

**Translation**

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## Summary of Consolidated Financial Results for the Nine Months Ended June 30, 2023 (Based on Japanese GAAP)

August 7, 2023

Company name: T. HASEGAWA CO., LTD.  
 Stock exchange listing: Tokyo  
 Stock code: 4958 URL <https://www.t-hasegawa.co.jp/>  
 Representative: President & CEO Takao Umino  
 Inquiries: Director & Senior Executive Vice President Minoru Nakamura TEL 03-3241-1151  
 Scheduled date to file Quarterly Securities Report: August 10, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the nine months ended June 30, 2023 (from October 1, 2022 to June 30, 2023)

#### (1) Consolidated operating results (cumulative)

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	%
Nine months ended June 30, 2023	48,165	5.2	5,945	(4.6)	6,397	(8.6)	5,355	(18.1)
Nine months ended June 30, 2022	45,790	11.3	6,232	17.9	6,998	22.6	6,538	28.0

Note: Comprehensive income  
 Nine months ended June 30, 2023 ¥4,950 million [(57.2)%]  
 Nine months ended June 30, 2022 ¥11,580 million [57.0%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended June 30, 2023	130.16	129.68
Nine months ended June 30, 2022	158.96	158.48

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	134,267	113,459	84.3
As of September 30, 2022	133,553	111,017	82.9

Reference: Equity  
 As of June 30, 2023 ¥113,177 million  
 As of September 30, 2022 ¥110,777 million

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended September 30, 2022	–	29.00	–	32.00	61.00
Year ending September 30, 2023	–	30.00	–		
Year ending September 30, 2023 (Forecast)				31.00	61.00

Note: Revision of cash dividend forecast most recently announced: No

3. Forecast of consolidated financial results for the year ending September 30, 2023 (from October 1, 2022 to September 30, 2023)

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	64,600	3.5	7,600	(5.6)	8,050	(11.3)	6,600	(17.6)	160.41

Note: Revision of consolidated financial results forecast most recently announced: Yes

4. Notes

(1) Changes in significant subsidiaries during the nine months ended June 30, 2023  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to “Application of special accounting methods for preparing quarterly consolidated financial statements” under “2. Quarterly consolidated financial statements and significant notes thereto, (3) Notes to quarterly consolidated financial statements” on page 8 of the Attached Material.

(3) 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

(4) Number of issued shares (common shares)

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

As of June 30, 2023	42,708,154 shares	As of September 30, 2022	42,708,154 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	1,562,828 shares	As of September 30, 2022	1,562,744 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended June 30, 2023	41,145,361 shares	Nine months ended June 30, 2022	41,131,785 shares
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\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of the forecast of financial results, and other special matters

The forward-looking statements, including the earnings forecast, 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. For the suppositions that form the assumptions for financial results forecast and cautions concerning the use thereof, please refer to “1. Qualitative information on financial results for the period, (3) Explanation of consolidated financial results forecast and other forward-looking statements” on page 3 of the Attached Material.

## Attached Material Index

1. Qualitative information on financial results for the period.....	2
(1) Explanation of operating results .....	2
(2) Explanation of financial position.....	3
(3) Explanation of consolidated financial results forecast and other forward-looking statements.....	3
2. Quarterly consolidated financial statements and significant notes thereto .....	4
(1) Consolidated balance sheets .....	4
(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative).....	6
Consolidated statements of income (cumulative).....	6
Consolidated statements of comprehensive income (cumulative).....	7
(3) Notes to quarterly consolidated financial statements .....	8
(Uncertainties of entity’s ability to continue as going concern).....	8
(Notes when there are significant changes in amounts of equity) .....	8
(Application of special accounting methods for preparing quarterly consolidated financial statements) .....	8
(Segment information).....	9

## 1. Qualitative information on financial results for the period

### (1) Explanation of operating results

The Japanese economy in the nine months ended June 30, 2023 showed signs of recovery due to the easing of behavioral restrictions as the novel coronavirus disease (COVID-19) was reclassified as a Class 5 infectious disease, and the normalizing of social and economic activities. On the other hand, the economy continued to present an uncertain outlook resulting from the continued impact on economic activities in Japan and overseas due to the situation in Ukraine becoming prolonged, soaring raw material and resource prices, increasing commodities prices and other factors.

The flavor and fragrance industry remained in a severe situation due largely to maturation of the domestic market, fiercer competition among peers, and growing demand for quality assurance.

In this environment, giving primary consideration to quality control of products and securing of safety, the Group worked to further improve research and technology development capabilities and focused on development of the Company's unique high quality and high value-added products.

In the nine months ended June 30, 2023, net sales increased by ¥2,375 million (5.2%) year on year, amounting to ¥48,165 million. The Company's non-consolidated net sales increased by 3.4% year on year. As for net sales of major overseas consolidated subsidiaries, net sales of subsidiaries in the USA increased by 4.9% year on year (down 8.3% on a local currency basis) due to the impact of the weaker Japanese yen, those of subsidiaries in China increased by 10.4% year on year (up 4.6% on a local currency basis), and those of subsidiaries in Malaysia increased by 22.0% year on year (up 12.9% on a local currency basis).

By division, net sales of the Flavor Division increased by 5.6% year on year, amounting to ¥42,117 million, due mainly to increased net sales of the Company, on a non-consolidated basis, and our subsidiaries in China, and increased net sales of U.S. subsidiaries due to the impact of the weaker Japanese yen.

Net sales of the Fragrance Division increased by 2.7% year on year, amounting to ¥6,047 million due mainly to an increase in non-consolidated sales of the Company.

As for profit, operating profit decreased by ¥287 million (4.6%) year on year to ¥5,945 million due largely to an increase in selling, general and administrative expenses as well as the deterioration of the ratio of cost to sales in association with an increase in raw material cost. Ordinary profit decreased by ¥601 million (8.6%) year on year to ¥6,397 million due largely to decreases in operating profit and in foreign exchange gains. Profit attributable to owners of parent decreased by ¥1,182 million (18.1%) year on year to ¥5,355 million due largely to decreases in ordinary profit and in gain on sale of investment securities.

Furthermore, the yen exchange rates for major currencies (average rate for the period) applied for translation in the statements of income for the nine months ended June 30, 2023 are as follows.

1 USD=137.10 JPY (119.83 JPY in the same period of the previous fiscal year, 14.4% yen depreciation YoY)

1 RMB=19.59 JPY (18.55 JPY in the same period of the previous fiscal year, 5.6% yen depreciation YoY)

1 RM=30.52 JPY (28.24 JPY in the same period of the previous fiscal year, 8.1% yen depreciation YoY)

Operating results by segment are as follows. Furthermore, operating results by segment include inter-segment sales, etc.

(Japan)

Net sales were ¥29,806 million (up 3.4% year on year), and segment profit was ¥3,910 million (down 2.2% year on year).

(Asia)

Net sales were ¥10,958 million (up 11.0% year on year), and segment profit was ¥2,198 million (up 23.7% year on year).

(USA)

Net sales were ¥9,456 million (up 5.3% year on year), and segment loss was ¥202 million (segment profit of ¥488 million in the same period of the previous fiscal year).

## **(2) Explanation of financial position**

### **(Current assets)**

Current assets increased by ¥2,386 million compared to the end of the fiscal year ended September 30, 2022 to ¥68,376 million due largely to increases in notes and accounts receivable - trade, securities, and merchandise and finished goods by ¥354 million, ¥999 million, and ¥749 million, respectively, compared to the end of the fiscal year ended September 30, 2022.

### **(Non-current assets)**

Non-current assets decreased by ¥1,672 million compared to the end of the fiscal year ended September 30, 2022 to ¥65,890 million due largely to progress in amortization resulting in decreases in buildings and structures and goodwill by ¥876 million and ¥704 million, respectively, compared to the end of the fiscal year ended September 30, 2022.

### **(Current liabilities)**

Current liabilities decreased by ¥1,934 million compared to the end of the fiscal year ended September 30, 2022 to ¥11,396 million due largely to decreases in income taxes payable and provision for bonuses by ¥1,036 million and ¥978 million, respectively, compared to the end of the fiscal year ended September 30, 2022.

### **(Non-current liabilities)**

Non-current liabilities increased by ¥206 million to ¥9,411 million compared to the end of the fiscal year ended September 30, 2022 due largely to an increase in deferred tax liabilities by ¥143 million compared to the end of the fiscal year ended September 30, 2022.

### **(Net assets)**

While retained earnings increased by ¥2,804 million, total net assets increased by ¥2,442 million to ¥113,459 million due largely to a decrease in foreign currency translation adjustment by ¥317 million compared to the end of the fiscal year ended September 30, 2022.

Furthermore, the yen exchange rates for major currencies (at the end of the period) applied for translation in the balance sheets as of June 30, 2023 are as follows.

1 USD=144.99 JPY (144.81 JPY at the end of the previous fiscal year, 0.1% yen depreciation YoY)

1 RMB=19.94 JPY (20.37 JPY at the end of the previous fiscal year, 2.1% yen appreciation YoY)

1 RM=30.96 JPY (31.24 JPY at the end of the previous fiscal year, 0.9% yen appreciation YoY)

## **(3) Explanation of consolidated financial results forecast and other forward-looking statements**

Revisions have been made to the consolidated financial results forecast announced on November 11, 2022. For details, please refer to “Revisions to Financial Results Forecast for the Year” released today (August 7, 2023).

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Consolidated balance sheets

(Millions of yen)

	As of September 30, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	20,351	20,480
Notes and accounts receivable - trade	18,722	19,076
Securities	8,999	9,999
Merchandise and finished goods	7,750	8,500
Work in process	78	176
Raw materials and supplies	9,013	8,982
Other	1,099	1,181
Allowance for doubtful accounts	(26)	(21)
<b>Total current assets</b>	<b>65,989</b>	<b>68,376</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,593	18,716
Other, net	14,158	14,468
<b>Total property, plant and equipment</b>	<b>33,752</b>	<b>33,184</b>
Intangible assets		
Goodwill	6,815	6,110
Other	13,379	13,177
<b>Total intangible assets</b>	<b>20,194</b>	<b>19,288</b>
Investments and other assets		
Investment securities	12,589	12,388
Retirement benefit asset	18	18
Other	1,039	1,039
Allowance for doubtful accounts	(30)	(27)
<b>Total investments and other assets</b>	<b>13,616</b>	<b>13,417</b>
<b>Total non-current assets</b>	<b>67,563</b>	<b>65,890</b>
<b>Total assets</b>	<b>133,553</b>	<b>134,267</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	6,211	6,258
Income taxes payable	1,694	658
Provision for bonuses	1,632	653
Provision for bonuses for directors (and other officers)	74	–
Other	3,718	3,826
<b>Total current liabilities</b>	<b>13,331</b>	<b>11,396</b>
Non-current liabilities		
Deferred tax liabilities	1,101	1,245
Retirement benefit liability	7,442	7,500
Asset retirement obligations	69	69
Long-term accounts payable - other	212	199
Other	378	396
<b>Total non-current liabilities</b>	<b>9,204</b>	<b>9,411</b>
<b>Total liabilities</b>	<b>22,536</b>	<b>20,808</b>

(Millions of yen)

	As of September 30, 2022	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	5,364	5,364
Capital surplus	7,513	7,513
Retained earnings	81,898	84,702
Treasury shares	(2,555)	(2,556)
Total shareholders' equity	92,220	95,024
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,657	6,553
Foreign currency translation adjustment	12,098	11,781
Remeasurements of defined benefit plans	(199)	(182)
Total accumulated other comprehensive income	18,556	18,152
Share acquisition rights	239	282
Total net assets	111,017	113,459
Total liabilities and net assets	133,553	134,267

**(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Net sales	45,790	48,165
Cost of sales	26,808	28,845
Gross profit	18,981	19,320
Selling, general and administrative expenses	12,749	13,374
Operating profit	6,232	5,945
Non-operating income		
Interest income	119	134
Dividend income	175	190
Foreign exchange gains	388	14
Other	99	132
Total non-operating income	782	471
Non-operating expenses		
Interest expenses	5	5
Other	10	13
Total non-operating expenses	16	18
Ordinary profit	6,998	6,397
Extraordinary income		
Gain on sale of investment securities	2,230	1,203
Total extraordinary income	2,230	1,203
Extraordinary losses		
Loss on abandonment of non-current assets	15	42
Total extraordinary losses	15	42
Profit before income taxes	9,213	7,557
Income taxes	2,621	2,202
Profit	6,591	5,355
Profit attributable to non-controlling interests	53	–
Profit attributable to owners of parent	6,538	5,355



**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended June 30, 2022	Nine months ended June 30, 2023
Profit	6,591	5,355
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,667)	(104)
Foreign currency translation adjustment	8,619	(317)
Remeasurements of defined benefit plans, net of tax	36	16
Total other comprehensive income	4,988	(404)
Comprehensive income	11,580	4,950
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,496	4,950
Comprehensive income attributable to non-controlling interests	83	—

**(3) Notes to quarterly consolidated financial statements**

**(Uncertainties of entity's ability to continue as going concern)**

Not applicable.

**(Notes when there are significant changes in amounts of equity)**

Not applicable.

**(Application of special accounting methods for preparing quarterly consolidated financial statements)**

**(Calculation of income tax expense)**

Tax expense is calculated by multiplying the profit before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the profit before income taxes for the fiscal year including the third quarter ended June 30, 2023.

**(Segment information)****I. Nine months ended June 30, 2022 (from October 1, 2021 to June 30, 2022)**

1. Information on net sales and profit or loss for each reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable segment				Adjustment (Note 1)	Consolidated (Note 2)
	Japan	Asia	USA	Total		
Net sales						
Flavor and fragrance business (Note 3)	27,122	9,765	8,901	45,790	–	45,790
Revenue from contracts with customers	27,122	9,765	8,901	45,790	–	45,790
Sales to external customers	27,122	9,765	8,901	45,790	–	45,790
Inter-segment sales or transfers	1,704	110	75	1,890	(1,890)	–
Total	28,827	9,875	8,977	47,680	(1,890)	45,790
Segment profit	3,998	1,776	488	6,263	(31)	6,232

- Notes: 1. The adjustments on segment profit of negative ¥31 million include ¥79 million of inter-segment transactions, negative ¥107 million of adjustments for inventories related to inter-segment transactions, and negative ¥3 million for others.
2. Segment profit is adjusted to operating profit in the consolidated statements of income (cumulative).
3. The Flavor and fragrance business is composed mainly of the manufacturing and sales of flavors and fragrances, and the net sales of the Flavor and fragrance business are composed mainly of revenue from goods transferred to customers at a specific point in time.

**II. Nine months ended June 30, 2023 (from October 1, 2022 to June 30, 2023)**

1. Information on net sales and profit or loss for each reportable segment and information on disaggregation of revenue

(Millions of yen)

	Reportable segment				Adjustment (Note 1)	Consolidated (Note 2)
	Japan	Asia	USA	Total		
Net sales						
Flavor and fragrance business (Note 3)	28,003	10,822	9,339	48,165	–	48,165
Revenue from contracts with customers	28,003	10,822	9,339	48,165	–	48,165
Sales to external customers	28,003	10,822	9,339	48,165	–	48,165
Inter-segment sales or transfers	1,803	135	116	2,055	(2,055)	–
Total	29,806	10,958	9,456	50,220	(2,055)	48,165
Segment profit or loss	3,910	2,198	(202)	5,906	38	5,945

- Notes: 1. The adjustments on segment profit or loss of ¥38 million include ¥75 million of inter-segment transactions, negative ¥36 million of adjustments for inventories related to inter-segment transactions, and negative ¥0 million for others.
2. Segment profit is adjusted to operating profit in the consolidated statements of income (cumulative).
3. The Flavor and fragrance business is composed mainly of the manufacturing and sales of flavors and fragrances, and the net sales of the Flavor and fragrance business are composed mainly of revenue from goods transferred to customers at a specific point in time.