




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 Fiscal Year Ended September 30, 2021

November 25, 2021

T. HASEGAWA CO., LTD.

- I. Summary of Consolidated Financial Results
- II. Impact of COVID-19
- III. Management Policy
- IV. Global Strategy
- V. Medium-Term Three-Year Plan Summary
- VI. Capital Policy
- VII. Accompanying Materials

I. Summary of Consolidated Financial Results

Japanese Market

- Trends by category
 FYE September 2021 (October 2020 to September 2021)

Category		Trend	
Beverages		Decrease	<ul style="list-style-type: none"> • Sluggish consumption owing partly to consumers refraining from going out as a result of COVID-19 • Sluggish demand from the office sector, particularly in large cities, with commercial and vending machine sales remaining weak • Cool summer resulted in poor sales of sports drinks, barley tea, and other thirst-quenching beverages
Sweet and savory snacks	Savory snacks	Flat YoY	<ul style="list-style-type: none"> • In potato products, sales of bagged products increased slightly, and the proportion of premium products in the sales mix increased • In corn products, chips and puffs declined slightly, while popcorn grew • Sales of wheat flour products fell, and in other snacks, sales of small pouch-type products were strong
	Chocolate	Increase	<ul style="list-style-type: none"> • Sales of chocolate bars fell back from a large increase in the previous year • Sales of high-cocoa and functional products increased due to an expanded product lineup of large-bag products • Chocolate snacks grew, particularly for large-bag products
Frozen desserts		Increase slightly	<ul style="list-style-type: none"> • During the summer, when demand is strongest, sales increased significantly in July, but fell in August and September owing to cooler temperatures • Multipack products remained on par with the previous year despite a fallback from the previous year's increase • New products contributed
Instant noodles		Decrease	<ul style="list-style-type: none"> • Struggled in March-May owing to a fallback from special demand in the previous year • For cup noodles, the introduction of new products and stronger promotions at supermarkets, and other factors made up for the delayed recovery in convenience store sales

Source: Nikkan Keizai Tsushin

Summary of Consolidated Performance

- YoY
Sales increased mainly due to the contribution of MISSION (U.S.), which T. HASEGAWA U.S.A. Inc. acquired in December 2020, as well as higher sales at Chinese subsidiaries
Operating profit, ordinary profit, and net profit increased mainly due to an increase in net sales and an improvement in the cost-of-sales ratio
- Vs. target
Achieved our net sales target, mainly due to performance at the Company (non-consolidated), U.S. subsidiaries, and Chinese subsidiaries exceeding targets
Achieved our operating profit target, mainly because net sales exceeded the target and SG&A expenses came in under the target

(Million yen)

	FY 2020 (actual)	FY 2021 (targets revised on August 2)	FY 2021 (actual)	Change			
				YoY		Vs. target	
				Amount	%	Amount	%
Net sales	50,192	54,700	55,755	5,562	11.1%	1,055	1.9%
Cost of sales	30,783	32,650	33,106	2,322	7.5%	456	1.4%
Gross profit	19,408	22,050	22,648	3,239	16.7%	598	2.7%
SG&A expenses	14,052	15,980	15,788	1,736	12.4%	-191	-1.2%
Operating profit	5,356	6,070	6,859	1,503	28.1%	789	13.0%
Ordinary profit	5,861	6,560	7,466	1,605	27.4%	906	13.8%
Income before income taxes	7,028	8,380	9,692	2,664	37.9%	1,312	15.7%
Net profit	5,090	5,950	6,763	1,672	32.9%	813	13.7%
EBITDA (※)	8,360	9,800	10,618	2,258	27.0%	818	8.4%

* EBITDA = Operating profit + Depreciation + Amortization of goodwill
EBITDA-to-sales ratio: 19.0%

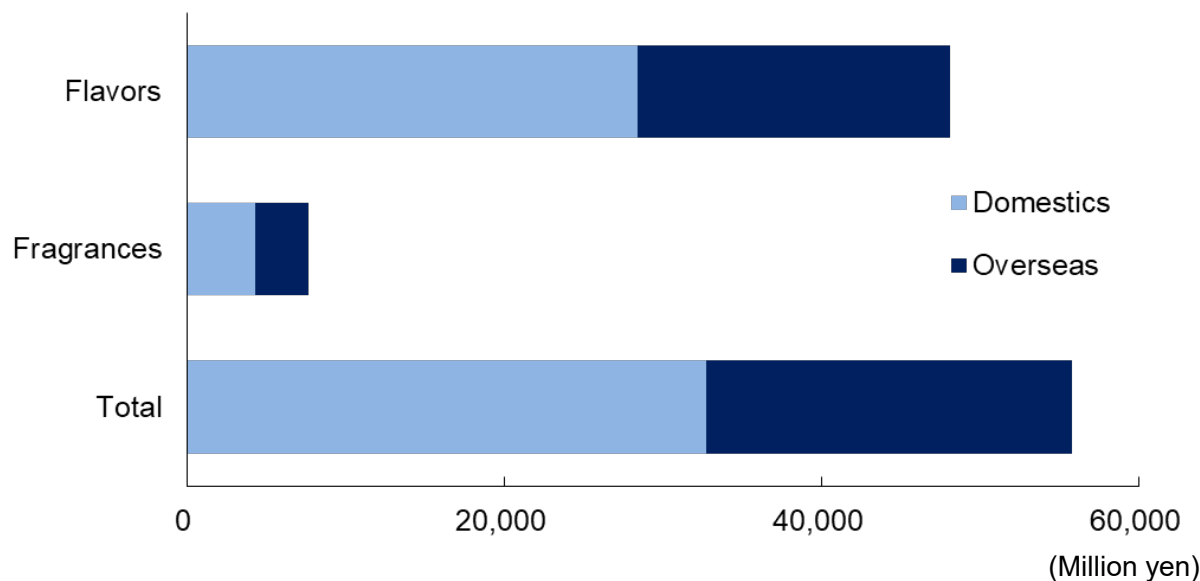
Net Sales by Segment

- Sales growth factors
Contribution of MISSION (U.S.) and higher sales at Chinese subsidiaries

(Million yen)

Segment	FY 2020 (actual)	FY 2021 (actual)	Change		Factor
			Amount	Change (%)	
Flavors	43,159	48,115	4,955	11.5%	Contribution of MISSION Higher sales at Chinese subsidiaries
Fragrances	7,032	7,640	607	8.6%	Higher sales at the Company (non-consolidated)
Total	50,192	55,755	5,562	11.1%	—

FY21 Actual (Consolidated)



Overseas net sales as a percentage of consolidated net sales

FY9/21: 41.4%
(FY9/20: 35.4%)

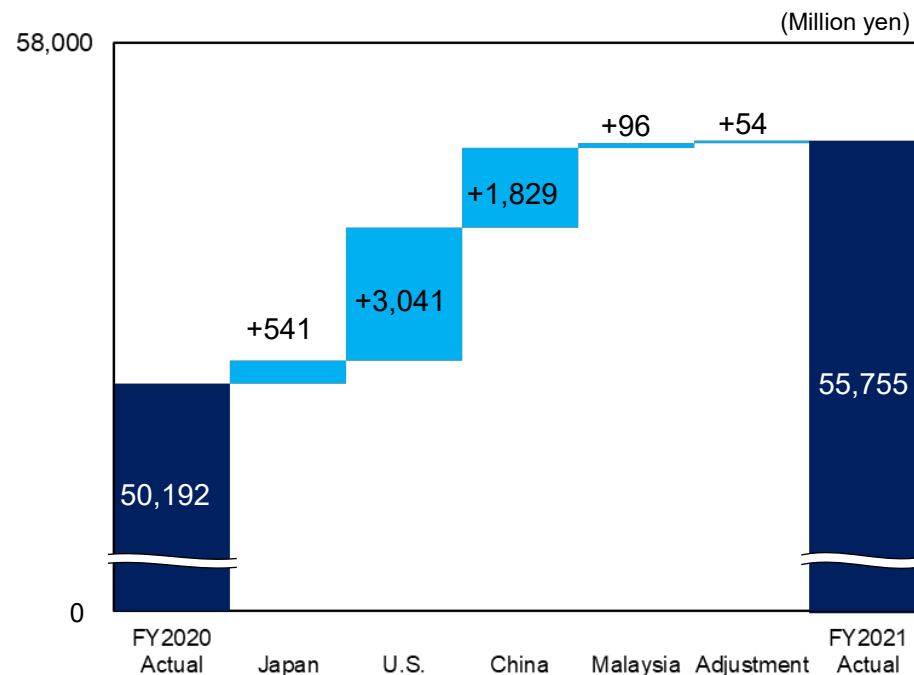
Net Sales by Group Company

- Sales growth factors
Contribution of MISSION (U.S.)
Higher sales at Chinese subsidiaries

Currency	FY2020	FY2021	Change(%)
1US\$	¥107.88	¥107.50	Yen up 0.4%
1RMB	¥15.39	¥16.54	Yen down 7.5%
1MYR	¥25.61	¥26.08	Yen down 1.8%

(Million Yen)

	FY 2020 (actual)	FY 2021 (actual)	YoY	Change (%)
Japan	36,821	37,362	541	1.5%
U.S.	6,146	9,187	3,041	49.5%
China	6,870	8,699	1,829	26.6%
Malaysia	902	998	96	10.7%
Adjustment	-547	-493	54	-
Consolidated	50,192	55,755	5,562	11.1%



Japan	Increase in sales to toiletry makers in fragrance segment	Sales Increase
U.S.	Contribution of MISSION (nine months) Increase in sales to beverage makers at existing company	Sales Increase
China	Increase in sales to beverage and instant noodle makers in flavor segment	Sales Increase
Malaysia	Increase in sales to sweet and savory snack and beverage makers	Sales Increase

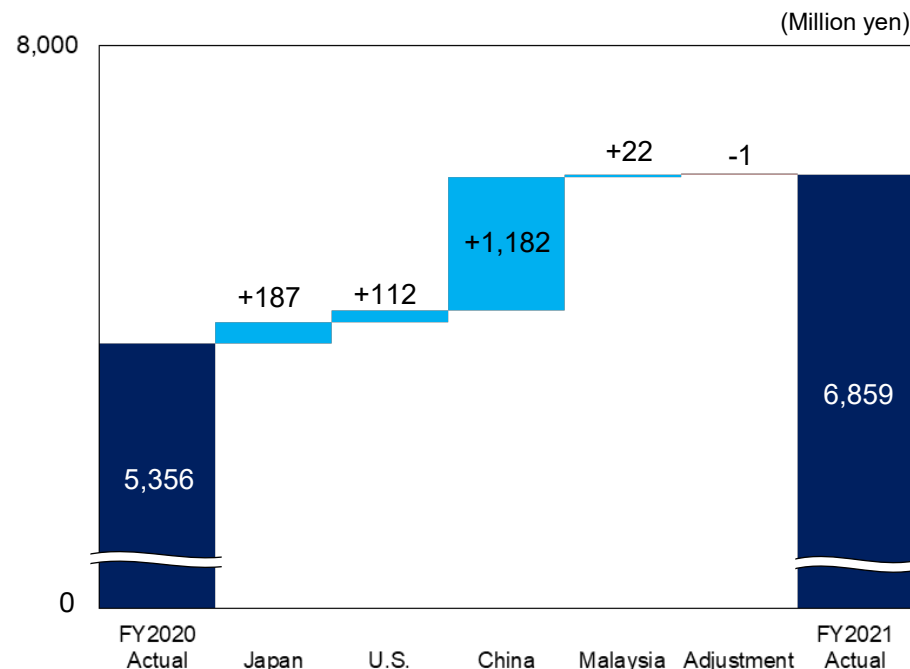
Operating Profit by Group Company

- Profit growth factors
Higher operating profit at Chinese subsidiaries

Currency	FY2020	FY2021	Change(%)
1US\$	¥107.88	¥107.50	Yen up 0.4%
1RMB	¥15.39	¥16.54	Yen down 7.5%
1MYR	¥25.61	¥26.08	Yen down 1.8%

(Million Yen)

	FY 2020 (actual)	FY 2021 (actual)	YoY	Change (%)
Japan	3,704	3,891	187	5.1%
U.S.	549	662	112	20.6%
China	1,084	2,267	1,182	109.0%
Malaysia	92	114	22	24.1%
Adjustment	-74	-76	-1	-
Consolidated	5,356	6,859	1,503	28.1%



Japan	Increase in net sales and improvement in cost-of-sales ratio	Profit Increase
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U.S.	Increase in net sales and improvement in cost-of-sales ratio	Profit Increase
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China	Increase in net sales and improvement in cost-of-sales ratio	Profit Increase
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Malaysia	Increase in net sales	Profit Increase
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II. Impact of COVID-19

Impact of COVID-19

- Japan and Southeast Asia continued to be affected by COVID-19
⇒ Negative impact of approx. 1.30 billion yen on full-year net sales for FYE September 2021

Region	Fiscal year ended September 30, 2021 (actual)	
	Business impact	Net sales impact
Japan	<ul style="list-style-type: none"> • Sluggish consumption of beverages (including weak vending machine and convenience store sales and lower sales of commercial products), small-bag sweet and savory snacks, etc., from self-imposed restraints on going out, teleworking, and requests to restaurants, etc., for temporary closures and shortened operating hours • Fallback from stocking up demand in the previous fiscal year (instant noodles, large-bag sweet and savory snacks, etc.) • Slow Decrease in demand growth for handwashing and disinfection products • Decreases and delays in new product development as customers shifted to teleworking 	Sales Decrease approx. 1.22 billion yen
U.S.	<ul style="list-style-type: none"> • Some negative impact carried over from FYE September 2020 remained in the food service industry • Impact varied by customer and industry • Recovery trend strengthened in the latter half of the fiscal year as vaccination progressed 	-
China	<ul style="list-style-type: none"> • No impact from COVID-19 • China's economy is trending toward recovery 	-
Southeast Asia	<ul style="list-style-type: none"> • Affected by economic recession, weak demand, etc., in each country • Increased demand for some products for home consumption, including seasonings and instant noodles • Decrease in perfume and cologne demand as consumers refrained from going out • Impact varied by customer and industry 	Sales Decrease approx. 80 million yen
Total		Sales Decrease approx. 1.30 billion yen

III. 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

Strengthen Sustainability Initiatives

Basic Strategies

Expand
Compounded
Flavors and
Fragrances
Sales

Secure Profits
in Domestic
Market

Growth in
Overseas
Market

Basic Policies Related to Business Portfolio

- Develop our businesses based on three basic strategies: **(1) expand flavors and fragrances, (2) secure earnings in Japan, and (3) expand overseas businesses**
 - Achieve abundant and healthy living through aromas and contribute to the creation of a sustainable society
- Entered ■ Not entered

	Earnings foundation		Growth drivers					
	Japan	U.S.	China	Southeast Asia				
<p>Flavor Business</p> <p>Providing flavors that make food delicious</p>	<ul style="list-style-type: none"> ➢ Broad usage in the beverage and food industries ➢ Strengthen response to SDGs <ul style="list-style-type: none"> • Develop flavors to substitute for food ingredients • Capital and business alliance with DAIZ Inc. ➢ Strengthen measures in new sectors <ul style="list-style-type: none"> • Health foods, medical foods, etc. 	<ul style="list-style-type: none"> ➢ Usage mainly in savory foods, beverages, and health sector ➢ Trade mainly with local companies ➢ Expand business through M&A <ul style="list-style-type: none"> • Strengthen sweet flavors with M&A in 2020 ➢ Strengthen collaboration with research departments in Japan 	<ul style="list-style-type: none"> ➢ Usage mainly in beverages and instant noodles ➢ Trade mainly with international and local companies ➢ Tap unentered sectors and potential demand <ul style="list-style-type: none"> • Focus on large and midsize local companies • Expand sales area by utilizing agents 	<ul style="list-style-type: none"> ➢ Usage mainly in seasoning powders and beverages <ul style="list-style-type: none"> • Target further expansion among beverage makers ➢ Strengthen collaboration between subsidiaries ➢ Increase sales in Malaysia, Thailand, and Indonesia ➢ Expand operations into countries around subsidiaries <ul style="list-style-type: none"> • Expand into Vietnam, the Philippines, and Myanmar 				
<p>Fragrance Business</p> <p>Providing fragrances that add color to various aspects of life</p>	<ul style="list-style-type: none"> ➢ Broad usage in daily necessities and cosmetics industries ➢ Strengthen measures in new sectors <ul style="list-style-type: none"> • Address need to mask odors in day-to-day life, etc. • Use fragrances to resolve discomfort people feel ➢ Strengthen response to SDGs <ul style="list-style-type: none"> • Develop environmentally-conscious fragrances (biodegradable microcapsules, etc.) 	<ul style="list-style-type: none"> ➢ Establishment of bases by foreign flavor and fragrance makers ➢ Introduction of preferred supplier system by many customers <p>⇒ T. HASEGAWA Group has yet to enter</p>	<ul style="list-style-type: none"> ➢ Usage mainly in daily necessities industry ➢ Trade mainly with local companies ➢ Focus on expansion among toiletry makers ➢ Strengthen collaboration with research departments in Japan 	<table border="1"> <tr> <td>Production</td> <td> <ul style="list-style-type: none"> ➢ Address with exports from Japan ⇒ Consider local production based on business development </td> </tr> <tr> <td>Sales</td> <td> <ul style="list-style-type: none"> ➢ Usage mainly among body care product makers ➢ Focus on acquiring new customers </td> </tr> </table>	Production	<ul style="list-style-type: none"> ➢ Address with exports from Japan ⇒ Consider local production based on business development 	Sales	<ul style="list-style-type: none"> ➢ Usage mainly among body care product makers ➢ Focus on acquiring new customers
Production	<ul style="list-style-type: none"> ➢ Address with exports from Japan ⇒ Consider local production based on business development 							
Sales	<ul style="list-style-type: none"> ➢ Usage mainly among body care product makers ➢ Focus on acquiring new customers 							

IV. Global Strategy

Japan	<ul style="list-style-type: none">• Business Solutions Division established in October 2020• Promote proposal-based sales utilizing collaboration among sales, research, and marketing• Focus on the development of flavors to substitute for food ingredients and strengthen response to SDGs• Entered into capital and business alliance agreement with DAIZ Inc.
U.S.	<ul style="list-style-type: none">• Acquisition of MISSION by T. HASEGAWA U.S.A. INC. in December 2020• Post-merger integration (PMI) completed at the end of September 2021 as originally planned• Progress on plans for the construction of the second plant as scheduled
China	<ul style="list-style-type: none">• Utilize marketing functions to focus on large and midsize local companies, and utilize agents to expand sales area• Thorough cost management ⇒ Results (cut manufacturing costs, established cost-conscious mindset, etc.)• New research building construction project underway
Southeast Asia	<ul style="list-style-type: none">• Established Corporate Planning Division in Malaysia in order to formulate and promote strategies for Southeast Asia.• Promote efficient R&D in Malaysia• Manage progress of new plant construction plan in Malaysia based on economic trends

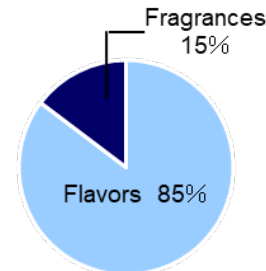
Basic strategy: Expand market share by anticipating new market demand caused by declining birthrate and aging population, as well as growing health consciousness

Current initiatives and progress

Strengthen collaboration between departments

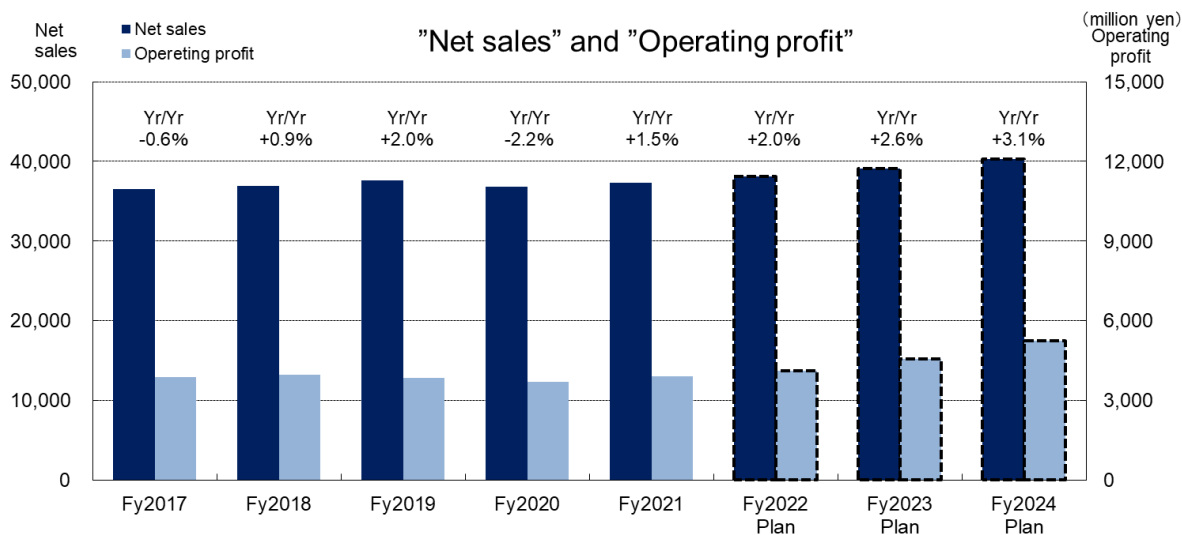
Promote solution sales

- **Strengthen collaboration among sales, research, and marketing departments**
⇒ **Business Solutions Division established** in October 2020
⇒ **Promote proposal-based sales utilizing collaboration among departments**
⇒ **Further strengthen customer successes**
- Utilize market research, analysis, etc., to identify potential “wants”
- Improve the quality of sales activities and enhance operational efficiency



Address expansion in flavor and fragrance applications

- Focus on the development of flavors to substitute for food ingredients and **strengthen response to SDGs**
⇒ Focus on applications among dairy products, vegetables, fruit juices, and alternative meat market (soy meat, etc.)
- **Entered into capital and business alliance agreement with DAIZ Inc.**
⇒ **Making plant-based meat developed by DAIZ Inc. delicious through flavors and food ingredient technologies**
⇒ **Contribute to solving social issues**
- Strengthen measures in new sectors such as health foods, medical foods, and needs related to masking odors in day-to-day life
⇒ Propose new ingredients, ingredients that make health-conscious foods delicious, etc.

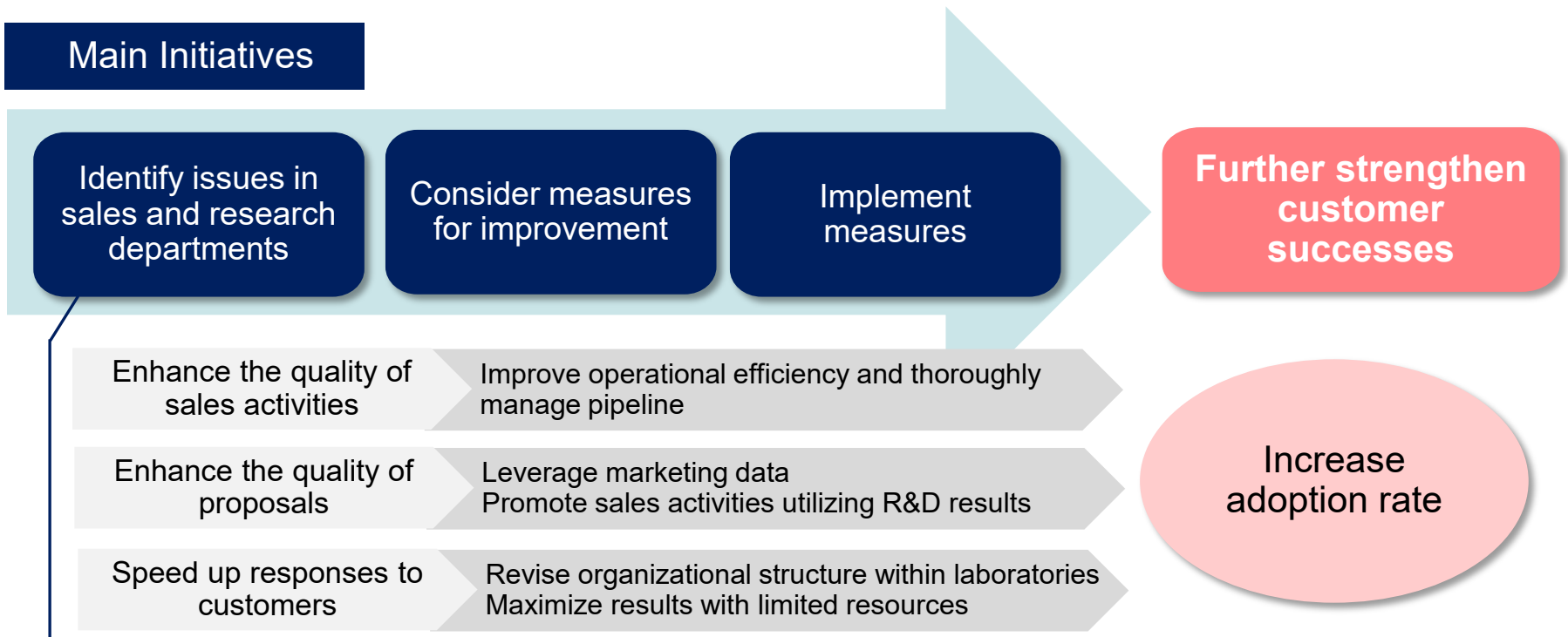


FYE September 2021 results
Net sales: 37,362 million yen (+1.5% YoY)
Operating profit: 3,891 million yen (+5.1% YoY)

Purpose

- Promote reforms based on the following policies:
(1) Create an organization that is willing to change, (2) accelerate management, and (3) share information across divisions
- Through the Business Solutions Division:
 - Strengthen collaboration among sales, research, and marketing departments
 - Formulate and promote sales strategies and clarify key areas for research departments to focus on
 - Quickly address increasingly diverse and sophisticated customer needs

Main Initiatives



Background

- A "protein crisis" is expected to occur in 2030 as a result of global population growth
- The Company has been focusing on the development of flavors to substitute for food ingredients and on responding to the alternative meat market for some time
- The plant-based meat market will continue to grow as a means of avoiding the depletion of food ingredients and reducing environmental impact, in our assessment

長谷川香料

- Achieve abundant and healthy living through aromas
- Contribute to the creation of a sustainable society through the resolution of social issues

The Company
Unique flavors as well as food
ingredient technologies



DAIZ

- Start-up developing, producing and selling plant-based meat
- Developed plant-based meat (Miracle Meat) derived from germinated soybeans, with strength in core "Ochiai Germination Method" technology

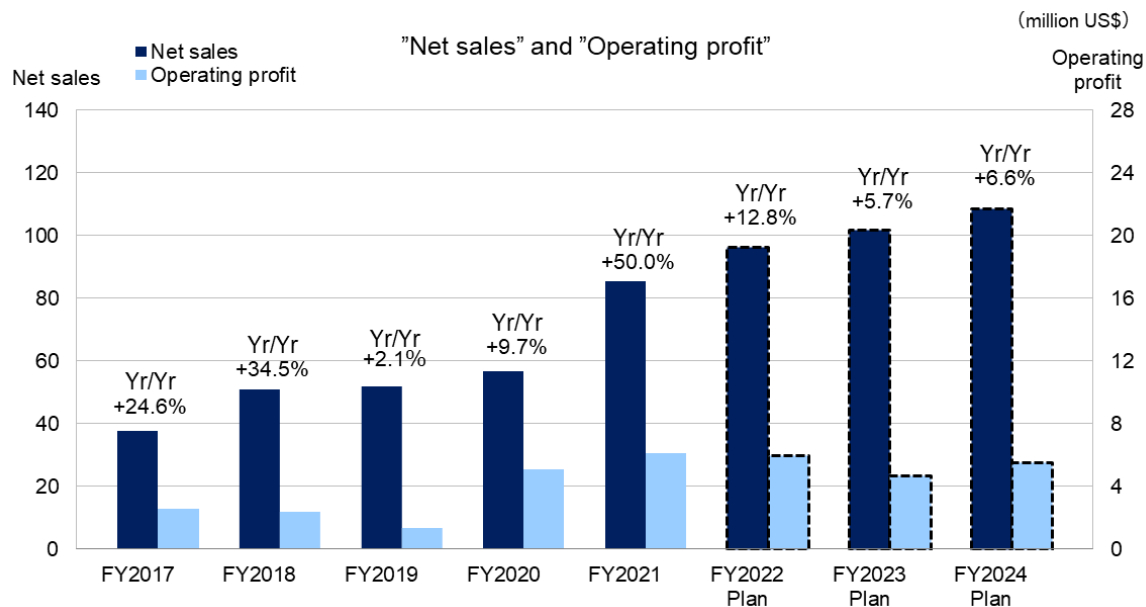
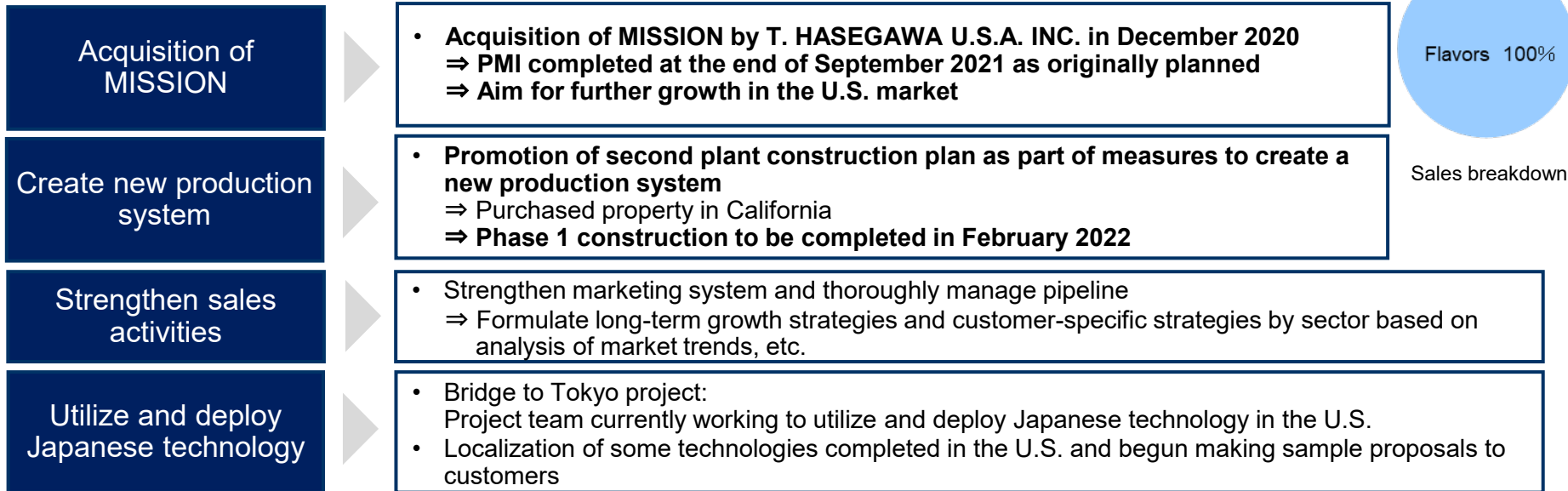
DAIZ Inc.
Developed plant-based meat

Make DAIZ Inc.'s plant-based meat delicious
Offer new value to the plant-based meat market

Contribute to resolving the social issue of the "protein crisis"
Expand use of flavors and strengthen response to SDGs

Basic strategy: Increase sales in the savory, health, and beverage sectors, and quickly achieve synergies from acquisitions

Current initiatives and progress



FYE September 2021 results

Net sales: 85 million U.S. dollars
(9.1 billion yen)
(+50.0% YoY)

Operating profit: 6.1 million U.S. dollars
(0.66 billion yen)
(+21.0% YoY)

* Savory flavors
Salty flavors used in savory snacks, dressings, seasonings, and other products

Basic strategy: Grow earnings through various measures based on a stronger organizational foundation

Current initiatives and progress

Strengthen sales systems

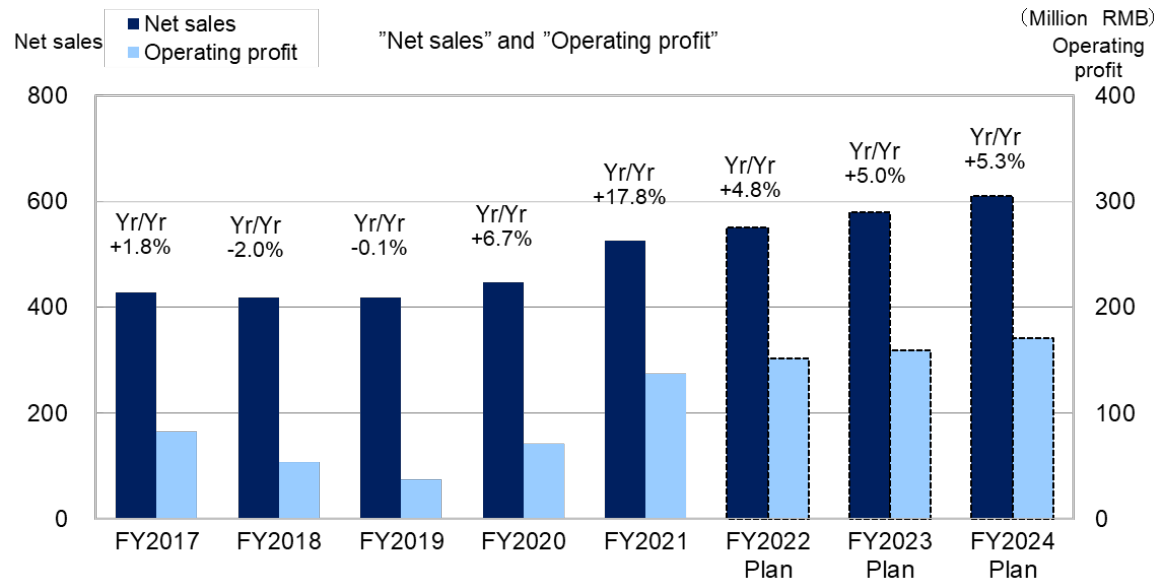
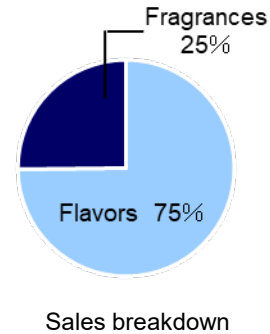
- **Utilize marketing functions**
 - ⇒ Develop strategic approaches to customers, tap unentered sectors and potential demand
 - Focus on large and midsize local companies and utilize agents to expand sales area**
- Deepen collaboration between sales, research, and marketing
- Thoroughly manage pipeline and sales activities
 - ⇒ Start introducing IT tools

Improve profitability

- **Thorough cost management**
 - ⇒ Results include cuts to manufacturing costs, establishment of cost-conscious mindset, etc.

Strengthen research systems

- **New research building construction project underway**
 - ⇒ Aim to strengthen research functions and improve operational efficiency



FYE September 2021 results

Net sales: 525 million RMB
(8.6 billion yen)
(+17.8% YoY)

Operating profit: 137 million RMB
(2.26 billion yen)
(+94.5% YoY)

* IFRS 15 "Revenue from Contracts with Customers" has been applied to consolidated subsidiaries overseas, excluding the U.S., from FYE September 2019
For ease of comparison, net sales figures for FYE September 2018 and prior are calculated using the same standards

Overseas Strategy –Southeast Asia–

Basic strategy: Increase sales through collaboration between manufacturing and sales bases in Malaysia (THKL) and sales sites in Thailand and Indonesia

Current initiatives and progress

Strengthen sales systems

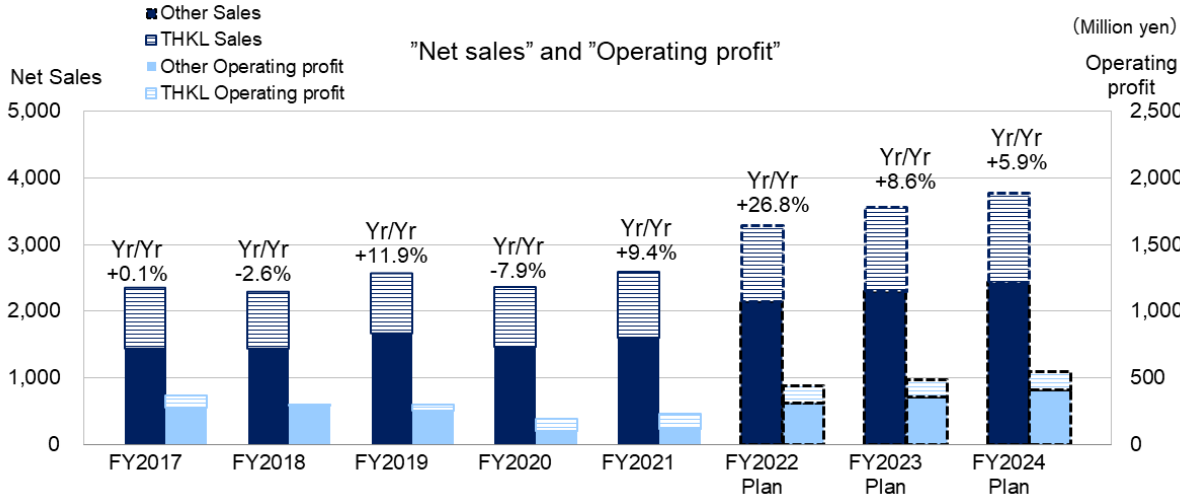
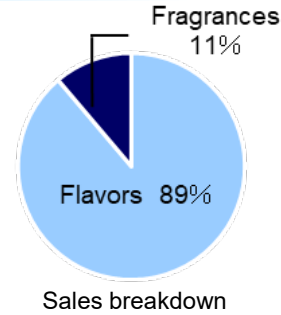
- Acquire sales personnel for new customer development and strengthen organization
- Appoint someone to take responsibility for (manage) the Southeast Asian region
⇒ Coordinate organic collaboration among Southeast Asian sites
- Thoroughly manage pipelines and sales activities ⇒ Start introducing IT tools

Respond to customers
Increase speed

- Promote utilization of application laboratories
⇒ Respond quickly to customer needs

Strategic development in Southeast Asia using THKL as a hub

- **Established Corporate Planning Division at THKL in order to formulate and promote strategies for Southeast Asia.**
- Utilize THKL as a hub in Southeast Asia (for addressing Halal demand)
- Guidance on research and production with personnel dispatched from Japan
- Promote efficient research and development
⇒ Increase the number of researchers dispatched from Japan, and through the increase in personnel have personnel dedicated to R&D and personnel dedicated to research management and strategic planning, and clarify the division of roles between them.
- Manage progress of new plant construction plan in Malaysia based on economic trends



FYE September 2021 results

Net sales: 2,589 million yen (+9.4% YoY)

Operating profit: 227 million yen (+20.5% YoY)

* Net sales are calculated by summing net export sales to Southeast Asia, which are included in the Company's non-consolidated net sales
* As its importance within the Group has increased, T. HASEGAWA (SOUTHEAST ASIA) CO., LTD. (Thailand) has been included in the scope of consolidation from FYE September 2022

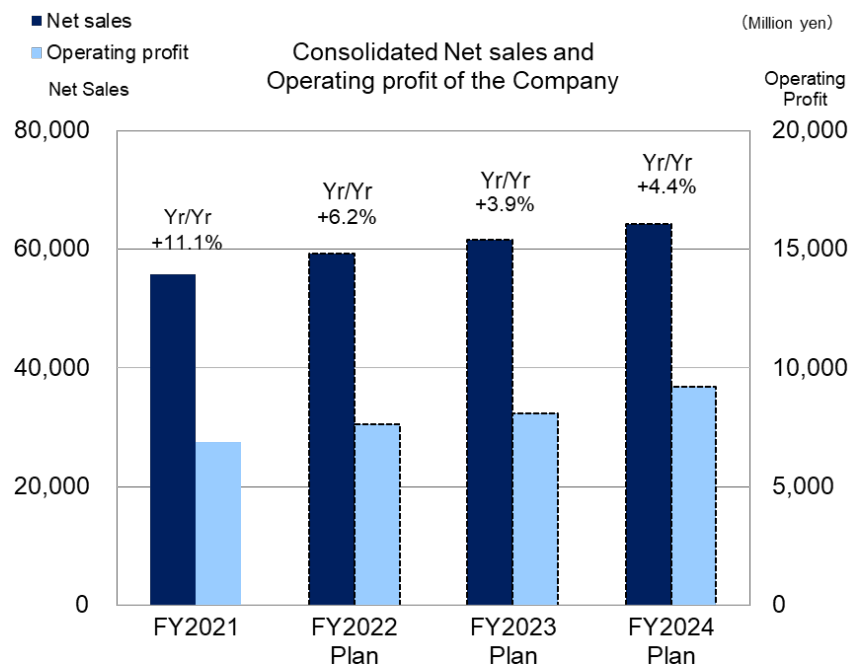
V. Medium-Term Three-Year Plan Summary

Medium-Term Three-Year Plan (Consolidated)

The Company (non-consolidated)	We expect COVID-19 to continue to impact performance in FYE September 2022 We expect sales growth partly from the promotion of solution sales based on stronger collaboration between sales, research, and marketing departments, as well as measures to address expansion in flavor and fragrance applications
U.S.	We expect sales growth in the savory, health, and beverage sectors, as well as synergies from the acquisition of MISSION
China	We will strengthen our sales systems through means including utilizing marketing functions and deepening cooperation between sales, research, and marketing, and we expect sales growth from tapping unentered sectors and potential demand
Malaysia	We expect sales growth as a result of efforts such as strengthening collaboration among Southeast Asian sites and strengthening sales systems for new customer development

(Million yen)

	FY2021 (actual)	FY2022 (plan)	FY2023 (plan)	FY2024 (plan)
Net sales	55,755	59,200	61,500	64,200
Cost of sales	33,106	34,400	35,700	36,940
Operating profit	6,859	7,630	8,090	9,200
Ordinary profit	7,466	8,090	8,530	9,620
Net profit	6,763	7,290	7,500	8,350
Forex rate	¥107.50 per US\$ ¥16.54 per RMB	¥110.00 per US\$ ¥17.00 per RMB	¥110.00 per US\$ ¥17.00 per RMB	¥110.00 per US\$ ¥17.00 per RMB
Net sales growth rate	11.1%	6.2%	3.9%	4.4%
Cost-of-sales ratio	59.4%	58.1%	58.0%	57.5%
Operating profit margin	12.3%	12.9%	13.2%	14.3%
Ordinary profit margin	13.4%	13.7%	13.9%	15.0%
Net profit margin	12.1%	12.3%	12.2%	13.0%
Overseas net sales as a percentage of consolidated net sales	41.4%	44.0%	45.0%	45.8%



* The Group's Medium-Term Three-Year Plan is restated each fiscal year; see slide 49 for details

* As their importance within the Group has increased, T. HASEGAWA (SOUTHEAST ASIA) CO., LTD. (Thailand) and T. HASEGAWA FLAVOURS AND FRAGRANCES (TAIWAN) CO., LTD. have been included in the scope of consolidation from FYE September 2022

* Net profit in the table refers to profit attributable to owners of parent

* Savory flavors: Salty flavors used in savory snacks, dressings, seasonings, and other products

- The Company (non-consolidated) DX promotion and IT reform project:
 Approx. 3.0 billion yen
 (Plan: FY9/22: Approx. 0.5 billion yen, FY9/23: Approx. 1.0 billion yen, FY9/24: Approx. 1.5 billion yen)
- U.S. second plant construction plan: Approx. 2.7 billion yen
 (Actual: FY9/20: Approx. 1.1 billion yen, FY9/21: Approx. 0.4 billion yen)
 (Plan: FY9/22: Approx. 1.2 billion yen)
- China new research building construction plan: Approx. 2.0 billion yen
 (Plan: FY9/23: Approx. 2.0 billion yen)
- Malaysia new plant construction plan: Approx. 2.0 billion yen
 (Plan: FY9/23: Approx. 1.0 billion yen, FY9/24: Approx. 1.0 billion yen)
- R&D expenses trended at around 8% of consolidated net sales

Million Yen

	FY2021 (actual)	FY2022 (plan)	FY2023 (plan)	FY2024 (plan)
Capital Investment	2,767	3,731	5,910	4,528
Depreciation & Amortization	3,186	3,429	3,529	3,613
R&D Expenses	4,675	4,858	5,086	5,249

VI. Capital Policy

Basic Policy

- Maintain a level of shareholders' equity that will enable us to execute growth investments and appropriately respond to risks, in order to achieve sustainable growth in corporate value and maximize it going forward

Policy on Use of Funds

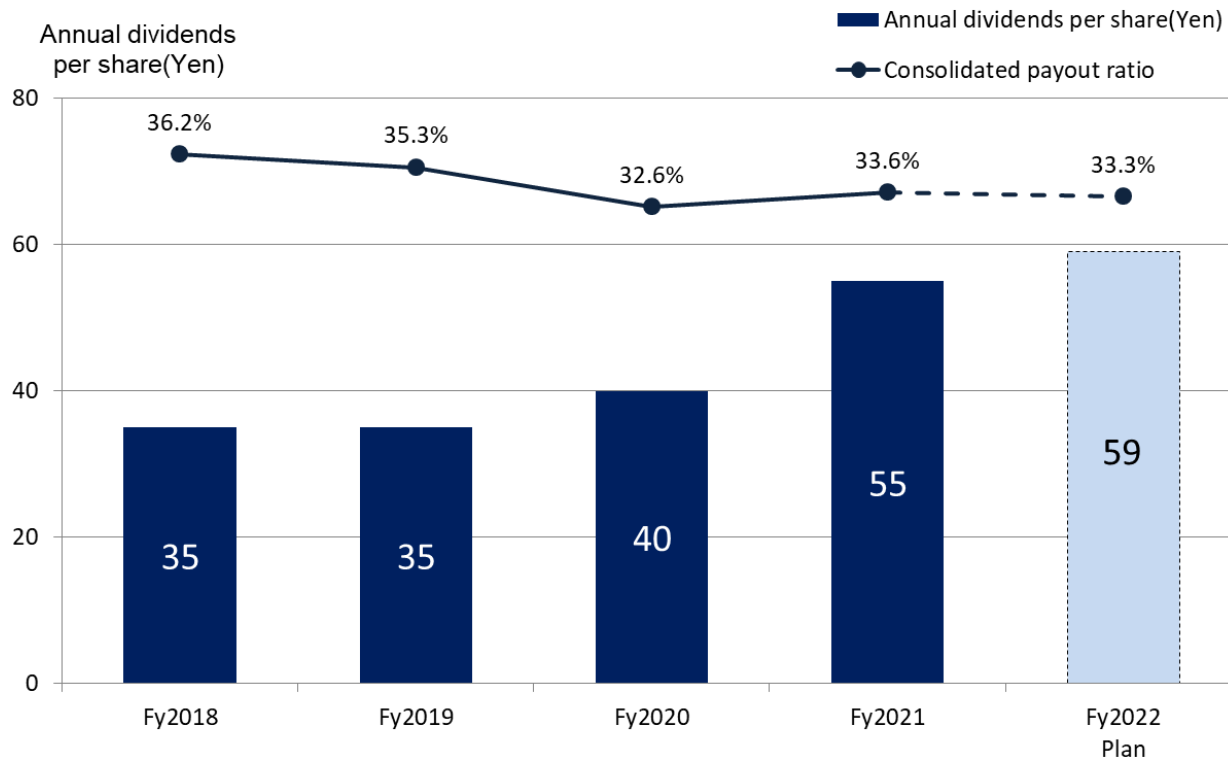
- Appropriately use funds, taking into consideration factors such as the maintenance of a sound financial position and enhancement of capital efficiency
 - **Shareholder returns**
Pay dividends from surplus twice a year, including interim and year-end dividends, targeting a consolidated payout ratio of approximately 35%
 - **Capital expenditures**
Investment to increase production for growth, as well as renewal and maintenance of existing facilities
 - **M&A**
Make comprehensive assessments from perspectives including market size, business risk, and acquisition amount
Achieve M&A with expected synergies in terms of customer networks, technology, human resources, etc.

Investment Securities

- Reduce the total number of shares held from the perspective of improving capital efficiency, etc. (some shares have already been sold and the Company will continue to consider opportunities to sell shares)
- Each year, the Board of Directors verifies the appropriateness of holding shares from a medium- to long-term perspective, based on the holding purpose, economic rationality, and other factors

Shareholder returns

- Strive to return profits to shareholders in accordance with business performance, while also securing the necessary internal reserves to further strengthen the Group's management foundations and engage in future business development
- Pay dividends from surplus twice a year, including interim and year-end dividends, targeting a consolidated payout ratio of approximately 35%
- Introduced a shareholder benefit program in FYE September 2015 to encourage investors to hold the Company's shares over the medium- to long-term
- In the fiscal year under review, the annual dividend was increased by 15 yen from 40 yen in FYE September 2020 (resulting in an annual dividend of 55 yen), comprehensively taking into account consolidated performance and other factors



Sale of Investment Securities (Completed)

FYE September 2021: Recorded extraordinary income on sales of investment securities

[Reason] Review of investment securities

[Shares sold] 10 listed securities held by the Company

[Gain on sale]

FYE September 2021	Gain on sales of investment securities (extraordinary income)
Q1	1,137 million yen
Q2	-
Q3	342 million yen
Q4	784 million yen
Total	2,265 million yen

(Reference)

Ratio of investment securities to consolidated net assets

FYE September 2019	FYE September 2020	FYE September 2021
25.1%	21.5%	18.2%

* Aim for 10% or less by FYE September 2026

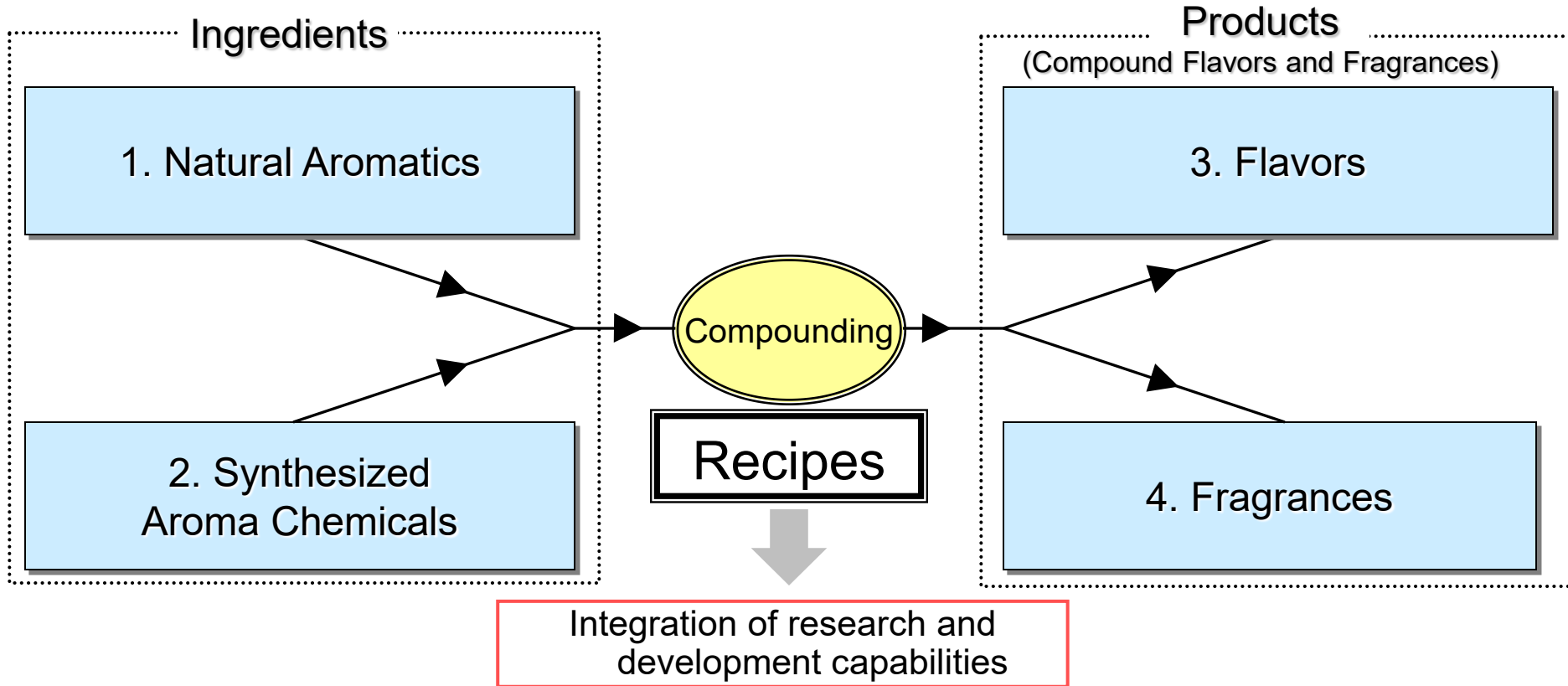
Acquisition of Treasury Stock (Completed)

- May 7, 2021: Announced "Notice Concerning Acquisition of Own Shares and Repurchase of Own Shares Through Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)"
- Objectives are to flexibly implement capital policies in response to changes in the business environment, improve capital efficiency, and enhance shareholder returns
- Acquired treasury stock on May 10, 2021
- Details of acquisition

[Class of shares acquired]	Common stock of the Company
[Total number of shares repurchased]	400,000 shares
[Total acquisition amount]	845 million yen
[Method of acquisition]	Purchase through the Tokyo Stock Exchange's Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)

VII. Accompanying Materials

Flavors and Fragrances Industry



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

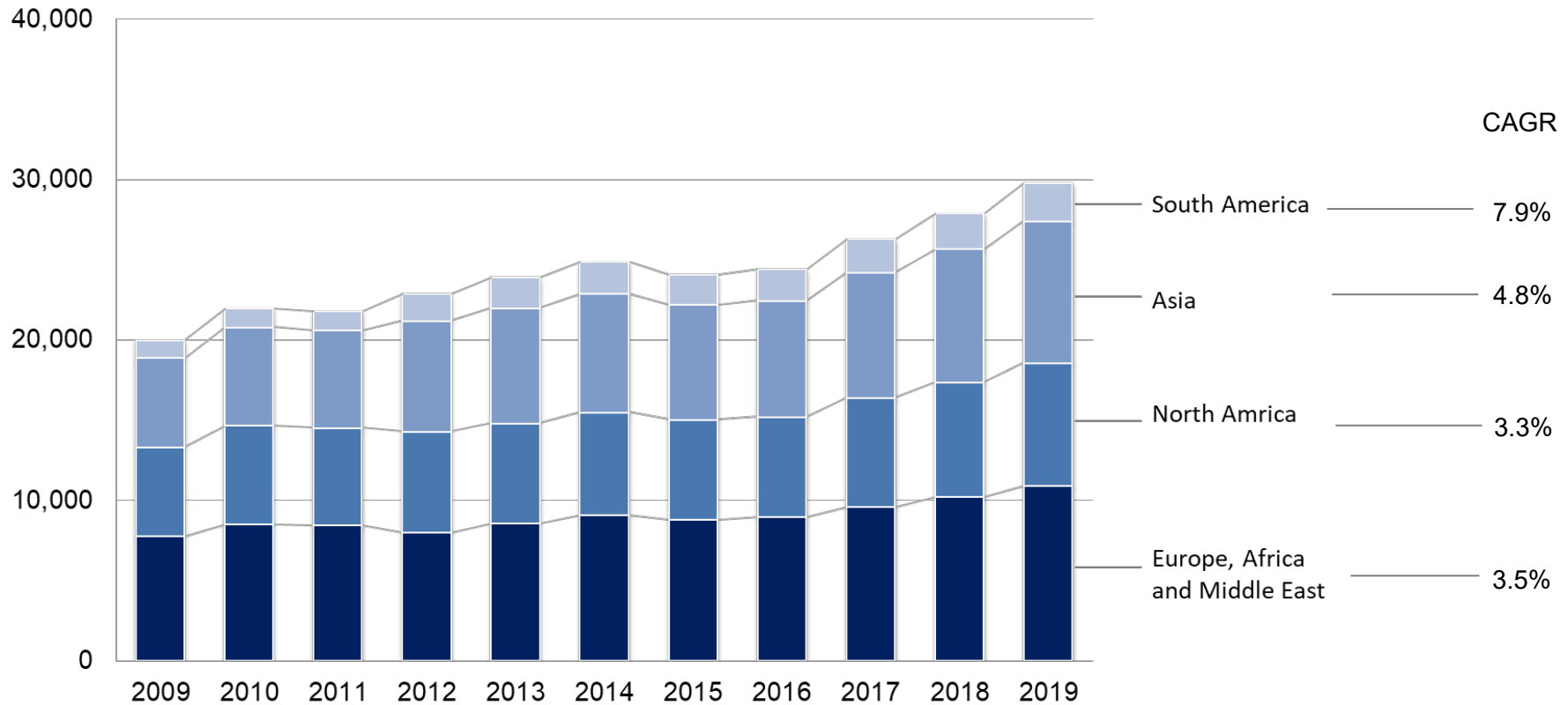
Global Flavors and Fragrances Market (Our Estimate)

- Global flavors and fragrances market in 2019: Grew approx. 7% YoY

Global Flavors and Fragrances Market (Our Estimate)

(Million US\$)

CAGR



- Worldwide flavors and fragrances sales: Approx. 3.2 trillion yen (approx. 29.8 billion U.S. dollars)

Europe, Africa, Middle East

- Market size: Approx. 1,170 billion yen*
- Many users have introduced a preferred supplier system, and major flavor and fragrance companies in Europe and the U.S. have established foundations

North America

- Market size: Approx. 820 billion yen*
- Many users have introduced a preferred supplier system, and major flavor and fragrance companies in Europe and the U.S. have established foundations
- The Company established a U.S. subsidiary in California in 1978
- 2017: Acquired FLAVOR INGREDIENT HOLDINGS, LLC
Manufacture and sale of food and beverage flavors, mainly in the health sector
- 2020: Acquired MISSION FLAVORS & FRAGRANCES, INC.
Manufacture and sale of flavors and fragrances with strength in sweet flavors used in dairy products, ice cream, etc.

Asia

- Market size: Approx. 950 billion yen*
- Market expansion due to economic growth in China and other emerging markets.
Major global flavor and fragrance companies are entering China
- The Company established subsidiaries in Shanghai (2000), Suzhou (2006), Thailand (2003), Indonesia (2014), and Taiwan (2017)
- Secured a manufacturing site in Malaysia through M&A (2014).

South America

- Market size: Approx. 260 billion yen*
- Mainly imports from North America, Mexico, etc.
Competition intensifying in the Brazilian market owing to economic growth



* The Company's estimates for market size by region

* Forex rate: 1 U.S. dollar = 108.1 yen (2019)

● = the Company's site

Top 10 Companies by Share of Net Sales in the Global Flavors and Fragrances Market

Million USD

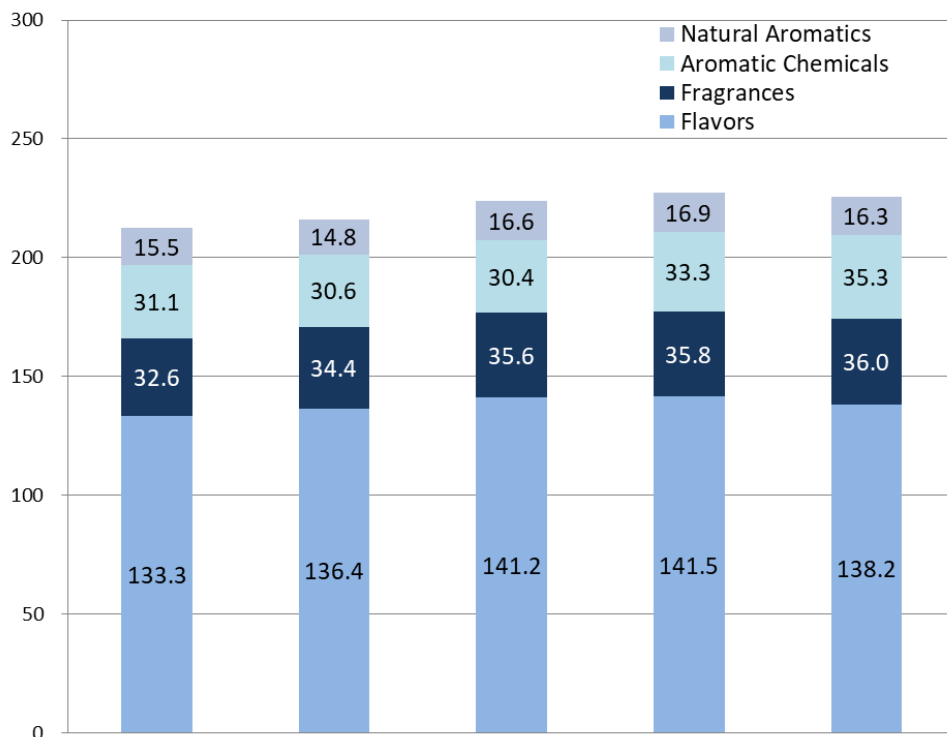
	Company name	Country	Sales(2020Yr)	Market Share
1	Givaudan	Switzerland	5,926	23.4%
2	IFF	U.S.	5,084	20.1%
3	Firmenich	Switzerland	3,656	14.5%
4	Symrise	Germany	3,096	12.3%
5	ADM/Wild Flavors	Germany	2,812	11.1%
6	Mane SA	France	1,569	6.2%
7	Takasago	Japan	1,441	5.7%
8	Sensient Flavors	U.S.	742	2.9%
9	T.Hasegawa	Japan	474	1.9%
10	Robertet SA	France	473	1.9%
	Total	—	25,273	100.0%

* Estimated by the Company based on information disclosed by each company

Japanese Flavors and Fragrances Market Size

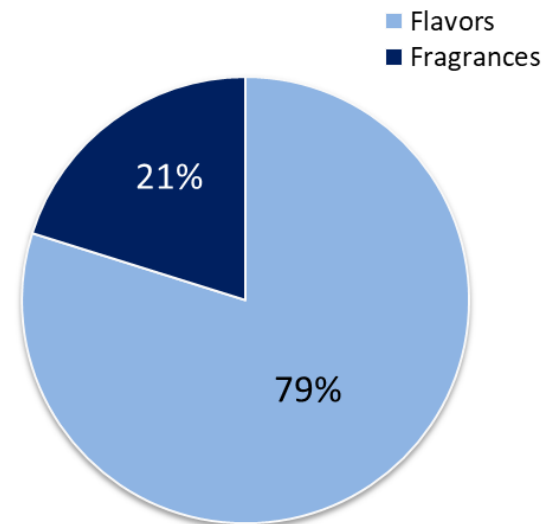
- Flavors account for approximately 80% of the Japanese flavors and fragrances market (approx. 50% of the global market).

Domestic flavor and fragrance market sales
(Billion yen)



	2016	2017	2018	2019	2020
Total	212.5	216.2	223.8	227.5	225.7
Yr/Yr	5.5%	1.7%	3.5%	1.7%	-0.8%

Breakdown of flavors and fragrances
(FY2020)

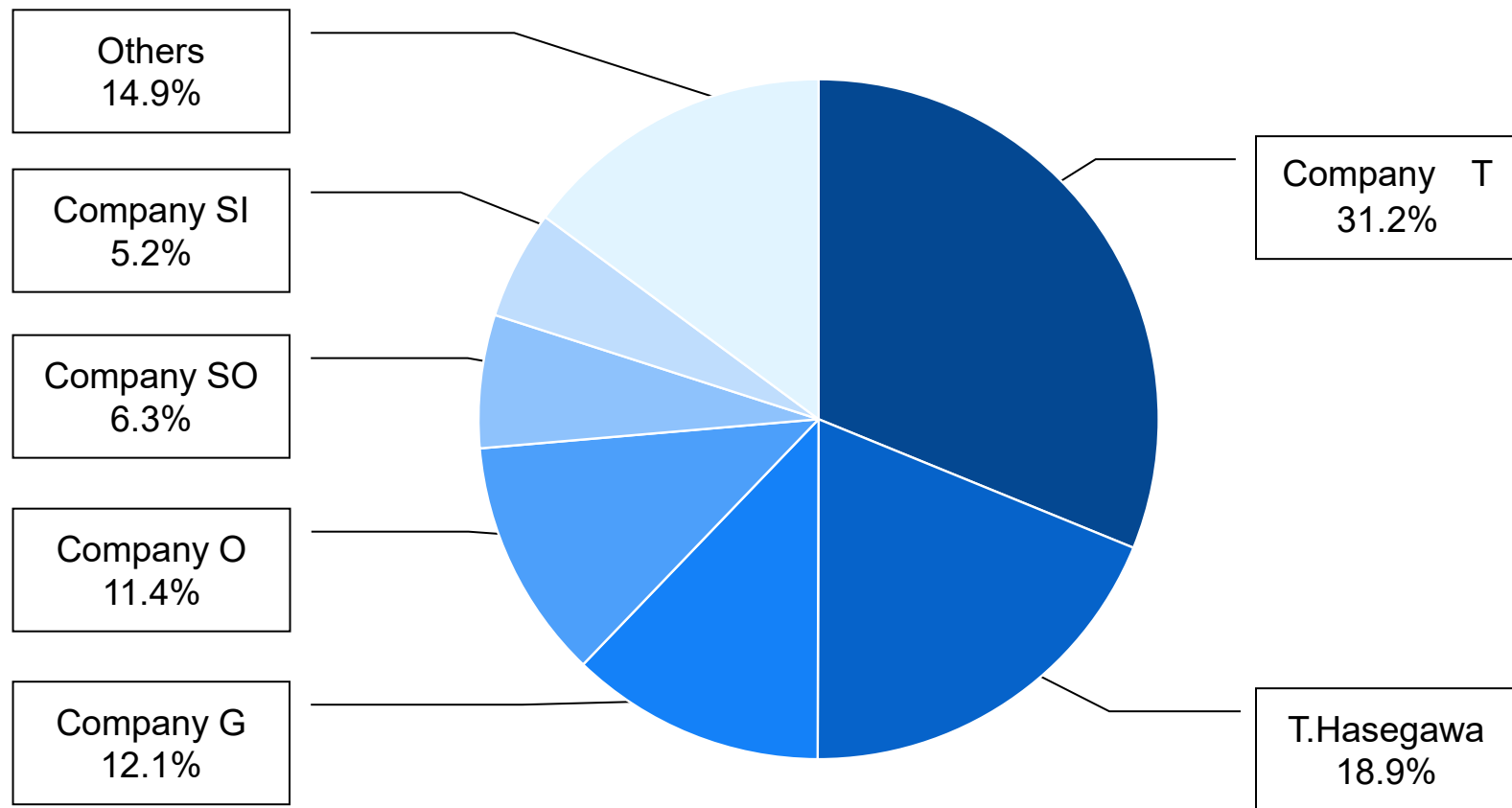


Source of reference :

Japan Flavor & Fragrance Materials Association Magazine

Current Status of the Company

Top 10 Companies by Share of Net Sales in the Japanese Flavors and Fragrances Market



(As of Mar. 2021)

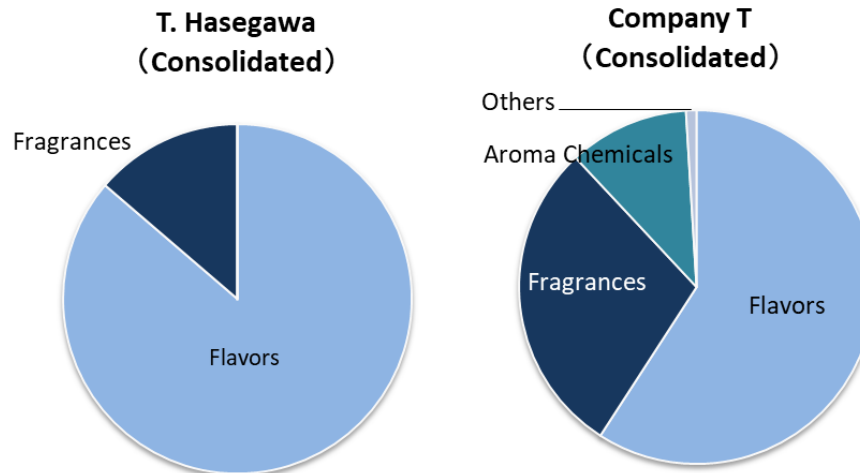
- *1 Market shares calculated by taking the total non-consolidated net sales of the top 10 companies as 100, based on data from a private research organization.
- *2 The Company's fiscal year ends in September; T, SO, and SI in March; and G and O in December. The Company's net sales in the above graph are calculated for the period from April 2020 to March 2021.

- The Company specializes in high value-added blended flavors and fragrances
- High-mix low-volume: Sales of approximately 12,000 flavors and fragrances per year

(Million yen)

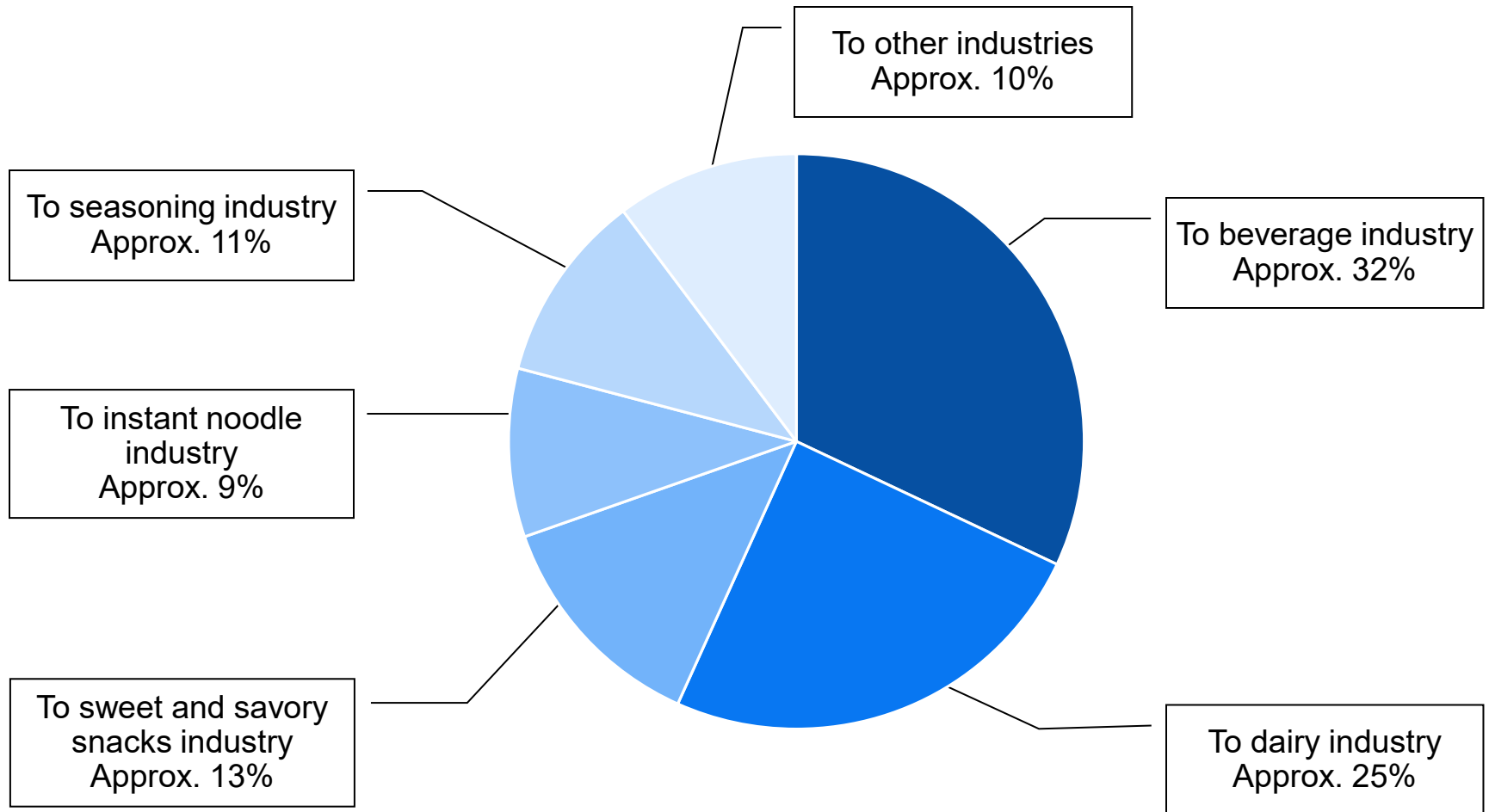
	T. Hasegawa (Consolidated)		Company T (Consolidated)	
	FY ended in Sep. 2021		FY ended in Mar. 2021	
	Sales	Share	Sales	Share
Flavors	48,115	86.3%	88,936	59.1%
Fragrances	7,640	13.7%	43,443	28.9%
Aroma Chemicals	-	-	16,540	11.0%
Others	-	-	1,445	1.0%
Total	55,755	100.0%	150,367	100.0%
Ratio of gross profits to sales	40.6%		30.0%	
Ratio of operating income to sales	12.3%		4.2%	

* Synthesized aroma chemicals for T shows the total amount from the aroma ingredients and fine chemicals segments



Breakdown of Flavor Segment Customers by Industry

- Many sales are to the beverage industry, and sales are seasonal



(Note) Reference data is calculated by taking the total net sales (non-consolidated) of customers classifiable by industry for FYE September 2021 as 100.

Other: Financial Statements

- Operating profit growth factors
Increase in net sales (contribution from MISSION and increased sales at subsidiaries in China) and improvement in cost-of-sales ratio are main factors

(Million yen)

	FY2020 (actual)		FY2021 (actual)		Change		Factor
					Amount	Change(%)	
Net sales	50,192	100.0%	55,755	100.0%	5,562	11.1%	Contribution from net sales of MISSION (U.S.) (2,101 million yen) Higher sales at Chinese subsidiaries
Cost of sales	30,783	61.3%	33,106	59.4%	2,322	7.5%	Increase in net sales at Chinese subsidiaries and improvement in cost-of-sales ratio from change in sales mix
Gross profit	19,408	38.7%	22,648	40.6%	3,239	16.7%	
SG&A expenses	14,052	28.0%	15,788	28.3%	1,736	12.4%	Start of amortization of intangible assets associated with acquisition of MISSION (goodwill of 434 million yen and customer-related assets of 273 million yen) Expenses related to acquisition of MISSION (231 million yen)
Operating profit	5,356	10.7%	6,859	12.3%	1,503	28.1%	
Ordinary profit	5,861	11.7%	7,466	13.4%	1,605	27.4%	
Profit before income taxes	7,028	14.0%	9,692	17.4%	2,664	37.9%	(Extraordinary income) Previous FY The Company (non-consolidated) Extraordinary income from sales of non-current assets: 320 million yen Extraordinary income from sales of investment securities: 867 million yen Current FY The Company (non-consolidated) Extraordinary income from sales of investment securities: 2,265 million yen
Net profit	5,090	10.1%	6,763	12.1%	1,672	32.9%	

Analysis of Changes in Consolidated Balance Sheet 長谷川香料株式会社 © T.HASEGAWA CO., LTD.

(Million yen)

	Sep. 30 2020	Mar. 31 2021	Increase or Decrease	Factor
Current assets	59,013	55,242	-3,771	<ul style="list-style-type: none"> • Increase in cash and deposits: 2,453 million yen • Increase in accounts receivable: 1,591 million yen • Decrease in securities: (8,000) million yen
Non-current assets	54,431	65,703	11,272	<ul style="list-style-type: none"> • Increase in goodwill from MISSION (U.S.): 5,583 million yen • Increase in customer-related assets from MISSION (U.S.): 7,310 million yen • Decrease in investment securities: (1,907) million yen
Total assets	113,445	120,945	7,500	
Current liabilities	10,261	11,604	1,342	<ul style="list-style-type: none"> • Increase in trade payables: 257 million yen • Increase in income taxes payable: 987 million yen
Non-current liabilities	10,965	11,040	75	
Total liabilities	21,226	22,644	1,417	
Net assets	92,218	98,301	6,082	<ul style="list-style-type: none"> • Net profit: 6,763 million yen • Dividends of surplus: (1,825) million yen • Increase in treasury shares: (809) million yen • Increase in foreign currency translation adjustment: 3,169 million yen • Decrease in valuation difference on securities: (1,279) million yen
Total liabilities and net assets	113,445	120,945	7,500	

Consolidated Statement of Cash Flows

(Million yen)

	FY2020 (actual)	FY2021 (actual)	Increase or Decrease	Major Account Item for Current Fiscal Year
Cash flows from operating activities	6,387	9,980	3,593	<ul style="list-style-type: none"> ▪ Profit before income taxes: 9,692 million yen ▪ Depreciation: 3,186 million yen ▪ Amortization of goodwill: 572 million yen ▪ Gain on sales of investment securities: (2,265) million yen ▪ Income taxes paid: (1,693) million yen
Cash flows from investing activities	-431	-14,130	-13,698	<ul style="list-style-type: none"> ▪ Purchase of shares of subsidiaries: (12,885) million yen
Cash flows from financing activities	-1,511	-2,733	-1,222	<ul style="list-style-type: none"> ▪ Purchase of treasury shares: (846) million yen ▪ Dividends paid: (1,824) million yen
Effect of currency change on cash and cash equivalents	17	385	368	
Net Change in cash and cash equivalents	4,461	-6,497	-10,959	
Cash and Cash equivalents at beginning of period	20,898	25,360	4,461	
Cash and cash equivalents at end of period	25,360	18,863	-6,497	

(Million yen)

	FY2021 (plan)	FY2021 (actual)	Progress (%)
Capital Investment	3,605	2,767	76.8%
Depreciation & Amortization	3,158	3,186	100.9%
R&D Expenses	4,682	4,675	99.9%

T. Hasegawa Non-consolidated (Actual)

(Million yen)

	FY2020 (actual)		FY2021 (targets revised on May 7, 2021)		FY2021 (actual)		Change			
	Amount	Share	Amount	Share	Amount	Share	YoY		Vs. target	
							Amount	%	Amount	%
Net sales	36,821	100.0%	36,900	100.0%	37,362	100.0%	541	1.5%	462	1.3%
Cost of sales	22,914	62.2%	22,750	61.7%	22,834	61.1%	-80	-0.3%	84	0.4%
Gross profit	13,907	37.8%	14,150	38.3%	14,528	38.9%	621	4.5%	378	2.7%
SG&A expenses	10,202	27.7%	10,730	29.1%	10,636	28.5%	433	4.2%	-93	-0.9%
Operating profit	3,704	10.1%	3,420	9.3%	3,891	10.4%	187	5.1%	471	13.8%
Ordinary profit	5,168	14.0%	3,880	10.5%	4,449	11.9%	-719	-13.9%	569	14.7%
Profit before income taxes	6,302	17.1%	5,730	15.5%	6,689	17.9%	386	6.1%	959	16.7%
Net profit	4,821	13.1%	4,170	11.3%	4,819	12.9%	-2	-0.0%	649	15.6%

- Sales increased mainly due to higher sales to toiletry makers in the fragrance segment.
- Operating profit increased due to higher net sales and an improved cost-of-sales ratio, despite higher SG&A expenses owing to the recording of expenses associated with the acquisition of MISSION
- Ordinary profit decreased because the Company recorded dividends from Chinese subsidiaries in the previous fiscal year.
- Net profit was unchanged as a result of an increase in gain on sales of investment securities.

Consolidated U.S. Subsidiaries (Actual)

* Consolidated statements of income of the Company's two U.S. subsidiaries (T. HASEGAWA U.S.A. INC. and MISSION FLAVORS & FRAGRANCES, INC.)
 * MISSION FLAVORS & FRAGRANCES, INC.'s financial results for the fiscal year under review are for the nine months from January to September 2021 (no results for the previous fiscal year)

(Million yen)

Yen Basis	FY2020		FY2021		YoY	
	Amount	Share	Amount	Share	Amount	%
Net Sales	6,146	100.0%	9,187	100.0%	3,041	49.5%
Cost of sales	3,642	59.3%	5,416	59.0%	1,773	48.7%
Gross profit	2,503	40.7%	3,770	41.0%	1,267	50.6%
SG&A expenses	1,953	31.8%	3,108	33.8%	1,154	59.1%
Operating profit	549	8.9%	662	7.2%	112	20.6%
Ordinary profit	560	9.1%	679	7.4%	118	21.2%
Net profit	436	7.1%	519	5.7%	83	19.1%

Yen 107.88/USD

Yen 107.50/USD

Yen up 0.4%

(Thousand US\$)

Local Currency Basis	FY2020		FY2021		YoY	
	Amount	Share	Amount	Share	Amount	%
Net Sales	56,972	100.0%	85,466	100.0%	28,493	50.0%
Cost of sales	33,768	59.3%	50,388	59.0%	16,620	49.2%
Gross profit	23,203	40.7%	35,077	41.0%	11,873	51.2%
SG&A expenses	18,112	31.8%	28,917	33.8%	10,805	59.7%
Operating profit	5,091	8.9%	6,159	7.2%	1,068	21.0%
Ordinary profit	5,195	9.1%	6,320	7.4%	1,124	21.7%
Net profit	4,042	7.1%	4,832	5.7%	789	19.5%

- Net sales increased mainly because of MISSION's contribution (2,101 million yen over nine months), as well as the increase in sales to beverage makers at our existing company.
- Operating profit increased owing to higher net sales and an improved cost-of-sales ratio.

Consolidated China Subsidiaries (Actual)

* Consolidated statements of income of the Company's two consolidated subsidiaries in China (T. HASEGAWA FLAVOURS AND FRAGRANCES (SHANGHAI) CO., LTD. and T. HASEGAWA FLAVOURS (SUZHOU) CO., LTD.)

(Million yen)

Yen Basis	FY2020		FY2021		YoY	
	Amount	Share	Amount	Share	Amount	%
Net Sales	6,870	100.0%	8,699	100.0%	1,829	26.6%
Cost of sales	4,382	63.8%	4,897	56.3%	515	11.8%
Gross profit	2,488	36.2%	3,801	43.7%	1,313	52.8%
SG&A expenses	1,403	20.4%	1,534	17.6%	131	9.4%
Operating profit	1,084	15.8%	2,267	26.1%	1,182	109.0%
Ordinary profit	1,173	17.1%	2,383	27.4%	1,210	103.2%
Net profit	939	13.7%	1,808	20.8%	869	92.5%

Yen15.39/RMB

Yen16.54/RMB

Yen down 7.5%

(Thousand RMB)

Local Currency Basis	FY2020		FY2021		YoY	
	Amount	Share	Amount	Share	Amount	%
Net Sales	446,435	100.0%	525,978	100.0%	79,542	17.8%
Cost of sales	284,772	63.8%	296,111	56.3%	11,339	4.0%
Gross profit	161,663	36.2%	229,866	43.7%	68,202	42.2%
SG&A expenses	91,174	20.4%	92,784	17.6%	1,610	1.8%
Operating profit	70,489	15.8%	137,081	26.1%	66,591	94.5%
Ordinary profit	76,219	17.1%	144,102	27.4%	67,883	89.1%
Net profit	61,039	13.7%	109,354	20.8%	48,315	79.2%

- Net sales increased mainly due to higher sales to beverage and instant noodle makers in the flavor segment.
- Operating profit increased owing to higher net sales and an improved cost-of-sales ratio.

Malaysian Subsidiaries (Actual)

* Statement of income of T HASEGAWA FLAVOURS (KUALA LUMPUR) SDN. BHD.

(Million yen)

Yen Basis	FY2020		FY2021		YoY	
	Amount	Share	Amount	Share	Amount	%
Net Sales	902	100.0%	998	100.0%	96	10.7%
Cost of sales	504	55.9%	570	57.1%	66	13.1%
Gross profit	398	44.1%	428	42.9%	30	7.6%
SG&A expenses	306	33.9%	314	31.4%	7	2.6%
Operating profit	92	10.2%	114	11.4%	22	24.1%
Ordinary profit	104	11.6%	121	12.2%	17	16.4%
Net profit	68	7.6%	86	8.6%	17	25.9%

Yen 25.61/MYR

Yen 26.08/MYR

Yen down 1.8%

(Thousand Malaysian Ringgit)

Local Currency Basis	FY2020		FY2021		YoY	
	Amount	Share	Amount	Share	Amount	%
Net Sales	35,236	100.0%	38,297	100.0%	3,060	8.7%
Cost of sales	19,683	55.9%	21,868	57.1%	2,185	11.1%
Gross profit	15,553	44.1%	16,428	42.9%	875	5.6%
SG&A expenses	11,955	33.9%	12,044	31.4%	89	0.7%
Operating profit	3,598	10.2%	4,384	11.4%	786	21.9%
Ordinary profit	4,089	11.6%	4,675	12.2%	585	14.3%
Net profit	2,675	7.6%	3,307	8.6%	632	23.6%

- Net sales increased mainly as a result of higher sales to sweet and savory snack and beverage makers.
- Operating profit increased due to higher sales.

Medium-Term Three-Year Plan (Consolidated)

(Million yen)

	FY2021 (actual)			FY2022 (plan)			FY2023 (plan)			FY2024 (plan)		
	Amount	Share	YoY	Amount	Share	YoY	Amount	Share	YoY	Amount	Share	YoY
Net sales	55,755	100.0%	11.1%	59,200	100.0%	6.2%	61,500	100.0%	3.9%	64,200	100.0%	4.4%
Cost of sales	33,106	59.4%	7.5%	34,400	58.1%	3.9%	35,700	58.0%	3.8%	36,940	57.5%	3.5%
Gross profit	22,648	40.6%	16.7%	24,800	41.9%	9.5%	25,800	42.0%	4.0%	27,260	42.5%	5.7%
SG&A expenses	15,788	28.3%	12.4%	17,170	29.0%	8.7%	17,710	28.8%	3.1%	18,060	28.1%	2.0%
Operating profit	6,859	12.3%	28.1%	7,630	12.9%	11.2%	8,090	13.2%	6.0%	9,200	14.3%	13.7%
Ordinary profit	7,466	13.4%	27.4%	8,090	13.7%	8.4%	8,530	13.9%	5.4%	9,620	15.0%	12.8%
Profit before income taxes	9,692	17.4%	37.9%	10,250	17.3%	5.7%	10,690	17.4%	4.3%	11,780	18.3%	10.2%
Net profit	6,763	12.1%	32.9%	7,290	12.3%	7.8%	7,500	12.2%	2.9%	8,350	13.0%	11.3%

* As their importance within the Group has increased, T. HASEGAWA (SOUTHEAST ASIA) CO., LTD. (Thailand) and T. HASEGAWA FLAVOURS AND FRAGRANCES (TAIWAN) CO., LTD. have been included in the scope of consolidation from FYE September 2022

* Net profit in the table refers to profit attributable to owners of parent

This presentation is based on data as of November 12, 2021, and was created with the intention of providing information on future management plans and results for the fiscal year ended September 30, 2021.

The views expressed in this material are those of the Company at the time of preparation. No guarantees are provided in relation to the accuracy or completeness of this information, and it is subject to change without notice in future. Please note that the Company will not accept responsibility for any omissions or errors in the data, expressions, etc., used in this document.

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