

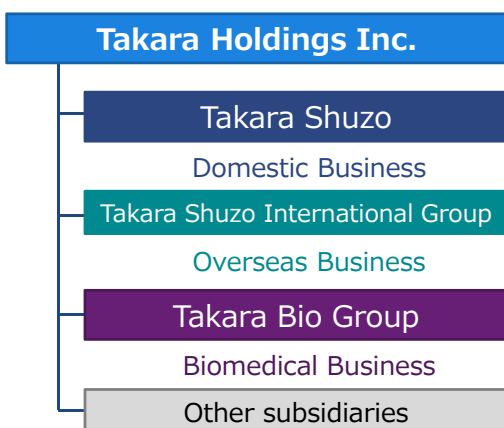
Corporate Profile

TAKARA HOLDINGS INC.
March 2018

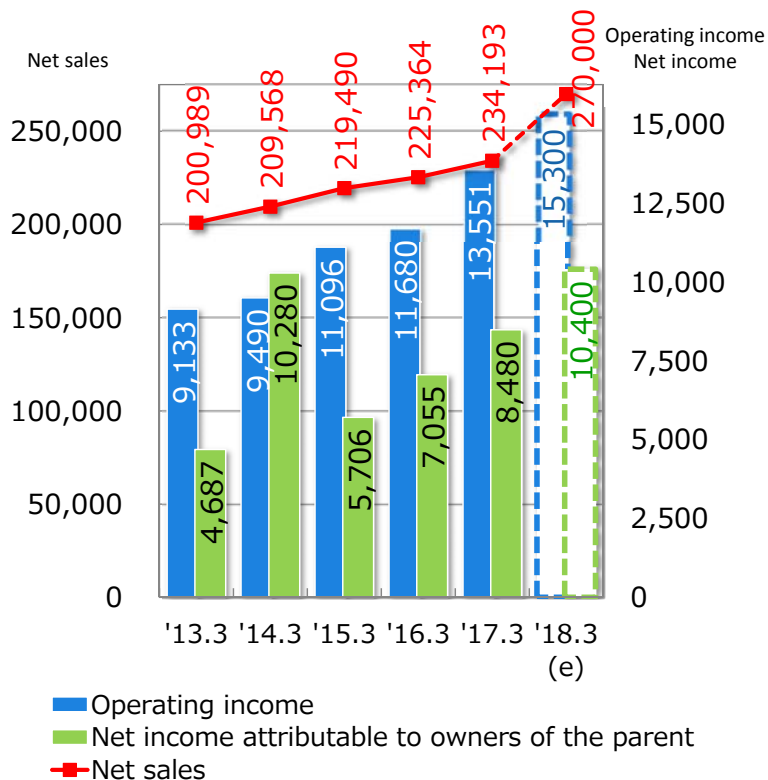
About Takara Holdings Inc.

2

- Established: 1925
- Stock Listings: Tokyo (1st section)
(Code: 2531)
- Head Office: Kyoto, Japan
- President: Toshio Kakimoto
- Market Cap: ¥270.6billion
(As of Jan. 31, 2018)
- EBITDA: ¥19.7billion
(FY2017: Year ended Mar. 31, 2017)

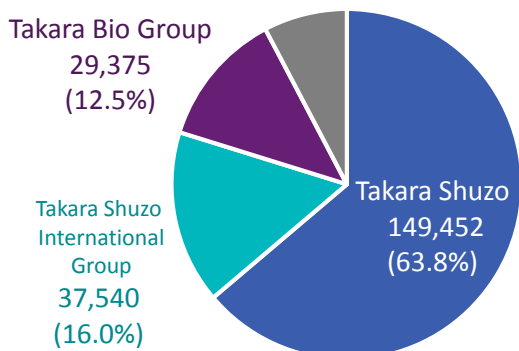


◆ Six-Year Financial Summary (millions of yen)

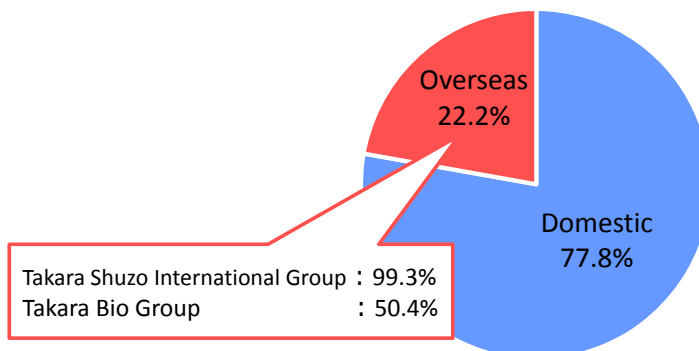


◆ Consolidated Net Sales: 234,193 million yen (millions of yen)

➤ Sales by business segment

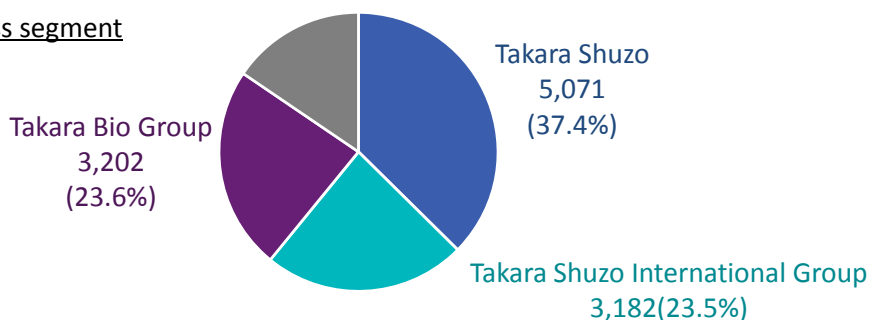


➤ Sales by business area



◆ Consolidated Operating Income: 13,551 million yen (millions of yen)

➤ Operating Income by business segment



SWOT Analysis in Takara Group's Business Domains

Takara Shuzo (Domestic Business)
 Takara Shuzo International Group (Overseas Business)
 Takara Bio Group (Biomedical Business)

Strengths		Weaknesses	
<ul style="list-style-type: none"> High share of domestic alcoholic beverages and seasonings market (Shochu: No. 1, Sake: No. 2, Mirin: No. 1, etc.) Multiple strong brands in each category Expanding Japanese food wholesale network in overseas markets of Europe, the U.S., and Australia Extensive product range and high competitiveness in Bioindustry Business Pioneering approach to launch of gene therapy projects 		<ul style="list-style-type: none"> High sales promotion expenses ratio and low profitability in domestic alcoholic beverages and seasonings market High reliance on imported raw materials Overseas sales ratio: 22.2% Existence of global competition in pharmaceutical fields 	
Opportunities		Threats	
<ul style="list-style-type: none"> Rising health-consciousness and consciousness of safety Expansion of ready-prepared meals and away-from-home meals market Increasing attention on "Japanese-style" and "Japan" ahead of Tokyo Olympics and Paralympics Further expansion in overseas Japanese food market Expanding size of regenerative medicine peripheral industries market 		<ul style="list-style-type: none"> Decrease in total consumption of alcoholic beverages due to aging and declining population Stiffer competition in domestic alcoholic beverages market due to liquor tax revisions and other factors More challenging competitive environment for overseas Japanese food market Entry of competition from other industries into regenerative medicine fields Uncertainty over outlook for global economy (Risks of foreign exchange fluctuations and rising resource prices) 	

Need for initiatives and system improvements to respond to variety of changes in environment

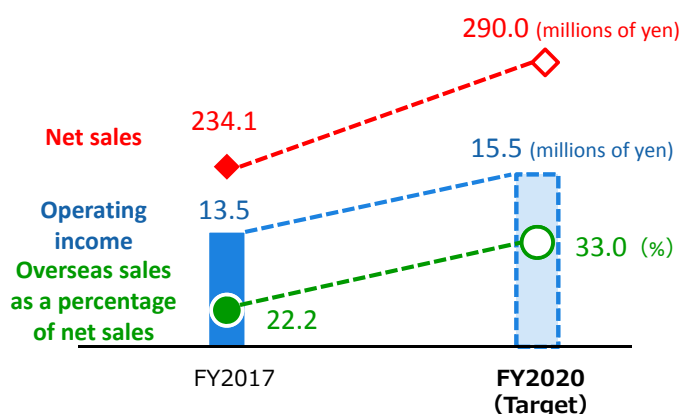
Takara Group Medium-Term Management Plan FY2020 (FY2018 – FY2020)

◆ Basic Policy

By further increasing the overseas sales ratio together with having a full product line-up and many products with a competitive edge both in Japan and overseas, we are aiming to build up a great number of fields in which we can beat competitors and establish a balanced business foundation able to grow revenues significantly no matter what environmental changes occur.

◆ Tangible goals (Year ending March 31, 2020 / Consolidated)

Net sales	¥290 billion or above
Operating income	¥15.5 billion or above
Overseas sales as a percentage of net sales	33% or above

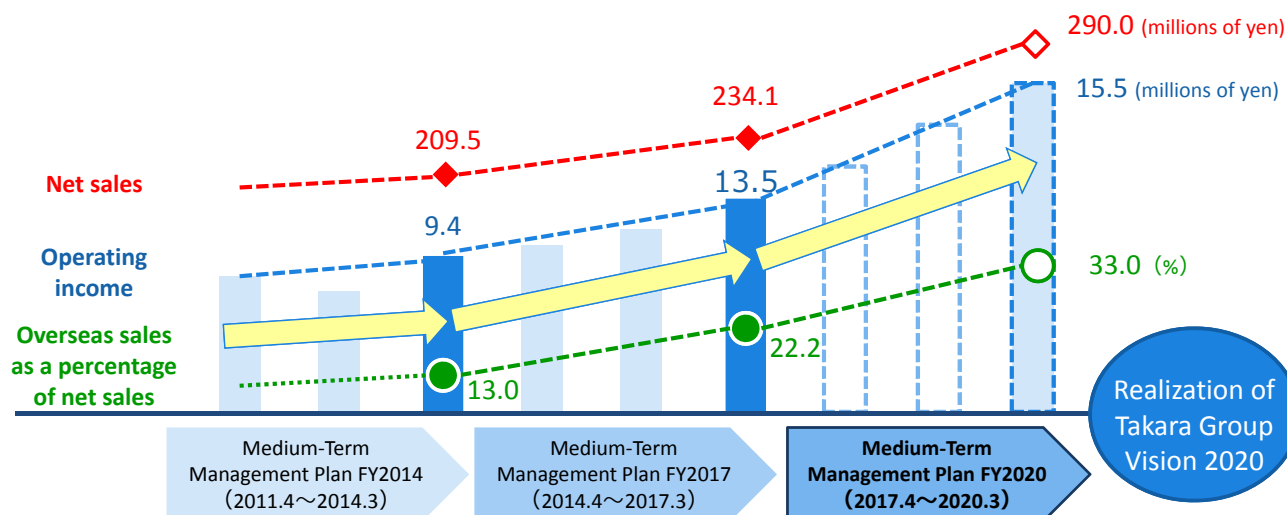


Takara Group Vision 2020 (10 years from April 2011)

◆ Management goal

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

Roadmap for realizing the Takara Group Vision 2020



Business Strategy [1]

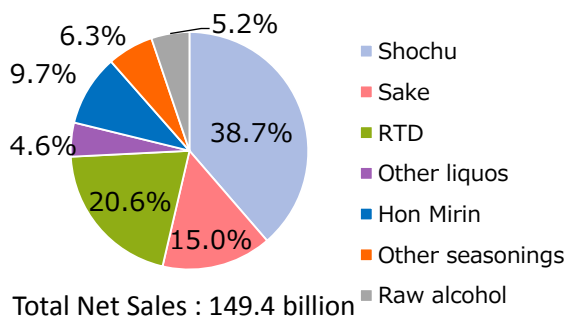
Takara Shuzo

(1) Business Outline

8

◆ Major brands of Takara Shuzo

◆ Composition of Net Sales (FY2017)



Shochu



Sake

Light-alcohol refreshers (RTD)

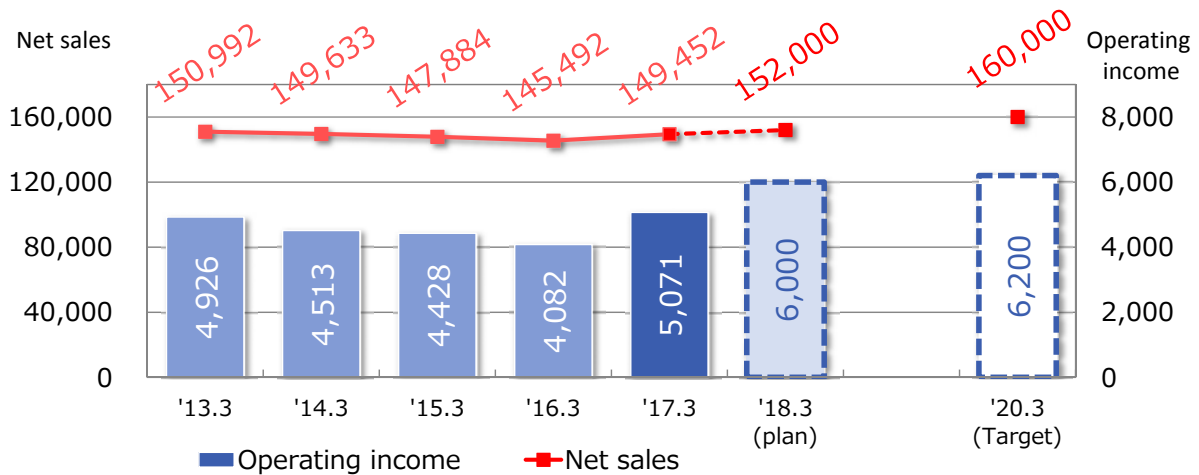
Hon Mirin, Other seasonings



◆ Basic policy (Medium-Term Management Plan FY2020)

Expand sales in all categories, with sake as the core, improve the profit ratio and cement our position as a top manufacturer of traditional Japanese alcoholic beverages in the domestic alcoholic beverages and seasonings markets.

◆ Financial summary (Millions of yen)

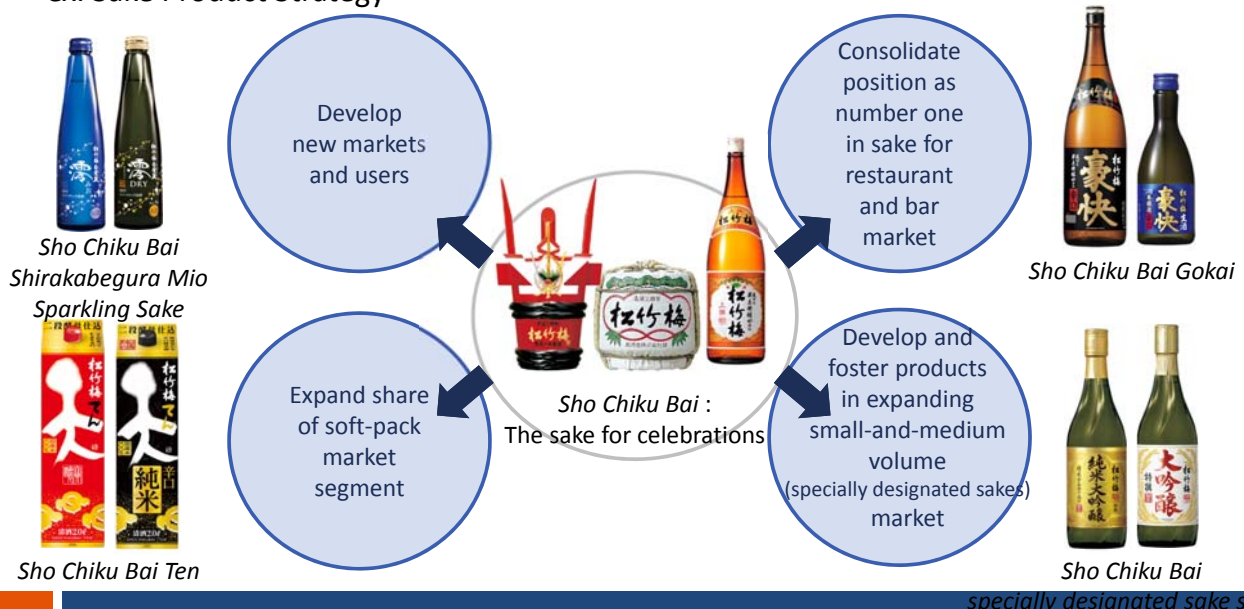


Notes : Figures before the fiscal year ended March 2016 are reference values.

◆ Priority strategy

- We will continue developing products differentiated through technology application while striving to expand a full product line-up in order to respond to increasingly diverse consumer needs in a speedy and timely manner.
- We will improve our profit ratio by selling a greater proportion of high added-value products.

ex. Sake Product Strategy



Business Strategy [2]

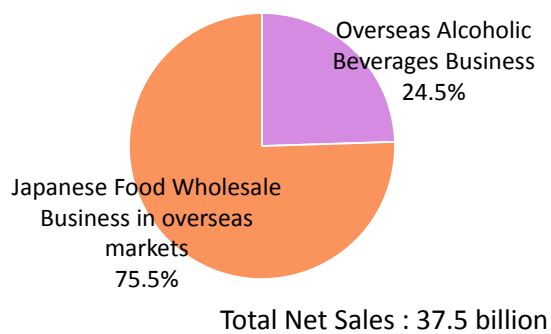
Takara Shuzo International Group

(1) Business Outline

12

◆ Business Domain of Takara Shuzo International Group

◆ Composition of Net Sales (FY2017)



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.



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, the U.S. and Australia.

Trading companies of all parts of the world / Japanese food Manufacturer, etc.



Japanese food wholesaler



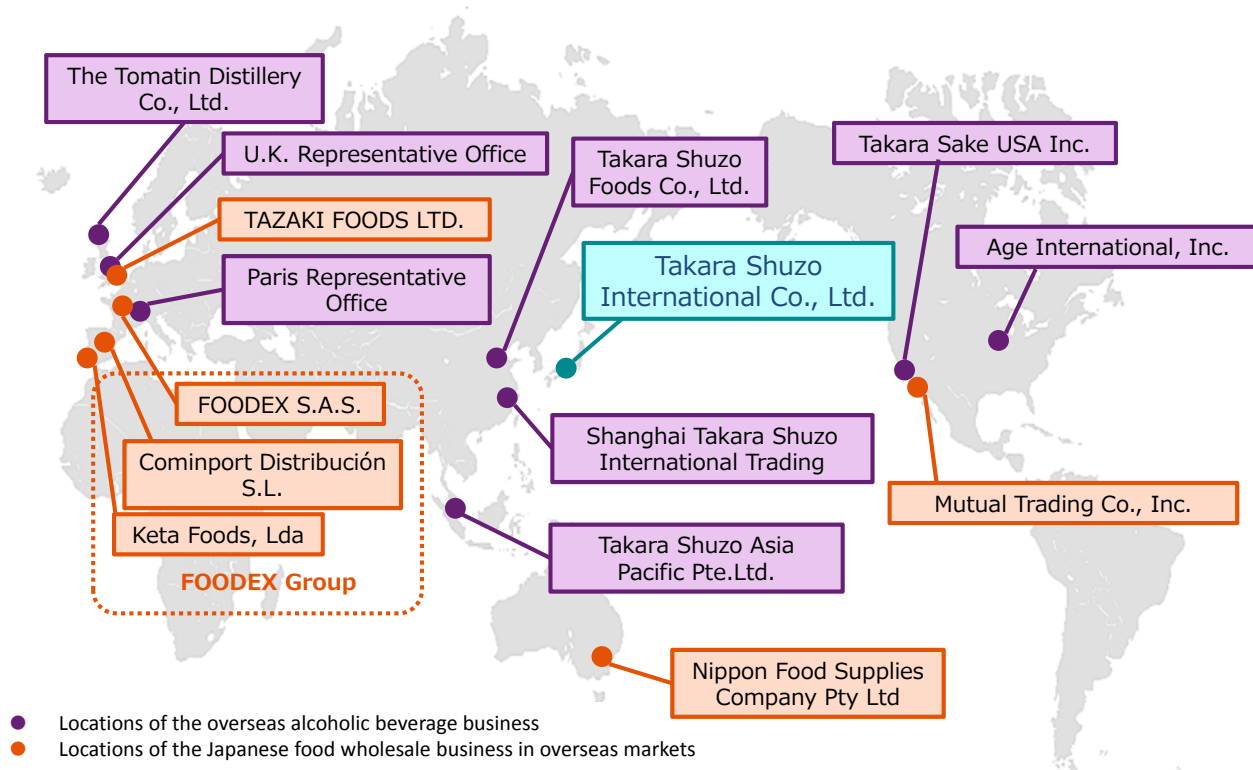
Japanese cuisine restaurant



Grocery stores

Take-outs and delicatessens

◆ Overseas Locations of Takara Shuzo International Group

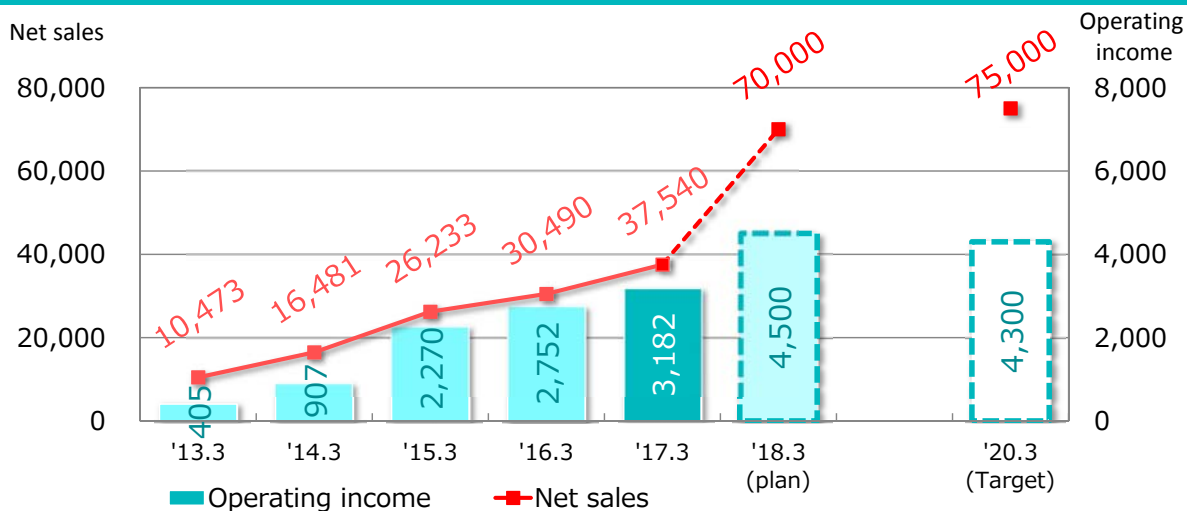


(2) Business Strategy

◆ Basic policy (Medium-Term Management Plan FY2020)

Dramatically expand our scope of business by enlarging our overseas Japanese food wholesaler network, together with developing our business foundation and strengthening our position with the goal of becoming a leading company in the global Japanese alcoholic beverages and foods market.

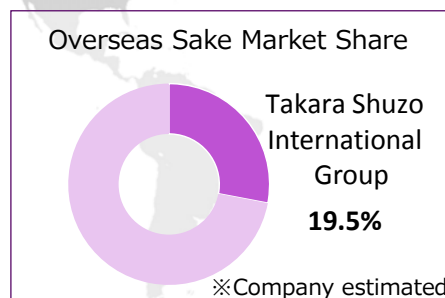
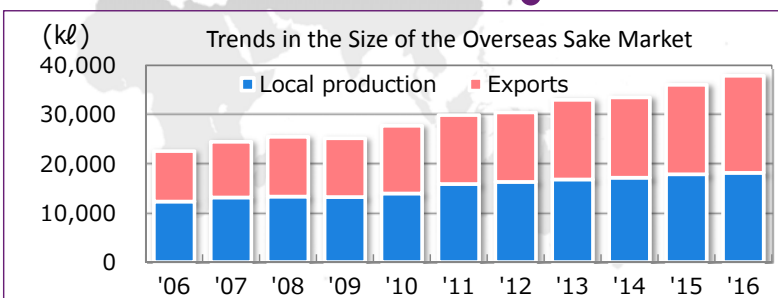
◆ Financial summary (Millions of yen)



Notes : Figures before the fiscal year ended March 2016 are reference values.

◆ Priority strategy of Overseas Alcoholic Beverages Business

- We will expand our product lineups of high-quality sake at our overseas production bases as well as striving to strengthen export strategy, including the establishment of Mio Sparkling Sake as a global brand.



Sources : Exports/ Trade Statistics of Japan, Ministry of Finance
Local production/ Jozo Sangyo Newspaper (total local production volume for nine major sake companies)

◆ Priority strategy of Japanese Food Wholesale Business in overseas markets

- We will achieve business growth at group companies by acquiring new customers in existing markets and by moving into peripheral business areas.
- We will select partner companies that can help to further expand our network as well as making efforts to create synergy between group companies.

◆ Recent Activities in Japanese food wholesale business

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

*Foodex Group

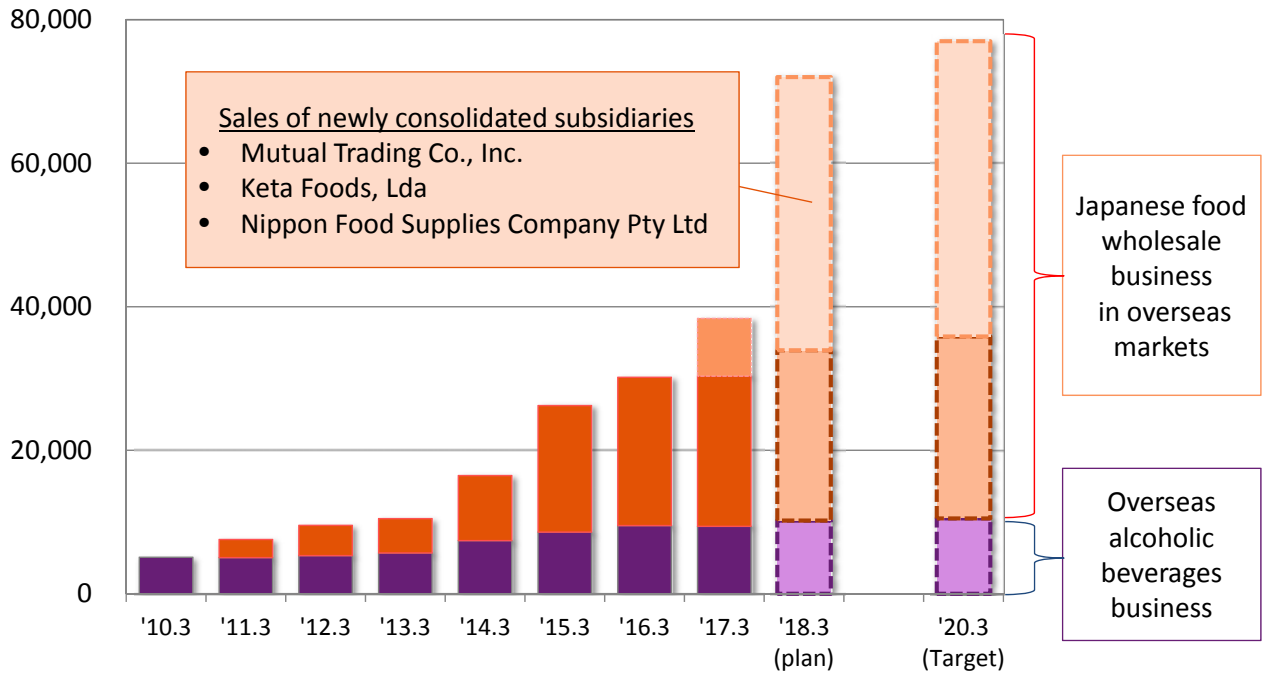
◆ Synergy between group companies.

- Reduction of procurement Costs through joint purchasing
- Distribution of strategic products to each area



Sales trend simulation

(millions of yen)

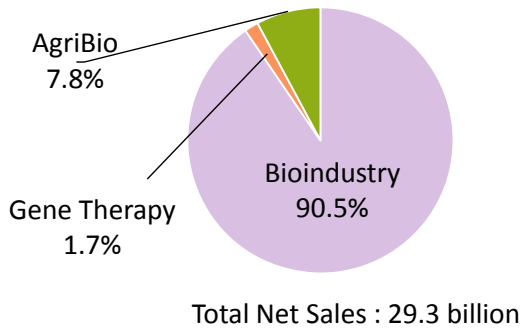


Business Strategy [3]

Takara Bio Group

◆ Business Domain of Takara Bio Group

◆ Composition of Net Sales (FY2017)



Bioindustry

This business supports life science research worldwide, in both the research support field and the CDMO business. The Group reflects market needs by developing and supplying research reagents and scientific instruments such as highly functional PCR enzymes and real-time PCR systems used for gene amplification, in addition to contract research services including next-generating sequencing and contract production services for iPS cells.



Gene Therapy

This business implements clinical development of gene therapies, primarily targeting cancer. It is aiming for the early commercialization of oncolytic virus HF10 targeting malignant melanoma and pancreatic cancer, NY-ESO-1・siTCR gene therapy targeting synovial sarcoma, and CD19-CAR gene therapy targeting acute lymphocytic leukemia.



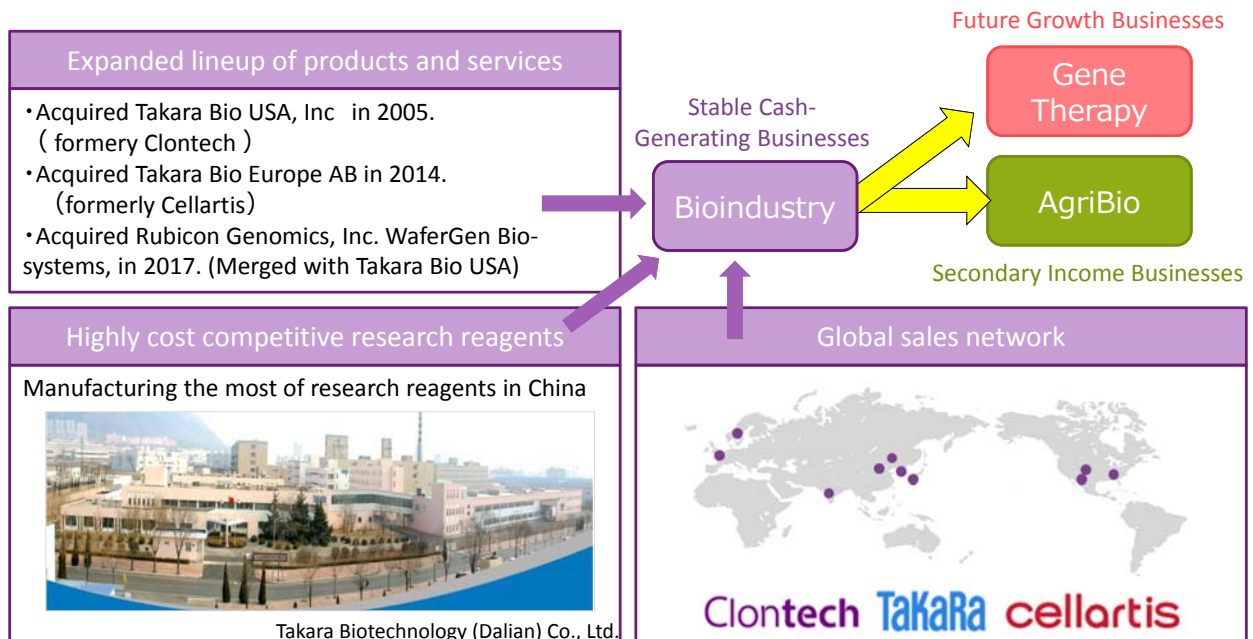
AgriBio

Takara Bio uses biotechnology to analyze the properties of food ingredients. It then uses the functionality of "fucoidan" from derived Gagome kombu (kelp), "isosamidin" derived from herb (Peucedanum japonicum) and other ingredients to develop and manufacture health food products. Also, Takara Bio takes advantage of its technologies for large-scale cultivation of mushrooms in order to produce and sell Honshimeji and Hatakeshimeji among others.



◆ Takara Bio Business Model

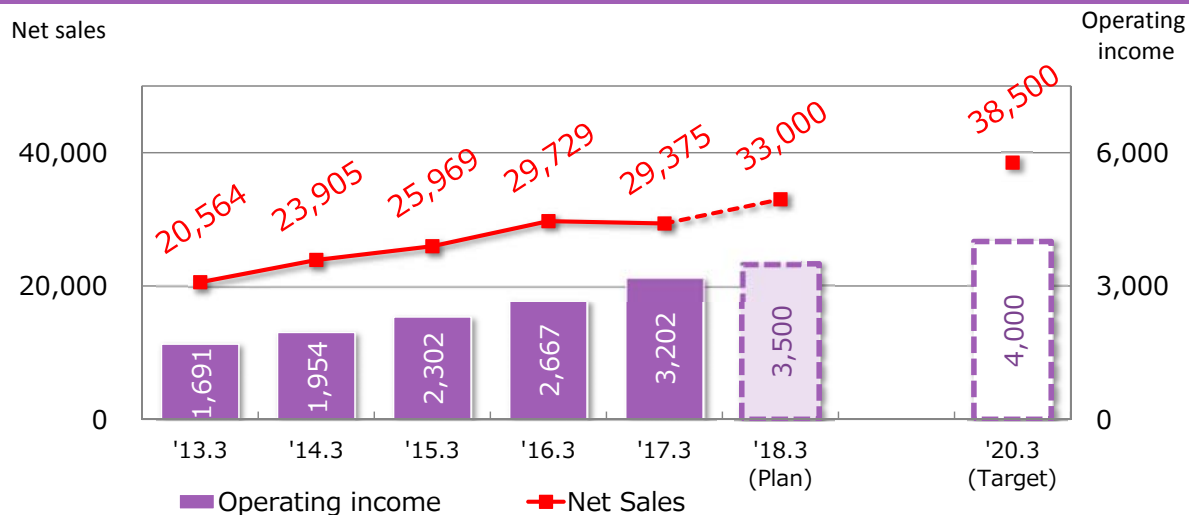
Generating stable earnings from the Bioindustry Business, which forms the core of its technology base in addition to striving to develop the AgriBio Business as a secondary income business. We are working to achieve the early commercialization of gene therapies by investing the management resources from these two businesses in the Gene Therapy Business.



◆ Basic policy (Medium-Term Management Plan FY2020)

Strengthen our three business segments, namely, the Bioindustry, Gene Therapy, and AgriBio businesses, and the business base that supports these efforts, enhance our standing as a global enterprise and regenerative medical product company, and achieve prodigious growth.

◆ Financial summary (Millions of yen)

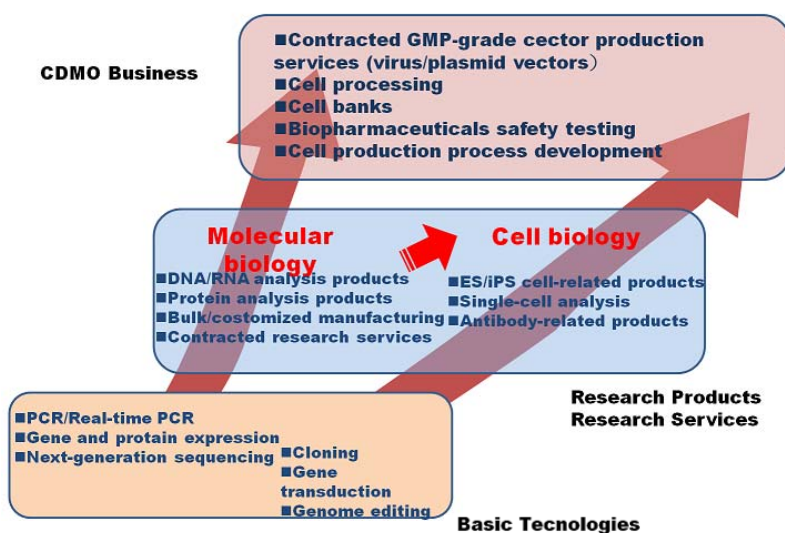


◆ Priority strategy of Bioindustry

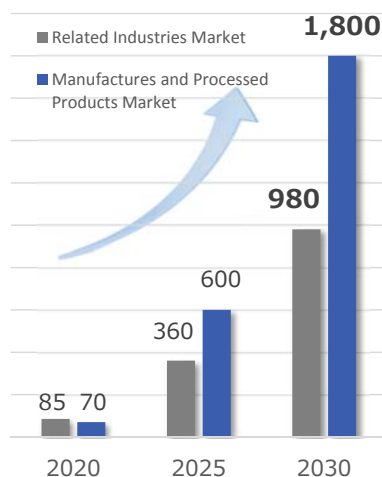
● We will remain number one in CDMO* business involving regenerative medical products.

* (CDMO : Contract Development and Manufacturing Organization)

CDMO Business Expansion



<Markets Forecasts for Regenerative Medicine (billions of yen) >



Source : "FIRM 2017 Regenerative Therapy Marketability Report" published in March, 2017 by the Forum for Innovative Regenerative Medicine

◆ Strengthening the Domestic Contracted Services



Biomedical Center (May 2016 -)

Genetic testing support services

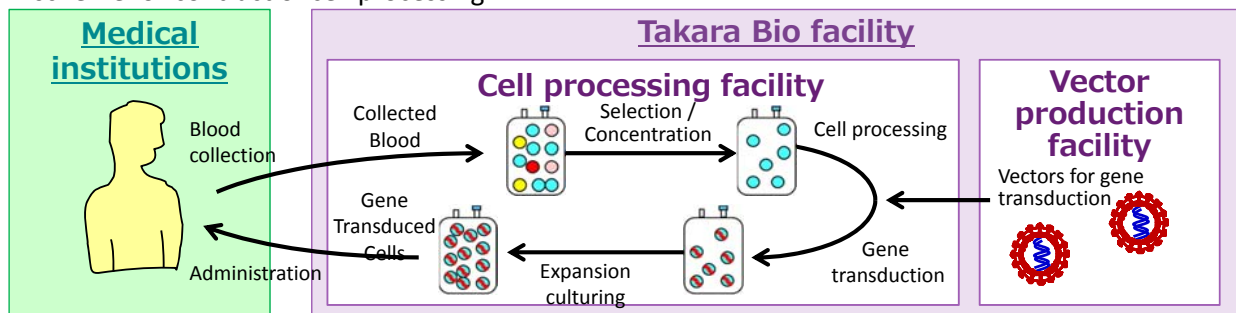
SNP genotyping using next-generation sequencers

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

◆ A scheme for contract of cell processing



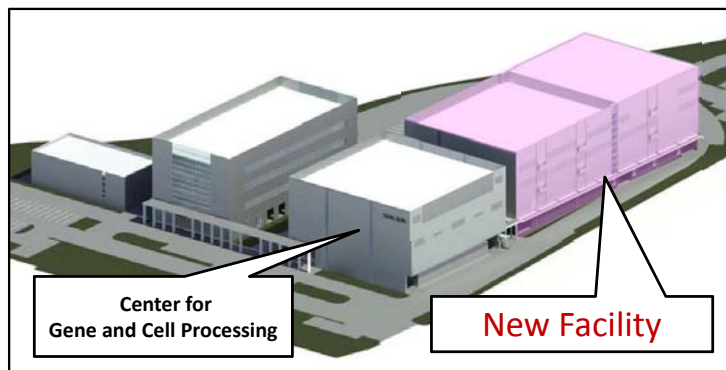
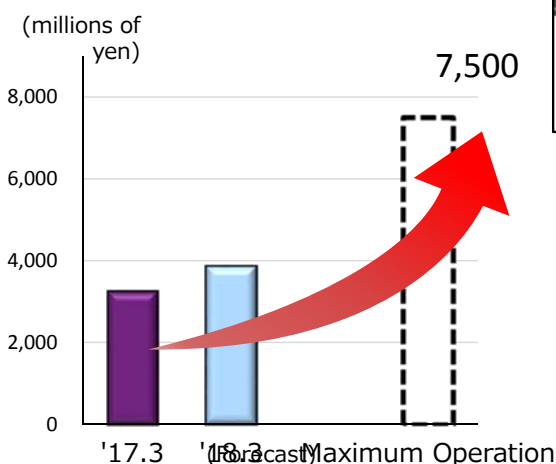
TOPICS

Takara Bio to Establish a New Facility for the Research and Manufacturing of Regenerative Medical Products

< Schedule >

- Start Construction : February 2018
- Complete : December 2019

Sales forecast of CDMO business



< Manufacturing Scale >

- GMP vector product (50 liters : 8~10 lines
2000 liters : 2 lines)
- GMP Cell processing (11 cleanrooms)
- Cell bank (8 rooms)
- Aseptic Filling (20,000 vial / day)

◆ Priority strategy of Gene Therapy

- We will aim to acquire approval for the first gene therapy product in Japan.

◆ Schedule for Clinical Development of Gene Therapy Projects

Independent Development Projects Plan			Target disease	Present state	Launch target	
Oncolytic Virus	HF10		Japan	Malignant melanoma	Phase II Active / Recruitment completed	FY2019
Engineered T cell Therapy	siTCR	NY-ESO-1	Japan	Synovial sarcoma	Phase I / II clinical trials: In progress	FY2021
	CAR	CD19 • CAR	Japan	Adult ALL*	Phase I / II clinical trials: In progress	FY2021
Joint Projects Plan			Target disease	Present state	Partner	
Oncolytic Virus	HF10		Japan	Pancreatic cancer	Phase I clinical trials: In progress	Otsuka Pharmaceutical
			U.S.	Malignant melanoma	Phase III clinical trials: In planning	—
Engineered T cell Therapy	siTCR	NY-ESO-1	Japan	Esophageal cancer, etc.	Phase I clinical trials: In progress	—
		MAGE-A4	Japan	Esophageal cancer, etc.	Phase I clinical trials: In progress	—
	CAR	CD19 • CAR	Japan	Child ALL*	In planning	—

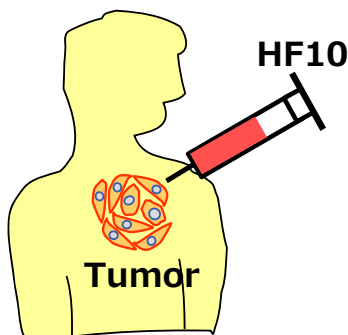
*ALL : Acute lymphoblastic leukemia

◆ Our Clinical Development of Gene Therapy Project

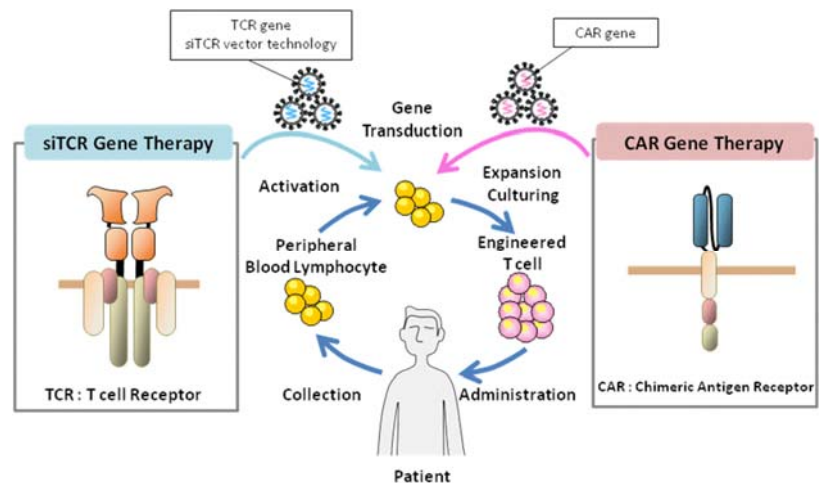
Oncolytic Virus

Engineered T cell Therapy

Oncolytic virus HF10



siTCR Gene Therapy
CAR Gene Therapy



◆ 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



◆ Priority strategy of AgriBio

● We will achieve stable and ongoing profits as our number two profit-making business.

Health Foods Business

We use biotechnology to analyze the properties of food ingredients, and then uses the functionality of the ingredients to develop and manufacture health food products.

ex. Gagome kombu (kelp)



We will sell the product through Takara Healthcare, a group company

Mushroom Business

Takara Bio takes advantage of its technologies for large-scale cultivation of mushrooms in order to produce and sell Honshimeji and Hatakeshimeji among others.



Kyotamba Daikoku Honshimeji (Honsimeji)

Top share of the market in Japan for Honshimeji mushrooms

Financial policy

Financial policy (Medium-Term Management Plan FY2020)

30

Maintain a strong balance sheet and make growth-oriented investments while also improving our ROE and achieving proper stock price levels by providing appropriate shareholder returns.

- ◆ We will maintain a 50% equity ratio and credit rating of A
- ◆ We will proactively invest in areas where profit growth is expected in each businesses

Takara Shuzo

Developing new products and accommodating increased production

Takara Shuzo International Group

Ally with new partners in the Japanese Food Wholesale Business in overseas markets

Takara Bio Group

Acquire new technologies in the Bioindustry business and Gene Therapy business

Investment aimed
at profit growth

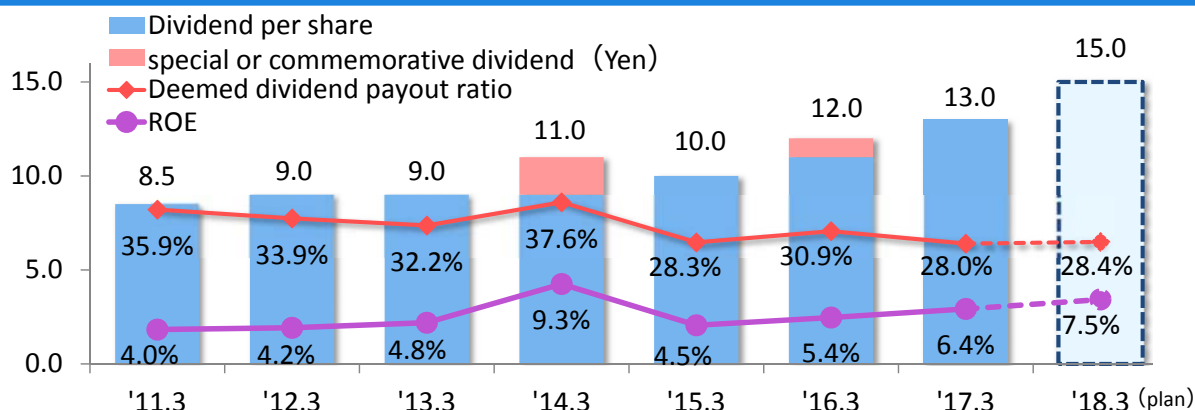
FY2018 – FY2020
Three Years Cumulative

About 30 billion yen

- ◆ We will review and implement a shareholder return policy aimed at dividends with a 30% deemed dividend payout ratio* target and an ROE in the high six per cent range.

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

◆ Trends in dividends etc.



Acquisitions of treasury stock

<Resolution of the Board of Directors' meeting>

- Number of shares to be acquired : 2 million shares (Upper limit)
- Total cost of acquisition : ¥2 billion (Upper limit)

<Result of acquisition>

- Number of shares to be acquired : 1,592,500 shares
(0.79% of total number of shares issued and outstanding)
- Total cost of acquisition : ¥1,999,876,300
- Period of acquisition : Nov. 10 to Nov. 24, 2017

Cancellation of Treasury Stock

- Number of shares cancelled : 16 million shares
(7.35% of total number of shares issued and outstanding before cancellation)
- Date of cancellation : Dec. 29, 2017

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.
Investor Relations Dept.
E-Mail: ir@takara.co.jp