

Translation

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Summary of Consolidated Financial Results for the Year Ended September 30, 2024 (Based on Japanese GAAP)

November 8, 2024

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 of ordinary general meeting of shareholders: December 19, 2024
 Scheduled date to file Securities Report: December 20, 2024
 Scheduled date to commence dividend payments: December 3, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(1) Consolidated operating results

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	%
Year ended September 30, 2024	71,645	10.4	9,371	24.8	9,723	18.8	7,201	7.9
Year ended September 30, 2023	64,874	4.0	7,507	(6.8)	8,185	(9.8)	6,671	(16.7)

Note: Comprehensive income Year ended September 30, 2024 ¥5,846 million [(25.0)%
 Year ended September 30, 2023 ¥7,798 million [(47.0)%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2024	175.04	174.27	6.1	6.9	13.1
Year ended September 30, 2023	162.16	161.54	5.9	6.0	11.6

Reference: Share of profit (loss) of entities accounted for using equity method Year ended September 30, 2024 ¥— million
 Year ended September 30, 2023 ¥— million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2024	144,504	119,681	82.6	2,899.96
As of September 30, 2023	139,125	116,319	83.4	2,819.86

Reference: Equity As of September 30, 2024 ¥119,319 million
 As of September 30, 2023 ¥116,024 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended September 30, 2024	13,947	(9,386)	(2,699)	31,952
Year ended September 30, 2023	8,012	(3,092)	(2,657)	29,957

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2023	–	30.00	–	31.00	61.00	2,509	37.6	2.2
Year ended September 30, 2024	–	31.00	–	39.00	70.00	2,879	40.0	2.4
Year ending September 30, 2025 (Forecast)	–	37.00	–	37.00	74.00		40.2	

Note: Previously the Company was targeting a payout ratio of 35% on a consolidated basis, but following revisions, it has set a basic policy of paying dividends of surplus twice a year, as an interim dividend and a year-end dividend, targeting a payout ratio of 40%.

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	184.22

Note: The calculation of earnings per share in the forecast of consolidated financial results for the year ending September 30, 2025, does not take into account the effects of the purchase of treasury shares described in “Notice Concerning Acquisition of the Company’s Own Shares” (released on November 8, 2024).

4. Notes

- (1) Significant changes in the scope of consolidation during the year ended September 30, 2024: Yes
- Newly included: 1 company [Company name] ABELEI, INC.
- Excluded: 1 company [Company name] MISSION FLAVORS & FRAGRANCES, INC.
- (2) 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
- (3) Number of issued shares (common shares)

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

As of September 30, 2024	42,708,154 shares	As of September 30, 2023	42,708,154 shares
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Number of treasury shares at the end of the period

As of September 30, 2024	1,563,008 shares	As of September 30, 2023	1,562,828 shares
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Average number of shares during the period

Year ended September 30, 2024	41,145,243 shares	Year ended September 30, 2023	41,145,353 shares
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Note: For further details about the number of shares as a basis for calculation of earnings per share (consolidated), please refer to “Per share information” under “3. Consolidated financial statements and significant notes thereto, (5) Notes to consolidated financial statements” on page 22 of the Attached Material.

Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended September 30, 2024	42,366	6.7	4,915	8.3	9,541	86.2	8,003	71.0
Year ended September 30, 2023	39,711	1.4	4,538	(11.9)	5,125	(43.0)	4,679	(46.2)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended September 30, 2024	194.51	193.66
Year ended September 30, 2023	113.72	113.29

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2024	117,213	96,916	82.4	2,346.67
As of September 30, 2023	110,157	91,647	82.9	2,220.23

Reference: Equity As of September 30, 2024 ¥96,553 million
As of September 30, 2023 ¥91,352 million

2. Forecast of non-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		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	43,100	1.7	5,070	3.1	10,520	10.3	8,740	9.2	212.41

Note: The calculation of earnings per share in the forecast of non-consolidated financial results for the year ending September 30, 2025, does not take into account the effects of the purchase of treasury shares described in “Notice Concerning Acquisition of the Company’s Own Shares” (released on November 8, 2024).

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* 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. Overview of operating results and others, (4) Future outlook” on page 4 of the Attached Material.

(How to obtain supplementary material on financial results)

The Company plans to hold a financial results meeting for institutional investors and analysts through live streaming on Thursday, November 21, 2024.

Materials for the financial results meeting will be disclosed on TDnet and posted on the Company’s website.

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1. Overview of operating results and others

(1) Overview of operating results for the fiscal year

The Japanese economy in the fiscal year ended September 30, 2024 showed signs of a 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, soaring 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 fiscal year ended September 30, 2024, net sales increased by ¥6,770 million (10.4%) year on year, amounting to ¥71,645 million. The Company's non-consolidated net sales increased by 6.7% year on year. As for net sales of major overseas consolidated subsidiaries, net sales of subsidiaries in the USA increased by 19.1% year on year (up 10.0% on a local currency basis), those of subsidiaries in China increased by 12.5% year on year (up 6.3% on a local currency basis), and those of a subsidiary in Malaysia increased by 26.3% (up 19.8% on a local currency basis).

By division, net sales of the Flavor Division increased by 11.6% year on year, amounting to ¥63,669 million, due mainly to increased net sales of the Company, on a non-consolidated basis, our subsidiaries in the USA, and subsidiaries in China.

Net sales of the Fragrance Division increased by 2.3% year on year, amounting to ¥7,975 million due mainly to an increase in non-consolidated sales of the Company.

As for profit, operating profit increased by ¥1,864 million (24.8%) year on year to ¥9,371 million due largely to an increase in net sales as well as the improvement in cost-of-sales ratio. Ordinary profit increased by ¥1,538 million (18.8%) year on year to ¥9,723 million due largely to an increase in operating profit, despite the recording of foreign exchange losses of ¥171 million (the recording of foreign exchange gains of ¥85 million in the previous fiscal year). Profit attributable to owners of parent increased by ¥529 million (7.9%) year on year to ¥7,201 million due largely to an increase in ordinary profit.

Furthermore, the yen exchange rates for major currencies (average rate for the period) applied for translation in the statements of income for the fiscal year ended September 30, 2024 are as follows.

1 USD=150.44 JPY (138.98 JPY in the previous fiscal year, 8.2% yen depreciation YoY)

1 RMB=20.84 JPY (19.68 JPY in the previous fiscal year, 5.9% yen depreciation YoY)

1 RM=32.37 JPY (30.71 JPY in the previous fiscal year, 5.4% yen depreciation YoY)

(2) Overview of financial position for the fiscal year

(Current assets)

Current assets increased by ¥1,576 million compared to the fiscal year ended September 30, 2023 to ¥72,241 million, due largely to increases in cash and deposits, and notes receivable - trade by ¥1,696 million and ¥307 million, respectively, but a decrease in raw materials and supplies by ¥489 million.

(Non-current assets)

Property, plant and equipment increased by ¥1,052 million compared to the fiscal year ended September 30, 2023 to ¥36,367 million, due largely to increases in buildings and structures, net, and tools, furniture and fixtures, net by ¥1,420 million and ¥253 million, respectively, but a decrease in construction in progress by ¥667 million.

Intangible assets increased by ¥3,099 million compared to the fiscal year ended September 30, 2023 to ¥22,723 million, mainly due to the recording of ¥4,997 million in goodwill as a result of the Company's consolidated subsidiary T. HASEGAWA U.S.A., INC. acquiring all of the shares of ABELEI, INC. and its inclusion in the

scope of consolidation of the Company, despite a decrease of ¥1,208 million in customer relationship due to the progress of amortization.

Investments and other assets decreased by ¥349 million compared to the fiscal year ended September 30, 2023 to ¥13,171 million due mainly to sale of investment securities.

(Current liabilities)

Current liabilities increased by ¥2,641 million compared to the fiscal year ended September 30, 2023 to ¥14,771 million, due largely to increases in accounts payable - trade, income taxes payable, provision for bonuses, and provision for removal cost by ¥898 million, ¥678 million, ¥374 million, and ¥204 million respectively.

(Non-current liabilities)

Non-current liabilities decreased by ¥625 million compared to the fiscal year ended September 30, 2023 to ¥10,051 million, due largely to a decrease in deferred tax liabilities by ¥514 million.

(Net assets)

Total net assets increased by ¥3,362 million compared to the fiscal year ended September 30, 2023 to ¥119,681 million, due largely to an increase in retained earnings by ¥4,650 million, despite decreases in valuation difference on available-for-sale securities and foreign currency translation adjustment by ¥249 million and ¥1,180 million respectively.

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 fiscal year ended September 30, 2024 are as follows.

1 USD=142.73 JPY (149.58 JPY at the end of the previous fiscal year, 4.6% yen appreciation YoY)

1 RMB=20.46 JPY (20.46 JPY at the end of the previous fiscal year, same level as at the end of the previous fiscal year)

1 RM=34.79 JPY (31.88 JPY at the end of the previous fiscal year, 9.1% yen depreciation YoY)

(3) Overview of cash flows for the fiscal year

Cash and cash equivalents (“cash”) in the fiscal year ended September 30, 2024 increased by ¥1,995 million (an increase by ¥2,531 million in the fiscal year ended September 30, 2023) compared to September 30, 2023 to ¥31,952 million.

The respective cash flow positions for the fiscal year ended September 30, 2024, and the factors thereof are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥13,947 million (compared with ¥8,012 million provided for the previous fiscal year). The main factors were income taxes paid of ¥3,018 million and loss (gain) on sale and valuation of investment securities of ¥800 million while there were profit before income taxes of ¥10,170 million, depreciation of ¥4,038 million, amortization of goodwill of ¥982 million, and an increase in trade payables of ¥885 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥9,386 million (compared with ¥3,092 million used for the previous fiscal year). The main factors were payments into time deposits of ¥3,136 million and proceeds from withdrawal of time deposits of ¥3,502 million, and purchase of property, plant and equipment of ¥3,138 million, proceeds from sale of investment securities of ¥907 million, and purchase of shares of subsidiaries of ¥6,637 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥2,699 million (compared with ¥2,657 million used for the previous fiscal year). The main factor was dividends paid of ¥2,549 million.

(Reference) Trends in cash flow indicators

	Fiscal year ended September 30, 2021	Fiscal year ended September 30, 2022	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Equity ratio (%)	81.1	82.9	83.4	82.6
Market value equity ratio (%)	90.7	92.4	90.2	93.2
Ratio of cash flow to interest-bearing debt (%)	3.3	3.9	18.5	10.0
Interest coverage ratio (times)	1,109.2	1,826.6	1,153.2	571.0

Equity ratio	:	Equity / Total assets
Market value equity ratio	:	Market capitalization / Total assets
Ratio of cash flow to interest-bearing debt	:	Interest-bearing debt / Cash flow
Interest coverage ratio	:	Cash flow / Interest payments

- Notes:
1. All indicators are calculated using consolidated financial data.
 2. Market capitalization is based on number of shares issued excluding treasury shares.
 3. Operating cash flow is used for cash flow.
 4. Interest-bearing debt includes all liabilities on the consolidated balance sheets on which interest is being paid. Interest payments are equal to interest paid as stated in the consolidated statements of cash flows.

(4) Future outlook

The outlook for the Japanese economy is expected to recover moderately as the employment and income environment improves. On the other hand, the outlook is expected to remain uncertain due to concerns over the impacts of fluctuations in international affairs, soaring raw material and resource prices, rising commodity prices, and strong fluctuations in foreign exchange rates, etc.

The flavor and fragrance industry is also anticipated to remain in a severe situation due to further intensifying competition among companies for market share, increasing demand for quality assurance, and other factors.

Under this situation, the Group will conduct distinctive and differentiated product development by further improving research and technology development capabilities, and strive to reduce cost through an increase in productivity and promotion of streamlining of all aspects of operations.

Moreover, the Group will aim to contribute to more enriching lifestyles by creating new value and inspiration through not only fragrances, but also a wide range of other technologies. In order to seek future growth of the Group, it is essential to further strengthen the global expansion while building a resilient organization that can flexibly respond to the changes in the business environment and unforeseen circumstances and working to increase the share in the Japanese market where maturation is progressing in step with the falling birthrate and the aging population. The Group will efficiently invest managerial resources into the USA as our priority region as well as the Asian region, centering on China and Southeast Asia, to accurately capture the growth potential of the markets, consumer palatability, etc. and plan and promote a business strategy in line with changes in the business environment. In addition, the Group will implement investments to achieve sustainable growth into the future, aiming to enhance the business performance in overseas markets.

The Group plans to achieve consolidated net sales at ¥74,300 million (up 3.7% year on year), operating profit at ¥9,970 million (up 6.9% year on year), ordinary profit at ¥10,450 million (up 7.5% year on year), and profit attributable to owners of parent at ¥7,580 million (up 5.2% year on year) for the fiscal year ending September 30, 2025.

(5) Basic policy on profit distribution and dividends for the fiscal year and next fiscal year

The Company has the basic policy of returning profit to shareholders based on its business performance, while securing internal reserves necessary for further strengthening of the Group's management base and future business expansion. Under the basic policy, the Company pays dividends of surplus twice a year, interim dividend and year-

end dividend, targeting the payout ratio of 40% on a consolidated basis, which was changed from the previous target of 35% following a review.

The Company stipulates in the Articles of Incorporation that dividends of surplus, etc. shall be determined by a resolution of the Board of Directors in accordance with the provision of Article 459, paragraph (1) of the Companies Act, and the Board of Directors is the decision-making body for dividends of surplus.

With regard to the dividend for the fiscal year ended September 30, 2024, the Company decided to pay an annual dividend of ¥70 per share (of which, interim dividend of ¥31). As a result, the payout ratio on a consolidated basis for the fiscal year ended September 30, 2024 is 40.0%.

Internal reserves will be used for capital expenditures and effective investments to implement the globalization strategy.

Dividends of surplus for the fiscal year are as follows.

Date of resolution	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
Resolution at a Board of Directors meeting held on May 10, 2024	1,275	31
Resolution at a Board of Directors meeting held on November 8, 2024	1,604	39

With regard to the dividend for the next fiscal year, the Company plans to pay an annual dividend of ¥74 per share (of which, interim dividend of ¥37).

2. Basic concept regarding selection of accounting standards

The Group plans to continue using the Japanese GAAP to prepare its consolidated financial statements for the time being, as they facilitate comparison with previous consolidated financial statements and with other companies. The Group's policy on applying the International Financial Reporting Standards (IFRS) is to take action as appropriate based on considerations of various conditions in Japan and overseas.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of September 30, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	25,699	27,396
Notes receivable - trade	2,512	2,819
Accounts receivable - trade	17,351	17,653
Securities	7,000	6,997
Merchandise and finished goods	8,045	8,053
Work in process	115	161
Raw materials and supplies	8,689	8,200
Other	1,273	989
Allowance for doubtful accounts	(22)	(30)
Total current assets	70,665	72,241
Non-current assets		
Property, plant and equipment		
Buildings and structures	47,337	49,885
Accumulated depreciation	(27,294)	(28,421)
Buildings and structures, net	20,042	21,463
Machinery, equipment and vehicles	37,772	38,382
Accumulated depreciation	(32,875)	(33,623)
Machinery, equipment and vehicles, net	4,897	4,758
Tools, furniture and fixtures	8,736	9,382
Accumulated depreciation	(7,539)	(7,932)
Tools, furniture and fixtures, net	1,197	1,450
Land	7,430	7,615
Construction in progress	1,746	1,078
Total property, plant and equipment	35,314	36,367
Intangible assets		
Goodwill	6,060	9,855
Customer relationship	11,557	10,349
Other	2,007	2,519
Total intangible assets	19,624	22,723
Investments and other assets		
Investment securities	12,414	11,997
Deferred tax assets	697	749
Retirement benefit asset	18	18
Other	416	473
Allowance for doubtful accounts	(24)	(67)
Total investments and other assets	13,521	13,171
Total non-current assets	68,460	72,262
Total assets	139,125	144,504

(Millions of yen)

	As of September 30, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	5,425	6,324
Income taxes payable	819	1,498
Provision for bonuses	1,630	2,004
Provision for bonuses for directors (and other officers)	70	85
Provision for removal cost	—	204
Other	4,184	4,654
Total current liabilities	12,129	14,771
Non-current liabilities		
Deferred tax liabilities	1,354	840
Retirement benefit liability	7,516	7,480
Asset retirement obligations	69	69
Long-term accounts payable - other	195	178
Other	1,541	1,481
Total non-current liabilities	10,677	10,051
Total liabilities	22,806	24,822
Net assets		
Shareholders' equity		
Share capital	5,364	5,364
Capital surplus	7,513	7,513
Retained earnings	86,019	90,670
Treasury shares	(2,556)	(2,556)
Total shareholders' equity	96,341	100,991
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,554	6,304
Foreign currency translation adjustment	13,352	12,171
Remeasurements of defined benefit plans	(223)	(148)
Total accumulated other comprehensive income	19,682	18,327
Share acquisition rights	295	362
Total net assets	116,319	119,681
Total liabilities and net assets	139,125	144,504

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

Consolidated statements of income

(Millions of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Net sales	64,874	71,645
Cost of sales	39,185	42,001
Gross profit	25,689	29,643
Selling, general and administrative expenses		
Packing and transportation costs	1,240	1,359
Salaries and allowances	7,369	7,941
Provision for bonuses	1,040	1,377
Provision for bonuses for directors (and other officers)	70	85
Retirement benefit expenses	614	636
Welfare expenses	1,541	1,669
Depreciation	1,578	1,711
Amortization of goodwill	912	982
Other	3,814	4,509
Total selling, general and administrative expenses	18,181	20,272
Operating profit	7,507	9,371
Non-operating income		
Interest income	204	282
Dividend income	269	256
Foreign exchange gains	85	–
Other	147	91
Total non-operating income	706	630
Non-operating expenses		
Interest expenses	7	24
Foreign exchange losses	–	171
Provision of allowance for doubtful accounts	–	42
Other	22	39
Total non-operating expenses	29	277
Ordinary profit	8,185	9,723
Extraordinary income		
Gain on sale of investment securities	1,203	800
Total extraordinary income	1,203	800
Extraordinary losses		
Loss on rebuilding	–	293
Loss on abandonment of non-current assets	65	59
Total extraordinary losses	65	353
Profit before income taxes	9,322	10,170
Income taxes - current	2,397	3,526
Income taxes - deferred	252	(557)
Total income taxes	2,650	2,968
Profit	6,671	7,201
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	6,671	7,201

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Profit	6,671	7,201
Other comprehensive income		
Valuation difference on available-for-sale securities	(103)	(249)
Foreign currency translation adjustment	1,253	(1,180)
Remeasurements of defined benefit plans, net of tax	(24)	75
Total other comprehensive income	1,126	(1,355)
Comprehensive income	7,798	5,846
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,798	5,846
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of changes in equity

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,364	7,513	81,898	(2,555)	92,220
Changes during period					
Change in scope of consolidation					–
Dividends of surplus			(2,551)		(2,551)
Profit attributable to owners of parent			6,671		6,671
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					–
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	4,120	(0)	4,120
Balance at end of period	5,364	7,513	86,019	(2,556)	96,341

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,657	12,098	(199)	18,556	239	111,017
Changes during period						
Change in scope of consolidation						–
Dividends of surplus						(2,551)
Profit attributable to owners of parent						6,671
Purchase of treasury shares						(0)
Disposal of treasury shares						–
Change in ownership interest of parent due to transactions with non-controlling interests						–
Net changes in items other than shareholders' equity	(103)	1,253	(24)	1,126	55	1,181
Total changes during period	(103)	1,253	(24)	1,126	55	5,301
Balance at end of period	6,554	13,352	(223)	19,682	295	116,319

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,364	7,513	86,019	(2,556)	96,341
Changes during period					
Change in scope of consolidation					–
Dividends of surplus			(2,551)		(2,551)
Profit attributable to owners of parent			7,201		7,201
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					–
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes in items other than shareholders' equity					–
Total changes during period	–	–	4,650	(0)	4,650
Balance at end of period	5,364	7,513	90,670	(2,556)	100,991

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6,554	13,352	(223)	19,682	295	116,319
Changes during period						
Change in scope of consolidation						–
Dividends of surplus						(2,551)
Profit attributable to owners of parent						7,201
Purchase of treasury shares						(0)
Disposal of treasury shares						–
Change in ownership interest of parent due to transactions with non-controlling interests						–
Net changes in items other than shareholders' equity	(249)	(1,180)	75	(1,355)	67	(1,287)
Total changes during period	(249)	(1,180)	75	(1,355)	67	3,362
Balance at end of period	6,304	12,171	(148)	18,327	362	119,681

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	9,322	10,170
Depreciation	3,700	4,038
Amortization of goodwill	912	982
Loss on rebuilding	–	293
Increase (decrease) in long-term accounts payable - other	(17)	(16)
Share-based payment expenses	55	67
Increase (decrease) in provision for bonuses	(9)	391
Increase (decrease) in provision for bonuses for directors (and other officers)	(4)	15
Increase (decrease) in allowance for doubtful accounts	(9)	49
Increase (decrease) in retirement benefit liability	38	72
Decrease (increase) in retirement benefit asset	(0)	0
Interest and dividend income	(474)	(538)
Interest expenses	7	24
Foreign exchange losses (gains)	(35)	31
Loss (gain) on sale of property, plant and equipment	(2)	(2)
Loss on abandonment of non-current assets	65	59
Loss (gain) on sale and valuation of investment securities	(1,203)	(800)
Decrease (increase) in trade receivables	(1,042)	(657)
Decrease (increase) in inventories	67	383
Increase (decrease) in trade payables	(818)	885
Increase (decrease) in accrued consumption taxes	(131)	405
Other, net	419	559
Subtotal	10,838	16,415
Interest and dividends received	408	575
Interest paid	(6)	(24)
Income taxes paid	(3,226)	(3,018)
Net cash provided by (used in) operating activities	8,012	13,947
Cash flows from investing activities		
Payments into time deposits	(2,283)	(3,136)
Proceeds from withdrawal of time deposits	1,511	3,502
Purchase of securities	–	(4,999)
Proceeds from redemption of securities	–	5,000
Purchase of property, plant and equipment	(2,805)	(3,138)
Proceeds from sale of property, plant and equipment	2	4
Payments for retirement of property, plant and equipment	(40)	(20)
Purchase of intangible assets	(703)	(818)
Purchase of investment securities	(44)	(49)
Proceeds from sale of investment securities	1,270	907
Purchase of shares of subsidiaries	–	(6,637)
Net cash provided by (used in) investing activities	(3,092)	(9,386)

(Millions of yen)

	Fiscal year ended September 30, 2023	Fiscal year ended September 30, 2024
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Repayments of lease liabilities	(104)	(148)
Dividends paid	(2,552)	(2,549)
Net cash provided by (used in) financing activities	(2,657)	(2,699)
Effect of exchange rate change on cash and cash equivalents	268	133
Net increase (decrease) in cash and cash equivalents	2,531	1,995
Cash and cash equivalents at beginning of period	27,425	29,957
Cash and cash equivalents at end of period	29,957	31,952

(5) Notes to consolidated financial statements

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

Not applicable.

(Changes in significant accounting policies for preparation of consolidated financial statements)

(Significant change in scope of consolidation)

In the fiscal year ended September 30, 2024, consolidated subsidiary MISSION FLAVORS & FRAGRANCES, INC. was merged with consolidated subsidiary T. HASEGAWA U.S.A., INC. through an absorption-type merger with T. HASEGAWA U.S.A., INC. as the surviving company, and it has therefore been removed from the scope of consolidation.

Additionally, T. HASEGAWA U.S.A., INC. has acquired all shares of ABELEI, INC. (location: Illinois, USA), resulting in the inclusion of ABELEI, INC. in the scope of consolidation. Furthermore, as the deemed date of acquisition is September 30, 2024, in the fiscal year ended September 30, 2024, its consolidation is limited to the balance sheet.

(Changes in accounting policies)

Not applicable.

(Notes to segment information, etc.)

[Segment information]

1. Overview of reportable segments

The reportable segments of the Group are components of the Group for which discrete financial information is available and regularly reviewed by the Board of Directors of the Company to make decisions about allocation of managerial resources and to assess their performance.

The Group manufactures and sells various fragrances and flavors. Local corporations in China, Malaysia, and the USA are in charge of their manufacturing and sales, and local corporations in Indonesia, Thailand, and Taiwan are in charge of their sales. The Company is responsible for all other countries and Japan. The local corporations are independent operation units, and based on the global strategy formulated by the Company, they draft a strategic plan for the respective region and carry out business activities. Accordingly, the Group consists of segments by the location of each company that is based on manufacturing and sales structures, and there are three reporting segments, Japan, Asia, and the USA. Additionally, in the fiscal year ended September 30, 2024, consolidated subsidiary T. HASEGAWA U.S.A., INC. acquired all shares of ABELEI, INC. (location: Illinois, USA), and as of September 30, 2024, ABELEI, INC. is included in the balance sheet under the reportable segment "USA."

2. Calculation method of net sales, profit or loss, assets, and other items for each reportable segment

The methods of accounting for reporting segments are generally the same as those described in "Significant accounting policies for preparation of consolidated financial statements."

Profit of each reportable segment is an amount based on operating profit. Inter-segment sales or transfers are based on current market prices.

3. Information on net sales, profit or loss, assets, and other items for each reportable segment and information on disaggregation of revenue

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

	Reportable segment				Adjustment (Note 1) (Note 2)	Amount recorded on the consolidated financial statements (Note 3)
	Japan	Asia	USA	Total		
Net sales						
Flavor and fragrance business (Note 4)	37,243	14,920	12,710	64,874	–	64,874
Revenue from contracts with customers	37,243	14,920	12,710	64,874	–	64,874
Sales to external customers	37,243	14,920	12,710	64,874	–	64,874
Inter-segment sales or transfers	2,475	156	151	2,783	(2,783)	–
Total	39,718	15,077	12,861	67,658	(2,783)	64,874
Segment profit or loss	4,518	3,094	(166)	7,446	60	7,507
Segment assets	110,562	27,987	32,792	171,342	(32,216)	139,125
Other items						
Depreciation	1,694	755	1,249	3,700	–	3,700
Interest income	39	169	32	241	(36)	204
Interest expenses	1	4	36	43	(36)	7
Increase in property, plant and equipment and intangible assets	2,923	790	542	4,256	–	4,256

Notes: 1. The adjustments on segment profit or loss of ¥60 million include ¥77 million of inter-segment transactions, negative ¥17 million of adjustments for inventories related to inter-segment transactions, and negative ¥0 million for others.

- The adjustments for segment assets of negative ¥32,216 million include negative ¥31,903 million of adjustments for inter-segment transaction and corporate assets, and negative ¥313 million of adjustments for inventories related to inter-segment transactions, and ¥0 million for others.
- Segment profit or loss is adjusted to operating profit on the consolidated financial statements.
- 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.

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

	Reportable segment				Adjustment (Note 1) (Note 2)	Amount recorded on the consolidated financial statements (Note 3)
	Japan	Asia	USA	Total		
Net sales						
Flavor and fragrance business (Note 4)	39,543	16,971	15,130	71,645	–	71,645
Revenue from contracts with customers	39,543	16,971	15,130	71,645	–	71,645
Sales to external customers	39,543	16,971	15,130	71,645	–	71,645
Inter-segment sales or transfers	2,822	169	212	3,204	(3,204)	
Total	42,366	17,140	15,342	74,850	(3,204)	71,645
Segment profit	4,947	4,045	332	9,324	46	9,371
Segment assets	117,579	27,614	38,614	183,807	(39,302)	144,504
Other items						
Depreciation	1,837	808	1,392	4,038	–	4,038
Interest income	39	150	124	314	(32)	282
Interest expenses	18	4	34	57	(33)	24
Increase in property, plant and equipment and intangible assets	2,051	688	919	3,658	–	3,658

- Notes:
- The adjustments on segment profit of ¥46 million include ¥114 million of inter-segment transactions, negative ¥24 million of adjustments for inventories related to inter-segment transactions, and negative ¥42 million for others.
 - The adjustments for segment assets of negative ¥39,302 million include negative ¥38,956 million of adjustments for inter-segment transaction and corporate assets, and negative ¥346 million of adjustments for inventories related to inter-segment transactions, and ¥0 million for others.
 - Segment profit is adjusted to operating profit on the consolidated financial statements.
 - 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.

[Related information]

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

1. Information for each product or service

	(Millions of yen)		
	Fragrance	Flavor	Total
Sales to external customers	7,799	57,075	64,874

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	China	Asia	USA	Others	Total
34,676	10,629	6,795	11,519	1,253	64,874

Note: Net sales are classified by country or region based on customers' location.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Asia	USA	Others	Total
19,252	7,367	1,163	7,530	–	35,314

Note: Property, plant and equipment are classified by country or region based on their location.

3. Information for each of main customers

Not applicable.

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

1. Information for each product or service

(Millions of yen)

	Fragrance	Flavor	Total
Sales to external customers	7,975	63,669	71,645

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	China	Asia	USA	Others	Total
36,928	12,031	7,531	14,080	1,074	71,645

Note: Net sales are classified by country or region based on customers' location.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Asia	USA	Others	Total
18,889	7,221	1,278	8,977	–	36,367

Note: Property, plant and equipment are classified by country or region based on their location.

3. Information for each of main customers

Not applicable.

[Information on impairment losses on non-current assets for each reportable segment]

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

Not applicable.

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Millions of yen)

Japan	China	Asia	USA	Others	Total
89	–	–	–	–	89

Note: Recorded as a loss on rebuilding.

[Information on amortization and unamortized balance of goodwill for each reportable segment]

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

(Millions of yen)

	Japan	Asia	USA	Others	Total
Amortization in the fiscal year	–	162	749	–	912
Unamortized balance at end of the fiscal year	–	210	5,849	–	6,060

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

(Millions of yen)

	Japan	Asia	USA	Others	Total
Amortization in the fiscal year	–	171	811	–	982
Unamortized balance at end of the fiscal year	–	46	9,809	–	9,855

[Information about gain on bargain purchase for each reportable segment]

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)

Not applicable.

Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)

Not applicable.

(Business combinations)

Business combination by acquisition

1. Outline of business combination

(1) Name of acquired company and its business content

Name of acquired company: ABELEI, INC.
Nature of business: Production and sale of various flavors

(2) Main reason for business combination

Since its establishment in 1981, ABELEI Inc. (hereinafter referred to as “Abelei”) has been based in the Midwest of the United States, and it specializes in the production and sale of high-quality flavors tailored to meet customer demands. Leveraging its expertise in creating diverse flavors, Abelei develops flavors for a wide range of applications in the food, beverage, confectionery, dairy, health and nutrition, and other industries. In addition to deepening relationships with long-standing premium customers, Abelei has been expanding its dealings with new customers.

T. HASEGAWA U.S.A., INC. is based on the West Coast. It decided to acquire Abelei’s shares for the purpose of further growth in the USA market in the future since the two companies’ customer networks do not overlap and it can expect to expand its market by this acquisition to include the area from the Midwest to the East Coast. With their businesses being highly complementary, synergies in terms of sales and production can be expected.

(3) Date of business combination

September 3, 2024 (share acquisition date)
September 30, 2024 (deemed acquisition date)

(4) Legal form of business combination

Share acquisition in consideration for cash

(5) Name of company after combination

There is no change in the name.

(6) Ratio of voting rights after acquisition

Ratio of voting rights held immediately before acquisition:	–%
Ratio of voting rights acquired on the business combination date:	100%
Ratio of voting rights held after the acquisition:	100%

(7) Main reason for deciding the acquiring enterprise

Consolidated subsidiary T. HASEGAWA U.S.A., INC. has acquired all shares in exchange for cash.

2. Period of the results of the acquired company that is included in the consolidated financial statements

As the deemed date of acquisition is September 30, 2024, in the fiscal year ended September 30, 2024, consolidation is limited to the balance sheet. Therefore, the results of the acquired company are not included in the consolidated statements of income for the fiscal year ended September 30, 2024.

3. Acquisition cost of acquired company and breakdown by type of consideration

Consideration for acquisition	Cash	¥6,850 million
Acquisition cost		¥6,850 million

4. Details and amounts of major acquisition-related expenses

Advisory fees, etc. ¥275 million

5. Amount of goodwill recognized, the reason for recognition, and the method and period of amortization

(1) Amount of goodwill recognized

¥4,997 million

(2) Reason for recognition

Mainly excess earnings power expected from future business expansion

(3) Method and period of amortization

Straight-line method over ten years

6. Amounts of assets received and liabilities assumed on the date of the business combination and the major components thereof

Current assets:	¥494 million
Non-current assets:	¥1,466 million
Total assets:	¥1,961 million
Current liabilities:	¥86 million
Non-current liabilities:	¥23 million
Total liabilities:	¥109 million

7. Approximate amounts of impact of the business combination on the consolidated statement of income for the fiscal year under review, assuming that the business combination was completed at the beginning of the fiscal year, and the calculation method thereof

Not stated because of the difficulty of calculating the approximate amounts of impact for the fiscal year under review.

8. Method for allocating acquisition costs

As of the end of the fiscal year under review, the identification of identifiable assets and liabilities and the calculation of market value as of the date of the business combination were not yet completed, and the allocation of acquisition costs was not yet completed; therefore, provisional accounting procedures were applied based on reasonable information available at that time.

(Per share information)

(Yen)

Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)	Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)
Net assets per share 2,819.86	Net assets per share 2,899.96
Earnings per share 162.16	Earnings per share 175.04
Diluted earnings per share 161.54	Diluted earnings per share 174.27

Note: Basis for calculation of earnings per share and diluted earnings per share is as follows.

	Fiscal year ended September 30, 2023 (from October 1, 2022 to September 30, 2023)	Fiscal year ended September 30, 2024 (from October 1, 2023 to September 30, 2024)
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	6,671	7,201
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent pertaining to common shares (Millions of yen)	6,671	7,201
Average number of shares during the period (Shares)	41,145,353	41,145,243
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Millions of yen)	–	–
Increase in the number of common shares (Shares)	156,962	180,918
[Of the above, share acquisition rights (Shares)]	[156,962]	[180,918]

(Significant subsequent event)

Establishment of subsidiary

The Company resolved at a Board of Directors meeting convened on October 18, 2024, to establish a subsidiary as follows. The newly established company will be classified as a specified subsidiary of the Company because its share capital will amount more than 10 percent of the share capital of the Company.

(1) Purpose of the establishment

The Company is anticipating stable business growth in China over the medium to long term, so the purpose of the new company is to establish a third production base in China.

(2) Outline of the subsidiary to be established

- (i) Trade name: T. HASEGAWA FLAVOURS (PINGHU) CO., LTD.
- (ii) Location: Dushan Port Economic Development Zone, Pinghu City, Zhejiang Province, People's Republic of China
- (iii) Nature of business: Manufacture and sales of various compounded flavors and fragrances, ingredients for flavors and fragrances, food additives, and food materials
- (iv) Share capital: 33,500 thousand U.S. dollars (approx. 4,857 million yen)
Conversion rate of US\$1 = ¥145.00
- (v) Date of establishment: December 2024 (scheduled)
- (vi) Ownership: It will be established as a fully owned (100%) subsidiary of the Company.

Capital increase of a subsidiary

The Company resolved at a Board of Directors meeting convened on October 18, 2024, to increase the capital of its subsidiary in Malaysia as follows.

(1) Purpose of capital increase

The Company is anticipating stable business growth in the Asian region over the medium to long term, so this capital increase is to cover the investment costs of constructing a production base in Malaysia with the purpose of expanding production capabilities in response to growing local demand.

(2) Outline of the subsidiary subject to capital increase

- (i) Name of the subsidiary: T HASEGAWA FLAVOURS (KUALA LUMPUR) SDN. BHD.
- (ii) Location: Kuala Lumpur, Malaysia
- (iii) Nature of business: Manufacture and sales of various food and beverage flavorings
- (iv) Share capital increase: 171,000 thousand Malaysian ringgit (approx. 5,472 million yen)
Conversion rate of MYR 1 = ¥32.00
- (v) Paid-in capital after increase: 196,000 thousand Malaysian ringgit (approx. 6,127 million yen)
- (vi) Ownership: The Company 100%

Purchase of treasury shares

The Company resolved at a Board of Directors meeting convened on November 8, 2024, to carry out a purchase of treasury shares, pursuant to the provisions of Article 156 of the Companies Act of Japan, as applied with a replacement of the terms pursuant to the provisions of Article 165, paragraph (3) of the Companies Act.

(1) Reasons for purchase of treasury shares

The purpose of the acquisition is to raise capital efficiency and enhance shareholder returns.

(2) Details of matters related to the purchase of treasury shares

- | | |
|--|--|
| (i) Type of shares to be purchased: | Common shares of the Company |
| (ii) Total number of shares to be purchased: | 388,000 shares (upper limit) (0.9% of the total number of issued shares (excluding treasury shares)) |
| (iii) Total purchase cost for the shares: | 1.0 billion yen (upper limit) |
| (iv) Purchase period: | From November 11, 2024 to April 30, 2025 |