

Translation

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Summary of Consolidated Financial Results for the Three Months Ended December 31, 2020 (Based on Japanese GAAP)

February 5, 2021

Company name: T. HASEGAWA CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 4958 URL <https://www.t-hasegawa.co.jp/>
 Representative: President & COO Takao Umino
 Inquiries: Director & Senior Executive Vice President Minoru Nakamura TEL 03-3241-1151
 Scheduled date to file Quarterly Securities Report: February 12, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended December 31, 2020 (from October 1, 2020 to December 31, 2020)

(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	%
Three months ended December 31, 2020	12,164	(1.4)	1,009	(18.5)	1,068	(20.4)	1,583	35.1
Three months ended December 31, 2019	12,333	1.7	1,238	29.1	1,343	35.5	1,172	60.7

Note: Comprehensive income Three months ended December 31, 2020 ¥1,563 million [(29.0)%]
 Three months ended December 31, 2019 ¥2,203 million [–%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended December 31, 2020	38.19		38.05	
Three months ended December 31, 2019	28.29		28.20	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2020	113,809	92,887	81.4
As of September 30, 2020	113,445	92,218	81.1

Reference: Equity As of December 31, 2020 ¥92,660 million
 As of September 30, 2020 ¥91,990 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended September 30, 2020	–	18.00	–	22.00	40.00
Year ending September 30, 2021	–				
Year ending September 30, 2021 (Forecast)		20.00	–	20.00	40.00

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

3. Forecast of consolidated financial results for the year ending September 30, 2021 (from October 1, 2020 to September 30, 2021)

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	52,100	3.8	5,160	(3.7)	5,570	(5.0)	4,730	(7.1)	114.04

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

4. Notes

- (1) Changes in significant subsidiaries during the three months ended December 31, 2020
(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
- (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 December 31, 2020	42,708,154 shares	As of September 30, 2020	42,708,154 shares
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Number of treasury shares at the end of the period

As of December 31, 2020	1,222,044 shares	As of September 30, 2020	1,233,044 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended December 31, 2020	41,477,860 shares	Three months ended December 31, 2019	41,450,948 shares
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* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of forecasts of financial results, and other special matters

The forward-looking statements, including the earnings forecasts, 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.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	16,584	16,407
Notes and accounts receivable - trade	15,471	15,976
Securities	12,000	–
Merchandise and finished goods	7,161	7,563
Work in process	170	17
Raw materials and supplies	6,901	6,829
Other	737	792
Allowance for doubtful accounts	(13)	(13)
Total current assets	59,013	47,573
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,915	15,728
Other, net	13,429	13,544
Total property, plant and equipment	29,345	29,272
Intangible assets		
Goodwill	572	13,195
Other	3,266	3,181
Total intangible assets	3,839	16,376
Investments and other assets		
Investment securities	19,838	19,594
Retirement benefit asset	17	17
Other	1,443	1,026
Allowance for doubtful accounts	(51)	(51)
Total investments and other assets	21,246	20,586
Total non-current assets	54,431	66,236
Total assets	113,445	113,809
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,743	5,053
Income taxes payable	630	626
Provision for bonuses	1,431	406
Provision for bonuses for directors (and other officers)	74	–
Other	3,381	3,788
Total current liabilities	10,261	9,874
Non-current liabilities		
Deferred tax liabilities	2,992	2,982
Retirement benefit liability	7,121	7,212
Asset retirement obligations	69	63
Long-term accounts payable - other	648	643
Other	131	143
Total non-current liabilities	10,965	11,046
Total liabilities	21,226	20,921

(Millions of yen)

	As of September 30, 2020	As of December 31, 2020
Net assets		
Shareholders' equity		
Share capital	5,364	5,364
Capital surplus	7,298	7,301
Retained earnings	71,169	71,840
Treasury shares	(1,820)	(1,804)
Total shareholders' equity	82,012	82,702
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,551	11,410
Foreign currency translation adjustment	(1,316)	(1,208)
Remeasurements of defined benefit plans	(256)	(243)
Total accumulated other comprehensive income	9,978	9,957
Share acquisition rights	228	227
Total net assets	92,218	92,887
Total liabilities and net assets	113,445	113,809

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended December 31, 2019	Three months ended December 31, 2020
Net sales	12,333	12,164
Cost of sales	7,585	7,379
Gross profit	4,747	4,784
Selling, general and administrative expenses	3,509	3,775
Operating profit	1,238	1,009
Non-operating income		
Interest income	25	30
Dividend income	32	26
Foreign exchange gains	20	–
Other	33	29
Total non-operating income	111	85
Non-operating expenses		
Interest expenses	0	1
Foreign exchange losses	–	22
Other	6	2
Total non-operating expenses	7	26
Ordinary profit	1,343	1,068
Extraordinary income		
Gain on sales of non-current assets	320	–
Gain on sales of investment securities	–	1,137
Total extraordinary income	320	1,137
Extraordinary losses		
Loss on abandonment of non-current assets	–	3
Total extraordinary losses	–	3
Profit before income taxes	1,663	2,203
Income taxes	490	619
Profit	1,172	1,583
Profit attributable to owners of parent	1,172	1,583

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended December 31, 2019	Three months ended December 31, 2020
Profit	1,172	1,583
Other comprehensive income		
Valuation difference on available-for-sale securities	370	(140)
Foreign currency translation adjustment	646	107
Remeasurements of defined benefit plans, net of tax	12	12
Total other comprehensive income	1,030	(20)
Comprehensive income	2,203	1,563
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,203	1,563
Comprehensive income attributable to non-controlling interests	—	—

Segment Information

1. Three months ended December 31, 2019 (from October 1, 2019 to December 31, 2019)

(1) Net sales and profit or loss by reporting segment

(Millions of yen)

	Reporting segment				Adjustment (Note 1)	Consolidated (Note 2)
	Japan	Asia	USA	Total		
Net sales						
Sales to external customers	8,906	2,034	1,392	12,333	—	12,333
Inter-segment sales or transfers	180	21	47	250	(250)	—
Total	9,087	2,055	1,440	12,583	(250)	12,333
Segment profit	884	246	99	1,230	7	1,238

Notes

- The adjustments on segment profit of 7 million yen include 11 million yen adjustments of elimination of internal transactions between segments, negative 2 million yen adjustments of inventories related to inter-segment transactions and negative 0 million yen for others.
- Segment profit is adjusted to operating income of consolidated quarterly statements of income.

2. Three months ended December 31, 2020 (from October 1, 2020 to December 31, 2020)

(1) Net sales and profit or loss by reporting segment

(Millions of yen)

	Reporting segment				Adjustment (Note 1)	Consolidated (Note 2)
	Japan	Asia	USA	Total		
Net sales						
Sales to external customers	8,549	2,129	1,486	12,164	—	12,164
Inter-segment sales or transfers	145	41	27	215	(215)	—
Total	8,694	2,171	1,514	12,380	(215)	12,164
Segment profit	523	411	59	993	15	1,009

Notes

- The adjustments on segment profit of 15 million yen include 16 million yen adjustments of elimination of internal transactions between segments, negative 0 million yen adjustments of inventories related to inter-segment transactions and negative 0 million yen for others.
- Segment profit is adjusted to operating income of consolidated quarterly statements of income.

(2) Information on impairment loss of fixed assets and goodwill by reporting segment

(Significant change in the amount of goodwill)

MISSION FLAVORS & FRAGRANCES, INC. has become a wholly owned subsidiary by acquisition of all the outstanding shares, which is included in the scope of consolidation in USA segment. Increased amount of goodwill by the said event is 12,653 million yen for the three months ended December 31, 2020. The amount of goodwill that occurred from the event is calculated tentatively because the distribution of acquisition cost has not been completed.