



**Financial Results for the Fiscal Year  
Ended March 31, 2022**

**TAKARA BIO INC.**

**May 17, 2022**

This is an English translation from Japanese presentation material.

## **Contents**

- **Consolidated Financial Results for the Year Ended Mar. 31, 2022 (FY2022)**
- Consolidated Financial Forecast for the Year Ending Mar. 31, 2023 (FY2023)
- Progress of Medium-Term Management Plan FY2023 and Future Measures

## Consolidated Financial Results of FY2022 (for the Year Ended Mar. 31, 2022)

(million yen)	FY2022 Full year	Y/Y	Comparison with Feb. 10 forecast
<b>Net sales</b>	67,699	+21,613 +46.9%	+2,699 +4.2%
<b>Reagents*</b>	54,605	+19,416 +55.2%	+2,392 +4.6%
<b>Instruments</b>	1,518	▲208 ▲12.1%	+163 +12.1%
<b>CDMO</b>	11,426	+2,525 +28.4%	+143 +1.3%
<b>Gene therapy</b>	148	▲119 ▲44.5%	0 0%
<b>Gross profit</b>	49,211	+17,339 +54.4%	+2,735 +5.9%
<b>Operating profit</b>	28,902	+14,949 +107.1%	+2,902 +11.2%
<b>R&amp;D expenses</b>	6,109	+564 +10.2%	▲52 ▲0.8%

**Reagents:** Significant growth in both general research reagents and reagents related to the new coronavirus PCR testing reagents.

**Instruments:** Sales decrease due to a decrease in demand for new coronavirus PCR testing applications.

**CDMO:** Orders related to regenerative medicine products and genetic analysis / testing were strong. Revenues increased due to the addition of new coronavirus vaccine-related contracts.

**Gene therapy:** Sales decreased due to a decrease in sales of products for clinical trials, etc.

**Operating profit:** Increased due to higher sales and an improvement in the cost of sales ratio, etc.

**R&D Expenses:** Aggressively investing for future growth

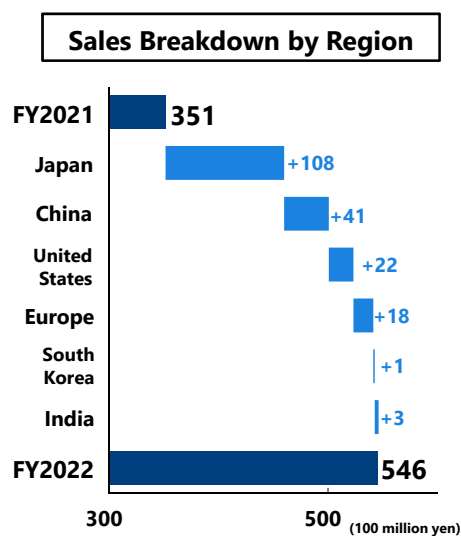
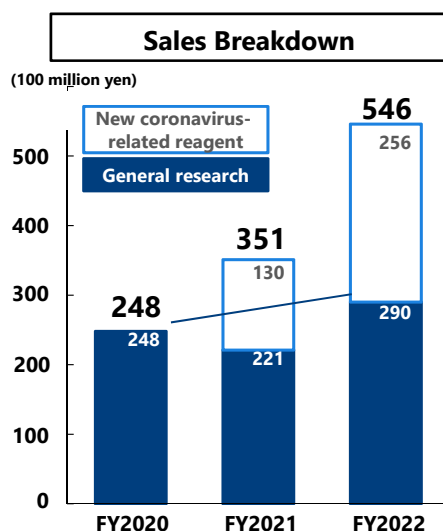
②

\* Including in vitro diagnostics

(NOTE) Explanation of year-on-year changes



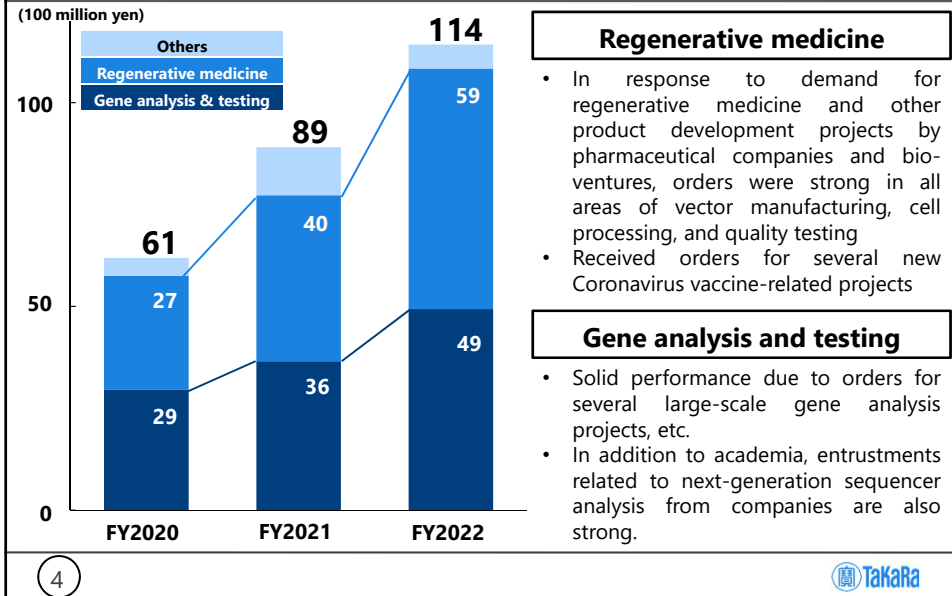
### Reagents: Sales of general research reagents recovered to the level of growth before the Corona crisis and reached a record high



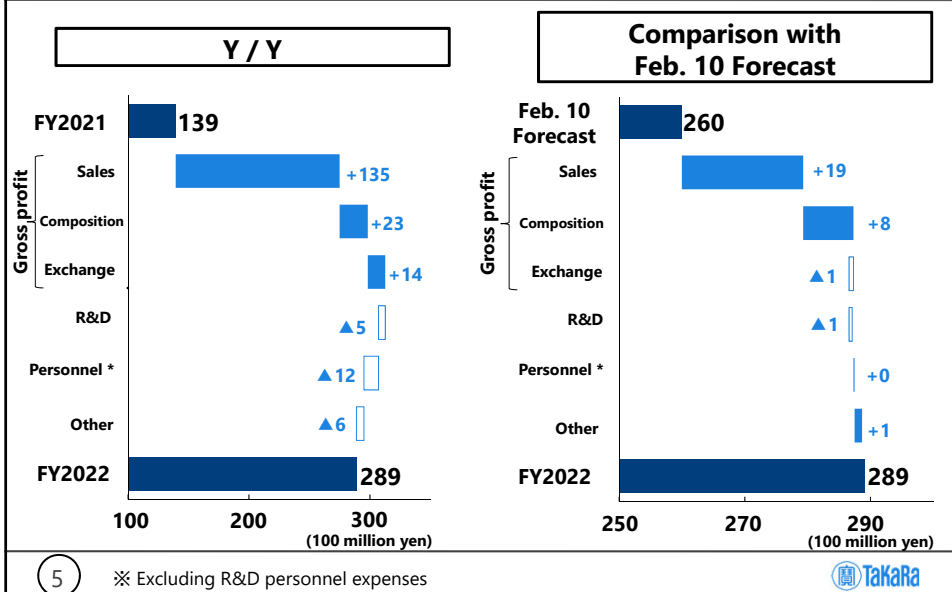
③



## CDMO: Strong performance in both regenerative medicine products, gene analysis and testing



## Significant increase in operating profit due to higher sales and improved profit margin. Achieved record-high profits



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- **Consolidated Financial Forecast for the Year Ending Mar. 31, 2023 (FY2023)**
- Progress of Medium-Term Management Plan FY2023 and Future Measures

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## Consolidated Financial Forecast for FY2023 (for the Year Ending Mar. 31, 2023)

(millions of yen)	FY2023 Full-year	Y / Y
<b>Net sales</b>	<b>55,300</b>	<b>▲12,399 ▲18.3%</b>
<b>Reagents</b> <sup>※</sup>	<b>41,010</b>	<b>▲11,468 ▲21.9%</b>
<b>Instruments</b>	<b>1,471</b>	<b>▲47 ▲3.1%</b>
<b>CDMO</b>	<b>10,212</b>	<b>▲1,214 ▲10.6%</b>
<b>Gene therapy</b>	<b>2,606</b>	<b>+331 +14.6%</b>
<b>Gross profit</b>	<b>37,855</b>	<b>▲11,355 ▲23.1%</b>
<b>Operating profit</b>	<b>15,000</b>	<b>▲13,902 ▲48.1%</b>
<b>R&amp;D expenses</b>	<b>7,820</b>	<b>+1,711 +28.0%</b>

- **Reagents:** Sales of general research reagents are expected to continue to increase, but overall sales are expected to decrease due to a significant decrease in demand for the new Coronavirus testing reagents.
- **Instruments:** Lower sales expected due to lower demand for the new Coronavirus PCR testing applications
- **CDMO:** Sales on CDMO for regenerative medicine products such as cell processing and vector manufacturing are expected to increase, while overall sales are expected to decrease due to a decrease in the sales related to the new Coronavirus vaccine and gene analysis projects.
- **Gene therapy:** From the current fiscal year, FY2023, sales of GMP grade reagents (for the manufacture of regenerative medicine products), etc. were reclassified from "Reagents" (Y / Y figures reflect this change)
- **R&D Expenses:** Continue to actively invest more than the Medium-Term Management Plan

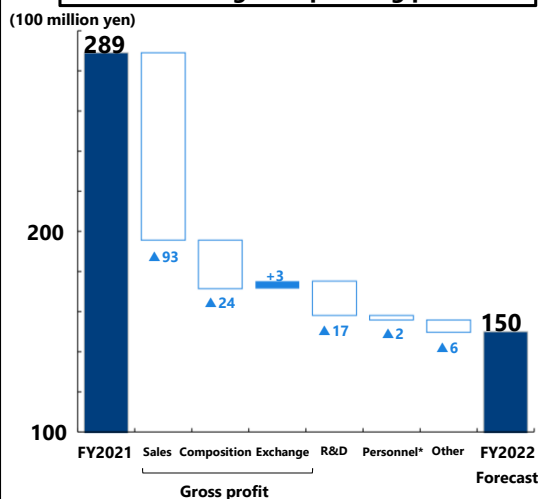
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※ Including in vitro diagnostics



**Declining profit forecast due to lower in sales of the new Coronavirus testing reagents  
Continue to strengthen the management base, including investment in R&D**

**Y / Y change in operating profit**



**Gross profit**

Gross profit is forecast to decrease due to lower sales and lower gross profit margin of reagents related to the new Coronavirus test, despite robust sales of general research reagents.

**R&D**

In addition to strengthening the development of new products for research reagents, plan for aggressive development of platform technologies for drug discovery and manufacturing-related technologies

**Personnel and other**

Continue to strengthen management foundations by developing human resources and expanding manufacturing and sales systems

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※ Excluding R&D personnel expenses



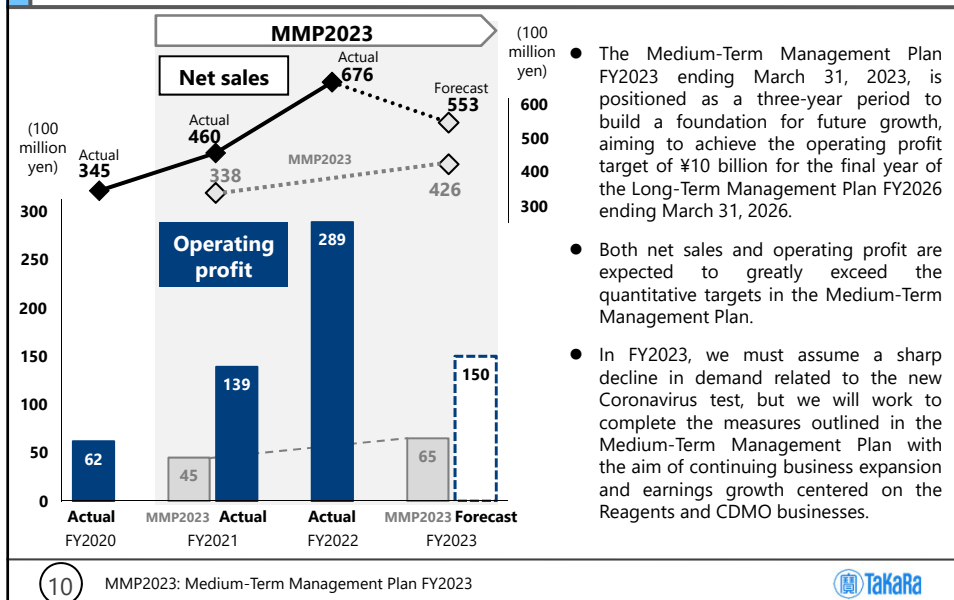
## Contents

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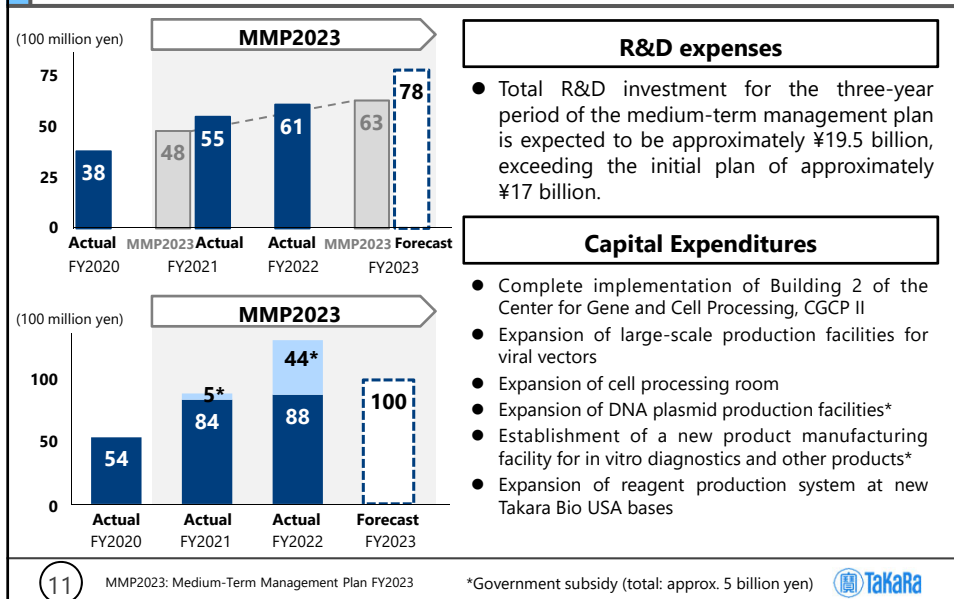


## Earnings significantly exceeded the plan due to quick response to meet the demand for the new coronavirus test



- The Medium-Term Management Plan FY2023 ending March 31, 2023, is positioned as a three-year period to build a foundation for future growth, aiming to achieve the operating profit target of ¥10 billion for the final year of the Long-Term Management Plan FY2026 ending March 31, 2026.
- Both net sales and operating profit are expected to greatly exceed the quantitative targets in the Medium-Term Management Plan.
- In FY2023, we must assume a sharp decline in demand related to the new Coronavirus test, but we will work to complete the measures outlined in the Medium-Term Management Plan with the aim of continuing business expansion and earnings growth centered on the Reagents and CDMO businesses.

## Promote the plan to strengthen the management base ahead of schedule by effectively utilizing upside earnings



### R&D expenses

- Total R&D investment for the three-year period of the medium-term management plan is expected to be approximately ¥19.5 billion, exceeding the initial plan of approximately ¥17 billion.

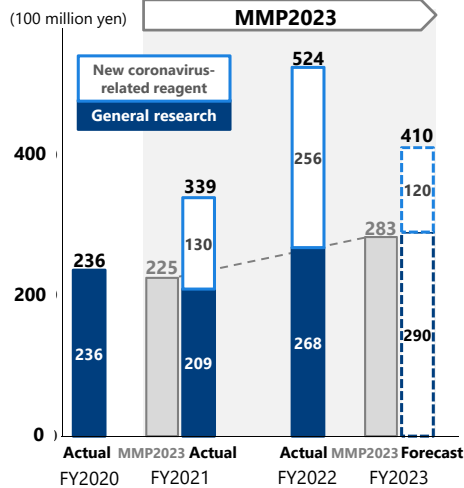
### Capital Expenditures

- Complete implementation of Building 2 of the Center for Gene and Cell Processing, CGCP II
- Expansion of large-scale production facilities for viral vectors
- Expansion of cell processing room
- Expansion of DNA plasmid production facilities\*
- Establishment of a new product manufacturing facility for in vitro diagnostics and other products\*
- Expansion of reagent production system at new Takara Bio USA bases

\*Government subsidy (total: approx. 5 billion yen)

## Reagents Business ①: Sales of general research reagents remained steady. Restructure global manufacturing and sales systems

### Sales results and forecast ※



- Promoting the Establishment of a "Glocal" Manufacturing and Sales System Considering Regional Characteristics.
- Despite regional differences, overall sales of reagents for general research are expected to reach the level of the Medium-Term Management Plan in FY2023, maintaining the annual growth target of 7% or more, which was formulated prior to the corona crisis.
- Restructure the "Glocal" manufacturing system by utilizing new facilities, based on a balance between improving efficiency and reducing risk.
- Establishment of a system to complete domestic production of domestic demand for major kit products.
- In the U.S. and Europe, we have also established a "Glocal" manufacturing system that can respond quickly and flexibly to demand in each region, such as PCR enzymes.

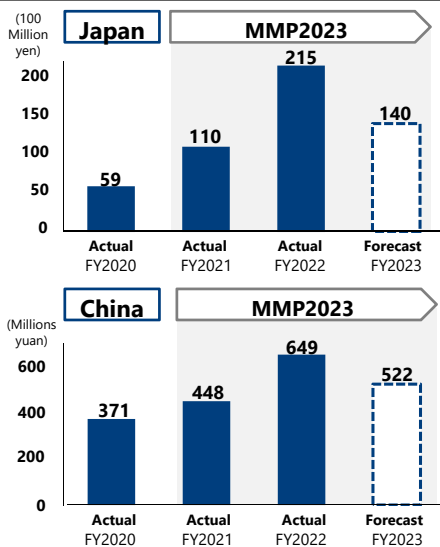
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MMP2023: Medium-Term Management Plan FY2023

※ Figures for general research reagents are reclassified.



## Reagents business ②: General research reagents in Japan and China grew from the negative impact of the corona crisis



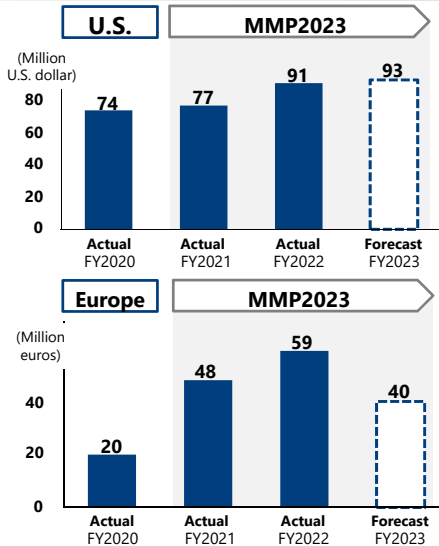
- General research reagents in Japan and China in FY2023 are expected to achieve the annual growth rate of 7%, which is the target in the Medium-Term Management Plan, compared to the level before the corona crisis (FY2020), while sales of the new coronavirus testing-reagents are expected to decline significantly.
- In Japan, we are focusing on expanding sales of TaKaRa Ex Premier DNA Polymerase, a high-performance PCR enzymes launched last year, and new products related to the development of mRNA vaccines.
- In China, we are focusing on supplying custom PCR products for inspection facilities such as African Swine Fever (ASF) and expanding sales in the advanced NGS-related research field for reproductive health test (RHT), which is expanding the market.

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(NOTE) Figures for general research reagents are reclassified.



### Reagents business ③: General research reagents in the U.S. and Europe are recovering, although the impact of the corona crisis remains



- In the U.S., sales of reagents for general research are expected to increase in FY2023 due to the recovery and active R&D activities in the life science field, offsetting the decline in sales of reagents related to the new coronavirus testing reagents.
- In the U.S., plan to increase OEM supply of NGS analysis-related products and reproductive health test (RHT) kits.
- In Europe, sales of reagents for general research are expected to increase in FY2023, but sales are expected to decrease significantly due to the supply of OEM and bulk products for the new coronavirus testing reagents.
- Sales to the U.K. by a newly established sales subsidiary (Takara Bio UK Ltd.) in the U.K. are expected to grow.

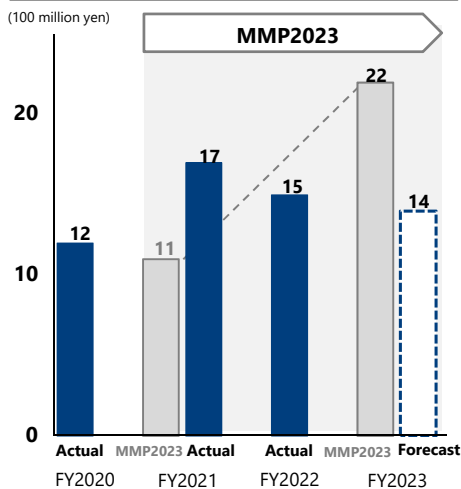
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(NOTE) Figures for general research reagents are reclassified.



### Instruments Business: By developing a dedicated reagent system to expand into the application field

#### Sales Results and Forecasts



#### PCR-related equipment

- Sales rose in FY2021 in response to demand related to the new Coronavirus test, but since then they have declined due to a decrease in demand.
- Strengthen development of models for new segments, such as on-site (sample collection site) testing, and its dedicated reagent system.

#### Single Cell Analysis Related Equipment

- ICELL8®cx sales are expected to miss targets, and focus on developing upgraded models
- Focus on developing new applications using proprietary technologies (SMART®, PicoPLEX®), and plan to start new custom services using this machine.

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MMP2023: Medium-Term Management Plan FY2023

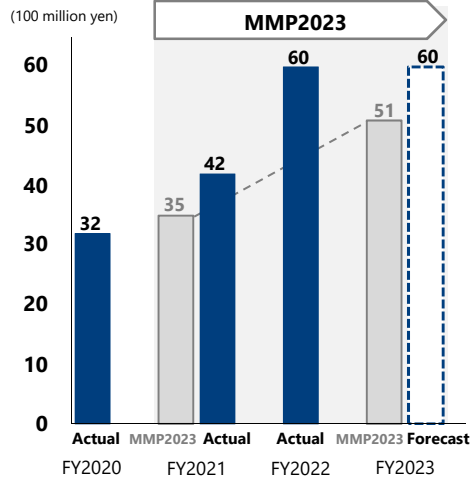




## CDMO Business (1): Regenerative Medicine Products

Strengthen the system through aggressive technological development and capital investment

### Sales Results and Forecasts



- We expect to achieve our Medium-Term Management Plan FY2023 targets by capturing expanding demand for regenerative medicine product development, manufacturing, and quality testing on a consignment basis by making maximum use of expanding manufacturing facilities.
- Complete implementation of the second building of the Gene and Cell Processing Center ahead of schedule in response to large-scale production of viral vectors and genetically transduced cells.
- Further strengthen the system for cosigned more large-scaled and sophisticated projects by expanding technical training programs as well as increasing the number of employees.
- Continuously work to develop large-scale, highly efficient manufacturing technologies and process automation for diverse modalities such as mRNA.

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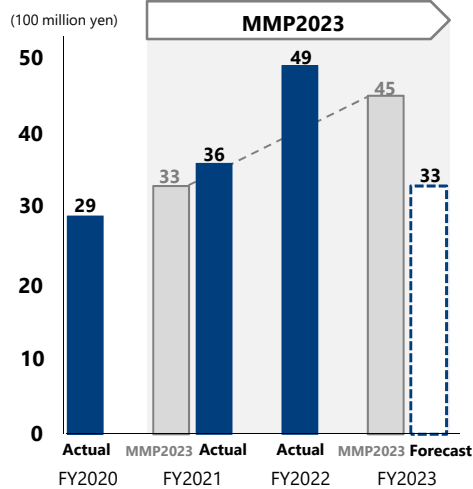
MMP2023: Medium-Term Management Plan FY2023



## CDMO Business (2): Gene Analysis / Testing

Shift to a high-value-added consignment menu

### Sales Results and Forecasts

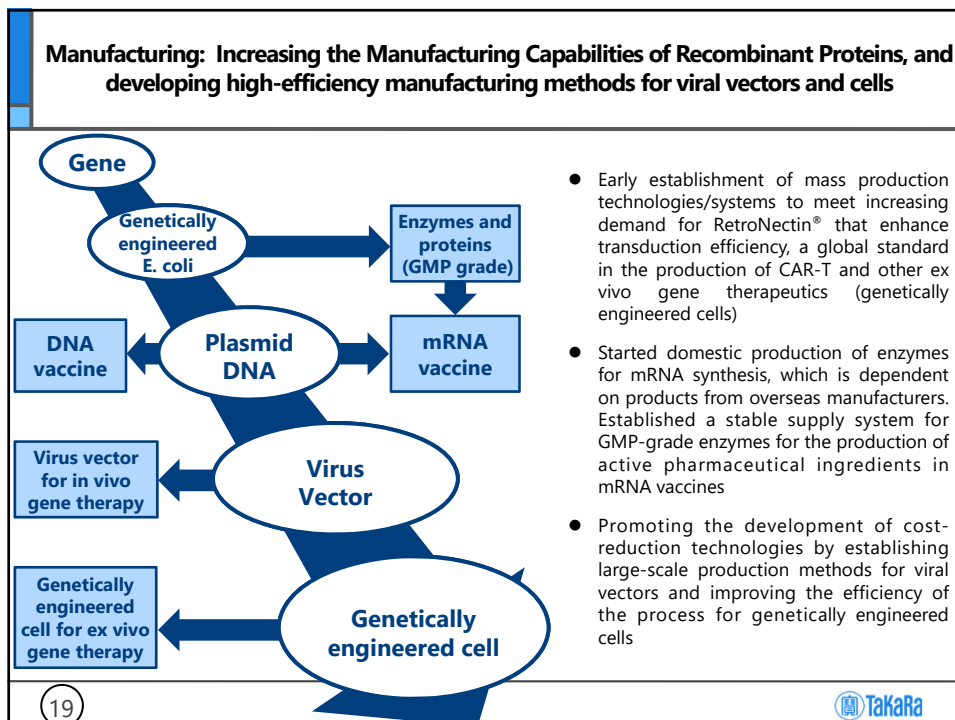
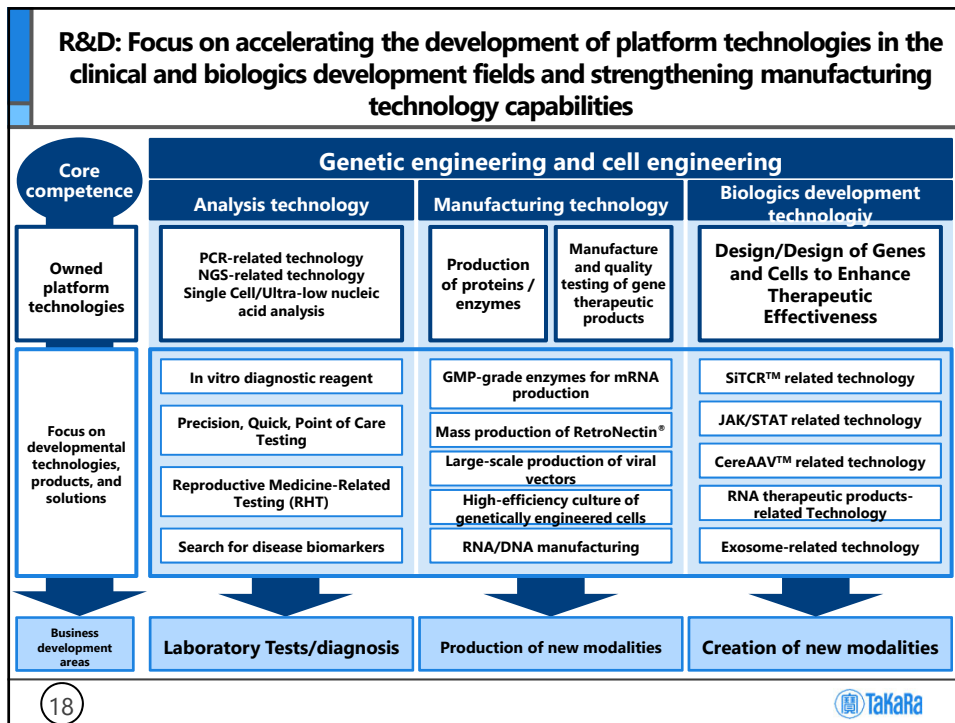


- Thanks to responses to large-scale projects such as human genome analysis utilizing the largest analytical capacity in Japan, results were steady, exceeding the target level in the Medium-Term Management Plan.
- Targets are expected to be missed in the final year of the plan (FY2023), taking into account the close of such projects, etc.
- Promote the development of high-value-added consignment menus, including the application of next-generation sequencer (NGS) analysis in the field of reproductive health test (RHT) and other clinical diagnostics, and support services for the development of pharmaceutical companies, by making maximum use of synergies with ultra-low amounts of nucleic acid and single-cell analysis technologies

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MMP2023: Medium-Term Management Plan FY2023





**Aiming to maximize the value of our original platform technology, focus on developing applications for gene therapies**

**siTCR™ technologies**

- NY-ESO-1·siTCR™ (TBI-1301):  
Application for marketing approval in Japan for synovial sarcoma is in preparation. The company is working to improve and strengthen its product quality assurance and post-marketing manufacturing systems in consultation with partner companies.
- Researches are underway to further improve the functionality of siTCR™ vector system.

**JAK/STAT technologies**

- CD19·JAK/STAT·CAR (TBI-2001):  
Preparing for clinical trial initiation in Canada for hematologic cancers. Planning to compare clinical trial data with existing CD19 CAR gene therapy and demonstrate the superiority of next-generation CAR using JAK/STAT technology.
- Aiming for the application to solid cancer, selection of target antibodies, optimization of vector design, preclinical trials, etc. are under way.

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**New Neuro-Oriented AAV Vector: CereAAV™**  
Aim to develop applications for gene therapy toward central nervous system diseases

Conventional AAV-vector (AAV2)



New AAV vector CereAAV™

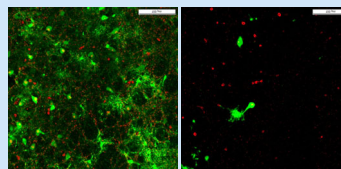


Genetically engineering transformation  
Proprietary screening techniques

**Advantage : High orientation to the brain**

- Compared to AAV9 vectors, which have been used for neurologic diseases, we confirmed more than 50 times the efficiency of genetic introduction into the ceremony after intravenous administration in Mouse and more than 20 times the efficiency in primitive animal models (Marmoset)
- Passing through the Blood-brain barrier (BBB) and confirming that it can be highly efficient gene-transduced into neuronal cells and vascular endothelial cells within the cerebral tissue

Results of gene-transduction to marmoset brain (thalamus)\*



CereAAV™

AAV9

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\*Details announced at the annual meeting of the American Society of Gene & Cell Therapy (May 16, 2022)



## Promoting further strengthening of the management foundation for medium-to long-term earnings growth

<b>Finance Revenue</b>	<ul style="list-style-type: none"> <li>Dividend for FY2022 increased by ¥17*, to ¥33 per share (10th consecutive year of dividend increase)</li> <li>Dividend policy revised from FY2023, with a policy of raising the dividend payout ratio from the assumed net income ** of 20% to the high 30% range</li> <li>ROE for FY2023 is expected to be 10.7%, exceeding the quantitative target (6%)</li> </ul>
<b>People Organizations</b>	<ul style="list-style-type: none"> <li>Focus on development in addition to recruiting human resources to support future growth</li> <li>Promoting the active participation of diverse human resources without relying on gender, nationality, etc.</li> <li>Major expansion of technical training programs for GMP/GCTP manufacturing</li> <li>Continuously improving the working environment in terms of both the expansion of facilities and equipment and the improvement of system operation</li> </ul>
<b>Social value Creation</b>	<ul style="list-style-type: none"> <li>Promote sustainable management that balances sustainable growth through our Group's unique business activities and the realization of a sustainable society based on our corporate philosophy, including industrial support through biotechnology and the creation of new modalities</li> </ul>

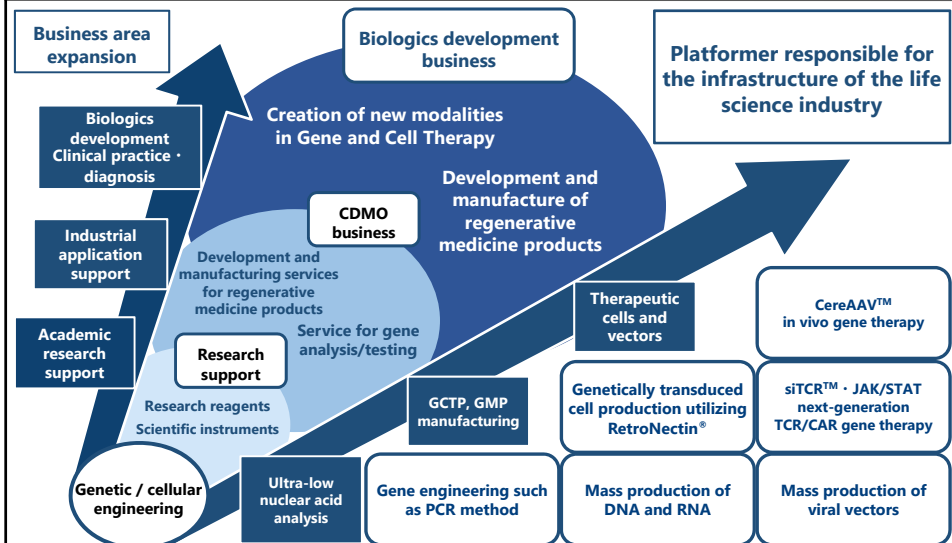
\* Scheduled for proposal at the General Meeting of Shareholders (to be held on June 24, 2022)

\*\* Assumed net income calculated without taking into account extraordinary gains and losses in the consolidated financial statements

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## Realizing sustainable growth through the twin pillars of the "Reagent & Instrument business" and "CDMO business", driven by the development of platform technologies that create new modalities



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<b>Reference Information</b>		[Reference]
<b>(FY2022 Full-year Results and FY2023 Forecast)</b>		
<ul style="list-style-type: none"> <li>• <b>FY2022 Consolidated Financial Results (Full-year Results)</b></li> <li>• <b>FY2023 Consolidated Financial Results (Forecast)</b></li> <li>• <b>FY2022 Net Sales by Category (Results)</b></li> <li>• <b>FY2023 Net Sales by Category (Forecast)</b></li> <li>• <b>FY2022 Reagents Sales by Region (Results)</b></li> <li>• <b>FY2023 Reagents Sales by Region (Forecast)</b></li> <li>• <b>Performance by Subsidiaries (Results and Forecast)</b></li> <li>• <b>Exchange Rate (Actual and Forecast)</b></li> </ul>		
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<b>FY2022 Consolidated Financial Results (Full-year Results)</b>		[Reference]			
(million yen)					
	FY2022 Full-year	Y/Y		Comparison with Feb. 10 forecast	
		Change	Ratio	Change	Ratio
Net sales	67,699	+21,613	+46.9%	+2,699	+4.2%
Cost of sales	18,489	+4,274	+30.1%	▲ 35	▲ 0.2%
Gross profit	49,211	+17,339	+54.4%	+2,735	+5.9%
SG&A expenses	20,309	+2,390	+13.3%	▲ 166	▲ 0.8%
Operating profit	28,902	+14,949	+107.1%	+2,902	+11.2%
Ordinary profit	28,459	+14,299	+101.0%	+2,259	+8.6%
Net income attributable to owners of parent	19,849	+10,302	+107.9%	+1,349	+7.3%
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[Reference]

**FY2023 Consolidated Financial Results (Forecast)**

(million yen)

	FY2023 Full-year Forecast	Y/Y	
		Change	Ratio
Net sales	55,300	▲ 12,399	▲ 18.3%
Cost of sales	17,444	▲ 1,044	▲ 5.6%
Gross profit	37,855	▲ 11,355	▲ 23.1%
SG&A expenses	22,855	+2,546	+12.5%
Operational profit	15,000	▲ 13,902	▲ 48.1%
Ordinary profit	15,100	▲ 13,359	▲ 46.9%
Net income attributable to owners of parent	10,600	▲ 9,249	▲ 46.6%

(26)



[Reference]

**FY2022 Net Sales by Category (Results)**

(million yen)

	FY2022 Full-year	Y/Y		Comparison with Feb. 10 forecast	
		Change	Ratio	Change	Ratio
Reagents	54,605	+19,416	+55.2%	+2,392	+4.6%
Instruments	1,518	▲ 208	▲ 12.1%	+163	▲ 12.1%
CDMO	11,426	+2,525	+28.4%	+143	+1.3%
Gene therapy	148	▲ 119	▲ 44.5%	0	0%
Total net sales	67,699	+21,613	+46.9%	+2,699	+4.2%

(27)



[Reference]			
<b>FY2023 Net Sales by Category (Forecast)</b>			
(million yen)			
	FY2023 Full-year Forecast	Y/Y	
		Change	Ratio
Reagents	41,010	▲11,468	▲21.9%
Instruments	1,471	▲47	▲3.1%
CDMO	10,212	▲1,214	▲10.6%
Gene therapy	2,606	+331	+14.6%
<b>Total net sales</b>	<b>55,300</b>	<b>▲12,399</b>	<b>▲18.3%</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. The results for the year ended March 31, 2022 in this table have been reclassified to reflect these changes.

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[Reference]			
<b>FY2022 Reagents Sales by Region (Results)</b>			
(million yen)			
	FY2022 Full-year	Y/Y (Exchange excluded)	
		Change	Ratio
Japan	22,067	+10,809	+96.0%
U.S.	11,322	+1,926	+21.2%
China	11,168	+3,041	+42.8%
Europe	7,933	+1,319	+21.5%
Korea	1,119	+80	+8.3%
India	993	+308	+47.3%
<b>Total</b>	<b>54,605</b>	<b>+17,486</b>	<b>+49.7%</b>

(29)

[Reference]			
<b>FY2023 Reagents Sales by Region (Forecast)</b>			
(million yen)			
	FY2023 Full-year Forecast	Y/Y (Exchange excluded)	
		Chang	Ratio
Japan	14,067	▲ 7,450	▲ 34.6%
U.S.	10,560	+165	+1.6%
China	9,045	▲ 2,161	▲ 19.5%
Europe	5,186	▲ 2,462	▲ 32.0%
Korea	1,150	+39	+3.5%
India	1,003	+4	+0.5%
<b>Total</b>	<b>41,010</b>	<b>▲ 11,864</b>	<b>▲ 22.6%</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. The above table represents data that has been reclassified to reflect this change.

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[Reference]				
<b>Performance by Subsidiaries</b>				
(FY2022 Results, FY2023 Forecast)				
(million yen)				
	FY2022 Full-year Results		FY2023 Full-year Forecast	
	Net sales	Operating profit	Net sales	Operating profit
Takara Bio (Non-consolidated)	50,398	21,931	37,431	9,987
Takara Bio Europe (Consolidated)	8,279	1,539	6,128	755
Takara Biotechnology (Dalian)	4,940	1,391	5,121	1,290
Takara Biomedical Technology (Beijing)	11,800	1,906	9,800	1,367
Takara Korea Biomedical	1,229	197	1,365	213
DSS Takara Bio India	1,007	148	1,025	117
Takara Bio USA	13,691	1,933	14,614	1,959

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[Reference]

## Exchange Rate (Actual, Forecast)

(Unit: yen)	FY2022 Full-year	FY2023 Full-year
	Actual	Forecast
US dollar	109.90	113.00
Euro	129.91	129.00
Yuan	17.04	17.30
100 Won	9.60	9.60
Rupee	1.49	1.50
Sweden Krona	12.81	13.00
Pound	151.17	152.00

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## 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](mailto:bio-ir@takara-bio.co.jp)

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