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Company	Takara Bio Inc.
Representative	Tsuyoshi Miyamura, President & CEO Securities code: 4974 TSE Prime Market
Contact	Noritaka Nishiwaki, Executive Officer, in charge of PR & IR Department
Telephone	(+81)77-565-6970

Implementation of Structural Reforms for Profit Improvement

Takara Bio Inc. (the "Company") hereby announces as follows that at the Board of Directors meeting held today, the Company has resolved to implement structural reforms to accelerate the selection and concentration of businesses, withdraw from unprofitable businesses, and optimize personnel in order to quickly restore profitability.

1. Background to Implementation of Structural Reforms

Under the Medium-Term Management Plan 2026 for the three-year period ended March 31, 2026, we have set out to advance the development of biotechnology-based biologics development technologies through the Reagents and Instruments business and CDMO business, and aim to become a global platform provider responsible for the infrastructure of the life sciences industry. The Company has been investing in facilities and expanding our workforce, mainly in CDMO business, utilizing subsidies. However, the life science research market remained sluggish worldwide, and there was a significant reduction in research subsidies in the U.S., intensifying competition with Chinese competitors in China, and a decline in consigned projects in CDMO business due to a downward trend in development projects by major pharmaceutical companies in the Japanese regenerative / cellular medicine and gene therapies fields, as well as changes in the development policies of the customers. As a result, the Company posted a consolidated operating loss of ¥4,688 million for the fiscal year ended March 31, 2026, which was significantly different from the consolidated operating profit target of ¥15,000 million set forth in the Medium-Term Management Plan 2026.

Under these circumstances, a tender offer for the Company's shares by Takara Holdings Inc. ("Takara Holdings") has been concluded, and a series of procedures are under way to become a wholly owned subsidiary of Takara Holdings. In anticipation of becoming a wholly owned subsidiary of Takara Holdings, the Company will implement the following structural reforms (the "Structural Reforms") in order to convert to a structure that generates sustainable earnings commensurate with the scale of assets, while taking into account the synergies among them, and to aim for an early recovery in profitability.

2. Specific contents of the Structural Reforms

- (1) Discontinuation of the Company's own clinical development project for gene therapy
The Company will discontinue the clinical-development activities such as NY-ESO-1 • siTCR[®] gene therapy (TBI-1301).
- (2) Withdraw from GMP cell processing and prioritization of target modalities in CDMO business
To improve the earnings structure of CDMO business through the selection and concentration of modalities, the Company will withdraw from the GMP cell processing in CDMO business (while continuing non-GMP cell processing such as process development). Accordingly, the Company will suspend the operation of certain related facilities at Center for Gene and Cell Processing.

Please be advised that concrete discussions are underway with domestic companies regarding the transfer of the business of (1) genetic therapy projects and (2) GMP cell processing services.

- (3) Clarifying management responsibilities and streamlining the management structure
To clarify responsibilities for sluggish business performance and the implementation of the Structural Reforms, the Company will reduce the number of executives and voluntarily return and reduce executive compensation.

- (i) Reduction in the Board of Directors

Reduced from 9 to 3

(to be officially decided upon by resolution of the 24th Annual General Meeting of Shareholders)

- (ii) Voluntary return of executive compensation

Chairman	30% of the monthly compensation
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President & CEO	30% of the monthly compensation
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Vice President and Executive Officer	25% of the monthly compensation
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[Period for return of executive compensation] April 2026 to June 2026 (3 months)

- (iii) Reduction of Directors' Compensation

Reduction in the following ratio from the base amount of remuneration determined for each position

President & CEO	35% of the monthly compensation
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Vice President and Executive Officer	30% of the monthly compensation
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Senior Executive Officer	30% of the monthly compensation
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Executive Officer	25% of the monthly compensation
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Operating Officer	20% of the monthly compensation
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[Period of reduction of executive compensation] July 2026 to June 2027 (1 year)

One director (part-time) will voluntarily return the full amount of executive compensation for the same period.

(4) Workforce optimization

The Company will review our personnel system in line with the selection and concentration of businesses and implement the recruitment of voluntary retirement.

- (i) Eligibility: All Employees (except for the new employees joined on April 1, 2026)
- (ii) Number of applicants: Approximately 120
- (iii) Application period: June 15 to July 17, 2026
- (iv) Others: In addition to the retirement allowance stipulated in the internal regulations concerning retirement allowances, additional retirement allowances will be paid to employees who wish to retire. In addition, reemployment support will also be provided.

3. Benefits of the Structural Reforms

In addition to the above, the Company will implement the closing of the Swedish site and the reduction of listing-related expenses and expects to reduce the fixed costs by approximately ¥2.3 billion over the two years from the fiscal year ended March 31, 2027 to the fiscal year ended March 31, 2028. The Company also expects to reduce costs by approximately ¥2.8 billion, including other expenses.

4. Growth strategy based on the Structural Reforms

Based on the Structural Reforms, the Company will implement the following measures with the aim of achieving an early recovery in profitability and sustainable growth.

- (1) In the Reagents and Instruments business, the Company will expand profitability while restraining the increase in investment resources to cope with the decline in profitability of research catalog products due to the sluggishness in the global life science research market. In particular, the Company will focus on expanding sales of products of spatial transcriptome analysis, shifting to BtoB, and shifting research-use catalogue products to next-generation products.
- (2) In the CDMO business, the Company will thoroughly reduce expenses, including through the Structural Reforms. The Company will also work to improve profitability by focusing our GMP manufacturing modalities on nucleic acid/plasmid, protein/enzymes, and virus vectors. The Company will also continue to contract for quality-related testing of these modalities and promote our CDMO business to support regenerative / cellular medicine and gene therapies. In gene analysis, the Company will shift to a menu of high-value-added services such as spatial transcriptome analysis.
- (3) In the Gene Therapy business, the Company will continue to develop and manufacture biopharmaceutical production aids (Ancillary Materials, AM products) and culture medium products for products in the regenerative / cellular medicine and gene therapies fields, which are expected to grow further in the future, such as RetroNectin[®] and enzymes for the production of mRNA vaccines. The Company will focus on expanding sales by developing and manufacturing these products for BtoB.
- (4) To achieve medium-to long-term growth, the Company will build a portfolio of technologies, products and services by developing businesses that utilize biotechnology from the medical/ healthcare field, which has been our business field, to the environment, manufacturing/energy, marine, food/plant and the other fields.

5. Other

An extraordinary loss of approximately ¥2.8 billion is expected to be incurred as expenses associated with the implementation of the Structural Reforms. This is incorporated into the consolidated financial forecasts for the fiscal year ending March 31, 2027 in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2026" announced today.

The Company aims to turn consolidated operating profit into black by the fiscal year ending March 31, 2028 and expects for consolidated net sales of ¥60.6 billion and consolidated operating profit of ¥4.6 billion in the fiscal year ending March 31, 2031 by concentrating resources on growth fields while shifting to a structure that sustainably generates revenue by implementing the Structural Reforms.

Forward-Looking Statements

Statements contained in these materials with respect to the Company's current plans, forecasts, strategies and beliefs that are not historical facts are forward-looking statements about the further performance of the Company and its consolidated subsidiaries. These statements are based on management's assumptions and beliefs in light of information currently available to it, but are based on a number of assumptions and beliefs derived from information that contains significant risks and uncertainties. Actual results may differ materially 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, declines 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.