TAKASAGO

Integrated Report 2025

INDEX

02 About TAKASAGO

02 Top Message
06 History of TAKASAGO
07 Vision 2040
08 Financial Highlights
09 TAKASAGO's Value Chain
10 TAKASAGO's Sources of Created Value
11 TAKASAGO's Value Creation Process
12 TAKASAGO's Six Forms of Capital

13 Growth Strategy

14 NGP-2 Concept and Strategy
15 Vision 2040 Quantitative Targets and Positioning of NGP-2
16 Business Environment
18 NGP-2 First Year Results and Review
20 Current Fiscal Year Forecast and NGP-2 Targets
21 Business Growth Strategy and Policies
22 R&D and Intellectual Property Strategy
23 Procurement Strategy
25 Supply Chain Management Strategy
26 Investment Strategy, Shareholder Return Policy and Message from the Chief Financial Officer

28 Sustainable Management

29 Progress of our Sustainability 2030 Sustainability Action Plan
30 Reduction of Environmental Impact and Climate Change
31 Respect for Human Rights
32 Maximizing Human Capital Value

33 Governance

34 Introduction of the Board of Directors and Audit & Supervisory Board Members
36 Message from Independent Outside Directors

37 Financial and Non-Financial Indicators

38 Table of Financial and Non-Financial Indicators
39 Corporate Overview

About the Report

Publication: December 2025

Reporting Period: Fiscal 2024 (April 2024–March 2025) (includes some activities from fiscal 2025)

Scope: Takasago International Corporation and its Group companies

References: IFRS Foundation, International Integrated Reporting Framework, Ministry of Economy, Trade and Industry (METI), Guidance for Collaborative Value Creation

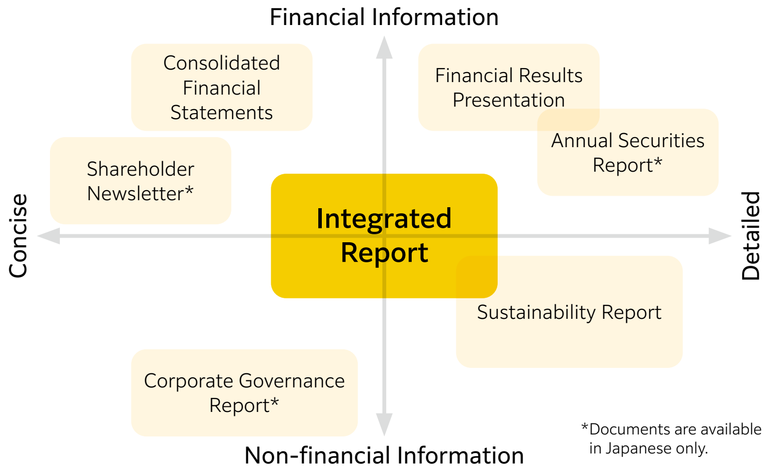
Forward-Looking Statements

This report contains forward-looking statements, including performance forecasts and outlooks, which are based on various assumptions and plans. These statements are subject to risks and uncertainties that could cause actual results and performance to differ materially from these statements. In addition, the performance outlook for fiscal 2025 is based on information available as of the financial results announcement in August 2025.

Notes on Rounding

The figures presented in this report have been rounded. Accordingly, certain totals and ratios may not match the original calculated figures.

Reporting Tools Map



*Documents are available in Japanese only.

➡ IR information: https://www.takasago.com/en/ir

➡ Sustainability information: https://www.takasago.com/en/sustainability

Top Message

Satoshi Masumura
Takasago International Corporation
President & Chief Executive Officer

Reaching Our 100th Term

Fiscal year 2025 marks the 100th term for Takasago International Corporation. Since our founding in 1920, we have expanded our business by pursuing excellence in technology and providing society with the value of aroma, in line with our corporate philosophy of "Contributing to Society through Technology."

Furthermore, the sincerity and dedication of each employee in their work, along with their individual growth, have greatly contributed to the development of the Takasago Group.

We will continue to inherit the passion and integrity of our founders, striving to remain a trusted company that contributes to society.

The environment surrounding us is constantly changing. To adapt to these rapid changes, it is essential to continuously provide new value to society through innovative technologies and ideas. Guided by our corporate mission — "create new value through innovation rooted in *kaori*" — the Takasago Group aims to achieve continuous innovation and value creation, contributing to the enhancement of people's quality of life and well-being.

Vision 2040

Based on our corporate philosophy and mission, the Takasago Group has established *Vision 2040* as our desired state for the 2040. Under the slogan *"Care for People, Respect the Environment,"* Vision 2040 defines four core commitments that guide the conduct of both the company and its employees. It also sets quantitative targets: net sales of ¥300 billion, an operating profit margin of 8% or higher, and an ROE of 8% or higher. As a corporate group that continuously creates both social and economic value, we are committed to realizing Vision 2040 and achieving these targets.

Vision 2040

Care for People, Respect the Environment

Our vision is to be:

1. **Proud of our culture of respect, diversity and inclusion**
2. **In harmony with nature, enriching and bringing well-being to daily life**
3. **Full of hope and ambition, confidently taking on new challenges**
4. **Eager to keep innovating, remaining an indispensable company**

Top Message

Progress of the Medium-Term Management Plan: NGP-2

We are currently implementing the second phase of Vision 2040 — the *New Global Plan-2 (NGP-2)*, covering fiscal years 2024–2026.

NGP-2 Plan consists of three key policies:

1. Growth expansion overseas,
2. Profitability improvement in Japan, and
3. Sustainable management.

For each of these, we have established *Key Success Factors (KSFs)* to clarify where to focus our efforts toward achieving our objectives, and we have communicated these priorities to our stakeholders.

NGP-2 began amid heightened global uncertainty — the prolonged war in Ukraine, instability in the Middle East, stagnation in the China's economy, and protectionist policies in the United States, among other geopolitical risks. Nevertheless, in FY2024, the first year of NGP-2, we achieved record-high results: net sales reached ¥229.2 billion and operating income ¥15.3 billion, both exceeding our targets. These outcomes reflect the results of overseas growth strategies, gross profit optimization, and cost structure reforms undertaken during the period of NGP-1, the previous medium-term management plan.

Below I would like to provide an overview of the progress made in FY2024 under each of the three key policies.

Growth expansion Overseas

Overseas sales have continued to increase year by year, driving overall group profitability. In FY2024, the Flavors business in the Americas and Asia, and the Fragrances business in Europe, achieved growth, driving steady earnings performance. We will continue to expand our business steadily through segment-based strategies and competitive technologies.

Here I highlight our activities in the Indian and Chinese markets as a key focus.

In India, a rapidly growing market, we are strengthening our competitiveness:

- In April 2024, we opened a Fragrance Center in Mumbai, and
- In May 2025, we opened a Taste Innovation Center in Bengaluru.

These centers not only include sales and marketing functions but also cover creation, application, and evaluation, enabling comprehensive service to clients. We aim to better capture consumer needs in this key market and propose new value through our unique technologies.

China also remains one of our most promising markets for our flavors and fragrances businesses. In addition to our existing sites in Shanghai and Guangzhou, we are planning to establish a new subsidiary in Zhangjiagang City, Jiangsu Province, to strengthen our manufacturing capabilities and optimize our supply chain.

Elsewhere, we are expanding our global network by:

- Establishing a local subsidiary in Vietnam (May 2025), and
- Establishing a local subsidiary and Creation lab in Dubai, UAE.

Through these initiatives, we will accelerate our growth.


Image

Profitability improvement in Japan

Japan remains our largest market by sales proportion, but profitability has been a challenge. To address this, we have optimized our product portfolio, developed new business areas, and cost structure reforms.

In FY2024, the Aroma Ingredients and Fine Chemicals businesses performed well and contributed to improved profitability. For the Aroma Ingredients business, *asymmetric synthesis technology*, which enabled the industrialization of ℓ-menthol in 1983, has become a core technology. In recent years, natural and specialty ingredients developed using this technology have achieved strong sales.

We continue to strive for further business expansion through greater sales of such high value-added products.

The Fine Chemicals segment also saw significant growth, driven by the pharmaceutical intermediates category and the acquisition of new business in the catalyst and ligand category. As part of our growth investment, we introduced new production facilities for pharmaceutical intermediates at the Iwata site in September 2025, as we strive to develop our production infrastructure and strengthen manufacturing capabilities. The new facilities are designed to conserve energy and water, embodying our commitment to environmentally responsible

Top Message

manufacturing. Going forward, we will pursue green chemistry to support sustainable societal development and expand sales while ensuring environment, health and safety.

Sustainable Management

Through the execution of our medium- to long-term *Sustainability 2030* plan, we are contributing to solving social issues while strengthening our management foundation. Addressing sustainability issues — including decarbonization, environmental impact reduction, and human is a key initiatives in Vision 2040. The Global SAP Project, is also an important action leading to a strong management foundation, and through this project, we will realize standardized operations and integrated management globally. We have already implemented SAP in Singapore, the U.S., and France, and are now preparing for rollout in Germany. Looking toward the next century, we will continue with sustainable management.

Management Conscious of Cost of Capital

Prompted by the Tokyo Stock Exchange's call in 2023 for "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," we have also focused on our capital policy, including the optimization of capital composition and resource allocation.

Under the three basic policies in NGP-2, we have steadily implemented business strategies to stabilize ROE and strengthen cash generation abilities (EBITDA). As a result, ROE in FY2024 reached 9.8%, already surpassing our target in NGP-2. In addition to improving profitability, we have strengthened allocations to growth investments and enhanced our dividend policy while also working to reduce our strategic shareholdings. Furthermore, we enhanced disclosure and engaged actively with shareholders and investors.

With improved cash flow and financial soundness, we are now in a position to pursue active investments — such as our new R&D center in Japan and a new subsidiary in China. The Dividend on Equity (DOE) for FY2024 was 3.4%, exceeding the final-year target of NGP-2, and we will continue to strengthen shareholder returns. Through these capital initiatives, we are working to further enhance corporate value.

Takasago's Value Creation Process

Upon publishing our first Integrated Report in 2024, we defined Takasago's Value Creation Process. In the Value Creation Process, our business model is designed to generate social and economic value by appropriately allocating the six types of capital, and in establishing this process, it also served as an opportunity to renew our awareness of the sources of such value.

Here, I'd like to explain *Human Capital and Social Capital*.

Maximizing Human Capital Value

Sustainable growth requires not only employee development but also the cultivation of corporate philosophy and improved employee engagement.
We are implementing various initiatives under the four pillars:

1. Diversity & Inclusion,
2. Providing Growth Opportunities that achieves employee's purpose
3. Flexible Working Environment, and
4. Health Management.

Under Vision 2040's slogan, *"Care for People, Respect the Environment,"* we describe "care" as constantly thinking from the perspective of others, and we call on all employees to take this stance.

By fostering this mindset, we aim to advance Takasago's unique human capital management, encouraging personal and organizational growth through sincerity and respect.

■ Promoting Diversity & Inclusion

One of our visions set out in Vision 2040 is to *respect diverse values*. Innovation and value creation in any day and age depend on open dialogue and respect for different perspectives. The Takasago Group is achieving diversity through hiring international talent, appointing more women to managerial positions, and fostering cross-regional collaboration via initiatives such as the Global SAP Project.

Last year, two new corporate officers with foreign citizenship joined the Executive Management Committee. When top management is more diverse, particularly in terms of gender and international background, discussions are more wide-ranging and active, ensuring the quality and transparency of decision making.

Top Message

Providing Growth Opportunities that achieves employee's purpose

Employee growth is the most crucial driver of organizational growth. In Vision 2040 as well, one of our visions is to be "full of hope and ambition, confidently taking on new challenges." We have achieved business growth by empowering each employee to develop and contribute. Participation in growth investment projects and global initiatives enhances motivation and career development, thereby strengthening engagement.

We also conduct regular employee engagement surveys to quantitatively measure organizational environment through engagement scores and related indicators.

These surveys help us understand Takasago's organizational culture, identifying areas to preserve and improve, and informing policies across departments.

Social Capital

The Takasago Group collaborates with a wide range of stakeholders — customers, suppliers, partners, universities, and research institutions. The trust built through sincere, day-to-day efforts to meet stakeholder expectations is an invaluable asset and a source of value creation. We are enhancing our globally standardized quality assurance systems, reinforcing occupational safety under the slogan *"Safety Takes Precedence Over Everything,"* and strengthening corporate governance — all to increase social trust and build a solid foundation for future value creation.

To reinforce relationship capital within our supply chain, we promote the Takasago Global Procurement Sustainability Key Initiatives (TaSuKI) program, aimed at upstream integration of key raw materials.

Examples include:

- A capital partnership with Harima Chemicals Group, which develops and manufacture turpentine derivatives, and
- A grapefruit tree-planting project in Florida, in cooperation with local companies and farms, to ensure a stable supply of citrus oils.

Through such partnerships, we will continue to accelerate business growth by strengthening social capital.

We have focused here on human and social capital.

This Integrated Report also includes new sections on R&D strategy and supply chain management, as well as policies and initiatives related to intellectual and manufacturing capital.

We hope you will take the time to read it.

Message to Our Stakeholders

Our stakeholders — customers, shareholders, investors, suppliers, local communities, and employees — are the foundation of the Takasago Group's business. Building strong, trusting relationships through active communication with all stakeholders is essential to enhancing corporate value. We sincerely value all feedback — even critical opinions or challenges — as opportunities for growth and improvement.

In the previous fiscal year, the Takasago Group achieved its highest performance ever. Moving forward, we will continue pursuing steady and sustainable growth together with our stakeholders.

In July 2025, we revised our Corporate Charter and Code of Conduct. We will uphold higher ethical standards and fulfill our social responsibilities as a global enterprise. We deeply appreciate your continued trust and long-term support as we strive for further progress and development of the Takasago Group.

History of TAKASAGO

Corporate Philosophy

Contributing to Society through Technology

Corporate Mission

Our mission is to create new value through innovation rooted in *kaori* (*kaori*:aroma in Japanese).

TAKASAGO was founded in Japan in 1920 and celebrated its 100th anniversary in 2020.
TAKASAGO began its overseas expansion in 1935 by entering Taiwan, which was rich in fragrance raw materials such as camphor and citronella oil. In 1960, TAKASAGO expanded into the United States, followed by France in 1966.
As of 2025, TAKASAGO has established operations in 28 countries and regions around the world.

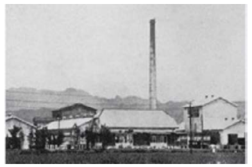
1920-1929
Founding

- Founded in Japan in 1920; began production of synthetic aroma chemicals.

Kamata factory

1930-1944
Expansion into Taiwan

- Entered Taiwan in 1935 to secure raw materials.



Taiwan factory

1945-1959
Postwar Reconstruction

- After World War II, TAKASAGO resumed production, including menthol and vanillin.

Hiratsuka factory

1960-1979
Overseas Expansion

- Expanded to the U.S. (1960) and France (1966); strengthened global network.

Paris office building

1980-1999
Growth through Technology

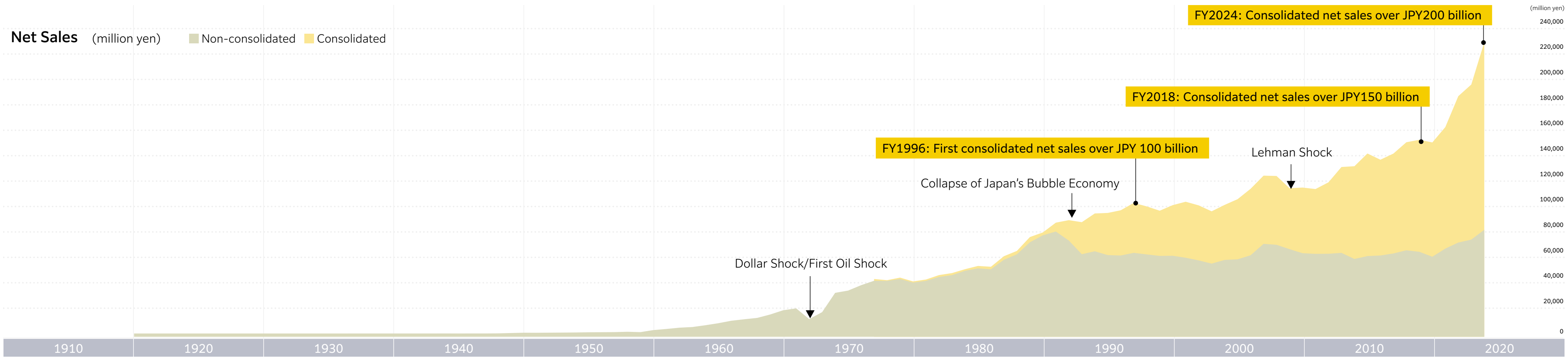
- Established overseas R&D sites; expanded aroma chemical and pharma businesses.

Iwata factory

2000-Present
Globalization

- Building on its earlier overseas expansion, TAKASAGO has, since the 2000s, broadened its global operations across regions such as India, China, Europe, and the United States.

TAKASAGO INTERNATIONAL (SINGAPORE) PTE. LTD.



Vision 2040

The Takasago Group has set forth its long-term aspiration, Vision 2040. Guided by the Care for People, Respect the Environment slogan, we have established four core principles that embody our corporate philosophy and define the conduct expected of all employees. Looking ahead, we remain committed to advancing the spirit of innovation that has driven us for more than a century, as we continue to develop cutting-edge technologies that enrich people's lives with wellbeing.

Vision 2040

Care for People, Respect the Environment

1

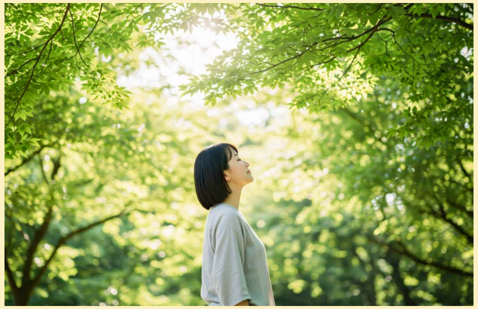
Proud of our culture of respect, diversity and inclusion

The Takasago Group is a global company with operations worldwide, where diverse talents thrive. Diversity is core value we uphold in conducting our business. Our group places great importance on diversity in the workplace. We are committed to cultivating a diverse, equitable and inclusive culture where every employee, regardless of background, can engage in active roles globally.

2

In harmony with nature, enriching and bringing well-being to daily life

Through innovation, we provide products and services that advance sustainable growth and offer solutions to pressing societal challenges. As a global company dedicated to continuously creating new value, we strive to protect the natural environment while enriching lives and enhancing well-being.



3

Full of hope and ambition, confidently taking on new challenges

Under our Corporate Philosophy and Corporate Mission, we are committed to our enduring mission of creation and taking on challenges. With a purpose rooted in discovering the ever-changing value of *kaori* (kaori: aroma in Japanese) and enhancing the well-being of people, we see limitless possibilities ahead. Upholding our ambitious spirit, we will boldly confront new frontiers and pursue challenges that inspire progress.

4

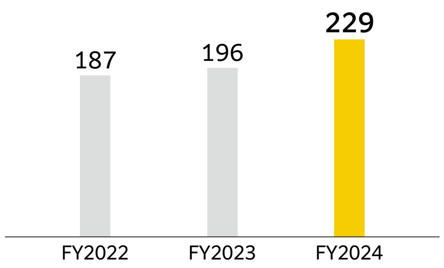
Eager to keep innovating, remaining an indispensable company

Building on a century of innovation, the Takasago Group remains committed to advancing technological excellence and to maintaining our position as a company that is truly unique and indispensable.

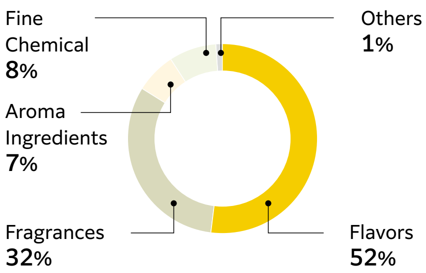
Financial Highlights

Sales

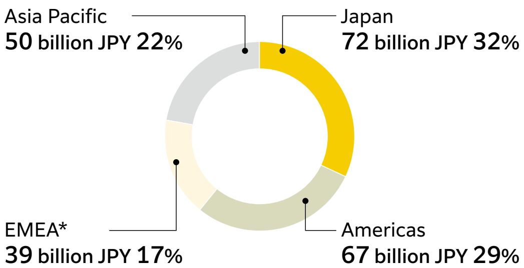
Sales
(billion JPY)



Sales Turnover by Business Segment



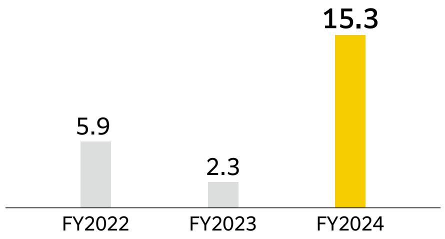
Net Sales by Region



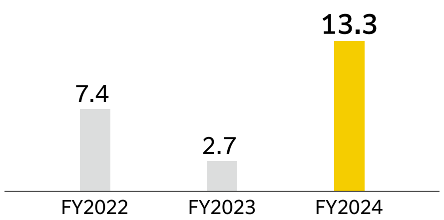
*EMEA: Europe, the Middle East, and Africa

Profitability

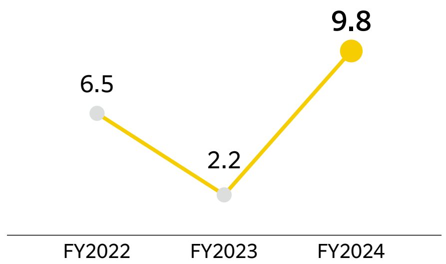
Operating Income
(billion JPY)



Profit Attributable to Owners of Parent
(billion JPY)

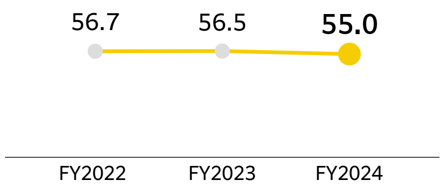


Return on Equity (ROE)
(%)



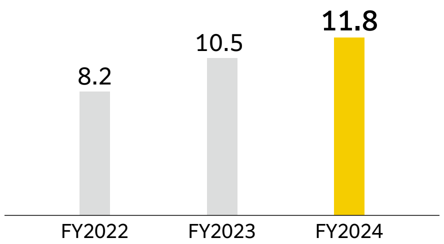
Stability

Equity Ratio
(%)

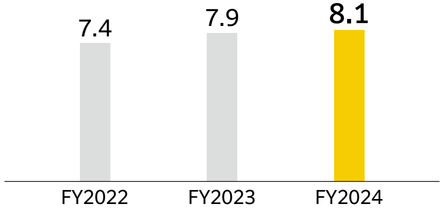


KPIs related to investments in growth

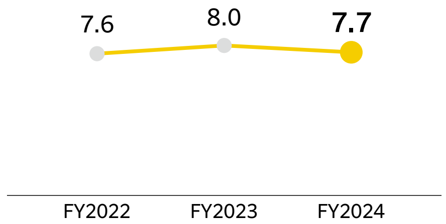
Capital Expenditures (CAPEX)
(billion JPY)



Depreciation
(billion JPY)



R&D-to-Net Sales Ratio
(%)



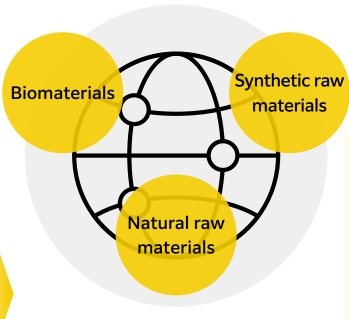
TAKASAGO's Value Chain

We operate R&D centers, manufacturing sites, and sales offices across 28 countries and regions, striving daily to enrich people's lives. Through our marketing activities in each area, we capture the unique preference and needs of each country and region, incorporating them into our research and development. This allows us to offer products and services tailored to diverse markets. Additionally, by leveraging our global network, we build optimized supply chains and establish efficient and sustainable processes, from raw material procurement to manufacturing and logistics. Our goal is to deliver value that exceeds customer expectations and to grow together as a trusted global business partner.

Marketing and R&D

We leverage our global network to carry out marketing activities and research & development tailored to each area. Additionally, our R&D headquarters in Japan serves as a core hub, widely sharing research outcomes with various locations across the globe.

Raw Materials Procurement



We optimize and manage global supply chains. We aim to build a stronger and more sophisticated global supply chain while responding to changes in global conditions and sustainability issues.

Production and Quality Assurance

We have a total of over 20 manufacturing sites in Japan and overseas. We have achieved a globally coordinated manufacturing system at each of our bases, and we have established business continuity plans (BCPs). To provide our customers with globally consistent quality, we have established the One TAKASAGO Quality Assurance Concept in which the quality assurance departments in each country are integrated into one organization.

We provide flavors that impart highly desirable aromas and tastes to beverages, desserts, confectioneries, dairy products and prepared foods, as well as food ingredients such as fruit juices, coffee and tea.

We create and supply fragrances for use in products such as perfumes, cosmetics, shampoos, detergents, air fresheners and bath salts that have excellent residual fragrance, diffusion and stability.

We develop optically active, innovative and unique aromatic materials and use them in the creation of the highest quality flavors and fragrances.

We provide pharmaceutical intermediates manufactured using asymmetric synthesis technology, original catalysts and functional materials such as Organic Photoconductors that support the electronics industry.

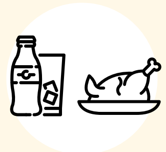
Customers

Food/ Beverages Manufacturers

Daily Goods Manufacturers

Pharmaceutical Manufacturers

Consumers



TAKASAGO's Sources of Created Value

The source of the Takasago Group's creation of value is its diverse flavor and fragrance technologies that respond to the needs of society and customers. Flavor and fragrance technologies are often called arts and science. It requires a fusion of artistic creativity in scent creation and a scientific approach to aroma materials development, functional research, and analytical techniques. Following our founding spirit of Contributing to Society through Technology, we will further refine our technologies and deliver new value to society.

Flavor/Fragrance Design

We create new scents and value by selecting the most suitable ingredients from thousands of aroma materials, based on global trends and customers' concepts.

Synthetic Technology

Since successfully industrializing ℓ-menthol in 1983, we have created numerous optically active compounds using our proprietary asymmetric synthesis technology. Professor Ryoji Noyori, an outside director of our company who has significantly contributed to this technology, was awarded the Nobel Prize in Chemistry in 2001. This technology forms the foundation of our fine chemicals business and for developing new aroma ingredients.

The creation of flavors and fragrances is a delicate balance of artistic sensibility and scientific knowledge. The Takasago Group includes many flavorists and perfumers, enabling us to offer diverse scents shaped by their unique personalities.

Development of Natural Flavor Ingredients

Through our unique bioprocesses and technological excellence, we create natural aroma ingredients that enrich flavor and fragrance products, providing added value. Our expanded production capacity enables us to respond swiftly to the growing global demand for natural aroma solutions.

TAKASAGO's Value Creation Process

TAKASAGO celebrated its 100th anniversary in 2020. Based on our history and experience, we are striving for further growth and development to realize Vision 2040 and our mid-term management plan NGP-2. Through our business, we will continue to contribute to wellbeing and enhance sustainable corporate value.

Corporate Philosophy	Corporate Mission
Contributing to Society through Technology	Our mission is to create new value through innovation rooted in *kaori*

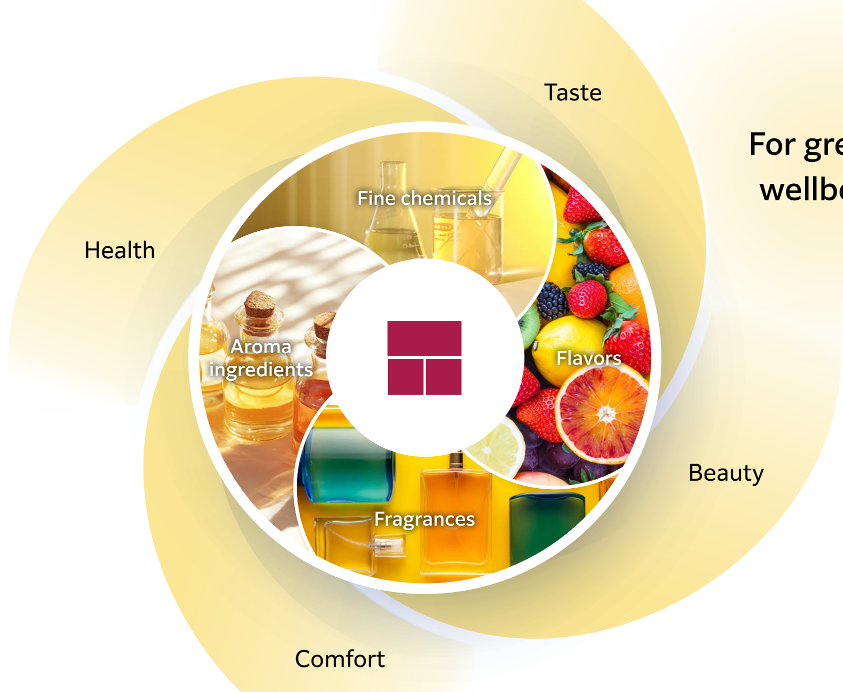
INPUT	BUSINESS	OUTPUT	OUTCOME
Source of created value	Business areas and fields		Created value

INPUT

- Human capital
- Social capital
- Financial capital
- Intellectual capital
- Manufacturing capital
- Natural capital

BUSINESS / OUTPUT

Mid-term Management Plan NGP-2 Basic Policy



For greater wellbeing

Reinvestment

OUTCOME

Social Value

Contributing to people's mental and physical wellbeing

Contributing to a sustainable society

Economic Value

NGP-2 FY2027

Net Sales: 220 billion yen
Operating profit: 11 billion yen
Operating Profit rate: 5%
ROE: 8%

A windmill motif is used to illustrate this year's value creation process and express how Takasago's business activities and contributions to society circulate in an integrated cycle. Just as a windmill rotates continuously due to the power of the wind, Takasago will achieve sustainable growth by circulating capital and created value.

TAKASAGO's Six Forms of Capital

Human Capital

Number of Employees: **4,154**

The creative potential of each employee is the most important source of new ideas and innovation. Our group is committed to fostering a diverse, supportive, and desirable work environment, striving to build a foundation for the growth of every individual. We believe that the growth cycles of employees and companies contribute to the enhancement of corporate value.

➡ Page 32 "Maximizing Human Capital Value"

Social and Relationship Capital

Over **40** affiliated companies, business partners, investors, local communities, and academic institutions

To advance our business, we engage continuously with all stakeholders, including shareholders and investors who provide financial capital and employees who provide human capital, as well as customers, business partners, local communities, NGOs, and governments and public organizations. Through engagement, we enable created value to circulate throughout society by returning the value we create back to society.

➡ Page 23 "Procurement Strategy"

Financial Capital

Capital: **¥9.2** billion FY2024 Sales: **¥229.2** billion
Operating Profit: **¥15.3** billion

Our Group appropriately returns the profits it generates through sustainable growth achieved by sound and transparent corporate management to its shareholders and investors while enhancing our communication with them. Enhancing corporate value, we improve capital profitability through the steady execution of NGP-2, along with the stabilization of ROE and the strengthening of our cash generation capabilities.

➡ Page 26 "Investment Strategy, Shareholder Return Policy and Message from the Chief Financial Officer"

Intellectual Capital

FY 2024 Group R&D Expenses: **¥17.7** billion
Number of active patents: **709**

Our Group regards intellectual property as a key type of management capital and is committed to strategically and effectively utilizing it. Business divisions, R&D departments, and the intellectual property team collaborate organically to advance our Group's global intellectual property activities.

➡ Page 22 "R&D and Intellectual Property Strategy"

Manufactured Capital

25 Production Sites,
¥11.8 Billion in Capital Investment

TAKASAGO maintains a safe, secure, and stable production system, striving to manufacture products that meet customer needs and fulfill our supply responsibilities. We pursue highly efficient production systems using improved manufacturing technology and production management processes. In our production activities, we strictly comply with laws and regulations, uphold human rights, and duly consider environmental conservation. Currently, our group operates 25 manufacturing sites around the world. We advance digitalization through capital investments to transform factories into smart factories and other efforts, aiming to enhance our manufacturing capabilities.

➡ Page 25 "Supply Chain Management Strategy"

Natural Capital

Energy Consumption: **1,346,146** GJ,
Water Consumption: **245** ML

Since our founding, TAKASAGO has developed while benefiting from the diverse blessings provided by natural capital. As a global company, we will strive to realize a sustainable society through environmental protection and the conservation of biodiversity.

➡ Page 30 "Reduction of Environmental Impact and Climate Change"

TAKASAGO's cultural capital

TAKASAGO is committed to supporting fragrance culture, positioning the Takasago Collection® as a part of our cultural capital. Beginning in 1964 with the acquisition of an incense box that had been passed down by the Mito Tokugawa family, TAKASAGO has engaged wholeheartedly in the collection of a wide range of artifacts from the East and the West. From ancient Oriental perfume bottles to Japanese incense tools, modern perfume bottles, and fragrance-related paintings and posters, these are a part of our precious cultural heritage conveying the history and diversity of fragrances. The collection is now widely accessible through exhibitions at the company's headquarters gallery and cooperation with art exhibitions across the country.

(Photo: 2025 Special Exhibition, Miyabi: Japanese Elegance — 1400 Years of Incense Culture)

Growth Strategy

14 NGP-2 Concept and Strategy
15 Vision 2040 Quantitative Targets and Positioning of NGP-2
16 Business Environment
18 NGP-2 First Year Results and Review
20 Current Fiscal Year Forecast and NGP-2 Targets
21 Business Growth Strategy and Policies
22 R&D and Intellectual Property Strategy
23 Procurement Strategy
25 Supply Chain Management Strategy
26 Investment Strategy, Shareholder Return Policy and Message from the Chief Financial Officer

NGP-2 Concept and Strategy

The NGP-2 three-year mid-term management plan that was launched in fiscal 2024 is the second step in our mid-term management plan aligned with Vision 2040. We are strengthening the foundation of our management of our business and working to improve profitability.

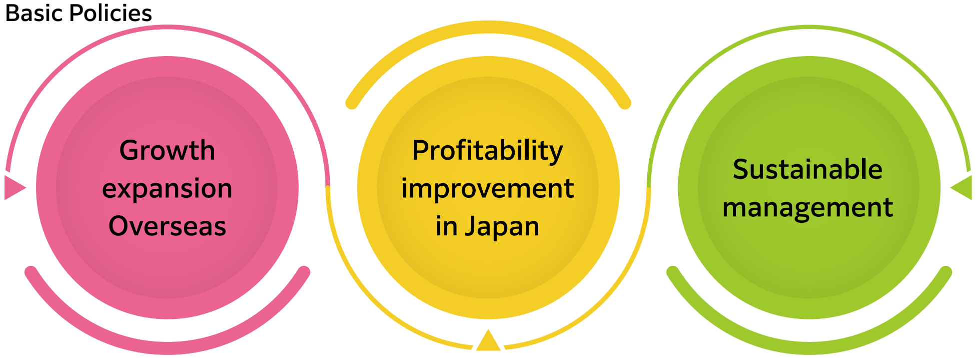
Vision 2040

Care for People, Respect the Environment

Our vision is to be:
1. proud of our culture of respect, diversity and inclusion
2. in harmony with nature, enriching and bringing well-being to daily life
3. full of hope and ambition, confidently taking on new challenges
4. eager to keep innovating, remaining an indispensable company

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 chemicalproduction 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 ofnew products and materials

The key points of the mid-term management plan are as follows.

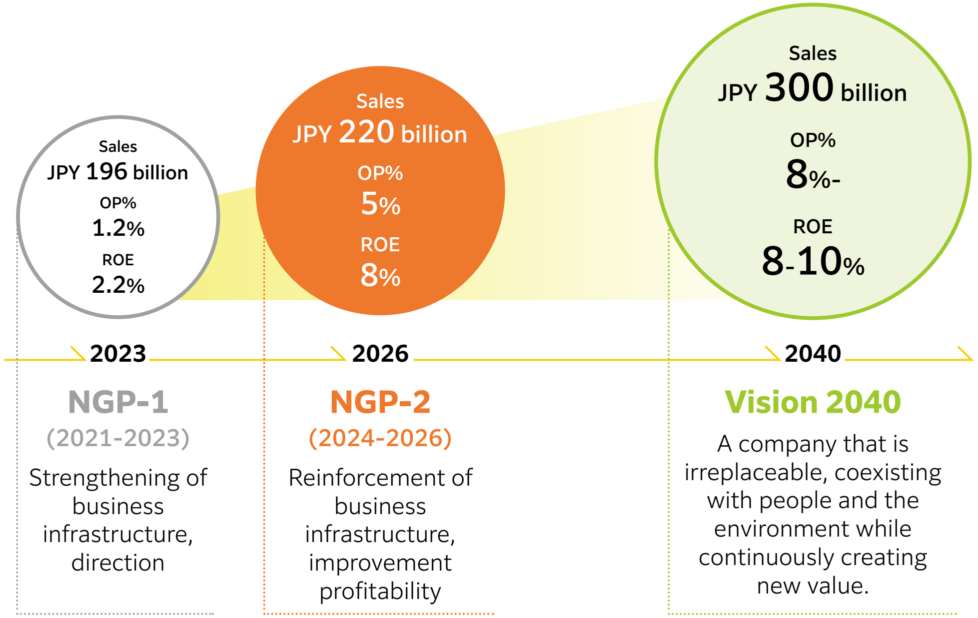
NGP-2: Three Basic Policies
- Growth expansion Overseas
- Profitability improvement in Japan
- Sustainable management

Overseas sales have been increasing every year, and they continue to support the profitability of the Group as a whole. Considering the changes in global demographics such as population size and age structure, we anticipate that the awareness of health and wellness that people in developed countries have will increase and that growth will continue to be stable in emerging markets. We will pursue overseas growth as the foundation for the expansion of our business by leveraging our growth strategy based on our business pillars and our competitive technologies to attract new customers and broaden the scope of our business.

While domestic sales in Japan are the largest share of our sales by region, the Flavors & Fragrances business continues to face profitability challenges. To address this, we will improve domestic profitability by refining the product portfolio, developing new business areas, and reforming cost structures to optimize gross profit margins.

We believe that, alongside contributing to society and the environment, the sustainability of management is crucial for the achievement of the Group's sustainable growth and the enhancement of its medium-to-long-term corporate value. By executing Sustainability 2030, which we have been promoting since the previous mid-term management plan, we will contribute to solving social issues. Furthermore, by maximizing the value of human capital and enhancing operational capabilities in line with Vision 2040, we will further strengthen our management foundation and promote sustainable management.

Vision 2040 Quantitative Targets and Positioning of NGP-2



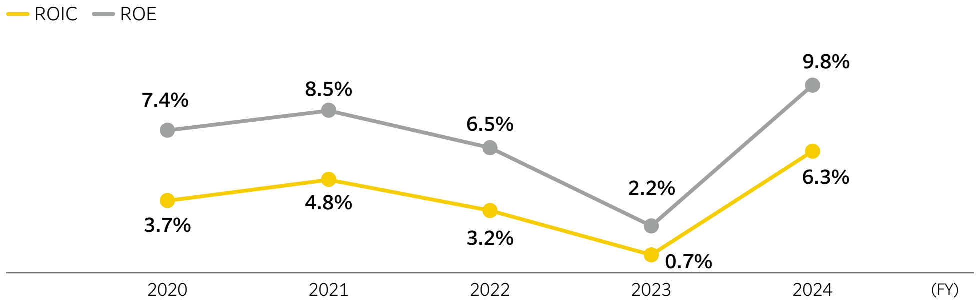
In formulating NGP-2, we comprehensively reviewed requests from the Tokyo Stock Exchange (TSE) and capital efficiency. As a result, we revised some quantitative targets in Vision 2040 in March 2024.

In line with the quantitative targets set in Vision 2040 which include sales of JPY 300 billion, an operating profit margin of 8% or higher, and an ROE of 8-10%, we set quantitative targets for NGP-2, including revenue in the final fiscal year (FY2026) of JPY 220 billion, an operating profit margin of 5% and an ROE of 8%.

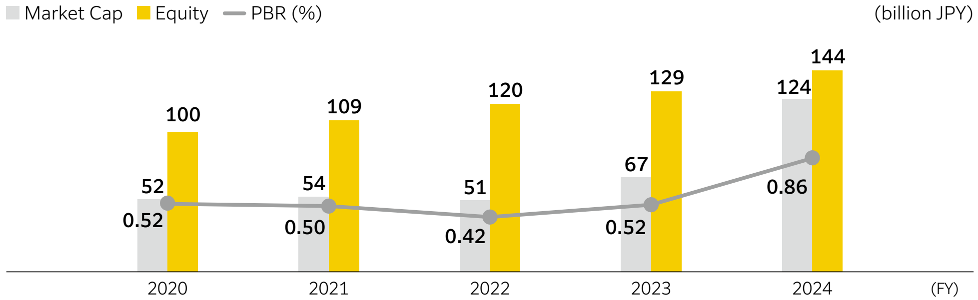
Enhancing Corporate Value (Action to Implement Management that is Conscious of the Cost of Capital and the Stock Price)

We will explain our response to the Tokyo Stock Exchange's request to implement management practices that are mindful of the cost of capital and the stock price.

Regarding capital profitability over the past five years, both ROE and ROIC were low in fiscal 2023 due to the impact of our sluggish performance. In fiscal 2024, we achieved record-high operating profit, ordinary profit, and net profit, resulting in an ROE of 9.8%. To improve capital profitability, it is crucial that we steadily execute the policies and strategies outlined in NGP-2. We will stabilize ROE and strengthen our earning power by growing overseas and improving profitability in Japan to expand profits.



Regarding our market valuation, our PBR has hovered around 0.5 in recent years. In fiscal 2024, our PBR recovered to 0.86 because of our improved performance, enhanced disclosure of capital policy information, and strengthened dividend policy. While our PBR still does not consistently exceed 1, we will continue to focus on improving information disclosure and strengthening our capital policy.

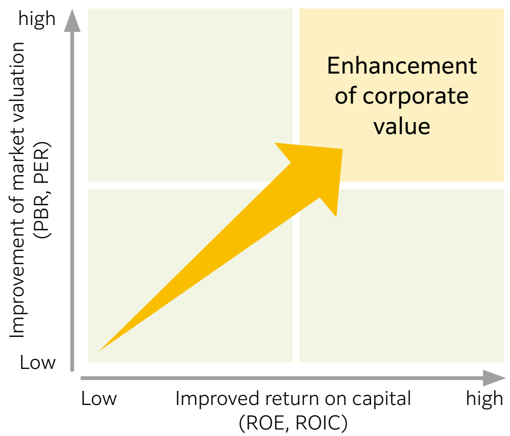


Improve return on capital

- 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



Business Environment

Business Environment (Megatrends)

Looking at the business environment surrounding our company, we must pay close attention to various factors such as the increase in resource prices due to geopolitical risks and natural disasters, supply chain instability, and compliance with regulations such as greenhouse gas (GHG) emissions regulations.

Considering the impact of demographic changes around the world, the countries often referred to as the global south are experiencing economic growth. We believe that we will be able to access significant business opportunities by leveraging our technological capabilities and global network in response to market trends such as the movements toward decarbonization and health-consciousness, which can manifest as reduced sugar and salt consumption.

The sophistication of the flavor and fragrance business is increasing due to the progress in the use of Artificial Intelligence (AI), IoT, and other technologies. In Japan, the momentum of industry-academia-government collaborative research is growing, and our company is involved in these efforts.

The global economic growth is expected to continue. The Takasago Group's flavors, fragrances, and technologies are used in numerous products that people come into contact with and consume daily, such as food and beverages, daily necessities and cosmetics, and pharmaceuticals. It is also anticipated that the flavor market will grow.

Politics

- Geopolitical risks: Inter-state conflicts and surging resource prices
- Political instability: Disruption of supply chains
- Regulatory changes: Greenhouse gas (GHG) emission controls

Economy

- Stagnation of developed economies: Aging populations, changing consumer behaviors and demand in new sectors
- Expanding economies in emerging nations: The global south, Southeast Asia, China, India, etc.
- Overseas investment costs: Currency fluctuations destabilizing investment environments

Megatrends

Society

- Decarbonization: Renewable energy, ESG investing
- Global population growth and food supply and demand: Global protein shortage and health-conscious trends in developed countries (reduced sugar, salt)
- Diversity and inclusion: Diverse values

Technology

- Artificial intelligence (AI), IoT, robotics: Applications across various business operations
- Emerging technologies: Momentum in industry-academia-government collaboration

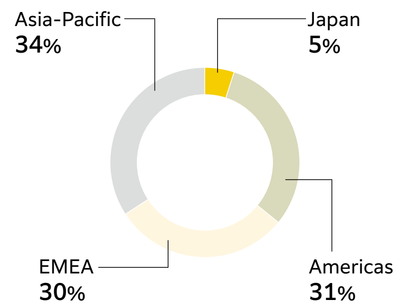
Business Environment (Market Trends)

The global flavor and fragrance market was USD 38 billion in 2024. It is projected to grow to USD 45 billion by 2027, driven primarily by emerging markets overseas.

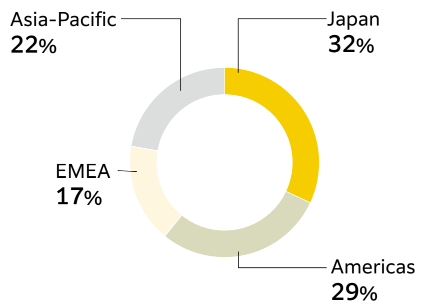
Japan is 5% of the global market. Asia (excluding Japan) is the largest region at 34% of the market, followed by the Americas and EMEA. Flavors represent 56% of the market and fragrances 44%.

We currently operate in 28 countries and regions. Japan possesses a high-quality value chain and serves as a research and development center of excellence within our group. In Asia, beyond China, we are advancing coordinated business operations centered on Singapore, with bases in Indonesia and India. In the Americas, we have established an integrated management structure centered on our U.S. subsidiary with bases in Mexico and Brazil. In Europe, we have dedicated facilities for flavors, fragrances, and synthetic materials, giving us global access to both developed and emerging markets.

FY2024
Flavor & Fragrance Market by Region



FY2024
TAKASAGO Sales by Regional Segment



Flavor & Fragrance market

- The global flavor and fragrance market was USD 38 billion in 2024. It is projected to grow to USD 45 billion by 2027, driven primarily by emerging economies.

Our situation

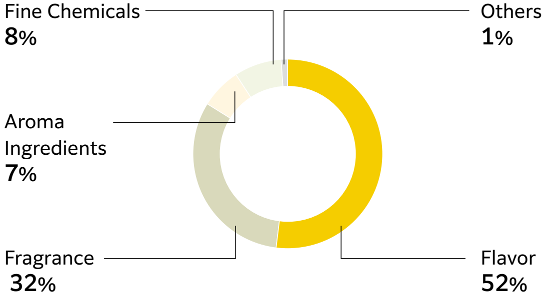
- Japan: A supply system for safe, secure, and high-quality products that includes our headquarters and affiliated companies, and an R&D system that is a center of excellence.
- Asia-Pacific: Integrated management structure centered on Singaporean subsidiaries, with operations in Indonesia and India, alongside China.
- Americas: A unified management structure centered on the U.S. subsidiary and including Mexico and Brazil
- EMEA: Serving bases for flavors, fragrances, and synthetic aromatics in Europe, while also covering a wide area that includes the Middle East and Africa.

Business Environment

In the fragrance market, we expect flavors, fragrances, and aroma ingredients to have an annual growth rate in the 4% range, and we also expect the fine chemicals segment to grow steadily.

As of 2024, the composition of our sales by business segment is that flavors are 52% of total sales. While a large share of our sales are currently in Japan, overseas sales are increasing every year. Fragrances are 32% of total sales, and overseas sales are 90% of this segment. Aroma Ingredients are sold to external customers and extensively used as raw materials for blended fragrances within our group, increasing their importance in the enhancement of our competitiveness. Fine Chemicals leverage our proprietary technologies, and our sales of pharmaceutical intermediates are growing significantly.

FY2024
TAKASAGO Sales by Business Segment



Flavor and Fragrance Market

- We have a slightly large share of the flavor market, and both flavors and fragrances are projected to grow at a CAGR in the 4% range.

Our Situation

- Flavors: 52% of total sales. Japan accounts for just under 40%, followed by Southeast Asia.
- Fragrances: 32% of total sales. Approximately 90% of sales are overseas. Primarily driven by subsidiaries in the US and France.
- Aroma Ingredients: Primarily produced in Japan and at the Spanish subsidiary. Widely used in our compounding fragrances, enhancing competitiveness
- Fine Chemicals: Strengths include catalyst technology, asymmetric hydrogenation reactions, and continuous flow reactions. Sales to pharmaceutical intermediates are expanding

SWOT Risks and Opportunities

SWOT	Item	Details
Strengths	Global network	Diverse technologies accumulated over time, fine sales and marketing activities, procurement systems, business continuity plan (BCP) systems.
	Research and development framework	Competitive technologies: masking technology suppressing off-flavors and odors, emotion field, utilization of artificial intelligence (AI), collaborative research through industry-academia-government partnerships.
	Sustainable product supply	Research and development of environmentally conscious materials, responsible sourcing of raw materials, initiatives regarding reduced environmental-impact products.
	Synergy between business units	By leveraging our four business divisions, flavors, fragrances, aroma ingredients, and fine chemicals, we achieve unique synergies unmatched by competitors.
Weaknesses	Commodity manufacturing	Cost competitiveness in commodity manufacturing
	Market share overseas	Market share in emerging countries in particular
	Global management infrastructure	Global management platform
Opportunities	Demographics and lifestyles	The world's population will continue to grow. In the medium to long term, developed countries will experience low-level stable growth. In developed countries, there is a rising trend toward food and healthcare/wellness and wellness-oriented lifestyles.
	Climate change and decarbonization trend	National-level carbon neutrality targets. Major customers are shifting to the production of environmentally friendly products.
	Technological innovation	Artificial intelligence (AI), robotics technology, strengthening collaborative research through industry-academia-government partnerships.
Threats	Geopolitical risks	Interstate issues, rising resource prices
	Political instability	Supply chain disruption
	Regulatory changes	Greenhouse gas (GHG) emissions reduction

Strengths: Our company began manufacturing and selling synthetic fragrances in 1920. Since then, our technology has evolved while we have remained rooted in *kaori* (aroma in Japanese), responding to the needs of customers and the market. In the 1960s, we expanded into the U.S. and Europe, shifting our focus from synthetic fragrances to the compound flavor and fragrance business. In the 1990s and the 2000s, we established global production and sales infrastructure. We promote a One-R&D strategy through the collaborative linkage of basic research functions in Japan and the US with applied research capabilities at each location, deploying competitive technologies throughout the group. Furthermore, by leveraging the strengths of our four core business divisions, Flavors, Fragrances, Aroma Ingredients, and Fine Chemicals, we generate unique synergies unmatched by competitors. This supports the sustainable growth of our group and enhances our medium-to-long-term corporate value.

Weaknesses: In the flavors and fragrances business, we handle a wide variety of products because we aim to provide comprehensive solutions to customers' product development challenges. Furthermore, in synthetic Aroma Ingredients and Fine Chemicals, which utilize specialized manufacturing technologies, we cannot claim a strong advantage in cost competitiveness through the mass production of so-called commodity products.

Opportunities: New demand is anticipated due to global demographic changes, changing lifestyles, and the growing wellness trend. Proposals aligned with these contemporary needs open the way to new possibilities in new areas. In line with the climate change and decarbonization trends, major customers are increasingly demanding that the manufacturing of products be environmentally friendly. Our long-standing sustainability initiatives present business opportunities where we are able to contribute to solving the challenges faced by society and our customers.

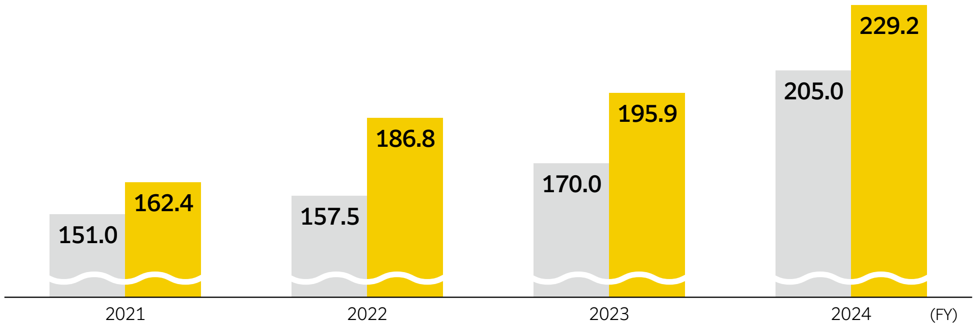
Threats: As our business operates globally, we must remain vigilant against geopolitical risks stemming from international conflicts and supply chain disruptions caused by political instability. Additionally, we must pay close attention to emissions regulations, such as GHG regulations.

NGP-2 First Year Results and Review

In fiscal 2024, the first year of the NGP-2 period, sales exceeded the plan, reaching a record high for our group of JPY 229.2 billion. While the weaker-than-expected yen exchange rate contributed to increased revenue on a yen basis, sales increased year on year even when the impact of foreign exchange rates is excluded.

Sales (billion JPY)

Sales (NGP-2) Sales (Actual)

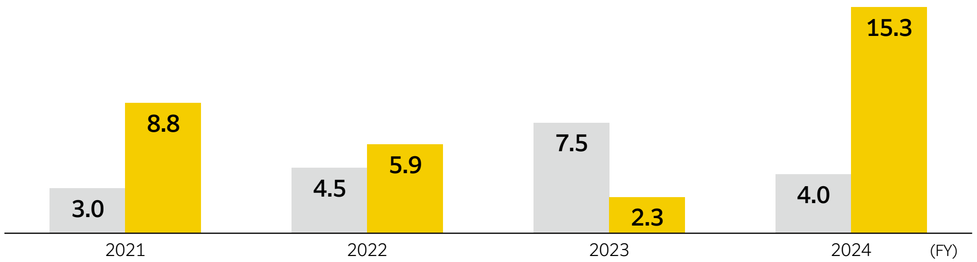


Operating profit in fiscal 2024 reached a record high of JPY 15.3 billion, driven by increased revenue and the optimization of the product mix, sales prices, and raw materials in line with the NGP-2 policy and strategy.

Raw material prices remained slightly lower than anticipated during the formulation of the mid-term plan. Additionally, the deferral of profits into fiscal 2024 due to product shipment adjustments implemented at the end of the previous fiscal 2023 also contributed to the increase in profit.

Operating Profit (billion JPY)

OP (NGP-2) OP (Actual)



In line with the basic principles of our three-year mid-term management plan, we report on the status of key initiatives for fiscal 2024.

Regarding the expansion of our growth overseas, our key achievements include our growing as planned, primarily in Flavors, Fragrances, and Fine Chemicals. The overseas sales ratio increased by 4.8% from fiscal 2023, reaching approximately 68% in fiscal 2024. We established a Fragrance Center in Mumbai, India, and a Taste Innovation Center in Bengaluru, India. Additionally, in China, we resolved to establish a production subsidiary near Shanghai with the goal of optimizing our supply chain. To grow in emerging markets, it is still necessary for us to strengthen the foundation of our business. Through our initiatives aligned with our growth strategy by business line, shipments to major multinational customers in Flavors increased, particularly in the Americas. In Fragrances, we exceeded our plans in our focus areas of hair care and fine fragrances. In Aroma Ingredients, we are advancing initiatives in new fields such as agriculture to develop new customers. In Fine Chemicals, our catalyst business utilizing our asymmetric synthesis technology grew due to overseas customers.

Regarding the improvement of profitability in Japan, we optimized our product mix in Flavors, Fragrances, and Aroma Ingredients. In Fine Chemicals, gross profit and operating profit improved, exceeding our plans due to increased overseas shipments. We expanded our pharmaceutical intermediate production facilities at the Iwata Plant to support our growth in the future, but profitability challenges remained in domestic Flavors and Fragrances.

Regarding sustainable management, we advanced initiatives aligned with our Sustainability 2030 action plan, including the use of renewable energy at domestic synthesis plants and supplier engagement activities. Overseas, we progressed with the introduction of a new core system, which has been completed at our U.S. subsidiary.

FY2024, the first year of NGP-2		
Growth expansion Overseas	Growth strategy by business segment	● In Flavors, shipments to leading multi-national customers increased. In Fragrances, shipments of products in high value-added categories grew.
	Development of new customers	● In Aroma Ingredients, we cultivated new business areas such as the field of agriculture. In Fine Chemicals, we acquired new catalyst business.
Profitability improvement in Japan	Optimization of gross profit	● Sales increased in high added-value areas in the Flavor and Fragrance business, but profitability remains an issue. In Aroma Ingredients, shipments of high added-value specialty products increased. In Fine Chemicals, shipments of pharmaceutical intermediates to Europe and the U.S. increased.
Sustainable management	Execution of Sustainability 2030	● The use of renewable energy was promoted at domestic synthetic plants, and supplier engagement activities were promoted.
	Enhancement of corporate functions	● Stabilized after the introduction of a new core system at a U.S. subsidiary.

NGP-2 First Year Results and Review

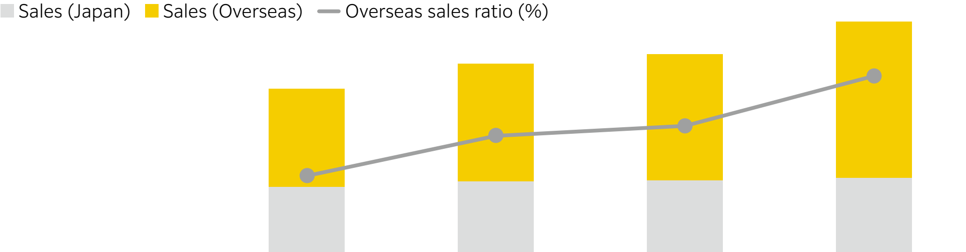
Sales revenue increased by JPY 33.3 billion from fiscal 2023, bringing JPY 230 billion within reach. Regarding gross profit, in addition to the measures being implemented under the current medium-term plan, factors such as raw material prices remaining slightly lower than anticipated at the time of the plan's formulation contributed to an approxamately five point improvement in the gross profit margin compared to the previous fiscal year.

(FY) (billion JPY)

	2021	2022	2023	2024	2024 vs 2023
Sales	162.4	186.8	195.9	229.2	33.3
Gross profit	51.1	54.4	56.5	77.4	20.9
Gross profit margin	31.5%	29.1%	28.8%	33.8%	4.9 P
Operating profit	8.8	5.9	2.3	15.3	13.0
Operating profit margin	5.4%	3.2%	1.2%	6.7%	5.5 P
Net Income attributable to owners of parent	8.9	7.4	2.7	13.3	10.6
ROE %	8.5%	6.5%	2.2%	9.8%	7.6 P
EBITDA	15.7	13.3	10.2	23.5	13.3
Overseas Sales Ratio	58.4%	61.7%	63.1%	67.9%	4.8 P
Average exchange rate USD	110	131	141	152	11
Average exchange rate EUR	130	138	152	164	12

Sales Revenue, and Operating Profit Overseas and in Japan

Our group's overseas sales exceeded domestic sales in Japan in 2014 and have been increasing annually. Our overseas sales ratio reached 68% in fiscal 2024 and we expect it will continue to be the foundation of our group's profitability.



(FY) (billion JPY)

	2021	2022	2023	2024
Sales (Overseas)	94.9	115.3	123.6	155.7
Sales (Japan)	67.5	71.5	72.3	73.6
Overseas sales ratio	58.4%	61.7%	63.1%	67.9%

Sales varied by region, with flavors and fragrances growing in the Americas and Asia. Fine chemicals, including pharmaceutical intermediates, also grew in the Americas.

Operating profit was significantly impacted by higher raw material costs in flavors and fragrances. Additional factors in the final year of the medium-term management plan included impairment charges for flavor raw materials at a European subsidiary and shipment adjustments and increased costs associated with core system migration at an Americas subsidiary.

Business Segment Sales, Operating Profit

(FY) (billion JPY)

Sales	2021	2022	2023	2024	2024 vs 2023
Flavor	94.3	105.6	109.2	119.8	9.8%
Fragrance	48.5	56.4	62.7	74.5	18.8%
Aroma Ingredients	11.4	11.9	13.0	15.7	20.7%
Fine Chemicals	6.9	11.5	9.7	17.8	84.0%
Others	1.4	1.4	1.4	1.4	(0.1)%
Total	162.4	186.8	195.9	229.2	17.0%

Operating profit	2021	2022	2023	2024	2024 vs 2023
Flavor	3.5	2.9	1.2	5.2	351.0%
Fragrance	1.8	(1.2)	(1.4)	2.0	-
Aroma ingredients	1.5	1.4	0.9	2.6	183.8%
Fine chemicals	0.7	1.6	0.4	4.4	946.2%
Others	1.3	1.2	1.2	1.2	(3.0)%
Total	8.8	5.9	2.3	15.3	562.4%

Regional Segment Sales, Operating Profit

(FY) (billion JPY)

Sales	2021	2022	2023	2024	2024 vs 2023
Japan	67.5	71.5	72.3	73.6	1.7%
Americas	38.4	46.9	50.3	66.5	32.2%
Europe	28.2	31.9	33.3	39.3	18.2%
Asia	28.4	36.4	40.0	49.8	24.5%
Adjustment	-	-	-	-	-
Total	162.4	186.8	195.9	229.2	17.0%

Operating profit	2021	2022	2023	2024	2024 vs 2023
Japan	3.8	2.3	1.4	4.5	229.5%
Americas	2.4	0.7	0.2	2.6	1514.5%
Europe	0.9	0.8	(1.2)	2.5	-
Asia	2.3	2.3	2.2	4.9	122.9%
Adjustment	(0.5)	(0.1)	(0.2)	0.9	-
Total	8.8	5.9	2.3	15.3	562.4%

Current Fiscal Year Forecast and NGP-2 Targets

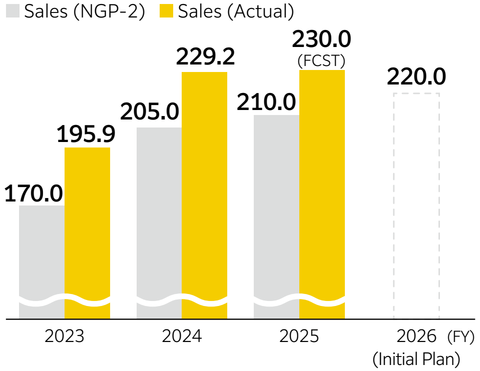
In FY2025, we anticipate sales of JPY 23.0 billion, operating profit of JPY 12.5 billion, ordinary profit of JPY 13.0 billion, and net income attributable to owners of parent of JPY 11.7 billion.

Sales are expected to grow in Asia, Japanese flavors, and European fragrances, but shipments of fine chemicals will temporarily decrease due to major customers switching products.

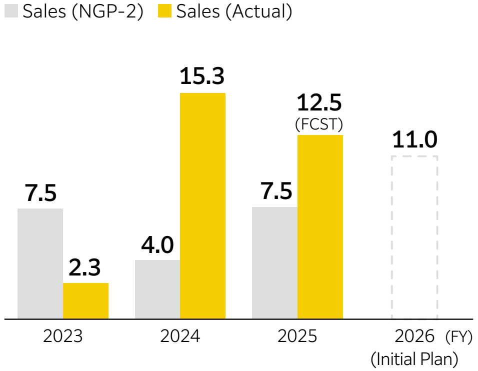
Operating profit is expected to decrease despite improvements in shipment volume and the gross profit margin compared to the previous fiscal year. This is due to an increase in SG&A expenses associated with the strengthening of the sales and management systems, coupled with the absence of special factors that occurred in the previous fiscal year. We target an ROE of 8.0% in the medium-term plan.

The final year of NGP-2 is FY2026. FY2026 targets include sales of JPY 220 billion and operating profit of JPY 11 billion. Progress in FY2024 and the current FY2025, the first and second years of the medium-term plan, has so far exceeded the initial plan.

Sales (billion JPY)



Operating Profit (billion JPY)



We will now report on our initiatives during the second year of the medium-term plan.

Regarding the expansion of our growth overseas, which is a part of our business-lines growth strategy, in Flavors, we are building a global foundation and a production and supply system to expand our business with multinational customers.

In Fragrances, we will continue to focus on expanding sales of high-value-added products while advancing into emerging markets such as the Middle East, Latin America, and India. Regarding the improvement of our profitability in Japan, we will push forward with the grows of sales in high added-value segments in both Flavors and Fragrances while reducing by increasing the efficiency of production and logistics.

In Aroma Ingredients, we will focus on further expanding sales of high added-value specialty products.

In Fine Chemicals, we will strive to enhance our pharmaceutical intermediates production facilities at the Iwata Plant and ensure their stable operation.

Regarding sustainable management, we will continue to execute Sustainability 2030 by advancing our product lifecycle assessment calculations and strengthening engagement with customers.

Furthermore, to strengthen our corporate foundation, we aim to introduce and stabilize a new core system at our European subsidiaries.

FY2025, the second year of NGP-2		
Growth expansion Overseas	Growth strategy by business segment	● In the flavor business, build global infrastructure and a production and supply system to expand business with multi-national customers.
	Development of new customers	● In fragrances, increase our focus on the development of products in high added-value categories and emerging markets (Middle East, Latin America, India, and others).
Profitability improvement in Japan	Optimization of gross profit	● Promote efforts in high added-value areas in Flavor & Fragrance and improve production and logistics efficiency. In Aroma Ingredients, continue to expand of high added-value specialty products. In Fine Chemicals, ensure the stable operation of the pharmaceutical intermediate production facilities at the Iwata Plant.
Sustainable management	Execute Sustainability 2030	● Promote initiatives for lifecycle assessment.
	Strengthen corporate infrastructure	● Introduce and stabilize new mission-critical systems in European subsidiaries.

At the end of March 2024, we announced our capital policy for the current medium-term management plan. However, based on our dialogue with our shareholders in Japan and overseas who hold our stock over the medium-to-long term, we have decided to revise our targets effective as of the end of March 2025.

Our ROE target was initially presented as a range of 4.0% to 8.0%, but it has been revised to 8.0% or higher.

EBITDA will increase due to improved operating profit, reaching a cumulative total of JPY 62 billion over the medium-term plan period. Following a review of growth investments, capital expenditures will also total JPY 62 billion cumulatively over the medium-term plan period, matching the revised EBITDA target.

	Original — March 2024 NGP-2 (2024-2026)	Revised NGP-2 (2024-2026)
ROE % (range)	4.0%-8.0%	8.0%-
Shareholder's equity % (final year)	57%	55%
EBITDA (three-year total)	JPY 49.0B	JPY 62.0B
Investment (three-year total)	JPY 57.0B	JPY 62.0B
Investment securities % (final year)	14%	10%
Dividend per share (range)	JPY 80-160	JPY 240-
Amount of dividends (three-year total)	JPY 7.2B	JPY 14.0B-
Dividend payout ratio %	30%- (average)	30%- (for the period)
DOE %	2.0%- (final year)	3.0%- (for the period)

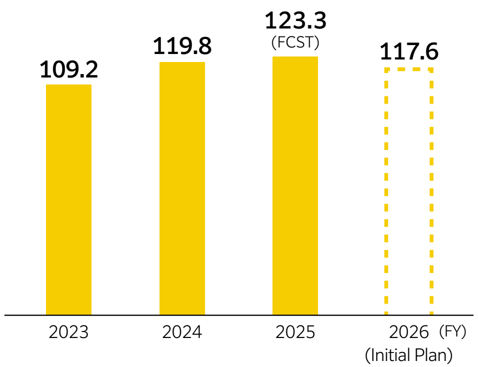
Business Growth Strategy and Policies

Flavor

Initiatives in NGP-2

- Acquire new customers and expand business in emerging markets through business strategies and capital and research investments
- Improve profitability by optimizing the product portfolio
- Strengthen competitiveness by developing materials and products that meet regional needs and through global collaboration

Sales (billion JPY)

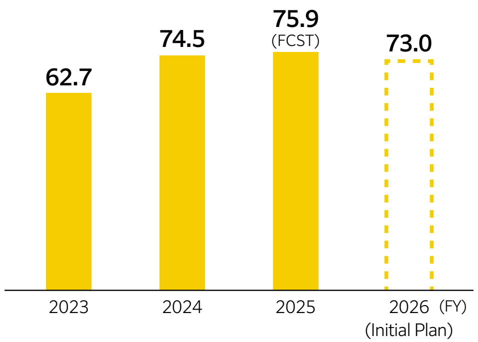


Fragrance

Initiatives in NGP-2

- Focus on personal care through intra-group collaboration in the areas of personnel and technology, as well as equipment and research investments. Expand business in emerging markets such as Southeast Asia, Latin America, and India
- Strengthen and advance management capabilities in terms of raw material costs and manufacturing expenses
- Strengthen the foundation of the business (talent, R&D, consumer insights and market research)

Sales (billion JPY)

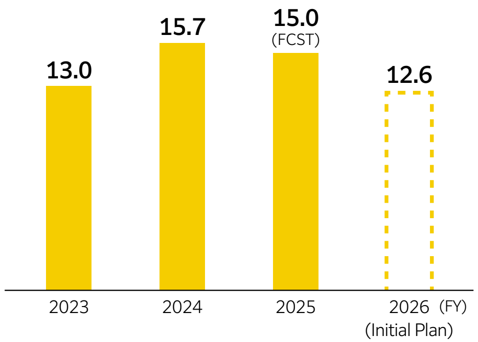


Aroma Ingredients

Initiatives in NGP-2

- Expand existing businesses in new areas such as agriculture and in emerging markets
- Improve profitability by expanding high-value specialty products
- Develop new environmentally friendly products in consideration of biodegradability and bio-based content

Sales (billion JPY)

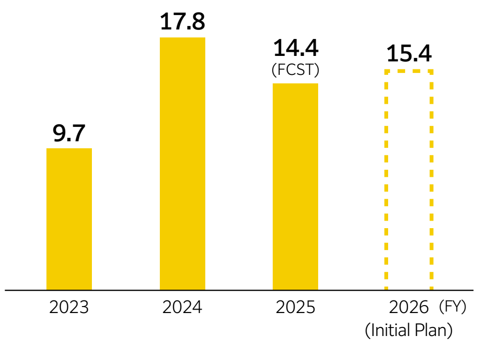


Fine Chemicals

Initiatives in NGP-2

- Expand the pharmaceutical intermediates category
- Strengthen product supply capabilities through the operation of new plant equipment
- Enhance competitiveness by developing catalyst technology and continuous flow technology

Sales (billion JPY)



R&D and Intellectual Property Strategy

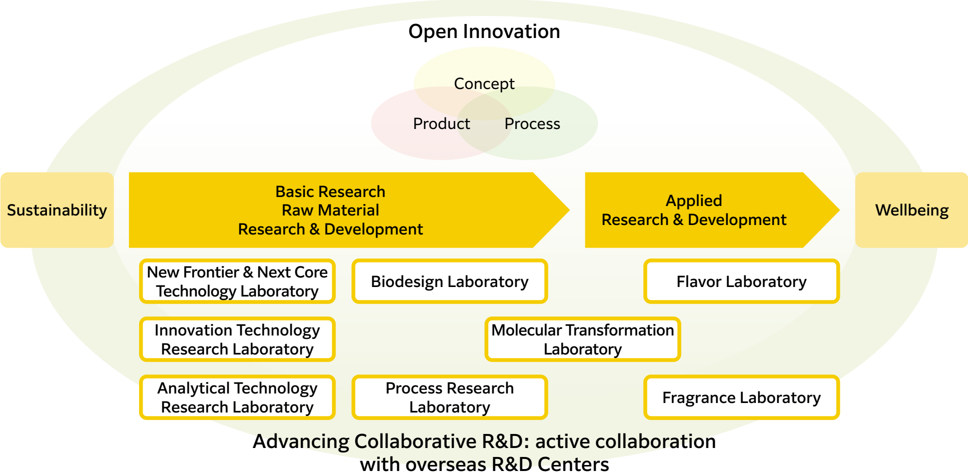
Develop high-quality and innovative products

R&D Structure

Since its founding in 1920, the Takasago Group proprietary technologies, cultivated through cutting-edge research, have been spread across Takasago Research Center in the United States, Singapore, Mexico, Brazil, France, Germany, and China. The core headquarters in Japan provides basic research data to each country and serves as the center of our global activities. We are promoting the unification of R&D strategies through functional collaboration between basic research functions in Japan and the United States. and applied research functions at each site. We are creating global and promising R&D results.

Innovation

Based on our corporate mission, "Create new value through innovation rooted in *kaori* (*kaori*: aroma in Japanese)," TAKASAGO has grown by providing innovative products and services that have contributed to solving social issues. R&D plays an important role in the improvement of quality of life (QOL) through the development of unique and superior technologies and products through the organic and functional integration of three types of innovation, concept innovation, product innovation, and process innovation, and through open innovation involving active collaboration with external partners.



As one of our open innovation efforts, we have been working on the theme of advancing a bio-upcycling technology for the efficient conversion of unused organic residues into valuable aroma ingredients as part of the New Research and Development of Technologies to Promote Biomanufacturing Project led by NEDO (New Energy and Industrial Technology development Organization) since 2023. We have been collaborating with external partners under NEDO's framework of project themes, including in the development of a pharmaceutical manufacturing facility called iFactory™, which comprises interconnected reconfigurable unit-operation modules, and the advancement of bio-production technologies to accelerate carbon recycling.

R&D Investment

TAKASAGO is implementing growth investments to strengthen R&D from a long-term perspective based on its capital policy that considers the cost of capital.

The number of R&D employees and R&D expenditures are shown in the table at right.

Fiscal year	Number of employees in R&D	R&D expenses (billion JPY)
2021	923	12.9
2022	928	14.2
2023	962	15.7
2024	966	17.7

Intellectual Property Strategy

TAKASAGO strategically manages and utilizes intellectual property as a driver of the value of business. We recognize that various types of technical information, such as flavor and fragrance recipes, the know-how required to develop them, and production know-how, are important intellectual property that we possess. We pursue patent and trademark protection for selected technologies and brands based on strategic priorities and expert assessments to secure exclusivity.

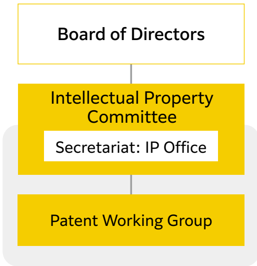
Number of active patents (as of end of March 2025)	709
Number of active registered trademarks (as of end of March 2025)	1,268

We are addressing intellectual property risks, including infringement, technology leakage, and contractual issues through internal training, strict management of confidentiality, and thorough legal reviews. These efforts contribute to the effective and secure advancement of our business operations.

R&D and Intellectual Property Strategy

Intellectual Property Governance

We have established an Intellectual Property Committee as a cross-functional body for managing intellectual property matters. The committee consists of members from the business divisions, R&D division, and internal IP Office. The Patent Working Group under the committee evaluates inventions for potential patent protection from an objective and expert perspective, led by members from the Corporate Research & Development Division, and it aims to maintain and improve the quality of patent applications.



In 2024, to further strengthen our intellectual property strategy and enhance support for the creation of intellectual property from the results of research, we reorganized our structure and established the internal IP Office within the Corporate Research & Development Division. We will further advance global intellectual property activities, and the IP Office will play a central role in these efforts.

Value-Creating Patent Examples

Biomuguet®, an environmentally friendly lily-of-the-valley aroma ingredient

Patent No. JP6054108B Method for producing optically active 2,3-dihydrofarnesal

The effective use of limited natural resources and the development of environmentally friendly materials contribute to the achievement of the SDGs. Based on our extensive experience in manufacturing optically active materials, we have developed highly biodegradable Biomuguet® using renewable naturally derived raw materials. Biomuguet® is a fascinating aroma ingredient that imparts a natural, fresh lily-of-the-valley-like scent with excellent longevity that harmonizes well with marine and citrus notes. Through the development of fragrance materials with low environmental impact such as this, we contribute to the realization of a sustainable society.

Product development contributing to the sustainability of citruses

Patent No. JP6962921B Flavor composition, food and beverage, and method for producing food and beverage

In recent years, citrus harvests have been declining, and prices have been rising. In the flavor industry, there is a growing need to reduce dependence on natural citrus essential oils and to ensure stable quality and supply. In response to these challenges, TAKASAGO has developed a new flavor ingredient that can replicate the distinctive sensory elements of grapefruit, such as its juicy pulp character, bitterness, and the aroma of its peel. By utilizing such flavor ingredients, we achieved the stabilization of quality while enhancing flavor reproducibility and expanding formulation flexibility without relying on natural raw materials. Through the development of these alternative ingredients, we contribute to the realization of a sustainable society.

Procurement Strategy

Corporate Procurement Policy

- We pursue three key elements: quality, cost, and stable supply.
- We strictly comply with laws and regulations, respect human rights, ensure fair transactions, and consider environmental conservation.
- We respect local cultures and build partnerships with our suppliers.

In the Takasago Group's procurement activities, pursuing sustainability is a very important theme.

For our business, which requires diverse raw materials from around the world, sourcing is intrinsically linked to addressing sustainability challenges such as human rights and the environment. We must build a raw material procurement network that is capable of meeting the expectations and needs of our customers and society.

The flavor and fragrance raw materials we handle include natural essential oils derived from fruits, seeds, bark, plant roots, leaves and flowers, as well as synthetic aroma chemicals obtained through advanced chemical processes converting naphtha, natural gas, and natural materials (such as terpenes). Some synthetic aroma chemicals are substitutes for rare animal-derived materials like musk and ambergris, while others provide unique aromas not yet discovered in nature. We procure these diverse raw materials in sufficient quality, in a timely manner, and at appropriate prices. Simultaneously, from a sustainability perspective, we aim to optimize our supply chain, including the improvement of traceability. We conduct procurement activities leveraging our global network in collaboration with overseas bases.

In June 2017, the Takasago Group signed the United Nations Global Compact (UNGC). We continue initiatives aligned with the UNGC's ten principles in the areas of human rights, labor, environment, and anti-corruption. Furthermore, we are formulating strategies for sustainable procurement while also acting in consideration of compliance with laws and regulations in each country, fair business practices, and engagement with and development of local communities. From the perspective of managing relationships with our business partners, we have established our Corporate Procurement Policy, the Takasago Group Supplier Code of Conduct, and the Takasago Responsible Sourcing Policy, which are all aligned with our corporate philosophy and Vision 2040.

Responsible Procurement

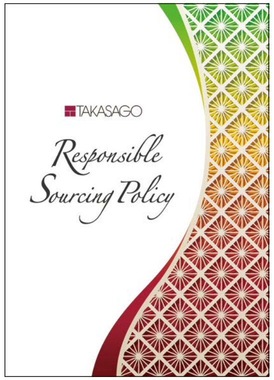
In January 2020, we established the Takasago Responsible Sourcing Policy (TRSP).

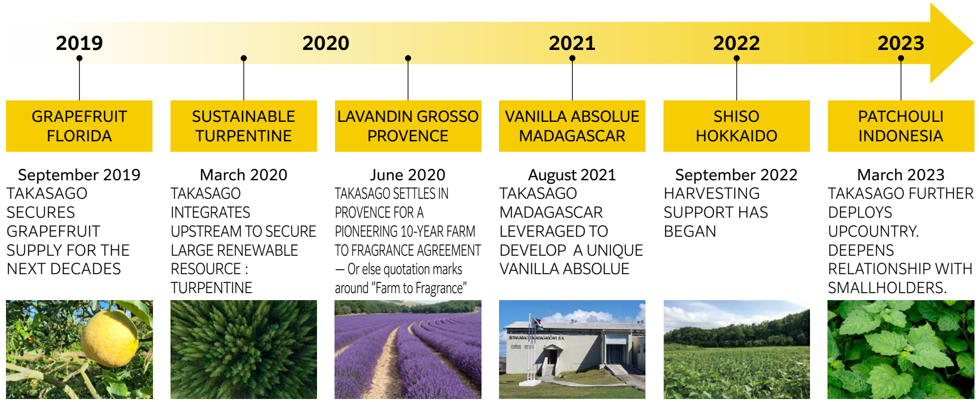
We ask our business partners to understand and agree to this policy, and also to extend this approach to their subcontractors. We also request their cooperation in the completion of the TRSP Self-Assessment Questionnaire (SAQ) or Sedex questionnaire to verify compliance in the areas of human rights, labor, the environment, and

Procurement Strategy

anti-corruption and to investigate the risks and potential impacts of procurement activities. In 2024, we established a framework for CSR audits with third-party auditors. If it is possible that our supply chain is having an adverse impact, we will immediately make an improvement plan and take corrective measures in cooperation with our stakeholders, such as suppliers. We visit suppliers who are exposed to risks related to ESG issues and assess them with third party auditors based on global standards such as the ISO 26000 standard and SMETA.

Sedex | Member





Strategic Sustainable Procurement

Under the banner of the Takasago global procurement Sustainability Key Initiatives (TaSuKI), which embody the values we cherish, continuity, tradition, modernity, and sustainability, the Takasago Group is promoting backward integration along the value chain for key raw materials. The TaSuKI initiative comprises following four elements:

TaSuKI™
TAKASAGO GLOBAL PROCUREMENT SUSTAINABILITY KEY INITIATIVES

1) TaSuKI Original: Enhancing supply chain transparency and formulating sourcing strategies that trace raw materials to their origins to achieve stability and continuity in terms of quality, cost, and delivery (QCD).
2) TaSuKI Care: Ensuring local communities and the environment of raw material producers and production areas are considered.
3) TaSuKI Compliance: Verifying that procurement activities align with global frameworks like the UN Global Compact.
4) TaSuKI Share: Managing progress and fostering proactive communication.

By interlinking these elements, we practice responsible procurement while aiming to integrate them so that our efforts can evolve into sustainable procurement that ensures the stable supply of strategic raw materials.

To date, we have promoted TaSuKI initiatives concerning grapefruit, turpentine, lavandin, vanilla, shiso, patchouli, and others. Echoing the founder of Takasago's journey over 100 years ago from Kyoto to Grasse, France, the holy land of fragrance, we plan to trace the origins of flavors and fragrance raw materials and further expand TaSuKI initiatives worldwide.

Digitalization of Procurement

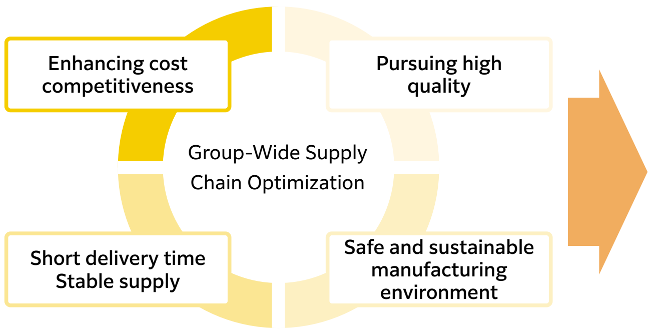
In recent years, procurement operations have become increasingly complex due to factors such as the global surge in raw material prices and the push for sustainability. Amidst these changes, we adopted the Coupa platform in 2024 to enhance our raw material procurement capabilities and reduce procurement costs by automating and increasing the efficiency of processes.

Moving forward, we will leverage this system to enhance governance and knowledge management within our global procurement operations. This will enable us to not only reduce raw material costs but also advance strategic and sustainable raw material procurement that includes integrated responsible sourcing requirements.

coupa

Supply Chain Management Strategy

In 2024, we established the Supply Chain Management Division by integrating the Production and Supply Chain Divisions and transferred the ordering and purchasing management functions for some raw materials from the Procurement Division. By unifying the supply chain domains of our bases in Japan and overseas and strengthening the horizontal coordination between divisions, we will promote the cooperation and consultation of our business divisions and related departments to achieve optimization based on mutual understanding. In addition, we aim to build a product supply system that earns the trust of customers around the world by utilizing the unique characteristics of each site and promoting unified production activities as the Takasago Group in our global activities. In addition, the Takasago Group implements a capital investment policy related to manufacturing in accordance with its capital policy based on the cost of capital. We will expand sales and operating cash flow by promoting growth investments.



Key Strategies

- **Enhancing the global supply chain**
- **Small group activities such as 5S Kaizen activities or Zero-Accident activities**
- **Strengthening human resource development and engagement**
- **Making appropriate capital investments**

Progress and Results

Enhancing the supply chain

In Japan, the Plant Managers' Conference is a forum for communicating company policies, understanding production conditions, sharing new technologies, existing descriptions, knowledge, and issues, understanding the status of related departments, and developing human resources by strengthening communication. Overseas supply chain divisions are strengthening horizontal cooperation through the GSCM Committee and increasing their mutual understanding. In addition, we are promoting the standardization of operating procedures by enforcing the Corporate Production Policy and the TAKASAGO STANDARD at manufacturing sites so that production and sustainability activities can be carried out with consistent objectives in global functional areas.

Promoting small group activities

We are continuing to promote small group activities such as 5S Kaizen activities and Zero Accident activities. We are working on initiatives in which the opinions of individuals belonging to the plant, regardless of age or whether they are regular or non-regular employees, form the basis of our activities, and we are enhancing synergies by exchanging issues and opinions. We are also continuing to implement the TA-KAIZEN Program as in the previous fiscal year. By collaborating with global production sites through 5S Kaizen activities, we will promote the sharing of know-how regarding the improvement of production efficiency, as well as the exchange of human resources and human resource development.

Capital investment

Growth investment (manufacturing)

As part of our growth investments in manufacturing facilities, we invested approximately 8 billion yen in a plant and completed construction of a facility for manufacturing pharmaceutical intermediates in the Fine Chemicals Business in September 2025. This goal of this facility is to meet the strong demand overseas, particularly from major pharmaceutical manufacturers in the United States. It is planned to be a sustainable manufacturing plant that considers the safety of workers, reduces workload, and reduces energy and water consumption. We are also actively investing in DX-related activities, promoting the introduction of smart sensors and other devices. In addition, through DX activities at manufacturing sites, we are digitally transforming to identify issues in business systems and processes and reconstruct business processes. This will improve productivity and production efficiency, resolve concerns about the human resource shortage and the passing down of technologies, and it will create a manufacturing site that continues to evolve.

General investment (manufacturing)

Regarding existing facilities, each production site will strengthen preventive maintenance and steadily implement facility upgrades based on facility plans, considering not only productivity, quality and economic efficiency, but also safety and environmental impact. We will build a resilient supply chain by continuing to efficiently upgrade production facilities.

Investment Strategy, Shareholder Return Policy and Message from the Chief Financial Officer

Capital Allocation

During the NGP-2 period, we will implement capital allocation to drive our growth strategies while maintaining financial soundness.

We forecast a cumulative operating cash flow of JPY 59.0 billion over the three-year period, an increase of JPY 31.6 billion from the JPY 27.4 billion generated under the previous Medium-Term Management Plan. This growth is expected to be driven by higher profits from overseas sales expansion, improved earnings in Japan through profitability enhancement measures, and returns from our growth investments.

We will significantly increase capital expenditure to a cumulative total of JPY 62.0 billion under the current plan, a substantial increase from the JPY 27.0 billion allocated in the previous plan. This amount will consist of JPY 22.0 billion for the effective renewal of existing facilities and JPY 40.0 billion allocated to growth investments. Within our growth investments, we will focus on the following areas:

Manufacturing: In line with the growth strategy for our Fine Chemicals business, we will install new equipment at the Iwata Factory and are planning a new factory in China. We will maintain and develop our manufacturing facilities to realize robust growth both in Japan and overseas.

Research & Development: We will also actively invest in research to support growth, including the establishment of a new research center in Japan, to enhance our R&D capabilities for the long term.

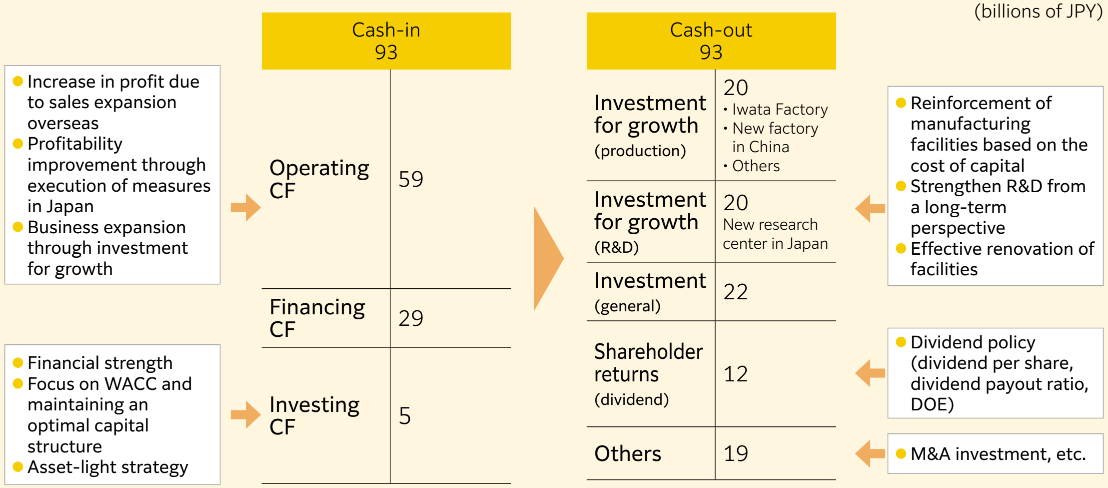
Shareholder Return Policy

Under NGP-2, our policy is to pay dividends based on business performance for each fiscal year, targeting a consolidated payout ratio of 30% or higher and a dividend on equity (DOE) ratio of 3.0% or higher.

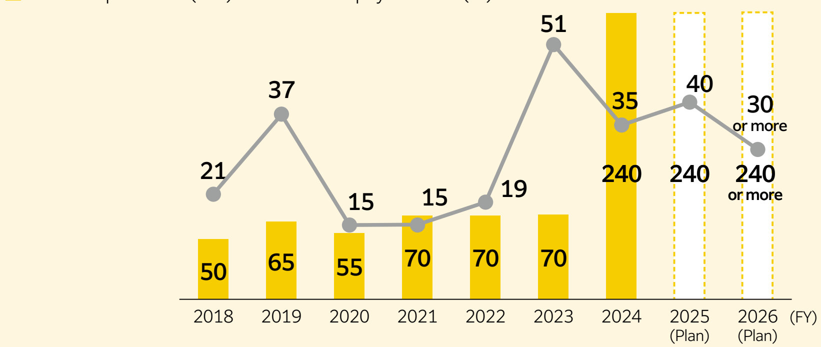
Based on this policy, our returns to shareholders will be centered on income gains (dividends), while also aiming for capital gains by driving business growth in line with the NGP-2 strategy. Through these two pillars, we aim to achieve a high total shareholder return (TSR).

Dividends will be the principal form of shareholder return. We will consider share buybacks flexibly, depending on the prevailing business environment and financial conditions at the time.

Hiroyasu Hirata
General Manager, Corporate Administration Div.



Dividend trends



	2018	2019	2020	2021	2022	2023	2024	2025	2026
Dividend per share (JPY)	50	65	55	70	70	70	240	240	240 or more
Dividend payout ratio (%)	21	37	15	15	19	51	35	40	30 or more
DOE (%)	1.0	1.3	1.1	1.3	1.2	1.1	3.4	3.2	3.0 or more

Investment Strategy, Shareholder Return Policy and Message from the Chief Financial Officer

Capital Structure and Funding Policy

As of the end of fiscal 2024, our debt-to-equity ratio stood at 0.41, indicating a capital structure that preserves financial soundness while appropriately utilizing financial leverage.

Regarding funds for investments and enhanced shareholder returns, our basic policy is to primarily utilize internally generated funds sourced from operating cash flows, while flexibly securing additional financing from financial institutions as needed. When raising funds externally, we plan to ensure financial soundness by maintaining an equity-to-asset ratio of over 50% (with a target of 55% in the final fiscal year of NGP-2) and a debt-to-equity ratio within the range of 0.4 to 0.7.

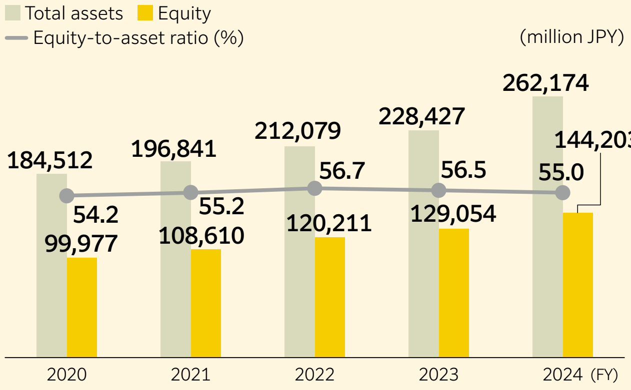
Policy on Strategic Shareholdings

Our policy is to hold strategic shareholdings to increase our corporate value over the medium-to-long term. This facilitates the smooth execution of our business by maintaining and strengthening business relationships and ensuring stable financing.

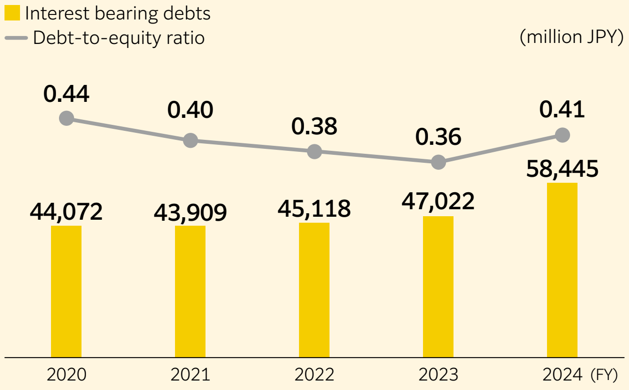
Once a year, the Board of Directors reviews the rationale for holding each individual stock. This involves a comprehensive assessment of whether the returns, including dividends and medium- to long-term earnings opportunities, and the associated risks are commensurate with our cost of capital. If the rationale for holding a particular stock as a strategic shareholding cannot be confirmed, we will proceed to reduce that holding.

In fiscal 2024, we sold our entire holdings of five strategic shareholdings and partially sold our holdings of two other stocks, with the total proceeds from these sales amounting to JPY 2,836 million. As a result, the total market value of our strategic shareholdings at the end of fiscal 2024 was JPY 19,639 million, which is 13.5% of our shareholders' equity.

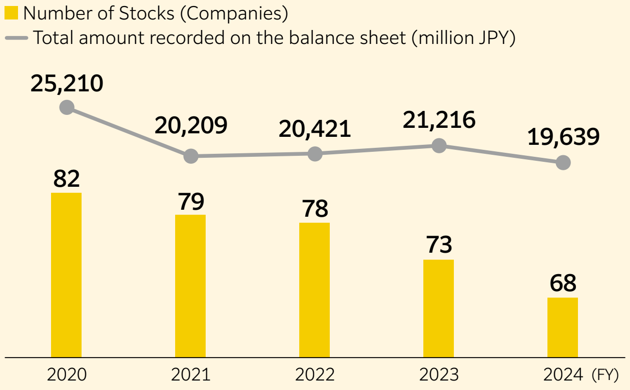
Total assets/equity/equity-to-asset ratio



Interest bearing debts/debt-to-equity ratio



Strategic Shareholdings



Sustainable Management

29 Progress of our Sustainability 2030 Sustainability Action Plan
30 Reduction of Environmental Impact and Climate Change
31 Respect for Human Rights
32 Maximizing Human Capital Value

Sustainability Report 2025 P13-71

Progress of our Sustainability 2030 Sustainability Action Plan

To achieve our targets related to our Materiality, we have formulated Sustainability 2030, a mid-long term sustainability action plan which was launched in April 2021. The status of the activities in line with this action plan is regularly reported during Board of Directors meetings. The following is a summary of the progress of major activities in 2024.

1. Climate Change

TAKASAGO reviewed our greenhouse gas emissions reduction targets and established targets aligned with the 1.5 °C scenario. These reduction targets were approved by the Science Based Targets initiative (SBTi), an international organization, in April 2025. In 2024, we advanced our reduction activities and were selected as a CDP Supplier Engagement Leader.

2. Reduction of Environmental Impact

We worked to reduce water withdrawal and waste generation while strengthening chemical substance management. We continuously implement improvements through a PDCA cycle based on the ISO 14001 standard, as well as EHS audits and internal environmental audits.

3. Occupational Health and Safety

We focused on EHS inspections conducted globally by the EHS Department. Alongside improvements through the PDCA cycle based on the ISO 45001 standard, we further refined methods and systems for activities such as risk assessments and incident diagnostics, further advancing our cultivation of a culture of safety throughout the group.

4. Local Communities

Social contribution activities are conducted at each site based on an annual activity plan. One cultural activity, the Paris and Perfume: The World of Perfume Bottles (Fracons) in History exhibition held at the Takasago Collection® Gallery was well received.

5. Green Chemistry

Our group is engaged in various R&D projects, including one that aims to improve the biodegradability of our products. In fiscal 2024, our project advancing bio-upcycling technology for the valorization of unused organic residues into valuable aroma ingredients was selected by NEDO for our participation in the Research and Development of Technologies to Promote Biomanufacturing.

6. Responsible Procurement

Under the Takasago Responsible Sourcing Policy, we implemented policies and evaluated suppliers through the Sedex global CSR platform. In fiscal 2024, we conducted our first CSR audit of suppliers.

7. Human Rights

In addition to conducting human rights due diligence activities throughout the group, we conducted SMETA audits (Sedex ethical audits) at five of our own sites. Our manufacturing sites undergo SMETA audits every three years. No human rights violations were reported within the group in fiscal 2024.

8. Transparency

In addition to publishing sustainability reports and integrated reports, our group focused on information disclosure via our website and LinkedIn. We also responded appropriately to requests for the disclosure of information from organizations and platforms such as CDP, EcoVadis, and Sedex, while also working to disclose information regarding the environmental impact of our products, including the results of life cycle assessments.

Reduction of Environmental Impact and Climate Change

Basic Approach

TAKASAGO recognizes that protecting the environment is essential to the resilience and sustainability of our business. We are working to reduce environmental impact from the perspectives of the sustainable use of resources and the prevention of pollution. Climate change in particular is a long-term issue that requires a global perspective. It is an issue whose materiality is very high in our assessment, and TAKASAGO is enhancing its initiatives to address climate-related issues.

Strategy

Our group has set targets for reducing GHG emissions, water withdrawal, and waste generation, and it is conducting reduction activities. From a pollution prevention perspective, we are also working to manage chemical substances, implement measures to counter air pollution and manage wastewater and leaks, among other activities. Our major manufacturing sites have maintained ISO 14001 (Environmental Management System) certifications, including affiliate companies in Japan and overseas and our R&D headquarters in Japan, and we manage progress accordingly.

Regarding climate change, we have formulated a strategy aligned with the TCFD*1 recommendations, and we conduct business activities consistent with the Paris Agreement.

*1. A working group of the Financial Stability Board (FSB) aimed at encouraging companies to disclose climate-related financial information. It has published recommendations regarding organizations' approaches to the voluntary disclosure of information and has gained international support.

2024 Progress and Results

> Updated GHG Emission Reduction Targets

TAKASAGO has been reducing its greenhouse gas (GHG) emissions in line with its science-based reduction targets. To accelerate our reduction activities, we updated our near-term targets in 2025 to 1.5 °C targets and formulated net-zero targets which have been approved as science-based targets by the Science Based Targets initiative (SBTi).*2

Near-term targets
Timeframe: by FY2030 with FY2019 as the base year
- Reducing scope 1*3 and scope 2*4 emissions 46.2%
- Reducing scope 3*5 GHG emissions 27.5%

Net-zero targets
- We commit to achieving net-zero greenhouse gas emissions throughout the value chain by 2050.

Guided by these new reduction targets, we will contribute to the realization of a carbon-neutral society.

*2. A global partnership to encourage companies to set science-based targets for reducing GHG emissions
*3. Direct emissions reported by the company factories, offices, vehicles, etc.
*4. Indirect energy-derived emissions from electricity and other energy consumed by the reporting company.
*5. Emissions from supply chain activities such as procurement, logistics, the use of sold products, etc.

> Reduction of GHG emissions

Scope 1+2 emissions in FY2024
-15.3%
GHG emissions Scope 1+2 since FY2019

% of renewable energy-derived electricity
24.6%
Our target is 30% by 2030

Through energy-saving initiatives, process innovation, renewable energy utilization and equipment upgrades, we are enhancing energy efficiency and reducing GHG emissions. In addressing Scope 3 emissions, TAKASAGO is strengthening its collaboration with suppliers to realize a decarbonized supply chain.

> Environmental Information Disclosure

TAKASAGO is also focusing on disclosing environmental information. Our group has responded to CDP*6 surveys since 2010. The group's CDP score in 2024 was B for Climate Change, B for Water Security, and B- for Forests (Palm Oil).

*6. An international organization assessing corporate environmental performance using disclosed information.

Future Efforts

Efforts to address climate change, reduce the environmental impact through the sustainable use of resources and prevent pollution are critical challenges not only for protecting the global environment but also for ensuring the continuity of our business. In line with our Vision 2040, *Care for People, Respect the Environment*, TAKASAGO strives to preserve the natural environment, live in harmony with nature, and responsibly harness its blessings.

Respect for Human Rights

Basic Approach

The Takasago Group is committed to respecting human rights in its business activities.

To further clarify our stance in this area, we developed The Takasago Group Human Rights Policy in 2019. In addition, we established a human rights due diligence* procedure referencing guidance published by the Japan Business Federation. In 2021, we summarized a wide range of human rights issues as priority human rights issues and added them to the policy. We also incorporated them into The Takasago Group Supplier Code of Conduct to strengthen human rights initiatives throughout our supply chain. We explain the Code of Conduct to our suppliers from whom we procure not only raw materials but also goods and services and ask them to comply with the Code of Conduct to promote the protection of human rights throughout the entire supply chain.

*Human rights due diligence is the process starting with the identification of human rights risks and including responses to issues and the disclosure of information

➡ TAKASAGO Human Rights Policy.pdf (takasago.com)

> TAKASAGO - Framework for Human Rights Initiatives

Commitment through Policy

- The Takasago Group Human Rights Policy was approved by the Board of Directors in May 2019.
- It was partially revised in March 2021 with the addition of the annexed “Key Human Rights Issues.”

Implementation of Human Rights Due Diligence

- Since 2019, TAKASAGO has been conducting human rights due diligence.

Remediation Mechanisms (hotline)

- We have the hotline system in each sites.

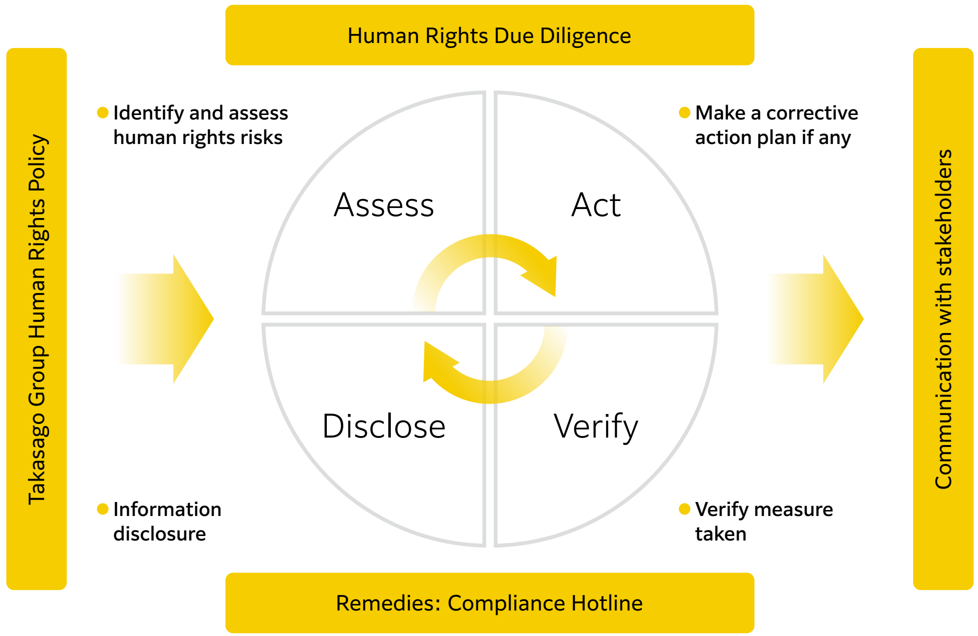
These efforts are aligned with the UN Guiding Principles on Business and Human Rights and Japan’s National Action Plan (NAP) on Business and Human Rights.

Annual Human Rights Due Diligence Activities

We have been continuously conducting human rights due diligence activities since 2019. The checklist is updated annually in light of business activities and global conditions. In 2024, there were no human rights violations or risks that could lead to violations of human rights at any of our locations. In addition, there were no reports that human rights related to the freedom of association or collective bargaining could be at risk. In 2024, five manufacturing sites underwent SMETA audits and received third-party assurance. We also conduct CSR audits of our suppliers. This is presented in the raw materials procurement section of this report. Through ongoing human rights due diligence and multifaceted efforts, we will continue to promote business activities based on respecting human rights.

> Training

We provide human rights training to employees. In 2024, we conducted a video training program on business and human rights in Japan. We will continue the training program to ensure that human rights are respected in our corporate activities.



Maximizing Human Capital Value

With "Kindness to People" as Our Guiding Principle, We Achieve Corporate Growth Together with Our Colleagues.

The Takasago Group positions maximizing human capital value as one of its key management themes. We regard the knowledge and skills of our employees as valuable capital, and by fostering a comfortable and attractive work environment, we aim to facilitate our people's growth and development of skills, thereby creating new value for the company. Our goal is to build a positive cycle for both our people and the company.

Further, in our NGP-2 Medium-Term Management, we have identified maximizing human capital value as a key success factor. We are committed to achieving sustainable growth and enhancing our corporate value through proactive human capital management initiatives.

Motonobu Sekine
General Manager,
Human Resources and
General Affairs Division

TAKASAGO implements the following four initiatives with the goal of fostering the growth of both employees and the company.

1. **Diversity, equity and inclusion: Building a foundation where diverse talents can thrive**
2. **Provide growth opportunities that achieve employees' purposes: Creating a workplace where employees find purpose and motivation**
3. **Flexible working environment: Realizing a healthy work-life balance**
4. **Health management: Enhancing the vitality of every employee**

TAKASAGO is a global corporate group with operations around the world. It is a place where diverse talents thrive. The diversity of our workforce is one of our most valuable assets for conducting business.

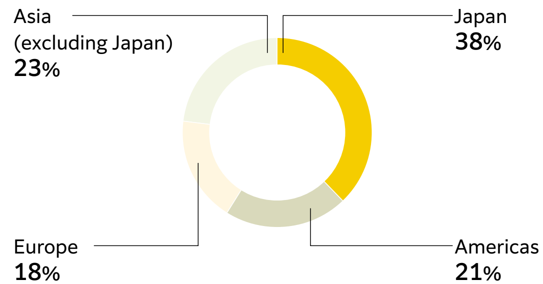
Number of Employees (persons)

4,154

Key Human Capital KPIs

- **Percentage of foreign executives: 12.5%**
- **Percentage of female employees: 36%**
- **Number of personnel in the Group R&D department: 966**
- **Human capital ROI: 88%**

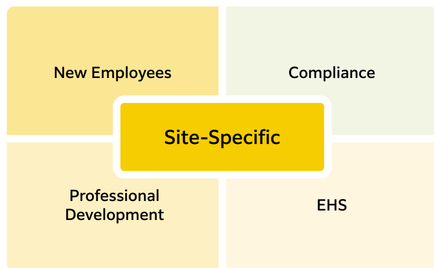
Global Workforce Distribution
(as of the end of March 2025)



To further strengthen our global talent base, the Global HR Team, which is led by the General Manager of Corporate Headquarters as its Chairperson and is composed of HR Directors from key sites, is promoting a unified talent strategy throughout the group. For example, we have introduced the group-wide Takasago Group Diversity Equity & Inclusion Policy and the Human Resources Development Statement, which is a set of global HR development guidelines, enhancing our overall HR framework. In addition, we have established a global performance evaluation system that integrates assessments from both local management and functional area leaders, ensuring that evaluations for global roles are fair and appropriate. Moving forward, we are advancing our organizational development in alignment with our management strategy.

Global Human Resource Development Policy

TAKASAGO conducts human resource development activities based on a global policy. In line with this approach, both group-wide and location-specific training programs are implemented. Global projects also provide valuable opportunities for developing talent throughout the organization. We are actively encouraging the participation of young employees in the ongoing global SAP project (ERP system integration), including for training purposes, and forming diverse teams that foster collaboration and growth.



Governance

34 Introduction of the Board of Directors and Audit & Supervisory Board Members
36 Message from Independent Outside Directors

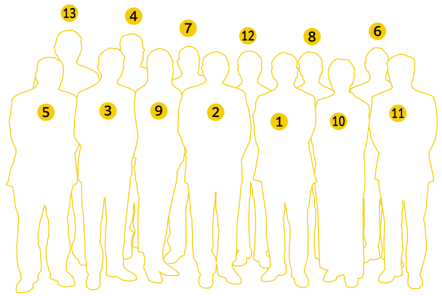
Sustainability Report 2025
P73-83

Introduction of the Board of Directors and Audit & Supervisory Board Members

Meetings Held (FY2024)

Board of Directors meetings held: 14

Audit & Supervisory Board meetings held: 16



The Board of Directors and Audit & Supervisory Board Members

Board of Directors

1 Satoshi Masumura
President & CEO
General Manager, EHS Headquarters

2 Ryoji Noyori
Board Member
External Director
Independent Officer

3 Tatsuya Yamagata
Board Member
General Manager,
Global Integration Headquarters,
Associate General Manager,
EHS Headquarters
Director, Global SAP Management Dept.
President, Takasago International Inc.

4 Kenichi Somekawa
Board Member
General Manager, Flavor Div.
Chairman, Takasago International (Guangzhou) Co., Ltd.

5 Fumihiro Yanaka
Board Member
General Manager, Corporate Research and Development Div.
General Manager, Fine Chemical Div.

6 Komei Matsuda
Board Member
External Director
Independent Officer

7 Naoki Mizuno
Board Member
General Manager, Corporate Supply Chain Management Div.
Chairman, Takasago International (Zhangjiagang) Co., Ltd

Board of Directors

8 Shigeki Kawabata
Board Member
General Manager, Corporate Strategy and Planning Div.
Director, Corporate Strategy and Planning Dept.
Director, Legal Dept.

9 Megumi Tsukamoto
Board Member
External Director
Independent Officer

10 Atsuko Tsuji
Board Member
External Director
Independent Officer

Audit & Supervisory Board

11 Kazuhisa Kobayashi
Corporate Auditor
Outside Auditor
Independent Officer

12 Hirokazu Isono
Corporate Auditor

13 Yasuo Nakae
Corporate Auditor
Outside Auditor
Independent Officer

Introduction of the Board of Directors and Audit & Supervisory Board Members

Skill matrix of Directors and Audit & Supervisory Board Members after the General Meeting of Shareholders

Name	Gender	Current positions in the Company	Organizational management	Research & development Production	ESG	Sales & marketing	Global	Finance Accounting	Legal risk management
Satoshi Masumura	Male	President & CEO	●	●	●				
Ryoji Noyori	Male	External Board Member	●	●	●				
Tatsuya Yamagata	Male	Board Member			●	●	●		
Kenichi Somekawa	Male	Board Member			●	●	●		
Fumihiro Yanaka	Male	Board Member		●	●		●		
Komei Matsuda	Male	External Board Member	●		●				●
Naoki Mizuno	Male	Board Member		●	●	●			
Shigeki Kawabata	Male	Board Member					●	●	●
Megumi Tsukamoto	Female	External Board Member			●		●		●
Atsuko Tsuji	Female	External Board Member		●	●		●		
Kazuhisa Kobayashi	Male	External Audit & Supervisory Board Member					●	●	●
Hirokazu Isono	Male	Audit & Supervisory Board Member			●			●	●
Yasuo Nakae	Male	External Audit & Supervisory Board Member	●		●		●		

(Notes) 1. A maximum of three of the main skills, etc., possessed by each person is marked with a ●.
2. Organizational management above is marked when Directors have management experience at the upper levels of an organization.

Reasons for the nomination of the candidate External Directors and outlines of their expected roles

Ryoji Noyori	As an expert in organic synthetic chemistry, Mr. Ryoji Noyori has long been engaged in research activities, received the Nobel Prize in Chemistry in 2001, and has experience in organization management after having served in prominent positions at leading research institutions in Japan. The Company expects him to provide advice to enhance the Company's technological capabilities, as well as proposals and advice that contribute to the enhancement of the Company's corporate value, from an objective perspective based on his experience and knowledge as a researcher and organization manager. Although he has no experience of being directly engaged in corporate management except as an External Director, he has been involved in the management of the Company as an External Director since June 2001. Accordingly, the Company believes that he is qualified to properly fulfill the responsibility of an External Director, and requests that he be reelected.
Komei Matsuda	As a legal professional, Mr. Komei Matsuda, has extensive knowledge of laws related to corporate activities through years of operational experience in the field of corporate legal affairs. The Company expects him to provide advice on corporate legal affairs and compliance, as well as proposals and advice that will contribute to improving management oversight, from an objective perspective based on his experience and knowledge as a legal professional. Although he has no experience of being directly engaged in corporate management except as an External Director, he has been involved in the management of the Company as an External Director since June 2017. Accordingly, the Company believes that he is qualified to properly fulfill the responsibility as an External Director, and requests that he be reelected.
Megumi Tsukamoto	Ms. Megumi Tsukamoto has years of operational experience in global companies and has experience in management as an Operating Director. The Company expects her to provide proposals and advice concerning rational management from an objective perspective as well as diversity and inclusion based on her abundant experience and knowledge. She has been involved in management of the Company as an External Director since June 2023 and accordingly, the Company believes that she is qualified to properly execute her duties as the Company's External Director, and requests that she be reelected.
Atsuko Tsuji	Ms. Atsuko Tsuji engaged in news media as a journalist in the science field over many years and has a wide range of knowledge and experience about scientific technologies, etc. The Company expects her to provide supervision of the Company's management from a third party's point of view, keeping fairness and proposals and advice that contribute to enhancing effective communication about the Company's technological capabilities and research and development results from an objective perspective based on her abundant experience and knowledge. Although she has no experience of being directly engaged in corporate management except as an External Director, she has been involved in the management of the Company as an External Director since June 2024. Accordingly, the Company believes that she is qualified to properly fulfill the responsibility as an External Director, and requests that she be reelected.

Corporate Officers

Takayuki Kibayashi
President, Takasago International Corporation (U.S.A.)
Managing Director for the Americas Region

Motonobu Sekine
General Manager, Human Resources and General Affairs Div.
Director, Human Resources and General Affairs Dept.
Director, Global Human Resources Office

Fuminori Sato
General Manager, Fragrance and Aroma Ingredients Div.
Director, Global Fragrance Business Strategy Dept.

Andy Arguelles
President, Takasago International (Singapore) Pte., Ltd.
President, Takasago Import and Export (Thailand) Ltd.

Akihiko Kawano
Associate General Manager, Flavor Div.

Paul Ireland
Director, Global Fragrance Business Div.

Hiroyasu Hirata
General Manager, Corporate Administration Div.
Director, Global Management Dept.
Director, China Business Office
Director, Investor Relations/Public Relations

Toshiyuki Murayama
Associate General Manager, Corporate Research and Development Div.
General Manager, Analytical Technology Research Laboratory

Kenji Yagi
General Manager, Procurement Div.

Makoto Emura
Associate General Manager, Corporate Research and Development Div.
General Manager, Biodesign Laboratory

Message from an Independent Outside Directors

Komei Matsuda
External Board Member

Takasago International Corporation is a global enterprise that delivers new value around the world through the medium of *kaori* (aroma in Japanese), an expression with infinite potential. I understand our corporate philosophy to mean that we are not merely a for-profit company that manufactures and sells flavors, fragrances and other products to generate profit. Rather, we also aim to propose and create new lifestyles and aspects of culture for people through our technologies related to *kaori*.

Today's society is rapidly shifting toward mutual respect for diverse values and demanding of transparency and fairness in every aspect of business. We have entered an era where matters like human rights, the environment, and diversity directly impact the evaluation of individuals and companies, and where that evaluation is instantly shared with the help of technology, including artificial intelligence (AI). It could be said we now live in a time where accepted values are repeatedly reconstructed at high speed, demanding that we constantly discover and reference the latest updated rules to inform our decision-making. As an independent outside director, it is expected that I fulfill my role as a legal expert by providing appropriate recommendations and advice from the perspective of corporate legal affairs and compliance. To meet this expectation effectively, I strive to maintain a keen awareness of the changes of the rules of society, not limited to the amendment of laws, by keeping my antennae tuned across multiple fronts. This is no easy task, but it is a highly rewarding job.

Now, the arrival of this era is a significant business opportunity for the Takasago International Corporation. The rapid and repeated restructuring of values means that the number of opportunities to propose new lifestyles and aspects of culture are increasing dramatically. The products and services our group creates through innovation rooted in *kaori* possess the power to directly influence human sensibilities, health, and even memory and behavior, thereby directly impacting people's lives and culture. If we can effectively harness this power, we believe there are opportunities everywhere for our group to introduce new aspects of culture to the world.

However, there is an important prerequisite for capitalizing on this opportunity. No matter how excellent our products or services may be, our proposals will not be accepted if society does not trust Takasago International Corporation as a whole. In other words, consistently demonstrating to society the sincere positions of our corporation grounded in compliance is an essential prerequisite for the solidification of our qualifications as a company that proposes new aspects of culture and for expanding our sphere of activity. The challenge in implementing compliance activities lies not in simply applying uniform rules, but in discerning through one's own conscience and judgment what constitutes honest and fair conduct in the face of diverse and complex situations. In this regard, Takasago International Corporation's Vision 2040 sets forth a fundamental principle and decision-making criterion: Care for People, Respect the Environment. This is not mere idealism, but a practical philosophy. They are sincere actions that consider the environment and society and ultimately build trust, enabling the company to achieve both value and profit. When faced with difficult decisions, I ask that you return to this fundamental principle and act with pride and responsibility. I, too, intend to spare no effort in this area.

Financial and Non-Financial Indicators

38 Table of Financial and Non-Financial Indicators
39 Corporate Overview

Table of Financial and Non-Financial Indicaters

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Medium-Term Management Plan		GP-3			One-T			NGP-1		NGP-2
Consolidated Financial Results (Unit: Million yen)										
Net Sales	141,660	136,764	141,592	150,516	152,455	150,367	162,440	186,792	195,940	**229,207**
Operating Income	6,635	7,159	6,358	5,837	2,660	6,289	8,812	5,947	2,316	**15,341**
Ordinary Income	6,036	7,745	6,720	6,764	2,854	7,281	10,165	7,958	4,707	**15,311**
Profit Attributable to Owners of Parent	4,880	6,327	7,000	4,772	3,408	7,154	8,909	7,393	2,698	**13,325**
Capital Expenditures	11,301	7,331	6,354	4,514	7,852	7,300	7,967	8,222	10,459	**11,799**
Depreciation	4,815	5,422	5,792	6,196	6,495	6,554	6,912	7,378	7,860	**8,114**
Research and Development Expenses	11,759	11,662	12,195	12,217	12,005	11,655	12,888	14,166	15,650	**17,664**
Net Assets	81,613	87,211	98,402	97,396	94,775	101,349	110,294	121,953	130,880	**146,394**
Cash Flows from Operating Activities	8,465	14,747	8,478	6,113	1,190	13,733	11,568	5,821	10,011	**18,922**
Cash Flows from Investing Activities	(11,397)	(7,010)	(7,187)	(5,816)	(6,288)	(4,275)	(7,258)	(3,276)	(6,818)	**(9,127)**
Free Cash Flow	(2,932)	7,737	1,291	297	(5,098)	9,458	4,310	2,545	3,193	**9,795**
Cash Flows from Financing Activities	1,381	(5,471)	(3,973)	(2,180)	157	(7,860)	(2,364)	(2,039)	(453)	**6,882**
Per Share Information (Unit: Yen)										
Earnings per Share (EPS)	246.02	319.58	354.66	241.67	173.49	364.81	453.94	376.59	138.61	**683.89**
Net Assets per Share (BPS)	4,033.12	4,341.83	4,907.21	4,859.83	4,768.14	5,096.68	5,531.65	6,178.67	6,627.13	**7,398.65**
Dividend per Share	29	50	55	50	65	55	70	70	70	**240**
Financial Indicators (Unit: %)										
Operating Income Margin	4.7	5.2	4.5	3.9	1.7	4.2	5.4	3.2	1.2	**6.7**
Return on Equity (ROE)	6.2	7.6	7.7	4.9	3.6	7.4	8.5	6.5	2.2	**9.8**
Return on Assets (ROA)	3.5	4.4	3.5	3.6	1.5	4.0	5.3	3.9	2.1	**6.2**
Equity Ratio	46.1	48.4	51.0	51.5	51.1	54.2	55.2	56.7	56.5	**55.0**
Non-Financial Indicators										
Number of Employees (People)	3,249	3,339	3,354	3,470	3,572	3,719	3,756	3,913	4,041	**4,154**
Number of Overseas Employees (People)	1,792	1,841	1,846	1,945	2,061	2,154	2,186	2,333	2,450	**2,555**
Number of Female Managers in Japan (People)	58	59	61	65	67	72	78	78	88	**90**
Total Energy Consumption (GWh)	384	412	431	440	445	411	392	395	372	**374**
Greenhouse Gas (GHG) Emissions – Scope 1 (tCO_2e)	26,923	28,325	31,309	31,933	32,727	32,457	30,076	29,676	28,866	**30,887**
Greenhouse Gas (GHG) Emissions – Scope 2 (tCO_2e)	36,953	41,173	41,608	35,888	34,362	32,961	31,503	32,269	30,144	**25,913**

The number of employees refers to the number of working personnel (excluding those seconded from the Takasago Group to external organizations, and including those seconded from external organizations to the Takasago Group).

Corporate Overview (As of March 31, 2025)

Company Name: Takasago International Corporation

Head Office: Nissei Aroma Square 17F5-37-1 Kamata, Ota-ku, Tokyo 144-8721, Japan

Tel: +81-3-5744-0511 (main)

Founded: February 9, 1920

Representative: Satoshi Masumura, President and CEO

Business Activities: Manufacture and sale (including import and export) of flavors, fragrances, aroma ingredients, and fine chemicals

Net Sales (Consolidated): JPY 229.2 billion (fiscal year ended March 31, 2025)

Capital: JPY 9.2 billion

The Meaning Embodied in Our Corporate Mark Square

Through Technology and Teamwork,
We Gain Trust.

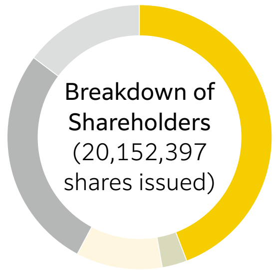
Status of Shares

Total Authorized Shares: 60,000,000

Total Shares Issued: 20,152,397

Number of Shareholders: 4,965

Shareholding Distribution



- Financial Institutions: 44.3%
- Securities Companies: 3.0%
- Other Domestic Corporations: 10.5%
- Foreign Corporations, etc.: 27.6%
- Individuals and Others: 14.6%

Note: "Individuals and Others" includes treasury shares (3.3%).

Major Shareholders

Shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	1,890	9.7
Nippon Life Insurance Company	1,468	7.5
Custody Bank of Japan, Ltd. (trust account)	998	5.1
BNP Paribas Paris/2S/JASDEC French residents	994	5.1
MUFG Bank, Ltd.	947	4.9
Kyoei Fire & Marine Insurance Co., Ltd.	780	4.0
Nakae Sangyo Co., Ltd.	720	3.7
Takasago Employees' Stockholding Association	473	2.4
The Kiyo Bank, Ltd.	471	2.4
J.P. Morgan SE – Luxembourg Branch 381639	440	2.3

The Company holds 661,966 shares of treasury stock; however, these shares are excluded from the list of major shareholders. The shareholding ratios are calculated by deducting treasury stock from the total number of issued shares. The shareholdings of The Master Trust Bank of Japan, Ltd. (Trust Account) and Custody Bank of Japan, Ltd. (Trust Account) include shares held for trust-related services.