

The original disclosure in Japanese was released on November 10, 2022 at 16:00 (GMT+9)

Consolidated Financial Statements for the Second Quarter Ended September 30, 2022 FY2023 (April 1, 2022 - March 31, 2023)

[UNAUDITED]

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 Stock exchange listings: Tokyo Stock Exchange (PRIME section)
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Quarterly statement filing date(as planned): November 11, 2022

- Notes: 1. The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.
 2. Amounts are rounded down to the nearest million yen.

1. Results for the six months ended September 30, 2022 (April 1, 2022 - September 30, 2022)

(1) Consolidated operating results

Note: Percentages indicated changes from the same period of the previous fiscal year.

	Six months ended September 30, 2022		Six months ended September 30, 2021	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	164,279	16.3	141,213	10.5
Operating income (loss)	19,614	(9.3)	21,616	273.8
Ordinary income (loss)	19,972	(8.7)	21,884	268.4
Net income (loss) attributable to owners of the parent	10,873	8.2	10,050	263.9
Net income (loss) per share (Yen)	55.00		50.84	
Fully diluted net income per share (Yen)	-		-	
Note: Comprehensive income (loss)	30,213	43.5	21,056	765.4

(2) Consolidated financial position

	As of September 30, 2022	As of March 31, 2022
	(Millions of yen)	(Millions of yen)
Total assets	366,273	362,438
Net assets	244,317	224,555
Equity ratio (%)	53.3	49.8
(Reference) Equity	195,359	180,420

2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2022	Year ending March 31, 2023	Year ending March 31, 2023 (Forecast)
First quarter end	-	-	-
Second quarter end	-	-	-
Third quarter end	-	-	-
Year end	37.00	-	34.00
Annual	37.00	-	34.00

Note: Correction of dividend forecast from the most recent dividend forecast: Yes

3. Forecast for the year ending March 31, 2023 (April 1, 2022 - March 31, 2023)

Note: Percentages indicated changes from the same period of the previous fiscal year.

	Year ending March 31, 2023	
	(Millions of yen)	(%)
Net sales	347,000	15.3
Operating income (loss)	35,400	(18.3)
Ordinary income (loss)	36,000	(16.7)
Net income (loss) attributable to owners of the parent	18,900	(9.0)
Net income per share (Yen)	95.60	

Note: Correction of financial forecast from the most recent financial forecast: Yes

4. Others

- (1) Material changes in subsidiaries during this period
(Changes in specified subsidiaries that caused a change in the scope of consolidation): No
- (2) Accounting procedures specific to quarterly consolidated financial statements : No
- (3) Changes in accounting policies, accounting estimates and retrospective restatement
 - 1) Changes based on revisions of accounting standard: No
 - 2) Changes other than ones based on revisions of accounting standard: No
 - 3) Changes in accounting estimates: No
 - 4) Restatement: No
- (4) Number of outstanding shares (common stock)
 - 1) Number of outstanding shares at the end of each period (Treasury stocks are included):

As of September 30, 2022 :	199,699,743 shares
As of March 31, 2022 :	199,699,743 shares
 - 2) Number of treasury stocks at the end of each period:

As of September 30, 2022 :	1,995,602 shares
As of March 31, 2022 :	1,995,577 shares
 - 3) Average number of outstanding shares in each period

Six months ended September 30, 2022 :	197,704,145 shares
Six months ended September 30, 2021 :	197,704,258 shares

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○ Supplement for the Consolidated Quarterly Financial Statements

1. Qualitative Information for the Six Months Ended September 30, 2022

(1) Consolidated Financial Results

In the six months ended September 30, 2022, net sales increased 16.3% year on year to ¥164,279 million, gross profit increased 6.5% year on year to ¥57,879 million, and SG&A expenses increased 16.9% year on year to ¥38,264 million. Operating income decreased 9.3% year on year to ¥19,614 million, ordinary income decreased 8.7% year on year to ¥19,972 million, and net income attributable to owners of the parent increased 8.2% year on year to ¥10,873 million.

Results by business segment were as follows.

[Takara Shuzo]

In the six months ended September 30, 2022, although sales of sake decreased slightly, partly due to an increase in demand ahead of schedule in September prior to price revisions, sales of shochu, light-alcohol refreshers, *Hon Mirin*, and raw alcohol increased.

As a result, net sales for Takara Shuzo increased 7.3% year on year to ¥61,820 million. Cost of sales increased 10.2% year on year to ¥47,765 million, mainly due to the impact of rising resource and raw material prices, and gross profit decreased 1.7% year on year to ¥14,055 million. SG&A expenses decreased 0.2% year on year to ¥11,996 million due to a decrease in personnel expenses. Operating income was down 9.3% year on year to ¥2,059 million.

[Takara Shuzo International Group]

In the six months ended September 30, 2022, net sales of the Overseas Alcoholic Beverages Business increased year on year mainly due to continued growth in sales of whiskey in the U.K. and the U.S. as well as an increase in sales of sake. Net sales of the Japanese Food Wholesale Business in overseas markets also increased as the eating and drinking establishment market continued to perform well.

As a result, net sales for the Takara Shuzo International Group increased 36.4% year on year to ¥63,730 million. Cost of sales increased 37.8% year on year to ¥43,748 million, mainly due to the impact of continuing high sea freight costs. Consequently, gross profit increased 33.3% year on year to ¥19,981 million. SG&A expenses were up 34.1% year on year to ¥14,322 million, primarily due to an increase in personnel expenses and transportation costs, and operating income was up 31.5% year on year to ¥5,658 million.

[Takara Bio Group]

In the six months ended September 30, 2022, although sales of instruments and CDMO decreased year on year, sales of reagents and gene therapy increased. In particular, sales of reagents for general research use increased, and sales of testing-related reagents for COVID-19 grew as a result of the impact from the seventh wave of COVID-19 infections.

As a result, net sales for the Takara Bio Group increased 3.3% year on year to ¥32,587 million. Cost of sales increased 31.1% year on year to ¥10,562 million, mainly due to a change in sales mix. Consequently, gross profit decreased 6.3% year on year to ¥22,025 million. SG&A expenses were up 18.8% year on year to ¥11,154 million, primarily due to an increase in personnel expenses and R&D expenses. Operating income decreased 22.9% year on year to ¥10,870 million.

[Other]

In the six months ended September 30, 2022, net sales of the Other segment increased 6.5% year on year to ¥15,577 million due to continued strong import and sale of wine. Cost of sales increased 5.6% year on year to ¥13,392 million. Consequently, gross profit increased 12.6% year on year to ¥2,184 million. SG&A expenses rose 3.4% year on year to ¥941 million due to an increase in transportation costs, and operating income was up 20.8% year on year to ¥1,243 million.

Breakdown of sales results by product category

Segment	Equivalent Period of Previous Fiscal Year (From April 1, 2021, to September 30, 2021)	Period under Review (From April 1, 2022, to September 30, 2022)	YoY Comparison
Product category	Amount (Millions of yen)	Amount (Millions of yen)	(%)
Takara Shuzo			
Shochu	19,315	19,998	3.5
Sake	4,718	4,697	(0.4)
Light-alcohol refreshers	18,808	20,525	9.1
Other alcoholic beverages	2,529	2,823	11.6
<i>Hon Mirin</i>	4,258	4,710	10.6
Other seasonings	4,079	4,321	5.9
Raw alcohol, etc.	3,922	4,743	20.9
Total	57,633	61,820	7.3
Takara Shuzo International Group			
Overseas Alcoholic Beverages Business	7,005	8,287	18.3
Japanese Food Wholesales Business in overseas markets	40,410	56,421	39.6
Other	29	2,812	—
Elimination of intra-Group transaction on consolidation	(710)	(3,791)	—
Total	46,734	63,730	36.4
Takara Bio Group			
Reagents	24,988	27,565	10.3
Instruments	712	694	(2.5)
CDMO	4,732	3,183	(32.7)
Gene therapy	1,117	1,144	2.3
Total	31,551	32,587	3.3
Reported segment total	135,919	158,138	16.3
Other	14,624	15,577	6.5
Segment total	150,544	173,715	15.4
Sales not allocated to business segments and intersegment transactions	(9,331)	(9,435)	—
Total	141,213	164,279	16.3

Notes: 1. Amounts include alcohol tax.

2. Net sales of GMP grade (for manufacturing regenerative medical products) reagents, etc., which had been included in Takara Bio Group's "Reagents" until the fiscal year ended March 31, 2022, will be included in "Gene therapy" from the first quarter. The results for the equivalent period of the previous fiscal year presented in this table have been restated to reflect this change.

(2) Consolidated Financial Position

As of September 30, 2022, current assets were ¥233,028 million, an increase of ¥705 million compared with that at the end of the previous fiscal year. This was primarily due to increases in notes and accounts receivable-trade of ¥6,127 million, merchandise and finished goods of ¥6,767 million, and other in current assets such as accounts receivable-other of ¥1,100 million offset by a decrease in cash and deposits of ¥13,370 million. Noncurrent assets were ¥133,244 million, an increase of ¥3,129 million compared with that at the end of the previous fiscal year. This was primarily due to increases in property, plant and equipment of ¥4,024 million and intangible assets of ¥1,005 million offset by a decrease in investments and other assets of ¥1,900 million.

As a result, total assets were ¥366,273 million, an increase of ¥3,835 million compared with that at the end of the previous fiscal year.

As of September 30, 2022, current liabilities were ¥62,892 million, a decrease of ¥16,258 million compared with that at the end of the previous fiscal year. This was primarily due to decreases in current portion of bonds of ¥10,000 million, income taxes payable of ¥2,121 million, and other under current liabilities of ¥3,172 million. Noncurrent liabilities were ¥59,063 million, an increase of ¥332 million compared with that at the end of the previous fiscal year.

As a result, total liabilities were ¥121,956 million, a decrease of ¥15,926 million compared with that at the end of the previous fiscal year.

As of September 30, 2022, total net assets were ¥244,317 million, an increase of ¥19,761 million compared with that at the end of the previous fiscal year. This was primarily due to increases in retained earnings of ¥3,558 million due to net income attributable to owners of the parent of ¥10,873 million and dividends from surplus of ¥7,315 million, foreign currency translation adjustment of ¥12,628 million and noncontrolling interests of ¥4,822 million, offset by a decrease in valuation difference on available-for-sale securities of ¥1,113 million.

As a result, the equity ratio totaled 53.3%, compared with 49.8% at the end of the previous fiscal year.

In the six months ended September 30, 2022, net cash provided by operating activities decreased ¥4,566 million year on year to ¥7,231 million primarily due to income before income taxes of ¥20,815 million, depreciation and amortization of ¥4,336 million, an increase in notes and accounts receivable-trade of ¥3,541 million, an increase in inventories of ¥2,429 million, a decrease in other current liabilities of ¥3,103 million, and ¥9,123 million in income taxes paid.

Net cash used in investing activities resulted in expenditure of ¥9,553 million, a decrease in expenditure of ¥2,512 million compared to the same period of the previous fiscal year primarily due to payments into time deposits of ¥6,001 million, and purchase of property, plant and equipment and intangible assets of ¥5,093 million.

Net cash used in financing activities resulted in expenditure of ¥21,625 million, an increase in expenditure of ¥16,004 million compared to the same period of the previous fiscal year primarily due to redemption of bonds of ¥10,000 million, and cash dividends paid of ¥7,300 million.

As a result, cash and cash equivalents as of September 30, 2022, including effect of exchange rate change on cash and cash equivalents, stood at ¥55,991 million, down ¥19,738 million from the previous fiscal year-end.

(3) Qualitative Information Regarding Consolidated Forecasts

The Company has revised the full-year consolidated results forecasts published on August 4, 2022 in consideration of recent performance trends.

For the fiscal year ending March 31, 2023, net sales for Takara Shuzo and the Takara Shuzo International Group are expected to be largely in line with the previous forecast (announced on August 4, 2022). In addition, net sales for the Takara Bio Group are projected to be higher than the forecast as sales of reagents, instruments, and gene therapy are expected to exceed the forecast, with sales of reagents for general research use and testing-related reagents for COVID-19 in particular exceeding the forecast, despite net sales of CDMO falling below the forecast.

In terms of profit, although operating income posted by Takara Shuzo is expected to fall below the forecast due to further cost increases, operating income posted by the Takara Shuzo International Group is expected to exceed the forecast due to an improved gross profit margin. In addition, operating income posted by the Takara Bio Group is expected to exceed the forecast as a result of higher gross profit due to the increase in net sales.

As a result, net sales, operating income, ordinary income, and net profit attributable to owners of parent are expected to exceed the previous forecast for the Takara Group as a whole.

For the revision to the consolidated business result forecast, the Company has announced the “Revision of Consolidated Business Results Forecast and Dividend Forecast (Dividend Increase) for the Fiscal Year Ending March 31, 2023,” today (November 10, 2022). Also, for the details of forecasts for each business segment, please refer to pages 10/15-13/15 in “Supplement for the Consolidated Financial Statements.”

(Full-Year Consolidated Results Forecasts for the fiscal year ending March 31, 2023)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A) (Published August 4, 2022)	(Millions of yen) 322,000	(Millions of yen) 31,700	(Millions of yen) 32,300	(Millions of yen) 17,300	(Yen) 87.50
Revised forecast (B)	347,000	35,400	36,000	18,900	95.60
Difference (B – A)	25,000	3,700	3,700	1,600	—
Difference (%)	7.8	11.7	11.5	9.2	—
Reference: Business results for previous fiscal year (Ended March 31, 2022)	300,918	43,354	43,230	20,769	105.05

2. Consolidated Quarterly Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2022	As of Sept. 30, 2022
Assets		
Current assets		
Cash and deposits	80,445	67,075
Notes and accounts receivable-trade	70,260	76,388
Merchandise and finished goods	63,172	69,940
Work in process	2,012	2,334
Raw materials and supplies	7,458	7,307
Other	9,422	10,523
Allowance for doubtful accounts	(449)	(540)
Total current assets	232,323	233,028
Noncurrent assets		
Property, plant and equipment	79,747	83,771
Intangible assets		
Goodwill	10,070	11,046
Other	5,290	5,319
Total intangible assets	15,360	16,366
Investments and other assets		
Investment securities	29,228	27,460
Other	5,843	5,709
Allowance for doubtful accounts	(64)	(64)
Total investments and other assets	35,006	33,106
Total noncurrent assets	130,114	133,244
Total assets	362,438	366,273

(Millions of Yen)

	As of Mar. 31, 2022	As of Sept. 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,973	21,237
Short-term loans payable	5,497	4,792
Current portion of bonds	10,000	—
Accrued alcohol tax	7,172	7,058
Accrued expenses	5,579	5,317
Income taxes payable	6,602	4,480
Provision	3,516	3,370
Other	19,809	16,636
Total current liabilities	79,151	62,892
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	15,248	15,171
Net defined benefit liability	8,944	8,879
Other	14,537	15,012
Total noncurrent liabilities	58,730	59,063
Total liabilities	137,882	121,956
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	2,499	1,918
Retained earnings	149,933	153,492
Treasury stock	(1,682)	(1,682)
Total shareholders' equity	163,976	166,954
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,216	11,103
Deferred gains or losses on hedges	412	784
Foreign currency translation adjustment	4,330	16,959
Remeasurements of defined benefit plans	(515)	(441)
Total accumulated other comprehensive income	16,443	28,405
Noncontrolling interests	44,135	48,957
Total net assets	224,555	244,317
Total liabilities and net assets	362,438	366,273

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**(Consolidated Statements of Income)****(For the Six Months Ended September 30, 2022 and 2021)**

(Millions of Yen)

	FY2022 (Apr. 1, 2021 – Sept. 30, 2021)	FY2023 (Apr. 1, 2022 – Sept. 30, 2022)
Net sales	141,213	164,279
Cost of sales	86,872	106,400
Gross profit	54,340	57,879
Selling, general and administrative expenses	32,724	38,264
Operating income	21,616	19,614
Nonoperating income		
Dividends income	311	445
Other	357	452
Total nonoperating income	669	898
Nonoperating expenses		
Interest expenses	160	149
Share of loss of entities accounted for using equity method	54	113
Foreign exchange losses	7	113
Other	177	163
Total nonoperating expenses	400	539
Ordinary income	21,884	19,972
Extraordinary income		
Gain on sale of noncurrent assets	80	252
Insurance claim income	100	652
National subsidies	1,188	63
Total extraordinary income	1,368	967
Extraordinary loss		
Loss on sale and retirement of noncurrent assets	97	45
Loss on tax purpose reduction entry of non-current assets	1,188	63
Loss on voluntary product recall	1,567	—
Other	—	16
Total extraordinary losses	2,853	125
Income before income taxes	20,400	20,815
Income taxes-current	6,396	5,405
Income taxes-deferred	(354)	580
Total income taxes	6,041	5,985
Net income	14,358	14,829
Net income attributable to the noncontrolling interest	4,308	3,956
Net income attributable to owners of the parent	10,050	10,873

(Consolidated Statements of Comprehensive Income)
(For the Six Months Ended September 30, 2022 and 2021)

(Millions of Yen)

	FY2022 (Apr. 1, 2021 – Sept. 30, 2021)	FY2023 (Apr. 1, 2022 – Sept. 30, 2022)
Net income	14,358	14,829
Other comprehensive income		
Valuation difference on available-for-sale securities	355	(1,113)
Deferred gains or losses on hedges	10	372
Foreign currency translation adjustment	6,249	16,041
Remeasurements of defined benefit plans	81	82
Total other comprehensive income	6,697	15,383
Comprehensive income	21,056	30,213
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	15,464	22,835
Comprehensive income attributable to noncontrolling interest	5,591	7,377

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2022 (Apr. 1, 2021 – Sept. 30, 2021)	FY2023 (Apr. 1, 2022 – Sept. 30, 2022)
Net cash provided by (used in) operating activities		
Income before income taxes	20,400	20,815
Depreciation and amortization	4,061	4,336
Amortization of goodwill	432	472
Increase (decrease) in provision	(1,169)	(297)
Interest and dividends income	(381)	(531)
Interest expenses	160	149
Loss (gain) on sales and retirement of non-current assets	17	(206)
Insurance claim income	(100)	(652)
Decrease (increase) in notes and accounts receivable-trade	(2,850)	(3,541)
Decrease (increase) in inventories	(2,472)	(2,429)
Increase (decrease) in notes and accounts payable-trade	1,008	(1,131)
Increase (decrease) in accrued consumption taxes	(1,316)	1,371
Increase (decrease) in other current liabilities	343	(3,103)
Other, net	(988)	87
Subtotal	17,144	15,338
Interest and dividends income received	411	541
Interest expenses paid	(162)	(177)
Income taxes paid	(6,365)	(9,123)
Proceeds from insurance income	100	652
Subsidies received	671	—
Net cash provided by (used in) operating activities	11,798	7,231
Net cash provided by (used in) investing activities		
Payments into time deposits	(10,757)	(6,001)
Proceeds from withdrawal of time deposits	2,119	1,270
Purchase of property, plant and equipment and intangible assets	(6,827)	(5,093)
Proceeds from sale of property, plant and equipment and intangible assets	107	409
Subsidies received	3,349	32
Other, net	(57)	(171)
Net cash provided by (used in) investing activities	(12,066)	(9,553)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(330)	(526)
Repayments of long-term borrowings	(31)	(311)
Redemption of bonds	—	(10,000)
Cash dividends paid	(4,144)	(7,300)
Dividends paid to noncontrolling interests	(753)	(1,563)
Repayments of lease obligations	(348)	(369)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,551)
Other, net	(12)	(2)
Net cash provided by (used in) financing activities	(5,620)	(21,625)
Effect of exchange rate change on cash and cash equivalents	1,802	4,208
Net increase (decrease) in cash and cash equivalents	(4,085)	(19,738)
Cash and cash equivalents at beginning of period	62,860	75,729
Cash and cash equivalents at end of period	58,775	55,991

(4) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

No items to report.

(Notes on Material Changes in Shareholders' Equity)

No items to report.

(Segment Information)

I. Equivalent Period of Previous Fiscal Year (From April 1, 2021 to September 30, 2021)

1. Net sales and Income (Loss) by Reported Segment

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated quarterly statements of income (Note: 3)
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Subtotal				
Net sales								
External customers	57,202	46,564	31,551	135,318	5,895	141,213	-	141,213
Intersegment	431	170	0	601	8,729	9,331	(9,331)	-
Total	57,633	46,734	31,551	135,919	14,624	150,544	(9,331)	141,213
Segment income (loss)	2,270	4,304	14,105	20,680	1,029	21,709	(93)	21,616

Notes: 1. Other includes business segments that are not part of reported segments, such as the real estate rental business, the transportation business, and the wine import and sale business.

2. The adjustment to segment income (loss) of ¥(93) million comprises intersegment eliminations of ¥2 million and loss of the Company not allocated to business segments of ¥(96) million.

3. Segment income has been adjusted to the operating income of consolidated quarterly statements of income.

2. Information on Impairment Loss on Noncurrent Assets, Goodwill, etc. by Reportable Segment

No items to report.

II. Period under Review (From April 1, 2022, to September 30, 2022)

1. Net sales and Income (Loss) by Reported Segment

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated quarterly statements of income (Note: 3)
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Subtotal				
Net sales								
External customers	61,337	63,608	32,584	157,530	6,749	164,279	-	164,279
Intersegment	483	121	2	608	8,827	9,435	(9,435)	-
Total	61,820	63,730	32,587	158,138	15,577	173,715	(9,435)	164,279
Segment income (loss)	2,059	5,658	10,870	18,588	1,243	19,831	(216)	19,614

Notes: 1. Other includes business segments that are not part of reported segments, such as the real estate rental business, the transportation business, and the wine import and sale business.

2. The adjustment to segment income (loss) of ¥(216) million comprises intersegment eliminations of ¥14 million and loss of the Company not allocated to business segments of ¥(231) million.

3. Segment income has been adjusted to the operating income of consolidated quarterly statements of income.

2. Information on Impairment Loss on Noncurrent Assets, Goodwill, etc. by Reportable Segment

No items to report.

(Revenue Recognition)

Information on breakdown of revenue from contracts with customers

Equivalent Period of Previous Fiscal Year (From April 1, 2021 to September 30, 2021)

(Millions of yen)

	Reported Segment				Other (Note)	Total
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Subtotal		
Alcoholic Beverages Business	57,202	6,155	-	63,358	2,029	65,387
Japanese Food Wholesales Business in overseas markets	-	40,408	-	40,408	-	40,408
Bio	-	-	31,551	31,551	-	31,551
Other	-	-	-	-	3,562	3,562
Revenue earned from contracts with customers	57,202	46,564	31,551	135,318	5,592	140,910
Other revenue	-	-	-	-	302	302
Net sales to external customers	57,202	46,564	31,551	135,318	5,895	141,213

Note: Other includes business segments that are not part of reported segments, under which revenue from the import and sale of wine and from freight delivery services is included in “Revenue earned from contracts with customers,” and revenue from real estate rental is included in “Other revenue” based on ASBJ Statement No. 13 “Accounting Standard for Lease Transactions.”

Period under Review (From April 1, 2022, to September 30, 2022)

(Millions of yen)

	Reported Segment				Other (Note)	Total
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Subtotal		
Alcoholic Beverages Business	61,337	7,188	-	68,525	2,800	71,325
Japanese Food Wholesales Business in overseas markets	-	56,420	-	56,420	-	56,420
Bio	-	-	32,584	32,584	-	32,584
Other	-	-	-	-	3,646	3,646
Revenue earned from contracts with customers	61,337	63,608	32,584	157,530	6,446	163,977
Other revenue	-	-	-	-	302	302
Net sales to external customers	61,337	63,608	32,584	157,530	6,749	164,279

Note: Other includes business segments that are not part of reported segments, under which revenue from the import and sale of wine and from freight delivery services is included in “Revenue earned from contracts with customers,” and revenue from real estate rental is included in “Other revenue” based on ASBJ Statement No. 13 “Accounting Standard for Lease Transactions.”

(Significant Subsequent Events)

(Termination of a significant contract)

At a meeting of the Board of Directors held on November 10, 2022, Takara Bio Inc. (“Takara Bio”), a consolidated subsidiary of the Company, resolved to terminate its agreement on co-development and exclusive marketing of NY-ESO-1 siTCR (the “Agreement”) with Otsuka Pharmaceutical Co., Ltd. (“Otsuka”), and, with the consent of both companies, terminated the Agreement as of November 10, 2022.

(1) Reasons for the termination

Takara Bio and Otsuka have been jointly developing NY-ESO-1 • siTCR[®] gene therapy (hereinafter, the “product”) for synovial sarcoma in Japan and preparing for the submission for manufacturing and marketing approval. However after comprehensive discussions between the two companies on policies and strategies related to this product, Takara Bio and Otsuka have agreed to terminate this agreement. This decision is not due to any efficacy or safety issues of the product.

(2) Name of the other party in the Agreement

Otsuka Pharmaceutical Co., Ltd.

(3) Date of termination of the Agreement

November 10, 2022

(4) Details of the Agreement

Takara Bio and Otsuka co-develop the product in Japan. Takara Bio grants Otsuka exclusive rights to market the product for all indications in Japan and the first refusal right for nine Asian countries outside Japan. Takara Bio receives an upfront payment, milestone payments based on the progress of development and, following the launch of the product, a certain running royalty linked to net sales and a lump-sum payment based on the achievement of net sales targets. In addition, Takara Bio retains the rights to manufacture the product for clinical trials and the further commercialization and supply Otsuka on a chargeable basis.

(5) Significant impact of the termination of the Agreement on operating activities, etc.

The technical, intellectual property and other rights of the product licensed to Otsuka under the agreement are returned to Takara Bio with the termination. The milestone payments, lump-sum payments and the sales revenue on trial products will not occur.