



香りがつなぐ。
安心と安全。

そこに香りがあれば、傍にいただけでもっと分かりあえるはずです。
コミュニケーションが多様になるとともに香りも進化が求められています。
安心から生まれる信頼関係を未来につなぐために、
私たち長谷川香料は常に安全を管理し、内外に保証してきました。
原料や製品の品質管理、製造過程の衛生管理だけでなく、
工場や研究所周辺の環境対策などの
安全性を安心のレベルにまで高めています。
廃棄物の有効利用や緑化など環境づくりにも配慮しています。
人と地球と未来へ、香料で豊かな社会を。
ここには持続可能な社会へ向けての強い意識があります。

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

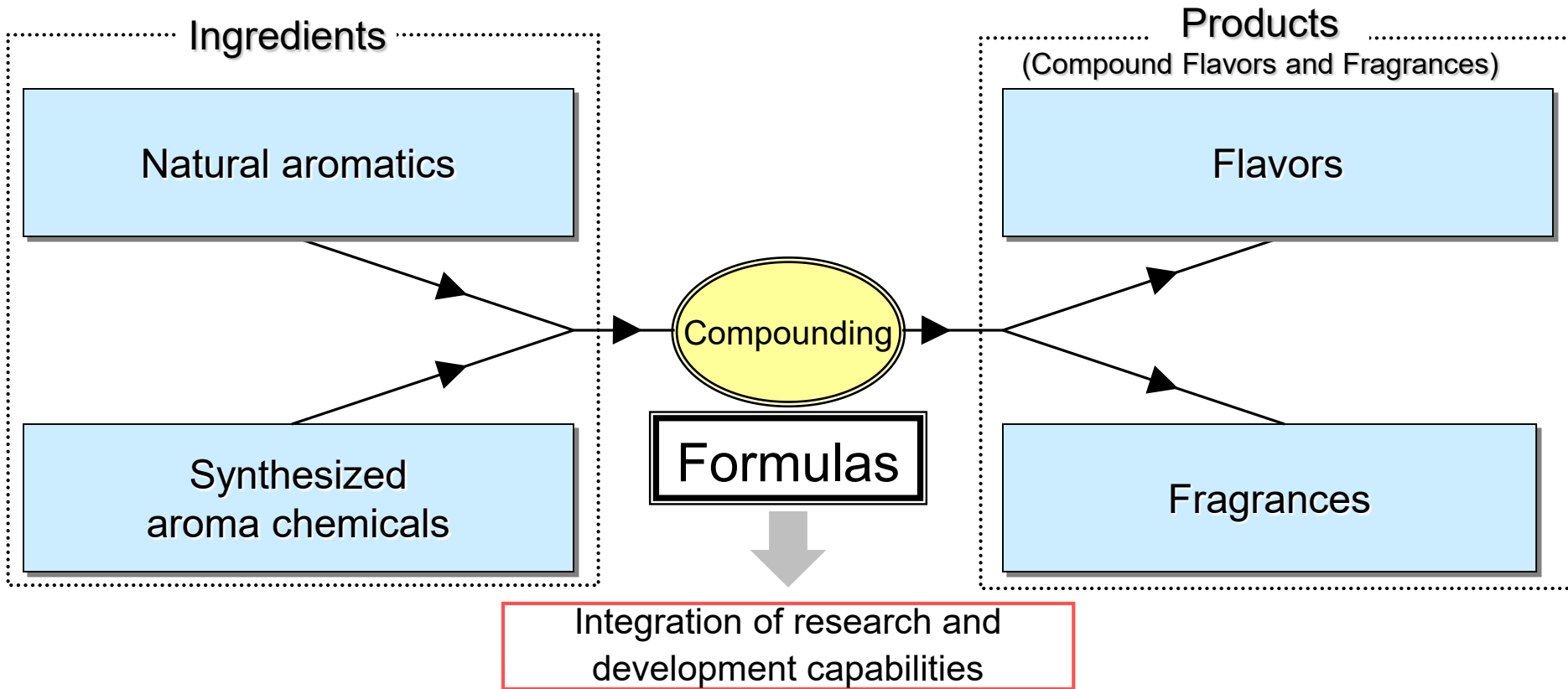
Financial Results for the Second Quarter of the Fiscal Year Ending September 30, 2023

May 24, 2023

T. HASEGAWA CO., LTD.

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

I. Business Overview



Flavorists : Experts who formulate flavors

Perfumers : Experts who formulate fragrances






Flavors and fragrances are in accordance with customer requests

⇒ Formulas created by flavorists and perfumers based on experience are invaluable assets for flavor and fragrance companies

II. Overview of Financial Statements

Trends by Category (Domestic Market)

• 2nd Quarter, FYE September 2023 (October 2022 to March 2023)

Category		Trend		Impact on performance
Beverages		Decrease	<ul style="list-style-type: none"> • Sales decreased due to price increases for small-sized drinks from October 2022 • Amid price increases, preferences of consumers tend to shift from national brands to private brands in mineral water and tea • Commercial demand grows, driven by major beverage makers 	
Sweet and savory snacks	Savory snacks	Increase	<ul style="list-style-type: none"> • Sales of Potato Chips were strong after poor potato crops last year • Sales of Wheat Flour Products, Corn Snacks and Bean Snacks, which are cheaper-than Potato Snacks, increased despite sales prices increases due to price revision 	
	Chocolate	Increase	<ul style="list-style-type: none"> • Sales of chocolate bars remained strong from the end of 2022, with higher Valentine's Day sales • Sales of Nuts Product fell from the previous fiscal year, because of fewer discount sales due to price revisions • Sales of chocolate snacks were strong, due to increase in outing occasions and more purchases for pocket-sized snack products 	
Frozen Desserts		Increase	<ul style="list-style-type: none"> • The price increases in many regular products in March 2023 boosted concern about a fallback from the temporary demand in February, but sales were strong thanks to fine weather 	
Instant Noodles		Increase	<ul style="list-style-type: none"> • Sales of both packaged-type instant noodles and cup noodles remained steady • Overlapped by the rash of planned price increases in food products during the peak demand period in autumn and winter, relatively cheaper prices also contributed to sales 	

 : Positive direction  : Negative direction

Source: Nikkan Keizai Tsushin

Summary of Consolidated Performance

- Net sales Increased Yr/Yr
Progress rate against full-year target was 47.4% (average progress rate: 48%)
- Operating profit Decreased Yr/Yr
Progress rate against full-year target was 51.2% (average progress rate: 45%) (Million yen)

	FY22 2Q Actual	FY23 2Q Actual	Change Yr/Yr		Progress vs Annual Plan	Average progress rate	Differences
			Amount	%	%		
Net Sales	29,199	31,313	2,114	7.2%	47.4%	47.5%	-0.1%
Cost of Sales	17,110	18,885	1,775	10.4%	47.1%	47.5%	-0.4%
Gross Profit	12,088	12,428	339	2.8%	48.0%	47.5%	0.5%
SG&A Expenses	8,265	8,842	577	7.0%	46.8%	48.2%	-1.4%
Operating Profit	3,823	3,585	-238	-6.2%	51.2%	45.3%	5.9%
Ordinary Profit	4,266	3,728	-538	-12.6%	50.0%	45.7%	4.3%
Profit before Income Taxes	4,739	3,947	-792	-16.7%	45.8%	45.6%	0.3%
Net Profit	3,318	2,824	-493	-14.9%	45.8%	44.6%	1.2%
EBITDA *	5,796	5,822	26	0.5%	50.3%		

* The average progress rate is the average progress rate for the past 10 fiscal years (excluding the maximum and minimum values)

* Net Profit refers to profit attributable to owners of parent

* EBITDA = Operating Profit + Depreciation (including amortization of customer-related assets) + Amortization of goodwill
EBITDA to Net Sales (%) : 18.6%

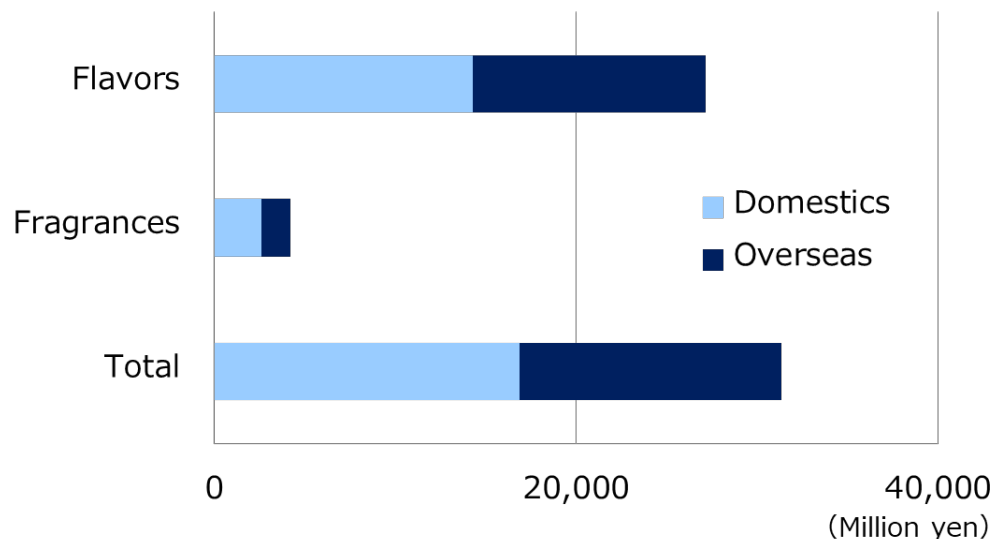
Net Sales by Segment

- Sales growth factors
Higher sales of U.S. subsidiaries (due to depreciation of the yen), T. Hasegawa (non-consolidated), and Chinese subsidiaries

(Million yen)

Segment	FY22 2Q Actual	FY23 2Q Actual	Yr/Yr		Remark
			Amount	%	
Flavors	25,223	27,131	1,908	7.6%	Higher sales of U.S. subsidiaries (due to depreciation of the yen), T. Hasegawa (non-consolidated), and Chinese subsidiaries
Fragrances	3,975	4,182	206	5.2%	Higher sales in Chinese subsidiaries and T. Hasegawa (non-consolidated)
Total	29,199	31,313	2,114	7.2%	–

FY23 2Q Actual



Overseas net sales as a percentage of consolidated net sales

FYE September 30, 2023, 2Q

46.1%

(FYE September 30, 2022: 45.9%)

Net Sales by Group Company

• Sales growth factors

Higher sales of U.S. subsidiaries (due to depreciation of the yen), T. Hasegawa (non-consolidated), and Chinese subsidiaries

(Million Yen)

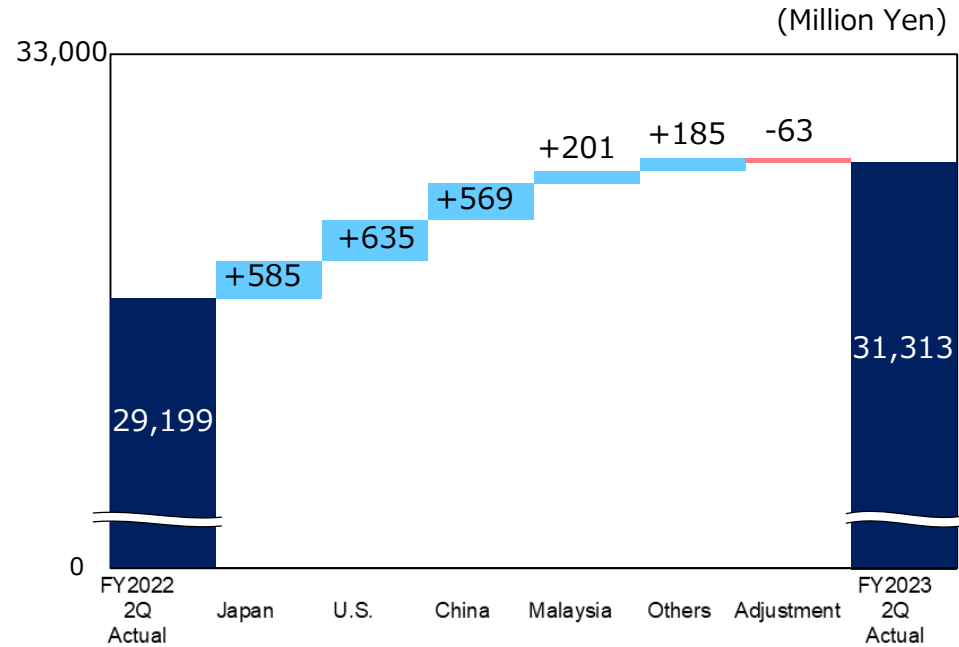
	FY22 2Q Actual	FY23 2Q Actual	Yr/Yr	%
Japan	18,658	19,243	585	3.1%
U.S.	5,485	6,121	635	11.6%
China	4,517	5,087	569	12.6%
Malaysia	590	791	201	34.1%
Others	1,599	1,784	185	11.6%
Adjustment	-1,651	-1,715	-63	-
Consolidated	29,199	31,313	2,114	7.2%

• Effect of exchange rate

(Million Yen)

	Due to forex rates	others	Amount of change
Japan	252	333	585
U.S.	983	-348	635
China	407	162	569
Malaysia	81	120	201
Others	133	52	185
Adjustment	-176	113	-63
Consolidated	1,681	433	2,114

Currency	FY2022 2Q	FY2023 2Q	Yr/Yr
1US\$	¥114.96	¥136.96	Yen down 19.1%
1RMB	¥18.04	¥19.61	Yen down 8.7%
1MYR	¥27.46	¥30.60	Yen down 11.4%



Japan	Higher sales in the flavor and fragrance segments	Sales Increase
U.S.	Net sales decreased on a local currency basis due to temporary slow downs in orders caused by unstable market outlooks. Net sales increased on a yen basis due to the depreciation of yen	Sales Increase
China	Increase in sales in flavor segment	Sales Increase
Malaysia	Increase in sales to savory snacks	Sales Increase

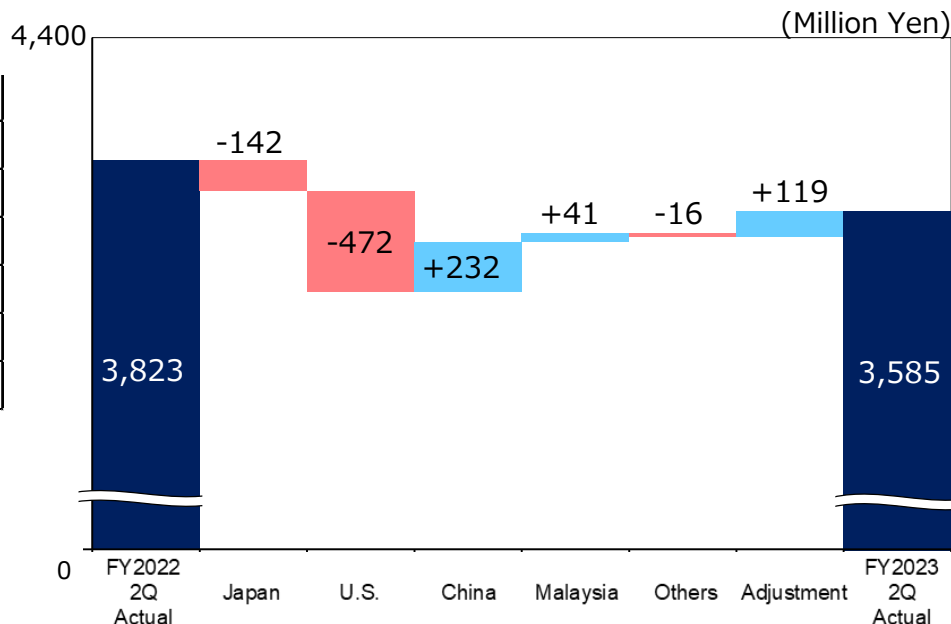
Operating Profit by Group Company

- Profit decline factors
Decrease in operating profit of U.S. subsidiary and T. Hasegawa (non-consolidated)

(Million Yen)

	FY22 2Q Actual	FY23 2Q Actual	Yr/Yr	%
Japan	2,522	2,379	-142	-5.7%
U.S.	274	-197	-472	-
China	986	1,219	232	23.6%
Malaysia	60	102	41	68.3%
Others	108	91	-16	-15.1%
Adjustment	-129	-10	119	-
Consolidated	3,823	3,585	-238	-6.2%

Currency	FY2022 2Q	FY2023 2Q	Yr/Yr
1US\$	¥114.96	¥136.96	Yen down 19.1%
1RMB	¥18.04	¥19.61	Yen down 8.7%
1MYR	¥27.46	¥30.60	Yen down 11.4%



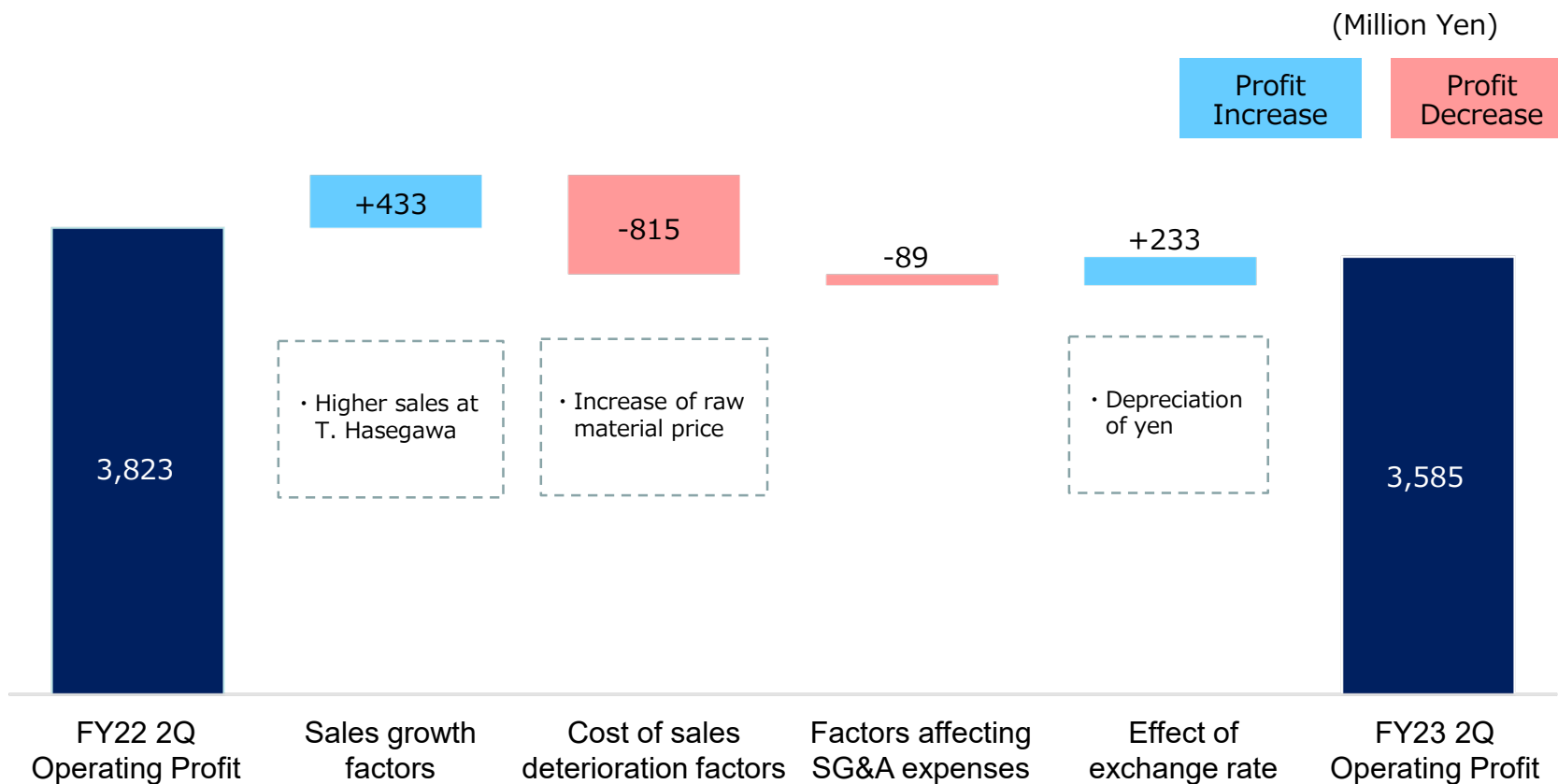
- Effect of exchange rate (Million Yen)

	Due to forex rates	others	Amount of change
Japan	101	-243	-142
U.S.	-32	-440	-472
China	98	134	232
Malaysia	10	31	41
Others	9	-25	-16
Adjustment	47	72	119
Consolidated	233	-471	-238

Japan	Deterioration in cost-of-sales ratio (due to increase of raw material price and increased utility costs)	Profit Decrease
U.S.	Deterioration in cost-of-sales ratio (affected by increase of material price and depreciation costs due to the commencement of the second plant operation, and decrease in production volume) Increase in SG&A expenses (due to the depreciation of yen)	Profit Decrease
China	Increase in net sales and improvements in cost-of-sales ratio	Profit Increase
Malaysia	Increase in net sales	Profit Increase

Analysis of changes in operating profit

- Deterioration in cost-of-sales ratio due mainly to increase of raw material price
- Operating profit decreased from the previous fiscal year due to negative factors of deterioration in cost-of-sales ratio, despite an increase in net sales and positive effect of exchange rate



Ⅲ. Business Environment

- Worldwide flavors and fragrances sales: Approx. 31.0 billion U.S. dollars (approx. 4.0 trillion yen)

Europe, Africa, Middle East

- Market size: Approx. 11.3 billion U.S. dollars (approx. 1,480 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

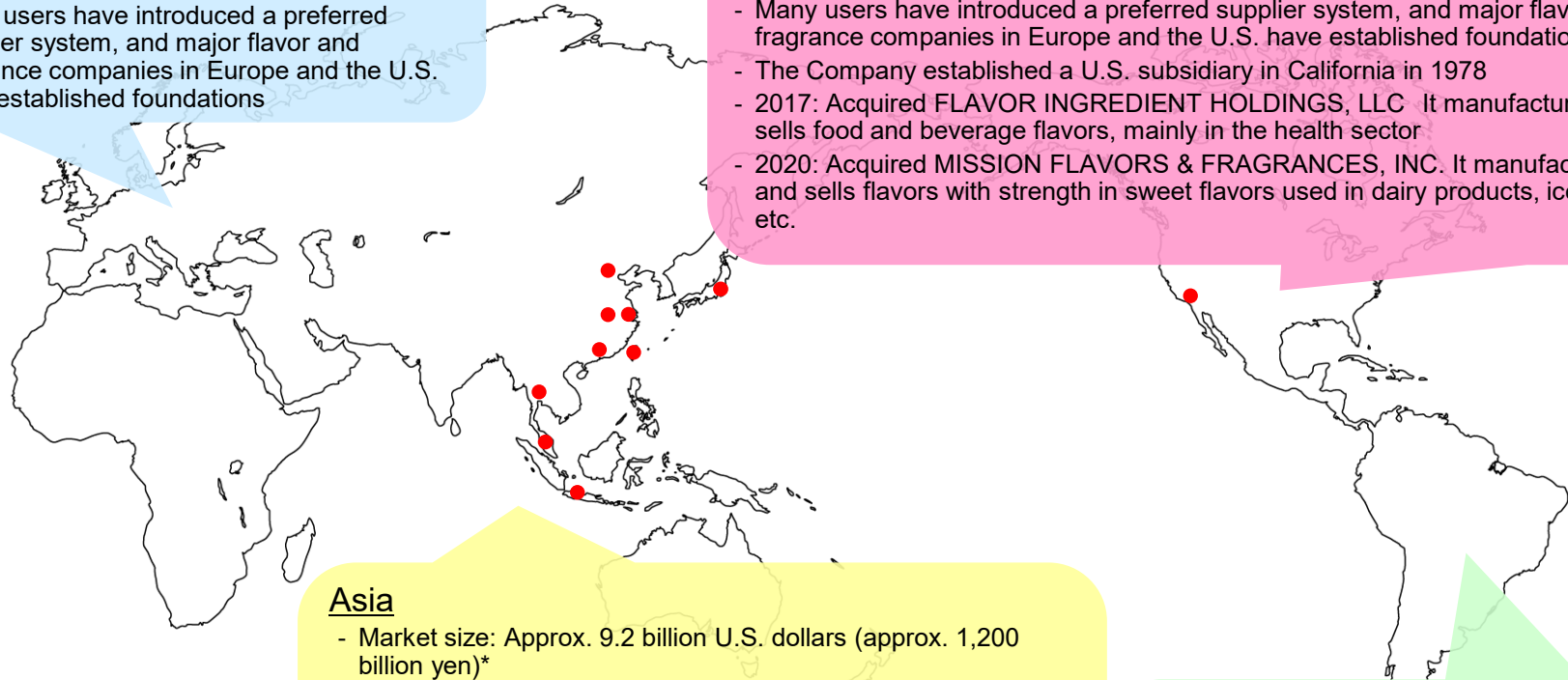
- Market size: Approx. 8.0 billion U.S. dollars (approx. 1,030 billion yen)*
- Many users have introduced a preferred supplier system, and major flavor and fragrance companies in Europe and the U.S. have established foundations
- The Company established a U.S. subsidiary in California in 1978
- 2017: Acquired FLAVOR INGREDIENT HOLDINGS, LLC. It manufactures and sells food and beverage flavors, mainly in the health sector
- 2020: Acquired MISSION FLAVORS & FRAGRANCES, INC. It manufactures and sells flavors with strength in sweet flavors used in dairy products, ice cream, etc.

Asia

- Market size: Approx. 9.2 billion U.S. dollars (approx. 1,200 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. 2.5 billion U.S. dollars (approx. 330 billion yen)*
- Mainly imports from North America, Mexico, etc.
- Competition intensifying in the Brazilian market owing to economic growth

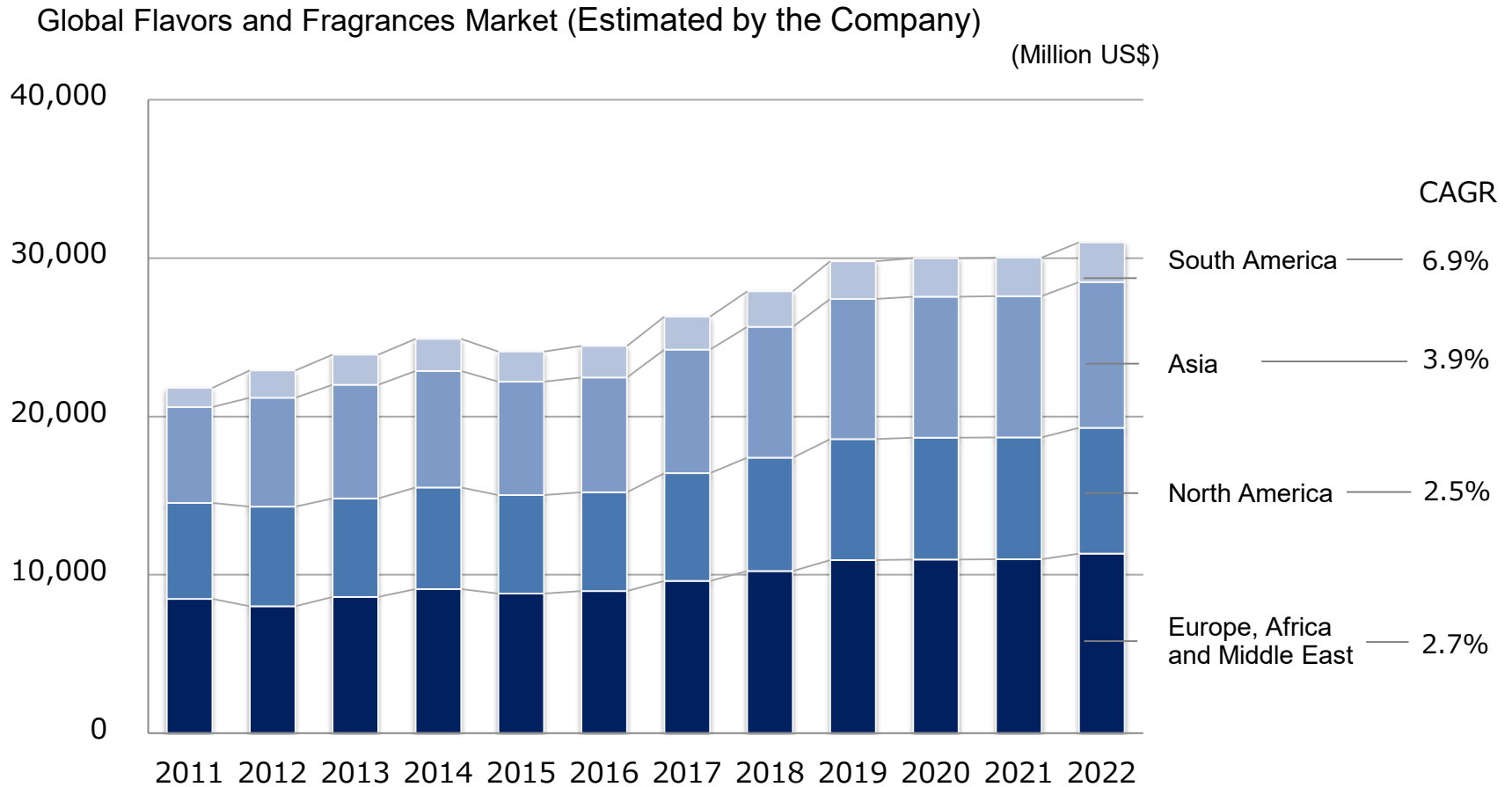


* The Company's estimates for market size by region

* Forex rate: 1 U.S. dollar = 130.4 yen (2022)

● = the Company's base

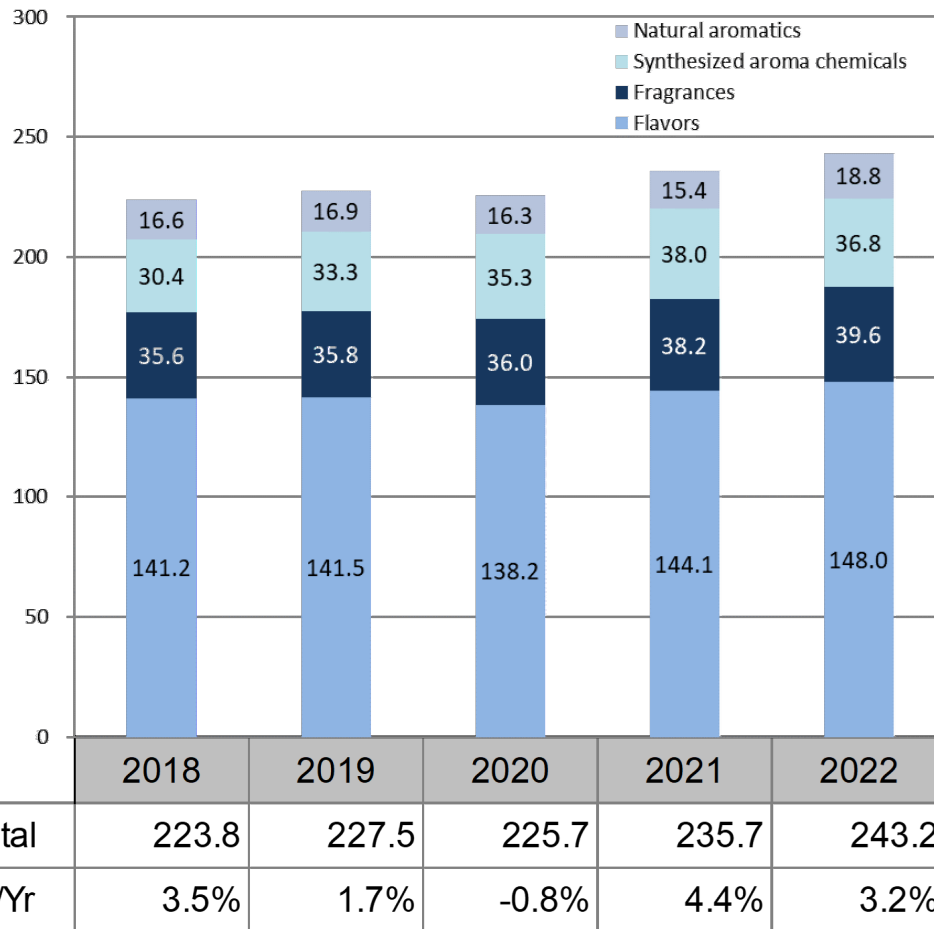
- Global flavors and fragrances market in 2022: Grew approx. 3% Yr/Yr



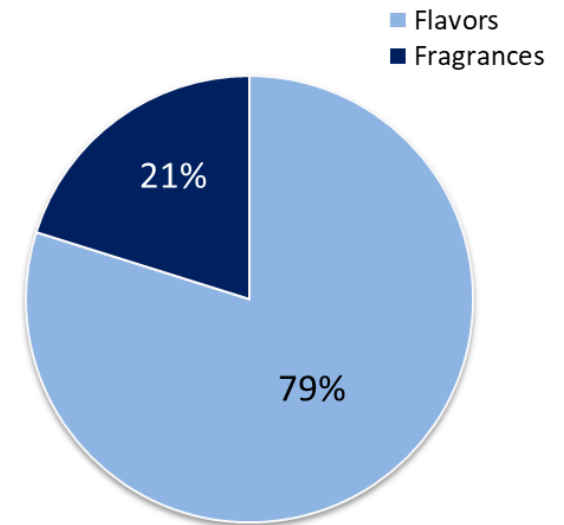
Japanese Flavors and Fragrances Market Size

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

Japanese flavor and fragrance market sales
(Billion yen)



Breakdown of flavors and fragrances
(FY2022)



Source of reference :

Japan Flavor & Fragrance Materials Association Magazine

IV. Management Policy

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

● Strengthen Sustainability Initiatives

Basic Strategies

Expand
Compounded
Flavors and
Fragrances
Sales

Secure Profits
in Domestic
Market

Growth in
Overseas
Market

V. Global Strategy

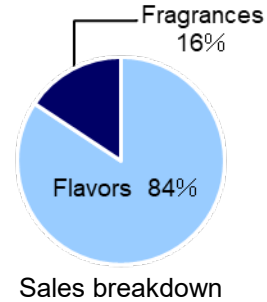
Domestic Strategies

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

Current initiatives and progress

Strengthen collaboration between departments
Promote solution sales

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

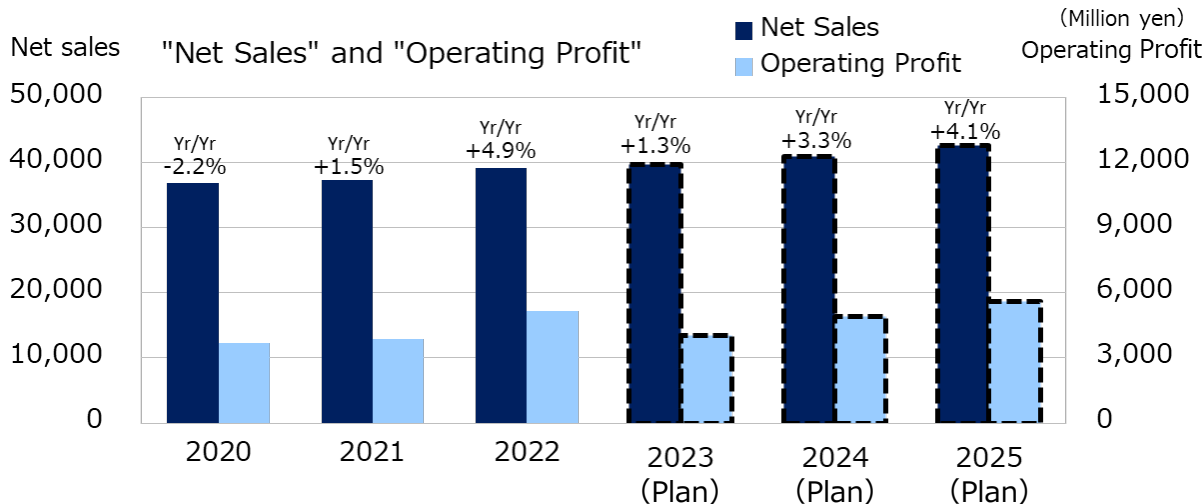


Strengthen R&D capabilities

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

Address expansion in flavor and fragrance applications

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



FYE September 30, 2023, 2Q results

Net sales: 19.2 billion yen
(+3.1% Yr/Yr)

Operating profit: 2.3 billion yen
(-5.7% Yr/Yr)

***Reference**
EBITDA : 3.1 billion yen
(-4.8% Yr/Yr)

Overseas Strategy –U.S.–

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

Current initiatives and progress

Realization of MISSION synergies

- Acquisition of MISSION by T. HASEGAWA U.S.A. INC. in December 2020, PMI completed by the end of September 2021
- **Aim for further growth in the U.S. market by realizing synergies**
⇒ **Propose and sell a wide range of flavor products to MISSION's existing customers**



Create new production system

- Promotion of second plant construction plan as part of measures to create a new production system (California)
⇒ Phase 1 construction completed with operations from June 2022, and **Phase 2 construction is scheduled to begin in May 2023**
⇒ **With increased production capabilities, able to adequately respond to future business expansion**

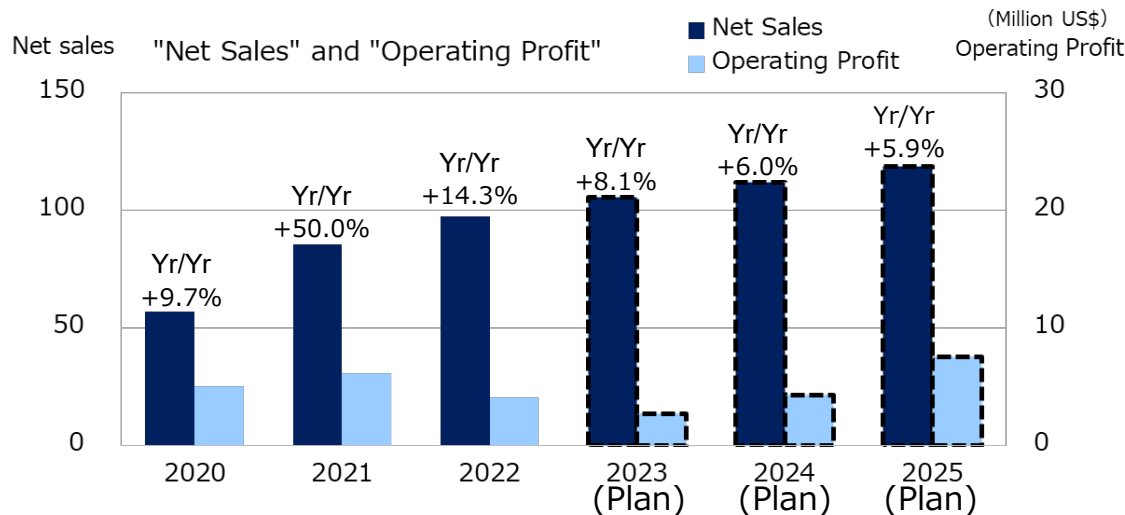
Sales breakdown

Strengthen sales activities

- Strengthen marketing system and thoroughly manage pipeline
⇒ Formulate long-term growth strategies and customer-specific strategies by sector based on analysis of market trends, etc.
- **Aim to recover net sales and operating profit in the second half of FYE September 2023**

Utilize and deploy Japanese technology

- Bridge to Tokyo project: Project team currently working to utilize and deploy Japanese technology in the U.S.
- Localization of some technologies completed in the U.S. and **begun sales to customers**
- **Promote sharing of formulas and technical information with R&D in Japan**



FYE September 30, 2023, 2Q results

Net sales: 44.6 million U.S. dollars
(6.1 billion yen, -6.3% Yr/Yr)

Operating loss: 1.4 million U.S. dollars
(0.19 billion yen)

***Reference**
EBITDA : 5.6 million U.S. dollars
(0.77 billion yen, -35.6% Yr/Yr)

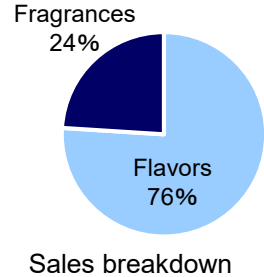
* Savory flavors
Salty flavors used in savory snacks, dressings, seasonings, and other products

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

Current initiatives and progress

Strengthen sales systems

- Utilize marketing functions
⇒ Develop strategic approaches to customers, tap unentered sectors and potential demand
Focus on large and midsize local companies and utilize agents to expand sales area
- Deepen collaboration between sales, research, and marketing
- Thoroughly manage pipelines and sales activities ⇒ Start introducing IT tools

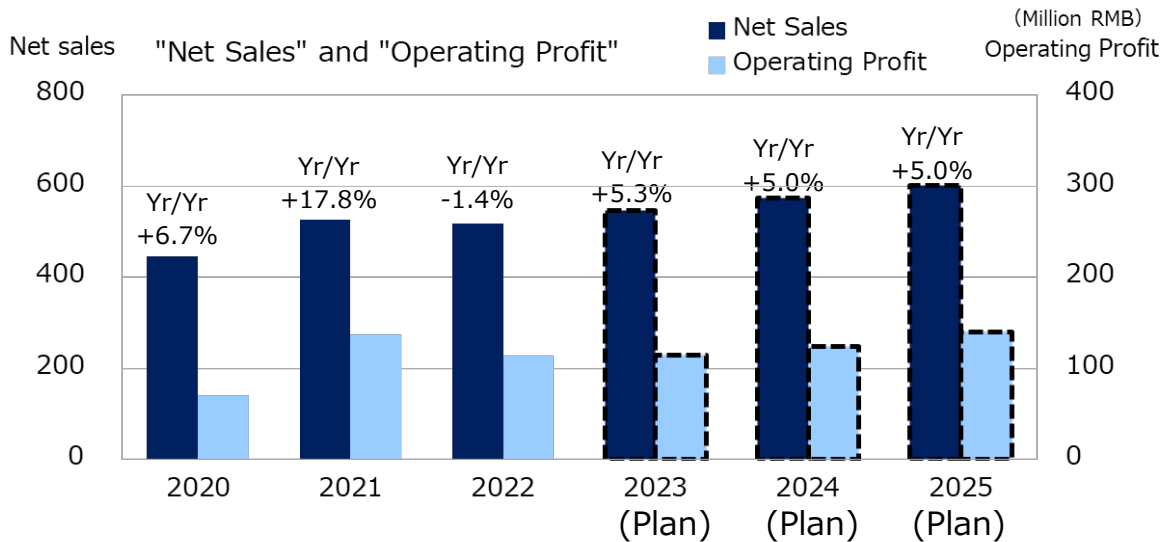


Improve profitability

- Thorough profit management ⇒ Aim for growth both in terms of sales and profit**

Strengthen research systems

- New research building construction project underway**
⇒ Construction of building will be completed in November 2023, operation planned to start in January 2024
⇒ Aim to strengthen research functions and improve operational efficiency
- Promote sharing of formulas and technical information with R&D in Japan**



FYE September 30, 2023, 2Q results

Net sales: 259 million yuan
(5.0 billion yen, +3.6% Yr/Yr)

Operating profit: 62.1 million yuan
(1.21 billion yen, +13.7% Yr/Yr)

***Reference**
EBITDA : 78.8 million yuan
(1.54 billion yen, +11.3% Yr/Yr)

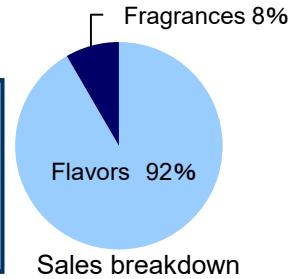
Overseas Strategy –Southeast Asia–

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

Current initiatives and progress

Strengthen sales systems

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

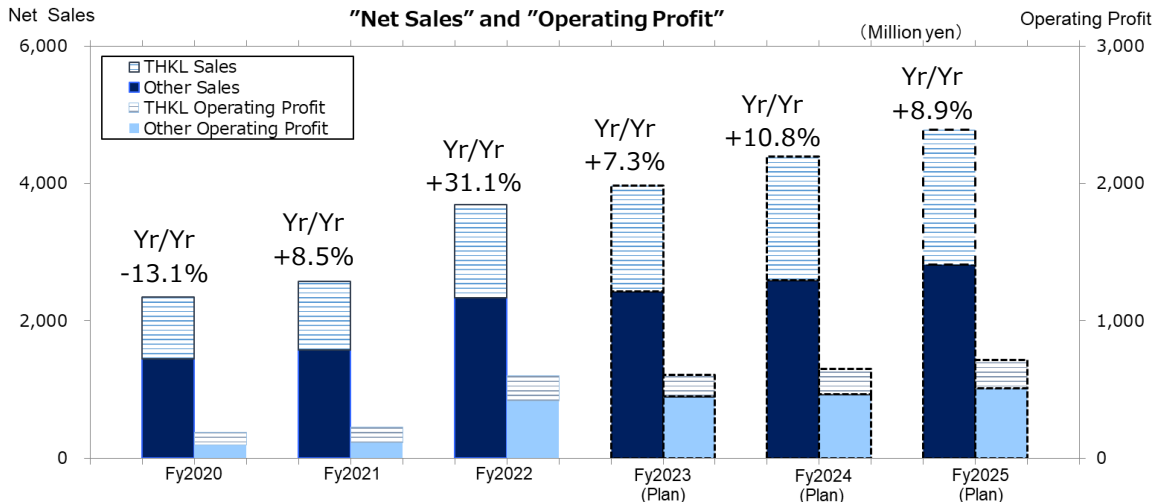


Speed up responses to customers

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

Strategic development in Southeast Asia using THKL as a hub

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



FYE September 30, 2023, 2Q results

Net sales: 1.99 billion yen
(+20.1% Yr/Yr)

Operating profit: 0.31 billion yen
(+15.9% Yr/Yr)

***Reference**

EBITDA : 0.39 billion yen
(+12.2% 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
* T. HASEGAWA (SOUTHEAST ASIA) CO., LTD. (Thailand) has been included in the scope of consolidation since FYE September 2022. For conformity, the figures before FYE September 2021 have been revised to include the company retroactively

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 • Develop flavors to substitute for food ingredients • Capital and business alliance with DAIZ Inc. ➢ Strengthen measures in new sectors • Health foods, medical foods, etc. 	<ul style="list-style-type: none"> ➢ Usage mainly in savory foods, beverages, and health sector ➢ Trade mainly with local companies ➢ Expand business through M&A • Strengthen sweet flavors with M&A in 2020 ➢ Strengthen collaboration with research departments in Japan 	<ul style="list-style-type: none"> ➢ Usage mainly in beverages and instant noodles ➢ Trade mainly with international and local companies ➢ Tap unentered sectors and potential demand • Focus on large and midsize local companies • Expand area of sales by utilizing agents 	<ul style="list-style-type: none"> ➢ Usage mainly in seasoning powders and beverages • Target further expansion in beverage sectors ➢ Strengthen collaboration between sites • Increase sales in Malaysia, Thailand, and Indonesia ➢ Expand operations into countries around sites • 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, etc. • Propose ways to resolve discomfort with fragrances ➢ Strengthen response to SDGs • Develop environmentally-friendly fragrances 	<p>T. Hasegawa Group has yet to enter</p>	<ul style="list-style-type: none"> ➢ Usage mainly in daily necessities industry ➢ Trade mainly with local companies ➢ Focus on expansion among toiletry makers ➢ Strengthen collaboration with research departments in Japan 	<table border="1"> <tr> <td>Production</td> <td> <ul style="list-style-type: none"> ➢ Address with exports from Japan ⇒ Consider local production based on business development </td> </tr> <tr> <td>Sales</td> <td> <ul style="list-style-type: none"> ➢ Usage mainly among body care product makers ➢ Focus on acquiring new customers </td> </tr> </table>	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
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 							

Summary of Global Strategies

Japan	<ul style="list-style-type: none">• Strengthen collaboration between sales, research, and marketing departments under the Business Solutions Division• Focus on enhancing quality of sales activities and proposals ⇒ Promote solution sales and further strengthen customer success• Speed up R&D, create new value, and promote stronger collaboration between departments• Focus on the development of flavors to substitute for food ingredients and strengthen response to SDGs
U.S.	<ul style="list-style-type: none">• Acquisition of MISSION by T. HASEGAWA U.S.A. INC. in December 2020, PMI completed by the end of September 2021 ⇒ Aim for further growth in the U.S. market by realizing synergies• For the second plant construction plan, Phase 1 construction completed with operations from June 2022 Phase 2 construction will start in May 2023• Aim to recover net sales and operating profit in the second half of FYE September 2023
China	<ul style="list-style-type: none">• Utilize marketing functions to focus on large and midsize local companies, and utilize agents to expand sales area• Thorough profit management ⇒ Aim for growth both in terms of sales and profit• New research building construction project underway ⇒ Building construction has started and will complete in November 2023 with operations scheduled to begin in February 2024 ⇒ Aim to strengthen research functions and improve operational efficiency
Southeast Asia	<ul style="list-style-type: none">• Established Corporate Planning Office in Malaysia in order to formulate and promote strategies for Southeast Asia.• Speed up customer response by expanding library and utilizing flavor kits• Promote efficient R&D by systemizing operations• Promote new plant construction plan in Malaysia

VI. Capital Policy

Basic Policy

- Maintain a level of shareholders' equity that will enable the Company to execute growth investments and appropriately respond to risks, in order to achieve sustainable growth in corporate value and maximize it going forward

Policy on Use of Funds

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

Investment Securities

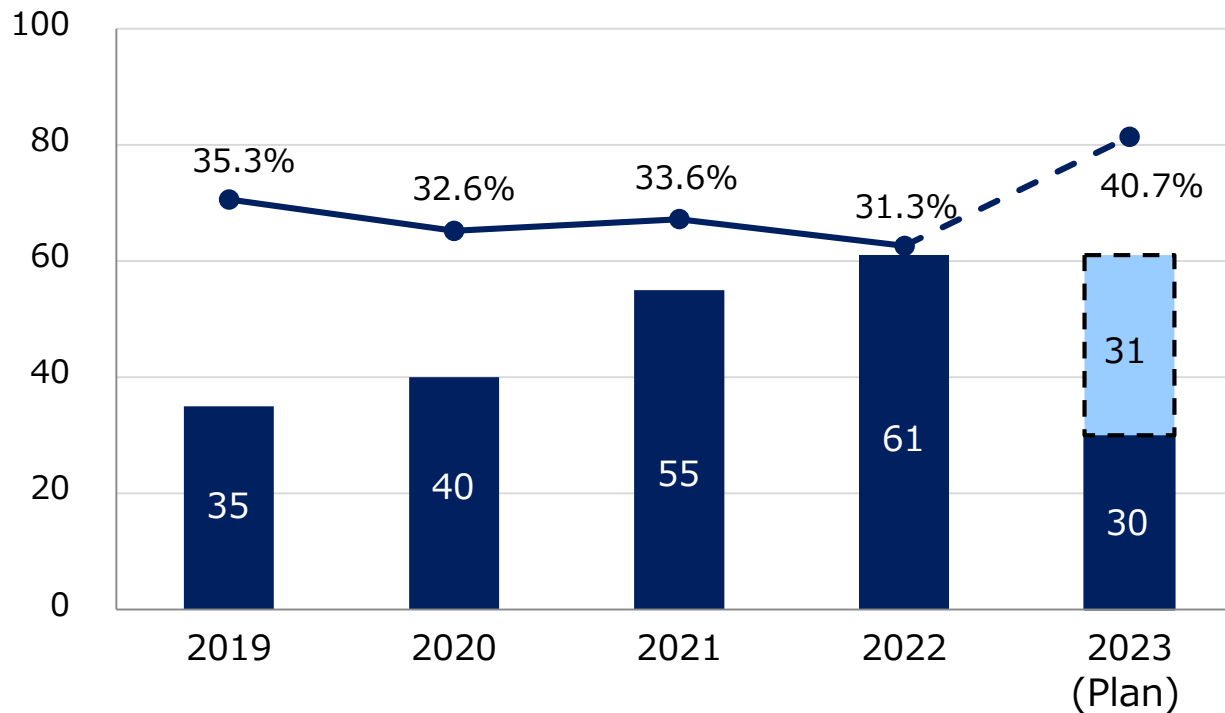
- Reduce the total number of shares held from the perspective of improving capital efficiency, etc. (some shares have already been sold and the Company will continue to consider opportunities to sell shares)
- Each year, the Board of Directors verifies the appropriateness of holding shares from a medium- to long-term perspective, based on the holding purpose, economic rationality, and other factors

Shareholder Returns

- Strive to return profits to shareholders in accordance with business performance, while also securing the necessary internal reserves to further strengthen the Group's management foundations and engage in future business development
- Pay dividends from surplus twice a year, including interim and year-end dividends, targeting a consolidated payout ratio of approximately 35%
- Introduced a shareholder benefit program in FYE September 2015 to encourage investors to hold the Company's shares over the medium- to long-term

Annual dividends
per share (Yen)

■ Annual dividends per share (Yen)
● Payout ratio (consolidated) (%)



Sale of Investment Securities (Partially Completed)

- February 3, 2023 : Published “Notice Concerning Expected Recording of Gain on Sales of Investment Securities (Extraordinary Income)”

[Overview]

Reason : Review of investment securities
 Shares sold : 2 listed securities held by the Company
 Scheduled date of sale : From February 6, 2023 to September 30, 2023
 Gain on sale : 1,200 million yen or less (forecast)

[Progress]

- The sale of the investment securities was partially completed between March and May 2023.

Shares sold : 2 listed securities held by the Company
 * The sale of one of the securities is ongoing

Gain on sale :

FY2023	Gain on Sales of Investment Securities (Extraordinary Income)
1 Q	—
2 Q	253 million yen
3Q (Plan)	681 million yen
Total	934 million yen

* Announced on March 3 and March 29, 2023

* Announced on April 21, April 28 and May 16, 2023

(Reference)

Ratio of investment securities to consolidated net assets

FY 2020	FY 2021	FY 2022
21.5%	18.2%	11.3%

* Aim for 10% or less by FYE September 2026

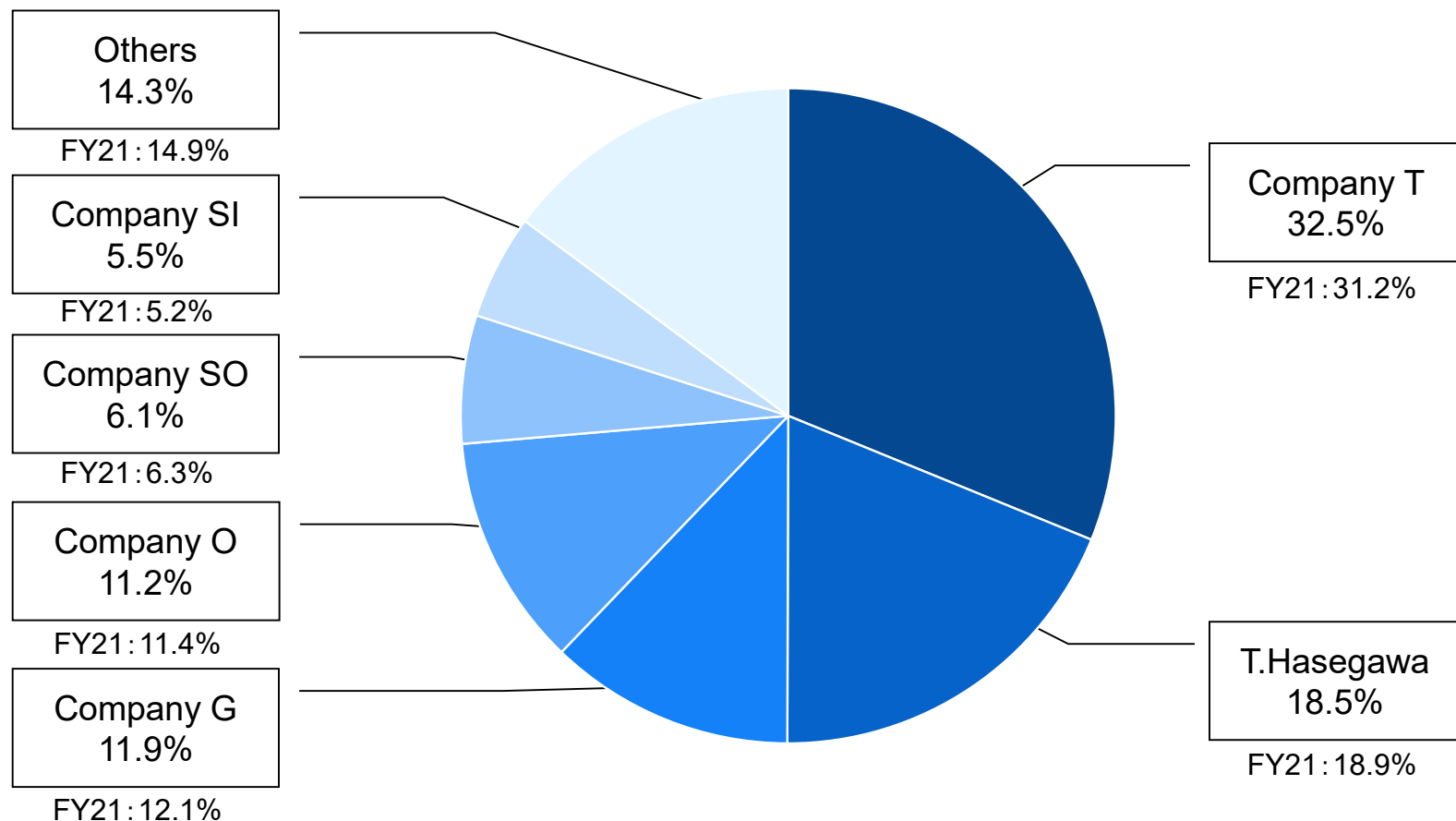
VII. Accompanying Materials

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

Million US\$				
	Company name	Country	Sales (2022Yr)	Market Share
1	IFF	U.S.	9,130	26.3%
2	Givaudan	Switzerland	7,454	21.4%
3	Firmenich	Switzerland	4,946	14.2%
4	Symrise	Germany	4,835	13.9%
5	ADM	Germany	3,769	10.8%
6	Mane SA	France	1,577	4.5%
7	Takasago	Japan	1,234	3.6%
8	Sensient Technologies	U.S.	738	2.1%
9	Robertet SA	France	622	1.8%
10	T.Hasegawa	Japan	478	1.4%
Total			34,783	100.0%

- * Estimated by the Company based on information disclosed by each company
- * Excluding the following segments
Takasago: Real Estate Segment; Sensient Technologies: ColorGroup · AsiaPacific Group;
Robertet: Les actifs
- * Nourish Segment and Scent Segment only for IFF, and Human Nutrition only for ADM
- * FY2021 figures used for Mane SA and Robertet SA

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



(As of Mar. 2022)

- *1 Market shares calculated by taking the total non-consolidated net sales of the top 10 companies as 100, based on data from a private research organization
- *2 The Company's FYE in September; T, SO, and SI in March; and G and O in December
The Company's net sales in the above graph are calculated for the period from April 2021 to March 2022

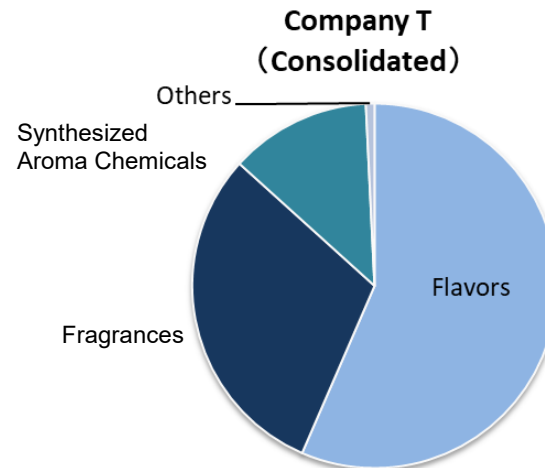
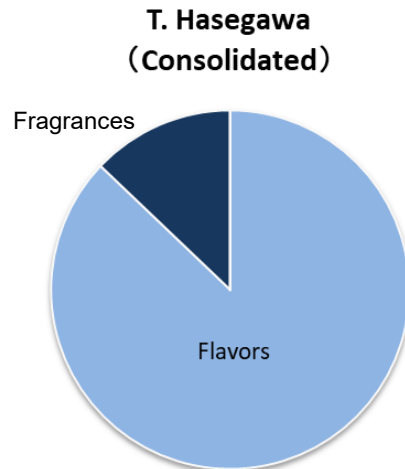
Sales Breakdown

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

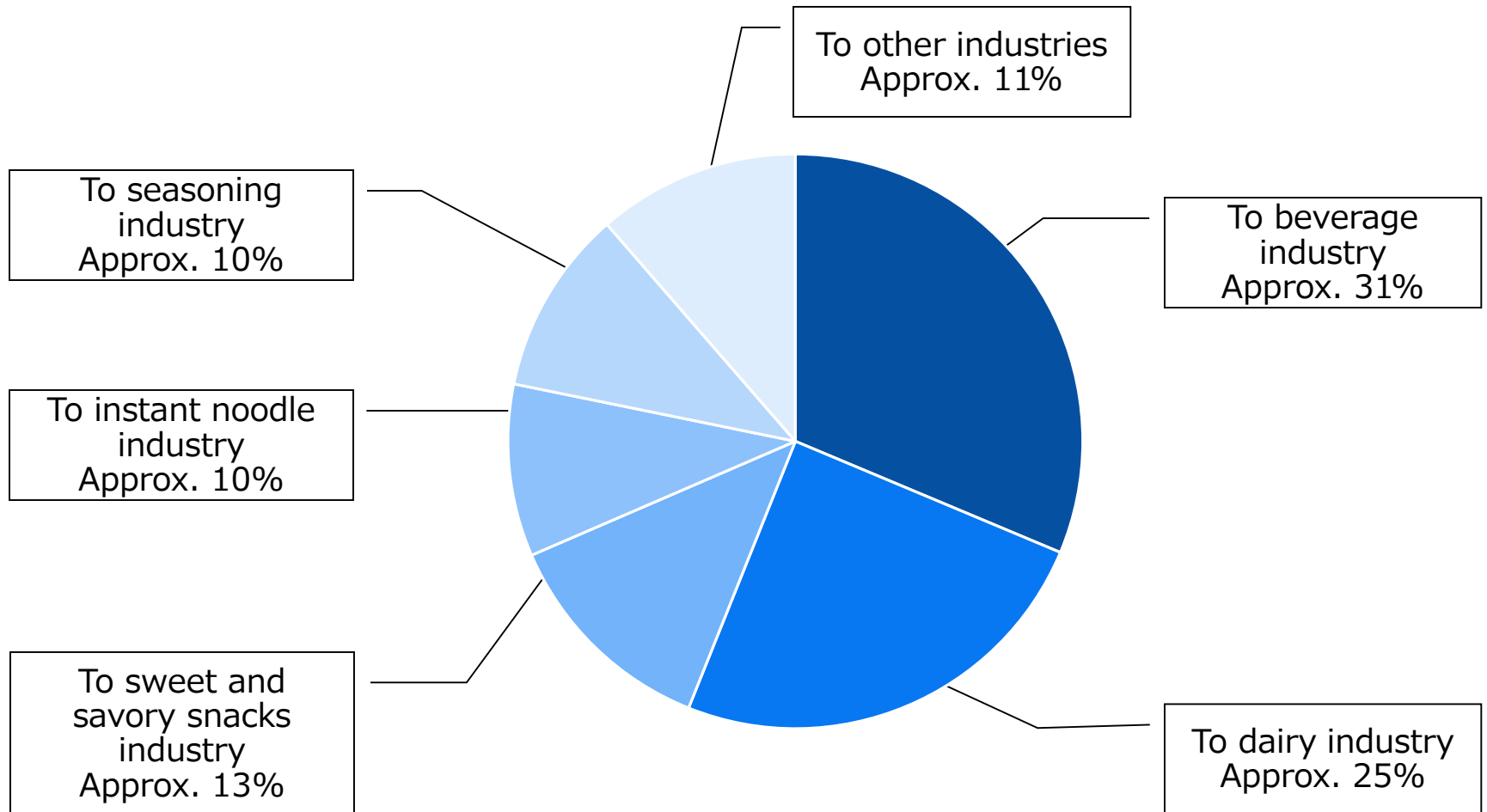
(Million yen)

	T. Hasegawa (Consolidated)		Company T (Consolidated)	
	FY ended in Sep. 2022		FY ended in Mar. 2023	
	Sales	Share	Sales	Share
Flavors	54,359	87.1%	105,551	56.5%
Fragrances	8,039	12.9%	56,393	30.2%
Synthesized Aroma Chemicals	–	–	23,420	12.5%
Others	–	–	1,426	0.8%
Total	62,398	100.0%	186,792	100.0%
Ratio of gross profit to sales	41.1%		29.1%	
Ratio of operating profit to sales	12.9%		3.2%	

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



- 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 2023 2Q as 100

- Operating profit decline factors
Deterioration in cost-of-sales ratio due mainly to increase of raw material price is the main factor

(Million yen)

	FY22 2Q (Cumulative results)		FY23 2Q (Cumulative results)		Change		Factor
	Amount	%	Amount	%	Amount	%	
Net sales	29,199	100.0%	31,313	100.0%	2,114	7.2%	Higher sales of U.S. subsidiaries (due to depreciation of the yen), T. Hasegawa, and Chinese subsidiaries Of the increase, 1,681 million yen is attributable to yen down
Cost of sales	17,110	58.6%	18,885	60.3%	1,775	10.4%	Cost-of-sales ratio deteriorated due mainly to increase of raw material price, while net sales increased
Gross profit	12,088	41.4%	12,428	39.7%	339	2.8%	
SG&A expenses	8,265	28.3%	8,842	28.2%	577	7.0%	Of the increase, 488 million yen is attributable to yen down
Operating profit	3,823	13.1%	3,585	11.4%	-238	-6.2%	
Ordinary profit	4,266	14.6%	3,728	11.9%	-538	-12.6%	(Foreign exchange gains/losses) FY2022: Foreign exchange gains: 196 million yen FY2023: Foreign exchange losses: (146) million yen * Difference of 342 million yen is the main factor of decrease in ordinary profit
Profit before income taxes	4,739	16.2%	3,947	12.6%	-792	-16.7%	
Net profit	3,318	11.4%	2,824	9.0%	-493	-14.9%	FY2022: Losses in non-controlling interests: (36) million yen

* Net profit refers to profit attributable to owners of parent

Analysis of Changes in Consolidated Balance Sheet

(Million yen)

	Sep. 30, 2022	Mar. 31, 2023	Change	Factor
Current assets	65,989	65,592	△ 397	<ul style="list-style-type: none"> • Increase in cash and cash equivalents: 777 million yen • Increase in inventories: 1,316 million yen • Decrease in accounts receivable - trade: (1,351) million yen
Non-current assets	67,563	64,224	△ 3,339	<ul style="list-style-type: none"> • Decrease in property, plant and equipment: (1,464) million yen • Decrease in intangible assets: (2,022) million yen
Total assets	133,553	129,816	△ 3,736	
Current liabilities	13,331	11,096	△ 2,235	<ul style="list-style-type: none"> • Decrease in accounts payable: (911) million yen • Decrease in provision for bonuses: (673) million yen • Decrease in income taxes payable: (611) million yen
Non-current liabilities	9,204	9,293	89	
Total liabilities	22,536	20,390	△ 2,145	
Net assets	111,017	109,426	△ 1,590	<ul style="list-style-type: none"> • Net profit: 2,824 million yen • Dividends of surplus: (1,316) million yen • Decrease in foreign currency translation adjustment: (3,288) million yen • Increase in valuation difference on securities: 135 million yen
Total liabilities and net assets	133,553	129,816	△ 3,736	

Consolidated Statement of Cash Flows

(Million yen)

	FY22 2Q (Cumulative results)	FY23 2Q (Cumulative results)	Change	Major items in FY23 2Q
Cash flows from operating activities	3,551	3,932	381	<ul style="list-style-type: none"> • Profit before income taxes: 3,947 million yen • Depreciation: 1,786 million yen • Amortization of goodwill: 450 million yen • Gain on sales of investment securities: (253) million yen • Increase in inventories: (541) million yen • Income taxes paid: (1,670) million yen
Cash flows from investing activities	△ 1,392	△ 1,208	184	<ul style="list-style-type: none"> • Purchase of property, plant and equipment: (1,139) million yen • Purchase of intangible fixed assets (339) million yen • Sales of investment securities: 269 million yen
Cash flows from financing activities	△ 1,403	△ 1,368	34	<ul style="list-style-type: none"> • Dividends paid: (1,318) million yen
Effect of exchange rate change on cash and cash equivalents	640	△ 467	△ 1,107	
Net increase (decrease) in cash and cash equivalents	1,394	887	△ 506	
Cash and cash equivalents at beginning of period	19,378	27,425	8,047	
Cash and cash equivalents at end of period	20,773	28,313	7,540	

(Million yen)

	FY2023 Plan	FY2023 2Q Actual	Progress (%)
Capital Investment	6,404	1,127	17.6%
Depreciation & Amortization	3,705	1,786	48.2%
Amortization of Goodwill	876	450	51.4%
R&D Expenses	5,316	2,528	47.6%

* Depreciation includes amortization of customer-related assets

T. Hasegawa-non-consolidated (Actual)

(Million yen)

	FY2022 2Q Actual		FY2023 2Q Actual		Change		Progress vs annual Plan
	Amount	Share	Amount	Share	Yr/Yr		
					Amount	%	%
Net Sales	18,658	100.0%	19,243	100.0%	585	3.1%	48.5%
Cost of Sales	11,009	59.0%	11,750	61.1%	740	6.7%	47.9%
Gross Profit	7,649	41.0%	7,493	38.9%	-155	-2.0%	49.3%
SG&A Expenses	5,126	27.5%	5,114	26.6%	-12	-0.2%	45.8%
Operating Profit	2,522	13.5%	2,379	12.4%	-142	-5.7%	59.2%
Ordinary Profit	2,925	15.7%	2,485	12.9%	-439	-15.0%	55.9%
Profit before Income Taxes	3,404	18.2%	2,709	14.1%	-695	-20.4%	48.3%
Net Profit	2,567	13.8%	1,996	10.4%	-570	-22.2%	48.9%

- Net sales increased due to higher sales in the flavor and fragrance segments
- Operating profit decreased due to deterioration in cost-of-sales ratio (affected by material price rises and increased utility costs)

Consolidated U.S. Subsidiaries (Actual)

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

(Million yen)

Yen Basis	FY2022 2Q		FY2023 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	5,485	100.0%	6,121	100.0%	635	11.6%
Cost of Sales	3,316	60.5%	4,028	65.8%	712	21.5%
Gross Profit	2,168	39.5%	2,092	34.2%	-76	-3.5%
SG&A Expenses	1,894	34.5%	2,290	37.4%	395	20.9%
Operating Profit	274	5.0%	-197	-	-472	-
Ordinary Profit	280	5.1%	-203	-	-483	-
Net Profit	215	3.9%	-166	-	-381	-

Yen 114.96/USD

Yen 136.96/USD

19.1% lower

(Thousand US\$)

Local Currency Basis	FY2022 2Q		FY2023 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	47,715	100.0%	44,692	100.0%	-3,023	-6.3%
Cost of Sales	28,850	60.5%	29,417	65.8%	566	2.0%
Gross Profit	18,865	39.5%	15,274	34.2%	-3,590	-19.0%
SG&A Expenses	16,475	34.5%	16,720	37.4%	244	1.5%
Operating Profit	2,389	5.0%	-1,445	-	-3,835	-
Ordinary Profit	2,440	5.1%	-1,483	-	-3,923	-
Net Profit	1,873	3.9%	-1,213	-	-3,087	-

- Net sales decreased on a local currency basis due to temporary slow downs in orders caused by unstable market outlooks. Increased on a yen basis due to the depreciation of the yen
- Operating profit decreased due to deterioration in cost-of-sales ratio (affected by material price rises, increase in depreciation costs due to the commencement of the second plant operation, and decrease in production volume) and increase in SG&A expenses

Consolidated China Subsidiaries (Actual)

* Consolidated statements of profit of the Company's two consolidated subsidiaries in China (T. HASEGAWA FLAVOURS AND FRAGRANCES (SHANGHAI) CO., LTD. and T. HASEGAWA FLAVOURS (SUZHOU) CO., LTD.)

(Million yen)

Yen Basis	FY2022 2Q		FY2023 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	4,517	100.0%	5,087	100.0%	569	12.6%
Cost of Sales	2,677	59.3%	2,912	57.3%	235	8.8%
Gross Profit	1,840	40.7%	2,174	42.7%	334	18.2%
SG&A Expenses	853	18.9%	955	18.8%	101	11.9%
Operating Profit	986	21.8%	1,219	24.0%	232	23.6%
Ordinary Profit	1,062	23.5%	1,283	25.2%	221	20.8%
Net Profit	535	11.9%	617	12.1%	81	15.2%

Yen18.04/RMB

Yen19.61/RMB

8.7% lower

(Thousand RMB)

Local Currency Basis	FY2022 2Q		FY2023 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	250,422	100.0%	259,424	100.0%	9,002	3.6%
Cost of Sales	148,418	59.3%	148,528	57.3%	109	0.1%
Gross Profit	102,003	40.7%	110,896	42.7%	8,892	8.7%
SG&A Expenses	47,308	18.9%	48,710	18.8%	1,402	3.0%
Operating Profit	54,695	21.8%	62,185	24.0%	7,490	13.7%
Ordinary Profit	58,916	23.5%	65,471	25.2%	6,555	11.1%
Net Profit	29,698	11.9%	31,482	12.1%	1,784	6.0%

- Net sales increased mainly as a result of higher sales in the flavor segment
- Operating profit increased as a result of higher sales and improved cost-of-sales ratio

Malaysian Subsidiaries (Actual)

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

(Million yen)

Yen Basis	FY2022 2Q		FY2023 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	590	100.0%	791	100.0%	201	34.1%
Cost of Sales	346	58.6%	465	58.7%	119	34.4%
Gross Profit	244	41.4%	326	41.3%	82	33.7%
SG&A Expenses	183	31.1%	224	28.3%	40	22.3%
Operating Profit	60	10.3%	102	12.9%	41	68.3%
Ordinary Profit	68	11.5%	102	12.9%	34	50.6%
Net Profit	46	7.9%	74	9.4%	27	58.3%

Yen 27.46/MYR

Yen 30.60/MYR

11.4% lower

(Thousand Malaysian Ringgit)

Local Currency Basis	FY2022 2Q		FY2023 2Q		Yr/Yr	
	Amount	Share	Amount	Share	Amount	%
Net Sales	21,497	100.0%	25,877	100.0%	4,379	20.4%
Cost of Sales	12,601	58.6%	15,200	58.7%	2,599	20.6%
Gross Profit	8,896	41.4%	10,676	41.3%	1,780	20.0%
SG&A Expenses	6,682	31.1%	7,333	28.3%	650	9.7%
Operating Profit	2,213	10.3%	3,343	12.9%	1,129	51.0%
Ordinary Profit	2,477	11.5%	3,348	12.9%	871	35.2%
Net Profit	1,703	7.9%	2,419	9.4%	716	42.0%

- Net sales increased mainly as a result of higher sales to savory snack manufacturers
- Operating profit increased as a result of higher sales

Global Strategy - Actual and Plan by Region

T. HASEGAWA Non-consolidated (Billion yen)

	2020	2021	2022	2023 (Plan)	2024 (Plan)	2025 (Plan)
Net Sales	36.8	37.4	39.2	39.7	41.0	42.7
Operating Profit	3.7	3.9	5.2	4.0	4.9	5.6
EBITDA	5.7	5.8	6.9	5.8	6.7	7.3
Sales Yr/Yr	-2.2%	1.5%	4.9%	1.3%	3.3%	4.1%
Operating Profit to Net Sales	10.1%	10.4%	13.2%	10.1%	12.0%	13.1%
EBITDA to Net Sales	15.4%	15.6%	17.5%	14.5%	16.3%	17.1%

U.S. (Million US\$)

	2020	2021	2022	2023 (Plan)	2024 (Plan)	2025 (Plan)
Net Sales	56.9	85.4	97.6	105.6	111.9	118.5
Operating Profit	5.0	6.1	4.1	2.7	4.2	7.5
EBITDA	8.5	16.6	17.2	17.5	19.8	23.6
Sales Yr/Yr	9.7%	50.0%	14.3%	8.1%	6.0%	5.9%
Operating Profit to Net Sales	8.9%	7.2%	4.2%	2.6%	3.8%	6.4%
EBITDA to Net Sales	15.0%	19.4%	17.7%	16.7%	17.7%	20.0%

China (Million RMB)

	2020	2021	2022	2023 (Plan)	2024 (Plan)	2025 (Plan)
Net Sales	446.4	525.9	518.3	545.7	573.0	601.5
Operating Profit	70.4	137.0	113.7	114.7	123.0	139.7
EBITDA	101.8	167.5	146.0	146.3	163.9	182.0
Sales Yr/Yr	6.7%	17.8%	-1.4%	5.3%	5.0%	5.0%
Operating Profit to Net Sales	15.8%	26.1%	21.9%	21.0%	21.6%	23.2%
EBITDA to Net Sales	22.8%	31.9%	28.2%	26.8%	28.6%	30.3%

Southeast Asia (Billion yen)

	2020	2021	2022	2023 (Plan)	2024 (Plan)	2025 (Plan)
Net Sales	2.59	2.81	3.69	3.96	4.39	4.78
Operating Profit	0.26	0.36	0.60	0.60	0.64	0.71
EBITDA	0.39	0.50	0.76	0.75	0.79	0.85
Sales Yr/Yr	-13.1%	8.5%	31.1%	7.3%	10.8%	8.9%
Operating Profit to Net Sales	10.1%	12.9%	16.3%	15.2%	14.7%	15.0%
EBITDA to Net Sales	15.3%	18.1%	20.7%	19.1%	18.1%	18.0%

* Southeast Asia: T. HASEGAWA (SOUTHEAST ASIA) CO., LTD. (Thailand) has been included in the scope of consolidation since FYE September 2022
For conformity, the figures before the FYE September 30, 2021 have been revised to include the company retroactively

Medium-Term Three-Year Plan (Consolidated)

T. Hasegawa non-consolidated	Expect sales increase by promoting solution sales through strengthening collaboration between sales, research, and marketing departments, strengthening R&D capabilities, and addressing expansion in flavor and fragrance applications
U.S.	Increase sales in the savory, health, and beverage sectors, and expect synergies from the acquisition of MISSION
China	Strengthen sales systems by utilizing marketing functions and deepening collaboration between sales, research, and marketing and expect sales increase by developing strategic approaches to customers and tapping unentered sectors and potential demand
Malaysia	Expect sales increase via initiatives including strengthening collaboration among Southeast Asian bases and strengthening sales systems to acquire new customers

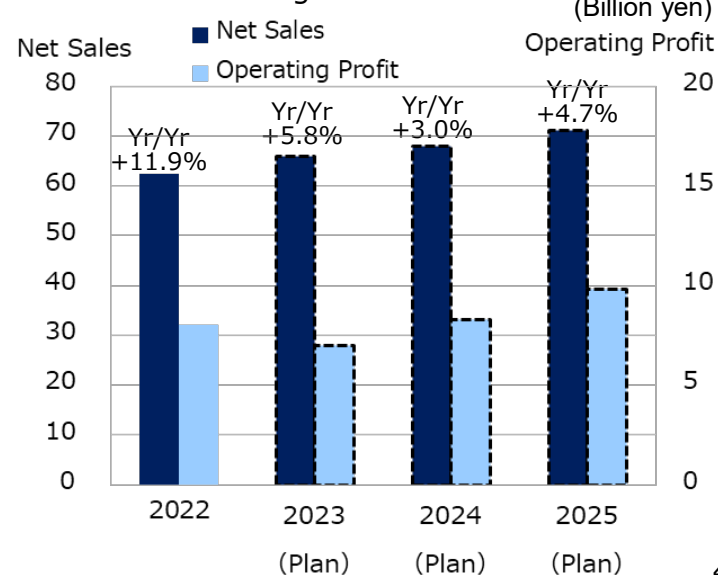
(Million yen)

	FY22 (Actual)	FY23 (Plan)	FY24 (Plan)	FY25 (Plan)
Net Sales	62,398	66,000	68,000	71,200
Cost of Sales	36,776	40,110	40,460	41,720
Operating Profit	8,051	7,000	8,270	9,800
Ordinary Profit	9,075	7,450	8,680	10,210
Net Profit	8,007	6,170	6,770	7,750
EBITDA	12,281	11,581	12,953	14,435
Exchange Rate	¥124.46/\$ ¥18.96/RMB	¥135.00/\$ ¥19.00/RMB	¥125.00/\$ ¥19.00/RMB	¥125.00/\$ ¥19.00/RMB
Sales Yr/Yr	11.9%	5.8%	3.0%	4.7%
Cost of Sales to Net Sales	58.9%	60.8%	59.5%	58.6%
Operating Profit to Net Sales	12.9%	10.6%	12.2%	13.8%
Ordinary Profit to Net Sales	14.5%	11.3%	12.8%	14.3%
Net Profit to Net Sales	12.8%	9.3%	10.0%	10.9%
EBITDA to Net Sales	19.7%	17.5%	19.0%	20.3%
Overseas net sales as a percentage of consolidated net sales	45.9%	48.0%	47.8%	48.4%

FY9/23 Factors for Decrease in Operating Profit

- Main factors are increase of raw material price, increased utility costs and increased labor and personnel costs

Net Sales and Operating Profit of T. Hasegawa consolidated



* The Group's medium-term three-year plan is revised each fiscal year. See page 43 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

Medium-Term Three-Year Plan (Consolidated)

(Million yen)

	FY22 (Actual)			FY23 (Plan)			FY24 (Plan)			FY25 (Plan)		
	Amount	Share	%	Amount	Share	%	Amount	Share	%	Amount	Share	%
Net Sales	62,398	100.0%	11.9%	66,000	100.0%	5.8%	68,000	100.0%	3.0%	71,200	100.0%	4.7%
Cost of Sales	36,776	58.9%	11.1%	40,110	60.8%	9.1%	40,460	59.5%	0.9%	41,720	58.6%	3.1%
Gross Profit	25,622	41.1%	13.1%	25,890	39.2%	1.0%	27,540	40.5%	6.4%	29,480	41.4%	7.0%
SG&A Expenses	17,570	28.2%	11.3%	18,890	28.6%	7.5%	19,270	28.3%	2.0%	19,680	27.6%	2.1%
Operating Profit	8,051	12.9%	17.4%	7,000	10.6%	-13.1%	8,270	12.2%	18.1%	9,800	13.8%	18.5%
Ordinary Profit	9,075	14.5%	21.6%	7,450	11.3%	-17.9%	8,680	12.8%	16.5%	10,210	14.3%	17.6%
Profit before Income Taxes	11,267	18.1%	16.2%	8,610	13.0%	-23.6%	9,440	13.9%	9.6%	10,770	15.1%	14.1%
Net Profit	8,007	12.8%	18.4%	6,170	9.3%	-22.9%	6,770	10.0%	9.7%	7,750	10.9%	14.5%

* Net profit refers to profit attributable to owners of parent

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

(Million yen)

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

This presentation is based on data as of May 12, 2023, and was created with the intention of providing information on future management plans and results for the second quarter of the fiscal year ending September 30, 2023.

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