

## Financial Results for the first Quarter Ended June 30, 2022

# TAKARA BIO INC.

August 4, 2022

This is an English translation from Japanese presentation material.

### Consolidated Quarterly Financial Results for FY2023 (for the First Quarter Ended June 30, 2022)

(million yen)	1 <sup>st</sup> Quarter Actual	Y/Y
Net sales	14,102	▲1,169 ▲7.7%
Reagents *	12,043	▲477 ▲3.8%
Instruments	267	▲122 ▲31.3%
CDMO	1,291	▲663 ▲33.9%
Gene therapy	499	+92 +22.9%
Gross profit	10,124	▲3,013 ▲22.9%
Operating profit	4,537	▲3,966 ▲46.6%
R&D expenses	1,859	+564 +43.6%

- **Reagents** : Sales increased due to higher-than-expected sales for general research. Sales related the new coronavirus test declined.
- **Instruments** : Sales decrease due to a decrease in demand for new coronavirus testing applications.
- **CDMO** : Orders related to regenerative medicine products and gene analysis / testing remained firm. Revenues from contract work related to the new coronavirus vaccine declined.
- **Gene therapy** : Sales of GMP grade reagents increased
- **R&D expenses** : Aggressively investing for future growth

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\* Including in vitro diagnostics \*\* Explanation of year-on-year changes

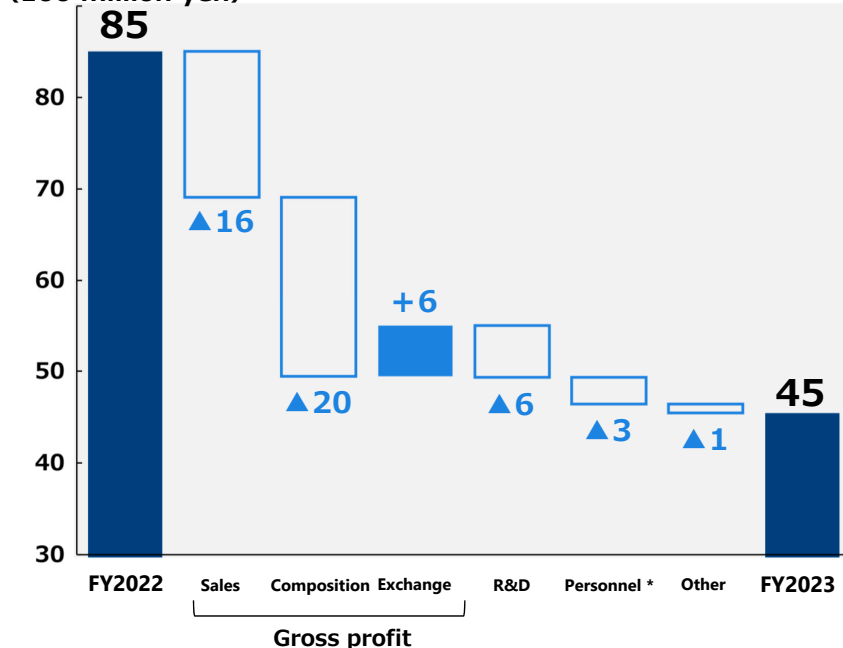
The sales of GMP-grade reagents included in "Reagents" until FY2022 have been included in "Gene therapy" since FY2023

# 1<sup>st</sup> Quarter Ended June 30, 2022; Operating Profit

## Breakdown of changes in operating profit

## Gross profit

(100 million yen)



Decreased due to a decrease in sales related to the new coronavirus and an increase in the cost of sales in the cost of sales ratio due to changes in the product mix and other factors, despite a positive impact from foreign exchange rates.

## SG &A expenses

Increased due to aggressive investment in R&D and personnel expenses.

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※Excluding R&D personal expenses

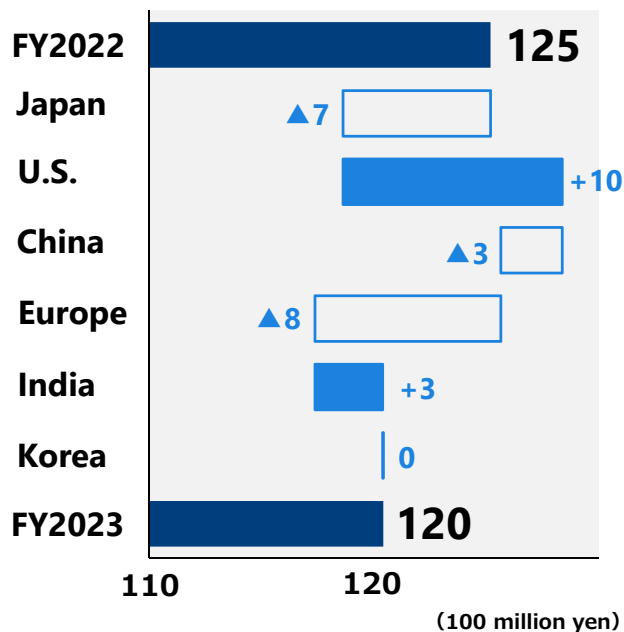
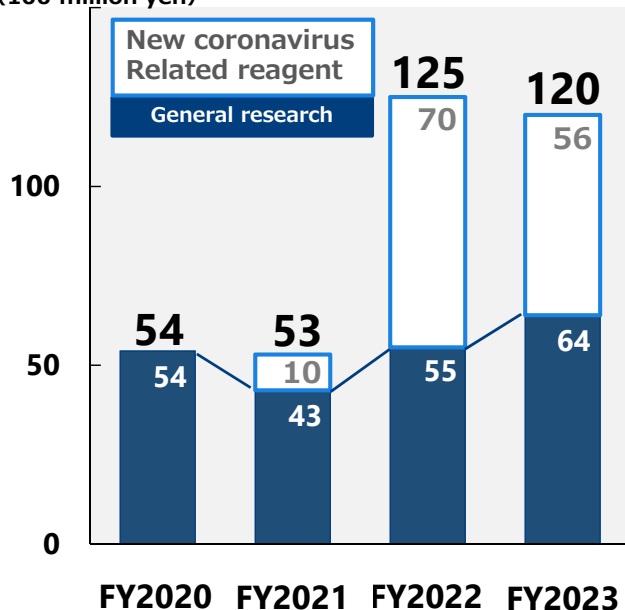


# 1<sup>st</sup> Quarter Ended June 30, 2022; Reagents

## Sales Breakdown

## Sales Breakdown by Region

(100 million yen)



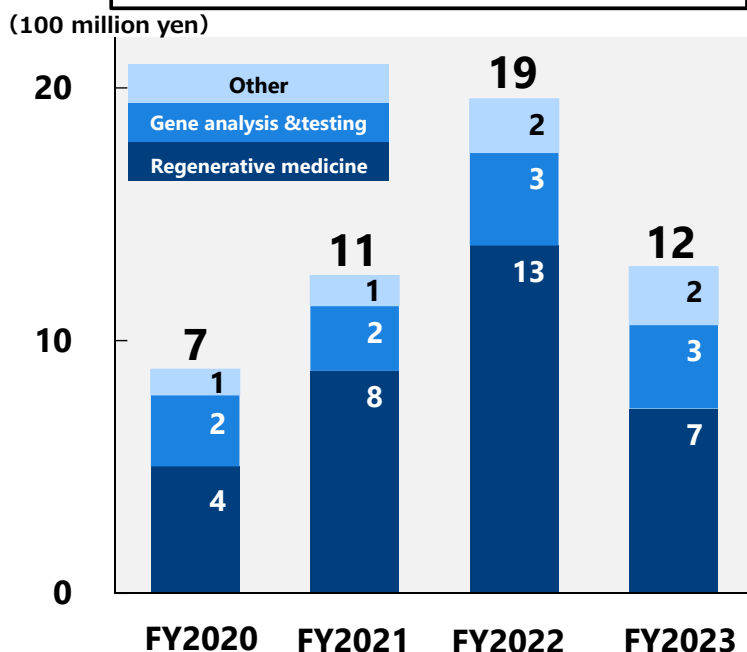
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The sales of GMP-grade reagents (for the manufacture of regenerative medicine and other products), which had been included in "Reagents" until FY2022 have been included in "Gene therapy" since FY2023. This graph has been reclassified to reflect such changes.



# 1<sup>st</sup> Quarter Ended June 30, 2022; CDMO

## Sales Breakdown



## Regenerative medicine

- CDMO for regenerative medicine products such as cell processing and vector manufacturing remained firm
- CDMO related to new coronavirus, such as quality tests, declined

## Gene analysis and testing

Including NGS-related results were largely in line with forecasts.

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## Other Topics①

### ■ First half/Full year FY2023 Results and Dividends (Forecast)

In the 1Q, we were impacted by a decline in demand for new coronavirus related products and services. However, businesses other than those related to the new coronavirus are trending almost as planned, we have not revised its results and dividends (forecast).

### ■ Status of the new coronavirus PCR testing reagents

- Our group has a monthly production capacity equivalent to 12 million reactions for PCR testing reagents and manufactures them according to circumstances.
- Due to the 7<sup>th</sup> wave in Japan (from Jul. 2022) of COVID-19, the domestic demand is rapidly expanding and shipments are increasing rapidly. We have prepared a production system equivalent to a monthly production of 5 million reactions, which is the same scale as the peak of the sixth wave.
- We have also begun handling Antigen testing kits, and we have prepared a system for supplying a few 10 million test kits.
- We will promptly announce impact on our forecasts under TSE disclosure rules.

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## Other Topics②

### ■ A brain-tropic AAV vector for gene therapy: Launched a CDMO service using CereAAV™

CDMO services have been launched for pharmaceutical companies developing gene therapeutics for brain diseases.

### ■ Joint Research: Started joint research with Tokyo University on Exosomes, etc.

We have started joint research on exosomes, which are attracting attention as a new modality, with the aim of developing into CDMO business and gene medicine business.

### ■ New products: Launched PCR testing reagent for Monkeypox virus, Adenovirus

- Monkeypox virus qPCR Detection Kit (for research)
- Adenovirus 40/41 qPCR Typing Kit (for research)

## Forward-looking Statements

Statements in this news release, other than those based on historical fact, concerning the current plans, prospects, strategies and expectations of the Company and its Group represent forecasts of future results. While such statements are based on the conclusions of management according to information available at the time of writing, they reflect many assumptions and opinions derived from information that includes major risks and uncertainties. Actual results may vary significantly from these forecasts due to various factors. Factors that could influence actual results include, but are not limited to, economic conditions, especially trends in consumer spending, as well as exchange rate fluctuations, changes in laws and government systems, pressure from competitors' prices and product strategies, decline in selling power of the Company's existing and new products, disruptions to production, violations of our intellectual property rights, rapid advances in technology and unfavorable verdicts in major litigation.

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## Reference Information (FY2023)

- Consolidated Quarterly Financial Results (1Q)
- Net Sales by Category (1Q)
- Reagents Sales by Region (1Q)
- Performance by Subsidiaries (1Q)
- Exchange Rate (Actual)

## Consolidated Quarterly Financial Results (1Q)

(million yen)

	FY2023 1 <sup>st</sup> Quarter	Y / Y	
		Change	Raito
Net sales	14,102	▲ 1,169	▲ 7.7%
Cost of sales	3,977	+ 1,843	+ 86.4%
Gross profit	10,124	▲ 3,013	▲ 22.9%
SG &A expenses	5,586	+ 952	+ 20.6%
Operating profit	4,537	▲ 3,966	▲ 46.6%
Ordinary profit	4,593	▲ 3,986	▲ 46.5%
Net income attributable to owners of parent	3,907	▲ 2,118	▲ 35.1%

# Net Sales by Category (1Q)

(million yen)

	FY2023 1 <sup>st</sup> Quarter	Y / Y	
		Change	Raito
Reagents	12,043	▲477	▲3.8%
Instruments	267	▲122	▲31.3%
CDMO	1,291	▲663	▲33.9%
Gene therapy	499	+92	+22.9%
<b>Total sales</b>	<b>14,102</b>	<b>▲1,169</b>	<b>▲7.7%</b>

The sales of GMP-grade reagents and the resembling which are used for manufacturing regenerative medicine products included in "Reagents" until the year ended of March 31, 2022, have been included in "Gene therapy" since the year ending March 31, 2023)

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# Reagents Sales by Region (1Q)

(million yen)

	FY2023 1 <sup>st</sup> Quarter	Y/Y (Exchange excluded)	
		Change	Raito
Japan	4,074	▲656	▲13.9%
U.S.	3,271	+687	+29.9%
China	2,590	▲546	▲19.1%
Europe	1,281	▲853	▲40.5%
India	568	+268	+100.2%
Korea	257	0	+0.1%
<b>Total</b>	<b>12,043</b>	<b>▲1,100</b>	<b>▲8.8%</b>

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# Performance by Subsidiaries (1Q)

(million yen)

	1 <sup>st</sup> Quarter Actual	
	Net sales	Operating profit
Takara Bio (Non-consolidates)	8,676	2,385
Takara Bio Europe (Consolidated)	1,376	282
Takara Biotechnology (Dalian)	1,586	558
Takara Biomedical Technology (Beijing)	2,825	467
Takara Korea Biomedical	346	40
DSS Takara India	574	73
Takara Bio USA	4,433	1,049

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# Exchange Rate (Actual)

(Unit : yen)	FY2022 1 <sup>st</sup> Quarter	FY2023 1 <sup>st</sup> Quarter
	Actual	Actual
US dollar	106.09	116.34
Euro	127.80	130.40
Yuan	16.38	18.31
100 Won	9.52	9.64
Rupee	1.46	1.55
Sweden Krona	12.63	12.44
Pound	146.32	155.96

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