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## Consolidated Financial Statements for the Second Quarter Ended September 30, 2020 FY2021 (April 1, 2020 - March 31, 2021) [UNAUDITED]

Company name: Takara Holdings Inc.  
 Stock exchange listings: Tokyo Stock Exchange (1st section)  
 Code number: 2531  
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 Quarterly statement filing date (as planned): November 12, 2020

- 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, 2020 (April 1, 2020 - September 30, 2020)

#### (1) Consolidated Operating results

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

	Six months ended September 30, 2020		Six months ended September 30, 2019	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	127,784	(7.1)	137,502	2.6
Operating income (loss)	5,782	(24.1)	7,623	(6.6)
Ordinary income (loss)	5,940	(24.5)	7,871	(4.5)
Net income (loss) attributable to owners of the parent	2,761	(36.9)	4,374	(4.5)
Net income (loss) per share (Yen)	13.97		21.91	
Fully diluted net income per share (Yen)	-		-	
Note: Comprehensive income (loss)	2,433	(12.3)	2,773	(5.1)

#### (2) Consolidated Financial position

	As of September 30, 2020	As of March 31, 2020
	(Millions of yen)	(Millions of yen)
Total assets	285,427	283,882
Net assets	179,409	181,329
Equity ratio (%)	51.2	52.1
(Reference) Equity	146,055	147,762

### 2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2020	Year ending March 31, 2021	Year ending March 31, 2021 (Forecast)
First quarter end	-	-	-
Second quarter end	-	-	-
Third quarter end	-	-	-
Year end	20.00	-	20.00
Annual	20.00	-	20.00

Note: Correction of dividend forecast from the most recent dividend forecast : No

### 3. Forecast for the year ending March 31, 2021 (April 1, 2020 - March 31, 2021)

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

	Year ending March 31, 2021	
	(Millions of yen)	(%)
Net sales	274,000	(2.6)
Operating income (loss)	13,800	(12.9)
Ordinary income (loss)	14,000	(13.9)
Net income (loss) attributable to owners of the parent	7,100	(20.9)
Net income per share (Yen)	35.91	

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, 2020 199,699,743 shares
    - As of March 31, 2020 199,699,743 shares
  - 2) Number of treasury stocks at the end of each period:
    - As of September 30, 2020 1,995,284 shares
    - As of March 31, 2020 1,995,163 shares
  - 3) Average number of outstanding shares in each period:
    - Six months ended September 30, 2020 197,704,590 shares
    - Six months ended September 30, 2019 199,630,017 shares

## Contents of the attached document

1. Qualitative Information for the Six Months Ended September 30, 2020.....	2
(1) Consolidated Financial Results .....	2
(2) Consolidated Financial Position .....	3
(3) Qualitative Information Regarding Consolidated Forecasts.....	4
2. Consolidated Quarterly Financial Statements and Primary Notes.....	5
(1) Consolidated Balance Sheets.....	5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	7
(Consolidated Statements of Income) .....	7
(For the Six Months Ended September 30, 2020 and 2019)	
(Consolidated Statements of Comprehensive Income) .....	8
(For the Six Months Ended September 30, 2020 and 2019)	
(3) Consolidated Statements of Cash Flows.....	9
(4) Notes on Consolidated Financial Statements.....	10
(Notes on Premise of Going Concern) .....	10
(Notes on Material Changes in Shareholders' Equity) .....	10
(Segment Information) .....	10
○ Supplement for the Consolidated Financial Statements	

## 1. Qualitative Information for the Six Months Ended September 30, 2020

### (1) Consolidated Financial Results

In the six months ended September 30, 2020, the Japanese economy continued to face a severe situation due to deterioration in the employment environment and a downward trend in personal consumption despite a range of measures implemented by the government amidst the prolonged effects of the spread of COVID-19. Overseas, the outlook remains unpredictable, as is the case with Japan, while the spread of infections, which was once thought to have perhaps settled down, appears to be on the rebound.

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, while placing utmost priority on preventing COVID-19 infections and stopping expansion of the pandemic. The Group has been working hard to forge solid footing towards achieving sustainable growth, both in and outside of Japan, and enhancing the Group's corporate value, while keeping a close eye on the impact of COVID-19, flexibly addressing environmental changes, appropriately allocating and investing management resources in areas that should be strengthened, and promoting efforts to rebuild business structures and global corporate functions that consistently generate various forms of value that enhance profitability.

As a result, in the six months ended September 30, 2020, net sales were down 7.1% year on year to ¥127,784 million. Gross profit fell 3.0% year on year to ¥51,422 million. Operating income decreased by 24.1% year on year to ¥5,782 million, while ordinary income fell 24.5% year on year to ¥5,940 million. Net income attributable to owners of the parent decreased by 36.9% year on year to ¥2,761 million.

Results by business segment were as follows.

#### [Takara Shuzo]

In the six months ended September 30, 2020, net sales varied widely from category to category as a result of continued sluggish demand for dining outside the home, even after the lifting of voluntary restriction of business operations by eating and drinking establishments and other such entities and also due to so-called stay-at-home demand. For alcoholic beverages, sales of sake declined substantially, although sales of light-alcohol refreshers remained favorable. In addition, sales of seasonings also declined, while sales of raw alcohol and other products rose owing to their demand as disinfectant.

As a result, net sales for the Takara Shuzo Group fell 1.3% year on year to ¥74,164 million. Cost of sales decreased 0.9% year on year to ¥45,183 million. Gross profit fell 1.9% year on year to ¥28,981 million. SG&A expenses were down by 0.4% year on year to ¥27,355 million due to decreases in administrative expenses and other expenses, and operating income was down 21.9% year on year to ¥1,626 million.

#### [Takara Shuzo International Group]

In the six months ended September 30, 2020, net sales were severely impacted as demand declined from major customers of both the Overseas Alcoholic Beverages Business and the Japanese Food Wholesale Business in overseas markets, primarily dining establishments, as a result of lockdowns that took place around the world. In the Overseas Alcoholic Beverages Business, sales of whiskey were robust while sales of sake declined. The Japanese Food Wholesale Business in overseas markets engaged in efforts to bolster sales to retailers and also to seize upon demand for home delivery and takeout. However, being unable to offset a decline in sales to major dining establishments, net sales declined.

As a result, net sales for the Takara Shuzo International Group decreased 22.7% year on year to ¥31,286 million. Cost of sales decreased 23.6% year on year to ¥22,140 million. Consequently, gross profit fell 20.4% year on year to ¥9,145 million. SG&A expenses were down 3.8% year on year to ¥9,541 million due to decreases in personnel expenses and other expenses, while operating loss amounted to ¥396 million, compared to operating income of ¥1,565 million in the six months ended September 30, 2019.

#### [Takara Bio Group]

In the six months ended September 30, 2020, net sales were up 5.7% year on year to ¥17,393 million due to year-on-year increases in sales of mainstay research reagents and contract research services, despite a year-on-year decrease in gene therapy sales. Cost of sales fell 9.1% year on year to ¥5,565 million due to change in sales composition and a higher production operation rate which drove the cost rate downward. Gross profit increased 14.5% year on year to ¥11,827 million. SG&A expenses were up 10.9% year on year to ¥8,090 million due to increases in research and development expenses and other expenses, and operating income was up 23.1% year on year to ¥3,736 million.

#### [Other]

In the six months ended September 30, 2020, net sales of the Other segment declined 10.0% year on year to ¥14,186 million largely due to effects of the spread of COVID-19. Cost of sales declined 9.4% year on year to ¥12,388 million. Consequently,

gross profit decreased 14.4% year on year to ¥1,797 million. SG&A expenses fell 6.8% year on year to ¥950 million due to a decline in administrative expenses and other expenses, and operating income was down 21.6% year on year to ¥847 million.

### Breakdown of sales results by product category

Segment	Equivalent Period of Previous Fiscal Year (From April 1, 2019, to September 30, 2019)	Period under Review (from April 1, 2020, to September 30, 2020)	YoY Comparison
Product category	Amount (Millions of yen)	Amount (Millions of yen)	(%)
<b>Takara Shuzo</b>			
Shochu	24,976	24,284	97.2
Sake	8,302	6,792	81.8
Light-alcohol refreshers	21,808	24,024	110.2
Other alcoholic beverages	3,196	2,684	84.0
Alcoholic beverages total	58,283	57,786	99.1
<i>Hon Mirin</i>	7,197	6,288	87.4
Other seasonings	5,140	4,976	96.8
Seasonings total	12,337	11,264	91.3
Raw alcohol, etc.	4,514	5,114	113.3
<b>Total</b>	<b>75,135</b>	<b>74,164</b>	<b>98.7</b>
<b>Takara Shuzo International Group</b>			
Overseas Alcoholic Beverages Business	5,433	4,675	86.1
Japanese Food Wholesales Business in overseas markets	36,097	27,134	75.2
Other	179	35	19.9
Elimination of intra-Group transaction on consolidation	(1,233)	(559)	—
<b>Total</b>	<b>40,477</b>	<b>31,286</b>	<b>77.3</b>
<b>Takara Bio Group</b>	<b>16,450</b>	<b>17,393</b>	<b>105.7</b>
Reported segment total	132,063	122,844	93.0
Other	15,770	14,186	90.0
Segment total	147,833	137,030	92.7
Sales not allocated to business segments and intersegment transactions	(10,331)	(9,246)	—
<b>Total</b>	<b>137,502</b>	<b>127,784</b>	<b>92.9</b>

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

### (2) Consolidated Financial Position

As of September 30, 2020, current assets were ¥165,648 million, a decrease of ¥3,171 million compared with that at the end of the previous fiscal year. This was primarily due to a decline in securities of ¥6,620 million as a result of converting securities to cash in order to increase liquidity on hand, and subsequently, an increase in cash and deposits of ¥4,253 million, as well as a decrease of ¥2,514 million in notes and accounts receivable-trade due to a decline in sales.

Noncurrent assets were ¥119,778 million, an increase of ¥4,716 million compared with the end of the previous fiscal year. This was primarily due to an increase of ¥4,258 million in property, plant and equipment on account of acquiring land and a building as a new location for Takara Bio USA, Inc.

As a result, total assets were ¥285,427 million, an increase of ¥1,545 million compared with that at the end of the previous fiscal year.

As of September 30, 2020, current liabilities were ¥48,734 million, a decrease of ¥6,732 million compared with that at the end of the previous fiscal year. This was primarily due to decreases in both current portion of bonds of ¥5,000 million and notes and accounts payable-trade of ¥1,885 million.

Noncurrent liabilities were ¥57,283 million, an increase of ¥10,197 million compared with that at the end of the previous fiscal year. This was primarily due to an increase in long-term loans payable of ¥10,059 million.

As a result, total liabilities were ¥106,017 million, an increase of ¥3,464 million compared with that at the end of the previous fiscal year.

As of September 30, 2020, total net assets were ¥179,409 million, a decrease of ¥1,919 million compared with that at the end of the previous fiscal year. This was primarily due to decreases in both foreign currency translation adjustment of ¥1,826 million and retained earnings of ¥1,192 million, as well as an increase in valuation difference on available-for-sale securities of ¥1,345 million.

As a result, the equity ratio totaled 51.2%, compared with 52.1% at the end of the previous fiscal year.

In the six months ended September 30, 2020, net cash provided by operating activities amounted to ¥6,081 million, compared with net cash used in operating activities of ¥345 million in the six months ended September 30, 2019. Major factors included income before income taxes of ¥5,326 million, depreciation and amortization of ¥3,997 million, a decrease in notes and accounts receivable-trade of ¥2,168 million, an increase in inventories of ¥3,041 million, a decrease of ¥1,721 million in notes and accounts payable-trade, and ¥2,406 million in income taxes paid.

Net cash used in investing activities amounted to ¥3,102 million, an increase of ¥1,180 million in net cash used compared to the same period of the previous fiscal year. This was primarily due to payments into time deposits of ¥2,042 million, proceeds from the withdrawal of time deposits of ¥3,507 million, proceeds from sales and redemption of securities of ¥4,457 million, and purchase of property, plant and equipment and intangible assets of ¥8,821 million.

Net cash provided by financing activities amounted to ¥1,202 million, compared with net cash used in financing activities of ¥9,214 million in the same period of the previous fiscal year. Major factors included proceeds from long-term borrowings of ¥10,098 million, payment of ¥5,000 million for redemption of bonds, and ¥3,947 million in cash dividends paid.

As a result, cash and cash equivalents as of September 30, 2020, including effect of exchange rate change on cash and cash equivalents, amounted to ¥48,250 million, up ¥3,709 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, 2020 in view of the consolidated business results in the six months ended September 30, 2020 and recent circumstances.

Regarding net sales, while the effects of COVID-19 are expected to persist over the long term, the Takara Bio Group is anticipated to exceed previous forecasts on continued strong demand for its polymerase chain reaction (PCR)-related products, and Takara Shuzo is expected to be on par with previous forecasts by capturing the stay-at-home demand to offset declining sales to dining establishments. However, the Takara Shuzo International Group is expected to see a substantial decline in sales, mainly with its Japanese Food Wholesale Business in overseas markets. Therefore, the Company projects that overall net sales for the Takara Group will be slightly lower than the previous forecast.

In terms of profit, however, the Takara Group anticipates that it will surpass previous forecasts in operating income, ordinary income, and net income attributable to owners of the parent owing to Takara Shuzo and the Takara Shuzo International Group's efforts to cut costs of raw materials and to reduce SG&A expenses, and also because the Takara Bio Group is expected to see a lower cost of sales rate due to a higher production operation rate.

Accordingly, the Company has revised the Group's consolidated results forecasts for the fiscal year ending March 31, 2021, as follows. Please refer to pages 10/15 to 13/15 in "Supplement for the Consolidated Financial Statements" for further details.

#### (Full-Year Consolidated Results Forecasts for the fiscal year ending March 31, 2021)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A) (Published August 4, 2020)	(Millions of yen) 275,800	(Millions of yen) 12,000	(Millions of yen) 12,200	(Millions of yen) 5,952	(Yen) 30.11
Revised forecast (B)	274,000	13,800	14,000	7,100	35.91
Difference (B – A)	(1,800)	1,800	1,800	1,148	—
Difference (%)	(0.7)	15.0	14.8	19.3	—
Reference: Business results for previous fiscal year (Ended March 31, 2020)	281,191	15,836	16,269	8,980	45.11

## 2. Consolidated Quarterly Financial Statements and Primary Notes

### (1) Consolidated Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2020	As of Sept. 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	47,265	51,518
Notes and accounts receivable-trade	61,017	58,503
Merchandise and finished goods	42,295	43,217
Work in process	1,801	2,133
Raw materials and supplies	4,879	5,706
Other	11,868	5,127
Allowance for doubtful accounts	(307)	(557)
Total current assets	168,820	165,648
Noncurrent assets		
Property, plant and equipment	69,835	74,094
Intangible assets		
Goodwill	11,750	11,085
Other	6,950	6,069
Total intangible assets	18,700	17,154
Investments and other assets		
Investment securities	21,720	23,621
Other	4,873	4,977
Allowance for doubtful accounts	(69)	(69)
Total investments and other assets	26,525	28,530
Total noncurrent assets	115,061	119,778
Total assets	283,882	285,427

(Millions of Yen)

	As of Mar. 31, 2020	As of Sept. 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,440	14,554
Short-term loans payable	4,787	5,607
Current portion of bonds	5,000	-
Accrued alcohol tax	7,690	7,217
Accrued expenses	5,511	5,247
Income taxes payable	1,886	1,812
Provision	5,224	5,082
Other	8,926	9,212
Total current liabilities	55,466	48,734
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	5,448	15,507
Lease obligations	3,538	3,175
Net defined benefit liability	9,065	9,128
Long-term deposits received	5,363	5,243
Other	3,670	4,228
Total noncurrent liabilities	47,086	57,283
Total liabilities	102,553	106,017
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	2,454	2,454
Retained earnings	128,564	127,372
Treasury stock	(1,682)	(1,682)
Total shareholders' equity	142,563	141,370
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,125	8,470
Deferred gains or losses on hedges	84	44
Foreign currency translation adjustment	(1,102)	(2,928)
Remeasurements of defined benefit plans	(908)	(900)
Total accumulated other comprehensive income	5,199	4,685
Noncontrolling interests	33,566	33,353
Total net assets	181,329	179,409
Total liabilities and net assets	283,882	285,427



**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income****(Consolidated Statements of Income)****(For the Six Months Ended September 30, 2020 and 2019)**

(Millions of Yen)

	FY2020 (Apr. 1, 2019 – Sept. 30, 2019)	FY2021 (Apr. 1, 2020 – Sept. 30, 2020)
Net sales	137,502	127,784
Cost of sales	84,468	76,361
Gross profit	53,033	51,422
Selling, general and administrative expenses	45,410	45,639
Operating income	7,623	5,782
Non-operating income		
Dividends income	339	283
Other	519	348
Total non-operating income	859	632
Non-operating expenses		
Interest expenses	203	176
Other	408	298
Total non-operating expenses	612	474
Ordinary income	7,871	5,940
Extraordinary income		
Gain on sale of non-current assets	2	3
Compensation income	38	-
Total extraordinary income	40	3
Extraordinary loss		
Loss on business liquidation	-	464
Compensation for damage	38	-
Other	253	152
Total extraordinary losses	291	617
Income before income taxes	7,620	5,326
Income taxes-current	2,288	2,087
Income taxes-deferred	46	(189)
Total income taxes	2,335	1,898
Net income	5,285	3,428
Net income attributable to the noncontrolling interest	911	666
Net income attributable to owners of the parent	4,374	2,761

**(Consolidated Statements of Comprehensive Income)**  
**(For the Six Months Ended September 30, 2020 and 2019)**

(Millions of Yen)

	FY2020 (Apr. 1, 2019 – Sept. 30, 2019)	FY2021 (Apr. 1, 2020 – Sept. 30, 2020)
Net income	5,285	3,428
Other comprehensive income		
Valuation difference on available-for-sale securities	123	1,345
Deferred gains or losses on hedges	(51)	(40)
Foreign currency translation adjustment	(2,571)	(2,316)
Remeasurements of defined benefit plans	(13)	16
Total other comprehensive income	<u>(2,511)</u>	<u>(995)</u>
Comprehensive income	<u>2,773</u>	<u>2,433</u>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	2,389	2,248
Comprehensive income attributable to noncontrolling interest	384	184

### (3) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2020 (Apr. 1, 2019 – Sept. 30, 2019)	FY2021 (Apr. 1, 2020 – Sept. 30, 2020)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	7,620	5,326
Depreciation and amortization	3,364	3,997
Loss on business liquidation	-	464
Amortization of goodwill	424	432
Interest and dividends income	(472)	(370)
Interest expenses	203	176
Decrease (increase) in notes and accounts receivable-trade	(32)	2,168
Decrease (increase) in inventories	(1,662)	(3,041)
Increase (decrease) in notes and accounts payable-trade	(831)	(1,721)
Increase (decrease) in liquor taxes payable	(2,805)	(473)
Increase (decrease) in accrued consumption taxes	(1,397)	801
Decrease (increase) in other current assets	(1,992)	428
Other, net	(137)	101
Subtotal	2,282	8,290
Interest and dividends income received	489	393
Interest expenses paid	(197)	(196)
Income taxes paid	(2,918)	(2,406)
Net cash provided by (used in) operating activities	(345)	6,081
Net cash provided by (used in) investing activities		
Payments into time deposits	(2,454)	(2,042)
Proceeds from withdrawal of time deposits	2,505	3,507
Purchase of securities	(4,253)	-
Proceeds from sales and redemption of securities	7,249	4,457
Purchase of property, plant and equipment and intangible assets	(4,830)	(8,821)
Other, net	(139)	(203)
Net cash provided by (used in) investing activities	(1,922)	(3,102)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(82)	806
Proceeds from long-term borrowings	100	10,098
Repayments of long-term borrowings	(5,134)	(30)
Redemption of bonds	-	(5,000)
Proceeds from issuance of commercial papers	-	5,000
Redemption of commercial papers	-	(5,000)
Cash dividends paid	(3,586)	(3,947)
Repayments of lease obligations	(174)	(333)
Other, net	(338)	(391)
Net cash provided by (used in) financing activities	(9,214)	1,202
Effect of exchange rate change on cash and cash equivalents	(773)	(471)
Net increase (decrease) in cash and cash equivalent	(12,256)	3,709
Cash and cash equivalents at beginning of period	48,580	44,541
Cash and cash equivalents at end of period	36,324	48,250

#### (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, 2019 to September 30, 2019)

###### 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	74,777	40,307	16,449	131,534	5,962	137,497	4	137,502
Intersegment	358	170	0	529	9,807	10,336	(10,336)	-
Total	75,135	40,477	16,450	132,063	15,770	147,833	(10,331)	137,502
Segment income	2,082	1,565	3,035	6,682	1,081	7,764	(140)	7,623

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 comprises intersegment eliminations of ¥13 million and loss of the Company not allocated to business segments of ¥154 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, 2020, to September 30, 2020)

###### 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	73,901	31,151	17,393	122,446	5,337	127,783	0	127,784
Intersegment	263	134	0	398	8,848	9,246	(9,246)	-
Total	74,164	31,286	17,393	122,844	14,186	137,030	(9,246)	127,784
Segment income (loss)	1,626	(396)	3,736	4,966	847	5,814	(31)	5,782

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 ¥29 million and loss of the Company not allocated to business segments of ¥60 million.

3. Segment income (loss) 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

The Company posted a ¥365 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.