



香りが結ぶ。
それが未来になる。

香りがつくりだす濃密な時間にさまざまな情報が行き交います。
そこに求められるのは新たな可能性の追求と生活文化への価値ある貢献です。
いまコミュニケーションの多様化とともに香りも進化が求められています。
総合香料メーカーとして業界を牽引してきた
私たち長谷川香料はそれを大きな使命として、
次の時代に向けて強い意欲をもって取り組んでいきます。
高いプロ意識のもとで培った技術力と研究開発から
製造に至るまでの正確なプロセス。
そこから世界に誇る唯一無二の香りをつくりだします。
ここには未来を設計する確かなプランがあります。

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 2nd Quarter Ended March 31, 2021



T. HASEGAWA CO., LTD.

May 26, 2021

- I . Overview of Consolidated Financial Statement
- II . Impact of COVID-19
- III . Revision of Annual Plan (Consolidated)
- IV . Management Policy
- V . Global Strategies
- VI . Capital Policy
- VII . Appendix

I . Overview of Consolidated Financial Statement

Domestic Market

• Market Trends by Product Category

2nd Quarter - FY Ending Sept. 2021 (Oct. 2020 – March 2021)

Category	Trend	
Beverages	Decreased	<ul style="list-style-type: none"> • Low consumer spending affected by avoidance of outing from an impact of COVID-19 • Slumping demand at workplaces mainly in Metropolitan area • Sluggish sales for restaurant use and vending machines continued
Snacks	Decreased	<ul style="list-style-type: none"> • Potato Snacks – Bagged products were robust but seasonal limited products and tub-type package products had hard time • Corn Snacks – New product sales decreased and existing products also had hard time • Flour Products – Sales at supermarkets and drug stores were strong
Chocolate	Decreased	<ul style="list-style-type: none"> • Recovery trend of chocolate bars peaked out • For high cacao contents and health-promoting chocolates, small bagged and personal products were slow • Chocolate confections, mainly multi pack products, sales grew • Event needs, such as Valentine's Day, Christmas and Halloween, were slow due to impact of COVID-19
Frozen Dessert	Increased	<ul style="list-style-type: none"> • Restaurant use products had hard time but commercial products were strong • Treat size products were still robust due to impact of avoidance of outing • New products contributed
Instant Noodles	Decreased	<ul style="list-style-type: none"> • Package-type instant noodles performed well from heightened trend of eating at home • Bowl-type instant noodles experienced CVS demand decrease and rebound decrease from previous year's booming demands (demand increase associated with typhoon and COVID-19)

Data Source: Nikkan Keizai Tsushin Co., Ltd.

Performance Overview (Consolidated base)

Sales
Increase comparing to pervious year
Progress ratio against annual plan was 48.7% (average progress ratio: 48%)

Operating Income
Increase comparing to pervious year
Progress ratio against annual plan was 56.8% (average progress ratio: 45%)

(Million yen)

	FY20 2Q Actual	FY21 2Q Actual	Achievement yr/yr		Progress vs Annual Plan*1
			Value	%	%
Net sales	24,462	26,135	1,672	6.8%	48.7%
Cost of sales	15,114	15,582	467	3.1%	48.1%
Gross profit	9,348	10,553	1,204	12.9%	49.5%
SG&A expenses	6,878	7,584	705	10.3%	47.2%
Operating income	2,469	2,968	499	20.2%	56.8%
Ordinary income	2,688	3,304	616	22.9%	58.0%
Income before income taxes	3,008	4,435	1,426	47.4%	58.7%
Net income	2,092	3,138	1,045	49.9%	58.7%
EBITDA *2	3,951	4,660	708	17.9%	49.8%

*1 Progress rate against revised plan announced on May 7, 2021

*2 EBITDA = Operating income + Depreciation and Amortization + Amortization of goodwill

Net Sales by Product Segments

- Reason for Increase

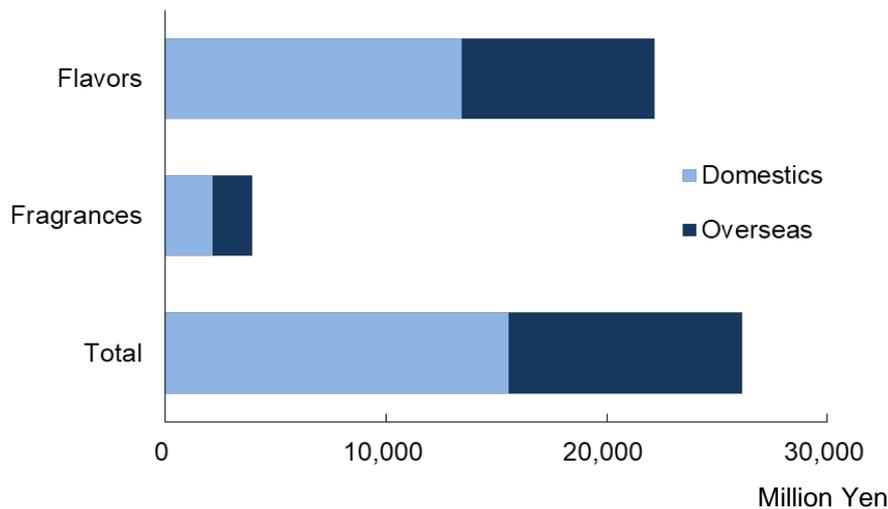
Sales increase at Chinese subsidiaries, sales of MISSION (U.S.) acquired in Dec. 2020 contributed

(Million yen)

Category	FY20 2Q Actual	FY21 2Q Actual	yr/yr		Remark
			Value	%	
Flavors	20,853	22,189	1,335	6.4%	Sales increase at Chinese subsidiaries and contribution from sales of MISSION covered sales decrease at Parent company
Fragrances	3,608	3,946	337	9.4%	Sales increased at Parent company
Total	24,462	26,135	1,672	6.8%	—

FY21 2Q Actual

yr/yr (%)



*FY21 2Q Overseas sales ratio 40.5%

Sales by Group Company

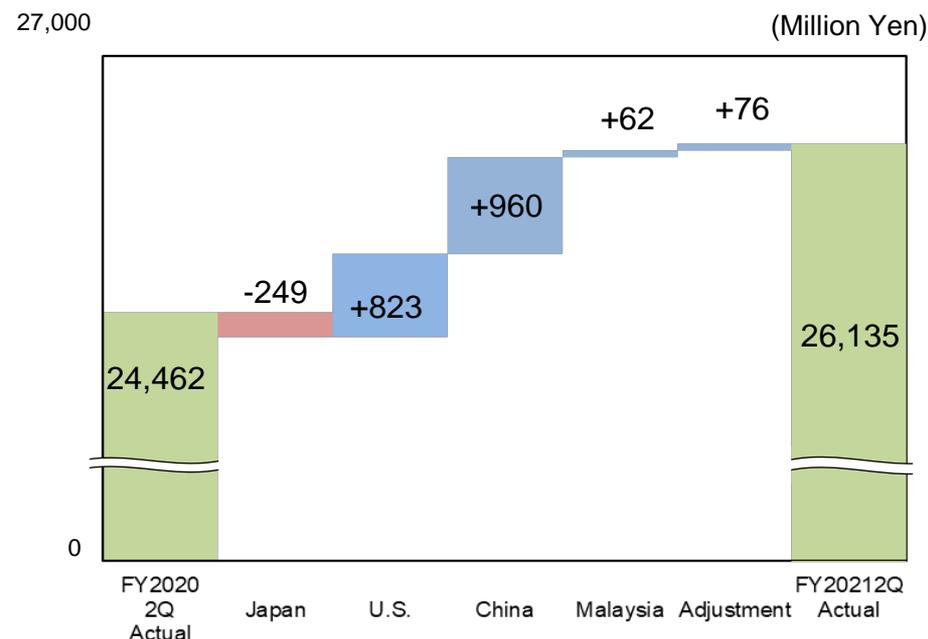
Reason for Increase

Sales increase at Chinese subsidiaries

Sales of MISSION (U.S.) contributed

Currency	FY2020 2Q	FY2021 2Q	Yr/Yr
1US\$	¥108.84	¥105.20	3.3% higher
1RMB	¥15.52	¥16.08	3.6% lower
1MYR	¥26.13	¥25.77	1.4% higher

	(Million Yen)			
	FY20 2Q Actual	FY21 2Q Actual	yr/yr	%
Japan	18,147	17,897	-249	-1.4%
U.S.	3,075	3,898	823	26.8%
China	3,067	4,027	960	31.3%
Malaysia	431	494	62	14.6%
Adjustment	-259	-183	76	-
Consolidated	24,462	26,135	1,672	6.8%



Japan	Sales of flavors for beverages decreased	Decreased
U.S.	Sales of MISSION contributed (for 3 months)	Increased
China	Sales of flavors for instant noodles and beverages increased	Increased
Malaysia	Sales of products for beverages increased	Increased

Operating Income by Group Company

Reason for Increase

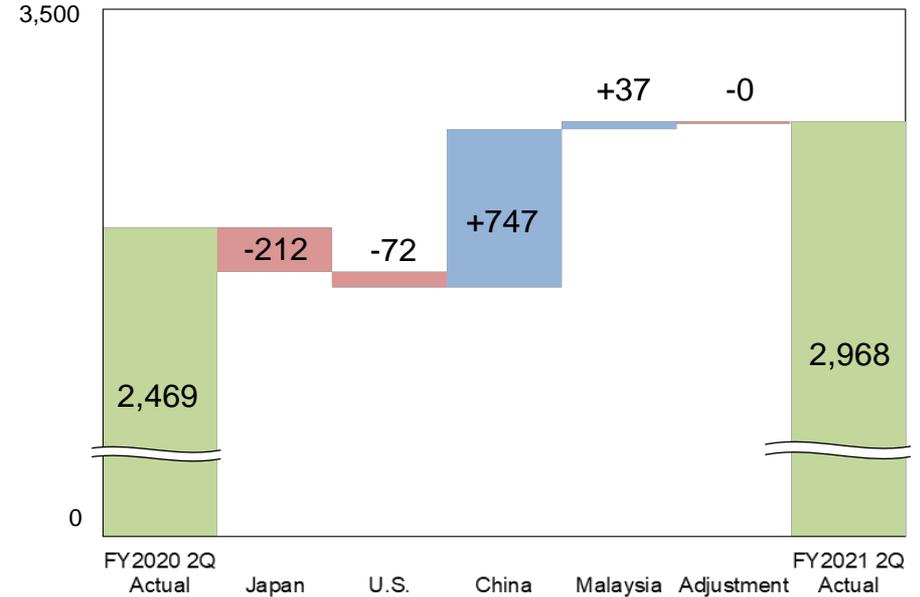
Operating income of Chinese subsidiaries increased

Currency	FY2020 2Q	FY2021 2Q	Yr/Yr
1US\$	¥108.84	¥105.20	3.3% higher
1RMB	¥15.52	¥16.08	3.6% lower
1MYR	¥26.13	¥25.77	1.4% higher

(Million Yen)

	FY20 2Q Actual	FY21 2Q Actual	yr/yr	%
Japan	1,880	1,668	-212	-11.3%
U.S.	283	210	-72	-25.7%
China	320	1,067	747	233.4%
Malaysia	21	58	37	178.9%
Adjustment	-36	-36	-0	-
Consolidated	2,469	2,968	499	20.2%

(Million Yen)



Japan	Sales decreased SGA expense increased in association with reporting of costs related to acquisition of MISSION	Declined
U.S.	Reporting of goodwill amortization costs and costs related to acquisition of MISSION	Declined
China	Sales increased, sales cost ratio improved, SGA expense decreased	Increased
Malaysia	Sales increased, SGA expense decreased	Increased

Ⅱ . Impact of COVID-19

Impact of COVID-19

- COVID-19 continued to impact Japan, U.S. and Southeast Asia
- Despite our expectation that impact would continue up to 2nd quarter of FY ending Sept. 2021, impact prolonged more than expected
 ⇒ Impact on annual sales of FY ending Sept. 2021 is estimated to be approx. 1.45bil yen decrease

Region	FY ending Sept. 2021		
	Impact on Business		Impact on Sales
Japan	1st Half (Actual)	<ul style="list-style-type: none"> • Sluggish consumption of beverages, small packaged snacks, etc. associated with avoidance of outing, work from home and closure/shortened operating hours of restaurants (CVS, vending machines and products for restaurant use, etc.) • Special demand increase in products related to hand-wash and sterilization, and instant noodles • There were impact of postponement/cancellation of clients' new product launch 	Approx. 690mil yen Decrease
	2nd Half (Estimate)	<ul style="list-style-type: none"> • Continued impact of sluggish consumption of beverages, small packaged snacks, etc. associated with avoidance of outing, work from home and closure/shortened operating hours of restaurants (CVS, vending machines and products for restaurant use, etc.) • Special demand in products related to hand-wash and sterilization, and instant noodles will calm down • Clients' new product launch will be vitalized gradually 	Approx. 530mil yen Decrease
	Annual		Approx. 1.22bil yen Decrease
U.S.	1st Half (Actual)	<ul style="list-style-type: none"> • Impact on products for restaurants associated with avoidance of outing, etc. • Impact level differs by client and industry 	Approx. 150mil yen Decrease
	2nd Half (Estimate)	<ul style="list-style-type: none"> • Expecting continued impact on products for restaurants associated with avoidance of outing, etc. 	Approx. 60mil yen Decrease
	Annual		Approx. 210mil yen Decrease
China	1st Half (Actual)	<ul style="list-style-type: none"> • No impact of COVID-19 	—
	2nd Half (Estimate)	<ul style="list-style-type: none"> • Chinese economy shows recovery trend 	—
	Annual		—
Southeast Asia	1st Half (Actual)	<ul style="list-style-type: none"> • Recession at each country, impact of sluggish demand, etc. • Demand increase in some home-use products, such as seasonings and instant noodles 	Approx. 10mil yen Decrease
	2nd Half (Estimate)	<ul style="list-style-type: none"> • Impact level differs by client and industry, need to watch closely 	Approx. 10mil yen Decrease
	Annual		Approx. 20mil yen Decrease
Total			Approx. 1.45bil yen Decrease

III. Revision of Annual Plan (Consolidated)

• Annual plan announced on Nov. 6, 2020 was revised on May 7, 2021

(Million Yen)

	FY20 Actual		Original Plan (Nov. 6, 2020)		Revised Plan (May 7, 2021)					
	Value	Share	Value	Share	Value	Share	vs. FY20 Actual		vs. Original Plan	
							value	%	value	%
Net sales	50,192	100.0%	52,100	100.0%	53,700	100.0%	3,507	7.0%	1,600	3.1%
Cost of sales	30,783	61.3%	31,980	61.4%	32,400	60.3%	1,616	5.3%	420	1.3%
Gross profit	19,408	38.7%	20,120	38.6%	21,300	39.7%	1,891	9.7%	1,180	5.9%
SG&A expenses	14,052	28.0%	14,960	28.7%	16,070	29.9%	2,017	14.4%	1,110	7.4%
Operating income	5,356	10.7%	5,160	9.9%	5,230	9.7%	-126	-2.4%	70	1.4%
Ordinary income	5,861	11.7%	5,570	10.7%	5,700	10.6%	-161	-2.7%	130	2.3%
Income before income taxes	7,028	14.0%	6,590	12.6%	7,550	14.1%	521	7.4%	960	14.6%
Net income	5,090	10.1%	4,730	9.1%	5,350	10.0%	259	5.1%	620	13.1%

【Reason for Revision of Annual Plan】

Sales

- Upward revision of annual plan from good performance of Chinese subsidiaries and reflection of performance of MISSION (U.S.) acquired in Dec. 2020 to the plan

The exchange rates of Revised Plan

1US\$	¥105.20
1RMB	¥16.08
1MYR	¥25.77

Income

- Upward revision of operating income, ordinary income and current net income as upward revision of sales and performance of Chinese subsidiaries are exceeding expectation, despite reflection of MISSION's goodwill amortization costs and sales costs and SGA expense of MISSION

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

Basic Strategy

Expand
Compounded
Flavors and
Fragrances
Sales

Secure Profits
in Domestic
Market

Growth in
Overseas
Market

V . Global Strategies

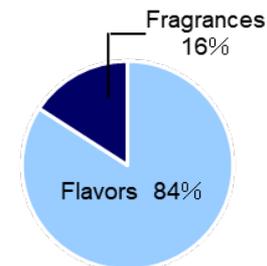
Japan	<ul style="list-style-type: none">• Established Business Solution Headquarters in Oct. 2020• Promote solution-oriented sales making use of cooperation among Sales, R&D and Marketing Divisions• Focus on development of substitute flavors for food materials, and strengthen measures in support of SDGs ⇒ Focus on milk products, vegetables, fruit juice, meat substitutes (such as soy meat etc.)
U.S.	<ul style="list-style-type: none">• THUSA acquired MISSION in Dec. 2020• Steadily implement PMI (Post Merger Integration), and pursue further growth in U.S. market• 2nd Factory construction plan is proceeding as planned
China	<ul style="list-style-type: none">• Utilize Marketing Function, and focus on local large enterprises and South China area• Had accomplishment in manufacturing cost compression project (manufacturing cost reduction and establishment of cost consciousness, etc.)• New laboratory building construction project is underway
Southeast Asia	<ul style="list-style-type: none">• Promote efficient R&D activities in Malaysia ⇒ Increased specialists seconded from Japan, clarified division of roles of Japanese staff between R&D and management/strategy planning• New manufacturing facility construction plan in Malaysia: watch status of progress in light of economic trend

Basic Strategy: Expand market share by anticipating new market demands stemming from aging society and heightening of health consciousness

Ongoing Project and Progress

Organizational Change
Promote Solution-Oriented Sales Activity

- **Reinforced cooperation among Sales, R&D, Marketing Divisions**
⇒ **Established Business Solution Headquarters** in Oct. 2020
⇒ Under new organization, **promote solution-oriented sales activities making use of cooperation among divisions**
- Grasp customers' "Wants" through utilization of market survey results, analysis

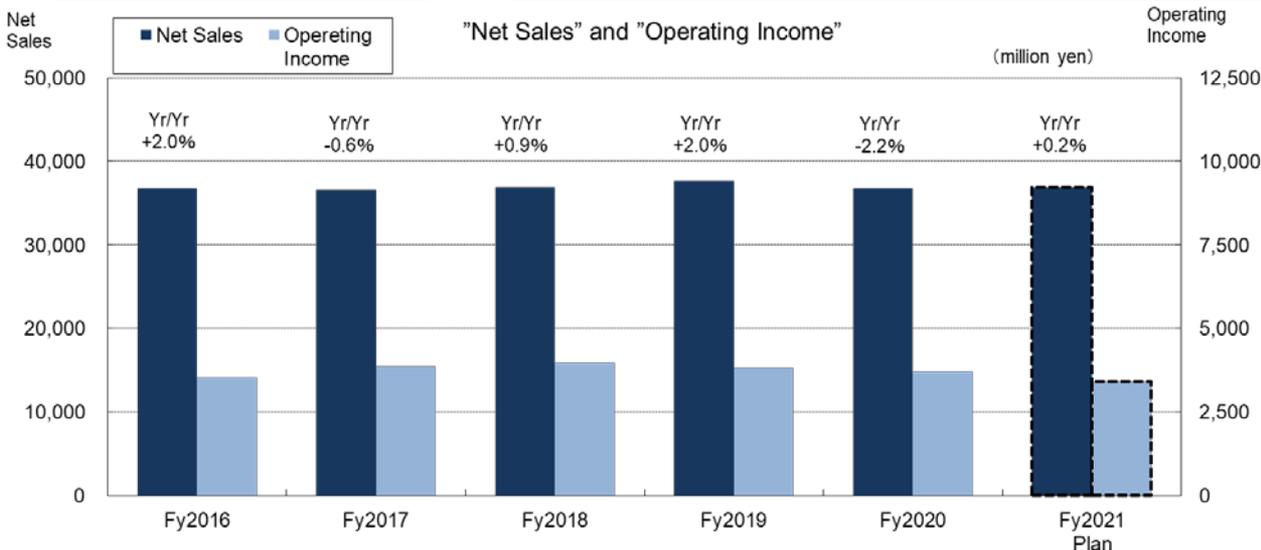


Promote Efficient Sales Activity

- Sales activity quality and efficiency enhancement
⇒ Introduced Free Address system, promoted paperless operations and built remote access environment
⇒ Draw-up measures for sales expansion at the Project Team, progress management

Expand Range of New Applications

- Focus on development of substitute flavors for food materials, and **strengthen measures in support of SDGs**
⇒ Focus on milk products, vegetables, fruit juice, meat substitutes (such as soy meat etc.)
- Focus on new areas, such as healthy foods, medical foods, and demands for masking living odor, etc.
⇒ Propose new materials, materials that brings good taste to health-oriented foods

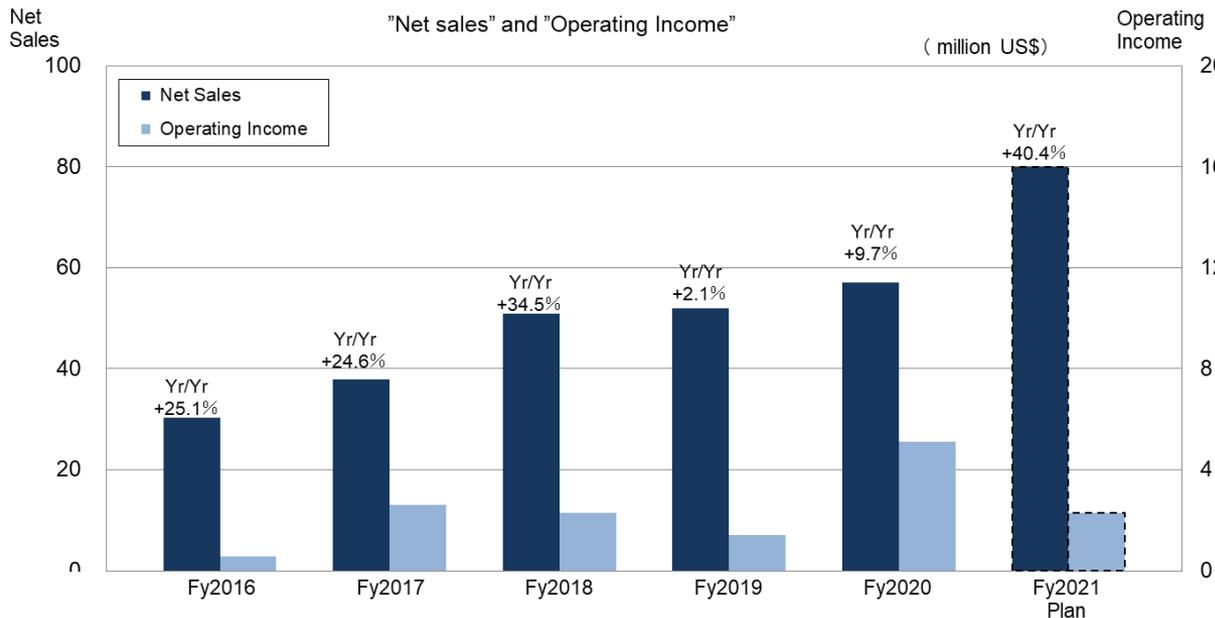


FY2021 2Q Sales Performance

Net Sales : 17,897 mil. yen
(Decreased 1.4% YOY)
Operating Income : 1,668 mil. yen
(Decreased 11.3% YoY)

Basic Strategy: Expand sales of savory flavors, health care products and flavors for beverages and exert the acquisition effect

Ongoing projects and progress



FY2021 2Q Sales Performance

Net Sales : 37.0 mil. USD
(Increased 31.2% YoY)
(3,898 mil. yen)

Operating income : 2.0 mil. USD
(Decreased 23.1% YoY)
(210 mil. yen)

※Savory flavors : salty flavor for snacks, dressing for salad, and seasoning etc.

Acquisition of MISSION

Background

- Efficient injection of management recourses, basic strategy for steady global deployment
⇒ Focus on U.S. and China as well as Asian region, mainly Southeast Asia
- U.S. is having population growth and has stable regime and legal system



U.S. is an appealing market
Policies for further growth in U.S. market were considered necessary

Rationale for Selection

- 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

Benefit of Acquisition

- High potential for mutual benefit with THUSA
- Synergy in sales and production can be expected

Current Status

- Implementing PMI (Post Merger Integration)
⇒ Developed detailed action plan by division, and works in progress
Smoothly proceeding towards completion of integration aimed at the end of FY ending Sept. 2021
⇒ Pursue early realization of synergy effect

Goodwill, etc.

(Total Value of Goodwill, etc.) USD 121,797 thousand (at the time of acquisition)
(Goodwill Amortization Cost) Annual amortization cost: USD 8,787 thousand (from FY ending Sept. 2022)

Contribution to Performance

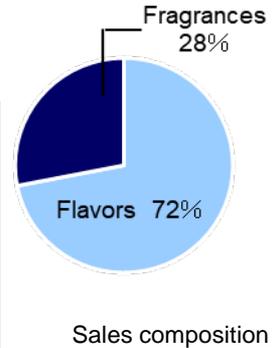
FY ending Sept. 2021 (Estimate) (for 9 months from Jan. to Sept. 2021)
(Sales) USD 20,000 thousand
(Operating Income) USD 100 thousand
* After reporting goodwill amortization cost of USD 6,590 thousand

Basic Strategy: Expand performance through various measures under reinforced organizational base

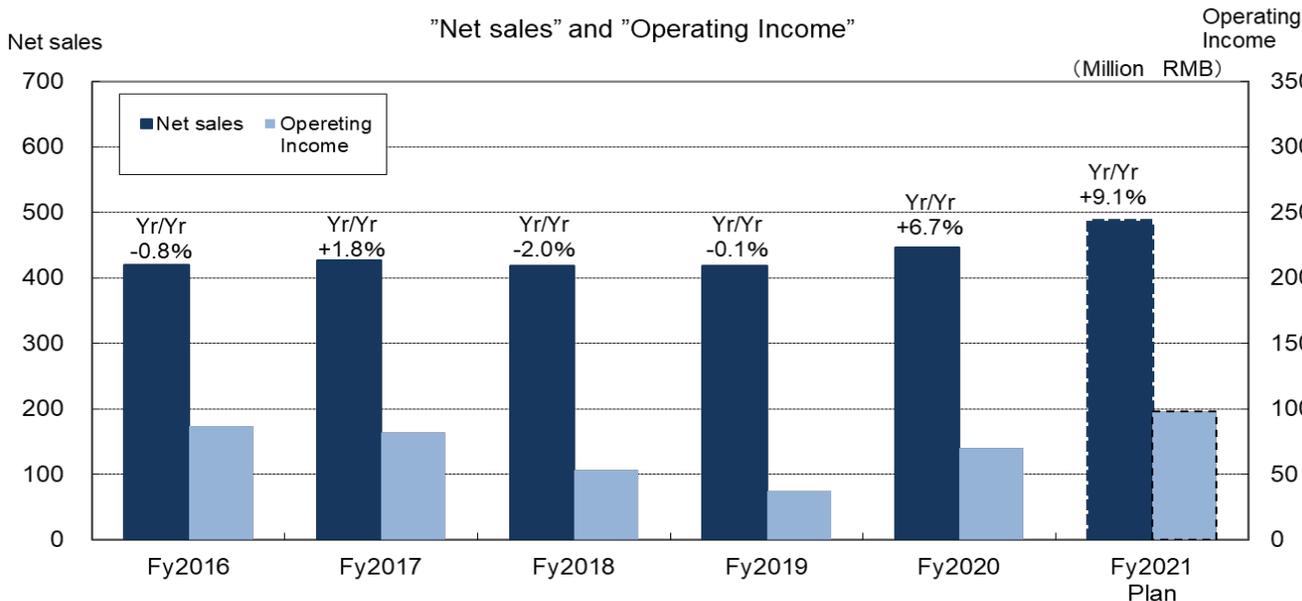
Ongoing Projects and Progress

- Reinforce Sales Structure
- Enhance Profitability
- Reinforce R&D Structure

- Utilize Marketing Function**
 ⇒ Deploy strategic approach to clients, develop new market and potential demands
Focus on local large enterprises and South China area
- Deepen Sales/R&D/Marketing Co-work
 • Thoroughly enforce pipeline, sales activity management
 ⇒ Start consideration of IT tool introduction
- Promoting Manufacturing Cost Compression Project
 ⇒ Had accomplishment in manufacturing cost reduction and establishment of employee's cost consciousness, etc.
- New laboratory building construction project is underway
 ⇒ Aiming at reinforcement of R&D function, streamlining operations



"Net sales" and "Operating Income"



FY2021 2Q Sales Performance

Net Sales : 250 mil. RMB
(Increased 26.7% YoY)
(4,027 mil. yen)

Operating Income : 66.4 mil. RMB
(Increased 221.8% YoY)
(1,067 mil. yen)

From this Fiscal Year, the Company started to apply IFRS 15 "Revenue from Contracts with Customers" for overseas consolidated subsidiaries excluding subsidiary in the U.S. For ease of comparison, the same standards applied to the calculation of the sales in the same period of the previous year

Overseas Strategy – Southeast Asia –

Basic Strategy: Expand sales through cooperation of sales base in Thailand, Indonesia and production base in Malaysia

Ongoing Projects and Progress

Reinforce Sales Structure

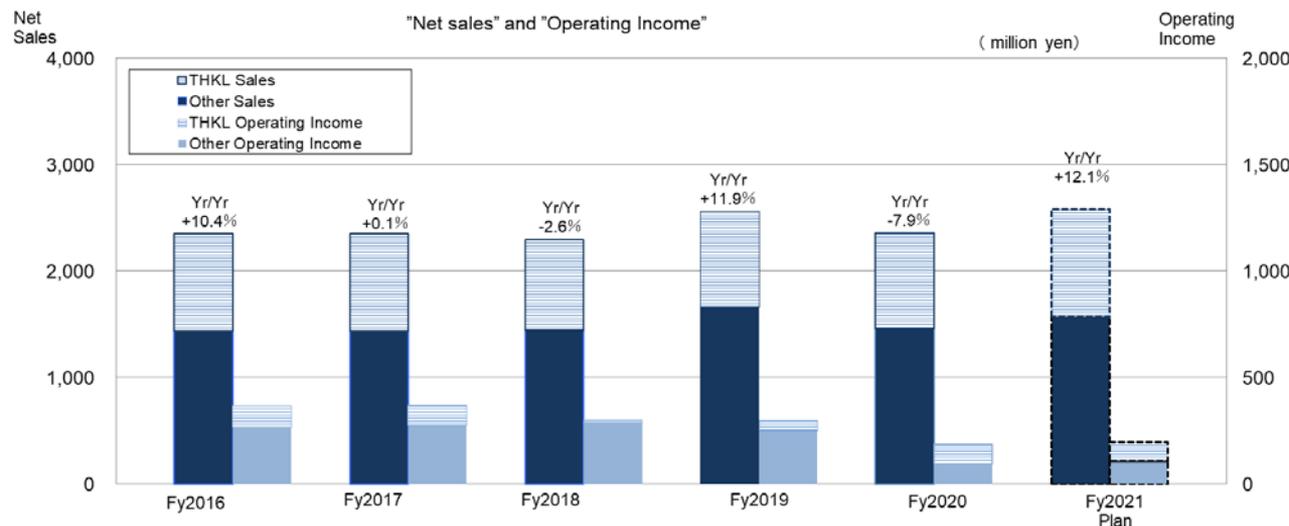
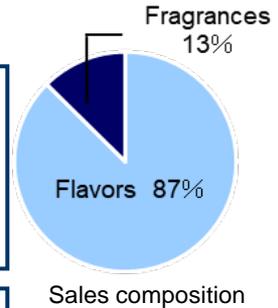
- Hire sales personnel/reinforce organization for new clients development
- Assign General Manager covering entire Southeast Asia region
⇒ Coordinate organic cooperation among offices in Southeast Asia region
- Thoroughly enforce pipeline, sales activity management⇒ Start consideration of IT tool introduction

Speed-Up Client Care

- Promote utilization of Application Laboratories
⇒ Promptly respond to clients' requests

Develop Strategy in Southeast Asia by using THKL as Hub

- Utilize THKL (Halal-certified) as a hub in Southeast Asia
- Support research and production by dispatching specialists from Japan to train local staffs
- **Promote efficient R&D activities**
⇒ **Increased specialists seconded from Japan, clarified division of roles of Japanese staff between R&D and management/strategy planning**
- New manufacturing facility construction plan in Malaysia: watch status of progress in light of economic trend



FY2021 2Q Sales Performance

Net Sales: 1,340mil. yen
(Increased 10.2% YoY)

Operating Income: 147 mil. yen
(Increased 66.6% YoY)

* Sales include the export sales to the Southeast Asia comprising a part of T. Hasegawa's sales.

VI. Capital Policy

Basic Policy

Aiming at continued growth and maximization of corporate value in the future, maintain level of stockholders' equity sufficient to appropriately deal with investment and risks.

Fund Utilization Policy

Properly use funds considering maintenance of sound financial strength and improvement of capital efficiency, etc.

- **Shareholder Returns**

Paid mid-term dividends and year-end dividends aiming at consolidated dividend payout ratio of approx. 35%

- **Capital Investment**

Investment for production increase for growth, update/maintenance of existing facilities

- **M&A**

Comprehensive judgment from various viewpoints, such as market size, business risk, acquisition price

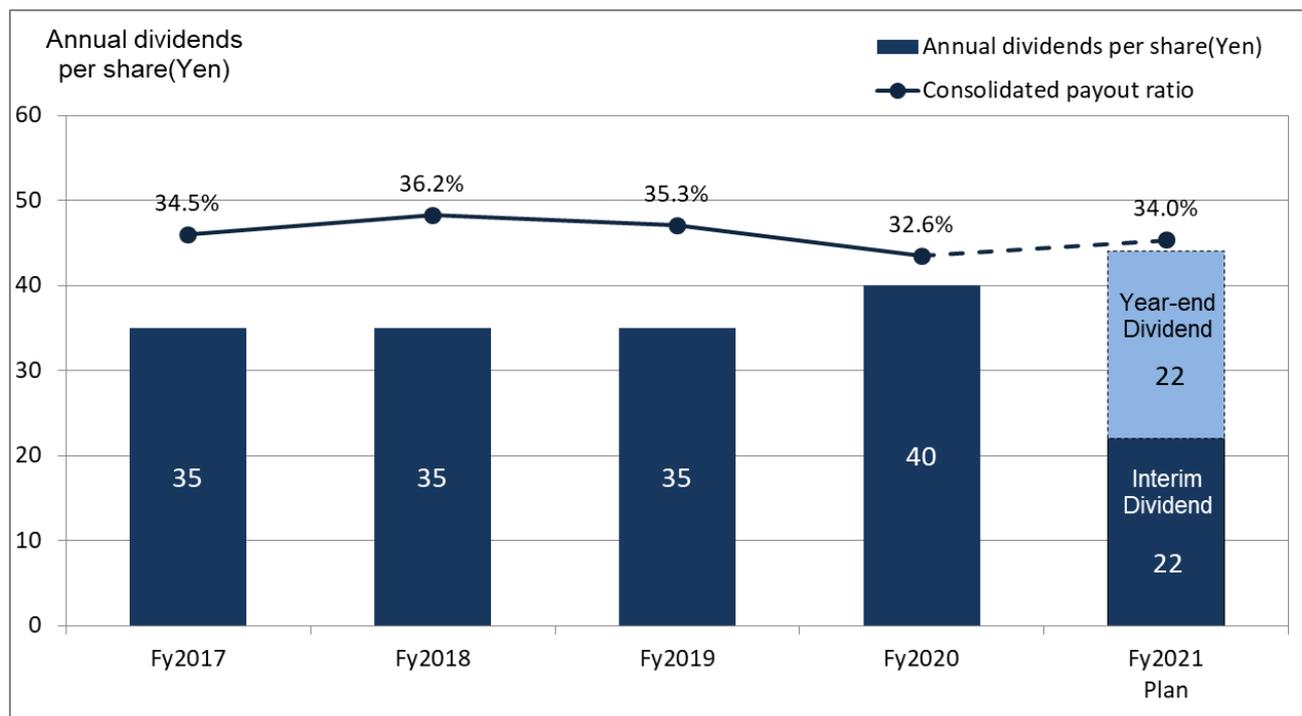
Realize M&A with an expectation of acquisition effect in terms of customer base, technology aspects and personnel aspects

Cross-Shareholdings

Cut down on aggregate number of shares held from viewpoint of enhancement of capital efficiency, etc. (sale completed for certain portion, and continue to sell during this Fiscal Year). Validate appropriateness of cross-shareholding from mid to long term viewpoints of purpose and economic reasonableness at the Board of Directors' meeting every year.

Shareholder Returns

- While securing required reserves for further reinforcement of group management base and future business development, seek to provide profit returns to shareholders according to business performance
- Aiming at approx. 35% of consolidated dividend ratio, paid dividends twice a year: interim dividends and year-end dividends
- Shareholder special benefit program was introduced in Fiscal Year ending in Sep. 2015 for medium to long term holding of the shares of our company
- In light of revision of annual performance estimate, increased interim dividends per share by 2 yen to 22 yen, and revised estimate of year-end dividends per share upwards by 2 yen to 22 yen (annual dividends per share = 44 yen)



Sale of Shares Held for Facilitation of Business Relationships (Completed)

- Sep 25, 2020, “Notification of Expected Reporting of Extraordinary Profit Associated with Sale of Investment Securities” announced
- November 2020, completed the sale of the said investment securities
【Reason】 Revision of policy of holding shares for facilitation of business relationships
【Shares Sold】 1 Issue of Listed Securities the Company Owned
【Gain on Sales】 1,137mil yen* Reported as extraordinary profit at 1st quarter of consolidated Fiscal Year ended Sept.2021

Sale of Shares Held for Facilitation of Business Relationships (Plan)

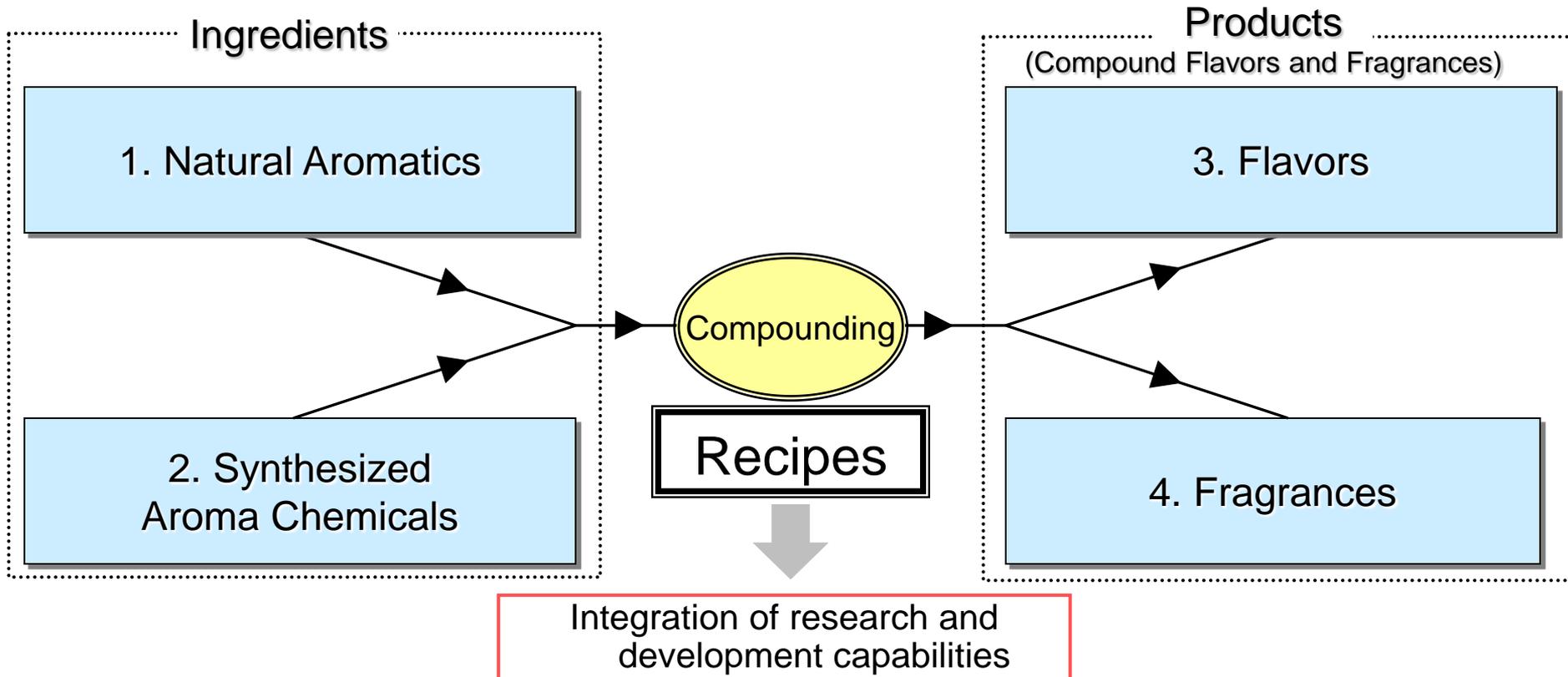
- March 26, 2021, “Notification of Expected Reporting of Extraordinary Profit Associated with Sale of Investment Securities” announced
【Reason】 Revision of policy of holding shares for facilitation of business relationships
【Shares Sold】 8 Issue of Listed Securities the Company Owned
【Scheduled Selling Period】 From April 1, 2021 to Sep. 30, 2021
【Gain on Sales】 750 mil yen (projection)

Acquisition of Treasury Stocks (Completed)

- May 7, 2021, announced “Notification concerning Acquisition of Treasury Stocks and Purchase of Treasury Stocks through Own Share Repurchase Trading (ToSTNeT-3)”
- Purposes are execution of flexible capital policy in response to management environment change, enhancement of capital efficiency and refinement of shareholder return
- Acquired treasury stocks on May 10, 2021
- Details of Acquisition
【Class of Acquired Shares】 Ordinary Shares of T. Hasegawa Co., Ltd.
【Aggregate Number of Acquired Shares】 400,000 shares
【Total Acquisition Price】 845 million yen
【Acquisition Method】 Purchase through own share repurchase trading at Tokyo Stock Exchange (ToSTNeT-3)

VII. Appendix

Outline of Flavor and Fragrance Business



Flavorists : Experts who formulate flavors

Perfumers : Experts who formulate fragrances

Flavors and fragrances are tailor-made in accordance with customer requests

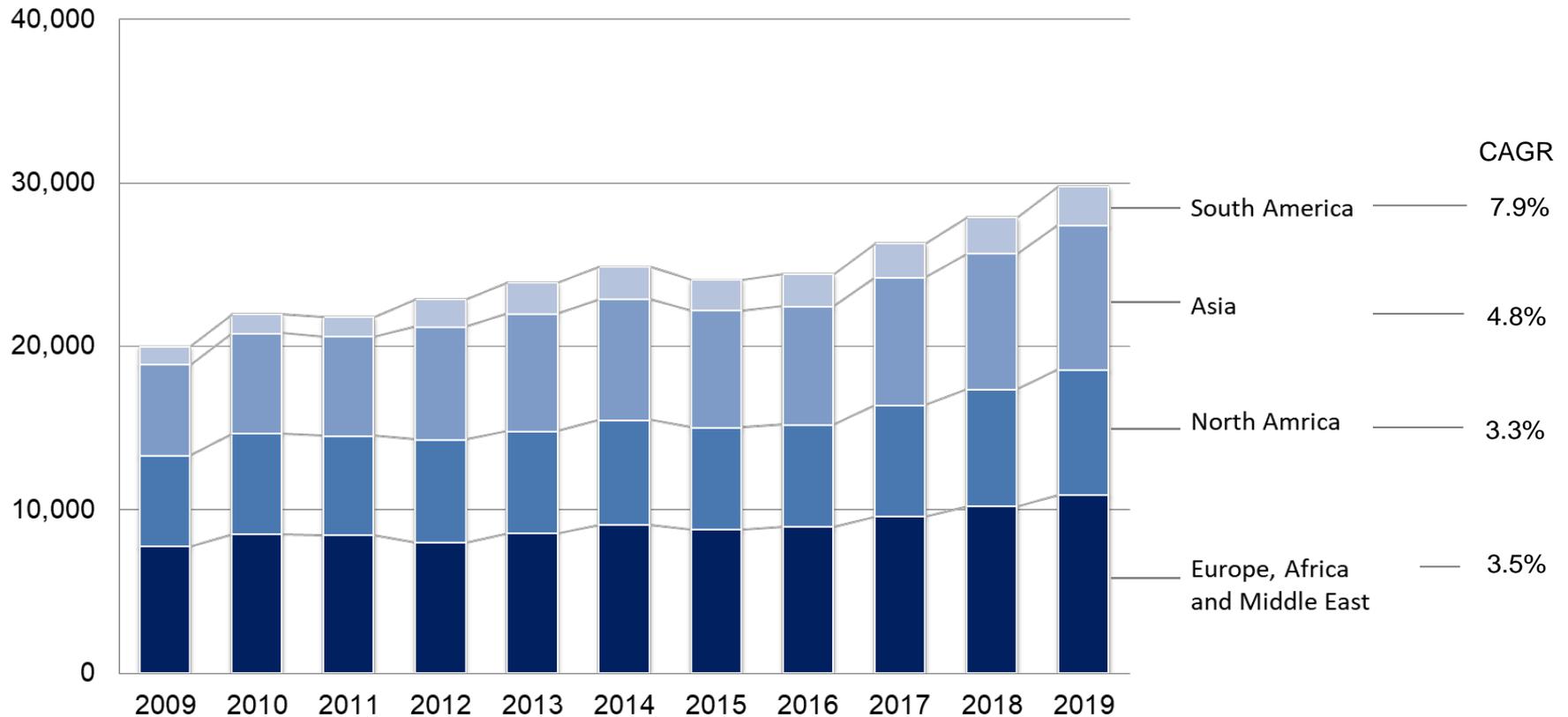
⇒ Formulas created by flavorists and perfumers based on experience are invaluable assets for flavor and fragrance companies.

Market Size of Flavor and Fragrance Industry

Overseas Market

World market size for Fragrance and Flavor was an approximately 7% growth compared to the previous year

Transition of world market size for Fragrance and Flavor (Estimated by T. Hasegawa)
(Million US\$)



Global Total Sales of Fragrance/Flavor: Approx. 3.2tril yen (Approx. USD 29.8bil)

Europe / Africa / Middle East

- Market Size: Approx. 1,170bil yen*
- Many users adopted preferred supplier system, and leading European/US fragrance/flavor companies have built foundation

North America

- Market Size: Approx. 820bil yen*
- Many users adopted preferred supplier system, and leading European/US fragrance/flavor companies have built foundation
- We established subsidiary in California, USA (1978)
- Acquired FLAVOR INGREDIENT HOLDINGS, LLC, food and beverage flavor manufacturing and sales company concentrating on health product area, in 2017
- Acquired MISSION FLAVORS & FRAGRANCES, INC., flavor manufacturing and sale company having strength in flavor used for sweets, such as dairy products, ice-cream, in 2020

Asia

- Market Size: Approx. 950bil yen*
- Market expanded through economic growth of emerging countries, dominated by China.
World leading fragrance/flavor companies penetrated into China
- Our company established subsidiaries in Shanghai (2000), Suzhou (2006), Thailand (2003). Indonesia (2014) and Taiwan (2017)
- Secured manufacturing base in Malaysia through M&A (2014).

South America

- Market Size: Approx. 260bil yen*
- Mainly imports from North America, Mexico, etc.
Competition intensified in Brazilian market along with economic growth

* Market size by region is our estimate

* Exchange Rate 1US\$ = 108.1 yen (2019)

● = Our local hub

Million USD

	Company name	Country	Sales(2020Yr)	Market Share
1	Givaudan	Switzerland	5,926	23.4%
2	IFF	U.S.	5,084	20.1%
3	Firmenich	Switzerland	3,656	14.5%
4	Symrise	Germany	3,096	12.2%
5	ADM/Wild Flavors	Germany	2,812	11.1%
6	Mane SA	France	1,553	6.1%
7	Takasago	Japan	1,441	5.7%
8	Sensient Flavors	U.S.	742	2.9%
9	Robertet SA	France	524	2.1%
10	T.Hasegawa	Japan	474	1.9%
	Total	—	25,308	100.0%

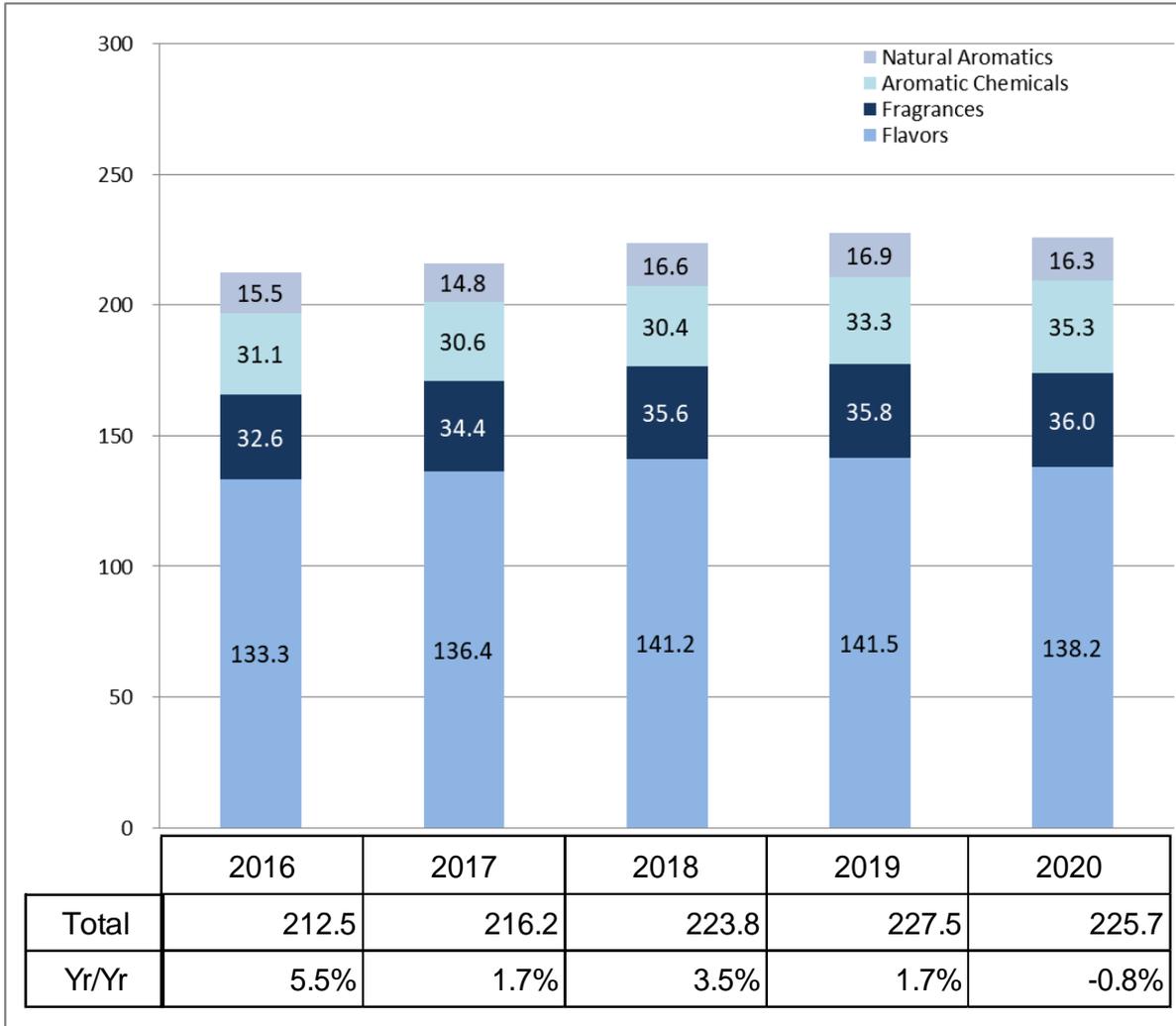
*Estimated by T. Hasegawa based on the disclosure materials of each company

*Sales of Mane SA and Robertet SA are 2019Yr sales

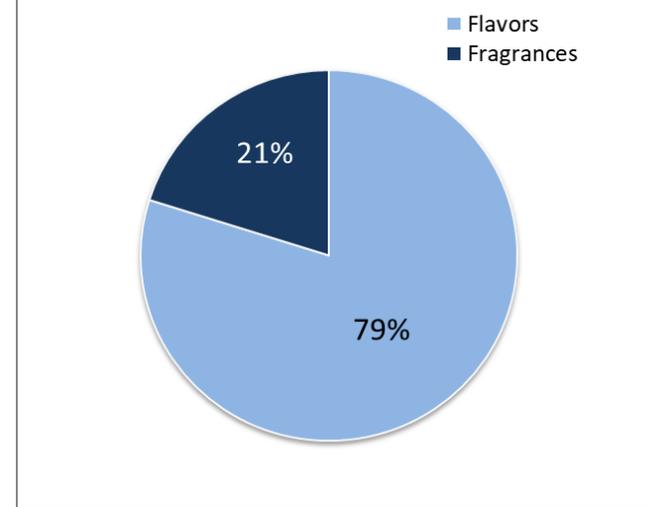
Market Size in Domestic

Flavors market accounts for 80% of flavor and fragrance total market share in domestic.
(Flavor market covers 50% of flavor and fragrance market in world wide)

Transition of sales in domestic market (Billion yen)

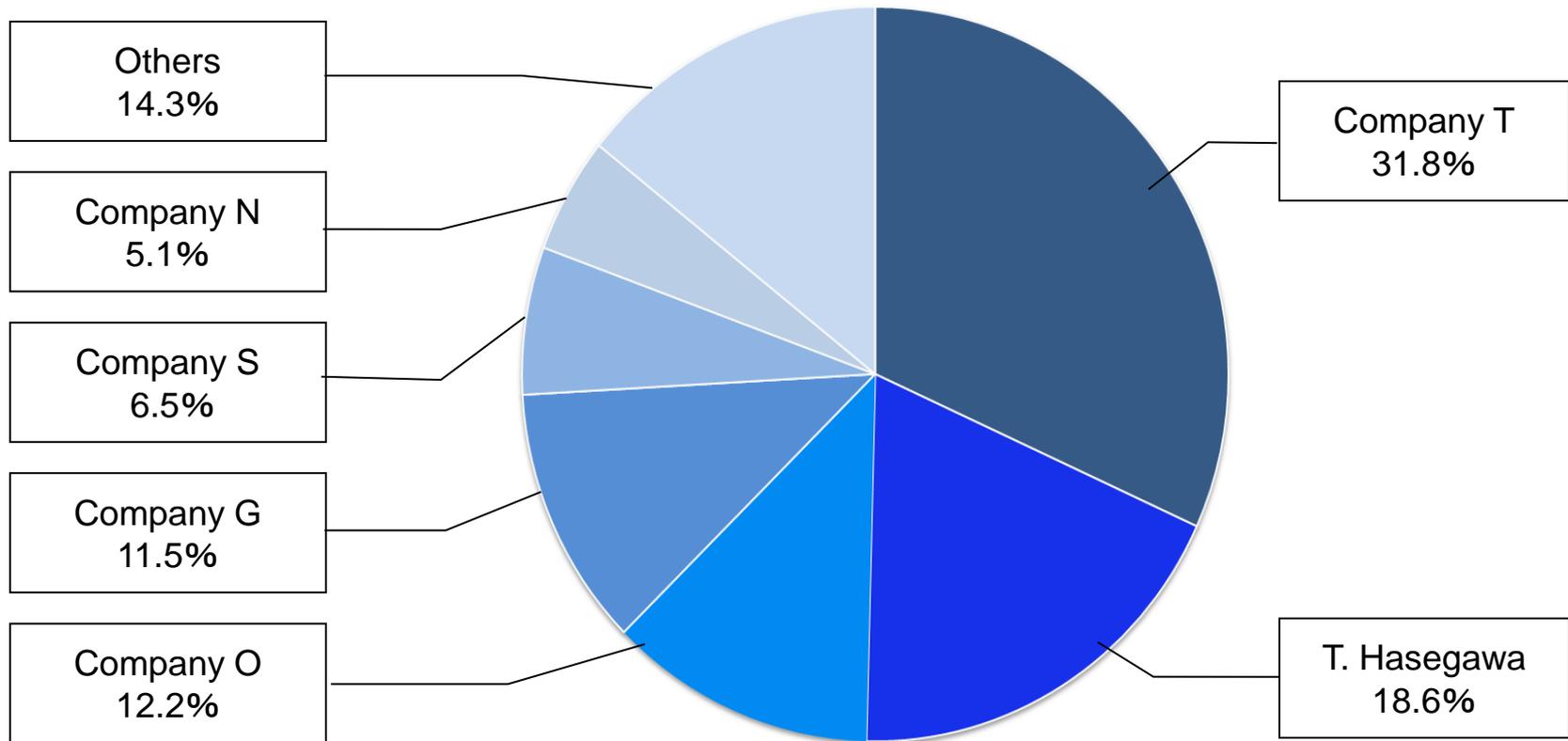


Composition Rate (2020 Yr)



Source of reference :
Japan Flavor & Fragrance Materials
Association Magazine

Outline of Current Status of T. Hasegawa



(As of Mar. 2020)

*Data is based on non-consolidated sales breakdown of top 10 companies in domestic market, calculated by private market research firm. Sales amount of 100% in above graph is the total sales of top 10 companies in domestic flavor and fragrance company.

*Fiscal year period of Company T, S, and N is from April to March, and Jan. to Dec. in Company G and O.

*T. Hasegawa's figures indicated above have been calculated for the period from Apr. 2019 to Mar. 2020.

Sales Composition Comparison

< Policy in T. Hasegawa >

Focus on sales of compound flavors and fragrances with high added value.

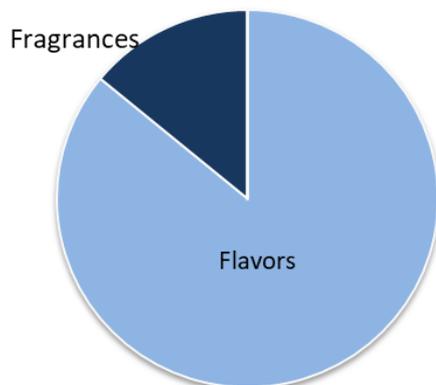
Sells a kind of approximately 12,000 products of fragrance and flavor per year.

(Million yen)

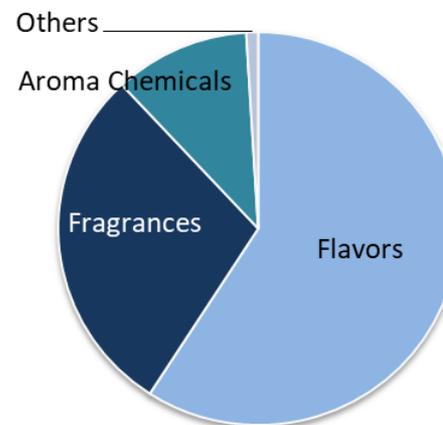
	T. Hasegawa (Consolidated)		Company T (Consolidated)	
	FY ended in Sep. 2020		FY ended in Mar. 2021	
	Sales	Share	Sales	Share
Flavors	43,159	86.0%	88,936	59.1%
Fragrances	7,032	14.0%	43,443	28.9%
Aroma Chemicals	-	-	16,540	11.0%
Others	-	-	1,445	1.0%
Total	50,192	100.0%	150,367	100.0%
Ratio of gross profits to sales	38.7%		30.0%	
Ratio of operating income to sales	10.7%		4.2%	

* Sales amount indicated as Aroma chemicals in Company T is composed of Aroma ingredients division and fine chemical division.

**T. Hasegawa
(Consolidated)**

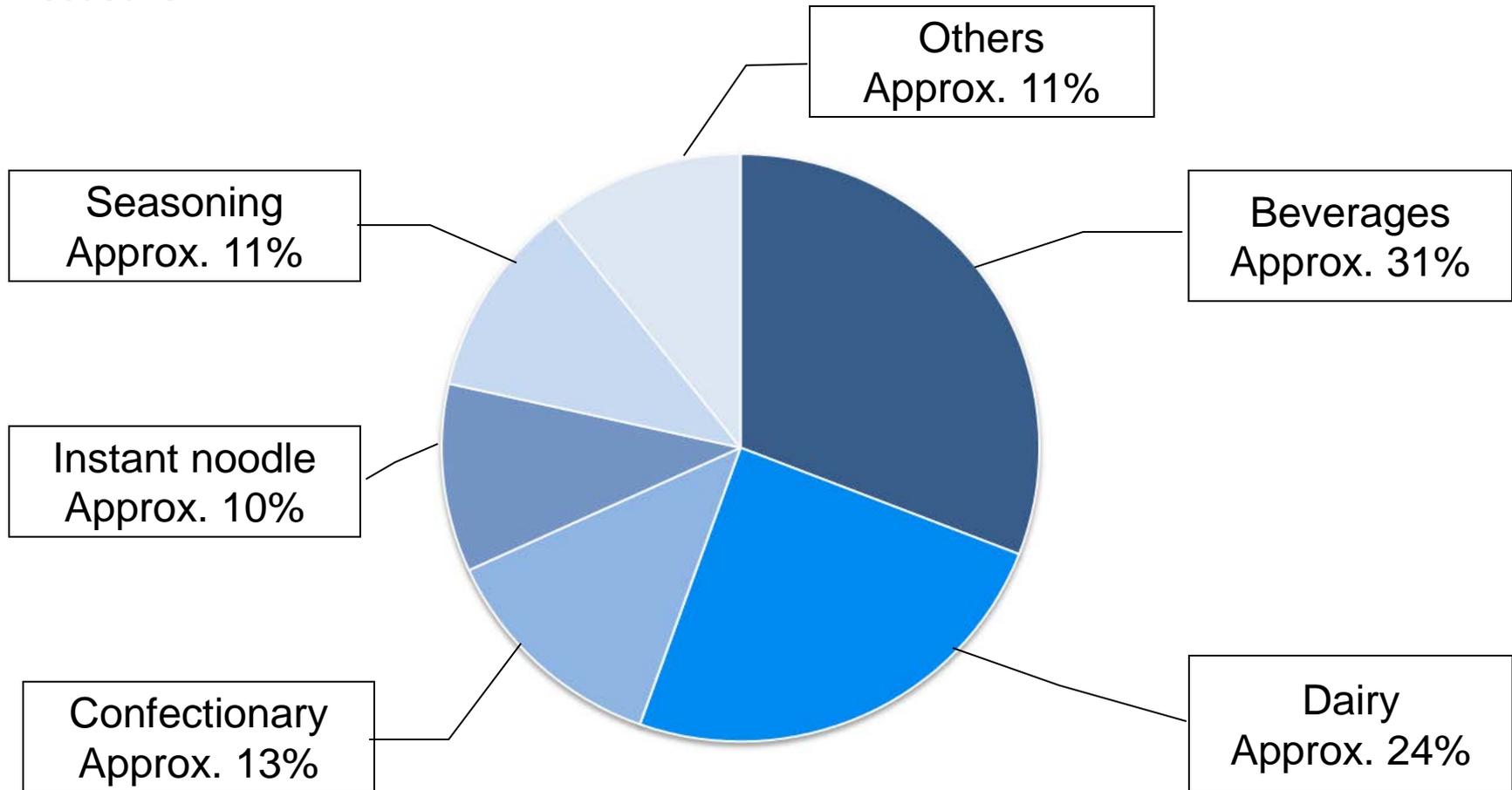


**Company T
(Consolidated)**



Flavor Sales Share by market

Sales share for beverages is high and the sales for beverages has fluctuation in line with seasons.



*The share indicated above is calculate as 100% for total non-consolidated sales of FY2021 2Q regarding the companies which are possible to separate sales by industry.

Additional Financial Information

Consolidated Income Statement Highlights

Contributing Factors for Operating Income Increase

Key factors are sales increase (sales increase at Chinese subsidiaries, contribution of MISSION), improvement of sales cost ratio

(Million yen)

	FY2020 2Q Actual		FY2021 2Q Actual		yr/yr		Contributing Factor
	Value	%	Value	%	Value	%	
Net sales	24,462	100.0%	26,135	100.0%	1,672	6.8%	Sales of Chinese subsidiaries increased Sales of MISSION contributed
Cost of sales	15,114	61.8%	15,582	59.6%	467	3.1%	Sales cost ratio improved through increase of sales at Chinese subsidiaries and change of sales composition
Gross profit	9,348	38.2%	10,553	40.4%	1,204	12.9%	
SG&A expenses	6,878	28.1%	7,584	29.0%	705	10.3%	Started amortization of intangible fixed assets associated with acquisition of MISSION (goodwill: 142mil yen, client-related assets: 89mil yen) Reported acquisition-related costs for MISSION (231mil yen)
Operating income	2,469	10.1%	2,968	11.4%	499	20.2%	
Ordinary income	2,688	11.0%	3,304	12.6%	616	22.9%	
Profit before income taxes	3,008	12.3%	4,435	17.0%	1,426	47.4%	(Extraordinary income) FY2020 parent company Gain on sales of fixed assets 320 million yen was calculated FY2021 parent company Gain on sales of investment securities 1,137 million yen was calculated
Net income	2,092	8.6%	3,138	12.0%	1,045	49.9%	

Consolidated Balance Sheet Highlights

(Million yen)

	Sep. 30 2020	Mar. 31 2021	Increase or Decrease	Contributing Factor
Current assets	59,013	50,241	-8,772	Increase of cash and deposits: 854mil yen Increase of account receivable: 257mil yen Decrease of securities: -10,000mil yen
Fixed assets	54,431	67,665	13,234	Increase of goodwill of MISSION (U.S.): 5,778mil yen Increase of MISSION (U.S.) client-related assets: 7,455mil yen
Total assets	113,445	117,907	4,462	
Current liabilities	10,261	9,686	-574	Decrease of reserve for bonuses: -524mil yen
Long-term liabilities	10,965	11,465	499	Increase of lease liabilities: 216mil yen Increase of retirement benefit obligations: 184mil yen
Total liabilities	21,226	21,151	-74	
Total net assets	92,218	96,755	4,537	Quarterly net income: 3,138mil yen Dividend of surplus: -912mil yen Increase of foreign currency translation adjustment reserve: 2,484mil yen
Total liabilities and net assets	113,445	117,907	4,462	

Consolidated Statement of Cash Flows

(Million Yen)

	FY2020 2Q Actual	FY2021 2Q Actual	Increase or Decrease	Major Account Item for 2nd Quarter of Current Fiscal Year
Cash flows from operating activities	2,179	4,393	2,213	Quarterly net income before tax adjustment: 4,435mil yen Amortization cost: 1,481mil yen Gain on sale of investment securities: -1,137mil yen Corporate tax, etc. payment: -727mil yen
Cash flows from investing activities	1,163	-13,001	-14,164	Acquisition of shares of subsidiaries: -12,885mil yen
Cash flows from financing activities	-753	-934	-180	Dividend payment: -912mil yen
Effect of currency change on cash and cash equivalents	16	278	262	—
Net Change in cash and cash equivalents	2,606	-9,263	-11,869	—
Cash and Cash equivalents at beginning of period	20,898	25,360	4,461	—
Cash and cash equivalents at end of period	23,505	16,097	-7,407	—

(Million Yen)

	FY2021 Plan	FY2021 2Q Actual	Progress (%)
Capital Investment	3,605	1,366	37.9%
Depreciation & Amortization	3,158	1,481	46.9%
R&D Expenses	4,682	2,121	45.3%

T. Hasegawa Non-consolidated (Actual)

(Million Yen)

	FY2020 2Q Actual		FY2021 2Q Actual		Achievement		Progress* vs annual Plan
	Value	Share	Value	Share	yr/yr		
					Value	%	%
Net sales	18,147	100.0%	17,897	100.0%	-249	-1.4%	48.5%
Cost of sales	11,314	62.4%	10,941	61.1%	-372	-3.3%	48.1%
Gross profit	6,832	37.6%	6,955	38.9%	123	1.8%	49.2%
SG&A expenses	4,951	27.3%	5,287	29.5%	335	6.8%	49.3%
Operating income	1,880	10.4%	1,668	9.3%	-212	-11.3%	48.8%
Ordinary income	3,100	17.1%	1,965	11.0%	-1,135	-36.6%	50.7%
Profit before income taxes	3,414	18.8%	3,096	17.3%	-318	-9.3%	54.0%
Net income	2,590	14.3%	2,310	12.9%	-280	-10.8%	55.4%

- Sales declined mainly due to sales decrease in flavors for beverages.
- Operating income declined mainly due to sales decrease and increase of SGA expenses associated with reporting of costs related to acquisition of MISSION.
- Ordinary income declined because of previous year reporting of dividends received from Chinese subsidiaries.
- Net income declined mainly due to decrease of ordinary income, despite increase of gain on sale of investment securities.

* Percentage progress vis-à-vis revised plan published on May 7, 2021

U.S. Subsidiaries (consolidated base) (Actual)

*Consolidated profit and loss statement for U.S. including T.HASEGAWA U.S.A., INC. and MISSION FLAVORS & FRAGRANCES, INC.

*Because MISSION FLAVORS & FRAGRANCES, INC. was merged in Dec. 2020, the current year's data is 3 month performance from Jan. to Mar. 2021

(Million Yen)

Yen Basis	FY2020 2Q		FY2021 2Q		yr/yr	
	Value	Share	Value	Share	Value	%
Net Sales	3,075	100.0%	3,898	100.0%	823	26.8%
Cost of sales	1,827	59.4%	2,344	60.1%	516	28.3%
Gross profit	1,248	40.6%	1,554	39.9%	306	24.5%
SG&A expenses	964	31.4%	1,343	34.5%	379	39.3%
Operating income	283	9.2%	210	5.4%	-72	-25.7%
Ordinary income	283	9.2%	223	5.7%	-59	-21.1%
Net income	226	7.4%	173	4.5%	-52	-23.1%

Yen 108.84/USD

Yen 105.20/USD

3.3% higher

(Thousand US\$)

Local Currency Basis	FY2020 2Q		FY2021 2Q		yr/yr	
	Value	Share	Value	Share	Value	%
Net Sales	28,258	100.0%	37,061	100.0%	8,802	31.2%
Cost of sales	16,792	59.4%	22,286	60.1%	5,494	32.7%
Gross profit	11,466	40.6%	14,774	39.9%	3,308	28.9%
SG&A expenses	8,864	31.4%	12,774	34.5%	3,909	44.1%
Operating income	2,602	9.2%	2,000	5.4%	-601	-23.1%
Ordinary income	2,604	9.2%	2,124	5.7%	-479	-18.4%
Net income	2,077	7.4%	1,652	4.5%	-424	-20.4%

- Sales increased mainly from contribution of sales of MISSION (for 3 months).
- Operating income decreased due to reporting of goodwill amortization costs and costs related to acquisition of MISSION.

Chinese Subsidiaries (consolidated base) (Actual)

*Consolidated profit and loss statement for China including T.H. Shanghai and T.H. Suzhou.

(Million Yen)

Yen Basis	FY2020 2Q		FY2021 2Q		yr/yr	
	Value	Share	Value	Share	Value	%
Net Sales	3,067	100.0%	4,027	100.0%	960	31.3%
Cost of sales	2,038	66.4%	2,257	56.0%	218	10.7%
Gross profit	1,029	33.6%	1,770	44.0%	741	72.0%
SG&A expenses	708	23.1%	702	17.5%	-5	-0.8%
Operating income	320	10.4%	1,067	26.5%	747	233.4%
Ordinary income	366	12.0%	1,121	27.9%	755	206.0%
Net income	273	8.9%	509	12.6%	235	86.0%

Yen15.52/RMB

Yen16.08/RMB

3.6% lower

(Thousand RMB)

Local Currency Basis	FY2020 2Q		FY2021 2Q		yr/yr	
	Value	Share	Value	Share	Value	%
Net Sales	197,647	100.0%	250,490	100.0%	52,843	26.7%
Cost of sales	131,329	66.4%	140,370	56.0%	9,040	6.9%
Gross profit	66,317	33.6%	110,120	44.0%	43,802	66.1%
SG&A expenses	45,680	23.1%	43,716	17.5%	-1,963	-4.3%
Operating income	20,637	10.4%	66,403	26.5%	45,766	221.8%
Ordinary income	23,618	12.0%	69,763	27.9%	46,144	195.4%
Net income	17,650	8.9%	31,686	12.6%	14,036	79.5%

- Sales increased mainly from sales increase in flavors for instant noodles and beverages.
- Operating income increased from sales increase, improvement of sales cost ratio, SGA expense decrease.

Malaysian Subsidiary (Actual)

* Profit and Loss Statement of T HASEGAWA FLAVOURS (KUALA LUMPUR) SDN. BHD.

(Million Yen)

Yen Basis	FY2020 2Q		FY2021 2Q		yr/yr	
	Value	Share	Value	Share	Value	%
Net Sales	431	100.0%	494	100.0%	62	14.6%
Cost of sales	249	57.8%	287	58.2%	38	15.3%
Gross profit	182	42.2%	206	41.8%	24	13.5%
SG&A expenses	161	37.4%	148	30.0%	-12	-8.1%
Operating income	21	4.9%	58	11.9%	37	178.9%
Ordinary income	27	6.3%	65	13.3%	38	140.7%
Net income	18	4.3%	48	9.8%	29	160.9%

Yen 26.13/MYR

Yen 25.77/MYR

1.4% higher

(Thousand Malaysian Ringgit)

Local Currency Basis	FY2020 2Q		FY2021 2Q		yr/yr	
	Value	Share	Value	Share	Value	%
Net Sales	16,520	100.0%	19,190	100.0%	2,669	16.2%
Cost of sales	9,544	57.8%	11,160	58.2%	1,615	16.9%
Gross profit	6,975	42.2%	8,029	41.8%	1,054	15.1%
SG&A expenses	6,170	37.4%	5,752	30.0%	-418	-6.8%
Operating income	805	4.9%	2,277	11.9%	1,472	182.8%
Ordinary income	1,042	6.3%	2,544	13.3%	1,501	144.0%
Net income	709	4.3%	1,876	9.8%	1,167	164.6%

- Sales increased mainly from sales increase in products for beverages.
- Operating income increased from sales increase and SGA expense decrease.

Caution with Respect to Forward-Looking Statements:

This material is composed based on data as of . May 7th 2021 and the purpose to publish this material is to offer information of management plan and consolidated financial statement.

This material contains forward-looking statements about the future performance of T. Hasegawa, which are based on our management's assumptions and beliefs taking into account all information currently available to it. Therefore, please be advised that and uncertainties could cause actual results to differ materially from those discussed in our forward-looking statements, and in addition, forward looking statements could be changed without notice. Please also note that we will assume no responsibility for any omission or error in the statements and data in this material.

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