

Translation

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**Summary of Consolidated Financial Results
for the Year Ended September 30, 2018
(Based on Japanese GAAP)**

November 9, 2018

Company name: T. HASEGAWA CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 4958 URL <http://www.t-hasegawa.co.jp/>
 Representative: President & COO Takao Umino
 Inquiries: Director & Executive Vice President Minoru Nakamura TEL 03-3241-1151
 Scheduled date of ordinary general meeting of shareholders: December 20, 2018
 Scheduled date to file Securities Report: December 21, 2018
 Scheduled date to commence dividend payments: December 4, 2018
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2018 (from October 1, 2017 to September 30, 2018)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended September 30, 2018	49,751	3.6	5,058	(9.8)	5,512	(9.6)	4,100	(4.6)
Year ended September 30, 2017	48,001	0.9	5,606	8.6	6,101	18.1	4,299	18.2

Note: Comprehensive income Year ended September 30, 2018 ¥8,599 million [(3.8)%]
 Year ended September 30, 2017 ¥8,937 million [413.9%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2018	96.64	96.43	4.5	4.8	10.2
Year ended September 30, 2017	101.35	101.19	5.1	5.8	11.7

Reference: Investment profit (loss) on equity method Year ended September 30, 2018 ¥- million
 Year ended September 30, 2017 ¥- million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2018	119,235	94,582	79.2	2,225.19
As of September 30, 2017	109,836	87,528	79.6	2,060.94

Reference: Equity As of September 30, 2018 ¥94,432 million
 As of September 30, 2017 ¥87,438 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended September 30, 2018	5,894	(3,624)	(1,534)	17,221
Year ended September 30, 2017	4,860	(9,456)	(1,519)	16,511

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2017	–	16.00	–	19.00	35.00	1,484	34.5	1.8
Year ended September 30, 2018	–	17.00	–	18.00	35.00	1,485	36.2	1.6
Year ending September 30, 2019 (Forecast)	–	17.00	–	18.00	35.00		33.9	

3. Forecast of consolidated financial results for the year ending September 30, 2019 (from October 1, 2018 to September 30, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	52,200	4.9	5,500	8.7	5,900	7.0	4,300	4.9	103.39

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2018

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2018	42,708,154 shares	As of September 30, 2017	42,708,154 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	270,025 shares	As of September 30, 2017	281,719 shares
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Average number of shares during the period

Year ended September 30, 2018	42,435,512 shares	Year ended September 30, 2017	42,426,645 shares
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Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended September 30, 2018 (from October 1, 2017 to September 30, 2018)

(1) Non-consolidated financial results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended September 30, 2018	36,907	0.9	3,977	2.8	4,470	2.4	3,247	0.7
Year ended September 30, 2017	36,572	(0.6)	3,868	9.6	4,363	18.6	3,225	22.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended September 30, 2018	76.54	76.37
Year ended September 30, 2017	76.03	75.91

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2018	108,291	86,249	79.5	2,028.85
As of September 30, 2017	99,553	79,636	79.9	1,874.91

Reference: Equity As of September 30, 2018 ¥86,100 million

As of September 30, 2017 ¥79,545 million

2. Forecast of non-consolidated financial results for the year ending September 30, 2019 (from October 1, 2018 to September 30, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	38,000	3.0	4,150	4.4	4,580	2.5	3,310	1.9	79.58

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

The forward-looking statements, including the earnings forecasts, shown in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual results may differ substantially due to various factors.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2017	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	10,802	12,121
Notes and accounts receivable - trade	16,893	17,141
Securities	5,999	6,999
Merchandise and finished goods	6,530	7,086
Work in process	160	111
Raw materials and supplies	6,004	7,304
Deferred tax assets	632	626
Other	1,681	980
Allowance for doubtful accounts	(8)	(5)
Total current assets	48,694	52,366
Non-current assets		
Property, plant and equipment		
Buildings and structures	38,159	38,386
Accumulated depreciation	(20,205)	(21,231)
Buildings and structures, net	17,953	17,155
Machinery, equipment and vehicles	34,453	35,114
Accumulated depreciation	(29,715)	(30,400)
Machinery, equipment and vehicles, net	4,737	4,714
Tools, furniture and fixtures	6,561	6,924
Accumulated depreciation	(5,329)	(5,615)
Tools, furniture and fixtures, net	1,232	1,308
Land	7,064	7,081
Construction in progress	257	355
Total property, plant and equipment	31,245	30,615
Intangible assets		
Goodwill	3,885	3,480
Customer relationship	3,033	2,901
Other	890	901
Total intangible assets	7,809	7,283
Investments and other assets		
Investment securities	21,202	28,071
Deferred tax assets	24	25
Net defined benefit asset	18	21
Other	897	900
Allowance for doubtful accounts	(57)	(49)
Total investments and other assets	22,086	28,970
Total non-current assets	61,141	66,868
Total assets	109,836	119,235

(Millions of yen)

	As of September 30, 2017	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,540	5,280
Current portion of long-term loans payable	4	0
Income taxes payable	839	663
Provision for bonuses	1,264	1,299
Provision for directors' bonuses	67	63
Other	2,818	3,357
Total current liabilities	10,534	10,664
Non-current liabilities		
Long-term loans payable	4	1
Deferred tax liabilities	4,012	6,097
Net defined benefit liability	6,631	6,826
Asset retirement obligations	70	68
Long-term accounts payable - other	997	914
Other	56	80
Total non-current liabilities	11,772	13,988
Total liabilities	22,307	24,652
Net assets		
Shareholders' equity		
Capital stock	5,364	5,364
Capital surplus	7,292	7,295
Retained earnings	62,438	64,917
Treasury shares	(323)	(309)
Total shareholders' equity	74,772	77,268
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,435	17,253
Foreign currency translation adjustment	468	261
Remeasurements of defined benefit plans	(237)	(350)
Total accumulated other comprehensive income	12,665	17,164
Share acquisition rights	90	149
Total net assets	87,528	94,582
Total liabilities and net assets	109,836	119,235

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
Net sales	48,001	49,751
Cost of sales	29,245	30,619
Gross profit	18,756	19,132
Selling, general and administrative expenses		
Packing and transportation expenses	810	910
Salaries and allowances	5,338	5,711
Provision for bonuses	838	864
Provision for directors' bonuses	67	63
Retirement benefit expenses	481	485
Welfare expenses	1,182	1,200
Depreciation	840	963
Amortization of goodwill	208	430
Other	3,381	3,442
Total selling, general and administrative expenses	13,149	14,073
Operating profit	5,606	5,058
Non-operating income		
Interest income	33	62
Dividend income	260	304
Foreign exchange gains	173	–
Other	88	108
Total non-operating income	556	475
Non-operating expenses		
Interest expenses	3	0
Foreign exchange losses	–	15
Rent expenses on facilities	43	–
Other	14	5
Total non-operating expenses	62	21
Ordinary profit	6,101	5,512
Extraordinary income		
Gain on sales of non-current assets	75	–
Gain on sales of investment securities	55	63
Total extraordinary income	131	63
Extraordinary losses		
Loss on abandonment of non-current assets	95	54
Total extraordinary losses	95	54
Profit before income taxes	6,137	5,521
Income taxes - current	1,613	1,395
Income taxes - deferred	224	24
Total income taxes	1,837	1,420
Profit	4,299	4,100
Profit attributable to owners of parent	4,299	4,100

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
Profit	4,299	4,100
Other comprehensive income		
Valuation difference on available-for-sale securities	2,740	4,817
Foreign currency translation adjustment	1,835	(206)
Remeasurements of defined benefit plans, net of tax	61	(112)
Total other comprehensive income	4,637	4,498
Comprehensive income	8,937	8,599
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,937	8,599
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended September 30, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,364	7,292	59,538	(322)	71,873
Changes of items during period					
Change of scope of consolidation					
Dividends of surplus			(1,400)		(1,400)
Profit attributable to owners of parent			4,299		4,299
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,899	(0)	2,898
Balance at end of current period	5,364	7,292	62,438	(323)	74,772

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	9,695	(1,367)	(299)	8,028	37	79,939
Changes of items during period						
Change of scope of consolidation						
Dividends of surplus						(1,400)
Profit attributable to owners of parent						4,299
Purchase of treasury shares						(0)
Disposal of treasury shares						
Net changes of items other than shareholders' equity	2,740	1,835	61	4,637	52	4,690
Total changes of items during period	2,740	1,835	61	4,637	52	7,589
Balance at end of current period	12,435	468	(237)	12,665	90	87,528

Fiscal year ended September 30, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,364	7,292	62,438	(323)	74,772
Changes of items during period					
Change of scope of consolidation			(94)		(94)
Dividends of surplus			(1,527)		(1,527)
Profit attributable to owners of parent			4,100		4,100
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		3		13	17
Net changes of items other than shareholders' equity					
Total changes of items during period	-	3	2,479	13	2,495
Balance at end of current period	5,364	7,295	64,917	(309)	77,268

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	12,435	468	(237)	12,665	90	87,528
Changes of items during period						
Change of scope of consolidation						(94)
Dividends of surplus						(1,527)
Profit attributable to owners of parent						4,100
Purchase of treasury shares						(0)
Disposal of treasury shares						17
Net changes of items other than shareholders' equity	4,817	(206)	(112)	4,498	58	4,557
Total changes of items during period	4,817	(206)	(112)	4,498	58	7,053
Balance at end of current period	17,253	261	(350)	17,164	149	94,582

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	6,137	5,521
Depreciation	2,842	2,986
Amortization of goodwill	208	430
Increase (decrease) in long-term accounts payable - other	(29)	(83)
Share-based compensation expenses	52	76
Increase (decrease) in provision for bonuses	125	37
Increase (decrease) in provision for directors' bonuses	8	(3)
Increase (decrease) in allowance for doubtful accounts	4	(10)
Increase (decrease) in net defined benefit liability	130	32
Decrease (increase) in net defined benefit asset	(15)	(3)
Interest and dividend income	(294)	(366)
Interest expenses	3	0
Foreign exchange losses (gains)	(80)	(1)
Loss on abandonment of non-current assets	95	54
Loss (gain) on sales of intangible assets	(75)	-
Loss (gain) on sales and valuation of investment securities	(56)	(63)
Decrease (increase) in notes and accounts receivable - trade	(1,114)	(280)
Decrease (increase) in inventories	(948)	(1,783)
Increase (decrease) in notes and accounts payable - trade	(270)	548
Increase (decrease) in accrued consumption taxes	112	(47)
Other, net	(620)	73
Subtotal	6,213	7,117
Interest and dividend income received	292	346
Interest expenses paid	(4)	(0)
Income taxes paid	(1,642)	(1,569)
Net cash provided by (used in) operating activities	4,860	5,894
Cash flows from investing activities		
Payments into time deposits	(289)	(2,088)
Proceeds from withdrawal of time deposits	33	445
Purchase of property, plant and equipment	(3,156)	(1,816)
Proceeds from sales of property, plant and equipment	4	14
Payments for retirement of property, plant and equipment	(130)	(44)
Purchase of intangible assets	(64)	(148)
Proceeds from sales of intangible assets	284	-
Purchase of investment securities	(30)	(31)
Proceeds from sales of investment securities	78	90
Payments of short-term loans receivable	(25)	-
Purchase of shares of subsidiaries	(6,160)	(41)
Payments for asset retirement obligations	-	(2)
Net cash provided by (used in) investing activities	(9,456)	(3,624)

(Millions of yen)

	Fiscal year ended September 30, 2017	Fiscal year ended September 30, 2018
Cash flows from financing activities		
Repayments of long-term loans payable	(118)	(7)
Purchase of treasury shares	(0)	(0)
Proceeds from sales of treasury shares	–	0
Cash dividends paid	(1,399)	(1,526)
Net cash provided by (used in) financing activities	(1,519)	(1,534)
Effect of exchange rate change on cash and cash equivalents	314	(51)
Net increase (decrease) in cash and cash equivalents	(5,802)	683
Cash and cash equivalents at beginning of period	22,313	16,511
Increase in cash and cash equivalents from newly consolidated subsidiary	–	25
Cash and cash equivalents at end of period	16,511	17,221

Segment Information

1. Outline of reportable segments

The T.Hasegawa group's reportable segments are components of the group for which separate financial information is available. These segments are periodically evaluated by the Board of Directors when deciding how to allocate management resources and when assessing performance.

The T.Hasegawa group primarily engages in the manufacture and sales of fragrance and flavor products. Japan is in charge of the area including domestic market and overseas countries except for China, Malaysia, Indonesia, and the U.S., and there are each subsidiary in China, Malaysia, Indonesia and the U.S. The subsidiaries have self-management system in each country and these subsidiaries develop comprehensive strategy based on global strategy made by the company, and engage in business activities on a regional basis.

Thus, the T.Hasegawa group is composed of segments separated by the location of group companies, whose location is determined by the production and sales structure, and defines the three segments of "Japan," "Asia," and "USA," as reportable segments.

In addition, in the previous consolidated fiscal year, FLAVOR INGREDIENT HOLDINGS, LLC (Main Office: California, the US) had become a wholly owned subsidiary by acquisition of all the outstanding shares, which was included in the scope of consolidation in USA segment, and in the current consolidated accounting period, PT. HASEGAWA FLAVOURS AND FRAGRANCES INDONESIA, which was formerly a non-consolidated subsidiary, was added to the scope of consolidation. In addition, the company was included in the reporting segment "Asia".

2. Calculation method of net sales, profit or loss, assets, and other items in reportable segments

The accounting method used for reportable segments is the same as the method stated in "Significant Basic Items for Preparation of Consolidated Financial Statements."

In the current consolidated accounting period, the Company changed its management KPI from ordinary income to operating income. To effect this change, the presentation of segment profit or loss was changed from ordinary income to operating income. To make the presentations on the consolidated statement of operations comparable year to year, segment profit for the year ended September 30, 2017 was restated accordingly.

Inter-segment sales or transfers are based on current market prices.

3. Information of net sales, profit or loss, assets, and other items for each reportable segment

(1) Fiscal year ended September 30, 2017

(From October 1, 2016 to September 30, 2017)

(Millions of yen)

	Reportable segment				Adjustment (Note 1,2)	Consolidated (Note 3)
	Japan	Asia	USA	Total		
Net sales						
Sales to external customers	36,077	7,737	4,186	48,001	—	48,001
Inter-segment sales or transfers	506	356	423	1,286	(1,286)	—
Total	36,583	8,094	4,609	49,288	(1,286)	48,001
Segment profit	3,935	1,296	284	5,516	89	5,606
Segment assets	99,882	17,185	10,144	127,211	(17,375)	109,836
Other items						
Depreciation	2,040	519	282	2,842	—	2,842
Amortization of Goodwill	—	135	72	—	—	208
Interest income	21	32	0	53	(19)	33
Interest expenses	0	8	14	23	(19)	3
Increase in property, plant and equipment and intangible assets	1,440	986	339	2,766	—	2,766
Term-end balance of Goodwill	—	1,023	2,862	—	—	3,885

Notes

1. The adjustments on segment profit of 89 million yen include 64 million yen of inter-segment transactions, 25 million yen of adjustments for inventories related to inter-segment transactions, and negative 0 million yen for others.
2. The adjustments for segment assets of negative 17,375 million yen include adjustments for negative 17,303 million yen of inter-segment transaction and corporate assets, and negative 72 million yen of inventories related to inter-segment transactions, and 0 million yen for others.
3. Segment profit is adjusted to operating income of consolidated statements of income.

(2) Fiscal year ended September 30, 2018
(From October 1, 2017 to September 30, 2018)

(Millions of yen)

	Reportable segment				Adjustment (Note 1,2)	Consolidated (Note 3)
	Japan	Asia	USA	Total		
Net sales						
Sales to external customers	36,097	8,045	5,608	49,751	—	49,751
Inter-segment sales or transfers	810	441	101	1,353	(1,353)	—
Total	36,907	8,487	5,710	51,105	(1,353)	49,751
Segment profit	4,008	755	259	5,024	34	5,058
Segment assets	108,698	17,717	10,383	136,798	(17,563)	119,235
Other items						
Depreciation	2,009	567	410	2,986	—	2,986
Amortization of Goodwill	—	145	285	—	—	430
Interest income	18	61	0	79	(17)	62
Interest expenses	0	2	12	15	(15)	0
Increase in property, plant and equipment and intangible assets	1,697	483	218	2,400	—	2,400
Term-end balance of Goodwill	—	906	2,573	—	—	3,480

Notes

1. The adjustments on segment profit of 34 million yen include 85 million yen of inter-segment transactions, negative 66 million yen of adjustments for inventories related to inter-segment transactions, and 15 million yen for others.
2. The adjustments for segment assets of negative 17,563 million yen include adjustments for negative 17,453 million yen of inter-segment transaction and corporate assets, and negative 125 million yen of inventories related to inter-segment transactions, and 15 million yen for others.
3. Segment profit is adjusted to operating income of consolidated statements of income.