Smiles in Life

TaKaRa Group Report

2025

Integrated Report

TAKARA HOLDINGS INC.

INDEX

About Takara Group

01 Vision
02 INDEX
03 Our History
Continuing to Deliver Diverse Values of *Washu*, Japanese Food, and Life Science—Takara Group's Challenges
05 Our Growth
Takara Group in the World
07 Special Topic 1 Further Spreading Japanese Food Culture (*Washu* and Japanese Food) Around the World
Washu to become global sake
Traditional sake brewing inscribed on UNESCO Intangible Cultural Heritage list
09 Special Topic 2 Pioneering Future Research Through Next-Generation Analytical Technologies
Spatial transcriptome analysis technology
Paying the way for next-generation cellular analysis
11 Takara Group's Snapshot
Financial Highlights
Non-Financial Highlights

Value Creation Story

13 Message from the President
We will continue to take on challenges for the next 100 years by creating value through trial and error and fostering an organizational culture where employees can feel motivated and grow.
19 TaKaRa Group Long-Term Vision 2050
21 Message from the Director in Charge of Finance
We are laying the foundation for future growth by investing in growth and high-priority fields. We will actively work to improve capital efficiency and aim to continuously improve corporate value.
23 Our Value Creation Process
25 Takara Group's Capital
27 Message from the Director in Charge of Human Resources
Everyone has the potential to grow.
We will work to foster an organizational culture in which employees can take the initiative in developing their careers.
29 Our Identity
30 Long-term Management Vision "TaKaRa Group Challenge for the 100th"
31 Takara Group Medium-Term Management Plan for 2025
34 Business Strategies: Takara Shuzo
35 Business Strategies: Takara Shuzo International Group
36 Business Strategies: Takara Bio Group

Takara Group's Sustainability

37 Sustainability Topics
39 Status of Activities for Each Materiality
41 Takara Group Sustainability Policy
42 Environment
45 Safety and Reliability
47 Wellness
49 Human Resources
51 Responsible Alcohol Producer
52 Community
53 Well-Balanced Diet
55 Procurement
56 Human Rights

Governance

57 Governance
65 Messages from Outside Directors

Financial Strategy and Corporate Information

69 Directors and Audit & Supervisory Board Members
71 Eleven-Year Consolidated Financial Summary
73 Business Risks
75 Major Consolidated Subsidiaries
76 Investor Information

Editorial Policy

The Takara Group Report is designed to provide our stakeholders with information on the initiatives we implement to improve the Group's corporate value. In the Message from the President, we explained our performance review and issues, progress in the key strategies set out in the Medium-Term Management Plan for 2025, and the goals of the next long-term vision, "TaKaRa Group Long-Term Vision 2050." In the Special Topic section, we highlight the production sites of sake and other *washu* in both Japan and the U.S., operated by Takara Shuzo and Takara Shuzo International Group in conjunction with the December 2024 inscription of traditional Japanese sake brewing on UNESCO's Intangible Cultural Heritage list. We also showcase the Takara Bio Group's cutting-edge technology for analyzing gene expression in conjunction with spatial information within the organization of Curio Bioscience, Inc., which joined the Takara Bio Group in 2025. Through this report, we share management the Group is aiming for, i.e., management that focuses on utilizing products and services to solve social issues and creating growth capital to raise our earning capacity, as well as the realization of our Vision through these efforts.

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

Period covered:
Fiscal year ended March 31, 2025 (April 2024 to March 2025)
* The Report refers to some of the initiatives taken before 2024 and in or after April 2025.

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

Reference Guidelines
International Integrated Reporting Framework by the IFRS Foundation
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0 by the Ministry of Economy, Trade and Industry

Our History

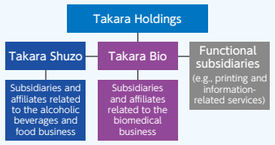
Continuing to Deliver Diverse Values of , Japanese Food, and Life Science—Takara Group's Challenges

1842
Founded Takara Group
Began sake business in Fushimi, Kyoto

1925
Founded TAKARA SHUZO CO., LTD.
(currently TAKARA HOLDINGS INC.)

1979
Started the Biomedical Business
Launched the first domestically produced "restriction enzyme" as a reagent for genetic engineering research

2002
Transitioned to a holding company system
Changed the company name to TAKARA HOLDINGS INC. Established TAKARA SHUZO CO., LTD. and TAKARA BIO INC.



2004
TAKARA BIO INC. listed on TSE Mothers
(Changed listing to the First Section in 2016)

2010
Entered the Japanese food wholesale business in overseas markets
Acquired shares of FOODEX SAS (France)

2014
Started the CDMO business on a full scale
Established the Center for Gene and Cell Processing
(Started operation of the Center II in 2020)

2017
Established TAKARA SHUZO INTERNATIONAL CO., LTD.

2020
Established TaKaRa Group Challenge for the 100th (long-term management vision) and Takara Group Sustainability Policy

2025
100th anniversary of Takara Group

1842 · 1925 · 1979 · 2002 · 2004 · 2010 · 2014 · 2017 · 2020 · 2025

1897
Registered the "寶 (Takara)" mark for mirin

1957
Entered the beer business (withdrew in 1967)

1977
Launched Takara Shochu *Jun* and reinvigorated the shochu market

1983
Founded Takara Sake USA Inc. Started manufacturing and selling *Sho Chiku Bai* produced in the U.S.

1984
Launched *Takara Can Chu-Hi* as Japan's first canned chu-hi product

1986
Acquired the management right of The Tomatin Distillery Co. Ltd (UK)

1988
Acquired the exclusive distribution right in Japan for a gene amplification system using the PCR technology

1992
Acquired all shares of AADC Holding Company, Inc., the parent company of Age International, Inc. (U.S.)

1993
Established Takara Biotechnology (Dalian) Co., Ltd. in Dalian, China

2006
Launched *Takara Shochu Highball*

2011
Launched *Sho Chiku Bai Shirakabegura Mio*, sparkling sake

2020
Obtained the approval for manufacturing and selling Takara SARS-CoV-2 Direct PCR Detection Kit, an in vitro diagnostic

Expansion of Overseas Japanese Food Wholesale Network

2010
FOODEX SAS (France)

2016
Mutual Trading Co., Inc. (U.S.)

2013
Tazaki Foods Ltd. (UK)

2017
Nippon Food Supplies Company Pty Ltd (Australia)

2014
Cominport Distribución, S.L. (Spain)

2024
Kagerer & Co. GmbH (Germany)

Our Growth

Takara Group in the World

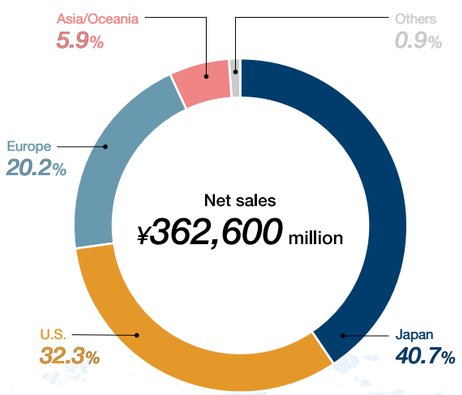
The Takara Group started its business from the sake brewing business and has expanded the business area to include the biomedical business and the Japanese food wholesale business in overseas markets. As of March 31, 2025, the Takara Group consists of 65 consolidated companies in total including 13 companies in Japan and 52 overseas companies. In terms of geographical regions, we have also extended our business activities in countries in Europe, the U.S., and Asia as well as Japan. More than half of the group's employees work overseas, resulting in diverse human resources.

Corporate Profile

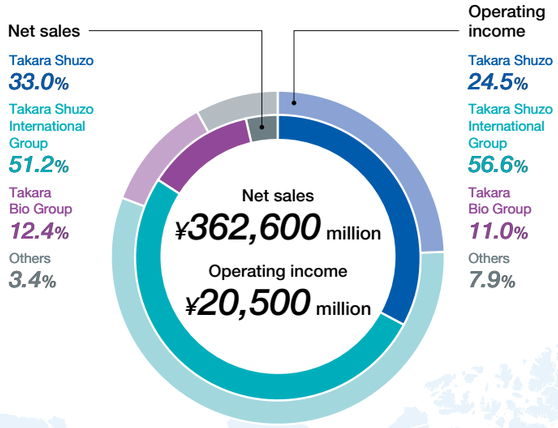
TAKARA HOLDINGS INC.
Unifying Group Management

- Takara Shuzo (Domestic Business)
- Takara Shuzo International Group (Overseas Business)
- Takara Bio Group (Biomedical Business)
- Others (Domestic Group Companies)

Net sales by region



Net sales and operating income by business



(Year ended March 31, 2025)

Takara Shuzo (Domestic Business)

Striving to craft unique *washu* by combining over 180 years of technical expertise with innovative thinking

Line of business

Takara Shuzo manufactures and sells a wide range of products, from Japanese alcoholic beverages (*washu*) such as shochu, sake, and light-alcohol refreshers, to imports such as Chinese alcoholic beverages and whisky, to seasonings such as hon-mirin, and even raw alcohol.

Takara Shuzo International Group (Overseas Business)

Leveraging our global network to spread Japanese food culture across the world

Line of business

Takara Shuzo International Group bolsters global awareness and acceptance of Japanese food culture (*washu* and Japanese food) by selling alcoholic beverages and wholesale Japanese food overseas.

Takara Bio Group (Biomedical Business)

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

Line of business

Takara Bio Group supplies reagents and instruments and provide CDMO services for cutting-edge regenerative medicine products to customers inside and outside Japan.

Europe
Net sales
¥73,000 million

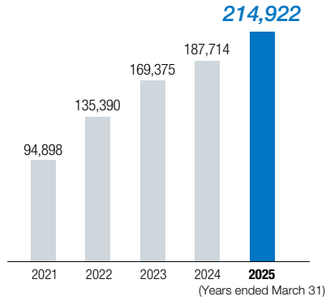
Japan
Net sales
¥147,700 million

U.S.
Net sales
¥117,100 million

Asia/Oceania
Net sales
¥21,500 million

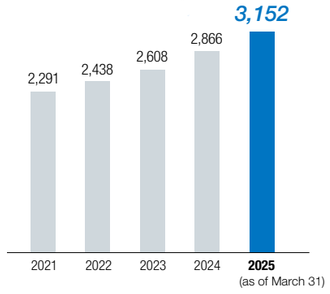
Trends in overseas sales

(Millions of yen)

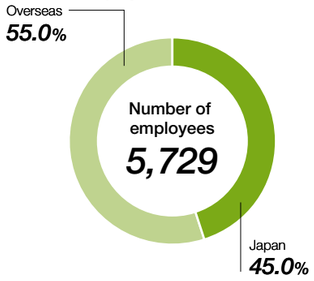


Trends in number of overseas employees

(People)



Percentage of overseas and domestic employees (as of March 31, 2025)



Special Topic 1 Further Spreading Japanese Food Culture (*Washu* and Japanese Food) Around the World

Washu to become global sake

Traditional sake brewing inscribed on UNESCO Intangible Cultural Heritage list

In December 2024, traditional sake brewing was inscribed on UNESCO's Intangible Cultural Heritage list. This inscription, following the 2013 recognition of *washoku*, represents a prime opportunity to further raise global interest in *washu* and Japanese food.

Since its founding, the Takara Group has been dedicated to traditional sake brewing. We have engaged in the production and sales of *washu* both domestically and abroad. Furthermore, we have also been actively promoting Japanese food culture worldwide by providing authentic Japanese food ingredients.

Building on this recognition, we will maximize the use of our global network to further promote the culture of *washu* and Japanese food worldwide. Through these efforts, we aim to contribute more significantly to the realization of a richer and more fulfilling dietary lifestyle across the globe.

UNESCO recognizes traditional sake brewing as Intangible Cultural Heritage

Q. What exactly does traditional sake brewing entail?

It refers to the sake brewing techniques cultivated by master brewers and brewery workers using koji mold, based on many years of experience. The prototype is said to have been developed over 500 years ago.

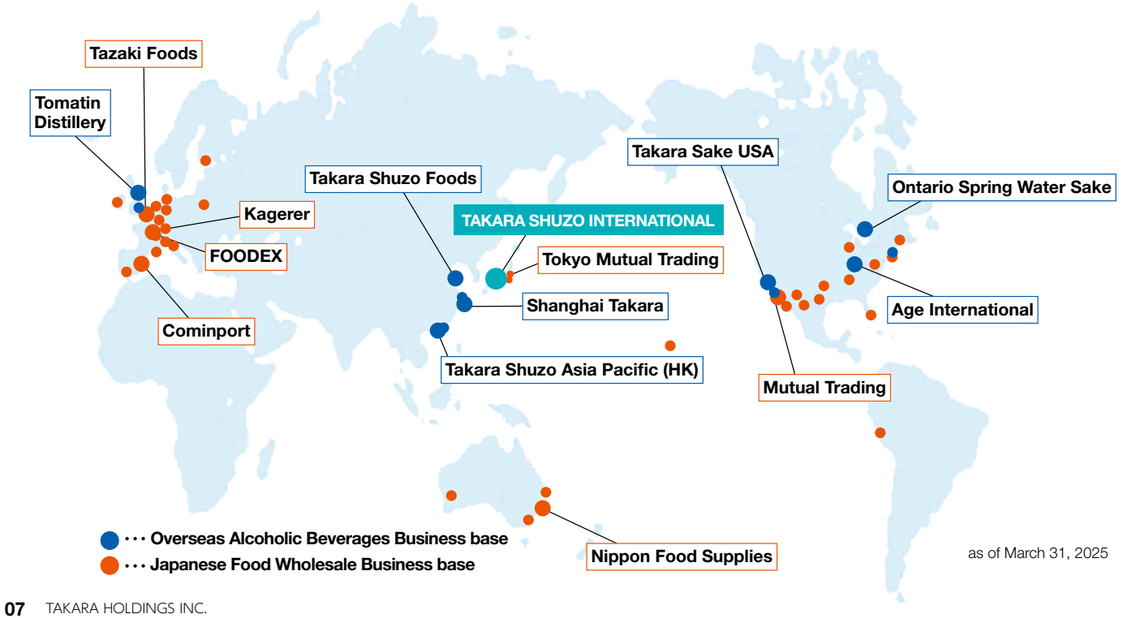
These techniques, developed in line with the climate and natural features of various regions across Japan, have been passed down for the production of *washu*, shochu, *awamori*, and mirin.

Q. What aspects were recognized?

Sake brewing was recognized for fostering connections between skilled artisans and local communities, contributing to environmental sustainability, and playing an integral role in Japanese cultural practices such as festivals and weddings. *Washoku* was also inscribed on UNESCO's Intangible Cultural Heritage list in 2013.

Leveraging our global network to spread *washu* and *washoku* across the world

Takara Shuzo International Group operates two core businesses: the Overseas Alcoholic Beverages Business, which involves the export of Japanese alcoholic beverages and seasonings as well as the production and sale of alcoholic beverages in various countries; and the Japanese Food Wholesale Business, which supplies Japanese food ingredients to Japanese restaurants and retailers abroad. Leveraging the extensive networks of both businesses—from the production of *washu* to the sale of Japanese food products—we are working to promote the global appreciation of Japanese food culture.



as of March 31, 2025

Takara Shuzo's domestic sake production bases

Takara Shuzo strives to enhance traditional sake brewing techniques, continuously refining the quality and taste.

Shirakabegura: Where modern technology meets traditional craftsmanship

Located in Nada, Kobe, is an innovative sake brewery that combines cutting-edge facilities—designed to replicate the principles of traditional handcrafting—with a brewing process that relies largely on skilled manual work.

It produces high-quality sake through delicate, carefully controlled processes, including *Sho Chiku Bai Shirakabegura Mio*, which pioneered a new category of sparkling sake, and our flagship product *Sho Chiku Bai Shirakabegura Nend*.

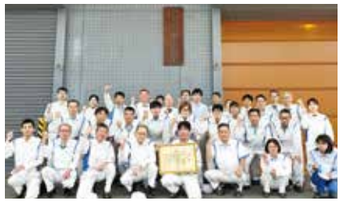
Shirakabegura

Fushimi Plant: The core facility supporting the *Sho Chiku Bai* sake brand

The Takara Group traces its origins back to 1842, when Unosuke, the fourth generation of the Yomo family, started brewing sake in Takenakacho, Fushimi. Located on the very site where the company was founded, the Fushimi Plant serves as a core production facility. Leveraging the blessed environment of Fushimi, known for its high-quality water, the plant uses state-of-the-art equipment to ensure consistent quality in sake production. In addition to sake, the plant also manufactures a wide range of products including shochu, light-alcohol refreshers, and hon-mirin.

Fushimi Plant

Double gold prizes for *Sho Chiku Bai* sake produced at Shirakabegura and Fushimi Plant at Annual Japan Sake Awards


Shirakabegura brewery production team

Fushimi Plant production team

Sake *Sho Chiku Bai* brewed at Takara Shuzo's Shirakabegura (Higashinada Ward, Kobe City) and Fushimi Plant (Fushimi Ward, Kyoto City) was awarded the Gold Prize, the highest honor, at the Annual Japan Sake Awards (2024 Brewing Year).

Takara Sake USA's Berkeley brewery renewed as a local west coast brewery

Takara Sake USA Inc. has renovated its headquarters building to enhance its presence as a local brewery in Berkeley. Incorporating Japanese elements such as wood, roof tiles, and a cedar ball (a traditional symbol hung at sake breweries), and the building also features murals depicting Edo-period sake brewing scenes—blending Japanese and American cultural aesthetics. The new facility enhances its showroom functions, including sake brewing exhibits, a tasting room, and a gift shop, expecting to welcome over 10,000 visitors annually. Furthermore, in fiscal 2025, we finalized an official partnership agreement with the MLB's San Francisco Giants, promoting the appeal of sake to both local residents and tourists.

Takara Sake USA head office

Tasting room

Innovative sake

The Takara Group is building on Japan's traditional sake brewing heritage to develop innovative sake tailored to global tastes, driving further growth in the international *washu* market. Takara Sake USA is actively developing new products such as the U.S.-born brands *MU|WA* and *Sho Chiku Bai OCEAN VIEW* and *SKYLINE*, expanding the scope of innovative sake.

MU|WA

(left) *Sho Chiku Bai OCEAN VIEW*

(right) *Sho Chiku Bai SKYLINE*

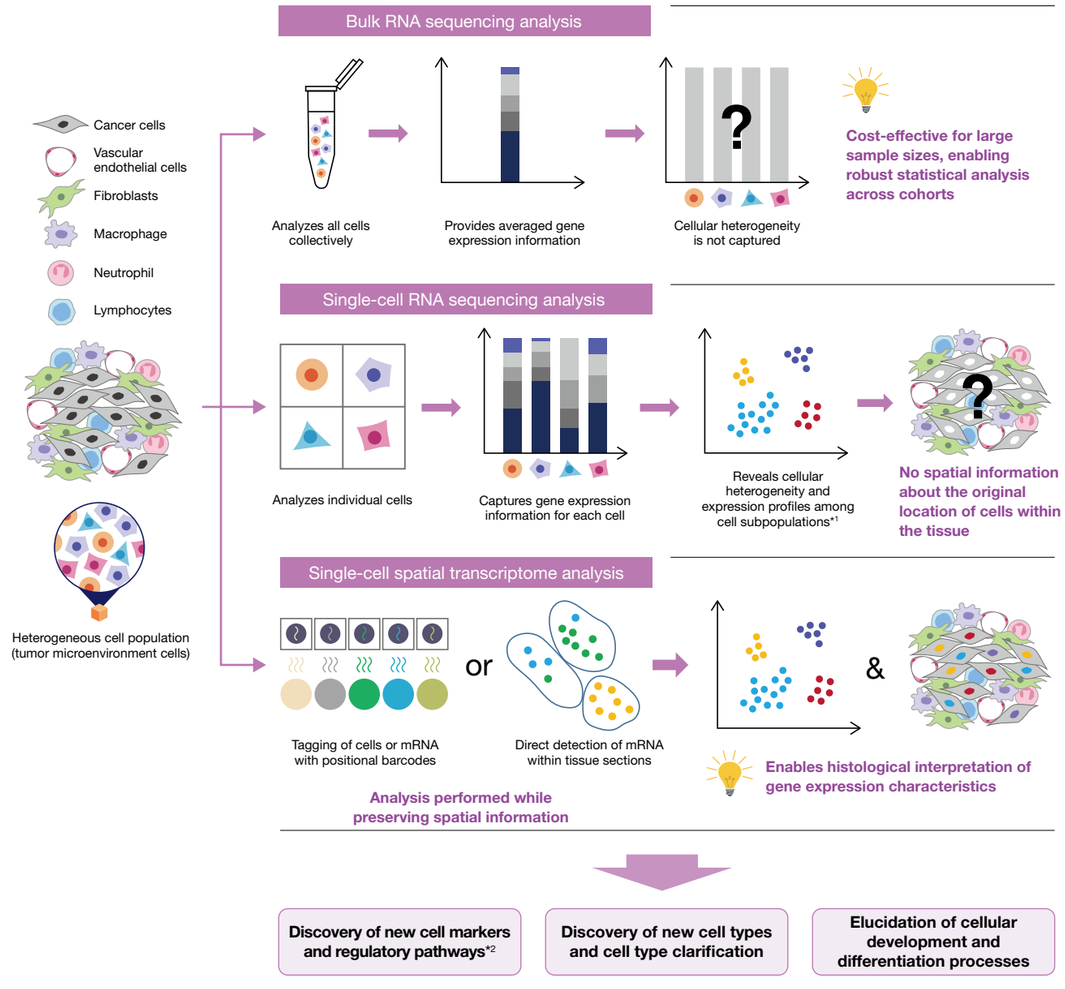
Special Topic 2 Pioneering Future Research Through Next-Generation Analytical Technologies

Spatial transcriptome analysis technology

Paying the way for next-generation cellular analysis

Anticipating global research trends, Takara Bio has expanded its product offerings from traditional gene engineering reagents centered on PCR technologies to include next-generation sequencing (NGS) services and related products. In the rapidly growing NGS field, we are actively developing new products to strengthen and broaden our lineup. Analysis utilizing NGS technology has progressed from bulk RNA sequencing analysis ("bulk analysis") to single-cell RNA sequencing analysis ("single-cell analysis"), and further to spatial transcriptome analysis ("spatial analysis"). In 2025, We acquired U.S.-based Curio Bioscience, Inc. ("Curio"), a company developing cutting-edge reagents for spatial analysis. By integrating Curio's technologies, we are advancing our NGS capabilities into spatial analysis. Furthermore, by combining these technologies with our expertise in ultra-low input genetic analysis, cultivated over many years, we aim to develop new products and services that support the frontiers of life science research.

Analysis method characteristics

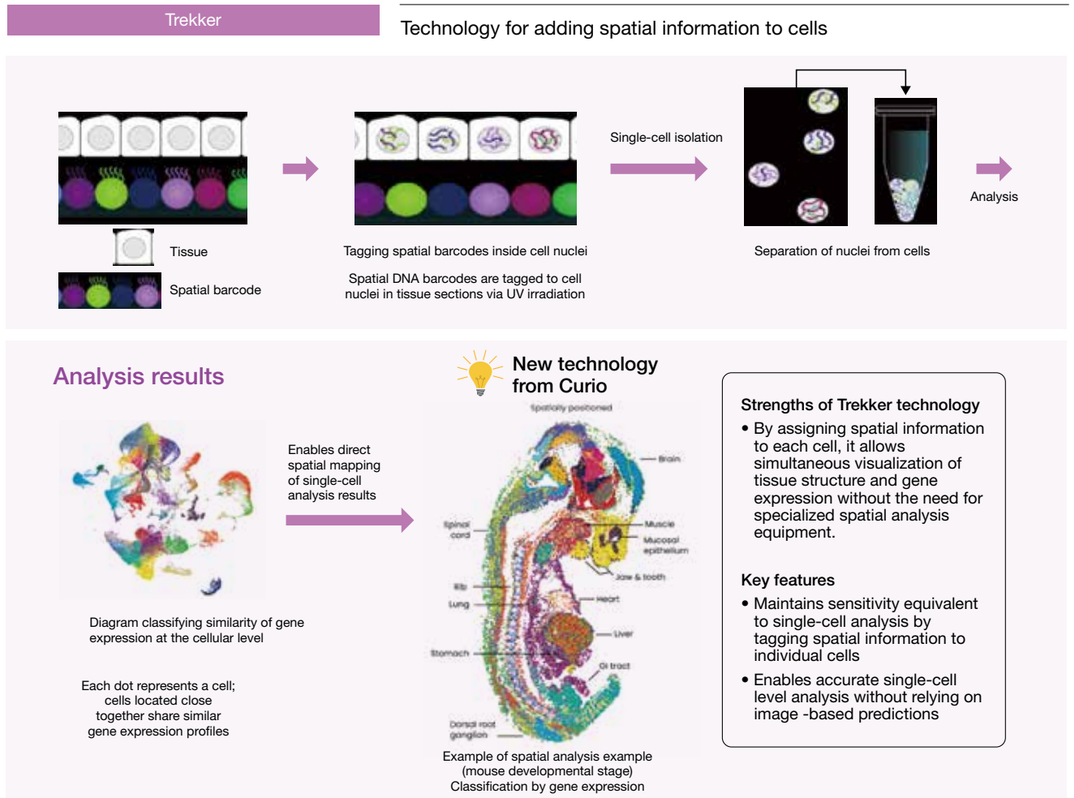


*1 Refers to subpopulations within the same cell type that differ slightly in function or characteristics
*2 Pathways that regulate various intracellular reactions and interactions at the molecular level

With advancements in large-scale data processing and decreasing analysis costs, NGS is soon expected to play a significant role in clinical and diagnostic fields in the near future. The addition of spatial analysis is opening new avenues of discovery and research, with wide-ranging applications anticipated in drug discovery, including cancer research, regenerative medicine, and the development of treatments for genetic disorders. Spatial transcriptomics, a technology that enables identification of the precise location of cells within tissue—information not accessible through bulk or single-cell analyses—is expected to become a mainstream method within the NGS field. In fact, demand for spatial analysis has been growing year by year in the U.S., and its adoption is expected to expand globally, including in Japan.

Takara Bio's spatial analysis technology

Curio's spatial analysis technology enables the mapping of spatial information while maintaining the quality of conventional single-cell data.



Prospects of spatial analysis

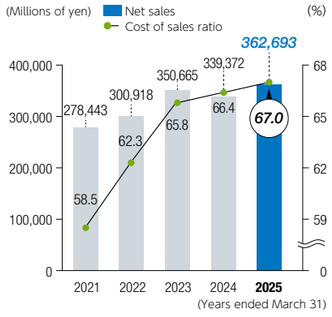
As research using spatial analysis advances, it is expected to be applied in pathology and diagnostics, such as identifying the location of highly malignant cells in cancer tissues. Additionally, by pinpointing dominant gene variants present within cells, spatial analysis holds promise for contributing to the development of new therapeutic approaches.

Takara Group's Snapshot

Financial Highlights

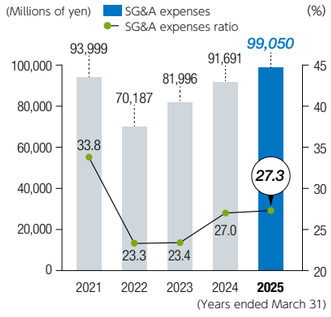
Net sales / Cost of sales ratio

¥362,693 million 67.0 %



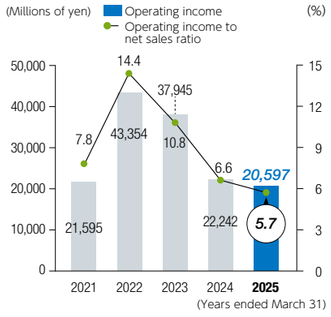
SG&A expenses / SG&A expenses ratio

¥99,050 million 27.3 %



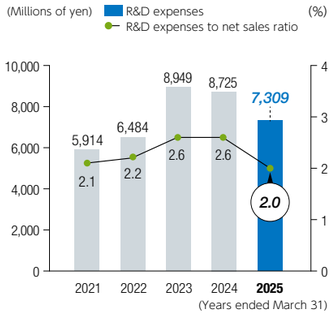
Operating income / Operating income to net sales ratio

¥20,597 million 5.7 %



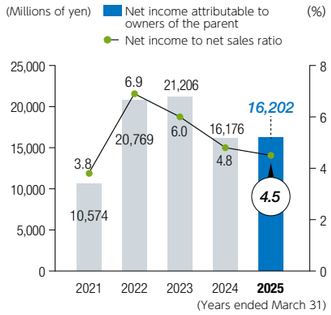
R&D expenses / R&D expenses to net sales ratio

¥7,309 million 2.0 %



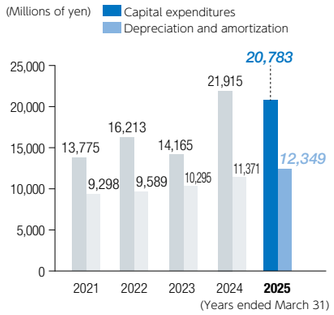
Net income attributable to owners of the parent / Net income to net sales ratio

¥16,202 million 4.5 %



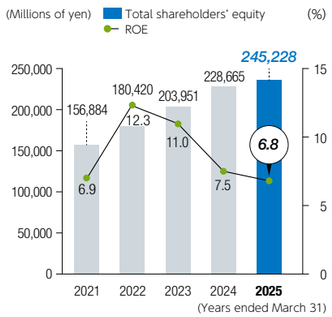
Capital expenditures / Depreciation and amortization

¥20,783 million ¥12,349 million



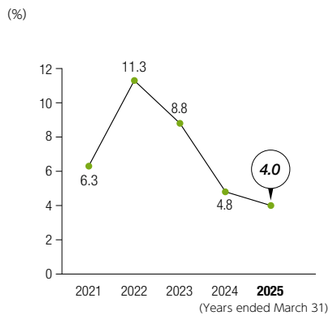
Total shareholders' equity / ROE

¥245,228 million 6.8 %



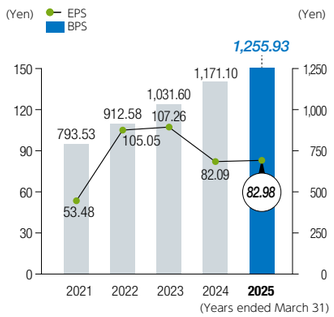
Return on invested capital (ROIC)

4.0 %



EPS / BPS

¥82.98 ¥1,255.93

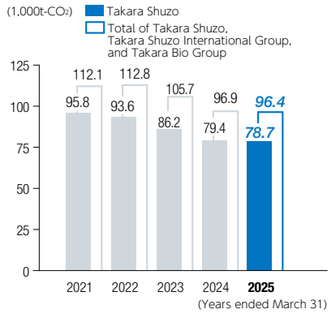


From the fiscal year ended March 31, 2022, in accordance with the adoption of the Accounting Standard for Revenue Recognition, a part of expenses that were previously accounted for as SG&A expenses were deducted from net sales.
The net sales and SG&A expenses for the fiscal year ended March 31, 2021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

Non-Financial Highlights

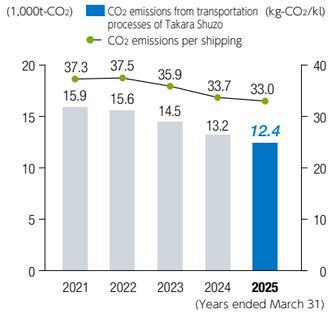
Production process CO_2 emissions

96,400 t-CO_2



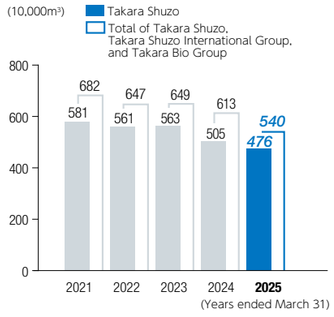
CO_2 emissions / emission intensity from transportation processes (Takara Shuzo)

12,400 t-CO_2 33.0 kg-CO_2/kl



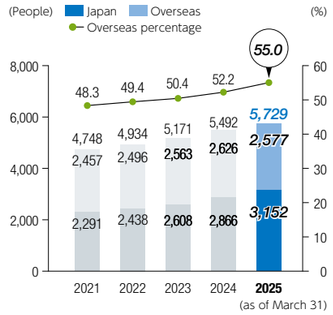
Volume of water used in production processes

5,400,000 m³



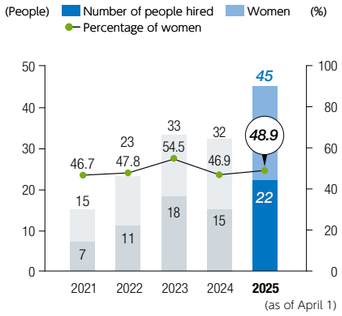
Percentage of overseas employees

55.0 %



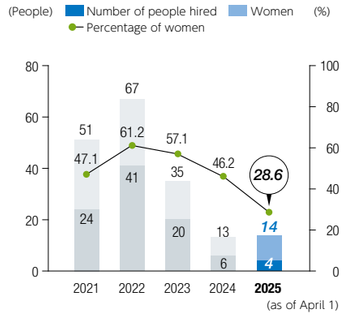
Percentage of women among college graduate new hires
(Total of Takara Holdings, Takara Shuzo, and Takara Shuzo International)

48.9 %



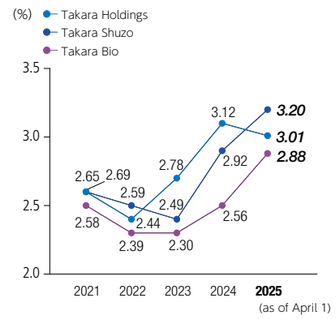
Percentage of women among college graduate new hires (Takara Bio)

28.6 %



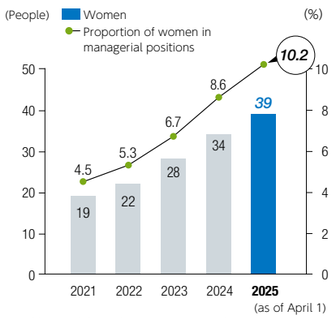
Percentage of employees with disabilities
(Takara Holdings, Takara Shuzo, Takara Bio)

Takara Holdings 3.01 % Takara Shuzo 3.20 % Takara Bio 2.88 %



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

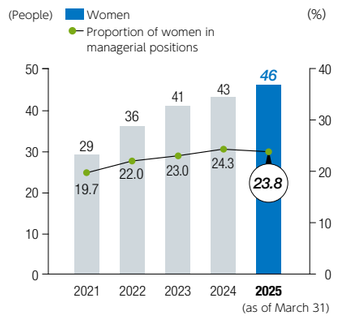
10.2



* Managerial position = manager or above

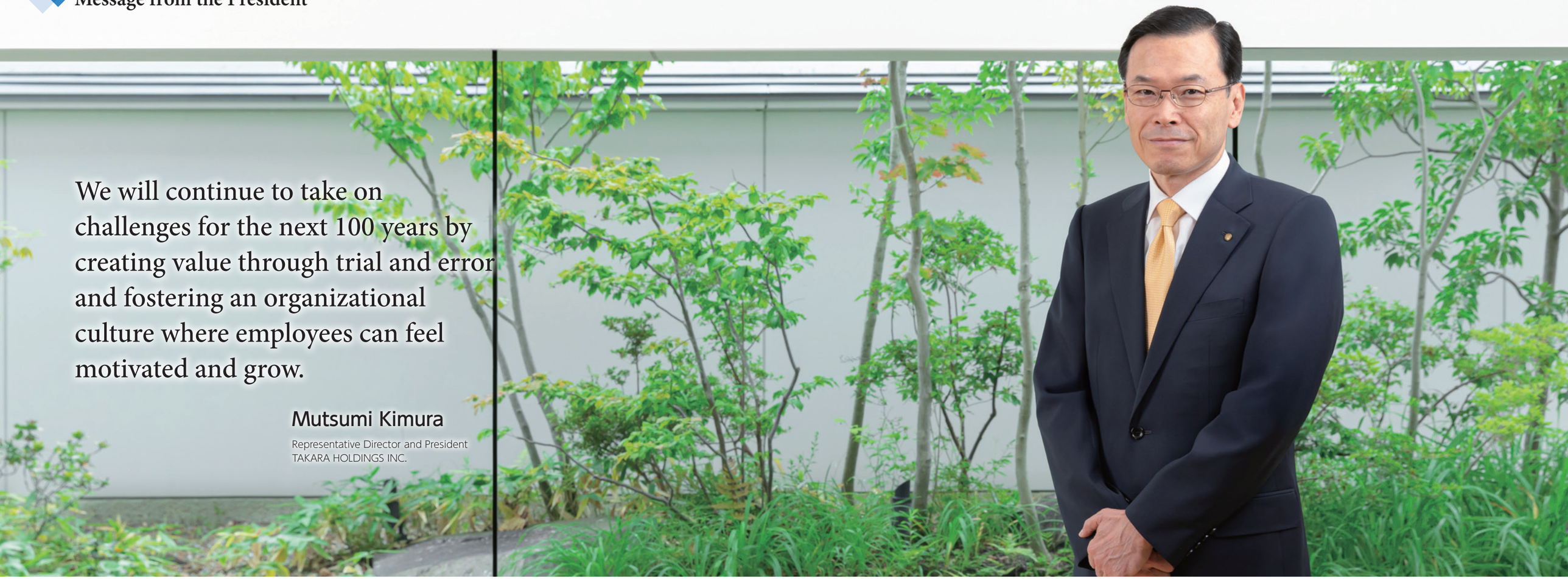
Proportion of women in managerial positions (Takara Bio)

23.8 %



* Managerial position = manager or above

Message from the President



We will continue to take on challenges for the next 100 years by creating value through trial and error and fostering an organizational culture where employees can feel motivated and grow.

Mutsumi Kimura
Representative Director and President
TAKARA HOLDINGS INC.

Expanding Business Globally Centered on Three Core Businesses

Q: Please tell us about the characteristics and strengths of Takara Holdings' business model.

What exactly is it that Takara Holdings does? When most people are asked that question, they likely first imagine Takara Shuzo's domestic operations.

The *washu* produced by our founding company, Takara Shuzo—such as *Takara Shochu*, *Takara Shochu Highball*, *Mio*, and *Sho Chiku Bai*, which line the shelves of retail stores and restaurants—represent the very identity of the Group. They are the results of technical expertise and innovative thinking cultivated over more than 180 years.

Meanwhile, the Group is currently driven by its overseas operations, with overseas sales accounting for about 60% of total net sales. At its core is the overseas Japanese Food Wholesale Business operated by the Takara Shuzo International Group (hereinafter, Takara Shuzo International). Capitalizing on the growing global demand for Japanese food, the Group anticipates opportunities for future growth in markets overseas.

We actually once ventured into the beer business. We entered that market in 1957 but were forced to withdraw after only 10 years. We used that failure as a stepping stone, however, to launch a new growth business in the biotechnology sector. This now serves as the foundation of the current Takara Bio Group (hereinafter, Takara Bio).

At a glance, the group structure may appear unusual. But its competitive advantage stems from its operation of businesses in different fields across various regions, both independently and through collaboration. During COVID-19, when the restaurant industry struggled, demand for Takara Bio's PCR test reagents surged. This served to offset stagnation in overseas operations. Meanwhile, with the pandemic having subsided, Takara Shuzo International is driving performance on the back of the global popularity of Japanese food.

The fiscal year ending March 31, 2026, which marks the 100th anniversary of the Group's foundation, will be the final year of six-year long-term management vision TaKaRa Group Challenge for the 100th (hereinafter, TGC100), and the Takara Group Medium-Term Management Plan for 2025 (hereinafter, the Medium-Term Management Plan), which represents its concrete strategy. Moving forward, we will continue to advance as a group, striving to realize sustainable growth for the Group through a balance of tradition and innovation.

A Key Challenge for Further Growth Is Enhancing Speed

Q: Please review the performance for the fiscal year ended March 31, 2025. The Group announced its forecast that results for the fiscal year ending March 31, 2026, the final year of the Medium-Term Management Plan, will not reach established targets. What, in your view, are the factors involved?

The fiscal year ended March 31, 2025, the second year of the Medium-Term Management Plan, concluded with consolidated net sales increasing, while consolidated operating income fell. Taking a look back at the business environment, it was a difficult year for Takara Shuzo because of the weakening yen and for Takara Shuzo International owing to slowing growth in the restaurant market resulting from global inflation. Takara Bio faced challenges including a slump in the life science research market stemming from prolonged inflation and the economic slowdown in China.

The performance forecast for the fiscal year ending March 31, 2026, the Medium-Term Management Plan's final year, is also expected to fall short of the final targets set for the Medium-Term Management Plan. We stress an aggressive stance in the Medium-Term Management Plan, having established the management policy, "During this period, Takara Group intends to accelerate

Message from the President

investing in businesses in growth and high-priority fields to increase the Group's enterprise value." In accordance with that policy, we have pursued M&A and other plans aggressively. Given uncertainty in the global outlook and changes in market conditions, however, we deeply regret that we will likely fail to achieve the tangible goals set forth in the Medium-Term Management Plan, as this represents a failure to fulfill our responsibilities as a management team.

On the other hand, Japanese food continues its worldwide popularity, and I do not believe that the direction of our proactive initiatives is misguided. While it is taking longer than anticipated to achieve what we initially planned to accomplish within a three to five-year period, we intend to accelerate growth by focusing on urgency, advancing solutions in line with the progress and challenges of the theme of each business, and leveraging the TaKaRa Group Long-Term Vision 2050 we have announced and the next medium-term management plan, scheduled for launch in May 2026.

Takara Shuzo is pushing forward the cultivation and development of high-margin key brands amidst a contraction in the alcoholic beverage market owing to factors including a declining birthrate and aging population.

Our sparkling sake brand *Mio*, which we have positioned as a key brand, and *Takara Shochu Highball*, whose dry taste has gained popularity, are growing. Accelerating new product development remains a major issue, though.

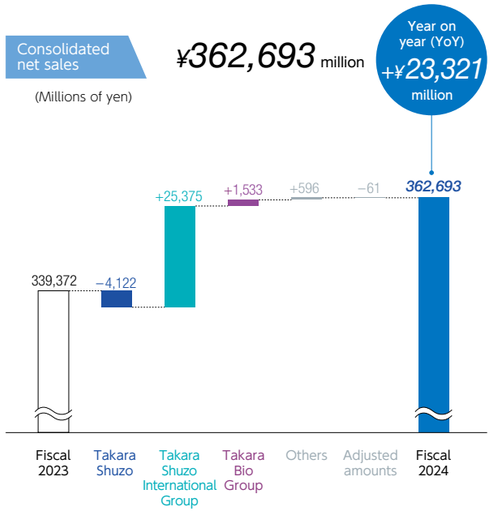
We stipulated in the Medium-Term Management Plan that we would launch approximately one new product per category. While we have introduced products such as *Sho Chiku Bai Mizuoto*, which can be enjoyed in a blend of sake and carbonated water, and *Takara Hon-Mirin Luxury Rice Koji* (100% domestic rice malt) in the seasonings category, we have some categories in which we still have products that are not yet ready for launch.

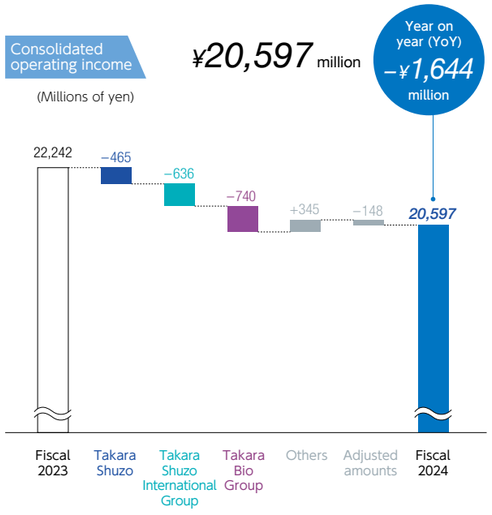
Creating a hit product is no mean feat, but unless you step up to the plate and take a swing, so to speak, it is impossible to identify areas for improvement. To accelerate the speed of product development, it is essential that we have an organizational culture that embraces trial and error. We are steadily pushing forward initiatives to foster such an environment.

Takara Shuzo International is expanding its overseas Japanese Food Wholesale Business in North America and Europe through M&A and establishing its own bases through direct entry into markets.

During the Medium-Term Management Plan period, we will establish a total of 15 locations in North America. These include opening a branch in Houston in May 2025 within the rapidly growing economy in the state of Texas and expanding into Seattle in the Northwest region, which was previously untapped. Furthermore, in Europe, we added Finnish food wholesaler Agrica Ab to the Group in September 2024, followed by German company Kagerer & Co. GmbH, which has strengths in seafood procurement, in November. We have established a foothold across the entire Nordic market and successfully entered Germany, the EU's single largest economy. This served to strengthen the foundation of our business in the European market. Moreover, to secure stable procurement routes for high-growth fresh seafood within Japan, we integrated Tsukiji Ohta Co., Ltd., a fresh fish wholesaler handling high-quality Japanese seafood in Tokyo's Toyosu Market, and Ohta Foods Market Co., Ltd., which is responsible for its export operations, into the Group in September 2024.

Breakdown of changes in consolidated financial results for fiscal 2024





We have sown the seeds for further growth through M&A and new base openings. The current issue, however, is speeding up the PMI process to make the most of the synergy resulting from these acquisitions. The projected scenario for expanding global demand for Japanese food remains unchanged. We plan to implement management support measures to strengthen the oversight function while anticipating market recovery.

Given risks such as concerns over tariff policies causing a slowdown in the U.S. economy, however, we intend to carefully consider investments going forward. We will focus on achieving returns on previous investments while consciously balancing prudence and aggressiveness in our approach going forward.

In our Overseas Alcoholic Beverages Business, we are advancing the further expansion of *Mio*, positioned as a global key brand, and strengthening *washu* exports. We are driving forward the creation of new products that address local needs through collaboration with Takara Shuzo and overseas group companies and are developing and nurturing "innovative Japanese alcoholic beverages" not limited to traditional *washu* that are tailored to local needs.

In the fiscal year ended March 31, 2025, Takara Sake USA Inc. (hereinafter, Takara Sake USA) launched *MU | WA*, a sake aged in bourbon barrels developed by the company, along with *Sho Chiku Bai OCEAN VIEW* and *SKYLINE*, which can be enjoyed like wine.

In the fiscal year ending March 31, 2026, we began exporting *Sho Chiku Bai SAKE CAN Sora*, jointly developed with a group company, a Japanese food wholesaler, which is a canned sake attracting attention abroad. Moreover, we plan to export *Yuzuha*, a jointly developed, high-alcohol liqueur for cocktails made using the globally popular Japanese ingredient yuzu.

Approximately four decades after we began producing sake in North America, *washu* made to satisfy local tastes is steadily expanding. In anticipation of a recovery in the market, we will advance initiatives including proposals for pairings of *washu* with food.

Looking at Takara Bio, because of rapid environmental changes following the pandemic, there are delays in the expansion of its CDMO business

supporting the development and manufacture of gene therapies for pharmaceutical companies and reagent business growth is well behind schedule. We are launching countermeasures to protect against the vulnerability of outsourced business to external environmental factors, restructuring its business structure to lower fixed costs, and undertaking additional supply chain revisions such as shifting production locations to cope with U.S. tariff policies.

We acquired Curio Bioscience, Inc., a U.S. venture company possessing advanced spatial transcriptome analysis technology in January 2025. In the following month, we acquired ViSpot, Inc., a Kobe University spinoff startup specializing in virus safety evaluation testing services to ensure the safety of biopharmaceutical and regenerative medical products. This investment further augments our business model. We will bolster our glocal reagent manufacturing system adjusted to suit regional characteristics and demand worldwide, and will drive forward measures to secure business continuity with the aim of fulfilling our social mission.

Washu × Japanese Food: Aiming for the Global Spread of Japanese Food Culture

Q: What is your assessment of the achievements and issues related to two of the five key strategies outlined in the Medium-Term Management Plan—"Ensure ROIC-driven corporate management" and "Establish Takara's unique business models"?

Regarding the first of the key strategies "Ensure ROIC-driven corporate management is practiced across the Group and invest in businesses in growth and high-priority fields," we plan a group-wide investment of ¥99.7 billion, promoting aggressive investment that exceeds the targets set in the Medium-Term Management Plan. Meanwhile, operating income fell short of the planned target. As a result, the projected ROIC for the fiscal year ending March 31, 2026 is expected to be 4%, falling short of the planned figure.

To enhance ROIC, we are continuing activities to promote awareness of ROIC companywide, encouraging a long-term perspective on returns on

Message from the President

investment and the efficiency of invested capital. The Takara version of ROIC translation, on which this thinking is based, was developed about 30 years ago. Utilizing insights acquired through business innovation activities oriented toward mitigating workloads, we have incorporated updates, truly learning from the past to deepen understanding.

We hope that each employee will incorporate the ROIC concept into their own work and consider how to be more productive. I hope that we can translate this into concrete action through the work in which we are engaged. In a department responsible for inventory management, for instance, improving inventory turnover will boost ROIC. Given that, the department should focus its efforts on achieving that goal. Through daily operations, I want employees to experience the mechanisms that enhance ROIC and achieve improved productivity. We will continue activities to foster employees making productivity improvement a personal responsibility, which should result in enhancing the pace of work.

Regarding "Establish and strengthen Takara's unique business models," we are "Bolstering the global awareness and acceptance of Japanese food culture" through collaboration between Takara Shuzo and Takara Shuzo International. While Japanese food enjoys widespread global popularity, the penetration of *washu* still has a long way to go. Sake consumption in the U.S., for instance, has a market share of only 0.2%. Consequently, there is significant room for growth, and innovative *washu* is a driving force in the gradual expansion of the market. Takara Sake USA renovated its building this year to increase customer traffic for its tasting room and enhance its presence as a local brewery in Berkeley.

While trading goods may carry the risk of economic fragmentation, the export and permeation of culture itself can serve to revitalize international exchange. To materialize the vision of "TGC100"—"Smiles in Life"—our objective is to fill people's lives around the world with smiles by disseminating Japanese food and *washu* culture, something only our group can achieve.

At Takara Bio, the business model of becoming "A prominent platform provider of a critical infrastructure for the global life science industry" is now largely established. We will push forward initiatives to ensure this translates into earnings.

Aiming to Foster an Organizational Culture in Which Employees Experience Fulfillment and Growth

Q: What is your view regarding the progress and issues of investing in intangible assets such as human capital, also a key strategy?

How can we cultivate an organizational culture in which employees experience fulfillment and growth by repeatedly engaging in trial and error and enhancing their ability to execute? It won't happen overnight. I continue to visit offices around the country, creating opportunities to respond to employees' questions concerning our business and their work. I also continue communicating messages regarding our desired organizational state through internal social networks and the Group newsletter.

In a rapidly changing business environment, the process of determining the path forward through the collective effort of diverse forces is crucial—even if opinions ultimately converge on a single solution. Adhering to the old adage "haste makes waste" leads to the best answer. And I believe in acting swiftly once a decision is made. If it doesn't work, then just continue making adjustments.

As one of these initiatives, in April 2025, we began accepting entries for starTreasure, an employee-participation new business development program we launched in fall 2024. Fifteen business ideas have been submitted. We recognize that we have achieved a certain level of success in fostering an initial awareness among employees to first recognize the need for new businesses, and then to leverage insights gained from daily operations to pursue activities that generate new business opportunities.

Proactively Communicate the Group's Current State to Boost Corporate Value

Q: Please also tell us about the other two key strategies: sustainability initiatives through business operations and upgrade corporate communications programs.

Regarding "Step up group-wide efforts to drive corporate sustainability," we are addressing the TCFD framework and other disclosure standards and implementing measures based on FTSE criteria, while also taking on societal issues through business operations, including dietary habits and life science research.

One such example is the craft chu-hi *Takara CRAFT KYO LEMON*, launched in November 2023. Since the inception of activities in 2018, producers, processors, and distributors have banded together to cultivate and brand kyo lemon, which is aimed at supporting initiatives such as effectively utilizing Kyoto's abandoned farmland and assisting new farmers. In 2024, this initiative took a significant step forward by garnering the Minister of Finance Award at the 7th EcoPro Awards. We intend to use this achievement as a model case for activities contributing to society through business operations to drive challenges going forward.

Regarding "Upgrade corporate communications programs," in FY2024, we actively participated in interviews with business media, which led to increased applications for mid-career recruitment and other tangible results. We are attending individual investor briefings more frequently and strengthening our individual IR activities, striving to gain the understanding of shareholders and investors. In enhancing corporate value, we recognize that it is vital for top management to actively communicate the Group's present situation. We will continue proactive dialogue in this regard.

Formulating a Vision for the Company's Ideal State a Quarter Century from Now Together with Younger Employees

Q: Since you became the President in 2018, please share the core beliefs that are most important to you, your thoughts on reaching the Group's 100th anniversary in 2025, and the objectives behind the TaKaRa Group Long-Term Vision 2050 formulated to outline where we wish to be in 2050.

The concept of "going concern" is the very foundation of a company's reason for being, and I have also incorporated it into my own management philosophy. Continuity is crucial, just as with today's sustainability initiatives. I believe it is the responsibility of leaders to establish structures that ensure business continuity regardless of changes in personnel.

While reaching this 100-year milestone is significant, we must foster a more challenging organizational culture to realize sustainable business growth. We are renewing our commitment to constructing an organization in which employees are able to feel accomplished and fulfilled. This involves sharing the corporate vision we aim for as a group, aligning our direction, and forming a corporate image toward which we can all strive.

As our ideal future state, to coincide with our 100th anniversary, we also announced the TaKaRa Group Long-Term Vision 2050. This plan was formulated over a period of about two years after the establishment of a working group that included younger employees to create an image of the future of the Takara Group. While 2050 may seem like the distant future, by then our employees who are currently in their 20s and 30s will be actively contributing. This vision incorporates the value we aim to deliver in new domains created through the convergence of our three core businesses. We hope it will serve as a compass for future challenges, guiding us toward realizing our ideal future state. We will also develop the next medium-term management plan using a backcasting approach underpinned by the same long-term vision.

Our group is a unique entity, built on two distinct business models. We will continue refining our singular competitive advantages while leveraging our combined strengths to generate new value. We look forward to the continued support and guidance of our stakeholders as we move toward the challenges the Takara Group will undertake in the coming century.

TaKaRa Group Long-Term Vision 2050

Aiming to become a company that continues spreading smiles worldwide

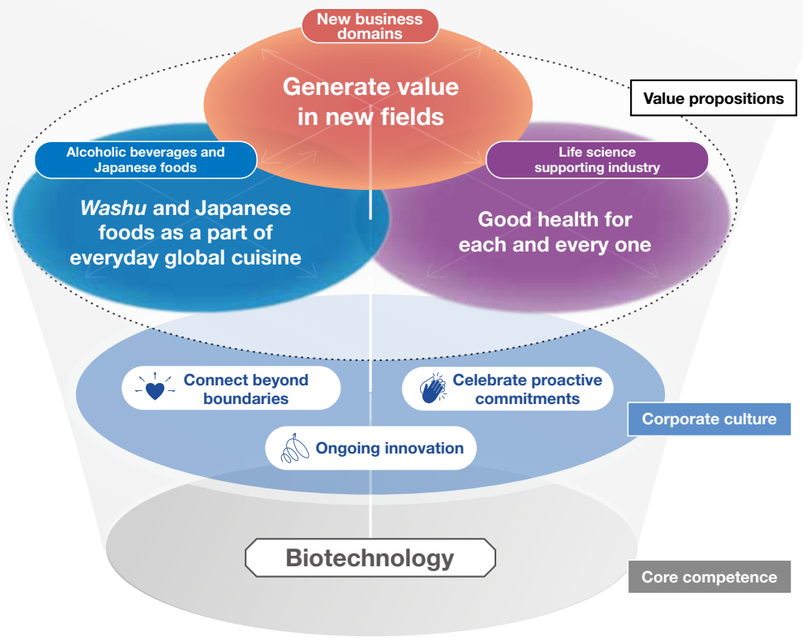
In September 2025, as it commemorates its 100th anniversary, the Takara Group has formulated the TaKaRa Group Long-Term Vision 2050, envisioning its desired state in 2050, a quarter century from now. The Long-Term Vision 2050 is a concrete expression of new future aspirations incorporating the "Smiles in Life" concept as set out in TGC100.* 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 challenges and move toward our ideal image for 2050.

* TaKaRa Group Challenge for the 100th (Long-Term Management Vision for FY2020-2025)

Vision 2050

The Takara Group 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.

Smiles in Life



Alcoholic beverages and Japanese foods

The future we envision

The global population will increase further.

There will be greater interaction between peoples, bringing ever more exchange of cultures and value systems.

Washu and Japanese foods will develop from niche products into staples of global cuisine.

Value propositions

Washu and Japanese foods as a part of everyday global cuisine

Our job is to expand culinary horizons of delight and excitement, both at home and around the world, by providing domestic and international markets with consistent supplies of quality *washu* and Japanese foods.

In this way, we hope to boost the global popularity of much-loved *washu* and Japanese foods.

Key objectives

- Build manufacturing and sales structures predicated on quality, sustainability and productivity
- Enhance the value and quality of *washu* by leveraging Western alcoholic beverage technologies and assets
- Establish robust local functions that support marketing, foster inter-business synergies, and enhance management control
- Provide a comprehensive range of Japanese food-related products, including tableware, utensils, and basic fermentation-based seasoning
- Leverage international Japanese food wholesale networks to gain insights into Japanese and overseas preferences to inform food and alcohol product development
- Develop services designed to boost the popularity of *washu* and Japanese food culture as part of a sustainable revenue model

Life science supporting industry

The future we envision

Advanced urban infrastructure is being developed in cities around the world, including those in emerging countries.

This provides a foundation for further advancements in drug discovery targeting unmet medical needs, as well as in personalized medicine.

Value propositions

Good health for each and every one

We contribute to the advancement and social implementation of healthcare and drug discovery by supplying life science products and services for global R&D activities.

We also provide personalized services for disease prevention and diagnosis through a scientific approach to health.

Key objectives

- Realize our glocal strategy comprehensively by establishing footholds around the world
- Continuously create new technologies for human health by establishing a robust ecosystem
- Establish smart factories by accelerating digital transformation
- Establish efficient frameworks for providing personalized medicine and point-of-care testing

New business domains

The future we envision

Food shortages are increasing worldwide, due to a combination of population growth and climate change.

Meanwhile, there is a growing public appetite for carbon neutrality.

By harnessing the full potential of biotechnology, we can contribute in new and different ways.

Value propositions

Generate value in new fields

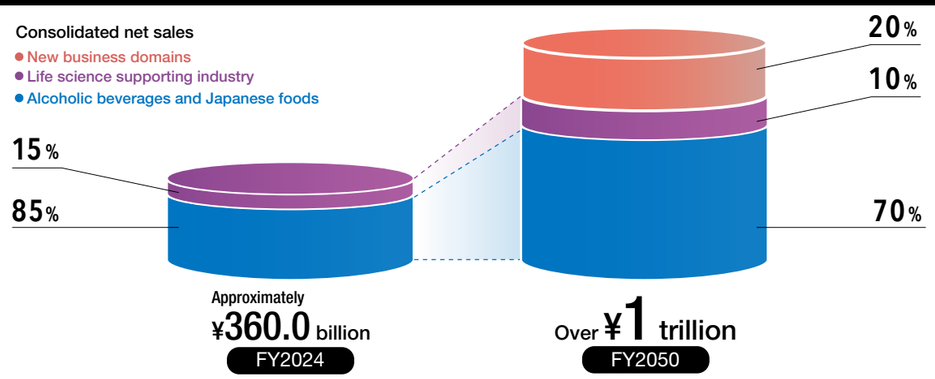
Through innovative biotechnology, we contribute to solving social issues such as food shortages and environmental problems, while creating new value.

The Takara Group is committed to expanding its business domains beyond food and health.

Key objectives

- Explore a wide variety of partnerships and networks with government and academic bodies in Japan and around the world
- Fully leverage both internal and external resources and knowledge in the bio-economy sector
- Utilize technological capabilities more effectively via improved marketing and private-sector alliances
- Explore new domains associated with the commercialization of bio-manufacturing, the development and production of bio-based products, and sustainable food resources
- Constantly strive to develop new business ideas as part of a continuous cycle

Presence



Message from the Director in Charge of Finance

We are laying the foundation for future growth by investing in growth and high-priority fields. We will actively work to improve capital efficiency and aim to continuously improve corporate value.

Director **Kei Sato**

FY2024 (Fiscal Year Ended March 31, 2025) Results and FY2025 (Fiscal Year Ending March 31, 2026) Outlook

In FY2024, net sales were up by 6.9% year-on-year, operating income decreased by 7.4% year-on-year, and ordinary income fell by 5.0% year-on-year. Extraordinary income, including the sale of cross shareholdings, however, totaled ¥4.7 billion, resulting in a 0.2% year-on-year rise in net income attributable to owners of the parent. Moreover, overseas sales over total net sales were 59.3%, ROE was 6.8%, and ROIC was 4.0%.

For FY2025, we forecast net sales to increase by 10.6% year-on-year, operating income to rise by 6.3% year-on-year, ordinary income to grow by 0.1% year-on-year, and a 0.6% year-on-year increase in net income attributable to owners of the parent. Our aim is to break out of a string of three straight years of declining operating income. Compared with the targets set in the Medium-Term Management Plan for 2025, net sales are projected to be 4.5% lower and operating income 42.4% lower, while overseas sales over total net sales are expected to exceed the plan by 1.9%. Additionally, ROE and ROIC are also expected to fall short of the targets. The primary reason for our failure to achieve the targets was an inability to adequately respond to unforeseen changes in the external environment. These include the restaurant market slowdown because of recent global inflation and stagnation in the life science research market, which we did not anticipate while formulating the plan. We are actively investing in growth and high-priority fields, however, including expanding bases of the overseas Japanese Food Wholesale Business through M&A in North America and Europe under the Takara Shuzo International Group (hereinafter, Takara Shuzo International) and acquiring shares in Curio and ViSpot under the Takara Bio Group (hereinafter, Takara Bio). Through these activities, we are steadily laying the foundation for future growth.

FY2024 (fiscal year ended March 31, 2025) results and FY2025 (fiscal year ending March 31, 2026) forecast (Millions of yen)

	FY2024 results	Year on year	FY2025 results forecast	Year on year	Medium-Term Management Plan for 2025 Targets	Compared with the Medium-Term Management Plan
Net sales	362,693	+6.9%	401,000	+10.6%	420,000 or above	–4.5%
Operating income	20,597	–7.4%	21,900	+6.3%	38,000 or above	–42.4%
Ordinary income	22,180	–5.0%	22,200	+0.1%		
Net income attributable to owners of the parent	16,202	+0.2%	16,300	+0.6%		
Overseas sales over total net sales (excluding Takara Bio Group)	59.3% (58.2%)		61.9% (61.3%)		60.0% or above (60.0% or above)	+1.9pt (+1.3pt)
ROE	6.8%		6.5%		9.0% or above	–2.5pt
ROIC	4.0%		4.0%		7.5% or above	–3.5pt

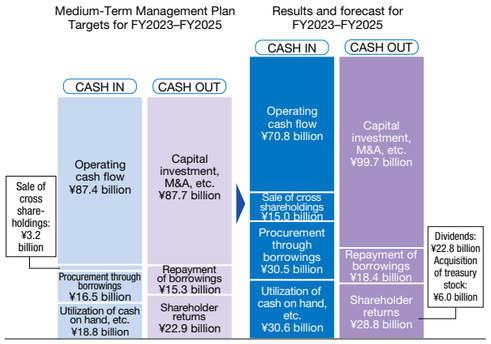
Cash Allocation and Shareholder Returns

We have positioned the Medium-Term Management Plan for 2025 as follows: "During this period, Takara Group intends to accelerate investing in businesses in growth and high-priority fields to increase the Group's enterprise value." We previously planned investment of ¥87.7 billion, exceeding the ¥87.4 billion in operating cash flow. From FY2023 results to the forecast for FY2025, however, we expect investment to significantly exceed the plan, reaching ¥99.7 billion. This includes M&A activities at Takara Shuzo International. Moreover, we anticipate that shareholder returns will also exceed the plan. For FY2025, we conducted an acquisition of treasury stock with a maximum limit of ¥3.0 billion.

We will set dividends at a total of ¥31 per share, comprising an ordinary dividend of ¥29 plus a 100th anniversary commemorative dividend of ¥2 (dividend payout ratio: 37.1%). We project operating cash flow of ¥70.8 billion, falling short of the planned ¥87.4 billion. We plan to exceed the plan, however, for the sale of additional cross shareholdings, procuring funds through borrowing, utilization of cash on hand, and other measures, and intend to apply these funds to covering the shortfall.

Regarding cross shareholdings, aiming for further improvement in capital efficiency, we have recently announced a policy to reduce the total value by 50% from the market value of approximately ¥32.0 billion as of the end of March 2025 by the end of March 2030.

Cash allocation



Regarding ROIC

As shown in the table below, the Takara Group's ROIC for the fiscal year ended March 31, 2025 was 4.0%, below its WACC of 6.28%. Moreover, we project that the Takara Group's ROIC for the fiscal year ending March 31, 2026 will be 4.0%, on par with the previous fiscal year and short of the targets set in the Medium-Term Management Plan for 2025. At this point, it negatively impacts (impedes improvements in) investment activities such as safe, secure investment at Takara Shuzo, as well as M&A activities at Takara Shuzo International and Takara Bio. Going forward, we will actively pursue improvements in efficiency alongside further enhancements to profitability, with the aim of increasing ROIC.

The outlook for ROIC by business segment for the fiscal year ending March 31, 2026 is as follows: Takara Shuzo is pushing forward initiatives including improvement of its product mix through price revisions and cultivating high-margin key brands and promotion of efficient allocation of SG&A expenses. With these efforts, post-tax operating income is expected to be ¥3.6 billion, exceeding the target of ¥3.4 billion. Due to factors such as timing differences in noncurrent asset investment, invested capital is expected to be ¥71.5 billion, not reaching the target of ¥78.4 billion. As such, ROIC is expected to reach 5.1%, exceeding the target of 4.5%. Going forward, we will continue focusing not only on improving the numerator—such as enhancing our product mix by cultivating high-margin key brands, reducing costs, and improving production efficiency by renewing equipment as part of our investment in safety and security—but also on improving the denominator, which includes enhancing operating capital efficiency by reducing internal inventory.

Takara Shuzo International's post-tax operating income is expected to be ¥9.3 billion, short of the target of ¥11.5 billion. The factors behind the projection include the impact of slowing growth in the restaurant market resulting from global inflation, intensification in price competition in certain general-purpose products, and the continued rise in labor costs, as well as the increase in temporary expenses such as warehouse relocation and expansion and M&A activity. Furthermore, due to an increase in noncurrent assets resulting from unplanned M&A, invested capital is expected to reach ¥150.4 billion, surpassing the target of ¥108.1 billion. Consequently, ROIC is forecast to be 6.2%, falling short of the target of 10.7%. Going forward, capitalizing on the momentum from Japan's traditional sake brewing having been designated a UNESCO Intangible Cultural Heritage, we will accelerate the creation of synergy by leveraging the strengths of the entire group, including newly consolidated companies. We will focus on growing our *washu* and Japanese Food Wholesale Business and generating profit, while also pushing forward measures such as reducing operating capital to improve the denominator.

Takara Bio projects post-tax operating income of ¥1.7 billion, falling short of the target of ¥10.3 billion, owing to the global downturn in the life science research market. ROIC is expected to be 1.4%, below the target of 8.4%. We are steadily laying the groundwork for future growth, however, through capital investment such as the completion of the Center for Gene and Cell Processing III, which is scheduled for 2027, and the acquisition of shares in Curio and ViSpot. We will accelerate the creation of synergy with newly consolidated companies, firmly pursue the generation of profit, and also work to improve efficiency through measures such as R&D project selection and concentration.

ROIC by business segment: FY2024 results and FY2025 forecast (Billions of yen)

	ROIC (post-tax operating income/invested capital)			Remarks
	FY2024 results	FY2025 forecast	Medium-Term Management Plan for 2025 targets	
Takara Holdings consolidated	4.0% (14.2/354.9)	4.0% (15.1/378.0)	7.5% or above (25.4/339.2)	Despite active investment in growth and high-priority fields such as unplanned overseas M&A, post-tax operating income fell short of the target.
Takara Shuzo	5.0% (3.4/69.4)	5.1% (3.6/71.5)	4.5% (3.4/78.4)	Post-tax operating income surpassed the target. Noncurrent assets fell short of the target due to factors such as timing differences in investment.
Takara Shuzo International Group	6.4% (8.0/126.2)	6.2% (9.3/150.4)	10.7% (11.5/108.1)	Post-tax operating income fell short of the target. Due to unplanned M&A, noncurrent assets significantly exceeded the target.
Takara Bio Group	1.4% (1.5/114.3)	1.4% (1.7/120.1)	8.4% (10.3/122.7)	Neither post-tax operating income nor invested capital reached the target.

* ROIC figures by business segment are for reference only. * Takara Holdings consolidated WACC for the fiscal year ended March 31, 2025: 6.28%

Key initiatives to improve ROIC

ROIC improvement =	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group
NOPAT improvement	Key brand development (≒ improvement of product mix) Production efficiency through capital investment	Accelerating growth in *washu* and Japanese Food Wholesale Business Creation of synergy including newly consolidated companies	Creation of synergy with newly consolidated companies
Reduction of invested capital	Boosting operating capital efficiency by reducing internal inventory, etc.	Reduction of operating capital, etc.	Selection and concentration of R&D projects

Toward Sustained Corporate Value Enhancement

To implement "management that is conscious of the cost of capital and stock price," we will advance initiatives across each business segment. Additionally, we will actively pursue IR activities to ensure understanding of these initiatives among our shareholders and investors. Moreover, we will strive to achieve sustainable growth in corporate value by not only leveraging insights gained through constructive dialogue to enhance disclosure content, but also applying them to our management activities going forward.

Our Value Creation Process

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

Under TaKaRa Group Challenge for the 100th, our long-term management vision, we will fulfill our responsibilities as a company to create a sustainable society by solving social issues through our business activities. And through the value creation process, we will constantly address challenges to make people's lifestyles, vitality, and lives throughout the world filled with smiles.

Business Environment

- **Domestic Business**
  - Alcohol consumption in decline; younger people drinking less
  - The Liquor Tax Act revised
  - The inbound tourism market recovering and expanding
- **Overseas Business**
  - The global Japanese food market expanding
  - Further growing demand for sake made in Japan
  - Popularity of innovative sake
- **Biomedical Business**
  - The biomedical industry expanding markets
- **General Trends**
  - Soaring costs with no sign of decline
  - Businesses increasingly required to help address various social/environmental issues related to sustainability

Social Issues

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

TAKARA HOLDINGS INC.

Unifying Group Management

We deliver diverse values of *washu*, Japanese food, and life science.

Types of Capital Invested

Page 25

- Financial capital
- Manufacturing capital
- Intellectual capital
- Human capital
- Social capital
- Natural capital

Enhance society's sustainability by providing medium- and long-term value

Solve social issues through our business × Increase the earning capacity of our business

Takara Group Medium-Term Management Plan for 2025

A global and sustainable business model

Takara Shuzo

Washu

(1) Technological capability and brand strength
(2) Manufacturing capability and strength of product quality

Takara Shuzo International Group

Japanese food

(1) Purchasing and procurement capabilities
(2) Mobility

Takara Bio Group

Life science industry

Strengthening development and manufacturing capabilities

Promote the spread of Japanese food culture (*washu* and Japanese food) around the world

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

Invest in growth and high-priority fields

Strengthen the value chain to help solve social issues × Strengthen the value chain for business expansion in growth areas

Invest in intangible assets

Promote human capital management | Build DX infrastructure

Reinvest

Thorough ROIC management

Output

Long-term Management Vision TGC100

<Tangible Goals>

(2026/3) Takara Group consolidated

Net sales ¥420 billion or above	Operating income ¥38 billion or above
Overseas sales over total net sales 60.0% or above (60.0% or above for Takara Group except for Takara Bio Group)	ROE 9.0% or above
	ROIC 7.5% or above

Takara Group Sustainability Vision

<Major Goals>

- Achieve net zero CO_2 emissions in the Takara Group (fiscal 2050)
- Display pure alcohol content on the labels of all consumer products sold in Japan (fiscal 2025)
- Conveying and providing the appeal and new value of Japanese food
- Ongoing support for the development of global life science research

etc.

Outcomes

- Contribute to enriching people's diet
- Create value in the medical and health domains

Realize our Vision

Smiles in Life

Long-term Management Vision TaKaRa Group Challenge for the 100th Page 30

Takara Group Sustainability Policy Page 41 | Governance Page 57 | Takara Group Sustainability Vision

Takara Group's Capital

The history of the Takara Group began with the sake brewing business in 1842. Currently, the Takara Group is promoting operations including primarily the domestic alcoholic beverages and seasonings business operated by Takara Shuzo, the overseas alcoholic beverages and Japanese food wholesale business promoted by the Takara Shuzo International Group, and the biomedical business operated by the Takara Bio Group. The Takara Group's advantage is that its businesses are each independent and have established a well-balanced business portfolio that is resilient to changes in the environment.

In addition to maintaining this structure, we aim to further strengthen the capital accumulated until now and to improve the sustainable corporate value as a source of value creation.

Financial capital

Pages 21-22

Enhance global cash management and improve asset efficiency to accelerate investing in businesses in growth and high-priority fields

- Build a robust portfolio through the domestic, overseas, and biomedical businesses

- ROE 6.8%
- ROIC 4.0%
- Equity ratio 51.3%
- Credit ratings A (R&I), A+ (JCR)

(Fiscal year ended March 31, 2025)

Manufacturing capital

Pages 34-36

Manufacturing structure to provide customers all over the world with safe and reliable products and services

<Takara Shuzo>

- Core factories in East and West Japan: Matsudo Plant (Matsudo City, Chiba Prefecture) and Fushimi Plant (Kyoto City, Kyoto Prefecture)
- Manufacture of high-quality sake such as junmai sake and daiginjo sake: Shirakabegura (Kobe City, Hyogo Prefecture)
- Keeping about 85 varieties of barrel aged shochu: Kurokabegura (Koyu District, Miyazaki Prefecture)

<Takara Shuzo International Group>

- Manufacture of *washu* that meets local needs: Takara Sake USA Inc. (U.S.), Takara Shuzo Foods Co., Ltd. (China)
- Manufacture of whiskeys in Scotland: The Tomatin Distillery Co. Ltd (UK)
- Manufacture of sake-based cocktails, etc. in Canada: Ontario Spring Water Sake Company (Canada)

<Takara Bio Group>

- Glocal manufacturing system to implement stable supply
- Center for Gene and Cell Processing equipped for the manufacture of various modalities
  Head office (Kusatsu City, Shiga Prefecture), Takara Bio USA, Inc. (U.S.), Takara Biotechnology (Dalian) Co., Ltd. (China), Takara Bio Europe S.A.S. (France), and DSS Takara Bio India Pvt. Ltd. (India)

- Alcoholic beverage manufacturing locations 6 in Japan, 4 overseas
- Bio-manufacturing locations 5

(as of March 2025)

Shirakabegura

Takara Sake USA Inc.

Takara Bio head office

Intellectual capital

Pages 34-36

Increase brand strength, technological capability, and strength of product quality to achieve sustainable growth

- Visualize product development, cooking effects, and functions numerically
  East Japan Seasonings Customer Center (Chuo-ku, Tokyo), West Japan Seasonings Customer Center (Kyoto City, Kyoto Prefecture)
- Genetic and cellular engineering technologies for supporting the sustainable growth of the reagent and equipment business, CDMO business, and gene therapy field

- R&D expenses ¥7,309 million

(Fiscal year ended March 31, 2025)

Human capital

Pages 27-28

Foster human resources and promote the active involvement of diverse human resources to improve corporate value and realize the growth of the group

- Provide training for our employees at the Takara Holdings Corporate History Museum (disseminating the TaKaRa Five Values, the group's common values, and Vision, and fostering human resources who take on challenges based on what they learn from the history of the Takara Group)
- Promote the active involvement of women and seniors and promote the employment of persons with disabilities
- Engage in activities to achieve a comfortable workplace environment and a work-life balance

- Number of employees across the group 5,729
- Percentage of overseas employees 55.0%

(as of March 31, 2025)

- Proportion of women in managerial positions
  ❶ 10.2% (Takara Holdings, Takara Shuzo and Takara Shuzo International)
  ❷ 23.8% (Takara Bio)

❶ as of April 1, 2025 ❷ as of March 31, 2025

Social capital

Pages 55-56

Build cooperative relationships with suppliers and partner companies as well as networks to realize global business growth

- Trusted brands we have acquired through the deep bonds with our customers and suppliers.
  For example, the Takara brand, which has a history of over 120 years, and *Sho Chiku Bai*, known for its "*yorokobi no sake*" tagline, meaning "sake of joy"
- Spread Japanese food culture (*washu* and Japanese food) around the world through Japanese food wholesale networks
- Support research activities in the life science field at universities and companies (reagents and instruments business and CDMO business)

- Coordination with many customers and suppliers who support brand cultivation
- Overseas sales over total net sales 59.3%

(Fiscal year ended March 31, 2025)

Natural capital

Pages 42-44

Strengthen the value chain to help solve social issues such as climate change and preservation of biodiversity

- Activities to protect natural environments and assistance for research toward safeguarding the wildlife in these habitats
  The Takara Harmonist Fund was established in 1985
- Initiatives to realize a sustainable society
  Reducing greenhouse gas emissions, using environmentally friendly containers, etc.

- Takara Harmonist Fund
  Number of grant recipients: 432,
  Cumulative total amount of grants: ¥204,190,000

(as of June 2025)

- Initiatives to reduce CO_2 emissions

Message from the Director in Charge of Human Resources

Everyone has the potential to grow. We will work to foster an organizational culture in which employees can take the initiative in developing their careers.

Director **Masanao Suzuki**

Human Resources Systems and Measures Are Frameworks Designed to Extract Employees' Capabilities and Boost Productivity

I am Masanao Suzuki. I had served as General Manager of the Personnel Division since 2018 and was appointed as Director in charge of human resources in June 2025.

During my tenure as General Manager of the Personnel Division, I worked to bolster human capital based on TaKaRa Group Challenge for the 100th (hereinafter, TGC100), the Group's long-term management vision, and its specific strategies outlined in the Medium-Term Management Plan. In particular, to realize the Takara Group Medium-Term Management Plan for 2025 (hereinafter, the Medium-Term Management Plan), the culmination of the TGC100 initiative, we are working to foster human resources who can be responsible for the next generation of the Group and take charge of global business growth, in accordance with our human capital development policy, while promoting the active involvement of diverse human resources. Moreover, we are focusing on ascertaining the degree of engagement on the part of employees and offering career development support oriented toward boosting engagement in the interest of establishing a workplace offering both rewarding work and job satisfaction as well as a corporate culture that nourishes people.

Through my long experience in human resources division, even before becoming the head of the division, I have determined that systems and policies concerning human resources are frameworks designed to extract employees' motivation and capabilities, thereby boosting productivity and corporate value. We must continually review the design of systems in response to the constantly changing environment surrounding a company, as well as the status of the company and its employees.

In 2022, we introduced a new personnel management system to centralize and visualize employee skills and experience. The system allows us to secure and develop the talent required for management strategies and various business activities, and to appropriately allocate personnel without being dependent on individual judgment. In addition to skill development support through traditional correspondence courses as well as recognition for qualifications and license acquisition, we fully implemented online learning tools as an education support measure for employees' autonomous learning beginning in 2025.

Focusing on Support for Younger Employees Aiming for Overseas Assignments and Fostering a Sense of Unity with Employees at Overseas Bases

Regarding the securing and cultivating of global personnel, during the Medium-Term Management Plan period, we continue hiring both new graduates and experienced professionals while implementing a variety of initiatives.

And we assign younger employees in their 20s and 30s who wish to work abroad to Takara Shuzo International's headquarters or overseas bases through job rotation.

To help employees to be more confident as they envision working overseas, we continue our Global Café exchange program connecting domestic and international staff members, in addition to cross-cultural training oriented toward cultivating a global mindset from the time of domestic assignments. To support improvement in language proficiency, we now offer learning opportunities for business-essential language skills, including *washu* and Japanese food-themed English-language discussions, as well as composing e-mails in English.

As the Takara Group expands its overseas operations, to realize the Vision set forth in TGC100, we have conducted training sessions at the Takara Holdings Corporate History Museum since 2017. The aim of this initiative is to foster a sense of unity by sharing the TaKaRa Five Values, the core identity of the Takara Group. The training programs target not only employees in Japan but also key personnel from group companies overseas. Participants conduct field visits to observe Japan's domestic alcoholic beverage market and tour Takara Shuzo's factories, acquiring insights that directly benefit their local operations.

In addition to these programs, we will continue implementing measures that foster a sense of Group unity and align us in terms of direction.

In FY2018, we launched a selective leadership development study group for managers with an eye toward cultivating human capital to carry the next generation. To this point, 66 people have taken the course, the primary goal of which is to foster awareness and preparedness to take charge of the group. Since FY2022, we have also been implementing training to develop next-generation leaders among factory technical staff to pass on our manufacturing know-how and skills as a manufacturer. We are promoting the development of personnel with a wealth of experience to take on the responsibility of ensuring safety and security.

Aiming to Construct an Organization Where a Diverse Range of Personnel Can Thrive

With regard to diversifying the Group's human resources and increasing employee engagement, we are fostering a workplace that respects diversity, encompassing women, seniors, and persons with disabilities. The proportion of women in managerial positions rose from 8.6% as of April 2024 to 10.2% as of April 2025. With regard to seniors, we have in place a system of continuous employment up to the age of 70. We have also introduced a system of treatment based on ability to encourage people to enthusiastically demonstrate their capabilities.

Regarding work satisfaction and a fulfilling workplace, we first conducted an engagement survey in FY2022 to assess the level of employee engagement at the time, and followed up with a second survey in FY2024.

These two surveys showed us that overall engagement levels were high, but we are proceeding with countermeasures against the specific issues that have emerged.

One of the issues identified in the FY2022 survey was "promotion of career development support for medium- to long-term growth." To address this issue, we implemented a new career design training program targeting primarily mid-level employees in their 30s. It involved employees reflecting on and self-analyzing themselves and their careers before considering their future paths. And we have put into practice a system for visualization of the skills and qualifications needed to perform duties in each department, making it possible for employees to use the information for reference in acquiring skills and qualifications. As a result of these efforts, the FY2024 survey showed that scores for career development support had risen against those of the preceding survey.

Another issue the FY2022 survey identified was "fostering a challenging organizational culture and transformative power." This score remained somewhat lower than other items in the FY2024 survey, but we recognize that we cannot immediately resolve issues related to fostering an organizational culture and transformative power. Through initiatives such as the TaKaRa WAKU-WORK Project and the employee-participation new business development program starTreasure launched in 2024, we aim to foster a culture that embraces speed and the spirit of tackling challenges while preserving the earnest, sincere corporate ethos we prize as a strength of Takara Group employees. We are committed to cultivating an environment groupwide in which trial and error is accepted.

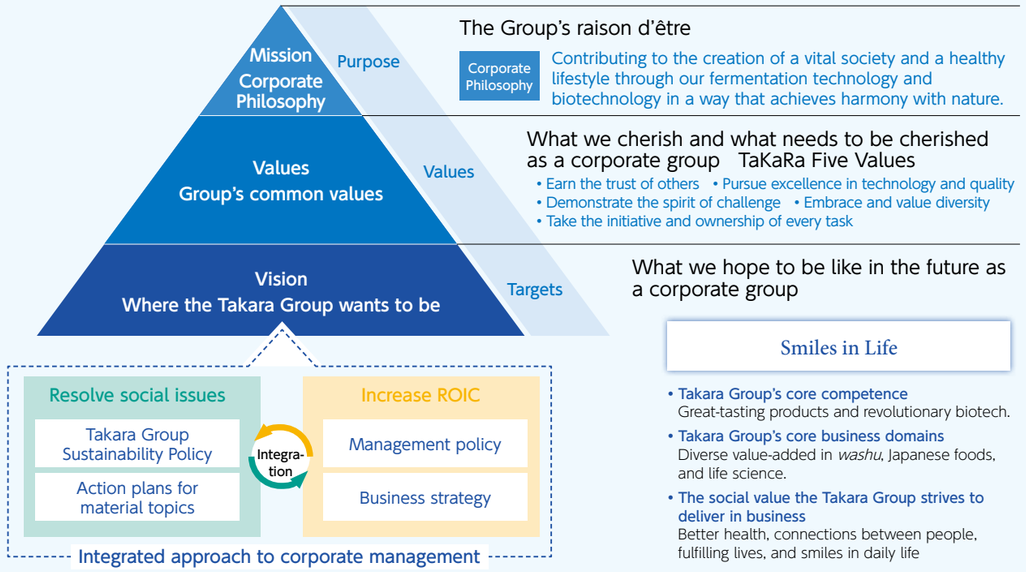
As the Director in charge of human resources, what I want to stress in fostering the challenging organizational culture that will characterize the Takara Group is providing a diverse range of human resources with opportunities to thrive. There are various jobs within a company, each requiring different qualities. There must be a place for everyone to shine. From that perspective, I believe it is vital to devise a framework where we properly recognize individuals who sincerely engage with their work and steadily generate results, and in which they are able to fully utilize their capabilities.

My personal view is that everyone has the potential to grow. Toward the Takara Group's further growth, we will foster an organizational culture in which employees take an active role in shaping their own careers and are able to constantly challenge themselves for self-improvement, which will lead to increased corporate value.

Training session conducted at
Takara Holdings Corporate History Museum

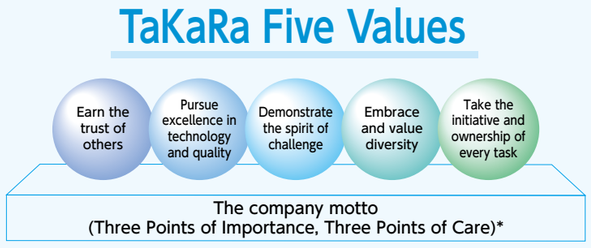
Our Identity

The Takara Group's identity (our "Takara-ness") is a systematization of the Vision (what we aspire to be) presented in our Long-term Management Vision (TGC100), and redefines as our Values (the values shared amongst the group) what all employees in the group should respect based on our Mission, the raison d'être of our group. This identity is rooted in the amalgamation of all the different strengths of each individual employee of the Takara Group, fostering a corporate culture to make our Vision reality while heightening our sense of unity as a group while not losing our "Takara-ness."



Group's common values (TaKaRa Five Values)

The "TaKaRa Five Values" presents what we cherish and what needs to be cherished as a corporate group. These common values of the group express the ideas and spirit of the company motto, "Three Points of Importance, Three Points of Care," in a way that accommodates the changing times and globalization and is easily understood by employees.



* The importance of decorum, the importance of the law, the importance of responsibility, care with words and actions, care with fire, care with machinery.

01 Earn the trust of others
Uphold laws and social ethics, build trust gradually through individual actions, and gain confidence inside and outside the company

02 Pursue excellence in technology and quality
Exercise ingenuity, apply wisdom, and select only the best technologies to provide safe, reliable products and services to our customers

03 Demonstrate the spirit of challenge
Make repeated efforts to achieve our goals while adapting to environmental changes

04 Embrace and value diversity
Respect others' thoughts and work together to enhance both our individual and team strengths

05 Take the initiative and ownership of every task
Take the lead to initiate action and fulfill the task without compromise

Long-term Management Vision (Up to the fiscal year ending March 2026)

TaKaRa Group Challenge for the 100th

| Vision |

Smiles in Life

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

In 2020, TAKARA HOLDINGS INC. formulated TaKaRa Group Challenge for the 100th (hereinafter, TGC100), a six-year long-term management vision ending in the fiscal year ending March 31, 2026, which is the centennial of the Group's foundation. And the Company has worked progressively on the Takara Group Medium-Term Management Plan for 2022 (the fiscal year ended March 31, 2021 through the fiscal year ended March 31, 2023) for three years. In 2023, as a conclusion to TGC100, the Medium-Term Management Plan for 2025 (the fiscal year ended March 31, 2024 through the fiscal year ending March 31, 2026) adopts a management policy to increase enterprise value over a three-year period by accelerating investments in growth and high-priority fields* focusing on utilizing products and services to solve social issues and creating long-term and sustainable growth capital to raise our earning capacity, all while enhancing our value chain for solving social issues.

* Growth and high-priority fields
Takara Shuzo: Enhance the safety and security of production systems; develop and nurture "hit" products; focused brand development
Takara Shuzo International Group: Expand food wholesale sites in North America and Europe; expand *washu*
Takara Bio Group: Expand the reagents and equipment business; expand the CDMO (contract development and manufacturing organization) business; maximize the value of drug discovery platform technologies

Long-term Management Vision "TaKaRa Group Challenge for the 100th"
(FY2020–2025)

Takara Group Medium-Term Management Plan for 2022
(FY2020–2022)
During this period, each business segment was to transform its business model and operating foundation to make them more robust.

Takara Group Medium-Term Management Plan for 2025
(FY2023–2025)
During this period, Takara Group intends to accelerate investing in businesses in growth and high-priority fields to increase the Group's enterprise value

Takara Group Medium-Term Management Plan for 2025

Under the Takara Group Medium-Term Management Plan for 2025 (MMP2025), we will establish the Group's two unique business models, "Spreading Japanese food culture (*washu* and Japanese food) all over the world" and "A prominent platform provider for the global life science industry," and thereby provide products and services that have value required by customers and the society. At the same time, we will enhance the Takara Group's own value by realizing our Vision "Smiles in Life."

Corporate Management Objectives

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

The Takara Group intends to accelerate investing in businesses in growth and high-priority fields and motivate employees to achieve greater productivity and drive innovation at work. In addition, we will establish and enhance the Group's two unique business models with global and sustainable implications. All these efforts will enable us to remain on the growth path and achieve the Group's Vision. Furthermore, we will upgrade our corporate communications programs as part of our efforts to increase the Group's enterprise value.

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

Net sales	Operating income	Overseas sales over total net sales	ROE	ROIC
¥420 billion or above	¥38 billion or above	60.0% or above (60.0% or above for Takara Group except for Takara Bio Group)	9.0% or above	7.5% or above

<Reference> Tangible Goals for TGC100 (before change) Net sales: 340 billion yen or above, Operating income: 23 billion yen or above, Overseas sales over total net sales: 44% or above, ROE: 8.0% or above

Takara Group's Consolidated Results (fiscal year ended March 31, 2025)

Net sales	Operating income	Overseas sales over total net sales	ROE	ROIC
¥362.6 billion	¥20.5 billion	59.3%	6.8%	4.0%

Next Fiscal Year Consolidated Forecast (fiscal year ending March 31, 2026)

Net sales	Operating income	Overseas sales over total net sales	ROE	ROIC
¥401 billion	¥21.9 billion	61.9%	6.5%	4.0%

Five Key Strategic Initiatives

1 Ensure ROIC-driven corporate management is practiced across the Group and invest in businesses in growth and high-priority fields

- 3-year investment plan 88 billion yen, ROIC target of 7.5% or more

The Takara Group's investment performance for the fiscal year ended March 31, 2025 and plans for the fiscal year ending March 31, 2026 are as follows.

Investment Performance (fiscal year ended March 31, 2025)

	'24/3 Actual	'25/3 Actual	Plan for the 2nd year of the MMP2025	Overview
Takara Shuzo	¥4.1 billion	¥4.1 billion	(¥4.2 billion)	• Matsudo Plant: Integration of large PET line • Kusu Plant: Cubitainer-filled product line and other investments
Takara Shuzo International Group	¥12.0 billion	¥27.7 billion	(¥9.4 billion)	M&A (Tsukiji Ohta and Ohta Foods Market, Agrica, and Kagerer) and other investments
Takara Bio Group	¥10.9 billion	¥10.6 billion	(¥10.4 billion)	Construction of the Center for Gene and Cell Processing III and other investments
Takara Group consolidated	¥27.3 billion	¥44.6 billion	(¥25.5 billion)	

Investment Plan (FY2023–2025)

	'26/3 forecast	'24/3–'26/3 forecasts	Three-year MMP targets	Variance factors
Takara Shuzo	¥5.9 billion	¥14.1 billion	(¥21.0 billion)	Construction delay due to labor shortages (rescheduled for later)
Takara Shuzo International Group	¥3.3 billion	¥43.1 billion	(¥20.0 billion)	• Unplanned acquisition of equity interest in Kagerer • Increased costs for warehouse relocation and expansion
Takara Bio Group	¥21.1 billion	¥42.8 billion	(¥45.4 billion)	Adjustment of capital investment plan in response to market turndown
Takara Group consolidated	¥27.8 billion	¥99.7 billion	(¥87.7 billion)	

2 Establish and strengthen Takara's unique business models that facilitate the operational enhancement and the medium- and long-term provision of value while enhancing social sustainability

Takara Group's two unique business models

Takara Shuzo and Takara Shuzo International Group	Takara Bio Group
Bolstering the global awareness and acceptance of Japanese food culture	A prominent platform provider of a critical infrastructure for the global life science industry
Expand Takara's global sales of *washu**1 and Japanese food*2	Expand the reagent and equipment business Substantially expand the CDMO business Maximize the value of the base technology for drug discovery

*1 A general term for Japanese traditional alcoholic beverages under the Liquor Tax Act such as refined sake, shochu, and mirin, including innovative Japanese alcoholic beverages that incorporate Japanese elements

*2 A general term for traditional Japanese food originating in Japan and food originating overseas and adapted in Japan into innovative Japanese food

Collaboration between Takara Shuzo and the Takara Shuzo International Group

Takara Shuzo and the Takara Shuzo International Group aim to expand the sale of *washu* and Japanese food by promoting initiatives that leverage the unique strengths of the Group through collaboration. We will make the most of the technological capability and brand strength that Takara Shuzo has cultivated in brewing sake, as well as the Takara Shuzo International Group's overseas Japanese food wholesale networks. We are promoting the expansion of set menus of Japanese food and *washu* by expanding the lineup of local *washu* production and expanding overseas sales channels, and thereby working to spread *washu* and Japanese food around the world.

Major progress

- Strengthening the overseas wholesale network for Japanese food products through the consolidation of Kagerer & Co. GmbH, Tsukiji Ohta Co., Ltd., Ohta Foods Market Co., Ltd., and Agrica Ab
- Further promotion of brand development by strengthening sales of *Mio sparkling sake* in and outside Japan
- Development and launch of innovative sake such as *MU | WA*, *Sho Chiku Bai OCEAN VIEW* and *SKYLINE* at Takara Sake USA

Takara Bio Group

The Takara Bio Group aims to further enhance its presence in the life sciences industry. By strengthening our development and manufacturing capabilities to accelerate the expansion of our business into the areas of clinical and drug discovery, by providing technologies, products, and services that will become a global platform for the life science industry, backed by Takara Bio's proprietary technologies, and by leveraging synergies with Curio Bioscience, Inc. and ViSpot, Inc., which have recently joined the Group, we are promoting the establishment of a prominent platform provider of a critical infrastructure for the global life science industry.

Major progress

- Consolidation of Curio Bioscience, Inc., a developer of advanced reagents for spatial analysis, and ViSpot, Inc., a provider of virus safety evaluation testing services in Japan
- Promotion of glocal initiatives in response to changes in the business environment of the reagent business
- Advancement of comprehensive support services (C "R" DMO) that accompany clients from the early research (R) stage, leveraging proprietary platform technologies and clinical development expertise

3 More aggressively invest in the Group's intangible assets, including human capital and IT (Motivate employees to have a greater sense of pride and purpose at work to achieve greater productivity and drive innovation)

Takara Holdings, Takara Shuzo, and the Takara Shuzo International Group are implementing the TaKaRa WAKU-WORK Project to improve employee productivity in pursuit of the Vision.

Moreover, we launched starTreasure, an employee-led program for new business development designed to drive innovation. By engaging in activities that uncover new business opportunities, the program fosters a mindset of proactive value creation among employees.

Major progress

- Continued implementation of one-on-one meetings and the business update cycle (Takara version of ROIC Translation)
- Pilot implementation of the Try-Time system, which allows employees to pursue self-development during working hours
- Launch of workshops related to new business development, marking the full-scale start of starTreasure

Participants engaging in a starTreasure workshop

4 Step up group-wide efforts to drive corporate sustainability

In response to the need to address issues such as climate change, biodiversity conservation, resource conservation, and respect for human rights, the Takara Group formulated the "Takara Group Sustainability Policy" as the Group's policy for sustainability in 2020. In addition, we formulated the "Takara Group Sustainability Vision" in 2021 as specific medium- to long-term goals based on our Sustainability Policy. Led by the Sustainability Management Office established in 2023, the Group is promoting activities in a unified manner. In order to achieve our goals, we will carefully address issues and contribute to the realization of a sustainable society.

Major progress

- Switched to 100% renewable energy at Kurokabegura through the installation of solar panels and a transition to a green electricity plan
- Exported *washu* to 60 countries in FY2024, continuing efforts to promote their appeal and value overseas
- Takara Bio Group achieved a stable supply of high-quality products through glocal manufacturing system in Japan, the U.S., Europe, China, and India
- Completed labeling of pure alcohol content for all consumer products (except for alcohol-based seasoning) as follows:
  100% for light-alcohol refreshers, 100% for sake and Chinese liquors, and 93% for shochu and Western liquors (label data submitted)

5 Upgrade corporate communications programs

We remain committed to strengthening corporate communications to build our stakeholders' understanding, sympathy, and appreciation of the Takara Group as a whole, which comprises three independent business portfolios.

Major progress

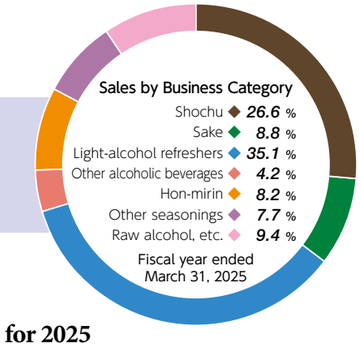
- Strengthened information dissemination information dissemination through website renewal and the establishment of new sections such as Topics
- Created and placed corporate advertisements to promote awareness and understanding of the business
  (Including: 2 placements in business magazines, 5 placements on business-related websites, 2 newspaper advertisements)
- Enhancing dialogue with shareholders, institutional investors, and other stakeholders ('25/3 actual)
  Financial results briefing sessions (May and November), small meetings (June), plant tours (September and March), individual IR interviews (146 times), ESG interviews (3 times), and briefings for individual investors (4 times)

Excerpt from the front-page business advertisement in the December 14, 2024 issue of *Weekly Toyo Keizai*

Takara Group Medium-Term Management Plan for 2025 - Business Strategies

Domestic Business

Takara Shuzo



Business Objectives under the Medium-Term Management Plan for 2025

To maintain the global leadership position in the *washu* market*1, Takara Shuzo leverages its engineering excellence and "Made-in-Japan quality"*2 to develop and market products that create new demand in growth areas, and also to enhance its brand equity. The company works more closely with the Takara Shuzo International Group to resolve social issues and bolster its profit and profit margin.

*1: No. 1 *washu* sales in Japan and overseas markets (exports + local production) combined
*2: Takara's promise of high-quality, world-class global products produced in Japan, as a company regarded as high quality and trustworthy in safety and security within Japan and able to deliver the same value to people around the world.

Takara Shuzo has a basic policy aimed at expanding its *washu* sales to the global market while implementing thorough brand cultivation and improving profit margins.

In the fiscal year ended March 31, 2025, net sales decreased to ¥119,663 million. While sales of seasonings such as hon-mirin increased, sales of light-alcohol refreshers remained at the same level as the previous year, as we implemented a price revision in October 2024, whereas our competitors delayed their price adjustments until April 2025. In addition, market contraction led to a decline in shochu and sake sales, contributing to the overall decrease in net sales. Operating income decreased to ¥5,037 million due to lower net sales, higher costs of raw materials and containers and packaging products, and a decrease in gross profit resulting from the impact of foreign exchange rates, despite efforts to efficiently use selling, general and administrative expenses.

In the fiscal year ending March 31, 2026, the Company aim to improve profitability by acquiring new users and increasing the sales ratio of key brands through initiatives such as advertising and promotional activities centered on *Mio* and *Takara Shochu Highball*, the renewal of *Takara Karakuchi Zero Ball*, and the launch of *Takara Maruoroshi Stand*, targeting the growing non-alcohol and low-alcohol markets. In addition, we will strengthen our line-up of high-margin food seasonings (dashi stock) to address the growing demand in the ready-to-eat market. Furthermore, in collaboration with the Takara Shuzo International Group, we will further promote the global branding of *Mio* and accelerate product development in both traditional *washu* and innovative sake segments.

As a result of these initiatives, net sales for the fiscal year ending March 31, 2026 are expected to reach ¥120,681 million (up 0.9% year on year), with operating income projected at ¥5,337 million (up 5.9% year on year).

Advance launch of *Sho Chiku Bai Mizuoto* 720ml via commercial channels and start of 300ml exports

Takara Shuzo launched *Sho Chiku Bai Mizuoto*, a new type of Japanese sake developed specifically to be enjoyed with soda, through commercial channels on a priority basis. Featuring a fruity aroma and a refreshing sweetness derived from rice, it goes well with Japanese dishes such as sashimi. Although not a ginjo sake, it delivers a ginjo-like fragrance*, the sweetness characteristic of sake, and a rich, full-bodied flavor—achieved through our proprietary brewing techniques. In October 2024, the 720ml bottle was released in Japan for commercial use ahead of the general market. From March 2025, a 300ml version was introduced exclusively for overseas markets, with exports beginning mainly to Asia and Oceania. Positioning it as a new style of sake consumption, we aim to broaden our customer base both domestically and internationally.

* This product is not classified as ginjo sake.

From left: 720ml (for Japan), 300ml (for overseas markets only)

Takara Group Medium-Term Management Plan for 2025 - Business Strategies

Overseas Business

Takara Shuzo International Group

Business Objectives under the Medium-Term Management Plan for 2025

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

*: No. 1 global *washu* sales + No. 1 wholesale of Japanese food in overseas markets

The Takara Shuzo International Group has a basic policy aimed at achieving earnings growth in the entire group by tremendous growth of the *washu* and Japanese Food Wholesale Business and stable growth of the Western liquor business.

In the fiscal year ended March 31, 2025, net sales increased to ¥185,803 million. This was driven by strong performance in both the Overseas Alcoholic Beverages Business and the Japanese Food Wholesale Business in overseas markets, where existing operations exceeded the previous year's results. In addition, the consolidation of newly acquired companies through M&A, including Kagerer & Co. GmbH (hereinafter, "Kagerer"), a food wholesaler based in Germany, as well as the positive impact of the weaker yen, contributed to the sales growth. Operating income decreased to ¥11,655 million due to an increase in selling, general and administrative expenses such as personnel expenses and warehouse costs in the Japanese Food Wholesale Business in overseas markets and M&A expenses related to newly consolidated companies, despite an increase in gross profit due to higher net sales.

In the fiscal year ending March 31, 2026, the Overseas Alcoholic Beverages Business will aim to further expand our global key brand *Mio*. While focusing on sales in the four priority areas (the United States, Hong Kong, the U.K., and Taiwan), we will strengthen collaboration with overseas Japanese food wholesalers. For traditional *washu*, we will work to revitalize the *Shirakabegura* brand and develop markets for small and medium-sized drinks. For innovative sake products, we will accelerate the development of bold and attractive offerings that respond to local market needs.

In the Japanese Food Wholesale Business in overseas markets, we position *washu* and fishery products (frozen and fresh fish) as core differentiated products. By sharing know-how and expertise across the Group, particularly with new added Group companies, we will enhance our product lineup. Furthermore, we aim to expand sales of high value-added products, revitalize existing key markets, and diversify sales channels to drive sales growth.

As a result of these initiatives, net sales for the fiscal year ending March 31, 2026 are expected to reach ¥214.6 billion (up 15.5% year on year) with operating income projected at ¥13.5 billion (up 15.8% year on year).

Further Strengthen Overseas Japanese Food Wholesaler Network in Europe

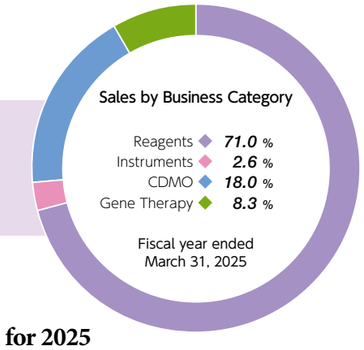
In November 2024, Takara Shuzo International Group acquired a 90% equity stake in Kagerer, a food wholesale company based near Munich, Germany. Kagerer has built a solid position in the European market, with strengths in rice, seasonings, *washu*, and fishery products including frozen seafood. Germany, as the most populous and economically powerful country in the EU, represents an attractive market for Japanese food and ranks fourth in Europe in terms of the number of Japanese restaurants.

Through this acquisition, the Group will strengthen its business foundation across the German market and leverage Kagerer's distribution network throughout Europe to accelerate expansion into new markets, such as Eastern and Northern Europe. With global interest in Japanese food continuing to grow, the Group will aim to enhance corporate value and further promote Japanese food culture by building a robust Japanese food wholesale network and expanding *washu* sales.

Exterior view of Kagerer

Biomedical Business

Takara Bio Group



Business Objectives under the Medium-Term Management Plan for 2025

The Takara Bio Group boosts R&D spending to develop new reagents and equipment, expand CDMO service offerings, and develop base technology for creating additional modalities*. All these efforts will enable the group to expand its business into areas that support health and medical-related industries faster and to enhance its presence as a prominent platform provider of a critical infrastructure for the global life science industry.

*: Therapeutic means

The Takara Bio Group's basic strategy for business growth is to aim to become a prominent platform provider of a critical infrastructure for the global life science industry by developing basic technologies for biological drug discovery through the reagent and equipment business and the CDMO business.

In the fiscal year ended March 31, 2025, net sales increased to ¥45,039 million due to year-on-year increases in all categories of reagents, instruments, CDMO, and gene therapy, despite the continued global delay in the recovery of the life science research market. Operating income decreased to ¥2,263 million, as gross profit decreased due to an increase in the cost of sales ratio resulting mainly from a decrease in sales of testing-related reagents, which have relatively high profit margins, and changes in the sales mix, and selling, general and administrative expenses, including R&D expenses, were unchanged from the previous fiscal year.

In the fiscal year ending March 31, 2026, in the reagents and equipment business, we will continue to promote our glocal strategy—globally integrated yet locally optimized—to mitigate the impact of ongoing uncertainty surrounding U.S.-China tariff policies, amid a global decline in life science research activity. We will also expand the deployment of products from Curio Bioscience, Inc. and accelerate our business development beyond the existing PCR segment. In the CDMO business, we will strengthen our support for early-stage projects and expand virus safety evaluation testing services provided by ViSpot, Inc. (hereinafter, "ViSpot"). In the gene therapy field, in addition to RetroNectin® products, we will work to expand sales of ancillary material (AM) products such as mRNA-related enzymes.

As a result, these initiatives, net sales for the fiscal year ending March 31, 2026, net sales are expected to reach ¥52.5 billion (up 16.6% year on year), with operating income projected at ¥2.5 billion (up 10.5% year on year).

Merged with ViSpot to expand CDMO for virus safety evaluation testing

Virus safety evaluation testing ensures that biopharmaceutical products are free from unintended viral contamination. These tests are essential, particularly throughout the development and commercialization of antibody-based therapeutics. However, since most of the major contract testing organizations are located overseas, domestic pharmaceutical companies developing biopharmaceuticals in Japan have long faced challenges in terms of speed, cost, and convenience.

On May 1, 2025, Takara Bio conducted an absorption-type merger with ViSpot, a start-up from Kobe University that provides virus safety evaluation testing services in Japan. By integrating this service into our CDMO business, we aim to expand our quality testing capabilities to accommodate a wide range of modalities. This will further strengthen our one-stop service offering for biopharmaceutical development, manufacturing, and quality testing, and support the continued growth of our CDMO business.

Sustainability Topics

Sustainability Topics

Guided by our vision, "Smiles in Life," Takara Group continues to take on the challenge of enriching the homes, lifestyles, and lives of people around the world with smiles.
To continuously create social value through our business activities, the Company is actively committed to addressing a wide range of social issues.

Environment

Toward sustainable shochu production with renewable energy
Kurokabegura distillery achieved virtually 100% renewable electricity use

In February 2025, Takara Shuzo switched the electricity used at its Kurokabegura distillery in Takanabe-cho, Miyazaki Prefecture, which mainly manufactures distilled Japanese spirits (shochu), to 100% renewable energy-derived electricity. This was achieved by installing solar panels with an estimated annual power generation capacity of about 1,437 MWh and switching to environmentally friendly power plans provided by the power utility.

Well-Balanced Diet

Bringing Japanese food culture to the world
Promotion of *washu* and Japanese foods

Leveraging its overseas Japanese food distribution companies as key hubs, Takara Shuzo International Group supplies not only *washu* and Japanese foods, but also a wide range of products that meet diverse dietary needs—including organic, vegan, and allergy-friendly items, in over 30 countries worldwide. We aim to create a world where people from various backgrounds—regardless of health conditions, religious beliefs, or lifestyle choices—can enjoy meals together at the same table.

Takara Shuzo will leverage decades of expertise and a strong commitment to quality, as well as its international Japanese food wholesaling network, to enhance the value and appeal of *washu* and Japanese foods, with Japanese food culture at the core, and to enrich and diversify food experiences for people around the world.

Wellness

Toward a healthier society
Supporting life sciences

The Takara Bio Group contributes the development of life science research by providing reagents and instruments to researchers worldwide. Through the development of innovative biotechnologies, Takara Bio Group is expanding into cutting-edge fields such as regenerative medicine, cell therapy, and gene therapy, and working to create a society where everyone can enjoy a healthier and more fulfilling life.

Responsible Alcohol Producer

Promoting responsible enjoyment of alcohol
Our commitment as an alcohol producer

Alcohol has long played an important role in society as a way to bring people together and strengthen relationships since ancient times. At the same time, it can be associated with serious social issues, such as underage drinking and driving under the influence.

As a producer and distributor of alcoholic beverages, we recognize our responsibility to address these challenges sincerely. We have established a Basic Policy on Responsible Drinking and are actively engaged in initiatives aimed at reducing alcohol-related harm.

Community

Bringing smiles to producers and consumers
TaKaRa CRAFT KYO LEMON initiatives

EcoPro Awards 2024

Since its launch in 2018, we have been actively participating in the activities of the Kyo Lemon Project Council. This initiative aims to revitalize abandoned farmland and support new farmers in Kyoto with producers, processors, and retailers working together to grow and promote Kyo lemon as a regional brand. In 2023, we launched *TaKaRa CRAFT KYO LEMON*, a product that makes effective use of lemon peels and seeds that would otherwise be discarded. These efforts were recognized with the Minister of Finance Award at the 7th EcoPro Awards in 2024.

Takara Group's Sustainability

Status of activities for each materiality

Materiality	Target indicators	Target figures	Activities in fiscal 2024
Environment	CO_2 emissions (production sites)	Reduce CO_2 emissions by 46% by fiscal 2030 (compared to fiscal 2018) [TS, TSIG]	Takara Shuzo and Takara Shuzo International Group CO_2 emissions: 21% decrease in fiscal 2024 (compared to fiscal 2018), Takara Bio CO_2 emission intensity: 14% decrease (compared to fiscal 2018), Takara Shuzo CO_2 emissions (distribution): 16% decrease in fiscal 2024 (compared to fiscal 2018)
	CO_2 emissions	Reduce CO_2 emission intensity by 50% by fiscal 2025 (compared to fiscal 2018) [TBG]	
	CO_2 emissions (distribution)	Reduce CO_2 emission intensity by 10% by fiscal 2030 (compared to fiscal 2018) [TS]	
	CO_2 emissions	Achieve net zero CO_2 emissions by fiscal 2050 [TG]	
	Water usage	Reduce water use intensity by 15% by fiscal 2025 (compared to fiscal 2017) [TS]	Water use intensity reduced by 14.0% (compared to fiscal 2017)
	Reuse rate of waste generated in production processes	Continue reusing 98% or more of waste [TS]	97.3%
	Usage rate of paper with forest protection certification in paper carton products	100% by fiscal 2030 [TS]	94% for distilled spirits and 100% for other products
	Usage rate of biomass ink in paper and plastic labels	100% usage by fiscal 2025 [TS]	71.4%
	Usage rate of forest-certified paper in paper packaging	100% usage by fiscal 2025 [TBG]	Implementation rate: 100%
	Usage rate of aluminum-free packages in one-sided aluminum pouches	100% usage by fiscal 2025 [TBG]	100%
Page 42	Usage rate of vegetable oil-based ink in paper packages	100% usage by fiscal 2025 [TBG]	100%
Safety and Reliability	FSSC22000 certification at all six plants in Japan	Maintain certification [TS]	Maintained FSSC22000 certification at all six plants in Japan
	Completion rate for the auditing and quality control assessment of new outsourcing contractors and raw material suppliers	Maintain a completion rate of 100% [TS]	100%
	Completion rate for checking the safety of raw materials with warranties	Maintain a completion rate of 100% [TS]	100%
	The Quality Control Department provides training sessions to improve the knowledge of Customer Contact Office staff members	At least once a year [TS]	Conducted in January 2025
	Completion rate for testing the degree of understanding of the manual to improve the quality of responding to customers	100% [TS]	100%
	ISO certifications obtained by business offices, licenses, registrations, and the like necessary for operating business	Maintain certifications, licenses, registrations, and related requirements [TBG]	Maintained certifications, licenses, registrations, and related requirements
Page 45	Rate of Takara Shuzo's products in compliance with food laws and regulations in export destination countries	Maintain a completion rate of 100% [TSIG]	100%
Wellness Page 47	Recognition of salt-free cooking sake	35% in fiscal 2030 [TS]	16.4% (as of March 2025)
	Lineup of organic and vegan products	1,369 items in fiscal 2025 [TSIG]	1,518 items (as of March 2025)
	Lineup of food-allergy-conscious products (gluten-free and other food-allergy-conscious products)	1,540 items in fiscal 2025 [TSIG]	1,681 items (as of March 2025)
Human Resources	New appointments of women to manager and assistant manager positions	Appoint at least 50 women by the end of fiscal 2030 [TH, TS, TSI]	Total 44 (as of April 1, 2025)
	Percentage of employees with disabilities	Maintain the level at the statutory rate of 2.5% or more [Domestic group companies]	[TH] 3.01% [TS] 3.20% [TB] 2.88% (as of April 1, 2025)
	Total working hours	Reduce total working hours by fiscal 2025: compared to fiscal 2020 [Domestic group companies]	[TH, TS, TSI] 1,850.41 hours, up 5.24 hours (compared to fiscal 2020) [TB] 1,812.82 hours, down 102.13 hours (compared to fiscal 2020)
	Percentage of paid leave taken (number of days taken)	Increase the percentage by fiscal 2025: compared to fiscal 2020 [Domestic group companies]	[TH, TS, TSI] 78.2%, 11.8% improvement (compared to fiscal 2020) [TB] 73.4%, 23.2% improvement (compared to fiscal 2020)
Page 49	Reinstatement rate for employees who take childcare leave	Maintain a 100% reinstatement rate [Domestic group companies]	Maintained a 100% reinstatement rate

Materiality	Target indicators	Target figures	Activities in fiscal 2024
Responsible Alcohol Producer	Number of views of Takara Shuzo's webpage promoting awareness of the appropriate consumption of alcohol	50% increase in fiscal 2025 (compared to fiscal 2020) [TS]	5.9% decrease (compared to fiscal 2020)
	Number of cases of violating the voluntary standards on advertisements	Maintain the status of having no cases [TS]	Maintained the status of having no cases
	Display the amount of alcohol contained on packages of products	Display on packages of all consumer products (except for alcohol-based seasoning) by fiscal 2025 [TS]	100% for light-alcohol refreshers, 100% for sake and Chinese liquor, and 93% for shochu and Western liquors (label submission completed)
	Display warnings about the risk of drinking for expectant and nursing mothers, and warnings to raise awareness of the appropriate consumption of alcohol	Display on packages of all consumer products (except for alcohol-based seasoning) by fiscal 2025 [TS]	Warnings for expectant and nursing mothers are displayed on all products. Warnings to raise awareness of the appropriate consumption of alcohol are displayed on all products over 2 liters and all ready-to-drink products.
Page 51	Completion rate for e-learning and other educational programs on the appropriate consumption of alcohol	Completion rate of 100% by employees of all domestic group companies [Domestic group companies]	100% implemented
Community Page 52	Activities to support local fruit farms	20 activities by fiscal 2030 [TS]	9 activities (as of March 2025)
Well-Balanced Diet	Number of social media followers, with a focus on *Mio Sparkling Sake*	300,000 or more followers by fiscal 2025 [TS]	172,000 (as of March 2025)
	Development of products exclusively for overseas markets and for overseas group companies	20 items by fiscal 2025 [TSIG]	39 items (as of March 2025) * 12 items in fiscal 2022, 14 items in fiscal 2023, and 13 items in fiscal 2024
	Number of export destination countries for *washu*	100 countries by fiscal 2030 [TSIG]	60 countries (as of December 2024)
Page 53	Number of followers on Takara Shuzo's official Facebook page	200,000 or more followers by fiscal 2025 [TS]	154,000 (as of March 2025)
Procurement Page 55	Communication of Sustainability Procurement Guidelines	To all suppliers [TS]	100% implemented
Human Rights	Implementation of human rights education in new employee training and training sessions for each job level		We respect diversity—including gender, age, race, sexual orientation, gender identity, and disability status—as well as individual personality and character, and maintained a workplace environment free from discrimination and harassment, in accordance with the Takara Group Human Rights Policy.
	Understanding and respecting multicultural (multinational) values		
	Non-discriminatory recruitment practices		
	Initiatives to prevent harassment		
	Protection of personal information and privacy		
Page 56	Implementation of human rights due diligence processes		Implemented a series of initiatives based on the human rights due diligence process, led by a cross-functional working team. These initiatives include identifying and assessing human rights risks, preventing and mitigating negative impacts, monitoring effectiveness, and disclosing information.
Governance	Regularly hold Risk Compliance Committee meetings	Twice per year [TG]	Implemented twice
	Hold compliance training sessions	Once per year [TG]	Implemented a training session for each job level once per year
	Workspace compliance education	Four times per year [TG]	Implemented four times
	Monitor the state of risk management	Once per year [TG]	Implemented once
Page 57	Regularly hold various drills	Once per year [TG]	Held various disaster drills at least once per year

<Intended organizations>
[TG] Entire Takara Group, [TH] Takara Holdings, [TS] Takara Shuzo, [TSI] Takara Shuzo International, [TSIG] Takara Shuzo International Group, [TB] Takara Bio, [TBG] Takara Bio Group,
[Domestic group companies] Takara Holdings, Takara Shuzo, Takara Shuzo International, Takara Bio, Kawahigashi Shoji, Total Management Business, Takara Butsuryu System, TB, Takara Bussan, Luc Corporation, Tokyo Mutual Trading, Takara Supply Communications

Takara Group Sustainability Policy

Basic Policy

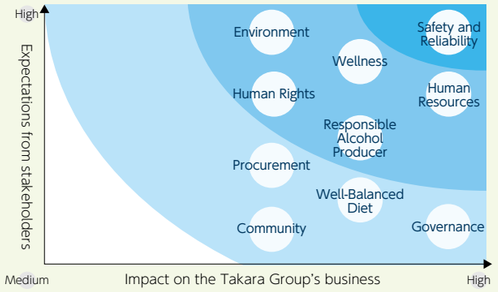
Based on our corporate philosophy, which is "Contributing to the creation of a vital society and a healthy lifestyle through our fermentation technology and biotechnology in a way that achieves harmony with nature," the Takara Group has benefited society by unlocking new potential in the culinary, lifestyle, and life science fields through our fermentation technologies for traditional Japanese sake and our cutting-edge innovation in biotechnologies and by continuing to create new value.

The preservation of a rich natural environment is a major premise for the business continuity of the Takara Group, which engages in business activities on the basis of the bounty of diverse natural resources such as grains, water, and microorganisms. In addition, in handling business related to food and medicine, the Takara Group's most important theme is to deliver safe and reliable goods, products, and services. At the same time, we must also address various social issues, including those related to alcohol.

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's Vision is "Smiles in Life" as our vision, declaring that we are committed to enriching the homes, lifestyles, and lives of people around the world with smiles. In order to continue to achieve the creation of social value through business activities into the future, it is necessary to take greater initiatives to resolve various social issues than ever before, and we formulated the Takara Group Sustainability Policy.

Materiality matrix



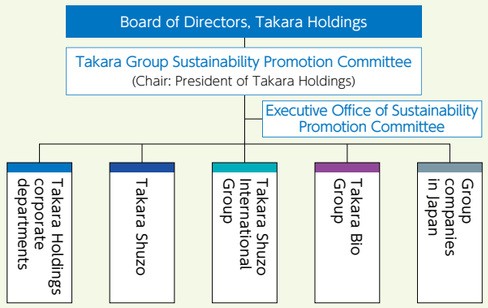
The Takara Group Sustainability Policy identifies 10 material issues, including "Safety and Reliability," with regard to social issues surrounding the Takara Group, and sets policies for addressing each of them. The Takara Group Sustainability Vision, which sets specific medium- to long-term goals based on these policies, has been formulated.

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

Sustainability Promotion Committee

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

Composition of the committee



Discussions at the Sustainability Promotion Committee in FY2024

The Takara Group Sustainability Promotion Committee, which regularly discusses the progress and development of materiality, addressed key topics such as the calculation and reduction of Scope 1, 2, and 3 emissions, alignment with the global disclosure standards, and the promotion of human rights due diligence. The committee also decided to continue to focus on initiatives for each materiality and on response to ESG evaluations.

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

Environment

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

Toward the realization of a sustainable society

Initiatives to reduce CO_2 emissions

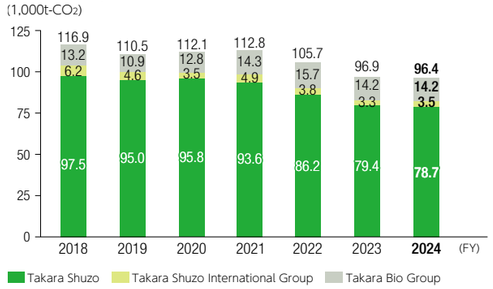
The Takara Group has set CO_2 emissions reduction targets in its Sustainability Vision, and is working to calculate Scope 1, 2, and 3 emissions as well as reduce its CO_2 output.

Takara Shuzo and Takara Shuzo International Group	[FY2030] Reduce CO_2 emissions at production sites by 46% compared with FY2018
Takara Shuzo (Distribution)	[FY2030] Achieve a 10% reduction in CO_2 emission intensity in transportation (CO_2 emissions per unit of shipment), compared with FY2018
Takara Bio Group	[FY2025] Achieve a 50% reduction in CO_2 emission intensity (CO_2 emissions per unit of net sales), compared with FY2018
Entire Group	[FY2050] Net zero CO_2 emissions

Reduce CO_2 emissions from production processes

The Takara Group's total CO_2 emissions in production processes for fiscal 2024 was 96,400 t-CO_2, a 0.5% year-on-year decrease and a 17.5% decrease from fiscal 2018. As the production processes at Takara Shuzo account for over 80% of the Group's total CO_2 emissions, various measures have been implemented, including updating to high-efficiency once-through boilers, converting boiler fuel from heavy oil to LNG at all plants, and installing solar panels, along with optimizing the operation of production equipment. As a result, CO_2 emissions were 78,700 t-CO_2, down 0.8% from the previous fiscal year.

Changes in CO_2 emissions from the Takara Group's production processes

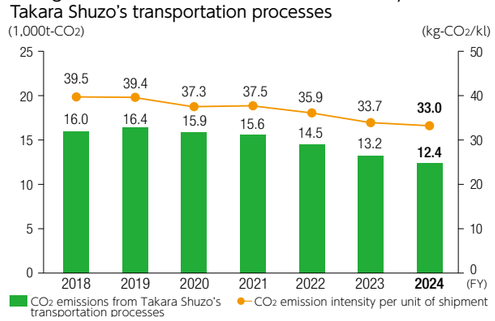


<Scope of calculations>
Takara Shuzo Co., Ltd., Takara Sake USA Inc., Takara Shuzo Foods Co., Ltd. (China), The Tomatin Distillery Co. Ltd, Takara Bio Inc., Takara Biotechnology (Dalian) Co., Ltd. (China), DSS Takara Bio India Pvt. Ltd., Takara Bio USA, Inc.
* Results included Mizuho Norin Co., Ltd. and Kinoko Center Kin Inc. till February 2019.

Reduce CO_2 emissions from transportation processes

At Takara Shuzo, we are promoting high-efficiency transportation and reduction of reshipments, energy-saving vehicle operations, and modal shifts, improving loading efficiency for products shipped by truck and tanker, and taking other measures to reduce CO_2 emissions during product transportation. In fiscal 2024, CO_2 emissions from transportation processes were 12,400 t-CO_2, a 16.5% reduction in CO_2 emission intensity (CO_2 emissions per unit of shipment) compared to the base year of FY2018.

Changes in CO_2 emissions and emission intensity from Takara Shuzo's transportation processes



Expanding the use of renewable energy

The Takara Group is actively promoting the installation of solar power panels, as well as the purchase of electricity derived from renewable energy sources at each business site of our group companies.

Installation of solar power panels

Takara Holdings Corporate History Museum (Kyoto)

Kurokabegura distillery, Takara Shuzo (Miyazaki)

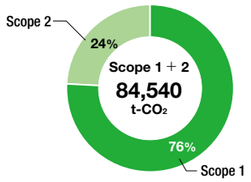
Tomatin Distillery plant (U.K.)

Takara Bio head office (Shiga)

Takara Group's Sustainability

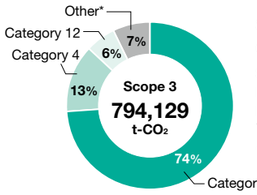
Calculation of greenhouse gas (GHG) emissions across the entire supply chain

To help realize a decarbonized society, the Takara Group is working to track GHG emissions not only under Scope 1 and Scope 2, but also under Scope 3. For fiscal 2023, emissions under all three scopes were calculated for the Overseas Alcoholic Beverages Business of Takara Holdings, Takara Shuzo, and Takara Shuzo International Group.



Scope 1 and 2
GHG emissions in FY2023

Scope: Overseas Alcoholic Beverages Business of Takara Holdings, Takara Shuzo, and Takara Shuzo International Group



Scope 3
GHG emissions in FY2023

Scope: Overseas Alcoholic Beverages Business of Takara Holdings, Takara Shuzo, and Takara Shuzo International Group

* "Other" represents categories 2, 3, 5, 6, 7, 9, and 13.

In order to continue monitoring GHG emissions across the Takara Group, we plan to broaden the calculation scope to cover overseas Japanese food wholesalers and related companies.

Obtained third party certification for calculation of GHG emissions

Third-party certification was obtained from the JMASusC, an independent verification organization, for the calculation of Scope 1, 2, and 3 emissions in fiscal 2023 at Takara Holdings, Takara Shuzo, and the overseas production sites of the Takara Shuzo International Group.

Third party certification report

Disclosures based on the TCFD framework

The Takara Group positions the harmonization of its business activities with global environmental preservation as one of its key challenges, and is actively implementing these initiatives. 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 is also a member of the TCFD Consortium, a forum where companies and financial institutions that support the TCFD recommendations collaborate to promote initiatives, facilitate effective corporate disclosures, and support appropriate investment decisions by financial institutions.

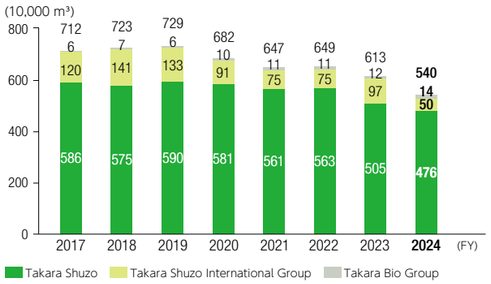
For details, please visit Takara Holdings' website "Disclosures based on the TCFD framework."
https://www.takara.co.jp/english/sustainability/tcfd/index.html

Limiting water usage in production processes

The Takara Group states in its Environmental Policy that "We will promote energy and resource conservation and strive to use resources in a sustainable manner." Recognizing the importance of reducing water usage in order to use limited water resources sustainably, the Group is committed to reducing and optimizing water consumption. As a result of the installation of water-saving equipment and other measures, the Takara Group's total water usage for production processes for fiscal 2024 was 5.40 million m³, an 11.9% year-on-year decrease.

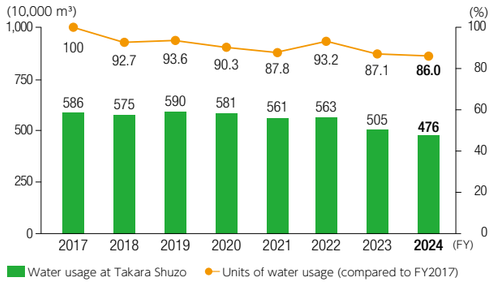
Takara Shuzo's units of water usage (water usage per unit of production) decreased by 14.0% from the base year of fiscal 2017.

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.

Water usage and units of water usage at Takara Shuzo



Understanding water stress conditions by country of manufacturing locations (water risk assessment)

Water is an essential raw material for the Takara Group's product manufacturing. Especially at liquor manufacturing locations, where water usage is significant, understanding water stress conditions is indispensable. Therefore, we utilize the Baseline Water Stress indicator from the Aqueduct Country Rankings developed by the World Resources Institute to assess the water stress levels in the countries where our manufacturing sites are located. As a result, we found that the water stress is low at eight sites in Japan, the U.K., and Canada, while two sites in China and the U.S. experience moderate water stress.

Alcoholic beverage manufacturing locations: 6 bases in Japan and 4 bases overseas

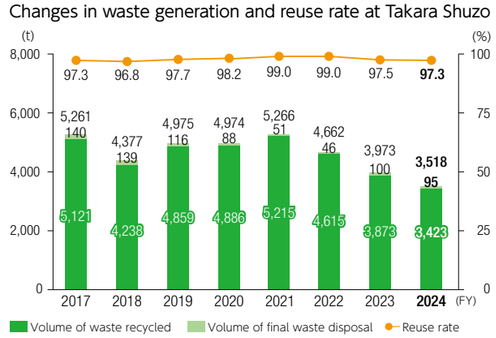
Company name	Manufacturing locations	Country	Baseline Water Stress
Takara Shuzo	Plants of Takara Shuzo	Japan	Low-Medium (10–20%)
Takara Shuzo International Group	The Tomatin Distillery Co. Ltd.	U.K.	Low-Medium (10–20%)
	Takara Shuzo Foods Co., Ltd.	China	Medium-High (20–40%)
	Takara Sake USA Inc.	U.S.	Medium-High (20–40%)
	Ontario Spring Water Sake Company	Canada	Low-Medium (10–20%)

* Baseline Water Stress is classified into five categories: Extremely High, High, Medium-High, Low-Medium, and Low.

Promotion of a circular economy through reduction and recycling of plant waste

In Takara Shuzo plants, waste products generated include by-products such as shochu lees and other by-products, as well as wastewater treatment sludge, and shipping materials for raw ingredients, containers, etc. As a countermeasure, we are making efforts to reduce the volume of waste generated in our plants by revising disposal routes to enable the sale of industrial waste, repurposing food-based by-products (such as shochu lees) into feed and fertilizer and recycling waste paper from sake cartons. In fiscal 2024, Takara Shuzo's waste generation was 3,518 tons, with a reuse rate of 97.3%.

Changes in waste generation and reuse rate at Takara Shuzo



Use of environmentally conscious product packages and packaging

Takara Shuzo is procuring materials and developing products that take the 3Rs (Reduce, Reuse, Recycle) into consideration. As an independent initiative, the 4th R (Refuse), in addition to the 3Rs, Takara Shuzo is selling shochu by weight.

Pouch containers partially made from biomass plastic

The Group as a whole is also promoting the following initiatives.

- **Use of paper with forest protection certification and biomass ink**
- **Use of biomass plastics**
- **Use of containers made from recycled plastic materials**

Food trays made from recycled plastic

In this way, we will contribute to the realization of a circular economy.

Initiatives for biodiversity conservation

Participation in TNFD Forum

Takara Holdings considers the harmonization of its business activities with global environmental preservation as one of its key challenges, and has participated in the TNFD Forum, an international forum on the framework for information disclosure under the Taskforce on Nature-related Financial Disclosures (TNFD). Through this participation, we aim to further accelerate the identification of risks and opportunities and the implementation of measures toward achieving nature positive outcomes.

Assistance from Takara Harmonist Fund

Takara Holdings established the Takara Harmonist Fund in 1985, and ever since has carried out annual activities for protecting Japan's forests, grasslands, and aquatic environments, in addition to offering assistance for research and other efforts toward safeguarding the wildlife in these habitats.

In fiscal 2025, 10 activities and studies related to the conservation of the natural environment were selected. During 40 years of the program, a cumulative total of 204,190,000 yen has been granted to 432 recipients. The Takara Group will continue to promote the preservation of biodiversity and rich natural environments by offering assistance to activities and research for protecting and improving Japan's natural environments.

Grant awarding ceremony

Takara Group's Sustainability

Safety and Reliability

As a company involved in food and medicine, the Takara Group believes that it is important that customers find us reliable. In order to continue to be a corporate group trusted by customers into the future, we have established, and are working on, the Takara Group Quality Policy.

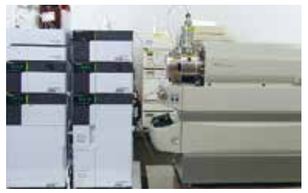
Ensuring safe and reliable quality at Takara Shuzo

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

We check legality and the suitability of label descriptions using design review methods addressing all aspects of designs at the product design stage, including raw materials, package and wrapping, and manufacturing processes. This allows us to create products after eliminating the possibility of inferior quality and inappropriate information provision at the design stage, and after confirming that product designs are as satisfactory as possible.

Stable procurement of raw materials whose safety has been confirmed

With regard to procuring raw materials, we strive to use only raw materials for which we have confirmed the entire procurement route without exception and that have warranties attesting to their quality, safety, and legality. In addition to these efforts, we conduct regular quality audits of suppliers that supply raw materials and carry out analysis of residual pesticides/herbicides, heavy metals, and other potential contaminants according to the conditions of raw materials and suppliers, in order to improve the reliability of raw material quality by ensuring that any hazardous substances are not mixed in the raw materials.



Liquid chromatography–tandem mass spectrometry system (LC-MS/MS system)

Maintenance of the Food Safety Management System (FSSC 22000)

All six Takara Shuzo plants in Japan (Matsudo, Kusu, Fushimi, Shirakabegura, Kurokabegura, and Shimabara) have acquired certification under the international standard FSSC 22000 for food safety management systems. We remain fully committed to ensuring the highest standards of food safety and quality control.

Ensuring safe and reliable quality at Takara Shuzo International Group

Efforts toward the establishment of a global quality assurance system

Takara Shuzo International has appointed a person in charge of overseas quality assurance and quality control to further strengthen its quality assurance system. At meetings regularly held with the executives of our overseas Group companies, we work to share our quality policies and exchange and collect information on food safety.
In coordination with the Quality Assurance Office of Takara Holdings Group, we conduct quality audits on our overseas Group companies to identify quality risks and improve processes, thereby ensuring safer and more reliable quality.

Site visit at Mutual Trading's warehouse (New York, U.S.)

Takara Group Quality Policy

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

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

Ensuring safe and reliable quality at Takara Bio Group

Efforts for quality control

The Takara Bio Group, in an effort to ensure safe quality, complies with the quality management system (ISO 9001, etc.) and maintains related certifications and strives to increase product quality and customer satisfaction. The Center for Gene and Cell Processing, which provides CDMO services, has established a quality control system in compliance with GMP/GCTP*, and has obtained a manufacturing license and manufacturing registration for special cell processing products, regenerative medical products, pharmaceutical products (including biological products), and in-vitro diagnostics agents. In addition, our laboratories for genetic analysis services and testing have acquired recognition from CAP-LAP and are registered as clinical testing laboratories.

We will strive to maintain these certification systems and business licenses and aim to expand the scope of certification, as necessary.

In addition, we have organized the Task Force to Foster Quality Culture to foster a corporate culture that emphasizes quality, and carried out our activities. We conduct continuous improvement activities, education and training for all employees of the Takara Bio Group, as well as on-site inspections by management.

* Manufacturing control and quality standards for pharmaceuticals and regenerative medical products

Appropriate disclosure of product information

We actively publish materials related to product safety. We disclose and provide appropriate information in accordance with laws and regulations in various languages, including product manuals, Certificate of Analysis (CoA), Safety Data Sheet (SDS), the indication of poisonous or deleterious substances in accordance with the Poisonous and Deleterious Substances Control Act, and the labeling of products that fall under living modified organism (LMO) based on the Act on the Conservation and Sustainable Use of Biological Diversity through Regulations on the Use of Living Modified Organisms (the Cartagena Act).

Efforts of Customer Contact Office

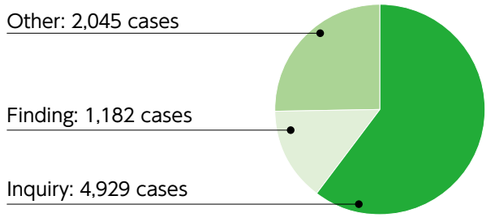
Pursue customer satisfaction

In fiscal 2024, the Customer Contact Office received 8,156 comments. These include a wide variety of inquiries, feedback, and findings about products, and Takara Shuzo listens carefully to each of these comments, striving to deliver products and improve services in order to satisfy customers. In addition, videos on frequently asked questions are posted on the website of the Customer Contact Office, and efforts are being made to make them easier for customers to understand.

We have made a declaration of conformity to ISO 10002 (targeting management systems for handling customer requests and complaints) and thus clarified our specific efforts and responsibilities to improve customer response, thereby continually striving to improve these processes.

● Number and breakdown of customer contact cases

8,156 cases for fiscal year 2024

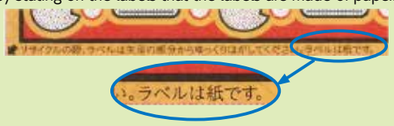


● Examples of improvements made based on customer comments

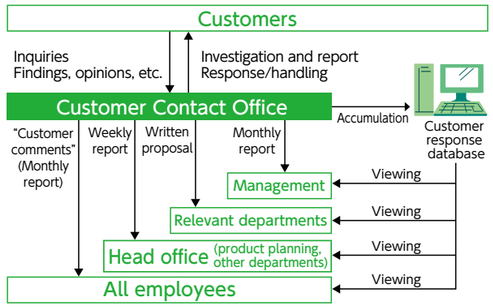
Clearly specify the material used for the labels of Takara Shochu

Customer comments:
When sorting the garbage, material used for the labels is not clear.

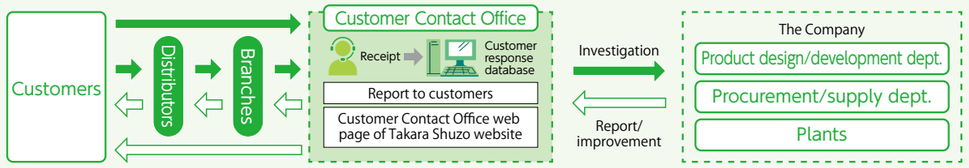
The material used for the labels was made easy to identify by stating on the labels that the labels are made of paper.



● Internal feedback on customer comments



Flow of investigation and reporting on products on which customers sent their findings



Takara Group's Sustainability

Wellness

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

Supply of health-conscious products

Development of low-alcohol products

In response to growing attention to pure alcohol consumption following the release of the "Guidelines for Drinking with Consideration of Health," we will expand our lineup of low-alcohol products—such as the launch of *TaKaRa HAKKO JORYU SOUR—3% for Weekdays* (3% alcohol by volume) and *TaKaRa Maruoroshi Stand* (4% alcohol by volume)—to offer consumers a wider range of choices.

Development of non-alcoholic products

Takara Shuzo is also actively engaged in the development and promotion of non-alcoholic products. *Takara Karakuchi Zero Ball* is a non-alcoholic chu-hi that goes well with any meal, offering a bold, satisfying taste and a crisp, refreshing finish. It is not only alcohol-free, but also containing no calories, no carbs, no added sweeteners, and no purines.

Development of products with no or low carbs

Takara Shochu Highball has been endorsed not only by existing chu-hi drinkers, but also by health-conscious customers, with its features of containing no purines, no added sweeteners, and no*1 or low carbs.

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

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

Promoting out salt-free cooking sake

Takara Ryori no Tame no Seishu is a salt-free cooking sake made with 100% Japanese rice, with a focus on making dishes more delicious. Takara Shuzo is communicating information by highlighting reduced salt content, including the fact that our cooking sake does not contain salt and is also making an appeal to customers that there is a difference between salt-free cooking sake and salt-added cooking liquors.

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

In 2013, *washoku*, the traditional cuisine of Japan, was registered as a UNESCO Intangible Cultural Heritage. This was a boost for Japanese cuisine, and the popularity and reputation of *washoku* is increasing year by year worldwide. The Takara Group delivers *washoku* to the tables around the world through its overseas Japanese food wholesalers.

In addition to organic and vegan products, we have expanded our product lineup to include gluten-free and other food-allergy-conscious products. As of March 2025, we offer a lineup of 3,199 items.

We aim to realize a world where people with various needs and barriers to food can all sit around the same table.

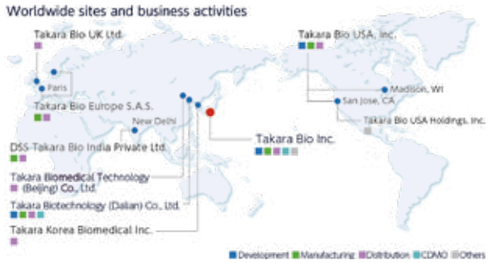
MIYAKO PLANT-BASED Gyoza

Yutaka Gluten Free & Organic Konjac Noodles

Yutaka Reduced Salt Gluten Free Soy Sauce

Support for the development of global life science research

Takara Bio provides a variety of products and services amounting to 10,000 items, from basic research to industrial application in the life science field. We are working to establish production facilities in a global and multipolar manner in Japan, the United States, Europe, China, and India, providing support for the development of global life science research through the stable supply of products.

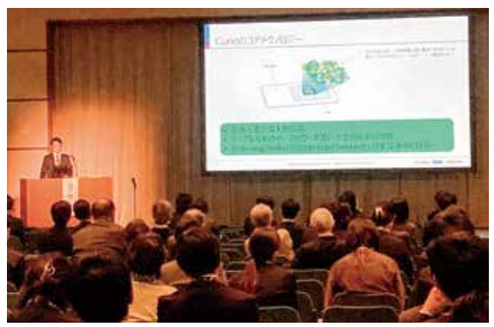


Takara Bio's worldwide sites and business activities

Contribution to the life science community

Takara Bio supports life science communities by sponsoring various academic meetings and events related to life sciences and biotechnology, such as seminars for biotechnology researchers. We strive to promote the understanding of biotechnology in society by participating in university or group seminars and holding workshops for university students.

We are also driving commercialization of early-stage technologies originating from academia through open innovation.



A seminar at an academic conference

Application of genetic analysis technology to testing and diagnostics

Takara Bio Group is focusing on the development of glocal products that align with the characteristics and demand of regions across the globe as well as products to test for viruses and bacteria that cause infectious diseases, based on genetic engineering technologies it has developed through its research reagents business.

Pre-treatment reagents for detection of classical and African swine fever viruses

Initiatives for the development of gene therapies

Takara Bio is advancing the development of gene therapy technologies that fulfill unmet medical needs through the development and practical application of drug discovery platform technologies that utilize gene and cell technologies. In addition, we are promoting the CDMO business to support the development and manufacture of regenerative medicine and cell therapy, and gene therapy products and gene therapy products and also working on the development and sales of ancillary materials that support new modalities.

Cell culture in progress

Plan to obtain full approval for the TBI-1301 project

Following discussions with the PMDA, we have revised our clinical development plan for TBI-1301, a TCR gene therapy targeting the cancer antigen NY-ESO-1. Rather than pursuing early conditional approval, we now plan to conduct a new pivotal trial with the aim of obtaining full regulatory approval. Although this change may delay the product's market launch, we expect it to accelerate the timing of full approval and increase the likelihood of success. Our goal is to establish TBI-1301 as a new treatment option for synovial sarcoma—a rare and difficult-to-treat cancer with limited therapeutic options.

Takara Group's Sustainability

Human Resources

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. Therefore, it is indispensable that we maximize the potential of individuals and organizations by investing in our human resources in order to further increase corporate value and achieve Group growth.

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

Fostering human resources

Implementing measures to foster human resources responsible for next generation

Aiming to foster human resources who can be responsible for the next generation of the Group, Takara Holdings, Takara Shuzo, and Takara Shuzo International have been providing executive candidate development training for employees in managerial positions primarily in their forties and workplace leadership development training in factories. The Group will continue its efforts to train human resources that will support the Group into the future by expanding measures to develop human resources targeting particular ranks that need to be strengthened in order to achieve business growth, such as the training to strengthen management capabilities of managers and pre-management personnel conducted every year.

Developing human resources for global business growth

Takara Holdings, Takara Shuzo, and Takara Shuzo International aim to acquire human resources who will realize global business growth through continuous mid-career recruitment and new graduate recruitment. Our human resources development efforts center on training through job rotation, such as assignment of young employees to Takara Shuzo International and overseas posts. To provide them learning opportunities to acquire language skills necessary for global business, we support those who attend language schools, take online English lessons, etc. For those who are transferred to overseas positions, we offer a support program that helps them be mentally prepared to live abroad and learn the customs and lifestyle of the host country, in addition to supporting them with language skills acquisition.

As measures to support employees' independent learning, we allow them to take multiple correspondence courses related to language learning, provide opportunities for all employees to take the TOEIC® tests by group application, and regularly hold Global Café, an exchange program between employees working in Japan and overseas Group employees. Through these and other measures, we are fostering a corporate culture that actively promotes global business development.

Promoting the active involvement of diverse human resources

Promoting the active involvement of female employees

The Takara Group is moving forward with initiatives in every group company in line with an action plan that is based on the Act on Promotion of Women's Participation and Advancement in the Workplace to further promote the advancement of female employees' careers. Takara Holdings, Takara Shuzo, and Takara Shuzo International conduct training programs for mid-level employees, including women, with the aim of supporting their career development while balancing work and life events. In addition, training is provided for managers who supervise female employees, to help create a work environment in which women can be more motivated and engaged. We also hold roundtable discussions between female employees and female managers, designed to offer insights and inspiration for employees in planning their own careers. The companies plan to newly appoint at least 50 women to manager and assistant manager positions by fiscal year 2030 as a mid- to long-term target. As of April 2025, a total of 44 women have been appointed. The proportion of women in managerial positions was 10.2% as of April 2025, exceeding the companies' target of achieving at least 10% by the end of fiscal year 2025.

Achieving a comfortable workplace environment and a work-life balance

Promoting the utilization of childcare leave by male employees

Each of the Takara group companies is making efforts in line with an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children. Takara Holdings, Takara Shuzo, and Takara Shuzo International are working to maintain and improve the level of childcare leave utilization, with the targets of "100% of employees returning from childcare leave" and "30% or more of male employees taking childcare leave."

In fiscal year 2024, the percentage of male employees taking childcare leave was 84.6%, as a result of efforts to create an environment that makes it easier for male employees to take childcare leave, such as by individually informing male employees about the leave, holding individual interviews with them to confirm their intentions at an early timing, and following up after the interviews, as well as the establishment of a company-wide consultation desk within the Personnel Division.

Workplace safety and health and maintenance and promotion of employee wellness

The Takara Group strives to create a workplace environment that is safe and healthy. Furthermore, as initiatives to maintain and promote the health of its employees, in addition to statutory medical checkups, we conduct stress checks for employees every year, following which employees who have been diagnosed as having an increased level of stress will meet an industrial physician if they wish to do so. And if the physician deems that measures need to be taken to improve an employee's working conditions, we take action accordingly. Through this and other initiatives, we endeavor to prevent mental health problems among our employees. In addition, through group analysis based on the results of stress checks, we work to grasp the status of stress in each organization, and make improvements to the workplace environment, as necessary.

From the perspective of preventing health problems caused by long working hours, we do not allow overtime work of over 60 hours per month or working on Sundays as a rule. In addition, supervisors thoroughly manage the employees' overtime working hours. Furthermore, the person in charge of managing overtime working hours in each workplace and the Personnel Division also confirm the status of overtime working hours in the middle of each month. We will continue working in cooperation with industrial physicians and the Takara Group Health Insurance Association to reduce health risks of our employees.

Improving employee engagement

Understanding the current state through engagement survey and efforts towards improvement

To realize Takara Group's Vision, we need each and every employee to understand and sympathize with the goals and vision of the organization and to encourage them to voluntarily demonstrate their capabilities while bringing their diverse strengths together, and thereby maximize our ability to get things done as an organization. Recognizing that we cannot improve productivity or generate innovation without fostering a sense of satisfaction among our employees such as by improving their engagement, we have been conducting an employee engagement survey since fiscal year 2022, and the survey was conducted for the second time in fiscal year 2024. In conducting the survey, in order to more accurately grasp the situation of the Company, we designed our own survey with the cooperation of external experts, using five indicators: "Company," "Workplace," "Supervisor," "Job," and "Systems." We share the issues identified in the analysis of the survey with all our employees, including executives, and work to further improve employee engagement through initiatives under the company-wide project to reform our corporate culture and by strengthening career development support programs.

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

Theme	Classification	Item	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
Promoting the active involvement of diverse human resources	Employees	Number of full-time employees (as of April 1)	People	1,336	1,314	1,269	1,264	1,265
		Men	People	1,141	1,117	1,074	1,048	1,033
		Women	People	195	197	195	216	232
		Ratio of women	%	14.6	15.0	15.4	17.1	18.3
		Average years of service (for full-time employees as of April 1)	Year	22.4	22.7	22.6	22.0	21.1
		Men	Year	23.1	23.4	23.4	23.0	22.2
		Women	Year	18.2	18.7	18.5	17.4	16.5
		Number of new graduate hires (university and graduate school graduates)	People	33	15	23	33	32
		Men	People	17	8	12	15	17
		Women	People	16	7	11	18	15
		Ratio of women	%	48.5	46.7	47.8	54.5	46.9
		Turnover rate within three years (new graduate hires)	%	13.3	6.3	10.9	6.0	12.5
		Voluntary turnover rate (full-time employees)	%	1.6	2.4	1.6	1.4	2.2
	Promoting the active involvement of female employees	Number of women in managerial positions (as of April 1)	People	17	19	22	28	34
		Ratio of women in managerial positions (as of April 1)	%	4.0	4.5	5.3	6.7	8.6
		Number of newly appointed women in managerial positions	People	2	2	4	7	6
		Number of women in management positions (as of April 1)	People	34	39	41	48	53
		Ratio of women in management positions (as of April 1)	%	5.5	6.2	6.7	7.9	9.0
		Number of newly appointed personnel in management positions	People	4	8	9	14	12
	Promoting the active involvement of seniors	Number of employees re-employed after retirement	People	35	39	39	48	46
	Promoting the hiring of people with disabilities	Ratio of employees with disabilities (Takara Holdings as of April 1)	%	2.78	2.65	2.44	2.78	3.12
		Ratio of employees with disabilities (Takara Shuzo as of April 1)	%	2.59	2.69	2.59	2.49	2.92
	Acquisition of diverse human resources	Mid-career hiring ratio (including full-time employees)	%	23.3	41.4	31.9	38.4	29.3
Achieving a comfortable workplace environment and a work-life balance	Working hours	Total working hours	Hours	1,845.17	1,862.05	1,862.49	1,854.22	1,850.41
		Overtime working hours	Hours	103.55	137.20	136.45	134.10	132.56
	Taking paid leave	Ratio of paid leave taken	%	66.4	69.1	76.5	73.5	78.2
	Taking childcare leave	Number of employees taking childcare leave	People	6	8	10	20	17
		Male	People	0	3	6	16	11
		Women	People	6	5	4	4	6
		Reinstatement rate from childcare leave	%	100.0	100.0	100.0	100.0	100.0
		Ratio of childcare leave taken by male employees	%	0.0	18.8	27.3	84.2	84.6
	Occupational health and safety	Number of employees receiving occupational health and safety training (at time of hiring)	People	65	35	54	78	71
	Industrial accidents	Frequency rate of industrial accidents (Whole company)	-	0.36	1.09	0.74	2.57	1.83
		Industrial accidents severity rate (Whole company)	-	0	0.034	0.003	0.004	0.061
		Number of serious industrial accidents	Accidents	0	0	0	0	0
	Working from home	Number of employees using the work-from-home system	People	794	769	684	526	466

* Frequency rate of industrial accidents: (total number of absence from work and death + accidents not accompanied by lost worktime) / total number of hours actually worked × 1,000,000

For employee data of Takara Bio, please visit Takara Bio's website.
https://www.takara-bio.com/en/sustainability/materiality/human.html

Takara Group's Sustainability

Responsible Alcohol Producer

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

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

Spreading awareness on the appropriate consumption of alcohol

Educational efforts using our website and pamphlets

In 1985, Takara Shuzo launched the "Say No!" campaign focusing on the "appropriate day, appropriate sake, and appropriate manner" proposal to foster harmony between society and drinking. The next year, 1986, Takara Shuzo published "Say No! Book," a pamphlet that provided a description of appropriate drinking practices. In 1995, the pamphlet title was changed to "Say No! Press," and in 2009, we updated the publication as "Maintaining a Positive Relationship with Alcohol," which is also available on Takara Shuzo's website. Takara Shuzo also strives to promote responsible drinking and prevent problematic alcohol consumption by directing people to the website through initiatives such as official Facebook posts and banner advertisements.

The "Maintaining a Positive Relationship with Alcohol" booklet

Banner advertisement directing users to the website

Employee awareness initiatives

As part of our compliance training, we provide annual e-learning programs on alcohol-related issues to all employees and have consistently maintained a 100% participation rate.

Implementation of responsible marketing

Implement responsible advertising

Takara Shuzo complies with the industry's voluntary standards for advertisements, and follows various regulations in its advertisements, such as not using expressions that would induce underage drinking on TV commercials on alcoholic beverages, newspaper, magazine advertisements, etc. In 2022, the Company formulated its own Takara Shuzo Voluntary Standards for Advertisements, which cover a wider range of fields than the industry's voluntary standards and contain more stringent provisions. We are striving to maintain the status of having no cases of violating the industry's voluntary standards by implementing the internal standards, which we continuously review and update as appropriate.

Conscientious product labeling

Takara Shuzo displays the prohibition of underage drinking on product packages since 1995 and warnings about the risk of drinking for expectant or nursing mothers since 2004 to prevent drinking while pregnant or nursing.

With regard to disclosure of pure alcohol content, Takara Shuzo discloses the amount of alcohol contained in all category products on its website. We plan to display the information on the packages of all consumer products sold in Japan, except for alcohol-based seasoning, by fiscal year 2025. As for ready-to-drink products, we completed placing information display on all products before the end of fiscal year 2023.

In addition, since 2006, caution labels regarding moderate drinking have been displayed on packages of products with a volume of more than 2 liters, in accordance with provisions of voluntary industry standards. However, under our own initiative, we plan to expand this practice to all consumer products sold in Japan (excluding alcohol-based seasonings), not limited to products with a volume of more than 2 liters, by fiscal year 2025.

Display of pure alcohol content and messages promoting appropriate consumption of alcohol

Age affirmation system when accessing website

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

Age affirmation system

Community

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

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

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

Education on the environment and other issues for children who will lead the future

Takara Shuzo Farm School

Since 2004, Takara Shuzo has been providing an environmental education program, the Takara Shuzo Farm School, for the purpose of teaching children who will lead the future the importance of protecting the natural environment and its biodiversity and conveying the preciousness of natural bounty.

In 2025, we are hosting three classes targeting elementary school students and their families in a rice field in Nantan, Kyoto Prefecture, including rice farming experience from planting in spring to harvest in fall and nature observation of rural mountain woodlands.

Rice planting experience

Takara Shuzo Eco-School

Since 2012, we have been conducting an environmental education program, the Takara Shuzo Eco-School, for third to sixth grade elementary school students and their families. The program aims to let participants learn about the current situation of waste problems and how to reduce wastes through fun events such as making picture using cullet, or glass bottles crushed into gravel, and other recycling experiences. In 2025, classes were held in Kyoto City and also Kusatsu City, Shiga Prefecture.

Takara Bio's education for the next generation

Every year, officers and employees of Takara Bio serve as lecturers at universities and other institutions, delivering talks on themes such as gene therapy and regenerative medicine. From a corporate and business perspective, they share recent trends and future outlooks in these fields. Additionally, to support students in planning their careers, we provide opportunities for new employees who wish to participate to visit their alma maters and share about their current job responsibilities, reasons for joining the company, and their passion for their work.

Furthermore, Takara Bio conducts PR workshops for university students and offers on-site classes for local elementary school children, explaining the company's business in an accessible manner. Through these activities, we aim to provide children with opportunities beyond textbooks—encouraging interdisciplinary, comprehensive, and exploratory learning to foster proactive engagement and inspire them to reflect on their own life paths.

Business workshop held at Doshisha University

Promotion of local economies

Continually foster community-based products

We are working to revitalize local economies by developing and nurturing products that are loved by local residents and are only marketed in that region, such as *TaKaRa CRAFT*, which is made from rare gifts of fruit available in particular production areas. With *TaKaRa CRAFT KUMAMOTO OMIKAN*, launched in April 2025, we tackled the problem of fruit spoilage during storage. In the past, 20% to as much as 50% of harvested fruit had to be discarded each year because it was unsuitable for shipment. By processing the fruit immediately after harvest—without going through a storage period—we successfully reduced waste to around 1%. In addition, in response to the issue of labor shortages faced by some production areas during harvest season due to the aging of population, our employees visit such production areas to assist with the harvesting.

TaKaRa CRAFT KUMAMOTO OMIKAN

Our employees helping with harvesting

Takara Group's Sustainability

Well-Balanced Diet

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

Providing the richness of *washu* and Japanese food

Conveying and providing the appeal and new value of Japanese food

Takara Shuzo International is supplying local Japanese restaurants, supermarkets, and retailers with a variety of Japanese food ingredients such as rice, laver, soy sauce, vinegar, and complementary products, which are essential for Japanese food. In order to further promote the spread of Japanese food overseas, we are also participating in exhibitions held in various regions and communicating information at showrooms.

(UK) HYPER JAPAN 2024

Mutual Trading Co., Inc., one of the oldest Japanese food wholesalers in the U.S., which was established in Los Angeles in 1926, hosts the Japanese Food & Restaurant Expo, an exhibition and sales event for those involved in the restaurant business, to further promote the spread of *washu* and Japanese food in the U.S.

(U.S.) Japanese Food & Restaurant Expo 2024

Spreading the excellence of sake to the world

True to its tagline, "*yorokobi no sake* (sake of joy)," *Sho Chiku Bai* is bringing the joy of drinking sake and its tastiness to many people in Japan and overseas in its effort to continue taking on the challenge of expanding sake users and creating a new future for sake culture.

Sho Chiku Bai brand key visual

Sho Chiku Bai Shirakabegura Mio Sparkling Sake, a low-alcohol, easy-to-drink "unique Japanese sparkling sake that represents Japan," brings good taste and excitement to the world with its refreshing bubbles and fruity and gentle sweetness coming from rice.

In Japan, we are sharing Web videos under the theme, "On days when I want to relax, I go for *Mio*." to convey the benefits of *Mio* felt by loyal users: "With just *Mio*, an ordinary day turns into an extraordinary, high quality time that gives me luxurious comfort." By making people unfamiliar with traditional sake recognize it as a "new sake" that they, too, can enjoy, we aim to expand the number of sake users.

"On days when I want to relax, I go for *Mio*." video

Overseas, we communicate information on *Mio* in various countries. In the United States, we are communicating the appeal of *Mio* through tie-in projects with popular restaurants and influencers, in addition to operating official social media accounts.

Following our sponsorship agreement with the New York Mets in 2024, we entered into an official sponsorship agreement with the San Francisco Giants, a Major League Baseball (MLB) team in the National League West Division, in April 2025.

Thanks to this partnership, *Mio* has become the first Japanese sake to be served not only at Citi Field, home of the New York Mets, but also at Oracle Park, home of the San Francisco Giants. At select games, we held tasting events where visitors were able to enjoy *Mio* firsthand. Meanwhile, we exhibited booths at "HYPER JAPAN" in the UK and at "HKTDC Food Expo" in Hong Kong, and visitors who tasted *Mio* at these shows posted their experience on social media. We will continue broadening the appeal of sake around the world, with focus on *Mio*.

(U.S.) Electronic bulletin boards in Citi Field

(U.S.) Oracle Park© S.F. Giants

(Hong Kong) HKTDC Food Expo 2024

We believe that it is our mission as a global leader in the *washu* market to increase the number of people who enjoy *washu* in Japan and overseas by creating "good sake for the future" that is rooted in the original appeal of sake and not bound by the traditional standards of judgment such as that the more milled the rice is, the better the sake will be. Based on this belief, we launched *Sho Chiku Bai Shirakabegura Nend* in October 2023. Since its first release, it has been sold twice a year in limited quantities and through limited sales routes. The rich umami and sweetness of the rice, which harmonizes deeply with the food, and the full-bodied flavor have attracted attention as part of *Sho Chiku Bai*'s efforts to broaden the criteria for evaluating sake. *Nend* was awarded a Gold Medal and a Trophy at the International Wine Challenge (IWC) 2025, one of the world's most prestigious blind tasting competitions and the largest and most influential sake competition held outside Japan.

Sho Chiku Bai Shirakabegura Nend

We started selling *Nend* abroad in July 2025, with the aim of creating new value with what the *Sho Chiku Bai* brand considers as "good sake for the future=a drink that presents the umami of rice to be enjoyed during meal" on a global scale.

Conveying the appeal of alcohol-based seasoning

We provide information on alcohol-based seasoning, with a focus on Takara Hon-mirin, our top brand, and *Takara Ryori no Tame no Seishu*, a salt-free cooking sake, which continue to be chosen for their reliable quality. Using Takara Cooking Notebook, our official social media account, we communicate on an ongoing basis the power of sake to enhance the tastiness of dishes, as well as healthy recipes that align with growing health-conscious trends.

Takara Cooking Notebook, our official social media account

The Japanese Cuisine Taught by Famous Chefs Course, co-hosted by Takara Shuzo and the NPO Japanese Culinary Academy, began in 2009 and has been held a total of 54 times over the past 16 years. Participants who experienced the cooking effects of Takara Hon-mirin, which is rich in body and flavor and enhances the flavor of the dashi stock, and Takara *Ryori no Tame no Seishu*, which removes the fishy smell and tenderizes the ingredients, gave us feedback saying that they were pleased to be able to learn authentic Japanese cuisine and how to use alcohol-based seasonings directly from top chefs.

Japanese Cuisine Taught by Famous Chefs Course

Takara Group's Sustainability

Procurement

In order to continuously provide customers with safe and reliable products and services, it is essential for us to continue sustainable transactions with suppliers who are our business partners. The Takara Group aims to realize sustainable procurement by ensuring the safety and quality of raw materials and more, and by also considering the social responsibility of the entire supply chain, including consideration for the environment and human rights as well as compliance with laws and social ethics based on the Takara Group Procurement Policy.

Collaboration with suppliers

Requesting suppliers' compliance to ensure sustainable procurement

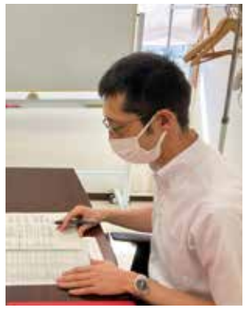
Takara Shuzo is asking its suppliers to observe the Sustainability Procurement Guidelines that give consideration to the environment and social issues.

The Guidelines have been presented to a total of 260 suppliers as of June 2025, all of whom have submitted a letter of consent.

Takara Shuzo's Sustainability Procurement Guidelines

1. Ensuring safety and reliability
2. Consideration for the global environment
3. Human rights, labor, and health and safety
4. Compliance with laws and social norms
5. Information security
6. Social contribution

For details, please visit Takara Holdings' website "Procurement."
https://www.takara.co.jp/english/sustainability/materiality/supply-chain.html



Supplier auditing

On-site inspection of suppliers

As part of human rights due diligence of suppliers, in May 2023, we visited four suppliers in Brazil who are manufacturers of ethanol for on-site inspections.

The inspections confirmed that these suppliers met standards for all of the 26 items listed in the Sustainability Procurement Guidelines and that there was no case of child labor or forced labor.

Visiting a supplier in Brazil

We also regularly conduct on-site audits of new and existing suppliers' production facilities.

If the compliance status is insufficient, we ask for improvement, propose improvement plans, or take other measures.

Procurement of raw materials from Japan and abroad

We only procure raw materials—whether sourced domestically or internationally—that have been verified for quality, safety, and legal compliance through appropriate certification. In addition, we conduct on-site and online audits of raw material suppliers, as necessary, to ensure the safe and reliable sourcing of raw materials.

Human Rights

In order to respect the human rights of all stakeholders, the Takara Group has established the Takara Group Human Rights Policy. Recognizing the impacts we may have on the human rights of various stakeholders, including not only our employees but also business partners, customers, and local communities, we have established a human rights due diligence process in accordance with the Guiding Principles on Business and Human Rights of the United Nations, and are implementing initiatives to protect human rights.

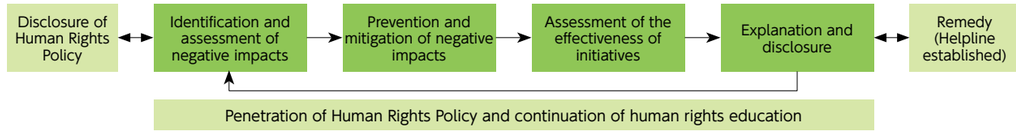
Respect for human rights

Initiatives for human rights due diligence

In fiscal year 2024, we continued to implement initiatives that have already been put into action within the Takara Group as part of human rights due diligence process. Under the leadership of the cross-organizational working team, we addressed issues in each process of human rights due diligence.

With regard to identification and assessment of negative human rights impacts, we have updated risk response maps (identifying potential human rights risks), confirmed that there are no new high-risk raw materials among the main raw materials procured by Takara Shuzo, and reviewed the compliance status of local subsidiaries with human rights due diligence laws in various countries, including the issuance of annual statements under the UK Modern Slavery Act. As for prevention and mitigation of negative impacts, we are continuing human rights education within the Group, such as a training program designed to enhance the understanding of human rights and compliance education by e-learning. We also regularly promote awareness of whistleblowing and consultation channels.

Human rights due diligence process based on the United Nations Guiding Principles on Business and Human Rights



Initiatives for major items in the human rights due diligence process in fiscal 2024

Item	Details of major items	Major initiatives for fiscal 2024
Human Rights Policy	Penetration of the policy	• Promoted the Policy through training sessions for risk compliance leaders and workplace education by these leaders
Identification and assessment of negative impacts	Updated risk response maps	• Continued implementation of workforce risk assessments and updated risk response maps
	Monitoring of suppliers	• Continued to obtain written consent regarding compliance with the Sustainability Procurement Guidelines at the time of onboarding new suppliers
	Monitoring of overseas group companies	• Checked the status of their response to laws concerning human rights due diligence in each country
	Assessment of risks identified	• Confirmed that the main raw materials we procure do not fall under the high human rights risk items on the List of Goods Produced by Child Labor or Forced Labor, updated by the U.S. Department of Labor
Prevention and mitigation of negative impacts	Development and communication of response flow	• Made the Takara Group Helpline and contact point for harassments known to all through on-the-job compliance trainings and other opportunities
	Human rights education and training	• Conducted compliance trainings (on-the-job, e-learning) and administered compliance understanding tests on human rights and related topics
Effectiveness assessment of measures taken	Conducting additional verification	• Identified issues from fiscal 2023 initiatives and checked the status of fiscal 2024 initiatives periodically (three times per year)
Explanation and disclosure	Communication outside the Company	• Disclosed information in the Integrated Report and on the sustainability section of the Company's website

Governance

Governance

The Takara Holdings Corporate Governance Policy <Basic Policy>

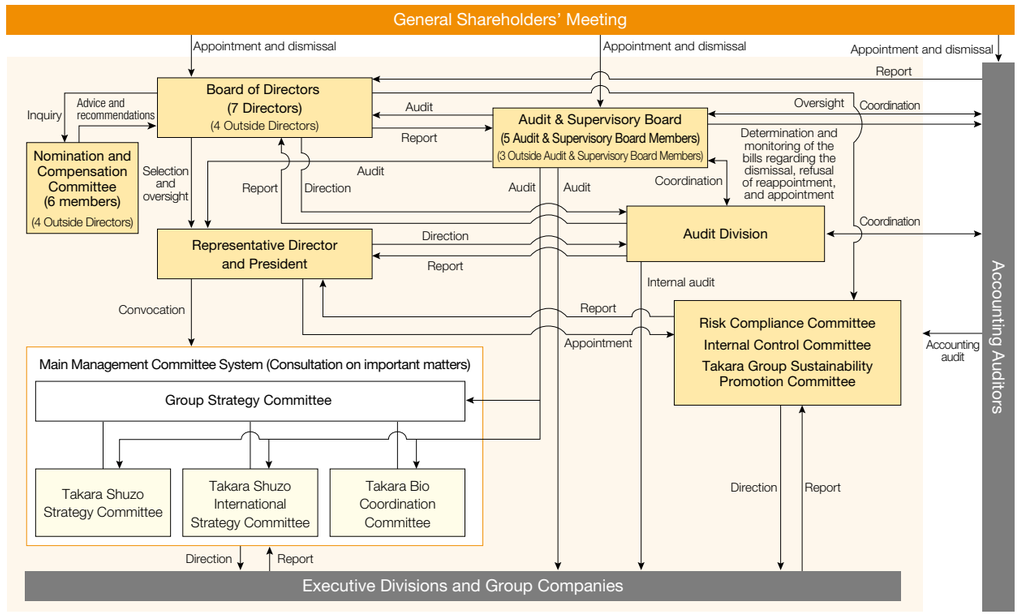
The Company has formulated "TaKaRa Group Challenge for the 100th," our long-term management vision ending in the fiscal year ending March 31, 2026, which is the 100th anniversary of the Group's foundation. The Challenge sets forth "Where the Takara Group wants to be (Vision)*" as well as management strategies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

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.

* "Where the Takara Group wants to be (Vision)"
Smiles in Life
The Takara Group is committed to enriching the homes, lifestyles, and lives of people around the world with smiles. Leveraging our expertise in the pursuit of delicious taste and innovative biotechnologies, we are a corporate group who safely and securely provide diverse value across the *washu*, Japanese food, and life science sectors.

Corporate Governance System (as of June 27, 2025)



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

Promotion of Corporate Governance

Corporate Governance Structure

As a holding company that manages a corporate group, Takara Holdings has decided that the following framework will be most appropriate for the Takara Group to ensure highly effective supervision and audits of corporate management. Hence, we have adopted a system of a Company with an Audit & Supervisory Board as our corporate governance structure.

- The Board of Directors makes important management decisions and supervises the execution of operations. The Board consists of executive Directors with high level of expertise and experience related to our businesses and multiple independent 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.
- 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.

Directors and Board of Directors

From among those who meet certain criteria, persons who are deemed to be best suited from the viewpoint of mutually complementing the execution of operations and enhancing supervisory functions are appointed as Directors, regardless of gender, nationality, career, and age, among others, by taking into account the candidates' skills, knowledge, experience, and specialization. This way we ensure the diversity necessary for the Board of Directors as a whole. Currently, of our seven Directors (same as the number of Directors provided for in the Articles of Incorporation), four, or a majority, are Outside Directors, and two of our Directors are women.

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.

Audit & Supervisory Board Members and Audit & Supervisory Board

Takara Holdings appoints individuals with the knowledge of finance, accounting, and legal affairs as Audit & Supervisory Board Members in order to ensure functions necessary to perform the roles and responsibilities of the Audit & Supervisory Board Members and Audit & Supervisory Board. Currently, three of our five Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members, and three of our Audit & Supervisory Board Members are women. Of the five Audit & Supervisory Board Members, three have extensive knowledge of finance and accounting.

Appointment of independent officers

Takara Holdings has established criteria for independent officers, which are more rigorous than those specified by the Tokyo Stock Exchange, and it designates all of the Outside Officers who are deemed to be independent by meeting these criteria as independent officers. Currently, a total of seven officers are designated as independent officers. They are four Outside Directors Masako Tomotsune, Tomoko Kawakami, Takao Motomiya, and Seiichiro Shirahata, and three Outside Audit & Supervisory Board Members Akiko Yoshimoto, Akiko Yakura, and Aki Miyaguchi.

Nomination and Compensation Committee

To ensure the independence and objectivity of the Board of Directors' functions regarding the nomination of Director candidates and Director compensation, Takara Holdings has established the Nomination and Compensation Committee, a majority of whose members are independent Outside Directors, under the Board of Directors and ensures their appropriate participation.

The Nomination and Compensation Committee consists of at least three members, a majority of whom are independent Outside Directors, and the chair is elected from among the independent Outside Directors. This way, the committee's independence is ensured. The committee deliberates matters regarding nomination of Director candidates and Director compensation before they are resolved at the Board of Directors' meetings and offers advice and suggestions to the Board of Directors.

<Matters to be discussed by the Nomination and Compensation Committee>

- Matters concerning candidates for Directors to be proposed to the general shareholders' meeting
- Matters concerning revisions to the maximum amount of compensation for Directors to be proposed to the general shareholders' meeting
- Matters concerning compensation of individual Directors
- Other matters concerning nomination and compensation of Directors

Officer Compensation

Compensation for Directors and Audit & Supervisory Board Members is determined based on the Rules for Compensation of Officers approved by the Board of Directors within the range of the amount for each based on resolutions at the general shareholders' meeting. Compensation for Directors is determined by the Representative Director and President delegated by resolution of the Board of Directors, upon deliberation by the Nomination and Compensation Committee; while compensation for Audit & Supervisory Board Members is determined by deliberation by the Audit & Supervisory Board Members. Revisions to the Rules for Compensation of Officers relating to Directors are based on resolutions by the Board of Directors, while revisions relating to Audit & Supervisory Board Members are subject to consultation with the Audit & Supervisory Board Members.

Compensation for executive Directors consists of a fixed amount of compensation in accord with the Director's title and role, plus performance-linked compensation to enhance incentive, while compensation for Outside Directors and Audit & Supervisory Board Members consists of a fixed amount of compensation only, taking their role into consideration.

Governance

The amount of performance-linked compensation for each executive Director is determined based on the amount of performance-linked compensation paid for the previous fiscal year and each of their performance evaluation points of the previous fiscal year.

The performance evaluation points are calculated using consolidated operating income, a management indicator on which the Company attaches the greatest importance, as the primary evaluation indicator, in addition to the degree of achievement of ROIC and sustainability measures, among others.

Cross Shareholdings

In our Group, the Company and group companies may strategically hold shares of the companies that have business relationships with individual companies in the Group. Such strategic holding of shares shall be implemented only if the Board of Directors of the group company intending to purchase said shares acknowledges that the shareholding is reasonable as a means of business alliance, maintenance and enhancement of transaction, etc., and in view of the benefits and risks. With regard to the individual shareholdings, the Board of Directors of the Company 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.

With the aim of further improving capital efficiency, the Company resolved at the Board of Directors meeting held on May 13, 2025, to reduce the total amount of cross shareholdings by 50% during the period between March 31, 2025 and March 31, 2030.

Areas of Expertise and Experience (Skill Matrix)

<Directors>

Name	Corporate management Management strategies	Finance Accounting Tax affairs	Legal affairs Compliance	Human resources Labor affairs	Research and development Product technologies	Brand strategies Marketing	Overseas business Internationality
Mutsumi Kimura	●	●	●	●			●
Masanao Suzuki			●	●			
Kei Sato	●	●					
Masako Tomotsune			●	●			
Tomoko Kawakami							
Takao Motomiya	●					●	●
Seiichiro Shirahata		●	●				

<Executive Officers>

Name	Corporate management Management strategies	Finance Accounting Tax affairs	Legal affairs Compliance	Human resources Labor affairs	Research and development Product technologies	Brand strategies Marketing	Overseas business Internationality
Minori Mori	●					●	●
Naoki Shibuya	●					●	
Tsuyoshi Miyamura	●				●	●	●
Mineo Kawashima	●		●				

Reasons for Appointment as Outside Officers and Attendance at the Board of Directors' Meetings and Audit & Supervisory Board Meetings

Position	Name	Reasons for Appointment	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Board Meetings
Outside Director	Masako Tomotsune	As an attorney, Masako Tomotsune possesses broad knowledge as well as extensive experience and track record related to corporate law and other matters. The Company has determined that these qualifications will be useful in the further enhancement of its management structure.	14 out of 14 meetings	—
Outside Director	Tomoko Kawakami	Tomoko Kawakami has been involved over many years in the academic field of economics at Waseda University and elsewhere, in addition to research activities related to marketing and other fields. The Company has determined that her broad knowledge, extensive experience, and track record in these areas will be useful in the further enhancement of its management structure.	14 out of 14 meetings	—
Outside Director	Takao Motomiya	Takao Motomiya served in key positions at the National Tax Agency and other organizations. The Company has determined that his broad knowledge as well as extensive experience and track record related to tax affairs will be useful in the further enhancement of its management structure.	14 out of 14 meetings	—
Outside Director	Seiichiro Shirahata (Appointed in June 2025)	Seiichiro Shirahata served in key positions at Nippon Paint Holdings Co., Ltd. and its group companies. The Company has determined that his broad knowledge as well as extensive experience and track record in corporate management, management strategies, overseas business, and other areas earned through his career will be useful in the further enhancement of its management structure.	—	—
Outside Audit & Supervisory Board Member	Akiko Yoshimoto	Akiko Yoshimoto served in key positions at the Ministry of Health, Labour and Welfare and other organizations, and the Company has determined that her broad knowledge as well as extensive experience and track record related to labor laws and systems, etc. will be useful in the further enhancement of its audit structure.	14 out of 14 meetings	14 out of 14 meetings
Outside Audit & Supervisory Board Member	Akiko Yakura (Appointed in June 2025)	As an attorney, Akiko Yakura possesses broad knowledge as well as extensive experience and track record related to corporate law and other matters. The Company has determined that these qualifications will be useful in the further enhancement of its audit structure.	—	—
Outside Audit & Supervisory Board Member	Aki Miyaguchi (Appointed in June 2025)	As a certified public accountant, Aki Miyaguchi possesses broad knowledge as well as extensive experience and track record related to corporate accounting and other matters. The Company has determined that these qualifications will be useful in the further enhancement of its audit structure.	—	—

Compensation for Directors and Audit & Supervisory Board Members (fiscal year ended March 31, 2025)

Officer category	Fixed amount of compensation		Amount of performance-linked compensation		Total (Millions of yen)
	Number of eligible officers	Total amount (Millions of yen)	Number of eligible officers	Total amount (Millions of yen)	
Directors (Outside Directors)	7 (3)	86 (24)	4 (—)	68 (—)	155 (24)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	5 (3)	94 (51)	— (—)	— (—)	94 (51)
Total (Outside Officers)	12 (6)	180 (76)	4 (—)	68 (—)	249 (76)

Notes: 1. The amount of compensation and other benefits for Directors does not include the employee salary component for Directors serving concurrently as employees.
2. At end of the fiscal year under review, the number of Directors was six (including three Outside Directors) and the number of Audit & Supervisory Board Members was five (including three Outside Audit & Supervisory Board Members). The reason for the discrepancy with the above-noted number of Directors is that it includes one Director who retired during the fiscal year under review.
3. Performance-linked compensation is determined by the Representative Director and President, upon deliberation by the Nomination and Compensation Committee, based on the amount of performance-linked compensation paid for the previous fiscal year and each of their performance evaluation points of the previous fiscal year. The performance evaluation points for the previous fiscal year are calculated using consolidated operating income as the primary evaluation indicator. This is because consolidated operating income is positioned as the most important management indicator.
4. The 108th General Shareholders' Meeting held on June 27, 2019, approved an annual amount of up to ¥136 million as fixed compensation for Directors (of which up to ¥30 million is for Outside Directors. The amount was revised to "of which up to ¥40 million is for Outside Directors" at the 114th General Shareholders' Meeting held on June 27, 2025, in light of the increase in the number of Outside Directors). Furthermore, the 104th General Shareholders' Meeting held on June 26, 2015, approved an annual amount equivalent to 1% of consolidated operating income of the previous fiscal year as performance-linked compensation (for Directors other than Outside Directors). These amounts do not include the employee salary component for Directors serving concurrently as employees. The 106th General Shareholders' Meeting held on June 29, 2017, approved an annual amount of up to ¥120 million as compensation for Audit & Supervisory Board Members.

Assessment of effectiveness of the Board of Directors

Takara Holdings assesses the effectiveness of the Board of Directors every year from the viewpoints of its operation as a conference body and its role as an organ that works to increase corporate value over the medium- to long-term. An overview of the results of the assessment for the fiscal year ended March 31, 2025, is as follows.

1 Assessment method

We conducted a questionnaire survey of all Directors and Audit & Supervisory Board Members, in which respondents evaluated the following categories on a five-point scale and answered open-ended questions.

[Matters to be assessed]

❶ Operation of the Board of Directors as a conference body
Agenda items; convocation procedures; meeting materials; explanation, discussion, and decision-making; meeting minutes; and yearly schedule

❷ Role of the Board of Directors as an organ that works to increase corporate value over the medium- to long-term
Discussions on management strategies and other matters and the composition of the Board of Directors

2 Overview of assessment results

❶ On the operation of the Board of Directors as a conference body
It was determined that the Board of Directors operates properly for the most part and are effective. On the other hand, we are aware that there are still issues that need to be continuously addressed in order to further deepen discussions at the Board of Directors. We will continue taking measures to rectify identified issues, and keep striving to increase the effectiveness of the Board of Directors by evaluating the results of those measures and applying that to make further improvements.

❷ On the ideal form of the Board of Directors as an organ
While there are certain positive opinions regarding the involvement of independent Outside Officers in the formulation process of medium- to long-term management strategies, among others, we recognize that there are ongoing challenges such as reflecting more diverse opinions in the formulation of management strategies. We will continue taking measures to rectify identified issues and keep striving to increase the effectiveness of the Board of Directors.

Governance

Consider optimum corporate governance

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

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

- The Group Strategy Committee meets at least six times a year as a rule to discuss material matters related to the overall management of the Takara Group, review each group company's performance, and report updates on activities.
- The Takara Shuzo Strategy Committee and the Takara Shuzo International Strategy Committee each meet once a month as a rule to hold preliminary discussions on material matters, including the matters to be resolved at the Boards of Directors of Takara Shuzo Co., Ltd. and Takara Shuzo International Co., Ltd., report on these matters, and provide updates on relevant activities.
- The Takara Bio Coordination Committee meets once a month as a rule to make an ex post facto report on material matters including the matters resolved at the Board of Directors of Takara Bio Inc., which is a listed subsidiary of Takara Holdings, as well as updates on relevant activities.
- Each of the other subsidiaries holds the Strategy Committee 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.

Special Circumstances Which May Have Material Impact on Corporate Governance

About our listed subsidiary Takara Bio Inc.

Takara Holdings is the parent company of Takara Bio Inc. (Tokyo Stock Exchange Prime Market; Securities code number: 4974, hereinafter referred to as "Takara Bio"), holding 60.93% of the voting rights of Takara Bio. On April 1, 2002, Takara Bio was spun off from the parent company as a wholly owned subsidiary to take over Takara Holdings' biomedical business unit.

Subsequently, the ratio of voting rights held by Takara Holdings was reduced to its current level through third party capital increase by Takara Bio, public subscriptions, the issuance of bonds with stock acquisition rights, and other corporate actions.

As of the end of March 2025, the Takara Group consists of Takara Holdings that is a holding company, 68 subsidiaries, and two affiliates. Takara Bio is positioned as the subsidiary specializing in life science to promote the Biomedical Business for the Group. Takara Bio is not a competitor of the Takara Group's other segments, and has only limited dealings with Takara Holdings.

The significance of having a listed subsidiary and measures to ensure the effectiveness of the governance system of the listed subsidiary in light of the views and policies concerning the Group's management

Views and policies concerning the Group's management

- Based on the corporate philosophy of "Contributing to the creation of a vital society and a healthy lifestyle through our fermentation technology and biotechnology in a way that achieves harmony with nature," the Company and the Group benefit society by unlocking new potential in the culinary, lifestyle, and life science fields through our fermentation technologies for traditional Japanese sake and our cutting-edge innovation in biotechnologies and by continuing to create new value.
- The Company believes that realizing the "Where the Takara Group wants to be (Vision)" under "TaKaRa Group Challenge for the 100th," our long-term management vision ending in the fiscal year ending March 31, 2026, which is the 100th anniversary of the Group's foundation, will lead to the enhancement of corporate value of the Group as a whole.
- To achieve the Vision, the Company's basic approach is to respect the independence of each group company, and have each company increase the speed of its management through independent management and pursue business outcomes to the utmost extent. The Company also believes it is important to integrate the business plans of each company for the overall optimization of the Group and to decide on the effective allocation of management resources such as funds and personnel by continuously identifying and analyzing the status of business execution.
- This is a system that consolidates management resources and aims for growth in three business segments: Takara Shuzo, which handles our domestic business, Takara Shuzo International Group, which handles our international business, and Takara Bio Group, which handles our Biomedical Business. We have clarified the division of roles between the business companies that give undivided attention to promoting above businesses and the Company, which strongly supports the business of each company and leads the overall management of the Group.

Significance of having a listed subsidiary

- As part of the long-term management vision, "TaKaRa Group Challenge for the 100th," the Group has adopted the vision: "Smiles in Life." Toward the achievement of the vision, we believe that in the fields of *washu* and Japanese food and life science, enhancing our two unique business models will lead to greater corporate value. In particular, we recognize that having Takara Bio, which generates value in the life science field, in our business portfolio is extremely important for maximizing the Group's corporate value in the future. Moreover, we recognize as a Group strength the robust independence of our diverse businesses, each differing in business content and geographic focus. This enables us to build a well-balanced and resilient portfolio capable of adapting to changing environments.
- In order to further accelerate the growth of our Biomedical Business, Takara Bio needs to have its own means of financing. Moreover, to hire and train talented employees and further advance the management of Takara Bio, it is vital to maintain Takara Bio as a listed subsidiary.
- When Takara Bio was listed in 2004, we restructured its transactional relationships with the Company, the parent company, and Takara Shuzo, a fellow subsidiary, to avoid any conflicts of interest. No conflicts of interest exist at present.
- Takara Bio does not participate in the Company's cash management system and thus, independently manages its own financing and liquidity.
- While disadvantages of having Takara Bio as a listed subsidiary include the outflow of economic benefits and the cost of maintaining its listing, we believe these are outweighed by the advantages described above.

Measures to ensure the effectiveness of the governance system of the listed subsidiary

- The Takara Bio Corporate Governance Policy specifies that one-third or more of Directors at Takara Bio (three out of nine as of June 27, 2025) must be independent Outside Directors with no vested interest in Takara Bio or Takara Holdings. Hence, we believe that we have a system in place for protecting the rights of Takara Bio's minority shareholders and ensuring independent decision-making. Furthermore, three of the five Audit & Supervisory Board Members at Takara Bio are independent Outside Audit & Supervisory Board Members.
- For the purpose of protecting the interests of Takara Bio's minority shareholders, a special committee consisting of at least three independent members, including Outside Officers, has been established. The committee deliberates and examines matters related to important transactions or acts that constitute conflicts of interest between Takara Holdings or its subsidiaries and the minority shareholders of Takara Bio, and offers the results thereupon as advice and suggestions to the Board of Directors of Takara Bio.
- Takara Holdings has established the Rules and Regulations for Overseeing Group Companies from the viewpoint of consolidated business administration. The objective of these Rules and Regulations is to ensure that our group companies maintain their uniqueness and autonomy while the corporate value of the overall Group is maximized. The above Rules and Regulations, which classify group companies by capital relationship and other attributes, apply to Takara Bio. In accordance with classification under the said Rules and Regulations, Takara Bio is not required to hold preliminary discussions with or obtain prior approval from Takara Holdings on material matters, including matters to be resolved by its Board of Directors, but need to only make reports. Hence, Takara Bio runs its business independently.
- Mutsumi Kimura, the Representative Director and President of the Company, concurrently serves as a Director of Takara Bio. He was, however, invited by Takara Bio based on the judgment that his experience and knowledge gained through his management of Takara Bio in the past would be useful to Takara Bio and not for the purpose of the Company controlling Takara Bio. Furthermore, in receiving the proposal of agenda items for the appointment of officers of Takara Bio, the Company does not engage in the nomination process in advance.

Governance

Takara Group Compliance Action Guidelines <Basic Policy>

The Takara Group aims to achieve corporate philosophy, "Contributing to the creation of a vital society and a healthy lifestyle through our fermentation technology and biotechnology in a way that achieves harmony with nature." In the process of realizing it, we perform business activities honestly and fairly under the TaKaRa Five Values, which are the shared values of the Group.

① We will comply with laws and regulations in Japan and overseas, fully recognize social ethics, and act with common sense and responsibility as a member of society.
② We will work to lower environmental burdens, and contribute to the development of life science that values the dignity of life.
③ We will conduct sustainable business activities that are widely useful to society by pursuing profit through fair competition rather than pursuing profit in a manner contrary to these Action Guidelines.
④ We will comply with employment regulations, and will not engage in any unfair or dishonest practices in violation of employment regulations.
⑤ We will always draw a line between public and private matters, and will not pursue personal gain by using corporate assets, information, business authority, or position.

Promotion of compliance

Reinforce the compliance promotion structure

The Takara Group has established the Risk Compliance Committee chaired by the Representative Director and President of Takara Holdings and including all members of the Board of Directors of Takara Holdings in order to ensure trustworthy and fair corporate activities and is undertaking a reinforcement of the Group-wide risk management and compliance promotion structure. Our goal is to prevent serious noncompliance, including corrupt practices, and to fulfill the corporate social responsibility of the entire Takara Group and increase the Group's corporate value by ensuring that all employees understand the Takara Group Compliance Action Guidelines through such means as the intranet and booklet distribution, ensuring each group company's proper compliance and taking risk management measures in accordance with the guidelines. The "Takara Group Compliance Action Guidelines" are supervised by the responsible officer of Takara Holdings, who reviews and revises their effectiveness.

In the event of a suspected compliance violation, the relevant divisions and departments will collaborate to promptly confirm the details of the case, conduct a detailed investigation of the facts, and based on the investigation results, consider and implement countermeasures and recurrence prevention measures.

For cases deemed to be serious compliance violations, the outline and recurrence prevention measures will be communicated internally, and focused risk and compliance education will be conducted based on the case. The status of these efforts will be reported to the "Risk Compliance Committee."

In addition, necessary disciplinary measures will be taken for serious compliance violations in accordance with the employment regulations.

Implement compliance education

In order to enhance employees' compliance awareness, the Takara Group issues monthly compliance newsletters that deal with compliance-related subjects familiar to its employees and offers an e-learning course every month, which is constantly attended by 100% of the employees. We also provide annual training for each job level, including risk and compliance seminars for top management led by guest specialists, training sessions for new managers, and new employee training, along with annual group training based on Takara Group Compliance Action Guidelines for risk compliance leaders who promote workplace compliance education. The group training is designed to advance the leaders' understanding of their role, respect for human rights, prevention of harassment, prevention of unfair or corrupt practices such as bribery and kickbacks, as well as understanding of the key and relevant compliance-related subjects. Furthermore, based on these subjects that the group training deals with, the compliance leaders provide on-the-job training at their offices as part of our companywide compliance education.

Training for risk compliance leaders

Appropriately operate the whistleblowing system

We have helplines in place inside as contacts for whistleblowers in the event that they have noticed any legal infringements, unfair practices, corrupt practices, human rights violations, or acts that violate social ethics, such as bullying or harassments, and outside the Company (i.e., third-party organizations) for securing the anonymity of the whistleblowers. We operate these helplines in accordance with Japan's Whistleblower Protection Act and the Helpline Rules in order to ensure that whistleblowers do not receive disadvantageous treatment due to the reports they have made. The Company gives full consideration to maintaining confidentiality when investigating reports and takes appropriate action based on confirmed facts.

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

Reinforcement of the risk management structure

Promote risk management (normal risk management)

The Takara Group strives to prevent the materialization of risks and to mitigate risks by thoroughly checking each workplace for any potential risks and taking preventive measures according to the findings. We also confirm the effectiveness of these measures against risks annually and review these measures if necessary. These activities are repeated every year, and the status of risk management activities throughout the year is reported to and monitored by the Risk Compliance Committee. Through these efforts, we aim to reinforce the risk management structure.

Promote crisis management (emergency risk management)

Takara Group has a Business Continuity Plan (BCP) in place in anticipation of emergency risks. For example, in preparation for natural disasters (such as earthquakes or typhoons), we have established measures to ensure the safety of employees, officers, their families, and external visitors as quickly as possible after the occurrence of damage. Additionally, we have outlined actions to restore and continue providing products and services to customers. In addition to taking such steps as ensuring electric power at our production sites through the introduction of private electricity generating equipment, establishing multiple modes of information dissemination, and preparing backup offices in case the regular offices are devastated, we ensure the effectiveness of our BCP by conducting emergency drills according to the plan.

Furthermore, we have developed response flows for situations with a possibility of endangering life and limb, such as infectious diseases or quality issues (e.g., product recalls), as well as for situations that could seriously impact on corporate confidence or assets, such as suspension of important operations due to IT system failures or confidential information leaks. In case of an emergency, we promptly establish an Emergency Response Headquarters while cooperating with each department to take prompt and targeted action.

We will continue to improve the BCP.

Risks anticipated in the Business Continuity Plan

① Natural disasters (earthquakes, typhoons, etc.)
Injuries to employees and their families, damage to equipment and products at production sites and offices, disruption of electricity, water, and gas, data loss, leakage of sludge, heavy oil, alcohol, etc., paralysis of transportation and main roads, difficulty in procuring raw materials and supplies, and the impact on production, shipping, and employee work, affecting business activities and performance.
② Infectious diseases (highly pathogenic new influenza, etc.)
Impact on employees and social infrastructure due to the global spread of highly pathogenic new influenza or other infections, affecting business activities and performance.
③ Quality issues (product recalls, etc.)
Health damage due to product defects in the manufacturing process, violations of laws such as the Food Sanitation Act, Food Labeling Act, Act against Unjustifiable Premiums and Misleading Representations, Liquor Tax Act, etc., affecting business activities and performance.
④ Suspension of important operations due to IT system failures (cyberattacks, etc.)
Destruction of data and system files due to cyberattacks like ransomware, data loss due to operational errors, server damage due to disasters or failures, affecting business activities and performance.
⑤ Confidential information leaks
Loss or theft of computers, USB memory, documents, etc., misdelivery or incorrect web publication, unauthorized programs or access (virus infection, spyware, unauthorized network intrusion, etc.), intentional leaks, internal misconduct, affecting business activities and performance.

Areas of Activities for Risk Management and Compliance Promotion

The Takara Group has defined "compliance" and "risk management" as the areas of activities for Takara's risk management and compliance promotion, and further classified risk management into "risk management" for preventing risks surrounding companies and "crisis management" that sets forth actions to take in an emergency.

Governance

Messages from Outside Directors

We support the creation of sustainable corporate value from an objective perspective, enabling our diverse workforce to smile and perform to their full potential.

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

Key Areas of Focus as an Outside Director

The first area is the revitalization of bodies such as the Board of Directors. Compared with the beginning of my tenure, comments from Directors have increased significantly. Furthermore, last year, a variety of new strategic meetings were established, resulting in more comments from internal officers as well. I hope that discussions, not merely Q&A sessions, will become commonplace, and that this will lead to a workplace culture that is extremely safe from a psychological perspective. Going forward, we would like to have more in-depth discussions on medium-to-long-term management issues and strategies—including matters such as cost of capital, stock prices, and human capital—with the involvement of Outside Directors with management experience. I serve as the chair for the Nomination and Compensation Committee. The Committee also broadly addresses and discusses issues necessary and important for the Company, considering industry trends and investor perspectives, in addition to agenda items stipulated in the regulations. The second area of focus is, from a legal viewpoint, to offer advice and oversight concerning compliance and governance—key elements of corporate management. We work to deliver timely information on recent developments and trends at other companies, including soft law (resolutions and declarations that are non-binding) such as the Corporate Governance Code and best practices. We have actively engaged in communication regarding both the reduction of cross shareholdings and IR/shareholder relations (SR). For the former, numerical targets were established last year, while for the latter, we have seen enhanced IR activities and better disclosure. Valuable investor feedback is being shared internally. Regarding sustainability, in addition to proposals related to biodiversity, we are very pleased with the launch of the non-alcoholic chu-hi *Takara Karakuchi Zero Ball*, which was proposed in line with health-conscious trends. We look forward to further improvements in health, one of our material issues. Since taking office, I have closely monitored initiatives toward promoting the active engagement of women and DE&I. While women do constitute a majority of outside officers and nearly half of new graduate hires, increasing the number of female managers through enhanced training programs and improved systems as well as a change in mindset remain important issues. Going forward, our aim is to foster an environment in which our diverse, valuable workforce—over half of whom are from outside Japan—can smile, find fulfillment, and fully demonstrate their capabilities. We will achieve this by realizing a balance between work and childcare, caregiving, and medical treatment, while also embracing neurodiversity. I believe this will lead to higher productivity and sustainable growth in corporate value.

Medium-Term Management Plan Progress

Regarding overseas markets, a growing domain, we concentrated over 60% of the Group's total investment—¥27.7 billion—into initiatives including a partnership agreement with Major League Baseball and aggressive M&A activity. As a result, Takara Shuzo International saw significant growth, with year-on-year increases in excess of 15% in both net sales and gross profit, and ROIC climbed to 6.4%. Overseas sales over total net sales reached 59%, nearly achieving the Medium-Term Management Plan target. We also saw progress in non-financial results, including improved ESG scores. Going forward, we will concentrate efforts on advancing Group governance—including overseas operations—and ensuring the permeation of ROIC-based management while pursuing selection and concentration, which we recognize as challenges. After having reviewed the current Medium-Term Management Plan, we aim to advance to the next stage with a long-term perspective.

Commemorating the 100th Anniversary

Last year, we created the TaKaRa Group Long-Term Vision 2050. It serves as our compass, and featured the participation of younger employees from the beginning as well as discussions involving Outside Directors. We will update this as needed. While it was difficult to envision the next quarter-century amid this era of rapid, unpredictable change, we have made significant achievements in the form of a clear focus on biotechnology as our core and the proactive stance toward expanding into new domains. Moreover, given the Company's historical growth rate, net sales exceeding ¥1 trillion are very much in the realm of reality. Furthermore, from the perspective of age diversity, involving younger employees in the decision-making process was also meaningful. Moving forward, while continuing to respond flexibly to changing times, including U.S. tariff issues and the rapid evolution of generative AI, we will strive to consistently incorporate the opinions and perspectives of our shareholders and other stakeholders—in addition to those of third parties—from a medium- to long-term perspective. We are committed to impacting society in a positive way and enhancing our corporate value over the medium- to long-term.

Confronting environmental changes head on and establishing our global corporate presence

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

Key Areas of Focus as an Outside Director

I am Tomoko Kawakami, a professor at Waseda University, and I serve as an Outside Director. Since I took office, the macro environment has seen dizzying changes, including COVID-19, the invasion of Ukraine, the Trump administration's inauguration, and the proliferation of interactive generative AI. Amidst all this, until last year, I resided in Denmark and Hawaii for a total of one year and eight months. Currently, I am working to drive forward international collaborative research on sustainable marketing and responsible innovation alongside researchers from countries including the U.S., Germany, France, and Denmark. Marketing is also shifting from mass production, consumption, and disposal toward prioritizing the global environment and social issues. Internally, we have provided the latest information to support faster, more accurate management decisions, and have engaged in repeated discussions in various committees and other bodies.

Medium-Term Management Plan Progress

We achieved the numerical targets we initially set for TGC100—net sales of ¥340.0 billion or more, operating income of ¥23.0 billion or more, overseas sales over total net sales of 44% or more, and ROE of 8% or more—by the fiscal year ended March 31, 2023. Meanwhile, though we anticipate meeting the target of achieving overseas sales over total net sales of 60.0% or higher under the Medium-Term Management Plan for 2025, we expect to fall short of the targets for net sales of ¥420.0 billion or more, operating income, ROE, and ROIC. We can set ambitious goals, but it also takes time for growth investments to generate tangible returns. It is necessary for us to continue maintaining a balanced business portfolio, strategically identifying growth markets, and proactively pursuing investment.

Moreover, it is crucial for us to devise unique products and services that only we can offer—even in mature markets. Our strengths lie in our technical capabilities and safe, reliable quality. As initiatives are already underway, however, we must also further augment product planning and other marketing capabilities to ensure future growth. We believe we can grow into a brand that becomes the customer's choice through analysis of customer journeys and experiences, and the provision of products and services that offer customers superior benefits.

Commemorating the 100th Anniversary

Our strengths in fermentation and biotechnology are applicable across a broad range of fields. We encourage all employees to think deeply about the Company's future direction—about which areas we should grow beyond existing business domains, and why—and to become owners of the vision. We further hope they will translate these notions into tangible actions and practices. To develop and deliver the value of *washu*, Japanese food, and life sciences to make people around the world smile, the passion and determination of our employees are essential as cross-border business professionals. As we further enhance our presence as a global enterprise, we anticipate steady progress toward the direction set forth in our vision.

I personally plan to continue capitalizing on my strengths as a member of faculty at an internationally accredited global business school and my worldwide network of collaborators to offer the latest information for faster, more accurate management decisions within the Company.

Governance

Fulfilling the role of an Outside Director to realize sustainable growth and boost corporate value

Outside Director **Takao Motomiya**
(Appointed June 29, 2023)

Key Areas of Focus as an Outside Director

Since assuming the role of Outside Director, I have done my best to take part in as many meetings as possible—including the Board of Directors' meetings, group company meetings, and opinion exchange sessions with group company officers at the Audit & Supervisory Board meetings—to gain a comprehensive understanding of the Group's current status and prospects.

Furthermore, at gatherings such as the Board of Directors' meetings, drawing upon experience I gained at the National Tax Agency (including oversight of general administrative operations at the Regional Taxation Bureau and evaluation of their performance), I provide input from the viewpoint of ensuring compliance and governance. This includes advocating for further business operational optimization and efficiency, as well as evaluating and verifying the Group's issues, initiative policies, and the planning and results of execution of various measures. Recently, there have been more opportunities for advance briefings on meeting materials. We believe that ascertaining the facts and points for consideration beforehand and exchanging opinions will improve the deliberation of matters during the actual meetings.

Going forward, I will continue to voice necessary opinions as an Outside Director from the perspective of stakeholders, to ensure the sustainable growth and enhancement of corporate value for the Group.

Medium-Term Management Plan Progress

We have concluded the second year of the Medium-Term Management Plan for 2025 (hereinafter, the Medium-Term Management Plan). Taking a look at the plan's progress at this stage, certain initiatives are advancing rapidly thanks to the concerted, enthusiastic efforts of the Group's officers and employees toward achieving the plan's objectives. We expect most financial metrics, however—including ROIC and overall performance—to fall short of the targets. The primary factor is the gaps between the external environment when the Medium-Term Management Plan was formulated and present conditions, as well as the impact of U.S. tariff policies enacted since the previous year. Until the current Medium-Term Management Plan ends in the fiscal year ending March 31, 2026, I hope we will actively pursue the key themes outlined in the plan, work to reduce the disparity between planned and actual results, and drive forward the consideration of measures and initiatives for formulating the next medium-term management plan.

Moreover, with regard to sustainability, we received recognition last year for our past efforts, as the Company was selected as a constituent stock of representative ESG investment indices including the FTSE Blossom Japan Index. Measures such as ESG investment and other sustainability initiatives are valuable in maintaining stakeholder trust in the Company. As such, I would like to see enhancement of these efforts, including being selected and retaining our status as a constituent stock.

Commemorating the 100th Anniversary

The Company's origin can be traced back to the historic sake brewing industry. We do not, however, rest on the laurels of our history and tradition. Guided by a spirit of trial and error, we respond rapidly and properly to changes in society and the business environment. Today, we operate as a group of operating companies with distinctive characteristics: Takara Shuzo handles domestic operations; Takara Shuzo International is responsible for overseas operations such as alcoholic beverages and Japanese food distribution, and Takara Bio oversees the biomedical business. We expect that, in the spirit of trial and error, by continuing to implement various measures, it should be possible for us to expand the Company's medium- to long-term corporate value.

We anticipate overseas sales over total net sales for the fiscal year ending March 31, 2026 will exceed the target of 60.0% or higher set in the current Medium-Term Management Plan. This owes mainly to M&A activity by the Takara Shuzo International Group. As the number of group companies has increased greatly, I believe we should consider implementing performance management for the entire overseas business at Takara Shuzo International going forward. This involves initiatives including the aggregation, analysis, and evaluation of results; monitoring of progress; and implementation of improvements to ensure that companies reach their targets.

Message from a Newly Appointed Outside Director

For the Takara Group, the strength of which lies in its spirit of taking on challenges, I aim for further growth through advice and supervision based on experience

Outside Director **Seiichiro Shirahata**
(Appointed June 27, 2025)

Expectations for the Takara Group to Continue Sustainable Growth by Accepting New Challenges

The Company has successfully achieved a well-balanced global expansion of its three businesses through the timely review and optimization of its business portfolio. We have achieved sustainable growth both in Japan and abroad through the generation of stable profits and active reinvestment of those funds into growth initiatives. We recorded our highest-ever operating income during the fiscal year ended March 31, 2022. We regard our spirit of taking on challenges as a strength, as evidenced by our history during which we successfully withdrew from the beer business and honed our bio-related technologies to transition to our current Biomedical Business. The reason I accepted the position of Outside Director was that the management philosophy of advancing the business by boldly pursuing new growth opportunities with no fear of failure resonated with me. From the early stages, the Company sought out growth markets in the U.S., and we have seen steady growth in overseas sales. We expect overseas sales over total net sales, which stood at 34% for the fiscal year ended March 31, 2021, to surpass 60% this fiscal year. We foresee sustained growth as we continue to accept new challenges.

Ambitions as an Outside Director

Regarding growth strategies and growth investments proposed by the management side, in my capacity as an Outside Director, my intent is to focus on boosting profitability. I will thoroughly verify the rationale underpinning the proposals, target market characteristics, and competitive advantages—all factors critical in determining the return on investments. I hope to deepen discussions within the Board of Directors to ensure we are prepared to take calculated risks. When expanding on a global scale, since the business entities are local overseas companies, I believe communication is essential to ensure local operations are aligned with our corporate vision. In recent years, we have not seen growth in our earning power. With overseas sales accounting for approximately 60% of total net sales and growing, overseas profit growth is becoming increasingly important. In my previous role as an executive, I experienced the difficulty of overseas business expansion and encountered a number of failures. To address the challenges the Company faces in its growth, I aim to leverage my own past failures, and provide guidance and oversight by engaging directly with management proposals and deepening discussions to support the Company in achieving the desired state.

Directors and Audit & Supervisory Board Members (As of June 27, 2025)

Directors

Mutsumi Kimura (62)

Representative Director and President

Apr. 1985 Joins the Company
Apr. 2002 Director, TAKARA BIO INC.
Jun. 2004 Managing Director, TAKARA BIO INC.
Jun. 2007 Senior Managing Director, TAKARA BIO INC.
Jun. 2009 Executive Vice President, TAKARA BIO INC.
Jun. 2014 Director
Senior Managing Director, TAKARA SHUZO CO., LTD.
Jun. 2016 Executive Vice President
Jun. 2017 Director, TAKARA SHUZO CO., LTD. (incumbent)
Jul. 2017 President, TAKARA SHUZO INTERNATIONAL CO., LTD.
Jun. 2018 President (incumbent)
Apr. 2020 Director, TAKARA SHUZO INTERNATIONAL CO., LTD. (incumbent)
Jun. 2022 Director, TAKARA BIO INC. (incumbent)

Masanao Suzuki (60)

Director
(Personnel affairs, sustainability promotion, business support & IT promotion)

Apr. 1988 Joins the Company
Apr. 2014 Representative Director and President, Takara Chou Un Co., Ltd. (currently, Nagasaki Unsou Co., Ltd.)
Jun. 2018 General Manager of Personnel Dept.
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. 2023 Executive Officer, General Manager of Personnel Dept.
Jun. 2025 Director (incumbent)

Tomoko Kawakami (60)

Outside Director

Apr. 2009 Professor, Faculty of Business and Commerce, Kansai University
Apr. 2015 Professor, Waseda Business School (Graduate School of Business and Finance) (incumbent)
Jun. 2019 Director (incumbent)
Dec. 2019 Examiner of Certified Public Accountant Examination
Sep. 2022 Outside Director, BeNext-Yumeshin Group Co. (currently Open Up Group Inc.) (incumbent)
Mar. 2023 Visiting Scholar, Shidler College of Business, University of Hawaii at Manoa

Takao Motomiya (68)

Outside Director

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 (incumbent)
Jun. 2023 Director (incumbent)
Auditor of Public Interest Incorporated Foundation Brewing Society of Japan (incumbent)

Kei Sato (53)

Director
(Business management, accounting & finance, public relations & investor relations)

Apr. 1995 Joins 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.
Jun. 2025 Director (incumbent)

Masako Tomotsune (53)

Outside Director

Oct. 2002 Joins Tanabe & Partners
Apr. 2010 Self-Defense Forces Personnel Ethics Board Member
Apr. 2013 Partner at Tanabe & Partners (incumbent)
Jun. 2018 Director (incumbent)
Jun. 2020 Outside Director (Audit & Supervisory Committee Member), The Kodensha Co., Ltd. (incumbent)
Apr. 2024 Member of the Evaluation Committee, Member of the Compliance Committee, Agriculture & Livestock Industries Corporation (incumbent)

Seiichiro Shirahata (64)

Outside Director

Apr. 1983 Joins Nippon Paint Co., Ltd.
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 (incumbent)
Jun. 2024 Outside Director, Lintec Corporation (incumbent)
Jun. 2025 Director (incumbent)

Audit & Supervisory Board Members

Teruaki Mitsui (63)

Standing Audit & Supervisory Board Member

Apr. 1985 Joins the Company
Apr. 2015 General Manager of Accounting & Shared Services Dept.
Jun. 2017 Executive Officer, General Manager of Accounting & Shared Services Dept.
Audit & Supervisory Board Member, TAKARA SHUZO CO., LTD.
Apr. 2020 Executive Officer, General Manager of Accounting Dept.
Jun. 2020 Standing Audit & Supervisory Board Member (incumbent)
Jun. 2021 Audit & Supervisory Board Member, TAKARA SHUZO CO., LTD. (incumbent)
Audit & Supervisory Board Member, TAKARA SHUZO INTERNATIONAL CO., LTD. (incumbent)

Keisuke Mori (62)

Standing Audit & Supervisory Board Member

Apr. 1985 Joins the Company
Apr. 2008 General Manager of Administrative Innovation Division
Apr. 2011 Concurrent General Manager of Corporate Planning Division
Apr. 2012 General Manager of Business Management Division
Jun. 2017 Executive Officer, General Manager of Business Management Division
Jul. 2017 Audit & Supervisory Board Member, TAKARA SHUZO INTERNATIONAL CO., LTD.
Jun. 2018 Director
Jun. 2020 Audit & Supervisory Board Member, TAKARA SHUZO CO., LTD.
Jun. 2025 Standing Audit & Supervisory Board Member (incumbent)
Audit & Supervisory Board Member, TAKARA SHUZO CO., LTD. (incumbent)
Audit & Supervisory Board Member, TAKARA SHUZO INTERNATIONAL CO., LTD. (incumbent)

Akiko Yoshimoto (62)

Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member)

Jul. 2019 Director-General of Secretariat, Central Labour Relations Commission, Ministry of Health, Labour and Welfare
Oct. 2021 Retired from Ministry of Health, Labour and Welfare
Feb. 2022 Senior Advisor, Boston Consulting Group (incumbent)
Jun. 2022 Outside Director, Toenec Corporation (incumbent)
Jun. 2023 Audit & Supervisory Board Member (incumbent)
Jun. 2024 Outside Director, Sumitomo Seika Chemicals Company, Limited. (incumbent)

Akiko Yakura (65)

Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member)

Apr. 2000 Co-established Aska Law Office as Partner (incumbent)
Apr. 2013 Vice President, Osaka Bar Association
Governor, Japan Federation of Bar Associations
Jun. 2020 Outside Director (Audit & Supervisory Committee Member), Taoka Chemical Co., Ltd. (incumbent)
Jan. 2021 Outside Director, Shinto Paint Co., Ltd. (incumbent)
Apr. 2022 Vice President, Japan Federation of Bar Associations
May 2025 Outside Director (Audit & Supervisory Committee Member), Wakita & Co., LTD. (incumbent)
Jun. 2025 Audit & Supervisory Board Member (incumbent)

Aki Miyaguchi (58)

Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member)

Oct. 1989 Joins Showa Ota & Co. (currently, Ernst & Young ShinNihon LLC)
Apr. 2024 Established Aki Miyaguchi Certified Public Accountant Office as President (incumbent)
Jun. 2024 Outside Director, Ichinen Holdings Co., Ltd. (incumbent)
Outside Director (Audit & Supervisory Committee Member), Sanyo Special Steel Co., Ltd. (incumbent)
Jun. 2025 Audit & Supervisory Board Member (incumbent)

Eleven-Year Consolidated Financial Summary

Millions of yen*3

	2025/3	2024/3	2023/3	2022/3	2021/3	2020/3	2019/3	2018/3	2017/3	2016/3	2015/3
For the Years Ended March 31											
Net sales*1	***¥362,693***	¥339,372	¥350,665	¥300,918	¥278,443	¥281,191	¥277,443	¥268,142	¥234,193	¥225,364	¥219,490
Takara Shuzo	***119,663***	123,786	122,921	119,710	152,537	153,141	152,457	149,839	149,452	145,492	147,884
Takara Shuzo International Group	***185,803***	160,427	137,483	102,186	69,589	82,765	77,834	70,717	37,540	30,490	26,233
Takara Bio Group	***45,039***	43,505	78,142	67,699	46,086	34,565	35,841	32,312	29,375	29,729	25,969
Others (Domestic group companies)	***30,867***	30,271	30,950	30,719	29,238	31,801	32,742	36,412	39,017	41,050	42,980
Adjusted amounts	***(18,680)***	(18,619)	(18,832)	(19,396)	(19,007)	(21,082)	(21,431)	(21,140)	(21,193)	(21,398)	(23,577)
Cost of sales	***243,045***	225,438	230,723	187,376	162,849	172,574	168,694	163,529	140,182	135,868	134,390
Gross profit	***119,647***	113,933	119,941	113,541	115,594	108,617	108,749	104,612	94,010	89,495	85,099
Selling, general and administrative (SG&A) expenses	***99,050***	91,691	81,996	70,187	93,999	92,781	90,945	88,999	80,458	77,815	74,003
Operating income (loss)*1	***20,597***	22,242	37,945	43,354	21,595	15,836	17,804	15,612	13,551	11,680	11,096
Takara Shuzo	***5,037***	5,503	4,890	4,135	4,879	4,175	5,948	5,569	5,071	4,082	4,428
Takara Shuzo International Group	***11,655***	12,291	10,821	8,472	1,043	3,532	4,532	4,393	3,182	2,752	2,270
Takara Bio Group	***2,263***	3,003	20,541	28,902	13,952	6,274	5,463	3,555	3,202	2,667	2,302
Others (Domestic group companies)	***2,708***	2,363	2,293	2,222	1,803	2,018	1,954	2,318	2,167	2,058	1,654
Adjusted amounts	***(1,067)***	(919)	(601)	(379)	(84)	(164)	(95)	(224)	(72)	120	440
Income before income taxes	***25,815***	26,238	39,692	40,961	20,583	15,643	17,658	18,903	14,520	12,548	11,453
Net income attributable to owners of the parent	***16,202***	16,176	21,206	20,769	10,574	8,980	10,411	11,029	8,480	7,055	5,706
Depreciation and amortization	***12,349***	11,371	10,295	9,589	9,298	8,874	7,827	7,702	6,213	6,180	5,537
Capital expenditures	***20,783***	21,915	14,165	16,213	13,775	14,195	10,671	6,414	6,658	6,003	9,533
Research and development (R&D) expenses	***7,309***	8,725	8,949	6,484	5,914	4,259	4,708	5,063	4,550	4,608	3,754
Net cash provided by (used in) operating activities	***16,155***	29,178	45,478	16,376	27,100	11,744	13,508	16,265	12,826	10,373	9,545
Net cash provided by (used in) investing activities	***(41,562)***	(19,993)	(10,474)	(10,399)	(6,738)	(3,690)	(9,213)	(19,916)	16,200	(10,864)	(10,253)
Net cash provided by (used in) financing activities	***6,548***	(13,448)	(22,215)	4,133	(1,506)	(11,653)	(4,243)	(5,570)	(2,828)	(9,482)	6,819
Free cash flow	***(25,406)***	9,185	35,003	5,977	20,362	8,054	4,295	(3,650)	29,026	(490)	(708)
As of March 31											
Total assets	***¥477,587***	¥437,468	¥399,174	¥362,438	¥306,918	¥283,882	¥287,106	¥284,281	¥274,368	¥253,253	¥264,438
Interest-bearing debt	***73,307***	55,299	51,793	60,655	50,256	46,070	47,427	47,982	47,852	42,837	48,324
Total net assets	***300,903***	280,465	255,318	224,555	191,535	181,329	179,795	176,217	165,920	156,148	158,404
Total shareholders' equity	***245,228***	228,665	203,951	180,420	156,884	147,762	148,197	145,111	135,043	130,386	131,923
Per Share of Common Stock (Yen):											
Basic net income	***¥ 82.98***	¥ 82.09	¥ 107.26	¥ 105.05	¥ 53.48	¥ 45.11	¥ 52.15	¥ 54.97	¥ 42.15	¥ 35.06	¥ 28.36
Total equity	***1,255.93***	1,171.10	1,031.60	912.58	793.53	747.39	742.36	726.90	671.11	647.97	655.60
Annual dividends	***31.00***	29.00	38.00	37.00	21.00	20.00	18.00	16.00	13.00	12.00	10.00
Ratios:											
Return on assets (ROA)	***3.5%***	3.9%	5.6%	6.2%	3.6%	3.1%	3.6%	3.9%	3.2%	2.7%	2.3%
Return on equity (ROE)	***6.8***	7.5	11.0	12.3	6.9	6.1	7.1	7.9	6.4	5.4	4.5
Equity ratio	***51.3***	52.3	51.1	49.8	51.1	52.1	51.6	51.0	49.2	51.5	49.9
D/E ratio	***29.9***	24.2	25.4	33.6	32.0	31.1	32.0	33.1	35.4	32.9	36.6
Dividend payout ratio	***37.4***	35.3	35.4	35.2	39.3	44.3	34.5	29.1	30.8	34.2	35.3

*1 Starting in the fiscal year ended March 31, 2018, we reorganized our business segments. Net sales and operating income (loss) for the fiscal years ended March 31, 2015 to 2017 have been calculated based on business segments restructured after the change.

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

*3 Japanese yen amounts are rounded down to the nearest million yen.

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

Business Risks

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 company's financial position, operating results, and cash flows are described below. Upon identification of the possibility of such risks, the Group will make its best efforts to avoid such an occurrence or take countermeasures against such an occurrence.

Descriptions related to the possible occurrence of events in the future are based on the Group's judgments as of March 31, 2025. 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 business performance and financial position. Takara Shuzo is working to develop and nurture high-value-added products that meet consumer needs, such as SDGs-conscious products.

(2) Risks concerning market competition

① Takara Shuzo

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

② Takara Shuzo International Group

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

③ Takara Bio Group

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

However, manufacturing, sales and provision of research reagents, instruments and contract 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 not only in Japan, but overseas as well.

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

In this environment, the Takara Bio Group is working independently and partnering with external bodies, such as universities, and companies to develop technologies and products. At the same time, if other companies are quicker than the Takara Bio Group in similar product or technology fields, it may adversely affect the product development and business performance of the Group. Taking such risks into account, the Takara Bio Group will strive to dominate the market and differentiate itself from competitors, by protecting the technologies and products developed by the Takara Bio Group as intellectual properties to the extent possible, and maintain price competitiveness by promoting cost reductions and strengthening its manufacturing structure.

(3) Risks concerning dependence on particular plants for manufacturing

① Takara Shuzo

Most of Takara Shuzo's alcoholic beverage products are manufactured at the Fushimi Plant (Fushimi Ward, Kyoto City) and Matsudo Plant (Matsudo City, Chiba Prefecture). In the event of a major earthquake or any other occurrence that disrupts operations in either of these areas, the manufacture and supply of products could decline significantly, adversely affecting Takara Shuzo's business performance and financial position. Takara Shuzo has established a Business Continuity Plan (BCP) for the entire company and for individual locations to ensure stable production and supply. It has also built a flexible production system through a system of mutual support that also encompasses the Kusu Plant (Yokkaichi City, Mie Prefecture).

② Takara Bio Group

Most of the Takara Bio Group's mainstay reagents are manufactured by Chinese subsidiary Takara Biotechnology (Dalian) Co., Ltd. Any changes in the revenue trend of that subsidiary or other factors, such as changes in tariff policies of various countries and suspension of its business for any reason, may adversely affect the 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 business performance and financial position. Takara Shuzo strives to diversify its raw material suppliers to ensure stable and advantageous procurement, as well as working to reduce costs through technological innovation.

(5) Risks concerning Japan's legal regulations

① 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.

② Takara Shuzo International Group

In the various countries where it is expanding its business, the Takara Shuzo International Group is subject to various government regulations, including export restrictions, tariff duties, and other types of import/export regulations, due to the need for permission to undertake business or investment, for national security reasons, or for other reasons. The Takara Shuzo International Group is also subject to legislation governing trade, monopolies, patents, consumers, taxation, foreign currency exchange, transportation, human rights, and environmental and recycling issues. Any failure by the Group to comply with any of these legislative regulations may lead to the restriction of its activities or an increase in the costs of compliance. The Group will implement measures to mitigate these impacts through compliance with laws and regulations.

③ Takara Bio Group

In advancing research and development, the Takara Bio Group is subject to, and has a policy committed to observing, the Act on Prevention of Radiation Hazards due to Radioisotopes, etc., as well as the Act on the Conservation and Sustainable Use of Biological Diversity through Regulations on the Use of Living Modified Organisms ("Cartagena Act").

In addition, the in vitro diagnostic products and gene therapy products that have been developed and marketed by the Takara Bio Group are subject to regulations under the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices and other related laws and regulations, and require approval or permission from the presiding government agencies in order to engage in commercial activities. If individual projects being advanced in research and development of the Takara Bio Group fail to receive the necessary approval, it may adversely affect the Group's business strategies.

(6) Risks concerning social attitudes toward drinking

It has been said that drinking alcoholic beverages in moderation generally relieves weariness, increases appetite, eases stress, and works as a social lubricant. On the other hand, many problems in habitual drinking have been pointed out, such as intoxication, organ damage due to chronic drinking, alcohol use disorder, under-age drinking, and damage to the fetus owing to drinking by pregnant women, characteristics of which are not seen in any other beverages or foods. If these alcohol-attributable problems become more serious within society, production and sales activities may be further regulated or otherwise affected, and the business performance and financial position of the Group may be affected. Recognizing these problems, Takara Shuzo and the Takara Shuzo International Group, as organizations producing and selling alcoholic beverages, are carrying out various activities, including the disclosure of the alcohol content of its main products on its website and promotion of the labeling of the alcohol content on all consumer products sold in Japan (excluding alcoholic beverage seasonings), 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, the Takara Bio Group believes that R&D activities covering a wide scope are extremely important to maintain the Group's competitive edge. However, there is no guarantee that the R&D activities will progress as planned. In particular, due to a long period of time required for clinical development in the gene therapy field, any delay in R&D activities may adversely affect the Takara Bio Group's business strategies and performance.

Moreover, the business environment surrounding the biotechnology industry is rapidly changing, and the Takara Bio Group's business environment may be significantly affected by new technological innovation and new entrants. Therefore, there is no guarantee that the ongoing R&D activities will always bear expected fruits and there is a possibility of not being able to achieve expected revenues.

(8) Risks concerning intellectual property rights

In biotechnology-related industries, where the success of business depends solely on the success of R&D activities, the Takara Bio Group protects technologies developed in-house with patents to prevent competitors from imitating them. The Takara Bio Group will continue placing the highest priority on applying for and obtaining patents in its R&D activities. Not all applications are registered, however, and if a registered patent is made invalid or lapses, the Takara Bio Group's business strategy or business performance may be affected.

Also, in future business operations, the Takara Bio Group is willing to acquire or buy licenses for necessary patent rights held by third parties, but this strategy may be prohibitively expensive. Further, if some patent right held by a third party becomes necessary and the Takara Bio Group is not able to acquire the license, it may affect the Group's business strategy and performance.

(9) Risks concerning impairment losses of fixed assets

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

(10) Risks concerning fluctuations in exchange rates

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

The Group uses currency options, enters into foreign currency forward contracts, and uses other exchange rate hedging transactions to 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, business performance, and financial position. Despite possessing product liability insurance in preparation for these risks, there is no guarantee that the insurance will be able to cover the full amount of the final compensation. In addition to compliance with laws and regulations, the Group is working to establish thorough quality control and risk management systems.

(12) Information security

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

(13) Risks concerning lawsuits

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

(14) Risks concerning natural disasters and accidents

The business activities of the Group may be obstructed by physical and human damage resulting from natural disasters such as storms, earthquakes, lightning, floods, and droughts, accidents such as fire, and the global pandemic of infectious diseases. Taking into account such risks, the Group has developed an 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.

Major Consolidated Subsidiaries

(as of March 31, 2025)

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

Name	Address	Issued capital	Percentage of equity owned	Line of business
Takara Shuzo (Domestic Business)				
TAKARA SHUZO CO., LTD.	20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8688, Japan	¥1,000 million	100.0%	Manufacture and sale of alcoholic beverages, seasonings, and raw alcohol
Takara Shuzo International Group (Overseas Business)				
TAKARA SHUZO INTERNATIONAL CO., LTD.	20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8688, Japan	¥10 million	100.0%	Management of group companies, export and sale, etc. of alcoholic beverages and seasonings
Takara Sake USA Inc.	708 Addison St., Berkeley, CA 94710, U.S.A.	US$7,000 thousand	(100.0%)	Manufacture, sale, export, and import and sale of alcoholic beverages
Takara Shuzo Foods Co., Ltd.	No.31 Nanyuan West St., Fengtai District Beijing, China 100076	RMB130,000 thousand	(92.0%)	Manufacture, sale, and import and sale of alcoholic beverages
Ontario Spring Water Sake Company	51 Gristmill Lane, Toronto Ontario, Canada, M5A 3C4	CDN$100	(80.0%)	Manufacture and sale of alcoholic beverages
Takara Shuzo Asia Pacific (HK) Co., Ltd.	Unit 1799, Silvercord Tower 2, 30 Canton Road, Tsim Sha Tsui, Kowloon, HK	HK$1,000 thousand	(100.0%)	Market development and sales promotion of Takara Shuzo products
The Tomatin Distillery Co. Ltd	Tomatin, Inverness-shire, IV13 7YT Scotland, U.K.	£3,297 thousand	(94.2%)	Manufacture and sale of Scotch whisky
Age International, Inc.	229 W.Main St., Frankfort, KY 40601, U.S.A.	US$250 thousand	(100.0%)	Sale of bourbon whiskey
Shanghai Takara Shuzo International Trading Co., Ltd.	Shenergy International Building 18th Floor, Room 1808A, No.1, FuXing Middle RD, Huangpu District, Shanghai, China 200021	US$600 thousand	(100.0%)	Import and sale of alcoholic beverages and foods
Mutual Trading Co., Inc.	4200 Shirley Avenue, El Monte, CA 91731 U.S.A.	US$5,394 thousand	(85.8%)	Import and wholesale of alcoholic beverages, foods, seasonings, etc.
FOODEX S.A.S.	64 Rue du Ranelagh, 75016 Paris, France	€10,250 thousand	(100.0%)	Import and wholesale of alcoholic beverages, foods, seasonings, etc.
Cominport Distribución, S.L.	Avenida Marconi nave 1-P.A.E. Neisa Sur-28021, Madrid, Spain	€166 thousand	(100.0%)	Import and wholesale of alcoholic beverages, foods, seasonings, etc.
Tazaki Foods Ltd	12 Innova Way, Enfield, EN3 7FL, U.K.	£6,357 thousand	(100.0%)	Import and wholesale of alcoholic beverages, foods, seasonings, etc.
Kagerer & Co. GmbH	Weißenfelder Straße 6, 85622 Feldkirchen, Germany	€30 thousand	(90.0%)	Import and sale of fishery products, Japanese and Asian food, and seasonings
Nippon Food Supplies Company Pty Ltd	Warehouse 9 and 10, Building 3, 161 Manchester Road, Auburn, NSW 2144, Australia	A$17,772 thousand	(100.0%)	Import and wholesale of alcoholic beverages, foods, seasonings, etc.
Tokyo Mutual Trading Co., Ltd. (Japan)	4-26-4, Taito, Taito-ku, Tokyo 110-0016, Japan	¥60 million	(51.0%)	Export and sale of foods, alcoholic beverages, sundries, etc.
Takara Bio Group (Biomedical Business)				
TAKARA BIO INC.	Nojihigashi 7-4-38, Kusatsu, Shiga 525-0058, Japan	¥14,965 million	60.9%	Development, manufacture and sales of reagents and equipment, contract manufacturing, genetic medicine
Takara Bio USA, Inc.	2560 Orchard Parkway, San Jose, CA 95131, U.S.A.	US$83 thousand	(100.0%)	Development, manufacture and sales of reagents and equipment
Takara Bio Europe S.A.S.	34 rue de la Croix de Fer 78100 Saint-Germain-en-Laye, France	€891 thousand	(100.0%)	Sales of reagents and equipment, and contract manufacturing
DSS Takara Bio India Private Limited	A-5 Mohan Co-op Industrial Estate, Mathura Road, New Delhi,110044, India	Rs.110 million	(51.0%)	Manufacture and sale of reagents
Takara Biotechnology (Dalian) Co., Ltd.	No.19 Dongbei 2nd Street, Development Zone, Dalian 116600 China	¥2,350 million	(100.0%)	Development, manufacture, sales within the Group of reagents, and contract manufacturing
Takara Biomedical Technology (Beijing) Co., Ltd.	Life Science Park, 22 KeXueYuan Road Changping District, Beijing 102206 China	¥1,330 million	(100.0%)	Sales of reagents and equipment
Takara Korea Biomedical Inc.	601, New T Castle, 108, Gasan Digital 2-ro, Geumcheon-gu, Seoul 08506, Korea.	₩3,860 million	(100.0%)	Sales of reagents and equipment
Others (Domestic group companies)				
Takara Butsuryu System Co., Ltd.	55-13 Osumihama, Kyotanabe, Kyoto 610-0343, Japan	¥50 million	100.0%	Transportation, warehousing, automobile service, non-life insurance agent, travel agent, etc.
Takara Supply Communications Co., Ltd.	1 Butai-cho, Fushimi-ku, Kyoto 612-8338, Japan	¥90 million	100.0%	Wholesaling of containers and packaging materials, printing, web production, and digital services
Luc Corporation, Ltd.	2-12, 3-chome, Akasaka, Minato-ku, Tokyo 107-0052, Japan	¥80 million	100.0%	Import and sale of wine
Total Management Business Co., Ltd.	20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8008, Japan	¥20 million	100.0%	Marketing research, sales promotion planning, and temporary staffing service
Takara Bussan Co., Ltd.	5-487 Shinmachi Fushimi-ku, Kyoto 612-8081, Japan	¥10 million	100.0%	Sale of foods and feed
Kawahigashi Shoji Co., Ltd.	20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto 600-8008, Japan	¥30 million	100.0%	Real estate leasing

Investor Information

(as of March 31, 2025)

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

Stock and Investor Information

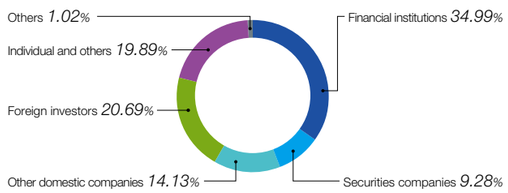
Common Stock	
Authorized	870,000,000 shares
Issued and Outstanding	197,252,043 shares
Number of Shareholders	96,027
Stock Listings (Common Stock)	Prime Market of Tokyo Stock Exchange, Inc.
Securities Code Number	2531
Shareholder Registry Administrator	3-3 Marunouchi 1-chome, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co., Ltd.
Inquiries to Shareholder Registry Administrator	8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-8507, Japan Mizuho Trust & Banking Co., Ltd. Stock Agency Transfer Department Telephone: 0120-288-324 (toll free, within Japan only)
Annual Meeting of Shareholders	The Annual Meeting of Shareholders of the Company is normally held in June each year in Kyoto, Japan. In addition, the Company may hold a special meeting of shareholders whenever necessary by giving at least two weeks, advance notice to shareholders.
Independent Auditor	Deloitte Touche Tohmatsu LLC

Principal shareholders

Name	Number of shares held (Thousand shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	19,113	9.79
Morgan Stanley MUFG Securities Co., Ltd.	14,258	7.30
Mizuho Bank, Ltd.	9,738	4.99
The Norinchukin Bank	9,500	4.87
CGML PB CLIENT ACCOUNT/COLLATERAL	9,000	4.61
Custody Bank of Japan, Ltd. (Trust Account)	6,530	3.34
Meiji Yasuda Life Insurance Company	5,370	2.75
Bank of Kyoto, Ltd.	5,000	2.56
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3,490	1.79
KOKUBU GROUP CORP.	3,489	1.79

Notes: (1) Number of shares held is rounded down to the nearest thousand.
(2) The percentage of shares held was calculated excluding 1,996 thousand shares of treasury stock.

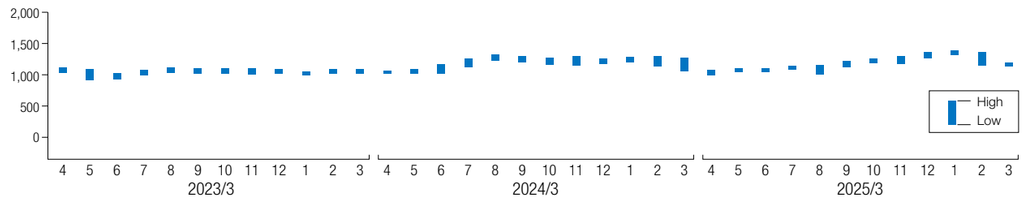
Distribution of ownership among shareholders



Bond ratings

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

Stock Price Range on the Tokyo Stock Exchange (Yen)



External evaluation of ESG

as of July 2025

FTSE4Good Index Series

FTSE Blossom Japan Index

2025 CONSTITUENT MSCI日本株 ESGセレクト・リーダーズ指数

* THE INCLUSION OF [Takara holdings inc.] IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF [Takara holdings inc.] BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

MSCI Nihonkabu ESG Select Leaders Index

S&P/JPX Carbon Efficient Index

CDP Supplier Engagement Leader

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