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[Document title]	Annual Securities Report
[Clause of stipulation]	Article 24, paragraph 1 of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 20, 2025
[Fiscal year]	23rd term (from April 1, 2024 to March 31, 2025)
[Company name]	Takara Bio Inc.
[Company name in English]	Takara Bio Inc.
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[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I. Company information

I. Overview of the Company

1. Trends in selected financial data

(1) Summary of consolidated financial data

Term		19th Term	20th Term	21st Term	22nd Term	23rd Term
Fiscal year-end		Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024	Mar. 2025
Net sales	(Millions of yen)	46,086	67,699	78,142	43,505	45,039
Ordinary profit	(Millions of yen)	14,159	28,459	20,682	3,405	2,592
Profit attributable to owners of parent	(Millions of yen)	9,547	19,849	16,012	1,480	1,041
Comprehensive income	(Millions of yen)	8,674	23,689	20,363	4,387	6,112
Net assets	(Millions of yen)	74,302	96,064	112,454	111,784	115,849
Total assets	(Millions of yen)	89,750	115,712	129,202	121,252	125,334
Net assets per share	(Yen)	616.05	796.18	931.93	926.00	959.19
Earnings per share	(Yen)	79.29	164.84	132.97	12.30	8.65
Diluted earnings per share	(Yen)	–	–	–	–	–
Shareholders' equity ratio	(%)	82.7	82.9	86.9	92.0	92.2
Return on equity (ROE)	(%)	13.57	23.35	15.39	1.32	0.92
Price-earnings ratio (PER)	(Multiple)	37.43	13.59	13.03	78.87	95.69
Net cash from (used in) operating activities	(Millions of yen)	13,943	6,985	36,897	1,711	5,844
Net cash from (used in) investing activities	(Millions of yen)	(3,778)	(7,071)	(6,693)	(13,043)	(10,912)
Net cash from (used in) financing activities	(Millions of yen)	(1,103)	(2,070)	(4,119)	(5,233)	(2,256)
Cash and cash equivalents at end of period	(Millions of yen)	23,308	22,160	49,058	33,171	27,036
Number of employees	(Persons)	1,539	1,666	1,793	1,838	1,779

Notes: 1. The Group aims to secure a competitive advantage by focusing on the Reagents and Instruments business and the CDMO (Contract Development and Manufacturing Organization) business to support the development and manufacture of regenerative / cellular medicine and gene therapies, etc. For this reason, a large amount of research and development investment has been made in relation to net sales. The percentages of research and development expenses in relation to net sales for the 19th through 23rd terms are 12.0%, 9.0%, 11.0%, 19.1%, and 15.3%.

2. Information on diluted earnings per share is omitted, due to an absence of dilutive shares.

(2) Financial data on the reporting company

Term		19th Term	20th Term	21st Term	22nd Term	23rd Term
Fiscal year-end		Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024	Mar. 2025
Net sales	(Millions of yen)	33,885	50,398	57,280	27,043	25,354
Ordinary profit	(Millions of yen)	11,495	25,063	17,444	3,853	453
Profit	(Millions of yen)	8,681	18,485	14,313	2,899	209
Share capital	(Millions of yen)	14,965	14,965	14,965	14,965	14,965
Total number of shares issued	(Shares)	120,415,600	120,415,600	120,415,600	120,415,600	120,415,600
Net assets	(Millions of yen)	69,645	86,204	96,544	94,385	92,548
Total assets	(Millions of yen)	81,124	101,386	108,607	100,320	97,864
Net assets per share	(Yen)	578.38	715.89	801.76	783.83	768.57
Dividends per share (Interim dividends per share)	(Yen)	16.00 [–]	33.00 [–]	42.00 [–]	17.00 [–]	17.00 [–]
Earnings per share	(Yen)	72.10	153.51	118.87	24.08	1.74
Diluted earnings per share	(Yen)	–	–	–	–	–
Shareholders' equity ratio	(%)	85.9	85.0	88.9	94.1	94.6
Return on equity (ROE)	(%)	13.20	23.72	15.66	3.04	0.22
Price-earnings ratio (PER)	(Multiple)	41.17	14.60	14.58	40.29	475.88
Dividend payout ratio	(%)	22.2	21.5	35.3	70.6	977.0
Number of employees	(Persons)	570	669	769	802	762
Total shareholder return (Comparative indicator: Dividend-included TOPIX)	(%) (%)	133.8 [142.1]	102.6 [145.0]	81.8 [153.4]	48.3 [216.8]	42.7 [213.4]
Highest share price	(Yen)	3,535	3,350	2,336	1,790	1,186
Lowest share price	(Yen)	2,070	2,146	1,651	961	826

Notes: 1. The Company aims to secure a competitive advantage by focusing on the Reagents and Instruments business and the CDMO business to support the development and manufacture of regenerative / cellular medicine and gene therapies, etc. For this reason, a large amount of research and development investment has been made in relation to net sales. The percentages of research and development expenses in relation to net sales for the 19th through 23rd terms are 11.1%, 9.0%, 10.8%, 20.4%, and 16.6%.

2. Information on diluted earnings per share is omitted, due to an absence of dilutive shares.

3. The highest share price and lowest share price have been those on the Tokyo Stock Exchange (Prime Market) since April 4, 2022 and were those on the Tokyo Stock Exchange (First Section) previously.

4. A dividend per share of 17.00 yen for the fiscal year ended March 2025 is a matter to be resolved at the Annual General Meeting of Shareholders to be held on June 24, 2025.

2. Company history

Based on a resolution to approve a plan to split off the business of the biotechnology division in an extraordinary general meeting of shareholders of Takara Shuzo, Co., Ltd. (currently Takara Holdings Inc.; hereinafter referred to as "Takara Holdings") held on February 15, 2002, the Company was established on April 1, 2002, as a wholly-owned subsidiary of Takara Holdings, assuming its biotechnology business by means of a company split (*butteki-bunkatsu*) in order to fully take advantage of the characteristics of the biotechnology business and provide a business environment for increasing growth ability and competitiveness.

Therefore, matters related to before the establishment of the Company contained within this document are related to the sales of the biotechnology division of Takara Shuzo, Co., Ltd.

History of the biotechnology division of Takara Shuzo, Co., Ltd.

Date	Event
Sept. 1970	Completed construction of the Central Research Laboratories in Otsu City, Shiga.
Oct. 1973	Commenced the AgriBio business. Out-licensed and commercialized technology for artificial cultivation of bunashimeji mushrooms.
Oct. 1979	Launched the first domestically produced restriction enzymes and commenced the Genetic Engineering Research Reagents business (the present Reagents business).
June 1988	Acquired exclusive distribution rights in Japan for a gene amplification system using PCR technology.
Jan. 1990	Commenced operation of the research reagent manufacturing and contracted research facility in Kusatsu City, Shiga (currently Kusatsu Office of the Company).
Aug. 1993	Established Takara Biotechnology (Dalian) Co., Ltd. in China to manufacture biotechnology products in Dalian, China.
Mar. 1995	Established Takara Biomedical Europe S.A. (currently Takara Bio Europe S.A.S.) as a subsidiary for selling biotechnology research reagents in Gennevilliers, France.
May 1995	Developed the RetroNectin Method. Commenced Gene Therapy business.
Oct. 1995	Established Bohan Biomedical Inc. (currently Takara Korea Biomedical Inc.) as a subsidiary selling biotechnology research reagents in Seoul, Korea.
July 2000	Established DRAGON GENOMICS Co., LTD. as a subsidiary conducting genome sequence analysis in Yokkaichi City, Mie.
July 2001	Established Mizuho Norin Co., Ltd. as a subsidiary producing and selling mushrooms in Mizuho Town (currently Kyotamba Town), Kyoto.

History of Takara Bio

Date	Event
Apr. 2002	Established the Company in Otsu City, Shiga, to assume the biotechnology business from Takara Shuzo Co., Ltd. by a company split (*butteki-bunkatsu*) for the purpose of the manufacture and sale of biotechnology research products, contracted research services, the manufacture and sale of the AgriBio products and the development of gene therapy and cell therapy.
Oct. 2002	Executed an absorption-type merger with a wholly-owned subsidiary, DRAGON GENOMICS Co., LTD.
Jan. 2004	Established Takara Mirus Bio, Inc. (changed trade name to Takara Bio USA, Inc.) as a subsidiary selling research reagents, etc. in Madison, U.S.
Jan. 2004	Established Takara Biomedical Technology (Beijing) Co., Ltd. as a subsidiary conducting R&D and the commercialization of gene therapy and cell therapy in Beijing, China.
Dec. 2004	Listed on the TSE Mothers Index.
July 2005	Established Takara Bio USA Holdings Inc. as a subsidiary performing subsidiary management in the U.S. at Mountain View, U.S.
Sept. 2005	Acquired all shares of Clontech Laboratories, Inc., which manufactures and sells research reagents in Mountain View, U.S., through Takara Bio USA Holdings Inc., making it a wholly-owned subsidiary.
Jan. 2007	Established KINOKO CENTER KIN INC. in Okinawa for the production and sale of mushrooms in Kin Town, Okinawa.
Dec. 2007	Executed an absorption-type merger of Takara Bio USA, Inc. with Clontech Laboratories, Inc. as the surviving company.
May 2011	Established DSS Takara Bio India Private Limited as a subsidiary selling research reagents in New Delhi, India.

Date	Event
Aug. 2014	Acquired all shares of Cellectis AB manufacturing and selling stem cell products in Gothenburg, Sweden, making it a subsidiary.
Sept. 2014	Cellectis AB changed trade name to Takara Bio Europe AB.
Oct. 2014	Began operation of the Center for Gene and Cell Processing (Kusatsu City, Shiga), and commenced full-scale operation of the CDMO (Contract Development and Manufacturing Organization) business developing and manufacturing regenerative medicine products, etc.
Aug. 2015	New head office completed in Kusatsu City, Shiga, and head office functions relocated.
Nov. 2015	All shares of Takara Bio Europe AB used as contribution in kind for Takara Bio Europe S.A.S. to change to indirect ownership.
Mar. 2016	Changed listing from Tokyo Stock Exchange Mothers to the First Section of the Tokyo Stock Exchange.
Apr. 2016	Relocated registered head office location from Otsu City, Shiga to Kusatsu City, Shiga.
Apr. 2016	Clontech Laboratories, Inc. changed trade name to Takara Bio USA, Inc.
Jan. 2017	Acquired all shares of Rubicon Genomics, Inc., which develops, manufactures and sells research reagents in Ann Arbor, U.S., through Takara Bio USA Holdings, Inc., making it a subsidiary.
Feb. 2017	Acquired all shares of WaferGen Bio-systems, Inc., which manufactures and sells research reagents and instruments in Fremont, U.S., through Takara Bio USA Holdings, Inc., making it a subsidiary.
Mar. 2017	Executed an absorption-type merger of Rubicon Genomics, Inc. with Takara Bio USA, Inc. as the surviving company.
May 2017	Executed an absorption-type merger of WaferGen Bio-systems, Inc. with Takara Bio USA, Inc. as the surviving company.
Jan. 2019	Transferred the business related to functional foods to SHIONOGI HEALTHCARE CO., LTD. by means of a company split (absorption-type split).
Mar. 2019	Transferred the business related to mushrooms to Yukiguni Maitake Co., Ltd. As a result, Mizuho Norin Co., Ltd. and KINOKO CENTER KIN INC. fell outside the scope of consolidation. Ended the AgriBio business.
Jan. 2020	Constructed Center for Gene and Cell Processing II and began full-scale operation in responding to the expansion of CDMO business, preparation for the launch of in-house gene therapy project and the expansion of research and development.
Oct. 2020	Obtained approval to manufacture and sell Takara SARS-CoV-2 Direct PCR kit, an in vitro diagnostic, and launched it in November in Japan.
Jan. 2021	Established Takara Bio UK Ltd. as a subsidiary selling research reagents and instruments in London, UK.
Aug. 2021	Relocated the head office of Takara Bio USA, Inc. from Mountain View, U.S. to San Jose, U.S.
Apr. 2022	Transferred from the First Section to the Prime Market of the Tokyo Stock Exchange owing to the revision of the market segments of the exchange.
Dec. 2022	Executed an absorption-type merger of Takara Bio Europe AB with Takara Bio Europe S.A.S. as the surviving company.
Jan. 2025	Acquired all shares of Curio Bioscience, Inc., which develops spatial transcriptome analysis reagents in Palo Alto, U.S., through Takara Bio USA Holdings Inc., making it a wholly-owned subsidiary.
Feb. 2025	Acquired all shares of ViSpot Inc., which provides contract services for virus safety testing domestically in Kobe City, Hyogo, making it a wholly-owned subsidiary.
May. 2025	Executed an absorption-type merger with a wholly-owned subsidiary, ViSpot Inc.

3. Description of business

The Group is made up of the Company's parent company, the Company, and the Company's eight group companies (subsidiaries) (hereinafter referred to as the "Group" including the Company), and conducts businesses in Reagents, Instruments, CDMO, and Gene therapy. The businesses of the Group and the positioning of each company within the relevant businesses are as follows.

Information is shown by business owing to segment information not being shown.

(1) Current business details

(i) Reagents, Instruments and CDMO

The Group's main customers are universities, public research institutions, enterprises and testing companies engaged in research, product development and testing businesses using biotechnology, and the Group provides its products and services through distributors or to customers. In doing so, the Group actively engages in sales promotion activities, such as providing product and technical information to customers and holding related technical seminars, in order to add value and differentiate itself from its competitors.

1) Business areas of Reagents, Instruments and CDMO businesses

Research and development using biotechnology is based on clarifying life phenomena on a genetic and cellular level. The Group has cultivated genetic engineering and cell engineering technologies, such as PCR/real-time PCR, cloning, gene/protein expression, gene delivery, vector systems, next-generation sequencing, genome editing, and stem cells as technologies for analyzing genes and cells. Using these technologies as a foundation, the Group is expanding its products and services to include DNA/RNA analysis products and bulk/custom production of enzymes, etc. in the area of molecular biology, and products related to stem cells (ES/iPS cells, etc.), single cell analysis, and spatial transcriptome analysis in the area of cellular biology. Furthermore, the Group is operating a CDMO (Contract Development and Manufacturing Organization) business conducting contract manufacturing of regenerative medicine products, etc., compliant with GCTP/GMP (Note) and contract services as a research and development partner in order to expand business areas from the area of research support to the area of industrial application support. In the CDMO business, we utilize technology and knowhow cultivated in development of research reagents, and in clinical development of gene therapy and cell therapy to be contracted for services related to regenerative medicine products and for services related to genetic analysis and tests.

Note: GCTP (Good Gene, Cellular and Tissue-based Products Manufacturing Practice) is a standard for manufacturing management and quality management of regenerative medicine products, and GMP (Good Manufacturing Practice) is a standard for manufacturing management and quality management of pharmaceuticals and quasi-pharmaceutical products.

2) Reagents

In research using biotechnology, it is necessary to use many types of reagents according to the objective, stage, and target substance. The Company has proceeded to develop new technologies and new products closely following the advancements in genetic engineering as a major manufacturer of genetic engineering research reagents since the launch of the first domestically produced restriction enzymes in 1979.

The Company acquired US-based Clontech Laboratories, Inc. (currently Takara Bio USA, Inc.) in September 2005, which added Clontech® products centered on the area of cellular and molecular biology to the Group's product lineup of research reagents. Furthermore, the Company acquired Sweden-based Cellectis AB (currently Takara Bio Europe S.A.S.) in August 2014, adding Cellartis® products centered on the area of stem cells, and acquired US-based Rubicon Genomics, Inc. (later merged into Takara Bio USA, Inc.) in January 2017, adding the lineup of products in the area of ultra-low input nucleic acid sample analysis, and acquired US-based Curio Bioscience Inc. in January 2025, strengthening the lineup of products in the field of spatial transcriptome analysis.

The Company has sold in vitro diagnostics using PCR technology since November 2020.

3) Instruments

Scientific instruments also require knowledge of biotechnology, and are often developed and sold as systems in combination with reagents as consumables for the instruments, and are an area where the Group can obtain synergies.

The Group's business in this area began with the commencement of import and sale of a gene amplifier called a thermal cycler, which is essential for the PCR method, from the United States in 1988. Since then, the Company has endeavored to expand business by developing PCR instruments and real-time PCR instruments incorporating the Company's unique experimentation know-how.

Furthermore, the Company acquired US-based WaferGen Bio-systems, Inc. (later merged into Takara Bio USA, Inc.) in 2017, which has proprietary technology in the area of single-cell analysis, strengthening the ability to manufacture and sell scientific instruments.

4) CDMO

The Company provides paid services for universities, public research institutes, and pharmaceutical companies, etc. based on contracts for research and development and manufacture. In particular, the Company is focusing on CDMO contract services for processes from manufacturing method development to manufacture for products for regenerative / cellular medicine and gene therapies, etc. with which pharmaceutical companies and others proceed.

a) Contract services related to regenerative medicine products

Utilizing the technology and know-how cultivated in clinical development of gene therapy, the Company holds the facilities and systems necessary for development and manufacture support contract services related to regenerative / cellular medicine and gene therapies, etc. by pharmaceutical companies and others. In this business, the Company performs contract manufacturing, development of manufacturing processes, pilot manufacturing, development of quality control testing methods, and bioassay services in compliance with GCTP/GMP such as for gene delivery vectors, vaccines, and cells, etc. used in regenerative / cellular medicine.

b) Contract services related to genetic analysis and testing

In this business, rather than being limited to simple gene sequencing analysis, the Company is participating in large-scale genome analysis projects utilizing next-generation sequence analysis and providing genetic functional analysis services. Furthermore, the Company provides advanced genetic testing services by applying gene analysis technology cultivated through fundamental research support. In addition, under a reliability assurance system, the Company conducts numerous types of nucleotide sequence analysis used in pharmaceutical applications, etc. by pharmaceutical companies, etc. and genome tests of cancer patient's specimens based on requests from medical institutions.

(ii) Gene therapy

The Company is engaged in maximizing the value of fundamental biologics development technologies developed by the Company in an applied area of its core technologies of gene engineering technology and cell engineering technology.

1) The current state of gene therapy

In the past, pharmaceuticals were centered on low-molecular compounds manufactured using chemical synthesis, but with the advancements in biotechnology in recent years, biologics with a main component of antibodies or recombinant proteins, etc., have emerged. Furthermore, owing to advances in new technologies such as stem cells and virus vectors, regenerative / cellular medicine and gene therapies, etc. using cells and genes as products have been gaining attention as new modalities (means of therapy).

Gene therapy is a method for treating patients by administering therapeutic genes or cells embedded with these genes to the human body. As a result of progress in development centered on U.S. and European pharmaceutical companies, there has recently been a succession of launches to market, and competition between bio-ventures and pharmaceutical companies, etc. is intensifying.

2) Commercialization of fundamental biologics development technologies

In addition to the development, manufacture, and sale of RetroNectin® for the production of engineered T cells (a type of gene therapy product) and ancillary materials for the production of mRNA vaccines, such as RNA polymerase, the Company is developing and advancing the commercialization of CereAAV™, a viral vector for brain-tropic in vivo gene therapy, and SonuAAV™, a viral vector for inner ear-tropic in vivo gene therapy.

3) Clinical development projects

Clinical development is ongoing for NY-ESO-1・siTCR® gene therapy (development code: TBI-1301), a genetically engineered T-cell therapy utilizing the Company's proprietary siTCR technology, and CD19-JAK/STAT-CAR (development code: TBI-2001), a next-generation CAR gene therapy technology (JAK/STAT technology) with long-lasting anti-tumor effect.

(2) Positioning of each company in the Group

(i) Reagents, Instruments and CDMO

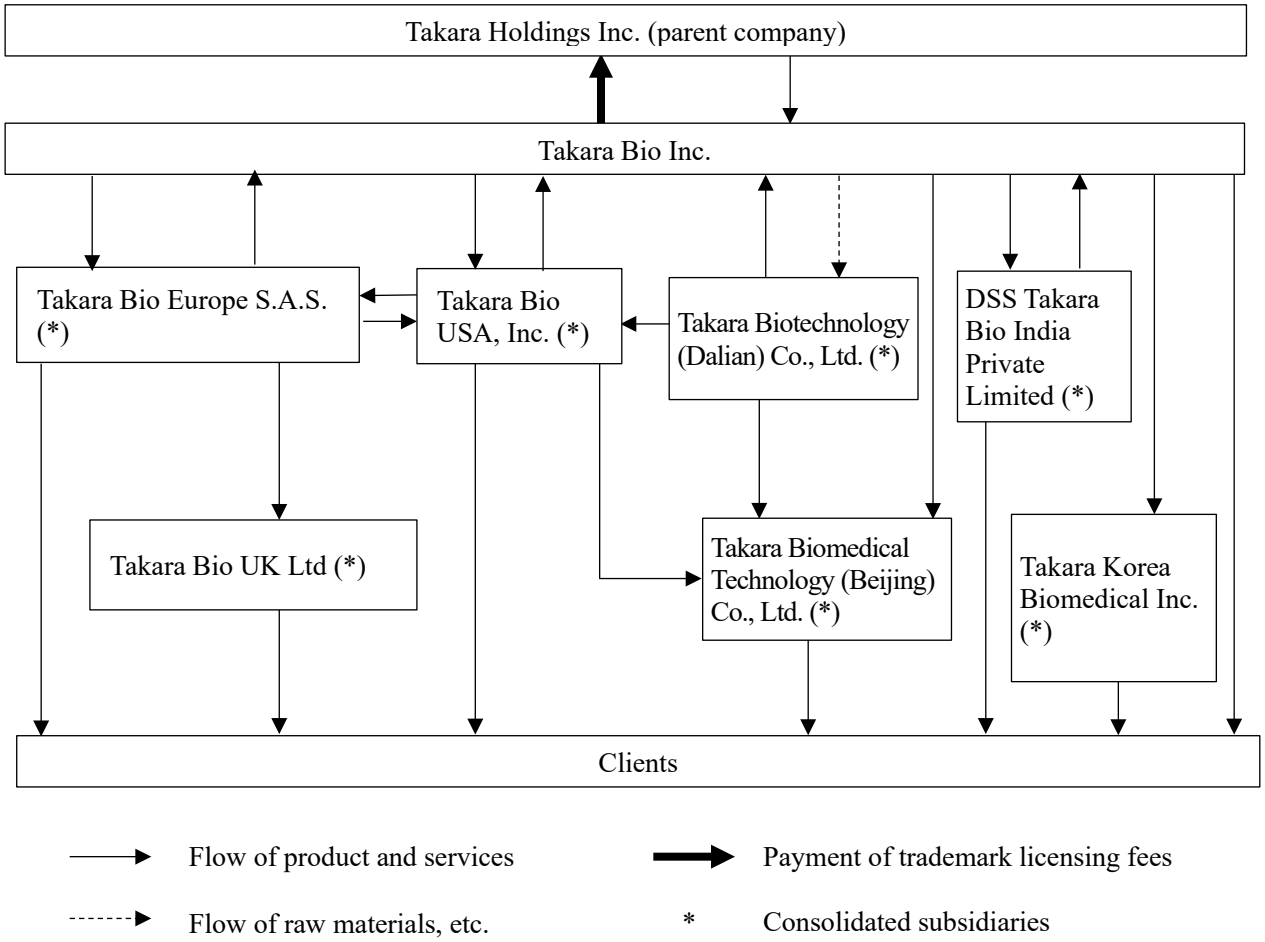
The Company performs development, manufacturing, and sale of reagents and instruments as well as CDMO contract services. In China, Takara Biotechnology (Dalian) Co., Ltd. performs development and manufacturing of reagents along with contracted services, and Takara Biomedical Technology (Beijing) Co., Ltd. performs sales of reagents and instruments. In Europe, Takara Bio Europe S.A.S. performs the manufacture and sale of reagents and the sale of instruments and contract services for CDMO, and Takara Bio UK Ltd. performs the sale of reagents and instruments. Takara Korea Biomedical Inc. performs sales of reagents and instruments in South Korea. Takara Bio USA, Inc. performs development and manufacturing of reagents and instruments in the United States as well as sales worldwide. DSS Takara Bio India Private Limited performs manufacturing and sales of reagents in India.

(ii) Gene therapy

The Company is advancing the development of basic biologics development technologies related to regenerative / cellular medicine and gene therapies, etc., and the clinical development of NY-ESO-1・siTCR® gene therapy product, and CD19-JAK/STAT-CAR gene therapy developed by the Company. In addition, the Company is engaged in the development, manufacture and sale of RetroNectin and other ancillary materials.

(3) Group business structure chart

The status of the above Group is outlined in the following Group business structure chart indicating the relationships between the Company and major subsidiaries.



Takara Holdings Inc. (Prime Market, TSE) is the parent company, which holds 60.93% of voting rights in the Company as of March 31, 2025. There are transactions between the Company, Takara Holdings, and Takara Holdings' group companies (Takara Holdings' subsidiaries and affiliates). The position of the Company in the Takara Holdings Group and the principal transactions between the companies in the Takara Holdings Group and the Company are as follows.

(i) Positioning of the Company within the Takara Holdings Group

The Takara Holdings Group consists of Takara Holdings, which is a pure holding company, and its 70 group companies (68 subsidiaries and two affiliates). Within the Takara Holdings Group, the Company is positioned as an operating subsidiary specializing in biotechnology, and conducts biotechnology business along with the Company's eight group companies (subsidiaries).

(ii) Transactions with the Takara Holdings Group

The Company has real estate lease transactions primarily related to sales sites, transactions related to use of trademark rights, and transactions related to the outsourcing of computer-related services, etc., with the Takara Holdings Group. Details are stated in "II. Overview of business, 3. Business risks, (5) The Company's parent company."

4. Overview of subsidiaries and other affiliates

Name	Address	Share capital or investments in capital	Principal contents of business	Ratio of voting rights holding (%)	Relationship
Parent company					
Takara Holdings Inc. (Note 2)	Shimogyo-ku, Kyoto	JPY 13,226 million	Pure holding company	60.93 held	One officer concurrently serving (one officer of the Company) The Company pays license fees for trademarks The Company entrusts computer-related operations and leases information-related equipment
Consolidated subsidiaries					
Takara Bio Europe S.A.S. (Note 5)	Saint-Germain-en-Laye, France	EUR 891,000	Manufacture and sale of reagents, sale of instruments, and contract services	100.00	Three officers concurrently serving (two executive officers and one employee of the Company) Purchase of products from the Company Delivery of products to the Company
Takara Bio UK Ltd. (Note 4)	London, United Kingdom	GBP 100,000	Sale of reagents and instruments	100.00 [100.00]	One officer concurrently serving (one executive officer of the Company)
Takara Biotechnology (Dalian) Co., Ltd. (Note 3)	Dalian, Liaoning Province, China	JPY 2,350 million	Development, manufacture, and sale of reagents, contract business	100.00	Nine officers concurrently serving (two officers, two executive officers, and five employees of the Company) Delivery of products to the Company Purchase of raw materials, etc. from the Company
Takara Biomedical Technology (Beijing) Co., Ltd. (Notes 3 and 5)	Beijing, China	JPY 1,330 million	Sale of reagents and instruments	100.00	Eight officers concurrently serving (two officers, one executive officer, and five employees of the Company) Purchase of products from the Company
Takara Korea Biomedical Inc.	Seoul, South Korea	KRW 3,860 million	Sale of reagents and instruments	100.00	Six officers concurrently serving (one officer, two executive officers, and two employees of the Company) Purchase of products from the Company
DSS Takara Bio India Private Limited (Note 4)	New Delhi, India	INR 110 million	Manufacture and sale of reagents	51.00 [1.00]	Three officers concurrently serving (two officers and one employee of the Company) Delivery of products to the Company Purchase of products from the Company
Takara Bio USA Holdings Inc. (Note 3)	San Jose, U.S.	USD 70,857,000	Management of subsidiaries	100.00	Five officers concurrently serving (three officers and two executive officers of the Company)
Takara Bio USA, Inc. (Notes 3 through 5)	San Jose, U.S.	USD 83,000	Development, manufacture, and sale of reagents and instruments	100.00 [100.00]	Four officers concurrently serving (two officers and two executive officers of the Company) Delivery of products to the Company Purchase of products from the Company

Notes: 1. The principal businesses of each group company are shown in the “Principal contents of business” column because the Group has a single segment.

2. This company files its Annual Securities Report.

3. These companies are classified as “Specified Subsidiaries” under the Financial Instruments and Exchange Act of Japan.

4. The figures in brackets in the “Ratio of voting rights holding” column are the indirect holding ratio included in the figures outside the brackets.

5. The percentage of net sales (excluding internal sales between consolidated companies) exceeds 10% of consolidated net sales.

Key profit and loss information

(Millions of yen)

	Takara Bio Europe S.A.S.	Takara Biomedical Technology (Beijing) Co., Ltd.	Takara Bio USA, Inc.
(1) Net sales	4,561	8,478	17,145
(2) Ordinary profit or loss (-)	(359)	963	1,222
(3) Profit or loss (-)	(690)	722	985
(4) Net assets	1,629	4,806	39,937
(5) Total assets	2,852	6,033	42,405

5. Information about employees

(1) Consolidated companies

As of March 31, 2025

Number of employees	1,779

Notes: 1. The number of employees is the number of working employees excluding temporary employees and dispatched employees.
2. Information by segment has been omitted, because the Group is a single segment.

(2) Information about reporting company

As of March 31, 2025

Number of employees	Average age	Average years of service	Average annual salary (thousands of yen)
762	40.4	11.8	6,798

Notes: 1. The number of employees is the number of working employees excluding temporary employees and dispatched employees.
2. Average annual salary includes bonuses and surplus wages.
3. The average years of service state the total number of years from Takara Shuzo Co., Ltd. (currently Takara Holdings) prior to the company split.
4. Information by segment has been omitted, because the Company is a single segment.

(3) Status of labor union

Employees are members of the TaKaRa Labor Union, and there were 549 members as of March 31, 2025.

There are no notable matters with the labor union.

(4) Proportion of female employees in managerial positions, rate of taking childcare leave by male employees, and differences between female and male employees in wages

(i) Reporting company

Fiscal year ended March 31, 2025					Supplementary explanation
Proportion of female employees in managerial positions (%) (Note 1)	Rate of taking childcare leave by male employees (%) (Note 2)	Differences between female and male employees in wages (%) (Notes 1 and 3)			
		All employees	Regular employees (Note 4)	Part-timers and fixed-term employees (Note 5)	
23.8	75.0	80.1	79.6	80.8	The reason for differences between female and male employees in wages is that the proportion of female employees is high in the young-age group.

Notes: 1. It is a figure calculated pursuant to the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
2. It is a figure for the rate of taken childcare leave, etc. under Article 71-6, item (i) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) that is calculated pursuant to the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
3. Wages include basic pay, overtime pay, bonuses, and support for rents and other pay and exclude retirement allowances and commutation allowances, etc.
4. Regular employees exclude employees loaned to outside the Company
5. Fixed-term employees include contract workers and non-regular employees and exclude dispatched employees.

II. Overview of business

1. Management policy, management environment, issues to address, etc.

The Group's management policy, management environment, issues to address, etc. are as follows.

Please note that matters concerning the future in this article were determined by the Group as of the end of the fiscal year under review.

(1) Management policy

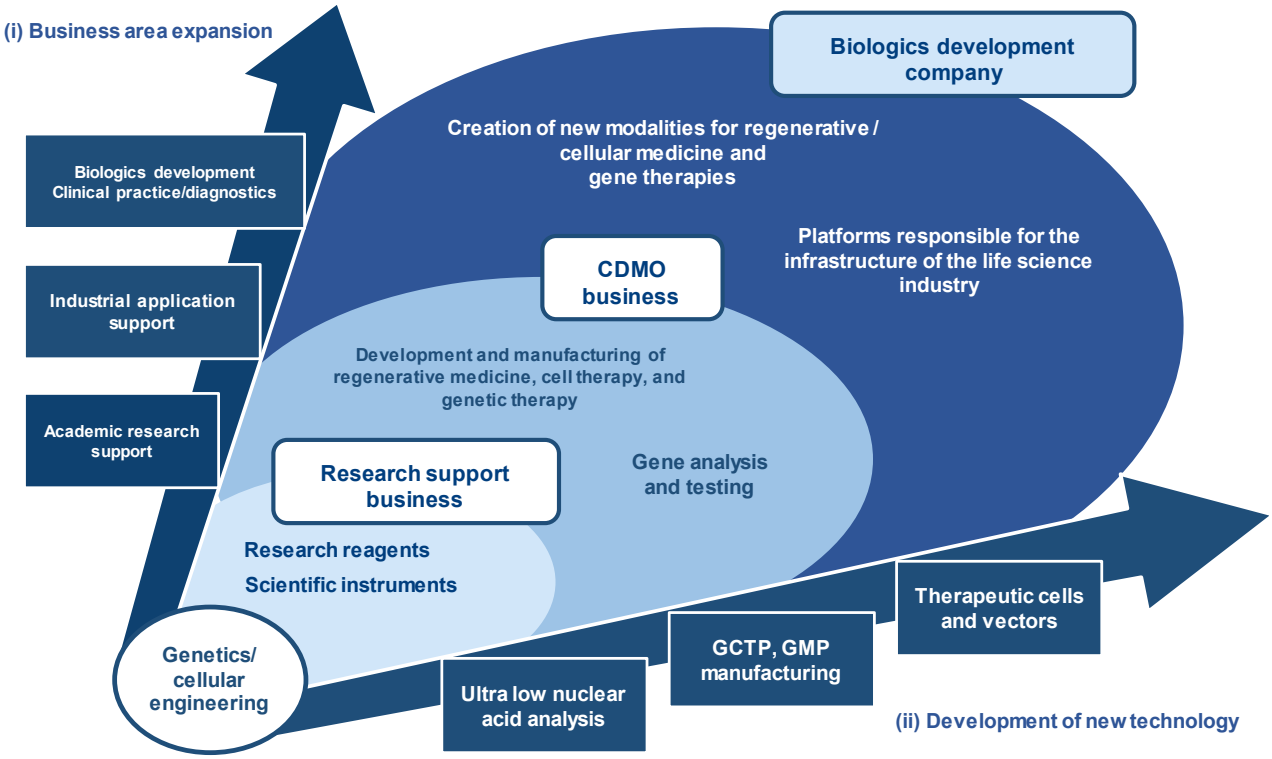
Under the corporate philosophy of "contributing to the health of humankind through the development of revolutionary biotechnologies such as gene therapy," the Group aims to contribute to society and enhance corporate value through the Reagents and Instruments businesses and CDMO business by utilizing the technological foundation of biotechnology.

(2) Management strategy, etc.

In 2020, the Group formulated the "Long-Term Management Plan 2026" and has conducted business according to the Plan. In May 2023, the Group formulated the "Medium-Term Management Plan 2026," which is a specific execution plan for the last three years of the "Long-Term Management Plan 2026."

Under the "Long-Term Management Plan 2026," our vision is to become "a biologics development company* that continues to create new modalities by advancing the development of fundamental technologies for biologics through the Reagents and Instruments business and the CDMO business."

(Reference) Vision of Long-Term Management Plan 2026



(i) Business area expansion

Expand the business areas from research support in academia to industrial applications, clinical-related fields, and biologics development

(ii) Development of new technology

Develop platform technologies on biologics development via developing new products such as research reagents, and new menus for CDMO business

Note: A company that earns profits by licensing-out newly developed modalities, not a pharmaceutical company that has fully integrated all functions of pharmaceutical R&D, manufacturing, and sales within a company.

Under the Medium-Term Management Plan 2026 (announced in May 2023), we are pursuing the following five business strategies.

(i) Establish our status as a global platform provider responsible for the infrastructure in the life sciences industry

(ii) Improve the glocal manufacture and marketing system

(iii) Make the quality control processes more solid and efficient, and strengthen technological capabilities for manufacture

(iv) Maximize the value of fundamental biologics development technologies

(v) Accelerate the development of new products and services by selecting and concentrating on research and development projects

In addition, we are taking the following three actions to strengthen our management base.

(i) Realize a rise in ROE through aggressive investment in growing and strengthened areas and appropriate return to shareholders

(ii) Build a firm basis for growth by deepening connection between the Company and its employees

(iii) Balance "realizing a sustainable society" and "sustained growth of the Group"

(3) Objective indicators, etc., for determining the state of achievement of management targets

The Group sets consolidated operating profit as an indicator of business growth, and return on equity (ROE) as an indicator of capital efficiency as quantitative targets. In addition, consolidated net sales and research and development expenses are used as Key Performance Indicators (KPI) as process indicators for the achievement of the quantitative targets.

(4) Management environment

In the environment surrounding the Group, we recognize that a strong fair wind is expected to be blowing toward the life science industry in a medium to long term, such as the recognition of the importance of biotechnologies with the COVID-19 pandemic as a starting point, and regenerative / cellular medicine and gene therapies as a concentrated investment area in the Japanese government's basic strategy, resulting in large-scale budgetary provision.

However, current life science R&D activities worldwide are sluggish in both the industrial world and academia due to persistent inflation and high policy interest rates in the U.S. and Europe, as well as the impact of the reduction in academic research funding in China due to the country's economic recession. In addition, the business environment in Japan is rapidly changing due to the entry of competitors into the biologics CDMO business.

The Group held up achieving its quantitative targets (consolidated operating profit of ¥15.0 billion and ROE of 8% or higher) for fiscal 2026, the last year of its "Medium-Term Management Plan 2026," but we recognize that the hurdles to achieving these targets are extremely high under the current business environment. While adhering to the direction set out in our "Long-Term Management Plan 2026" and "Medium-Term Management Plan 2026," we will implement further measures with a sense of urgency to achieve sustainable growth.

In addition, we will actively engage in sustainability activities to address social issues such as the environmental and human right issues which are of great concern to society.

(5) Priority business and financial issues

Business growth strategy

(1) Reagents business

In the COVID-19 crisis, sales of test-related reagents for the novel coronavirus recorded substantial growth. However, in the Medium-Term Management Plan 2026, we do not count sales of the reagents and aim at the growth of the Reagents business from the global and multi-polar (glocal) development of reagents for general research.

- Build a glocal marketing/sales strategy that takes regional characteristics into account, in such a way as increasing sales of BtoB custom-made products to aim at an annual growth rate of 7% (on a local currency basis)
- Aim at improving development efficiency by optimizing development themes at our research and development sites in Japan, the U.S., and China that will strengthen development of new products in the application and clinical application areas
- Create optimization and a synergy effect of the research and development system in Japan, the U.S., and China
- In light of balance of efficiency gains and risk reduction, build a global manufacturing system

(2) Instruments business

In addition to accelerating the development of new models of PCR-related systems ready for various tests and single-cell analysis systems, we aim at systematization through the development of dedicated reagents.

- Accelerate the development of new models of single-cell analysis system (ICELL8)
- Realize systematization through the development of new models of qPCR systems for the test market and that of panel reagents
- Develop qPCR medical instruments for human infection testing and reagents exclusively for them
- Develop single-use instruments for on-site testing
- Develop isothermal gene amplification systems

(3) CDMO business

We will actively proceed with technological development, human resources training, and capital investment to aim at rapid growth.

(i) Contract services related to regenerative medicine products

- Enhance various modalities and a contract services menu for mass production
- Reduce costs through automation and development of more solid manufacturing and quality control processes
- Prepare for construction of the Center for Gene and Cell Processing III (scheduled to start in fiscal 2025 and to be completed in fiscal 2028)

(ii) Contract services related to genetic analysis and testing

- Develop techniques for analysis and testing pretreatment by utilizing the liquid biopsy technology
- Develop NGS-related services for clinical application
- Develop biologics development support services through advanced multiomics analysis

(4) Gene therapy business

We aim at placing NY-ESO-1 siTCR® gene therapy product (code: TBI-1301) on the market and at increasing added value to our own fundamental biologics development technologies relating to regenerative / cellular medicine and gene therapies, etc.

- Push on with preparations to place NY-ESO-1 siTCR® gene therapy product on the market

- CD19-JAK/STAT-CAR gene therapy product (code: TBI-2001): acquire data about supremacy over conventional CAR-T
- Acquire data about CereAAV™ on its supremacy over conventional AAV
- Develop the capability to manufacture RetroNectin®
- Develop and productize enzymes for mRNA composition, etc. (ancillary materials: raw materials for manufacturing medicine and other products)

Strategy for strengthening the management base

(1) Finance

We will actively make continuous investments in growing and strengthening businesses while maintaining a sound financial base. Moreover, we will push on with management being conscious of the cost of capital and market valuation by raising ROE through maintaining appropriate returns to shareholders.

(i) Research and development, capital investment, and return to shareholders

- Actively make continuous investments in growing and strengthening businesses while maintaining a sound financial base
- Actively invest in research and development, which are the driving force for sustained and rapid growth, to further optimize and strengthen cooperation among development themes at our sites in Japan, the U.S., and China
- Aggressively invest in growing and strengthened areas, including the construction of the Center for Gene and Cell Processing III
- Improve return on equity (ROE) through appropriate shareholder returns to increase capital efficiency

(ii) Capital cost

- We will regularly review the weighted average cost of capital (WACC), return on equity (ROE), share price and price-to-book ratio (PBR) at Board meetings to improve capital efficiency over the medium to long term through earnings growth and appropriate shareholder returns, and to manage with an awareness of the capital cost and share price.

(2) Human resources and organization

We will strengthen connection between the Company and its employees as well as create a working environment as the basis of aiming at rapid growth and implement personnel measures.

- Personnel training: Shift from employment to training to nurture capable persons who can cope with changes
- Organization establishment: Realize the establishment of organizations that can adapt to difficulties flexibly
- Working environment creation: Improve a working environment in which various capable persons can show their abilities

(3) Creating social value

We will address various social issues through business activities and aim at balancing “realizing sustainable society” and “sustained growth of the Group.”

- Promotion of CO_2 emissions reduction: In the situation where CO_2 emissions are expected to increase because of expanded business activities, increased equipment, and other factors, reduce CO_2 emissions per net sales (intensity) by 50% from fiscal 2019 (base year) through the use of renewable energy, energy-saving activities, etc.
- Strengthen the disclosure level of TCFD (Task Force on Climate-related Financial Disclosures)
- Promotion of human rights due diligence: Aim at reducing risks to human rights through specifying and evaluating risks to human rights in the Takara Bio Group and its value chain

2. Thinking on and efforts at sustainability

The Group's thinking on and efforts at sustainability are as follows.

Please note that matters concerning the future in this article were determined by the Group as of the end of the fiscal year under review.

(1) General policy on sustainability

Under the corporate philosophy of "contributing to the health of humankind through the development of revolutionary biotechnologies such as gene therapy," the Group aims at balancing "realizing sustainable society" and "sustained growth of the Group" by addressing various social problems over sustainability, including health, through business activities from the point of view of increasing our corporate value in the medium and long term.

(i) Governance

As a system of promoting sustainability activities, we have established the Takara Bio Group Sustainability Promotion Committee chaired by the Company's President and Executive Officer, which plays a central role in promoting sustainability activities. Under the supervision of the Board of Directors, the Sustainability Promotion Committee plans, carries out, evaluates, and improves activities relating to sustainability as well as making reports to the Board of Directors and giving instructions to Group companies and the office.

The status of the Sustainability Promotion Committee and its meetings during the fiscal year under review are as follows.

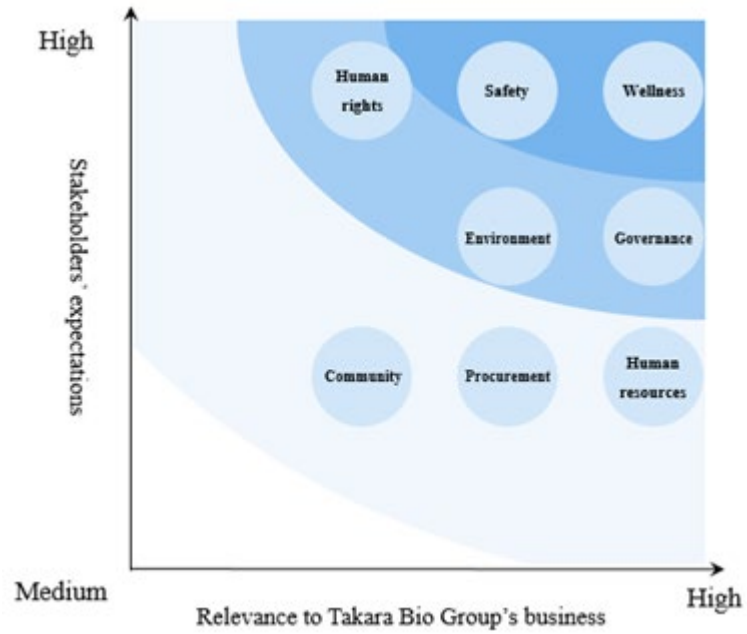
Meeting date	Matters to be resolved	Matters to be reported
June 5, 2024	・Approval for the FY2025 Activity Plan ・Revision of the Takara Bio Group Sustainability Procurement Guidelines	・Report on activities for FY2024 ・Annual report on climate change risks under the TCFD framework
December 5, 2024	・Declaration of partnership building	・Report on activities for the first half of FY2025

(ii) Risk management

In promoting sustainability activities, we have specified eight Materialities (important issues), in consideration of relevance to the Group and stakeholders' expectations. Moreover, the Company has set themes to address materialities and further set specific goals to achieve.

The degree of achieving set targets is monitored by the Sustainability Promotion Meeting (Office) and regularly reported to the Sustainability Promotion Committee and the Board of Directors, whereby risks are managed.

Materiality matrix



(2) Climate change

For realizing "sustainable society" and "sustained growth of the Group," the Group is committed to proactively disclosing information to stakeholders by accurately assessing risks and opportunities related to climate change, and explaining the impact on business operations and measures to address them. In our assessment, we use scenario analysis based on the Task Force on Climate Change Financial Disclosure (TCFD).

(i) Governance

See (1) General policy on sustainability, (i) Governance.

(ii) Strategy

The Group recognizes that the rise in global average temperatures due to climate change will have a tremendous impact on society, and considers it important to contribute to activities to limit the rise in temperature. To strengthen our ability to respond to a 2°C or lower scenario, the Group is developing strategies to understand the business implications of climate-related risks and opportunities. Analyses have been conducted using the "2°C or lower scenario," in which the average temperature increase is limited to less than 2°C above pre-industrial levels, and the "4°C scenario," in which the average temperature increases by 4°C, to assess the level of impact on our business and the likelihood of these scenarios occurring. In addition, we have considered countermeasures and summarized the risks and opportunities that would have a material impact on our Group in the table below. In the scenario analysis, we referred to the United Nations Intergovernmental Panel on Climate Change (IPCC) RCP2.6 (2°C or lower scenario) and RCP8.5 (4°C scenario), WRI Aqueduct (global water risk mapping tool published by the World Resources Institute), and others.

2°C or lower scenario

Societal Change	Risk/ Opportunity	Type	Business Impact	Time Axis[*1]	Financial Impact[*2]	Business Risk/Opportunity[*3]	Countermeasures
Rising energy costs	Transition risk	Market	Risk of financial impact from higher production costs due to rising energy prices	Medium term	Medium	Medium	• Energy conservation and equipment upgrades at manufacturing sites • Introduction of renewable energy
Mandates and regulations for products and services	Transition risk	Policies and legislation	Risk of prohibition of the use of certain substances due to laws and regulations, which leads to suspension of the supply of raw materials for plastic products, etc., making it difficult to provide products and services	Medium to long term	Medium	Medium	• Respond to trends in laws, regulations, and related agencies in each country and new environmental regulations • Development and use of alternative products

4°C scenario

Societal Change	Risk/ Opportunity	Type	Business Impact	Time Axis*1	Financial Impact*2	Business Risk/Opportunity*3	Resilience of Takara Bio
More frequent and severe extreme weather events (torrential rain, flooding, etc.)	Physical risk	Acute Chronic	Risk of financial impact due to interruption of supply of products and services as a result of damage to manufacturing sites caused by flooding, etc.	Medium to long term	Large	Medium	• Strive to ensure a stable supply of products by promoting the decentralization (Japan, U.S., Europe, China, and India) and optimization of manufacturing bases. • Making efforts to ensure stable supply by refinement of raw materials inventory controls. Advance consideration of purchasing from multiple suppliers, etc. at our discretion • In the event of a disaster or other event that has a significant impact on business continuity, utilize the crisis management system based on the Business Continuity Plan (BCP) to quickly restore and continue business operations.
			Risk of financial impact due to damage to manufacturing sites caused by flooding, etc. and the resulting need for replacing equipment. Or risk of damage to biohazard facilities, making it difficult to continue operations due to spills of hazardous materials, etc.	Medium to long term	Medium	Medium	
			Risk of financial impact due to interruption of supply of products and services as a result of supply chain disruption caused by flooding, etc.	Medium to long term	Large	Medium	
			Risk of financial impact due to interruption of supply of products and services as a result of shutdown of operations at manufacturing sites due to drought, etc.	Medium term	Large	Medium	
Pandemic of infectious disease	Physical risk	Chronic	Risk of a reduction in economic and R&D activity due to an infectious disease epidemic. Or risk of financial impact due to interruption of supply of products and services due to shortage of raw materials, etc. caused by disruption of the supply chain	Medium term	Large	Medium	• In addition to decentralization of manufacturing bases, make efforts to ensure stable supply by refinement of raw materials inventory controls. Advance purchase from multiple suppliers, etc. at our discretion. • More global business development.
Development of new products and services through research and development and innovation	Opportunity	Products and services	Opportunity to expand business for related new products and services through increased R&D in the area due to spread of infectious diseases related to climate change	Medium term	–	Medium	• Research and development of new products and services, investigation of new market needs.

*1: Time Axis

Medium term: Until 2030
Long term: From 2030 onwards

*2: Impact

Evaluate the impact on consolidated operating profit or consolidated net assets based on the criteria of small (less than ¥1.0 billion), medium (¥1.0 billion to ¥3.0 billion), or large (¥3.0 billion or more).

*3: Business Risk/Opportunity

Comprehensive assessment based on financial impact and likelihood of occurrence

Business Risks and Opportunities from Climate Change (Summary)

Transition risk:

- Risk of financial impact due to higher energy and raw material costs (e.g., introduction of carbon tax)
- Risk of difficulty in providing products and services due to import/export restrictions on raw materials and products due to restrictions on certain substances (e.g., suspension of supply of raw materials for plastic products)

Physical risk:

- Risk of financial impact from storm surges due to sea level rise, flooding due to river overflows, droughts, etc. (e.g., damage to manufacturing facilities)
- Risk that climate change will reduce global life science research activity and business opportunities (e.g., global epidemics of infectious diseases)

Opportunities:

- Opportunities to expand business through the development of new products and services related to climate change (e.g., new products and services resulting from a global epidemic of infectious diseases)

(iii) Risk management

The Group has established a system to minimize adverse effects and losses through the manifestation of risks associated with climate change, including scenario analysis and assessment in accordance with the recommendations of the TCFD. Where appropriate, we assess risk levels based on impact and frequency of occurrence for our business continuity and major manufacturing sites with significant financial impact. Identified risks/opportunities and countermeasures are discussed and reported to the Board of Directors by the Sustainability Promotion Committee, which is chaired by the President and Executive Officer and consists of the executive officers responsible for each business.

(iv) Indicators and targets

In the “Environment” section of the “Sustainability Management Promotion Policy” formulated in June 2021 (updated in June 2023), which is a key issue to be addressed, the Group set a target to reduce its CO_2 emission intensity per net sales by 50% in FY2026 compared with FY2019. In FY2025, the Group’s CO_2 emission (intensity) was 86% of the level in FY2019. (Table 1)

We will continue to review risks/opportunities and implement countermeasures and reflect them in our medium- and long-term management strategies, and strive to advance our climate change management strategy.

Table 1 Changes in Group CO_2 Emission* Intensity

Item	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Comparison to baseline emissions intensity (FY2019) (%)	100	86	76	57	55	89	86
Intensity (CO_2 emissions/net sales)	37	32	28	21	20	33	32
CO_2 emissions (t-CO_2)	13,188	10,892	12,836	14,253	15,692	14,211	14,182
Takara Bio	5,894	6,822	8,590	9,833	10,418	11,107	10,663
Takara Biotechnology (Dalian)	3,869	4,039	4,060	4,126	4,619	2,555	2,505
Other business sites	3,425	31	186	294	655	549	1,014

* Total CO_2 emissions of Scope 1 (direct emissions from fuel use) and Scope 2 (indirect emissions from energy sources such as purchased electricity)

(3) Human capital and diversity

The Group aims at creating a “lively and cheerful workplace and a culture to foster persons” from a standpoint of respect for human life and dignity and at fostering “balanced capable persons as a business person, member of society, and individual” in the workplace and culture.

(i) Strategy

(1) Human resources training

Aiming at a corporate culture in which each employee’s skills and challenges can be reflected in management and business, we will improve the personnel system and the training program. In the training program, we provide “stratified training” by job level and years of service, as well as “objective-based training.” In addition, we provide highly specialized education and training to develop human resources that can play an active role in our business.

(2) Promote the active involvement of diverse human resources

Existence in a company of various points of view and values in which different experiences, skills, and attributes are reflected without being swayed by gender and nationality, etc. constitutes a strength in the company’s sustained growth. The Group considers that various capable persons’ activities are important to its achieving sustained growth in the future.

(3) Achieve a comfortable workplace environment and a work-life balance

We endeavor to improve the office environment and working environment in which employees can work pleasantly, and we are proceeding with improving a system under which all employees can work positively while balancing their work and personal lives according to their individual lifestyles.

(ii) Indicators and targets

(1) Human resources training (Reporting company)

Indicators and targets	Progress in FY2025
Nurture capable persons who can assume global business growth and the next generation of the Group by providing stratified training, such as new employee training and management training, and continuously holding study meetings, etc. for the purpose of nurturing the next generation of leaders	The following education and training programs are offered: ・ Training by job level New Employee Training, Assistant Manager Training, Manager Training, Mid-Career Hire Training ・ Next Generation Leadership Development Training OJT leadership training, 3rd and 6th year training ・ Skills development training Basic skills improvement training, hands-on manufacturing training, hands-on quality/GMP training

(2) Promote the active involvement of diverse human resources (Reporting company)

Indicators and targets	Progress in FY2025
・ Increase the number of women in management positions ・ Create job opportunities for people up to 70 years old ・ Maintain the percentage of employees with disabilities at not less than the statutory employment rate in Japan ・ Utilize more mid-career hiring to acquire a more diverse workforce ・ Realize fair employment regardless of nationality, human rights, sex, disabilities, etc. to build an environment in which employees can work while respecting each other	・ Increase the number of newly promoted women in management positions (from 6 to 11) ・ Revise internal rules to secure job opportunities for people up to 70 years old ・ Percentage of employees with disabilities: 3.0% (maintained the statutory employment rate, which is 2.5% or higher) ・ Implemented mid-career hiring to acquire a more diverse workforce (141 employees since FY2021) and placed the right people in the right positions. ・ Implemented fair employment regardless of nationality, human rights, gender, disabilities, etc.

(3) Achieve a comfortable workplace environment and a work-life balance (Reporting company)

Indicators and targets	Progress in FY2025
・ Reduce total working hours compared with previous fiscal year results ・ Set up consulting services for female employees, etc. during pregnancy and after return from maternity leave and childcare leave by the end of March 2025 ・ Launch an in-house childcare circle ・ Expand nurseries in cooperation with companies ・ Build a systematic mental healthcare system	・ Total working hours: 97.9% of previous fiscal year results ・ Has set up the consulting service for pregnancy and childbirth ・ Conducted roundtable discussion between employees with childcare experience and those on childcare leave ・ Expanded the number of nurseries in cooperation with companies (from 5 nurseries to 6 nurseries) ・ Obtained Kurumin and Eruboshi certifications ・ Implemented mental health care training for all employees in managerial positions

3. Business risks

With respect to the matters stated in the Annual Securities Report concerning the status of operations and financial accounting, etc., management is aware of the following principal risks that may materially affect the financial status, business results, and cash flows of the consolidated companies.

Please note that matters concerning the future in this article were determined by the Group as of the end of the fiscal year under review.

The text contains explanations on terms as needed, but the explanations of the terms were prepared by the Company based on the Company's judgment and understanding to provide a reference for investors to understand this section.

(1) Markets and operations

(i) R&D activities

Biotechnology-related industries cover a wide range of product fields such as the fields of regenerative / cellular medicine and gene therapies, etc. as well as research support fields for the purpose of basic research and biologics development whose direct target customers are universities, public research institutions, companies, and commercial labs, plus environment, energy, food, and information sectors.

Under these circumstances, the Group conducts extensive R&D, which it considers important in maintaining its competitive edge. However, there is no guarantee that R&D will make progress as planned. Development, especially in the field of gene therapy, requires long periods of time, and any delays in R&D may affect the Group's business strategy and performance.

In addition, the business environment surrounding the biotechnology industry has been changing dramatically. Since the business environment of the Group may be significantly affected by new technological innovations, new entrants, and other matters, there is no guarantee that the R&D currently underway will produce the anticipated results. As a result, the Group could fail to meet its revenue projections.

(ii) Overseas business

The Group conducts business operations such as R&D, manufacturing, and sales in regions that include North America, Europe, and Asia (mainly China). Significant changes concerning the economic, political, or social climate in these countries and regions, and the occurrence of problems concerning international taxation, such as transfer price taxation systems, may affect the Group's business strategies and performance.

In addition, most of the reagents that form the product mainstay of the Group are manufactured by the China-based subsidiary Takara Biotechnology (Dalian) Co., Ltd. Changes in the earnings trends of this subsidiary, changes in the tariff policies of various countries, a suspension of business activities for any reason, or other factors may affect the Group's business strategies and performance. In light of this risk, while giving consideration to balancing efficiency gains and risk reduction, the Group is working to establish a global, multi-polar manufacturing and R&D system.

(iii) Competition

The Group holds a unique position in the industry with a stable revenue base, a solid presence in the Asian market, and an extensive line-up of proprietary technologies.

However, the manufacture, sale, and provision of reagents, instruments, and contract services for research do not require the licensing and approvals needed for pharmaceuticals and medical instruments, and in the absence of barriers such as patents, entry into the field is relatively easy. Accordingly, a large number of competitors exist in the market, both in Japan and overseas.

In the field of gene therapy, advances in technology have resulted in the development of therapies that excel in safety and performance, and acquisitions for manufacturing and sales approval have begun overseas. In this burgeoning market, many enterprises are conducting research and development for gene therapy, including biotechnology ventures and pharmaceutical companies in the U.S. and Europe.

Under such circumstances, the Group is developing technologies and products on a proprietary basis or in cooperation with universities and other outside organizations and enterprises. If competitors commercialize similar products and advance in the fields of technology first, the product development and performance of the Group may be affected. In light of this risk, the Group protects its technology and product developments through intellectual property rights in order to achieve exclusivity or

differentiation, and will strive to maintain price competitiveness by promoting cost reductions and strengthening its manufacturing systems.

(iv) Securing human resources

The biotechnology industry is greatly influenced by new technical innovation and new entry. Therefore, to maintain its competitive edge, the Group considers it essential to secure outstanding human resources with specialist knowledge and skills. Nevertheless, in the event that the Group is not able to secure human resources as planned or its personnel leave the Group, its business strategy and performance could be affected. In light of these risks, the Group is making efforts to promote enhanced diversity and training initiatives, a wage system that rewards performance and results, and a healthy work-life balance, while creating safe and comfortable workplaces and working environments.

(v) Sales related to CDMO

The Group recognizes sales of CDMO as revenue when control over deliverables is transferred to the customer, such as acceptance, receipt, or shipment according to the contract, which is when performance obligations are determined to be satisfied. However, owing to the complexity of contracts, etc., there is a risk of error in the timing of revenue recognition, which may affect the Group's business performance. In light of this risk, the Group is working to enhance its internal controls and is conducting checks through its internal auditing department and finance department.

(2) Finance and economy

(i) Financing

The Group may raise funds to cover rising financing demand for R&D expenditure, capital expenditure, working funds, etc., to accommodate the Group's new business launches and expanding business scale. However, if financing does not proceed as planned, it may affect the Group's business strategies and performance. In light of this risk, the Group works to maintain and strengthen its sound financial position and obtains its rating as well as conducts timely reviews of its financial planning based on the latest information.

(ii) Exchange rate fluctuation

Expenses, revenue, and trade receivables and payables arising from foreign currency transactions undertaken by the Group are exposed to currency exchange rate fluctuation risk. In light of this risk, the Group enters into exchange contracts, carrying out other hedging transactions in order to reduce the risk of exchange rate fluctuations.

Furthermore, items such as the revenue, expenses, and assets of overseas consolidated subsidiaries are calculated in yen for the preparation of the consolidated financial statements, but fluctuations in the exchange rate may affect the Group's management performance.

(3) Finance

(i) Impairment

The Group possesses a variety of property, plant, and equipment that serve the purposes of its businesses, and intangible assets such as goodwill associated with corporate acquisitions and technology assets. In the event that production equipment is left idle by a sudden change in the business environment, or owing to a decline in utilization rates, the failure of an acquired business to meet initial projections, or other factors, an impairment loss arises, which may affect the business performance of the Group. In light of this risk, the Group follows up on acquired businesses in order to realize post-acquisition synergies and regularly monitors the macroeconomic environment.

(4) Regulatory and legal procedures, natural disasters and accidents

(i) Important contracts

If any important contract for the business development of the Group ends owing to the expiry of the contract term or cancellation or for some other reason or if revisions to the agreements are disadvantageous to the Group, it may affect the business strategy and performance of the Group.

(ii) Intellectual property rights

In the biotechnology-related industry, where the success or failure of R&D is directly linked to the success or failure of business development, the Group protects its technologies with patents in order to exclude competitors. The Group will continue to place the highest priority on applications for patents

and acquisition of rights when proceeding with R&D activities. However, not all applications may be successfully registered, and if a registered patent right becomes invalid or expires, for example, the Group's business strategies and performance may be affected.

Moreover, the Group intends to acquire promising patent rights held by others, or acquire licenses for the patent rights, to enable future expansion of its business. However, these strategies may incur large expenses. In addition, there is a possibility that the Group may not be able to acquire licenses for necessary patent rights held by others, and this could affect the Group's business strategy and performance.

(iii) Product liability risks

All of the products and merchandise that the Group handles pose an inherent product liability risk. The Company has bought product liability insurance in preparation for this. If any defect is found in a manufactured product during its manufacture or sale, or during the clinical trial process, or if a health impairment is caused by any pharmaceutical product, medical instruments, in vitro diagnostics, regenerative medicine products, or research reagents, investigational products used in clinical trials, or specific cell-processed product, when the Company assumes large-scale product liability whose amount of compensation exceeds the coverage of the insurance, then the Group may be subject to product liability claims, and this may affect the promotion of the Group's business strategies and performance.

In addition, it is usual practice to conduct a voluntary recall when any problem arises with these products in view of the possible physical effects and damages, and any such recall may require significant time and entail expense.

(iv) Legal regulations

In advancing research and development, the Group is subject to related laws and regulations such as the Act on the Prevention of Radiation Hazards due to Radioisotopes, etc., and the Act on the Conservation and Sustainable Use of Biological Diversity through Regulations on the Use of Living Modified Organisms ("Cartagena Act"), and the Group is committed to observing these laws and regulations. In addition, in the production, sale, and trade of reagents, etc., the Group is required to follow relevant legislation, such as the Poisonous and Deleterious Substances Control Act and the Quarantine Act. However, since reagents are neither pharmaceutical products nor regenerative medicine products as defined by the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (hereinafter "Pharmaceuticals and Medical Devices Act"), said laws and regulations are not applicable. However, if these regulations are tightened or new regulations are introduced following expansion, etc., of the supporting research industry, it may affect the Group's business strategies and performance.

Moreover, in vitro diagnostics being developed and sold, and gene therapy products being developed by the Company are subject to related laws and regulations, including the Pharmaceuticals and Medical Devices Act, and approvals or permits from the relevant authorities are required for commercial activities. Failure to obtain such approvals or permits for individual projects being researched or under development by the Group may affect the Group's business strategies.

(v) Risks of litigation, etc.

The Group is not a party to any serious litigation or claim with third parties related to the Group's business. However, litigation may be brought against individual Group companies, and the Group's business strategies and performance may be affected by the litigation itself as well as by its outcome. In light of this risk, the Group is endeavoring to enhance internal controls and compliance in the pursuit of its business activities in Japan and overseas.

In addition, the Group conducts examinations relating to intellectual property rights at its discretion in its business development. The Group is aware of no fact of a product, etc. of the Group infringing another person's intellectual property right. However, it is difficult for R&D companies such as the Group to entirely avoid patent right infringement problems, in particular. If a pertinent infringement issue arises, the Group may be subject to claims to damages, injunctions, or royalty payments, which may affect the Group's business strategies and performance.

Furthermore, if the Group's business partners or licensors are involved in disputes, the Group may no longer be able to sell the relevant products or may itself become involved in litigation. Resolving such a case can be time consuming and costly, which may affect the Group's business strategies and performance.

(vi) Natural disasters and accidents

The Group's business activities may be impeded owing to physical and human damages caused by natural disasters such as storms, earthquakes, lightning strikes, floods, and droughts, by fires or other accidents, or by worldwide pandemics of infectious disease. In light of such risks, the Group conducts inspections and training, and creates communication systems and business continuity plans (BCP) to minimize damage suffered in such cases.

(vii) Environmental issues such as climate change

In order to comprehensively resolve environmental issues such as climate change, resources and energy, it is necessary to take corporate action such as the reduction of greenhouse gases (GHGs) and the promotion of energy-saving activities. The Group has established the "Takara Bio Group Sustainability Management Promotion Policy" and is engaged in resolving issues. Meanwhile, if regulations on greenhouse gas emissions such as a carbon tax and emissions trading systems are introduced in regions where the Group conducts business in future, these may affect the Group's business strategies and performance.

(viii) Information security

The Group endeavors to stringently manage confidential information and personal information it possesses. However, if a problem arises owing to a leak of such information, this may affect performance such as reducing competitiveness or social credibility. Furthermore, the Company takes a variety of defensive measures against cyberattacks and has bought cyber insurance, but in the event a problem arises in research and development, manufacturing, or information systems, this may affect the Group's performance.

(5) The Company's parent company

As of March 31, 2025, Takara Holdings is the parent company of the Company, owing 60.93% of the voting rights in the Company. The relationship between the Company and Takara Holdings is as follows.

(i) Position of the Company within the Takara Holdings Group (Takara Holdings and its group companies)

The extraordinary general meeting of shareholders of Takara Shuzo Co., Ltd. (now Takara Holdings), held on February 15, 2002, approved the establishment of Takara Shuzo Co., Ltd, (hereafter referred to as "Takara Shuzo") and the Company on April 1, 2002 through a corporate split, with each company becoming a 100% owned subsidiary of Takara Holdings. (Since then, Takara Holdings decreased the ownership of voting shares in Takara Bio to 60.93% through a third-party allotment of new shares by private and public offering.)

The Takara Holdings Group consists of Takara Holdings, which is a pure holding company, and its 70 group companies (68 subsidiaries and two affiliates). Within the Group, the Company is positioned as an operating subsidiary specializing in biotechnology, and conducts biotechnology business along with the Company's eight group companies (subsidiaries).

(ii) Management of group companies by Takara Holdings

Takara Holdings has established and operates the Takara Holdings Group Company Management Rules from the standpoint of consolidated business management. Its objective is to maintain the independence and autonomy of the Takara Holdings Group companies while seeking to maximize the corporate value of the entire Takara Holding Group. The Company is also subject to these regulations and reports to Takara Holdings on matters resolved by its Board of Directors. However, since prior approval for its Board of Directors' resolutions is not required, the Company is left to operate as an independent business.

Furthermore, Takara Holdings has established various meeting bodies within the Takara Holdings Group, and those related to the Company are as follows.

Name of meeting body	Main attendees	Details	Frequency of meetings
Group Strategy Committee	Officers and Executive Officers of Takara Holdings Inc. Directors and Executive Officers of the Company Directors and Executive Officers of Takara Shuzo Co., Ltd. Directors and Executive Officers of Takara Shuzo International Co., Ltd.	Confirmation of matters related to the entire Group	Once every two months, in principle
Takara Bio Coordination Committee	Officers of Takara Holdings Inc. Officers and Executive Officers of the Company	Reporting on the state of the Company's activities	Once every month, in principle

The purpose of the above meeting bodies is for reporting among the Takara Holdings Group companies, and they do not impede the autonomy or independence of the Company.

The following officers held concurrent positions in Takara Holdings and the Company as of the date of filing of this Annual Securities Report.

Name	Position in the Company	Position in Takara Holdings
Mutsumi Kimura	Director	Representative Director and President

The above concurrent positions arose because Mutsumi Kimura was appointed by the Company based on the determination that he would be able to strengthen the Company's corporate functions and realize the Company's sustained growth and increase in corporate value over the medium term, as he has extensive experience in such areas as the Company's corporate planning, finance, accounting, public relations, general affairs, and human resources, and has demonstrated leadership as the Company's Representative Director and Vice President. Takara Holdings does not intend to control the Company through such concurrent positions.

A change in the group management strategy of Takara Holdings could affect the business and performance of the Group.

(iii) Transactions with the Takara Holdings Group

1) Real estate lease transactions related to sales sites

Real estate lease transactions exist with Takara Shuzo in Takara Holdings Group. The sales sites leased by the Company among the relevant lease transactions are as follows, and in the event of difficulties in the renewal of these transactions, Group revenue could be temporarily affected and relocation expenses incurred until the Company is able to secure an alternative site.

Property	Purpose of use	Lessor	Transaction amount Fiscal year ended March 31, 2025 (Millions of yen)	Transaction conditions, etc.
6th floor and ground floor of Takara Meiji Yasuda Building (Chuo-ku, Tokyo)	The Company's Tokyo Branch	Takara Shuzo Co., Ltd.	13	Area: 140.85 m^2 Agreement format: Lease agreement Basis for calculation of rent: Market price of land and buildings, etc.

Note: Transaction conditions and policy, etc. for determination of transaction conditions

Determined after discussion based on an appraisal by a real estate appraiser.

2) Transactions related to use of trademark rights

The Group has concluded trademark licensing agreements with Takara Holdings with regard to the trademarks it uses, which are owned and controlled by Takara Holdings, and makes trademark usage payments per trademark. As of March 31, 2025, the Group has licenses for the use of 64 registered trademarks and a pending trademark in Japan and overseas.

In the event that the Group is unable to obtain licenses for the use of trademarks from Takara Holdings, it might affect the Group's business strategies and performance.

Company name (Location)	Transaction details	Transaction amount Fiscal year ended March 31, 2025 (Millions of yen)	Transaction conditions, etc.
Takara Holdings Inc. (Shimogyo-ku, Kyoto)	Licensing of trademark rights	6	Agreement format: Trademark licensing agreement (concluded on March 29, 2004) Basis for calculation of licensing fee: Cost of application, registration, and maintenance and management of trademark rights, including the future Monthly license fee for one category of one trademark in one country: Registered trademark: ¥8,500; Unregistered trademark: ¥1,700

3) Transactions related to outsourcing of computer-related services

The Company has concluded agreements with Takara Holdings on the outsourcing of computer-related services and the lease of equipment.

In the event of difficulties in the renewal of these transactions, it might affect the Group's business strategies and performance.

Company name (Location)	Transaction details	Transaction amount Fiscal year ended March 31, 2025 (Millions of yen)	Transaction conditions, etc.
Takara Holdings Inc. (Shimogyo-ku, Kyoto)	Outsourcing of computer-related services, leasing of equipment, etc.	333	Agreement format: Basic agreement on outsourcing of services and leasing of equipment Details of services: Accounting system operational support, client-server system operational support, leasing of personal computers, purchasing of consumables, other

4) Other

The Group purchases packaging materials from Takara Holdings Group companies (excluding Takara Bio Group companies).

In the event of difficulties in the renewal of these transactions, it might affect the Group's business strategies and performance.

4. Management analysis of financial position, operating results and cash flows

(1) Overview of operating results, etc.

The Group's financial position, operating results, and cash flows (hereinafter "operating results, etc.") for the period under review were as follows.

(i) General condition of operating results for current fiscal year

The prospects of the global economy in the fiscal year under review are unpredictable due to the impact of persistent inflation in the U.S. and Europe, an economic recession in China, increasing geopolitical risk owing to regional disputes, and other factors.

In the life sciences industry, research budgets have been curtailed due to high prices of commodities and interest rates remaining high, research and development activities have been slowing down in the industrial world and the academia, and recovery is delayed in the market.

Under these circumstances, the Group has promoted initiatives to advance the development of fundamental technologies for biologics and to become a global platform provider for the infrastructure of the life science industry through the Reagents and Instruments business and the CDMO business under the six-year "Long-Term Management Plan 2026" and the three-year "Medium-Term Management Plan 2026," both of which end in fiscal 2026. In the fiscal year under review, net sales increased year on year in all categories, including Reagents, Instruments, CDMO, and Gene therapy. Consequently, net sales increased to ¥45,039 million (up 3.5% year on year). Cost of sales increased to ¥18,972 million (up 14.3% year on year) due to a decrease in sales of test-related reagents with a relatively high profit ratio and a changed composition of sales, and as a result gross profit decreased to ¥26,067 million (down 3.1% year on year). Selling, general, and administrative (SG&A) expenses were ¥23,804 million (down 0.4% year on year) due to a decrease in research and development expenses and other expenses. Operating profit was ¥2,263 million (down 24.6% year on year).

As a result of a decrease in operating profit, ordinary profit was ¥2,592 million (down 23.9% year on year), profit before income taxes was ¥1,997 million (down 30.0% year on year), and profit attributable to owners of parent was ¥1,041 million (down 29.6% year on year).

Moreover, as a result of a review of management segments, from the fiscal year under review, net sales of related products for mRNA manufacturing (for research) and the like are added to those of "Gene therapy" although they were included in "Reagents" previously. As a result, net sales for the previous fiscal year were revised based on the changed segments. Specifically, the amount of ¥555 million, which was included in "Reagents" in the previous fiscal year, moved to "Gene therapy."

Information by segment has been omitted, because the Group is a single segment.

(ii) Overview of financial position in current fiscal year

Total assets at the end of the fiscal year under review were ¥125,334 million, an increase of ¥4,082 million from the end of the previous fiscal year. This was due mainly to increases of ¥7,878 million in property, plant, and equipment, of ¥3,054 million in accounts receivable - trade, and of ¥1,340 million in investments and other assets, despite decreases of ¥5,866 million in cash and deposits and of ¥2,533 million in other under current assets.

Total liabilities at the end of the fiscal year under review were ¥9,485 million, an increase of ¥17 million from the end of the previous fiscal year. This was due mainly to, despite a decrease of ¥147 million in accounts payable - other, increases of ¥119 million in lease liabilities under non-current liabilities and of ¥109 million in notes and accounts payable - trade.

Total net assets at the end of the fiscal year under review were ¥115,849 million, an increase of ¥4,065 million from the end of the previous fiscal year. This was due mainly to, despite a decrease of ¥1,005 million in retained earnings, an increase of ¥4,782 million in foreign currency translation adjustment owing to a progressing depreciation of the yen.

(iii) Current cash flows in the current fiscal year

Net cash provided by operating activities amounted to ¥5,844 million, an increase of ¥4,132 million from the previous fiscal year. This was due mainly to cash inflow from depreciation of ¥3,611 million, profit before income taxes of ¥1,997 million, an increase of ¥1,634 million in accrued consumption taxes, and amortization of goodwill of ¥690 million as well as cash outflow from an increase of ¥2,250 million in trade receivables.

Net cash used in investing activities was ¥10,912 million, a decrease of ¥2,130 million from the previous fiscal year. This was due mainly to proceeds from withdrawal of time deposits of ¥1,511 million, payments for acquisition of property, plant and equipment and intangible assets of ¥9,871 million, and payments into time deposits of ¥1,605 million.

Net cash used in financing activities amounted to ¥2,256 million, a decrease of ¥2,976 million from the previous fiscal year, due mainly to dividends paid of ¥2,048 million.

As a result of the above, the balance of cash and cash equivalents at the end of the fiscal year under review, including the effect of exchange rate changes on cash and cash equivalents, decreased by ¥6,134 million from the end of the previous fiscal year to ¥27,036 million.

(iv) Status of production, purchasing, orders received, and sales

1) Production performance

Production performance by category for the fiscal year under review is as shown below.

Category	Amount (Millions of yen)	Year-on-year change (%)
Reagents	13,243	(9.4)
Instruments	126	59.3
CDMO	8,741	4.3
Gene therapy	2,910	72.6
Total	25,022	1.0

Notes: 1. Amounts are based on sales prices.
2. Category segments have been changed since the fiscal year under review, and "Year-on-year change (%)" is calculated based on figures counted from changed category segments.

2) Purchasing performance

Purchasing performance by category for the fiscal year under review is as shown below.

Category	Amount (Millions of yen)	Year-on-year change (%)
Reagents	3,495	(5.2)
Instruments	905	(17.9)
Total	4,400	(8.1)

Note: Amounts are based on purchase prices.

3) Performance of orders received

In the CDMO business, the Group performs some made-to-order production. This information has been omitted, because the time required for production is short in most cases, and the order backlog is negligible.

4) Sales performance

Sales performance by category for the fiscal year under review is as shown below.

Category	Amount (Millions of yen)	Year-on-year change (%)
Reagents	31,995	1.9
Instruments	1,172	31.3
CDMO	8,113	1.4
Gene therapy	3,757	17.1
Total	45,039	3.5

Notes: 1. Information excludes internal sales between categories.
2. Category segments have been changed since the fiscal year under review, and "Year-on-year change (%)" is calculated based on figures counted from changed category segments.
3. Major customers are as stated in "V. Financial information, 1. Consolidated financial statements, etc., (1) Consolidated Financial Statements, Segment information, etc., Related information, 3. Information about each major customer."

(2) Details of analysis and considerations regarding the status of operating results etc., from the management's perspective

The details of recognition as well as analysis and considerations regarding the status of operating results, etc. of the Group, from the management's perspective are as follows.

Please note that matters concerning the future in this article were determined as of the end of the fiscal year under review.

(i) Significant accounting estimates and assumptions used in such estimates

Of the accounting estimates used in the preparation of the consolidated financial statements and the assumptions used in such estimates, significant items are described in "V. Financial information, 1. Consolidated financial statements, etc., (1) Consolidated financial statements, Notes to consolidated financial statements, Significant matters for preparing consolidated financial statements" and "V. Financial information, 1. Consolidated financial statements, etc., (1) Consolidated financial statements, Notes to consolidated financial statements, Significant accounting estimates."

(ii) Awareness and details of analysis and considerations regarding the status of operating results, etc. in the fiscal year under review

1) Operating results, etc. in the fiscal year under review

The Group's operating results, etc. in the fiscal year under review were as follows with sales increasing and profit decreasing. Net sales were ¥45,039 million (up 3.5% year on year), operating profit was ¥2,263 million (down 24.6% year on year), ordinary profit was ¥2,592 million (down 23.9% year on year), and profit attributable to owners of parent was ¥1,041 million (down 29.6% year on year).

For an overview of operating results, etc., please refer to "II. Overview of business, 4. Management analysis of financial position, operating results and cash flows, (1) Overview of operating results, etc."

2) Factors that have a significant impact on operating results

Factors that may have a significant impact on the Group's operating results are described in "II. Overview of business, 3. Business risks."

3) Capital resources and liquidity of funds

As an R&D-oriented company, the Group actively invests in R&D and also plans to make strategic investments (capital investment, M&A investment, etc.) for sustainable growth in the future as necessary, and we therefore believe it is necessary to enhance internal reserves and secure sufficient liquidity on hand to meet these capital needs.

The balance of cash and cash equivalents at the end of the current fiscal year was ¥27,036 million, and the Company believes that it has maintained sufficient liquidity on hand.

The Group believes that its current sufficient liquidity on hand and cash flows from operating activities will enable it to meet future capital needs while maintaining financial soundness.

4) Objective indicators for judging the achievement of management policies, strategies, and targets

Objective indicators for judging the achievement of management policies, strategies, and targets are as described in "II. Overview of business, 1. Management policy, management environment, issues to address, etc., (3) Objective indicators, etc., for determining the state of achievement of management targets."

5. Important contracts

The following is a summary of contracts that are considered important for the Group's business operation.

Construction and other subcontracting agreements

Name of contracting company	Name of counterparty	Date of agreement	Contractual terms	Scheduled completion
Takara Bio Inc. (The Company)	JGC JAPAN CORPORATION	August 3, 2023	Construction of the Center for Gene and Cell Processing III	2027

6. Research and development activities

(1) Research activities

Research and development expenses for the entire Group during the fiscal year under review totaled ¥6,897 million, and the details of research and other activities in each business segment are as follows.

(i) Reagents and Instruments

In this business, we are advancing the development of reagents and instruments, etc. for genetic and cell engineering research. We are also advancing development to increase convenience by systematizing reagents and instruments and other developments.

In the fiscal year under review, we developed a "kit for detecting enteric pathogenic bacterial genes," an "automated dispensing and imaging system for single-cell NGS analysis," "standard reference materials in gut microbiota analysis," a "kit for detecting drug resistance genes of pathogenic bacteria of bovine respiratory diseases," "reagents for detecting highly pathogenic avian influenza," "pretreatment reagents for detecting classical swine fever and African swine fever virus," a "kit for producing adeno-associated virus vectors," "PCR enzymes for amplifying very long DNA," "reagents for next-generation sequence," and a "kit for detecting genes of sexually transmitted infections pathogens."

(ii) CDMO

In this business, we are focusing on research and development on the CDMO contract services, which are a business to support the development and manufacture of regenerative / cellular medicine and gene therapies, etc.

In the fiscal year under review, we proceeded with research and development related to cell processing, improvement of production efficiency and mass production of viral vectors, and protein production and service development related to new genetic analysis and testing, such as a "contract manufacturing of viral vectors on a large scale," a "single-cell spatial analysis service," a "development and manufacture service for antibody drug," and a "spatial transcriptome analysis service."

(iii) Gene therapy

In this business, we are engaged in the application development of the highly efficient gene transfer technology RetroNectin® method, the siTCR® technology, and CAR-T cell production technique Spo-T™ technique as well as the development and commercialization of fundamental biologics development technologies.

In the current fiscal year, we proceeded with the development of brain-tropic adeno-associated viral vectors (CereAAV™) and inner ear-tropic adeno-associated viral vectors (SonuAAV™), as well as clinical trials in Canada for CD19-JAK/STAT-CAR gene therapy (code: TBI-2001), a next-generation CAR gene therapy method, and preparation for application for marketing authorization of NY-ESO-1 siTCR® gene therapy (code: TBI-1301). Moreover, we worked on the development of ancillary materials, etc. needed to develop and manufacture mRNA vaccine.

In addition, we are also pursuing cross-business R&D that cannot be categorized into the above businesses. The Group aims to perform strategic R&D by taking advantage of the interaction and feedback effects of each research and development project.

(2) Intellectual property rights

In the biotechnology-related industry, where the success or failure of research and development is directly linked to the success or failure of business development, the Group protects its technologies with

patents in order to exclude competitors. In addition, in conducting R&D, our first priority is to apply for and obtain patent rights, and we also intend to acquire or license patents from other parties as necessary. Below are patents related to siTCR®, JAK/STAT-CAR and CereAAV™, which are of particular importance to each of our businesses.

(i) siTCR®

Title of invention: Method for specific gene expression

Patent holder	Patent No.	Registration date	Country of application
The Company/ Mie University	5271901	May 17, 2013	Japan
The Company/ Mie University	5828861	October 30, 2015	Japan
The Company/ Mie University	2172547	January 6, 2016	Europe (5 countries) (Note)
The Company/ Mie University	3031916	June 7, 2017	Europe (5 countries) (Note)
The Company/ Mie University	9051391	June 9, 2015	U.S.
The Company/ Mie University	9296807	March 29, 2016	U.S.
The Company/ Mie University	ZL200880102998.9	June 19, 2013	China
The Company/ Mie University	1363928	February 11, 2014	South Korea
The Company/ Mie University	1225068	July 13, 2018	Hong Kong

Note: The five European countries are Germany, France, the United Kingdom, Italy, and Sweden.

(ii) JAK/STAT-CAR

Title of invention: Chimeric antigen receptor

Patent holder	Patent No.	Registration date	Country of application
The Company/ University Health Network	6846352	March 3, 2021	Japan
The Company/ University Health Network	3256496	December 30, 2020	Europe (8 countries) (Note)
The Company/ University Health Network	10336810	July 2, 2019	U.S.
The Company/ University Health Network	10822392	November 3, 2020	U.S.
The Company/ University Health Network	2974998	April 26, 2022	Canada
The Company/ University Health Network	2607152	November 23, 2023	South Korea

Note: The eight European countries are Germany, France, the United Kingdom, Italy, Sweden, the Netherlands, Switzerland, and Spain.

(iii) Cere-AAV™

Title of invention: Brain-tropic AAV mutant

Patent holder	Patent No.	Registration date	Country of application
The Company	7524166	July 19, 2024	Japan
The Company	ZL202080030827.0	November 22, 2024	China
The Company	2809389	December 11, 2023	Russia

III. Information about facilities

1. Overview of capital investments, etc.

Capital investments during the current fiscal year were made to increase and maintain production capacity and research and development facilities in the businesses of Reagents, Instruments, CDMO, and Gene therapy, totaling ¥10,106 million, including those recorded under intangible assets and construction in progress.

Major capital expenditures included ¥7,618 million for construction of dual-use manufacturing facilities for the vaccine and CDMO businesses of the Reporting company.

2. Major facilities

(1) Reporting company

As of March 31, 2025

Name of office (Location)	Facilities	Carrying amount (Millions of yen)						Number of employees (Persons)
		Buildings and structures	Machinery, equipment, and vehicles	Tools, furniture, and fixtures	Land (Area (m^2))	Leased assets	Total	
Head office (Kusatsu, Shiga)	Manufacturing facilities for reagents, etc., analysis facilities for contract research, R&D facilities, and other facilities	10,096	1,239	2,494	3,352 [46,886]	475	17,658	742
Kusatsu Office (Kusatsu, Shiga)	Training facilities and other facilities	422	33	232	2,159 [14,881]	–	2,848	–

(2) Overseas subsidiaries

As of March 31, 2025

Company name	Name of office (Location)	Facilities	Carrying amount (Millions of yen)						Number of employees (Persons)
			Buildings and structures	Machinery, equipment, and vehicles	Tools, furniture, and fixtures	Land (Area (m^2))	Other	Total	
Takara Bio USA, Inc.	Head office, etc. (San Jose, U.S., etc.)	Manufacturing facilities for reagents, etc., R&D facilities, and other facilities	8,488	548	474	3,696 (30,756)	–	13,208	271
Takara Biotechnology (Dalian) Co., Ltd.	Head office (Dalian, Liaoning, China)	Manufacturing facilities for reagents, etc., R&D facilities, and other facilities	668	1,072	245	[–] – [39,909] –	214	2,199	489

Notes: 1. The figures in [ ] in the "Land" column indicate the leased area and annual lease amount not included in the given number.

2. "Other" in the carrying amount represents right-of-use assets.

3. The carrying amount is the amount after impairment losses.

3. Planned additions, retirements, etc. of facilities

(1) Planned additions, etc. of important facilities

As of March 31, 2025

Company name	Name of office (Location)	Facilities	Amount to invest (Millions of yen)		Financing method	Expected month of start and completion		Ability to increase after completion
			Total amount	Amount paid		Start	Completion	
Reporting company	Head office (Kusatsu, Shiga)	Dual-use manufacturing facilities for vaccine-relate work and CDMO business, etc.	34,640	13,952	Own funds Subsidies	June 2023	June 2027	–

Note: The ability to increase after completion is omitted, because reasonable calculation is difficult.

(2) Planned retirement, etc. of important facilities

Not applicable.

IV. Information about reporting company

1. Information about shares, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total number of authorized shares (Shares)
Common shares	400,000,000
Total	400,000,000

(ii) Issued shares

Class	Number of issued shares as of the end of the fiscal year (Shares) (March 31, 2025)	Number of issued shares as of the date of submission (Shares) (June 20, 2025)	Name of listed financial instruments exchange or registered and authorized financial instruments business association	Details
Common shares	120,415,600	120,415,600	Tokyo Stock Exchange, Inc. Prime Market	Number of shares per share unit: 100
Total	120,415,600	120,415,600	–	–

(2) Status of share acquisition rights

(i) Details of stock option plan

Not applicable.

(ii) Details of rights plan

Not applicable.

(iii) Status of other share acquisition rights

Not applicable.

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

Not applicable.

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

Date	Increase (decrease) in total number of shares issued (Shares)	Balance of total number of shares issued (Shares)	Increase (decrease) in issued capital (Millions of yen)	Balance of issued capital (Millions of yen)	Increase (decrease) in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
From April 1, 2013 to March 31, 2014 (Note)	840,000	120,415,600	210	14,965	210	32,893

Note: The above amounts are due to the exercise of share subscription rights.

(5) Shareholding by shareholder category

As of March 31, 2025

Category	Shareholding status (Number of shares per unit: 100 shares)								Shares less than one unit (Shares)
	Public sector	Financial institutions	Financial instruments business operators	Other corporations	Foreign investors		Individuals, etc.	Total	
					Companies, etc.	Individuals			
Number of shareholders	–	17	36	217	158	65	40,596	41,089	–
Number of shares held (Units)	–	117,366	12,744	743,847	63,240	268	266,278	1,203,743	41,300
Shareholding ratio (%)	–	9.75	1.06	61.80	5.25	0.02	22.12	100.00	–

Note: Of 113 treasury shares, 1 unit of 100 shares in included in “Individuals etc.,” and 13 shares are included in “Shares less than one unit.”

(6) Major shareholders

As of March 31, 2025

Name	Address	Number of shares held (Hundreds of shares)	Ratio of shares held to total number of shares issued (excluding treasury shares) (%)
Takara Holdings Inc.	20 Naginataboko-cho, Shijo-dori Karasuma Higashi-iru, Shimogyo-ku, Kyoto	733,500	60.91
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	77,314	6.42
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	20,158	1.67
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	8,367	0.69
SIX SIS AG FOR CAP VIVA-AKTIEN AUSLAND (Standing proxy: MUFG Bank Ltd.)	C/O UBS FUND MANAGEMENT (SWITZERLAND) AG, P.O.BOX, CH-4002 BASEL (1-4-5 Marunouchi, Chiyoda-ku, Tokyo)	6,990	0.58
JP MORGAN CHASE BANK 385781 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (2-15-1 Konan, Minato-ku, Tokyo)	6,699	0.56
STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	6,605	0.55
The Bank of Kyoto, Ltd.	700 Yakushimae-cho, Matsubara-agaru, Karasuma-dori, Shimogyo-ku, Kyoto	5,000	0.42
Hiroo Amano	Nishinari-ku, Osaka-shi, Osaka	4,745	0.39
Takara Bio Employees' Shareholding Association	7-4-38, Nojihigashi, Kusatsu-shi, Shiga	4,744	0.39
Total	–	874,122	72.59

Note: Ratio of shares held to total number of shares issued (excluding treasury stock) (%) is rounded off to the second decimal place.

(7) Status of voting rights

(i) Issued shares

As of March 31, 2025

Category	Number of shares		Number of voting rights	Details
Non-voting shares		–	–	–
Shares with restricted voting rights (treasury shares, etc.)		–	–	–
Shares with restricted voting rights (other)		–	–	–
Shares with full voting rights (treasury shares, etc.)	Common shares	100	–	–
Shares with full voting rights (other)	Common shares	120,374,200	1,203,742	–
Shares less than one unit	Common shares	41,300	–	–
Total number of shares issued		120,415,600	–	–
Voting rights of all shareholders		–	1,203,742	–

Note: The figure in "Shares less than one unit" includes 13 treasury shares.

(ii) Treasury shares, etc.

As of March 31, 2025

Name or title of owner	Address of owner	Proprietary ownership number of shares	Number of shares held in the names of others	Total number of shares held	Ratio of shares held to total number of shares issued (%)
Takara Bio Inc.	7-4-38, Nojihigashi, Kusatsu-shi, Shiga	100	–	100	0.00
Total	–	100	–	100	0.00

Note: In addition to the above, the Company holds 13 shares less than one unit. Those shares are included in the figure in "Shares less than one unit" of "(i) Issued shares."

2. Status of acquisition of treasury shares, etc.

Class of shares, etc.: Acquisition of common shares which falls under Article 155, item (vii) of the Companies Act.

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

Not applicable.

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

Not applicable.

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

Category	Number of shares	Total value (yen)
Treasury shares acquired in fiscal year under review	113	128,562
Treasury shares acquired in period under review	–	–

Note: The treasury shares acquired in the term under review do not include shares from purchase of shares less than one unit from June 1, 2025 to the date of submission of this Annual Securities Report.

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

Category	Fiscal year ended March 31, 2025		Term under review	
	Number of shares	Total value of shares disposed of (yen)	Number of shares	Total value of shares disposed of (yen)
Acquired treasury shares whose offering has been to subscribers	–	–	–	–
Acquired treasury shares that have been cancelled	–	–	–	–
Acquired treasury shares that have been transferred in connection with a merger, share exchange, partial share exchange, or company split	–	–	–	–
Other (–)	–	–	–	–
Number of treasury shares held	113	–	113	–

3. Dividend policy

The Company views profit returns to shareholders as one of its important management issues, and as a basic policy, returns are provided after comprehensive consideration of a range of factors that include business performance, financial position, and enhancement of internal reserve for aggressive research and development activities. Previously, the Company has paid dividends of surplus at a rate of approximately 35% of estimated profit calculated without regard to extraordinary loss or income in the consolidated financial statements. Carrying on with management with consciousness of our valuation at the market and comprehensively taking into account full-year consolidated actual business results and that dividend policy, the Company has decided to pay a year-end dividend of 17.00 yen per share for the fiscal year ended March 31, 2025 (approximately 116% of estimated profit), as announced on May 10, 2024.

Moreover, the Company's policy is to pay dividends of surplus twice a year in the form of interim dividends and year-end dividends. The decision-making bodies for these dividends are the General Meeting of Shareholders for year-end dividends and the Board of Directors for interim dividends. The Company's Articles of Incorporation stipulate that interim dividends may be paid by a resolution of the Board of Directors with a record date of September 30 of each year.

Dividends of surplus for the current fiscal year were as follows.

Resolution date	Total amount of dividend (Millions of yen)	Dividends per share (Yen)
Resolution at the Annual General Meeting of Shareholders on June 24, 2025 (to be made)	2,047	17.00

Internal reserves will be effectively used to strengthen the Company's financial position and to invest in R&D and capital expenditures, etc. of the Group companies for future development.

4. Status of corporate governance, etc.

(1) Overview of corporate governance

(i) Basic policy regarding corporate governance

Guided by our corporate philosophy of "contributing to the health of humankind through the development of revolutionary biotechnologies such as gene therapy," the Group is working to reform its business structure to overcome the Corona cliff (after-COVID-19 crisis performance cliff) and achieve remarkable growth, and to promote the development of fundamental biologics development technologies through the continuous growth of our Reagents and Instruments business and dramatic growth in the CDMO business. We will develop a business strategy to be a global platformer that plays key role in the infrastructure of the life science industry. In addition, through practice of our corporate philosophy, we will create new value and contribute to the realization of a sustainable society.

(ii) Summary of corporate governance system and reasons for adopting the system

1) Summary of the system of corporate governance

The Company has adopted a corporate auditor system, and in addition to the General Meeting of Shareholders and the Board of Directors, the Company has an Audit & Supervisory Board and an Accounting Auditor as its corporate bodies. In addition, the Company has established the Nomination and Compensation Committee and the Special Committee on a voluntary basis as advisory bodies to the Board of Directors.

a) Directors and Board of Directors

As of the date of submission of the Annual Securities Report, the Board of Directors consists of nine members, including three external Directors. In addition to regular monthly Board of Directors meetings, extraordinary Board of Directors meetings are held as necessary to make decisions on basic management policies, matters stipulated by law, and important management matters, as well as to supervise the execution of duties by Directors.

In addition, by introducing an executive officer system, the Company aims to separate the management oversight function of the Board of Directors from the business execution function of the Executive Officers (ten Executive Officers excluding those concurrently serving as Directors), and Executive Officers also attend the Board of Directors meetings as observers to report on the status of execution of duties, thereby strengthening the management's ability to make prompt decisions.

The Company held Board of Directors meeting 12 times during the current fiscal year and the status of attendance of each Board of Directors members are as follows.

< Composition of Directors >

Title and position	Name	Number of meetings attended
Representative Director and President	Koichi Nakao	100% (12/12)
Director and Vice President	Junichi Mineno	100% (12/12)
Senior Managing Director	Yoh Hamaoka	100% (12/12)
Senior Managing Director	Tsuyoshi Miyamura	100% (12/12)
Senior Managing Director	Katsuhiko Kusakabe	100% (12/12)
Director	Mutsumi Kimura	100% (12/12)
Director (External Director)	Nobuko Kawashima	100% (12/12)
Director (External Director)	Kazuko Kimura	100% (12/12)
Director (External Director)	Noriomi Matsumura	100% (12/12)

In the current fiscal year, in addition to matters stipulated by laws and regulations or the Articles of Incorporation, and examination agenda necessary for the management of the Group, the Board of Directors reviewed major investment cases from the perspective of sustainable growth and medium- to long-term enhancement of corporate value, and from the perspective of protecting the interests of minority shareholders, and confirmed that there were no problems regarding the rationality of transactions with related parties, including the parent company, and the appropriateness of transaction terms.

b) Audit & Supervisory Board Members and Audit & Supervisory Board

As of the date of submission of the Annual Securities Report, the Audit & Supervisory Board consists of five members, including three external Audit & Supervisory Board Members. In accordance with the audit policy and audit plan formulated by the Audit & Supervisory Board, the Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings, receive business reports from Directors and others, inspect important documents, and investigate the status of operations and assets in order to audit the execution of duties by Directors.

< Composition of the Audit & Supervisory Board Members >

Title and position	Name
Audit & Supervisory Board Member	Akihiko Kita
Audit & Supervisory Board Member	Masahide Tamaki
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Kunihiko Kamada
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Yasuo Himeiwa
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Masaaki Makikawa

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

c) Nomination and Compensation Committee

As of the date of submission of the Annual Securities Report, the Company has established the Nomination and Compensation Committee consisting of Independent External Directors under the Board of Directors with the aim of securing the independence and objectivity on the functions of the Board of Directors and providing the adequate involvement.

The Company held the Nomination and Compensation Committee two times during the current fiscal year and the status of attendance by committee member is as below.

< Composition of the Nomination and Compensation Committee >

Title	Name	Number of meetings attended
Chairperson (Independent External Director)	Nobuko Kawashima	100% (2/2)
Committee Member (Independent External Director)	Kazuko Kimura	100% (2/2)

Committee Member (Independent External Director)	Noriomi Matsumura	100% (2/2)
Committee Member (Representative Director and President)	Koichi Nakao	100% (2/2)
Committee Member (Senior Managing Director)	Yoh Hamaoka	100% (2/2)

[Nomination and Compensation Committee examination agenda]

- Matters regarding candidates for Director proposed for General Meeting of Shareholders
- Matters regarding revision of the remuneration limits for Directors proposed at General Meeting of Shareholders
- Matters regarding remuneration by Director

In the current fiscal year, the Nomination and Compensation Committee had reviewed the matters regarding the executive structure, including the change of the Representative Director and President, the proposal of candidates for Director and remuneration by Director for the General Meeting of Shareholders from the point of view of sustainable growth and enhancement of medium- and long- term corporate value.

The Company has proposed “election of nine directors” and “election of three Audit & Supervisory Board Members” as agenda items for the Annual General Meeting of Shareholders to be held on June 24, 2025. “appointment of Members of the Nomination and Compensation Committee” will be proposed for resolution at the Board of Directors meeting scheduled to be held immediately after such Annual General Meeting of Shareholders. If these proposals are approved, the members of the Nomination and Compensation Committee will be as follows.

Title	Name
Chairperson (Independent External Director)	Nobuko Kawashima
Committee Member (Independent External Director)	Kazuko Kimura
Committee Member (Independent External Director)	Noriomi Matsumura
Committee Member (Representative Director and President)	Tsuyoshi Miyamura
Committee Member (Senior Managing Director)	Yoh Hamaoka

d) Special Committee

The Company has established the Special Committee which is composed of three or more independent members including external officers under the Board of Directors with the aim of protecting the interests of minority shareholders and providing appropriate involvement.

< Composition of the Special Committee >

Title	Name
Committee Member (Independent External Director)	Nobuko Kawashima
Committee Member (Independent External Director)	Kazuko Kimura

Committee Member (Independent External Director)	Noriomi Matsumura
Committee Member (Independent External Audit & Supervisory Board Member)	Kunihiko Kamada
Committee Member (Independent External Audit & Supervisory Board Member)	Yasuo Himeiwa
Committee Member (Independent External Audit & Supervisory Board Member)	Masaaki Makikawa

[Special Committee examination agenda]

・ Matters regarding important transactions and activities that cause conflicts of interest with the Company's parent company or the subsidiaries and our minority shareholders

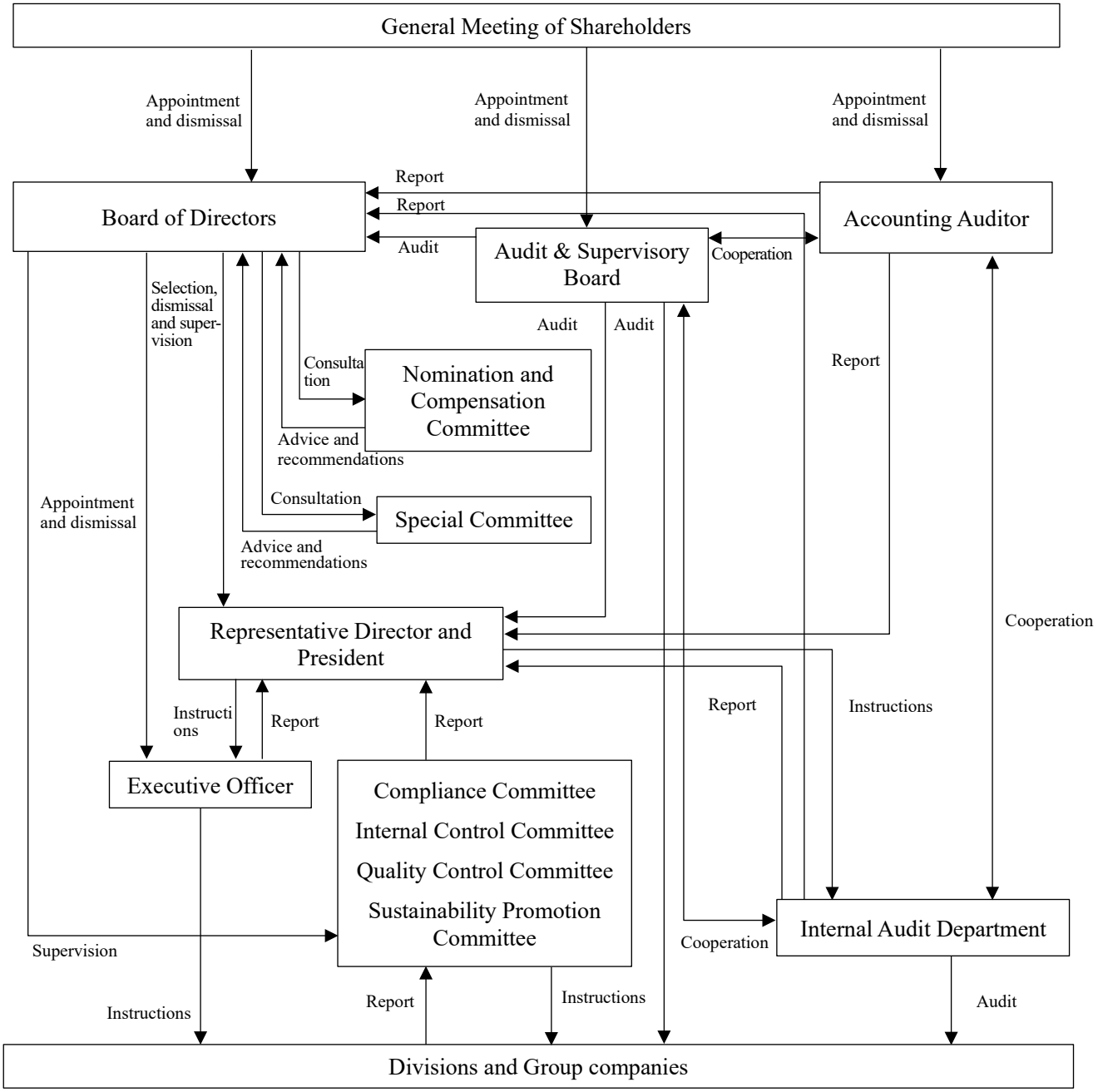
The Company did not hold the Special Committee during the current fiscal year, because the Company had no examination agenda.

e) Accounting Auditor

The Company has entered into an audit contract with Deloitte Touche Tohmatsu LLC and undergoes audits under the Companies Act and the Financial Instruments and Exchange Act. In addition, financial information for the first and third quarters of the fiscal year is reviewed during the period on a voluntary basis.

The Company has proposed "election of nine directors" and "election of three Audit & Supervisory Board Members" as agenda items for the Annual General Meeting of Shareholders to be held on June 24, 2025. If these proposals are approved, the Company's Board of Directors will continue to consist of nine members, including three external directors, and the Board of Corporate Auditors will continue to consist of five members, including three external corporate auditors. In addition, "appointment of Executive Officers" will be proposed for approval at the meeting of the Board of Directors scheduled to be held immediately after the Annual General Meeting of Shareholders. The members of the Board of Directors and executive officers, if the proposal is approved, are as described in "(2) Information about Officers, i) Officers, 2)" below.

[Schematic diagram of the Company's corporate governance and internal control system]



2) Reasons for adoption of the corporate governance system

The Company is a company with an Audit & Supervisory Board. As a research and development-oriented company with strong expertise, the Directors who are familiar with our business make decisions flexibly and supervise business execution with a clear sense of ownership and speed, and highly independent external Directors who have experience and knowledge of our business also work with the Audit & Supervisory Board to supervise business execution, and we believe that the current system is optimal for the Company.

(iii) Other matters regarding corporate governance

1) Status of internal control system, risk management, and systems to ensure appropriateness of operations of subsidiaries

In accordance with Article 362, paragraph 5 of the Companies Act, the Company has adopted a resolution at a meeting of the Board of Directors to establish a system to ensure the appropriateness of business operations, and based on this resolution, the Company has established the following systems.

a) System to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation, and system to ensure the appropriateness of operations of the corporate group consisting of the Company and its parent company and subsidiaries

i) The Takara Bio Compliance Committee, chaired by the President & CEO, shall be established and operated as an organization that oversees the compliance activities of the entire Group.

ii) The committee ensures that all officers and employees of the Group comply with the Takara Group Compliance Action Guidelines established by the Risk Compliance Committee (to which the Company dispatches members and working members) of Takara Holdings Inc., the parent company of the Company, which is the supervising organization of the committee. The committee shall clearly state the guidelines for legal and social ethics that each and every officer and employee of the Group shall comply with, and shall educate officers and employees of the Group through group training, daily guidance at workplaces, etc.

iii) The Company will take a firm stand against antisocial forces by complying with these guidelines, and shall not have any relationship with such forces.

iv) The Takara Group Helpline has been established and operated within the General Affairs Department of Takara Holdings, Inc. and by a third-party organization outside Takara Holdings, Inc. to serve as a contact point for reporting when an officer or employee discovers a legal violation or misconduct in the course of Group operations that is impossible or difficult to resolve or prevent through ordinary means and methods in the course of business operations. The Company prohibits the disadvantageous treatment of whistleblowers for the reason of their reporting and makes this known to the entire Group.

v) Internal audits are conducted in accordance with the Internal Audit Regulations, and necessary measures shall be taken based on the results of such internal audits in order to ensure the proper execution of duties. The department in charge of internal audits shall be an independent organization to ensure sufficient checks and balances against the audited departments, etc.

vi) The Group shall establish, evaluate, and improve company-wide systems to ensure the reliability of financial reporting in compliance with relevant laws and regulations and the listing rules stipulated by the Tokyo Stock Exchange, and will continue to enhance these systems.

vii) With respect to the relationship between the Company and its parent company, Takara Holdings, Inc., the Company is subject to the Group Company Management Rules established by Takara Holdings from the perspective of consolidated business management as a holding company and operated for the purpose of maximizing the corporate value of the entire Takara Holdings Group while maintaining the uniqueness and independence of each group company including the Company, and reports regularly to Takara Holdings on matters resolved at the Board of Directors of the Company and the status of business activities of the Company and its subsidiaries.

viii) With respect to the relationship between the Company and its subsidiaries, while maintaining the uniqueness and independence of each subsidiary, the Company shall receive regular reports on business activities, and, in principle, hold prior discussions on important matters. In addition, the Company's Audit & Supervisory Board Members and the department in charge of internal audits shall cooperate with each other to conduct regular on-site inspections of subsidiaries and conduct audits from the perspective of ensuring appropriate business execution.

b) System for storing and managing information on the execution of duties by the Directors

The Company shall establish internal rules concerning guidelines for the preparation, retention period, and management system (including information security system) of records of the execution of duties, such as minutes of General Meetings of Shareholders, minutes of Board of Directors meetings, approval documents (including those approved

by the President), and other approval documents, so that the execution of duties by Directors and employees can be appropriately confirmed after the fact.

c) Regulations and other systems for managing the risk of loss

i) The Takara Bio Compliance Committee oversees the overall risk management of the Group, and under the supervision of the committee, each responsible department shall engage in activities to prevent and mitigate risks in legal and social ethics, product and merchandise safety and quality, health and safety, and other risks surrounding the Group.

ii) In the event of an emergency situation, an emergency task force consisting of Executive Officers, headed by the President, shall be established as necessary to deal with the situation in accordance with the business continuity plan.

d) System to ensure the efficient execution of duties by Directors

i) As the basis of the system to ensure the efficient execution of duties by Directors, the Board of Directors shall hold a regular meeting once a month, and extraordinary meetings as necessary.

ii) To clarify the internal chain of command and segregation of duties, the Company has established the Rules for Authority and Rules for Dividing Roles and Responsibilities, and establish a system that enables appropriate and prompt decision-making and execution by Directors and employees.

iii) Under the supervision and guidance of the Board of Directors or each Director, each responsible department or, if necessary, a cross-divisional project team shall be organized to continuously work on streamlining, speeding up, and computerizing operations to ensure efficient management.

iv) Internal audits shall be conducted from the perspective of efficiency, and necessary measures shall be taken based on the results of such internal audits to ensure efficiency in the execution of duties.

v) The Company's subsidiaries shall also establish a management system similar to that of the Company.

e) Matters regarding employees who are requested by Audit & Supervisory Board Members to assist them in the execution of their duties, and matters related to the independence of such employees from Directors

In the event that the Audit & Supervisory Board Members require the establishment of employees to assist them in their duties, the Company shall establish a system to ensure the independence of such employees from Directors with respect to the chain of command, position, treatment of such employees, etc., and assign such employees to assist the Audit & Supervisory Board Members.

f) System for reporting by Directors and employees to Audit & Supervisory Board Members and other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively

i) In order to gain an understanding of the process of important decision-making and the status of business execution, Audit & Supervisory Board Members have the authority to attend meetings of the Board of Directors and other important meetings, inspect the minutes of Board of Directors meetings, approval documents (including those approved by the President) and other important documents related to business execution, and request explanations from Directors and employees as necessary. In addition, in order to conduct effective and efficient audits, the department in charge of internal audits shall maintain close cooperation with the Audit & Supervisory Board Members.

ii) If a Director discovers a fact that may cause significant damage to the Company, he or she shall report it to the Audit & Supervisory Board Members in accordance with laws and regulations. When a Director of a subsidiary of the Company discovers a fact that may cause significant damage to the subsidiary, he or she shall

report it to the Company's Audit & Supervisory Board Members through the department in charge of managing the subsidiary.

iii) The Directors and Audit & Supervisory Board Members of the Company shall ensure that no person who makes such a report shall be treated disadvantageously by reason of such a report.

g) Matters regarding the policy for handling expenses or liabilities incurred for executing duties by Audit & Supervisory Board Members

When an Audit & Supervisory Board Member requests advance payment or reimbursement of expenses incurred in the performance of his or her duties, the Company shall promptly dispose of such expenses or liabilities, unless such expenses or liabilities are deemed not necessary for the performance of the Audit & Supervisory Board Member's duties.

2) Overview of limited liability agreements

Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company stipulates in its Articles of Incorporation that the liability for damages stipulated in Article 423, paragraph 1 of the Companies Act may be limited. Based on these provisions, three external Directors, Nobuko Kawashima, Kazuko Kimura, and Noriomi Matsumura, and three external Audit & Supervisory Board Members, Kunihiko Kamada, Yasuo Himeiwa, and Masaaki Makikawa, have entered into such limited liability agreement with the Company.

Pursuant to this agreement, the defined maximum amount of liability for damages is the minimum liability amount provided for under Article 425, paragraph 1 of the same Act.

3) Overview of a directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph 1 of the Companies Act, which covers damages and litigation expenses incurred by the insured due to claims for damages arising from the insured's actions as a Director or officer.

Directors, Audit & Supervisory Board Members, and Executive Officers of the Company are insured under the insurance policy, and the Company bears the total amount of premiums for all insureds.

4) Number of Directors and resolution requirements for election of Directors

The Company's Articles of Incorporation stipulate that the Company shall have no more than 10 Directors. The Company states in it Articles of Incorporation that, pursuant to Article 341 of the Companies Act, resolutions for the election of Directors shall be adopted by a majority of the votes of shareholders present at a General Meeting of Shareholders where shareholders holding one-third or more of the voting rights of shareholders entitled to exercise their voting rights are present. The Company also states in its Articles of Incorporation that cumulative voting shall not be used for the election of Directors.

5) Matters normally requiring adoption of a resolution by the General Meeting of Shareholders, which may be decided by the Board of Directors

i) Decision-making body for acquisition of treasury shares

The Company's Articles of Incorporation stipulate that the Company may acquire treasury shares through market transactions, etc. by resolution of the Board of Directors pursuant to Article 165, paragraph 2 of the Companies Act. The purpose of this is to enable the execution of flexible capital policies in response to changes in the business environment.

ii) Exemption of Directors and Audit & Supervisory Board Members from liability

Pursuant to Article 426, paragraph 1 of the Companies Act, the Company's Articles of Incorporation stipulate that the Company may, by resolution of the Board of Directors, exempt Directors and Audit & Supervisory Board Members (including former Directors and Audit & Supervisory Board Members) from liability for damages due to negligence of their duties to the extent permitted by law. This is intended to ensure that Directors and Audit & Supervisory Board Members can fully fulfill their expected roles.

iii) Organization for determining interim dividends

Pursuant to Article 454, paragraph 5 of the Companies Act, the Company's Articles of Incorporation stipulate that the Company may, by resolution of the Board of Directors, pay dividends from surplus (interim dividends) to shareholders or registered share pledgees whose names appear or are recorded in the final shareholders' register as of September 30 of each year. The purpose of this provision is to return profits to shareholders or registered share pledgees in a timely manner.

6) Requirements for the adoption of special resolutions by the General Meeting of Shareholders

The Company states in its Articles of Incorporation that the adoption of a special resolution based on Article 309, paragraph 2 of the Companies Act shall require that at least one-third of the shareholders entitled to execute voting rights be present, and that an affirmative vote be cast by at least two-thirds of such shareholders present. The purpose of this provision is to better ensure that a quorum is present.

(2) Information about officers

(i) Officers

1) The Company's current officers are as follows as of June 20, 2025 (the date of submission of this Annual Securities Report).

Male: 12, Female: 2 (Percentage of female officers: 14.3%)

Title and position	Name	Date of birth	Career summary	Term of office	Number of shares held (Hundreds of shares)
Representative Director and President President and Executive Officer CEO	Koichi Nakao	June 16, 1962	Apr. 1985 Joined Takara Shuzo Co., Ltd. Apr. 2002 Director of the Company June 2003 Managing Director Executive Officer June 2004 Senior Managing Director Apr. 2006 COO (Chief Operating Officer) June 2007 Representative Director and Vice President May 2009 Representative Director and President (current position) Director and President of Takara Bio USA Holdings Inc. June 2009 Director of Takara Holdings Inc. June 2015 President and Executive Officer (current position) Apr. 2020 CEO (Chief Executive Officer) (current position) Apr. 2021 Representative Director of Manufacturing Technology Association of Biologics (current position) June 2024 Senior Managing Executive Officer of Takara Holdings Inc. (current position)	(Note 3)	761
Director and Vice President Vice President and Executive Officer	Junichi Mineno	August 13, 1960	Apr. 1984 Joined Takara Shuzo Co., Ltd. Apr. 2004 General Manager of Center for Cell and Gene Therapy Facility of the Company June 2009 Deputy General Manager of Gene Therapy Business Unit General Manager of Center for Cell and Gene Therapy Facility Apr. 2011 Executive Officer June 2012 Senior Executive Officer June 2014 Managing Director June 2015 Senior Executive Officer July 2016 Co-Representative Director and Vice Chairman of Takara Korea Biomedical Inc. June 2019 Director Senior Managing Executive Officer Apr. 2020 COO (Chief Operating Officer) Apr. 2022 Executive Vice President (current position) June 2023 Director and Vice President (current position) Apr. 2024 In charge of CDM Business (current position) Apr. 2025 In charge of Sales & Marketing (current position)	(Note 3)	144
Senior Managing Director Senior Managing Executive Officer	Yoh Hamaoka	October 9, 1962	Apr. 1987 Joined Japan Tobacco Inc. Feb. 2000 Joined Takara Shuzo Co., Ltd. Apr. 2004 Executive Officer of the Company June 2009 Senior Executive Officer Deputy General Manager of Gene Therapy Business Unit Apr. 2017 In charge of Intellectual Property Department General Manager of Business Development Department June 2018 In charge of General Affairs Department Apr. 2019 In charge of Project Management Department Apr. 2020 General Manager of R&D Division Apr. 2021 CFO (Chief Financial Officer) June 2021 Director Senior Managing Executive Officer (current position) June 2023 Senior Managing Director (current position) Apr. 2025 In charge of Business Development and R&D Project Management (current position)	(Note 3)	171

Title and position	Name	Date of birth	Career summary	Term of office	Number of shares held (Hundreds of shares)
Senior Managing Director Senior Managing Executive Officer	Tsuyoshi Miyamura	October 20, 1963	Apr. 1988 Joined Takara Shuzo Co., Ltd. Jan. 2009 General Manager of Sales Department of the Company June 2009 Executive Officer June 2014 Senior Executive Officer June 2018 Director Dec. 2019 Chairman of Takara Biomedical Technology (Beijing) Co., Ltd. (current position) Mar. 2021 Co-Representative Director and Chairman of Takara Korea Biomedical Inc. (current position) Apr. 2021 CMO (Chief Marketing Officer) Apr. 2022 Chairman of Takara Biotechnology (Dalian) Co., Ltd. (current position) Senior Managing Executive Officer (current position) June 2023 Senior Managing Director (current position) Apr. 2024 In charge of Reagents & Instruments Businesses (current position) Director and President of Takara Bio USA Holdings Inc. (current position) Apr. 2025 In charge of Global Business (current position)	(Note 3)	138
Senior Managing Director Senior Managing Executive Officer	Katsuhiko Kusakabe	June 1, 1961	Apr. 1986 Joined Takara Shuzo Co., Ltd. June 2017 Executive Officer of the Company Apr. 2020 Deputy General Manager of Manufacturing Division Apr. 2021 General Manager of Manufacturing Management Division June 2021 Senior Executive Officer Apr. 2023 Senior Managing Executive Officer (current position) June 2023 Senior Managing Director (current position) Apr. 2025 CDXO (Chief Digital Transformation Officer) In charge of Manufacturing (current position)	(Note 3)	84
Director	Mutsumi Kimura	February 3, 1963	Apr. 1985 Joined Takara Shuzo Co., Ltd. Apr. 2002 Director of the Company June 2004 Managing Director June 2007 Senior Managing Director May 2009 Director and Vice President June 2009 Representative Director and Vice President June 2014 Director of Takara Holdings Inc., Senior Managing Director of Takara Shuzo Co., Ltd. June 2016 Representative Director and Vice President of Takara Holdings Inc. June 2017 Director of Takara Shuzo Co., Ltd. (current position) July 2017 Representative Director and President of Takara Shuzo International Co., Ltd. June 2018 Representative Director and President of Takara Holdings Inc. (current position) Apr. 2020 Director of Takara Shuzo International Co., Ltd. (current position) June 2022 Director (current position)	(Note 3)	527
Director (External Director)	Nobuko Kawashima (Name as shown on the family register: Nobuko Yokoyama)	October 27, 1962	Apr. 1986 Joined The Long-Term Credit Bank of Japan, Limited (currently SBI Shinsei Bank, Limited) Sept. 1987 Joined Dentsu Communication Institute Inc. Sept. 1995 Research fellow at the Centre for Cultural Policy Studies of the University of Warwick Apr. 1999 Full-time lecturer with the Faculty of Economics at Doshisha University Apr. 2004 Professor with the Faculty of Economics at Doshisha University (current position) June 2016 Director of the Company (current position) June 2021 Outside Director of TOKAI Holdings Corporation (current position)	(Note 3)	–

Title and position	Name	Date of birth	Career summary	Term of office	Number of shares held (Hundreds of shares)
Director (External Director)	Kazuko Kimura	May 1, 1951	Apr. 1976 Safety and Environmental Health Bureau, Ministry of Health and Welfare (currently Ministry of Health, Labour and Welfare) Apr. 1979 Pharmaceutical Affairs Bureau, Ministry of Health and Welfare (currently Ministry of Health, Labour and Welfare) July 1996 Pharmaceutical Department of World Health Organization (on secondment) July 1999 Organization for Pharmaceutical Safety and Research (on secondment) Apr. 2000 Professor of International Medical Research Laboratory, Institute of Medical, Pharmaceutical and Health Sciences, Kanazawa University June 2013 Director (Outside Director) of Alfresa Holdings Corporation Sept. 2013 Representative Director of Medicines Security Workshop (current position) Apr. 2017 Professor Emeritus of Kanazawa University (current position) Oct. 2017 Specially Appointed Professor of Graduate School of Medical Sciences, National University Corporation Kanazawa University June 2019 Director of the Company (current position) June 2021 Outside Director of Mitsubishi Logistics Corporation (current position)	(Note 3)	–
Director (External Director)	Noriomi Matsumura	July 10, 1971	May 1998 Medical Staff with Department of Obstetrics and Gynecology at Hyogo Prefectural Amagasaki Hospital Apr. 2000 Medical Staff with Department of Obstetrics and Gynecology at Toyooka Public Hospital Sept. 2002 Medical Staff with Department of Obstetrics and Gynecology at Kyoto University Hospital Apr. 2007 Clinical Assistant Professor with Department of Obstetrics and Gynecology at National University Corporation Kyoto University Hospital Apr. 2008 Assistant Professor with Department of Obstetrics and Gynecology at National University Corporation Kyoto University Hospital Dec. 2012 Lecturer with Maternal and Perinatal Care Unit at National University Corporation Kyoto University Hospital Aug. 2013 Associate Professor with Department of Gynecology and Obstetrics at National University Corporation Kyoto University Hospital Apr. 2017 Professor with Department of Obstetrics and Gynecology of Faculty of Medicine at Kindai University (current position) June 2017 Vice Chairperson of Board Certification Committee of Japan Society of Obstetrics and Gynecology (current position) Dec. 2018 Director of Japanese Gynecologic Oncology Group (current position) June 2020 Director of the Company (current position) July 2020 Board Member of Japan Society of Gynecologic Oncology (current position) June 2024 Director of Japanese Medical Specialty Board (current position)	(Note 3)	–
Audit & Supervisory Board Member	Akihiko Kita	September 10, 1959	Apr. 1984 Joined Takara Shuzo Co., Ltd. Apr. 2005 General Manager of Manufacturing Department of the Company Apr. 2011 Deputy General Manager of AgriBio Business Unit Apr. 2013 General Manager of AgriBio Business Unit Apr. 2014 Executive Officer General Manager of Functional Foods Department, General Manager of Kusunoki Plant June 2016 Audit & Supervisory Board Member (current position)	(Note 5)	16

Title and position	Name	Date of birth	Career summary	Term of office	Number of shares held (Hundreds of shares)
Audit & Supervisory Board Member	Masahide Tamaki	February 28, 1960	Apr. 1983 Joined Takara Shuzo Co., Ltd. Apr. 2005 General Manager of Sales Department of the Company Apr. 2007 Executive Officer June 2009 Deputy General Manager of Genetic Engineering Research Business Unit Apr. 2015 General Manager of AgriBio Business Unit June 2016 Senior Executive Officer June 2019 Audit & Supervisory Board Member (current position)	(Note 5)	60
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Kunihiko Kamada	May 16, 1960	Apr. 1992 Registered as an attorney (Osaka Bar Association) Mar. 1993 Registered as a patent attorney Apr. 2007 Part-time Lecturer at Meijo University Jan. 2011 Partner of Daiichi Legal Professional Corporation (current position) June 2016 Audit & Supervisory Board Member of the Company (current position)	(Note 6)	–
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Yasuo Himeiwa	November 5, 1953	Aug. 1983 Joined Pete Marwick Mitchell Accountants (currently KPMG) Aug. 1990 Registered as a Japanese Certified Public Accountant Aug. 1994 Director in charge of Europe of KPMG Project Japan Jan. 1996 Partner of Century Audit Corporation (currently Ernst & Young ShinNihon LLC) Feb. 2001 Senior Partner of Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC) Sept. 2003 Partner of AZSA & Co. (currently KPMG AZSA LLC) July 2009 General Manager of Osaka GJP (Global Japanese Practice) Office, KPMG AZSA & Co. (currently KPMG AZSA LLC) May 2015 Chairman of National Partners Association of KPMG AZSA LLC June 2016 President of Himeiwa Certified Public Accountant Office (current position) Audit & Supervisory Board Member of the Company (current position) June 2017 Outside Member of the Board (Member of Audit & Supervisory Committee) of Sharp Corporation (current position) June 2020 Outside Director (auditing committee member) of IDEC CORPORATION June 2021 Outside Director (full-time auditing committee member) of IDEC CORPORATION (current position)	(Note 6)	–
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Masaaki Makikawa	January 1, 1952	Apr. 1996 Professor with the Department of Robotics of the Faculty of Science and Engineering at Ritsumeikan University Apr. 2003 Head of the Liaison Office of Biwako-Kusatsu Campus at Ritsumeikan University Apr. 2005 Head of the Research Center for Sport and Health Science at Ritsumeikan University Apr. 2007 Executive Director of the Institute of Science and Technology at Ritsumeikan University Apr. 2011 Visiting Professor with the Graduate School of Medicine at Osaka University (current position) Apr. 2012 Dean of the Research Division at Ritsumeikan University Apr. 2017 Special Professor with the Faculty of Science and Engineering at Ritsumeikan University June 2017 Audit & Supervisory Board Member of the Company (current position) July 2017 Special Professor with the Faculty of Science and Engineering (Assistant Director) at Ritsumeikan University Apr. 2021 President of Osaka Hatsushiba Trust (present Risho Gakuen) (current position) Apr. 2022 Assistant Director of Ritsumeikan University Visiting Professor of Research Organization of Science and Technology at Ritsumeikan University (current position)	(Note 4)	–

Title and position	Name	Date of birth	Career summary	Term of office	Number of shares held (Hundreds of shares)
Total					1,901

Notes:
1. Three Directors, Nobuko Kawashima, Kazuko Kimura, and Noriomi Matsumura, are external Directors.
2. Three Audit & Supervisory Board Members, Kunihiko Kamada, Yasuo Himeiwa, and Masaaki Makikawa, are external Audit & Supervisory Board Members.
3. From the close of the Annual General Meeting of Shareholders held on June 21, 2024, to the close of the Annual General Meeting of Shareholders to be held in June 2025.
4. From the close of the Annual General Meeting of Shareholders held June 24, 2021, to the close of the Annual General Meeting of Shareholders to be held in June 2025.
5. From the close of the Annual General Meeting of Shareholders held on June 24, 2023, to the close of the Annual General Meeting of Shareholders to be held in June 2027. At the conclusion of this general meeting, Audit & Supervisory Board Members Akihiko Kita and Masahide Tamaki will resign.
6. From the close of the Annual General Meeting of Shareholders held on June 21, 2024, to the close of the Annual General Meeting of Shareholders to be held in June 2028.
7. The Company has introduced an executive officer system to promote further activation of the Board of Directors and to improve management efficiency by separating the decision-making and business execution supervision functions of the Board of Directors from the business execution functions of each department. The Company has 15 Executive Officers, ten of whom, excluding the above five Directors who concurrently serve as Executive Officers, are as follows.

Senior Managing Executive Officer	Head of SCM Division	Kyoko Nakajima
Senior Executive Officer	Head of Sales & Marketing Division and General Manager of Sales Administration Department	Akira Kodera
Senior Executive Officer	Head of Quality Management Division	Ikuei Nukaya
Senior Executive Officer	Head of CDM Business Development Division	Katsuhito Hashizume
Executive Officer	Head of Human Resources & General Affairs Division and General Manager of General Affairs Department	Noritaka Nishiwaki
Executive Officer	Head of Corporate Management Division	Takuya Kakemi
Executive Officer	Head of Manufacturing Division	Tatsuji Enoki
Executive Officer	Deputy Head of CDM Business Development Division and General Manager of Genome Analysis Center 1	Akiyuki Sato
Executive Officer	Head of Global Business Division	Hiroki Tomohisa
Executive Officer	Head of Business Development and R&D Project Management Division	Maki Tanaka

8. Takara Shuzo Co., Ltd. changed its name to Takara Holdings Inc. on April 1, 2002.

8. Takara Shuzo Co., Ltd. changed its name to Takara Holdings Inc. on April 1, 2002.

2) As agenda items (matters to be resolved) at the Annual General Meeting of Shareholders to be held on June 24, 2025, the Company has presented "election of nine directors" and "election of three audit & supervisory board members." When those agenda items are approved and passed, the Company's officers and their terms of office are expected to be as follows.

The officers' duties stated include the contents of matters to be resolved (duties, etc.) at a meeting of the Board of Directors to be held immediately after that Annual General Meeting of Shareholders.

Male: 12, Female: 2 (Percentage of female officers: 14.3%)

Title and position	Name	Date of birth	Career summary	Term of office	Number of shares held (Hundreds of shares)
Director and Chairman	Koichi Nakao	June 16, 1962	Apr. 1985 Joined Takara Shuzo Co., Ltd. Apr. 2002 Director of the Company June 2003 Managing Director Executive Officer June 2004 Senior Managing Director Apr. 2006 COO (Chief Operating Officer) June 2007 Representative Director and Vice President May 2009 Representative Director and President Director and President of Takara Bio USA Holdings Inc. June 2009 Director of Takara Holdings Inc. June 2015 President and Executive Officer Apr. 2020 CEO (Chief Executive Officer) Apr. 2021 Representative Director of Manufacturing Technology Association of Biologics (current position) June 2024 Senior Managing Executive Officer of Takara Holdings Inc. (current position) June 2025 Director and Chairman (to assume)	(Note 3)	761
Representative Director and President President and Executive Officer CEO	Tsuyoshi Miyamura	October 20, 1963	Apr. 1988 Joined Takara Shuzo Co., Ltd. Jan. 2009 General Manager of Sales Department of the Company June 2009 Executive Officer June 2014 Senior Executive Officer June 2018 Director Dec. 2019 Chairman of Takara Biomedical Technology (Beijing) Co., Ltd. (current position) Mar. 2021 Co-Representative Director and Chairman of Takara Korea Biomedical Inc. (current position) Apr. 2021 CMO (Chief Marketing Officer) Apr. 2022 Chairman of Takara Biotechnology (Dalian) Co., Ltd. (current position) Senior Managing Executive Officer (current position) June 2023 Senior Managing Director Apr. 2024 In charge of Reagents & Instruments Businesses Director and President of Takara Bio USA Holdings Inc. (current position) Apr. 2025 In charge of Global Business June 2025 Representative Director and President (to assume) President and Executive Officer (to assume) CEO (Chief Executive Officer) (to assume)	(Note 3)	138

Title and position	Name	Date of birth	Career summary	Term of office	Number of shares held (Hundreds of shares)
Director and Vice President Vice President and Executive Officer	Junichi Mineno	August 13, 1960	Apr. 1984 Joined Takara Shuzo Co., Ltd. Apr. 2004 General Manager of Center for Cell and Gene Therapy Facility of the Company June 2009 Deputy General Manager of Gene Therapy Business Unit General Manager of Center for Cell and Gene Therapy Facility Apr. 2011 Executive Officer June 2012 Senior Executive Officer June 2014 Managing Director June 2015 Senior Executive Officer July 2016 Co-Representative Director and Vice Chairman of Takara Korea Biomedical Inc. June 2019 Director Senior Managing Executive Officer Apr. 2020 COO (Chief Operating Officer) Apr. 2022 Executive Vice President (current position) June 2023 Director and Vice President (current position) Apr. 2024 In charge of CDM Business (current position) Apr. 2025 In charge of Sales & Marketing (current position)	(Note 3)	144
Director and Vice President Vice President and Executive Officer	Katsuhiko Kusakabe	June 1, 1961	Apr. 1986 Joined Takara Shuzo Co., Ltd. June 2017 Executive Officer of the Company Apr. 2020 Deputy General Manager of Manufacturing Division Apr. 2021 General Manager of Manufacturing Management Division June 2021 Senior Executive Officer Apr. 2023 Senior Managing Executive Officer June 2023 Senior Managing Director Apr. 2025 CDXO (Chief Digital Transformation Officer) In charge of Manufacturing (current position) June 2025 Director and Vice President (to assume) Vice President and Executive Officer (to assume)	(Note 3)	84
Director and Vice President Vice President and Executive Officer	Yoh Hamaoka	October 9, 1962	Apr. 1987 Joined Japan Tobacco Inc. Feb. 2000 Joined Takara Shuzo Co., Ltd. Apr. 2004 Executive Officer of the Company June 2009 Senior Executive Officer Deputy General Manager of Gene Therapy Business Unit Apr. 2017 In charge of Intellectual Property Department General Manager of Business Development Department June 2018 In charge of General Affairs Department Apr. 2019 In charge of Project Management Department Apr. 2020 General Manager of R&D Division Apr. 2021 CFO (Chief Financial Officer) June 2021 Director Senior Managing Executive Officer June 2023 Senior Managing Director Apr. 2025 In charge of Business Development and R&D Project Management (current position) June 2025 Director and Vice President (to assume) Vice President and Executive Officer (to assume) General Manager of Corporate Management Division (to assume)	(Note 3)	171

Title and position	Name	Date of birth	Career summary	Term of office	Number of shares held (Hundreds of shares)
Director	Mutsumi Kimura	February 3, 1963	Apr. 1985 Joined Takara Shuzo Co., Ltd. Apr. 2002 Director of the Company June 2004 Managing Director June 2007 Senior Managing Director May 2009 Director and Vice President June 2009 Representative Director and Vice President June 2014 Director of Takara Holdings Inc., Senior Managing Director of Takara Shuzo Co., Ltd. June 2016 Representative Director and Vice President of Takara Holdings Inc. June 2017 Director of Takara Shuzo Co., Ltd. (current position) July 2017 Representative Director and President of Takara Shuzo International Co., Ltd. June 2018 Representative Director and President of Takara Holdings Inc. (current position) Apr. 2020 Director of Takara Shuzo International Co., Ltd. (current position) June 2022 Director (current position)	(Note 3)	527
Director (External Director)	Nobuko Kawashima	October 27, 1962	Apr. 1986 Joined The Long-Term Credit Bank of Japan, Limited (currently SBI Shinsei Bank, Limited) Sept. 1987 Joined Dentsu Communication Institute Inc. Sept. 1995 Research fellow at the Centre for Cultural Policy Studies of the University of Warwick Apr. 1999 Full-time lecturer with the Faculty of Economics at Doshisha University Apr. 2004 Professor with the Faculty of Economics at Doshisha University (current position) June 2016 Director of the Company (current position) June 2021 Outside Director of TOKAI Holdings Corporation (current position)	(Note 3)	–
Director (External Director)	Kazuko Kimura	May 1, 1951	Apr. 1976 Safety and Environmental Health Bureau, Ministry of Health and Welfare (currently Ministry of Health, Labour and Welfare) Apr. 1979 Pharmaceutical Affairs Bureau, Ministry of Health and Welfare (currently Ministry of Health, Labour and Welfare) July 1996 Pharmaceutical Department of World Health Organization (on secondment) July 1999 Organization for Pharmaceutical Safety and Research (on secondment) Apr. 2000 Professor of International Medical Research Laboratory, Institute of Medical, Pharmaceutical and Health Sciences, Kanazawa University June 2013 Director (Outside Director) of Alfresa Holdings Corporation Sept. 2013 Representative Director of Medicines Security Workshop (current position) Apr. 2017 Professor Emeritus of Kanazawa University (current position) Oct. 2017 Specially Appointed Professor of Graduate School of Medical Sciences, National University Corporation Kanazawa University June 2019 Director of the Company (current position) June 2021 Outside Director of Mitsubishi Logistics Corporation (current position)	(Note 3)	–

Title and position	Name	Date of birth	Career summary	Term of office	Number of shares held (Hundreds of shares)
Director (External Director)	Noriomi Matsumura	July 10, 1971	May 1998 Medical Staff with Department of Obstetrics and Gynecology at Hyogo Prefectural Amagasaki Hospital Apr. 2000 Medical Staff with Department of Obstetrics and Gynecology at Toyooka Public Hospital Sept. 2002 Medical Staff with Department of Obstetrics and Gynecology at Kyoto University Hospital Apr. 2007 Clinical Assistant Professor with Department of Obstetrics and Gynecology at National University Corporation Kyoto University Hospital Apr. 2008 Assistant Professor with Department of Obstetrics and Gynecology at National University Corporation Kyoto University Hospital Dec. 2012 Lecturer with Maternal and Perinatal Care Unit at National University Corporation Kyoto University Hospital Aug. 2013 Associate Professor with Department of Gynecology and Obstetrics at National University Corporation Kyoto University Hospital Apr. 2017 Professor with Department of Obstetrics and Gynecology of Faculty of Medicine at Kindai University (current position) June 2017 Vice Chairperson of Board Certification Committee of Japan Society of Obstetrics and Gynecology (current position) Dec. 2018 Director of Japanese Gynecologic Oncology Group (current position) June 2020 Director of the Company (current position) July 2020 Board Member of Japan Society of Gynecologic Oncology (current position) June 2024 Director of Japanese Medical Specialty Board (current position)	(Note 3)	–
Audit & Supervisory Board Member	Takuya Kakemi	October 22, 1966	Apr. 1990 Joined Takara Shuzo Co., Ltd. Apr. 2020 Executive Officer of the Company General Manager of Corporate Development Division Apr. 2025 General Manager of Corporate Management Division June 2025 Audit & Supervisory Board Member (to assume)	(Note 4)	20
Audit & Supervisory Board Member	Satoshi Kumo	February 13, 1966	Apr. 1990 Joined Takara Shuzo Co., Ltd. Apr. 2021 General Manager of Intellectual Property Department Apr. 2024 General Manager of Internal Auditing Department June 2025 Audit & Supervisory Board Member (to assume)	(Note 4)	20
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Kunihiko Kamada	May 16, 1960	Apr. 1992 Registered as an attorney (Osaka Bar Association) Mar. 1993 Registered as a patent attorney Apr. 2007 Part-time Lecturer at Meijo University Jan. 2011 Partner of Daiichi Legal Professional Corporation (current position) June 2016 Audit & Supervisory Board Member of the Company (current position)	(Note 5)	–

Title and position	Name	Date of birth	Career summary	Term of office	Number of shares held (Hundreds of shares)
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Yasuo Himeiwa	November 5, 1953	Aug. 1983 Joined Pete Marwick Mitchell Accountants (currently KPMG) Aug. 1990 Registered as a Japanese Certified Public Accountant Aug. 1994 Director in charge of Europe of KPMG Project Japan Jan. 1996 Partner of Century Audit Corporation (currently Ernst & Young ShinNihon LLC) Feb. 2001 Senior Partner of Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC) Sept. 2003 Partner of AZSA & Co. (currently KPMG AZSA LLC) July 2009 General Manager of Osaka GJP (Global Japanese Practice) Office, KPMG AZSA & Co. (currently KPMG AZSA LLC) May 2015 Chairman of National Partners Association of KPMG AZSA LLC June 2016 President of Himeiwa Certified Public Accountant Office (current position) Audit & Supervisory Board Member of the Company (current position) June 2017 Outside Member of the Board (Member of Audit & Supervisory Committee) of Sharp Corporation (current position) June 2020 Outside Director (auditing committee member) of IDEC CORPORATION June 2021 Outside Director (full-time auditing committee member) of IDEC CORPORATION (current position)	(Note 5)	–
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	Masaaki Makikawa	January 1, 1952	Apr. 1996 Professor with the Department of Robotics of the Faculty of Science and Engineering at Ritsumeikan University Apr. 2003 Head of the Liaison Office of Biwako-Kusatsu Campus at Ritsumeikan University Apr. 2005 Head of the Research Center for Sport and Health Science at Ritsumeikan University Apr. 2007 Executive Director of the Institute of Science and Technology at Ritsumeikan University Apr. 2011 Visiting Professor with the Graduate School of Medicine at Osaka University (current position) Apr. 2012 Dean of the Research Division at Ritsumeikan University Apr. 2017 Special Professor with the Faculty of Science and Engineering at Ritsumeikan University June 2017 Audit & Supervisory Board Member of the Company (current position) July 2017 Special Professor with the Faculty of Science and Engineering (Assistant Director) at Ritsumeikan University Apr. 2021 President of Osaka Hatsushiba Trust (present Risho Gakuen) (current position) Apr. 2022 Assistant Director of Ritsumeikan University Visiting Professor of Research Organization of Science and Technology at Ritsumeikan University (current position)	(Note 6)	–
Total					1,865

Notes:
1. Three Directors, Nobuko Kawashima, Kazuko Kimura, and Noriomi Matsumura, are external Directors.
2. Three Audit & Supervisory Board Members, Kunihiko Kamada, Yasuo Himeiwa, and Masaaki Makikawa, are external Audit & Supervisory Board Members.
3. From the close of the Annual General Meeting of Shareholders to be held on June 24, 2025, to the close of the Annual General Meeting of Shareholders to be held in June 2026.
4. From the close of the Annual General Meeting of Shareholders to be held on June 24, 2025, to the close of the Annual General Meeting of Shareholders to be held in June 2027.
5. From the close of the Annual General Meeting of Shareholders held on June 21, 2024, to the close of the Annual General Meeting of Shareholders to be held in June 2028.
6. From the close of the Annual General Meeting of Shareholders to be held on June 24, 2025, to the close of the Annual General Meeting of Shareholders to be held in June 2029.

7. The Company has introduced an executive officer system to promote further activation of the Board of Directors and to improve management efficiency by separating the decision-making and business execution supervision functions of the Board of Directors from the business execution functions of each department. The Company has 15 Executive Officers, 11 of whom, excluding the above four Directors who concurrently serve as Executive Officers, are as follows.

Senior Managing Executive Officer	In charge of Reagents/Instruments Business, In charge of Global Business and Head of SCM Division	Kyoko Nakajima
Senior Executive Officer	Head of Sales & Marketing Division and General Manager of Sales Administration Department	Akira Kodera
Senior Executive Officer	Head of Quality Management Division	Ikuei Nukaya
Senior Executive Officer	Head of CDM Business Development Division	Katsuhito Hashizume
Senior Executive Officer	Head of Global Business Division	Hiroki Tomohisa
Executive Officer	Head of Human Resources & General Affairs Division and General Manager of General Affairs Department	Noritaka Nishiwaki
Executive Officer	Head of Manufacturing Division	Tatsuji Enoki
Executive Officer	Deputy Head of CDM Business Development Division and General Manager of Genome Analysis Center 1	Akiyuki Sato
Executive Officer	Head of Business Development and R&D Project Management Division	Maki Tanaka
Executive Officer	Head of CDM Division	Shuichi Takahashi
Executive Officer	Head of Manufacturing Control Division and General Manager of Information Systems Department	Yoshihiro Hayashi

8. Takara Shuzo Co., Ltd. changed its name to Takara Holdings Inc. on April 1, 2002.

(ii) External officers

The Company has three external Directors and three external Audit & Supervisory Board Members.

Three external Directors, Nobuko Kawashima, Kazuko Kimura, and Noriomi Matsumura, and three external Audit & Supervisory Board Members, Kunihiko Kamada, Yasuo Himeiwa, and Masaaki Makikawa, have no personal, capital, or business relationship with the Company or any other relationship that could cause a conflict of interest with general shareholders, and we have judged that they are independent from the Company.

External Director Nobuko Kawashima is, as of the date of submission of this report, a Professor at Doshisha University and an Outside Director of TOKAI Holdings Corporation, but there is no material relationship between either of these entities and the Company.

External Director Kazuko Kimura is, as of the date of submission of this report, a Professor Emeritus of Kanazawa University, a Representative Director of Medicines Security Workshop, and an Outside Director of Mitsubishi Logistics Corporation, but there is no material relationship between any of these entities and the Company.

External Director Noriomi Matsumura is a Professor of Department of Obstetrics and Gynecology of Faculty of Medicine at Kindai University, as of the date of submission of this report, but there is no material relationship between said educational corporation and the Company.

External Audit & Supervisory Board Member Kunihiko Kamada is a Partner of Daiichi Legal Professional Corporation as of the date of submission of this report, but there is no material relationship between said law firm and the Company.

External Audit & Supervisory Board Member Yasuo Himeiwa is President of Himeiwa Certified Public Accountant Office, an Outside Member of the Board (Member of Audit & Supervisory Committee) of Sharp Corporation, and an Outside Director (full-time auditing committee member)

of IDEC CORPORATION as of the date of submission, but there is no material relationship between any of these entities and the Company.

External Audit & Supervisory Board Member Masaaki Makikawa is a Visiting Professor of the Research Organization of Science and Technology at Ritsumeikan University, and the President of Risho Gakuen as of the date of submission of this report, but there is no material relationship between either of these entities and the Company.

The Company has designated three external Directors, Nobuko Kawashima, Kazuko Kimura, and Noriomi Matsumura, and three external Audit & Supervisory Board Members, Kunihiko Kamada, Yasuo Himeiwa, and Masaaki Makikawa, as independent officers as stipulated by the Tokyo Stock Exchange, and has notified that Exchange of such designation.

The Company has established criteria for independence from the Company to appoint external Directors and external Audit & Supervisory Board Members.

[Criteria for independence of external officers]

External officers who do not meet any of the following criteria are judged to be independent.

1) A person who is currently a director, auditor, manager, or other employee of the parent company of the Company

2) A person who has been a director, auditor, manager, or other employee of the parent company of the Company in the past

3) A person who is currently a director, auditor, manager, or other employee of a sister company of the Company

4) A person who has been a director, auditor, manager, or other employee of a sister company of the Company in the past

5) A person whose major business partner is the Company or its subsidiary (a person who has received from the Company or its subsidiary a payment of 2% or more of the person's annual consolidated gross sales for the most recent fiscal year) or a parent company or significant subsidiary of the person, or an executive director, executive officer, corporate officer, or manager or other employee of the relevant company if such person is a company.

6) A person whose major business partner has been the Company or its subsidiary (a person who has received from the Company or its subsidiary a payment of 2% or more of the person's annual consolidated gross sales for the most recent fiscal year) in any of the three fiscal years preceding the most recent fiscal year, or a parent company or significant subsidiary of the person, or an executive director, executive officer, corporate officer, or manager or other employee of the relevant company if such person is a company.

7) A person who is a major business partner of the Company (a person who has made payments to the Company of 2% or more of the Company's annual consolidated gross sales in the most recent fiscal year) or a parent company or significant subsidiary of the person, or an executive director, executive officer, corporate officer, or manager or other employee of the relevant company if such person is a company.

8) A person who has been a major business partner of the Company in any of the three fiscal years preceding the most recent fiscal year (a person who has made payments to the Company of 2% or more of the Company's annual consolidated gross sales in the most recent fiscal year of the subject fiscal year) or a parent company or significant subsidiary of the person, or an executive director, executive officer, corporate officer, or manager or other employee of the relevant company if such person is a company.

9) Directors (limited to those in charge of business execution) or other executives (an officer, employee, or servant who executes the business of relevant organization) of organizations (for example, public interest incorporated foundation, public interest incorporated association, nonprofit corporation, etc.) that have received donations or grants from the Company or its subsidiaries averaging more than ¥10 million per year for the past three years

10) A person who was a director, auditor, accounting advisor, executive officer, or corporate officer of a company that accepts directors (whether full-time or part-time) from the Company or its subsidiaries, or its parent company or subsidiaries

11) A person who is a director, auditor, accounting advisor, executive officer, corporate officer, manager, or other employee of financial institutions or other major creditors (hereinafter, "major creditors, etc."), or their parent companies or material subsidiaries, that are essential to the Company's financing and on which the Company depends to the extent that there is no alternative

12) A person who has been a director, auditor, accounting advisor, executive officer, corporate officer, manager, or other employee of the Company's current major creditors, etc., or its parent company or material subsidiary in the past three years

13) A person who is currently a certified public accountant (or certified tax accountant) or a member, partner, or employee of an auditing firm (or certified tax accountant firm) that is an accounting auditor or accounting advisor of the Company or its subsidiary

14) A person who has been a certified public accountant (or certified tax accountant) or a member, partner, or employee of an auditing firm (or certified tax accountant firm) that has been an accounting auditor or accounting advisor of the Company or its subsidiary in the past three years, and who has been actually in charge of auditing work (except for auxiliary involvement) for the Company or its subsidiary (including those who are currently retired or have left the institution)

15) Lawyers, certified public accountants, certified tax accountants, or other consultants who do not fall under 13) or 14) above and who have received, on average, annual monetary or other financial benefits of ¥10 million or more from the Company or its subsidiaries in the past three years, other than remuneration for officers

16) A person who is a member, partner, associate, or employee of a law firm, auditing firm, tax accounting firm, consulting firm, or other professional advisory firm that does not fall under 13) or 14) above and whose principal client is the Company or its subsidiaries (a firm that has received, on average, 2% or more of the firm's consolidated gross sales from the Company or that company in the past three fiscal years)

17) A person whose spouse or a relative within the second degree of kinship falls under any of the above categories 1) through 16)

18) A person who may permanently have a substantial conflict of interest with the Company's general shareholders as a whole due to circumstances other than those considered in 1) through 17) above

(iii) Coordination between supervision or auditing by external Directors or external Audit & Supervisory Board Members and internal audits, audits by Audit & Supervisory Board Members and accounting audits, and relationship with divisions involved in internal control

When convening a meeting of the Board of Directors, external Directors and external Audit & Supervisory Board Members are provided with agenda items and other relevant materials in advance, and explanations are provided by the Director in charge, etc., as necessary.

External Directors receive reports on internal audits, audits by Audit & Supervisory Board Members, and accounting audits through the Board of Directors, and fulfill their function of management supervision of Directors from a standpoint independent of business execution.

External Audit & Supervisory Board Members receive reports on internal audits through the Board of Directors, conduct audits in cooperation with Audit & Supervisory Board Members, and directly receive reports on audit plans, audit status, and audit results from the Accounting Auditor, thereby fulfilling the function of auditing the execution of duties by the Directors from an objective and neutral standpoint.

(3) Status of audits

(i) Status of audits by Audit & Supervisory Board Members

The Audit & Supervisory Board consists of five members, including three external Audit & Supervisory Board Members. In accordance with the audit policy and audit plan formulated by the Audit & Supervisory Board, the Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings, receive business reports from Directors and others, inspect important documents, and investigate the status of operations and assets in order to audit the execution of duties by Directors. The summary of the audit activities are as follows.

Summary of audit activities

(1) Directors	Attendance at Board of Directors meetings Periodic exchanges of opinions with the Representative Director Hearing of important management matters
(2) Business execution	Hearing of business execution from Directors and employees, etc., and attendance at other important meetings Conducting audits of consolidated subsidiaries Investigation of business and property conditions
(3) Internal audits	Inspection and investigation of important documents (approval documents, company seal request forms, minutes of important meetings, contracts, etc.) Attendance at audits and inspections by the Internal Audit Department Daily exchange of opinions with the Internal Audit Department
(4) Accounting audits	Hearing of audit plans, interim review reports, and audit result reports Receipt of notices and exchange of opinions on the system for performing duties of the Accounting Auditor Implementation of evaluation of the Accounting Auditor

The status of each Audit & Supervisory Board Member and the percentage of attendance at the Audit & Supervisory Board meetings held during the fiscal year under review are as follows.

Title and position	Name	Career summary, etc.	Number of meetings attended
Audit & Supervisory Board Member	Akihiko Kita	Akihiko Kita has experience in the development, manufacturing control, production, and quality assurance of the AgriBio business, and has been engaged in the overall management of overseas subsidiaries as the General Manager of Takara Biotechnology (Dalian) Co., Ltd. and as a Director of Takara Biomedical Technology (Beijing) Co., Ltd.	13/13 (100%)
Audit & Supervisory Board Member	Masahide Tamaki	Masahide Tamaki is engaged in sales, logistics, and purchasing of products and services in the Bioindustry business, and has experience in overall management of subsidiaries in the AgriBio business.	13/13 (100%)
External Audit & Supervisory Board Member	Kunihiko Kamada	Kunihiko Kamada is qualified as an attorney-at-law and has considerable knowledge of corporate legal affairs.	13/13 (100%)
External Audit & Supervisory Board Member	Yasuo Himeiwa	Yasuo Himeiwa is qualified as a certified public accountant and has considerable knowledge of finance and accounting.	13/13 (100%)
External Audit & Supervisory Board Member	Masaaki Makikawa	Masaaki Makikawa has experience and expertise in the fields of medical engineering and bioengineering, having supervised research for national projects and undertaken many industry-academia collaborative projects such as commissioned research and joint research.	13/13 (100%)

In the fiscal year under review, audits were conducted based on important audit items, such as verifying compliance with relevant laws and regulations in line with business expansion, verifying effectiveness of group governance, confirming information security, human resource development, and asset preservation, and risk management of the closing.
In addition to the aforementioned important audit items, the Audit & Supervisory Board Members conducted interviews with all divisions, interviews through on-site inspections of all overseas subsidiaries, and interviews with all committees or document audits of the committees.
The external Audit & Supervisory Board Members attended meetings of the Board of Directors and other important meetings, and exchanged opinions with management and the Accounting Auditor. They also attended meetings of the Audit & Supervisory Board to receive reports from the Audit & Supervisory Board Members on the status of other important meetings, as well as on the status and results of audits, and gathered necessary information and expressed their opinions as necessary by utilizing their professional knowledge and background.

Moreover, as an agenda item at the Annual General Meeting of Shareholders to be held on June 24, 2025, the Company has proposed "election of three Audit & Supervisory Board Members." When that agenda item is approved and passed, the Audit & Supervisory Board will continue to consist of five members, including three external Audit & Supervisory Board Members.

(ii) Internal audits

Internal audits at the Company are conducted by the Internal Audit Department (3 members), which is independent from the business execution divisions and directly supervised by the Representative Director and President. The Internal Audit Department conducts internal audits on general operations of the Company and subsidiaries from the point of view of legality and legal compliance, in cooperation with Audit & Supervisory Board, and also works to enhance the internal control and internal checks and balances by evaluating the status of developing and operating internal control regarding financial reports, and regularly reports the results to the President, Board of Directors, Audit & Supervisory Board of the Company, etc. There has been a system to direct reported problems to the responsible department to ensure that appropriate improvements are made. The Internal Audit Department has ensured collaboration between the Internal Audit Department and Directors and Audit & Supervisory Board Members by reporting directly to the Board of Directors twice a year and the Audit & Supervisory Board on a regular basis.

(iii) Accounting audits

1) Name of audit corporation

Deloitte Touche Tohmatsu LLC

2) Length of continuous auditing

Since 1968 (including the period of continuous auditing at Takara Shuzo Co., Ltd. prior to the establishment of the Company)

3) Certified public accountants who conducted audits

Tomoyuki Suzuki, Designated Limited Partner, Certified Public Accountant
Yuya Minobe, Designated Limited Partner, Certified Public Accountant

4) Assistant accountants who participated in audits

10 certified public accountants and 13 others

5) Policy and reason for selecting the audit corporation

In selecting an audit corporation, we make a comprehensive judgment based on the following main considerations, taking into account the nature and scale of our business.

- Continued adequacy of the quality control system
- High level of independence and expertise
- Reasonableness and appropriateness of audit fees
- The corporation has an audit system that can provide support on a global basis

6) Evaluation of audit corporation by Audit & Supervisory Board Members and Audit & Supervisory Board

In accordance with the Accounting Auditor Evaluation Standards, our Audit & Supervisory Board Members and the Audit & Supervisory Board evaluate the auditing corporation each fiscal year through reports from the Finance & Accounting Department on the status of audit implementation and through periodic exchanges of opinions with the auditing corporation and hearing confirmation items.

As a result, we have determined not to dismiss or refuse to reappoint Deloitte Touche Tohmatsu LLC, as our current auditing firm.

(iv) Details of audit fee, etc.

1) Remuneration to independent auditors

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)
Reporting company	51	–	56	–
Consolidated subsidiaries	–	–	–	–
Total	51	–	56	–

2) Remuneration to the same network as independent auditors (excluding remuneration to Deloitte Tohmatsu Group (1))

Category	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)
Reporting company	–	32	–	20
Consolidated subsidiaries	176	42	189	45
Total	176	75	189	66

Non-audit services for the Company and its consolidated subsidiaries include tax advisory services, etc.

3) Details of other major remuneration for audit certification services

Not applicable.

4) Policy on determining audit fee

The Company does not have a clear policy for determining the audit fee for independent auditors. However, the Company receives an explanation of the details of the estimated amount of the audit fee presented by the auditing corporation, and determines the amount after discussion and with the consent of the Audit & Supervisory Board.

5) Reasons for approval of the Accounting Auditor remuneration by the Audit & Supervisory Board

The Audit & Supervisory Board, after receiving necessary materials and reports from the Directors, relevant internal departments, and the Accounting Auditor, and after reviewing the details of the audit plan of the Accounting Auditor, the performance of its duties during the previous fiscal year, and the basis for the calculation of the remuneration estimate, has decided to consent to the remuneration for the Accounting Auditor as stipulated in Article 399, paragraph 1 of the Companies Act.

(4) Remuneration, etc. for officers

(i) Matters concerning the policy for determining the amount of remuneration, etc. for officers as well as the method of calculation thereof

1) Basic policy

The Company’s basic policy regarding remuneration for officers is an annual salary-based remuneration system designed to promote excellent human resources as managers, to motivate them more strongly to execute management strategies, and to further increase corporate value.

The amount of remuneration for each officer is determined within the remuneration limits resolved at the Annual General Meeting of Shareholders, based on the method of performance evaluation approved at the Board of Directors meeting held on December 16, 2019, taking

into consideration their position and their contribution to the company's performance, and is paid at a certain time each month.

As of the date of submission of the Securities Report, the amount of remuneration for Directors is determined by the Representative Director and President Koichi Nakao, who is authorized by the Board of Directors, with advice and recommendations from the Nomination and Compensation Committee, which is established voluntarily by the Company. This is because the Company has introduced a target management system for the evaluation of the divisional performance of its Executive Directors, and the targets in the divisional performance evaluation include not only division-specific quantitative targets but also qualitative targets, and the Representative Director and President implements the performance evaluation. The Board of Directors believes that this method will promote excellent human resources as managers and motivate them to execute management strategies more strongly and further increase corporate value.

As an agenda item at the Annual General Meeting of Shareholders to be held on June 24, 2025, the Company has proposed "election of nine directors," and as a matter to be resolved at the Board of Directors meeting to be held immediately after that Annual General Meeting of Shareholders, "appointment of executive officers" is to be brought up. When said agenda item and matter are approved and passed, the person who has the power to set the amount of remuneration for Directors will be Representative Director and President Tsuyoshi Miyamura.

2) Remuneration system

Remuneration for Executive Directors consists of a fixed salary and a variable salary linked to the company's performance and other factors to reflect their responsibilities as Directors and their contribution to corporate performance. The fixed salary is 50% of the amount of remuneration for the previous fiscal year, and the variable salary is determined based on the company-wide and divisional performance evaluations, using 50% of the amount of remuneration for the previous fiscal year as the basis for calculating the variable salary.

Remuneration for Directors and Audit & Supervisory Board Members who are independent of the execution of business operations is fixed salary only, within the limit of remuneration resolved at the Annual General Meeting of Shareholders.

3) Calculation method of variable salary

The calculation method of variable salary for Executive Directors is as follows.

Total variable salary (Rate of 50%)	Overall performance evaluation (Rate of 25%)	Divisional performance evaluation (Rate of 25%)
Calculation method	(Previous year's annual salary × consolidated operating profit to budget ratio (%) × 10%) + (previous year's annual salary × non-consolidated operating profit to budget ratio (%) × 10%) + (previous year's annual salary × non-consolidated operating profit to previous year ratio (%) × 5%) Note: Figures (%) for ratio to the budget and the previous year are handled as follows. ・ If the figures are within 100% ±5% of the budget or the previous year's figures, they remain unchanged. ・ If the figures are over 100% ±5% of the budget or the previous year's figures, the figures are added or subtracted by 1% in increments of 5% for the portion exceeding ±5% of the budget or the previous year's ratio. ・ The lower limit of the ratio to the budget and previous year is 90%, and the upper limit is 110%.	Previous year's annual salary x department performance evaluation coefficient (five-level evaluation: lower limit 80% to upper limit 120%) x 25% Note: The department performance evaluation coefficient will fluctuate within the range of 80% to 120% based on the five-level evaluation according to the degree of achievement of targets under the target management system.
Reasons for selection of indicators, etc.	Operating profit is positioned as the Company's most important management indicator.	We have introduced a target management system to clarify the responsibility of the Executive Directors for the results of the divisions for which they are in charge. Targets in the evaluation of divisional performance include not only division-specific quantitative targets but also qualitative targets.
Results	Consolidated operating profit: 90% of budget Non-consolidated operating profit: 90% of budget and 90% of the previous year's level	The Representative Director and President made a comprehensive evaluation based on individual interviews between the Executive Directors and the Representative Director and President.

4) Resolution of the General Meeting of Shareholders regarding the remuneration for officers

The details of the resolution of the General Meeting of Shareholders regarding remuneration for officers are as follows.

a) Date of the resolution of the General Meeting of Shareholders

June 23, 2017

b) Directors

Fixed remuneration amount

Up to ¥184.8 million per year (including up to ¥30 million for external Directors)

Performance-linked remuneration amount

Up to 5% of consolidated operating profit for the previous period per year

Number of Directors eligible for remuneration

8

c) Audit & Supervisory Board Members

Fixed remuneration amount

Up to ¥72 million per year

Number of Audit & Supervisory Board Members eligible for remuneration

5

(ii) Total amount of remuneration, etc., total amount of remuneration, etc. by type and number of payees by category of officers

Category of officers	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. by type (Millions of yen)				Number of eligible officers (Persons)
		Fixed remuneration	Performance-linked remuneration	Retirement benefits	Of which, non-monetary remuneration, etc.	
Directors (Excluding external Directors)	221	125	96	–	–	6
Audit & Supervisory Board Members (Excluding external Audit & Supervisory Board Members)	34	34	–	–	–	2
External Directors	23	23	–	–	–	3
External Audit & Supervisory Board Members	24	24	–	–	–	3

(iii) Total amount of consolidated remuneration, etc. by officer

The total amount of consolidated remuneration, etc. by officer is not stated, because there is no officer whose amount is ¥100 million or more.

(iv) Significant employee salaries of officers who also serve as employees

The Company does not have any officers who concurrently serve as employees.

(5) Share ownership

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

With regard to investment shares, the Company classifies shares held for the purpose of gaining profits through fluctuations in the value of the shares or receipt of dividends as investment shares whose purpose of holding is pure investment, and shares other than those shares as investment shares whose purpose of holding is other than pure investment. Moreover, as of the end of the fiscal year under review, the Company holds no investment share whose purpose of holding is pure investment or no investment share whose purpose of holding is other than pure investment.

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

The Company may hold the shares of the business connections of related companies, including its Group companies, in the Group. In the cross-shareholdings policy, a shareholding will be permissible only when the purpose of holding, such as a business tie-up or strengthening of business relations, and reasonableness of holding based on profit and risk are accepted by the Board of Directors of a company. The Board of Directors of the Company annually and regularly review whether individual shares held contribute to the sustained growth of the Group and improvement of the Group's corporate value on a mid-to-long basis, to verify appropriateness of holding the shares continuously, and discloses the results of the review. In exercising the voting rights of the shares of a company which the Company holds, the Company examines all agenda items carefully and comprehensively judges whether the agenda item will contribute to the sustained growth of the Company and improvement of the Company's corporate value on a mid-to-long basis and whether the agenda item will contribute to the common interest of the Company and the shareholders of the invested company, and exercises the rights appropriately.

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

Not applicable.

V. Financial information

1. Preparation policy of the consolidated and non-consolidated financial statements

(1) The consolidated financial statements of the Company are prepared in accordance with the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, etc. (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter the "Ordinance on Financial Statements, etc.").

The Company is qualified as a company reporting financial statements prepared in accordance with special provision and has prepared financial statements pursuant to the provisions of Article 127 of the Ordinance on Financial Statements, etc.

2. Audit certification

In accordance with the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, the consolidated financial statements for the fiscal year under review (from April 1, 2024 to March 31, 2025) and the non-consolidated financial statements for the fiscal year under review (from April 1, 2024 to March 31, 2025) were audited by Deloitte Touche Tohmatsu LLC.

3. Special efforts to ensure the appropriateness of consolidated financial statements, etc.

The Company takes special measures to ensure the appropriateness of its consolidated financial statements, etc. Specifically, the Company is a member of the Financial Accounting Standards Foundation in order to grasp the content of accounting standards, etc., and to establish a system to appropriately respond to revisions of accounting standards, etc.

1. Consolidated financial statements, etc.

(1) Consolidated financial statements

(i) Consolidated balance sheet

(Millions of yen)

		As of March 31, 2024		As of March 31, 2025
Assets				
Current assets				
Cash and deposits		35,416		29,549
Notes receivable - trade		33		20
Electronically recorded monetary claims - operating		1,143		839
Accounts receivable - trade		10,181		13,235
Merchandise and finished goods		6,784		6,794
Work in process		970		1,070
Raw materials and supplies		4,096		4,575
Other		4,205		1,672
Allowance for doubtful accounts		(72)		(77)
Total current assets		62,759		57,679
Non-current assets				
Property, plant and equipment				
Buildings and structures	*1	28,521	*1	30,194
Accumulated depreciation		(8,318)		(9,771)
Buildings and structures, net		20,203		20,422
Machinery, equipment and vehicles	*1	8,346	*1	9,075
Accumulated depreciation		(5,309)		(6,051)
Machinery, equipment and vehicles, net		3,037		3,024
Tools, furniture and fixtures	*1	11,673	*1	12,129
Accumulated depreciation		(7,674)		(8,550)
Tools, furniture and fixtures, net		3,998		3,578
Land		8,869		9,250
Leased assets		756		741
Accumulated depreciation		(231)		(266)
Leased assets, net		525		475
Construction in progress		11,712		19,450
Other		1,326		1,461
Accumulated depreciation		(597)		(709)
Other, net		728		751
Total property, plant and equipment		49,075		56,954
Intangible assets				
Goodwill		6,488		6,516
Technology assets		219		112
Other	*1	1,319	*1	1,342
Total intangible assets		8,027		7,971
Investments and other assets				
Deferred tax assets		833		1,003
Retirement benefit asset		102		250
Other		454	*2	1,475
Total investments and other assets		1,389		2,730
Total non-current assets		58,492		67,655
Total assets		121,252		125,334

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,543	1,652
Lease liabilities	180	193
Accounts payable - other	1,919	1,771
Income taxes payable	128	213
Provision for bonuses	962	1,003
Other	2,433	2,296
Total current liabilities	7,168	7,131
Non-current liabilities		
Lease liabilities	788	908
Deferred tax liabilities	0	-
Retirement benefit liability	1,102	989
Other	407	455
Total non-current liabilities	2,299	2,353
Total liabilities	9,467	9,485
Net assets		
Shareholders' equity		
Share capital	14,965	14,965
Capital surplus	32,893	32,893
Retained earnings	53,471	52,465
Treasury shares	-	(0)
Total shareholders' equity	101,330	100,324
Accumulated other comprehensive income		
Foreign currency translation adjustment	10,548	15,331
Remeasurements of defined benefit plans	(373)	(155)
Total accumulated other comprehensive income	10,174	15,175
Non-controlling interests	279	348
Total net assets	111,784	115,849
Total liabilities and net assets	121,252	125,334

(ii) Consolidated statements of profit or loss

Consolidated statement of income

(Millions of yen)

		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025
Net sales	*1	43,505	*1	45,039
Cost of sales		16,597		18,972
Gross profit		26,908		26,067
Selling, general and administrative expenses				
Provision of allowance for doubtful accounts		(34)		6
Employees' salaries and bonuses		6,192		7,067
Provision for bonuses		454		507
Retirement benefit expenses		305		341
Research and development expenses	*2	8,324	*2	6,897
Other		8,663		8,983
Total selling, general and administrative expenses		23,905		23,804
Operating profit		3,003		2,263
Non-operating income				
Interest income		186		300
Foreign exchange gains		97		-
Rental income from real estate		165		171
Other		64		147
Total non-operating income		513		619
Non-operating expenses				
Interest expenses		23		20
Foreign exchange losses		-		131
Rental expenses on real estate		74		86
Other		12		50
Total non-operating expenses		111		289
Ordinary profit		3,405		2,592
Extraordinary income				
Gain on sale of non-current assets	*3	3	*3	2
Other		-		4
Total extraordinary income		3		6
Extraordinary losses				
Loss on sale and retirement of non-current assets	*4	347	*4	137
Impairment losses	*5	207	*5	377
Loss on money transfer fraud at overseas subsidiaries		-		84
Other		-		1
Total extraordinary losses		554		601
Profit before income taxes		2,853		1,997
Income taxes - current		1,292		1,118
Income taxes - deferred		50		(208)
Total income taxes		1,343		910
Profit		1,510		1,087
Profit attributable to non-controlling interests		29		45
Profit attributable to owners of parent		1,480		1,041

(iii) Consolidated statement of comprehensive income

(Millions of yen)

		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025
Profit		1,510		1,087
Other comprehensive income				
Foreign currency translation adjustment		2,882		4,806
Remeasurements of defined benefit plans, net of tax		(5)		218
Total other comprehensive income	*1	2,877	*1	5,024
Comprehensive income		4,387		6,112
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent		4,343		6,042
Comprehensive income attributable to non-controlling interests		44		69

(iv) Consolidated statement of changes in equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of period	14,965	32,893	57,047	104,906	7,680	(367)	7,312	235	112,454
Changes during period									
Dividends of surplus			(5,057)	(5,057)					(5,057)
Profit attributable to owners of parent			1,480	1,480					1,480
Net changes in items other than shareholders' equity					2,867	(5)	2,862	44	2,906
Total changes during period	-	-	(3,576)	(3,576)	2,867	(5)	2,862	44	(669)
Balance at end of period	14,965	32,893	53,471	101,330	10,548	(373)	10,174	279	111,784

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders ' equity	Foreign currency translation adjustment	Remeasure-ments of defined benefit plan	Total accumulated other comprehen-sive income		
Balance at beginning of period	14,965	32,893	53,471	-	101,330	10,548	(373)	10,174	279	111,784
Changes during period										
Dividends of surplus			(2,047)		(2,047)					(2,047)
Profit attributable to owners of parent			1,041		1,041					1,041
Purchase of treasury shares				(0)	(0)					(0)
Net changes in items other than shareholders' equity						4,782	218	5,000	69	5,070
Total changes during period	-	-	(1,005)	(0)	(1,005)	4,782	218	5,000	69	4,065
Balance at end of period	14,965	32,893	52,465	(0)	100,324	15,331	(155)	15,175	348	115,849

(v) Consolidated statement of cash flows

(Millions of yen)

		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025
Cash flows from operating activities				
Profit before income taxes		2,853		1,997
Depreciation		4,279		3,611
Impairment losses		207		377
Loss on money transfer fraud at overseas subsidiaries		-		84
Depreciation and amortization on other		102		180
Amortization of goodwill		640		690
Increase (decrease) in allowance for doubtful accounts		(53)		(2)
Increase (decrease) in provision for bonuses		(144)		(8)
Increase (decrease) in retirement benefit liability		107		(114)
Interest income		(186)		(300)
Interest expenses		23		20
Loss (gain) on sale and retirement of non-current assets		344		134
Decrease (increase) in trade receivables		1,501		(2,250)
Decrease (increase) in inventories		(324)		102
Increase (decrease) in trade payables		(928)		(42)
Increase (decrease) in accrued consumption taxes		(3,439)		1,634
Increase (decrease) in other current liabilities		(508)		(450)
Other, net		(114)		(88)
Subtotal		4,361		5,576
Interest and dividends received		166		285
Interest paid		(22)		(20)
Income taxes refund (paid)		(2,359)		86
Payments for loss on remittance fraud at overseas subsidiaries		-		(84)
Refund of subsidies	*2	(433)		-
Net cash provided by (used in) operating activities		1,711		5,844
Cash flows from investing activities				
Payments into time deposits		(2,224)		(1,605)
Proceeds from withdrawal of time deposits		2,937		1,511
Purchase of property, plant and equipment and intangible assets		(12,778)		(9,871)
Proceeds from sale of property, plant and equipment and intangible assets		9		5
Purchase of other depreciable assets		(94)		(407)
Purchase of shares of unconsolidated subsidiaries		-		(546)
Subsidies received		462		-
Refund of subsidies	*2	(1,335)		-
Other, net		(19)		1
Net cash provided by (used in) investing activities		(13,043)		(10,912)
Cash flows from financing activities				
Dividends paid		(5,052)		(2,048)
Repayments of lease liabilities		(181)		(208)
Other, net		-		(0)
Net cash provided by (used in) financing activities		(5,233)		(2,256)
Effect of exchange rate change on cash and cash equivalents		678		1,190
Net increase (decrease) in cash and cash equivalents		(15,886)		(6,134)
Cash and cash equivalents at beginning of period		49,058		33,171
Cash and cash equivalents at end of period	*1	33,171	*1	27,036

Notes to consolidated financial statements

Significant matters for preparing consolidated financial statements

1. Scope of consolidation

(1) Consolidated subsidiaries

(i) Number of consolidated subsidiaries: Eight companies

(ii) Names of consolidated subsidiaries: Takara Bio Europe S.A.S. (France)
Takara Bio UK Ltd. (U.K.)
Takara Biotechnology (Dalian) Co., Ltd. (China)
Takara Biomedical Technology (Beijing) Co., Ltd. (China)
Takara Korea Biomedical Inc. (Korea)
DSS Takara Bio India Private Limited (India)
Takara Bio USA Holdings Inc. (U.S.)
Takara Bio USA, Inc. (U.S.)

(2) Non-consolidated subsidiaries

(i) Name of major non-consolidated subsidiary: ViSpot Inc.

(ii) Reason for exclusion from the scope of consolidation

Non-consolidated subsidiary is small in size and control is temporary (it will be dissolved through an absorption-type merger on May 1, 2025), so their total assets, sales, net income/loss, and retained earnings and etc. do not have a material impact on the consolidated financial statements.

2. Adoption of equity method

(1) Non-consolidated subsidiaries or affiliates adopting equity method

No equity method companies

(2) Non-consolidated subsidiaries or affiliates not adopting equity method

(i) Name of major non-consolidated subsidiary: ViSpot Inc.

(ii) Reason for not adopting the equity method

Non-consolidated subsidiary not adopting equity method is excluded from the scope of adopting the equity method because control is temporary (they will be dissolved through an absorption-type merger on May 1, 2025). Therefore, in terms of net income/loss and retained earnings, etc., the impact of excluding them from the scope of adopting equity method will have a minor and immaterial on the consolidated financial statements.

3. Fiscal year of consolidated subsidiaries

The closing date of the fiscal year for consolidated subsidiaries is December 31, which differs from the closing date of the consolidated fiscal year.

Because the difference with the closing date of the fiscal year for the consolidated financial statements is three months or less, financial statements as of the closing date of the fiscal year for each company were used in the preparation of these consolidated financial statements. Necessary adjustments will be performed for important transactions that occur between the closing date of the fiscal year for each company and the closing date of the fiscal year for the consolidated financial statements.

4. Accounting policies

(1) Valuation basis and methods for significant assets

(i) Securities

1) Held-to-maturity securities

Amortized cost method (straight-line method)

2) Available-for-sale securities

Available-for-sale securities other than stocks, etc., without market value

Fair value method (unrealized gains and losses are recognized in a component of net assets, and costs of securities sold are determined by the moving average method)

Stocks, etc. without market value

Stated at cost determined by the moving-average method

(ii) Derivatives

Fair value method

(iii) Inventories

Primarily stated at cost determined by the weighted-average method (the carrying amounts in the balance sheet are calculated by the method in which carrying amounts are written down due to a decline in profitability of assets.)

(2) Method of depreciation for important depreciated assets

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

The straight-line method is mainly used.

Major useful lives are as follows:

Buildings and structures:	6 to 60 years
Machinery, equipment and vehicles:	4 to 10 years
Tools, furniture and fixtures:	2 to 15 years

(ii) Intangible assets (excludes leased assets)

The straight-line method is used.

Major useful lives are as follows:

Technology assets:	7 to 9 years (future revenue-earning period used as basis for calculating price)
Customer-related assets:	9 years (same as above)
Internal-use software:	5 years (usable period in company)
Trademark rights:	10 years (trademarks booked by Takara Bio USA, Inc. are not amortized)

(iii) Leased assets

Leased assets in ownership-transferred finance lease transactions

Uses same method as depreciation method adopted for company-owned fixed assets.

Leased assets in non-ownership-transferred finance lease transactions

Uses straight-line method with settings of useful lives as lease period and residual value as zero.

(3) Booking standards for important allowance

(i) Allowance for doubtful accounts

As a provision for losses arising from bad debts, allowance for doubtful accounts is provided at the amount expected to be uncollectible based on the historical rate of bad debt for general receivables and based on the collectability of the receivables for doubtful accounts.

(ii) Provision for bonuses

Provision for bonus payments to employees is provided at the amount of projected future bonus payment to be borne during the current fiscal year.

(4) Accounting method for retirement benefits

(i) Method of attributing expected retirement benefits to periods

In calculation of retirement benefit obligations, the benefit formula basis is applied to attribute expected retirement benefits to periods up to the end of the fiscal year under review.

(ii) Amortization of actuarial gains or losses and past service cost

Past service cost is amortized on a straight-line basis from the fiscal year in which the cost occurred over a period equal to or less than the average remaining service period of eligible employees (10 years).

Actuarial gains and losses are amortized by the straight-line method over a period within the average remaining service years for employees (10 years) at the time of occurrence in each fiscal year, and allocated proportionately from the fiscal year following the respective fiscal year of occurrence.

Unrecognized actuarial gains and losses and unrecognized past service cost are booked in remeasurements of defined benefit plans for accumulated other comprehensive income in net assets making adjustments for tax effects.

(iii) Adoption of the simplified method for small companies, etc.

Certain consolidated subsidiaries apply the simplified method to calculate retirement benefit liability and retirement benefit expenses, using the amount payable at the end of the fiscal year for voluntary base retirement as the retirement benefit obligation.

(5) Standards for booking important revenue and expenses

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

The Group receives the compensation of the transaction within one year of fulfilling performance obligations and significant financing components are not included.

(i) Reagents and Instruments

In the Reagents and Instruments business, the Group primarily manufactures and sells reagents and sells instruments. In terms of product sales to domestic customers, the period between shipping and delivery of the product to the customer is the standard period. Therefore, the Group recognizes revenue at the point of shipping the product to the customer. In terms of product sales to overseas customers, based on trade conditions established primarily in Incoterms, etc., the Group recognizes revenue at the point that the Group delivers the product to the transporting party and the control of products transferred to the customer.

(ii) CDMO

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

(6) Standards for converting important foreign currency-denominated assets and liabilities to Japanese yen

Foreign currency-denominated monetary receivables and liabilities are converted into yen at the spot exchange rate as of the closing date of the fiscal year, and the resulting exchange differences are accounted for as gains or losses. Further, the assets and liabilities of overseas subsidiaries, etc., are converted into yen at the spot exchange rate as of the closing date of each subsidiary. Revenue and expenses are converted into yen by the average exchange rate during the period. The resulting exchange differences are included in non-controlling interests and foreign currency translation adjustment in net assets.

(7) Significant methods of hedge accounting

(i) Method of hedge accounting

Deferral hedge is adopted in hedge accounting. Appropriation processing is adopted for transactions that meet the requirements for that method in order to hedge foreign currency exchange risks.

(ii) Hedging instruments and hedged items

Hedging instruments: Forward exchange contracts

Hedged items: Foreign currency-denominated liabilities corresponding with royalty payments

(iii) Hedge policy

The currency fluctuation risk of a hedged item in the exchange market is hedged within a certain range based on accounting rules for the purpose of mitigating the effect of exchange fluctuations on foreign currency-denominated liabilities.

(iv) Method of assessing hedge effectiveness

An exchange contract, a hedging instrument, fixes the cash flows of a hedged item. Therefore, cash flow fluctuations are offset at the start of the hedging and thereafter. As such, the assessment of hedge effectiveness is omitted.

(8) Method and period for amortization of goodwill

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

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

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

Significant accounting estimates

Goodwill

The Group recorded goodwill for Takara Bio USA, Inc. when the Group acquired all the shares of Clontech Laboratories, Inc., Rubicon Genomics, Inc., and WaferGen Bio-systems, Inc.

(1) The amount recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Goodwill	6,488	6,516

(2) Information related to significant accounting estimates for identified items

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

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

Unapplied accounting standards, etc

・"Accounting Standards for Leases" (ASBJ Statement No. 34, September 13, 2024, Accounting Standards Board of Japan)

・"Guidelines for Accounting Standards for Leases" (ASBJ Guidance No. 33, September 13, 2024, Accounting Standards Board of Japan)

(1) Overview
As part of its efforts to make Japanese standards consistent with the international standards, the Accounting Standards Board of Japan has been studying the development of accounting standards for leases that recognize assets and liabilities for all leases of lessees, based on international accounting standards. As a basic policy, the Accounting Standards Board of Japan has published lease accounting standards, etc. that are based on the single accounting model of IFRS 16, but do not adopt all of the provisions of IFRS 16, but adopt only the main provisions, aiming to be simple and convenient, and to basically eliminate the need for amendments even if the provisions of IFRS 16 are used in individual financial statements.
As for the lessee's accounting treatment, a single accounting treatment model will be applied to the method of allocating lease expenses to the lessee, similar to IFRS 16, in which depreciation expenses on the right-of-use assets and the amount equivalent to interest on the lease liabilities will be recorded for all leases, regardless of whether the lease is a finance lease or an operating lease.

(2) Planned application date
Standard will be applied from the beginning of the fiscal year ending March 2028.

(3) Impact of the application of the new accounting standard, etc.
The Group is currently assesssing the impact of applying "Accounting Standards for Leases", etc to the consolidated financial statements.

Consolidated balance sheet

*1 Tax purpose reduction entry

The total amount of tax purpose reduction entry that is directly subtracted from non-current assets acquired using national subsidies, etc. is as follows.

	Fiscal year ended March 31, 2024 (March 31, 2024)	Fiscal year ended March 31, 2025 (March 31, 2025)
Buildings and structures	¥1,337 million	¥1,337 million
Machinery, equipment and vehicles	3,124	3,124
Tools, furniture and fixtures	524	524
Intangible assets, others	1	1
Total	4,987	4,987

*2 The items for non-consolidated subsidiaries are as follows.

	Fiscal year ended March 31, 2024 (March 31, 2024)	Fiscal year ended March 31, 2025 (March 31, 2025)
Investments and other assets, others (Shares)	-	¥546 million

Consolidated statement of income

*1 Revenue from contracts with customers

Net sales are only the revenue generated from contracts with customers, and other forms of revenue are not included. Monetary revenue generated from contracts with customers is listed in the consolidated financial statement “Notes, Revenue recognition, 1. Information breakdown of revenue from contracts with customers.”

*2 Total amount of research and development expenses included in general and administrative expenses and manufacturing expenses for the current fiscal year

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Total research and development expenses	¥8,324million	¥6,897million
Major expenses of these expenses are as follows.		
Employees’ salaries and bonuses	¥2,598 million	¥2,289 million
Provision for bonuses	249	188
Retirement benefit expenses	92	83
Depreciation	1,451	1,029
Royalties	29	57
Supplies expenses	829	799
Remuneration/contracting fees	665	572

*3 Breakdown of gain on sale of non-current assets

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Machinery, equipment and vehicles	¥3million	¥2million
Tools, furniture and fixtures	0	0
Total	3	2

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

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Buildings and structures	¥45 million	¥14 million
Machinery, equipment and vehicles	271	95
Tools, furniture and fixtures	13	16
Intangible assets, others	–	0
Demolition and disposal expenses, etc.	17	9
Total	347	137

*5 Impairment losses

Fiscal year ended March 31, 2024

Description is omitted as immaterial.

Fiscal year ended March 31, 2025

When assessing whether there are indications of impairment, the Group in principle groups assets by business location as a single unit, excluding assets held for sale and idle assets.

Purpose	Location	Type and impairment loss (Millions of yen)				
		Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Property, plant and equipment, other	Total
Idle assets (buildings, equipment, etc.)	Takara Bio Inc,. CGCP LIC detached office (Kawasaki City, Kanagawa Prefecture)	71	16	20	-	108
Business assets (Property, plant and equipment, others, etc.)	Takara Bio Europe S.A.S. Sweden branch (Gothenburg, Sweden)	-	3	27	238	269
Total		71	19	48	238	377

(i) Background to the recognition of the impairment loss

As losses were expected to occur following the closure of our Life Innovation Center (LIC) branch, and as the investment amount for the Takara Bio Europe S.A.S. Sweden branch was no longer expected to be recovered according to the initially planned schedule, we reduced the book value to the recoverable amount and recorded the reduction amount as an impairment loss under extraordinary losses.

(ii) Method of calculating the recoverable amount

The recoverable amount is measured based on the net selling price or value in use. The net selling price is evaluated as a zero recoverable amount because the possibility of sale is not expected, and the value in use is evaluated as a zero recoverable amount because future cash flows are not expected.

Consolidated statement of comprehensive income

*1 Reclassification adjustments, income taxes and tax effects in other comprehensive income

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Foreign currency translation adjustment:		
Amount arising	¥2,882 million	¥4,806 million
Remeasurements of defined benefit plans, net of tax:		
Amount arising	(100)	209
Reclassification adjustments	92	98
Before income taxes and tax effect adjustment	(7)	308
Income taxes and tax effects	2	(90)
Remeasurements of defined benefit plans, net of tax	(5)	218
Total other comprehensive income	2,877	5,024

Consolidated statement of changes in equity

Fiscal year ended March 31, 2024

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

	Number of shares at the beginning of the fiscal year ended March 31, 2024 (Shares)	Number of shares increased during the fiscal year ended March 31, 2024 (Shares)	Number of shares decreased during the fiscal year ended March 31, 2024 (Shares)	Number of shares at the end of the fiscal year ended March 31, 2024 (Shares)
Issued shares				
Common shares	120,415,600	–	–	120,415,600
Total	120,415,600	–	–	120,415,600
Treasury shares				
Common shares	–	–	–	–
Total	–	–	–	–

2. Share acquisition rights

Not applicable.

3. Dividends

(1) Cash dividends paid

Resolutions	Share class	Total amount of dividends (Millions of yen)	Source of dividend	Dividends per share (Yen)	Record date	Effective date
June 23, 2023 Annual General Meeting of Shareholders	Common shares	5,057	Retained earnings	42.00	March 31, 2023	June 26, 2023

(2) Dividends for which the record date is in the current fiscal year with the effective date in the following fiscal year

Resolutions	Share class	Total amount of dividends (Millions of yen)	Source of dividend	Dividends per share (Yen)	Record date	Effective date
June 21, 2024 Annual General Meeting of Shareholders	Common shares	2,047	Retained earnings	17.00	March 31, 2024	June 24, 2024

Fiscal year ended March 31, 2025

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

	Number of shares at the beginning of the fiscal year ended March 31, 2025 (Shares)	Number of shares increased during the fiscal year ended March 31, 2025 (shares)	Number of shares decreased during the fiscal year ended March 31, 2025 (shares)	Number of shares at end of the fiscal year ended March 31, 2025 (shares)
Issued shares				
Common shares	120,415,600	–	–	120,415,600
Total	120,415,600	–	–	120,415,600
Treasury shares				
Common shares(*)	–	113	–	113
Total(*)	–	113	–	113

(*) The increase in treasury stock of common stock (113 shares) was due to the purchase of odd lot shares.

2. Share acquisition rights

Not applicable.

3. Dividends

(1) Cash dividends paid

Resolutions	Share class	Total amount of dividends (Millions of yen)	Source of dividend	Dividends per share (Yen)	Record date	Effective date
June 21, 2024 Annual General Meeting of Shareholders	Common shares	2,047	Retained earnings	17.00	March 31, 2024	June 24, 2024

(2) Dividends for which the record date is in the current fiscal year with the effective date in the following fiscal year

The following items will be submitted as agenda items for the Annual General Meeting of Shareholders to be held on June 24, 2025.

Resolutions	Share class	Total amount of dividends (Millions of yen)	Source of dividend	Dividends per share (Yen)	Record date	Effective date
June 24, 2025 Annual General Meeting of Shareholders	Common shares	2,047	Retained earnings	17.00	March 31, 2025	June 25 2025

Consolidated statement of cash flows

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

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Cash and deposits	¥35,416 million	¥29,549 million
Time deposits with maturity exceeding three months	(2,245)	(2,513)
Cash and cash equivalents	33,171	27,036

*2 Subsidies returned

Fiscal year ended March 31, 2024

The remaining amount of national subsidies, etc. received for the fiscal year ended March 31, 2021 and the fiscal year ended March 31, 2022, as well as consumption taxes deducted from purchase taxes, were repaid during the current fiscal year in accordance with the rules of the national subsidies, etc.

Lease transaction

1. Finance lease transaction (the Group as a lessee)
   (1) Ownership-transferred finance lease transactions
      (i) Leased assets

      Equipment related to gas engine cogeneration (machinery, equipment and vehicles)

      (ii) Depreciation method for leased assets

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

   Description is omitted as immaterial.
3. Lease transactions based on the International Financial Reporting Standards (IFRS)
   (1) Right-of-use assets

   Primarily rental of offices and transportation vehicles

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

   Straight-line method

Financial instruments

1. Items related to status of financial instruments
   (1) Initiative policy for financial instruments

   The Group manages surplus funds, limited to only highly safe financial assets. Derivative transactions are aimed to mitigate the impact of future foreign currency exchange fluctuations on foreign currency-denominated receivables and liabilities, not as a speculation.

   (2) Details and risks of financial instruments

   Notes receivable - trade, electronically recorded monetary claims - operating, and accounts receivable - trade, which are trade receivables, are exposed to the credit risk of customers. Foreign currency-denominated trade receivables arising from the overseas business operations are exposed to foreign currency exchange fluctuation risks.

   Securities are held-to-maturity securities exposed to the credit risks of the issuers of bonds.

   Notes and accounts payable - trade, which are operating liabilities, usually have a maturity date of three months or less. Some of them are foreign currency-denominated due to the importing of products, etc., being exposed to foreign currency exchange fluctuation risks. In principle, futures exchange contracts are used to hedge net positions of the same foreign currency-denominated trade receivables.

   Derivative transactions entail futures exchange contracts, spot forward exchange contracts, and currency option contracts aimed at mitigating the effect of future foreign currency exchange fluctuations on foreign currency-denominated trade receivables and liabilities. For hedging instruments, hedged items, hedging policies, and methods of evaluating hedge effectiveness concerning hedge accounting, please refer to the aforementioned “Significant matters for preparing consolidated financial statements, 4. Accounting policies, (7) Significant methods of hedge accounting” above.

   (3) Risk management system for financial instruments
      (i) Management of credit risks (risk of contract default, etc. by partner)

      Based on the operating management rules and the credit management rules, the Group manages payment due date and manage the outstanding balance of each business partner. Monitoring the credit status of the major business partners allows the Group to quickly grasp and reduce doubtful accounts. In addition, consolidated subsidiaries apply the same risk management approach.

      Securities are, based on accounting rules, limited to products with the highest ratings. Therefore, credit risk is not significant.

Derivative transactions are limited to financial institutions with high ratings that the Company has a business relationship with. Therefore, credit risk is not significant.

(ii) Management of market risks (fluctuation risks for currency exchange rates and interest rates, etc.)

For foreign currency-denominated trade receivables and liabilities, the Company, in principle, uses futures exchange contracts to hedge against fluctuation risks for the exchange rates of each currency.
In accordance with the accounting rules, the responsible department executes and manages derivative transactions upon receiving the authorization of a person in charge of the settlement.

(iii) Management of liquidity risks in financing (risk of not making payments on due date)

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

2. The fair value of financial instruments, etc.

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

Fiscal year ended March 31, 2024

(Millions of yen)

	Carrying amount on consolidated balance sheet	Fair value	Difference
(1) Lease liabilities (Current liabilities)	180	178	(2)
(2) Lease liabilities (Non-current liabilities)	788	743	(44)
Total liabilities	969	922	(47)
(3) Derivative transactions (*2)	[1]	[1]	–

(*1) For cash and deposits, notes receivable - trade, electronically recorded monetary claims - operating, accounts receivable - trade, notes and accounts payable - trade, and accounts payable - other, market value resembles carrying amounts because they are settled in a short period. Therefore, they have been omitted.

(*2) Net receivables and liabilities that occur due to derivative transactions are displayed as net value. Items that are net liabilities as total are displayed by [ ].

Fiscal year ended March 31, 2025

(Millions of yen)

	Carrying amount on consolidated balance sheet	Fair value	Difference
(1) Lease liabilities (Current liabilities)	193	190	(2)
(2) Lease liabilities (Non-current liabilities)	908	835	(72)
Total liabilities	1,102	1,026	(75)

(*1) For cash and deposits, notes receivable - trade, electronically recorded monetary claims - operating, accounts receivable - trade, notes and accounts payable - trade, and accounts payable - other, market value resembles carrying amounts because they are settled in a short period. Therefore, they have been omitted.

Notes: 1. Planned return amount of lease liabilities after the closing date of the consolidated fiscal year

Fiscal year ended March 31, 2024

(Millions of yen)

	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Lease liabilities	180	128	111	108	82	358

Fiscal year ended March 31, 2025

(Millions of yen)

	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years
Lease liabilities	193	179	172	133	100	321

3. Breakdown of the levels of the fair value of financial instruments

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

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

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

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

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

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

Fiscal year ended March 31, 2024

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Derivative transactions	–	1	–	1
Total liabilities	–	1	–	1

Fiscal year ended March 31, 2025

Not applicable.

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

Fiscal year ended March 31, 2024

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Lease liabilities (Current liabilities)	–	178	–	178
Lease liabilities (Non-current liabilities)	–	743	–	743
Total liabilities	–	922	–	922

Fiscal year ended March 31, 2025

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Lease liabilities (Current liabilities)	–	190	–	190
Lease liabilities (Non-current liabilities)	–	835	–	835
Total liabilities	–	1,026	–	1,026

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

Lease liabilities (current liabilities) and lease liabilities (non-current liabilities)

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

Derivative transactions

1. Derivative transactions to which hedge accounting is not applied

Currency-related

Fiscal year ended March 31, 2024

(Millions of yen)

Category	Transaction type	Contract amount, etc.	Contract amount, etc. exceeding one year	Fair value	Unrealized gain or loss
Transactions other than market transactions	Exchange contract transactions				
	Short position				
	USD	141	–	(1)	(1)
	EUR	208	–	0	0
	RMB	62	–	(0)	(0)
	Spot exchange forwards transactions				
	Short position				
	KRW	14	–	(0)	(0)
Total		426	–	(1)	(1)

Fiscal year ended March 31, 2025

Not applicable.

2. Derivative transactions to which hedge accounting is applied

Currency-related

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

Not applicable.

Retirement benefit

1. Outline of retirement benefit plans

   The Company and some consolidated subsidiaries adopt funded-type and non-funded-type defined benefit plans, as well as defined contribution pension plans in order to provide for the retirement benefits of employees.

   The defined benefit corporate pension plans (all plans are funded-type plans) pay benefits either in the form of a lump sum or an annual income according to salary and service period.

   The lump-sum retirement plans (all plans are non-funded-type plans) pay benefits in the form of a lump sum based on salary and service period.

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

2. Defined benefit plans

   (1) Reconciliation of the beginning and ending balances of retirement benefit obligation

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Beginning balance of retirement benefit obligation	¥1,783 million	¥1,977 million
Service cost	172	174
Interest cost	6	6
Actuarial gains and losses	50	(217)
Retirement benefits paid	(43)	(158)
Other	8	(0)
Ending balance of retirement benefit obligation	1,977	1,782

   (2) Reconciliation of the beginning and ending balances of pension assets

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Beginning balance of pension assets	¥884 million	¥977 million
Expected return	16	17
Actuarial gains and losses	(50)	(7)
Contributions by the employer	145	133
Retirement benefits paid	(25)	(75)
Other	6	(2)
Ending balance of pension assets	977	1,042

   (3) Reconciliation of the ending balance of retirement benefit obligation and pension assets and retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheet

	Fiscal year ended March 31, 2024 (March 31, 2024)	Fiscal year ended March 31, 2025 (March 31, 2025)
Retirement benefit obligation (funded-type plans)	¥876million	¥796million
Pension assets	(977)	(1,042)
	(100)	(246)
Retirement benefit obligation (non-funded-type plans)	1,101	985
Net amount of liabilities and assets on consolidated balance sheet	1,000	739
Retirement benefit liability	1,102	989
Retirement benefit asset	(102)	(250)
Net amount of liabilities and assets on consolidated balance sheet	1,000	739

(4) Retirement benefit expenses and the breakdown amount thereof

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Service cost	¥172 million	¥174 million
Interest cost	6	6
Expected return	(16)	(17)
Amortization of actuarial gains and losses	92	98
Retirement benefit expenses for defined benefit plans	254	262

(5) Remeasurements of defined benefit plans, net of tax

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

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Actuarial gains and losses	¥(7) million	¥308million
Total	(7)	308

(6) Remeasurements of defined benefit plans

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

	Fiscal year ended March 31, 2024 (March 31, 2024)	Fiscal year ended March 31, 2025 (March 31, 2025)
Unrecognized actuarial gains and losses	¥(533) million	¥(224) million
Total	(533)	(224)

(7) Pension assets

(i) Breakdown of major pension assets

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

	Fiscal year ended March 31, 2024 (March 31, 2024)	Fiscal year ended March 31, 2025 (March 31, 2025)
Bonds	52%	41%
Life insurance general accounts	23	30
Stocks	19	18
Cash and deposits	3	10
Other	3	1
Total	100	100

(ii) Method of setting long-term expected return rate

To determine the long-term expected return rate of pension assets, the Company has taken into account the current and forecast distribution of pension assets and the current and expected future long-term return rate of diverse assets that comprise pension assets.

(8) Basis for calculating actuarial gains and losses

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

	Fiscal year ended March 31, 2024 (March 31, 2024)	Fiscal year ended March 31, 2025 (March 31, 2025)
Discount rate		
Defined benefit corporate pension	0.377%	1.779%
A lump sum	0.382	1.822
Long-term expected return rate	1.500	1.500
Average salary increase rate	3.700	3.700

3. Defined contribution plans

The contribution amount for defined contribution plans of the Company and some consolidated subsidiaries was ¥242 million for the previous fiscal year and ¥279 million for the current fiscal year.

Stock option, etc.

Not applicable.

Tax effect accounting

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

	Fiscal year ended March 31, 2024 (March 31, 2024)	Fiscal year ended March 31, 2025 (March 31, 2025)
Deferred tax assets		
Unused tax losses (*1)	¥666 million	¥775million
Loss on valuation of inventories	404	412
Impairment losses	51	125
Unrealized profit on inventories	250	140
Remeasurements of defined benefit plans	104	46
Provision for bonuses	221	224
Retirement benefit liability	224	255
Depreciation	36	32
Expenses related to subsidiary acquisition	255	285
Experimentation and research expenses	1,027	1,563
Tax credits on experimentation and research expenses, etc.	22	25
Accrued business tax	-	40
Other	232	284
Deferred tax assets subtotal	3,496	4,213
Valuation allowances for unused tax losses (*1)	(402)	(487)
Valuation allowances for total deductible temporary difference	(306)	(440)
Valuation allowances subtotal	(708)	(928)
Deferred tax assets total	2,788	3,285
Deferred tax liabilities		
Fair value of intangible assets	(229)	(226)
Retained surplus of overseas subsidiaries	(333)	(482)
Other	(1,391)	(1,573)
Deferred tax liabilities total	(1,955)	(2,281)
Net deferred tax assets	833	1,003

(*1) Amount of unused tax losses and deferred tax assets by carry forward period

Fiscal year ended March 31, 2024

	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years	Total
Unused tax losses (a)	–	–	–	–	–	666	¥666 million
Valuation allowance	–	–	–	–	–	(402)	(402)
Deferred tax assets	–	–	–	–	–	263	(b) 263

(a) Unused tax losses are the amount multiplied by the effective statutory tax rate.

(b) ¥263 million in deferred tax assets related to unused tax losses occurred in a consolidated subsidiary. The Group does not recognize a valuation allowance, as it determined that it would be recoverable based on future taxable income forecasts.

Fiscal year ended March 31, 2025

	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years	Total
Unused tax losses (a)	–	–	–	–	–	775	¥775 million
Valuation allowance	–	–	–	–	–	(487)	(487)
Deferred tax assets	–	–	–	–	–	287	(b) 287

(a) Unused tax losses are the amount multiplied by the effective statutory tax rate.

(b) ¥287 million in deferred tax assets related to unused tax losses occurred in a consolidated subsidiary. The Group does not recognize a valuation allowance, as it determined that it would be recoverable based on future taxable income forecasts.

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

	Fiscal year ended March 31, 2024 (March 31, 2024)	Fiscal year ended March 31, 2025 (March 31, 2025)
Effective statutory tax rate	30.0%	30.0%
(Adjustments)		
Entertainment and other permanently non-deductible expenses	2.3	1.0
Tax credits on experimentation and research expenses, etc.	(10.3)	(12.1)
Changes in valuation allowance	3.1	8.1
Difference in subsidiary tax rate	(3.7)	(4.8)
Elimination of unrealized profit for inventories	14.5	(1.4)
Amortization of goodwill	6.7	10.4
Foreign tax	5.6	1.7
Retained surplus of overseas subsidiaries	(2.5)	7.8
Prior year income tax, etc.	1.6	3.6
Other	(0.2)	1.3
Income tax rate after applying tax effect accounting	47.1	45.6

Changes in presentation

"Prior year income tax, etc.", which were included in "Other" in the previous fiscal year, is presented separately due to their increased importance in the current fiscal year. As a result, the 1.4% presented in "Other" for the previous fiscal year has been reclassified as 1.6% of " Prior year income tax, etc." and (0.2%) of "Other."

Revenue recognition

1. Information breakdown of revenue from contracts with customers

   (1) Breakdown of goods and services by type

(Millions of yen)

Category	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Reagents	31,405	31,995
Instruments	892	1,172
CDMO	7,997	8,113
Gene therapy	3,209	3,757
Total	43,505	45,039

Changes in presentation

As a result of review of management segments, the mRNA manufacturing related products for research use, which were included in “Reagents” in the previous fiscal year, are included and listed in “Gene therapy” in the current fiscal year. As a result, the amount of ¥555 million, which was included in “Reagents” in the previous fiscal year, has been reclassified as “Gene therapy.”

   (2) Breakdown by region

(Millions of yen)

Region	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Japan	15,434	15,062
U.S.	12,974	12,997
China	7,039	8,522
Asia besides Japan/China	3,355	2,855
Europe	4,496	5,248
Other	205	353
Total	43,505	45,039

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

   Information that is the basis for understanding revenue from contracts with customers is as written in “Significant matters for preparing consolidated financial statements, 4. Accounting policies, (5) Standards for booking important revenue and expenses.”

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

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

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

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

(2) Transaction price allocated to the remaining performance obligations

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

Unsatisfied (or partially unsatisfied) performance obligations are ¥515 million at the end of the previous fiscal year. Such performance obligations are entrusted, and the Company expects approximately 50% to be recognized as revenue within one year of the closing date and approximately the remaining 50% to be recognized as revenue subsequently thereafter.

Unsatisfied (or partially unsatisfied) performance obligations are ¥588 million at the end of the current fiscal year. Such performance obligations are entrusted, and the Company expects approximately 40% to be recognized as revenue within one year of the closing date and approximately the remaining 60% to be recognized as revenue subsequently thereafter.

Segment information, etc.

Segment information

The Group has omitted this entry because it is a single segment.

Related information

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

1. Information for products and services

   The Group has omitted this entry because it is a single segment.

2. Information by region

   (1) Net sales

(Millions of yen)

Japan	U.S.	China	Asia besides Japan/China	Europe	Other	Total
15,434	12,974	7,039	3,355	4,496	205	43,505

   (2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	China	Asia besides Japan/China	Europe	Total
33,583	12,129	2,909	196	257	49,075

3. Information about each major customer

   Of revenue from external customers, net sales from a specific customer does not account for 10% or more of net sales on consolidated statement of income.

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

1. Information for products and services

   The Group has omitted this entry because it is a single segment.

2. Information by region

   (1) Net sales

(Millions of yen)

Japan	U.S.	China	Asia besides Japan/China	Europe	Other	Total
15,062	12,997	8,522	2,855	5,248	353	45,039

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	China	Asia besides Japan/China	Europe	Total
40,193	13,339	2,973	207	240	56,954

3. Information about each major customer

Of revenue from external customers, net sales from a specific customer does not account for 10% or more of net sales on consolidated statement of income.

(Millions of yen)

Customer name or Name	Net sales
Shanghai BioScience Co., Ltd.	4,826

Note: The related segment name has been omitted because the Group is a single segment.

Impairment losses of non-current assets for each reporting segment

The Group has omitted this entry because it is a single segment.

Amortization of goodwill and unamortized balance for each reporting segment

The Group has omitted this entry because it is a single segment.

Gains on negative goodwill for each reporting segment

Not applicable.

Related parties

1. Transactions with related parties

Transactions between company reporting consolidated financial statement and related parties

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

Not applicable.

2. Notes related to parent company or important affiliates

The parent company of the Company is Takara Holdings Inc. (Prime Market, TSE).

Per share information

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net assets per share	¥926.00	¥959.19
Earnings per share	¥12.30	¥8.65

Notes: 1. Information on diluted earnings per share is omitted due to an absence of dilutive shares.
2. Basis for calculating earnings per share is as follows.

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	1,480	1,041
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent for common shares (Millions of yen)	1,480	1,041
Average number of common shares during the year (Thousands of shares)	120,415	120,415

Significant subsequent events

Business combination through acquisition

Acquisition of Curio Bioscience, Inc.

On January 15, 2025 (U.S. local time), Takara Bio USA Holdings Inc., a 100% owned subsidiary of the Company, entered into a purchase agreement with Curio Bioscience, Inc. (hereinafter "Curio") stockholder representatives and acquired the shares of Curio and made it a subsidiary.

(1) Outline of the business combination

(i) Name of the acquired company, name of the counterparty of share acquisition and description of business

Name of the acquired company:	Curio Bioscience, Inc.
Name of the counterparty of share acquisition:	Shareholders of the acquired company
Description of business:	Development, manufacture, and sale of research reagents for spatial analysis

(ii) Main reasons for the business combination

The Group provides research reagents, scientific instruments, and CDMO services for biotechnology researchers in academia and companies. Among other things, by focusing its efforts on the development and sale of products of reagents related to next-generation sequencing (hereinafter "NGS"), the Group has been expanding the scale of its sales mainly in the U.S. in recent years. Techniques are making steady progress in the field of NGS. The growth of the NGS market is expected to be shifting from simple NGS analysis to single-cell analysis and further to spatial transcriptome analysis (hereinafter "spatial analysis"). The Group launched a single-cell analysis system in 2017 and started contract services for spatial analysis in 2023. In such ways, the Group aims at business development grasping trends in the NGS market.

Curio is a venture-based company in the U.S. that develops advanced reagents for spatial analysis. It provides reagents that enable spatial analysis of high density and high resolution by using DNA bar code beads, which are its unique technique. By making Curio a member of the Group this time, the Group will produce high synergy effects through combining Curio's basic techniques for spatial analysis with genetic engineering techniques and genetic analysis techniques that the Group has fostered. Specifically, the Group will promote development of general-purpose reagents which conform to various single-cell analyzers, development of quality products by combining Curio's products and the Company's products and differentiation of them from competitive products, as well as expansion of CDMO services for spatial analysis using Curio's products.

(iii) Date of the business combination

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

The fiscal year-end of the Group's overseas subsidiaries is December 31. In drawing up its consolidated financial statements, the Group uses financial statements dated December 31. Therefore, that subsidiary will be included in the scope of consolidation from the interim fiscal year for the fiscal year ending March 2026.

(iv) Legal form of the business combination

Acquisition of shares

(v) Name of company after the business combination

Curio Bioscience, Inc.

(vi) Ratio of voting rights acquired
100%

(vii) Main grounds for deciding the company to acquire
Acquisition of shares in consideration of cash

(2) Acquisition cost of the acquired company and breakdown of consideration by type

Consideration for acquisition	USD 40.5 million in cash
Acquisition cost	USD 40.5 million (Note)

Note: In addition to the above consideration for acquisition, with the upper limit of USD 150 million in total, there is a possibility that the Group will pay additional consideration upon the achievement of several development milestones and sales milestones.

(3) Details and amount of main costs related to acquisition
Advisory fees and commissions: USD 4,309,000

(4) Amount of goodwill arising, cause, amortization method, and amortization period
Not decided at the present time.

(5) Amounts of assets acquired and liabilities assumed on the date of the business combination and their main breakdown
Not decided at the present time.

(vi) Consolidated supplementary schedule

Bonds payable schedule

Not applicable.

Borrowings schedule

Category	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (%)	Due
Lease liabilities due within one year	180	193	3.50	–
Lease liabilities (excluding those due within one year)	788	908	3.50	2026-2035
Total	969	1,102	–	–

Notes: 1. Average interest rate is the average rate for the outstanding balances at the end of the period.
2. The planned return of lease liabilities (excluding those due within one year) for the five years after the final closing day of the consolidated fiscal year is as follows.

	Over one year and within two years (Millions of yen)	Over two years and within three years (Millions of yen)	Over three years and within four years (Millions of yen)	Over four years and within five years (Millions of yen)
Lease liabilities	179	172	133	100

Asset retirement obligations schedule

The amount of asset retirement obligations as of the beginning and end of the current fiscal year is less than 1/100 of the total amount of liabilities and net assets as of the beginning and end of the current fiscal year, hence the description is omitted in accordance with Article 92-2 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(2) Other

(i) Quarterly information for the fiscal year ended March 31, 2025

(Cumulative period)	Q1	Q2	Q3	FY2025
Net sales (Millions of yen)	8,493	19,758	29,282	45,039
Profit (loss) before income taxes (Millions of yen)	(1,507)	427	(1,384)	1,997
Profit (loss) attributable to owners of parent (Millions of yen)	(1,047)	513	(1,378)	1,041
Earnings (loss) per share (Yen)	.(8.70)	4.26	(11.45)	8.65

(Accounting period)	Q1	Q2	Q3	Q4
Earnings (loss) per share (Yen)	(8.70)	12.96	(15.71)	20.10

Note: The Company prepares quarterly financial information for the first and third quarters in accordance with the rules set forth by the financial instruments exchange, and undergoes interim reviews of the financial information for those quarters.

(ii) Status after closing date

Not applicable.

(iii) Legal action

As of the submission date of the Annual Securities Report, there is no significant legal action against the Group.

2. Non-consolidated financial statements, etc.

(1) Non-consolidated financial statements

(i) Non-consolidated balance sheet

(Millions of yen)

		As of March 31, 2024		As of March 31, 2025
Assets				
Current assets				
Cash and deposits		21,200		11,184
Notes receivable - trade		33		20
Electronically recorded monetary claims - operating		1,143		839
Accounts receivable - trade		7,634		7,564
Merchandise and finished goods		3,394		3,512
Work in process		644		558
Raw materials and supplies		1,906		2,204
Prepaid expenses		203		191
Other		3,188		406
Allowance for doubtful accounts		(0)		(0)
Total current assets		39,348		26,479
Non-current assets				
Property, plant and equipment				
Buildings	*2	10,423	*2	10,023
Structures		836		755
Machinery and equipment	*2	1,632	*2	1,320
Vehicles	*2	0	*2	0
Tools, furniture and fixtures	*2	3,276	*2	2,788
Land		5,512		5,512
Leased assets		525		475
Construction in progress		11,376		19,316
Total property, plant and equipment		33,583		40,193
Intangible assets				
Software	*2	296	*2	199
Other		22		68
Total intangible assets		319		267
Investments and other assets				
Shares of subsidiaries and associates		22,509		26,215
Investments in capital of subsidiaries and associates		3,704		3,704
Deferred tax assets		405		443
Other		448		560
Total investments and other assets		27,068		30,923
Total non-current assets		60,971		71,384
Total assets		100,320		97,864

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	1,552	1,396
Lease liabilities	49	50
Accounts payable - other	1,176	939
Accrued expenses	879	671
Income taxes payable	64	141
Deposits received	155	99
Provision for bonuses	483	448
Other	48	76
Total current liabilities	4,410	3,824
Non-current liabilities		
Lease liabilities	570	520
Provision for retirement benefits	728	803
Asset retirement obligations	182	127
Other	43	40
Total non-current liabilities	1,524	1,491
Total liabilities	5,935	5,316
Net assets		
Shareholders' equity		
Share capital	14,965	14,965
Capital surplus		
Legal capital surplus	32,893	32,893
Total capital surplus	32,893	32,893
Retained earnings		
Other retained earnings		
Retained earnings brought forward	46,526	44,688
Total retained earnings	46,526	44,688
Treasury shares	-	(0)
Total shareholders' equity	94,385	92,548
Total net assets	94,385	92,548
Total liabilities and net assets	100,320	97,864

(ii) Non-consolidated statements of income

(Millions of yen)

		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025
Net sales		27,043		25,354
Cost of sales		13,253		14,573
Gross profit		13,790		10,781
Selling, general and administrative expenses	*2	12,243	*2	10,717
Operating profit		1,546		63
Non-operating income				
Interest and dividend income		2,159		428
Foreign exchange gains		96		-
Rental income from real estate		51		50
Other		60		104
Total non-operating income		2,367		583
Non-operating expenses				
Interest expenses		22		19
Foreign exchange losses		-		121
Rental expenses on real estate		25		35
Other		12		17
Total non-operating expenses		60		193
Ordinary profit		3,853		453
Extraordinary income				
Gain on sale of non-current assets		0		0
Other		-		4
Total extraordinary income		0		4
Extraordinary losses				
Loss on sale and retirement of non-current assets		338		130
Impairment losses		-		108
Other		-		1
Total extraordinary losses		338		240
Profit before income taxes		3,515		217
Income taxes - current		323		45
Income taxes - deferred		293		(37)
Total income taxes		616		7
Profit		2,899		209

Manufacturing cost statements

Category	Notes number	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024) Amount (Millions of yen)	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024) Composition ratio (%)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) Amount (Millions of yen)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025) Composition ratio (%)
I. Materials costs		3,018	48.0	3,489	45.2
II. Labor costs		1,576	25.1	1,760	22.8
III. Expenses	*1	1,688	26.9	2,469	32.0
Total manufacturing costs for the period		6,283	100.0	7,719	100.0
Work in process at beginning of the period		733		644	
Total		7,016		8,364	
Work in process at end of the period		644		558	
Transfer to other account		(34)		13	
Cost of products manufactured		6,406		7,792	

Cost calculation method

The method of cost calculation applies the appropriate cost calculation method based on manufacturing method of product, such as total annual cost amount by process based on actual costs.

Note: *1. Breakdown of major items are as follows.

(Millions of yen)

Item	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Depreciation	763	1,106
Repair expenses	377	688

(iii) Non-consolidated statements of changes in shareholders' equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				Total net assets
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity	
		Legal capital surplus	Other retained earnings		
			Retained earnings brought forward		
Balance at beginning of period	14,965	32,893	48,684	96,544	96,544
Changes during period					
Dividends of surplus			(5,057)	(5,057)	(5,057)
Profit			2,899	2,899	2,899
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	(2,158)	(2,158)	(2,158)
Balance at end of period	14,965	32,893	46,526	94,385	94,385

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity					Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other retained earnings			
			Retained earnings brought forward			
Balance at beginning of period	14,965	32,893	46,526	-	94,385	94,385
Changes during period						
Dividends of surplus			(2,047)		(2,047)	(2,047)
Profit			209		209	209
Purchase of treasury shares				(0)	(0)	(0)
Net changes in items other than shareholders' equity						-
Total changes during period	-	-	(1,837)	(0)	(1,837)	(1,837)
Balance at end of period	14,965	32,893	44,688	(0)	92,548	92,548

Notes to non-consolidated financial statements

Significant accounting policies

1. Valuation basis and methods for assets

(1) Securities

Shares of subsidiaries and associates

Stated at cost determined by the moving-average method

Held-to-maturity securities

Amortized cost method (straight-line method)

Available-for-sale securities

Available-for-sale securities other than stocks, etc., without market value

Fair value method (unrealized gains and losses are recognized in a component of net assets, and costs of securities sold are determined by the moving average method)

Stocks, etc. without market value

Stated at cost determined by the moving-average method

(2) Derivatives

Fair value method

(3) Inventories

Primarily stated at cost determined by the weighted-average method (the carrying amounts in the balance sheet are calculated by the method in which carrying amounts are written down due to a decline in profitability of assets)

2. Depreciation methods for non-current assets

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

The straight-line method is used.

(2) Intangible assets (excludes leased assets)

The straight-line method is used.

(3) Leased assets

Leased assets in ownership-transferred finance lease transactions

Uses same method as depreciation method adopted for company-owned fixed assets.

Leased assets in non-ownership-transferred finance lease transactions

Uses straight-line method with settings of useful lives as lease period and residual value as zero.

3. Recognition of reserves

(1) Allowance for doubtful accounts

As a provision for losses arising from bad debts, allowance for doubtful accounts is provided at the amount expected to be uncollectible based on the historical rate of bad debt for general receivables and based on the collectability of the receivables for doubtful accounts.

(2) Provision for bonuses

Provision for bonus payments to employees is provided at the amount of projected future bonus payment to be borne during the current fiscal year.

(3) Provision for retirement benefits

To prepare for payment of retirement benefits to employees, provision for retirement benefits is provided based on the estimated amounts of retirement benefit obligations and plan assets at the end of the fiscal year under review.

In calculation of retirement benefit obligations, the benefit formula basis is applied to attribute expected retirement benefits to periods up to the end of the fiscal year under review.

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

Actuarial gains or losses are amortized by the straight-line method from the fiscal year following the fiscal year in which the gains or losses occurred over a period equal to or less than the average remaining service period of eligible employees (10 years) at the time of occurrence in each fiscal year.

4. Standard for booking revenue and expenses

In terms of revenue generated from contracts between the Company and customers, the details of major performance obligations in major businesses and the standard timing of fulfilling performance obligations (and recognizing revenue) are as follows.

The Company will receive the compensation of the transaction within one year of fulfilling performance obligations and significant financing components are not included.

(1) Reagents and Instruments

In the Reagents and Instruments business, the Group primarily manufactures and sells reagents and sells instruments. In terms of product sales to domestic customers, the period between shipping and delivery of the product to the customer is the standard period. Therefore, the Group recognizes revenue at the point of shipping the product to the customer. In terms of product sales to overseas customers, based on trade conditions established primarily in Incoterms, etc., the Group recognizes revenue at the point that the Group delivers the product to the transporting party and the control of product is transferred to the customer.

(2) CDMO

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

5. Other significant matters for preparing financial statements

(1) Accounting for retirement benefits

Accounting treatment for unrecognized actuarial gains or losses and unrecognized past service cost for retirement benefits are different from accounting treatment for them in the consolidated financial statements.

(2) Method of hedge accounting

Deferral hedge is adopted in hedge accounting. Appropriation processing is adopted for transactions that meet the requirements for that method in order to hedge foreign currency exchange risks.

Hedging instruments and hedged items

Hedging instrument:	Forward exchange contracts
Hedged items:	Foreign currency-denominated liabilities, corresponding with royalty payments, etc.

Hedge policy

The currency fluctuation risk of a hedged item in the exchange market is hedged within a certain range based on accounting rules for the purpose of mitigating the effect of exchange fluctuations on foreign currency-denominated liabilities.

Method of assessing hedge effectiveness

An exchange contract, a hedging instrument, fixes the cash flows of a hedged item. Therefore, cash flow fluctuations are offset at the start of the hedging and thereafter. As such, the assessment of hedge effectiveness is omitted.

Non-consolidated balance sheet

1 Monetary receivables and monetary liabilities of subsidiaries and affiliates (excluding those presented as separate line items)

	Fiscal year ended March 31, 2024 (March 31, 2024)	Fiscal year ended March 31, 2025 (March 31, 2025)
Short-term monetary receivables	¥1,909 million	¥1,214million
Short-term monetary liabilities	562	374

*2 Tax purpose reduction entry

The total amount of tax purpose reduction entry that is directly subtracted from non-current assets acquired using national subsidies, etc. is as follows.

	Fiscal year ended March 31, 2024 (March 31, 2024)	Fiscal year ended March 31, 2025 (March 31, 2025)
Buildings	¥1,337 million	¥1,337 million
Machinery and equipment	3,122	3,122
Vehicles	1	1
Tools, furniture and fixtures	524	524
Software	1	1
Total	4,987	4,987

Non-consolidated statements of income

1. Transaction amount with subsidiaries and affiliates

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Net sales	¥11,556 million	¥10,147million
Purchase of goods	5,397	5,195
Transaction besides operating transactions	2,189	448

*2 Selling expenses comprised 5% in the previous fiscal year and 5% in the current fiscal year while general and administrative expenses made up 95% in the previous fiscal year and 95% in the current fiscal year.

Major expenses and monetary amount of SG&A expenses

	Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
Promotion expenses	¥286 million	¥252 million
Provision of allowance for doubtful accounts	(0)	(0)
Employees' salaries and bonuses	2,634	2,640
Provision for bonuses	193	181
Retirement benefit expenses	185	202
Depreciation	546	511
Research and development expenses	5,508	4,201
Remuneration/contracting fees	338	266

Securities

Fiscal year ended March 31, 2024

Fair value of shares of subsidiaries and affiliates are not included because the shares have no market prices.

The amount of the shares of subsidiaries and affiliate without market prices are recorded in the balance sheet as follows.

(Millions of yen)

Category	Fiscal year ended March 31, 2024
Shares of subsidiaries and associates	22,509
Investments in capital of subsidiaries and associates	3,704

Fiscal year ended March 31, 2025

Fair value of shares of subsidiaries and affiliates are not included because the shares have no market prices.

The amount of the shares of subsidiaries and affiliate without market prices are recorded in the balance sheet as follows.

(Millions of yen)

Category	Fiscal year ended March 31, 2025
Shares of subsidiaries and associates	26,215
Investments in capital of subsidiaries and associates	3,704

Tax effect accounting

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

	Fiscal year ended March 31, 2024 (March 31, 2024)	Fiscal year ended March 31, 2025 (March 31, 2025)
Deferred tax assets		
Impairment losses	¥9 million	¥26million
Provision for bonuses	126	116
Provision for retirement benefits	218	248
Accrued business tax	–	40
Depreciation	35	30
Asset retirement obligations	54	55
Loss on valuation of inventories	86	52
Other	39	49
Deferred tax assets subtotal	570	619
Valuation allowance	(9)	(55)
Deferred tax assets total	560	564
Deferred tax liabilities	(154)	(120)
Net deferred tax assets (liabilities)	405	443

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

	Fiscal year ended March 31, 2024 (March 31, 2024)	Fiscal year ended March 31, 2025 (March 31, 2025)
Effective statutory tax rate	30.0%	30.0%
(Adjustments)		
Entertainment and other permanently non-deductible expenses	0.1	3.9
Dividend and other permanently non-taxable income	(17.5)	(56.2)
Local tax on per capita basis	0.2	2.6
Foreign tax	4.5	15.9
Changes in valuation allowance	–	20.2
Tax credits on experimentation and research expenses, etc.	(1.2)	(10.0)
Impact of tax rate change	–	(2.3)
Other	1.3	(0.6)
Income tax rate after applying tax effect accounting	17.5	3.6

3. Revision of deferred tax assets and deferred tax liabilities due to changes in income tax rates

In response to tax law changes, the statutory effective tax rate has been changed from 30.0% to 31.0% for the calculation of deferred tax assets and deferred tax liabilities related to temporary differences that are expected to be resolved in or after the fiscal year after next. As a result, the amount of deferred tax assets (amount after deducting deferred tax liabilities) for the current fiscal year has increased by 4 million yen and income tax -defferd has increased by 4 million yen.

Revenue recognition

Information that is the basis for understanding revenue from contracts with customers is omitted here because it is the same as the information in “Significant accounting policies, 4. Standard for booking revenue and expenses.”

Significant subsequent events

Not applicable.

(iv) Supplementary statements

Detailed schedule of property, plant and equipment and others

(Millions of yen)

Category	Type of assets	Balance at beginning of period	Increase during the period	Decrease during the period	Depreciation during the period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	10,423	396	80 (71)	716	10,023	5,106
	Structures	836	–	6	74	755	523
	Machinery and equipment	1,632	189	107 (16)	393	1,320	3,236
	Vehicles	0	–	–	0	0	3
	Tools, furniture and fixtures	3,276	(Note 1) 700	34 (20)	1,153	2,788	7,119
	Land	5,512	–	–	–	5,512	–
	Leased assets	525	–	0	50	475	266
	Construction in progress	11,376	(Note 2) 7,961	21	–	19,316	–
	Total	33,583	(Notes 1 and 2) 9,249	250 (108)	2,388	40,193	16,255
Intangible assets	Software	296	25	–	122	199	–
	Other	22	47	–	1	68	–
	Total	319	72	–	124	267	–

Notes: 1. It is mainly ¥283 million for a new type of genetic analysis equipment.
2. It is mainly ¥7,618 million for the construction of a dual-use manufacturing facilities.
3. The figures in the () in the decrease during the period are included in the amount of impairment loss recognized.

Detailed schedule of allowances

(Millions of yen)

Categor	Balance at beginning of period	Increase during the period	Decrease during the period	Balance at end of period
Allowance for doubtful accounts	0	0	0	0
Provision for bonuses	483	448	483	448

(2) Components of major assets and liabilities

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

(3) Other

(i) Status after closing date

Not applicable.

(ii) Legal action

As of the submission of the Annual Securities Report, there is no significant legal action against the Company.

VI. Overview of operational procedures for shares of the reporting company

Fiscal year	From April 1 to March 31
Annual General Meeting of Shareholders	June
Record date	March 31
Record dates for dividends of surplus	September 30 March 31
Number of shares per share unit	100 shares
Purchase of shares less than one unit	
Office for handling business	(Handling of shares less than one unit recorded at special account) 1-3-3 Marunouchi, Chiyoda-ku, Tokyo Securities Agent Department, Head Office, Mizuho Trust & Banking Co., Ltd. (Handling of shares less than one unit recorded at transfer account other than special account) Account management institution that opened transfer account (Securities company, etc.)
Shareholder register administrator	(Shareholder register administrator and special account management institution) 1-3-3 Marunouchi, Chiyoda-ku, Tokyo Mizuho Trust & Banking Co., Ltd.
Handling charge for purchase	No charge
Method of public notice	Electronic public notice will be made. However, if it is impossible to publish public notices electronically because of an accident or other unavoidable circumstances, the public notices shall be made by publication in the Nihon Keizai Shimbun. Electronic posting location: https://www.takara-bio.co.jp (Company homepage)
Special benefits for shareholders	Not applicable.

VII. Reference information for reporting company

1. Information on parent company of reporting company

The Company has no parent company, etc. as stipulated by Article 24-7, paragraph 1 of the Financial Instruments and Exchange Act.

2. Other reference information

The Company has submitted the following documents between the beginning of the current fiscal year and the date of submission of the Annual Securities Report.

(1) Annual Securities Report, attached documents, and confirmation documents

Submitted for the 22nd fiscal year (April 1, 2023 to March 31, 2024) to the Director-General of the Kanto Local Finance Bureau on June 27, 2024.

(2) Internal controls report and attached documents

Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2024.

(3) Semiannual securities report and confirmation documents

(23rd fiscal year) (April 1, 2024 to September 30, 2024) Submitted to the Director-General of the Kanto Local Finance Bureau on November 11, 2024.

(4) Temporary reports

Submitted to the Director-General of the Kanto Local Finance Bureau on June 28, 2024.

Temporary reports are based on Article 19, paragraph 2, No. 9-2 (Results of exercising voting rights in General Meeting of Shareholders) of the Cabinet Office Order on Disclosure of Corporate Affairs.

Submitted to the Director-General of the Kanto Local Finance Bureau on May 13, 2025.

Temporary reports are based on Article 19, paragraph 2, No. 9 (Change of representative director) of the Cabinet Office Order on Disclosure of Corporate Affairs

(5) Revision report of Temporary reports

Submitted to the Director-General of the Kanto Local Finance Bureau on July 1, 2024.

Revision report related to Temporary report (Results of exercising voting rights in General Meeting of Shareholders) submitted on June 28, 2024

Part II. Information on insurance company, etc. of reporting company

Not applicable.