T. HASEGAWA CO., LTD.

Securities Code: 4958

Long-Term Management Policy and Medium-Term Management Plan

Long-Term Management Policy and Medium-Term Management Plan 2026

~ Driving Sustainable Corporate Value Creation powered by Twin Engines
: Profit Growth & Expanded Growth Investment, and Disciplined Capital Management~

November 26, 2026

Better through Sensing
T.HASEGAWA

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Contents

01 Commitment to Change

02 Strengths and Key Issues

03 Long-Term Management Policy: Phased Roadmap to ROE of 10%

04 P/L Strategy・Growth Strategy

05 B/S Strategy: Appropriate Capital and Shareholder Return Policy

06 Cash Allocation

07 Three Commitments

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01 Commitment to Change

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Message from Management : Commitment to Change

Transition to Integrated

P/L and B/S Management

- To date, we have presented growth targets mainly from a P/L perspective through its rolling medium-term three-year plans.
- To achieve sustainable growth and long-term value creation, we have, for the first time, established a Long-Term Management Policy integrating profit growth with balance-sheet initiatives, while pursuing both growth investment and improved capital efficiency.

Profit Growth
P/L Approach

＋

Appropriate Capital
B/S Approach

Target ROE **10%**

Sustainable corporate value creation,
powered by twin engines of profit growth and capital management

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02 Strengths and Key Issues

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02

The Strengths of T. HASEGAWA

Company Overview

- Founded in **1903**
- Development, manufacturing, and sales of flavors and fragrances

  Flavor Sales Ratio **88.9%**
- Focused on Japan, the U.S., China, and Southeast Asia

  Overseas Sales Ratio **51.6%**
- Net Sales **79.6** billion yen (+8.4% year on year) (FY2026)

Sources of Competitiveness and Financial Strength

- Flavor and Fragrance creation
- Proposal capabilities and responsiveness
- Human resources, facilities, R&D, and quality assurance systems that support high-mix manufacturing

Source of competitiveness

: High profitability (operating profit margins)

Financial strength

: Financial buffer (equity ratio)

79.6 billion yen	9.6 billion yen	15.5 billion yen	134.3 billion yen	6.0%
Consolidated Net Sales	Operating Profit	EBITDA	Net Assets	ROE

Creating technology and solid financial base support the sustainable growth of our global flavor and fragrance business

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02

Business Environment and Key Issues

Changes in the External Environment

- Growing demand for flavors and fragrances driven by more diverse diets and greater health consciousness
- Rising raw material costs and more complex supply chains
- Greater geopolitical and foreign exchange risks

Our Challenges : Balancing Growth and Efficiency

- Early monetization of major investments, including new plants in each region
- Control of appropriate capital size and effective use of cash
- Balancing growth investment and shareholder returns
- Improving capital efficiency (ratio) while expanding growth investment (amount)

Capturing external growth opportunities and steadily improving capital efficiency are key to long-term value creation

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03 Long-Term Management Policy
～Phased Roadmap to ROE of 10%～

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03 Long-Term Management Policy

Achieving ROE of 10%

P/L Approach

Accelerating Profit Growth

- Top-line growth from large-scale investments
  Net sales CAGR: **4.0%–4.5%**
- EBITDA: **19 billion yen** by FY2031
- EBITDA: **23 billion yen** by FY2035

B/S Approach

Transition to Appropriate Capital Levels

- Optimize net assets to around **120 billion yen**
- Continuous and flexible share buybacks
- Temporary total payout ratio **above 100%**

Achieving sustainable corporate value creation powered by twin engines
—profit growth and balance-sheet management—by optimizing our equity base

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Phased Roadmap

Phase 1 : Large-Scale Investment and B/S Control

- Large-scale growth investments
- Optimization of equity
- Lower cash and deposits on hand
- Stronger dividends

Phase 2 : Capital Efficiency Improvement Through Profit Growth

- Profit growth driven by investment effects
- Maintain appropriate levels of equity, cash and deposits on hand
- Improve capital efficiency

FY2026

Net Sales: **79.6 billion yen**
EBITDA : **15.5 billion yen**
ROE : **6.0%**

Medium-Term Plan 2031

FY2031

Net Sales: **96 billion yen**
EBITDA : **19 billion yen**
ROE : **7.0%**

Long-Term Policy 2035

FY2035 onward

Net Sales: **110 billion yen**
EBITDA : **23 billion yen**
ROE : **10%**

Transition in stages from an upfront investment phase to a profit expansion phase, and achieve an ROE of 10% from FY2035 onward

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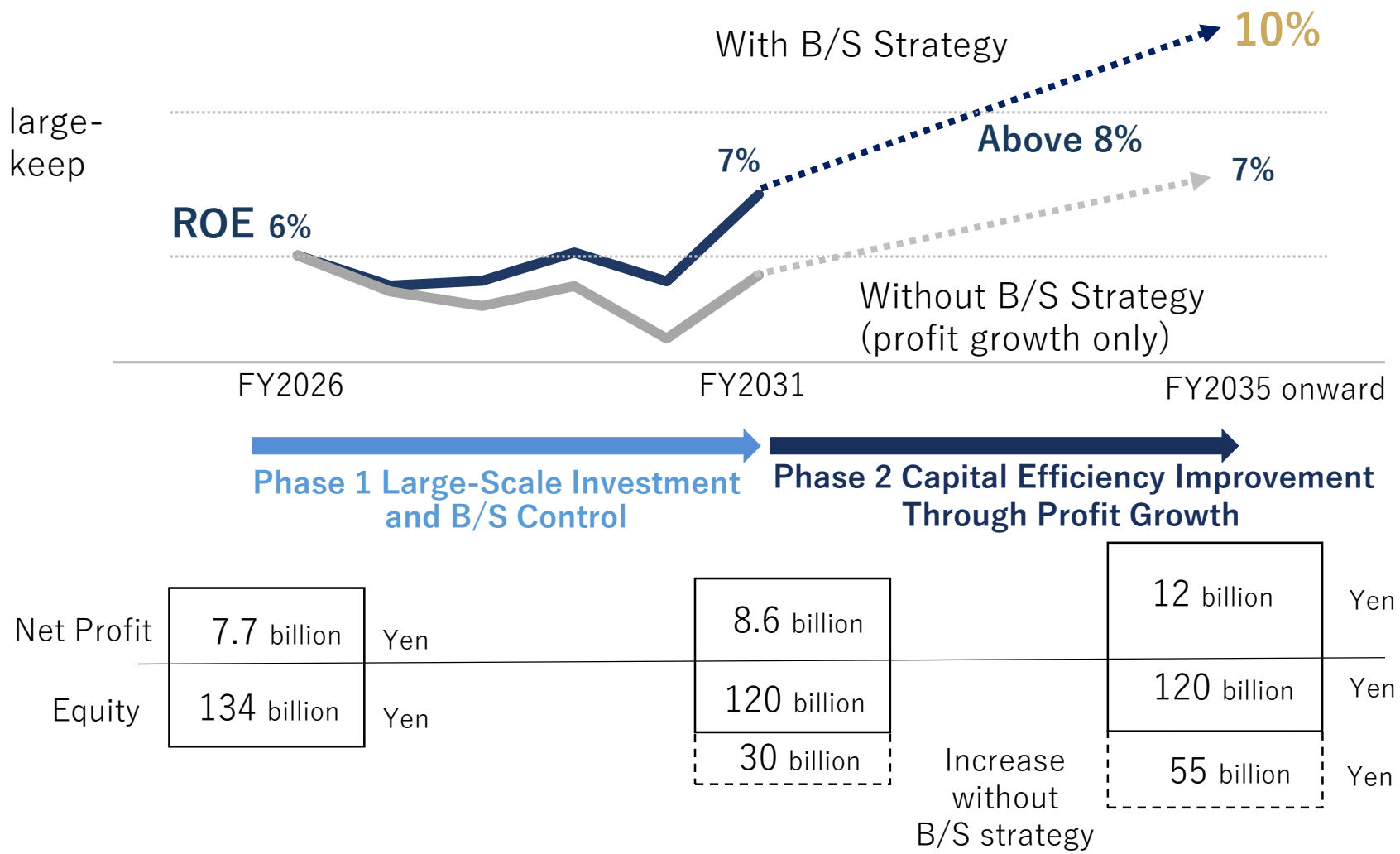
03 Long-Term Management Policy

Impact on ROE～Effect of B/S Strategy～

Higher depreciation burden from large-scale investments is expected to keep net profit flat through FY2030

[Increase in depreciation]
From FY2028
＋approx. **0.7 billion yen/year**
- Third China Plant
- New Malaysia Plant

From FY2030 (plan)
＋approx. **2.8 billion yen/year**
- Fukaya Plant
- DX / IT



Continuous control of equity size will improve capital efficiency alongside profit growth

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04 P/L Strategy・Growth Strategy

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04 P/L Strategy

Path to Profit Growth

Phase 1

By FY2029, investments to **expand production capacity for high-margin liquid compounded flavors** will be completed in each region

- EBITDA: **19 billion yen** by FY2031

Phase 2

Favorable product-mix effects + DX / IT and AI that curb personnel-cost increases
Profit generation from the effects of **investments in growth markets** through new business development, strategic acquisitions, and alliances

- EBITDA: **23 billion yen** by FY2035

＋End of Goodwill Amortization、Reduction of Investment Securities

Mission : amortization ends in **December 2030** (approx. 0.8 billion yen/year)
Abelei : amortization ends in **September 2034** (approx. 0.3 billion yen/year)

Reducing strategic shareholdings as a percentage of consolidated net assets and recording **extraordinary gains**

Large-scale investments and the end of goodwill amortization are structural drivers of profit growth

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04 Growth Strategy

1) Domestic and Overseas

Sales growth driven by the effects of large-scale and growth investments (Net sales CAGR **4.0%–4.5%**)

Domestic Market

Sales Growth CAGR 3.0%

Strengthen and automate production systems through **the Fukaya Plant Project and DX/IT Project**

Integrated structure across R&D, sales, and production
- Untapped field, New customers
- Accelerate high-value-added proposals, including food-alternative flavors and ingredients

Continue strengthening **marketing, AI utilization, and human resource development**

Overseas Market

Sales Growth CAGR 5.0%

U.S.: Production restructuring across multiple plants and Bridge to Tokyo (Utilizing Japanese Technology)

China: Start-up of Pinghu Third Plant and Suzhou New Facility (FY2027)
Optimize customer responsiveness and production efficiency across China

Focus on Southeast Asia : Sales Growth CAGR over 7.0%

Southeast Asia: New Malaysia plant to begin operation (FY2027)

Hoang Anh: sales expansion in line with growth of the Vietnamese market

Early achievement of 10 billion yen in Southeast Asia sales

Achieve sales growth above market growth in the three focus regions

In Japan, accelerate high-value-added proposals
Overseas, drive growth in U.S., China, and Southeast Asia

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2) Growth Investment

Sales growth driven by the effects of large-scale and growth investments (Net sales CAGR **4.0%–4.5%**)

M&A and alliances: agile growth investment through strategic acquisitions and alliances focused on synergies in customer networks, technology, and human resources

Based on “Better through Sensing” pursue agile growth investment in adjacent fields and growth markets

Technology portfolio review and growth investments in adjacent domains and high-growth markets

- White-space opportunities, Food alternatives and non-flavor applications
- Scent control (odor suppression, masking, and deodorization)
- Monetization of capabilities in marketing, synthesis, analytics, and sensory evaluation
- Scent-based branding

Invest to build growth drivers and deliver 12 billion yen in net profit from FY2035 onward

Drive growth by exploring adjacent fields and deepening capabilities through strategic M&A and alliances

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3) Intangible Assets and Human Capital Investment

Investment in Intangible Assets : Technology, Brand, and DX Infrastructure

- Strengthen investment in development of flavorists and perfumers, the transfer of technical expertise, and intellectual property
  - Maintain R&D expenses at 8% of consolidated net sales
  - Continue investment in R&D Center as the core development hub, while expanding overseas deployment of fundamental research technologies
- DX / AI Promotion
- Strengthen brand power and customer proposal capabilities

Human Capital Investment : Organizational capabilities that support growth

- Accelerating global talent development and trainee programs (to develop and expand talent in anticipation of increased overseas assignments to drive global business growth)
- Strengthen the integrated collaboration framework across R&D, Manufacturing, and Quality
- Organizational capabilities to execute growth investments, and company-wide optimal talent deployment

Turn investment in R&D, human capital, intellectual property, and other intangible assets into profit growth

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4) Improving the Quality of Capital

1) Ongoing business review

- Review profitability by region and category and reflect it in capital allocation priorities

2) Reduce idle and non-core assets

- Continue reducing Investment Securities and review idle assets and low-utilization equipment for disposal or conversion

3) Reallocate capital to growth investment

- Reinvest cash created from asset compression into capex, R&D, human capital, intangible assets, and M&A

Under disciplined management that raises the quality of capital,
Recirculate generated cash into growth investment

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05 B/S Strategy
～Appropriate Capital and Shareholder Returns～

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05 B/S Strategy

Appropriate Capital and Shareholder Return Policy

1) Stronger Dividends

Provide stable returns

Raise dividend on equity (DOE) from 3%+ to **4%+** during Phase 1

2) Continuous Share Buybacks

Continue flexible, ongoing share buybacks to optimize capital levels

Even with a temporary total payout ratio >100%, fewer shares outstanding supports EPS

3) Asset Efficiency and Room for Debt Utilization

Phase in borrowings while monitoring our cash on hand

Reduce Investment Securities (Strategic shareholdings)

In addition to profit growth, achieve long-term value creation through balance-sheet management aimed at optimizing our equity base

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06 Cash Allocation

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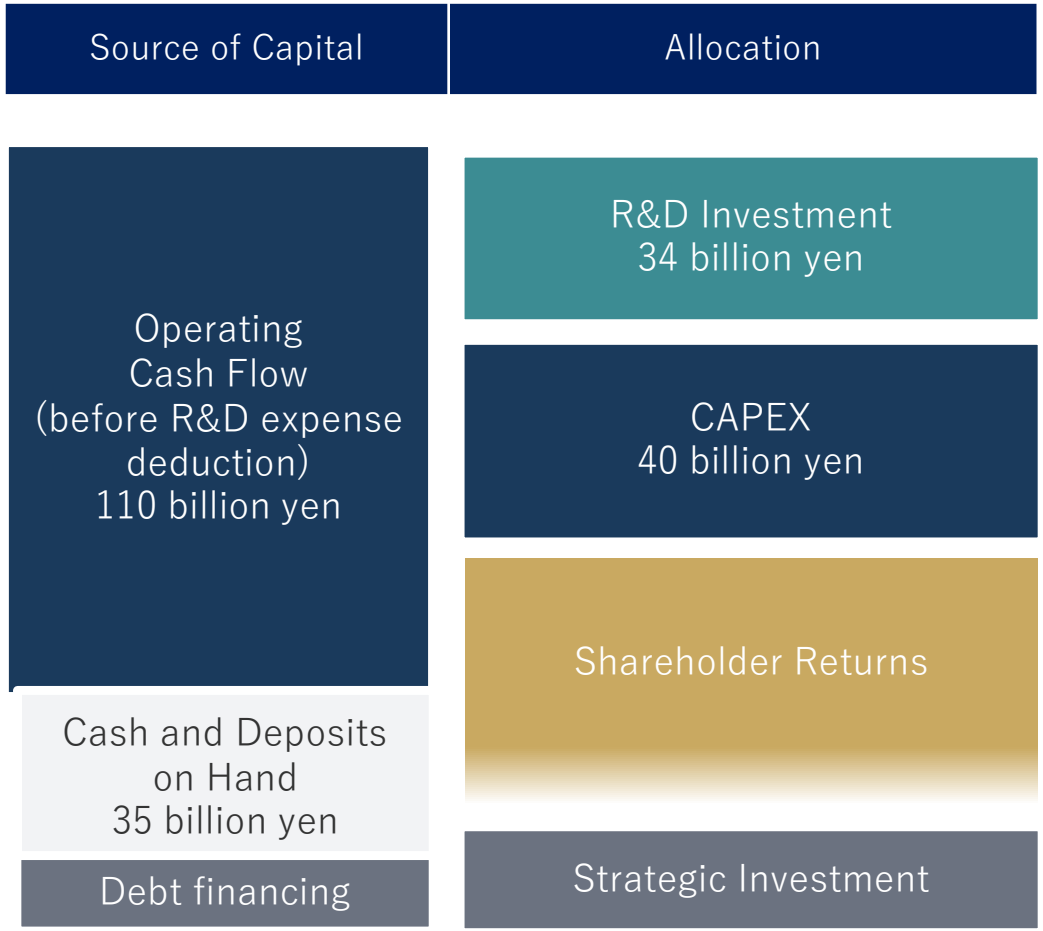
Cash Allocation (Five-Year Cumulative)



Financial Policy

Make growth investment the top priority in resource allocation
Maintain capital levels appropriate for achieving the ROE target

Growth Investment	
R&D Investment	Continue investments equivalent to 8% of net sales
Capital Expenditure	Prioritize investments directly linked to profit growth, including capacity expansion and productivity improvement
Strategic Investment	Strategic acquisitions and alliances focused on synergies [If no suitable opportunities arise, funds will be allocated to shareholder returns]
Shareholder Returns and Financial Discipline	
Dividend Policy	Emphasize stable dividends DOE of 4% or more
Share Buybacks	Adjust to appropriate equity levels Implement continuously and flexibly
Financial Discipline	Debt Utilization [Phase in borrowings while maintaining cash and deposits equal to two months of sales]

Prioritizing growth investment while increasing shareholder returns, and achieving both financial soundness and improved capital efficiency

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07 Three Commitments

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07

Three Commitments and the Next Step

1) Achieve ROE of 10%

P/L : Net sales CAGR of 4.0%–4.5% + growth investment

B/S : Appropriate capital levels with net assets around 120 billion yen

Achieve ROE of 10% from FY2035 onward through the synergy of these twin engines

2) Highly Predictable Shareholder Returns

Maintain DOE of 4% or more and implement continuous and flexible share buybacks during Phase 1 and 2

3) Highly Transparent Disclosure

Disclose current and target levels for ROE and DOE

Visualize progress through a phased roadmap and quantitative disclosure of financial soundness indicators

Next Step

Provide transparent explanations of progress and revisions through annual rolling disclosure of the five-year medium-term management plan

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Driving Sustainable Corporate Value Creation powered by Twin Engines
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Accompanying Materials

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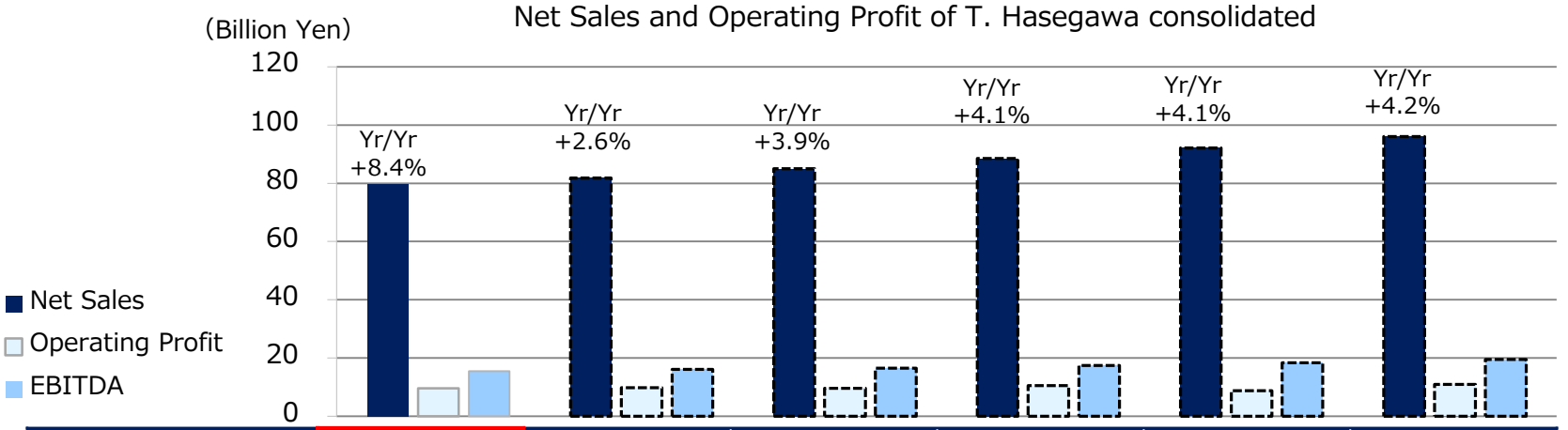
Medium-Term Five-Year Plan (Consolidated)



(Million Yen)

	FY26(Actual)	FY27(Target)	FY28(Target)	FY29(Target)	FY30(Target)	FY31(Target)
Net Sales	79,696	81,800	85,000	88,500	92,100	96,000
Cost of Sales	46,587	47,720	50,400	52,200	55,900	57,500
Operating Profit	9,633	9,800	9,600	10,500	8,800	10,900
Ordinary Profit	10,458	10,500	10,210	11,010	9,420	11,610
Net Profit	7,736	7,800	7,560	7,970	7,200	8,630
EBITDA	15,550	16,147	16,574	17,494	18,465	19,573
Exchange Rate	¥157.44/$ ¥22.86/RMB	¥155.00/$ ¥22.50/RMB	¥155.00/$ ¥22.50/RMB	¥155.00/$ ¥22.50/RMB	¥155.00/$ ¥22.50/RMB	¥155.00/$ ¥22.50/RMB
Sales Yr/Yr	8.4%	2.6%	3.9%	4.1%	4.1%	4.2%
Cost of Sales to Net Sales	58.5%	58.3%	59.3%	59.0%	60.7%	59.9%
Operating Profit to Net Sales	12.1%	12.0%	11.3%	11.9%	9.6%	11.4%
Ordinary Profit to Net Sales	13.1%	12.8%	12.0%	12.4%	10.2%	12.1%
Net Profit to Net Sales	9.7%	9.5%	8.9%	9.0%	7.8%	9.0%
EBITDA to Net Sales	19.5%	19.7%	19.5%	19.8%	20.0%	20.4%
Overseas net sales as a percentage of consolidated net sales	51.6%	52.0%	52.7%	53.4%	54.1%	54.7%

* The Group's medium-term five-year plan is revised each fiscal year
* Net profit in the table refers to profit attributable to owners of parent

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Capital Investment, Depreciation, and R&D Expenses

Approx. 40 billion yen of capital investment is planned over three years for organic business expansion

(Billion Yen)

・Major Capital Investments

	Location	～FY2026 (Actual)	FY2027 (Target)	FY2028 (Target)	FY2029 (Target)	FY2030 (Target)	FY2031 (Target)	Five-year Plan Total	Total Investment Amount
DX promotion and IT improvement	Japan	3.3	1.5	1.2	1.2	-	-	3.9	7.2
Fukaya plant	Japan	0.9	6.4	1.8	4.8	0.3	-	13.3	14.2
U.S. second plant	U.S.	3.9	-	-	-	-	-	-	3.9
China third plant (Pinghu)	China	3.0	3.3	-	-	-	-	3.3	6.3
Malaysia new plant	Southeast Asia	6.3	0.2	0.1	0.0	-	-	0.3	6.6
Others		-	5.4	3.5	3.6	3.4	3.3	19.2	
Total		-	16.8	6.6	9.6	3.7	3.3	40.1	

・R&D expenses will be maintained at a level of 8% of consolidated net sales

(Million Yen)

	FY2026 (Actual)	FY2027 (Target)	FY2028 (Target)	FY2029 (Target)	FY2030 (Target)	FY2031 (Target)	Five-year Plan Total
Capital Investment	12,933	16,812	6,658	9,636	3,750	3,325	40,181
Depreciation & Amortization	4,590	4,986	5,613	5,633	8,304	7,939	32,475
R&D Expenses	6,166	6,412	6,679	6,895	7,126	7,390	34,502

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