



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。

 長谷川香料株式会社

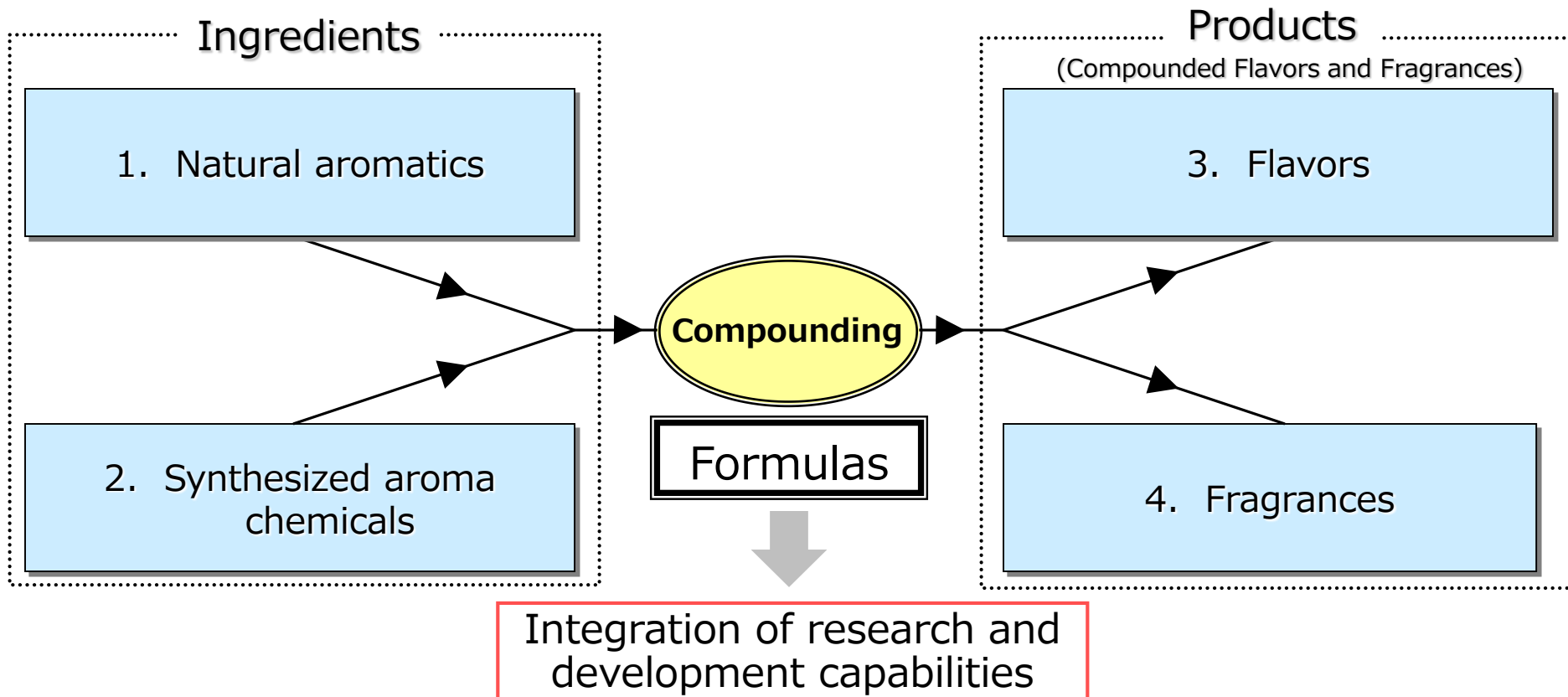
Financial Results for the Fiscal Year Ended September 30, 2022

November 29, 2022

T. HASEGAWA CO., LTD.

- I. Business Overview
- II. Overview of Financial Statements
- III. Business Environment
- IV. Management Policy
- V. Global Strategy
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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)

- Fiscal Year Ended (FYE) September 30, 2022 (October 2021 to September 2022)

Category		Trends	
Beverages		Increase	<ul style="list-style-type: none"> • Personal products are recovering as COVID-19 related restrictions are eased • Good weather conditions during the peak demand period from July to September 2022 boosted for thirst-quenching beverages (mineral water, barley tea, sports drinks, carbonated drinks, etc.) • There was temporary demand in September 2022 before product prices were raised
Sweet and savory snacks	Savory snacks	Decrease	<ul style="list-style-type: none"> • Potato Snacks - potato chips were sluggish due to poor raw material harvests in Japan and overseas and soaring prices of imported raw materials • Wheat Flour Products, Corn Snacks and Bean Snacks - increased due to greater exposure at stores
	Chocolate	Decrease	<ul style="list-style-type: none"> • In chocolate bars, sales of milk chocolate struggled, while sales of high cacao content chocolate exceeded previous year • Sales of chocolate snacks leveled off
Frozen Desserts		Increase	<ul style="list-style-type: none"> • Prices were raised from June 2022, but the impact was minor due to the heat wave during the peak demand period • Sales of flavored ice were strong while sales of family-type products were sluggish
Instant Noodles		Increase	<ul style="list-style-type: none"> • Sales of both package-type instant noodles and cup noodles remained steady and hits of new products also contributed

Summary of Consolidated Performance

- YoY
Sales increase mainly due to higher sales at U.S. subsidiaries (including MISSION), T. HASEGAWA (non-consolidated), and new consolidation of Thai and Taiwanese subsidiaries
Operating profit, ordinary profit, and net profit increased mainly due to higher sales and improved cost-of-sales ratio
- Vs. target
Achieved sales target mainly due to T. HASEGAWA's non-consolidated sales exceeding target
Achieved operating profit target mainly due to higher sales than target and lower cost of sales and SG&A expenses than target

JPY million

	FY 2021 (actual)	FY 2022 (targets revised on May 11)	FY 2022 (actual)	Change			
				YoY		Vs. target	
				Amount	%	Amount	%
Net sales	55,755	61,800	62,398	6,643	11.9%	598	1.0%
Cost of sales	33,106	36,810	36,776	3,669	11.1%	-33	-0.1%
Gross profit	22,648	24,990	25,622	2,973	13.1%	632	2.5%
SG&A expenses	15,788	17,700	17,570	1,781	11.3%	-129	-0.7%
Operating profit	6,859	7,290	8,051	1,192	17.4%	761	10.4%
Ordinary profit	7,466	8,000	9,075	1,609	21.6%	1,075	13.4%
Income before income taxes	9,692	10,160	11,267	1,574	16.2%	1,107	10.9%
Net profit	6,763	7,300	8,007	1,243	18.4%	707	9.7%
EBITDA (※)	10,618	11,452	12,281	1,663	15.7%	829	7.2%

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

* EBITDA = Operating profit + Depreciation (including amortization of customer-related assets) + Amortization of goodwill
EBITDA margin (%): 19.7%

Net Sales by Segment

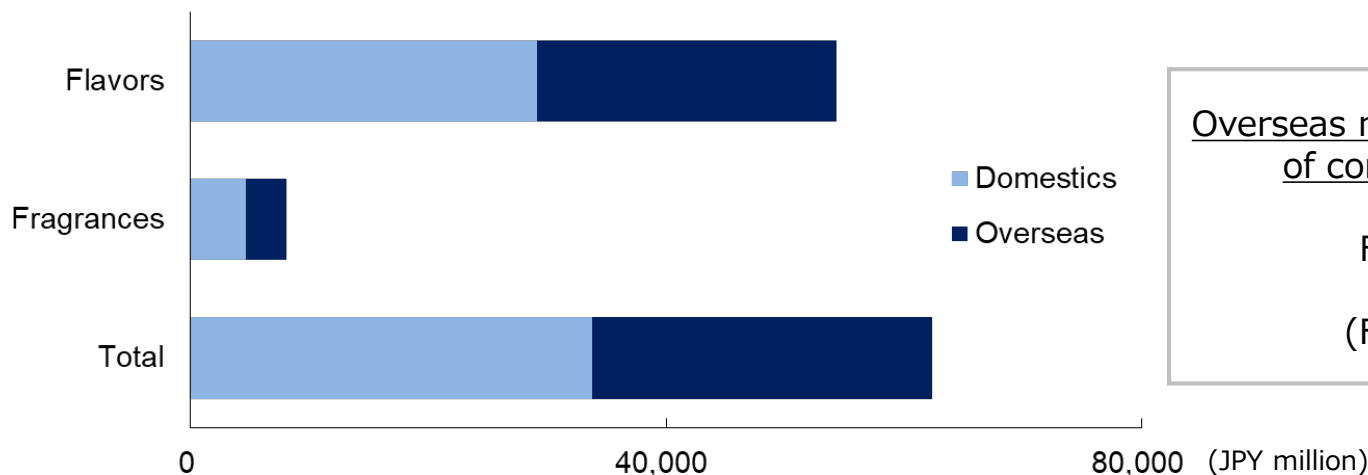
•Sales growth factors

Higher sales at U.S. subsidiaries (including MISSION) and T. HASEGAWA (non-consolidated)
Newly consolidated Thai and Taiwanese subsidiaries from FY 2022

JPY million

Segment	FY 2021 (actual)	FY 2022 (actual)	Change		Factor
			Amount	%	
Flavors	48,115	54,359	6,243	13.0%	Higher sales at U.S. subsidiaries (including MISSION) and T. HASEGAWA (non-consolidated) Newly consolidated Thai and Taiwanese subsidiaries from current fiscal year
Fragrances	7,640	8,039	399	5.2%	Higher sales at T. HASEGAWA non-consolidated
Total	55,755	62,398	6,643	11.9%	—

FY2022



Overseas net sales as a percentage of consolidated net sales

FY9/22: 45.9%

(FY9/21: 41.4%)

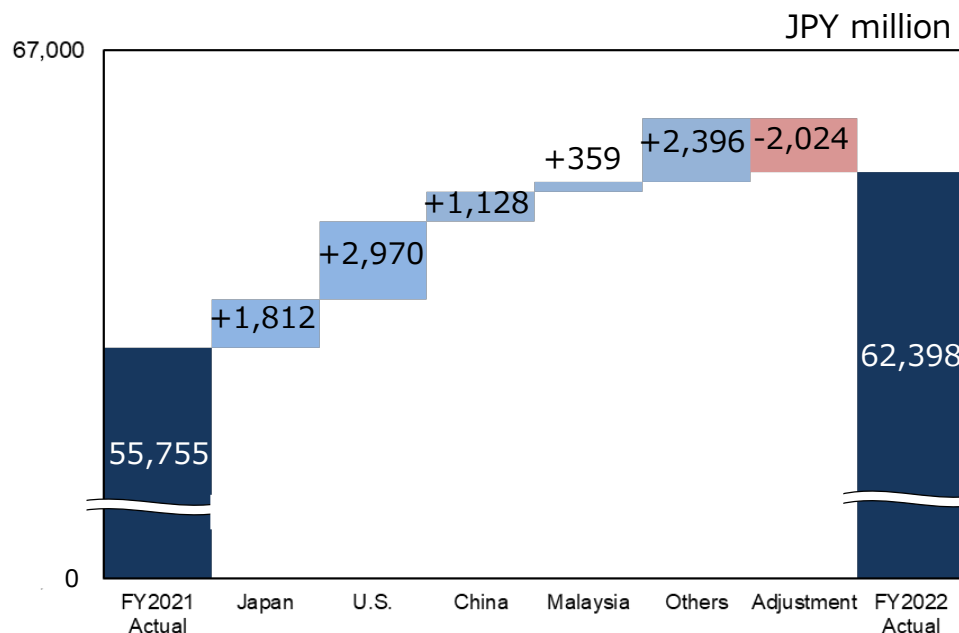
Net Sales by Group Company

- Sales growth factors
Higher sales at U.S. subsidiaries (including MISSION) and T. HASEGAWA (non-consolidated)

JPY million

	FY 2021 (actual)	FY 2022 (actual)	YoY	%
Japan	37,362	39,174	1,812	4.9%
U.S.	9,187	12,157	2,970	32.3%
China	8,699	9,828	1,128	13.0%
Malaysia	998	1,358	359	36.0%
Others	1,110	3,506	2,396	215.9%
Adjustment	-1,603	-3,627	-2,024	-
Consolidated	55,755	62,398	6,643	11.9%

Currency	FY2021	FY2022	Change(%)
1US\$	¥107.50	¥124.46	Yen down 15.8%
1RMB	¥16.54	¥18.96	Yen down 14.6%
1MYR	¥26.08	¥28.90	Yen down 10.8%



- Effect of exchange rate

JPY million

	Due to forex rates	others	Amount of change
Japan	448	1,364	1,812
U.S.	1,657	1,313	2,970
China	1,255	-127	1,128
Malaysia	133	226	359
Others	56	2,340	2,396
Adjustment	-245	-1,779	-2,024
Consolidated	3,304	3,339	6,643

Japan	Increase in sales in Flavor and Fragrance segments	Sales Increase
U.S.	Increase in sales to health sector at existing company Contribution of MISSION (9 months in FY2021, 12 months in FY2022)	Sales Increase
China	Decrease in sales on a local currency basis Increase in sales on JPY basis due to depreciation of JPY	Sales Increase
Malaysia	Increase in sales to seasonings and savory snacks	Sales Increase

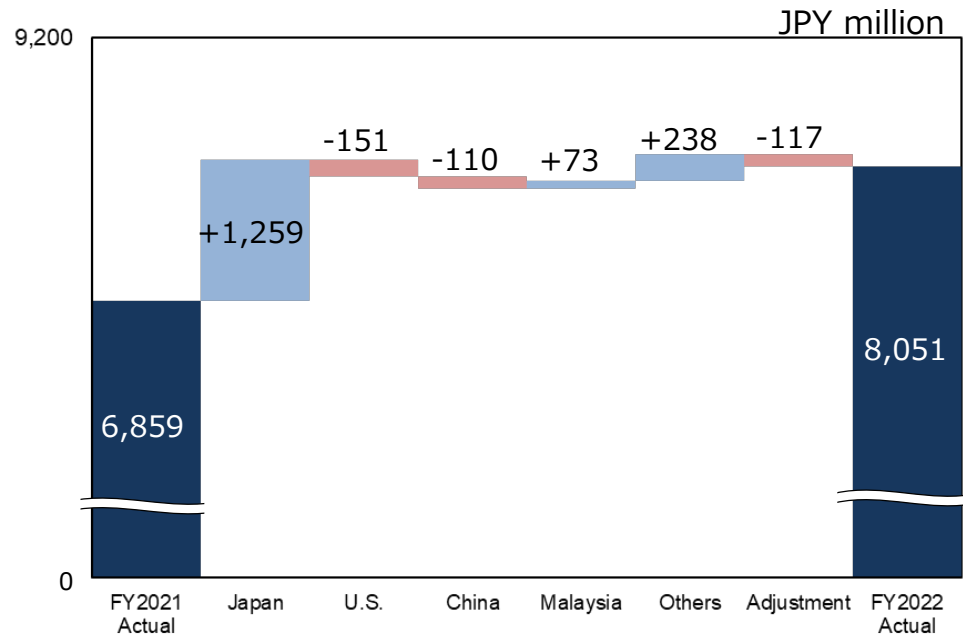
Operating Profit by Group Company

- Profit growth factors
Higher operating profit at T. HASEGAWA (non-consolidated)

JPY million

	FY 2021 (actual)	FY 2022 (actual)	YoY	%
Japan	3,891	5,151	1,259	32.4%
U.S.	662	510	-151	-22.9%
China	2,267	2,156	-110	-4.9%
Malaysia	114	187	73	64.2%
Others	14	252	238	1662.4%
Adjustment	-90	-207	-117	-
Consolidated	6,859	8,051	1,192	17.4%

Currency	FY2021	FY2022	Change(%)
1US\$	¥107.50	¥124.46	Yen down 15.8%
1RMB	¥16.54	¥18.96	Yen down 14.6%
1MYR	¥26.08	¥28.90	Yen down 10.8%



- Effect of exchange rate

JPY million

	Due to forex rates	others	Amount of change
Japan	137	1,122	1,259
U.S.	70	-221	-151
China	275	-385	-110
Malaysia	18	55	73
Others	-2	240	238
Adjustment	-137	20	-117
Consolidated	362	830	1,192

Japan	Increase in net sales and improvements in cost-of-sales ratio and SG&A expenses ratio	Profit Increase
U.S.	Deterioration in cost-of-sales ratio and increase in SG&A expenses	Profit Decrease
China	Deterioration in cost-of-sales ratio and increase in SG&A expenses	Profit Decrease
Malaysia	Increase in net sales and improvement in cost-of-sales ratio	Profit Increase

III. Business Environment

Size of Global Flavors and Fragrances Market (Our Estimate)

- Worldwide flavors and fragrances sales: Approx. USD 30.0 billion (approx. JPY 3.3 trillion)

Europe, Africa, Middle East

- Market size: Approx. USD 11.0 billion (approx. JPY 1,190 billion*)
- 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. USD 7.7 billion (approx. JPY 840 billion*)
- 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. USD 8.9 billion (approx. JPY 970 billion*)
- 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. USD 2.4 billion (approx. JPY 270 billion*)
- Mainly imports from North America, Mexico, etc. Competition intensifying in the Brazilian market owing to economic growth

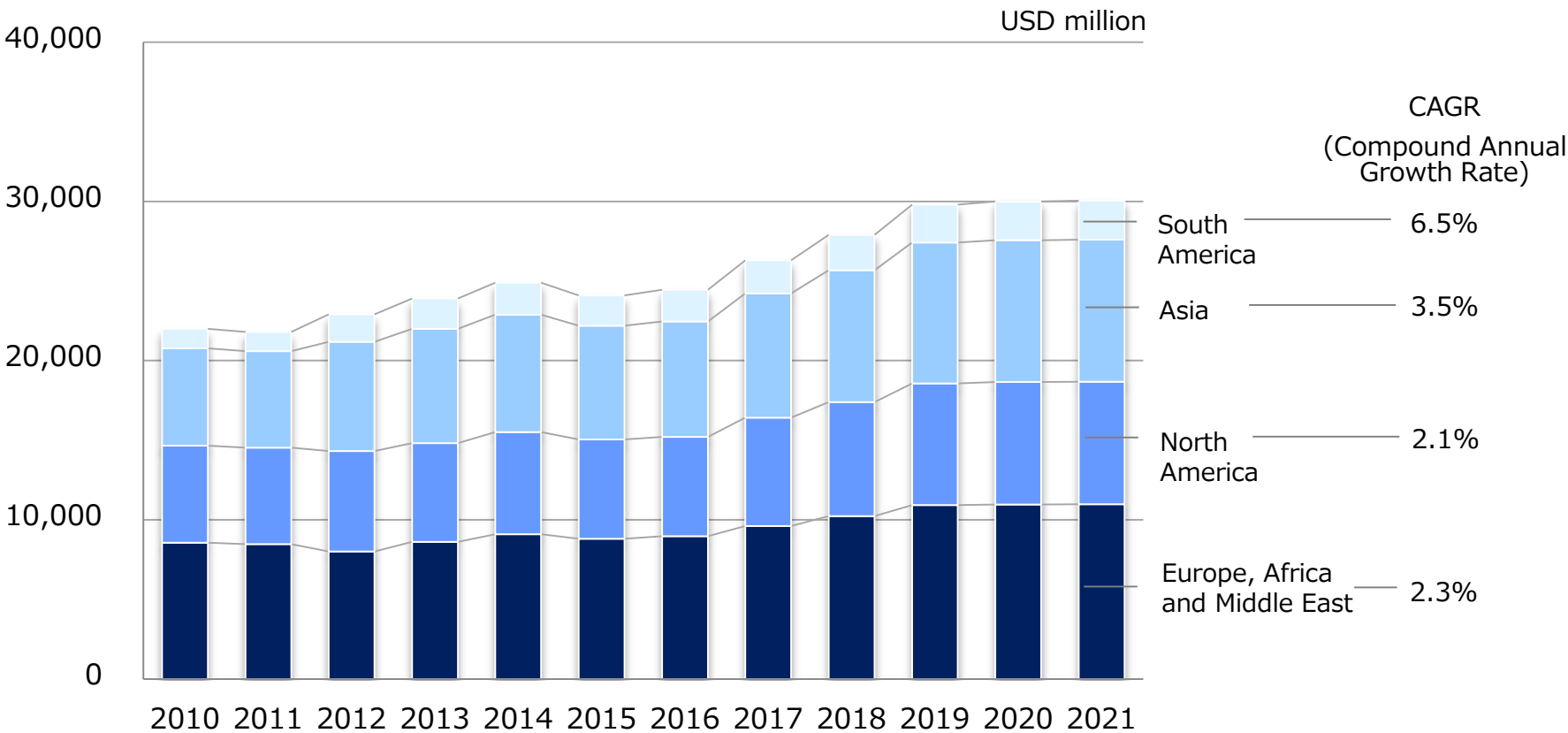
*The Company's estimates for market size by region

*Forex rate: USD 1 = JPY 108.8 (2021)

● = the Company's base

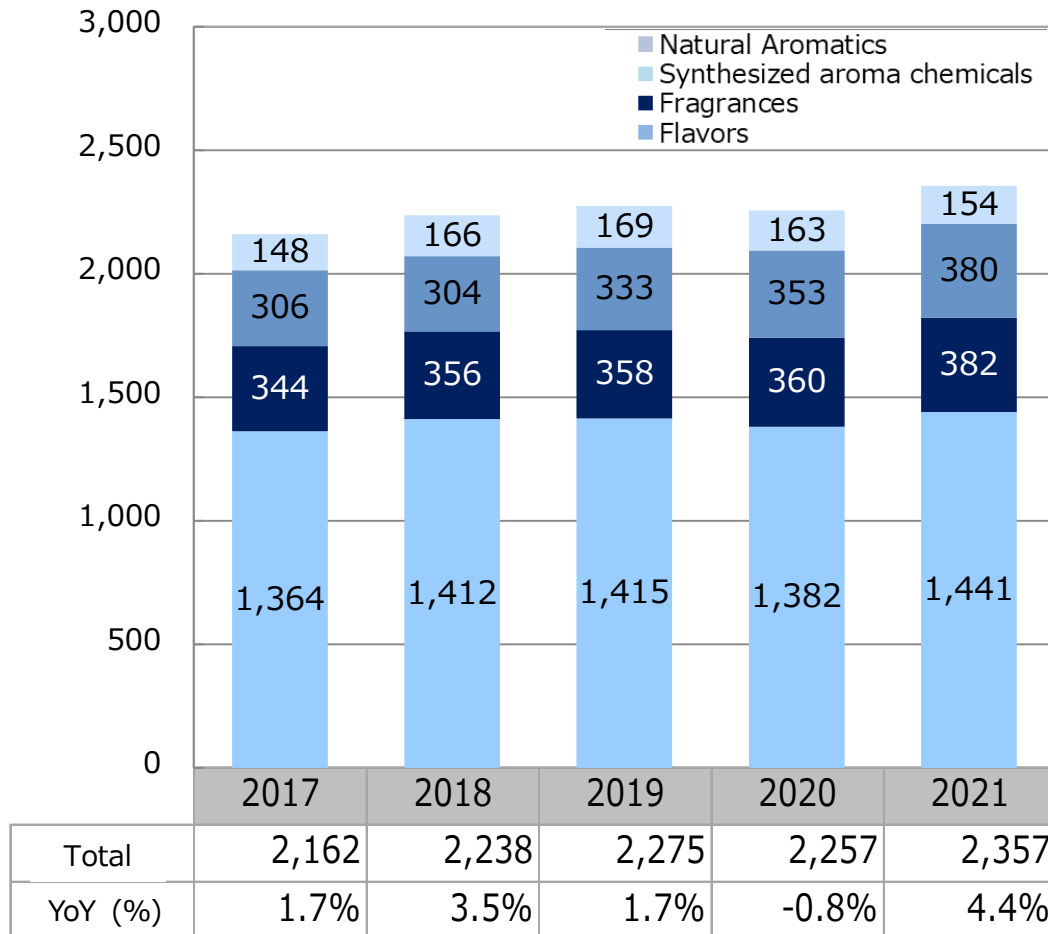
- Global flavors and fragrances market in 2021: Flat YoY

Global Flavors and Fragrances Market (Our Estimate)

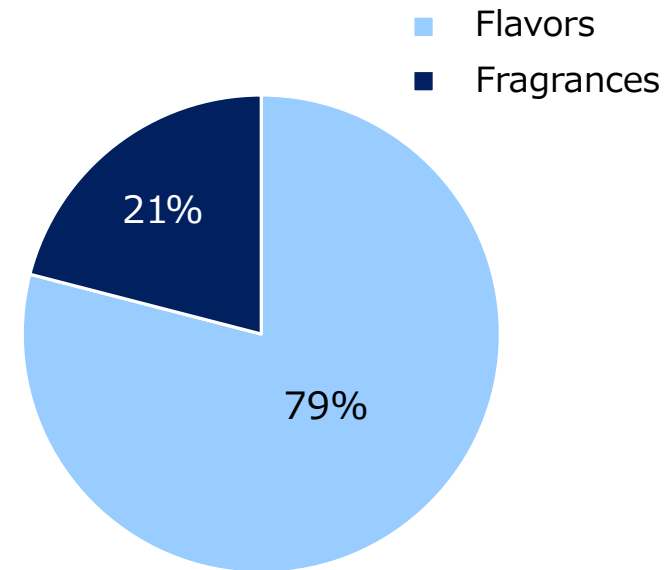


- Flavors account for approximately 80% of the Japanese flavors and fragrances market (approx. 50% of the global market)

Japanese flavor and fragrance market sales (JPY billion)



Breakdown of Flavors and Fragrances (FY2021)



Source of reference:

Japan Flavor & Fragrance Materials Association Magazine

IV. Management Policy



V. Global Strategy

Basic Strategies: 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

Strengthen collaboration between departments
Promote solution sales

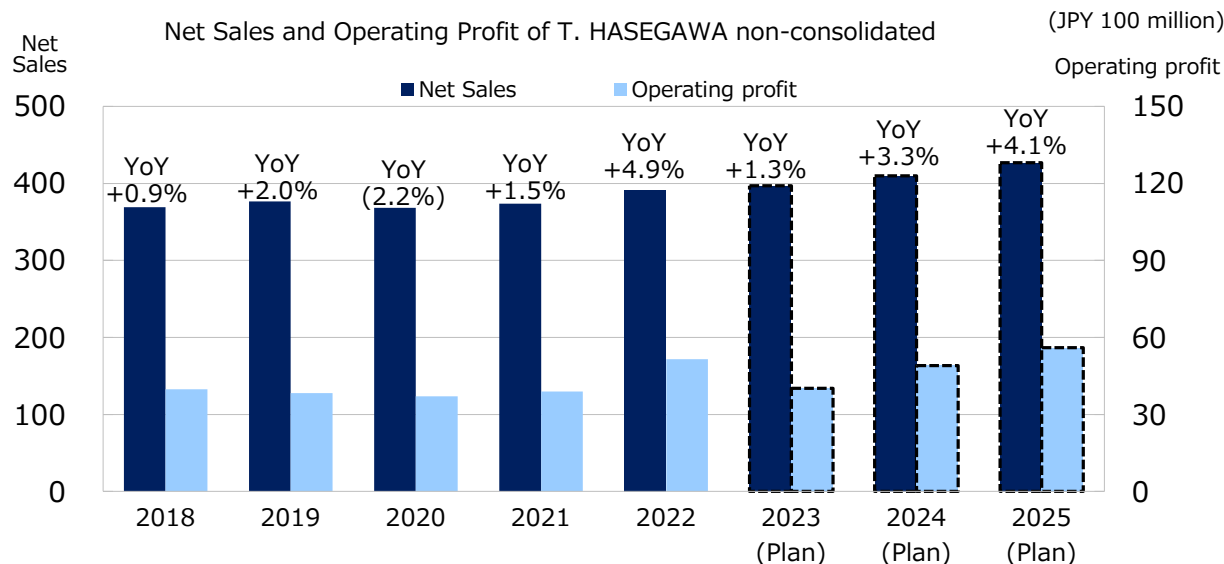
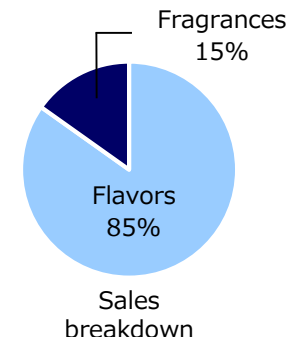
- **Strengthen collaboration between sales, research, and marketing departments under the Business Solutions Division**
- **Enhance the quality of sales activities** → Improve operational efficiency and thoroughly manage pipelines
- **Enhance the quality of proposals** → Utilizing marketing data, enhance technical materials, and promote sales activities utilizing R&D results
- **Promote solution sales and further strengthen customer success**

Strengthen R&D capabilities

- **Speed up R&D** → Review operations and work to improve operational efficiency
- **Create new value** → **Utilize AI technology and promote open innovation**
- **Strengthen collaboration between formulation, analysis, application, sensory evaluation, etc.**

Address expansion in flavor and fragrance applications

- Focus on the development of flavors to substitute for food ingredients and **strengthen response to SDGs** → Focus on applications among dairy products, vegetables, fruit juices, and alternative meat market (soy meat, etc.)
- Strengthen measures in new sectors such as health foods, medical foods, and needs related to masking odors in day-to-day life
- Propose new ingredients, ingredients that make health-conscious foods delicious, etc.



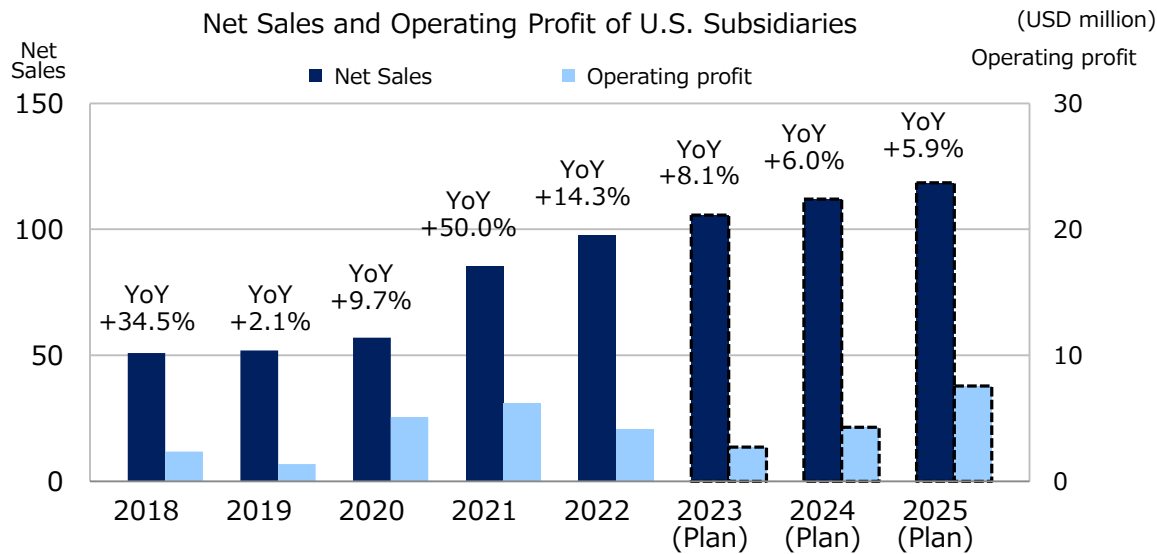
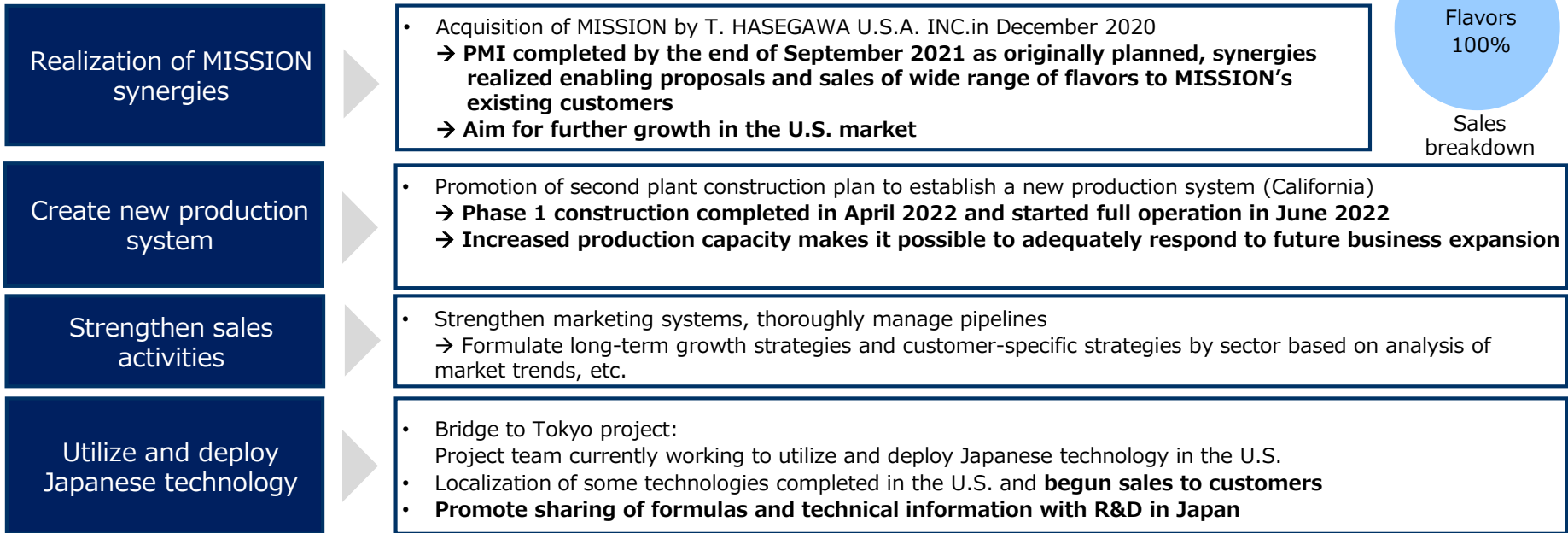
FY2022 Actual

Net sales: JPY 39.1 billion
(+4.9% YoY)

Operating profit: JPY 5.1 billion
(+32.4% YoY)

Basic Strategy: Increase sales in the savory, health, and beverage sectors, and achieve synergies from acquisitions

Current initiatives and progress



FY2022 Actual

Net sales: USD 97 million
(JPY 12.1 billion)
(+14.3% YoY)

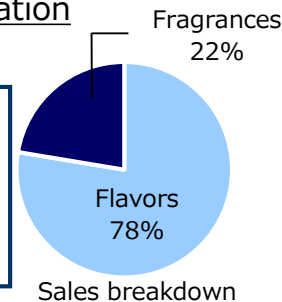
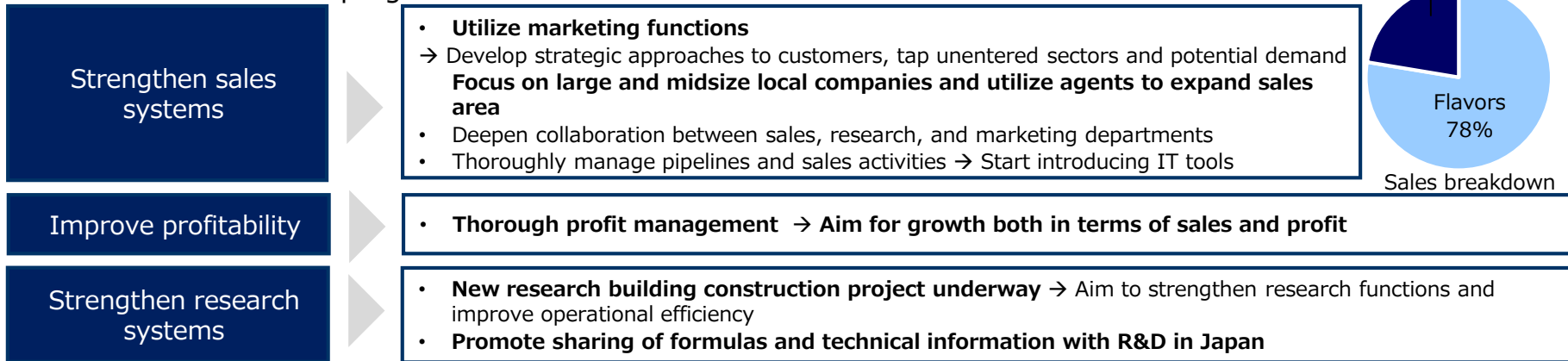
Operating profit: USD 4.1 million
(JPY 0.51 billion)
(33.4% decrease YoY)

*Savory flavors
Flavors used in savory snacks, dressings, seasonings, and other salty products

Overseas Strategy - China

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

Current initiatives and progress



Impact of Shanghai lockdown (from the end of March to end of May 2022)

- Shanghai facility **operations were suspended**, but **partially resumed in late April and resumed normal operations in June**.
- Suzhou facility **continued operations**, but **some impact on the production and logistics of flavor products**.



FY2022 Actual

Net sales: RMB 518 million
(JPY 9.8 billion)
(1.4% decrease YoY)

Operating profit: RMB 113.7 million
(JPY 2.15 billion)
(17.0% decrease YoY)

*IFRS 15 "Revenue from Contracts with Customers" has been applied to consolidated subsidiaries overseas, excluding the U.S., from FYE September 2019
For ease of comparison, net sales figures for FYE September 2018 and prior are calculated using the same standards

Overseas Strategy - Southeast Asia

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

Current initiatives and progress

Strengthen sales systems

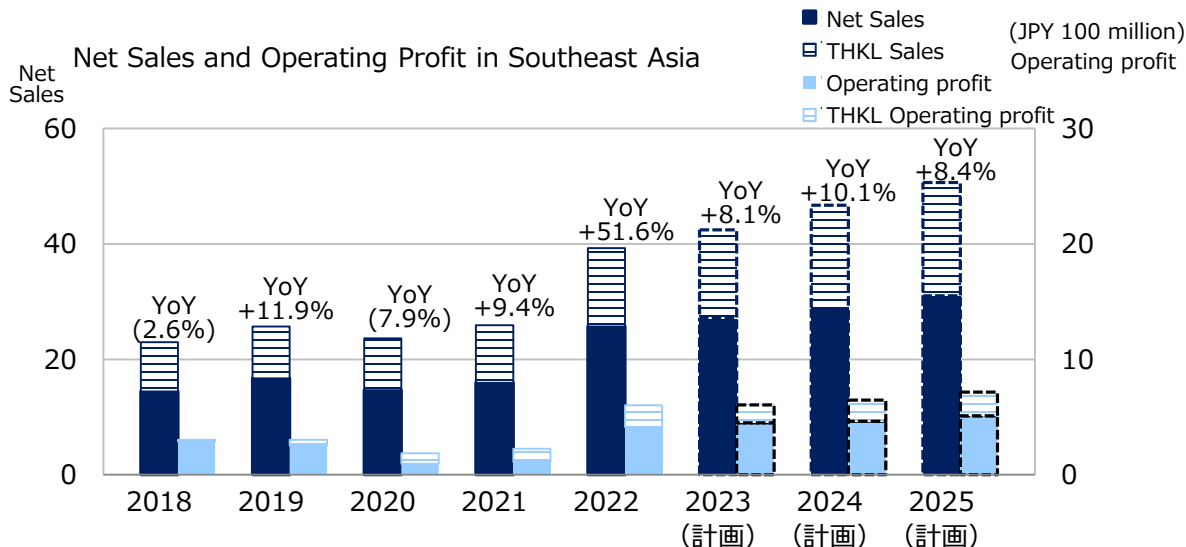
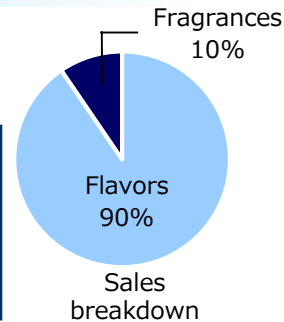
- Acquire sales personnel and strengthen organization for new customer development
- Assigned a manager to take responsibility for the Southeast Asian region
→ Coordinate organic collaboration among Southeast Asian bases
- Thoroughly manage pipelines and sales activities → Start introducing IT tools

Speed up responses to customers

- Promote utilization of application laboratories → Respond quickly to customer needs
- **Improve efficiency through expanding library and utilizing flavor kits**

Strategic development in Southeast Asia using THKL as a hub

- **Established Corporate Planning Office at THKL** in order to formulate and promote strategies for Southeast Asia.
- Utilize THKL as a hub in Southeast Asia (for addressing Halal demand)
- Guidance on research and production with personnel dispatched from Japan
- Promote efficient R&D
- **Promote sharing of formulas and technical information with R&D in Japan**
- Promote new plant construction plan in Malaysia



FY2022 Actual

Net sales: JPY 3.92 billion
(+51.6% YoY)

Operating profit: JPY 0.6 billion
(+165.3% YoY)

Net sales are calculated by summing net export sales to Southeast Asia, which are included in T. HASEGAWA (non-consolidated) net sales

*As its importance within the Group has increased, T. HASEGAWA (SOUTHEAST ASIA) CO., LTD. (Thailand) has been included in the scope of consolidation since FYE September 2022

Basic Policies Related to Business Portfolio

- Develop our businesses based on three basic strategies: **(1) Expand Compounded Flavors and Fragrances Sales, (2) Secure Profits in Domestic Market, and (3) Grow in Overseas Markets**
- 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 • Develop flavors to substitute for food ingredients • Capital and business alliance with DAIZ Inc. ➢ 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 among beverage makers ➢ Strengthen collaboration between bases • Increase sales in Malaysia, Thailand, and Indonesia ➢ Expand operations into countries around bases • Expand into Vietnam and 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 eco-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"> Strengthen collaboration between sales, research, and marketing departments under the Business Solutions Division Focus on enhancing quality of sales activities and proposals → Promote solution sales and further strengthen customer success Speed up R&D, create new value, and promote stronger collaboration between departments Focus on the development of flavors to substitute for food ingredients and strengthen response to SDGs
U.S.	<ul style="list-style-type: none"> Acquisition of MISSION by T. HASEGAWA U.S.A. INC. in December 2020 Post-merger integration (PMI) completed by the end of September 2021 as originally planned → Synergies achieved For the second plant construction plan, the first phase of construction was completed in April 2022, and full operations started in June 2022
China	<ul style="list-style-type: none"> Utilize marketing functions to focus on large and midsize local companies, and utilize agents to expand sales area Thorough profit management Aim to growth both in terms of sales and profit New research building construction project underway Promote sharing of formulas and technical information with R&D in Japan
Southeast Asia	<ul style="list-style-type: none"> Established Corporate Planning Office in Malaysia in order to formulate and promote strategies for Southeast Asia Speed up customer response through expanding library and utilizing flavor kits Promote efficient R&D in Malaysia Promote new plant construction plan in Malaysia

VI. Medium-Term Three-Year Plan Overview

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, and expect synergies from the acquisition of MISSION
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 sales increase via initiatives including strengthening collaboration among Southeast Asian bases and strengthening sales systems to acquire new customers

JPY million

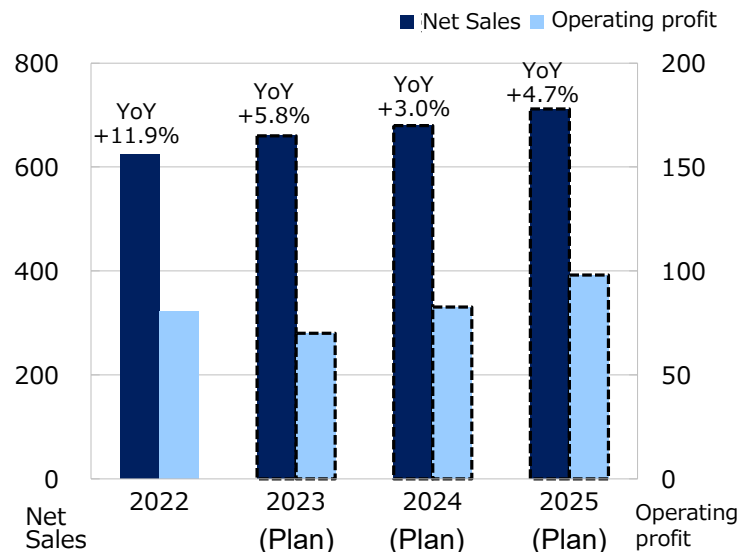
	FY2022 (actual)	FY2023 (plan)	FY2024 (plan)	FY2025 (plan)
Net sales	62,398	66,000	68,000	71,200
Cost of sales	36,776	40,110	40,460	41,720
Operating profit	8,051	7,000	8,270	9,800
Ordinary profit	9,075	7,450	8,680	10,210
Net profit	8,007	6,170	6,770	7,750
Forex rate	¥124.46 per US\$ ¥18.96 per RMB	¥135.00 per US\$ ¥19.00 per RMB	¥125.00 per US\$ ¥19.00 per RMB	¥125.00 per US\$ ¥19.00 per RMB
Net sales growth rate	11.9%	5.8%	3.0%	4.7%
Cost-of-sales ratio	58.9%	60.8%	59.5%	58.6%
Operating profit margin	12.9%	10.6%	12.2%	13.8%
Ordinary profit margin	14.5%	11.3%	12.8%	14.3%
Net profit margin	12.8%	9.3%	10.0%	10.9%
Overseas net sales as a percentage of consolidated net sales	45.9%	48.0%	47.8%	48.4%

FY9/23 Factors for Decrease in Operating profit

- Main factors are soaring raw material costs, increased utility costs and increased labor and personnel costs

Net Sales and Operating profit of T. HASEGAWA consolidated

(JPY 100 million)



*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

- T. HASEGAWA (non-consolidated) DX promotion and IT reform project:
(Actual FY9/22: Approx. JPY 0.5 billion)
(Plan: FY9/23: Approx. JPY 1.5 billion, FY9/24: Approx. JPY 0.8 billion, FY9/25: Approx. JPY 0.8 billion)
- U.S. second plant construction plan:
(Actual FY9/20: Approx. JPY 1.1 billion, FY9/21: Approx. JPY 0.4 billion, FY9/22: Approx. JPY 1.6 billion)
(Plan: FY9/23: Approx. JPY 0.2 billion, FY9/24: Approx. JPY 1.4 billion, FY9/25: Approx. JPY 0.7 billion)
- China new research building construction plan:
(Actual FY9/22: Approx. JPY 0.3 billion)
(Plan: FY9/23: Approx. JPY 1.7 billion, FY9/24: Approx. JPY 0.3 billion)
- Malaysia new plant construction plan:
(Plan: FY9/24: Approx. JPY 1.5 billion, FY9/25: Approx. JPY 1.5 billion)
- R&D expenses trended at around 8% of consolidated net sales

JPY million

	FY2022 (actual)	FY2023 (plan)	FY2024 (plan)	FY2025 (plan)
Capital Investment	4,306	6,404	6,143	5,144
Depreciation & Amortization	3,406	3,705	3,861	3,924
R&D Expenses	4,971	5,316	5,628	5,817

VII. 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

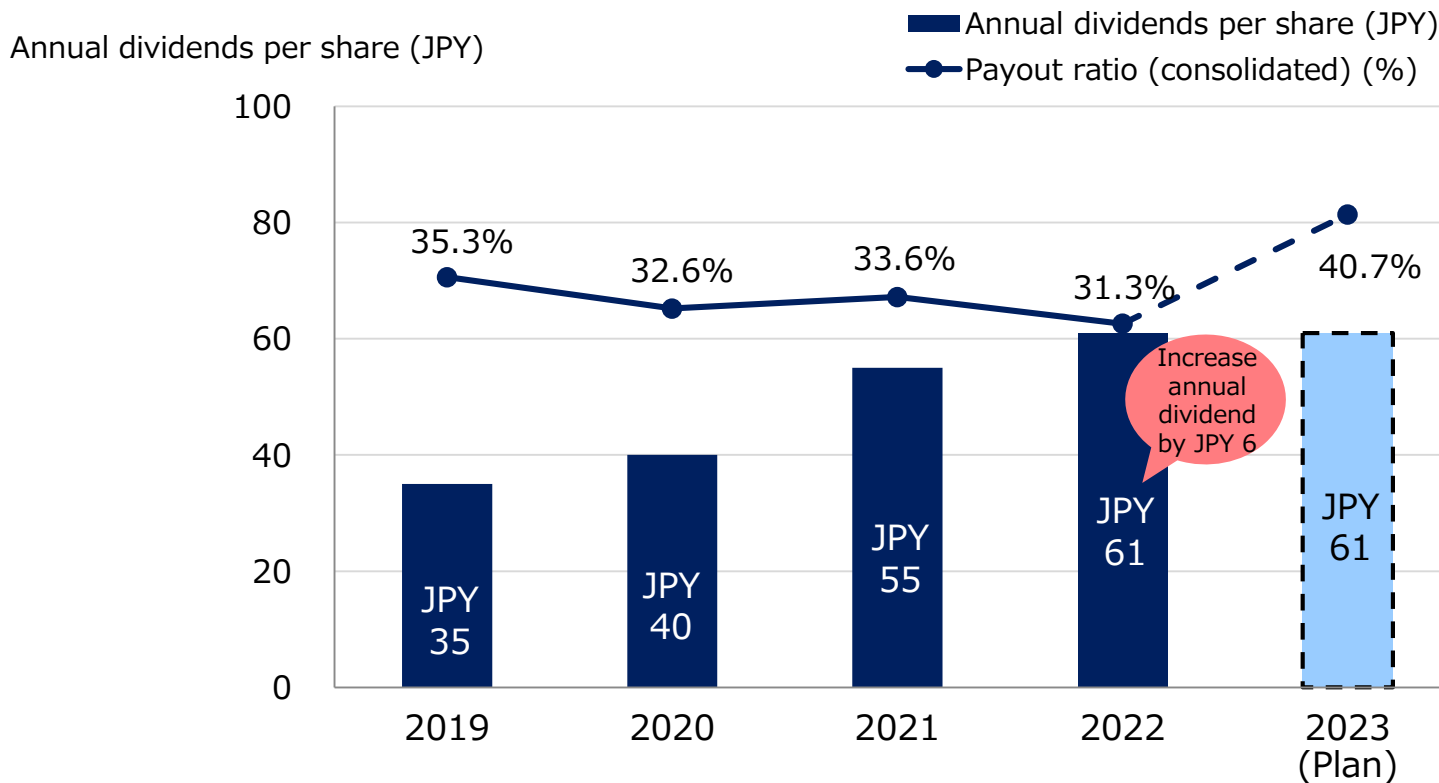
- Appropriately use funds, taking into consideration factors such as the maintenance of a sound financial position and enhancement of capital efficiency
- **Shareholder returns**
Pay dividends from surplus twice a year, including interim and year-end dividends, targeting a consolidated payout ratio of approximately 35%
- **Capital investment**
Investment to increase production capacity for growth, as well as renewal and maintenance of existing facilities
- **M&A**
Make comprehensive assessments from perspectives including market size, business risk, and acquisition amount
Achieve M&A with expected synergies in terms of customer networks, technology, human resources, etc.
- **Share buybacks**
Consider if conditions (PBR, etc.) 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—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
- In FY2022, taking into consideration consolidated performance and other factors, we increased the annual dividend by JPY 6 from JPY 55 in FYE September 2021 (annual dividend of JPY 61)



Sale of Investment Securities (Completed)

- February 4, 2022: Published “Notice Concerning Expected Recording of Gain on Sales of Investment Securities (Extraordinary Income)”
 - In FYE September 30, 2022, extraordinary income in accordance with the sales of investment securities published in the relevant press release was recorded
- [Reason] Review of investment securities
[Shares sold] 2 listed securities held by the Company
[Gain on sale]

FYE September 2022	Gain on sales of investment securities (Extraordinary Income)
1st Quarter	-
2nd Quarter	JPY 478 million
3rd Quarter	JPY 1,744 million
4th Quarter	-
Total	JPY 2,222 million

(Reference) Ratio of investment securities to consolidated net assets

FYE September 2020	FYE September 2021	FYE September 2022
21.5%	18.2%	11.3%

*Aim for 10% or less by FYE September 2026

VIII. Accident at the Itakura Facility

Accident at the Itakura Facility

A serious accident occurred at the Itakura Facility of the Fukaya Production Center in Japan on September 15, 2022, resulting in the death of an employee and the injuries of two others

Accident overview/ causes of the accident

- Carbon monoxide released from roasted coffee beans by steam distillation accumulated in the accident tank and a high concentration of carbon monoxide was retained in the tank
- The deceased employee suffered from carbon monoxide poisoning in the accident tank and became unconscious. He was transported to hospital, where he was confirmed dead on the same day.
- An employee who entered the tank to rescue the deceased employee also suffered from carbon monoxide poisoning, resulting in a secondary disaster
- There is no tasks executed in tanks during the manufacturing process

Measures to prevent recurrence

- A change was made to the manufacturing process
- Improvements of work areas (ventilatation with air and local exhaust ventilation)
- Installation of carbon monoxide monitors all the time and installation of alarms
- Provision of safety and health education and training

Impact on Business Performance

- The impact on the consolidated performance for FYE September 30, 2022 is negligible
- We will promptly announce any significant impact on consolidated performance for FYE September 30, 2023, if judged to be material

*For detailed information on the accident at the Itakura Plant, please refer to the press release dated November 11, 2022, titled "An Accident Resulting in the Death of an Employee of Our Company (Causes of accident, measures to prevent recurrence, and operating status)."

IX. Accompanying Materials

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

USD Million				
	Company name	Country	Sales(2021Yr)	Market Share
1	IFF	U.S.	8,510	28.5%
2	Givaudan	Switzerland	6,099	20.4%
3	Firmenich	Switzerland	3,924	13.1%
4	Symrise	Germany	3,242	10.9%
5	ADM	Germany	3,189	10.7%
6	Mane SA	France	1,569	5.3%
7	Takasago	Japan	1,480	5.0%
8	Sensient Technologies	U.S.	739	2.5%
9	T.Hasegawa	Japan	574	1.9%
10	Robertet SA	France	503	1.7%
Total			29,828	100.0%

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

*Excluding the following segments

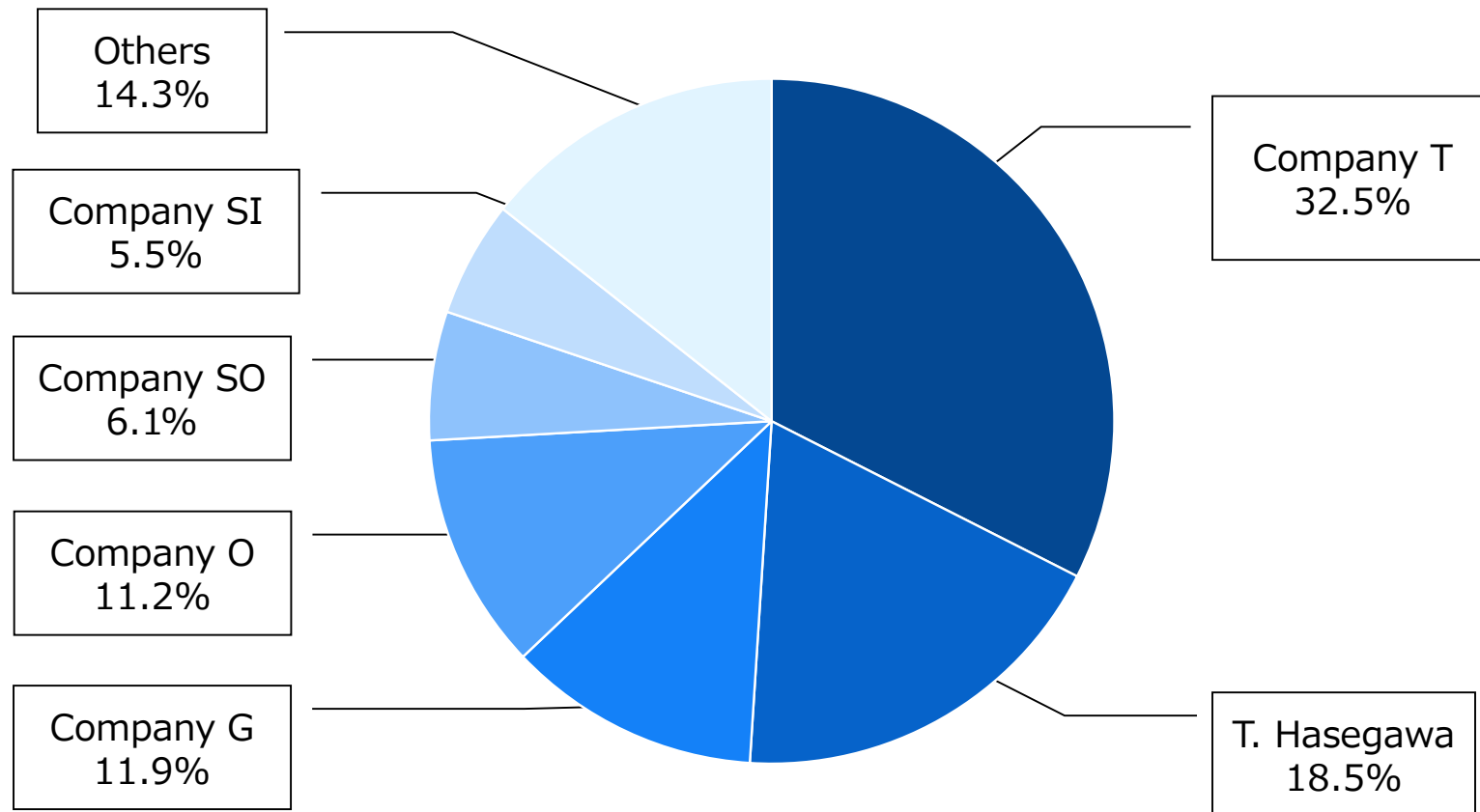
IFF: Nourish Segment and Scent Segment; Takasago: Real Estate Segment;

Sensient Technologies: ColorGroup ・ AsiaPacific Group; Robertet: Les actifs

*Human Nutrition only for ADM

*For the Company and Takasago, figures for FY 2022 are used, and for Mane SA, figures for FY 2020 are used

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



(As of Mar. 2022)

- *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 2021 to March 2022

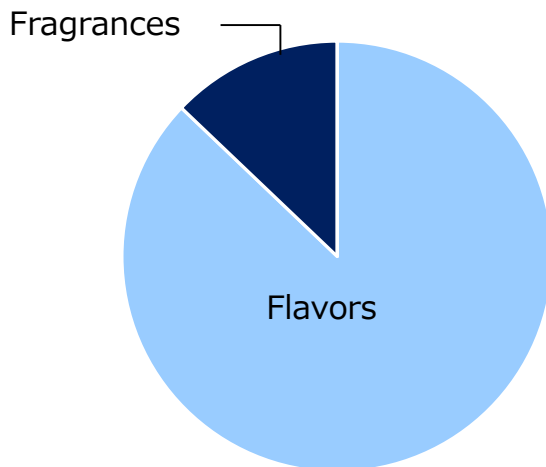
- The Company specializes in high value-added compounded flavors and fragrances
- High-mix production: Sales of approximately 12,000 flavors and fragrances per year

JPY million

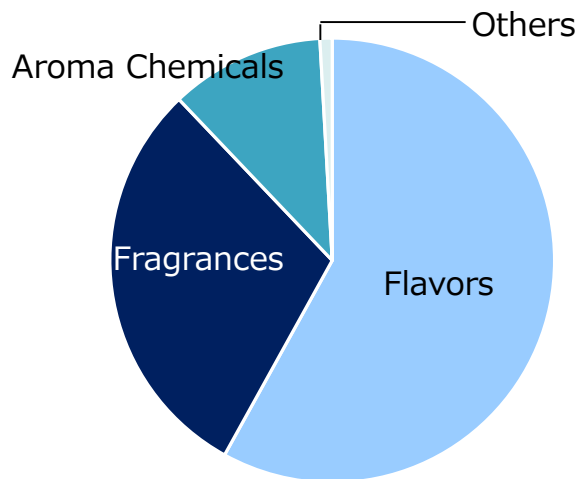
	T. Hasegawa (Consolidated)		Company T (Consolidated)	
	FY ended in Sep. 2022		FY ended in Mar. 2022	
	Sales	Share	Sales	Share
Flavors	54,359	87.1%	94,292	58.1%
Fragrances	8,039	12.9%	48,481	29.8%
Aroma Chemicals	—	—	18,219	11.2%
Others	—	—	1,446	0.9%
Total	62,398	100.0%	162,440	100.0%
Ratio of gross profits to sales	41.1%		31.5%	
Ratio of operating profit to sales	12.9%		5.4%	

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

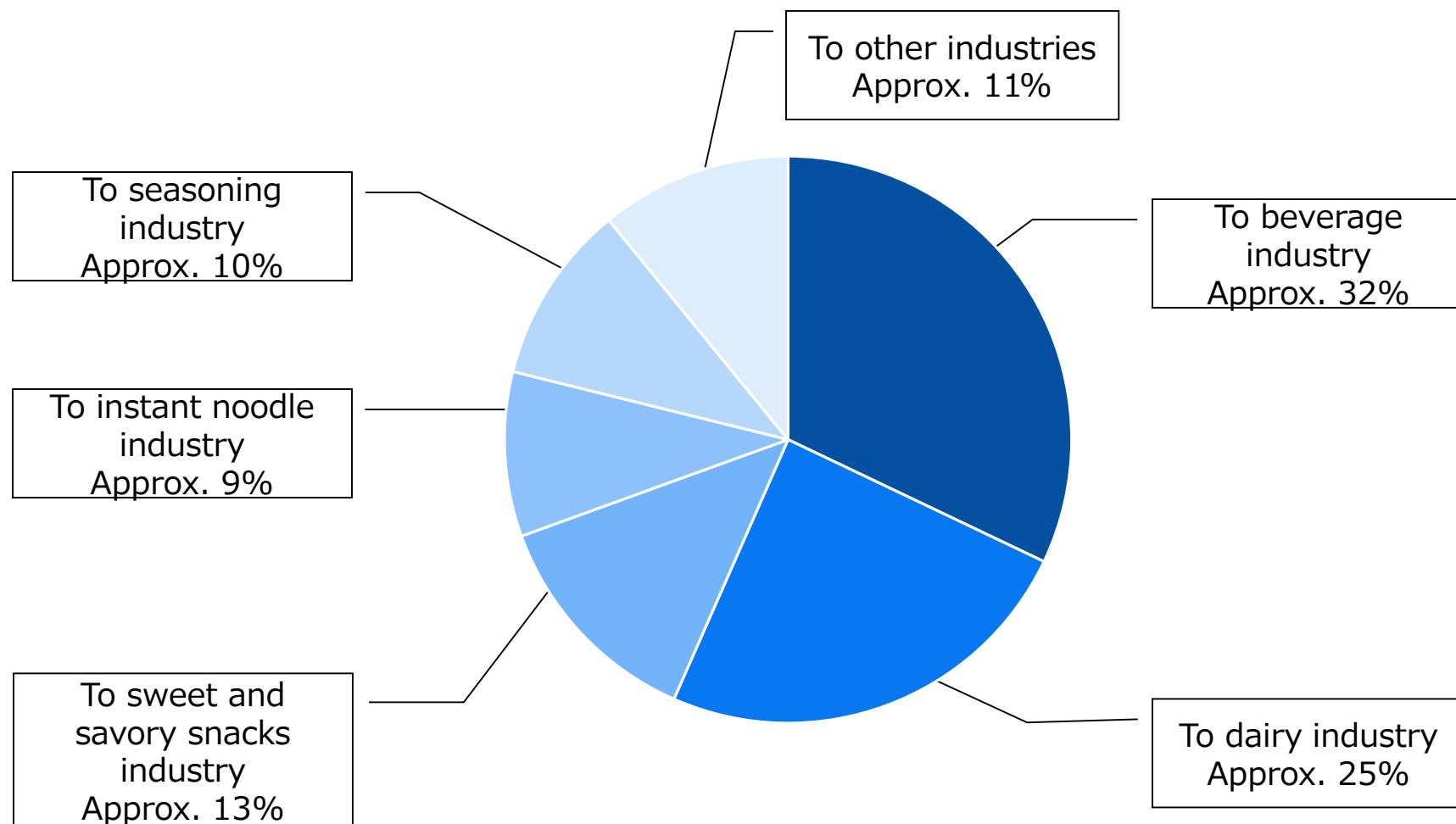
T. Hasegawa (Consolidated)



Company T (Consolidated)



- 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 2022 as 100.

Analysis of Changes in Consolidated Statement of Profit

- Operating profit growth factors

Increase sales at U.S. subsidiaries (including MISSION) and at T. HASEGAWA (non-consolidated) and improvement in cost-of-sales ratio are main factors

JPY million							
	FY2021 (Cumulative results)		FY2022 (Cumulative results)		Change		Factor
					Amount	%	
Net sales	55,755	100.0%	62,398	100.0%	6,643	11.9%	Higher sales of U.S. subsidiaries (including MISSION) and T. HASEGAWA (non-consolidated) *MISSION : Results for 9 months in FY2021 and 12 months in FY2022 Of the increase in Net sales, JPY 3,304 million is attributable to the yen down
Cost of sales	33,106	59.4%	36,776	58.9%	3,669	11.1%	Cost-of-sales ratio improved due to changes in sales breakdown of T. HASEGAWA (non-consolidated)
Gross profit	22,648	40.6%	25,622	41.1%	2,973	13.1%	
SG&A expenses	15,788	28.3%	17,570	28.2%	1,781	11.3%	Net increase for 3 months in amortization of intangible assets at MISSION (JPY 273 million) (Goodwill of JPY 671 million and customer-related assets of JPY 422 million) Of the increase, JPY 860 million is attributable to yen down
Operating profit	6,859	12.3%	8,051	12.9%	1,192	17.4%	
Ordinary profit	7,466	13.4%	9,075	14.5%	1,609	21.6%	Non-operating profit Foreign exchange gains increased by JPY 370 million due to the yen down
Income before income taxes	9,692	17.4%	11,267	18.1%	1,574	16.2%	(Extraordinary income) FY2021 : T. HASEGAWA (non-consolidated) Extraordinary income from sales of investment securities: JPY 2,265 million FY2022 : T. HASEGAWA (non-consolidated) Extraordinary income from sales of investment securities: JPY 2,230 million
Net profit	6,763	12.1%	8,007	12.8%	1,243	18.4%	Profit (loss) attributable to non-controlling interests (53) JPY million

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

Analysis of Changes in Consolidated Balance Sheet

JPY million

	Sep. 30, 2021	Sep. 30, 2022	Change	Factor
Current assets	55,242	65,989	10,747	<ul style="list-style-type: none"> • Increase in cash and cash equivalents: JPY 6,313 million • Increase in inventories: JPY 2,761 million • Increase in accounts receivable - trade: JPY 1,658 million
Non-current assets	65,703	67,563	1,860	<ul style="list-style-type: none"> • Increase in property, plant and equipment: JPY 3,657 million • Increase in goodwill and customer-related assets (valuation increase due to depreciation of JPY): JPY 2,937 million • Decrease in investment securities: (5,286) JPY million
Total assets	120,945	133,553	12,607	
Current liabilities	11,604	13,331	1,727	<ul style="list-style-type: none"> • Increase in accounts payable: JPY 1,211 million
Non-current liabilities	11,040	9,204	(1,835)	<ul style="list-style-type: none"> • Decrease in deferred tax liabilities (1,541) JPY million (decrease in unrealized gains on investment securities)
Total liabilities	22,644	22,536	(108)	
Net assets	98,301	111,017	12,715	<ul style="list-style-type: none"> • Net profit JPY 8,007 million • Dividends of surplus: (2,549) JPY million • Increase in foreign currency translation adjustment: JPY 10,246 million • Decrease in valuation difference on securities (3,615) JPY million (decrease in unrealized gains on investment securities)
Total liabilities and Net assets	120,945	133,553	12,607	

Consolidated Statement of Cash Flows

JPY million

	FY2021	FY2022	Change	Major items in FY2022
Cash flows from operating activities	9,980	8,001	(1,979)	<ul style="list-style-type: none"> • Income before income taxes: JPY 11,267 million • Depreciation: JPY 3,406 million • Amortization of goodwill: JPY 824 million • Gain on sales of investment securities: (2,230) JPY million • Increase in inventories: (1,795) JPY million • Income taxes paid: (3,228) JPY million
Cash flows from investing activities	(14,130)	1,208	15,338	<ul style="list-style-type: none"> • Withdrawal of time deposits (over 3 months): JPY 2,778 million • Gain on sales of investment securities: JPY 2,599 million • Purchase of property, plant and equipment and intangible assets: (4,125) JPY million
Cash flows from financing activities	(2,733)	(2,721)	11	<ul style="list-style-type: none"> • Dividends of surplus: (2,548) JPY million
Effect of exchange rate change on cash and cash equivalents	385	1,559	1,173	
Net increase (decrease) in cash and cash equivalents	(6,497)	8,047	14,544	
Cash and cash equivalents at beginning of period	25,360	18,863	(6,497)	<ul style="list-style-type: none"> • Increase due to 2 newly consolidated subsidiaries: JPY 515 million
Cash and cash equivalents at end of period	18,863	27,425	8,562	

(Consolidated)

JPY million

	FY2022 Plan	FY2022 Actual	Progress
Capital Investment	3,731	4,306	115.4%
Depreciation & Amortization	3,429	3,406	99.3%
Amortization of Goodwill	824	824	100.0%
R&D Expenses	4,858	4,971	102.3%

*Depreciation includes amortization of customer-related assets

T. HASEGAWA non-consolidated (Actual)

JPY million

	FY2021 (Actual)		FY2022 (May 11 Revised Plan)		FY2022 (Actual)		Change			
	Amount	Share	Amount	Share	Amount	Share	YoY		Vs. target	
							Amount	%	Amount	%
Net Sales	37,362	100.0%	38,500	100.0%	39,174	100.0%	1,812	4.9%	674	1.8%
Cost-of-sales	22,834	61.1%	23,570	61.2%	23,368	59.7%	534	2.3%	-201	-0.9%
Gross profit	14,528	38.9%	14,930	38.8%	15,806	40.3%	1,278	8.8%	876	5.9%
SG&A expenses	10,636	28.5%	10,990	28.5%	10,654	27.2%	18	0.2%	-335	-3.1%
Operating profit	3,891	10.4%	3,940	10.2%	5,151	13.2%	1,259	32.4%	1,211	30.7%
Ordinary profit	4,449	11.9%	7,230	18.8%	8,992	23.0%	4,543	102.1%	1,762	24.4%
Income before income taxes	6,689	17.9%	9,390	24.4%	11,200	28.6%	4,510	67.4%	1,810	19.3%
Net profit	4,819	12.9%	7,430	19.3%	8,700	22.2%	3,880	80.5%	1,270	17.1%

- Net sales increased mainly due to higher sales in the flavor and fragrances segments
- Operating profit increased due to higher sales, improved cost-of-sales ratio due to changes in sales breakdown, and improved SG&A expenses (In the same period of FY2021, expenses related to the acquisition of MISSION were recorded)

Consolidated U.S. Subsidiaries (Actual)

*Consolidated statements of profit of the Company's two U.S. subsidiaries (T. HASEGAWA U.S.A., INC. and MISSION FLAVORS & FRAGRANCES, INC.)

*MISSION FLAVORS & FRAGRANCES, INC.'s financial results for FY2021 are for 9 months from January to September 2021, and the financial results for FY2022 are for 12 months from October 2021 to September 2022.

JPY million

JPY Basis	FY2021		FY2022		Change	
	Amount	Share	Amount	Share	YoY	%
Net Sales	9,187	100.0%	12,157	100.0%	2,970	32.3%
Cost-of-sales	5,416	59.0%	7,488	61.6%	2,071	38.2%
Gross profit	3,770	41.0%	4,669	38.4%	898	23.8%
SG&A expenses	3,108	33.8%	4,158	34.2%	1,050	33.8%
Operating profit	662	7.2%	510	4.2%	-151	-22.9%
Ordinary profit	679	7.4%	499	4.1%	-179	-26.5%
Net profit	519	5.7%	443	3.6%	-76	-14.7%

JPY 107.50/USD

JPY 124.46/USD

(15.8% lower)

USD thousand

Local Currency Basis	FY2021		FY2022		Change	
	Amount	Share	Amount	Share	YoY	%
Net Sales	85,466	100.0%	97,685	100.0%	12,219	14.3%
Cost-of-sales	50,388	59.0%	60,169	61.6%	9,780	19.4%
Gross profit	35,077	41.0%	37,516	38.4%	2,439	7.0%
SG&A expenses	28,917	33.8%	33,413	34.2%	4,496	15.5%
Operating profit	6,159	7.2%	4,102	4.2%	-2,057	-33.4%
Ordinary profit	6,320	7.4%	4,012	4.1%	-2,307	-36.5%
Net profit	4,832	5.7%	3,560	3.6%	-1,272	-26.3%

- Net sales increased mainly because of an increase in sales to the health sector at our existing company and MISSION's contribution (9 months in FY2021, 12 months in FY2022)
- Operating profit decreased due to deterioration in cost-of-sales ratio and increase in SG&A expenses

Consolidated China 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.)

JPY million

JPY Basis	FY2021		FY2022		Change	
	Amount	Share	Amount	Share	YoY	%
Net Sales	8,699	100.0%	9,828	100.0%	1,128	13.0%
Cost-of-sales	4,897	56.3%	5,793	58.9%	895	18.3%
Gross profit	3,801	43.7%	4,035	41.1%	233	6.1%
SG&A expenses	1,534	17.6%	1,878	19.1%	343	22.4%
Operating profit	2,267	26.1%	2,156	21.9%	-110	-4.9%
Ordinary profit	2,383	27.4%	2,312	23.5%	-71	-3.0%
Net profit	1,808	20.8%	1,773	18.0%	-35	-1.9%

JPY 16.54/RMB

JPY 18.96/RMB

(14.6% lower)

RMB thousand

Local Currency Basis	FY2021		FY2022		Change	
	Amount	Share	Amount	Share	YoY	%
Net Sales	525,978	100.0%	518,387	100.0%	-7,590	-1.4%
Cost-of-sales	296,111	56.3%	305,567	58.9%	9,455	3.2%
Gross profit	229,866	43.7%	212,820	41.1%	-17,045	-7.4%
SG&A expenses	92,784	17.6%	99,063	19.1%	6,278	6.8%
Operating profit	137,081	26.1%	113,757	21.9%	-23,323	-17.0%
Ordinary profit	144,102	27.4%	121,951	23.5%	-22,151	-15.4%
Net profit	109,354	20.8%	93,548	18.0%	-15,806	-14.5%

- Net sales decreased on a local currency basis due to a decrease in sales in the fragrance segment despite an increase in sales in the flavor segment. Net sales increased on a JPY basis due to the depreciation of JPY.
- Operating profit decreased due to a deterioration in cost-of-sales ratio and increase in SG&A expenses

Malaysian Subsidiaries (Actual)

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

JPY million

JPY Basis	FY2021		FY2022		Change	
	Amount	Share	Amount	Share	YoY	%
Net Sales	998	100.0%	1,358	100.0%	359	36.0%
Cost-of-sales	570	57.1%	748	55.1%	177	31.2%
Gross profit	428	42.9%	610	44.9%	181	42.4%
SG&A expenses	314	31.4%	422	31.1%	108	34.4%
Operating profit	114	11.4%	187	13.8%	73	64.2%
Ordinary profit	121	12.2%	219	16.2%	97	80.2%
Net profit	86	8.6%	177	13.1%	91	106.3%

JPY 26.08/MYR

JPY 28.90/MYR

(10.8% lower)

MYR thousand

Local Currency Basis	FY2021		FY2022		Change	
	Amount	Share	Amount	Share	YoY	%
Net Sales	38,297	100.0%	46,994	100.0%	8,697	22.7%
Cost-of-sales	21,868	57.1%	25,885	55.1%	4,016	18.4%
Gross profit	16,428	42.9%	21,108	44.9%	4,680	28.5%
SG&A expenses	12,044	31.4%	14,612	31.1%	2,567	21.3%
Operating profit	4,384	11.4%	6,496	13.8%	2,112	48.2%
Ordinary profit	4,675	12.2%	7,604	16.2%	2,929	62.7%
Net profit	3,307	8.6%	6,156	13.1%	2,849	86.1%

- Net sales increased mainly as a result of higher sales to seasonings and savory snack makers
- Operating profit increased due to higher sales and improved cost-of-sales ratio

Medium-Term Three-Year Plan (Consolidated)

JPY million

	FY2022 (Actual)			FY2023 (Plan)			FY2024 (Plan)			FY2025 (Plan)		
	Amount	Share	YoY	Amount	Share	YoY	Amount	Share	YoY	Amount	Share	YoY
Net Sales	62,398	100.0%	11.9%	66,000	100.0%	5.8%	68,000	100.0%	3.0%	71,200	100.0%	4.7%
Cost-of-sales	36,776	58.9%	11.1%	40,110	60.8%	9.1%	40,460	59.5%	0.9%	41,720	58.6%	3.1%
Gross profit	25,622	41.1%	13.1%	25,890	39.2%	1.0%	27,540	40.5%	6.4%	29,480	41.4%	7.0%
SG&A expenses	17,570	28.2%	11.3%	18,890	28.6%	7.5%	19,270	28.3%	2.0%	19,680	27.6%	2.1%
Operating profit	8,051	12.9%	17.4%	7,000	10.6%	-13.1%	8,270	12.2%	18.1%	9,800	13.8%	18.5%
Ordinary profit	9,075	14.5%	21.6%	7,450	11.3%	-17.9%	8,680	12.8%	16.5%	10,210	14.3%	17.6%
Income before income taxes	11,267	18.1%	16.2%	8,610	13.0%	-23.6%	9,440	13.9%	9.6%	10,770	15.1%	14.1%
Net profit	8,007	12.8%	18.4%	6,170	9.3%	-22.9%	6,770	10.0%	9.7%	7,750	10.9%	14.5%

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

This presentation is based on data as of November 11, 2022, and was created with the intention of providing information on future management plans and results for the fiscal year ended September 30, 2022.

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