



# The Value Creation Story of T.Hasegawa Group

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▲ Distillation column

# #1 T. Hasegawa Group's vision

**We generate value and excitement to enrich lives, utilizing a broad range of technologies extending beyond flavors and fragrances.**

The T. Hasegawa Group has established the following corporate statement in FY2025: "To be a company that generates value and excitement to enrich lives, we utilize a broad range of technologies extending beyond flavors and fragrances." As a manufacturing partner, we strive to provide products that customers can use with confidence by offering proposals that will lead to customer success by exceeding their expectations. As a member of society, we will also work to build and strengthen relationships with each of our stakeholders and contribute to the creation of an enriched society by solving the challenges faced by society.

Value Creation Story of T. Hasegawa Group

## The T. Hasegawa Approach

### Corporate Message

### Better through Sensing

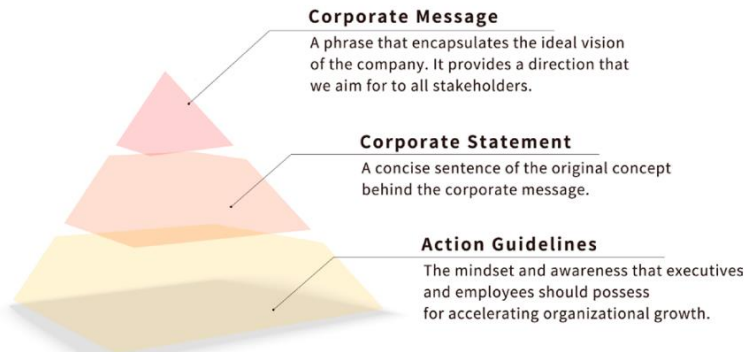


### Action Guidelines

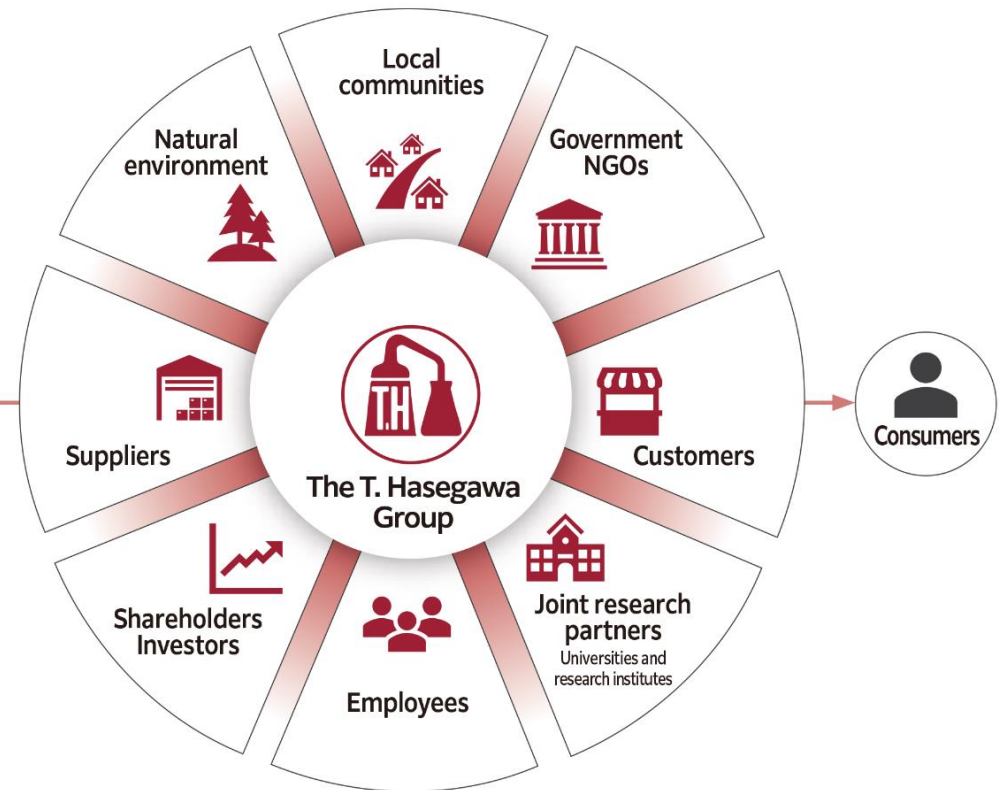
- ① We are dedicated to delivering safe and reliable products.
- ② We contribute to the success of our customers.
- ③ We collaborate to innovate products and services that surpass expectations.
- ④ We are committed to building a sustainable society.
- ⑤ We act with integrity.
- ⑥ We are committed to continuous learning and growth.
- ⑦ We embrace change and willingly take on new challenges.
- ⑧ We create a workplace that is inspiring and attractive to all.

### Corporate Statement

To be a company that generates value and excitement to enrich lives, we utilize a broad range of technologies extending beyond flavors and fragrances.



## Our stakeholders

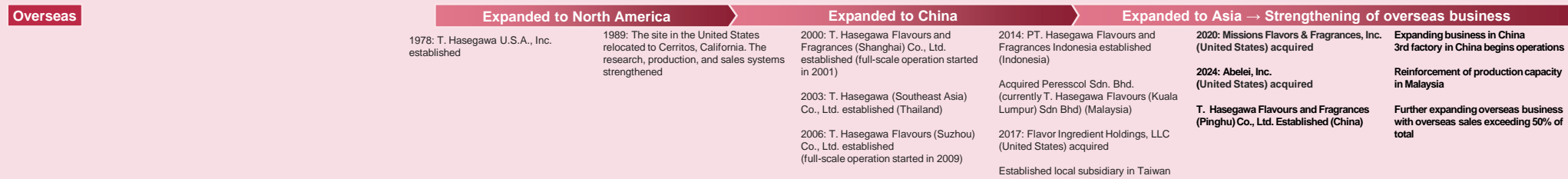
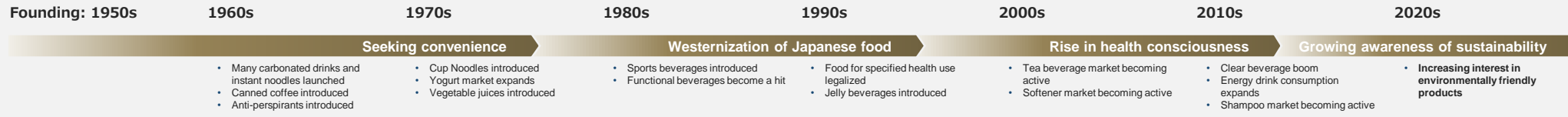


# #2 The path to growth

For over 100 years since our founding, we have grown by responding with attention to detail to customer needs at the time.

Since its founding in 1903, the Group has been providing high value-added products and has grown by responding with attention to detail to customer needs at the time. Furthermore, due to the increased speed of customer demand for new product development, the sales approach has also transformed from the traditional approach of responding to customer requests to a proposal-based approach that captures the needs and latent desires of consumers, and then to a solution-based approach that solves the issues faced by customers and society. The Group continues to grow by anticipating the changing times.

Value Creation Story of T. Hasegawa Group



# #3 Our current state

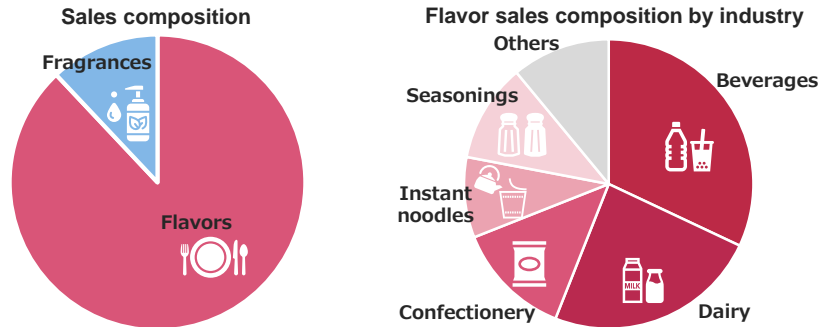
We have achieved a total flavor and fragrance manufacturer ranking of No. 10 in the world and a No. 2 ranking in Japan in net sales.

Value Creation Story of T. Hasegawa Group

## Business areas

Dealing with a wide range of food, beverage and commodity manufacturers as a total flavor and fragrance manufacturer

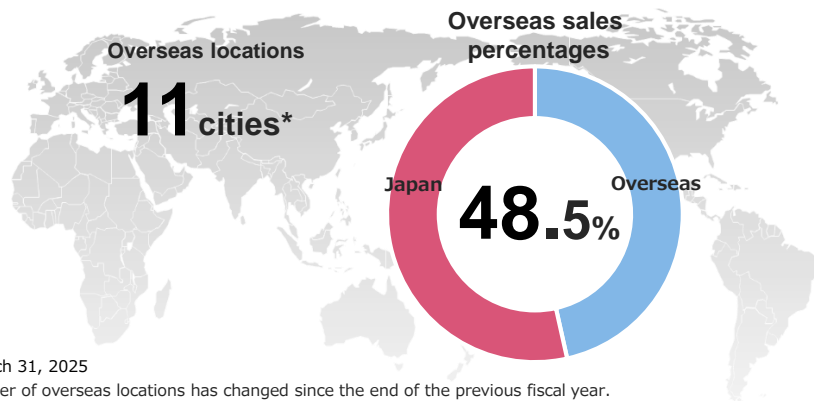
As a total flavor and fragrance manufacturer, the Group is engaged in the research, development, manufacture, and sale of compound flavors, emulsified flavors, powdered flavors, natural extracts, fruit preserves, natural dyes, and other products. In the flavor segment, we deal with a wide range of food and beverage manufacturers, mainly for beverages, dairy, confectionery, and instant noodle products. In the fragrance segment, we sell products to a wide range of customers, mainly in the cosmetics, toiletries, and household product categories.



## Regions operating

Expanding business overseas (mainly in North America and Asia) in addition to a solid revenue base in Japan

While striving to expand our market share in the domestic market, which is our revenue base, we are concentrating our overseas expansion in North America, China, and Southeast Asia in order to achieve sustainable and stable growth. For the overseas market, we leverage our "power of flavor and fragrance creation," which has been cultivated in Japan to provide a stable supply of high-quality flavors and fragrances that suit each country's tastes. In addition to organic growth, we have also utilized a merger and acquisition strategy to expand our business overseas and have acquired flavor and fragrance companies in the United States and Malaysia.



\* As of March 31, 2025

\* The number of overseas locations has changed since the end of the previous fiscal year.

## "A Foundation in Technology"

(As of the end of September 2024)

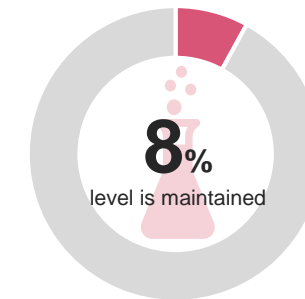
Focusing on R&D to create products that exceed customer expectations

Based on our corporate motto, the Group conducts various R&D activities, from the creation of new flavors and fragrances to trial applications for final products. The ratio of R&D expenses to consolidated net sales has remained high at 8%. In addition, the number of personnel involved in R&D accounts for a high percentage of all employees (19.6%).

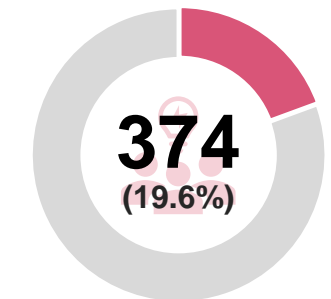
Number of patents



Percentage of R&D expenses against consolidated sales



Personnel involved with R&D (percentage of all employees)



## Position

In terms of sales share, the Company is ranked 10th in the world and 2nd in Japan

Sales share



Sales share of the world's top 10 flavor and fragrance companies

(\$1 million)

	Company	Country	2023 net sales	Share
1	IFF	United States	8,453	22.5%
2	Givaudan	Switzerland	7,876	21.0%
3	Dsm-Firmenich	Switzerland/ The Netherlands	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 International Corporation	Japan	1,312	3.5%
8	Robertet SA	France	757	2.0%
9	Sensient Technologies	United States	741	2.0%
10	T. Hasegawa	Japan	483	1.3%
	Total		37,610	100.0%

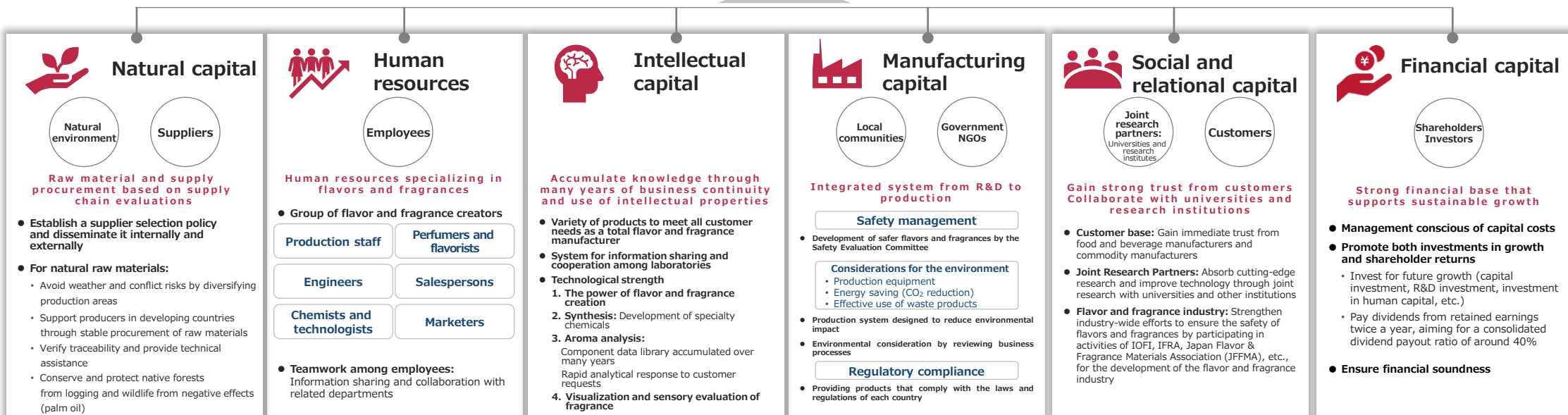
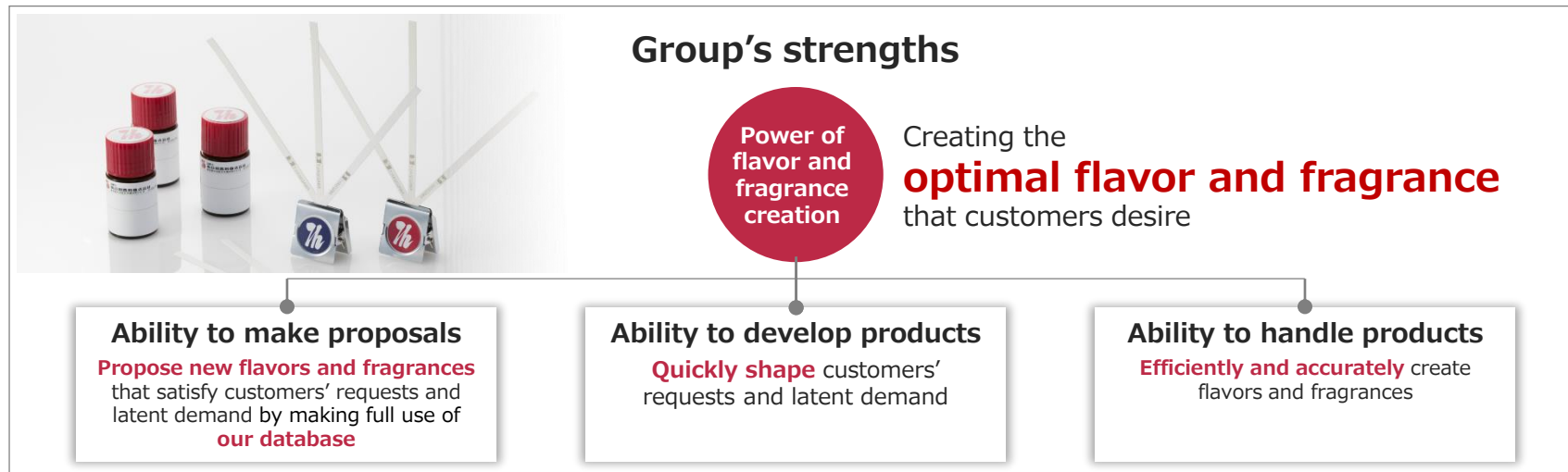
\* Estimated by the Company's reference based on the disclosed materials of each company.

# #4 The source of value creation

We pursue customers' needs through our "power of flavor and fragrance creation," based on our ability to make proposals, develop products, and handle products.

Combining technology and sensibility, we are exploring the infinite possibilities offered by flavors and fragrances. We aim to manufacture safe and reliable products for our customers and create unique flavors and fragrances in the world that fit the times.

Value Creation Story of T. Hasegawa Group



## #5 The value creation process

**We lead customers to success by creating unique flavors and fragrances around the world and implementing a production cycle to create high-quality and safe products.**

Group's value creation:

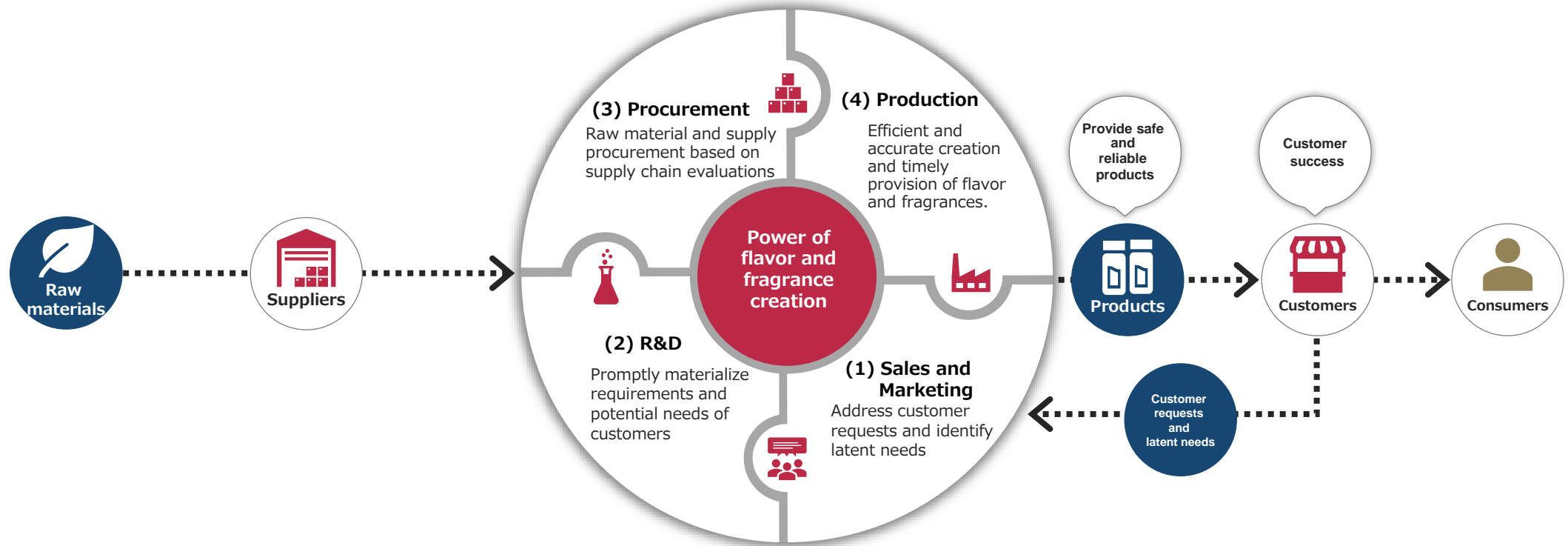
- (1) Our Sales and Marketing Divisions begin the value creation process by analyzing consumer needs to understand customers' requests and latent demand.
- (2) Our R&D Division creates samples of flavors and fragrances that reflect customers' requests and latent demand.
- (3) Our Procurement Division procures raw materials that take into account the supply chain.
- (4) Our Manufacturing Division uses the optimal production equipment to efficiently and accurately create flavors and fragrances.

Lastly, we provide safe and reliable products to customers in a timely manner under a perfect quality control system.

Value Creation Story of  
T. Hasegawa Group

### Value creation at T. Hasegawa

#### “Production” of high-quality and safe products



#### “Creation” of the one and only flavors and fragrances around the world

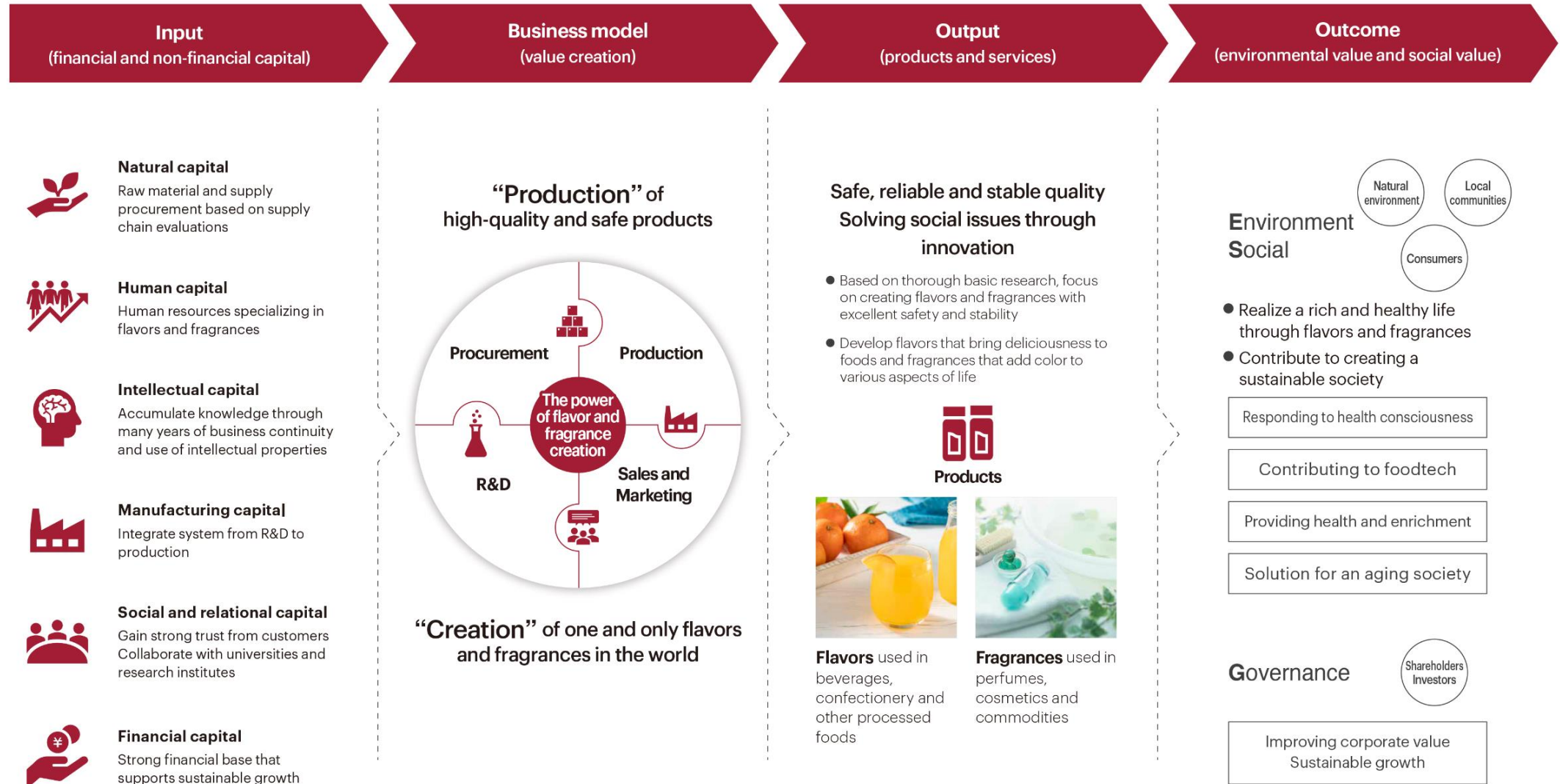
## #6 The value creation process and coexistence with environment and community

**While realizing an enriched and healthy life through flavors and fragrances, we contribute to establishing a sustainable society by solving social issues.**

Through our value-creation process\*, we will provide high-value-added products that contribute to the realization of affluent and healthy living. We will also use flavor and fragrance technologies to solve social challenges and contribute to building a sustainable society.

\* The “Creation” of unique flavors and fragrances around the world and the “Production” of high-quality and safe products.

Value Creation Story of T. Hasegawa Group



# #7 The achievement of sustainable growth

**We will realize our vision by expanding business opportunities through innovation and reducing risks while considering the environment and society.**

The flavor and fragrance industry is greatly affected by the declining birth rate and aging population in Japan, climate change, food shortages, and changes in consumer needs. In response to such changes in business conditions, we capture business opportunities through innovation while strengthening our sustainability initiatives (such as responsible procurement, reducing environmental impact, promoting human rights and labor, and quality safety). We will also thoroughly manage risks and, going forward, generate value and excitement to enrich lives, utilizing a broad range of technologies extending beyond flavors and fragrances.

**Value Creation Story of T. Hasegawa Group**

## Megatrends & changes in business environment

## Impact on T. Hasegawa

## The T. Hasegawa Approach

## Business strategy

## Our Purpose

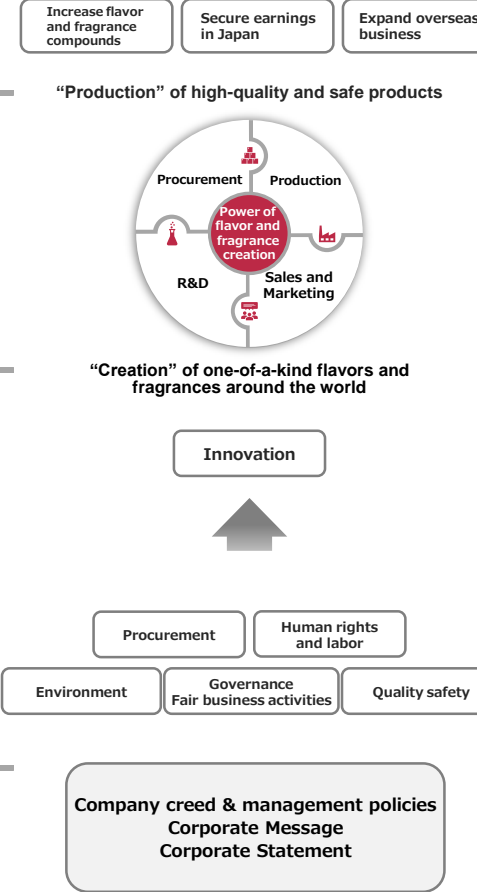
- Japan:**
- Population decline, low birth rate, and aging population
- Global:**
- Intensifying disputes between nations and regions
  - Rising standard of living in emerging nations
  - Increasing foreign exchange risks
  - Industry oligopoly
  - Food shortage due to rising global population
  - Many disasters due to climate change
  - Decreasing biodiversity
  - Declining crop yields
  - Increased awareness of sustainability
  - Consumer trends toward health and environmental consciousness
  - Diversifying consumer consciousness and purchasing habits
  - Advancing digitalization and AI

- Business opportunities**
- Identify new business opportunities in Japan
  - Expand demand for flavors and fragrances in emerging nations
  - Respond to diversifying customer needs
  - Increase demand for alternative raw materials and alternatives to natural raw materials
  - Increase demand for beverages and chilled or frozen desserts driven by rising temperatures
  - Increase value of "flavor and fragrance" database
  - Improve reputation for sustainability initiatives

- Risks & challenges**
- Fully develop domestic market
  - Impact of currency exchange fluctuations on sales and profits
  - Growth gap between global corporations
  - Impact of natural disasters on our business
  - Conflict and climate change making natural raw materials more expensive and harder to obtain
  - Increase in raw material and energy prices
  - Increasingly stringent regulations and demands related to sustainability

- Increase business opportunities**
- Create framework for providing diverse flavors and fragrances that are safe, reliable, and suited to customer preferences
  - Overseas local procurement and local production
  - Sustain R&D investments
  - Strengthen technology and innovation based on trends: Secure and develop human resources, utilize databases and AI >Building new business model
  - Speedy development: Rapidly identify and respond to customer requests and latent needs
  - Detailed customer service

- Risk mitigation**
- Reinforce raw material inventory management and diversify purchasing routes
  - Develop efficient production system and stable product supply
  - Decrease surplus inventory
  - Risk dispersal for overseas local procurement and local production
  - Improve system for highly reliable quality assurance and process management by expanding inspection system and adopting strict standards
  - Environmentally friendly product design and manufacturing, as well as environmental safety audits
  - Effective use of waste and improvements to deodorizing facilities



**As a company that generates value and excitement to enrich lives, we utilize a broad range of technologies extending beyond flavors and fragrances.**

## Contributions to SDGs



**Better through Sensing**

