



香りが結ぶ。
それが未来になる。

香りがつくりだす濃密な時間にさまざまな情報が行き交います。

そこに求められるのは新たな可能性の追求と生活文化への価値ある貢献です。

いまコミュニケーションの多様化とともに香りも進化が求められています。

総合香料メーカーとして業界を牽引してきた

私たち長谷川香料はそれを大きな使命として、

次の時代に向けて強い意欲をもって取り組んでいきます。

高いプロ意識のもとで培った技術力と研究開発から

製造に至るまでの正確なプロセス。

そこから世界に誇る唯一無二の香りをつくりだします。

ここには未来を設計する確かなプランがあります。

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

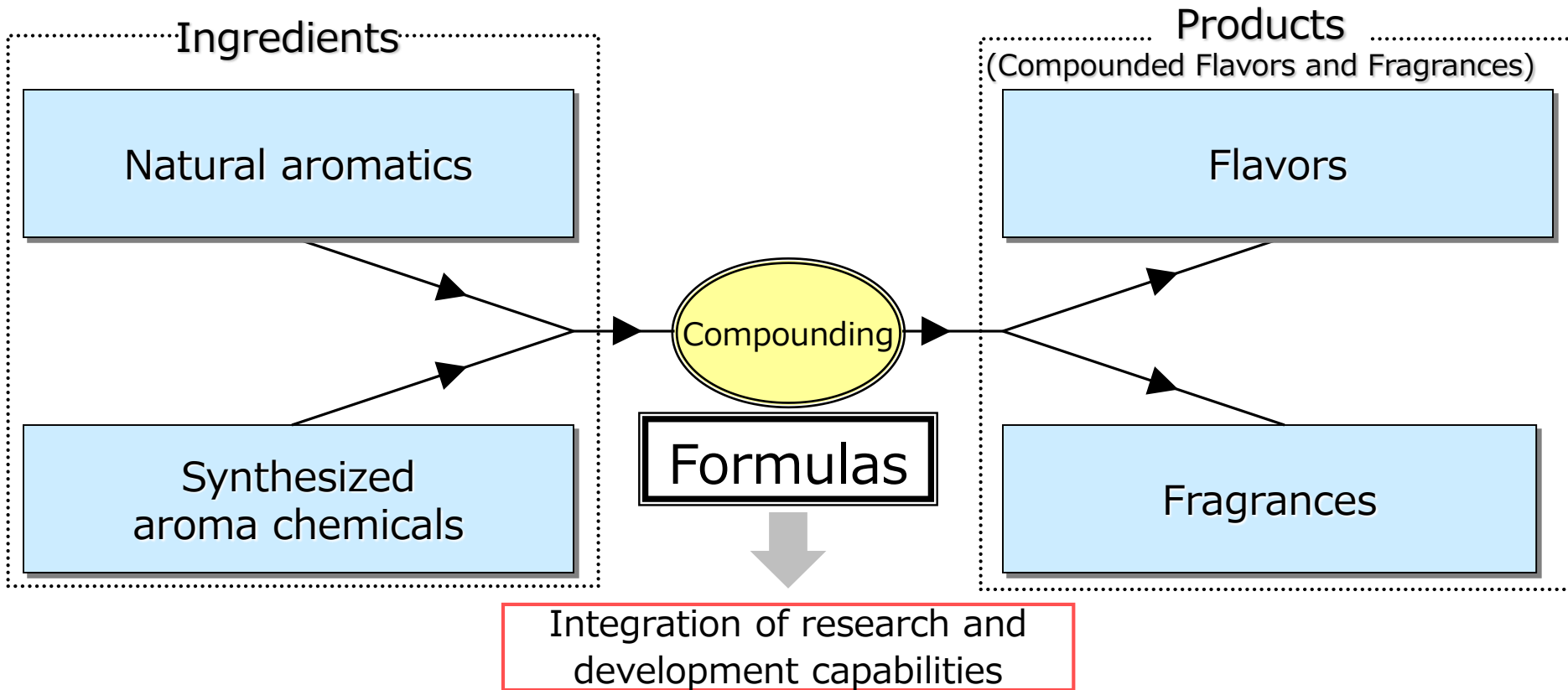
Financial Results for the Fiscal Year Ended September 30, 2024

November 21, 2024

T. HASEGAWA CO., LTD.

- I. Overview of Financial Statements
- II. Business Environment
- III. Global Strategy
- IV. Business Outlook
- V. Capital Policy
- VI. Accompanying Materials

I. Overview of Financial Statements



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

Trends by Category (Domestic Market)

• Fiscal Year Ended (FYE) September 30, 2024 (October 2023 to September 2024)

Category		Trend		Impact on performance
Beverages		Increase	<ul style="list-style-type: none"> Secured a slight year-on-year increase in sales volume, while impacted by price increases Companies focused on green tea beverages, including major renewal of their products Sales of mineral water and barley tea expanded. Private brands also came in strong with competing products. 	
Sweet and savory snacks	Savory snacks	Increase	<ul style="list-style-type: none"> Potato Chips performed well due to volume increased-packaging and promotional measures in response to a bumper crop of potatoes from Hokkaido, the largest production area in Japan Sales amount of stacked potato chips was below the previous year's level 	
	Chocolate	Increase	<ul style="list-style-type: none"> Performance remained solid despite two price increases, in spring and fall, continued from the previous year 	
Frozen Desserts		Increase	<ul style="list-style-type: none"> Due to the extremely hot weather, sales amount for the summer season of 2024 was about 5% higher than that of the previous year 	
Instant Noodles		Increase	<ul style="list-style-type: none"> Demand increased for use as stockpiled foodstuff in the wake of successive disasters Price revisions have run their course, and standard brand products are also on a recovery trend 	

 : Positive direction  : Negative direction

Summary of Consolidated Performance

- **Achieved record-high sales**
- Notably significant growth in the performance of our overseas subsidiaries
- Yr/Yr

Currency	FY2023	FY2024	Yr/Yr	
1US\$	¥138.98	¥150.44	Yen down	8.2%
1RMB	¥19.68	¥20.84	Yen down	5.9%
1MYR	¥30.71	¥32.37	Yen down	5.4%

Net sales increased 10.4% Yr/Yr

Increased operating profit, ordinary profit, and net profit were primarily driven by net sales growth and improvements in the cost of sales ratio

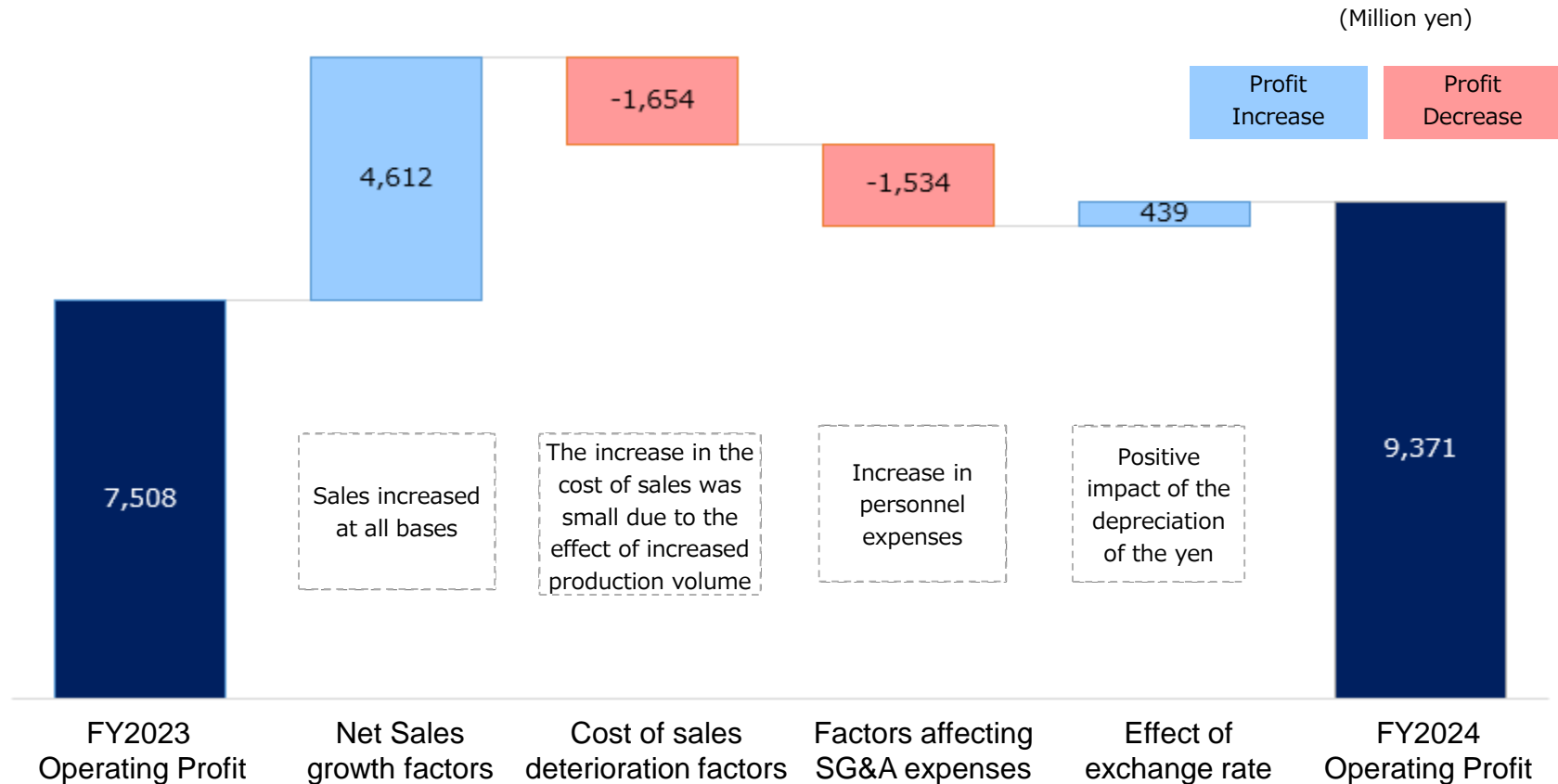
- Vs Target Plan
- Achieved the plan for both sales and profits

(Million yen)

	FY2023 (actual)	FY2024 (target)	FY2024 (actual)	Change					
				Yr/Yr				Vs target	
				Amount	%	Due to forex rates		Amount	%
						Amount	%		
Net sales	64,874	66,500	71,645	6,770	10.4%	2,158	3.3%	5,145	7.7%
Operating profit	7,507	8,300	9,371	1,864	24.8%	439	5.8%	1,071	12.9%
Ordinary profit	8,185	8,800	9,723	1,538	18.8%	-	-	923	10.5%
Net profit	6,671	6,750	7,201	529	7.9%	-	-	451	6.7%
EBITDA *	12,119	13,101	14,392	2,273	18.8%	-	-	1,291	9.9%

Analysis of Changes in Operating Profit

- Operating profit grew year-on-year due to higher consolidated net sales as a result of increased sales at all bases, and a favorable impact of the depreciation of the yen
- The cost of raw materials increased more moderately compared with the previous year, but still remained high
- SG&A expenses increased due to higher personnel costs

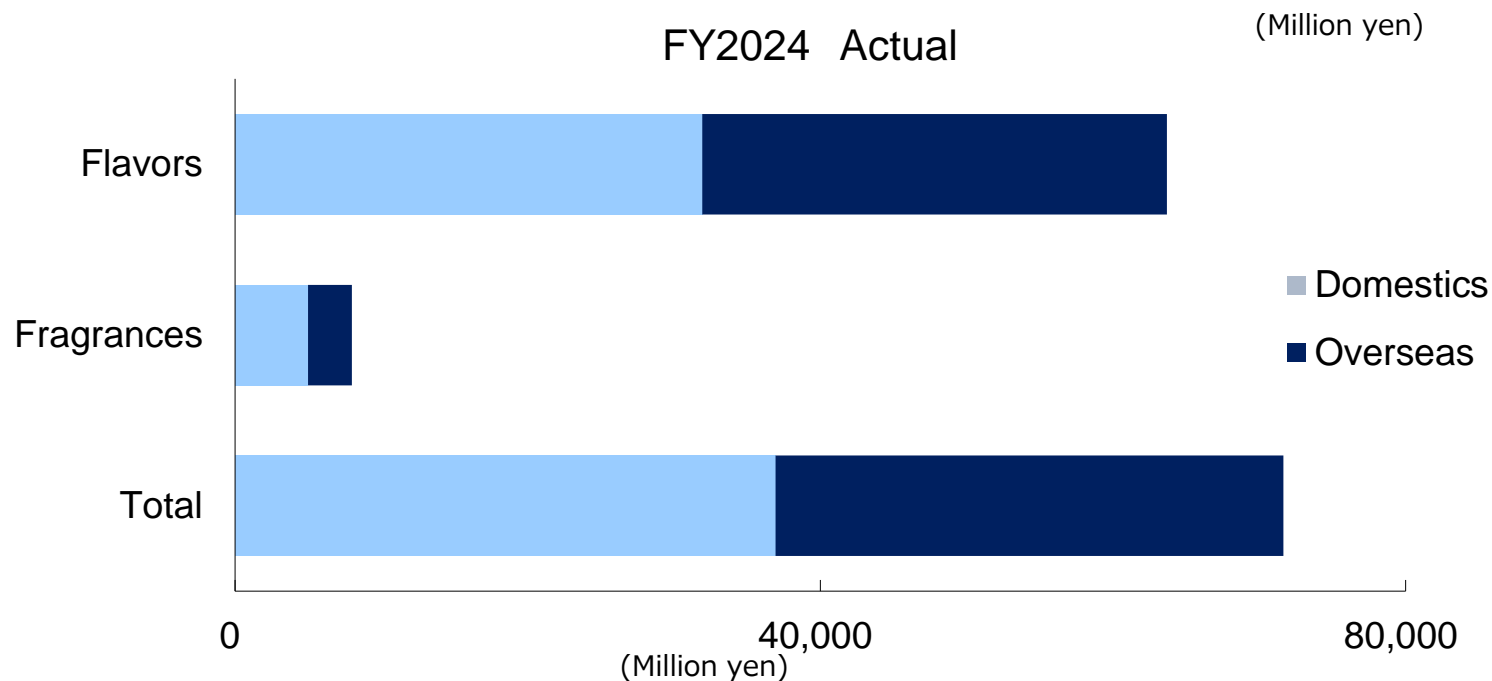


Net Sales by Segment

- Sales growth factors

Flavors: Sales increased in T.Hasegawa on a non-consolidated basis, U.S. subsidiary, and Chinese subsidiaries

Fragrances: Sales increased in T.Hasegawa on a non-consolidated basis



Segment	FY 2023 Actual	FY 2024 Actual	Change	
			Amount	%
Flavors	57,075	63,669	6,594	11.6%
Fragrances	7,799	7,975	176	2.3%
Total	64,874	71,645	6,770	10.4%

Overseas net sales as a percentage of consolidated net sales

FY2024 : 48.5%


(FY2023: 46.5%)

Performance Overview by Location

- Sales and profit increased at all bases


(Million yen)

Domestic

Operating Profit Yr/Yr	+8.3% 		
	FY2023	FY2024	Change
Net Sale	39,711	42,366	+6.7%
Operating Profit	4,538	4,915	+8.3%


- Flavor Sales +7.7%
- Fragrance Sales +0.9%

U.S.

Operating Profit Yr/Yr	return to profitability 		
	FY2023	FY2024	Change
Net Sale	12,720	15,146	+19.1%
Operating Profit	-168	330	-


- Sales and profit increased significantly from the previous year, which was impacted by customers reducing orders due to an uncertain business outlook
- Acquired ABELEI, INC., based in the Midwest of the United States, to further improve business performance

China

Operating Profit Yr/Yr	+24.0% 		
	FY2023	FY2024	Change
Net Sale	10,673	12,009	+12.5%
Operating Profit	2,739	3,398	+24.0%

- Sales of liquid compounded flavors for beverages were strong
- Operating profit increased significantly as a result of increased sales and an improvement in the cost of sales ratio due with a changed product mix

Malaysia

Operating Profit Yr/Yr	+49.9% 		
	FY2023	FY2024	Change
Net Sale	1,686	2,130	+26.3%
Operating Profit	279	419	+49.9%

- Increased sales to three Asian sales subsidiaries due to strong sales of customers' products. Sales of flavor powders have doubled
- Operating profit increased significantly as a result of increased sales and an improvement in the cost of sales ratio with a changed product mix

 : Yr/Yr Increase  : Yr/Yr Decrease

II . Business Environment

- Worldwide flavors and fragrances sales: Approx. 32.5 billion U.S. dollars (approx. 4.5 trillion yen)

Europe, Africa, Middle East

- Market size: Approx. 11.6 billion U.S. dollars (approx. 1,620 billion yen)*
- 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

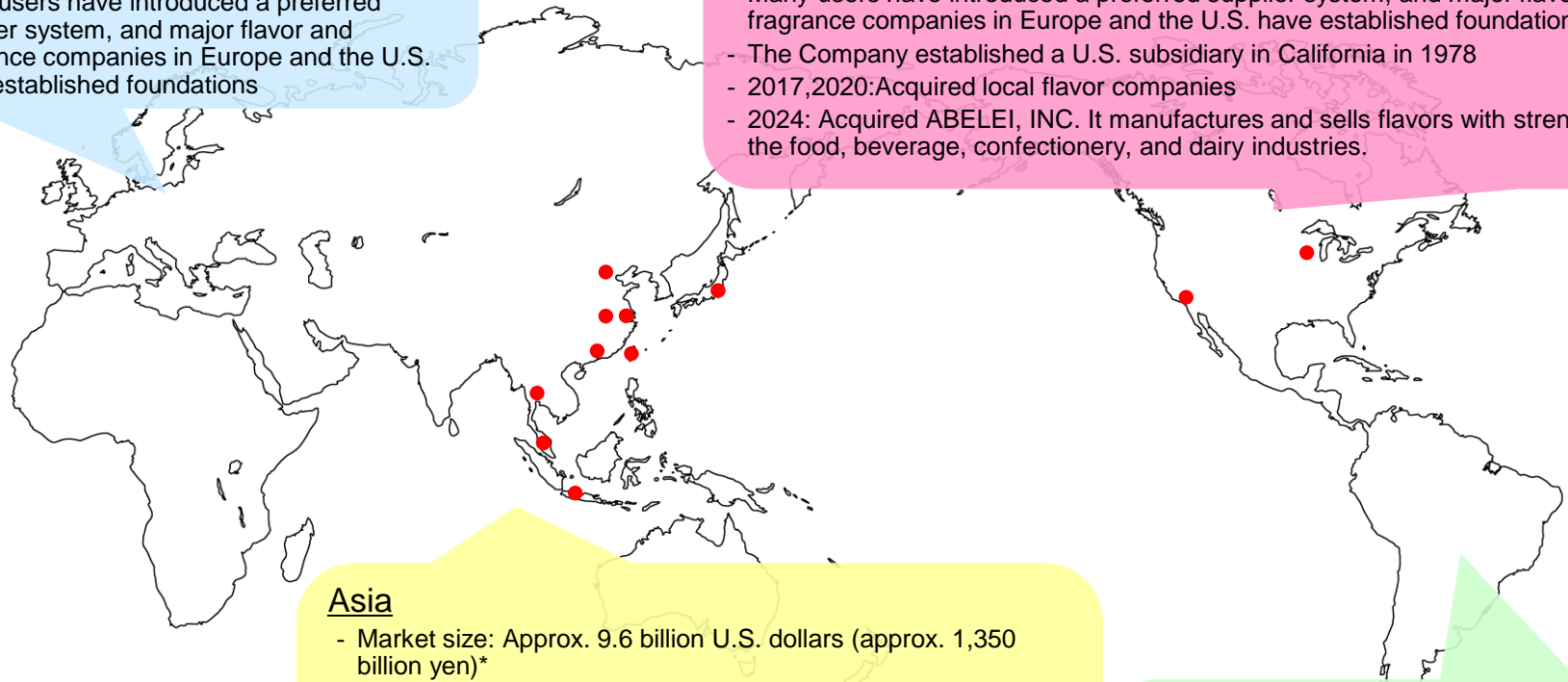
- Market size: Approx. 8.1 billion U.S. dollars (approx. 1,120 billion yen)*
- Many users have introduced a preferred supplier system, and major flavor and fragrance companies in Europe and the U.S. have established foundations
- The Company established a U.S. subsidiary in California in 1978
- 2017, 2020: Acquired local flavor companies
- 2024: Acquired ABELEI, INC. It manufactures and sells flavors with strength in the food, beverage, confectionery, and dairy industries.

Asia

- Market size: Approx. 9.6 billion U.S. dollars (approx. 1,350 billion yen)*
- 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. 3.3 billion U.S. dollars (approx. 430 billion yen)*
- Mainly imports from North America, Mexico, etc.
- Competition intensifying in the Brazilian market owing to economic growth



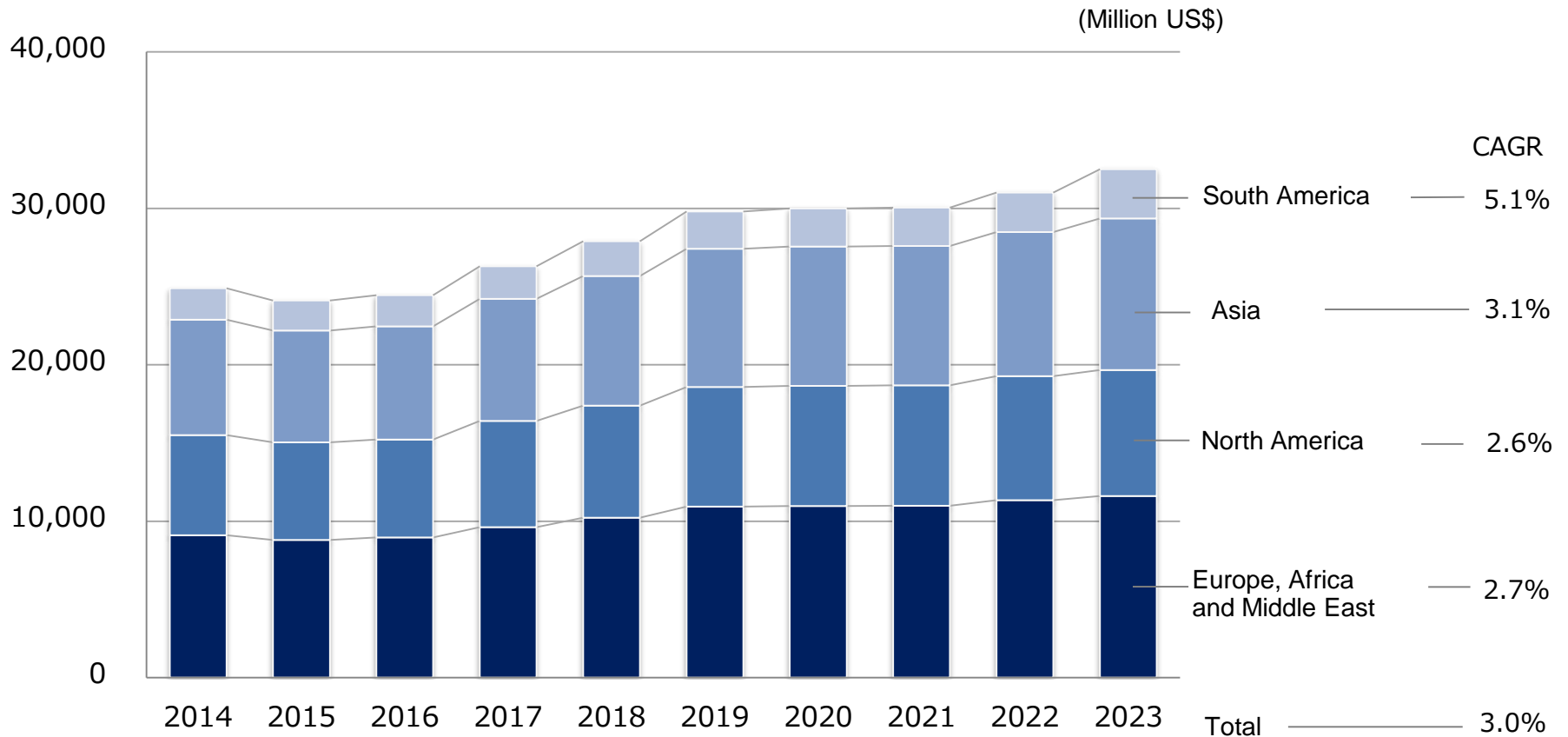
* The Company's estimates for market size by region

* Forex rate: 1 U.S. dollar = 139.5 yen (2023)

● = the Company's base

- Global flavors and fragrances market in 2023: Grew approx. 3% Yr/Yr

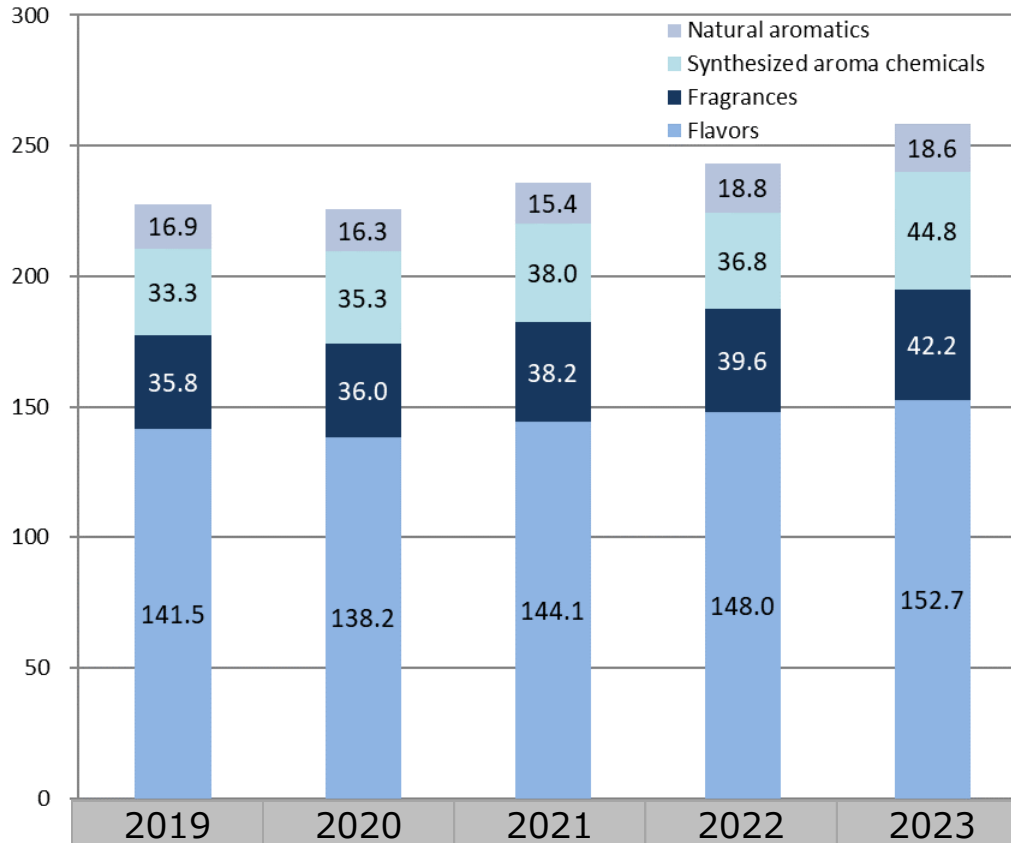
Global Flavors and Fragrances Market (Estimated by the Company)



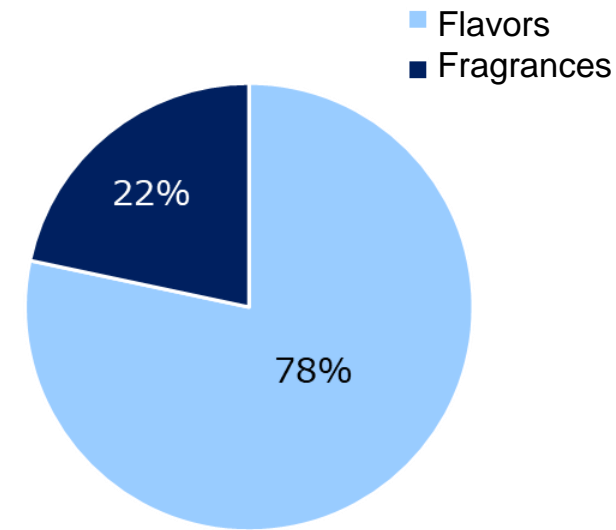
Japanese Flavors and Fragrances Market Size

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

Japanese flavors and fragrances market sales (Billion yen)



Breakdown of flavors and fragrances (FY2023)



Source of reference :

Japan Flavor & Fragrance Materials Association Magazine

	2019	2020	2021	2022	2023
Total	227.5	225.7	235.7	243.2	258.3
Flavors Yr/Yr	0.2%	-2.4%	4.3%	2.7%	3.2%
Fragrances Yr/Yr	0.6%	0.5%	6.4%	3.6%	6.6%

III. Global Strategy

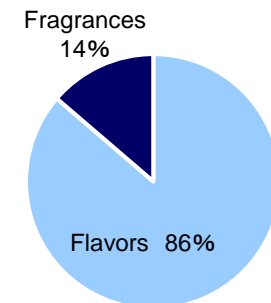
Basic Strategy: Expand market share by anticipating new market demand caused by declining birthrate and aging population, as well as growing health consciousness

Domestic

- **Promote the Fukaya Plant project and further strengthen production systems by newly establishing Production DX Office**
- **Promote human capital management**
⇒ Maximize the value of human resources to increase the mid- to long-term corporate value
- **Strengthen collaboration between sales, research, and marketing departments under the Business Solutions Division**
- **Speed up R&D, Create new value**
- **Reinforcement of responses to SDGs** by focusing on the development of flavors and ingredients to replace the raw materials for food products

(Billion yen)

	2022	2023	2024	2025 (Plan)	2026 (Plan)	2027 (Plan)
Net Sales	39.1	39.7	42.3	43.1	44.4	45.7
Operating Profit	5.1	4.5	4.9	5.0	5.0	4.8
EBITDA	6.8	6.2	6.7	7.0	7.4	7.8
Sales Yr/Yr	4.9%	1.4%	6.7%	1.7%	3.0%	2.9%
Operating Profit to Net Sales	13.2%	11.4%	11.6%	11.8%	11.4%	10.7%
EBITDA to Net Sales	17.5%	15.7%	15.9%	16.3%	16.7%	17.2%



FY2024

Net sales: 42.3 billion yen
(+6.7% Yr/Yr)

Operating profit: 4.9 billion yen
(+8.3% Yr/Yr)

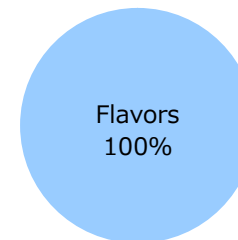
***Reference**
EBITDA : 6.7 billion yen
(+8.3% Yr/Yr)

Basic Strategy: Increase sales in the savory, health, and beverage industries

U.S.	<ul style="list-style-type: none"> • Acquisition of ABELEI, a flavor company in Illinois, U.S.. Aim to create synergies • Both net sales and operating profit for FY2024 were strong, with net sales reaching \$100 million for the first time ⇒ Aiming for further scale expansion by strengthening marketing system and thorough pipeline management • Began the review on third-phase construction of the second plant (in California) to strengthen production systems • Promoted the utilization and deployment of Japanese technologies, which clients responded to positively
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(Million US\$)

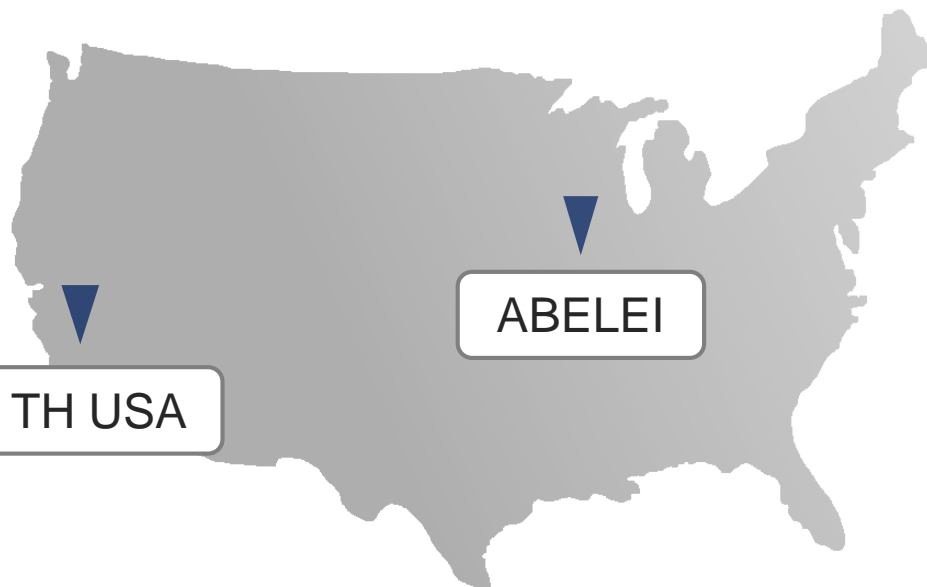
	2022	2023	2024	2025 (Plan)	2026 (Plan)	2027 (Plan)
Net Sales	97.6	91.5	100.6	114.1	118.9	124.9
Operating Profit	4.1	-1.2	2.1	2.2	3.6	4.8
EBITDA	17.2	13.1	16.8	19.8	22.1	24.0
Sales Yr/Yr	14.3%	-6.3%	10.0%	13.3%	4.3%	5.0%
Operating Profit to Net Sales	4.2%	-	2.2%	1.9%	3.1%	3.9%
EBITDA to Net Sales	17.7%	14.4%	16.7%	17.4%	18.6%	19.3%



<p><u>FY2024</u></p> <p>Net sales: 100.6 million U.S. dollars (15.1 billion yen, +10.0% Yr/Yr)</p> <p>Operating Profit: 2.1 million U.S. dollars (0.33 billion yen)</p> <p>*Reference EBITDA : 16.8 million U.S. dollars (2.53 billion yen, +27.8% Yr/Yr)</p>

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

- Anticipate expansion of sales channels from established West Coast locations to the Midwest and East Coast of the U.S.



社名	ABELEI, INC.
所在地	Illinois, USA
Business	Established in 1981, ABELEI engages in the production and sales of flavors, centered on liquid compounded flavors for a wide range of applications in food, beverage, confectionery, dairy and other products
Expected synergies	<ul style="list-style-type: none"> • Faster supply to clients in the Midwest and the East Coast • Expansion of client network (Very little overlap with existing clients) • Expansion of sales to clients of ABELEI by proposing our technologies

Current status

- Implementing PMI (post-merger integration)
⇒ Work is in progress based on detailed action plans that have been formulated for each department. Steady progress is being made toward completion of integration work by the end of FY2025

Goodwill, etc.

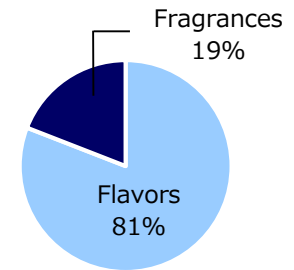
- (Acquisition price) 6,850 million yen
- (Total amount of goodwill, etc.) 4,997 million yen
- (Estimated amortization of goodwill, etc.) 375 million yen/year
(from FY2025 and onward)
- *Estimated amortization of goodwill, etc. is an unaudited estimate

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

China	<ul style="list-style-type: none"> • Plan to establish a manufacturing subsidiary (in December 2024) to build a new plant for increased capacity • Overhaul the organization and structure of the Research Institute to strengthen research systems and share technical information with R&D in Japan • Utilize marketing functions and ensure management of sales activities to strengthen sales systems
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(Million RMB)

	2022	2023	2024	2025 (Plan)	2026 (Plan)	2027 (Plan)
Net Sales	518.3	542.3	576.0	604.5	631.1	658.8
Operating Profit	113.7	139.2	163.0	180.4	189.6	188.3
EBITDA	146.0	172.5	197.1	213.1	224.2	236.3
Sales Yr/Yr	-1.4%	4.6%	6.3%	4.9%	4.4%	4.4%
Operating Profit to Net Sales	21.9%	25.7%	28.3%	29.9%	30.0%	28.6%
EBITDA to Net Sales	28.2%	31.8%	34.2%	35.3%	35.5%	35.9%



FY2024

Net sales: 576 million yuan
(12.0 billion yen, +6.3% Yr/Yr)

Operating profit: 163 million yuan
(3.39 billion yen, +17.1% Yr/Yr)

***Reference**

EBITDA : 197.1 million yuan
(4.10 billion yen, +14.3% Yr/Yr)

Overseas Strategy –Southeast Asia–

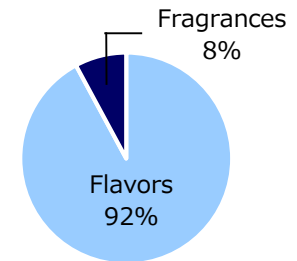
Basic Strategy: Increase sales through collaboration between manufacturing and sales bases in Malaysia (THKL) and sales offices in Thailand and Indonesia

Southeast Asia

- **Plan to construct a new plant in Enstek Industrial Park, Malaysia (plant site already acquired)**
⇒ Meet growing demand in the Asian and Halal markets
- **Improve efficiency by promoting the utilization of application laboratories, expanding library and utilizing flavor kits**
⇒ Speed up responses to customers
- Promote efficient R&D by systemizing operations

(Billion yen)

	2022	2023	2024	2025 (Plan)	2026 (Plan)	2027 (Plan)
Net Sales	3.6	4.0	4.6	4.8	5.1	5.5
Operating Profit	0.6	0.6	0.7	0.8	0.8	0.4
EBITDA	0.7	0.8	0.9	0.9	1.0	1.1
Sales Yr/Yr	31.1%	10.2%	14.4%	3.2%	7.1%	6.9%
Operating Profit to Net Sales	16.3%	16.5%	16.8%	16.6%	16.5%	8.5%
EBITDA to Net Sales	20.7%	20.6%	20.7%	20.1%	20.2%	20.4%



FY2024

Net sales: 4.65 billion yen
(+14.4% Yr/Yr)

Operating profit: 0.78 billion yen
(+16.9% Yr/Yr)

***Reference**
EBITDA : 0.96 billion yen
(+14.9% Yr/Yr)

* Net sales are calculated by summing net export sales to Southeast Asia, which are included in the Company's non-consolidated net sales

Basic Policies Related to Business Portfolio

- Develop the businesses based on three basic strategies: **(1) Expand Compounded Flavors and Fragrances Sales, (2) Secure Profits in Domestic Market, and (3) Growth in Overseas Market**
- 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			
<p>Flavor Business</p> <p>Providing flavors that make food delicious</p>	<ul style="list-style-type: none"> ➤ Broad usage in the beverage and food industries ➤ Strengthen response to SDGs • Development of flavors and ingredients to replace raw materials for food products • Capital and business alliance with DAIZ Corporation ➤ Strengthen measures in new sectors • Health foods, medical foods, etc. 	<ul style="list-style-type: none"> ➤ Usage mainly in savory foods, beverages, and health industries ➤ Trade mainly with local companies ➤ Expand business through M&A • Strengthen sweet flavors from M&A in 2020 • Strengthen the Midwest region through M&A in 2024 ➤ Strengthen collaboration with R&D 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 flavor powders and flavors for beverages • Target further expansion in beverage industries ➤ Strengthen collaboration between bases • Increase sales in Malaysia, Thailand, and Indonesia ➤ Expand operations into countries around bases • Expand into Vietnam, the Philippines 			
<p>Fragrance Business</p> <p>Providing fragrances that add color to various aspects of life</p>	<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 • Propose ways to resolve discomfort with fragrances ➤ Strengthen response to SDGs • Develop environmentally-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 R&D 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

IV. Business Outlook

FY2025 Performance Outlook

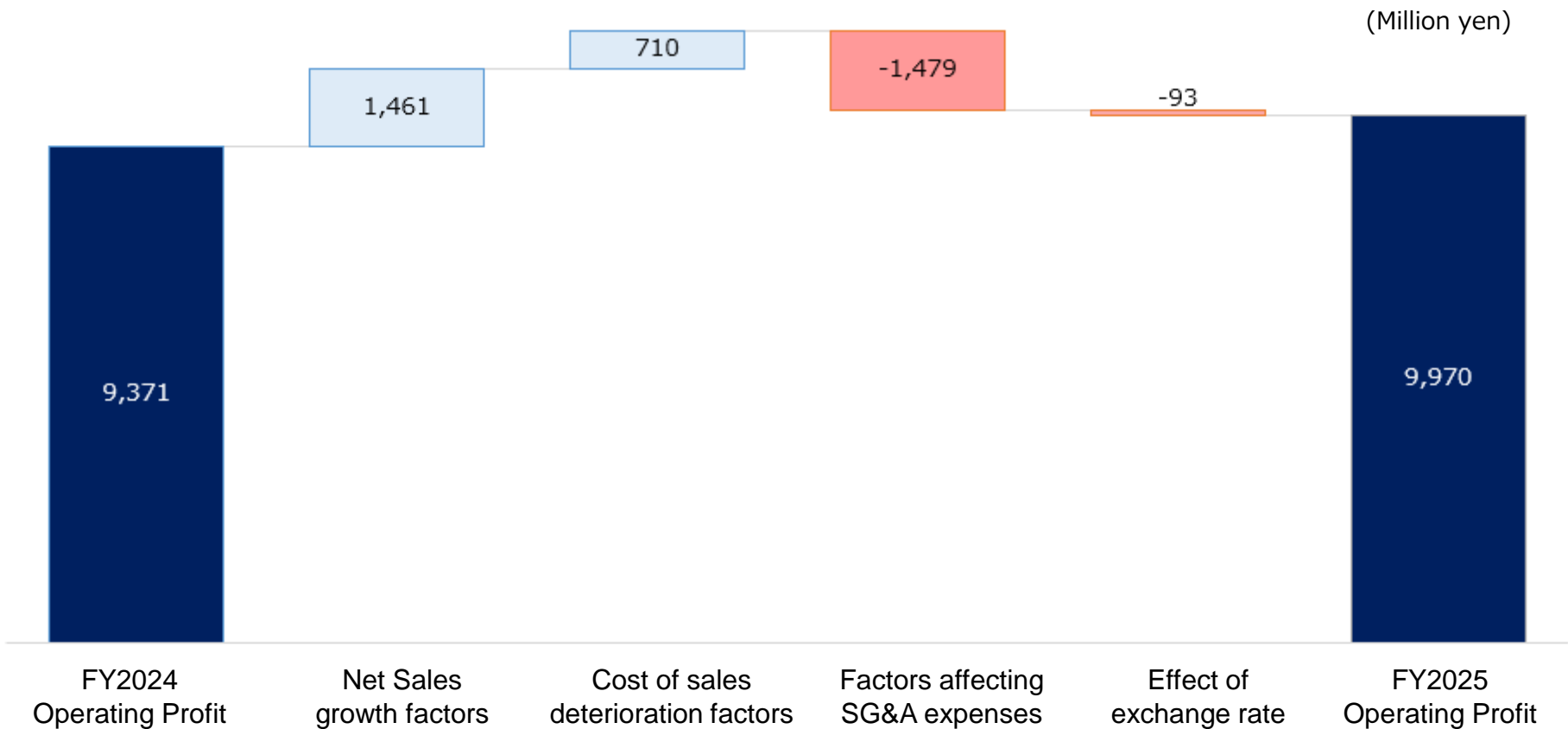
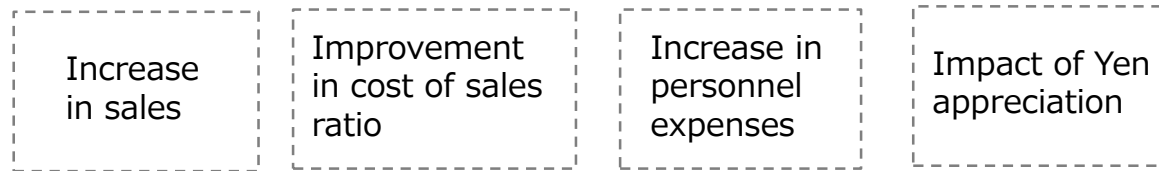
- Increases in both net sales and profit are expected on a consolidated basis
- The U.S., following ABELEI acquisition, is expected to drive sales growth, while steady demand in China will lead profit growth

(Million yen)

	FY2024 (Actual)	FY2025 (Plan)	Change			
			Yr/Yr			
			Amount	%	(Due to forex rates)	
					Amount	%
Net Sales	71,645	74,300	2,654	3.7%	-973	-1.4%
Operating profit	9,371	9,970	598	6.4%	-93	-1.0%
Ordinary profit	9,723	10,450	726	7.5%	-	-
Net profit	7,201	7,580	378	5.2%	-	-
(参考) EBITDA	14,392	15,254	862	6.0%	-	-

Currency	FY2024	FY2025	Yr/Yr
1US\$	¥150.44	¥145.00	Yen up 3.6%
1RMB	¥20.84	¥20.50	Yen up 1.6%
1MYR	¥32.37	¥32.00	Yen up 1.1%

- Profit growth is expected due to increased net sales and improvements in the cost of sales ratio



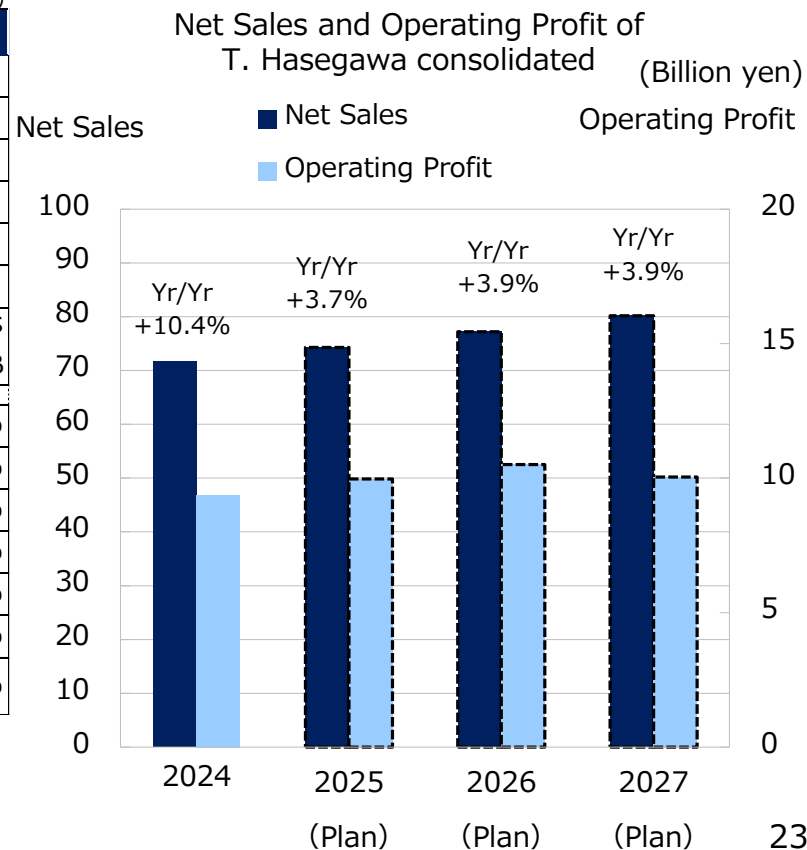
Medium-Term Three-Year Plan (Consolidated)

T.HASEGAWA non-consolidated	Expect to expand sales through the promotion of solution sales by strengthening collaboration among sales, research, and marketing Promote the strengthening of production systems to meet increasing demand
U.S.	Expect to increase sales in the savory, health and beverage industries , while expanding sales channels in the Midwest of the U.S. through synergies with the acquired ABELEI Strengthen production systems by promoting the second plant project
China	Promote the strengthening of research and production systems . Further, utilize marketing functions and deepen collaboration between sales, research, and marketing to strengthen sales systems, and tap unentered sectors and potential demand, in order to expand sales
Malaysia	Promote the construction of a new plant in Malaysia . Improve efficiency by promoting the utilization of application laboratories, expanding library and utilizing flavor kits, in order to increase sales

(Million yen)

	FY24 (Actual)	FY25 (Plan)	FY26 (Plan)	FY27 (Plan)
Net Sales	71,645	74,300	77,200	80,200
Cost of Sales	42,001	42,830	44,350	46,640
Operating Profit	9,371	9,970	10,510	10,040
Ordinary Profit	9,723	10,450	11,000	10,550
Net Profit	7,201	7,580	8,150	7,820
EBITDA	14,392	15,254	16,325	17,279
Exchange Rate	¥150.44/\$ ¥20.84/RMB	¥145.00/\$ ¥20.50/RMB	¥145.00/\$ ¥20.50/RMB	¥145.00/\$ ¥20.50/RMB
Sales Yr/Yr	10.4%	3.7%	3.9%	3.9%
Cost of Sales to Net Sales	58.6%	57.6%	57.4%	58.2%
Operating Profit to Net Sales	13.1%	13.4%	13.6%	12.5%
Ordinary Profit to Net Sales	13.6%	14.1%	14.2%	13.2%
Net Profit to Net Sales	10.1%	10.2%	10.6%	9.8%
EBITDA to Net Sales	20.1%	20.5%	21.1%	21.5%
Overseas net sales as a percentage of consolidated net sales	48.5%	49.3%	49.7%	50.2%

- * The Group's medium-term three-year plan is revised each fiscal year. See page 46 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



Approx. 32 billion yen of capital investment is planned over three years for organic business expansion

• Major Capital Investments

(Billion yen)

	FY2025 (plan)	FY2026 (plan)	FY2027 (plan)	Total
DX promotion and IT reform	2.1	0.9	0.9	3.9
Fukaya plant	-	3.2	2.4	5.6
U.S. second plant	1.2	0.7	0.0	2.0
China third plant	1.8	1.5	1.5	4.8
Malaysia new plant	1.3	4.2	0.3	5.8
Total	6.4	10.5	5.1	22.0

• R&D expenses will be maintained at a level of 8% of consolidated net sales

	FY2024 Actual	FY2025 Plan	FY2026 Plan	FY2027 Plan	FY2025~ FY2027	(Million yen)
Capital Investment	3,658	10,673	13,482	7,842	31,997	
Depreciation & Amortization	4,038	4,209	4,782	6,204	15,195	
R&D Expenses	5,550	5,875	6,047	6,238	18,160	

- Enhancement of production capacity through construction of new plants

China	<ul style="list-style-type: none"> • Advancing the construction plan for the third plant in China (Pinghu City, Zhejiang Province) • Establishing a subsidiary at the plant construction site (scheduled for December 2024)
Malaysia	<ul style="list-style-type: none"> • Promote the plan to build a new plant at Enstek Industrial Park in Malaysia ⇒ Meet growing demand in the Asian and Halal markets (plant site already acquired in 2017)

	China	Malaysia
Planned investment amount	4.8 billion yen <small>※The amount of additional investment is currently under consideration</small>	5.9 billion yen
Site area	37,300 m²	48,300 m²
Production capacity	Double <small>※Flavor production capacity</small>	+20~30 %

VI. 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

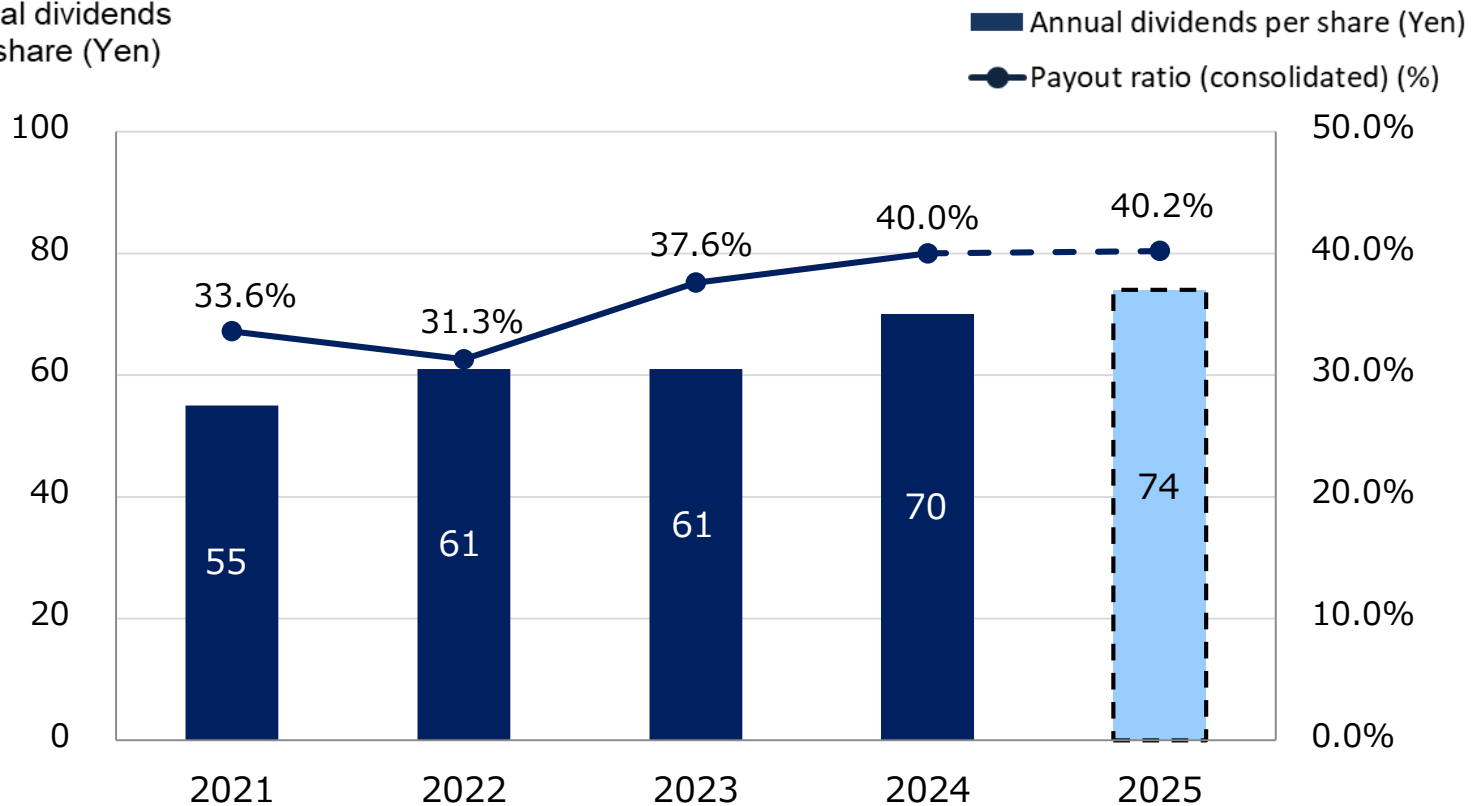
Policy on Use of Funds

- Appropriately use funds, taking into consideration factors such as the maintenance of a sound financial position and enhancement of capital efficiency
- **Dividends**
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, including interim and year-end dividends
- **Capital investment**
Investment to increase production capacity for growth, as well as renewal and maintenance of existing facilities
- **M&A**
Give active consideration and judge comprehensively from the perspectives of market size, business risk, and acquisition price, etc.
Achieve M&A with expected synergies in terms of customer networks, technology, human resources, etc.
- **Share buybacks**
Consider if conditions (PBR etc.) set by the Company are met

Shareholder Returns

- Reviewed the consolidated payout ratio policy, revising the target to around 40% from the previous target of around 35%
- For FY2025, a dividend increase is expected, with earnings per share projected at 74 yen
- November 8, 2024 : Published “Notice Concerning Acquisition of the Company's Own Shares” Conducting a share buyback up to a limit of 1 billion yen

Annual dividends per share (Yen)



Investment Securities

- Reduce the total number of shares held from the perspective of improving capital efficiency, etc.
- 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
- August 19, 2024 : Published “Notice Concerning Expected Recording of Gain on Sales of Investment Securities (Extraordinary Income)”

Reason: Review of investment securities

Gain on sale : 800 million yen (Recorded as extraordinary income in FY2024)

(Reference)

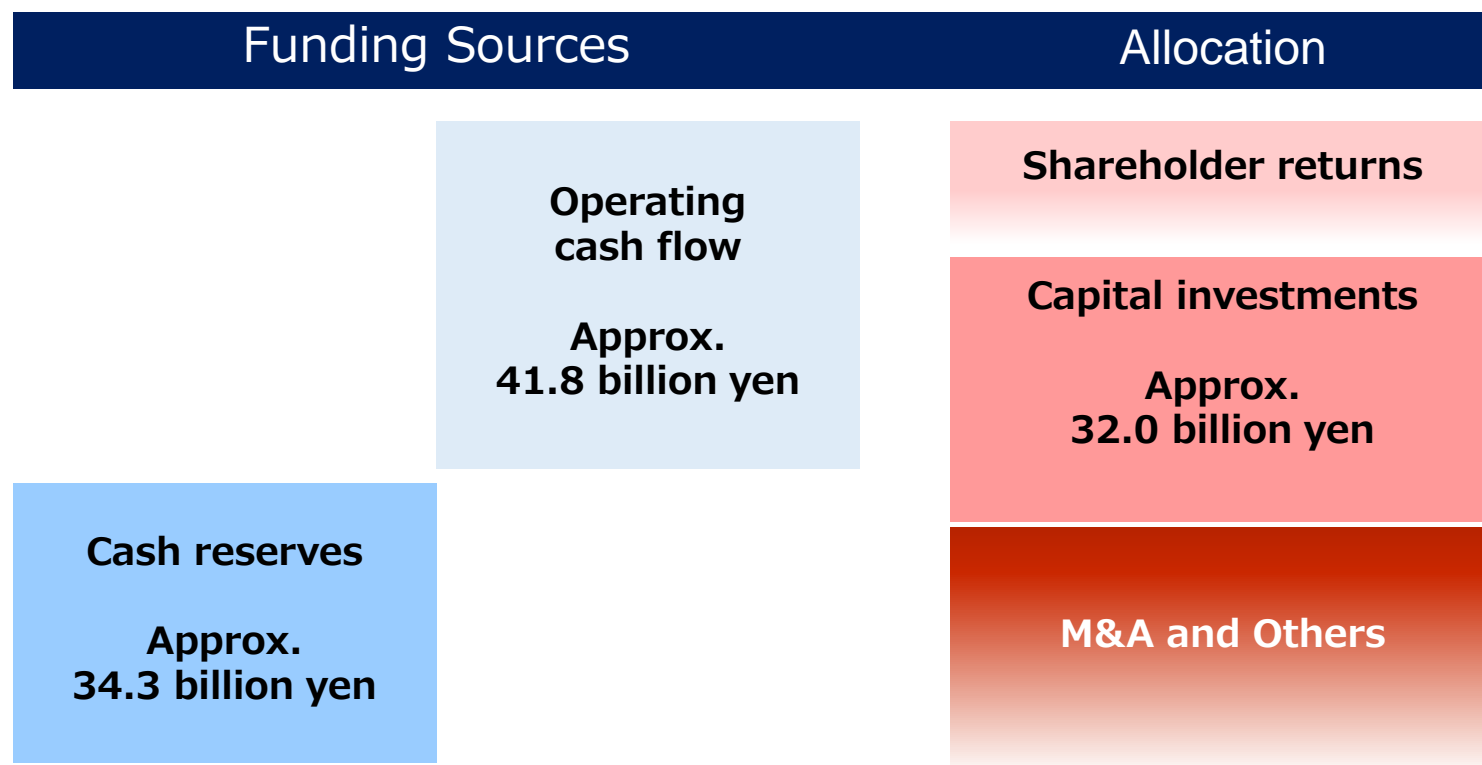
Ratio of investment securities to consolidated net assets

FY2022	FY2023	FY2024
11.3%	10.7%	10.0%

* Aim for less than 10% by FY2026

Capital Allocation

Using operating cash flow and cash reserves as funding sources, approximately 32 billion yen in capital investments is planned over the three-year period from FY2025 to FY2027. Additionally, funds will be utilized for proactive shareholder returns and M&A activities



*operating cash flow : Sum of net profit, depreciation, and amortization of goodwill

*cash reserves : Sum of cash and deposits, and marketable securities as of September 30, 2024

VI. Accompanying Materials

Focus Areas

**Become an Organization
that takes on challenges**

● Strengthen Proposal Capabilities

● Promote Reform

● Concentration and Selection

● Enhance Human Resources
(Develop Human Resources, Hire Experienced Personnel)

● Accelerate Expansion in Overseas Market
(Capital Investment · M&A)

● Strengthen Sustainability Initiatives

Basic Strategies

Expand
Compounded
Flavors and
Fragrances
Sales

Secure Profits
in Domestic
Market

Growth in
Overseas
Market

Continue to examine and take improvement measures, considering **human resources as capital**
⇒ Maximize **the value of human resources to increase the mid- to long-term corporate value**

Combination of management strategies and HR strategies

- Implement HR system reform
⇒ Operate HR development and evaluation under the new HR system introduced in FY2023
- Conduct engagement survey
⇒ Assess the current situation and consider countermeasures

Promotion of human resource education programs

- Implementation of education programs for overseas human resources
⇒ Promote the selection and development of talents
- Systematically conduct layer-specific training
- Launch in-house business school
- Conduct OJT and job rotation

Promote human capital management

Development of a comfortable work environment

- Conduct a company-wide risk survey
⇒ Identify human rights-related risks and take a countermeasures
- Consider and introduce various systems to develop a more comfortable work environment
- Promote labor safety and health measures

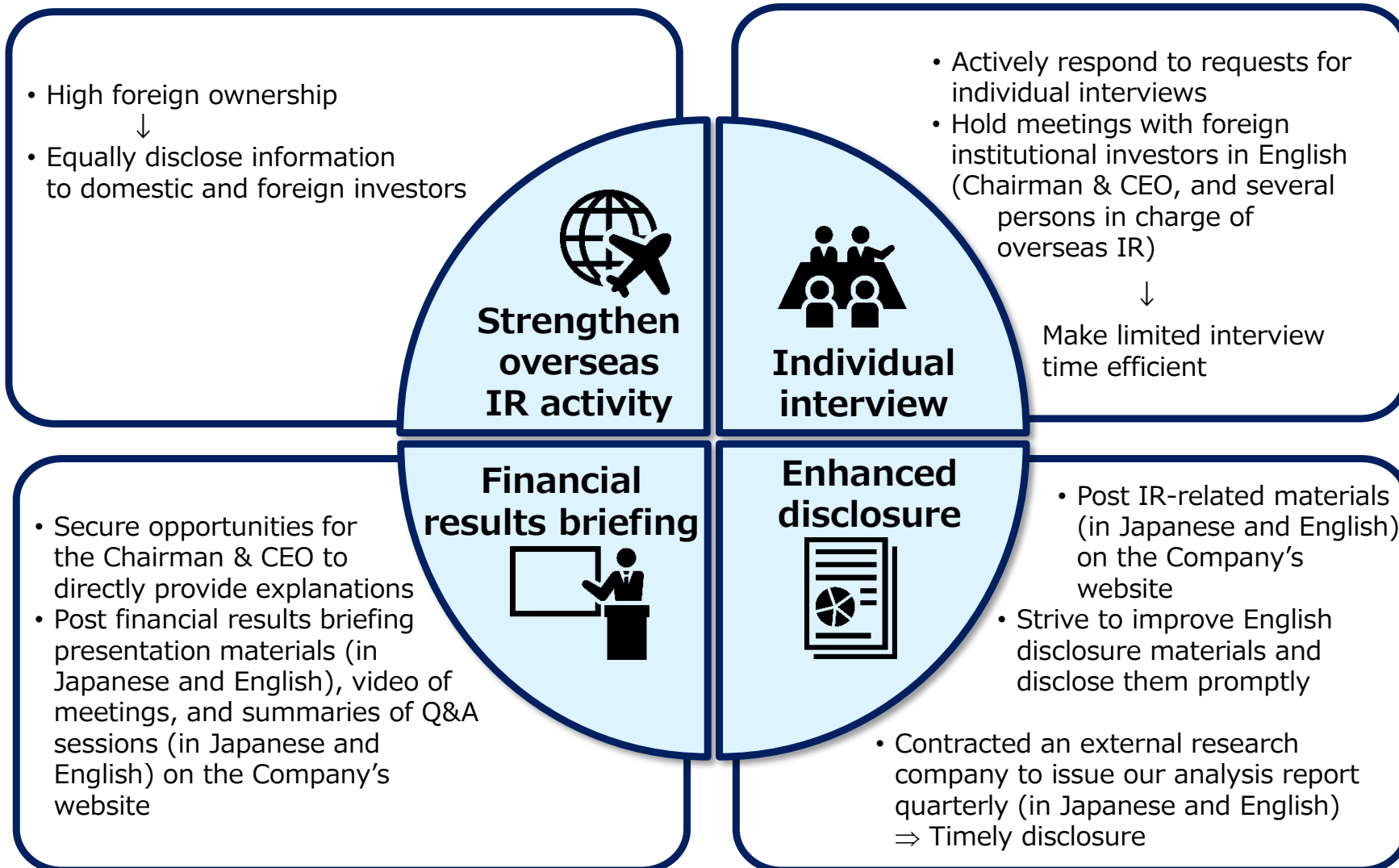
Enhancement of disclosure

- Set KPIs for “Human Rights and Labor” in the CSR policy
⇒ To be disclosed in the Sustainability Report
- * KPI
Percentage of women, mid-careers, and foreign employees in managerial positions, and evaluation interviews performed for setting job targets

Basic Policy

Established IR department in Corporate Planning Division to strengthen IR activities and secured opportunities for proactive dialogues

Our initiatives



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

Million US\$

	Company name	Country	Sales (2023Yr)	Market Share
1	IFF	U.S.	8,453	22.5%
2	Givaudan	Switzerland・Netherlands	7,876	21.0%
3	Dsm-Firmenich	Switzerland	7,310	19.4%
4	Symrise	Germany	5,125	13.6%
5	ADM	Germany	3,634	9.6%
6	Mane SA	France	1,918	5.1%
7	Takasago	Japan	1,312	3.5%
8	Robertet SA	France	757	2.0%
9	Sensient Technologies	U.S.	741	2.0%
10	T.Hasegawa	Japan	483	1.3%
Total			37,610	100.0%

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

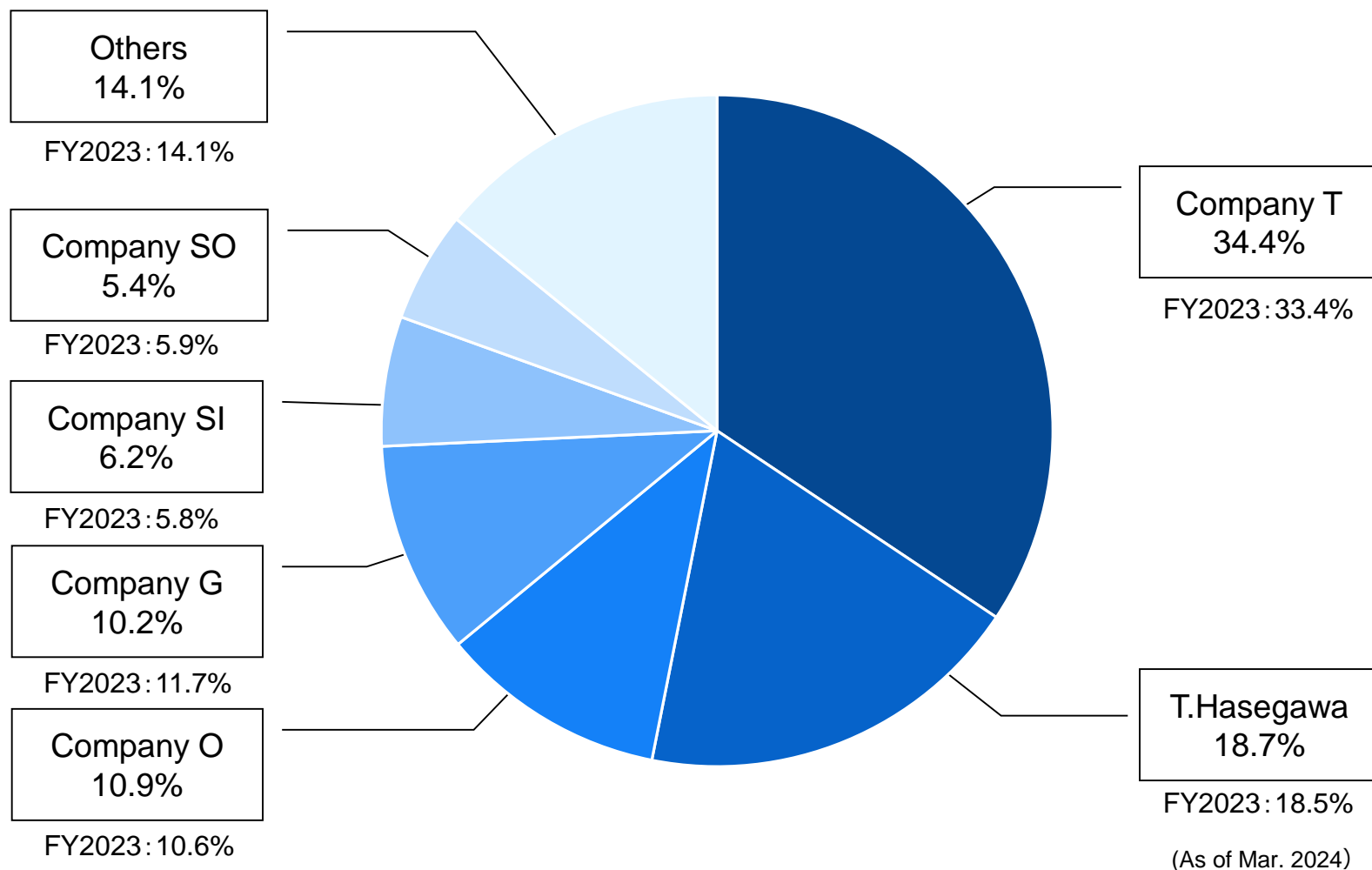
※ Excluding the following segments

dsm-firmenich : Health Nutrition & Care, Animal Nutrition & Health, Corporate

Takasago: Real Estate Segment; Robertet: Lesactifs; Sensient Technologies: ColorGroup・AsiaPacific Group

※ Nourish Segment and Scent Segment only for IFF, and Human Nutrition only for ADM

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



*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 2023 to March 2024

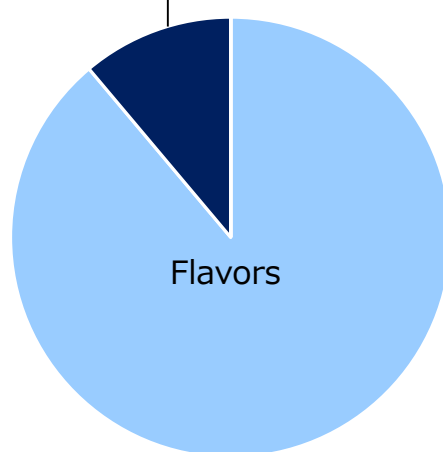
Sales Breakdown

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

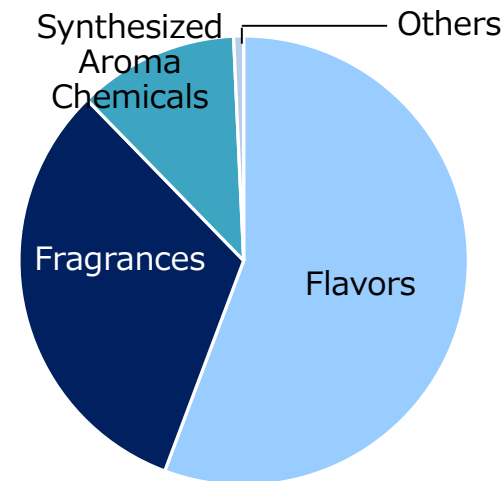
(Million yen)

	T. Hasegawa (Consolidated)		Company T (Consolidated)	
	FYE in Sep. 2024		FYE in Mar. 2024	
	Sales	Share	Sales	Share
Flavors	63,669	88.9%	109,162	55.7%
Fragrances	7,975	11.1%	62,690	32.0%
Synthesized Aroma Chemicals	–	–	22,676	11.6%
Others	–	–	1,409	0.7%
Total	71,645	100.0%	195,940	100.0%
Ratio of gross profit to sales	41.4%		28.8%	
Ratio of operating profit to sales	13.1%		1.2%	

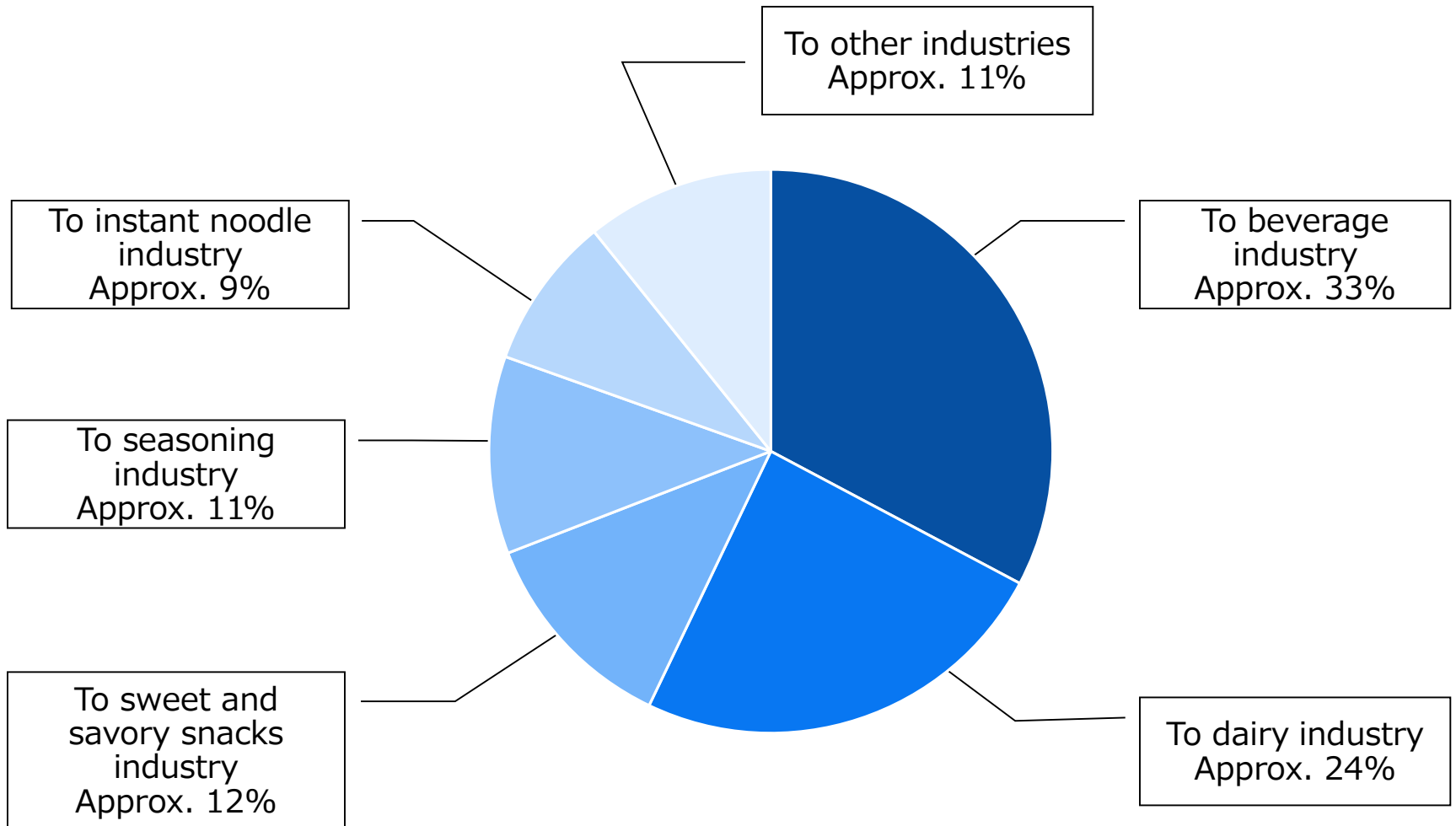
T. Hasegawa(Consolidated)



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 2024 as 100

(Million yen)

	FY2023 (Cumulative results)		FY2024 (Cumulative results)		Change		Factor
					Amount	%	
Net sales	64,874	100.0%	71,645	100.0%	6,770	10.4%	Sales increased in all segments of Japan, North America and Asia Of the increase, 2,159 million yen was attributable to the depreciation of the yen
Cost of sales	39,185	60.4%	42,001	58.6%	2,816	7.2%	The cost of sales ratio improved by 1.8% due to the change in sales mix(Sales growth rate was 11.6% in the food segment, compared with 2.3% in the fragrance segment)
Gross profit	25,689	39.6%	29,643	41.4%	3,954	15.4%	
SG&A expenses	18,181	28.0%	20,272	28.3%	2,090	11.5%	Increase due to the depreciation of the yen amounted to 599 million yen, in addition to acquisition-related expenses of 275 million yen for ABELEI, INC.
Operating profit	7,507	11.6%	9,371	13.1%	1,864	24.8%	
Ordinary profit	8,185	12.6%	9,723	13.6%	1,538	18.8%	(Foreign exchange gains) FY2023: Foreign exchange gains: 85 million yen FY2024: Foreign exchange losses: 171 million yen *The effect of foreign exchange rates totaling 256 million yen affected ordinary profit
Profit before income taxes	9,322	14.4%	10,170	14.2%	848	9.1%	(Gain on sale of investment securities) FY2023: 1,203 million yen FY2024: 800 million yen
Net profit	6,671	10.3%	7,201	10.1%	529	7.9%	

* Net profit refers to profit attributable to owners of parent

Analysis of Changes in Consolidated Balance Sheet

(Million yen)

	Sep. 30, 2023	Sep. 30, 2024	Change	Factor
Current assets	70,665	72,241	1,576	<ul style="list-style-type: none"> • Increase in cash and cash equivalents: 1,696 million yen • Increase in accounts receivable: 609 million yen • Decrease in inventories: (434) million yen
Non-current assets	68,460	72,262	3,802	<ul style="list-style-type: none"> • Increase in property, plant and equipment : 1,052 million yen • Goodwill resulting from the acquisition of ABELEI, INC. : 4,997 million yen • Decrease in investment securities: (416) million yen
Total assets	139,125	144,504	5,378	
Current liabilities	12,129	14,771	2,641	<ul style="list-style-type: none"> • Increase in accounts payable: 898 million yen • Increase in income taxes payable: 678 million yen • Increase in provision for bonuses: 374 million yen
Non-current liabilities	10,677	10,051	△ 625	<ul style="list-style-type: none"> • Decrease in deferred tax liabilities: (514) million yen
Total liabilities	22,806	24,822	2,016	
Net assets	116,319	119,681	3,362	<ul style="list-style-type: none"> • Net profit: 7,201 million yen • Dividends of surplus: (2,551) million yen • Decrease in foreign currency translation adjustment: (1,180) million yen • Decrease in valuation difference on securities: (249) million yen
Total liabilities and net assets	139,125	144,504	5,378	

Consolidated Statement of Cash Flows

(Million yen)

	FY2023 (Cumulative results)	FY2024 (Cumulative results)	Change	Major items in FY2024
Cash flows from operating activities	8,012	13,947	5,934	<ul style="list-style-type: none"> • Profit before income taxes:10,170 million yen • Depreciation:4,038 million yen • Amortization of goodwill:982 million yen • Increase in trade payables:885 million yen • Decrease in inventories:383 million yen • Income taxes paid: (3,018) million yen
Cash flows from investing activities	△ 3,092	△ 9,386	△ 6,294	<ul style="list-style-type: none"> • Acquisition of ABELEI, INC.:(6,637) million yen • Purchase of property, plant and equipment: (3,138) million yen • Purchase of intangible fixed assets: (818) million yen • Sale of investment securities:907 million yen
Cash flows from financing activities	△ 2,657	△ 2,699	△ 42	<ul style="list-style-type: none"> • Dividends paid: (2,549) million yen
Effect of exchange rate change on cash and cash equivalents	268	133	△ 134	
Net increase (decrease) in cash and cash equivalents	2,531	1,995	△ 536	
Cash and cash equivalents at beginning of period	27,425	29,957	2,531	
Cash and cash equivalents at end of period	29,957	31,952	1,995	

T. Hasegawa-non-consolidated (Actual)

(Million yen)

	FY2023 (actual)		FY2024 (targets revised on August 5,2024)		FY2024 (actual)		Change			
	Amount	Share	Amount	Share	Amount	Share	Yr/Yr		Vs. target	
							Amount	%	Amount	%
Net sales	39,711	100.0%	42,100	100.0%	42,366	100.0%	2,654	6.7%	266	0.6%
Cost of sales	24,473	61.6%	25,500	60.6%	26,067	61.5%	1,594	6.5%	567	2.2%
Gross profit	15,238	38.4%	16,600	39.4%	16,298	38.5%	1,060	7.0%	-301	-1.8%
SG&A expenses	10,699	26.9%	11,450	27.2%	11,383	26.9%	683	6.4%	-66	-0.6%
Operating profit	4,538	11.4%	5,150	12.2%	4,915	11.6%	376	8.3%	-234	-4.6%
Ordinary profit	5,125	12.9%	9,720	23.1%	9,541	22.5%	4,416	86.2%	-178	-1.8%
Profit before income taxes	6,281	15.8%	10,190	24.2%	10,006	23.6%	3,724	59.3%	-183	-1.8%
Net profit	4,679	11.8%	8,100	19.2%	8,003	18.9%	3,324	71.0%	-96	-1.2%

- Net sales grew due to increased sales of the flavor segment mainly for beverages
- SG&A expenses rose due to an increase in personnel expenses, but operating profit grew due to contributions from sales increases

Consolidated U.S. subsidiary (Actual)

* Statement of profit of T. HASEGAWA U.S.A., INC .

(Million yen)

Yen Basis	FY2023		FY2024		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	12,720	100.0%	15,146	100.0%	2,425	19.1%
Cost of sales	8,395	66.0%	9,387	62.0%	992	11.8%
Gross profit	4,325	34.0%	5,759	38.0%	1,433	33.2%
SG&A expenses	4,493	35.3%	5,428	35.8%	935	20.8%
Operating profit	-168	-	330	2.2%	498	-
Ordinary profit	-163	-	431	2.8%	594	-
Net profit	-134	-	343	2.3%	478	-

Yen 138.98/USD

Yen 150.44/USD

Yen down 8.2%

(Thousand US\$)

Local Currency Basis	FY2023		FY2024		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	91,527	100.0%	100,680	100.0%	9,153	10.0%
Cost of sales	60,406	66.0%	62,399	62.0%	1,993	3.3%
Gross profit	31,120	34.0%	38,281	38.0%	7,160	23.0%
SG&A expenses	32,334	35.3%	36,087	35.8%	3,752	11.6%
Operating profit	-1,213	-	2,193	2.2%	3,407	-
Ordinary profit	-1,174	-	2,865	2.8%	4,039	-
Net profit	-967	-	2,283	2.3%	3,251	-

- Sales increased mainly due to the reaction to the previous year in which customers had tried to reduce orders due to an uncertain business outlook
- Operating profit entered positive territory due to an increase in sales, and an improvement in the cost of sales ratio with a changed product mix and SG&A expenses ratio

Consolidated Chinese 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.)

(Million yen)

Yen Basis	FY2023		FY2024		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	10,673	100.0%	12,009	100.0%	1,336	12.5%
Cost of sales	5,956	55.8%	6,256	52.1%	300	5.0%
Gross profit	4,716	44.2%	5,753	47.9%	1,036	22.0%
SG&A expenses	1,977	18.5%	2,354	19.6%	377	19.1%
Operating profit	2,739	25.7%	3,398	28.3%	658	24.0%
Ordinary profit	2,883	27.0%	3,515	29.3%	631	21.9%
Net profit	2,202	20.6%	2,628	21.9%	426	19.3%

Yen 19.68/RMB

Yen 20.84/RMB

Yen down 5.9%

(Thousand RMB)

Local Currency Basis	FY2023		FY2024		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	542,330	100.0%	576,276	100.0%	33,946	6.3%
Cost of sales	302,654	55.8%	300,209	52.1%	-2,444	-0.8%
Gross profit	239,675	44.2%	276,066	47.9%	36,391	15.2%
SG&A expenses	100,463	18.5%	112,992	19.6%	12,528	12.5%
Operating profit	139,211	25.7%	163,074	28.3%	23,862	17.1%
Ordinary profit	146,528	27.0%	168,674	29.3%	22,146	15.1%
Net profit	111,897	20.6%	126,112	21.9%	14,214	12.7%

- Sales of the flavor segment increased mainly for beverages
- Operating profit grew due to contributions from sales increases and an improvement in the cost of sales ratio with a changed product mix

Malaysian Subsidiary (Actual)

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

(Million yen)

Yen Basis	FY2023		FY2024		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	1,686	100.0%	2,130	100.0%	443	26.3%
Cost of sales	948	56.2%	1,151	54.1%	203	21.5%
Gross profit	738	43.8%	978	45.9%	239	32.5%
SG&A expenses	458	27.2%	559	26.2%	100	21.8%
Operating profit	279	16.6%	419	19.7%	139	49.9%
Ordinary profit	302	18.0%	386	18.1%	83	27.5%
Net profit	203	12.0%	288	13.6%	85	42.1%
	Yen 30.71/MYR		Yen 32.37/MYR		Yen down 5.4%	

(Thousand Malaysian Ringgit)

Local Currency Basis	FY2023		FY2024		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	54,931	100.0%	65,808	100.0%	10,877	19.8%
Cost of sales	30,882	56.2%	35,585	54.1%	4,703	15.2%
Gross profit	24,048	43.8%	30,222	45.9%	6,174	25.7%
SG&A expenses	14,940	27.2%	17,270	26.2%	2,329	15.6%
Operating profit	9,107	16.6%	12,951	19.7%	3,844	42.2%
Ordinary profit	9,865	18.0%	11,931	18.1%	2,065	20.9%
Net profit	6,618	12.0%	8,924	13.6%	2,305	34.8%

- Sales increased mainly because of an increase in sales to Southeast Asia (Indonesia, etc.)
- Operating profit grew due to an increase in sales, and an improvement in the cost of sales ratio and SG&A expense ratio

Medium-Term Three-Year Plan (Consolidated)

(Million yen)

	FY24 (Actual)			FY25 (Plan)			FY26 (Plan)			FY27 (Plan)		
	Amount	Share	%	Amount	Share	%	Amount	Share	%	Amount	Share	%
Net Sales	71,645	100.0%	10.4%	74,300	100.0%	3.7%	77,200	100.0%	3.9%	80,200	100.0%	3.9%
Cost of Sales	42,001	58.6%	7.2%	42,830	57.6%	2.0%	44,350	57.4%	3.5%	46,640	58.2%	5.2%
Gross Profit	29,643	41.4%	15.4%	31,470	42.4%	6.2%	32,850	42.6%	4.4%	33,560	41.8%	2.2%
SG&A Expenses	20,272	28.3%	11.5%	21,500	28.9%	6.1%	22,340	28.9%	3.9%	23,520	29.3%	5.3%
Operating Profit	9,371	13.1%	24.8%	9,970	13.4%	6.4%	10,510	13.6%	5.4%	10,040	12.5%	-4.5%
Ordinary Profit	9,723	13.6%	18.8%	10,450	14.1%	7.5%	11,000	14.2%	5.3%	10,550	13.2%	-4.1%
Profit before Income Taxes	10,170	14.2%	9.1%	10,730	14.4%	5.5%	11,360	14.7%	5.9%	10,910	13.6%	-4.0%
Net Profit	7,201	10.1%	7.9%	7,580	10.2%	5.3%	8,150	10.6%	7.5%	7,820	9.8%	-4.0%

* Net profit refers to profit attributable to owners of parent

This presentation is based on data as of November 21, 2024, and was created with the intention of providing information on future management plans and results for the fiscal year ended September 30, 2024.

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