

Eat Well, Live Well.



Ajinomoto Co., Inc. (2802)

Financial Results for Q1 of FY2022 (Ending March 31, 2023)

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Executive Officer & Vice President

July 29, 2022

Note: Business profit (consolidated) in this material:

Sales - Cost of sales - Selling expenses, Research & development expenses and General & administrative expenses + Share of profit of associates and joint ventures

Today's Message

- In Q1, we achieved revenue and profit growth. Sales and business profit were both the highest for a quarter since we started using IFRS in FY2016.
- Our initiatives, such as price increases in each region, delivered a steady increase in unit prices. These initiatives, which also included efficient use of marketing expenses, countered the cost increases, such as for raw material, logistics, and personnel costs, that have continued since the previous fiscal year.
- The price increases to be applied from Q2 onward have already been announced or are being planned. We will work to strengthen profitability while closely monitoring the reaction of consumers.
- The current exchange rates and prices for raw materials and fuel are somewhat favorable for the FY2022 forecast, but market movements going forward are continuing to be unclear so we will watch them carefully.
- The full-year forecast for FY2022 remains unchanged. (No revisions)

Summary as of the First Quarter (April-June)

Sales: ¥321.6 billion (116.4% of FY2021 results; excluding currency translation: 107.7%)

Business profit: ¥40.5 billion (104.1% of FY2021 results; excluding currency translation: 96.2%)

Profit attributable to owners of the parent company: ¥27.7 billion (125.7% of FY2021 results)

1. Sales: **Increased**

- Revenue increased significantly overall and increased in all major segments.

2. Business profit: **Increased**

- In Seasonings and Foods and Frozen Foods, while revenue increased, profit fell due to the impact of raw material cost increases, and skyrocketing logistics and personnel costs. In Healthcare and Others, profit increased due to strong performance in the Functional Materials business and the Bio-Pharma Services & Ingredients business.

Item	Impact on business profit (¥ billion)	Details of impacts in Q1
	vs. Q1-FY21	
Change in GP due to change in sales	17.8	Effect of increased revenue in Seasonings and Foods overseas, Functional Materials, Frozen Foods overseas, Bio-Pharma Services, etc.
Change in GP due to change in GP margin	-9.1	
Change in SGA expenses	-7.4	Despite efficient use of marketing expenses, SGA expenses increased due to impact of skyrocketing logistics and personnel costs
Share of profit of associates and joint ventures	0.2	—



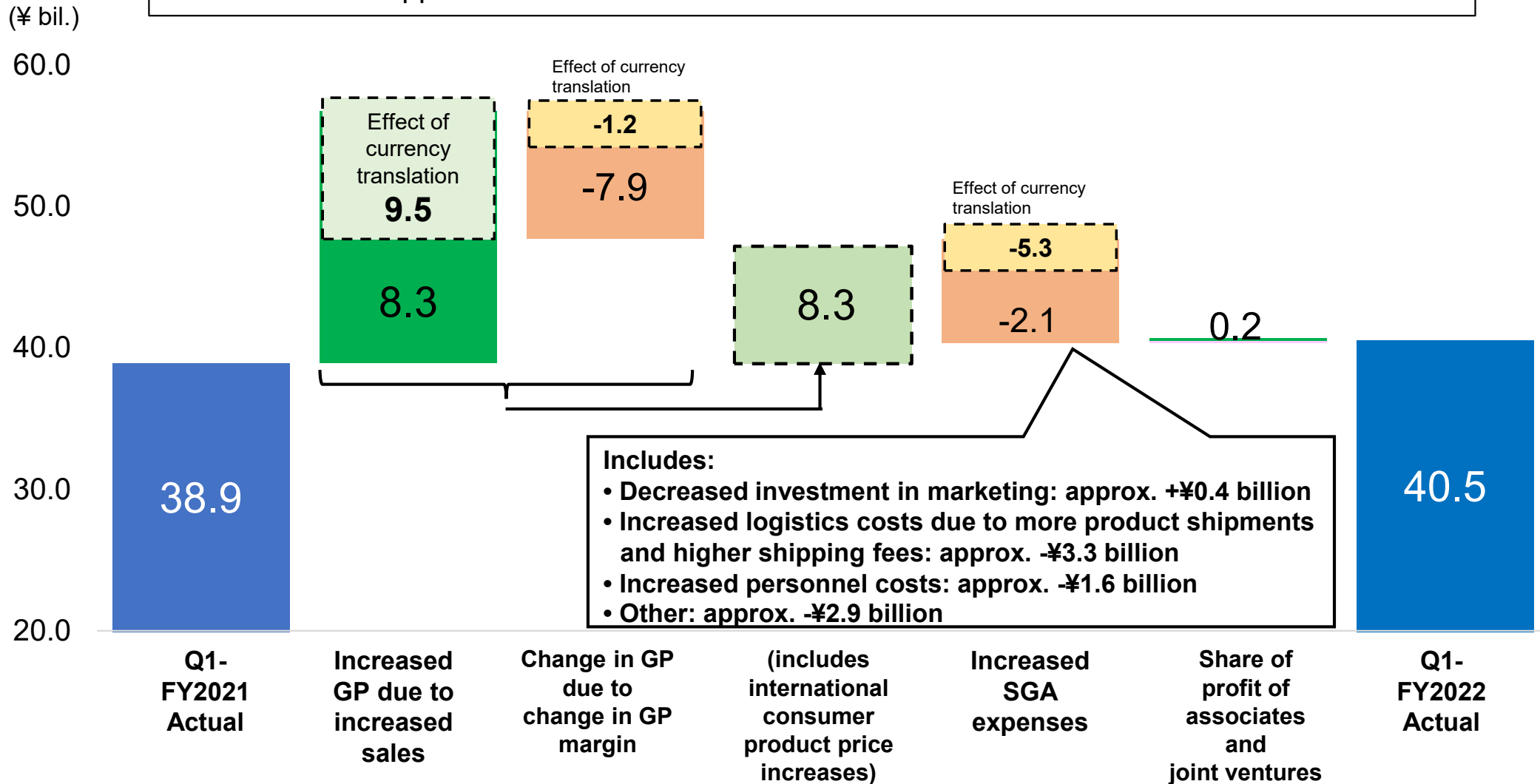
Factors Leading to Changes in Business Profit (Q1 Results by P&L Factor)

Includes:

Cost increases for raw materials and fuel, and food ingredients: approx. -¥4.0 billion (net impact)

Currency translation: approx. +¥3.0 billion

Cost decreases: approx. +¥1.0 billion



Includes:

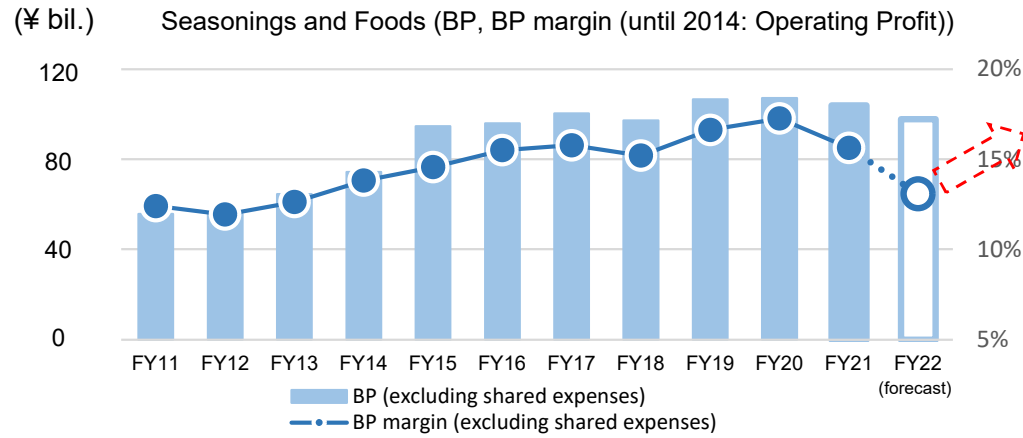
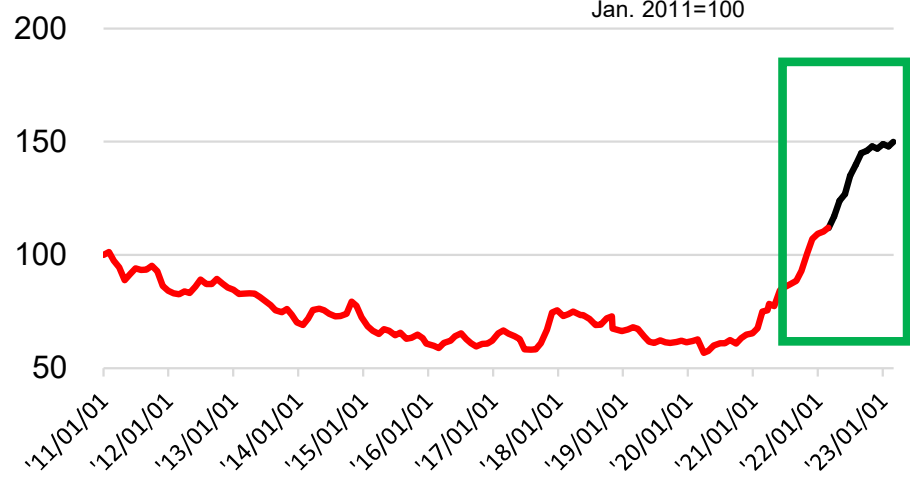
- Decreased investment in marketing: approx. +¥0.4 billion
- Increased logistics costs due to more product shipments and higher shipping fees: approx. -¥3.3 billion
- Increased personnel costs: approx. -¥1.6 billion
- Other: approx. -¥2.9 billion



Items that Impact Business Results (Main and Sub Fermentation Raw Material Prices)

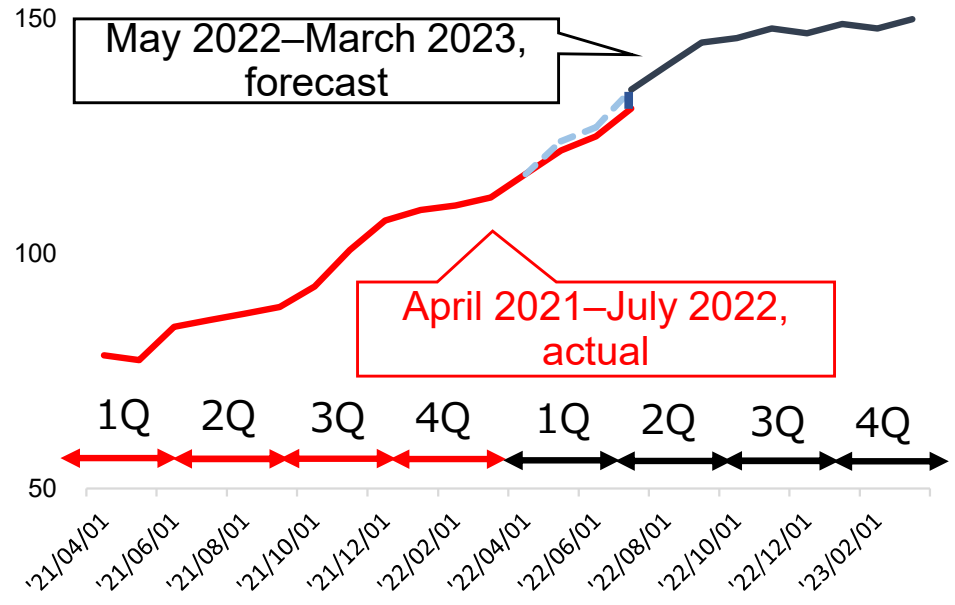
The Seasonings and Foods business was affected by commodity prices. Along with timely price increases, we will proceed with greater structural reform to achieve a business structure that is not affected by raw material prices.

The weighted average of main and sub fermentation raw material prices (purchase volume, FY2011 results – FY2022 forecast)
Jan. 2011=100



Expansion (FY2021–2022) Update: Q1 FY2022 Results

- Assumptions**
- The effect from the economic sanctions on Russia will continue during the fiscal year; effects will primarily be on sub raw materials, fuel, etc.
 - Recovery will not be reached during the fiscal year.

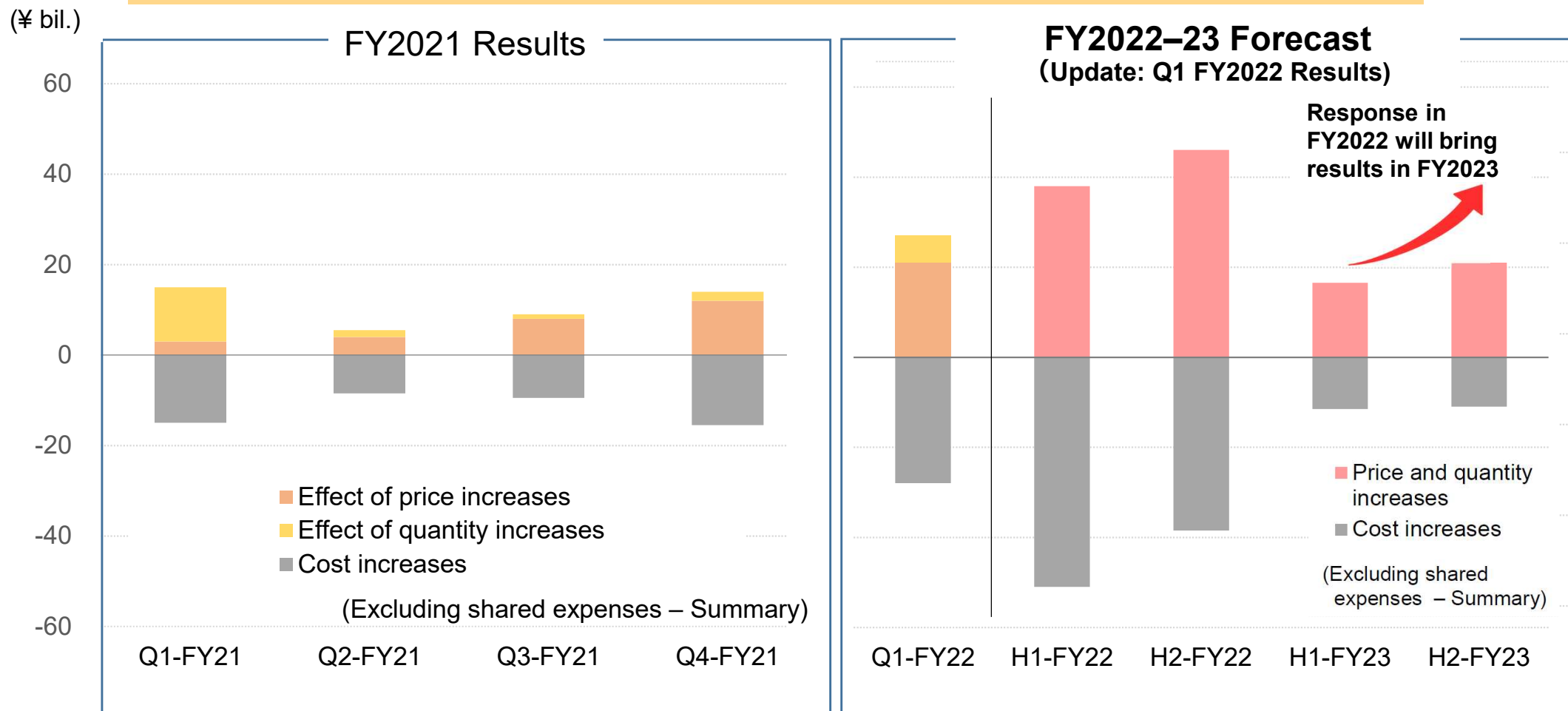




Items that Impact Business Results (Respond to the Effect of Costs)

In FY2021 we minimized the impact from substantial price increases in raw materials and fuel and the downward pressure on GP by changing prices, and will do the same in FY2022. In FY2022, in addition to increasing unit prices, we will beat this back by also steadily growing volume.

YoY Amount of Impact of Costs & Expenses on Seasonings and Foods Business BP, and Our Response





Priority KPIs (Forecast by Segment)

FY2021 and FY2022 Q1 Actual and FY2022 forecast

Segments

Segments	Organic growth				Unit price growth (International consumer products)				ROIC			
	Organic growth				Unit price growth				ROIC			
	Organic growth (%)				Unit price growth (%)				ROIC (%)			
	FY20 actual	FY21 actual	FY22-Q1 actual	FY22 forecast	FY20 actual	FY21 actual	FY22-Q1 actual	FY22 forecast	Approx.	MTP Targets FY22*	FY25	
Seasonings and Foods	Sauce & Seasonings	-0.3%	4.9%	9.5%	9%	2.8%	3.5%	5.6%	6%	12%	12% or more	17% or more
	Quick Nourishment				Approx. 9%				Approx. 6%			
	Solution & Ingredients											
Frozen Foods	Frozen Foods	-5.0%	9.8%	5.3%	Approx. 11%	2.8%	7.8%	18.5%	12%	1%	1% or more	5%
Healthcare and Others	Bio-Pharma Services & Ingredients											
	Functional Materials	3.5%	10.8%	15.5%	Approx. 13%	-	-	-	-	12%	10% or more	12% or more
	Others											

* Excluding structural reform expenses

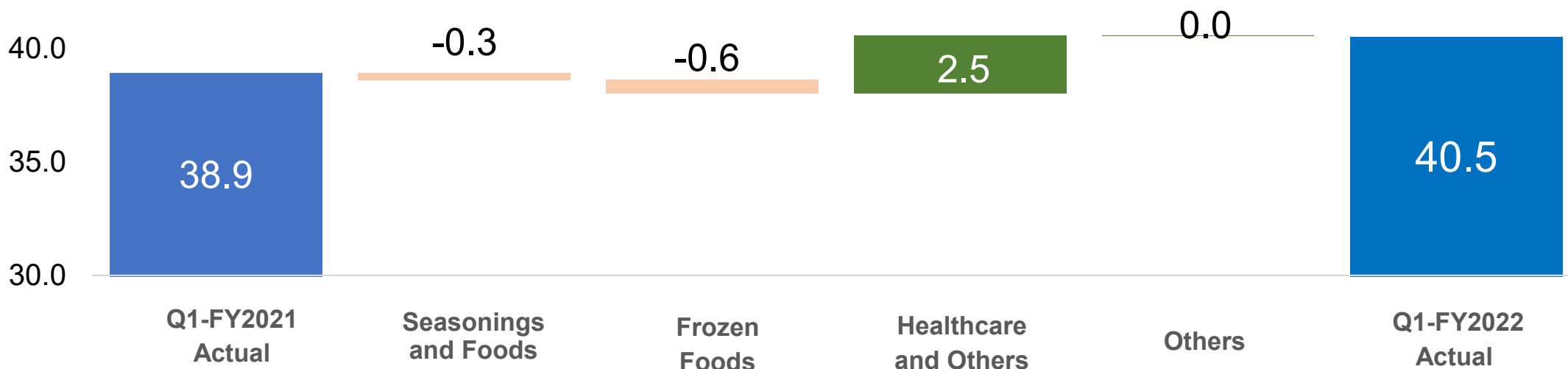


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Factors Leading to Changes in Business Profit (by Segment, and Compared with Forecast)

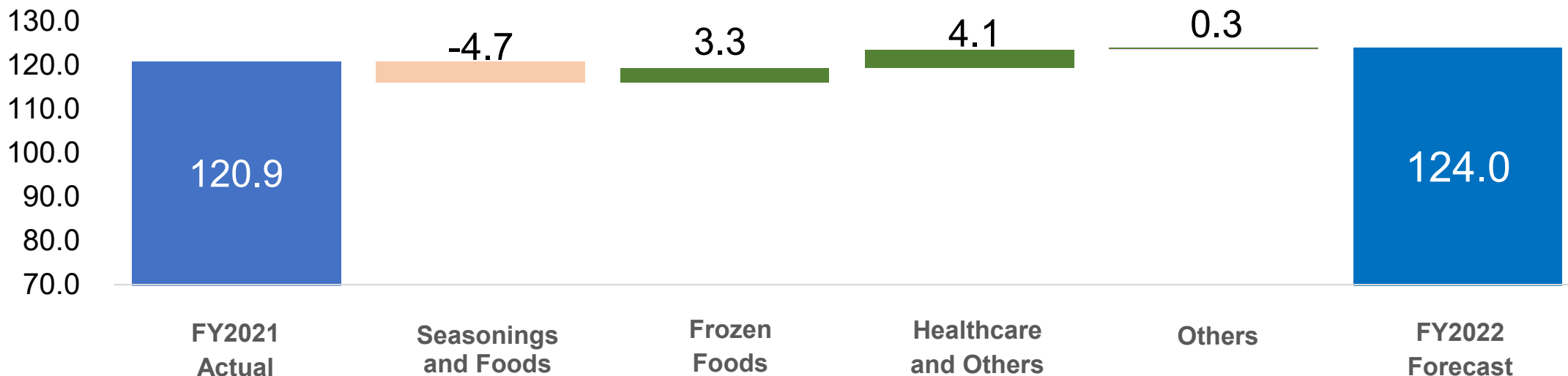
45.0 (¥ bil.)

As of Q1-FY2022 (by Segment)



150.0 (¥ bil.)

Reference: FY2022 Forecast (announced May 11)





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- **Forward-looking statements, such as business performance forecasts, made in these materials are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.**
- **This material includes summary figures that have not been audited so the numbers may change.**
- **Amounts presented in these materials are rounded down.**

Q1 Sales and Business Profit by Segment

(¥ billion)	Q1-FY22 Actual (A)	Q1-FY21 Actual (B)	vs Prev. year (A)/(B)	Summary
Sales	321.6	276.3	116%	<ul style="list-style-type: none"> • For Seasonings and Foods, large increased revenue overall, primarily growth overseas, but also impact from currency translation. • For Frozen Foods, large increased revenue, primarily due to increased unit prices in N.A., but also impact from currency translation. • For Healthcare and Others, large increased revenue, primarily due to growth from Functional Materials, Bio-Pharma Services, and amino acids for pharmaceuticals and foods.
Seasonings and Foods	184.3	157.5	117%	
Frozen Foods	60.8	52.4	115%	
Healthcare and Others	73.6	63.5	115%	
Other	2.7	2.7	102%	
Business Profit	40.5	38.9	104%	<ul style="list-style-type: none"> • For Seasonings and Foods, decreased profit primarily due to not being able to cover the impact of increased costs for raw materials, despite increased revenue. • For Frozen Foods, decreased profit overall primarily due to the impact of increased costs for raw materials, so decreased profit in Japan and overseas. • For Healthcare and Others, large increase in profit primarily due to the impact of increased revenue from Functional Materials.
Seasonings and Foods	23.9	24.2	98%	
Frozen Foods	0.2	0.9	29%	
Healthcare and Others	15.2	12.7	120%	
Other	0.9	0.9	100%	

Q1 Sales and Business Profit by Region (in yen)

(¥ Billion)	Japan		Asia		Americas		EMEA		Other		Total	
	Q1-FY22	Change from prev. year	Q1-FY22	Change from prev. year	Q1-FY22	Change from prev. year	Q1-FY22	Change from prev. year	Q1-FY22	Change from prev. year	Q1-FY22	Change from prev. year
Sales	118.9	4.2	85.9	17.7	81.4	18.8	35.2	4.5	-	-	321.6	45.2
Seasonings and Foods	62.4	-1.1	82.3	16.9	26.6	7.2	12.9	3.8	-	-	184.3	26.8
Frozen Foods	22.4	0.1	1.1	0.2	33.9	7.3	3.3	0.6	-	-	60.8	8.3
Healthcare and Others	31.2	5.1	2.4	0.4	20.9	4.3	18.9	0.0	-	-	73.6	10.0
Other	2.7	0.0	0.0	-0.0	-	-	0.0	0.0	-	-	2.7	0.0
Business Profit	16.8	1.4	14.2	-0.6	5.3	-0.1	4.0	0.9	-	-	40.5	1.5
Seasonings and Foods	7.6	-1.0	14.6	-1.2	3.4	0.3	1.9	1.0	-3.6	0.6	23.9	-0.3
Frozen Foods	1.0	-0.3	0.7	0.3	-0.1	-0.5	-0.1	-0.2	-1.1	0.0	0.2	-0.6
Healthcare and Others	9.4	2.6	0.9	0.2	3.7	-0.0	2.6	-0.0	-1.5	-0.3	15.2	2.5
Other	1.0	-0.1	-0.0	-0.0	-	-	0.1	0.0	-0.2	0.1	0.9	0.0
Shares companywide expenses	-2.3	0.3	-2.0	0.0	-1.5	-0.0	-0.6	0.0	6.5	-0.4	-	-

Q1 Each Level of Profit

(¥ Billion)	Q1-FY22 Actual (A)	Q1-FY21 Actual (B)	Difference (A)-(B)	vs. Prev. year (A)/(B)	FY22 Forecast (C)	Progress (A)/(C)
Sales	321.6	276.3	45.2	116%	1,310.0	24%
Gross profit	117.5	108.8	8.7	108%	-	-
(Gross profit margin)	36.5%	39.3%			-	-
Share of profit of associates and joint ventures	2.1	1.9	0.1	109%	-	-
SGA expenses	79.2	71.8	7.3	110%	-	-
(Ratio of SGA expenses to sales)	24.6%	25.9%			-	-
Business profit	40.5	38.9	1.5	104%	124.0	32%
Other operating income & expenses	1.0	-2.5	3.6	-	-7.9	-
Impairment losses	0.1	0.0	0.1	-	-	-
Operating profit	41.6	36.3	5.2	114%	116.0	35%
Financial income & expenses	-3.4	-1.4	-2.0	-	-3.0	-
Profit before income taxes	38.1	34.9	3.2	109%	113.0	33%
Income taxes (Tax rate: FY22 forecast 27.0%)	8.8	11.0	-2.1	80%	30.5	29%
Profit (includes discontinued operations)	29.2	23.9	5.3	122%	82.5	35%
Profit attributable to owners of the parent company	27.7	22.0	5.6	125%	77.0	36%
Profit attributable to non-controlling interests	1.5	1.8	-0.3	81%	5.5	27%

Addressing Inflation

In Seasonings and Foods and Frozen Foods, successive measures are being taken to counteract the ongoing impact of increased costs, such as for raw materials.

(Price actions in major countries of business: only executed and announced actions)

Q1-FY2022	
Sauce & Seasonings	Indonesia (Menu-specific seasonings, April; Umami seasonings, May) Vietnam (Umami seasonings, May; Menu-specific seasonings, June) Philippines (Umami seasonings, flavor seasonings, cooking sauce, May; Menu-specific seasonings, June) Brazil (Flavor seasonings, June) Japan (Umami seasonings, June) Also raised prices in nine other countries and areas
Quick Nourishment	Japan (Soup, June) Vietnam (Beverages, June) Also raised prices in four other countries and areas
Frozen Foods	North America (Home use, April-May; Restaurant use, June)

From FY2022 Q2	
Sauce & Seasonings	Thailand (Flavor seasonings, July; Umami seasonings, August) Indonesia (Umami seasonings, July) Vietnam (Menu-specific seasonings, July; Cooking sauce, August) Philippines (Menu-specific seasonings, cooking sauce, July; Umami seasonings, August) Japan (Flavor seasonings, Mayonnaise, October)
Quick Nourishment	Japan (Some stick-type products (coffee, etc.), September and October)
Frozen Foods	Japan (Home use, August; Restaurant use, September)



Reference Links

Ajinomoto Group IR

<https://www.ajinomoto.co.jp/company/en/ir/>

Ajinomoto Group Integrated Report

<https://www.ajinomoto.co.jp/company/en/ir/library/annual.html>

Ajinomoto Group Medium-Term Management Plan

https://www.ajinomoto.co.jp/company/en/ir/event/medium_term.html

Ajinomoto Group IR Day

https://www.ajinomoto.co.jp/company/en/ir/event/ir_day.html

Ajinomoto Group Business Briefing

https://www.ajinomoto.co.jp/company/en/ir/event/business_briefing.html