

**Financial Results Presentation
for the Second Quarter Ended September 30, 2020**

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

TAKARA BIO INC.
November 12, 2020

* This is an English translation from Japanese presentation material.

Contents

- **Quarterly Financial Results for FY2021*
(For the Second Quarter Ended Sep. 30, 2020)**
- Consolidated Financial Forecast for FY2021
- Status Overview of Primary Projects

Quarterly Financial Results for FY2021 (For the Second Quarter Ended Sep. 30, 2020)

(million yen)	FY2021 (2ndQ)	Y on Y	Previous forecast*	
Net sales	17,393	+942 +5.7%	+522 +3.1%	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Net sales</div> <ul style="list-style-type: none"> ● Sales of general research reagents decreased, and sales of products related to new coronavirus testing grew significantly. ● Contract services remained steady due to contract service related to new coronavirus vaccine
Gross profit	11,827	+1,498 +14.5%	+1,196 +11.3%	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Gross profit</div> <ul style="list-style-type: none"> ● Profit increased due to increase in net sales and reduction in cost of sales ratio (change in product mix and improvement in production efficiency)
SG&A expenses	8,090	+797 +10.9%	▲40 ▲0.5%	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Operating profit</div> <ul style="list-style-type: none"> ● SG&A expenses increased from previous fiscal year, mainly due to R&D expenses, but profits increased due to significant effect of increase in gross profit
Operating profit	3,736	+701 +23.1%	+1,236 +49.5%	
Net income attributable to owners of the parent	2,274	+199 +9.6%	+1,026 +82.2%	

3 * Comparison with previous forecast as of Aug. 4 Explanation of Y on Y changes

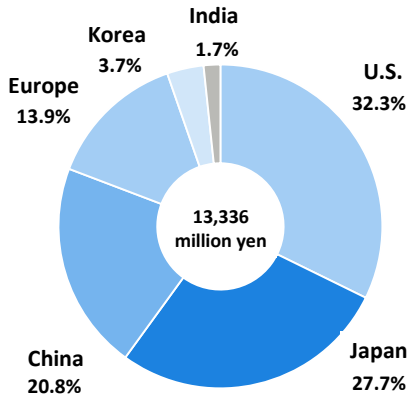
Consolidated Quarterly Financial Results for FY2021 Net Sales

(million yen)	FY2021 (2ndQ)	Y on Y	Previous forecast*	
Research reagents	13,336	1,512 +12.8%	551 +4.3%	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Research reagents</div> <ul style="list-style-type: none"> ● Significant growth in sales of products related to new coronavirus test ● Sales of general research reagents decreased
Scientific instruments	466	▲153 ▲24.7%	52 +12.7%	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Scientific instruments</div> <ul style="list-style-type: none"> ● Impact of sales termination of mass spectrometers in previous fiscal year remained, and sales declined.
Contract service	3,373	1,411 +72.0%	▲77 ▲2.2%	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Contract service</div> <ul style="list-style-type: none"> ● Strong overall performance, including contract work related to new coronavirus vaccine
Gene therapy	215	▲1,828 ▲89.4%	▲4 ▲1.9%	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Gene therapy</div> <ul style="list-style-type: none"> ● Decrease in revenues due to a decrease in compensation revenues, etc.
Net sales total	17,393	942 +5.7%	522 +3.1%	

4 * Comparison with previous forecast as of Aug. 4 Explanation of Y on Y changes

Consolidated Quarterly Financial Results for FY2021 Sales by Region for Research Reagents (Consolidated)

Overseas sales ratio : 72%

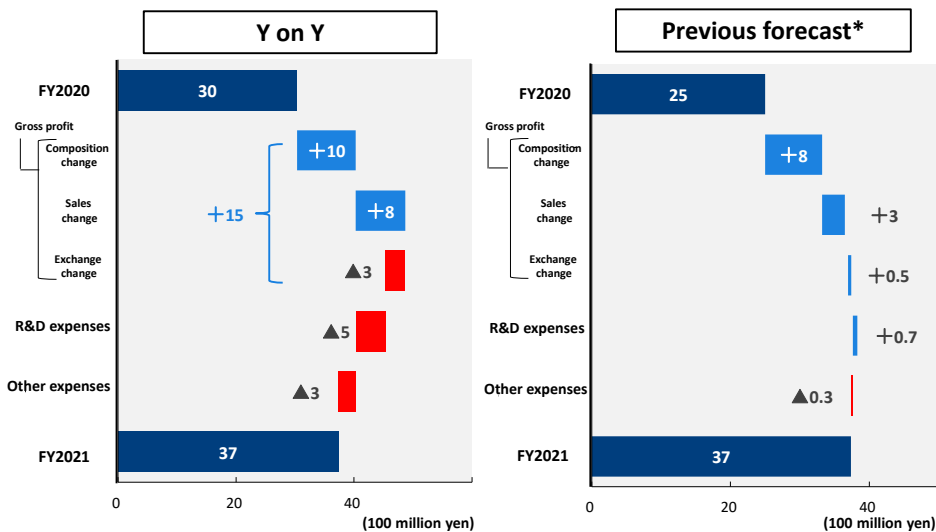


(million yen)	FY2021 Actual	Y on Y		
		Change	Change (Exchange excluded)	Ratio (Exchange excluded)
U.S.	4,302	▲127	▲55	▲1.3%
Japan	3,697	1,085	1,085	+41.6%
China	2,773	2	150	+5.4%
Europe	1,852	476	553	+40.2%
Korea	488	28	63	+13.8%
India	222	46	63	+36.4%
Total	13,336	1,512	1,861	+15.7%

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Consolidated Quarterly Financial Results for FY2021 Operating Profit



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* Comparison with previous forecast as of Aug. 4



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(For the Second Quarter Ended Sep. 30, 2020)
- **Consolidated Financial Forecast for FY2021**
- Status Overview of Primary Projects

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* FY2021 refers to the fiscal year ended March 2021



Consolidated Financial Forecast for FY2021

(million yen)	FY2021 Full year Forecast	Y on Y	Previous forecast*
Net sales	40,800	+6,234 +18.0%	+1,200 +3.0%
Gross profit	25,379	+4,273 +20.2%	+2,002 +8.6%
SG&A expenses	17,379	+2,548 +17.2%	+502 +3.0%
Operating profit	8,000	+1,725 +27.5%	+1,500 +23.1%
Net income attributable to owners of the parent	5,000	+1,180 +30.9%	+1,000 +25.0%

Net sales

- Increase in sales due to growth in new coronavirus-related products and services, etc.

Gross profit

- Increase mainly due to increase in sales

SG&A expenses

- Plan to increase expenses, mainly for R&D expenses and personnel expenses

Operating profit

- Forecast 12 consecutive years of profit growth

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* Comparison with previous forecast as of Aug. 4

Explanation of Y on Y changes

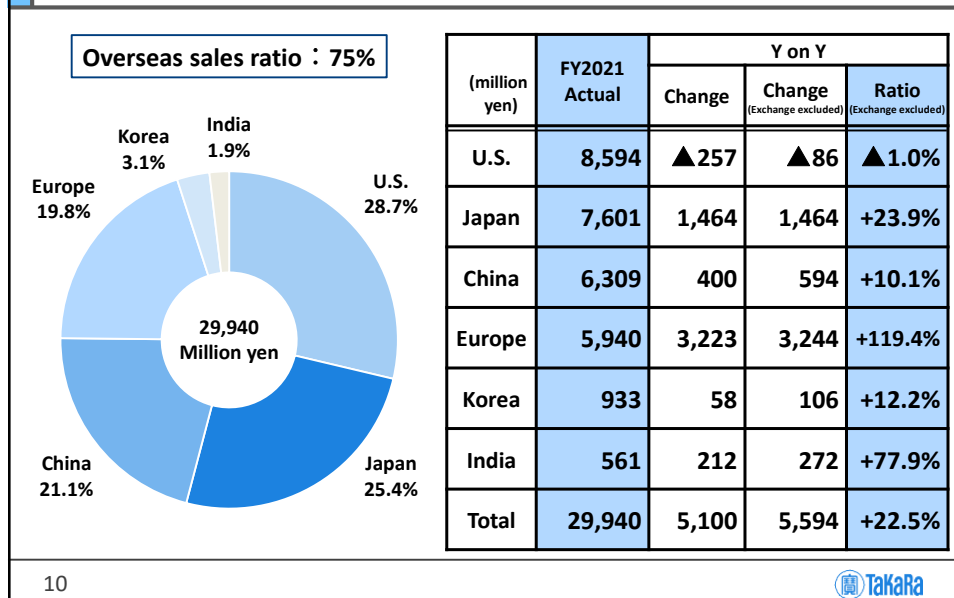


Consolidated Financial Forecast for FY2021 Net Sales

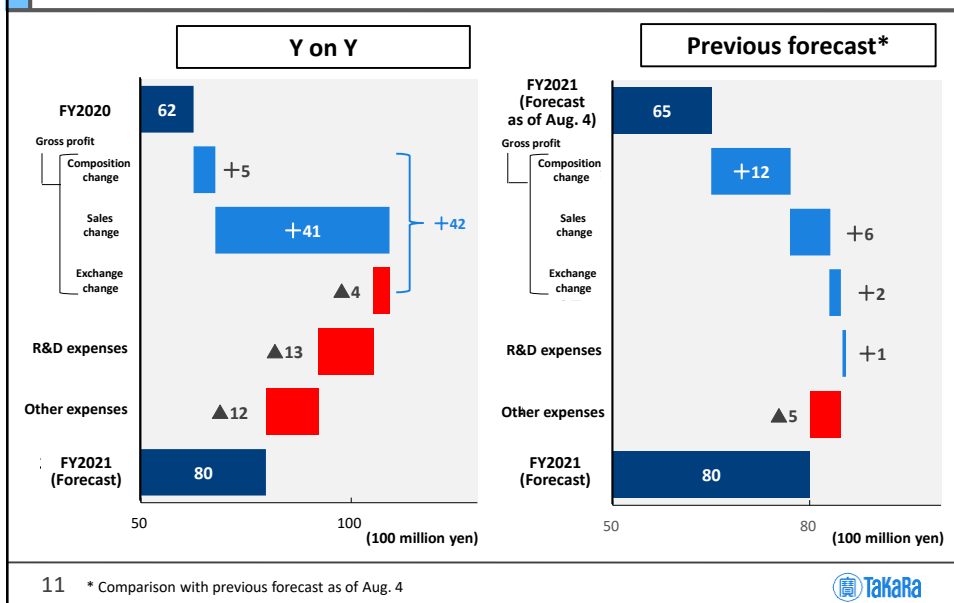
(million yen)	FY2021 Full year Forecast	Y on Y	Previous forecast*	
Research reagents	29,940	+5,100 +20.5%	+2,337 +8.5%	Research reagents <ul style="list-style-type: none"> Sales of general research reagents will not return to previous fiscal year level, while sales of products related to new coronavirus testing will grow
Scientific instruments	1,454	+211 +17.0%	+226 +18.5%	Scientific instruments <ul style="list-style-type: none"> Growth in PCR instruments
Contract service	8,539	+2,352 +38.0%	▲1,310 ▲13.3%	Contract service <ul style="list-style-type: none"> Strong overall, expect new coronavirus vaccine-related services
Gene therapy	865	▲1,430 ▲62.3%	▲53 ▲5.8%	Gene therapy <ul style="list-style-type: none"> Decrease in revenues due to a decrease in compensation revenues, etc.
Net sales total	40,800	+6,234 +18.0%	+1,200 +3.0%	

9 * Comparison with previous forecast as of Aug. 4 Explanation of Y on Y changes

Consolidated Financial Forecast for FY2021 Sales by Region for Research Reagents



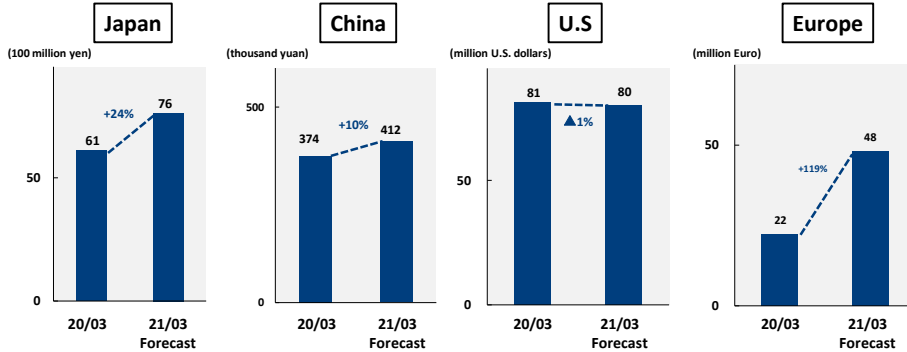
Consolidated Financial Forecast for FY2021 Operating Profit



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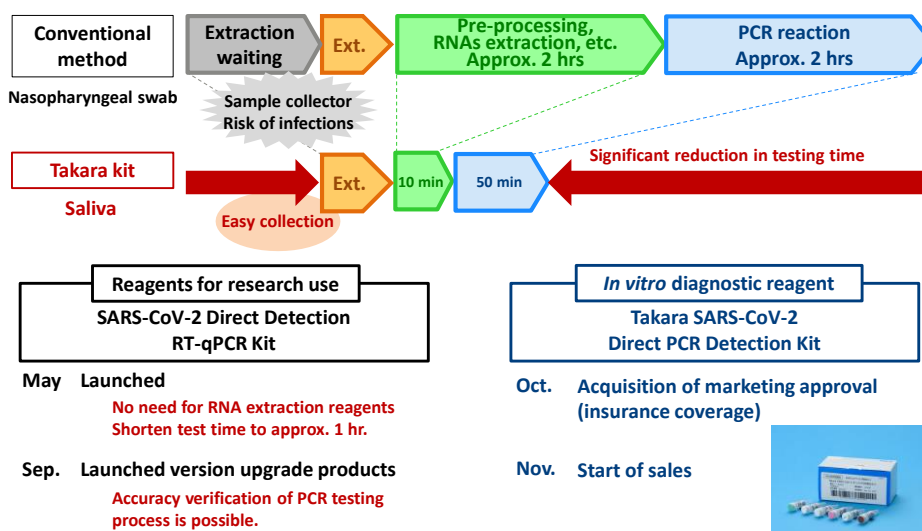
Research Reagent Business Includes New Coronavirus-Related Field Focus on Expanding Application Field and Developing Products for Cutting-Edge Research



Full-year forecast (reagents as a whole): In the 4 major regions, sales in the U.S. remains unchanged from the previous fiscal year, and sales in other regions increased.

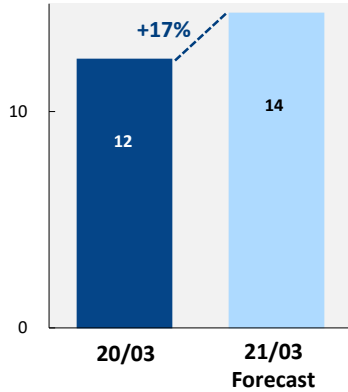
- General research reagents: All regions are not expected to recover to the previous year's level.
- New coronavirus test-related reagents: Demand is strong in Japan and Europe, but is on a downward trend in China. Increasing trend in the U.S.

New Coronavirus PCR Testing Reagent Started Sales of Quick and Convenient Testing Kits as *In vitro* Diagnostic Reagents



Increasing Demands of Scientific Instruments for New Coronavirus PCR Testing Develop New Models Adapted to Various Application Fields

(100 million yen)



- Real-time PCR instruments performed well due to synergies with reagents for new coronavirus testing
- Sluggish growth in single-cell analyzers

Lineup of real-time PCR instruments

General-purpose



Thermal Cycler Dice®
Real Time System III

General-purpose



CronoSTAR™
96 Real-Time PCR System
(Launched in June 2020)

High throughput type



SmartChip™
Real-Time PCR System
(Formerly manufactured by WaferGen)

Portable type



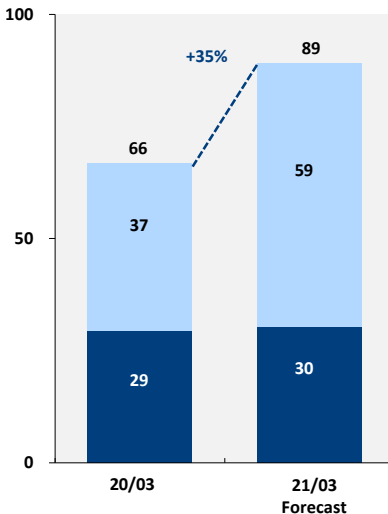
CronoSTAR™ Portable
Real-Time PCR System
(Launched in January 2020)

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Increase Manufacturing Capacity in CDMO Business, Aiming for Further Business Expansion via System Optimization

(100 million yen)



Services for regenerative medicine products

- Vector production, cell processing, and quality testing remains firm.
- Also undertake contract services related to new coronavirus vaccine
- Expand production capacity by improving production efficiency, expanding facilities, and strengthening personnel structure
- Utilizing subsidies from the Ministry of Health, Labour and Welfare's "Project for Emergency Development of Vaccine Production Systems, etc. in FY2020"

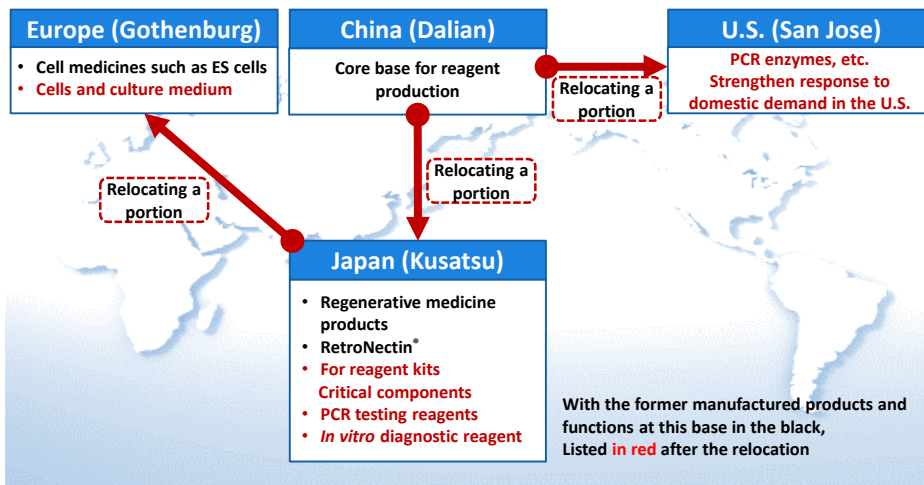
Services for gene analysis/testing

- Steady growth in genome sequence services using next-generation sequencers such as large-scale genome projects

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Based on a Balance between Improved Efficiency and Risk Reduction Reorganizing into a Global, Multipolar Manufacturing Structure



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Progress of Ongoing Clinical Projects in Alliance with Otsuka Pharma

TBI-1301
(NY-ESO-1 siTCR®)

- **Synovial sarcoma**
 - Preparing for marketing approval application
 - Items subject to the SAKIGAKE Designation System
 - Designation of regenerative medicine products for rare diseases

TBI-1401
(C-REV)

- **Considering expand indications**

- **Pancreatic cancer**
 - Phase I clinical trial completed
 - Considering development plans in Japan, including expand indications

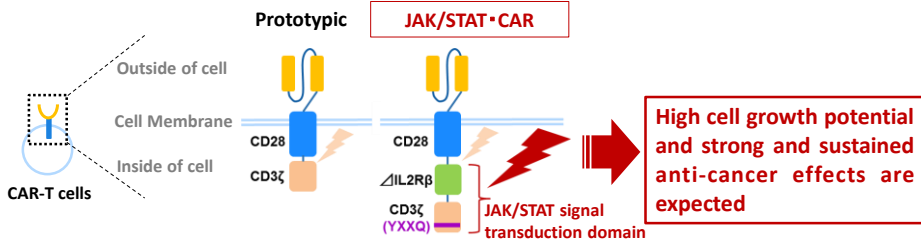
TBI-1501
(CD19•CAR)

- **Adult ALL (acute lymphoblastic leukemia)**
 - Phase I/II clinical trials in progress
- **Considering expand indications**

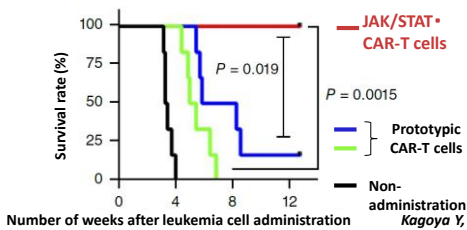
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TBI-2001: CD19•JAK/STAT and CAR Gene Therapy Aiming to Start Clinical Trials of Projects Early



Examples of mouse experimental data



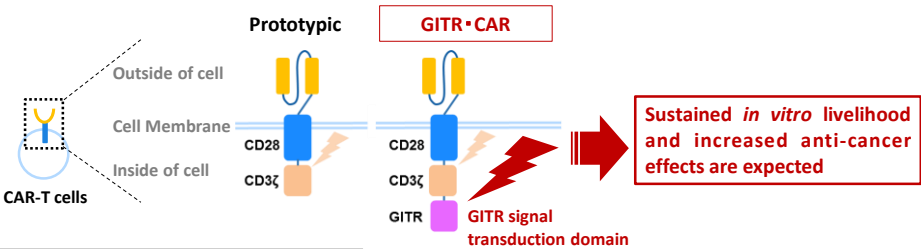
Administration of JAK/STAT•CAR-T cells to mice transplanted with leukemic cells resulted in prolonged survival and stronger anti-cancer efficacy compared with prototypic CAR-T

Kagoya Y, et al., Nature Medicine 2018, 24(3), Reorganized from 352-359

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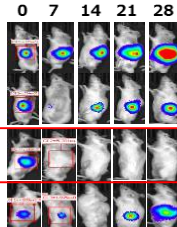
TBI-2002: CEA, GITR and CAR Gene Therapy Aiming to Start Clinical Trials of Projects Early



Examples of mouse experiment data

Days after CAR-T Cell-Administration

- ① Non-administration
- ② CEA/ GITR•CAR-T cells
- ③ CEA/ GITR•CAR-T cells (Structural optimization)
- ④ Prototypic CAR-T cells



Structural-optimized CEA and GITR•CAR-T cells were administered to cancer-transplanted mice, and remarkable anti-cancer effect was confirmed

Amaishi, et.al, 2020
Presentation at the Japanese Association of Cancer Immunology (Young Research Incentive Award)

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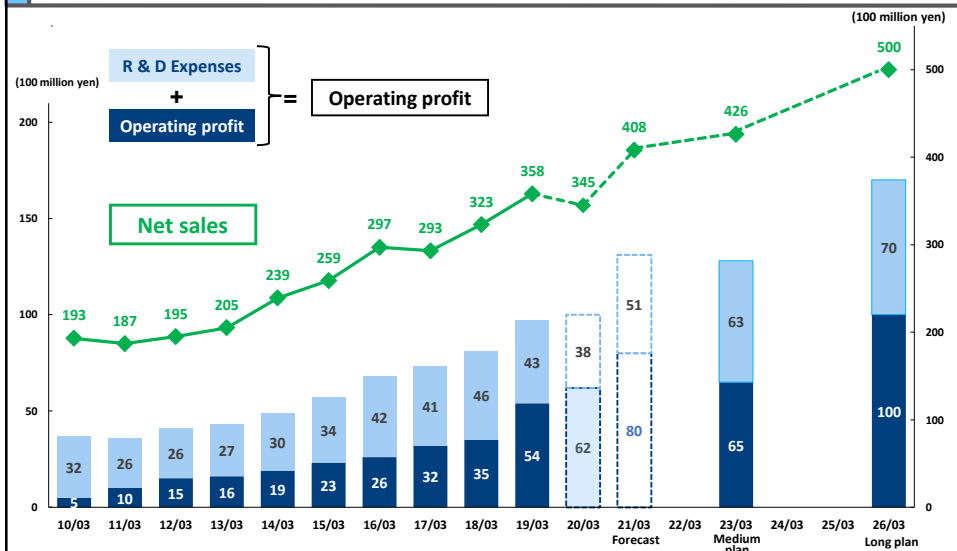


In the Gene Therapy Business Progress of Each Clinical Development Project

Project/development products		Target disease	Development stage	
			Pre-clinical	Clinical Trials
Engineered T-cell therapy	NY-ESO-1·siTCR™ (TBI-1301)	Japan *1	Phase I/II completed	
		Canada	Investigator-initiated trial in progress	
	CD19·CAR (TBI-1501)	Japan *1	Phase I/II in progress	
	CD19·JAK/STAT·CAR (TBI-2001)	Canada	Investigator-initiated trial in progress	
	CEA·GITR·CAR (TBI-2002)	Japan	Investigator-initiated trial in progress	
Oncolytic virus	C-REV (TBI-1401) INN *4 : canerpaturev	Japan *1	Phase I completed	
		Korean *2	Investigator-initiated trial in progress	
		U.S.	Investigator-initiated trial in progress	

*1 In partnership with Otsuka Pharma *2 In partnership with Dong-A ST Co., Ltd.
*3 Acute Lymphoblastic Leukemia *4 International nonproprietary name

With Performance over Past 10 Years Targets of Medium-Term Management Plan 2023/Long-Term Management Plan 2026



Reference Information

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- Consolidated Quarterly Financial Results for FY2021
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- Consolidated Financial Forecast for FY2021
Net sales of Research Reagents by Category
- Consolidated Quarterly Financial Results for FY2021
Net sales of Research Reagents by Region
- Consolidated Financial Forecast for FY2021
Net Sales of Research Reagents by Region
- By Subsidiary (FY2021 2Q and full-Year Forecast)
- Exchange rates (FY2020 and FY2021 Forecast)

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Consolidated Quarterly Financial Results for FY2021 (For the Second Quarter Ended Sep. 30, 2020)_(million yen)

[Reference]

	FY2021 (2ndQ)	Y on Y		Comparison with previous forecast	
		Change	Ratio	Change	Ratio
Net sales	17,393	942	5.7%	522	3.1%
Cost of sales	5,565	▲555	▲9.1%	▲673	▲10.8%
Gross profit	11,827	1,498	14.5%	1,196	11.3%
SG&A expenses	8,090	797	10.9%	▲40	▲0.5%
Operating profit	3,736	701	23.1%	1,236	49.5%
Ordinary profit	3,820	858	29.0%	1,260	49.3%
Net income attributable to owners of parent	2,274	199	9.6%	1,026	82.2%

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[Reference]

Consolidated Financial Forecast for FY2021

(million yen)

	FY2021 Full year	Y on Y		Comparison with previous forecast	
		Change	Ratio	Change	Ratio
Net sales	40,800	6,234	18.0%	1,200	3.0%
Cost of sales	15,420	1,961	14.6%	▲802	▲4.9%
Gross profit	25,379	4,273	20.2%	2,002	8.6%
SG&A expenses	17,379	2,548	17.2%	502	3.0%
Operating profit	8,000	1,725	27.5%	1,500	23.1%
Ordinary profit	8,100	1,752	27.6%	1,500	22.7%
Net income attributable to owners of parent	5,000	1,180	30.9%	1,000	25.0%

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[Reference]

Consolidated Quarterly Financial Results for FY2021 Net Sales of by Category

(million yen)

	FY2021 2ndQ	Y on Y		Comparison with previous forecast	
		Change	Ratio	Change	Ratio
Research reagents	13,336	1,512	12.8%	551	4.3%
Scientific instruments	466	▲153	▲24.7%	52	12.7%
Contract service	3,373	1,411	72.0%	▲77	▲2.2%
Gene therapy	215	▲1,828	▲89.4%	▲4	▲1.9%
Total sales	17,393	942	5.7%	522	3.1%

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[Reference]

Consolidated Financial Forecast for FY2021 Net Sales of Research reagents by Category (million yen)

	FY2021 Full year	Y on Y		Previous forecast*	
		Change	Ratio	Change	Ratio
Research reagents	29,940	5,100	20.5%	2,337	8.5%
Scientific instruments	1,454	211	17.0%	226	18.5%
Contract service	8,539	2,352	38.0%	▲1,310	▲13.3%
Gene therapy	865	▲1,430	▲62.3%	▲53	▲5.8%
Total sales	40,800	6,234	18.0%	1,200	3.0%

27 * As of Aug. 4



[Reference]


Consolidated Quarterly Financial Results for FY2021 Net Sales of Research Reagents by Region (million yen)

	FY2021 (2ndQ)	Y on Y	Exchange (Y on Y)	Y on Y (Exchange excluded)
U.S.	4,302	▲127	▲71	▲55
Japan	3,697	1,085	-	1,085
China	2,773	2	▲147	150
Europe	1,852	476	▲77	553
Korea	488	28	▲34	63
India	222	46	▲16	63
Total research reagents	13,336	1,512	▲348	1,861


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Consolidated Financial Forecast for FY2021 [Reference]				
Net Sales of Research Reagents by Region (million yen)				
	FY2021 Forecast	Y on Y	Exchange (Y on Y)	Y on Y (Exchange excluded)
U.S.	8,594	▲257	▲171	▲86
Japan	7,601	1,464	-	1,464
China	6,309	400	▲193	594
Europe	5,940	3,223	▲20	3,244
Korea	933	58	▲48	106
India	561	212	▲60	272
Total research reagents	29,940	5,100	▲494	5,594

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By Subsidiary [Reference]				
(FY2021 2Q and Full Year Forecast) (million yen)				
	FY2021 2ndQ		FY2021 Full year (Forecast)	
	Net sales	Operating profit	Net sales	Operating profit
Takara Bio	12,596	2,239	27,048	3,949
Takara Bio Europe (Consolidated)	1,945	210	6,163	1,002
Takara Biotechnology (Dalian)	2,901	1,618	5,164	2,385
Takara Biomedical Technology (Beijing)	3,439	701	7,416	1,345
Takara Korea Biomedical	588	99	1,073	172
DSS Takara India Pvt. Ltd.	225	45	573	70
Takara Bio USA Inc.	4,929	88	10,411	418

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Exchange rate (FY2020 and FY2021 Forecast)

(Unit: yen)	FY2020 2ndQ	FY2020 Full year	FY2021 2ndQ	FY2021 Full year
	Actual	Actual	Actual	Forecast
US dollar	110.06	109.03	108.25	106.90
Euro	124.32	122.03	119.34	121.60
Yuan	16.20	15.77	15.38	15.30
100 won	9.61	9.36	8.97	8.90
Rupee	1.57	1.55	1.46	1.40
Sweden Krona	11.83	11.53	11.20	11.5

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.

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