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August 23, 2024

To whom it may concern:

Company name: T. HASEGAWA CO., LTD.
Listing: Prime Market, Tokyo Stock Exchange
Stock code: 4958
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Notice of Acquisition of Shares of ABELEI, INC. by Our Consolidated Subsidiary
(Conversion to Sub-subsidiary)

T. HASEGAWA CO., LTD. (the "Company") today announces its consolidated subsidiary T. HASEGAWA U.S.A., INC. (hereinafter referred to as "THUSA") has resolved at a Board of Directors meeting convened on August 23, 2024, to enter into a share purchase agreement with the existing shareholders of ABELEI, INC. (hereinafter referred to as "Abelei"), which produces and sells flavors in the United States. The acquisition of these shares will result in the inclusion of Abelei in the scope of consolidation of the Company.

1. Reason for the share acquisition

Under its basic strategy of efficiently deploying management resources and steadily developing its global operations, the Company focuses such resources on the United States and on the Asian region, particularly in China and Southeast Asia. Of these, the Company positions the USA as an attractive market among developed countries, with a growing population and a stable political and legal system.

THUSA, a consolidated subsidiary of the Company, was established in the United States in 1978 as a base for the North American region. THUSA has expanded its business performance through the production and sale of mainly savory flavors used in snacks, dressings, and seasonings. Following the acquisition of FLAVOR INGREDIENT HOLDINGS, LLC in 2017 and MISSION FLAVORS & FRAGRANCES, INC. in 2020, THUSA has expanded sales in the growing health and large-scale beverage sectors by offering more flavors that cater to natural preferences and wellness. In addition to savory flavors, THUSA has steadily improved the performance by expanding transactions in sweet flavors used in products such as confectioneries, dairy products and beverages.

Since its establishment in 1981, Abelei has been based in the Midwest of the United States, specializes in the production and sales of high-quality flavors tailored to meet customer demands. Leveraging its expertise in creating diverse flavors, Abelei serves a wide range of applications in the food, beverage, confectionery, dairy, and health and nutrition industries. In addition to deepening relationships with long-standing premium customers, Abelei has been expanding its dealings with new customers.

THUSA is based on the West Coast, and anticipate market expansion from the Midwest to the East Coast. THUSA has decided to acquire Abelei's shares for the purpose of further growth in the USA market in the future since the two companies' customer networks do not overlap and are highly complementary and synergies in terms of sales and production can be expected.

2. Outline of the subsidiary to acquire shares

| | | |
|-----|---|--|
| (1) | Trade name | T. HASEGAWA U.S.A., INC. |
| (2) | Location | California, USA |
| (3) | Name and title of the representative | Thomas Damiano, CEO |
| (4) | Nature of business | Manufacture and sale of various flavors as well as research on various flavors, raw materials, and food processing |
| (5) | Share capital | 199,700 thousand U.S. dollars (29,156 million yen) |
| (6) | Founded | 1978 |
| (7) | Major shareholders and shareholding ratio | T. HASEGAWA CO., LTD. 100.0% |

3. Outline of the subsidiary (sub-subsidiary) to be changed

| | | | | |
|-----|--|---|--|--|
| (1) | Trade name | ABELEI, INC. | | |
| (2) | Location | Illinois, USA | | |
| (3) | Name and title of the representative | Marcia Arb, Vice President, Finance & Operations Shelley Henderson, Vice President, Operations | | |
| (4) | Nature of business | Production and sale of various flavors | | |
| (5) | Share capital | 10 thousand U.S. dollars (approx. 1.4 million yen) | | |
| (6) | Founded | 1981 | | |
| (7) | Major shareholders and shareholding ratio | Marcia Arb (36%) Shelley Henderson (36%) Karen R. Criss Revocable Living Trust (28%) | | |
| (8) | Relationship between the listed company and the company concerned | Capital relationship | No applicable items. | |
| | | Personal relationship | No applicable items. | |
| | | Business relationship | No applicable items. | |
| (9) | Consolidated operating results and consolidated financial position of the company concerned for the last three years | | | |
| | FY | FY2021 | FY2022 | FY2023 |
| | Net assets | \$6.9 million (approx. 1,019 million yen) | \$7.5 million (approx. 1,095 million yen) | \$8.9 million (approx. 1,303 million yen) |
| | Total assets | \$7.2 million (approx. 1,055 million yen) | \$7.8 million (approx. 1,151 million yen) | \$9.0 million (approx. 1,318 million yen) |
| | Net assets per share | \$697.9 (approx. 101 thousand yen) | \$750.1 (approx. 109 thousand yen) | \$893.1 (approx. 130 thousand yen) |
| | Net sales | \$8.5 million (approx. 1,251 million yen) | \$6.1 million (approx. 898 million yen) | \$8.3 million (approx. 1,211 million yen) |
| | Operating income | \$1.4 million (approx. 204 million yen) | \$0.89 million (approx. 129 million yen) | \$2.2 million (approx. 326 million yen) |
| | Net income | \$1.07 million (approx. 156 million yen) | \$0.54 million (approx. 78 million yen) | \$1.43 million (approx. 208 million yen) |
| | Net income per share | \$107.0 (approx. 15.6 thousand yen) | \$54.1 (approx. 7.8 thousand yen) | \$143.0 (approx. 20.8 thousand yen) |

*Japanese yen equivalents shown in parentheses were obtained using a conversion rate of US\$1 = 146.00 yen.

4. Outline of the counterparties of the share acquisition

The counterparties of the share acquisition are the three shareholders mentioned in 3. (7), but details will not be disclosed in accordance with the wishes of the counterparties.

There are no noteworthy capital, personal, or business relationships between the Company and the three shareholders (Marcia Arb, Shelley Henderson, and Karen R. Criss Revocable Living Trust) from whom the shares are to be acquired.

5. Number of acquired shares, acquisition cost and status of shareholding before/after acquisition

| | | |
|-----|---|--|
| (1) | Number of shares held before the change | 0 shares (Number of voting rights: - rights) (Percentage of voting rights: -%) |
| (2) | Number of shares acquired | 10,000 shares (Number of voting rights: 10,000 rights) |
| (3) | Acquisition cost | Total approx. 48 million U.S. dollars (approx. 7,008 million yen) |
| (4) | Number of shares after the change | 10,000 shares (Number of voting rights: 10,000 rights) (Percentage of voting rights: 100.0%) |

*Japanese yen equivalents shown in parentheses were obtained using a conversion rate of US\$1 = 146.00 yen.

*Due diligence on the acquisition cost was performed by a third-party organization having no special interest in the Company and associated parties. The acquisition amount is judged appropriate by comprehensively taking various factors into consideration, such as business valuation results through various evaluation methods including DCF analysis, after drawing up 10-year profit plan, including the forecast for the fiscal year 2024, based on the Abelei's actual business performance and financial condition, and future growth potential. Additionally, the acquisition cost stated in section (3) includes the acquisition cost of related assets to be acquired in addition to the shares.

6. Schedule

| | | |
|-----|--------------------------|-----------------------------|
| (1) | Date of board resolution | August 23, 2024 |
| (2) | Closing date | August 23, 2024 |
| (3) | Share transfer date | August 30, 2024 (scheduled) |

7. Future prospects

The impact of these shares acquisition on the consolidated financial results for the fiscal year ending September 30, 2024, is currently under review.

We will make disclosure promptly should any matters requiring disclosure arise in the future.

End