

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended June 30, 2018 (Based on Japanese GAAP)

August 3, 2018

Company name: T. HASEGAWA CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 4958 URL <http://www.t-hasegawa.co.jp/>
 Representative: President & COO Takao Umino
 Inquiries: Director & Executive Vice President Minoru Nakamura TEL 03-3241-1151
 Scheduled date to file Quarterly Securities Report: August 10, 2018
 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, 2018 (from October 1, 2017 to June 30, 2018)

(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, 2018	36,862	4.2	3,888	(11.1)	4,181	(11.7)	2,990	(10.0)
Nine months ended June 30, 2017	35,376	(0.3)	4,376	13.8	4,737	25.5	3,323	27.6

Note: Comprehensive income
 Nine months ended June 30, 2018 ¥6,751 million [(9.1)%]
 Nine months ended June 30, 2017 ¥7,430 million [531.2%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended June 30, 2018	70.48		70.34	
Nine months ended June 30, 2017	78.33		78.23	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	116,311	92,713	79.6
As of September 30, 2017	109,836	87,528	79.6

Reference: Equity
 As of June 30, 2018 ¥92,585 million
 As of September 30, 2017 ¥87,438 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, 2017	–	16.00	–	19.00	35.00
Year ending September 30, 2018	–	17.00	–	–	–
Year ending September 30, 2018 (Forecast)	–	–	–	18.00	35.00

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

3. Forecast of consolidated financial results for the year ending September 30, 2018 (from October 1, 2017 to September 30, 2018)

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	50,700	5.6	5,260	(6.2)	5,530	(9.4)	3,910	(9.0)	92.13

Note: Revision of consolidated financial results forecast most recently announced: No

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended June 30, 2018
(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
- (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, 2018	42,708,154 shares	As of September 30, 2017	42,708,154 shares
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Number of treasury shares at the end of the period

As of June 30, 2018	269,919 shares	As of September 30, 2017	281,719 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, 2018	42,434,727 shares	Nine months ended June 30, 2017	42,426,708 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 forecasts of financial results, and other special matters

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

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2017	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	10,802	10,808
Notes and accounts receivable - trade	16,893	17,212
Securities	5,999	5,999
Merchandise and finished goods	6,530	7,370
Work in process	160	132
Raw materials and supplies	6,004	7,270
Other	2,313	1,744
Allowance for doubtful accounts	(8)	(7)
Total current assets	48,694	50,531
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,953	17,298
Other, net	13,291	13,321
Total property, plant and equipment	31,245	30,620
Intangible assets		
Goodwill	3,885	3,516
Other	3,923	3,742
Total intangible assets	7,809	7,259
Investments and other assets		
Investment securities	21,202	26,982
Net defined benefit asset	18	21
Other	922	953
Allowance for doubtful accounts	(57)	(56)
Total investments and other assets	22,086	27,900
Total non-current assets	61,141	65,780
Total assets	109,836	116,311
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,540	5,900
Current portion of long-term loans payable	4	0
Income taxes payable	839	465
Provision for bonuses	1,264	501
Provision for directors' bonuses	67	-
Other	2,818	3,129
Total current liabilities	10,534	9,997
Non-current liabilities		
Long-term loans payable	4	1
Deferred tax liabilities	4,012	5,852
Net defined benefit liability	6,631	6,704
Asset retirement obligations	70	68
Long-term accounts payable - other	997	919
Other	56	54
Total non-current liabilities	11,772	13,600
Total liabilities	22,307	23,597

(Millions of yen)

	As of September 30, 2017	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	5,364	5,364
Capital surplus	7,292	7,295
Retained earnings	62,438	63,807
Treasury shares	(323)	(309)
Total shareholders' equity	74,772	76,158
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,435	16,507
Foreign currency translation adjustment	468	131
Remeasurements of defined benefit plans	(237)	(212)
Total accumulated other comprehensive income	12,665	16,426
Subscription rights to shares	90	128
Total net assets	87,528	92,713
Total liabilities and net assets	109,836	116,311

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, 2017	Nine months ended June 30, 2018
Net sales	35,376	36,862
Cost of sales	21,507	22,637
Gross profit	13,869	14,225
Selling, general and administrative expenses	9,493	10,336
Operating profit	4,376	3,888
Non-operating income		
Interest income	24	46
Dividend income	157	184
Foreign exchange gains	159	–
Other	62	92
Total non-operating income	403	324
Non-operating expenses		
Interest expenses	3	0
Rent expenses on facilities	34	–
Foreign exchange losses	–	26
Other	4	4
Total non-operating expenses	42	31
Ordinary profit	4,737	4,181
Extraordinary income		
Gain on sales of investment securities	55	63
Gain on sales of non-current assets	75	–
Total extraordinary income	130	63
Extraordinary losses		
Loss on abandonment of non-current assets	76	40
Total extraordinary losses	76	40
Profit before income taxes	4,791	4,204
Income taxes	1,468	1,214
Profit	3,323	2,990
Profit attributable to owners of parent	3,323	2,990

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended June 30, 2017	Nine months ended June 30, 2018
Profit	3,323	2,990
Other comprehensive income		
Valuation difference on available-for-sale securities	2,720	4,071
Foreign currency translation adjustment	1,359	(336)
Remeasurements of defined benefit plans, net of tax	26	25
Total other comprehensive income	4,106	3,760
Comprehensive income	7,430	6,751
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,430	6,751
Comprehensive income attributable to non-controlling interests	—	—

Segment Information

1. Nine months ended June 30, 2017 (from October 1, 2016 to June 30, 2017)

(1) Net sales and income or loss by reporting segment

(Millions of yen)

	Reporting segment				Adjustment (Note 1)	Consolidated (Note 2)
	Japan	Asia	USA	Total		
Net sales						
Sales to external customers	26,852	5,742	2,781	35,376	—	35,376
Inter-segment sales or transfers	381	259	402	1,043	(1,043)	—
Total	27,234	6,001	3,184	36,420	(1,043)	35,376
Segment profit	3,109	954	243	4,306	69	4,376

Notes

- The adjustments on segment profit of 69 million yen include 48 million yen adjustments of elimination of internal transactions between segments and 20 million yen adjustments of inventories related to inter-segment transactions, and negative 0 yen for others.
- Segment profit is adjusted to operating income of consolidated quarterly statements of income.

(2) Information on impairment loss of fixed assets and goodwill by reporting segment

(Significant change in the amount of good will)

FLAVOR INGREDIENT HOLDINGS, LLC has become a wholly owned subsidiary by acquisition of all the outstanding shares, which is included in the scope of consolidation in USA segment. Increased amount of goodwill by the said event is 2,916 million yen for the nine months ended June 30, 2017.

2. Nine months ended June 30, 2018 (from October 1, 2017 to June 30, 2018)

(1) Net sales and income or loss by reporting segment

(Millions of yen)

	Reporting segment				Adjustment (Note 1)	Consolidated (Note 2)
	Japan	Asia	USA	Total		
Net sales						
Sales to external customers	26,786	6,035	4,041	36,862	—	36,862
Inter-segment sales or transfers	646	322	75	1,045	(1,045)	—
Total	27,433	6,357	4,117	37,908	(1,045)	36,862
Segment profit	3,161	570	179	3,911	(22)	3,888

Notes

- The adjustments on segment profit of negative 22 million yen include 40 million yen adjustments of elimination of internal transactions between segments and negative 63 million yen adjustments of inventories related to inter-segment transactions, and 0 yen for others.
- Segment profit is adjusted to operating income of consolidated quarterly statements of income.

(2) Notes relating to changes in reportable segments etc.

The Company changed its management KPI from ordinary income to operating income from the first quarter of this fiscal year. To effect this change, the presentation of segment profit or loss was changed from ordinary income to operating income.

To make the presentations on the consolidated statement of operations comparable year to year, segment profit for the year ended June 30, 2017 was restated accordingly.

In the second quarter consolidated accounting period, PT. HASEGAWA FLAVOURS AND FRAGRANCES INDONESIA, which was formerly a non-consolidated subsidiary, was added to the scope of consolidation. In addition, the company was included in the reporting segment "Asia".