Financial Results for the First Half Ended September 30, 2024

TAKARA BIO INC.

November 12, 2024

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Content

Consolidated Financial Results for the First Half Ended September 30, 2024

(¥m)	FY2025	Y/Y	Comparison with previous forecast†
Net sales	19,758	+641 +3.4%	▲441 ▲2.2%
Gross profit	12,445	▲898 ▲6.7%	+145 +1.2%
SG&A expense	12,028	+94 +0.8%	▲121 ▲1.0%
Operating profit	417	▲993 ▲70.4%	+267 +178.0%
R&D expenses	3,481	▲759 ▲17.9%	▲85 ▲2.4%

Factors behind changes in Operating profit (¥m)
(Comparison with previous forecast†)

Lower unit sales volume	▲943
Difference in sales composition	+302
Effects of foreign exchange rate fluctuations	+787
Increase in gross profit	**+145**
Controlling R&D expenses	+195
Reduction of other expenses	+455
Effects of foreign exchange rate fluctuations	▲529
Decrease in SG&A	**+121**
Increase in Operating profit	**+267**

¥m: millions of yen
FY2025: from Apr. 1, 2024 to Mar. 31, 2025

† Announced on May 10, 2024.

Consolidated Financial Results for the First Half Ended September 30, 2024: Sales of Reagents by Region

(¥m)	FY2025 Semi-annual	Comparison with previous forecast†		
		Change	For exchange	Ratio (Exchange excluded)
Japan	2,697	▲129	-	▲4.6%
U.S.	6,781	352	+550	▲3.1%
Europe	1,645	▲115	+118	▲13.3%
China	3,314	▲60	+229	▲8.6%
Korea	594	▲115	+40	▲22.0%
India	371	▲28	+26	▲13.8%
Total	15,405	▲97	+964	▲6.9%

Comparison with previous forecast† (local currency basis)

<Japan> PCR related enzymes and application fields missed targets

<U.S.>Catalog products for academia remained firm, sales of RHT reagents for large-scale customers fell short of target

<Europe> Market recovery delayed, and sales for academia and industry fell short of targets

<China> Both for general research/ catalog, OEM/customized products missed targets

<Korea and India> Significantly failed to achieve the target due to the impact of the reduction of the government's research budget

RHT: Reproductive Health-Related Testing

† Announced on May 10, 2024.

Consolidated Financial Results for the First Half Ended September 30, 2024: Sales by Business Group

(¥m)	Net sales	Y/Y	Comparison with previous forecast†
Instruments	426	+15 +3.7%	▲159 ▲27.2%
CDMO	2,274	▲428 ▲15.9%	▲174 ▲7.1%
Regenerative medicine	964	▲874 ▲47.6%	▲245 ▲20.3%
Gene analysis / testing & others	1,309	+446 +51.7%	+71 +5.7%
Gene Therapy	1,652	+353 +27.2%	▲9 ▲0.6%

Comparison with previous forecast†

Instruments:
Recovery in sales of PCR related instruments delayed, new digital PCR instruments missed target

Regenerative medicine:
Area of cell processing and the quality testing decreased due to client changes in development policy

Gene analysis / testing & others:
Strong performance of large-scale gene analysis projects and strong orders for new services such as single cell/spatial analysis

Gene Therapy:
Strong performance of Retronectin® in Europe; missed target in US and Chinese

† Announced on May 10, 2024.

Content

Reagents Business: Glocal Strategy 1

	Japan	China	Korea
Status	• Sales of reagents for general research increased Y/Y, but sales of reagents related to COVID decreased. • Large increase in government R&D budget is not expected, especially slowing sales to academia	• The government continued to reduce its R&D budget, and although the worst period came to an end, a rapid market recovery is not expected. • Secure market share through commodity product pricing policies • Focus on development of glocal products for Chinese market	• The government's R&D budget for academia was reduced, and the life science R&D market was sluggish.
Measures	• Accelerate development of OEM/customized products and high-value-added products for diagnostic testing • Strengthen sales in application fields such as reagents for detection of Norovirus, and that of 3 types of intestinal bacteria (Enterohemorrhagic Escherichia coli, Salmonella, and Shigella)	• Further advancing glocal response for industries, developing and strengthening sales of NGS reagents and diagnostic PCR enzymes specializing in the Chinese market • Acquisition of new industry customers through restructuring of distributor system	• Strengthen sales to public research institutions • Strengthen sales of OEM/ Customized products for industry

Reagents Business: Glocal Strategy 2

	U.S.	Europe	India
Status	• Market is gradually recovering, and sales of general research/catalog products for academia are steady. However, sales of enzymes for LDT manufactured in the U.S., which had been growing steadily, and sales of RHT related products to large customers are slowing.	• The academic research market shrank due to the prolonged economic stagnation, and recovery was delayed. • Building a Glocal Structure at a Swedish Base to Manufacture OEM/ Customized Gene Engineering Reagents	• Sluggish life science market due to restrained implementation of government research budget for research institutions
Measures	• Focus on academia, LDT, and other industries to acquire new customers • To expand U.S. manufacturing of OEM and strengthen the global system to respond flexibly to delivery deadlines and prices	• Focus on acquiring large customers for Swedish made OEM/customized products • Conduct campaigns for specific competing manufacturer products for general research and catalog products	• Expansion of development and manufacturing of Glocal products for India • Strengthen sales of local subsidiary brand products

Instruments Business: Digital PCR Systems
Expanded lineup of PCR related instrument

Naica® System

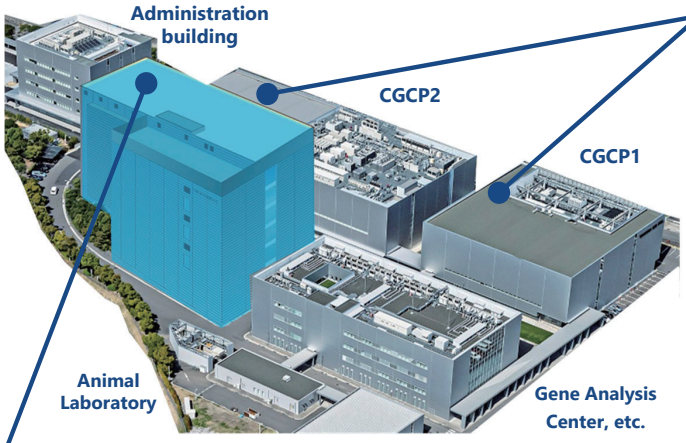
Nio™ + System

Stilla Technologies SAS's Crystal Digital PCR® technology
Convenient operability for completing all processes with dedicated chips
Supports high throughput analysis of up to 384 samples/response
Extensive application such as oncologic liquid biopsy, cell and gene therapy, pathogen detection, environmental and food inspection

Instruments Business: Shasta™ Single Cell System
Expanding to new menu of Gene Analysis

Developing and manufacturing Takara Bio USA, Inc.
High throughput achieved through combination with dedicated reagents
Corresponds to a wide range of cell sizes and also to large cells such as cardiovascular cells
Excellent long-chain analysis of nucleic acids, enabling comprehensive analysis of DNA and RNA
Strengths in search for new biomarkers through single-cell analysis of cancer tissue

CDMO Business: Preemptively develop facilities capable of manufacturing diverse modalities



Major facilities of CGCP1/2

- Bioreactors for viral vector and mRNA manufacturing (25 L x 2 ～ 500 L ～ 3,000 L)
- Culture tanks for plasmid DNA and protein manufacturing (90 L x 2 ～ 200 L x 3 ～2,000 L x 2)
- Cell Processing Room x 11/ Ball Room x 3
- Quality testing floor ≈ 1750 m^2
- Automatic aseptic filling capacity of 23,000 vials/day
- Manufacturing facilities for *in vitro* diagnostics and ancillary materials for gene therapy products (Monthly production: equivalent to 8 million PCR reaction kits)

Major facilities of CGCP3 (under construction)

- Started construction in May. 2024, scheduled for completion in 2027
- Dual-use facility with the role of a vaccine manufacturing site and a material manufacturing site
- Bioreactors for viral vector and mRNA manufacturing (25 L x 2 ～ 500 L x 2 ～1,000 L x 2)
- Culture tanks for plasmid DNA and protein manufacturing (300 L x 6)
- Floor dedicated to quality testing (approx. 1.500 m^2)
- Automated warehousing for materials of GMP manufacturing

CGCP: Gene and Cell Processing Center

Features and Advantages of the New CGCP3 Building

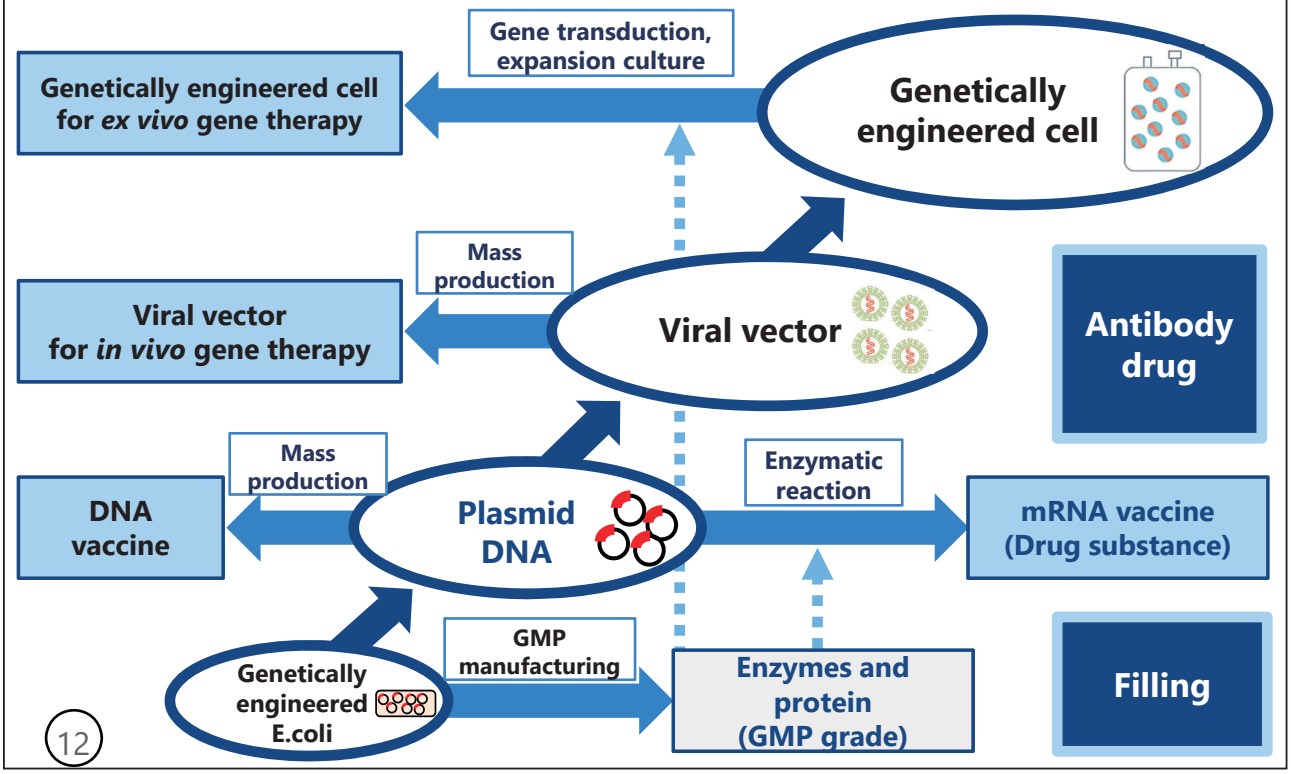
- **Use single-use materials in manufacturing:**
  Compared with the conventional production by fixed piping equipment/facilities, the time required for switching manufacturing items can be drastically reduced.

- **Reduce equipment changeover time between normal and emergency time:**
  Switching times can be shortened by sharing the same modalities, single-use materials, and raw materials for manufactured products in CDMO business and the Biologics development business for emergency vaccines.

- **In-house production of raw materials and components in addition to modality:**
  The synthetic enzymes required for mRNA production are manufactured in the same facility.
  Plasmid DNA, which is also a raw material for virus vectors, is also manufactured at the company's facilities.

- **Cooperation with domestic instruments and components manufacturers (All-in-Japan):**
  Plan to introduce and install culture tanks and liquid preparation equipment, purification equipment and resins, and filters (for clarification and sterilization) in cooperation with domestic manufacturers. Build a robust manufacturing and supply system that can withstand supply chain crises during pandemics.

Establishment of a manufacturing system for ancillary materials, regenerative medicine and antibody drugs



Promote CDMO business model differentiation by adding additional value, the "R"

C D M O

+R

- **Our strengths are that we can provide our clients with experience in proprietary platform technology and clinical development projects to their development seeds**
- **Providing comprehensive support services for clients from the initial development stage in anticipation of future development (D) and manufacturing (M)**

Client's Target Antigen/ Therapeutic Genes

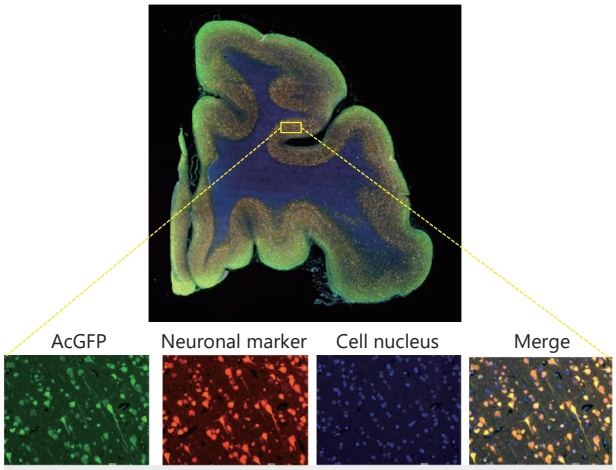
Our basic technologies

	in vivo gene therapy		ex vivo gene therapy	
Technologies for improving effectiveness and safety	CereAAV™	SonuAAV™	siTCR®	JAK/STAT •CAR
High-quality, high-efficiency manufacturing technology	AAV large scale manufacturing	LV large scale manufacturing	RetroNectin® method	Spo-T™ method

CDMO: Contract Development and Manufacturing Organization

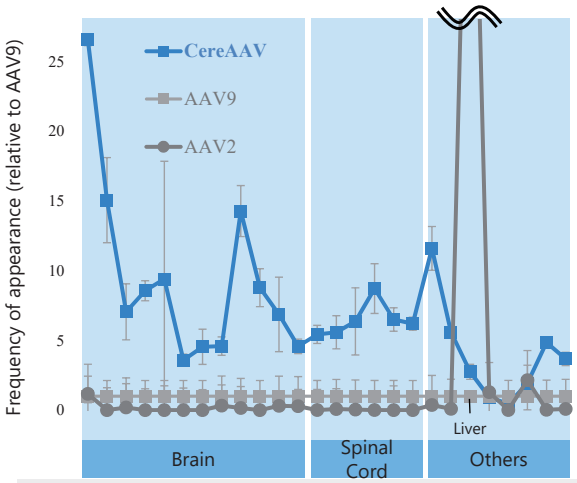
CereAAV™: Penetration of the Brain-Blood Barrier (BBB) by Intravenal Dosing Achieved high-efficiency gene introduction to the brains and avoidance of hematotoxicity

Evaluation of gene expression in Cynomolgus brain tissue



CereAAV™ showed gene (AcGFP) expression in neurons in almost all regions of the cerebral cortex frontal lobe and in vascular endothelial cells in the caudate nucleus

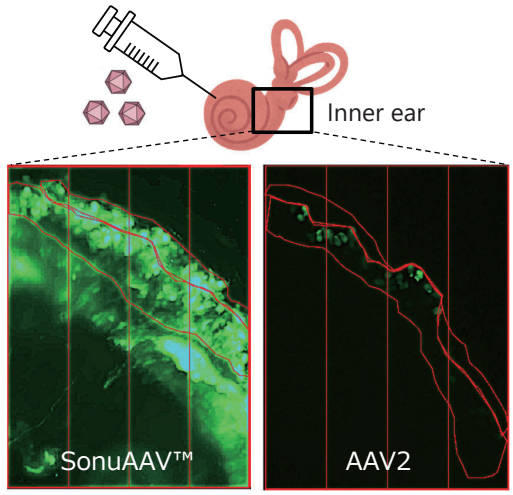
Assessment of Gene Expression in Cynomolgus



CereAAV™ showed higher gene expression in the brains and spinal cords, as compared to conventional gene therapy vectors, with lower levels in the livers.

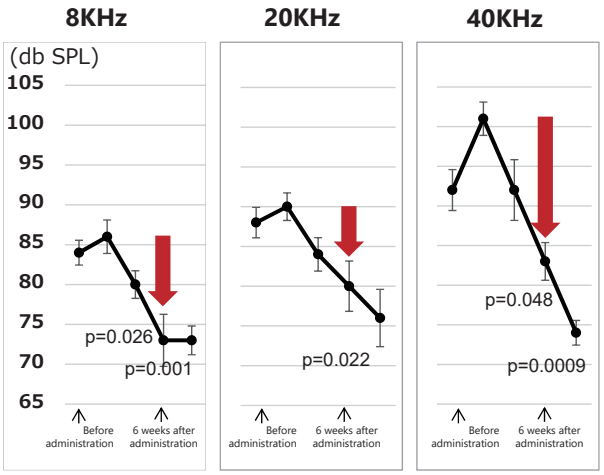
SonuAAV ™: High-efficiency gene transfer into inner ear tissue Hearing Improvement Confirmed in Hearing Loss Model Mice

Evaluation by administration to the mouse inner ear



SonuAAV™ was introduced into the internal ear support cells more than 10 times (green) as efficiently as the existing gene therapy vector (AAV2)

Assessment by Administration to Hearing Loss Model Mice



An experiment in which GJB2 gene-bearing SonuAAV™ was injected into hearing loss models confirmed an improvement in hearing at 6 weeks after administration.

Data from joint research with associate professor kazusaku kamiya of Juntendo university

Spo-T™ method: Develops a short-term production method for high-quality CAR-T cells. Reduces manufacturing costs and improves effectiveness

Conventional method: Approx. 2 weeks

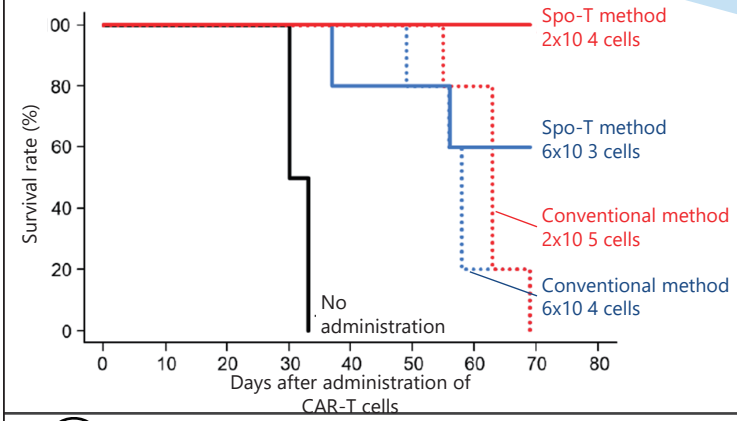
Lymphocytic Activation ▶ CAR Gene Introduction ▶ Expansion Culture → CAR-T cells

Decrease in anti-tumor effects due to progression of differentiation and exhaustion

Spo-T™ method: Approx. 2 days

Spo-T™: Short period operation for T-cell production

CAR-T cells



Mouse anti-tumor activity evaluation test results:

- ✓ CAR-T cells manufactured by Spo-T™ method showed a high anti-cancer effect over a long period of time at a dosage of 1/10 of the cells manufactured by the conventional method (left-hand chart)
- ✓ After administration, the survival and growth potential of the CAR-T cells were superior to those of cells manufactured by conventional methods.

in-house developed project/business alliance projects Select the best method for the project to drive forward

Entered into a business alliance with Gap Junction Therapeutics to jointly develop Adeno-associated virus vector gene therapy for genetic deafness

On June 18, 2024, Takara Bio Inc. entered into a basic business alliance agreement with Gap Junction Therapeutics, a venture company originating from Juntendo University, to develop Adeno-associated viruses vector gene therapy for genetic hearing loss with *GJB2* mutation.

Entered into a business alliance with Noile-Immune Biotech Inc. to jointly develop CAR-T for solid cancer

On September 25, 2024, Takara Bio Inc. entered into a business alliance agreement with Noile-Immune Biotech Inc. (NIB) for the joint development of chimera antigen receptor (CAR)-T-cell product developed by NIB.

JAK/STAT

TBI-2001(CD19・JAK/STAT・CAR): Ongoing clinical trials for hematological cancer (Princess Margaret Cancer Center, Canada)

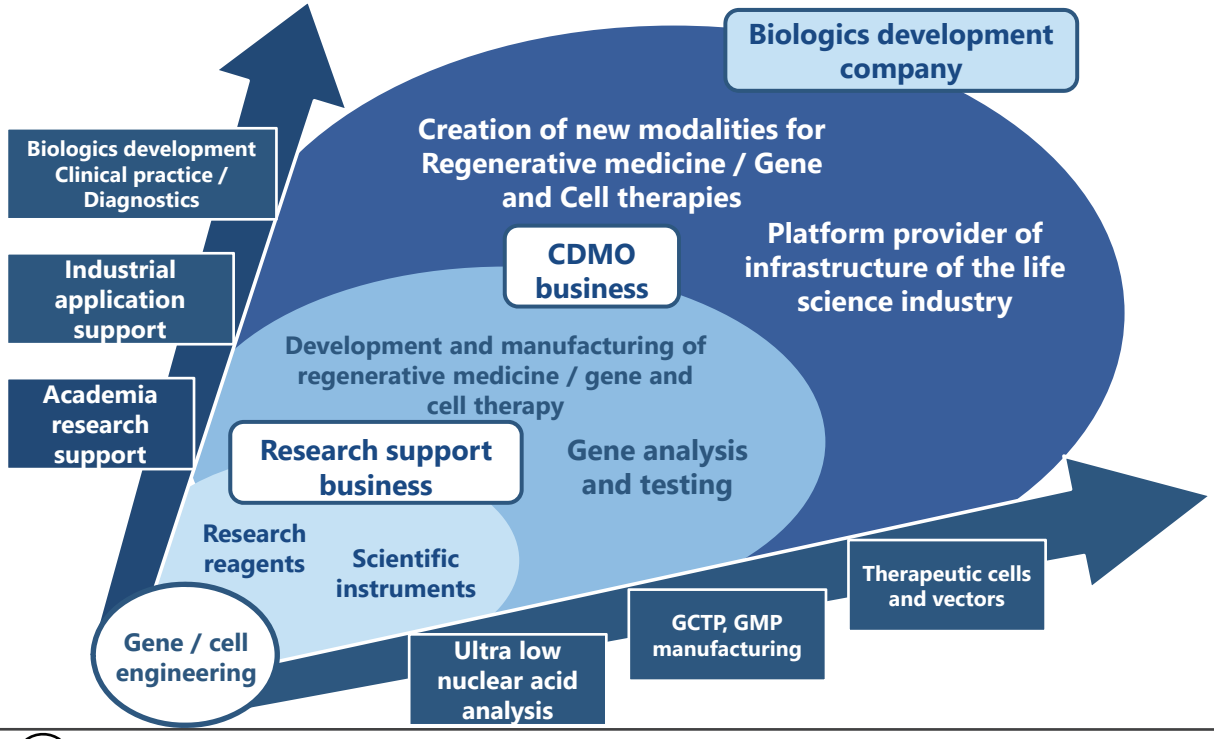
siTCR®

Review of the SAKIGAKE comprehensive assessment consultation by PMDA is underway, and the establishment of a system for post-marketing manufacturing and quality assurance is being promoted.

Manufacturing capability of Ancillary Materials: Promote in-house procurement of raw materials and supply to customers

mRNA synthesizing enzyme High Quality / GMP grade	RetroNectin® GMP grade	Other Proteins GMP grade
Enzymes essentials for highly efficient synthesis and yield improvement of mRNA ● T7 RNA Polymerase ● Pyrophosphatase (inorganic) ● Faustovirus Capping Enzyme ● mRNA Cap 2′-O-Methyltransferase ● Recombinant RNase Inhibitor ● *Bsp*Q I	Recombinant protein capable of highly efficient gene transfer into blood cells by viral vectors Widely adopted worldwide for manufacturing processes of CAR-T, TCR-T gene therapy products, etc.. Catalog product sales for research purposes and licensing supply for commercial manufacturing 	● Anti-CD3 monoclonal antibody GMP grade: Used in combination with RetroNectin® for expansion culture of lymphocytes like CAR-T cells ● Recombinant Cas9 Protein GMP grade : Used in the development and manufacture of an *in vitro* gene therapy using genome editing

Aiming to become a biologics development company continuing to create new modalities with the twin pillars of Research support and CDMO businesses



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

- Consolidated Financial Results (Semi-annual)
- Net Sales by Category (Semi-annual)
- Reagents Sales by Region (Semi-annual)
- Performance by Subsidiaries (Semi-annual)
- Consolidated Financial Forecast (Full-year Forecast)
- Net Sales by Category (Full-year Forecast)
- Reagents Sales by Region (Full-year Forecast)
- Performance by Subsidiaries (Full-year Forecast)
- Exchange Rate (Actual, Forecast)

【Reference】

Consolidated Financial Results (Semi-annual)

(¥m)	FY2025 Semi-annual	Y/Y		Comparison with previous forecast†	
		Change	Ratio	Change	Ratio
Net sales	19,758	+641	+3.4%	▲441	▲2.2%
Cost of sales	7,313	+1,540	+26.7%	▲587	▲7.4%
Gross profit	12,445	▲898	▲6.7%	+145	+1.2%
SG&A expenses	12,028	+94	+0.8%	▲121	▲1.0%
Operating profit	417	▲993	▲70.4%	+267	+178.0%
Ordinary profit	549	▲1,049	▲65.6%	+299	+119.8%
Net income attributable to owners of patent	513	▲570	▲52.7%	+413	+413.2%

FY2025: from Apr. 1, 2024 to Mar. 31, 2025
¥m: millions of yen

† Announced on May 10, 2024.

【Reference】

Net Sales by Category (Semi-annual)

(¥m)	FY2025 Semi-annual	Y/Y		Comparison with previous forecast†	
		Change	Ratio	Change	Ratio
Reagents	15,405	+701	+4.8%	▲97	▲0.6%
Instruments	426	+15	+3.7%	▲159	▲27.2%
CDMO	2,274	▲428	▲15.9%	▲174	▲7.1%
Regenerative medicine	964	▲874	▲47.6%	▲245	▲20.3%
Gene analysis/testing	1,064	+434	+68.6%	+37	+3.6%
Others	242	+11	+5.0%	+34	+16.4%
Gene Therapy	1,652	+353	+27.2%	▲9	▲0.6%
Total net sales	19,758	+641	+3.4%	▲441	▲2.2%

* From the fiscal year ended March 31, 2025, we began adding sales of mRNA manufacturing related products for research use, which had been included in "Reagents" until the fiscal year ended March 31, 2024, to "Gene Therapy." This table has been reclassified to reflect this change.

† Announced on May 10, 2024.

【Reference】

Reagents Sales by Region (Semi-annual)

(¥m)	FY2025 Semi-annual	Y/Y			Comparison with previous forecast†		
		Change	For exchange	Ratio (Exchange excluded)	Change	For exchange	Ratio (Exchange excluded)
Japan	2,697	▲862	-	▲24.2%	▲129	–	▲4.6%
U.S	6,781	+896	+773	+2.1%	+352	+550	▲3.1%
Europe	1,645	▲250	+189	▲23.2%	▲115	+118	▲13.3%
China	3,314	+905	+253	+27.1%	▲60	+229	▲8.6%
Korea	594	▲47	+44	▲14.3%	▲115	+40	▲22.0%
India	371	+59	+38	+6.7%	▲28	+26	▲13.8%
Total	15,405	+701	+1,299	▲4.1%	▲97	+964	▲6.9%

* From the fiscal year ended March 31, 2025, we began adding sales of mRNA manufacturing related products for research use, which had been included in "Reagents" until the fiscal year ended March 31, 2024, to "Gene Therapy." This table has been reclassified to reflect this change.

† Announced on May 10, 2024.

【Reference】

Performance by Subsidiaries (Semi-annual)

(¥m)	Net sales	Operating profit
Takara Bio (Non-consolidated)	10,853	▲600
Takara Bio Europe (Consolidated)	2,261	▲249
Takara Biotechnology (Dalian)	1,764	62
Takara Biomedical (Beijing)	3,912	454
Takara Korea Biomedical	677	99
DSS Takara India	393	36
Takara Bio USA	8,318	528

【Reference】

Consolidated Financial Forecast (Full-year Forecast) [No change from the previous forecast†]

(¥m)	FY2025 Full-year Forecast	Y/Y	
		Change	Ratio
Net sales	48,900	+5,394	+12.4%
Cost of sales	19,301	+2,704	+16.3%
Gross profit	29,598	+2,690	+10.0%
SG&A expenses	24,598	+693	+2.9%
Operating profit	5,000	+1,996	+66.5%
Ordinary profit	5,200	+1,794	+52.7%
Net income attributable to owners of parent	3,400	+1,919	+129.6%

† Announced on May 10, 2024.

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【Reference】

Net Sale by Category (Full-year Forecast) [No change from the previous forecast†]

(¥m)	FY2025 Full-year Forecast	Y/Y	
		Change	Ratio
Reagents	33,969	+2,563	+8.2%
Instruments	1,520	+627	+70.3%
CDMO	10,000	+2,002	+25.0%
Regenerative medicine	5,614	+1,388	+32.8%
Gene analysis/ testing	3,980	+660	+19.9%
Others	406	▲46	▲10.1%
Gene Therapy	3,410	+201	+6.3%
Total net sales	48,900	+5,394	+12.4%

* From the fiscal year ended March 31, 2025, we began adding sales of mRNA manufacturing related products for research use, which had been included in "Reagents" until the fiscal year ended March 31, 2024, to "Gene Therapy." This table has been reclassified to reflect this change.

† Announced on May 10, 2024.

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【Reference】

Reagents Sales by Region (Full-year Forecast) [No change from the previous forecast†]

(¥m)	FY2025 Full-year Forecast	Y/Y		
		Change	For exchange	Ratio (Exchange excluded)
Japan	6,989	▲386	-	▲5.2%
U.S.	13,556	+911	▲63	+7.7%
Europe	3,877	+203	+25	+4.8%
China	7,303	+1,510	▲81	+27.5%
Korea	1,425	+103	▲36	+10.6%
India	815	+190	0	+30.4%
Total	33,969	+2,531	▲157	+8.6%

* From the fiscal year ended March 31, 2025, we began adding sales of mRNA manufacturing related products for research use, which had been included in "Reagents" until the fiscal year ended March 31, 2024, to "Gene Therapy." This table has been reclassified to reflect this change.

† Announced on May 10, 2024.

【Reference】

Performance by Subsidiaries (Full-year Forecast) [No change from the previous forecast†]

(¥m)	Net sales	Operating profit
Takara Bio (Non-consolidated)	28,103	752
Takara Bio Europe (Consolidated)	4,901	130
Takara Biotechnology (Dalian)	4,157	586
Takara Biomedical (Beijing)	8,483	808
Takara Korea Biomedical	1,627	282
DSS Takara India	867	86
Takara Bio USA	18,617	2,350

† Announced on May 10, 2024.

【Reference】

Exchange Rate (Actual, Forecast)

(Unit: Yen)	FY2024 Semi-annual Actual	FY2025 Semi-annual Actual	FY2024 Full-year Actual	FY2025 Full-year Forecast
US dollar	134.99	152.36	140.66	140.00
Euro	145.92	164.69	152.10	153.00
Yuan	19.45	21.06	19.82	19.60
100 Won	10.43	11.27	10.77	10.50
Rupee	1.64	1.83	1.70	1.70
Pound	166.61	192.78	175.03	177.00