The original disclosure in Japanese was released on Dec. 17, 2018 at 15:00 (GMT+9)

December 17, 2018

To whom it may concern,

Company name:	Takara Holdings Inc.
Company representative:	Mutsumi Kimura, President
Securities code and stock exchange listings	2531 Tokyo (1st section)
Inquiries:	Takuya Kakemi, General Manager of Investor Relations Dept.
TEL:	(075)241-5124

Notice Regarding Transfer of Mushroom Business by a Consolidated Subsidiary of Takara Holdings (Takara Bio Inc.)

Takara Bio Inc. (The First Section of Tokyo Stock Exchange, securities code number: 4974), a consolidated subsidiary of the Company, today issued a news release entitled “Notice Regarding Transfer of Mushroom Business”. For details, please refer to the disclosure materials of Takara Bio.

The impact of the share transfer on the consolidated business results for the fiscal year ending March 31, 2019 is expected to be immaterial.

(Attached) Disclosure materials of Takara Bio

The original disclosure in Japanese was released on December 17, 2018 at 15:00 (GMT+8)

December 17, 2018

Company	Takara Bio Inc.
	(First Section of the TSE, code: 4974)
Headquarters	Nojihigashi 7-4-38, Kusatsu, Shiga 525-0058, Japan
Representative	Koichi Nakao, President & CEO
Contact	Shuichiro Matsuzaki, Executive Vice President
Telephone	(+81)77-565-6970
Website	http://www.takara-bio.com/

Notice Regarding Transfer of Mushroom Business

Kusatsu/Shiga, Japan-December 17, 2018 – Takara Bio Inc. (Takara Bio), today announced that a resolution has been made at meeting of the Board of Directors, to transfer Takara Bio Group's mushroom business to Yukiguni Maitake Co., Ltd (Yukiguni Maitake) with the effective date of March 1, 2019 (planned).

1. Purpose of Business Transfer

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

Under this circumstance, our Mushroom Business Department totally operates the Group's Mushroom business, pursuing the business with a unification system of production and sales by our affiliated companies, Mizuho Norin., Ltd. (Kyotamba-cho Kyoto; Production and sales of Honshimeji (perishable/frozen) and Hatakeshimeji) and KINOKO CENTER KIN INC. (Kin-cho Okinawa; Production and sales of Bunashimeji).

Through activities based on recent progress in the business environment, it is considerably more important in fulfilling "selection and concentration" in business operation with the aim of achieving the Medium-Term Management Plan and creating high corporate value. With this background, Takara Bio has been seeking a company to continue the business manufacturing and selling the mushrooms with utmost use of corporate resource accumulated.

As a result of discussion and negotiations about the transfer of Group's mushroom business (including all shares of Mizuho Norin Co., Ltd. and KINOKO CENTER KIN INC. owned by Takara Bio) with Yukiguni Maitake having Japan's top share in the Maitake mushroom market and expanding the production and sales for various mushrooms, Takara Bio has decided to implement a business transfer.

2. Summary of Business Transfer

(1) Outline of Mushroom Business

Development/production/sales and licensing of mushroom (Honshimeji (perishable/frozen), Hatakeshimeji, Bunashimeji) and sales of medium stimulator, etc.

(2) Subject to Transfer

- All shares of Mizuho Norin Co., Ltd owned by Takara Bio.
- All shares of KINOKO CENTER KIN INC owned by Takara Bio.
- Intellectual property relating to Mushroom business owned by Takara Bio

(3) Business Results for Mushroom ended March 31, 2018 (millions of yen)

	Mushroom Business (a)	Consolidated Results ended March 31, 2018 (b)	Ratio (a/b)
Net sales	1,558	32,312	4.8%
Operating income	34	3,555	0.9%

3. Outlines of Successor Company

(1)	Company Name	Yukiguni Maitake Co., Ltd	
(2)	Head Office	89 Yokawa, Minamiuonuma-shi, Niigata Prefecture 949-6695, JAPAN	
(3)	Representative	Iwao Ashikaga, President	
(4)	Business Description	Production and sales of Maitake mushroom, Eringi mushroom, Bunashimeji Mushroom, cut vegetables, and processed mushrooms and health foods.	
(5)	Paid-in Capital	100 million yen	
(6)	Establishment	February 1982	
(7)	Major shareholder and Shareholding Ratio	Bain Capital Snow Hong Kong, Limited (51.0%), SHINMEI Co., LTD. (49.0%)	
(8)	Relationship between companies concerned	Capital relationship	Not applicable
		Personnel relationship	Not applicable
		Business relationship	Not applicable
		Applicability to related companies	Not applicable

4. Schedule

(1)	Resolution of Board of Directors	December 17, 2018
(2)	Agreement Conclusion	December 17, 2018
(3)	Business Transfer (planned)	March 1, 2019

Because of the business transfer not specified in Article 467, Paragraph 1(2) of the Companies Act, important partial transfer of business and whole or partial transfer of the subsidiary's shares and equities, it will be implemented without obtaining the approval of a general meeting of shareholders.

5. Accounting Overview and Future Outlook

The impact of the business transfer on the consolidated financial results for the fiscal year ending March 31, 2019 is expected to be immaterial. Also, the impact of business transfer on the consolidated financial results for the next fiscal year would be reflected in consolidated financial results forecast for the fiscal year ending March 31, 2020 disclosed at a time of announcement of financial results ending March 31, 2019.

(Reference) (millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
FY2019 Forecast	35,800	5,000	5,200	3,100
FY2018 Actual	32,312	3,555	3,861	2,335

Financial forecast for the fiscal year ending March 31, 2019 (announced on November 6) and financial result for previous fiscal year.