

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2024 (Based on Japanese GAAP)

February 7, 2025

Company name: T. HASEGAWA CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 4958 URL <https://www.t-hasegawa.co.jp/>
 Representative: President & COO Kenji Hasegawa
 Inquiries: Senior Vice President Jun Takizawa TEL 03-3241-1151
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended December 31, 2024 (from October 1, 2024 to December 31, 2024)

(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	%
Three months ended December 31, 2024	17,643	7.5	1,901	4.0	2,288	23.4	1,461	9.8
Three months ended December 31, 2023	16,413	5.8	1,828	19.3	1,854	29.2	1,331	27.9

Note: Comprehensive income Three months ended December 31, 2024 ¥6,275 million [-%]
 Three months ended December 31, 2023 ¥(1,069) million [-%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended December 31, 2024	35.65	35.49
Three months ended December 31, 2023	32.35	32.22

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	146,902	123,371	83.7
As of September 30, 2024	144,504	119,681	82.6

Reference: Equity As of December 31, 2024 ¥123,016 million
 As of September 30, 2024 ¥119,319 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended September 30, 2024	Yen –	Yen 31.00	Yen –	Yen 39.00	Yen 70.00
Year ending September 30, 2025	–	–	–	–	–
Year ending September 30, 2025 (Forecast)	–	37.00	–	37.00	74.00

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

3. Forecast of consolidated financial results for the year ending September 30, 2025 (from October 1, 2024 to September 30, 2025)

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	74,300	3.7	9,970	6.9	10,450	7.5	7,580	5.2	184.84

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

4. Notes

(1) Significant changes in the scope of consolidation during the three months ended December 31, 2024 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: Yes

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 December 31, 2024	42,708,154 shares	As of September 30, 2024	42,708,154 shares
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Number of treasury shares at the end of the period

As of December 31, 2024	1,858,708 shares	As of September 30, 2024	1,563,008 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2024	41,007,371 shares	Three months ended December 31, 2023	41,145,311 shares
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* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: No

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

(Caution regarding forward-looking statements and others)

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.

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1. Qualitative information on financial results for the period

(1) Explanation of operating results

The Japanese economy in the three months ended December 31, 2024 continued its gradual recovery, under the improving employment and income environment. On the other hand, the outlook for the economy remained uncertain amid continuing concerns over the impacts on domestic and overseas economic activities of the international situation, persistently high raw material and resource prices, rising commodity prices, and strong fluctuations in foreign exchange rates, etc.

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 three months ended December 31, 2024, net sales increased by ¥1,229 million (7.5%) year on year, amounting to ¥17,643 million. The Company's non-consolidated net sales increased by 4.1% year on year. As for net sales of major overseas consolidated subsidiaries, net sales of subsidiaries in the USA decreased by 1.0% year on year (down 4.0% on a local currency basis), those of subsidiaries in China increased by 28.7% year on year (up 24.4% on a local currency basis), and those of a subsidiary in Malaysia increased by 20.3% year on year (up 9.2% on a local currency basis).

By division, net sales of the Flavor Division increased by 7.6% year on year, amounting to ¥15,557 million, due mainly to increased net sales of subsidiaries in China, and increased net sales of the Company on a non-consolidated basis.

Net sales of the Fragrance Division increased by 6.7% year on year, amounting to ¥2,086 million due mainly to increases in sales of subsidiaries in China and in non-consolidated sales of the Company.

As for profit, operating profit increased by ¥73 million (4.0%) year on year to ¥1,901 million due largely to higher sales and improved cost-of-sales ratio. Ordinary profit increased by ¥433 million (23.4%) year on year to ¥2,288 million due largely to an increase in operating profit and the recording of foreign exchange gains of ¥243 million (the recording of foreign exchange losses of ¥98 million in the previous fiscal year).

As a result, profit attributable to owners of parent increased by ¥130 million (9.8%) year on year to ¥1,461 million.

Furthermore, the yen exchange rates for major currencies (average rate for the period) applied for translation in the statements of income for the three months ended December 31, 2024 are as follows.

1 USD=152.44 JPY (147.89 JPY in the previous fiscal year, 3.1% yen depreciation YoY)

1 RMB=21.16 JPY (20.44 JPY in the previous fiscal year, 3.5% yen depreciation YoY)

1 RM=34.70 JPY (31.50 JPY in the previous fiscal year, 10.2% yen depreciation YoY)

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

(Japan)

Net sales were ¥10,392 million (up 4.1% year on year), and segment profit was ¥1,173 million (up 6.5% year on year).

(Asia)

Net sales were ¥4,697 million (up 25.7% year on year), and segment profit was ¥1,263 million (up 57.9% year on year).

(USA)

Net sales were ¥3,438 million (down 2.6% year on year), and segment loss was ¥529 million (segment loss of ¥65 million in the same period of the previous fiscal year).

(2) Explanation of financial position

(Current assets)

Current assets increased by ¥64 million compared to the fiscal year ended September 30, 2024 to ¥72,306 million, due largely to increases in cash and deposits, merchandise and finished goods, and raw materials and supplies increased by ¥2,192 million, ¥682 million, and ¥714 million, respectively, but a decrease in securities by ¥3,997 million.

(Non-current assets)

Non-current assets increased by ¥2,333 million compared to the fiscal year ended September 30, 2024 to ¥74,596 million, due largely to increases in property, plant and equipment by ¥1,148 million, goodwill by ¥686 million resulting from yen depreciation, despite the progress of amortization in foreign currencies, and customer relationship included in other under intangible assets by ¥932 million, but a decrease in investment securities by ¥612 million.

(Current liabilities)

Current liabilities decreased by ¥1,227 million compared to the end of the fiscal year ended September 30, 2024 to ¥13,543 million due largely to decreases in income taxes payable and provision for bonuses of ¥ 614 million and ¥1,377 million, respectively, but an increase of ¥373 million in accounts payable - trade.

(Non-current liabilities)

Non-current liabilities decreased by ¥63 million to ¥9,987 million compared to the end of the fiscal year ended September 30, 2024 due largely to decreases in deferred tax liabilities and retirement benefit liability by ¥13 million and ¥25 million, respectively.

(Net assets)

Total net assets increased by ¥3,689 million compared to the end of the fiscal year ended September 30, 2024 to ¥123,371 million due largely to an increase in foreign currency translation adjustment by ¥5,233 million, despite an increase in treasury shares by ¥979 million (net assets decreased).

Furthermore, the yen exchange rates for major currencies (at the end of the period) applied for translation in the balance sheets at the end of the three months ended December 31, 2024 are as follows.

1 USD=158.18 JPY (142.73 JPY at the end of the previous fiscal year, 10.8% yen depreciation YoY)

1 RMB=21.67 JPY (20.46 JPY at the end of the previous fiscal year, 5.9% yen depreciation YoY)

1 RM=35.46 JPY (34.79 JPY at the end of the previous fiscal year, 1.9% yen depreciation YoY)

In addition, allocation of acquisition cost related to the business combination involving the acquisition of ABELEI, INC. in the previous fiscal year was accounted for on a provisional basis at the end of the period under review.

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

No revisions have been made to the consolidated financial results forecast announced on November 8, 2024.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of September 30, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	27,396	29,588
Notes and accounts receivable - trade	20,473	20,567
Securities	6,997	2,999
Merchandise and finished goods	8,053	8,736
Work in process	161	82
Raw materials and supplies	8,200	8,914
Other	989	1,444
Allowance for doubtful accounts	(30)	(26)
Total current assets	72,241	72,306
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,463	22,132
Other, net	14,903	15,383
Total property, plant and equipment	36,367	37,515
Intangible assets		
Goodwill	9,855	10,541
Other	12,868	14,076
Total intangible assets	22,723	24,617
Investments and other assets		
Investment securities	11,997	11,384
Retirement benefit asset	18	18
Other	1,223	1,127
Allowance for doubtful accounts	(67)	(68)
Total investments and other assets	13,171	12,462
Total non-current assets	72,262	74,596
Total assets	144,504	146,902
Liabilities		
Current liabilities		
Accounts payable - trade	6,324	6,697
Income taxes payable	1,498	883
Provision for bonuses	2,004	626
Provision for bonuses for directors (and other officers)	85	–
Provision for removal cost	204	204
Other	4,654	5,131
Total current liabilities	14,771	13,543
Non-current liabilities		
Deferred tax liabilities	840	827
Retirement benefit liability	7,480	7,455
Asset retirement obligations	69	69
Long-term accounts payable - other	178	174
Other	1,481	1,460
Total non-current liabilities	10,051	9,987
Total liabilities	24,822	23,531

(Millions of yen)

	As of September 30, 2024	As of December 31, 2024
Net assets		
Shareholders' equity		
Share capital	5,364	5,364
Capital surplus	7,513	7,518
Retained earnings	90,670	90,527
Treasury shares	(2,556)	(3,536)
Total shareholders' equity	100,991	99,874
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,304	5,877
Foreign currency translation adjustment	12,171	17,405
Remeasurements of defined benefit plans	(148)	(141)
Total accumulated other comprehensive income	18,327	23,141
Share acquisition rights	362	354
Total net assets	119,681	123,371
Total liabilities and net assets	144,504	146,902

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended December 31, 2023	Three months ended December 31, 2024
Net sales	16,413	17,643
Cost of sales	9,722	10,227
Gross profit	6,691	7,416
Selling, general and administrative expenses	4,862	5,514
Operating profit	1,828	1,901
Non-operating income		
Interest income	67	86
Dividend income	31	40
Foreign exchange gains	–	243
Other	38	70
Total non-operating income	136	441
Non-operating expenses		
Interest expenses	6	5
Foreign exchange losses	98	–
Other	6	48
Total non-operating expenses	110	54
Ordinary profit	1,854	2,288
Extraordinary losses		
Loss on abandonment of non-current assets	2	5
Total extraordinary losses	2	5
Profit before income taxes	1,852	2,282
Income taxes	520	820
Profit	1,331	1,461
Profit attributable to owners of parent	1,331	1,461

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended December 31, 2023	Three months ended December 31, 2024
Profit	1,331	1,461
Other comprehensive income		
Valuation difference on available-for-sale securities	(324)	(426)
Foreign currency translation adjustment	(2,090)	5,233
Remeasurements of defined benefit plans, net of tax	15	6
Total other comprehensive income	(2,400)	4,813
Comprehensive income	(1,069)	6,275
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,069)	6,275
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to quarterly consolidated financial statements

(Notes on changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes)

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”), etc. from the beginning of the first quarter of the current fiscal year. Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Guidance of 2022”). There is no impact as a result of this change in accounting policy.

In addition, for changes related to the revised treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of the first quarter of the current fiscal year. This change in accounting policies has been applied retrospectively, and is reflected in the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

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

Not applicable.

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

(Purchase of treasury shares)

In accordance with the resolution at a Board of Directors meeting held on November 8, 2024, the Company purchased 306,400 treasury shares. Accordingly, treasury shares increased by ¥999 million in the three months ended December 31, 2024, resulting in treasury shares of ¥3,536 million as of December 31, 2024.

(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 first quarter ended December 31, 2024.

(Notes to quarterly consolidated statements of cash flows)

The Company has not prepared quarterly consolidated statements of cash flows for the three months ended December 31, 2024. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended December 31, 2024 are as follows.

	(Millions of yen)	
	Three months ended December 31, 2023	Three months ended December 31, 2024
Depreciation	958	1,011
Amortization of goodwill	241	363

(Notes to segment information, etc.)

[Segment information]

I. Three months ended December 31, 2023 (from October 1, 2023 to December 31, 2023)

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

	Reportable segment				Adjustment (Note 1)	Consolidated (Note 2)
	Japan	Asia	USA	Total		
Net sales						
Flavor and fragrance business (Note 3)	9,282	3,707	3,424	16,413	–	16,413
Revenue from contracts with customers	9,282	3,707	3,424	16,413	–	16,413
Sales to external customers	9,282	3,707	3,424	16,413	–	16,413
Inter-segment sales or transfers	697	30	107	835	(835)	–
Total	9,980	3,737	3,531	17,249	(835)	16,413
Segment profit or loss	1,101	799	(65)	1,836	(7)	1,828

- Notes: 1. The adjustments on segment profit of negative ¥7 million include ¥29 million of adjustments for intra-group transactions related to inter-segment transactions, negative ¥36 million of adjustments for inventories, and negative ¥1 million for others.
2. Segment profit or loss 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. Three months ended December 31, 2024 (from October 1, 2024 to December 31, 2024)

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

	Reportable segment				Adjustment (Note 1)	Consolidated (Note 2)
	Japan	Asia	USA	Total		
Net sales						
Flavor and fragrance business (Note 3)	9,588	4,662	3,391	17,643	–	17,643
Revenue from contracts with customers	9,588	4,662	3,391	17,643	–	17,643
Sales to external customers	9,588	4,662	3,391	17,643	–	17,643
Inter-segment sales or transfers	803	34	46	884	(884)	–
Total	10,392	4,697	3,438	18,528	(884)	17,643
Segment profit or loss	1,173	1,263	(529)	1,907	(5)	1,901

- Notes: 1. The adjustments on segment profit of negative ¥5 million include ¥37 million of adjustments for intra-group transactions related to inter-segment transactions, negative ¥42 million of adjustments for inventories, and negative ¥1 million for others.
2. Segment profit or loss 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.