

**Translation**

Notice: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results  
for the Year Ended September 30, 2021  
(Based on Japanese GAAP)**

November 12, 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 of ordinary general meeting of shareholders: December 22, 2021  
 Scheduled date to file Securities Report: December 23, 2021  
 Scheduled date to commence dividend payments: December 6, 2021  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

(1) Consolidated operating results

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	%
Year ended September 30, 2021	55,755	11.1	6,859	28.1	7,466	27.4	6,763	32.9
Year ended September 30, 2020	50,192	(0.6)	5,356	14.5	5,861	13.2	5,090	23.5

Note: Comprehensive income Year ended September 30, 2021 ¥8,688 million [163.5%]  
 Year ended September 30, 2020 ¥3,297 million [-%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended September 30, 2021	163.63	163.00	7.1	6.4	12.3
Year ended September 30, 2020	122.79	122.34	5.6	5.2	10.7

Reference: Share of profit (loss) of entities accounted for using equity method Year ended September 30, 2021 ¥- million  
 Year ended September 30, 2020 ¥- million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2021	120,945	98,301	81.1	2,385.69
As of September 30, 2020	113,445	92,218	81.1	2,217.96

Reference: Equity As of September 30, 2021 ¥98,051 million  
 As of September 30, 2020 ¥91,990 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended September 30, 2021	9,980	(14,130)	(2,733)	18,863
Year ended September 30, 2020	6,387	(431)	(1,511)	25,360

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended September 30, 2020	–	18.00	–	22.00	40.00	1,658	32.6	1.8
Year ended September 30, 2021	–	22.00	–	33.00	55.00	2,268	33.6	2.4
Year ending September 30, 2022 (Forecast)	–	29.00	–	30.00	59.00		33.3	

## 3. Forecast of consolidated financial results for the year ending September 30, 2022 (from October 1, 2021 to September 30, 2022)

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	59,200	6.2	7,630	11.2	8,090	8.4	7,290	7.8	177.37

## 4. Notes

### (1) Changes in significant subsidiaries during the year ended September 30, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

### (2) 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

### (3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2021	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 September 30, 2021	1,608,431 shares	As of September 30, 2020	1,233,044 shares
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Average number of shares during the period

Year ended September 30, 2021	41,335,042 shares	Year ended September 30, 2020	41,458,341 shares
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Note: For further details about the number of shares as a basis for calculation of earnings per share (consolidated), please refer to “Per share information” under “3. Consolidated financial statements and significant notes thereto, (5) Notes to consolidated financial statements” on page 19 of the Attached Material.

Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended September 30, 2021	37,362	1.5	3,891	5.1	4,449	(13.9)	4,819	(0.0)
Year ended September 30, 2020	36,821	(2.2)	3,704	(3.4)	5,168	19.6	4,821	(4.6)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended September 30, 2021	116.59	116.14
Year ended September 30, 2020	116.30	115.87

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2021	106,168	86,968	81.7	2,109.95
As of September 30, 2020	104,748	86,034	81.9	2,068.85

Reference: Equity As of September 30, 2021 ¥86,718 million

As of September 30, 2020 ¥85,805 million

2. Forecast of non-consolidated financial results for the year ending September 30, 2022 (from October 1, 2021 to September 30, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	38,100	2.0	4,100	5.4	4,550	2.3	4,920	2.1	119.71

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

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

(Caution regarding forward-looking statements and others)

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. For the suppositions that form the assumptions for financial forecasts and cautions concerning the use thereof, please refer to "1. Overview of operating results and others, (4) Future outlook" on page 4 of the Attached Material.

(How to obtain supplementary material on financial results)

The Company plans to hold a financial results meeting for institutional investors and analysts through live streaming on Thursday, November 25, 2021.

Materials for the financial results meeting will be disclosed on TDnet on the same day and posted on the Company's website.

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## 1. Overview of operating results and others

### (1) Overview of operating results for the fiscal year

The Japanese economy in the fiscal year ended September 30, 2021 was in a severe situation with weak corporate earnings and personal consumption due to the prolonged impact of the novel coronavirus disease (COVID-19). In addition, as there were concerns about the impact of the infection trend on economic activities in Japan and overseas, the future remained uncertain.

The flavor and fragrance industry remained in a severe situation due largely to maturation of the domestic market, fiercer competition among peers, and growing demand for quality assurance.

Under this environment, giving primary consideration to quality control of products and securing of safety, the Group worked to further improve research and technology development capabilities and focused on development of the Company's unique high quality and high value added products.

The Group's performance was steady due to contribution of new products in the Flavor Division and an increase in sales for toiletry products in the Fragrance Division, although earnings performance of the Group was affected by COVID-19 prompting outing restrictions, teleworking from home, and slump in personal consumption associated with closure and shortening hours of restaurants, etc. in Japan. On the other hand, performance of subsidiaries in China and the USA was strong as the overseas effect of COVID-19 was immaterial, and earnings performance of US-based MISSION FLAVORS & FRAGRANCES, INC. ("MISSION"), which newly became a consolidated subsidiary in December 2020, contributed to consolidated operating results of the Group (no record in the fiscal year ended September 30, 2020).

As a result, in the fiscal year ended September 30, 2021, net sales increased year on year, amounting to ¥55,755 million (up 11.1% year on year). The Company's non-consolidated net sales increased by 1.5% year on year. As for net sales of major overseas consolidated subsidiaries, net sales of subsidiaries in China increased by 26.6% year on year (up 17.8% on a local currency basis), those of subsidiaries in the USA (including MISSION) increased by 49.5% (up 50.0% on a local currency basis), and those of subsidiaries in Malaysia increased by 10.7% (up 8.7% on a local currency basis).

By division, net sales of the Flavor Division increased by 11.5% year on year, amounting to ¥48,115 million due mainly to the contribution of MISSION to sales and the increase in sales of subsidiaries in China.

Net sales of the Fragrance Division increased by 8.6% year on year, amounting to ¥7,640 million due mainly to an increase in non-consolidated sales of the Company.

As for profit, although selling, general and administrative expenses increased in line with recording of expenses related to the acquisition of shares of MISSION and amortization of goodwill of the said company, etc., operating profit increased by ¥1,503 million (28.1%) compared to the fiscal year ended September 30, 2020 to ¥6,859 million due largely to an increase in gross profit resulting from the increase in net sales and improvement in the ratio of cost to sales. Ordinary profit increased by ¥1,605 million (27.4%) compared to the fiscal year ended September 30, 2020 to ¥7,466 million. Profit attributable to owners of parent increased by ¥1,672 million (32.9%) compared to the fiscal year ended September 30, 2020 to ¥6,763 million due mainly to the increase in ordinary profit and recording of gain on sale of investment securities as extraordinary income.

### (2) Overview of financial position for the fiscal year

#### (Current assets)

While cash and deposits and notes and accounts receivable - trade increased by ¥2,453 million and ¥1,591 million, respectively, compared to the fiscal year ended September 30, 2020, securities decreased by ¥8,000 million. Due largely to these factors, current assets decreased by ¥3,771 million compared to the fiscal year ended September 30, 2020 to ¥55,242 million.

#### (Non-current assets)

Property, plant and equipment increased by ¥749 million compared to the fiscal year ended September 30, 2020 to ¥30,094 million mainly because construction in progress increased by 627 million.

Intangible assets grew by ¥12,874 million compared to the fiscal year ended September 30, 2020 to ¥16,713 million due largely to the recording of goodwill and customer relationship in association with T. HASEGAWA

U.S.A., INC., a consolidated subsidiary of the Company, acquiring all of the shares of MISSION, which was included under the scope of consolidation in the fiscal year ended September 30, 2021.

Investments and other assets decreased by ¥2,352 million compared to the fiscal year ended September 30, 2020 to ¥18,894 million due mainly to sale of investment securities.

(Current liabilities)

Current liabilities increased by ¥1,342 million compared to the fiscal year ended September 30, 2020 to ¥11,604 million, due largely to an increase in income taxes payable by ¥1,022 million.

(Non-current liabilities)

Non-current liabilities increased by ¥75 million compared to the fiscal year ended September 30, 2020 to ¥11,040 million, due largely to increases in retirement benefit liability and other by ¥192 million and ¥257 million, respectively, while deferred tax liabilities decreased by ¥349 million due mainly to sale of investment securities.

(Net assets)

Compared to the fiscal year ended September 30, 2020, while retained earnings and foreign currency translation adjustment increased by ¥4,938 million and ¥3,169 million, respectively, valuation difference on available-for-sale securities decreased by ¥1,279 million. Due largely to these factors, total net assets increased by ¥6,082 million compared to the fiscal year ended September 30, 2020 to ¥98,301 million.

### **(3) Overview of cash flows for the fiscal year**

Cash and cash equivalents (“cash”) in the fiscal year ended September 30, 2021 decreased by ¥6,497 million (an increase by ¥4,461 million in the fiscal year ended September 30, 2020) compared to September 30, 2020 to ¥18,863 million.

The respective cash flow positions for the fiscal year ended September 30, 2021, and the factors thereof are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥9,980 million (compared with ¥6,387 million provided for the previous fiscal year). The main factors were income taxes paid of ¥1,693 million, and loss (gain) on sale and valuation of investment securities of ¥2,265 million, while there were profit before income taxes of ¥9,692 million and depreciation of ¥3,186 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥14,130 million (compared with ¥431 million used for the previous fiscal year). The main factors were purchase of shares of subsidiaries of ¥12,885 million, payments into time deposits of ¥3,724 million and proceeds from withdrawal of time deposits of ¥3,146 million, and purchase of property, plant and equipment of ¥2,572 million and proceeds from sale of investment securities of ¥2,235 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥2,733 million (compared with ¥1,511 million used for the previous fiscal year). The main factor was dividends paid of ¥1,824 million and purchase of treasury shares of ¥846 million.

(Reference) Trends in cash flow indicators

	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Equity ratio (%)	79.6	79.2	81.1	81.1
Market value equity ratio (%)	84.1	72.6	77.3	90.7
Ratio of cash flow to interest-bearing debt (%)	0.03	0.00	1.63	3.31
Interest coverage ratio (times)	9,281.6	13,905.7	2,059.7	1,109.2

Equity ratio	: Equity / Total assets
Market value equity ratio (%)	: Market capitalization / Total assets
Ratio of cash flow to interest-bearing debt (%)	: Interest-bearing debt / Cash flow
Interest coverage ratio (times)	: Cash flow / Interest payments

- Notes:
1. All indicators are calculated using consolidated financial data.
  2. Market capitalization is based on number of shares issued excluding treasury shares.
  3. Operating cash flow is used for cash flow.
  4. Interest-bearing debt includes all liabilities on the consolidated balance sheets on which interest is being paid. Interest payments are equal to interest paid as stated in the consolidated statements of cash flows.

#### (4) Future outlook

With regard to the future Japanese economy, as timing of COVID-19 abating cannot be projected, there are concerns about influences of the infection trend on economic activities in Japan and overseas, etc., and the future is expected to remain uncertain.

The flavor and fragrance industry is also anticipated to remain in a severe situation due to further intensifying competition among companies for market share, increasing demand for quality assurance, and other factors.

Under this situation, with the declared commitment to building on a solid foundation of technology, the Group will conduct distinctive and differentiated product development by further improving research and technology development capabilities, and strive to reduce cost through an increase in productivity and promotion of streamlining of all aspects of operations.

Moreover, in order to flexibly respond to the significantly changing business environment and unforeseen circumstances and seek future growth of the Group, it is essential to further strengthen the global expansion while working to increase the share in the Japanese market where maturation is progressing in step with the falling birthrate and the aging population. The Group will efficiently invest managerial resources into our priority regions, Asian regions, centering on China and Southeast Asia, as well as the USA, to accurately capture the growth potential of the markets, consumer palatability, etc. and plan and promote a business strategy in line with changes in the business environment. In addition, the Group will implement investments to achieve sustainable growth into the future, aiming to enhance the business performance in overseas markets.

While it is difficult to accurately project the future timing of COVID-19 abating and infection trend remains uncertain, the Company assumes that the impacts of COVID-19 will continue in the fiscal year ending September 30, 2022. Based on this assumption, the Group plans to achieve consolidated net sales at ¥59,200 million (up 6.2% year on year), operating profit at ¥7,630 million (up 11.2% year on year), ordinary profit at ¥8,090 million (up 8.4% year on year), and profit attributable to owners of parent at ¥7,290 million (up 7.8% year on year) for the fiscal year ending September 30, 2022.

#### (5) Basic policy on profit distribution and dividends for the fiscal year and next fiscal year

The Company has the basic policy of paying dividends of surplus twice a year, interim dividend and year-end dividend, targeting the payout ratio of 35% on a consolidated basis, to return profit to shareholders based on its business performance, while securing internal reserves necessary for further strengthening of the Group's management base and future business expansion.

The Company stipulates in the Articles of Incorporation that dividends of surplus, etc. may be paid by a resolution of the Board of Directors in accordance with the provision of Article 459, paragraph (1) of the Companies Act, and the Board of Directors is the decision-making body for dividends of surplus.

With regard to the dividend for the fiscal year ended September 30, 2021, the Company decided to pay an annual dividend of ¥55 per share (of which, interim dividend of ¥22). As a result, the payout ratio on a consolidated basis for the fiscal year ended September 30, 2021 is 33.6%.

Internal reserves will be used for capital expenditures and effective investments to implement the globalization strategy.

Dividends of surplus for the fiscal year are as follows.

Date of resolution	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
Resolution at a Board of Directors meeting held on May 7, 2021	912	22
Resolution at a Board of Directors meeting held on November 12, 2021	1,356	33

With regard to the dividend for the next fiscal year, the Company plans to pay an annual dividend of ¥59 per share (of which, interim dividend of ¥29).

## **2. Basic concept regarding selection of accounting standards**

The Group plans to continue using the Japanese GAAP to prepare its consolidated financial statements for the time being, as they facilitate comparison with previous consolidated financial statements and with other companies. The Group's policy on applying the International Financial Reporting Standards (IFRS) is to take action as appropriate based on considerations of various conditions in Japan and overseas.

### 3. Consolidated financial statements and significant notes thereto

#### (1) Consolidated balance sheets

(Millions of yen)

	As of September 30, 2020	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	16,584	19,037
Notes and accounts receivable - trade	15,471	17,063
Securities	12,000	3,999
Merchandise and finished goods	7,161	7,516
Work in process	170	120
Raw materials and supplies	6,901	6,444
Other	737	1,077
Allowance for doubtful accounts	(13)	(17)
<b>Total current assets</b>	<b>59,013</b>	<b>55,242</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	38,942	40,402
Accumulated depreciation	(23,027)	(24,425)
Buildings and structures, net	15,915	15,977
Machinery, equipment and vehicles	34,926	35,691
Accumulated depreciation	(30,931)	(31,542)
Machinery, equipment and vehicles, net	3,995	4,148
Tools, furniture and fixtures	7,432	7,784
Accumulated depreciation	(6,232)	(6,711)
Tools, furniture and fixtures, net	1,200	1,072
Land	6,793	6,829
Construction in progress	1,440	2,067
<b>Total property, plant and equipment</b>	<b>29,345</b>	<b>30,094</b>
Intangible assets		
Goodwill	572	6,043
Customer relationship	2,414	9,711
Other	852	958
<b>Total intangible assets</b>	<b>3,839</b>	<b>16,713</b>
Investments and other assets		
Investment securities	19,838	17,930
Deferred tax assets	614	575
Retirement benefit asset	17	21
Other	828	422
Allowance for doubtful accounts	(51)	(55)
<b>Total investments and other assets</b>	<b>21,246</b>	<b>18,894</b>
<b>Total non-current assets</b>	<b>54,431</b>	<b>65,703</b>
<b>Total assets</b>	<b>113,445</b>	<b>120,945</b>

(Millions of yen)

	As of September 30, 2020	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	4,743	5,000
Income taxes payable	630	1,653
Provision for bonuses	1,431	1,550
Provision for bonuses for directors (and other officers)	74	59
Other	3,381	3,340
Total current liabilities	10,261	11,604
Non-current liabilities		
Deferred tax liabilities	2,992	2,643
Retirement benefit liability	7,121	7,314
Asset retirement obligations	69	63
Long-term accounts payable - other	648	629
Other	131	388
Total non-current liabilities	10,965	11,040
Total liabilities	21,226	22,644
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,364	5,364
Capital surplus	7,298	7,305
Retained earnings	71,169	76,107
Treasury shares	(1,820)	(2,630)
Total shareholders' equity	82,012	86,147
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,551	10,272
Foreign currency translation adjustment	(1,316)	1,852
Remeasurements of defined benefit plans	(256)	(221)
Total accumulated other comprehensive income	9,978	11,903
Share acquisition rights	228	250
Total net assets	92,218	98,301
<b>Total liabilities and net assets</b>	<b>113,445</b>	<b>120,945</b>

**(2) Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Net sales	50,192	55,755
Cost of sales	30,783	33,106
Gross profit	19,408	22,648
Selling, general and administrative expenses		
Packing and transportation costs	947	1,061
Salaries and allowances	6,114	6,477
Provision for bonuses	954	1,010
Provision for bonuses for directors (and other officers)	74	59
Retirement benefit expenses	524	549
Welfare expenses	1,152	1,304
Depreciation	885	1,172
Amortization of goodwill	135	572
Other	3,263	3,581
Total selling, general and administrative expenses	14,052	15,788
Operating profit	5,356	6,859
Non-operating income		
Interest income	95	117
Dividend income	307	274
Foreign exchange gains	–	147
Other	138	116
Total non-operating income	541	655
Non-operating expenses		
Interest expenses	3	8
Foreign exchange losses	10	–
Other	22	39
Total non-operating expenses	36	48
Ordinary profit	5,861	7,466
Extraordinary income		
Gain on sale of non-current assets	359	–
Gain on sale of investment securities	867	2,265
Total extraordinary income	1,227	2,265
Extraordinary losses		
Loss on abandonment of non-current assets	59	38
Total extraordinary losses	59	38
Profit before income taxes	7,028	9,692
Income taxes - current	1,774	2,670
Income taxes - deferred	163	259
Total income taxes	1,938	2,929
Profit	5,090	6,763
Profit attributable to owners of parent	5,090	6,763

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Profit	5,090	6,763
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,989)	(1,279)
Foreign currency translation adjustment	142	3,169
Remeasurements of defined benefit plans, net of tax	52	35
Total other comprehensive income	(1,793)	1,925
Comprehensive income	3,297	8,688
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,297	8,688
Comprehensive income attributable to non-controlling interests	—	—

### (3) Consolidated statements of changes in equity

Fiscal year ended September 30, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,364	7,297	67,570	(1,856)	78,377
Changes during period					
Dividends of surplus			(1,492)		(1,492)
Profit attributable to owners of parent			5,090		5,090
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		35	36
Net changes in items other than shareholders' equity					
Total changes during period	–	0	3,598	35	3,634
Balance at end of period	5,364	7,298	71,169	(1,820)	82,012

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	13,540	(1,459)	(309)	11,771	195	90,344
Changes during period						
Dividends of surplus						(1,492)
Profit attributable to owners of parent						5,090
Purchase of treasury shares						(0)
Disposal of treasury shares						36
Net changes in items other than shareholders' equity	(1,989)	142	52	(1,793)	32	(1,760)
Total changes during period	(1,989)	142	52	(1,793)	32	1,874
Balance at end of period	11,551	(1,316)	(256)	9,978	228	92,218

Fiscal year ended September 30, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,364	7,298	71,169	(1,820)	82,012
Changes during period					
Dividends of surplus			(1,825)		(1,825)
Profit attributable to owners of parent			6,763		6,763
Purchase of treasury shares				(846)	(846)
Disposal of treasury shares		6		36	43
Net changes in items other than shareholders' equity					
Total changes during period	–	6	4,938	(809)	4,135
Balance at end of period	5,364	7,305	76,107	(2,630)	86,147

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	11,551	(1,316)	(256)	9,978	228	92,218
Changes during period						
Dividends of surplus						(1,825)
Profit attributable to owners of parent						6,763
Purchase of treasury shares						(846)
Disposal of treasury shares						43
Net changes in items other than shareholders' equity	(1,279)	3,169	35	1,925	21	1,947
Total changes during period	(1,279)	3,169	35	1,925	21	6,082
Balance at end of period	10,272	1,852	(221)	11,903	250	98,301

#### (4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	7,028	9,692
Depreciation	2,868	3,186
Amortization of goodwill	135	572
Increase (decrease) in long-term accounts payable - other	(238)	(19)
Share-based payment expenses	69	65
Increase (decrease) in provision for bonuses	134	83
Increase (decrease) in provision for bonuses for directors (and other officers)	12	(14)
Increase (decrease) in allowance for doubtful accounts	(18)	7
Increase (decrease) in retirement benefit liability	198	242
Decrease (increase) in retirement benefit asset	1	(3)
Interest and dividend income	(403)	(391)
Interest expenses	3	8
Foreign exchange losses (gains)	23	(62)
Loss (gain) on sale of property, plant and equipment	(318)	(0)
Loss (gain) on sale of intangible assets	(39)	–
Loss on abandonment of non-current assets	59	38
Loss (gain) on sale and valuation of investment securities	(867)	(2,265)
Decrease (increase) in trade receivables	351	(1,087)
Decrease (increase) in inventories	437	584
Increase (decrease) in trade payables	(661)	(7)
Increase (decrease) in accrued consumption taxes	(56)	2
Other, net	(13)	649
Subtotal	8,704	11,284
Interest and dividends received	397	398
Interest paid	(3)	(8)
Income taxes paid	(2,712)	(1,693)
Net cash provided by (used in) operating activities	6,387	9,980
<b>Cash flows from investing activities</b>		
Payments into time deposits	(2,952)	(3,724)
Proceeds from withdrawal of time deposits	2,636	3,146
Purchase of property, plant and equipment	(3,150)	(2,572)
Proceeds from sale of property, plant and equipment	590	1
Payments for retirement of property, plant and equipment	(30)	(26)
Purchase of intangible assets	(108)	(166)
Proceeds from sale of intangible assets	42	–
Purchase of investment securities	(36)	(138)
Proceeds from sale of investment securities	2,578	2,235
Purchase of shares of subsidiaries	–	(12,885)
Net cash provided by (used in) investing activities	(431)	(14,130)

(Millions of yen)

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Cash flows from financing activities		
Repayments of long-term borrowings	(0)	–
Purchase of treasury shares	(0)	(846)
Proceeds from sale of treasury shares	0	0
Repayments of lease obligations	(19)	(61)
Dividends paid	(1,491)	(1,824)
Net cash provided by (used in) financing activities	(1,511)	(2,733)
Effect of exchange rate change on cash and cash equivalents	17	385
Net increase (decrease) in cash and cash equivalents	4,461	(6,497)
Cash and cash equivalents at beginning of period	20,898	25,360
Cash and cash equivalents at end of period	25,360	18,863

## **(5) Notes to consolidated financial statements**

### **(Uncertainties of entity's ability to continue as going concern)**

Not applicable.

### **(Changes in significant accounting policies for preparation of consolidated financial statements)**

#### **(Significant change in scope of consolidation)**

In the fiscal year ended September 30, 2021, T. HASEGAWA U.S.A., INC., a consolidated subsidiary of the Company, acquired all of the shares of MISSION FLAVORS & FRAGRANCES, INC. (Location: California, U.S.A.), and accordingly, MISSION FLAVORS & FRAGRANCES, INC. is under the scope of consolidation.

### **(Notes when there are significant changes in amounts of equity)**

The Company, at the Board of Directors held on May 7, 2021, resolved purchase of treasury shares conducted pursuant to the provision of Article 156 of the Companies Act of Japan, applied by replacing the terms pursuant to the provision of Article 165, paragraph (3) of the Companies Act and the concrete method of purchasing the treasury shares through the Off-Auction Own Share Repurchase Trading (ToSTNeT-3) at Tokyo Stock Exchange, thereby having purchased 400,000 shares of treasury shares on May 10, 2021. Accordingly, due in part to the increase in treasury shares by ¥845 million during the fiscal year ended September 30, 2021, treasury shares amount to ¥2,630 million as of September 30, 2021.

### **(Changes in accounting policies)**

Not applicable.

## (Segment information, etc.)

[Segment information]

### 1. Overview of reportable segments

The reportable segments of the Group are components of the Group for which discrete financial information is available and regularly reviewed by the Board of Directors of the Company to make decisions about allocation of managerial resources and to assess their performance.

The Group manufactures and sells various fragrances and flavors. Local corporations in China, Malaysia, and the USA are in charge of their manufacturing and sales, and a local corporation in Indonesia is in charge of its sales. The Company is responsible for other countries and Japan. The local corporations are independent operation units, and based on the global strategy formulated by the Company, they draft a strategic plan for the respective region and carry out business activities. Accordingly, the Group consists of segments by the location of each company that is based on manufacturing and sales structures, and there are three reporting segments, Japan, Asia, and the USA. In the fiscal year ended September 30, 2021, T. HASEGAWA U.S.A., INC., a consolidated subsidiary of the Company, acquired all of the shares of MISSION FLAVORS & FRAGRANCES, INC. (Location: California, U.S.A.), and accordingly, MISSION FLAVORS & FRAGRANCES, INC. is included under the reporting segment of the USA.

### 2. Calculation method of net sales, profit or loss, assets, and other items for each reportable segment

The accounting method used for reportable segments is in accordance with the accounting policies adopted for preparing consolidated financial statements.

Profit of each reportable segment is an amount based on operating profit. Inter-segment sales or transfers are based on current market prices.

### 3. Information on net sales, profit or loss, assets, and other items for each reportable segment

Fiscal year ended September 30, 2020 (from October 1, 2019 to September 30, 2020)

	Reportable segment				Adjustment (Note 1) (Note 2)	Amount recorded on the consolidated financial statements (Note 3)
	Japan	Asia	USA	Total		
Net sales						
Sales to external customers	36,130	7,923	6,138	50,192	–	50,192
Inter-segment sales or transfers	700	173	115	989	(989)	–
Total	36,831	8,096	6,254	51,181	(989)	50,192
Segment profit	3,729	1,029	549	5,307	48	5,356
Segment assets	105,132	17,080	8,867	131,080	(17,635)	113,445
Other items						
Depreciation	1,959	534	374	2,868	–	2,868
Interest income	10	90	4	105	(9)	95
Interest expenses	0	4	5	9	(6)	3
Increase in property, plant and equipment and intangible assets	1,507	456	1,516	3,481	–	3,481

- Notes:
1. The adjustments on segment profit of ¥48 million include ¥48 million of inter-segment transactions, ¥3 million of adjustments for inventories related to inter-segment transactions, and negative ¥3 million for others.
  2. The adjustments for segment assets of negative ¥17,635 million include negative ¥17,464 million of adjustments for inter-segment transaction and corporate assets, and negative ¥171 million of inventories related to inter-segment transactions, and ¥0 million for others.
  3. Segment profit is adjusted to operating profit in the consolidated financial statements.

Fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

(Millions of yen)

	Reportable segment				Adjustment (Note 1) (Note 2)	Amount recorded on the consolidated financial statements (Note 3)
	Japan	Asia	USA	Total		
Net sales						
Sales to external customers	36,710	9,863	9,181	55,755	–	55,755
Inter-segment sales or transfers	660	155	105	921	(921)	–
Total	37,370	10,018	9,287	56,676	(921)	55,755
Segment profit	3,930	2,218	662	6,810	48	6,859
Segment assets	106,574	20,809	24,669	152,053	(31,107)	120,945
Other items						
Depreciation	1,921	575	689	3,186	–	3,186
Interest income	37	116	1	155	(37)	117
Interest expenses	1	6	3	11	(2)	8
Increase in property, plant and equipment and intangible assets	1,521	436	809	2,767	–	2,767

- Notes: 1. The adjustments on segment profit of ¥48 million include ¥57 million of inter-segment transactions, negative ¥4 million of adjustments for inventories related to inter-segment transactions, and negative ¥3 million for others.
2. The adjustments for segment assets of negative ¥31,107 million include negative ¥30,949 million of adjustments for inter-segment transaction and corporate assets, and negative ¥158 million of inventories related to inter-segment transactions, and ¥0 million for others.
3. Segment profit is adjusted to operating profit in the consolidated financial statements.

[Related information]

Fiscal year ended September 30, 2020 (from October 1, 2019 to September 30, 2020)

1. Information for each product or service

(Millions of yen)

	Fragrance	Flavor	Total
Sales to external customers	7,032	43,159	50,192

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	China	Asia	USA	Others	Total
32,448	6,884	4,687	5,588	584	50,192

Note: Net sales are classified by country or region based on customers' location.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Asia	USA	Others	Total
19,462	5,691	913	3,277	–	29,345

Note: Property, plant and equipment are classified by country or region based on their location.

3. Information for each of main customers

Not applicable.

Fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

1. Information for each product or service

(Millions of yen)

	Fragrance	Flavor	Total
Sales to external customers	7,640	48,115	55,755

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	China	Asia	USA	Others	Total
32,671	8,776	5,092	8,275	938	55,755

Note: Net sales are classified by country or region based on customers' location.

(2) Property, plant and equipment

(Millions of yen)

Japan	China	Asia	USA	Others	Total
19,018	6,180	967	3,928	–	30,094

Note: Property, plant and equipment are classified by country or region based on their location.

3. Information for each of main customers

Not applicable.

[Information on impairment losses on non-current assets for each reportable segment]

Fiscal year ended September 30, 2020 (from October 1, 2019 to September 30, 2020)

Not applicable.

Fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

Not applicable.

[Information on amortization and unamortized balance of goodwill for each reportable segment]

Fiscal year ended September 30, 2020 (from October 1, 2019 to September 30, 2020)

(Millions of yen)

	Japan	Asia	USA	Others	Total
Amortization in the fiscal year	–	135	–	–	135
Unamortized balance at end of the fiscal year	–	572	–	–	572

Fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

(Millions of yen)

	Japan	Asia	USA	Others	Total
Amortization in the fiscal year	–	137	434	–	572
Unamortized balance at end of the fiscal year	–	459	5,583	–	6,043

[Information about gain on bargain purchase for each reportable segment]

Fiscal year ended September 30, 2020 (from October 1, 2019 to September 30, 2020)

Not applicable.

Fiscal year ended September 30, 2021 (from October 1, 2020 to September 30, 2021)

Not applicable.

**(Per share information)**

(Yen)

Fiscal year ended September 30, 2020		Fiscal year ended September 30, 2021	
Net assets per share	2,217.96	Net assets per share	2,385.69
Earnings per share	122.79	Earnings per share	163.63
Diluted earnings per share	122.34	Diluted earnings per share	163.00

Note: Basis for calculation of earnings per share and diluted earnings per share is as follows.

	Fiscal year ended September 30, 2020	Fiscal year ended September 30, 2021
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	5,090	6,763
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent pertaining to common shares (Millions of yen)	5,090	6,763
Average number of shares during the period (Shares)	41,458,341	41,335,042
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Millions of yen)	–	–
Increase in the number of common shares (Shares)	154,859	159,593
[Of the above, share acquisition rights (Shares)]	[154,859]	[159,593]

**(Significant subsequent event)**

Not applicable.