

**Consolidated Financial Statements for the Year Ended March 31, 2021
FY2021(April 1, 2020 - March 31, 2021) [UNAUDITED]**

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 Stock exchange listing: Tokyo Stock Exchange (1st section)
 Code Number: 2531
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 Scheduled date of general shareholders' meeting: June 29, 2021
 Scheduled date of starting delivery of dividends: June 30, 2021

- 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 year ended March 31, 2021(April 1, 2020 – March 31, 2021)

(1) Consolidated operating results

Note: Percentages indicated changes from the previous fiscal year.

	Year ended March 31, 2021		Year ended March 31, 2020	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	278,443	(1.0)	281,191	1.4
Operating income	21,595	36.4	15,836	(11.1)
Ordinary income	21,929	34.8	16,269	(11.4)
Net income (loss) attributable to owners of the parent	10,574	17.7	8,980	(13.7)
Net income per share (Yen)	53.48		45.11	
Fully diluted net income per share (Yen)	-		-	
Return on equity		6.9		6.1
Ordinary income to total assets ratio		7.4		5.7
Operating income to net sales ratio		7.8		5.6
Note: Comprehensive income	16,320	152.3	6,467	(10.8)
Reference: Income (loss) from equity method investment	123		81	

(2) Consolidated financial position

	As of March 31, 2021	As of March 31, 2020
	(Millions of yen)	(Millions of yen)
Total assets	306,918	283,882
Net assets	191,535	181,329
Equity ratio (%)	51.1	52.1
Net assets per share (Yen)	793.53	747.39
Reference: Equity	156,884	147,762

(3) Consolidated Cash flow

	Year ended March 31, 2021	Year ended March 31, 2020
	(Millions of yen)	(Millions of yen)
Cash flow from operating activities	27,100	11,744
Cash flow from investing activities	(6,738)	(3,690)
Cash flow from financing activities	(1,506)	(11,653)
Cash and cash equivalents, end of year	62,860	44,541

2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2020	Year ended March 31, 2021	Year ending March 31, 2022(Forecast)
First quarter end	-	-	-
Second quarter end	-	-	-
Third quarter end	-	-	-
Year end	20.00	21.00	22.00
Annual	20.00	21.00	22.00
Total dividend (Millions of yen)	3,954	4,154	
Payout ratio (%)	44.3	39.3	36.6
Dividend on equity (%)	2.7	2.7	

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

3. Forecast for the year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

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

	Six months ending		Year ending March 31, 2022	
	September 30, 2021			
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	127,000	-	264,000	-
Operating income	10,600	83.3	22,600	4.7
Ordinary income	10,800	81.8	23,000	4.9
Net income attributable to owners of the parent	5,400	95.5	11,900	12.5
Net income attributable to owners of the parent per share (Yen)	27.31		60.19	

Note: Since the "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29), etc. will be adopted from FY2022, the above forecast is the amount after applying the accounting standard. Therefore, the rate of increase and decrease concerning sales compared to the previous year and is not stated.

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) 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

(3) Number of outstanding shares (common stock)

1) Number of outstanding shares at year end (Treasury stocks are included):

As of March 31, 2021 199,699,743 shares

As of March 31, 2020 199,699,743 shares

2) Number of treasury stocks at year end:

As of March 31, 2021 1,995,468 shares

As of March 31, 2020 1,995,163 shares

3) Average number of outstanding shares:

Year ended March 31, 2021 197,704,467 shares

Year ended March 31, 2020 199,062,788 shares

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○Supplement for the Consolidated Financial Statements

1. Overview of Financial Results

(1) Overview of Financial Results for the Fiscal Year under Review

In the fiscal year under review, ended March 31, 2021, the Japanese economy generally remained sluggish as consumer spending was affected mainly due to the issuance of the declaration of a state of emergency amid the prolonged effects of COVID-19 infections. Overseas, the global economic outlook remained uncertain, due to such factors as the lengthening of the trade friction between the U.S. and China and the U.K. withdrawal from the EU, in addition to the outbreak of COVID-19 infections.

Under these economic circumstances, the Group has endeavored at the Takara Group Medium-Term Management Plan for FY2021-2023, which serves as the first step in the Group's action plans cited in its long-term management vision, TaKaRa Group Challenge for the 100th, announced in May 2020. The Group has been allocating and investing management resources in areas that should be strengthened, and has been focusing on rebuilding business structures and global corporate functions that consistently generate various forms of value that enhance profitability, while keeping a close eye on the impact of COVID-19 and flexibly addressing environmental changes.

As a result, in the fiscal year under review, ended March 31, 2021, net sales were down 1.0% year on year to ¥278,443 million. Gross profit increased 6.4% year on year to ¥115,594 million. Operating income grew 36.4% year on year to ¥21,595 million while ordinary income rose 34.8% year on year to ¥21,929 million. Net income attributable to owners of the parent increased 17.7% year on year to ¥10,574 million.

Results by business segment were as follows.

[Takara Shuzo]

As the trend of decrease in total consumption of alcoholic beverages persists due to the impact of the decline and aging of the population in Japan among other factors, net sales varied widely from category to category as a result of sluggish demand for dining out, with dining establishments and other such entities voluntarily restricting business operations, and also due to so-called stay-at-home demand, amid the coronavirus crisis. In this situation, Takara Shuzo strived to supply safe and secure products as a food manufacturer, while giving the highest priority to the prevention of infection and spread of COVID-19. Takara Shuzo also worked on production and sales activities that swiftly cope with changes in consumption behavior resulting from the coronavirus crisis.

The segment's sales and other information are as follows:

In shochu, while *Ikkomon (100% sweet-potato-base)* and other honkaku shochu were significantly affected by voluntary restriction of business operations by dining establishments and other such entities, large-volume products of *ko-type shochu, Gokujo Takara Shochu*, etc. performed well by taking in the increase in in-home demand. As a result, the decrease in sales of shochu as a whole was small. In sake, overall sales decreased due to a significant decline in *Sho Chiku Bai Gokai* for the commercial market and decreases in such products as *Sho Chiku Bai Ten* and *Sho Chiku Bai Shirakabegura Mio ICHIKA Sparkling Sake*. In light-alcohol refresher, sales of dry flavored chu-hi *Takara Shochu Highball* remained brisk partly thanks to the increase in in-home demand, while sales of *Takara Gokujo Lemon Sour* grew significantly although the scale of the sales is small. Consequently, sales of light-alcohol refreshers as a whole increased. In seasonings, overall sales decreased slightly due to the decline in sales of Hon-Mirin, despite favorable performance of cooking sake and other seasonings. In raw alcohol, etc., net sales rose mainly thanks to efforts to boost output and increase supply in response to a sharp rise in demand as disinfectant.

As a result, net sales for the Takara Shuzo Group fell 0.4% year on year to ¥152,537 million. Cost of sales decreased 0.4% year on year to ¥92,439 million, despite efforts for thorough cost reduction, as the decrease was proportional to sales. Consequently, gross profit fell 0.4% year on year to ¥60,098 million. SG&A expenses were down 1.6% year on year to ¥55,218 million, due to efforts for reduction of various expenses in addition to the restriction on sales activities because of the coronavirus crisis. Accordingly, the Takara Shuzo Group recorded operating income up 16.9% year on year to ¥4,879 million.

(Takara Shuzo International Group)

The Takara Shuzo International Group engages in the Overseas Alcoholic Beverages Business, which entails

exports from Japan and the manufacture and sale of alcoholic beverages in overseas locations, and the Japanese Food Wholesale Business in overseas markets, through which it sells Japanese food ingredients to Japanese food restaurants and retailers outside Japan. It was greatly affected by lockdowns that took place in major cities as a result of expansion of COVID-19 infections. Its performance fell significantly partly due to suspension of operations by restaurants that are principal customers, in addition to closedown of plants and restriction on attendance at some Group companies, following the instructions of regional governments, etc.

The segment's sales and other information are as follows:

Overseas Alcoholic Beverages Business

Overseas, in whisky, sales of Blanton's, the premium single-barrel bourbon, remained brisk, while those of unblended whisky also grew. Meanwhile, sales of sake and other Japanese alcoholic beverages decreased, greatly affected by the coronavirus crisis, and export from Japan also declined. As a result, net sales of the Overseas Alcoholic Beverages Business fell 9.0% year on year to ¥10,340 million.

Japanese Food Wholesale Business in overseas markets

The Japanese Food Wholesale Business in overseas markets, which was most severely affected by the coronavirus crisis, engaged in efforts to bolster sales to retailers and also to expand online sales, in addition to proposing products for home delivery and takeout, to cope with changes in the business environment such as suspension of business operations by dining establishments. However, sales generally remained sluggish although they varied from region to region. Accordingly, net sales of the Japanese Food Wholesale Business in overseas markets decreased 17.5% year on year to ¥60,517 million.

As a result, net sales for the Takara Shuzo International Group after the elimination of intersegment transactions fell 15.9% year on year to ¥69,589 million. Cost of sales declined 16.8% year on year to ¥48,983 million due mainly to thorough inventory management, and gross profit decreased 13.7% year on year to ¥20,605 million due to the decline in sales. SG&A expenses were down 3.9% year on year to ¥19,562 million due mainly to reduction of personnel expenses, logistics expenses and promotion expenses. Accordingly, the Takara Shuzo International Group recorded operating income sharply down 70.5% year on year to ¥1,043 million.

(Takara Bio Group)

The Takara Bio Group has promoted initiatives aimed at becoming a drug discovery company that continually creates new modalities by going ahead with the development of platform technology for biologics discovery through its core businesses of research reagents/scientific instruments and CDMO services. It proactively worked on stable supply of polymerase chain reaction (PCR)-related products for COVID-19, improvement of the manufacturing structure of products such as regenerative medical products, including vaccines, and other initiatives.

As the Takara Bio Group's core business, the Bioindustry business mainly provides products and services that support research and development activities in biotechnology-related fields as such activities become increasingly widespread. Furthermore, in the Gene Therapy business, the Takara Bio Group promotes the clinical development of gene therapy for cancer and other diseases utilizing the oncolytic virus canerpaturev (C-REV); the RetroNectin® Method, a proprietary and highly-efficient gene transduction technology; the RetroNectin® expansion-culture system, a highly efficient lymphocyte propagation technology; and a genetically engineered T-cell therapy utilizing siTCR™ technology among others.

Sales of research reagents, scientific instruments and contract research services increased year on year, despite a year-on-year decrease in gene therapy sales. Polymerase chain reaction (PCR)-related products for COVID-19 partly contributed to the increase in sales of research agents and scientific instruments. As a result, net sales for the Takara Bio Group were up 33.3% year on year to ¥46,086 million. Cost of sales grew 5.6% year on year to ¥14,214 million due to change in sales composition and a higher production operation rate which drove the cost rate downward. Gross profit increased 51.0% year on year to ¥31,872 million. SG&A expenses were up 20.8% year on year to ¥17,919 million due to increases in research and development expenses and other expenses, and operating income was sharply up 122.4% year on year to

¥13,952 million.

(Other)

The Other segment includes the real estate leasing business and the distribution business of Group companies in Japan. Net sales of the Other segment declined 8.1% year on year to ¥29,238 million. Cost of sales declined 7.8% year on year to ¥25,558 million. Consequently, gross profit decreased 9.5% year on year to ¥3,680 million. SG&A expenses fell 8.4% year on year to ¥1,876 million, and operating income was down 10.7% year on year to ¥1,803 million.

Breakdown of sales results by product category

Segment	Previous Fiscal Year (From April 1, 2019 to March 31, 2020)	Fiscal Year under Review (From April 1, 2020 to March 31, 2021)	YoY Comparison
Product category	Amount (Millions of yen)	Amount (Millions of yen)	(%)
Takara Shuzo			
Shochu	49,728	48,631	97.8
Sake	20,488	17,706	86.4
Light-alcohol refreshers	43,155	47,154	109.3
Other alcoholic beverages	6,272	5,573	88.8
<i>Hon Mirin</i>	13,980	13,367	95.6
Other seasonings	10,330	10,441	101.1
Raw alcohol, etc.	9,183	9,663	105.2
Total	153,141	152,537	99.6
Takara Shuzo International Group			
Overseas Alcoholic Beverages Business	11,365	10,340	91.0
Japanese Food Wholesales Business in overseas markets	73,371	60,517	82.5
Other	204	57	27.9
Elimination of intra-Group transaction on consolidation	(2,175)	(1,326)	—
Total	82,765	69,589	84.1
Takara Bio Group			
Research reagents	24,840	35,189	141.7
Scientific instruments	1,242	1,726	139.0
Contract research services	6,186	8,901	143.9
Gene therapy	2,295	268	11.7
Total	34,565	46,086	133.3
Reported segment total	270,472	268,213	99.2
Other	31,801	29,238	91.9
Segment total	302,273	297,451	98.4
Sales not allocated to business segments and intersegment transactions	(21,082)	(19,007)	—
Total	281,191	278,443	99.0

Notes: Amounts include alcohol tax but do not include consumption tax.

(2) Overview of Financial Position for the Fiscal Year under Review
(Assets)

At the end of the fiscal year under review, current assets totaled ¥183,108 million, an increase of ¥14,287 million compared with that at the end of the previous fiscal year. This was primarily due to an increase in cash and deposits of ¥18,973 million mainly because securities were realized to increase cash on hand and borrowings were made.

Noncurrent assets were ¥123,810 million, an increase of ¥8,748 million compared with that at the end of the previous fiscal year. This was primarily due to an increase in property, plant and equipment of ¥4,905 million, including acquisition of land and building for a new office of Takara Bio USA, Inc., an increase in investment securities of ¥6,203 million mainly resulting from rises in market prices, and a decrease in intangible assets of ¥2,811 million, including a decrease in goodwill.

As a result, total assets were ¥306,918 million, an increase of ¥23,036 million compared with that at the

end of the previous fiscal year.

(Liabilities)

At the end of the fiscal year under review, current liabilities totaled ¥56,269 million, an increase of ¥802 million compared with that at the end of the previous fiscal year. This was primarily due to increases in income taxes payable of ¥2,135 million and other under current liabilities of ¥2,933 million, and a decrease in current portion of bonds of ¥5,000 million.

Noncurrent liabilities were ¥59,113 million, an increase of ¥12,027 million compared with that at the end of the previous fiscal year. This was primarily due to increases in long-term loans payable of ¥10,017 million and deferred tax liabilities of ¥2,252 million.

As a result, total liabilities were ¥115,383 million, an increase of ¥12,830 million compared with that at the end of the previous fiscal year.

(Net Assets)

At the end of the fiscal year under review, total net assets were ¥191,535 million, an increase of ¥10,206 million compared with that at the end of the previous fiscal year. This was primarily due to increases in retained earnings of ¥6,619 million and valuation difference on available-for-sale securities of ¥4,245 million, resulting from rises in market prices, and a decrease in foreign currency translation adjustment of ¥1,738 million, attributable to the strong yen.

As a result, the equity ratio totaled 51.1%, compared with 52.1% at the end of the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year under Review

Net cash provided by operating activities increased ¥15,355 million year on year to ¥27,100 million primarily due to income before income taxes of ¥20,583 million, depreciation and amortization of ¥8,068 million, an increase in accrued consumption tax of ¥1,722 million, an increase in other current liabilities of ¥2,442 million, and income taxes paid of ¥4,767 million.

Net cash used in investing activities resulted in expenditure of ¥6,738 million, an increase in expenditure of ¥3,047 million compared with that of the previous fiscal year primarily due to payments into time deposits of ¥4,316 million, proceeds from withdrawal of time deposits of ¥5,407 million, proceeds from sales and redemption of securities of ¥4,455 million, purchase of property, plant and equipment and intangible assets of ¥13,911 million, and subsidies received of ¥1,900 million.

Net cash used in financing activities resulted in expenditure of ¥1,506 million, a decrease of ¥10,147 million compared with that of the previous fiscal year primarily due to proceeds from long-term borrowings of ¥10,068 million, redemption of bonds of ¥5,000 million, cash dividends paid of ¥3,951 million, and payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation of ¥1,761 million.

As a result, cash and cash equivalents at fiscal year-end, including effect of exchange rate change on cash and cash equivalents, stood at ¥62,860 million, up ¥18,319 million from the previous fiscal year-end.

(4) Future Outlook

The Takara Group will aim to build a business foundation competent to cope with environmental changes by making each business independently develop on a global basis, under its original business portfolio comprising both stable businesses and those with growth potentials, and improve its original fortes by swiftly coping with weakness arising from the coronavirus crisis in each business.

The Takara Shuzo Group, on the premise that the impact of COVID-19 will continue, will develop a corporate structure capable of continuously generating profits by continuing to work on the improvement of profitability through development and fostering of products toward the improvement of product mix as well as on cost reduction, while expanding net sales by seizing the increase in demand for products for household use, although products for commercial use will continue to face a harsh condition.

The Takara Shuzo International Group, on the assumption that the effects of COVID-19 will reduce by stages although the situation will alternately take favorable and unfavorable turns, will strive to quickly return to the growth track by thoroughly controlling SG&A expenses, while enhancing its business structure by engaging in efforts to expand sales channels to retailers and diversify channels, including online sales.

The Takara Bio Group will aim for drastic growth in the future by further focusing on the promotion of

research agents for general use, CDMO services and gene therapy projects, while proactively working on stable supply of PCR-related products for COVID-19 and improvement of the manufacturing structure of regenerative medical products, including vaccines.

As regards the outlook for results for the following fiscal year, the year ending March 31, 2022, the Group is forecasting net sales of ¥264,000 million, operating income of ¥22,600 million, ordinary income of ¥23,000 million, and net income attributable to owners of the parent of ¥11,900 million, by proceeding with the aforementioned initiatives. The details of the consolidated results forecasts and the results forecasts for each segment are described on pages 10/18-13/18 in “Supplement for the Consolidated Financial Statements.”

In addition, with the application of the Accounting Standard for Revenue Recognition, etc., part of expenses previously recognized under SG&A expenses will be deducted from net sales. Consequently, net sales are expected to decrease ¥30,748 million compared with the amount calculated by the conventional accounting treatment, and SG&A expenses are expected to decline by the same amount. There will be no impact of this change on income items from operating income onwards.

2. Basic concept on selection of accounting standards

The Takara Group has a policy to prepare the Consolidated Financial Statements in accordance with the Japanese GAAP for the time being, taking into consideration comparability of the Consolidated Financial Statements across periods and companies.

As regards the application of the International Financial Reporting Standards, the Takara Group will take appropriate actions, taking into account the situations in Japan and other countries.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2020	As of Mar. 31, 2021
Assets		
Current assets		
Cash and deposits	47,265	66,238
Notes and accounts receivable-trade	54,670	55,074
Electronically recorded monetary claims-operating	6,347	6,880
Securities	7,352	1,145
Merchandise and finished goods	42,295	41,115
Work in process	1,801	1,924
Raw materials and supplies	4,879	6,084
Other	4,515	5,161
Allowance for doubtful accounts	(307)	(516)
Total current assets	168,820	183,108
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	59,337	61,363
Accumulated depreciation	(35,189)	(35,403)
Buildings and structures, net	24,148	25,959
Machinery, equipment and vehicles	86,331	86,657
Accumulated depreciation	(69,661)	(71,247)
Machinery, equipment and vehicles, net	16,670	15,410
Land	18,337	20,640
Lease assets	1,833	1,680
Accumulated depreciation	(586)	(651)
Lease assets, net	1,247	1,029
Construction in progress	1,531	4,027
Other	21,262	21,823
Accumulated depreciation	(13,362)	(14,149)
Other, net	7,900	7,673
Total property, plant and equipment	69,835	74,740
Intangible assets		
Goodwill	11,750	10,142
Other	6,950	5,746
Total intangible assets	18,700	15,889
Investments and other assets		
Investment securities	21,720	27,924
Net defined benefit asset	651	894
Deferred tax assets	1,807	2,088
Other	2,414	2,341
Allowance for doubtful accounts	(69)	(69)
Total investments and other assets	26,525	33,180
Total noncurrent assets	115,061	123,810
Total assets	283,882	306,918

(Millions of Yen)

	As of Mar. 31, 2020	As of Mar. 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,440	16,481
Short-term loans payable	4,787	5,166
Current portion of bonds payable	5,000	-
Accrued alcohol tax	7,690	6,890
Accrued expenses	5,511	6,455
Income taxes payable	1,886	4,021
Provision for bonuses	2,513	2,727
Provision for sales promotion expenses	2,094	2,049
Other	9,543	12,476
Total current liabilities	55,466	56,269
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	5,448	15,465
Lease obligations	3,538	3,122
Deferred tax liabilities	1,578	3,831
Net defined benefit liability	9,065	9,274
Long-term deposits received	5,363	5,136
Other	2,092	2,283
Total noncurrent liabilities	47,086	59,113
Total liabilities	102,553	115,383
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	2,454	2,292
Retained earnings	128,564	135,184
Treasury stock	(1,682)	(1,682)
Total shareholders' equity	142,563	149,020
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,125	11,370
Deferred gains or losses on hedges	84	193
Foreign currency translation adjustment	(1,102)	(2,840)
Remeasurements of defined benefit plans	(908)	(859)
Total accumulated other comprehensive income	5,199	7,863
Noncontrolling interests	33,566	34,650
Total net assets	181,329	191,535
Total liabilities and net assets	283,882	306,918

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**(Consolidated Statements of Income)**

(Millions of Yen)

	FY2020 (Apr. 1, 2019 – Mar. 31, 2020)	FY2021 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	281,191	278,443
Cost of sales	172,574	162,849
Gross profit	108,617	115,594
Selling, general and administrative expenses	92,781	93,999
Operating income	15,836	21,595
Nonoperating income		
Interest income	309	179
Dividends income	601	528
Rental income from real estate	122	137
Other	424	466
Total nonoperating income	1,458	1,311
Nonoperating expenses		
Interest expenses	403	344
Loss on valuation of inventories	43	127
Other	577	505
Total nonoperating expenses	1,025	976
Ordinary income	16,269	21,929
Extraordinary income		
Gain on sales of investment securities	1,130	2
National subsidies	-	517
Other	342	9
Total extraordinary income	1,473	529
Extraordinary loss		
Loss on sales and retirement of non-current assets	319	295
Loss on tax purpose reduction entry of non-current assets	-	517
Impairment loss	*1 880	*1 432
Loss on liquidation of business	-	*2 458
Provision for environmental measures	415	-
Other	484	171
Total extraordinary losses	2,099	1,875
Income before income taxes and minority interests	15,643	20,583
Income taxes-current	5,077	6,303
Income taxes-deferred	(125)	23
Total income taxes	4,952	6,326
Net income	10,691	14,256
Net income attributable to the noncontrolling interest	1,710	3,682
Net income attributable to owners of the parent	8,980	10,574

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	FY2020 (Apr. 1, 2019 – Mar. 31, 2020)	FY2021 (Apr. 1, 2020 – Mar. 31, 2021)
Net income	10,691	14,256
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,689)	4,245
Deferred gains or losses on hedges	(30)	108
Foreign currency translation adjustment	(1,160)	(2,342)
Remeasurements of defined benefit plans	(343)	51
Total other comprehensive income	(4,223)	2,063
Comprehensive income	6,467	16,320
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	5,046	13,238
Comprehensive income attributable to noncontrolling interest	1,421	3,081

(3) Consolidated Statements of Change in Net Assets
FY2020 (Apr. 1, 2019 – Mar. 31, 2020)

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	13,226	2,417	124,788	(1,368)	139,064
Cumulative effects of changes in accounting policies			75		75
Restated balance	13,226	2,417	124,863	(1,368)	139,139
Changes of items during the period					
Dividends from surplus			(3,593)		(3,593)
Net income			8,980		8,980
Purchase of treasury stock				(2,000)	(2,000)
Disposal of treasury stock					
Retirement of treasury stock		(1,686)		1,686	—
Purchase of shares of consolidated subsidiaries		36			36
Transfer to capital surplus from retained earnings		1,686	(1,686)		—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	36	3,700	(313)	3,423
Balance at the end of current period	13,226	2,454	128,564	(1,682)	142,563

	Accumulated other comprehensive income					Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	9,814	114	(196)	(599)	9,133	31,597	179,795
Cumulative effects of changes in accounting policies						48	123
Restated balance	9,814	114	(196)	(599)	9,133	31,645	179,918
Changes of items during the period							
Dividends from surplus							(3,593)
Net income							8,980
Purchase of treasury stock							(2,000)
Disposal of treasury stock							
Retirement of treasury stock							—
Purchase of shares of consolidated subsidiaries							36
Transfer to capital surplus from retained earnings							—
Net changes of items other than shareholders' equity	(2,689)	(30)	(905)	(308)	(3,934)	1,921	(2,013)
Total changes of items during the period	(2,689)	(30)	(905)	(308)	(3,934)	1,921	1,410
Balance at the end of current period	7,125	84	(1,102)	(908)	5,199	33,566	181,329

FY2021 (Apr. 1, 2020 – Mar. 31, 2021)

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	13,226	2,454	128,564	(1,682)	142,563
Changes of items during the period					
Dividends from surplus			(3,954)		(3,954)
Net income			10,574		10,574
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		(0)		0	0
Purchase of shares of consolidated subsidiaries		(161)			(161)
Transfer to capital surplus from retained earnings		0	(0)		—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(161)	6,619	(0)	6,457
Balance at the end of current period	13,226	2,292	135,184	(1,682)	149,020

	Accumulated other comprehensive income					Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	7,125	84	(1,102)	(908)	5,199	33,566	181,329
Changes of items during the period							
Dividends from surplus							(3,954)
Net income							10,574
Purchase of treasury stock							(0)
Disposal of treasury stock							0
Purchase of shares of consolidated subsidiaries							(161)
Transfer to capital surplus from retained earnings							—
Net changes of items other than shareholders' equity	4,245	108	(1,738)	48	2,664	1,083	3,748
Total changes of items during the period	4,245	108	(1,738)	48	2,664	1,083	10,206
Balance at the end of current period	11,370	193	(2,840)	(859)	7,863	34,650	191,535

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2020 (Apr. 1, 2019 – Mar. 31, 2020)	FY2021 (Apr. 1, 2020 – Mar. 31, 2021)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	15,643	20,583
Depreciation and amortization	7,626	8,068
Impairment loss	880	432
Loss on business liquidation	-	458
Amortization of goodwill	847	865
Increase (decrease) in provision for environmental measures	408	(412)
Interest and dividends income	(911)	(707)
Interest expenses	403	344
Loss (gain) on sales and retirement of non-current assets	268	291
Decrease (increase) in notes and accounts receivable-trade	(1,291)	(1,162)
Decrease (increase) in inventories	(3,159)	(691)
Increase (decrease) in notes and accounts payable-trade	(340)	40
Increase (decrease) in liquor taxes payable	(2,534)	(799)
Increase (decrease) in accrued consumption taxes	(994)	1,722
Increase (decrease) in other current liabilities	(595)	2,442
Other, net	(65)	(128)
Subtotal	16,188	31,347
Interest and dividends income received	917	703
Interest expenses paid	(405)	(364)
Income taxes paid	(4,955)	(4,767)
	-	181
Net cash provided by (used in) operating activities	11,744	27,100
Net cash provided by (used in) investing activities		
Payments into time deposits	(6,785)	(4,316)
Proceeds from withdrawal of time deposits	10,564	5,407
Purchase of securities	(8,478)	-
Proceeds from sales and redemption of securities	11,507	4,455
Purchase of property, plant and equipment and intangible assets	(12,121)	(13,911)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	350	-
	-	1,900
Other, net	1,270	(273)
Net cash provided by (used in) investing activities	(3,690)	(6,738)
Net cash provided by (used in) financing activities		
Proceeds from long-term borrowings	100	10,068
Repayments of long-term loans payable	(5,160)	(60)
Redemption of bonds	-	(5,000)
Proceeds from issuance of commercial papers	-	5,000
Redemption of commercial papers	-	(5,000)
Cash dividends paid	(3,589)	(3,951)
Repayments of lease obligations	(641)	(689)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(1,761)
Other, net	(2,362)	(112)
Net cash provided by (used in) financing activities	(11,653)	(1,506)
Effect of exchange rate change on cash and cash equivalents	(439)	(536)
Net increase (decrease) in cash and cash equivalent	(4,039)	18,319
Cash and cash equivalents at beginning of period	48,580	44,541
Cash and cash equivalents at end of period	44,541	62,860

(5) Notes to Consolidated Financial Statements
(Notes on Premise of Going Concern)

No items to report.

(Notes on Consolidated Statement of Income)

***1 Impairment losses**

Impairment losses were posted for the following asset groups. The Group mainly groups assets by the unit of business company, excluding important idle real estate, etc., when judging indication of impairment.

Previous Fiscal Year (From April 1, 2019, to March 31, 2020)

(Millions of yen)

Location	Use	Type and impairment loss					
		Buildings and structures	Machinery, equipment and vehicles	Other	Land	Intangible assets	Total
(Takara Bio Inc.) Yokkaichi, Mie Prefecture	Idle asset	272	0	1	387	0	662
(Takara Bio Inc.) Kusatsu, Shiga Prefecture	Idle asset	186	28	3	—	—	218
Total		458	28	5	387	0	880

(1) Background of the recognition of impairment losses

The book values were reduced to the recoverable amounts and the reduced amounts were posted as impairment losses, since these assets are no longer expected to be used in the future.

(2) Calculation method of recoverable amount

The recoverable amount of the idle asset in Yokkaichi, Mie Prefecture, is calculated based on the net selling price, using the rationally calculated value (real estate appraisal, etc.). That of the idle asset in Kusatsu, Shiga Prefecture, is calculated based on value in use and the recoverable amount is considered to be zero, since no future cash flows are expected.

Fiscal Year under Review (From April 1, 2020, to March 31, 2021)

(Millions of yen)

Location	Use	Type	Amount
(Nippon Food Supplies Company Pty Ltd) Sydney, Australia	Other	Goodwill	432
Total			432

Background of the recognition of impairment loss

Since business results of Nippon Food Supplies Company Pty Ltd, a consolidated subsidiary, remained under the planned results projected at the time of the acquisition of the shares of the company and profitability declined, the shares of the company were written down following the decline in their actual value and the entire amount of goodwill was amortized and posted as impairment loss under extraordinary loss, pursuant to Paragraph 32 of the “Practical Guidelines for Capital Consolidation Procedure in Consolidated Financial Statements (Report No. 7 of the Accounting System Committee, February 16, 2018), in the settlement of accounts of Takara Shuzo International Co., Ltd. on a non-consolidated basis.

***2 Loss on business liquidation**

Extraordinary loss was posted in line with the liquidation of the next-generation sequencing library manufacturing equipment-related business in the Takara Bio Group. Major components of the loss are impairment loss of ¥360 million and loss on valuation of inventories of ¥97 million. The details of impairment loss are as described below.

Fiscal Year under Review (From April 1, 2020, to March 31, 2021)

(Millions of yen)

Location	Use	Type and impairment loss			Total
		Machinery, equipment and vehicles	Property, plant and equipment (Other)	Intangible assets (Other)	
(Takara Bio USA, Inc., etc.) Mountain View, USA, etc.	Asset to be disposed of	3	3	353	360
Total		3	3	353	360

(1) Background of the recognition of impairment loss

In line with the liquidation of a related business, the book value is reduced to the recoverable amount, and the reduced amount is included in “loss on business liquidation,” which is posted under extraordinary loss.

(2) Calculation method of recoverable amount

The recoverable amount is calculated by using value in use based on future cash flows.

(Segment Information)

1. Overview of Reported Segments

Reporting segments are the segments of the Takara Group for which financial information can be obtained. The Board of Directors, top organization for decision making on Group management, examines such information to determine the allocation of management resources and evaluate the business performance on a regular basis.

The Group consists of the corporate groups centered on the operating companies Takara Shuzo Co., Ltd., Takara Shuzo International Co., Ltd. and Takara Bio Inc.; other businesses; and the Company, which manages the whole group as the holding company. All operating companies develop comprehensive business strategies, covering both domestic and overseas operations, for the goods, products and services that they offer, and work to expand their business operations. Accordingly, the Group has defined three reported segments based on the content of goods, products and services, while taking into consideration the scope of managerial responsibility and the capacity to evaluate business performance. These three reported segments are Takara Shuzo, the Takara Shuzo International Group, and the Takara Bio Group.

Takara Shuzo primarily engages in the manufacture and sale of alcoholic beverages and seasonings in Japan. The Takara Shuzo International Group engages in the export of alcoholic beverages from Japan, the manufacture and sale of alcoholic beverages at overseas locations, and the Japanese Food Wholesale Business in overseas markets. The Takara Bio Group engages in development of basic technologies for bio drug discovery through the business of research reagents and scientific instruments as well as CDMO services.

2. Calculation method for net sales, income or loss, assets, and other items of each reported segment

The accounting treatment of reported business segments is generally the same as that explained in “Basis of Presentation of Consolidated Financial Statements.”

The figures for the income of reported segments are based on operating income. Intersegment income is based on the prevailing market price.

3. Net sales, Income (Loss), Assets and Other items by Reported Segment
Previous Fiscal Year (From April 1, 2019, to March 31, 2020)

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated financial statements (Note: 3)
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Subtotal				
Net sales								
External customers	152,496	82,456	34,563	269,516	11,670	281,186	5	281,191
Intersegment	644	309	1	955	20,131	21,087	(21,087)	—
Total	153,141	82,765	34,565	270,472	31,801	302,273	(21,082)	281,191
Segment income (loss)	4,175	3,532	6,274	13,982	2,018	16,001	(164)	15,836
Segment assets	93,083	75,183	75,009	243,276	19,577	262,853	21,028	283,882
Other items								
Depreciation and amortization	2,736	1,434	2,921	7,093	216	7,309	317	7,626
Amortization of goodwill	—	350	496	847	—	847	—	847
Investment in equity- method affiliates	—	—	—	—	—	—	1,608	1,608
Increase in total fixed assets, property, plant and equipment and intangible assets	5,520	2,696	5,365	13,582	219	13,802	393	14,195

Notes: 1. Other includes business segments that are not part of reported segments, such as the real estate rental business and the transportation business of domestic Group companies among others.

2. Details of adjustment amounts are as follows.

(1) Net sales to external customers are income from business contracting recorded at the Company.

(2) Segment income (loss) comprises intersegment eliminations of ¥57 million and loss of the Company not allocated to business segments of ¥222 million.

(3) Segment assets include assets of the Company not allocated to business segments of ¥51,819 million and other adjustment (principally intersegment eliminations) of ¥(30,791) million. Assets attributed to the Company include surplus funds and long-term investment assets.

(4) Depreciation and amortization primarily comprises depreciation and amortization recognized by the Company.

(5) Investment in equity-method affiliates comprises investments in equity-method affiliates not allocated to business segments.

(6) Increase in total fixed assets, property, plant and equipment and intangible assets comprises increases of the Company not allocated to business segments of ¥493 million and intersegment eliminations of ¥(99) million.

3. Segment income (loss) has been adjusted to the operating income of consolidated financial statements.

Fiscal Year under Review (From April 1, 2020, to March 31, 2021)

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated financial statements (Note: 3)
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Subtotal				
Net sales								
External customers	151,972	69,348	46,086	267,407	11,036	278,443	0	278,443
Intersegment	564	240	0	805	18,202	19,007	(19,007)	—
Total	152,537	69,589	46,086	268,213	29,238	297,451	(19,007)	278,443
Segment income (loss)	4,879	1,043	13,952	19,875	1,803	21,679	(84)	21,595
Segment assets	90,221	74,373	89,750	254,344	19,932	274,277	32,641	306,918
Other items								
Depreciation and amortization	2,848	1,430	3,220	7,498	233	7,732	336	8,068
Amortization of goodwill	—	379	486	865	—	865	—	865
Investment in equity- method affiliates	—	—	—	—	—	—	1,727	1,727
Increase in total fixed assets, property, plant and equipment and intangible assets	1,430	2,802	8,897	13,130	334	13,464	310	13,775

Notes: 1. Other includes business segments that are not part of reported segments, such as the real estate rental business and the transportation business of domestic Group companies among others.

2. Details of adjustment amounts are as follows.

- (1) Net sales to external customers are income from business contracting recorded at the Company.
 - (2) Segment income (loss) comprises intersegment eliminations of ¥69 million and loss of the Company not allocated to business segments of ¥153 million.
 - (3) Segment assets include assets of the Company not allocated to business segments of ¥62,585 million and other adjustment (principally intersegment eliminations) of ¥(29,944) million. Assets attributed to the Company include surplus funds and long-term investment assets.
 - (4) Depreciation and amortization primarily comprises depreciation and amortization recognized by the Company.
 - (5) Investment in equity-method affiliates comprises investments in equity-method affiliates not allocated to business segments.
 - (6) Increase in total fixed assets, property, plant and equipment and intangible assets comprises an increase of the Company not allocated to business segments of ¥310 million.
3. Segment income (loss) has been adjusted to the operating income of consolidated financial statements.

4. Information on Impairment Loss on Fixed Assets by Reportable Segment
Previous Fiscal Year (From April 1, 2019, to March 31, 2020)

(Millions of yen)

	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Other	Intersegment eliminations	Total
Impairment loss	—	—	880	—	—	880

Fiscal Year under Review (From April 1, 2020, to March 31, 2021)

(Millions of yen)

	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Other	Intersegment eliminations	Total
Impairment loss	—	432	360	—	—	793

Note: The Company posted a ¥360 million impairment loss in line with the liquidation of the next-generation sequencing library manufacturing equipment-related business, in the “Takara Bio Group” segment. This impairment loss is posted as “loss on business liquidation” under extraordinary loss, together with related loss.

(Per Share Information)

	Previous Fiscal Year (From April 1, 2019, to March 31, 2020)	Fiscal Year under Review (From April 1, 2020, to March 31, 2021)
Net assets per share	¥747.39	¥793.53
Profit per share	¥45.11	¥53.48

Notes 1. Fully diluted profit per share is not presented since there were no potential shares.

2. The basis of calculation of net assets per share is as follows.

	Previous Fiscal Year (As of March 31, 2020)	Fiscal Year under Review (As of March 31, 2021)
Total net assets (¥ million)	181,329	191,535
Amount deducted from total net assets (¥ million)	33,566	34,650
(of which minority interests) (¥ million)	(33,566)	(34,650)
Net assets at term-end related to shares of common stock (¥ million)	147,762	156,884
Shares of common stock at term-end used to calculate net assets per share (1,000 shares)	197,704	197,704

3. The basis of calculation of net income per share and fully diluted net income per share is as follows.

	Previous Fiscal Year (From April 1, 2019, to March 31, 2020)	Fiscal Year under Review (From April 1, 2020, to March 31, 2021)
Net income attributable to owners of the parent (¥ million)	8,980	10,574
Amount not belonging to common shareholders (¥ million)	—	—
Net income related to shares of common stock (¥ million)	8,980	10,574
Average number of shares outstanding during the term (1,000 shares)	199,062	197,704

(Significant Subsequent Events)

No items to report.