March 24, 2025

To whom it may concern

Company name:	TAKASAGO INTERNATIONAL CORPORATION
Name of representative:	Satoshi Masumura President and Chief Executive Officer (Securities code: 4914; TSE Prime Market)
Inquiries:	Shigeki Kawabata Director; Senior Vice President General Manager, Corporate Strategy & Planning Division (Telephone: +81-03-5744-0523)

Notice Concerning the Action to Implement Management that is Conscious of Cost of Capital and Stock Price

TAKASAGO INTERNATIONAL CORPORATION (CEO：Satoshi Masumura) is going forward with business activities under Vision 2040, and in the mid-term three-year management plan New Global Plan-2【NGP-2】(FY2024-FY2026) began in 2024, the company is pursuing to achieve the Action to Implement Management that is Conscious of Cost of Capital and Stock Price (the “Initiatives”).
The Company hereby announces that the Board of Directors deliberated on the Initiatives based on the analysis of the current situation and the actions for the targets.

Please refer to the attached document for details on “Action to Implement Management that is Conscious of Cost of Capital and Stock Price”

【Attachments】
Explanatory material

Takasago International Corporation
Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Securities code:4914

March 24 , 2025

TAKASAGO

Introduction

- Business Overview and Investment for Growth
- Dialogue mainly with investors in Japan and outside Japan that hold medium- to long-term holdings
- Updates of Capital Policy

※ The Financial Forecast for FY2025 will be announced in May 2025 on the Financial Statements

Agenda

I. Company Profile and Business Overview

II. Action to Implement Management that is Conscious of Cost of Capital and Stock Price

III. Investment for Growth

I. Company Profile and Business Overview

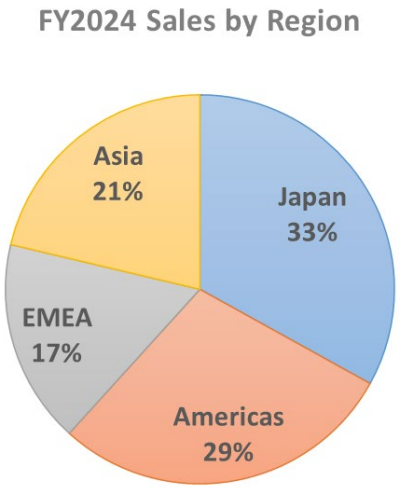
Takasago in a Nutshell 1/2

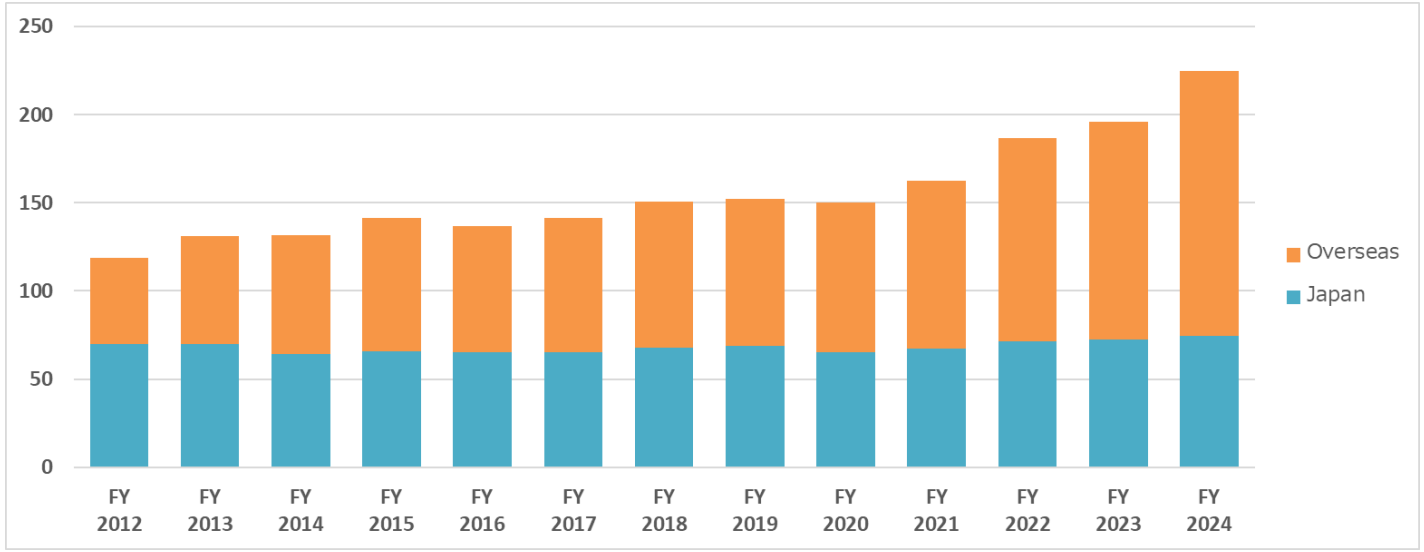
Company Profile

- Founded : 1920
- CEO : Satoshi Masumura
- Employees : 4,041 (Affiliated company 40)
- Total Sales : FY2024 Forecast Sales 225.0 Billion Yen Operating Profit 15.0 Billion Yen
- Stock Listing : Tokyo Stock Exchange – Prime Market, Chemicals

Sales by Region

- FY2024 Overseas Sales Ratio 67%





Takasago in a Nutshell 2/2

Sales by Business



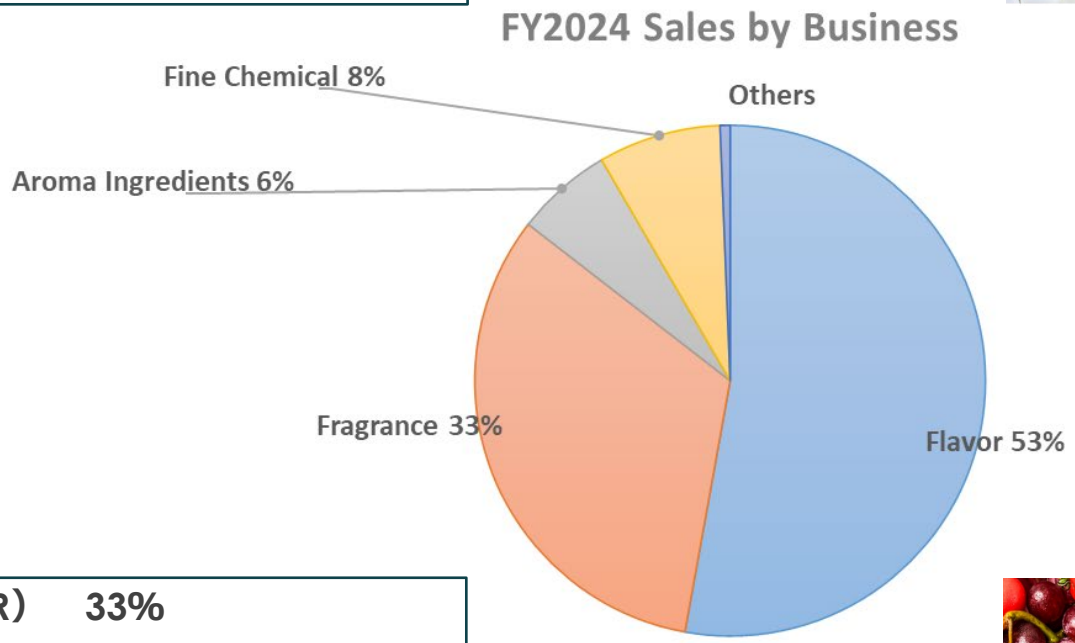
Aroma Ingredients（AI） 6%

Optically active, innovative and unique aromatic materials for the creation of the highest quality flavors and fragrances



Fine Chemical（FC） 8%

Pharmaceutical intermediates based on asymmetric synthesis technology, original catalyst





Fragrance（FR） 33%

Fragrances for use in products such as perfumes, cosmetics, shampoos, detergents, air fresheners, and bath salts



Flavor（FL） 53%

Flavors that impart highly desirable aromas and taste to beverages, desserts, confectionery, dairy products, and prepared foods

Business Overview for FY2024, Outlook for FY2025 1/2

【FY2024】Business Environment

- Worldwide market for flavors and fragrances have grown about 4% per year
- Raw material prices remained slightly lower throughout the year than the assumptions made in the medium-term management plan
- The yen depreciated against estimated exchange rate during FY2024

  Estimated exchange rate : USD = 140 yen、EUR = 150 yen

【FY2024】Improve return on capital

- Sales : Increases by 15% from the previous year, record high of 225.0 Billion yen
  - Overseas : Flavors in the Americas and Asia, fragrances in Europe grew. Shipment of pharmaceutical intermediates to Europe and North America increased
  - Japan : Shipments in each business remained steady. Growth in shipments of pharmaceutical intermediates to Europe and North America
- OP : Increased by 12.7 Billion yen, record high of 15.0 Billion yen. OP ratio 6.7%
  - Overseas : Gross profit increased due to sales increase, measures to optimize raw materials and lower raw material prices, OP is expected to be 10.0 Billion yen
  - Japan : Gross profit improved due to increase in export of pharmaceutical intermediates, through optimization of product mix, OP is expected to be 5.0 Billion yen
- ROE : Expected to be 10%, exceeding the target of 8%. Better OP, NPAT increased by gain on sales of investment securities

Business Overview for FY2024, Assumption for FY2025 2/2

【FY2024】Enhance market value

- PBR : Has recovered to over 0.9x along with the stock price rises
- Investment for Growth : Pharmaceutical intermediate production facilities at the Iwata factory, New domestic laboratories in Kamakura city. Establish a new company in China
- Dividends : 240 yen per share against 70 yen in the previous year. The dividend payout ratio 33%, DOE 3.3%, exceeding the targets in the mid-term plan
- Disclosure : Enhancement of information (integrated report, quantitative targets for capital policy, Sales & Operating profit by business, capital allocation, etc.)
- Dialogue : Mainly with investors in Japan and outside Japan that hold medium- to long-term holdings

【FY2025】Outlook

- Worldwide market for flavors, fragrances are expected to grow about 4% per year
- In the Fine chemicals business, shipments to overseas customers are expected to temporarily decline due to the timing of product switching
- Raw material prices will be slightly higher than FY2024
- Exchange rate for FY2025 plan are set at a weaker yen than assumption of the mid-term plan

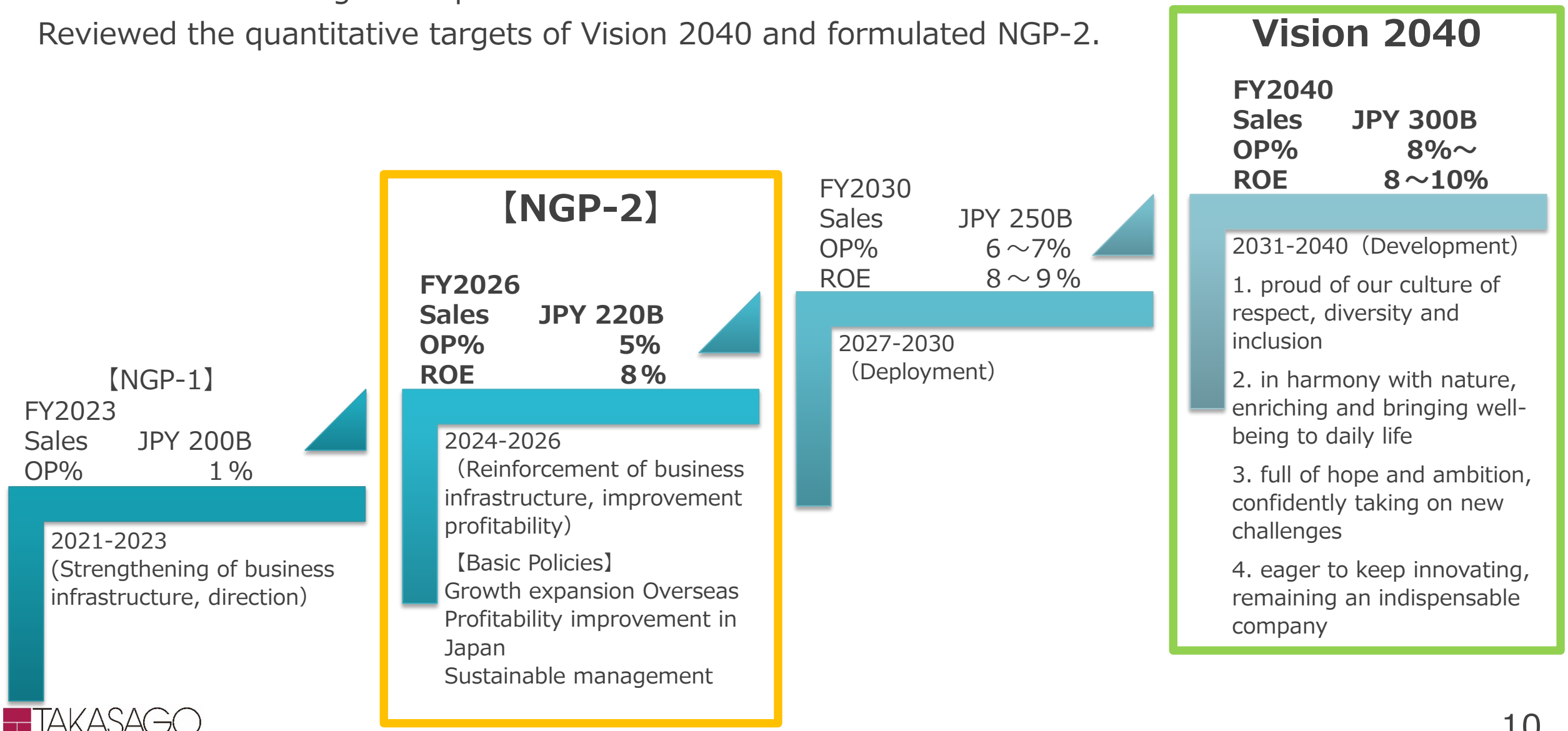
【FY2025 plan】 USD = 150円、EUR = 160円

【Mid-term-plan】 USD = 140円、EUR = 150円

II. Action to Implement Management that is Conscious of Cost of Capital and Stock Price

What we aim for NGP-2（Announced on March 27, 2024）

The mid-term management plan from 2024 to 2026 is the New Global Plan-2 【 NGP-2】.
Reviewed the quantitative targets of Vision 2040 and formulated NGP-2.



NGP-2 Basic Policies

NGP-2 New Global Plan-2

Basic Policies



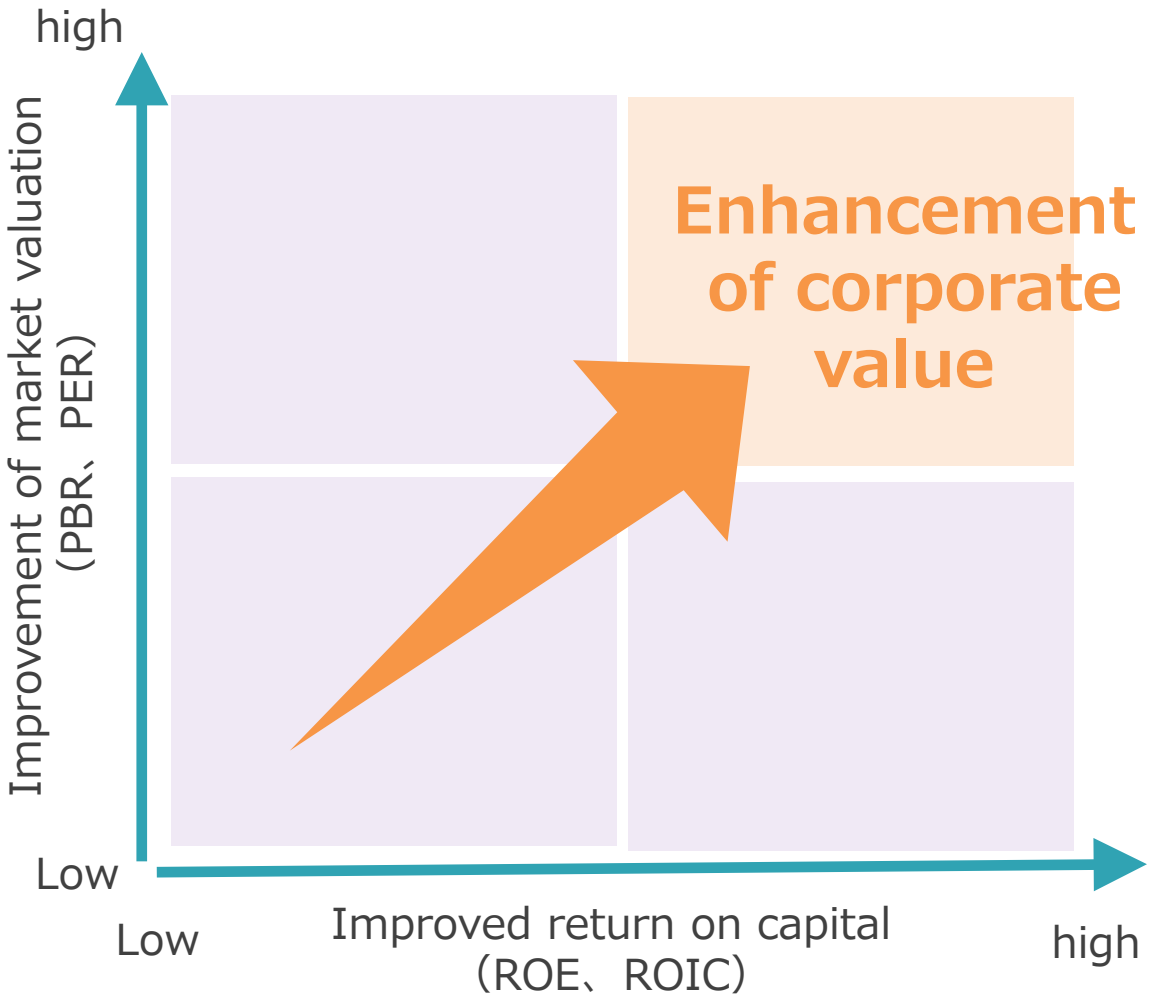
Key Success Factors

- Business segment development strategy
- Developing new customers
- Expansion of Gross Profit
- Optimization of supply chain
- Creating competitive technologies leveraged by state-of-the-art science

- Optimization of Gross Profit
- Cost structural reform
- Developing new business opportunities
- Pursuing efficiencies in flavor and fragrance manufacturing
- Creating a future vision of chemical business, and restructuring the chemical production system
- Optimization of supply chain
- Creating competitive technologies leveraged by state-of-the-art science

- Sustainability2030 execution
- Enhance corporate functions
- Maximizing human capital value
- Operational excellence
- SDGs-conscious development of new products and materials

Capital return, Market valuation（Announced on March 27,2024）



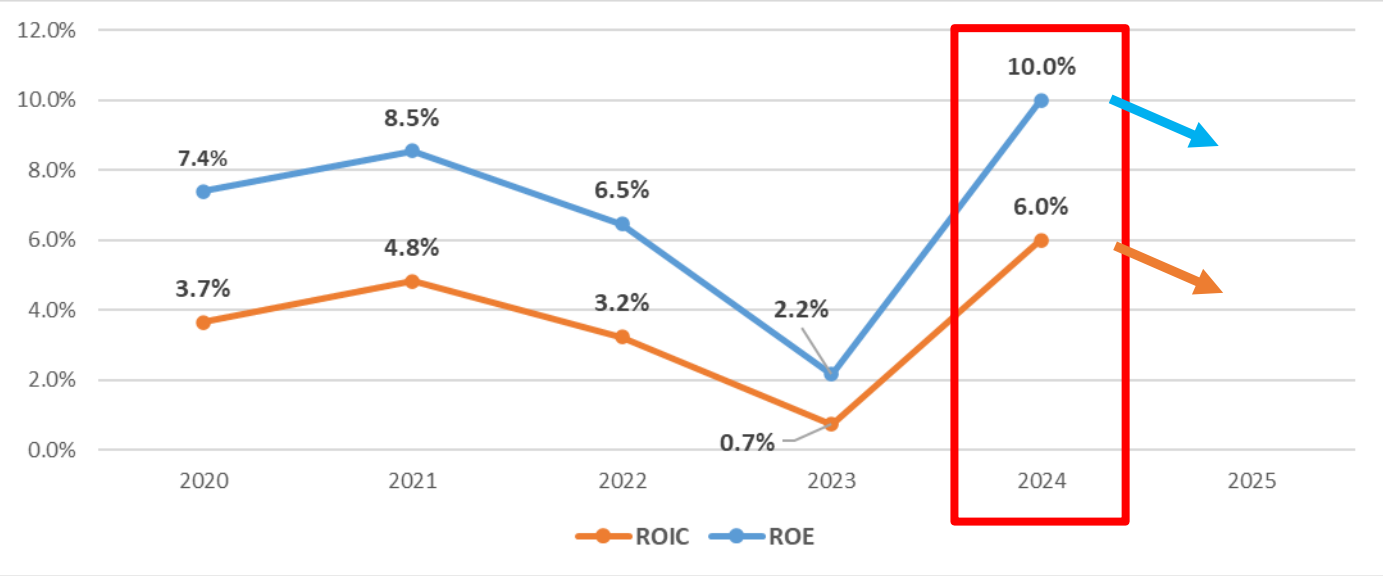
Improve return on capital

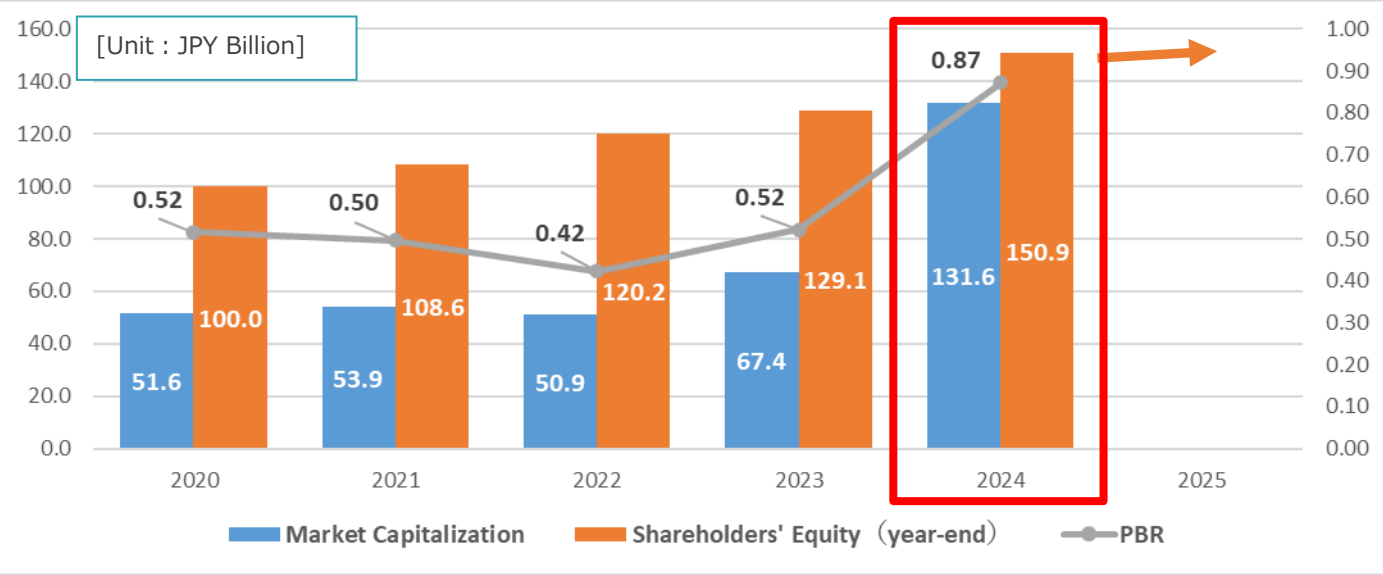
- Steady execution of NGP-2 policies and strategies
  - ① Overseas: Increase profits by capturing market growth through business growth strategies, R&D collaboration in Takasago group
  - ② Japan: Improve profitability through optimization of product portfolio, new business opportunities, structural cost reform
- Improve and stabilize ROE
- Strengthen cash generation ability（EBITDA）

Enhance market value

- Expectations of growth from the market due to improved profitability
- Capital allocation based on capital policy
- Strengthen dividend policy
- Proactive dialogue with investors

Analysis : Market valuation, Capital return





※Stock prices: as of Mar.14, 2025 (6,760 yen)

Market valuation

- ◆ In FY2024, net profit improved due to operating profit growth and Gain on Sales of Investment Securities to improve capital efficiency
- ROE 10%, ROIC 6％
- Overseas business, Fine chemicals progress in line with the plan
- Profitability of flavor and fragrance business in Japan are not sufficient
- ◆ For FY2025, ROE and ROIC will decline due to decrease in profit

※Cost of equity for WACC is calculated in CAPM formula, β is calculated using monthly for 5-years

Capital return

- ◆ PBR has recently recovered to over 0.9x, however not a stable level above 1.0x
- Strengthened dividend policy, quantitative targets
- Enhanced disclosure information (integrated report, Sales & Operating profit by business, capital allocation, etc.)
- Dialogue with investors in Japan and outside Japan that hold medium- to long-term holdings
- Earning capacity and capital policy need enhancement.

Progress against NGP-2 Capital policy targets

	Announced in March 2024 NGP-2（2024-2026）	NGP-2 FY2024 Forecast
ROE	4.0%-8.0%（Range）	10.0%（Single year）
Shareholders' Equity（year-end）%	57%（Final year）	56.7%（Year-end）
Investment securities %	14%（Final year）	12.4%（Year-end）
Dividend per share	JPY 80-160（Range）	JPY 240（Single year）
Dividend amount	JPY 7.2B（Three years total）	JPY 4.7B（Single year）
Dividend payout ratio %	30%-（Average）	33.4%（Single year）
DOE %	2.0%-（Final year）	3.3%（Year-end）

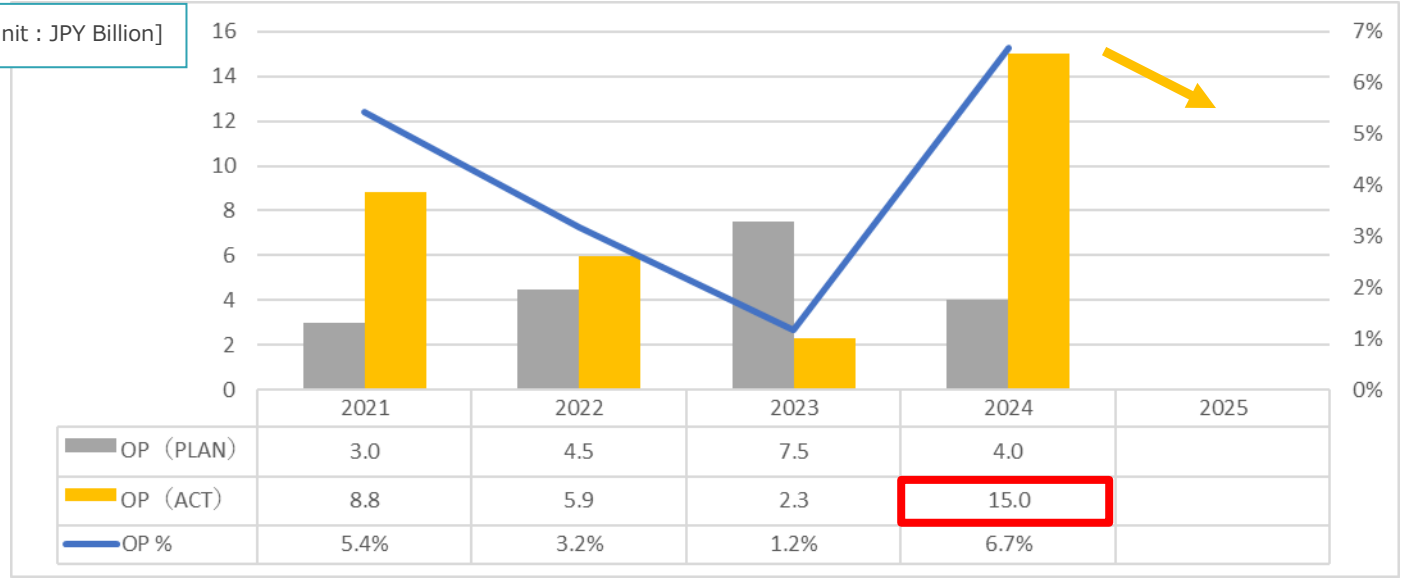
【Consolidated】Sales and Operating Profit

[Unit : JPY Billion]



	2021	2022	2023	2024	2025
Sales（PLAN）	151.0	157.5	170.0	205.0	
Sales（ACT）	162.4	186.8	195.9	225.0	

[Unit : JPY Billion]



	2021	2022	2023	2024	2025
OP（PLAN）	3.0	4.5	7.5	4.0	
OP（ACT）	8.8	5.9	2.3	15.0	
OP %	5.4%	3.2%	1.2%	6.7%	

Sales

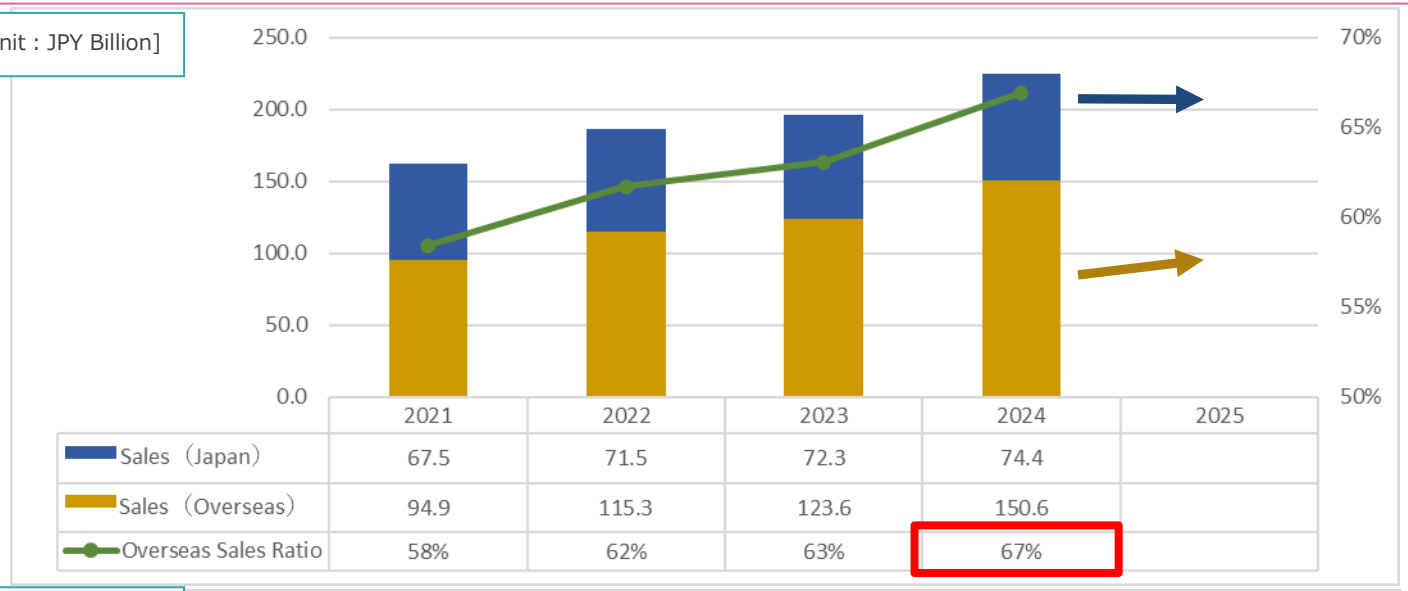
- ◆ Record high of 225.0 Billion JPY in FY2024
- Flavors for beverages in the Americas and Asia, fragrances in Europe grew
- shipment of pharmaceutical intermediates to Europe and North America increased
- Shipment delays caused by the implementation of a new enterprise system at U.S. subsidiary at the end of the previous fiscal year improved this year
- Increased revenue due to yen depreciation against USD/EUR exchange rate compared to the assumption

Operating Profit

- ◆ Record high of 15.0 Billion JPY in 2024
- In Japan, gross profit increased due to optimization of the product mix of Aroma Ingredients and growth in shipments of pharmaceutical intermediates to Europe and North America
- Overseas, gross profit increased due to sales increase, measures to optimize raw materials and lower raw material prices
- ◆ Profit is expected to decrease in FY2025, higher raw material prices compared to FY2024

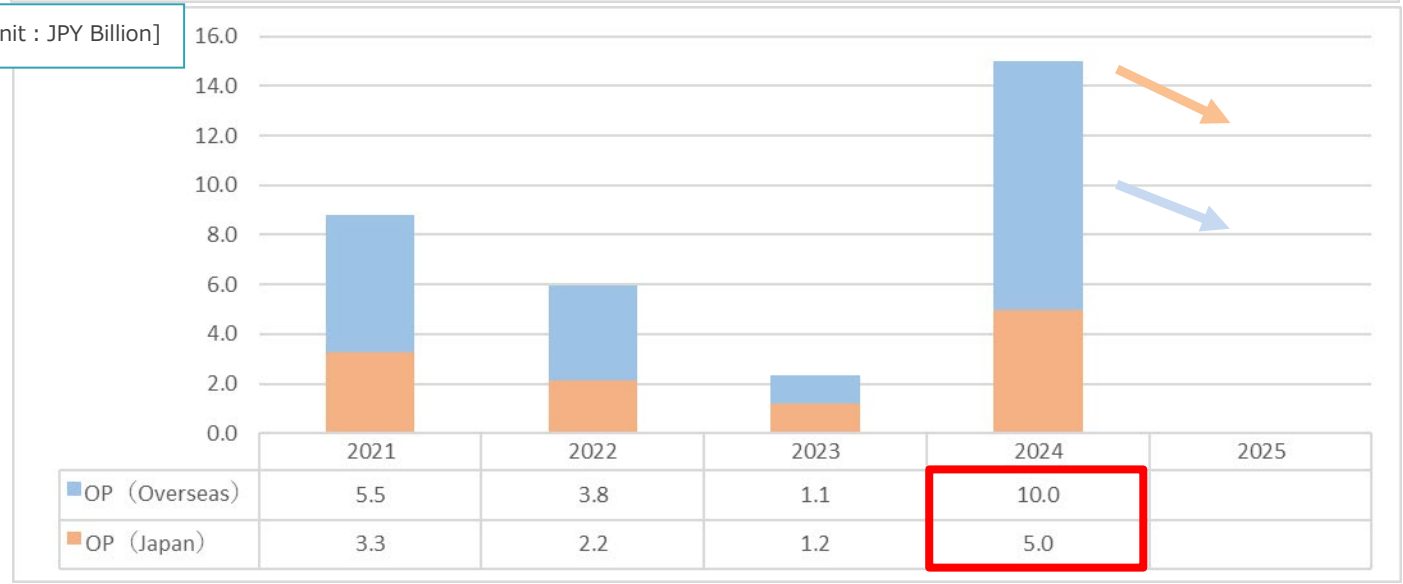
【Consolidated by Region】Sales and Operating Profit

[Unit : JPY Billion]



	2021	2022	2023	2024	2025
Sales（Japan）	67.5	71.5	72.3	74.4	
Sales（Overseas）	94.9	115.3	123.6	150.6	
Overseas Sales Ratio	58%	62%	63%	67%	

[Unit : JPY Billion]



	2021	2022	2023	2024	2025
OP（Overseas）	5.5	3.8	1.1	10.0	
OP（Japan）	3.3	2.2	1.2	5.0	

Sales（Japan, Overseas）

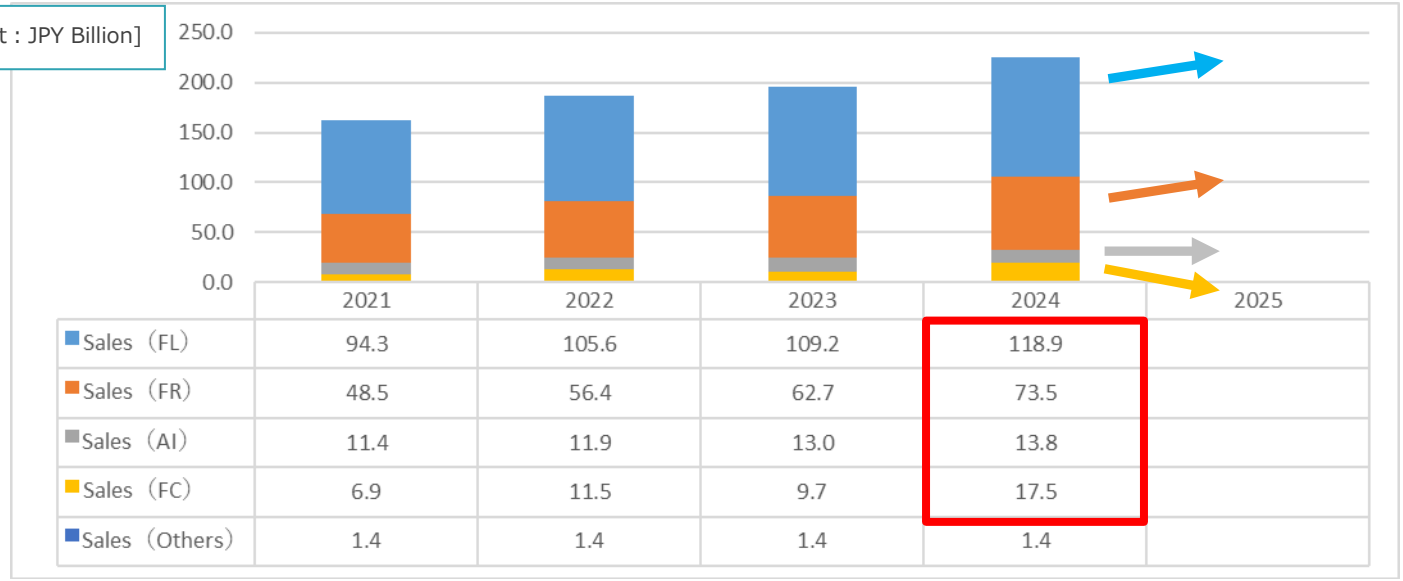
- ◆ Going as planned in Japan and overseas for FY2024
- In Japan, increase in sales due to shipment of flavor and fragrance slightly increased
- Overseas, growing sales as planned in each areas, shipment of pharmaceutical intermediates to Europe and North America increased
- FY2024 Overseas Sales Ratio 67%

Operating Profit（Japan, Overseas）

- ◆ Significant increased in FY2024 compared to initial plan both in Japan and overseas
- In Japan, gross profit increased due to higher sales in Aroma Ingredients and Fine Chemicals for Takasago group
- Overseas, gross profit improved due to sales growth, better raw material cost ratio. Record high of 10.0 Billion JPY

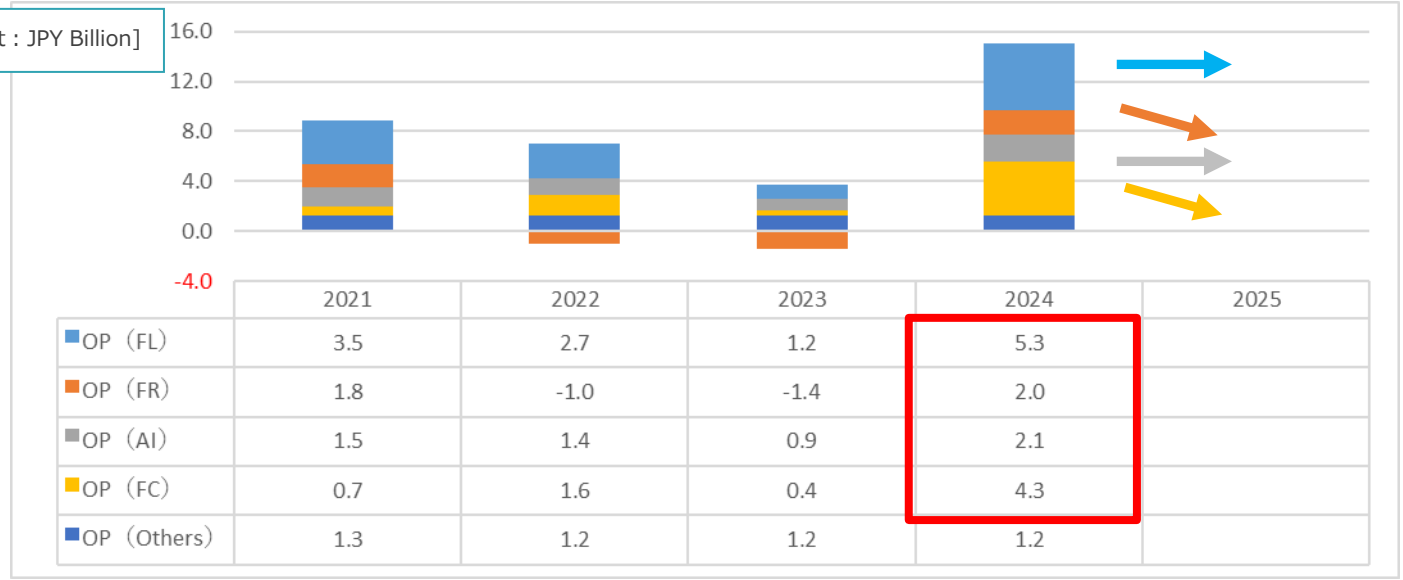
【Consolidated by Business】Sales and Operating Profit

[Unit : JPY Billion]



	2021	2022	2023	2024	2025
Sales（FL）	94.3	105.6	109.2	118.9	
Sales（FR）	48.5	56.4	62.7	73.5	
Sales（AI）	11.4	11.9	13.0	13.8	
Sales（FC）	6.9	11.5	9.7	17.5	
Sales（Others）	1.4	1.4	1.4	1.4	

[Unit : JPY Billion]



	2021	2022	2023	2024	2025
OP（FL）	3.5	2.7	1.2	5.3	
OP（FR）	1.8	-1.0	-1.4	2.0	
OP（AI）	1.5	1.4	0.9	2.1	
OP（FC）	0.7	1.6	0.4	4.3	
OP（Others）	1.3	1.2	1.2	1.2	

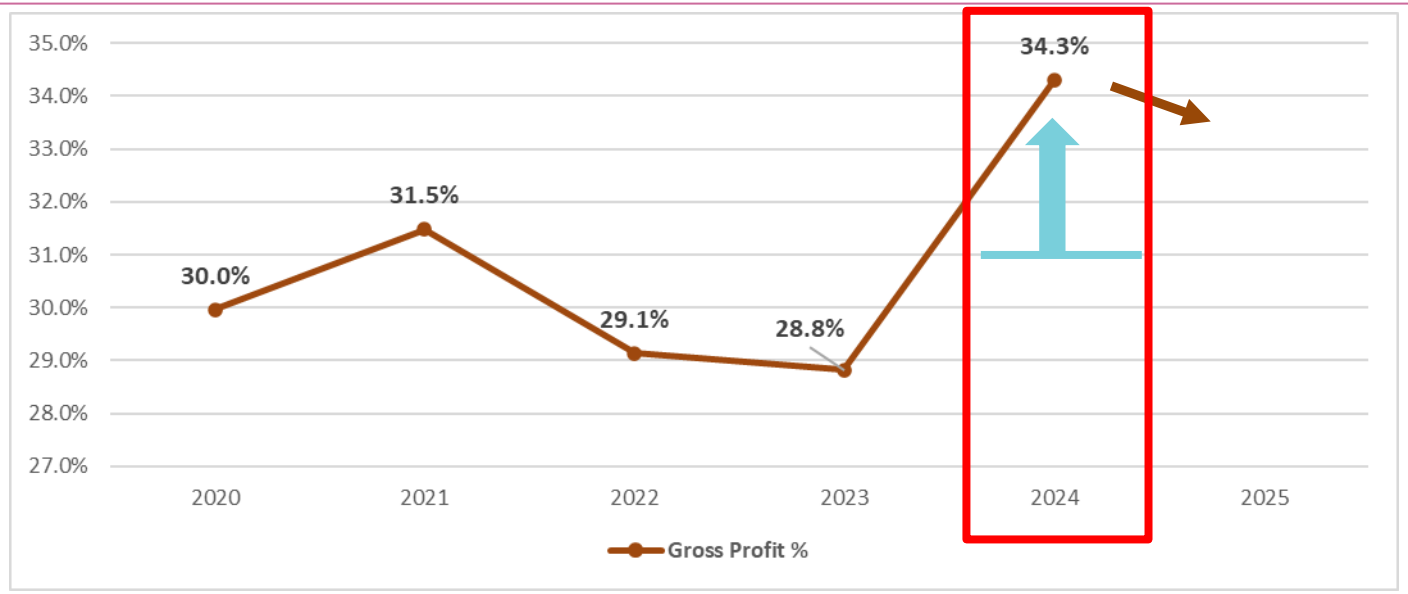
Sales（by Business）

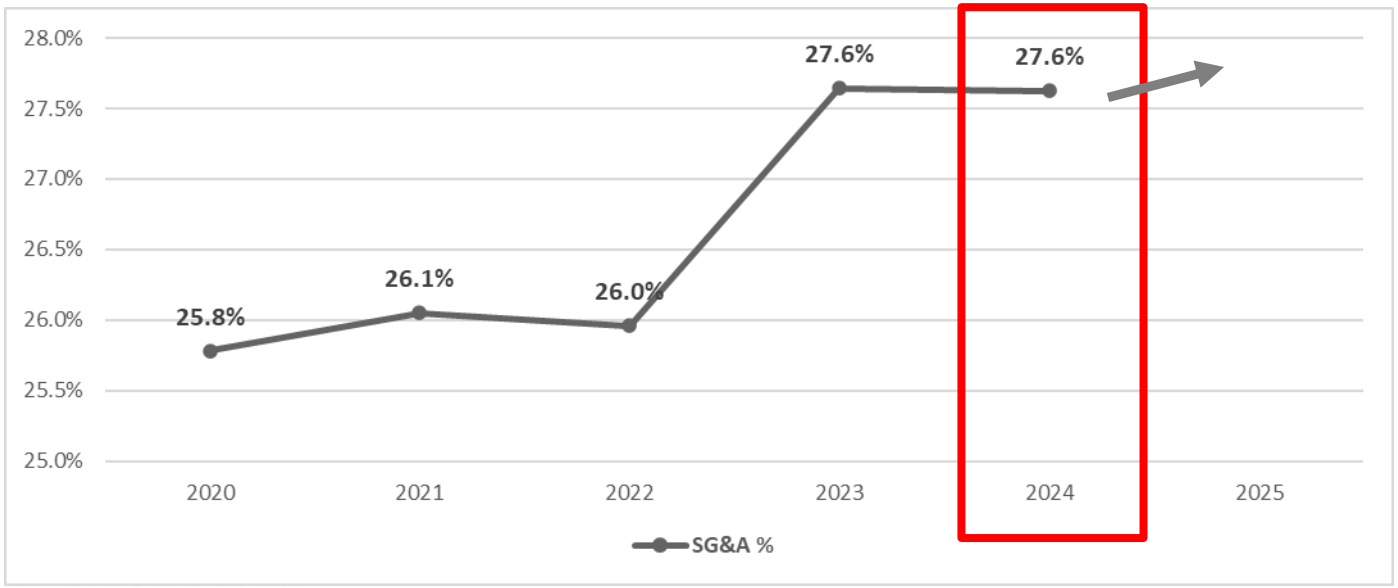
- ◆ Going as planned in the core four business
- Flavor : Beverages in the Americas, beverages and savories in Southeast Asia increased
- Fragrance : Air care in the Americas and fine fragrances in Europe increased
- Fine Chemicals : Pharmaceutical intermediates to Europe and the U.S. increased
- ◆ Decrease in sales in Fine Chemicals in FY2025

Operating Profit（by Business）

- ◆ Significant increase in the core four business
- Flavor : Profit increased through sales growth in the Americas and Southeast Asia, better raw material cost ratio in overseas
- Fragrance : Profit increased in overseas and returned to profitability through increased sales in the Americas and Europe, improved product mix and raw material ratios
- Aroma Ingredients : Profit increased in Japan due to better product mix
- Fine Chemicals : Profit increased in Japan due to increased sales to Europe and North America

Gross Profit, SG&A





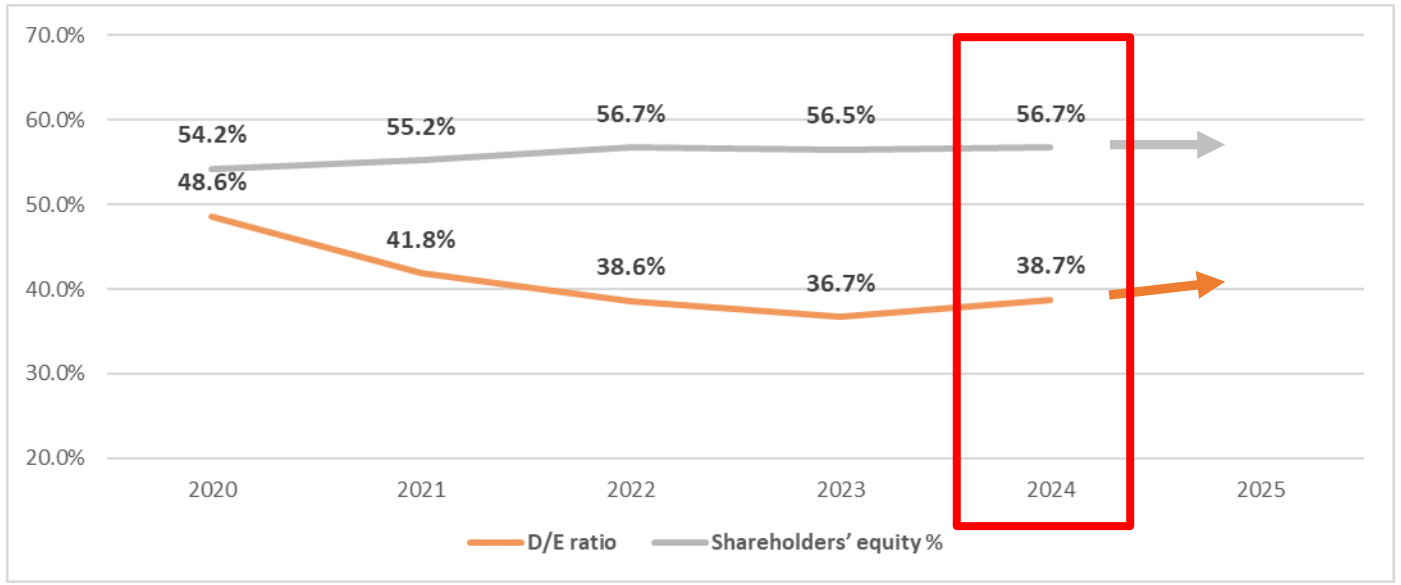
Gross Profit %

- ◆ FY2024 Gross profit ratio against sales expected to be 34%
- • Improvement of more than 5% from FY2023
- • 3% improvement from initial plan（31%）
- ◆ Raw material prices expected to be slightly higher than FY2024

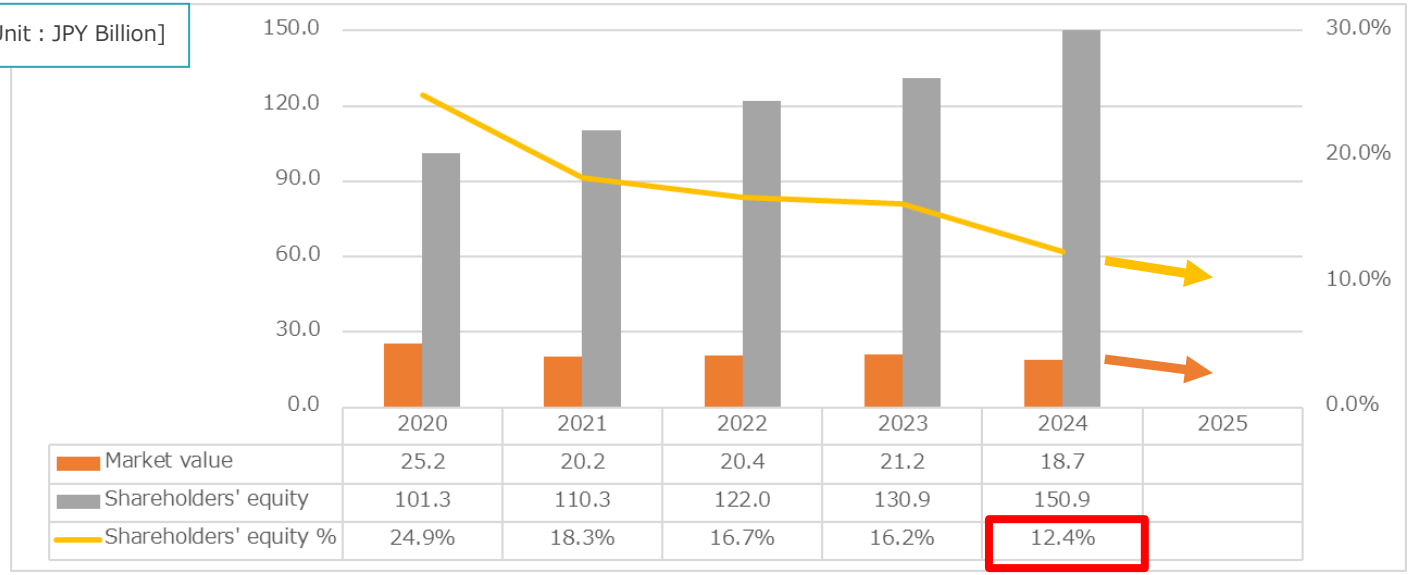
SG&A %

- ◆ FY2024 SG&A ratio against sales expected to be 27.6%
- • Same level with FY2023
- ◆ SG&A ratio against sales will rise in FY2025 due to strengthening of sales and management infrastructure in overseas

D/E Ratio, Shareholder's equity ratio, Investment Securities



[Unit : JPY Billion]



	2020	2021	2022	2023	2024	2025
Market value	25.2	20.2	20.4	21.2	18.7	
Shareholders' equity	101.3	110.3	122.0	130.9	150.9	
Shareholders' equity %	24.9%	18.3%	16.7%	16.2%	12.4%	

Debt Equity Ratio, Shareholder' equity

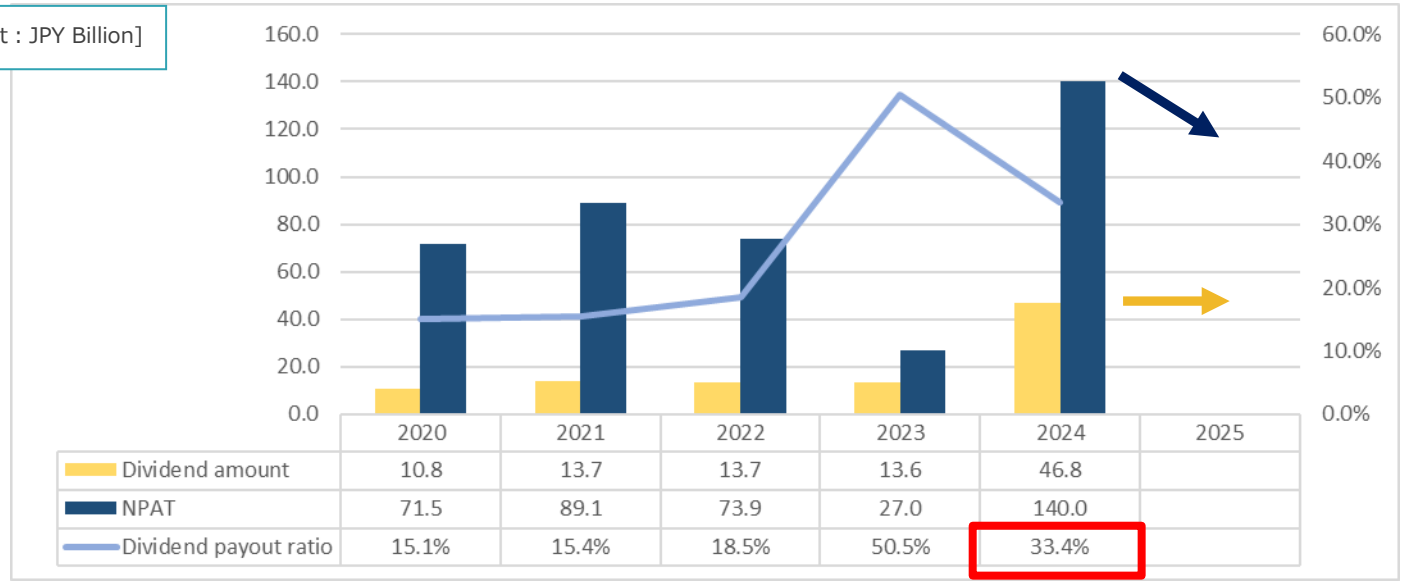
- ◆ D/E ratio expected to rise due to increase of loan in preparation for the major growth investment after FY2025
- ◆ Major investment
- Iwata factory, facilities for the manufacture of pharmaceutical intermediates
- Establishment of a new company in China
- New laboratory in Japan

Investment Securities

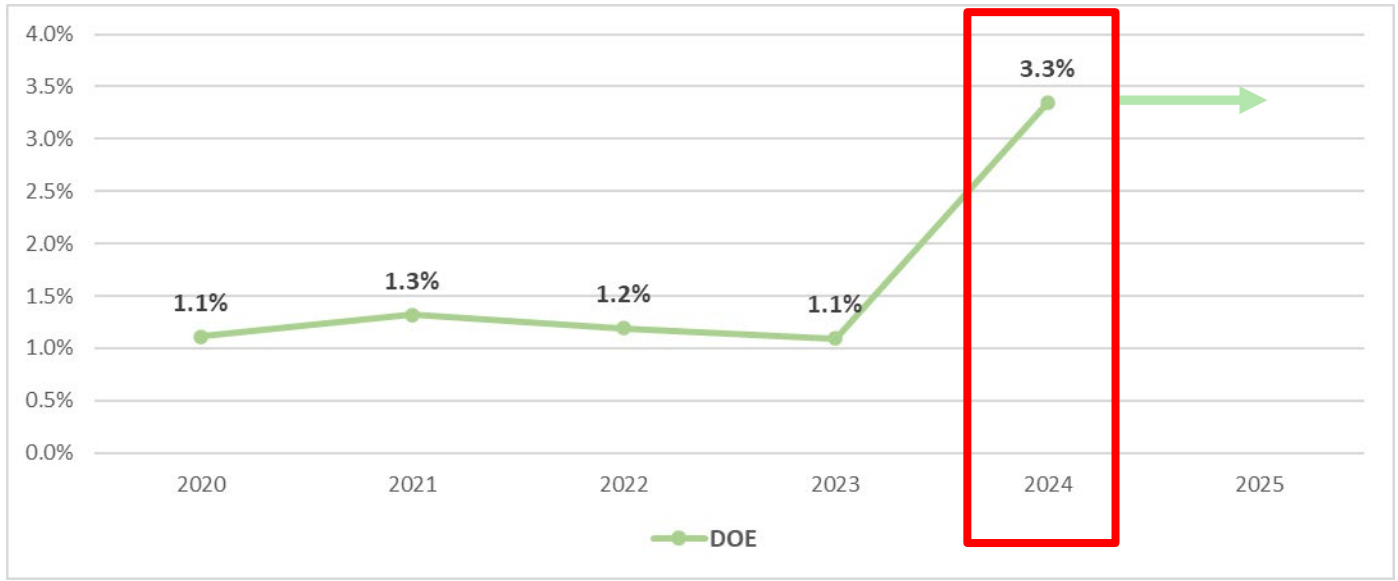
- ◆ In FY2024, investment securities ratio to net assets expected to decline to the 12% due to the partial sale
- ◆ Target for the end of FY2026 is 10%

Dividend payout ratio, DOE

[Unit : JPY Billion]



	2020	2021	2022	2023	2024	2025
Dividend amount	10.8	13.7	13.7	13.6	46.8	
NPAT	71.5	89.1	73.9	27.0	140.0	
Dividend payout ratio	15.1%	15.4%	18.5%	50.5%	33.4%	



Dividend payout ratio

- In FY2024, Dividend payout ratio 33.4%, exceed the 30% target of the medium-term plan
- Dividend amount is 4.7 Billion JPY against net profit after tax of 14.0 Billion JPY (240 yen per share)

DOE

- In FY2024, DOE 3.3%, exceed the 2.0% target of the mid-term plan

Revision of Capital allocation during NGP-2

[Unit:JPY Billion]

※Revision from NGP-2 original are noted in blue

- Increase in profit due to sales expansion overseas
- Profitability improvement through execution of measures in Japan
- Business expansion through investment for growth

- Financial strength
- Awareness of WACC and optimal capital structure
- Asset light

Cash in 93.0 (+13.0)	
Operating CF	50.0 ⇒**59.0 (+9.0)** • Growth of net profit in FY2024
Financing CF	29.0
Investing CF	1.0 ⇒**5.0 (+4.0)** • Sales of Investment Securities • Sale of Land

Cash out 93.0 (+13.0)	
Investment for growth (production)	15.0 ⇒**20.0 (+5.0)** • Iwata Factory • New Company in China • Others
Investment for growth (R&D)	20.0 • New laboratory in Japan
Investment (general)	22.0
Shareholder returns (dividend)	8.0 ⇒**12.0 (+4.0)**
Others	15.0 ⇒**19.0 (+4.0)**

- Reinforcement of manufacturing facilities based on capital cost
- Strengthen R&D from a long-term perspective
- Effective execution of renewal facilities

- Dividend policy (dividend per share, dividend payout ratio, DOE)

- M&A investment, etc.

➢ Allocate cash from improved operating and investment CF to growth investments and shareholder returns

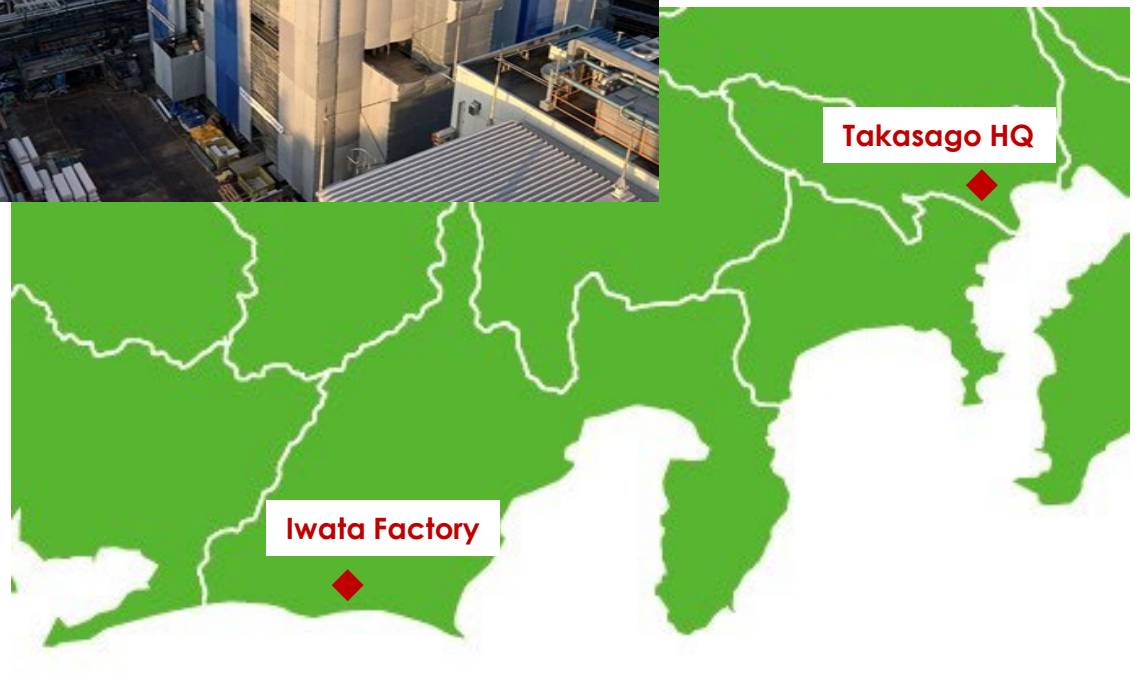
Updates of NGP-2 Capital policy targets

	【Original】March 2024 NGP-2（2024-2026）	【Revised】 NGP-2（2024-2026）
ROE % (Range)	4.0%-8.0%	8.0%-
Shareholders' equity % (Final year)	57%	55%
EBITDA (Three years total)	JPY 49.0B	JPY 62.0B
Investment (Three years total)	JPY 57.0B	JPY 62.0B
Investment securities % (Final year)	14%	10%
Dividend per share (Range)	JPY 80-160	JPY 240-
Dividend amount (Three years total)	JPY 7.2B	JPY 14.0B-
Dividend payout ratio %	30%-（Average）	30%-（Period）
DOE %	2.0%-（Final year）	3.0%-（Period）

III. Investment for Growth

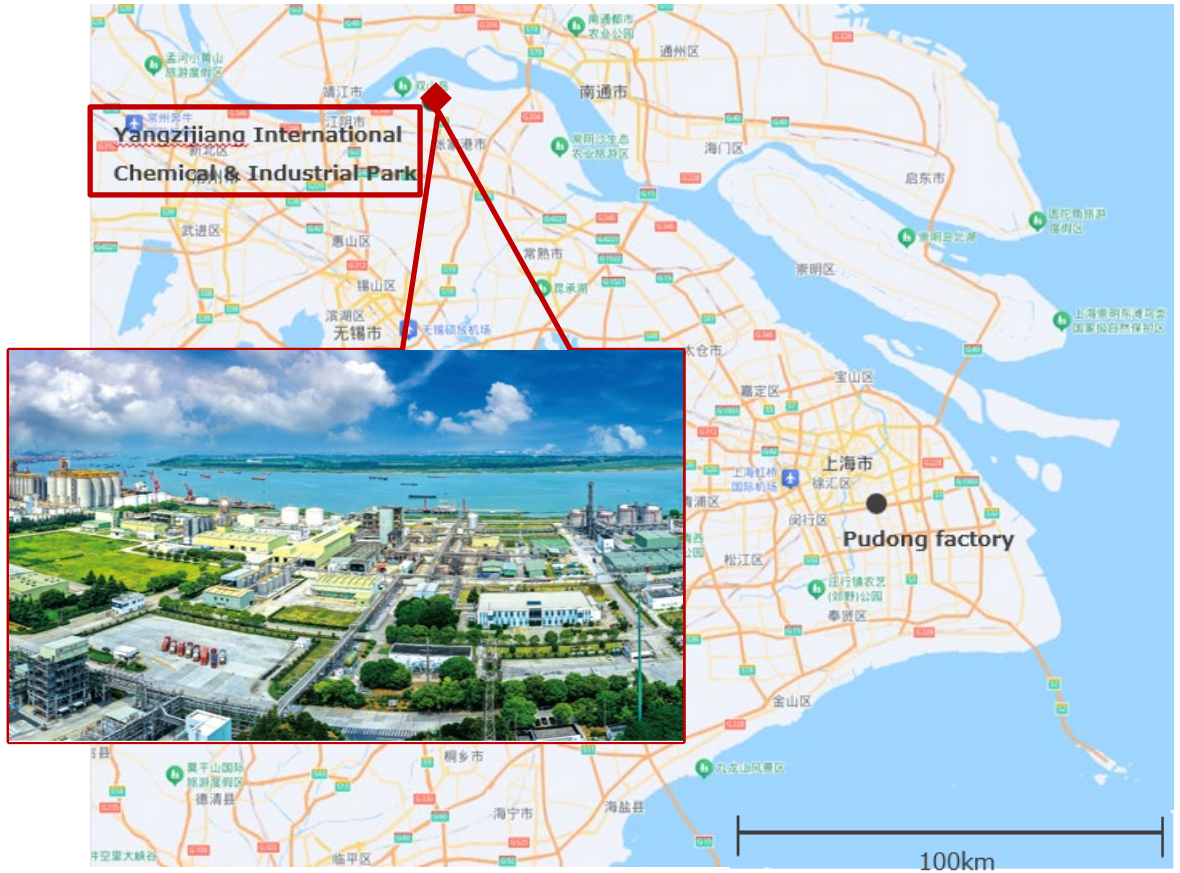
Restructuring the chemical production system





- Overview
  - Investing approximately 8 billion yen in facilities for the manufacture of pharmaceutical intermediates for Fine chemical business at the site of the Iwata Factory Plant 1.
- Background
  - The Iwata Factory Plant 1 had been manufacturing main commercial products of pharmaceutical intermediates, but the final products were end of sales. Demolition work has been carried out and future utilization has been discussed.
  - The U.S. and Europe are the center of the global pharmaceutical market and are expected to continue to grow steadily. The small molecule pharmaceuticals field, to which our products are targeted, accounts for a certain percentage of the pharmaceuticals market.
- Purpose
  - Accelerate growth by increasing production capacity in the fine chemical business
  - Responding to strong demand from overseas, especially from major U.S. pharmaceutical companies
  - Establishment of an environmentally friendly and sustainable production system based on the design concept of reducing energy and water consumption
- Schedule
  - Apr. 2024 start of construction
  - Sep. 2025 estimated completion

Establishment of a new company in China



Origin: Baidu Maps

- Overview
  Name : Takasago International (Zhangjiagang)Co., Ltd
  Address : Yangzijiang International Chemical & Industrial Park, Zhangjiagang, Jiangsu, China
  Scope of Business : Manufacture and sale of flavors and fgrances
  Capital : 50 million USD (approx. 7.5 billion JPY)
  Converted at 1USD = 150.00 JPY
  Scheduled Date of Establishment : The first Quarter of the Fiscal Year ended March 31, 2026
  Major Shareholders and Shareholding Ratio : TAKASAGO INTERNATIONAL CORPORATION 100.0%

- Background
  - The Company has been expanding its business in China with factories in Shanghai and Guanzhou.
  - China’s market size of flavor and fragrance in 2023 was approximately USD5.5 billion, a huge market. It is expected to continue to grow by more than 4% per year.

- Purpose
  - The Company will optimize its supply chain in China to build a production system that provides a sustainable supply of products and realize even more attentive services for customers.

- Schedule
  - The new Company will operate from 2028 onward.


Move Forward

Thank you for your kind attention

※Disclaimer:
This presentation material is only to provide information regarding the business contents, strategies, and performance of our corporate group as of March 24th 2025 and not the solicitation of investment on securities issued by the company.
The opinions and forecasts contained in this presentation are based on the judgment of our company as of the time of its preparation. We do not guarantee or assure the accuracy or completeness of the information. In addition, the information may be revised without notice.

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