

Translation

Notice: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

May 10, 2024

Company name: T. HASEGAWA CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 4958 URL <https://www.t-hasegawa.co.jp/>
 Representative: President & CEO Takao Umino
 Inquiries: Director & Senior Executive Vice President Minoru Nakamura TEL 03-3241-1151
 Scheduled date to file Quarterly Securities Report: May 14, 2024
 Scheduled date to commence dividend payments: May 31, 2024
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended March 31, 2024 (from October 1, 2023 to March 31, 2024)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended March 31, 2024	33,453	6.8	4,295	19.8	4,555	22.2	3,198	13.2
Six months ended March 31, 2023	31,313	7.2	3,585	(6.2)	3,728	(12.6)	2,824	(14.9)

Note: Comprehensive income Six months ended March 31, 2024 ¥3,741 million [-%]
 Six months ended March 31, 2023 ¥(303) million [-%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended March 31, 2024	77.74	77.43
Six months ended March 31, 2023	68.65	68.40

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2024	141,076	118,815	84.0
As of September 30, 2023	139,125	116,319	83.4

Reference: Equity As of March 31, 2024 ¥118,489 million
 As of September 30, 2023 ¥116,024 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended September 30, 2023	–	30.00	–	31.00	61.00
Year ending September 30, 2024	–	31.00	–	–	–
Year ending September 30, 2024 (Forecast)	–	–	–	31.00	62.00

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

3. Forecast of consolidated financial results for the year ending September 30, 2024 (from October 1, 2023 to September 30, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	66,500	2.5	8,300	10.6	8,800	7.5	6,750	1.2	164.05

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

4. Notes

(1) Changes in significant subsidiaries during the six months ended March 31, 2024
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to “Application of special accounting methods for preparing quarterly consolidated financial statements” under “2. Quarterly consolidated financial statements and significant notes thereto, (3) Notes to quarterly consolidated financial statements” on page 8 of the Attached Material.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of March 31, 2024	42,708,154 shares	As of September 30, 2023	42,708,154 shares
----------------------	-------------------	--------------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2024	1,562,888 shares	As of September 30, 2023	1,562,828 shares
----------------------	------------------	--------------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended March 31, 2024	41,145,292 shares	Six months ended March 31, 2023	41,145,376 shares
---------------------------------	-------------------	---------------------------------	-------------------

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

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

(Caution regarding forward-looking statements and others)

The forward-looking statements, including the earnings forecast, shown in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual results may differ substantially due to various factors. For the suppositions that form the assumptions for financial results forecast and cautions concerning the use thereof, please refer to “1. Qualitative information on financial results for the period, (3) Explanation of consolidated financial results forecast and other forward-looking statements” on page 3 of the Attached Material.

(How to obtain supplementary material on financial results)

The Company plans to hold a financial results meeting for institutional investors and analysts through live streaming on Thursday, May 23, 2024.

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

Attached Material Index

1. Qualitative information on financial results for the period.....	2
(1) Explanation of operating results	2
(2) Explanation of financial position.....	3
(3) Explanation of consolidated financial results forecast and other forward-looking statements.....	3
2. Quarterly consolidated financial statements and significant notes thereto	4
(1) Consolidated balance sheets	4
(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative).....	6
Consolidated statements of income (cumulative).....	6
Consolidated statements of comprehensive income (cumulative).....	7
(3) Notes to quarterly consolidated financial statements	8
(Uncertainties of entity’s ability to continue as going concern).....	8
(Notes when there are significant changes in amounts of equity)	8
(Application of special accounting methods for preparing quarterly consolidated financial statements)	8
(Segment information, etc.).....	9

1. Qualitative information on financial results for the period

(1) Explanation of operating results

The Japanese economy in the six months ended March 31, 2024 showed signs of a gradual recovery, with the normalization of social and economic activities and improvements in employment and income. On the other hand, the outlook for the economy remained uncertain amid continuing concerns over the impacts on domestic and overseas economic activities of developments in the international situation, soaring raw material and resource prices, rising commodity prices, strong fluctuations in foreign exchange rates, etc.

The flavor and fragrance industry remained in a severe situation due largely to maturation of the domestic market, fiercer competition among peers, and growing demand for quality assurance.

In this environment, giving primary consideration to quality control of products and securing of safety, the Group worked to further improve research and technology development capabilities and focused on development of the Company's unique high quality and high value-added products.

In the six months ended March 31, 2024, net sales increased by ¥2,139 million (6.8%) year on year, amounting to ¥33,453 million. The Company's non-consolidated net sales increased by 3.0% year on year. As for net sales of major overseas consolidated subsidiaries, net sales of a subsidiary in the USA increased by 17.7% year on year (up 8.8% on a local currency basis), those of subsidiaries in China increased by 7.4% year on year (up 2.5% on a local currency basis), and those of a subsidiary in Malaysia increased by 17.9% year on year (up 14.6% on a local currency basis).

By division, net sales of the Flavor Division increased by 8.8% year on year, amounting to ¥29,526 million, due mainly to increased net sales of a subsidiary in the USA, the Company on a non-consolidated basis and subsidiaries in China.

Net sales of the Fragrance Division decreased by 6.1% year on year, amounting to ¥3,926 million due mainly to decreases in non-consolidated sales of the Company and net sales of subsidiaries in China.

As for profit, although selling, general and administrative expenses increased in line with an increase in personal expenses, operating profit increased by ¥710 million (19.8%) year on year to ¥4,295 million due largely to an increase in gross profit resulting from higher sales and improved cost-of-sales ratio. Ordinary profit increased by ¥826 million (22.2%) year on year to ¥4,555 million due largely to an increase in operating profit and the recording of foreign exchange gains of ¥10 million (the recording of foreign exchange losses of ¥146 million in the same period of the previous fiscal year). Profit attributable to owners of parent increased by ¥374 million (13.2%) year on year to ¥3,198 million, due mainly to an increase in ordinary profit, despite a decrease in extraordinary income resulting from a decrease in gain on sale of investment securities.

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

1 USD=148.25 JPY (136.96 JPY in the same period of the previous fiscal year, 8.2% yen depreciation YoY)

1 RMB=20.54 JPY (19.61 JPY in the same period of the previous fiscal year, 4.7% yen depreciation YoY)

1 RM=31.48 JPY (30.60 JPY in the same period of the previous fiscal year, 2.9% yen depreciation YoY)

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

(Japan)

Net sales were ¥19,819 million (up 3.0% year on year), and segment profit was ¥2,421 million (up 1.8% year on year).

(Asia)

Net sales were ¥7,839 million (up 9.8% year on year), and segment profit was ¥1,760 million (up 31.3% year on year).

(USA)

Net sales were ¥7,328 million (up 18.3% year on year), and segment profit was ¥69 million (segment loss of ¥196 million in the same period of the previous fiscal year).

(2) Explanation of financial position

(Current assets)

Current assets increased by ¥2,332 million compared to the end of the fiscal year ended September 30, 2023 to ¥72,998 million due largely to an increase in securities of ¥6,999 million and a decrease in cash and deposits of ¥4,791 million, compared to the end of the fiscal year ended September 30, 2023.

(Non-current assets)

While buildings and structures increased by ¥944 million compared to the end of the fiscal year ended September 30, 2023, non-current assets decreased by ¥382 million compared to the end of the fiscal year ended September 30, 2023 to ¥68,078 million due largely to progress in amortization resulting in decreases in other under property, plant and equipment, goodwill, and customer relationship included in other under intangible assets of ¥631 million, ¥420 million, and ¥218 million, respectively.

(Current liabilities)

Current liabilities decreased by ¥36 million compared to the end of the fiscal year ended September 30, 2023 to ¥12,093 million due largely to an increase in accounts payable - trade of ¥595 million and a decrease of ¥542 million in provision for bonuses, compared to the end of the fiscal year ended September 30, 2023.

(Non-current liabilities)

Non-current liabilities decreased by ¥510 million to ¥10,167 million compared to the end of the fiscal year ended September 30, 2023 due largely to a decrease in deferred tax liabilities of ¥441 million.

(Net assets)

While retained earnings and foreign currency translation adjustment increased by ¥1,923 million and ¥762 million, respectively, compared to the end of the fiscal year ended September 30, 2023, total net assets increased by ¥2,496 million compared to the end of the fiscal year ended September 30, 2023 to ¥118,815 million due largely to a decrease in valuation difference on available-for-sale securities of ¥249 million.

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

1 USD=151.41 JPY (149.58 JPY at the end of the previous fiscal year, 1.2% yen depreciation YoY)

1 RMB=20.83 JPY (20.46 JPY at the end of the previous fiscal year, 1.8% yen depreciation YoY)

1 RM=31.98 JPY (31.88 JPY at the end of the previous fiscal year, 0.3% yen depreciation YoY)

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

No revisions have been made to the consolidated financial results forecast announced on November 10, 2023.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of September 30, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	25,699	20,908
Notes and accounts receivable - trade	19,863	19,823
Securities	7,000	13,999
Merchandise and finished goods	8,045	8,562
Work in process	115	174
Raw materials and supplies	8,689	8,579
Other	1,273	974
Allowance for doubtful accounts	(22)	(23)
Total current assets	70,665	72,998
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,042	20,987
Other, net	15,271	14,639
Total property, plant and equipment	35,314	35,627
Intangible assets		
Goodwill	6,060	5,639
Other	13,564	13,578
Total intangible assets	19,624	19,217
Investments and other assets		
Investment securities	12,414	12,072
Retirement benefit asset	18	18
Other	1,113	1,167
Allowance for doubtful accounts	(24)	(25)
Total investments and other assets	13,521	13,232
Total non-current assets	68,460	68,078
Total assets	139,125	141,076
Liabilities		
Current liabilities		
Accounts payable - trade	5,425	6,021
Income taxes payable	819	1,195
Provision for bonuses	1,630	1,087
Provision for bonuses for directors (and other officers)	70	–
Other	4,184	3,788
Total current liabilities	12,129	12,093
Non-current liabilities		
Deferred tax liabilities	1,354	913
Retirement benefit liability	7,516	7,516
Asset retirement obligations	69	69
Long-term accounts payable - other	195	186
Other	1,541	1,481
Total non-current liabilities	10,677	10,167
Total liabilities	22,806	22,260

(Millions of yen)

	As of September 30, 2023	As of March 31, 2024
Net assets		
Shareholders' equity		
Share capital	5,364	5,364
Capital surplus	7,513	7,513
Retained earnings	86,019	87,942
Treasury shares	(2,556)	(2,556)
Total shareholders' equity	96,341	98,264
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,554	6,304
Foreign currency translation adjustment	13,352	14,114
Remeasurements of defined benefit plans	(223)	(193)
Total accumulated other comprehensive income	19,682	20,225
Share acquisition rights	295	326
Total net assets	116,319	118,815
Total liabilities and net assets	139,125	141,076

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Net sales	31,313	33,453
Cost of sales	18,885	19,617
Gross profit	12,428	13,835
Selling, general and administrative expenses	8,842	9,540
Operating profit	3,585	4,295
Non-operating income		
Interest income	83	121
Dividend income	130	104
Foreign exchange gains	–	10
Other	91	53
Total non-operating income	306	290
Non-operating expenses		
Interest expenses	3	12
Foreign exchange losses	146	–
Other	12	18
Total non-operating expenses	162	31
Ordinary profit	3,728	4,555
Extraordinary income		
Gain on sale of investment securities	253	–
Total extraordinary income	253	–
Extraordinary losses		
Loss on abandonment of non-current assets	34	23
Total extraordinary losses	34	23
Profit before income taxes	3,947	4,532
Income taxes	1,122	1,333
Profit	2,824	3,198
Profit attributable to owners of parent	2,824	3,198

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended March 31, 2023	Six months ended March 31, 2024
Profit	2,824	3,198
Other comprehensive income		
Valuation difference on available-for-sale securities	135	(249)
Foreign currency translation adjustment	(3,288)	762
Remeasurements of defined benefit plans, net of tax	25	30
Total other comprehensive income	(3,127)	542
Comprehensive income	(303)	3,741
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(303)	3,741
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to quarterly consolidated financial statements

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

Not applicable.

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

Not applicable.

(Application of special accounting methods for preparing quarterly consolidated financial statements)

(Calculation of income tax expense)

Tax expense is calculated by multiplying the profit before income taxes by the reasonably estimated effective tax rates after the application of tax effect accounting to the profit before income taxes for the fiscal year including the second quarter ended March 31, 2024.

(Segment information, etc.)

[Segment information]

I. Six months ended March 31, 2023 (from October 1, 2022 to March 31, 2023)

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

(Millions of yen)

	Reportable segment				Adjustment (Note 1)	Consolidated (Note 2)
	Japan	Asia	USA	Total		
Net sales						
Flavor and fragrance business (Note 3)	18,146	7,049	6,116	31,313	–	31,313
Revenue from contracts with customers	18,146	7,049	6,116	31,313	–	31,313
Sales to external customers	18,146	7,049	6,116	31,313	–	31,313
Inter-segment sales or transfers	1,103	91	78	1,274	(1,274)	–
Total	19,250	7,140	6,195	32,587	(1,274)	31,313
Segment profit or loss	2,377	1,341	(196)	3,522	62	3,585

- Notes: 1. The adjustments on segment profit or loss of ¥62 million include ¥38 million of adjustments for intra-group transactions related to inter-segment transactions, ¥24 million of adjustments for inventories, and ¥0 million for others.
2. Segment profit or loss is adjusted to operating profit in the consolidated statements of income (cumulative).
3. The Flavor and fragrance business is composed mainly of the manufacturing and sales of flavors and fragrances, and the net sales of the Flavor and fragrance business are composed mainly of revenue from goods transferred to customers at a specific point in time.

II. Six months ended March 31, 2024 (from October 1, 2023 to March 31, 2024)

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

(Millions of yen)

	Reportable segment				Adjustment (Note 1)	Consolidated (Note 2)
	Japan	Asia	USA	Total		
Net sales						
Flavor and fragrance business (Note 3)	18,496	7,760	7,196	33,453	–	33,453
Revenue from contracts with customers	18,496	7,760	7,196	33,453	–	33,453
Sales to external customers	18,496	7,760	7,196	33,453	–	33,453
Inter-segment sales or transfers	1,322	79	132	1,534	(1,534)	–
Total	19,819	7,839	7,328	34,987	(1,534)	33,453
Segment profit	2,421	1,760	69	4,252	43	4,295

- Notes: 1. The adjustments on segment profit of ¥43 million include ¥57 million of adjustments for intra-group transactions related to inter-segment transactions, negative ¥12 million of adjustments for inventories, and negative ¥1 million for others.
2. Segment profit is adjusted to operating profit in the consolidated statements of income (cumulative).
3. The Flavor and fragrance business is composed mainly of the manufacturing and sales of flavors and fragrances, and the net sales of the Flavor and fragrance business are composed mainly of revenue from goods transferred to customers at a specific point in time.