



**Consolidated Financial Statements for the Second Quarter Ended September 30, 2018  
FY2019 (April 1, 2018 - March 31, 2019) [UNAUDITED]**

November 6, 2018

Company name: Takara Bio Inc.  
 Stock exchange listings: Tokyo Stock Exchange (1st section)  
 Code number: 4974  
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Quarterly statement filing date (as planned): November 9, 2018

Scheduled date of starting delivery of dividends: -

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 six months ended September 30, 2018 (Apr. 1, 2018 – Sep. 30, 2018)**

**(1) Operating results**

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

	Six months ended Sep. 30, 2018		Six months ended Sep. 30, 2017	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	17,370	23.0	14,126	7.0
Operating income	2,623	280.9	688	(50.0)
Ordinary income	2,669	248.5	766	(46.9)
Net income (loss) attributable to owners of the parent	1,720	468.5	302	(54.6)
Net income per share (in yen)	14.29		2.51	
Fully diluted net income per share (in yen)	-		-	
Note: Comprehensive income	849	(- %)	(366)	(- %)

**(2) Financial position**

	As of Sep. 30, 2018	As of Mar. 31, 2018
	(Millions of yen)	(Millions of yen)
Total assets	68,677	68,670
Net assets	62,267	61,959
Equity ratio (%)	90.5	90.1
Net assets per share (in yen)	516.31	513.66
(Reference) Equity	62,172	61,852

Partial revision of accounting standard related to tax effect accounting (Article 28 on corporate accounting standard, February 16, 2018) has been applied from the beginning of the year ending March 31, 2019. Accordingly, financial position for the year ended March 31, 2018 indicates the numerical value after retroactive adjustment due to this revision.

**2. Dividends**

	Annual dividends per share in yen		
	Year ended Mar. 31, 2018	Year ended Mar. 31, 2019	Year ending Mar. 31, 2019 (Forecast)
First quarter end	-	-	-
Second quarter end	0.00	0.00	-
Third quarter end	-	-	-
Year end	4.50	-	6.00
Annual	4.50	-	6.00

Note: No revision of dividend payment forecast since the most recently announced payment forecast.

### 3. Forecast for the year ending March 31, 2019 (Apr. 1, 2018 – Mar. 31, 2019)

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

	Year ending Mar. 31, 2019	
	(Millions of yen)	(%)
Net sales	35,800	10.8
Operating income	5,000	40.6
Ordinary income	5,200	34.6
Net income attributable to owners of the parent	3,100	32.8
Net income attributable to owners of the parent per share (in yen)	25.74	

Note: Revision of financial forecast since the most recently announced financial forecast.: Yes.

#### ※ Others

- (1) Changes in subsidiaries during the period  
(Changes in specified subsidiaries resulting in change of scope) : No  
Newly included: - (Name)  
Excluded: - (Name)
- (2) Application of special accounting methods to the consolidated quarterly financial statements : No
- (3) Changes in accounting policies, changes in 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 year end (Treasury stocks are included)

As of September 30, 2018	120,415,600
As of March 31, 2018	120,415,600
  - 2) Number of treasury stocks at year end

As of September 30, 2018	-
As of March 31, 2018	-
  - 3) Average number of outstanding shares (Quarterly total)

As of September 30, 2018	120,415,600
As of March 31, 2018	120,415,600

※ These quarterly 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 Group based on information currently available to the Group 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. Quality Information for the six months ended September 30, 2018 (4) Qualitative Information Regarding Consolidated Forecasts, on page 3 of the attached document.

(Change in calendar indication)

Calendar indication has been changed from Japanese style to western style since Consolidated Financial Statements for the first quarter ended June 30, 2018.

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## 1. Qualitative Information for the six months ended September 30, 2018

### (1) Consolidated Financial Results

In the six months ended September 30, 2018, although the Japanese economy continued to maintain a moderate recovery as personal consumption and corporate earnings improved, the future of the global economy continues to be unpredictable due to the price hikes of crude oil and raw materials and the U.S. trade friction issue.

Under these circumstances, the three-year Takara Bio's Medium-Term Management Plan FY2020 started in FY2018 aims to strengthen the three business segments: the Bioindustry Business, the Gene Therapy Business, and the AgriBio Business and business bases which support them to enhance standing of the Takara Bio Group (the Group) as a global industrial company for regenerative medical products, and further to achieve prodigious growth. Under this overall policy, the Group promoted initiatives to achieve the operating income of ¥6.0 billion as the target for fiscal 2020, final year of the revised Medium-Term Management Plan.

As a result, overall net sales increased 23.0% year on year to ¥17,370 million, on contributions from sales for research reagents exceeding those of the same period of the previous fiscal year and receipt of licensing fees for co-development/exclusive sales related to NY-ESO-1 · siTCR™ and CD19 · CAR gene therapy products. Cost of sales increased 18.2% year on year to ¥7,049 million, and gross profit increased 26.5% year on year to ¥10,321 million. Selling, general and administrative (SG&A) expenses increased 3.0% year on year to ¥7,697 million due to the increase in personnel expenses, but the Group recorded operating income up 280.9% year on year to ¥2,623 million.

Accompanied with the increase in operating income, ordinary income increased 248.5% to ¥2,669 million, income before income taxes and minority interests increased 225.0% year on year to ¥2,436 million, and net income attributable to owners of the parent increased 468.5% year on year to ¥1,720 million.

The statuses of the Group business segments are as follows.

#### Bioindustry Business

Given the ever-widening activities of biotechnology R&D, the Group has positioned the the Bioindustry Business as its core business, which mainly develops and provides products and services supporting such R&D activities.

In the six months ended September 30, 2018, sales of contracted service decreased year on year, but sales of research reagents and scientific instruments increased year on year.

As a result of the above, sales to external customers for this business increased 9.2% year on year to ¥14,316 million, and gross profit increased 4.9% year on year to ¥8,311 million due to an increase of cost percentage from change of sales composition by item and others. Selling, general and administrative (SG&A) expenses were ¥5,722 million (year on year ratio 104.9%), and the Group recorded operating income up 4.7% year on year to ¥2,588 million.

#### Gene Therapy Business

The business focuses on clinical development of gene therapies for diseases such as cancer. These therapies represent the oncolytic virus therapy utilizing canerpaturev (Abbreviated to C-REV, Former HF10) and the engineered T cell therapy utilizing the original Takara Bio technologies such as the RetroNectin method for a high efficiency gene transduction; the RetroNectin expansion-culture system for a high efficient expansion for lymphocytes; as well as siTCR™.

In the six months ended September 30, 2018, the licensing fees for domestic co-development and exclusive sales related to NY-ESO-1 · siTCR™ and CD19 · CAR gene therapy products and sales of the therapeutic products based on the agreement was generated.

As a result, net sales to external customers for this business was ¥2,144 million (No result in the previous fiscal year), and gross profit were ¥1,862 million (No result in the previous fiscal year). SG&A expenses decreased 21.9% year on year to ¥664 million due to decrease in R&D expenses. Accordingly, operating income has been highly improved ¥1,198 million, compared with ¥850 million in the same period of previous fiscal year.

#### AgriBio Business

This business uses its unique leading-edge biotechnology to identify the scientific basis of foodstuffs. Based on this evidence, it develops, manufactures, and sells functional food ingredients. The AgriBio Business focuses on rolling out products related to Gagome kombu (kelp)-derived "Fucoidan," agar-derived agaro-oligosaccharide, Ashitaba (Angelica herb)-derived "Chalcone," the herb (Peucedanum japonicum)-derived "Isosamidin," yam, (Dioscorea esculenta)-derived "Yamsgenin", and mushroom.

In the six months ended September 30, 2018, net sales of mushroom-related products was similar at the level of previous fiscal year, and net sales of functional foods-related products declined year on year.

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Consequently, net sales to external customers for this business decreased 10.2% year on year to ¥909 million, and gross profit decreased 37.2% to ¥147 million. SG&A expenses were same level as previous fiscal year, ¥232 million (year on year ratio 98.1%), and the operating loss was badly ¥85 million, compared with ¥2 million in the same period of previous fiscal year.

**(2) Overview of Financial Position for the six months ended September 30, 2018**

In the six months ended September 30, 2018, total assets were ¥68,677 million, an increase of ¥6 million compared with that at the end of the previous fiscal year. This increase primarily resulted from an increase of ¥1,573 million in cash and deposits and an increase of ¥670 million in inventories such as work in progress despite a decrease of ¥1,257 million in notes and accounts receivable-trade and a decrease of ¥953 million in intangible assets.

Total liabilities were ¥6,409 million, a decrease of ¥301 million compared with that at the end of the previous fiscal year. This decrease primarily resulted from a decrease of ¥319 million in notes and accounts receivable-trade and a decrease of ¥417 million in accounts payable-other of current liabilities despite an increase of ¥186 million in accrued income taxes and an increase of ¥222 million in allowance.

Total net assets stood at ¥62,267 million, an increase of ¥308 million compared with that at the end of the previous fiscal year. The main factors were an increase of ¥1,178 million in retained earnings despite a decrease of ¥873 million in foreign currency translation adjustment.

**(3) Overview of Cash Flows for the six months ended September 30, 2018**

Net cash provided by operating activities was ¥3,713 million, up by ¥3,302 million compared with the previous fiscal year. This was primarily due to an increase of ¥1,686 million in income before taxes and minority interests and a decrease of ¥773 million in current liabilities.

Net cash provided by investing activities was ¥1,803 million, a decrease of ¥10,815 million compared with the previous fiscal year. This was primarily due to the elimination of ¥12,396 million from purchase of shares of subsidiaries accompanying changes in the scope of consolidation occurred in the previous fiscal year.

Net cash used in financing activities was ¥540 million, an increase of ¥22 million compared with the previous fiscal year. This was primarily because of a ¥60 million increase in cash dividends paid.

As a result of the above, cash and cash equivalents at the six months ended September 30, 2018, including the effect of exchange rate change on cash and cash equivalents, stood at ¥11,218 million, up by ¥1,166 million from the previous fiscal year-end.

**(4) Overview of Qualitative Information Regarding Consolidated Forecasts**

As for consolidated financial forecast for FY2019, the Company has revised the financial forecast disclosed on May 11, 2018, considering results for the six months ended September 30, 2018 and recent progress in our business,

Net sales in Gene Therapy business is expected to be exceeded the plan while that in Bioindustry business and AgriBio business remains unachieved as a possibility. Accordingly, the Company downwardly revised the forecast on the whole.

As for profit, gross profit would be dropped due to the unachieved net sales, but operating income would be left unchanged as a result of a prospect absorbing the downward factor in reducing over the entire SG&A expenses.

For a comparison between revised forecasts for consolidated results, previous period results, and previous forecasts, refer to “Comparative Statement of Income Relating to Consolidated Earnings Forecasts” on page 14.

## 2. Consolidated Quarterly Financial Statements and Primary Notes

### (1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of Mar. 31, 2018	As of Sep. 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	17,537	19,111
Notes and accounts receivable-trade	8,031	6,774
Securities	2,000	2,000
Merchandise and finished goods	4,484	4,510
Work in process	334	754
Raw materials and supplies	1,192	1,416
Other	978	898
Allowance for doubtful accounts	(42)	(45)
Total current assets	34,516	35,420
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	12,825	12,704
Accumulated depreciation	(5,611)	(5,761)
Buildings and structures, net	7,214	6,942
Machinery, equipment and vehicles	7,561	7,438
Accumulated depreciation	(5,360)	(5,366)
Machinery, equipment and vehicles, net	2,201	2,071
Tools, furniture and fixtures	7,080	7,068
Accumulated depreciation	(4,613)	(4,873)
Tools, furniture and fixtures, net	2,466	2,195
Land	6,588	6,585
Lease assets	16	15
Accumulated depreciation	(16)	(15)
Lease assets, net	—	—
Construction in progress	63	713
Total Property, plant and equipment	18,534	18,509
Intangible assets		
Goodwill	8,259	7,824
Other	5,903	5,384
Total intangible assets	14,163	13,209
Investments and other assets		
Investments and other assets	1,456	1,537
Total investments and other assets	1,456	1,537
Total noncurrent assets	34,154	33,256
Total assets	68,670	68,677

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(Millions of yen)

	As of Mar. 31, 2018	As of Sep. 30, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	1,875	1,555
Accrued income taxes	431	618
Provision	333	556
Other	3,104	2,712
Total current liabilities	5,745	5,442
Noncurrent liabilities		
Net defined benefit liability	659	668
Other	307	298
Total noncurrent liabilities	966	967
Total liabilities	6,711	6,409
<b>Net assets</b>		
Shareholders' equity		
Common stock	14,965	14,965
Capital surplus	32,893	32,893
Retained earnings	12,285	13,464
Total shareholders' equity	60,144	61,323
Accumulated other comprehensive income		
Foreign currency translation adjustment	2,042	1,168
Remeasurements of defined benefit plans	(334)	(320)
Total accumulated other comprehensive income	1,707	848
Noncontrolling interests	106	95
Total net assets	61,959	62,267
<b>Total liabilities and net assets</b>	<b>68,670</b>	<b>68,677</b>

**(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income**  
**(Consolidated Quarterly Statements of Income)**  
**(For the six months ended September 30, 2018)**

(Millions of yen)

	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2018
Net sales	14,126	17,370
Cost of sales	5,965	7,049
Gross profit	8,160	10,321
Selling, general and administrative expenses		
Employees' salaries and bonuses	1,742	1,947
Retirement benefit expenses	87	88
R&D expenses	2,297	2,104
Provision for allowances	191	277
Other	3,152	3,280
Total selling, general and administrative expenses	7,471	7,697
Operating income	688	2,623
Non-operating income		
Interest income	40	43
Subsidy income	1	2
Foreign exchange gains	23	—
Rent of Real estate	43	45
Other	20	7
Total non-operating income	129	98
Non-operating expenses		
Interest expenses	6	—
Foreign exchange losses	—	24
Dormant fixed asset cost	29	4
Real estate leasing expense	15	20
Other	1	2
Total non-operating expenses	52	52
Ordinary income	766	2,669
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	16	63
Loss due to disaster	—	128
Impairment loss	—	41
Total extraordinary losses	16	233
Income before income taxes and minority interests	749	2,436
Income taxes-current	406	862
Income taxes-deferred	43	(144)
Total income taxes	450	718
Net income	299	1,717
Net income (loss) attributable to the noncontrolling interest	(3)	(2)
Net income attributable to owners of the parent	302	1,720



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**(Consolidated Quarterly Statements of Comprehensive Income)**

**(For the six months ended September 30, 2018)**

	(Millions of yen)	
	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2018
Net income	299	1,717
Other comprehensive income		
Foreign currency translation adjustment	(692)	(882)
Remeasurements of defined benefit plans	26	14
Total other comprehensive income	(665)	(867)
Comprehensive income	(366)	849
Comprehensive income attributable to:		
Owners of the parent	(363)	861
Noncontrolling interest	(2)	(11)

**(3) Consolidated Statements of Cash Flows**

(Millions of Yen)

	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2018
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	749	2,436
Depreciation and amortization	1,247	1,336
Impairment loss	—	41
Depreciation and amortization on other	71	82
Amortization of goodwill	236	247
Increase (decrease) in allowance for doubtful accounts	9	4
Increase (decrease) in other provision	(215)	224
Increase (decrease) in net defined benefit liability	19	10
Interest income	(40)	(43)
Interest expenses	6	—
Loss (gain) on sales and retirement of non-current assets	16	62
Disaster loss	—	128
Decrease (increase) in notes and accounts receivable-trade	1,708	1,148
Decrease (increase) in inventories	(728)	(958)
Increase (decrease) in notes and accounts payable-trade	(754)	(253)
Increase (decrease) in other current liabilities	(938)	(165)
Other, net	(197)	(95)
Subtotal	1,190	4,208
Interest and dividend income received	59	43
Interest expenses paid	(0)	—
Income taxes paid	(838)	(538)
Net cash provided by (used in) operating activities	410	3,713
Net cash provided by (used in) investing activities		
Payments for time deposits	(6,304)	(3,938)
Proceeds from time deposits	6,014	3,442
Purchase of marketable securities	—	(2,000)
Proceeds from sales of property, plant and equipment and intangible assets	—	2,000
Purchase of property, plant and equipment and intangible assets	(635)	(1,264)
Proceeds from sales of property, plant and equipment and intangible assets	456	1
Purchase of other depreciable assets	(33)	(46)
Purchase of shares of subsidiaries accompanying changes in the scope of consolidation	(12,396)	—
Other, net	279	1
Net cash provided by (used in) investing activities	(12,619)	(1,803)
Net cash provided by (used in) financing activities		
Repayments of long-term debt	(13)	—
Cash dividends paid	(480)	(540)
Repayments of lease obligations	(24)	—
Net cash provided by (used in) financing activities	(518)	(540)
Effect of exchange rate change on cash and cash equivalents	(289)	(202)
Net increase (decrease) in cash and cash equivalents	(13,016)	1,166
Cash and cash equivalents at beginning of period	22,200	10,051
Cash and cash equivalents at end of period	9,184	11,218

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#### (4) Notes to Consolidated Quarterly Financial Statements

##### (Notes on Premise of Going Concern)

No items to report.

##### (Notes in case of Changes in Marked Amount of Shareholders' Equity)

No items to report.

##### (Additional Information)

(Application of partial revision of accounting standard related to tax effect accounting)

Partial revision of accounting standard related to tax effect accounting (Article 28 on corporate accounting standard, February 16, 2018) has been applied at the beginning of period for the three months ended June 30, 2018, and category statement to investments and other assets for deferred tax assets and to noncurrent liabilities for deferred tax liability has been made.

##### (Agreement Execution relating to Business Reorganization by Simplified Absorption-type Company Split)

The Company made a resolution at the meeting of the Board of Directors held on September 20, 2018 pursuant to which the Company would transfer the Group's functional food business to Shionogi Healthcare Co., Ltd (Shionogi Healthcare) in accordance with the Simplified Absorption-type Company Split with the effective date of January 1, 2019 (scheduled), and entered into an absorption-type split agreement on the same day.

#### 1. Purpose of Absorption-type Split

The Company's Medium-Term Management Plan 2020 started in 2017 aims to promote three businesses: Bioindustry, Gene Therapy, and AgriBio businesses, enhance Takara Bio's standing as a global industrial company for regenerative medicine products, and to achieve prodigious growth.

Under the plan, the Group engaged in the business in line with its growth strategy. Through activities based on recent progress in the business environment, it is considerably more important in creating high corporate value, with the aim of fulfilling "selection and concentration" in business operation and achieving the plan. With this background, the Company has been seeking a company to continue the business maximizing the use of corporate resource such as research achievements, etc. accumulated in the functional food business. As a result of discussion and negotiations with Shionogi Healthcare, a group company of Shionogi & Co., Ltd. strengthening the functional food business, the Company has decided to implement a business reorganization by the company split.

#### 2. Split Method, Split Date and Details of Split Allotment

##### (1) Split Method

The functional food business in the Group's AgriBio business will transferred to Shionogi Healthcare due to the absorption-type split method which the Company is a splitting company.

##### (2) Split Date

January 1, 2019 (scheduled)

##### (3) Details of Split Allotment

The compensation amount for this split receiving from Shionogi Healthcare will be 534 million yen in cash.

Note: Compensation may be adjusted afterward due to changes of assets and liabilities succeeded.

##### (4) Assets and Liabilities allocated and Book Value (As of March 31, 2018) (millions of yen)

Assets		Liabilities	
Current assets	356	Current liabilities	50
Non-current assets	150	Non-current liabilities	-
Total assets	506	Total liabilities	50

Note: The above amount will be finalized by considering the changes of financial position until the effective date.

#### 3. Reason of Detail Allotments related to Split

For the purpose of validity assessment of compensation in the relevant business, the Company selected Value Advisory LLC (Value) as a third-party advisory institution and requested Value to assess the business value. To determine the compensation in the relevant business, the Company has discussed with Shionogi Healthcare based on the circumstances such as financial status in business, assets condition, future outlook, etc. and reference to assessment results from Value, reaching agreement on the compensation amount in stated Article 2. (3).

#### 4. Outlines of Successor Involved in Split

Company Name	Shionogi Healthcare Co., Ltd
Head Office	7 <sup>th</sup> Floor, Yodoyabashi Square, 6-18, Kitahama 2-chome, Chuo-ku, Osaka 541-0041, Japan
Representative	Itaru Hirano, President and CEO
Paid-in Capital	10 million yen (As of March 31, 2018)
Business Description	Development, manufacture and sales of healthcare products such as OTC pharmaceuticals, quasi-pharmaceuticals, medical device, etc.

#### (Segment Information)

##### I. Equivalent period of previous fiscal year (From Apr. 1, 2017 to Sep. 30, 2017)

##### 1. Net sales and income (loss) by reportable segment

(Millions of yen)

	Bioindustry	Gene Therapy	AgriBio	Total	Adjustment (Note: 1)	Amount recognized in consolidated quarterly statement of income (Note: 2)
Net sales						
External customers	13,114	—	1,012	14,126	—	14,126
Corporate	—	—	2	2	(2)	—
Total	13,114	—	1,014	14,129	(2)	14,126
Segment income (loss)	2,473	(850)	(2)	1,619	(930)	688

Notes: 1. The adjustment for segment income was a loss of ¥930 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 income (loss) has been adjusted to the operating income of consolidated quarterly financial statements.

##### 2. Noncurrent asset impairment losses and goodwill, and others of each reportable segment

(Significant impairment losses concerning noncurrent asset)

No items to report.

(Significant changes to the amount of goodwill)

In Bioindustry business, the wholly owned subsidiary Takara Bio USA Holdings Inc. acquired shares of WaferGen Biosystems, Inc. and Rubicon Genomics, Inc., and thereby the Group allocated the goodwill. Based on this, the increased amount of goodwill was ¥7,713 million for the six month ended September 30, 2018. This amount is based on tentative calculation due to incompleteness of distribution of acquisition costs.

##### II. Six months ended September 30, 2018 (From Apr. 1, 2018 to Sep. 30, 2018)

##### 1. Net sales and income (loss) by reportable segment

(Millions of yen)

	Bioindustry	Gene Therapy	AgriBio	Total	Adjustment (Note: 1)	Amount recognized in consolidated financial statements (Note: 2)
Net sales						
External customers	14,316	2,144	909	17,370	—	17,370
Corporate	—	—	—	—	—	—
Total	14,316	2,144	909	17,370	—	17,370
Segment income (loss)	2,588	1,198	(85)	3,701	(1,078)	2,623

Notes: 1. The adjustment for segment income was a loss of ¥1,078 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 income (loss) has been adjusted to the operating income of consolidated quarterly financial statements.

##### 2. Noncurrent asset impairment losses and goodwill, and others of each reportable segment

(Significant impairment losses concerning noncurrent asset)

In AgriBio business segment, the impairment loss for business assets such as prospectively unused building and others has been appropriated as extraordinary losses.

The amount of impairment loss was ¥41 million for the six months ended September 30, 2018

(Significant changes in the amount of goodwill)

No items to report.

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### 3. Supplementary Information

#### (1) Trends in Key Management Indicators

##### 1). Cash Flow

(Millions of yen)

Term	Six months ended Sep. 30, 2017 (Apr. 1, 2017 - Sep. 30, 2017)	Six months ended Sep. 30, 2018 (Apr. 1, 2018 - Sep. 30, 2018)	Year ended Mar. 31, 2018 (Apr. 1, 2017 - Mar. 31, 2018)
Net cash provided by (used in) operating activities	410	3,713	3,935
Net cash provided by (used in) investing activities	(12,619)	(1,803)	(14,755)
Net cash provided by (used in) financing activities	(518)	(540)	(1,205)

##### 2). Net Sales by Region

(Millions of yen)

	Six months ended Sep. 30, 2017 (Apr. 1, 2017 - Sep. 30, 2017)	Six months ended Sep. 30, 2018 (Apr. 1, 2018 - Sep. 30, 2018)	Year ended Mar. 31, 2018 (Apr. 1, 2017 - Mar. 31, 2018)
Japan	5,731	7,652	14,266
U.S.	3,552	4,040	7,240
China	2,519	3,001	5,524
Asia excluding Japan and China	844	991	1,754
Europe	1,353	1,557	3,257
Other	124	127	268
Total	14,126	17,370	32,312

##### 3). R&D Expenses by Reportable Segment

(Millions of yen)

	Six months ended Sep. 30, 2017 (Apr. 1, 2017 - Sep. 30, 2017)	Six months ended Sep. 30, 2018 (Apr. 1, 2018 - Sep. 30, 2018)	Year ended Mar. 31, 2018 (Apr. 1, 2017 - Mar. 31, 2018)
Bioindustry	1,382	1,353	2,693
Gene therapy	841	655	1,804
AgriBio	1	—	6
Corporate	71	95	148
Total	2,297	2,104	4,653

(2) Comparative consolidated statement of income

(Rounded down to one million yen)

	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019	Year on year Change	Year on year Ratio
(Net Sales)				
Research reagents	10,000	11,149	1,149	111.5%
Scientific instruments	1,306	1,390	84	106.5%
Contracted services	1,590	1,555	(34)	97.8%
Other	217	220	3	101.7%
<b>Bioindustry Total</b>	<b>13,114</b>	<b>14,316</b>	<b>1,202</b>	<b>109.2%</b>
Gene therapy	—	2,144	2,144	—
Functional foods	350	247	(103)	70.5%
Mushrooms	661	662	0	100.1%
AgriBio total	1,012	909	(102)	89.8%
<b>Total Net Sales</b>	<b>14,126</b>	<b>17,370</b>	<b>3,244</b>	<b>123.0%</b>
(Operating Income and Loss)				
<b>Net Sales</b>	<b>14,126</b>	<b>17,370</b>	<b>3,244</b>	<b>123.0%</b>
Cost of sales	5,965	7,049	1,083	118.2%
Gross profits	8,160	10,321	2,160	126.5%
SG&A expenses	7,471	7,697	226	103.0%
Transportation expenses	303	339	36	111.9%
Advertising expenses	39	30	(9)	76.5%
Promotion expenses	394	344	(50)	87.1%
R&D expenses	2,297	2,104	(193)	91.6%
Administrative expenses, other	4,332	4,719	387	108.9%
Enterprise taxes (external standards taxation)	103	159	56	154.6%
<b>Operating income</b>	<b>688</b>	<b>2,623</b>	<b>1,934</b>	<b>380.9%</b>
(Non-operating Income and Expenses)				
Non-operating income	129	98	(31)	76.1%
Non-operating expenses	52	52	0	100.0%
<b>Ordinary income</b>	<b>766</b>	<b>2,669</b>	<b>1,903</b>	<b>348.5%</b>
(Extraordinary Income & Losses)				
Extraordinary income	0	0	0	216.7%
Extraordinary losses	16	233	217	1,398.2%
Income before income taxes and minority interests	749	2,436	1,686	325.0%
Income taxes	450	718	268	159.6%
Net Income	299	1,717	1,418	574.0%
Net income (loss) attributable to noncontrolling interests	(3)	(2)	0	—
<b>Net income attributable to owners of the parent</b>	<b>302</b>	<b>1,720</b>	<b>1,418</b>	<b>568.5%</b>

Depreciation and amortization (Property, plant and equipment and intangible assets)	1,247	1,336	89	107.2%
Amortization of goodwill	236	247	10	104.4%

Profit and loss by business segment (Operating income)

	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2019	Year on year Change	Year on year Ratio
Bioindustry	2,473	2,588	115	104.7%
Gene therapy	(850)	1,198	2,049	—
AgriBio	(2)	(85)	(82)	—
Corporate	(930)	(1,078)	(147)	—
<b>Total</b>	<b>688</b>	<b>2,623</b>	<b>1,934</b>	<b>380.9%</b>

The original disclosure in Japanese was released on November 6, 2018 at 17:00 (GMT+8)

**(3) Comparative statement of income relating to consolidated earnings forecasts**

(Rounded down to one million yen)

	Year ended Mar. 31, 2018 Actual	Year ending Mar. 31, 2019 Previous forecast	Year ending Mar. 31, 2019 Current forecast	Year on year Change	Year on year Ratio	Previous forecast Change	Previous forecast Ratio
(Net Sales)							
Research reagents	22,207	24,071	23,509	1,302	105.9%	(562)	97.7%
Scientific instruments	2,635	3,262	2,680	45	101.7%	(582)	82.2%
Contracted services	4,210	5,002	4,558	347	108.3%	(443)	91.1%
Other	514	382	500	(14)	97.3%	118	131.0%
Bioindustry Total	29,568	32,719	31,249	1,681	105.7%	(1,469)	95.5%
Gene therapy	500	1,860	2,590	2,090	518.1%	730	139.2%
Functional foods	693	555	398	(294)	57.5%	(156)	71.8%
Mushrooms	1,550	1,664	1,560	9	100.6%	(103)	93.8%
AgriBio total	2,243	2,219	1,959	(284)	87.3%	(260)	88.3%
<b>Total Net Sales</b>	<b>32,312</b>	<b>36,800</b>	<b>35,800</b>	<b>3,487</b>	<b>110.8%</b>	<b>(1,000)</b>	<b>97.3%</b>
(Operating Income and Loss)							
<b>Net Sales</b>	<b>32,312</b>	<b>36,800</b>	<b>35,800</b>	<b>3,487</b>	<b>110.8%</b>	<b>(1,000)</b>	<b>97.3%</b>
Cost of sales	13,657	15,122	14,890	1,232	109.0%	(232)	98.5%
Gross profits	18,655	21,677	20,909	2,254	112.1%	(767)	96.5%
SG&A expenses	15,099	16,677	15,909	810	105.4%	(767)	95.4%
Transportation expenses	643	758	734	91	114.3%	(23)	96.9%
Advertising expenses	83	93	55	(27)	67.2%	(38)	59.5%
Promotion expenses	729	812	735	5	100.8%	(77)	90.4%
R&D expenses	4,653	5,229	4,555	(97)	97.9%	(673)	87.1%
Administrative expenses, other	8,750	9,513	9,533	782	108.9%	20	100.2%
Enterprise taxes (external standards taxation)	239	269	294	55	123.1%	25	109.4%
<b>Operating income</b>	<b>3,555</b>	<b>5,000</b>	<b>5,000</b>	<b>1,444</b>	<b>140.6%</b>	<b>—</b>	<b>100.0%</b>
(Non-operating Income and Expenses)							
Non-operating income	402	257	331	(70)	82.5%	74	128.9%
Non-operating expenses	96	57	131	35	137.2%	74	229.8%
<b>Ordinary income</b>	<b>3,861</b>	<b>5,200</b>	<b>5,200</b>	<b>1,338</b>	<b>134.6%</b>	<b>—</b>	<b>100.0%</b>
(Extraordinary Income & Losses)							
Extraordinary income	0	—	69	68	8,995.6%	69	—
Extraordinary losses	501	555	751	249	149.8%	196	135.3%
Income before income taxes and minority interests	3,361	4,644	4,518	1,157	134.4%	(126)	97.3%
Income taxes	1,023	1,529	1,410	387	137.8%	(119)	92.2%
Net Income	2,338	3,115	3,108	770	132.9%	(7)	99.8%
Net income (loss) attributable to noncontrolling interests	3	15	8	5	268.5%	(7)	52.2%
<b>Net income attributable to   owners of the parent</b>	<b>2,335</b>	<b>3,100</b>	<b>3,100</b>	<b>764</b>	<b>132.8%</b>	<b>—</b>	<b>100.0%</b>
Depreciation and amortization (Property, plant and equipment and intangible assets)	2,568	2,828	2,724	155	106.1%	(104)	96.3%
Amortization of goodwill	489	510	500	11	102.3%	(9)	98.1%

Profit and loss by business segment (Operating income)

	Year ended Mar. 31, 2018 Actual	Year ending Mar. 31, 2019 Previous forecast	Year ending Mar. 31, 2019 Current forecast	Year on year Change	Year on year Ratio	Previous forecast Change	Previous forecast Ratio
Bioindustry	6,683	7,523	6,778	95	101.4%	(744)	90.1%
Gene therapy	(1,322)	(309)	442	1,765	—	752	—
AgriBio	107	98	25	(81)	23.7%	(73)	25.6%
Corporate	(1,912)	(2,312)	(2,247)	(335)	—	65	—
Total	3,555	5,000	5,000	1,444	140.6%	—	100.0%