

Translation

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**Summary of Consolidated Financial Results
for the Year Ended September 30, 2020
(Based on Japanese GAAP)**

November 6, 2020

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 17, 2020
 Scheduled date to file Securities Report: December 18, 2020
 Scheduled date to commence dividend payments: December 1, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended September 30, 2020 (from October 1, 2019 to September 30, 2020)

(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, 2020	50,192	(0.6)	5,356	14.5	5,861	13.2	5,090	23.5
Year ended September 30, 2019	50,493	1.5	4,678	(7.5)	5,175	(6.1)	4,121	0.5

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

Year ended September 30, 2019 ¥(1,270) 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, 2020	122.79	122.34	5.6	5.2	10.7
Year ended September 30, 2019	99.07	98.77	4.5	4.5	9.3

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

Year ended September 30, 2019 ¥- 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, 2020	113,445	92,218	81.1	2,217.96
As of September 30, 2019	113,863	90,344	79.2	2,174.84

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

As of September 30, 2019 ¥90,148 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, 2020	6,387	(431)	(1,511)	25,360
Year ended September 30, 2019	9,230	(2,275)	(3,035)	20,898

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, 2019	–	17.00	–	18.00	35.00	1,450	35.3	1.6
Year ended September 30, 2020	–	18.00	–	22.00	40.00	1,658	32.6	1.8
Year ending September 30, 2021 (Forecast)	–	20.00	–	20.00	40.00		35.1	

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

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	52,100	3.8	5,160	(3.7)	5,570	(5.0)	4,730	(7.1)	114.04

4. Notes

(1) Changes in significant subsidiaries during the year ended September 30, 2020

(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: Yes

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, 2020	42,708,154 shares	As of September 30, 2019	42,708,154 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	1,233,044 shares	As of September 30, 2019	1,257,206 shares
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Average number of shares during the period

Year ended September 30, 2020	41,458,341 shares	Year ended September 30, 2019	41,601,873 shares
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Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended September 30, 2020 (from October 1, 2019 to September 30, 2020)

(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, 2020	36,821	(2.2)	3,704	(3.4)	5,168	19.6	4,821	(4.6)
Year ended September 30, 2019	37,646	2.0	3,835	(3.6)	4,319	(3.4)	5,054	55.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended September 30, 2020	116.30	115.87
Year ended September 30, 2019	121.49	121.11

(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, 2020	104,748	86,034	81.9	2,068.85
As of September 30, 2019	105,876	84,624	79.7	2,036.84

Reference: Equity As of September 30, 2020 ¥85,805 million
As of September 30, 2019 ¥84,429 million

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

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	38,500	4.6	3,980	7.5	4,450	(13.9)	3,980	(17.4)	95.96

* 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

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.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of September 30, 2019	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	15,730	16,584
Notes and accounts receivable - trade	15,792	15,471
Securities	7,999	12,000
Merchandise and finished goods	7,236	7,161
Work in process	107	170
Raw materials and supplies	7,320	6,901
Other	2,469	737
Allowance for doubtful accounts	(35)	(13)
Total current assets	56,620	59,013
Non-current assets		
Property, plant and equipment		
Buildings and structures	38,220	38,942
Accumulated depreciation	(22,093)	(23,027)
Buildings and structures, net	16,127	15,915
Machinery, equipment and vehicles	34,474	34,926
Accumulated depreciation	(30,239)	(30,931)
Machinery, equipment and vehicles, net	4,234	3,995
Tools, furniture and fixtures	7,169	7,432
Accumulated depreciation	(5,964)	(6,232)
Tools, furniture and fixtures, net	1,205	1,200
Land	7,014	6,793
Construction in progress	234	1,440
Total property, plant and equipment	28,817	29,345
Intangible assets		
Goodwill	716	572
Customer relationship	2,609	2,414
Other	851	852
Total intangible assets	4,177	3,839
Investments and other assets		
Investment securities	22,680	19,838
Deferred tax assets	740	614
Retirement benefit asset	18	17
Other	857	828
Allowance for doubtful accounts	(48)	(51)
Total investments and other assets	24,248	21,246
Total non-current assets	57,243	54,431
Total assets	113,863	113,445

(Millions of yen)

	As of September 30, 2019	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,401	4,743
Current portion of long-term borrowings	0	–
Income taxes payable	1,648	630
Provision for bonuses	1,296	1,431
Provision for bonuses for directors (and other officers)	61	74
Other	3,301	3,381
Total current liabilities	11,709	10,261
Non-current liabilities		
Deferred tax liabilities	3,787	2,992
Retirement benefit liability	6,998	7,121
Asset retirement obligations	68	69
Long-term accounts payable - other	887	648
Other	68	131
Total non-current liabilities	11,809	10,965
Total liabilities	23,519	21,226
Net assets		
Shareholders' equity		
Share capital	5,364	5,364
Capital surplus	7,297	7,298
Retained earnings	67,570	71,169
Treasury shares	(1,856)	(1,820)
Total shareholders' equity	78,377	82,012
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,540	11,551
Foreign currency translation adjustment	(1,459)	(1,316)
Remeasurements of defined benefit plans	(309)	(256)
Total accumulated other comprehensive income	11,771	9,978
Share acquisition rights	195	228
Total net assets	90,344	92,218
Total liabilities and net assets	113,863	113,445

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Net sales	50,493	50,192
Cost of sales	31,373	30,783
Gross profit	19,120	19,408
Selling, general and administrative expenses		
Packing and transportation costs	927	947
Salaries and allowances	5,983	6,114
Provision for bonuses	860	954
Provision for bonuses for directors (and other officers)	61	74
Retirement benefit expenses	528	524
Welfare expenses	1,229	1,152
Depreciation	942	885
Amortization of goodwill	354	135
Other	3,553	3,263
Total selling, general and administrative expenses	14,441	14,052
Operating profit	4,678	5,356
Non-operating income		
Interest income	90	95
Dividend income	341	307
Other	113	138
Total non-operating income	544	541
Non-operating expenses		
Interest expenses	0	3
Foreign exchange losses	29	10
Other	17	22
Total non-operating expenses	47	36
Ordinary profit	5,175	5,861
Extraordinary income		
Gain on sales of non-current assets	–	359
Gain on sales of investment securities	2,665	867
Total extraordinary income	2,665	1,227
Extraordinary losses		
Impairment loss	2,317	–
Loss on abandonment of non-current assets	58	59
Total extraordinary losses	2,376	59
Profit before income taxes	5,464	7,028
Income taxes - current	2,146	1,774
Income taxes - deferred	(803)	163
Total income taxes	1,343	1,938
Profit	4,121	5,090
Profit attributable to owners of parent	4,121	5,090

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Profit	4,121	5,090
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,712)	(1,989)
Foreign currency translation adjustment	(1,721)	142
Remeasurements of defined benefit plans, net of tax	41	52
Total other comprehensive income	(5,392)	(1,793)
Comprehensive income	(1,270)	3,297
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,270)	3,297
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended September 30, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,364	7,295	64,917	(309)	77,268
Changes during period					
Dividends of surplus			(1,468)		(1,468)
Profit attributable to owners of parent			4,121		4,121
Purchase of treasury shares				(1,565)	(1,565)
Disposal of treasury shares		1		19	20
Net changes in items other than shareholders' equity					
Total changes during period	-	1	2,653	(1,546)	1,108
Balance at end of period	5,364	7,297	67,570	(1,856)	78,377

	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	17,253	261	(350)	17,164	149	94,582
Changes during period						
Dividends of surplus						(1,468)
Profit attributable to owners of parent						4,121
Purchase of treasury shares						(1,565)
Disposal of treasury shares						20
Net changes in items other than shareholders' equity	(3,712)	(1,721)	41	(5,392)	45	(5,346)
Total changes during period	(3,712)	(1,721)	41	(5,392)	45	(4,237)
Balance at end of period	13,540	(1,459)	(309)	11,771	195	90,344

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

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	5,464	7,028
Depreciation	3,019	2,868
Impairment loss	2,317	–
Amortization of goodwill	354	135
Increase (decrease) in long-term accounts payable - other	(27)	(238)
Share-based remuneration expenses	66	69
Increase (decrease) in provision for bonuses	19	134
Increase (decrease) in provision for bonuses for directors (and other officers)	(2)	12
Increase (decrease) in allowance for doubtful accounts	31	(18)
Increase (decrease) in retirement benefit liability	231	198
Decrease (increase) in retirement benefit asset	2	1
Interest and dividend income	(431)	(403)
Interest expenses	0	3
Foreign exchange losses (gains)	22	23
Loss (gain) on sales of property, plant and equipment	1	(318)
Loss (gain) on sales of intangible assets	–	(39)
Loss on abandonment of non-current assets	58	59
Loss (gain) on sales and valuation of investment securities	(2,665)	(867)
Decrease (increase) in trade receivables	1,118	351
Decrease (increase) in inventories	(322)	437
Increase (decrease) in trade payables	190	(661)
Increase (decrease) in accrued consumption taxes	106	(56)
Other, net	458	(13)
Subtotal	10,018	8,704
Interest and dividends received	416	397
Interest paid	(0)	(3)
Income taxes paid	(1,203)	(2,712)
Net cash provided by (used in) operating activities	9,230	6,387
Cash flows from investing activities		
Payments into time deposits	(3,234)	(2,952)
Proceeds from withdrawal of time deposits	2,091	2,636
Purchase of property, plant and equipment	(2,056)	(3,150)
Proceeds from sales of property, plant and equipment	4	590
Payments for retirement of property, plant and equipment	(24)	(30)
Purchase of intangible assets	(90)	(108)
Proceeds from sales of intangible assets	–	42
Purchase of investment securities	(34)	(36)
Proceeds from sales of investment securities	1,069	2,578
Net cash provided by (used in) investing activities	(2,275)	(431)

(Millions of yen)

	Fiscal year ended September 30, 2019	Fiscal year ended September 30, 2020
Cash flows from financing activities		
Repayments of long-term borrowings	(1)	(0)
Purchase of treasury shares	(1,565)	(0)
Proceeds from sales of treasury shares	0	0
Repayments of lease obligations	–	(19)
Dividends paid	(1,468)	(1,491)
Net cash provided by (used in) financing activities	(3,035)	(1,511)
Effect of exchange rate change on cash and cash equivalents	(242)	17
Net increase (decrease) in cash and cash equivalents	3,677	4,461
Cash and cash equivalents at beginning of period	17,221	20,898
Cash and cash equivalents at end of period	20,898	25,360

Segment Information

1. Outline of reportable segments

The T. Hasegawa group's reportable segments are components of the group for which separate financial information is available. These segments are periodically evaluated by the Board of Directors when deciding how to allocate management resources and when assessing performance.

The T. Hasegawa group primarily engages in the manufacture and sales of fragrance and flavor products. Japan is in charge of the area including domestic market and overseas countries except for China, Malaysia, Indonesia, and the U.S., and there are each subsidiary in China, Malaysia, Indonesia and the U.S. The subsidiaries have self-management system in each country and these subsidiaries develop comprehensive strategy based on global strategy made by the company, and engage in business activities on a regional basis.

Thus, the T. Hasegawa group is composed of segments separated by the location of group companies, whose location is determined by the production and sales structure, and defines the three segments of "Japan," "Asia," and "USA," as reportable segments.

2. Calculation method of net sales, profit or loss, assets, and other items in reportable segments

The accounting method used for reportable segments is the same as the method stated in "Significant Basic Items for Preparation of Consolidated Financial Statements." Segment profits of reportable segments are provided on an operating income basis. Inter-segment sales or transfers are based on current market prices.

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

(1) Fiscal year ended September 30, 2019

(From October 1, 2018 to September 30, 2019)

(Millions of yen)

	Reportable segment				Adjustment (Note 1,2)	Consolidated (Note 3)
	Japan	Asia	USA	Total		
Net sales						
Sales to external customers	36,945	7,841	5,706	50,493	—	50,493
Inter-segment sales or transfers	711	197	132	1,041	(1,041)	—
Total	37,657	8,039	5,838	51,535	(1,041)	50,493
Segment profit	3,872	540	149	4,563	115	4,678
Segment assets	106,285	16,684	8,064	131,035	(17,171)	113,863
Other items						
Depreciation	2,076	554	388	3,019	—	3,019
Amortization of Goodwill	—	140	213	—	—	354
Interest income	12	85	3	101	(11)	90
Interest expenses	0	0	11	12	(11)	0
Impairment loss	36	—	2,281	2,317	—	2,317
Increase in property, plant and equipment and intangible assets	1,390	175	238	1,804	—	1,804
Term-end balance of Goodwill	—	716	—	—	—	716

Notes

1. The adjustments on segment profit of 115 million yen include 64 million yen of inter-segment transactions, 52 million yen of adjustments for inventories related to inter-segment transactions, and negative 1 million yen for others.
2. The adjustments for segment assets of negative 17,171 million yen include adjustments for negative 17,034 million yen of inter-segment transaction and corporate assets, and negative 136 million yen of inventories related to inter-segment transactions, and 0 million yen for others.
3. Segment profit is adjusted to operating income of consolidated statements of income.

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

(Millions of yen)

	Reportable segment				Adjustment (Note 1,2)	Consolidated (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
Amortization of Goodwill	—	135	—	—	—	135
Interest income	10	90	4	105	(9)	95
Interest expenses	0	4	5	9	(6)	3
Impairment loss	—	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	1,507	456	1,516	3,481	—	3,481
Term-end balance of Goodwill	—	572	—	—	—	572

Notes

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