

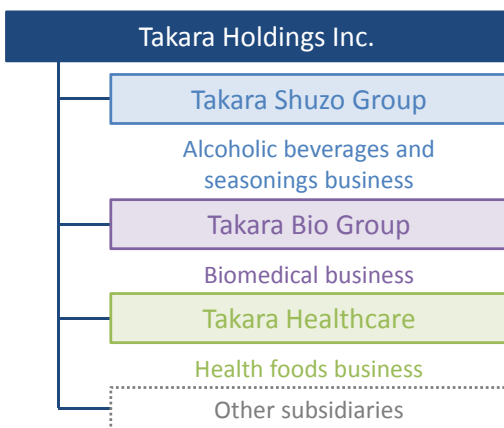
# Takara Holdings Inc.



February 2015

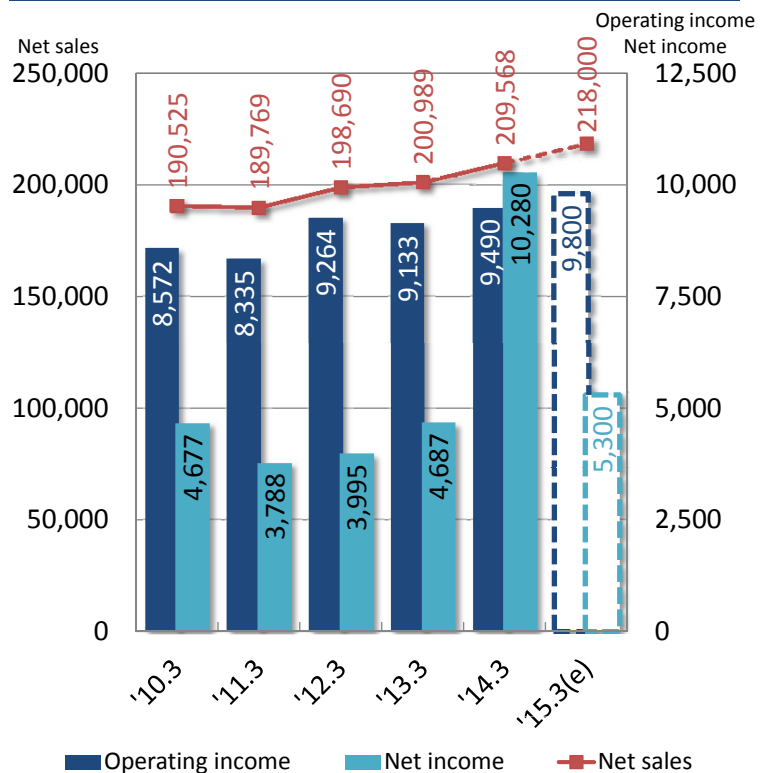
## About Takara Holdings Inc.

- Established: 1925
- Stock Listings: Tokyo (1<sup>st</sup> section)  
(Code: 2531)
- Head Office: Kyoto, Japan
- President: Toshio Kakimoto
- Market Cap: ¥170.8 billion  
(As of Feb. 4, 2015)
- EBITDA: ¥14.4billion  
(FY2014: Year ended Mar. 31, 2014)



### ◆ Six-Year Financial Summary

(millions of yen)

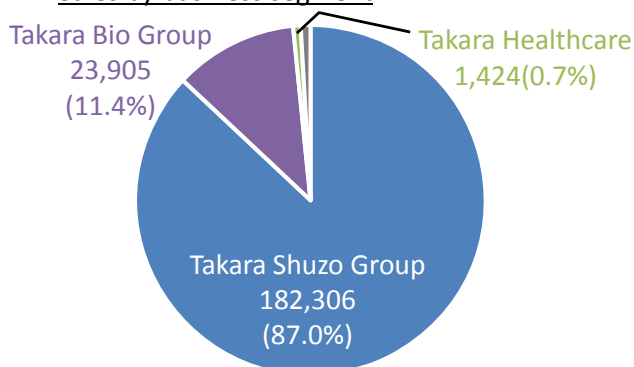


## Business Performance (FY2014)

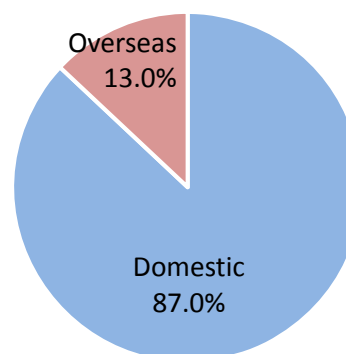
◆ Consolidated Net Sales: 209,568 million yen

(millions of yen)

➤ Sales by business segment



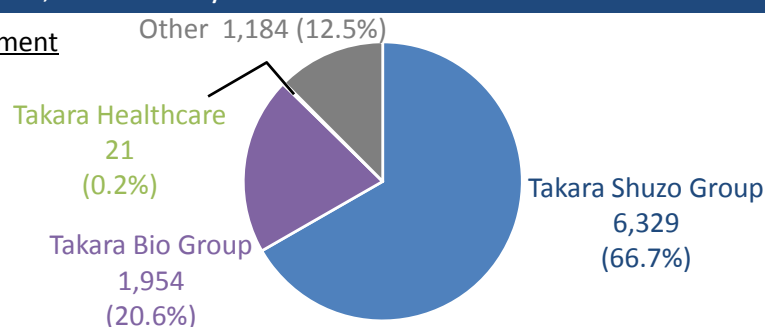
➤ Sales by business area



◆ Consolidated Operating Income: 9,490 million yen

(millions of yen)

➤ Operating Income by business segment



## FAQ

### <FAQ1>Why is Takara Group involved in the alcoholic beverages business and the biomedical business?

- (1) Historical background: withdrawal from beer business  
→ entry into new businesses other than alcoholic beverages
- (2) Technology base: fermentation technology → microorganism-handling technology

### <FAQ2>Are there any synergies between the alcoholic beverages business and the biomedical business?

- (1) No synergies on the technology front
- (2) Synergies in health foods business

### <FAQ3>Why was Takara Bio listed on the stock exchange?

- (1) Entry into high risk businesses of gene and cell therapies
- (2) Enhancement of discipline on business results and finance front through spin off and listing on the stock exchange

### <FAQ4>What equity stake will Takara Holdings have in the future?

- (1) For the present, Takara Holdings will maintain the ratio of its current stake (maintain Takara Bio's position as a consolidated subsidiary)
- (2) Plan to maintain at least 50% stake even in the event that Takara Bio conducts capital increase through public stock offerings in the future

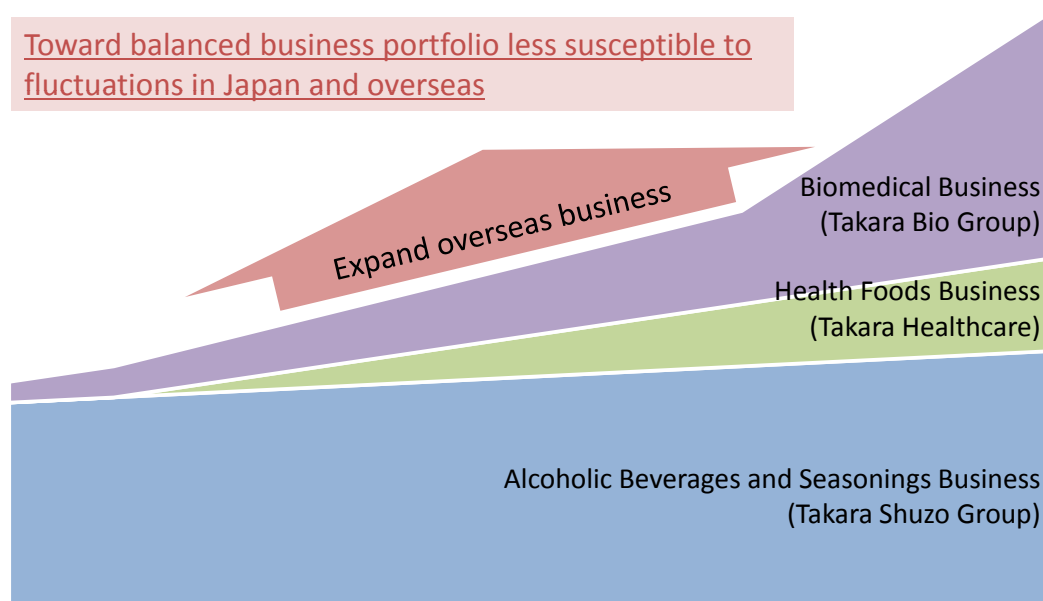
# Long-Term Management Vision

## ◆ Takara Group Vision 2020 (10 years from April 2011)

### Management Goal

Grow businesses in market in Japan and overseas in which the Group can leverage its strength, establish a balanced business structure that is readily adaptable to changing conditions

Toward balanced business portfolio less susceptible to fluctuations in Japan and overseas

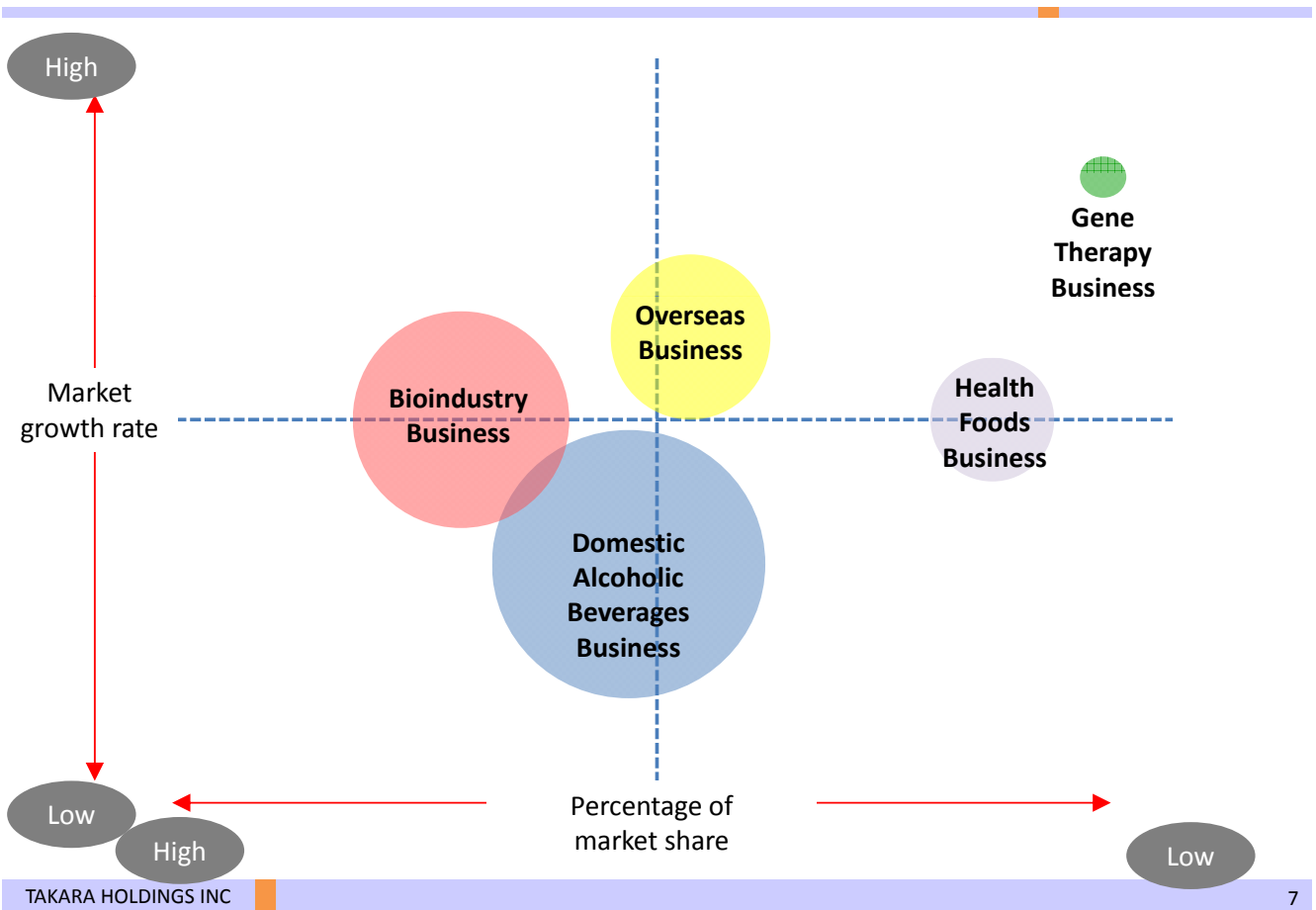


Unique and robust business portfolio that comprises a stable core business and promising growth businesses

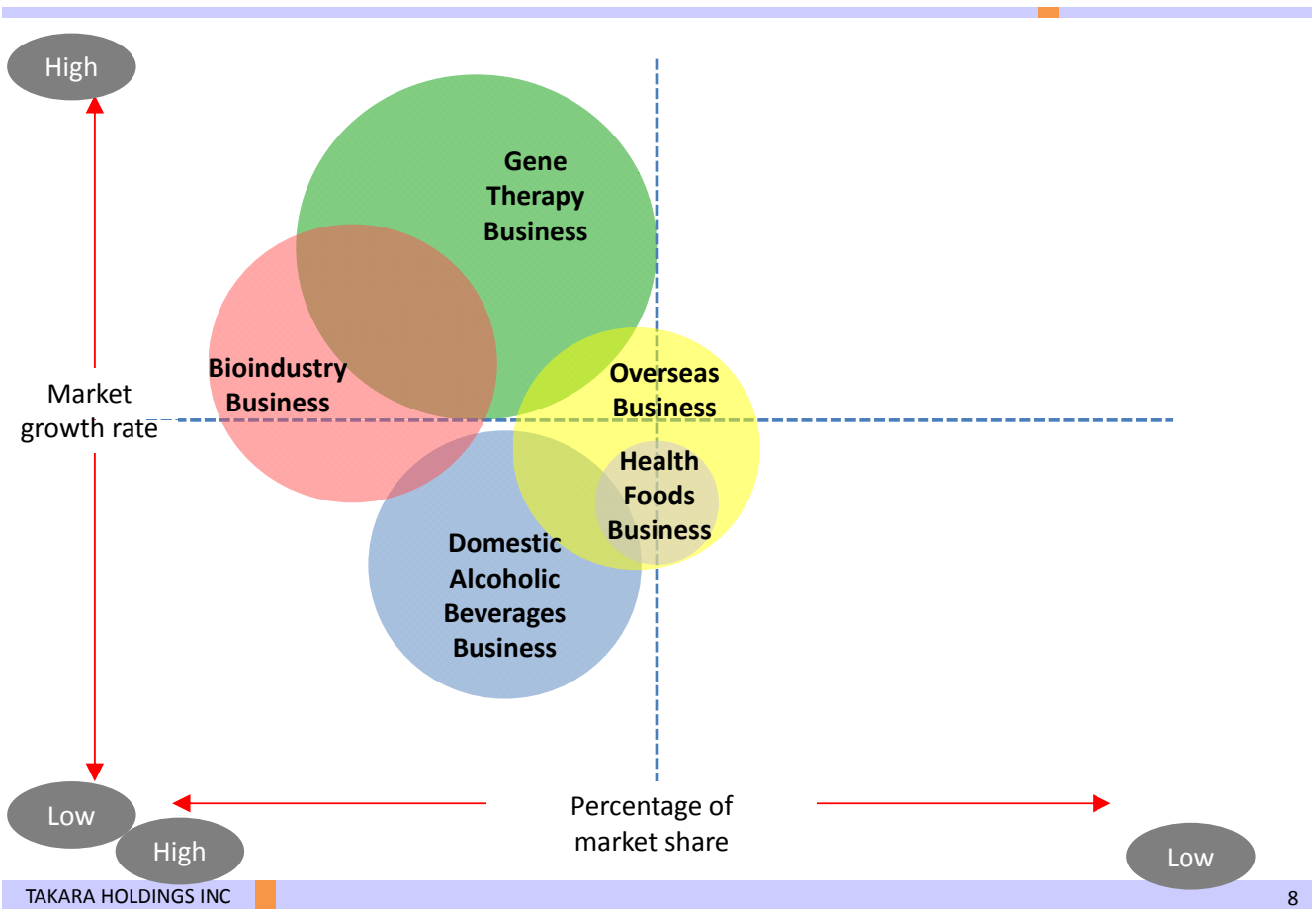
## Our business portfolio

	Our advantages	Market condition
<b>Domestic Alcoholic Beverages Business</b>	High market share and strong brands in each category. Development of original new products differentiated by technical capabilities is a strength.	Market to shrink going forward due to aging population with low birth rate and population decline. Struggle for market share in category of alcoholic beverages due to competition between manufacturers to develop new products.
<b>Overseas business</b> (Alcoholic beverages and Japanese food wholesale business)	Aiming for growth through expansion of Japanese food wholesale network in Europe and the United States. Also seeking to enter Asia and Oceania markets through M&As.	Anticipating global popularity of “ <i>Washoku</i> ” (Japanese cuisine) as well as market growth.
<b>Bioindustry Business</b>	Strong brand for research reagents in Japan. Growth markets are China, Europe and the United States. Regenerative medicine-related CDMO business to be growth driver going forward.	Due to establishment of regenerative medicine-related legislation, R&D becoming intense, including entry of foreign-affiliated companies.
<b>Gene Therapy Business</b>	Promoting development of gene therapy for cancer and AIDS and cell therapy such as cancer immunotherapy with the aim of commercialization.	Anticipating market expansion for gene and cell therapies, including regenerative medicine using iPS cells.
<b>Health Foods Business</b>	Focus on local ingredients from around Japan that have traditionally been considered good for health to investigate functionality using Takara Bio’s technology and expand business, primarily through mail order sales.	While market expected to remain robust backed by aging population and increasing interest in health, competition is heating up as new companies continue to enter, especially in mail order sales.

## Current business portfolio



## Future business portfolio



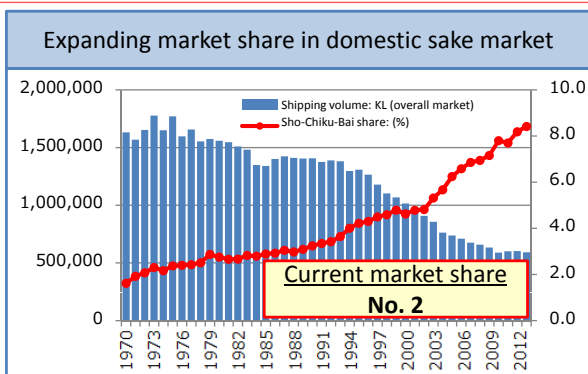
# Business Strategy

- (1) Domestic Alcoholic Beverages Business
- (2) Overseas Business  
(Alcoholic beverages and Japanese food wholesale business)
- (3) Bioindustry Business
- (4) Gene Therapy Business
- (5) Health Foods Business

## (1) Domestic Alcoholic Beverages Business

### ◆ Basic Policy

**Expand sales in domestic and global sake market**



Establishing a new market in sparkling sake



**Sparkling sake**  
Sho-Chiku-Bai  
Shirakabegura  
Mio

Developing functional sake products

Sho-Chiku-Bai Ten  
with 70% reduced sugar



Sho-Chiku-Bai  
with zero sugar  
(from March 2015)



**Expand sales of sake in global market**



## (2) Overseas Business

### ◆ Basic Policy

#### Japanese food wholesale business in overseas markets

- Build a Japanese food wholesale network in the U.S., Europe, and worldwide.
- Make proactive investments to build a new network in the Asia/Oceania region.

#### Overseas alcoholic beverages business

- Increase our market share in the overseas Japanese alcoholic beverage category.
- Expand and deepen our network of Japanese restaurants and volume seller channels centered on sake.

### Synergies between two businesses

The technological and product development capabilities fostered as an alcoholic beverage manufacturer  
 + The proposal formulation and sales capabilities of each wholesaler

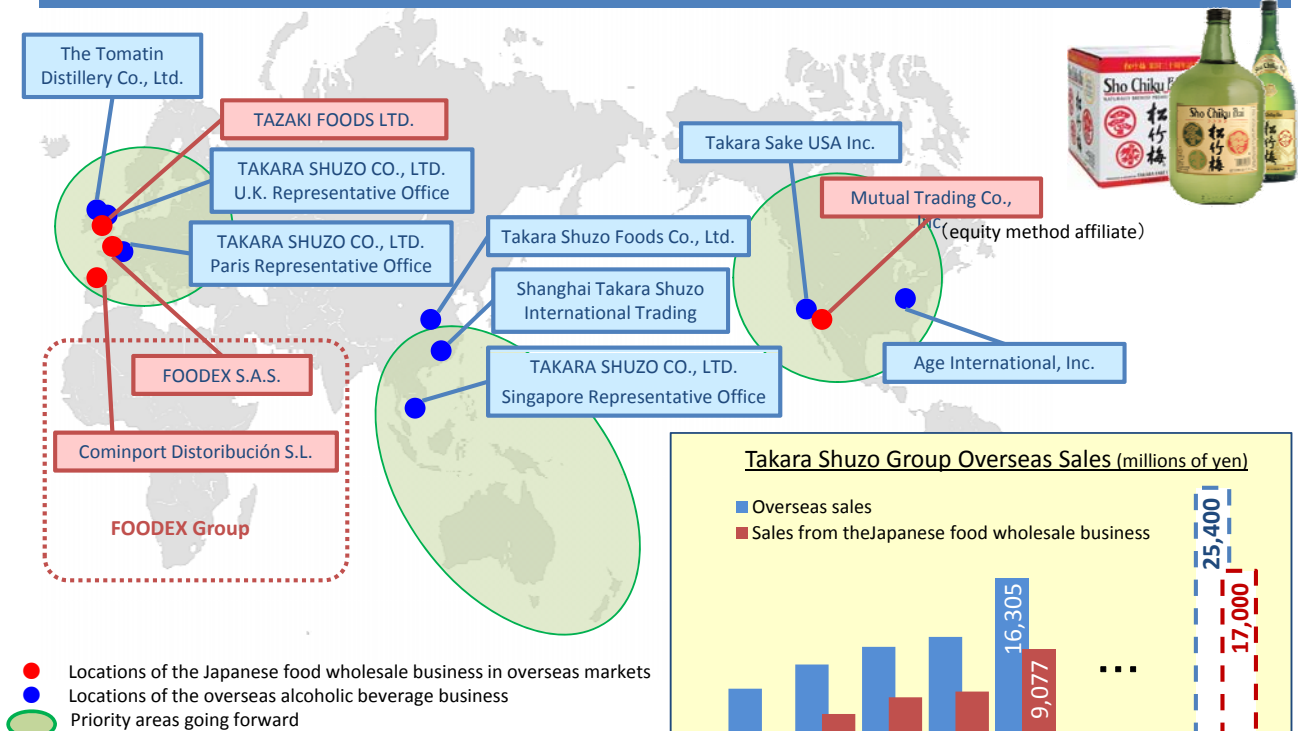
**As the Japanese food market expands, we will accelerate the pace of our Overseas business growth.**

### ● Recent Activities

Timing	Details	Purpose
Apr. 2010	Acquired stock in FOODEX S.A.S.(France)	Entering the Japanese food wholesale business
Oct. 2012	Established Singapore Representative Office	Strengthening approach toward markets in Southeast Asia and Oceania
Nov. 2012	Commenced operations at U.K. Representative Office in London	Strengthening approach toward markets in Europe
Nov. 2012	Received third-party allocation of shares from Japanese food ingredients wholesaler Mutual Trading (U.S.)	Strengthening partnership in North America * Percentage of voting rights held: 24.2% → 45.0%
Sep. 2013	Acquired management rights in Tazaki Foods (U.K.)	Expanding Japanese food wholesale business
Mar. 2014	Acquired stock in Cominport Distoribución S.L. (Spain)	Expanding Japanese food wholesale business



## (2) Overseas Business

### ◆ Overseas Locations of the Takara Shuzo Group



## (2) Overseas Business

### ◆ Subsidiaries of Japanese food wholesaler

**Poignée**  
Pâte facile

**Sous vide**  
Pas de frottement entre les grains de riz  
Moins de grains cassés  
Ne prend pas l'humidité  
Hygiénique  
Conditionnement : un paquet par carton

**Marque reconnue**  
SHINJUMAI  
真珠米  
Savoureux, aléatoire, excellent rapport qualité / prix


**Produit Européen**  
Grains courts d'Italie.

**Forme cubique**  
Facile à stocker, superposer

**SHINJUMAI**  
真珠米  
Grains courts d'Italie.  
Savoureux, aléatoire, excellent rapport qualité / prix.  
Hygiénique  
Conditionnement : un paquet par carton

Code 202848  
10 KG  
Prix € 14,20

**HARABIT**





**SAUCE SOJA SUCRÉE (UK)**  
甘口醤油 Amakuchi Shoyu  
Code 202895  
10 ML x 800

**SAUCE SOJA SUCRÉE (UK)**  
甘口醤油 Amakuchi Shoyu  
Code 202910  
150 ML x 6



**SAUCE SOJA (UK)**  
Code 202896  
10 ML x 800

**SAUCE SOJA (UK)**  
Code 202867  
150 ML x 6

**Tazaki foods ltd**

**GOOD FOOD MADE JAPAN-EASY™**

**MUTUAL TRADING CO., INC.**  
Bringing the Flavors of Japan to the People of the World  
Japanese Foodservice Trade Pioneer & Global Trendsetter

TAKARA HOLDINGS INC

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## (3) Bioindustry Business

### ◆ Advantages of our Bioindustry Business

Expanded lineup of research reagents

Acquired the Clontech unit of BD Biosciences in 2005

Highly cost competitive research reagents

Manufacturing the most of research reagents in Dalian, China

Global sales network



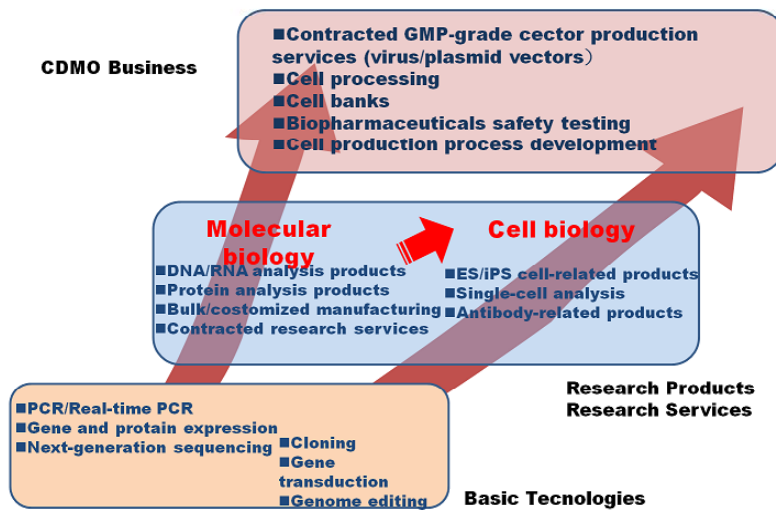
TAKARA HOLDINGS INC

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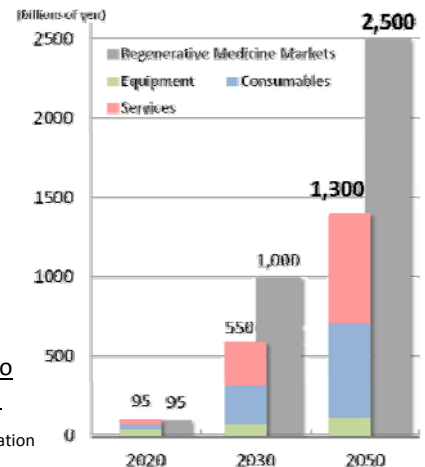
### (3) Bioindustry Business

#### ◆ CDMO Business Services

#### CDMO Business Expansion



The Center for Gene and Cell Processing



<Forecasts for Domestic Markets Related to Regenerative Medicine and Cell Therapy>

<Source> Prepared by Takara Bio based on Report on Commercialization and Industrialization of Regenerative Medicine, Ministry of Economy, Trade and Industry

### (3) Bioindustry Business

#### ◆ Changes in Operating Environment — Government Policies —

Measures and system revisions being instituted by Japanese government to facilitate spread of regenerative medicine and cell therapy

- “Regenerative Medicine Promotion Act (Act for Promotion of Comprehensive Measures to Realize the Quick and Safe Provision of Regenerative Medicine Treatments)” → Enacted on May 10, 2013
- “Act on Securing Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics” (Revised Pharmaceuticals Affairs Act), “Act on Ensuring the Safety of Regenerative Medicine” → Enacted on November 25, 2014

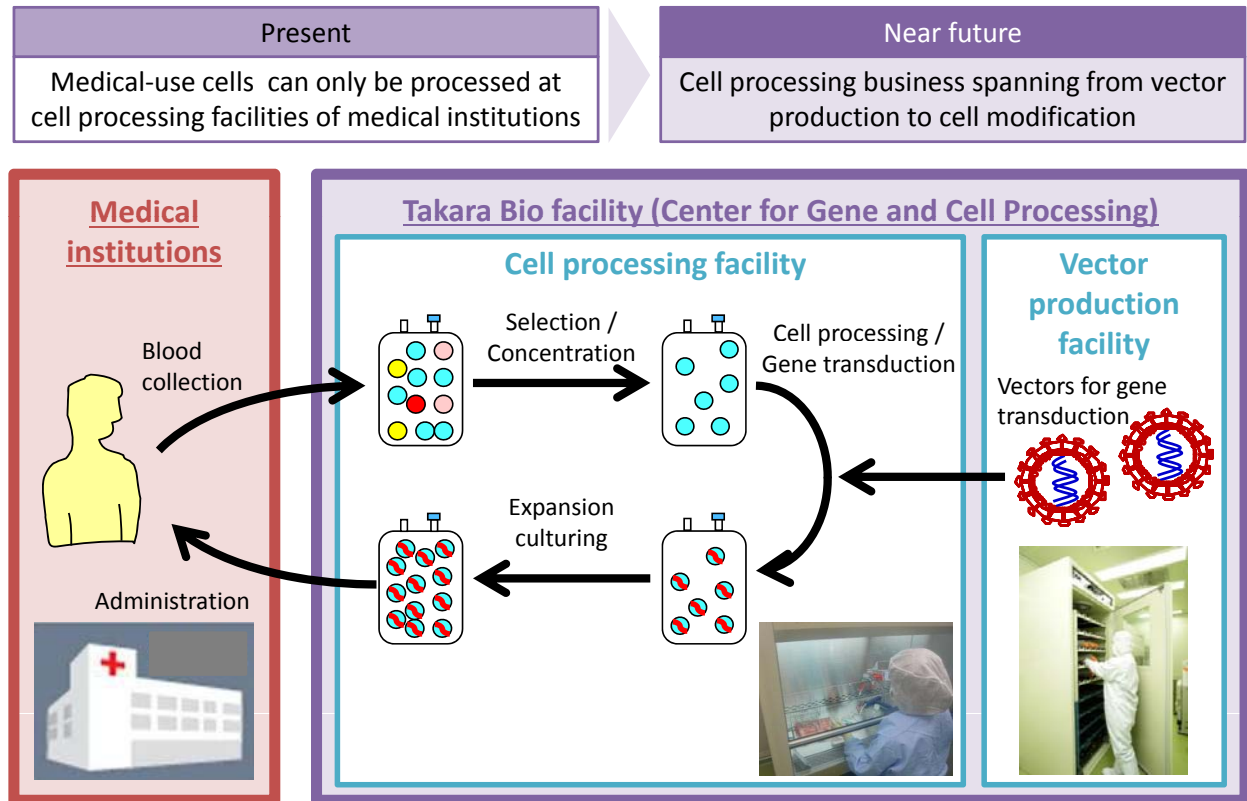
Anticipated measures
<ul style="list-style-type: none"> <li>● Increased R&amp;D activity in the regenerative medicine and cell therapy field</li> <li>● Institution of systems enabling outsourcing of cell processing</li> <li>● Development of systematic framework for ensuring safety based on risks of advanced medicine</li> <li>● Establishment of a quick approval system for new drugs</li> </ul>

Impact on Takara Bio Group
<ul style="list-style-type: none"> <li>● Increased sales of products in the basic and clinical research fields</li> <li>● Expansion of CDMO business in areas such as GMP manufacturing, cell processing, and genome sequencing analysis contract services</li> <li>● Shortened period for commercialization of gene therapy treatments</li> </ul>



### (3) Bioindustry Business

#### ◆ New business model for outsourcing of Cell Processing



### (4) Gene Therapy Business

#### ◆ The purpose of Gene Therapy

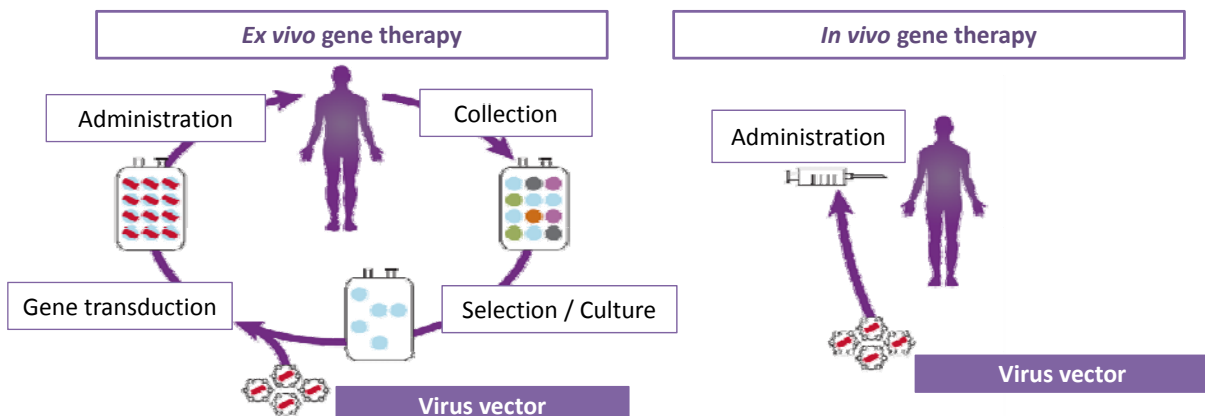
The purpose of gene therapy is to cure disease by administering to a patient specific genes or genetically modified cells in order to correct a genetic birth defect or cure disease (for example cancer or AIDS)

#### ◆ Advantages of our technologies

Jointly developed between Takara Bio and Indiana University in the United States, the RetroNectin® method is now recognized as a standard gene transduction method in ex vivo gene therapy. This method uses RetroNectin® to efficiently transduce genes into hematopoietic stem cells as well as lymphocytes and other blood cells, and is utilized in clinical development for over 60 gene therapies around the world.

#### ◆ Gene Therapy Protocol

Gene Therapies are classified into two types; ex vivo and in vivo. In ex vivo gene therapy, a target gene is transduced into cells taken from a patient or a donor and the gene-transduced cells are subsequently infused back into the same patient. In contrast, in vivo gene therapy involves the direct administration of therapeutic genes into patients.



◆ Schedule for Clinical Development of Gene Therapy Projects

Projects	Target disease	Regions	Current status and future schedule	Commercialization
HF10 anti-cancer therapy	malignant melanoma	United States	Phase II clinical trials (completion in FY 2017)	FY 2019
	Solid tumors	Japan	Phase I clinical trials (completion in FY 2017)	FY 2019
MAGE-A4 antigen-specific TCR gene therapy	Esophageal cancer	Japan	Phase I clinical trials (investigator initiated trials) (commence in FY 2016)	FY 2022
MazF gene therapy	HIV	United States	Phase I clinical trials (commence in FY 2016)	FY 2023
NY-ESO-1 antigen-specific TCR gene therapy	Solid tumors	Japan	Phase I clinical trials (investigator initiated trials) (commence in FY 2018)	FY 2022

(4) Gene Therapy Business

◆ TOPICS

<January 21, 2015>

Takara Bio submitted notification of plans for domestic phase I clinical trials of HF10 oncolytic virus.

Point (1)  
Start of clinical trials in Japan

- Phase II clinical trials of HF10 for malignant melanoma underway in the United States
- Clinical trials for skin cancer patients in Japan to be held at National Cancer Center (Tokyo)

Point (2)  
Taking advantage of new system

- Seeking quick approval for HF10 taking advantage of system to be applied to regenerative medicinal products (temporary and conditional approval system) in Act on Securing Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics (Revised Pharmaceuticals Affairs Act)

Aiming for commercialization in year ending March 31, 2019  
in conjunction with the project in the United States

# (5) Health Foods Business

## Synergies between alcoholic beverages business and biomedical business

- <Takara Shuzo> Marketing capabilities
- <Takara Bio> Research and development capabilities

<Takara Healthcare>  
Health foods business

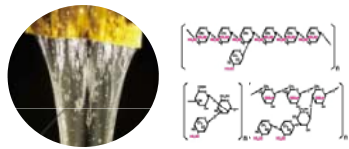


### ◆ Takara Bio Research Results

Gagome kombu (kelp)



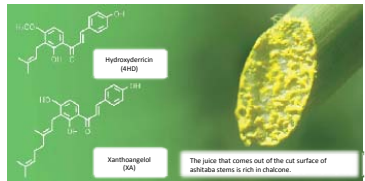
**Fuoidan**



Ashitaba (angelica herb)



**Chalcone**



The juice that comes out of the cut surface of ashitaba stems is rich in chalcone.

Other

## Financial Policy

### ◆ Financial Policy (Takara Group Medium-Term Management Plan FY2017)

Maintain a strong balance sheet with a focus on capital efficiency and engage in proactive investment into priority strategies to expand profits, while at the same time providing suitable returns to shareholders

#### Proactive investment aimed at profit growth

- ◆ We will engage in proactive investment to expand profits, while maintaining a robust balance sheet.

domestic alcohol production facilities  
(increased production of *Mio*)

overseas M&A  
(expansion of our Japanese food wholesale network)

biotechnology facilities  
(CDMO business enhancement)

biotechnology-related R&D  
(clinical development projects)

#### Suitable returns to shareholders with regard for capital efficiency

- ◆ As part of our policy to increase dividends based on consolidated operating income level, the deemed dividend payout ratio\* target will be 30%.
- ◆ With regard to the acquisition of treasury stock, flexible action will also be considered as circumstances dictate.

$$\text{* Deemed dividend payout ratio} = \frac{\text{Total dividends}}{\text{Consolidated operating income} \times (1 - \text{effective tax rate})} \cong 30\%$$

**With proactive investment to expand profits and control of equity, we aim to increase ROE.**

## Other Topics

### ◆ Other Topics

- FX
- Japan's Legal Regulations: Liquor Tax, Consumption Tax, etc.
- Raw Material Prices: Raw Alcohol, etc.
- Valuation: the relations of market cap of Takara Holdings Inc. and Takara Bio Inc.  
( Parent-Child listings )
- Choice of Market System: Ten years from Takara Bio's listing  
on the Mothers section of the Tokyo Stock Exchange

### **Forward-Looking Statements**

Statements in this presentation, 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, declines in selling power of the Company's existing and new products, disruptions to production, violations of the Company's intellectual property rights, rapid advances in technology and unfavorable verdicts in major litigation.

<Inquiry>

Takara Holdings Inc.

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February 2015

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