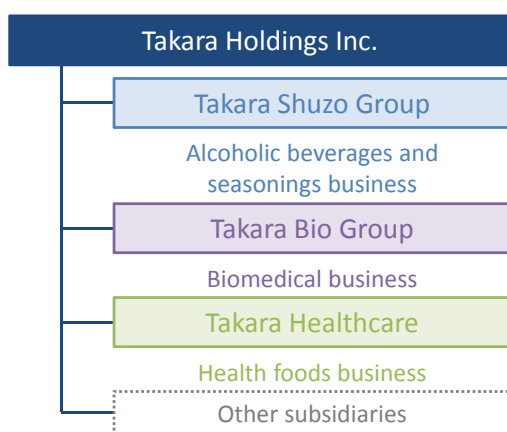


Corporate Profile

TAKARA HOLDINGS INC.
Mar. 2017

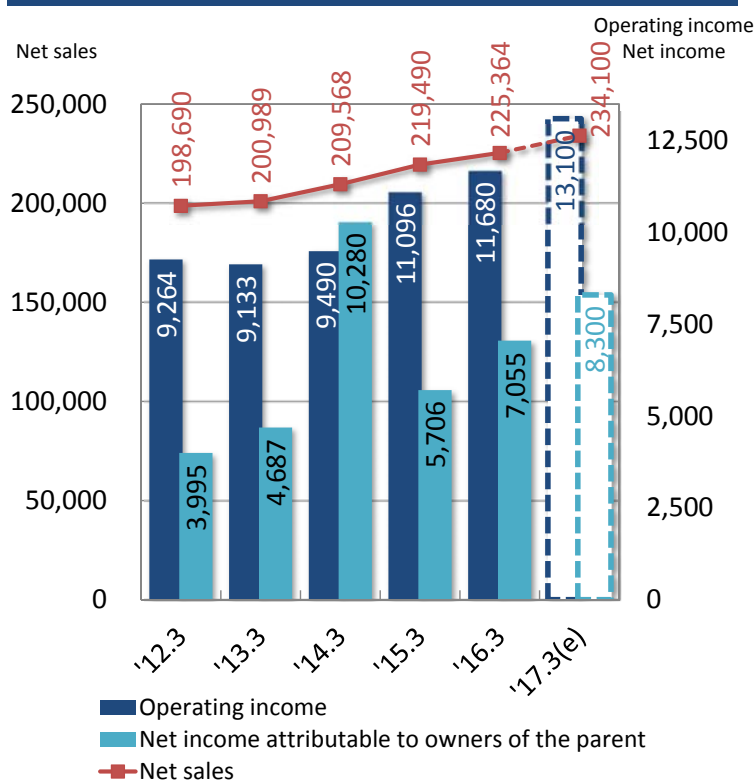
About Takara Holdings Inc.

- Established: 1925
- Stock Listings: Tokyo (1st section)
(Code: 2531)
- Head Office: Kyoto, Japan
- President: Toshio Kakimoto
- Market Cap: ¥239.2billion
(As of Feb. 10, 2017)
- EBITDA: ¥17.8billion
(FY2016: Year ended Mar. 31, 2016)



◆ Six-Year Financial Summary

(millions of yen)

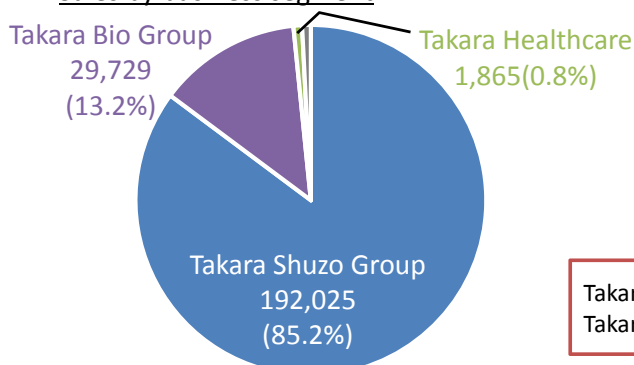


Business Performance (FY2016)

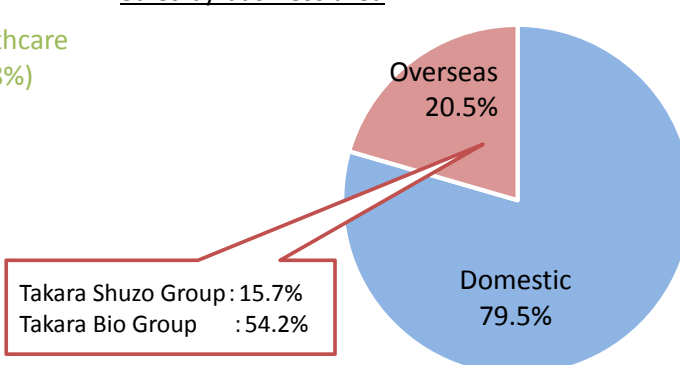
◆ Consolidated Net Sales: 225,364 million yen

(millions of yen)

➤ Sales by business segment



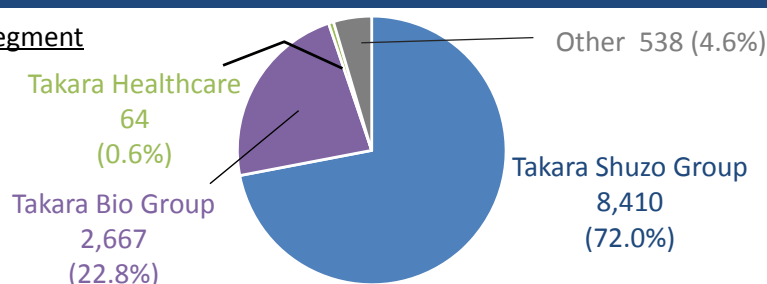
➤ Sales by business area



◆ Consolidated Operating Income: 11,680 million yen

(millions of yen)

➤ Operating Income by business segment



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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 in the future



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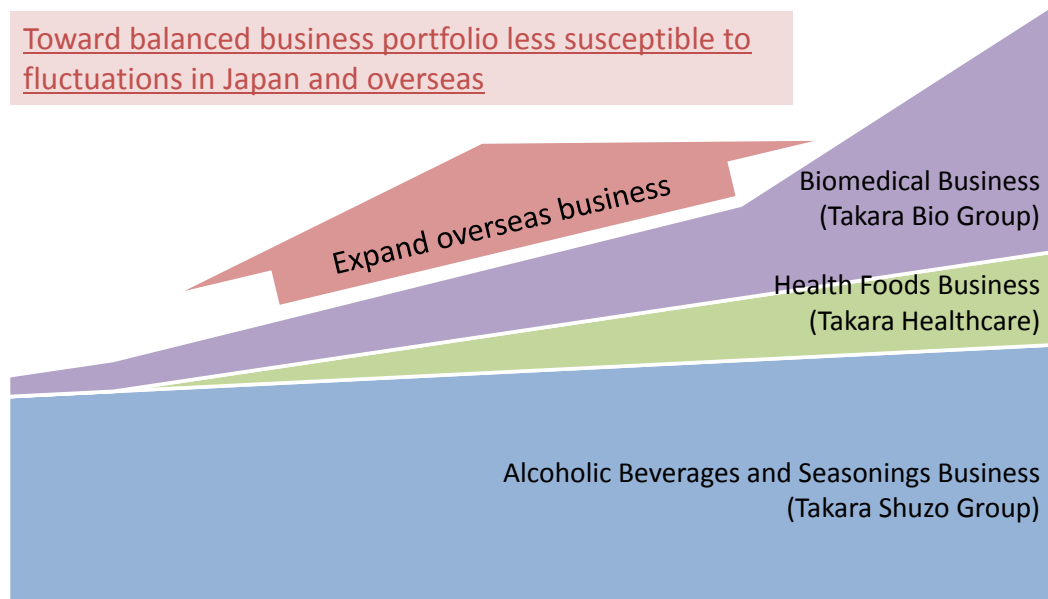
Long-Term Management Vision

◆ 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



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Our business portfolio

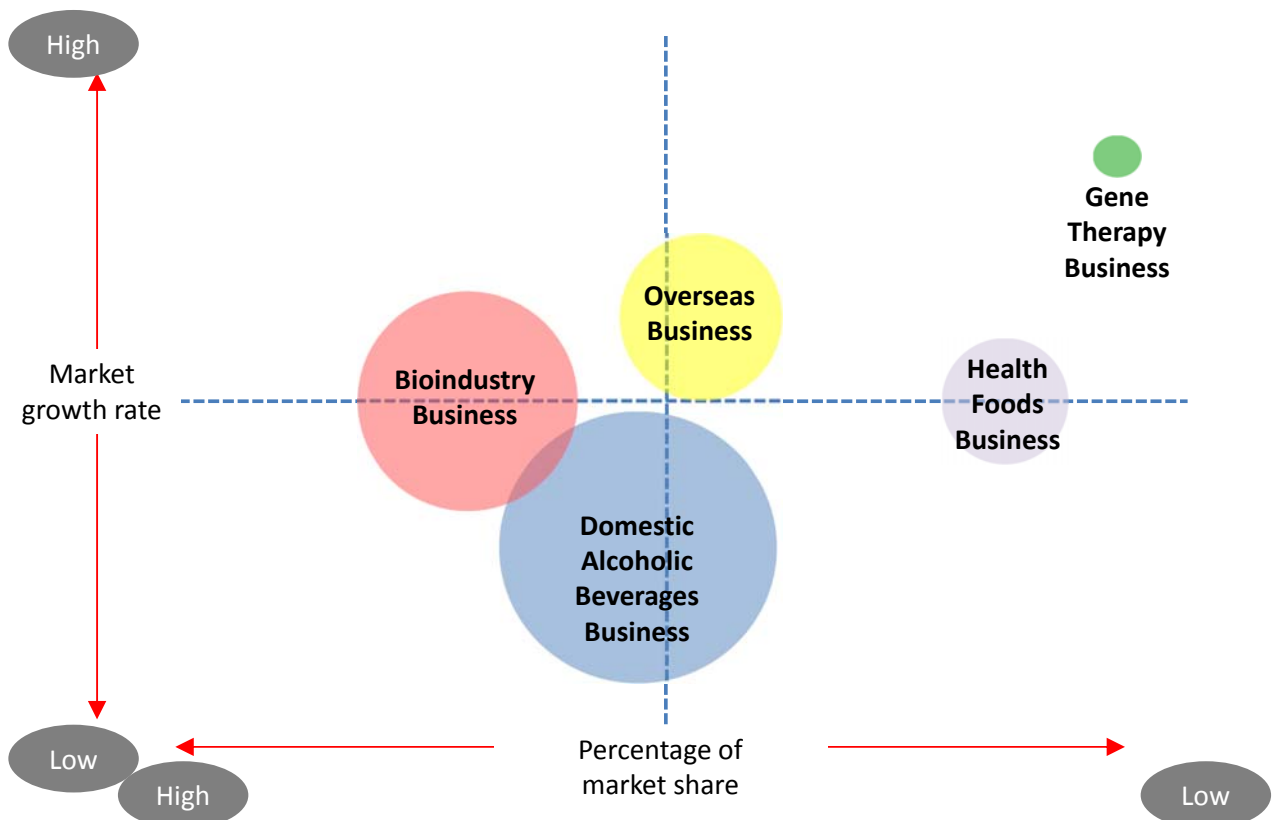
	Our advantages	Market condition
Domestic Alcoholic Beverages Business	High market share and strong brands in each category. Development of original new products differentiated by technical capabilities is a strength.	Market to shrink going forward due to aging population with low birth rate and population decline. Struggle for market share in category of alcoholic beverages due to competition between manufacturers to develop new products.
Overseas business (Alcoholic beverages and Japanese food wholesale business)	Aiming for growth through expansion of Japanese food wholesale business in Europe and the United States. Also building a Japanese food wholesale network in the world including Asia/Oceania region.	Anticipating global popularity of “ <i>Washoku</i> ” (Japanese cuisine) as well as market growth.
Bioindustry Business	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.
Gene Therapy Business	Promoting development of Oncolytic Virus and Engineered T Cell Therapy for cancer and HIV with the aim of early commercialization.	Anticipating market expansion for gene and cell therapies, including regenerative medicine using iPS cells.
Health Foods Business	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, increasing interest in health and “Foods with function claims system”, etc., competition is heating up as new companies continue to enter, especially in mail order sales.



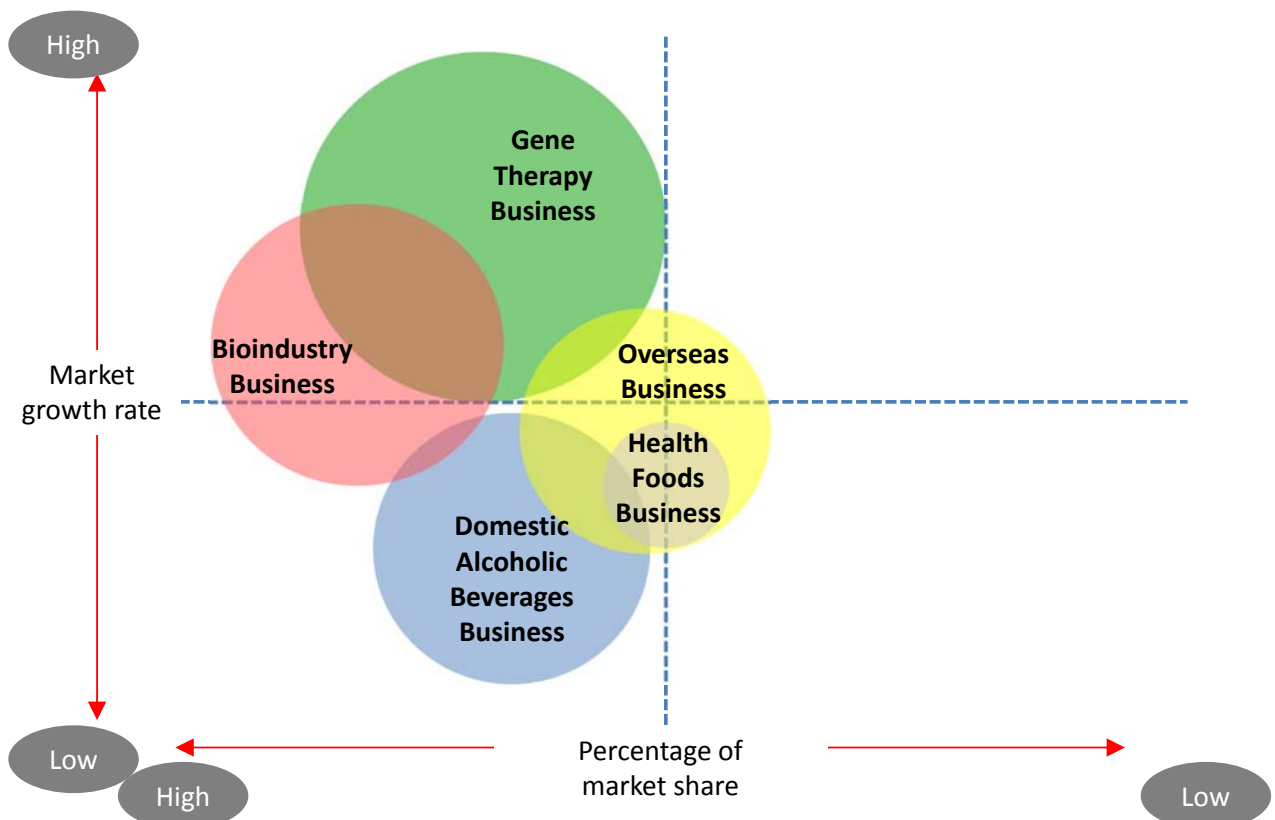
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Current business portfolio



Future business portfolio



Business Strategy

- (1) Domestic Alcoholic Beverages Business
 - (2) Overseas Business

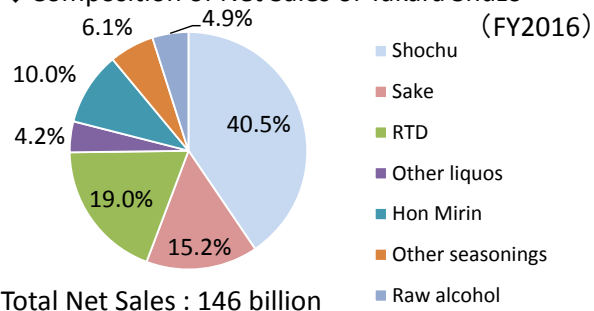
(Alcoholic beverages and Japanese food wholesale business)
 - (3) Bioindustry Business
 - (4) Gene Therapy Business
 - (5) Health Foods Business

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(1) Domestic Alcoholic Beverages Business

◆ Major brands of Takara Shuzo

◆ Composition of Net Sales of Takara Shuzo (FY2016)



Shochu



Sake

Light-alcohol refreshers (RTD)

Hon Mirin, Other seasonings

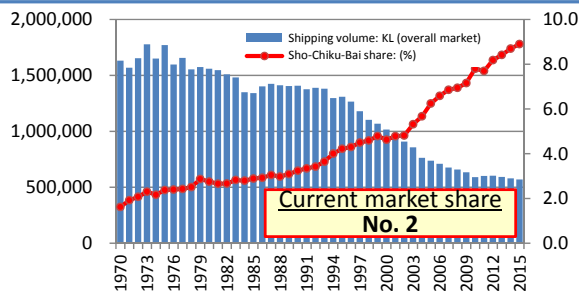


(1) Domestic Alcoholic Beverages Business

◆ Basic Policy

Gaining No. 1 share of domestic and global sake market

Expanding market share in domestic sake market



Establishing a new market in sparkling sake

Mio sparkling sake by Sho-Chiku-Bai Shirakabe-gura



Extensive product lineups



Keeping the No. 1 global sake market share, ex. Japan



(2) Overseas Business

◆ Basic Policy

Japanese food wholesale business in overseas markets

Providing diverse Japanese foodstuffs such as rice, sushi toppings as well as all manner of foods and seasonings for Japanese cuisine restaurants with local wholesalers in Europe and the U.S..



- Build a Japanese food wholesale network in the U.S., Europe, and worldwide.
- Make proactive investments to expand the overseas business in the world including Asia/Oceania region.

Overseas alcoholic beverages business

Providing its *Sho-chiku-bai* sake and other Takara branded products worldwide by export from Japan and the local production in overseas countries.

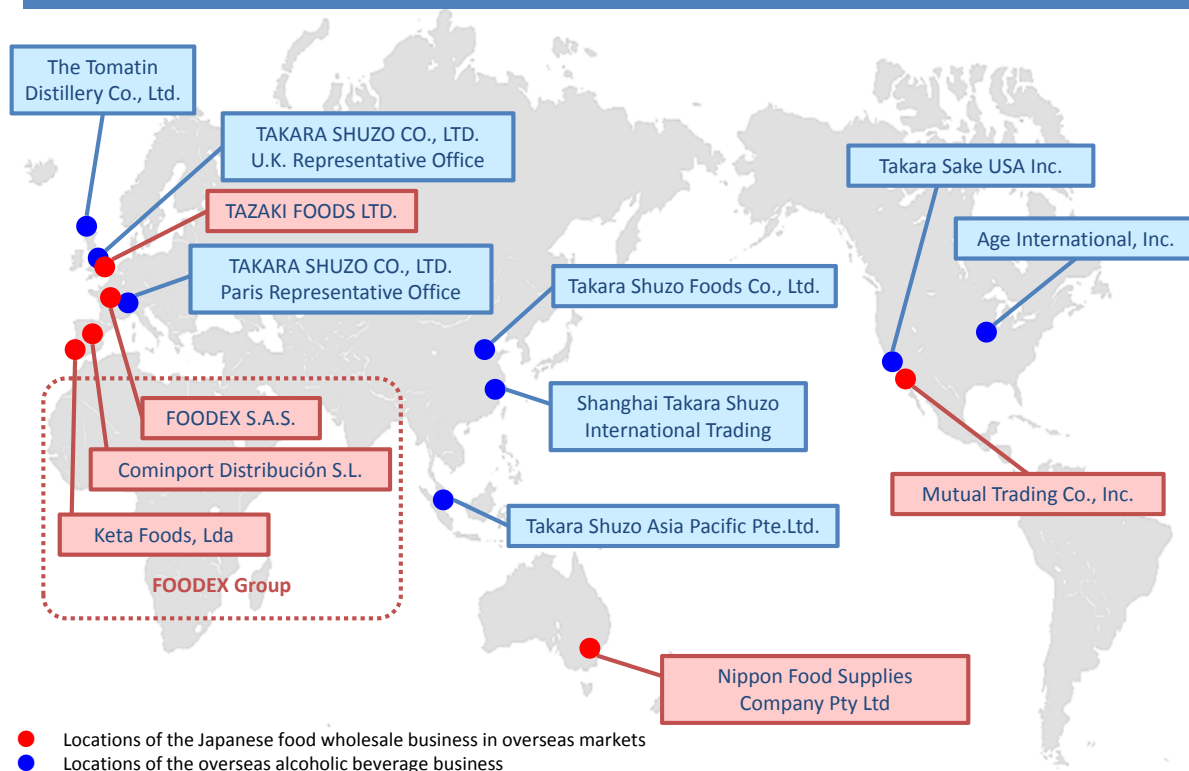


- Increase our market share in the overseas Japanese alcoholic beverage category.

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

(2) Overseas Business

◆ Overseas Locations of the Takara Shuzo Group



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(2) Overseas Business

◆ Recent Activities in Japanese food wholesale business

Timing	Company Name	Area	Remarks
Apr. 2010	FOODEX S.A.S.	France, Italy, Switzerland, Belgium, Netherlands	FOODEX Group
Sep. 2013	TAZAKI FOODS LTD.	U. K.	
Mar. 2014	Cominport Distribución S.L.	Spain, Poland	FOODEX Group
July 2016	Keta Foods, Lda	Portugal	FOODEX Group
Nov. 2016	Mutual Trading Co., Inc.	U. S., South America (Peru)	
Jan. 2017	Nippon Food Supplies Company Pty Ltd	Australia	

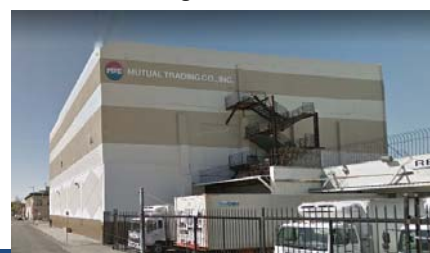
FOODEX S.A.S.



TAZAKI FOODS LTD.



Mutual Trading Co., Inc.

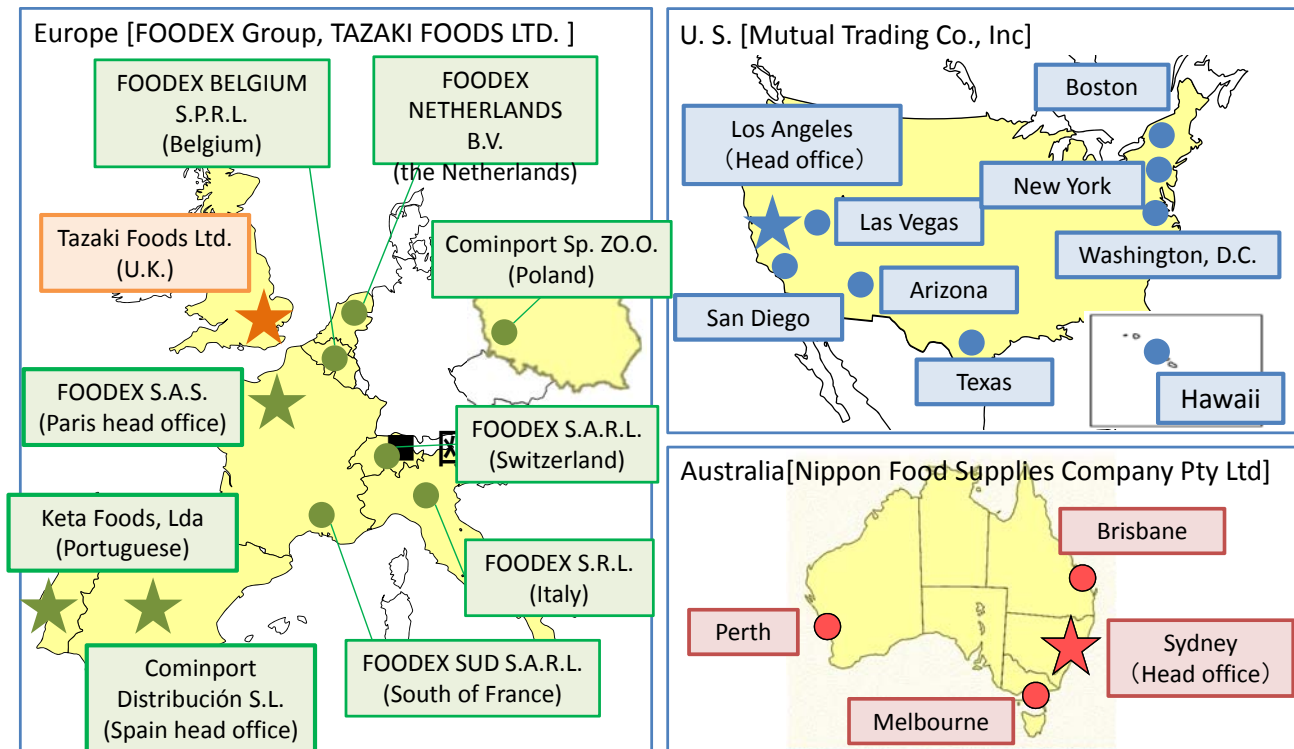


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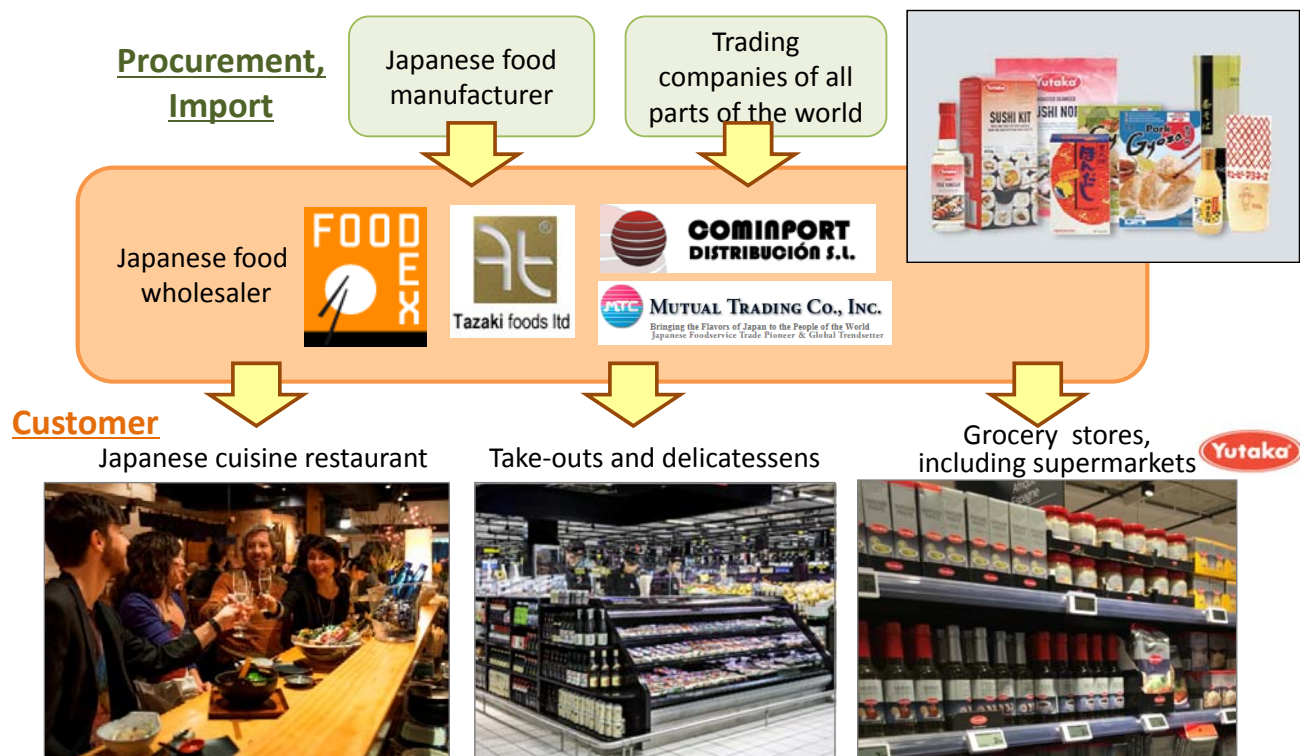
(2) Overseas Business

◆ Locations of the Japanese food wholesale business in overseas markets



(2) Overseas Business

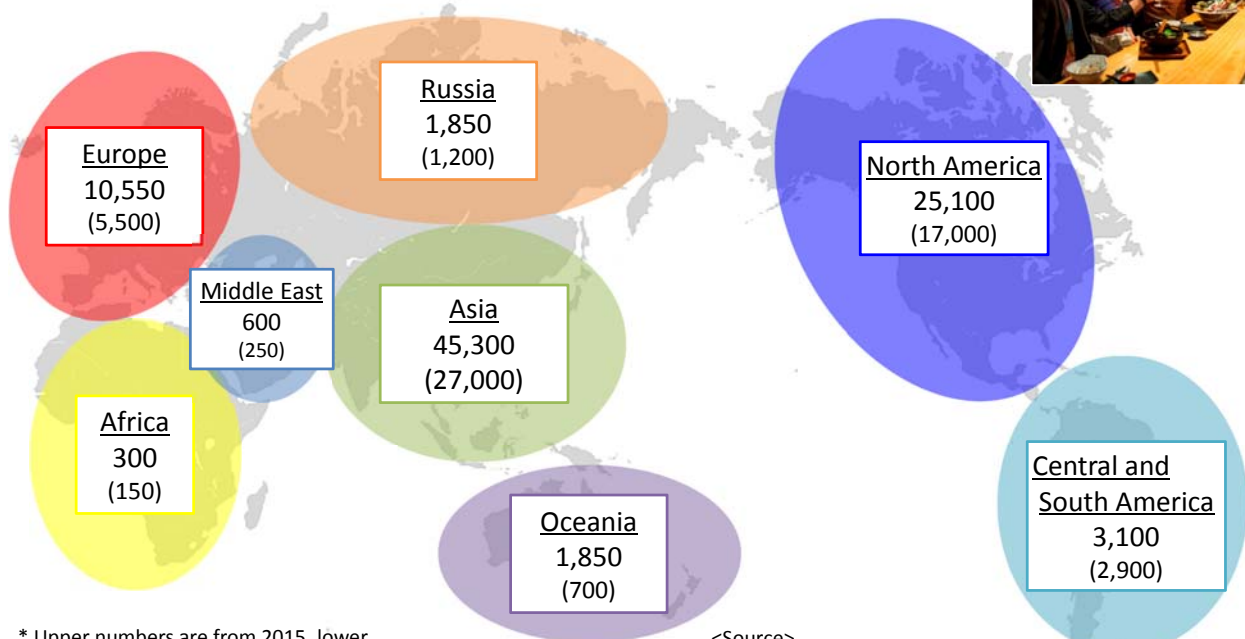
◆ A business model for Japanese food wholesale business in overseas markets



(2) Overseas Business

◆ Market Condition — Number of Japanese Cuisine Restaurants Worldwide

2006 2013 2015
Approx. 24,000 → Approx. 55,000 → Approx. 89,000

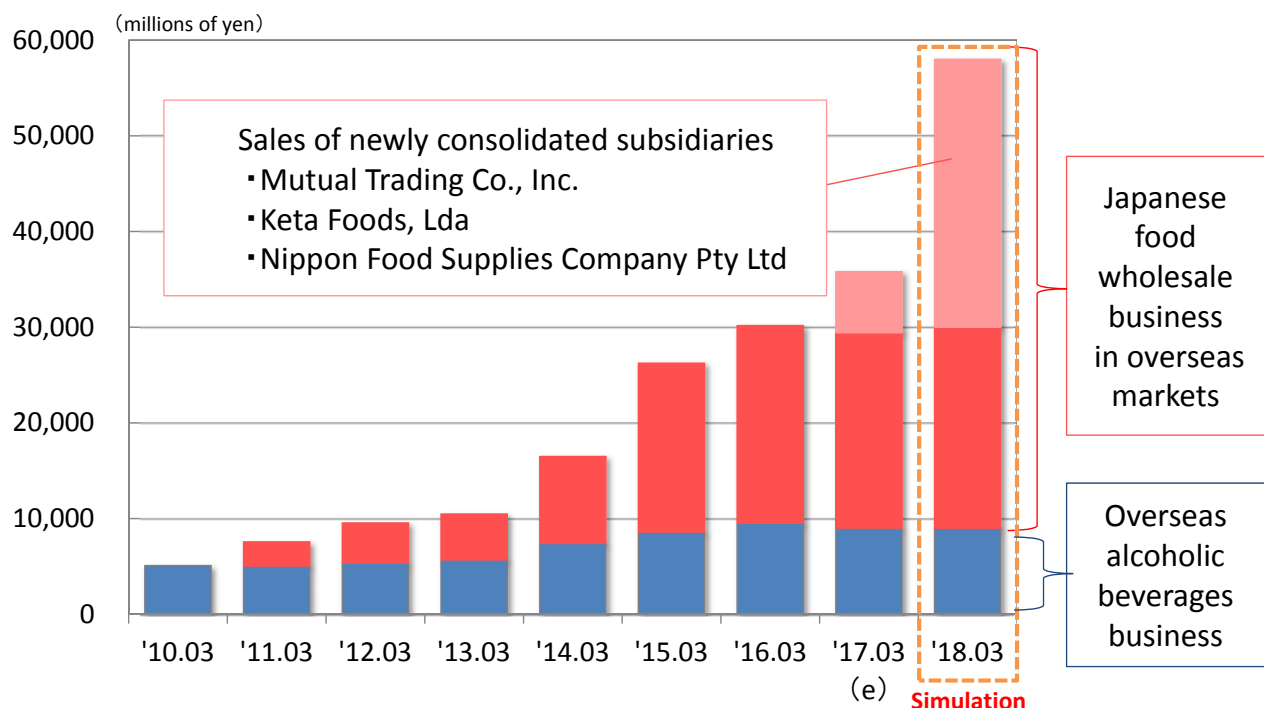


* Upper numbers are from 2015, lower numbers in parentheses are from 2013.

<Source>
Ministry of Agriculture, Forestry and Fisheries

(2) Overseas Business

【 Reference 】 Sales trend simulation



(3) Bioindustry Business

◆ Advantages of our Bioindustry Business

Expanded lineup of research reagents

- Acquired Takara Bio USA, Inc. in 2005.
(formerly Clontech)
- Acquired Takara Bio Europe AB in 2014.
(formerly Cellartis)
- Agreed to the acquisition of WaferGen Bio-systems, Inc in 2016.
- Acquired Rubicon Genomics, Inc. in 2017.

Global sales network



Highly cost competitive research reagents

Manufacturing the most of research reagents in Dalian, China



Takara Biotechnology (Dalian) Co., Ltd.



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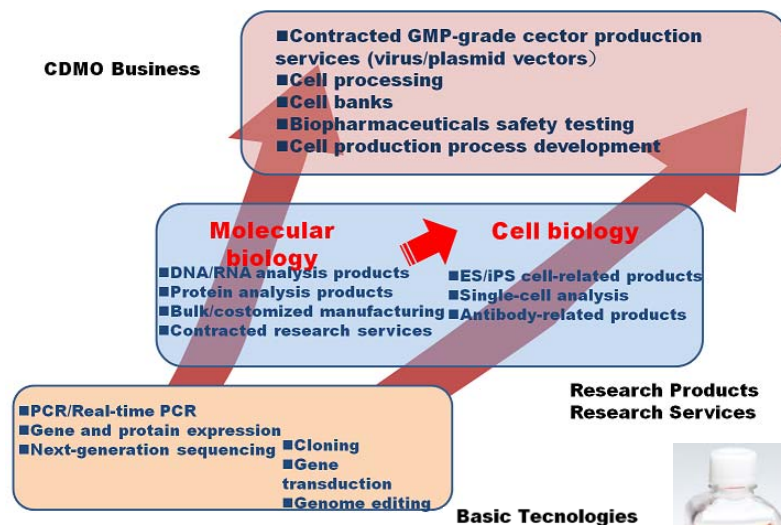
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(3) Bioindustry Business

◆ CDMO Business Services

(CDMO : Contract Development and Manufacturing Organization)

CDMO Business Expansion



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(3) Bioindustry Business

◆ The Expansion of Markets Related to Regenerative Medicine and Cell Therapy

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

May 2013 –

Regenerative Medicine Promotion Act

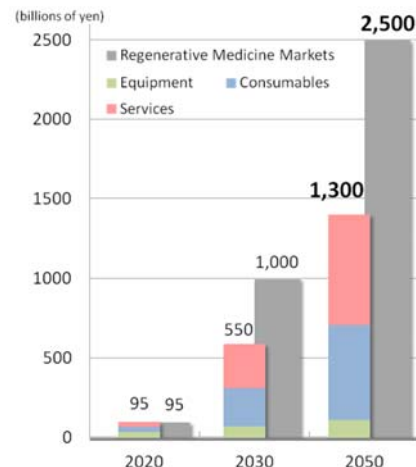
Nov. 2014 –

Act on the Safety of Regenerative Medicine

Pharmaceuticals and Medical Devices Act (Revised Pharmaceutical Affairs Law)

- Increased R&D activity in the regenerative medicine and cell therapy field
- Institution of systems enabling outsourcing of cell processing
- Development of systematic framework for ensuring safety based on risks of advanced medicine
- Establishment of a quick approval system for new drugs

<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

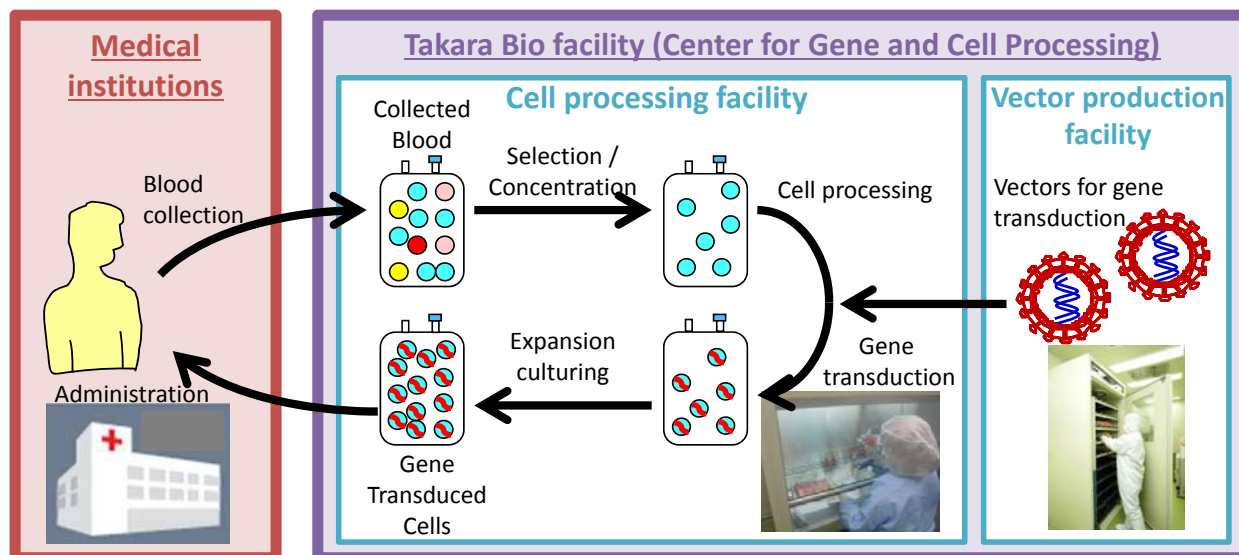
◆ A business model for contract of cell processing

So far

Medical-use cells can only be processed at cell processing facilities of medical institutions

From now on

Contract services spanning from vector production to cell processing



(3) Bioindustry Business

◆ The structure to provide one-stop CDMO services



Biomedical Center (May 2016 -)

Genetic testing support services

SNP genotyping using
next-generation sequencers

The Center for Gene and Cell Processing (Oct. 2014-)

Product development and manufacturing
services for regenerative medicine products

Production of iPS cells and various cells, etc.,
manufacture and storage of quality-tested cell banks,
production of virus and plasmid vectors

Leading-edge research support services

Analysis using next-generation sequencers and diverse array analysis systems
Leading edge technologies, including single cell and genome editing

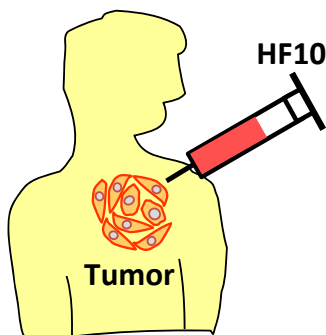
Genetic engineering/cell engineering fundamental research support services
Manufacture and analysis of genes, antibodies, proteins, etc.

(4) Gene Therapy Business

◆ Our Clinical Development of Gene Therapy Project

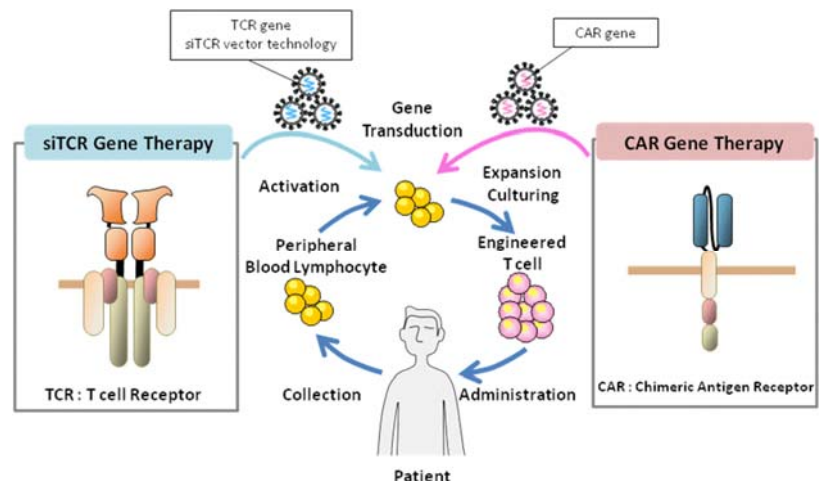
Oncolytic Virus

Oncolytic virus HF10



Engineered T cell Therapy

siTCR Gene Therapy
CAR Gene Therapy
MazF Gene Therapy



(4) Gene Therapy Business

◆ Exclusive license agreement with Otsuka Pharmaceutical for co-development and commercialization in Japan of HF10

- ◆ Target disease : pancreatic cancer, melanoma and other tumors
- ◆ Co-develop and Commercialize Area : Japan
- ◆ Upfront and Milestone Payments Total : up to approximately 3 billion yen
- ◆ Takara Bio is to manufacture the HF10 product for use in clinical trials and for post-approval supply in return for unspecified fees to be paid by Otsuka.

post-approval scheme



(4) Gene Therapy Business

◆ Schedule for Clinical Development of Gene Therapy Projects

Independent development projects				Target disease	Progress	Commercialization target
Oncolytic Virus	HF10 (TBI-1401)		Japan	Melanoma	Phase I in progress Phase II in IND submission	FY2019
Engineered T cell Therapy	siTCR	NY-ESO-1(TBI-1301)	Japan	Synovial sarcoma	Phase I / II in IND submission	FY2021
	CAR	CD19 • CAR(TBI-1501)	Japan	Adult ALL*	Phase I / II in IND submission	FY2021

Alliance projects				Target disease	Progress
Oncolytic Virus	HF10(TBI-1401)		Japan	Pancreatic cancer	Phase I in preparation underway
			U. S.	Melanoma	Phase II in progress Phase III in planning
Engineered T cell Therapy	siTCR	NY-ESO-1(TBI-1301)	Japan	Esophageal cancer, etc.	Phase I in progress
		MAGE-A4(TBI-1201)	Japan	Esophageal cancer, etc.	Phase I in progress
	CAR	CD19 • CAR(TBI-1501)	Japan	Child ALL*	Planning underway

*ALL: B-cell acute lymphoblastic leukemia

Other

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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.

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

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

◆ Other Topics

- Corporate Governance
- FX
- Raw Material Prices : Raw Alcohol, etc.
- Japan's Legal Regulations : Liquor Tax, Consumption Tax, etc.



TAKARA HOLDINGS INC



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>
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