We knew that Japan's demographics meant that the expansion of our business domain overseas was important. In light of this, we have been building our portfolio by assessing the business environment. While our formation is close to being complete, there are still many issues that need to be addressed. We will focus on bolstering each business by addressing each of these issues.

Particular emphasis is placed on developing overseas strategies through close collaboration between Takara Shuzo and Takara Shuzo International Group. Currently, Takara Shuzo and Takara Shuzo International Group's combined overseas net sales account for nearly 50% of total net sales, and we are making steady progress in developing overseas markets.

In recent years, the sparkling sake *Sho Chiku Bai Shirakabegura Mio Sparkling Sake* has been growing

in the United States, our largest export market, as well as in Asian countries such as Hong Kong and Singapore, and in Europe. In the last decade, our export volume of drink has grown sevenfold, and the number of countries where it is sold has increased to 39. However, the sales volume in overseas markets is only one-fifth of that of Japan. My hope is that we can bring that sales volume at least to the level of Japan.

As a company in the alcoholic beverage business and Japanese food wholesale business, our ultimate goal is to spread the sake of Takara Shuzo to the world. *Washu* is basically a product that is enjoyed with food. For people to become familiar with *washu*, it is vital to spread Japanese food culture around the world. Takara Shuzo International will establish a system to sell safe, reliable, and world-class products produced by Takara Shuzo in overseas markets. [Page 07](#) →

The business outlook of Takara Bio is to accelerate the development of bio-drug discovery platform technologies through the reagents and scientific instruments businesses and the CDMO business, and to become a drug-discovery company that keeps creating new modalities. In the medium to long term, we hope that it can become a platformer that is able to provide the platform technology for drug discovery. [Page 09](#) →

We will promote shared values and sustainability management through the TaKaRa Five Values

Takara Group has a corporate philosophy, "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" and this is a

corporate philosophy that has remained unchanged throughout the Group. Under the Long-term Management Vision "TaKaRa Group Challenge for the 100th" which runs through fiscal 2026, we have set "Smiles in Life" as where the

TaKaRa Five Values

What we cherish and what needs to be cherished as a corporate group

Earn the trust of others

Pursue excellence in technology and quality

Demonstrate the spirit of challenge

Embrace and value diversity

Take the initiative and ownership of every task

Takara Group wants to be. The "Life" in "Smiles in Life" refers to "living" or "lifestyles" but also to "life" in the biological sense. "Smiles in Life" is an appropriate phrase for the Takara Group, which provides diverse value in the *washu* and Japanese food market and the life science industry through Takara Shuzo, Takara Shuzo International Group and Takara Bio Group, and we hope to contribute to various "lives" in the future. [Page 25](#) →

Furthermore, in order to realize our corporate philosophy, we formulated the TaKaRa Five Values, which expresses what we value and should do as a company, as values shared by the entire group. The five values of "Earn the trust of others," "Pursue excellence in technology and quality," "Demonstrate the spirit of challenge," "Embrace and value diversity," and "Take the initiative and ownership of every task" form the foundation of the Group's mindset. The first three, "Earn the trust of others," "Pursue excellence in technology and quality," and "Demonstrate the spirit of challenge," are not new. These are values that we have inherited from our long history. In addition, we have added two new values that Takara Group, now a global company with a diverse workforce, emphasizes: "Embrace and value diversity" to value diversity and demonstrate individual strengths, and "Take the initiative and ownership of every task" to handle matters with a sense of ownership.

In order to reinforce the core of our business, we believe that it is important for the approximately 5,000 people of the Takara Group to share our values through the "TaKaRa Five Values" and to sympathize with the vision of where we want to be. [Page 27](#) →

As part of our sustainability efforts, the Group has established the Takara Group Sustainability Policy, which identifies ten materialities. In June 2021, we announced the Takara Group Sustainability Vision, which includes specific medium- to long-term goals based on the Sustainability Policy. This is published on our sustainability page. [Page 35](#) →

As one of our commitments to being a "Responsible Alcohol Producer," we display the alcohol content of our alcoholic beverages. At Takara Shuzo, *Takara Can Chu-Hi Sumika*, which was released in 2021, was the first brand of the company to display the amount of alcohol contained. We are also displaying such information on other products such as *Shochu Highball* in phases. We plan to display the information on packages of all consumer products sold in Japan, except for alcohol-based seasoning, by fiscal 2025.

Meanwhile, we also position the harmonization of its business activities with global environmental

preservation as one of our key challenges, and are actively implementing these initiatives. The Takara Group recognizes that climate change is an important issue that has an impact on the sustainability of its business. We will continue to consider and respond to climate change issues in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD), disclose relevant information, and engage in dialogue with stakeholders.

In addition, as ethical consumption is expected to increase as a business opportunity due to climate change, Takara Shuzo is focusing on developing products that meet the needs of the times, such as *Takara Craft*, a chu-hi for limited local sales, and *Takara Can Chu-Hi Sumika*, a chu-hi made with domestically produced lemons.

In fiscal 2022, Takara Group will continue to respond agilely to changes in the business environment, addressing management issues one by one with sincerity. I would sincerely appreciate the continued unwavering support of our stakeholders.



Message from the Director in Charge of Finance

We will work to improve profitability and efficiency to realize sustainable growth and increase the corporate value of the Group.

Keisuke Mori

Director
(Business Management, Financial & Investor Relations, Accounting, Business Support & IT Promotion)



Business performance in the fiscal year ended March 31, 2022

For the fiscal year ended March 31, 2022, Takara Shuzo International Group in our Overseas Business reported an increase in net sales due to a rapid recovery in the restaurant market in major cities, which had been stagnant due to the spread of COVID-19, as well as the diversification of sales channels, including retail stores and online sales. The Takara Bio Group significantly expanded its performance due to the growth of PCR testing products for COVID-19, as well as strong sales of reagents for general research. On the other hand, while in our Domestic Business, Takara Shuzo experienced a decline in sales due to the impact of voluntary restraint of restaurant operations and a voluntary recall of light alcohol refreshers in May 2021, net sales for the entire Group were at a record high at ¥300,918 million (up 8.1% year-on-year). In addition, the overseas sales ratio grew to 45%.

Although Takara Shuzo recorded a drop in operating income due to lower sales and higher raw material prices, operating income rose significantly

at both Takara Shuzo International Group and Takara Bio Group due to higher net sales and improved cost ratios. The entire Takara Group's operating income increased to ¥43,354 million (up 100.8% year-on-year), ordinary income increased to ¥43,230 million (up 97.1% year-on-year), and net income attributable to owners of the parent increased to ¥20,769 million (up 96.4% year-on-year), all reaching record highs.

Takara Group's Financial Strategy

The Takara Group has a three-year medium-term management plan, the Takara Group Medium-Term Management Plan FY2023, which will end in fiscal 2023. The Financial Policy under this plan states that we will "make growth investments with an awareness of improving investment efficiency based on the maintenance of a sound balance sheet, enhance profitability and efficiency to improve ROE," and "provide appropriate shareholder returns based on sustainable earnings growth."

In terms of ROE, we have set a target of 8% or more for the fiscal year ending March 2026, the final year of our long-term management vision, and we aim to achieve 7% or more in the Medium-Term Management Plan FY2023. In the fiscal year ended March 2022, ROE was 12.3% due to the rapid expansion of PCR testing-related products for COVID-19 in the Takara Bio Group, and ROE is expected to be 9.2% in the forecast for the fiscal year ending March 2023. In order to increase ROE, we will continue to improve profitability and efficiency by accelerating efforts to further develop our traditional strengths and reinforce our weaknesses, such as by monitoring management indicators related to ROIC improvement and re-accelerating growth investments that had stalled with the COVID-19 pandemic.

In terms of shareholder returns, our policy is to continue stable dividend payments with a payout ratio in the upper 30% mark in line with sustainable profit growth. The dividend for the fiscal year ended March 2022 was ¥37 per share (dividend payout ratio of 35.2%), an increase of ¥16 from the previous fiscal year.

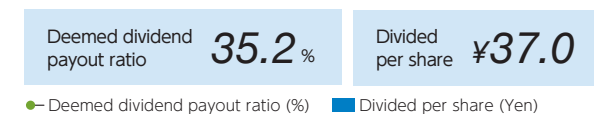
Financial outlook for the fiscal year ending March 2023

For the fiscal year ending March 2023, we forecast ¥31.7 billion for the Takara Group's consolidated operating income and ¥17.3 billion in net income attributable to owners of the parent. In the Takara Bio Group, demand for PCR-related reagents for COVID-19 is expected to decrease and this will bring a decline in income for the Group as a whole. However, net sales and each profit item are expected to exceed the levels of two years prior, the fiscal year ended March 2021. We have set our dividend at ¥31 per share (dividend payout ratio of 35.4%).

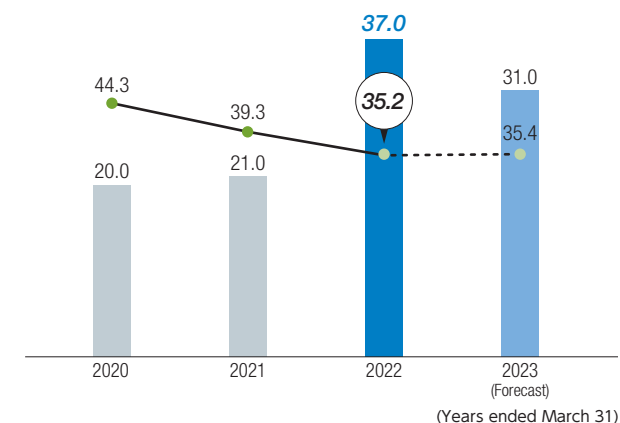
With regard to the long-term management vision, although the environment continues to undergo major changes, including COVID-19, the direction of Takara Group's business activities has not changed in any way, and we do not believe that there is any need to change it. The quantitative targets remain unchanged at this stage and are scheduled to be revised in the next Medium-Term Management Plan to be formulated in fiscal 2023.

Through our business, we will continue to work to realize sustainable growth and increase the corporate value of the Group.

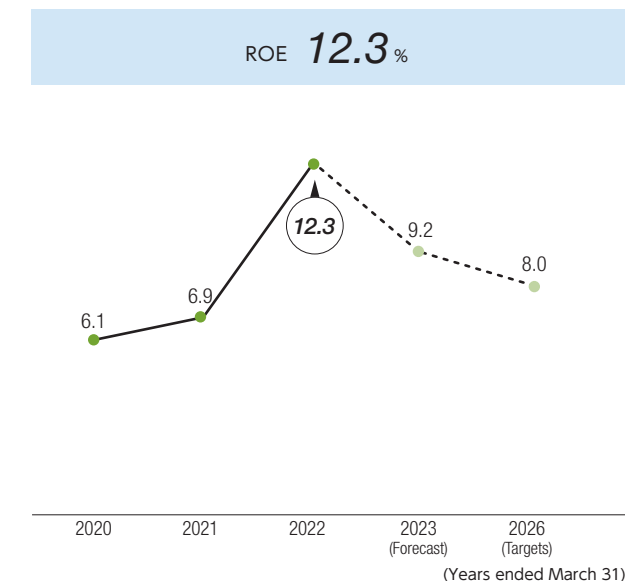
Shareholder returns



● Deemed dividend payout ratio (%) ■ Divided per share (Yen)



Trend in ROE



Our Value Creation Process

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

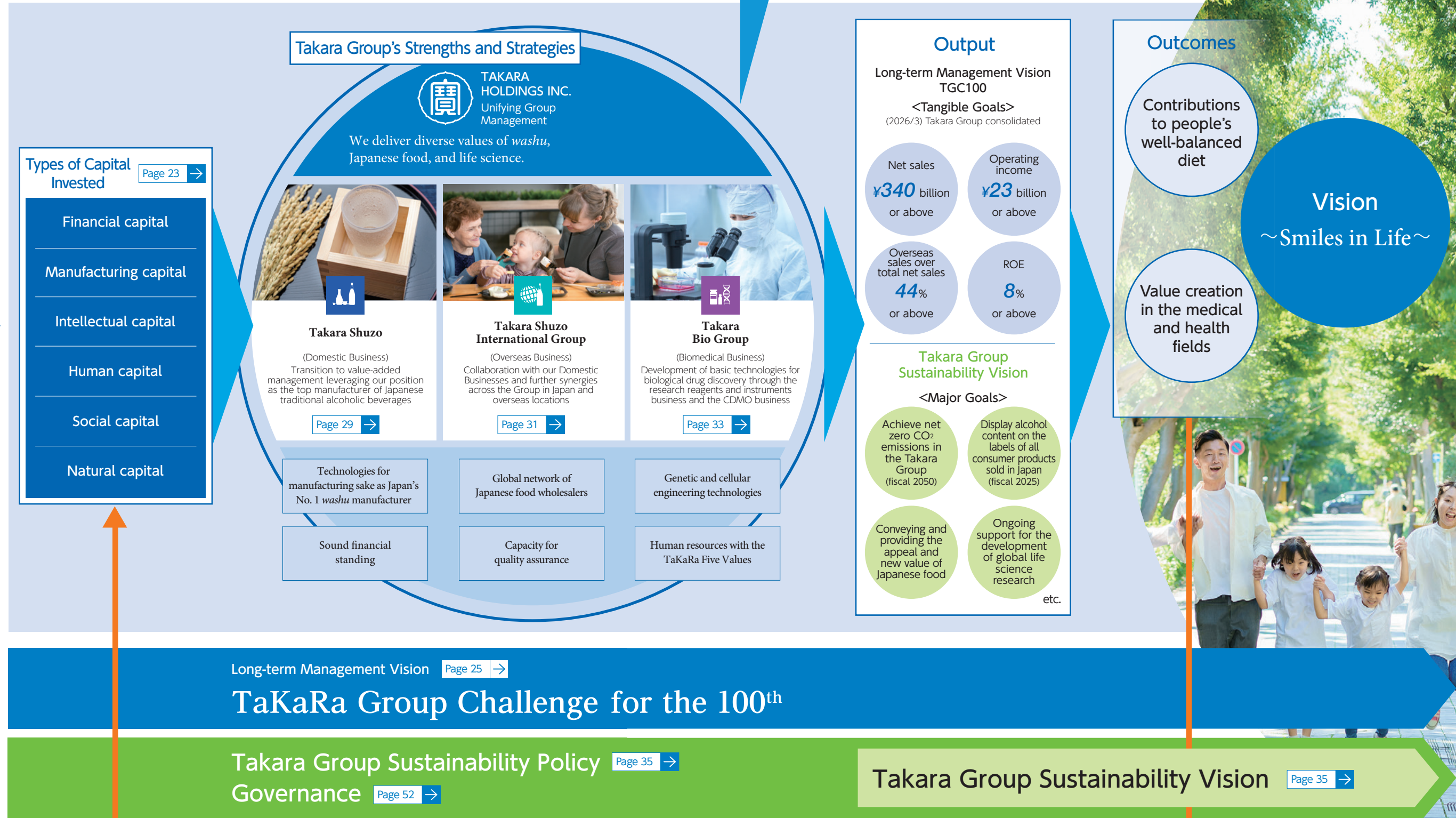
Under TaKaRa Group Challenge for the 100th, our long-term management vision, we will fulfill our responsibilities as a company to create a sustainable society by creating social value through our business activities. And through this value creation process, we aim to help people connect with each other and lead healthy and fulfilling lives full of smiles.

Business Environment

- Domestic Business**
 - Alcohol consumption in decline; younger people drinking less
 - The Liquor Tax Act revised
 - The seasonings market growing around take-out meals
- Overseas Business**
 - The global Japanese food market expanding
 - 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

Social Issues

- Food and healthcare safety
- Alcohol-related problems
- Climate change
- Threats to biodiversity
- Threats to natural resources
- Threats to human rights



Takara Group's Capital

Throughout its history, the Takara Group has fostered a corporate culture of responding swiftly to changes in society. Rather than imitating others, we have always strived to create new value. We aim to further strengthen the capital accumulated in this process and to improve the sustainable corporate value as a source of value creation.

◆ Financial capital Page 19-20 →

The Takara Group aims to achieve a well-balanced business structure that is resistant to environmental changes. While maintaining our Domestic Business, we have evolved into an organization that generates stable profits by growing our Overseas Business and Biomedical Business. As stated in our Medium-Term Management Plan FY2023, we will make growth investments with an awareness of improving investment efficiency based on the maintenance of a sound balance sheet, enhance profitability and efficiency to improve ROE, and provide appropriate shareholder returns based on sustainable earnings growth.

- Equity ratio **49.8%**
 - Overseas sales over total net sales **45.0%**
 - Bond ratings **A (R&I, JCR)**
 - ROE **12.3%**
- (Fiscal year ended March 31, 2022)

◆ Human capital Page 45-46 →

From the viewpoint that people are indispensable assets, Takara Group refers to them as human assets and recognizes them as important management resources that are responsible for value creation. In 2020, we defined the TaKaRa Five Values as a set of values to be cherished by all employees in the Group and these values guide their decisions and actions. At the Takara Holdings Corporate History Museum, we educate employees about the history of the Takara Group's challenges and strive to cultivate human resources who will tackle the challenge of achieving sustainable growth and development of the Group. We are also actively working to promote the active involvement of women and seniors, to promote the employment of persons with disabilities, and to achieve a comfortable work environment and work-life balance.

- Consolidated number of employees across the Group **4,934**
- Percentage of overseas employees **49.4%** (As of March 31, 2022)
- Percentage of employees with disabilities **2.44%** (TAKARA HOLDINGS INC.) **2.59%** (Takara Shuzo) **2.39%** (Takara Bio) (As of April 1, 2022)

◆ Manufacturing capital Page 29-34 →

To build a competitive advantage with a high-quality and stable supply of products and services, advanced technological capabilities are essential. In the Domestic Business, centering on Matsudo and Fushimi, the core factories in East and West Japan, we have manufacturing bases with their own distinctive functions, such as the Shirakabegura, which pursues the potential of sake by producing high-quality sake such as *junmai* and *ginjo* and innovative sake such as *Mio Sparkling Sake*, and the Kurokabegura, the source of our commitment to the delicious taste of shochu, with its approximately 20,000 casks of barrel aged shochu that gives shochu a great flavor appeal. Overseas, we also have manufacturing bases in the United States, the UK and China, to meet demand from all over the world. In the Biomedical Business, we provide reagents, instruments, and CDMO services to support research and development in cutting-edge life science fields at Kusatsu, Shiga, where our head office is located, Dalian, China, and San Jose, the United States. In addition, we conduct research and development in drug discovery platform technologies and other areas.

- Alcoholic beverage manufacturing locations **6 in Japan, 3 overseas**
- Bio-R&D locations **3**

◆ Social capital Page 49-50 →

Takara Group places great importance on its relationships with its customers and other stakeholders related to the safe and reliable products and goods it provides. We have familiar and trusted brands, including the *Takara* brand, which has a history of over 120 years, and *Sho Chiku Bai*, which is well-known for its "*yorokobi no sake*" tagline, meaning "sake of joy." These brands are backed by the deep bonds we have developed with our customers and suppliers, with whom we have collaborated over many years. In the Japanese Food Wholesale Business in overseas markets, which we entered in 2010, we have expanded our Japanese food network around the world by bringing in Japanese food wholesalers with whom we had business relationships as partners. Currently, we have offices in 15 countries and are proposing the delicious taste of *washu* and Japanese food to the world. Takara Bio supports research activities in the life science field at universities and companies by providing reagents, instruments, and CDMOs. Furthermore, recognizing that our business activities may affect the human rights of various stakeholders, we are also developing a system to address human rights due diligence.

◆ Intellectual capital Page 29-34 →

Our business relies on fermentation technology and biotechnology, which are also stated in our Corporate Philosophy. In the alcoholic beverages business, our commitment to good taste backed by tradition and our commitment to providing safe and reliable products and services are all based on advanced technology. We possess differentiated technological capabilities, including an R&D Center that conducts all kinds of research and development related to product development, and a Seasonings Customer Center that visualizes cooking effects and functions numerically and makes technological proposals. In the Biomedical Business, we have positioned the Medium-Term Business Plan 2022 as a three-year period to build the foundation for growth by promoting business growth strategies and management foundation strengthening strategies and aggressively investing in research and development. We aim to become a drug discovery company that keeps creating new modalities by proceeding with the development of bio-drug discovery platform technologies.

- R&D expenses **¥6,484 million**
- (Fiscal year ended March 31, 2022)

◆ Natural capital Page 41-42 →

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. Throughout its long history, the Takara Group has been committed to preserving natural environments. The "Comeback Salmon Campaign," which began in 1979 to support a citizens' movement to return salmon to the Toyohira River in Sapporo, pioneered corporate conservation activities. The Takara Harmonist Fund established in 1985, has been carrying out activities to protect natural environments and offering assistance for research and other efforts toward safeguarding the wildlife in these habitats. In addition, we are also promoting initiatives to realize a sustainable society, including working to reduce greenhouse gas emissions and using environmentally friendly containers.

- Takara Harmonist Fund **Cumulative total amount of grants: ¥189,804,000**
- Setting goals for CO₂ emissions reductions

Long-term Management Vision

TaKaRa Group Challenge for the 100th

Vision

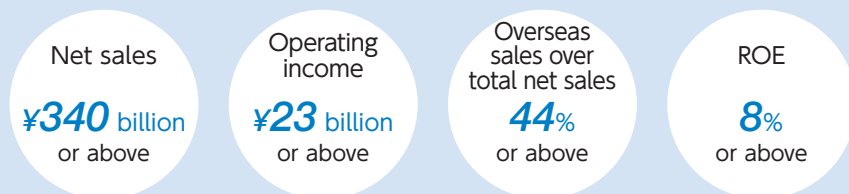
Smiles in Life

The Takara Group aspires to use its proprietary technology to produce great-tasting products and revolutionary biotechnology to safely and reliably deliver diverse value in the *washu*, Japanese food, and life science categories and help people connect with each other and lead healthy and fulfilling lives full of smiles.

Management Policy

We will further reinforce our technical prowess, product competitiveness, and brand position so as to deliver diverse value to the *washu* and Japanese food markets and in the life science industry to establish a more prominent presence in Japan and the global market and ensure sustainable and accelerated growth.

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



Business Strategies

Takara Shuzo	Takara Shuzo International Group	Takara Bio Group
Leverage its No.1 position in the <i>washu</i> market in Japan to switch to value-added business management, which will serve as a basis for achieving profitable growth, enhancing our corporate image, and continuing to be the No.1 global <i>washu</i> company ^(*) .	Aim to become the No.1 <i>washu</i> and Japanese food company ^(**) abroad by bolstering the global sales of <i>washu</i> , expanding the global wholesaling network for Japanese food, and achieving further synergies across the Group in Japan and abroad.	Aim to become a drug-discovery company poised to create new therapeutic modalities ^(***) by developing basic technologies for biological drug discovery through the reagent and equipment business and the CDMO business.
<p>Common Goal of the Domestic Business and the Overseas Business Takara Shuzo and the Takara Shuzo International Group will work together with a sense of unity to achieve the common goal of becoming the No.1 global <i>washu</i> and Japanese food company ^(***).</p>		
<p>Others (Domestic Group Companies) Fulfill the missions of each company clearly defined according to their positions and roles within the Takara Group and contribute to the Group's efforts to achieve better business performance and increase its corporate value.</p>		
<p>Management foundation (Takara Holdings' corporate departments) Lead the group management globally and enhance corporate functions to increase the Group's corporate value and its sense of unity, and improve the efficiency of corporate departments.</p>		

*1: No. 1 *washu* sales in Japan and overseas markets (exports + local production) combined
 *2: No. 1 *washu* sales in overseas markets (exports + local production) + No. 1 wholesale of Japanese food in overseas markets
 *3: No. 1 global *washu* sales + No. 1 wholesale of Japanese food in overseas markets
 *4: Treatments

Takara Group Medium-Term Management Plan FY2023

Basic Policy

Establish a solid basis for achieving sustainable growth of the Group's business in Japan and overseas and increasing its corporate value. This can be done by keeping an eye on early signs of changes in the business environment, allocating appropriate management resources to high-priority fields, and rebuilding business structures and global corporate functions capable of continually creating diverse value that will bolster profitability.

Key Strategies of Each Business

Takara Shuzo	Takara Shuzo International Group	Takara Bio Group
<ul style="list-style-type: none"> (1) Evolve into a profit-generating company leveraging its strengths as the No. 1 <i>washu</i> company. (2) Understand customer needs and promote the development and nurturing of products highly conscious of generating profit (3) Improve brand value by continuing efficient nurturing measures that stimulate customer demand (4) Promote cost reduction from the viewpoint of total optimization centered on the equalization of operation rates (5) Strengthen quality control systems in manufacturing subcontractors and overseas group companies 	<ul style="list-style-type: none"> (1) Accelerate the global expansion of <i>washu</i>, centering on sake (2) Expand and improve overseas Japanese food wholesale networks and enhance product procurement abilities (3) Achieve synergies between the Japanese Food Wholesale Business in overseas markets and Overseas Alcoholic Beverage Business (4) Strengthen administrative aspects of overseas group companies 	<ul style="list-style-type: none"> (1) Aggressively carry out R&D investment and capital expenditures. Further expand the reagent business and the CDMO business to aim for sustainable growth. (2) Focus on building a foundation for long-term performance expansion, such as human resource development, and accelerate business promotion to become a drug discovery company. (3) Promote sustainability management and use biotechnology as we strive to achieve both a sustainable society and the sustainable growth of Takara Bio Group.
<p>Common Goal of the Domestic Business and the Overseas Business Promote collaboration between Takara Shuzo and the Takara Shuzo International Group and enhance the development of export products and information dissemination within and outside Japan in order to establish Takara's <i>washu</i>, centered on <i>Sho Chiku Bai</i>, as global brands.</p>		
<p>Others (Domestic Group Companies) (1) Further enhance logistics, procurement, and other functions within the Group (2) Improve the profit level and generate cash in the external sales business to contribute to the Group</p>		
<p>Management foundation (Takara Holdings' corporate departments) (1) Promptly comprehend the business performance of the Overseas Business and establish a global cash management foundation (2) Systematically recruit, develop, and assign human resources to realize global business growth (3) Strengthen quality audit systems within and outside Japan including the Japanese Food Wholesale Business in overseas markets (4) Enhance risk management and compliance in overseas Group companies (5) Disseminate the Group's common values, such as the Vision and Values in TGC100, throughout the Company (6) Strengthen corporate communication to improve corporate value (7) Continue examining an optimal corporate governance structure based on the Corporate Governance Code and changes in the stock market</p>		

Financial Policy

- ◆ Make growth investments with an awareness of improving investment efficiency based on the maintenance of a sound balance sheet and enhance profitability and efficiency to improve ROE
- ◆ Provide appropriate shareholder returns based on sustainable profit growth

Shareholder Return Policy

• Continue stable dividend payments with a payout ratio in the upper 30% mark in line with sustainable profit growth. In addition, flexibly implement the acquisition of treasury stocks.

ROE Improvement Measures

- Work on improving the working capital turnover ratio to increase cash flow from operating activities
- Sell cross shareholdings flexibly to generate funds
- Proactively make growth investments to improve profits

* The tangible targets for the fiscal year ended March 31, 2022 have exceeded the Long-term Management Vision. However, in light of the continuing significant changes in the environment, including the impact of the COVID-19 pandemic, no changes will be made to the targets at this time, and the next Medium-Term Management Plan to be formulated in the fiscal year ending March 31, 2023 will present plans through the fiscal year ending March 31, 2026.

Our Identity (Essence of Takara)

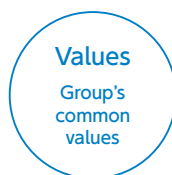
The Takara Group has defined its "Identity" (Essence of Takara) in conjunction with the formulation of the long-term management vision "TaKaRa Group Challenge for the 100th."

Under the Mission (Corporate Philosophy), which is the Group's raison d'être, we redefined the values that all employees in the Group should cherish to realize the philosophy as the "Values (Group's common values), and organized them as the Takara Group's "Identity" (i.e., essence), together with the Vision (where the Takara Group wants to be) as set forth in TGC100.

Based on this "Identity," we will bring together the diverse talents of each and every employee in the Takara Group, and thereby foster its corporate culture to achieve the Vision while boosting a sense of unity as a corporate group without losing the essence of Takara.



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.

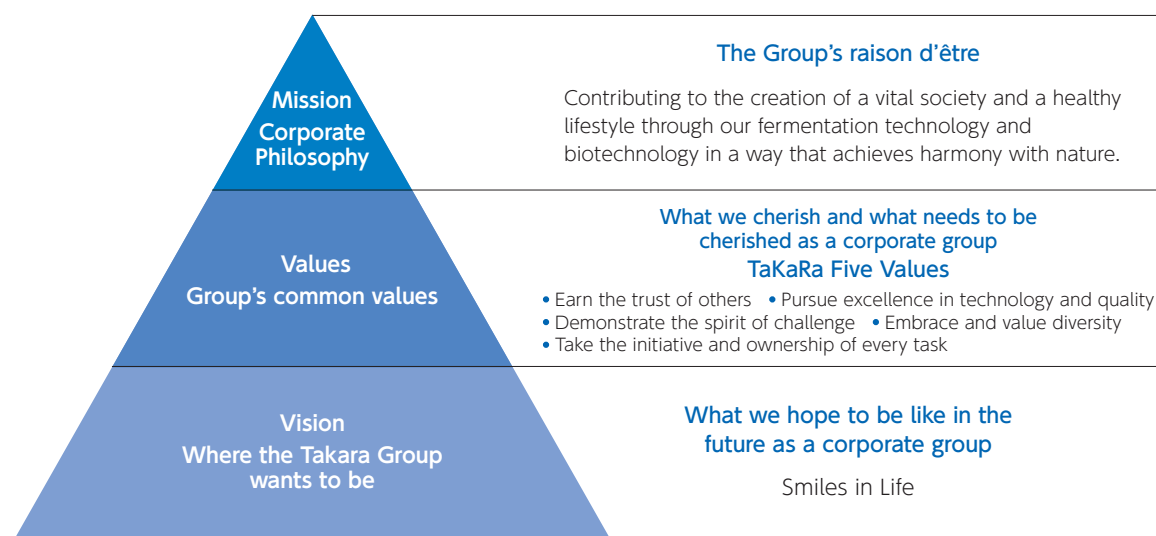


We have put them together as "TaKaRa Five Values" to make it easier to understand for our employees in Japan and overseas alike, based on the values, points of view, and spirit that have been handed down internally over the years as well as the change of the times and the trend of globalization.



The Vision presents what the Takara Group aims to be like in the long term, taking into account various factors such as the Group's core competencies, core business domains, and the value the Takara Group strives to provide for society.

Our Identity (Essence of Takara)



TaKaRa Five Values

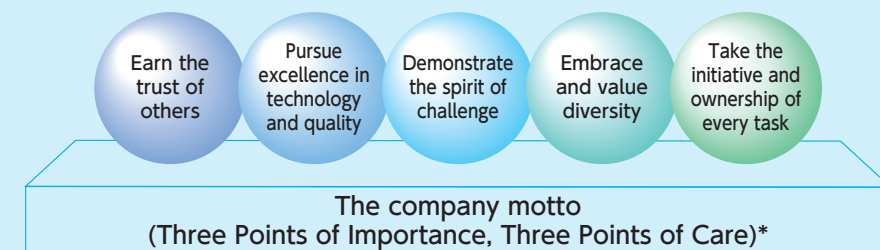
The "TaKaRa Five Values" expresses the ideas and spirit of the company motto "Three Points of Importance, Three Points of Care." They set forth the common values of the Group in a way that accommodates the changing times and globalization and is easily understood by employees.

For the Takara Group to realize its Vision, where the Takara Group wants to be, and fulfill its Mission, the Group's raison d'être, we must align our vectors. If a vector arrow shows the power of an individual, the length of the arrows shows the magnitude of the force and the orientation is the direction of their mindset. Even when the individual forces are the same, the more closely the directions align, the larger the sum and the faster the goal can be reached.

The TaKaRa Five Values is a set of five values for helping to align these vectors. The first is to "Earn the trust of others." The second is to "Pursue excellence in technology and quality." The third is to "Demonstrate the spirit of challenge." These three points are values that Takara Group has cultivated and handed down throughout its history and they are important elements that we must continue to focus on in the future. Furthermore, the Takara Group, now a global company with a diverse workforce, has added the fourth and fifth values, "Embrace and value diversity" and "Take the initiative and ownership of every task." These are values that we want to emphasize even more than before so that we can respond to the dramatic changes in our environment.

Through training and other means, we instill and share the TaKaRa Five Values among our employees and aim to link this toward the realization of our Vision.

TaKaRa Five Values



* The importance of civility, laws and regulations, and responsibilities. Care in speech and conduct, in the use of fire, and in the use of machinery.

Training at the Corporate History Museum

We provide training about the TaKaRa Five Values and our corporate history at the Takara Holdings Corporate History Museum in Fushimi-ku, Kyoto. Under the theme of "TaKaRa Five Values from the History," we look back on the history of Takara Group's challenges to teach our employees about our values, which have been cultivated over time, and to link to the value for their challenges in the future.

After the training, employees discuss with each other and exchange their thoughts about the challenges they should take on.

From a participant's report

"I realized that the spirit of the challenge is our driving force and the strength of the Takara Group. I realized that our challenges are only possible because of our trust, technology, and diverse strengths."

"I felt that 'Earn the trust of others' is a very important factor not only for customers, but also within the company and felt that this is a very important factor that affects the perfection of our work."



TaKaRa Five Values handbook



Training in progress

Business Strategies

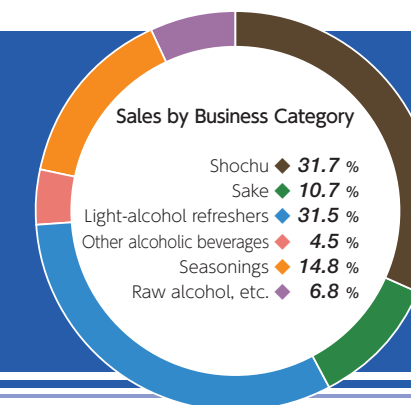


Segment Information

Takara Shuzo



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, Takara Shuzo boasts a well-balanced product portfolio built upon its unique technological development capabilities and stable production system.



Seasonings such as Hon-mirin performed well, but overall sales and profits declined.

Business Overview

Amid the backdrop of the persisting trend of decrease in total consumption of alcoholic beverages due to the impact of the decline and aging of the population in Japan among other factors, consumption styles have been changed by the COVID-19 crisis, and the new ways of consumption are taking root. On the other hand, the prices of raw materials continue to rise due to the soaring prices of resources as well as the depreciation of the yen. In this situation, Takara Shuzo placed the highest priority on the stable supply of safe and reliable products, while giving attention to the prevention of the spread of COVID-19. At the same time, Takara Shuzo has been committed to nurturing high-value-added products and to thorough cost reductions. In light of the voluntary recall of chu-hi products in May 2021, we once again implemented thorough quality control.

As for shochu, sales declined slightly due to a decrease in sales of honkaku shochu, which was affected by the voluntary restriction of business activities by restaurants.

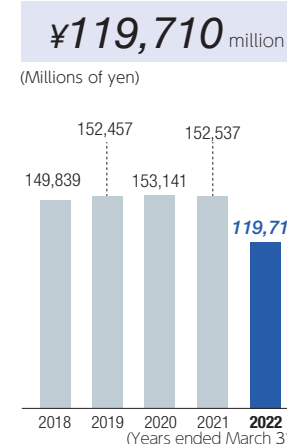
Regarding sake, although exports increased with the recovery of overseas markets, sales decreased due to the impact of the voluntary restriction of business activities by restaurants.

As for light-alcohol refreshers, although sales of *Takara Shochu Highball* continued to increase, sales of high-value-added lemon sour declined due to the impact of a voluntary recall of products. Consequently, sales of light-alcohol refreshers decreased slightly.

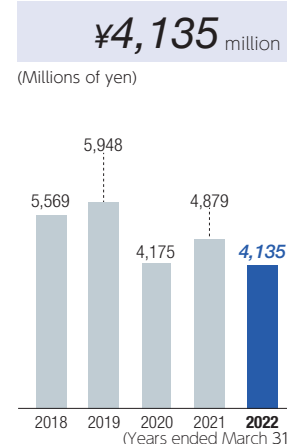
In seasonings, overall sales rose due to increases in sales of Hon-Mirin, cooking sake, and other seasonings. Additionally, sales of raw alcohol, etc., decreased.

As a result, net sales for the Takara Shuzo Group totaled ¥119,710 million, reflecting the impact of a ¥29,000 million decrease due to the adoption of the Accounting Standard for Revenue Recognition and other standards. Cost of sales was ¥90,898 million, while gross profit was ¥28,811 million. As SG&A expenses were ¥24,676 million, also affected by the ¥29,000 million decrease, operating income decreased 15.2% year on year to ¥4,135 million.

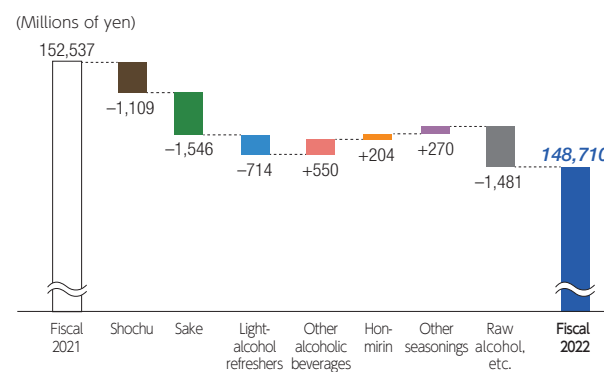
Net sales



Operating income



(Reference) Factors for changes in net sales for the fiscal year ended March 31, 2022 (before the adoption of the Accounting Standard for Revenue Recognition and other standards)



* From the fiscal year ended March 31, 2022, in accordance with the adoption of the Accounting Standard for Revenue Recognition and other standards, 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 and other standards.

Initiatives under the Takara Group Medium-Term Management Plan FY2021-2023

Takara Shuzo aims to evolve into a profit-generating company by carrying out strategies for each product category while leveraging our position as the No. 1 *washu* company, and making a companywide effort to ensure cost reduction and improvement of efficiency. We will develop and nurture products highly conscious of generating profit that meet customer needs, while also working to further improve profit margins by improving the product mix and revising prices around high-profit products. At the same time, we will promote cost reductions centered on the equalization of operation rates, and strengthen our quality management system including contractors and overseas Group companies.

In the fiscal year ending March 31, 2023, although we remain affected by cost increases due to rising raw material prices and other factors, we aim to increase profits by implementing price revisions, expanding sales of high-value-added products, and thoroughly reducing costs.

Specifically, we will strengthen the concept appeal of *Takara Shochu Highball* to attract new users, and develop measures such as advertising and events aimed at building loyalty among fans of high-margin products such as *Mio Sparkling Sake* and *Zenryo Imo Shochu Ikkomon*.

In addition, we will develop and nurture new products with clearly defined points of differentiation that garner consumer support. For example, with *Takara Can Chu-Hi Sumika*, which is targeted mainly at women in their 20s to 40s, we will increase awareness of the product through a mix of TV, digital and other media. We will also carry out a sampling campaign to increase the percentage of consumers who have tried the product.

Furthermore, as a future pillar of our business, we will work to expand exports by taking advantage of synergies with Takara Shuzo International Group.

Newly released *Kaoru Washu*, *Sho Chiku Bai Subaru* <Freshly-preserved Sake> and *Zenryo Imo Shochu ISAINA*

The COVID-19 pandemic has brought about major changes in lifestyles. In the *washu* market, one trend that has emerged is the growth of aromatic *washu* products. Takara Shuzo launched new aromatic sake and shochu in February this year. *Sho Chiku Bai Subaru* <Freshly-preserved Sake> uses a proprietary yeast that produces more than twice* as much aroma as regular ginjo sake. This sake is stored at low temperatures to lock in its aroma, making it a pleasing addition to an everyday evening drink.

Zenryo Imo Shochu ISAINA is a honkaku imo shochu with an aroma that changes depending on how it is drunk. When served with soda, Takara Shuzo's unique aromatic yeast produces a fresh, fruity aroma. When served with ice, the sweet aroma of the zenryo imo shochu, which uses sweet potato malt, can be enjoyed.

As the No. 1 *washu* manufacturer, Takara Shuzo sees this new trend as a great opportunity and will focus on expanding the market for *kaoru washu*.

* Compared to our ginjo sake. This sake is not a ginjo sake.



Sho Chiku Bai Subaru <Freshly-preserved Sake> *Zenryo Imo Shochu ISAINA*

Business Strategies



Segment Information

Takara Shuzo International Group



The Takara Shuzo International Group operates the Overseas Alcoholic Beverages Business, which entails exports of alcoholic beverages and seasonings 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 and retailers outside Japan.



Achieved record sales and profits against the backdrop of the spread of Japanese food

Business Overview

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 and retailers outside Japan. The impact of COVID-19, which was a major factor in the decline in sales in the previous fiscal year, has gradually recovered, due to the expansion of vaccines and other factors, although there are regional differences.

In this environment, in the Overseas Alcoholic Beverages Business, Blanton's, the premium single-barrel bourbon whiskey, continued to perform well, while sales of Tomatin's unblended whisky also grew. Sales of sake and other *washu* also recovered from the previous fiscal year, which had been impacted by the COVID-19 pandemic, and as

exports from Japan also increased. As a result, net sales rose 39.2% year on year to ¥14,063 million.

Amid the COVID-19 crisis, the Japanese Food Wholesale Business in overseas markets engaged in efforts to bolster sales to retailers and also to expand online sales, and there was a sharp recovery in sales following the reopening of restaurant operations in major cities, leading to a net sales increase of 48.5% year on year to ¥89,728 million.

As a result, net sales for the Takara Shuzo International Group after the elimination of intersegment transactions rose 46.8% year on year to ¥102,186 million, bolstered by the effect of the weak yen. Cost of sales increased 43.0% year on year to ¥70,045 million, and gross profit rose 56.0% year on year to ¥32,140 million. SG&A expenses rose 21.0% year on year to ¥23,667 million due to increases in personnel expenses and logistics expenses. However, operating income increased as significantly as 712.1% year on year to ¥8,472 million.

Initiatives under the Takara Group Medium-Term Management Plan FY2021–2023

Takara Shuzo International Group is working to strengthen its business foundation in coordination with its Group companies in Japan and overseas with the aim of becoming the No. 1 global *washu* and Japanese food company. We are working to diversify our sales channels while accelerating growth through the expansion of our overseas Japanese food wholesale network and the development of new products. At the same time, we will improve the efficiency of our logistics operations and seek to evolve into a structure that generates profits. In addition, we will continue to thoroughly work on quality control, and focus on sharing information and raising awareness of Japanese food culture.

In the fiscal year ending March 31, 2023, we expect increased profits in both the Overseas Alcoholic Beverages Business and the Overseas Japanese Food Wholesale Business against the background of the spread of Japanese food overseas. Based on this outlook, we will continue to deepen our restaurant channels and develop retail

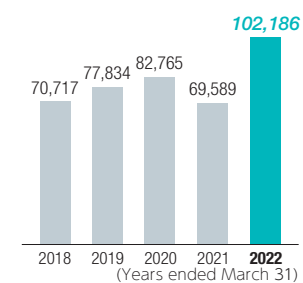
and other sales channels. We will also deepen our collaboration with Takara Shuzo to attract new users in the global market, develop Japanese export products, and strengthen our sharing of information.

Looking at our strategies for each business, in the Overseas Japanese Food Wholesale Business, we will expand our wholesale network by expanding our bases, including through capital alliances, and develop a product procurement and supply system that aligns with customer needs. In addition, we will continue to work on strengthening our mass sales channel and online sales.

In the Overseas Alcoholic Beverages Business, we aim to expand our export business by developing a strategic product lineup for *washu* that combines Japanese and locally produced products. In Western liquor, we will respond to strong demand for whisky, while strengthening sales of high-value-added products to enhance brand value. In addition, we will work with Takara Shuzo and local subsidiaries to develop dedicated overseas products that meet local needs.

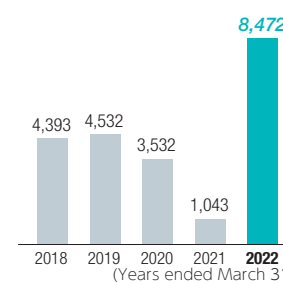
Net sales

¥102,186 million
(Millions of yen)

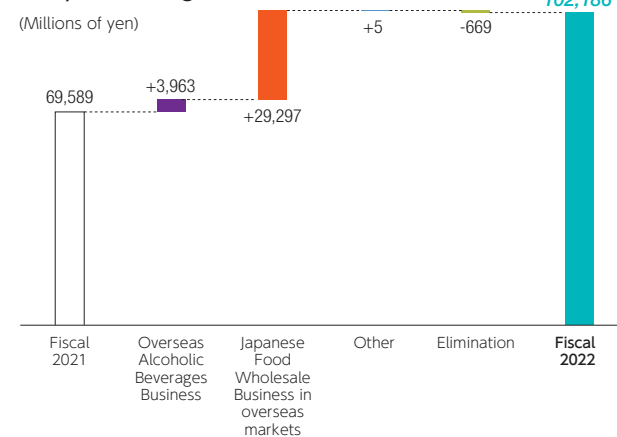


Operating income

¥8,472 million
(Millions of yen)



Analysis of changes in net sales for fiscal 2022



Winner of the global liquor competition IWSC/SFWSC 2022

Age International, Inc. (Kentucky, U.S.A.), a subsidiary of Takara Shuzo International Group, won a special gold medal at the International Wine & Spirit Competition (IWSC) 2022 for its *Blanton's Straight from the Barrel*. The IWSC is a prestigious wine and spirits competition established in the UK in 1969. Furthermore, at the San Francisco World Spirits Competition (SFWSC), the largest international competition in the United States, The Tomatin Distillery Co., Ltd. (Inverness, Scotland) was awarded a special gold medal for each of the *Cù Bòcan* products that it produces and sells. We have received strong recognition for the high quality of our products at international competitions.

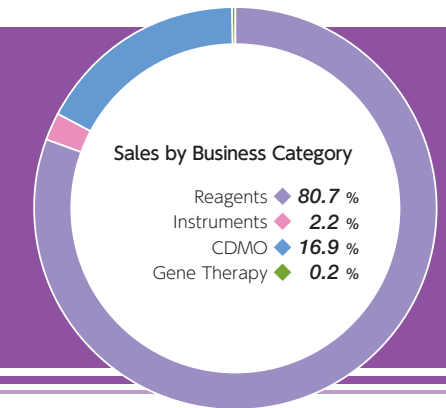


Business Strategies



Segment Information

Takara Bio Group



The Group's corporate philosophy is, "Contributing to the health of humankind through the development of revolutionary biotechnologies such as gene therapy."

Achieved record-highs in sales and profits, boosted by reagents and CDMO

Business Overview

Takara Bio Group proceeds with the development biologics development platform technologies through the reagents and scientific instruments businesses and the CDMO business, and promotes initiatives to become a biologics development company that keeps creating new modalities. In the fiscal year ended March 31, 2022, it proactively worked on a stable supply of PCR-related products for COVID-19, and improvement of the manufacturing structure of products such as regenerative medical products, including vaccines.

In the fiscal year ended March 31, 2022, sales of reagents and CDMO increased year on year, despite a year-on-year decrease in sales of instruments and gene therapy. In particular, sales of reagents for general research use reached a record high, and sales of PCR-related reagents for COVID-19 also grew substantially. In CDMO, we addressed demands from pharmaceutical companies and bio-ventures for contract services for products

related to regenerative medical products orders for vector manufacturing, cell processing, quality testing, and other areas all performed strongly and we also obtained a few of contracts for COVID-19 vaccine-related projects. In addition, we received orders for several large-scale genome analysis projects for genetic analysis and testing-related contract services.

As a result, net sales for the Takara Bio Group were up 46.9% year on year to ¥67,699 million. Cost of sales grew 30.1% year on year to ¥18,488 million due to improvement in the cost rate, leading to a gross profit increase of 54.4% year on year to ¥49,211 million. SG&A expenses were up 13.3% year on year to ¥20,309 million due to increases in personnel expenses, research and development expenses and other expenses, and operating income was up significantly, 107.1% year on year to ¥28,902 million.

Initiatives under the Takara Group Medium-Term Management Plan FY2021-2023

The Takara Bio Group has positioned the Medium-Term Management Plan FY2023 as a three-year period for building a foundation for growth to achieve the goal of becoming a biologics development company poised to create new therapeutic modalities by developing basic technologies for biologics development through the research reagent and equipment business and the CDMO business.

In the fiscal year ending March 31, 2023, the final year of the Medium-Term Management Plan FY2023, we expect both sales and profits to decline due to a sharp drop in demand for PCR-related reagents for COVID-19. However, we expect to achieve each of the quantitative targets by working to complete the measures set forth in the Medium-Term Management Plan FY2023 with the aim of continuous business expansion and performance growth centered on the reagent and CDMO businesses.

By business, we aim to improve development efficiency of the reagent business by promoting glocalization to reorganize the manufacturing structure and optimize development themes at development bases in Japan, the United States, and China. In addition, we will work on customized product development to flexibly respond to local demand at each site.

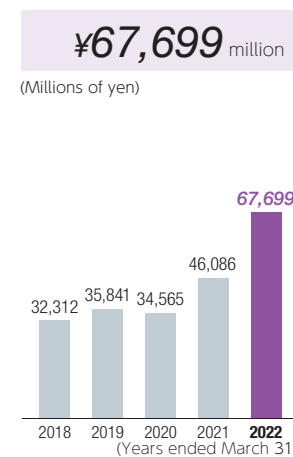
In the instruments business, in addition to using PCR equipment, the mainstay product, in basic research and inspection sites, we will develop equipment and specialized reagent systems to meet the demand for applications such as testing at specimen collection sites.

In the CDMO business, for contract services related to rapidly growing regenerative medical products, we will develop a variety of service menus and engage in the efficient development of manufacturing technologies to connect the robust development demand for gene therapy drugs by pharmaceutical companies to orders. In the area of contract genetic analysis and testing, we will enhance our ability to respond to large-scale genome projects and provide higher value-added services by leveraging our strengths, such as our ultra-trace gene handling technology.

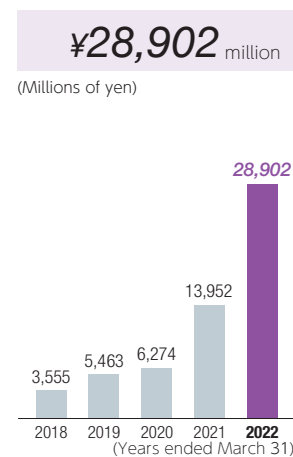
In the Gene Therapy Business, we will focus on applied development with the goal of maximizing the value of our proprietary drug discovery technologies such as siTCR® technology, JAK/STAT technology, and CereAAV™ technology.

Additionally, in R&D and capital investment, we will make effective use of the rebound in earnings and move forward with plans to strengthen the management base at an early pace. We will also work actively to train our human resources for the future.

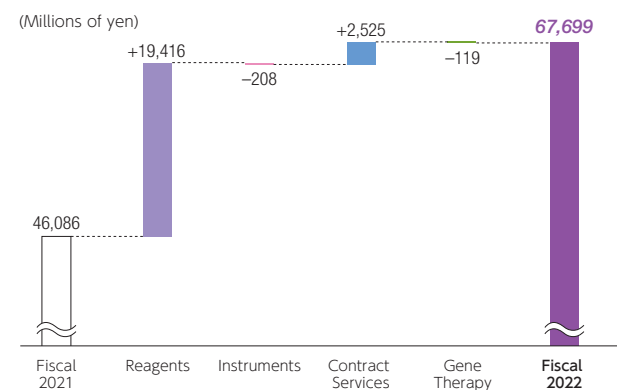
Net sales



Operating income



Analysis of changes in net sales for fiscal 2022



Launched mRNA vaccine development reagent

Takara Bio launched the Takara IVTpro™ mRNA Synthesis System in March 2022, a reagent for messenger RNA ("mRNA") vaccine development to efficiently synthesize mRNA.

mRNA is an important molecule in our body that has the function of converting genetic information into proteins. Recently, this property was used in a vaccine against COVID-19.

The reaction conditions for mRNA synthesis have been optimized so that mRNA can be synthesized in high yield, approximately six times higher than our conventional products. At Takara Bio, we will leverage the technology and know-how developed through our extensive experience in genetic engineering and cell engineering research products to provide strong support for mRNA vaccine development.



Takara IVTpro™ mRNA Synthesis System
This reagent is intended for research use.

Takara Group's Sustainability

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.

In recent years, 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.

In our long-term management vision, "TaKaRa Group Challenge for the 100th," the Group has made a declaration that it will contribute to the realization of healthy and fulfilling daily lives that are filled with connections between people and people's smiles. Recognizing that it is necessary to take greater

initiatives to resolve various social issues if we are to continue to achieve the creation of social value through business activities into the future, in May 2020, we formulated the Takara Group Sustainability Policy in line with our long-term management vision.

The Takara Group Sustainability Policy takes up ten important issues (materiality), including "safety and reliability," from among the social issues surrounding the Group, and lays out initiative policies for each one, taking into account the expectations of stakeholders and the impact on the Group's business.

The Takara Group will contribute to the realization of a sustainable society by continuing to create social value through our business activities.

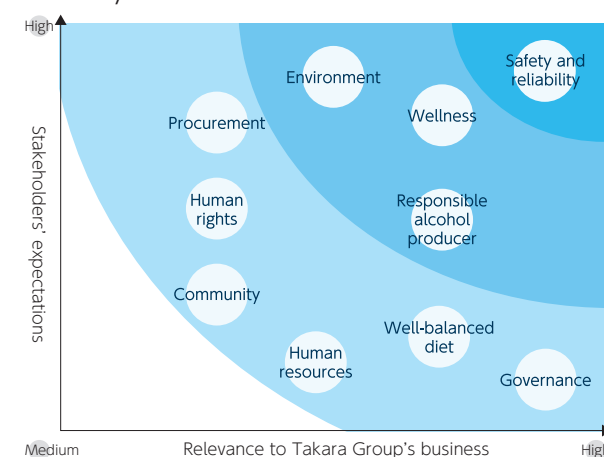
Sustainability Vision

Takara Group has established specific medium- to long-term goals in the form of the Takara Group Sustainability Vision based on the Takara Group Sustainability Policy, and is promoting initiatives to achieve the goals of each materiality item.

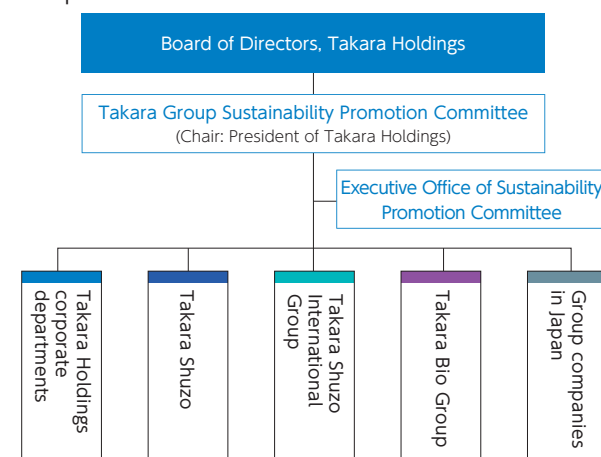

Sustainability Promotion Committee

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

Materiality matrix



Composition of the committee

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

Efforts that were reinforced in response to the voluntary recall of canned chu-hi products

The voluntary recall of canned chu-hi product in May 2021 was caused by a lack of maintenance of product manufacturing facilities and inadequate inspection systems at Takara Shuzo plants. To prevent recurrence going forward, the Safety and Security Promotion Office was newly established in the fiscal 2022 as a company-wide safety and security management organization. We are striving to strengthen the promotion of quality control and quality improvement. As the first major initiative of recurrence prevention measures, we reidentified quality risks based on past cases and made necessary improvements. As the second initiative, we introduced automated inspection machines for all products. As the third initiative, we have added latest technologies and functions not only at the time of installation and renewal of facilities, but also at the time of regular inspections, thereby making continuous improvements.



Adopted inspection machines

Creating safe products at Takara Shuzo

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

We check product safety, security, legality, and the suitability of descriptions using design review methods addressing all aspects of product designs at the early stages of product development, including quality standards, product safety, package and wrapping, and manufacturing processes. This allows us to create products after fully eliminating the possibility of unacceptable features 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, or raw materials that have warranties attesting to their safety and legality. In addition to these efforts, we conduct regular quality audits of suppliers that supply raw materials and carry out analysis of residual pesticides/ herbicides, heavy metals, etc. according to the conditions of raw materials and suppliers, in order to improve the reliability of raw material quality. When analyzing raw materials, we use high-performance instruments at our Testing Center and major plants. These instruments have advanced features comparable to equipment at specialized analytic laboratories.



Ingredient analyses and inspections using analytic instruments

Ensuring safe and reliable quality at Takara Shuzo International Group

Efforts toward the establishment of a global quality assurance system

The Quality Assurance Department of Takara Holdings conducts quality audits on its overseas group companies to understand actual situations and identify problems, and implements corrective measures. In fiscal year 2021, due to the impact of the COVID-19 pandemic, we strived to identify issues and take countermeasures by confirming the situations in writing and via remote streaming in place of overseas on-site quality audits.

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

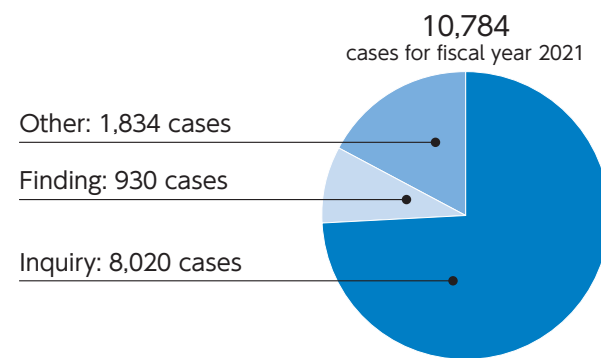


Takara Group's Sustainability

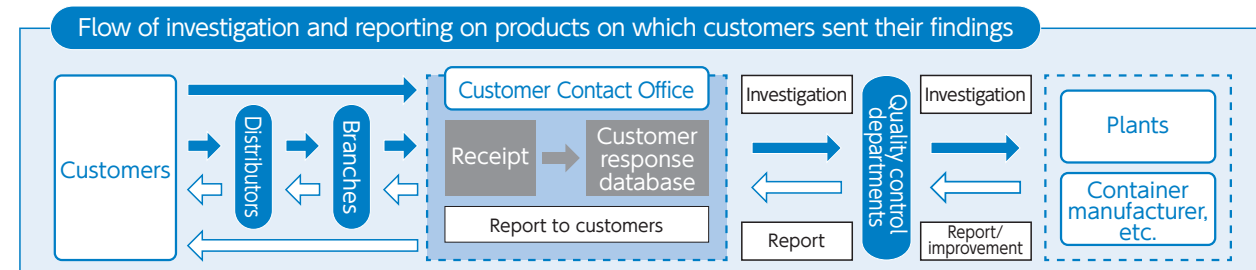
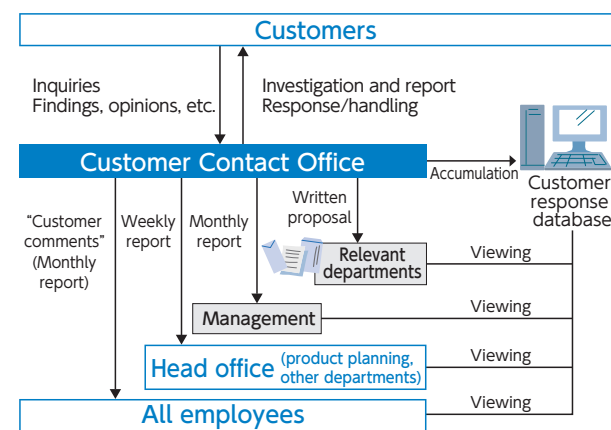
▶ Pursue customer satisfaction (ISO10002)

The Customer Contact Office receives approximately 11,000 comments a year. These include inquiries regarding stores carrying our products, product expiration dates, and areas where ingredients were produced, in addition to a wide variety of feedback, complaints, etc. Takara Shuzo listens carefully to each of these comments, striving to deliver and improve products in order to further satisfy customers. On top of this, we have voiced a declaration of conformity to ISO 10002 (targeting management systems for handling customer requests and complaints) and clarified our proactive efforts and responsibilities to improve customer response, while continually striving to improve these processes.

● Number and breakdown of customer contact cases



● Internal feedback on customer comments



Ensuring safe and secure quality at Takara Bio Group

▶ Efforts for quality control

Takara Bio and other major subsidiaries around the world have acquired ISO certification and they are working to improve the quality of their products and services. 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, laboratories that perform genetic analysis and testing are registered as CAP-LAP certified and 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

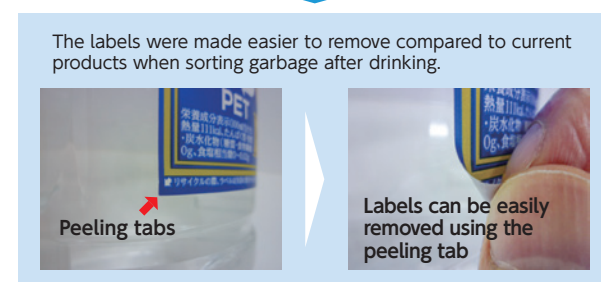
▶ Appropriate disclosure of product information

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).

● Examples of improvements made based on customer comments

Changing label specifications of Takara Shochu large PET products

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



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 1986, Takara Shuzo published "Say No Book," a pamphlet that provided accurate information on alcohol and a description of appropriate drinking practices. 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.

In April 2021, Takara Shuzo began disclosing the amount of alcohol contained in light alcohol refreshers on its website, as well as other category products. *Takara Can Chu-Hi Sumika*, which was released in September 2021, was the first brand of the company to display the amount of alcohol contained on the product's package. We are also displaying such information on other new products in phases. We plan to display the information on all consumer products sold in Japan, except for alcohol-based seasoning, by fiscal year 2025.



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.

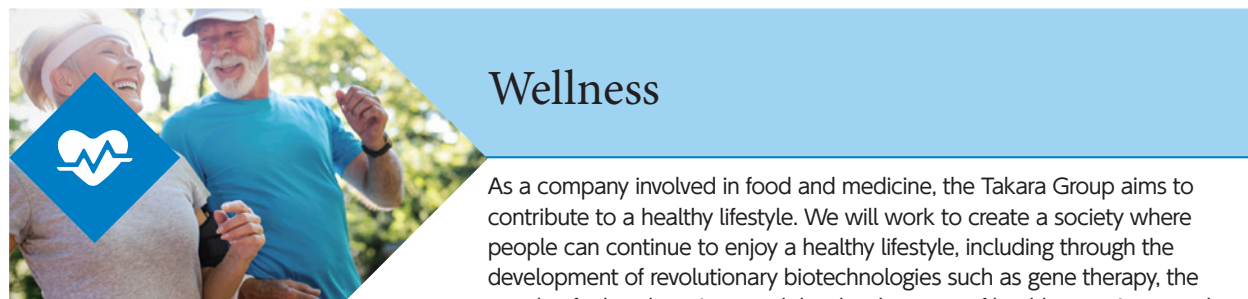
▶ Age certification system when accessing website

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

Takara Group's Sustainability



Wellness

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

Supply of health-conscious products

Development of 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 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

Appeal of salt-free cooking liquor

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 2021 to March 2022



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



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

Yutaka, the original brand developed by Tazaki Foods Ltd., which is a Japanese food wholesaler in the U.K., is strengthening its lineup of vegan, organic, and food-allergy-conscious products.



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

Provide extensive support for life science research and industry

Takara Bio Group supports the development of global life science research by providing a variety of products and services from basic research to industrial application of life science research.

In fiscal year 2021, we established production facilities for in-vitro diagnostic agents and reagents, such as PCR testing reagents for COVID-19, in the Takara Bio head office area (Kusatsu, Shiga Prefecture). Subsidies under the Program for Promoting Investment in Japan to Strengthen Supply Chains by the Ministry of Economy, Trade and Industry were used for facility development. In addition, Takara Bio USA, Inc., a U.S. subsidiary, relocated its site to San Jose, California to expand its existing R&D and sales functions and to acquire manufacturing functions to manufacture products for U.S. users. Furthermore, a subsidiary in Europe has started manufacturing reagents for cell research. The entire Group is working to establish a supply chain for a stable provision of reagents.



Newly established in-vitro diagnostic agent manufacturing facilities (Japan)

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

Examples of commercialization of academia technology seeds (fiscal year 2021)

Environmental testing:
PCR kits that can quickly detect COVID-19 genes in sewage water with high sensitivity

Livestock testing:
PCR kits that can easily and simultaneously detect genes of classical swine fever virus and African swine fever virus

Application of genetic analysis technology to testing and diagnostics

Supply testing and diagnostic kits for viruses, etc.

Takara Bio Group is developing products to test for viruses and other pathogenic microorganisms that cause various infectious diseases. We are contributing to the creation of a healthy society by offering various food and environmental testing and diagnosis kits, including those used to test food poisoning caused by Enterohemorrhagic *Escherichia coli*, *Salmonella*, *Shigella*, etc., and animal infections such as Bovine leukemia virus, in addition to test kits for the COVID-19 infections.



Takara intestinal pathogenic bacteria gene detection kit (Testing for Enterohemorrhagic *Escherichia coli*, *Salmonella*, *Shigella*, etc.)

Initiatives for achieving gene therapies

Takara Bio is advancing research and development to create new modalities such as gene therapies through the development and practical application of drug discovery platform technologies that utilize gene and cell technologies. In fiscal year 2021, we advanced the clinical development of NY-ESO-1 siTCR® gene therapy using siTCR® technology and next-generation CAR gene therapy using JAK/STAT-related technology as our original new modalities, as well as the application development of the brain-directed gene therapy vector CereAAV™. In recent years, we have also been actively promoting the CDMO business that supports the development and manufacturing of regenerative medicine products such as gene therapy, which is being actively promoted by pharmaceutical companies, thereby working on social implementation of gene therapy.



Gene and cell processing center facilities (plasmid DNA manufacturing facilities) that serve as sites for the CDMO business

Takara Group's Sustainability



Environment

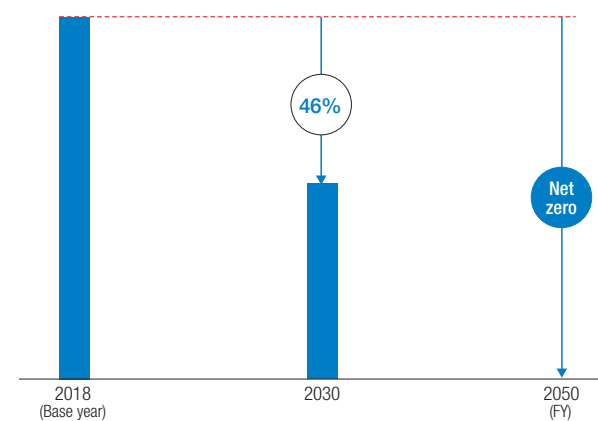
The preservation of a rich natural environment is a major premise for the business continuity of the Takara Group, which engages in business activities on the basis of the bounty of diverse natural resources such as grains, water, and microorganisms. In order to address environmental problems such as climate change, the Takara Group has formulated the Takara Group Environmental Policy.

Formulating a roadmap to reduce CO₂ emissions

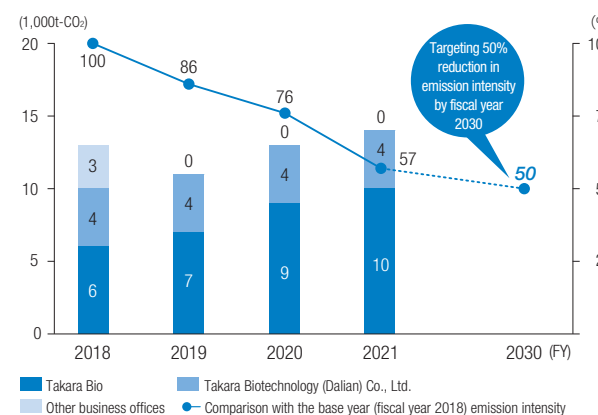
The Takara Group has set CO₂ emissions reduction targets in its Sustainability Vision and is working to reduce them.

In June 2022, we formulated a CO₂ emissions reduction roadmap and created a plan for measures to reduce emissions. Specific measures include utilization of gas boilers and adoption of solar panels. This roadmap will be updated as needed to ensure optimal measures are taken at all times.

CO₂ Emissions targets at Takara Shuzo and Takara Shuzo International Group production sites



CO₂ Emissions targets of the Takara Bio Group (emission intensity)



Response to climate change issues

Reduce CO₂ emissions from production processes

The Takara Group's total CO₂ emissions in production processes for fiscal year 2021 was 112,800 t-CO₂, a 0.6% year-on-year increase. This was due to an increase in manufacturing at the Takara Shuzo International Group as overseas markets recovered following a significant decline in sales volume due to the COVID-19 pandemic in fiscal year 2020, as well as an increase in electricity consumption due to progress in the use of the Center for Gene and Cell Processing II at Takara Bio.

CO₂ emissions from Takara Shuzo's production processes, which comprise 80% or more of the entire Group's CO₂ emissions, were 93,600 t-CO₂ for the same period, a decrease (2.2%) year on year. Energy efficiency improved thanks to installing energy-saving equipment and working to optimize heat recovery and equipment usage, such as upgrading to a high-efficiency boiler, converting the heavy oil boiler to a gas boiler, and reducing the amount of steam by reusing the waste heat of the distillation column.

Examples of initiatives to reduce CO₂ emissions from production processes

- Installing energy-saving equipment such as high-efficiency boilers, and converting the heavy oil boiler to a gas boiler
- Optimizing distillation conditions in alcohol refining processes
- Promoting the use of co-generation (combined heat and power) systems

Reduce CO₂ emissions from transportation processes

At Takara Shuzo, we are promoting high-efficiency transportation, energy-saving vehicle operations, and modal shifts, improving loading efficiency for products shipped by truck, and taking other measures to reduce CO₂ emissions during product transportation. In fiscal year 2021, CO₂ emissions from transportation processes were 15,600 t-CO₂, a 1.5% year-on-year reduction due to the impact of efforts such as improving loading efficiency for products shipped by truck.

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

Appropriate water usage

Limiting water usage in production processes

The Takara Group's total water usage in production processes for fiscal year 2021 was 6.46 million m³, a 5.2% year-on-year decline. Takara Shuzo's water usage, which comprises approximately 80% of the entire Group's usage, decreased year on year to 5.61 million m³, down 3.5%. In addition, the reuse rate of water improved due to the upgrade of production facilities at overseas Group companies of Takara Shuzo International.

Limiting Waste Generation

Reduce plant waste volume and promote 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 waste generated in our plants, which includes continuing to reuse 98% 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 2021 was 5,338 tons (reuse rate was 99.0%), on par with the previous fiscal year.

Examples of initiatives for reducing waste products

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

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 improve 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 developing products that consider the 3Rs (reduce, reuse, recycle) for their containers. As an independent initiative, Takara Shuzo is selling shochu by weight. Shochu is put into specialized tanks and sent directly to retail stores, where customers bring empty plastic PET bottles, etc. and fill the exact amount they need from the specialized tanks when making a purchase. From 1998, when these efforts started, to the end of March 2022, we have been able to conserve the equivalent of approximately 9.99 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 one-sided aluminum-free packages in aluminum pouches for reagents. We are also facilitating the use of paper with forest protection certification and vegetable oil-based ink in paper packages.

Preservation of ecosystems and biodiversity

Assistance for activities and research protecting ecosystems and biodiversity

Takara Holdings established the Takara Harmonist Fund in 1985, and ever since has carried out annual activities for protecting Japan's forests, grasslands, and aquatic environments, in addition to offering assistance for research and other efforts toward safeguarding the wildlife in these habitats. In fiscal year 2022, 11 activities and studies related to the conservation of the natural environment, including "We want to preserve a tidal flat where migratory birds will gather for the future of Tamashima!!," were selected from a large number of applications. During 37 years of the program, a cumulative total of 189,804,000 yen has been granted to 401 recipients.



Migratory birds of Tamashima

Takara Group's Sustainability

Disclosures based on the TCFD framework

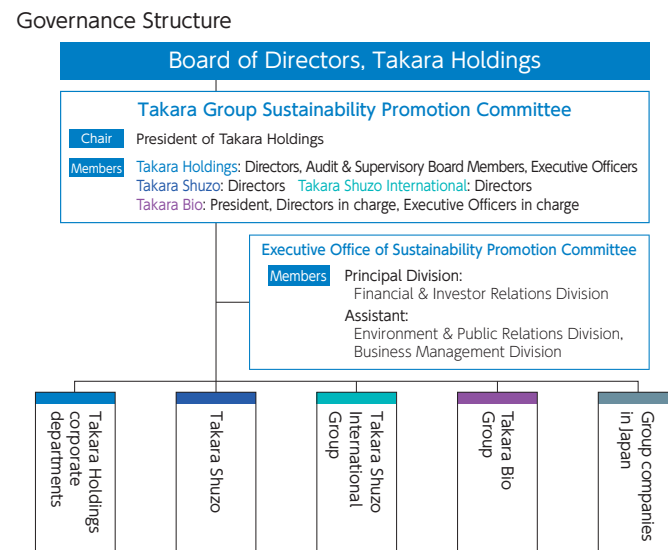
The Takara Group positions the harmonization of its business activities with global environmental preservation as one of its key challenges, and is actively implementing these initiatives.

The Group recognizes that climate change is an important issue that has an impact on the sustainability of its business. We will continue to consider and respond to climate change issues in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD), 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 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

In assessing the impact of climate change on the Group's operations, the Takara Group identified risks and opportunities for the Domestic Business (Takara Shuzo Co., Ltd.), which have a high proportion of greenhouse gas emissions. As a specific process, we identified 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 Sustainability Promotion Committee reports to the Board of Directors on the details of identified risks and opportunities and the countermeasures.

Strategy and Scenario Analysis

The Takara Group conducted scenario analysis for the Domestic Business (Takara Shuzo Co., Ltd.) 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) and SDS scenario (below 2°C scenario) based on WEO of IEA (International Energy Agency) 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 a significant 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 and damage to manufacturing sites due to floods 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 believe 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 costs of containers and packaging materials due to introduction of carbon tax	Medium-term	Large	<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)
	Increase in energy costs due to carbon tax	Medium-term	Medium	<ul style="list-style-type: none"> Promoting initiatives to reduce CO₂ emissions and increasing the ratio of renewable energy Promoting modal shifts Promoting the use of renewable energy Installing EVs for company vehicles
Physical risk	Storm surge and flood damage due to sea level rise	Long-term	Large	<ul style="list-style-type: none"> Decentralization of production sites Survey and examination of countermeasures for sites where large-scale flooding is expected
	Flood damage due to river flooding	Long-term		
	Impact on crop yields (see below for details)		(See below for details)	

*1 Medium-term: until around 2030; Long-term: 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 and consolidated property, plant and equipment

Opportunities	Content	Measures
Opportunities	Cost reduction by switching to equipment that complies with the Energy Conservation Act	Installing low-carbon equipment at Takara Shuzo (converting the heavy oil boiler to a natural gas boiler)
	Cost reduction by promoting energy conservation	<ul style="list-style-type: none"> Installing energy-saving equipment that reduces operating costs Installing energy-saving equipment on the distillation column at Takara Shuzo
	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

We analyzed the effects of rising temperatures on the yields of three items that account for high proportion of raw material use in our Domestic Business (Takara Shuzo Co., Ltd.). It was found that the yields of sugarcane would increase, that of corn would decrease, and that of paddy rice would decrease under the condition of temperature rise by 4°C.

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

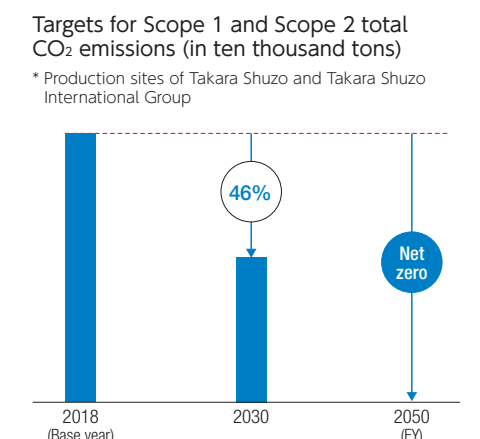
Item	Major country of origin	2.0°C	4.0°C	Measures
Sugarcane (yield)	Brazil	↑	↑↑	<ul style="list-style-type: none"> Continue stable procurement through cooperation with producers Surveying and diversifying suppliers to reduce procurement risk Survey and examination of raw materials compatible with climate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

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

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.

Year achieved	Scope	Indicators and targets
2030	Takara Shuzo/ Takara Shuzo International Group	Reduce CO ₂ emissions at production sites by 46% compared with FY2018.
	Takara Bio Group	Reduce CO ₂ emission intensity (CO ₂ emissions per net sales) by 50% compared with FY2018.
	Takara Shuzo (Distribution)	Reduce CO ₂ emission intensity (CO ₂ emissions per shipping volume) from shipping by 10% compared with FY2018.
2050	Entire Group	Net zero CO ₂ emissions



Takara Group's Sustainability



Human Resources

In the Takara Group, we take the perspective that people are indispensable assets and our employees are "human resources." While we believe that a company is an organization comprising all of its individual employees and that the collective power of "human resources" is the source of a company's growth and development, we also believe that the evolution of corporate culture and "human resources" is indispensable for the further increase in corporate value and the achievement of business continuity. We aim to create "a workplace that is full of vitality and positivity, and a corporate culture that nurtures people" from the perspective of respect for human beings, and within that to foster "human resources that achieve a balanced combination of working adult, member of society, and individual human being."

Fostering human resources

▶ Foster human resources using Takara Holdings Corporate History Museum, our training facility

In March 2017, we opened the Takara Holdings Corporate History Museum, a training facility for Group employees inside and outside Japan, in Takenaka-cho, Fushimi-ku, Kyoto, which is where the company was established, as one of our 90th anniversary projects. The business territory of the Takara Group, which originated in the sake brewing business in 1842, has now expanded to include the Biomedical Business and the Japanese Food Wholesale Business in overseas markets. In terms of geographical regions, we have also actively extended our business activities in Europe, the U.S., Asia, and Oceania, resulting in diverse human resources. We utilize this facility for our Corporate History Museum Observational Training Program for all Takara Group employees in order to foster a sense of solidarity and a mindset that is willing to take on challenges within the Group, and instill the Group's common values, the "TaKaRa Five Values." In fiscal year 2021, 308 employees participated in the program, bringing the total number of participants since fiscal year 2017 to 2,398. It will



Takara Holdings Corporate History Museum

continue to facilitate our efforts to foster a culture for promoting improvement in corporate value as we train the human resources that will support the Group into the future.

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 2022, nine women were newly appointed to manager and assistant manager positions.

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 FY2019 to FY2021, the ratio of employees who wished to be re-employed after reaching their retirement age was 84% in Takara Holdings, Takara Shuzo, and Takara Shuzo International combined and 95% 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 concluded a service agreement with two employees over the age of 65 (during fiscal year 2021).

▶ 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, 2022, there were six employees with disabilities working at Takara Holdings (in comparison to the statutory required number of five and employment rate of 2.44%), 34 at Takara Shuzo (against the statutory required number of 30 and employment rate of 2.59%), and 19 at Takara Bio (against the statutory required number of 18 and employment rate of 2.39%).

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 carrying out the required procedures such as creating and filing reports.

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


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

* 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>



Takara Group's Sustainability



Well-Balanced Diet

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

Providing the richness of alcohol and food

▶ **Conveying the appeal and new value of *washu***
 In December 2020, we launched an official YouTube channel, MIOxMAO channel, with figure skater Mao Asada as brand ambassador for *Sho Chiku Bai Shirakabegura Mio Sparkling Sake*. The channel introduces a variety of appeal of sake through projects such as Ms. Asada enjoying seasonal events and reporting the sites of sake brewing. Major videos are available in multiple languages and also distributed overseas.



MIOxMAO channel

▶ **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. In 2022 as well, we held the Takara Recipe Contest under the slogan of Tastier Home Dishes with the Power of Sake, and we are conveying the tastiness of dishes using sake and the potential it has.



Takara Recipe Contest 2022

▶ **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 47 times up until 2021. 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. Since 2020, courses have been held online in response to the COVID-19 pandemic, with the content of lectures being distributed via live streaming.



Live broadcasting

Creating communication through sake and providing a social lubricant

▶ **Disseminate information about the enjoyment of sake and sake culture**
 We use our "*Sakabanashi*," a website dedicated to make sake more enjoyable and various social network services to disseminate a wide range of information on sake, from how to enjoy it in everyday life to its cultural and historical aspects, to teach people about the sake culture.



Sakabanashi website

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

Due to its healthy image, Japanese food is increasingly gaining recognition and popularity overseas. Through our Japanese Food Wholesale Business in overseas markets, the Takara Shuzo International Group is supplying local Japanese restaurants, supermarkets, and retailers with a variety of Japanese food ingredients such as rice, laver, soy sauce, vinegar, and complementary products, which are essential for Japanese food. In order to further promote the spread of Japanese food overseas, we are also striving to participate in exhibitions held in various regions, disseminate information, and train chefs specializing in Japanese cuisine.

Established in Los Angeles, California in 1926, Mutual Trading Co., Inc. is one of the oldest Japanese food wholesaler in the U.S. As a pioneer in the Japanese food wholesale business, the company deals with a wide range of products of more than 8,000 kinds. In addition to hosting the Japanese Food & Restaurant Expo, an exhibition and sales event of *washu* and Japanese food for those involved in the restaurant business, the company has established Miyako Sushi & Washoku School and Sake School of America, working to develop human resources involved in Japanese food such as sushi and *washu*.



MIYAKO SUSHI & WASHOKU SCHOOL



Sake School of America

As the largest Japanese food wholesale network in Europe, the Foodex Group, which operates in 9 European countries, mainly France, participates in various exhibitions, including Sirha, Europe's largest international food service trade fair, which attracts approximately 150,000 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 striving to promote the spread of Japanese food culture by supporting seminars that introduce to local chefs traditional Japanese cooking techniques, such as fresh fish *Ikejime* technique.




Tazaki Foods Ltd., which is operating its business in the U.K. since 1978, is a local pioneer in the Japanese food wholesale business. Its signature Yutaka brand now offers more than 160 items. They are available not only in U.K. but also in more than 29 countries in and outside the EU. When conducting sales activities for food service operators, marketing managers specialized in *washu* visit restaurants and inform them about the characteristics of sake and the way it is served, working to spread *washu*. In addition to food exhibitions held throughout the U.K., the company participates in Anuga, the world's largest international food and beverage trade fair, held biennially in Germany and plays a role in expanding Japanese food in Europe.



Promoting the Yutaka brand at a U.K. food exhibition

Takara Group's Sustainability



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

Formulate guidelines for sustainable procurement, and request compliance by suppliers

Takara Shuzo formulates procurement guidelines for suppliers that consider environmental and social issues, and requests that suppliers comply.

We have created the Sustainability Procurement Guidelines, which include requirements such as "Ensuring safety and reliability" and "Consideration for the global environment," and disseminated it to all of our suppliers.

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 |

Supplier Plant Audits

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 at the time of new employees' joining the Group and at compliance training sessions, and so on, to promote human rights education within the Group. In fiscal year 2021, a program themed on Business and Human Rights was held 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

We will continue to develop programs that enhance the understanding of human rights, disseminate Takara Shuzo's procurement guidelines, monitor suppliers, and implement other 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

will address 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, conducting employee awareness surveys as a method of identifying human rights risks, and enhancing human rights education programs. We will implement the entire process as a single initiative from fiscal year 2023 onward.



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.

Takara Group's Sustainability



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 environmental education and food education for the purpose of teaching the importance of protecting the natural environment and its biodiversity and conveying the preciousness of natural bounty to elementary school students and their families. Over a period of roughly six months from May to December, we held four classes, including rice farming experience and nature observation in a rice field in Nantan, Kyoto Prefecture, and cooking classes at a cooking school in Kyoto. In 2022, we launched the Online Farm School website, providing a system that allows more people to participate.



Online Farm School



* On-site events were cancelled in 2022 as in 2020 and 2021 to prevent the spread of the novel coronavirus infections.

Takara Shuzo Eco-School

Since 2012, we have been conducting an environmental education program 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.

* The event was cancelled in 2022 as in 2020 and 2021 to prevent the spread of the novel coronavirus infections.



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.

* The event was cancelled in 2020 and 2021 to prevent the spread of the novel coronavirus infections. However, we plan to reopen the event if the situation allows.

Promotion of local economies

Continually foster community-based products

We will continue developing and nurturing products that are loved by local residents and have their roots in their local communities using carefully chosen ingredients that are unique to each locality. Examples include *Takara CRAFT* chu-hi, which is made with rigorously-selected base alcohol and local ingredients.

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.

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

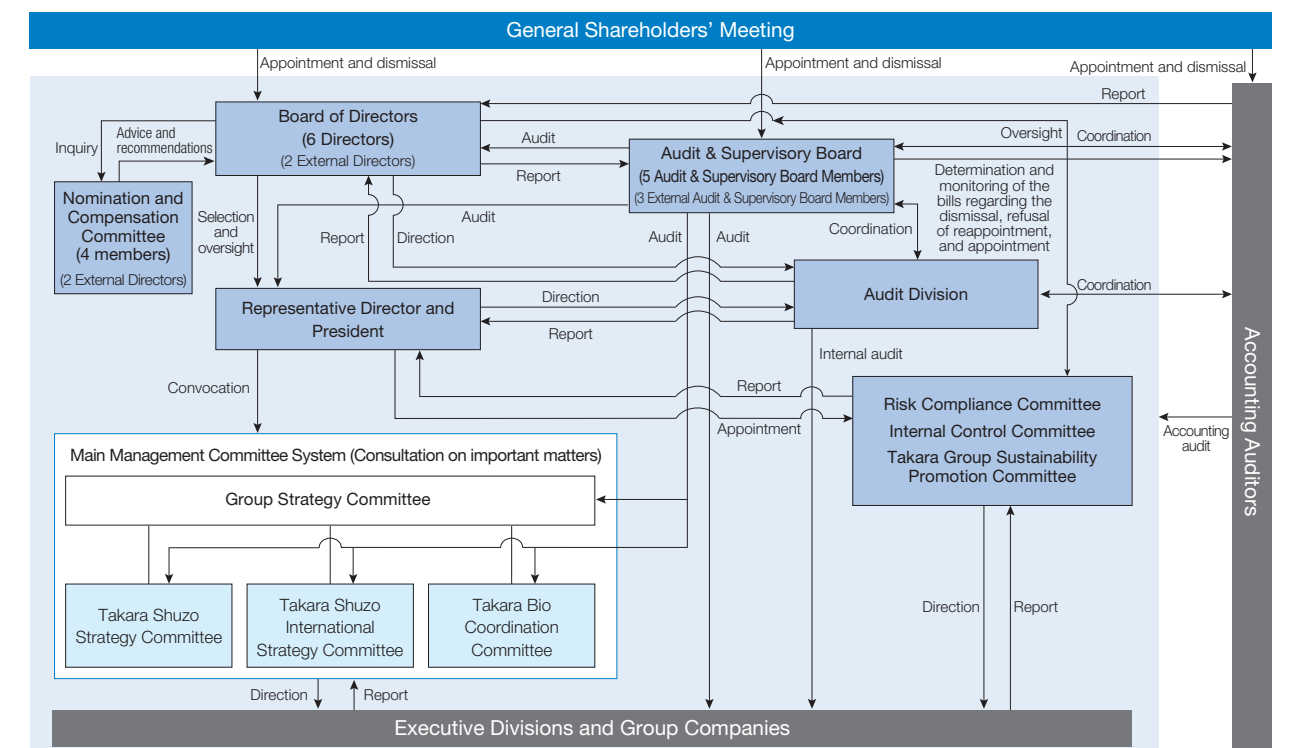
fair, speedy and resolute decision making. At the same time, we also believe that to continue to be a trusted corporate group, we need a structure that respects the positions of stakeholders, including shareholders, customers, employees, creditors, and local communities, and enables us to make efforts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

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

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

The Takara Group aspires to use its proprietary technology to produce great-tasting products and revolutionary biotechnology to safely and reliably deliver diverse value in the washu and, Japanese food, and life science categories and help people connect with each other and lead healthy and fulfilling lives full of smiles.

Corporate Governance Structure (As of September 1, 2022)



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.

Takara Group's Sustainability

Promotion of corporate governance

▶ Establish an optimum 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 with a wealth of experience and a broad view 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, two of our six 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.

▶ Establishment of an independent 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.

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	●					●	●

▶ 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, three of our five Audit & Supervisory Board Members are external Audit & Supervisory Board Members and our Audit & Supervisory Board Members include a woman. Furthermore, three of the five Audit & Supervisory Board Members 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 four officers are designated as independent officers. They are External Directors Masako Tomotsune, and Tomoko Kawakami, and External Audit & Supervisory Board Member Toshihito Yamanaka and Kumiko Kitai.

▶ 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 years.

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, 2022)

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 a track record related to corporate law and other matters. The Company has determined that these qualifications will be useful in the further enhancement of its management structure.	13 out of 13 meetings	—
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.	13 out of 13 meetings	—
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.	13 out of 13 meetings	14 out of 14 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.	10 out of 10 meetings	10 out of 10 meetings
External Audit & Supervisory Board Member	Kumiko Kitai	After joining the Ministry of Labour, Kumiko Kitai served as Vice-Governor of Shizuoka Prefecture followed by a series of key positions in the Ministry of Health, Labour and Welfare, and the Company has determined that her broad knowledge and her experience and track record due to her extensive career to date will be useful in the further enhancement of its audit structure.	13 out of 13 meetings	14 out of 14 meetings

Compensation for Directors and Audit & Supervisory Board Members (fiscal year ended March 31, 2022)

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)	115 (22)	6 (—)	113 (—)	228 (22)
Audit & Supervisory Board Members (External Audit & Supervisory Board Members)	7 (4)	89 (48)	— (—)	— (—)	89 (48)
Total (External Officers)	16 (7)	205 (70)	6 (—)	113 (—)	318 (69)

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 nine (including three 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 Audit & Supervisory Board Members is that it includes two Audit & Supervisory Board Members (including one External Audit & Supervisory Board Member) who retired at the adjournment of the 110th General Shareholders' Meeting held on June 29, 2021.

3. Performance-linked compensation is determined by the Representative Director and President, after consultation with other Representative Directors, 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 years. 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, 2022 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, 2022, 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 12, 2022.

(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 the system for providing information in advance to independent external officers and 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.

Takara Group's Sustainability

▶ 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 September 1, 2022, 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 2022, the Takara Group consists of Takara Holdings that is a holding company, 59 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. Furthermore, 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.

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>

With the aim of realizing 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 will always conduct trustworthy and fair corporate activities in accordance with our code of conduct, "what makes consumers full of life makes me full of life."

- (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.

Takara Group's Sustainability



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. 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, taking account of possible disasters other than large-scale earthquakes, including epidemics.

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 2021
Safety and Reliability	FSSC22000 certification at all six plants in Japan	Maintain certification [TS]	Maintain 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]	100%
	Completion rate for checking the safety of raw materials with warranties	Maintain a completion rate of 100% [TS]	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 January 2022
	Completion rate for testing the degree of understanding of the manual to improve the quality of responding to customers	100% [TS]	100%
	ISO certifications obtained by business offices, licenses, registrations, and the like necessary for operating business	Maintain certifications, licenses, registrations, and the like [TBG]	Maintain certifications, licenses, registrations, and the like
Wellness	Rate of compliance with food laws and regulations in export destination countries	Maintain a completion rate of 100% [TSIG]	100%
	Recognition of salt-free cooking liquor	35% in fiscal 2030	22.3% (As of March 2022)
	Lineup of organic and vegan products	1,369 items in fiscal 2025 [TSIG]	1,269 items (As of March 2021)
Responsible Alcohol Producer	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 March 2021)
	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]	18% decrease in fiscal 2021 (compared to fiscal 2020)
	Number of cases of violating the voluntary standards on advertisements	Maintain the status of having no cases [TS]	Maintain 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]	Early disclosure started on the website in April 2021. Displayed on products starting from <i>Sumika</i> launched in 2021. Since then, it has been displayed on about 40 items on the <i>Shochu Highball</i> and <i>Maruoroshi</i> series
	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. Considering implementation for products of 2 liters or less.
	Completion rate for e-learning and other educational programs on the appropriate consumption of alcohol	Completion rate of 100% or more, by all employees of all domestic Group companies in fiscal 2021 [Domestic Group Companies]	100% implemented
Environment	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 2021: 95.0% (compared to fiscal 2018). Takara Bio CO ₂ emissions intensity: 57.2% (compared to fiscal 2018)
	CO ₂ emissions	Reduce CO ₂ emission intensity by 50% by fiscal 2030 (compared to fiscal 2018) [TBG]	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 (distribution)	Reduce CO ₂ emission intensity by 10% by fiscal 2030 (compared to fiscal 2018) [TS]	Takara Shuzo CO ₂ emissions intensity (distribution): 94.9% in fiscal 2021 (compared to fiscal 2018)
	CO ₂ emissions	Achieve net zero CO ₂ emissions by fiscal 2050 [TG]	
	Water usage	Reduce units of water usage by 9% by fiscal 2030 (compared to fiscal 2017) [TS]	12% reduction (fiscal 2021)
	Reuse rate of waste generated in production processes	Continue reusing 98% or more of waste [TS]	99% (fiscal 2021)
	Percentage of products in sustainable containers and packaging that consider the 3Rs	100% by fiscal 2050 [TS]	Consideration of sustainable containers and systems
	Use of paper with forest protection certification in paper carton products	100% usage by fiscal 2030 [TS]	Started partial introduction with new and renewed products, including cooking sake
	Usage rate of biomass ink in paper and plastic labels	100% usage by fiscal 2030 [TS]	Started partial introduction with new and renewed products Mirin, cooking sake PET products, etc.
	Usage rate of paper with forest protection certification in paper carton products	100% usage by fiscal 2025 [TBG]	Currently being used in products such as Takara SARS-CoV-2 Direct PCR Detection Kit. Expand the scope of application in phases
Governance	Usage rate of aluminum-free packages in one-sided aluminum pouches	100% usage by fiscal 2025 [TBG]	Designs, etc., are under consideration for aluminum-less packaging
	Usage rate of vegetable oil-based ink in paper packages	100% usage by fiscal 2025 [TBG]	Currently being used in products such as Takara SARS-CoV-2 Direct PCR Detection Kit. Expand the scope of application in phases
	Regularly hold Risk Compliance Committee meetings	Twice per year [TG]	Implemented twice
	Hold compliance training sessions	Once per year [TG]	Implemented once
	Conduct compliance on-the-job training	Four times per year [TG]	Implemented four times
Well-Balanced Diet	Monitor the state of risk management	Once per year [TG]	Implemented once
	Regularly hold various drills	Once per year [TG]	Implemented
	Number of social media followers, with a focus on <i>Mio Sparkling Sake</i>	300,000 or more followers by fiscal 2025 [TS]	121,500 (As of March 2022)
Human Resources	Development of exclusive overseas products and overseas business company products	10 items by fiscal 2025 [TSIG]	Launched two items in February 2022. Six more items are scheduled to be released. Currently, seven items are under development
	Number of followers on Takara Shuzo's official Facebook page	200,000 or more followers by fiscal 2025 [TS]	128,617 (As of March 2022)
	Newly appoint women to manager and assistant manager positions	Appoint at least 50 women by fiscal 2030 [TH, TS, TSI]	Total 9 (as of April 1, 2022)
	Percentage of employees with disabilities	Maintain a percentage of 2.3% or more [Domestic Group Companies]	[TH] 2.44% [TS] 2.59% [TB] 2.39% (As of April 1, 2022)
	Total working hours	Reduce total working hours by fiscal 2025, compared to fiscal 2020 [Domestic Group Companies]	[TH, TS, TSI] 1,862.05 hours, up 16.9 hours (compared to fiscal 2020) [TB] 1,873.27 hours, down 31.28 hours (compared to fiscal 2020)
Procurement	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] 69.1%. 2.7% improvement (compared to fiscal 2020) [TB] 57.5%. 7.3% improvement (compared to fiscal 2020)
	Reinstatement rate for employees who take childcare leave	Maintain a 100% reinstatement rate [Domestic Group Companies]	Maintain 100%
	Dissemination of Sustainability Procurement Guidelines	To all suppliers in fiscal 2021 [TS]	100% implemented
Procurement	Percentage of key suppliers who comply with the Sustainability Procurement Guidelines	70% by fiscal 2025 and 80% by fiscal 2030 [TS]	75%

<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

Takara Group's Sustainability

Messages from External Directors



Masako Tomotsune
(Appointed June 28, 2018)
External Director

We will promote the active involvement of women, pursue diversity, and use and develop all kinds of human resources with the aim of enhancing corporate value.

Since the start of our sake brewing business in Fushimi, Kyoto in 1842, we have worked to diversify our business to meet the needs of the times while overcoming numerous difficulties. This year, thanks to the support of our stakeholders, we are celebrating our 20th anniversary as Takara Holdings. Taking advantage of our long history and experience, we are steadily and firmly developing ethical products and community-based products in response to changes in the business environment and improving our business model, including overseas delivery and online sales, in order to respond to the COVID-19 pandemic. Additionally, looking to the future, we are discussing what we can and should do to contribute to the realization of a sustainable society under the Takara Group Sustainability Policy and Takara Group Sustainability Vision.

Independent External Directors assume important responsibilities in providing advice, supervising management, and reflecting the opinions of various stakeholders in order to

ensure the company's sustainable growth and medium- to long-term enhancement of corporate value. Leveraging my experience as a lawyer and as a member of the ethics board of government authority, I actively spoke from an independent standpoint at Board of Directors meetings and the Nomination and Compensation Committee established in fiscal 2021, mainly from the viewpoint of improving compliance and corporate governance, promoting women's active participation in the workforce, and pursuing diversity. I have also participated in some training for female employees. Promoting the active involvement of women is an important issue for Japanese society as a whole. However, I believe that by promoting the active involvement of women and by using and developing all human resources—not just women—we can achieve an increase in corporate value. I will closely watch changes in the social environment as we continue our activities to enhance the Group's corporate value over the medium to long term.



Tomoko Kawakami
(Appointed June 27, 2019)
External Director

I will tackle management issues, taking a global perspective as we work toward our vision.

I am Tomoko Kawakami, an external director of Takara Holdings and a professor at the Waseda University (Waseda Business School). The situation surrounding corporate management has become ever more challenging due to rapid socioeconomic changes caused by the recent situation in Ukraine and the spread of COVID-19 that shows no sign of abating. Even before these changes in circumstances, there has been an increased emphasis on addressing various social issues such as the global environment. At the business school, we routinely discuss these management issues with working students, international students, and executives from a variety of industries and business categories.

To boldly tackle these management challenges, we have set "Smiles in Life" as where the Takara Group wants to be in our Long-term Management Vision, "TaKaRa Group Challenge for the 100th (TGC100)." As if to embody this vision, the Japanese Food Wholesale Business overseas has been strong during the COVID-19 pandemic

and our innovative biomedical technology has been used in PCR test reagents, enabling us to contribute to society through our core business. This is a result of the foresight of our portfolio and we expect to continue developing our business with an eye to the future.

Meanwhile, our sustainability initiatives are still in their infancy, especially compared to Europe. As DX advances in the COVID-19 pandemic, it is imperative to understand the advantages and disadvantages of each of the digital and real world, and to efficiently develop products in the market that are welcomed by society and customers, in line with an era of reduced environmental impact. We must also shift from individual product brands that are strong domestically to brands that will be loved around the world. I will do my small part to provide sound business advice so that all our activities will lead to smiles and prosperous lives for our current and future customers.

Directors and Audit & Supervisory Board Members (As of September 1, 2022)

Directors



Mutsumi Kimura (59)

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)



Hideo Takahashi (60)

Managing Director
(Personnel, General Affairs, Environment & Public 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)



Masako Tomotsune (50)

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)



Koichi Nakao (60)

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, Financial & Investor Relations,
Accounting, 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.



Tomoko Kawakami (57)

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

Audit & Supervisory Board Members

Teruaki Mitsui (60)

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 (61)

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 (62)

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 (56)

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)

Kumiko Kitai (69)

Audit & Supervisory Board Member
(External Audit & Supervisory Board Member)

- Aug. 2005 Director-General, The Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare
- Aug. 2007 Retirement from Ministry of Health, Labour and Welfare
Senior Managing Director, Japan Industrial Safety & Health Association
- May 2011 Retires as Senior Managing Director, Japan Industrial Safety & Health Association
- Jun. 2011 Audit & Supervisory Board Member (incumbent)
Audit & Supervisory Board Member, TAKARA SHUZO CO., LTD.
Jul. 2014 Attorney-at-law, Kachidoki Law Office (incumbent)
Jun. 2019 Independent Auditor, Osaki Electric Co., Ltd. (incumbent)
- Oct. 2019 Chairperson, Tokyo Metropolitan Public Safety Commission
- Dec. 2021 Member, The Tokyo Metropolitan Government Labor Relations Commission (incumbent)
- Jun. 2022 Outside Director, Japan Petroleum Exploration Co., Ltd. (incumbent)

Management's Discussion and Analysis

Overview of Management Results

In the fiscal year under review, ended March 31, 2022, the Japanese economy faced a slow recovery in personal consumption amid the prolonged effects of COVID-19 infections, and the outlook became increasingly uncertain mainly due to soaring raw material prices and the rapid depreciation of the yen toward the end of the fiscal year. Overseas, although there are regional differences, restrictions on activities due to COVID-19 infections have eased and economic activities are expected to recover, but the economic outlook remains difficult to predict due to prolonged trade friction between the U.S. and China, disruptions in the global supply chain caused by Russia's invasion of Ukraine, and soaring resource prices.

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. The Group has been 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 keeping a close eye on the impact of COVID-19 and flexibly addressing environmental changes.

Net sales

In the fiscal year under review, net sales for the Group were up 8.1% year on year to ¥300,918 million, absorbing the impact of the Accounting Standard for Revenue Recognition and other standards. Gross profit decreased 1.8% year on year to ¥113,541 million. Operating income rose 100.8% year on year to ¥43,354 million while ordinary income increased 97.1% year on year to ¥43,230 million. Net income attributable to owners of the parent rose 96.4% year on year to ¥20,769 million. All income items from operating income, which is not affected by the said accounting standards, increased significantly.

Results by business segment were as follows.

(1) Takara Shuzo

Amid the backdrop of the persisting trend of decrease in total consumption of alcoholic beverages due to the impact of the decline and aging of the population in Japan among other factors, consumption styles have been changed by the COVID-19 crisis and the new ways of consumption are taking root. In addition, there has been an unabated rise in the prices of raw materials due to the soaring prices of resources as well as the depreciation of the yen.

In this situation, Takara Shuzo placed the highest priority on supplying safe and reliable products, while giving attention to the prevention of the spread of COVID-19. At the same time, Takara Shuzo has been committed to nurturing high-value-added products that meet consumer needs, such as SDGs-conscious products, and to thorough cost reductions. However, in light of the large-scale voluntary recall of chu-hi products in May 2021, we once again implemented thorough quality control.

As a result, net sales for the Takara Shuzo Group totaled ¥119,710 million, affected by the impact of a ¥29,000 million decrease due to the adoption of the Accounting Standard for Revenue Recognition and other standards. Cost of sales was ¥90,898 million, while gross profit was ¥28,811 million. As SG&A expenses were ¥24,676, also affected by the ¥29,000 million decrease, operating income decreased 15.2% year on year to ¥4,135 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 and retailers outside Japan. The impact of COVID-19, which was a major factor in the decline in sales in the previous fiscal

year, has gradually eased, due to the expansion of vaccines and other factors, although there are regional differences.

As a result, net sales for the Takara Shuzo International Group after the elimination of intersegment transactions rose 46.8% year on year to ¥102,186 million, bolstered by the effect of the weak yen. Cost of sales increased 43.0% year on year to ¥70,045 million, and gross profit rose 56.0% year on year to ¥32,140 million. SG&A expenses rose only 21.0% year on year to ¥23,667 million despite increases in personnel expenses and logistics expenses due to higher sales. Accordingly, operating income increased as significantly as 712.1% year on year to ¥8,472 million.

(3) Takara Bio Group

Takara Bio Group proceeded with the development of bio-drug discovery platform technologies through the reagents and scientific instruments businesses and the CDMO business, and promotes initiatives to become a drug-discovery company that keeps creating new modalities. It proactively worked on a stable supply of PCR-related products for COVID-19, and improvement of the manufacturing structure of products such as regenerative medical products, including vaccines.

As the Takara Bio Group's core business, the Bioindustry business mainly provides products and services that support research and development activities in biotechnology-related fields as such activities become increasingly widespread. Furthermore, in the Gene Therapy business, with advances in biology and technology, there has been a rapid expansion in the field of medicine to develop new modalities (therapeutic means) such as genes and cells, in addition to small molecules and antibodies.

Under these circumstances, the Takara Bio Group is working to maximize project value through the development of platform technology for biologics discovery necessary for the development of gene therapy and other regenerative medicine products and vaccines, the creation of new clinical projects, and the licensing of development projects to pharmaceutical companies.

As a result, net sales for the Takara Bio Group were up 46.9% year on year to ¥67,699 million. Cost of sales grew 30.1% year on year to ¥18,488 million due to improvement in the cost rate, leading to a gross profit increase of 54.4% year on year to ¥49,211 million. SG&A expenses were up 13.3% year on year to ¥20,309 million due to increases in personnel expenses, research and development expenses and other expenses, and operating income was up 107.1% year on year to ¥28,902 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 5.1% year on year to ¥30,719 million. Cost of sales rose 4.2% year on year to ¥26,626 million, and gross profit increased 11.2% year on year to ¥4,093 million. SG&A expenses fell 0.3% year on year to ¥1,870 million, and operating income was up 23.2% year on year to ¥2,222 million.

Financial position

(Assets)

At the end of the fiscal year under review, current assets totaled ¥232,323 million, an increase of ¥49,215 million compared with that at the end of the previous fiscal year. This was primarily due to increases in merchandise and finished goods of ¥22,056 million, cash and deposits of ¥14,207 million, and notes and accounts receivable-trade of ¥7,781 million. Noncurrent assets were ¥130,114 million, an increase of ¥6,304 million compared with that at the end of the previous fiscal year. This was primarily due to an increase of ¥5,006 million in property, plant and equipment resulting from interior finishing work of Takara Bio USA, Inc.'s new office building, and TAKARA BIO INC.'s acquisition of manufacturing facilities. As a result, total assets were ¥362,438 million, an increase of ¥55,519 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 ¥79,151 million, an increase of ¥22,882 million compared with that at the end of the previous fiscal year. This was primarily due to increases in current portion of bonds of ¥10,000 million and other current liabilities of ¥7,687 million. Noncurrent liabilities were ¥58,730 million, a decrease of ¥383 million compared with that at the end of the previous fiscal year. As a result, total liabilities were ¥137,882 million, an increase of ¥22,499 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 ¥224,555 million, an increase of ¥33,020 million compared with that at the end of the previous fiscal year. This was primarily due to increases in retained earnings of ¥14,749 million, noncontrolling interests of ¥9,484 million, and foreign currency translation adjustment of ¥7,171 million. As a result, the equity ratio totaled 49.8%, compared with 51.1% at the end of the previous fiscal year.

Cash flows

Net cash provided by operating activities decreased ¥10,724 million year on year to ¥16,376 million primarily due to income before income taxes of ¥40,961 million, depreciation and amortization of ¥8,425 million, an increase in trade receivables of ¥7,109 million, an increase in inventories of ¥21,235 million, an increase in trade payables of ¥3,920 million, and income taxes paid of ¥10,253 million.

Net cash used in investing activities resulted in expenditure of ¥10,399 million, an increase in expenditure of ¥3,660 million compared with that of the previous fiscal year primarily due to payments into time deposits of ¥15,513 million, proceeds from withdrawal of time deposits of ¥14,758 million, purchase of property, plant and equipment and intangible assets of ¥14,762 million, and subsidies received of ¥3,960 million.

Net cash provided by financing activities totaled ¥4,133 million (an expenditure of ¥1,506 million in the previous fiscal year) primarily due to proceeds from issuance of bonds of ¥9,927 million and cash dividends paid of ¥4,147 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 ¥75,729 million, up ¥12,869 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, 2022. 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 low birthrate and the rapidly aging population 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 cutting costs 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, albeit temporarily stagnating due to the COVID-19 pandemic, 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 and sales of reagents and instruments, 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.

Management's Discussion and Analysis

(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, supply chain disruptions caused by the COVID-19 pandemic, Russia's invasion of Ukraine and the depreciation of the yen 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 Law that governs liquor taxes and the licenses for the manufacturing and/or selling of alcoholic beverages in Japan. In accordance with the Liquor Tax Law, 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 Law, 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 Law, 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.

(7) Risks concerning R&D activities

The biotechnology-related industry covers a wide range of fields including the regenerative medical product field such as 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. The Group also holds positions in foreign currency transactions in which profits and losses offset each other regardless of whether the yen depreciates or appreciates.

(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, regenerative medical 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 cyber terrorism, 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 disasters

The business activities of the Group may be obstructed by physical and human damage resulting from natural disasters such as storms, earthquakes, lightning, and floods, 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.

(15) Effects of the COVID-19 pandemic

In the fiscal year ending March 31, 2023, the Group has assumed that the impact of the COVID-19 pandemic will continue for a certain period. If the effects become more serious than assumed, it could have a major impact, mainly on the Japanese Food Wholesale Business in overseas markets, whose core customers are in the restaurant industry. The Group aims to achieve its profit plan despite the impact of the COVID-19 pandemic and is therefore working on product development and diversification of sales channels based on the premise of living with COVID-19. The Group is also working on continuing infection prevention measures and on the establishment and promotion of work-from-home systems at individual sites.

(16) Response to climate change

Recognizing that climate change is an important issue that affects the sustainability of our business, the Group is deliberating on the assessment of risks and opportunities for our business, and the formulation of strategies and targets. Under the supervision of the Board of Directors, the Group has set up the "Takara Group Sustainability Promotion Committee," chaired by the Representative Director and President of Takara Holdings, and has established the "Takara Group Sustainability Policy" and the "Takara Group Sustainability Vision." Priority issues under the policy and vision include CO₂ reduction efforts and information disclosure based on the TCFD Framework on our website.

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, 2022)

	Millions of yen*3				Millions of yen*3								Thousands of *5 U.S. dollars
	2022/3	2021/3	2020/3	2019/3	2018/3	2017/3	2016/3	2015/3	2014/3	2013/3	2012/3	2022/3	
For the Years Ended March 31													
Net sales*1	¥ 300,918	¥278,443	¥281,191	¥277,443	¥268,142	¥234,193	¥225,364	¥219,490	¥209,568	¥200,989	¥198,690	\$ 2,466,540	
Takara Shuzo	119,710	152,537	153,141	152,457	149,839	149,452	145,492	147,884	149,633			981,229	
Takara Shuzo International Group	102,186	69,589	82,765	77,834	70,717	37,540	30,490	26,233	16,481			837,590	
Takara Bio Group	67,699	46,086	34,565	35,841	32,312	29,375	29,729	25,969	23,905			554,909	
Others (Domestic Group Companies)	30,719	29,238	31,801	32,742	36,412	39,017	41,050	42,980	43,123			251,795	
Adjusted amounts	(19,396)	(19,007)	(21,082)	(21,431)	(21,140)	(21,193)	(21,398)	(23,577)	(23,575)			(158,983)	
Cost of sales	187,376	162,849	172,574	168,694	163,529	140,182	135,868	134,390	129,447	123,630	121,462	1,535,868	
Gross profit	113,541	115,594	108,617	108,749	104,612	94,010	89,495	85,099	80,121	77,359	77,228	930,663	
Selling, general and administrative (SG&A) expenses	70,187	93,999	92,781	90,945	88,999	80,458	77,815	74,003	70,631	68,225	67,963	575,303	
Operating income (loss)*1	43,354	21,595	15,836	17,804	15,612	13,551	11,680	11,096	9,490	9,133	9,264	355,360	
Takara Shuzo	4,135	4,879	4,175	5,948	5,569	5,071	4,082	4,428	4,513			33,893	
Takara Shuzo International Group	8,472	1,043	3,532	4,532	4,393	3,182	2,752	2,270	907			69,442	
Takara Bio Group	28,902	13,952	6,274	5,463	3,555	3,202	2,667	2,302	1,954			236,901	
Others (Domestic Group Companies)	2,222	1,803	2,018	1,954	2,318	2,167	2,058	1,654	1,581			18,213	
Adjusted amounts	(379)	(84)	(164)	(95)	(224)	(72)	120	440	533			(3,106)	
Income before income taxes	40,961	20,583	15,643	17,658	18,903	14,520	12,548	11,453	18,642	9,256	8,590	335,745	
Net income attributable to owners of the parent	20,769	10,574	8,980	10,411	11,029	8,480	7,055	5,706	10,280	4,687	3,995	170,237	
Depreciation and amortization	9,589	9,298	8,874	7,827	7,702	6,213	6,180	5,537	4,997	4,973	5,209	78,598	
Capital expenditures	16,213	13,775	14,195	10,671	6,414	6,658	6,003	9,533	8,967	5,282	5,330	132,893	
Research and development (R&D) expenses	6,484	5,914	4,259	4,708	5,063	4,550	4,608	3,754	3,376	3,090	3,027	53,147	
Cash flows provided by (used in) operating activities	16,376	27,100	11,744	13,508	16,265	12,826	10,373	9,545	7,233	7,967	9,013	134,229	
Net cash provided by (used in) investing activities	(10,399)	(6,738)	(3,690)	(9,213)	(19,916)	16,200	(10,864)	(10,253)	(12,254)	(3,672)	(4,779)	(85,237)	
Cash flows provided by (used in) financing activities	4,133	(1,506)	(11,653)	(4,243)	(5,570)	(2,828)	(9,482)	6,819	2,562	1,229	(3,265)	33,877	
Free cash flow	5,977	20,362	8,054	4,295	(3,650)	29,026	(490)	(708)	(5,021)	4,295	4,233	48,991	
As of March 31													
Total assets	¥ 362,438	¥306,918	¥283,882	¥287,106	¥284,281	¥274,368	¥253,253	¥264,438	¥238,577	¥207,586	¥197,437	\$ 2,970,803	
Interest-bearing debt	60,655	50,256	46,070	47,427	47,982	47,852	42,837	48,324	38,909	43,098	38,493	497,172	
Total net assets	224,555	191,535	181,329	179,795	176,217	165,920	156,148	158,404	146,422	114,318	107,659	1,840,614	
Total shareholders' equity	180,420	156,884	147,762	148,197	145,111	135,043	130,386	131,923	121,431	100,040	94,783	1,478,852	
Per Share of Common Stock (Yen and U.S. dollars):												(U.S. dollars)	
Basic net income	¥ 105.05	¥ 53.48	¥ 45.11	¥ 52.15	¥ 54.97	¥ 42.15	¥ 35.06	¥ 28.36	¥ 50.83	¥ 23.01	¥ 19.32	\$ 0.86	
Total equity	912.58	793.53	747.39	742.36	726.90	671.11	647.97	655.60	603.44	493.14	461.41	7.48	
Annual dividends	37.00	21.00	20.00	18.00	16.00	13.00	12.00	10.00	11.00	9.00	9.00	0.30	
Ratios:													
Return on assets (ROA)	6.2%	3.6%	3.1%	3.6%	3.9%	3.2%	2.7%	2.3%	4.6%	2.3%	2.0%	—	
Return on equity (ROE)	12.3	6.9	6.1	7.1	7.9	6.4	5.4	4.5	9.3	4.8	4.2	—	
Equity ratio	49.8	51.1	52.1	51.6	51.0	49.2	51.5	49.9	50.9	48.2	48.0	—	
D/E ratio	33.6	32.0	31.2	32.0	33.1	35.4	32.9	36.6	32.0	43.1	40.6	—	
Dividend payout ratio	35.2	39.3	44.3	34.5	29.1	30.8	34.2	35.3	21.6	39.1	46.6	—	

*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 ¥122 to U.S. \$1, the approximate rate of exchange at March 31, 2022.

Consolidated Financial Statements

Consolidated Balance Sheet

TAKARA HOLDINGS INC. and consolidated subsidiaries
Year ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
ASSETS			
CURRENT ASSETS:			
Cash and deposits	¥ 80,445	¥ 66,238	\$ 659,385
Notes and accounts receivable	62,856	55,074	515,213
Electronically recorded monetary claims-operating	7,403	6,880	60,680
Marketable securities	1,179	1,145	9,663
Merchandise and finished goods	63,172	41,115	517,803
Work in process	2,012	1,924	16,491
Raw materials and supplies	7,458	6,084	61,131
Other	8,243	5,161	67,565
Allowance for doubtful accounts	(449)	(516)	(3,680)
Total current assets	232,323	183,108	1,904,286
NONCURRENT ASSETS:			
Property, plant and equipment			
Buildings and structures	69,584	61,363	570,360
Accumulated depreciation	(36,902)	(35,403)	(302,475)
Buildings and structures, net	32,682	25,959	267,885
Machinery, equipment and vehicles	88,453	86,657	725,024
Accumulated depreciation	(73,447)	(71,247)	(602,024)
Machinery, equipment and vehicles, net	15,006	15,410	123,000
Land	20,170	20,640	165,327
Lease assets	1,512	1,680	12,393
Accumulated depreciation	(605)	(651)	(4,959)
Lease assets, net	907	1,029	7,434
Construction in progress	1,782	4,027	14,606
Other	24,046	21,823	197,098
Accumulated depreciation	(14,848)	(14,149)	(121,704)
Other, net	9,198	7,673	75,393
Total property, plant and equipment	79,747	74,740	653,663
INTANGIBLE ASSETS:			
Goodwill	10,070	10,142	82,540
Other	5,290	5,746	43,360
Total intangible assets	15,360	15,889	125,901
INVESTMENTS AND OTHER ASSETS:			
Investment securities	29,228	27,924	239,573
Net defined benefit asset	907	894	7,434
Deferred tax assets	2,682	2,088	21,983
Other	2,253	2,341	18,467
Allowance for doubtful accounts	(64)	(69)	(524)
Total investments and other assets	35,006	33,180	286,934
Total non-current assets	130,114	123,810	1,066,508
TOTAL	¥ 362,438	¥306,918	\$ 2,970,803

* 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 ¥122 to U.S. \$1, the approximate rate of exchange at March 31, 2022.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
LIABILITIES			
CURRENT LIABILITIES:			
Notes and accounts payable	¥ 20,973	¥ 16,481	\$ 171,909
Short-term bank loans	5,497	5,166	45,057
Current portion of bonds payable	10,000	—	81,967
Liquor taxes payable	7,172	6,890	58,786
Accrued expenses	5,579	6,455	45,729
Income taxes payable	6,602	4,021	54,114
Provision for bonuses	3,161	2,727	25,909
Accrued sales promotion expenses	—	2,049	—
Other	20,164	12,476	165,278
Total current liabilities	79,151	56,269	648,778
NONCURRENT LIABILITIES:			
Bonds payable	20,000	20,000	163,934
Long-term loans payable	15,248	15,465	124,983
Lease obligations	3,005	3,122	24,631
Deferred tax liabilities	3,969	3,831	32,532
Liability for retirement benefits	8,944	9,274	73,311
Other	7,562	7,419	61,983
Total non-current liabilities	58,730	59,113	481,393
Total liabilities	137,882	115,383	1,130,180
NET ASSETS			
SHAREHOLDERS' EQUITY:			
Capital stock	13,226	13,226	108,409
Capital surplus	2,499	2,292	20,483
Retained earnings	149,933	135,184	1,228,959
Treasury stock	(1,682)	(1,682)	(13,786)
Total shareholders' equity	163,976	149,020	1,344,065
ACCUMULATED OTHER COMPREHENSIVE INCOME:			
Unrealized gain on available-for-sale securities	12,216	11,370	100,131
Deferred gain on derivatives under hedge accounting	412	193	3,377
Foreign currency translation adjustments	4,330	(2,840)	35,491
Defined retirement benefit plans	(515)	(859)	(4,221)
Total accumulated other comprehensive income	16,443	7,863	134,778
Noncontrolling interests	44,135	34,650	361,762
Total net assets	224,555	191,535	1,840,614
TOTAL	¥ 362,438	¥306,918	\$ 2,970,803

Consolidated Financial Statements

Consolidated Statement of Income

TAKARA HOLDINGS INC. and consolidated subsidiaries
Year ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
NET SALES	¥ 300,918	¥278,443	\$ 2,466,540
COST OF SALES	187,376	162,849	1,535,868
Gross profit	113,541	115,594	930,663
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	70,187	93,999	575,303
Operating income	43,354	21,595	355,360
NONOPERATING INCOME:			
Interest income	176	179	1,442
Dividend income	590	528	4,836
Rental income from real estate	157	137	1,286
Other	568	466	4,655
Total nonoperating income	1,492	1,311	12,229
NONOPERATING EXPENSES:			
Interest expenses	330	344	2,704
Foreign exchange losses	807	92	6,614
Other	477	539	3,909
Total nonoperating expenses	1,615	976	13,237
ORDINARY INCOME	43,230	21,929	354,344
EXTRAORDINARY INCOME:			
National subsidies	4,470	517	36,639
Other	188	11	1,540
Total extraordinary income	4,658	529	38,180
EXTRAORDINARY LOSSES:			
Loss on tax purpose reduction entry of non-current assets	4,470	517	36,639
Loss on voluntary product recall	1,190	—	9,754
Loss on liquidation of business	—	458	—
Other	1,267	899	10,385
Total extraordinary losses	6,928	1,875	56,786
INCOME BEFORE INCOME TAXES	40,961	20,583	335,745
INCOME TAXES-CURRENT	11,900	6,303	97,540
INCOME TAXES-DEFERRED	(309)	23	(2,532)
TOTAL INCOME TAXES	11,590	6,326	95,000
NET INCOME	29,370	14,256	240,737
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	8,601	3,682	70,500
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 20,769	¥ 10,574	\$ 170,237

* 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 are figures before the application of the Accounting Standard for Revenue Recognition.

Consolidated Statement of Cash Flows

TAKARA HOLDINGS INC. and consolidated subsidiaries
Year ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
OPERATING ACTIVITIES:			
Income before income taxes	¥ 40,961	¥ 20,583	\$ 335,745
Depreciation and amortization	8,425	8,068	69,057
Impairment loss	185	432	1,516
Loss on business liquidation	—	458	—
Amortization of goodwill	875	865	7,172
Increase (decrease) in provision for sales promotion expenses	(2,049)	(44)	(16,795)
Interest and dividend receivable	(767)	(707)	(6,286)
Interest expenses	330	344	2,704
Loss (gain) on sales and retirement of non-current assets	319	291	2,614
Decrease (increase) in trade receivables	(7,109)	(1,162)	(58,270)
Decrease (increase) in inventories	(21,235)	(691)	(174,057)
Increase (decrease) in trade payables	3,920	40	32,131
Increase (decrease) in liquor taxes payable	281	(799)	2,303
Increase (decrease) in accrued consumption taxes	(1,890)	1,722	(15,491)
Increase (decrease) in other current liabilities	3,372	2,442	27,639
Other, net	(112)	(496)	(918)
Subtotal	25,506	31,347	209,065
Interest and dividends income received	787	703	6,450
Interest expenses paid	(334)	(364)	(2,737)
Income taxes paid	(10,253)	(4,767)	(84,040)
Subsidies received	671	181	5,500
Net cash provided by operating activities	16,376	27,100	134,229
INVESTING ACTIVITIES:			
Payments into time deposits	(15,513)	(4,316)	(127,155)
Proceeds from withdrawal of time deposits	14,758	5,407	120,967
Proceeds from sales and redemption of marketable securities	—	4,455	—
Purchase of property, plant and equipment and intangible assets	(14,762)	(13,911)	(121,000)
Proceeds from sale of property, plant and equipment and intangible assets	1,326	28	10,868
Subsidies received	3,960	1,900	32,459
Other, net	(169)	(302)	(1,385)
Net cash used in investing activities	(10,399)	(6,738)	(85,237)
FINANCING ACTIVITIES:			
Proceeds from long-term borrowings	5	10,068	40
Proceeds from issuance of bonds	9,927	—	81,368
Redemption of bonds	—	(5,000)	—
Proceeds from issuance of commercial papers	—	5,000	—
Redemption of commercial papers	—	(5,000)	—
Dividends paid	(4,147)	(3,951)	(33,991)
Dividends paid to noncontrolling interests	(763)	(397)	(6,254)
Repayments of lease obligations	(710)	(689)	(5,819)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(175)	(1,761)	(1,434)
Other, net	(2)	224	(16)
Net cash used in financing activities	4,133	(1,506)	33,877
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	2,758	(536)	22,606
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,869	18,319	105,483
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	62,860	44,541	515,245
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 75,729	¥ 62,860	\$ 620,729

Major Consolidated Subsidiaries

(As of March 31, 2022)

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, import, 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\$2,636 thousand	(70.2%)	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, Middlesex EN3 7FL, U.K.	£357 thousand	(100.0%)	Import and wholesale of alcoholic beverages, foods, seasonings, etc.
FOODEX S.A.S.	4, impasse des Carrières 75016 Paris, France	€10,250 thousand	(100.0%)	Import and wholesale of alcoholic beverages, foods, seasonings, etc.
Cominport Distribucion 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	Quinta do Olival das Minas, Quinta do Duque No.26, 2625-573 Vialonga, Portugal	€15 thousand	(100.0%)	Import and wholesale of alcoholic beverages, foods, seasonings, etc.
Nippon Food Supplies Company Pty Ltd	Unit 8/697 Gardeners Rd, Alexandria NSW 2015, 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, export, 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	RMB4,896 thousand	(100.0%)	Export, and import and sale of alcoholic beverages and foods
Takara Shuzo Asia Pacific Pte. Ltd.	81 Anson Rd., Suite 8.08, Singapore 079908	S\$500 thousand*	(100.0%)	Market development and sales promotion for Takara Shuzo products
* Singapore dollars				
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
Takara Bio Europe AB	Arvid Wallgrens Backe 20, 41346, Göteborg, Sweden	SEK2,222 thousand*	(100.0%)	Manufacture and sale of reagents and contract manufacturing
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
* Swedish Krona				
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, 2021)

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

Stock and Investor Information

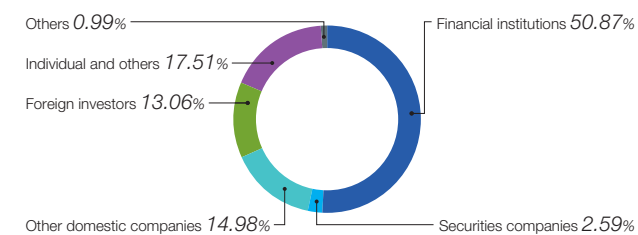
Common Stock Authorized Issued and Outstanding	870,000,000 shares 199,699,743 shares
Number of Shareholders	49,592
Stock Listings (Common Stock)	Prime Market of Tokyo Stock Exchange, Inc.
Securities Code Number	2531
Shareholder Registry Administrator	Mizuho Trust & Banking Co., Ltd. 3-3 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Inquiries to Shareholder Registry Administrator	Mizuho Trust & Banking Co., Ltd. Stock Agency Transfer Department 8-4, Izumi 2-chome, Sugiyama-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

Principal shareholders

Name	Number of shares held (Thousand shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	38,365	19.41
Custody Bank of Japan, Ltd. (Trust Account)	12,627	6.39
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	3,115	1.58
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.

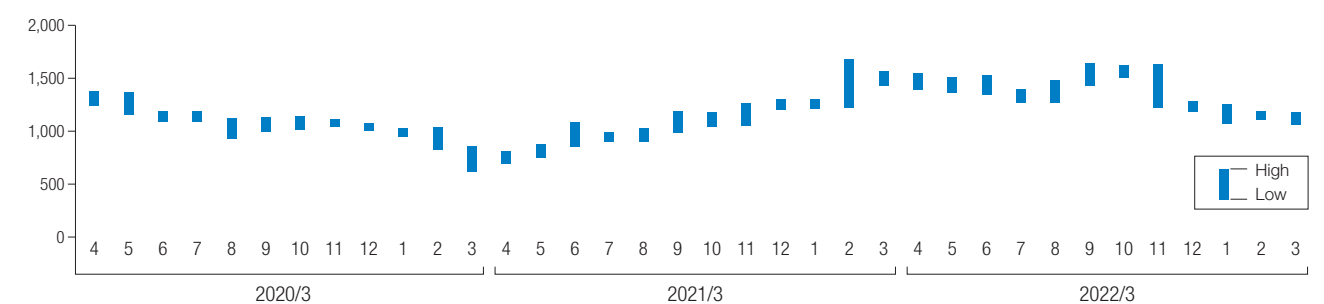
Distribution of ownership among shareholders



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/Positive	J-1

Stock Price Range on the Tokyo Stock Exchange (Yen)



TAKARA HOLDINGS INC.

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