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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 29, 2022
[Fiscal year]	20th term (from April 1, 2021 to March 31, 2022)
[Company name]	Takara Bio Inc.
[Company name in English]	Takara Bio Inc.
[Title and name of representative]	Koichi Nakao, President and CEO
[Address of registered headquarters]	7-4-38, Nojihigashi, Kusatsu-shi, Shiga
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[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

A. Company information

I. Overview of the Company

1. Trends in selected financial data

(1) Summary of consolidated financial data

Term		16th term	17th term	18th term	19th term	20th term
Fiscal year-end		March 2018	March 2019	March 2020	March 2021	March 2022
Net sales	(Millions of yen)	32,312	35,841	34,565	46,086	67,699
Ordinary profit	(Millions of yen)	3,861	5,665	6,347	14,159	28,459
Profit attributable to owners of parent	(Millions of yen)	2,335	3,657	3,819	9,547	19,849
Comprehensive income	(Millions of yen)	2,455	2,705	3,216	8,674	23,689
Net assets	(Millions of yen)	61,959	64,095	66,591	74,302	96,064
Total assets	(Millions of yen)	68,670	71,040	75,009	89,750	115,712
Net assets per share	(Yen)	513.66	531.57	552.23	616.05	796.18
Earnings per share	(Yen)	19.39	30.38	31.72	79.29	164.84
Diluted earnings per share	(Yen)	–	–	–	–	–
Shareholders' equity ratio	(%)	90.1	90.1	88.7	82.7	82.9
Return on equity (ROE)	(%)	3.84	5.81	5.85	13.57	23.35
Price-earnings ratio (PER)	(Multiple)	104.79	84.51	70.33	37.43	13.59
Net cash flows from (used in) operating activities	(Millions of yen)	3,935	5,783	6,339	13,943	6,985
Net cash flows from (used in) investing activities	(Millions of yen)	(14,755)	(5,576)	(212)	(3,778)	(7,071)
Net cash flows from (used in) financing activities	(Millions of yen)	(1,205)	(541)	(946)	(1,103)	(2,070)
Cash and cash equivalents at end of period	(Millions of yen)	10,051	9,464	14,462	23,308	22,160
Number of employees	(Persons)	1,448	1,435	1,485	1,539	1,666

Notes: 1. The Group aims to secure a competitive advantage by focusing on reagents, instruments and contracting for the support of advanced biotechnology research and the development of regenerative medicine products such as gene therapy products. 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 16th through 20th terms are 14.4%, 12.1%, 11.2%, 12.0% and 9.0%.

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

(2) Financial data on the reporting company

Term		16th term	17th term	18th term	19th term	20th term
Fiscal year-end		March 2018	March 2019	March 2020	March 2021	March 2022
Net sales	(Millions of yen)	20,976	21,740	21,984	33,885	50,398
Ordinary profit	(Millions of yen)	2,660	3,690	4,008	11,495	25,063
Profit	(Millions of yen)	1,404	2,756	2,623	8,681	18,485
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)	57,932	60,146	61,927	69,645	86,204
Total assets	(Millions of yen)	62,170	64,693	68,045	81,124	101,386
Net assets per share	(Yen)	481.10	499.49	514.28	578.38	715.89
Dividends per share (Interim dividends per share)	(Yen)	4.50 (–)	7.00 (–)	8.00 (–)	16.00 (–)	33.00 (–)
Earnings per share	(Yen)	11.67	22.89	21.79	72.10	153.51
Diluted earnings per share	(Yen)	–	–	–	–	–
Shareholders' equity ratio	(%)	93.2	93.0	91.0	85.9	85.0
Return on equity (ROE)	(%)	2.44	4.67	4.30	13.20	23.72
Price-earnings ratio (PER)	(Multiple)	174.19	112.15	102.40	41.17	14.60
Dividend payout ratio	(%)	38.6	30.6	36.7	22.2	21.5
Number of employees	(Persons)	471	480	517	570	669
Total shareholder return (Comparative indicator: Dividend-included TOPIX)	(%) (%)	133.3 (115.9)	168.8 (110.0)	147.3 (99.6)	196.6 (141.5)	151.1 (144.3)
Highest share price	(Yen)	2,176	3,210	2,826	3,535	3,350
Lowest share price	(Yen)	1,397	2,006	1,481	2,070	2,146

Notes: 1. The Company aims to secure a competitive advantage by focusing on reagents, instruments and contracting for the support of advanced biotechnology research and the development of regenerative medicine products such as gene therapy products. 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 16th through 20th terms are 14.2%, 12.2%, 10.8%, 11.1% and 9.0%.

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 are those on the Tokyo Stock Exchange (First Section).

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.

(1) History of the biotechnology division of Takara Shuzo, Co., Ltd.

Date	Event
Jan. 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	Commenced the Genetic Engineering Research business. Launched the first domestically produced restriction enzymes. Commenced the current Bioindustry 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.

(2) 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 due to the revision of the market segments of the exchange.

3. Description of business

The Group is made up of the Company's parent company, the Company and the Company's nine group companies (subsidiaries) (hereinafter referred to as the "Group" including the Company), and conducts businesses in Bioindustry 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 area due to segment information not being shown.

(1) Current business details

(i) Bioindustry business

The Group's main customers are universities, public research institutes, enterprises and testing companies using biotechnology to conduct research, product development and testing businesses. The Group provides finished goods, merchandise and services to such customers via distributors or directly to customers. When doing so, it conducts sales promotions such as distributing technical documents as printed material or publishing them on the Company's website, increasing added value and differentiating from competitors.

1) Status of biotechnology R&D and industrial usage

Biotechnology refers to technologies effectively utilizing the capabilities and qualities of organisms in areas such as medicine, biologics development, diagnosis, agriculture, environment, and resources and energy. Genetic engineering was developed in the 1970s, leading to the beginning of the use of modern biotechnology. Since then, technological innovation has continued in areas such as genomes and stem cells, fundamental and applied research along with product development utilizing biotechnology have been actively carried out globally, and such areas have continued to expand.

2) The Group's business areas

The Group uses genetic engineering and cell engineering as fundamental technologies to focus on providing a wide range of products, merchandise, and services spanning from the areas of research support that supports fundamental research of universities, public research institutes and enterprises to industrial support that supports the industrial activities of enterprises, etc.

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.) and single cell 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 support. In the CDMO business, we are utilizing technology and knowhow cultivated in development of research reagents, in clinical development of gene therapy and cell therapy to be contracted for genetic analysis and testing and contracted for services related to regenerative medicine products.

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.

3) 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 AB) 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, strengthening the lineup of products in the area of ultra-low nucleic acid sample analysis.

In addition, the Company began sales of in vitro diagnostics using PCR technology in November 2020.

4) 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.

5) CDMO

The Company provides paid services for universities, public research institutes and enterprises based on contracts for experiments, research and development, and manufacturing itself.

a) Contract services related to genetic analysis and testing

In this business, the Company's proprietary research and development capability and know-how are its sales points, and 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 by pharmaceutical companies, etc. and genome tests of cancer patient's specimens based on requests from medical institutions.

b) Contract services related to regenerative medicine products

Utilizing the technology and know-how cultivated in clinical development of regenerative medicine products such as gene therapy, the Company has established the facilities and system necessary for providing services related to products such as regenerative medicine to universities, public research institutes and enterprises. In this business, the Company performs contract manufacturing, development of manufacturing processes, development of quality control testing methods, pilot manufacturing, and bioassay services compliant with GCTP/GMP such as for gene delivery vectors, vaccines, and cells used in regenerative medicine.

6) Other

The Company is proceeding out-licensing of the patents and know-how it possesses.

(ii) Gene therapy business

The Company is engaged in the gene therapy business as an applied area of its core technologies of gene engineering technology and cell engineering technology. In this business, it builds biologics

development platform technologies required for gene therapy, etc. and activities to create new clinical projects, etc. Furthermore, the Company is also working to maximize the value of projects it has developed and out-licensed to pharmaceutical companies.

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, biopharmaceuticals with a main component of antibodies or recombinant protein, etc., have emerged. Furthermore, due to advances in new technologies such as stem cells and virus vectors, regenerative medicine and gene therapy, 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 is intensifying.

2) Development of fundamental biologics technologies

The Company aims to be a biologics development company that continuously creates new modalities by building biologics development platform technologies. In its building of biologics development platform technologies, the Company is particularly focused on and engaged in themes such as virus vector mass production methods, development of next-generation CAR gene therapy methods adaptable for solid tumors, development of virus vectors for organ-specific in vivo gene therapy and development of next-generation TCR and CAR gene therapy methods with a persistent antitumor effect.

3) New clinical development projects

The Company is engaged in preparation for clinical trials of CD19-JAK/STAT-CAR gene therapy code: TBI-2001) and development of other new projects aimed at resolving persistence of therapy effects and adaption to solid tumors said to issues in existing CAR gene therapy.

4) Out-licensed projects

In projects which the Company conducted initial clinical development and out-licensed through partnerships with pharmaceutical companies, the Company is engaged in the preparation of manufacturing and supply systems after launch and the expansion of indications through close coordination with partner pharmaceutical companies for the purpose of maximizing the value of each project.

Clinical development is progressing on NY-ESO-1・siTCR™ (code: TBI-1301), which is an engineered T-cell therapy, as an out-licensed project. *

* Of the three out-licensed projects, development was halted on two projects, oncolytic virus canerpaturev (C-REV, code TBI-1401) and CD19-CAR gene therapy (code TBI-1501), in November 2021, after reaching agreements with the out-licensing partners.

(2) Positioning of each company in the Group

(i) Bioindustry business

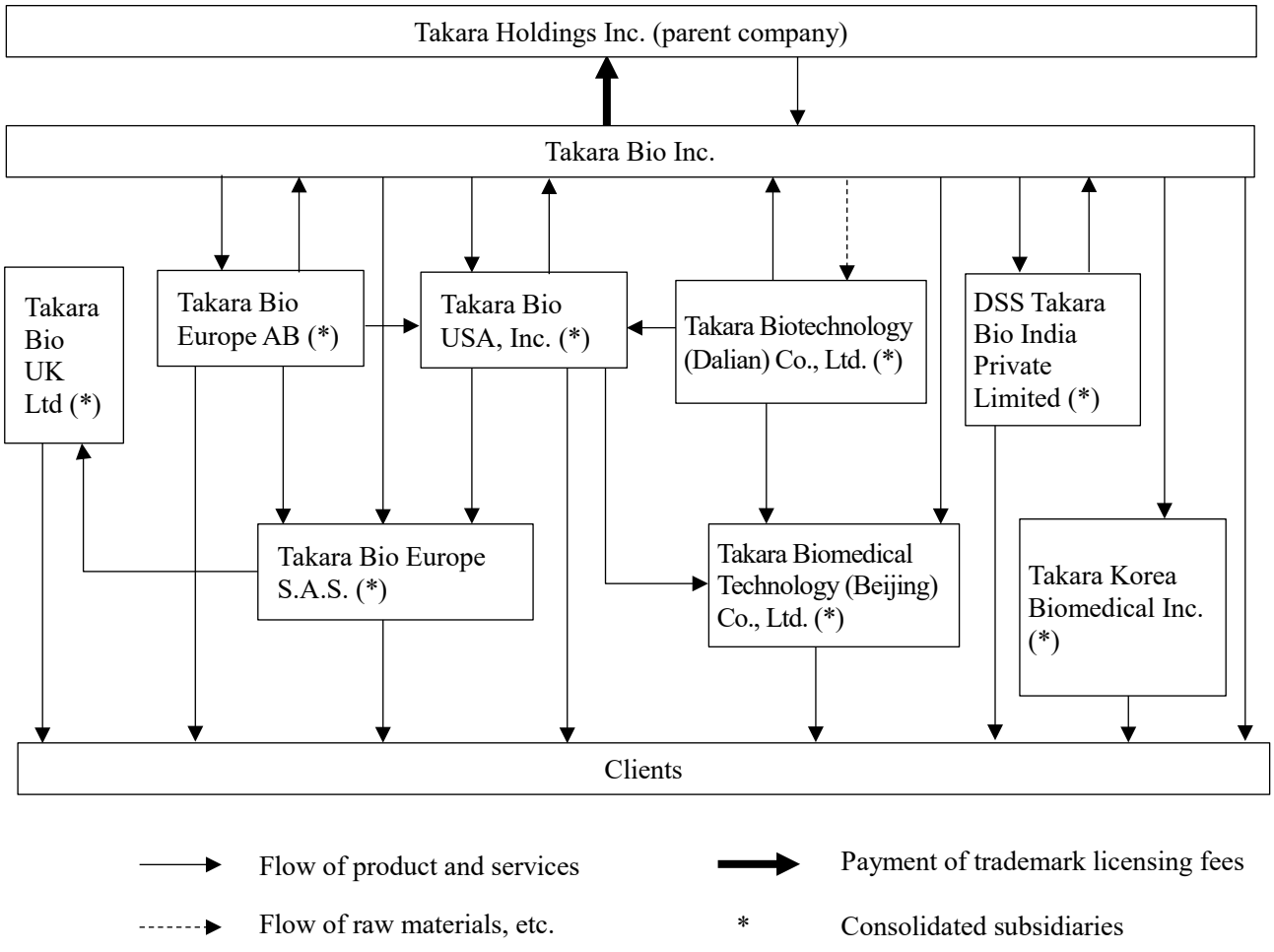
The Company performs development, manufacturing and sale of reagents and instruments, as well as contracted services. In China, Takara Biotechnology (Dalian) Co., Ltd. performs development and manufacturing of reagents along with contracted services, and Takara Biomedical Technology (Beijing) Co., Ltd. performs sales of reagents and instruments. In Europe, Takara Bio Europe S.A.S. and Takara Bio UK Ltd perform sales of reagents and instruments, and Takara Bio Europe AB performs manufacturing of reagents and contracted services. 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 business

The Company is engaged in the building of biologics development platform technologies required for gene therapy, etc., new clinical project creation activities, and the maximization of project value for projects developed by the Company and out-licensed to pharmaceutical companies.

(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. (First Section, TSE) is the parent company, which holds 60.93% of voting rights in the Company as of March 31, 2022. 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 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 61 group companies (59 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 nine 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 2. 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 City	JPY 13,226 million	Pure holding company	60.93 held	Two officers concurrently serving (two officers of the Company) The Company pays trademark licensing fees 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	Sale of reagents and instruments	100.00	Four officers concurrently serving (two officers and two employees of the Company) Purchase of products from the Company
Takara Bio Europe AB (Note 4)	Gothenburg, Sweden	SEK 2,222,000	Manufacture and sale of reagents, contract business	100.00 [100.00]	Six officers concurrently serving (two officers, one executive officer and three employees of the Company) Delivery of products to the Company Purchase of products from 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 employee of the Company)
Takara Biotechnology (Dalian) Co., Ltd. (Note 3)	Dalian, Liaoning Province, China	JPY 2,350 million	Development, manufacture and sale of regents, contract business	100.00	Ten officers concurrently serving (two officers, four executive officers and four 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	Ten officers concurrently serving (two officers, two executive officers and six employees of the Company) Purchase of products from the Company

Name	Address	Share capital or investments in capital	Principal contents of business	Ratio of voting rights holding (%)	Relationship
Takara Korea Biomedical Inc.	Seoul, South Korea	KRW 3,860 million	Sale of reagents and instruments	100.00	Five officers concurrently serving (one officer, one executive officer and three 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 (one officer, one executive officer 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, one executive officer and one employee of the Company)
Takara Bio USA, Inc. (Notes 3, 4 and 5)	San Jose, U.S.	USD 83,000	Development, manufacture and sale of reagents and instruments	100.00 [100.00]	Five officers concurrently serving (three officers, one executive officer and one employee 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 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	8,183	11,800	13,691
(2) Ordinary profit	1,556	2,008	1,924
(3) Net income	(431)	1,502	1,550
(4) Net assets	2,455	3,821	26,934
(5) Total assets	3,236	6,274	29,711

5. Information about employees

(1) Consolidated companies

As of March 31, 2022

Number of employees	1,666

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, 2022

Number of employees	Average age	Average years of service	Average annual salary (thousands of yen)
669	39.8	10.8	7,051

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.
5. The number of employees increased by 99 compared to the end of the previous fiscal year due to hiring associated with business expansion.

(3) Status of labor union

Employees are members of the TaKaRa Labor Union, and there were 449 members as of March 31, 2022.

There are no notable matters with the labor union.

II. Overview of business

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

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

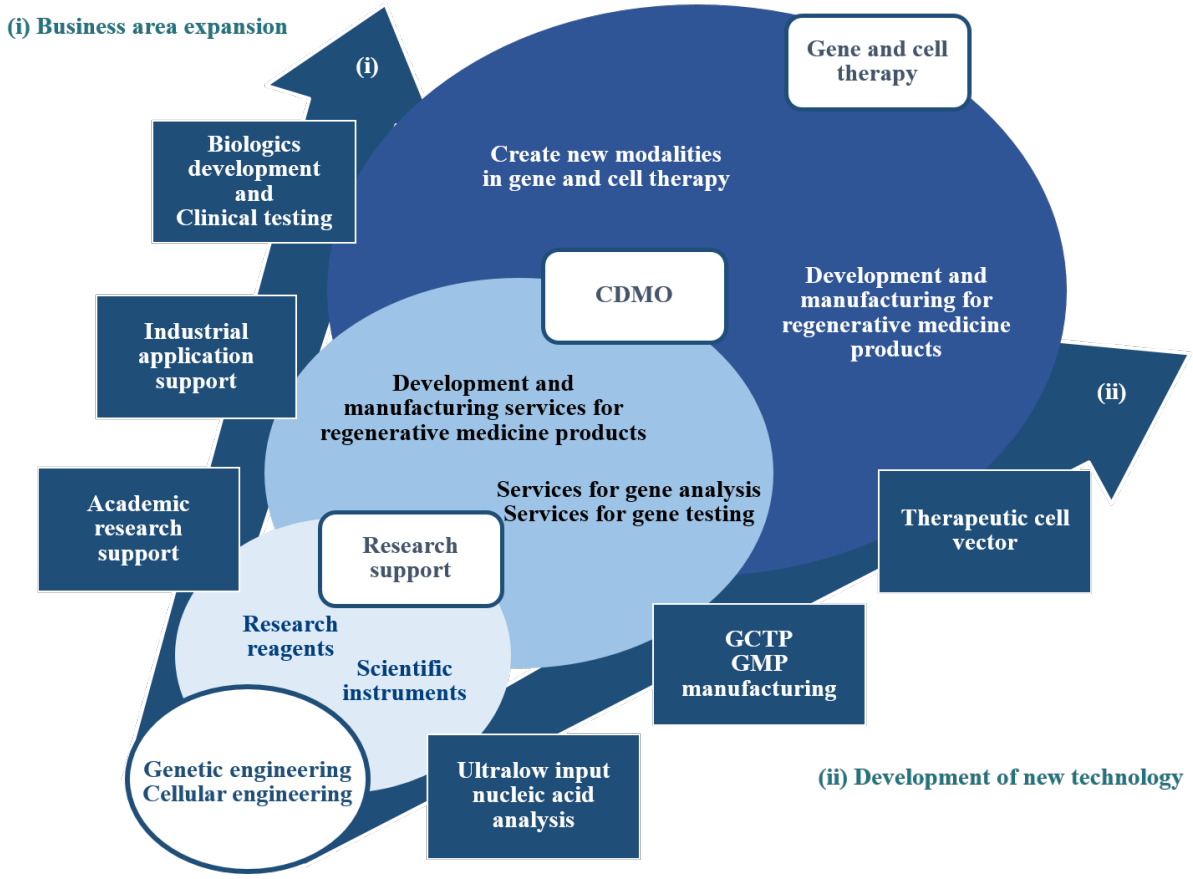
Under the corporate philosophy of "contributing to the health of humankind through the development of revolutionary biotechnologies such as gene therapy," the Group aims to contribute to society and enhance corporate value through both "Bioindustry" and "Gene Therapy" by utilizing the technological foundation of biotechnology.

(2) Management strategy, etc.

The Group has formulated the "Long-Term Management Plan 2026" for the six years ending in fiscal 2026(Note), and "Medium-Term Management Plan 2023" for the three years ending in fiscal 2023(Note).

Note: Fiscal 2026 and fiscal 2023 refer to the fiscal year ending March 31, 2026 and 2023, respectively.

(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

Overview of Long-Term Management Plan 2026

(1) Positioning and objectives

Under our corporate philosophy of "contributing to the health of humankind through the development of revolutionary biotechnologies such as gene therapy," the Group has a figure aimed in fiscal 2026 to achieve sustainable growth.

(2) Term

Fiscal 2021 to fiscal 2026 (six years)

(3) Vision (ideal)

Through the "Reagents and Instruments business" and the "CDMO business", the Group promotes the building of biologics development platform technologies and aims to be a biologics development company(Note) that continuously creates new modalities.

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

(4) Quantitative targets for the final year of the plan

Operating profit: ¥10 billion, ROE:8% or more

Overview of Medium-Term Management Plan 2023

(1) Term

Fiscal 2021 to fiscal 2023 (three years)

(2) General policy

The Group will build a foundation for growth over the next three years. It will promote business growth strategies and strategies to strengthen its management foundation, with aim of realizing Long-Term Management Plan 2026 (operating profit of ¥10 billion).

(3) Quantitative targets for the final year of the plan

Operating profit: ¥6.5 billion, ROE: 6% or more*

* The results forecast for fiscal 2023 is for operating profit of ¥15 billion and ROE of 10.7%.

(4) Business strategy

- Sustained growth in the core businesses of the "Reagents and Instruments business" and the "CDMO business"
- Accelerate biologics development alliance and create new clinical projects to achieve dramatic growth in the future
- Accelerate expansion into growing global markets and expand business domains
- Abolish the business division system and reorganize into an organization to accelerate growth through the integration of divisions

(5) Strengthening our management base

- Aggressive growth investment, enhancement of shareholder returns, and improvement of ROE
- Cultivation of human resources, organization, and work environment to support growth
- Strengthen platform technology and R&D
- Build a new earnings base by improving productivity
- Create social value through the implementation of corporate philosophy

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

Quantitative targets: Operating profit of ¥10 billion and ROE of 8% or more in fiscal 2026, which is the final year of the plan.

(4) Management environment

The management environment surrounding the Group is changing significantly in Japan and overseas, and becoming increasingly difficult. Recent development includes COVID-19, the prolonged trade friction between the United States and China, and Russia's invasion of Ukraine. And also, in the areas of gene therapy, regenerative medicine products that the Group is actively pursuing, there has been progress with the development of various modalities and the practical applications thereof, and global competition is intensifying without regard for the size of the company such as bio-ventures and pharmaceutical companies.

Furthermore, society's interest in companies' initiatives to address sustainability such as environmental and social issues are gaining attention, companies need to actively engage in the resolution of not only performance and finance, but also initiatives to resolve social issues.

(5) Priority business and financial issues

In the Long-Term Management Plan 2026 and the Medium-Term Management Plan 2023, the Group will realize sustained growth by engaging in the following issues. Earnings increased significantly due to reagents related to the new coronavirus PCR tests in the fiscal year under review, and the Group will continue to engage in measures to create growth infrastructure as mentioned in the Medium-Term Management Plan and the Long-Term Management Plan. The Group will continue to check quantitative targets and KPIs while considering revisions if required and as needed.

Business growth strategy

The Group aims to achieve sustained growth in both the "Reagents and Instruments business" and the "CDMO business" that are its core businesses, and accelerates the engineering of biologics development platforms and the gene & cell therapy alliances, and creating new clinical development projects for future rapid growth.

(1) Reagents business

- Aim to optimize development themes at our R&D sites in Japan, the U.S., and China, to improve development efficiency.
- Distribute and reorganize manufacturing systems in Japan, the U.S., China, and Europe to optimize and improve efficiency throughout the Group.

  In addition, strive to improve competitiveness in terms of price and quality by continually reducing costs and expanding the scope of quality management system certification.
- Build a "glocal" sales strategy that takes regional characteristics into account.

(2) Instruments business

- Strengthen the development of PCR-related products for industrial and medical fields, such as virus testing, and further develop them into veterinarians, livestock, and environmental fields.
- In addition to aiming to expand sales by enhancing applications such as single-cell analysis system, the Company will also use it to develop new menus for its CDMO business.
- Reorganize manufacturing and development systems, and develop new products with high added-value by systematizing instruments and specialized reagents.

(3) CDMO business

- Aim to expand the CDMO business by taking advantage of the dramatic improvement in manufacturing capacity for products such as regenerative medicine by expanding the Center for Gene and Cell Processing.

- Further strengthen the GMP manufacturing system, including scaling up virus vector manufacturing, improving the productivity of gene-transduced cells, and cutting costs, in the fields related to regenerative medicinal products. Also establish a manufacturing system enabling support for new modalities such as mRNA.
- Make efforts to enter clinically relevant fields and to improve the ability to handle large-scale genome analysis projects, in the field of gene analysis and gene testing.

(4) Gene & Cell therapy alliance

- Regarding the TBI-1301 (NY-ESO-1 ・ siTCR™) project, advance clinical development with partners, aiming at early launch.

(5) New clinical development projects

- Promote the development of new gene therapy projects including the TBI-2001 (CD19-JAK/STAT-CAR) project.
- Develop more effective CARs and siTCR™ ex vivo gene therapy, applicable to solid cancer other than blood cancer.
- Develop a new viral vector that has a higher therapeutic effect for in vivo gene therapy and can be administered with less burden on patients.

Strategy for strengthening the management base

Transform into a corporate culture that will realize the Long-Term Management Plan 2026 and establish a solid foundation for growth by advancing five management foundation strategies linked to our business strategies. Implement management with consideration of sustainability at the same time.

(1) Finance

Maintain and improve shareholder returns and ROE by continuing to make aggressive growth investments while maintaining financial soundness.

(2) Human resources and organization

Focus on globalization and the development of leaders for the next generation to enhance growth opportunities to raise individual abilities, and create a work environment where employees can feel a work-life balance and a sense of satisfaction.

(3) Technology

Build a foundation for the creation of new technologies by strengthening R&D capabilities, which are the lifelines of sustainable growth, and actively utilizing open innovation.

(4) Revenue

Work to improve the efficiency and productivity of operations by reviewing work management and processes and further developing and utilizing IT infrastructure.

(5) Creating social value

Conduct business activities unique to the Group, including support for life science research through the development and practical application of reagents for advanced research, and fulfillment of unmet medical needs through the development of gene therapy products, based on the corporate philosophy.

2. 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 regenerative medicine including gene therapy, as well as research support fields for the purpose of basic research and biologics development whose direct target markets are universities, public research institutions, companies, and commercial labs, plus an array of other fields covering the environment, energy, food, and information.

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. Clinical 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 and new entrants and others, 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, 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, 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 will 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, manufacturing and sales of research reagents and instruments 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 R&D 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

While the Group is based on R&D, new technological innovation and the emergence of new market players are having a significant influence on the biotechnology industry. 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 may not be able to secure human resources as planned, or that its personnel may leave the Group, its business strategy and performance could be affected. In light of these risks, the Group is making efforts to promote diversity and a healthy work-life balance, while also creating safe and comfortable worksites and working environments.

(v) Initial payments related to license agreements and sales related to milestone payments

Based on contracts with customers, the Group recognizes upfront payments as revenue at the time when licensing rights are granted to customers, and recognizes milestone payments as revenue at the time the conditions prescribed by the agreement are satisfied, which are when performance obligations are determined to be satisfied. However, due 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.

(vi) Sales related to contract services

The Group recognizes sales of contract services as revenue when control 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, due 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 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 fluctuation.

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 at the end of the fiscal year 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 due to a decline in utilization rates, or owing to the failure of an acquired business to meet initial projections, or owing to 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) Critical contracts for operation

An outline of the contracts that are considered to be important for the business development of the Group is described in "II. Overview of business 4. Critical contracts for operation." If these contracts end due to the expiry of the contract term, cancellation, or 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. If any defect is found in a product during its manufacture or sales, or during the clinical trial process; or if a health impairment is caused by any pharmaceutical product, medical devices, in vitro diagnostics, regenerative medicine products, or research reagents, investigational products used in clinical trials, or specific cell-processed product, 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 legislations, 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 important 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 patent searches through patent offices, etc., in order to prevent, in its business development, any litigation related to intellectual property rights. The Group is aware of no factual conflict between a product of the Group and a third-party patent. However, it is difficult for R&D companies such as the Group to entirely avoid intellectual property infringement problems. 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 due 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 (GHG) and the promotion of energy-saving activities. The Group has established the "Takara Bio Group Sustainability Management 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) Extended duration of the influence of the COVID-19 pandemic

The Group expects that the fiscal year ending March 2023 will be impacted by COVID-19. A continuation of the pandemic for an extended period, with business partners temporarily suspending operations and with delays in the collection of accounts receivable, may affect the Group's business or other performance. In light of this risk, the Group is taking steps to secure sufficient cash on hand.

In addition, Group employees in some locations may be unable to come to work or face other difficulties. In light of this risk, the Group is implementing remote work modes and other work set-ups that enable social distancing.

(ix) Information security

The Group endeavors to stringently manage confidential information and personal information it possesses. However, if a problem arises due to a leak of such information, this may affect performance such as reducing competitiveness or social credibility. Furthermore, a variety of

defensive measures are taken against cyberattacks, 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, 2022, 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. (hereafter referred to as "Takara Shuzo," now Takara Holdings), held on February 15, 2002, approved the establishment of Takara Shuzo and the Company on April 1 2002 through a corporate split, with each company becoming a wholly 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 61 group companies (59 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 nine 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 Takara Holdings Group companies while seeking to maximize the corporate value to 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 Director's resolutions is not required, the Company is left to operate as an independent business.

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

Name of meeting body	Main attendees	Details	Frequency of meetings (in principle)
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
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

The purpose of the above meeting bodies is for reporting among 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
Koichi Nakao	President & CEO	Director
Mutsumi Kimura	Director	Representative Director and President

The above concurrent positions each arose because Koichi Nakao was appointed by Takara Holdings due to a consolidated management approach in that company's holding company system, and 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 sustained growth of the Company

and enhancement of medium-term corporate value because he had extensive experience in areas such as the Company's corporate planning, finance, accounting, public relations, general affairs and personnel in the past, and had exhibited 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, 2022 (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, 2022, 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, 2022 (Millions of yen)	Transaction conditions, etc.
Takara Holdings Inc. (Shimogyo-ku, Kyoto City)	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, 2022 (Millions of yen)	Transaction conditions, etc.
Takara Holdings Inc. (Shimogyo-ku, Kyoto City)	Outsourcing of computer-related services, leasing of equipment, etc.	464	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 continuity of these transactions, it may affect the Group's business strategies and performance.

3. 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 fiscal year ended March 31, 2022 were as follows.

(i) Overview of operating results

The outlook for the global economy in the fiscal year under review is uncertain due to the impact of the new coronavirus disease (COVID-19), the prolonged trade friction between the U.S. and China, and Russia's invasion of Ukraine.

Under these circumstances, the Group has promoted initiatives to advance the building of fundamental biologics development platform technologies and become a biologics development company that continuously creates new modalities through the "Reagents and Instruments business" and the "CDMO business" under the six-year Long-Term Management Plan 2026, which ends in fiscal 2026, and the three-year Medium-Term Management Plan 2023, which ends in fiscal 2023. In addition, the Group worked aggressively to ensure a stable supply of PCR test-related products for the new coronavirus and to establish a manufacturing system for regenerative medicine products, including vaccines.

In the fiscal year under review, although sales of instruments and gene therapy decreased year on year, sales of reagents and CDMO increased year on year. In particular, sales of reagents for general research recovered from the COVID-19 crisis, resulting in record-high sales, and PCR testing-related reagents for the new coronavirus also recorded substantial growth. Net sales increased to ¥67,699 million (up 46.9% year on year), and the cost of sales ratio improved. As a result, the cost of sales increased to ¥18,488 million (up 30.1 % year on year), resulting in a gross profit of ¥49,211 million (up 54.4% year on year). Selling, general and administrative (SG&A) expenses were ¥20,309 million (up 13.3% year on year), mainly due to an increase in personnel expenses and research and development expenses. Operating profit was ¥28,902 million (up 107.1 % year on year).

As a result of the increase in operating profit, ordinary profit increased to ¥28,459 million (up 101.0% year on year), profit before income taxes increased to ¥27,532 million (up 103.1 % year on year), and profit attributable to owners of parent increased to ¥19,849 million (up 107.9% year on year).

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

(ii) Overview of financial position

Total assets at the end of the fiscal year under review were ¥115,712 million, an increase of ¥25,962 million from the end of the previous fiscal year. This was mainly due to an increase of ¥13,999 million in merchandise and finished goods and an increase of ¥5,218 million in trade receivables, and an increase of ¥6,629 million in property, plant and equipment, mainly due to interior finish work for a new office building in Takara Bio USA, Inc. and our manufacturing facilities acquisitions.

Total liabilities at the end of the fiscal year under review were ¥19,647 million, an increase of ¥4,199 million from the end of the previous fiscal year. This was mainly due to increase of ¥2,352 million in income taxes payable and ¥1,531 million in accounts payable - other.

Total net assets at the end of the fiscal year under review were ¥96,064 million, an increase of ¥21,762 million from the end of the previous fiscal year. This was mainly due to increases of ¥17,923 million in retained earnings and ¥3,737 million in foreign currency translation adjustment due to the yen's depreciation.

(iii) Cash flows

Net cash provided by operating activities amounted to ¥6,985 million, a decrease of ¥6,958 million from the previous fiscal year. This was mainly due to cash inflow from profit before income taxes of ¥27,532 million and depreciation of ¥3,554 million, and cash outflow from an increase in inventories of ¥14,233 million, income taxes paid of ¥5,922 million, and an increase in trade receivables of ¥4,812 million.

Net cash used in investing activities was ¥7,071 million, an increase of ¥3,292 million from the previous fiscal year. This was mainly due to proceeds from withdrawal of time deposits of ¥12,877 million, purchase of property, plant and equipment and intangible assets of ¥12,403 million, payments into time deposits of ¥11,406 million, and subsidies received of ¥3,960 million.

Net cash used in financing activities amounted to ¥2,070 million, an increase of ¥966 million from the previous fiscal year, mainly due to cash dividends paid of ¥1,923 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 ¥1,148 million from the end of the previous fiscal year to ¥22,160 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	22,123	29.1
Instruments	57	(72.9)
CDMO	11,952	44.8
Gene therapy	148	(44.7)
Total	34,281	32.5

Note: Amounts are based on sales prices.

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	19,051	405.9
Instruments	1,248	(24.5)
Total	20,300	274.6

Notes: 1. Amounts are based on purchase prices.

2. In the fiscal year under review, there was significant fluctuation in purchase performance. This was due to an increase in the import, etc. of antigen test kits in the reagents category.

3) Performance of orders received

Although the Group performs some made-to-order production due to being contracted in the Bioindustry business, 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	54,605	55.2
Instruments	1,518	(12.1)
CDMO	11,426	28.4
Gene therapy	148	(44.5)
Total	67,699	46.9

Note: Information excludes internal sales between categories.

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

The details of recognition as well as analysis and considerations regarding the status of operating results etc. of the Group, from 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 (Other significant matters for preparing financial statements)," "V. Financial information, 1. Consolidated financial statements, etc., (1) Consolidated financial statements, Notes to consolidated financial statements (Significant accounting estimates)" and "V. Financial information, 1. Consolidated financial statements, etc., (1) Consolidated financial statements, Notes to consolidated financial statements (Additional information)."

(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 both sales and profit increasing. Net sales were ¥67,699 million (up 46.9% year on year), operating profit was ¥28,902 million (up 107.1% year on year), ordinary profit was ¥28,459 million (up 101.0% year on year) and profit attributable to owners of parent was ¥19,849 million (up 107.9% year on year). Both net sales and income at each level reached record highs, and operating profit and ordinary profit increased for the 13th consecutive year.

For an overview of operating results, etc., please refer to "II. Overview of business 3. 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 2. 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 ¥22,160 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 flow generation 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 for judging the achievement of management targets."

4. Important contracts for operation

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

(1) Technology licensing agreement, etc.

Name of contracting company	Takara Bio Inc. (the Company)
Name of counterparty	Otsuka Pharmaceutical Co., Ltd.
Name of agreement	NY-ESO-1 siTCR joint development and marketing agreement
Date of agreement	April 9, 2018
Term of agreement	From April 9, 2018 until the point of termination of sales, unless terminated for reasons specified in the agreement
Main contractual terms	The Company and Otsuka Pharmaceutical Co., Ltd. will cooperate in the development of gene therapy products using NY-ESO-1 siTCR™ (TBI-1301 and TBI-1301-A, below, "the products") in Japan. The Company grants Otsuka Pharmaceutical exclusive rights to market the products in Japan for all indications and preferential negotiating rights in nine Asian countries. In addition to the upfront payment, the Company will receive an upfront payment based on development progress, as well as a fixed running royalty linked to sales once the product is launched and an upfront payment based on sales targets achieved. In addition, the Company will manufacture and supply to Otsuka Pharmaceutical products for clinical trials and commercial use for a fee.

(2) Termination of contracts

The following contracts were terminated during the current fiscal year.

HF10* development and marketing agreement

On December 15, 2016, the Company entered into an agreement with Otsuka Pharmaceutical Co., Ltd. to cooperate in the development of a gene therapy product using the oncolytic virus HF10* in Japan and to grant exclusive marketing rights, but based on the results of clinical trials, the two companies discussed future policy and, considering the time required for development and other factors, decided to terminate the agreement at the Board of Directors' meeting held on November 9, 2021.

*Name at the time of the agreement, generic name canerpaturev (abbreviated name C-REV)

CD19CAR joint development and marketing agreement

On April 9, 2018, the Company entered into an agreement with Otsuka Pharmaceutical Co., Ltd. to cooperate in the development of a gene therapy product using CD19・CAR in Japan and to grant exclusive marketing rights and preferential negotiating rights in nine Asian countries. However, in light of the prolonged clinical trial period and the approval status of competing products, the Board of Directors resolved to terminate this agreement on November 9, 2021 and, upon agreement with the Otsuka Pharmaceutical, the agreement was terminated on the same date.

5. Research and development activities

(1) Research activities

Research and development expenses for the entire Group during the current fiscal year totaled ¥6,109 million, and the details of research and other activities in each business segment are as follows.

(i) Bioindustry

This business conducts R&D of reagents for genetic engineering research, including reagents related to gene amplification methods, for which we have the largest market share in Japan, as well as R&D of new products for research fields such as genetic analysis, gene function analysis, and genetic testing, stem cells including iPS cells, and regenerative and cell medicine, as well as and new technologies related to CDMO. In response to the coronavirus pandemic, the Company is also developing PCR-related products for the detection of the new coronaviruses.

In the current fiscal year, we developed reagents for genetic testing for variants of new coronavirus, reagents for new coronavirus gene detection using sewage samples, and vaccine-related technologies. In addition, we also developed high-function PCR enzymes and reagents for the production of viral vectors for research use in anticipation of clinical applications.

(ii) Gene therapy

In this business, we are engaged in the clinical development of gene-modified T-cell therapy using our proprietary technologies, such as the highly efficient gene transfer technology RetroNectin method, the highly efficient lymphocyte proliferation technology RetroNectin expansion culture method, and siTCR™ technology, as well as the development of new basic technologies and the creation of clinical projects.

In the current fiscal year, we worked on the development of next-generation CAR gene therapy to solve the problems of existing CAR gene therapy, and as a new clinical project, we made preparations for the start of clinical trials in Canada for CD19-JAK/STAT-CAR gene therapy (code: TBI-2001). For other projects out-licensed to partner companies, we worked closely with them to prepare for regulatory filings and establish manufacturing and supply systems in preparation for market launch. *

* Of the three out-licensed projects, development was halted on two projects, oncolytic virus canerpaturev (C-REV, code TBI-1401) and CD19-CAR gene therapy (code TBI-1501), in November 2021, after reaching agreements with the out-licensing partners. The development of NY-ESO-1・siTCR™ gene therapy (code TBI-1301) continues to be jointly developed with partners.

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

(2) 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. 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. The following are patents related to the RetroNectin expansion culture method, siTCR™, and JAK/STAT, CAR, which are particularly important in each of our businesses.

(i) RetroNectin expansion culture method

Title of the invention: Method for producing cytotoxic lymphocytes

Patent holder	Patent No.	Registration date	Country of application
The Company	4406566	November 13, 2009	Japan
The Company	1496109	December 8, 2010	Europe (6 countries) (Note)
The Company	8728811	May 20, 2014	U.S.
The Company	8975070	March 10, 2015	U.S.
The Company	2479288	February 24, 2015	Canada
The Company	ZL03811464.X	February 24, 2010	China
The Company	786054	December 10, 2007	South Korea
The Company	I334442	December 11, 2010	Taiwan
The Company	1079543	September 17, 2010	Hong Kong

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

(ii) 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.

(iii) 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.

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

III. Information about facilities

1. Overview of capital investments, etc.

Capital investments during the current fiscal year was made to increase and maintain production capacity and R&D facilities in the Bioindustry and Gene Therapy businesses, totaling ¥13,180 million, including those recorded under intangible assets and construction in progress.

Major capital investments included ¥3,074 million for emergency maintenance of vaccine production system of the reporting company and ¥3,527 million for interior construction of a building for a new office of overseas subsidiary, Takara Bio USA, Inc. The amount of capital investments includes ¥3,536 million of tax purpose reduction entry for national subsidies, etc.

2. Major facilities

(1) Reporting company

As of March 31, 2022

Name of office (Location)	Facilities	Carrying amount (Millions of yen)						Number of employees
		Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land (Area (m^2))	Leased assets	Total	
Head office (Kusatsu City, Shiga Prefecture)	Manufacturing facilities for reagents, etc., analysis facilities for contract research, R&D facilities, and other facilities	9,207	2,216	3,036	3,352 (46,886)	631	18,444	638
Kusatsu Office (Kusatsu City, Shiga Prefecture)	Administrative facilities, other facilities	216	0	106	2,159 (14,881)	–	2,482	–

(2) Overseas subsidiaries

As of March 31, 2022

Company name	Name of office (Location)	Facilities	Carrying amount (Millions of yen)						Number of employees
			Buildings and structures	Machin-ery, 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	6,622	255	419	2,687 (30,756)	–	9,985	204
Takara Biotechnology (Dalian) Co., Ltd.	Head office (Dalian, Liaoning Province, China)	Manufacturing facilities for reagents, etc., R&D facilities, and other facilities	560	762	180	[–] – [39,909] –	203	1,706	527

Notes: 1. The figures in [ ] in the "Land" column indicate the leased area and annual lease amount.
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

Not applicable.

(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 issued shares as of the end of the fiscal year (shares) (March 31, 2022)	Number of shares issued and outstanding as of the date of submission (shares) (June 29, 2022)	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. First Section (as of the end of the fiscal year) Prime Market (as of the date of submission)	Number of shares per share unit 100 shares
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)
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, 2022

Category	Shareholding status (Number of shares per share 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	–	27	56	193	225	46	40,033	40,580	–
Number of shares held (Units)	–	131,697	17,228	737,026	115,851	191	201,834	1,203,827	32,900
Shareholding ratio (%)	–	10.94	1.43	61.22	9.62	0.02	16.77	100.00	–

(6) Major shareholders

As of March 31, 2022

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 City	733,500	60.91
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	73,206	6.08
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	33,115	2.75
THE BANK OF NEW YORK MELLON SA/NV 10 (Standing proxy: Transaction Services Division, MUFG Bank, Ltd.)	RUE MONTOYERSTRAAT 46, 1000 BRUSSELS, BELGIUM (2-7-1 Marunouchi, Chiyoda-ku, Tokyo)	11,000	0.91
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)	6,617	0.55
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)	6,024	0.50
J.P. MORGAN BANK LUXEMBOURG S.A. 384513 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	EUROPEAN BANK AND BUSINESS CENTER 6, ROUTE DE TREVES, L-2633 SENNINGERBERG, LUXEMBOURG (2-15-1 Konan, Minato-ku, Tokyo)	5,337	0.44
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	5,018	0.42
The Bank of Kyoto, Ltd.	700 Yakushimae-cho, Matsubara-agaru, Karasuma-dori, Shimogyo-ku, Kyoto	5,000	0.42
The Dai-ichi Life Insurance Company, Limited	1-13-1 Yurakucho, Chiyoda-ku, Tokyo	4,822	0.40
Total	–	883,640	73.38

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, 2022

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.)	–	–	–
Shares with full voting rights (other)	Common shares 120,382,700	1,203,827	–
Shares less than one unit	Common shares 32,900	–	–
Total number of shares issued	120,415,600	–	–
Voting rights of all shareholders	–	1,203,827	–

(ii) Treasury shares, etc.

As of March 31, 2022

Name or title of owner	Address of owner	Proprietary ownership Number of shares	Number of shares held in the name of others	Total number of shares held	Ratio of shares held to total number of shares issued (%)
–	–	–	–	–	–
Total	–	–	–	–	–

2. Status of acquisition of treasury shares, etc.

[Class of shares, etc.] Not applicable

(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

Not applicable.

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

Not applicable.

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 in bioindustry and gene therapy businesses. Specifically, on May 12, 2022, the Board of Directors resolved to change the policy of paying dividends of surplus that amount to approximately 20% of estimated profit calculated without taking into account extraordinary income and losses in the consolidated financial statements, to pay approximately the upper 30% range of estimated

profit calculated without taking into account extraordinary income and losses in the consolidated financial statements, starting from the next fiscal year.

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.

For the current fiscal year, the Company has decided to pay a dividend of ¥33 per share in accordance with the existing policy.

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

Resolution date	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
Resolution at the Annual General Meeting of Shareholders held on June 24, 2022	3,973	33.00

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

4. Status of corporate governance, etc.

(1) Overview of corporate governance

(i) Basic policy regarding corporate governance

Based on our corporate philosophy of "Contributing to the health of humankind through the development of revolutionary biotechnologies such as gene therapy," the Group aims to be a biologics development company that continuously creates new modalities by building biologics development platform technologies through its core businesses of the "Reagents and Instruments business" and "CDMO business". We will continue to create new value through proactive business activities, achieve sustainable growth, and contribute to society. To this end, it is necessary to strengthen our corporate governance system in order to promote honest and fair corporate activities at all times, and we will work to ensure management transparency, improve efficiency, and make decisions quickly.

(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.

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.

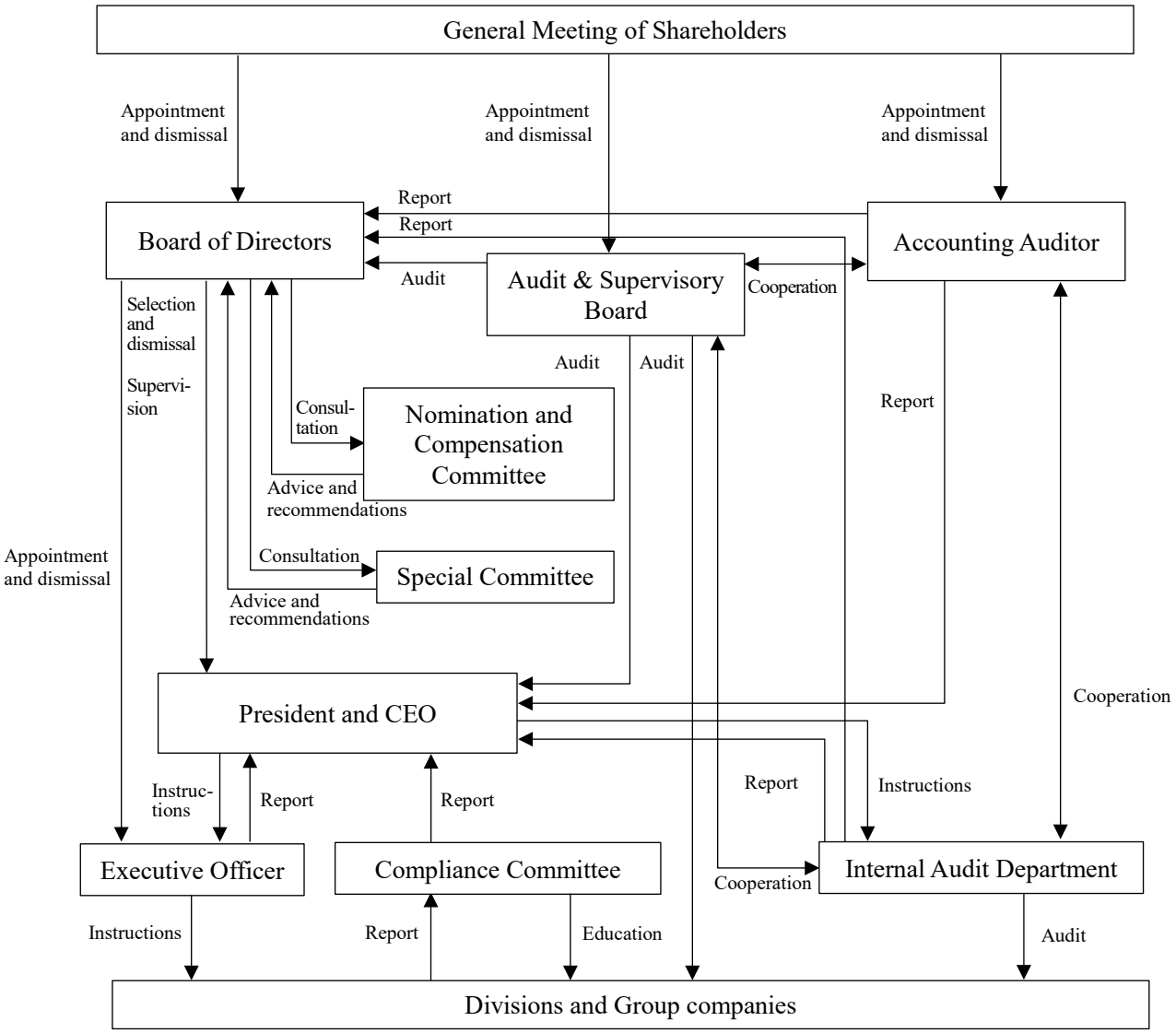
In addition, by introducing an executive officer system, the Company aims to separate the management oversight function of the Board of Directors from the business execution function of the Executive Officers (nine Executive Officers excluding those concurrently serving as Directors as of the date of submission of the Annual Securities Report), 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 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 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, the Company receives advice from attorneys on corporate management and daily operations as necessary.

[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 Takara Bio 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 and 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 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 related to 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 and 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 on 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 ten 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

Men: 12, Women: 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)
President & CEO, Member of the Board of Directors (Representative Director)	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 President & CEO (current position) Takara Bio USA Holdings Inc. Director, President (current position) June 2009 Director of Takara Holdings Inc. (current position) 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)	(Note 3)	705
Executive Vice President, Member of the Board of Directors	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 Executive Officer June 2014 Managing Director June 2015 Executive Officer July 2016 Co-Representative Director and Vice Chairman of Takara Korea Biomedical Inc. June 2019 Director (current position) Senior Managing Executive Officer Apr. 2020 COO (Chief Operating Officer) Apr. 2022 Executive Vice President, in charge of CDM Business and the CDM Promotion Department (current position)	(Note 3)	144
Senior Executive Officer, Member of the Board of Directors	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 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 (current position) Senior Executive Officer (current position) Apr. 2022 In charge of Business Administration and the Intellectual Property Department (current position)	(Note 3)	169

Title and position	Name	Date of birth	Career summary	Term of office	Number of shares held (hundreds of shares)
Senior Executive Officer, Member of the Board of Directors	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 Executive Officer June 2018 Director (current position) 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 Executive Officer, in charge of the Reagents & Instruments Business and the Product Development Center (current position)	(Note 3)	107
Executive Officer, Member of the Board of Directors	Masanobu Kimura	August 19, 1963	July 2001 Joined Daiichi Pharmaceutical Co., Ltd. (currently Daiichi Sankyo Co., Ltd.) Mar. 2007 Joined ImmunoFrontier, Inc. Mar. 2010 Joined ICON Japan K.K. Nov. 2011 Joined PAREXEL International Inc. May 2013 Joined the Company Apr. 2015 Deputy General Manager of Gene Therapy Business Unit General Manager of Project Management Department June 2016 Executive Officer June 2017 Director (current position) Executive Officer (current position) Apr. 2022 In charge of Quality Assurance, Quality Assurance Departments 1 and 2, the Quality Assurance Administration Department, and the Regulatory and Pharmacovigilance Department (current position)	(Note 3)	8
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)	500
Director (External Director)	Nobuko Kawashima (Name as shown on the family resister: Nobuko Yokoyama)	October 27, 1962	Apr. 1986 Joined The Long-Term Credit Bank of Japan, Limited (currently 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 Oct. 2017 Specially Appointed Professor of Graduate School of Medical Sciences, National University Corporation Kanazawa University (current position) 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 and TR Committee Member, 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)	(Note 3)	–

Title and position	Name	Date of birth	Career summary	Term of office	Number of shares held (hundreds of shares)
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 6)	16
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 Executive Officer June 2019 Audit & Supervisory Board Member (current position)	(Note 6)	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 Employee of Daiichi Legal Professional Corporation (current position) June 2016 Audit & Supervisory Board Member of the Company (current position)	(Note 4)	–
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 Employee of Century Audit Corporation (currently Ernst & Young ShinNihon LLC) Feb. 2001 Representative Partner of Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC) Sept. 2003 Partner of KPMG 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 4)	–

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)	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 (current position) Apr. 2022 Assistant Director of Ritsumeikan University (current position) Visiting Professor of Research Organization of Science and Technology at Ritsumeikan University	(Note 5)	–
Total					1,709

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 June 24, 2022 to the close of the Annual General Meeting of Shareholders to be held in June 2023.

4. From the close of the Annual General Meeting of Shareholders held on June 23, 2020 to the close of the Annual General Meeting of Shareholders to be held in June 2024.

5. From the close of the Annual General Meeting of Shareholders held on June 24, 2021 to the close of the Annual General Meeting of Shareholders to be held in June 2025.

6. From the close of the Annual General Meeting of Shareholders held on June 21, 2019 to the close of the Annual General Meeting of Shareholders to be held in June 2023.

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 14 Executive Officers, nine of whom, excluding the above five Directors who concurrently serve as Executive Officers, are as follows.

Senior Executive Officer	In charge of CDM Center (1-5), General Manager of CDM Center 6	Mutsumi Sano
Executive Officer	In charge of Manufacturing Control Department, Technical Training Center, CDM Customer Relations Department, and Facility Control Department	Katsuhiko Kusakabe
Executive Officer	In charge of Sales Administration Department, SCM Department, Manufacturing Department, and International Sales Department	Kyoko Nakajima
Executive Officer	In charge of Sales Departments 1 and 2, Business Development Department, Product Management Department, and Customer Relations Department	Akira Kodera

Executive Officer	In charge of General Affairs Department and General Manager of Human Resources Department	Noritaka Nishiwaki
Executive Officer	In charge of Genome Analysis Center 2 and 3, General Manager of Genome Analysis Center 1	Masanari Kitagawa
Executive Officer	In charge of QC Departments 2-5, General Manager of QC Department 1	Nobuto Koyama
Executive Officer	In charge of Corporate Administration Department, Finance & Accounting Department, Business Support Department, and PR & IR Department	Takuya Kakemi
Executive Officer	In charge of Project Management Department, Technology Development Center, and Process Development Department	Tatsuji Enoki

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 believe 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 these entities and the Company.

External Director Kazuko Kimura is, as of the date of submission of this report, a Specially Appointed Professor of Graduate School of Medical Sciences, National University Corporation Kanazawa University, a Representative Director of Medicines Security Workshop, and an Outside Director of Mitsubishi Logistics Corporation, but there is no material relationship between 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 the said educational corporation and the Company.

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

External Audit & Supervisory Board Member Yasuo Himeiwa is a 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 these entities and the Company.

External Audit & Supervisory Board Member Masaaki Makikawa is an Assistant Director of Ritsumeikan University, a Visiting Professor of Research Organization of Science and Technology at Ritsumeikan University, and the President of Osaka Hatsushiba Trust as of the date of submission of this report, but there is no material relationship between 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 the 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, non-profit 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 (below, "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 for the last 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 last 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 last 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 Company's Audit & Supervisory Board consists of five Audit & Supervisory Board Members, three of whom are external Audit & Supervisory Board Members. 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 AgriBio business, and has been engaged in the overall management of overseas subsidiaries as the Vice President 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%)

The main matters shared and discussed by the Audit & Supervisory Board and a summary of auditing activities are as follows.

Major matters shared and discussed by the Audit & Supervisory Board

- Audit policy, audit plan, audit method and work assignment
- Evaluation of the Accounting Auditor
- Status of audit by the Audit & Supervisory Board Members
- Preparation of audit report

Table 1. 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, quarterly 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

Audit & Supervisory Board Members conducted the audit activities listed in Table 1, and the contents of these activities were shared with the external Audit & Supervisory Board Members.

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.

(ii) Internal audits

Internal audits at the Company are conducted by the Internal Audit Department (3 members), which is independent of the business execution divisions and directly supervised by the President & CEO, in accordance with the Internal Audit Regulations and based on the audit policy and audit plan established for each fiscal year, to confirm compliance with internal regulations and laws and regulations, to check the status of operation of internal control systems, and to express opinions on efficiency and safety.

The results of the audits are reported to the President & CEO, and the effectiveness of internal audits is ensured by instructing the audited departments to make improvements based on the audit results and having them report the status of improvements without delay after the audit.

In addition, the Internal Audit Department verifies the effectiveness of the internal control system in collaboration with the Audit & Supervisory Board Members as appropriate. In addition, the Internal Audit Department meets with the Accounting Auditor several times a year to provide detailed reports on audit plans, audit results, etc., as well as to attend audits and exchange information.

(iii) Accounting audits

1) Name of auditing 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

Takashi Iwabuchi, Designated Limited Partner, Certified Public Accountant

Yuya Minobe, Designated Limited Partner, Certified Public Accountant

4) Assistant accountants who participated in audits

Ten certified public accountants and ten 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 and to reappoint Deloitte Touche Tohmatsu LLC, our current auditing firm.

(iv) Details of audit fee, etc.

1) Remuneration to independent auditors

Category	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
	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	48	2	51	5
Consolidated subsidiaries	–	–	–	–
Total	48	2	51	5

Non-audit services at the Company consisted of advice and guidance on compliance with the Accounting Standard for Revenue Recognition in the previous fiscal year, and advice and guidance on compliance with climate-related financial disclosures in the current fiscal year.

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

Category	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022	
	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	–	1	–	2
Consolidated subsidiaries	116	30	120	32
Total	116	31	120	35

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 officers is determined within the remuneration limits resolved at the Annual General Meeting of Shareholders, based on the method of performance evaluation approved by the Board of Directors 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.

The amount of remuneration for Directors is determined by the President & CEO 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 President & CEO 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.

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 (Ratio 50%)	Overall performance evaluation (Ratio 25%)	Divisional performance evaluation (Ratio 25%)
Calculation method	(Previous year's annual salary x consolidated operating profit to budget ratio (%) x 10%) + (previous year's annual salary x non-consolidated operating profit to budget ratio (%) x 10%) + (previous year's annual salary x non-consolidated operating profit to previous year ratio (%) x 5%) (Note) Figures (%) for ratio to the budget and 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 110% of budget Non-consolidated operating profit 110% of budget, 110% of the previous year's level	The President & CEO made a comprehensive evaluation based on individual interviews between the Executive Directors and the President & CEO.

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) Director

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 fiscal year 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
		Fixed remuneration	Performance-linked remuneration	Retirement benefits	Of which, non-monetary remuneration, etc.	
Directors (Excluding external Directors)	277	161	115	–	–	7
Audit & Supervisory Board Members (Excluding external Audit & Supervisory Board Members)	32	32	–	–	–	2
External Directors	19	19	–	–	–	3
External Audit & Supervisory Board Members	21	21	–	–	–	3

Note: The above includes one Director who retired at the conclusion of the 19th Annual General Meeting of Shareholders held on June 24, 2021.

(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

1) Policy and concept of the classification of investment shares

The Company does not currently hold any cross-shareholdings for purposes other than pure investment, and it is the Company's basic policy not to hold such shares in the future.

2) Investment shares whose purpose of holding is other than for pure investment

Not applicable.

3) Investment shares whose purpose of holding is for 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 submitting 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 and the non-consolidated financial statements for the fiscal year ended March 31, 2022 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

1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	25,993	23,633
Notes and accounts receivable - trade	12,626	–
Notes receivable - trade	–	466
Electronically recorded monetary claims - operating	–	1,231
Accounts receivable - trade	–	16,147
Merchandise and finished goods	4,966	18,966
Work in process	1,316	1,361
Raw materials and supplies	2,901	3,738
Other	1,352	2,637
Allowance for doubtful accounts	(41)	(40)
Total current assets	49,115	68,141
Non-current assets		
Property, plant and equipment		
Buildings and structures	*1 15,670	*1 23,553
Accumulated depreciation	(5,147)	(5,937)
Buildings and structures, net	10,522	17,615
Machinery, equipment and vehicles	*1 7,058	*1 7,626
Accumulated depreciation	(3,760)	(4,147)
Machinery, equipment and vehicles, net	3,297	3,479
Tools, furniture and fixtures	*1 7,673	*1 9,530
Accumulated depreciation	(5,141)	(5,516)
Tools, furniture and fixtures, net	2,531	4,014
Land	8,143	8,413
Leased assets	771	756
Accumulated depreciation	(87)	(125)
Leased assets, net	684	631
Construction in progress	3,756	1,519
Other	1,025	885
Accumulated depreciation	(194)	(161)
Other, net	830	723
Total property, plant and equipment	29,766	36,395
Intangible assets		
Goodwill	6,149	6,309
Technology assets	1,953	1,523
Other	1,270	*1 1,326
Total intangible assets	9,373	9,159
Investments and other assets		
Deferred tax assets	1,075	1,539
Retirement benefit asset	114	123
Other	305	352
Total investments and other assets	1,495	2,015
Total non-current assets	40,635	47,571
Total assets	89,750	115,712

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,077	1,959
Lease liabilities	138	137
Accounts payable - other	2,911	4,443
Income taxes payable	3,146	5,498
Provision for bonuses	739	923
Other	4,177	4,418
Total current liabilities	13,191	17,380
Non-current liabilities		
Lease liabilities	1,003	910
Deferred tax liabilities	–	198
Retirement benefit liability	800	788
Other	452	370
Total non-current liabilities	2,256	2,266
Total liabilities	15,448	19,647
Net assets		
Shareholders' equity		
Share capital	14,965	14,965
Capital surplus	32,893	32,893
Retained earnings	27,085	45,009
Total shareholders' equity	74,945	92,868
Accumulated other comprehensive income		
Foreign currency translation adjustment	(529)	3,208
Remeasurements of defined benefit plans	(234)	(204)
Total accumulated other comprehensive income	(763)	3,004
Non-controlling interests	120	191
Total net assets	74,302	96,064
Total liabilities and net assets	89,750	115,712

2) Consolidated statements of profit or loss

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	46,086	*1 67,699
Cost of sales	14,214	18,488
Gross profit	31,872	49,211
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	17	20
Employees' salaries and bonuses	4,577	5,327
Provision for bonuses	424	528
Retirement benefit expenses	191	230
Research and development expenses	*2 5,545	*2 6,109
Other	7,163	8,093
Total selling, general and administrative expenses	17,919	20,309
Operating profit	13,952	28,902
Non-operating income		
Interest income	113	122
Foreign exchange gains	2	–
Rental income from real estate	128	141
Other	63	94
Total non-operating income	308	357
Non-operating expenses		
Interest expenses	24	23
Foreign exchange losses	–	706
Rental expenses on real estate	54	61
Other	21	8
Total non-operating expenses	101	800
Ordinary profit	14,159	28,459
Extraordinary income		
Gain on sale of non-current assets	*3 1	*3 6
National subsidies	*4 517	*4 4,470
Total extraordinary income	518	4,476
Extraordinary losses		
Loss on sale and retirement of non-current assets	*5 99	*5 174
Loss on tax purpose reduction entry of non-current assets	*4 517	*4 4,470
Loss on valuation of inventories	–	*6 589
Impairment losses	*7 –	*7 168
Loss on liquidation of business	*8 458	–
Other	50	–
Total extraordinary losses	1,125	5,403
Profit before income taxes	13,552	27,532
Income taxes - current	4,297	7,901
Income taxes - deferred	(326)	(277)
Total income taxes	3,971	7,624
Profit	9,581	19,908
Profit attributable to non-controlling interests	34	58
Profit attributable to owners of parent	9,547	19,849

3) Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	9,581	19,908
Other comprehensive income		
Foreign currency translation adjustment	(974)	3,751
Remeasurements of defined benefit plans, net of tax	66	29
Total other comprehensive income	*1 (907)	*1 3,781
Comprehensive income	8,674	23,689
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,648	23,617
Comprehensive income attributable to non-controlling interests	25	71

4) Consolidated statement of changes in equity

Fiscal year ended March 31, 2021

(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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	14,965	32,893	18,501	66,360	436	(300)	135	95	66,591
Changes during period									
Dividends of surplus			(963)	(963)					(963)
Profit attributable to owners of parent			9,547	9,547					9,547
Net changes of items other than shareholders' equity					(965)	66	(898)	25	(873)
Total changes during period	–	–	8,584	8,584	(965)	66	(898)	25	7,710
Balance at end of period	14,965	32,893	27,085	74,945	(529)	(234)	(763)	120	74,302

Fiscal year ended March 31, 2022

(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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	14,965	32,893	27,085	74,945	(529)	(234)	(763)	120	74,302
Changes during period									
Dividends of surplus			(1,926)	(1,926)					(1,926)
Profit attributable to owners of parent			19,849	19,849					19,849
Net changes in items other than shareholders' equity					3,737	29	3,767	71	3,839
Total changes during period	–	–	17,923	17,923	3,737	29	3,767	71	21,762
Balance at end of period	14,965	32,893	45,009	92,868	3,208	(204)	3,004	191	96,064

5) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	13,552	27,532
Depreciation	3,220	3,554
Impairment losses	–	168
Depreciation and amortization on other	80	95
Amortization of goodwill	486	500
Increase (decrease) in allowance for doubtful accounts	(14)	(3)
Increase (decrease) in provision for bonuses	190	144
Increase (decrease) in retirement benefit liability	16	(12)
Interest income	(113)	(122)
Interest expenses	24	23
Loss (gain) on sale and retirement of non-current assets	97	168
Loss on liquidation of business	458	–
Decrease (increase) in trade receivables	(3,559)	(4,812)
Decrease (increase) in inventories	(1,767)	(14,233)
Increase (decrease) in trade payables	1,016	(431)
Increase (decrease) in other current liabilities	2,416	81
Other, net	(573)	(526)
Subtotal	15,533	12,127
Interest and dividends received	107	133
Interest paid	(24)	(23)
Income taxes paid	(1,854)	(5,922)
Subsidies received	*2 181	*2 671
Net cash provided by (used in) operating activities	13,943	6,985
Cash flows from investing activities		
Payments into time deposits	(2,613)	(11,406)
Proceeds from withdrawal of time deposits	3,766	12,877
Proceeds from sale and redemption of securities	2,000	–
Purchase of property, plant and equipment and intangible assets	(8,687)	(12,403)
Proceeds from sale of property, plant and equipment and intangible assets	14	47
Purchase of other depreciable assets	(158)	(136)
Subsidies received	*2 1,900	*2 3,960
Other, net	(0)	(10)
Net cash provided by (used in) investing activities	(3,778)	(7,071)
Cash flows from financing activities		
Dividends paid	(962)	(1,923)
Repayments of lease liabilities	(140)	(147)
Net cash provided by (used in) financing activities	(1,103)	(2,070)
Effect of exchange rate change on cash and cash equivalents	(215)	1,008
Net increase (decrease) in cash and cash equivalents	8,845	(1,148)
Cash and cash equivalents at beginning of period	14,462	23,308
Cash and cash equivalents at end of period	*1 23,308	*1 22,160

Notes to consolidated financial statements

Significant matters for preparing consolidated financial statements

1. Scope of consolidation

(1) Consolidated subsidiaries

(i) Number of consolidated subsidiaries: Nine companies

(ii) Names of consolidated subsidiaries: Takara Bio Europe S.A.S. (France)

Takara Bio Europe AB (Sweden)

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.)

Of the above, Takara Bio UK Ltd was newly established and is included in the scope of consolidation from the fiscal year under review.

(2) Non-consolidated subsidiaries

Not applicable.

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

Not applicable.

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 consolidated fiscal year 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 in consolidated earnings 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 consolidated fiscal year.

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)

Primarily uses straight-line method.

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)

Straight-line method.

Major useful lives are as follows:

Technology assets: 7 to 9 years (future profit capturable period used as basis for calculating price)

Customer-related assets: 9 years (same as above)

Company-used software: 5 years (usable period in company)

Trademarks: 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 current consolidated 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 (ten years).

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

(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

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 is aware the control of product is transferred to the customer.

(ii) CDMO

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.

(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) Assessment of the effectiveness of hedge accounting

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, 2021	Fiscal year ended March 31, 2022
Goodwill	6,149	6,309

(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.

Changes in accounting policies

Adoption of Accounting Standard for Revenue Recognition, etc.

The Group adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the current fiscal year. The Group recognizes revenue when it satisfies a performance obligation by transferring promised goods or services to a customer as the amount expected to be received upon exchange of goods or services.

The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provided for in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application of the new accounting policy from the beginning of the current fiscal year was added to or subtracted from the beginning balance of retained earnings at the start of the current fiscal year and thus the new accounting policy was applied from the beginning balance.

Also, the item “Notes and accounts receivable - trade” displayed in “Current assets” in the consolidated balance sheet for the previous fiscal year will, from this fiscal year, be included in “Notes receivable - trade,” “Electronically recorded monetary claims - operating,” and “Accounts receivable - trade.” However, in accordance with the transitional treatment established in Article 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new presentation method.

As a result, this change does not impact gains and losses for the current fiscal year. Also, it does not impact the balance of retained earnings at the beginning of the current fiscal year.

Unapplied accounting standards, etc.

1. Overseas subsidiaries

・ "Leases" (ASU 2016-02, February 25, 2016)

(1) Overview

The accounting standards require lessees to recognize assets and liabilities for all leases in principle.

(2) Planned date of application

Standards will be applied from the consolidated fiscal year starting after April 1, 2022.

(3) Impact of applying these accounting standards

The Group is currently assessing the impact of applying "Leases" to the consolidated balance sheet.

Changes in presentation

Consolidated statement of income

Non-operating expenses

"Inactive non-current asset expenses" categorized in non-operating expenses in the previous fiscal year is included in "Other" from this fiscal year because they have become insignificant in monetary value. In order to reflect the changes to this presentation method, the Group reorganized the consolidated financial statements for the previous fiscal year.

As a result, ¥18 million in "Inactive non-current asset expenses" presented in non-operating expenses in the statement of income of the previous fiscal year has been moved to "Other."

Additional information

Accounting estimates related to the impact of COVID-19

Based on the obtainable information at the time of preparing the consolidated financial statements for this fiscal year, the Group expects that the COVID-19 pandemic will continue to impact results in fiscal 2022 for a set period of time. Based on this assumption, the Group makes estimates and determinations related to impairment of goodwill and recoverability of deferred tax assets, etc. at the end of this fiscal year. The Group does not expect there to be impairment of goodwill, and has determined that it is not necessary to additionally book valuation allowances related to the recoverability of deferred tax assets.

Because many uncertainties surround the influence of the COVID-19 pandemic on results, if there are changes to the above assumptions, it is possible that it could impact the financial status and operating results of the Group.

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, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Buildings and structures	¥144 million	¥1,337 million
Machinery, equipment and vehicles	295	3,124
Tools, furniture and fixtures	77	524
Intangible assets, others	–	1
Total	517	4,987

Consolidated statement of income

*1 Revenue from contracts with customers

Fiscal year ended March 31, 2022

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 “Notes (Revenue recognition) 1. Information breakdown of revenue from contracts with customers” in the consolidated financial statement.

*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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Total research and development expenses	¥5,545 million	¥6,109 million

Major expenses of these expenses are as follows.

Employees’ salaries and bonuses	¥1,464 million	¥1,538 million
Provision for bonuses	131	152
Retirement benefit expenses	53	54
Depreciation	963	1,032
Royalties	42	44
Supplies expenses	754	933
Remuneration/contracting fees	536	716

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

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Machinery, equipment and vehicles	¥0 million	¥0 million
Tools, furniture and fixtures	0	5
Total	1	6

*4 National subsidies and loss on tax purpose reduction entry of non-current assets

Fiscal year ended March 31, 2021

The amount of subsidies received is booked as “National subsidies” in extraordinary income. The reduced value entry of non-current assets related to these subsidies is booked as “Loss on tax purpose reduction entry of non-current assets” in extraordinary losses.

Fiscal year ended March 31, 2022

The amount of subsidies received is booked as “National subsidies” in extraordinary income. The reduced value entry of non-current assets related to these subsidies is booked as “Loss on tax purpose reduction entry of non-current assets” in extraordinary losses.

*5 Breakdown of losses on sale of non-current assets

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Buildings and structures	¥4 million	¥25 million
Machinery, equipment and vehicles	21	42
Tools, furniture and fixtures	38	18
Intangible assets, others	20	35
Demolition and disposal expenses, etc.	13	52
Total	99	174

*6 Loss on valuation of inventories

Fiscal year ended March 31, 2022

Low-quality products due to bad weather during the transfer from overseas were scheduled to be disposed of. The resulting incurred losses are recorded as "Loss on valuation of inventories" in extraordinary losses. Also, the Company is insured for damages. However, the amount of insurance compensation received is not booked because it is not determined.

*7 Impairment losses

Fiscal year ended March 31, 2021

The Group, upon determining indication for impairment losses, in principle, assets, excluding those for sale, disposal, and idle assets, are grouped on an operating company basis as a single unit.

Purpose of use	Location	Type and impairment losses (Millions of yen)					
		Buildings and structures	Machinery, equipment and vehicles	Tools, furniture and fixtures	Land	Intangible assets	Total
Assets planned for disposal	Takara Bio USA, Inc., etc., others (Mountain View, U.S., others)	–	3	3	–	353	360
Total		–	3	3	–	353	360

(i) Process of recognizing impairment losses

Upon liquidating related businesses, the Group reduces the carrying amounts to the recoverable amount, and books the reduced amount as a loss on liquidation of business in extraordinary losses. Loss on liquidation of business is as written in "*8 Loss on liquidation of business Fiscal year ended March 31, 2021."

(ii) Method of calculating recoverable amount

Recoverable amount is measured at value in use based on future cash flows.

Fiscal year ended March 31, 2022

The description is omitted as immaterial.

*8 Loss on liquidation of business

Fiscal year ended March 31, 2021

The Group booked extraordinary losses resulting from liquidating the next generation sequence library production equipment related business. This includes ¥360 million in impairment losses and ¥97 million in loss on valuation of inventories. Impairment losses are as written in "*7 Impairment losses Fiscal year ended March 31, 2021."

Consolidated statement of comprehensive income

*1 Reclassification adjustments and tax effects in other comprehensive income

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Foreign currency translation adjustment:		
Amount arising	(¥974 million)	¥3,751 million
Remeasurements of defined benefit plans:		
Amount arising	47	(24)
Reclassification adjustments	47	67
Before tax effect adjustment	94	42
Tax effects	(28)	(12)
Remeasurements of defined benefit plans	66	29
Total other comprehensive income	(907)	3,781

Consolidated statement of changes in equity

Fiscal year ended March 31, 2021

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, 2021 (shares)	Number of shares increased during the fiscal year ended March 31, 2021 (shares)	Number of shares decreased during the fiscal year ended March 31, 2021 (shares)	Number of shares at the end of the fiscal year ended March 31, 2021 (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 and treasury 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, 2020 Annual General Meeting of Shareholders	Common shares	963	Retained earnings	8.00	March 31, 2020	June 24, 2020

(2) Dividends for which record date is in the current fiscal year with 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 24, 2021 Annual General Meeting of Shareholders	Common shares	1,926	Retained earnings	16.00	March 31, 2021	June 25, 2021

Fiscal year ended March 31, 2022

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, 2022 (shares)	Number of shares increased during the fiscal year ended March 31, 2022 (shares)	Number of shares decreased during the fiscal year ended March 31, 2022 (shares)	Number of shares at the end of the fiscal year ended March 31, 2022 (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 and treasury 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 24, 2021 Annual General Meeting of Shareholders	Common shares	1,926	Retained earnings	16.00	March 31, 2021	June 25, 2021

(2) Dividends for which record date is in the current fiscal year with 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 24, 2022 Annual General Meeting of Shareholders	Common shares	3,973	Retained earnings	33.00	March 31, 2022	June 27, 2022

Consolidated statement of cash flows

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

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Cash and deposits	¥25,993 million	23,633 million
Time deposits with maturity exceeding three months	(2,684)	(1,472)
Cash and cash equivalents	23,308	22,160

*2 Subsidies received

Of subsidies received during fiscal years ended March 31, 2021, and March 31, 2022, as national subsidies, etc., ¥1,769 million of which is planned to be returned in the following fiscal year in accordance with the rules of the national subsidy, etc.

3. Significant non-financial transactions

Amount of assets and liabilities related to finance lease transactions

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Assets related to finance lease transactions	¥684 million	¥631 million
Liabilities related to finance lease transactions	765	718

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) Finance lease transactions without transfer of ownership

Description is omitted as immaterial.

2. Operating lease transactions

Future lease payments for non-cancellable operating lease transactions

(Millions of yen)

	Fiscal year ended March 31, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Within one year	217	15
Over one year	30	19
Total	248	34

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 by partner, etc.)

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 facilitates 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. For the previous consolidated fiscal year, items for which it was extremely difficult to determine the fair value are not included in the following table.

Fiscal year ended March 31, 2021 (Millions of yen)

	Carrying amount on consolidated balance sheet	Fair value	Difference
(1) Lease liabilities (Current liabilities)	138	138	(0)
(2) Lease liabilities (Non-current liabilities)	1,003	997	(5)
Total liabilities	9,278	9,271	(6)
(3) Derivative transactions (*2)	(25)	(25)	–

(*1) For cash and deposits, notes and accounts receivable – trade, notes and accounts payable – trade, accounts payable – other, and income taxes payable, fair 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 ( ).

Notes: Calculation method of the fair value of financial instruments and derivative transactions

(1) Lease liabilities (current liabilities) and (2) Lease liabilities (non-current liabilities)

Calculated by discounting the total amount of principal and interests by an interest rate supposed for a similar new lease transaction.

(2) Derivative transactions

Displays as net value of receivables and liabilities that occur from derivative transactions. Fair value is the price displayed from financial institution partners.

Fiscal year ended March 31, 2022 (Millions of yen)

	Carrying amount on consolidated balance sheet	Fair value	Difference
(1) Lease liabilities (current liabilities)	137	136	(0)
(2) Lease liabilities (non-current liabilities)	910	882	(27)
Total liabilities	1,047	1,018	(28)
(3) Derivative transactions (*2)	(80)	(80)	–

(*1) For cash and deposits, notes receivable – trade, electronically recorded monetary claims – operating, accounts receivable – trade, notes and accounts payable – trade, accounts payable – other, and income taxes payable, 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 ( ).

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

Fiscal year ended March 31, 2021 (Millions of yen)

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Lease liabilities	138	128	120	94	73	586

Fiscal year ended March 31, 2022 (Millions of yen)

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Lease liabilities	137	133	108	76	77	513

2. 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, 2022

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Derivative transactions	–	80	–	80
Total liabilities	–	80	–	80

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

Fiscal year ended March 31, 2022

(Millions of yen)

Category	Market value			
	Level 1	Level 2	Level 3	Total
Lease liabilities (current liabilities)	–	136	–	136
Lease liabilities (non-current liabilities)	–	882	–	882
Total liabilities	–	1,018	–	1,018

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

Derivative transactions
These fair values are measured using the discounted present value method (DCF method: discounted cash flow method) with observable inputs, such as interest rate and currency exchange rate. They are categorized as the Level 2 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, 2021 (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				
	Long position				
	USD	54	–	1	1
	RMB	410	–	9	9
	Short position				
	EUR	515	–	(3)	(3)
	RMB	1,075	–	(30)	(30)
	Spot exchange forwards transactions				
	Short position				
	KRW	89	–	(1)	(1)
Total		2,145	–	(25)	(25)

Fiscal year ended March 31, 2022 (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				
	Long position				
	USD	138	–	7	7
	RMB	451	–	26	26
	Short position				
	USD	664		(61)	(61)
	EUR	65	–	(2)	(2)
	RMB	1,822	–	(48)	(48)
	Spot exchange forwards transactions				
	Short position				
	KRW	39	–	(1)	(1)
Total		3,182	–	(80)	(80)

2. Derivative transactions to which hedge accounting is applied

Currency-related

Fiscal year ended March 31, 2021

Not applicable.

Fiscal year ended March 31, 2022

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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Beginning balance of retirement benefit obligation	¥1,515 million	¥1,554 million
Service cost	130	138
Interest cost	5	5
Actuarial gains and losses	11	7
Retirement benefits paid	(108)	(164)
Other	1	3
Ending balance of retirement benefit obligation	1,554	1,545

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

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Beginning balance of pension assets	¥773 million	¥868 million
Expected return	13	15
Actuarial gains and losses	58	(16)
Contributions by the employer	72	84
Retirement benefits paid	(50)	(74)
Other	1	3
Ending balance of pension assets	868	880

(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, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Retirement benefit obligation (funded-type plans)	¥755 million	¥758 million
Pension assets	(868)	(880)
	(113)	(121)
Retirement benefit obligation (non-funded-type plans)	799	786
Net amount of liabilities and assets on consolidated balance sheet	685	664
Defined benefit liability	800	788
Defined benefit asset	(114)	(123)
Net amount of liabilities and assets on consolidated balance sheet	685	664

(4) Retirement benefit expenses and the breakdown amount thereof

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Service cost	¥130 million	¥138 million
Interest cost	5	5
Expected return	(13)	(15)
Amortization of actuarial gains and losses	74	67
Amortization of past service cost	(26)	–
Retirement benefit expenses for defined benefit plans	169	196

(5) Remeasurements of defined benefit plans

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

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Past service cost	¥(26) million	¥– million
Actuarial gains and losses	121	42
Total	94	42

(6) Accumulated remeasurements of defined benefit plans

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

	Fiscal year ended March 31, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Unrecognized actuarial gains and losses	¥(334) million	¥(291) million
Total	(334)	(291)

(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, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Bonds	55%	55%
Life insurance general accounts	27	26
Stocks	15	14
Cash and deposits	2	2
Other	1	3
Total	100	100

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

In order 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, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Discount rate		
Defined benefit corporate pension	0.377%	0.377%
A lump sum	0.382%	0.382%
Long-term expected return rate	2.000%	2.000%
Average salary increase rate	3.600%	3.600%

3. Defined contribution plans

The contribution amount for defined contribution plans of the Company and some consolidated subsidiaries was ¥145 million for the previous fiscal year and ¥158 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, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Deferred tax assets		
Unused tax losses (*1)	¥539 million	¥581 million
Loss on valuation of inventories	260	497
Impairment losses	213	212
Unrealized profit on inventories	687	542
Remeasurements of defined benefit plans	100	87
Provision for bonuses	156	199
Retirement benefit liability	172	178
Depreciation	34	102
Expenses related to subsidiary acquisition	186	208
Experimentation and research expenses	109	100
Tax credits on experimentation and research expenses, etc.	56	101
Accrued business tax	168	287
Other	287	354
Deferred tax assets subtotal	2,972	3,455
Valuation allowances for unused tax losses	(205)	(236)
Valuation allowances for total deductible temporary difference	(458)	(279)
Valuation allowances subtotal	(664)	(516)
Deferred tax assets total	2,307	2,939
Deferred tax liabilities		
Fair value of intangible assets	(624)	(533)
Retained surplus of overseas subsidiaries	(441)	(358)
Other	(167)	(706)
Deferred tax liabilities total	(1,232)	(1,597)
Net deferred tax assets	1,075	1,341

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

Fiscal year ended March 31, 2021

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Unused tax losses (a)	–	–	–	–	–	539	¥539 million
Valuation allowance	–	–	–	–	–	(205)	(205)
Deferred tax assets	–	–	–	–	–	333	(b) 333

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

(b) ¥333 million in deferred tax assets related to unused tax losses is a portion of the ¥383 million (amount multiplied by effective statutory tax rate) of unused tax losses incurred in the acquisition of a US subsidiary in the fiscal year ended March 31, 2018. 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, 2022

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Unused tax losses (a)	–	–	–	–	–	581	¥581 million
Valuation allowance	–	–	–	–	–	(236)	(236)
Deferred tax assets	–	–	–	–	–	344	(b) 344

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

(b) ¥344 million in deferred tax assets related to unused tax losses is a portion of the ¥398 million (amount multiplied by effective statutory tax rate) of unused tax losses incurred in the acquisition of a US subsidiary in the fiscal year ended March 31, 2018. The Group does not recognize a valuation allowance as it determined that it would be recoverable based on future taxable income forecasts.

Changes in presentation

“Accrued business tax,” which was included in “Other” under deferred tax assets in the previous fiscal year, has been presented separately from the current fiscal year due to its increased materiality. As a result, 456 million yen presented as “Other” in deferred tax assets in the previous fiscal year have been reclassified as “Accrued business tax” of 168 million yen and “Other” of 287 million yen.

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, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Effective statutory tax rate	The difference between the effective statutory tax rate and income tax rate after applying tax effect accounting is 5% or less of the effective statutory tax rate and has therefore been omitted.	30.0%
(Adjustments)		
Entertainment and other permanently non-deductible expenses		0.2
Tax credits on experimentation and research expenses, etc.		(2.8)
Changes in valuation allowance		(0.7)
Difference in subsidiary tax rate		(1.2)
Elimination of unrealized profit for inventories		0.1
Amortization of goodwill		0.5
Foreign tax		1.3
Retained surplus of overseas subsidiaries		(0.3)
Other		0.6
Income tax rate after applying tax effect accounting		27.7

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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Reagents	35,189	54,605
Instruments	1,726	1,518
CDMO	8,901	11,426
Gene therapy	268	148
Total	46,086	67,699

(2) Breakdown by region

(Millions of yen)

Region	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Japan	20,475	34,076
U.S.	7,862	10,186
China	8,415	11,908
Asia besides Japan/China	4,917	6,614
Europe	3,743	4,668
Other	671	244
Total	46,086	67,699

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 this 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 ¥1,926 million at the end of the current fiscal year. Such performance obligations are in contract service. The Company expects approximately 80% to be recognized as revenue within one year of the closing date and approximately, the remaining 20% 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, 2021

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
20,475	7,862	8,415	4,917	3,743	671	46,086

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	China	Asia besides Japan/China	Europe	Total
21,505	5,357	2,276	192	435	29,766

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, 2022

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
34,076	10,186	11,908	6,614	4,668	244	67,699

(2) Property, plant and equipment

(Millions of yen)

Japan	U.S.	China	Asia besides Japan/China	Europe	Total
23,246	10,013	2,681	208	246	36,395

3. Information about each major customer

Of revenue from external customers, net sales from designated customers do not comprise 10% or more of net sales on consolidated statement of income.

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 submitting consolidated financial statement and related parties

Fiscal year ended March 31, 2021

Not applicable.

Fiscal year ended March 31, 2022

Not applicable.

2. Notes related to parent company or important affiliates

The parent company of the Company is Takara Holdings Inc. (TSE1).

Per share information

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Net assets per share	¥616.05	¥796.18
Earnings per share	¥79.29	¥164.84

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, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	9,547	19,849
Amount not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent for common shares (Millions of yen)	9,547	19,849
Average number of common shares during the year (Thousands of shares)	120,415	120,415

Significant subsequent events

Not applicable.

(1) 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	138	137	3.5	–
Lease liabilities (excluding those due within one year)	1,003	910	3.5	2023 – 2035
Total	1,142	1,047	–	–

Notes: 1. Average interest rate is the average rate for the outstanding balances at the end of the period that exclude lease obligation recorded at the amount before deducting amount equivalent to interests included in the total lease amount.

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 within two years (Millions of yen)	Over two years within three years (Millions of yen)	Over three years within four years (Millions of yen)	Over four years within five years (Millions of yen)
Lease liabilities	133	108	76	77

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, 2022

(Cumulative period)	Q1	Q2	Q3	FY2022
Net sales (Millions of yen)	15,272	31,551	45,659	67,699
Profit before income taxes (Millions of yen)	8,561	14,203	20,114	27,532
Profit attributable to owners of parent (Millions of yen)	6,025	10,009	14,364	19,849
Earnings per share (Yen)	50.04	83.12	119.29	164.84

(Accounting period)	Q1	Q2	Q3	Q4
Earnings per share (Yen)	50.04	33.08	36.17	45.56

(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.

Non-consolidated financial statements, etc.

(1) Non-consolidated financial statements

1) Non-consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	14,535	11,573
Notes receivable – trade	422	466
Electronically recorded monetary claims – operating	803	1,231
Accounts receivable – trade	9,906	14,373
Merchandise and finished goods	3,206	16,965
Work in process	1,027	998
Raw materials and supplies	1,277	1,649
Prepaid expenses	189	240
Short-term loans receivable from subsidiaries and associates	–	734
Other	513	1,627
Allowance for doubtful accounts	(1)	(1)
Total current assets	31,881	49,859
Non-current assets		
Property, plant and equipment		
Buildings	*3 8,839	*3 9,297
Structures	599	590
Machinery and equipment	*3 2,475	*3 2,374
Vehicles	0	*3 0
Tools, furniture and fixtures	*3 2,239	*3 3,350
Land	5,687	5,687
Leased assets	684	631
Construction in progress	980	1,313
Total property, plant and equipment	21,505	23,246
Intangible assets		
Software	389	*3 465
Other	129	5
Total intangible assets	519	471
Investments and other assets		
Shares of subsidiaries and associates	22,509	22,509
Investments in capital of subsidiaries and associates	3,704	3,704
Deferred tax assets	576	1,211
Other	428	384
Total investments and other assets	27,218	27,810
Total non-current assets	49,242	51,527
Total assets	81,124	101,386

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable – trade	1,527	1,422
Lease liabilities	47	48
Accounts payable – other	2,281	3,496
Accrued expenses	668	747
Income taxes payable	2,660	5,137
Advances received	629	408
Deposits received	80	1,366
Unearned revenue	1	44
Provision for bonuses	348	420
Other	1,722	611
Total current liabilities	9,967	13,703
Non-current liabilities		
Lease liabilities	718	669
Provision for retirement benefits	555	575
Asset retirement obligations	177	177
Other	59	56
Total non-current liabilities	1,510	1,479
Total liabilities	11,478	15,182
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	21,786	38,344
Total retained earnings	21,786	38,344
Total shareholders' equity	69,645	86,204
Total net assets	69,645	86,204
Total liabilities and net assets	81,124	101,386

2) Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	33,885	50,398
Cost of sales	14,082	16,520
Gross profit	19,803	33,878
Selling, general and administrative expenses	*2 10,109	*2 11,946
Operating profit	9,693	21,931
Non-operating income		
Interest and dividend income	1,748	3,761
Foreign exchange gains	31	–
Rental income from real estate	47	48
Other	43	79
Total non-operating income	1,870	3,888
Non-operating expenses		
Interest expenses	24	23
Foreign exchange losses	–	702
Rental expenses on real estate	21	23
Other	21	7
Total non-operating expenses	67	757
Ordinary profit	11,495	25,063
Extraordinary income		
Gain on sale of non-current assets	0	3
National subsidies	*3 517	*3 4,470
Total extraordinary income	518	4,473
Extraordinary losses		
Loss on sale and retirement of non-current assets	71	151
Loss on tax purpose reduction entry of non-current assets	*3 517	*3 4,470
Loss on valuation of inventories	–	*4 589
Loss on liquidation of business	*5 38	–
Total extraordinary losses	627	5,211
Profit before income taxes	11,386	24,326
Income taxes – current	2,745	6,476
Income taxes – deferred	(40)	(635)
Total income taxes	2,704	5,840
Profit	8,681	18,485

Manufacturing cost statements

Category	Notes number	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021) Amount (Millions of yen)	Composition ratio (%)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022) Amount (Millions of yen)	Composition ratio (%)
I. Materials costs		3,678	56.2	4,579	57.8
II. Labor costs		1,258	19.2	1,387	17.5
III. Expenses	*1	1,609	24.6	1,956	24.7
Total manufacturing costs for the period		6,546	100.0	7,923	100.0
Work in process at beginning of the period		759		1,027	
Total		7,305		8,951	
Work in process at end of the period		1,027		998	
Transfer to other account		33		56	
Cost of products manufactured		6,243		7,896	

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)

Items	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Depreciation	816	988
Repair expenses	429	525
Outsourcing fees	75	192
Taxes	53	53

3) Non-consolidated statements of changes in shareholders' equity

Fiscal year ended March 31, 2021

(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	14,067	61,927	61,927
Changes during period					
Dividends of surplus			(963)	(963)	(963)
Profit			8,681	8,681	8,681
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	7,718	7,718	7,718
Balance at end of period	14,965	32,893	21,786	69,645	69,645

Fiscal year ended March 31, 2022

(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	21,786	69,645	69,645
Changes during period					
Dividends of surplus			(1,926)	(1,926)	(1,926)
Profit			18,485	18,485	18,485
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	16,558	16,558	16,558
Balance at end of period	14,965	32,893	38,344	86,204	86,204

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, net of applicable taxes, 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

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)

Straight-line method.

(2) Intangible assets (excludes leased assets)

Straight-line method.

(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.

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 (ten 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 (ten 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

The Company 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., it is recognized revenue at the point that the Company is aware the control of product is transferred to the customer by the transporting party.

(2) CDMO

The Company is entrusted primarily with services related to regenerative medicine products, gene analysis and examinations based on short-term contract services. For these transactions, revenue is recognized at a point in time when control primarily over acceptance, receipt, or shipment is transferred to customers, 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 instruments: 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.

Changes in accounting policies

Adoption of Accounting Standard for Revenue Recognition, etc.

The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the current fiscal year. It recognizes revenue when it satisfies a performance obligation by transferring promised goods or services to a customer as the amount expected to be received upon exchange of goods or services.

The application of the Accounting Standard for Revenue Recognition, etc. is subject to the transitional treatment provided for in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application of the new accounting policy from the beginning of the current fiscal year was added to or subtracted from the beginning balance of retained earnings brought forward at the start of the current fiscal year and thus the new accounting policy was applied from the beginning balance. As a result, there is no impact on gains and losses for the current fiscal year. There is no impact on the balance at the beginning of the current fiscal year for retained earnings brought forward.

Changes in presentation

Non-consolidated statements of income

Non-operating expenses

"Inactive non-current asset expenses" categorized in non-operating expenses in the previous fiscal year is included in "Other" from this fiscal year because they have become insignificant in monetary value. In order to reflect these changes to the presentation, the Company has rearranged the previous fiscal year financial statements.

As a result, ¥18 million in "Inactive non-current asset expenses" presented in non-operating expenses in the statement of income of the previous fiscal year has been moved to "Other."

Additional information

Accounting estimates related to the impact of COVID-19

Based on the obtainable information at the time of preparing the financial statements for this fiscal year, the Company expects that the COVID-19 pandemic will continue to impact results in fiscal 2022 for a set period of time. The Company makes estimates and judgments about the recoverability of deferred tax assets at the end of the current fiscal year based on the above assumptions. It has determined that it is not necessary to book additional valuation allowances.

Because many uncertainties surround the influence of the COVID-19 pandemic on results, if there are changes to the above assumptions, it is possible that it could impact the financial status and operating results of the Company.

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, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Short-term monetary receivables	¥2,008 million	¥1,740 million
Short-term monetary liabilities	845	781

2 Contingencies

The Company has insured rental fee payments. However, there are no applicable sums at the end of the current fiscal year because the contracts are already completed.

Fiscal year ended March 31, 2021 (March 31, 2021)		Fiscal year ended March 31, 2022 (March 31, 2022)	
Takara Bio USA, Inc.	¥136 million	Takara Bio USA, Inc.	¥– million

*3 Tax purpose reduction entry

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

	Fiscal year ended March 31, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Buildings	¥144 million	¥1,337 million
Machinery and equipment	295	3,122
Vehicles	–	1
Tools, furniture and fixtures	77	524
Software	–	1
Total	517	4,987

Non-consolidated statements of income

1. Transaction amount with subsidiaries and affiliates

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Net sales	¥13,468 million	¥16,242 million
Purchase of goods	6,021	6,140
Transaction besides operating transactions	170	188

*2 Selling expenses comprised 10% in FY2021 and 8% in FY2022 while general and administrative expenses made up 90% in FY2021 and 92% in FY2022.

Major expenses and monetary amount of SG&A expenses

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Promotion expenses	¥476 million	¥403 million
Provision of allowance for doubtful accounts	0	0
Employees' salaries and bonuses	2,186	2,668
Provision for bonuses	156	198
Retirement benefit expenses	125	151
Depreciation	339	365
Research and development expenses	3,774	4,554
Remuneration/contracting fees	281	347

*3 National subsidies and loss on tax purpose reduction entry of non-current assets

Fiscal year ended March 31, 2021
Amount received from subsidies, etc. is booked as national subsidies in extraordinary income. The reduced value entry of non-current assets for subsidies is booked as loss on tax purpose reduction entry of non-current assets in extraordinary losses.

Fiscal year ended March 31, 2022
Amount received from subsidies, etc. is booked as national subsidies in extraordinary income. The reduced value entry of non-current assets for subsidies is booked as loss on tax purpose reduction entry of non-current assets in extraordinary losses.

*4 Loss on valuation of inventories

Fiscal year ended March 31, 2022
Low-quality products due to bad weather during the transfer from overseas were scheduled to be disposed of. The resulting incurred losses are recorded as “Loss on valuation of inventories” in extraordinary losses. Also, such damages are covered by an insurance policy; however, the Company has not recorded the amount of compensation received from the insurance policy because the amount is not yet determined.

*5 Loss on liquidation of business

Fiscal year ended March 31, 2021
The Company booked extraordinary losses resulting from liquidating the next generation sequence library production equipment related business. This includes ¥3 million in impairment losses and ¥34 million in loss on valuation of inventories. Impairment losses are as written in consolidated statement of income “*7 Impairment losses Fiscal year ended March 31, 2021.”

Securities

Fiscal year ended March 31, 2021

The Company does not include the market value of shares of subsidiaries and affiliates because it is extremely difficult to grasp fair value as there are no market prices.

The amount of the shares of subsidiaries and affiliates for which it is extremely difficult to determine the fair value are recorded in the balance sheet as follows.

(Millions of yen)

Category	Fiscal year ended March 31, 2021
Shares of subsidiaries and associates	22,509
Investments in capital of subsidiaries and associates	3,704

Fiscal year ended March 31, 2022

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, 2022
Shares of subsidiaries and associates	22,509
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, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Deferred tax assets		
Impairment losses	¥212 million	¥212 million
Provision for bonuses	90	109
Provision for retirement benefits	166	172
Accrued business tax	168	287
Depreciation	33	101
Asset retirement obligations	53	53
Loss on valuation of inventories	115	275
Other	113	171
Deferred tax assets subtotal	954	1,384
Valuation allowance	(272)	(70)
Deferred tax assets total	682	1,314
Deferred tax liabilities	(106)	(102)
Net deferred tax assets (liabilities)	576	1,211

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, 2021 (March 31, 2021)	Fiscal year ended March 31, 2022 (March 31, 2022)
Effective statutory tax rate	30.0%	30.0%
(Adjustments)		
Entertainment and other permanently non-deductible expenses	0.0	0.0
Dividend and other permanently non-taxable income	(4.4)	(4.4)
Local tax on per capita basis	0.1	0.0
Foreign tax	1.5	1.5
Changes in valuation allowance	0.6	(0.8)
Tax credits on experimentation and research expenses, etc.	(4.3)	(2.8)
Other	0.3	0.5
Income tax rate after applying tax effect accounting	23.8	24.0

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.

(1) Supplementary statements

Detailed schedule of property, plant and equipment and others

(Millions of yen)

Category	Type of assets	Balance at beginning of the period	Increase during the period	Decrease during the period	Depreciation during the period	Balance at the end of the period	Accumulated depreciation
Property, plant and equipment	Buildings	8,839	(Note 1) 2,229	(Note 2) 1,194 [1,193]	577	9,297	3,082
	Structures	599	70	24	54	590	319
	Machinery and equipment	2,475	(Note 1) 3,297	(Note 2) 2,853 [2,827]	544	2,374	2,251
	Vehicles	0	(Note 1) 2	(Note 2) 1 [1]	0	0	4
	Tools, furniture and fixtures	2,239	(Note 1) 2,495	(Note 2) 466 [446]	917	3,350	4,900
	Land	5,687	–	–	–	5,687	–
	Leased assets	684	–	–	52	631	125
	Construction in progress	980	1,313	(Note 3) 980	–	1,313	–
	Total	21,505	(Note 1) 9,409	(Note 2) 5,521 [4,468]	2,146	23,246	10,683
Intangible assets	Software	389	265	(Note 2) 36 [1]	153	465	–
	Other	129	–	121	1	5	–
	Total	519	265	(Note 2) 158 [1]	154	471	–

Notes: 1. Increase during the period for buildings, machinery and equipment, vehicles, and tools, furniture and fixtures, is mainly due to the business of emergency maintenance of vaccine production system of ¥4,007 million.
2. The [ ] in decrease during the period is an internal number, which is tax purpose reduction entry for national subsidies, etc.
3. Decrease during the period for construction in progress is mainly due to the reclassification of ¥933 million to the emergency maintenance of vaccine production system account from the construction in progress.

Detailed schedule of allowances

(Millions of yen)

Category	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period
Allowance for doubtful accounts	1	1	1	1
Provision for bonuses	348	420	348	420

(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 19th fiscal year (April 1, 2020 to March 31, 2021) to the Director-General of the Kanto Local Finance Bureau on June 29, 2021.

(2) Internal controls report and attached documents

Submitted to the Director-General of the Kanto Local Finance Bureau on June 29, 2021.

(3) Quarterly reports and confirmation documents

(Q1 of 20th fiscal year) (April 1, 2021 to June 30, 2021) Submitted to the Director-General of the Kanto Local Finance Bureau on August 6, 2021.

(Q2 of 20th fiscal year) (July 1, 2021 to September 30, 2021) Submitted to the Director-General of the Kanto Local Finance Bureau on November 12, 2021.

(Q3 of 20th fiscal year) (October 1, 2021 to December 31, 2021) Submitted to the Director-General of the Kanto Local Finance Bureau on February 14, 2022.

(4) Temporary reports

Submitted to the Director-General of the Kanto Local Finance Bureau on June 30, 2021.

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.

(5) Revision report of Annual Securities Report and confirmation report

Submitted for the 19th fiscal year (April 1, 2020 to March 31, 2021) to the Director-General of the Kanto Local Finance Bureau on June 15, 2022.

B. Information on insurance company, etc. of reporting company

Not applicable.