



TaKaRa Group Report

2021

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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#### 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. The current issue mainly focuses on the TaKaRa Group Challenge for the 100<sup>th</sup> (hereinafter, "TGC100"), a long-term management vision started in May 2020, and the Takara Group Medium-Term Management Plan FY2023, which sets out our actions to achieve the Vision presented in TGC100, as well as the Takara Group Sustainability Policy, which presents the Group's approach to social and environmental issues, and the Takara Group Sustainability Vision, which sets forth our specific medium- to long-term goals based on the Policy.

**Scope:** Takara Group (on a consolidated basis; including some non-consolidated figures)

**Period covered:** Fiscal year ended March 31, 2021 (April 2020 to March 2021)

\*The Report refers to some of the initiatives taken before 2020 and in or after April 2021.

#### 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

#### Forward-Looking Statements

Statements in this report, other than those based on historical fact, concerning the current plans, prospects, strategies, and expectations of the Company and its Group companies represent forecasts of future results, or forward-looking statements. While such statements are based on the conclusions of management according to information available at the time of writing, they reflect many assumptions and opinions derived from information that includes major risks and uncertainties. Actual results may vary significantly from these forecasts due to various factors. Factors that could influence actual results include, but are not limited to, economic conditions, especially trends in consumer spending, as well as exchange rate fluctuations, changes in laws and government systems, pressure from competitors' prices and product strategies, declines in selling power of the Company's existing and new products, disruptions to production, violations of the Company's intellectual property rights, rapid advances in technology, and unfavorable verdicts in major litigation.



# 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

 <b>1897</b> Registered the “真 (Takara)” mark as a trademark for mirin	 <b>1977</b> Launched Takara Shochu Jun to invigorate shochu	 <b>1984</b> Launched <i>Takara Can Chu-Hi</i> as Japan's first canned chu-hi product	 <b>2001</b> Launched <i>Zenryo Imo Shochu Ikkomon</i> , brewed entirely with imo (sweet potato) and imo koji	 <b>2001</b> Completed <i>Sho Chiku Bai Shirakabegura</i> in Nada as a production base of high-quality sake
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### Transition to value-added management leveraging our position as the top manufacturer of Japanese traditional alcoholic beverages

 <b>2006</b> Launched <i>Takara Shochu Highball</i> , a dry flavored chu-hi	 <b>2007</b> Launched <i>Gokujo Takara Shochu</i>	 <b>2011</b> Launched <i>Sho Chiku Bai Shirakabegura Mio</i> , a sparkling sake with a new sensation	 <b>2017</b> Launched <i>Takara CRAFT</i> , a chu-hi for limited local sales	 <b>2018</b> Takara Shuzo became No. 1 company in domestic sake sales volume
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### Takara Shuzo International Group (Overseas Business) Overseas Alcoholic Beverages Business and Japanese Food Wholesale Business

 <b>1951</b> Started exporting the <i>Sho Chiku Bai</i> brand of sake to the U.S.	 <b>1983</b> Founded Takara Sake USA Inc. to start manufacturing and selling <i>Sho Chiku Bai</i> produced in the U.S.	 <b>1986</b> Acquired the assets and business right of The Tomatin Distillery Co. Ltd (UK)	 <b>1992</b> Acquired all shares of AADC Holding Company, Inc., the parent company of Age International, Inc. (U.S.)	 <b>1995</b> Founded Beijing Takara Foods Co., Ltd. (currently Takara Shuzo Foods Co., Ltd.) to start manufacturing <i>Sho Chiku Bai</i> produced in China
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### Global expansion of washu, and expansion and improvement of Japanese food wholesale networks

 <b>2010</b> Acquired shares of FOODEX S.A.S. (France) to enter the Japanese Food Wholesale Business in overseas market	 <b>2013</b> Acquired the management right of Tazaki Foods Ltd. (UK)	 <b>2016</b> Made Mutual Trading Co., Inc. (U.S.) into a subsidiary Expanded Japanese food wholesale networks into the U.S.	 <b>2017</b> Accepted the capital increase of Nippon Food Supplies Company Pty Ltd (Australia) to make the company into a subsidiary	 <b>2020</b> Acquired shares of Tokyo Mutual Trading Co., Ltd. to make the company into a subsidiary
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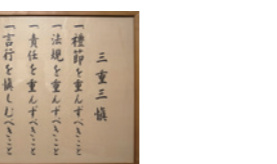

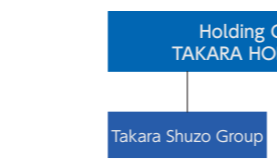
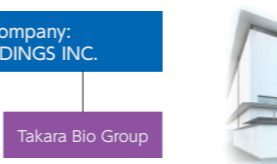

### Takara Bio Group (Biomedical Business) Reagents, Instruments, Related Contract Services, and Gene Therapy Businesses

 <b>1979</b> Commenced sales of the first domestically produced “restriction enzyme” as a reagent for genetic engineering research (launched the Biomedical Business)	 <b>1988</b> Acquired the exclusive distribution right in Japan for a gene amplification system using the PCR technology	 <b>1993</b> Obtained a wide range of worldwide PCR-related patents and started manufacturing biological reagents in China	 <b>1995</b> Developed the RetroNectin® Method for highly-efficient gene transduction in hematopoietic stem cells	 <b>2004</b> Listed on the Tokyo Stock Exchange (TSE) Mothers
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### Development of basic technologies for biological drug discovery through the research reagents and instruments business and the CDMO business

 <b>2005</b> Acquired the management right of U.S.-based Clontech Laboratories, Inc. (currently Takara Bio USA, Inc.)	 <b>2014</b> Completed the construction of the Center for Gene and Cell Processing Started the CDMO business on a full scale	 <b>2016</b> Changed listing from the TSE Mothers to the First Section of the TSE	 <b>2020</b> Started operation of the Center for Gene and Cell Processing II	 <b>2020</b> Obtained the approval for manufacturing and selling Takara SARS-CoV-2 Direct PCR detection Kit, an in vitro diagnostic
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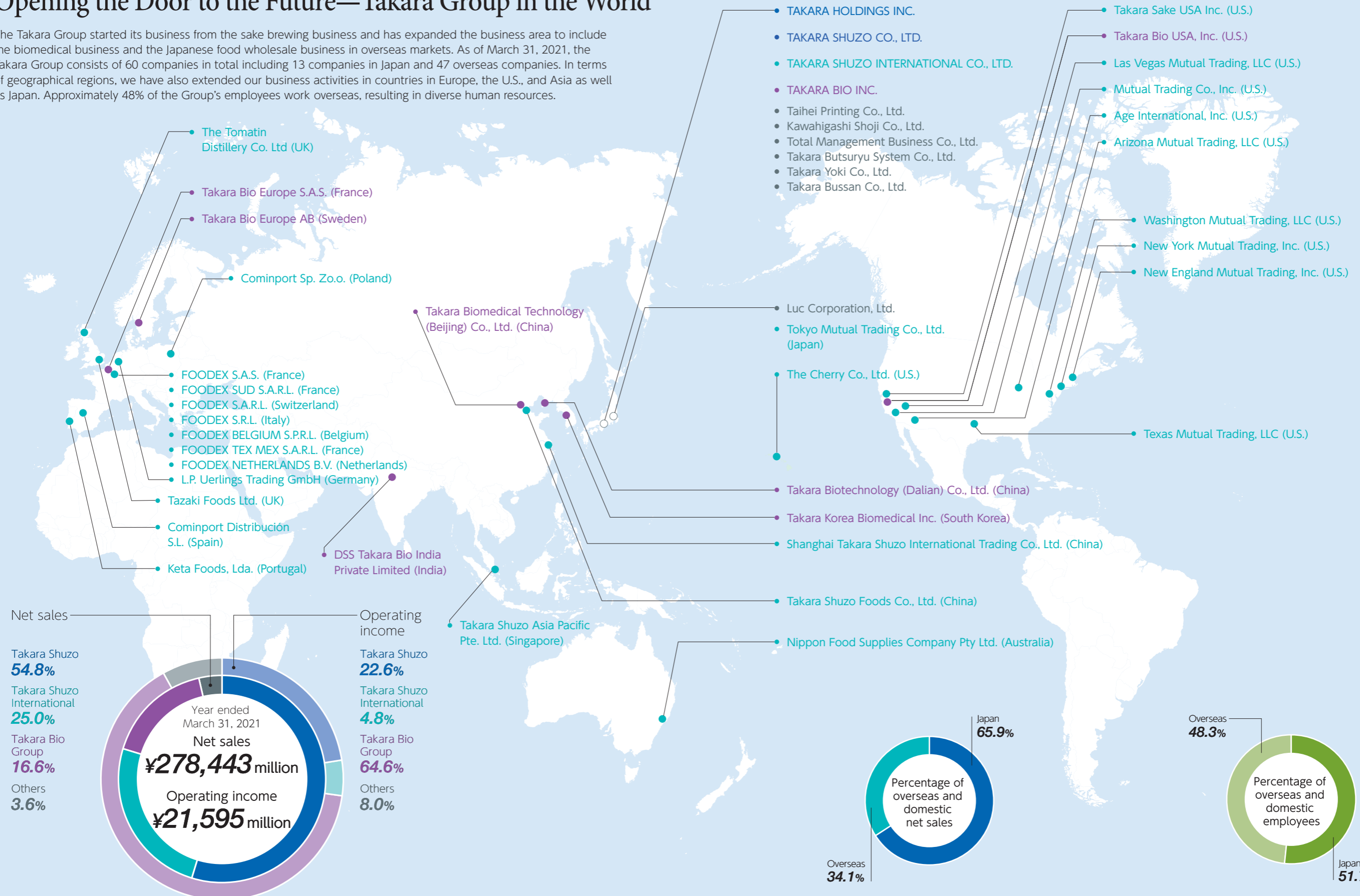
### Takara Group’s Developments

 <b>1842</b> Founded (The Yomo family's fourth-generation Unosuke began sake making business in Takenakacho, Fushimi.)	 <b>1925</b> Founded TAKARA SHUZO CO., LTD. (currently TAKARA HOLDINGS INC.)	 <b>1946</b> Announced Three Points of Importance, Three Points of Care as the company motto	 <b>1998</b> Issued the first edition of Green Ink Accounting Report, an environmental report	 <b>2002</b> 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.	 <b>2017</b> Opened the Takara Holdings Corporate History Museum on the occasion of our 90th anniversary	 <b>2017</b> Spun off the overseas business of TAKARA SHUZO CO., LTD. to establish TAKARA SHUZO INTERNATIONAL CO., LTD.	 <b>2020</b> Established TaKaRa Group Challenge for the 100 <sup>th</sup> (long-term management vision) and Takara Group Sustainability Policy
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## Our Growth

# Opening the Door to the Future—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, 2021, the Takara Group consists of 60 companies in total including 13 companies in Japan and 47 overseas companies. In terms of geographical regions, we have also extended our business activities in countries in Europe, the U.S., and Asia as well as Japan. Approximately 48% of the Group's employees work overseas, resulting in diverse human resources.



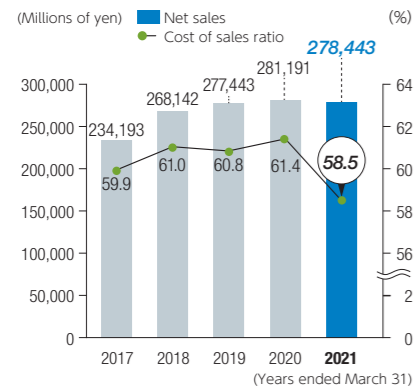


# Takara Group's Snapshot

## Financial Highlights

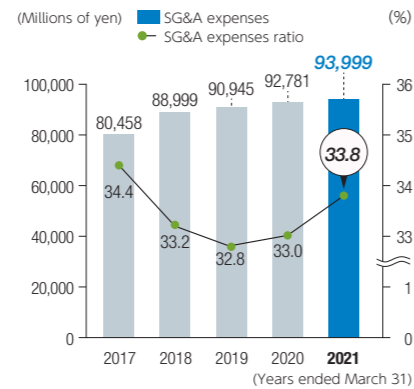
### Net sales / Cost of sales ratio

¥278,443 million 58.5 %



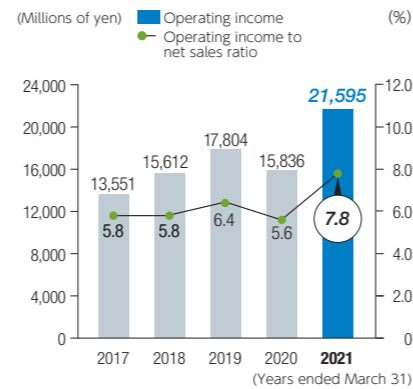
### SG&A expenses / SG&A expenses ratio

¥93,999 million 33.8 %



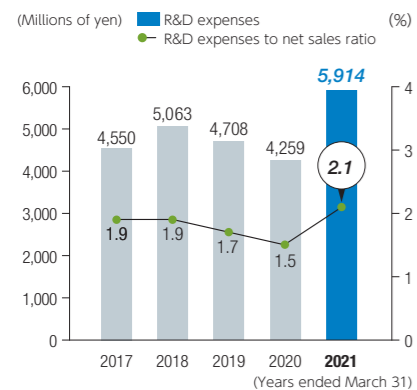
### Operating income / Operating income to net sales ratio

¥21,595 million 7.8 %



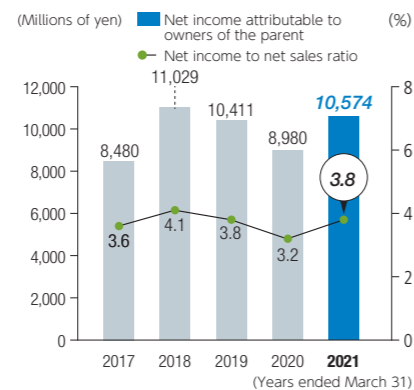
### R&D expenses / R&D expenses to net sales ratio

¥5,914 million 2.1 %



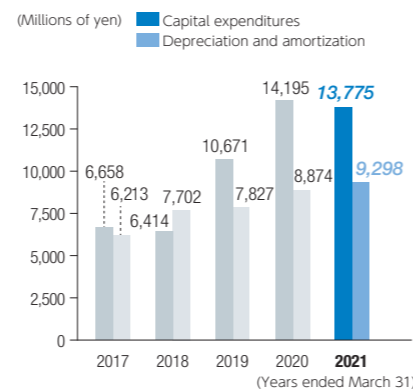
### Net income attributable to owners of the parent / Net income to net sales ratio

¥10,574 million 3.8 %



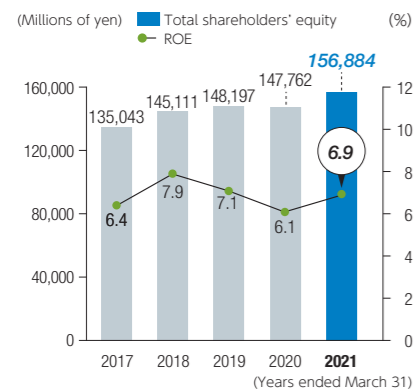
### Capital expenditures / Depreciation and amortization

¥13,775 million ¥9,298 million



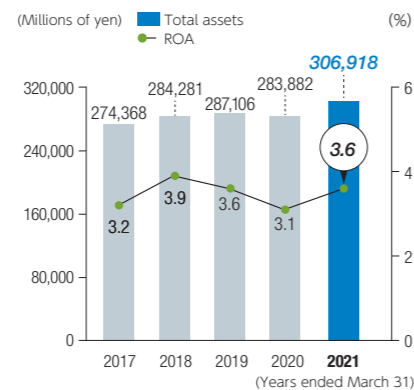
### Total shareholders' equity / ROE

¥156,884 million 6.9 %



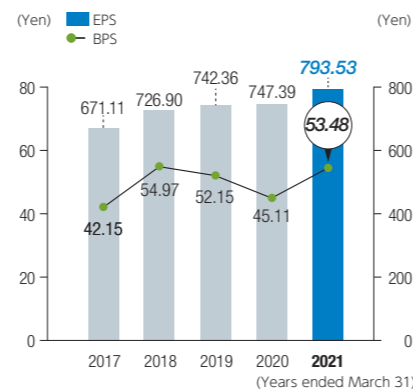
### Total assets / ROA

¥306,918 million 3.6 %



### EPS / BPS

¥53.48 ¥793.53

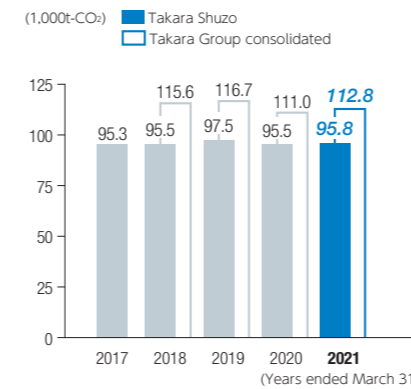


Note: The Company adopted Partial Amendments to Accounting Standard for Tax Effect Accounting from the fiscal year ended March 31, 2019, and some of the figures for the fiscal year ended March 31, 2018 have been restated.

## Non-Financial Highlights

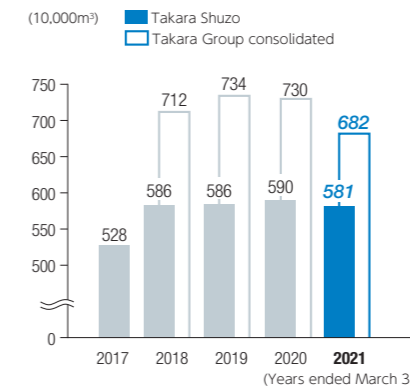
### Production process CO<sub>2</sub> emissions

112,800 t-CO<sub>2</sub>



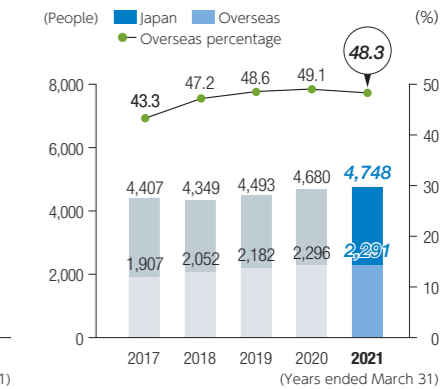
### Volume of water used in production processes

6,820,000 m<sup>3</sup>



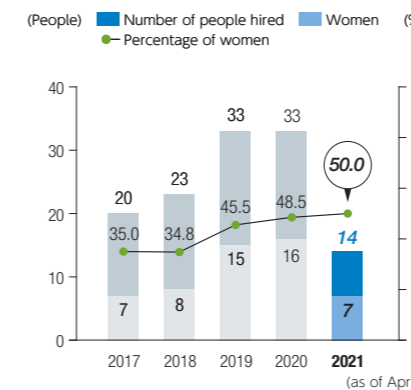
### Percentage of overseas employees

48.3 %



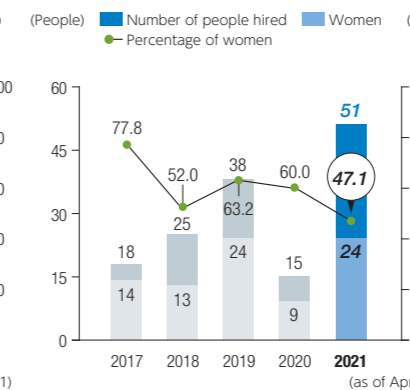
### Percentage of women among college graduate new hires

50.0 %



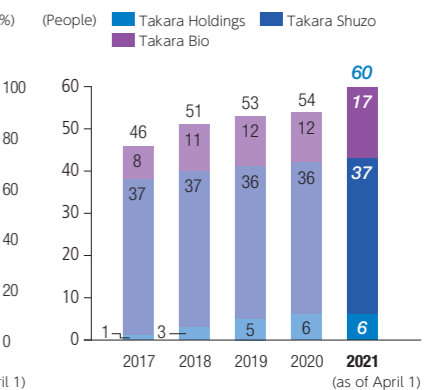
### Percentage of women among college graduate new hires (Takara Bio)

47.1 %



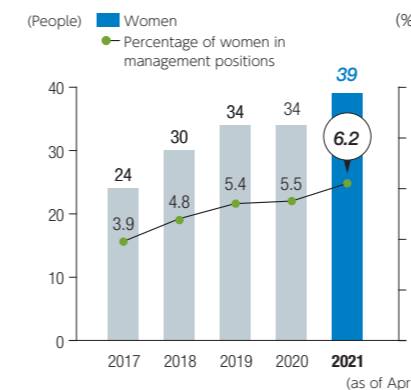
### Number of employees with disability

60



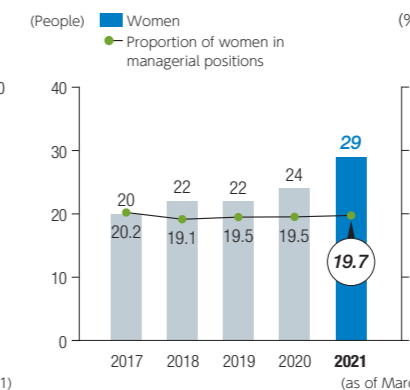
### Percentage of women in management positions

6.2 %



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

19.7 %



\*Management position = assistant manager or above

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

## Message from the President

# Enhance the Business Portfolio to Achieve Medium- to Long-Term Sustainable Growth

## Mutsumi Kimura

Representative Director and President  
TAKARA HOLDINGS INC.



### Record high operating and ordinary income achieved by three well-balanced segments, even during the COVID-19 pandemic

Firstly, I extend my deepest sympathies to all those who have been affected by COVID-19 and their associates. I would also like to express my sincere gratitude to the healthcare workers and others who are striving to prevent the spread of the virus.

The unforeseen events of the COVID-19 pandemic had a major impact on the Takara Group's business in fiscal 2021. By individual business segment, stay-at-home demand resulted in the expansion of Takara Shuzo's mainstay market of home consumption, while demand in the commercial market slumped. The Takara Shuzo International Group's net sales fell significantly in its mainstay foodservice market, as major cities around the world went into lockdown. The Takara Bio Group recorded significant growth in PCR testing-related products

for COVID-19, as well as in contract services related to regenerative medical products. As a result, the Takara Group as a whole was able to minimize the impact of the COVID-19 pandemic on sales, albeit with a slight fall in profit.

In terms of profit, Takara Bio Group achieved a significant increase in income, and through thorough cost control efforts in the individual segments, record highs were reached in both operating and ordinary income. I view these results as evidence that the Takara Group has been making good use of our business portfolio that consists of three independent pillars of business—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. [▶ Page 15](#)

### Making a strength out of our corporate culture of taking on new challenges without fear of failure in any age

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 value that other companies cannot easily imitate. We believe that this enabled the Group as a whole to achieve record profits in fiscal 2021, even amid the unforeseen circumstances of the COVID-19 pandemic.

In any age, while fostering a corporate culture of taking on new challenges without fear of change or failure, learning from failure if it does occur and continuing with our challenge, as we pursue new business possibilities.

For example, the COVID-19 pandemic has cast the Takara Bio Group's PCR testing-related products into the spotlight. We view this as the culmination of our efforts when we launched the Biochemical Business in the 1970s, starting with research reagents, followed by exclusive

distribution of PCR products in Japan in 1988. The foundations of the Takara Group's value creation lie in its corporate stance of making steady progress in research and development (R&D) and pursuing contributions to society from long-term perspectives, without regard for immediate gain. Going forward, the Group will continue to contribute to the health of humankind through the steady development of revolutionary biotechnologies such as gene therapy.

In addition, building our unique business portfolio has helped us achieve management that is not swayed by changes in the business environment. From the late 1990s and into the 2000s, American-style management strategy, symbolized by the concept of "selection and concentration," was in the limelight, but extreme dependence on specific strengths involves risk, and renewed consideration is now being given the importance of balance. In the past, while



## Message from the President



many companies have faced difficulties due to adverse effects on their management, such as financial crises, the Takara Group continued to make steady progress and established new foundations for growth. We have developed

peripheral domains around our core businesses, and for many years, we have maintained a balance among our business domains and areas of activity. This strategy has also proved effective over the last year of the COVID-19 pandemic.

### We will strive to address various issues highlighted by the COVID-19 pandemic

Meanwhile, the year of the COVID-19 pandemic was also a year that brought to light a number of issues that require strengthening. We will take these issues seriously and respond to them swiftly in the current fiscal year and beyond.

Thanks to the strength of the home consumption market, the Takara Shuzo Group's sales were down only slightly, but income fell significantly due to the slump in the commercial market. This situation revealed a lack of balance in the composition of income between products for home use and products for commercial use. Going forward, we will need to re-examine the product mix in the mainstay home consumption market, through means such as launching new high-margin products. In recent years, alcohol consumption has been waning, particularly among young people, and we are concerned that the COVID-19 pandemic may further accelerate this trend. We will respond to these issues through

efforts to roll out products that meet the needs of the market and to communicate information, such as proposals for new ways of drinking.

The Takara Shuzo International Group's strengths are in the foodservice market overseas, but this sector was severely affected by the COVID-19 pandemic, with foodservice operators being forced to close during lockdowns in individual countries. This made it clear that the Group had an excessive reliance on the foodservice market. To counter this, we recognize that it will be essential to diversify our sales channels, such as retail sales, which includes take-out and delivery, an area that we have not focused on in the past, as well as internet sales. Over the past year, the business has been sluggish due to restrictions on sales activities in individual countries, but that period has given us plenty of time to think, including re-examining our strategies. With vaccination programs making

progress, particularly in Europe and the United States, more and more bars and restaurants are starting to reopen. In addition to refocusing our efforts on sales to foodservice operators, which have always been a strength, we will aim to return quickly to a path of growth by continuing to capture new sale channels that we explored during the COVID-19 pandemic, such as retail outlets. With global interest in Japanese cuisine expected to grow even stronger over the medium to long term, we will strive to ride that wave and open up new global markets.

Despite significant growth in PCR testing-related

products for COVID-19 at the Takara Bio Group, because priority has been given to the COVID-19 response, progress has been lagging in clinical trials for development projects for gene therapies, an area that represents our next growth business. We believe in the importance of advancing clinical trials as quickly as possible for the sake of patients who are holding out hope for new treatment methods. With the establishment of our new Center for Basic Drug Discovery Technology Development in April 2020, we will speed up the pace of clinical trials and strengthen our efforts toward the marketing of products currently in development. [▶ Page 29](#)

### We will strengthen our businesses looking beyond to a post-COVID-19 world

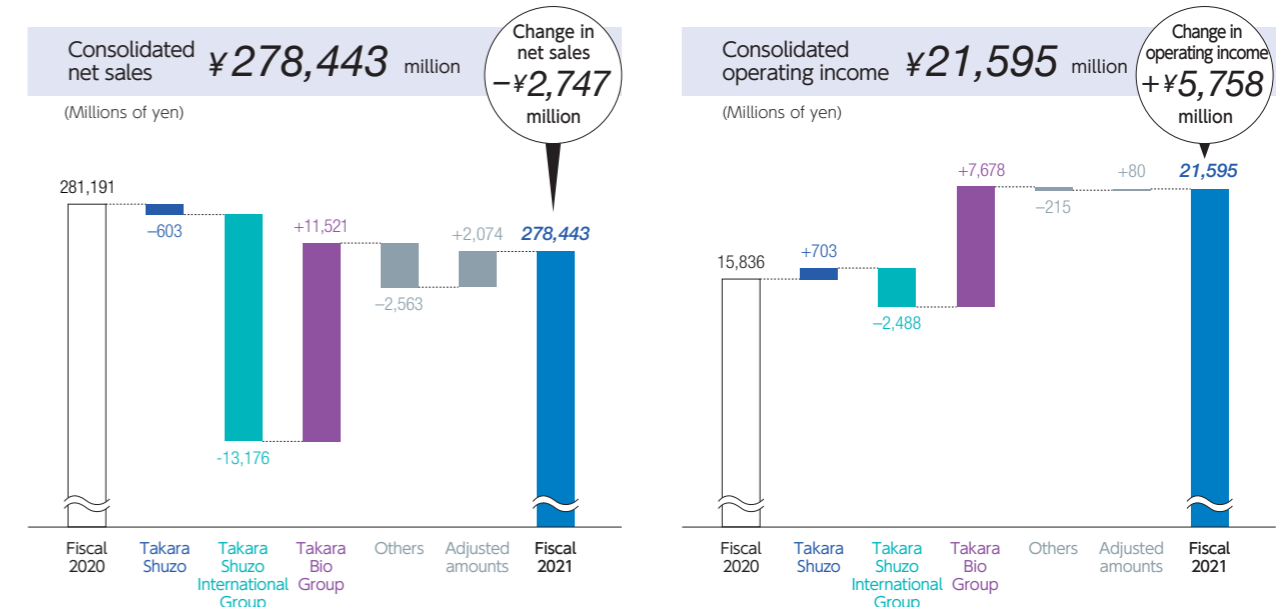
As described above, looking toward fiscal 2022, we will strive to further improve our business performance by enhancing the strengths that we have cultivated, while working to eliminate the weaknesses in individual businesses that have been revealed by the pandemic.

Takara Shuzo will further consolidate its position as the No.1 *washu* company by continuing to strengthen sales promotions for products that have grown with the expansion of stay-at-home demand, to expand sales in the home consumption market. Specifically, we will

devote efforts to expanding sales of *Takara Shochu Highball*, *Gokujo Takara Shochu*, and *Takara Ryori no Tame no Seishu*.

Regarding the challenge of improving profitability, we will actively communicate information on high-margin products, including *Mio Sparkling Sake*, which is now ten years old, *Zenryo Imo Shochu Ikkomon*, which is celebrating its 20th anniversary, and *Takara Gokujo Lemon Sour*. We will also work to shift our management stance from an emphasis on sales to an emphasis on profit through the development and cultivation

#### Breakdown of changes in consolidated financial results for fiscal 2021



## Message from the President

of products designed to improve the product mix of Takara Shuzo as a whole.

The Takara Shuzo International Group will expand the Overseas Alcoholic Beverages Business by enhancing its product lineup through local manufacture and exports, focusing on sake, to achieve the early recovery of *washu* sales. Regarding the Japanese Food Wholesale Business in overseas markets, it will pursue an increase in sales by expanding sales routes and reinforcing supply chain management functions through improvements in warehouse operations. It will also improve its product procurement capabilities through inter-group procurement.

The Takara Bio Group will strive to expand sales of reagents for general research in the

reagent area, while also strengthening its framework for the development of new products. It will organize its production framework for PCR test reagents, the demand for which has increased rapidly due to the COVID-19 pandemic, in its efforts toward sustainable growth. Regarding contract services, in line with the expansion of capacity for contract manufacturing of regenerative medical products, it will pursue the development of related technology aimed at improving productivity and reducing costs. In the gene therapy field, where there are great expectations for future growth, the Takara Bio Group will strive to create new clinical development projects alongside the development of next-generation basic technologies.

sustainable society by creating social value through our business activities. [▶ Page 35](#)

In line with the formulation of TGC100, we established the Takara Group's "Identity" (i.e., Essence of Takara) and, under our Mission (Corporate Philosophy), which is the Group's *raison d'être*, we defined the values that all employees in the Group ought to cherish to realize that mission as the "TaKaRa Five Values," organizing them together with the Vision (where the Takara Group wants to be). Under the Group's Mission (Corporate Philosophy), which is the Group's *raison d'être*, we have redefined the values that all employees in the Group should cherish for the Group to realize that mission. The values that the Group has cherished throughout its history, such as "Demonstrate the spirit of challenge," have been passed down over the years as implicit knowledge. Today, however, half of the approximately 4,700 employees of the Group work overseas, so we believe it is necessary to state those values explicitly in written, systematic form so they can be passed on to others. We will use these values as the basis for decisions and actions for the entire Group. [▶ Page 21](#)

While the impact of the COVID-19 pandemic is likely to continue in fiscal 2022, with the global roll-out of the vaccines, economic recovery is expected in major markets. The business environment remains unclear, making it difficult to identify trends, but the Takara Group is characterized by its dual advantages of existing stable businesses and businesses with growth potential, and by each business operating independently, I sense that we have made progress toward our target of building the foundations for a business portfolio that is resilient to changes in the business environment.

There is still a long way to go, and in going-concern terms, we are aware that challenges lie ahead as we continue to strengthen this business structure. We will persist in our drive to realize sustainable growth by addressing each and every one of the management challenges of our three businesses seriously.

I would sincerely appreciate the continued unwavering support of our shareholders and all our stakeholders.

### Promotion of management based on the Takara Group Sustainability Policy

In May 2020, the Takara Group formulated its long-term management vision, TaKaRa Group Challenge for the 100<sup>th</sup> (hereinafter, "TGC100"), and the Takara Group Sustainability Policy (hereinafter, "Sustainability Policy").

Through this, to realize the Takara Group's Vision (where the Takara Group wants to be in TGC 100) of "Smiles in Life," we will promote business activities based on the Medium-Term Management Plan in financial aspects and pursue initiatives based on the Sustainability Policy in non-financial aspects. In doing so, we will work vigorously toward management that pursues a balance between economic and social value.

Over its long history, the Takara Group has developed environmentally friendly businesses that cherish the gifts of nature, including the water, rice, and potatoes that the Group uses to make its products. We have also been working proactively on a range of initiatives, such as raising awareness about the appropriate consumption of alcohol and developing health-conscious products. We formulated the Sustainable Policy with the recognition that solving social issues through business is more important than ever. The Sustainable Policy defines ten materialities (important issues), including "Safety and Reliability," "Environment," "Wellness," and "Responsible Alcohol Producer." This indicates Takara Group's thinking and its approaches to social issues.

Initiatives for the implementation of the Takara Group Sustainability Policy include the establishment of the Takara Group Sustainability Promotion Committee, monitoring of the status of activities, and publishing of information about our activities on the website. In June 2021, we announced the Takara Group Sustainability Vision, which includes medium- to long-term goals based on the Sustainability Policy. In terms of one of our materialities, "Environment," in our goal of net-zero CO<sub>2</sub> emissions across the whole Takara Group by fiscal 2051, we aim to reduce CO<sub>2</sub> emissions from Takara Shuzo and the Takara Shuzo International Group production locations by 46% (compared to fiscal 2019) by fiscal 2031. In the "Responsible Alcohol Producer" materiality, we started displaying the alcohol content of major light alcohol refreshers in the nutritional information posted on our website in April this year, and we plan to display alcohol content on the labels of all consumer products sold in Japan, excluding alcohol-based seasoning, by fiscal 2026. In the "Wellness" materiality, our goal is to establish production facilities aimed at the stable supply of reagents and other products to continue our support of global life sciences research and development. In terms of "Well-Balanced diet," materiality that is unique to the Takara Group, we have set "conveying and providing the appeal and new value of Japanese food" in Japan and overseas as a key issue, and we will strive to contribute to the realization of a





## Message from the Director in Charge of Finance

### Make Growth Investments with an Awareness of Improving Investment Efficiency and Enhance Profitability and Efficiency to Improve ROE

#### Keisuke Mori

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



#### Business performance in fiscal year ended March 31, 2021

For the fiscal year ended March 2021, sales in the Domestic Business, Takara Shuzo, were on a par with the previous fiscal year, with an increase in sales for home consumption compensating for a decline in sales to the foodservice industry. At Takara Bio Group, sales of research reagents, scientific instruments, and contract services increased significantly due to the increase in demand for products related to PCR testing for COVID-19. Meanwhile, in our Overseas Business, the Takara Shuzo International Group endeavored to diversify its sales channels, including retail and online sales, and to develop new products for takeout in response to a decrease in demand from its main customers, foodservice operators. However, the significant impact of lockdowns in various parts of the world due to the prolonging of the COVID-19 pandemic caused a decline in Overseas Business sales, and sales for the Takara Group as a whole fell to ¥278,443 million (down 1.0% year-on-year).

In terms of operating income, the Takara Shuzo International Group saw a decline in income due to a decrease in sales, but Takara

Shuzo income increased due to efforts to curb expenses such as sales promotion expenses, while there was a significant increase in income for the Takara Bio Group due to a decrease in the cost ratio resulting from changes in the sales mix and improvement of production operation rates. As a result, the entire Takara Group's operating income increased to ¥21,595 million (up 36.4% year-on-year). With this result, ordinary income increased 34.8% to ¥21,929 million, and net income attributable to owners of the parent increased 17.7% to ¥10,574 million. Both of these results were the highest on record for the Group.

#### Takara Group's Financial Strategy

The Takara Group has started implementing its three-year Takara Group Medium-Term Management Plan FY2023, which covers the years from fiscal 2021 to fiscal 2023 (the fiscal year ending March 31, 2023). The Financial Policy 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. As a first step, we aim to achieve 7% or more in the Medium-Term Management Plan FY2023. To achieve these targets, in the fiscal year ended March 2021, in Group-wide meetings, we started monitoring various indicators pertaining to the status of initiatives, such as ROIC and financial leveraging, thereby enhancing their effectiveness. Going forward, the Takara Group will continue to increase profits and improve ROE by proactively making growth investments using funds generated by increasing operating cash flow through an increase in the working capital turnover ratio and flexible selling of cross shareholdings. The operating companies are working to increase ROIC through the improvement of profitability (operating income to net sales ratio) and efficiency (invested capital turnover ratio).

ROE for the year ended March 2021 was 6.9%, due to a significant increase in earnings.

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 2021 was 21 yen per

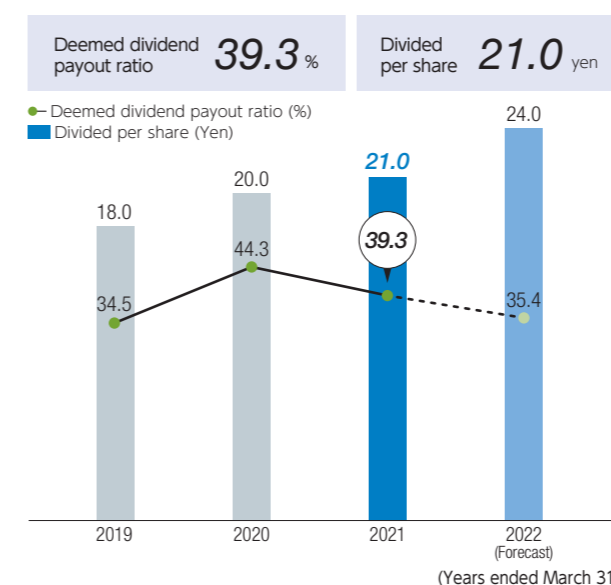
share (dividend payout ratio of 39.3%), an increase of 1 yen from the previous fiscal year.

#### Financial outlook for the fiscal year ending March 2022

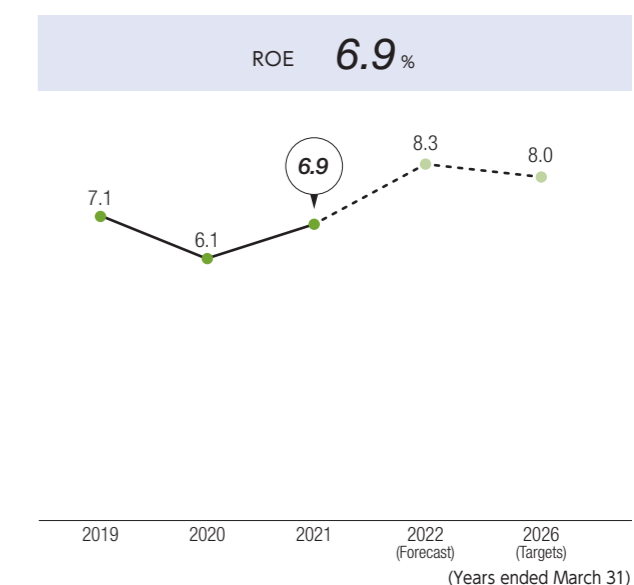
For the fiscal year ending March 2022, we forecast a record high of 29 billion yen for the Takara Group's consolidated operating income and 13.4 billion yen in net income attributable to owners of the parent. ROE is expected to reach 8.3%, achieving the targets for the fiscal years ending March 2023 and 2026 ahead of plan. We intend to increase dividends by an additional 3 yen for the fiscal year ending March 2022 to 24 yen per share (dividend payout ratio: 35.4%).

Operating income for the fiscal year ended March 2021 exceeded the target of ¥17.4 billion in the Medium-Term Management Plan FY2023, and ROE is expected to exceed 8% for the fiscal year ending March 2022. However, these forecasts include temporary earnings resulting from the COVID-19 pandemic, and in the current uncertain business environment, we believe that it is more realistic to clarify the numerical targets for each fiscal year without revising the quantitative targets in the Medium-Term Management Plan FY2023. For this reason, we will not change the numerical targets in the Medium-Term Management Plan FY2023 and the long-term management vision.

#### Shareholder returns



#### Trend in ROE



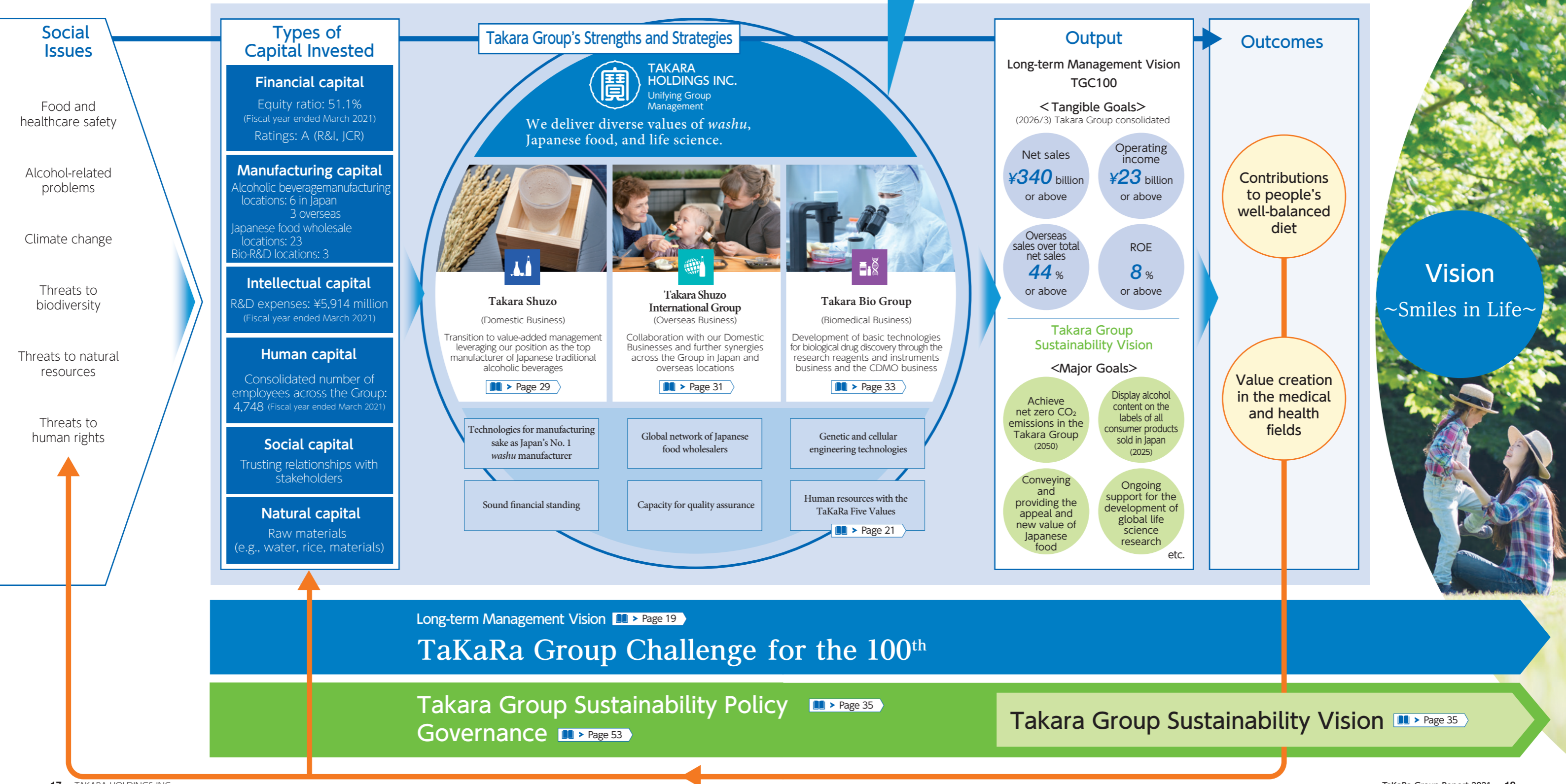
# Our Value Creation Process

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 TGC100, 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**
  - Industries related to regenerative and cellular medicine and 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





## Long-term Management Vision

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

### 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

<p><b>Takara Shuzo</b></p> <p>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<sup>(*)</sup>.</p>	<p><b>Takara Shuzo International Group</b></p> <p>Aim to become the No.1 <i>washu</i> and Japanese food company<sup>(**)</sup> 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.</p>	<p><b>Takara Bio Group</b></p> <p>Aim to become a drug-discovery company poised to create new therapeutic modalities<sup>(***)</sup> by developing basic technologies for biological drug discovery through the research reagent and equipment business and the CDMO business.</p>
<p><b>Common Goal of the Domestic Business and the Overseas Business</b></p> <p>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<sup>(**)</sup>.</p>		
<p><b>Others</b> (Domestic Group Companies)</p> <p>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><b>Management foundation</b> (Takara Holdings' corporate departments)</p> <p>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>		

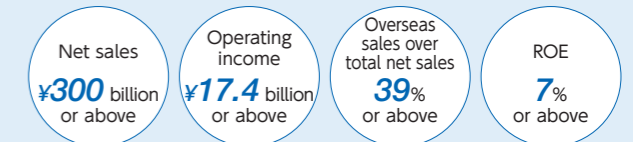
\*1: No. 1 *washu* sales in Japan and overseas markets (exports + local production) combined  
 \*2: No. 1 *washu* sales in overseas markets (exports + local production) + No. 1 wholesale of Japanese food in overseas markets  
 \*3: No. 1 global *washu* sales + No. 1 wholesale of Japanese food in overseas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

### Takara Group's Consolidated Tangible Goals (fiscal year ending March 31, 2023)



### Key Strategies of Each Business

<p><b>Takara Shuzo</b></p> <ol style="list-style-type: none"> <li>Evolve into a profit-generating company leveraging its strengths as the No. 1 <i>washu</i> company.</li> <li>Understand customer needs and promote the development and nurturing of products highly conscious of generating profit</li> <li>Improve brand value by continuing efficient nurturing measures that stimulate customer demand</li> <li>Promote cost reduction from the viewpoint of total optimization centered on the equalization of operation rates</li> <li>Strengthen quality control systems in manufacturing subcontractors and overseas group companies</li> </ol>	<p><b>Takara Shuzo International Group</b></p> <ol style="list-style-type: none"> <li>Accelerate the global expansion of <i>washu</i>, centering on sake</li> <li>Expand and improve overseas Japanese food wholesale networks and enhance product procurement abilities</li> <li>Achieve synergies between the Japanese Food Wholesale Business in overseas markets and Overseas Alcoholic Beverage Business</li> <li>Strengthen administrative aspects of overseas group companies</li> </ol>	<p><b>Takara Bio Group</b></p> <ol style="list-style-type: none"> <li>Sustainable growth of the research reagents and scientific instruments businesses and CDMO business</li> <li>Accelerate drug discovery alliances and generate new clinical projects</li> <li>Accelerate business development in the growing global markets</li> </ol>
<p><b>Common Goal of the Domestic Business and the Overseas Business</b></p> <p>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><b>Others</b> (Domestic Group Companies)</p> <ol style="list-style-type: none"> <li>Further enhance logistics, procurement, and other functions within the Group</li> <li>Improve the profit level and generate cash in the external sales business to contribute to the Group</li> </ol>	
<p><b>Management foundation</b> (Takara Holdings' corporate departments)</p> <ol style="list-style-type: none"> <li>Promptly comprehend the business performance of the Overseas Business and establish a global cash management foundation</li> <li>Systematically recruit, develop, and assign human resources to realize global business growth</li> <li>Strengthen quality audit systems within and outside Japan including the Japanese Food Wholesale Business in overseas markets</li> <li>Enhance risk management and compliance in overseas Group companies</li> <li>Disseminate the Group's common values, such as the Vision and Values in TGC100, throughout the Company</li> <li>Strengthen corporate communication to improve corporate value</li> <li>Continue examining an optimal corporate governance structure based on the Corporate Governance Code and changes in the stock market</li> </ol>	

### 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.

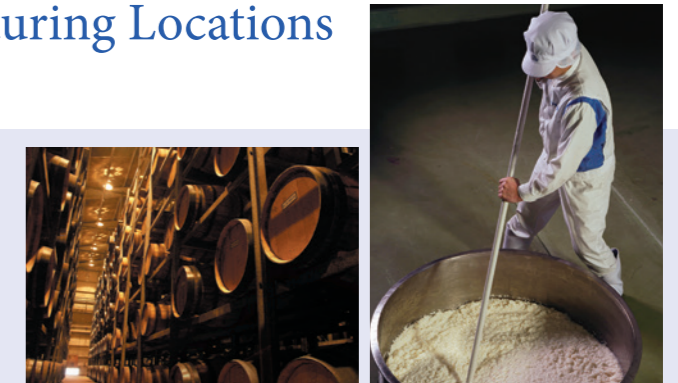
#### ROE Improvement Measures

- 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

## Takara Group's Manufacturing Capital

### Takara Shuzo's Manufacturing Locations

Delivering a range of tastes from different parts of Japan



Being in charge of the domestic business, Takara Shuzo manufactures alcoholic beverages and seasonings at six locations in Japan for its Alcoholic Beverages, Seasonings, and Raw Alcohol Businesses. The Matsudo Plant in Chiba Prefecture and the Fushimi Plant in Kyoto Prefecture, which are the core plants in Eastern and Western Japan respectively, manufacture various products including shochu, sake, light-alcohol refreshers, and Hon-mirin and other seasonings.

Shirakabegura in Higashinada-ku, Kobe manufactures high-quality sake, such as Daiginjo and other types of premium sake and the popular *Mio Sparkling Sake*.

Kurokabegura Distillery in Takanabe Town, Miyazaki Prefecture not only manufactures honkaku shochu, such as *Zenryo Imo Shochu Ikkomon* and *Yokaichi*, but also has about 85 varieties of barrel aged shochu in about 20,000 casks. Blending barrel aged shochu with *ko-type* shochu and light-alcohol refreshers differentiates the taste. The distillery thus functions as the base for Takara Shuzo's shochu.

We deliver safe and reliable products to customers also from the Kusu Plant in Yokkaichi, Mie Prefecture, where light alcohol refreshers and other alcoholic beverages and food seasonings are manufactured, and the Shimabara Plant in Nagasaki Prefecture, where alcoholic beverages and industrial alcohol are manufactured.

#### Manufacturing locations



Shirakabegura  
2-1-28 Aoki, Higashinada-ku, Kobe, Hyogo

Kusu Plant  
1315 Minamigomizuka,  
Kusu-cho, Yokkaichi, Mie



Matsudo Plant  
111 Shinzaku Aza Takada,  
Matsudo, Chiba



Kurokabegura  
5323 Kaguchiura, Takanabe-cho,  
Koyu-gun, Miyazaki

Shimabara Plant  
2-7355 Benten-cho,  
Shimabara, Nagasaki



Fushimi Plant  
(East) 625 Takenaka-cho, Fushimi-ku, Kyoto  
(West) 101 Shimotoba yoshiden-cho,  
Fushimi-ku, Kyoto

## 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 100<sup>th</sup>."

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.

Mission  
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.**

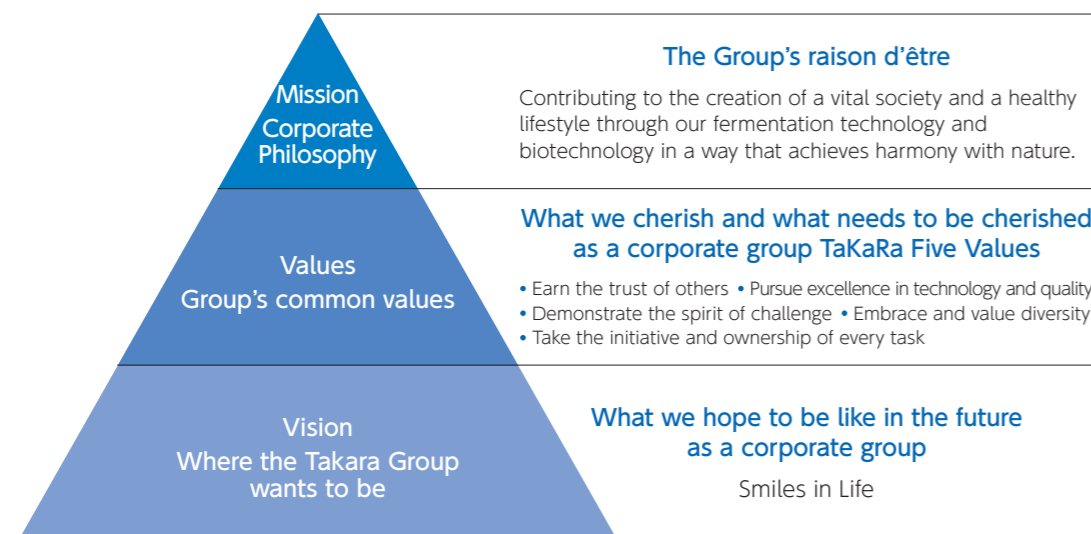
Values  
Group's  
common  
values

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.

Vision  
where the  
Takara Group  
wants to be

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 Group's Manufacturing Capital

### Takara Shuzo International's Manufacturing Locations

(Overseas Alcoholic Beverages Business)

Producing high-quality, locally rooted alcoholic beverages in each country



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. [▶ Page 25](#)

The Overseas Alcoholic Beverages Business has three manufacturing locations.

Since its establishment in 1983, Takara Sake USA Inc. in Berkeley, California, the United States has been producing and selling alcoholic beverages, mainly *Sho Chiku Bai* sake, and seasonings such as mirin.

As a result of the company's long-standing efforts to enhance the products under the strictest quality control, its products have come to be as highly recognized as sake made in Japan. For instance, *Junmai Daiginjo* made in the U.S. won the gold medal in the U.S. National Sake Appraisal multiple times.

The company also develops products that fit the tastes of U.S. consumers, such as fruit-flavored sake, and has the Tasting Room at the brewery,

thereby playing a part in widening appreciation of sake culture and by extension Japanese culture.

Since its establishment in 1995, Takara Shuzo Foods Co., Ltd. in Beijing, China has been producing and selling alcoholic beverages, mainly *Sho Chiku Bai* sake, and seasonings such as Hon-mirin.

In addition to the head office and manufacturing facilities in Beijing, the company has sales offices in Shanghai and Guangzhou. Based on the personnel and technological collaboration with Takara Shuzo, the top manufacturer of *washu* in Japan, the company wins a lot of support from Chinese consumers through strict quality control, conscientious manufacturing, and unceasing efforts to cultivate new markets.

The Tomatin Distillery Co. Ltd in Tomatin, a small village with a population of 500 in the Scottish Highlands, was established in 1897. The distillery produces Scotch whisky, mainly Tomatin. Using rich, soft water coming from Alt na Frith ("stream of freedom") gives Tomatin its mild and delicate taste, which has been highly recognized in various competitions worldwide. Tomatin won an award in the San Francisco World Spirits Competition.

#### Manufacturing locations



The Tomatin Distillery Co. Ltd  
Tomatin, Inverness-shire, IV13 7YT  
Scotland, U. K.



Takara Shuzo Foods Co., Ltd.  
No.31 Nanyuan West St. Fengtai District Beijing,  
China 100076



Takara Sake USA Inc.  
708 Addison St.,  
Berkeley, CA 94710, U.S.A.

### Takara Bio's R&D Facilities

Accelerating research and development in Japan, the U.S., and China



Takara Bio offers reagents, scientific instruments, and CDMO services, which support research and development in the cutting-age life science field, and also engages in research and development for gene therapies. There are three research and development facilities in Japan, the U.S., and China. Each development facility works to improve the efficiency of development through optimization of development themes.

In Japan, Takara Bio (Kusatsu, Shiga Prefecture) conducts drug discovery for gene therapies, clinical trials, and development of menu for the CDMO service. To create new gene therapy projects as a drug discovery company that keeps creating new modalities, the company focuses on the establishment of a method for mass production of virus vectors, the development of next-generation CAR gene therapy for solid cancer, the development of organ-specific virus vectors for gene therapy that can be directly administered to the body, and the development of

gene therapy that has long-lasting effects.

Takara Bio USA, Inc. in the U.S. (Mountain View, California) carries out the development of advanced life science research reagents for discovery, adaptation, and functional analysis of genes as well as scientific instruments for analyzing ultratrace genes. In fall 2021, the site will be relocated to San Jose for the improvement and expansion of its facilities, which in turn enhances the research and development function. San Jose is the center of Silicon Valley and a global cluster of the life science industry where a large number of universities and high-tech firms are engaged in advanced IT and biotechnology research. The city also serves as an important base for information gathering.

Takara Biotechnology (Dalian) Co., Ltd. in China (Dalian, Liaoning province) manufactures research reagents and carries out research and development for the improvement of production technology as well as products in conformity with the local needs.

#### Research and development sites



TAKARA BIO INC.  
Nojihigashi 7-4-38,  
Kusatsu, Shiga, Japan



Takara Biotechnology (Dalian) Co., Ltd. (China)  
No.19 Dongbei 2nd Street, Development Zone,  
Dalian 116600 China



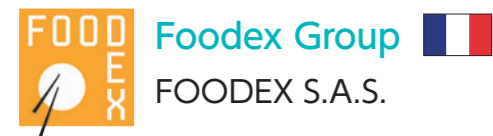
Takara Bio USA, Inc. (U.S.)  
1290 Terra Bella Avenue,  
Mountain View, CA 94043, U.S.A.



Special Topic 1

# Networks for Japanese Food Wholesale Business in Overseas Markets, Delivering Japanese Food Culture to People throughout the World

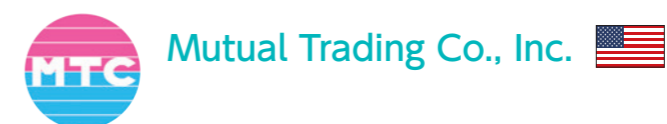
In 2010, the Takara Shuzo International Group partnered with FOODEX S.A.S., one of the largest French wholesalers of Japanese food. The partnership paved the way to participate in the Japanese Food Wholesale Business in overseas markets. Since then, we have expanded the wholesale network mainly in Europe and the U.S. and also in Oceania. We now have offices in 15 countries around the world. The strength of our Group's Japanese Food Wholesale Business in overseas markets lies in *washu*. Our main customers are bars and restaurants, and we serve as a one-stop provider of all food-related products food service operators need, with a wide selection of products and attentive service. We will continue to expand the Japanese Food Wholesale Business networks in overseas markets and let the world know about Japanese culture through Japanese food.



The Foodex Group was established in Paris in 1992. Today, the Group has 13 locations in 9 European countries and constitutes the largest Japanese food wholesale network in Europe. In recent years, the Japanese food market has grown rapidly across Europe, where over 12,000 Japanese restaurants are in business. In particular, sushi sections in suburban and regional supermarkets have become popular all over Europe, due to the spread of remote working under the COVID-19 pandemic. Fusion restaurants are increasingly exploring new Japanese ingredients, including *yuzu*, green tea, *sudachi*, and *ume*. As for Japanese restaurants, demand has been shifting from dining in to foods convenient for takeout and delivery, such as fried noodles, *okonomiyaki*, and *takoyaki*. The Foodex Group will contribute to the spread of Japan's food culture by offering Japanese food that meets customer needs and extending its networks in Europe. Specific initiatives include proposing new ingredient combinations and menus with restaurant managers and chefs across Europe, as well as making a foray into Eastern Europe.



Tazaki Foods Ltd. is a pioneer of the Japanese food wholesale business in the UK, engaging in the business since 1996. Its signature Yutaka range of products now offers more than 160 items. They are available not only in UK supermarkets but also in more than 29 countries in and outside the EU, and familiar among a large number of customers. When selling products to food service operators, marketing managers specialized in *washu* visit restaurants regularly and explain the characteristics of and sales pitch for the sake to the person in charge of drinks, thereby strengthening relationships with clients and spreading *washu*. In addition, the company has built a system to receive orders via an app, driving better customer service and improved operational efficiency. As the largest Japanese food wholesaler in the UK, the company will continue to play a part in spreading Japanese food and expanding the market in Europe.



Established in Los Angeles, California in 1926, Mutual Trading Co., Inc. is one of the oldest Japanese food wholesaler in the U.S. The company deals with a wide range of products of more than 8,000 kinds, from Japanese food and alcoholic beverages to cooking utensils, tableware, and glasses for restaurants. Its lines of business also include running a school to train future sushi chefs (Sushi School) and hosting the Japanese Food & Restaurant Expo, a large-scale showcase of Japanese food, in New York and California. As a pioneer of the Japanese food wholesale business in the U.S., the company has spread sushi and sake, as well as Japan's food culture, across the U.S. Going forward, the company intends to diversify the Japanese restaurant business by strengthening online sales and products for retailers and launching the MTC Kitchen, a Japanese food home delivery service. The company will also respond to increasing demand for healthier food, such as vegetarian meat and vegan ingredients. The number of Japanese restaurants in North America, which currently stands at approximately 29,000, is expected to increase further. In addition to the existing nine locations in eight states in the U.S., the company plans to expand its operations to the South and the Midwest, and with a wide selection of products and attentive service, will contribute to the further spread of Japan's food culture and expansion of the market.



Headquartered in Sydney, the largest city in Australia, and with branches in Melbourne, Brisbane, and Perth, Nippon Food Supplies Company Pty Ltd. is one of the largest Japanese food wholesalers that operate across Australia. There are approximately 3,000 Japanese restaurants in Australia, and the number has been growing year by year. Takeout sushi is especially popular, and ramen shops and yakiniku restaurants are also increasing. Against the backdrop of demand for healthier food, products with added value, such as gluten-free and vegan ingredients, are attracting attention. Japanese food has steadily broadened its base in Australia. The company will enhance the trend by continuing with the active expansion of the business.



## Tokyo Mutual Trading Co., Ltd.

Tokyo Mutual Trading Co., Ltd. was established in 1947 as a general agency supplying Japanese products to Mutual Trading Co., Inc., a U.S.-based company operating as a Japanese food wholesaler. The company currently supports food manufacturers and restaurants in expanding their business overseas and arranging local distribution under the motto of "Connecting the world with Food Cultures." The company will strengthen the capability to meet the needs of Mutual Trading Co., Inc., as well as support the Group's Japanese Food Wholesale Business in overseas markets by promoting inter-group procurement, such as developing takeout containers in high demand, and discovering unique Japanese products with added value.





## Special Topic 2

# Challenge against Novel Coronavirus Infections

Establishment of a PCR test system, contribution to molecular epidemiology research, and manufacturing cooperation on vaccine development



### Organizing and expanding the production and supply system of PCR-related products

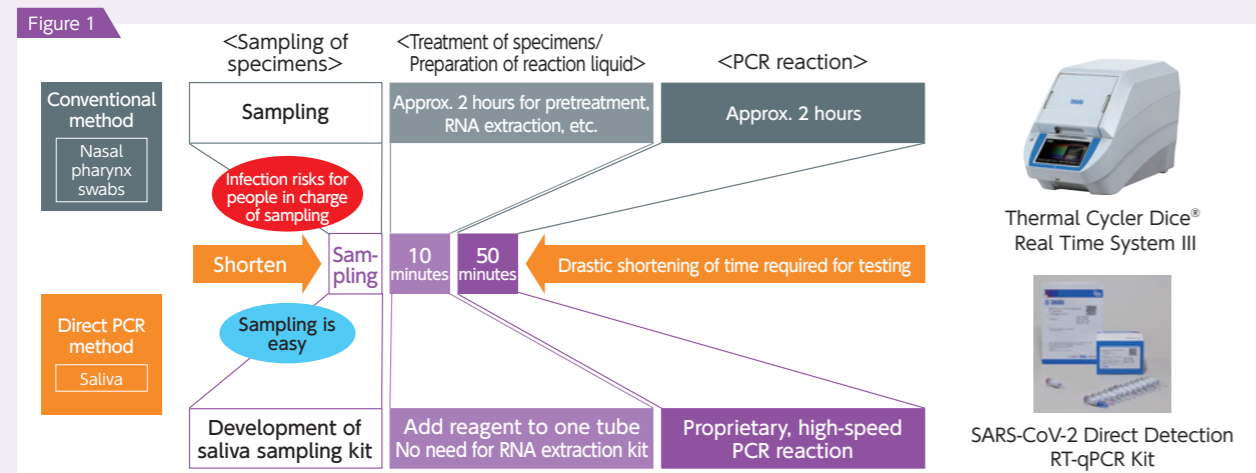
Taking advantage of the technologies and know-how cultivated through the development of research reagents, the CDMO business, and the manufacturing of regenerative medical products, Takara Bio strives for the development and stable supply of products and services that contribute to the prevention of COVID-19 infections.

Specifically, the business related to the COVID-19 focuses on the following areas.

- Establishment of a PCR test system
- Contribution to molecular epidemiology research
- Cooperation on vaccine development and manufacturing

### Establishment of a PCR test system

We successfully developed the SARS-CoV-2 Direct Detection RT-qPCR Kit, a high-speed, direct PCR test kit that does not require extracting and refining RNA from the specimen, and launched the kit in the market in May 2020. This kit does not require the extracting and refining of specimens, which takes approximately two hours, and can replace the process with a heat treatment that only takes 10 minutes. Furthermore, Takara Bio's unique high-speed PCR reaction makes it possible to have the results in approximately an hour. In addition, using saliva, instead of nasal pharynx swabs that involve complicated procedures and high infection risks, enables simple and speedy PCR tests (Figure 1).



In November, we launched in the market Takara SARS-CoV-2 direct PCR detection Kit, an in-vitro diagnostic agent that obtained regulatory approval, making Takara Bio products available for broader test needs.

Takara Bio strives for a stable supply of these PCR-related products. Manufacturing facilities are being built in the head office in Kusatsu, Shiga.

### Contribution to molecular epidemiology research

Further PCR tests on and genomic analysis of COVID-19 positive specimens make it possible to analyze genetic mutation of the virus. In relation to such research (molecular epidemiology research), Takara Bio sells PCR kits that detect genetic mutations and is commissioned to analyze the genome using next-generation sequencers.

### Manufacturing cooperation on vaccine development

There has been rapid progress in the development of new types of vaccines, which focus on genes, such as DNA and RNA, and virus vectors. Taking advantage of the technologies built up through the clinical development of gene therapies and CDMO business of regenerative medical products, Takara Bio cooperates with multiple vaccine projects.

Takara Bio will continue to actively develop new products and services that make full use of our

proprietary technologies, and contribute to measures against COVID-19 infections.

### Prompt response to needs for tests to detect variants

Variants of COVID-19 have suddenly come to attract attention. Viruses gradually mutate (rewrite their genetic information) as they repeatedly multiply and cause outbreaks. The novel coronavirus is considered to mutate roughly once every other week. In Japan, the reported numbers of lineage B.1.1.7 (alpha variant) and lineage B.1.617 (delta variant) cases are increasing\*. (Ministry of Health, Labour and Welfare, "Eleven things you need to know NOW about COVID-19" (As of June 2021))

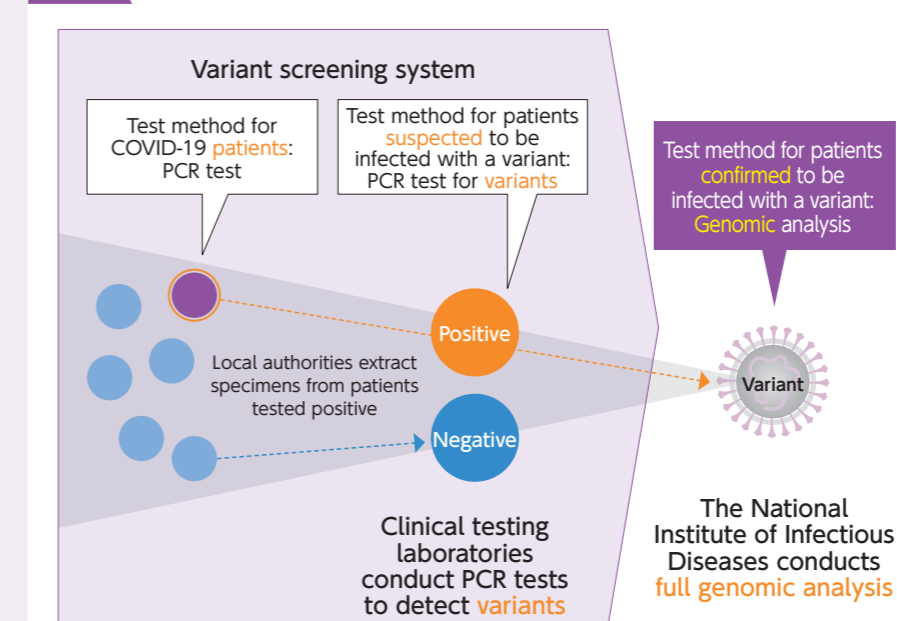
Under such circumstances, the Japanese government has increased the number of PCR tests conducted to detect variants. Clinical testing laboratories screen variants through such PCR tests, and the National Institute of Infectious Diseases conducts a genomic analysis of specimens that

tested positive (Figure 2). Risks of mutation are analyzed, variants are classified in accordance with the results of the assessment, and supervision systems are thus strengthened. Some variants that have undergone such assessment are said to be different from the conventional strain in terms of the transmissibility, the severity of disease caused by the virus, and the effectiveness of vaccines and drugs (Figure 3).

Takara Bio develops and sells PCR reagents that detect mutated genes of such variants, and also offer contracted full genome analysis services. To be able to promptly respond to new variants in the future, we are developing and commercializing, as well as building a system for mass production of, special reagents that detect mutation in approximately three weeks.

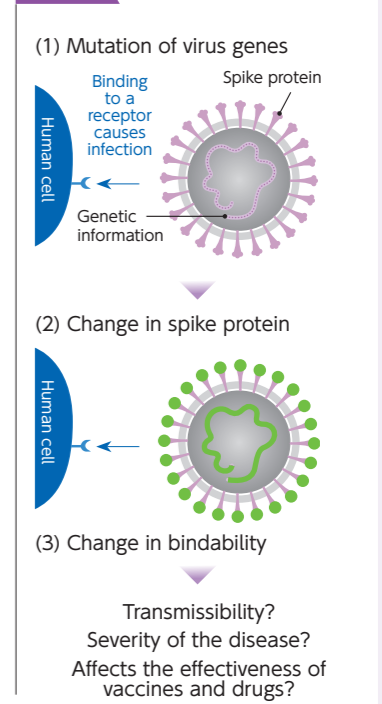
\*Lineage B.1.1.7 (alpha variant) was previously called the variant first detected in the UK, and B.1.617 (delta variant) the variant first detected in India.

Figure 2



\*If a variant is detected, local authorities increase testing and strengthen screening  
Source: Altered "Materials for the 28th Meeting of the COVID-19 Advisory Board" by the Ministry of Health, Labour and Welfare

Figure 3



# Business Strategies

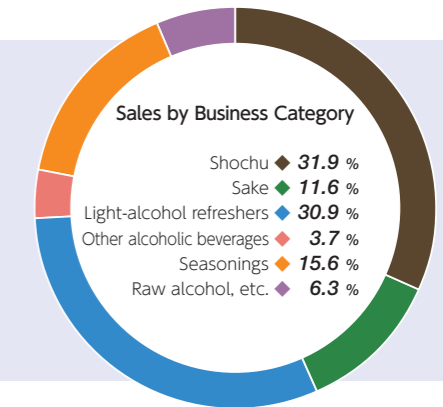


Segment Information

**Takara Shuzo**

Domestic Business

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.



## Effectively meeting the stay-at-home demand, products for consumption at home sold well

### Business Overview

Amid the trend of decline in alcohol consumption due to the shrinking and aging population in Japan, food service operators voluntarily closed the restaurants and demand for eating out has been sluggish under the COVID-19 pandemic. Meanwhile, demand for consumption at home increased, driven by the stay-at-home demand. Under such circumstances, Takara Shuzo strived for a stable supply of safe and reliable products, while the top priority has been preventing the infection and spread of COVID-19.

In regard to the shochu category, voluntary closure of food service operators had a large impact on *Zenryo Imo Shochu Ikkomon*, while large bottles of *ko-type* shochu took in the increased demand for consumption at home. Overall, net sales decreased slightly.

As for the sake category, net sales dropped due to the decrease in the sales of *Sho Chiku Bai Gokai*, which is solely for bars and restaurants.

As for the light-alcohol refresher category, *Takara Shochu Highball* and *Takara Gokujo Lemon Sour* continued to sell well as the demand for consumption at home rose. Overall, net sales increased.

In the seasonings category, overall net sales dropped slightly, despite favorable performance of cooking sake and other seasonings. In raw alcohol, etc., net sales rose due to the boost in output in response to a sharp rise in demand as disinfectant.

As a result, Takara Shuzo's net sales declined 0.4% year on year to ¥152,537 million, and gross profit fell 0.4% year on year to ¥60,098 million. Operating income was up 16.9% year on year to ¥4,879 million, due to COVID-19 restrictions on sales activities and efforts to reduce various expenses.

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

Takara Shuzo aims to evolve into a profit-generating company by shifting to the profit and profit margin-oriented strategies, carrying out strategies for each product category while leveraging our position as the No. 1 *washu* company, and making a company-wide effort to ensure cost reduction and improvement of efficiency.

As our key strategies, we aim to understand customer needs and promote the development and nurturing of products highly conscious of generating profit while improving brand value by continuing efficient nurturing measures that stimulate customer demand. We will also promote cost reduction from the viewpoint of total optimization centered on the equalization of operation rates. In addition, we will strive to secure safe and reliable quality by strengthening quality control systems across the board, including in manufacturing subcontractors and overseas group companies.

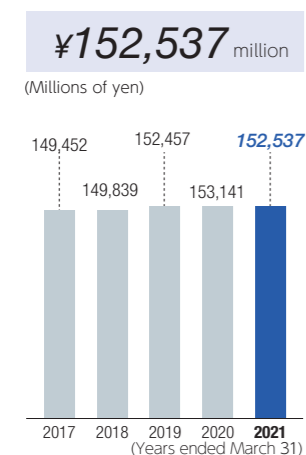
The fiscal year ending March 31, 2022 is expected to see the continued impact of COVID-19 and prolonged faltering of the market for products sold to bars and restaurants. Meanwhile, we will be ready for a flexible response to changes in the business environment after the pandemic.

Specifically, we aim to stabilize our position as the No. 1 *washu* company by effectively promoting the sales and increasing net sales of products that grew in response to the increased stay-at-home demand, including *Takara Shochu Highball*, *Gokujo Takara Shochu*, and *Takara Ryori no Tame no Seishu*.

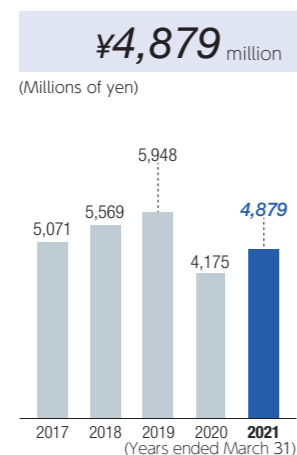
To improve profit margin, clear profit and profit margin targets will be set for each category, from the product mix perspective, based on which we will work on developing and nurturing of each brand. For example, figure skater Mao Asada has been appointed as brand ambassador for *Mio Sparkling Sake*, which celebrated the 10th anniversary. We will disseminate information more frequently through official social media accounts and aim to increase the repeat purchase rate. As for our long-selling product *Zenryo Imo Shochu Ikkomon*, which celebrates the 20th anniversary, we will revitalize the brand by strengthening localization and promote its uncompromised quality.

Continued cost reduction and activities to improve efficiency will ensure that we have the resources to invest in product nurturing.

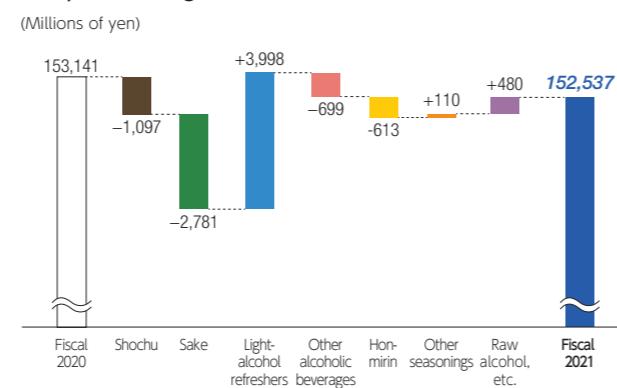
Net sales



Operating income



Analysis of changes in net sales for fiscal 2021



### Meeting new, increasing needs related to online drinking sessions under the COVID-19 pandemic

Under the COVID-19 pandemic, enjoying online drinking sessions has become increasingly popular. Takara Shuzo rolls out initiatives to meet the new needs. As part of the initiatives, we are working to enhance our online content, such as posting about online drinking parties on "Sakabanashi," a page on our official website dedicated to make sake more enjoyable. In addition, we are a special sponsor of the popular Lemon Sour Festival held online. Information is continuously disseminated on the MIOxMAO YouTube channel as well, where Mao Asada conveys the appeal of *Mio Sparkling Sake*. We will keep on our efforts to meet diversifying needs.





# Business Strategies

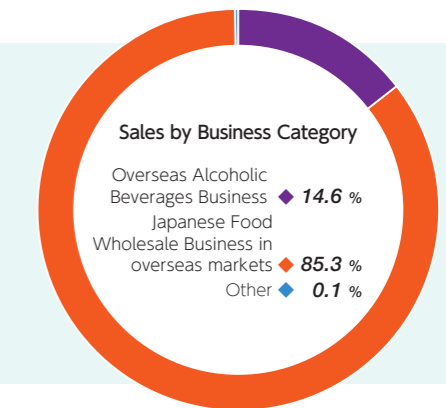
## Segment Information



# 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.



## Despite sluggish performance due to the prolonged effects of COVID-19 pandemic, the Group strengthened its business structure by diversifying sales channels

### 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. In the fiscal year ended March 31, 2021, the Group was affected by lockdowns that took place in major cities as a result of expansion of COVID-19 infections. Our performance fell significantly partly due to suspension of operations by restaurants that are principal customers, in addition to closedown of plants and restriction on attendance at some Group companies, following the instructions of regional governments, etc.

In the Overseas Alcoholic Beverages Business, sales of Blanton's, the premium single-barrel bourbon whiskey, remained brisk, while those of Tomatin's unblended whisky also grew. Meanwhile, sales of sake and other types of *washu* decreased, greatly affected by the

lackluster business performance of food service operators under the COVID-19 pandemic, and export from Japan also declined. As a result, overall net sales decreased.

The Japanese Food Wholesale Business in overseas markets was most severely affected by the coronavirus crisis. Despite the efforts to find retail channels and expand online sales, sales generally remained sluggish, and net sales declined.

As a result, net sales for the Takara Shuzo International Group after the elimination of intersegment transactions fell 15.9% year on year to ¥69,589 million. While cost of sales declined due mainly to thorough inventory management, gross profit decreased 13.7% year on year to ¥20,605 million due to the decline in sales. Operating income stood at ¥1,043 million, down 70.5% year on year, although SG&A expenses were down due mainly to efforts to control personnel expenses and logistics expenses, as well as reduction of promotion expenses.

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

Takara Shuzo International Group is committed to making steady progress to become a leading company in the global *washu* and Japanese food markets. To achieve this goal, we will enhance collaboration with the Group companies in Japan and overseas to solidify our position as the No.1 global *washu* company and strengthen our business foundation such as product procurement capabilities of the Japanese Food Wholesale Business in overseas markets.

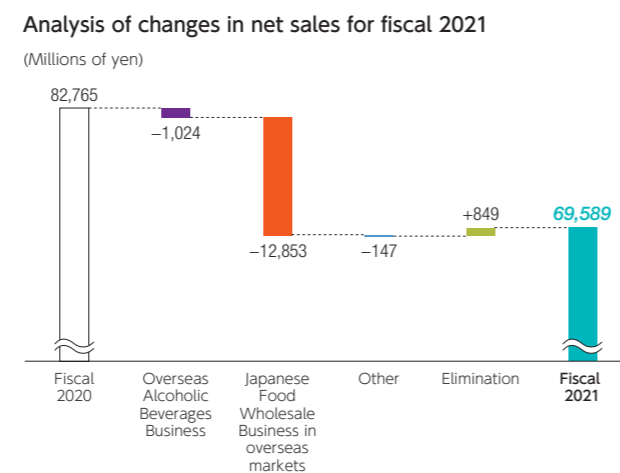
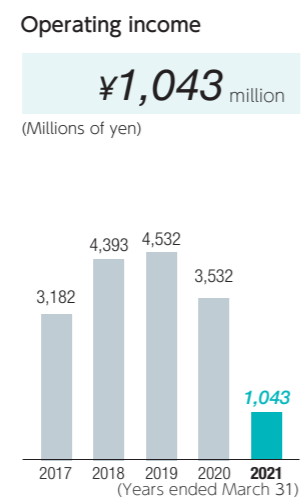
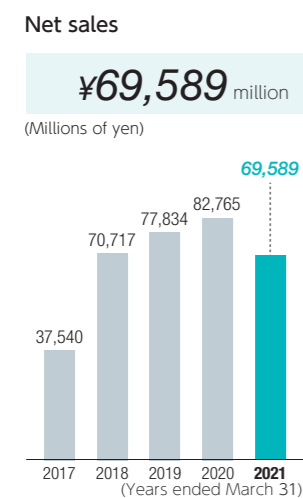
As our key strategies, we plan to accelerate the expansion of *washu*, centered on sake, focus on the expansion and improvement of our overseas Japanese food wholesale networks and the enhancement of our product procurement capabilities, and expand the sales of *washu* by leveraging the wholesale networks created through synergy between the Japanese Food Wholesale Business in overseas markets and the Overseas Alcoholic Beverages Business. We will also strengthen administrative aspects of overseas group companies.

In the fiscal year ending March 31, 2022, on the assumption that the impact of COVID-19 will

recede by stages although the situation will alternately take favorable and unfavorable turns, we will diversify sales channels and enhance our business structure by continuing with our efforts since last year to find new retail and online sales channels, in addition to food service operator channels. At the same time, thorough control over SG&A expenses will be implemented for a quick return to the growth track.

The Overseas Alcoholic Beverages Business aims for an early recovery of *washu* sales by enhancing the products lineup through local manufacture and exports, focusing on sake, while securing stable profit from Western liquor.

The Japanese Food Wholesale Business in overseas markets will meet the recovering demand and increase market share in our core business with food service operators, and aim to expand sales in the retail and e-commerce markets. We will also work toward greater efficiency through improved warehouse operations and enhanced procurement capabilities through inter-group procurement.



### Launch of L'ATELIER DU SAKE Daiginjo, sake exclusively for export

The Takara Shuzo International Group and the Foodex Group, a Takara Group company and the largest Japanese food wholesaler in Europe, jointly developed L'ATELIER DU SAKE Daiginjo, sake exclusively for export. The product has been available in Europe since November 2020. The Foodex Group took charge of the naming and design to gain better acceptance from local customers. In response to local requests, unfiltered, undiluted Daiginjo brewed in Takara Shuzo's Shirakabegura was adopted.

In 2020, the export of sake totaled a record ¥24.1 billion\*, exceeding the figure in the year before despite the impact of the COVID-19 pandemic. Making the most of such opportunities, we will accelerate our efforts to expand the sales.

\*Source: Trade Statistics of Japan by the Ministry of Finance



# Business Strategies

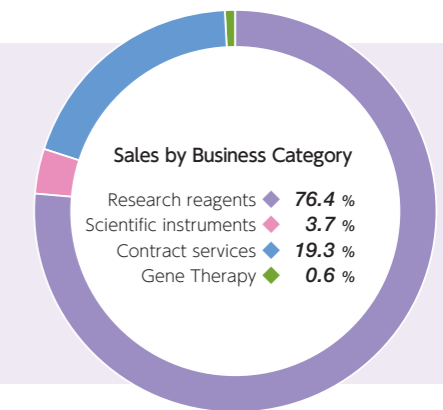
## Segment Information



# 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."



## Brisk performance of the research reagents, scientific instruments, and CDMO businesses resulted in significant profit increase

### Business Overview

Takara Bio Group proceeds with the development of bio-drug discovery platform technologies through the research reagents and scientific instruments businesses and the CDMO business, and promotes initiatives to become a drug-discovery company that keeps creating new modalities. The Group proactively works on stable supply of PCR-related products for COVID-19, improvement of the system to manufacture regenerative medical products, including vaccines, and other initiatives.

In the Bioindustry Business, we offer a variety of products and services to universities and private businesses around the world, providing support across the life science field from basic research to industrial application. Fiscal 2021 saw sales growth in the research reagents and scientific instruments businesses due to the growth of PCR-related

products for COVID-19. Contract services also grew steadily.

In the Gene Therapy Business, initiatives we have been proceeding with include the development of basic technologies for gene therapy, promotion of new clinical projects, and improvement of manufacturing and supply systems with an eye to the launch of projects out-licensed to pharmaceutical companies. In fiscal 2021, net sales dropped year on year, mainly due to a decrease in payments received.

As a result, we reported record net sales of ¥46,086 million, up 33.3% year on year. In terms of profits, gross profit rose 51.0% year on year to ¥31,872 million, and operating income was sharply up 122.4% year on year to ¥13,952 million.

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

Takara Bio Group defines the three years covered by the MTMP for FY2019–2021 as the period during which it moves forward with the strategies for business growth and business foundation enhancement and actively invests in R&D in order to establish a solid foundation for growth.

As our key strategies, we will realize sustainable growth in the research reagents and scientific instruments business and the CDMO business, as well as accelerate drug discovery alliances and generate new clinical projects for a prodigious growth in the future. We will also accelerate business development in the growing global markets.

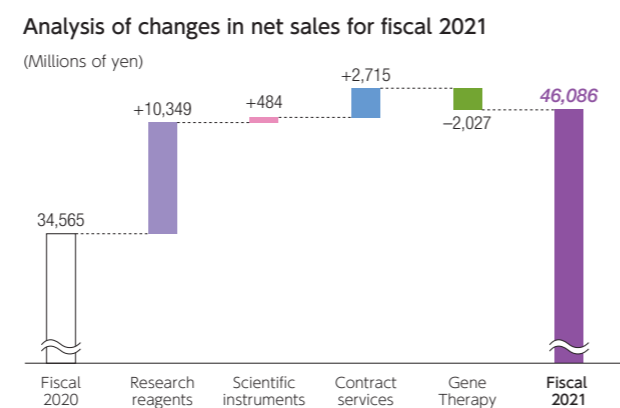
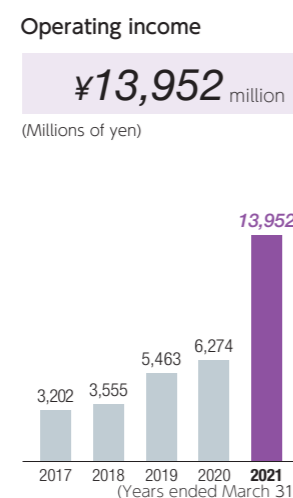
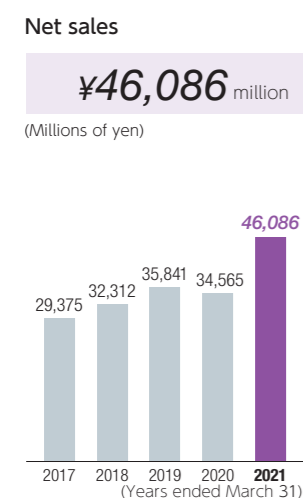
An action plan has been set up for each business and project. The research reagents business, which is the foundation of revenue and technology, will expand the sales of general research reagents as research and development activities in life science recover from the COVID-19 pandemic. Taking advantage of open innovation, our new product development system will be strengthened for a continued growth in business performance.

In addition, a manufacturing system will be established to realize mass production and stable supply of PCR test reagent kits, including in-vitro

diagnostic reagents.

The contract services business will expand the capacity for contracts related to regenerative medical products by making full use of all areas of the Center for Gene and Cell Processing II, which came into full operation in January 2020, and strengthening the capability to manufacture vectors and gene transduction cells. At the same time, measures to improve productivity and reduce costs will be taken, such as the development of efficient T-cell expansion culture methods and scale-up technologies for vector manufacturing, as well as the automation of the manufacturing process.

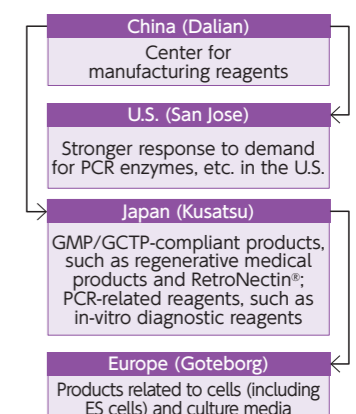
The Gene Therapy Business will improve the manufacturing and supply systems of regenerative medical products with an eye to their launch, in close collaboration with alliance partners. Clinical trials for the new CAR gene therapy, for which non-clinical trials are in progress, are planned to start by the end of fiscal 2023. To help resolve issues in gene therapy, such as the establishment of a method for mass production of virus vectors and the development of next-generation CAR gene therapy, the focus will also be on the development of next-generation basic technologies.



### Reorganization of R&D and manufacturing functions

Takara Bio Group manufactures all research reagents at plants in Dalian, China. In light of changes in the state of world affairs and the COVID-19 pandemic, the Group has been building and reorganizing facilities for more efficient and competitive R&D and manufacturing.

In Japan, facilities related to the manufacturing of PCR-related reagents and important components of reagent kits, as well as to the CDMO business including the manufacturing of vaccines, are being built in the head office (Kusatsu, Shiga Prefecture). In the U.S., manufacturing function for PCR enzymes, etc. will be added to the new site in California (scheduled to open in fall 2021), in addition to R&D and sales functions. Manufacturing systems for cell and culture medium products are being developed in Europe as well.





# 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 100<sup>th</sup>," 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.

### Establishment of Takara Group Sustainability Promotion Committee

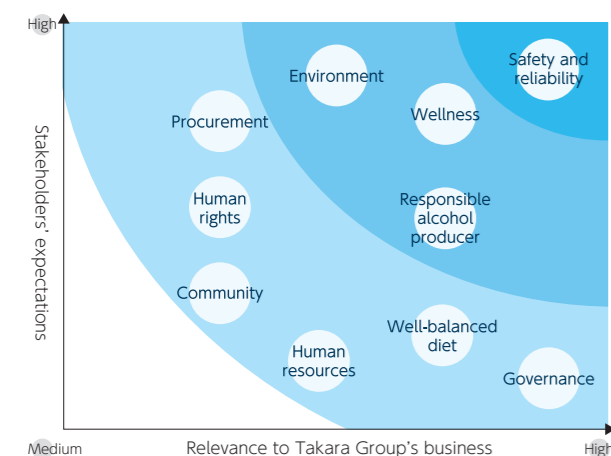
Takara Group established the Takara Group Sustainability Promotion Committee chaired by the Representative Director and President of Takara Holdings to promote initiatives under the Takara Group Sustainability Policy.

The committee will lead the promotion of initiatives under the Group's engagement in each materiality.

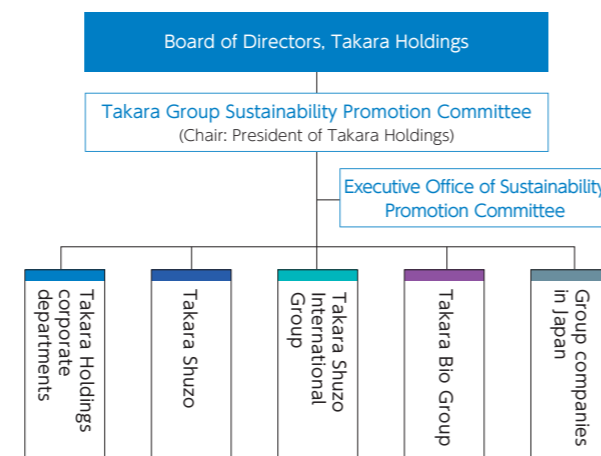
### Establishment of Sustainability Vision

In June 2021, Takara Group established the Takara Group Sustainability Vision, which set specific medium- to long-term goals based on the Takara Group Sustainability Policy. Going forward, we will continue our efforts to achieve the goals outlined in this Sustainability Vision.

### 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.

### Takara Group Quality Policy

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

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

### Ensuring safe and reliable quality at Takara Shuzo 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.

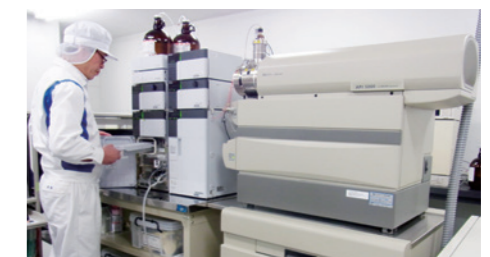
#### Stable procurement of raw materials whose safety has been confirmed

With regard to procuring raw materials, we strive to use only raw materials for which we can confirm the entire procurement route without exception, or raw materials that have warranties attesting to their quality, safety, and legality. For a portion of our imported raw materials and agricultural products, we pursue the measures above and also carry out analysis of residual pesticides/ herbicides, heavy metals, etc., in order to confirm product safety. 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.

Furthermore, in order to address the risk of radioactivity, we only source domestic raw materials after confirming that they meet standards for radioactive substances. In combination, we also carry out parallel in-house inspections of domestic raw materials. Additionally, at production plants in the Kanto and Tohoku areas, we are continually monitoring the radioactive cesium levels of products as well as water used in manufacturing, ensuring that they meet standards.

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

Inside the buildings of our plants, the space is separated into clean zones of different levels. In work zones where the highest level of cleanliness is required, such as in filling rooms, we apply clean room specifications to avoid the mixing of any foreign substances. After filling, we carry out foreign substance and labeling/printing inspections using automated detectors, in addition to visual and organoleptic inspections carried out by human inspectors, while ingredient analysis and inspections are handled by state-of-the-art analytic instruments in order to ensure the safety and quality of products.



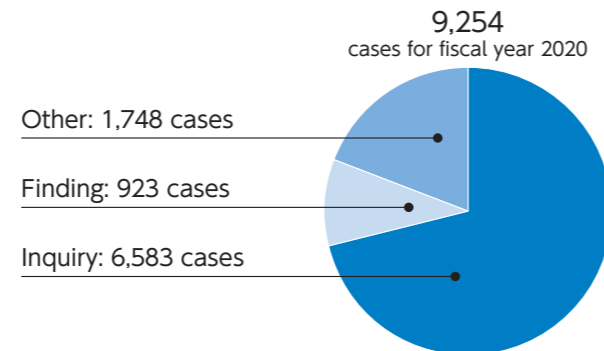
Ingredient analyses and inspections using analytic instruments

# Takara Group's Sustainability

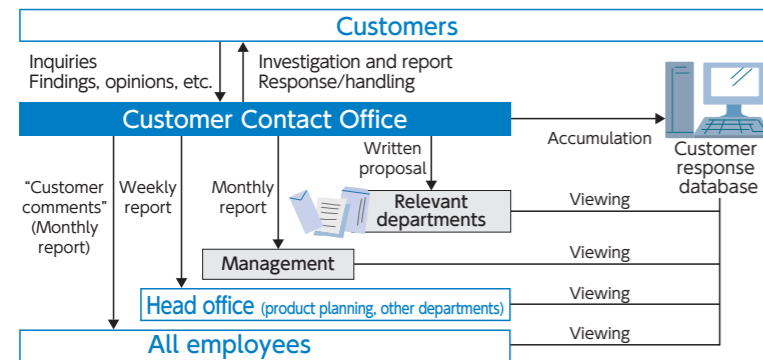
## Pursue customer satisfaction (ISO10002)

The Customer Contact Office receives approximately 9,000 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) as we continually strive to improve these processes.

## Number and breakdown of customer contact cases



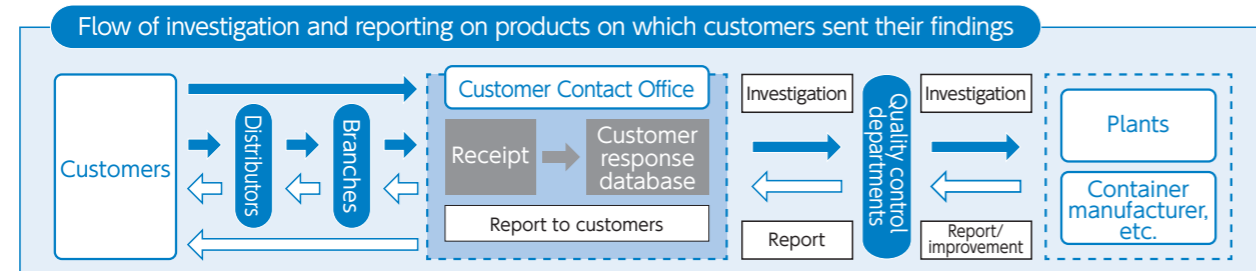
## Internal feedback on customer comments



## Examples of improvements made based on customer comments



**Improved the shrink film to make it easier to remove**  
A big tab is added to the shrink film of 220ml PET cup Shochu to make it easier to tear it along the perforations.



### Basic Policy for Customer Satisfaction

We will think from the perspective of customers and reflect their voices in our corporate activities.  
We will strive to provide better products, higher quality, and better services, aiming to become a company trusted by customers.

- ### Conduct Guideline for Customer Response
1. We will respond to customers sincerely, striving for honesty, swiftness, and steadiness.
  2. We will strive to treat customers with fairness and equity.
  3. We will strive to provide customers with appropriate and easy-to-understand information.
  4. We will share customer voices internally to reflect them in developing and improving products.
  5. We will handle personal information of customers appropriately in compliance with relevant laws and regulations as well as internal standards.

## Ensuring safe and reliable quality at Takara Bio Group

### Maintain quality management system (ISO9001, etc.)

In the Takara Bio Group, Takara Bio Inc., Takara Biotechnology (Dalian) Co., Ltd., DSS Takara Bio India Pvt. Ltd., and Takara Bio Europe S. A.S have obtained the ISO 9001 certification for quality management systems. Furthermore, Takara Bio USA, Inc. and Takara Biotechnology (Dalian) Co., Ltd. have obtained the ISO 13485 certification for in-vitro diagnostics reagents quality management systems and engage in strict quality control.

In the fiscal year ended March 2021, Takara Bio additionally obtained a license for manufacturing medicine (biological products) and a marketing license for in-vitro diagnostics reagents, as well as the ISO 13485 certification.

## Appropriately disclose product information

Takara Bio attaches and posts product descriptions on the website of the company and its products. It also conducts appropriate information disclosure and provision in accordance with rules, laws and regulations such as the disclosure of Certificates of Analysis (CoA) and safety data sheets (SDS), 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).

## 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 the fiscal year ended March 2021, we identified issues and took countermeasures amid the COVID-19 pandemic by confirming the situations in writing in place of overseas on-site quality audits.

## Sustainability Vision Targets (Safety and Reliability)

Initiative themes	Specific measures	Targets
(1) Ensuring safe and reliable quality at Takara Shuzo	Maintain safety management system (FSSC22000 at six plants in Japan)	Takara Shuzo Maintain FSSC22000 at all six plants in Japan. (*Matsudo, Kusu, Fushimi, Shirakabegura, Kurokabegura, and Shimabara)
	Creating safe products at Takara Shuzo • Examine compliance with laws, regulations, and voluntary standards at the design stage • Stable procurement of raw materials whose safety has been confirmed • Maintain manufacturing lines that ensure safe and reliable quality	Takara Shuzo • Ensure to check the safety quality in each of product design, raw material procurement, and production phases, thereby further enhancing the quality control system. • Maintain a completion rate of 100% for the auditing and quality control assessment of new outsourcing contractors and raw material suppliers. • Maintain a completion rate of 100% for checking the safety of raw materials with warranties.
(2) Ensuring safe and reliable quality at Takara Bio Group	Pursue customer satisfaction (ISO10002)	Takara Shuzo Improve the process of handling complaints and increase the knowledge of departments handling them. a. The Quality Control Department provides training sessions at least once a year to improve the knowledge of Customer Contact Office staff members. b. Test the degree of understanding the manual on customer visits in order to improve the quality of responding to customers at the time of visiting them. (Achieved a test completion rate of 100%)
	Maintain the quality management system (ISO9001, etc.) at Takara Bio Group Comply with and maintain various quality, manufacturing, and safety standards, including GMP/GCTP (*1), and third-party certification systems	Takara Bio • Maintain ISO certifications obtained by business offices and strive to increase quality and customer satisfaction. Expand the scope of areas to obtain ISO certifications where necessary. • Maintain licenses, registrations, and the like necessary for operating business.
(3) Ensuring safe and reliable quality at Takara Shuzo International Group	Appropriately disclose product information	Takara Bio Provide information on safety data sheet **2 (SDS) of Takara Bio products in various languages (Japanese, English, Chinese) by 2025.
	Efforts toward the establishment of a global quality assurance system • Understand information on overseas food safety laws and regulations and comply with them • Promote the obtainment of certifications on food safety by overseas group companies.	Takara Shuzo International • Maintain a 100% rate of compliance with food laws and regulations in export destination countries. • Conduct quality audits on overseas group companies by 2025, and take appropriate corrective measures if any quality risk factors are found.

\*1 GMP: Good Manufacturing Practice, GCTP: Good Gene, Cellular, and Tissue based Products Manufacturing Practice  
\*2 SDS: Safety Data Sheet (safety data sheets for chemical substances)



# 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.

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

#### Provide extensive support for the development of life science research and industry

Takara Bio uses genetic and cellular engineering technology to supply research reagents and other products to life science researchers throughout the world. Since it started selling "restriction enzymes," Japan's first domestically produced reagents for genetic engineering research in 1979, Takara Bio currently offers approximately 10,000 products. We offer a diverse array of products ranging from the application in the cutting edge life science field to the research reagents that are used on a daily basis. Going forward, we will continue to support the world's research institutions and the development of life science research.



Brochure of the first domestically produced "restriction enzyme" as a reagent for genetic engineering research

### 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 Takara Gene & Cell Academy (TGCA) Seminars for researchers conducting biotechnology research.

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

#### Supply testing and diagnostic kits for viruses, etc.

Takara Bio is working to create a healthy society by offering various food and environmental testing and diagnosis kits, including those used to test food poisoning caused by viruses such as norovirus and animal and plant infections such as Bovine leukemia virus, in addition to test kits for the COVID-19 infections.



PCR products for detection of COVID-19

### Initiatives for achieving gene therapies

#### Gene therapy technology development and social implementation for cancer and other targets

Leveraging revolutionary biotechnologies, Takara Bio is advancing the development of leading edge technologies, such as gene therapies, to address unmet medical needs. In 2008, the company launched Japan's first clinical trial for external gene therapy and currently we are advancing multiple gene therapy projects through many rounds of trial and error.

Takara Bio will continue to steadily advance the clinical development of gene therapies in-house and through alliances, and quickly commercialize our results in order to contribute to the healthy lifestyles of people around the world.

### Supply of health-conscious products

#### 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.

#### Appeal of salt-free cooking liquor

*Takara Ryori no Tame no Seishu* is a salt-free sake made with 100% Japanese rices, 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.

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

\*2 Source: Intage SRI. Sales amount from April 2020 to March 2021



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

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

### Sustainability Vision Targets (Wellness)

Initiative themes	Specific measures	Targets
(1) Support for the development of global life science research	Provide extensive support for the development of life science research and industry	Takara Bio Toward the stable supply of products, support the development of life science research globally by establishing production facilities for major sites in Japan, China, the U.S., Europe and other regions for optimization.
	Contribute to the life science community	Takara Bio <ul style="list-style-type: none"> <li>Spread biotechnology covering from basics to the latest technologies by holding seminars and workshops.</li> <li>Drive commercialization of academia seeds through open innovation.</li> <li>Strive to promote the understanding of biotechnology by society.</li> </ul>
(2) Application of genetic analysis technology to testing and diagnostics	Supply testing and diagnostic kits for viruses, etc.	Takara Bio In addition to products to test for pandemic viruses, expand the scope of application by developing global products that combine the characteristics and demand of regions across the globe.
(3) Initiatives for achieving gene therapies	Gene therapy technology development and social implementation for cancer and other targets	Takara Bio <ul style="list-style-type: none"> <li>Promote development projects for gene therapy in house and through alliances.</li> <li>Drive the business of supporting the development and manufacturing of regenerative medical products (CDMO business).</li> </ul>
(4) Supply of health-conscious products	Development of products with no or low carbs	Takara Shuzo Develop products with features of containing no or low carbs to cater to the needs of customers without affecting the taste, satisfaction, and effects on cooking.
	Appeal of salt-free cooking liquor	Takara Shuzo Raise the recognition of the salt-free feature of cooking sake to 35% by 2030.
	Offer organic foods, etc.	Takara Shuzo International Expand the lineup of organic and vegan products to 1,369 items by fiscal year 2025 (up by 100 items from March 2021).
	Develop food-allergy-conscious products	Takara Shuzo International Expand the lineup of gluten-free and other food-allergy-conscious products to 1,540 items by fiscal year 2025 (up by 50 items from March 2021).

# Takara Group's Sustainability



## Responsible Alcohol Producer

Alcohol has played an important role as a communication tool for facilitating human relationships since ancient times. However, it sometimes causes so-called alcohol-related issues, including the consumption of alcohol by those under the age of 20 and drunk driving.

The Takara Group believes that tackling alcohol-related issues head-on is an important responsibility as a company that manufactures and sells alcoholic beverages, and we have therefore established, and are working on, the Basic Policy on Responsible Drinking.

### Basic Policy on Responsible Drinking

As a company engaged in the manufacture and sale of alcoholic beverages, we believe that it is an important responsibility of the Takara Group to address alcohol-related issues, and we will work together with society through various activities to develop a healthy alcohol culture.

- ◆ All employees of the Takara Group will act in a responsible manner to spread awareness about the appropriate consumption of alcohol.
- ◆ We will endeavor to resolve issues such as alcoholism and other heavy drinking, the consumption of alcohol by those under the age of 20, alcohol consumption by pregnant women, and drunk driving through educational efforts using our website and pamphlets as well as by placing cautionary statements on our product packages and advertisements.
- ◆ We will work on alcohol-related issues with various stakeholders including industry associations and NPOs.
- ◆ When engaged in the manufacture and sale of alcoholic beverages and their advertising activities, we will comply with related laws and regulations, voluntary industry standards, the Takara Group Compliance Action Guidelines, and internal regulations.
- ◆ We will promote awareness programs for employees.

### 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 and at a range of events. It is also available on Takara Shuzo's website (only available in Japanese).



The "Maintaining a Positive Relationship with Alcohol" booklet

### Implementation of responsible marketing

#### Implement responsible advertising

For the broadcasting of TV commercials on alcoholic beverages, Takara Shuzo complies with the industry's voluntary standards, such as not using expressions that encourage underage drinking, as well as displaying various warnings. Similarly, Takara Shuzo displays warnings and take other measures for newspaper, magazine, and other advertisements.

We will also strive to maintain the status of having no cases of violating the industry's voluntary standards in advertising alcoholic beverages.

#### 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 products on its website in phases, starting with major products. We plan to display the information on packages of all consumer products sold in Japan, except for alcohol-based seasoning, by fiscal year 2025.



### Age certification system when accessing website

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



Age certification system

### Respect for global guidelines

#### Respecting WHO's global strategy on alcohol

Takara Shuzo respects the WHO's global strategy on alcohol, complies with the Basic Plan for the Promotion of Measures against Alcohol-related Health Harm created by the Japanese government based on this strategy, and voluntarily and proactively implements measures to solve alcohol-related problems.

### Participation in external initiatives

#### Participation in dissemination and awareness raising programs on appropriate drinking practices by public interest incorporated associations and other organizations

Takara Shuzo participates in activities of the Health and Medicine of Alcohol Association, an organization established in 1980 under the joint responsibility of the Ministry of Health, Labour and Welfare and the Ministry of Finance, as an industry representative serving as a planning committee member. The Association works on alcohol-related issues, centered around programs for spreading and educating people about appropriate drinking practices and to prevent underage drinking.

In addition, Takara Shuzo participates as a member in the Advertising Review Board of Alcoholic Beverages, which reviews alcoholic beverage advertisements, thereby striving to ensure appropriate alcoholic beverage advertisements.

### Sustainability Vision Targets (Responsible Alcohol Producer)

Initiative themes	Specific measures		Targets
(1) Spreading awareness on the appropriate consumption of alcohol	Educational efforts using our website and pamphlets	Takara Shuzo	Increase the number of views of the Takara Shuzo's website page on spreading awareness on the appropriate consumption of alcohol by 20% in fiscal year 2022 vs 2020 and by 50% in fiscal year 2025 vs 2020.
	Awareness programs for employees	Entire Group	<ul style="list-style-type: none"> <li>• Raise the awareness of the entire Group employees on the appropriate consumption of alcohol.</li> <li>• Achieve the completion rate of 100% for e-learning and other educational programs on the appropriate consumption of alcohol by all employees of all domestic Group companies* by fiscal year 2021.</li> </ul>
(2) Implementation of responsible marketing	Implement responsible advertising	Takara Shuzo	Maintain the status of having no cases of violating the voluntary standards on advertisements.
	Conscientious product labeling	Takara Shuzo	<ul style="list-style-type: none"> <li>• Disclose the amount of alcohol contained for major products on the website. Display the amount of alcohol contained on packages of all consumer products sold in Japan, except for alcohol-based seasoning, by fiscal year 2025 (starting in phases from April 2021).</li> <li>• Display, in addition to the prohibition of underage drinking, warnings about the risk of drinking for expectant and nursing mothers, and warnings to raise awareness on the appropriate consumption of alcohol on all consumer products, except for alcohol-based seasoning, by fiscal year 2025</li> </ul>
(3) Respect for global guidelines	Respecting WHO's global strategy on alcohol	Takara Shuzo	Express support for the global strategy on alcohol of the World Health Organization (WHO) and disseminate its content to, and ensure the understanding of it by, employees.
(4) Participation in external initiatives	Participation in dissemination and awareness raising programs on appropriate drinking practices by public interest corporations and other organizations.	Takara Shuzo	Proactively participate in activities to raise awareness on appropriate drinking practices conducted by the Health and Medicine of Alcohol Association and the Advertising Review Board of Alcoholic Beverages, as a planning committee member and a working member.

\* Domestic Group Companies: Takara Holdings, Takara Shuzo, Takara Shuzo International, Takara Bio, Taihei Printing, Kawahigashi Shoji, Total Management Business, Takara Butsuru System, TB, Takara Yoki, Takara Bussan, Luc Corporation, Tokyo Mutual Trading



# 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.

### The Takara Group Environmental Policy

The Takara Group positions the harmonization of its business activities with global environmental preservation as one of its key challenges, and contributes to building a sustainable society by establishing and continuously improving the environmental management system.

- 1 We comply with laws and regulations related to the environment, in addition to other requirements that we have agreed to.
- 2 In the course of the Takara Group's business activities, we place particular emphasis on the following items.
  - 1) We strive to prevent environmental pollution.
  - 2) We strive to promote energy and resource conservation, and try to use sustainable resources.
  - 3) We strive to reduce greenhouse gas emissions and mitigate climate change.
  - 4) We support and promote activities related to biodiversity and ecosystem protection and preservation.
  - 5) We strive for environmentally conscious product development, including promoting the 3Rs for containers and packaging.
- 3 We actively disclose information on our environmental initiatives and environmental performance, while striving to communicate with society.
- 4 While using education and awareness programs to convey this Environmental Policy to all members of the Takara Group, we also energetically support employees' participation in social contribution activities.

### Response to climate change issues

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

The Takara Group's total CO<sub>2</sub> emissions in production processes for the fiscal year ended March 31, 2021 was 112,800 t-CO<sub>2</sub>, a 1.7% year-on-year increase. Takara Shuzo and the Takara Shuzo International Group saw a reduction in total emissions, but the Group's emissions increased on the whole due to an increase in gas and electricity usage from the new building (CGCPII) of Takara Bio in the Takara Bio Group becoming fully operational.

Total CO<sub>2</sub> emissions for Takara Shuzo's production processes, which comprise more than 80% of the entire Group's CO<sub>2</sub> emissions, were 95,800 t-CO<sub>2</sub> for the same period, a slight increase (0.3%) year on year. Although energy efficiency improved thanks to installing energy-saving equipment and working to optimize heat recovery and equipment usage, there was an increase in gas and heavy oil usage due to increased distillation of raw alcohol by Takara Shuzo. In fiscal 2021 we will upgrade to and install energy-saving facilities. For example, we will upgrade to a high-efficiency boiler, convert the heavy oil boiler to a gas boiler, and reduce the amount of steam by reusing heat of the distillation column.

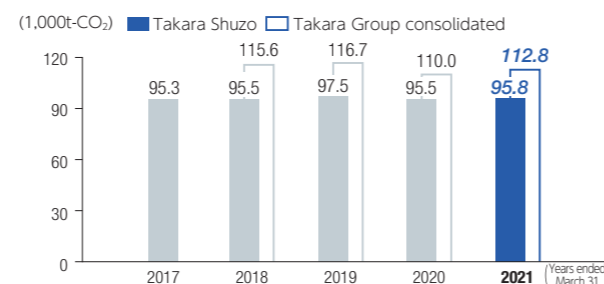
#### Examples of initiatives to reduce CO<sub>2</sub> emissions from production processes

- Installing high-efficiency gas boilers, installing LED lighting, and other energy-saving equipment
- Optimizing distillation conditions in alcohol refining processes
- Promoting the use of co-generation (combined heat and power) systems



Micro gas turbine co-generation system

#### CO<sub>2</sub> emissions from production processes (total emissions)



<Scope of calculations>

Takara Shuzo Co., Ltd., Takara Sake USA Inc., Takara Shuzo Foods Co., Ltd. (China), The Tomatin Distillery Co. Ltd., Takara Bio Inc., Takara Biotechnology (Dalian) Co., Ltd.

\*Results included Mizuho Nourin Co., Ltd. and Kinoko Center Kin Inc. till February 2019.

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

At Takara Shuzo, we are promoting high-efficiency transportation, energy-saving vehicle operations, and modal shifts, improving loading efficiency for products shipped by truck, and taking other measures to reduce CO<sub>2</sub> emissions during product transportation. In the fiscal year ended March 31, 2021, CO<sub>2</sub> emissions from transportation processes were reduced 0.5% year-on-year due to the impact of efforts such as improving loading efficiency for products shipped by truck.

#### Examples of initiatives to reduce CO<sub>2</sub> 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



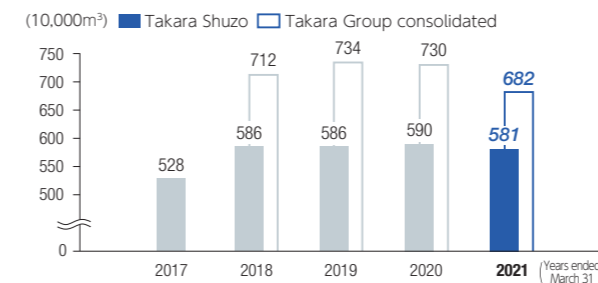
Shipping alcohol with a specialized tanker

### Appropriate water usage

#### Limiting water usage in production processes

The Takara Group's total water usage in production processes for the fiscal year ended March 31, 2021 was 6.82 million m<sup>3</sup>, a 6.5% year-on-year decline. This was due to the impact of the drop in production of Group companies caused by the COVID-19 pandemic. Takara Shuzo's water usage, which comprises approximately 80% of the entire Group's usage, decreased year on year to 5.81 million m<sup>3</sup>, down 1.6%.

#### Volume of water used in production processes



<Scope of calculations>

Takara Shuzo Co., Ltd., Takara Sake USA Inc., Takara Shuzo Foods Co., Ltd. (China), The Tomatin Distillery Co. Ltd., Takara Bio Inc., Takara Biotechnology (Dalian) Co., Ltd.

\*Results included Mizuho Nourin Co., Ltd. and Kinoko Center Kin Inc. till February 2019.

### 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 the volume of 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 the fiscal year ended March 31, 2021 was 4,974 tons, 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

### Response to environmentally conscious product packages and packaging

#### Develop environmentally conscious products

In Japan, approximately 60% of general household garbage (based on volume) are containers and packaging. In order to address this problem, Takara Shuzo is promoting materials procurement and product development emphasizing the 3Rs (reduce, reuse, recycle).

As an independent initiative, Takara Shuzo is selling shochu by weight. Shochu is put into specialized tanks at our plants, then sent directly to retail stores, where customers bring plastic PET bottles, etc. from home and fill the exact amount they need from the specialized tanks when making a purchase. Since this allows customers to buy only the volume they need without purchasing a container, it translates to resource conservation and less garbage. From 1998, when these efforts started, to the end of March 2021, we have been able to conserve the equivalent of approximately 9.97 million 2.7-liter PET bottles.

In addition, we are promoting the use of paper with forest protection certification (e.g. FSC, PEFC) in paper carton products and packaging cardboards, using biomass feedstock for soft packaging materials and printing on them, making bottles and cans lighter, and abolishing labels and stickers to reduce the consumption of packaging materials.

And at Takara Bio, we are proceeding with efforts to use environmentally conscious product packages and packaging without compromising on quality, such as promoting the use of paper with forest protection certification in paper packages for research reagents.



Ryori no Tame no Seishu using certified paper

# Takara Group's Sustainability

## ► 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. The selection of recipients of assistance is carried out by a steering committee comprised of experts specialized in the natural sciences.

In fiscal 2021, 11 recipients were chosen from many applicants across Japan. These included groups engaged in activities and research related to environmental preservation based on a variety of research themes such as "Converting to Artificial Broad-leaved Forests: A Model

for a Maintenance Method Based on Local Characteristics." During 36 years of the program, a cumulative total of 184,878,000 yen has been granted to 390 recipients.



Assistance to environmental preservation activities (photo: *Hierodula patellifera*)

## ► Sustainability Vision Targets (Environment)

Initiative themes	Specific measures	Targets
(1) Response to climate change issues	Reduction of CO <sub>2</sub> emissions	<p>FY2030</p> <ul style="list-style-type: none"> <li>Takara Shuzo</li> <li>Takara Shuzo International</li> <li>Takara Bio</li> <li>Takara Shuzo</li> </ul> <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions at production sites by 46% compared with FY2018.</li> <li>Reduce CO<sub>2</sub> emission intensity (CO<sub>2</sub> emissions per net sales) by 50% compared with FY2018.</li> </ul> <p>Distribution</p> <ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emission intensity (CO<sub>2</sub> emissions per shipping volume) from shipping Takara Shuzo products by 10% compared with FY2018.</li> </ul>
		<p>FY2050</p> <ul style="list-style-type: none"> <li>Entire Group</li> </ul> <ul style="list-style-type: none"> <li>Achieve net zero CO<sub>2</sub> emissions in the Takara Group on a consolidated basis.</li> </ul>
(2) Appropriate water usage	Water usage that considers local characteristics	<ul style="list-style-type: none"> <li>Takara Shuzo</li> </ul> <ul style="list-style-type: none"> <li>Reduce units of water usage (water usage per sales volume) of Takara Shuzo by 9% compared with FY2017 by FY2030.</li> <li>Continue initiatives to protect water sources and conserve wastewater.</li> </ul>
(3) Limiting waste generation	Reduce plant waste volume and promote recycling	<ul style="list-style-type: none"> <li>Takara Shuzo</li> </ul> <ul style="list-style-type: none"> <li>Continue reusing 98% or more of waste generated in Takara Shuzo's production processes.</li> </ul>
	Initiatives to reduce food loss	<ul style="list-style-type: none"> <li>Takara Shuzo</li> </ul> <ul style="list-style-type: none"> <li>Improve the effective use rate of raw materials such as scarce Japan-produced fruits.</li> <li>Drive efforts to increase the life of Takara products and the processed foods that use them.</li> </ul>
(4) Response to environmentally conscious product packages and packaging	Develop environmentally conscious products	<ul style="list-style-type: none"> <li>Takara Shuzo</li> </ul> <ul style="list-style-type: none"> <li>Continue selling products by weight.</li> <li>Facilitate introduction of sustainable containers and packaging that consider the 3Rs, with the aim of achieving 100% implementation by FY2050.</li> <li>Facilitate use of paper with forest protection certification in paper carton products, with the aim of achieving 100% usage by FY2030.</li> <li>Aim to achieve 100% use of biomass ink in paper and plastic labels by FY2030.</li> </ul>
		<ul style="list-style-type: none"> <li>Takara Bio</li> </ul> <ul style="list-style-type: none"> <li>Facilitate use of paper with forest protection certification in paper carton products, with the aim of achieving 100% usage by FY2025.</li> <li>Aim to achieve 100% use of aluminum-free packages in one-sided aluminum pouches by FY2025.</li> <li>Aim to achieve 100% use of vegetable oil-based ink in paper packages by FY2025.</li> </ul>
		<ul style="list-style-type: none"> <li>Takara Shuzo</li> </ul> <ul style="list-style-type: none"> <li>Free distribution of booklets to raise awareness on recycling</li> </ul> <ul style="list-style-type: none"> <li>Continue distributing free to those who are interested.</li> </ul>
(5) Preservation of ecosystems and biodiversity	Assistance for activities and research protecting ecosystems and biodiversity	<ul style="list-style-type: none"> <li>TAKARA HOLDINGS INC.</li> </ul> <ul style="list-style-type: none"> <li>Continue assistance through the Takara Harmonist Fund.</li> </ul>
		<ul style="list-style-type: none"> <li>TAKARA HOLDINGS INC.</li> <li>Takara Shuzo</li> </ul> <ul style="list-style-type: none"> <li>Continue activities at business sites that contribute to local communities.</li> </ul>



## 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



Takara Holdings Corporate History Museum

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." At the same time, it facilitates 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 (a 128% or above increase from the 39 women in managerial positions as of April 2021).

The action plan is 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 FY2018 to FY2020, the ratio of employees who wished to be re-employed after reaching their retirement age was 87% in Takara Holdings, Takara Shuzo, and Takara Shuzo International combined and 100% in Takara Bio.

#### 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, establishing 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, 2021, there were six employees with disabilities working at Takara Holdings (in comparison to the statutory required number of five and employment rate of 2.65%), 37 at Takara Shuzo (against the statutory required number of 31 and employment rate of 2.69%), and 17 at Takara Bio (against the statutory required number of 15 and employment rate of 2.58%).



# Takara Group's Sustainability

## ▶ 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 its employees in fulfilling work and family responsibilities, in fiscal 2020 Takara Holdings, Takara Shuzo, and Takara Shuzo International expanded the requirements for cumulative paid leave to enable employees to use it to look after family members with nursing care needs. In addition, the companies implemented a system that allows employees to take annual paid leave in hourly increments. Furthermore, the work-from-home system that was previously only available for employees with parenting and long-term care giving responsibilities was expanded to all

employees, except those whose duties require them to come to the workplace such as plant floor workers.

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.

## ▶ Sustainability Vision Targets (Human Resources)

Initiative themes	Specific measures	Targets
(1) Fostering human resources	Implement measures to foster human resources who will be responsible for the next generation Foster human resources who will achieve global business growth (global human resources) Foster human resources using Takara Holdings Corporate History Museum, our training facility	Entire Group Implement educational programs to grow business globally and develop human resources who will be responsible for the next generation of the Group.
(2) Promoting the active involvement of diverse human resources	Promoting the active involvement of female employees Promote the active involvement of senior human resources Promote the hiring of people with disabilities	Entire Group <ul style="list-style-type: none"> <li>• Increase the number of women in management positions. In Japan we will continue carrying out initiatives in accordance with our Female Participation Promotion Act action plan. Three companies — Takara Holdings, Takara Shuzo, and Takara Shuzo International — will aim to appoint at least 50 women to manager and assistant manager positions (which includes through mid-career hiring) by fiscal 2030 (a 128% or above increase from the 39 women in managerial positions as of April 2021).</li> <li>• Create job opportunities for people up to 70 years old. Four companies — Takara Holdings, Takara Shuzo, Takara Shuzo International, and Takara Bio — will begin efforts to create job opportunities for those 65 to 70 in fiscal 2021.</li> <li>• Maintain a percentage of employees with disabilities of 2.3% or more (the statutory employment rate in Japan as of April 2021).</li> <li>• Utilize more mid-career hiring to acquire a more diverse workforce.</li> </ul>
(3) Achieving a comfortable workplace environment and a work-life balance	Ensure workplace safety and sanitation Comply with labor-related laws and regulations Prevent long working hours Promote diverse working styles	Entire Group <ul style="list-style-type: none"> <li>• Reduce total working hours compared with FY2020 results. (Domestic Group Companies*)</li> <li>• Increase the percentage of paid leave taken (no. of days taken) compared with FY2020 results. (Domestic Group Companies)</li> <li>• Maintain a 100% reinstatement rate for employees who take childcare leave. (Domestic Group Companies)</li> <li>• Facilitate effective use of work-from-home system.</li> </ul>

\* 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



## 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 food to people throughout the world through *washu* and Japanese food

### Conveying and providing the appeal and new value of *washu*

Wishing to enable more people to experience the attractiveness of lemon sour, which became popular among young people, in 2017 we became a special sponsor of the Lemon Sour Festival. It is Japan's first large-scale drinking and eating event dedicated to lemon sour, where attendees can experience great-tasting lemon sour made from shochu, lemon, and soda. In July 2020, we launched the "Energize Japan with Lemon Sour!" Project, with music group Exile's Takahiro as brand ambassador. The project consists of programs to support eating and drinking establishments and raise awareness on "lemon sour," a uniquely Japanese alcoholic beverage, through efforts such as introducing famous establishments that serve lemon sour across Japan online, launching a YouTube channel, and introducing delicious lemon sour recipes.



"Energize Japan with Lemon Sour!" Project

And in celebration of the 10th anniversary of *Sho Chiku Bai Shirakabegura Mio Sparkling Sake*, we launched the MIOxMAO channel to convey the appeal of Mio, with figure skater Mao Asada as brand ambassador. We will continue to spread information about all sake has to offer with a focus on sparkling sake like Mio.



MIOxMAO channel

### 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.

Tazaki Foods Ltd., which is operating its business in the U.K., is a local pioneer in the Japanese Food Wholesale Business and its Yutaka brand is carried in many retail stores. It has also cemented its position as a supplier of Japanese food to restaurants and bars. Seeking to boost awareness of the Yutaka brand, we are striving to actively disseminate information through Tazaki Foods by setting up shops at food exhibitions held in areas across the U.K., while also using YouTube, Facebook, and similar platforms.



Promoting the Yutaka brand at U.K. food exhibitions

# Takara Group's Sustainability

## ▶ 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 (https://sakabanashi.takarashuzo.co.jp/) (In Japanese)



Example contents on Sakabanashi

## ▶ Sustainability Vision Targets (Well-Balanced Diet)

Initiative themes	Specific measures	Targets
(1) Providing the richness of food to people throughout the world through washu and Japanese food	Conveying and providing the appeal and new value of <i>washu</i> . • Hold food and beverage tasting events • Market development through innovative products • Disseminate information with websites and social media • Spread the appeal and value of <i>washu</i> overseas	<p><b>Takara Shuzo</b> Shochu: Continue the "Energize Japan with Lemon Sour!" Project and raise awareness of "lemon sour," a uniquely Japanese alcoholic beverage, made from shochu, lemon, and soda. Target: Continue holding experiential drinking and eating events (including online events) such as the Lemon Sour Festival and offering programs to support eating and drinking establishments.</p> <p>Sake: Spread information on the appeal of sake with a focus on sparkling sake like Mio among young people who are unfamiliar with sake. Target: Launch official pages on social media sites such as YouTube with a focus on Mio, and aim for a total of 300,000 or more followers by FY2025.</p>
		<p><b>Takara Shuzo International</b> Develop 10 exclusive overseas products and overseas business company products by FY2025.</p>
	Conveying and providing the appeal and new value of Japanese food: • Hold events such as cooking labs and seminars on seasoning in collaboration with sellers • Participation in external initiatives • Spread Japanese food culture overseas	<p><b>Takara Shuzo</b> Continue holding the Takara Hon-mirin Recipe Contest and the Japanese Cuisine Taught by Famous Chefs Course, co-hosted with the NPO Japanese Culinary Academy, to develop new demand for and spread the appeal of Japanese food made with Hon-mirin and cooking sake. Target: Continue holding the Takara Hon-mirin Recipe Contest and the Japanese Cuisine Taught by Kyoto's Top Chefs Course.</p> <p><b>Takara Shuzo International</b> Engage in efforts to further spread Japanese food overseas such as setting up shops at exhibitions held around the world, disseminating information, and training chefs who specialize in Japanese cuisine.</p>
(2) Creating communication through sake and providing a social lubricant	Disseminate information about the enjoyment of sake and sake culture	<p><b>Takara Shuzo</b> Aim for a total of 200,000 followers on Takara Shuzo's official Facebook page by FY2025.</p>



## 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.

In the fiscal year ended March 31, 2021, we created the Sustainability Procurement Guidelines, which includes requirements such as "Ensuring safety and reliability" and "Consideration for the global environment." So far we have conveyed it to 70% 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                   |

### Takara Group Procurement Policy

- |   |  |
|---|--|
| <p><b>1 Ensuring safety and quality</b><br/>In accordance with the Takara Group Quality Policy, we will promote activities aimed at ensuring a high level of safety and quality.</p> <p><b>2 Consideration for the environment</b><br/>Based on the Takara Group Environmental Policy, we will engage in activities with consideration for the global environment.</p> <p><b>3 Consideration for human rights</b><br/>In accordance with the Takara Group Human Rights Policy, we will engage in activities with consideration for human rights.</p> <p><b>4 Compliance with laws and social ethics</b><br/>In accordance with the Takara Group Compliance Action Guidelines, we will comply with laws and social ethics.<br/>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><b>5 Equitable and fair transactions</b><br/>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><b>6 Maintaining information security</b><br/>We will appropriately manage confidential information and personal information obtained during procurement activities.</p> <p><b>7 Expectations of suppliers</b><br/>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> |
|---|--|

## ▶ Sustainability Vision Targets (Procurement)

Initiative themes	Specific measures	Targets
(1) Collaboration with suppliers	Formulate guidelines for sustainable procurement, and request compliance by suppliers	<p><b>Takara Shuzo</b> 1) Explain the Sustainable Procurement Guidelines to all suppliers by FY2021. 2) Ensure that 70% or more key suppliers comply with the Sustainable Procurement Guidelines by FY2025 and 80% or more by FY2030.</p>



# Takara Group's Sustainability



## 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

Conduct human rights education at new employee training and rank-specific training sessions

Internally, we incorporate a program designed to further the understanding of human rights in introduction programs for new hires and induction programs for new managers, compliance training, and so on, to provide education within the Group.

### ▶ Initiatives to identify risks to human rights

Establish a structure to identify and evaluate risks to human rights

We plan to build a system to identify and evaluate risks to human rights across the Group's entire value chain (human rights due diligence process) by FY2022, and start initiatives to identify and evaluate risks to human rights by FY2023.

### 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.

### ▶ Sustainability Vision Targets (Human Rights)

Initiative themes	Specific measures	Targets
(1) Respect for human rights	Conduct human rights education at new employee training and rank-specific training sessions Understanding and respect for multiple cultures (multinational cultures) Recruitment activities without discrimination Initiatives to prevent harassment Protect personal information and privacy	Entire Group Respect the diversity (e.g., gender, age, ethnicity, sexual orientation, gender identity, disability), personality, and individuality of people in accordance with the Takara Group Human Rights Policy, and strive to maintain a discrimination- and harassment-free workplace environment.
(2) Initiatives to identify risks to human rights	Establish a structure to identify and evaluate risks to human rights	Entire Group Build a system to identify and evaluate risks to human rights across the Group's entire value chain (human rights due diligence process) by FY2022, and start initiatives to identify and evaluate risks to human rights by FY2023.



## Community

The Takara Group will contribute to the development of local communities by seeking communication with local communities, recognizing their needs and issues, and undertaking initiatives to resolve them.

The needs and issues of local communities are diverse and are likely to change with the times. These range from global issues such as climate change, to local issues such as garbage, the education of children who will be responsible for the next generation, promotion of the economy and culture, and large-scale disaster support.

As a good corporate citizen, we strive to understand what challenges our local communities are facing and what they require through communication with stakeholders. We will then consider what we can do for the needs and challenges we have identified and take actions to contribute to the development of local communities.

### ▶ Education for children

Hold events for the purpose of environmental education and food education, and conduct on-site classes at local elementary schools

#### ◇ Takara Shuzo Farm School

In order to teach the importance of protecting the natural environment and its biodiversity (environmental education) to the children who will lead our future generations, while also conveying gratitude for the bounty of nature (dietary education), Takara Shuzo offers a Farm School.

\*The event was cancelled in fiscal 2021 to prevent the spread of the novel coronavirus infections.

### ▶ Contribution to the promotion of local communities and culture

#### Hold amateur Go tournaments

The Takara Shuzo Cup—Class-Ranked Champions' Go Tournament, co-hosted by Takara Shuzo and the Nihon Ki-in (a public interest incorporated foundation), is the largest amateur go tournament in Japan, open to adult participants at least 20 years of age. In addition to the match, the tournament features tasting of Takara Shuzo's alcohol products, quiz rally, and instructions by professional go players.

\*The tournament was cancelled in fiscal 2021 to prevent the spread of the novel coronavirus infections.

### ▶ 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.

### ▶ Sustainability Vision Targets (Community)

Initiative themes	Specific measures	Targets
(1) Education for children	Hold events for the purpose of environmental education and food education, and conduct on-site classes at local elementary schools	Takara Shuzo Takara Bio • Continue offering Takara Shuzo Farm School. • Continue offering Takara Shuzo Eco-School. • Continue offering visiting lectures and lessons for nearby educational institutions. (Continue to give lectures on topics such as gene therapy and regenerative medicine, and deliver presentations on experiences with activities to design career plans.)
(2) Contribution to the promotion of local communities and culture	Participate in local cleaning activities and support local communities Hold amateur Go tournaments	Entire Group Takara Shuzo Continue to participate in and cooperate with activities such as participation in cleaning activities as volunteers throughout Japan and sponsorships at local events. • Continue holding the Takara Shuzo Cup—Class-Ranked Champions' Go Tournament.
(3) Promotion of local economies	Continually foster community-based products	Takara Shuzo Continue <i>Takara CRAFT</i> , which uses the precious gifts of the local natural environment and connects agricultural producers with consumers, and developing and nurturing products only available in specific regions that are tailored to local tastes.
(4) Support after large-scale disasters	Provide donations, supply water, and carry out volunteer activities in disaster-stricken areas	Entire Group Provide aid as quickly as possible in response to requests from local governments through efforts such as carrying out volunteer activities with a focus on supplying water.

# Takara Group's Sustainability



## Governance

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

The Company has formulated "TaKaRa Group Challenge for the 100<sup>th</sup>," our long-term management vision ending in the fiscal year ending March 31, 2026, which is the 100<sup>th</sup> 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.

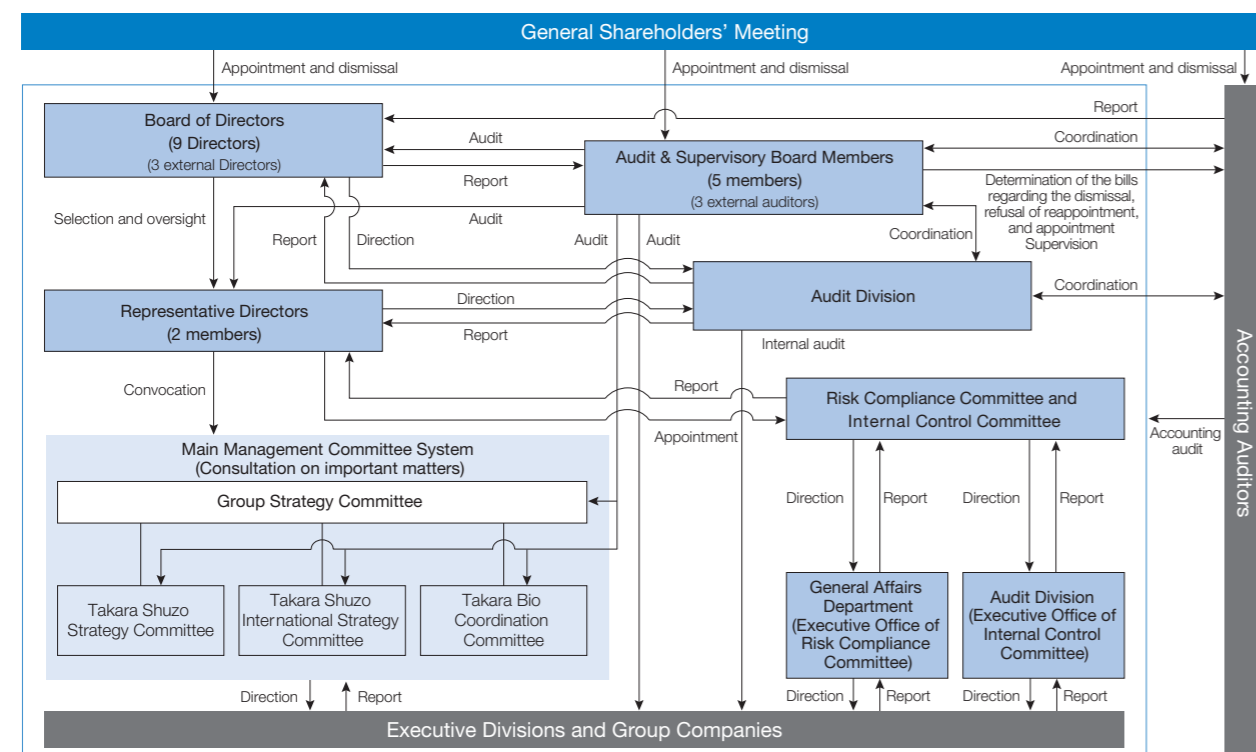
The Company aims for sustainable growth and an increase in corporate value over the medium- to long-term by establishing a corporate governance structure based on the above policy, and will make efforts in accordance with the specific policies set forth in the Takara Holdings Corporate Governance Policy.

\*"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 June 29, 2021)



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

### Promotion of corporate governance

#### 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 age, gender, and nationality, among others, by taking into account the candidates' skills, knowledge, experience, and specialization. This way we ensure the diversity necessary for the Board of Directors as a whole. Currently, three of our nine Directors are external Directors.

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

#### Audit & Supervisory Board Members and Audit & Supervisory Board

Takara Holdings appoints individuals with the knowledge of finance, accounting, and legal affairs as Audit & Supervisory Board Members in order to ensure functions necessary to perform the roles and responsibilities of the Audit & Supervisory Board Members and Audit & Supervisory Board. Currently, three of our five Audit & Supervisory Board Members are external Audit & Supervisory Board Members. 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 five officers are designated as independent officers. They are External Directors Toshihiko Yoshida, Masako Tomotsune, and Tomoko Kawakami, and External Audit & Supervisory Board Members Toshihito Yamanaka and Kumiko Kitai.

#### Officer compensation

Takara Holdings' compensation for officers 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 deliberation between the president, who has been delegated by resolution of the Board of Directors, and other Representative Directors; while compensation for Audit & Supervisory Board Members is determined by deliberation by the Audit & Supervisory Board Members. Revisions to provisions of the Rules for Compensation of Officers relating to Directors are based on resolutions by the Board of Directors, while revisions relating to Audit &

### Reasons for Appointment as Independent Officers and Attendance at the Board of Directors' Meetings and Audit & Supervisory Board Meetings (fiscal year ended March 31, 2021)

Position	Name	Reasons for Appointment	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Board Meetings
External Director	<b>Toshihiko Yoshida</b>	Toshihiko Yoshida served in key positions, including at the National Tax Agency JAPAN, and the Company has determined that his broad knowledge and extensive experience and track record concerning tax affairs will be useful in the further enhancement of its management structure.	13 out of 13 meetings	—
External Director	<b>Masako Tomotsune</b>	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	<b>Tomoko Kawakami</b>	Tomoko Kawakami has been involved over many years in the academic field of economics at Waseda University and elsewhere, in addition to research activities related to marketing and other fields. The Company has determined that her broad knowledge, extensive experience, and track record in these areas will be useful in the further enhancement of its management structure.	13 out of 13 meetings	—
External Audit & Supervisory Board Member	<b>Toshihito Yamanaka</b>	Toshihito Yamanaka served in key positions at Mizuho Bank, Ltd. and Mizuho Corporate Bank, Ltd., and the Company has determined that his broad knowledge and many years of experience and track record in financial institutions will be useful in the further enhancement of its audit structure.	13 out of 13 meetings	14 out of 14 meetings
External Audit & Supervisory Board Member	<b>Kumiko Kitai</b>	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



## Takara Group's Sustainability

Supervisory Board Members are subject to consultation with the Audit & Supervisory Board Members.

Takara Holdings' 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.

### Compensation for Directors and Audit & Supervisory Board Members (fiscal year ended March 31, 2021)

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	9	114	6	90	205
(External Directors)	(3)	(21)	(—)	(—)	(21)
Audit & Supervisory Board Members	6	89	—	—	89
(External Audit & Supervisory Board Members)	(3)	(48)	(—)	(—)	(48)
Total	15	203	6	90	294
(External Officers)	(6)	(69)	(—)	(—)	(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 one Audit & Supervisory Board Member who retired at the adjournment of the 109th General Shareholders' Meeting held on June 26, 2020.  
3. 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). At of the adjournment of said Shareholders' Meeting, there were nine Directors (including three 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). At of the adjournment of the Shareholders' Meeting, there were eight Directors (excluding external Directors). These amounts do not include the employee salary component for Directors serving concurrently as employees.

### 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. An overview of the results of the assessment for the fiscal year ended March 31, 2021 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, 2021, 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 13, 2021.

(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.

### Consider optimum corporate governance

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

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

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

◆ The Takara Shuzo Strategy Committee and the Takara Shuzo International Strategy Committee each meet once a month as a rule to hold preliminary discussions on material matters, including the matters to be resolved at the Boards of Directors of Takara Shuzo Co., Ltd. and Takara Shuzo International Co., Ltd., report on these matters, and provide updates on relevant activities.

◆ The Takara Bio Coordination Committee meets once a month as a rule to make an ex post facto report on material matters including the matters resolved at the Board of Directors of Takara Bio Inc., which is a listed subsidiary of Takara Holdings, as well as updates on relevant activities.

Each of the other subsidiaries holds the Strategy Committee and the Consultation and Coordination Committee four times a year as a rule to hold preliminary discussions on material matters, including the matters to be resolved at the Board of Directors of each of these subsidiaries, report on these matters, and provide updates on relevant activities.

### About Our Listed Subsidiary Takara Bio Inc.

As of June 29, 2021, Takara Holdings is the parent company of Takara Bio Inc. (Tokyo Stock Exchange First Section; 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.

Today, the Takara Group consists of Takara Holdings that is a holding company, 61 subsidiaries, and two affiliates. Takara Bio is positioned as the subsidiary specializing in life science to promote the Biomedical Business for the Group. Takara Bio is not a competitor of the Takara Group's any other segment, and has only limited dealings with Takara Holdings.

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

In order to further accelerate the growth of our Biomedical Business, Takara Bio needs to have its own means of financing. Moreover, to hire and train

talented employees and further advance the management of Takara Bio, it is vital to maintain Takara Bio as a listed subsidiary.

The Takara Bio Corporate Governance Policy specifies that one-third or more of Directors at Takara Bio (three out of nine at present) 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 general 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.

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.

### 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 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 fulfill the corporate social responsibility of the entire Takara Group and increase the Group's corporate value by ensuring each Group company's proper compliance and taking risk management measures in accordance with the Takara Group Compliance Action Guidelines.

# Takara Group's Sustainability

## 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 compliance seminars for top management led by guest specialists, training sessions for new managers, and new employee training, along with annual group training for risk compliance leaders who promote workplace compliance education. The group training is designed to advance the leaders' understanding of their role and 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 two helplines in place inside and outside the Company (i.e., third-party organizations), as contacts for whistleblowers in the event that they have noticed any legal infringements or unfair practices. We operate these helplines in accordance with Japan's Whistleblower Protection Act and the Helpline Rules in order to ensure that whistleblowers do not receive disadvantageous treatment due to the reports they have made. The Company gives full consideration to maintaining confidentiality when investigating reports and takes appropriate action based on confirmed facts.

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

## Reinforcement of the risk management structure

### Promote risk management (normal risk management)

The Takara Group strives to prevent the materialization of risks and to mitigate risks by thoroughly checking each workplace for any potential risks and taking preventive measures according to the findings. We also confirm the effectiveness of these measures against risks annually and review these measures if necessary. We repeat these activities every year and report the results to the Risk Compliance Committee.

### Promote crisis management

#### (emergency risk management)

We have a Business Continuity Plan (BCP) in place based on the scenario of a large-scale earthquake. 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.

## Sustainability Vision Targets (Governance)

Initiative themes	Specific measures	Targets
(1) Promotion of corporate governance	Establish an optimum corporate governance structure <ul style="list-style-type: none"> <li>• Directors and Board of Directors</li> <li>• Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board</li> <li>• Appointment of independent officers</li> <li>• Officer compensation</li> </ul> Consider optimum corporate governance	<b>TAKARA HOLDINGS INC.</b> Maintain a proper corporate governance structure to achieve sustainable growth for the Group and improve corporate value over the mid- to long-term.
(2) Promotion of compliance	Reinforce the compliance promotion structure <hr/> Implement compliance education <hr/> Appropriately operate the whistleblowing system	<b>Entire Group</b> Entire Group ensures that every officer and employee acts in accordance with the Group Compliance Action Guidelines, and promote compliance throughout the entire Group, including overseas locations, to realize the corporate philosophy. <ul style="list-style-type: none"> <li>• Distribute the Group Compliance Action Guidelines to all employees, which consists of action guidelines relating to laws and social ethics that every member of the Takara Group must comply with, and ensure compliance with said guidelines.</li> <li>• Regularly hold Risk Compliance Committee meetings. (Twice per year as a rule)</li> <li>• Improve awareness of officers and employees on compliance by holding training sessions in accordance with their position. (Once per year as a rule)</li> <li>• Carry out on-the-job training on key themes related to compliance. (Four times per year as a rule)</li> <li>• Properly operate the whistleblowing system, and respond quickly and appropriately to whistleblowing reports to prevent the occurrence and recurrence of legal violations and misconduct.</li> </ul>
(3) Reinforcement of the risk management structure	Promote risk management (normal risk management) <hr/> Promote crisis management (emergency risk management)	<b>Entire Group</b> Work to prevent the materialization of risks and to mitigate risks surrounding companies inside and outside of Japan, and establish a system enabling quick and appropriate response in a disaster or other emergency. <ul style="list-style-type: none"> <li>• Monitor the state of risk management of each company and business site through measures such as workplace inspection reports, risk compliance checklists, and employee interviews to help reduce risks and prevent their materialization. (Once per year as a rule)</li> <li>• Regularly hold various drills (e.g. confirming safety, fire-fighting, AED usage). (Once per year as a rule)</li> </ul>



## Takara Group's Sustainability

## Messages from External Directors

**I will work for the sustainable growth and improvement of the corporate value of the Takara Group, while remaining vigilant to risks.**

**Toshihiko Yoshida** (Appointed June 29, 2016)  
External Director

In the Japanese economy, consumer spending has been significantly affected by the state of emergency declarations issued due to the prolonged spread of COVID-19, while the situation remains uncertain overseas with the protracted trade friction between the United States and China and other factors also having a substantial impact on Takara Group's businesses.

Under these circumstances, it seems to me that the Takara Group is actively implementing aggressive and sound business management aimed at building a well-balanced business foundation that is resilient against changes in the business environment, based on its unique business portfolio that includes both stable businesses and businesses with growth potential.

The Takara Group's main businesses include alcoholic beverages, foods, and biomedical, each of which has a variety of legal regulations, social requirements, and norms, which the Group is strongly required to obey. All its businesses have inherent risks that could impact human health or life if an unforeseen event were to occur.

Based on my experience in taxation planning and tax law enforcement, I am keenly aware of the importance of precise risk management based on high compliance with these regulations and appropriate internal controls.

In relation to the SDGs and ESG investment, which have been attracting growing interest in recent years, the Group's various key issues, including "Safety and

Reliability," "Wellness," "Environment," and "Responsible Alcohol Producer," are closely related to these regulations and requirements.

With this recognition, as an external director, I will offer the necessary opinions from the perspective of the stakeholders so that the Takara Group can achieve sustainable growth and increase its medium- and long-term corporate value through flexible responses to the business environment made uncertain by the COVID-19 pandemic and other factors, without forgetting the importance of compliance and risk management.

**I will strive toward the improvement of governance and the further evolution of the Sustainability Vision.**

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

Amid the ongoing economic difficulties caused by COVID-19, the Takara Group continues to grow steadily, thanks to its well-balanced business portfolio, the management efforts of all its officers and employees working together as one, and the support of its stakeholders.

In recent years, awareness has been growing of sustainability as an important challenge for corporate management. Companies are being called on to realize social sustainability through their corporate activities.

After establishing the Executive Office of Sustainability Promotion Committee, the Takara Group formulated the Takara Group Sustainability Policy in May 2020 in line with our long-term management vision and

the Takara Group Sustainability Vision in June 2021, which sets out specific numerical targets. The Executive Office played a central role in the formulation of these initiatives, with the external directors also providing diverse opinions and conducting multiple internal deliberations. Going forward, I will continue to offer advice for the further evolution of the Sustainability Vision, with the aim of the enhancement of the corporate value of the entire Takara Group through sustainable management that connects to profit as well as risk management, while also monitoring social changes.

Leveraging my experience as a lawyer and as a member of the ethics board of government authority, I am working actively to promote women's active

participation in the work force and the pursuit of diversity, as well as paying attention to the improvement of compliance and corporate governance. Based on the Corporate Governance Code and the Practical Guidelines for Independent Directors, I will actively speak out from an independent standpoint in Board of Directors meetings and on other occasions, with the aim of further enhancing the Board of Directors' management oversight function and the effectiveness of the Board of Directors. I will also work to enhance prior deliberation and follow-up of key issues. Through these approaches, I will strive to achieve sustainable growth and enhance the corporate value of the Takara Group over the medium to long term.

**I will work for the sustainable growth of the Takara Group from a circular-economy perspective.**

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

I am Tomoko Kawakami, an external director of Takara Holdings and a professor at the Graduate School of Business and Finance at Waseda University (Waseda Business School). I teach at a graduate school that targets working students and overseas students who want to become management executives. This gives me the opportunity to discuss business management with the executives of various companies.

With the spread of COVID-19 since last year, many companies, regardless of their industry, have been impacted significantly. The Takara Group has been no exception, facing a severe business environment, particularly from the restrictions on the sale of alcoholic beverages and the closure of overseas markets. However,

each of its businesses has been able to minimize the impact, and the biomedical business has even made a significant contribution to society. As someone involved in Takara Group, this makes me very proud.

While responding promptly and precisely to these kinds of unforeseen crises, the Group must also achieve the vision it has set for itself under its Long-term Management Vision. The Takara Group's strength is that it spares no effort in its steadfast drive to achieve its goals. A particularly substantive outcome, in addition to the Takara Group Sustainability Policy formulated last year, was the announcement of the Takara Group Sustainability Vision, in which it indicated specific numerical targets for individual materialities.

There is no doubt that ESG investment and the achievement of the SDGs are increasingly important challenges. In 2019, I launched a new course called Social Innovation at the business school, in which I started teaching about how to create businesses that simultaneously realize both economic and social value. Going forward, there will be a need for circular economy perspectives that take into account global population growth and the associated depletion of resources with it. I will strive to contribute to the further sustainable growth of the Takara Group, taking reference from innovative cases in Japan and overseas.

# Board of Directors and Audit & Supervisory Board Members (As of June 29, 2021)

## Board of Directors



**Hisashi Omiya** (78)

Representative Director and Chairman

- Apr. 1968** Joins the Company
- Apr. 1974** General Manager of New Business Development Division
- May 1974** Director
- Jun. 1982** Managing Director
- Jun. 1988** Senior Managing Director
- Jul. 1989** Chief General Manager of Bio Business Division
- Apr. 1990** Chief General Manager of East-District Alcoholic Beverages Business Division
- Jun. 1991** Executive Vice President
- Apr. 1993** Chief General Manager of Alcoholic Beverages Business Division
- Jun. 1993** President
- Apr. 2002** President, TAKARA SHUZO CO., LTD. Chairman, TAKARA BIO INC. (incumbent)
- Jun. 2012** Chairman, TAKARA HOLDINGS INC. (incumbent) Chairman, TAKARA SHUZO CO., LTD. (incumbent)
- Jul. 2017** Chairman, TAKARA SHUZO INTERNATIONAL CO., LTD. (incumbent)



**Mutsumi Kimura** (58)

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)



**Koichi Nakao** (59)

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)



**Toshihiko Yoshida** (66)

External Director

- Jul. 2014** Director, Takamatsu Regional Taxation Bureau, National Tax Agency
- Jul. 2015** Retired from National Tax Agency
- Aug. 2015** Tax accountant, Toshihiko Yoshida Certified Tax Accountant Office (incumbent)
- Jun. 2016** External Director (incumbent) Director, TAKARA SHUZO CO., LTD.



**Masako Tomotsune** (49)

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** External Director (incumbent)
- Jun. 2020** Outside Director (Audit & Supervisory Committee Member), The Kodensha Co., Ltd. (incumbent)



**Tomoko Kawakami** (56)

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** External Director (incumbent)
- Dec. 2019** Examiner of Certified Public Accountant Examination (incumbent)



**Kenji Murata** (61)

Director

- Apr. 1983** Joins the Company
- Apr. 2005** General Manager of Supply Chain Management Dept., TAKARA SHUZO CO., LTD.
- Jun. 2010** Director and Managing Executive Officer, Chief General Manager of Production Technology & Supply Division, TAKARA SHUZO CO., LTD.
- Jun. 2014** Managing Director, Chief General Manager of Seasoning & Alcohol Business Division, TAKARA SHUZO CO., LTD.
- Jun. 2016** Director (incumbent) Executive Vice President, TAKARA SHUZO CO., LTD.
- Jun. 2017** President, TAKARA SHUZO CO., LTD. (incumbent)



**Hideo Takahashi** (59)

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

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



**Keisuke Mori** (58)

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.

## Audit & Supervisory Board Members

**Teruaki Mitsui** (59)

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** (60)

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** (61)

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** (55)

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** (68)

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. 2016** Independent Auditor, Osaki Electric Co., Ltd. (incumbent)
- Oct. 2019** Chairperson, Tokyo Metropolitan Public Safety Commission (incumbent)



# Management's Discussion and Analysis

## ◆ Overview of Management Results

In the fiscal year under review, ended March 31, 2021, the Japanese economy generally remained sluggish as personal spending was affected mainly by the issuing of state of emergency declarations amid the prolonged effects of COVID-19 infections. Overseas, the global economic outlook remained uncertain due to such factors as the lengthening of the trade friction between the U.S. and China and the U.K.'s withdrawal from the EU, in addition to the outbreak of COVID-19 infections.

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 100<sup>th</sup>, announced in May 2020.

## ◆ Net sales

In the fiscal year under review, net sales of the Takara Group decreased 1.0% year on year to ¥278,443 million. Gross profit increased 6.4% year on year to ¥115,594 million. Operating income grew 36.4% year on year to ¥21,595 million, while ordinary income rose 34.8% year on year to ¥21,929 million. Net income attributable to owners of the parent increased 17.7% year on year to ¥10,574 million.

Results by business segment were as follows.

### Takara Shuzo

As the trend of decrease in total consumption of alcoholic beverages persists due to the impact of the decline and aging of the population in Japan, among other factors, net sales varied widely from category to category as a result of sluggish demand for dining out, with dining establishments and other such entities voluntarily restricting business operations and also due to so-called stay-at-home demand, amid the COVID-19 pandemic. In this environment, Takara Shuzo strived to supply safe and reliable products as a food manufacturer, while giving the highest priority to the prevention of COVID-19 infections and the further spread of the virus. Takara Shuzo also worked on production and sales activities that cope swiftly with changes in consumption behavior resulting from the COVID-19 pandemic.

As a result, net sales for the Takara Shuzo fell 0.4% year on year to ¥152,537 million. Cost of sales decreased 0.4% year on year to ¥92,439 million, despite efforts for thorough cost reduction, as the decrease was proportional to sales. Consequently, gross profit fell 0.4% year on year to ¥60,098 million. SG&A expenses were down 1.6% year on year to ¥55,218 million, due to efforts for reduction of various expenses in addition to the restriction on sales activities because of the COVID-19 pandemic. Accordingly, Takara Shuzo recorded a 16.9% increase in operating income year on year to ¥4,879 million.

### Takara Shuzo International Group

The Takara Shuzo International Group engages in the Overseas Alcoholic Beverages Business, which entails exports 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. It was greatly affected by lockdowns that took place in major cities as a result of expansion of COVID-19 infections. Its performance fell significantly partly due to suspension of operations by restaurants that are principal customers, in addition to the closedown of plants and restriction on attendance at some Group companies, following the instructions of regional governments, etc.

As a result, net sales for the Takara Shuzo International Group after the elimination of intersegment transactions fell 15.9% year on year to ¥69,589 million. Cost of sales declined 16.8% year on year to ¥48,983 million due mainly to thorough inventory management, and gross profit decreased 13.7% year on year to ¥20,605 million due to the decline in sales. SG&A expenses were down 3.9% year on year to ¥19,562 million

due mainly to reductions in personnel expenses, logistics expenses, and promotion expenses. Accordingly, the Takara Shuzo International Group recorded an operating income of ¥1,043 million, sharply down 70.5% year on year.

### Takara Bio Group

The Takara Bio Group has promoted initiatives aimed at becoming a drug discovery company that keeps creating new modalities by proceeding with the development of bio-drug discovery platform technologies through research reagents, scientific instruments and CDMO business. It proactively worked on stable supply of PCR-related products for COVID-19, improvement of the manufacturing structure of products such as regenerative medical products, including vaccines, and other products.

As a result, net sales for the Takara Bio Group rose 33.3% year on year to ¥46,086 million. Cost of sales grew 5.6% year on year to ¥14,214 million due to change in sales composition and a higher production operation rate, which drove the cost of sales ratio downward. Gross profit increased 51.0% year on year to ¥31,872 million. SG&A expenses were up 20.8% year on year to ¥17,919 million due to increases in research and development expenses and other expenses, and operating income sharply rose 122.4% year on year to ¥13,952 million.

### Other

The Other segment includes the real estate leasing business and the distribution business of Group companies in Japan. Net sales of the Other segment declined 8.1% year on year to ¥29,238 million. Cost of sales declined 7.8% year on year to ¥25,558 million. Consequently, gross profit decreased 9.5% year on year to ¥3,680 million. SG&A expenses fell 8.4% year on year to ¥1,876 million. As a result, operating income decreased 10.7% year on year to ¥1,803 million.

## ◆ Financial position

### (Assets)

At the end of the fiscal year under review, current assets totaled ¥183,108 million, an increase of ¥14,287 million compared with that at the end of the previous fiscal year. This was primarily due to an increase in cash and deposits of ¥18,973 million, mainly because securities were realized to increase cash on hand, and borrowings were made. Noncurrent assets were ¥123,810 million, an increase of ¥8,748 million compared with that at the end of the previous fiscal year. This was primarily due to an increase in property, plant and equipment of ¥4,905 million, including acquisition of land and building for a new office of Takara Bio USA, Inc., an increase in investment securities of ¥6,203 million mainly resulting from rises in market prices, and a decrease in intangible assets of ¥2,811 million, including a decrease in goodwill. As a result, total assets were ¥306,918 million, an increase of ¥23,036 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 ¥56,269 million, an increase of ¥802 million compared with that at the end of the previous fiscal year. This was primarily due to increases in income taxes payable of ¥2,135 million and other current liabilities of ¥2,933 million, and a decrease in current portion of bond of ¥5,000 million. Noncurrent liabilities were ¥59,113 million, an increase of ¥12,027 million compared with that at the end of the previous fiscal year. This was primarily due to increases in long-term loans payable of ¥10,017 million and deferred tax liabilities of ¥2,252 million. As a result, total liabilities were ¥115,383 million, an increase of ¥12,830 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 ¥191,535 million, an increase of ¥10,206 million compared with that at the end of the previous fiscal year. This

was primarily due to increases in retained earnings of ¥6,619 million and valuation difference on available-for-sale securities of ¥4,245 million, resulting from rises in market prices, and a decrease in foreign currency translation adjustment of ¥1,738 million, attributable to the strong yen.

As a result, the equity ratio totaled 51.1%, compared with 52.1% at the end of the previous fiscal year.

## ◆ Cash flows

Net cash provided by operating activities increased ¥15,355 million year on year to ¥27,100 million primarily due to income before income taxes of ¥20,583 million, depreciation and amortization of ¥8,068 million, an increase in accrued consumption tax of ¥1,722 million, an increase in other current liabilities of ¥2,442 million, and income taxes paid of ¥4,767 million.

Net cash used in investing activities resulted in expenditure of ¥6,738 million, an increase in expenditure of ¥3,047 million compared with that of the previous fiscal year primarily due to payments into time deposits of ¥4,316 million, proceeds from withdrawal of time deposits of ¥5,407 million, proceeds from sales and redemption of securities of ¥4,455 million, purchase of property, plant and equipment and intangible assets of ¥13,911 million, and subsidies received of ¥1,900 million.

Net cash used in financing activities resulted in expenditure of ¥1,506 million, a decrease of ¥10,147 million compared with that of the previous fiscal year, primarily due to proceeds from long-term borrowings of ¥10,068 million, redemption of bonds of ¥5,000 million, cash dividends paid of ¥3,951 million, and payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation of ¥1,761 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 ¥62,860 million, up ¥18,319 million from the previous fiscal year-end.

## ◆ Business Risks

The following are major potential risks to which the Takara Group (the Group and its affiliated companies) is exposed in its business and other activities. 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, 2021. 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. 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. To respond flexibly to changes in consumer needs and advance the development of differentiated high-value-added products, Takara Shuzo implemented a reorganization to bring together the technology division and the product planning and nurturing division into a single division.

### (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, 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, 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 due to low barriers to entry. 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 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 research reagents and scientific instruments, unlike 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.

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, 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 used for research 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 that includes Japan, 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 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. Any hike in the procurement cost of raw materials will cause an increase in our production cost. If this increase cannot be added to the sales price due to, for example, market conditions, this in turn may adversely affect the Group's 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 (abbreviated hereafter as the "Cartagena Act"). Also, the gene therapy products under development by the Takara Bio Group are subject to the Law on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices, the Law on Securing Safety of Regenerative Medicine, etc., the Cartagena Protocol, and related laws and regulations. The purpose of these laws and regulations is to secure the quality, efficacy, and safety of pharmaceutical products, regenerative medical products, quasi-pharmaceutical products, special cell processing products, cosmetics, and medical devices. It is necessary to receive approval or permission from 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 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 hurdles 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. Takara Shuzo voluntarily recalled some of the products it manufactures and markets, announcing it on May 20, 2021.

### (12) Risks concerning information control and systems

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 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" to strengthen measures against risks.

### (13) Risks concerning lawsuits

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

### (14) Risks concerning natural disasters

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) Prolongation of the COVID-19 pandemic

In its business performance forecasts for the fiscal year ending March 31, 2022, the Group has assumed that the impact of the COVID-19 pandemic will continue for a certain period. If the situation continues for longer than assumed, it could have a major impact, mainly in the Japanese Food Wholesale Business in overseas markets, whose core customers are in the restaurant industry. Taking advantage of the strengths of the Group, in which multiple independent businesses are being developed globally, the Group is working to thoroughly cut costs and diversify sales channels with the aim of achieving its profit plans even amid the impact of the COVID-19 pandemic. In addition to securing sufficient cash on hand for business continuity in the event of an emergency, the Group is also working on strengthening infection prevention measures and on the establishment and promotion of work-from-home systems at individual sites. 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, 2021)

	Millions of yen*2				Millions of yen*2							Thousands of *3 U.S. dollars
	2021/3	2020/3	2019/3	2018/3	2017/3	2016/3	2015/3	2014/3	2013/3	2012/3	2011/3	2021/3
<b>For the Years Ended March 31</b>												
Net sales*1	<b>¥278,443</b>	¥281,191	¥277,443	¥268,142	¥234,193	¥225,364	¥219,490	¥209,568	¥200,989	¥198,690	¥189,769	<b>\$2,508,495</b>
Takara Shuzo	<b>152,537</b>	153,141	152,457	149,839	149,452	145,492	147,884	149,633				<b>1,374,207</b>
Takara Shuzo International Group	<b>69,589</b>	82,765	77,834	70,717	37,540	30,490	26,233	16,481				<b>626,927</b>
Takara Bio Group	<b>46,086</b>	34,565	35,841	32,312	29,375	29,729	25,969	23,905				<b>415,189</b>
Others (Domestic Group Companies)	<b>29,238</b>	31,801	32,742	36,412	39,017	41,050	42,980	43,123				<b>263,405</b>
Adjusted amounts	<b>(19,007)</b>	(21,082)	(21,431)	(21,140)	(21,193)	(21,398)	(23,577)	(23,575)				<b>(171,234)</b>
Cost of sales	<b>162,849</b>	172,574	168,694	163,529	140,182	135,868	134,390	129,447	123,630	121,462	115,480	<b>1,467,108</b>
Gross profit	<b>115,594</b>	108,617	108,749	104,612	94,010	89,495	85,099	80,121	77,359	77,228	74,289	<b>1,041,387</b>
Selling, general and administrative (SG&A) expenses	<b>93,999</b>	92,781	90,945	88,999	80,458	77,815	74,003	70,631	68,225	67,963	65,953	<b>846,837</b>
Operating income (loss)*1	<b>21,595</b>	15,836	17,804	15,612	13,551	11,680	11,096	9,490	9,133	9,264	8,335	<b>194,549</b>
Takara Shuzo	<b>4,879</b>	4,175	5,948	5,569	5,071	4,082	4,428	4,513				<b>43,954</b>
Takara Shuzo International Group	<b>1,043</b>	3,532	4,532	4,393	3,182	2,752	2,270	907				<b>9,396</b>
Takara Bio Group	<b>13,952</b>	6,274	5,463	3,555	3,202	2,667	2,302	1,954				<b>125,693</b>
Others (Domestic Group Companies)	<b>1,803</b>	2,018	1,954	2,318	2,167	2,058	1,654	1,581				<b>16,243</b>
Adjusted amounts	<b>(84)</b>	(164)	(95)	(224)	(72)	120	440	533				<b>(756)</b>
Income before income taxes	<b>20,583</b>	15,643	17,658	18,903	14,520	12,548	11,453	18,642	9,256	8,590	7,505	<b>185,432</b>
Net income attributable to owners of the parent	<b>10,574</b>	8,980	10,411	11,029	8,480	7,055	5,706	10,280	4,687	3,995	3,788	<b>95,261</b>
Depreciation and amortization	<b>9,298</b>	8,874	7,827	7,702	6,213	6,180	5,537	4,997	4,973	5,209	5,384	<b>83,765</b>
Capital expenditures	<b>13,775</b>	14,195	10,671	6,414	6,658	6,003	9,533	8,967	5,282	5,330	3,735	<b>124,099</b>
Research and development (R&D) expenses	<b>5,914</b>	4,259	4,708	5,063	4,550	4,608	3,754	3,376	3,090	3,027	3,076	<b>53,279</b>
Cash flows provided by (used in) operating activities	<b>27,100</b>	11,744	13,508	16,265	12,826	10,373	9,545	7,233	7,967	9,013	9,462	<b>244,144</b>
Net cash provided by (used in) investing activities	<b>(6,738)</b>	(3,690)	(9,213)	(19,916)	16,200	(10,864)	(10,253)	(12,254)	(3,672)	(4,779)	(11,323)	<b>(60,702)</b>
Cash flows provided by (used in) financing activities	<b>(1,506)</b>	(11,653)	(4,243)	(5,570)	(2,828)	(9,482)	6,819	2,562	1,229	(3,265)	(3,199)	<b>(13,567)</b>
Free cash flow	<b>20,362</b>	8,054	4,295	(3,650)	29,026	(490)	(708)	(5,021)	4,295	4,233	(1,861)	<b>183,441</b>
<b>As of March 31</b>												
Total assets	<b>¥306,918</b>	¥283,882	¥287,106	¥287,059	¥274,368	¥253,253	¥264,438	¥238,577	¥207,586	¥197,437	¥192,448	<b>\$2,765,027</b>
Interest-bearing debt	<b>50,674</b>	47,474	47,427	47,982	47,852	42,837	48,324	38,909	43,098	38,493	38,881	<b>456,522</b>
Total net assets	<b>191,535</b>	181,329	179,795	176,217	165,920	156,148	158,404	146,422	114,318	107,659	106,895	<b>1,725,540</b>
Total shareholders' equity	<b>156,884</b>	147,762	148,197	145,111	135,043	130,386	131,923	121,431	100,040	94,783	94,308	<b>1,413,369</b>
<b>Per Share of Common Stock (Yen and U.S. dollars):</b>												(U.S. dollars)
Basic net income	<b>¥ 53.48</b>	¥ 45.11	¥ 52.15	¥ 54.97	¥ 42.15	¥ 35.06	¥ 28.36	¥ 50.83	¥ 23.01	¥ 19.32	¥ 18.21	<b>\$ 0.48</b>
Total equity	<b>793.53</b>	747.39	742.36	726.90	671.11	647.97	655.60	603.44	493.14	461.41	454.21	<b>7.15</b>
Annual dividends	<b>21.00</b>	20.00	18.00	16.00	13.00	12.00	10.00	11.00	9.00	9.00	8.50	<b>0.19</b>
<b>Ratios (%):</b>												
Return on assets (ROA)	<b>3.6%</b>	3.1%	3.6%	3.9%	3.2%	2.7%	2.3%	4.6%	2.3%	2.0%	2.0%	—
Return on equity (ROE)	<b>6.9</b>	6.1	7.1	7.9	6.4	5.4	4.5	9.3	4.8	4.2	4.0	—
Equity ratio	<b>51.1</b>	52.1	51.6	51.0	49.2	51.5	49.9	50.9	48.2	48.0	49.0	—
D/E ratio	<b>32.3</b>	31.2	32.0	33.1	35.4	32.9	36.6	32.0	43.1	40.6	41.2	—
Dividend payout ratio	<b>39.3</b>	44.3	34.5	29.1	30.8	34.2	35.3	21.6	39.1	46.6	46.7	—

\*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 Japanese yen amounts are rounded down to the nearest million yen. Per share information is rounded to the nearest yen, and ratios to the first decimal place.

\*3 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 ¥111 to U.S. \$1, the approximate rate of exchange at March 31, 2021.

## Consolidated Financial Statements

## Consolidated Balance Sheet

TAKARA HOLDINGS INC. and consolidated subsidiaries  
Year ended March 31, 2021

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
<b>ASSETS</b>			
CURRENT ASSETS:			
Cash and deposits	¥ 66,238	¥ 47,265	\$ 596,738
Notes and accounts receivable	55,074	54,670	496,162
Electronically recorded monetary claims-operating	6,880	6,347	61,981
Marketable securities	1,145	7,352	10,315
Merchandise and finished goods	41,115	42,295	370,405
Work in process	1,924	1,801	17,333
Raw materials and supplies	6,084	4,879	54,810
Other	5,161	4,515	46,495
Allowance for doubtful accounts	(516)	(307)	(4,648)
Total current assets	183,108	168,820	1,649,621
NONCURRENT ASSETS:			
Property, plant and equipment			
Buildings and structures	61,363	59,337	552,819
Accumulated depreciation	(35,403)	(35,189)	(318,945)
Buildings and structures, net	25,959	24,148	233,864
Machinery, equipment and vehicles	86,657	86,331	780,693
Accumulated depreciation	(71,247)	(69,661)	(641,864)
Machinery, equipment and vehicles, net	15,410	16,670	138,828
Land	20,640	18,337	185,945
Lease assets	1,680	1,833	15,135
Accumulated depreciation	(651)	(586)	(5,864)
Lease assets, net	1,029	1,247	9,270
Construction in progress	4,027	1,531	36,279
Other	21,823	21,262	196,603
Accumulated depreciation	(14,149)	(13,362)	(127,468)
Other, net	7,673	7,900	69,126
Total property, plant and equipment	74,740	69,835	673,333
INTANGIBLE ASSETS:			
Goodwill	10,142	11,750	91,369
Other	5,746	6,950	51,765
Total intangible assets	15,889	18,700	143,144
INVESTMENTS AND OTHER ASSETS:			
Investment securities	27,924	21,720	251,567
Net defined benefit asset	894	651	8,054
Deferred tax assets	2,088	1,807	18,810
Other	2,341	2,414	21,090
Allowance for doubtful accounts	(69)	(69)	(621)
Total investments and other assets	33,180	26,525	298,918
Total non-current assets	123,810	115,061	1,115,405
TOTAL	¥ 306,918	¥ 283,882	\$ 2,765,027

\* 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 ¥111 to U.S. \$1, the approximate rate of exchange at March 31, 2021.

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
<b>LIABILITIES</b>			
CURRENT LIABILITIES:			
Notes and accounts payable	¥ 16,481	¥ 16,440	\$ 148,477
Short-term bank loans	5,166	4,787	46,540
Current portion of bonds payable	—	5,000	—
Liquor taxes payable	6,890	7,690	62,072
Accrued expenses	6,455	5,511	58,153
Income taxes payable	4,021	1,886	36,225
Provision for bonuses	2,727	2,513	24,567
Accrued sales promotion expenses	2,049	2,094	18,459
Other	12,476	9,543	112,396
Total current liabilities	56,269	55,466	506,927
NONCURRENT LIABILITIES			
Bonds payable	20,000	20,000	180,180
Long-term loans payable	15,465	5,448	139,324
Lease obligations	3,122	3,538	28,126
Deferred tax liabilities	3,831	1,578	34,513
Liability for retirement benefits	9,274	9,065	83,549
Deposits	5,136	5,363	46,270
Other	2,283	2,092	20,567
Total non-current liabilities	59,113	47,086	532,549
Total liabilities	115,383	102,553	1,039,486
NET ASSETS			
SHAREHOLDERS' EQUITY:			
Capital stock	13,226	13,226	119,153
Capital surplus	2,292	2,454	20,648
Retained earnings	135,184	128,564	1,217,873
Treasury stock	(1,682)	(1,682)	(15,153)
Total shareholders' equity	149,020	142,563	1,342,522
ACCUMULATED OTHER COMPREHENSIVE INCOME:			
Unrealized gain on available-for-sale securities	11,370	7,125	102,432
Deferred gain on derivatives under hedge accounting	193	84	1,738
Foreign currency translation adjustments	(2,840)	(1,102)	(25,585)
Defined retirement benefit plans	(859)	(908)	(7,738)
Total accumulated other comprehensive income	7,863	5,199	70,837
Noncontrolling interests	34,650	33,566	312,162
Total net assets	191,535	181,329	1,725,540
TOTAL	¥ 306,918	¥ 283,882	\$ 2,765,027



## Consolidated Financial Statements

## Consolidated Statement of Income

TAKARA HOLDINGS INC. and consolidated subsidiaries  
Year ended March 31, 2021

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
NET SALES	¥ 278,443	¥ 281,191	\$ 2,508,495
COST OF SALES	162,849	172,574	1,467,108
Gross profit	115,594	108,617	1,041,387
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	93,999	92,781	846,837
Operating income	21,595	15,836	194,549
NONOPERATING INCOME:			
Interest income	179	309	1,612
Dividend income	528	601	4,756
Rental income from real estate	137	122	1,234
Other	466	424	4,198
Total nonoperating income	1,311	1,458	11,810
NONOPERATING EXPENSES:			
Interest expenses	344	403	3,099
Loss on valuation of inventories	127	43	1,144
Other	505	577	4,549
Total nonoperating expenses	976	1,025	8,792
ORDINARY INCOME	21,929	16,269	197,558
EXTRAORDINARY INCOME:			
Gain on sales of investment securities	2	1,130	18
National subsidies	517	—	4,657
Other	9	342	81
Total extraordinary income	529	1,473	4,765
EXTRAORDINARY LOSSES:			
Loss on disposals of property, plant and equipment	295	319	2,657
Loss on tax purpose reduction entry of non-current assets	517	—	4,657
Impairment loss	432	880	3,891
Loss on liquidation of business	458	—	4,126
Provision for environmental measures	—	415	—
Other	171	484	1,540
Total extraordinary losses	1,875	2,099	16,891
INCOME BEFORE INCOME TAXES	20,583	15,643	185,432
INCOME TAXES-CURRENT	6,303	5,077	56,783
INCOME TAXES-DEFERRED	23	(125)	207
TOTAL INCOME TAXES	6,326	4,952	56,990
NET INCOME	14,256	10,691	128,432
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	3,682	1,710	33,171
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 10,574	¥ 8,980	\$ 95,261

## Consolidated Statement of Cash Flows

TAKARA HOLDINGS INC. and consolidated subsidiaries  
Year ended March 31, 2021

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
OPERATING ACTIVITIES:			
Income before income taxes	¥ 20,583	¥ 15,643	\$ 185,432
Depreciation and amortization	8,068	7,626	72,684
Impairment loss	432	880	3,891
Loss on business liquidation	458	—	4,126
Amortization of goodwill	865	847	7,792
Increase (decrease) in provision for environmental measures	(412)	408	(3,711)
Interest and dividend receivable	(707)	(911)	(6,369)
Interest expenses	344	403	3,099
Loss (gain) on sales and retirement of non-current assets	291	268	2,621
Decrease (increase) in trade receivables	(1,162)	(1,291)	(10,468)
Decrease (increase) in inventories	(691)	(3,159)	(6,225)
Increase (decrease) in trade payables	40	(340)	360
Increase (decrease) in liquor taxes payable	(799)	(2,534)	(7,198)
Increase (decrease) in accrued consumption taxes	1,722	(994)	15,513
Increase (decrease) in other current liabilities	2,442	(595)	22,000
Other, net	(128)	(65)	(1,153)
Subtotal	31,347	16,188	282,405
Interest and dividends income received	703	917	6,333
Interest expenses paid	(364)	(405)	(3,279)
Income taxes paid	(4,767)	(4,955)	(42,945)
Subsidies received	181	—	1,630
Net cash provided by operating activities	27,100	11,744	244,144
INVESTING ACTIVITIES:			
Payments into time deposits	(4,316)	(6,785)	(38,882)
Proceeds from withdrawal of time deposits	5,407	10,564	48,711
Purchase of securities	—	(8,478)	—
Proceeds from sales and redemption of marketable securities	4,455	11,507	40,135
Purchase of property, plant and equipment and intangible assets	(13,911)	(12,121)	(125,324)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	350	—
Subsidies received	1,900	—	17,117
Other, net	(273)	1,270	(2,459)
Net cash used in investing activities	(6,738)	(3,690)	(60,702)
FINANCING ACTIVITIES:			
Proceeds from long-term borrowings	10,068	100	90,702
Repayment of long-term loans payable	(60)	(5,160)	(540)
Redemption of bonds	(5,000)	—	(45,045)
Proceeds from issuance of commercial papers	5,000	—	45,045
Redemption of commercial papers	(5,000)	—	(45,045)
Dividends paid	(3,951)	(3,589)	(35,594)
Repayments of lease obligations	(689)	(641)	(6,207)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,761)	—	(15,864)
Other, net	(112)	(2,362)	(1,009)
Net cash used in financing activities	(1,506)	(11,653)	(13,567)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(536)	(439)	(4,828)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,319	(4,039)	165,036
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	44,541	48,580	401,270
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 62,860	¥ 44,541	\$ 566,306

## Major Consolidated Subsidiaries

(As of March 31, 2021)

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

Name	Address	Issued capital	Percentage of equity owned	Line of business
<b>Takara Shuzo (Domestic Business)</b>				
<b>TAKARA SHUZO CO., LTD.</b>	20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8688, Japan	¥1,000 million	100.0%	Manufacture and sale of alcoholic beverages, seasonings, and raw alcohol
<b>Takara Shuzo International Group (Overseas Business)</b>				
<b>TAKARA SHUZO INTERNATIONAL CO., LTD.</b>	20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8688, Japan	¥10 million	100.0%	Management of group companies, export and sale, etc. of alcoholic beverages and seasonings
Tokyo Mutual Trading Co., Ltd. (Japan)	4-26-4, Taito, Taito-ku, Tokyo 110-0016, Japan	¥60 million	(51.0%)	Export, 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\$2,703 thousand	(67.1%)	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	€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	(62.0%)	Manufacture, sale, export, and import and sale of alcoholic beverages
Shanghai Takara Shuzo International Trading Co., Ltd.	Room 303, Building 2, No.505, Zhong Shan Nan Road, Shanghai, China 200010	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)

<b>TAKARA BIO INC.</b>	Nojihigashi 7-4-38, Kusatsu, Shiga 520-0058, Japan	¥14,965 million	60.9%	Production and sale of research reagents, scientific instruments and others, related contract services, and commercialization of gene therapy
Takara Bio USA, Inc.	1290 Terra Bella Avenue, Mountain View, CA 94043, U.S.A.	US\$83 thousand	(100.0%)	Development, production, and sale of research reagents and scientific instruments
Takara Bio Europe S.A.S.	34 rue de la Croix de Fer 78100 Saint-Germain-en-Laye, France	€891 thousand	(100.0%)	Sale of research reagents and scientific instruments
Takara Bio Europe AB	Arvid Wallgrens Backe 20, 41346, Göteborg, Sweden	SEK2,222 thousand*	(100.0%)	Production and sale of research reagents, and related contract services
DSS Takara Bio India Private Limited	A-5 Mohan Co-op Industrial Estate, Mathura Road, New Delhi, 110044, India	Rs.110 million	(51.0%)	Production and sale of research reagents
Takara Biotechnology (Dalian) Co., Ltd.	No.19 Dongbei 2nd Street, Development Zone, Dalian, China 116600	¥2,350 million	(100.0%)	Development, production, and sale within the Group of research reagents, and related contract services
Takara Biomedical Technology (Beijing) Co., Ltd.	Life Science Park, 22 KeXueYuan Road Changping District, Beijing 102206 China	¥1,330 million	(100.0%)	Sale of research reagents and scientific instruments
Takara Korea Biomedical Inc.	601, New T Castle, 108, Gasan Digital 2-ro, Geumcheon-gu, Seoul 08506, Korea.	₩3,860 million	(100.0%)	Sale of research reagents and scientific instruments

\* Swedish Krona

### Others (Domestic Group Companies)

Taihei Printing Co., Ltd.	1 Butai-cho, Fushimi-ku, Kyoto 612-8338, Japan	¥90 million	100.0%	Printing
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)

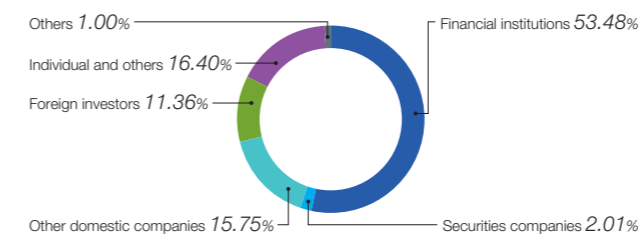
**Trade Name** TAKARA HOLDINGS INC.**Business** Holding company**Head Office** 20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8688, Japan**Telephone** +81-75-241-5130**Established** September 6, 1925**Issued Capital** ¥13,226 million**Company Representative** Mutsumi Kimura,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

## Stock and Investor Information

**Common Stock**  
**Authorized and Issued and Outstanding** 870,000,000 shares  
 199,699,743 shares

**Number of Shareholders** 35,841**Stock Listings (Common Stock)** Tokyo**Securities Code Number** 2531**Shareholder Registry Administrator** Mizuho Trust & Banking Co., Ltd. 2-1, Yaesu 1-chome, Chuo-ku, Tokyo**Inquiries to Shareholder Registry Administrator** Mizuho Trust & Banking Co., Ltd. Stock Agency Transfer Department 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-8507, Japan Telephone: 0120-288-324 (toll free, within Japan only)**Annual Meeting of Shareholders** The annual meeting of shareholders of the Company is normally held in June each year in Kyoto, Japan. In addition, the Company may hold a special meeting of shareholders whenever necessary by giving at least two weeks advance notice to shareholders.**Independent Auditor** Deloitte Touche Tohmatsu LLC

### Distribution of ownership among shareholders



### Principal shareholders

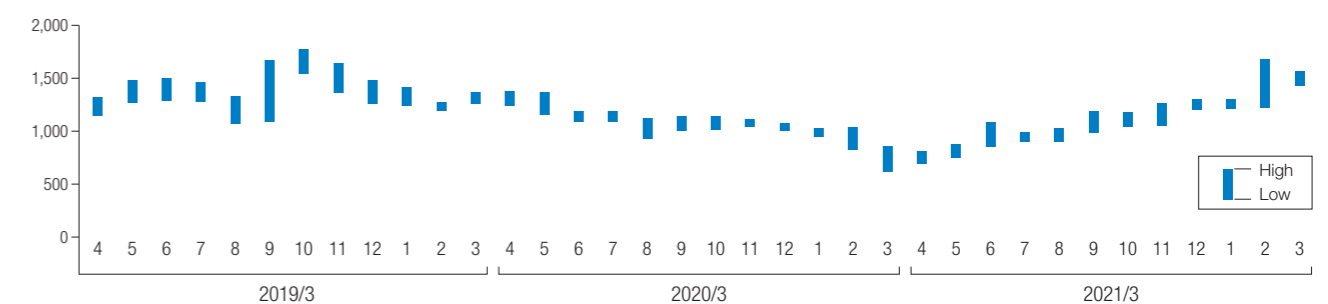
Name	Number of shares held (Thousand shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	30,095	15.22
Custody Bank of Japan, Ltd. (Trust Account)	16,422	8.31
Mizuho Bank, Ltd.	9,738	4.93
The Norinchukin Bank	9,500	4.81
Meiji Yasuda Life Insurance Company	5,370	2.72
Bank of Kyoto, Ltd.	5,000	2.53
KOKUBU GROUP CORP.	3,489	1.77
Takara Group Employees' Shareholding Association	3,204	1.62
Japan Alcohol Trading CO., LTD.	3,000	1.52
Sumitomo Mitsui Trust Bank, Limited	2,753	1.39

Notes: (1) Number of shares is rounded down to the nearest thousand.  
 (2) The ratio of shareholders was calculated excluding 1,995 thousand shares of treasury stock.  
 (3) The number of shares held by Sumitomo Mitsui Trust Bank, Limited does not include the number of shares held for trust services.

### Bond ratings

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

## Stock Price Range on the Tokyo Stock Exchange (Yen)





## **TAKARA HOLDINGS INC.**

20 Naginataboko-cho, Shijo-dori  
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[www.takara.co.jp/english](http://www.takara.co.jp/english)

