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Notice Concerning Revisions to Financial Results Forecasts for the First Half, Recognition of Extraordinary Loss, and Reversal of Deferred Tax Assets

Takara Bio Inc. (“the Company”) hereby announces that the Company expect to revise the financial results forecasts for the first half of the fiscal year ending March 31, 2026, announced on May 13, 2025, recognize extraordinary loss, and reversal of a portion of the deferred tax assets.

1. Revisions to first half financial results forecasts

(1) Revisions to the first half consolidated financial results forecasts (April 1, 2025 - September 30, 2025)

	Net sales	Operating profit	Ordinary profit	Net income attributable to owners of the parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecasts (A) (Disclosed on May 13, 2025)	21,300	(1,450)	(1,430)	(1,320)	(10.96)
Revised forecasts (B)	18,700	(2,350)	(2,500)	(6,900)	(57.30)
Change (B-A)	(2,600)	(900)	(1,070)	(5,580)	-
Change (%)	(12.2)	(62.0)	(74.8)	(422.7)	-
(Reference) Actual consolidated results for the six months ended September 30, 2024)	19,758	417	549	513	4.26

(2) Reason for differences

Amidst a global downturn in the life sciences research market, the impact of significant reductions in research grants due to U.S. government policies and the economic recession in China, among other factors, R&D activity in both industry and academia has declined worldwide. As a result, net sales are expected to fall below the previous announced forecasts. Although SG&A expenses are expected to be lower than the previously announced forecast due to a review of personnel structure, prioritization of R&D activities, and reductions in administrative costs, the significant impact of the decline in sales is anticipated to result in operating profit and ordinary profit falling below the previously announced forecast. Furthermore, as described below, the Company expects to record an extraordinary loss and to partially reverse deferred tax assets, and as a result, net income attributable to owners of the parent for the interim period to fall below the previously announced forecast.

Full-year financial result forecasts for the fiscal year ending March 31, 2026, are currently under detailed review, and the Company will promptly disclose any revisions to the forecast.

2. Recognition of Extraordinary Loss

The Company has expanded its manufacturing facilities for contract manufacturing services, including cell processing, viral vectors and other products, anticipating increased demand driven by a rise in orders from pharmaceutical companies and progress in the NY-ESO-1・siTCR™ gene therapy (Development Code: TBI-1301). However, considering the impact of the termination of the joint development and exclusive sales agreement with Otsuka Pharmaceutical Co., Ltd. for the NY-ESO-1・siTCR™ gene therapy, changes in client development strategies, and shifts in the R&D environment within the regenerative / cellular therapy and gene therapy fields, the Company has carefully assessed the future recoverability of these assets. As a result, the Company expects to record an impairment loss of approximately ¥3.9 billion on a portion of the expanded facilities as an extraordinary loss.

3. Reversal of Deferred Tax Assets

After carefully evaluating the recoverability of deferred tax assets in consideration of the current business environment and future performance trends, the Company expects to reverse the deferred tax assets by approximately ¥400 million in the second quarter of the fiscal year ending March 31, 2026, and records the same amount as income taxes-deferred.
