

Acquisition of  
MISSION FLAVORS & FRAGRANCES, INC. Shares  
by Our Consolidated Subsidiary  
(December 22, 2020 Timely Disclosure)

Support Documentation

January 19, 2021

T. Hasegawa Co., Ltd.  
(Securities Code: 4958)

# Background of MISSION Share Acquisition

## Background

- Efficient allocation of management resources for steady global expansion is our basic strategy  
⇒ Focus on the U.S. and Asian regions, particularly China and Southeast Asia
- The U.S. population is growing, and the political and legal systems are stable



The U.S. is an attractive market  
Determined that measures for further growth in the U.S. market  
are necessary

## Features of MISSION

- Located in California, U.S., geographically close to THUSA, our U.S subsidiary
- Produces and sells high quality customized flavors
- Diligently responds to broad range of diversified needs of food and beverage companies
- Has strength in sweet flavors for various applications such as dairy products, cookies and ice-cream

## Rationale for Selection

- Taking advantage of its strength in sweet flavors, rapidly growing by deepening business relationships with long-time good customers and expanding businesses with new customers
- High potential for mutual benefit with THUSA
- Synergy in sales and production can be expected



Dec. 2020 - Execution by T. HASEGAWA U.S.A., INC. ("THUSA")  
of a stock purchase agreement with existing shareholders of  
MISSION FLAVORS & FRAGRANCES, INC. ("MISSION") was  
resolved

# MISSION Company Profile

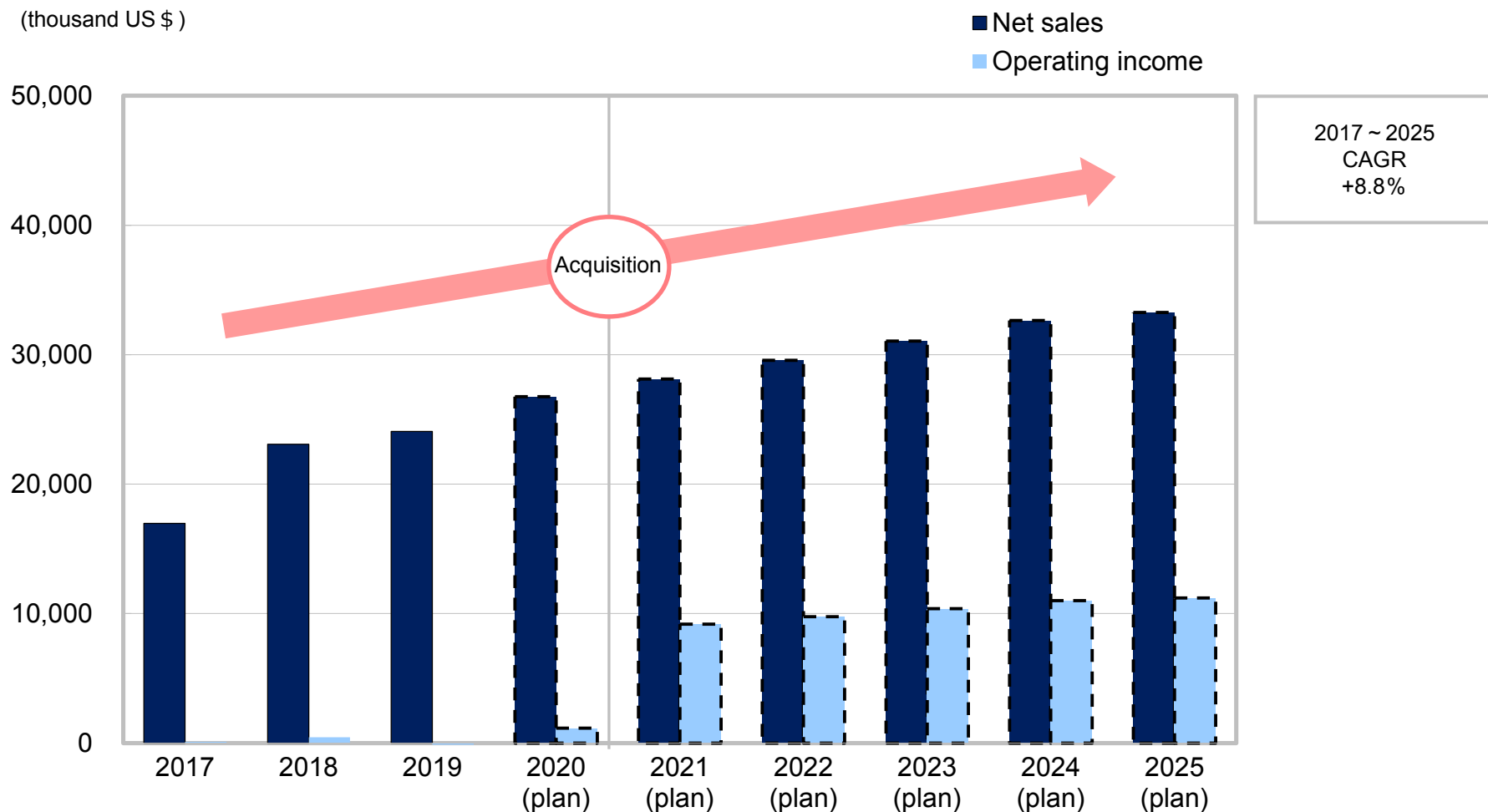
\* Japanese yen equivalents shown in parenthesis were obtained using conversion rate of \$1 = ¥105.00

Name	MISSION FLAVORS & FRAGRANCES, INC.
Location	California, U.S.
Business	Production / sale of various flavors
Established	1987
Capital	USD 5,000 (approx. JPY 0.5mil)
Total Assets	USD 3,420,000 (approx. JPY 359mil) (FY ended Dec. 2019)
Number of Employees	Approx. 30
Composition of Sales	Dairy products (mainly beverages) - approx. 60%, Confectionary/Dessert – approx. 27%, Other – approx.13%
Website	<a href="https://missionflavors.com/">https://missionflavors.com/</a>



▲Outside Shot of MISSION Building

## MISSION's Sales / Operating Income (2017-2025)



**Pursue large increase in both sales and profit from U.S. operations through synergy effect on operations and PMI**

## Number of Acquired Shares, Acquisition Cost and Status of Shareholding before/after Acquisition

\* Japanese yen equivalents shown in parenthesis were obtained using conversion rate of \$1 = ¥105.00

Ownership of Shares after Acquisition	610 shares (Percentage of Voting Rights: 100.0%)
Acquisition Cost	Stock purchase and advisory fees, etc. (approximate amount)* Total: Approx. USD127,480,000 (approx. JPY13,385mil)
Date of Board Resolution	December 22, 2020
Date of Contract Execution	December 22, 2020
Closing Date	December 29, 2020
Funding	Self-financed (T. Hasegawa injected capital to THUSA)
Goodwill, etc.	Currently under review
Future Prospect	<ul style="list-style-type: none"> <li>• Impact of this stock acquisition on consolidated performance of FY ending in Sept. 2021 is currently under review</li> <li>• We will make disclosure promptly if there arise anything to be disclosed in the future</li> </ul>

\* Due diligence on the acquisition cost was performed by a third-party organization having no special interest in T. Hasegawa 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 FY ended in Dec. 2020, based on the MISSION's actual business performance and financial condition, and future growth potential.

# Overseas Sales and Overseas Sales Ratio

For 9 years from 2011 to 2020, overseas sales almost doubled and overseas sales ratio increased from 20.1% to 35.4%

Will reinforce global strategy and improve overseas sales ratio going forward

