

**Financial Results for the Fiscal Year
Ended March 31, 2023 and
Medium-Term Management Plan 2026**

TAKARA BIO INC.

May 16, 2023

This is an English translation from Japanese presentation material.

Contents

- **Consolidated Financial Results for the Fiscal Year Ended March 31, 2023**
- Consolidated Financial Forecasts for the Year Ending March 31, 2024
- Review of Medium-Term Management Plan 2023
- Overview of Medium-Term Management Plan 2026

Consolidated Financial Results of FY2023 (for the Year Ended March 31, 2023): Sales (1)

	Net sales (¥m)	Y/Y	Comparison with Feb. 9 forecast
Reagents	65,925	+13,446 +25.6%	▲ 349 ▲ 0.5%
COVID	35,901	+10,262 +40.0%	▲ 188 ▲ 0.5%
General research	30,024	+3,183 +11.9%	▲ 161 ▲ 0.5%

Reagents: Significant growth in sales of COVID reagents, and sales of general research reagents were firm.

(Local currency basis)	COVID	General research	Overall
Japan	▲	▬	▲
US	▬	▲	▲
China	▬	▬	▬
Europe	▬	▲	▬
Overall	▲	▲	▲

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¥m: millions of yen

(Note) Explanation of year-on-year changes



Consolidated Financial Results of FY2023 (for the Year Ended March 31, 2023) : Sales (2)

	Net sales (¥m)	Y/Y	Comparison with Feb. 9 Forecast
Instruments	1,375	▲ 142 ▲ 9.4%	▲ 174 ▲ 11.3%
CDMO	8,200	▲ 3,226 ▲ 28.2%	▲ 42 ▲ 0.5%
Regenerative medicine	4,469	▲ 1,394 ▲ 23.8%	▲ 21 ▲ 0.5%
Gene Analysis/ Testing & others	3,732	▲ 1,832 ▲ 32.9%	▲ 21 ▲ 0.6%
Gene Therapy	2,640	+365 +16.1%	+8 +0.3%

Instruments: Sales of cell-analysis equipment increased. Sales of PCR equipment decreased.

CDMO: Sales decreased due to contraction of contracts related to COVID vaccines in the previous fiscal year

Gene analysis and testing: Revenues declined due to the contraction of a large-scale genome analysis project led by the Japanese government in the previous fiscal year

Gene Therapy: Sales of RetroNectin® and other AM* increased

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*AM: Ancillary Materials

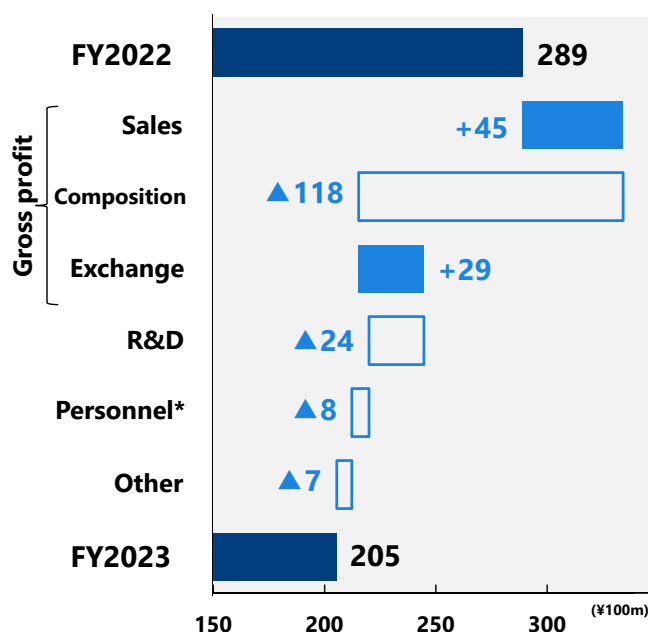
(Note: Explanation of all year-on-year changes)



Consolidated Financial Results for the Fiscal Year Ended March 2023

(¥m)	FY2023 Full year	Y/Y	Comparison with Feb. 9 forecast
Net Sales	78,142	+10,442 +15.4%	▲557 ▲0.7%
Gross profit	44,765	▲4,445 ▲9.0%	▲291 ▲0.6%
Operating profit	20,541	▲8,360 ▲28.9%	+541 +2.7%
R&D expenses	8,575	+2,466 +40.4%	▲78 ▲0.9%

Operating profit (Y/Y)



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* Excluding R&D personnel expenses



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Consolidated Financial Forecasts for FY2024 (for the Year Ending March 31, 2024): Net Sales

(¥m)	Net sales	Y/Y
Reagents	38,353	▲27,571 ▲41.8%
Instruments	2,019	+643 +46.8%
CDMO	9,914	+1,713 +20.9%
Regenerative medicine	4,646	+178 +4.0%
Gene analysis/ testing & others	5,173	+1,441 +38.6%
Gene Therapy	3,012	+372 +14.1%

Reagents: In addition to expanding reagents for general research, strengthen BtoB customized products

Instruments: Expansion of cell analysis equipment and gene amplification equipment

CDMO: Strengthen One-stop system to suit the development stages, including quality tests, from small-scale manufacturing to large-scale manufacturing for clinical use, and from analysis for R&D to clinical analysis under reliability assurance

Gene Therapy: Strengthen AM products in addition to RetroNectin®

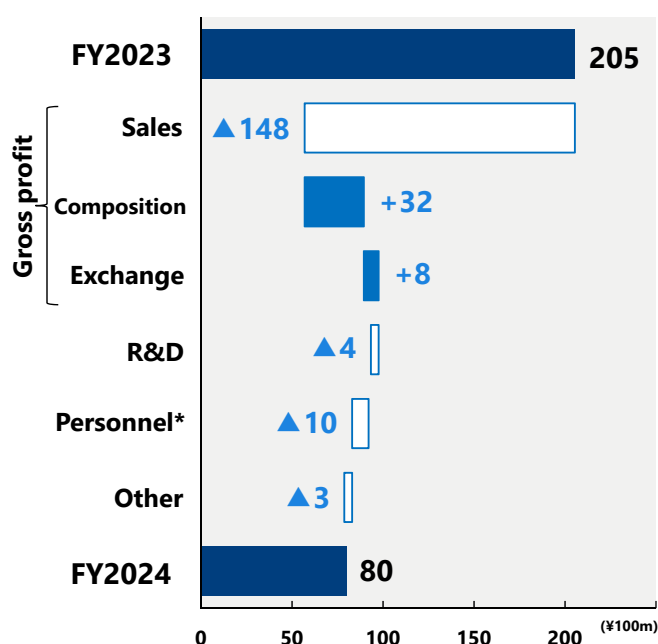
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Consolidated Financial Forecast for FY2024 (for the Year Ending March 31, 2024)

(¥m)	FY2024 Full-year	Y/Y
Net sales	53,300	▲24,842 ▲31.8%
Gross profit	33,984	▲10,780 ▲24.1%
Operating profit	8,000	▲12,541 ▲61.1%
R&D expense	9,000	+424 +4.9%

Operating profit



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* Excluding R&D personnel expenses



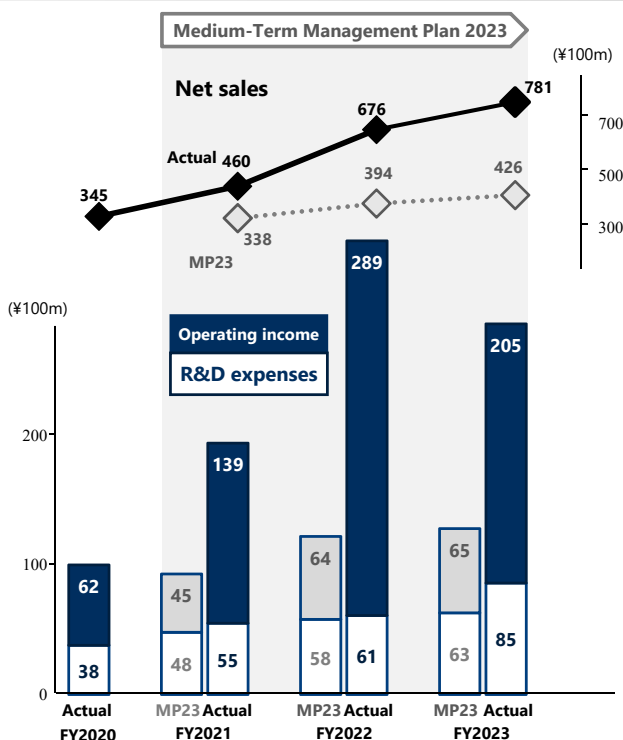
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Medium-Term Management Plan 2023 significantly exceeded the quantitative performance targets



- Earnings exceeded quantitative targets by a large margin, reaching record highs, thanks to rapid and intensive responses to COVID testing demand and vaccine-related projects.

	FY2023	Target	Results
Operating income		¥6.5b	¥20.5b
ROE		6%	15.4%

- Issues such as the dissolution of alliances for clinical-development projects and the unachieved sales of devices and CDMO to meet forecasts remained
- Utilized upside earnings to strengthen R&D investment, capital investment, and human resources investment for future growth

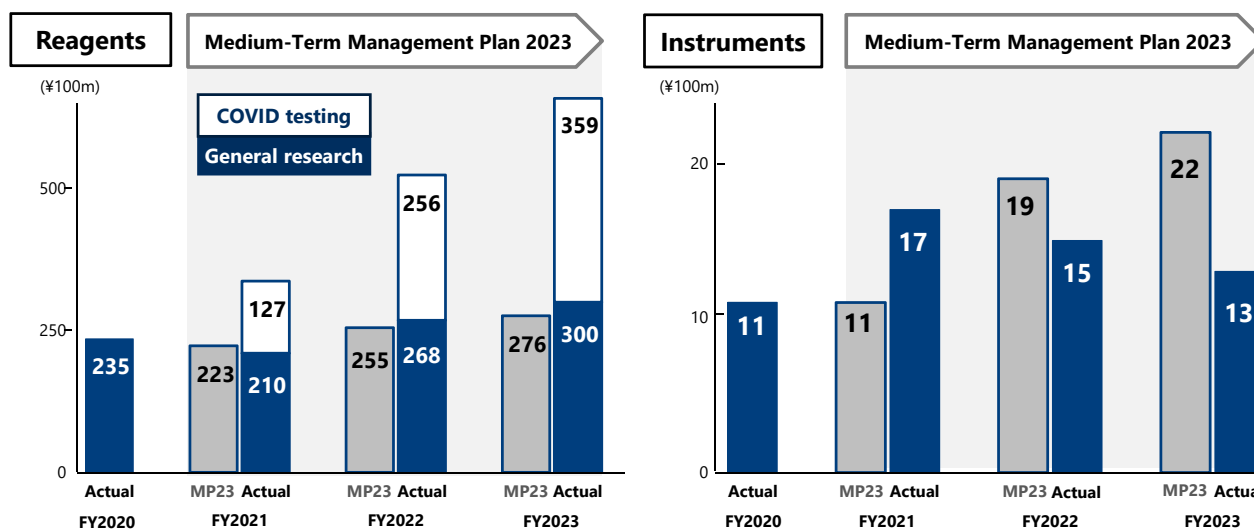
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MP23: Medium-Term Management Plan 2023

b: billion



Sales of reagents for general research remained firm. Left an issue in that for the cell analysis instrument.



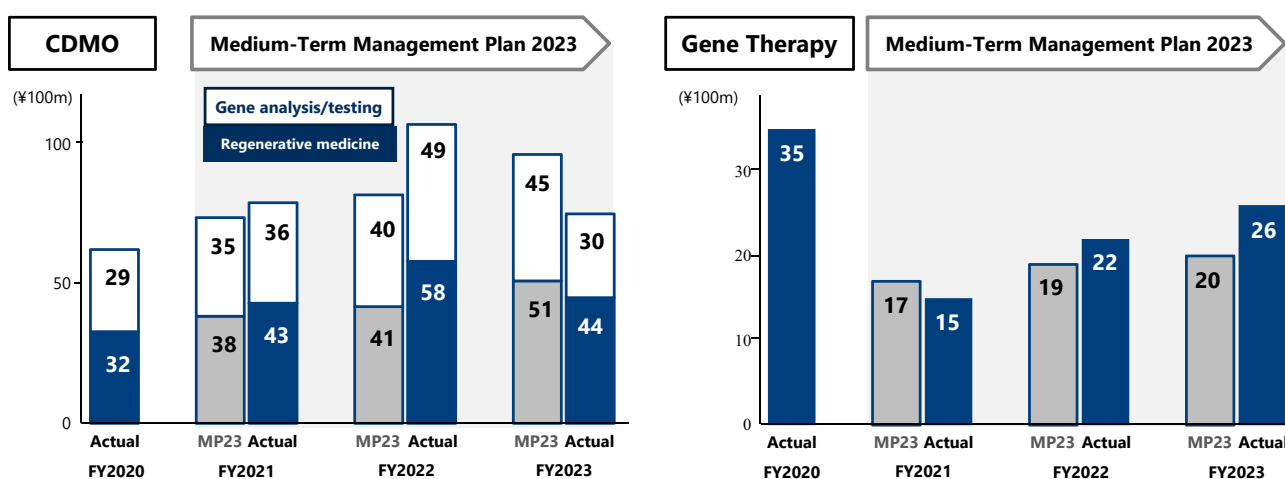
- Significant growth in sales of COVID reagents
- Reagents for general research cleared the Medium-Term Management Plan target and achieved annual growth of 7%
- Although PCR instrument captured COVID demand, sales of cell-analysis instrument were sluggish, and the Medium-Term Management Plan targets were not achieved for the entire instruments.

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MP23: Medium-Term Management Plan 2023



CDMO impacted by decreasing COVID related projects In Gene Therapy, RetroNectin® performed well.



- Net sales exceeded ¥10 billion in FY2022, but decreased in FY2023 due to COVID related contracts and the contraction of government-led genome analysis projects.
- FY2023 sales fell short of the medium-term plan target of ¥9.6 billion
- Dissolution of a Gene Therapy Alliance Project with a Pharmaceutical Company
- Aim to file for TBI-1301 marketing authorization on our own
- RetroNectin® performed well

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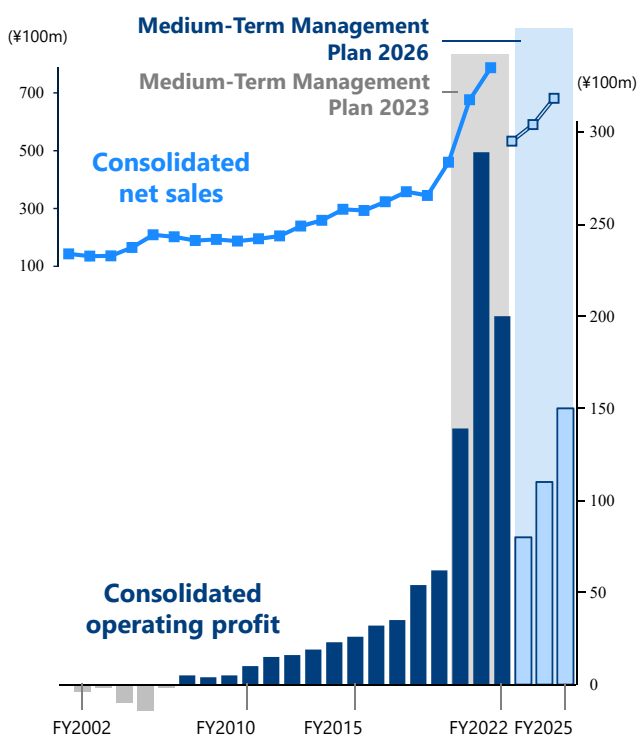
MP23: Medium-Term Management Plan 2023



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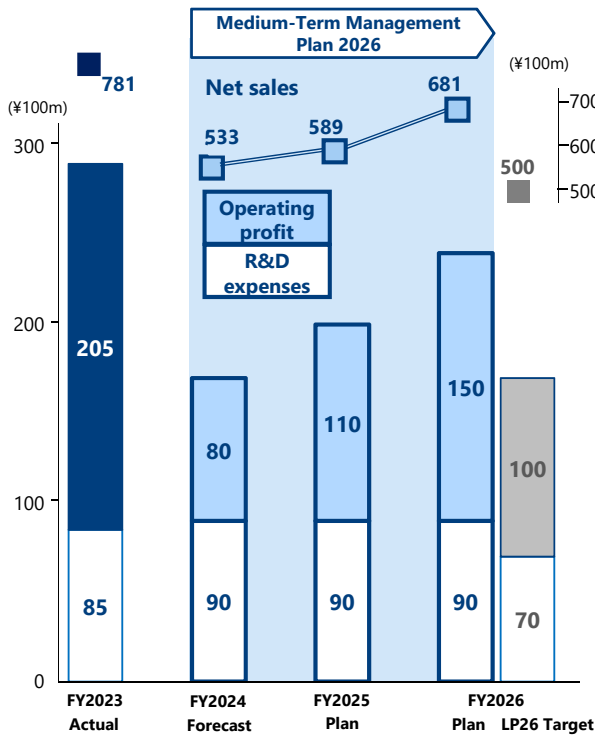
- Consolidated Financial Results for the Fiscal Year Ended March 31, 2023
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Performance Since Establishment and Medium-Term Management Plan 2026



- By "resetting" a system that focuses on meeting COVID demand, we will restructure our business and take a new stage of growth while further expanding earnings in the Reagents, Instruments, and CDMO businesses. In other words, we will position ourselves as the "Second Foundation."
- Fully utilize the earnings base built through aggressive R&D investment, capital investment, and human resources investment during the period of the Medium-Term Management Plan 2023.

Aiming for Dramatic Growth by Advancing the Quantitative Targets of Long-Term Management Plan 2026



- By expanding earnings in the reagents/equipment business and CDMO business, we aim to move away from the post-corona cliff and grow dramatically

Quantitative Targets for the Fiscal Year Ending March 31, 2026

Consolidated operating profit	¥15b
ROE	8% or more

KPI*	
Consolidated net sales	¥68b
R&D expenses	¥9b

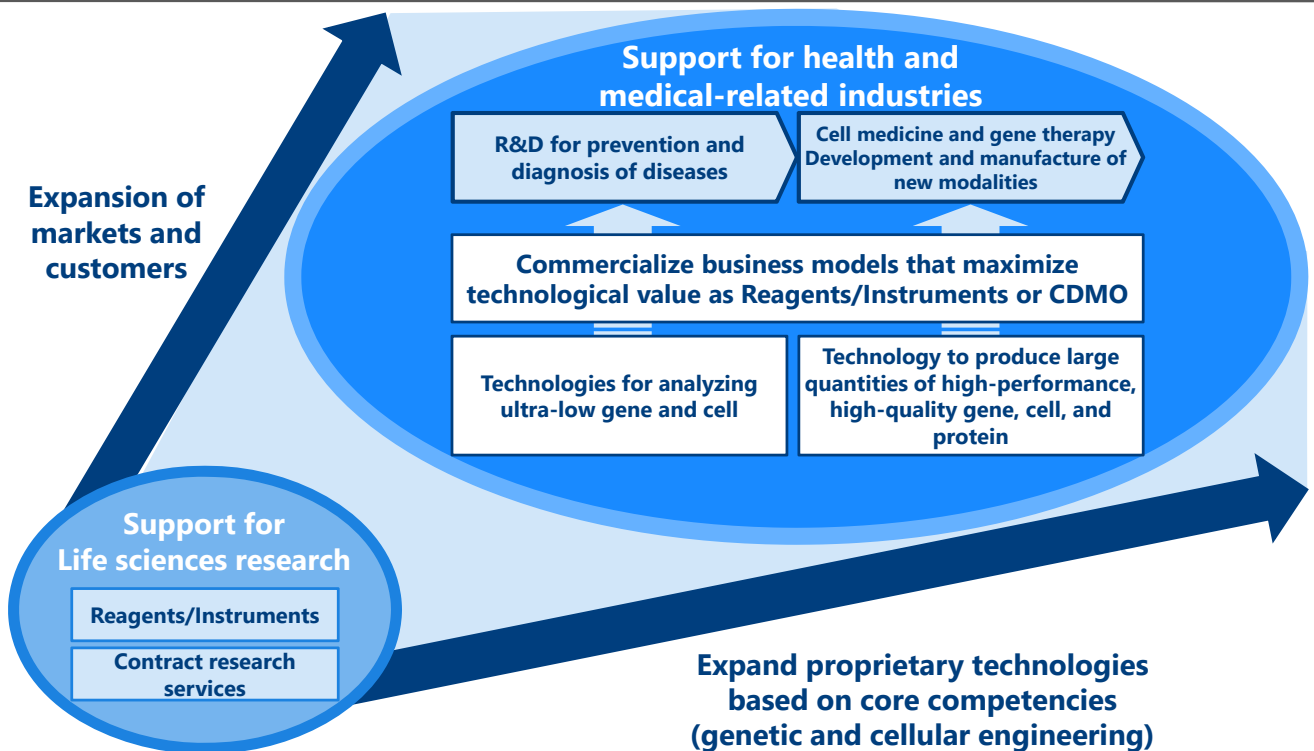
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LP26: Long-Term Management Plan 2026

*Key Performance Indicator (Process-based indicators for achieving quantitative targets)



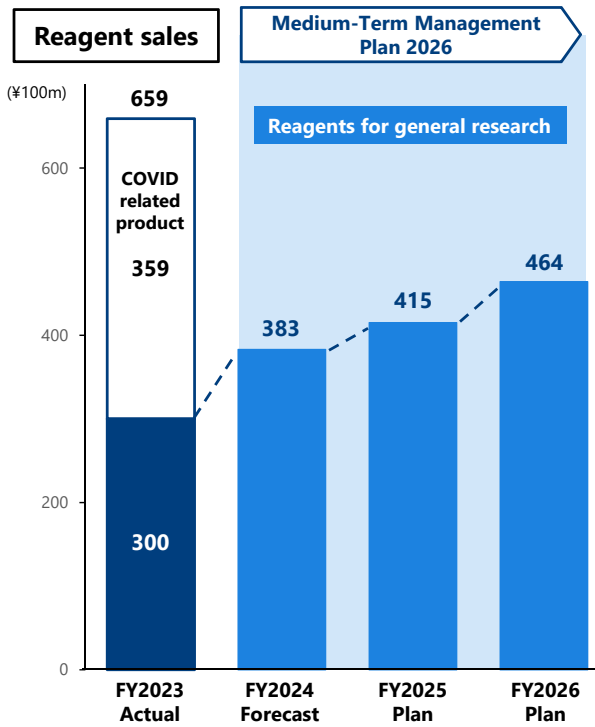
Business Growth Strategy: Aiming to become a global platform provider responsible for Infrastructure in the Life Science Industry



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Reagents business: Optimize R&D structure in Japan, the U.S. and China Maximize synergies and accelerate new product development



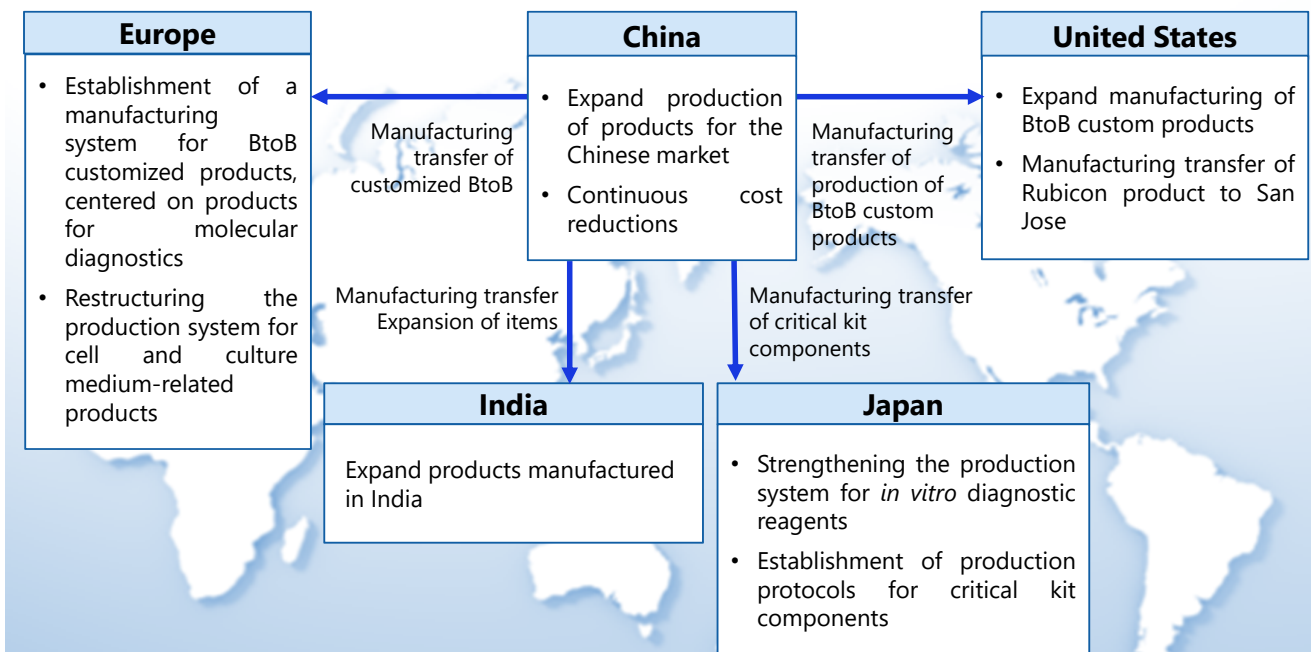
- Aiming for annual growth of 7% by building a glocal marketing/sales strategy tailored to regional characteristics, such as expanding sales of BtoB custom-made products
- Japan: Strengthen development of new products in RNA, NGS related products, application fields, and clinical applications
- U.S.: Strengthen development of clinical-application products by establishing CLIA laboratories
- China: Aggressive launch of quality grade products in response to local demand
- Europe: Build a sales system for CE-IVD products **

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* Quality Assurance Standards for Clinical Laboratories Handling Human Samples, as Defined by the U.S. Government
**Standards for marketing *in vitro* diagnostics/medical devices in EU member states



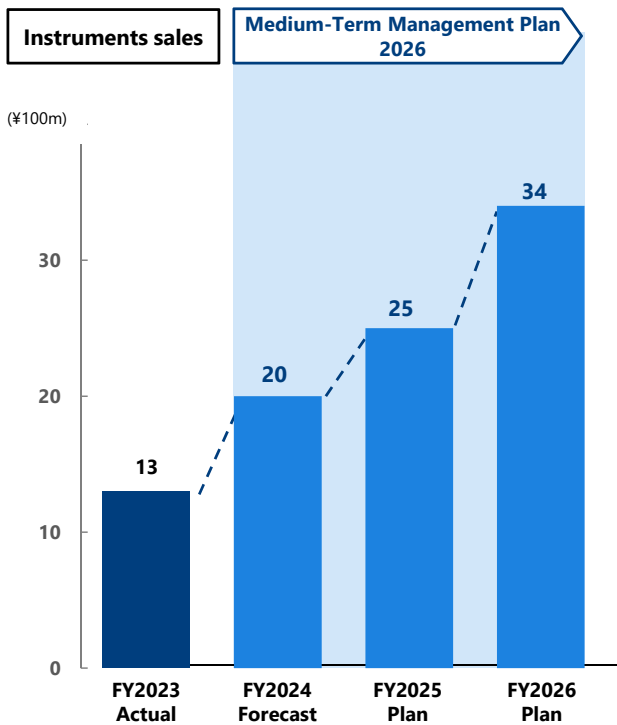
Reagent Business: Build a glocal manufacturing system based on a balance between improved efficiency and risk reduction



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Instruments: Systemization through development of specialized reagents Accelerate development of new models for gene amplification devices and cell analysis devices

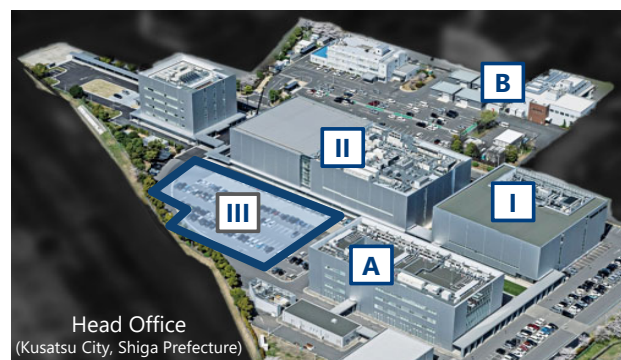
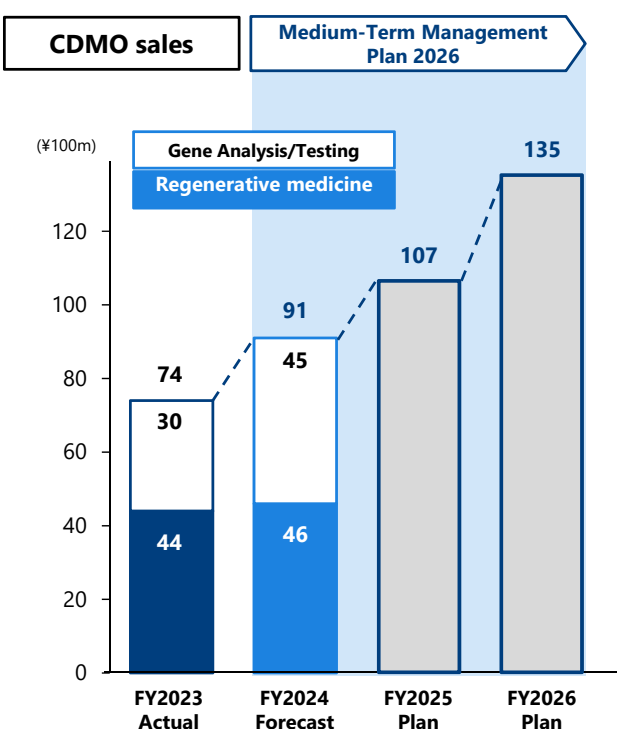


- Accelerating the development of new models for single-cell analyzers
- Systemization by developing a new model of qPCR equipment (SmartChip® series) for the clinical laboratory testing market and developing panel-based reagents
- Developing qPCR devices and dedicated reagents for human infectious disease testing
- Development of single-use gene amplification devices for on-site testing

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CDMO: Complete one of the largest mfg./analysis facilities in the country Promote productivity improvement, quality robustness, and human resource development for mfg.



I Center for Gene and Cell Processing (CGCP)
(Operated in 2014 ≈ 6700 m²)

II CGCP building 2
(Approx. 14,500 m² in operation in 2020)

III CGCP building 3
(Scheduled completion in 2027: Approx. 16,400 m²)

A Gene Analysis Center

B Technology Education Center

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Regenerative medicine: Able to respond to the development stage from small-scale trial manufacturing to large-scale clinical manufacturing

Items	Major facilities	
	CGCP	CGCP building 2
Plasmid DNA/ Protein	Single-use culture tank 200 L×3	Microbial culture tank (90 L & 2,000 L)×2
Viral Vector/ mRNA	(Adhesive culture 40 L & 11 L) × 2 Floating culture 25 L × 2	Adhesive culture 500 m ² × 1 Suspension culture 200 L × 1 Suspension culture 3,000 L × 1 [Scheduled start of operation in 2023]
Cell modification	11 suites in total	3 suites in total [Scheduled start of operation in 2023]
Quality test	-	Approx. 1,900m ² exclusive floor
Aseptic filling	Automatic filling device (3000 vials/day)	Automatic filling device (20,000 vials/day)

Newly installed equipment in CGCP2 Building



For the production of virus vectors 3,000 L culture



Isolators for aseptic cell processing

- **Vector:** Building a Mass Manufacturing System for Virus Vectors to Respond to Production at Various Virus Types and Scales
- **Cell processing:** Established a high-efficiency manufacturing system using isolators, automated culture equipment, etc., and a multi-product parallel manufacturing system
- **Quality Testing:** Provides a wide range of quality tests and property analysis, and also supports test method development

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Gene analysis and testing: Provide a unique service that applies ultra-low nucleic acid analysis technology

Process of next-generation sequencing (NGS) analysis

Pre-processing of samples

- Platform for the preparation of ultra-low nucleic acid
 - SMART-Seq® (RNA)
 - ThruPLEX®, PicoPLEX® (DNA)
- Single-cell IVD Platform
 - ICELL8® series



Sequential (NGS)

Information analysis

- Largest analytical capacity in the country
- Comprehensive deployment of various NGS systems
- Reliability assurance system using CAP certified laboratories

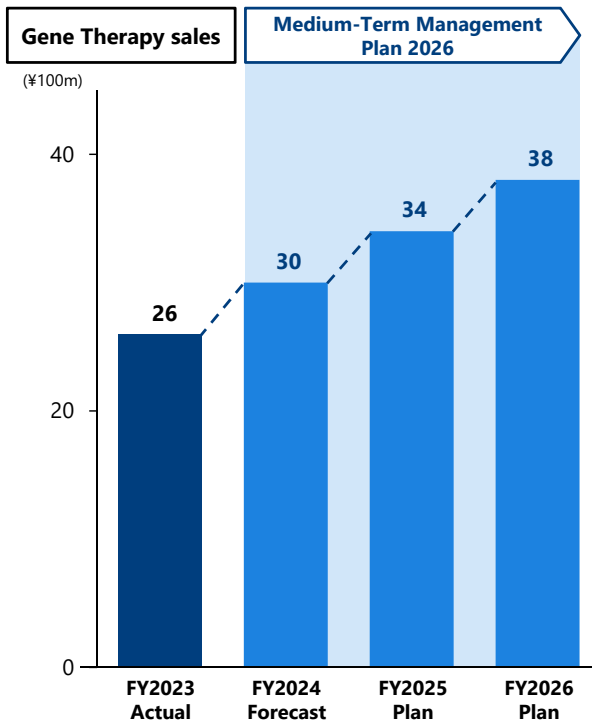
Expansion of contract analysis menu for clinical applications

- Ultra-low nucleic acid analysis/testing of liquid biopsies, etc.
- Reproductive health testing (RHT: Reproductive Health Testing)
- Biologics development support services based on advanced multi-omix analysis
- Disease biomarker search/testing
- Reliability assurance services to support clinical trials

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Gene Therapy: Strengthen platform technology for biologics development To expand AM businesses that can be applied to CDMO businesses



● Ancillary materials (AM) :

- Increase RetroNectin[®] production capacity
- Develop AM for the production of regenerative medicine, cell therapy and gene therapy drugs like mRNA synthetic enzymes

● Platform technology for biologics development:

Acquire clinical-application data for JAK/STAT Technology and CereAAV[™] Technology and develop applications for CDMO business

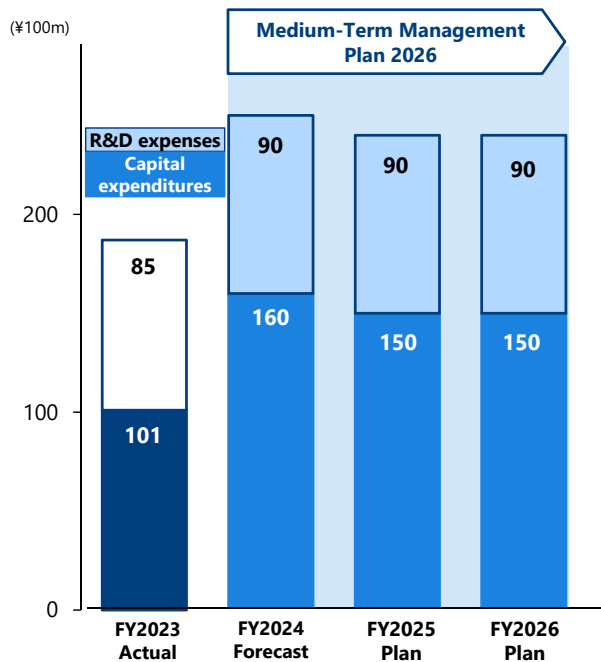
- **TBI-1301(NY-ESO-1•siTCR[™])**: Application for marketing approval and establishment of the manufacturing, quality assurance, and logistics systems

R&D: with proprietary ultra-low nucleic acid analysis technology Expansion of Modality Gene/Cell Manufacturing Technology

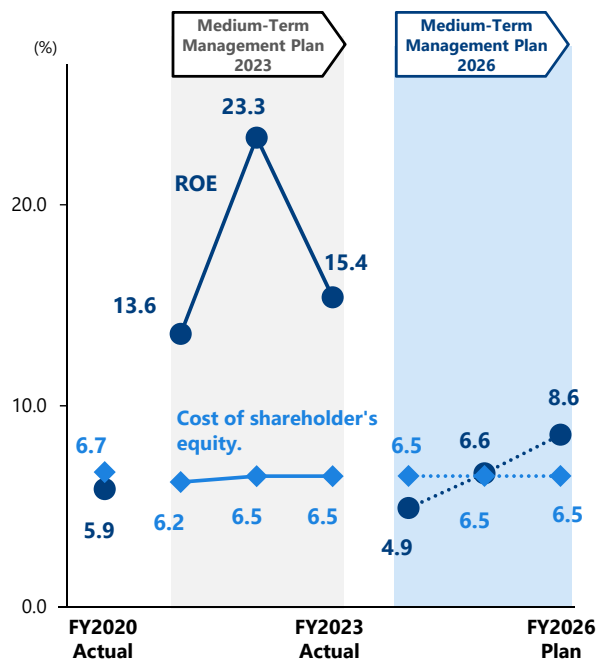
Areas of value provision	Support for health and medical-related industries	
	R&D for Prevention and diagnosis of diseases	Cell therapy and gene therapy Development and manufacture of new modalities
Main Development technologies and solutions	Technologies for the ultra-low input gene/cell analysis	Technology to produce large quantities of high-performance, high-quality gene, cell, and protein
	<ul style="list-style-type: none"> ● <i>In vitro</i> diagnostic reagent ● Human/animal pathogen testing ● Gene amplification devices for on-site testing ● Reproductive health technology (RHT) ● NGS technological development and clinical applications ● Disease biomarker search 	<ul style="list-style-type: none"> ● Large-scale production of viral vectors ● High-efficiency culture of gene-transduced Cells ● Developing Ancillary Materials ● mRNA modality manufacturing technologies ● siTCR[™] technology ● JAK/STAT technology ● CereAAV[™] technology ● TBI-1301(NY-ESO-1•siTCR[™])

**Achieve both financial soundness and aggressive and continuous investment in growth
Promoting management that is conscious of ROE and cost of shareholder's equity**

Capital expenditures and R&D expenses

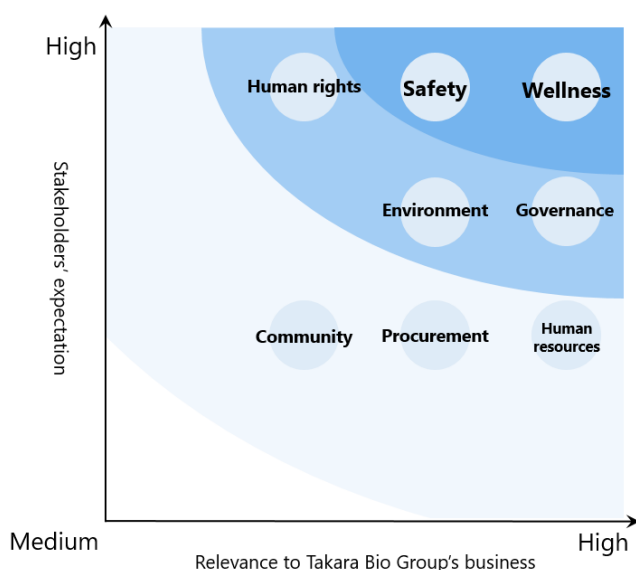


ROE/ Cost of shareholder's equity



**Sustainability Activities: Realizing a Sustainable Society
Aiming to Achieve Both Sustainable Growth of Our Group**

Materiality



Key Initiatives

Promoting reduction of CO₂ emission

- Increase in CO₂ emissions due to expansion of business activities, capital expenditure, etc. Promote use of renewable energy and energy-saving activities
- Reduce CO₂ emissions per sales unit by 50% from FY2019 (base year) (FY2026 target)

TCFD (Task Force on Climate-related Financial Disclosures)

Strengthening the level of disclosure

Promotion of human rights due diligence

Reduce human rights risks by identifying and evaluating human rights risks within the Group and throughout the value chain

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.

For more Information : Public & Investor Relations Department
E-mail: bio-ir@takara-bio.co.jp

[Reference]

Reference Information

- **FY2023 Consolidated Financial Results (Results)**
- **FY2024 Consolidated Financial Results (Forecast)**
- **FY2023 Net Sales by Category (Results)**
- **FY2024 Net Sales by Category (Forecast)**
- **FY2023 Reagents Sales by Region (Results)**
- **FY2024 Reagents Sales by Region (Forecast)**
- **Performance by Subsidiaries (Results and Forecast)**
- **Exchange Rate (Results and Forecast)**

FY2023 Consolidated Financial Results (Results)

(millions of yen)

	FY2023 Full-year Results	Y/Y		Comparison with Feb. 9 forecast	
		Change	Ratio	Change	Ratio
Net sales	78,142	+10,422	+15.4%	▲557	▲0.7%
Cost of sales	33,377	+14,888	+80.5%	▲265	▲0.8%
Gross profit	44,765	▲4,445	▲9.0%	▲291	▲0.6%
SG&A expenses	24,224	+3,914	+19.3%	▲832	▲3.3%
Operating profit	20,541	▲8,360	▲28.9%	+541	+2.7%
Ordinary profit	20,682	▲7,777	▲27.3%	+582	+2.9%
Net income attributable to owners of parent	16,012	▲3,837	▲19.3%	+1,512	+10.4%

FY2024 Consolidated Financial Results (Forecast)

(millions of yen)

	FY2024 Full-year forecast	Y/Y	
		Change	Ratio
Net sales	53,300	▲24,842	▲31.8%
Cost of sales	19,315	▲14,061	▲42.1%
Gross profit	33,984	▲10,780	▲24.1%
SG&A expenses	25,984	+1,760	+7.3%
Operational profit	8,000	▲12,541	▲61.1%
Ordinary profit	8,200	▲12,482	▲60.4%
Net income attributable to owners of parent	5,500	▲10,512	▲65.7%

FY2023 Net Sales by Category (Results)

(millions of yen)

	FY2023 Full-year results	Y/Y		Comparison with Feb. 9 forecast	
		Change	Ratio	Change	Ratio
Reagents	65,925	+13,446	+25.6%	▲349	▲0.5%
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Instruments	1,375	▲142	▲9.4%	▲174	▲11.3%
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Regenerative medicine	4,469	▲1,394	▲23.8%	▲21	▲0.5%
Gene analysis/ testing	3,089	▲1,843	▲37.4%	▲21	▲0.7%
Others	643	+10	+1.7%	+0	+0.0%
Gene therapy	2,640	+365	+16.1%	+8	+0.3%
Total net sales	78,142	+10,442	+15.4%	▲557	▲0.7%

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FY2024 Net Sales by Category (Forecast)

(millions of yen)

	FY2024 Full-year forecast	Y/Y	
		Change	Ratio
Reagents	38,353	▲27,571	▲41.8%
Instruments	2,019	+643	+46.8%
CDMO	9,914	+1,713	+20.9%
Regenerative medicine	4,646	+178	+4.0%
Gene analysis/ testing	4,499	+1,410	+45.6%
Others	675	+32	+4.9%
Gene Therapy	3,012	+372	+14.1%
Total net sales	53,300	▲24,842	▲31.8%

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[Reference]

FY2023 Reagents Sales by Region (Results)

(millions of yen)

	FY2023 Full-year results	Y/Y		
		Change	for exchange	Ratio (Exchange excluded)
Japan	37,101	+15,584	0	+72.4%
U.S.	12,617	+2,512	+2,083	+4.2%
China	9,928	▲1,142	+1,252	▲21.6%
Europe	4,051	▲3,633	+241	▲50.4%
Korea	1,227	+116	+69	+4.2%
India	1,000	▲9	+107	▲9.9%
Total	65,925	+13,446	+3,755	+18.5%

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[Reference]

FY2024 Reagents Sales by Region (Forecast)

(millions of yen)

	FY2024 Full Year forecast	Y/Y		
		Change	for exchange	Ratio (Exchange excluded)
U.S.	13,867	+1,250	+828	+3.3%
China	9,555	▲372	0	▲3.8%
Japan	8,587	▲28,513	0	▲76.9%
Europe	4,391	+340	+83	+6.3%
Korea	1,294	+66	▲10	+6.3%
India	657	▲343	+11	▲35.5%
Total	38,353	▲27,571	+912	▲43.2%

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Performance by Subsidiaries (Results and Forecast)

(millions of yen)

	FY2023 Full-year results		FY2024 Full-year forecast	
	Net sales	Operating profit	Net sales	Operating profit
Takara Bio (Non-consolidated)	57,280	14,553	33,151	3,201
Takara Bio Europe (Consolidated)	4,854	183	5,649	90
Takara Biotechnology (Dalian)	5,406	1,415	5,000	1,183
Takara Biomedical Technology (Beijing)	10,797	1,643	10,517	1,260
Takara Korea Biomedical	1,451	234	1,462	243
DSS Takara India	1,022	79	681	63
Takara Bio USA	17,462	2,971	19,640	2,634

Exchange Rate (Results and Forecast)

(Unit: yen)	FY2023 Full-year	FY2024 Full-year
	Results	Forecast
US dollar	131.64	140.00
Euro	138.15	141.00
Yuan	19.50	19.50
100 Won	10.18	10.10
Rupee	1.67	1.70
Sweden Krona	12.99	13.00
Pound	162.02	162.00