

Consolidated Financial Statements
The Third Quarter of the Fiscal Year ended
March 31st, 2025
(From April 1st, 2024 to December 31st, 2024)

Takasago International Corporation

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

1. Business Results

During the third quarter of this consolidated fiscal year, the Japanese economy recovered moderately, although there were signs of weakness in parts of the areas.

As for overseas economies, Americas and Europe remained firm due to slowing inflation, and grew moderately.

With regard to the outlook for the Japanese economy, although moderate growth is expected to continue, uncertainties remain high with regard to overseas economic and price trends, resource price trends, and other factors, including China's economic downturn against the backdrop of the real estate recession, the prolonged invasion of Ukraine, geopolitical risks such as the situation in the Middle East, and the economic policies of the new administration of the United States. The impact of exchange rate fluctuations on the economy also needs to be closely monitored.

The flavor and fragrance industry remained steady in line with global economic trends. The operating environment continues to be competitive, but the market is expected to grow steadily in China and Southeast Asia, which continue to grow, as well as in the mature markets of Europe and the United States.

Given these situations, under “Vision 2040” with the slogan, “Care for People, Respect the Environment”, the Takasago Group has promoted a new mid-term management plan “New Global Plan-2 (NGP-2)” (2024-2026).

During the third quarter of the consolidated fiscal year, consolidated net sales increased 18.3% from the same period of the previous year for the period totaled ¥175,701 million.

Looking at the business segment, net sales in the flavors business increased 9.9% year on year, to ¥92,075 million due to the solid performance in the U.S. subsidiary. In the fragrance business, net sales increased 20.3% year on year, to ¥55,908 million, as the shipment adjustment situation improved at the U.S. subsidiary. In the aroma Ingredients business, net sales increased 22.8% year on year, to ¥11,702 million, due to the strong sales of specialty. In the fine Chemicals business, net sales increased 93.7% year on year, to ¥14,957 million due to the strong performance of pharmaceutical intermediates.

In the other business, the real estate business, net sales increased 0.0% year on year, to ¥1,056 million. A weaker yen also contributed to the increase in sales due to the high ratio of overseas sales.

In terms of profit, operating profit during this period increased 401.3% year on year, to ¥13,083 million. Ordinary profit increased 247.9% year on year, to ¥14,065 million. Net income attributable to owners of parent increased 225.6% year on year, to ¥10,562 million.

By region, net sales in Japan increased 0.7% year on year, to ¥55,719 million, due to the steady performance in the beverage category. Operating profit increased 1,493.0% year on year, to ¥4,282 million, due to an improved profit margin from an optimized product mix in the aroma ingredients business and increased inter-segment sales in the fine chemical business.

In the Americas, net sales increased 36.9% year on year, to ¥52,639 million and operating profit increased 263.8% year on year, to ¥2,818 million, due to an improvement in gross profit through optimization of product mix, selling prices, and raw material, in addition to an improved shipment adjustment situation that occurred with the implementation of the new enterprise system at a US subsidiary at the end of the previous period.

In Europe, net sales increased 22.6% year on year, to ¥29,840 million due to the powerful performance in the French and German subsidiaries, and operating profit was ¥1,864 million (operating loss was ¥327 million in the previous year), due to improved gross profit through optimization of product mix, selling prices and raw material.

In Asia, sales increased 23.2% to ¥37,501 million and operating profit increased 102.1% to ¥3,873 million due to strong sales at the Indonesian and others subsidiary.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31 st , 2024	As of December 31 st , 2024
Assets		
Current Assets		
Cash and deposits	18,333	14,104
Notes and accounts receivable	45,568	55,282
Electronically recorded monetary claim	2,784	2,412
Merchandise and finished goods	30,964	29,862
Work in progress	298	303
Raw materials and supplies	24,193	26,675
Others	4,102	4,974
Allowance for doubtful accounts	(207)	(182)
Total current assets	126,038	133,432
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	31,638	32,213
Others(net)	33,444	35,551
Total property, plant and equipment	65,083	67,765
Intangible asset	4,710	4,189
Investments and other assets		
Investment in securities	24,433	24,998
Others	8,631	8,307
Allowance for doubtful accounts	(469)	(465)
Total investments and other assets	32,595	32,840
Total non-current assets	102,388	104,795
Total Assets	228,427	238,228

(Millions of yen)

	As of March 31 st , 2024	As of December 31 st , 2024
Liabilities		
Current liabilities		
Notes and accounts payable	18,935	25,391
Short-term loans payable	23,944	16,068
Current portion of long-term loans payable	9,464	8,260
Income taxes payable	815	1,951
Provision for bonuses	2,095	1,059
Provision for directors' bonuses	42	31
Others	13,769	14,132
Total current liabilities	69,068	66,895
Non-current liabilities		
Long-term loans payable	13,327	15,101
Provision for directors' retirement benefits	21	18
Allowance for litigation losses	156	353
Net defined benefits liability	9,606	9,849
Others	5,367	5,940
Total non-current liabilities	28,479	31,263
Total liabilities	97,547	98,158
Net assets		
Shareholders' equity		
Capital stock	9,248	9,248
Capital surplus	8,389	8,412
Retained earnings	89,919	98,241
Treasury stock	(1,652)	(1,611)
Total shareholders' equity	105,906	114,290
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	11,139	11,451
Deferred gains (losses) on hedges	4	3
Foreign currency translation adjustments	10,920	11,206
Remeasurements of defined benefit plans	1,083	1,060
Total accumulated other comprehensive income	23,148	23,722
Non-controlling interests	1,825	2,056
Total net assets	130,880	140,069
Total liabilities and net assets	228,427	238,228

(2) Quarterly Consolidated Statements of Profit and Quarterly Consolidated Comprehensive Income

[Quarterly consolidated statements of income]

	(Millions of yen)	
	3 rd quarter of FY2023 (From April 1 st , 2023 to December 31 st , 2023)	3 rd quarter of FY2024 (From April 1 st , 2024 to December 31 st , 2024)
Net sales	148,572	175,701
Cost of sales	106,031	116,220
Gross profit	42,541	59,480
Selling, general and administrative expenses	39,931	46,397
Operating profit	2,609	13,083
Non-operating income		
Interest income	93	87
Dividends income	474	491
Equity in earnings of affiliates	—	336
Foreign exchange gains	1,129	408
Others	338	365
Total non-operating income	2,036	1,689
Non-operating expenses		
Interest expenses	394	595
Equity in losses of affiliates	163	—
Others	45	112
Total non-operating expenses	603	707
Ordinary profit	4,043	14,065
Extraordinary income		
Gain on sales of non-current assets	3	13
Gain on sales of investment in securities	727	395
Others	—	20
Total extraordinary income	730	430
Extraordinary losses		
Loss on disposal of non-current assets	39	38
Loss on valuation of investment securities	11	1
Provision for loss on litigation	—	200
Total extraordinary losses	50	240
Profit before profit taxes	4,723	14,254
Profit taxes—current	721	2,897
Profit taxes—deferred	658	489
Total income taxes	1,379	3,386
Net income	3,344	10,868
Net income attributable to non-controlling interests	100	306
Net income attributable to owners of parent	3,243	10,562

[Quarterly consolidated statements of Comprehensive Income]

	(Millions of yen)	
	3 rd quarter of FY2023 (From April 1 st , 2023 to December 31 st , 2023)	3 rd quarter of FY2024 (From April 1 st , 2024 to December 31 st , 2024)
Net income	3,344	10,868
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	(193)	312
Deferred gains (losses) on hedges	(9)	(0)
Foreign currency translation adjustment	7,479	322
Remeasurements of defined benefit plans	62	(23)
Share of other comprehensive income of associates accounted for using equity method	257	3
Total other comprehensive income	7,596	613
Comprehensive income	10,940	11,482
(Break down)		
Comprehensive income attributable to owners of the parent	10,711	11,136
Comprehensive income attributable to non-controlling interests	228	345

3. Segment Information

(1) The third quarter of the fiscal year ended March 31st, 2024 (April 1st, 2023 – December 31st, 2023)

1.Information Concerning Sales and Profit or Loss Amount by Reporting Segment and Breakdown of Revenue

(Millions of yen)

	Japan	Americas	Europe	Asia	Total	Adjustment amount *1	Quarterly consolidated statement of income amount *2
Net sales The flavors and fragrances business*3	54,277	38,444	24,344	30,449	147,516	—	147,516
Revenue from contracts with customers	54,277	38,444	24,344	30,449	147,516	—	147,516
Other revenue*4	1,056	—	—	—	1,056	—	1,056
External sales	55,334	38,444	24,344	30,449	148,572	—	148,572
Inter-segment sales or transfers	10,137	281	2,978	234	13,632	(13,632)	—
Total	65,471	38,726	27,323	30,684	162,205	(13,632)	148,572
Segment profit or loss	268	774	(327)	1,916	2,632	(22)	2,609

Notes

1. The segment profit or loss adjustments amount, (22) million yen, includes 317 million yen in adjustments for intersegment revenue related to intersegment transaction, (88) million yen in adjustments for inventories related to intersegment transaction and (252) million yen in others.
2. Segment profit or loss is adjusted with operating profit, as recorded in quarterly consolidated statements of income.
3. In the flavors and fragrances business, core business is manufacturing and sales of flavors, fragrances, aroma ingredients, and fine chemicals. Sales in the business consist primarily of revenue from goods transferred to customers at a point in time.
4. Other revenue consists of lease revenue related to the other real estate business.

(2) The third quarter of the fiscal year ended March 31st, 2025 (April 1st, 2024 – December 31st, 2024)

1.Information Concerning Sales and Profit or Loss Amount by Reporting Segment and Breakdown of Revenue

(Millions of yen)

	Japan	Americas	Europe	Asia	Total	Adjustment amount *1	Quarterly consolidated statement of income amount *2
Net sales							
The flavors and fragrances business*3	54,662	52,639	29,840	37,501	174,644	—	174,644
Revenue from contracts with customers	54,662	52,639	29,840	37,501	174,644	—	174,644
Other revenue*4	1,056	—	—	—	1,056	—	1,056
External sales	55,719	52,639	29,840	37,501	175,701	—	175,701
Inter-segment sales or transfers	17,814	484	2,947	328	21,575	(21,575)	—
Total	73,534	53,124	32,787	37,829	197,276	(21,575)	175,701
Segment profit	4,282	2,818	1,864	3,873	12,839	243	13,095

Notes

1. The segment profit adjustments amount, 243million yen, includes 402 million yen in adjustments for intersegment revenue related to intersegment transaction, 151 million yen in adjustments for inventories related to intersegment transaction and (311) million yen in others.
2. Segment profit is adjusted with operating profit, as recorded in quarterly consolidated statements of income.
3. In the flavors and fragrances business, core business is manufacturing and sales of flavors, fragrances, aroma ingredients, and fine chemicals. Sales in the business consist primarily of revenue from goods transferred to customers at a point in time.
4. Other revenue consists of lease revenue related to the other real estate business.