



**Consolidated Financial Results of FY2021
for the year ended March 31, 2021**

- **Financial Results Review**
- **Status of Primary Projects**

TAKARA BIO INC.

May 18, 2021

This is an English translation from Japanese presentation material.

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- **Consolidated Financial Results for FY2021**
- **Consolidated Financial Forecast for FY2022**
- **Status of Primary Projects**

Consolidated Financial Results for FY2021 (for the Year Ended March 31, 2021)

(million yen)	FY2021	YoY	Comparison with previous forecast ¹⁾	
Net sales	46,086	+11,521 (+33.3%)	+886 (+2.0%)	Net sales Record-high sales by the new Corona Virus PCR testing related products and contract services.
Gross profit	31,872	+10,766 (+51.0%)	+2,198 (+7.4%)	Gross profit In addition to the increase in sales, the cost ratio decreased due to changes in the product mix and improvements in production efficiency, resulting in a significant increase in profits.
SG & A expenses	17,919	+3,088 (+20.8%)	+246 (+1.4%)	
Operating profit	13,952	+7,678 (+122.4%)	+1,952 (+16.3%)	Operating profit SG&A expenses increased from the previous fiscal year, mainly due to R&D expenses, but achieved for the 12 consecutive years. Record highs for all profit items.
Net income attributable to owners of the parent	9,547	+5,727 (+149.9%)	+1,747 (+22.4%)	

2 1) Feb 10, 2021 (NOTE) Explanation of year-on-year changes

Consolidated Financial Results for FY2021 Net Sales

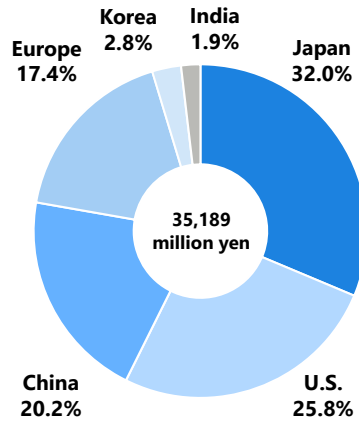
(million yen)	FY2021	YoY	Comparison with previous forecast ¹⁾	
Research reagents ²⁾	35,189	+10,349 (+41.7%)	+1,175 (+3.5%)	Research reagents Sales of reagents for general research were down, but sales rose significantly due to growth in products related to the new Corona Virus PCR test
Scientific instruments	1,726	+484 (+39.0%)	▲117 (▲6.4%)	Scientific instruments Growth in PCR equipment related to the new Corona Virus test.
Contract service	8,901	+2,715 (+43.9%)	▲186 (▲2.0%)	Contract service Orders related to regenerative medicine products and genetic analysis & testing were strong. Vaccine-related contracts were added.
Gene therapy	268	▲2,027 (▲88.3%)	+14 (+5.9%)	
Total net sales	46,086	+11,521 (+33.3%)	+886 (+2.0%)	Gene therapy Decreased due to a drop in compensation revenue.

3 1) Feb 10, 2021
2) Include *in vivo* diagnostics (NOTE) Explanation of year-on-year changes

Consolidated Financial Results for FY2021 Sales by Region for Research Reagents

(million yen)	FY2021	YoY		
		Change	Change ₁	Ratio ¹⁾
Japan ²⁾	11,258	5,121	5,121	+83.5%
U.S.	9,072	220	412	+4.7%
China	7,104	1,195	1,328	+22.5%
Europe	6,125	3,408	3,415	+125.7%
Korea	976	100	133	+15.2%
India	651	302	352	+100.8%
Total	35,189	10,349	10,763	+43.3%

Overseas Sales Ratio: 68%



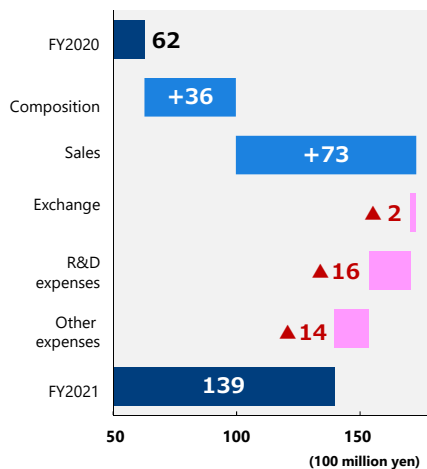
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¹⁾ Excluded the impact of exchange
²⁾ Included *in vivo* diagnostics

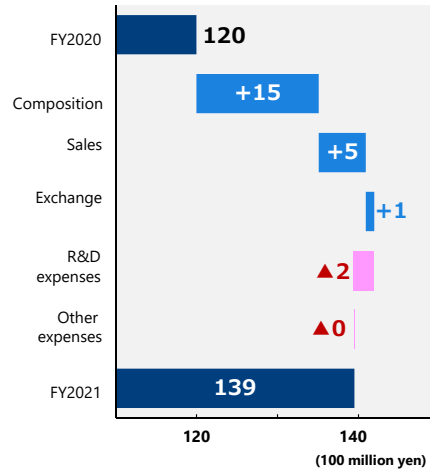


Consolidated Financial Results for FY2021 Operating Profit

YoY change



Comparison with previous forecast¹⁾



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¹⁾ Feb 10, 2021



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Consolidated Financial Forecast for FY2022 (for the Year Ending March 31, 2022)

(million yen)	FY2022	YoY
Net sales	50,500	+4,413 (+9.6%)
Gross profit	34,017	+2,144 (+6.7%)
SG&A expenses	20,017	+2,097 (+11.7%)
Operation profit	14,000	+47 (+0.3%)
Net income attributable to owners of the parent	9,800	+252 (+2.6%)

Net sales

Aim for higher sales overall, as higher sales in the general research reagents, contract service, and gene therapy business offsets lower sales of the new Corona Virus PCR testing-related products.

Gross profit

Gross profit margin is expected to decline, but profit is expected to increase due to higher sales.

SG&A expenses

Plan to increase due to aggressive R&D investment and an increase in personnel expenses.

Operating profit

A slight increase in profits is secured from the previous fiscal year.

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Consolidated Financial Forecast for FY2022 Net Sales

(million yen)	FY2022	YoY	
Reagents	36,801	+1,611 (+4.6%)	Reagents Sales of the new Corona Virus PCR testing-related products are expected to decline, but sales of general research reagents are expected to recover, and overall sales are forecast to increase.
Instruments	1,720	▲6 (▲0.3%)	Instruments A slight decrease in sales is expected due to a decrease in PCR instruments related to the new Corona Virus test.
CDMO	10,584	+1,682 (+18.9%)	CDMO Sales are expected to increase due to growth in CDMO related to regenerative medicine products and the addition to that related to vaccine.
Gene therapy	1,393	+1,124 (+419.0%)	Gene therapy Expected to increase due to compensation revenues, etc.
Total net sales	50,500	+4,413 (+9.6%)	

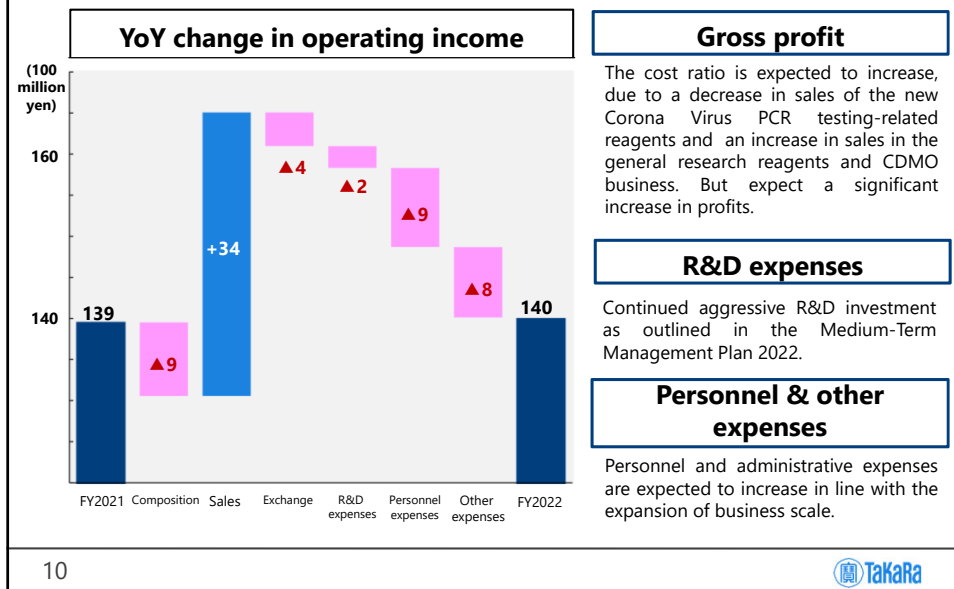
8 From the fiscal year under review, the presentation of sales categories has been changed. TAKARA

Consolidated Financial Forecast for FY2022 Sales by Region for Reagents

(million yen)	FY2022	YoY			
		Change	Change ¹⁾	Ratio ¹⁾	
Japan	10,193	▲1,064	▲1,064	▲9.5%	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">Overseas Sales Ratio: 72%</div>
U.S.	9,836	763	1,025	+11.3%	
China	7,968	863	1,118	+15.7%	
Europe	7,245	1,119	1,112	+18.2%	
Korea	951	▲24	▲7	▲0.7%	
India	605	▲46	▲28	▲4.4%	
Total	36,801	1,611	2,156	+6.1%	

9 ¹⁾ Excluded the impact of exchange TAKARA

Consolidated Financial Forecast for FY2022 Operating Profit



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Rapid Development of New Corona Virus-Related Products and Services Contributed to the expansion of the inspection system and the development and manufacture of vaccines

Construction of PCR testing system

Developed a direct-type high-speed PCR testing system that does not require an RNA extraction/purification process using our proprietary technology, enabling simple and quick test from saliva samples, etc. Establishment of a system for mass production and stable supply of the reagent kits

Takara SARS-CoV-2 Direct PCR Detection Kit *In vitro* diagnostic reagent



Contribution to molecular epidemiological studies

- **New Corona Virus Whole Genome Sequence Analysis**
Genome sequence services using next generation sequencers
- **Development of reagents for detection of variants (research reagents)**
Establishment of a system that can quickly develop and mass-produce a variety of reagents for variants in about three weeks
- **Development of various research reagents**
 - Kit for analyzing the mechanism of viral infections and the effectiveness (neutralization) of neutralizing antibodies
 - Virus Vector Capacity Measurement Kit Used in Vaccine Manufacturing, etc.

Cooperation in the development and manufacture of vaccines

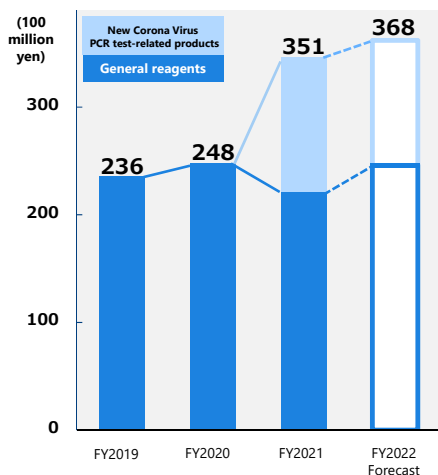
Cooperate in several projects as a CDMO utilizing manufacturing and quality control techniques for regenerative medicine products such as genetic therapy vectors

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Reagent Business Aiming for continuous earing growth by further strengthening the new product development system

Sales Results and Forecast



Measures

- Sales of new Corona Virus PCR test-related products are forecasted to be decreased.
- Despite regional differences, the company expects the general research reagents business as a whole to recover to the FY2019 level, and aims to increase sales in the reagents business as a whole.
- Strategic Directions for R&D
 - maximize Group synergies between Japan, the U.S., Europe and China with open innovation method.
 - Enhancing the performance of PCR products
 - Strengthen application areas of PCR
 - Development of *in vitro* diagnostic reagents
 - Expansion of NGS and single-cell analysis-related technologies into the clinical diagnostics field

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Instruments Business

Attempt to expand the application area by developing system with dedicated reagents

PCR-related fields

Promote the development of new models in addition to the existing product-lineup

General



**Thermal Cycler Dice®
Real Time System III**



**CronoSTAR™
96 Real-Time PCR System**

High throughput



**SmartChip™
Real-Time PCR System**

Portable



**CronoSTAR™ Portable
Real-Time PCR System**

Single-cell analysis fields

- Develop specialty reagents (such as SMART-Seq® series) to enhance system functionality and promote globally tailored business development to meet the needs of each region.
- In Europe, the company aims to expand sales of equipment and reagents, mainly in the basic research field, and in the U.S., in the reproductive medicine field. In Japan, enhance application data such as those related to cancer testing, and focus on development of analysis and inspection contract services.



ICELL8® cx Single-cell System

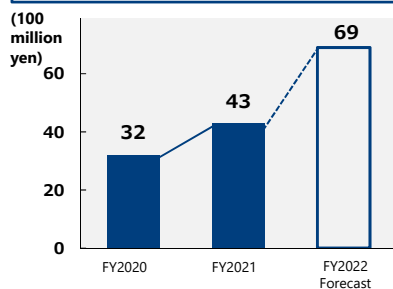
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CDMO Business 1: Regenerative Medicine

Aiming for sustainable growth through aggressive technology development and capital investment

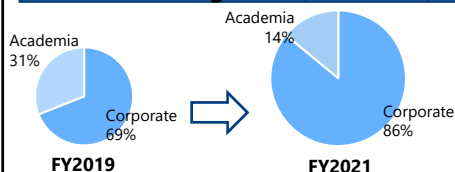
Sales Results and Forecasts



Measures

- In Japan, the development of regenerative medicine products will start in earnest, and the market will continue to expand. Earnings are expected to expand in all areas of vector manufacturing, cell processing, and quality testing.
- Implementation of unused areas at the Center for Gene and Cell Processing 2 (started operation in January 2020) (government subsidies are also used in some areas). Increase the production capacity of vectors and gene-transduced cells.
- The company aims to improve manufacturing efficiency and reduce costs by developing efficient cell expansion culture methods, scale-up technologies for vector manufacturing, and automating manufacturing processes.
- In addition to robust domestic sales, the company plan to expand sales overseas.

Customer Segment (Domestic)



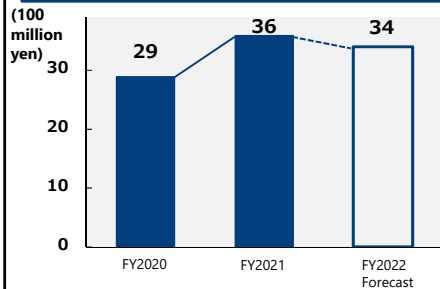
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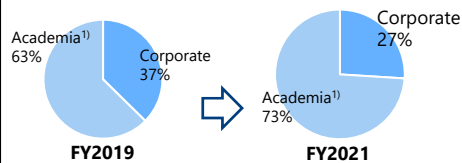
CDMO Business 2: Gene Analysis and Testing

Focus on developing new consigned menu and acquiring large-scale genome analysis projects

Sales Results and Forecasts



Customer Segment (Domestic)



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¹⁾ Academia includes all genome analysis projects, etc. led by the country.

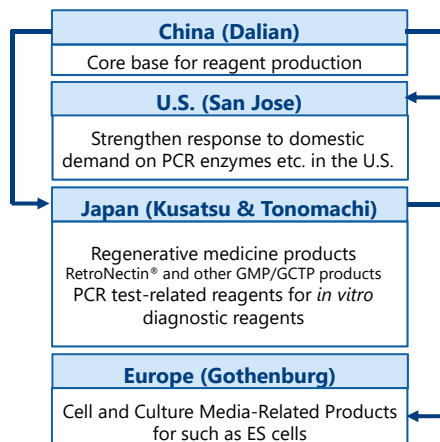


Measures

- In FY02020, performance was firm due to the consignment of whole genome analysis project led by the government.
- Focus on differentiation through the development of preprocessing processes utilizing its proprietary control technology for ultra-small amounts of nuclear acids and analytical menus that can be applied in the field of clinical diagnostics utilizing bioinformatics.
- Shift to high-value-added, high-profit contracts and work to acquire large-scale all-genome analysis projects although sales are expected to decline slightly.

Aiming for "Productivity Improvement" in R&D and Manufacturing Promoting the Establishment of a Global System

Reorganization of R&D and manufacturing functions



Capital Expenditure Plan for FY2022

Japan (Kusatsu)

- Establishment of a manufacturing system for PCR diagnostic reagents such as *in vitro* diagnostics
- Expansion of vector manufacturing facilities, cell processing rooms for gene-transduced cells production, and GMP/GCTP systems

U.S. (San Jose)

- Expansion of R&D function
- Deployment of manufacturing functions for PCR enzymes, etc.

Europe (Gothenburg)

- Establishment of a manufacturing system for cell and culture medium-related products, including ES cells and other cell medicines

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Gene Therapy Business: Focus on Promoting Out-Licensing Projects, Creating New Clinical Projects and Developing Next-Generation Basic Technologies

Out-licensing project

In close cooperation with our business partners, we are developing a system for manufacturing and supplying regenerative medicine products in anticipation of market launches.
The expansion of indications will also be addressed.

- **TBI-1301 NY-ESO-1 · siTCR™ (Synovial sarcoma):** Application for marketing authorization is planned for FY2021
- **TBI-1401 C-REV:** Phase I clinical trials have been completed, and considering future development plan
- **TBI-1501 CD19 · CAR (Adult Acute Lymphoblastic Leukemia):** Phase I/II Clinical Trial is in Progress

New clinical development projects

Aim to start clinical trials of new CAR gene therapy, non-clinical trials is ongoing

- **TBI-2001 CD19 · JAK/STAT · CAR (Blood cancer):** Planning to conduct a clinical trial in Canada
- **TBI-2002 CEA · GITR · CAR (Solid tumor):** Planning a clinical trial in Japan

Basic technology development

Focus on the development of fundamental technologies that solve issues in gene therapy.

- Establishment of mass production methods for viral vectors such as AAV
- Development of next-generation CAR gene therapy that can be applied for solid tumor
- Development of viral vectors for organ-specific in vivo gene therapy.
- Development of next-generation TCR/CAR Gene-Therapies with long-lasting antitumor efficacy.

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Quantitative targets reached the level of the final year of the "Long-Term Management Plan 2025" Utilize upside earnings to build a foundation for sustainable growth

		Mid-Term Management Plan2022	Long-term management plan2025	FY2021 (Actual)	FY2022 (Forecast)	
Quantitative Targets	Operating Profit	6.5 billion yen	10.0 billion yen	13.9 billion yen	14.0 billion yen	<ul style="list-style-type: none"> • We will aggressively invest in R&D and in facilities to further expand the Reagent and CDMO business, with the aim of achieving sustainable growth. • Focus on building a foundation for long-term earnings growth, including human resource development, and accelerate business promotion toward becoming a "drug discovery company."
	ROE	6% or more	8% or more	13.6%	12.6%	
KPI ¹⁾	Net sales	42.6 billion yen	50.0 billion yen	46.0 billion yen	50.5 billion yen	<ul style="list-style-type: none"> • Dividends for FY2021 increased by 8 yen from the previous fiscal year. Dividend is expected to increase for the ninth consecutive fiscal year. • We will strive to realize a sustainable society and achieve sustainable growth of the Takara Bio Group by focusing on sustainability management and making full use of biotechnology.
	R&D expenses	6.3 billion yen	7.0 billion yen	5.5 billion yen	5.8 billion yen	
Others	Dividend	-	-	16 yen/share ²⁾	16 yen/share	

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¹⁾ KPI: key performance indicators

²⁾ Scheduled for discussion at the General Meeting of Shareholders (to be held on June 24, 2021)



By Subsidiary (FY2021 and FY2022 Forecast)

[Reference]

(million yen)

	FY2021 Actual		FY2022 Forecast	
	Net sales	Operating profit	Net sales	Operating profit
Takara Bio	33,885	9,693	36,711	10,019
Takara Bio Europe (Consolidated)	6,327	1,091	7,788	1,240
Takara Biotechnology (Dalian)	5,321	2,473	3,927	879
Takara Biomedical Technology (Beijing)	8,323	1,503	8,618	1,329
Takara Korea Biomedical	1,142	192	1,067	156
DSS Takara India Pvt. Ltd.	662	91	616	66
Takara Bio USA Inc.	10,963	575	11,961	991

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Exchange rate (FY2021 and FY2022 Forecast)

[Reference]

(Unit: yen)	FY2021	FY2022
	Actual	Forecast
US dollar	106.77	104.00
Euro	121.88	122.00
Yuan	15.48	15.00
100 won	9.06	8.90
Rupee	1.44	1.40
Sweden Krona	11.63	11.80
Pound	135.00	135.00

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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

