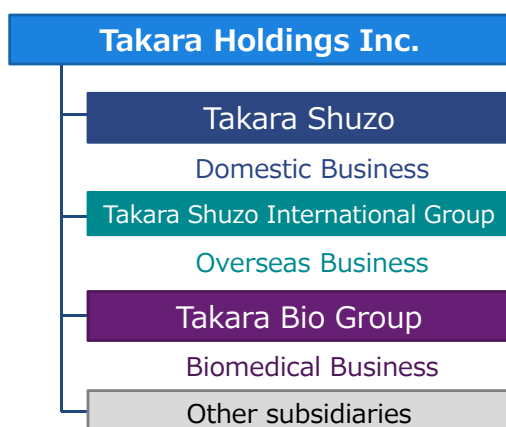


# Corporate Profile

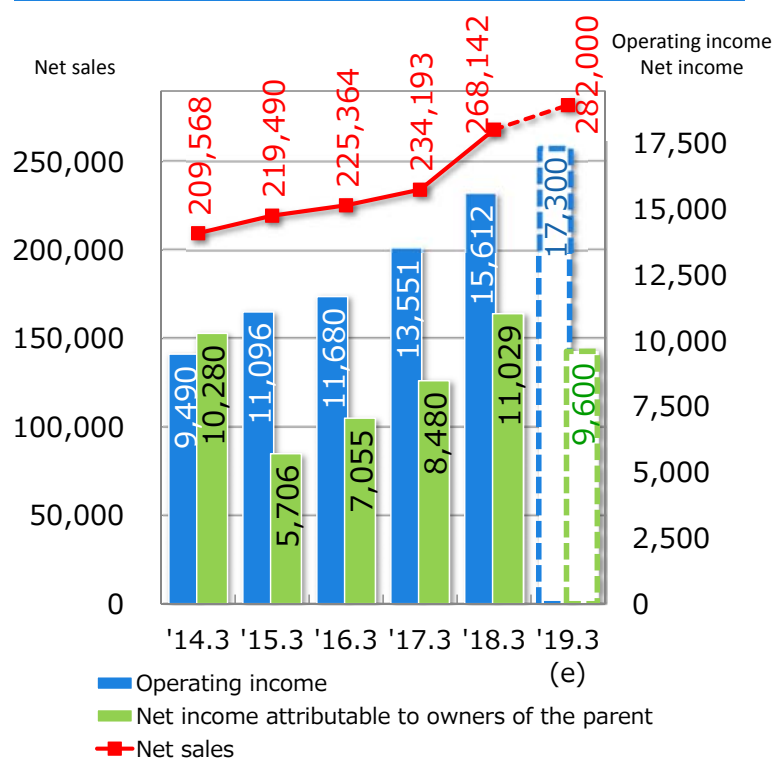
**TAKARA HOLDINGS INC.**  
September 7, 2018

## 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: ¥229.1billion  
(As of Aug. 23, 2018)
- EBITDA: ¥23.3billion  
(FY2018: Year ended Mar. 31, 2018)



### ◆ Six-Year Financial Summary (millions of yen)

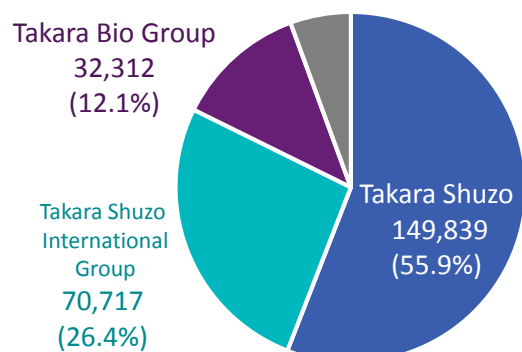


# Business Performance (FY2018)

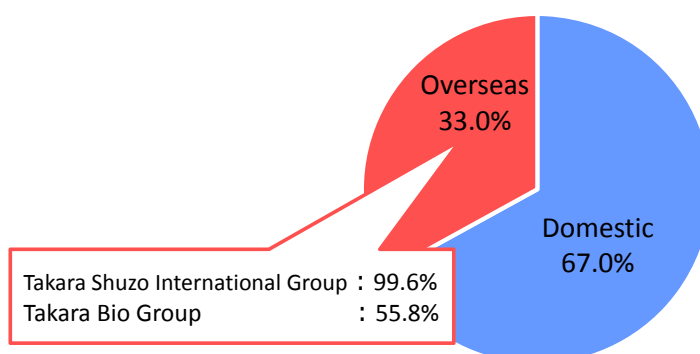
◆ Consolidated Net Sales: 268,142 million yen

(millions of yen)

➤ Sales by business segment



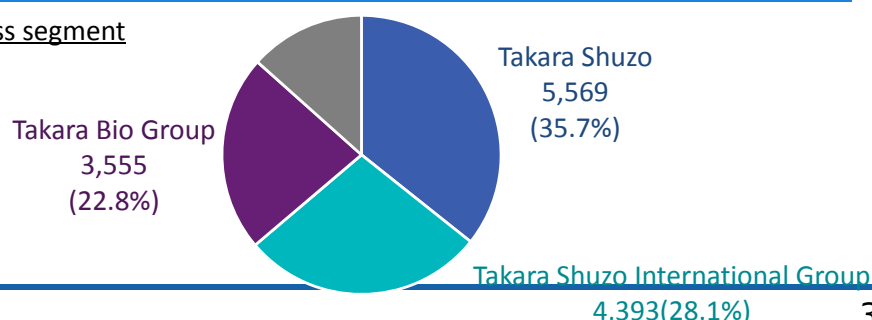
➤ Sales by business area



◆ Consolidated Operating Income: 15,612 million yen

(millions of yen)

➤ Operating Income by business segment



3

## Perception of Environment

### SWOT Analysis in Takara Group's Business Domains

	Strengths / Opportunities	Weaknesses / Threats
Takara Shuzo (Domestic Business)	<ul style="list-style-type: none"> <li>High share of domestic alcoholic beverages and seasonings market (Shochu: No. 1, Sake: No. 2, Mirin: No. 1, etc.)</li> <li>Multiple strong brands in each category</li> <li>Rising health-consciousness and consciousness of safety</li> <li>Expansion of ready-prepared meals and away-from-home meals market</li> </ul>	<ul style="list-style-type: none"> <li>High sales promotion expenses ratio and low profitability in domestic alcoholic beverages and seasonings market</li> <li>High reliance on imported raw materials</li> <li>Decrease in total consumption of alcoholic beverages due to aging and declining population</li> <li>Stiffer competition in domestic alcoholic beverages market due to liquor tax revisions and other factors</li> </ul>
Takara Shuzo International Group (Overseas Business)	<ul style="list-style-type: none"> <li>High share of overseas sake market (approximately 20% :No.1)</li> <li>Expanding Japanese food wholesale network in overseas markets of Europe, the U.S., and Australia</li> <li>Increasing attention on "Japanese-style" and "Japan" ahead of Tokyo Olympics and Paralympics</li> <li>Further expansion in overseas Japanese food market</li> </ul>	<ul style="list-style-type: none"> <li>Necessity of expanding bases in North America</li> <li>More challenging competitive environment for overseas Japanese food and Sake market</li> </ul>
Takara Bio Group (Biomedical Business)	<ul style="list-style-type: none"> <li>Extensive product range and high competitiveness in Bioindustry Business</li> <li>Pioneering approach to launch of gene therapy projects</li> <li>Expanding size of regenerative medicine peripheral industries market</li> </ul>	<ul style="list-style-type: none"> <li>Existence of global competition in pharmaceutical fields</li> <li>Entry of competition from other industries into regenerative medicine fields</li> </ul>



4

# Long-Term Management Vision / Medium-Term Management Plan

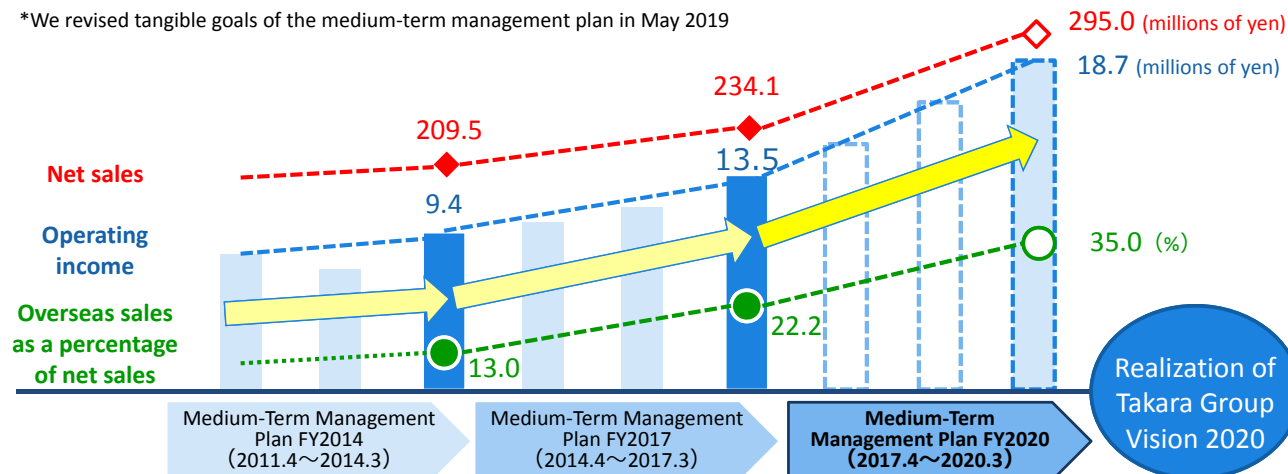
## ◆ Takara Group Vision 2020 (10 years from April 2011)

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.

## ◆ Takara Group Medium-Term Management Plan FY2020\* (FY2018 – FY2020)

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.

\*We revised tangible goals of the medium-term management plan in May 2019



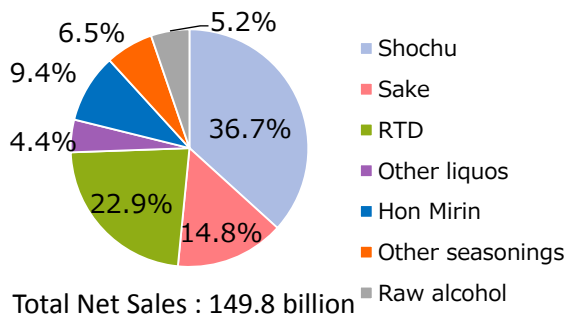
## Business Strategy [1]

Takara Shuzo

## (1) Business Outline

### ◆ Major brands of Takara Shuzo

#### ◆ Composition of Net Sales (FY2018)



#### Shochu



#### Sake

#### Light-alcohol refreshers (RTD)

#### Hon Mirin, Other seasonings



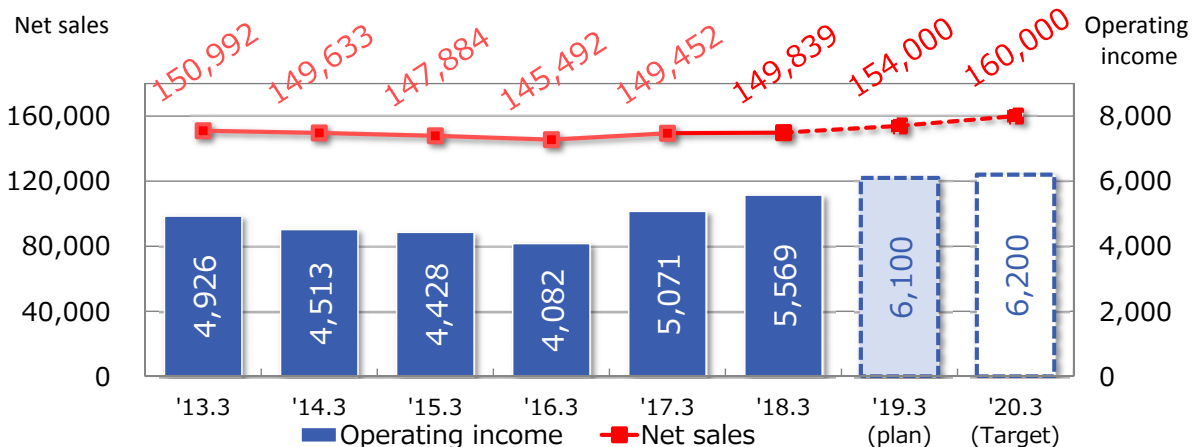
7

## (2) Business Strategy

### ◆ 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.



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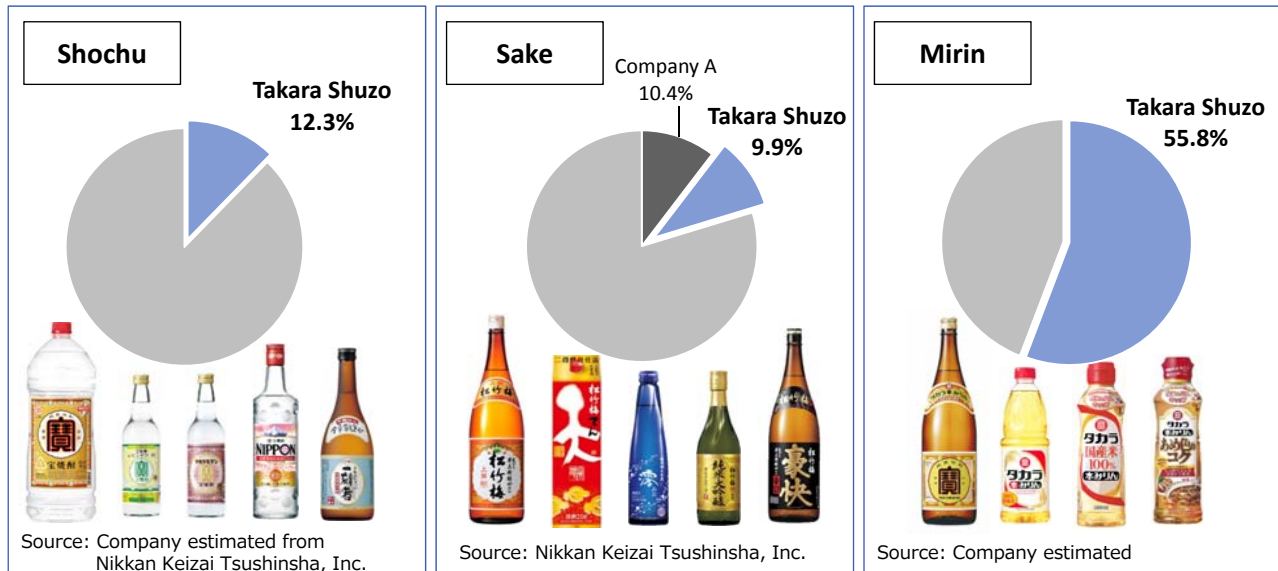
## (2) Business Strategy

### ◆ Business strategy for this term

By further increasing the share of domestic market in sake, shochu and seasoning categories, cement our position as a top manufacturer of traditional Japanese alcoholic beverages.

#### Domestic market share

(Shochu : Year ended Dec. 31, 2016 / Sake, Mirin : Year ended Dec. 31, 2017 )



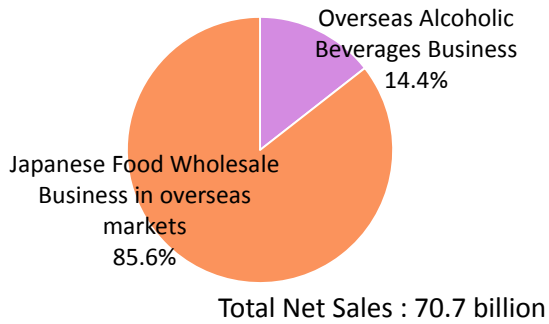
## Business Strategy [2]

Takara Shuzo International Group

# (1) Business Outline

## ◆ Business Domain of Takara Shuzo International Group

### ◆ Composition of Net Sales (FY2018)



### 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.



Sho chiku bai  
(Takara Sake USA's product)



Blanton



Tomatin

### 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



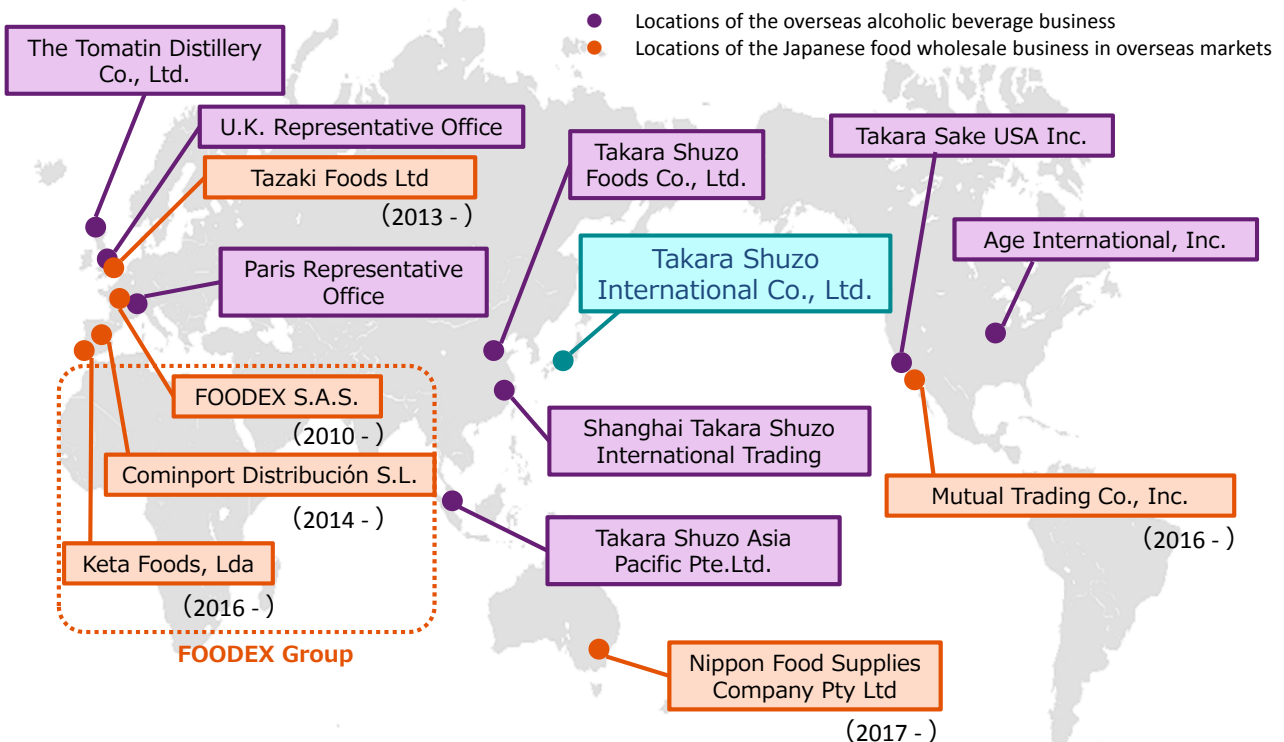
Grocery stores

Take-outs and delicatessens



# (1) Business Outline

## ◆ Overseas Locations of Takara Shuzo International Group



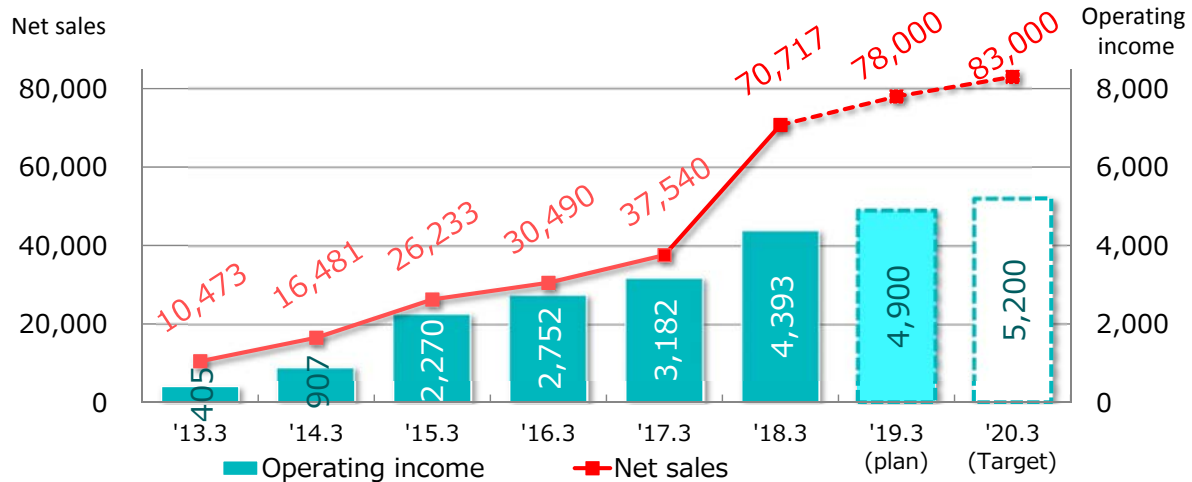


## (2) Business Strategy

### ◆ 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)

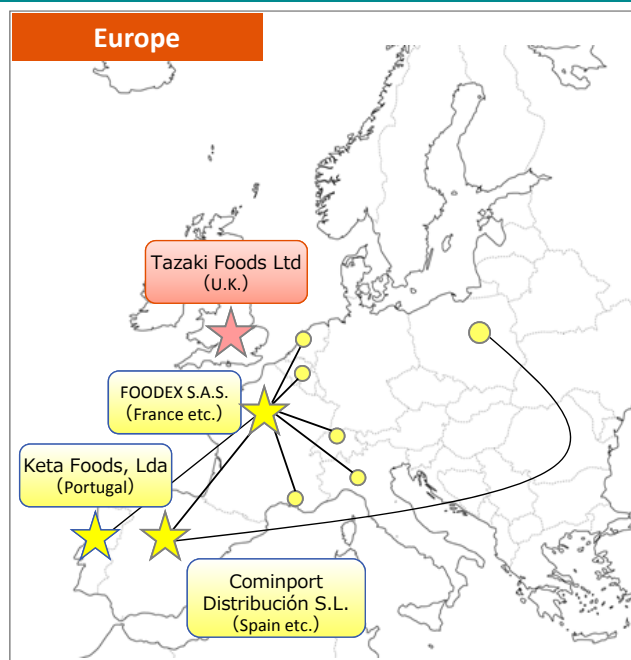
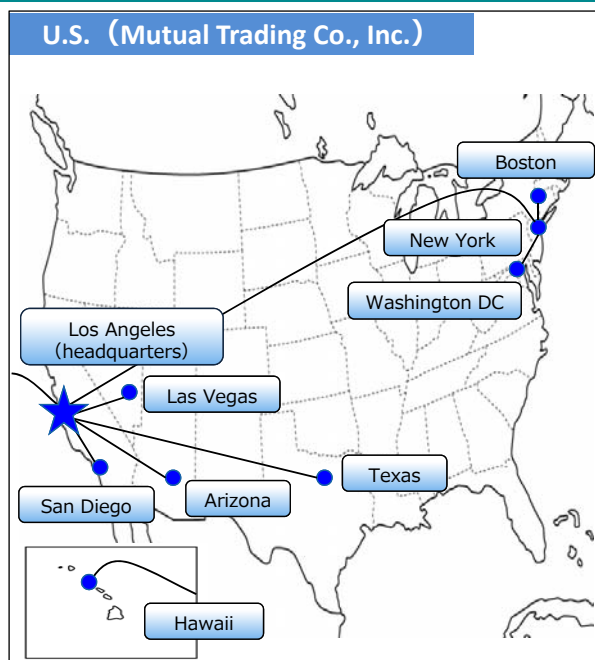


Notes : Figures before the fiscal year ended March 2016 are reference values.

## (2) Business Strategy

### ◆ Business strategy for this term

Promote expansion of bases and areas to further expand Japanese Food Wholesale Business in overseas markets.



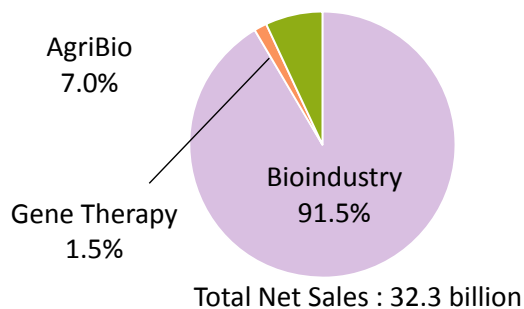
# Business Strategy [3]

Takara Bio Group

## (1) Business Outline

### ◆ Business Domain of Takara Bio Group

#### ◆ Composition of Net Sales (FY2018)



#### 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 C-REV 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" derived from Gagome kombu (kelp), "isosamidin" derived from an herb (Peucedanum japonicum) and other ingredients to develop 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 Hatakeslimeji among others.



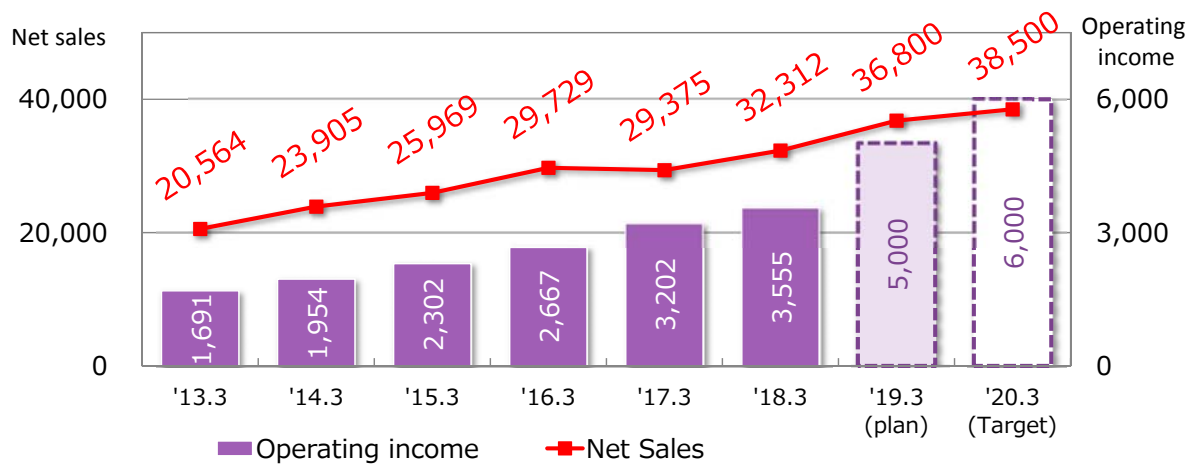


## (2) Business Strategy

### ◆ 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)



## (2) Business Strategy

### ◆ Business strategy for this term (Bioindustry)

Maximize synergies with two acquired US companies and remain No.1 in CDMO\* business involving regenerative medical products

\* CDMO : Contract Development and Manufacturing Organization

#### Expanded lineup of products and services

- Acquired Takara Bio USA, Inc. in 2005. (formerly Clontech)
- Acquired Takara Bio Europe AB in 2014. (formerly Cellartis)
- Acquired **Rubicon Genomics, Inc., WaferGen Biosystems**, in 2017. (Merged with Takara Bio USA)

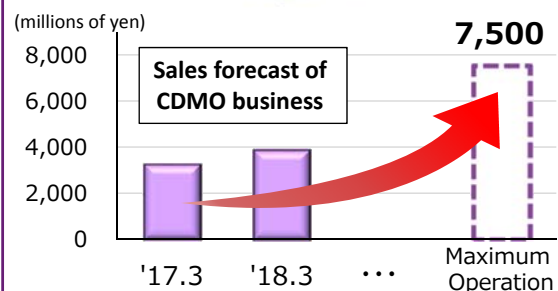
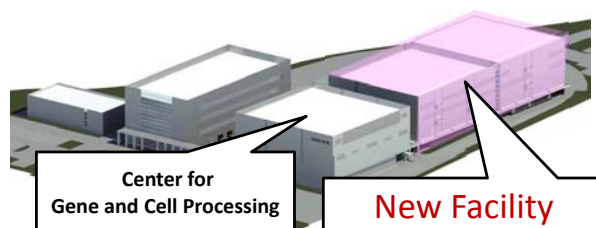
#### Highly cost competitive research reagents

Manufacturing the most of research reagents in China



Takara Biotechnology (Dalian) Co., Ltd.

#### New Establishment of the Research and Manufacturing Facility for Regenerative Medical Products



## (2) Business Strategy

### ◆ Business strategy for this term (Gene Therapy)

We will aim to acquire approval for C-REV targeting melanoma in Japan during the year ended March 2019

### ◆ Schedule for Clinical Development of Gene Therapy Projects

Projects Plan			Target disease	Area	Present state	Partner
Oncolytic Virus	Canerpatrev (C-REV)		Melanoma	Japan	Phase II in progress Preparation underway for application	Otsuka Pharma
				U.S.	Phase II completed Phase II Investigator initiated trial in progress	Seeking
			Pancreatic cancer	Japan	Phase I in progress	Otsuka Pharma
Engineered T cell Therapy	siTCR <sup>®</sup>	NY-ESO-1	Synovial sarcoma	Japan	Phase I/II in progress	Otsuka Pharma
			Solid cancer	Japan	Phase I in progress	(Investigator Initiated)
				Canada	Phase Ib Investigator initiated trial in progress	Seeking
		MAGE-A4	Esophageal cancer, etc.	Japan	Phase I in progress	(Investigator Initiated)
	CAR	CD19	Adult ALL*, etc.	Japan	Phase I/II in progress	Otsuka Pharma

\*ALL : Acute lymphoblastic leukemia

## Financial policy



## Financial policy (Medium-Term Management Plan FY2020)

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

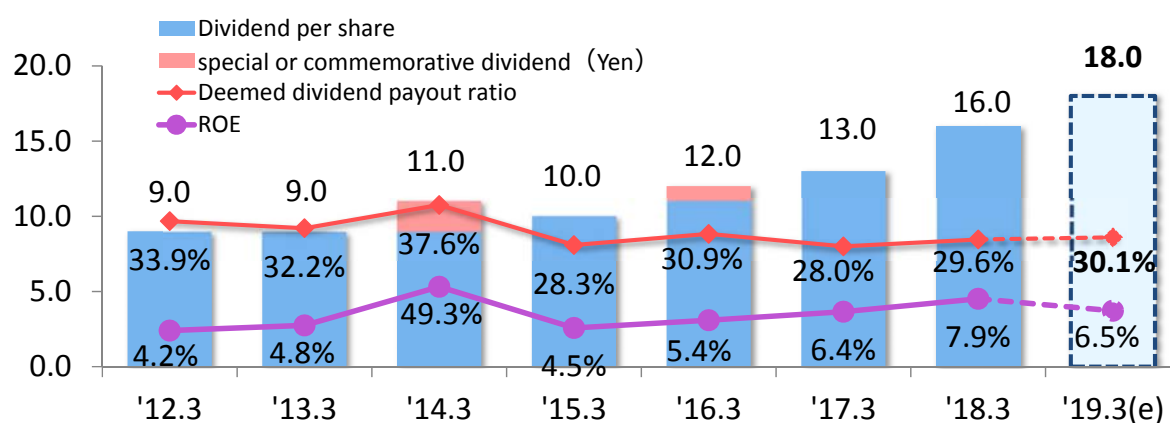


## Shareholder return Policy

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.

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

### ◆ Trends in dividends etc.



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### **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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Investor Relations Dept.

E-Mail [ir@takara.co.jp](mailto:ir@takara.co.jp)

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