



香りが結ぶ。
それが未来になる。

香りがつくりだす濃密な時間にさまざまな情報が行き交います。

そこに求められるのは新たな可能性の追求と生活文化への価値ある貢献です。

いまコミュニケーションの多様化とともに香りも進化が求められています。

総合香料メーカーとして業界を牽引してきた

私たち長谷川香料はそれを大きな使命として、

次の時代に向けて強い意欲をもって取り組んでいきます。

高いプロ意識のもとで培った技術力と研究開発から

製造に至るまでの正確なプロセス。

そこから世界に誇る唯一無二の香りをつくりだします。

ここには未来を設計する確かなプランがあります。

香りに未来を描く。
香りに感動を込める。



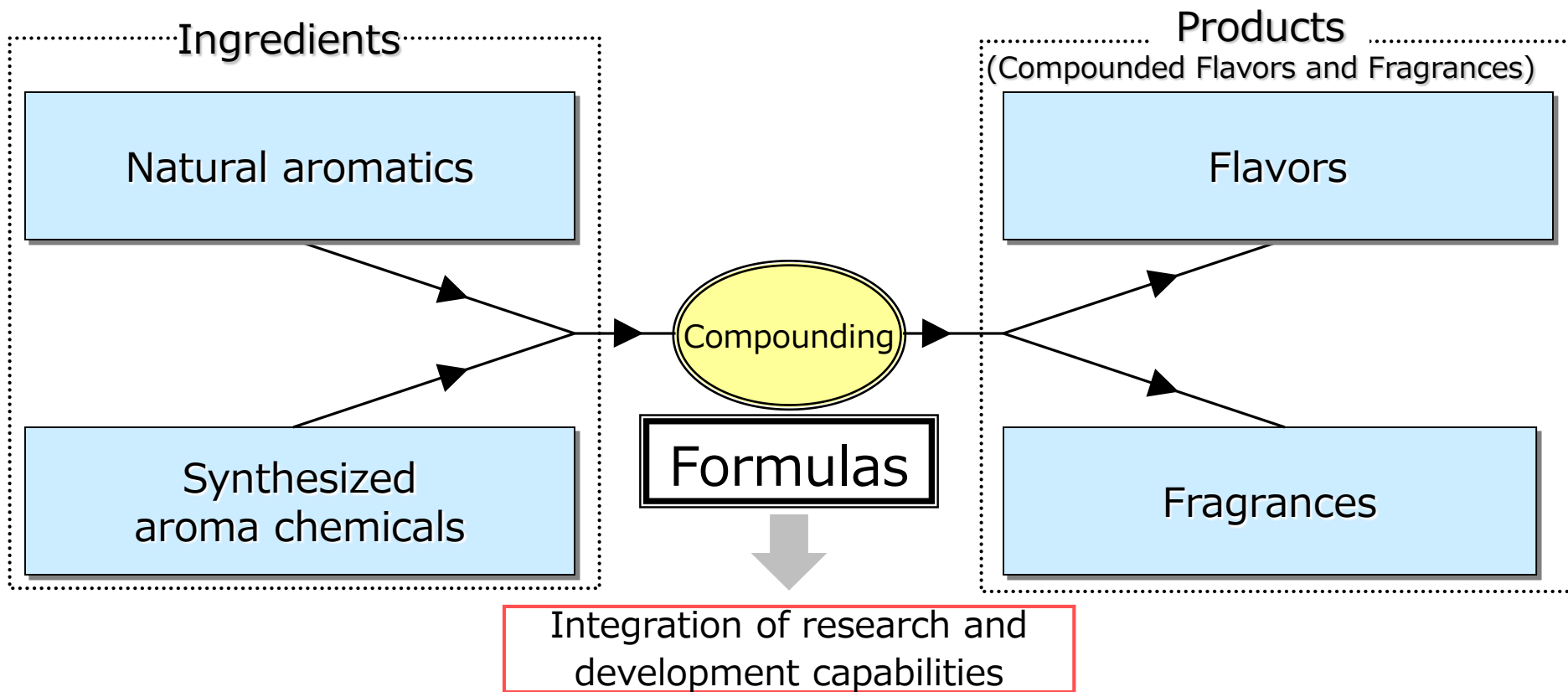
Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024

May 23, 2024

T. HASEGAWA CO., LTD.

- I. Business Overview
- II. Overview of Financial Statements
- III. Business Environment
- IV. Management Policy
- V. Global Strategy
- VI. Capital Policy
- VII. Basic Policy on IR Activities
- VIII. Accompanying Materials

I. Business Overview



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

Ⅱ. Overview of Financial Statements

Trends by Category (Domestic Market)

• 2nd Quarter, FYE September 2024 (October 2023 to March 2024)

Category		Trend		Impact on performance
Beverages		Increase	<ul style="list-style-type: none"> Sales increased after a full round of simultaneous price increases for small-sized drinks (starting from Oct 2022), lingering summer heat and recovery of outing occasions of consumers Green tea, vegetable beverages and hot products such as canned coffee were unfavorable, while mineral water and barley tea performed strongly Private brands of tea beverages, carbonated water, etc. grew on the back of price inflations 	
Sweet and savory snacks	Savory snacks	Increase	<ul style="list-style-type: none"> Discount sales of Potato Chips and Shoestrings Fries declined due to a series of two price increases. There was a shift from national brands to less expensive private brands. Stacked potato chips struggled, while sales for shoestring products grew Continuing on from last year, the frequency of discount sales of Wheat Flour Products and Corn Snacks increased due to comparatively cheaper prices Sales of Bean Snacks grew due to new products released in small pouches 	
	Chocolate	Increase	<ul style="list-style-type: none"> Sales of chocolate bars and high-cacao dark chocolate products were up despite a series of two price increases Products using nuts had less discount sales due to raw material hikes of both almonds and macadamias, resulting in a year-on-year decline. Low supply of macadamias is likely to continue. Sales of chocolate snacks grew due to increase in people going outdoors and more purchases for pocket-sized snack products. In particular, long-selling products performed strongly 	
Frozen Desserts		Increase	<ul style="list-style-type: none"> Sales increased on the back of price increases. Successful at creating high market retention despite price increases Sound sales from last year continued 	
Instant Noodles		Increase	<ul style="list-style-type: none"> Amid a series of price increases in food products, instant noodle prices were perceived as reasonable compared to other categories, resulting in strong sales Cost-saving consumer behaviors led to higher demand for low-price products, standard brand products' sales were weak 	

Summary of Consolidated Performance

- Net sales Increased Yr/Yr
Progress rate against full-year target was 50.3% (average progress rate: 47.7%)
- Operating profit Increased Yr/Yr
Progress rate against full-year target was 51.8% (average progress rate: 46.1%)
- ⇒ In addition to the increases in local currency-based sales and profits,
the exchange rate had a favorable impact

(Million yen)

	FY23 2Q Actual	FY24 2Q Actual	Change Yr/Yr		Progress vs Annual Plan	Average progress rate	Differences
			Amount	%	%		
Net Sales	31,313	33,453	2,139	6.8%	50.3%	47.7%	2.6%
Cost of Sales	18,885	19,617	732	3.9%	50.2%	47.6%	2.6%
Gross Profit	12,428	13,835	1,407	11.3%	50.4%	47.8%	2.7%
SG&A Expenses	8,842	9,540	697	7.9%	49.9%	48.3%	1.5%
Operating Profit	3,585	4,295	710	19.8%	51.8%	46.1%	5.6%
Ordinary Profit	3,728	4,555	826	22.2%	51.8%	45.8%	6.0%
Profit before Income Taxes	3,947	4,532	584	14.8%	47.9%	44.7%	3.2%
Net Profit	2,824	3,198	374	13.2%	47.4%	43.1%	4.3%
EBITDA *	5,822	6,715	892	15.3%	51.3%		

* The average progress rate is the average progress rate for the past 10 fiscal years (excluding the maximum and minimum values)

* Net Profit refers to profit attributable to owners of parent

* EBITDA = Operating Profit + Depreciation (including amortization of customer-related assets) + Amortization of goodwill
EBITDA to Net Sales (%) : 20.1%

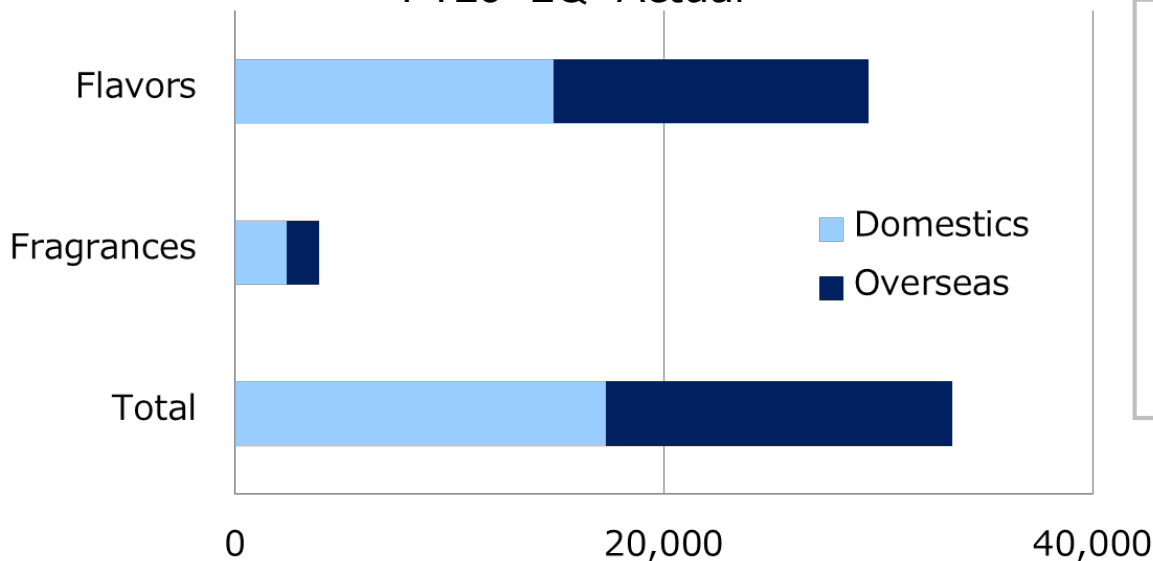
Net Sales by Segment

- Sales growth factors
Sales increased in U.S. subsidiary, T.Hasegawa on a non-consolidated basis, and Chinese subsidiaries

(Million yen)

Segment	FY23 2Q Actual	FY24 2Q Actual	Yr/Yr		Remark
			Amount	%	
Flavors	27,131	29,526	2,395	8.8%	Higher sales of U.S. subsidiaries , T. Hasegawa (non-consolidated), and Chinese subsidiaries
Fragrances	4,182	3,926	-255	-6.1%	Company sales on a non-consolidated basis and Chinese subsidiaries declined
Total	31,313	33,453	2,139	6.8%	–

FY23 2Q Actual



Overseas net sales as
a percentage of consolidated
net sales

FYE September 30, 2024, 2Q
48.4%

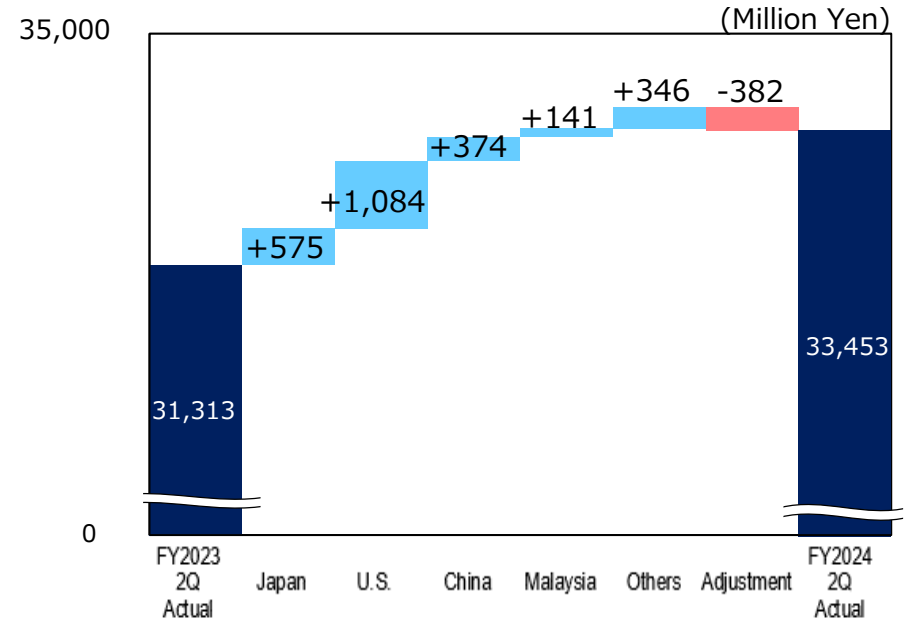
(FYE September 30, 2023: 46.5%)

Net Sales by Group Company

- Sales growth factors
Higher sales of U.S. subsidiary, T. Hasegawa (non-consolidated), and Chinese subsidiaries

Currency	FY2023 2Q	FY2024 2Q	Yr/Yr
1US\$	¥136.96	¥148.25	Yen down 8.2%
1RMB	¥19.61	¥20.54	Yen down 4.7%
1MYR	¥30.60	¥31.48	Yen down 2.9%

	FY23 2Q Actual	FY24 2Q Actual	Yr/Yr	(Million Yen) %
Japan	19,243	19,819	575	3.0%
U.S.	6,121	7,205	1,084	17.7%
China	5,087	5,461	374	7.4%
Malaysia	791	933	141	17.9%
Others	1,784	2,131	346	19.4%
Adjustment	-1,715	-2,098	-382	-
Consolidated	31,313	33,453	2,139	6.8%



- Effect of exchange rate

	Due to forex rates	others	(Million Yen) Amount of change
Japan	114	461	575
U.S.	549	536	1,084
China	247	127	374
Malaysia	26	115	141
Others	105	241	346
Adjustment	-94	-288	-382
Consolidated	947	1,192	2,139

Japan	Sales in the flavor segment increased mainly due to beverages	Sales Increase
U.S.	Sales were up mainly due to the reaction to the previous term in which customers tried to reduce orders due to an uncertain business outlook	Sales Increase
China	Sales in the flavor segment increased mainly due to beverages	Sales Increase
Malaysia	Sales were up mainly due to sales to Southeast Asia (Indonesia, etc.)	Sales Increase

Operating Profit by Group Company

- Profit growth factors

Higher operating profit at U.S. subsidiary and Chinese subsidiaries

(Million Yen)

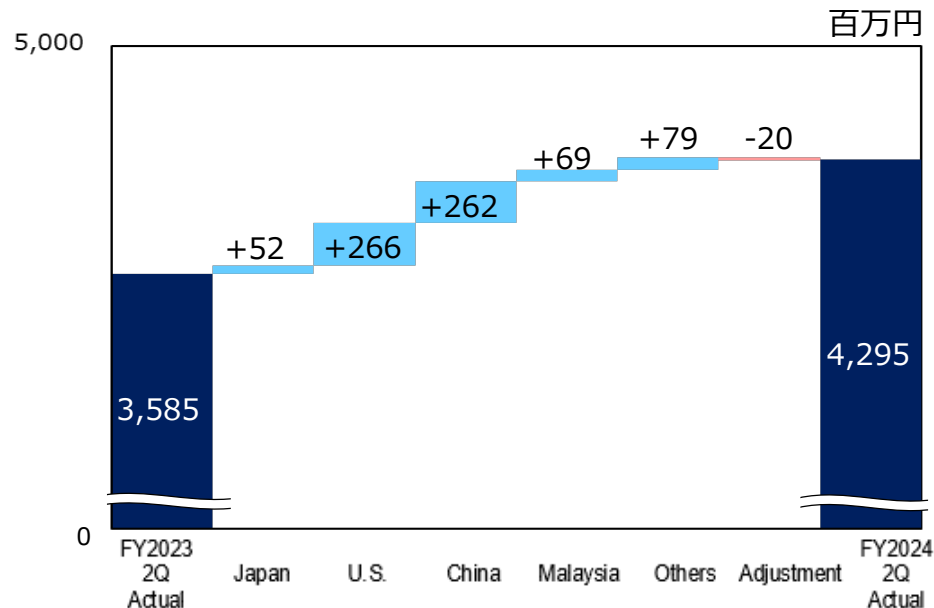
	FY23 2Q Actual	FY24 2Q Actual	Yr/Yr	%
Japan	2,379	2,432	52	2.2%
U.S.	-197	68	266	-
China	1,219	1,482	262	21.6%
Malaysia	102	171	69	67.5%
Others	91	171	79	86.3%
Adjustment	-10	-30	-20	-
Consolidated	3,585	4,295	710	19.8%

- Effect of exchange rate

(Million Yen)

	Due to forex rates	others	Amount of change
Japan	58	-5	52
U.S.	5	261	266
China	67	195	262
Malaysia	5	64	69
Others	11	68	79
Adjustment	46	-66	-20
Consolidated	192	517	710

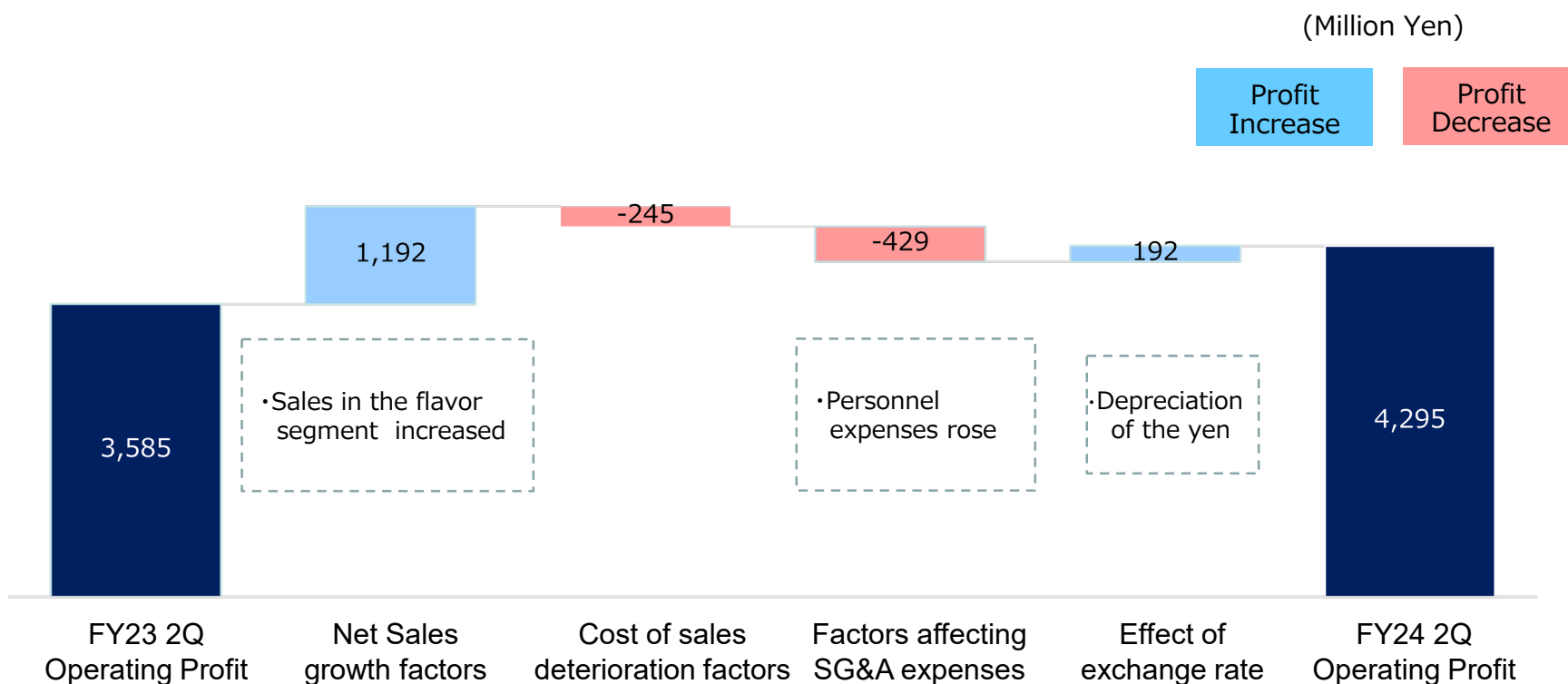
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1RMB	¥19.61	¥20.54	Yen down 4.7%
1MYR	¥30.60	¥31.48	Yen down 2.9%



Japan	SG&A expenses rose due to an increase in personnel expenses, but there were contributions from sales increases and an improvement in the cost of sales ratio with a changed product mix	Profit Increase
U.S.	Sales increased, with an improvement in the cost of sales ratio with a changed product mix and SG&A expense ratio	Profit Increase
China	Sales increased, with an improvement in the cost of sales ratio with a changed product mix	Profit Increase
Malaysia	Sales increased, with an improvement in the cost of sales ratio and SG&A expense ratio	Profit Increase

Analysis of changes in operating profit

- Year-on-year increase in operating profit was achieved due to increased sales in flavor segment and favorable impact from the depreciation of the yen.
- Raw materials prices remain high, and the increase in the cost of sales ratio is moderate compared to the same term of the previous year.
- SG&A expenses rose due to an increase in personnel expenses.



III. Business Environment

- Worldwide flavors and fragrances sales: Approx. 32.5 billion U.S. dollars (approx. 4.5 trillion yen)

Europe, Africa, Middle East

- Market size: Approx. 11.6 billion U.S. dollars (approx. 1,620 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

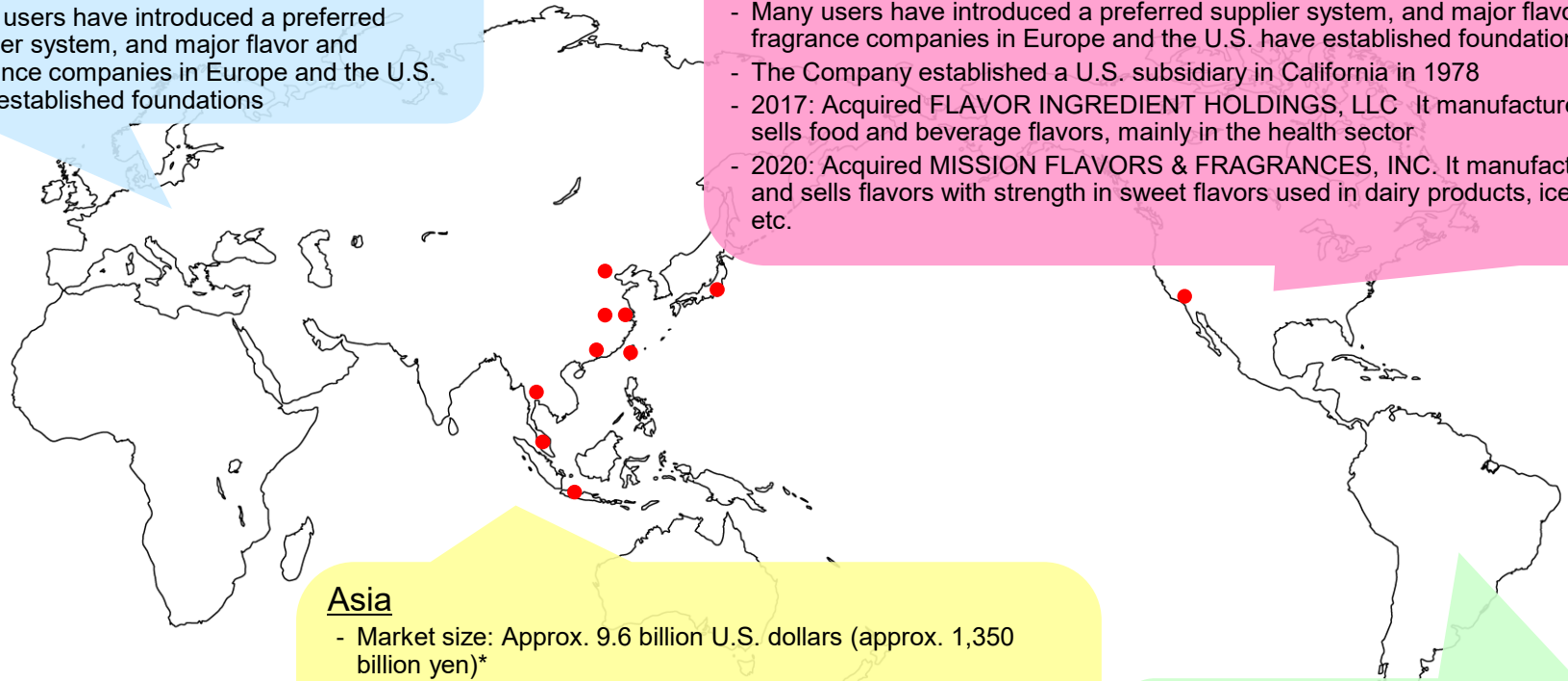
- Market size: Approx. 8.1 billion U.S. dollars (approx. 1,120 billion yen)*
- Many users have introduced a preferred supplier system, and major flavor and fragrance companies in Europe and the U.S. have established foundations
- The Company established a U.S. subsidiary in California in 1978
- 2017: Acquired FLAVOR INGREDIENT HOLDINGS, LLC. It manufactures and sells food and beverage flavors, mainly in the health sector
- 2020: Acquired MISSION FLAVORS & FRAGRANCES, INC. It manufactures and sells flavors with strength in sweet flavors used in dairy products, ice cream, etc.

Asia

- Market size: Approx. 9.6 billion U.S. dollars (approx. 1,350 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), and Taiwan (2017)
- Secured a manufacturing site in Malaysia through M&A (2014)

South America

- Market size: Approx. 3.3 billion U.S. dollars (approx. 430 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

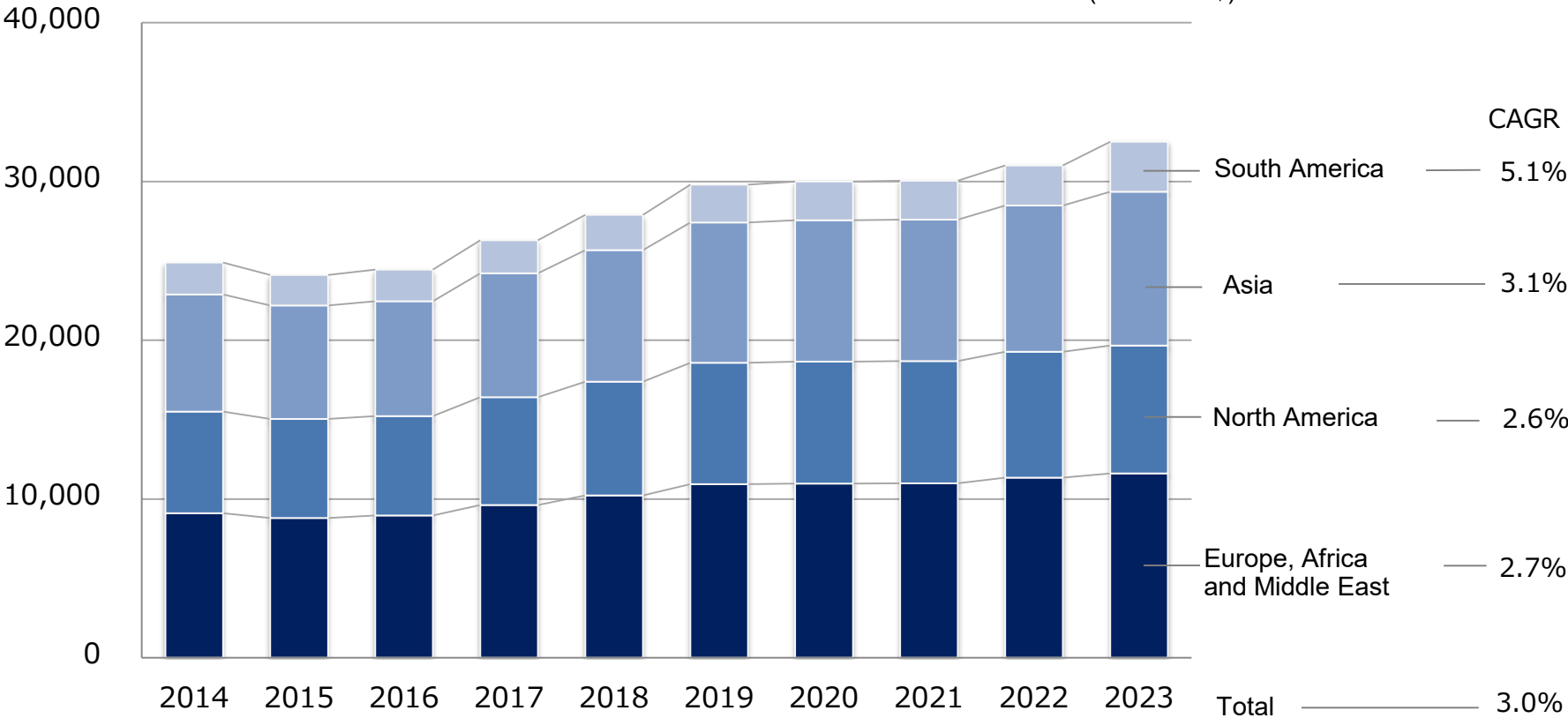
* Forex rate: 1 U.S. dollar = 139.5 yen (2023)

● = the Company's base

- Global flavors and fragrances market in 2023: Grew approx. 3% Yr/Yr

Global Flavors and Fragrances Market (Estimated by the Company)

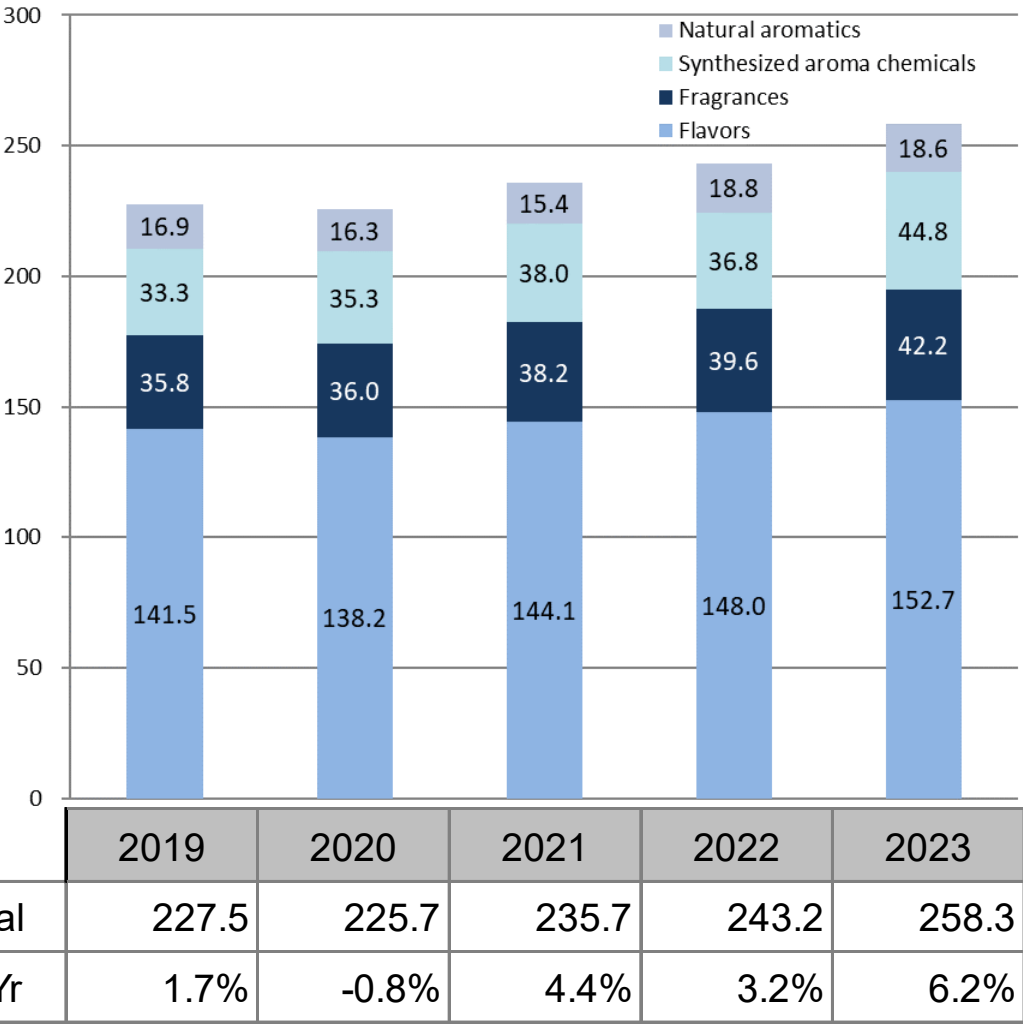
(Million US\$)



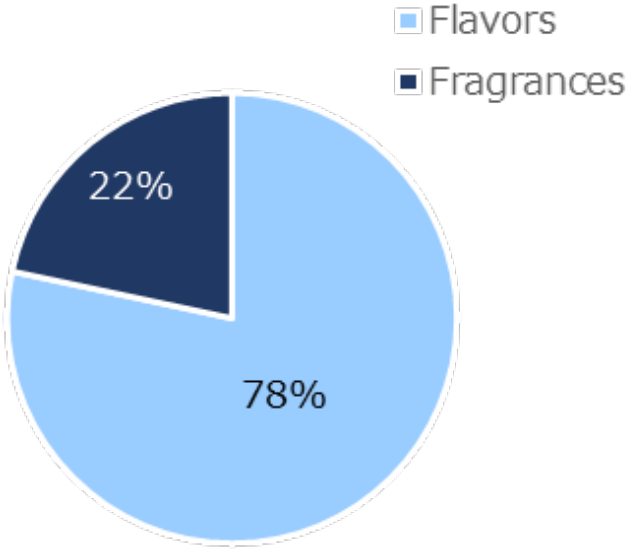
Japanese Flavors and Fragrances Market Size

- Flavors account for approximately 80% of the Japanese flavors and fragrances market (approx. 50% of the global market)

Japanese flavors and fragrances
market sales (Billion yen)



Breakdown of flavors and fragrances
(FY2023)



Source of reference :
*Japan Flavor & Fragrance Materials
Association Magazine*

IV. Management Policy

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
Sales

Secure Profits
in Domestic
Market

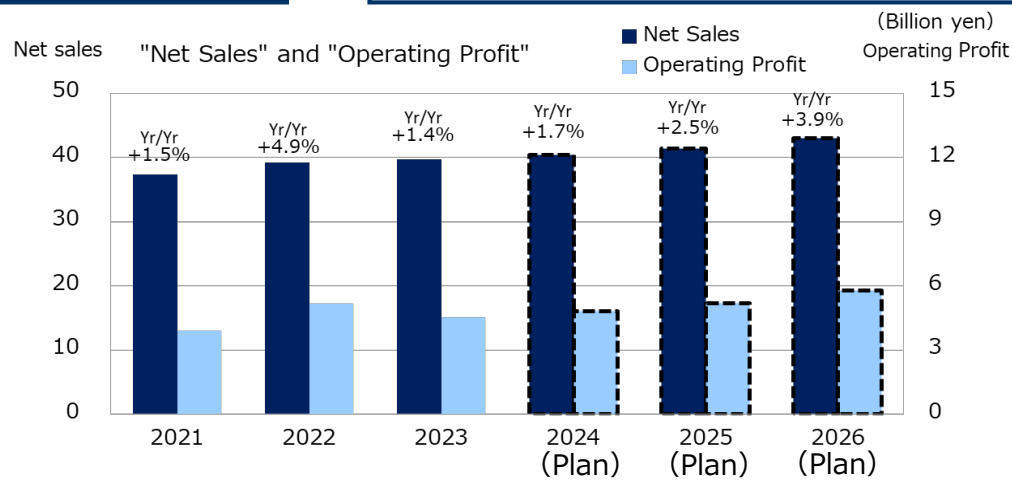
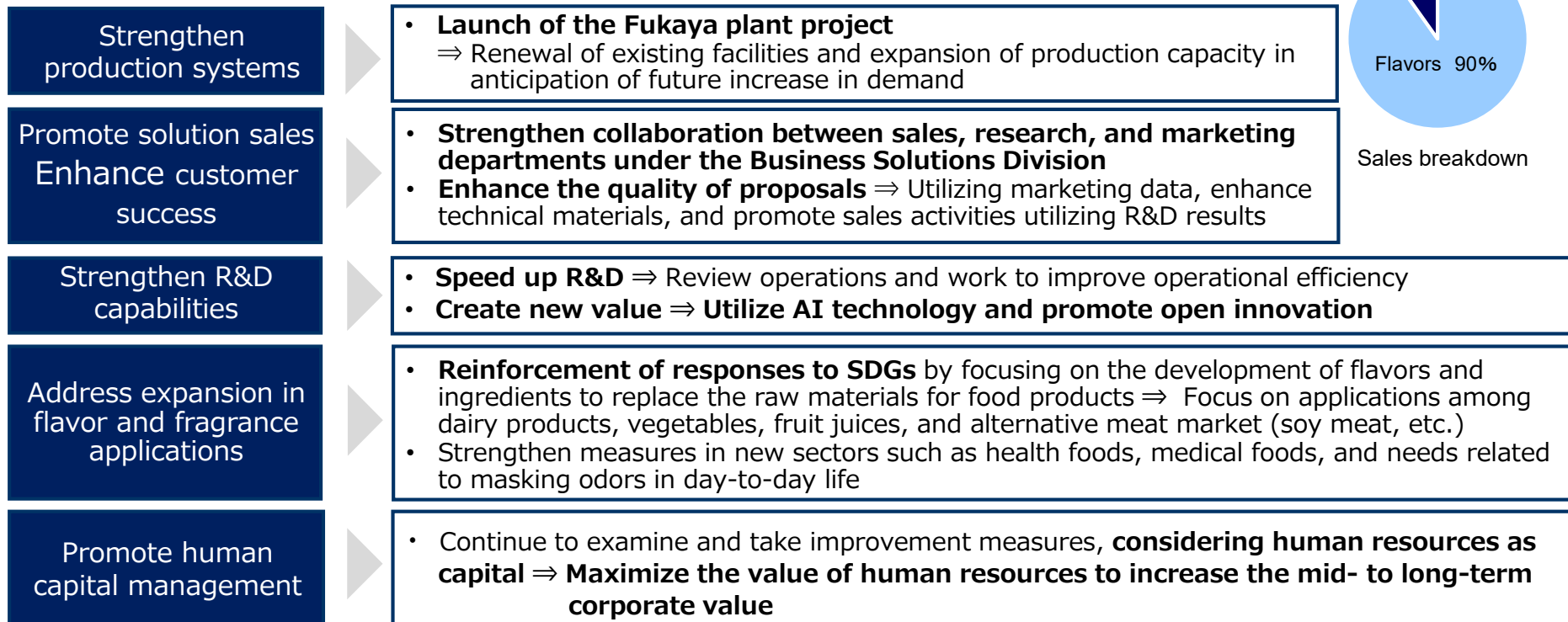
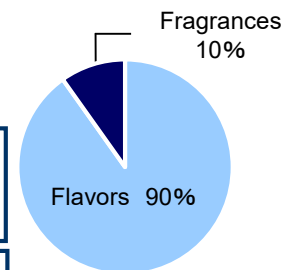
Growth in
Overseas
Market

V . Global Strategy

Domestic Strategies

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

Current initiatives and progress



FYE September 30, 2024,
2Q results

Net sales: 19.8 billion yen
(+3.0% Yr/Yr)

Operating profit: 2.4 billion yen
(2.2% Yr/Yr)

***Reference**

EBITDA : 3.2 billion yen
(3.5% Yr/Yr)

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
⇒ Started introduction of a new HR system in FY2021, completed in FY2023
- Introduction of engagement survey

Promotion of human resource education programs

- Implementation of education programs for overseas human resources
- 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
- 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 percentage of evaluation interviews performed for setting job targets

Overseas Strategy –U.S.–

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

Current initiatives and progress

Expand sales

- Achievement of both organic growth and scale expansion through acquisitions

Create new production system

- Promotion of second plant construction plan as part of measures to create a new production system (California)
⇒ Start of full-scale operation in June 2022, completion of the phase 2 construction in November 2023
- **Start considering the phase 3 construction to further increase production capacity to respond to future business expansion**

Measures to restore business performance

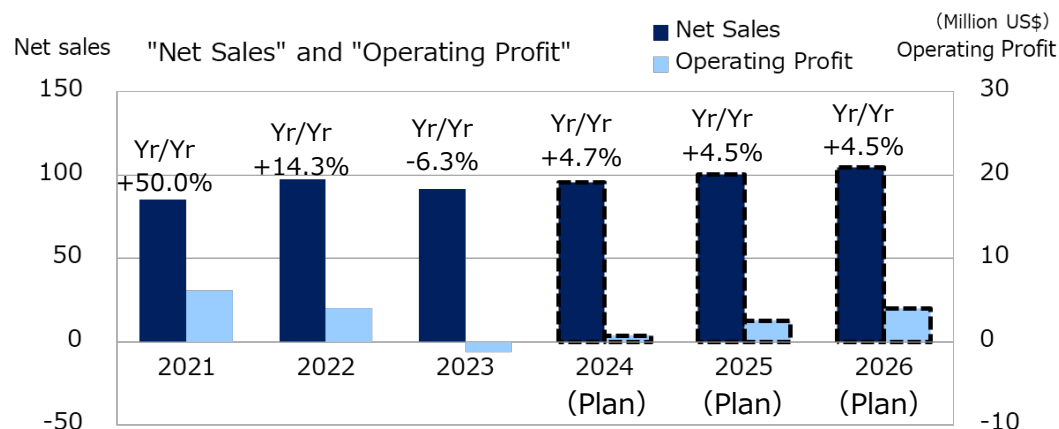
- Strengthen marketing systems and ensure pipeline management
⇒ Formulate sector-specific long-term growth strategies and client-specific strategies based on market trend analysis, etc.
- Despite being affected by the slowdown of the whole U.S. flavor industry, orders are on a recovery trend. **Net sales and operating profit are recovering in FYE September 2024**

Utilize and deploy Japanese technology

- Bridge to Tokyo project:
Project team currently working to utilize and deploy Japanese technology in the U.S.
- Localization of some technologies in the United States completed, **which was responded to by clients positively**
- **Promote sharing of formulas and technical information with R&D in Japan**

Flavors 100%

Sales breakdown



FYE September 30, 2024,
2Q results

Net sales: 48.6 million U.S. dollars
(7.2 billion yen, 8.8% Yr/Yr)

Operating Profit: 0.4 million U.S. dollars
(0.06 billion yen)

***Reference**

EBITDA : 7.7 million U.S. dollars
(1.15 billion yen, 37.3% Yr/Yr)

* Savory flavors

Salty flavors used in savory snacks, dressings, seasonings, and other products

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

Current initiatives and progress

Strengthen production system

- **Launch of new plant construction project**
⇒ The construction of a new plant is planned in order to increase production capacity

Strengthen sales systems

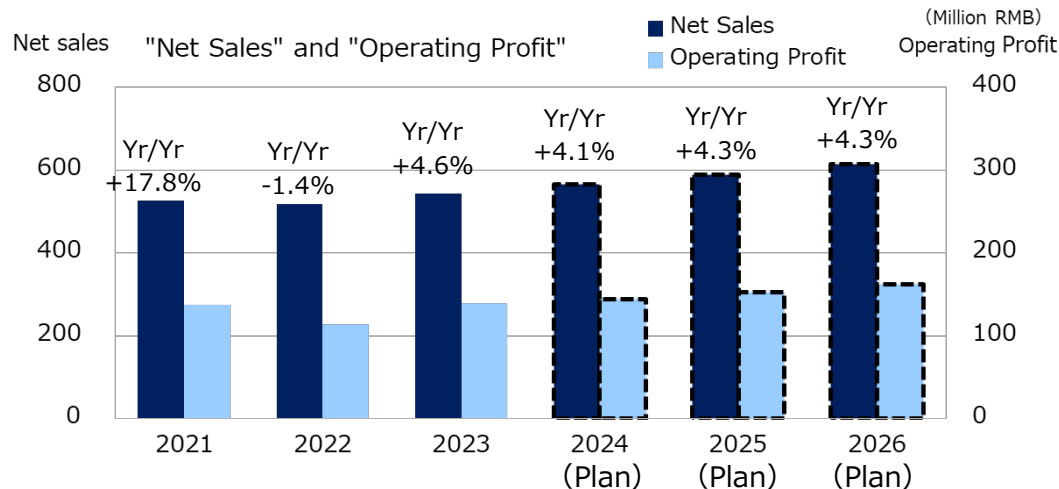
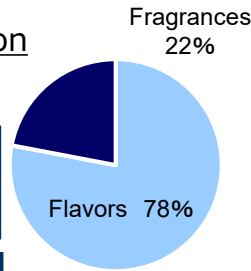
- **Utilize marketing functions**
⇒ Develop strategic approaches to customers, tap unentered sectors and potential demand
Focus on large and midsize local companies and utilize agents to expand sales area
- Deepen collaboration between sales, research, and marketing
- Thoroughly manage pipelines and sales activities ⇒ Started introduction of IT tools

Improve profitability

- **Thorough profit management**
⇒ Realize **improvement in business performance in terms of both sales and profits**

Strengthen research systems

- **Construction of the new research building was completed in November 2023**
⇒ Aim to strengthen research functions and improve operational efficiency
- **Promote sharing of formulas and technical information with R&D in Japan**



FYE September 30, 2024,
2Q results

Net sales: 265 million yuan
(5.4 billion yen, +2.5% Yr/Yr)

Operating profit: 72.1 million yuan
(1.48 billion yen, +16.1% Yr/Yr)

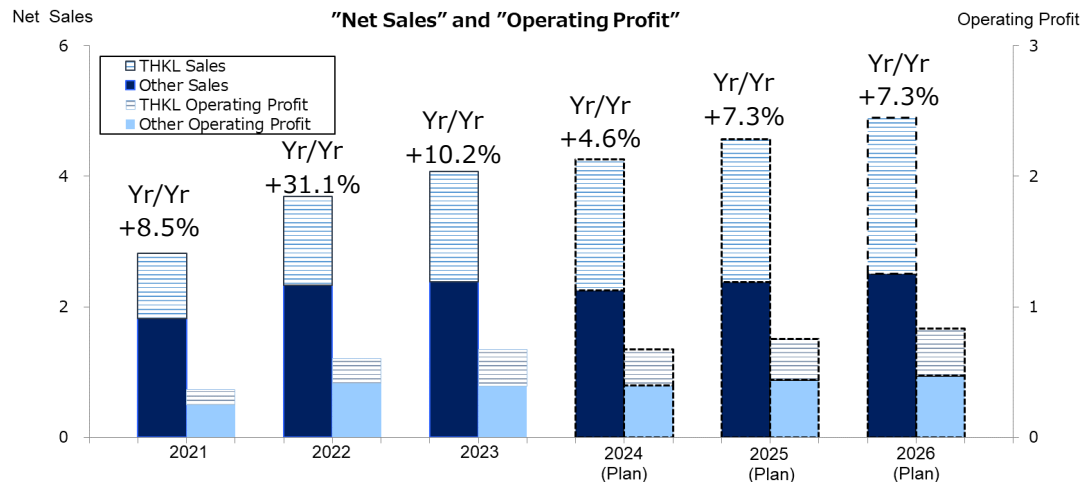
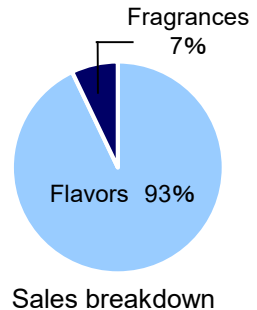
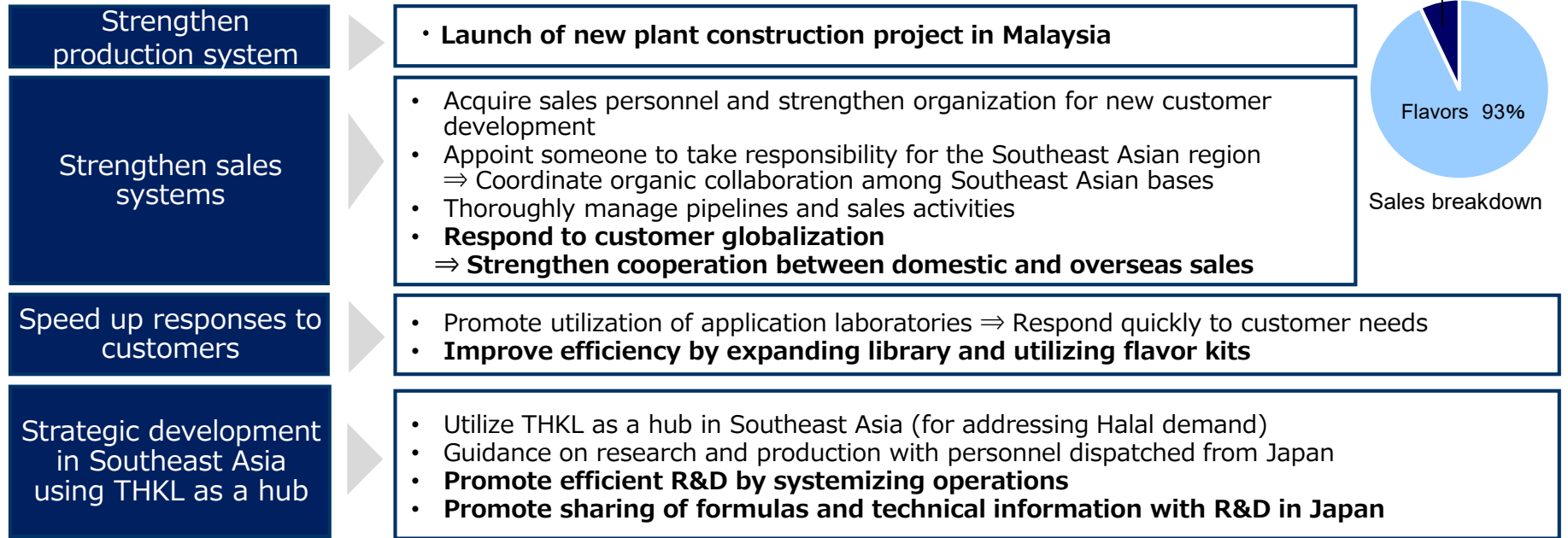
***Reference**

EBITDA : 88.7 million yuan
(1.82 billion yen, +12.5% Yr/Yr)

Overseas Strategy –Southeast Asia–

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

Current initiatives and progress



FYE September 30, 2024,
2Q results

Net sales: 2.14 billion yen
(+7.6% Yr/Yr)

Operating profit: 0.35 billion yen
(+11.5% Yr/Yr)

***Reference**

EBITDA : 0.43 billion yen
(+10.1% Yr/Yr)

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

* T. HASEGAWA (SOUTHEAST ASIA) CO., LTD. (Thailand) has been included in the scope of consolidation since FYE September 2022. For conformity, the figures before FYE September 2021 have been revised to include the company retroactively

Basic Policies Related to Business Portfolio

- Develop the businesses based on three basic strategies: **(1) Expand Compounded Flavors and Fragrances Sales, (2) Secure Profits in Domestic 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 entered

	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 • Development of flavors and ingredients to replace raw materials for food products • Contribution to FoodTech ➢ Strengthen measures in new sectors • Health foods, medical foods, etc. 	<ul style="list-style-type: none"> ➢ Usage mainly in savory foods, beverages, and health sector ➢ Trade mainly with local companies ➢ Expand business through M&A • Strengthen sweet flavors with M&A in 2020 ➢ Strengthen collaboration with research departments 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 • Focus on large and midsize local companies • Expand area of sales by utilizing agents 	<ul style="list-style-type: none"> ➢ Usage mainly in seasoning powders and beverages • Target further expansion in beverage sectors ➢ Strengthen collaboration between sites • Increase sales in Malaysia, Thailand, and Indonesia • Strengthen cooperation between domestic and overseas sales ➢ Expand operations into countries around sites • 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 daily necessities and cosmetics industries ➢ Strengthen measures in new sectors • Address need to mask odors in day-to-day life, etc. • Propose ways to resolve discomfort with fragrances ➢ Strengthen response to SDGs • Develop environmentally-friendly fragrances 	T. Hasegawa Group has yet to enter	<ul style="list-style-type: none"> ➢ Usage mainly in daily necessities industry ➢ Trade mainly with local companies ➢ Focus on expansion among toiletry makers ➢ Strengthen collaboration with research departments 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

Japan	<ul style="list-style-type: none">• Launch of the Fukaya plant project to reinforce our production capabilities• Strengthen collaboration between sales, research, and marketing departments under the Business Solutions Division• Promote acceleration of research and development and the utilization of AI and open innovation• Reinforce response to SDGs by focusing on the development of flavors and ingredients to replace raw materials for food products• Promote human capital management. Maximize the value of human resources to increase the mid- to long-term corporate value
U.S.	<ul style="list-style-type: none">• Achievement of both organic growth and scale expansion through acquisitions• Start considering the phase 3 of construction for Second Plant to further increase of production capacity• Strengthen marketing systems and ensure pipeline management• Utilize and deploy Japanese technology by facilitating the sharing of technical information with the R&D in Japan
China	<ul style="list-style-type: none">• Launch of new plant construction project to increase production capacity• Utilize marketing functions to focus on large and midsize local companies, and utilize agents to expand sales area• Ensure profit management ⇒ Aim to improve business performance from both sales and profit perspectives• Construction of new research building completed in November 2023 and we are promoting the sharing of information with R&D in Japan in order to further strengthen our research capabilities
Southeast Asia	<ul style="list-style-type: none">• New plant construction plan is underway in Malaysia to reinforce our production capabilities• Strengthen cooperation between domestic and overseas sales to respond to customer globalization• Speed up customer response by expanding library and utilizing flavor kits• Promotion of efficient R&D based on work systemization

VI. Capital Policy

Basic Policy

- Maintain a level of shareholders' equity that will enable us 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
- **Shareholder returns**
Pay dividends from surplus twice a year, including interim and year-end dividends, targeting a consolidated payout ratio of approximately 35%
- **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 set by our company are met

Investment Securities

- Reduce the total number of shares held from the perspective of improving capital efficiency, etc. (some shares have already been sold and the Company will continue to consider opportunities to sell shares)
- 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

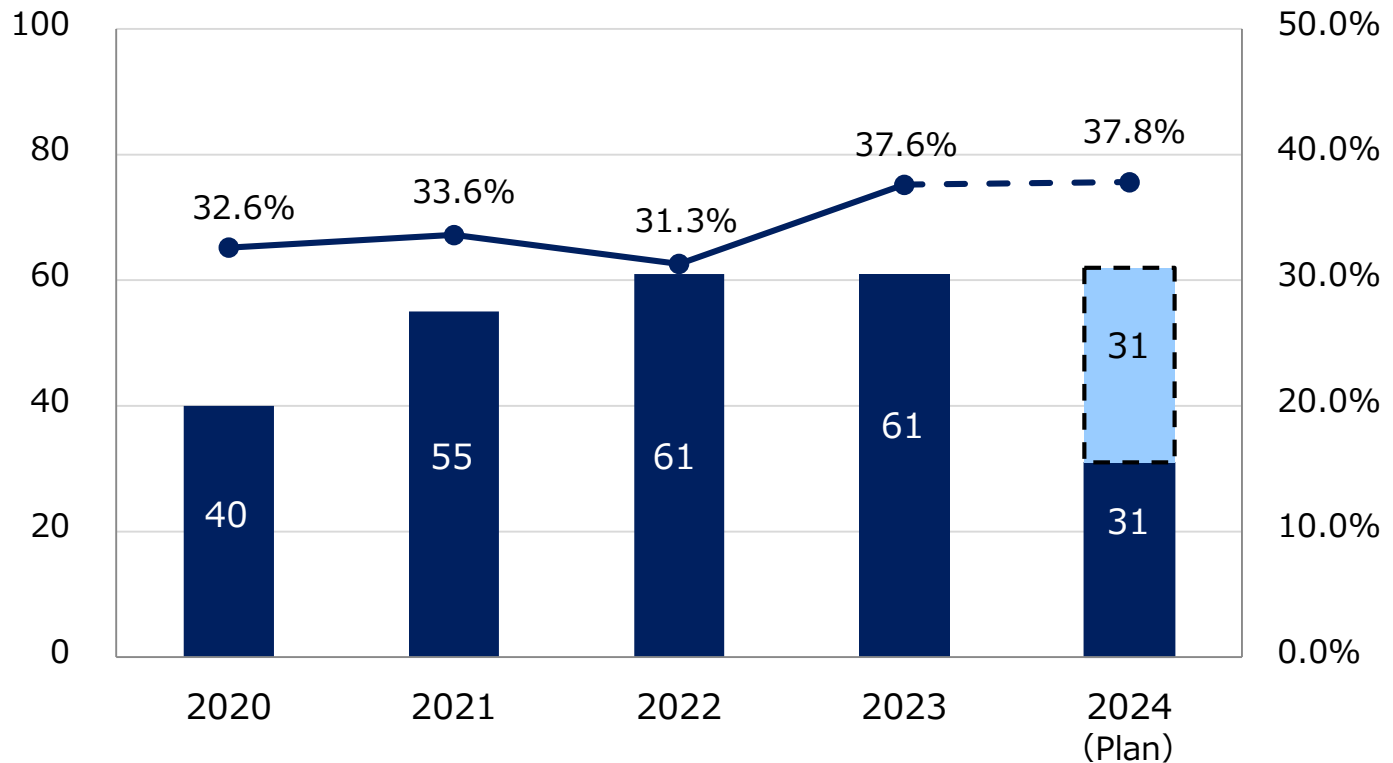
Shareholder Returns

- 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, including interim and year-end dividends, targeting a consolidated payout ratio of approximately 35%
- Introduced a shareholder benefit program in FYE September 2015 to encourage investors to hold the Company's shares over the medium- to long-term

Annual dividends
per share (Yen)

■ Annual dividends per share (Yen)

● Payout ratio (consolidated) (%)

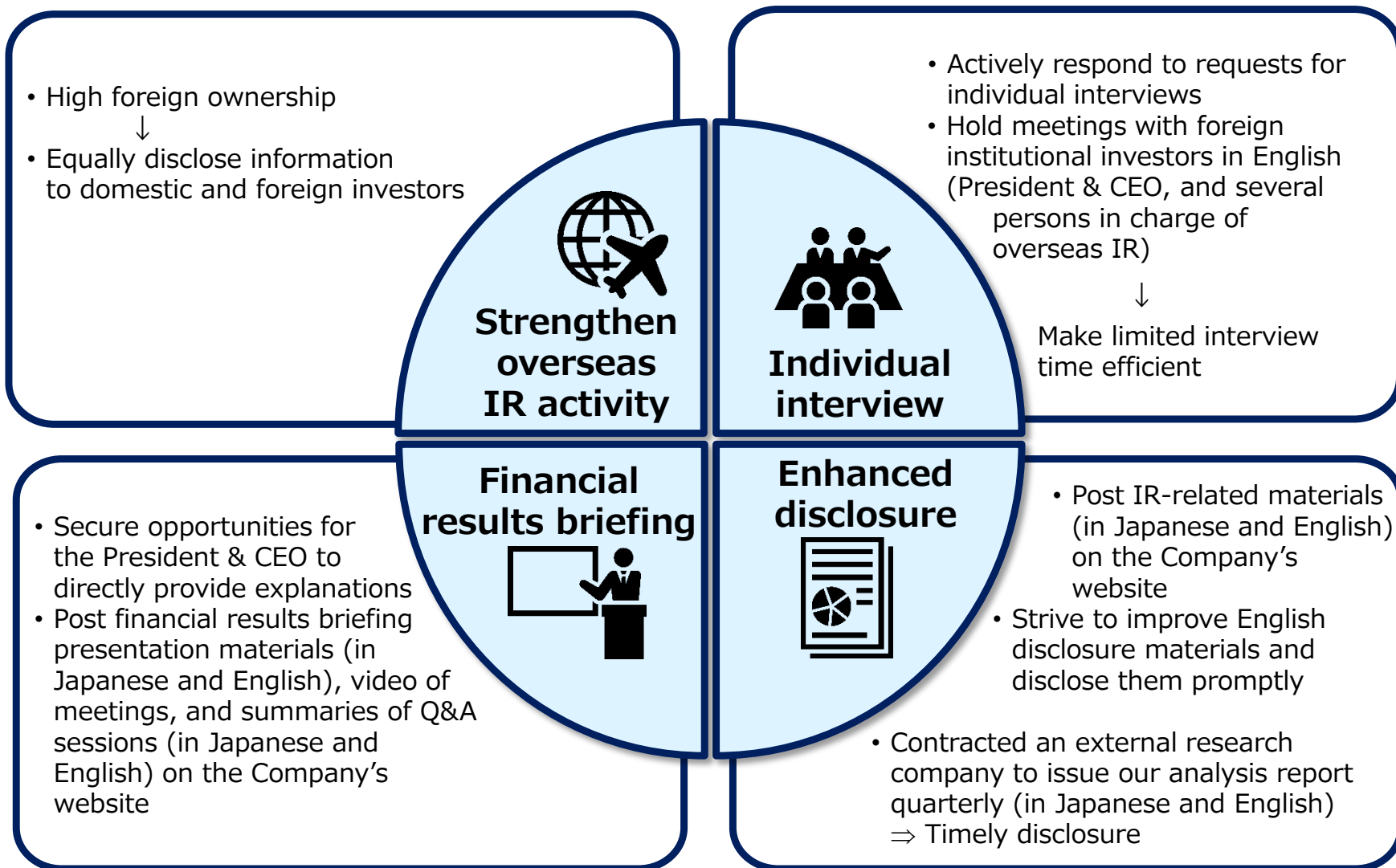


VII. Basic Policy on IR Activities

Basic Policy

Established IR department in Corporate Planning Div. to strengthen IR activities and secured opportunities for proactive dialogue

Our initiatives



VIII. Accompanying Materials

Top 10 Companies by Share of Net Sales in the Global Flavors and Fragrances Market

Million US\$				
	Company name	Country	Sales (2023Yr)	Market Share
1	IFF	U.S.	8,453	22.6%
2	Givaudan	Switzerland	7,876	21.1%
3	dsm-firmenich	Switzerland・Netherlands	7,310	19.5%
4	Symrise	Germany	5,125	13.7%
5	ADM	Germany	3,634	9.7%
6	Mane SA	France	1,841	4.9%
7	Takasago	Japan	1,250	3.3%
8	Robertet SA	France	757	2.0%
9	Sensient Technologies	U.S.	741	2.0%
10	T.Hasegawa	Japan	438	1.2%
Total			37,426	100.0%

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

※ Excluding the following segments

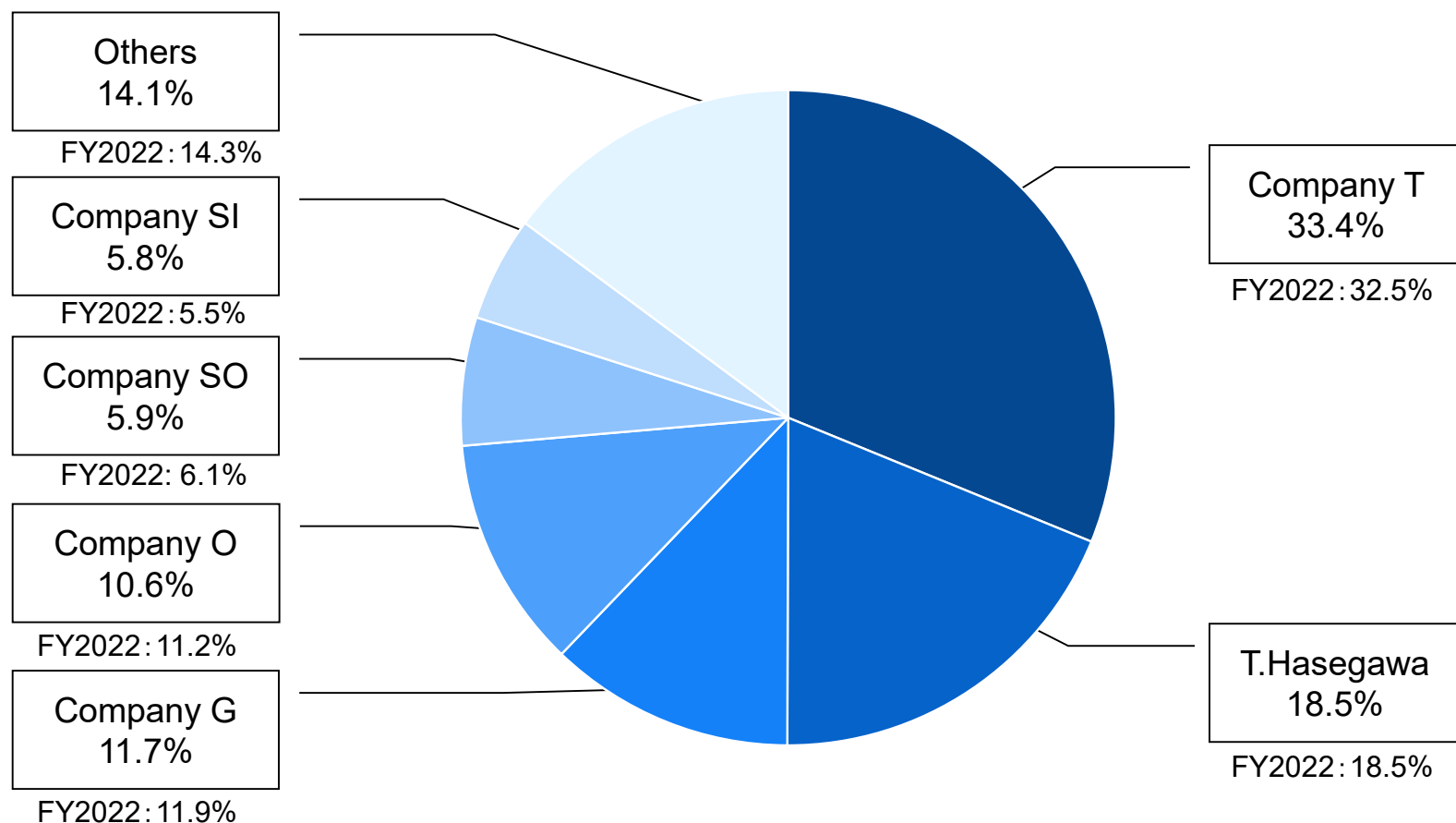
dsm-firmenich : Health Nutrition & Care, Animal Nutrition & Health, Corporate

Takasago: Real Estate Segment; Sensient Technologies: ColorGroup・AsiaPacific Group; Robertet: Lesactifs

※ Nourish Segment and Scent Segment only for IFF, and Human Nutrition only for ADM

※ FY2022 figures used for Mane SA

Top 10 Companies by Share of Net Sales in the Japanese Flavors and Fragrances Market



(As of Mar. 2023)

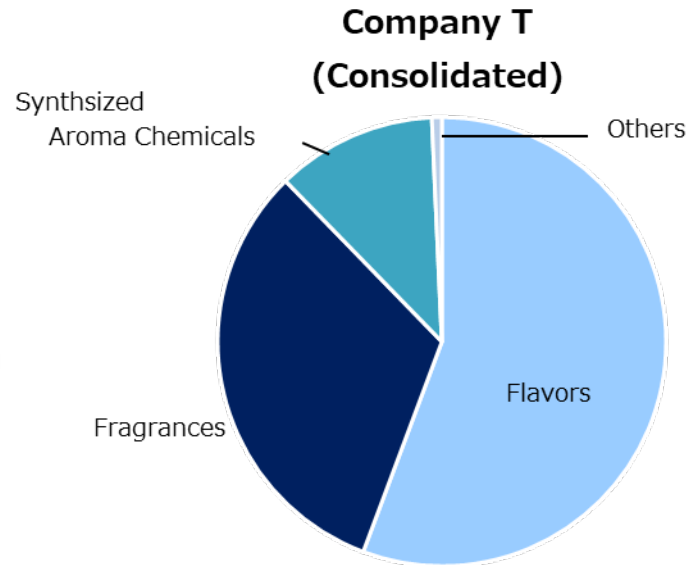
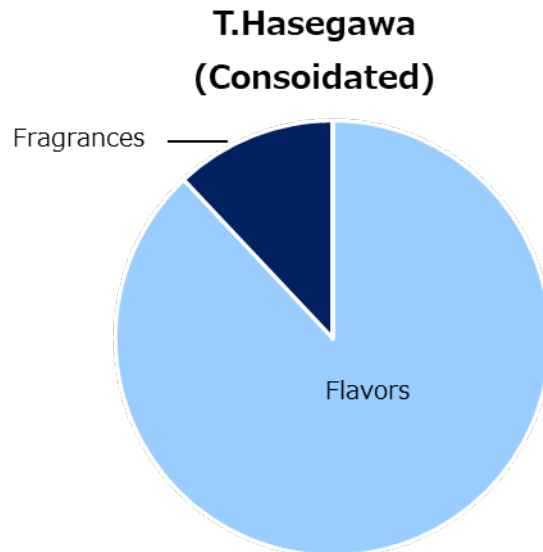
- *1 Market shares calculated by taking the total non-consolidated net sales of the top 10 companies as 100, based on data from a private research organization
- *2 The Company's FYE in September; T, SO, and SI in March; and G and O in December
The Company's net sales in the above graph are calculated for the period from April 2022 to March 2023

Sales Breakdown

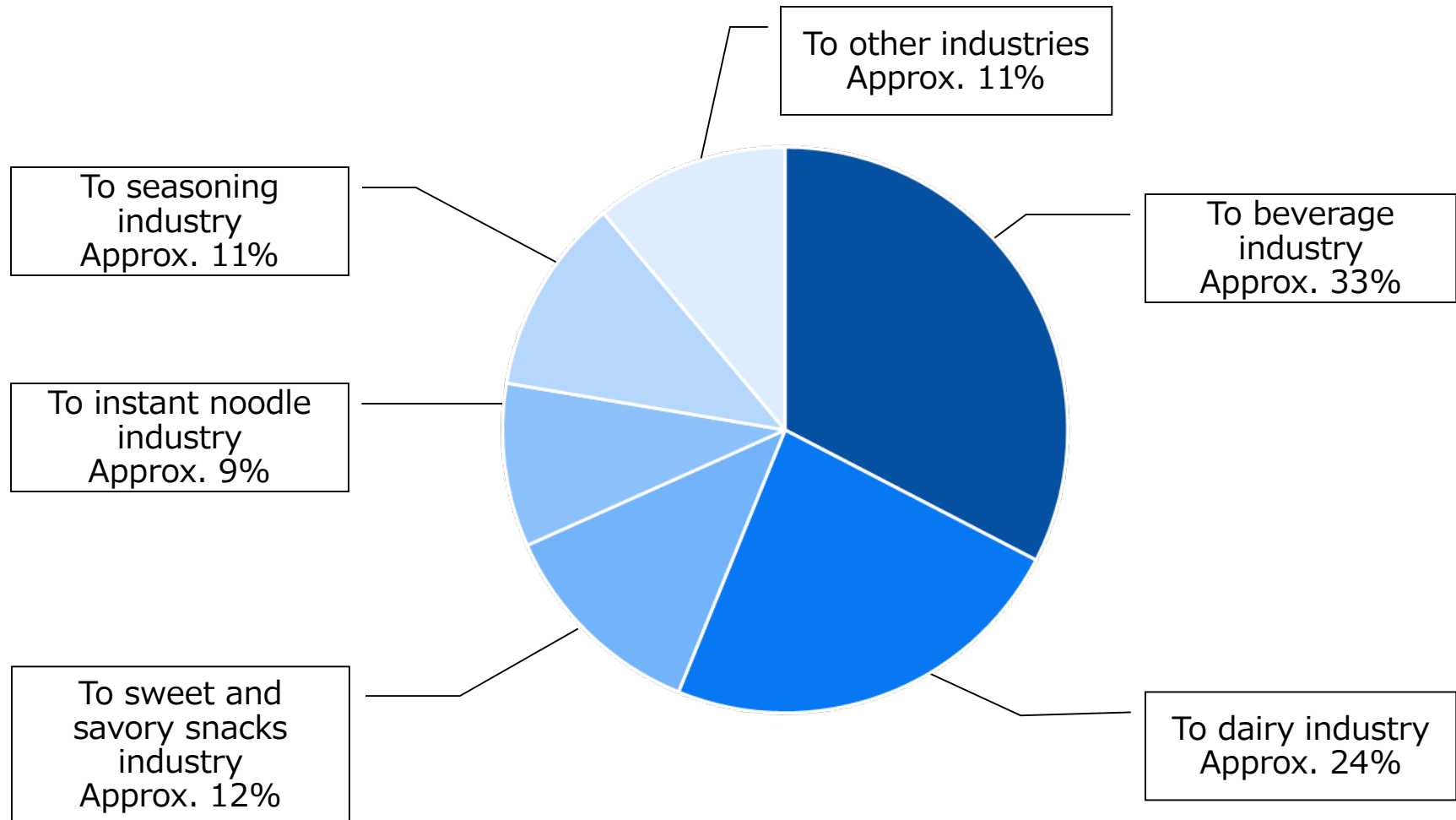
- The Company specializes in high value-added compounded flavors and fragrances
- High-mix production: Sales of approximately 12,000 flavors and fragrances per year

(Million yen)

	T. Hasegawa (Consolidated)		Company T (Consolidated)	
	FY ended in Sep. 2023		FY ended in Mar. 2024	
	Sales	Share	Sales	Share
Flavors	57,075	88.0%	109,162	55.7%
Fragrances	7,799	12.0%	62,690	32.0%
Synthesized Aroma Chemicals	–	–	22,676	11.6%
Others	–	–	1,409	0.7%
Total	64,874	100.0%	195,940	100.0%
Ratio of gross profit to sales	39.6%		28.8%	
Ratio of operating profit to sales	11.6%		1.2%	



- 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 FYE September 2024 2Q as 100

- Operating profit growth factors

SG&A expenses rose, but profits were up mainly due to an increase in sales and an improvement in the cost of sales ratio

(Million yen)

	FY23 2Q (Cumulative results)		FY24 2Q (Cumulative results)		Change		Factor
					Amount	%	
Net sales	31,313	100.0%	33,453	100.0%	2,139	6.8%	Sales were up in all segments in Japan, North America and Asia Of the increase, 947 million yen is attributable to yen down
Cost of sales	18,885	60.3%	19,617	58.6%	732	3.9%	The cost of sales ratio improved by 1.7% due to changes to our product mix (Sales of the food segment are up 8.8%, and the fragrance segment are down 6.1%.)
Gross profit	12,428	39.7%	13,835	41.4%	1,407	11.3%	
SG&A expenses	8,842	28.2%	9,540	28.5%	697	7.9%	Of the increase, 268 million yen is attributable to yen down
Operating profit	3,585	11.4%	4,295	12.8%	710	19.8%	
Ordinary profit	3,728	11.9%	4,555	13.6%	826	22.2%	(Foreign exchange gains) FY2023 2Q: Foreign exchange losses: 146 million yen FY2024 2Q: Foreign exchange gains: 10 million yen * In addition to increased operating profit, increase in foreign exchange gains of 156 million yen affected ordinary profit
Profit before income taxes	3,947	12.6%	4,532	13.5%	584	14.8%	
Net profit	2,824	9.0%	3,198	9.6%	374	13.2%	

* Net profit refers to profit attributable to owners of parent

Analysis of Changes in Consolidated Balance Sheet

(Million yen)

	Sep. 30, 2023	Mar. 31, 2024	Change	Factor
Current assets	70,665	72,998	2,332	Increase in Cash and cash equivalents (short-term financial instruments) : 2,207 million yen • Increase in inventories: 464 million yen
Non-current assets	68,460	68,078	△ 382	• Increase in property, plant and equipment: 312 million yen • Decrease in intangible assets: (406) million yen • Decline of investment securities : (341) million yen
Total assets	139,125	141,076	1,950	
Current liabilities	12,129	12,093	△ 36	• Decrease in accounts payable: (96) million yen • Decrease in provision for bonuses: (542) million yen • Increase in income taxes payable: 376 million yen • Increase in accrued consumption taxes : 249 million yen
Non-current liabilities	10,677	10,167	△ 510	• Decrease in deferred tax liabilities : (441) million yen
Total liabilities	22,806	22,260	△ 546	
Net assets	116,319	118,815	2,496	• Net profit: 3,198 million yen • Increase in foreign currency translation adjustment: 762million yen • Decrease in valuation difference on securities: (249) million yen • Dividends of surplus: (1,275) million yen
Total liabilities and net assets	139,125	141,076	1,950	

Consolidated Statement of Cash Flows

(Million yen)

	FY23 2Q (Cumulative results)	FY24 2Q (Cumulative results)	Change	Major items in FY24 2Q
Cash flows from operating activities	3,932	5,295	1,363	<ul style="list-style-type: none"> • Profit before income taxes: 4,532 million yen • Depreciation: 1,936 million yen • Amortization of goodwill: 483 million yen • Increase in trade payables : 563 million yen • Increase in inventory : (402) million yen • Income taxes paid: (1,306) million yen
Cash flows from investing activities	△ 1,208	△ 5,577	△ 4,368	<ul style="list-style-type: none"> • Purchase of property, plant and equipment: (1,710) million yen • Purchase of intangible fixed assets (211) million yen • Paying by investment (term deposits and financial instruments) : (3,625) million yen
Cash flows from financing activities	△ 1,368	△ 1,355	13	<ul style="list-style-type: none"> • Dividends paid: (1,275) million yen
Effect of exchange rate change on cash and cash equivalents	△ 467	169	636	
Net increase (decrease) in cash and cash equivalents	887	△ 1,467	△ 2,355	
Cash and cash equivalents at beginning of period	27,425	29,957	2,531	
Cash and cash equivalents at end of period	28,313	28,489	175	

(Million yen)

	FY2024 Plan	FY2024 2Q Actual	Progress (%)
Capital Investment	6,742	1,968	29.2%
Depreciation & Amortization	3,901	1,936	49.6%
Amortization of Goodwill	892	483	54.2%
R&D Expenses	5,586	2,642	47.3%

* Depreciation includes amortization of customer-related assets

T. Hasegawa-non-consolidated (Actual)

(Million yen)

	FY2023 2Q Actual		FY2024 2Q Actual		Change		Progress vs annual Plan
	Amount	Share	Amount	Share	Yr/Yr		
					Amount	%	%
Net Sales	19,243	100.0%	19,819	100.0%	575	3.0%	49.1%
Cost of Sales	11,750	61.1%	12,033	60.7%	283	2.4%	49.4%
Gross Profit	7,493	38.9%	7,785	39.3%	291	3.9%	48.6%
SG&A Expenses	5,114	26.6%	5,353	27.0%	238	4.7%	47.8%
Operating Profit	2,379	12.4%	2,432	12.3%	52	2.2%	50.5%
Ordinary Profit	2,485	12.9%	6,990	35.3%	4,505	181.2%	74.1%
Profit before Income Taxes	2,709	14.1%	6,981	35.2%	4,272	157.7%	69.1%
Net Profit	1,996	10.4%	5,796	29.2%	3,800	190.3%	71.7%

- Sales of the flavor segment increased mainly because of beverages.
- SG&A expenses rose due to an increase in personnel expenses, but operating profit was up due to contributions from sales increases and an improvement in the cost of sales ratio with a changed product mix.

Consolidated U.S. subsidiary (Actual)

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

(Million yen)

Yen Basis	FY2023 2Q		FY2024 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	6,121	100.0%	7,205	100.0%	1,084	17.7%
Cost of Sales	4,028	65.8%	4,517	62.7%	488	12.1%
Gross Profit	2,092	34.2%	2,687	37.3%	595	28.5%
SG&A Expenses	2,290	37.4%	2,619	36.4%	329	14.4%
Operating Profit	-197	-3.2%	68	-	266	-
Ordinary Profit	-203	-3.3%	111	-	314	-
Net Profit	-166	-2.7%	89	-	255	-

Yen 136.96/USD

Yen 148.25/USD

8.2% lower

(Thousand US\$)

Local Currency Basis	FY2023 2Q		FY2024 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	44,692	100.0%	48,603	100.0%	3,911	8.8%
Cost of Sales	29,417	65.8%	30,475	62.7%	1,057	3.6%
Gross Profit	15,274	34.2%	18,128	37.3%	2,853	18.7%
SG&A Expenses	16,720	37.4%	17,667	36.4%	947	5.7%
Operating Profit	-1,445	-3.2%	460	-	1,906	-
Ordinary Profit	-1,483	-3.3%	753	-	2,237	-
Net Profit	-1,213	-2.7%	601	-	1,814	-

- Sales was up mainly due to the reaction to the previous term in which customers tried to reduce orders due to an uncertain business outlook.
- Operating loss was returned to operating profit due to an increase in sales, an improvement in the cost of sales ratio with a changed product mix and SG&A expense ratio.

Consolidated Chinese Subsidiaries (Actual)

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

(Million yen)

Yen Basis	FY2023 2Q		FY2024 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	5,087	100.0%	5,461	100.0%	374	7.4%
Cost of Sales	2,912	57.3%	2,941	53.9%	29	1.0%
Gross Profit	2,174	42.7%	2,520	46.1%	345	15.9%
SG&A Expenses	955	18.8%	1,037	19.0%	82	8.6%
Operating Profit	1,219	24.0%	1,482	27.1%	262	21.6%
Ordinary Profit	1,283	25.2%	1,534	28.1%	250	19.5%
Net Profit	617	12.1%	249	4.6%	-367	-59.6%

Yen19.61/RMB

Yen20.54/RMB

4.7% lower

(Thousand RMB)

Local Currency Basis	FY2023 2Q		FY2024 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	259,424	100.0%	265,916	100.0%	6,491	2.5%
Cost of Sales	148,528	57.3%	143,221	53.9%	-5,306	-3.6%
Gross Profit	110,896	42.7%	122,694	46.1%	11,798	10.6%
SG&A Expenses	48,710	18.8%	50,521	19.0%	1,810	3.7%
Operating Profit	62,185	24.0%	72,173	27.1%	9,987	16.1%
Ordinary Profit	65,471	25.2%	74,710	28.1%	9,238	14.1%
Net Profit	31,482	12.1%	12,143	4.6%	-19,339	-61.4%

- Sales of the flavor segment increased mainly because of beverages.
- Operating profit increased due to an increase in sales and an improvement in the cost of sales ratio with a changed product mix.

Malaysian Subsidiary (Actual)

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

(Million yen)

Yen Basis	FY2023 2Q		FY2024 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	791	100.0%	933	100.0%	141	17.9%
Cost of Sales	465	58.7%	501	53.7%	36	7.9%
Gross Profit	326	41.3%	431	46.3%	105	32.2%
SG&A Expenses	224	28.3%	260	27.9%	36	16.1%
Operating Profit	102	12.9%	171	18.4%	69	67.5%
Ordinary Profit	102	12.9%	184	19.8%	82	80.1%
Net Profit	74	9.4%	134	14.4%	60	81.3%

Yen 30.60/MYR

Yen 31.48/MYR

2.9% lower

(Thousand Malaysian Ringgit)

Local Currency Basis	FY2023 2Q		FY2024 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	25,877	100.0%	29,656	100.0%	3,779	14.6%
Cost of Sales	15,200	58.7%	15,938	53.7%	738	4.9%
Gross Profit	10,676	41.3%	13,717	46.3%	3,041	28.5%
SG&A Expenses	7,333	28.3%	8,275	27.9%	942	12.9%
Operating Profit	3,343	12.9%	5,442	18.4%	2,098	62.8%
Ordinary Profit	3,348	12.9%	5,862	19.8%	2,514	75.1%
Net Profit	2,419	9.4%	4,264	14.4%	1,844	76.2%

- Sales were up mainly because of an increase in sales to Southeast Asia (Indonesia, etc.)
- Operating profit increased due to an increase in sales and an improvement in the cost of sales ratio and SG&A expense ratio.

Global Strategy - Actual and Plan by Region

T. HASEGAWA Non-consolidated (Billion yen)

	2021	2022	2023	2024 (Plan)	2025 (Plan)	2026 (Plan)
Net Sales	37.3	39.1	39.7	40.4	41.4	43.0
Operating Profit	3.8	5.1	4.5	4.8	5.2	5.8
EBITDA	5.8	6.8	6.2	6.7	7.0	7.7
Sales Yr/Yr	1.5%	4.9%	1.4%	1.7%	2.5%	3.9%
Operating Profit to Net Sales	10.4%	13.2%	11.4%	11.9%	12.6%	13.5%
EBITDA to Net Sales	15.6%	17.5%	15.7%	16.6%	17.0%	18.1%

U.S. (Million US\$)

	2021	2022	2023	2024 (Plan)	2025 (Plan)	2026 (Plan)
Net Sales	85.4	97.6	91.5	95.8	100.1	104.6
Operating Profit	6.1	4.1	-1.2	0.7	2.5	3.9
EBITDA	16.6	17.2	13.1	15.3	17.6	19.1
Sales Yr/Yr	50.0%	14.3%	-6.3%	4.7%	4.5%	4.5%
Operating Profit to Net Sales	7.2%	4.2%	-	0.8%	2.5%	3.8%
EBITDA to Net Sales	19.4%	17.7%	14.4%	16.0%	17.7%	18.3%

China (Million RMB)

	2021	2022	2023	2024 (Plan)	2025 (Plan)	2026 (Plan)
Net Sales	525.9	518.3	542.3	564.0	589.1	614.6
Operating Profit	137.0	113.7	139.2	144.0	153.2	162.3
EBITDA	167.5	146.0	172.5	179.2	190.8	201.0
Sales Yr/Yr	17.8%	-1.4%	4.6%	4.1%	4.3%	4.3%
Operating Profit to Net Sales	26.1%	21.9%	25.7%	25.6%	26.0%	26.4%
EBITDA to Net Sales	31.9%	28.2%	31.8%	31.7%	32.4%	32.7%

Southeast Asia (Billion yen)

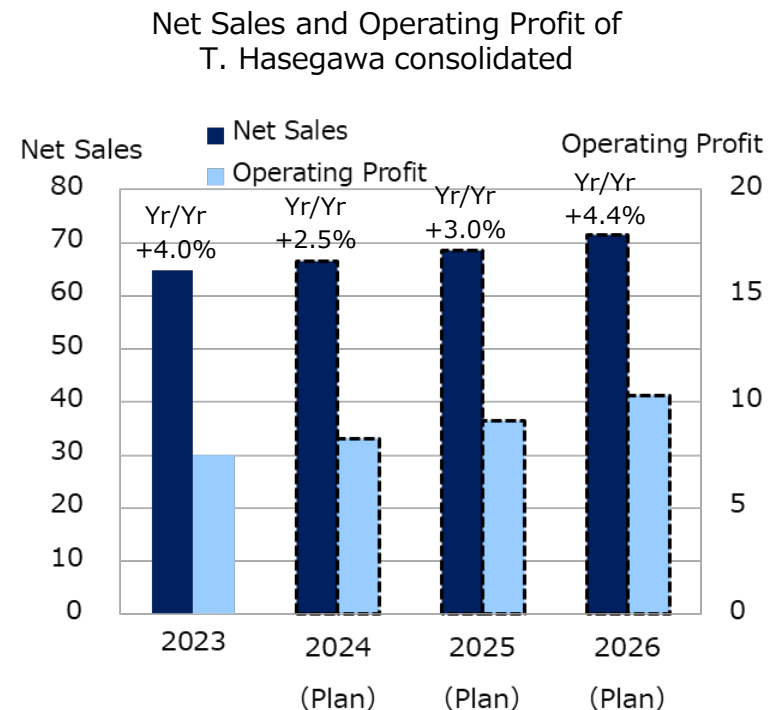
	2021	2022	2023	2024 (Plan)	2025 (Plan)	2026 (Plan)
Net Sales	2.8	3.6	4.0	4.2	4.5	4.9
Operating Profit	0.3	0.6	0.6	0.6	0.7	0.8
EBITDA	0.5	0.7	0.8	0.8	0.9	0.9
Sales Yr/Yr	8.5%	31.1%	10.2%	4.6%	7.3%	7.3%
Operating Profit to Net Sales	12.9%	16.3%	16.5%	15.8%	16.4%	16.9%
EBITDA to Net Sales	18.1%	20.7%	20.6%	19.4%	19.8%	20.2%

* Southeast Asia: T.HASEGAWA (SOUTHEAST ASIA) CO., LTD. (Thailand) has been included in the scope of consolidation since FY2022
For conformity, the figures before the FY2021 have been revised to include the company retroactively

Medium-Term Three-Year Plan (Consolidated)

T.HASEGAWA non-consolidated	Expect sales increase by promoting solution sales through strengthening collaboration between sales, research, and marketing departments, strengthening R&D capabilities, and addressing expansion in flavor and fragrance applications
U.S.	Increase sales in the savory, health, and beverage sectors
China	Strengthen sales systems by utilizing marketing functions and deepening collaboration between sales, research, and marketing and expect sales increase by developing strategic approaches to customers and tapping unentered sectors and potential demand
Malaysia	Expect higher sales by strengthening the cooperation among business sites in Southeast Asia, strengthening sales systems to develop new customers, and speeding up customer response, etc.

	(Million yen)			
	FY23 (Actual)	FY24 (Plan)	FY25 (Plan)	FY26 (Plan)
Net Sales	64,874	66,500	68,500	71,500
Cost of Sales	39,185	39,070	39,900	41,300
Operating Profit	7,507	8,300	9,100	10,300
Ordinary Profit	8,185	8,800	9,600	10,800
Net Profit	6,671	6,750	7,150	7,900
EBITDA	12,119	13,101	13,867	15,199
Exchange Rate	¥138.98/\$ ¥19.68/RMB	¥137.00/\$ ¥19.50/RMB	¥137.00/\$ ¥19.50/RMB	¥137.00/\$ ¥19.50/RMB
Sales Yr/Yr	4.0%	2.5%	3.0%	4.4%
Cost of Sales to Net Sales	60.4%	58.8%	58.2%	57.8%
Operating Profit to Net Sales	11.6%	12.5%	13.3%	14.4%
Ordinary Profit to Net Sales	12.6%	13.2%	14.0%	15.1%
Net Profit to Net Sales	10.3%	10.2%	10.4%	11.0%
EBITDA to Net Sales	18.7%	19.7%	20.2%	21.3%
Overseas net sales as a percentage of consolidated net sales	46.5%	47.2%	48.0%	48.1%



- * The Group's medium-term three-year plan is revised each fiscal year. See page 45 for details
- * Net profit in the table refers to profit attributable to owners of parent
- * Savory flavors: Flavors used in savory snacks, dressings, seasonings, and other salty products

Medium-Term Three-Year Plan (Consolidated)

(Million yen)

	FY23 (Actual)			FY24 (Plan)			FY25 (Plan)			FY26 (Plan)		
	Amount	Share	%	Amount	Share	%	Amount	Share	%	Amount	Share	%
Net Sales	64,874	100.0%	4.0%	66,500	100.0%	2.5%	68,500	100.0%	3.0%	71,500	100.0%	4.4%
Cost of Sales	39,185	60.4%	6.6%	39,070	58.8%	-0.3%	39,900	58.2%	2.1%	41,300	57.8%	3.5%
Gross Profit	25,689	39.6%	0.3%	27,430	41.2%	6.8%	28,600	41.8%	4.3%	30,200	42.2%	5.6%
SG&A Expenses	18,181	28.0%	3.5%	19,130	28.8%	5.2%	19,500	28.5%	1.9%	19,900	27.8%	2.1%
Operating Profit	7,507	11.6%	-6.8%	8,300	12.5%	10.6%	9,100	13.3%	9.6%	10,300	14.4%	13.2%
Ordinary Profit	8,185	12.6%	-9.8%	8,800	13.2%	7.5%	9,600	14.0%	9.1%	10,800	15.1%	12.5%
Profit before Income Taxes	9,322	14.4%	-17.3%	9,470	14.2%	1.6%	9,960	14.5%	5.2%	10,960	15.3%	10.0%
Net Profit	6,671	10.3%	-16.7%	6,750	10.2%	1.2%	7,150	10.4%	5.9%	7,900	11.0%	10.5%

* Net profit refers to profit attributable to owners of parent

- **T. Hasegawa non-consolidated DX promotion and IT reform project**
(Actual FY9/22: Approx. 0.5 billion yen, FY9/23: Approx. 0.5 billion yen)
(Plan FY9/24: Approx. 1.0 billion yen, FY9/25: Approx. 1.5 billion yen, FY9/26: Approx. 1.5 billion yen)
- **T.Hasegawa (non-consolidated) project of the Fukaya plant**
(Plan FY9/25: Approx.3.0 billion yen, FY9/26: Approx. 3.0 billion yen)
- **U.S. second plant construction plan**
(Actual FY9/20~ FY9/23 : Approx.3.1 billion yen)
(Plan FY9/24: Approx. 0.9 billion yen, FY9/25: Approx. 0.8 billion yen)
- **China new research building construction plan**
(Actual FY9/22: Approx. 0.3 billion yen , FY9/23: Approx. 0.6 billion yen)
(Plan FY9/24: Approx. 0.9 billion yen)
- **Plan for construction of a new plant in Suzhou, China**
(Plan FY9/26: Approx. 3.0 billion yen)
- **Malaysia new plant construction plan**
(Plan FY9/24: Approx. 1.5 billion yen, FY9/25: Approx. 1.5 billion yen, FY9/26: Approx. 1.5 billion yen)
- **R&D expenses trended at around 8% of consolidated net sales**

	FY2023 Actual	FY2024 Plan	FY2025 Plan	FY2026 Plan
Capital Investment	4,256	6,742	9,482	11,326
Depreciation & Amortization	3,700	3,901	3,988	4,160
R&D Expenses	5,247	5,586	5,675	5,790

This presentation is based on data as of May 10, 2024, 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, 2024.

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