



**Consolidated Financial Statements for the Year Ended March 31, 2020
FY2020 (April 1, 2019 - March 31, 2020) [UNAUDITED]**

May 14, 2020

Company name: Takara Bio Inc.
 Stock exchange listings: Tokyo Stock Exchange (1st section)
 Code number: 4974
 URL: <http://www.takara-bio.co.jp>
 Company representative: Koichi Nakao, President
 Contact: Takuya Kakemi, General Manager of Corporate Management Division, Executive Officer
 Tel. (077) 565-6970

Scheduled date of general shareholders' meeting: June 23, 2020
 Scheduled date of starting delivery of dividends: June 24, 2020
 Scheduled date of annual securities report filing date: June 26, 2020
 Supplementary documents of the financial results: Yes
 Financial results information meeting: Yes

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, 2020 (Apr. 1, 2019 – Mar. 31, 2020)

(1) Consolidated operating results

(Percentages indicate changes from the same period of the previous fiscal year.)

	Year ended Mar. 31, 2020		Year ended Mar. 31, 2019	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	34,565	(3.6)	35,841	10.9
Operating profit	6,274	14.8	5,463	53.7
Ordinary profit	6,347	12.1	5,665	46.7
Net income (loss) attributable to owners of parent	3,819	4.4	3,657	56.6
Net income per share (in yen)	31.72		30.38	
Fully diluted net income per share (in yen)	—		—	
(Note) Comprehensive income	3,216	18.9%	2,705	10.2%
(Reference) Equity in earnings of affiliates	—		—	

(2) Consolidated financial position

	As of Mar. 31, 2020	As of Mar. 31, 2019
	(Millions of yen)	(Millions of yen)
Total assets	75,009	71,040
Net assets	66,591	64,095
Equity ratio (%)	88.7	90.1
Net assets per share (in yen)	552.23	531.57
(Reference) Equity	66,496	64,009

(3) Consolidated cash flow

	Year ended Mar. 31, 2020	Year ended Mar. 31, 2019
	(Millions of yen)	(Millions of yen)
Cash flow from operating activities	6,339	5,783
Cash flow from investing activities	(212)	(5,576)
Cash flow from financing activities	(946)	(541)
Cash and cash equivalents, end year	14,462	9,464

The original disclosure in Japanese was released on May 14, 2020 at 15:00 (GMT+8)

2. Dividends

	Annual dividends per share in yen		
	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020	Year ending Mar. 31, 2021 (Forecast)
First quarter end	—	—	—
Second quarter end	0.00	0.00	0.00
Third quarter end	—	—	—
Year end	7.00	8.00	8.00
Annual	7.00	8.00	8.00
Total dividend (Millions of Yen)	842	963	
Payout ratio (%)	23.0	25.2	37.1
Dividend on equity (%)	1.3	1.5	

3. Forecast for the year ending March 31, 2021 (Apr. 1, 2020 – Mar. 31, 2021)

	(Percentages indicated changes from the same period of the previous fiscal year.)			
	Six months ending Sep. 30, 2020		Year ending Mar. 31, 2021	
	(Millions of yen)	(%)		
Net sales	14,365	(12.7)	33,800	(2.2)
Operating profit	619	(79.6)	4,500	(28.3)
Ordinary profit	693	(76.6)	4,600	(27.5)
Net income attributable to owners of the parent	—	(100.0)	2,600	(31.9)
Net income per share (in yen)	0.00		21.59	

※ Others

(1) Changes in subsidiaries during the period

(Changes in specified subsidiaries resulting in change of scope) : No

Newly included: — (Name)

Excluded: — (Name)

(2) Changes in accounting policies, changes in 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

(3) Number of outstanding shares (Common stock)

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

As of March 31, 2020 120,415,600

As of March 31, 2019 120,415,600

2) Number of treasury stocks at year end

As of March 31, 2020 —

As of March 31, 2019 —

3) Average number of outstanding shares

As of March 31, 2020 120,415,600

As of March 31, 2019 120,415,600

※ These financial statements are not subject to auditing.

※ Comment regarding appropriate use of earnings forecasts and other special notes

Forward-looking statements contained in this document are determined by the Takara Bio Company based on information currently available to the Company and include a number of uncertainties. Actual results could differ from these forecasts due to changes in conditions that occur in the future. For information regarding the above, please refer to 1. Overview of Financial Results (4) Future Outlook on page 3 of the attached document.

The Company will hold a briefing for institutional investors and analysts on May 18, 2020. The material handed out at this briefing and a review of questions and answers will be posted on our website.

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1. Overview of Financial Results for the year ended March 31, 2020

(1) Overview of Financial Results

In the fiscal year under review, ended March 31, 2020, although the Japanese economy has continued to be on a moderately recovering trend due to a pickup in personal consumption and improvement of corporate earnings, its prospects have become uncertain due to the trade friction issue in the US and China, Brexit, and influence of the new Coronavirus disease (COVID-19) pandemic.

Under these circumstances, faced the last year of the three-year Takara Bio's Medium-Term Management Plan 2020 started in FY2018, Takara Bio (the Company) made the efforts toward the objective, to enhance our presence as a global enterprise and regenerative medical product company, and achieve prodigious growth.

As a result, overall net sales in the fiscal year under review, ended March 31, 2020 decreased 3.6% year on year to ¥34,565 million, due to the influence of assignment of business related to functional food and mushroom in the AgriBio Business in the previous fiscal year, despite contributions from sales for research reagents and contracted services exceeding those of the same period of the previous fiscal year and receipt of licensing fees under the co-development/exclusive sales agreement related to NY-ESO-1 · siTCR™ and CD19 · CAR gene therapy products. Cost of sales decreased 11.2% year on year to ¥13,459 million due to a decrease of net sales, change of sales composition by item and others, and gross profit increased 2.0% year on year to ¥21,105 million. Selling, general and administrative (SG&A) expenses decreased 2.6% year on year to ¥14,830 million due to the decrease in R&D expenses, and the Company recorded operating profit up 14.8% year on year to ¥6,274 million.

Accompanied with the increase in operating profit, ordinary profit increased 12.1% to ¥6,347 million, profit before income taxes increased 12.7% year on year to ¥5,433 million, and net income attributable to owners of parent increased 4.4% year on year to ¥3,819 million.

The statuses of the Company business segments are as follows.

Bioindustry Business

Given the ever-expanding activities of biotechnology R&D in the field, the Company position the Bioindustry Business as its core business, in which it offers products and services supporting such R&D activities.

In the fiscal year under review, sales of scientific instruments decreased year on year, while sales of research reagents and contracted services increased year on year.

As a result of the above, sales to external customers for this business increased 2.2% year on year to ¥32,269 million, and gross profit increased 6.2% year on year to ¥19,514 million due to an increase of net sales. With the SG&A expenses increased 4.4% year on year to ¥11,766 million due to the increase in R&D expenses, the Company recorded operating profit up 9.1% year on year to ¥7,748 million.

Gene Therapy Business

The business focuses on development of gene therapies for diseases such as cancer, which includes the oncolytic virus therapy utilizing canerpaturev (Abbreviated to C-REV) and the engineered T cell therapy utilizing the Company's proprietary technologies such as the RetroNectin™ method for a highly efficient gene transduction; the RetroNectin™ expansion-culture system enabling a highly efficient expansion of lymphocytes; as well as siTCR™ technology.

In the fiscal year under review, the licensing fees under the domestic co-development and exclusive sales agreement related to NY-ESO-1 · siTCR™ and CD19 · CAR gene therapy products, and sales of the investigational products based on the agreement were generated.

As a result, net sales to external customers for this business decreased 6.0% year on year to ¥2,295 million, and gross profit decreased 17.0% year on year to ¥1,590 million due to changes of sales composition by item and others. However, SG&A expenses decreased 42.5% year on year to ¥810 million due to decrease in R&D expenses. Accordingly, operating profit increased 54.1% year on year to ¥780 million.

(2) Overview of Financial Position

In the fiscal year under review, total assets were ¥75,009 million, an increase of ¥3,969 million compared with that at the end of the previous fiscal year. This primarily resulted from increases in property, plant and equipment of ¥2,808 million based on building the Center for Gene and Cell Processing II.

Total liabilities were ¥8,418 million, an increase of ¥1,472 million compared with that at the end of the previous fiscal year. This primarily resulted from an increase of ¥1,120 million in lease obligation based on the installation of gas cogeneration system (current liabilities and non-current liabilities).

Total net assets stood at ¥66,591 million, an increase of ¥2,496 million compared with that at the end of the previous fiscal year. The main factor was an increase of ¥3,100 million in retained earnings and a decrease of ¥527 million in foreign currency translation

adjustment.

(3) Overview of Cash Flows

Net cash provided by operating activities was ¥6,339 million, up by ¥556 million compared with the previous fiscal year. This was mainly due to profit before income taxes and minority interests of ¥5,433 million, depreciation and amortization of ¥2,921 million, an increase in inventories of ¥974 million, and income taxes paid of ¥1,247 million.

Net cash provided by investing activities was ¥212 million, a decrease of ¥5,363 million compared with the previous fiscal year. This was primarily due to ¥6,785 million in payments into time deposits, ¥10,515 million in proceeds from withdrawal of time deposits and ¥3,983 million in payments for purchase of property, plant and equipment and intangible assets, mainly due to the construction of the Center for Gene and Cell Processing II.

Net cash used in financing activities was ¥946 million, an increase of ¥404 million compared with the previous fiscal year. This was primarily because of an increase of ¥841 million in cash dividends paid.

As a result of the above, balance of cash and cash equivalents at the fiscal year-end, including the effect of exchange rate change on cash and cash equivalents, stood at ¥14,462 million, up by ¥4,998 million from the previous fiscal year-end.

(4) Future Outlook

From April of this year, the Company has newly formulated the "Takara Bio Long-Term Management Plan 2026" ("the Long-Term Plan") for the six years ending in FY2026 and the "Takara Bio Medium-Term Management Plan 2023" ("the Medium-Term Plan") for the three years ending in FY2023. The Company will steadily implement the strategies outlined in the Long-Term Plan and the Medium-Term Plan, promote the development of biopharmaceutical platform technologies through the research reagents and instruments business and CDMO business, and aim to be a company that continuously create new therapeutic modalities.

In the fiscal year ending March 31, 2021, the Company is forecasting net sales of ¥33,800 million, operating profit of ¥4,500 million, ordinary profit of ¥4,600 million and net income attributable to owners of the parent of ¥2,600 million.

For a comparison between the 2021 forecast and the FY2020 result, refer to "4. Supplementary Information (3) Comparison Statement of Profit Relating to Consolidated Earnings Forecast" on page 16, and the formulation of "Takara Bio Long-Term Management Plan 2026" and "Takara Bio Medium-Term Management Plan FY2023" disclosed on May 14 2020.

The FY2021 outlook is made on the assumption that the effects of the COVID-19 infectious diseases will converge over a certain period of time, and may fluctuate depending on the situation. In the event that there is a need to revise our performance forecast, the Company will disclose it promptly.

2. Basic Concept on Selection of Accounting Standards

The Company drafts consolidated financial statements based on Japanese standards taking into consideration comparability between fiscal periods as well as comparability among companies.

The Company's policy regarding the application of International Financial Reporting Standards is to apply them as appropriate after taking into consideration domestic and international circumstances.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of Mar. 31, 2019	As of Mar. 31, 2020
Assets		
Current assets		
Cash and deposits	17,033	18,266
Notes and accounts receivable-trade	8,604	9,106
Marketable securities	2,000	2,000
Merchandise and finished goods	4,523	4,511
Work in process	706	1,208
Raw materials and supplies	1,506	1,874
Other	941	1,479
Allowance for doubtful accounts	(41)	(56)
Total current assets	35,275	38,387
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,775	16,478
Accumulated depreciation	(5,435)	(5,630)
Buildings and structures, net	6,340	10,847
Machinery, equipment and vehicles	5,510	6,705
Accumulated depreciation	(3,745)	(3,353)
Machinery, equipment and vehicles, net	1,764	3,352
Tools, furniture and fixtures	6,890	7,912
Accumulated depreciation	(4,588)	(5,217)
Tools, furniture and fixtures, net	2,302	2,694
Land	6,213	5,724
Lease assets	15	772
Accumulated depreciation	(15)	(35)
Lease assets, net	—	736
Construction in progress	4,784	85
Others	—	863
Accumulated depreciation	—	(90)
Others, net	—	772
Total Property, plant and equipment	21,404	24,213
Intangible assets		
Goodwill	7,598	7,006
Technology-based intangible assets	3,858	3,095
Other	1,171	1,252
Total intangible assets	12,628	11,355
Investments and other assets		
Deferred tax assets	839	779
Retirement benefit asset	91	40
Other	801	233
Total investments and other assets	1,732	1,053
Total non-current assets	35,765	36,622
Total assets	71,040	75,009

The original disclosure in Japanese was released on May 14, 2020 at 15:00 (GMT+8)

(Millions of yen)

	As of Mar. 31, 2019	As of Mar. 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,536	1,027
Lease obligations	—	134
Accrued payable-other	2,044	2,324
Accrued income taxes	391	683
Provision for bonus	593	557
Other	1,451	1,520
Total current liabilities	6,017	6,248
Non-current liabilities		
Lease obligations	—	986
Retirement benefit liabilities	667	783
Other	260	400
Total non-current liabilities	927	2,169
Total liabilities	6,945	8,418
Net assets		
Shareholders' equity		
Share capital	14,965	14,965
Capital surplus	32,893	32,893
Retained earnings	15,401	18,501
Total shareholders' equity	63,260	66,360
Accumulated other comprehensive income		
Foreign currency translation adjustment	964	436
Cumulative remeasurements of retirement benefit	(215)	(300)
Total accumulated other comprehensive income	749	135
Non-controlling interests	85	95
Total net assets	64,095	66,591
Total liabilities and net assets	71,040	75,009

(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Profit or Loss)

(Millions of yen)

	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Net sales	35,841	34,565
Cost of sales	15,155	13,459
Gross profit	20,685	21,105
SG&A expenses		
Provision for doubtful accounts	3	9
Employees' salaries and bonuses	4,048	4,095
Provision for accrued bonuses	327	297
Retirement benefit expenses	173	169
R&D expenses	4,337	3,869
Other	6,331	6,388
Total SG&A expenses	15,221	14,830
Operating profit	5,463	6,274
Non-operating profit		
Interest income	89	141
Rent of Real estate	86	113
Other	131	61
Total non-operating profit	307	316
Non-operating expenses		
Interest expenses	—	7
Foreign exchange loss	29	160
Real estate leasing expense	39	38
Other	36	36
Total non-operating expenses	105	243
Ordinary profit	5,665	6,347
Extraordinary profit		
Gain on sale of fixed assets	1	0
Gain on sale of businesses	90	—
Insurance proceeds due to disaster	54	—
Total extraordinary profit	146	0
Extraordinary losses		
Loss on sale and retirement of fixed assets	99	31
Impairment losses	696	880
Loss due to disaster	131	—
Indemnifiable loss	60	—
Loss on sale of investment securities	—	2
Total extraordinary losses	988	914
Profit before income taxes and others	4,823	5,433
Income taxes-current	1,453	1,544
Income taxes-deferred	(303)	57
Total income taxes	1,149	1,601
Net income	3,673	3,831
Net income attributable to non-controlling interest	15	11
Net income attributable to owners of the parent	3,657	3,819

The original disclosure in Japanese was released on May 14, 2020 at 15:00 (GMT+8)

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Net income	3,673	3,831
Other comprehensive income		
Foreign currency translation adjustment	(1,088)	(530)
Remeasurements of retirement benefit	119	(85)
Total other comprehensive income	(968)	(615)
Comprehensive income	2,705	3,216
Comprehensive income attributable to:		
Owners of the parent	2,699	3,206
Non-controlling interest	5	9

The original disclosure in Japanese was released on May 14, 2020 at 15:00 (GMT+8)

(3) Consolidated Statements of Changes in Net Assets
Previous Fiscal Year (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of Yen)

	Shareholders' equity				Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity	Foreign currency translation adjustment	Cumulative remeasurements of retirement benefit	Total accumulated other comprehensive income		
Balance at the beginning of current period	14,965	32,893	12,285	60,144	2,042	(334)	1,707	106	61,959
Cumulative effects of accounting changes				—					—
Restated balance	14,965	32,893	12,285	60,144	2,042	(334)	1,707	106	61,959
Changes of items during the period									
Dividends from surplus			(541)	(541)					(541)
Net income (loss) attributable to owners of the parent			3,657	3,657					3,657
Net changes of items other than shareholders' equity					(1,078)	119	(958)	(21)	(979)
Total changes of items during the period	—	—	3,115	3,115	(1,078)	119	(958)	(21)	2,136
Balance at the end of current period	14,965	32,893	15,401	63,260	964	(215)	749	85	64,095

Fiscal Year under Review (Apr. 1, 2019 – Mar. 31, 2020)

(Millions of Yen)

	Shareholders' equity				Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity	Foreign currency translation adjustment	Cumulative remeasurements of retirement benefit	Total accumulated other comprehensive income		
Balance at the beginning of current period	14,965	32,893	15,401	63,260	964	(215)	749	85	64,095
Cumulative effects of accounting changes			123	123					123
Restated balance	14,965	32,893	15,524	63,383	964	(215)	749	85	64,218
Changes of items during the period									
Dividends from surplus			(842)	(842)					(842)
Net income (loss) attributable to owners of the parent			3,819	3,819					3,819
Net changes of items other than shareholders' equity					(527)	(85)	(613)	9	(603)
Total changes of items during the period	—	—	2,977	2,977	(527)	(85)	(613)	9	2,373
Balance at the end of current period	14,965	32,893	18,501	66,360	436	(300)	135	95	66,591

The original disclosure in Japanese was released on May 14, 2020 at 15:00 (GMT+8)

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Net cash provided by (used in) operating activities		
Profit before income taxes and others	4,823	5,433
Depreciation and amortization	2,691	2,921
Impairment loss	696	880
Depreciation and amortization on other	182	113
Amortization of goodwill	502	496
Increase (decrease) in allowance for doubtful accounts	1	15
Increase (decrease) in provision for bonus	267	(31)
Increase (decrease) in retirement benefit liabilities	8	116
Interest income	(89)	(141)
Interest expenses	—	7
Loss (gain) on sale and retirement of fixed assets	98	31
Disaster loss	131	—
Decrease (increase) in trade receivable-trade	(974)	(579)
Decrease (increase) in inventories	(1,536)	(974)
Increase (decrease) in trade payables	(199)	(468)
Increase (decrease) in other current liabilities	546	(424)
Other	(236)	59
Subtotal	6,914	7,455
Interest and dividend income received	82	139
Income expenses paid	—	(7)
Income taxes paid	(1,213)	(1,247)
Net cash provided by (used in) operating activities	5,783	6,339
Net cash provided by (used in) investing activities		
Payments into time deposits	(14,667)	(6,785)
Proceeds from withdrawal of time deposits	14,395	10,515
Purchase of investment securities	(4,000)	(4,000)
Proceeds from sale and redemption of investment securities	4,000	4,000
Purchase of property, plant and equipment and intangible assets	(5,977)	(3,983)
Proceeds from sales of property, plant and equipment and intangible assets	7	110
Purchase of other depreciable assets	(105)	(69)
Proceeds from sale of businesses	764	—
Other	5	(0)
Net cash provided by (used in) investing activities	(5,576)	(212)
Net cash provided by (used in) financing activities		
Dividends paid	(541)	(841)
Repayments of lease obligations	—	(104)
Net cash provided by (used in) financing activities	(541)	(946)
Effect of exchange rate change on cash and cash equivalents	(252)	(182)
Net increase (decrease) in cash and cash equivalents	(587)	4,998
Cash and cash equivalents at beginning of period	10,051	9,464
Cash and cash equivalents at end of period	9,464	14,462

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

No items to report.

(Change in Accounting Policies)

(Adoption of ASU2014-09 “Revenue from Contracts with Customers”)

The overseas subsidiaries which adopt U.S. GAAP adopted ASU2014-09 “Revenue from Contracts with Customers” (ASU2014-09) from the beginning of the consolidated fiscal year. The Company adopts a method to recognize the cumulative effect of ASU2014-09 adoption, which is recognized as a transitional measure, on the initial date of adoption. Due to the adoption of ASU-2019-09, the revenue is recognized at the time the promised goods or services are transferred to customers, in an amount that reflects the consideration expected to be received in the exchange for those goods or services.

Accordingly, the balance of retained earnings in the consolidated statements of changes in net assets increased by ¥123 million as the cumulative effect was reflected in net assets at the beginning of the fiscal year under review.

The impact on profit and loss for the year ending March 31, 2021 is immaterial.

(Adoption of IFRS16 “Leases”)

The overseas subsidiaries which adopt the International Financial reporting Standards (“IFRS”) adopted IFRS16 “Leases” (IFRS16) from the beginning of the consolidated fiscal year. The Company adopts a method to recognize the cumulative effect of IFRS16 “Leases” adoption, which is recognized as a transitional measure, on the initial date of adoption.

Due to the adoption of IFRS16, the Company principally recognizes assets and liabilities for all leases as a lessee. Also, the land-use rights stated formerly in “Long-term prepaid expenses” for “Investments and other assets” has been classified as right-of-use assets.

Accordingly, increases by ¥772 million in “Other, net” for Property, plant and equipment, by ¥88 million in “Lease obligation” for current liabilities, and by ¥221 million in “Lease obligation” for Non-current liabilities, and decreases by ¥2 million in “Other” for Current assets and by ¥460 million in “Other” for “Investments and other assets” have been allocated.

The impact on profit and loss for the year ended March 31, 2021 is immaterial.

(Changes in Indication)

(1) Consolidated Balance Sheets

"Long-term prepaid expenses" under investments and other assets, which had been stated separately in the previous fiscal year, has been included in "Other" from the current consolidated fiscal year, due to its lack of materiality.

(2) Consolidated Statements of Profit or Loss

(SG&A expenses)

"Sales promotion expenses" under SG&A expenses, which had been stated separately in the previous fiscal year, has been included in "Other" in the current consolidated fiscal year due to the lack of materiality.

(Non-operating profit)

"Government grant income" under non-operating profit, which had been stated separately in the previous fiscal year, has been included in "Other" from the current consolidated fiscal year due to its lack of monetary materiality.

(Non-operating expenses)

"Non-operating expenses," which had been stated separately in the previous consolidated fiscal year, has been included in "Other" from the current consolidated fiscal year, because the amount of non-operating expenses has become insignificant.

(Segment Information, etc.)

【Segment Information】

1. Outline of reportable segment

The Company's reportable segments are components of the Company for which separate financial information is available that is evaluated regularly by the Board of Directors to determine allocation of management resources and assess performance.

The Company has established business divisions by product and service. Each division drafts comprehensive strategies for the products and service including subsidiaries and implements them in their business activities.

Accordingly, the Company is comprised of segments by products and services based on these business divisions and has defined two reportable segments. These two reportable segments are Bioindustry and Gene Therapy.

The primary products, etc. of each segment are presented in the following table.

The Company's functional food business and mushroom business in AgriBio segment have been transferred on January 1, 2019 and March 1, 2019, respectively.

Reportable segment	Primary products, etc.
Bioindustry	Research reagents (genetic, cellular and protein engineering reagents), scientific instruments, contracted services and compensation for gene related patents, etc.
Gene Therapy	Licensing fees for development and sales relating to the gene therapy products, investigational products

2. Calculation method for net sales, profit or loss, assets, liabilities, and other items of each reportable segment

The accounting treatment of reportable business segments is in accordance with the accounting policies adopted for the creation of consolidated financial statements.

The figures for the profit of reportable segments are based on operating profit.

Corporate profit and transfer is based on the prevailing market price.

3. Information on the amount of net sales, profit (loss), assets, and other items by reportable segment

Previous Fiscal Year (From Apr. 1, 2018, to Mar. 31, 2019)

	(Millions of yen)					
	Bioindustry	Gene Therapy	AgriBio	Total	Adjustment (Note: 1)	Amount recognized in consolidated financial statements (Note: 2)
Net sales						
External customers	31,575	2,443	1,822	35,841	—	35,841
Corporate	—	—	5	5	(5)	—
Total	31,575	2,443	1,827	35,846	(5)	35,841
Segment profit (loss)	7,100	506	(29)	7,578	(2,114)	5,463
Segment assets	57,514	3,212	—	60,727	10,313	71,040
Other items						
Depreciation and amortization	2,262	229	73	2,566	125	2,691
Amortization of goodwill	502	—	—	502	—	502
Increase in total fixed assets, property, plant and equipment and intangible assets	4,880	1,035	23	5,939	62	6,002

Notes: 1. The adjustment for segment profit (loss) was a loss of ¥2,114 million comprising of the Company not allocated to reportable segments. Expenses of the Company primarily consist of general and administrative expenses and R&D expenses not attributed to reportable segments.

2. Segment profit (loss) has been adjusted to the operating profit of consolidated financial statements.

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Fiscal Year under Review (From Apr. 1, 2019, to Mar. 31, 2020)

	(Millions of yen)				
	Bioindustry	Gene Therapy	Total	Adjustment (Note: 1)	Amount recognized in consolidated financial statements (Note: 2)
Net sales					
External customers	32,269	2,295	34,565	—	34,565
Corporate	—	—	—	—	—
Total	32,269	2,295	34,565	—	34,565
Segment profit (loss)	7,748	780	8,529	(2,254)	6,274
Segment assets	60,997	2,170	63,168	11,841	75,009
Other items					
Depreciation and amortization	2,578	231	2,809	111	2,921
Amortization of goodwill	496	—	496	—	496
Increase in total fixed assets, property, plant and equipment and intangible assets	5,114	73	5,187	177	5,365

Notes: 1. The adjustment for segment profit (loss) was a loss of ¥2,254 million comprising of the Company not allocated to reportable segments. Expenses of the Company primarily consist of general and administrative expenses and R&D expenses not attributed to reportable segments.

2. Segment profit (loss) has been adjusted to the operating profit of consolidated financial statements.

4. Information about impairment losses for non-current assets by reportable segment

Previous fiscal year (From Apr. 1, 2018, to Mar. 31, 2019)

	(Millions of yen)				
	Bioindustry	Gene Therapy	AgriBio	Reconciliations	Consolidated
Impairment losses	—	—	696	—	696

Fiscal year under review (From Apr. 1, 2019, to Mar. 31, 2020)

	(Millions of yen)			
	Bioindustry	Gene Therapy	Reconciliations	Consolidated
Impairment losses	518	—	361	880

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(Per Share Information)

	Year ended Mar. 31, 2019 (Apr. 1, 2018 - Mar. 31, 2019)	Year ended Mar. 31, 2020 (Apr. 1, 2019 - Mar. 31, 2020)
Net assets per share	¥531.57	¥552.23
Net income per share	¥30.38	¥31.72

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

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

	Year ended Mar. 31, 2019 (Apr. 1, 2018 - Mar. 31, 2019)	Year ended Mar. 31, 2020 (Apr. 1, 2019 - Mar. 31, 2020)
Net income per share		
Net income attributable to owners of the parent (¥ million)	3,657	3,819
Amount not attributable to common shareholders (¥ million)	—	—
Net income attributable to owners of the parent in accordance with the common stock (¥ million)	3,657	3,819
Average number of shares outstanding during the term (1,000 shares)	120,415	120,415

(Significant Subsequent Events)

(Changes in reportable segments)

Effective 1 April, 2020, the Company changed its reportable segments from the "Bioindustry" and "Gene therapy" segments, which were classified by products and services based on business divisions, to a single segment from the following fiscal year.

(Significant Facility investment)

The Company has resolved a facility investment and acquired the land and buildings as of May 11 (U.S. Local time) in Takara Bio USA, Inc. (TBUSA), a consolidated subsidiary company at the board of directors' meeting held on January 23, 2020.

1. Reason for facility investment

The reason is that TBUSA utilizes as a new facility. Also, TBUSA plans for relocation at the time of terminating the agreement of the current lease set in August 2021.

2. Outline of facility investment

- (1) Location San Jose City, California, USA
- (2) Purpose Land, buildings and interior construction located newly
- (3) Investment amount About 76 million U.S. dollars

3. Installation time of equipment

- May 2020 Land and buildings obtained
- 2021 Planned for completion of interior construction
- 2021 Planned for relocation

4. Significant impact on marketing and productivity

No impact on the consolidated fiscal year ended March 31, 2021

(Execution of significant agreement)

The Company entered into an agreement with Tasly Biopharmaceuticals Co., Ltd (Headquarters: Shanghai, China; hereafter, "Tasly") in for co-development, manufacturing and exclusive sales of oncolytic virus C-REV (Abbreviated to canerpaturev) in China as of May 11, 2020.

Under the agreement, the Company will transfer C-REV manufacturing technologies to Tasly in addition to providing developmental data. Meanwhile, Tasly will conduct the clinical development in China (including Hong Kong and Macao, excluding Taiwan) with the aim of launching C-REV as a new anti-cancer drug in China.

The Company will receive upfront, annual and milestone payments from Tasly depending on the achievement of certain development based on the execution of the agreement. Following launch, the Company will also receive milestone payments upon the achievement of target sales and running royalty on net sales.

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4. Supplementary Information

(1) Trends in Key Management Indicators

1). Cash Flow

(Millions of yen)

Term	Year ended Mar. 31, 2019 (Apr. 1, 2018 - Mar. 31, 2019)	Year ended Mar. 31, 2020 (Apr. 1, 2019 - Mar. 31, 2020)
Net cash provided by (used in) operating activities	5,783	6,339
Net cash provided by (used in) investing activities	(5,576)	(212)
Net cash provided by (used in) financing activities	(541)	(946)

2). Net Sales by Region

(Millions of yen)

	Year ended Mar. 31, 2019 (Apr. 1, 2018 - Mar. 31, 2019)	Year ended Mar. 31, 2020 (Apr. 1, 2019 - Mar. 31, 2020)
Japan	16,101	14,804
U.S.	7,945	8,011
China	6,227	6,391
Asia excluding Japan and China	1,994	1,877
Europe	3,328	3,207
Other	244	271
Total	35,841	34,565

3). R&D Expenses by Reportable Segment

(Millions of yen)

	Year ended Mar. 31, 2019 (Apr. 1, 2018 - Mar. 31, 2019)	Year ended Mar. 31, 2020 (Apr. 1, 2019 - Mar. 31, 2020)
Bioindustry	2,723	2,947
Gene therapy	1,391	744
AgriBio	—	—
Corporate	222	177
Total	4,337	3,869

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(2) Comparative Consolidated Statement of Profit

(Rounded down to one million yen)

	Year ended Mar. 31, 2019 Actual	Year ended Mar. 31, 2020 Actual	Year on year Change	Year on year Ratio
(Net Sales)				
Research reagents	23,601	24,434	833	103.5%
Scientific instruments	2,570	1,242	(1,328)	48.3%
Contracted services	4,954	6,186	1,232	124.9%
Other	449	405	(43)	90.2%
Bioindustry Total	31,575	32,269	693	102.2%
Gene therapy	2,443	2,295	(147)	94.0%
Other (Former AgriBio)	1,822	—	(1,822)	—
Total net sales	35,841	34,565	(1,275)	96.4%
(Operating profit and Loss)				
Net sales	35,841	34,565	(1,275)	96.4%
Cost of sales	15,155	13,459	(1,696)	88.8%
Gross profits	20,685	21,105	420	102.0%
SG&A expenses	15,221	14,830	(390)	97.4%
Transportation expenses	492	492	0	100.1%
Advertising expenses	56	73	16	129.3%
Promotion expenses	703	579	(124)	82.4%
R&D expenses	4,337	3,869	(467)	89.2%
Administrative expenses, other	9,361	9,511	149	101.6%
Enterprise taxes (external standards taxation)	270	305	34	112.8%
Operating profit	5,463	6,274	811	114.8%
(Non-operating profit and Expenses)				
Non-operating profit	307	316	9	103.1%
Non-operating expenses	105	243	137	230.1%
Ordinary profit	5,665	6,347	682	112.1%
(Extraordinary profit & Losses)				
Extraordinary profit	146	0	(146)	0.3%
Extraordinary losses	988	914	(73)	92.5%
Profit before income taxes and others	4,823	5,433	610	112.7%
Income taxes	1,149	1,601	452	139.3%
Net Income	3,673	3,841	158	104.3%
Net income (loss) attributable to non-controlling interests	15	11	(4)	74.4%
Net income attributable to owners of the parent	3,657	3,819	162	104.4%

Depreciation and amortization (Property, plant and equipment and intangible assets)	2,691	2,921	230	108.6%
Amortization of goodwill	502	496	(6)	98.7%

Profit and loss by business segment (Operating profit)

	Year ended Mar. 31, 2019 Actual	Year ended Mar. 31, 2020 Actual	Year on year Change	Year on year Ratio
Bioindustry	7,100	7,748	648	109.1%
Gene therapy	506	780	274	154.1%
Other (Former AgriBio)	(29)	—	29	—
Corporate	(2,114)	(2,254)	(140)	—
Total	5,463	6,274	811	114.8%

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(3) Comparative Statement of Profit Relating to Consolidated Earnings Forecasts

(Rounded down to one million yen)

	Year ended Mar. 31, 2020 Actual	Year ending Mar. 31, 2021 Forecast	Year on year Change	Year on year Ratio
(Net Sales)				
Research reagents	24,840	23,788	(1,051)	95.8%
Scientific instruments	1,242	1,178	(64)	94.8%
Contracted services	6,186	7,201	1,014	116.4%
Gene therapy	2,295	1,631	(663)	71.1%
Total Net Sales	34,565	33,800	(765)	97.8%
(Operating profit and Loss)				
Net Sales	34,565	33,800	(765)	97.8%
Cost of sales	13,459	12,999	(459)	96.6%
Gross profits	21,105	20,800	(305)	98.6%
SG&A expenses	14,830	16,300	1,469	109.9%
Transportation expenses	492	588	96	119.5%
Advertising expenses	73	77	4	105.8%
Promotion expenses	579	551	(27)	95.2%
R&D expenses	3,869	4,814	945	124.4%
Administrative expenses, other	9,511	9,975	464	104.9%
Enterprise taxes (external standards taxation)	305	292	(12)	95.9%
Operating profit	6,274	4,500	(1,774)	71.7%
(Non-operating profit and Expenses)				
Non-operating profit	316	231	(85)	73.0%
Non-operating expenses	243	131	(112)	53.9%
Ordinary profit	6,347	4,600	(1,747)	72.5%
(Extraordinary profit & Losses)				
Extraordinary profit	0	0	0	—
Extraordinary losses	914	653	(261)	71.4%
Profit before income taxes and minority interests	5,433	3,946	(1,487)	72.6%
Income taxes	1,601	1,338	(263)	83.6%
Net Income	3,831	2,607	(1,224)	68.1%
Net income (loss) attributable to non-controlling interests	11	7	(4)	65.3%
Net income attributable to owners of the parent	3,819	2,600	(1,219)	68.1%
Depreciation and amortization (Property, plant and equipment and intangible assets)	2,921	3,232	310	110.6%
Amortization of goodwill	496	477	(18)	96.3%

*1 Sales of bio-industry support "Other" have been included in "Reagents for Research" since FY3/2021, and the results for FY3/2,020 in this table have been reclassified to reflect these changes.

*2 As a result of the change to a single segment from March 2021, the statement for consolidated earnings forecasts by segment (operating profit) is omitted from this time.