

Annual Securities Report

**The Fiscal Year
(113th)**

**From April 1, 2023
To March 31, 2024**

Takara Holdings Inc.
E00396

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Part 1. Company Information

I. Overview of the Company

1. Key financial data

(1) Consolidated financial data, etc.

Fiscal year		109th	110th	111th	112th	113th
Fiscal year ended		Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024
Net sales	(Millions of Yen)	281,191	278,443	300,918	350,665	339,372
Ordinary profit	(Millions of Yen)	16,269	21,929	43,230	38,706	23,336
Profit attributable to owners of parent	(Millions of Yen)	8,980	10,574	20,769	21,206	16,176
Comprehensive income	(Millions of Yen)	6,467	16,320	39,992	41,278	37,666
Net assets	(Millions of Yen)	181,329	191,535	224,555	255,318	280,465
Total assets	(Millions of Yen)	283,882	306,918	362,438	399,174	437,468
Net assets per share	(Yen)	747.39	793.53	912.58	1,031.60	1,171.10
Basic earnings per share	(Yen)	45.11	53.48	105.05	107.26	82.09
Diluted earnings per share	(Yen)	–	–	–	–	–
Equity ratio	(%)	52.1	51.1	49.8	51.1	52.3
Return on equity	(%)	6.1	6.9	12.3	11.0	7.5
Price earnings ratio	(Times)	18.0	28.2	10.5	9.5	13.0
Cash flows from operating activities	(Millions of Yen)	11,744	27,100	16,376	45,478	29,178
Cash flows from investing activities	(Millions of Yen)	(3,690)	(6,738)	(10,399)	(10,474)	(19,993)
Cash flows from financing activities	(Millions of Yen)	(11,653)	(1,506)	4,133	(22,215)	(13,448)
Cash and cash equivalents at end of year	(Millions of Yen)	44,541	62,860	75,729	91,785	90,184
Number of employees	(Persons)	4,680	4,748	4,934	5,171	5,492

(Notes) 1. Diluted earnings per share is not stated, because there were no potentially dilutive shares.

2. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. have been adopted from the beginning of the 111th fiscal year. The key financial data for the 111th fiscal year and onwards reflect the adoption of the accounting standard, etc.

(2) Financial data, etc., for reporting company

Fiscal year		109th	110th	111th	112th	113th
Fiscal year ended		Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024
Operating revenue	(Millions of Yen)	5,788	6,009	9,209	10,809	11,823
Ordinary profit	(Millions of Yen)	1,819	2,045	5,054	6,755	7,575
Profit	(Millions of Yen)	2,362	1,827	4,900	7,074	10,237
Share capital	(Millions of Yen)	13,226	13,226	13,226	13,226	13,226
Total number of issued shares	(Thousand shares)	199,699	199,699	199,699	199,699	197,252
Net assets	(Millions of Yen)	70,171	72,265	73,986	74,396	82,829
Total assets	(Millions of Yen)	113,679	122,244	134,726	124,448	137,377
Net assets per share	(Yen)	354.93	365.52	374.23	376.30	424.21
Dividend per share	(Yen)	20.00	21.00	37.00	38.00	29.00
[of the above, interim dividend per share]	(Yen)	[-]	[-]	[-]	[-]	[-]
Basic earnings per share	(Yen)	11.87	9.24	24.79	35.78	51.95
Diluted earnings per share	(Yen)	-	-	-	-	-
Equity ratio	(%)	61.7	59.1	54.9	59.8	60.3
Return on equity	(%)	3.2	2.6	6.7	9.5	13.0
Price earnings ratio	(Times)	68.2	163.1	44.4	28.6	20.6
Payout ratio	(%)	168.5	227.3	149.3	106.2	55.8
Number of employees	(Persons)	183	184	184	190	197
Total shareholder return	(%)	63.4	118.3	90.1	86.9	92.9
[Benchmark: Dividend-included TOPIX]	(%)	[90.5]	[128.6]	[131.2]	[138.8]	[196.2]
Highest share price	(Yen)	1,378	1,675	1,642	1,114	1,324
Lowest share price	(Yen)	617	695	1,058	918	1,020

- (Notes) 1. Based on the resolution of the Board of Directors held on November 9, 2023, 2,447,700 shares of treasury shares were cancelled on February 29, 2024, resulting in a decrease of 2,447,700 shares in the total number of issued shares for the 113th fiscal year.
2. The Company has not adopted an interim dividend system.
3. Diluted earnings per share is not stated, because there were no potentially dilutive shares.
4. The highest and lowest share prices are those quoted on the Prime Market of the Tokyo Stock Exchange from April 4, 2022 and before that date, on the First Section of the Tokyo Stock Exchange.
5. The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. have been adopted from the beginning of the 111th fiscal year. The key financial data for the 111th fiscal year and onwards reflect the adoption of the accounting standard, etc.

2. History

Takara Shuzo Co., Ltd. was established in September 1925 through the progressive reorganization of Yomo GMK, which had run a sake brewing business in Fushimi, Kyoto since the late Edo Period (Tenpo years). Thereafter, through mergers with industry peers and plant acquisitions, Takara Shuzo Co., Ltd. expanded its business scale. In April 2002, Takara Shuzo Co., Ltd. and Takara Bio Inc. were spun off, and the Company transitioned to become a holding company. The following timeline details the history of the former Takara Shuzo Co., Ltd. and its Enterprise Group for March 2002 and prior and the history of the current Takara Holdings Inc. and its Enterprise Group for April 2002 until the present.

September 1925	Takara Shuzo Co., Ltd. was founded in what is now 609 Takenaka-cho, Fushimi-ku Kyoto with the main purpose of manufacturing and selling alcoholic beverages, raw alcohol, soft drinks, pharmaceuticals, and seasonings, etc. Yomo GMK was acquired through a merger, with the company acquiring the Fushimi Plant and Kizaki Plant (The Kizaki Plant was transferred to Toa Shusei KK in March 1938).
June 1929	Taisho Seishu KK was acquired through a merger, with the company acquiring the Oji Plant (Integrated with the Matsudo Plant in May 1964).
June 1947	The Shirakawa Plant (Closed in March 2003) was acquired from Daikoku Budoshu KK.
September 1947	Nihon Shusei KK was acquired through a merger, with the company acquiring the Kizaki Plant, Kusu Plant, and Hofu Plant (Closed in March 1995).
May 1949	With the opening of stock exchanges in Tokyo, Osaka, and Nagoya, Takara Shuzo Co., Ltd.'s shares were listed on each stock market.
July 1949	Shares were listed on the Kyoto Stock Exchange (Thereafter listed on the Sapporo, Niigata, Hiroshima, and Fukuoka stock exchanges). The Company's shares are currently listed only on the Tokyo Stock Exchange (Due to delisting or the integration of stock exchanges).
October 1952	With the sale of government-monopoly alcohol plants, the company acquired the Takanabe Plant (Currently the Kurokabegura Plant) and the Shimabara Plant.
November 1952	Chuo Shurui KK was acquired through a merger, with the company acquiring the Ichikawa Plant (Integrated with the Matsudo Plant in May 1964), Nada No. 1 Plant (Closed in November 1995), and the Kagoshima Plant (Closed in June 1965).
December 1954	The Nada No. 2 Plant (Currently the Shirakabegura Plant) was acquired from Settsu Shuzo KK.
April 1957	The Kizaki brewery Plant was constructed (Transferred to Sapporo Breweries Limited in April 1968).
October 1959	The Sapporo Plant (Closed in March 2003) was constructed.
March 1962	The Kyoto brewery Plant was constructed (Transferred to Kirin Brewery Company, Limited in July 1967).
May 1964	The Ichikawa and Oji Plants were integrated and the Matsudo Plant was constructed.
October 1964	Settsu Shuzo KK and Hontatsu Shuzo KK were acquired through a merger, with the company acquiring the Osaka Plant (Closed in March 1973) and the Nagano Plant (Currently the Nagano Warehouse).
September 1970	Central Research Laboratories was established in Otsu-city, Shiga (Transferred to Takara Bio Inc. in April 2002, and headquarters functions were subsequently transferred to a new company building in Kusatsu-city, Shiga).
July 1982	Shares in NUMANO SAKE CO. (Currently Takara Sake USA Inc.) in California, U.S. were acquired, and sake manufacturing was started in the mainland U.S.
February 1986	The Tomatin Distillery Co. Ltd was founded in Scotland, U.K., and it acquired assets of Tomatin Distillers Plc., a whisky maker, and started manufacturing Scotch whisky.
April 1991	Shares in AADC Holding Company, Inc., a 100% holding company of the U.S.'s bourbon whisky manufacturer Age International, Inc. were acquired (Remaining shares were acquired later, making the company a subsidiary).
August 1993	Takara Biotechnology (Dalian) Co., Ltd. was founded in Dalian, China.
August 1995	Beijing Takara Foods Co., Ltd. (Currently Takara Shuzo Foods Co., Ltd.) was founded in Beijing, China through a joint venture (Additional equity stake was acquired later to make the company a subsidiary).

April 2002	Through the spin-off method, the alcoholic beverages, foods and raw alcohol business, and bio business were spun off, and the newly established Takara Shuzo Co., Ltd. and Takara Bio Inc. took over each of the spun-off businesses. The Company transitioned to a holding company and changed its trade name from Takara Shuzo Co., Ltd. to Takara Holdings Inc.
December 2004	Takara Bio Inc. was listed on the Mothers Market of the Tokyo Stock Exchange.
September 2005	All shares in Clontech Laboratories, Inc. (Currently Takara Bio USA, Inc.) in California, U.S. were acquired through Takara Bio USA Holdings Inc. (U.S.).
April 2010	80% of issued shares in FOODEX S.A.S in Paris, France were acquired through Takara Shuzo Co., Ltd., making it a consolidated subsidiary together with other subsidiaries under its umbrella (Remaining 20% of shares were acquired in May 2015).
September 2013	All shares in T. Tazaki & Company Ltd. (U.K.), a 100% holding company of Tazaki Foods Ltd. near London, U.K. were acquired through Takara Europe Holdings B.V. (Liquidated in November 2021).
March 2014	All shares in Cominport Distribución S.L. in Madrid, Spain were acquired through FOODEX S.A.S.
March 2016	Takara Bio Inc. changed its listing market from the Mothers Market of the Tokyo Stock Exchange to the First Section of the Tokyo Stock Exchange.
November 2016	51% of issued shares in Mutual Trading Co., Inc., an equity method affiliate located in California, U.S., were acquired through a third-party allotment of shares to Takara Shuzo Co., Ltd., making it a consolidated subsidiary together with other subsidiaries under its umbrella.
January 2017	51% of issued shares in Nippon Food Supplies Company Pty Ltd in Sydney, Australia were acquired through a third-party allotment of shares by Takara Shuzo Co., Ltd. (Remaining 49% of shares were acquired in September 2022).
January 2017	All shares in Rubicon Genomic, Inc. in Ann Arbor, Michigan, U.S. were acquired through Takara Bio USA Holdings Inc. (Merged with Takara Bio USA, Inc. in March 2017).
February 2017	All shares of WaferGen Bio-systems, Inc. in Fremont, California, U.S. were acquired through Takara Bio USA Holdings Inc. (Merged with Takara Bio USA, Inc. in May 2017).
July 2017	The overseas business of Takara Shuzo Co., Ltd. was spun off (Incorporation-type company split) and transferred to the newly established Takara Shuzo International Co., Ltd. Simultaneously, Takara Shuzo Co., Ltd. distributed all of the shares that it had been granted through the allotment from Takara Shuzo International Co., Ltd. to the Company as dividends of surplus, making Takara Shuzo International Co., Ltd. a consolidated subsidiary of the Company.
April 2022	Following the restructuring of the market segments by the Tokyo Stock Exchange, the listings of the Company and Takara Bio Inc. were transferred from the First Section of the Tokyo Stock Exchange to the Prime Market of the Tokyo Stock Exchange.

3. Description of business

The Group (the Company and its affiliates) is composed of the Company and its 66 subsidiaries and two affiliates. The Group's main businesses are the manufacturing and sales of alcoholic beverages and seasonings in Japan run by Takara Shuzo Co., Ltd., the manufacturing and sales of alcoholic beverages overseas and the sales of Japanese food ingredients, etc. to overseas Japanese restaurants, etc. by Takara Shuzo International Group, and the development, manufacturing and sales of reagents and instruments and Contract Development and Manufacturing Organization (CDMO) services as well as gene therapy run by Takara Bio Group. These three businesses are identical to the segment classifications in "V. Financial Information, 1. Consolidated Financial Statements and Other Information, (1) Notes to consolidated financial statements." In addition to controlling each of operating companies as a holding company, the Company contracts indirect operations among its Group companies and operates a real estate leasing business.

The Company falls under the category of a specified listed company as stipulated in Article 49, Paragraph 2 of the Cabinet Office Order on Restrictions on Securities Transactions. As a result, decisions regarding the de minimis criteria for material facts under insider trading regulations are based on figures on a consolidated basis.

The businesses of the Group in the segment and the positioning in the Group are as follows.

[Takara Shuzo]

Takara Shuzo Co., Ltd. manufactures and sells all types of alcoholic beverages, including shochu, sake, and light-alcohol refreshers, alcohol-based seasonings such as hon mirin, food seasonings, and raw alcohol, in Japan.

There is one subsidiary involved with this segment, Takara Shuzo Co., Ltd.

[Takara Shuzo International Group]

Takara Shuzo International Co., Ltd. is responsible for the management of its Group companies, and the export and sales of alcoholic beverages and seasoning products of Takara Shuzo Co., Ltd.

U.S. subsidiary Takara Sake USA Inc. is engaged mainly in the manufacturing of sake in California and also sells alcoholic beverages provided by Takara Shuzo Co., Ltd. throughout the United States. U.K. subsidiary The Tomatin Distillery Co. Ltd manufactures and sells Scotch whisky, and U.S. subsidiary Age International, Inc. sells bourbon whisky.

U.S. subsidiary Mutual Trading Co., Inc. (including its subsidiaries) handles a wide range of items in its U.S. wholesale business, such as rice, miso and other Japanese food ingredients, seasonings, alcoholic beverages, and kitchen utensils and dinnerware for restaurants.

French subsidiary FOODEX S.A.S., Spanish subsidiary Cominport Distribución S.L., and U.K. subsidiary Tazaki Foods Ltd. operate a wholesale business for Japanese food ingredients based in Europe that sells alcoholic beverages, seasonings, and frozen foods including products from Takara Sake USA Inc. and Takara Shuzo Co., Ltd. Nippon Food Supplies Company Pty Ltd operates a wholesale business for Japanese food ingredients in Australia.

Including the above companies, there are 48 subsidiaries and one affiliate involved with this segment.

[Takara Bio Group]

Takara Bio Inc. is engaged in the development, manufacturing, and sales of reagents and instruments, and in CDMO services such as support services for development and manufacturing of regenerative medicine products, and genetic analysis and testing. Takara Bio Inc. is also engaged in the development, manufacturing, and sales as well as the clinical development of basic technologies for biological drug discovery and ancillary materials necessary for gene therapies and works to maximize their value.

In China, Takara Biotechnology (Dalian) Co., Ltd. is engaged in the development, manufacturing, and CDMO services of reagents, and Takara Biomedical Technology (Beijing) Co., Ltd. sells reagents and instruments. Takara Bio Europe S.A.S. is engaged in the manufacturing and sales of reagents and the sales of instruments and CDMO services in Europe. Takara Bio USA, Inc. develops and manufactures reagents and instruments for sale worldwide.

Including the above companies, there are nine subsidiaries involved with this segment.

[Other]

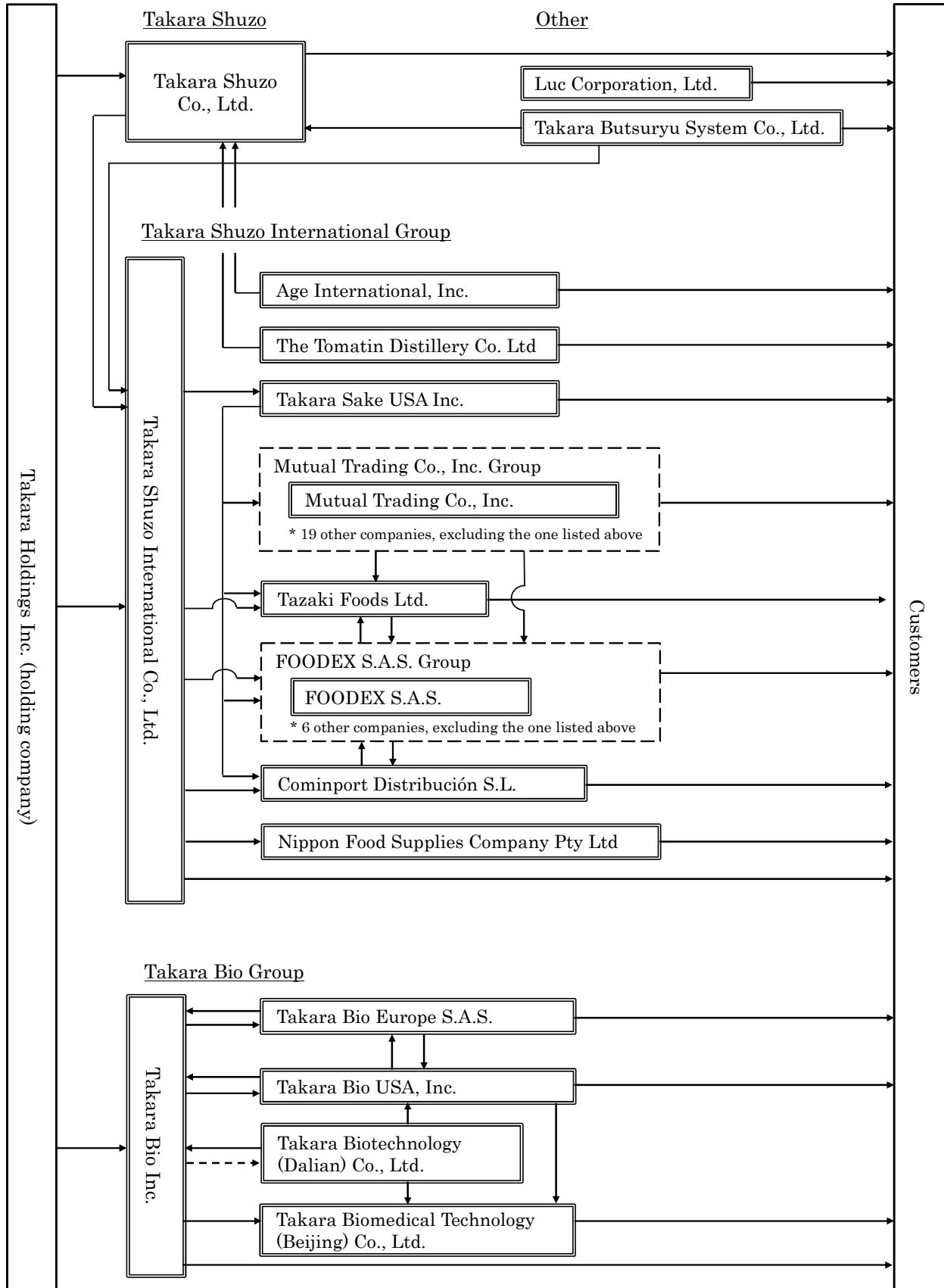
Other segment includes the freight transport business and wine import and sales run by domestic Group companies, and the real estate leasing business mainly run by the Company.

The freight transport business is run by Takara Butsuryu System Co., Ltd. and mainly provides goods distribution in Japan for the alcoholic beverages and seasoning products produced by Takara Shuzo Co., Ltd. Additionally, Luc Corporation, Ltd. imports and sells high-quality wines from Burgundy, France.

Including the above companies, there are eight subsidiaries and one affiliate involved in Other segment.

The above items are represented in the following business organization chart.

(Business Organization Chart)



—————> Product and Service Flow
 - - - - -> Raw Materials Flow
 [] Consolidated subsidiaries

4. Subsidiaries and affiliates

Company name	Location	Share capital	Line of business	Percentage of voting rights holding or held (%)	Relationship with the Company			
					Concurrent directors (Persons)	Financial assistance	Business transactions	Other
(Consolidated subsidiaries)								
Takara Shuzo Co., Ltd. (Notes 2, 4)	Fushimi-ku, Kyoto	Million JPY 1,000	Manufacture and sale of alcoholic beverages, seasonings, and raw alcohol	100.0	3	lending	Licensing of the Company's trademarks, contracting of indirect operations	Leasing of Office equipment
Takara Shuzo International Co., Ltd. (Note 2)	Shimogyo-ku, Kyoto	Million JPY 10	Management of Group companies, export and sale of alcoholic beverages and seasonings	100.0	3	lending	Licensing of the Company's trademarks, contracting of indirect operations	Leasing of Office equipment
Takara Sake USA Inc.	Berkeley, California, U.S.	Thousand USD 7,000	Manufacture and sale of alcoholic beverages and seasonings	100.0 (100.0)	-	-	-	-
Age International, Inc.	Frankfort, Kentucky, U.S.	Thousand USD 250	Sale of bourbon whisky	100.0 (100.0)	-	-	-	-
The Tomatin Distillery Co. Ltd	Tomatin, Scotland, U.K.	Thousand GBP 3,297	Manufacture and sale of Scotch whisky	94.2 (94.2)	-	lending	-	-
FOODEX S.A.S. (Note 2)	Paris, France	Thousand EUR 10,250	Import and wholesale business of alcoholic beverages, foods, seasonings, etc.	100.0 (100.0)	-	-	-	-
Cominport Distribución S.L.	Madrid, Spain	Thousand EUR 166	Import and wholesale business of alcoholic beverages, foods, seasonings, etc.	100.0 (100.0)	-	-	-	-
Tazaki Foods Ltd.	Enfield, Middlesex, U.K.	Thousand GBP 2,357	Import and wholesale business of alcoholic beverages, foods, seasonings, etc.	100.0 (100.0)	-	lending	-	-
Mutual Trading Co., Inc.	El Monte, California, U.S.	Thousand USD 5,394	Import and wholesale business of alcoholic beverages, foods, seasonings, etc.	85.8 (85.8)	-	-	-	-
Nippon Food Supplies Company Pty Ltd (Note 2)	Sydney, New South Wales, Australia	Thousand AUD 17,772	Import and wholesale business of alcoholic beverages, foods, seasonings, etc.	100.0 (100.0)	-	-	-	-

Company name	Location	Share capital	Line of business	Percentage of voting rights holding or held (%)	Relationship with the Company			
					Concurrent directors (Persons)	Financial assistance	Business transactions	Other
Takara Bio Inc. (Notes 2, 3)	Kusatsu-city, Shiga	Million JPY 14,965	Development, manufacture, and sale of reagents and instruments, CDMO services, gene therapy	60.9	2	–	Licensing of the Company's trademarks, contracting of indirect operations	–
Takara Biotechnology (Dalian) Co., Ltd. (Note 2)	Dalian, Liaoning, China	Million JPY 2,350	Development, manufacture, and sale of reagents, CDMO services	100.0 (100.0)	–	–	–	–
Takara Biomedical Technology (Beijing) Co., Ltd. (Note 2)	Beijing, China	Million JPY 1,330	Sale of reagents and instruments	100.0 (100.0)	–	–	–	–
Takara Bio USA, Inc. (Note 2)	San Jose, California, U.S.	Thousand USD 83	Development, manufacture, and sale of reagents and instruments	100.0 (100.0)	–	–	–	–
Takara Bio Europe S.A.S.	St Germain en Laye, France	Thousand EUR 891	Manufacture and sale of reagents, sale of instruments, CDMO services	100.0 (100.0)	–	–	–	–
Takara Butsuryu System Co., Ltd.	Uji-city, Kyoto	Million JPY 50	Freight transportation business	100.0	2	–	Contracting of indirect operations.	–
Luc Corporation, Ltd.	Minato-ku, Tokyo	Million JPY 80	Import and sale of wine	100.0	2	lending	Contracting of indirect operations.	–
47 other consolidated subsidiaries, 1 equity-method affiliate								

- (Notes) 1. Figures in parentheses in the ratio of voting rights represent the ratio of indirect ownership and are included in the total.
2. Companies falling under specified subsidiaries.
3. A company submitting the Annual Securities Report
4. Takara Shuzo Co., Ltd. accounts for more than 10% of consolidated net sales (excluding inter-company sales among consolidated companies). However, the key information on profit or loss of the company is omitted, because the net sales of the company account for more than 90% of the sales in the Takara Shuzo segment for the current fiscal year (including intersegment internal sales and transfers).

5. Employees

(1) Consolidated companies

As of March 31, 2024

Segment	Number of employees (Persons)
Takara Shuzo	1,251
Takara Shuzo International Group	1,894
Takara Bio Group	1,838
Reportable segment total	4,983
Other	312
Company-wide (Common)	197
Total	5,492

- (Notes) 1. The number of employees indicates the number of employees currently on duty excluding the number of dispatched employees.
2. The number of employees listed under Company-wide (Common) indicates the number of employees at our holding company (the reporting company).

(2) Reporting company

As of March 31, 2024

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Thousands of Yen)
197	49.4	24.0	7,432

- (Notes) 1. The number of employees indicates the number of employees currently on duty excluding the number of dispatched employees.
2. The average length of service is calculated by totaling the years of service within our group.
3. The average annual salary includes bonuses and extra wages.

(3) Labor unions

There are no special matters to report regarding the unions.

(4) Percentage of women in managerial positions, male employee parental leave rate, and wage disparity by sex

(i) Reporting company

Fiscal year ended March 31, 2024				
Percentage of women in managerial positions (%) (Notes 1, 2)	Male employee parental leave rate (%) (Note 3)	Wage disparity by sex (The ratio of women's wages to men's wages) (%) (Note 2)		
		All employees	Regular employees	Part-time and fixed-term employees
17.6	—	74.1	70.3	55.4

- (Notes) 1. The ratio is based on data as of April 1, 2024.
2. The figures are calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
3. This calculates the ratio of the number of employees taking childcare leave, etc. as provided in Article 71-4, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991). However, there were no male employees with spouses who gave birth in the current fiscal year.

(ii) Consolidated subsidiaries

Fiscal year ended March 31, 2024					
Company name	Percentage of women in managerial positions (%) (Notes 1, 2)	Male employee parental leave rate (%) (Note 3)	Wage disparity by sex (The ratio of women's wages to men's wages) (%) (Note 2)		
			All employees	Regular employees	Part-time and fixed-term employees
Takara Shuzo Co., Ltd.	6.0	84.2	74.7	73.2	72.6
Takara Bio Inc.	23.2	56.5	81.0	80.9	65.2
Total Management Business Co., Ltd.	52.2	0.0	94.5	96.3	94.4

- (Notes) 1. The ratio is based on data as of April 1, 2024.
2. The figures are calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
3. The figure is the ratio of the number of employees who took childcare leave, etc. as provided in Article 71-4, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in

accordance with the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

In an action plan formulated based on the Act on the Promotion of Women's Active Engagement in Professional Life, the Takara Group has set goals collectively for Takara Holdings Inc., Takara Shuzo Co., Ltd., and Takara Shuzo International Co., Ltd., and the actual results for the current fiscal year are as follows.

Percentage of women in managerial positions (%) (Notes 1, 2)	Male employee parental leave rate (%) (Note 3)	Wage disparity by sex (The ratio of women's wages to men's wages) (%) (Note 2)		
		All employees	Regular employees	Part-time and fixed-term employees
8.6	84.2	75.1	73.4	67.2

- (Notes)
1. The ratio is based on data as of April 1, 2024.
 2. The figures are calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
 3. The figure is the ratio of the number of employees who took childcare leave, etc. as provided in Article 71-4, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

II. Overview of Business

1. Management policies, business environment, issues to be addressed

Information regarding the Group's management policies, business environment, and issues to be addressed is as follows.

Forward-looking statements contained in this document are based on the judgment that the Group made as of the end of the current fiscal year.

(1) Management 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 aims to reinforce its technical prowess, product competitiveness, and brand position so as to deliver diverse value to the Japanese alcoholic beverages and Japanese food markets and in the life science industry to establish a more prominent presence both domestically and internationally and ensure sustainable and accelerated growth.

(2) Management strategy, management environment, business and financial issues that need to be addressed as a priority, and objective indicators to judge the achievement status of management goals

The environment surrounding the Group is expected to become increasingly challenging in the future, given the long-term decrease in the alcoholic beverage market in Japan due to aging and population decline, and a decreasing interest in alcohol among younger generations, as well as increased personnel and logistics costs due to difficulties in securing personnel domestically and internationally. In addition, due to the impacts stemming from geopolitical factors on its global supply chain, concerns are raised about various cost increases both domestically and internationally, stemming from the surge in raw materials and energy prices, and the risk to stable procurement is also increasing. Furthermore, research and development activities in the current life science field are globally sluggish, due to factors such as prolonged inflation and persistently high interest rate policies in the United States and Europe, and reduction in research grants for academia resulting from economic slowdown in China.

Meanwhile, the domestic Ready-to-Drink (RTD) market including non-alcoholic beverages is projected to expand despite severe competition, and the market for Japanese alcoholic beverages and Japanese food is expected to continue growing worldwide. Furthermore, the market size of life science industry is expected to expand, centering around regenerative medicine, stem cell therapy, and gene therapy in the medium to long term. These present many opportunities for the Takara Group's growth. 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 increasing responsibilities to create a sustainable society. To achieve sustainable growth and enhance corporate value, it is becoming more important than ever to strengthen investment in growth and high-priority fields through increasing capital efficiency, and to more aggressively and effectively invest in the Group's intangible assets, including human capital and IT.

In addition, toward overall finish of a long-term management initiative of "TaKaRa Group Challenge for the 100th" of which final fiscal year shall be the year ending March 31, 2026, the Group is actively engaged in "TaKaRa Group Medium-Term Management Plan for 2025." Under the "Takara Group Medium-Term Management Plan for 2025," the Group will realize our Vision "Smiles in Life - Smiles are Life's Treasures" set forth in "TaKaRa Group Challenge for the 100th" by contributing to the resolution of social issues while increasing the earning capacity of the business, through the establishment of our unique business model as well as the promotion of our business.

The outline of "Takara Group Medium-Term Management Plan for 2025" is as follows.

"Takara Group Medium-Term Management Plan for 2025"

Corporate Management Objectives

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

The Takara Group intends to accelerate investing in businesses in growth and high priority fields and motivate employees to achieve greater productivity and drive innovation at work. In addition, we will establish and enhance the Group's two unique business models* with global and sustainable implications. All these efforts will enable us to remain on the growth path and achieve the Group's

Vision. Furthermore, we will upgrade our corporate communications programs as part of our efforts to increase the Group's enterprise value.

* Takara's two unique business models

Takara Shuzo and Takara Shuzo International Group

Bolstering the global awareness and acceptance of Japanese food culture (Japanese alcoholic beverages and Japanese food)

Takara Bio Group

Perform the role of a prominent platform provider of a critical infrastructure for the global life science industry

Financial Targets

Year ending March 31, 2026 the Takara Group consolidated

• Net sales	420.0 billion yen or more
• Operating income	38.0 billion yen or more
• Percentage of net sales from overseas operations	60% or more (60.0% or more for the Takara Group excluding Takara Bio Group)
• ROE	9.0% or more
• ROIC	7.5% or more

Business Objectives

Takara Shuzo

To maintain the global leadership position in the Japanese alcoholic beverages market, Takara Shuzo leverages its engineering excellence and "Made in Japan quality" to develop and market products that create new demand in growth areas, and also to enhance its brand equity. The company works more closely with Takara Shuzo International Group to resolve social issues and bolster its profit and profit margin.

Takara Shuzo International Group

Takara Shuzo International Group works more closely with Takara Shuzo and other Takara Group companies around the globe to expand its portfolio of export and locally manufactured products, as well as to enhance its global presence as a wholesaler of Japanese food with a strength in Japanese alcoholic beverages. All these efforts will enable the Group to take full advantage of having both Japanese alcoholic beverages and Japanese foodstuffs in its offerings in order to bolster the global awareness and acceptance of Japanese food culture. The Group intends to play its part in resolving social issues and become a global leader in the Japanese alcoholic beverages and Japanese food markets.

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

Takara Bio Group

Takara Bio Group boosts R&D spending to develop new reagents and instruments, expand CDMO service offerings, and develop base technology for creating additional modalities. All these efforts will enable the Group to expand its business into clinical and drug-discovery areas faster and to enhance its presence as a prominent platform provider of a critical infrastructure for the global life science industry.

Takara Holdings' Corporate Departments

Takara Holdings' corporate departments work closely with the Group's business units to make group-wide corporate management more robust in order to better sustain the Group's global business models. At the same time, we build a workplace environment in which all Group employees have a sense of pride and purpose toward improving productivity and driving innovation. All these efforts will upgrade our corporate communications programs and earn a higher level of trust from internal and external stakeholders.

Financial Policy

- Create cash flows by increasing the efficiency of assets and through the sale of strategic shareholdings while enhancing global cash management, for the purpose of accelerating investments in growth and high priority fields based on the maintenance of sound financial fundamentals.
- Provide shareholder returns commensurate with profit levels (payout ratio of about 35%).

With our Vision “Smiles in Life ~Smiles are Life’s Treasure~”, the Group has made a declaration that it will continue taking on the challenge of filling the lifestyles, lives, and lifetimes of people around the world with smiles. And furthermore, the Group has formulated the Takara Group Sustainability Policy in recognition that it must take greater initiatives to resolve various social issues if the Group is to continue to achieve the creation of social value through business activities into the future.

The Takara Group Sustainability Policy takes up ten important issues (materiality), including “safety and security,” from among the social issues surrounding the Group, and lays out initiative policies for each one. The Takara Group Sustainability Vision, which sets specific medium- to long-term goals based on these policies, has been formulated.

The Takara Group aims to be a corporate group that is trusted by its stakeholders, and will contribute to the realization of a sustainable society by continuing to create social value through our business activities.

Numerical goals are projections based on available information and certain assumptions judged as logical at the end of the current fiscal year and therefore do not constitute a guarantee of achievement.

2. Approaches to and initiatives for sustainability

Information regarding the Group's approaches to and Initiatives for Sustainability is as follows.

Forward-looking statements contained in this document are based on the judgment that the Group made as of the end of the current fiscal year.

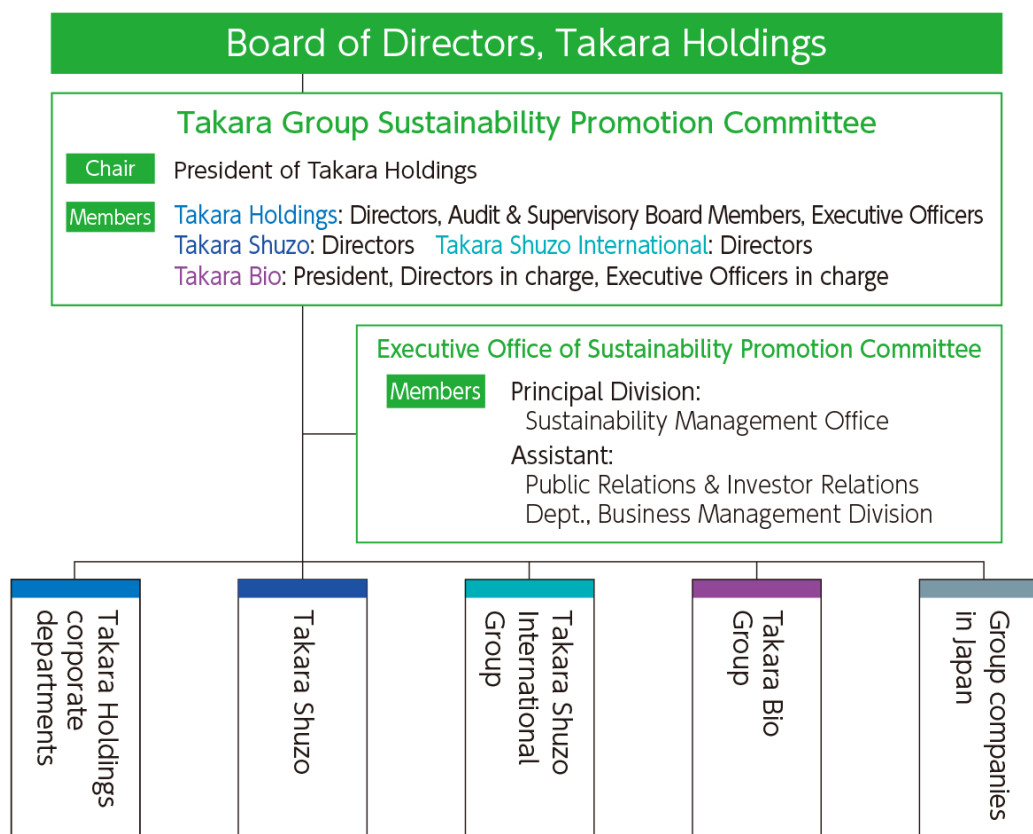
(1) Sustainability

(i) Governance

The Group has established the Takara Group Sustainability Promotion Committee chaired by the Representative Director and President of Takara Holdings Inc. under the supervision of the Board of Directors. In addition, as a subordinate organization of the Takara Group Sustainability Promotion Committee, the Executive Office of Sustainability Promotion Committee has been established. The Executive Office of Sustainability Promotion Committee sets out and implements specific activities for each Group company based on decisions made by the Sustainability Promotion Committee.

These sustainability initiatives are reported to the Board of Directors by the Takara Group Sustainability Promotion Committee.

Governance Structure

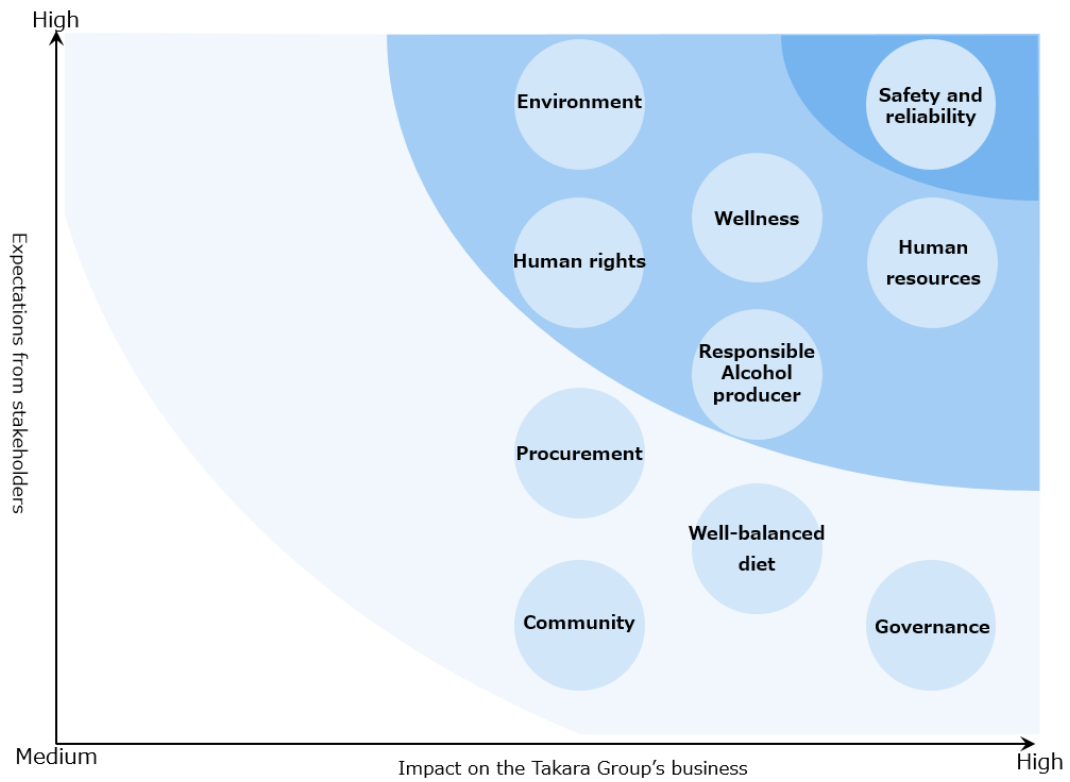


(ii) Strategy

The social environment surrounding the Group has undergone rapid change, and with the need for a global response to such diverse issues as climate change, biodiversity conservation, resource conservation, and respect for human rights, corporate entities face an increasing responsibility to create a sustainable society. The Group has formulated the Takara Group Sustainability Policy in recognition that it must take greater initiatives to resolve various social issues if the Group is to continue to achieve the creation of social value through business activities into the future. The Takara Group Sustainability Policy takes up the following ten important issues (materiality) and lays out initiative policies for each one, taking into account the expectations of stakeholders and the impact on the Group's business. Under the supervision of the Board of Directors, the Takara Group Sustainability Promotion Committee is promoting the planning and execution of strategies for key themes set for each materiality.

- Takara Group Sustainability Policy addresses 10 important issues (materiality)

Materiality Matrix



(iii) Risk management

The Takara Group has established the Takara Group Sustainability Promotion Committee that assesses the risks and opportunities, formulates strategies, and discusses targets, etc. related to sustainability. The Takara Group Sustainability Promotion Committee reports to the Board of Directors on the details of identified risks and opportunities and the countermeasures.

(iv) Indicators and targets

The Takara Group has set indicators and targets regarding 10 important issues (materiality) in its Takara Group Sustainability Vision.

• Takara Group Sustainability Vision: Indicators and Targets

Initiative themes	Specific measures	Targets
Materiality: Safety and security		
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.
	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%)
Ensuring safe and reliable quality at Takara Bio Group	Maintain the quality management system (ISO9001, etc.) at Takara Bio Group	[Takara Bio Group] - 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.
	Comply with and maintain various quality, manufacturing, and safety standards, including GMP/GCTP (*1), and third-party certification systems	- Maintain licenses, registrations, and the like necessary for operating business.
	Appropriately disclose product information	[Takara Bio Group] Provide information on safety data sheet *2 (SDS) of Takara Bio products (reagents) in various languages (Japanese, English, Chinese) by FY2025.
Ensuring safe and reliable quality at Takara Shuzo International Group	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 Group] - Maintain a 100% rate of compliance with food laws and regulations in export destination countries. - Conduct quality audits on overseas Group companies by FY2025, and take appropriate corrective measures if any quality risk factors are found.

Initiative themes	Specific measures	Targets
Materiality: Wellness		
Support for the development of global life science research	Provide extensive support for the development of life science research and industry	[Takara Bio Group] 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 Group] - Spread biotechnology covering from basics to the latest technologies by holding seminars and workshops. - Drive commercialization of academia seeds through open innovation. - Strive to promote the understanding of biotechnology by society.
Application of genetic analysis technology to testing and diagnostics	Supply testing and diagnostic kits for viruses, etc.	[Takara Bio Group] 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.
Social implementation of gene therapies	Gene therapy technology development to fulfill unmet medical needs	[Takara Bio Group] - Apply for sales and manufacturing permission for Takara-developed TBI-1301, and socially implement. - Drive the business of supporting the development and manufacturing of regenerative medical products (CDMO business).
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 FY2030.
	Offer organic foods, etc.	[Takara Shuzo International Group] Expand the lineup of organic and vegan products to 1,569 items by FY2025 (up by 300 items from March 2021).
	Develop food-allergy-conscious products	[Takara Shuzo International Group] Expand the lineup of gluten-free and other food-allergy-conscious products to 1,640 items by FY2025 (up by 150 items from March 2021).
Materiality: Responsible Alcohol Producer		
Spreading awareness on the appropriate consumption of alcohol	Educational efforts using our website and pamphlets	[Takara Shuzo] Increase awareness on the appropriate consumption of alcohol (prohibition of drinking by persons under the age of 20; prohibition of driving under the influence of alcohol, etc.) by 20% in FY2022 vs FY2020 and by 50% in FY2025 vs FY2020.
	Awareness programs for employees	[Entire Group] - Raise the awareness of all Group employees on the appropriate consumption of alcohol. - Maintain our 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 (*3).

Initiative themes	Specific measures	Targets
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] - Disclose on the website the amount of alcohol contained for major products. Display the amount of alcohol contained on packages of all consumer products sold in Japan, except for alcohol-based seasoning, by FY2025. Complete disclosure for RTD products during FY2023. - 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 FY2025.
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 its understanding by employees.
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.
Materiality: Environment		
Response to climate change issues	Reduction of CO ₂ emissions	FY2030 [Takara Shuzo / Takara Shuzo International Group] - Reduce CO ₂ emissions at production sites by 46% compared with FY2018. [Takara Bio Group] - Reduce CO ₂ emission intensity (CO ₂ emissions per net sales) by 50% compared with FY2018. [Takara Shuzo (Distribution)] - Reduce CO ₂ emission intensity (CO ₂ emissions per shipping volume) from shipping Takara Shuzo products by 10% compared with FY2018. FY2050 [Entire Group] - Achieve net zero CO ₂ emissions in the Takara Group on a consolidated basis.
Appropriate water usage	Water usage that considers local characteristics	[Takara Shuzo] - Reduce units of water usage (water usage per production volume) of Takara Shuzo by 15% compared with FY2017 by FY2025. - Continue initiatives to protect water sources and conserve wastewater.
Limiting waste generation	Reduce plant waste volume and promote recycling	[Takara Shuzo] Continue reusing 98% or more of waste generated in Takara Shuzo's production processes.
	Initiatives to reduce food loss	[Takara Shuzo] - Improve the effective use rate of raw materials such as scarce Japan-produced fruits. - Drive efforts to increase the life of Takara products and the processed foods that use them.

Initiative themes	Specific measures	Targets
Response to environmentally conscious product packages and packaging	Develop environmentally conscious products	<p>[Takara Shuzo]</p> <ul style="list-style-type: none"> - Continue selling products by weight. - Facilitate the introduction of sustainable containers and packaging that consider the 3Rs, and achieve 100% adoption by FY2050. - Facilitate the use of paper with forest protection certification in paper carton products, and achieve 100% adoption by FY2030. - Facilitate the use of biomass ink in paper and plastic labels, and achieve 100% usage by FY2025. <p>[Takara Shuzo International Group]</p> <ul style="list-style-type: none"> - Maintain the development of and transition to products with reduced plastic volume in accordance with laws and regulations of foreign countries. <p>[Takara Bio Group]</p> <ul style="list-style-type: none"> - Facilitate the use of paper with forest protection certification in paper carton products, and achieve 100% adoption by FY2025. - Facilitate the use of aluminum-free packages in one-sided aluminum pouches, and achieve 100% adoption by FY2025. - Facilitate the use of vegetable oil-based ink in paper packages, and achieve 100% usage by FY2025.
	Free distribution of booklets to raise awareness on recycling	<p>[Takara Shuzo]</p> <p>Continue distributing free to those who are interested.</p>
Preservation of ecosystems and biodiversity	Assistance for activities and research protecting ecosystems and biodiversity	<p>[Takara Holdings Inc.]</p> <ul style="list-style-type: none"> - Continue assistance through the Takara Harmonist Fund. <p>[Takara Holdings Inc. / Takara Shuzo]</p> <ul style="list-style-type: none"> - Continue activities at business sites that contribute to local communities.
Materiality: Governance		
Promotion of corporate governance	<p>Establish an optimum corporate governance structure</p> <ul style="list-style-type: none"> - Directors and the Board of Directors - Audit & Supervisory Board Members and the Audit & Supervisory Board - Appointment of independent officers - Officer compensation 	<p>[Takara Holdings Inc.]</p> <p>Maintain a proper corporate governance structure to achieve sustainable growth for the Group and improve corporate value over the mid- to long-term.</p>
	Consider optimum corporate governance	

Initiative themes	Specific measures	Targets
Promotion of compliance	Reinforce the compliance promotion structure	<p>[Entire Group]</p> <p>The entire Group ensures that every officer and employee acts in accordance with the Group Compliance Action Guidelines, and promotes compliance throughout the entire Group, including overseas locations, to realize the corporate philosophy.</p> <ul style="list-style-type: none"> - Distribute the Group Compliance Action Guidelines to all employees, which consist 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. - Regularly hold Risk Compliance Committee meetings. (Twice per year as a rule) - Improve awareness of officers and employees on compliance by holding training sessions in accordance with their position. (Once per year as a rule) - Carry out on-the-job training on key themes related to compliance. (Four times per year as a rule) - Properly operate the whistleblowing system, and respond quickly and appropriately to whistleblowing reports to prevent the occurrence and recurrence of legal violations and misconduct.
	Implement compliance education	
	Appropriately operate the whistleblowing system	
Reinforcement of the risk management structure	Promote risk management (normal risk management)	<p>[Entire Group]</p> <p>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.</p> <ul style="list-style-type: none"> - 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) - Regularly hold various drills (e.g., confirming safety, fire-fighting, AED usage). (Once per year as a rule)
	Promote crisis management (emergency risk management)	
Materiality: Well-Balanced Diet		
Providing the richness of food to people throughout the world through Japanese alcoholic beverages and Japanese food	<p>Conveying and providing the appeal and new value of Japanese alcoholic beverages:</p> <ul style="list-style-type: none"> - Hold food and beverage tasting events - Market development through innovative products - Disseminate information with websites and social media - Spread the appeal and value of Japanese alcoholic beverages overseas 	<p>[Takara Shuzo]</p> <p><u>Shochu</u></p> <p>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.</p> <p>(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><u>Sake</u></p> <p>Spread information on the appeal of sake with a focus on sparkling sake like <i>Mio</i> among young people who are unfamiliar with sake.</p> <p>(Target) Launch official pages on social media sites such as YouTube with a focus on <i>Mio</i>, and aim for a total of 300,000 or more followers by FY2025.</p> <p>[Takara Shuzo International Group]</p> <p>Develop 20 exclusive overseas products and overseas business company products by FY2025.</p> <p>Expand to 100 export countries for Japanese alcoholic beverages by FY2030.</p>

Initiative themes	Specific measures	Targets
Providing the richness of food to people throughout the world through Japanese alcoholic beverages and Japanese food	<p>Conveying and providing appeal and new value of Japanese food</p> <ul style="list-style-type: none"> - Holding of seminars in seasoning and cooking laboratories, etc. in cooperation with buyers - Participation in external initiatives - Communication of recipes for dishes in which Hon-mirin and cooking sake are used - Penetrating Japanese food culture into foreign countries 	<p>[Takara Shuzo]</p> <p>Continue to hold “Takara Hon-mirin Recipe Contest” and “Japanese Cuisine Taught by Kyoto’s Top Chefs Course” held under the sponsorship of Takara Shuzo and Japanese Culinary Academy to create new demand for Hon-mirin and cooking sake and enlighten people about the appeal of Japanese food.</p> <p>(Target) Continuing to hold “Takara Hon-mirin Recipe Contest” and “Japanese Cuisine Taught by Kyoto’s Top Chefs Course.”</p> <p>(Target) Conveying more than 1,000 recipes on the Web by FY2030.</p> <p>[Takara Shuzo International Group]</p> <ul style="list-style-type: none"> - To penetrate Japanese food further into foreign countries, set up a booth and convey information at exhibitions held in various places. - Continue to train sushi cooks and Japanese food cooks at the Japanese food cookery school by Mutual Trading.
Creation of communication and enrichment of people’s life through sake	Conveyance of information about pleasures of sake and sake culture	<p>[Takara Shuzo]</p> <p>Achieve more than 200 thousand followers of Takara Shuzo’s official Facebook by FY2025.</p>
Materiality: Human resources		
Fostering human resources	Implementation of measures to foster human resources who will be responsible for the next generation	<p>[Entire Group]</p> <p>Use executive candidate development training, next-generation leadership development training, etc. to foster human resources who can be responsible for the next generation of the Group.</p>
	Foster human resources who will achieve global business growth (global human resources)	<p>[Entire Group]</p> <p>Foster human resources who can take charge of global business growth through acquiring human resources through continuous mid-career recruitment and hiring, and conducting job rotation including the assignment and overseas posting of young employees to Takara Shuzo International Group.</p>
	Foster human resources using Takara Holdings Corporate History Museum, our training facility	<p>[Entire Group]</p> <p>In order to share Takara Five Values, common values across the Group, continue holding the Takara Holdings Corporate History Observational Training Program for all Takara Group employees.</p>

Initiative themes	Specific measures	Targets
Promoting the active involvement of diverse human resources	Promoting the active involvement of female employees	<p>[Entire Group]</p> <ul style="list-style-type: none"> - Increase the number of women in managerial positions. <p>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 appoint at least 50 women to manager and assistant manager positions (through internal promotion and mid-career hiring) from FY2021 to the end of FY2030 (an increase of 128% or more from 39 women in managerial positions as of April 1, 2021).</p> <ul style="list-style-type: none"> - Provide job opportunities for people up to 70 years old through post-retirement reemployment. - Maintain a percentage of employees with disabilities equal to or more than the statutory required employment rate in Japan. - Utilize more mid-career hiring to acquire a more diverse workforce. <p>* Source: Main targets in the Female Participation Promotion Act action plan from our major companies</p> <p>[Takara Holdings, Takara Shuzo, Takara Shuzo International]</p> <ul style="list-style-type: none"> - Percentage of women among new-hire recruits in administrative and technology roles: 40% or more - Percentage of women managers (by the end of FY2025): 10% or more <p>[Takara Bio]</p> <ul style="list-style-type: none"> - Percentage of women returning to work after maternity leave (1 year): 50% (early return to work)
	Promoting the active involvement of senior human resources	
	Promoting the hiring of people with disabilities	
Achieving a comfortable workplace environment and a work-life balance	Ensure workplace safety and sanitation	<p>[Entire Group]</p> <ul style="list-style-type: none"> - Reduce total working hours compared with FY2020 results. (Domestic Group Companies*3) - Increase the percentage of paid leave taken (no. of days of days taken) compared with FY2020 results. (Domestic Group Companies*3) - Maintain a 100% reinstatement rate for employees who take childcare leave. (Domestic Group Companies*3) - Facilitate effective use of work-from-home system.
	Comply with labor-related laws and regulations	
	Prevent long working hours	
	Promoting diverse working styles	
Materiality: Procurement		
Collaboration with suppliers	Requesting suppliers' observance of guidelines	<p>[Takara Shuzo]</p> <p>Conduct business with suppliers which have declared that they have understood and will observe the Procurement Guidelines, by FY2023.</p>
Materiality: Human rights		
Respect for human rights	Conduct human rights education at new employee training and rank-specific training sessions	<p>[Entire Group]</p> <p>Respect the diversity (e.g., gender, age, ethnicity, sexual orientation, gender identity, and disability), personality, and individuality of each person in accordance with the Takara Group Human Rights Policy and maintain a discrimination- and harassment-free workplace environment.</p>
	Understanding and respect for multiple cultures (multinational cultures)	
	Recruitment activities without discrimination	
	Initiatives to prevent harassment	
	Protect personal information and privacy	
Initiatives ensuring due diligence to human rights	Implement a human rights due diligence process	<p>[Entire Group]</p> <p>Based on a human rights due diligence process carried out primarily by a cross-organizational working team, implement a series of initiatives identifying and evaluating risks to human rights, preventing and reducing negative effects, and tracking and disclosing the results of our initiatives.</p>

Initiative themes	Specific measures	Targets
Materiality: Community		
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] - Continue offering Takara Shuzo Farm School. - Continue offering Takara Shuzo Eco-School. [Takara Bio Group] - 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.)
Contribution to the promotion of local communities and culture	Participate in local cleaning activities and support local communities	[Entire Group] Continue to participate in and cooperate with activities such as participation in cleaning activities as volunteers throughout Japan and sponsorships at local events.
Promotion of local economies	Continually foster community-based products	[Takara Shuzo] - Continue Takara CRAFT, 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. - Annually hold 20 activities supporting local fruit farming (harvest support/fundraising, etc.) by FY2030.
	Develop local economies by effectively utilizing untapped resources	[Takara Shuzo] - Develop 10 upcycled products by FY2030.
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.

*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)

*3 Domestic Group Companies: Takara Holdings, Takara Shuzo, Takara Shuzo International, Takara Bio, Kawahigashi Shoji, Total Management Business, Takara Butsuryu System, TB, Takara Bussan, Luc Corporation, Tokyo Mutual Trading, and Takara Supply Communications (Former Taihei Printing, and Former Takara Yoki)

(v) Response to climate change (efforts at TCFD)

The Group positions the harmonization of its business activities with global environmental preservation as one of its key challenges, and is actively implementing these initiatives. Recognizing that climate change is an important issue that has an impact on the sustainability of business, the Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and has joined the TCFD Consortium. We will continue to assess and respond to risks and opportunities related to climate change in accordance with the TCFD framework, disclose relevant information, and engage in dialogue with stakeholders.

a. Governance

The Takara Group has established the Takara Group Sustainability Promotion Committee chaired by the Representative Director and President of Takara Holdings, under the supervision of the Board of Directors. The Committee assesses the risks and opportunities that climate change poses to business, formulates strategies, discusses targets, etc. The Takara Group Sustainability Promotion Committee reports efforts to address the problem of climate change to the Board of Directors.

b. Risk management

To identify risks and opportunities connected with climate change, we extracted potential risks and opportunities for transition risks and physical ones by referring to experts' opinions and published reports, and selected risks and opportunities that are expected to have a significant impact over the short-, medium-, and long-term period, taking into account the likelihood and magnitude of impact. The Takara Group Sustainability Promotion Committee reports to the Board of Directors on the details of identified risks and opportunities and the countermeasures.

c. Strategy

In addition to Takara Shuzo Co., Ltd., which was analyzed in FY2021, and the Overseas Alcoholic Beverages Business of Takara Shuzo International Co., Ltd., which was analyzed in FY2022, the Group expanded its scope to include the Japanese Food Wholesale Business in Overseas Markets of Takara Shuzo International Co., Ltd. in FY2023 and conducted a scenario analysis to understand the impact of climate change risks and opportunities on the business and consider the countermeasures.

In this analysis, we referred to RCP2.6 (below 2°C scenario) and RCP8.5 (4°C scenario) based on AR5 of IPCC (Intergovernmental Panel on Climate Change) for physical risks, and APS scenario (below 2°C scenario), SDS scenario (below 2°C scenario), and NZE2050 scenario (1.5°C scenario) based on WEO of IEA (International Energy Agency) for transition risks to analyze and examine the impact of climate change.

• Transition risk

As the temperature rise is limited to less than 2°C and strict environmental regulations are introduced to achieve carbon neutrality, the adoption of carbon tax will increase manufacturing costs, operating costs, and storage costs, as well as the prices of containers and packaging materials, causing an impact on our business.

• Physical risk

As the temperature rise will be about 4°C, damage due to storm surges and floods caused by sea level rise will have a significant impact on our operations. In addition, it has been found that the amount of yield of crops, which are raw materials, is greatly affected by rising temperatures.

• Opportunities

We think that the reduction of operating costs through promotion of energy conservation efforts such as the introduction of energy-saving equipment as well as increased demand for ethical consumption and eco-friendly products will become business opportunities for us.

Going forward, we will continue to review risks and opportunities and give shape to measures to be taken, and reflect them in our medium- to long-term management strategies, thereby striving to improve the resilience of our strategies.

d. Indicators and targets

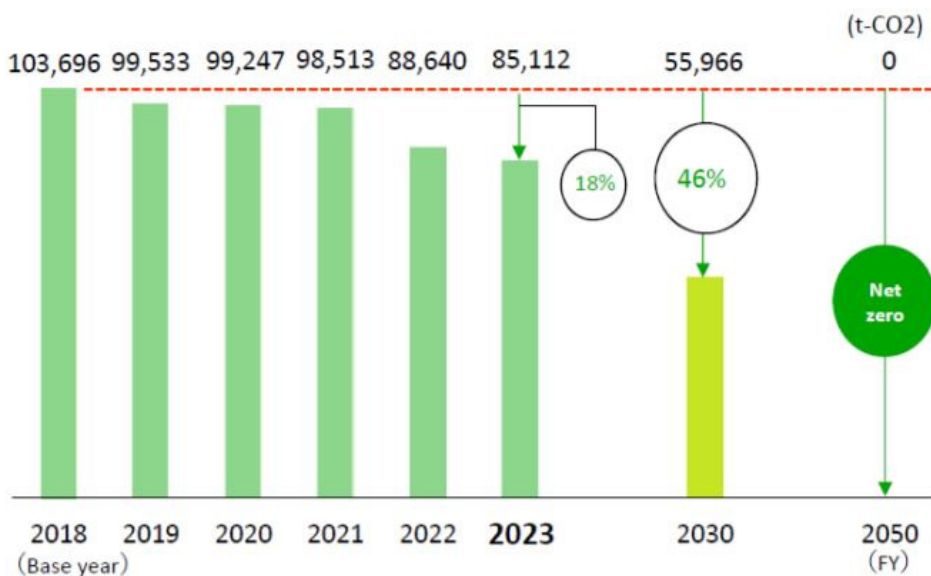
The Group has set CO₂ emissions reduction targets in its Takara Group Sustainability Vision. Takara Shuzo and Takara Shuzo International Group have set CO₂ emissions targets for Scopes 1 and 2 in total for their production sites.

■ Targets and Progress for FY2023

Year to be achieved	Scope	Indicators and targets	FY2023 results
2030	Takara Shuzo / Takara Shuzo International Group	Reduce CO ₂ emissions at production sites by 46% compared with FY2018.	Compared to FY2018: 18% reduction CO ₂ emissions: 85,112 (t-CO ₂)
	Takara Bio Group	Reduce CO ₂ emission intensity (CO ₂ emissions per net sales) by 50% compared with FY2018.	Compared to FY2018: 11% reduction
	Takara Shuzo (Distribution)	Reduce CO ₂ emission intensity (CO ₂ emissions per sales volume) from shipping by 10% compared with FY2018.	Compared to FY2018: 18% reduction
2050	Entire Group	Net zero CO ₂ emissions	—

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

* Production sites of Takara Shuzo and Takara Shuzo International Group



■ GHG Emissions of Takara Holdings, Takara Shuzo, and the Overseas Alcoholic Beverages Business of Takara Shuzo International Co., Ltd. in FY2022

Takara Holdings, Takara Shuzo, and the Overseas Alcoholic Beverages Business of Takara Shuzo International Co., Ltd. calculate Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions. Going forward, we will work to grasp our Group-wide GHG emissions.

Unit: t-CO _{2e}	
	FY2022
Scope 1+Scope 2	94,512
Scope 1	71,908
Scope 2	22,604

Category		FY2022	Calculation method	
Scope 3		857,879		
Upstream	Category 1	Purchased goods and services	629,825	Calculated for procured raw materials, containers, and packaging materials
	Category 2	Capital goods	10,698	Calculated for purchased facilities and instruments
	Category 3	Fuel- and energy-related activities not included in Scopes 1 and 2	19,190	Calculated based on the amount of fuel and electricity used
	Category 4	Upstream transportation and distribution	122,895	Calculated for the logistics of procured raw materials, containers, and packaging materials
	Category 5	Waste generated in operations	2,511	Calculated for weight and disposal costs of waste
	Category 6	Business travel	258	Calculated for employee business travel
	Category 7	Employee commuting	654	Calculated for employee commuting
	Category 8	Upstream leased assets	–	Not included in the calculation
Downstream	Category 9	Downstream transportation and distribution	13,867	Calculated for shipping logistics
	Category 10	Processing of sold products	–	Not included in the calculation
	Category 11	Use of sold products	–	Not included in the calculation
	Category 12	End-of-life treatment of sold products	51,690	Calculated for waste from products sold
	Category 13	Downstream leased assets	6,291	Calculated for instruments leased to external parties
	Category 14	Franchises	–	Not included in the calculation
	Category 15	Investments	–	Not included in the calculation
Scope 1+Scope 2+Scope 3		952,391		

Scope 1: Direct emissions of greenhouse gases by the business itself (fuel combustion, industrial processes)

Scope 2: Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies

Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions by other companies related to the activities of the business)

(vi) Efforts at respect for human rights

Holding up the Takara Group Human Rights Policy and 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, under the leadership of a cross-organizational working team, we are making efforts under the human rights due diligence process under the Sustainability Promotion Committee.

Specifically, including dissemination of the Human Rights Policy through various courses of training, we are working on grasping risks at each workplace, monitoring of suppliers and assessment of their human rights risks, conducting employee attitude surveys, conducting programs to enhance understanding of human rights, understanding and respect for multiple cultures (multinational cultures), recruiting without discrimination, harassment prevention, protection of personal information and privacy and other acts, as efforts on identification and assessment of human risks.

(2) Human capital

(i) Strategy

Human resources policy

In the Takara Group, we take the perspective that personnel are crucial business assets and we view them as valuable human resources. Because we believe that a company is an organization comprising all of its

individual employees and that the collective power of those human resources is the source of a company's sustainable growth and development, we also believe that maximizing the potential of individuals and organizations by investing in our human resources is indispensable for further increasing corporate value and achieving Group growth.

Along with establishing a workplace offering both rewarding work and job satisfaction as well as a corporate culture that nourishes people, we are successfully fostering human resources who can be responsible for the next generation of the Group and take charge of global business growth, as well as promoting the active involvement of diverse human resources.

Specific efforts

Fostering human resources

- Implementation of measures to foster human resources who will be responsible for the next generation
Use executive candidate development training, next-generational leadership development training, management skills training, and other trainings to foster human resources who can be responsible for the next generation of the Group.
- Fostering human resources who will achieve global business growth
Foster human resources who can take charge of global business growth through acquiring human resources through continuous mid-career recruitment and hiring, and conducting job rotation including the assignment and overseas posting of young employees to Takara Shuzo International Group.
- Implement rank-specific training sessions and career development support training
Use recruit training, newly-appointed managerial staff training, newly-appointed rater training, and other training to have each rank of employees acquire necessary knowledge and skills, and enhance awareness in them. Additionally, implement career development support training tailored to different age groups, including mid-level and senior employees.
- Visualize skills and qualifications, and create learning opportunities toward sustained growth
In addition to supporting employee skill development through distance learning and recognition for obtaining certifications and licenses, visualize skills that employees have and skills and qualifications necessary for departments and implement new learning support initiatives to encourage proactive learning among employees.

Promoting the active involvement of diverse human resources

- Promoting the active involvement of female employees
According to the long-term targets to 2030 held up in the Takara Group Sustainability Vision and the Female Participation Promotion Act action plan, appoint woman employees as manager and assistant manager in a planned and continuous manner, and continue training for the purpose of supporting woman career formation.
- Promoting the active involvement of senior human resources
We have introduced the continuous employment system for persons of 60 to 70 years of age. Furthermore, continue to improve an environment in which senior employees can be active, in the future too.
- Promoting the hiring of people with disabilities
Maintain a percentage of employees with disabilities equal to or more than the statutory required employment rate in Japan through continuous employment and planned hiring so that people with disabilities can participate in work life with mentally and physically sound people, to meet social responsibility.

Achievement of comfortable workplace environment and work-life balance

- Promoting diverse working styles
Promote diverse working styles through environmental improvement, promotion of understanding, and other means for promotion of annual paid leave certainly taken, the effective use of both men's and women's working-from-home to balance work and family life, and promotion of childcare leave taken.

Workplaces and culture development

- Improvement to employees' engagement

Because nurture of rewarding work through improvement to employees' engagement is an essential element in improving productivity and creating innovation, we conduct a survey to grasp the level of employee engagement. We share the results of analysis and problems found in the survey among all employees, including officers, and aim at improving employees' engagement further through efforts such as a project for culture innovation that is carried out at the whole company and increasing of support for career development.

(ii) Indicators and targets

(Promotion of active involvement of female employees)

- a. Appointment of women to managers and assistant managers (Takara Holdings, Takara Shuzo, and Takara Shuzo International)

Target: Appointing at least 50 women in total from FY 2021 to the end of FY 2030.

Actual: A total of 35 women have been appointed from FY2021 to April 1, 2024.

- b. Percentage of woman managers (Takara Holdings, Takara Shuzo, and Takara Shuzo International)

Target: Increasing the percentage of woman managers to 10% or more by the end of FY 2025.

Actual: 8.6% as of April 1, 2024

- c. Percentage of women among new-hire recruits in administrative and technology roles (Takara Holdings, Takara Shuzo, and Takara Shuzo International)

Target: Achieving the percentage of women among new-hire recruits in administrative and technology roles to 40% or more.

Actual: 46.9% as of April 1, 2024

(Promotion of hiring of people with disabilities)

- d. Percentage of employees with disabilities

Target: Maintaining a percentage of employees with disabilities equal to or more than the statutory required employment rate in Japan.

Actual: As of April 1, 2024, Takara Holdings, 3.12%; Takara Shuzo, 2.92%; and Takara Bio, 2.56%

(Promotion of diverse working styles)

- e. Percentage of women returning to work after maternity leave (Takara Holdings, Takara Shuzo, Takara Shuzo International, and Takara Bio)

Target: Maintain a 100% reinstatement rate for employees who take childcare leave.

Actual: 100% in FY 2023

Moreover, (Specific efforts) in (i) (Strategy), and (ii) (Indicators and targets) do not cover all the companies consolidated in the Group, and the data about the Company and consolidated subsidiaries in Japan that conduct the major business of the Group are stated.

3. Business Risks

Of matters connected with Overview of Business and Overview of Accounting as mentioned in the Annual Securities Report, major risks that management believes they could have a significant impact on the consolidated companies' financial position, management results, and cash flows are described below. Upon identification of the possibility of such risks, the Group will make its best efforts to avoid such an occurrence or take countermeasures against such an occurrence.

Forward-looking statements contained in this document are based on the judgment that the Group made as of the end of the current fiscal year. Please note that the following statements do not cover all of the risk factors concerning investment decisions.

(1) Risks concerning consumer preferences and demand fluctuations

The majority of Takara Shuzo's sales are generated within Japan, and its market is highly vulnerable to changes in the tastes of consumers, which have been affected by the COVID-19 pandemic. Takara Shuzo therefore strives to develop both original products that meet the ever-changing tastes of consumers and unique products that differentiate the Company from competitors. However, changes in consumer trends have been accelerating recently. For this reason, if Takara Shuzo fails to offer attractive products that satisfy the tastes of consumers and reflect market trends, it may cause a decline in business growth and profitability. Furthermore, in Japan, population decline, the rapidly aging population, and the younger generation's shift away from drinking could lead to a decline in liquor demand, which may adversely affect business performance and financial position. Takara Shuzo is working to develop and nurture high-value-added products that meet consumer needs, such as SDGs-conscious products.

(2) Risks concerning market competition

(i) Takara Shuzo

In the Japanese alcoholic beverages and seasonings market, amid sluggish growth in the overall market, competition in product development and marketing strategies with competing companies has intensified. The intensification of competition may lead to a decline in sales and profitability, by hindering the passing on of soaring raw material prices to product prices, which may adversely affect business performance and financial position. Takara Shuzo is striving to address these challenges by developing and cultivating products that are differentiated by its proprietary technologies, strengthening its brand power, carrying out sales activities that reflect the changes in distribution channels, price revision that can gain an understanding from the market, and engaging in thorough cost cutting and efficiency improvements to generate the funds to support these activities.

(ii) Takara Shuzo International Group

In the Overseas Alcoholic Beverages Business, the whisky market has many stalwart manufacturers around the world, while fierce competition with a large number of rival export companies producing overseas or manufacturing in Japan is also present in the Japanese alcoholic beverages market, including sake products. Furthermore, in the Japanese Food Wholesale Business in Overseas Markets, while the size of the overseas market for Japanese food and alcoholic beverages is expanding, competition is also intensifying. If we are not able to remain competitive enough to surpass our rivals, the Group's business performance and financial position may be adversely affected. Takara Shuzo International Group is striving to address these challenges by expanding bases through means such as M&As, and developing and cultivating appealing products with Takara Shuzo's technologies through collaboration with Takara Shuzo, while strengthening our brand power. We are also striving to enhance our product procurement capability, including intergroup procurement that takes advantage of group synergies, and to diversify our sales channels including retailers to add to the restaurant market, which is our strength.

(iii) Takara Bio Group

Takara Bio Group holds a unique industrial position with a certain financial foundation, solid presence in the Asian market, and a broad lineup of proprietary technologies.

However, manufacturing, sales and provision of research reagents, instruments and CDMO services, unlike medicines and medical instruments, do not require permits and approvals. Therefore, the lack of barriers such as patents makes it relatively easy to enter these markets, and there are a large number of competing companies not only in Japan, but overseas as well.

In addition, in the gene therapy field, technological advances are fueling the development of therapeutic agents with a high level of safety and track records of efficacy, which is leading to approval for manufacturing and marketing overseas. With the expansion of market size in this field, many market participants, including major U.S. and European pharmaceutical manufacturers and start-ups, have launched initiatives to research and develop gene therapies.

In this environment, Takara Bio Group is working independently and partnering with external bodies, such as universities, and companies to develop technologies and products. At the same time, if other companies are quicker than 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, Takara Bio Group will strive to dominate the market and differentiate itself from competitors, by protecting the technologies and products developed by Takara Bio Group as intellectual properties to the extent possible, and maintain price competitiveness by promoting cost reductions and strengthening its manufacturing structure.

(3) Risks concerning dependence on particular plants for manufacturing

(i) Takara Shuzo

Most of Takara Shuzo's alcoholic beverage products are manufactured at the Fushimi Plant (Fushimi-ku, Kyoto) and Matsudo Plant (Matsudo-city, Chiba). 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).

(ii) Takara Bio Group

Most of Takara Bio Group's mainstay reagents are manufactured by Chinese subsidiary Takara Biotechnology (Dalian) Co., Ltd. Any changes in the revenue trend of that subsidiary or other factors, such as suspension of its business for any reason, may adversely affect Takara Bio Group's business strategies and performance. Taking such risks into account, we have established a multipolar manufacturing and research structure on a global scale, while considering the balance between improving efficiency and reducing risks.

(4) Risks concerning fluctuations of raw material prices

Takara Shuzo's procurement of raw materials could be indirectly affected by the climatic and economic conditions of supplier countries and regions. Ethanol for shochu and other products comes mainly from North and South America and Asia, and rice for sake and other products is procured in Japan; therefore, the prices of these raw materials are influenced by weather conditions in these areas and the market for the raw material. Furthermore, any impacts stemming from geopolitical factors on its global supply chain could lead to higher procurement prices for raw materials and fuel, and this could in turn lead to higher manufacturing costs, affecting our business performance and financial position. Takara Shuzo strives to diversify its raw material suppliers to ensure stable and advantageous procurement, as well as working to reduce costs through technological innovation.

(5) Risks concerning Japan's legal regulations

(i) Takara Shuzo

The Alcoholic Beverages Business of Takara Shuzo is subject to regulations specified under the Liquor Tax Act that governs liquor taxes and the licenses for the manufacturing and/or selling of alcoholic beverages in Japan. In accordance with the Liquor Tax Act, Takara Shuzo has obtained, in addition to the license as a seller, the license for manufacturing each type of product and for operating each manufacturing plant from the relevant taxation offices. In future business operations, Takara Shuzo will continue to be regulated by the Liquor Tax Act, and consequently any change to the liquor tax rates may affect selling prices and sales trends. In addition to complying with laws and regulations such as the Liquor Tax Act, Takara Shuzo strives to respond flexibly to revisions to legislation, implementing measures such as reviews of product strategies as necessary.

(ii) Takara Shuzo International Group

In the various countries where it is expanding its business, 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. 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, Takara Bio Group is subject to, and has a policy committed to observing, the Act on Prevention of Radiation Hazards due to Radioisotopes, etc., as well as the Act on the Conservation and Sustainable Use of Biological Diversity through Regulations on the Use of Living Modified Organisms (“Cartagena Act”).

In addition, the in vitro diagnostic products and gene therapy products that have been developed and marketed by Takara Bio Group are subject to regulations under the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices and other related laws and regulations, and require approval or permission from the presiding government agencies in order to engage in commercial activities. If individual projects being advanced in research and development of 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 Takara Shuzo International Group, as organizations producing and selling alcoholic beverages, are carrying out various activities, including the disclosure of the alcohol content of its main products on its website, based on the Basic Policy on Responsible Drinking established by the Group to spread the idea of “controlled, moderate drinking” from the viewpoint of meeting their social responsibilities by helping to maintain and improve people’s health, as well as supporting the “global strategy to reduce the harmful use of alcohol” adopted by the World Health Organization (WHO) and working towards achieving its goals.

(7) Risks concerning R&D activities

The biotechnology-related industry covers a wide range of fields including the areas of regenerative and cellular medicine and gene therapy, the research support field directly targeting research departments at universities, public research institutes, and private businesses as well as inspection companies aimed at basic research and drug discovery, and other fields, such as environment, energy, food, and information.

In this situation, 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 Takara Bio Group’s business strategies and performance.

Moreover, the business environment surrounding the biotechnology industry is rapidly changing, and 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, Takara Bio Group protects technologies developed in-house with patents to prevent competitors from imitating them. 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, Takara Bio Group’s business strategy or business performance may be affected.

Also, in future business operations, 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 Takara Bio Group is not able to acquire the license, it may affect the Group's business strategy and performance.

(9) Risks concerning impairment losses of fixed assets

The Group owns significant amounts of tangible and intangible fixed assets, including goodwill. If impairment losses are recorded in accordance with accounting standards for impairment of fixed assets due to sudden changes in the business environment or other factors, such losses may adversely affect the Group's business performance and financial position. The Group has set a rule in which certain investments must be approved by the Board of Directors or other body. For the assessment of investment effectiveness, the Group has set hurdle rates based on the NPV method and verifies its progress every fiscal year. The Group has also established a system for early detection of signs of impairment.

(10) Risks concerning fluctuations in exchange rates

Local currency-denominated items, including sales, expenses, and asset and liability accounts are translated into Japanese yen for the purpose of the preparation of the consolidated financial statements. The amount of these items recorded in the financial statements may be affected by the exchange rate at translation. When purchasing goods through import, procuring raw materials, or exporting products in a foreign currency, fluctuations in exchange rates may adversely affect the Group's business performance and financial position.

The Group uses currency options, enters into foreign currency forward contracts, and uses other exchange rate hedging transactions to minimize the adverse effects caused by short-to-medium-term fluctuations in exchange rates.

(11) Risks concerning product liability

All of the products developed and manufactured by the Group are exposed to the risk of product liability compensation. If any defect is found during the manufacturing, selling, or clinical testing process, or any health impairment is caused by an alcoholic beverage, food, drug, medical instrument, in vitro diagnostic product, regenerative medical products, research products or investigational drugs for clinical trial materials in particular, the Group may be subject to a product liability claim. A defect that results in large-scale product recalls or product liability compensation could not only cause a huge financial cost but also substantially affect the Group's reputation, business performance, and financial position. Despite possessing product liability insurance in preparation for these risks, there is no guarantee that the insurance will be able to cover the full amount of the final compensation. In addition to compliance with laws and regulations, the Group is working to establish thorough quality control and risk management systems.

(12) Information security

The Group manages a vast amount of information, including personal information, making use of a number of IT systems related to its business operations. If the loss, leakage, or falsification of such personal and/or other internal information or ransomware attack occurs, the Group could lose its credibility among the general public, in addition to business disruption and response costs. In addition, if it becomes impossible to conduct business operations for a certain period of time due to system malfunctions or cyberattack, the continuation of business activities may be adversely affected. These risks are expanding due to the advancement of digital transformation and the expansion of work-from-home. The Group has established "Information Management Regulations" and an "IT Security Policy" and undergoes third-party assessments of IT security to strengthen measures against risks.

(13) Risks concerning lawsuits

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

(14) Risks concerning natural disasters and accidents

The business activities of the Group may be obstructed by physical and human damage resulting from natural disasters such as storms, earthquakes, lightning, floods, and droughts, accidents such as fire, and the global pandemic of infectious diseases. Taking into account such risks, the Group strives to conduct inspections and training and improve its contact system and business continuity plan (BCP) in order to minimize the spread of damage in the event of disaster.

The Company's Risk Compliance Committee chaired by the President of the Company is responsible for overall risk control of the Group. Under the supervision of the committee, each division in charge is engaged in activities to prevent and mitigate risks surrounding the Group concerning law and social ethics, product safety and quality, and health and safety, among others.

4. Management's analysis

(1) Overview of management results

In the current fiscal year, an overview of the financial position, management results, and cash flows (hereinafter referred to as "Management Results etc.") of the Takara Group is as follows.

(i) Management results

In the current fiscal year, the U.S. economy remained steady, as shown by such factors as increased consumption against the backdrop of increasing employment and rising real wages. The economy in Europe showed signs of weakness, such as deteriorating consumer confidence due to monetary tightening. The Japanese economy continued its gradual recovery amid the trend of loosening constraints on social and economic activities that were in place due to the COVID-19 pandemic, despite the impact of rising raw material prices. However, the economic outlook remains uncertain mainly due to concerns about the impact of global monetary tightening and the standstill in the Chinese real estate market.

Under these economic circumstances, the Group has upheld the vision of "Smiles in Life ~Smiles are Life's Treasure~" as part of its long-term management vision, TaKaRa Group Challenge for the 100th, aimed at 2025, which is the centennial of the Group's foundation. The Group has continued taking on the challenge of filling the lifestyles of people around the world, living, and the life of others with smiles as an enterprise group providing alcohol and Japanese food as well as diverse values safely and securely in life sciences through technology that pursues good taste and revolutionary biotechnology.

In addition, the Group launched the Takara Group Medium-Term Management Plan for 2025. As a conclusion to TaKaRa Group Challenge for the 100th, the Plan adopts a management policy to increase enterprise value over a three-year period by accelerating investments in growth and high-priority fields, focusing on utilizing products and services to solve social issues and creating long-term and sustainable growth capital to raise our earning capacity, all while enhancing our value chain for solving social issues.

As a result, in the fiscal year ended March 31, 2024, net sales decreased 3.2% year on year to ¥339,372 million, gross profit decreased 5.0% year on year to ¥113,933 million, and SG&A expenses increased 11.8% year on year to ¥91,691 million. Operating income decreased 41.4% year on year to ¥22,242 million, ordinary income decreased 39.7% year on year to ¥23,336 million, and profit attributable to owners of parent decreased 23.7% year on year to ¥16,176 million.

Management results by business segment were as follows.

[Takara Shuzo]

Takara Shuzo gave the highest priority to supplying safe and secure products as a food manufacturer and focused on developing new products that provide a completely unprecedented quality of alcohol and added value and on nurturing products positioned as key brands, by uncovering latent consumer needs. In response to soaring raw material and energy prices, Takara Shuzo has committed to Company-wide cost reductions and efficiency improvement, as well as improving profit margins by revising product prices.

The segment's sales and other information are as shown below.

In shochu, sales decreased due to a decline in sales of large-volume products of ko-type shochu. In sake, although sales of *Sho Chiku Bai Gokai* and *Sho Chiku Bai Subaru* increased, sales of such products as *Sho Chiku Bai Ten* decreased, resulting in a decline in overall sales. In light-alcohol refreshers, sales grew as sales of *Takara Shochu Highball*, which is positioned as a key brand, continued to increase, and *Takara Dry Zero Ball* also increased. In seasonings, sales increased due to an increase in sales of alcohol-based seasonings, including Hon Mirin, and an increase in sales of food seasonings. In raw alcohol, etc., sales also increased.

As a result, net sales for Takara Shuzo increased 0.7% year on year to ¥123,786 million. Cost of sales decreased 1.7% year on year to ¥92,057 million, and gross profit increased 8.4% year on year to ¥31,728 million. As SG&A expenses increased 7.5% year on year to ¥26,225 million due to an increase in strategically used advertising expenses, operating income increased 12.5% year on year to ¥5,503 million.

[Takara Shuzo International Group]

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, retailers, etc. outside Japan.

The segment's sales and other information are as shown below.

The Overseas Alcoholic Beverages Business engaged in expanding exports mainly by launching sales of *TaKaRa Chu-Hi* exclusively for the U.S. and sparkling sake *Sho Chiku Bai Shirakabegura Mio NIGORI* and *CRISP* in cooperation with Takara Shuzo. These *Can Chu-Hi* products are exclusively for overseas markets and capture local needs. Regarding whiskey, sales of *Blanton's*, the premium single-barrel bourbon, remained brisk. Sales of Overseas Alcoholic Beverages Business grew as sales of sake and other Japanese alcohol also increased.

The Japanese Food Wholesale Business in Overseas Markets engaged in diversification of sales channels and expansion of the range of products handled, focusing on expanding business bases in the U.S. Sales in the Japanese Food Wholesale Business in Overseas Markets also grew as a result mainly of excellent performance by a company welcomed to the Group and efforts to develop a supply system.

As a result, net sales for Takara Shuzo International Group increased 16.7% year on year to ¥160,427 million. Cost of sales increased 14.3% year on year to ¥108,711 million, and gross profit increased 22.0% year on year to ¥51,715 million. As SG&A expenses increased 24.9% year on year to ¥39,423 million due to an increase in personnel expenses and warehouse rent expenses, operating income increased 13.6% year on year to ¥12,291 million.

[Takara Bio Group]

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

Net sales in this segment decreased as sales of testing-related products declined due to changes in the legal categorization of COVID-19 and there was a slump in the life sciences research market.

As a result, net sales for Takara Bio Group decreased 44.3% year on year to ¥43,505 million. Cost of sales decreased 50.3% year on year to ¥16,597 million, and gross profit decreased 39.9% year on year to ¥26,908 million. SG&A expenses were down 1.3% year on year to ¥23,905 million primarily due to decreases in R&D expenses. Operating income decreased 85.4% year on year to ¥3,003 million.

[Other]

Other segment includes the cargo transportation business, the wine import and sale business, and the real estate rental business. Net sales of Other segment decreased 2.2% year on year to ¥30,271 million due to a decrease in the cargo transportation business despite an increase in the import and sale of wine. Cost of sales decreased 2.8% year on year to ¥26,011 million, and gross profit increased 1.9% year on year to ¥4,260 million. SG&A expenses rose 0.6% year on year to ¥1,897 million, and operating income was up 3.0% year on year to ¥2,363 million.

(ii) Financial position

(Assets)

At the end of the current fiscal year, current assets totaled ¥245,213 million, an increase of ¥3,700 million compared with that at the end of the previous fiscal year. This was primarily due to increases in electronically recorded monetary claims-operating of ¥1,175 million, merchandise and finished goods of ¥4,022 million, and other current assets of ¥1,003 million, despite a decrease in cash and deposits of ¥1,734 million.

Non-current assets were ¥192,254 million, an increase of ¥34,593 million compared with that at the end of the previous fiscal year. This was primarily due to increases in property, plant and equipment of

¥15,991 million, mainly due to increases in construction in progress, intangible assets of ¥2,404 million, and investments and other assets of ¥16,197 million due to an increase in the market valuation of investment securities.

As a result, total assets were ¥437,468 million, an increase of ¥38,293 million compared with that at the end of the previous fiscal year.

(Liabilities)

At the end of the current fiscal year, current liabilities totaled ¥80,657 million, an increase of ¥13,202 million compared with that at the end of the previous fiscal year. This was primarily due to increases in short-term borrowings of ¥5,089 million, current portion of bonds of ¥5,000 million, accrued alcohol tax of ¥2,358 million, and accrued expenses of ¥2,457 million despite a decrease in other current liabilities of ¥2,713 million.

Non-current liabilities were ¥76,345 million, a decrease of ¥55 million compared with that at the end of the previous fiscal year. This was primarily due to decreases of ¥5,000 million in bonds payable and ¥4,763 million in long-term borrowings, despite increases in lease liabilities of ¥2,917 million, deferred tax liabilities of ¥3,950 million, and other non-current liabilities of ¥3,030 million.

As a result, total liabilities were ¥157,003 million, an increase of ¥13,146 million compared with that at the end of the previous fiscal year.

(Net assets)

At the end of the current fiscal year, total net assets were ¥280,465 million, an increase of ¥25,146 million compared with that at the end of the previous fiscal year. This was primarily due to increases in retained earnings of ¥6,084 million, valuation difference on available-for-sale securities of ¥9,537 million, and foreign currency translation adjustment of ¥8,702 million.

As a result, the equity ratio totaled 52.3%, compared with 51.1% at the end of the previous fiscal year.

(iii) Cash flows

Net cash provided by operating activities decreased ¥16,299 million year on year to ¥29,178 million primarily due to income before income taxes of ¥26,238 million, depreciation and amortization of ¥9,999 million, gain on sale of investment securities of ¥3,971 million, accrued alcohol tax of ¥2,358 million, a decrease in accrued consumption taxes of ¥3,031 million, an increase in other current liabilities of ¥2,264 million, and income taxes paid of ¥8,459 million.

Net cash used in investing activities resulted in expenditure of ¥19,993 million, an increase in expenditure of ¥9,518 million compared with that of the previous fiscal year primarily due to payments into time deposits of ¥4,592 million, proceeds from withdrawal of time deposits of ¥5,530 million, purchase of property, plant and equipment and intangible assets of ¥19,210 million, proceeds from sale of investment securities of ¥4,874 million, and purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥5,441 million.

Net cash used in financing activities totaled ¥13,448 million, a decrease in expenditure of ¥8,766 million compared with that of the previous fiscal year primarily due to expenditure for purchase of treasury shares of ¥2,999 million, cash dividends paid of ¥7,503 million, and dividends paid to non-controlling interests of ¥2,004 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 ¥90,184 million, down ¥1,601 million from the previous fiscal year-end.

(iv) Results in production, orders, and sales

a. Production results

Production results by segment and product category for the current fiscal year (from April 1, 2023 to March 31, 2024) are as follows.

Segment	Amount (Millions of Yen)	YoY Comparison (%)
Product category		
Takara Shuzo		
Shochu	34,030	(7.4)
Sake	11,513	(3.7)
Light-alcohol refreshers	42,847	6.5
Other alcoholic beverages	3,596	(11.9)
Hon-mirin	9,486	(0.8)
Other seasonings	9,292	4.2
Total	110,766	(0.7)
Takara Shuzo International Group	13,834	13.4
Takara Bio Group		
Reagents	14,623	(40.4)
Instruments	79	(33.1)
CDMO services	8,377	(1.4)
Gene therapy	1,686	13.6
Total	24,766	(28.5)
Reportable segment total	149,367	(5.7)
Other	1,585	(7.3)
Total	150,952	(5.7)

- Notes: 1. The amount is based on selling price including liquor tax.
2. Figures for raw alcohol, etc. of Takara Shuzo are omitted, as most of it is used as raw materials of alcoholic beverages, etc. and it is difficult to accurately grasp its production result corresponding to its sales result.

b. Product purchase results

Product purchase results by segment for the current fiscal year (from April 1, 2023 to March 31, 2024) are as follows.

Segment	Amount (Millions of Yen)	YoY Comparison (%)
Takara Shuzo	937	19.9
Takara Shuzo International Group	99,346	7.6
Takara Bio Group	4,788	(24.2)
Reportable segment total	105,072	5.6
Other	10,754	8.0
Total	115,827	5.9

Note: The amount is based on purchase price.

c. Results of orders received

Takara Bio Group undertakes some production-to-order, which takes a short time for production in almost all cases and whose balance is a few. Accordingly, figures for production-to-order are omitted.

d. Sales results

Sales results by segment and product category for the current fiscal year (from April 1, 2023 to March 31, 2024) are as follows.

Segment	Amount (Millions of Yen)	YoY Comparison (%)
Product category		
Takara Shuzo		
Shochu	34,324	(6.2)
Sake	11,548	(4.9)
Light-alcohol refreshers	42,290	5.5
Other alcoholic beverages	5,434	2.0
Hon-mirin	9,562	0.9
Other seasonings	9,223	5.0
Raw alcohol, etc.	11,402	8.4
Total	123,786	0.7
Takara Shuzo International Group		
Overseas alcoholic beverages	20,926	14.6
Japanese food wholesale	141,816	16.9
Other	249	(91.3)
Elimination of intra-Group transactions on consolidation	(2,564)	-
Total	160,427	16.7
Takara Bio Group		
Reagents	31,961	(51.5)
Instruments	892	(35.1)
CDMO services	7,997	(2.5)
Gene therapy	2,653	0.5
Total	43,505	(44.3)
Reportable segment total	327,720	(3.2)
Other	30,271	(2.2)
Segment total	357,991	(3.1)
Sales not allocated to business segments and intersegment transactions	(18,619)	-
Total	339,372	(3.2)

Notes: 1. The amount of sales includes liquor tax.
2. There is no buyer for which the proportion of its sales result in the total sales performance is over ten-hundredths.

(2) Management's analysis and consideration

Recognition as well as analysis and consideration of the Group's management results, etc. from the management's point of view are as follows. Forward-looking statements contained in this document are based on the judgment that the Group made as of the end of the current fiscal year.

(i) Significant accounting estimates and supposition on which those estimates are based

The Takara Group's consolidated financial statements have been made according to generally accepted accounting principles in Japan. For matters that need an estimate in making the consolidated financial statements, the Group has made an estimate in accounting in accordance with reasonable standards.

The details are as mentioned in "V. Financial Information, 1. Consolidated Financial Statements and Other Information, (1) Notes to consolidated financial statements, Note (Other matters for preparation of consolidated financial statements) and Note (Significant accounting estimates)."

(ii) Recognition as well as analysis and consideration of management results, etc. for current fiscal year

The Takara Group's management results by segment for the current fiscal year are as mentioned in "II Overview of Business, 4 Management's analysis, (1) Overview of management results, (i) Management results."

Net sales for Takara Shuzo increased, mainly due to increases in sales of light-alcohol refreshers and raw alcohol, etc., despite a decrease in sales of shochu and sake. Operating income also increased as the Group offset increases in raw materials and fuel prices and an impact of exchange by a cost decrease and a revision of prices in the current fiscal year.

Net sales for Takara Shuzo International Group increased in both the Overseas Alcoholic Beverages Business and the Japanese Food Wholesale Business in Overseas Markets, thanks to the continued strong performance in sales of whisky, additions from companies that have newly joined the Group, and efforts to improve the supply system. Gross profit increased thanks to an increase in net sales, and absorbed an impact from an increase in SG&A expenses. Accordingly, operating income also increased.

Net sales for Takara Bio Group decreased due mainly to a decrease in sales of test-related products, as the handling of the COVID-19 has been changed in laws and regulations, and the sluggish life sciences research market. Gross profit decreased due mainly to a decrease in net sales. Though SG&A expenses decreased due mainly to a decrease in R&D expenses, operating income decreased.

As a result of adding other segments to those reportable segments, net sales for the Takara Group decreased 3.2% year on year to ¥339,372 million, gross profit decreased 5.0% year on year to ¥113,933 million, operating income decreased 41.4% year on year to ¥22,242 million, ordinary income decreased 39.7% year on year to ¥23,336 million, and profit attributable to owners of parent decreased 23.7% year on year to ¥16,176 million.

As a result, ROE fell 3.5 points year on year to 7.5%, and overseas sales ratio rose 7.0 points year on year to 55.3%.

A. Factors with a significant impact on management results

The liquor market is expected to reduce in the long term due to aging society, a decrease in population, and young people's tendency not to drink, and competition among manufacturers has been intensifying in the liquor industry in Japan. Therefore, Takara Shuzo is in a tense management environment. In addition, it is a question how to pass a sharp rise in raw materials and energy prices as well as a rise in production costs due to a cost increase in distribution costs, etc. on selling prices in a way that is acceptable to the market. In addition, in terms of sustainability management, an environmental problem and the problem of excessive drinking are urgent ones. In responding to the environmental problem, it is necessary to solve problems in technical and cost aspects.

With respect to Takara Shuzo International Group, there is a growing potential demand for Japanese alcoholic beverages and Japanese food in foreign countries. So their markets are expected to expand stably in the future too. Meanwhile, competition with competitors is also expected to intensify further. So increasing bases, enhancement of a synergy in the Group, development of competitive products, and improvement to the management base are required.

With respect to Takara Bio Group, the market is expected to expand in the medium and long term. In the gene therapy field on which the Group is actively working, various modalities have been developed and put into practice, and global competition has been intensifying regardless of the scale of companies, including bio-venture companies and pharmaceutical ones. Under that environment, there are a lot of factors that have an impact on management results, including securing human resources, supply of R&D expenses, and protection of intellectual property rights.

For factors with an impact on the Group's management results, please see II Overview of Business, 3 Business risks.

B. Finances of capital and liquidity of funds

The Takara Group actively invests cash flows from operating activities to the growth and strengthening of areas of business segments and returns appropriately to shareholders according to a level of profit. Meanwhile, it maintains an appropriate balance between capital and debts by securing various means of financing and using financial liabilities to balance safety of finance and efficiency of capital.

The liquidity on hand of the Takara Group is fully secured. There is no hindrance to business activities in segments and planned investing activities. Furthermore, a backup line, such as a commitment line, is set appropriately.

Moreover, Takara Bio Inc., which is a listed company, independently raises funds and secures liquidity for Takara Bio Group. Takara Shuzo and Takara Shuzo International Group raise and manage funds efficiently in close cooperation with Takara Holdings Inc.

a. Analysis and consideration of cash flows

For the current fiscal year, net cash provided by operating activities decreased ¥16,299 million year on year to ¥29,178 million due primarily to a decrease in income before income taxes owing to a fall in results for Takara Bio Group. Net cash used in investing activities resulted in expenditure of ¥19,993 million due mainly to purchase of property, plant, and equipment as well as intangible assets, and net cash used in financing activities resulted in expenditure of ¥13,448 million due mainly to cash dividends paid and payment for acquisition of treasury shares. As a result, cash and cash equivalents at fiscal year-end decreased ¥1,601 million compared with that at previous fiscal year-end. However, the Group recognizes that there is no special problem with cash flows at the present time.

b. Information about finances of capital and liquidity of funds

Major financial resources for the Takara Group's capital are corporate bonds and borrowings from financial institutions, in addition to a cash flow from operating activities. The Company has conducted shelf registration for straight bonds of ¥20,000 million to raise funds stably. The bonds have been rated A for long-term bonds by Rating and Investment Information, Inc. (R&I), which is a rating agency, and A+ for long-term bonds by Japan Credit Rating Agency, Ltd. (JCR), which is also a rating agency. The Company issued no bonds in the current fiscal year.

To raise short-term funds, the Company has set a frame of issue of commercial paper of ¥10,000 million, and the commercial paper has received an a-1 rating from R&I and a J-1 rating from JCR. The Company issued no commercial paper in the current fiscal year.

Furthermore, for the purpose of raising funds quickly and complementing liquidity, the Group has continued to set a commitment line of ¥10,000 million, but took out no loan in the current fiscal year.

The Takara Group makes it its principle to actively allocate and invest management resources to and in growth and strengthening areas. In the current fiscal year, Takara Bio Group invested in dual-use production equipment construction and cell processing-related facilities for vaccine-related business and CDMO services, etc., and Takara Shuzo International Group invested in product warehouses, etc. relating to the Japanese Food Wholesale Business in Overseas Market. In the current fiscal year, expenditure on purchase of property, plant and equipment as well as intangible assets amounted to ¥19,210 million, which was far over depreciation and amortization.

The Company raises external funds in a lump by utilizing its credit and lends necessary funds to major consolidated subsidiaries, excluding Takara Bio Group. The Company also works to improve efficiency of funds and minimize financial costs by collecting surpluses from consolidated subsidiaries in Japan and putting them under uniform management in such a way as introducing a Cash Management System (CMS) to some consolidated subsidiaries.

Cash and cash equivalents at fiscal year-end stood at ¥90,184 million, down ¥1,601 million from the previous fiscal year-end. Then the Company maintains sufficient liquidity on hand at the present time.

C. Objective indicators, etc. to judge achievement status of management policies, strategy, and goals

It is as mentioned in “II Overview of Business, 1 Management policies, business environment, issues to be addressed, (2) Management strategy, management environment, business and financial issues that need to be addressed as a priority, and objective indicators to judge the achievement status of management goals.”

5. Important Contracts in Management, etc.

Construction work agreements

Company	The other party	Execution date	Details	Scheduled completion
Takara Bio Inc. (a consolidated subsidiary)	JGC JAPAN CORPORATION	August 3, 2023	Construction of Building No. 3 of the gene and cell processing center	2027

6. Research and Development Activities

In the Takara Group, Takara Shuzo and Takara Bio Group are mainly developing a wide range of research activities in their divisions on the basis of accumulated techniques for fermentation, applying techniques in biotechnology.

For the current fiscal year, R&D expenses amounted to ¥8,725 million in the whole Group. The details of research at segments are as follows.

(Takara Shuzo)

In this segment, mainly in the product development, nurturing, and research division of Takara Shuzo Co., Ltd., for the purpose of developing products which meet consumers' needs and suggest a new value to consumers, Takara Shuzo researches and develops a technique for differentiation based on functions and constituents, breeding microbes, and searching and developing raw materials and materials and techniques for production.

With respect to Shochu, Takara Shuzo has developed a new breed of sweet potatoes for *Zenryo Imo Shochu Ikkomon* jointly with Miyoshi Agri-Tech Co., Ltd., spending six years, and launched *Zenryo Imo Shochu Ikkomon <Using a New Breed> Kame Owner*, in which the new breed of sweet potatoes is used. In the new breed, purple potatoes and orange ones are crossed, and the breed's strong point is luxurious, rich, and sweet scent just like a cake that recalls raisins and orange peels. Takara Shuzo announced the details of the research at a mass meeting of the Brewing Society of Japan in 2023.

With respect to sake, since 2020, Takara Shuzo has carried on with the *Sho Chiku Bai* Project, which aims at a brand which extends at home and abroad the "pleasure" and "taste" in drinking sake, is selected by reason of taste and respected by reason of quality, and, as part of the Project, launched *Sho Chiku Bai Shirakabegura Nendo*, which is sake drunk during a meal, from which the taste of rice is felt, and the symbol among *Sho Chiku Bai* lineups. Being linked to the Project, in cultivating raw rice to be used, Takara Shuzo is making efforts to restrain emission of greenhouse gases.

With respect to light-alcohol refreshers, Takara Shuzo launched a regional craft chu-hi of *Takara CRAFT <Kyo Lemon>*. In *Takara CRAFT <Kyo Lemon>*, Kyo lemon (lemon of Kyoto) spirits whose aroma constituents are extracted from peels and seeds, which are originally unused parts, and paste made of mashed Kyo lemons are used, and the flavor of Kyo lemons, which is characterized by a moderate, fresh and sweet sour taste and a refined bitter taste, is utilized. Takara Shuzo has participated in activities by the Kyo Lemon Project Conference since 2018 in which the Conference has been established, and has taken part in such activities as sapling planting and fruit harvesting. As a result, Takara Shuzo launched a craft chu-hi in which Kyo lemons are used, five years later.

With respect to seasoning, Takara Shuzo launched *Takara Hon-mirin Zeitaku Kome Koji <Kokusanmai 100%>* with a sense of security from 100% domestically produced rice whose "body and taste" are enhanced by using two kinds of malted rice. For the processing and business use markets, Takara Shuzo has developed a new technique for enhancing a *kombu* kelp flavor and launched a *kombu* seasoning with rich body from which a *kombu* material can be felt, for specific users.

Moreover, R&D expenses for this segment amounted to ¥391 million.

(Takara Bio Group)

In this segment, Takara Bio Inc. in Japan, Takara Bio USA, Inc. in the U.S., and Takara Biotechnology (Dalian) Co., Ltd. in China are mainly developing research and development activities.

In the reagent and instrument business, Takara Bio Group is developing reagents and instruments, etc. for research on genetic and cell engineering. The Group is also carrying on with development to improve convenience by systematizing reagents and instruments. In the current fiscal year, the Group developed the

“PCR reagent series for detecting virulence gene causing infectious diseases,” “Real-time PCR reagent Easy Direct series for direct detection without the need for nucleic acid refining,” “reagent capable of gene quick detection through an isothermal nucleic acid amplification technique,” “total synthetic media for adeno-associated virus vector mass production,” a “new model of a single-cell analyzer” and others.

In the CDMO services business, Takara Bio Group focuses on research and development connected with the CDMO services business, which is a business to support the development and manufacture relating to regenerative and cellular medicine and gene therapy. In the current fiscal year, the Group carried on with research and development of cell processing as well as production efficiency improvement and mass production of virus vectors, including the “method of producing CAR-T cells with high killing effectiveness to cancer cells in a short term (Spo-T™ Technique),” and “supersensitive spatial multi-omics analysis at a single-cell/sub-cellular level,” and the development of a menu for contract work of new genetic analysis/test.

In the genetic therapy business, Takara Bio Group is working on the development and commercialization of basic techniques for drug discovery, in addition to the applied development of Retro Nectin® Technique, a technique for highly efficient gene introduction, as well as siTCR® Technique, etc. During the current fiscal year, development of Brain-directional Adeno-associated Virus vector (CereAAV™) and Inner ear-directional Adeno-associated Virus vector (SonuAAV™), progress in the clinical test of CD19 · JAK/STAT · CAR gene therapy (development code: TBI-2001) in Canada, which is next-generation CAR gene therapy, and preparation for application for manufacture and sales approval for NY-ESO-1 siTCR® gene therapy (development code: TBI-1301) were carried out. Also, we worked on the development of manufactured auxiliary agents, etc. required for development and manufacture of mRNA vaccines.

In addition, we are promoting research and development across business segments which are not able to be classified by the above business categories. The Group is aiming to promote strategic research and development utilizing mutual interaction and feedback effect of individual research and development projects.

The amount of research and development expenses for this segment is ¥8,324 million.

III. Facilities

1. Outline of capital investments

In the current fiscal year, capital investments went toward enhancing and maintaining the production capacity and research and development facilities of Takara Shuzo, Takara Shuzo International Group, and Takara Bio Group, as well as toward IT-related investment. The total amount of capital investment including the amount recorded as construction in progress was ¥21,915 million.

In addition, there were no retirements or sales, etc. of important facilities in the current fiscal year.

Details of capital investments (including intangible assets) by segment are as follows.

Segment	Details	Amount of investment (Millions of Yen)
Takara Shuzo	Manufacturing facilities for alcoholic beverages, etc.	4,108
Takara Shuzo International Group	Product warehouse facilities, etc. associated with the Japanese Food Wholesale Business in Overseas Markets	6,624
Takara Bio Group	Takara Bio Inc. Production facilities for dual use for vaccine-related work and CDMO business, etc.	7,618
	Takara Bio Inc. Construction works related to cell processing facilities	988
	Other	2,353
	Total	10,960
Other		123
Company-wide (Common) (Note)		99
Total		21,915

(Note) This includes the investment amount at Takara Holdings Inc. that is not allocated to business segments.

2. Major facilities

Major facilities of the Group are as follows.

(1) Reporting company

As of March 31, 2024

Name of office (Location)	Segment	Facilities	Carrying amount							Number of employees (Persons)
			Buildings and structures (Millions of Yen)	Machinery, equipment, and vehicles (Millions of Yen)	Land		Leased assets (Millions of Yen)	Other (Millions of Yen)	Total (Millions of Yen)	
					Area (m ²)	Amount (Millions of Yen)				
Head office, etc. (Shimogyo-ku, Kyoto, etc.)	Company-wide (Common)	Other facilities (Notes 4 and 6)	245	7	65,763	2,066	53	152	2,525	194
Takara Holdings Corporate History Museum (Fushimi-ku, Kyoto)	Company-wide (Common)	Training facility	567	–	[2,612]	[23]	–	93	660	3

(2) Domestic subsidiaries

As of March 31, 2024

Company name	Name of office (Location)	Segment	Facilities	Carrying amount							Number of employees (Persons)
				Buildings and structures (Millions of Yen)	Machinery, equipment and vehicles (Millions of Yen)	Land		Leased assets (Millions of Yen)	Other (Millions of Yen)	Total (Millions of Yen)	
						Area (m ²)	Amount (Millions of Yen)				
Takara Shuzo Co., Ltd.	Matsudo Plant (Matsudo-city, Chiba)	Takara Shuzo	Production facilities for raw alcohol, alcoholic beverages, and alcohol-based seasoning	1,767	3,886	143,473	1,414	–	461	7,529	181
Takara Shuzo Co., Ltd.	Kusu Plant (Yokkaichi-city, Mie)	Takara Shuzo	Production facilities for raw alcohol, alcoholic beverages, and seasoning liquid	676	769	70,998	457	–	63	1,965	85
Takara Shuzo Co., Ltd.	Fushimi Plant (Fushimi-ku, Kyoto)	Takara Shuzo	Production facilities for alcoholic beverages and alcohol-based seasoning	1,808	4,008	57,768	2,198	–	102	8,118	282
Takara Shuzo Co., Ltd.	Shirakabegura (Higashinada-ku, Kobe)	Takara Shuzo	Production facilities for alcoholic beverages	544	428	14,611	60	–	19	1,053	38
Takara Shuzo Co., Ltd.	Kurokabegura (Takanabe-town, Koyu-district, Miyazaki)	Takara Shuzo	Production facilities for alcoholic beverages	600	902	75,437	732	–	70	2,306	89
Takara Shuzo Co., Ltd.	Head Office (Shimogyo-ku, Kyoto)	Takara Shuzo	Other facilities (Notes 5 and 6)	593	160	6,835	1,363	–	95	2,212	136
Takara Bio Inc.	Head Office (Kusatsu-city, Shiga)	Takara Bio Group	Manufacturing facilities for reagents, etc., analysis facilities for contract research, R&D facilities, and other facilities	10,439	1,530	46,886	3,352	525	14,254	30,103	774
Takara Bio Inc.	Kusatsu Office (Kusatsu-city, Shiga)	Takara Bio Group	Training facilities and other facilities	444	10	14,881	2,159	–	261	2,876	–
Takara Butsuryu System Co., Ltd.	Head Office and Branches (Kyotanabe-city, Kyoto, etc.)	Other	Logistics facilities and other facilities (Note 7)	146	13	[49,918] 5,297	24	5	22	212	57
Kawahigashi Shoji Co., Ltd.	Head Office (Shimogyo-ku, Kyoto)	Other	Other facilities (Note 8)	1	–	12,901	1,826	–	6	1,834	–

(3) Overseas subsidiaries

As of March 31, 2024

Company name	Name of office (Location)	Segment	Facilities	Carrying amount							Number of employees (Persons)
				Buildings and structures (Millions of Yen)	Machinery, equipment and vehicles (Millions of Yen)	Land		Leased assets (Millions of Yen)	Other (Millions of Yen)	Total (Millions of Yen)	
						Area (m ²)	Amount (Millions of Yen)				
Takara Sake USA Inc.	Head Office (California, the U.S.)	Takara Shuzo International Group	Manufacturing facilities for sake and plum wine, etc., and other facilities	689	737	11,014	38	–	40	1,505	62
The Tomatin Distillery Co. Ltd	Head Office (Scotland, U.K.)	Takara Shuzo International Group	Manufacturing facilities for Scotch whisky, and other facilities	718	799	548,000	10	–	182	1,711	69
Mutual Trading Co., Inc.	Head Office (California, the U.S.)	Takara Shuzo International Group	Office and warehouse and other facilities (Note 9)	3,304	131	9,669	689	7	676	4,809	247
New York Mutual Trading, Inc.	Head Office (New Jersey, the U.S.)	Takara Shuzo International Group	Office and warehouse and other facilities (Note 10)	1,393	–	8,134	297	58	41	1,791	216
Takara Biotechnology (Dalian) Co., Ltd.	Head Office (Liaoning, China)	Takara Bio Group	Manufacturing facilities for reagents, etc., R&D facilities, and other facilities	603	995	[39,909] –	[–] –	–	537	2,137	509
Takara Bio USA, Inc.	Head office, etc. (California, the U.S. and others)	Takara Bio Group	Manufacturing facilities for reagents, etc., R&D facilities, and other facilities	7,827	327	30,756	3,314	–	659	12,129	243

- (Notes)
- Each office includes offices, warehouses, and company housing, etc.
 - The “Other” in the carrying amount field is the total of tools, furniture and fixtures, right-of-use assets, and construction in progress.
 - The superscript in the land field indicates the area of the lease and the annual rent expenses.
 - The land and buildings of the head offices of reporting company are mainly associated with the real estate leasing business, and most of them are leased to parties other than consolidated companies. Most of this land and buildings consist of the land located in Hofu-city, Yamaguchi, and the buildings located in Shingu-town, Fukuoka.
 - The land and buildings of Takara Shuzo, Co., Ltd. include ones other than the Head Office. And the main land and buildings other than the Head Office is the company housing in Kusatsu-city, Shiga.
 - The Head Office (buildings) of both the reporting company and Takara Shuzo Co., Ltd. are leased, and the annual rent expenses of each in the current fiscal year are ¥167 million and ¥138 million, respectively.
 - Both the buildings and the land of the Head Office of Takara Butsuryu System Co., Ltd. are leased, and the annual rent expenses in the current fiscal year is ¥382 million.
 - The land of Kawahigashi Shoji Co., Ltd. is mainly land associated with the real estate leasing business that is leased to parties other than consolidated companies. Most of this land is located in Nishinomiya-city, Hyogo.
 - The buildings for the offices and warehouses of Mutual Trading Co., Inc. (27,851 m²) are leased from outside of our consolidated companies, and the annual rent expenses are ¥590 million.
 - The land of New York Mutual Trading, Inc. is leased to parties other than consolidated companies. The buildings for the offices and warehouses of the Head Office (18,745 m²) are leased from outside of our consolidated companies, and the annual rent expenses are ¥247 million.
 - There were no suspension of facilities that have a significant impact on production capacity.

3. Planned additions, retirements, etc. of facilities

Planned additions, etc. of important facilities as of March 31, 2024 are as follows.

There are no plans for retirements, etc. of important facilities.

Planned additions, etc. of important facilities

Company name Name of office	Location	Segment	Details of facilities	Amount to invest		Financing method	Expected month of start and completion		Ability to increase after comple- tion
				Total amount (Millions of Yen)	Amount paid already (Millions of Yen)		Start	Comple- tion	
Takara Bio Inc. Head Office	Kusatsu- city, Shiga	Takara Bio Group	Production facilities for dual use for vaccine- related work and CDMO business, etc.	34,640	7,026	Own funds Subsidies	Jun. 2023	Jun. 2027	-

(Note) The ability to increase after completion is omitted because reasonable calculation is difficult.

IV. Status of reporting company

1. Status of shares, etc.

(1) [Total number of shares, etc.]

(i) [Total number of shares]

Class	Total number of authorized shares (Shares)
Common shares	870,000,000
Total	870,000,000

(ii) [Issued shares]

Class	Number of issued shares at the end of fiscal year (March 31, 2024)	Number of issued shares as of reporting date (June 27, 2024)	Name of listed financial instruments exchange or authorized Financial instruments firms association	Details
Common shares	197,252,043	197,252,043	Tokyo Stock Exchange Prime Market	Number of shares for a trading unit 100 shares
Total	197,252,043	197,252,043	—	—

(Note) Based on the resolution of the Board of Directors held on November 9, 2023, 2,447,700 shares of treasury shares were cancelled on February 29, 2024.

(2) [Status of share acquisition rights, etc.]

(i) [Details of stock option plan]

Not applicable.

(ii) [Details of rights plan]

Not applicable.

(iii) [Status of other share acquisition rights, etc.]

Not applicable.

(3) [Status of exercise of bonds with share acquisition rights with exercise price revision clause, etc.]

Not applicable.

(4) [Changes in total number of issued shares, capital, etc.]

Date	Changes in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Changes in capital amount (Millions of Yen)	Balance of capital amount (Millions of Yen)	Changes in legal capital surplus (Millions of Yen)	Balance of legal capital surplus (Millions of Yen)
January 31, 2020 (Note)	(2,000,000)	199,699,743	—	13,226	—	3,158
February 29, 2024 (Note)	(2,447,700)	197,252,043	—	13,226	—	3,158

(Note) Reduction due to cancellation of treasury shares.

(5) [Status of shareholders]

As of March 31, 2024

Category	Status of shares (100 shares for a trading unit)							Status of shares less than one unit (Shares)	
	National and local governments	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals, etc.		Total
					Other than individuals	Individuals			
Number of shareholders	–	48	35	480	275	132	83,221	84,191	–
Number of shares held (Units)	–	964,567	44,320	281,742	256,698	932	422,903	1,971,162	135,843
Shareholding ratio	–	48.93	2.25	14.29	13.02	0.05	21.46	100	–

- (Notes) 1. Treasury shares of 1,995,688 are included in “Individuals, etc.” with 19,956 units and “Status of shares of less than one unit” with 88 shares.
2. The “Other corporations” includes 130 units of shares in the name of Japan Securities Depository Center, Inc.

(6) [Status of major shareholders]

As of March 31, 2024

Name	Location	Number of shares owned (Shares)	Proportion of shares owned to total shares issued (Excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	35,294,300	18.08
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	14,571,800	7.46
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	9,738,000	4.99
The Norinchukin Bank	1-2-1 Otemachi, Chiyoda-ku, Tokyo	9,500,000	4.87
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	5,370,000	2.75
The Bank of Kyoto, Ltd.	700 Yakushimae-cho, Karasumaru-dori, Matsubara-agaru, Shimogyo-ku, Kyoto	5,000,000	2.56
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2-6-4 Otemachi, Chiyoda-ku, Tokyo	3,878,000	1.99
KOKUBU GROUP CORP.	1-1-1 Nihombashi, Chuo-ku, Tokyo	3,489,500	1.79
Employee Stock Ownership Association of the Takara Group	20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto	3,167,376	1.62
JAPAN ALCOHOL TRADING CO., LTD.	6-6 Nihombashi Kobuna-cho, Chuo-ku, Tokyo	3,000,000	1.54
Total	–	93,008,976	47.63

- (Notes) 1. In the Large Shareholding Report (Report of Change) made available to the general public as of April 4, 2024, it is stated that Sumitomo Mitsui Trust Bank, Limited and its joint holders, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd., held the following number of shares as of March 29, 2024. However, they are not included in the above-mentioned “Status of major shareholders” because the Company was not able to confirm the number of shares substantially owned as of March 31, 2024, regarding a part of those shares.
- Details of the Large Shareholding Report are as follows:

Name	Location	Number of shares held (Shares)	Ownership ratio for shares (%)
Sumitomo Mitsui Trust Bank, Limited	1-4-1 Marunouchi, Chiyoda-ku, Tokyo	2,753,000	1.40
Sumitomo Mitsui Trust Asset Management Co., Ltd	1-1-1 Shibakoen, Minato-ku, Tokyo	3,874,900	1.96
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	2,022,500	1.03

2. In the Large Shareholding Report (Report of Change) made available to the general public as of April 4, 2024, it is stated that Nomura Securities Co., Ltd. and its joint holders, NOMURA INTERNATIONAL PLC and Nomura Asset Management Co., Ltd., held the following number of shares as of March 29, 2024. However, they are not included in the above-mentioned “Status of major shareholders” because the Company was not able to confirm the number of shares substantially owned as of March 31, 2024, regarding a part of those shares.

Details of the Large Shareholding Report are as follows:

Name	Location	Number of shares held (Shares)	Ownership ratio for shares (%)
Nomura Securities Co., Ltd.	1-13-1 Nihombashi, Chuo-ku, Tokyo	1,651,216	0.84
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	3,333,333	1.69
Nomura Asset Management Co., Ltd.	2-2-1 Toyosu, Koto-ku, Tokyo	4,705,200	2.39

(7) [Status of voting rights]

(i) [Issued shares]

As of March 31, 2024

Class	Number of shares (Shares)	Number of voting rights (Units)	Description
Non-voting shares	–	–	–
Shares with restricted voting rights (Treasury shares, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares, etc.)	Common shares 1,995,600	–	–
Shares with full voting rights (Other)	Common shares 195,120,600	1,951,206	–
Shares less than a unit	Common shares 135,843	–	–
Total number of issued shares	197,252,043	–	–
Voting rights of total shareholders	–	1,951,206	–

(Note) The “Shares with full voting rights (Other)” includes 13,000 shares (130 voting rights) in the name of Japan Securities Depository Center, Inc.

(ii) [Treasury shares, etc.]

As of March 31, 2024

Name of owner	Location of owner	Number of shares owned in its own name (Shares)	Number of shares held in the name of others (Shares)	Total number of shares held (Shares)	Proportion of owned shares to total number of issued shares (%)
Takara Holdings Inc.	20 Naginatabokochō, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto	1,995,600	–	1,995,600	1.01
Total	–	1,995,600	–	1,995,600	1.01

2. Acquisition status of treasury shares

[Class of shares, etc.] Acquisition of common shares under Article 155, Item 3 of the Companies Act as well as the acquisition of common shares under Article 155, Item 7 of the Companies Act

(1) [Status of acquisition by resolution of the General Shareholders' Meeting]

Not applicable.

(2) [Status of acquisition by resolution of the Board of Directors]

Description	Number of shares (Shares)	Total amount of value (Yen)
The Board of Directors resolution (November 9, 2023) [Acquisition period: November 13, 2023-February 20, 2024]	3,000,000 (upper limit)	3,000,000,000 (upper limit)
Treasury shares acquired before the current fiscal year	–	–
Treasury shares acquired during the current fiscal year	2,447,700	2,999,897,650
Total number of and total value of remaining part of shares authorized to be acquired by the resolution	552,300	102,350
Proportion of remaining part to total authorization at the end of current fiscal year (%)	18.4	0.0
Treasury shares acquired during the period from April 1, 2024 to the filing date of this securities report	–	–
Proportion of remaining part to total authorization as of reporting date (%)	18.4	0.0

(Note) Although the acquisition period was set until February 20, 2024 based on the resolution of the Board of Directors on November 9, 2023, the acquisition based on the resolution came to an end on February 2, 2024 because the total value of acquired shares had reached its upper limit.

(3) [Acquisition of shares not based on resolutions of the General Shareholders' Meeting or the Board of Directors]

Description	Number of shares (Shares)	Total amount of value (Yen)
Treasury shares acquired during the current fiscal year	76	94,859
Treasury shares acquired during the period from April 1, 2024 to the filing date of this securities report	–	–

(Note) Treasury shares acquired during the period from April 1, 2024 to the filing date of this securities report do not include shares which have been acquired as a purchase of shares of less than a trade unit during the period from June 1, 2024 through the filing date of this Annual Securities Report.

(4) [Status of disposal and holding of acquired treasury shares]

Description	Fiscal year ended March 31, 2024		Period from April 1, 2024 to the filing date of this securities report	
	Number of shares (Shares)	Total amount of disposal (Yen)	Number of shares (Shares)	Total amount of disposal (Yen)
Acquired treasury shares for which solicitation of subscribers was carried out	–	–	–	–
Acquired treasury shares which were cancelled	2,447,700	2,579,518,436	–	–
Acquired treasury shares which were transferred in relation to mergers, share exchange, delivery of shares, or a company split	–	–	–	–
Other (–)	–	–	–	–
Number of treasury shares held	1,995,688	–	1,995,688	–

(Notes) The number of treasury shares held in the period from April 1, 2024 to the filing date of this securities report does not include shares which have been acquired and sold to respond to requests related to shares of less than a trade unit during the period from June 1, 2024 through the filing date of this Annual Securities Report.

3. Dividend policy

In the Takara Group Medium-term Management Plan 2025, the Company sets forth a financial policy strengthening of the global cash management system based on the maintenance of a sound balance sheet as well as generating cash flow by the improvement of asset efficiency and sales of share held for cross-shareholding policy, etc. in order to accelerate investing in growth and high-priority field. And based on this policy, the Company will implement appropriate shareholder return commensurate with profit levels (payout ratio of about 35%)

The Company makes it a basic policy to distribute a year-end dividend once a year, and the decision-making organ for the dividends of surplus is the General Shareholders' Meeting.

Regarding the dividends for the current fiscal year (the 113th fiscal year), it has been decided to pay ordinary dividends of 29 yen per share based on the above-mentioned shareholder return policy. As a result of this, the payout ratio has become 35.3% on a consolidated basis.

The internal reserve fund shall be allocated to maintain financial constitution for strengthening business foundations and the enhancement of business profitability, of individual group companies as well as actively invested in potentially profitability-growing areas in individual business, so that we can strive to enhance corporate value of the whole group.

The dividends of surplus for the current fiscal year are as follows:

Date of resolution	Total amount of dividends (Millions of Yen)	Dividend per share (Yen)
June 27, 2024 Resolution of Annual General Shareholders' Meeting	5,662	29.0

4. Status of corporate governance

(1) [Overview of corporate governance]

(i) **Basic policy regarding corporate governance**

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 Company and the Group have 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 Company has formulated “TaKaRa Group Challenge for the 100th,” our long-term management vision ending in the fiscal year ending March 31, 2026, which is the 100th anniversary of the Group’s foundation. The Challenge sets forth “Where the Takara Group wants to be (Vision)*” as well as management strategies and business strategies in order to achieve this Vision.

The Company believes that achieving this Vision will lead to the sustainable growth of the Group and an increase in corporate value over the medium- to long-term, and that what is required to effectively and efficiently realize this Vision is a corporate governance structure that ensures a transparent, fair, speedy and resolute decision making. At the same time, we also believe that to continue to be a trusted corporate group, we need a structure that respects the positions of stakeholders, including shareholders, customers, employees, creditors, and local communities, and enables us to make efforts in appropriate communication.

The Company aims for sustainable growth and an increase in corporate value over the medium- to long-term by establishing a corporate governance structure based on the above policy, and will make efforts by providing the specific policies below.

* “Where the Takara Group wants to be (Vision)”

[Smiles in Life]

“The Takara Group is committed to enriching the homes, lifestyles, and lives of people around the world with smiles. Leveraging our expertise in the pursuit of delicious taste and innovative biotechnologies, we are a corporate group who safely and securely provide diverse value across the Japanese alcoholic beverages, Japanese food, and life science sectors.”

A. Securing rights and equality of shareholders

The Company takes appropriate measures to secure substantial rights of all shareholders, improve the environment for the exercise of those rights and secure substantial equality.

B. Appropriate cooperation with stakeholders other than shareholders

In order to achieve continuous growth and an increase in corporate value over the medium- to long-term, the Company shall endeavor to cooperate with various stakeholders, including shareholders, customers, counterparties, employees, creditors, and local communities in an appropriate manner, and to promote to foster the corporate culture that respects the rights and positions of these stakeholders.

C. Ensuring appropriate information disclosure and transparency

In order to achieve continuous growth and an increase in corporate value over the medium- to long-term, the Company shall appropriately make information disclosure in compliance with laws and regulations, provide information beyond the laws and regulations as necessary in an appropriate manner, and offer explanation to and dialogue with its shareholders directly or indirectly. This information includes both financial information, such as financial position and operating results, and non-financial information, such as business strategies and issues, business activities risk and corporate governance of the Company.

D. Responsibility of the Board of Directors

The Company shall, aiming to materialize the achievement of continuous growth and an increase in corporate value over the medium- to long-term and enhance its profitability and capital efficiency, set the direction of the Group in the long-term management plan and specific goals therefor in the Medium-Term Management Plan.

As a holding company, the Company shall establish the system that supports appropriate risk-taking through the supervision by requiring each Group company to deliberate and report in advance on major matters on its management, while maintaining the independence and autonomy among Group companies.

The Company shall have several external directors and external Audit & Supervisory Board Members with abundant experience and a broad knowledge who monitor, audit, and provide advice to the directors on the management and business execution from an independent and objective standpoint, according to their roles and functions, thereby conducting a highly effective supervision on directors.

E. Dialogue with shareholders

The Company recognizes that, in order to achieve continuous growth and an increase in corporate value over the medium- to long-term, reflecting opinions from its shareholders in the management appropriately is one of the significant management issues. Therefore, for the better understanding of the Company's business strategies and management plan by shareholders, the Company shall offer dialogue with shareholders and investors, with the director in charge of investor relations being in charge thereof. Furthermore, by reporting opinions obtained from the dialogue to the Board of Directors and other bodies as necessary, the Company shall endeavor to understand various standpoints of stakeholders in a balanced way and respond thereto appropriately based on such understanding.

(ii) Outline of corporate governance structure and reason to adopt such structure

A. Outline of corporate governance structure

The Company has adopted the system of a company with Audit & Supervisory Board Member and an Audit & Supervisory Board.

- Directors and the Board of Directors

From among those who meet certain criteria, persons who are deemed to be best suited from the viewpoint of mutually complementing the execution of operations and enhancing supervisory functions are appointed as Directors, regardless of gender, nationality, career, and age, among others, by taking into account the candidates' skills, knowledge, experience, and specialization. This way we ensure the diversity necessary for the Board of Directors as a whole. As of the filing date, three of our six Directors (The number of directors prescribed in the Articles of Incorporation is seven.) are external Directors, and two of our Directors are women. The term of office for our Directors is one year in order to respond promptly to changes in the management environment and to ensure the clarity of Directors' management responsibilities.

Members of the Board of Directors (As of June 27, 2024)

Representative Director and President	Mutsumi Kimura
Managing Director	Hideo Takahashi
Director	Keisuke Mori
Director	Masako Tomotsune (External Director)
Director	Tomoko Kawakami (External Director)
Director	Takao Motomiya (External Director)

During the current fiscal year, the Company held 13 Board of Directors meetings, and the attendance status of individual directors was as follows:

- Five Directors Mutsumi Kimura, Hideo Takahashi, Keisuke Mori, Masako Tomotsune and Tomoko Kawakami, and Mr. Koichi Nakao who resigned at the end of 113th Annual General Shareholders' Meeting owing to expiration of his term of office attended all 13 Board of Directors meetings held during the current fiscal year.
- Mr. Takao Motomiya, who was newly appointed at the 112th Annual General Shareholders' Meeting, attended all 10 Board of Directors meetings held after his taking office.

During the current fiscal year, in addition to the required agenda by laws and regulations and the articles of incorporation and regular examination agenda required for group management, the Board of Directors meeting examined important investment projects, etc. in Japan and overseas from the viewpoint of sustainable growth and the medium- to long-term improvement of corporate value.

- Audit & Supervisory Board Members and the Audit & Supervisory Board

The Company 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 the Audit & Supervisory Board. As of the filing date, of the five Audit & Supervisory Board Members, three are external

Audit & Supervisory Board Members, and three have extensive knowledge about finance and accounting.

Audit & Supervisory Board Members (As of June 27, 2024)

Standing Audit & Supervisory Board Member	Teruaki Mitsui
Standing Audit & Supervisory Board Member	Toshihito Yamanaka (External Audit & Supervisory Board Member)
Standing Audit & Supervisory Board Member	Yoichi Suzuki
Standing Audit & Supervisory Board Member	Satoshi Matsunaga (External Audit & Supervisory Board Member)
Audit & Supervisory Board Member	Akiko Yoshimoto (External Audit & Supervisory Board Member)

The status of activities of Audit & Supervisory Board Members and the Audit & Supervisory Board is as written at “(3) Status of audit, (i) Status of audit by Audit & Supervisory Board Members.”

• Nomination and Compensation Committee

To ensure the independence and objectivity of the Board of Directors’ functions, the Company has established the Nomination and Compensation Committee with a majority of independent external Directors under the Board of Directors and ensures their appropriate participation.

Members of Nomination and Compensation Committee (As of June 27, 2024)

Chair	Masako Tomotsune (Independent External Director)
Committee Member	Tomoko Kawakami (Independent External Director)
Committee Member	Takao Motomiya (Independent External Director)
Committee Member	Mutsumi Kimura (Representative Director and President)
Committee Member	Hideo Takahashi (Managing Director)

Deliberation matters of Nomination and Compensation Committee

- Matters regarding candidates for directors to be proposed at the General Shareholders’ Meeting
- Matters regarding revision of maximum amount of compensation for Directors to be proposed at the General Shareholders’ Meeting
- Matters regarding compensation for each Director
- Other matters regarding nomination and compensation of Directors

During the current fiscal year, the Company held two Nomination and Compensation Committee meetings and the attendance status of individual committee members is as followings:

- Four members Masako Tomotsune, Tomoko Kawakami, Mutsumi Kimura and Hideo Takahashi attended both Nomination and Compensation meetings held during the current fiscal year.
- Mr. Takao Motomiya, who was newly appointed as a committee member and took office as of June 29, 2023, attended the one Nomination and Compensation Committee meeting held during his term of office.

In the current fiscal year, the Nomination and Compensation Committee examined matters regarding candidates for directors and matters regarding compensation for each Director, both of which were to be proposed at the General Shareholders’ Meeting, from the viewpoint of sustainable growth and medium- to long-term improvement of corporate value.

As a holding company, the Company 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.

- a. 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 Group, review each Group company's performance, and report updates on activities.
- b. 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 the Company, 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.

B. Reason to adopt the Corporate Governance structure

As a holding company that manages a corporate group, the Company has decided that the following frameworks will be most appropriate for the 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.

- a. The Board of Directors makes important management decisions and supervises the execution of operations. The Board of Directors 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.
- b. Audit & Supervisory Board Members with the knowledge of finance, accounting, and legal affairs, including independent external Audit & Supervisory Board Members with a wealth of experience and a broad view, comprise the Audit & Supervisory Board. Each Audit & Supervisory Board Member effectively exercises their function and authority to audit the execution of operations by Directors.

With these frameworks in place, external Directors and Audit & Supervisory Board Members monitor, supervise, and offer advice on Directors' business management and performance of duty according to their roles and functions from their independent and objective standpoint, thereby providing highly effective supervision.

(iii) Other matters regarding Corporate Governance

A. Arrangement status of internal control system and risk management system

The Company has resolved the "System for ensuring the appropriateness of business" according to Article 362, Paragraph 5 of the Companies Act, and the following system has been established based on the resolution:

- a. For Corporate Philosophy of the Enterprise Group and honest and fair business activities

The Enterprise Group composed of the Company and its subsidiaries (hereinafter, "the Enterprise Group") advocates the Corporate Philosophy of "Contributing to the creation of a vital society and a healthy lifestyle through our fermentation technology and biotechnology in a way that achieves harmony with nature" and makes it the management foundation to always perform honest and fair business activities.

For the purpose of ensuring honest and fair business activities, the Risk and Compliance Committee chaired by the President of the Company as an organ to supervise whole compliance activities across the Enterprise Group shall be established and operated. The Committee shall establish the "Takara Group Compliance Action Guidelines" based on following fundamental approach so that each officer and employee of the Enterprise Group can perform daily business activities in accordance with these Guidelines.

- i 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.
 - ii We will work to lower environmental burdens, and contribute to the development of life science that values the dignity of life.
 - iii 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.
 - iv We will comply with employment regulations, and will not engage in any unfair or dishonest practices in violation of employment regulations.
 - v 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.
- b. System to ensure that performance of duties by directors and employees of the Enterprise Group comply with laws and regulations and the Articles of Incorporation
- A) With the “Takara Group Compliance Action Guidelines,” behavioral guideline related to “Laws and Social Ethics” with which each one of the officers and employees should comply shall be clearly indicated, and officers and employees of the Enterprise Group shall be trained through group training and daily guidance at the workplace.
 - B) We deal with anti-social forces in a resolute manner by complying with the Action Guidelines and shall have no relation with them.
 - C) A Helpline shall be established and operated within the company and at an external third party organization as the reporting contact office which shall be utilized in a case where solving or prevention of a problem would be difficult or impossible by means or methods of ordinary business handling when an officer or employee finds an act in violation of laws or regulations or a wrongful act in the business operation of the Enterprise Group. Disadvantageous treatment of the reporter by reason of the act of reporting, etc. shall be prohibited and this point shall be made public across the Enterprise Group.
 - D) The Company strives to ensure the appropriateness of performance of duties by performing internal audits according to Internal Audit Rules and implementing necessary measures based on the result of the said internal audit. The department in charge of internal audits shall be an independent organization in order to ensure a sufficient checking function against departments to be audited.
 - E) The Enterprise Group prepares, evaluates and improves all systems across the Group to ensure reliability on financial reporting and continues to improve all preparations.
- c. System of storage and administration of information related to performance of duties by directors of the Company and system of reporting to the Company on matters related to performance of duties by directors of subsidiaries of the Company
- A) Establishing Information Management Rules, the fundamental system to appropriately confirm the status of performance of duties of directors and employees after the fact as well as to prevent and reduce risks caused by information handling shall be prepared and operated.
 - B) With respect to storage period, the management system (including information security system), etc. of individual specific information, individual rules and guidelines shall be prepared and operated sequentially.
 - C) Establishing Rules and Regulations for Overseeing Group Companies with respect to relations between the Company and its subsidiaries, we develop the system under which, in addition to regular reporting of business activities, etc., prior consultation of or prompt reporting after the fact of important projects shall be carried out while maintaining individuality and autonomy of individual subsidiaries.

- d. Rules and other systems with respect to risk management of loss of the Enterprise Group
 - A) The Risk and Compliance Committee supervises all risk management across the Enterprise Group, and under its supervision, individual departments work on activities to prevent and reduce risks related to “Laws and Social Ethics,” “Product Safety and Quality,” “Health and Safety” and other risks which surround the Enterprise Group.
 - B) When emergency situations occur, the emergency response headquarters shall be established, if necessary, according to “Takara Group Emergency Response Manual” created beforehand by the Risk Compliance Committee and response measures shall be taken.
- e. System to ensure efficient performance of duties by directors of the Enterprise Group
 - A) For the purpose of appropriate and prompt implementation of decision-making and information provision on business execution of the Enterprise Group, the following conferences shall be organized and operated.
 - i The Group holds in principle six (6) times or more per year, the Group Strategy Committee, where consultation on important matters related to all group management of the Enterprise Group, business achievement review of individual Group Companies and reporting of business activities are carried out.
 - ii The Takara Shuzo Strategy Committee shall be held in principle once per month and prior consultation and reporting about important matters such as the resolution agenda of the Board of Directors Meeting of Takara Shuzo Co., Ltd. as well as reporting of business activities are carried out.
 - iii The Takara Shuzo International Strategy Committee shall be held in principle once per month, and prior consultation and reporting about important matters such as the resolution agenda of the Board of Directors Meeting of Takara Shuzo International Co., Ltd. as well as reporting of business activities are carried out.
 - iv The Takara Bio Coordination Committee shall be held in principle once per month and reporting about important matters such as the resolution agenda of the Board of Directors Meeting of Takara Bio Inc. as well as reporting of business activities are carried out.
 - v The Strategy Committee or Consultation and Liaison Conference is held in principle four (4) times per year respectively by other subsidiaries, and prior consultation and reporting about important matters such as the resolution agenda of the Board of Directors Meeting of such subsidiaries as well as reporting of business activities are carried out.
 - B) For the purpose of clarifying the internal chain of command and assignment of duties, “Officer Duties Regulations” and “Organization and Administrative Authority Regulations” shall be established and the system to enable appropriate and prompt decision-making and execution by directors and employees shall be prepared and operated.
 - C) Under supervision and guidance by the Board of Directors or individual Directors, individual departments in charge and project teams organized across departments when necessary work continuously on rationalization, speed-up, digitalization, etc. of operation for the purpose of ensuring efficient management.
 - D) The internal audit shall be performed based on the viewpoint of efficiency and the Group shall strive to ensure efficient performance of duties by implementing required measures based on the results of the said internal audit.
- f. Matters regarding employees when Audit & Supervisory Board Members request assignment of employees to assist in their duties, matters regarding the independence of the said employees from Directors and matters regarding ensuring the effectiveness of instructions of Audit & Supervisory Board Members against the said employees
 - A) When Audit & Supervisory Board Members require the assignment of employees to assist in their duties, after arranging an environment where independence from directors are ensured with respect to the chain of command involving the employees and position and treatment of the employees as well as the effectiveness of instructions of Audit & Supervisory Board Members regarding the said employees is ensured, the employees shall be assigned.

- g. System of reporting to Audit & Supervisory Board Members and system to ensure that persons who report to an Audit & Supervisory Board Member shall not receive disadvantageous treatment by reason of such reporting
 - A) For the purpose of understanding the process of important decision-making and status of business execution, Audit & Supervisory Board Members attend the Board of Directors meeting and Group Strategy Committee and review important documents on business execution such as approval-granting documents. In addition, when necessary, Audit & Supervisory Board Members ask directors and employees within the Enterprise Group for explanation by attending important meetings such as the Strategy Committee and Coordination Committee of subsidiaries and by other means.
 - B) If Directors detect any fact likely to cause substantial detriment to the Company, they shall immediately report such fact to Audit & Supervisory Board Members according to laws and regulations.
 - C) Disadvantageous treatment of any person who reported to an Audit & Supervisory Board Member by reason of such reporting shall be prohibited and this point shall be made public across the Enterprise Group.
 - h. Matters regarding processing policy of expenses or obligations associated with performance of duties by Audit & Supervisory Board Members and other systems to ensure effective performance of audit by Audit & Supervisory Board Members
 - A) When Audit & Supervisory Board Members request prepayment, etc. of expenses associated with the performance of duties, the Company shall promptly process such expenses or obligations unless they are recognized as unnecessary for the performance of duties by the said Audit & Supervisory Board Members.
 - B) Audit & Supervisory Board Members maintain close cooperation with the department in charge of internal audit in order to perform effective and efficient audit.
- B. Other
- a. Overview of limit liability agreement

Pursuant to the provision of Article 426, Paragraph 1 of the Companies Act, the Company stipulates in its Articles of Incorporation that the Company may exempt the liabilities for damages of Director and Audit & Supervisory Board Member (including persons who were previously Director or Audit & Supervisory Board Member) due to failure of performance of duties by a resolution of the Board of Directors in the scope of the legal limit. The purpose of this treatment is to enable Directors and Audit & Supervisory Board Members to fully demonstrate their expected role. In addition, in accordance with the provision of Articles of Incorporation pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company has entered into the liability limitation contract with external Directors and external Audit & Supervisory Board Members “limiting their liabilities for damages to the total of the amounts specified in each item of Article 425, Paragraph 1 of the Companies Act.”
 - b. Overview of a directors and officers liability insurance policy

The Company has entered into the directors and officers liability insurance policy with the insurance company stipulated in Article 430-3, Paragraph 1 of the Companies Act, under which Directors, Audit & Supervisory Board Members, Executive Officers, etc. of the Company and domestic subsidiaries (10 companies, excluding Takara Bio Inc.) are insured persons, and all insurance premiums are paid by the Company. As an outline of the content of the insurance contract, the insurance company will compensate for damages which could arise when an insured person is responsible through his/her performance of duties or he/she receives claims for pursuit of such responsibility according to the insurance contract, and the contract is renewed every year.
 - c. Executive officer system

The Company, core operating companies of the Group (Takara Shuzo Co., Ltd., Takara Shuzo International Co., Ltd. and Takara Bio Inc.) and some other Group companies have introduced the executive officer system, under which management and execution are separated and the Board of Directors composed of a small number of members is able to perform swift decision-making and essential discussion.

d. Disclosure

With respect to disclosure, the Company has been actively performing disclosure such as enhancement of various reports, including the Summary of Financial Report, Integrated Report (Takara Group Report) in addition to the Annual Securities Report, disclosure through stock exchanges and Web sites of the Company as well as disclosure through financial results briefings and IR meetings.

e. Requirements for resolution for appointment of Directors

In accordance with the provision of Article 341 of the Companies Act, the Company's Articles of Incorporation stipulate as requirements for electing directors that a minimum of one-third of the shareholders with voting rights must be in attendance at the General Shareholders' Meeting and that a majority of votes must be won. It is also stipulated in the Articles of Incorporation that resolution for appointment of Directors shall not adopt cumulative voting, and that the term of office of directors shall expire at the conclusion of the Annual General Shareholder's Meeting on the last fiscal year within one (1) year following their election of office.

f. Decision-making body for acquisition of treasury shares

In accordance with the provision of Article 165, Paragraph 2 of the Companies Act, the Company's Articles of Incorporation stipulate that the Company may acquire treasury shares through market trading by a resolution of the Board of Directors meeting. The purpose of this treatment is to make it possible to carry out flexible capital policy corresponding to changes in the business environment.

g. Requirements for special resolutions at the General Shareholders' Meeting

The Company's Articles of Incorporation stipulate as requirements for special resolutions at the General Shareholders' Meeting stipulated in Article 309, Paragraph 2 of the Companies Act that a minimum of one-third of the shareholders with voting rights must be in attendance at the General Shareholders' Meeting and that a minimum two-thirds of votes must be won. The purpose of this treatment is to more surely satisfy a quorum.

(iv) Basic policy concerning the Company's ownership control

A. Content of basic policy regarding expectations of a person who controls decision-making about financial and business policies of the Company

The Company considers as a listed company that trading of the Company's shares should be in principle entrusted to the free discretion of shareholders and investors and also considers that ultimate decision-making should be done by shareholders of the Company regarding whether shareholders would sell the Company's shares to the person who intends to acquire management control by obtaining shares of the Company.

Even when a certain group of shareholders acquires management control of the Company, such event itself would not directly harm the corporate value, ultimately the common interest of shareholders (hereinafter, "Shareholders' Common Interest"). On the contrary, it might contribute to maximization of Shareholders' Common Interest as a result. In that case, the Company would not reject the acquisition of management control of the Company by such group of shareholders.

On the other hand, under the Corporate Philosophy of "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 Company and the Group (hereinafter collectively, "the Company Group") have been contributing to society by exploring new possibilities in dietary life, lifestyle and life science and by continuing to create new values through the innovation of the fermentation technology in Japanese traditional sake brewing and the cutting-edge biotechnology.

In addition, for the purpose of further pursuing enhancement of corporate value as the Group, the Group moved to a holding company system in 2002, and the Company, as a holding company, has been pursuing maximization of business results by coordinating and supervising management of the whole Group while ensuring individuality and autonomy of the respective operating companies group. In 2020, the Company formulated "TaKaRa Group Challenge for the 100th," our long-term management vision ending in the fiscal year ending March 31, 2026, which is the 100th anniversary of the Group's foundation, and by pursuing the Vision of the Group "The Takara Group is committed to enriching the homes, lifestyles, and lives of people around the world with smiles. Leveraging our

expertise in the pursuit of delicious taste and innovative biotechnologies, we are a corporate group who safely and securely provide diverse value across the Japanese alcoholic beverages, Japanese food, and life science sectors,” we have been striving to aiming to increase enterprise value.

Considering the above circumstances, the Company believes that the Group management needs high level of expertise and experience regarding the individual businesses run on different business models by each Group company. Building trusting relationships with the Group’s stakeholders in Japan and overseas is also essential. These elements are the source of the Group’s corporate value. Therefore, those who have control over decisions on the Company’s finance and business policy must have a good understanding of such relationships on the premise of ensuring the shareholders’ common interest and pursuing improvements toward the future.

- B. Efforts conducive to achieving the basic policy, and efforts for preventing inappropriate persons, in the light of the basic policy, from gaining control over decisions on the Company’s finance and business policy

- a. Efforts conducive to achieving the basic policy

The Company formulated the long-term management vision of “TaKaRa Group Challenge for the 100th” as mentioned in A above to aim to realize the Group’s Vision (where the Takara Group want to be). In addition, the Company has established the Takara Group Medium-Term Management Plan for 2025 to fully achieve the action plans for the vision, and is working on efforts according to these plans. (For an overview, etc. of the vision and plans, please refer to “II. Overview of Business, 1. Management policy, business environment, issues to be addressed, (2) Management strategy, management environment, business and financial issues that need to be addressed as a priority, and objective indicators to judge the achievement status of management goals”)

While the Company steadily implements this management vision and plan, in order to continue to be a trustworthy corporate group, the Company works on the sustainable growth of the Group, medium- to long-term improvement of the corporate value, and increasing the shareholders’ common interest through having appropriate communications with shareholders and any other stakeholders.

- b. Efforts for preventing inappropriate persons, in the light of the basic policy, from gaining control over decisions on the Company’s finance and business policy

At the conclusion of the 108th Annual General Shareholders’ Meeting held on June 27, 2019, the Company has discontinued and abolished the Action Policy for Large-scale Purchase of Company Share Certificates, etc. (Anti-takeover Measures). For any entity that attempts to acquire the Company’s management control through large-scale purchase of its shares, the Company will take appropriate measures within the scope permitted by applicable laws and regulations, including requesting necessary and sufficient provision of information, disclosing the opinions, etc. of its Board of Directors, and working to secure the time and information for shareholders’ review, so as to allow its shareholders to make appropriate decisions on the righteousness of such attempt.

- C. Decision and reasons thereof of the Board of Directors of the Company on the efforts described in B above

The efforts described in B above are for the Group’s corporate value and the shareholders’ common interest, and are not intended for the maintenance of positions of the Company’s officers.

(2) [Status of Directors and other officers]

(i) List of Directors and other officers

8 men, 3 women (Ratio of women to all officers: 27.3%)

Title	Name	Date of birth	Career summary	Term (Note 3)	Number of shares owned (shares)
Representative Director and President	Mutsumi Kimura	February 3, 1963	<p>Apr. 1985 Joined the Company</p> <p>Apr. 2002 Director, Takara Bio Inc.</p> <p>Jun. 2004 Managing Director, Takara Bio Inc.</p> <p>Jun. 2007 Senior Managing Director, Takara Bio Inc.</p> <p>May 2009 Director and Vice President, Takara Bio Inc.</p> <p>Jun. 2009 Representative Director and Vice President, Takara Bio Inc.</p> <p>Jun. 2014 Director, the Company</p> <p>Senior Managing Director, Takara Shuzo Co., Ltd.</p> <p>Jun. 2016 Representative Director and Vice President, the Company</p> <p>Jun. 2017 Director, Takara Shuzo Co., Ltd. (incumbent)</p> <p>Jul. 2017 Representative Director and President, Takara Shuzo International Co., Ltd.</p> <p>Jun. 2018 Representative Director and President, the Company (incumbent)</p> <p>Apr. 2020 Director, Takara Shuzo International Co., Ltd. (incumbent)</p> <p>Jun. 2022 Director, Takara Bio Inc. (incumbent)</p>	*1	102,000
Managing Director	Hideo Takahashi	December 7, 1961	<p>Apr. 1985 Joined the Company</p> <p>Apr. 2012 General Manager of Personnel Division</p> <p>Jun. 2016 Executive Officer, General Manager of Personnel Division, Takara Shuzo Co., Ltd.</p> <p>Jun. 2017 Executive Officer, General Manager of Personnel Division, the Company</p> <p>Jun. 2018 Director, the Company</p> <p>Audit & Supervisory Board Member, Takara Shuzo Co., Ltd.</p> <p>Jun. 2020 Audit & Supervisory Board Member, Takara Shuzo International Co., Ltd.</p> <p>Jun. 2022 Managing Director, the Company (incumbent)</p>	*1	24,500
Director	Keisuke Mori	July 8, 1962	<p>Apr. 1985 Joined the Company</p> <p>Apr. 2008 General Manager of Administrative Innovation Division</p> <p>Apr. 2011 General Manager of Corporate Planning Division, General Manager of Administrative Innovation Division</p> <p>Apr. 2012 General Manager of Business Management Division</p> <p>Apr. 2015 General Manager of Business Management Division, General Manager of Business Support & IT Promotion Division</p> <p>Apr. 2016 General Manager of Business Management Division</p> <p>Jun. 2017 Executive Officer, General Manager of Business Management Division</p> <p>Jul. 2017 Audit & Supervisory Board Member, Takara Shuzo International Co., Ltd.</p> <p>Jun. 2018 Director, the Company (incumbent)</p> <p>Jun. 2020 Audit & Supervisory Board Member, Takara Shuzo Co., Ltd.</p>	*1	28,400
Director	Masako Tomotsune (Name on family registry: Masako Izaki)	February 17, 1972	<p>Oct. 2002 Registered as an attorney at law (Dai-Ichi Tokyo Bar Association)</p> <p>Joined Tanabe & Partners</p> <p>Apr. 2010 Member of SDF Ethics Review Board</p> <p>Apr. 2013 Partner at Tanabe & Partners (incumbent)</p> <p>Jun. 2018 Director, the Company (incumbent)</p> <p>Jun. 2020 Outside Director (Audit and Supervisory Committee Member), The Kodensha, Co., Ltd. (incumbent)</p> <p>Apr. 2024 Member of the Evaluation Committee of the Agriculture & Livestock Industries Corporation (incumbent)</p> <p>Member of the Compliance Committee of the Agriculture & Livestock Industries Corporation (incumbent)</p>	*1	—

Title	Name	Date of birth	Career summary	Term (Note 3)	Number of shares owned (shares)
Director	Tomoko Kawakami	May 3, 1965	<p>Apr. 2009 Professor, Faculty of Commerce, Kansai University</p> <p>Aug. 2012 Visiting Scholar, INSEAD Blue Ocean Strategy Institute (France) (incumbent)</p> <p>Jan. 2013 Fulbright Visiting Scholar, Foster School of Business, University of Washington</p> <p>Oct. 2013 Research Fellow, The Institute on Asian Consumer Insight, Nanyang Technological University (Singapore)</p> <p>Apr. 2015 Professor, Waseda Business School, Graduate School of Faculty of Commerce, Waseda University (incumbent)</p> <p>Apr. 2016 Associate Director, Waseda Blue Ocean Strategy Institute (currently, Waseda Blue Ocean Shift Institute), Comprehensive Research Organization, Waseda University (incumbent)</p> <p>Apr. 2019 Director, Marketing International Institute (currently Marketing and Sustainability International Institute), Advanced Collaborative Research Organization for Smart Society, Waseda University (incumbent)</p> <p>Jun. 2019 Director, the Company (incumbent)</p> <p>Dec. 2019 Examiner of Certified Public Accountant Examination</p> <p>Sep. 2022 Visiting Professor at the Copenhagen Business School Outside Director of the BeNext-Yumeshin Group Co. (currently Open Up Group Inc.) (incumbent)</p> <p>Mar. 2023 Visiting Scholar, Shidler College of Business, University of Hawaii at Manoa (incumbent)</p>	*1	–
Director	Takao Motomiya	December 10, 1956	<p>Jul. 2016 Regional Commissioner, Takamatsu Regional Taxation Bureau, National Tax Agency</p> <p>Jul. 2017 Retired from National Tax Agency</p> <p>Dec. 2017 Tax accountant, Takao Motomiya Certified Tax Accountant Office (incumbent)</p> <p>Jun. 2023 Director, the Company (incumbent) Auditor of Public Interest Incorporated Foundation Brewing Society of Japan (incumbent)</p>	*1	–
Standing Audit & Supervisory Board Member	Teruaki Mitsui	November 11, 1961	<p>Apr. 1985 Joined the Company</p> <p>Apr. 2015 General Manager of Accounting & Shared Services Dept.</p> <p>Jun. 2017 Executive Officer, General Manager of Accounting & Shared Services Dept., the Company Audit & Supervisory Board Member, Takara Shuzo Co., Ltd.</p> <p>Apr. 2020 Executive Officer, General Manager of Accounting Dept., the Company</p> <p>Jun. 2020 Standing Audit & Supervisory Board Member, the Company (incumbent)</p> <p>Jun. 2021 Audit & Supervisory Board Member, Takara Shuzo Co., Ltd. (incumbent) Audit & Supervisory Board Member, Takara Shuzo International Co., Ltd. (incumbent)</p>	*4	17,100
Standing Audit & Supervisory Board Member	Toshihito Yamanaka	January 26, 1961	<p>Apr. 2012 General Manager of Branch Banking Division III, Mizuho Bank, Ltd.</p> <p>Apr. 2013 Deputy Director-General of Group Human Resources Division of Mizuho Bank, Ltd.</p> <p>Jun. 2013 Retired from Mizuho Bank, Ltd. Standing Audit & Supervisory Board Member, the Company (incumbent) Audit & Supervisory Board Member, Takara Shuzo Co., Ltd.</p>	*2	10,300

Title	Name	Date of birth	Career summary		Term (Note 3)	Number of shares owned (shares)
Standing Audit & Supervisory Board Member	Yoichi Suzuki	January 3, 1960	Apr. 1983 Apr. 2012 Apr. 2014 Jun. 2017 Apr. 2018 Jun. 2018 Apr. 2020 Jun. 2021	Joined the Company General Manager of Hokkaido Branch, Takara Shuzo Co., Ltd. General Manager of Tokyo Metropolitan Area Branch, Takara Shuzo Co., Ltd. Executive Officer, General Manager of Tokyo Metropolitan Area Branch, Takara Shuzo Co., Ltd. Executive Officer, Deputy General Manager of Seasonings & Alcohol Business Division, Takara Shuzo Co., Ltd. Managing Executive Officer, General Manager of Seasonings & Alcohol Business Division, Takara Shuzo Co., Ltd. Managing Executive Officer, Deputy of Sales (mainly Seasonings & Alcohol Business Division), Takara Shuzo Co., Ltd. Standing Audit & Supervisory Board Member, the Company (incumbent) Audit & Supervisory Board Member, Takara Shuzo Co., Ltd. (incumbent) Audit & Supervisory Board Member, Takara Shuzo International Co., Ltd. (incumbent)	*2	20,100
Standing Audit & Supervisory Board Member	Satoshi Matsunaga	March 18, 1966	Apr. 2019 Apr. 2021 Jun. 2021	Managing Executive Officer, The Norinchukin Bank Standing Counsel, The Norinchukin Bank Retired from The Norinchukin Bank Standing Audit & Supervisory Board Member, the Company (incumbent)	*2	1,500
Audit & Supervisory Board Member	Akiko Yoshimoto	February 4, 1963	Jul. 2019 Oct. 2021 Feb. 2022 Jun. 2022 Jun. 2023 Jun. 2024	Director-General of Secretariat, Central Labour Relations Commission, Ministry of Health, Labour and Welfare Retired from Ministry of Health, Labour and Welfare Senior Advisor, Boston Consulting Group (incumbent) Outside Director, Toenec Corporation (incumbent) Audit & Supervisory Board Member, the Company (incumbent) Outside Director, Sumitomo Seika Chemicals Company, Limited. (incumbent)	*3	–
Total						203,900

- (Notes) 1. Directors, Masako Tomotsune, Tomoko Kawakami, and Takao Motomiya are external Directors.
2. Standing Audit & Supervisory Board Members, Toshihito Yamanaka and Satoshi Matsunaga, as well as Audit & Supervisory Board Member Akiko Yoshimoto, are external Audit & Supervisory Board Members.
3. The respective terms of Directors and Audit & Supervisory Board Members are as follows:
- *1 One year from the end of the Annual General Shareholders' Meeting held on June 27, 2024
 - *2 Four years from the end of the Annual General Shareholders' Meeting held on June 29, 2021
 - *3 Four years from the end of the Annual General Shareholders' Meeting held on June 29, 2023
 - *4 Four years from the end of the Annual General Shareholders' Meeting held on June 27, 2024

(ii) Status of external Directors and other officers

The Company has three external Directors and three external Audit & Supervisory Board Members. The criteria for judging the independence of external Directors and external Audit & Supervisory Board Members of the Company are as follows:

Criteria for independence of external officers

The Company deems an external Director and an external Audit & Supervisory Board Members (collectively, the “external officer”) to have independence against the Company if he or she satisfies all of the following requirements:

1. Fulfillment of the following requirement presently and at any time in the past:

The individual was never a business executive (and Executive Director, an Executive Officer, or a manager or other employee, same hereinafter) of the Company or a subsidiary or an affiliate of the Company (hereinafter the “Group”).

2. Fulfillment of all of the following requirements presently and at any time during the previous five years:

- (1) Not be a major shareholder (a party who owns at least 10% of the total of voting rights directly or indirectly) or a business executive thereof.
- (2) Not a company nor any other organization in which the Group owns at least 10% of the total voting rights or a business executive thereof.
- (3) Not a major business partner (an entity where transactions with the Group account for at least 2% of the Company’s consolidated sales in the Company’s fiscal year) with the Group or not business executive thereof.
- (4) Not be an entity where the Group is a major business partner (an entity where transactions with the Group account for at least 2% of consolidated sales of that entity’s fiscal year) or a business executive thereof.
- (5) Not a major provider of loans to the Group (a lender where loans to the Group account for at least 2% of the Company’s consolidated total assets; however, even when this is not applicable, a lender is treated as a major provider of loans to the Group if it is included in the list of major lenders in the Company’s Business Report or other report) or a business executive thereof.
- (6) Not an attorney at law, certified public account, tax accountant, consultant or other provider of professional service (for services provided by companies and other organizations, not an individual who provides the service as a member of the company or organization) who has received from the Group annual compensation, etc., of at least ¥10 million separately from compensation from the Group as an officer.
- (7) Not an Accounting Auditor (for a company, not an individual performing the service as a member of the company) of the Group.
- (8) Not an individual (for a company or other organization, not an individual performing business activities as a member of the company or organization) who has received an annual donation of at least ¥10 million from the Group.
- (9) Not a business executive of a company, between which and the Company external officers are mutually appointed (a business executive of the Group is an external officer of a company outside the Group and a business executive of that company outside the Group is an external officer of the Company).
- (10) Not a close relative (spouse or person within the second degree of kinship) is a business executive (if an employee, must be a department’s general manager or higher) of the Group or violates any of the preceding criteria (1) through (9) (but for a company business executive, if an employee, must be a department’s general manager of higher; if the individual is a member of an organization other than a company, must be a person who performs significant business tasks).

3. In addition, not an individual for whom there is justification for a rational judgement that the individual is unable to perform the duties of an independent external officer.

The Company recognizes that external Directors, Masako Tomotsune, Tomoko Kawakami, and Takao Motomiya, as well as external Audit & Supervisory Board Members, Toshihito Yamanaka and Akiko Yoshimoto, do not have any personal, capital, or business relationship with the Company or any other relationship that has a risk of causing a conflict of interest with general shareholders, and that therefore they are independent of the Company. External Director, Masako Tomotsune is currently an outside Director (Audit and Supervisory Committee Member) of The Kodensha, Co., Ltd.; however, there is no significant relationship between the Company and The Kodensha, Co., Ltd. External Director, Tomoko Kawakami is currently an outside Director of Open Up Group Inc.; however, there is no significant relationship between the Company and Open Up Group Inc. External Director, Takao Motomiya is currently Director of the Brewing Society of Japan, which has transactions (payment of compensation, etc. for the provision of yeasts for liquor production) with a subsidiary of the Company; however the said

transactions are as small as less than ¥2 million in annual transaction value. External Audit & Supervisory Board Member, Akiko Yoshimoto is currently an outside Director of Toenec Corporation and Sumitomo Seika Chemicals Company, Limited.; however, there is no significant relationship between the Company and either of these companies.

External Audit & Supervisory Board Members, Toshihito Yamanaka and Satoshi Matsunaga were executives of the Company's specified associated service providers (major lenders) as described below before taking post as the Company's Audit & Supervisory Board Members, but otherwise they have no interest relationship. Additionally, Toshihito Yamanaka retired from Mizuho Bank, Ltd. in June 2013 and fulfills the requirements of the independence standard established by the Company.

- External Audit & Supervisory Board Member, Toshihito Yamanaka: Mizuho Bank, Ltd.
- External Audit & Supervisory Board Member, Satoshi Matsunaga: The Norinchukin Bank

The external officers' ownership of the Company's shares is as described in (i) List of Directors and other officers.

- (iii) Mutual cooperation between the supervision and audit by external Directors and external Audit & Supervisory Board Members, internal audit, audit by the Audit & Supervisory Board Members, and accounting audit as well as their relationship with the internal control division

External Directors attend the Board of Directors' meetings as well as other important meetings, and contribute to the further enhancement of the supervisory function of the Company's Board of Directors over business execution such as by making statements from a more objective standpoint, backed by their experience, knowledge, and broad insight. Furthermore, while aiming for mutual cooperation by exchanging information and opinions between the Internal Audit Division, the Audit & Supervisory Board, and the accounting auditor as appropriate and sharing the results as necessary, as members of the Board of Directors, they aim to ensure the appropriate execution of business by offering opinions and advice as needed in relation to reports from internal control-related divisions.

External Audit & Supervisory Board Members attend meetings of the Board of Directors and the Audit & Supervisory Board as well as other important meetings, and contribute to the further enhancement of the function of the Company's Audit & Supervisory Board such as by making statements from a more objective standpoint, backed by their experience, knowledge, and broad insight. Furthermore, while aiming for mutual cooperation by exchanging information and opinions between the Internal Audit Division and the accounting auditor as appropriate and necessary, as members of the Audit & Supervisory Board, they aim to ensure the appropriate execution of business by offering opinions and advice as needed in relation to reports from internal control-related divisions.

In addition, the General Affairs Department serves as the point of contact for external Directors and external Audit & Supervisory Board Members and is responsible for all internal communications and coordination necessary for delivering information.

The Company believes the status of appointment of the Company's external Directors and external Audit & Supervisory Board Members is appropriate in terms of fulfilling the important function and role in the Company's corporate governance.

- (3) [Status of audit]

- (i) Status of the Audit & Supervisory Board Members' audit

The Company's Audit & Supervisory Board consists of five members, three of whom are external Audit & Supervisory Board Members. The Audit & Supervisory Board sets the audit policy and audit plan, and accordingly, each Audit & Supervisory Board Member attends important committee meetings such as the Board of Directors and the Group Strategy Committee, examines operations, assets and important documents and regularly exchanges opinions with the Representative Director and receive reports on the status of execution of duties from the Directors, etc. in charge of each division and requesting explanations as necessary, through which he or she audits the execution of the Directors' duties.

Standing Audit & Supervisory Board Member Teruaki Mitsui, through his business experience as the person responsible for the Company's accounting division and both standing Audit & Supervisory Board Members Toshihito Yamanaka and Satoshi Matsunaga, through their many years of business experience, etc. at financial institutions, respectively possess considerable knowledge concerning finance and accounting.

The Company has held 14 meetings of the Audit & Supervisory Board in the current fiscal year, and the attendance of the individual Audit & Supervisory Board Members is as follows:

- Teruaki Mitsui, Toshihito Yamanaka, Yoichi Suzuki, and Satoshi Matsunaga have attended all 14 meetings of the Audit & Supervisory Board held during the current fiscal year.
- Kumiko Kitai, who retired owing to completing her term at the end of the 112th Annual General Shareholders' Meeting, has attended all four meetings of the Audit & Supervisory Board held during her term.
- Akiko Yoshimoto, who was newly elected and took post as of the 112th Annual General Shareholders' Meeting, has attended all 10 Audit & Supervisory Board meetings held during her term.

In the current fiscal year, in addition to confirming whether or not there has been any misconduct in the execution of duties by Directors and the status of compliance with laws and regulations and the Articles of Incorporation, the Audit & Supervisory Board conducted its audit by focusing on key matters including the construction and operational status of internal control systems at subsidiaries of Takara Shuzo International Group, the status of the restructuring project of the Group core system in Japan, the Group's human capital management initiatives, and the Group's initiatives to improve employee engagement.

The activities of the standing Audit & Supervisory Board Members included interviews with the Company and five divisions at the Group's head office, and audits through visits or remotely to 11 offices including four plants and four branches of Takara Shuzo Co., Ltd. as well as six offices of five other subsidiaries in Japan and seven overseas subsidiaries of Takara Shuzo International Group. Apart from the aforementioned key matters, surveys were conducted of the business and assets. In addition, the standing Audit & Supervisory Board Members received every month in principle reports of the internal audit results from the internal audit division as well as audit reports from the Audit & Supervisory Board Members of the main subsidiaries.

The activities of the non-standing Audit & Supervisory Board Members included receipt of reports about the details and results of the aforementioned activities of the standing Audit & Supervisory Board Members at the Audit & Supervisory Board, etc. and expression of opinions from the position of independent external Audit & Supervisory Board Members. In addition, they visited workplaces as necessary and examined the business and assets.

With regard to cooperation with external Directors, sessions for exchanging opinions were held twice a year between the Audit & Supervisory Board Members and external Directors, where information and awareness were shared based on the details of the status of the audit and other matters.

In terms of cooperation with the accounting auditor, in addition to receiving an explanation of the plan for the accounting audit, Audit & Supervisory Board Members received quarterly reports concerning the results of reviews and progress updates of the fiscal year audit, exchanging opinions as necessary. In selecting Key Audit Matters (KAM), regular discussions with the accounting auditor were held to exchange opinions and share information and awareness.

(ii) Status of the internal audit

The internal audit of the Company strives to ensure the appropriate execution of duties by establishing an Audit Division that is independent from the divisions subject to audit, with a structure of six people who conduct an operational audit, accounting audit and internal controls audit based on Internal Audit Rules and implement measures as necessary in light of the results of such internal audit.

The Audit Division, the Audit & Supervisory Board, and the accounting auditor aim for mutual cooperation, regularly exchanging information and opinions and consulting in relation to the audit policy, the audit plan, and the status of audit implementation. In addition, the Audit Division and each Audit & Supervisory Board Member obtain necessary information by attending internal control related meetings and interviewing internal control related divisions such as the General Affairs Department and the Accounting and Finance Department, and the accounting auditor also interview these internal control related divisions as necessary, so as to conduct effective audits respectively.

The Audit Division has two reporting lines, one to the Representative Director and one to the Board of Directors. The Audit Division reports directly on the status of the audit and other matters to the Board of Directors (twice a year) and the Audit & Supervisory Board (in principle once a month). The Audit Division also reports to all officers (including external officers) on individual audit matters as appropriate,

maintaining the coordination between the internal audit division, and the Board of Directors and the Audit & Supervisory Board.

(iii) Status of the accounting audit

A. Name of the audit firm

Deloitte Touche Tohmatsu LLC

B. Period of continuous audits

56 years

C. Certificate public accountants who conducted audits

Designated limited liability partner: Takashi Ishii

Designated limited liability partner: Tomomi Tsuji

D. Composition of the assistants providing auditing service

Those who supported the Company's accounting audit duties included seven certified public accountants and 21 other assistants.

E. Policy and reason for appointing the audit firm

In selecting an audit firm, the Company comprehensively considers aspects such as the independence and other qualifications of the audit firm, the appropriateness of the quality control system, the independence and expertise of the audit team, the adequacy of the audit plan, the appropriateness of the audit fee, the global audit structure and the status of audit activities.

In case where an accounting auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall dismiss the accounting auditor upon consent of all Audit & Supervisory Board Members.

In addition, in cases where it is deemed difficult for the accounting auditor to properly perform duties, or in the event that it is deemed appropriate to change the accounting auditor in order to enhance the appropriateness of the audit, the Audit & Supervisory Board shall determine the contents of the proposal to be submitted at the General Shareholders' Meeting on the dismissal or non-reappointment of the accounting auditor.

F. Evaluation of the audit firm by the Audit & Supervisory Board Members and the Audit & Supervisory Board

The Company's Audit & Supervisory Board Members and the Audit & Supervisory Board confirm the audit plan and the status of the execution of the audit duties at regular consultation meetings with the accounting auditor, etc., and receive explanation of matters related to the performance of duties of the financial auditors as provided for in Article 131 of the Regulations on Corporate Accounting, while also conducting interviews of the Accounting and Finance Department and Audit Division concerning the status of the accounting auditor's execution of duties. On top of this, the Company evaluates aspects such as the independence and other qualifications of the audit firm, the appropriateness of the quality control system, the independence and expertise of the audit team, the adequacy of the audit plan, the appropriateness of the audit fee, and the adequacy of the status of the global audit and communication with the Company based on the Evaluation Criteria for the Accounting Auditor resolved at the Audit & Supervisory Board, and comprehensively judges whether or not the accounting auditor falls under the Policy for the Dismissal or Non-reappointment of the Accounting Auditor.

In light of the above, the Company evaluated there is no problem with execution of duties by the accounting auditor and resolved to reappoint Deloitte Touche Tohmatsu LLC.

(iv) Details of audit fees, etc.

A. Compensation for the certified public accountant, etc.

(Millions of Yen)

Category	Previous fiscal year		Current fiscal year	
	Compensation for audit and attestation service	Compensation for non-audit services	Compensation for audit and attestation service	Compensation for non-audit services
The Company	66	–	68	–
Consolidated subsidiaries	70	2	71	–
Total	136	2	139	–

Non-audit services performed for the consolidated subsidiaries in the previous fiscal year consisted of advice and guidance on the response to climate-related financial information disclosure.

B. Compensation for the same network as the certified public accountant (Deloitte Tohmatsu Group) (excluding A)

(Millions of Yen)

Category	Previous fiscal year		Current fiscal year	
	Compensation for audit and attestation service	Compensation for non-audit services	Compensation for audit and attestation service	Compensation for non-audit services
The Company	–	29	–	56
Consolidated subsidiaries	250	172	313	201
Total	250	201	313	257

The non-audit services performed for the Company in the previous fiscal year consisted of tax affairs-related tasks, etc. while the non-audit services performed in the current fiscal year consisted of an advisory service for restructuring the Group core system in Japan and tax affairs-related tasks, etc.

The non-audit services performed for consolidated subsidiaries in the previous fiscal year consisted of due diligence tasks for business combination, etc. while the non-audit services performed in the current fiscal year consisted of taxation advisory service, etc.

C. Details of other significant compensation related to audit and attestation services

Comprises mainly of compensation paid by FOODEX S.A.S. and its consolidated subsidiaries to the KPMG Group, etc.

D. Decision-making policy of audit compensation

Not applicable.

E. Reason for the Audit & Supervisory Board's consent to the compensation of the accounting auditor

Based on the Practical Guidelines for Coordination with Accounting Auditor published by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board obtained necessary materials and received reports from Directors, relevant internal divisions, and the accounting auditor and confirmed the details of the accounting auditor's audit, the status of execution of duties, and the transition of audit fees, among other factors. As a result of the examination, the Audit & Supervisory Board has given its consent to the compensation for the accounting auditor, etc. in accordance with Article 399, Paragraph 1 of the Companies Act.

- (4) [Officers' compensation, etc.]
- (i) Matters pertaining to the policy, etc. for the determination of the amount of officers' compensation, etc. and the calculation thereof
- A. Basic policy, etc. for the determination of the details of the amount of officers' compensation, etc.

The amount of Company's officers' compensation, etc. is determined based on the Internal Regulations for Compensation of Officers approved by the Board of Directors within the range of the amount for each based on resolutions at the General Shareholders' Meeting. Compensation for Directors is determined by the Representative Director and President delegated by resolution of the Board of Directors, upon deliberation by the Nomination and Compensation Committee; while compensation for Audit & Supervisory Board Members is determined by deliberation by the Audit & Supervisory Board Members. Revisions to the articles of the Internal Regulations for Compensation of Officers relating to Directors are based on resolutions by the Board of Directors, while revisions relating to Audit & Supervisory Board Members are subject to consultation with the Audit & Supervisory Board Members.

Compensation for the Company's 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.

- B. Policies for determining the details of compensation, etc. for individual Directors

Based on a resolution by the Board of Directors, the Company has established the following policies for the determination of the details of compensation, etc. for individual Directors.

- a. Policy for the determination of the amount of fixed compensation

Fixed compensation for directors of the Company shall be paid at a fixed time every month, and the amount shall be determined based on positions and roles by comprehensively taking into consideration the business performance of the Company, economic conditions, and other factors.

- b. Policy for the determination of the amount of performance-linked compensation

Performance-linked compensation for executive directors of the Company shall be paid at a fixed time every month, and the amount shall be determined based on the amount of performance-linked compensation paid in the previous fiscal year and the individual's performance evaluation score for the previous fiscal year. The main indicator used for calculating performance evaluation scores for the previous fiscal year is consolidated operating income, which the Company considers as the most important management indicator.

- c. Policy for the determination of the ratio of the amount of fixed compensation and the amount of performance-linked compensation for executive directors

The amount of compensation for each executive director of the Company is determined so that the ratio between the amount of fixed compensation and the standard amount of performance-linked compensation will be 1:1 for all positions in principle.

- d. Policy for the determination of the details of compensation for individual Directors

The Representative Director and President, to whom the authority to determine the amount of compensation for directors of the Company is delegated by a resolution of the Board of Directors, shall be authorized to determine the amounts of fixed compensation and performance-linked compensation for each director in accordance with this Policy. To ensure that such authority is exercised appropriately by the President, such decisions by the President shall be made after deliberation by the Nominations and Compensation Committee.

The determination of the respective amounts of fixed compensation and performance-linked compensation for the individual Directors for the current fiscal year is delegated to Representative Director and President Mutsumi Kimura by the Board of Directors. The reason for the delegation is that the Representative Director and President is considered to be the most suitable for evaluating the individual performance of each Director while comprehensively viewing the entirety of the Company's performance, etc. To ensure proper execution of this delegated authority, this determination by the Representative Director and President is subject to review, etc. by the Nomination and Compensation Committee.

The Nomination and Compensation Committee approved the details of the compensation, etc. of individual Directors for the current fiscal year, also confirming that they are in compliance with the aforementioned (i) B. Policies for determining the details of compensation, etc. for individual Directors, and gave advice regarding that matter. As such, the Board of Directors determined that the details of the compensation, etc. of individual Directors for the current fiscal year do conform with the policy.

- C. Date and details of the resolution of the General Shareholders' Meeting regarding the officers' compensation, etc.

With regard to the maximum amount of compensation for Directors, the 108th Annual General Shareholders' Meeting held on June 27, 2019 approved the fixed annual compensation of up to ¥136 million (up to ¥30 million for external Directors). As for performance-linked compensation (for Directors who are not external Directors), the 104th Annual General Shareholders' Meeting held on June 26, 2015 approved an annual amount that is equivalent to up to 1% of consolidated operating income for the previous fiscal year. The maximum amount of compensation for the Audit & Supervisory Board Members was resolved at the 106th Annual General Shareholders' Meeting held on June 29, 2017 as an annual amount of up to ¥120 million.

- (ii) Total amount of compensation, etc. by officer category, total amount by type of compensation, etc., and number of eligible officers

Officer category	Total amount of compensation, etc. (Millions of Yen)	Total amount by type of compensation, etc. (Millions of Yen)		Number of applicable officers
		Fixed compensation	Performance-linked compensation	
Director (excluding external Director)	146	64	81	4
Audit & Supervisory Board Member (excluding external Audit & Supervisory Board Member)	42	42	–	2
External officer	72	72	–	7
Total	261	179	81	13

- (Notes)
- The amount of Director's compensation does not include the employee salary of Directors concurrently serving as an employee.
 - The Company has four Directors, excluding external Directors, two Audit & Supervisory Board Members, excluding external Audit & Supervisory Board Members, and six external officers as of the end of the current fiscal year. The difference between this and the figures above is due to the inclusion in the above figures of one Audit & Supervisory Board Member (external Audit & Supervisory Board Member) who retired during the current fiscal year.
 - The actual values, etc. of consolidated operating income, which is the Company's main evaluation indicator for determining performance-linked compensation, are as follows:
 - Actual value in 110th fiscal year ended March 31, 2021: ¥21,595 million
 - Target value in 111th fiscal year ended March 31, 2022: ¥33,445 million
 - Actual value in 111th fiscal year ended March 31, 2022: ¥43,354 million
 - Target value in 112th fiscal year ended March 31, 2023: ¥31,777 million
 - Actual value in 112th fiscal year ended March 31, 2023: ¥37,945 million

(iii) Total amount of consolidated compensation, etc. for those whose total amount of consolidated compensation, etc. is ¥100 million or more

Name	Name of company and officer category	Total amount of consolidated compensation, etc. (Millions of Yen)	Total amount by type of consolidated compensation, etc. (Millions of Yen)	
			Fixed compensation	Performance-linked compensation
Mutsumi Kimura	The Company Representative Director and President	77	30	47
	Takara Shuzo Co., Ltd. Director	15	10	5
	Takara Shuzo International Co., Ltd. Director	15	10	5
	Takara Bio Inc. Director	9	9	–
	Other six consolidated subsidiaries	1	1	–
	Total	119	60	58

(iv) Important employee salary for officers concurrently serving as an employee in the current fiscal year
No matters of note.

(5) [Share ownership]

(i) Policy and concept of the classification of investment shares

The Company categorizes investment shares into investment shares for pure investment purposes aimed at earning profit strictly from fluctuations in share prices and from the dividends associated with the shares as part of our asset management, and investment shares for purposes other than pure investment aimed at maintaining and strengthening business partnerships and transactions.

(ii) Investment shares whose purpose of holding is other than pure investment

A. Shareholding policy and methods to evaluate reasonability of shareholdings, and details of verification by the Board of Directors, etc. in relation to the suitability of holding individual issues

In our Group, the Company and Group companies may strategically hold shares of the companies that have business relationships with individual companies in the Group. Such strategic holding of shares shall be implemented only if the Board of Directors of the Group company intending to purchase said shares acknowledges that the shareholding is reasonable as a means of business alliance, maintenance and enhancement of transaction, etc., and in view of the benefits and risks. With regard to the individual shareholdings, the Board of Directors shall annually judge whether to continue to hold shares through the examination in terms of the contribution to the achievement of continuous growth of the Group and an increase in its corporate value over the medium- to long-term, and disclose the results of its judgement. For shareholdings acknowledged to have no economic rationale, cross-shareholdings shall be reduced through sale in a timely manner upon consultation with the company in question. Meanwhile, on being informed by a company that holds cross-shareholdings of the Company's shares (the shareholder of cross-held shares) that the company in question intends to sell the Company's shares, the Company shall respect the said intention. With respect to exercising the voting rights of the companies in which shares are held, each Group company shall, based on the examination of all proposals in principle, judge comprehensively whether or not the proposal contributes to the achievement of continuous growth of the Group and an increase in its corporate value over the medium- to long-term and the shareholders' common interest of the Group and the invested company so as to exercise them appropriately. This includes opposing proposals in cases when earnings have been poor for a certain period, when it is acknowledged that management strategy or financial strategy will damage shareholder interests, when illegal or anti-social acts are acknowledged, and other similar cases.

By the end of the fiscal year ended March 31, 2024, the Company sold a total of eight issues, including five out of the nine issues designated as issues to consider selling (including issues eligible for sale that form part of the Company's shareholdings) at a meeting of the Company's Board of

Directors held on April 27, 2023 and three additional issues designated as issues to consider selling during the period. Furthermore, at a meeting of the Company's Board of Directors held on May 10, 2024, the Company evaluated the suitability of continuing to hold all of the cross-shareholdings held by the Company and the Company's subsidiaries as of the end of the fiscal year ended March 31, 2024 and decided to move forward with an evaluation of the timely sale of 11 issues as issues to consider selling, out of all 72 issues that consisted of seven issues of financial institutions, 15 issues of suppliers and providers, 37 issues of customers and buyers, and 13 issues of other relevant parties. Furthermore, the specified investment shares chart on the following page does not indicate which issues are issues to consider selling.

B. Number of issues and carrying amount

	Number of issues (Issues)	Total carrying amount on the balance sheet (Millions of Yen)
Unlisted shares	25	865
Shares other than unlisted shares	32	36,327

(Issues for which the number of shares increased in the fiscal year ended March 31, 2024)

	Number of issues (Issues)	Total acquisition cost for increased shares (Millions of Yen)	Reason for increase in the number of shares
Unlisted shares	1	53	Invest in a start-up company
Shares other than unlisted shares	–	–	–

(Issues for which the number of shares decreased in the fiscal year ended March 31, 2024)

	Number of issues (Issues)	Total sale amount for decreased shares (Millions of Yen)
Unlisted shares	1	17
Shares other than unlisted shares	6	4,821

C. Information on the number of specified investment stocks and deemed holding of stocks, carrying amount on the balance sheet, etc.

Specified investment shares

Issues	The current fiscal year	The previous fiscal year	Purpose of shareholding, overview of business alliance, etc., quantitative effects of shareholding, and reason for increase in the number of shares	Whether or not shares of the Company are held
	Number of shares	Number of shares		
	Carrying amount on the balance sheet (Millions of Yen)	Carrying amount on the balance sheet (Millions of Yen)		
SCREEN Holdings Co., Ltd. (Note 4)	460,520	230,260	The shares are held to facilitate management activities and improve corporate value by maintaining relationships.	Yes
	9,194	2,682		
MITSUI & CO., LTD.	708,125	708,125	The shares are held mainly to facilitate business activities through the stable procurement, etc. of raw materials, etc. by maintaining and strengthening business relationships.	Yes
	5,031	2,914		
Kyoto Financial Group, Inc. (Note 5)	1,630,672	407,668	The shares are held mainly to increase financial security and stability through the stable procurement, etc. of funds by maintaining and strengthening business relationships.	No (Note 3)
	4,502	2,547		
Tokio Marine Holdings, Inc.	619,920	619,920	The shares are held mainly to reduce business risk through the conclusion of effective and efficient damage insurance agreements, etc., by maintaining and strengthening business relationships.	No (Note 3)
	2,915	1,578		
Mizuho Financial Group, Inc.	730,373	730,373	The shares are held mainly to increase financial security and stability through the stable procurement, etc. of funds by maintaining and strengthening business relationships.	No (Note 3)
	2,224	1,371		
Sumitomo Mitsui Trust Holdings, Inc. (Note 6)	665,356	332,678	The shares are held mainly to increase financial security and stability through the stable procurement, etc. of funds by maintaining and strengthening business relationships.	No (Note 3)
	2,200	1,510		
Nippon Shinyaku Co., Ltd.	254,000	254,000	The shares are held to facilitate management activities and improve corporate value by maintaining relationships.	Yes
	1,135	1,480		
Sumitomo Mitsui Financial Group, Inc.	105,201	105,201	The shares are held mainly to increase financial security and stability through the stable procurement, etc. of funds by maintaining and strengthening business relationships.	No (Note 3)
	937	557		
Dai Nippon Printing Co., Ltd.	188,000	188,000	The shares are held mainly to facilitate business activities through the stable procurement, etc. of containers and packaging materials by maintaining and strengthening business relationships.	Yes
	878	696		
Rengo Co., Ltd.	700,000	700,000	The shares are held mainly to facilitate business activities through the stable procurement, etc. of containers and packaging materials by maintaining and strengthening business relationships.	Yes
	819	601		
TOPPAN Holdings Inc. (Note 7)	208,500	208,500	The shares are held mainly to facilitate business activities through the stable procurement, etc. of containers and packaging materials by maintaining and strengthening business relationships.	No (Note 3)
	808	555		
Toyo Seikan Group Holdings, Ltd.	300,000	300,000	The shares are held mainly to facilitate business activities through the stable procurement, etc. of containers and packaging materials by maintaining and strengthening business relationships.	Yes
	731	547		
Kewpie Corporation	244,000	244,000	The shares are held mainly to facilitate business activities through effectively and efficiently securing means of distribution, etc. by maintaining and strengthening business relationships.	Yes
	690	543		
THE SHIGA BANK, LTD.	161,834	161,834	The shares are held mainly to increase financial security and stability through the stable procurement, etc. of funds by maintaining and strengthening business relationships.	Yes
	678	433		

Issues	The current fiscal year	The previous fiscal year	Purpose of shareholding, overview of business alliance, etc., quantitative effects of shareholding, and reason for increase in the number of shares	Whether or not shares of the Company are held
	Number of shares	Number of shares		
	Carrying amount on the balance sheet (Millions of Yen)	Carrying amount on the balance sheet (Millions of Yen)		
Tokyo Tatemono Co., Ltd.	255,500	255,500	The shares are held to improve corporate value through the promotion, etc. of real estate business by maintaining and strengthening business relationships.	Yes
	672	412		
Mitsubishi UFJ Financial Group, Inc.	391,970	391,970	The shares are held mainly to increase financial security and stability through the stable procurement, etc. of funds by maintaining and strengthening business relationships.	No (Note 3)
	610	332		
Wacoal Holdings Corp.	142,450	142,450	The shares are held to facilitate management activities and improve corporate value by maintaining relationships.	No (Note 3)
	529	354		
Daifuku Co., Ltd. (Note 8)	105,000	35,000	The shares are held mainly to facilitate business activities through effectively and efficiently building production and logistics facilities, etc. by maintaining and strengthening business relationships.	Yes
	376	256		
SHIBUYA CORPORATION	95,000	95,000	The shares are held mainly to facilitate business activities through effectively and efficiently building production facilities, etc. by maintaining and strengthening business relationships.	Yes
	333	237		
GS Yuasa Corporation	69,600	69,600	The shares are held to facilitate management activities and improve corporate value by maintaining relationships.	No
	218	165		
Chuo Warehouse Co., Ltd.	182,550	182,550	The shares are held mainly to facilitate business activities through effectively and efficiently securing means of distribution, etc. by maintaining and strengthening business relationships.	Yes
	209	197		
T. HASEGAWA CO., LTD.	58,000	58,000	The shares are held mainly to facilitate business activities through the stable procurement, etc. of raw materials by maintaining and strengthening business relationships.	Yes
	175	172		
Nihon Yamamura Glass Co., Ltd.	94,000	94,000	The shares are held mainly to facilitate business activities through the stable procurement, etc. of containers and packaging materials by maintaining and strengthening business relationships.	Yes
	161	63		
ISHIZUKA GLASS CO., LTD.	44,500	44,500	The shares are held mainly to facilitate business activities through the stable procurement, etc. of containers and packaging materials by maintaining and strengthening business relationships.	Yes
	134	68		
TAKASAGO INTERNATIONAL CORPORATION	36,000	36,000	The shares are held mainly to facilitate business activities through the stable procurement, etc. of raw materials by maintaining and strengthening business relationships.	Yes
	124	94		
K.R.S. Corporation	24,200	24,200	The shares are held mainly to facilitate business activities through effectively and efficiently securing means of distribution, etc. by maintaining and strengthening business relationships.	Yes
	28	23		
Kintetsu Department Store Co., Ltd	955	955	The shares are held to facilitate management activities and improve corporate value by maintaining relationships.	Yes
	2	2		
Sapporo Holdings Limited	100	100	The shares are held to collect information on industry trends, etc.	No
	0	0		
Asahi Group Holdings, Ltd.	100	100	The shares are held to collect information on industry trends, etc.	No
	0	0		
Kyowa Kirin Co., Ltd.	100	100	The shares are held to collect information on industry trends, etc.	No
	0	0		

Issues	The current fiscal year	The previous fiscal year	Purpose of shareholding, overview of business alliance, etc., quantitative effects of shareholding, and reason for increase in the number of shares	Whether or not shares of the Company are held
	Number of shares	Number of shares		
	Carrying amount on the balance sheet (Millions of Yen)	Carrying amount on the balance sheet (Millions of Yen)		
Kirin Holdings Company, Limited	100	100	The shares are held to collect information on industry trends, etc.	No
	0	0		
Oenon Holdings, Inc.	100	100	The shares are held to collect information on industry trends, etc.	No
	0	0		
Marubeni Corporation	–	999,929	The shares were held mainly to facilitate business activities through the stable procurement, etc. of raw materials by maintaining and strengthening business relationships, but were sold during the current fiscal year.	No
	–	1,795		
OMRON Corporation	–	213,445	The shares were held to facilitate management activities and improve corporate value by maintaining relationships, but were sold during the current fiscal year.	No
	–	1,645		
Mitsubishi Corporation	–	95,500	The shares were held mainly to facilitate business activities through the stable procurement, etc. of raw materials by maintaining and strengthening business relationships, but were sold during the current fiscal year.	No
	–	453		
Mitsubishi Materials Corporation	–	50,000	The shares were held mainly to facilitate business activities through the stable procurement, etc. of containers and packaging materials by maintaining and strengthening business relationships, but were sold during the current fiscal year.	No
	–	107		
Fuji Seal International, Inc.	–	66,000	The shares were held mainly to facilitate business activities through the stable procurement, etc. of containers and packaging materials by maintaining and strengthening business relationships, but were sold during the current fiscal year.	No
	–	99		
YAIZU SUISANKAGAKU INDUSTRY CO., LTD.	–	100,000	The shares were held mainly to facilitate business activities through the stable procurement, etc. of raw materials by maintaining and strengthening business relationships, but were sold during the current fiscal year.	Yes
	–	85		

(Notes) 1. “–” represents the Company does not have the stocks.

2. The Company has difficulty describing quantitative effects of shareholding. Regarding the reasonability of shareholdings, for each individual issue, the Company determines the validity of continued holding by evaluating the annual shareholder total yield, the return on investment, and whether the operating income ratio is in line with the capital cost for customers and buyers, while also considering the impact of qualitative factors.
3. Although the company whose shares are held by the Company does not hold shares of the Company, a subsidiary of the said company holds shares of the Company.
4. SCREEN Holdings Co., Ltd. implemented a two-for-one stock split on October 1, 2023.
5. The Bank of Kyoto, Ltd. established Kyoto Financial Group, Inc., a holding company, as of October 2, 2023 through independent share transfer. Accompanying this event, the Company received shares through allotment at a rate of one common share of Kyoto Financial Group, Inc. per one common share of The Bank of Kyoto, Ltd. that the Company held. The organization also implemented a four-for-one stock split on January 1, 2024.
6. Sumitomo Mitsui Trust Holdings, Inc. implemented a two-for-one stock split on January 1, 2024.
7. TOPPAN INC. changed its trade name to TOPPAN Holdings Inc. as of October 1, 2023.
8. Daifuku Co., Ltd. implemented a three-for-one stock split on April 1, 2023.

Deemed holding of stocks

Not applicable.

(iii) Investment shares whose purpose of holding is pure investment

Not applicable.

V. Financial Information

1. Basis of preparation of the consolidated financial statements and the non-consolidated financial statements

- (1) The consolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963; hereinafter the “Regulations on Non-consolidated Financial Statements.”).

As the Company falls under the category of a company filing financial statements prepared in accordance with special provisions, the non-consolidated financial statements of the Company are prepared in accordance with Article 127 of the Regulations for Non-consolidated Financial Statements.

2. Auditing and attestation

The consolidated and the non-consolidated financial statements for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024) were audited by Deloitte Touche Tohmatsu LLC, pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

3. Particular efforts to secure the appropriateness of the consolidated financial statements

The Company makes particular efforts to secure the appropriateness of its consolidated financial statements. Specifically, in order to properly understand the details of the accounting standards and other regulations, or to develop a system that can accurately respond to changes in accounting standards and other regulations, the Company has joined the Financial Accounting Standards Foundation (FASF), and strives to conduct appropriate accounting treatment by determining the Group-wide accounting treatment policies based on accounting standards available in the FASF, and other means.

In addition, the Company regularly participates in external seminars held by the FASF, audit firms and others.

1. Consolidated Financial Statements and Other Information

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheet

(Millions of Yen)

		As of Mar. 31, 2023		As of Mar. 31, 2024
Assets				
Current assets				
Cash and deposits		96,820		95,085
Notes and accounts receivable - trade	*2, *5	61,624	*2, *5	60,854
Electronically recorded monetary claims - operating	*5	8,093	*5	9,268
Merchandise and finished goods	*2	57,812	*2	61,834
Work in process		1,718		1,659
Raw materials and supplies		7,372		7,558
Other		8,765		9,768
Allowance for doubtful accounts		(694)		(817)
Total current assets		241,513		245,213
Non-current assets				
Property, plant and equipment				
Buildings and structures	*4	76,265	*4	80,477
Accumulated depreciation		(39,487)		(42,178)
Buildings and structures, net		36,778		38,298
Machinery, equipment and vehicles	*4	90,919	*4	92,456
Accumulated depreciation		(75,654)		(76,436)
Machinery, equipment and vehicles, net		15,265		16,019
Land		20,861		21,665
Leased assets		1,520		1,438
Accumulated depreciation		(731)		(757)
Leased assets, net		789		681
Construction in progress		3,662		12,796
Other	*4	28,496	*4	35,749
Accumulated depreciation		(16,962)		(20,328)
Other, net		11,533		15,420
Total property, plant and equipment		88,890		104,882
Intangible assets				
Goodwill		10,668		12,154
Other	*4	5,262	*4	6,181
Total intangible assets		15,931		18,336
Investments and other assets				
Investment securities	*1	30,573	*1	43,597
Retirement benefit asset		1,054		1,510
Deferred tax assets		2,170		1,913
Other		19,103		22,078
Allowance for doubtful accounts		(64)		(62)
Total investments and other assets		52,838		69,036
Total non-current assets		157,661		192,254
Total assets		399,174		437,468

(Millions of Yen)

	As of Mar. 31, 2023	As of Mar. 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,775	22,315
Short-term borrowings	*2 4,919	*2 10,008
Current portion of bonds payable	-	5,000
Accrued alcohol tax	5,815	8,174
Accrued expenses	6,368	8,826
Income taxes payable	2,220	2,600
Provision for bonuses	3,380	3,470
Other	22,975	20,262
Total current liabilities	67,454	80,657
Non-current liabilities		
Bonds payable	20,000	15,000
Long-term borrowings	*2 15,186	*2 10,422
Lease liabilities	4,452	7,369
Deferred tax liabilities	4,855	8,806
Retirement benefit liability	8,925	8,735
Other	22,980	26,010
Total non-current liabilities	76,401	76,345
Total liabilities	143,856	157,003
Net assets		
Shareholders' equity		
Share capital	13,226	13,226
Capital surplus	1,994	2,716
Retained earnings	163,825	169,909
Treasury shares	(1,682)	(2,103)
Total shareholders' equity	177,363	183,749
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,974	22,511
Deferred gains or losses on hedges	286	3
Foreign currency translation adjustment	13,686	22,389
Remeasurements of retirement benefit plans	(359)	12
Total accumulated other comprehensive income	26,588	44,915
Non-controlling interests	51,366	51,799
Total net assets	255,318	280,465
Total liabilities and net assets	399,174	437,468

(ii) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

(Millions of Yen)

	Fiscal year ended March 31, 2023 (Apr. 1, 2022 – Mar. 31, 2023)		Fiscal year ended March 31, 2024 (Apr. 1, 2023 – Mar. 31, 2024)	
Net sales	*1	350,665	*1	339,372
Cost of sales		230,723		225,438
Gross profit		119,941		113,933
Selling, general and administrative expenses	*2, *3	81,996	*2, *3	91,691
Operating income		37,945		22,242
Non-operating income				
Interest income		265		457
Dividend income		800		948
Other		612		755
Total non-operating income		1,678		2,161
Non-operating expenses				
Interest expenses		324		450
Foreign exchange losses		222		–
Provision for loss on litigation		–		114
Other		370		501
Total non-operating expenses		917		1,066
Ordinary profit		38,706		23,336
Extraordinary income				
Gain on sale of investment securities		674		3,971
Insurance claim income	*4	678		–
Other		327		63
Total extraordinary income		1,681		4,034
Extraordinary losses				
Loss on sale and retirement of non-current assets	*5	499	*5	842
Impairment losses		–	*6	207
Other		195		82
Total extraordinary losses		694		1,132
Income before income taxes		39,692		26,238
Income taxes - current		10,144		8,899
Income taxes - deferred		857		(426)
Total income taxes		11,001		8,472
Profit		28,690		17,766
Profit attributable to non-controlling interest		7,483		1,589
Profit attributable to owners of parent		21,206		16,176

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Fiscal year ended March 31, 2023 (Apr. 1, 2022 – Mar. 31, 2023)	Fiscal year ended March 31, 2024 (Apr. 1, 2023 – Mar. 31, 2024)
Profit	28,690	17,766
Other comprehensive income		
Valuation difference on available-for-sale securities	757	9,537
Deferred gains or losses on hedges	(125)	(283)
Foreign currency translation adjustment	11,855	10,281
Remeasurements of retirement benefit plans	100	365
Total other comprehensive income	* 12,588	* 19,900
Comprehensive income	41,278	37,666
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	31,351	34,503
Comprehensive income attributable to non-controlling interests	9,927	3,162

(iii) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,226	2,499	149,933	(1,682)	163,976
Changes during period					
Dividends of surplus			(7,315)		(7,315)
Profit			21,206		21,206
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		0	0
Purchase of shares of consolidated subsidiaries		(505)			(505)
Net changes in items other than shareholders' equity					
Total changes during period	–	(505)	13,891	(0)	13,386
Balance at end of period	13,226	1,994	163,825	(1,682)	177,363

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of retirement benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	12,216	412	4,330	(515)	16,443	44,135	224,555
Changes during period							
Dividends of surplus							(7,315)
Profit							21,206
Purchase of treasury shares							(0)
Disposal of treasury shares							0
Purchase of shares of consolidated subsidiaries							(505)
Net changes in items other than shareholders' equity	757	(125)	9,355	156	10,144	7,231	17,375
Total changes during period	757	(125)	9,355	156	10,144	7,231	30,762
Balance at end of period	12,974	286	13,686	(359)	26,588	51,366	255,318

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,226	1,994	163,825	(1,682)	177,363
Changes of during period					
Dividends of surplus			(7,512)		(7,512)
Profit			16,176		16,176
Purchase of treasury shares				(2,999)	(2,999)
Disposal of treasury shares		(2,579)		2,579	-
Purchase of shares of consolidated subsidiaries		722			722
Transfer from retained earnings to capital surplus		2,579	(2,579)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	722	6,084	(420)	6,386
Balance at end of period	13,226	2,716	169,909	(2,103)	183,749

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of retirement benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	12,974	286	13,686	(359)	26,588	51,366	255,318
Changes during period							
Dividends of surplus							(7,512)
Profit							16,176
Purchase of treasury shares							(2,999)
Disposal of treasury shares							-
Purchase of shares of consolidated subsidiaries							722
Transfer from retained earnings to capital surplus							-
Net changes in items other than shareholders' equity	9,537	(283)	8,702	371	18,327	432	18,760
Total changes during period	9,537	(283)	8,702	371	18,327	432	25,146
Balance at end of period	22,511	3	22,389	12	44,915	51,799	280,465

(iv) Consolidated Statement of Cash Flows

(Millions of Yen)

	Fiscal year ended March 31, 2023 (Apr. 1, 2022– Mar. 31, 2023)	Fiscal year ended March 31, 2024 (Apr. 1, 2023– Mar. 31, 2024)
Cash flows from operating activities		
Income before income taxes	39,692	26,238
Depreciation	9,118	9,999
Impairment losses	–	207
Amortization of goodwill	998	1,179
Interest and dividend income	(1,066)	(1,405)
Interest expenses	324	450
Insurance claim income	(678)	–
Loss (gain) on sale and retirement of non-current assets	235	794
Loss (gain) on sale of investment securities	(674)	(3,971)
Decrease (increase) in trade receivables	2,634	1,994
Decrease (increase) in inventories	8,969	982
Increase (decrease) in trade payables	(252)	(914)
Increase (decrease) in accrued alcohol tax	(1,358)	2,358
Increase (decrease) in accrued consumption taxes	2,104	(3,031)
Increase (decrease) in other current liabilities	(1,261)	2,264
Other, net	835	0
Subtotal	59,621	37,147
Interest and dividends received	1,053	1,380
Interest paid	(340)	(457)
Income taxes paid	(15,535)	(8,459)
Proceeds from insurance income	678	–
Subsidy refund	–	(433)
Net cash provided by (used in) operating activities	45,478	29,178
Cash flows from investing activities		
Payments into time deposits	(23,167)	(4,592)
Proceeds from withdrawal of time deposits	24,008	5,530
Purchase of property, plant and equipment and intangible assets	(10,618)	(19,210)
Proceeds from sale of investment securities	793	4,874
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (1,068)	*2 (5,441)
Subsidies received	32	463
Subsidy refund	–	(1,335)
Other, net	(454)	(282)
Net cash provided by (used in) investing activities	(10,474)	(19,993)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(435)	(262)
Proceeds from long-term borrowings	6	466
Repayments of long-term borrowings	(363)	(105)
Redemption of bonds	(10,000)	–
Purchase of treasury shares	(0)	(2,999)
Dividends paid	(7,305)	(7,503)
Dividends paid to non-controlling interests	(1,579)	(2,004)
Repayments of lease liabilities	(919)	(1,036)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,551)	–
Other, net	(67)	(3)
Net cash provided by (used in) financing activities	(22,215)	(13,448)
Effect of exchange rate change on cash and cash equivalents	3,267	2,661
Net increase (decrease) in cash and cash equivalents	16,056	(1,601)
Cash and cash equivalents at beginning of period	75,729	91,785
Cash and cash equivalents at end of period	*1 91,785	*1 90,184

Notes to consolidated financial statements

(Other matters for preparation of consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 64

Names of major consolidated subsidiaries are omitted since those names are described in “4. Subsidiaries and affiliates” under “I. Overview of the Company.”

Changes for the current fiscal year are as follows.

Takara Shuzo Asia Pacific (HK) Co., Ltd. (Hong Kong) is included within the scope of consolidation since it was newly established.

2241559 Ontario Limited (Canada) is included within the scope of consolidation since Takara Shuzo International Co., Ltd., a consolidated subsidiary of the Company, acquired shares of the said company.

Yamasho, Inc. (U.S.), together with Yamasho Atlanta, Inc. (U.S.), a subsidiary of the said company, is included within the scope of consolidation since Mutual Trading Co., Inc., a consolidated subsidiary of the Company, acquired shares of the said company.

Minamoto Wholesale Limited, LLC (U.S.) is included within the scope of consolidation since Mutual Trading Co., Inc., a consolidated subsidiary of the Company, acquired shares of the said company.

(2) Names, etc. of non-consolidated subsidiaries

Yutaka Foods Ltd. (U.K.)

J&W Hardie Ltd. (U.K.)

(Reason for exclusion from the scope of consolidation)

Yutaka Foods Ltd. and J&W Hardie Ltd. are excluded from the scope of consolidation, since these companies are dormant companies and immaterial.

2. Application of the equity method

(1) Number of equity method affiliates: 1

Company name

Japan Synthetic Alcohol Co., Ltd.

(2) Non-consolidated subsidiaries not accounted for using the equity method (Yutaka Foods Ltd. and J&W Hardie Ltd.) and investment in one affiliate are excluded from the scope of using the equity method, because these non-consolidated subsidiaries are dormant companies and immaterial, and as for this investment in the affiliate, such exclusion has only an immaterial effect on the consolidated financial statements in terms of the affiliate’s profit or loss (amount corresponding to the Company’s ownership interest) and retained earnings (amount corresponding to the Company’s ownership interest), and it is immaterial as a whole.

3. Fiscal year, etc. of consolidated subsidiaries

Of consolidated subsidiaries, the closing date of the fiscal year for foreign subsidiaries is December 31, which differs from the closing date of the consolidated fiscal year. Because the difference with the closing date of the fiscal year for the consolidated financial statements is three months or less, financial statements as of the closing date of the fiscal year for each company were used in the preparation of these consolidated financial statements. Necessary adjustments were performed for important transactions that occur between the closing date of the fiscal year for each company and the closing date of the fiscal year for the consolidated financial statements.

4. Accounting policies

(1) Standards and methods for valuation of important assets

(i) Securities

A. Held-to-maturity securities

Amortized cost method (straight-line method) is applied.

B. Available-for-sale securities

Securities other than shares, etc. without market value

Stated at fair value (valuation differences are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method).

Shares, etc. without market value

Stated at cost using the moving average method.

(ii) Inventory

Mainly stated at cost using the weighted average method (carrying amounts on the balance sheet are subject to the book value reduction method based on decreased profitability).

(2) Depreciation or amortization method for important depreciable or amortizable assets

(i) Property, plant and equipment (excluding leased assets)

Mainly, the declining balance method is applied.

Major useful lives are as follows.

Buildings and structures 8-50 years

Machinery, equipment and vehicles 4-15 years

(ii) Intangible assets (excluding leased assets)

The straight-line method is applied.

Software for internal use is depreciated or amortized based on its useful life as internally determined (five years).

(iii) Leased assets

Leased assets related to finance lease transactions that transfer ownership

The same depreciation method applied to owned non-current assets is applied.

Leased assets related to finance lease transactions that do not transfer ownership

The lease period is regarded as the useful life and the straight-line method is applied with no residual value.

(3) Standards for recording significant provisions and allowances

(i) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is recorded at the amount estimated by either using the historical rate of credit losses for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(ii) Provision for bonuses

To prepare for payment of bonuses to employees, a provision is recorded based on the estimated amount of bonuses to be paid.

(4) Accounting methods for retirement benefits

(i) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the current fiscal year on a benefit formula basis.

(ii) Method of amortizing actuarial gains and losses and past service cost

Past service cost is amortized on a straight-line basis over a certain period equal to or less than the average remaining service period of eligible employees (10 years) at the time of occurrence.

Actuarial gains and losses are amortized by the straight-line method from the fiscal year following the accrual of each gain or loss, over a certain period within the average remaining service years (10 years) of employees when incurred in each fiscal year.

Unrecognized actuarial gain or loss and unrecognized prior service cost are recorded in remeasurements of retirement benefit plans in accumulated other comprehensive income in net assets, after applying tax effect.

(iii) Use of a simplified method for small enterprises

Certain consolidated subsidiaries use a simplified method which deems, as liability for retirement benefit obligation, an amount required to be paid as retirement benefits if all employees retired voluntarily as of the balance sheet date for calculating retirement benefit liability as well as retirement benefit expenses.

(5) Standard for recognizing significant revenue and expenses

(i) Takara Shuzo and Takara Shuzo International Group

Takara Shuzo and Takara Shuzo International Group are engaged in the manufacturing and sales of alcoholic beverages, and sales of Japanese food ingredients to overseas Japanese restaurants and others. Since control of products is usually transferred to customers and performance obligations are satisfied when the products are delivered to the customers, revenue is recognized at that point in time. In domestic sales transactions, when the period between shipping to transfer of control to the customer is the standard period, revenue is recognized at the point of shipment.

In addition, revenue is measured at the amount of consideration promised in the contract with the customer, less consumption taxes, etc. collected on behalf of third parties, rebates and sales incentives.

Sales incentives related to purchases of retail stores, etc. via wholesalers are estimated by multiplying estimated purchase volume of the retail stores, etc. by the estimated unit price, taking into account actual unit prices in the past and other factors.

(ii) Takara Bio Group

At Takara Bio Group, in terms of revenue from contracts between Takara Bio Group and customers, the details of major performance obligations in major businesses and the standard timing of fulfilling performance obligations (and recognizing revenue) are as follows.

In the Reagents and Instruments business, Takara Bio Group primarily manufactures and sells reagents and sells instruments. In terms of goods or product sales to domestic customers, the period between shipping and delivery of the product to the customer is the standard period. Therefore, it recognizes revenue at the point of shipping the product to the customer. In terms of product sales to overseas customers, based on trade conditions established primarily in

Incoterms, etc., it recognizes revenue when the customer obtains control of goods or products such as the time when a carrier received the goods or products.

In the CDMO services, Takara Bio Group is entrusted primarily with services related to regenerative medicine products, gene analysis, and examinations based on short-term contract services. Revenue is recognized at a point in time when control of deliverables is transferred to customers, primarily over acceptance inspection, receipt, or shipment, depending on the contract.

(iii) Other segment

Domestic Group companies are engaged in the freight transportation, the wine import and sales, and others.

In the freight transportation, revenue is recognized when goods are collected, because all the process up to delivery are completed in a day in many transactions.

In the wine import and sales, revenue is recognized at the point of shipment, because these sales are domestic sales transactions and the period between shipping to transfer of control to the customer is the standard period.

In addition, revenue is measured at the amount of consideration promised in the contract with the customer, less consumption taxes, etc. collected on behalf of third parties.

Consideration for transactions is received within one year from the satisfaction of the performance obligation and does not include a significant financial component.

(6) Accounting policy for translation of significant foreign currency assets or liabilities into Japanese yen

Monetary claims and obligations denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the consolidated fiscal year-end date, and translation differences are accounted for as non-operating income or losses. Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot exchange rate prevailing as of the fiscal year-end date, and their revenue and expenses are translated into Japanese yen at the average exchange rate during the period. Translation differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

(7) Significant hedge accounting methods

(i) Hedge accounting method

In principle, the deferral hedge accounting is applied. Appropriation processing is adopted for transactions that meet the requirements for that method in order to hedge foreign currency exchange risks.

(ii) Hedging instruments and hedged items

Hedging instruments and hedged items to which hedge accounting is applied are as follows:

(Hedging instruments)	(Hedged items)
Currency options	Foreign currency-denominated import transactions
Forward exchange contract	Foreign currency-denominated import transactions, and foreign currency-denominated liabilities, corresponding with royalty payments

(iii) Hedging policy

The currency fluctuation risk of a hedged item is hedged within a certain range based on internal regulations on derivative transactions.

(iv) Method of evaluating the effectiveness of hedges

Evaluation of hedge effectiveness is omitted because significant conditions for hedging instruments are identical to those for hedged items, and it can be assumed that market fluctuations or cash flow fluctuations will be offset at the inception of the hedge and continuously thereafter.

(8) Method and period for amortization of goodwill

Goodwill is amortized by straight-line method over a certain amortization period within 20 years.

(9) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash on hand, demand deposits, and short-term investments with repayment terms of three months or less from the date of acquisition that are readily convertible to cash and subject to an insignificant risk of changes in value.

(10) Other significant matters for preparing consolidated financial statements

Application of the group tax relief system

The Company and some of its consolidated subsidiaries have applied the group tax relief system.

(Significant accounting estimates)

1. Goodwill

(1) Amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2024

	(Millions of Yen)	
	Previous fiscal year	Current fiscal year
Goodwill	10,668	12,154

(2) Information on details of significant accounting estimates pertaining to identified items

(i) Takara Shuzo International Group

The Group recorded goodwill of 5,666 million yen. This goodwill was principally recorded when the Group acquired shares of companies engaged in the Japanese Food Wholesales Business in Overseas Markets, such as FOODEX S.A.S., Tazaki Foods Ltd., Cominport Distribución S.L., and Minamoto Wholesale Limited, LLC.

In the identification of an indication of impairment of goodwill, assets are grouped mainly with each operating company considered as a single asset group. All the asset groups that have goodwill did not show any indication of impairment of goodwill as of March 31, 2024, as seen in profit from operating activities recorded stably, and the Group has determined that the possibility of occurrence of significant impairment losses is low, unless the management environment changes considerably in the next fiscal year.

(ii) Takara Bio Group

The Group recorded goodwill of 6,488 million yen. This was recorded when Takara Bio USA, Inc. acquired all the shares of Clontech Laboratories, Inc., Rubicon Genomics, Inc., and WaferGen Bio-systems, Inc.

The Group determined Takara Bio USA, Inc. as a reporting unit including goodwill and took procedures to identify an indication of impairment. The recoverable amount of the reporting unit is measured at fair value. Fair value is mainly calculated by discounted present value of estimated future cash flow and uses hypothetical future growth rate, etc. for cash flow estimates.

Further, at the end of the current fiscal year, the recoverable amount sufficiently exceeded carrying amounts. Therefore, the Group has determined that the possibility of occurrence of significant impairment losses is low even if there were reasonable changes to the future growth rate used to calculate recoverable amount.

2. Refund liabilities

(1) Amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2024

(Millions of Yen)		
	Previous fiscal year	Current fiscal year
Refund liabilities	5,728	5,854

On the consolidated financial statements, refund liabilities are presented in “Other” under Current liabilities.

(2) Information on details of significant accounting estimates pertaining to identified items

Of rebates and sales incentives, the amount expected to be paid after the fiscal year-end date is recorded as refund liabilities. Refund liabilities recorded at Takara Shuzo Co., Ltd., a consolidated subsidiary, is 5,853 million yen, which includes 4,083 million yen of the recorded amount of estimated refund liabilities on purchases of retail stores, etc. via wholesalers.

Sales incentives related to purchases of retail stores, etc. via wholesalers are estimated by multiplying estimated purchase volume of the retail stores, etc. by the estimated unit price, taking into account actual unit prices in the past and other factors. Of the purchase volume of retail stores, etc. via wholesalers, not all information on the volume in the period-end month is available at the time of account closing. Therefore, the volume in the said month is estimated by branch and product line using data on the purchase volume obtained at the time of account closing.

For this reason, if a difference from the actually charged amount occurs after the fiscal year-end date, this may affect profit or loss in the next fiscal year. The Group identifies any difference from the actually charged amount every month, and has determined that the possibility of occurrence of significant differences is low.

(New accounting standards not yet applied)

The Company and its domestic consolidated subsidiaries

- “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022, Accounting Standards Board of Japan (ASBJ))
- “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022, ASBJ)
- “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022, ASBJ)

(1) Overview

In February 2018, ASBJ issued ASBJ Statement No. 28, “Partial Amendments to Accounting Standard for Tax Effect Accounting,” etc. (hereinafter, “ASBJ Statement No. 28, etc.”), and the transfer of the practical guidelines on tax effect accounting from the Japanese Institute of Certified Public Accountants (JICPA) to ASBJ was completed. However, in the course of the deliberation process, the following two issues were to be reviewed again after the release of ASBJ Statement No. 28, etc. Subsequently, they were deliberated and released.

- Classification of tax expenses (taxation on other comprehensive income)
- Tax effect on sales of shares of subsidiaries, etc. (shares of subsidiaries or affiliates) in the case where the group taxation regime is applied

(2) Scheduled date of application

The accounting standards and other relevant ASBJ regulations will be applied from the beginning of the fiscal year ending March 31, 2025.

(3) Impact from the application of the accounting standards and other relevant ASBJ regulations

The impact from the application of the “Accounting Standard for Current Income Taxes” and other relevant ASBJ regulations on the consolidated financial statements is currently under evaluation.

(Changes in presentation)

(Consolidated statement of income)

“Rental income from real estate” under “Non-operating income,” which was presented separately in the previous fiscal year, is included in “Other” in the current fiscal year, since it became 10% or less of the total amount of non-operating income. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated statement of income for the previous fiscal year, 176 million yen of “Rental income from real estate” and 436 million yen of “Other” which were presented under “Non-operating income” have been reclassified as 612 million yen of “Other.”

“Gain on sale of non-current assets” under “Extraordinary income,” which was presented separately in the previous fiscal year, is included in “Other” in the current fiscal year, since it became 10% or less of the total amount of extraordinary income. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated statement of income for the previous fiscal year, 264 million yen of “Gain on sale of non-current assets” and 63 million yen of “Other” which were presented under “Extraordinary income” have been reclassified as 327 million yen of “Other.”

(Consolidated statement of cash flows)

“Proceeds from sale of property, plant and equipment and intangible assets” and “Purchase of investment securities” under “Cash flows from investing activities,” which were presented separately in the previous fiscal year, are included in “Other, net” in the current fiscal year, since their quantitative materiality decreased. In addition, “Subsidies received” under “Cash flows from investing activities” which was included in “Other, net” has been presented separately from the current fiscal year, because its quantitative materiality increased. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated statement of cash flows for the previous fiscal year, 430 million yen of “Proceeds from sale of property, plant and equipment and intangible assets,” (517) million yen of “Purchase of investment securities,” and (334) million yen of “Other, net” which were presented under “Cash flows from investing activities” were reclassified as 32 million yen of “Subsidies received” and (454) million yen of “Other, net.”

“Proceeds from long-term borrowings” and “Purchase of treasury shares,” which were included in “Other, net” under “Cash flows from financing activities” in the previous fiscal year, have been presented separately from the current fiscal year, because their quantitative materiality increased. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated statement of cash flows for the previous fiscal year, (61) million yen of “Other, net” which was presented under “Cash flows from financing activities” was reclassified as 6 million yen of “Proceeds from long-term borrowings,” (0) million yen of “Purchase of treasury shares,” and (67) million yen of “Other, net.”

(Consolidated balance sheet)

*1 Investment securities in non-consolidated subsidiaries and affiliates were as follows:

(Millions of Yen)

	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Investment securities	1,740	1,803

*2 Pledged assets and secured liabilities

Assets pledged as collateral are as follows:

(Millions of Yen)

	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Notes and accounts receivable - trade	387	467
Merchandise and finished goods	844	909
Total	1,232	1,376

Secured liabilities are as follows:

(Millions of Yen)

	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Current portion of long-term borrowings	21	24
Long-term borrowings	54	33
Total	75	57

3 The Company has entered into commitment line agreements with trading financial institutions for the purpose of securing a flexible measure for raising funds. The unused balances regarding these agreements at the fiscal year end are as follows:

(Millions of Yen)

	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Total value of commitment line agreements	10,000	10,000
Outstanding balance of used line of credit	—	—
Unused amount	10,000	10,000

*4 The amount of tax purpose reduction entry deducted from the acquisition amount of non-current assets as a result of national subsidies:

(Millions of Yen)

	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Buildings and structures	1,337	1,337
Machinery, equipment and vehicles	3,305	3,300
Property, plant and equipment, others	524	524
Intangible assets, others	1	1
Total	5,168	5,163

*5 Notes and accounts receivable - trade and electronically recorded monetary claims-operating arising from contracts with customers are as follows:

(Millions of Yen)

	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Notes receivable - trade	804	489
Accounts receivable - trade	60,819	60,365
Electronically recorded monetary claims - operating	8,093	9,268

(Consolidated statement of income)

*1 Revenue from contracts with customers

Net sales are not broken down into revenue from contracts with customers and other revenues. Revenue from contracts with customers is listed in the consolidated financial statement “Notes, Revenue recognition, 1. Information on breakdown of revenue from contracts with customers.”

*2 Major expenses and monetary amount of SG&A expenses

(Millions of Yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Transportation	11,118	11,355
Advertising expenses	2,840	4,829
Sales promotion expenses	4,220	4,315
Employees’ salaries and bonuses	21,777	25,165
Provision for bonuses	2,201	2,227
Retirement benefit expenses	1,176	1,361
Depreciation and amortization	2,922	3,545
Research and development expenses	8,949	8,725

*3 Total amount of research and development expenses included in general and administrative expenses

(Millions of Yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Total research and development expenses	8,949	8,725

*4 Insurance claim income

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

In the Takara Bio Group segment, quality-deteriorated products due to bad weather during the transfer from overseas occurred in the fiscal year ended March 31, 2022. The amount of insurance for this damage is booked as “Insurance claim income” in extraordinary income in the fiscal year ended March 31, 2023.

*5 Breakdown of loss on sale and retirement of non-current assets

(Millions of Yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Loss on sale of non-current assets		
Buildings and structures	0	3
Machinery, equipment and vehicles	8	8
Other	13	1
Loss on retirement of non-current assets		
Buildings and structures	26	100
Machinery, equipment and vehicles	65	421
Leased assets	–	1
Other	220	60
Demolition and retirement expenses	164	245
Total	499	842

*6 Impairment losses

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Description is omitted as immaterial.

(Consolidated statement of comprehensive income)

* Reclassification adjustments and tax effects relating to other comprehensive income

(Millions of Yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Valuation difference on available-for-sale securities:		
Amount arising	1,678	17,763
Reclassification adjustments	(647)	(3,964)
Before tax effect adjustment	1,031	13,799
Tax effects	(273)	(4,262)
Valuation difference on available-for-sale securities	757	9,537
Deferred gains or losses on hedges:		
Amount arising	(181)	(410)
Reclassification adjustments	-	-
Before tax effect adjustment	(181)	(410)
Tax effects	56	127
Deferred gains or losses on hedges	(125)	(283)
Foreign currency translation adjustment:		
Amount arising	11,855	10,296
Reclassification adjustments	-	(14)
Foreign currency translation adjustment	11,855	10,281
Remeasurements of retirement benefit plans:		
Amount arising	(106)	269
Reclassification adjustments	238	267
Before tax effect adjustment	132	537
Tax effects	(32)	(171)
Remeasurements of retirement benefit plans	100	365
Total other comprehensive income	12,588	19,900

(Consolidated statement of changes in equity)

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

1. Class and total number of issued shares, and class and number of treasury shares

	Number of shares at beginning of the fiscal year ended March 31, 2023 (Thousands of shares)	Number of shares increased during the fiscal year ended March 31, 2023 (Thousands of shares)	Number of shares decreased during the fiscal year ended March 31, 2023 (Thousands of shares)	Number of shares at end of the fiscal year ended March 31, 2023 (Thousands of shares)
Issued shares				
Common shares	199,699	-	-	199,699
Total	199,699	-	-	199,699
Treasury shares				
Common shares (Notes 1, 2)	1,995	0	0	1,995
Total	1,995	0	0	1,995

(Notes) 1. The increase in the number of treasury shares of common shares was due to the buyback of shares of less than one unit.

2. The decrease in the number of treasury shares of common shares was due to the requests for the purchase of additional shares of less than one unit.

2. Dividends

(1) Dividends paid

(Resolution)	Class of shares	Total amount of dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
June 29, 2022 Annual General Shareholders' Meeting	Common shares	7,315	37.0	March 31, 2022	June 30, 2022

(2) Dividends with an effective date falling in the following fiscal year, among distributions with record dates belonging to the current fiscal year

(Resolution)	Class of shares	Total amount of dividend (Millions of Yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
June 29, 2023 Annual General Shareholders' Meeting	Common shares	7,512	Retained earnings	38.0	March 31, 2023	June 30, 2023

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1. Class and total number of issued shares, and class and number of treasury shares

	Number of shares at beginning of the fiscal year ended March 31, 2024 (Thousands of shares)	Number of shares increased during the fiscal year ended March 31, 2024 (Thousands of shares)	Number of shares decreased during the fiscal year ended March 31, 2024 (Thousands of shares)	Number of shares at end of the fiscal year ended March 31, 2024 (Thousands of shares)
Issued shares				
Common shares (Note 1)	199,699	–	2,447	197,252
Total	199,699	–	2,447	197,252
Treasury shares				
Common shares (Notes 2, 3)	1,995	2,447	2,447	1,995
Total	1,995	2,447	2,447	1,995

- (Notes)
1. The decrease in the number of common shares issued was due to the cancellation of treasury shares based on a resolution of the Board of Directors.
 2. The increase in the number of treasury shares of common shares was attributable to the increase due to the acquisition of treasury shares in accordance with the resolution of the Board of Directors (2,447 thousand shares), and the increase due to the buyback of shares less than one unit (0 thousand shares).
 3. The decrease in the number of treasury shares in common shares was due to the cancellation of treasury shares based on a resolution of the Board of Directors.

2. Dividends

(1) Dividends paid

(Resolution)	Class of shares	Total amount of dividends (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
June 29, 2023 Annual General Shareholders' Meeting	Common shares	7,512	38.0	March 31, 2023	June 30, 2023

(2) Dividends with an effective date falling in the following fiscal year, among distributions with record dates belonging to the current fiscal year

(Resolution)	Class of shares	Total amount of dividend (Millions of Yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
June 27, 2024 Annual General Shareholders' Meeting	Common shares	5,662	Retained earnings	29.0	March 31, 2024	June 28, 2024

(Consolidated statement of cash flows)

*1 Relationship between cash and cash equivalents at end of period and the amount written in the consolidated balance sheet

	(Millions of Yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Cash and deposits	96,820	95,085
Time deposits with maturity exceeding three months	(5,494)	(4,924)
Short-term investments with an original maturity of three months or less (securities)	459	22
Cash and cash equivalents	91,785	90,184

*2 Major components of assets and liabilities of newly consolidated subsidiaries acquired by purchase of shares

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

Breakdown of assets and liabilities at the start of consolidation following the new consolidation of Karolina, Inc., etc. due to the acquisition of shares, and relationship between the acquisition amount for the shares of the said company and (net) disbursements due to the acquisition of the said company

	(Millions of Yen)
Current assets	683
Non-current assets	669
Goodwill	385
Current liabilities	(320)
Non-current liabilities	(217)
Acquisition cost of shares	1,201
Accounts payable related to share acquisition	(7)
Cash and cash equivalents	(125)
Subtract: disbursements for the acquisition	1,068

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Breakdown of assets and liabilities at the start of consolidation following the new consolidation of Minamoto Wholesale Limited, LLC, etc. due to the acquisition of shares, and relationship between the acquisition amount for the shares of the said company and (net) disbursements due to the acquisition of the said company

	(Millions of Yen)
Current assets	2,119
Non-current assets	2,969
Goodwill	1,853
Current liabilities	(869)
Non-current liabilities	(377)
Non-controlling interests	(2)
Foreign currency translation adjustment	3
Acquisition cost of shares	5,697
Cash and cash equivalents	(255)
Subtract: disbursements for the acquisition	5,441

(Lease transaction)

1. Finance lease transaction (lessee)

(1) Ownership-transferred finance lease transaction

(i) Leased assets

Property, plant and equipment

Leased assets are principally equipment related to gas engine cogeneration (machinery, equipment and vehicles)

(ii) Depreciation or amortization method for leased assets

Written in “Notes, Important items that are the basis of preparing consolidated financial statements, 4. Accounting policies (2) Method of depreciation for important depreciated assets.”

(2) Non-ownership-transferred finance lease transaction

(i) Leased assets

A. Property, plant and equipment

Leased assets are principally vehicles for cargo transportation (machinery, equipment and vehicles).

B. Intangible assets

Intangible assets are software.

(ii) Depreciation or amortization method for leased assets

Written in “Notes, Important items that are the basis of preparing consolidated financial statements, 4. Accounting policies (2) Method of depreciation for important depreciated assets.”

2. Finance lease transaction (lessor)

Notes are omitted because lease transactions as a lessor are immaterial.

3. Operating lease transaction (lessee)

Future lease payments under non-cancellable leases of operating lease transaction

(Millions of Yen)

	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Due within one year	394	403
Due after one year	1,459	1,061
Total	1,854	1,465

4. Lease transaction based on the International Financial Reporting Standards (IFRS)

(1) Right-of-use assets

Primarily warehouses for the Japanese Food Wholesales Business in Overseas Markets

(2) Depreciation or amortization method for right-of-use assets

Straight-line method is applied.

(Financial instruments)

1. Items related to status of financial instruments

(1) Initiative policy for financial instruments

The Group manages funds only with highly safe financial assets, and procures funds mainly through loans from banks and other financial institutions and issuance of bonds (including short-term bonds). Derivatives are used to avoid the risks described below, and the Group does not conduct derivative transactions for speculative or trading purposes.

(2) Details and risks of financial instruments and the risk management system

(i) Those associated with credit risk (such as non-performance of contract by counterparties) and market risk (foreign exchange or interest-rate fluctuation risk)

Although the Group's notes and accounts receivable - trade, and electronically recorded monetary claims - operating, which are trade receivables, are exposed to credit risk of customers, consolidated subsidiaries of the Company (mainly Takara Shuzo Co., Ltd. and Takara Bio Inc.) manage the due dates and outstanding balances for each trading partner in accordance with each consolidated subsidiary's credit control regulations, and other rules in order to quickly identify collection concerns and mitigate bad debt risk.

Securities are principally negotiable deposits and held-to-maturity securities and are exposed to credit risk of issuers of securities, but they are limited to short-term and highly-rated securities and therefore the credit risk is minimal. In addition, although investment securities are shares and are exposed to the risk of market price movements, fair values are determined quarterly for securities other than shares, etc. without market value, and the financial status of the issuer, etc. is regularly ascertained for shares, etc. without market prices.

Notes and accounts payable - trade, which are operating liabilities, usually have a maturity date of three months or less. Some of them are denominated in foreign currencies in connection with imports of raw materials, goods, etc., and are exposed to the risk of exchange rate fluctuations, but these are hedged using currency option transactions and exchange contract transactions.

Borrowings, bonds and lease liabilities related to finance lease transactions are mainly for the purpose of financing pertaining to operating transactions and the facility investment. The longest maturity for borrowings is six years from the fiscal year-end date, and the longest maturity for bonds is seven years from the fiscal year-end date. In addition, the longest maturity for lease liabilities is 19 years from the fiscal year-end date.

Derivative transactions are conducted in accordance with regulations of departments in charge of accounting/finance that stipulate transaction purposes, transaction limits, criteria for selecting counterparties, reporting procedures, etc., and mainly consist of exchange contract transactions and currency option transactions for the purpose of hedging against the risk of fluctuations in foreign currency exchange for transactions denominated in foreign currencies. Risks due to fluctuations in foreign currency exchange rates exist in these transactions. However, because all these transactions are conducted only for the purpose of mitigating risks of assets/liabilities and transactions which are hedged items, and limits are also set on the contract amount, the Company recognizes that the impact of these market risks on management is not significant. Derivative transactions' counterparties are limited to financial institutions with high ratings that the Company has a business relationship with. Therefore, we consider that the credit risk is minimal.

For hedging instruments, hedged items, hedging policies, and methods of evaluating hedge effectiveness concerning hedge accounting, please refer to the aforementioned "Notes, Significant matters for preparing consolidated financial statements, 4. Accounting policies, (7) Significant methods of hedge accounting" above.

(ii) Those related to liquidity risks in financing (risk of not making payments on due date)

Based on reports of each department, a responsible department in the Company prepares and updates financing plans, as well as manages liquidity risks by maintaining liquidity on hand. In addition, consolidated subsidiaries principally apply the same risk management approach.

(3) Supplementary explanation of the fair value of financial instruments, etc.

Since variable factors are incorporated in the calculation of the market value of financial instruments, the value may change due to the adoption of different assumptions, etc. In addition, the contract amounts of derivative transactions in the note "For derivative transactions" do not in themselves represent the market risk associated with derivative transactions.

2. The fair value of financial instruments, etc.

Amount booked on consolidated balance sheet, fair value, and the difference are as follows.

Fiscal year ended March 31, 2023 (March 31, 2023)

(Millions of Yen)

	Carrying amount on consolidated balance sheet	Fair value	Difference
(1) Investment securities (*2)	26,653	26,653	–
Total assets	26,653	26,653	–
(1) Bonds payable (including current portion)	20,000	19,913	(86)
(2) Long-term borrowings (including current portion)	15,250	15,109	(140)
(3) Lease liabilities (Non-current liabilities)	4,452	4,405	(47)
Total liabilities	39,702	39,429	(273)
Derivative transactions (*3)	451	451	–

Fiscal year ended March 31, 2024 (March 31, 2024)

(Millions of Yen)

	Carrying amount on consolidated balance sheet	Fair value	Difference
(1) Investment securities (*2)	39,780	39,780	–
Total assets	39,780	39,780	–
(1) Bonds payable (including current portion)	20,000	19,772	(227)
(2) Long-term borrowings (including current portion)	15,643	15,312	(330)
(3) Lease liabilities (Non-current liabilities)	7,369	7,325	(44)
Total liabilities	43,013	42,410	(603)
Derivative transactions (*3)	(22)	(22)	–

(*1) Notes on cash are omitted. Notes on deposits, notes and accounts receivable - trade, electronically recorded monetary claims - operating, securities (trust beneficiary rights and negotiable deposits only), notes and accounts payable - trade, short-term borrowings, accrued alcohol tax, and income taxes payable are omitted, because these items are settled in a short period and therefore their fair values approximate the carrying amounts.

(*2) Shares, etc. without market prices are not included in “(1) Investment securities.” The carrying amount of these financial instruments on the consolidated balance sheet are as follows.

(Millions of Yen)

Category	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Unlisted shares	3,920	3,816

(*3) Net receivables and payables arising from derivatives are presented on a net basis, and value of a net payable after totaling of receivables and payables is shown in parentheses.

(Note 1) Expected redemption amounts of monetary claims and securities with a maturity after the consolidated fiscal year-end date

Fiscal year ended March 31, 2023 (March 31, 2023)

(Millions of Yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	After 10 years
Cash and deposits	96,820	–	–	–
Notes and accounts receivable - trade	61,624	–	–	–
Electronically recorded monetary claims - operating	8,093	–	–	–
Securities and investment securities				
Held-to-maturity securities	–	–	–	–
Available-for-sale securities with a maturity				
(1) Bonds	–	–	–	–
(2) Other	459	–	–	–
Total	166,997	–	–	–

Fiscal year ended March 31, 2024 (March 31, 2024)

(Millions of Yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	After 10 years
Cash and deposits	95,085	–	–	–
Notes and accounts receivable - trade	60,854	–	–	–
Electronically recorded monetary claims - operating	9,268	–	–	–
Securities and investment securities				
Held-to-maturity securities	–	–	–	–
Available-for-sale securities with a maturity				
(1) Bonds	–	–	–	–
(2) Other	22	–	–	–
Total	165,232	–	–	–

(Note 2) Repayment schedule of short-term borrowings, bonds payable, long-term borrowings and lease liabilities after the consolidated balance sheet date

Fiscal year ended March 31, 2023 (March 31, 2023)

(Millions of Yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years
Short-term borrowings	4,855	–	–	–	–	–
Bonds payable	–	5,000	–	5,000	5,000	5,000
Long-term borrowings	63	5,147	5,031	7	–	5,000
Lease liabilities (Non-current liabilities)	–	793	647	580	506	1,924
Total	4,919	10,940	5,679	5,588	5,506	11,924

Fiscal year ended March 31, 2024 (March 31, 2024)

(Millions of Yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years
Short-term borrowings	4,787	–	–	–	–	–
Bonds payable	5,000	–	5,000	5,000	–	5,000
Long-term borrowings	5,221	5,102	77	69	69	5,103
Lease liabilities (Non-current liabilities)	–	914	820	734	654	4,246
Total	15,008	6,017	5,898	5,803	723	14,350

3. Breakdown of financial instruments by level of fair value

The fair value of financial instruments is categorized into the following three levels based on the observability and materiality of inputs concerning the measurement of fair value.

Level 1 Fair value: Among inputs related to the measurement of observable fair value, the fair value measured based on the quoted market prices of assets or liabilities subject to the measurement of said fair value formulated in active markets

Level 2 Fair value: Among inputs related to the measurement of observable fair value, the fair value measured using inputs related to the measurement of fair value other than Level 1 inputs

Level 3 Fair value: Fair value measured using inputs related to the measurement of fair value that is unobservable

When multiple inputs that have a significant effect on the measurement of fair value are used, the fair value is categorized to the level with the lowest priority in the measurement of fair value among the respective levels to which such inputs belong.

(1) Financial instruments recorded in the consolidated balance sheet at fair value

Fiscal year ended March 31, 2023 (March 31, 2023)

Category	Fair value (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	26,653	–	–	26,653
Derivative transactions				
Currency-related	–	467	–	467
Total assets	26,653	467	–	27,120
Derivative transactions				
Currency-related	–	16	–	16
Total liabilities	–	16	–	16

Fiscal year ended March 31, 2024 (March 31, 2024)

Category	Fair value (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	39,780	–	–	39,780
Derivative transactions				
Currency-related	–	19	–	19
Total assets	39,780	19	–	39,800
Derivative transactions				
Currency-related	–	42	–	42
Total liabilities	–	42	–	42

(2) Financial instruments other than those recorded at fair value in the consolidated balance sheet

Fiscal year ended March 31, 2023 (March 31, 2023)

Category	Fair value (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable (including current portion)	–	19,913	–	19,913
Long-term borrowings (including current portion)	–	15,109	–	15,109
Lease liabilities	–	4,405	–	4,405
Total liabilities	–	39,429	–	39,429

Fiscal year ended March 31, 2024 (March 31, 2024)

Category	Fair value (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable (including current portion)	–	19,772	–	19,772
Long-term borrowings (including current portion)	–	15,312	–	15,312
Lease liabilities	–	7,325	–	7,325
Total liabilities	–	42,410	–	42,410

(Note) Explanation of valuation method applied and input related to the measurement of fair value

Investment securities

Listed shares are valued using market prices. Because listed shares are traded in active markets, their fair value is categorized as Level 1.

Derivative transactions

Measured at prices obtained from financial institutions in business relationship with the Company, and their fair value is categorized as Level 2.

Bonds payable (including current portion), long-term borrowings (including current portion), and lease liabilities

Fair values of these liabilities are measured using the discounted present value (DCF method: discounted cash flow method), whereby the total of principal and interests are discounted by interest rate factoring in credit risk, as well as the remaining period of such liabilities. They are categorized as the Level 2 fair value.

(Securities)

1. Held-to-maturity securities

Fiscal year ended March 31, 2023 (March 31, 2023)

Not applicable.

Fiscal year ended March 31, 2024 (March 31, 2024)

Not applicable.

2. Available-for-sale securities

Fiscal year ended March 31, 2023 (March 31, 2023)

	Category	Carrying amount on consolidated balance sheet (Millions of Yen)	Acquisition cost (Millions of Yen)	Difference (Millions of Yen)
Securities whose amount recorded on the consolidated balance sheet exceeds acquisition cost	(1) Shares	26,008	7,298	18,709
	(2) Bonds	–	–	–
	(3) Others	–	–	–
	Subtotal	26,008	7,298	18,709
Securities whose amount recorded on the consolidated balance sheet do not exceed acquisition cost	(1) Shares	644	759	(114)
	(2) Bonds	–	–	–
	(3) Others	459	459	–
	Subtotal	1,104	1,218	(114)
Total		27,112	8,517	18,595

(Note) Shares and other securities without market price (2,180 million yen on the consolidated balance sheet) are not included in the above table.

Fiscal year ended March 31, 2024 (March 31, 2024)

	Category	Carrying amount on consolidated balance sheet (Millions of Yen)	Acquisition cost (Millions of Yen)	Difference (Millions of Yen)
Securities whose amount recorded on the consolidated balance sheet exceeds acquisition cost	(1) Shares	39,466	7,047	32,418
	(2) Bonds	–	–	–
	(3) Others	–	–	–
	Subtotal	39,466	7,047	32,418
Securities whose amount recorded on the consolidated balance sheet do not exceed acquisition cost	(1) Shares	314	339	(25)
	(2) Bonds	–	–	–
	(3) Others	22	22	–
	Subtotal	337	362	(25)
Total		39,803	7,410	32,393

(Note) Shares and other securities without market price (2,012 million yen on the consolidated balance sheet) are not included in the above table.

3. Available-for-sale securities sold during the fiscal year

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

Category	Amount of sale (Millions of Yen)	Total gain on sale (Millions of Yen)	Total loss on sale (Millions of Yen)
(1) Shares	795	674	–
(2) Bonds (Government bonds, local government bonds, etc.)	–	–	–
Total	795	674	–

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Category	Amount of sale (Millions of Yen)	Total gain on sale (Millions of Yen)	Total loss on sale (Millions of Yen)
(1) Shares	4,876	3,971	–
(2) Bonds (Government bonds, local government bonds, etc.)	–	–	–
Total	4,876	3,971	–

4. Securities for which impairment losses were recognized

(Millions of Yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Available-for-sale securities		
Securities other than shares, etc. without market value	28	–
Shares, etc. without market prices	1	–
Total	30	–

(Note) For securities other than shares, etc. without market value, if the rate of decrease in the fair value of the securities at the fiscal year-end is 50% or more, impairment is recorded for all of them unless it is considered likely to recover. For securities with the rate of decrease in the fair value at 30% or more and less than 50%, when the securities fall under any of the following cases, impairment is recorded, deeming that the fair value has decreased significantly, unless it can be projected based on reasonable grounds that the fair value will recover to the level almost close to the acquisition cost basically within one year.

- Case where the rate of decrease in the fair value has been 30% or more over the past two years
- Case where the issuer of the securities has been in the state of asset deficiency in the latest fiscal period
- Case where the issuer of the securities recorded loss for latest two fiscal periods in a row, and is forecast to also record loss in the next fiscal period

Furthermore, for shares, etc. without market prices, if net assets per share after the last measurement of the fair value of assets, etc. for the issuer of the securities have declined by around 50% of the acquisition cost, the Group records impairment, deeming that the fair value has decreased significantly, unless there is any appropriate reason for considering that it will recover.

(Derivative transactions)

1. Derivative transactions to which hedge accounting is not applied

Currency-related

Fiscal year ended March 31, 2023 (March 31, 2023)

Category	Transaction type	Contract amount, etc. (Millions of Yen)	Contract amount, etc. of over 1 year (Millions of Yen)	Fair value (Millions of Yen)	Unrealized gain or loss (Millions of Yen)
Transactions other than market transactions	Currency option transactions				
	Purchased call				
	USD	145	—	0	0
	Sold put				
	USD	145	—	(0)	(0)
	Exchange contract transactions				
	Purchased				
	USD	1,225	—	(11)	(11)
	CNY	675	—	(0)	(0)
	JPY	862	—	55	55
EUR	120	—	1	1	
Sold					
CNY	1,285	—	(6)	(6)	
EUR	141	—	(2)	(2)	
Total		4,601	—	35	35

(Note) Currency option transactions are zero-cost option transactions in which purchased and sold option fees are offset, and no option fees have been incurred.

Fiscal year ended March 31, 2024 (March 31, 2024)

Category	Transaction type	Contract amount, etc. (Millions of Yen)	Contract amount, etc. of over 1 year (Millions of Yen)	Fair value (Millions of Yen)	Unrealized gain or loss (Millions of Yen)
Transactions other than market transactions	Currency option transactions				
	Purchased call				
	USD	345	–	0	0
	Sold put				
	USD	345	–	(0)	(0)
	Exchange contract transactions				
	Purchased				
	USD	1,253	–	(4)	(4)
	JPY	1,004	–	(21)	(21)
	EUR	92	–	0	0
	Sold				
	USD	141	–	(1)	(1)
	CNY	62	–	(0)	(0)
EUR	208	–	0	0	
Spot exchange forwards transactions					
Sold					
KRW	14	–	(0)	(0)	
Total		3,467	–	(27)	(27)

(Note) Currency option transactions are zero-cost option transactions in which purchased and sold option fees are offset, and no option fees have been incurred.

2. Derivative transactions to which hedge accounting is applied

Currency-related

Fiscal year ended March 31, 2023 (March 31, 2023)

Hedge accounting method	Transaction type	Major hedged items	Contract amount, etc. (Millions of Yen)	Contract amount, etc. of over 1 year (Millions of Yen)	Fair value (Millions of Yen)
Deferral hedge accounting	Currency option transactions				
	Purchased call				
	USD	Accounts payable - trade	2,389	199	327
	Sold put				
	USD	Accounts payable - trade	2,389	199	74
	Exchange contract transactions				
	Purchased				
USD	Accounts payable - trade	767	—	7	
JPY	Accounts payable - trade	49	—	1	
EUR	Advance payments to suppliers	191	—	4	
Appropriation processing of foreign exchange forward contracts, etc.	Exchange contract transactions				
	Purchased				
USD	Accounts payable - trade	841	—	78	
Total			6,628	398	493

(Note) Currency option transactions are zero-cost option transactions in which purchased and sold option fees are offset, and no option fees have been incurred.

Fiscal year ended March 31, 2024 (March 31, 2024)

Hedge accounting method	Transaction type	Major hedged items	Contract amount, etc. (Millions of Yen)	Contract amount, etc. of over 1 year (Millions of Yen)	Fair value (Millions of Yen)
Deferral hedge accounting	Exchange contract transactions				
	Purchased				
	USD	Accounts payable - trade	871	—	7
	JPY	Accounts payable - trade	59	—	(0)
	EUR	Advance payments to suppliers	457	—	(2)
Appropriation processing of foreign exchange forward contracts, etc.	Exchange contract transactions				
	Purchased				
	USD	Accounts payable - trade	695	—	86
Total			2,083	—	91

(Defined benefit plans)

1. Overview of retirement benefit plans adopted

The Company and some of its consolidated subsidiaries have adopted funded and unfunded retirement benefit plans and defined contribution plans to provide retirement benefits to employees.

The defined benefit corporate pension plans (all of which are funded plans) provide lump-sum payments or annuities based on salary and length of service.

The lump-sum retirement benefit plans (all of which are unfunded plans) provide lump-sum payments based on salary and length of service as retirement benefits.

In addition, some of consolidated subsidiaries have participated in the Smaller Enterprise Retirement Allowance Mutual Aid system.

Some subsidiaries calculate retirement benefit liability and retirement benefit expenses applying simplified method.

2. Defined benefit plans

(1) Reconciliation of the beginning and ending balance of retirement benefit obligations

	(Millions of Yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Balance of retirement benefit obligations at beginning of period	15,320	14,882
Service cost	897	891
Interest cost	113	130
Actuarial gains and losses accrued	(236)	32
Defined benefit plans paid	(1,271)	(1,322)
Other	59	127
Balance of retirement benefit obligations at end of period	14,882	14,742

(2) Reconciliation of the beginning and ending balance of plan assets

	(Millions of Yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Balance of plan assets at beginning of period	7,282	7,011
Expected return on plan assets	129	138
Actuarial gains and losses accrued	(340)	283
Contribution from employer	356	457
Defined benefit plans paid	(467)	(521)
Other	49	147
Balance of plan assets at end of period	7,011	7,517

(3) Reconciliation between ending balance of retirement benefit obligations and plan assets, and retirement benefit liability/asset recorded in the consolidated balance sheet

	(Millions of Yen)	
	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Retirement benefit obligations of funded plans	5,976	6,054
Plan assets	(7,011)	(7,517)
	(1,034)	(1,462)
Retirement benefit obligations of unfunded plans	8,905	8,687
Net amount of liabilities and assets recorded in the consolidated balance sheet	7,871	7,225
Retirement benefit liability	8,925	8,735
Retirement benefit asset	(1,054)	(1,510)
Net amount of liabilities and assets recorded in the consolidated balance sheet	7,871	7,225

(4) Amounts of retirement benefit expenses and their components

	(Millions of Yen)	
	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Service cost	897	891
Interest cost	113	130
Expected return on plan assets	(129)	(138)
Amortization of actuarial gains and losses	235	264
Amortization of past service cost	2	3
Retirement benefit expenses	1,120	1,149

(5) Remeasurements of retirement benefit plans

A breakdown of items recorded as remeasurements of retirement benefit plans, (before tax effect deduction) is as follows.

(Millions of Yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Past service cost	2	1
Actuarial gains and losses	130	535
Total	132	537

(6) Accumulated remeasurements of retirement benefit plans

A breakdown of accumulated remeasurements of retirement benefit plans (before deduction of tax effects) are as follows:

(Millions of Yen)

	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Unrecognized past service cost	(14)	(13)
Unrecognized actuarial gains and losses	(752)	(217)
Total	(767)	(230)

(7) Pension plan assets

(i) Breakdown of major pension plan assets

The percentage of major categories comprising the total pension plan assets is as follows.

	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Bonds	53%	54%
Life insurance general account	24	23
Shares	13	17
Cash and deposits	1	1
Other	9	5
Total	100	100

(ii) Method for setting the long-term expected rate of return on pension plan assets

To determine the long-term expected rate of return on pension plan assets, the Company takes into account current and expected allocation of pension plan assets, and current and expected long-term return rate on various types of assets constituting pension plan assets.

(8) Basis for calculating actuarial gains and losses

Basis for the calculation of significant actuarial gains and losses (presented in weighted average)

	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Discount rate	Mainly 0.7%	Mainly 0.7%
Long-term expected return rate	Mainly 2.0%	Mainly 1.5%
Expected rate of salary increase	Mainly 2.6%	Mainly 2.6%

(Note) For the expected rate of salary increase, salary increase index based on grade points for qualified functions is used.

3. Defined contribution plans

The amounts of required contributions to defined contribution plans of certain consolidated subsidiaries were 544 million yen as of March 31, 2023 and 708 million yen as of March 31, 2024.

(Tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by cause

	(Millions of Yen)	
	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Deferred tax assets		
Denial of loss on valuation of inventory	700	691
Denial of provision for bonuses	778	962
Denial of recorded amount of estimated refund liabilities	1,290	1,270
Denial of accrued enterprise tax	206	191
Tax losses carried forward (Note)	1,220	1,377
Elimination of internal profit between consolidated companies	899	613
Denial of retirement benefit liability	2,293	2,302
Denial of loss on valuation of shares	398	380
Excess of depreciation over deductible limit	427	425
Denial of impairment losses	102	139
Remeasurements of retirement benefit plans	243	15
Experimentation and research expenses	565	1,027
Other	1,875	1,919
Subtotal of deferred tax assets	11,001	11,315
Valuation allowances for tax losses carried forward (Note)	(963)	(1,102)
Valuation allowances for total deductible temporary difference	(941)	(964)
Subtotal of valuation allowances	(1,904)	(2,067)
Total of deferred tax assets	9,096	9,248
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(5,620)	(9,883)
Reserve for tax purpose reduction entry of non-current assets	(489)	(477)
Tax purpose reduction entry of non-current assets taken over through corporate division	(169)	(161)
Difference in market valuation of intangible assets	(841)	(822)
Difference in market valuation of land	(163)	(175)
Retained surplus of consolidated subsidiaries	(1,376)	(1,335)
Underdepreciation at foreign subsidiaries	(2,734)	(3,027)
Other	(386)	(257)
Total of deferred tax liabilities	(11,782)	(16,140)
Net deferred tax assets (liabilities)	(2,685)	(6,892)

(Note) Amount of tax losses carried forward and deferred tax assets by carry forward period

Fiscal year ended March 31, 2023 (March 31, 2023)

(Millions of Yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Tax losses carried forward (*1)	–	–	–	227	8	984	1,220
Valuation allowances	–	–	–	(227)	(8)	(727)	(963)
Deferred tax assets	–	–	–	–	–	256	(*2) 256

(*1) Tax losses carried forward are the amount multiplied by the effective statutory tax rate.

(*2) Deferred tax assets related to tax losses carried forward arose mainly due to the acquisition of a U.S. subsidiary. The Group does not recognize a valuation allowance, as it determined that it would be recoverable based on future taxable income forecasts.

Fiscal year ended March 31, 2024 (March 31, 2024)

(Millions of Yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Tax losses carried forward (*1)	–	–	227	8	67	1,073	1,377
Valuation allowances	–	–	(227)	(8)	(67)	(799)	(1,102)
Deferred tax assets	–	–	–	–	–	274	(*2) 274

(*1) Tax losses carried forward are the amount multiplied by the effective statutory tax rate.

(*2) Deferred tax assets related to tax losses carried forward arose mainly due to the acquisition of a U.S. subsidiary. The Group does not recognize a valuation allowance, as it determined that it would be recoverable based on future taxable income forecasts.

2. Breakdown of major items that cause difference between effective statutory tax rate and income tax rate after applying tax effect accounting

	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Effective statutory tax rate	31.0%	31.0%
(Adjustments)		
Entertainment and other expenses that are never tax deductible	0.5	0.9
Changes in valuation allowances	0.3	2.1
Withholding taxes in foreign countries	0.8	0.7
Amortization of goodwill	0.7	1.3
Retained surplus of consolidated subsidiaries	0.4	(0.2)
Differences in tax rates of consolidated subsidiaries	(2.9)	(2.8)
Tax credits on experimentation and research expenses	(3.4)	(1.4)
Other	0.3	0.7
Income tax rate after applying tax effect accounting	27.7	32.3

3. Accounting for income taxes and local income taxes or tax effect accounting related thereto

The Company and some of its domestic subsidiaries have applied the group tax relief system, and perform accounting treatment and disclosure of income taxes and local income taxes or tax effect accounting related to these in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

(Revenue recognition)

1. Information on breakdown of revenue from contracts with customers

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of Yen)

	Reportable segment				Other (Note)	Total
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Total		
Alcoholic Beverages Business	122,116	15,905	–	138,021	5,298	143,320
Japanese Food Wholesales Business in overseas markets	–	121,351	–	121,351	–	121,351
Bio	–	–	78,139	78,139	–	78,139
Other	–	–	–	–	7,245	7,245
Revenue from contracts with customers	122,116	137,256	78,139	337,512	12,543	350,056
Other revenue	–	–	–	–	609	609
Net sales to external customers	122,116	137,256	78,139	337,512	13,152	350,665

(Note) Other includes business segments that are not part of reportable segments, under which revenue from freight transportation and from the import and sale of wine is included in “Revenue from contracts with customers,” and revenue from real estate rental is included in “Other revenue” based on ASBJ No. 13 “Accounting Standard for Lease Transactions.”

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Reportable segment				Other (Note)	Total
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Total		
Alcoholic Beverages Business	122,964	18,270	–	141,234	5,378	146,613
Japanese Food Wholesales Business in overseas markets	–	141,812	–	141,812	–	141,812
Bio	–	–	43,504	43,504	–	43,504
Other	–	–	–	–	6,827	6,827
Revenue from contracts with customers	122,964	160,082	43,504	326,551	12,206	338,757
Other revenue	–	–	–	–	615	615
Net sales to external customers	122,964	160,082	43,504	326,551	12,821	339,372

(Note) Other includes business segments that are not part of reportable segments, under which revenue from freight transportation and from the import and sale of wine is included in “Revenue from contracts with customers,” and revenue from real estate rental is included in “Other revenue” based on ASBJ No. 13 “Accounting Standard for Lease Transactions.”

2. Information that is the basis for understanding revenue from contracts with customers

Notes on information that provides a basis for understanding revenue from contracts with customers are omitted because identical information is provided in “Other matters for preparation of consolidated financial statements, 4. Accounting policies, (5) Standard for recognizing significant revenue and expenses.”

3. Relationship with fulfillment of performance obligations based on contracts with customers and cash flow generated from said contracts, as well as information related to revenue amount and period expected to be recognized from following fiscal year from contracts with customers existing at the end of the current fiscal year

(1) Balance, etc., of contract assets and contract liabilities

Contract assets and liabilities of the Company and its consolidated subsidiaries have been omitted because they are not significant to the balance and no major changes have occurred. Also, there is no significant revenue from performance obligations fulfilled (or partially fulfilled) in past fiscal years that is recognized in the current fiscal year.

Due to a lack of monetary significance, contract assets are included in “Notes and accounts receivable - trade” and contract liabilities are included in “Other” in current liabilities on the consolidated balance sheet.

(2) Transaction prices allocated to remaining performance obligations

The Company and its consolidated subsidiaries apply a practical expedient for notes on transaction price allocated to the remaining performance obligations. Contracts with one year or less contract period initially forecasted are not included in the notes.

Unsatisfied (or partially unsatisfied) performance obligations are 770 million yen at the end of the previous fiscal year. Such performance obligations result from contract services, and the Company expects approximately 70% to be recognized as revenue within one year after the closing date and approximately the remaining 30% to be recognized as revenue subsequently thereafter.

Unsatisfied (or partially unsatisfied) performance obligations are 515 million yen at the end of the current fiscal year. Such performance obligations result from contract services, and the Company expects approximately 50% to be recognized as revenue within one year after the closing date and approximately the remaining 50% to be recognized as revenue subsequently thereafter.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Group’s reportable segments are components of the Group for which separate financial information is available and whose operating results are regularly reviewed by the highest decision-making body in the Group to make decisions about how resources are to be allocated among the Group and assess their performance.

The Group consists of the corporate groups centered on the operating companies Takara Shuzo Co., Ltd., Takara Shuzo International Co., Ltd. and Takara Bio Inc.; other businesses; and the Company, which manages the whole group as the holding company. All operating companies develop comprehensive business strategies, covering both domestic and overseas operations, for the goods, products and services that they offer, and work on their business operations. Accordingly, the Group has defined three reportable segments based on the content of goods, products and services, while taking into consideration the scope of managerial responsibility and the capacity to evaluate business performance. These three reportable segments are Takara Shuzo, Takara Shuzo International Group, and Takara Bio Group.

Takara Shuzo primarily engages in the manufacture and sale of alcoholic beverages and seasonings in Japan. Takara Shuzo International Group engages in the export of alcoholic beverages from Japan, the manufacture and sale of alcoholic beverages at overseas locations, and the Japanese Food Wholesale Business in overseas markets. Takara Bio Group engages in development of basic technologies for bio drug discovery through the business of reagents and instruments as well as CDMO services.

2. Calculation method for net sales, income or loss, assets, and other items of each reportable segment

The accounting method for the operating segments that are reportable is the same as described in “Other matters for preparation of consolidated financial statements.”

The figures for the income of reportable segments are based on operating income. Intersegment income is based on the prevailing market price.

3. Information on amounts of net sales, income or loss, assets, and other items of each reportable segment

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of Yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recognized in consoli- dated financial statements (Note 3)
	Takara Shuzo	Takara Shuzo Internatio- nal Group	Takara Bio Group	Total				
Net sales								
External customers	122,116	137,256	78,139	337,512	13,152	350,665	–	350,665
Intersegment	805	226	2	1,035	17,797	18,832	(18,832)	–
Total	122,921	137,483	78,142	338,547	30,950	369,498	(18,832)	350,665
Segment income (loss)	4,890	10,821	20,541	36,252	2,293	38,546	(601)	37,945
Segment assets	89,979	121,348	129,202	340,530	18,849	359,380	39,794	399,174
Other items								
Depreciation and amortization	2,467	2,043	4,050	8,561	230	8,791	326	9,118
Amortization of goodwill	–	399	599	998	–	998	–	998
Investment in equity-method affiliates	–	–	–	–	–	–	1,715	1,715
Increase in property, plant and equipment and intangible assets	2,763	4,704	6,516	13,985	100	14,085	79	14,165

- (Notes) 1. Other includes business segments that are not part of reportable segments, such as the cargo transportation business, the wine import and sale business, and the real estate rental business.
2. Details of adjustment amounts are as follows.
- (1) Segment income (loss) comprises intersegment eliminations of 57 million yen and loss of the Company not allocated to business segments of (658) million yen.
 - (2) Segment assets include assets of the Company not allocated to business segments of 64,793 million yen and other adjustment (principally intersegment eliminations) of (24,999) million yen. Assets attributed to the Company include surplus funds and long-term investment funds.
 - (3) Depreciation and amortization primarily comprises depreciation and amortization recognized by the Company.
 - (4) Investment in equity-method affiliates comprises investments in equity-method affiliates not allocated to business segments.
 - (5) Increase in property, plant and equipment and intangible assets is primarily the increase recorded by the Company.
3. Segment income (loss) has been adjusted to the operating income of consolidated financial statements.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recognized in consoli- dated financial statements (Note 3)
	Takara Shuzo	Takara Shuzo Internatio- nal Group	Takara Bio Group	Total				
Net sales								
External customers	122,964	160,082	43,504	326,551	12,821	339,372	–	339,372
Intersegment	822	345	1	1,168	17,450	18,619	(18,619)	–
Total	123,786	160,427	43,505	327,720	30,271	357,991	(18,619)	339,372
Segment income (loss)	5,503	12,291	3,003	20,798	2,363	23,161	(919)	22,242
Segment assets	92,722	147,078	121,252	361,053	19,985	381,039	56,428	437,468
Other items								
Depreciation and amortization	2,586	2,618	4,279	9,485	225	9,710	288	9,999
Amortization of goodwill	–	539	640	1,179	–	1,179	–	1,179
Investment in equity-method affiliates	–	–	–	–	–	–	1,777	1,777
Increase in property, plant and equipment and intangible assets	4,108	6,624	10,960	21,692	123	21,816	99	21,915

- (Notes)
1. Other includes business segments that are not part of reportable segments, such as the cargo transportation business, the wine import and sale business, and the real estate rental business.
 2. Details of adjustment amounts are as follows.
 - (1) Segment income (loss) comprises intersegment eliminations of 49 million yen and loss of the Company not allocated to business segments of (969) million yen.
 - (2) Segment assets include assets of the Company not allocated to business segments of 77,728 million yen and other adjustment (principally intersegment eliminations) of (21,299) million yen. Assets attributed to the Company include surplus funds and long-term investment funds.
 - (3) Depreciation and amortization primarily comprises depreciation and amortization recognized by the Company.
 - (4) Investment in equity-method affiliates comprises investments in equity-method affiliates not allocated to business segments.
 - (5) Increase property, plant and equipment and intangible assets is primarily the increase recorded by the Company.
 3. Segment income (loss) has been adjusted to the operating income of consolidated financial statements.

[Related information]

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

1. Information for products and services

(Millions of Yen)

	Domestic/ Overseas Alcoholic Beverages Business	Japanese Food Wholesales Business in overseas markets	Bio	Other	Total
Net sales to external customers	143,320	121,351	78,139	7,854	350,665

2. Information by region

(1) Net sales

(Millions of Yen)

Japan	U.S.	Other	Total
181,289	86,907	82,467	350,665

(Note) Net sales is classified by country or region based on customers' location.

(2) Property, plant and equipment

(Millions of Yen)

Japan	U.S.	Other	Total
56,079	22,843	9,967	88,890

3. Information about each major customer

This information is omitted, because there is no individual customer to which sales, of sales to external customers, account for at least 10% of the net sales recorded on the consolidated statement of income.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1. Information for products and services

(Millions of Yen)

	Domestic/ Overseas Alcoholic Beverages Business	Japanese Food Wholesales Business in overseas markets	Bio	Other	Total
Net sales to external customers	146,613	141,812	43,504	7,442	339,372

2. Information by region

(1) Net sales

(Millions of Yen)

Japan	U.S.	Other	Total
151,657	102,281	85,432	339,372

(Note) Net sales is classified by country or region based on customers' location.

(2) Property, plant and equipment

(Millions of Yen)

Japan	U.S.	Other	Total
64,619	25,232	15,030	104,882

3. Information about each major customer

This information is omitted, because there is no individual customer to which sales, of sales to external customers, account for at least 10% of the net sales recorded on the consolidated statement of income.

[Impairment losses of non-current assets for each reportable segment]

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

Not applicable.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Other	Corporate/elimination	Total
Impairment losses	-	-	207	-	-	207

[Information about amortization and unamortized balance of goodwill by reportable segment]

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of Yen)

	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Other	Corporate/elimination	Total
Depreciation during the period	-	399	599	-	-	998
Balance as of March 31, 2023	-	3,993	6,674	-	-	10,668

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Other	Corporate/elimination	Total
Depreciation during the period	-	539	640	-	-	1,179
Balance as of March 31, 2024	-	5,666	6,488	-	-	12,154

[Gains on negative goodwill for each reportable segment]

Not applicable.

[Related party information]

Not applicable.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Net assets per share	1,031.60	1,171.10
Basic earnings per share	107.26	82.09

(Notes) 1. Information on diluted earnings per share is omitted due to an absence of dilutive shares.

2. Basis for calculating net assets per share is as follows.

	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Total net assets (Millions of Yen)	255,318	280,465
Amount deducted from total net assets (Millions of Yen)	51,366	51,799
(of which non-controlling interests (Millions of Yen))	(51,366)	(51,799)
Net assets at end of period related to shares of common stock (Millions of Yen)	203,951	228,665
Shares of common stock at end of period used to calculate net assets per share (Thousands of shares)	197,704	195,256

3. Basis for calculating basic earnings per share is as follows.

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Profit attributable to owners of parent (Millions of Yen)	21,206	16,176
Amount not attributable to common shareholders (Millions of Yen)	–	–
Profit attributable to owners of parent for common shares (Millions of Yen)	21,206	16,176
Average number of common shares during the year (Thousands of shares)	197,704	197,052

(Significant subsequent events)

Not applicable.

(v) [Consolidated supplementary schedule]

[Bonds payable schedule]

Company name	Issues	Date of issuance	Balance at beginning of period (Millions of Yen)	Balance at end of period (Millions of Yen)	Interest rate (%)	Pledge	Date of redemption
Takara Holdings Inc.	15th Series of Unsecured Bonds	April 25, 2017	5,000	5,000 (5,000)	0.220	None	April 25, 2024
Takara Holdings Inc.	16th Series of Unsecured Bonds	April 25, 2017	5,000	5,000	0.315	None	April 23, 2027
Takara Holdings Inc.	17th Series of Unsecured Bonds	November 26, 2021	5,000	5,000	0.100	None	November 26, 2026
Takara Holdings Inc.	18th Series of Unsecured Bonds	November 26, 2021	5,000	5,000	0.270	None	November 26, 2031
Total	–	–	20,000	20,000 (5,000)	–	–	–

- (Notes) 1. The figures shown in parentheses represent the amount to be redeemed within one year.
2. The scheduled amount of redemption of bonds for the five years after the final closing day of the consolidated fiscal year is as follows:

Within 1 year (Millions of Yen)	After 1 year through 2 years (Millions of Yen)	After 2 years through 3 years (Millions of Yen)	After 3 years through 4 years (Millions of Yen)	After 4 years through 5 years (Millions of Yen)
5,000	–	5,000	5,000	–

[Borrowings schedule]

Category	Balance at beginning of period (Millions of Yen)	Balance at end of period (Millions of Yen)	Average interest rate (%)	Due
Short-term borrowings	4,855	4,787	1.575	–
Long-term borrowings due within one year	63	5,221	0.687	–
Lease liabilities due within one year	926	1,200	4.889	–
Long-term borrowings (excluding those due within one year)	15,186	10,422	0.468	2025-2030
Lease liabilities (excluding those due within one year)	4,452	7,369	5.159	2025-2043
Other interest-bearing liabilities				
Other (current liabilities)				
Deposits received from customers	1,432	1,432	1.752	–
Accounts payable - other	3	1	5.000	–
Other (non-current liabilities)				
Guarantee deposits from customers	4,877	4,865	1.002	–
Long-term accounts payable - other	0	–	–	–
Total	31,799	35,299	–	–

- (Notes) 1. The average interest rate represents the weighted-average interest rate calculated based on the balance at the end of the current period and interest rate as at the end of the current period.

2. The average interest rate on lease liabilities (including current portion) represents the average interest rate calculated for lease liabilities excluding those recorded on the consolidated balance sheet before the deduction of the amount equivalent to interest which is included in the total lease payments.
3. Since (Guarantee deposits from customers) under “Other (non-current liabilities)” in other interest-bearing liabilities are those which are not planned to be repaid in principle while the transactions are ongoing, “Due” and “planned return for the five years after the final closing day of the consolidated fiscal year (Note 4)” are not provided.
4. The planned return of long-term borrowings and lease liabilities (excluding those due within one year) for the five years after the final closing day of the consolidated fiscal year is as follows.

(Millions of Yen)

	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years
Long-term borrowings	5,102	77	69	69
Lease liabilities	914	820	734	654

[Asset retirement obligations schedule]

Pursuant to the provision of Article 92-2 of the Regulations on Consolidated Financial Statements, the information is omitted, because the amounts of asset retirement obligations at the beginning and the end of the fiscal year ended March 31, 2024 were not more than 1% of the total of liabilities and net assets at the beginning and the end of the fiscal year ended March 31, 2024, respectively.

(2) Others

Quarterly information for the fiscal year ended March 31, 2024

(Cumulative period)	Q1	Q2	Q3	FY2024
Net sales (Millions of Yen)	81,510	163,172	253,618	339,372
Income before income taxes (Millions of Yen)	7,692	12,984	21,265	26,238
Profit attributable to owners of parent (Millions of Yen)	4,965	8,043	13,937	16,176
Basic earnings per share (Yen)	25.11	40.69	70.55	82.09

(Accounting period)	Q1	Q2	Q3	Q4
Basic earnings per share (Yen)	25.11	15.57	29.87	11.45

2. Non-consolidated Financial Statements and Other Information

(1) Non-consolidated Financial Statements

(i) Non-consolidated Balance Sheet

(Millions of Yen)

	As of Mar. 31, 2023	As of Mar. 31, 2024
Assets		
Current assets		
Cash and deposits	19,078	23,834
Accounts receivable - trade	*1 449	*1 411
Prepaid expenses	171	381
Short-term loans receivable	*1 9,108	*1 6,248
Other	*1 1,438	*1 961
Total current assets	30,246	31,838
Non-current assets		
Property, plant and equipment		
Buildings	808	771
Structures	47	41
Vehicles	13	7
Tools, furniture and fixtures	243	245
Land	2,066	2,066
Leased assets	94	53
Total property, plant and equipment	3,273	3,185
Intangible assets		
Software	417	305
Other	13	12
Total intangible assets	430	317
Investments and other assets		
Investment securities	25,417	37,193
Shares of subsidiaries and affiliates	57,562	57,562
Long-term loans receivable	*1 6,869	*1 6,572
Other	*1 685	*1 743
Allowance for doubtful accounts	(36)	(36)
Total investments and other assets	90,497	102,035
Total non-current assets	94,201	105,538
Total assets	124,448	137,377

(Millions of Yen)

	As of Mar. 31, 2023	As of Mar. 31, 2024
Liabilities		
Current liabilities		
Short-term borrowings	4,721	4,787
Current portion of bonds payable	–	5,000
Current portion of long-term borrowings	–	5,100
Accounts payable - other	*1 410	*1 658
Accrued expenses	*1 337	*1 464
Income taxes payable	107	413
Deposits received	*1 2,361	*1 2,295
Provision for bonuses	202	211
Provision for shareholder benefit program	197	214
Other	*1 86	*1 65
Total current liabilities	8,425	19,211
Non-current liabilities		
Bonds payable	20,000	15,000
Long-term borrowings	15,100	10,000
Deferred tax liabilities	5,303	9,152
Provision for retirement benefits	888	878
Long-term deposits received	*1 271	*1 270
Other	63	35
Total non-current liabilities	41,626	35,336
Total liabilities	50,052	54,547
Net assets		
Shareholders' equity		
Share capital	13,226	13,226
Capital surplus		
Legal capital surplus	3,158	3,158
Other capital surplus	0	–
Total capital surplus	3,158	3,158
Retained earnings		
Legal retained earnings	3,305	3,305
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	234	234
Reserve for specific stocks acquisition	126	126
General reserve	35,000	35,000
Retained earnings brought forward	8,485	8,630
Total retained earnings	47,151	47,296
Treasury shares	(1,682)	(2,103)
Total shareholders' equity	61,854	61,578
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	12,542	21,250
Total valuation and translation adjustments	12,542	21,250
Total net assets	74,396	82,829
Total liabilities and net assets	124,448	137,377

(ii) Non-consolidated Statement of Income

(Millions of Yen)

	Fiscal year ended March 31, 2023 (Apr. 1, 2022 – Mar. 31, 2023)		Fiscal year ended March 31, 2024 (Apr. 1, 2023 – Mar. 31, 2024)	
Operating revenue	*1	10,809	*1	11,823
Operating expenses				
Operating costs	*1	2,622	*1	2,656
Selling, general and administrative expenses	*1, *2	2,183	*1, *2	2,513
Total operating expenses		4,806		5,170
Operating income		6,003		6,652
Non-operating income				
Interest and dividend income	*1	925	*1	1,078
Other	*1	28	*1	87
Total non-operating income		954		1,166
Non-operating expenses				
Interest expenses	*1	169	*1	192
Other		32		52
Total non-operating expenses		201		244
Ordinary profit		6,755		7,575
Extraordinary income				
Gain on sale of investment securities		674		3,958
Total extraordinary income		674		3,958
Extraordinary losses				
Loss on sale and retirement of non-current assets		0		1
Loss on valuation of investment securities		1		–
Total extraordinary loss		2		1
Income before income taxes		7,428		11,531
Income taxes - current		292		1,337
Income taxes - deferred		61		(43)
Total income taxes		353		1,294
Profit		7,074		10,237

(iii) Non-consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of Yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for tax purpose reduction entry of non-current assets	Reserve for specific stocks acquisition	General reserve
Balance at beginning of period	13,226	3,158	0	3,158	3,305	234	–	35,000
Changes during period								
Dividends of surplus								
Provision of reserve for specific stocks acquisition							126	
Profit								
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Net changes in items other than shareholders' equity								
Total changes during period	–	–	0	0	–	–	126	–
Balance at end of period	13,226	3,158	0	3,158	3,305	234	126	35,000

	Shareholders' equity				Valuation and translation adjustments	Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
	Other retained earnings	Total retained earnings				
	Retained earnings brought forward					
Balance at beginning of period	8,852	47,392	(1,682)	62,094	11,892	73,986
Changes during period						
Dividends of surplus	(7,315)	(7,315)		(7,315)		(7,315)
Provision of reserve for specific stocks acquisition	(126)	–		–		–
Profit	7,074	7,074		7,074		7,074
Purchase of treasury shares			(0)	(0)		(0)
Disposal of treasury shares			0	0		0
Net changes in items other than shareholders' equity					650	650
Total changes during period	(367)	(240)	(0)	(240)	650	409
Balance at end of period	8,485	47,151	(1,682)	61,854	12,542	74,396

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for tax purpose reduction entry of non-current assets	Reserve for specific stocks acquisition	General reserve
Balance at beginning of period	13,226	3,158	0	3,158	3,305	234	126	35,000
Changes during period								
Dividends of surplus								
Profit								
Purchase of treasury shares								
Disposal of treasury shares			(2,579)	(2,579)				
Transfer from retained earnings to capital surplus			2,579	2,579				
Net changes in items other than shareholders' equity								
Total changes during period	-	-	(0)	(0)	-	-	-	-
Balance at end of period	13,226	3,158	-	3,158	3,305	234	126	35,000

	Shareholders' equity				Valuation and translation adjustments	Total net assets
	Retained earnings		Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
	Other retained earnings	Total retained earnings				
	Retained earnings brought forward					
Balance at beginning of period	8,485	47,151	(1,682)	61,854	12,542	74,396
Changes during period						
Dividends of surplus	(7,512)	(7,512)		(7,512)		(7,512)
Profit	10,237	10,237		10,237		10,237
Purchase of treasury shares			(2,999)	(2,999)		(2,999)
Disposal of treasury shares			2,579	-		-
Transfer from retained earnings to capital surplus	(2,579)	(2,579)		-		-
Net changes in items other than shareholders' equity					8,708	8,708
Total changes during period	145	145	(420)	(275)	8,708	8,433
Balance at end of period	8,630	47,296	(2,103)	61,578	21,250	82,829

Notes to non-consolidated financial statements

(Significant accounting policies)

1. Standards and methods for valuation of securities

(1) Held-to-maturity securities

Amortized cost method (straight-line method) is applied.

(2) Shares of subsidiaries and affiliates

Stated at cost using the moving-average method.

(3) Available-for-sale securities

Securities other than shares, etc. without market value

Stated at fair value (valuation differences are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method).

Shares, etc. without market value

Stated at cost using the moving-average method.

2. Depreciation or amortization method for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Mainly, the declining-balance method is applied.

Major useful lives are as follows.

Buildings: 8 years to 50 years

(2) Intangible assets (excluding leased assets)

The straight-line method is applied.

Software for internal use is amortized based on its useful life as internally determined (five years).

(3) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

The lease period is regarded as the useful life and the straight-line method is applied with no residual value.

3. Standards for recording provisions and allowances

(1) Allowance for doubtful accounts

To prepare for credit losses on receivables, an estimated uncollectable amount is recorded at the amount estimated by either using the historical rate of credit losses for general receivables, or based on individual consideration of collectability for specific receivables such as highly doubtful receivables.

(2) Provision for bonuses

To prepare for payment of bonuses to employees, a provision is recorded based on the estimated amount of bonuses to be paid.

(3) Provision for shareholder benefit program

To prepare for payment in association with a shareholder special benefit plan, a provision is recorded based on the estimated amount of benefits to arise in the next fiscal year.

(4) Provision for retirement benefits

To prepare for retirement benefits for employees, a provision is recorded based on the estimated amount of retirement benefit obligation and plan assets at the end of the current fiscal year.

(i) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the current fiscal year on a benefit formula basis.

(ii) Method of amortizing actuarial gains and losses and past service cost

Past service cost is amortized on a straight-line basis over a certain period equal to or less than the average remaining service period of eligible employees (10 years) at the time of occurrence.

Actuarial gains and losses are amortized by the straight-line method from the fiscal year following the accrual of each gain or loss, over a certain period within the average remaining service years (10 years) of employees when incurred in each fiscal year.

4. Standard for recognizing revenue and expenses

In addition to controlling each of operating companies as a holding company, the Company contracts back-office operations of its Group companies and operates a real estate leasing business. Because performance obligations in contract of back-office operations of its Group companies are to render defined services, and these performance obligations are satisfied over time, revenue is recognized at an equal amount in the period over the contract term.

5. Other matters for preparation of non-consolidated financial statements

(1) Accounting for retirement benefit plans

Accounting treatment for unrecognized actuarial gains or losses and unrecognized past service cost for retirement benefit plans are different from accounting treatment for them in the consolidated financial statements.

(2) Accounting policy for translation of foreign currency assets and liabilities into Japanese yen

Monetary claims and obligations denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the closing date, and translation differences are accounted for as non-operating income or expenses.

(3) Application of the group tax relief system

The Company has applied the group tax relief system.

(Changes in presentation)

(Non-consolidated balance sheet)

“Accrued consumption taxes” under “Current liabilities,” which was presented separately in the previous fiscal year, is included in “Accounts payable - other” under “Current liabilities” from the current fiscal year, since their quantitative materiality decreased. To reflect this change in presentation, the non-consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the non-consolidated balance sheet for the previous fiscal year, 361 million yen of “Accounts payable - other” and 49 million yen of “Accrued consumption taxes,” which were presented under “Current liabilities” were reclassified as 410 million yen of “Accounts payable - other” under “Current liabilities.”

“Provision for shareholder benefit program,” which was included in “Other” under “Current liabilities” in the previous fiscal year, has been presented separately from the current fiscal year, because its quantitative materiality increased. To reflect this change in presentation, the non-consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the non-consolidated balance sheet for the previous fiscal year, 284 million yen which was presented in “Other” under “Current liabilities” was reclassified as 197 million yen of “Provision for shareholder benefit program” and 86 million yen of “Other.”

(Non-consolidated balance sheet)

*1 Monetary claims and obligations with subsidiaries and affiliates

(Millions of Yen)

	As of March 31, 2023	As of March 31, 2024
Short-term monetary claims	9,906	7,011
Long-term monetary claims	6,877	6,579
Short-term monetary obligations	2,559	2,480
Long-term monetary obligations	114	112

2 The Company has entered into commitment line agreements with trading financial institutions for the purpose of securing a flexible measure for raising funds.

Unused lines of credit related to loan commitments, etc. at the end of the fiscal year are as follows:

(Millions of Yen)

	As of March 31, 2023	As of March 31, 2024
Total value of commitment line agreements	10,000	10,000
Outstanding balance of used line of credit	–	–
Unused amount	10,000	10,000

(Non-consolidated statement of income)

*1 Transaction amount with subsidiaries and affiliates

(Millions of Yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Amount of operating transactions		
Operating revenue	10,317	11,325
Operating expenses	179	244
Transactions from non-operating transactions	200	217

*2 Major expenses and monetary amount of SG&A expenses

(Millions of Yen)

	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Remuneration for directors	271	261
Employees' salaries and bonuses	373	407
Provision for bonuses	59	65
Provision for shareholder special benefits	197	214
Retirement benefit expenses	34	38
Depreciation and amortization	103	82
Compensation and contract fees	285	312
Rent expenses	266	277
All these expenses are included in general and administrative expenses.		

(Securities)

Shares of subsidiaries and affiliates

Fiscal year ended March 31, 2023 (March 31, 2023)

(Millions of Yen)

Category	Carrying amount on the balance sheet	Fair value	Difference
Shares of subsidiaries	21,193	127,115	105,921
Total	21,193	127,115	105,921

Fiscal year ended March 31, 2024 (March 31, 2024)

(Millions of Yen)

Category	Carrying amount on the balance sheet	Fair value	Difference
Shares of subsidiaries	21,193	71,149	49,955
Total	21,193	71,149	49,955

(Note) Amount of shares, etc. without market prices recorded on the consolidated balance sheet which is not included in the above tables

Category	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Shares of subsidiaries	36,208	36,208
Shares of affiliates	160	160

(Tax effect accounting)

1. Breakdown of deferred tax assets and deferred tax liabilities by cause

	(Millions of Yen)	
	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Deferred tax assets		
Denial of provision for bonuses	62	65
Accrued business tax	19	67
Denial of loss on valuation of shares	190	171
Denial of provision for retirement benefits	235	223
Excess depreciation	46	47
Impairment losses	88	88
Denial of loss on valuation of golf club membership	37	18
Other	13	12
Subtotal of deferred tax assets	692	696
Valuation allowances	(315)	(278)
Total of deferred tax assets	377	417
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(5,435)	(9,327)
Reserve for tax purpose reduction entry of non-current assets	(244)	(242)
Total of deferred tax liabilities	(5,680)	(9,570)
Net deferred tax liabilities	(5,303)	(9,152)

2. Breakdown of major items that cause difference between effective statutory tax rate and income tax rate after applying tax effect accounting

	(Millions of Yen)	
	Fiscal year ended March 31, 2023 (March 31, 2023)	Fiscal year ended March 31, 2024 (March 31, 2024)
Effective statutory tax rate	31.0%	31.0%
(Adjustments)		
Entertainment and other expenses that are never tax deductible	1.4	1.1
Dividends and other income that is never taxable	(27.6)	(20.3)
Other	0.0	(0.6)
Income tax rate after applying tax effect accounting	4.8	11.2

3. Accounting for income taxes and local income taxes or tax effect accounting related thereto

The Company has applied the group tax relief system, and performs accounting treatment and disclosure of income taxes and local income taxes or tax effect accounting related to these in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

(Revenue recognition)

Notes on information that provides a basis for understanding revenue from contracts with customers are omitted because identical information is provided in “Notes (Significant accounting policies), 4 Standard for recognizing revenue and expenses.”

(Significant subsequent events)

Not applicable.

(iv) [Supplementary statements]
[Schedule of property, plant and equipment]

(Millions of Yen)

Category	Type of assets	Balance at beginning of period	Increase during the period	Decrease during the period	Depreciation during the period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	808	16	0	53	771	1,321
	Structures	47	0	–	5	41	166
	Vehicles	13	–	–	5	7	62
	Tools, furniture and fixtures	243	16	0	14	245	582
	Land	2,066	–	–	–	2,066	–
	Leased assets	94	–	0	41	53	154
	Total	3,273	33	0	120	3,185	2,288
Intangible assets	Software	417	56	0	167	305	–
	Other	13	2	–	3	12	–
	Total	430	58	0	170	317	–

[Detailed schedule of allowances]

(Millions of Yen)

Account items	Balance at beginning of period	Increase during the period	Decrease during the period	Balance at end of period
Allowance for doubtful accounts	36	–	–	36
Provision for bonuses	202	211	202	211
Provision for shareholder benefit program	197	214	197	214

(2) **Components of major assets and liabilities**

This information has been omitted, as the consolidated financial statements have been prepared.

(3) **Others**

Not applicable.

VI. Overview of Share-related Administration of the Reporting Company

Fiscal year	From April 1 to March 31
Annual General Shareholders' Meeting	In June
Record date	March 31
Record date for dividends of surplus	March 31
Number of shares constituting a standard unit	100 shares
Purchase/additional purchase of shares less than one unit	
Business handling office	(Special account) 1-3-3 Marunouchi, Chiyoda-ku, Tokyo Securities Agent Department, Head Office, Mizuho Trust & Banking Co., Ltd.
Shareholder register administrator	(Special account) 1-3-3 Marunouchi, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co., Ltd.
Offices available for repurchase	—
Purchase/additional purchase fees	No charge
Method of public notice	Electronic public notice However, in the event that electronic public notice is unavailable due to an accident or any other unavoidable reason, the public notice is given in the manner of the publication in The Kyoto Shimbun and the Nikkei (Nihon Keizai Shimbun) newspaper. The place to post electronic public notice is the Company's website (https://www.takara.co.jp).
Special benefits to shareholders	Shareholder special benefit plan (1) Eligible shareholders Shareholders holding 100 shares or more who are recorded on the shareholder register as of March 31 each year (2) Details of special benefits i) Shareholders holding 100 shares or more and less than 1,000 shares Complimentary gift or a donation to social contribution activities, worth 1,000 yen ii) Shareholders holding 1,000 shares or more Complimentary gift or a donation to social contribution activities, worth 3,000 yen

VII. Reference Information on the Reporting Company

1. Information on the parent company or equivalent of the reporting company

The Company has no parent company.

2. Other reference information

The Company filed the following documents in the period from the beginning of the current fiscal year to the date of submission of the Annual Securities Report.

(1) Annual Securities Report and its attachments and Confirmation Letter

For the fiscal year of 112th term (April 1, 2022 to March 31, 2023), filed to Director-General of the Kanto Local Finance Bureau on June 29, 2023

(2) Internal Control Report and its attachments

Filed to Director-General of the Kanto Local Finance Bureau on June 29, 2023

(3) Quarterly Securities Reports and Confirmation Letter

For Q1 of 113th term (April 1, 2023 to June 30, 2023), filed to Director-General of the Kanto Local Finance Bureau on August 10, 2023

For Q2 of 113th term (July 1, 2023 to September 30, 2023), filed to Director-General of the Kanto Local Finance Bureau on November 13, 2023

For Q3 of 113th term (October 1, 2023 to December 31, 2023), filed to Director-General of the Kanto Local Finance Bureau on February 14, 2024

(4) Revision report of Quarterly Securities Reports and Confirmation Letter

Filed to Director-General of the Kanto Local Finance Bureau on October 31, 2023

The report and letter are the revision report of quarterly securities reports for the first quarter of the 113th term (from April 1, 2023 to June 30, 2023), and the confirmation letter thereof.

(5) Extraordinary Report

Filed to Director-General of the Kanto Local Finance Bureau on June 30, 2023

The report is the extraordinary report based on the provisions of Article 19, paragraph (2), item (ix)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (Results of the exercise of voting rights at the General Shareholders' Meeting).

Filed to Director-General of the Kanto Local Finance Bureau on November 13, 2023

Extraordinary Report based on the provisions of Article 19, paragraph (2), item (xii) of the Cabinet Office Order on Disclosure of Corporate Affairs (Occurrence of an event that may have serious effects on the financial position, operating results and cash flow status)

(6) Amended Shelf Registration Statement (Bonds)

Filed to Director-General of the Kanto Local Finance Bureau on June 30, 2023

Filed to Director-General of the Kanto Local Finance Bureau on October 31, 2023

Filed to Director-General of the Kanto Local Finance Bureau on November 13, 2023

(7) Share Buyback Report

Filed to Director-General of the Kanto Local Finance Bureau Filed on December 11, 2023 for the reporting period (from November 1, 2023 to November 30, 2023)

Filed to Director-General of the Kanto Local Finance Bureau Filed on January 10, 2024 for the reporting period (from December 1, 2023 to December 31, 2023)

Filed to Director-General of the Kanto Local Finance Bureau Filed on February 5, 2024 for the reporting period (from January 1, 2024 to January 31, 2024)

Filed to Director-General of the Kanto Local Finance Bureau Filed on March 5, 2024 for the reporting period (from February 1, 2024 to February 29, 2024)

(8) Amendment Report of Share Buyback Report

Filed to Director-General of the Kanto Local Finance Bureau on January 10, 2024

The report is the Amendment Report of the Share Buyback Report filed on December 11, 2023.

Part 2. Information on Guarantors for the Reporting Company

Not applicable.