



香りを言葉にする。 科学と感性。

香りは時として雄弁になり、数多くの情報を発信します。

コミュニケーションが多様になるごとに

香りも進化が求められています。

香料の可能性は無限です。そして、大きな期待がかけられています。

科学と感性が融合した高品位な技術力。

私たち長谷川香料は高レベルでの研究開発と製造技術を追求してきました。

分析、合成、調香など、長年積み重ねてきた

さまざまな分野の技術力を結集し、

多角的な視点で香りをカタチにしています。

ここには伝統の技術力と未来を見据えた先端技術があります。

香りに未来を描く。

香りに感動を込める。



Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2025

May 22, 2025

T. HASEGAWA CO., LTD.

I . Overview of Financial Statements

II . Business Environment

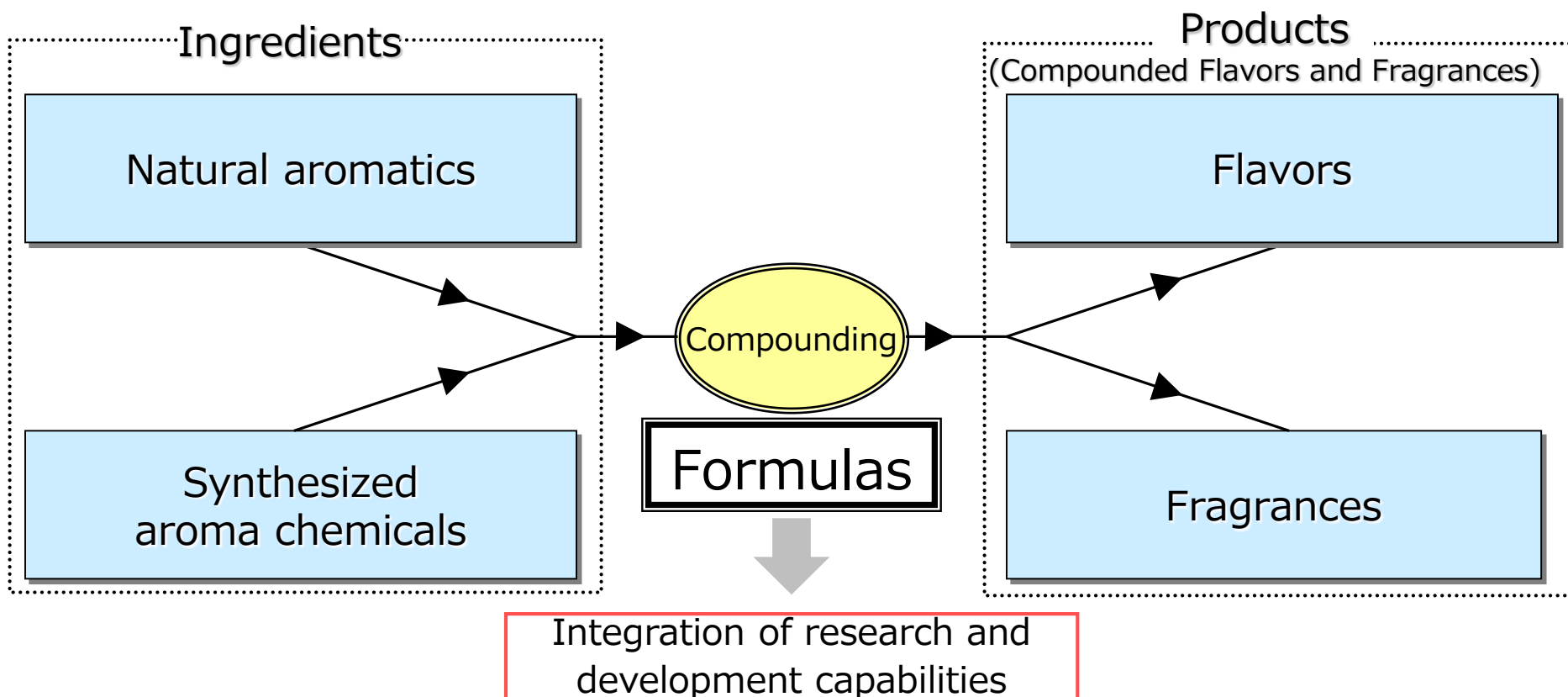
III . Global Strategy

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I . Overview of Financial Statements



Flavorists : Experts who formulate flavors






Perfumers : Experts who formulate fragrances

Flavors and fragrances are in accordance with customer requests

⇒ Formulas created by flavorists and perfumers based on experience are invaluable assets for flavor and fragrance companies

Trends by Category (Japanese Market)

・ 2nd Quarter, FYE September 2025 (October 2024 to March 2025)

Category		Trend		Impact on performance
Beverages		Decrease	<ul style="list-style-type: none"> Decrease of 2-3% on a volume basis due to the poor performance of hot drinks caused by a warm winter and price hikes for major products starting in October. The impact of allover rising prices seems to have reduced consumer willingness to purchase soft drinks. 	
Sweet and savory snacks	Savory snacks	Increase	<ul style="list-style-type: none"> Price pass-through progressed across the entire savory snacks. In the potato snack category, sales of bag-type potato chips increased slightly, and sales of stacked potato chips and shoestring snacks grew. Corn and wheat snacks increased due to more frequent special sales, prompted by their more competitive pricing compared to potato snacks. 	
	Chocolate	Increase	<ul style="list-style-type: none"> Sales of chocolate bars increased by double digits due to high affordability and a resurgence in demand for handmade Valentine's Day chocolate. For high cacao chocolate, although some products had their sales suspended and shipments restricted due to soaring cacao bean prices, sales increased due to growing health-consciousness. Nut chocolate sales decreased due to fewer special sales. Chocolate snacks increased due to strong sales of companies' standard products. 	
Frozen Desserts		Increase	<ul style="list-style-type: none"> Sales exceeded the previous year's level due to the effects of new products and promotional efforts. Due to few substitutes and efforts by manufacturers, a market with few defections was established. 	
Instant Noodles		Increase	<ul style="list-style-type: none"> Sales of both cup and bag type noodles were steady. There was also a shift in demand from rice shortage in recent years in Japan. Sales of each companies' mainstay brands of cup noodles and three-meal packs of bag type noodles were strong. 	

Source: Nikkan Keizai Tsushin

 : Positive direction  : Negative direction

Summary of Consolidated Performance

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- Sales and Profit increased year on year

Sales increased in all major regions, with strong performance in China contributing to net sales increase

Net Sales : increased 2,370 million yen (7.1%) year on year

Operating Profit : increased 223 million yen (5.2%) year on year (Million Yen)

	FY2024 2Q (Actual)	FY2025 2Q (Actual)	Change Yr/Yr	
			Amount	%
Net Sales	33,453	35,823	2,370	7.1%
Operating Profit	4,295	4,518	223	5.2%
Ordinary Profit	4,555	4,924	369	8.1%
Net Profit	3,198	3,359	160	5.0%
EBITDA	6,715	7,235	520	7.8%

* Net profit refers to profit attributable to owners of parent.

* EBITDA=Operating Profit + Depreciation (including amortization of customer-related assets) + Amortization of goodwill

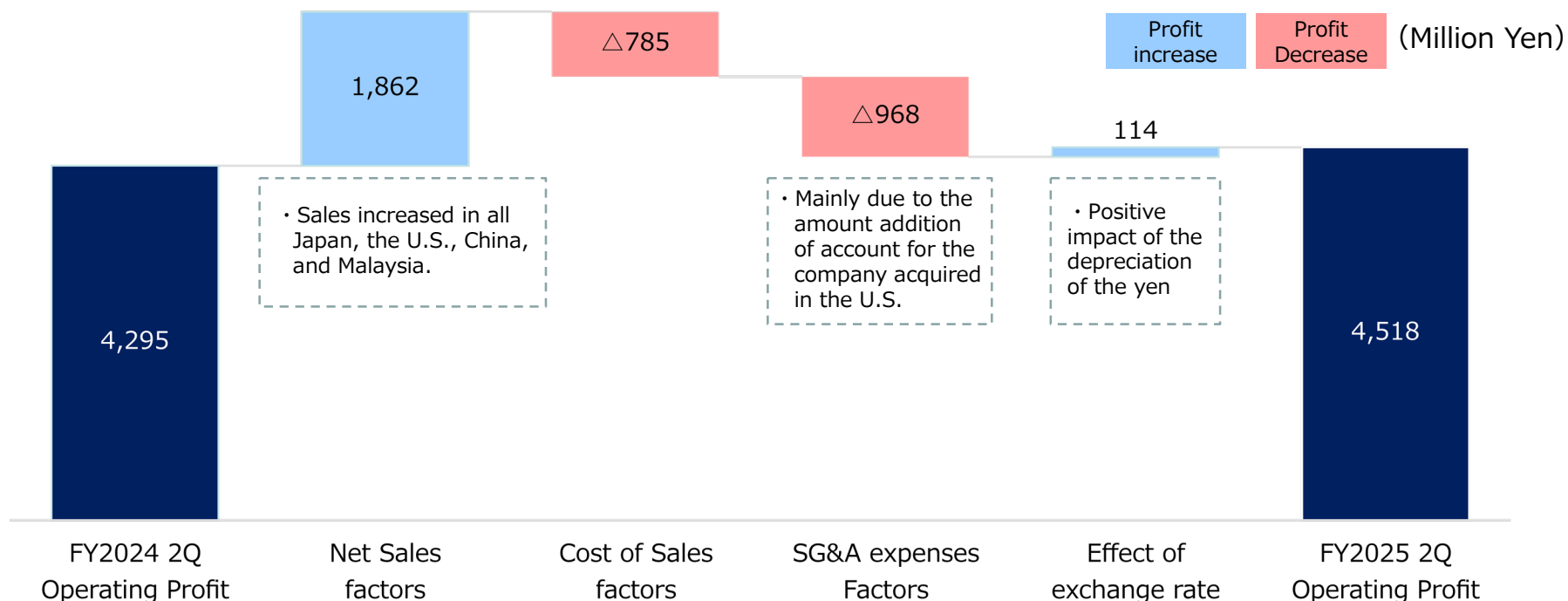
Currency	FY2024 2Q	FY2025 2Q	Yr/Yr
1US\$	¥148.25	¥152.52	Yen down 2.9%
1RMB	¥20.54	¥21.05	Yen down 2.5%
1MYR	¥31.48	¥34.52	Yen down 9.7%

Analysis of Changes in Operating Profit

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- Factors behind the year on year 223 million yen (5.2%) increase in operating profit

Factor	Impact	Details
Net sales	1,862	Sales increased in all major regions, with strong performance in China contributing to net sales increase.
Cost of sales	△785	Cost of sales increased due to higher sales. Cost of sales ratio improved by 0.9%.
SG&A expenses	△968	SG&A expenses increased mainly due to the amount added on to account from the new consolidation of ABELEI in the U.S. (547 million yen)
Exchange rate	114	Although the monetary impact was smaller than in FY2024, the yen's depreciation yielded positive effects as of the second quarter. (Foreign exchange impact on operating profit: +192 million yen in second quarter of FY2024)



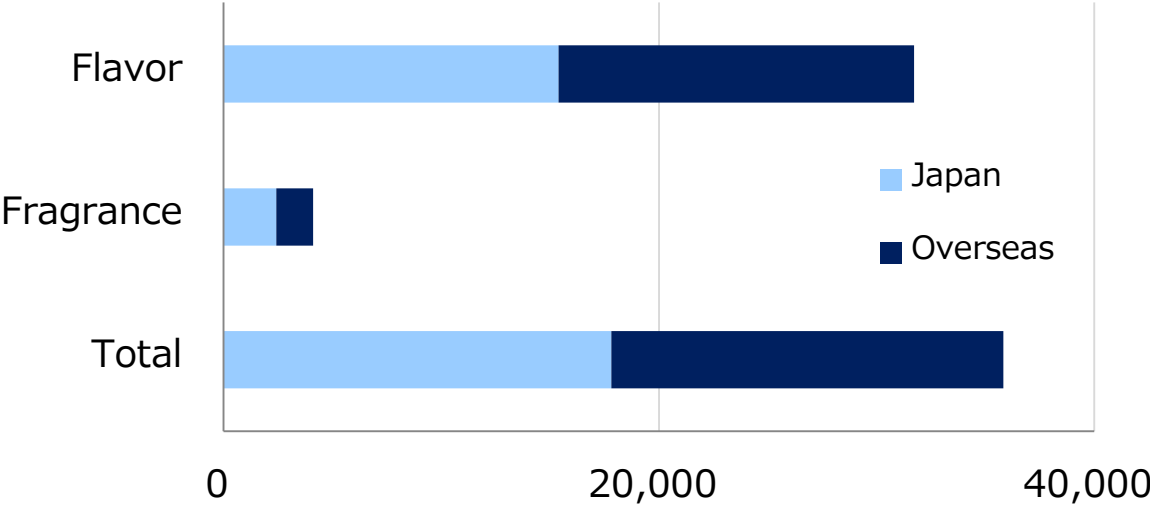
Net Sales by Segment

- Sales growth factors
 - Flavor : Net sales of Chinese subsidiary increased
 - Fragrance : Net sales to Indonesia and South Korea increased

(Million Yen)

Segment	FY2024 2Q Actual	FY2025 2Q Actual	Change		FY2025 2Q Sales ratio
			Amount	%	
Flavor	29,526	31,711	2,184	7.4%	88.5%
Fragrance	3,926	4,112	185	4.7%	11.5%
Total	33,453	35,823	2,370	7.1%	100%

FY2025 2Q Actual



Overseas net sales as
a percentage of consolidated
net sales

FY2025 2Q : 50.3%

(FY2024 2Q : 48.5%)

Performance Overview by Regions

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- Sales increased in all major regions (on a local currency basis).
- In China, profits increased sharply by 33.7%. The U.S. posted an operating loss as of the first half.

(Billion Yen)

Japan

Sales
increase 

Profit
decrease 

	FY2024 2Q	FY2025 2Q	Change Amount	%
Net Sales	19.8	20.5	0.7	3.9%
Operating Profit	2.4	2.3	△0.08	△3.7%

- Sales increased in both the flavor and fragrance business.
- Profit decreased mainly due to higher raw material prices and personnel costs.

U.S.

Sales
increase 

Profit
decrease 

	FY2024 2Q	FY2025 2Q	Change Amount	%
Net Sales	7.2	7.8	0.6	9.4%
Operating Profit	0.06	△0.2	△0.3	—

- Sales increase at ABELEI, which was acquired in FY2024, contributed to net sales.
- SG&A expenses increased due to the increases in personnel costs and amortization of goodwill. An operating loss was posted.

China

Sales
increase 

Profit
increase 

	FY2024 2Q	FY2025 2Q	Change Amount	%
Net Sales	5.4	6.2	0.7	14.5%
Operating Profit	1.4	1.9	0.4	33.7%

- Sales increased significantly, especially in the flavor business, mainly due to the strong performance for beverage products.
- Profit increased significantly due to higher sales and profit margins.

Malaysia

Sales
increase 

Profit
increase 

	FY2024 2Q	FY2025 2Q	Change Amount	%
Net Sales	0.9	1.0	0.1	16.6%
Operating Profit	0.1	0.2	0.04	25.5%

- Contributions were made by strong performance to sales subsidiary in Indonesia.
- Operating profit ratio increased by double digits due to increased sales of high-margin products.



: Yr/Yr Increase



: Yr/Yr Decrease

The U.S. posted an operating loss of 294 million yen in the cumulative second quarter

- An operating loss was posted in the first quarter, but business performance recovered in the second quarter
 - Business performance in U.S. for each quarter (three-month period) of FY2025

	FY2025 1Q (Million Yen)	FY2025 2Q (Million Yen)	FY2025 cumulative (Million Yen)
Net Sales	3,397	4,487	7,885
Operating Profit	△530	235	△294
EBITDA	163	926	1,090

* Applied exchange rate: 1US\$ = 152.52 yen (Avg. exchange rate during first half of FY2025)

- One major factor behind decline in profits was increase in SG&A expenses, resulting from the consolidation of ABELEI

Increase in SG&A expenses due to start of consolidation: 547 million yen

- ABELEI, INC., FY2025 cumulative net sales : 779 million yen
(Net sales vs plan) Progress Rate : 50.5%

Ⅱ. Business Environment

- Worldwide flavor and fragrance sales: Approx. 33.3 billion U.S. dollars (approx. 5 trillion yen)

Europe, Africa, Middle East

- Market size : Approx. 11.7 billion US dollars (approx. 1,780 billion yen)*
- Many users have introduced a preferred supplier system, and major flavor and fragrance companies in Europe and the U.S. have established foundations

North America

- Market size : Approx. 8.3 billion US dollars (approx. 1,270 billion yen)*
- Many users have introduced a preferred supplier system, and major flavor and fragrance companies in Europe and the U.S. have established foundations
- The Company established a U.S. subsidiary in California in 1978
- 2017,2020:Acquired local flavor companies
- 2024: Acquired ABELEI, INC. It manufactures and sells flavors with strength in the food, beverage, confectionery, and dairy industries.

Asia

- Market size : Approx. 10 billion US dollars (approx. 1,520 billion yen) *
- Market expansion due to economic growth in China and other emerging markets
- Major global flavor and fragrance companies are entering China
- The Company established subsidiaries in Shanghai (2000), Suzhou (2006), Thailand (2003), Indonesia (2014), Taiwan (2017), and Pinghu (2024)
- Secured a manufacturing base in Malaysia through M&A (2014)

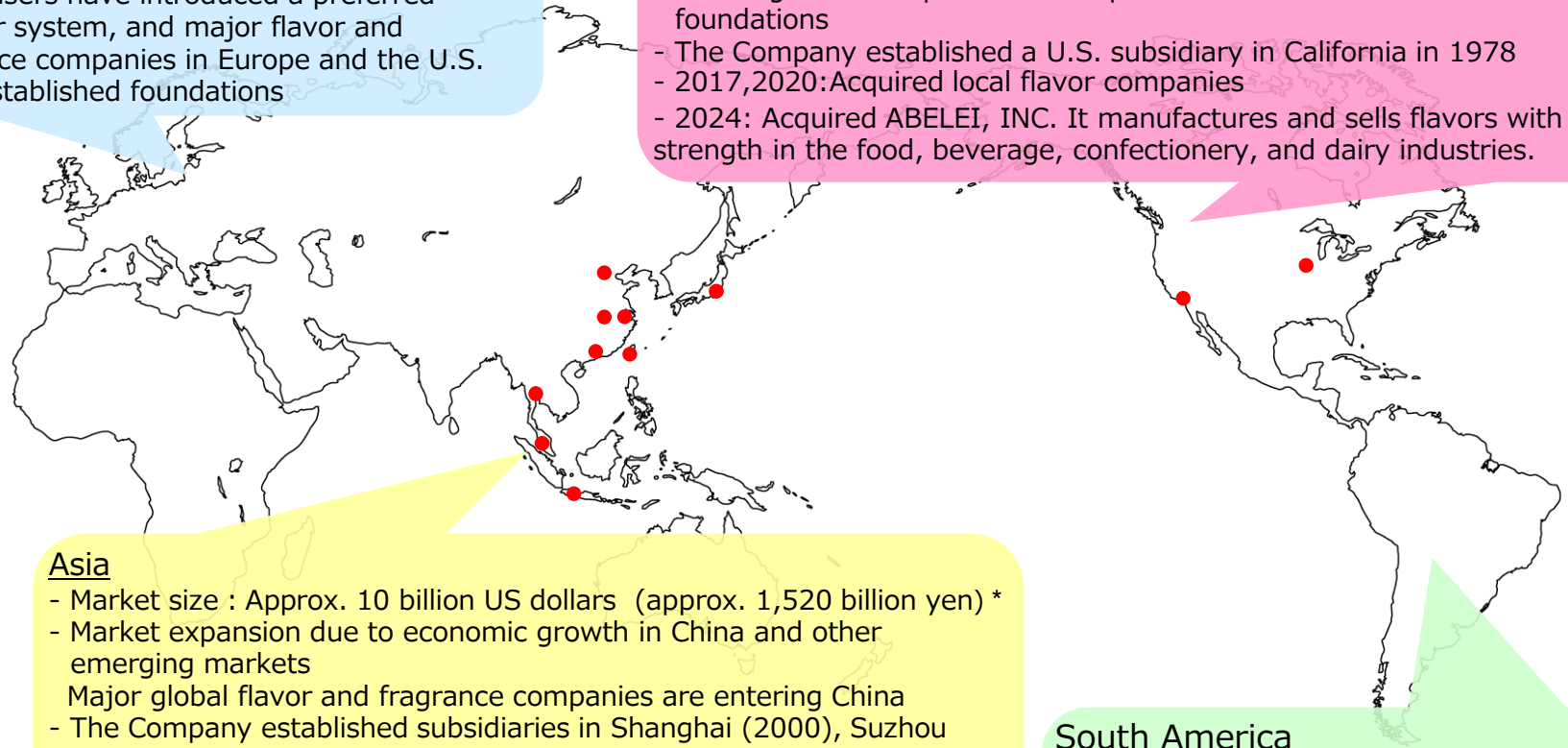
South America

- Market size : Approx. 3.2billion US dollars (approx. 500 billion yen)*
- Mainly imports from North America, Mexico, etc.
- Competition intensifying in the Brazilian market owing to economic growth

*The Company's estimates for market size by region

*Exchange rate : 1US\$=151.6 yen (2024)

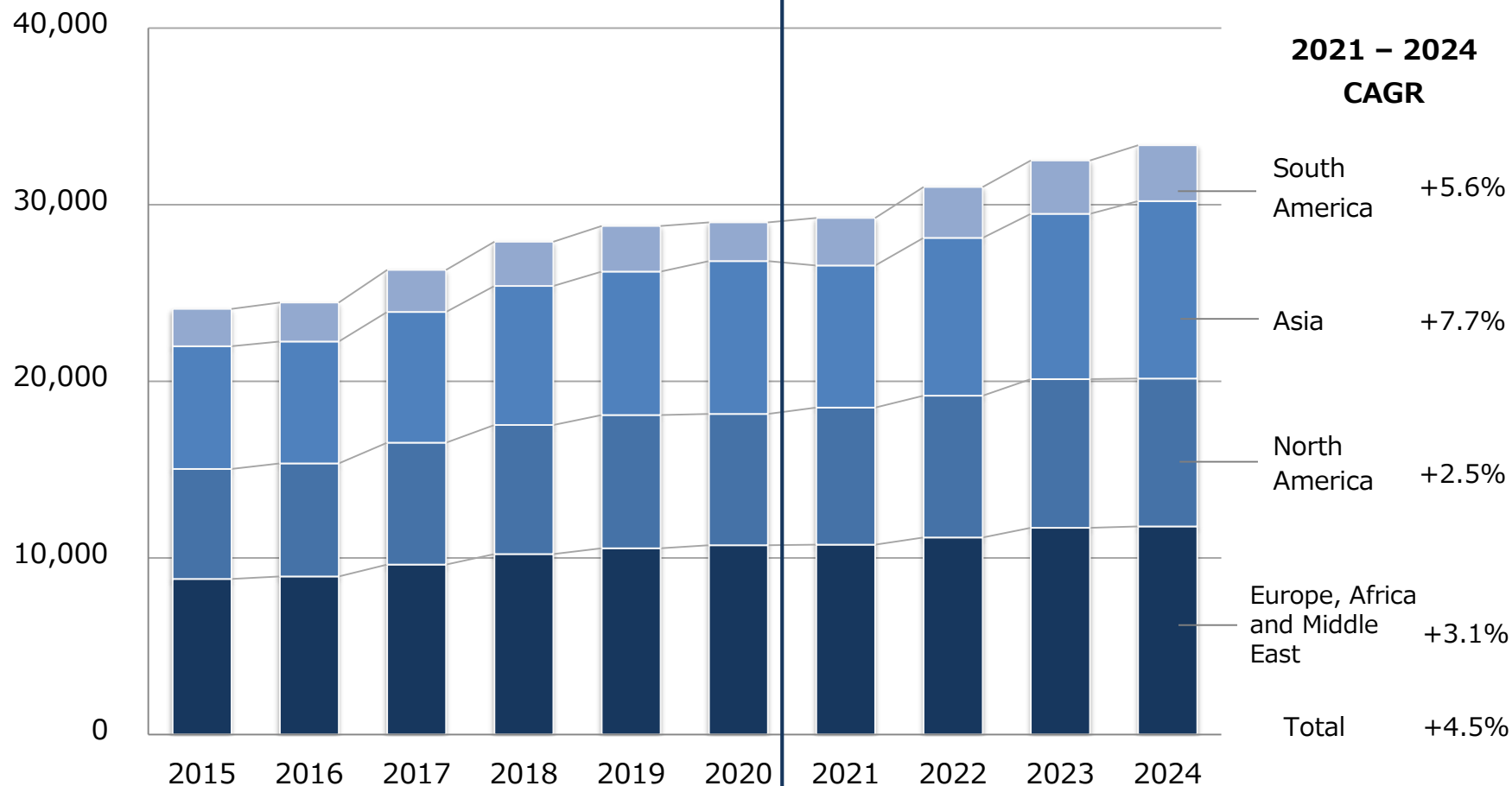
● = the Company's base



- Global flavor and fragrance market in 2024: Grew approx. 3% Yr/Yr

Global Flavor and Fragrance Market (Estimated by the Company)

(Million US\$)



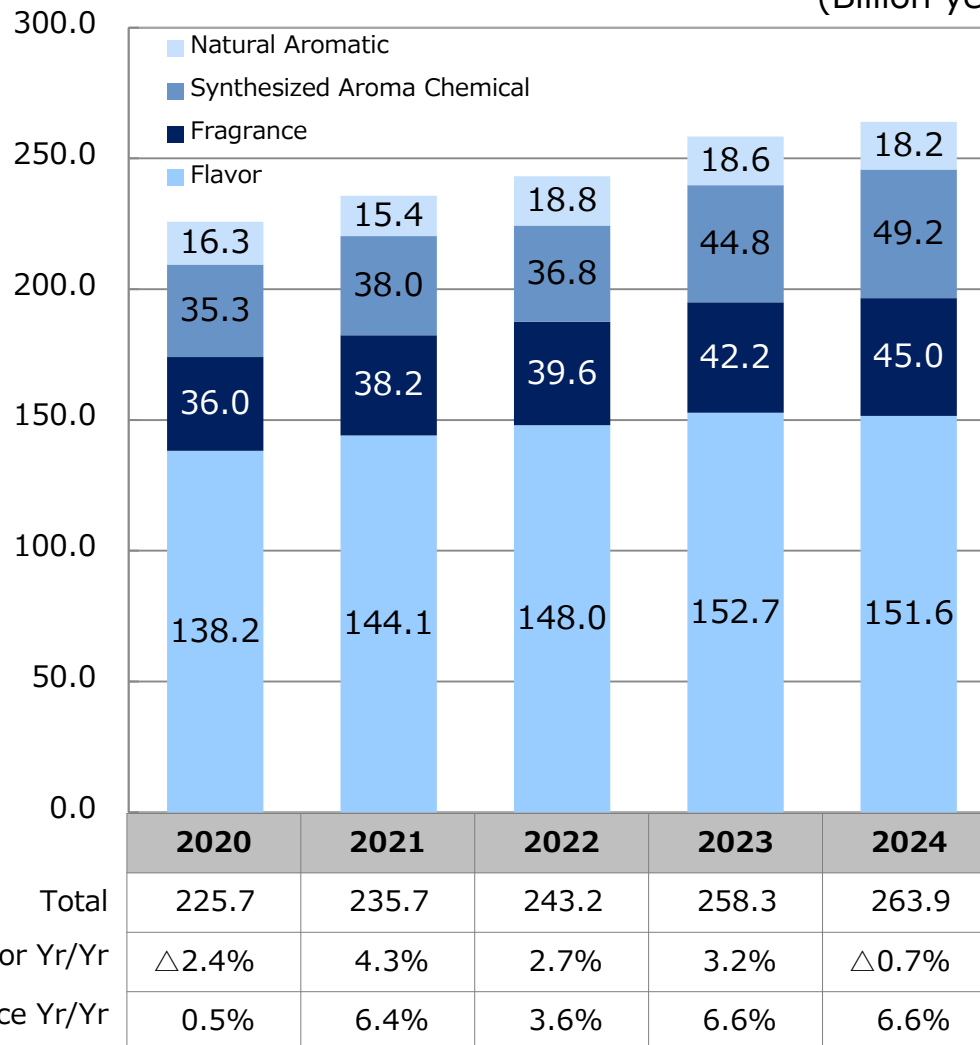
Japanese Flavor and Fragrance Market Size

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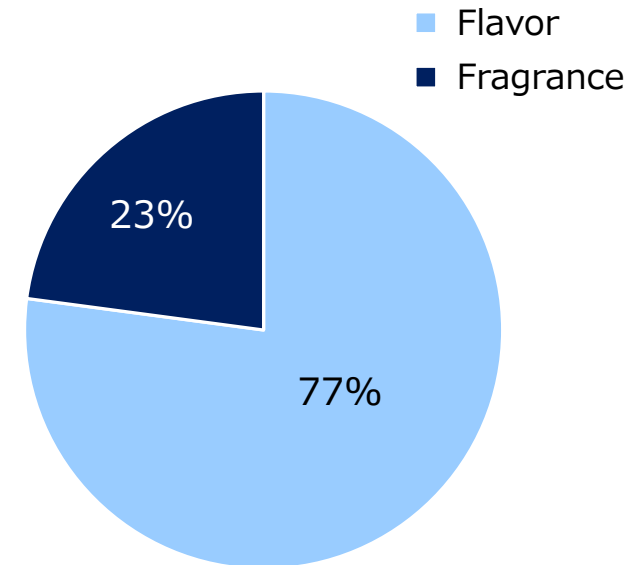
- Flavors account for approximately 80% of the Japanese flavor and fragrance market (approx. 50% in the global market)

Japanese flavor and fragrance market sales

(Billion yen)



Breakdown of flavor and fragrance (FY2024)



2021 - 2024

CAGR
3.8%
1.7%
5.6%

Source of reference :

Japan Flavor & Fragrance Materials Association Magazine

III. Global Strategy

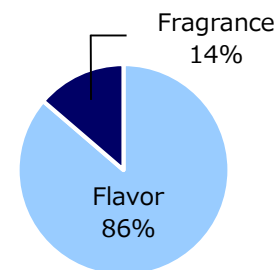
Basic Strategy: Expand market share by anticipating new market demand caused by declining birthrate and aging population, as well as growing health consciousness

Japan

- **Promote the Fukaya Plant project and reinforcement of production system through DX of production division**
- **Promote human capital management**
⇒ Maximize the value of human resources to increase the mid- to long-term corporate value
- Strengthen collaboration between sales, research, and marketing departments under the Business Solutions Division
- **Speed up R&D, Create new value**
- **Focusing on the development of flavors and ingredients to replace the raw materials for food products** ⇒ Reinforcement of customer success and SDGs

(Billion yen)

	2023	2024	2025 (Plan)	2026 (Plan)	2027 (Plan)
Net Sales	39.7	42.3	43.1	44.4	45.7
Operating Profit	4.5	4.9	5.0	5.0	4.8
EBITDA	6.2	6.7	7.0	7.4	7.8
Sales Yr/Yr	1.4%	6.7%	1.7%	3.0%	2.9%
Operating Profit to Net Sales	11.4%	11.6%	11.8%	11.4%	10.7%
EBITDA to Net Sales	15.7%	15.9%	16.3%	16.7%	17.2%



	FY2025 2Q			
	Amount (Billion yen)	Yr/Yr (Billion yen)	Yr/Yr (%)	Progress
Net Sales	20.5	0.7	3.9%	47.7%
Operating Profit	2.3	△0.08	△3.7%	46.2%
EBITDA	3.2	△0.07	△2.3%	45.9%

Basic Strategy: Increase sales in the savory, health, and beverage industries

*Savory : Snacks, dressings, seasonings, and other salty products

U.S.

- **Acquisition of ABELEI, a flavor company in Illinois, U.S. Aim to create synergies**
⇒PMI (Post Merger Integration) progressing on schedule (Scheduled to be completed by the end of September 2025)
⇒**ABELEI budget progress rate: 50.5%**
- Phase III construction of a second plant (in California) to strengthen the production system is planned
- Promoted the utilization and deployment of Japanese technologies, which have been positively received by clients

(Million US\$)

	2023	2024	2025 (Plan)	2026 (Plan)	2027 (Plan)
Net Sales	91.5	100.6	114.1	118.9	124.9
Operating Profit	△1.2	2.1	2.2	3.6	4.8
EBITDA	13.1	16.8	19.8	22.1	24.0
Sales Yr/Yr	△6.3%	10.0%	13.3%	4.3%	5.0%
Operating Profit to Net Sales	—	2.2%	1.9%	3.1%	3.9%
EBITDA to Net Sales	14.4%	16.7%	17.4%	18.6%	19.3%

Flavor
100%

	FY2025 2Q						
	US\$ basis (Million US\$)				Yen basis (Billion yen)		
	Amount	Yr/Yr	Yr/Yr(%)	Progress	Amount	Yr/Yr	Non-Exchange
Net Sales	51.6	3.0	6.4%	45.2%	7.8	0.6	0.4
Operating Profit	△ 1.9	△2.3	-	-	△ 0.2	△0.3	△0.3
EBITDA	7.1	△0.6	△8.0%	35.9%	1.0	△0.06	

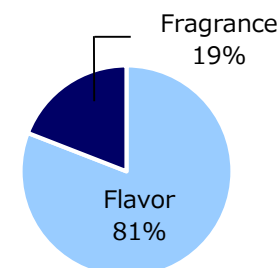
Basic Strategy: Grow earnings through various measures based on a stronger organizational foundation

China

- **In order to increase capacity, a manufacturing subsidiary has been established (in December 2024) to build a new plant as the third production base in China**
- **Strengthening the Research Institute's organization and sharing technology with the R&D in Japan**
- Utilize marketing functions and ensure management of sales activities to strengthen sales systems

(Million RMB)

	2023	2024	2025 (Plan)	2026 (Plan)	2027 (Plan)
Net Sales	542.3	576.2	604.5	631.1	658.8
Operating Profit	139.2	163.0	180.4	189.6	188.3
EBITDA	172.5	197.1	213.1	224.2	236.3
Sales Yr/Yr	4.6%	6.3%	4.9%	4.4%	4.4%
Operating Profit to Net Sales	25.7%	28.3%	29.9%	30.0%	28.6%
EBITDA to Net Sales	31.8%	34.2%	35.3%	35.5%	35.9%



	FY2025 2Q						
	RMB basis (Million RMB)				Yen basis (Billion yen)		
	Amount	Yr/Yr	Yr/Yr(%)	Progress	Amount	Yr/Yr	Non-Exchange
Net Sales	297.0	31.1	11.7%	49.1%	6.2	0.7	0.6
Operating Profit	94.1	21.9	30.5%	52.2%	1.9	0.4	0.4
EBITDA	111.1	22.4	25.3%	52.1%	2.3	0.5	

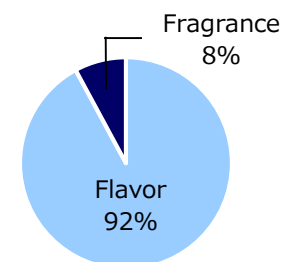
Basic Strategy: Increase sales through collaboration between manufacturing and sales bases in Malaysia (THKL) and sales bases in Thailand and Indonesia

Southeast Asia

- **Plan to construct a new plant in Enstek Industrial Park, Malaysia (plant site already acquired)**
⇒Meet growing demand in the Asian and Halal markets
- **Improve efficiency by promoting the utilization of application laboratories, expanding library and utilizing flavor kits**
⇒Speed up responses to customers
- Promote efficient R&D by systemizing operations

(Billion yen)

	2023	2024	2025 (Plan)	2026 (Plan)	2027 (Plan)
Net Sales	4.0	4.6	4.8	5.1	5.5
Operating Profit	0.6	0.7	0.8	0.8	0.4
EBITDA	0.8	0.9	0.9	1.0	1.1
Sales Yr/Yr	10.2%	14.4%	3.2%	7.1%	6.9%
Operating Profit to Net Sales	16.5%	16.8%	16.6%	16.5%	8.5%
EBITDA to Net Sales	20.6%	20.7%	20.1%	20.2%	20.4%



	FY2025 2Q			
	Yen basis (Billion yen)			
	Amount	Yr/Yr	Yr/Yr(%)	Progress
Net Sales	2.4	0.3	15.1%	51.5%
Operating Profit	0.3	0.04	13.0%	48.8%
EBITDA	0.4	0.05	11.7%	50.0%

* Net sales are calculated by summing net export sales to Southeast Asia, which are included in the Company's non-consolidated net sales

- Develop the businesses based on three basic strategies: **(1) Expand Compounded Flavors and Fragrances Business, (2) Secure Profits in Japanese Market, and (3) Growth in Overseas Market**
- Achieve abundant and healthy living through aromas and contribute to the creation of a sustainable society

☐ Entered ☒ Not Yet

	Earnings foundation	Growth drivers			
	Japan	U.S.	China	Southeast Asia	
Flavor Business Providing flavors that make food delicious	<ul style="list-style-type: none"> ➤ Broad usage in the beverage and food industries ➤ Strengthen response to SDGs <ul style="list-style-type: none"> • Development of flavors and ingredients to replace raw materials for food products ➤ Strengthen measures in new sectors <ul style="list-style-type: none"> • Health foods, medical foods, etc. 	<ul style="list-style-type: none"> ➤ Usage mainly in savory foods, beverages, and health industries ➤ Trade mainly with local companies ➤ Expand business through M&A <ul style="list-style-type: none"> • Strengthen sweet flavors from M&A in 2020 • Strengthen the Midwest region through M&A in 2024 ➤ Strengthen collaboration with R&D in Japan 	<ul style="list-style-type: none"> ➤ Usage mainly in beverages and instant noodles ➤ Trade mainly with international and local companies ➤ Tap unentered sectors and potential demand <ul style="list-style-type: none"> • Focus on large and midsize local companies • Expand area of sales by utilizing agents 	<ul style="list-style-type: none"> ➤ Usage mainly flavor powders and flavors for beverages <ul style="list-style-type: none"> • Target further expansion in beverage industries ➤ Strengthen collaboration between bases <ul style="list-style-type: none"> • Increase sales in Malaysia, Thailand, and Indonesia ➤ Expand operations into countries around bases <ul style="list-style-type: none"> • Expand into Vietnam, the Philippines 	
Fragrance Business Providing fragrances that add color to various aspects of life	<ul style="list-style-type: none"> ➤ Broad usage in household items and cosmetic industries ➤ Strengthen measures in new sectors <ul style="list-style-type: none"> • Address need to mask odors in day-to-day life • Propose ways to resolve discomfort with fragrances ➤ Strengthen response to SDGs <ul style="list-style-type: none"> • Develop environmentally-friendly fragrances 	T. Hasegawa Group has yet to enter	<ul style="list-style-type: none"> ➤ Usage mainly in household items industry ➤ Trade mainly with local companies ➤ Focus on expansion among toiletry makers ➤ Strengthen collaboration with R&D in Japan 	Production	<ul style="list-style-type: none"> ➤ Address with exports from Japan ⇒ Consider local production based on business development
				Sales	<ul style="list-style-type: none"> ➤ Usage mainly among body care product makers ➤ Focus on acquiring new customers

IV. Business Outlook

- Impact of changes in the economic environment is limited

U.S. tariff policy

- Estimated impact of tariffs (Consolidated basis) : 90 million yen
 - Some imported raw materials at U.S. and China subsidiaries will be affected.
 - Policy of passing on any increases in purchase prices caused by higher tariffs.
 - Negative impact to other subsidiaries is expected to be limited.

Exchange rate fluctuations

- In the second half of FY2025, the yen is expected to move toward appreciation
- Foreign Exchange Sensitivity (First half of FY2025, Actual)
 - Against the U.S. Dollar
(First half of FY2025: 1US\$=152.52 yen, FY2025 target rate: 1US\$=145 yen)
A 1 yen change in the value of the U.S. dollar leads to an annualized change of approximately 110 million yen (55 million yen for the half year) in consolidated net sales, and about 5.6 million yen (2.8 million yen for the half year) in consolidated operating profit.
 - Against the RMB
(First half of FY2025: 1RMB=21.05 yen, FY2025 target rate: 1RMB=20.50 yen)
A 1 yen change in the value of the RMB leads in an annualized change of approximately 582 million yen (291 million yen for the half year) in consolidated net sales, and about 204 million yen (102 million yen for the half year) in consolidated operating profit.

- No change in business performance from forecast disclosed on November 8, 2024
- China and Southeast Asia expected to offset the downturn in operating profit in the U.S.
- Increases in both sales and profit anticipated on a consolidated basis

(Million yen)

	FY2024 (Actual)	FY2025 (Plan)	Change		FY2025 2Q (Actual)	Progress	
			Amount	%		Target vs. 2Q	Standard progress rate (2Q)
Net Sales	71,645	74,300	2,654	3.7%	35,823	48.2%	47.5%
Operating Profit	9,371	9,970	598	6.4%	4,518	45.3%	45.5%
Ordinary Profit	9,723	10,450	726	7.5%	4,924	47.1%	45.5%
Net Profit	7,201	7,580	378	5.2%	3,359	44.3%	42.5%
(reference) EBITDA	14,392	15,254	862	6.0%	7,235	47.4%	

* Net profit refers to profit attributable to owners of parent.

* EBITDA=Operating Profit + Depreciation (including amortization of customer-related assets) + Amortization of goodwill

* Standard progress rate is the average progress rate for the past 10 periods (excluding the maximum and minimum values)

Currency	FY2024	FY2025	Yr/Yr
1US\$	¥150.44	¥145.00	3.6% Yen up
1RMB	¥20.84	¥20.50	1.6% Yen up
1MYR	¥32.37	¥32.00	1.1% Yen up

V. Capital Policy

Basic Policy

- Maintain a level of shareholders' equity that will enable the company to execute growth investments and appropriately respond to risks, in order to achieve sustainable growth in corporate value and maximize it going forward

Policy on Use of Funds

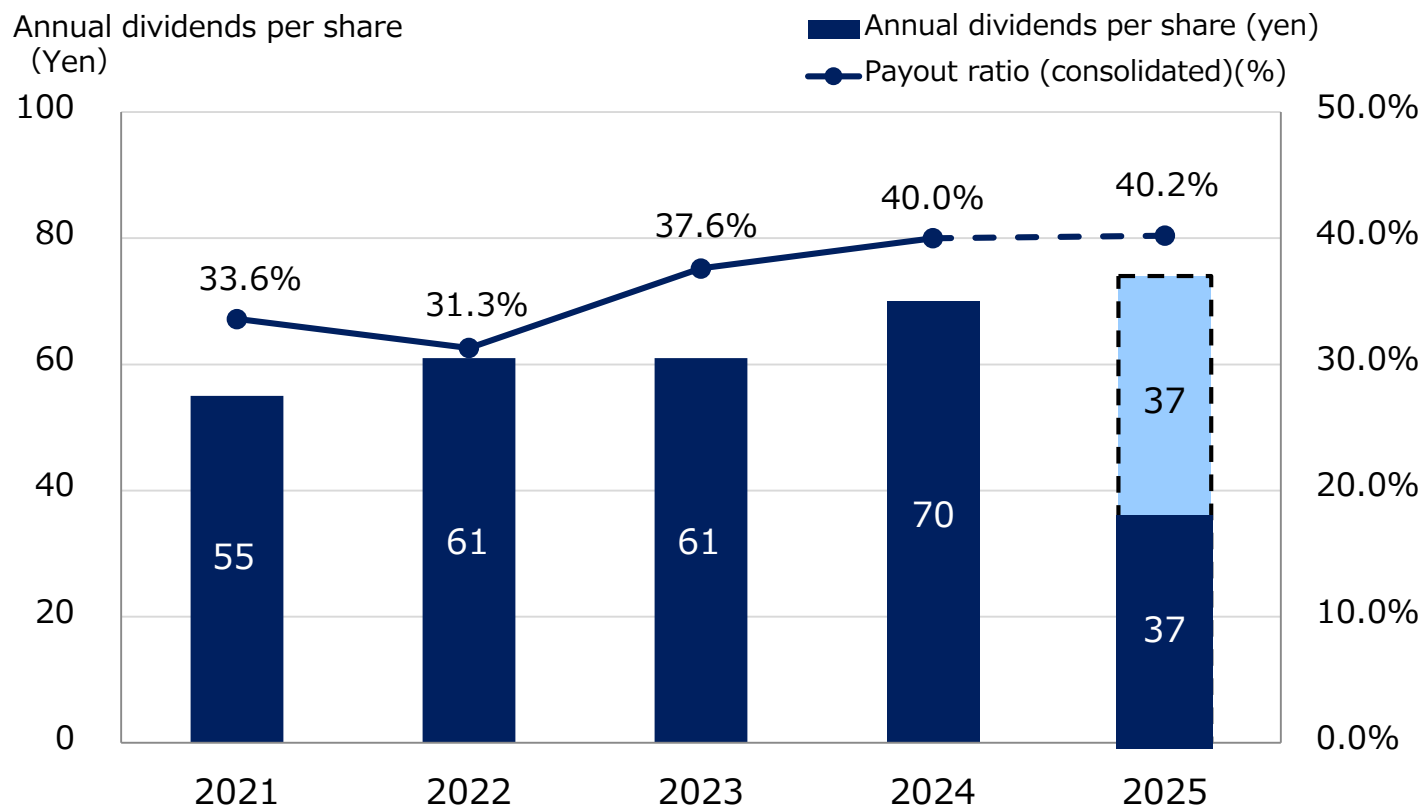
- Appropriately use funds, taking into consideration factors such as the maintenance of a sound financial position and enhancement of capital efficiency
- **Dividends**
Strive to return profits to shareholders in accordance with business performance, while also securing the necessary internal reserves to further strengthen the Group's management foundations and engage in future business development
Pay dividends from surplus twice a year as interim and year-end dividends
- **Capital investment**
Investment to increase production capacity for growth, as well as renewal and maintenance of existing facilities
- **M&A**
Give active consideration and judge comprehensively from the perspectives of market size, business risk, and acquisition price, etc.
Achieve M&A with expected synergies in terms of customer networks, technology, human resources, etc.
- **Share buybacks**
Consider if conditions (PBR etc.) set by the Company are met

Investment Securities

- Reduce the total number of shares held from the perspective of improving capital efficiency, etc.
(Already partially sold; will keep considering sale going forward)
- Each year, the Board of Directors verifies the appropriateness of holding shares from a medium- to long-term perspective, based on the holding purpose, economic rationality, and other factors

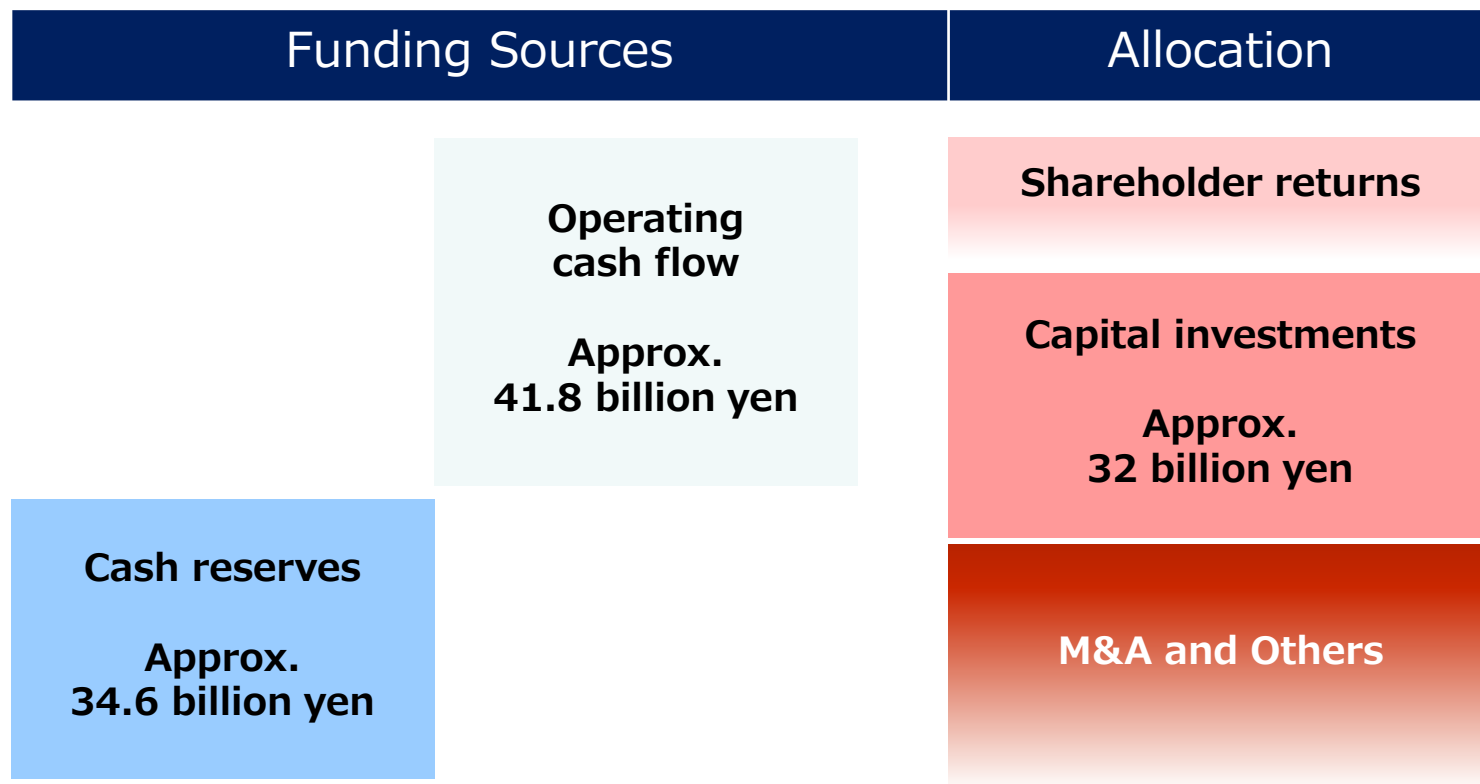
Shareholder Returns

- Reviewed the consolidated payout ratio policy, revising the target to around 40% from the previous target of around 35%
- For FY2025, a dividend increase is expected, with earnings per share projected at 74 yen
- December 23, 2024 : Published "Notice Concerning Status and Completion of Acquisition of the Company's Own Shares"
Conducted a share buyback approx. 1 billion yen



Capital Allocation

Using operating cash flow and cash reserves as funding sources, approximately 32 billion yen in capital investments is planned over the three-year period from FY2025 to FY2027. Additionally, funds will be utilized for proactive shareholder returns and M&A activities



* operating cash flow : Sum of net profit, depreciation, and amortization of goodwill

* cash reserves : Sum of cash and deposits, and marketable securities as of March 31, 2025

VI. Accompanying Materials

Focus Areas

**Become an Organization
that takes on challenges**

Strengthen Proposal
Capabilities

Promote Reform

Concentration and Selection

Enhance Human Resources

(Develop Human Resources, Hire Experienced Personnel)

Accelerate Expansion in Overseas Market

(Capital Investment, M&A)

Strengthen Sustainability Initiatives

Basic Strategies

Expand
Compounded
Flavors and
Fragrances
Business

Secure Profits
in Japanese
Market

Growth in
Overseas
Market

Continue to examine and take improvement measures, considering **human resources as capital**
⇒ Maximize **the value of human resources to increase the mid- to long-term corporate value**

Combination of management strategies and HR strategies

- Implement HR system reform
⇒ Operate HR development and evaluation under the new HR system introduced in FY2023
- Conduct engagement survey
⇒ Assess the current situation and consider countermeasures

Promotion of human resource education programs

- Implementation of education programs for overseas human resources
⇒ Promote the selection and development of talents
- Systematically conduct layer-specific training
- Launch in-house business school
- Conduct OJT and job rotation

Promote human capital management

Development of a comfortable work environment

- Conduct a company-wide risk survey
⇒ Identify human rights-related risks and take a countermeasures
- Consider and introduce various systems to develop a more comfortable work environment (Introduced telecommuting system)
- Promote labor safety and health measures

Enhancement of disclosure

- Set KPIs for “Human Rights and Labor” in the CSR policy
⇒ To be disclosed in the Sustainability Report

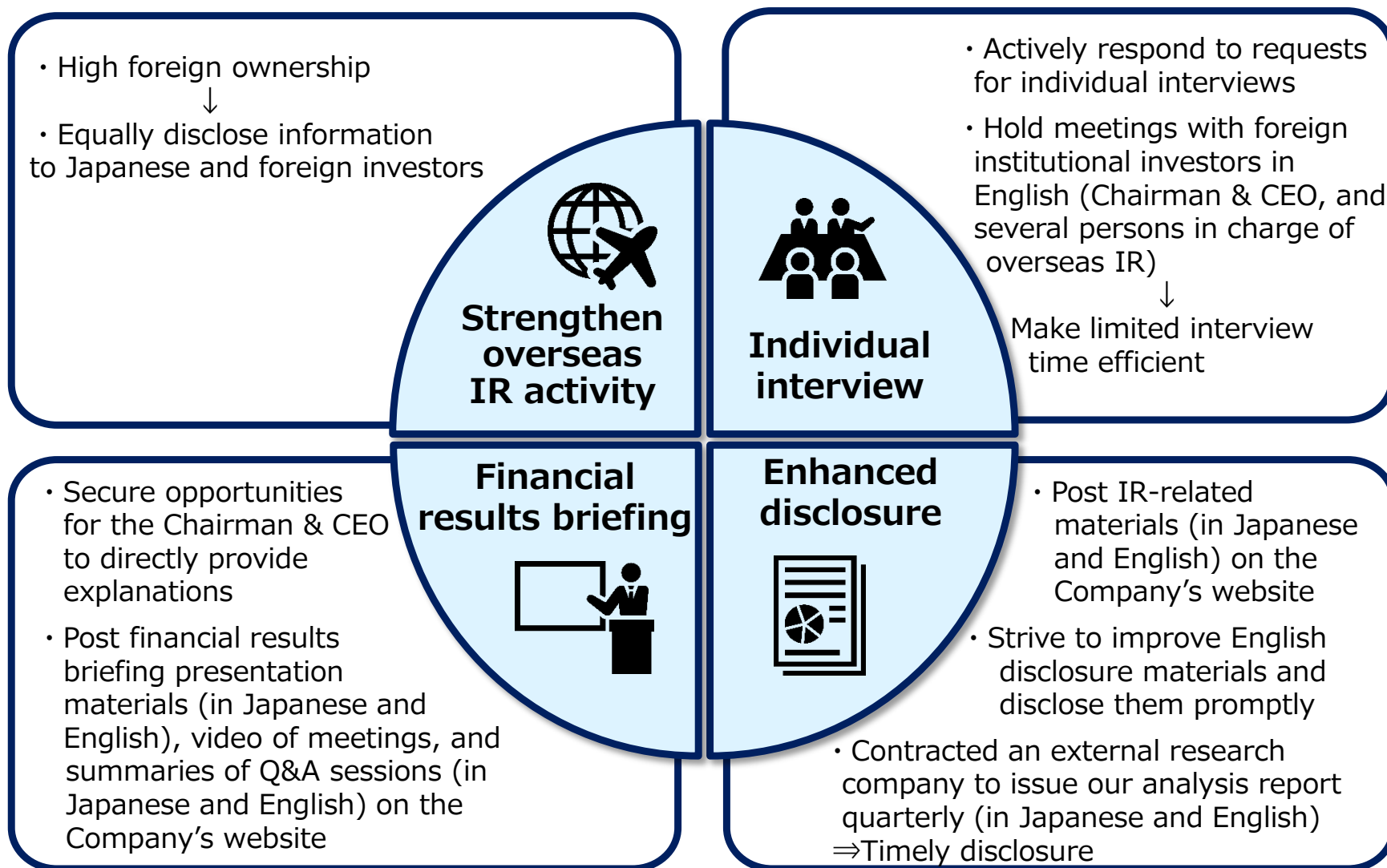
*KPI

Percentage of women, mid-careers, and foreign employees in managerial positions, and evaluation interviews performed for setting job targets

Basic Policy

Established IR department in Corporate Planning Division to strengthen IR activities and secured opportunities for proactive dialogues

The Company's Initiatives



(Million US\$)

	Company name	Country	Sales(2024Yr)	Market Share
1	Givaudan	Switzerland	8,422	21.4%
2	IFF	U.S.	8,311	21.1%
3	dsm-firmenich	Switzerland, Netherlands	7,822	19.8%
4	Symrise	Germany	5,423	13.7%
5	ADM	U.S.	3,944	10.0%
6	Mane SA	France	2,110	5.3%
7	Takasago	Japan	1,294	3.3%
8	Robertet SA	France	854	2.2%
9	Sensient Technologies	U.S.	794	2.0%
10	T.Hasegawa	Japan	476	1.2%
Total			39,449	100.0%

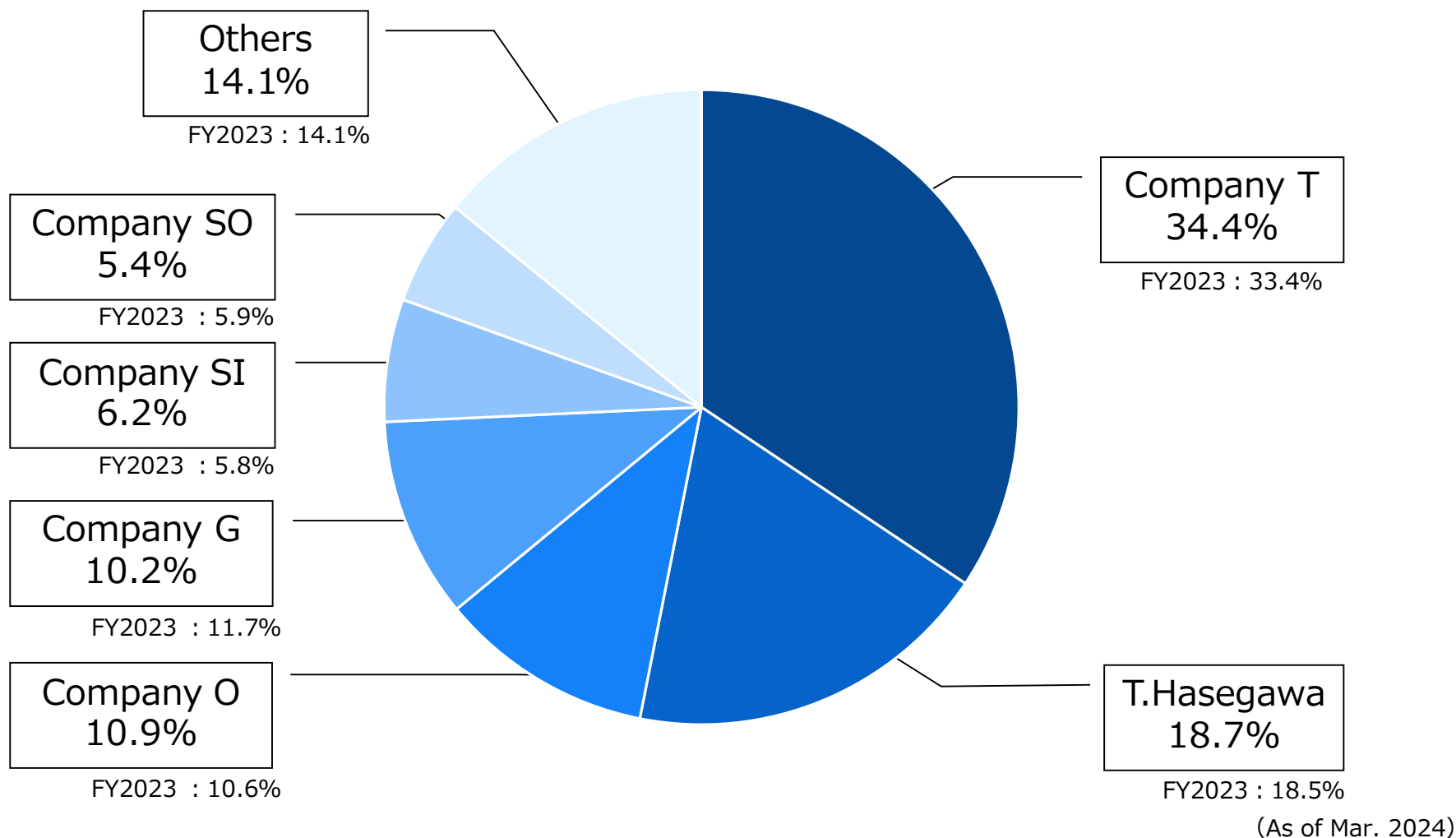
* Estimated by the Company based on information disclosed by each company

* Excluding the following segments

dsm-firmenich: Health Nutrition & Care, Animal Nutrition & Health, and Corporate

Takasago: Real Estate Segment; Robertet: Les actifs; Sensient Technologies: ColorGroup, AsiaPacificGroup

* IFF is Nourish Segment and Scent Segment only, also ADM is Human Nutrition only



* Market shares calculated by taking the total non-consolidated net sales of the top 10 companies as 100, based on data from a private research organization

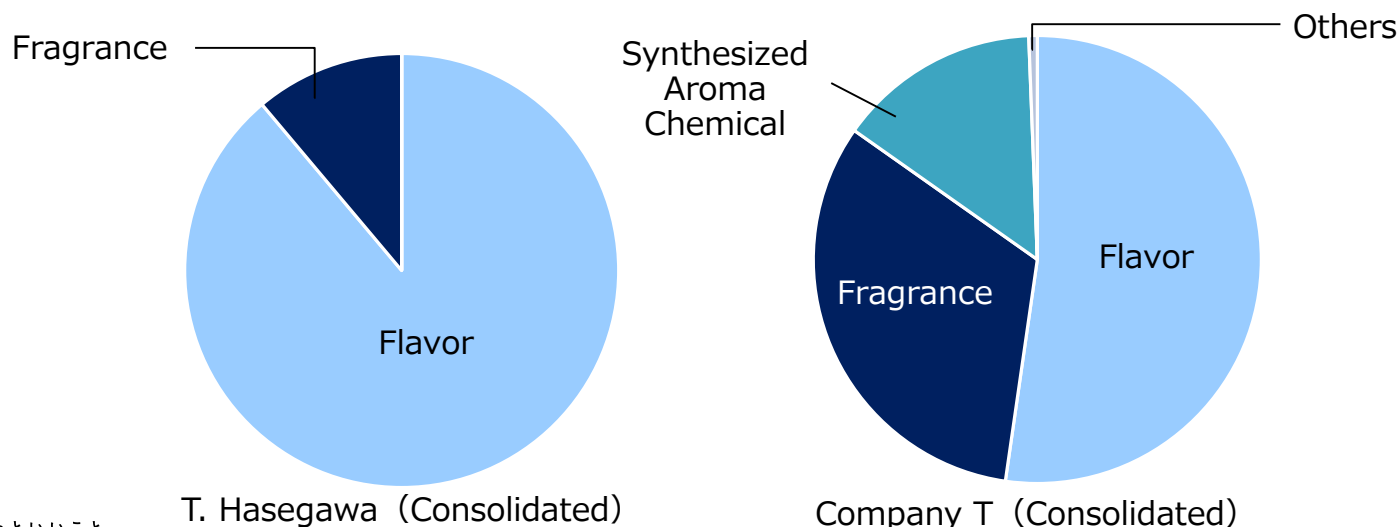
* The Company's FYE in September; T, SO, and SI in March; and G and O in December
The Company's net sales in the above graph are calculated for the period from April 2023 to March 2024

- The Company specializes in high value-added compounded flavors and fragrances
- High-mix production: Sales of approximately 12,000 flavors and fragrances per year

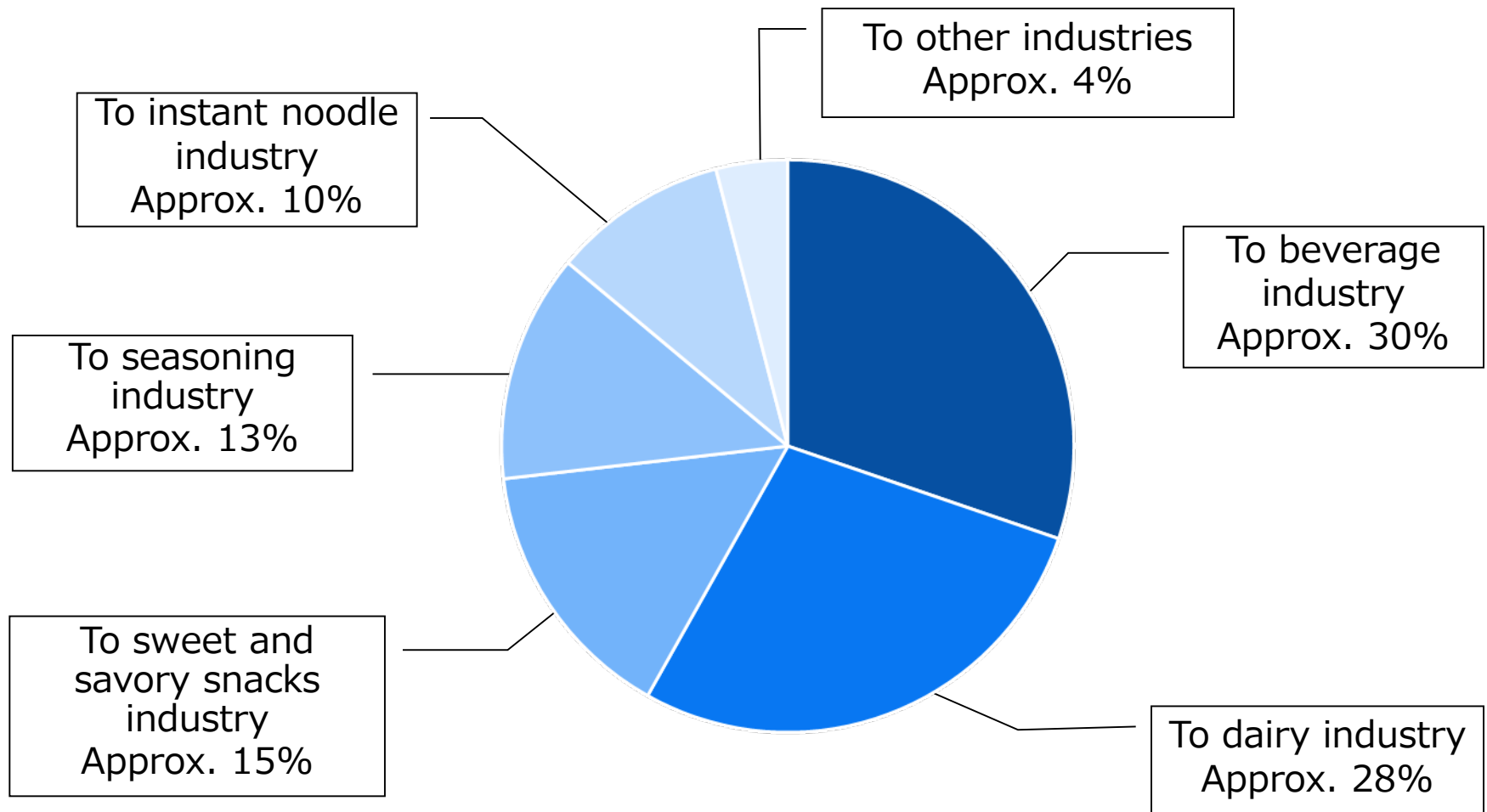
	T. Hasegawa (Consolidated)		Company T (Consolidated)	
	FYE in Sep. 2024		FYE in Mar. 2025	
	Sales	Share	Sales	Share
Flavor	63,669	88.9%	119,834	52.3%
Fragrance	7,975	11.1%	74,471	32.5%
Synthesized Aroma Chemical	—	—	33,492	14.6%
Others	—	—	1,408	0.6%
Total	71,645	100.0%	229,207	100.0%
Ratio of gross profit to sales	41.4%		33.8%	
Ratio of operating profit to sales	13.1%		6.7%	

(Million yen)

*Synthesized Aroma Chemicals for Company T shows the total amount from the aroma ingredients and fine chemicals segments



- Many sales are to the beverage industry, and sales are seasonal



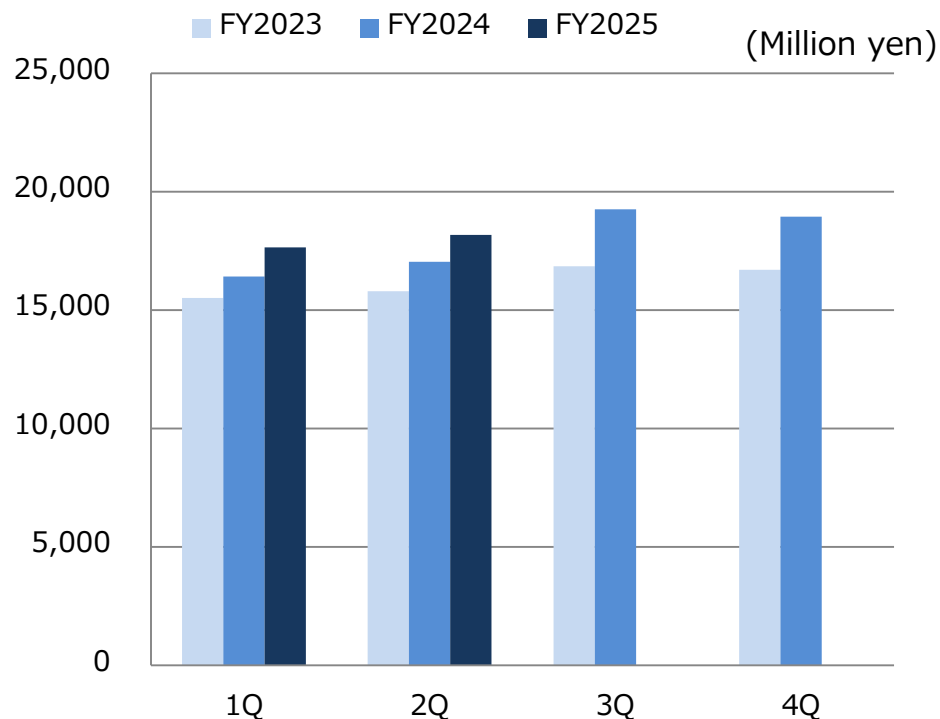
Note: Reference data is calculated by taking the cumulative total net sales (non-consolidated) of customers classifiable by industry for first half of FYE September 2025 as 100

Trends in Quarterly Net Sales and Operating Profit

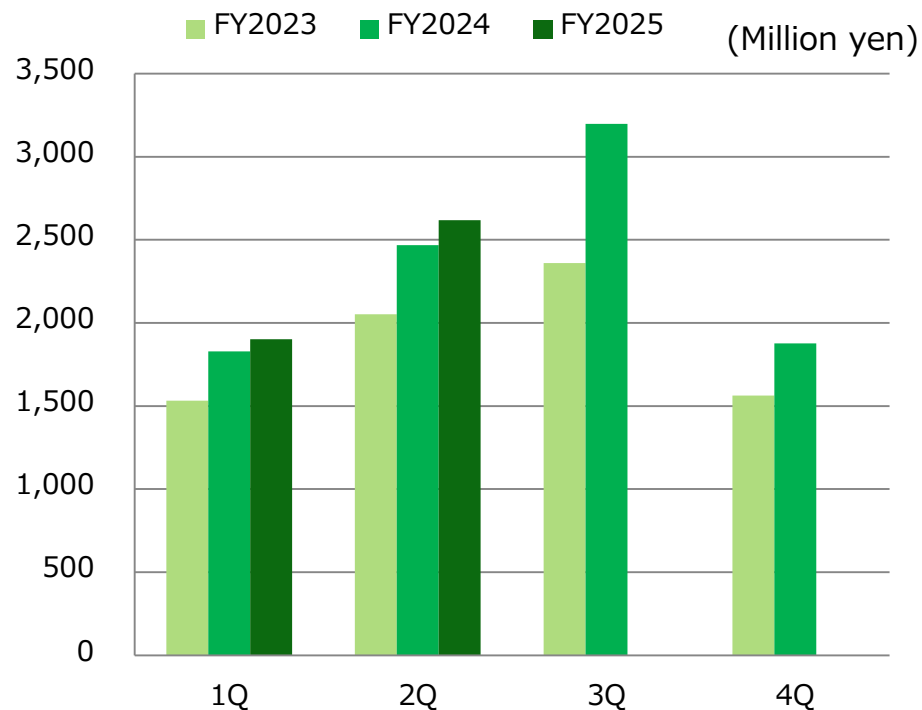
35

- The Company's performance tends to grow in the second half
- Net sales and operating profit for FY2025 exceeded those as of most recent second quarter

Consolidated Sales for a Quarter



Consolidated Profit for a Quarter



FY2023	15,515	15,798	16,852	16,709
Progress	23.9%	48.3%	74.2%	100%
FY2024	16,414	17,039	19,252	18,939
Progress	22.9%	46.7%	73.6%	100%
FY2025	17,643	18,181	—	—
Progress (vs Plan)	23.7%	48.2%	—	—

FY2023	1,532	2,053	2,360	1,562
Progress	20.4%	47.8%	79.2%	100%
FY2024	1,828	2,467	3,198	1,878
Progress	19.5%	45.8%	80.0%	100%
FY2025	1,901	2,617	—	—
Progress (vs Plan)	19.1%	45.3%	—	—

Analysis of Changes in Consolidated Profit and Loss Statement

36

(Million yen)

	FY2024 2Q (Cumulative results)		FY2025 2Q (Cumulative results)		Change		Factor
					Amount	%	
Net sales	33,453	100.0%	35,823	100.0%	2,370	7.1%	Sales increased in all segments in Japan, North America, and Asia The net increase from ABELEI, which acquired in the U.S., was 780 million yen
Cost of sales	19,617	58.6%	20,681	57.7%	1,064	5.4%	The lower cost of sales ratio at subsidiaries in China and Malaysia, largely due to the change in the sales mix, yielded a 0.9% improvement in the overall cost of sales ratio (Sales increased in flavor segment by 7.4%, in fragrance segment by 4.7%)
Gross profit	13,835	41.4%	15,142	42.3%	1,306	9.4%	
SG&A expenses	9,540	28.5%	10,623	29.7%	1,083	11.4%	The net increase from the acquisition of ABELEI plus the amortization of goodwill and integration-related expenses totaled 547 million yen
Operating profit	4,295	12.8%	4,518	12.6%	223	5.2%	
Ordinary profit	4,555	13.6%	4,924	13.7%	369	8.1%	(Foreign exchange gains) FY2024 2Q: Foreign exchange gains: 10 million yen FY2025 2Q: Foreign exchange gains: 96 million yen *Additionally, interest income and dividend income increased by 41.7 million yen in total
Profit before income taxes	4,532	13.5%	4,807	13.4%	275	6.1%	(Extraordinary losses) Loss on valuation of investment securities: 100 million yen
Net profit	3,198	9.6%	3,359	9.4%	160	5.0%	

* Net profit refers to profit attributable to owners of parent

Analysis of Changes in Consolidated Balance Sheet

37

(Million yen)

	Sep. 30, 2024	Mar. 31, 2025	Change	Factor
Current assets	72,241	72,250	8	<ul style="list-style-type: none"> • Increase in cash and deposits 5,204 million yen • Decrease in securities Δ4,998 million yen
Non-current assets	72,262	71,526	Δ 736	<ul style="list-style-type: none"> • Increase in construction in progress included in other under property, plant and equipment 642 million yen • Decrease in goodwill Δ202 million yen • Decrease in investment securities Δ1,053 million yen
Total assets	144,504	143,777	Δ 727	
Current liabilities	14,771	12,485	Δ 2,285	<ul style="list-style-type: none"> • Decrease in provision for bonuses Δ852 million yen • Increase in income taxes payable Δ261 million yen
Non-current liabilities	10,051	9,788	Δ 262	<ul style="list-style-type: none"> • Decrease in deferred tax liabilities Δ185 million yen
Total liabilities	24,822	22,274	Δ 2,548	
Net assets	119,681	121,502	1,820	<ul style="list-style-type: none"> • Net profit 3,359 million yen • Increase in foreign currency translation adjustment 1,688 million yen • Dividends of surplus Δ1,605 million yen • Purchase of treasury shares Δ999 million yen • Decrease in valuation difference on available-for-sale securities Δ677 million yen
Total liabilities and net assets	144,504	143,777	Δ 727	

Consolidated Statement of Cash Flows

38

(Million yen)

	FY2024 2Q (Cumulative results)	FY2025 2Q (Cumulative results)	Change	Major items in FY2025 2Q
Cash flows from operating activities	5,295	4,631	△ 663	<ul style="list-style-type: none"> • Net profit before income taxes 4,807 million yen • Depreciation 2,036 million yen • Decrease in trade receivable 1,837 million yen • Amortization of goodwill 681 million yen • Income taxes paid △1,416 million yen • Increase in inventory △1,136 million yen • Decrease in provision for bonuses △882 million yen
Cash flows from investing activities	△ 5,577	△ 4,218	1,358	<ul style="list-style-type: none"> • Net change in time deposits △2,314 million yen • Purchase of property, plant and equipment △1,423 million yen • Purchase of intangible fixed assets △442 million yen
Cash flows from financing activities	△ 1,355	△ 2,676	△ 1,321	<ul style="list-style-type: none"> • Dividends paid △1,605 million yen • Purchase of treasury shares △999 million yen
Effect of exchange rate change on cash and cash equivalents	169	215	46	
Net increase (decrease) in cash and cash equivalents	△ 1,467	△ 2,047	△ 579	
Cash and cash equivalents at beginning of period	29,957	31,952	1,995	
Cash and cash equivalents at end of period	28,489	29,905	1,415	

(Consolidated)

(Million yen)

	FY2025 Plan	FY2025 2Q (Actual)	Progress (%)
Capital Investment	10,673	1,793	16.8%
Depreciation	4,209	2,036	48.4%
Amortization of Goodwill	1,892	681	36.0%
R&D Expenses	5,875	2,812	47.9%

* Depreciation includes amortization of customer-related assets

Approx. 32 billion yen of capital investment is planned over three years for organic business expansion

• Major Capital Investments

(Billion yen)

	Location	~FY2024 (Actual)	FY2025 (Plan)	FY2026 (Plan)	FY2027 (Plan)	Three-year Plan Total	~FY2027 Total
DX promotion and IT reform	Japan	1.7	2.1	0.9	0.9	3.9	5.6
Fukaya plant	Japan	-	-	3.2	2.4	5.6	5.6
U.S. second plant	U.S.	3.4	1.2	0.7	0.04	1.9	5.3
China third plant (Pinghu)	China	-	1.8	1.5	1.5	4.8	4.8
Malaysia new plant	Southeast Asia	-	1.3	4.2	0.3	5.8	5.8
Others		-	4.2	2.9	2.7	9.8	-
Total		-	10.6	13.4	7.8	32	-

• R&D expenses will be maintained at a level of 8% of consolidated net sales

	FY2024 (Actual)	FY2025 (Plan)	FY2026 (Plan)	FY2027 (Plan)	FY2025-2027 Total	(Million yen)
Capital Investment	3,658	10,673	13,482	7,842	31,997	
Depreciation & Amortization	4,038	4,209	4,782	6,204	15,195	
R&D Expenses	5,550	5,875	6,047	6,238	18,160	

(Million yen)

	FY2024 2Q (Actual)		FY2025 2Q (Actual)		Yr/Yr		Progress (vs FY2025 full-year Plan)
	Amount	Share	Amount	Share	Amount	%	
Net Sales	19,819	100.0%	20,585	100.0%	766	3.9%	47.8%
Cost of Sales	12,033	60.7%	12,537	60.9%	503	4.2%	48.3%
Gross Profit	7,785	39.3%	8,048	39.1%	262	3.4%	46.9%
SG&A Expenses	5,353	27.0%	5,705	27.7%	352	6.6%	47.2%
Operating Profit	2,432	12.3%	2,342	11.4%	△89	△3.7%	46.2%
Ordinary Profit	6,990	35.3%	7,813	38.0%	822	11.8%	74.3%
Profit Before Income Taxes	6,981	35.2%	7,697	37.4%	715	10.2%	71.3%
Net Profit	5,796	29.2%	6,458	31.4%	661	11.4%	73.9%

- Sales increased in both the flavor and fragrance business
- Cost of sales increased due to increased sales and higher raw material prices
- SG&A expenses increased mainly due to an increase in personnel costs

Consolidated U.S. subsidiary (Actual)

42

*Statement of profit of T. HASEGAWA U.S.A., INC .

(Million yen)

Yen Basis	FY2024 2Q		FY2025 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	7,205	100.0%	7,885	100.0%	679	9.4%
Cost of Sales	4,517	62.7%	4,929	62.5%	411	9.1%
Gross Profit	2,687	37.3%	2,955	37.5%	268	10.0%
SG&A Expenses	2,619	36.4%	3,250	41.2%	631	24.1%
Operating Profit	68	0.9%	△294	-	△363	-
Ordinary Profit	111	1.6%	△238	-	△350	-
Net Profit	89	1.2%	△190	-	△279	-

1US\$=¥148.25

1US\$=¥152.52

(Yen down 2.9%)

(Thousand US\$)

US\$ Basis	FY2024 2Q		FY2025 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	48,603	100.0%	51,699	100.0%	3,095	6.4%
Cost of Sales	30,475	62.7%	32,319	62.5%	1,844	6.1%
Gross Profit	18,128	37.3%	19,379	37.5%	1,250	6.9%
SG&A Expenses	17,667	36.4%	21,312	41.2%	3,644	20.6%
Operating Profit	460	0.9%	△1,932	-	△2,393	-
Ordinary Profit	753	1.6%	△1,563	-	△2,317	-
Net Profit	601	1.2%	△1,248	-	△1,849	-

- While the commencement of the consolidation of ABELEI contributed to net sales, SG&A expenses increased due to the increases in personnel costs and amortization of goodwill, resulting in the posting of an operating loss
- While ABELEI demonstrated favorable performance, having met 50.5% of its sales budget, sales and profits fell in the first quarter except for ABELEI, due in part to the U.S. market being stagnant. The U.S. consolidated second quarter (three months) saw an increase in both sales and profit

Consolidated Chinese Subsidiaries (Actual)

43

*Consolidated statements of profit of the Company's three consolidated subsidiaries in China (T. HASEGAWA FLAVOURS AND FRAGRANCES (SHANGHAI) CO., LTD., T. HASEGAWA FLAVOURS (SUZHOU) CO., LTD., and T. HASEGAWA FLAVOURS (PINGHU) CO., LTD.)

(Million yen)

Yen Basis	FY2024 2Q		FY2025 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	5,461	100.0%	6,252	100.0%	790	14.5%
Cost of Sales	2,941	53.9%	3,178	50.8%	236	8.0%
Gross Profit	2,520	46.1%	3,074	49.2%	553	22.0%
SG&A Expenses	1,037	19.0%	1,092	17.5%	54	5.3%
Operating Profit	1,482	27.1%	1,981	31.7%	499	33.7%
Ordinary Profit	1,534	28.1%	2,042	32.7%	508	33.1%
Net Profit	1,133	20.8%	1,532	24.5%	398	35.2%

1RMB=¥20.54

1RMB=¥21.05

Yen down 2.5%

(Thousand RMB)

RMB Basis	FY2024 2Q		FY2025 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	265,916	100.0%	297,023	100.0%	31,107	11.7%
Cost of Sales	143,221	53.9%	150,985	50.8%	7,763	5.4%
Gross Profit	122,694	46.1%	146,038	49.2%	23,343	19.0%
SG&A Expenses	50,521	19.0%	51,887	17.5%	1,366	2.7%
Operating Profit	72,173	27.1%	94,151	31.7%	21,977	30.5%
Ordinary Profit	74,710	28.1%	97,044	32.7%	22,333	29.9%
Net Profit	55,193	20.8%	72,788	24.5%	17,595	31.9%

- Sales increased due to the strong performance of the flavor business, particularly beverages
- Profit increased significantly with a 30.5% rise in operating profit due to increased sales and improved cost of sales and SG&A ratios (on a local currency basis)

* Statement of profit of T. HASEGAWA FLAVOURS (KUALA LUMPUR) SDN. BHD.

(Million yen)

Yen Basis	FY2024 2Q		FY2025 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	933	100.0%	1,088	100.0%	155	16.6%
Cost of Sales	501	53.7%	560	51.5%	58	11.6%
Gross Profit	431	46.3%	528	48.5%	96	22.4%
SG&A Expenses	260	27.9%	313	28.8%	52	20.3%
Operating Profit	171	18.4%	215	19.8%	43	25.5%
Ordinary Profit	184	19.8%	279	25.6%	94	51.2%
Net Profit	134	14.4%	203	18.7%	69	51.8%

1MYR=¥31.48

1MYR=¥34.52

Yen down 9.7%

(Thousand MYR)

MYR Basis	FY2024 2Q		FY2025 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	29,656	100.0%	31,537	100.0%	1,880	6.3%
Cost of Sales	15,938	53.7%	16,227	51.5%	289	1.8%
Gross Profit	13,717	46.3%	15,309	48.5%	1,591	11.6%
SG&A Expenses	8,275	27.9%	9,079	28.8%	803	9.7%
Operating Profit	5,442	18.4%	6,230	19.8%	788	14.5%
Ordinary Profit	5,862	19.8%	8,084	25.6%	2,221	37.9%
Net Profit	4,264	14.4%	5,903	18.7%	1,638	38.4%

- Net sales increased mainly due to increased sales to Southeast Asia (Indonesia, etc.)
- Profit increased due to increased sales of high-margin products

Medium-Term Three-Year Plan (Consolidated)

45

T.HASEGAWA
non-
consolidated

Expect to **expand sales through the promotion of solution sales** by strengthening collaboration among sales, research, and marketing. Promote the **strengthening of production systems** to meet increasing demand

U.S.

Expect to **increase sales in the savory, health and beverage industries**, while expanding sales channels in the Midwest of the U.S. through synergies with the acquired ABELEI. **Strengthen production systems** by promoting the second plant project

China

Promote the strengthening of research and production systems. Further, utilize marketing functions and deepen collaboration among sales, research, and marketing to strengthen sales systems, and tap unentered sectors and potential demand, in order to expand sales

Malaysia

Promote the construction of a new plant in Malaysia. Improve efficiency by promoting the utilization of application laboratories, expanding library and utilizing flavor kits, in order to increase sales

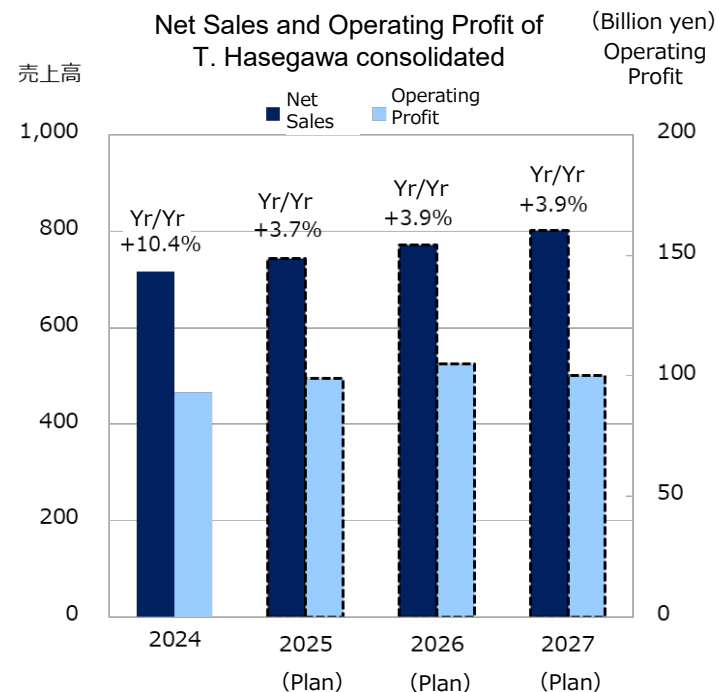
(Million yen)

	FY24 (Actual)	FY25 (Plan)	FY26 (Plan)	FY27 (Plan)
Net Sales	71,645	74,300	77,200	80,200
Cost of Sales	42,001	42,830	44,350	46,640
Operating Profit	9,371	9,970	10,510	10,040
Ordinary Profit	9,723	10,450	11,000	10,550
Net Profit	7,201	7,580	8,150	7,820
EBITDA	14,392	15,254	16,325	17,279
Exchange Rate	¥150.44/\$ ¥20.84/RMB	¥145.00/\$ ¥20.50/RMB	¥145.00/\$ ¥20.50/RMB	¥145.00/\$ ¥20.50/RMB
Sales Yr/Yr	10.4%	3.7%	3.9%	3.9%
Cost of Sales to Net Sales	58.6%	57.6%	57.4%	58.2%
Operating Profit to Net Sales	13.1%	13.4%	13.6%	12.5%
Ordinary Profit to Net Sales	13.6%	14.1%	14.2%	13.2%
Net Profit to Net Sales	10.1%	10.2%	10.6%	9.8%
EBITDA to Net Sales	20.1%	20.5%	21.1%	21.5%
Overseas net sales as a percentage of consolidated net sales	48.5%	49.3%	49.7%	50.2%

* The Group's medium-term three-year plan is revised each fiscal year. See page 46 for details

* Net profit in the table refers to profit attributable to owners of parent

* Savory: Snacks, dressings, seasonings, and other salty products



Medium-Term Three-Year Plan (Consolidated)

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(Million yen)

	FY2024 (Actual)			FY2025 (Plan)			FY2026 (Plan)			FY2027 (Plan)		
	Amount	Share	Yr/Yr	Amount	Share	Yr/Yr	Amount	Share	Yr/Yr	Amount	Share	Yr/Yr
Net Sales	71,645	100.0%	10.4%	74,300	100.0%	3.7%	77,200	100.0%	3.9%	80,200	100.0%	3.9%
Cost of Sales	42,001	58.6%	7.2%	42,830	57.6%	2.0%	44,350	57.4%	3.5%	46,640	58.2%	5.2%
Gross Profit	29,643	41.4%	15.4%	31,470	42.4%	6.2%	32,850	42.6%	4.4%	33,560	41.8%	2.2%
SG&A Expenses	20,272	28.3%	11.5%	21,500	28.9%	6.1%	22,340	28.9%	3.9%	23,520	29.3%	5.3%
Operating Profit	9,371	13.1%	24.8%	9,970	13.4%	6.4%	10,510	13.6%	5.4%	10,040	12.5%	△4.5%
Ordinary Profit	9,723	13.6%	18.8%	10,450	14.1%	7.5%	11,000	14.2%	5.3%	10,550	13.2%	△4.1%
Profit Before Income Taxes	10,170	14.2%	9.1%	10,730	14.4%	5.5%	11,360	14.7%	5.9%	10,910	13.6%	△4.0%
Net Profit	7,201	10.1%	7.9%	7,580	10.2%	5.3%	8,150	10.6%	7.5%	7,820	9.8%	△4.0%

* Net profit in the table refers to profit attributable to owners of parent

This presentation is based on data as of May 9, 2025, and was created with the intention of providing information on future management plans and results for the second quarter of the fiscal year ending September 30, 2025.

The views expressed in this material are those of the Company at the time of preparation. No guarantees are provided in relation to the accuracy or completeness of this information, and it is subject to change without notice in future. Please note that the Company will not accept responsibility for any omissions or errors in the data, expressions, etc., used in this document.

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