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To whom it may concern,

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Notice Regarding the Results of the Investigation into Matters of Uncertainty Concerning Accounting Treatment at Our Consolidated Subsidiary (Takara Bio USA, Inc.)

As announced in the "Notice Regarding the Disclosure of the Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 2027 Exceeding 45 Days After the End of the Quarter" dated August 12, 2026 (the "August 12 Timely Disclosure"), uncertainties relating to the accounting treatment at Takara Bio USA, Inc. ("Takara Bio USA"), a consolidated subsidiary of the Company (the "Matters of Uncertainty"), were identified. The Company therefore postponed the announcement of its financial results for the first quarter of the fiscal year ending March 2027 and conducted an investigation into the facts of the Matters of Uncertainty (the "Investigation"), with the involvement of legal professionals from Nishimura & Asahi (Gaikokuho Kyodo Jigyo) ("Nishimura & Asahi") and certified public accountants from KPMG Forensic & Risk Advisory Co., Ltd. ("KPMG").

As a result of the Investigation, while certain errors that were quantitatively immaterial were found in relation to the Matters of Uncertainty, no circumstances were identified that would have a material impact on the Company's consolidated financial statements, including any intentional improper accounting treatment at Takara Bio USA. Based on these results, the Company has concluded that no corrections to its consolidated financial statements for prior fiscal years are required. In addition, the Company conducted the Investigation in consultation with its accounting auditor, Deloitte Touche Tohmatsu LLC, and fraud investigation specialists from a Deloitte network firm, regarding the scope and procedures of the Investigation, and shared the progress and results of the Investigation with the accounting auditor and those specialists on an ongoing basis. In light of the foregoing, on October 23, 2026, the Company received from its accounting auditor an interim review report containing an unmodified conclusion on the quarterly consolidated financial statements for the first quarter of the fiscal year ending March 2027. The Company hereby announces the details below.

The Company once again sincerely apologizes to its shareholders, investors, and all other stakeholders for the concern caused.

1. Background to the Delay in the Disclosure of the Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 2027

As announced in the August 12 Timely Disclosure, the Company received notice from its accounting auditor that the Matters of Uncertainty had arisen in relation to the accounting treatment at Takara Bio USA, a consolidated subsidiary of the Company, and that the accounting auditor would be unable to express a conclusion in its interim review of the quarterly consolidated financial statements until the facts of the Matters of Uncertainty had been clarified and the details, including whether there was any impact, had been determined.

Thereafter, the Company conducted the Investigation for the purpose of confirming the facts of the Matters of Uncertainty. The Investigation was conducted under the supervision of objective and neutral officers and employees of the Company who had not been directly involved in the events related to the Matters of Uncertainty, with the assistance of Nishimura & Asahi and KPMG (collectively, the "External Expert Team"), each possessing specialized expertise, and under a framework designed to ensure independence and effectiveness.

The Investigation required a certain period of time because, as described in "2. Investigation Structure and Procedures" below, the Investigation broadly preserved electronic data and other information potentially related to the Matters of Uncertainty, eliminated the possibility of alteration or concealment, and examined the content of that data and information (the review of electronic data and other information potentially related to the Matters of Uncertainty is referred to below as the "Digital Forensic Investigation"), the Investigation also involved extensive procedures considered necessary, including interviews with multiple individuals and reviews of relevant materials, and the facts were carefully verified with respect to each Matter of Uncertainty.

2. Investigation Structure and Procedures

(1) Background

As stated in the August 12 Timely Disclosure, at 11:40 p.m. on August 6, 2026, the day before the scheduled announcement of the Company's financial results, the Company received an initial notice from its accounting auditor that the Matters of Uncertainty had arisen. At 7:58 a.m. on August 7, the Company received further notice that the accounting auditor would be unable to express a conclusion in its interim review of the quarterly consolidated financial statements until the facts of the Matters of Uncertainty had been clarified and the details, including whether there was any impact, had been determined.

Specifically, following receipt of information from an external source concerning the Matters of Uncertainty relating to the accounting treatment at Takara Bio USA in prior fiscal years, the Company determined, in consultation with its accounting auditor, that it was necessary to objectively verify the facts of the Matters of Uncertainty and then assess whether they had any impact on financial reporting. The Company therefore commenced the Investigation. In commencing the Investigation, it was also necessary to ensure the thorough preservation of relevant information in order to achieve an objective fact-finding process.

(2) Investigation Structure

To ensure objectivity and neutrality in addressing the Matters of Uncertainty, the Company established an internal investigation team consisting of five personnel from its accounting, general affairs, and legal functions (the "Internal Investigation Team"), led by Kei Sato, the Company's director responsible for accounting and finance, who had never held a position directly responsible for managing Takara Bio USA. In addition, to assist with coordinating interviews and collecting materials, the Company appointed a total of four officers and employees of Takara Bio Inc. ("Takara Bio") and Takara Bio USA who had no direct interest in the Investigation as investigation support personnel. To ensure the expertise and effectiveness of the Investigation, the Company also engaged the External Expert Team. Under the supervision of the Internal Investigation Team, the External Expert Team conducted fact-finding through interviews and digital forensics and examined the reasonableness of the accounting treatment at Takara Bio USA.

(3) Investigation Period

After receiving the initial notice from its accounting auditor on August 6, 2026 that the Matters of Uncertainty had arise, the Company began responding on August 7. The Company promptly engaged and consulted with the External Expert Team, took initial measures, including obtaining preliminary information and preserving evidence, formally established the Internal Investigation Team, and commenced a full-scale investigation. Thereafter, while sharing information with the accounting auditor as appropriate, the Company conducted the Investigation through October 14, 2026.

(4) Principal Investigation Procedures Performed

A. Detailed Fact-Finding Concerning the Matters Reported by the External Source

The External Expert Team conducted a preliminary investigation to understand the details of the Matters of Uncertainty. As a result, it determined that the Matters of Uncertainty generally concerned figures entered in cost-of-sales analysis materials submitted by Takara Bio USA to Takara Bio at the end of each quarter; royalty and rebate–related expenses and payments; reclassifications of selling, general, and administrative expenses; omissions in the transfer of journal entries due to an accounting-system error; and revenue recognition for a specific customer.

B. Interviews with Relevant Personnel of Takara Bio USA and Takara Bio Concerning the Matters of Uncertainty

The External Expert Team conducted a total of 18 interviews with 12 officers and employees of Takara Bio USA and Takara Bio who had been directly or indirectly involved in operations related to the Matters of Uncertainty. Through these interviews, the External Expert Team identified the circumstances in which the Matters of Uncertainty arose, the accounting methods used at the time, and the background to those methods.

C. Digital Forensic Investigation

To collect accurate information concerning the Matters of Uncertainty, the External Expert Team preserved email server data for all employees of Takara Bio USA, as well as IT devices, email server data, and other data of officers

and employees of Takara Bio USA and Takara Bio whom the investigation team considered pertinent. In addition, for three officers and employees of Takara Bio USA who had been closely involved in operations directly related to the Matters of Uncertainty, the External Expert Team conducted keyword searches of electronic data from January 1, 2023 onward and reviewed the 17,864 items identified through those searches. Where necessary, the External Expert Team also confirmed the content of emails and other materials with interviewees.

D. Review of Relevant Internal Documents and Records Relating to the Matters of Uncertainty

The External Expert Team obtained an overview of the relevant business processes within Takara Bio USA and obtained and reviewed various relevant internal documents and records to assess the methods and results of the relevant accounting treatment. The External Expert Team confirmed the following:

- While certain manually adjusted amounts had been entered in the cost-of-sales analysis materials submitted by Takara Bio USA to Takara Bio at the end of each quarter, the amounts entered in those materials did not affect the financial statements of either Takara Bio USA or Takara Bio, and there was a basis for the amounts.
- With respect to royalties and rebates, the External Expert Team reviewed the management structure and methods at Takara Bio USA. Although quantitatively immaterial errors were identified, there were no material omissions of accruals or payments, and no correction of prior-year financial statements was required.
- With respect to the reclassification of selling, general, and administrative expenses, the External Expert Team confirmed that the reasons for the reclassification were reasonable.
- With respect to omissions in the transfer of journal entries caused by an accounting-system error, the External Expert Team identified the background to the error and reviewed the accounting treatment applied while the error was being resolved. Although quantitatively immaterial errors were identified, no correction of prior-year financial statements was required.
- With respect to revenue recognition for a specific customer, the External Expert Team confirmed consistency with the accounting treatment by identifying the transaction flow, background to, and outcome of the relevant transaction.
- For each of the Matters of Uncertainty described above, the External Expert Team confirmed that there were no circumstances indicating an intentional attempt to make improper adjustments.

(5) Investigation Results of the External Expert Team and the Internal Investigation Team

On October 14, 2026, the External Expert Team and the Internal Investigation Team compiled the results of the Investigation in a report and submitted the report to the Company's board of directors on the same date. As a result of the Investigation, while quantitatively immaterial errors were identified in relation to the Matters of Uncertainty concerning the accounting treatment at Takara Bio USA in prior fiscal years, no facts indicating that any officer or employee of Takara Bio USA intentionally engaged in improper accounting treatment or that any officer or employee of Takara Bio requested Takara Bio USA to engage in improper accounting treatment or otherwise acted inappropriately were found. No circumstances were identified that would have a material impact on the Company's consolidated financial statements. Accordingly, the Company has concluded that no corrections to its consolidated financial statements for prior fiscal years are required.

(6) Receipt of the Interim Review Report from the Accounting Auditor Based on the Investigation Results

The External Expert Team and the Internal Investigation Team conducted the Investigation in consultation with the accounting auditor and fraud investigation specialists from a Deloitte network firm regarding the scope and procedures of the Investigation, and shared the progress and results of the Investigation with the accounting auditor and those specialists on an ongoing basis. In light of the foregoing, on October 23, 2026, the Company received from its accounting auditor an interim review report containing an unmodified conclusion on the quarterly consolidated financial statements for the first quarter of the fiscal year ending March 2027.

Based on the information obtained through the Investigation described above, the Company will further clarify the financial reporting processes at its overseas subsidiaries and will continue its efforts to enhance the reliability of financial reporting throughout the Company group and further improve coordination within the Company group.

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