Annual Securities Report

The Fiscal Year **From April 1, 2025**
(115th) **To March 31, 2026**

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		111th	112th	113th	114th	115th
Fiscal year ended		Mar. 2022	Mar. 2023	Mar. 2024	Mar. 2025	Mar. 2026
Net sales	(Millions of Yen)	300,918	350,665	339,372	362,693	394,316
Ordinary profit	(Millions of Yen)	43,230	38,706	23,336	22,180	16,861
Profit attributable to owners of parent	(Millions of Yen)	20,769	21,206	16,176	16,202	11,696
Comprehensive income	(Millions of Yen)	39,992	41,278	37,666	25,976	19,976
Net assets	(Millions of Yen)	224,555	255,318	280,465	300,903	310,937
Total assets	(Millions of Yen)	362,438	399,174	437,468	477,587	513,801
Net assets per share	(Yen)	912.58	1,031.60	1,171.10	1,255.93	1,344.61
Basic earnings per share	(Yen)	105.05	107.26	82.09	82.98	60.52
Diluted earnings per share	(Yen)	–	–	–	–	–
Equity ratio	(%)	49.8	51.1	52.3	51.3	50.5
Return on equity	(%)	12.3	11.0	7.5	6.8	4.6
Price earnings ratio	(Times)	10.5	9.5	13.0	13.8	25.5
Cash flows from operating activities	(Millions of Yen)	16,376	45,478	29,178	16,155	17,318
Cash flows from investing activities	(Millions of Yen)	(10,399)	(10,474)	(19,993)	(41,562)	(15,341)
Cash flows from financing activities	(Millions of Yen)	4,133	(22,215)	(13,448)	6,548	(9,307)
Cash and cash equivalents at end of year	(Millions of Yen)	75,729	91,785	90,184	75,280	69,125
Number of employees	(Persons)	4,934	5,171	5,492	5,729	5,720

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

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

Fiscal year		111th	112th	113th	114th	115th
Fiscal year ended		Mar. 2022	Mar. 2023	Mar. 2024	Mar. 2025	Mar. 2026
Operating revenue	(Millions of Yen)	9,209	10,809	11,823	10,204	10,064
Ordinary profit	(Millions of Yen)	5,054	6,755	7,575	5,849	5,510
Profit	(Millions of Yen)	4,900	7,074	10,237	7,980	9,400
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	197,252	197,252	197,252
Net assets	(Millions of Yen)	73,986	74,396	82,829	79,728	84,584
Total assets	(Millions of Yen)	134,726	124,448	137,377	149,424	154,898
Net assets per share	(Yen)	374.23	376.30	424.21	408.33	438.55
Dividend per share	(Yen)	37.00	38.00	29.00	31.00	31.00
[of the above, interim dividend per share]		[–]	[–]	[–]	[–]	[–]
Basic earnings per share	(Yen)	24.79	35.78	51.95	40.87	48.64
Diluted earnings per share	(Yen)	–	–	–	–	–
Equity ratio	(%)	54.9	59.8	60.3	53.4	54.6
Return on equity	(%)	6.7	9.5	13.0	9.8	11.4
Price earnings ratio	(Times)	44.4	28.6	20.6	28.0	31.8
Payout ratio	(%)	149.3	106.2	55.8	75.9	63.7
Number of employees	(Persons)	184	190	197	201	193
Total shareholder return	(%)	75.5	72.8	77.9	85.0	113.5
[Benchmark: Dividend-included TOPIX]	(%)	[102.0]	[107.9]	[152.5]	[150.2]	[202.2]
Highest share price	(Yen)	1,642	1,114	1,324	1,385	1,858
Lowest share price	(Yen)	1,058	918	1,020	996.1	1,097.5

(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. The dividend per share for the 115th fiscal year includes a 100th anniversary commemorative dividend of ¥2.

4. Diluted earnings per share is not stated, because there were no potentially dilutive shares.

5. 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.

6. The dividend per share of ¥31.00 for the 115th fiscal year is a matter to be resolved at the Annual General Shareholders' Meeting that will be held on June 26, 2026.

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 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.
November 1985	The Tomatin Distillery Co. Ltd was founded in Scotland, U.K. In February of the following year, 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 SAS 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 SAS.
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 associate accounted for using equity method 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. (The remaining 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.
November 2024	90% of equity stake in Kagerer & Co. GmbH near Munich, Germany was acquired through Takara Shuzo International Co., Ltd.
January 2025	All shares in Curio Bioscience, Inc. in Palo Alto, California, U.S., which engages in the development of research reagents for spatial transcriptome analysis, were acquired through Takara Bio USA Holdings Inc.

3. Description of business

The Group (the Company and its subsidiaries and associates) is composed of the Company and its 68 subsidiaries and two associates. The Group's main businesses are the manufacturing and sales of alcoholic beverages and seasonings in Japan run by Takara Shuzo, 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, etc., (1) Consolidated Financial Statements, Notes." In addition to controlling each of operating companies as a holding company, the Company contracts back-office 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.

The subsidiary involved with this segment is 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.

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. The Tomatin Distillery Co. Ltd manufactures and sells Scotch whisky, and Age International, Inc. sells bourbon whisky.

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

Foodex SAS, Cominport Distribución S.L., and 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. Kagerer & Co. GmbH operates a wholesale business near Munich, Germany, selling marine products, which are its main offerings, Japanese food ingredients and others throughout Europe.

Nippon Food Supplies Company Pty Ltd operates a wholesale business for Japanese food ingredients in Australia.

Including the above companies, there are 50 subsidiaries and one associate 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 ten subsidiaries involved with this segment.

[Other]

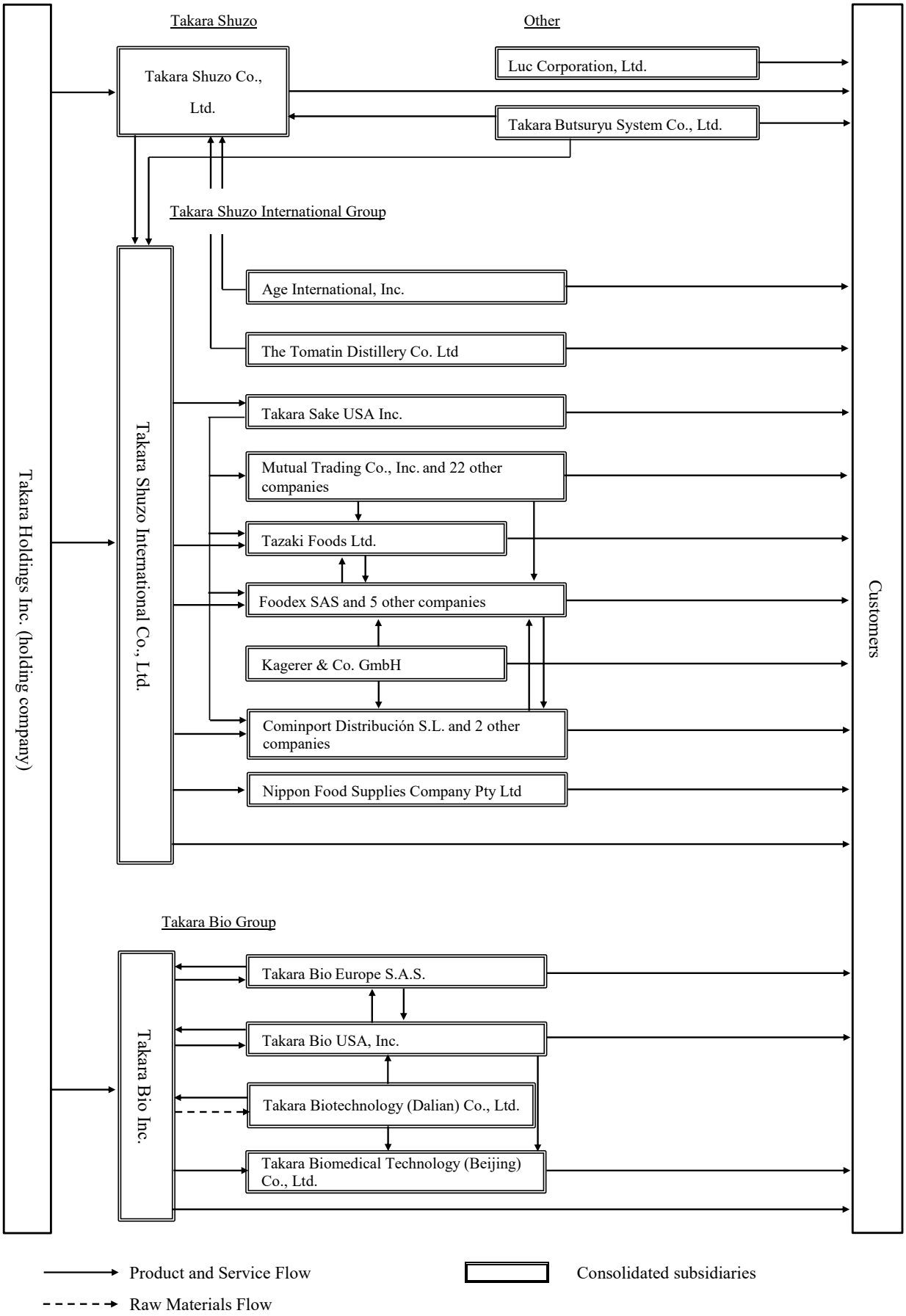
Other segment includes the transportation business and wine import and sales run by domestic Group companies, and the real estate leasing business mainly run by the Company.

The transportation 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 seven subsidiaries and one associate involved in Other segment.

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

(Business Organization Chart)



4. Subsidiaries and other affiliated entities

Company name	Address	Share capital	Line of business	Ratio 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, 5)	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 SAS (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 6,357	Import and wholesale business of alcoholic beverages, foods, seasonings, etc.	100.0 (100.0)	–	–	–	–
Kagerer & Co. GmbH	Feldkirchen, Bavaria, Germany	Thousand EUR 30	Import and wholesale business of alcoholic beverages, foods, seasonings, etc.	90.0 (90.0)	–	–	–	–
Mutual Trading Co., Inc. (Note 2)	El Monte, California, U.S.	Thousand USD 5,394	Import and wholesale business of alcoholic beverages, foods, seasonings, etc.	85.8 (85.8)	–	lending	–	–

Company name	Address	Share capital	Line of business	Ratio of voting rights holding or held (%)	Relationship with the Company			
					Concurrent directors (Persons)	Financial assistance	Business transactions	Other
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)	–	–	–	–
Takara Bio Inc. (Notes 2, 3, 4)	Kusatsu-city, Shiga	Million JPY 14,965	Development, manufacture, and sale of reagents and instruments, CDMO services, Gene Therapy	60.9	1	–	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.	Kyotanabe-city, Kyoto	Million JPY 50	Freight transportation	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	–
48 other consolidated subsidiaries, 1 associate accounted for using equity method								

(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. At a meeting of the Board of Directors held on February 13, 2026, the Company resolved to acquire the common shares of Takara Bio Inc. through a tender offer pursuant to the Financial Instruments and Exchange Act for the purpose of making the said company a wholly owned subsidiary. The details are as mentioned in "V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, (Notes - Significant events after reporting period)." As a result of this acquisition, the ratio of voting rights in the said company as of the filing date of this Annual Securities Report will be 100%.

4. The Company has obtained approval for omitting submission of the Annual Securities Report for the fiscal year ended March 31, 2026, pursuant to the proviso of Article 24, paragraph (1) of the Financial Instruments and Exchange Act and Article 4, paragraph (1) of the Order for Enforcement of the same act.

5. 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 transactions with other segments).

II. Overview of Business

1. Management policy, business environment, issues to address

Information regarding the Group's management policy, business environment, and issues to address 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 contraction in the alcoholic beverage market in Japan due to population decline because of aging and declining birthrate, and a decreasing interest in alcohol among younger generations, as well as increased personnel costs due to labor shortages 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 life science field are globally sluggish at present, both in the industry and academia, due to factors such as a cut in research budgets mainly stemming from the impact of rising prices, and significant reduction in research and development grants resulting from the United States government's policies.

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 life science research market also continues to have high potential for growth in the medium to long term, centering around regenerative and cellular medicine and gene therapy. 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.

Under these circumstances, the Group formulated the TaKaRa Group Long-Term Vision 2050 to outline where we wish to be in September 2050. The Long-Term Vision 2050 is a concrete expression of new future aspirations incorporating the "Smiles in Life." In an era of rapid and unpredictable change, this vision serves as both a foundation and a compass that guide the Takara Group as we take on new challenge, aiming to work on value generation and business creation in "new business" beyond food and health through solving social issues such as food shortages and environmental problems, in addition to "alcoholic beverages and Japanese foods" and "life science supporting industry," with biotechnology as our core competence.

And moreover, we formulated "TaKaRa Group Medium-Term Management Plan for 2030" in May 2026 to return to a growth trajectory with a view to achieving "TaKaRa Group Long-Term Vision 2050" as well, and establish a path for medium-to long-term growth.

The outline of "TaKaRa Group Medium-Term Management Plan for 2030" is as follows.

"TaKaRa Group Medium-Term Management Plan for 2030"

Overall policy

~ By swiftly establishing a global management foundation that supports our business portfolio strategy, we aim to restore a growth trajectory and establish a clear path for long-term growth ~

Financial Targets

The Takara Group consolidated	Year ending March 31, 2031
ROIC	7.0% or more
ROE	10% or more
Operating income	37.8 billion yen or more
Net sales	493.0 billion yen or more

(Reference: Year ending March 31, 2028)

ROIC	4.3%
ROE	6.1%
Operating income	23.5 billion yen
Net sales	429.0 billion yen

Financial Policy

- Strengthen the generation of operating cash flow by capturing returns from past investments in growth and strategic focus areas, and allocate capital to improve efficiency in existing businesses and to create new businesses
- Reduce the cost of capital through shareholder returns funded by the use of interest-bearing debt and the sale of cross-shareholdings and non-core real estate
- Introduce a progressive dividend policy, with a target total payout ratio of 50% over the five-year period; share buybacks will be implemented flexibly, taking into account the balance with growth investments

Basic Policy

(i) Business Portfolio Strategy toward Long-term Vision 2050

The basic concept of the Group's business portfolio strategy is to proceed with initiatives that cross-functionally leverage the Group's technologies, business foundation, network, and other resources while not only utilizing its strengths and assets but incorporating external insights, in each of the existing alcoholic beverages and Japanese foods and life science supporting industry, to achieve the development of new businesses and the enhancement and expansion of existing businesses in order to deliver three value propositions presented in the Long-Term Vision. The specific details are as follows:

Alcoholic beverages and Japanese foods	Refining the global expansion strategy for Japanese alcoholic beverages and seasonings and expanding businesses into adjacent domains through various approaches
Life science supporting industry	Restructuring differentiated business models, and expanding business domains
New business	New business development focused on the use of biotechnology

Based on this concept, seven businesses including new businesses have been classified into the categories of "core," "cash," "growth," "underperforming," and "creation" from the perspectives of market stages, capital efficiency, and competitive edge.

To return to a growth trajectory, we first partially withdraw from the following businesses positioned as "underperforming" in a swift manner.

- Discontinuation of the proprietary clinical development project for gene therapies in Gene Therapy
- Withdrawal from contract GMP cell processing services in CDMO

Subsequently, review the business portfolio strategy at an early stage (within approximately two years), focusing on the following key assessments.

- Whether to continue to position Japanese foods as a growth business
- Whether to continue CDMO and Gene Therapy

(ii) Review of Group Governance and Management Structure

- Have a new management meeting body in place to discuss the business portfolio strategy and continuously review policies of investing and allocating management resources
- Reconsider the decision-making process for important investments, enhance reviews concerning investment results, and refine the governance structure for Takara Bio

(iii) Reinforcement of ROIC-Oriented Management

- Setting of ROIC targets based on WACC by business unit
- Setting of NPV hurdle rates linked to ROIC targets, and review, as necessary, of performance evaluation and compensation systems for the management team of each group company

(iv) Reform of Profit Structure in Existing Businesses

Bio	Fundamental reduction of fixed costs mainly through partial withdrawal from Gene Therapy/CDMO, and restructuring of the business model for reagents
Japanese foods	Improvement of the operating income ratio through enhancing management and sophisticating business operations at Takara Shuzo International's headquarters and overseas subsidiaries
Japanese alcoholic beverages	Transformation to a sustainable business structure while maintaining competitiveness as the core business, based on investment in manufacturing facilities in Japan

(v) Establishment of Growth Path through Group Synergies

- Enhance and expand market creation capabilities for Japanese alcoholic beverages through refinement of global expansion strategies for Japanese sake and seasonings
- Leverage biotechnology as a core competence to develop new businesses and strengthen and expand existing businesses

We will also step up our efforts for the utilization of human capital (human resources/organizational culture) aligned with the basic policy.

Human resources	・Strengthening corporate human resources ・Strengthening global human resources ・Foster human resources who will be responsible for the next generation and their optimal placement in suitable positions
Organizational culture	・Creating environments and opportunities for employees to interact across the Takara Group ・Building a system that enables employees to exchange and share information with each other across the Takara Group

Furthermore, with regard to the Takara Group Sustainability Policy, we have also added a new materiality (important issue) "Value creation in new business domains" in alignment with "TaKaRa Group Long-Term Vision 2050."

The 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 reasonable at the end of the current fiscal year and therefore do not constitute a guarantee of achievement.

2. Disclosure of sustainability-related financial information

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

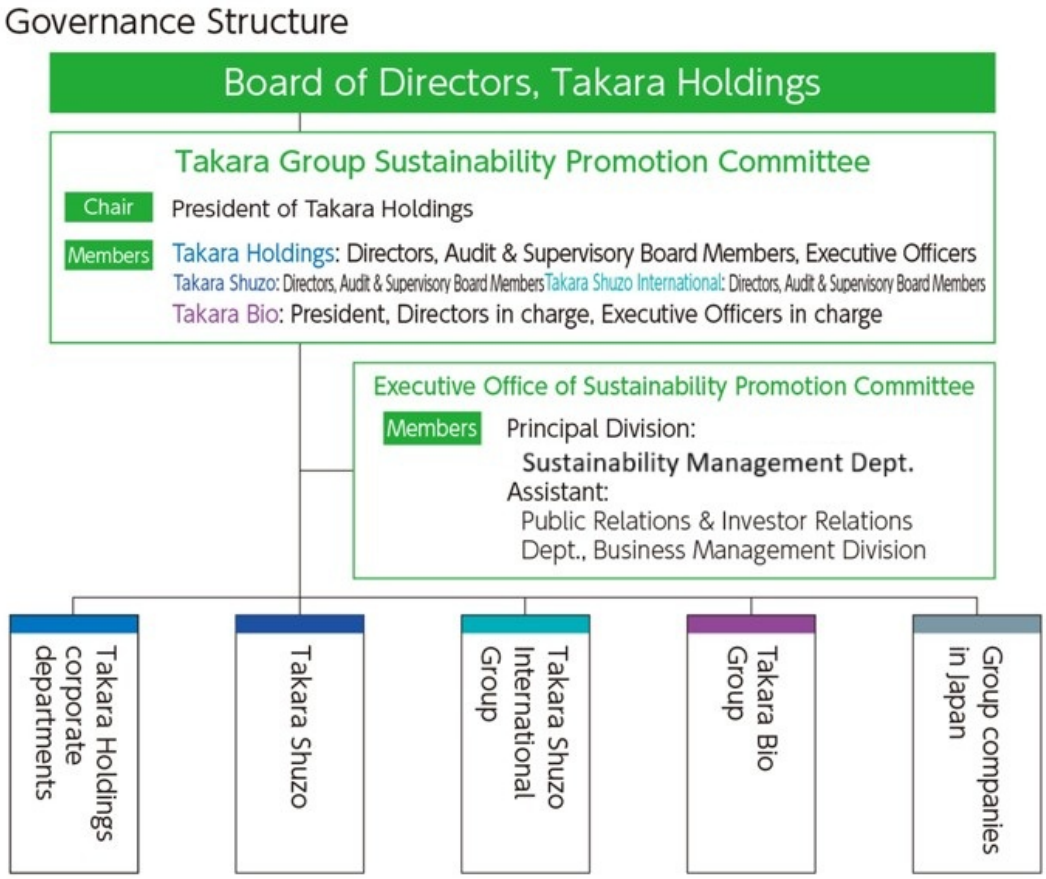
Forward-looking statements contained in this document are based on the judgment that the Group made as of the end of the current fiscal year.

(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.

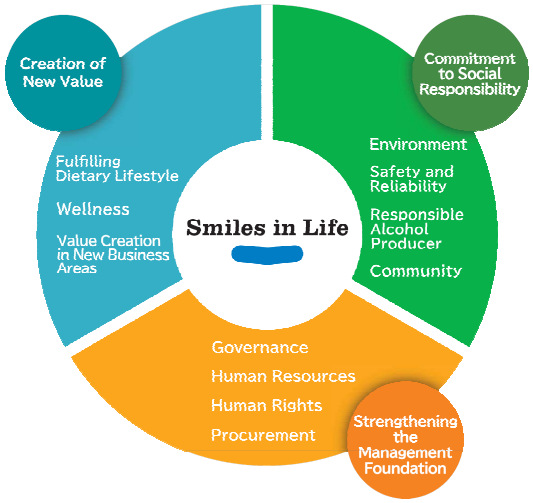


(ii) Strategy

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 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, and identified important issues (materiality), taking into account the expectations of stakeholders and the impact on the Group's business. In alignment with "Long-Term Vision 2050," the Takara Group Sustainability Policy takes up the following 11 important issues (materiality) including newly added "Value creation in new business areas," and lays out initiative policies for each one. 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 eleven important issues (materiality)



(iii) Risk management

The Group has established the Takara Group Sustainability Promotion Committee that assesses the risks and opportunities, formulates strategies, and deliberates on 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) Metrics and targets

The Takara Group has set metrics and targets and medium- to long-term goals regarding important issues (materiality).

- Metrics and targets of medium- to long-term goals

Theme	Measures	Medium- to long-term goals
Materiality: Environment		
(1) Climate change	Reduction of CO_2 emissions	[Takara Shuzo / Takara Shuzo International Group] - Reduce CO_2 emissions (Scopes 1 and 2) at production sites by 46% compared with FY2018 by FY2030. [Takara Bio Group] - Reduce CO_2 emission intensity (*1) by 50% compared with FY2018 by FY2030. [Takara Holdings, Takara Shuzo, Takara Shuzo International (Takara Sake USA, Takara Shuzo Foods, and Tomatin)] - Reduce CO_2 emission intensity (Scope 3) by 30% compared with FY2024 by FY2035. [Entire Group] - Achieve net zero CO_2 emissions (Scopes 1, 2, and 3) in the Takara Group on a consolidated basis by FY2050. - Continuously make updates and disclosures in accordance with the TCFD framework. [Takara Shuzo / Takara Shuzo International Group] - Continue to obtain third-party assurance for CO_2 emissions at production sites. [Takara Shuzo] - Obtain third-party assurance for energy consumption at production sites. [Takara Shuzo (Distribution)] - Reduce CO_2 emission intensity from shipping Takara Shuzo products(*2) by 20% compared with FY2018 by FY2030.
(2) Water	Sustainable use of water resources	[Takara Shuzo] - Reduce units of water usage(*3) of Takara Shuzo by 20% compared with FY2017 by FY2030. - Obtain third-party assurance for water usage at production sites. - Continue initiatives for appropriate wastewater treatment and monitoring of water quality.
(3) Circular economy	Reduce plant waste volume and promote recycling	[Takara Shuzo] - Continue reusing 98% or more of waste, etc., generated in Takara Shuzo's production processes. - Reduce plastic waste to less than 250 tonnes (*4) by FY2030.
	Initiatives for reducing food losses	[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.

Theme	Measures	Medium- to long-term goals
(4) Environmentally conscious products	Develop environmentally conscious products	[Takara Shuzo] - Release five environmentally conscious products every year. - Continue selling products by weight. - Facilitate the introduction of sustainable containers and packaging that consider the 3Rs, and achieve 100% adoption by FY2050. - Maintain 100% adoption of paper with forest protection certification in paper carton products. - Maintain 100% usage of biomass ink in paper and plastic labels. [Takara Bio Group] - Review packaging/transportation forms, aiming to reduce environmental burdens. - Maintain 100% adoption of paper with forest protection certification in paper packages. - Maintain 100% adoption of aluminum-free packages in one-sided aluminum pouches. - Maintain 100% usage of vegetable oil-based ink in paper packages.
	Free distribution of educational pamphlets for recycling	[Takara Shuzo] Continue distributing free to those who are interested.
(5) Biodiversity	Promotion of activities and research protecting ecosystems and biodiversity	[Takara Holdings Inc.] - Disclose information on dependencies and impacts on the natural environment based on the TNFD recommendations. - Promote support for research and activities that contribute to biodiversity through the Takara Harmonist Fund. - Continue activities at business sites that contribute to local communities.

Theme	Measures	Medium- to long-term goals
Materiality: Safety and security		
(1) Ensuring safe and reliable quality at Takara Shuzo	Maintain safety management system (FSSC22000 at six plants in Japan)	[Takara Shuzo] - Maintain FSSC22000 at all six plants* in Japan. (*Matsudo, Kusu, Fushimi, Shirakabegura, Kurokabegura, and Shimabara)
	Create 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. - Regularly conduct study groups on related laws and regulations for personnel in charge of product planning and development. - Carry out regular analysis of residual pesticides/herbicides for products and raw materials.
	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) Conduct training sessions on customer service, and check the degree of understanding to enhance knowledge of sales personnel. (Implementation rate of sales personnel: 100%)
(2) 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. - Maintain licenses, registrations, and the like necessary for operating business. - Establish a quality management system and stable supply framework for marketed products relating to regenerative and cellular medicine and gene therapy, and make continuous improvement.
	Comply with and maintain various quality, manufacturing, and safety standards, including GMP/GCTP (*5), and third-party certification systems	
	Foster a corporate culture that emphasizes quality.	[Takara Bio Group] Organize the Task Force to Foster Quality Culture to foster a corporate culture characterized by a strong commitment to quality and a sense of responsibility through education, training, improvement activities, and other initiatives.
	Appropriately provide product information	[Takara Bio Group] Continue providing information on SDS(*6) of Takara Bio products (reagents) in various languages (Japanese, English, Chinese).
(3) Ensuring safe and reliable quality at Takara Shuzo International Group	Initiatives to establish a global quality assurance system - Understand and comply with information on overseas food safety regulations - Promote acquisition of food safety certifications at major overseas Group companies	[Takara Shuzo International Group] - Be sure to conduct research on food laws and regulations for exported products. - Conduct quality audits on overseas Group companies. If any quality risk factors are found, take appropriate corrective measures and support in promotion of quality improvement. - In onboarding new suppliers, perform safety checks through documents and other means, and where necessary, on-site assessment.

Theme	Measures	Medium- to long-term goals
Materiality: Responsible Alcohol Producer		
(1) Appropriate consumption of alcohol	Educational efforts using our website and pamphlets	[Takara Shuzo] Achieve one million page views in total over five years to FY2030 by publishing information about appropriate consumption of alcohol periodically (several times a year) on the webpage promoting awareness of the appropriate consumption of alcohol of Takara Shuzo's website.
	Awareness programs for employees	[Entire Group] - Raise the awareness of all Group employees on the appropriate consumption of alcohol. At new employee training, conduct a lecture on overall alcohol-related issues to deepen knowledge on the appropriate consumption of alcohol. (for Takara Holdings, Takara Shuzo, Takara Shuzo International, Takara Bio, etc.) - 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 (*7).
(2) Implementation of responsible marketing	Implement responsible advertising and sales promotion activities	[Takara Shuzo] - Maintain the status of having no cases of violating the Voluntary Standards on Advertisements in the Liquor Industry. - Update the Detailed Rules of Voluntary Industry Standards, Etc. and Takara Shuzo Voluntary Standards for Advertisements as needed, and ensure thorough compliance. (Once per year or more)
	Implement responsible product labeling	[Takara Shuzo] - Update Takara Shuzo Voluntary Standards for Product Labeling as needed, and ensure thorough compliance. (Once per year or more) - Disclose on the website the amount of alcohol contained for major products, and display the amount of alcohol contained on packages of all consumer products sold in Japan, except for alcohol-based seasoning. - Continue 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.
	Conscientious use of new advertising media (such as social media)	[Takara Shuzo] Add and organize provisions for the Detailed Rules of Voluntary Industry Standards, Etc. and Takara Shuzo Voluntary Standards for Advertisements.
	Prevent underage drinking	[Takara Shuzo] Update the specifications of the age affirmation system to strengthen access restrictions to the website for persons under the age of 20.
(3) Respect for global guidelines	Respect UN Political Declaration on Prevention and Control of NCDs and WHO's global strategy to reduce the harmful use of alcohol	[Entire Group] Based on the contents of the UN Political Declaration on Prevention and Control of NCDs (*8), express support for the global strategy on alcohol of the World Health Organization (WHO). Disseminate these contents to and ensure their understanding by employees.
(4) Participation in external initiatives	Participate in the diffusion/awareness raising programs conducted by public interest corporations regarding the appropriate consumption of alcohol	[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.

Theme	Measures	Medium- to long-term goals
Materiality: Community		
(1) Education for children	Hold events for the purpose of environmental education and food education, and conduct on-site classes at local elementary schools	[Takara Shuzo] - Continue offering Takara Shuzo Farm School. [Takara Bio Group] - Conduct PR workshops for university students. - Offer biology workshops at elementary schools, and other places. - Provide education programs in collaboration with universities, etc.
(2) 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.
(3) 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.
Materiality: Well-Balanced Diet		
(1) Providing the richness of food to people throughout the world through Japanese alcoholic beverages and Japanese food	<Spread and promote the appeal of Japanese alcoholic beverages and new value> - Stimulate demand and develop markets with new products. - Communicate information using our website and SNS - Spread the appeal and value of Japanese alcoholic beverages overseas	[Takara Shuzo] <u>Japanese alcoholic beverages</u> - Communicate the appeal of Japanese alcoholic beverages via social media to targets with high interest in shochu and sake. - Publish least 1,200 posts on official social media accounts of key brands over five years to FY2030. [Takara Shuzo International Group] - Develop 50 products exclusively for overseas markets over five years to FY2030.
	<Spread and promote the appeal of Japanese food and new value> - Hold seasoning seminars and cooking labs in collaboration with retailers - Participate in external initiatives - Disseminate recipes featuring Hon Mirin, cooking sake and food seasonings - Spread Japanese food culture overseas	[Takara Shuzo] <u>Seasonings</u> - Continue to hold “Japanese Cuisine Taught by Kyoto’s Top Chefs Course” held under the sponsorship of Takara Shuzo and Japanese Culinary Academy, and disseminate recipes featuring Hon Mirin, cooking sake and food seasonings to communicate the appeal of Japanese food and develop new demand. - Hold a Japanese cooking class at least ten times over five years to FY2030. - Conveying more than 1,000 recipes by FY2030. [Takara Shuzo International Group] - 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.
(2) Creating communication through sake and providing a social lubricant	Disseminate information about the enjoyment of sake and sake culture	[Takara Shuzo] Hold a brand fan meeting hosted by the Company at least five times over five years to FY2030.

Theme	Measures	Medium- to long-term goals
Materiality: Wellness		
(1) Support for the development of global life science research	Provide extensive support for the development of life science research and industry	[Takara Bio Group] Develop new products and services by leveraging technical expertise in biotechnology, and sell them through the global sales network to support for the development of global life science research and industry.
	Contribute to the life science community	[Takara Bio Group] Spread biotechnology covering from basics to the latest technologies through seminars (on-demand, exhibitions, etc.).
(2) Application of genetic analysis technology to testing and diagnostics	Provide products for genetic testing/diagnosis	[Takara Bio Group] Globally provide products for genetic testing and diagnosis through the development, manufacturing, sales, etc. of testing products for infectious diseases and other applications and enzyme raw materials for diagnostic agents.
(3) Initiatives for the development of gene therapies	Gene therapy technology development to fulfill unmet medical needs	[Takara Bio Group] - Drive the business of supporting the development and manufacturing of regenerative medical products (CDMO business).
(4) Supply of health-conscious products	Develop non-alcoholic beverages as well as products containing no or low carbs.	[Takara Shuzo] - Work to develop tasty and satisfying non-alcoholic beverages that a wide range of customers can enjoy without concerns about effects of alcohol. - Develop products with features of containing no or low carbs to cater to the needs of customers without affecting the taste and effects on cooking.
	Promote the appeal of salt-free sake for cooking	[Takara Shuzo] Raise the recognition of the salt-free feature of cooking sake to 35% by FY2030.
	Supply organic foods, etc.	[Takara Shuzo International Group] Expand the lineup of organic and vegan products to 1,703 items by FY2030. (up by 160 items from FY2025)
	Develop products with consideration for food allergies	[Takara Shuzo International Group] Expand the lineup of gluten-free and other food-allergy-conscious products to 1,863 items by FY2030. (up by 170 items from FY2025)
Materiality: Value creation in new business areas		
(1) Deliver new social value through biotechnology.	Create new businesses with biotechnology as the core competence.	[Entire Group] - Commercialize two new businesses by FY2030. - Achieve net sales of ¥200.0 billion in new businesses by FY2050.

Theme	Measures	Medium- to long-term goals
Materiality: Governance		
(1) Promotion of corporate governance	Establish an optimum corporate governance structure - Directors and Board of Directors - Audit & Supervisory Board Members and Audit & Supervisory Board - Election of independent officers - Officer compensation	[Takara Holdings Inc.] Maintain a proper corporate governance structure to achieve sustainable growth for the Group and improve corporate value over the mid- to long-term.
	Consider optimum corporate governance	
(2) Promotion of compliance	Reinforce the compliance promotion structure	[Entire Group] 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 and the Long-Term Vision. - 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) - Periodically conduct a “test of the degree of understanding” to assess the extent to which compliance awareness has been embedded, and verify educational effects. - 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	
(3) Reinforcement of the risk management structure	Promote risk management (normal risk management)	[Entire Group] Work to prevent the materialization of risks and to mitigate risks surrounding companies inside and outside of Japan, and establish and maintain a system enabling quick and appropriate response in a disaster or other emergency. - 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) - Periodically provide education and training on information security (such as IT literacy education, and training for responding to targeted attack emails) to enhance employees’ awareness and risk response capabilities.
	Promote crisis management (emergency risk management)	

Theme	Measures	Medium- to long-term goals
Materiality: Human resources		
(1) Fostering human resources	Implement measures to foster human resources who will be responsible for the next generation	[Entire Group] 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.
	Foster human resources who will achieve global business growth (global human resources)	[Entire Group] 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.
	Create environments and opportunities for employees to interact across the Takara Group	[Entire Group] Hold “cross-organizational workshops” and implement an “internship program that enables employees to learn specialized job functions at other group companies” to enhance mutual understanding, foster a sense of unity, and promote mutual utilization of knowledge and know-how among group companies.
(2) Promoting the active involvement of diverse human resources	Promote the active involvement of female employees Promote the active involvement of senior human resources Promote the hiring of people with disabilities	[Entire Group] - Increase the number of women in managerial positions. In Japan we will continue carrying out initiatives in accordance with our Female Participation Promotion Act action plan*. Three companies–Takara Holdings, Takara Shuzo, and Takara Shuzo International–will 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 (equivalent to 128% or more of the 39 women in managerial positions as of April 1, 2021). - 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. * Source: Main targets in the Female Participation Promotion Act action plan from our major companies [Takara Holdings, Takara Shuzo, Takara Shuzo International] - Percentage of women among new-hire recruits in administrative and technology roles: 40% or more - Percentage of female managers (by the end of FY2030): 13% or more [Takara Bio] - Percentage of female managers (by the end of FY2030): 25% or more
(3) Achievement of comfortable workplace environment and work-life balance	Ensure workplace safety and sanitation Comply with labor-related laws and regulations Prevent long working hours Promote diverse working styles	[Entire Group] - Reduce total working hours compared with FY2025 results. (Domestic Group Companies*7) - Increase the percentage of paid leave taken (no. of days taken) compared with FY2025 results. (Domestic Group Companies*7) - Maintain a 100% reinstatement rate for employees who take childcare leave. (Domestic Group Companies*7) - Enhance measures and systems for promoting the utilization of childcare leave by male employees and supporting for balancing work and family life. (Domestic Group Companies*7)

Theme	Measures	Medium- to long-term goals
Materiality: Human rights		
(1) Respect for human rights	Conduct human rights education at new employee training and rank-specific training sessions	[Entire Group] 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.
	Understanding and respect for multiple cultures (multinational cultures)	
	Recruitment activities without discrimination	
	Initiatives to prevent harassment	
	Protect personal information and privacy	
(2) Initiatives ensuring due diligence to human rights	Implement a human rights due diligence process	[Entire Group] - 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. - Periodically conduct a human rights awareness survey to understand human rights awareness of the Group's employees, and use the survey results to develop indicators for promoting human rights due diligence, etc.
Materiality: Procurement		
(1) Sustainable procurement	Request guideline compliance from suppliers	[Takara Shuzo] - Maintain a 100% rate of obtaining written consent to the Procurement Guidelines. - When information suggesting potential human rights risks regarding raw materials is obtained, promptly conduct risk assessment of the raw materials and their supplier. [Takara Shuzo International Group] - Promote the obtaining of written consent to the Procurement Guidelines at overseas group companies. [Takara Bio Group] - Achieve a 90% rate of obtaining written consent to the Procurement Guidelines.

*1 CO_2 emission intensity: CO_2 emissions (Scopes 1 and 2) per net sales

*2 CO_2 emission intensity from shipping: CO_2 emissions per shipping volume

*3 Units of water usage: water usage per production volume

*4 Threshold for large-volume waste generators under the new Act on Promotion of Resource Circulation for Plastics: 250 tonnes or more

*5 GMP: Good Manufacturing Practice, GCTP: Good Gene, Cellular, and Tissue-based Products Manufacturing Practice

*6 SDS: Safety Data Sheet (safety data sheets for chemical substances)

*7 Domestic Group Companies: Takara Holdings, Takara Shuzo, Takara Shuzo International, Takara Bio, Takara Butsuryu System, TB, Takara Supply Communications, Luc Corporation, Total Management Business, Takara Bussan, Kawahigashi Shoji, and Tokyo Mutual Trading

*8 UN Political Declaration on Prevention and Control of NCDs: international political declaration on non-communicable diseases and mental health

(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 continues 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.

The Group has also joined the TCFD Consortium, where companies and financial institutions which support the TCFD recommendations work together to move ahead with initiatives, and discuss effective information disclosure of companies and support right investment decisions by financial institutions, etc. The Group's policy for climate change is aligned with the guidelines of the TCFD Consortium.

a. Governance

The 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, deliberates on 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 risks by referring to experts' opinions and published reports, and selected risks and opportunities that are expected to have a significant impact over the short-, medium-, and long-term period, taking into account the likelihood and magnitude of impact. The 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℃ scenario) and RCP8.5 (4℃ scenario) based on AR5 of IPCC (Intergovernmental Panel on Climate Change) for physical risks, and APS scenario (below 2℃ scenario), SDS scenario (below 2℃ scenario), and NZE2050 scenario (1.5℃ 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℃ 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℃, 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. Metrics and targets

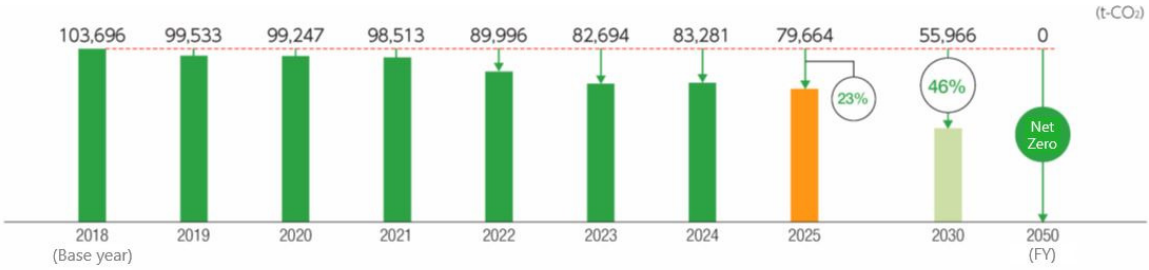
The Group has set CO2 emissions reduction targets in its medium- to long-term goals. Takara Shuzo and Takara Shuzo International Group have set CO2 emissions targets for Scopes 1 and 2 in total for their production sites.

■ Targets and Progress for FY2025

Scope	Metrics and targets	FY2025 results
Takara Shuzo + Takara Shuzo International Group	[FY2030] Reduce CO_2 emissions at production sites by 46% compared with FY2018.	Compared with FY2018: 23% reduction CO_2 emissions: 79,664 (t-CO_2)
Takara Shuzo (Distribution)	[FY2030] Reduce CO_2 emission intensity (CO_2 emissions per shipping volume) from shipping by 10% compared with FY2018.	Compared with FY2018: 16% reduction
Takara Bio Group	[FY2025] Reduce CO_2 emission intensity (CO_2 emissions per net sales) by 50% compared with FY2018.	Compared with FY2018: 2% increase
Entire Group	[FY2050] Net zero CO_2 emissions	–

■ Scope 1 and Scope 2 Total CO_2 Emissions of Takara Shuzo Co., Ltd. and Takara Shuzo International Group

* Production sites of Takara Shuzo Co., Ltd. and Takara Shuzo International Group



■ GHG Emissions of Takara Holdings Inc., Takara Shuzo Co., Ltd., and the Overseas Alcoholic Beverages Business of Takara Shuzo International Co., Ltd. in FY2024

Takara Holdings Inc., Takara Shuzo Co., Ltd., 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}

	FY2023	FY2024
Scope 1+Scope 2 market-based	84,540	85,241
Scope 1	63,932	61,528
Scope 2 market-based	20,609	23,713

Category			FY2023	FY2024	Calculation method
Scope 3			867,578	841,900	
Upstream	Category 1	Purchased goods and services	684,405	664,119	Calculated for procured raw materials, containers, and packaging materials
	Category 2	Capital goods	16,156	15,019	Calculated for purchased facilities and instruments
	Category 3	Fuel- and energy-related activities not included in Scopes 1 and 2	18,205	17,898	Calculated based on the amount of fuel and electricity used
	Category 4	Upstream transportation and distribution	117,293	113,125	Calculated for the logistics of procured raw materials, containers, and packaging materials
	Category 5	Waste generated in operations	3,390	3,642	Calculated for weight and disposal costs of waste
	Category 6	Business travel	260	263	Calculated for employee business travel
	Category 7	Employee commuting	669	678	Calculated for employee commuting
	Category 8	Upstream leased assets	–	–	Not included in the calculation
Downstream	Category 9	Downstream transportation and distribution	11,058	11,594	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	11,048	11,136	Calculated for waste from products sold
	Category 13	Downstream leased assets	5,094	4,426	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			952,118	927,141	

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)

* Target Companies for the Overseas Alcoholic Beverages Business of Takara Shuzo International Co., Ltd.: Takara Sake USA Inc., Takara Shuzo Foods Co., Ltd., and The Tomatin Distillery Co. Ltd

* GHG emissions results are subject to change due to third-party verification, etc.

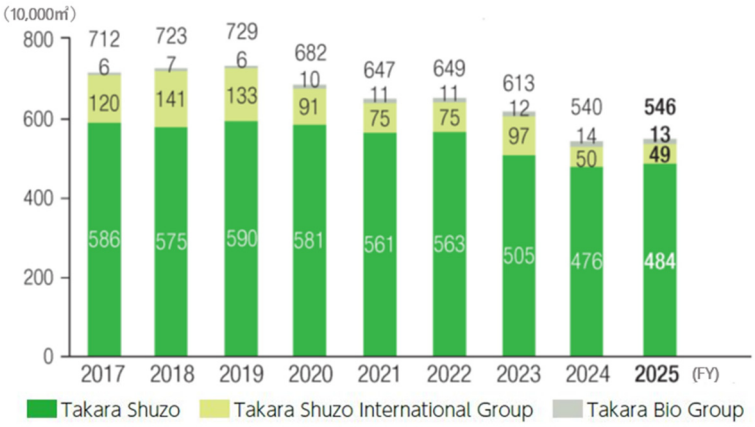
(vi) Sustainable use of water resources

As stated in the Takara Group Environmental Policy, “We will promote energy and resource conservation and strive to use resources in a sustainable manner.” To this end, we recognize the importance of reducing water consumption for the sustained use of limited water resources, and we are promoting the reduction and optimization of water consumption.

Takara Shuzo has high water usage. We set a target to “reduce units of water usage (water usage per production volume) by 15% compared with FY2017 by FY2025.” We have advanced efforts to reduce and optimize water usage through the introduction of equipment for water recycling and the reuse of hot

water. Consequently, the actual result in FY2025 was a reduction by 13.5%. In addition, we set a new target to “reduce units of water usage by 20% compared with FY2017” by FY2030.

・ Changes in water usage in the Takara Group’s production processes



<Scope of calculations>

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

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

(vii) 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 implementing initiatives based on 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 surveys on human rights awareness, 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 part of our efforts to identify and assess human rights risks.

(2) Human capital

(i) Strategy

Human resources policy

In the 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

- Strengthening corporate human resources

  While assigning young employees to corporate departments to develop them as future core human resources, we will accelerate recruitment of specialized talent who can contribute immediately through mid-career recruitment in specialized fields where operations are being increasingly advanced in order to improve the overall level of expertise and operational capabilities of the entire organization.

  Furthermore, for the purpose of increasing each employee's productivity, we define the ideal profile of DX human resources, and work on continuous talent development by setting skill acquisition goals and formulating an educational plan based on the definition.

- Strengthening global human resources

  Foster human resources who can take charge of global business growth through acquiring human resources by new graduate recruitment and continuous mid-career recruitment, training through job rotation, such as assignment of young employees to Takara Shuzo International Group and overseas posting, and providing learning opportunities to acquire language skills, including supporting those who attend language schools, take online English lessons, etc.

- Foster human resources who will be responsible for the next generation

  Aiming to foster human resources who can be responsible for the next generation of the Group, we have been providing executive candidate development training for employees in managerial positions primarily in their forties, workplace leadership development training in factories, and the training to strengthen management capabilities of managers and pre-management personnel.

- 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 learning support initiatives to encourage proactive learning among employees.

Promoting the active involvement of diverse human resources

- Promote the active involvement of female employees

  We will promote the systematic and continuous appointment of female employees as manager and assistant manager in line with targets for appointment of female employees by the end of FY2030 set in

the action plan based on the Female Participation Promotion Act and medium- to long-term goals for sustainability. At the same time, we continue measures to support the active involvement of female employees, such as holding career design training programs for young and mid-career employees including women and career roundtable discussions for exchanging opinions among female employees, and participation in external seminar programs, so that employees can thrive while balancing life events and career development.

・ Promote the active involvement of senior human resources

We have introduced the continuous employment system for persons aged 60 to 70 so that senior human resources can remain active even after their retirement. In addition, we have in place a system to recognize employees who serve as role models for others, proactively engage in mentoring of junior colleagues, and contribute to the workplace, by improving their treatment to enhance motivation. Furthermore, continue to improve an environment in which senior employees can fully demonstrate their experience and skills, and be active, in the future too.

・ Promotion of employment of persons with disabilities, and support for their retention

Maintain a percentage of employees with disabilities equal to or more than the statutory required employment rate for people with disabilities in Japan through planned hiring so that people with disabilities can participate in work life with people without disabilities, to fulfil our social responsibility. In addition, we work on further retention support by providing reasonable accommodations according to each individual's situation while developing a workplace environment where they can keep working with peace of mind for a long time and establishing a support system involving external organizations.

Realization of comfortable working environment and work-life balance

・ Promote diverse working styles

Promote diverse working styles through environmental improvement, promotion of understanding, and other means for encouraging employees to take annual paid leave, the effective use of teleworking for both male and female employees to balance work and family life, and promotion of childcare leave uptake.

Organizational culture development

・ Create environments and opportunities for employees to interact across the Takara Group

As part of the organizational culture initiatives described in the "TaKaRa Group Medium-Term Management Plan for 2030," which started in FY2026, we aim to foster mutual understanding across the Group and cultivate a shared organizational culture by holding cross-organizational workshops. Additionally, we work to enhance individual skills and motivation and foster a sense of unity through an internship program that allows employees to learn business practices and know-how at other Group companies.

・ Improvement in employee engagement

Because nurture of rewarding work through improvement to employee engagement is an essential element in improving productivity and creating innovation, we conduct a survey to grasp the level of employee engagement. In FY2026, we plan to conduct the third survey, and we will share the results of analysis and problems found in the survey among all employees, including officers. We aim to further improve employee engagement by linking these findings to efforts such as a project to promote culture innovation that is carried out across the whole company and strengthening support for career development.

・ TaKaRa WAKU-WORK Project

We are promoting projects aimed at continuously updating the way we work through administrative innovation and fostering an organizational culture of trial and error to enhance execution capabilities through cultural innovation. Our goal is to implement various measures to ensure individuals can work with a sense of pride and purpose, ultimately leading to increased productivity.

(ii) Metrics and targets

(Promote the 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 FY2021 to the end of FY 2030.

Actual: A total of 48 women have been appointed from FY2021 to April 1, 2026.

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

Target: Increasing the percentage of female managers to 13% or more by the end of FY2030.

Actual: 11.2% as of April 1, 2026

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: 55.8% as of April 1, 2026

(Promotion of employment of persons with disabilities, and support for their retention)

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, 2026, Takara Holdings, 3.19%; Takara Shuzo, 3.05%; and Takara Bio, 2.90%

(Promote diverse working styles)

e. Reinstatement rate for employees who take childcare 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 FY2025

Moreover, (Specific efforts) in (i) (Strategy), and (ii) (Metrics and targets) may vary among the companies consolidated in the Group, and do not cover all the companies consolidated in the Group. Therefore, 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 related to Overview of Business and Overview of Accounting in the Annual Securities Report, major risks that management believes could have a significant impact on the consolidated companies' financial position, operating results, and cash flows are described below. Upon identification of the possibility of such risks, the Group will make its best efforts to avoid such an occurrence or take countermeasures against such an occurrence.

Descriptions related to the possible occurrence of events in the future are based on the Group's judgments as of the end of the current fiscal year. Please note that the following descriptions do not cover all of the risk factors concerning investment decisions.

(1) Risks concerning consumer preferences and demand fluctuations

The majority of Takara Shuzo's sales are generated within Japan, and its market is highly vulnerable to changes in the tastes of consumers, which have been affected by the COVID-19 pandemic. Takara Shuzo therefore strives to develop both original products that meet the ever-changing tastes of consumers and unique products that differentiate the Company from competitors. However, changes in consumer trends have been accelerating recently. For this reason, if Takara Shuzo fails to offer attractive products that satisfy the tastes of consumers and reflect market trends, it may cause a decline in business growth and

profitability. Furthermore, in Japan, population decline, the rapidly aging population, and the younger generation's shift away from drinking could lead to a decline in liquor demand, which may adversely affect operating results 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 operating results 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 competing 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 operating results 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 to include retail stores in addition to the restaurant market, which is our strength.

(iii) Takara Bio Group

Takara Bio Group has established a unique position in the industry with a certain level of financial foundation, high technological prowess accumulated in the biotechnology field, and technologically-backed competitive products and services.

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

In the CDMO services business, competition may intensify, as contract manufacturing sites for regenerative and cellular medicine and gene therapy products are expected to increase partly due to the Japanese government's subsidy support.

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 operating results 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 operating results 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 changes in tariff policies of various countries and suspension of its business for any reason, may adversely affect Takara Bio Group's business strategies and operating results. Taking such risks into account, we are advancing the development of 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 operating results 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 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 that have been developed and marketed by Takara Bio Group and gene therapy products under development that have been manufactured under contract by the 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 or being manufactured under contract by the 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 operating results 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 amount of alcohol contained for its main products on its website and the display of the amount of alcohol contained on packages of all consumer products sold in Japan, except for alcohol-based seasoning, 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, and any delays or cancellations may adversely affect the Takara Bio Group's business strategies and operating results.

Moreover, the 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 operating results 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 operating results.

(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 operating results 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 assets 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 operating results and financial position.

The Group enters into foreign currency forward contracts, and uses other exchange rate hedging transactions to mitigate the adverse effects caused by 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 in a product 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, operating results, 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 in addition to undergoing third-party assessments of IT security, we continuously provide IT literacy education to employees and regularly conduct training for suspicious email response 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 operating results 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 has developed the Emergency Response Manual, etc. and 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 analysis of financial position, operating results and cash flows

(1) Overview of Operating Results, etc.

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

(i) Operating results

In the current fiscal year, the global economy continued to recover moderately, although some regions showed signs of weakness. In Japan, although the economy has shown a gradual recovery supported by improvements in employment and income conditions, the outlook remains uncertain due to concerns about potential impacts from the situation in the Middle East and developments in U.S. trade policy.

Under these economic circumstances, the Group has upheld the vision of "Smiles in Life" 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 aspires to use its proprietary technology to produce great-tasting products and revolutionary biotechnology to safely and reliably deliver diverse value in Japanese alcoholic beverages, Japanese food, and life science categories and with all these efforts, we have been determined to help people around the world enjoy lives full of smiles with a sense of well-being.

In addition, as we head toward the conclusion of the TaKaRa Group Challenge for the 100th, the Takara Group Medium-Term Management Plan for 2025 has adopted a management policy to increase corporate value over a three-year period by accelerating investments in growth and high-priority fields, in order to promote management integrating a focus on utilizing products and services to solve social issues and the creation of 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 current fiscal year, the final year of the Takara Group Medium-Term Management Plan for 2025, net sales increased 8.7% year on year to ¥394,316 million, gross profit increased 6.7% year on year to ¥127,696 million, and SG&A expenses increased 11.7% year on year to ¥110,619 million. Operating income decreased 17.1% year on year to ¥17,076 million, ordinary profit decreased 24.0% year on year to ¥16,861 million mainly due to increases in interest expenses and foreign exchange losses. Profit attributable to owners of parent decreased 27.8% year on year to ¥11,696 million due to an increase in extraordinary losses resulting mainly from the recording of impairment losses on non-operating equipment for contract manufacturing and the partial reversal of deferred tax assets, despite an increase in extraordinary income largely due to the recording of gain on sale of investment securities.

Operating results by business segment were as follows.

[Takara Shuzo]

Takara Shuzo strove to improve profitability by acquiring new users and increasing the sales mix of key brands through initiatives such as advertising centered on *Sho Chiku Bai Shirakabegura MIO* and *Takara Shochu Highball*, and the renewal of *Takara Karakuchi Zero Ball*, and the launch of new flavors, targeting the growing non-alcohol market. Takara Shuzo also strengthened its line-up of high-margin food seasonings (dashi stock) to address the growing demand in the ready-to-eat market. Takara Shuzo has continued efforts, including thorough quality management, to ensure the safety and security of its products, and also worked on company-wide cost reduction initiatives.

The segment's sales by category 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, sales of such products as Sho Chiku Bai Ten and Sho Chiku Bai Subaru decreased, resulting in an increase in overall sales. In light-alcohol refreshers, sales increased as sales of *Takara Shochu Highball* continued to increase. In seasonings, sales increased due to an increase in sales of Hon Mirin and cooking sake and an increase in sales of food seasonings. In raw alcohol, etc., sales decreased.

As a result, net sales for Takara Shuzo decreased 0.5% year on year to ¥119,122 million. Cost of sales decreased 0.9% year on year to ¥88,948 million, and gross profit increased 0.9% year on year to ¥30,174 million. As SG&A expenses decreased 1.8% year on year to ¥24,445 million due to a decrease in advertising expenses and promotion expenses, operating income increased 13.7% year on year to ¥5,729 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.

In the Overseas Alcoholic Beverages Business, with regard to whiskey, sales of Blanton's, the premium single-barrel bourbon, remained brisk. Sales of Overseas Alcoholic Beverages Business grew as sales of Japanese alcoholic beverages increased as a result of efforts to foster products exclusively for overseas markets and to develop new products that capture local needs. The Japanese Food Wholesale Business in Overseas Markets developed and expanded warehousing/logistics functions and business bases mainly in the U.S. and Europe. Sales in the Japanese Food Wholesale Business in Overseas Markets also grew mainly as a result of progress in expanding our lineup of high-value-added and differentiated products such as Japanese alcoholic beverages and seafood, and the contributions of a company newly added to the Group to the Group's business performance.

As a result, net sales for Takara Shuzo International Group increased 19.4% year on year to ¥221,888 million. Cost of sales increased 18.2% year on year to ¥149,075 million, and gross profit increased 22.0% year on year to ¥72,812 million. As SG&A expenses increased 22.0% year on year to ¥58,610 million due to increases in personnel expenses and transportation costs, operating income increased 21.8% year on year to ¥14,201 million.

[Takara Bio Group]

Takara Bio Group is developing and manufacturing reagents and instruments that support research and development activities using biotechnology and providing them to biotech researchers, pharmaceutical companies, testing centers, and other industry customers 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. CDMO refers to the business of contracting out the processes of pharmaceuticals from formulation development to manufacturing, and Takara Bio Group is focusing particularly 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 gene therapy-related manufacturing aids, creating new modalities, and advancing new clinical development projects.

Net sales in this segment decreased across all reagents, instruments, CDMO and Gene Therapy categories.

As a result, net sales for Takara Bio Group decreased 10.5% year on year to ¥40,318 million. Cost of sales increased 5.7% year on year to ¥20,057 million due to changes in the sales mix and other factors, resulting in a 22.3% decrease in gross profit year on year to ¥20,261 million. SG&A expenses increased 4.8% year on year to ¥24,949 million, primarily due to the recording of expenses related to the acquisition of Curio Bioscience, Inc. and amortization of goodwill. Operating loss was ¥4,688 million, compared with an operating income of ¥2,263 million in the previous fiscal year.

[Other]

Other segment includes the transportation business, the wine import and sale business, and the real estate leasing business. Net sales of Other segment increased 4.3% year on year to ¥32,200 million mainly due to an increase in the import and sale of wine. Cost of sales increased 2.6% year on year to ¥26,816 million, and gross profit increased 14.0% year on year to ¥5,383 million. SG&A expenses increased 0.5% year on year to ¥2,025 million mainly due to an increase in promotion expenses, and operating income increased 24.0% year on year to ¥3,358 million.

(ii) Financial position

(Assets)

At the end of the current fiscal year, current assets totaled ¥249,314 million, an increase of ¥3,880 million compared with the end of the previous fiscal year. This was primarily due to increases in electronically

recorded monetary claims-operating of ¥3,320 million and merchandise and finished goods of ¥9,869 million, despite a decrease in cash and deposits of ¥10,111 million.

Non-current assets were ¥264,486 million, an increase of ¥32,332 million compared with the end of the previous fiscal year. This was primarily due to increases in property, plant and equipment of ¥9,457 million mainly due to increases in construction in progress, intangible assets of ¥18,706 million mainly due to the acquisition of Curio Bioscience, Inc., and investments and other assets of ¥4,168 million mainly due to an increase in the fair value of investment securities.

As a result, total assets were ¥513,801 million, an increase of ¥36,213 million compared with the end of the previous fiscal year.

(Liabilities)

At the end of the current fiscal year, current liabilities totaled ¥82,037 million, an increase of ¥8,617 million compared with the end of the previous fiscal year. This was primarily due to increases in notes and accounts payable - trade of ¥2,712 million, current portion of bonds payable of ¥5,000 million and other current liabilities of ¥5,736 million, despite a decrease in short-term borrowings of ¥5,900 million.

Non-current liabilities were ¥120,826 million, an increase of ¥17,561 million compared with the end of the previous fiscal year. This was primarily due to increases in long-term borrowings of ¥9,741 million, deferred tax liabilities of ¥3,586 million, and other non-current liabilities of ¥8,274 million mainly due to the recognition of contingent consideration in association with the acquisition of Curio Bioscience, Inc., despite a decrease in bonds payable of ¥5,000 million due to transfer to current liabilities.

As a result, total liabilities were ¥202,863 million, an increase of ¥26,179 million compared with the end of the previous fiscal year.

(Net assets)

At the end of the current fiscal year, total net assets were ¥310,937 million, an increase of ¥10,034 million compared with the end of the previous fiscal year. This was primarily due to increases in shareholders' equity of ¥2,643 million mainly due to an increase in retained earnings, and accumulated other comprehensive income of ¥11,468 million mainly due to increases in valuation difference on available-for-sale securities and foreign currency translation adjustment, despite a decrease in non-controlling interests of ¥4,077 million.

As a result, the equity ratio totaled 50.5%, compared with 51.3% at the end of the previous fiscal year.

(iii) Cash flows

Net cash provided by operating activities increased ¥1,162 million year on year to ¥17,318 million primarily due to income before income taxes of ¥18,270 million, depreciation and amortization of ¥12,225 million, impairment losses of ¥4,008 million, amortization of goodwill of ¥3,129 million, gain on sale of investment securities of ¥6,538 million, an increase in inventories of ¥6,297 million, and income taxes paid of ¥8,861 million.

Net cash used in investing activities resulted in expenditure of ¥15,341 million, a decrease in expenditure of ¥26,221 million compared with the previous fiscal year primarily due to payments into time deposits of ¥8,370 million, proceeds from withdrawal of time deposits of ¥12,403 million, purchase of property, plant and equipment and intangible assets of ¥22,167 million, proceeds from sale of investment securities of ¥7,974 million, and purchase of shares of, and investments made in, subsidiaries resulting in change in scope of consolidation of ¥6,416 million.

Net cash used in financing activities totaled ¥9,307 million (compared to net cash provided totaling ¥6,548 million in the previous fiscal year), primarily due to proceeds from long-term borrowings of ¥9,951 million, repayments of long-term borrowings of ¥5,608 million, expenditure for purchase of treasury shares of ¥3,000 million, dividends paid of ¥6,054 million, and expenditure for settlement of contingent consideration of ¥1,496 million.

As a result, cash and cash equivalents at the end of the current fiscal year, including effect of exchange rate change on cash and cash equivalents, stood at ¥69,125 million, down ¥6,154 million from the end of the previous fiscal year.

(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, 2025 to March 31, 2026) are as follows.

Segment / Product category	Amount (Millions of Yen)	YoY Comparison (%)
Shochu	30,050	(6.0)
Sake	10,919	5.3
Light-alcohol refreshers	44,892	7.6
Other liquors	3,316	(7.2)
Hon Mirin	10,019	3.7
Other seasonings	9,709	4.9
Takara Shuzo	108,908	2.2
Takara Shuzo International Group	12,320	(8.3)
Reagents	14,523	9.7
Instruments	142	12.1
CDMO services	7,499	(14.2)
Gene Therapy	1,871	(35.7)
Takara Bio Group	24,037	(3.9)
Reportable segment total	145,266	0.2
Other	1,555	2.6
Total	146,821	0.2

(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, 2025 to March 31, 2026) are as follows.

Segment	Amount (Millions of Yen)	YoY Comparison (%)
Takara Shuzo	938	8.4
Takara Shuzo International Group	144,395	20.6
Takara Bio Group	4,444	1.0
Reportable segment total	149,777	19.8
Other	12,272	5.0
Total	162,050	18.5

(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, 2025 to March 31, 2026) are as follows.

Segment / Product category		Amount (Millions of Yen)	YoY Comparison (%)
	Shochu	29,626	(6.8)
	Sake	10,862	3.4
	Light-alcohol refreshers	43,990	4.7
	Other liquors	4,490	(11.4)
	Hon Mirin	9,923	1.3
	Other seasonings	9,472	2.6
	Raw alcohol, etc.	10,758	(4.2)
Takara Shuzo		119,122	(0.5)
	Overseas alcoholic beverages	28,502	21.1
	Japanese food wholesale in overseas markets	195,944	18.9
	Other	2,137	(74.4)
	Elimination of intra-Group transactions on consolidation	(4,695)	–
Takara Shuzo International Group		221,888	19.4
	Reagents	29,197	(8.7)
	Instruments	896	(23.5)
	CDMO services	7,291	(10.1)
	Gene Therapy	2,932	(22.0)
Takara Bio Group		40,318	(10.5)
Reportable segment total		381,330	8.8
Other		32,200	4.3
Segment total		413,530	8.4
Sales not allocated to business segments and intersegment transactions		(19,214)	–
Total		394,316	8.7

(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 Operating 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 assumption on which those estimates are based

The 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, etc., (1) Consolidated Financial Statements, (Notes - Significant accounting policies for preparation of consolidated financial statements) and (Notes - Significant accounting estimates)."

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

The Group's operating results by segment for the current fiscal year are as mentioned in "II Overview of Business, 4 Management analysis of financial position, operating results and cash flows, (1) Overview of Operating Results, etc., (i) Operating results."

Net sales for Takara Shuzo decreased overall. Although there was an increase in light-alcohol refreshers, sake, and seasonings such as Hon Mirin, the significant decline in shochu sales led to an overall decrease. Despite higher costs of raw material rice and containers and packaging materials, operating income increased due to an increase in gross profit mainly as a result of effects of price revisions and changes in the sales mix, as well as efforts to effectively use advertising expenses, promotion expenses, and other costs.

Net sales for Takara Shuzo International Group increased in both the Overseas Alcoholic Beverages Business and the Japanese Food Wholesale Business in Overseas Markets, reflecting the continued strong performance in sales of whisky and the full-year contribution from companies that have newly joined the Group. At the entire Group level, operating income increased due to a rise in operating income of Overseas Alcoholic Beverages Business mainly reflecting higher net sales and effects of price revisions at certain subsidiaries, despite a decrease in operating income of Japanese Food Wholesale Business in Overseas Markets as a result of higher SG&A expenses such as personnel expenses and transportation costs.

Net sales for Takara Bio Group decreased as all categories saw a decline, due to the downturn in the life sciences research market. Operating loss was recorded due to a decrease in gross profit mainly stemming from effects of changes in the sales mix, in addition to a decline in net sales, and an increase in SG&A expenses as a result of the recording of expenses related to the acquisition of Curio Bioscience, Inc. and amortization of goodwill.

As a result of adding Other segment to those reportable segments, net sales for the Group increased 8.7% year on year to ¥394,316 million, gross profit increased 6.7% year on year to ¥127,696 million, and operating income decreased 17.1% year on year to ¥17,076 million. Ordinary profit decreased 24.0% year on year to ¥16,861 million mainly due to increases in interest expenses and foreign exchange losses. Profit attributable to owners of parent decreased 27.8% year on year to ¥11,696 million due to an increase of ¥4,884 million in extraordinary losses resulting mainly from the recording of impairment losses on non-operating equipment for contract manufacturing, despite an increase of ¥2,658 million in extraordinary income mainly due to the recording of gain on sale of investment securities.

As a result, ROE fell 2.2 points year on year to 4.6%, and overseas sales ratio rose 3.4 points year on year to 62.7%.

A. Factors with a significant impact on operating results

The liquor market is expected to shrink in the long term due to a decrease in population as a result of an aging society and declining birthrate in Japan, as well as young people's tendency to abstain from alcohol. Competition among manufacturers has been intensifying in the liquor industry in Japan. Therefore, Takara Shuzo is in a challenging management environment. In addition, an increase in manufacturing costs is expected due to rising prices of raw materials and energy, as well as higher logistics expenses, etc. In addition, in terms of sustainability management, an environmental problem and the problem of excessive drinking are urgent ones. The environmental problem needs to be addressed while solving 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 expected to intensify further and further. So 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 Takara Bio 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 U.S. and European bio-venture companies and pharmaceutical ones. Under that environment, there are a lot of factors that have an impact on operating results, including securing human resources, investment of R&D expenses, and protection of intellectual property rights.

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

B. Finances of capital and liquidity of funds

The Group will strengthen its operating cash flow generation capabilities by leveraging the effects of past investments into growth and high priority fields, make investments aimed at improving the efficiency of existing businesses and creating new businesses, and reduce capital costs through shareholder return measures funded by the use of interest-bearing debt and the sale of strategic shareholdings and real estate holdings.

The liquidity on hand of the 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.

a. Analysis and consideration of cash flows

For the current fiscal year, net cash provided by operating activities increased ¥1,162 million year on year to ¥17,318 million primarily due to the recording of impairment losses and increases in accrued alcohol tax and other current liabilities, despite a decrease in income before income taxes resulting from the deterioration in the performance of Takara Bio Group. Net cash used in investing activities resulted in expenditure of ¥15,341 million mainly due to purchase of property, plant, and equipment as well as intangible assets, and purchase of shares of, and investments made in, subsidiaries resulting in change in scope of consolidation, and net cash used in financing activities resulted in expenditure of ¥9,307 million mainly due to cash dividends paid and repayments of long-term borrowings. As a result, cash and cash equivalents at the end of the current fiscal year decreased ¥6,154 million compared with the end of the previous fiscal year. However, the Group recognizes that there is no special problem with cash flows as of the end of the current fiscal year.

b. Information about resources of capital and liquidity of funds

Major financial resources for the 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. However, 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.

In the current fiscal year, Takara Shuzo made capital expenditures in alcoholic beverage production facilities, Takara Shuzo International Group made capital expenditures in product warehouses, etc. relating to the Japanese Food Wholesale Business in Overseas Markets, and Takara Bio Group made capital expenditures in dual-use production equipment construction for vaccine-related business and CDMO services, etc. In the current fiscal year, expenditure on purchase of property, plant and equipment as well as intangible assets amounted to ¥22,167 million, which was far over depreciation and amortization.

The Company raises external funds in a lump sum by utilizing its credit and lends necessary funds to major consolidated subsidiaries. The Company will also work 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) that excludes some consolidated subsidiaries.

Cash and cash equivalents at the end of the current fiscal year stood at ¥69,125 million, down ¥6,154 million from the end of the previous fiscal year. 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 policy, business environment, issues to address, (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. Critical contracts, 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 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 ¥7,247 million in the whole Group. The details of research at segments are as follows.

(Takara Shuzo)

In this segment, mainly in its product development, nurturing, and research division, Takara Shuzo Co., Ltd. conducts research and development of products that meet consumers’ needs and lead to the creation of new value. The main initiatives include researching a technique for differentiation based on functions and components, breeding microbes, exploring and developing raw materials and materials, and researching techniques for production.

In the shochu field, we conducted composition analysis of barrel-aged shochu blended in *“GOKUJO” TAKARA SHOCHU*, and confirmed that it contains components also found in green tea. These characteristics of the components are considered one of the factors that facilitate the harmonization of shochu and tea flavors, and are utilized to understand the characteristics of existing products and to examine beverage proposals such as shochu mixed with green tea.

In the sake field, we launched *SHOCHIKUBAI KONJIKINO 9%* with lower alcohol content to address the needs of consumers whose drinking opportunities are limited due to its high alcohol content. Through brewing with proprietary yeast and subsequent storage and aging, the product is crafted to bring out the rich taste of rice while offering a distinctive color and flavor.

In addition, we launched *Sho Chiku Bai Subaru Namazake* 180ml in a full aperture can format, leveraging the aroma characteristics of *Namazake Subaru Nama Chozoshu*. We respond to the needs for smaller volume by devising a container format while maintaining the product characteristics.

In the light-alcohol refresher field, we launched *Takara Shochu Highball Kireno 5%*, a renewed version of the 5% series of *Takara Shochu Highball* against the backdrop of growing demand for low-alcohol products and a shift in consumer preference for flavors that pair well with meals. Through creative ingredient design, the flavor characteristics of previous products are preserved while keeping the alcohol content low.

In the seasoning field, *Rakuchin! Hon Mirin To Seishu No Umami Dashi* was launched as a product that meets demand for convenience and time-saving in the household market. The combination of Hon Mirin and sake with extracts of dried bonito, kelp and shiitake mushrooms has created a flavor that is well suited for everyday household use. For the food processing and business to business markets, we develop products that contribute to higher added value and use of resources against the backdrop of rising raw material prices and growing interest in the effective utilization of unused resources. Specifically, we launched *Dashishirube K - Koi Katsuo*, which was developed using a new extraction technique to bring out the meaty texture and natural flavor of dried bonito, and *Ajinare VG*, which leverages the properties of ingredients derived from sake lees and is utilized as a seasoning ingredient that reduces the bitterness and distinctive flavors characteristic of vegetable trimmings and other unused parts.

The amount of research and development expenses for this segment is ¥430 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. Takara Bio Group is also proceeding development to improve convenience by systematizing reagents and instruments. In the current fiscal year, we developed Nuclease Exhibiting High Activity Under Low-Temperature and High-Salt conditions, Research Kit to Quantify Proviral Copy Number of Lentiviral Vectors, Research Reagents for Spatial Transcriptome Analysis (Spatial product), Pre-Treatment Reagent for Highly Pathogenic Avian Influenza Gene Testing, and Reagents for Next-Generation Sequencing.

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, and gene analysis. In the current fiscal year, we advanced research and development in relation to improvement of the manufacturing efficiency of Method of Producing CAR-T Cells Using RetroNectin® and G-Rex® Bioreactors and development of new offerings for gene analysis and testing-related contract services, including Spatial Multiome Analysis Service and Spatial Transcriptome Analysis Service.

In the Gene 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. In the current fiscal year, we proceeded with preparations for development of enzymes for mRNA vaccine production, such as GMP Grade Product of Recombinant RNase Inhibitor, an Enzyme Important for RNA stability and GMP Grade Product of BspQI, a Restriction Enzyme Optimized for mRNA Production, and implementation of confirmatory study for NY-ESO-1/siTCR® gene therapies (development code: TBI-1301).

In addition, we are promoting research and development across business segments which are not able to be classified by the above business categories. Takara Bio 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 ¥6,806 million.

III. Information about Facilities

1. Overview of capital expenditures

In the current fiscal year, capital expenditures 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 expenditures including the amount recorded as construction in progress was ¥24,500 million.

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

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

Segment	Details		Amount of investment (Millions of Yen)
Takara Shuzo	Manufacturing facilities for alcoholic beverages, etc.		4,198
Takara Shuzo International Group	Product warehouse facilities, etc. associated with the Japanese Food Wholesale Business in Overseas Markets		4,869
Takara Bio Group	Takara Bio Inc.	Production facilities for dual use for vaccine-related work and CDMO business, etc.	11,427
	Other		1,072
	Total		12,500
Other			190
Corporate (shared) (Note)			2,741
Total			24,500

(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, 2026

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.)	Corporate (shared)	Other facilities (Notes 4 and 6)	222	12	65,763	2,066	64	142	2,509	191
Takara Holdings Corporate History Museum (Fushimi-ku, Kyoto)	Corporate (shared)	Training facility	496	–	[2,612] –	[23] –	–	92	588	2

(2) Domestic subsidiaries

As of March 31, 2026

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	1,927	4,042	143,846	1,433	–	952	8,356	180
Takara Shuzo Co., Ltd.	Kusu Plant (Yokkaichi-city, Mie)	Takara Shuzo	Production facilities for raw alcohol, alcoholic beverages, and seasoning liquid	649	1,025	70,998	457	–	96	2,228	85
Takara Shuzo Co., Ltd.	Fushimi Plant (Fushimi-ku, Kyoto)	Takara Shuzo	Production facilities for alcoholic beverages and alcohol-based seasoning	1,862	4,345	57,768	2,198	–	213	8,620	279
Takara Shuzo Co., Ltd.	Shirakabegura (Higashinada-ku, Kobe)	Takara Shuzo	Production facilities for alcoholic beverages	567	401	14,611	60	–	117	1,147	43
Takara Shuzo Co., Ltd.	Kurokabegura (Takanabe-town, Koyu-district, Miyazaki)	Takara Shuzo	Production facilities for alcoholic beverages	634	1,023	75,437	732	–	106	2,497	89
Takara Shuzo Co., Ltd.	Head Office (Shimogyo-ku, Kyoto)	Takara Shuzo	Other facilities (Notes 5 and 6)	528	157	6,835	1,363	–	137	2,186	155
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	9,465	910	46,886	3,352	430	28,723	42,882	729
Takara Bio Inc.	Kusatsu Office (Kusatsu-city, Shiga)	Takara Bio Group	Training facilities and other facilities	385	21	14,881	2,159	–	142	2,709	–
Takara Butsuryu System Co., Ltd.	Head Office and Branches (Kyotanabe-city, Kyoto, etc.)	Other	Logistics facilities and other facilities (Note 7)	143	22	[49,918] 589	0	2	22	190	49
Kawahigashi Shoji Co., Ltd.	Head Office (Shimogyo-ku, Kyoto)	Other	Other facilities (Note 8)	0	–	12,093	2,539	–	6	2,546	–

(3) Overseas subsidiaries

As of March 31, 2026

Company name	Name of office (Location)	Segment	Facilities	Carrying amount							Number of employ-ees (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 Interna-tional Group	Manufacturing facilities for sake and plum wine, etc., and other facilities	837	563	11,014	42	–	59	1,502	59
The Tomatin Distillery Co. Ltd	Head Office (Scotland, U.K.)	Takara Shuzo Interna-tional Group	Manufacturing facilities for Scotch whisky, and other facilities	1,214	990	548,000	12	–	2,916	5,133	65
Kagerer & Co. GmbH	Head office, etc. (Bavaria, Germany)	Takara Shuzo Interna-tional Group	Office and warehouse and other facilities	625	9	4,550	419	–	368	1,422	109
Mutual Trading Co., Inc.	Head Office (California, the U.S.)	Takara Shuzo Interna-tional Group	Office and warehouse and other facilities (Note 9)	3,278	110	9,669	761	–	651	4,801	289
New York Mutual Trading, Inc.	Head Office (New Jersey, the U.S.)	Takara Shuzo Interna-tional Group	Office and warehouse and other facilities (Note 10)	1,457	–	8,134	328	27	26	1,841	244
Takara Biotech-nology (Dalian) Co., Ltd.	Head Office (Liaoning, China)	Takara Bio Group	Manufacturing facilities for reagents, etc., R&D facilities, and other facilities	627	998	[39,909] –	[–] –	–	414	2,039	473
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	8,158	724	30,756	3,658	–	609	13,150	244

(Notes) 1. Each office includes offices, warehouses, and company housing, etc.

2. The “Other” in the carrying amount field is the total of tools, furniture and fixtures, right-of-use assets, and construction in progress.

3. The superscript in the land field indicates the area of the lease and the annual rent expenses.

4. 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.

5. 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 are the company housing in Kusatsu-city, Shiga.

6. 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 ¥170 million and ¥147 million, respectively.

7. 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 are ¥410 million.

8. 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.

9. The buildings of the head office and warehouses of Mutual Trading Co., Inc. (27,851 m^2) are leased from parties other than consolidated companies, and the annual rent expenses are ¥628 million.

10. 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 m^2) are leased from parties other than consolidated companies, and the annual rent expenses are ¥258 million.
11. There were no suspension of facilities that have a significant impact on production capacity.

3. Planned addition, retirement, and other changes of facilities

Planned additions, etc. of important facilities as of March 31, 2026 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		Capacity 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	24,341	Own funds Subsidies	Jun. 2023	Jun. 2027	–

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

IV. Information about Reporting Company

1. Company's shares, etc.

(1) [Total number of shares]

(i) [Authorized 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, 2026)	Number of issued shares as of reporting date (June 25, 2026)	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	–	–

(2) [Share acquisition rights]

(i) [Stock option plan]

Not applicable.

(ii) [Rights plans]

Not applicable.

(iii) [Share acquisition rights for other uses]

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, share capital and legal capital surplus]

Date	Changes in total number of issued shares (Shares)	Balance of total number of issued shares (Shares)	Changes in share capital amount (Millions of Yen)	Balance of share capital amount (Millions of Yen)	Changes in legal capital surplus (Millions of Yen)	Balance of legal capital surplus (Millions of Yen)
February 29, 2024 (Note)	(2,447,700)	197,252,043	–	13,226	–	3,158

(Note) Reduction due to cancellation of treasury shares.

(5) [Shareholding by shareholder category]

As of March 31, 2026

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 (Persons)	–	36	28	397	218	110	73,655	74,444	–
Number of shares held (Units)	–	645,333	57,877	244,497	628,706	753	394,019	1,971,185	133,543
Shareholding ratio	–	32.74	2.94	12.40	31.89	0.04	19.99	100	–

(Notes) 1. Treasury shares of 4,378,256 are included in “Individuals, etc.” with 43,782 units and “Status of shares of less than one unit” with 56 shares.

2. The “Other corporations” includes 130 units of shares in the name of Japan Securities Depository Center, Inc.

(6) [Major shareholders]

As of March 31, 2026

Name	Address	Number of shares held (Shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	19,763,600	10.25
STATE STREET BANK AND TRUST COMPANY 505010 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	12 NICHOLAS LANE LONDON EC4N 7BN U.K. 2-15-1 Konan, Minato-ku, Tokyo	17,488,679	9.07
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	9,616,500	4.99
The Norinchukin Bank	1-2-1 Otemachi, Chiyoda-ku, Tokyo	8,550,000	4.43
VALUEACT JAPAN MASTER FUND, L.P. (Standing proxy: Citibank, N.A., Tokyo Branch)	CRAIGMUIR CHAMBERS, P.O. BOX 71, ROAD TOWN TORTOLA, BRITISH VIRGIN ISLANDS 6-27-30 Shinjuku, Shinjuku-ku, Tokyo	6,000,000	3.11
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	5,370,000	2.78
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	5,345,000	2.77
The Bank of Kyoto, Ltd.	700 Yakushimae-cho, Karasumaru-dori, Matsubara-agaru, Shimogyo-ku, Kyoto	5,000,000	2.59
STATE STREET BANK AND TRUST COMPANY 510311 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. 2-15-1 Konan, Minato-ku, Tokyo	4,908,544	2.54
STATE STREET BANK AND TRUST COMPANY 510312 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. 2-15-1 Konan, Minato-ku, Tokyo	4,809,656	2.49
Total	–	86,851,979	45.03

(Note) In the Large Shareholding Report (Report of Change) made available to the general public as of January 30, 2026, it is stated that ValueAct Capital Management, L.P. and its joint holders, ValueAct Japan Master Fund, L.P., ValueAct Strategic Master Fund III, L.P., and ValueAct Strategic Global Master Fund, L.P. held the following number of shares as of January 29, 2026. However, they are not included in the above-mentioned "Major shareholders" because the Company was not able to confirm the number of shares substantially owned as of March 31, 2026.

Details of the Large Shareholding Report (Report of Change) are as follows:

Name	Address	Number of shares held (shares)	Ownership ratio for shares (%)
ValueAct Capital Management, L.P.	In care of The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware, 19801, United States	–	–
ValueAct Japan Master Fund, L.P.	P.O. Box 71, Craigmuir Chambers, Road Town, Tortola Island, VG1110, British Virgin Islands	18,419,624	9.34
ValueAct Strategic Master Fund III, L.P.	P.O. Box 71, Craigmuir Chambers, Road Town, Tortola Island, VG1110, British Virgin Islands	9,488,679	4.81
ValueAct Strategic Global Master Fund, L.P.	P.O. Box 71, Craigmuir Chambers, Road Town, Tortola Island, VG1110, British Virgin Islands	1,285,000	0.65

The Company filed an Extraordinary Report (A change to the major shareholders) on August 21, 2025, since ValueAct Capital Management, L.P. is deemed to be a major shareholder based on the Large Shareholding Report submitted on August 20, 2025.

(7) [Voting rights]

(i) [Issued shares]

As of March 31, 2026

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 4,378,200	–	–
Shares with full voting rights (Other)	Common shares 192,740,300	1,927,403	–
Shares less than a unit	Common shares 133,543	–	–
Total number of issued shares	197,252,043	–	–
Voting rights of total shareholders	–	1,927,403	–

(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, 2026

Name of owner	Address of owner	Number of shares held in its own name (Shares)	Number of shares held in the name of others (Shares)	Total number of shares held (Shares)	Shareholding ratio (%)
Takara Holdings Inc.	20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto	4,378,200	–	4,378,200	2.22
Total	–	4,378,200	–	4,378,200	2.22

2. Acquisition and disposal 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) [Acquisition by resolution of the General Shareholders' Meeting]

Not applicable.

(2) [Acquisition by resolution of the Board of Directors]

Description	Number of shares (Shares)	Total amount of value (Yen)
The Board of Directors resolution (May 13, 2025) [Acquisition period: May 15, 2025-June 30, 2025]	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	2,382,200	2,999,956,850
Total number of and total value of remaining part of shares authorized to be acquired by the resolution	617,800	43,150
Proportion of remaining part to total authorization at the end of current fiscal year (%)	20.6	0.0
Treasury shares acquired during the period from April 1, 2026 to the filing date of this securities report	–	–
Proportion of remaining part to total authorization as of reporting date (%)	20.6	0.0

(Notes) 1. Acquisition period and treasury shares acquired are presented based on the trade date.

2. The method of acquisition of treasury shares shall be an open-market purchase through the Tokyo Stock Exchange.

Description	Number of shares (Shares)	Total amount of value (Yen)
The Board of Directors resolution (May 13, 2026) [Acquisition period: May 15, 2026-June 30, 2026]	1,900,000 (upper limit)	3,000,000,000 (upper limit)
Treasury shares acquired before the current fiscal year	–	–
Treasury shares acquired during the current fiscal year	–	–
Total number of and total value of remaining part of shares authorized to be acquired by the resolution	–	–
Proportion of remaining part to total authorization at the end of current fiscal year (%)	–	–
Treasury shares acquired during the period from April 1, 2026 to the filing date of this securities report	1,429,400	2,999,793,200
Proportion of remaining part to total authorization as of reporting date (%)	24.8	0.0

(Notes) 1. Acquisition period and treasury shares acquired are presented based on the trade date.
2. The method of acquisition of treasury shares shall be an open-market purchase through the Tokyo Stock Exchange.
3. The acquisition of treasury shares based on the above Board of Directors resolution was concluded with the acquisition on June 12, 2026.

(3) [Acquisition 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	134	211,516
Treasury shares acquired during the period from April 1, 2026 to the filing date of this securities report	–	–

(Note) Treasury shares acquired during the period from April 1, 2026 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, 2026 through the filing date of this Annual Securities Report.

(4) [Disposal of acquired treasury shares and number of treasury shares held]

Description	Fiscal year ended March 31, 2026		Period from April 1, 2026 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	–	–	–	–
Acquired treasury shares which were transferred in relation to mergers, share exchange, delivery of shares, or a company split	–	–	–	–
Other (Sale of shares in response to requests for additional purchase of shares of less than a unit)	187	217,979	–	–
Number of treasury shares held	4,378,256	–	5,008,256	–

(Notes) 1. The number of treasury shares held is presented based on the settlement date.
2. The number of treasury shares held in the period from April 1, 2026 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, 2026 through the filing date of this Annual Securities Report.

3. Dividend policy

In the “TaKaRa Group Medium-Term Management Plan for 2025,” the Company adopted a financial policy to create cashflow 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. Based on this policy, the Company provided shareholder returns commensurate with profit levels (dividend payout ratio of about 35%).

In addition, 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 115th fiscal year), it will be resolved to pay dividends of 31 yen per share, comprising ordinary dividends of 29 yen plus a commemorative dividend of two yen for the 100th anniversary of the foundation, based on the above shareholder return policy at the Annual General Shareholders’ Meeting to be held on June 26, 2026. As a result of this, the payout ratio is planned to be 51.2% on a consolidated basis.

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

Date of resolution	Total amount of dividends (Millions of Yen)	Dividends per share (Yen)
Resolution (to be) made at the Annual General Shareholders’ Meeting on June 26, 2026	5,979	31.0

In the “TaKaRa Group Medium-Term Management Plan for 2030,” the Company has adopted a financial policy of strengthening capabilities to generate operating cash flow and implementing investment for efficiency of existing businesses and creation of new businesses through realizing effects of investment made to date in growth and high-priority fields, as well as reducing capital cost through shareholder return measures funded by the utilization of interest-bearing liabilities, and the sale of cross-shareholdings and non-core real estate properties. As for shareholder returns, we introduce progressive dividends, and adopt a basic policy of targeting a cumulative five-year total payout ratio of 50%. Acquire treasury shares agilely, taking into account the balance with growth investment.

The internal reserve fund shall be allocated to maintain financial constitution for strengthening business foundations and enhancing the business profitability of individual Group companies as well as invested to improve the efficiency of existing businesses and to create new businesses, so that we can strive to enhance the overall corporate value of the Group.

4. 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,” Takara Holdings Inc. (hereinafter the “Company”) and the Takara Group (hereinafter the “Group”) benefits society by continuing to create new value.

In 2025, the 100th anniversary of the Group’s foundation, the Company formulated “TaKaRa Group Long-Term Vision 2050,” which specifically expresses the future that the Group aspires to achieve and “Where the Takara Group wants to be” in 2050. We aim to be “The Takara Group that continues to bring smiles to people around the world by delivering a fulfilling dietary lifestyle and healthy living, and by creating new value through biotechnology.”

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 in accordance with the specific policies set forth in the Takara Holdings Corporate Governance Policy.

A. Securing the Rights and Equal Treatment of Shareholders

The Company shall take appropriate measures to fully and effectively secure the rights and equal treatments of its shareholder, and to develop environment for the exercise of the shareholders’ right.

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, 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 standing and Operating Results, etc., and non-financial information, such as business strategies and issues, business activities risk and corporate governance of the Company.

D. Responsibilities 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 vision 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 outside directors and outside Audit & Supervisory Board Members with abundant experience and broad knowledge who monitor, audit, and provide advice to the

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

As of the filing date, the Company has seven Directors (the same number as stipulated in the Articles of Incorporation), and four of them are outside Directors, and two of them are women. The members of the Board of Directors as of the filing date are as described in "(2) [Directors (and other officers)], (i) List of Directors (and other officers), A."

The Company is proposing the "Election of Seven Directors" as a matter to be resolved at the 115th Annual General Meeting of Shareholders that will be held on June 26, 2026. If the proposal is approved and adopted in its original form, the number of Directors will be seven, as is the case on the filing date (the same number as stipulated in the Articles of Incorporation), with four of them being outside Directors and two being women. If the proposal is approved and adopted in its original form, the members of the Board of Directors are as described in "(2) [Directors (and other officers)], (i) List of Directors (and other officers), B."

During the current fiscal year, the Company held 11 Board of Directors meetings, and the attendance status of individual directors was as follows:

- Four members, Mutsumi Kimura, Masako Tomotsune, Tomoko Kawakami, and Takao Motomiya attended all 11 Board of Directors meetings held during the current fiscal year.
- Hideo Takahashi and Keisuke Mori, who retired owing to completing their terms at the end of the 114th Annual General Shareholders' Meeting, attended all three Board of Directors meetings held during their terms of office.
- Masanao Suzuki, Kei Sato, and Seiichiro Shirahata, who were newly appointed and took office at the 114th Annual General Shareholders' Meeting, attended all eight Board of Directors meetings held after their taking office.

During the current fiscal year, in addition to the matters prescribed by laws and regulations or the Articles of Incorporation and regular matters requiring deliberation for group management, the Board of Directors meeting examined "TaKaRa Group Long-Term Vision 2050" officially announced on September 12, 2025 and 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 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, the Company has five Audit & Supervisory Board Members, and three of them are outside Audit & Supervisory Board Members. The members of the Audit & Supervisory Board as of the filing date are as described in "(2) [Directors (and other officers)], (i) List of Directors (and other officers), A."

There is no Audit & Supervisory Board Member whose term will expire at the end of the 115th Annual General Shareholders' Meeting to be held on June 26, 2026. After the conclusion of the General Shareholders' Meeting, the Company will have five Audit & Supervisory Board Members, and three of them will be outside Audit & Supervisory Board Members, as is the case as of the filing date. The members of the Audit & Supervisory Board after the conclusion of the General Shareholders' Meeting are as described in "(2) [Directors (and other officers)], (i) List of Directors (and other officers), B."

The status of activities of Audit & Supervisory Board Members and the Audit & Supervisory Board is as written at "(3) Audits, (i) Audit & Supervisory Board Members' audits."

・ 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, a majority of whose members are independent Outside Directors, under the Board of Directors and ensures their appropriate participation.

The members of the Nomination and Compensation Committee as of the filing date are as follows.

Chair	Masako Tomotsune (Independent Outside Director)
Committee Member	Tomoko Kawakami (Independent Outside Director)
Committee Member	Takao Motomiya (Independent Outside Director)
Committee Member	Seiichiro Shirahata (Independent Outside Director)
Committee Member	Mutsumi Kimura (Representative Director and President)
Committee Member	Masanao Suzuki (Director)

Subject to the approval of the "Election of Seven Directors" proposal at the 115th Annual General Meeting of Shareholders that will be held on June 26, 2026, the structure of the Nomination and Compensation Committee is planned to remain the same as that as of the filing date.

<u>Deliberation matters of Nomination and Compensation Committee</u>

・ 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 three Nomination and Compensation Committee meetings and the attendance status of individual committee members is as follows:

・ Four members, Masako Tomotsune, Tomoko Kawakami, Takao Motomiya and Mutsumi Kimura attended all three Nomination and Compensation meetings held during the current fiscal year.

・ Hideo Takahashi, who retired as a committee member upon retiring as a Director at the end of the 114th Annual General Shareholders' Meeting, has attended all two Nomination and Compensation Committee meetings held during his term of office.

・ Seiichiro Shirahata and Masanao Suzuki, who were newly appointed as committee members and took office as of June 27, 2025, attended the one Nomination and Compensation Committee meeting held during their terms 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 is committed to meeting 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 is committed to meeting 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.

As of the filing date, 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., as well as updates on relevant activities. After June 26, 2026, the Takara Bio Strategic Committee will meet once a month as a rule to hold preliminary discussions on material matters, including the matters to be resolved at the Board of Directors of Takara Bio Inc., report on these matters, and provide updates on relevant activities.

Each of the other subsidiaries is committed to holding the Strategy Committee meetings and the Consultation and Coordination Committee meetings 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 Audit & Supervisory Board Member 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 outside 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 outside 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, outside 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. Development 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, at the Board of Directors, 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 the 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 Helplines 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 establishes, 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 established 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.
(Based on the resolution of the meeting of the Board of Directors held on June 15, 2026, as of June 26, 2026, this is scheduled to be changed as follows:

The Takara Bio Strategic Committee shall be held in principle once per month to hold preliminary discussions on material matters, including the matters to be resolved at the Board of Directors of Takara Bio Inc., report on these matters, and provide updates on relevant activities.)

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 established 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 limited liability contract

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 limited liability contract with outside Directors and outside 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, 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," Takara Holdings Inc. (hereinafter the "Company") and the Takara Group (hereinafter collectively, "the Group") benefits society by continuing to create new value.

Furthermore, in 2025, which is the 100th anniversary of the Group's foundation, the Company formulated "TaKaRa Group Long-Term Vision 2050," which specifically expresses the future that the Group aspires to achieve and "Where the Takara Group wants to be" in 2050. We aim to be "The Takara Group that continues to bring smiles to people around the world by delivering a fulfilling dietary lifestyle and healthy living, and by creating new value through biotechnology," as well as to increase the Group's corporate 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 under a holding company system. 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 "TaKaRa Group Long-Term Vision 2050" as mentioned in A above to aim to realize the Group's Vision (where the Group wants to be). In addition, the Company has established the TaKaRa Group Medium-Term Management Plan for 2030, and is working on efforts based on 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 address, (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 these, 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 in accordance with the basic policy described in A 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) [Directors (and other officers)]

(i) List of Directors (and other officers)

A. Directors (and other officers) as of June 25, 2026, the filing date of this Annual Securities Report are as follows.

7 men, 5 women (Ratio of women to all officers: 41.7%)

Title	Name	Date of birth	Career summary	Term	Number of shares held (shares)
Representative Director and President	Mutsumi Kimura	February 3, 1963	Apr. 1985 Joined the Company Apr. 2002 Director, Takara Bio Inc. Jun. 2004 Managing Director, Takara Bio Inc. Jun. 2007 Senior Managing Director, Takara Bio Inc. May 2009 Director and Vice President, Takara Bio Inc. Jun. 2009 Representative Director and Vice President, Takara Bio Inc. Jun. 2014 Director, the Company Senior Managing Director, Takara Shuzo Co., Ltd. Jun. 2016 Representative Director and Vice President, the Company Jun. 2017 Director, Takara Shuzo Co., Ltd. (current position) Jul. 2017 Representative Director and President, Takara Shuzo International Co., Ltd. Jun. 2018 Representative Director and President, the Company (current position) Apr. 2020 Director, Takara Shuzo International Co., Ltd. (current position) Jun. 2022 Director, Takara Bio Inc. (current position)	*1	109,300
Director	Masanao Suzuki	August 27, 1964	Apr. 1988 Joined the Company Apr. 2014 Representative Director and President of Takara Chou Un Co., Ltd. (currently Nagasaki Unsou Co., Ltd.) Jun. 2018 General Manager of Personnel Dept., the Company Chief General Manager of Administration Division and General Manager of General Affairs and Personnel Dept., Takara Shuzo Co., Ltd. General Manager of General Affairs and Personnel Dept., Takara Shuzo International Co., Ltd. Apr. 2020 General Manager of Personnel Dept., the Company General Manager of General Affairs and Personnel Dept., Takara Shuzo Co., Ltd. General Manager of General Affairs and Personnel Dept., Takara Shuzo International Co., Ltd. Apr. 2023 Executive Officer, General Manager of Personnel Dept., the Company General Manager of General Affairs and Personnel Dept., Takara Shuzo Co., Ltd. General Manager of General Affairs and Personnel Dept., Takara Shuzo International Co., Ltd. Jun. 2025 Director, the Company (current position)	*1	14,000
Director	Kei Sato	September 23, 1971	Apr. 1995 Joined the Company Apr. 2019 General Manager of Brand Management Dept. and General Manager of Alcoholic Beverages Sales Management Dept., Takara Shuzo Co., Ltd. Apr. 2020 General Manager of Sales Dept., Takara Shuzo Co., Ltd. Apr. 2024 Executive Officer, General Manager of Business Management Dept., the Company Jun. 2025 Director, the Company (current position)	*1	10,600

Title	Name	Date of birth	Career summary	Term	Number of shares held (shares)
Director	Masako Tomotsune (Name on family registry: Masako Izaki)	February 17, 1972	Oct. 2002 Registered as an attorney at law (Dai-Ichi Tokyo Bar Association) Joined Tanabe & Partners Apr. 2010 Member of SDF Ethics Review Board Apr. 2013 Partner at Tanabe & Partners (current position) Jun. 2018 Director, the Company (current position) Jun. 2020 Outside Director (Audit and Supervisory Committee Member), The Kodensha, Co., Ltd. (current position) Apr. 2024 Member of the Evaluation Committee of the Agriculture & Livestock Industries Corporation (current position) Member of the Compliance Committee of the Agriculture & Livestock Industries Corporation (current position) Nov. 2025 Registered as a Certified Fraud Examiner	*1	–
Director	Tomoko Kawakami	May 3, 1965	Apr. 2009 Professor, Faculty of Commerce, Kansai University Aug. 2012 Visiting Scholar, INSEAD Blue Ocean Strategy Institute (France) (current position) Jan. 2013 Fulbright Visiting Scholar, Foster School of Business, University of Washington Oct. 2013 Research Fellow, The Institute on Asian Consumer Insight, Nanyang Technological University (Singapore) Apr. 2015 Professor, Waseda Business School, Graduate School of Faculty of Commerce, Waseda University (current position) Apr. 2016 Associate Director, Waseda Blue Ocean Strategy Institute (currently, Waseda Blue Ocean Shift Institute), Comprehensive Research Organization, Waseda University (current position) Apr. 2019 Director, Marketing International Institute (currently Marketing and Sustainability International Institute), Advanced Collaborative Research Organization for Smart Society, Waseda University (current position) Jun. 2019 Director, the Company (current position) Dec. 2019 Examiner of Certified Public Accountant Examination Sep. 2022 Visiting Professor at the Copenhagen Business School Outside Director of the BeNext-Yumeshin Group Co. (currently Open Up Group Inc.) (current position) Mar. 2023 Visiting Scholar, Shidler College of Business, University of Hawaii at Manoa Jun. 2026 Outside Director, NS Solutions Corporation (current position)	*1	–
Director	Takao Motomiya	December 10, 1956	Jul. 2016 Regional Commissioner, Takamatsu Regional Taxation Bureau, National Tax Agency Jul. 2017 Retired from National Tax Agency Dec. 2017 Tax accountant, Takao Motomiya Certified Tax Accountant Office (current position) Jun. 2023 Director, the Company (current position) Auditor of Public Interest Incorporated Foundation Brewing Society of Japan (current position)	*1	–

Title	Name	Date of birth	Career summary	Term	Number of shares held (shares)
Director	Seiichiro Shirahata	March 3, 1961	Apr. 2013 Executive Officer, Nippon Paint Co., Ltd. Oct. 2014 Executive Officer, Nippon Paint Holdings Co., Ltd. Apr. 2015 Senior Executive Officer, Nippon Paint Holdings Co., Ltd. President and Representative Director, Nippon Paint Surf Chemicals Co., Ltd. Jan. 2018 Vice President, Nippon Paint Holdings Co., Ltd. President and Representative Director, Nippon Paint Marine Coatings Co., Ltd. Mar. 2018 Director and Vice President, Nippon Paint Holdings Co., Ltd. Mar. 2020 Managing Executive Officer, Nippon Paint Holdings Co., Ltd. Jan. 2022 Advisor, Nippon Paint Holdings Co., Ltd. Mar. 2023 Outside Director, Nabtesco Corporation (current position) Jun. 2024 Outside Director, Lintec Corporation. (current position) Jun. 2025 Director, the Company (current position)	*1	–
Standing Audit & Supervisory Board Member	Teruaki Mitsui	November 11, 1961	Apr. 1985 Joined the Company Apr. 2015 General Manager of Accounting & Shared Services Dept. Jun. 2017 Executive Officer, General Manager of Accounting & Shared Services Dept. Audit & Supervisory Board Member, Takara Shuzo Co., Ltd. Apr. 2020 Executive Officer, General Manager of Accounting Dept., the Company Jun. 2020 Standing Audit & Supervisory Board Member, the Company (current position) Jun. 2021 Audit & Supervisory Board Member, Takara Shuzo Co., Ltd. (current position) Audit & Supervisory Board Member, Takara Shuzo International Co., Ltd. (current position)	*3	20,100
Standing Audit & Supervisory Board Member	Keisuke Mori	July 8, 1962	Apr. 1985 Joined the Company Apr. 2008 General Manager of Administrative Innovation Dept. Apr. 2011 General Manager of Corporate Planning Dept., General Manager of Administrative Innovation Dept. Apr. 2012 General Manager of Business Management Dept. Apr. 2015 General Manager of Business Management Dept., General Manager of Business Support & IT Promotion Dept. Apr. 2016 General Manager of Business Management Dept. Jun. 2017 Executive Officer, General Manager of Business Management Dept. Jul. 2017 Audit & Supervisory Board Member, Takara Shuzo International Co., Ltd. Jun. 2018 Director, the Company Jun. 2020 Audit & Supervisory Board Member, Takara Shuzo Co., Ltd. Jun. 2025 Standing Audit & Supervisory Board Member, the Company (current position) Audit & Supervisory Board Member, Takara Shuzo Co., Ltd. (current position) Audit & Supervisory Board Member, Takara Shuzo International Co., Ltd. (current position)	*4	34,000

Title	Name	Date of birth	Career summary		Term	Number of shares held (shares)
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 (current position) Outside Director, Toenec Corporation (current position) Audit & Supervisory Board Member, the Company (current position) Outside Director, Sumitomo Seika Chemicals Company, Limited. (current position)	*2	–
Audit & Supervisory Board Member	Akiko Yakura	March 22, 1960	Apr. 1987 Apr. 2000 Apr. 2013 Jun. 2020 Jan. 2021 Apr. 2022 May 2025 Jun. 2025	Registered as an attorney at law (Osaka Bar Association) Co-established Aska Law Office as Partner (current position) Vice President of Osaka Bar Association Governor of Japan Federation of Bar Associations Outside Director (Audit and Supervisory Committee Member), Taoka Chemical Co., Ltd. (current position) Outside Director of Shinto Paint Co., Ltd. (current position) Vice President of Japan Federation of Bar Associations Outside Director (Audit and Supervisory Committee Member), Wakita & Co., LTD. (current position) Audit & Supervisory Board Member, the Company (current position)	*4	–
Audit & Supervisory Board Member	Aki Miyaguchi	January 19, 1967	Oct. 1989 Mar. 1993 Apr. 2024 Jun. 2024 Jun. 2025 Jun. 2026	Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) Registered as a certified public accountant Established Aki Miyaguchi Certified Public Accountant Office as President (current position) Outside Director, Ichinen Holdings Co., Ltd. (current position) Outside Director (Audit & Supervisory Committee Member), Sanyo Special Steel Co., Ltd. (current position) Audit & Supervisory Board Member, the Company (current position) External Audit & Supervisory Board Member, Konoike Transport Co., Ltd. (current position)	*4	–
Total						188,000

(Notes) 1. Directors Masako Tomotsune, Tomoko Kawakami, Takao Motomiya, and Seiichiro Shirahata are outside Directors.

2. Audit & Supervisory Board Members Akiko Yoshimoto, Akiko Yakura and Aki Miyaguchi are outside 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, 2025

*2 Four years from the end of the Annual General Shareholders' Meeting held on June 29, 2023

*3 Four years from the end of the Annual General Shareholders' Meeting held on June 27, 2024

*4 Four years from the end of the Annual General Shareholders' Meeting held on June 27, 2025

B. The Company is submitting proposals for the "Election of Seven Directors" as a matter to be resolved at the Annual General Shareholders' Meeting that will be held on June 26, 2026. If the proposal is approved and adopted in their original forms, the titles and names of Directors (and other officers) will be as described in A.

The term of Directors will be one year from the end of the Annual General Shareholders' Meeting scheduled to be held on June 26, 2026.

(ii) Outside Directors (and other officers)

The criteria for judging the independence of outside Directors and outside Audit & Supervisory Board Members of the Company are as follows:

Independence Criteria for Outside Officers

The Company determines that outside Directors and an outside Audit & Supervisory Board Members (hereinafter "outside officers") are independent of the Company if they fulfill 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 (an Executive Director, an Executive Officer, or a manager or other employee, same hereinafter) of the Company or a subsidiary or an associate accounted for using equity method 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 a major shareholder of the Company (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 or 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 consolidated sales in the Company's fiscal year) with the Group or a business executive thereof.

   (4) Not 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 accountant, tax accountant, consultant or other provider of professional services (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 received 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 outside officers are mutually appointed (a business executive of the Group is an outside officer of a company outside the Group and a business executive of that company outside the Group is an outside officer of the Company).

   (10) Not a close relative (spouse or persons 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 or 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 outside officer.

The Company has four outside Directors and three outside Audit & Supervisory Board Members as of the filing date.
The Company recognizes that outside Directors, Masako Tomotsune, Tomoko Kawakami, Takao Motomiya and Seiichiro Shirahata, as well as outside Audit & Supervisory Board Members, Akiko Yoshimoto, Akiko Yakura and Aki Miyaguchi 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. Outside 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. Outside Director, Tomoko Kawakami is currently an outside Director of Open Up Group Inc. and an outside Director of NS Solutions Corporation; however, there is no significant relationship between the Company and either of these companies. Outside Director, Takao Motomiya is currently Director of the Brewing Society of Japan, which has transactions (payment of compensation, etc. for the provision of yeast for alcoholic beverages production) with a subsidiary of the Company; however, the said transactions are as small as less than ¥2 million in annual transaction value. Outside Director, Seiichiro Shirahata is currently an Outside Director at Nabtesco Corporation and Lintec Corporation. However, there is no significant relationship between the Company and Nabtesco Corporation. While there are transactions between Lintec Corporation and our subsidiary (involving payments for the provision of packaging materials used in factories), the annual transaction amount is insignificant, being less than ¥3 million. Outside 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. Outside Audit & Supervisory Board Member, Akiko Yakura is currently an outside Director (Audit and Supervisory Committee Member) of Taoka Chemical Co., Ltd., an outside Director of Shinto Paint Co., Ltd. and an outside Director (Audit and Supervisory Committee Member) of Wakita & Co., LTD.; however, there is no significant relationship between the Company and these companies. Outside Audit & Supervisory Board Member, Aki Miyaguchi is currently an outside Director of Ichinen Holdings Co., Ltd., an outside Director (Audit & Supervisory Committee Member) of Sanyo Special Steel Co., Ltd., and External Audit & Supervisory Board Member of Konoike Transport Co., Ltd.; however, there is no significant relationship between the Company and Ichinen Holdings Co., Ltd. and Sanyo Special Steel Co., Ltd. While there are transactions (receipt of consideration for contracted transportation services and on-premises work, etc. and payment of consideration for warehousing, etc.) between Konoike Transport Co., Ltd. and subsidiaries of the Company, the annual transaction amount is insignificant, being less than ¥72 million.

The outside Directors' and outside Audit & Supervisory Board Members' ownership of the Company's shares as of the filing date is as described in "(1) List of Directors (and other officers), A."

(iii) Mutual cooperation between the supervision and audit by outside Directors and outside 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

Outside 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.

Outside 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 Member 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 outside Directors and outside 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 outside Directors and outside Audit & Supervisory Board Members is appropriate in terms of fulfilling the important function and role in the Company's corporate governance.

(3) [Audits]

(i) Audit & Supervisory Board Members' audits

The Company's Audit & Supervisory Board consists of five members, three of whom are outside Audit & Supervisory Board Members as of the filing date. 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 Standing Audit & Supervisory Board Member, Keisuke Mori, through his experience as an executive in charge of the Company's accounting and finance division, respectively possess considerable knowledge in finance and accounting. Similarly, Audit & Supervisory Board Member, Aki Miyaguchi, has substantial expertise in finance and accounting gained through her many years of experience as a certified public accountant.

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 and Akiko Yoshimoto attended all 14 meetings of the Audit & Supervisory Board held during the current fiscal year.
- Toshihito Yamanaka, Yoichi Suzuki and Satoshi Matsunaga, who retired owing to completing their term at the end of the 114th Annual General Shareholders' Meeting, attended all four meetings of the Audit & Supervisory Board held during their terms.
- Keisuke Mori, Akiko Yakura and Aki Miyaguchi, who were newly elected and took post at the 114th Annual General Shareholders' Meeting, attended all 10 Audit & Supervisory Board meetings held during their terms.

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 status of initiatives to strengthen business foundations of overseas subsidiaries, the status of the restructuring project of the Group core system in Japan, the status of exercise of headquarters functions' role in the internal control process, the Group's initiatives to develop the next medium-term management plan, and the Group's human capital management initiatives.

The activities of the standing Audit & Supervisory Board Members included interviews with the Company and 12 divisions at the Group's head office, and audits through visits to 11 offices including three plants and four branches of Takara Shuzo Co., Ltd. as well as seven offices of six 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 outside Audit & Supervisory Board Members. In addition, they visited workplaces as necessary and examined the business and assets.

With regard to cooperation with outside Directors, sessions for exchanging opinions were held twice a year between the Audit & Supervisory Board Members and outside 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) Internal audit

The internal audit of the Company strives to ensure the appropriate execution of duties by establishing an Audit Dept. 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 Dept., 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 Dept. 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 Dept. has two reporting lines, one to the Representative Director and one to the Board of Directors. The Audit Dept. reports directly on the status of the audit and other matters to the Representative Director (in principle once a month) and the Board of Directors (twice a year), and shares information and reports to Audit & Supervisory Board Members regularly, and where necessary, as well. The Audit Dept. also reports to all officers (including outside officers) on individual audit matters as appropriate, maintaining the coordination between the Audit Dept., and the Board of Directors and Audit & Supervisory Board Members.

(iii) Accounting audit

A. Name of the audit firm

Deloitte Touche Tohmatsu LLC

B. Period of continuous audits

58 years

C. Certified public accountants who conducted audits

Designated limited liability partner: Keiko Hishimoto

Designated limited liability partner: Yuya Minobe

D. Composition of the assistants providing auditing service

Those who supported the Company’s accounting audit duties included 19 certified public accountants and 15 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 Dept. and Audit Dept. 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	71	–	82	–
Consolidated subsidiaries	76	–	91	–
Total	148	–	173	–

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	–	50	–	34
Consolidated subsidiaries	335	140	281	193
Total	335	191	281	228

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

Non-audit services performed for the consolidated subsidiaries in the previous and current fiscal years consisted of tax affairs-related tasks, etc.

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

Comprises mainly of compensation paid by Foodex SAS 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 Rules for Compensation of Officers approved by the Board of Directors within the range of the total amount of compensation 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. Any revision to the provisions of the Rules for Compensation of Officers concerning Directors shall require a resolution of the Board of Directors, while any revision concerning Audit & Supervisory Board Members is subject to consultation with the Audit & Supervisory Board Members.

Compensation for executive Directors of the Company consists of fixed compensation based on positions and roles and performance-linked compensation for the purpose of strengthening incentives.

Compensation for outside Directors and Audit & Supervisory Board Members consists solely of fixed compensation, considering their roles.

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 Representative Director and President, such decisions by the Representative Director and 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 made after deliberation, 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.

The amount of fixed compensation for Directors was resolved at the 114th Annual General Shareholders' Meeting held on June 27, 2025 as an annual amount of up to ¥136 million (including ¥40 million for outside Directors). The number of Directors at the conclusion of that General Shareholders' Meeting was seven (including four outside Directors).

As for performance-linked compensation (for Directors who are not outside 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 number of Directors (excluding outside Directors) at the conclusion of that General Shareholders' Meeting was eight.

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. The number of Audit & Supervisory Board Members at the conclusion of that General Shareholders' Meeting was five (including three outside Audit & Supervisory Board Members).

(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 outside Director)	109	57	51	5
Audit & Supervisory Board Member (excluding outside Audit & Supervisory Board Member)	43	43	–	3
Outside officer	63	63	–	9
Total	215	163	51	17

(Notes) 1. The amount of Director's compensation does not include the employee salary of Directors concurrently serving as an employee.

2. The Company has three Directors, excluding outside Directors, two Audit & Supervisory Board Members, excluding outside Audit & Supervisory Board Members, and seven outside 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 two Directors, one Audit & Supervisory Board Member excluding outside Audit & Supervisory Board Member, and two outside officers, all of whom retired during the current fiscal year.

3. 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 112th fiscal year ended March 31, 2023: ¥37,945 million
Target value in 113th fiscal year ended March 31, 2024: ¥26,330 million
Actual value in 113th fiscal year ended March 31, 2024: ¥22,242 million
Target value in 114th fiscal year ended March 31, 2025: ¥25,750 million
Actual value in 114th fiscal year ended March 31, 2025: ¥20,597 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	62	30	32
	Takara Shuzo Co., Ltd. Director	15	10	5
	Takara Shuzo International Co., Ltd. Director	15	10	5
	Takara Bio Inc. Director	9	9	–
	Other five consolidated subsidiaries	0	0	–
	Total	103	60	43

(iv) Important employee salary for officers concurrently serving as an employee in the current fiscal year

No matters of note.

(5) [Shareholdings]

(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 the 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.

At a meeting of the Company's Board of Directors held on May 13, 2025, 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, 2025. In pursuit of further improvement in capital efficiency, it was resolved to reduce the total amount of cross-shareholdings by 50% by the end of the fiscal year ending March 31, 2030, from the market value of approximately ¥32 billion as of March 31, 2025, aiming to make the total amount of cross-shareholdings approximately 5% of consolidated net assets. In the fiscal year ended March 31, 2026, we designated a total of 33 issues, which consist of seven issues designated as of May 13, 2025, and 26 issues designated thereafter, as issues for sale (including issues for which a portion of the shares held is eligible for sale) at meetings of the Board of Directors of the Company and subsidiaries. By the end of the fiscal year ended March 31, 2026, 32 issues were sold. The amount of sale is approximately ¥7.9 billion. Based on fair value as of the end of March 2025, we reduced our shareholdings by 21.7% from the level at that time. On the other hand, the outstanding balance of cross-shareholdings at the end of March 2026 was approximately ¥37.1 billion, up 16.1% from the end of March 2025. During the fiscal year ending March 31, 2027, the Company has decided to move forward with the timely sale of 20 issues, for the time being, out of a total of 57 issues consisting of seven issues of financial institutions, 14 issues of suppliers and providers, 27 issues of customers and buyers, and nine 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	364
Shares other than unlisted shares	29	33,293

(Issues for which the number of shares increased in the fiscal year ended March 31, 2026)

	Number of issues (Issues)	Total acquisition cost for increased shares (Millions of Yen)	Reason for increase in the number of shares
Unlisted shares	–	–	–
Shares other than unlisted shares	–	–	–

(Issues for which the number of shares decreased in the fiscal year ended March 31, 2026)

	Number of issues (Issues)	Total sale amount for decreased shares (Millions of Yen)
Unlisted shares	1	–
Shares other than unlisted shares	22	7,512

(Note) The decrease in unlisted shares was due to company liquidation.

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 Number of shares Carrying amount on the balance sheet (Millions of Yen)	The previous fiscal year Number of shares Carrying amount on the balance sheet (Millions of Yen)	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
Kyoto Financial Group, Inc.	1,630,672 6,622	1,630,672 3,710	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)
SCREEN Holdings Co., Ltd.	368,420 6,587	460,520 4,418	The shares are held to facilitate management activities and improve corporate value by maintaining relationships, but a portion of them was sold during the current fiscal year.	Yes
Mizuho Financial Group, Inc.	730,373 4,445	730,373 2,958	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)
Tokio Marine Holdings, Inc.	496,120 3,625	558,020 3,200	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, but a portion of them was sold during the current fiscal year.	No (Note 3)
MITSUI & CO., LTD.	314,850 1,876	944,250 2,643	The shares are held mainly to facilitate business activities through the stable procurement, etc. of raw materials by maintaining and strengthening business relationships, but a portion of them was sold during the current fiscal year.	Yes
THE SHIGA BANK, LTD.	161,834 1,507	161,834 851	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
Nippon Shinyaku Co., Ltd.	203,200 1,038	254,000 965	The shares are held to facilitate management activities and improve corporate value by maintaining relationships, but a portion of them was sold during the current fiscal year.	Yes
Toyo Seikan Group Holdings, Ltd.	270,000 954	300,000 733	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, but a portion of them was sold during the current fiscal year.	Yes
Kewpie Corporation	219,600 885	244,000 712	The shares are held mainly to facilitate business activities through effective and efficient securing of logistics means, etc. by maintaining and strengthening business relationships, but a portion of them was sold during the current fiscal year.	Yes
Tokyo Tatemono Co., Ltd.	230,000 825	255,500 645	The shares are held to improve corporate value through the promotion, etc. of real estate business by maintaining and strengthening business relationships, but a portion of them was sold during the current fiscal year.	Yes
Sumitomo Mitsui Trust Group, Inc.	166,456 815	499,056 1,856	The shares are held mainly to increase financial security and stability through the stable procurement, etc. of funds by maintaining and strengthening business relationships, but a portion of them was sold during the current fiscal year.	No (Note 3)

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)		
Dai Nippon Printing Co., Ltd.	282,000	376,000	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, but a portion of them was sold during the current fiscal year.	Yes
	797	796		
Daifuku Co., Ltd.	94,500	105,000	The shares were held mainly to facilitate business activities through effective and efficient construction of production and logistics facilities, etc. by maintaining and strengthening business relationships, but a portion of them was sold during the current fiscal year.	Yes
	512	382		
Rengo Co., Ltd.	350,000	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, but a portion of them was sold during the current fiscal year.	Yes
	440	554		
TOPPAN Holdings Inc.	104,300	156,400	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, but a portion of them was sold during the current fiscal year.	No (Note 3)
	428	634		
Chuo Warehouse Co., Ltd.	164,350	182,550	The shares are held mainly to facilitate business activities through effective and efficient securing of logistics means, etc. by maintaining and strengthening business relationships, but a portion of them was sold during the current fiscal year.	Yes
	337	259		
SHIBUYA CORPORATION	85,500	95,000	The shares are held mainly to facilitate business activities through effective and efficient construction of production facilities, etc. by maintaining and strengthening business relationships, but a portion of them was sold during the current fiscal year.	Yes
	286	304		
Sumitomo Mitsui Financial Group, Inc.	56,403	214,203	The shares are held mainly to increase financial security and stability through the stable procurement, etc. of funds by maintaining and strengthening business relationships, but a portion of them was sold during the current fiscal year.	No (Note 3)
	282	812		
Mitsubishi UFJ Financial Group, Inc.	98,070	294,070	The shares are held mainly to increase financial security and stability through the stable procurement, etc. of funds by maintaining and strengthening business relationships, but a portion of them was sold during the current fiscal year.	No (Note 3)
	254	591		
Nihon Yamamura Glass Co., Ltd.	84,600	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, but a portion of them was sold during the current fiscal year.	Yes
	237	202		
TAKASAGO INTERNATIONAL CORPORATION (Note 4)	162,000	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, but a portion of them was sold during the current fiscal year.	Yes
	191	228		
T. HASEGAWA CO., LTD.	52,200	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, but a portion of them was sold during the current fiscal year.	Yes
	147	163		

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)		
ISHIZUKA GLASS CO., LTD.	40,100	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, but a portion of them was sold during the current fiscal year.	Yes
	129	110		
K.R.S. Corporation	21,800	24,200	The shares are held mainly to facilitate business activities through effective and efficient securing of logistics means, etc. by maintaining and strengthening business relationships, but a portion of them was sold during the current fiscal year.	Yes
	61	42		
Sapporo Holdings Limited (Note 5)	500	100	The shares are held to collect information on industry trends, etc.	No
	0	0		
Asahi Group Holdings, Ltd.	300	300	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		
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		
Kintetsu Department Store Co., Ltd	–	955	The shares were held to facilitate management activities and improve corporate value by maintaining relationships, but were sold during the current fiscal year.	No
	–	2		

(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. TAKASAGO INTERNATIONAL CORPORATION implemented a five-for-one stock split of its common shares on October 1, 2025.

5. Sapporo Holdings Limited implemented a five-for-one stock split of its common shares on January 1, 2026.

Deemed holding of stocks

Not applicable.

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

Not applicable.

5. Employees

(1) Basic policy for human resource strategy, etc.

(i) Basic policy for human resource strategy

The Group's human resource strategy is as follows.

In the Group, we take the perspective that personnel are crucial business assets and we view them as valuable human resources. Under our belief 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 believe that investing in human resources to maximize the capabilities of individuals and organizations is essential for enhancing corporate value and achieving group growth.

In "TaKaRa Group Long-Term Vision 2050" the Group has set, and the five-year medium-term management plan that serves as its specific strategy, TaKaRa Group Medium-Term Management Plan for 2030, we focus on human capital management centered on "Strengthening corporate human resources," "Strengthening global human resources," and "Fostering human resources who will be responsible for the next generation and their optimal placement in suitable positions" to reinforce the global management base that supports the business portfolio strategy.

In order to devise a human resources strategy linked to its management strategy, the Company creates a human resources portfolio linked to its business portfolio strategy, clarifies the type of human resources necessary for business activities, and visualizes human resources to utilize it in recruitment, fostering human resources, and assigning the right human resources to the right place.

a. Strengthening corporate human resources

- In addition to fostering human resources mainly through job rotation, recruiting specialized talent through mid-career recruitment and from vocational schools
- Investment in human resource development for new business development
- Fostering DX human resources

b. Strengthening global human resources

- Acquiring global human resources through mid-career recruitment and new graduate recruitment
- Continuous talent development of young employees through job rotation, education, training, and other means

c. Foster human resources who will be responsible for the next generation and their optimal placement in suitable positions

- Visualize human resources utilizing the human resource portfolio
- Development of employees in managerial positions who will support the Group into the future

(ii) Policies for determining employee salaries, etc.

The amount and other details of employee salaries and other benefits in the Group are determined based on the following policies.

The Group places the ideas that the collective power of human resources is the source of a company's sustainable growth and development, and that maximizing the potential of individuals and organizations by investing in our human resources is indispensable at the core of its human resources strategy. Based on this belief, the Group has established personnel and wage systems as frameworks for investing in human resources and evaluates those results fairly and honestly.

The Group's personnel and wage systems share a basic concept while being individually designed based on factors such as each company's business characteristics.

At Takara Holdings, Takara Shuzo, and Takara Shuzo International, wages are determined based on the "Personnel and Wage System (Role Grading System)," which determines grading according to the difficulty of roles, linking the outcomes of organizational and individual performance to compensation.

Based on the above, we implement a performance-based system more thoroughly to enable each employee to deliver results, thereby contributing to improvement of company performance, and further unlock each employee's potential by ensuring treatment based on performance.

Additionally, in the process from goal setting to evaluation, we rigorously implement management practices, including profit management, to enhance the linkage between individual performance and evaluation, and realize fair treatment based on each employee's duties and role (job grade and scope of assigned responsibilities).

A. Compensation structure, and determination of compensation for general employees

General employees' basic salaries consist of "role-based pay" and "age-based pay."

- Role-based pay

  It is determined based on results of single-year evaluation of organizational and individual performance in relation to the "role" defined by the employee's assigned job and scope of responsibility. Under this system, high performers receive greater salary increases than standard performers, while low performers receive no salary increase, or if their performance falls significantly short of expectations, are subject to salary reductions.

- Age-based pay

  It is determined based on age-related standards.

In addition, grades are determined based on each employee's role as well as their abilities and motivation/attitude demonstrated through their duties. Salary increases are applied when grades are raised, whereas salary reductions are applied when grades are lowered.

B. Compensation structure, and determination of compensation for managers

Managers' basic salaries consist solely of "role-based pay."

- Role-based pay

  It is determined based on results of single-year evaluation of organizational and individual performance in relation to the "role" defined by the manager's position and scope of responsibility. Under this system, as with general employees, high performers receive greater salary increases than standard performers, while low performers receive no salary increase, or if their performance falls significantly short of expectations, are subject to salary reductions.

In addition, grades are determined based on each manager's role as well as their actual abilities demonstrated through their duties. Salary increases are applied when grades are raised, whereas salary reductions when grades are lowered.

Meanwhile, Takara Bio has adopted the "Qualification Grading System," which focuses on individuals' potential to perform their duties, and determines grading and compensation based on factors such as growth of capabilities and the performance of duties.

As such, the Group operates the Personnel and Wage System based on each company's business characteristics while providing fair compensation based on achievements and capabilities. By doing so, it maximizes the potential of human resources and links it to the improvement of its corporate value.

(2) Employees

(i) Information about group

As of March 31, 2026

Segment	Number of employees of group (Persons)
Takara Shuzo	1,243
Takara Shuzo International Group	2,251
Takara Bio Group	1,743
Reportable segment total	5,237
Other	290
Corporate (shared)	193
Total	5,720

(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 of group listed under Corporate (shared) indicates the number of employees at our holding company (the reporting company).

(ii) Information about reporting company

As of March 31, 2026

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Thousands of Yen)	Change from previous fiscal year in average annual salary (%)
193	49.8	24.2	7,640	0.1

(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 the Group.

3. The average annual salary includes bonuses and extra wages.

4. With regard to change from previous fiscal year in average annual salary, despite the implementation of wage increases including base pay raises, the average annual salary increased only slightly from previous fiscal year as a result of changes in the personnel composition.

(iii) Status of the company with the largest number of employees

A. Company with the largest number of employees in the current fiscal year

Takara Shuzo Co., Ltd.

As of March 31, 2026

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Thousands of Yen)	Change from previous fiscal year in average annual salary (%)
1,243	46.3	22.7	6,971	0.9

(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 the Group.

3. The average annual salary includes bonuses and extra wages.

B. Company with the second-largest number of employees after the company described in A. above

Takara Bio Inc.

As of March 31, 2026

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Thousands of Yen)	Change from previous fiscal year in average annual salary (%)
764	41.2	11.4	6,872	1.1

(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 the Group.

3. The average annual salary includes bonuses and extra wages.

(iv) Labor unions

There are no special matters to report regarding the unions.

(v) Ratio of female employees among employees in managerial positions, ratio of male employees taking childcare leave, and differences in the amount of wages between male and female employees

A. The Company

The current fiscal year				
Ratio of female employees among employees in managerial positions (%) (Notes 1, 2)	Ratio of male employees taking childcare leave (%) (Note 3)	Differences in wages between male and female employees (The ratio of women's wages to men's wages) (%) (Note 2)		
		All employees	Regular employees	Part-time and fixed-term employees
18.2	–	74.9	73.3	51.0

(Notes) 1. The ratio is based on data as of April 1, 2026.

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). Although the Company applies the same standards to wages regardless of gender, wage gaps have arisen due to factors such as differences in the male-female ratio in managerial positions, and variations in length of services among general employees.

   In "Part-time and fixed-term employees," the large difference is mainly attributable to the inclusion of re-hired male retirees, who are treated at the level equivalent to managerial positions as fixed-term employees even after mandatory retirement.

3. This calculates the ratio of the number of employees taking childcare leave, etc. as provided in Article 71-6, 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.

B. Consolidated subsidiaries

Fiscal year ended March 31, 2026					
Company name	Ratio of female employees among employees in managerial positions (%) (Notes 1, 2)	Ratio of male employees taking childcare leave (%) (Note 3)	Differences in the amount of wages between male and female employees (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.	9.7	85.7	79.0	78.1	71.0
Takara Bio Inc.	23.8	78.9	81.2	80.1	81.3
Total Management Business Co., Ltd.	50.0	–	96.0	99.2	91.8

(Notes) 1. The ratio is based on data as of April 1, 2026.

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 71-6, 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). At Total Management Business Co., Ltd., there were no male employees with spouses who gave birth in the current fiscal year.

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.

Ratio of female employees among employees in managerial positions (%) (Notes 1, 2)	Ratio of male employees taking childcare leave (%) (Note 3)	Differences in the amount of wages between male and female employees (The ratio of women's wages to men's wages) (%) (Note 2)		
		All employees	Regular employees	Part-time and fixed-term employees
11.2	86.4	78.3	77.4	67.3

(Notes) 1. The ratio is based on data as of April 1, 2026.

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 71-6, 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).

V. Financial Information

1. Basis of preparation of the consolidated financial statements and the 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 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 financial statements of the Company are prepared in accordance with Article 127 of the Regulations for Non-consolidated Financial Statements.

2. Note on independent audit

The consolidated financial statements as well as financial statements for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026) 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. Remarkable efforts to ensure fair presentation of consolidated financial statements, etc.

The Company makes remarkable efforts to ensure fair presentation of consolidated financial statements, etc. 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, etc.

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheet

(Millions of Yen)

		As of Mar. 31, 2025		As of Mar. 31, 2026
Assets				
Current assets				
Cash and deposits		83,302		73,191
Notes and accounts receivable - trade	*2, *5	65,689	*2, *5	66,621
Electronically recorded monetary claims - operating	*5	7,629	*5	10,949
Merchandise and finished goods	*2	72,795	*2	82,664
Work in process		1,727		2,077
Raw materials and supplies		7,811		6,788
Other		7,217		7,916
Allowance for doubtful accounts		(739)		(895)
Total current assets		245,433		249,314
Non-current assets				
Property, plant and equipment				
Buildings and structures	*2, *4	87,203	*4	90,431
Accumulated depreciation		(45,797)		(48,622)
Buildings and structures, net		41,406		41,809
Machinery, equipment and vehicles	*4	95,031	*4	92,273
Accumulated depreciation		(78,042)		(75,488)
Machinery, equipment and vehicles, net		16,988		16,785
Land		23,804		23,345
Leased assets		1,286		1,314
Accumulated depreciation		(692)		(754)
Leased assets, net		594		560
Construction in progress		22,139		28,514
Other	*4	42,289	*4	48,854
Accumulated depreciation		(23,611)		(26,800)
Other, net		18,677		22,054
Total property, plant and equipment		123,610		133,068
Intangible assets				
Goodwill		25,283		30,457
Other	*4	16,378	*4	29,911
Total intangible assets		41,662		60,369
Investments and other assets				
Investment securities	*1	34,467	*1	39,591
Retirement benefit asset		1,558		1,789
Deferred tax assets		2,132		1,483
Operating lease right-of-use assets		25,487		25,225
Other		3,297		3,020
Allowance for doubtful accounts		(60)		(61)
Total investments and other assets		66,880		71,049
Total non-current assets		232,154		264,486
Total assets		477,587		513,801

(Millions of Yen)

		As of Mar. 31, 2025		As of Mar. 31, 2026
Liabilities				
Current liabilities				
Notes and accounts payable - trade		24,067		26,779
Short-term borrowings	*2	12,315	*2	6,414
Current portion of bonds payable		–		5,000
Income taxes payable		2,742		4,004
Provision for bonuses		3,438		3,245
Other		30,856		36,592
Total current liabilities		73,419		82,037
Non-current liabilities				
Bonds payable		15,000		10,000
Long-term borrowings	*2	30,689		40,431
Lease liabilities		7,596		9,296
Deferred tax liabilities		9,276		12,862
Retirement benefit liability		8,345		8,020
Long-term operating lease liabilities		25,991		25,576
Other		6,364		14,638
Total non-current liabilities		103,264		120,826
Total liabilities		176,683		202,863
Net assets				
Shareholders' equity				
Share capital		13,226		13,226
Capital surplus		2,804		2,804
Retained earnings		180,449		186,093
Treasury shares		(2,103)		(5,103)
Total shareholders' equity		194,376		197,019
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		16,513		21,373
Deferred gains or losses on hedges		(4)		(2)
Foreign currency translation adjustment		34,204		40,741
Remeasurements of defined benefit plans		138		206
Total accumulated other comprehensive income		50,851		62,319
Non-controlling interests		55,675		51,597
Total net assets		300,903		310,937
Total liabilities and net assets		477,587		513,801

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

Consolidated Statement of Income

(Millions of Yen)

		Fiscal year ended March 31, 2025 (Apr. 1, 2024 – Mar. 31, 2025)		Fiscal year ended March 31, 2026 (Apr. 1, 2025 – Mar. 31, 2026)
Net sales	*1	362,693	*1	394,316
Cost of sales		243,045		266,620
Gross profit		119,647		127,696
Selling, general and administrative expenses	*2, *3	99,050	*2, *3	110,619
Operating income		20,597		17,076
Non-operating income				
Interest income		983		661
Dividend income		944		932
Other		1,049		807
Total non-operating income		2,977		2,400
Non-operating expenses				
Interest expenses		700		1,517
Foreign exchange losses		–		268
Other		694		829
Total non-operating expenses		1,394		2,615
Ordinary profit		22,180		16,861
Extraordinary income				
Gain on sale of investment securities		3,696		6,594
Other		1,038		798
Total extraordinary income		4,734		7,392
Extraordinary losses				
Loss on sale and retirement of non-current assets	*4	538	*4	815
Impairment losses	*5	377	*5	4,008
Other		182		1,160
Total extraordinary losses		1,099		5,983
Profit before income taxes		25,815		18,270
Income taxes - current		8,417		10,148
Income taxes - deferred		75		(356)
Total income taxes		8,492		9,791
Profit		17,322		8,478
Profit (loss) attributable to non-controlling interests		1,120		(3,217)
Profit attributable to owners of parent		16,202		11,696

Consolidated Statement of Comprehensive Income

(Millions of Yen)

		Fiscal year ended March 31, 2025 (Apr. 1, 2024 – Mar. 31, 2025)		Fiscal year ended March 31, 2026 (Apr. 1, 2025 – Mar. 31, 2026)
Profit		17,322		8,478
Other comprehensive income				
Valuation difference on available-for-sale securities		(5,997)		4,859
Deferred gains or losses on hedges		(7)		1
Foreign currency translation adjustment		14,447		6,624
Remeasurements of defined benefit plans, net of tax		210		11
Total other comprehensive income	*	8,653	*	11,498
Comprehensive income		25,976		19,976
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent		22,138		23,164
Comprehensive income attributable to non-controlling interests		3,838		(3,187)

(iii) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,226	2,716	169,909	(2,103)	183,749
Changes during period					
Dividends of surplus			(5,662)		(5,662)
Profit attributable to owners of parent			16,202		16,202
Purchase of treasury shares				(0)	(0)
Purchase of shares of consolidated subsidiaries		87			87
Net changes in items other than shareholders' equity					
Total changes during period	–	87	10,540	(0)	10,627
Balance at end of period	13,226	2,804	180,449	(2,103)	194,376

	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	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	22,511	3	22,389	12	44,915	51,799	280,465
Changes during period							
Dividends of surplus							(5,662)
Profit attributable to owners of parent							16,202
Purchase of treasury shares							(0)
Purchase of shares of consolidated subsidiaries							87
Net changes in items other than shareholders' equity	(5,997)	(7)	11,814	126	5,935	3,875	9,811
Total changes during period	(5,997)	(7)	11,814	126	5,935	3,875	20,438
Balance at end of period	16,513	(4)	34,204	138	50,851	55,675	300,903

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of Yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	13,226	2,804	180,449	(2,103)	194,376
Changes during period					
Dividends of surplus			(6,052)		(6,052)
Profit attributable to owners of parent			11,696		11,696
Purchase of treasury shares				(3,000)	(3,000)
Disposal of treasury shares		0		0	0
Purchase of shares of consolidated subsidiaries		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	(0)	5,643	(2,999)	2,643
Balance at end of period	13,226	2,804	186,093	(5,103)	197,019

	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	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	16,513	(4)	34,204	138	50,851	55,675	300,903
Changes during period							
Dividends of surplus							(6,052)
Profit attributable to owners of parent							11,696
Purchase of treasury shares							(3,000)
Disposal of treasury shares							0
Purchase of shares of consolidated subsidiaries							(0)
Net changes in items other than shareholders' equity	4,859	1	6,537	68	11,468	(4,077)	7,390
Total changes during period	4,859	1	6,537	68	11,468	(4,077)	10,034
Balance at end of period	21,373	(2)	40,741	206	62,319	51,597	310,937

(iv) Consolidated Statement of Cash Flows

(Millions of Yen)

	Fiscal year ended March 31, 2025 (Apr. 1, 2024 – Mar. 31, 2025)		Fiscal year ended March 31, 2026 (Apr. 1, 2025 – Mar. 31, 2026)	
Cash flows from operating activities				
Profit before income taxes		25,815		18,270
Depreciation and amortization		10,347		12,225
Impairment losses		377		4,008
Amortization of goodwill		1,727		3,129
Interest and dividend income		(1,928)		(1,593)
Interest expenses		700		1,517
Loss (gain) on sale and retirement of non-current assets		(286)		91
Loss (gain) on sale of investment securities		(3,696)		(6,538)
Decrease (increase) in trade receivables		714		(2,971)
Decrease (increase) in inventories		(5,025)		(6,297)
Increase (decrease) in trade payables		(83)		1,932
Increase (decrease) in accrued alcohol tax		(3,590)		1,168
Increase (decrease) in accrued consumption taxes		1,150		371
Increase (decrease) in other current liabilities		(3,526)		354
Other, net		(966)		(107)
Subtotal		21,730		25,561
Interest and dividends received		1,933		1,613
Interest paid		(736)		(995)
Income taxes paid		(6,771)		(8,861)
Net cash provided by (used in) operating activities		16,155		17,318
Cash flows from investing activities				
Payments into time deposits		(6,967)		(8,370)
Proceeds from withdrawal of time deposits		4,345		12,403
Purchase of property, plant and equipment and intangible assets		(20,143)		(22,167)
Proceeds from sale of property, plant and equipment and intangible assets		765		1,530
Proceeds from sale of investment securities		4,756		7,974
Purchase of shares of unconsolidated subsidiaries		(546)		–
Purchase of shares of, and investments made in, subsidiaries resulting in change in scope of consolidation	*2	(23,299)	*2	(6,416)
Subsidies received		90		349
Other, net		(565)		(645)
Net cash provided by (used in) investing activities		(41,562)		(15,341)

(Millions of Yen)

	Fiscal year ended March 31, 2025 (Apr. 1, 2024 – Mar. 31, 2025)		Fiscal year ended March 31, 2026 (Apr. 1, 2025 – Mar. 31, 2026)	
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings		(46)		(844)
Proceeds from long-term borrowings		25,100		9,951
Repayments of long-term borrowings		(5,801)		(5,608)
Redemption of bonds		(5,000)		–
Purchase of treasury shares		(0)		(3,000)
Dividends paid		(5,659)		(6,054)
Dividends paid to non-controlling interests		(836)		(893)
Repayments of lease liabilities		(1,204)		(1,347)
Settlement of contingent consideration		–		(1,496)
Other, net		(2)		(13)
Net cash provided by (used in) financing activities		6,548		(9,307)
Effect of exchange rate change on cash and cash equivalents		3,954		1,125
Net increase (decrease) in cash and cash equivalents		(14,904)		(6,204)
Cash and cash equivalents at beginning of period		90,184		75,280
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries		–		49
Cash and cash equivalents at end of period	*1	75,280	*1	69,125

Notes

(Notes - Significant accounting policies for preparation of consolidated financial statements)

1. Disclosure of scope of consolidation

(1) Number of consolidated subsidiaries: 66

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

Changes for the current fiscal year are as follows.

Curio Bioscience, Inc. (U.S.) is included within the scope of consolidation since Takara Bio USA Holdings Inc., a consolidated subsidiary of the Company, acquired shares of the said company.

(2) Names, etc. of unconsolidated subsidiaries

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

In the current fiscal year, ViSpot, Inc. was dissolved through an absorption-type merger, in which Takara Bio Inc., a consolidated subsidiary of the Company, was the surviving company, on May 1, 2025.

(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) Unconsolidated subsidiaries not accounted for using the equity method (Yutaka Foods Ltd. and J&W Hardie Ltd.) and investment in one associate are excluded from the scope of using the equity method, because these unconsolidated subsidiaries are dormant companies and immaterial, and as for this investment in the associate, such exclusion has only an immaterial effect on the consolidated financial statements in terms of the associate'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 and some domestic 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. Disclosure of 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 straight-line method is applied.

Major useful lives are as follows.

Buildings and structures	8-50 years
Machinery, equipment and vehicles	4-10 years

(ii) 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).

(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, the estimated amount of bonuses to be paid is recorded as an expense for the current fiscal year.

(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)
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.

(Notes - Significant accounting estimates)

1. Goodwill

(1) Amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2026

(Millions of Yen)

	Previous fiscal year	Current fiscal year
Goodwill	25,283	30,457

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

(i) Takara Shuzo International Group

Takara Shuzo International Group recorded goodwill of 18,025 million yen. This represents the acquisition of equity interests and shares in companies engaged in the Japanese Food Wholesale Business in Overseas Markets, mainly in Europe and the United States, such as Kagerer & Co. GmbH. As stated in the "Notes, (Consolidated statement of income), Impairment losses," impairment losses of 131 million yen was recognized for the current fiscal year.

In determining the necessity of impairment of goodwill, grouping is performed mainly by operating company. When there are indications of impairment in each asset group, including goodwill, recognition and measurement are conducted based on the estimated future cash flows derived from the business plan of the respective asset group. The estimated future cash flows include assumptions, such as expected future net sales, profit margin and discount rate.

(ii) Takara Bio Group

Takara Bio Group recorded goodwill of 12,432 million yen. This goodwill, amounting to 12,299 million yen, was principally recorded at Takara Bio USA, Inc. and was recognized under U.S. GAAP when acquiring shares of companies such as Curio Bioscience, Inc.

Takara Bio USA, Inc. recognizes impairment losses when the carrying amount of the reporting unit including goodwill exceeds the fair value. Fair value is mainly calculated by discounted present value of estimated future cash flow based on the business plans, and the estimated future cash flows include assumptions, such as expected future net sales, profit margin and discount rate.

In the current fiscal year, impairment losses are not recognized as the fair value of the reporting unit exceeds the carrying value.

These assumptions involve estimation uncertainty, and if there is a discrepancy between the estimated and actual future cash flows, it may affect profit and loss in subsequent fiscal years due to the recognition of impairment losses.

2. Impairment of non-current assets

(1) Amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2026

(Millions of Yen)

	Previous fiscal year	Current fiscal year
Property, plant and equipment	123,610	133,068
Intangible assets (excluding goodwill)	16,378	29,911

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

Takara Bio Inc., a consolidated subsidiary, recorded property, plant and equipment of 46,422 million yen and intangible assets of 283 million yen (excluding goodwill of 133 million yen) and, as stated in the "Notes, (Consolidated statement of income), Impairment losses," recognized impairment losses of 3,870 million yen for the current fiscal year.

In the identification of an indication of impairment of non-current assets, assets, excluding significant idle assets, etc., are grouped mainly by operating company. For asset groups where indications of impairment exist, necessary impairment losses are recognized based on the results of impairment recognition determination.

For asset groups with indications of impairment, recognition is determined based on the estimated future cash flows derived from the business plan. The estimated future cash flows include assumptions, such as expected future net sales, cost ratio and expenses incurred.

At Takara Bio Inc., during the current fiscal year, indications of impairment were recognized due to a decline in profitability caused by rapid changes in the market and competitive environment. However, after determining the recognition of impairment, it was concluded that impairment recognition is not necessary, except for idle assets in the notes to the Consolidated Statement of Income.

These assumptions involve estimation uncertainty, and if there is a discrepancy between the estimated and actual future cash flows, it may affect profit and loss in subsequent fiscal years due to the recognition of impairment losses.

3. Refund liabilities

(1) Amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2026

(Millions of Yen)

	Previous fiscal year	Current fiscal year
Refund liabilities	5,023	5,203

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 5,177 million yen, which includes 3,808 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 and beyond. 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.

4. Fair value assessment of contingent consideration related to the acquisition of shares in Curio Bioscience, Inc.

(1) Amount recorded on the consolidated financial statements for the fiscal year ended March 31, 2026

In the current fiscal year, Takara Bio USA Holdings Inc., a consolidated subsidiary of the Company, acquired all shares of Curio Bioscience, Inc. This share acquisition transaction is accounted for as a business combination under U.S. GAAP.

(Millions of Yen)

	Previous fiscal year	Current fiscal year
Accounts payable - other	–	1,488
Long-term accounts payable - other	–	7,880

On the consolidated financial statements, accounts payable - other are presented in “Other” under Current liabilities, and long-term accounts payable - other are presented in “Other” under Non-current liabilities.

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

This share acquisition transaction involves additional payments based on the achievement of future business milestones as stipulated in the contract. In estimating the fair value of the acquisition cost of shares, including contingent consideration, external experts are utilized, and the valuation is conducted using discounted present value. As stated in the “Notes, (Business combinations),” the fair value of the acquisition cost of shares, including contingent consideration, is estimated to be 107.4 million USD.

The fair value of the contingent consideration portion of the acquisition cost of shares is determined using assumed future payment amounts. For development milestones, the assumption primarily considers the likelihood of milestone achievement, while for sales milestones, it is based mainly on performance forecasts and other factors, utilizing Monte Carlo simulations to estimate future payment amounts.

These assumptions involve estimation uncertainty, and since the subsequent changes in the fair value of contingent consideration are recognized in profit and loss based on fair value assessment under U.S. GAAP, it may affect profit and loss in subsequent fiscal years onward.

(Notes - New accounting standards not yet applied)

The Company and its domestic consolidated subsidiaries

- "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024, ASBJ)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024, ASBJ), Etc.

(1) Overview

As part of its efforts for ensuring that Japanese GAAP is consistent with international accounting standards, the ASBJ conducted a review, taking into consideration international accounting standards, toward the development of the Accounting Standard for Leases for recognizing assets and liabilities for all leases held by a lessee. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc., which were developed under a basic policy with the aim of being simple and highly convenient by incorporating only the key provisions of IFRS 16 instead of all the provisions, despite being based on the single accounting model of IFRS 16, while also making revisions basically unnecessary even when the provisions of IFRS 16 are applied for non-consolidated financial statements.

Regarding the method for allocating the lessee's lease expenses in the lessee's accounting treatment, a single accounting model is applied for recording the amortization related to right-of-use assets and the amount equivalent to the interest on lease liabilities for all leases regardless of whether a lease is a finance lease or an operating lease. This is the same as under IFRS 16.

(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, 2028.

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

The impact from the application of the "Accounting Standard for Leases," etc. on the consolidated financial statements is currently under evaluation.

- "Accounting Standard for Subsequent Events" (ASBJ Statement No. 41, January 9, 2026, ASBJ)
- "Implementation Guidance on Accounting Standard for Subsequent Events" (ASBJ Guidance No. 35, January 9, 2026, ASBJ)

(1) Overview

The Accounting Standard for Subsequent Events and its relevant guidance reflect a priority initiative to establish a comprehensive accounting standard addressing the definition, accounting treatment, and disclosure of subsequent events. Based on a fundamental policy of, in principle, carrying forward the accounting-related content set out in the Japanese Institute of Certified Public Accountants, Auditing and Assurance Standards Committee, Auditing Standards Statement No. 560, Practical Guideline No. 1: "Treatment of Auditing Relating to Subsequent Events," and transferring it to the ASBJ, the standard revises the wording, organizes the evaluation period for subsequent events, and newly requires disclosure notes regarding the approval of the issuance of financial statements, thereby prescribing the accounting treatment and disclosure of subsequent events.

(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, 2028.

(Notes - Changes in presentation)

(Consolidated statement of income)

"Litigation expenses" under "Non-operating expenses," which was presented separately in the previous fiscal year, is included in "Other" from the current fiscal year, since it became 10% or less of the total amount of non-operating expenses. 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, 190 million yen of "Litigation expenses" and 503 million yen of "Other" which were presented under "Non-operating expenses" have been reclassified as 694 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" from 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, 825 million yen of "Gain on sale of non-current assets" and 212 million yen of "Other" which were presented under "Extraordinary income" have been reclassified as 1,038 million yen of "Other."

(Consolidated balance sheet)

*1 Investment securities in unconsolidated subsidiaries and associates were as follows:

(Millions of Yen)

	Fiscal year ended March 31, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
Investment securities	2,414	1,938

*2 Pledged assets and secured liabilities

Assets pledged as collateral are as follows:

(Millions of Yen)

	Fiscal year ended March 31, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
Notes and accounts receivable - trade	492	549
Merchandise and finished goods	941	1,283
Buildings and structures	514	–
Total	1,948	1,832

Secured liabilities are as follows:

(Millions of Yen)

	Fiscal year ended March 31, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
Current portion of long-term borrowings	310	9
Long-term borrowings	22	–
Total	333	9

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, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
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, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
Buildings and structures	1,337	1,337
Machinery, equipment and vehicles	3,365	3,365
Property, plant and equipment, others	524	524
Intangible assets, others	1	1
Total	5,229	5,228

*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, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
Notes receivable - trade	412	26
Accounts receivable - trade	65,276	66,594
Electronically recorded monetary claims - operating	7,629	10,949

(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, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Freight costs	12,171	14,282
Advertising expenses	3,934	3,802
Promotion expenses	4,212	4,323
Employees’ salaries and bonuses	29,402	33,203
Provision for bonuses	2,200	2,188
Retirement benefit expenses	1,382	1,221
Depreciation and amortization	4,314	5,297
Research and development expenses	7,309	7,247

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

(Millions of Yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Total research and development expenses	7,309	7,247

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

(Millions of Yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Loss on sale of non-current assets		
Buildings and structures	0	–
Machinery, equipment and vehicles	10	3
Other	3	16
Loss on retirement of non-current assets		
Buildings and structures	37	57
Machinery, equipment and vehicles	247	465
Leased assets	0	–
Construction in progress	–	3
Other	28	64
Demolition and retirement expenses	211	204
Total	538	815

*5 Impairment losses

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

In determining whether there are indications of impairment, the Group generally groups assets by operating company as a single asset group, excluding significant idle assets, etc., and has recognized impairment losses for the following asset groups.

(Millions of Yen)

Location	Use	Category and impairment losses				
		Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Property, plant and equipment, others	Total
(Takara Bio Inc. LIC Annex of CGCP) Kawasaki, Kanagawa	Idle assets	71	16	20	–	108
(Takara Bio Europe S.A.S. Sweden Branch) Gothenburg, Sweden	Business assets	–	3	27	238	269
Total		71	19	48	238	377

(1) Background to the recognition of impairment loss

Takara Bio Inc. recognized impairment losses as extraordinary losses by writing down the carrying amount to the recoverable value, due to the anticipated loss associated with the closure of the Life Innovation Center (LIC) Annex, and, with respect to Takara Bio Europe S.A.S. Sweden Branch, due to the inability to recover the investment amount on the originally expected schedule.

(2) Calculation method for the recoverable value

The recoverable value is calculated based on net sale value or value in use. The net sale value was assessed as zero due to the absence of expected sale prospects, and the value in use was assessed as zero

due to the absence of expected future cash flows; accordingly, the recoverable value for each was evaluated at zero.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

In determining whether there are indications of impairment, the Group generally groups assets by operating company as a single asset group, excluding significant idle assets, etc., and has recognized impairment losses for the following asset groups.

(Millions of Yen)

Location	Use	Category and impairment losses			
		Tools, furniture and fixtures	Construction in progress	Goodwill	Total
(Takara Bio Inc. Head Office) Kusatsu-city, Shiga	Idle assets	3	3,867	–	3,870
(Ontario Spring Water Sake Company) Toronto, Ontario, Canada	–	–	–	131	131
(Takara Bio Europe S.A.S. Sweden Branch) Gothenburg, Sweden	Business assets	5	–	–	5
Total		9	3,867	131	4,008

(1) Background to the recognition of impairment loss

Takara Bio Inc. has expanded its facilities for contract manufacturing related to cell processing and viral vectors, anticipating increased demand due to the rise in the number of contracts from pharmaceutical companies and advancements in NY-ESO-1 siTCR® gene therapy (TBI-1301). However, considering the termination of the joint development and exclusive sales agreement with Otsuka Pharmaceutical Co., Ltd. regarding NY-ESO-1 siTCR® gene therapy, changes in client development policies, and environmental changes in research and development in the fields of regenerative and cellular medicine and gene therapy, a careful examination of future recoverability was conducted. As a result, some of the expanded facilities were written down to their recoverable value, and the decrease in value was recognized as impairment losses and recorded as extraordinary losses.

With respect to Ontario Spring Water Sake Company and Takara Bio Europe S.A.S. Sweden Branch, Takara Bio Inc. has recognized impairment losses as extraordinary losses by writing down the carrying amount to the recoverable value, due to the inability to recover the investment amount on the originally expected schedule.

(2) Calculation method for the recoverable value

The recoverable value is calculated based on net sale value or value in use. The net sale value was assessed as zero due to the absence of expected sale prospects, and the value in use was assessed as zero due to the absence of expected future cash flows; accordingly, the recoverable value for each was evaluated at zero.

(Consolidated statement of comprehensive income)

* Reclassification adjustments, income taxes and tax effects relating to other comprehensive income

(Millions of Yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Valuation difference on available-for-sale securities:		
Amount arising	(4,996)	13,610
Reclassification adjustments	(3,688)	(6,544)
Before income taxes and tax effect adjustment	(8,684)	7,066
Amount of income taxes and tax effect adjustment	2,687	(2,206)
Valuation difference on available-for-sale securities	(5,997)	4,859
Deferred gains or losses on hedges:		
Amount arising	(10)	2
Reclassification adjustments	–	–
Before income taxes and tax effect adjustment	(10)	2
Amount of income taxes and tax effect adjustment	3	(0)
Deferred gains or losses on hedges	(7)	1
Foreign currency translation adjustment:		
Amount arising	14,447	6,624
Reclassification adjustments	–	–
Foreign currency translation adjustment	14,447	6,624
Remeasurements of retirement benefit plans:		
Amount arising	58	111
Reclassification adjustments	240	48
Before income taxes and tax effect adjustment	298	159
Amount of income taxes and tax effect adjustment	(87)	(148)
Remeasurements of retirement benefit plans	210	11
Total other comprehensive income	8,653	11,498

(Consolidated statement of changes in equity)

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

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, 2025 (Thousands of shares)	Number of shares increased during the fiscal year ended March 31, 2025 (Thousands of shares)	Number of shares decreased during the fiscal year ended March 31, 2025 (Thousands of shares)	Number of shares at end of the fiscal year ended March 31, 2025 (Thousands of shares)
Issued shares				
Common shares (Note)	197,252	–	–	197,252
Total	197,252	–	–	197,252
Treasury shares				
Common shares (Note)	1,995	0	–	1,996
Total	1,995	0	–	1,996

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

2. Dividends

(1) Dividends paid

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

(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, 2025 Annual General Shareholders' Meeting	Common shares	6,052	Retained earnings	31.0	March 31, 2025	June 30, 2025

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

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, 2026 (Thousands of shares)	Number of shares increased during the fiscal year ended March 31, 2026 (Thousands of shares)	Number of shares decreased during the fiscal year ended March 31, 2026 (Thousands of shares)	Number of shares at end of the fiscal year ended March 31, 2026 (Thousands of shares)
Issued shares				
Common shares	197,252	–	–	197,252
Total	197,252	–	–	197,252
Treasury shares				
Common shares (Notes 1, 2)	1,996	2,382	0	4,378
Total	1,996	2,382	0	4,378

(Notes) 1. 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 (2,382 thousand shares), and the increase due to the buyback of shares less than one unit (0 thousand shares).

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 dividend (Millions of Yen)	Dividends per share (Yen)	Record date	Effective date
June 27, 2025 Annual General Shareholders' Meeting	Common shares	6,052	31.00	March 31, 2025	June 30, 2025

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

The following dividend of surplus is a matter to be resolved at the Annual General Shareholders' Meeting that will be held on June 26, 2026.

(Resolution)	Class of shares	Total amount of dividend (Millions of Yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
June 26, 2026 Annual General Shareholders' Meeting	Common shares	5,979	Retained earnings	31.00	March 31, 2026	June 29, 2026

(Note) The dividends per share include a 100th anniversary commemorative dividend of ¥2.

(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, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Cash and deposits	83,302	73,191
Time deposits with maturity exceeding three months	(8,022)	(4,066)
Short-term investments with an original maturity of three months or less (securities)	0	0
Cash and cash equivalents	75,280	69,125

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

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

Breakdown of assets and liabilities at the start of consolidation following the new consolidation of Kagerer & Co. GmbH, etc. due to the acquisition of membership interest, and relationship between the acquisition amount for the membership interest of the said company and (net) disbursements due to the acquisition of the said company

	(Millions of Yen)
Current assets	6,747
Non-current assets	11,840
Goodwill	13,370
Current liabilities	(3,708)
Non-current liabilities	(3,422)
Non-controlling interests	(959)
Foreign currency translation adjustment	323
Acquisition cost of shares	24,191
Cash and cash equivalents	(891)
Subtract: disbursements for the acquisition	23,299

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

Breakdown of assets and liabilities at the start of consolidation following the new consolidation of Curio Bioscience, Inc. 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	278
Non-current assets	11,864
Goodwill	6,928
Current liabilities	(1,474)
Non-current liabilities	(11,138)
Acquisition cost of shares	6,457
Cash and cash equivalents	(41)
Subtract: disbursements for the acquisition	6,416

(Notes - Leases)

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 - Significant accounting policies for preparation of consolidated financial statements, 4. Disclosure of accounting policies (2) Depreciation or amortization method for important depreciable or amortizable assets."

(2) Non-ownership-transferred finance lease transaction

(i) Leased assets

A. Property, plant and equipment

Property, plant and equipment are mainly servers and other information equipment (tools, furniture and fixtures).

B. Intangible assets

Intangible assets are software.

(ii) Depreciation or amortization method for leased assets

Written in "Notes - Significant accounting policies for preparation of consolidated financial statements, 4. Disclosure of accounting policies (2) Depreciation or amortization method for important depreciable or amortizable 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, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
Due within one year	431	427
Due after one year	733	430
Total	1,164	857

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

(1) Right-of-use assets

Primarily warehouses for the Japanese Food Wholesale Business in Overseas Markets

(2) 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.

Although investment securities are mainly 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 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 capital expenditures. The longest maturity for borrowings is eight years from the fiscal year-end date, and the longest maturity for bonds is five years from the fiscal year-end date. In addition, the longest maturity for lease liabilities is 28 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 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 accounting policies for preparation of consolidated financial statements, 4. Disclosure of accounting policies, (7) Significant hedge accounting methods" 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 “Notes - Derivatives” 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, 2025 (March 31, 2025)

(Millions of Yen)

	Carrying amount on consolidated balance sheet	Fair value	Difference
(1) Investment securities (*2)	30,034	30,034	–
Total assets	30,034	30,034	–
(1) Bonds payable	15,000	14,495	(504)
(2) Long-term borrowings (including current portion)	36,276	35,661	(615)
(3) Lease liabilities (Non-current liabilities)	7,596	7,523	(72)
Total liabilities	58,873	57,681	(1,192)
Derivative transactions (*3)	33	33	–

Fiscal year ended March 31, 2026 (March 31, 2026)

(Millions of Yen)

	Carrying amount on consolidated balance sheet	Fair value	Difference
(1) Investment securities (*2)	35,677	35,677	–
Total assets	35,677	35,677	–
(1) Bonds payable (including current portion)	15,000	14,426	(573)
(2) Long-term borrowings (including current portion)	40,716	38,797	(1,919)
(3) Lease liabilities (Non-current liabilities)	9,296	9,228	(67)
Total liabilities	65,013	62,451	(2,561)
Derivative transactions (*3)	[14]	[14]	–

(*1) Notes on cash are omitted. Notes on deposits, notes and accounts receivable - trade, electronically recorded monetary claims - operating, notes and accounts payable - trade, short-term borrowings, 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, 2025	Fiscal year ended March 31, 2026
Unlisted shares (*a)	4,432	3,450
Contributions to investment limited partnerships (*b)	–	462

(*a) In the current fiscal year, impairment losses of 506 million yen were recognized for unlisted shares.

(*b) Contributions to investment limited partnerships are not subject to fair value disclosure in accordance with Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021).

(*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 square brackets.

(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, 2025 (March 31, 2025)

(Millions of Yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	After 10 years
Cash and deposits	83,302	–	–	–
Notes and accounts receivable - trade	65,689	–	–	–
Electronically recorded monetary claims - operating	7,629	–	–	–
Total	156,621	–	–	–

Fiscal year ended March 31, 2026 (March 31, 2026)

(Millions of Yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	After 10 years
Cash and deposits	73,191	–	–	–
Notes and accounts receivable - trade	66,621	–	–	–
Electronically recorded monetary claims - operating	10,949	–	–	–
Total	150,762	–	–	–

(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, 2025 (March 31, 2025)

(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	6,728	–	–	–	–	–
Bonds payable	–	5,000	5,000	–	–	5,000
Long-term borrowings	5,586	274	86	5,086	5,186	20,056
Lease liabilities (Non-current liabilities)	–	1,123	976	844	670	3,982
Total	12,315	6,397	6,062	5,930	5,856	29,038

Fiscal year ended March 31, 2026 (March 31, 2026)

(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	6,128	–	–	–	–	–
Bonds payable	5,000	5,000	–	–	–	5,000
Long-term borrowings	285	90	15,090	5,190	5,047	15,011
Lease liabilities (Non-current liabilities)	–	1,296	1,154	947	860	5,038
Total	11,414	6,387	16,245	6,138	5,907	25,049

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, 2025 (March 31, 2025)

Category	Fair value (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	30,034	–	–	30,034
Derivative transactions				
Currency-related	–	39	–	39
Total assets	30,034	39	–	30,074
Derivative transactions				
Currency-related	–	5	–	5
Total liabilities	–	5	–	5

Fiscal year ended March 31, 2026 (March 31, 2026)

Category	Fair value (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	35,677	–	–	35,677
Derivative transactions				
Currency-related	–	16	–	16
Total assets	35,677	16	–	35,694
Derivative transactions				
Currency-related	–	31	–	31
Total liabilities	–	31	–	31

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

Fiscal year ended March 31, 2025 (March 31, 2025)

Category	Fair value (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable	–	14,495	–	14,495
Long-term borrowings (including current portion)	–	35,661	–	35,661
Lease liabilities	–	7,523	–	7,523
Total liabilities	–	57,681	–	57,681

Fiscal year ended March 31, 2026 (March 31, 2026)

Category	Fair value (Millions of Yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable (including current portion)	–	14,426	–	14,426
Long-term borrowings (including current portion)	–	38,797	–	38,797
Lease liabilities	–	9,228	–	9,228
Total liabilities	–	62,451	–	62,451

(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, 2025 (March 31, 2025)

Not applicable.

Fiscal year ended March 31, 2026 (March 31, 2026)

Not applicable.

2. Available-for-sale securities

Fiscal year ended March 31, 2025 (March 31, 2025)

	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	29,628	5,854	23,773
	(2) Bonds	–	–	–
	(3) Others	–	–	–
	Subtotal	29,628	5,854	23,773
Securities whose amount recorded on the consolidated balance sheet does not exceed acquisition cost	(1) Shares	406	471	(65)
	(2) Bonds	–	–	–
	(3) Others	0	0	–
	Subtotal	407	472	(65)
Total		30,035	6,327	23,708

(Note) Shares and other securities without market price (2,017 million yen on the consolidated balance sheet) are not included in the above table.

Fiscal year ended March 31, 2026 (March 31, 2026)

	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	35,524	4,721	30,802
	(2) Bonds	–	–	–
	(3) Others	–	–	–
	Subtotal	35,524	4,721	30,802
Securities whose amount recorded on the consolidated balance sheet does not exceed acquisition cost	(1) Shares	153	181	(28)
	(2) Bonds	0	0	–
	(3) Others	0	0	–
	Subtotal	154	182	(28)
Total		35,678	4,903	30,774

(Note) Shares and other securities without market price (1,975 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, 2025 (April 1, 2024 to March 31, 2025)

Category	Amount of sale (Millions of Yen)	Total gain on sale (Millions of Yen)	Total loss on sale (Millions of Yen)
(1) Shares	4,761	3,696	0
(2) Bonds (Government bonds, local government bonds, etc.)	–	–	–
Total	4,761	3,696	0

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

Category	Amount of sale (Millions of Yen)	Total gain on sale (Millions of Yen)	Total loss on sale (Millions of Yen)
(1) Shares	7,980	6,594	55
(2) Bonds (Government bonds, local government bonds, etc.)	–	–	–
Total	7,980	6,594	55

4. Securities for which impairment losses were recognized

(Millions of Yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Available-for-sale securities		
Securities other than shares, etc. without market value	13	64
Shares, etc. without market value	–	506
Total	13	571

(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.

(Notes - Derivatives)

1. Derivative transactions to which hedge accounting is not applied

Currency-related

Fiscal year ended March 31, 2025 (March 31, 2025)

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	Exchange contract transactions				
	Purchased				
	USD	714	–	14	14
	JPY	962	–	25	25
	EUR	56	–	(0)	(0)
Total		1,734	–	39	39

Fiscal year ended March 31, 2026 (March 31, 2026)

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	Exchange contract transactions				
	Purchased				
	USD	517	–	(6)	(6)
	JPY	1,009	–	7	7
	EUR	121	–	(0)	(0)
Total		1,647	–	0	0

2. Derivative transactions to which hedge accounting is applied

Currency-related

Fiscal year ended March 31, 2025 (March 31, 2025)

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	1,222	–	24
	JPY	Accounts payable - trade	154	–	(1)
	EUR	Advance payments to suppliers	558	–	(3)
Total			1,936	–	20

Fiscal year ended March 31, 2026 (March 31, 2026)

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	2,109	–	(13)
	GBP	Accounts payable - trade	28	–	(0)
	JPY	Accounts payable - trade	137	–	1
	EUR	Advance payments to suppliers	739	–	(1)
Total			3,014	–	(13)

(Notes - Retirement benefits)

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, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Balance of retirement benefit obligations at beginning of period	14,742	14,069
Service cost	874	810
Interest cost	131	155
Actuarial gains and losses accrued	(381)	(37)
Retirement benefits paid	(1,399)	(1,545)
Other	102	106
Balance of retirement benefit obligations at end of period	14,069	13,559

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

(Millions of Yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Balance of plan assets at beginning of period	7,517	7,281
Expected return on plan assets	116	105
Actuarial gains and losses accrued	(331)	83
Contribution from employer	406	394
Retirement benefits paid	(546)	(598)
Other	118	62
Balance of plan assets at end of period	7,281	7,328

(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, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
Retirement benefit obligations of funded plans	5,769	5,555
Plan assets	(7,281)	(7,328)
	(1,512)	(1,772)
Retirement benefit obligations of unfunded plans	8,299	8,003
Net amount of liabilities and assets recorded in the consolidated balance sheet	6,787	6,231
Retirement benefit liability	8,345	8,020
Retirement benefit asset	(1,558)	(1,789)
Net amount of liabilities and assets recorded in the consolidated balance sheet	6,787	6,231

(4) Amounts of retirement benefit expenses and their components

(Millions of Yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Service cost	874	810
Interest cost	131	155
Expected return on plan assets	(116)	(105)
Amortization of actuarial gains and losses	237	44
Amortization of past service cost	3	3
Retirement benefit expenses	1,129	909

(5) Remeasurements of retirement benefit plans

A breakdown of items recorded as remeasurements of retirement benefit plans, (before income taxes and deduction of tax effects) is as follows.

(Millions of Yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Past service cost	2	3
Actuarial gains and losses	296	156
Total	298	159

(6) Accumulated remeasurements of retirement benefit plans

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

(Millions of Yen)

	Fiscal year ended March 31, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
Unrecognized past service cost	(10)	(7)
Unrecognized actuarial gains and losses	79	235
Total	68	228

(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, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
Bonds	53%	36%
Life insurance general account	24	23
Shares	16	22
Cash and deposits	3	2
Other	4	17
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, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
Discount rate	Mainly 0.7%	Mainly 0.7%
Long-term expected return rate	Mainly 1.5%	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 757 million yen as of the end of the previous fiscal year and 768 million yen as of the end of the current fiscal year.

(Tax effect accounting)

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

(Millions of Yen)

	Fiscal year ended March 31, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
Deferred tax assets		
Denial of loss on valuation of inventory	744	993
Denial of provision for bonuses	959	908
Denial of recorded amount of estimated refund liabilities	1,152	1,180
Denial of accrued enterprise tax	185	280
Tax losses carried forward (Note 2)	1,617	4,315
Elimination of internal profit between consolidated companies	554	507
Denial of retirement benefit liability	2,284	2,173
Denial of loss on valuation of shares	373	514
Excess of depreciation over deductible limit	426	430
Denial of impairment losses	213	1,374
Experimentation and research expenses	1,563	1,375
Other	2,340	2,809
Subtotal of deferred tax assets	12,416	16,864
Valuation allowances for tax losses carried forward (Note 2)	(1,326)	(2,586)
Valuation allowances for total deductible temporary difference	(1,093)	(3,290)
Subtotal of valuation allowances (Note 1)	(2,420)	(5,876)
Total of deferred tax assets	9,996	10,987
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(7,195)	(9,402)
Reserve for tax purpose reduction entry of non-current assets	(637)	(628)
Tax purpose reduction entry of non-current assets taken over through corporate division	(154)	(148)
Difference in market valuation of intangible assets	(3,323)	(6,172)
Difference in market valuation of land and buildings	(361)	(348)
Retained surplus of consolidated subsidiaries	(1,492)	(1,507)
Underdepreciation at foreign subsidiaries	(3,419)	(3,550)
Other	(555)	(610)
Total of deferred tax liabilities	(17,140)	(22,367)
Net deferred tax assets (liabilities)	(7,144)	(11,379)

(Notes) 1. The main reason for the significant change in valuation allowances is due to the change in company classification when assessing the recoverability of deferred tax assets at the consolidated subsidiary Takara Bio Inc.

2. Amount of tax losses carried forward and deferred tax assets by carry forward period

Fiscal year ended March 31, 2025
(March 31, 2025)

(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	9	67	75	1,237	1,617
Valuation allowances	–	(227)	(9)	(67)	(75)	(947)	(1,326)
Deferred tax assets	–	–	–	–	–	290	(*2) 290

(*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, 2026
(March 31, 2026)

(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	9	67	75	126	3,809	4,315
Valuation allowances	(227)	(9)	(67)	(75)	(83)	(2,122)	(2,586)
Deferred tax assets	–	–	–	–	42	1,686	(*2) 1,729

(*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, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
Effective statutory tax rate	31.0%	31.0%
(Adjustments)		
Entertainment and other expenses that are never tax deductible	0.9	1.6
Changes in valuation allowances	1.1	17.8
Withholding taxes in foreign countries	0.2	0.7
Amortization of goodwill	1.8	4.9
Retained surplus of consolidated subsidiaries	0.6	0.1
Differences in tax rates of consolidated subsidiaries	(2.9)	(2.6)
Tax credits on experimentation and research expenses	(1.2)	(1.5)
Other	1.4	1.6
Income tax rate after applying tax effect accounting	32.9	53.6

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).

(Business combinations)

Business combination by acquisition

Takara Bio USA Holdings Inc. (“TBUSH”), a wholly owned subsidiary of Takara Bio Inc., one of the Company's consolidated subsidiaries, has entered into a definitive agreement on the acquisition of the shares of Curio Bioscience, Inc. (“Curio”), a company based in the U.S. on January 15, 2025 (U.S. local time) with the representative shareholders, acquiring its shares and making it a subsidiary.

1. Outline of business combination

(1) Name of acquired company and its business content

Name of acquired company:	Curio Bioscience, Inc.
Description of business:	Development, manufacture, and sale of reagents for spatial transcriptome analysis

(2) Main reason for business combination

Takara Bio Group provides research reagents, scientific instruments and CDMO services to biotechnology researchers in academia and industry. In particular, the scale of sales in the US has expanded in recent years by focusing on product development and sales activities for next-generation sequencing (“NGS”) reagents. Technology in the NGS field is advancing rapidly, and the growth of the NGS market is expected to shift from simple NGS analysis to single cell analysis and even spatial transcriptome analysis (“spatial analysis”). Takara Bio Group is also developing its business in line with trends in the NGS market, with the launch of a single cell analysis system in 2017 and the start of contract analysis services for spatial analysis in 2023.

Curio is a pioneering company that develops advanced spatial analysis reagents and provides reagents for high-density, high-resolution spatial analysis using its innovative DNA-barcoded beads technology. Takara Bio Group will create a high level of synergy by combining Curio’s advanced technology for spatial analysis with Takara Bio’s genetic engineering and genetic analysis technologies. Specifically, general reagents that are compatible with various single cell analysis methods will be developed as well as high-quality products by combining Curio’s products with Takara Bio Group’s products, and the contract services of spatial analysis using them will be expanded with differentiating from competing products and services.

(3) Date of business combination

January 15, 2025 (U.S. local time)

(4) Legal form of business combination

Share acquisition in consideration for cash

(5) Name of company after business combination

There is no change in the name of company after combination.

(6) Ratio of voting rights acquired

100%

(7) Main reason for deciding the acquiring company

TBUSH acquired shares in consideration for cash.

2. Operation period of the acquired company included in the consolidated financial statements

January 15, 2025 to December 31, 2025

3. Acquisition cost of acquired company and breakdown by type of consideration

		(Millions of USD)
Consideration for acquisition	Cash	40.9
	Contingent consideration (unpaid portion)	66.4
Acquisition cost		107.4

(Note) The Company has entered into a contingent consideration arrangement under which it will pay additional consideration upon the achievement of multiple development milestones and sales milestones, up to a maximum total of 150 million USD. The Group estimated the probability of attainment of the milestones and calculated considerations in terms of present value, and consequently has recognized 66.4 million USD as a deferred consideration for acquisition.

Of the amount of change in fair value related to contingent consideration, the amount due to the fluctuation of time value is recorded under "interest expenses," and the amount due to the fluctuation of factors other than time value is recorded under "selling, general and administrative expenses."

4. Details and amounts of major acquisition-related expenses

Advisory fees and commissions: 4.3 million USD

5. Amount of goodwill recognized, the reason for recognition, and the method and period of amortization

(1) Amount of goodwill recognized

6,928 million yen (43.9 million USD)

(2) Reason for recognition

It mainly arose from the future excess earning power expected from the business development in the future.

(3) Method and period of amortization

Straight-line method over 18 years

6. Amounts of assets received and liabilities assumed on the date of the business combination and the major components thereof

		(Millions of Yen)	(Millions of USD)
Current assets		278	(1.7)
Non-current assets	(Note)	18,792	(119.2)
Total assets		19,070	(121.0)
Current liabilities		1,474	(9.3)
Non-current liabilities		11,138	(70.6)
Total liabilities		12,613	(80.0)

(Note) The amount includes goodwill.

7. Amount of acquisition cost allocated to intangible assets other than goodwill and period of amortization

Category	Amount	Period of amortization
Technical assets	11,755 million yen (74.6 million USD)	18 years

8. Approximate amounts of impact of the business combination on the consolidated statement of income for the current fiscal year, assuming that the business combination was completed at the beginning of the fiscal year, and the calculation method thereof

Description is omitted as quantitatively immaterial.

(Revenue recognition)

1. Information on breakdown of revenue from contracts with customers

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of Yen)

	Reportable segment				Other (Note)	Total
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Total		
Alcoholic Beverages Business	118,774	20,671	–	139,445	6,510	145,955
Japanese Food Wholesale Business in Overseas Markets	–	164,763	–	164,763	–	164,763
Bio	–	–	45,038	45,038	–	45,038
Other	–	–	–	–	6,304	6,304
Revenue from contracts with customers	118,774	185,434	45,038	349,247	12,814	362,062
Other revenue	–	–	–	–	631	631
Revenues from external customers	118,774	185,434	45,038	349,247	13,446	362,693

(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 leasing is included in “Other revenue” based on ASBJ No. 13 “Accounting Standard for Lease Transactions.”

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of Yen)

	Reportable segment				Other (Note)	Total
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Total		
Alcoholic Beverages Business	118,032	25,611	–	143,643	7,400	151,044
Japanese Food Wholesale Business in Overseas Markets	–	195,937	–	195,937	–	195,937
Bio	–	–	40,317	40,317	–	40,317
Other	–	–	–	–	6,357	6,357
Revenue from contracts with customers	118,032	221,549	40,317	379,899	13,758	393,657
Other revenue	–	–	–	–	658	658
Revenues from external customers	118,032	221,549	40,317	379,899	14,416	394,316

(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 leasing 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 “Notes - Significant accounting policies for preparation of consolidated financial statements, 4. Disclosure of 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 588 million yen at the end of the previous fiscal year. Such performance obligations result from CDMO services, and the Company expects approximately 40% to be recognized as revenue within one year after the closing date and approximately the remaining 60% to be recognized as revenue subsequently thereafter.

Unsatisfied (or partially unsatisfied) performance obligations are 412 million yen at the end of the current fiscal year. Such performance obligations result from CDMO services, and the Company expects approximately 80% to be recognized as revenue within one year after the closing date and approximately the remaining 20% to be recognized as revenue subsequently thereafter.

(Segment information, etc.)

[Segment information]

1. Description 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 "Notes - Significant accounting policies for preparation of consolidated financial statements."

The figures for the income (loss) of reportable segments are based on operating income (loss). Transactions with other segments are based on the prevailing market price.

3. Disclosure of sales, profit (loss), asset, liability, and other items for each reportable segment

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of Yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recognized in consolidated financial statements (Note 3)
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Total				
Net sales								
Revenues from external customers	118,774	185,434	45,038	349,247	13,446	362,693	–	362,693
Transactions with other segments	889	368	1	1,259	17,421	18,680	(18,680)	–
Total	119,663	185,803	45,039	350,506	30,867	381,374	(18,680)	362,693
Segment income	5,037	11,655	2,263	18,956	2,708	21,664	(1,067)	20,597
Segment assets	88,037	200,324	125,334	413,696	20,674	434,371	43,215	477,587
Other items								
Depreciation and amortization	2,773	3,520	3,611	9,905	200	10,106	241	10,347
Amortization of goodwill	–	1,036	690	1,727	–	1,727	–	1,727
Investments in entities accounted for using equity method	–	–	–	–	–	–	1,842	1,842
Increase in property, plant and equipment and intangible assets	4,135	4,451	10,106	18,692	878	19,570	1,212	20,783

(Notes) 1. Other includes business segments that are not part of reportable segments, such as the transportation business, the wine import and sale business, and the real estate leasing business.

2. Details of adjustment amounts are as follows.

(1) Segment income comprises intersegment eliminations of (5) million yen and loss of the Company not allocated to business segments of (1,061) million yen.

(2) Segment assets include assets of the Company not allocated to business segments of 89,889 million yen and other adjustment (principally intersegment eliminations) of (46,673) 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) Investments in entities accounted for using equity method comprises investments in entities accounted for using equity method 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 has been adjusted to the operating income of consolidated financial statements.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of Yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recognized in consolidated financial statements (Note 3)
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Total				
Net sales								
Revenues from external customers	118,032	221,549	40,317	379,899	14,416	394,316	–	394,316
Transactions with other segments	1,090	339	1	1,431	17,783	19,214	(19,214)	–
Total	119,122	221,888	40,318	381,330	32,200	413,530	(19,214)	394,316
Segment income (loss)	5,729	14,201	(4,688)	15,243	3,358	18,601	(1,524)	17,076
Segment assets	94,044	219,327	133,658	447,030	22,871	469,902	43,898	513,801
Other items								
Depreciation and amortization	3,029	4,672	4,136	11,839	188	12,028	197	12,225
Amortization of goodwill	–	2,112	1,017	3,129	–	3,129	–	3,129
Investments in entities accounted for using equity method	–	–	–	–	–	–	1,912	1,912
Increase in property, plant and equipment and intangible assets	4,198	4,869	12,500	21,568	190	21,759	2,741	24,500

(Notes) 1. Other includes business segments that are not part of reportable segments, such as the transportation business, the wine import and sale business, and the real estate leasing business.

2. Details of adjustment amounts are as follows.

(1) Segment income (loss) comprises intersegment eliminations of (155) million yen and loss of the Company not allocated to business segments of (1,368) million yen.

(2) Segment assets include assets of the Company not allocated to business segments of 95,364 million yen and other adjustment (principally intersegment eliminations) of (51,465) 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) Investments in entities accounted for using equity method comprises investments in entities accounted for using equity method 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.

[Information associated with reportable segments]

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

1. Information for each product or service

(Millions of Yen)

	Domestic/ Overseas Alcoholic Beverages Business	Japanese Food Wholesale Business in Overseas Markets	Bio	Other	Total
Revenues from external customers	145,955	164,763	45,038	6,936	362,693

2. Information for each region

(1) Net sales

(Millions of Yen)

Japan	U.S.	Other	Total
147,771	117,171	97,750	362,693

(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
73,033	28,434	22,141	123,610

3. Information for each of main customers

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

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

1. Information for each product or service

(Millions of Yen)

	Domestic/ Overseas Alcoholic Beverages Business	Japanese Food Wholesale Business in Overseas Markets	Bio	Other	Total
Revenues from external customers	151,044	195,937	40,317	7,016	394,316

2. Information for each region

(1) Net sales

(Millions of Yen)

Japan	U.S.	Other	Total
147,002	130,452	116,860	394,316

(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
79,845	28,901	24,321	133,068

3. Information for each of main customers

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

[Disclosure of impairment losses on non-current assets for each reportable segment]

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of Yen)

	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Other	Corporate/ elimination	Total
Impairment losses	–	–	377	–	–	377

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of Yen)

	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Other	Corporate/ elimination	Total
Impairment losses	–	131	3,876	–	–	4,008

[Amortization and unamortized balance of goodwill for each reportable segment]

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of Yen)

	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Other	Corporate/ elimination	Total
Amortization during the period	–	1,036	690	–	–	1,727
Balance as of March 31, 2025	–	18,767	6,516	–	–	25,283

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of Yen)

	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Other	Corporate/ elimination	Total
Amortization during the period	–	2,112	1,017	–	–	3,129
Balance as of March 31, 2026	–	18,025	12,432	–	–	30,457

[Information about gain on bargain purchase for each reportable segment]

Not applicable.

[Related parties]

Not applicable.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Net assets per share	1,255.93	1,344.61
Basic earnings per share	82.98	60.52

(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, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
Total net assets (Millions of Yen)	300,903	310,937
Amount deducted from total net assets (Millions of Yen)	55,675	51,597
(of which non-controlling interests (Millions of Yen))	(55,675)	(51,597)
Net assets at end of period related to shares of common stock (Millions of Yen)	245,228	259,339
Shares of common stock at end of period used to calculate net assets per share (Thousands of shares)	195,255	192,873

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

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Profit attributable to owners of parent (Millions of Yen)	16,202	11,696
Amount not attributable to common shareholders (Millions of Yen)	–	–
Profit attributable to owners of parent for common shares (Millions of Yen)	16,202	11,696
Average number of common shares during the year (Thousands of shares)	195,256	193,277

(Significant events after reporting period)

(Tender offer for making Takara Bio Inc. a wholly owned subsidiary)

At a meeting of the Board of Directors held on February 13, 2026, the Company resolved to commence a tender offer for the common shares of its consolidated subsidiary, Takara Bio Inc. (the "Target Company"), pursuant to the Financial Instruments and Exchange Act (the "Tender Offer"). As a result of conducting the Tender Offer during the period from February 16, 2026 to April 6, 2026, the total number of tendered share certificates, etc. on the closing date reached or exceeded the minimum number of shares to be purchased; therefore, the Tender Offer was successfully completed.

1. Purpose of the Tender Offer

By making Takara Bio Inc. a wholly owned subsidiary and promoting closer collaboration between the two companies, we believe we can advance initiatives such as "prompt implementation of earnings structure reforms," "strengthening of new business development," "expansion of Takara Bio's business," and "reduction of listing maintenance costs," thereby creating synergistic effects.

2. Outline of the Target Company

(1)	Name	Takara Bio Inc.
(2)	Address	7-4-38 Nojihigashi, Kusatsu-city, Shiga
(3)	Title and name of representative	President & CEO Tsuyoshi Miyamura
(4)	Description of business	Manufacturing and sales of reagents and instruments; CDMO services business; and gene therapy business
(5)	Capital	¥14,965 million
(6)	Date of establishment	April 1, 2002

3. Outline of the Tender Offer

(1)	Type of share certificates, etc. subject to purchase, etc.	Common shares
(2)	Tender offer period	From February 16, 2026 to April 6, 2026
(3)	Tender offer price	¥1,150 per common share
(4)	Settlement commencement date	April 13, 2026

4. Results of the Tender Offer

The Company intends to make the Target Company a wholly owned subsidiary through this Transaction, including the Tender Offer. Therefore, no upper limit was set on the number of shares to be purchased in this Tender Offer.

The Tender Offer was subject to the condition that, if the total number of tendered share certificates, etc. is less than the minimum number of shares to be purchased (6,927,000 shares), none of the tendered share certificates, etc. will be purchased. Since the total number of tendered share certificates, etc. was equal to or more than the minimum number of shares to be purchased, the Company purchased all of the tendered share certificates, etc.

(1)	Number of purchased share certificates, etc.	31,733,101 shares
(2)	Ownership ratio of share certificates, etc. after purchase, etc.	87.27%
(3)	Total purchase price	¥36,493 million

5. Matters regarding overview of other transactions

After the Tender Offer, at a special meeting of shareholders held on May 20, 2026, the Target Company resolved to implement a reverse share split, effective June 16, 2026, as part of a series of procedures (hereinafter referred to as “Squeeze-Out Procedures”) to make the Company the sole shareholder of the Target Company, and executed it.

As a result of this reverse share split, the Target Company became a wholly-owned subsidiary of the Company, and its common shares were delisted from the Prime Market of the Tokyo Stock Exchange as of June 12, 2026.

6. Overview of accounting treatment

The Company plans to treat the merger as a transaction, etc. under common control in accordance with the Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21, January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019).

(Borrowing of funds)

At a meeting of the Board of Directors held on February 13, 2026, the Company resolved to enter into a term loan agreement with a commitment period as described below to raise the funds necessary for the Tender Offer and the Squeeze-Out Procedures, and the agreement was concluded on April 7, 2026.

(1)	Lender	Mizuho Bank, Ltd.

(2)	Loan limit	¥50,000 million
(3)	Commitment period	From April 10, 2026, until the corresponding date three months after the completion of the Squeeze-Out Procedures (up to October 13, 2026, at the latest)
(4)	Interest rate	TIBOR + spread
(5)	Due	April 10, 2027
(6)	Collateral and guarantees	None

Pursuant to this agreement, the Company took out a loan of ¥36,500 million for the Tender Offer on April 10, 2026.

(Purchase of treasury shares)

At a meeting of the Board of Directors held on May 13, 2026, the Company resolved to acquire treasury shares of the Company pursuant to the provisions of Article 156 of the Companies Act as applied by replacing phrases therein pursuant to Article 165 (3) of the same act, and completed the acquisition as of June 12, 2026 as follows:

1. Reason for purchase of treasury shares

   The Company acquired treasury stock in order to execute an agile capital policy that aligns with shareholder returns and the business environment.

2. Details of acquisition of treasury shares

(1)	Classification of shares acquired	Common shares of the Company
(2)	Number of shares acquired	1,429,400 shares
(3)	Total cost of acquisition	2,999 million yen
(4)	Period of acquisition	May 15, 2026 to June 12, 2026
(5)	Method of acquisition	Open-market purchase through the Tokyo Stock Exchange

(v) [Annexed consolidated detailed schedules]

[Annexed consolidated detailed schedule of corporate bonds]

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.	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 (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	–	–	15,000	15,000 (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	–	–	–

[Annexed consolidated detailed schedule of borrowings]

Category	Balance at beginning of period (Millions of Yen)	Balance at end of period (Millions of Yen)	Average interest rate (%)	Due
Short-term borrowings	6,728	6,128	2.727	–
Long-term borrowings due within one year	5,586	285	2.315	–
Lease liabilities due within one year	1,377	1,604	4.821	–
Long-term borrowings (excluding those due within one year)	30,689	40,431	1.035	2027-2035
Lease liabilities (excluding those due within one year)	7,596	9,296	4.913	2027-2053
Other interest-bearing liabilities				
Other (current liabilities)				
Deposits received from customers	1,432	1,432	2.150	–
Other (non-current liabilities)				
Guarantee deposits from customers	4,875	4,952	1.400	–
Total	58,287	64,131	–	–

(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	90	15,090	5,190	5,047
Lease liabilities	1,296	1,154	947	860

[Annexed consolidated detailed schedule of asset retirement obligations]

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 current fiscal year were not more than 1% of the total of liabilities and net assets at the beginning and the end of the current fiscal year, respectively.

(2) **Other information**

Information for the six months ended September 30, 2025

	Six months ended September 30, 2025	Fiscal year ended March 31, 2026
Net sales (Millions of Yen)	186,556	394,316
Income before income taxes (Millions of Yen)	8,578	18,270
Profit attributable to owners of parent (Millions of Yen)	5,695	11,696
Basic earnings per share (Yen)	29.40	60.52

2. Financial Statements, etc.

(2) Financial Statements

(i) Balance Sheet

(Millions of Yen)

		As of Mar. 31, 2025		As of Mar. 31, 2026
Assets				
Current assets				
Cash and deposits		21,086		15,891
Accounts receivable - trade	*1	367	*1	394
Prepaid expenses		409		228
Short-term loans receivable	*1	10,158	*1	13,902
Other	*1	539	*1	1,179
Total current assets		32,561		31,596
Non-current assets				
Property, plant and equipment				
Buildings		722		687
Structures		37		31
Vehicles		19		12
Tools, furniture and fixtures		242		235
Land		2,066		2,066
Leased assets		29		64
Total property, plant and equipment		3,117		3,098
Intangible assets				
Software		182		92
Software in progress		1,159		3,810
Other		8		8
Total intangible assets		1,349		3,912
Investments and other assets				
Investment securities		28,655		34,120
Shares of subsidiaries and associates		57,456		57,456
Long-term loans receivable	*1	25,550	*1	23,964
Other	*1	769	*1	787
Allowance for doubtful accounts		(36)		(36)
Total investments and other assets		112,394		116,291
Total non-current assets		116,862		123,302
Total assets		149,424		154,898

(Millions of Yen)

		As of Mar. 31, 2025		As of Mar. 31, 2026
Liabilities				
Current liabilities				
Short-term borrowings		4,594		4,608
Current portion of bonds payable		–		5,000
Current portion of long-term borrowings		5,000		–
Accounts payable - other	*1	703	*1	1,883
Accrued expenses	*1	356	*1	445
Income taxes payable		727		1,394
Deposits received	*1	4,805	*1	6,402
Provision for bonuses		207		199
Provision for shareholder benefit program		226		210
Other	*1	57	*1	65
Total current liabilities		16,678		20,208
Non-current liabilities				
Bonds payable		15,000		10,000
Long-term borrowings		30,100		30,100
Deferred tax liabilities		6,793		8,769
Provision for retirement benefits		833		904
Other	*1	289	*1	331
Total non-current liabilities		53,017		50,106
Total liabilities		69,695		70,314
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		10,948		14,296
Total retained earnings		49,615		52,962
Treasury shares		(2,103)		(5,103)
Total shareholders' equity		63,896		64,244
Valuation and translation adjustments				
Valuation difference on available-for-sale securities		15,832		20,340
Total valuation and translation adjustments		15,832		20,340
Total net assets		79,728		84,584
Total liabilities and net assets		149,424		154,898

(ii) Statement of Income

(Millions of Yen)

		Fiscal year ended March 31, 2025 (Apr. 1, 2024 – Mar. 31, 2025)		Fiscal year ended March 31, 2026 (Apr. 1, 2025 – Mar. 31, 2026)
Operating revenue	*1	10,204	*1	10,064
Operating expenses				
Operating costs	*1	2,717	*1	2,692
Selling, general and administrative expenses	*1, *2	2,525	*1, *2	2,859
Total operating expenses		5,243		5,552
Operating income		4,960		4,511
Non-operating income				
Interest and dividend income	*1	1,293	*1	1,569
Other	*1	35	*1	47
Total non-operating income		1,329		1,617
Non-operating expenses				
Interest expenses	*1	249	*1	490
Other		191		128
Total non-operating expenses		440		618
Ordinary profit		5,849		5,510
Extraordinary income				
Gain on sale of investment securities		3,209		6,461
Other		2		2
Total extraordinary income		3,211		6,463
Extraordinary losses				
Loss on valuation of investment securities		–		571
Other		0		2
Total extraordinary losses		0		574
Profit before income taxes		9,060		11,400
Income taxes - current		1,013		2,070
Income taxes - deferred		66		(70)
Total income taxes		1,079		1,999
Profit		7,980		9,400

(iii) Statement of Changes in Equity

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of Yen)

	Shareholders' equity					
	Share capital	Capital surplus	Retained earnings			
		Legal 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	3,305	234	126	35,000
Changes during period						
Dividends of surplus						
Profit						
Purchase of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during period	–	–	–	–	–	–
Balance at end of period	13,226	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	8,630	47,296	(2,103)	61,578	21,250	82,829
Changes during period						
Dividends of surplus	(5,662)	(5,662)		(5,662)		(5,662)
Profit	7,980	7,980		7,980		7,980
Purchase of treasury shares			(0)	(0)		(0)
Net changes in items other than shareholders' equity					(5,418)	(5,418)
Total changes during period	2,318	2,318	(0)	2,317	(5,418)	(3,100)
Balance at end of period	10,948	49,615	(2,103)	63,896	15,832	79,728

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of Yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal 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	–	3,158	3,305	234	126	35,000
Changes during period								
Dividends of surplus								
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	–	–	–	–
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	10,948	49,615	(2,103)	63,896	15,832	79,728
Changes during period						
Dividends of surplus	(6,052)	(6,052)		(6,052)		(6,052)
Profit	9,400	9,400		9,400		9,400
Purchase of treasury shares			(3,000)	(3,000)		(3,000)
Disposal of treasury shares			0	0		0
Net changes in items other than shareholders' equity					4,507	4,507
Total changes during period	3,347	3,347	(2,999)	347	4,507	4,855
Balance at end of period	14,296	52,962	(5,103)	64,244	20,340	84,584

Notes

(Notes - 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 associates

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: 15 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, the estimated amount of bonuses to be paid is recorded as an expense for the current fiscal year.

(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 significant matters for preparation of 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.

(Notes - Changes in presentation)

(Balance sheet)

“Software in progress,” which was included in “Other” under “Intangible assets” 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 financial statements for the previous fiscal year have been reclassified.

As a result, in the balance sheet for the previous fiscal year, 1,167 million yen which was presented in “Other” under “Intangible assets” was reclassified as 1,159 million yen of “Software in progress” and 8 million yen of “Other.”

(Statement of Income)

"Commission for syndicated loans" under "Non-operating expenses," which was presented separately in the previous fiscal year, is included in "Other" under "Non-operating expenses" from the current fiscal year, since its quantitative materiality decreased. To reflect this change in presentation, the financial statements for the previous fiscal year have been reclassified.

As a result, in the statement of income for the previous fiscal year, 123 million yen of "Commission for syndicated loans" and 67 million yen of "Other" which were presented under "Non-operating expenses" have been reclassified as 191 million yen of "Other" under "Non-operating expenses."

"Loss on sale and retirement of non-current assets" under "Extraordinary losses," which was presented separately in the previous fiscal year, is included in "Other" under "Extraordinary losses" from the current fiscal year, since its quantitative materiality decreased. To reflect this change in presentation, the financial statements for the previous fiscal year have been reclassified.

As a result, in the statement of income for the previous fiscal year, 0 million yen of "Loss on sale and retirement of non-current assets" which was presented under "Extraordinary losses" has been reclassified as 0 million yen of "Other" under "Extraordinary losses."

(Balance sheet)

*1 Monetary claims and obligations with subsidiaries and associates

(Millions of Yen)

	As of March 31, 2025	As of March 31, 2026
Short-term monetary claims	11,032	15,111
Long-term monetary claims	25,557	23,971
Short-term monetary obligations	5,126	6,910
Long-term monetary obligations	113	123

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, 2025	As of March 31, 2026
Total value of commitment line agreements	10,000	10,000
Outstanding balance of used line of credit	–	–
Unused amount	10,000	10,000

(Statement of income)

*1 Transaction amount with subsidiaries and associates

(Millions of Yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Amount of operating transactions		
Operating revenue	9,691	9,548
Operating expenses	256	290
Transactions from non-operating transactions	460	772

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

(Millions of Yen)

	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)	Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Remuneration for directors (and other officers)	249	215
Employees' salaries and bonuses	431	489
Provision for bonuses	66	73
Provision for shareholder special benefits	226	210
Retirement benefit expenses	36	33
Depreciation and amortization	69	66
Compensation and contract fees	332	517
Rent expenses	297	315

All these expenses are included in general and administrative expenses.

(Securities)

Shares of subsidiaries and associates

Fiscal year ended March 31, 2025 (March 31, 2025)

(Millions of Yen)

Category	Carrying amount on the balance sheet	Fair value	Difference
Shares of subsidiaries	21,193	60,733	39,539
Total	21,193	60,733	39,539

Fiscal year ended March 31, 2026 (March 31, 2026)

(Millions of Yen)

Category	Carrying amount on the balance sheet	Fair value	Difference
Shares of subsidiaries	21,193	84,205	63,011
Total	21,193	84,205	63,011

(Note) Amount of shares, etc. without market prices recorded on the consolidated balance sheet which is not included in the above tables

(Millions of Yen)

Category	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Shares of subsidiaries	36,102	36,102
Shares of associates	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, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
Deferred tax assets		
Denial of provision for bonuses	64	61
Accrued business tax	25	84
Denial of loss on valuation of shares	165	307
Denial of provision for retirement benefits	200	210
Excess depreciation	47	47
Impairment losses	88	88
Other	30	52
Subtotal of deferred tax assets	621	852
Valuation allowances	(272)	(434)
Total of deferred tax assets	349	417
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(6,902)	(8,949)
Reserve for tax purpose reduction entry of non-current assets	(240)	(238)
Total of deferred tax liabilities	(7,142)	(9,187)
Net deferred tax liabilities	(6,793)	(8,769)

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, 2025 (March 31, 2025)	Fiscal year ended March 31, 2026 (March 31, 2026)
Effective statutory tax rate	31.0%	31.0%
(Adjustments)		
Entertainment and other expenses that are never tax deductible	1.8	1.3
Dividends and other income that is never taxable	(20.6)	(16.0)
Other	(0.3)	1.2
Income tax rate after applying tax effect accounting	11.9	17.5

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 events after reporting period)

Notes are omitted because identical information is provided in the consolidated financial statements "Notes (Significant events after reporting period)."

(iv) [Annexed detailed schedules]

[Annexed detailed 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 and amortization during the period	Balance at end of period	Accumulated depreciation and amortization
Property, plant and equipment	Buildings	722	11	0	46	687	1,412
	Structures	37	–	–	5	31	175
	Vehicles	19	–	0	7	12	39
	Tools, furniture and fixtures	242	3	0	10	235	593
	Land	2,066	–	–	–	2,066	–
	Leased assets	29	53	–	18	64	65
	Total	3,117	68	0	88	3,098	2,286
Intangible assets	Software	182	19	–	108	92	–
	Software in progress	1,159	2,651	–	–	3,810	–
	Other	8	3	–	2	8	–
	Total	1,349	2,674	–	111	3,912	–

(Note) The “Increase during the period” in “Software in progress” under intangible fixed assets was due to construction of the core system.

[Annexed detailed schedule of provision]

(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	207	199	207	199
Provision for shareholder benefit program	226	210	226	210

(2) **Components of major assets and liabilities**

This information has been omitted, as the consolidated financial statements have been prepared.

(3) **Other information**

Not applicable.

VI. Outline of Share-related Administration of Reporting Company

<table>
<tr><td>Fiscal year</td><td>From April 1 to March 31</td></tr>
<tr><td>Annual General Shareholders' Meeting</td><td>In June</td></tr>
<tr><td>Record date</td><td>March 31</td></tr>
<tr><td>Record date for dividends of surplus</td><td>March 31</td></tr>
<tr><td>Number of shares constituting a standard unit</td><td>100 shares</td></tr>
<tr><td>Purchase/additional purchase of shares less than one unit

Business handling office

Shareholder register administrator

Offices available for repurchase

Purchase/additional purchase fees</td><td>

(Special account)
1-3-3 Marunouchi, Chiyoda-ku, Tokyo
Securities Agent Department, Head Office, Mizuho Trust & Banking Co., Ltd.

(Special account)
1-3-3 Marunouchi, Chiyoda-ku, Tokyo
Mizuho Trust & Banking Co., Ltd.

–

No charge</td></tr>
<tr><td>Method of public notice</td><td>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).</td></tr>
<tr><td>Special benefits to shareholders</td><td>The shareholder special benefit plan (The plan has been revised starting from the shareholder benefits with the record date of March 31, 2026, and the following is the content of the plan after the revision.)
<table>
<tr><th>Record date</th><th>Period of continuous holdings</th><th>Number of shares held</th><th>Details of special benefits</th></tr>
<tr><td rowspan="4">March 31</td><td rowspan="2">Less than 1 year</td><td>100 shares or more Less than 1,000 shares</td><td rowspan="2">–
(*3)</td></tr>
<tr><td>1,000 shares or more</td></tr>
<tr><td rowspan="2">1 year to less than 3 years
(*1)</td><td>100 shares or more Less than 1,000 shares</td><td>Complimentary gift or a donation to social contribution activities, worth 1,000 yen</td></tr>
<tr><td>1,000 shares or more</td><td>Complimentary gift or a donation to social contribution activities, worth 3,000 yen</td></tr>
</table></td></tr>
</table>

		3 years or longer (*2)	100 shares or more Less than 1,000 shares	Complimentary gift or a donation to social contribution activities, worth 1,300 yen
			1,000 shares or more	Complimentary gift or a donation to social contribution activities, worth 4,000 yen

(*1) “Period of continuous holdings of one year or longer” means that, as of the record date (March 31), the shareholder is recorded in the shareholder register on each of March 31, June 30, September 30, and December 31, with the same shareholder number and holding 100 shares or more for five consecutive times or more, counting backward from the record date.

(*2) “Period of continuous holdings of three years or longer” means that, as of the record date (March 31), the shareholder is recorded in the shareholder register on each of March 31, June 30, September 30, and December 31, with the same shareholder number and holding 100 shares or more for 13 consecutive times or more, counting backward from the record date.

(*3) Even if the period of continuous holdings is less than one year, as a transitional measure limited to the shareholder special benefits with the record date of March 31, 2026 (the first benefit after the plan change), shareholders who are recorded in the shareholder register on September 30, 2025, December 31, 2025, and March 31, 2026, with the same shareholder number and holding 100 shares or more (in cases where the period of continuous holding is six months or more) are treated as eligible for the shareholder special benefits for “one year to less than three years.”

VII. Reference Information on the Reporting Company

1. Information about parent of reporting company

The Company has no parent company as prescribed in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

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 attached documents and Confirmation Letter

For the fiscal year of 114th term (April 1, 2024 to March 31, 2025), filed to Director-General of the Kanto Regional Finance Bureau on June 26, 2025

(2) Internal Control Report and attached documents

Filed to Director-General of the Kanto Regional Finance Bureau on June 26, 2025

(3) Semi-annual Securities Report and Confirmation Letter

Semi-annual period for 115th term (April 1, 2025 to September 30, 2025), filed to Director-General of the Kanto Regional Finance Bureau on November 12, 2025

(4) Current Report

Filed to Director-General of the Kanto Regional Finance Bureau on June 30, 2025

The report is the current 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 Regional Finance Bureau on July 7, 2025

Current 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)

Filed to Director-General of the Kanto Regional Finance Bureau on August 21, 2025

Current Report based on the provisions of Article 19, paragraph (2), item (iv) of the Cabinet Office Order on Disclosure of Corporate Affairs (A change to the major shareholders).

Filed to Director-General of the Kanto Regional Finance Bureau on October 8, 2025

Current 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)

(5) Amended Shelf Registration Statement (Bonds)

Filed to Director-General of the Kanto Regional Finance Bureau on June 30, 2025

Filed to Director-General of the Kanto Regional Finance Bureau on July 7, 2025

Filed to Director-General of the Kanto Regional Finance Bureau on August 21, 2025

Filed to Director-General of the Kanto Regional Finance Bureau on October 8, 2025

(6) Share Buyback Report

Filed to Director-General of the Kanto Regional Finance Bureau Filed on July 4, 2025 for the reporting period (from June 1, 2025 to June 30, 2025)

Filed to Director-General of the Kanto Regional Finance Bureau Filed on June 5, 2026 for the reporting period (from May 1, 2026 to May 31, 2026)

Part 2. Information about Reporting Company's Guarantor, etc.

Not applicable.