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Consolidated Financial Statements for the First Quarter Ended June 30, 2021 FY2022 (April 1, 2021 - March 31, 2022) [UNAUDITED]

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 Stock exchange listings: Tokyo Stock Exchange (1st section)
 Code number: 2531
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Quarterly statement filing date (as planned): August 11, 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 three months ended June 30, 2021 (April 1, 2021 - June 30, 2021)

(1) Consolidated Operating results

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

	Three months ended June 30, 2021		Three months ended June 30, 2020	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	68,806	-	65,378	(2.9)
Operating income (loss)	12,339	538.6	1,932	(45.5)
Ordinary income (loss)	12,742	482.6	2,187	(44.1)
Net income (loss) attributable to owners of the parent	5,349	362.7	1,156	(41.3)
Net income (loss) per share (Yen)	27.06		5.85	
Fully diluted net income per share (Yen)	-		-	
Note: Comprehensive income (loss)	13,237	-	3	(99.8)

Since the "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29), etc. has been adopted from FY2022, the above results 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.

(2) Consolidated Financial position

	As of June 30, 2021	As of March 31, 2021
	(Millions of yen)	(Millions of yen)
Total assets	322,180	306,918
Net assets	197,987	191,535
Equity ratio (%)	49.8	51.1
(Reference) Equity	160,418	156,884

2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2021	Year ending March 31, 2022	Year ending March 31, 2022(Forecast)
First quarter end	-	-	-
Second quarter end	-	-	-
Third quarter end	-	-	-
Year end	21.00		24.00
Annual	21.00		24.00

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 September 30, 2021		Year ending March 31, 2022	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	140,000	-	275,000	-
Operating income (loss)	18,100	213.0	28,600	32.4
Ordinary income (loss)	18,200	206.4	29,000	32.2
Net income (loss) attributable to owners of the parent	7,800	182.4	13,400	26.7
Net income per share (Yen)	39.45		67.78	

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

Since the "Accounting Standard for Revenue Recognition" (Corporate Accounting Standard No. 29), etc. has been 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) 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 : Yes
 - 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 June 30, 2021 : 199,699,743 shares
 - As of March 31, 2021 : 199,699,743 shares
 - 2) Number of treasury stocks at the end of each period:
 - As of June 30, 2021 : 1,995,490 shares
 - As of March 31, 2021 : 1,995,468 shares
 - 3) Average number of outstanding shares in each period
 - Three months ended June 30, 2021 : 197,704,261 shares
 - Three months ended June 30, 2020 : 197,704,620 shares

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1. Qualitative Information for the Three Months Ended June 30, 2021

The Accounting Standard for Revenue Recognition, etc. have been adopted from the beginning of the three months ended June 30, 2021. As a result, net sales in the three months ended June 30, 2021 have been recorded in accordance with the standard which is different from the standard applied to net sales in the three months ended June 30, 2020. Therefore, concerning explanation on net sales, gross profit, and SG&A expenses on a consolidated basis and of the Takara Shuzo segment, which were significantly impacted by the change in the standard, the rate of increase and decrease compared to the same period of the previous fiscal year is not stated. The impact on income items from operating income onwards is immaterial. The effect of the application of the Accounting Standard for Revenue Recognition, etc. is described in “2. Consolidated Quarterly Financial Statements and Primary Notes (3) Notes to Consolidated Financial Statements (Changes in Accounting Policies).”

(1) Consolidated Financial Results

In the three months ended June 30, 2021, driven by the favorable performance of the Takara Bio Group, net sales were ¥68,806 million, gross profit was ¥28,335 million, and SG&A expenses were ¥15,995 million yen. Operating income grew 538.6% year on year to ¥12,339 million, while ordinary income rose 482.6% year on year to ¥12,742 million, increasing both sales and income, absorbing the impact of the Accounting Standard for Revenue Recognition, etc. In addition, net income attributable to owners of the parent increased 362.7% year on year to ¥5,349 million, although loss on voluntary product recall of ¥1,576 million was posted under extraordinary loss.

Results by business segment were as follows.

[Takara Shuzo]

In the three months ended June 30, 2021, excluding the effect of application of the Accounting Standard for Revenue Recognition, etc., sales of shochu increased due to favorable performance of *ko*-type shochu, while sales of raw alcohol, etc. and sales of light-alcohol refreshers which were impacted by voluntary product recall decreased.

As a result, net sales for Takara Shuzo were ¥29,794 million, including the effect of the application of the Accounting Standard for Revenue Recognition, etc. of ¥(7,370) million. Cost of sales was ¥22,203 million, and gross profit was ¥7,590 million. SG&A expenses were ¥6,112 million due to efforts for cost reduction in addition to the effect of the application of the Accounting Standard for Revenue Recognition, etc. of ¥(7,209) million. Operating income was up 102.1% year on year to ¥1,478 million.

[Takara Shuzo International Group]

In the three months ended June 30, 2021, net sales of the Overseas Alcoholic Beverages Business increased 34.2% year on year to ¥3,299 million, 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 which had decreased in the previous fiscal year, affected by the coronavirus crisis. Net sales of the Japanese Food Wholesale Business in overseas markets increased 10.0% year on year to ¥18,064 million, primarily due to increased sales of products for home delivery and takeout in Europe.

As a result, net sales for the Takara Shuzo International Group increased 13.2% year on year to ¥21,068 million. Cost of sales increased 8.3% year on year to ¥14,333 million. Consequently, gross profit increased 25.2% year on year to ¥6,735 million. SG&A expenses were down 4.8% year on year to ¥4,995 million, primarily due to a decline in personnel expenses, and operating income was up 1206.8% year on year to ¥1,740 million.

[Takara Bio Group]

In the three months ended June 30, 2021, although sales of gene therapy decreased year on year, sales of reagents, instruments, and CDMO increased year on year. In sales of reagents and instruments, PCR testing-related products for the new coronavirus contributed to the increase.

As a result, net sales for the Takara Bio Group increased 120.1% year on year to ¥15,272 million. Cost of sales decreased 4.5% year on year to ¥2,133 million due to a change in sales mix and an improvement in the production utilization rate. Consequently, gross profit increased 179.3% year on year to ¥13,138 million. SG&A expenses were up 15.6% year on year to ¥4,633 million, primarily due to an increase in personnel expenses and R&D expenses. Operating income increased 1125.5% year on year to ¥8,504 million.

[Other]

In the three months ended June 30, 2021, net sales of the Other segment increased 10.5% year on year to ¥7,578 million. Cost of sales increased 7.7% year on year to ¥6,499 million. Consequently, gross profit increased 30.7% year on year to ¥1,078

million. SG&A expenses fell 4.0% year on year to ¥453 million, and operating income was up 77.4% year on year to ¥624 million.

Breakdown of sales results by product category

Segment	Equivalent Period of Previous Fiscal Year (From April 1, 2020, to June 30, 2020)	Period under Review (from April 1, 2021, to June 30, 2021)	YoY Comparison
Product category	Amount (Millions of yen)	Amount (Millions of yen)	(%)
Takara Shuzo			
Shochu	12,445	10,654	85.6
Sake	3,507	2,500	71.3
Light-alcohol refreshers	11,886	9,109	76.6
Other alcoholic beverages	1,352	1,319	97.6
<i>Hon Mirin</i>	3,127	2,131	68.1
Other seasonings	2,461	2,053	83.4
Raw alcohol, etc.	2,821	2,025	71.8
Total	37,601	29,794	79.2
Takara Shuzo International Group			
Overseas Alcoholic Beverages Business	2,458	3,299	134.2
Japanese Food Wholesales Business in overseas markets	16,427	18,064	110.0
Other	28	16	57.6
Elimination of intra-Group transaction on consolidation	(297)	(310)	—
Total	18,616	21,068	113.2
Takara Bio Group			
Reagents	5,515	12,873	233.4
Instruments	166	390	234.9
CDMO	1,137	1,955	171.9
Gene therapy	119	53	44.7
Total	6,938	15,272	220.1
Reported segment total	63,156	66,134	104.7
Other	6,858	7,578	110.5
Segment total	70,014	73,712	105.3
Sales not allocated to business segments and intersegment transactions	(4,635)	(4,906)	—
Total	65,378	68,806	105.2

Notes: 1. Amounts include alcohol tax.

2. From the three months ended June 30, 2021, the names of the product categories of Takara Bio Group have been changed from “Research reagents,” “Scientific instruments” and “Contract services” to “Reagents,” “Instruments” and “CDMO.”

(Reference) 【Before applying the Accounting Standard for Revenue Recognition】**Breakdown of sales results by product category**

Segment	Equivalent Period of Previous Fiscal Year (From April 1, 2020, to June 30, 2020)	Period under Review (from April 1, 2021, to June 30, 2021)	YoY Comparison
Product category	Amount (Millions of yen)	Amount (Millions of yen)	(%)
Takara Shuzo			
Shochu	12,445	13,266	106.6
Sake	3,507	3,251	92.7
Light-alcohol refreshers	11,886	11,321	95.3
Other alcoholic beverages	1,352	1,504	111.2
<i>Hon Mirin</i>	3,127	3,207	102.5
Other seasonings	2,461	2,584	105.0
Raw alcohol, etc.	2,821	2,028	71.9
Total	37,601	37,164	98.8
Takara Shuzo International Group			
Overseas Alcoholic Beverages Business	2,458	3,304	134.4
Japanese Food Wholesales Business in overseas markets	16,427	18,064	110.0
Other	28	16	57.6
Elimination of intra-Group transaction on consolidation	(297)	(310)	—
Total	18,616	21,073	113.2
Takara Bio Group			
Reagents	5,515	12,873	233.4
Instruments	166	390	234.9
CDMO	1,137	1,955	171.9
Gene therapy	119	53	44.7
Total	6,938	15,272	220.1
Reported segment total	63,156	73,509	116.4
Other	6,858	7,578	110.5
Segment total	70,014	81,088	115.8
Sales not allocated to business segments and intersegment transactions	(4,635)	(4,906)	—
Total	65,378	76,181	116.5

Note: For convenience of comparison, net sales for the three months ended June 30, 2021 are the amounts to which the Accounting Standard for Revenue Recognition, etc. are not applied.

(2) Consolidated Financial Position

As of June 30, 2021, current assets were ¥194,792 million, an increase of ¥11,684 million compared with that at the end of the previous fiscal year. This was primarily due to an increase of ¥4,323 million in notes and accounts receivable-trade as well as an increase in cash and deposits of ¥3,143 million. Noncurrent assets were ¥127,388 million, an increase of ¥3,578 million compared with that at the end of the previous fiscal year. This was primarily due to an increase of ¥3,378 million in property, plant and equipment resulting from interior finishing work of Takara Bio USA, Inc.'s new office buildings, Takara Bio Inc.'s acquisition of manufacturing facilities, etc.

As a result, total assets were ¥322,180 million, an increase of ¥15,262 million compared with that at the end of the previous fiscal year.

As of June 30, 2021, current liabilities were ¥76,183 million, an increase of ¥19,913 million compared with that at the end of the previous fiscal year. This was primarily due to an increase of ¥10,558 million in other under current liabilities as a

result of the recording of refund liabilities of ¥5,709 million following the application of the Accounting Standard of Revenue Recognition, etc., as well as due to an increase in current portion of bonds of ¥10,000 million. Noncurrent liabilities were ¥48,010 million, a decrease of ¥11,103 million compared with that at the end of the previous fiscal year, primarily due to the transfer of bonds to current liabilities.

As a result, total liabilities were ¥124,193 million, an increase of ¥8,810 million compared with that at the end of the previous fiscal year.

As of June 30, 2021, total net assets were ¥197,987 million, an increase of ¥6,451 million compared with that at the end of the previous fiscal year. This was primarily due to an increase in foreign currency translation adjustment of ¥4,482 million reflecting a weak yen, and due to an increase in noncontrolling interests of ¥2,917 million resulting from strong performance of the Takara Bio Group.

As a result, the equity ratio totaled 49.8%, compared with 51.1% at the end of the previous fiscal year.

(3) Qualitative Information Regarding Consolidated Forecasts

The Company has revised the consolidated results forecasts for the six months ending September 30, 2021, and the fiscal year ending March 31, 2022, published on May 13, 2021, in view of recent circumstances.

For the fiscal year ending March 31, 2022, overall consolidated net sales for the Takara Group are expected to exceed the initial forecast as net sales for the Takara Shuzo International Group and the Takara Bio Group are projected to be larger than the forecast, although net sales for Takara Shuzo will be a little lower than the forecast.

In terms of profit, operating income, ordinary income, and net income attributable to owners of the parent are expected to exceed the initial forecast and are projected to be an all-time high, as a sales increase and a lower cost of sales rate raised gross profit and SG&A expenses were held down.

For further details of the revision to the consolidated business result forecast, please refer to “Revision of Consolidated Business Results Forecast and Dividend Forecast (Dividend Increase) for the Fiscal Year Ending March 31, 2022,” announced today (August 3, 2021). Also, for the details of forecasts for each business segment, please refer to pages 12/27-19/27 in “Supplement for the Consolidated Financial Statements.”

(Consolidated Results Forecasts for the six months ending September 30, 2021)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A) (Published May 13, 2021)	(Millions of yen) 127,000	(Millions of yen) 10,600	(Millions of yen) 10,800	(Millions of yen) 5,400	(Yen) 27.31
Revised forecast (B)	140,000	18,100	18,200	7,800	39.45
Difference (B – A)	13,000	7,500	7,400	2,400	—
Difference (%)	10.2	70.8	68.5	44.4	—
Reference: Business results for previous fiscal year (Cumulative total for the six months ended September 30, 2020)	127,784	5,782	5,940	2,761	13.97

(Full-Year Consolidated Results Forecasts for the fiscal year ending March 31, 2022)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A) (Published May 13, 2021)	(Millions of yen) 264,000	(Millions of yen) 22,600	(Millions of yen) 23,000	(Millions of yen) 11,900	(Yen) 60.19
Revised forecast (B)	275,000	28,600	29,000	13,400	67.78
Difference (B – A)	11,000	6,000	6,000	1,500	—
Difference (%)	4.2	26.5	26.1	12.6	—
Reference: Business results for previous fiscal year (Ended March 31, 2021)	278,443	21,595	21,929	10,574	53.48

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of Mar. 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	66,238	69,382
Notes and accounts receivable-trade	61,954	66,278
Securities	1,145	977
Merchandise and finished goods	41,115	43,685
Work in process	1,924	2,223
Raw materials and supplies	6,084	6,339
Other	5,161	6,417
Allowance for doubtful accounts	(516)	(511)
Total current assets	183,108	194,792
Noncurrent assets		
Property, plant and equipment	74,740	78,119
Intangible assets		
Goodwill	10,142	10,479
Other	5,746	5,892
Total intangible assets	15,889	16,372
Investments and other assets		
Investment securities	27,924	27,441
Other	5,324	5,519
Allowance for doubtful accounts	(69)	(64)
Total investments and other assets	33,180	32,896
Total noncurrent assets	123,810	127,388
Total assets	306,918	322,180

(Millions of Yen)

	As of Mar. 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,481	17,555
Short-term loans payable	5,166	5,392
Current portion of bonds	—	10,000
Accrued alcohol tax	6,890	7,676
Accrued expenses	6,455	4,629
Income taxes payable	4,021	3,176
Provision for bonuses	2,727	3,869
Other provision	2,186	984
Other	12,340	22,899
Total current liabilities	56,269	76,183
Noncurrent liabilities		
Bonds payable	20,000	10,000
Long-term loans payable	15,465	15,251
Lease obligations	3,122	3,257
Net defined benefit liability	9,274	9,282
Long-term deposits received	5,136	5,092
Other	6,114	5,126
Total noncurrent liabilities	59,113	48,010
Total liabilities	115,383	124,193
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	2,292	2,336
Retained earnings	135,184	134,514
Treasury stock	(1,682)	(1,682)
Total shareholders' equity	149,020	148,394
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,370	11,038
Deferred gains or losses on hedges	193	175
Foreign currency translation adjustment	(2,840)	1,641
Remeasurements of defined benefit plans	(859)	(831)
Total accumulated other comprehensive income	7,863	12,024
Noncontrolling interests	34,650	37,568
Total net assets	191,535	197,987
Total liabilities and net assets	306,918	322,180

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**(Consolidated Statements of Income)****(For the Three Months Ended June 30, 2021 and 2020)**

(Millions of Yen)

	FY2021 (April 1, 2020 – June 30, 2020)	FY2022 (April 1, 2021 – June 30, 2021)
Net sales	65,378	68,806
Cost of sales	40,020	40,470
Gross profit	25,358	28,335
Selling, general and administrative expenses	23,426	15,995
Operating income	1,932	12,339
Nonoperating income		
Dividends income	267	293
Other	208	275
Total nonoperating income	476	568
Nonoperating expenses		
Interest expenses	99	80
Commission for syndicated loans	54	—
Other	68	85
Total nonoperating expenses	222	166
Ordinary income	2,187	12,742
Extraordinary income		
National subsidies	—	49
Other	0	1
Total extraordinary income	0	50
Extraordinary loss		
Loss on valuation of investment securities	5	—
Loss on voluntary product recall	—	1,576
Other	19	94
Total extraordinary losses	25	1,671
Income before income taxes	2,161	11,122
Income taxes-current	1,081	3,707
Income taxes-deferred	(154)	(437)
Total income taxes	927	3,270
Net income	1,234	7,851
Net income attributable to the noncontrolling interest	78	2,502
Net income attributable to owners of the parent	1,156	5,349

(Consolidated Statements of Comprehensive Income)
(For the Three Months Ended June 30, 2021 and 2020)

(Millions of Yen)

	FY2021 (April 1, 2020 – June 30, 2020)	FY2022 April 1, 2021– June 30, 2021)
Net income	1,234	7,851
Other comprehensive income		
Valuation difference on available-for-sale securities	725	(332)
Deferred gains or losses on hedges	38	(17)
Foreign currency translation adjustment	(2,006)	5,703
Remeasurements of defined benefit plans	10	32
Total other comprehensive income	(1,231)	5,385
Comprehensive income	3	13,237
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	313	9,510
Comprehensive income attributable to noncontrolling interest	(310)	3,726

(3) 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.

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter referred to as the "Accounting Standard for Revenue Recognition"), etc. from the beginning of the three months ended June 30, 2021 and recognized revenue when control of promised goods or services is transferred to customers in an amount that is expected to be received in exchange for those goods or services. As a result, consideration paid to customers, which was previously treated as SG&A expenses, is deducted from net sales. In addition, an amount that is expected to be paid to customers after the balance sheet date, which was previously presented as part of "accrued expenses" and part of "other provision" under "current liabilities," is included in "other" under "current liabilities" as refund liabilities.

With regard to the application of the Accounting Standard for Revenue Recognition, etc., in accordance with the transitional treatment stipulated in the provisions of paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the three months ended June 30, 2021 was added to or deducted from retained earnings at the beginning of the three months ended June 30, 2021, and a new accounting policy was applied from the beginning balance of the three months ended June 30, 2021.

As a result, in the three months ended June 30, 2021, net sales decreased by ¥7,375 million, cost of sales decreased by ¥110 million, and SG&A expenses decreased by ¥7,214 million, while operating income, ordinary income and income before income taxes each decreased ¥49 million. In addition, retained earnings at the beginning of the fiscal year ending March 31, 2022 decreased by ¥1,867 million, and refund liabilities included in "other" under current liabilities as of June 30, 2021 were ¥5,709 million.

In accordance with the transitional treatment stipulated in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), information on breakdown of revenue from contracts with customers for the three months ended June 30, 2020 is not stated.

(Application of Accounting Standard for Fair Value Measurement)

The Company adopted the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Accounting Standard for Fair Value Measurement"), etc. from the beginning of the three months ended June 30, 2021, and decided to apply new accounting policies prescribed in the Accounting Standard for Fair Value Measurement in the future, in accordance with the transitional treatment as stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The application of these standards does not affect the consolidated quarterly financial statements for the three months ended June 30, 2021.

(Segment Information)

I. Equivalent Period of Previous Fiscal Year (From April 1, 2020 to June 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	37,515	18,536	6,938	62,990	2,388	65,378	0	65,378
Intersegment	86	79	-	165	4,470	4,635	(4,635)	-
Total	37,601	18,616	6,938	63,156	6,858	70,014	(4,635)	65,378
Segment income	731	133	693	1,558	352	1,910	21	1,932

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

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 ¥41 million and loss of the Company not allocated to business segments of ¥19 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, 2021, to June 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	29,548	20,994	15,272	65,814	2,991	68,806	-	68,806
Intersegment	245	74	0	320	4,586	4,906	(4,906)	-
Total	29,794	21,068	15,272	66,134	7,578	73,712	(4,906)	68,806
Segment income	1,478	1,740	8,504	11,722	624	12,347	(7)	12,339

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

2. Segment income comprises intersegment eliminations of ¥9 million and loss of the Company not allocated to business segments of ¥16 million.

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

2. Changes in Reported Segment, etc.

As described in “(Changes in Accounting Policies)”, the Company adopted the “Accounting Standard for Revenue Recognition,” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the three months ended June 30, 2021, and changed the accounting method for revenue recognition. Accordingly, the measurement method of income or loss by business segment has also been changed.

As a result of these changes, compared with the amounts calculated by the conventional accounting method, net sales and segment income of Takara Shuzo in the three months ended June 30, 2021 decreased by ¥7,370 million

and ¥49 million, respectively, while net sales of the Takara Shuzo International Group decreased by ¥5 million.

3. 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

Period under Review (From April 1, 2021, to June 30, 2021)

(Millions of yen)

	Reported Segment				Other (Note)	Total
	Takara Shuzo	Takara Shuzo International Group	Takara Bio Group	Subtotal		
Alcoholic Beverages Business	29,548	2,931	-	32,479	1,039	33,519
Japanese Food Wholesales Business in overseas markets	-	18,063	-	18,063	-	18,063
Bio	-	-	15,272	15,272	-	15,272
Other	-	-	-	-	1,951	1,951
Revenue earned from contracts with customers	29,548	20,994	15,272	65,814	2,991	68,806
Other revenue	-	-	-	-	-	-
Net sales to external customers	29,548	20,994	15,272	65,814	2,991	68,806

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

(Significant Subsequent Events)

No items to report.