

Eat Well, Live Well.



Ajinomoto Co., Inc. (2802)

**Forecast for FY2022 (Ending March 31, 2023)
and Initiatives for Enhancing Corporate Value**

Taro Fujie

**Member of the Board, Representative Executive Officer
President & Chief Executive Officer**

November 7, 2022

- I. Summary Results for the First Half Ended September 30, 2022 and FY2022 Forecast**
- II. The Corporate Value Enhancement Cycle and Engagement**
- III. Medium-Term ASV Initiative for the 2030 Roadmap**

Reference Materials

Appendixes: Consolidated Results First Half Ended September 30, 2022
FY2022 Revised Forecast by Segment

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 the first-half, we achieved revenue and profit(Business Profit) growth. Sales and business profit on a half-year basis were the highest since the introduction of IFRS in FY2016.**
- **In Seasonings and Foods and in Frozen Foods, even though we raised unit prices, we were unable to offset the impacts of cost increases, resulting in a slight decrease in profit. Conversely, growth continued in Healthcare and Others, driving performance across the Group. Profit also increased due to depreciation of the yen.**
- **In the full-year forecast for FY2022, we have upwardly revised both sales and profit. We decided to increase the dividend and repurchase shares as a measure to strengthen shareholder returns in anticipation of enhancing our sustainable cash generating ability.**
- **We are working on further clarification of issues and speeding up the implementation of measures, and continually realize the enhancement of corporate value.**
(Issues: continual growth of foods in Japan, the profit margin of Seasonings and Foods, and the profit structure of Frozen Foods)
- **We will formulate the 2030 Roadmap for our Medium-Term ASV* Initiative to reflect our dialogue with stakeholders and our vision for 2030.**

*The Ajinomoto Group Creating Shared Value: Initiatives to create both social and economic value through its business, which the Group has been consistently engaging in since its foundation

- I. Summary Results for the First Half Ended September 30, 2022 and FY2022 Forecast**
- II. The Corporate Value Enhancement Cycle and Engagement
- III. Medium-Term ASV Initiative for the 2030 Roadmap

I-1. First-Half Results Digest

Sales: Increased

¥659.8 billion

119.9% of FY2021 results

Excluding currency translation: 109.5%

up ¥109.6 billion

Revenue increased significantly overall due to higher revenue in all major segments.

Business profit: Increased

¥74.3 billion

107.2% of FY2021 results

Excluding currency translation: 97.1%

up ¥5.0 billion

With currency translation effects excluded, profit decreased.
 In Seasonings and Foods and Frozen Foods, while revenue increased, profit fell due to soaring raw materials, logistics, and personnel costs.
 In Healthcare and Others, profit increased due to strong performance in the Functional Materials business and Bio-Pharma Services & Ingredients business.

Profit attributable to owners of the parent company

¥47.0 billion

86.8% of FY2021 results

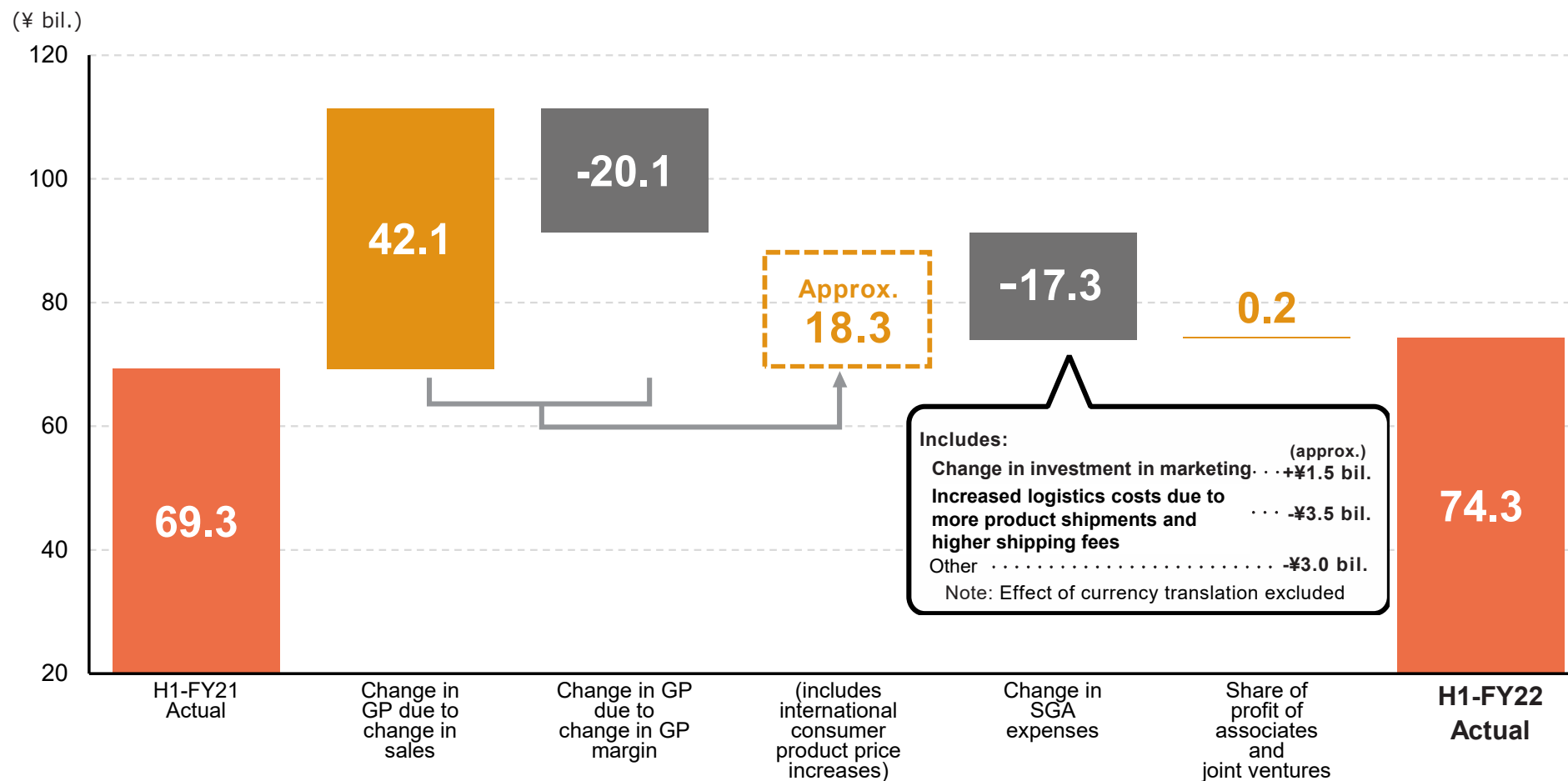
Decreased year-on-year due to the recording of profit on the sale of fixed assets (idle assets) within operating income for the same period of the previous fiscal year

**Excluding profit on the sale of fixed assets
 111.4% of FY2021 results**

YoY Business Profit Details – Summary

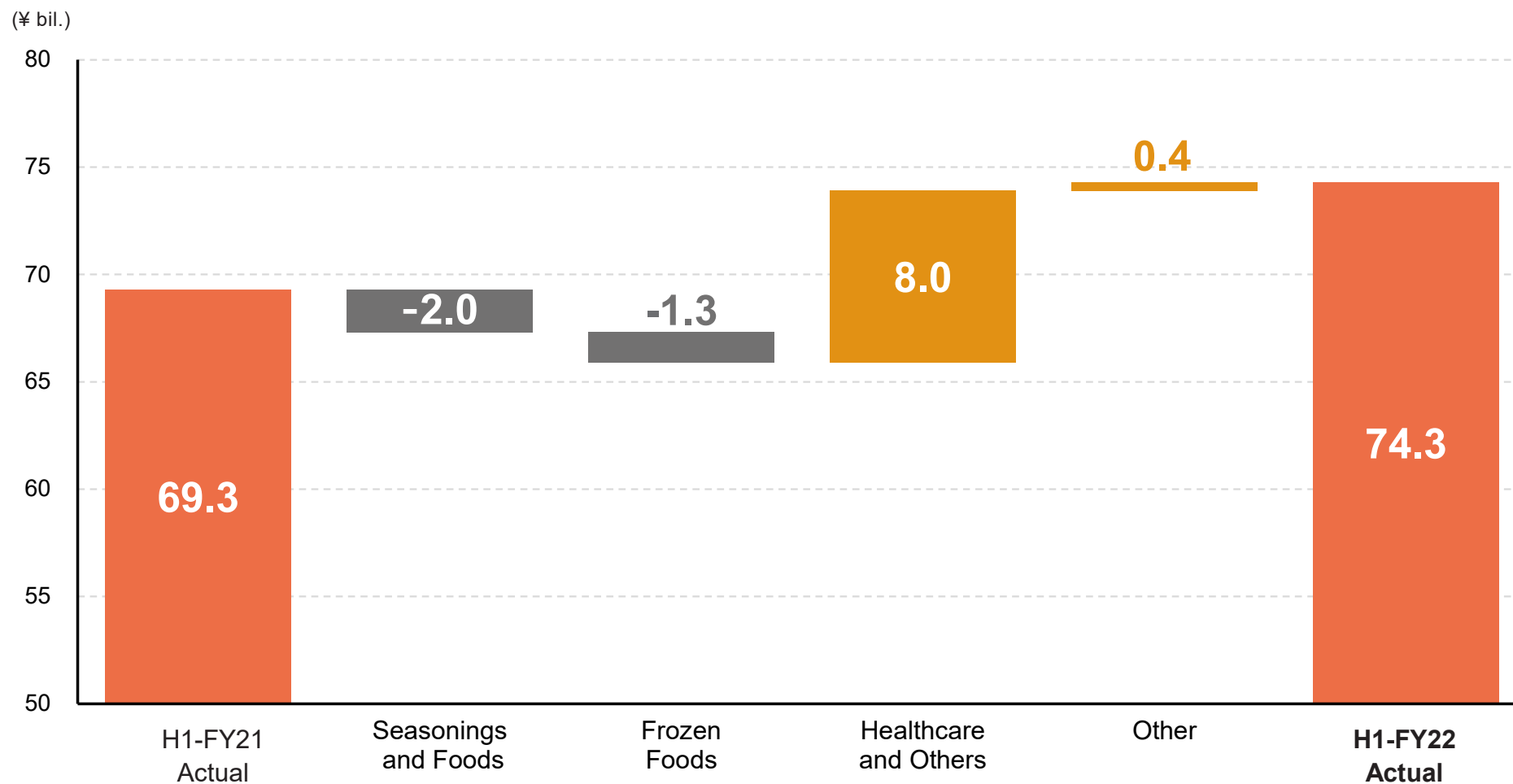
(¥ Billion)	vs Q1-FY21	vs Q2-FY21	vs H1-FY21	Details of impacts in H1
Change in GP due to change in sales	17.8	24.2	42.1	Effect of increased revenue in Seasonings and Foods overseas, Functional Materials, Frozen Foods overseas, Bio-Pharma Services, etc.
Change in GP due to change in GP margin	-9.1	-10.9	-20.1	GP margin of Seasonings & Foods, Frozen Foods, Healthcare and Others decreased due to the impact of substantial price increases for raw materials and fuel.
Change in SGA expenses	-7.4	-9.9	-17.3	SGA expenses increased due to currency translation effects and substantial logistics cost increases.
Share of profit of associates and joint ventures	0.2	0.0	0.2	
Total	1.5	3.4	5.0	

I-2. Changes in Business Profit (First-Half Results by P&L Factor)



Ref: Impact of costs for raw materials and fuel, and food ingredients: approx. -¥8.0 billion (net impact)
Impact of currency translation: approx. +¥7.0 billion
(Change in GP: approx. +¥19.5 billion, Change in SGA expenses: approx. -¥12.5 billion)
Cost decreases: approx. +¥2.0 billion

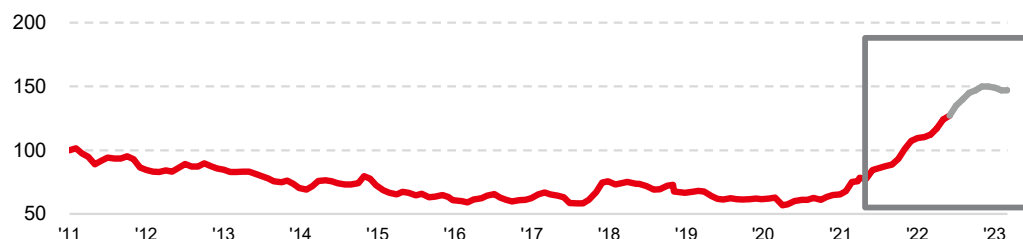
I-2. Changes in Business Profit (First-Half Results by Disclosed Segment)



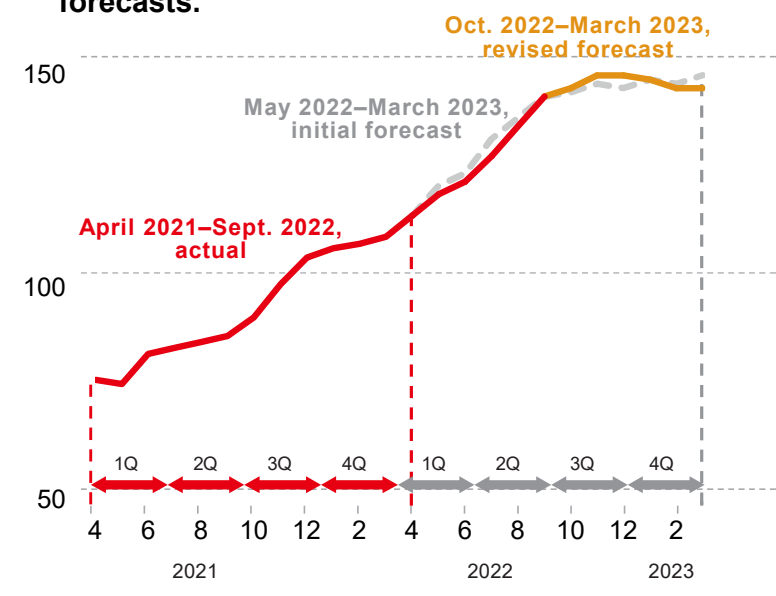
I-3. Items that Impact Business Results (Main and Sub Fermentation Raw Material Prices)

We will respond to rising raw material costs by carrying out agile price increases, and will continue working to increase unit prices from the second half of FY2022 and bring business profit margin back up.

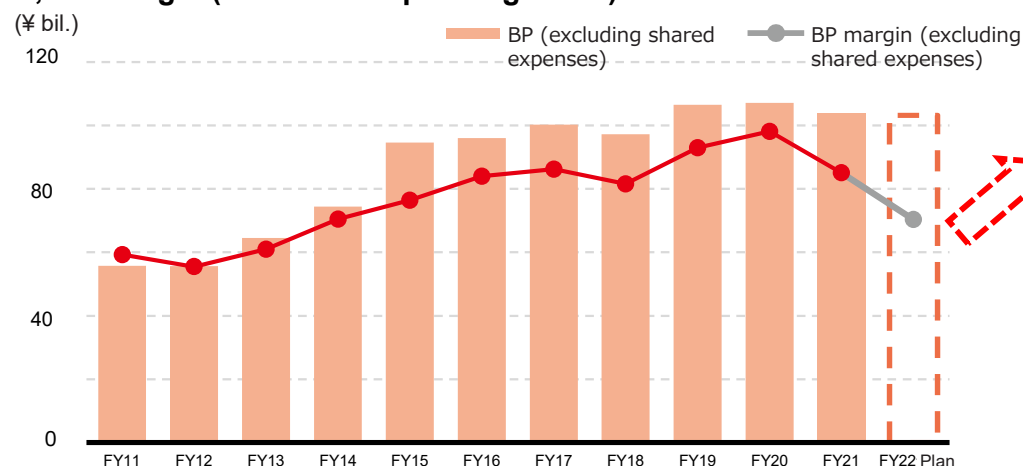
The weighted average of main and sub fermentation raw material prices (purchase volume, FY2011 actual to FY2022 forecast) Jan. 2011=100



- In the first half of the fiscal year, the main effect was from secondary raw materials, but pressure is also increasing from rising prices of main fermentation raw materials.
- Includes price increases surpassing initial forecasts.



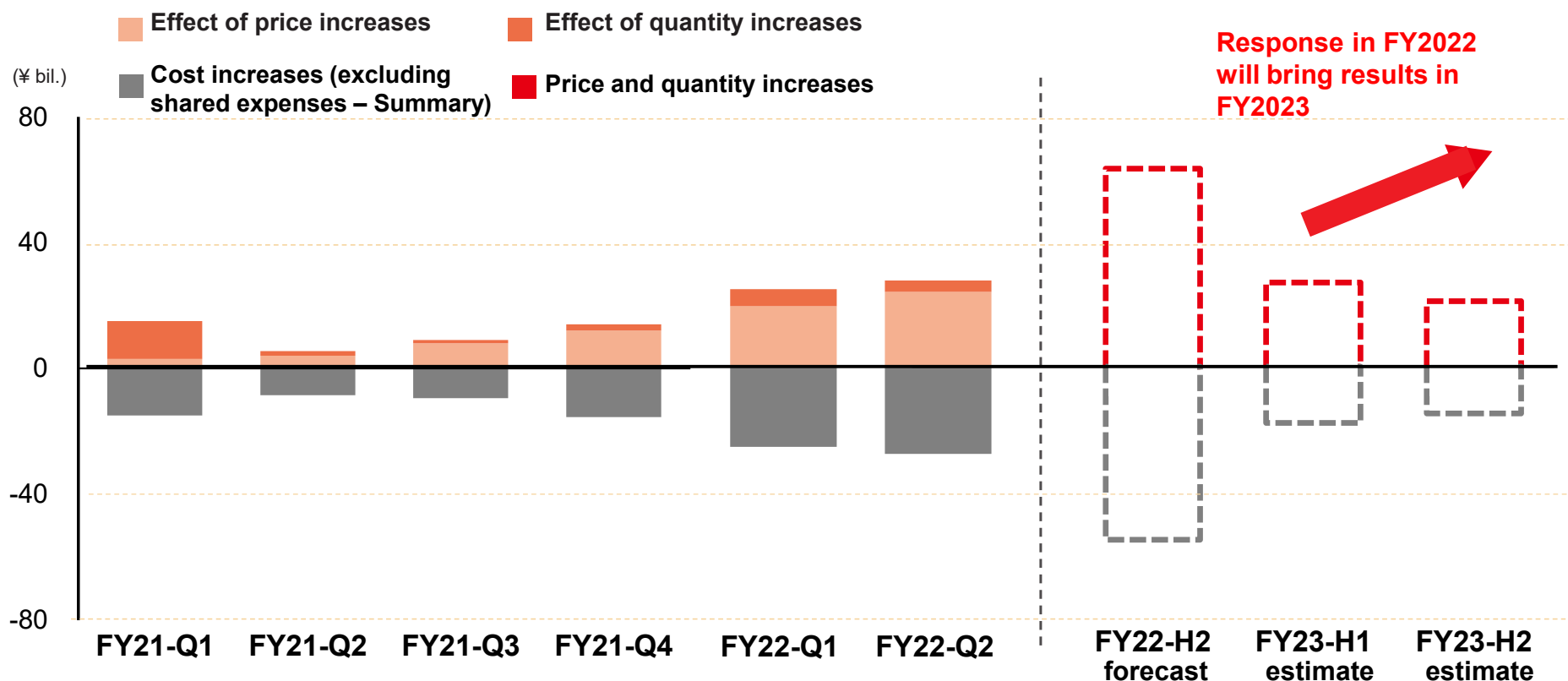
Seasonings and Foods BP, BP margin (until 2014: Operating Profit)



I-3. Items that Impact Business (Respond to the Effect of Costs & Expenses)

In the first half of FY2022, raw material and fuel prices rose more than expected. We are responding to this with price revisions in excess of plans (including pull-ins) to minimize the impact. In the second half of FY2022, too, we will respond solidly by further advancing unit price increases.

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



I-4. Forecast for FY2022

Full-year FY2022 forecast: Increased revenue and profit (upward revision, Past top update)

While the business environment will be challenging, we will take appropriate measures and strengthen our business foundation, and connect this to sustainable growth while achieving organic growth.

Sales

¥1,367.0 billion

118.9% of FY2021 results

Excluding currency translation: 109.8%

Business profit

¥133.0 billion

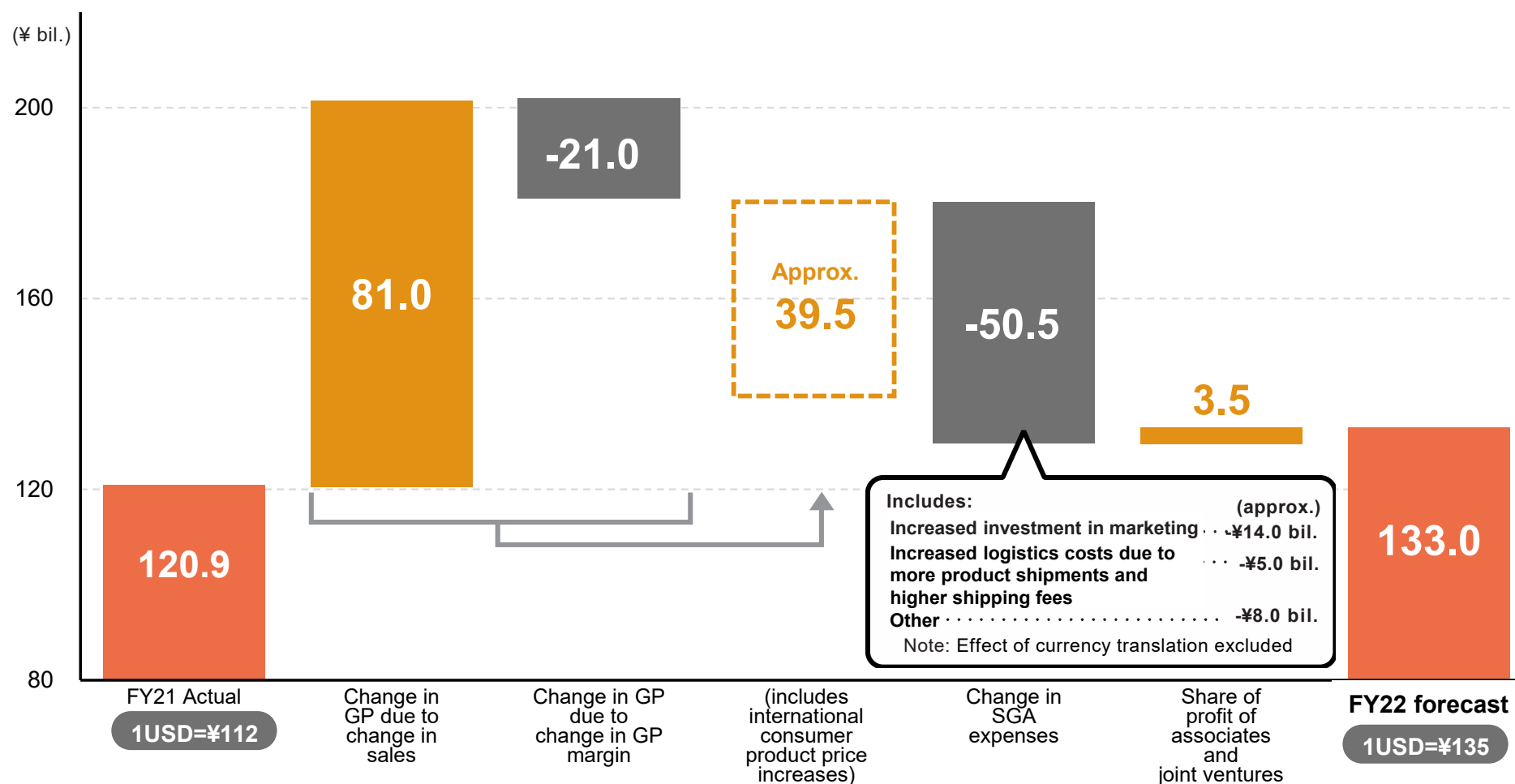
110.0% of FY2021 results

Excluding currency translation: 100.2%

(¥ Billion); -: losses

	FY22 Revised forecast	FY21 Actual	vs. Prev. year	FY22 Initial forecast	vs. Initial forecast
Sales	1,367.0	1,149.3	118%	1,310.0	57.0
Seasonings and Foods	784.7	664.2	118%	748.3	36.3
Frozen Foods	261.1	221.7	117%	255.8	5.2
Healthcare and Others	303.5	251.2	120%	287.9	15.6
Other	17.6	12.1	144%	17.8	-0.2
Business Profit	133.0	120.9	110%	124.0	9.0
Seasonings and Foods	81.0	81.2	99%	76.5	4.5
Frozen Foods	0.1	-0.6	-	2.6	-2.5
Healthcare and Others	55.8	43.3	128%	47.5	8.2
Other	-4.0	-3.0	-	-2.7	-1.3

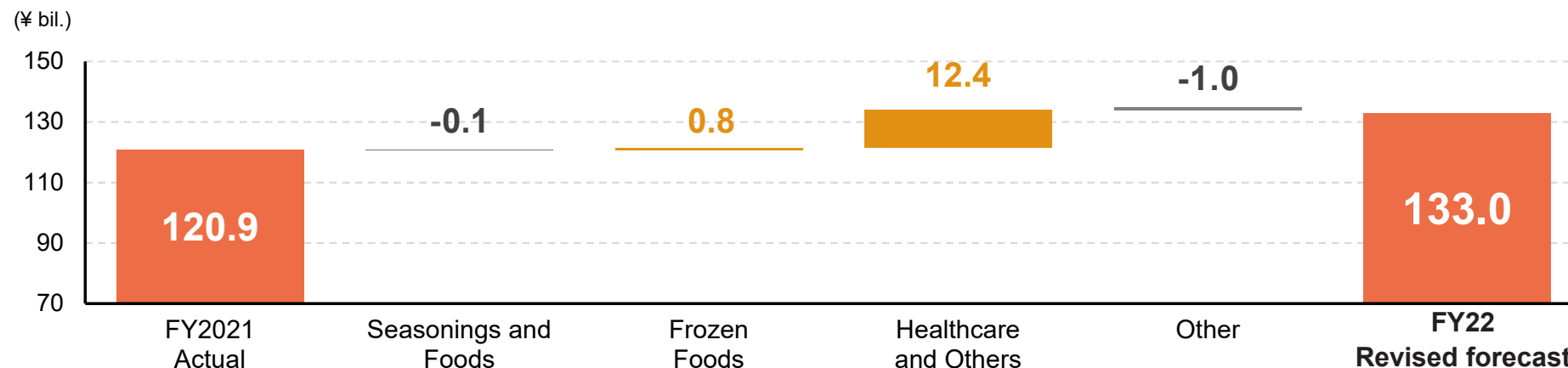
I-5. Changes in Business Profit (Forecast by P&L Factor)



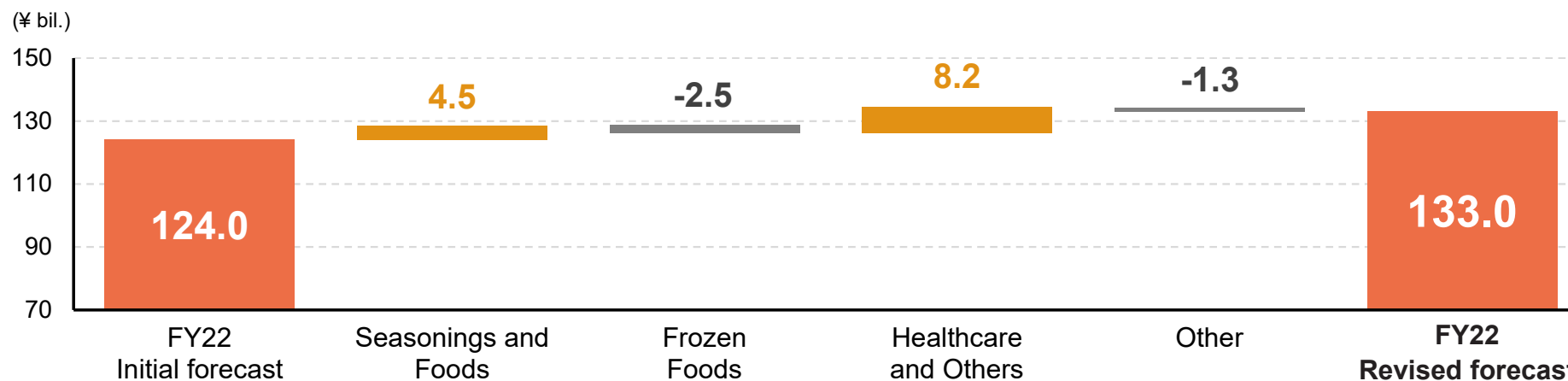
Ref: Impact of costs for raw materials and fuel, and food ingredients: approx. -¥5.0 billion (net impact)
 Impact of currency translation: approx. +¥12.0 billion
 (Change in GP: approx. +¥35.5 billion, Change in SGA expenses: approx. -¥23.5 billion)
 Cost decreases: approx. +¥4.0 billion

I-5. Changes in Business Profit (Forecast by Segment)

FY2022 Revised Forecast vs FY2021 Actual



FY2022 Revised Forecast vs FY2022 Initial Forecast



I-6. Priority KPIs (Group-wide Forecast)

Steady progress toward achieving the structural targets of the MTP. To ensure the achievement of FY2022 and FY2025 targets, we are moving to steadily execute the MTP priority themes.

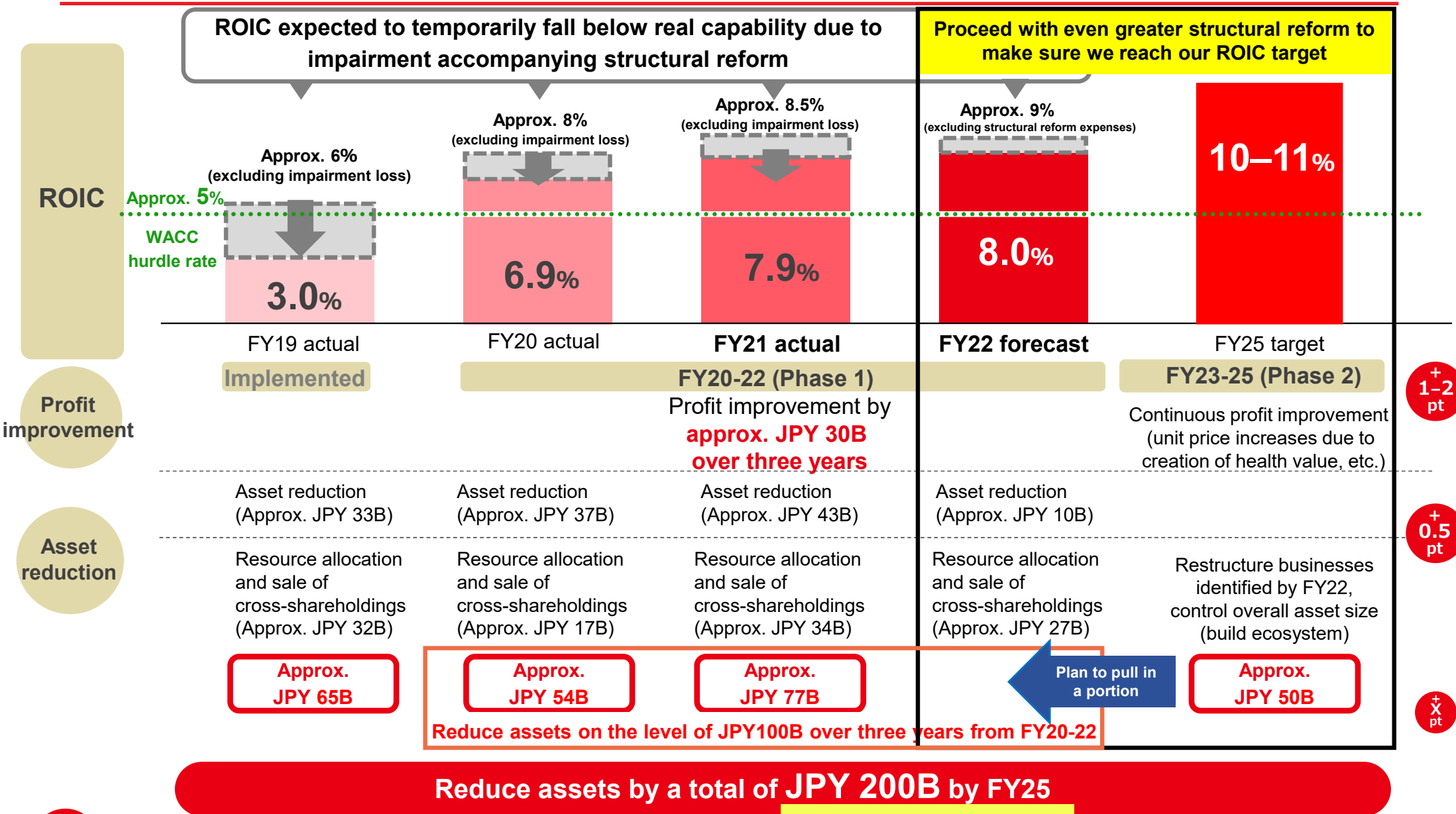
		20-22 Phase 1					23-25 Phase 2	2030 Goal		
		Structural reform					Regrowth			
		FY19 (Actual)	FY20 (Actual)	FY21 (Actual)	H1-FY21 (Actual)	FY22 (Forecast)	FY22 (MTP Target)	FY25 (MTP Target)		
Financial indicators	Efficiency	ROIC (>Capital cost) (): Excluding expenses for structural reform	3.0% (Approx. 6%)	6.9% (Approx. 8%)	7.9% (Approx. 8.5%)	8.0% (Approx. 9%)	8%	10-11%	13%	
	Growth	Organic sales growth (YoY)	0.3%	-0.6%	6.8%	11.2%	11% Approx.	4%	5%	5%
	Priority KPIs	Percentage of sales from core businesses	66.5%	66.6%	68.7%	68.3%	70% Approx.	70%	80%	80% or more
		Unit price growth (YoY) (International consumer products)	Approx. 5%	2.8%	4.8%	10.4%	12% Approx.	2.5%	3%	3%
Non-financial indicators	Strength-ening brand	Employee engagement ("ASV as one's own initiative")	55%	64%	61%	62% (Nov. preliminary figure)	70%	80%	85% or more	
		Brand value (mUSD) (Interbrand research)	780	926	1,208	Target 7% CAGR for brand value				
		Brand strength score	56	58	59	Increase in score for each of 12 major countries of business				

I-6. Priority KPIs (Forecast by Segment)

Segments		FY2021 Actual and FY2022 Forecast									
		Organic growth			Unit price growth (International consumer products)			ROIC			
		(%)			(%)			(%)			
Seasonings and Foods	Sauce & Seasonings	FY21 actual	H1-FY22 actual	FY22 forecast	FY21 actual	H1-FY22 actual	FY22 forecast	FY21* actual	FY22* forecast	MTP Targets	
	Quick Nourishment	4.9%	9.3%	Approx. 10%	3.5%	6.8%	9%	10.9%	Approx. 12%	FY22	FY25
	Solution & Ingredients									12% or more	17% or more
										WACC 6%	
Frozen Foods	Frozen Foods	9.8%	7.6%	Approx. 6%	7.8%	18.5%	19%	-1.5%	Approx. 0%	1% or more	5%
											WACC 5%
Healthcare and Others	Bio-Pharma Services & Ingredients										
	Functional Materials	10.8%	19.2%	Approx. 15%	—	—	—	10.7%	Approx. 13%	10% or more	12% or more
	Others										
										WACC 8%	

* Excluding structural reform expenses

I-7. Progress of Structural Reform



Reduce assets by a total of JPY 200B by FY25

+X pt Contribution from ROIC (compared to FY19)

I-7. Progress of Structural Reform

Structural reform in non-core businesses		Financial impact
1 Animal Nutrition Business (commodities)	Completed sale of company in Europe in April. Shift to customer solution-providing business.	Amount of asset reduction in FY2021: approx. ¥15.5 billion
2 Part of MSG Business	Promote structural reform aimed at reducing industrial business (outside sales).	Project is underway
3 Part of Frozen Foods Business	Steadily increase production in growth areas such as in Asian category and reduce assets globally while also reducing SKUs.	Amount of asset reduction in FY2021: approx. ¥3.0 billion

I-8-(1). Seasonings and Foods, Japan (Initiatives for Organic Growth)

Excluding the impact of *AGF structural reform, the first half of FY2022 saw

increased revenue for the combination of **home-use products** and **restaurant and industrial-use products**

Home-use products

At-home dining continues to decline.
 (April to September 2022: approx. 95% vs. prev. year)
 In addition to a rebound from the pandemic, consumers are beginning to guard their lifestyles

Launch of new products that capture consumers' need for rice at a stable price



Restaurant and industrial-use products

As social and economic activities return to normal, **spending on dining out is recovering.**
 (April to September 2022: approx. 110% vs. prev. year)
 Inbound tourism is expected to increase

Proposal of solutions to the problems of users concerned about the rising cost of fried chicken (oil, flour, chicken)



*From Ajinomoto AGF, Inc. to Suntory Beverage & Food Limited
 Succession of manufacturing and sales of "Blendy®" bottled coffee

I-8-(2). Seasonings and Foods, Overseas (Initiatives for Organic Growth)

In Sauce & Seasonings overseas, both sales and volume remained strong.

We achieved increased volume while working to raise prices in various countries, according to or ahead of plans.

Sales of Sauce & Seasonings

overseas: **112%** (local currency basis)

Quantity **105%** Unit price **107%**

Price increases

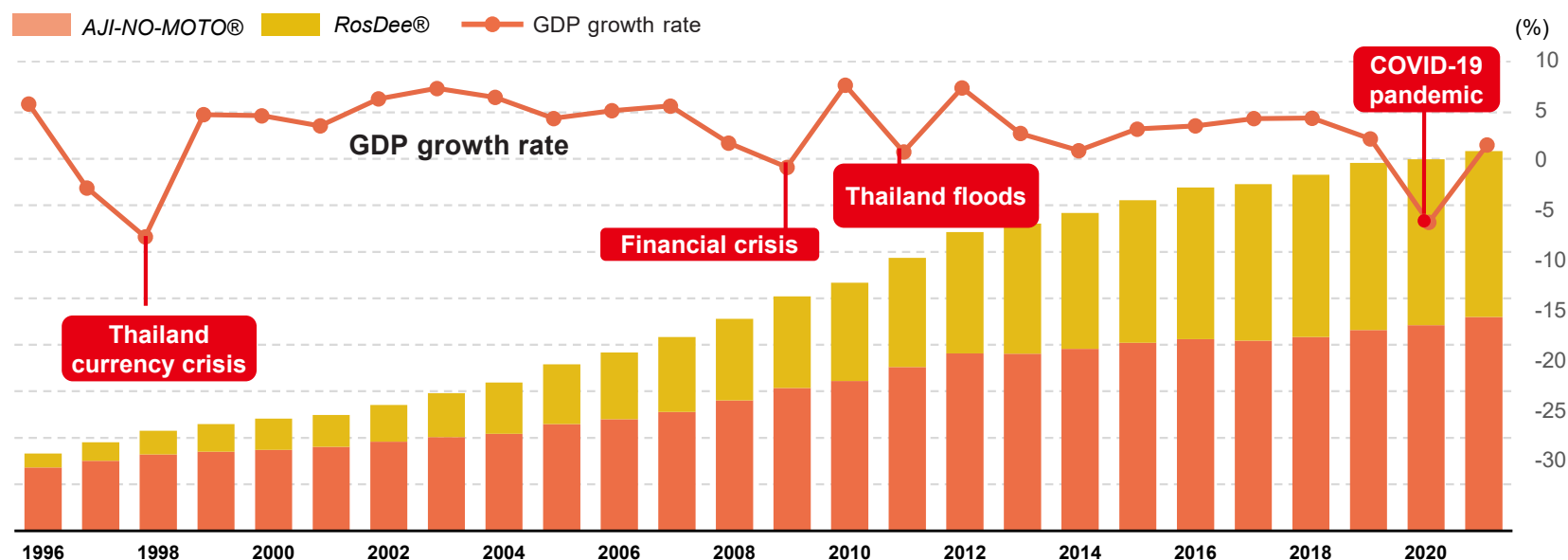
Number of countries and number of times

	FY2022 H1	FY2021 full year	
Umami seasonings	16 countries	12 countries	<ul style="list-style-type: none"> Achieved double-digit or greater growth by weight in umami seasonings <p>As a mindset of guarding lifestyles grows among consumers, we are able to further capture demand.</p>
	26 times	24 times	
Flavor seasonings	8 countries	7 countries	<ul style="list-style-type: none"> Growth by weight of flavor seasonings, in low single digit Increased share in major countries
	12 times	15 times	
Menu-specific seasonings	7 countries	6 countries	<ul style="list-style-type: none"> High single-digit decrease by weight (high single-digit increase in unit price). <p>The rate of decreased at-home dining has an effect in the short term, but in the medium to long term, we anticipate a return to expansion in line with the desire for convenience.</p>
	11 times	9 times	

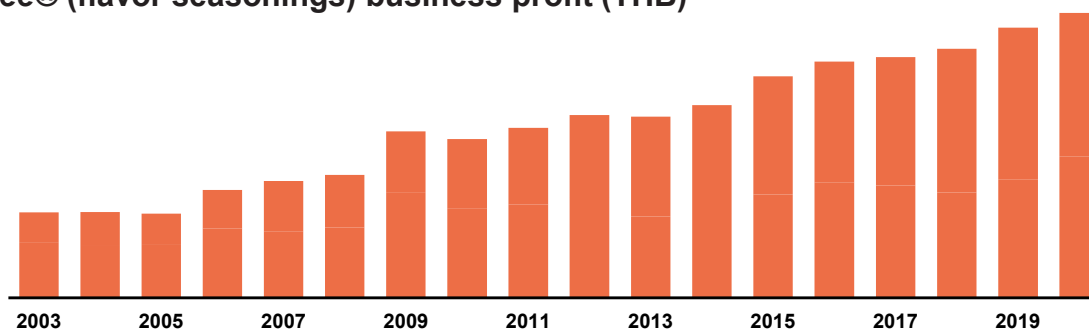
I-8-(2). Seasonings and Foods, Overseas (Initiatives for Organic Growth)

Umami seasonings and flavor seasonings that are less susceptible to business conditions

Thailand GDP and AJI-NO-MOTO®, RosDee® (flavor seasonings) sales in Thailand (THB)



AJI-NO-MOTO®, RosDee® (flavor seasonings) business profit (THB)



I-9. Frozen Foods (North America, Currently and Going Forward)

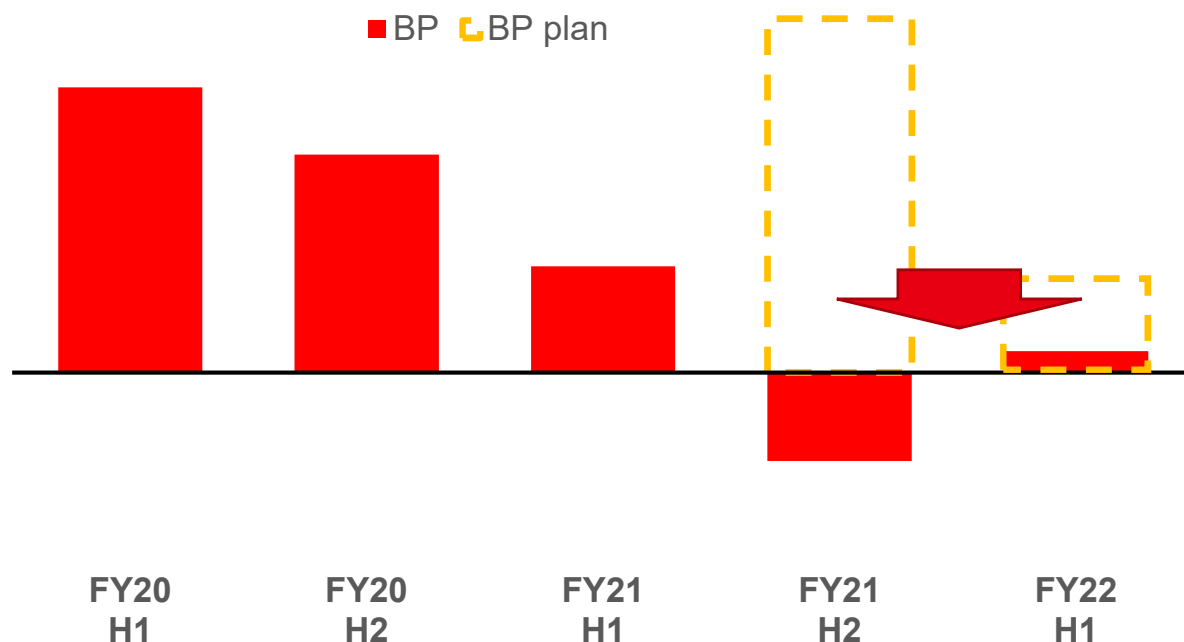
1. North America Business: Path to ROIC Improvement

1

During structural reform, impacted by COVID-19 and inflation, BP decreased.

➔ Will consider further structural reform while solidly carrying out the planned initiatives.

AFNA , BP (local currency basis)



*AFNA: Ajinomoto Foods North America, Inc.

Initiatives to be solidly carried out

- (1) Unit price growth by Price increases
- (2) Improve production by promoting OE
 - Stabilize production with tech and by assisting human resources
 - Promote automation
 - Accelerate introduction of DX
- (3) Rearrange the portfolio
 - Concentrate on core areas
 - Get out of non-core areas (complete by FY25)
 - ⇒ Improve product mix and further reduce SKUs
- (4) Rebuild production
 - Transfer non-core production assets to core areas to increase production

Further structural reform (being considered)

- (1) Structural reform of low-profit products even in the Asian categories
- (2) Proceed with further restructuring of production

I-9. Frozen Foods (North America, Currently and Going Forward)

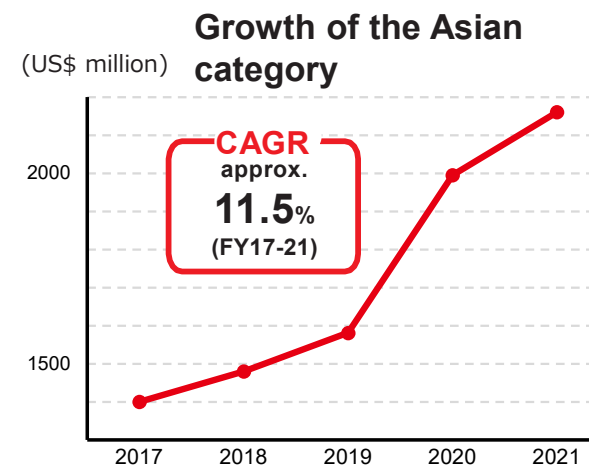
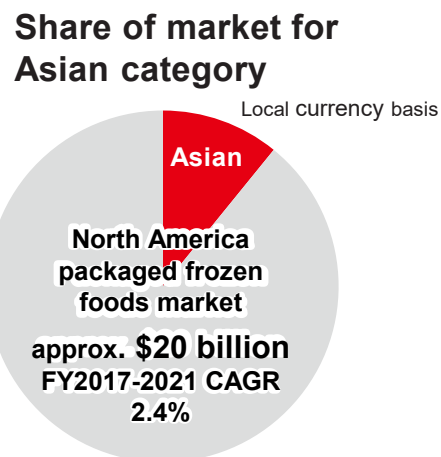
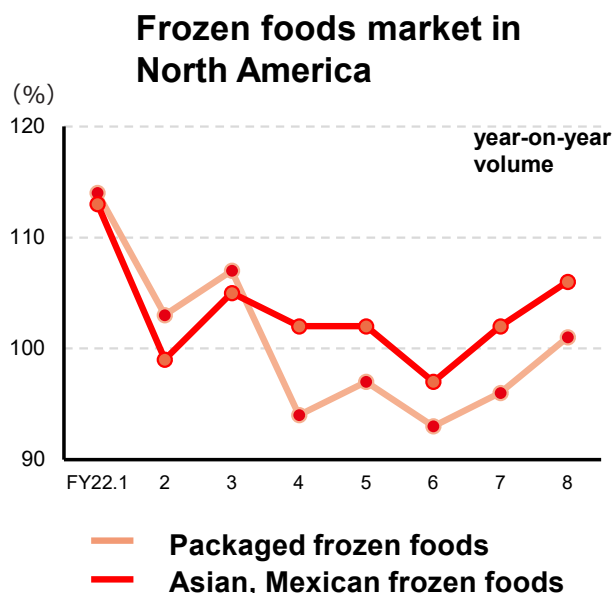
1. North America Business: Path to ROIC Improvement

2

Growth of the packaged frozen foods market slows down temporarily

➔ **Focus on core categories (especially the Asian category)**

Expansion of the Asian category is expected to continue, returning to growth



The Asian category accounts for 10% of the total market (room for expansion).

It has grown rapidly in recent years. It is expected to continue to have double-digit CAGR growth, too.

I-9. Frozen Foods (Expansion of Asian category overseas, including N.A.)

2. North America Business: Asian Category Expansion Strategy

Group with high interest in Asian foods
(middle class and higher)

Offer high-value-added authentic products

Value-added products:

Wide lineup of Gyoza, shumai noodles, rice, etc.



Trial group for Asian foods
(middle class and lower)

Proposal of meals in containers that can be easily prepared by microwaving

Entry products:

Trial promotion through simple and health-conscious products

➔ Market expansion



3. Dramatic Growth of Gyoza Overseas

Gyoza made with our technology are growing overseas

- 1 Sales **doubled in 5 years** on a yen basis
- 2 Sales in FY2022 are expected to **surpass gyoza sales in Japan**

FY2018–FY2022 sales CAGR
Local currency basis

North America	14%
Europe	14%
ASEAN	14%
(Reference) Japan	7%



Tasting at mass retailer in France



Expansion into DONKI in Thailand

I-9. Frozen Foods (Significance of Frozen Foods Business)

4. Significance of Frozen Foods Business

1 Future growth driver

Frozen Foods is a developed country-oriented business that responds to needs such as shorter cooking times and individual meals, etc.

→ Touchpoints with consumers in Europe and the U.S. in addition to Japan



Microwave ready

2 Contribution to ASV “solve food and health issues”

We can provide the exact meals for each menu.

→ Provide direct health value (salt reduction, sugar reduction, fat reduction, protein fortification, etc.) leveraging the Ajinomoto Group’s proprietary ingredients and technologies.



Allergen-free product



Reduced salt product

3 Contribution to corporate brand

Frozen Foods rank high in Japan and North America as a product associated with the Ajinomoto brand.

→ Contribution to enhancing value of corporate brand

(Reference)

	Japan	North America
No. 1	AJI-NO-MOTO®	No. 1 Frozen Foods
No. 2	Frozen Foods	No. 2 AJI-NO-MOTO®
No. 3	HONDASHI®	No. 3 Seasoning
	...	
No. 6	Gyoza	

Execute business plans in Japan and Europe as planned
Improve North America business to achieve 5.0% ROIC by FY2025

I-10. Electronic Materials Business (Drive Growth through BMX)

Expansion of server applications is driving recent ABF growth

BMX: Business Model Transformation

ABF: Ajinomoto Build-up Film®

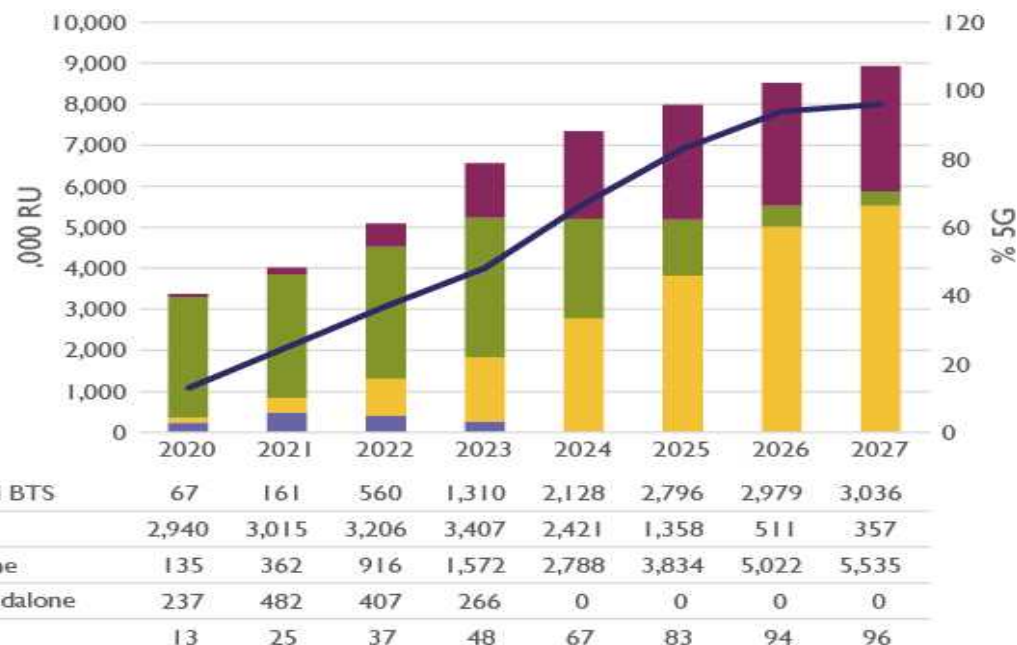
First half of 2022
Functional Materials **Sales: ¥37.2 billion (130% of prev. year)**

2022
Server market (forecast) **USD 124 billion (114% of prev. year)**

Figures announced by IDC on September 26, 2022

Over the short term, growth momentum may slow down temporarily due to a larger-than-expected drop in the PC market

- The 5G market will expand in the medium to long term (Increase in ABF demand due to increase in 5G base stations)**



Source: Small Cell Forum Ltd.

Figure I-3. New deployments and upgrades of small cells and DAS by RAN technology 2020-27 (by numbers of radio units deployed or upgraded)

The copyrights of the Content are owned by Small Cell Forum Ltd

I-10. Electronic Materials Business (Drive Growth through BMX)

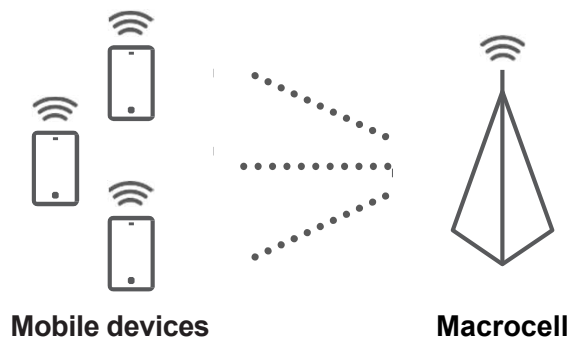
2. Expansion of 5G market



Increase in communication traffic



Increase in data centers
(Increase in demand for ABF)



Increase in traffic due to 5G

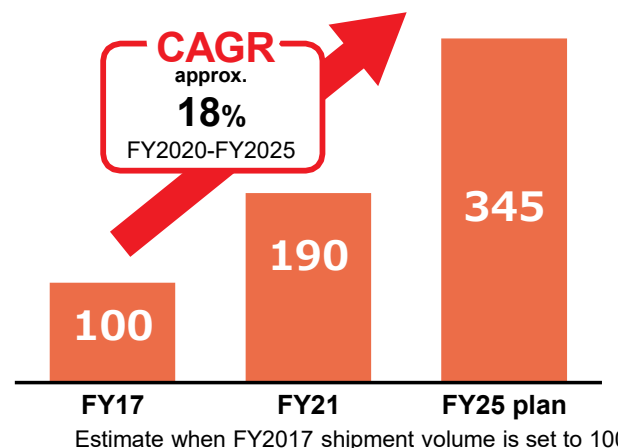


Increase in data centers

Demand for ABF will be firm over the medium to long term because of increased communications

CAGR of +18% (FY2020-FY2025) expected.

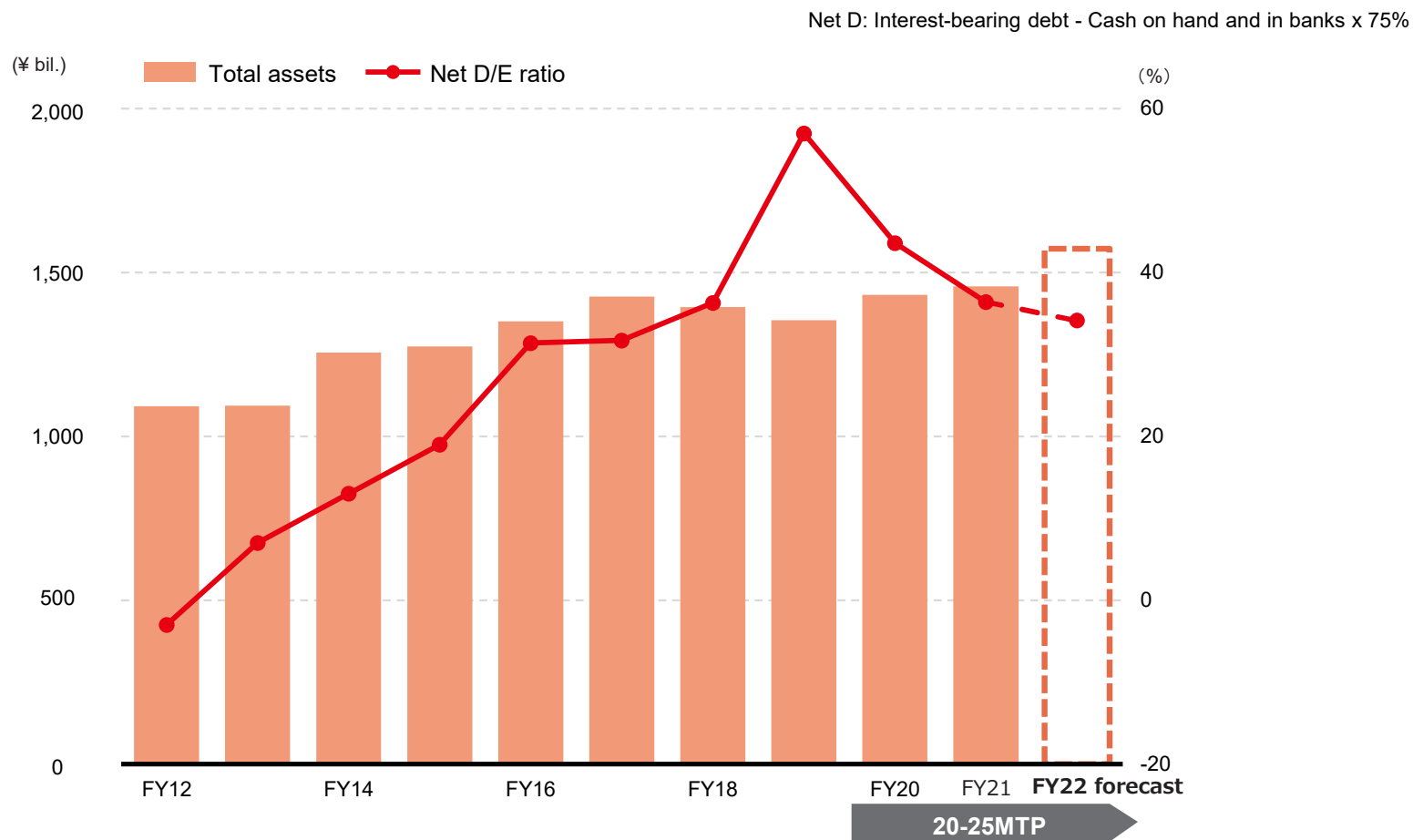
Ajinomoto *Build-up Film*® (ABF) Shipment Volume



Because future demand for ABF is expected to increase, we will partially increase production ahead of schedule at AFT's Gunma plant

I-11. Assets and Liabilities

Total assets increased due to increases in inventory due to currency translation effects and increases in raw materials prices.

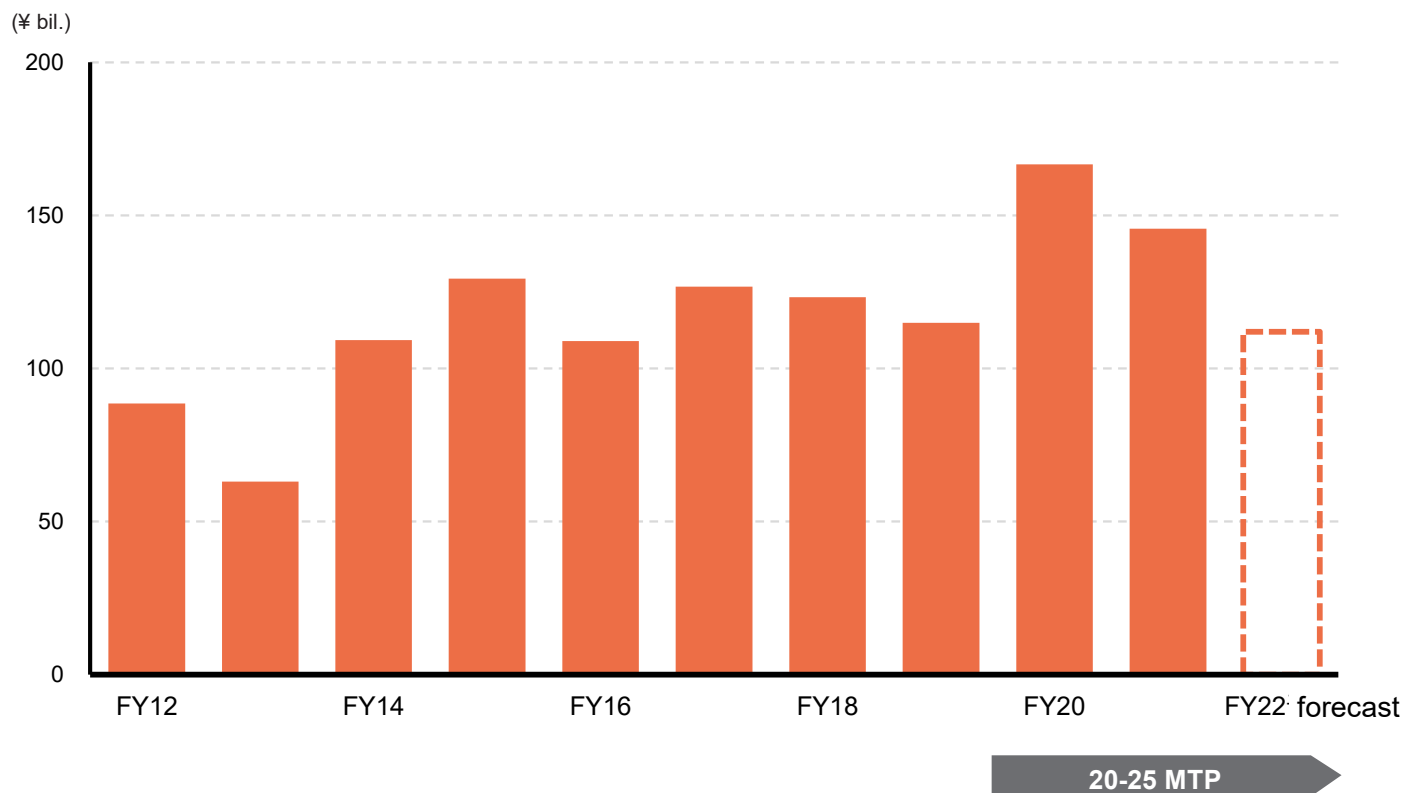


I-12. Cash Generation

The revised forecast for operating cash flow is approximately ¥112.0 billion.

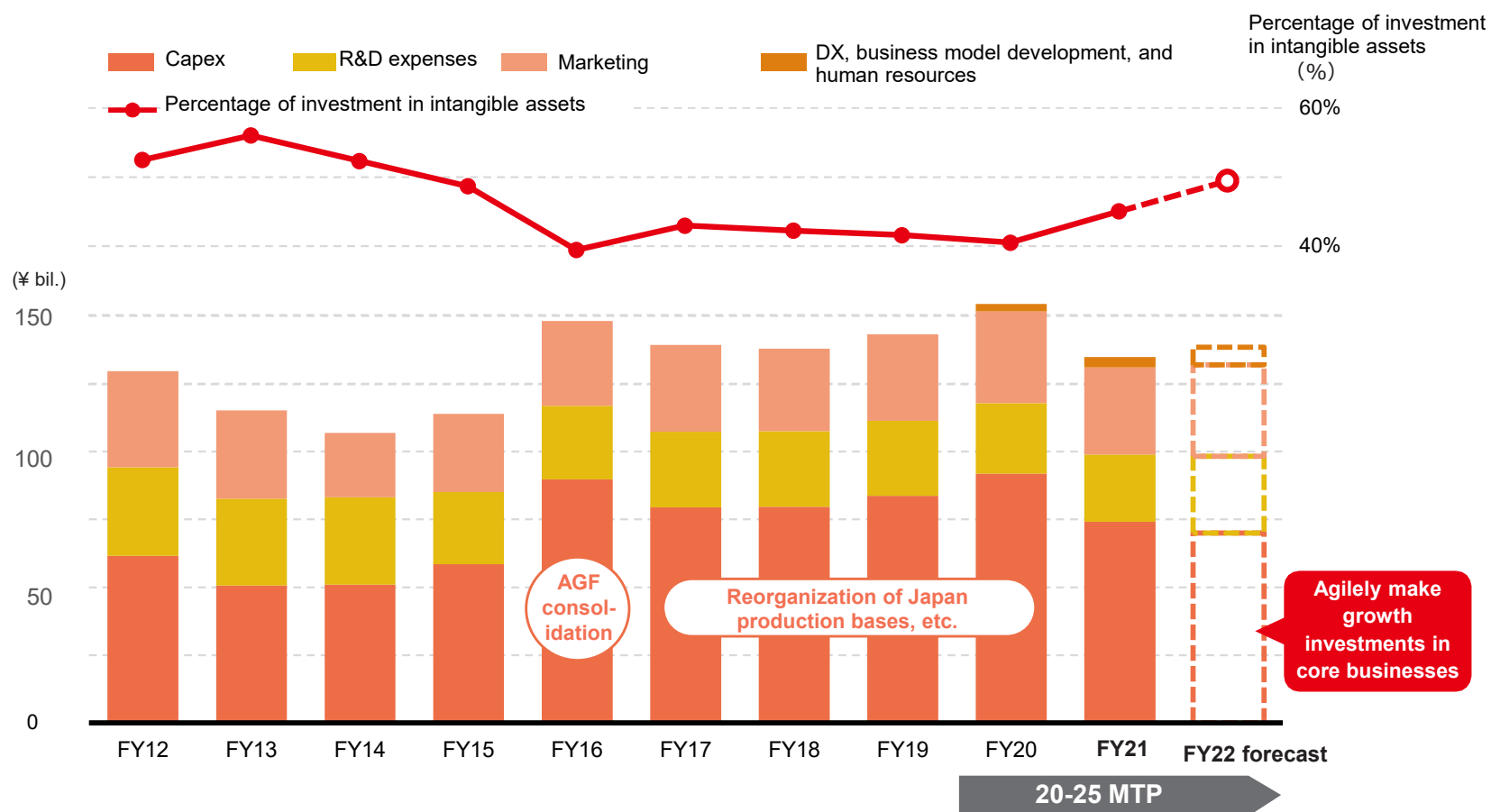
In FY2022, working capital, such as accounts receivable (price increases and currency translation) and inventories (raw material prices and currency translation) in particular, was affected by substantial raw material price increases and currency translation. We will work to generate more cash with improvements in the cash conversion cycle.

Operating Cash Flow



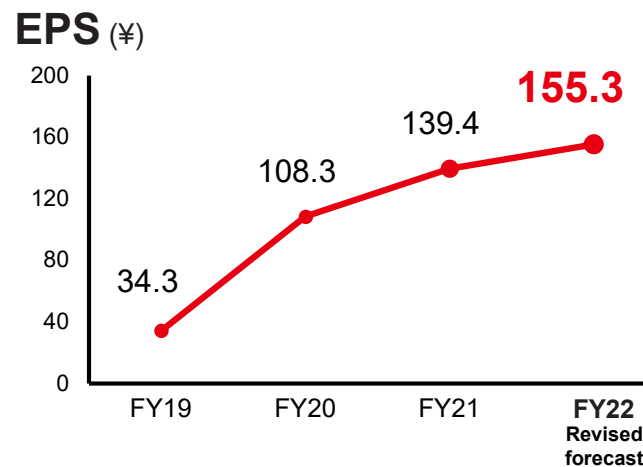
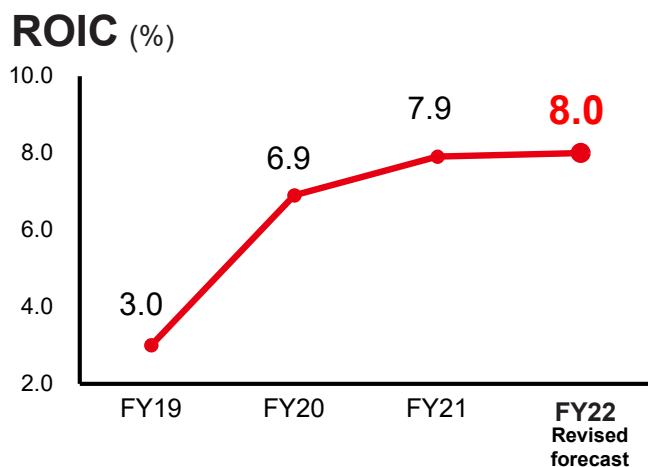
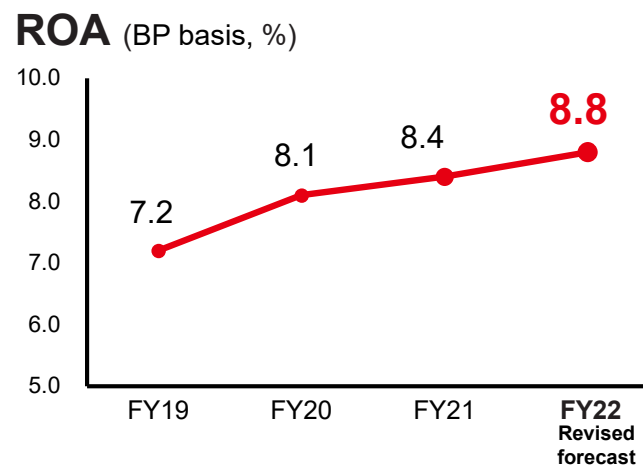
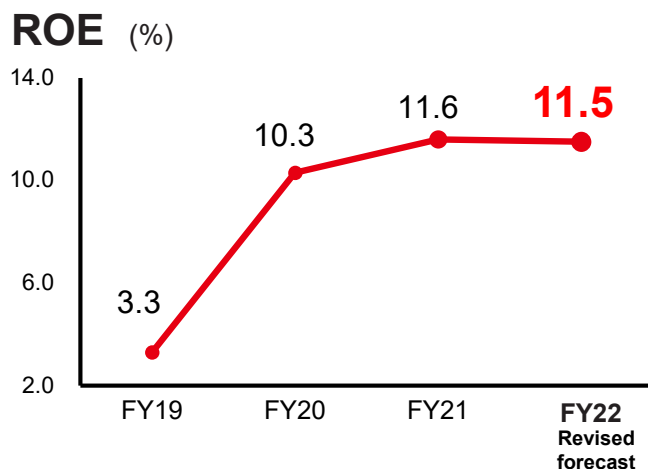
I-13. Strategic Investments

We will **shift investments from tangible to intangible assets** such as research and development, marketing, DX, business model development, and human resources. In capex, we will agilely make growth investments in core businesses such as electronic materials.



I-14. Important Management Indicators

Important management indicators for FY2022 are expected to exceed initial forecasts due to steady growth in business profit.

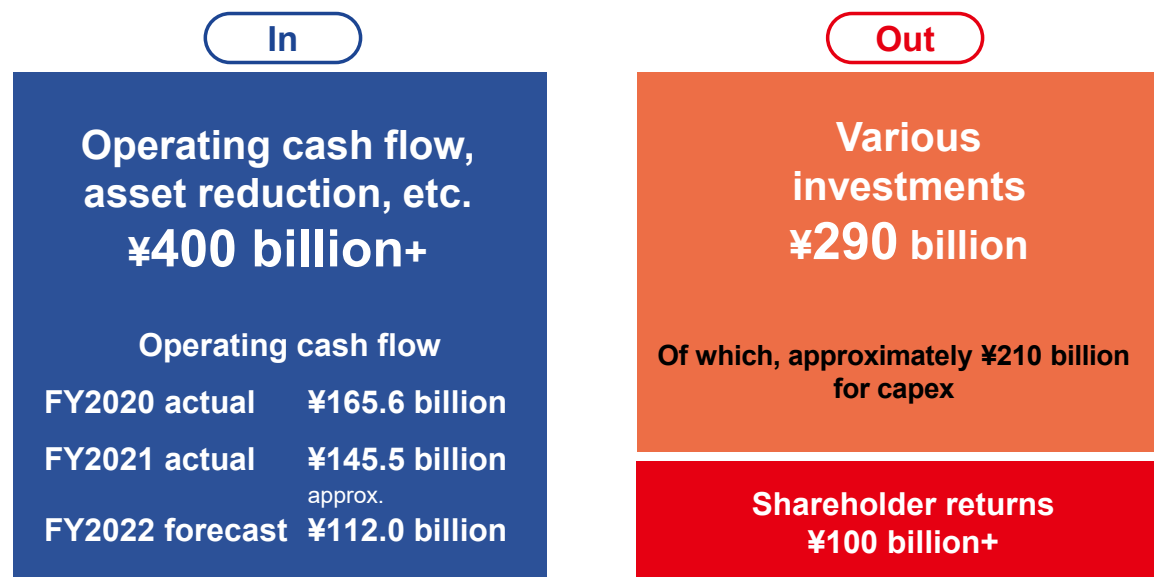


I-15. Investment for Growth and Shareholder Returns (Approach for FY2020–2022)

Throughout the MTP, shift investments from tangible to intangible assets, from non-core to core businesses.

Operating cash flow in FY2020-2022 is expected to exceed the ¥400.0 billion target in the MTP.

Cash Flow (Approach for FY2020–2022)

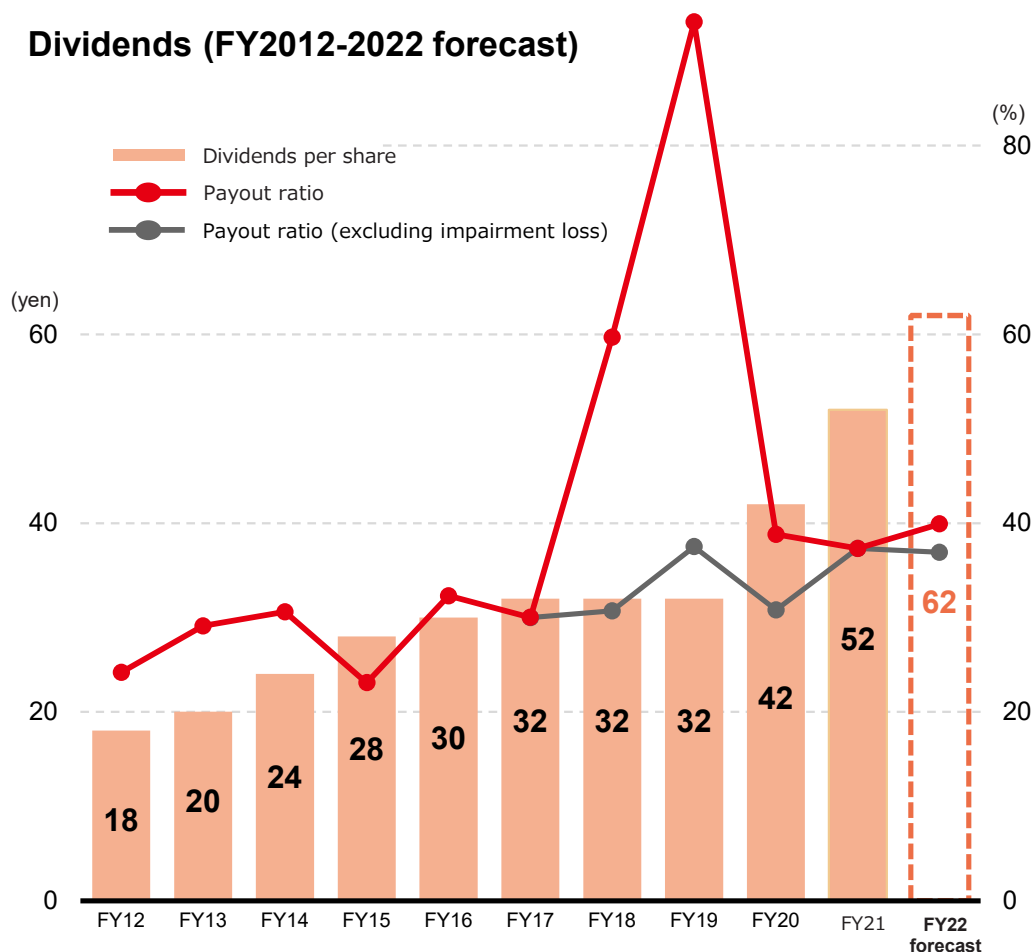


Intangible investments approx. ¥210 billion	
R&D	approx. ¥87 billion
Marketing	approx. ¥94 billion
DX investment, business model development, human resources	approx. ¥26 billion

I-15. Investment for Growth and Shareholder Returns (FY2022 Forecast)

Decided to increase the dividend again (FY2021 ¥52 -> ¥62) and repurchase shares in FY2022. Work to further strengthen shareholder returns.

Dividends (FY2012-2022 forecast)



Shareholder Returns (Approach for FY2020–2022)

Forecast total shareholder return for the 3 year period: target 50%+

Single FY payout ratio: target 40%

FY2022

¥62/year

(Dividend increase scheduled)

+¥10 from FY2021

+¥4 from FY2022 initial forecast

Repurchase of shares with a limit of 10 million shares or ¥30 billion,

which equals 1.86% of the total number of shares outstanding (excluding treasury shares)

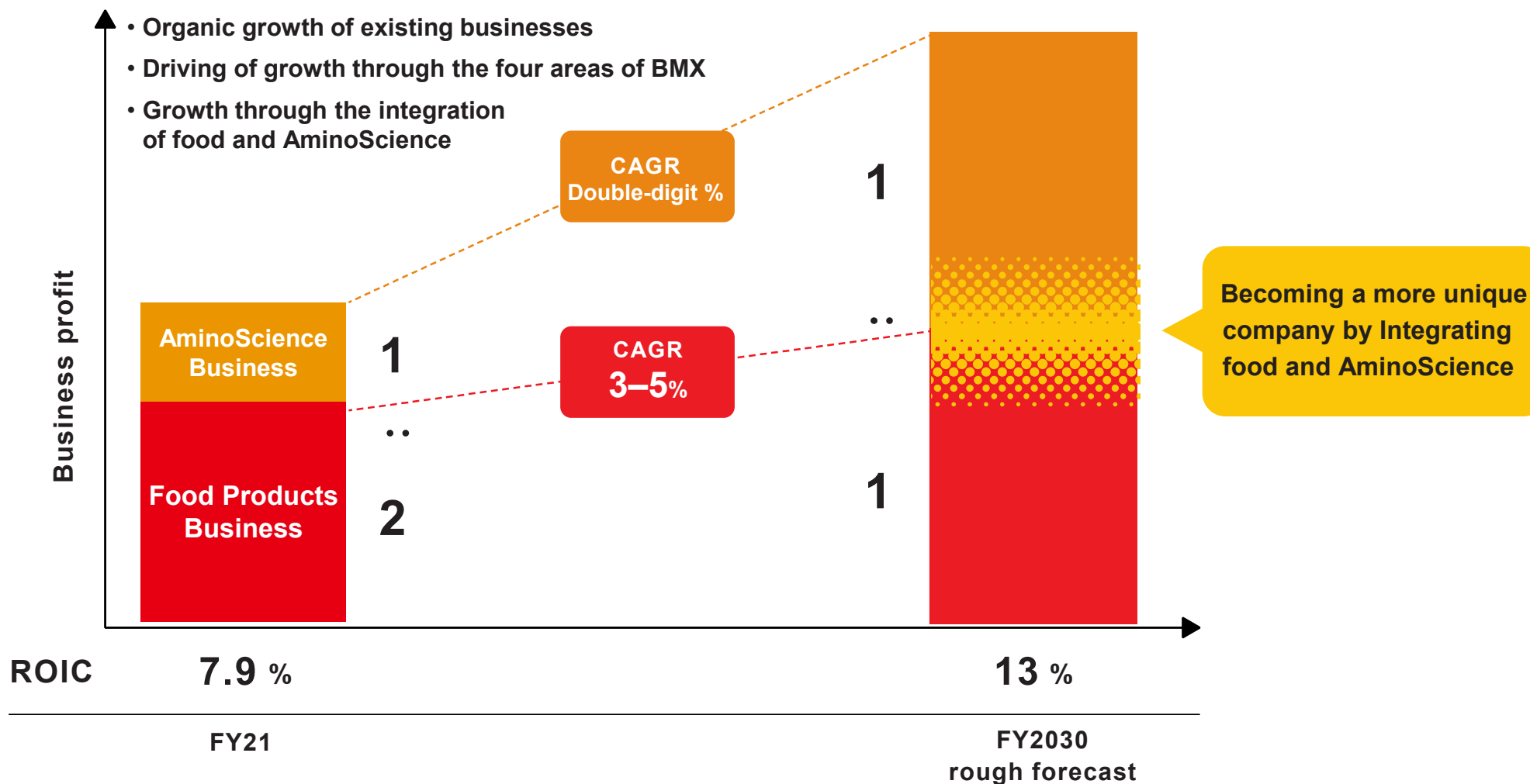
I. Summary Results for the First Half Ended
September 30, 2022 and FY2022 Forecast

**II. The Corporate Value Enhancement Cycle and
Engagement**

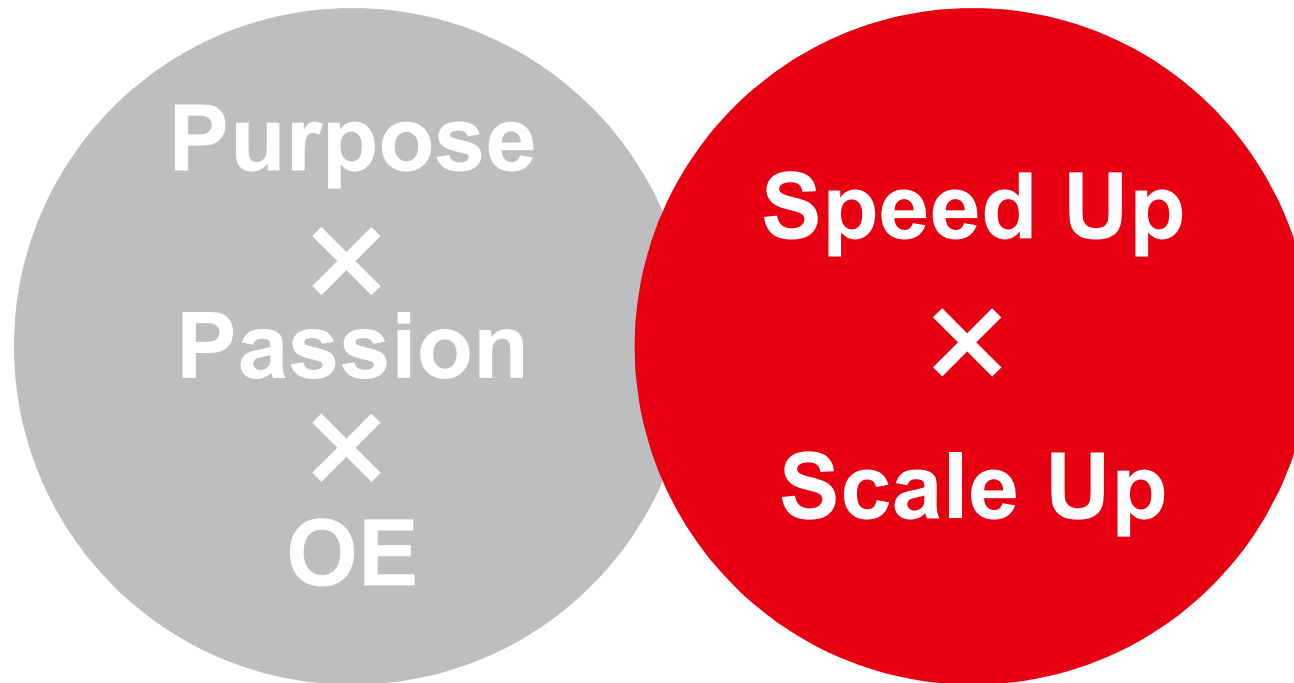
III. Medium-Term ASV Initiative
for the 2030 Roadmap

II-1. Growth Strategy Aimed at Enhancement of Corporate Value

We will enhance growth potential and profitability through the driving of growth in the four areas of BMX, the integration of food and AminoScience, and the strengthening of efficient management through further selection and concentration



II-2. ASV Management: Management under the New Executive Team (What should be evolved)



Speed Up

Transformation of corporate culture and appropriate top-down and bottom-up communication
Accelerate "Stop and Reduce" to earnestly tackle what we want to do

Scale Up

Standardization of successes inside and outside the Ajinomoto Group, integration of food and AminoScience, transformation of the business model, and creating next-generation businesses

II-3. Four Growth Areas of BMX

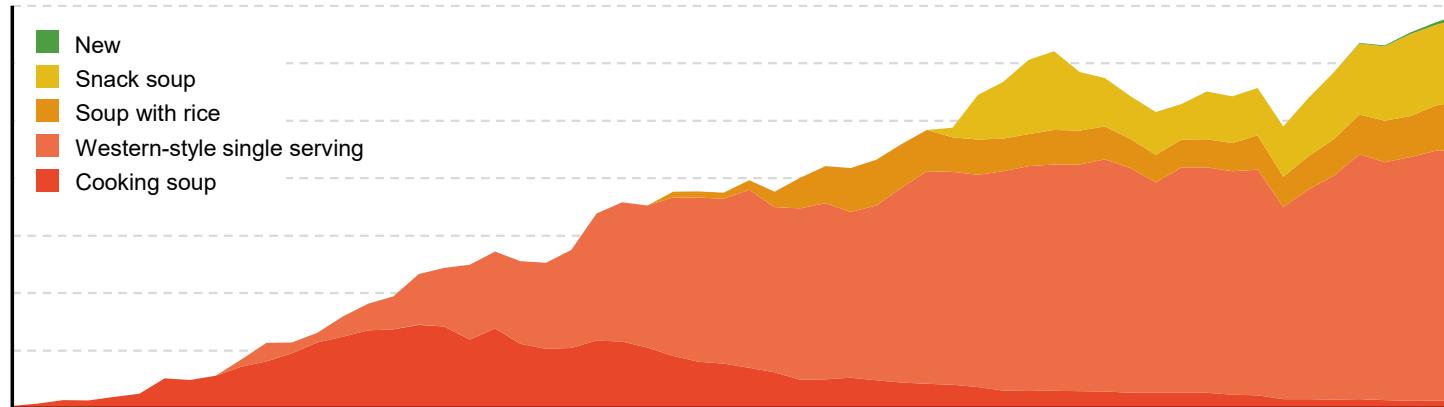
We have identified four BMX areas where Ajinomoto Group can leverage its strengths going forward into 2030. Based on the value we want to provide and co-create, we have identified Healthcare, Food & Wellness, ICT, and Green as growth areas.

Four growth areas	Value (outcomes) that Ajinomoto Group wants to co-create and provide	Specific businesses in each field
Healthcare	<p>Contribute to extending healthy life expectancies</p> <p>New social systems, technologies, values will bring about a healthy way of life suitable for an era of 100-year life expectancies</p> 	<ul style="list-style-type: none"> ● CDMO ● Culture media and regenerative medicine ● Cell therapy and gene therapy solutions ● Medical food business
Food & Wellness	<p>Contribute to well-being and self-realization</p> <p>Towards a value system wherein happiness is subjective and personal, and the happiness of society and the earth beyond the individual is realized</p> 	<ul style="list-style-type: none"> ● DtoC and e-commerce businesses for food and health led by advanced customer experience ● Solutions for each health issue
ICT	<p>Contribute to a smart, sustainable society</p> <p>Construction of a new social system through the development of digital social infrastructure and the transformation of physical social infrastructure</p> 	<ul style="list-style-type: none"> ● ICT solutions business ● Photoelectric fusion packages ● Next-generation memory ● Next-generation energy-related business
Green	<p>Contribute to the earth, a low-carbon society, and future generations</p> <p>Responding to the limits of safe human survival on the planet and the limits of providing and maintaining adequate health for all, through technological innovation and changing values/behaviors. (Responding to the boundaries of Planet & Health)</p> 	<ul style="list-style-type: none"> ● Sustainable food business ● Plant-based proteins ● Cultured meat ● Microbial proteins

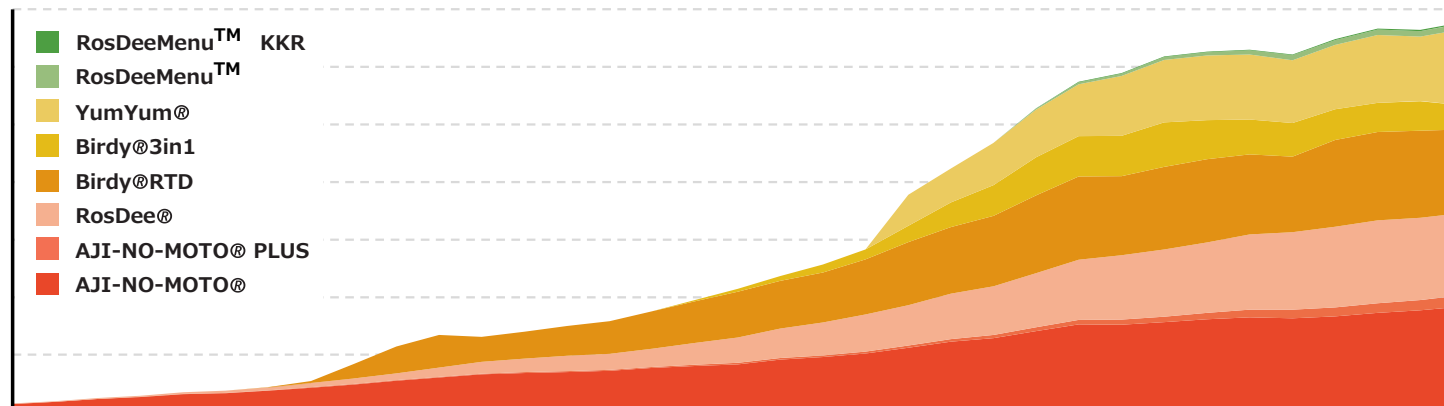
II-4. BMX: The Shape of New Successes in Food and Wellness (Marketing)

In the consumer foods products business, we have worked toward growth by creating new areas in response to changes in the economic environments and lifestyles in different countries.

■ Change in *Knorr*® soup business sales, Japan



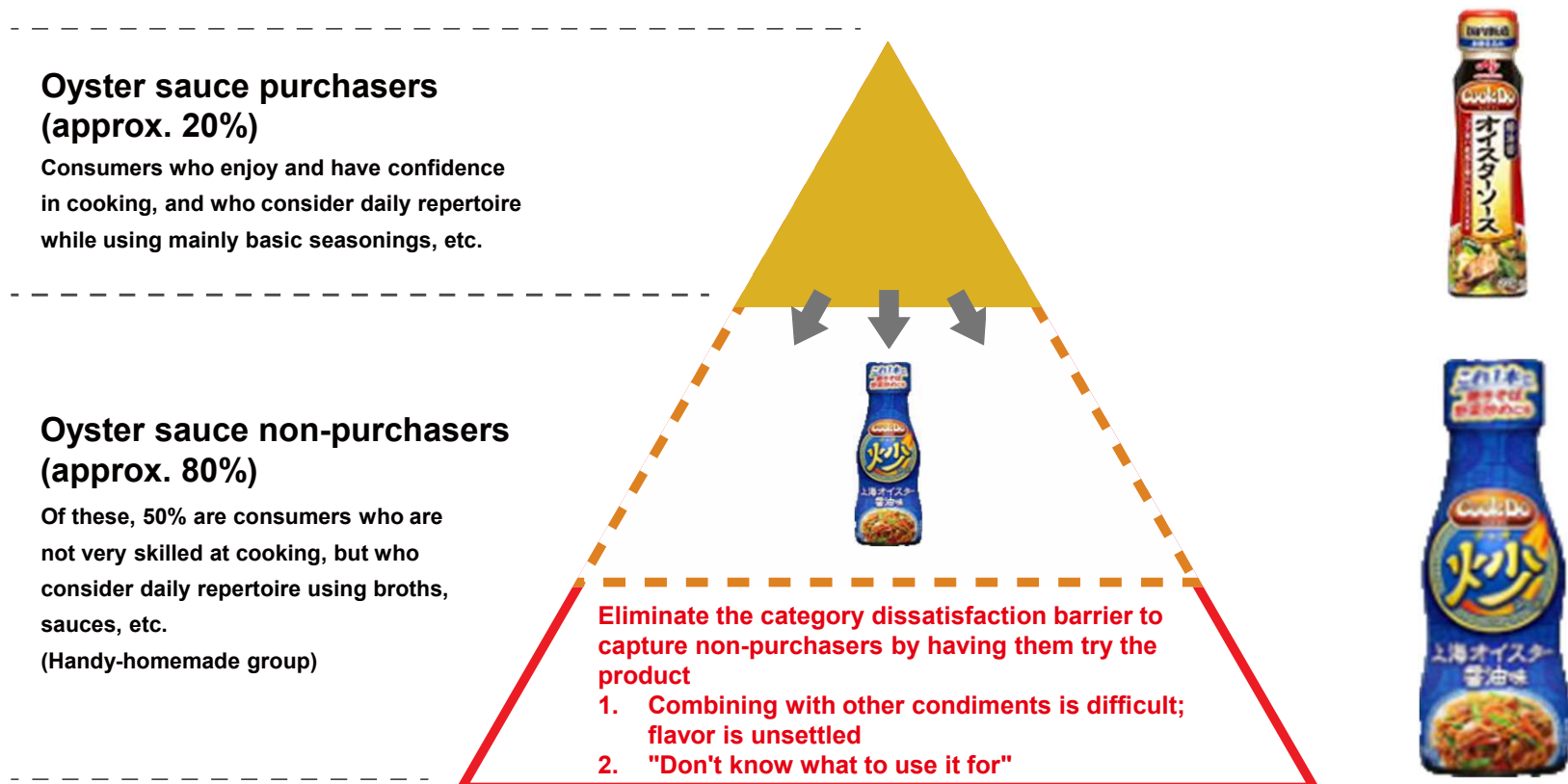
■ Change in sales, Ajinomoto Co., (Thailand) Ltd.



II-4. BMX: The Shape of New Successes in Food and Wellness (A Recent Case in Marketing 1)

Cook Do® stir-fry sauce (Japan)

For those who don't purchase oyster sauce, we looked deeply into the reasons, identified the barriers that caused consumers' dissatisfaction and came up with concepts and developed products. We are creating a market for oyster sauce entry products for consumers who don't purchase oyster sauce, making it possible for them to enjoy true, chef-level Chinese just by stir-frying with *Cook Do*® stir-fry sauce.



II-4. BMX: The Shape of New Successes in Food and Wellness (A Recent Case in Marketing 2)

Plant-based protein hamburger mix (Brazil)

In the area of plant-based food alternatives, which consist mainly of frozen foods, we have gathered detailed insights from flexitarians and vegetarians in Brazil and, are using the TERRANO brand to offer a highly nutritious powdered hamburger mix that does not sacrifice any deliciousness. These products are included in “Green” area in Four Growth Areas of BMX.



Beef flavor



Chicken flavor



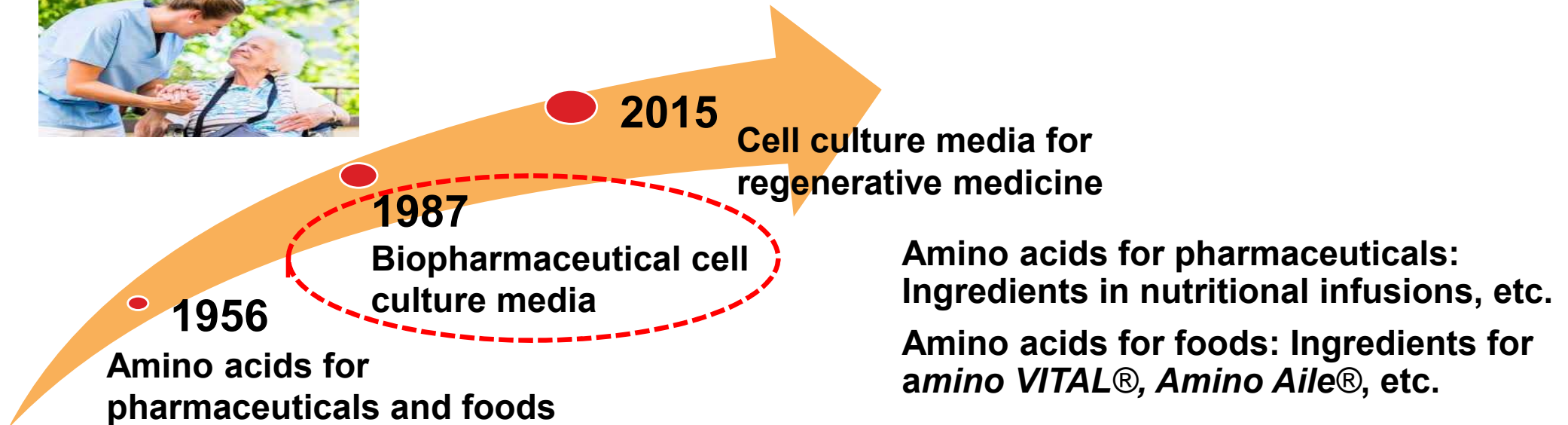
Original flavor

II-5. BMX: Dramatic Expansion of Healthcare

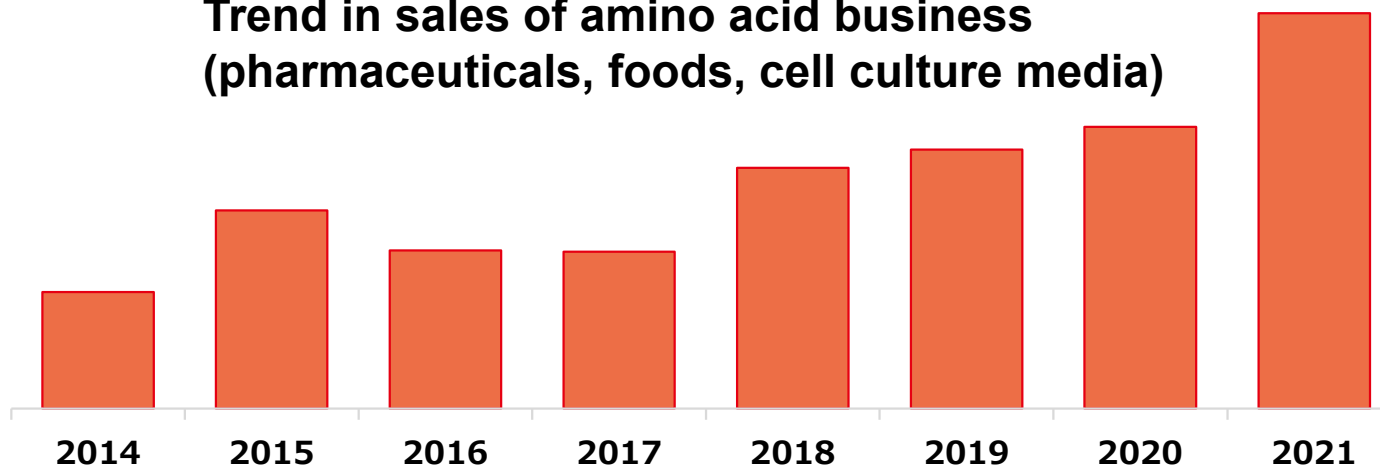
Global Business Partnership in the Biopharmaceutical Culture Media Business



The amino acids for pharmaceuticals and foods business consists mainly of amino acids for pharmaceuticals and foods, biopharmaceutical cell culture media, and cell culture media for regenerative medicine, and sales are growing steadily.



Trend in sales of amino acid business
(pharmaceuticals, foods, cell culture media)



Growth rate with
FY2014=100

II-5. BMX: Dramatic Expansion of Healthcare

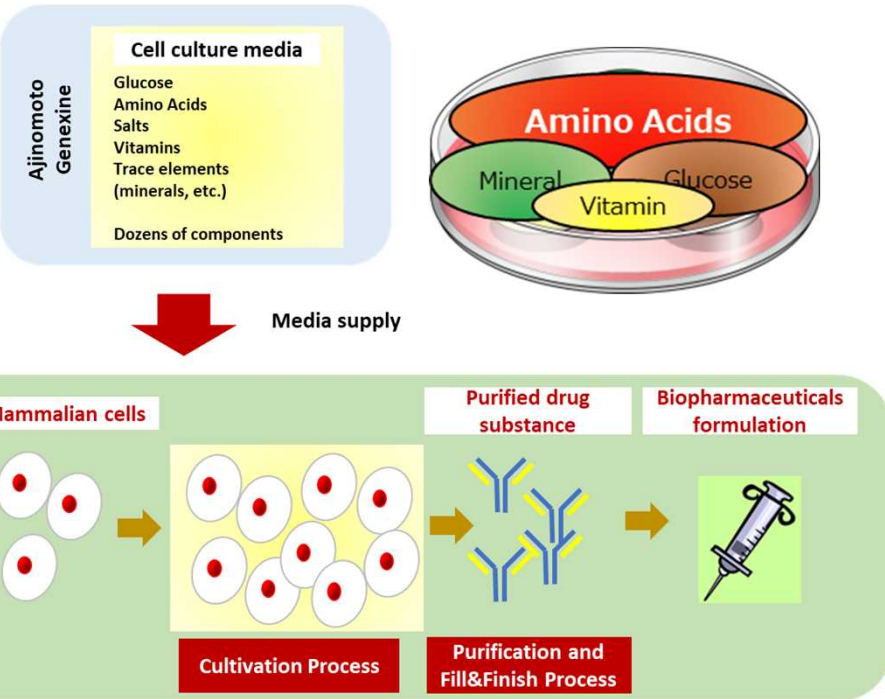
Global Business Partnership in the Biopharmaceutical Culture Media Business



A stable supply of high-quality amino acids is supporting the growth of the market for biopharmaceuticals

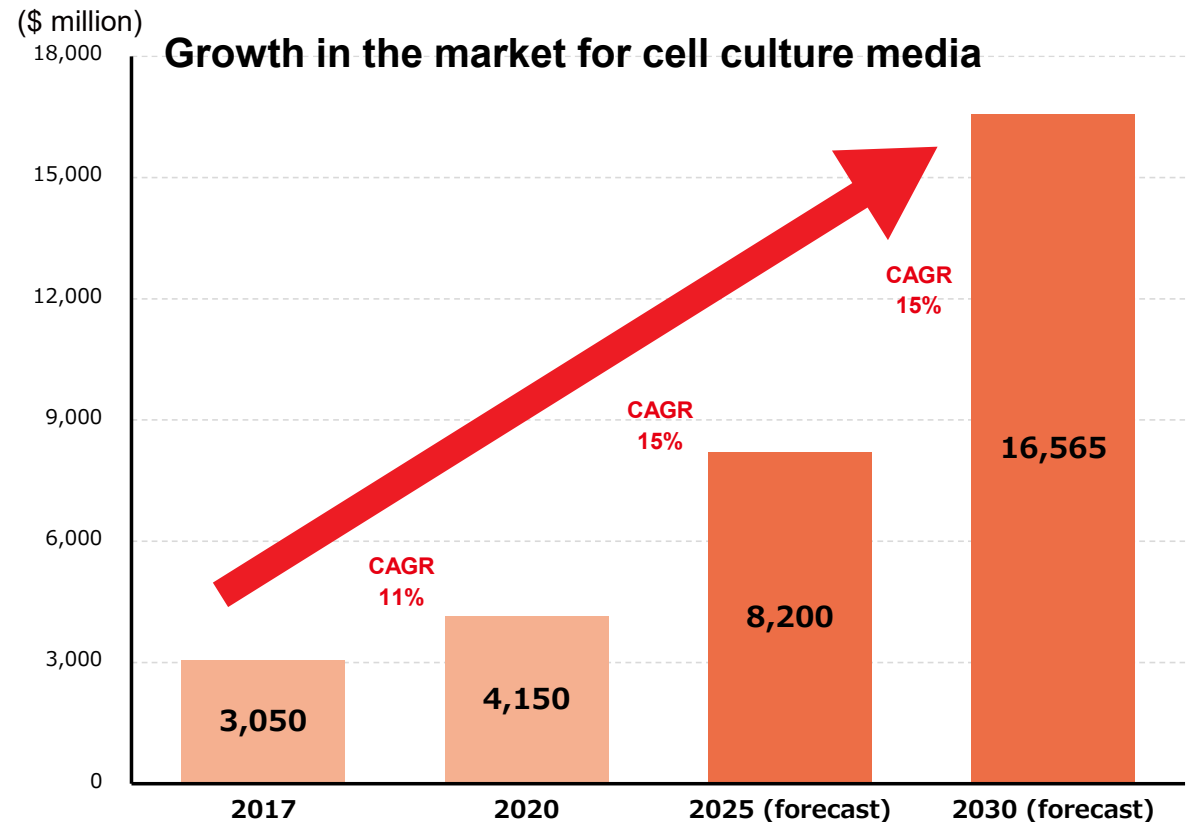
Medium

A substance that provides an environment for growth for cell cultures in the cultivation of microbiological and biological tissue.



High-quality amino acids are essential to the manufacture of biopharmaceuticals.

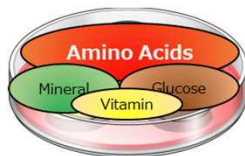
We expect that global demand for cell culture media and amino acids will experience robust growth as the market for biopharmaceuticals expands.



Source: Market Report by Aranca

II-5. BMX: Dramatic Expansion of Healthcare Global Business Partnership in the Biopharmaceutical Culture Media Business

History of our culture media business



Development of cell culture media leveraging our knowledge of biotechnology including amino acid nutrition and pharmaceutical R&D, and fermentation production technology

Our strengths in the culture media business

1 Advanced and rapid culture development

We use advanced analytical equipment and R&D staff skilled in the analysis and evaluation of nutrients and metabolites. We can rapidly develop high-performance, high-quality culture media matched to customers' needs.

2 Stable supply chain

The Ajinomoto Group's production starts from the key raw materials, amino acids, and speedily and stably supplies to the fast-growing Asian market (including Japan) from our culture production base (AGX) in South Korea in line with customers' needs.

II-5. BMX: Dramatic Expansion of Healthcare

Global Business Partnership in the Biopharmaceutical Culture Media Business



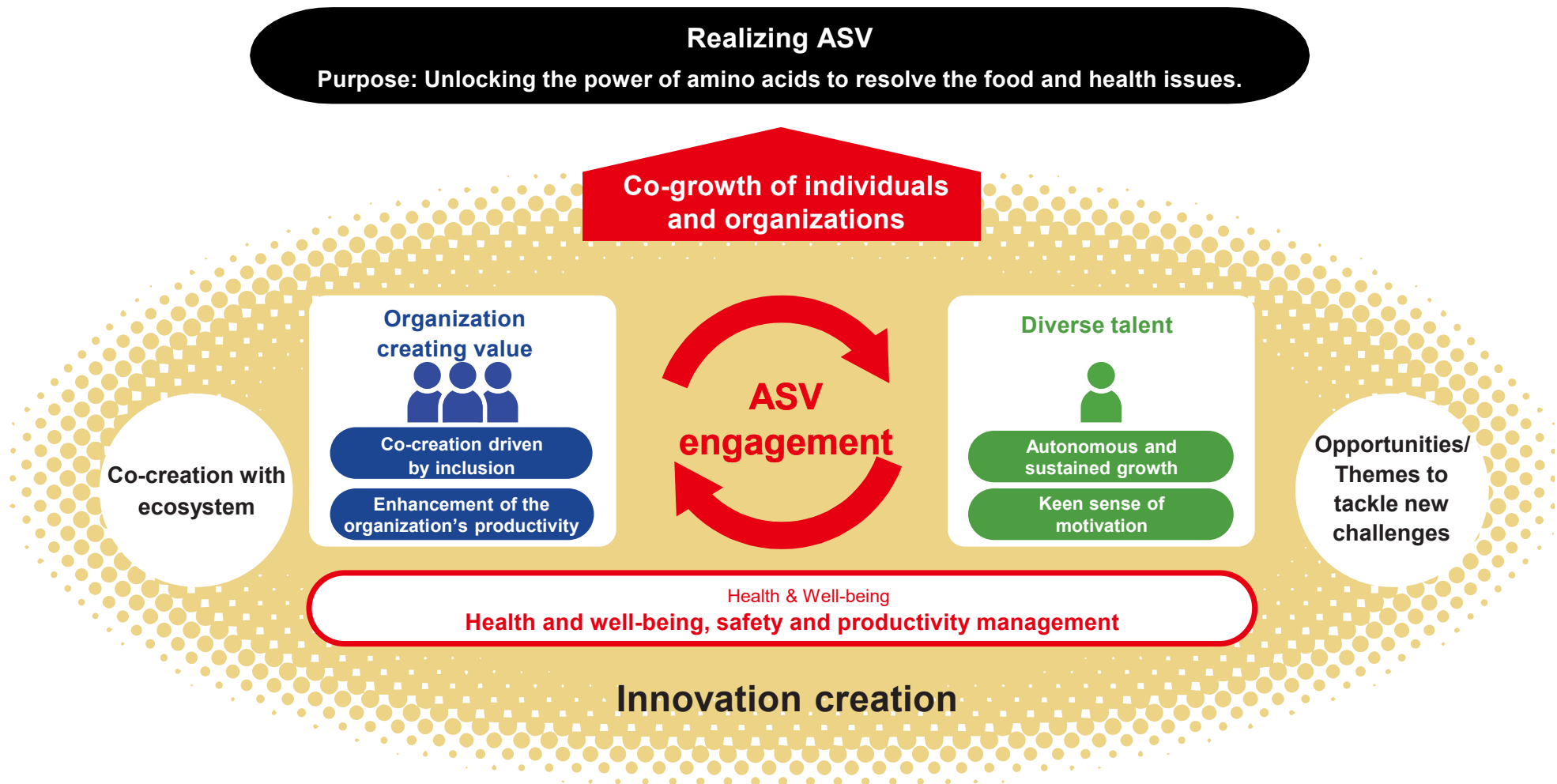
- 1 Production by our Group of high-performance culture media developed by JSR Corporation
(Strengthening of product lineup and achievement of stable supply)**
- 2 Leveraging of JSR's sales force to develop European and U.S. customers
(Capture of new customers through collaboration with outside parties)**



Toward further growth stages

II-6. Value Creation Story Based on Human Assets

Create innovation and enhance corporate value through co-growth of diverse talent and organizations that create value.

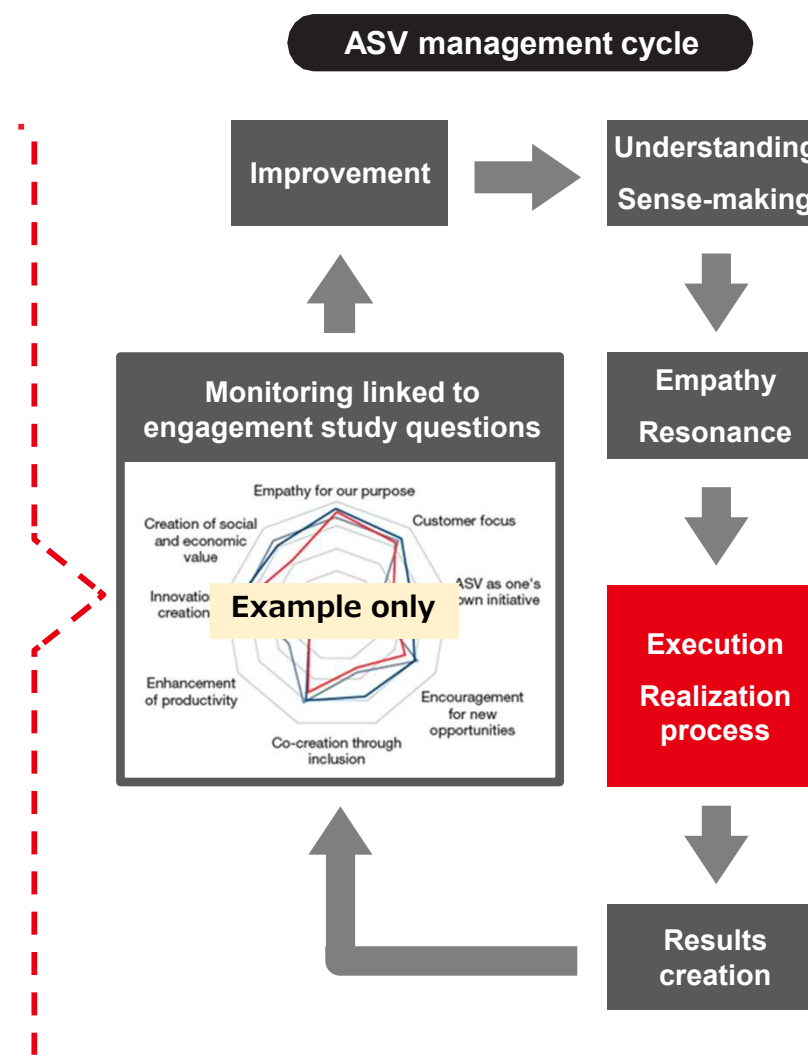


II-6. Value Creation Story Based on Human Assets

From this fiscal year we have introduced a new approach for the ASV realization process and we have visualized opportunities and issues from the scores of related questions in the engagement survey.

ASV Realization Process

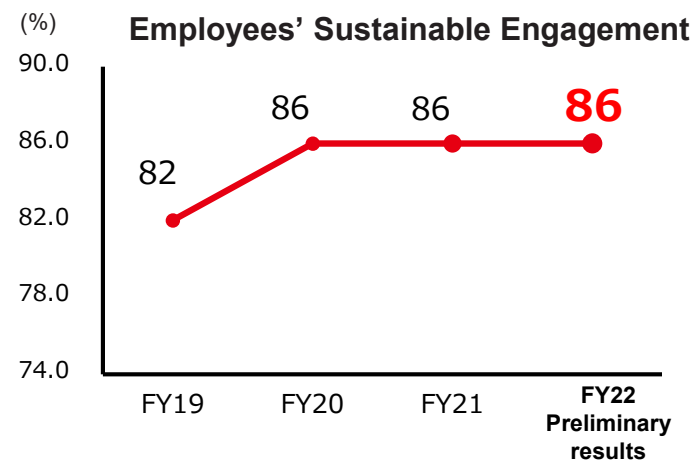
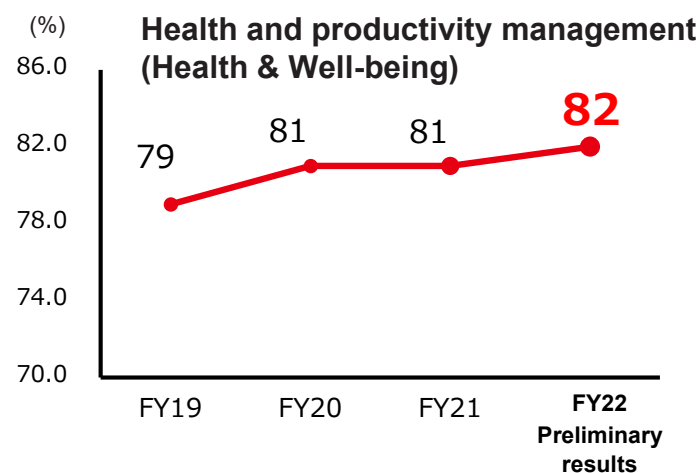
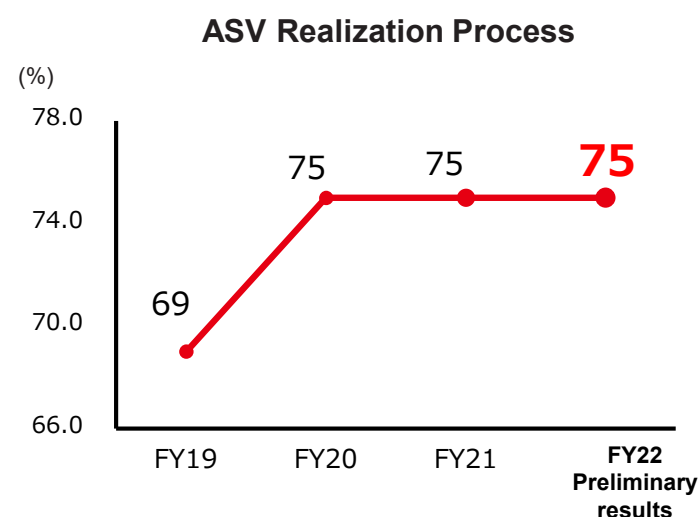
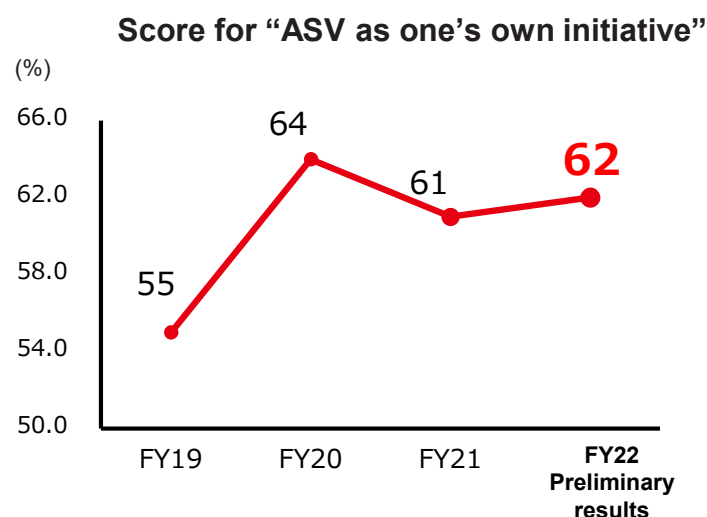
	Process	Meaning/importance
Individuals	Empathy for our purpose	Understanding, agreement, and empathy toward company policies
	Customer focus	Thinking based on issues for customers and society
	ASV as one's own initiative	Self-motivation as the driving force for setting challenges
	Encouragement for new opportunities	Accepting challenges and failure is essential for greater individual and organizational achievements
	Co-creation through inclusion	Utilize diverse human resources and foster a corporate culture that produces innovation through internal and external dialogue and discussion based on equality
Organizations	Enhancement of productivity	Need to streamline and refine existing operations to make space for innovation creation
	Innovation creation	Innovation through new challenges is essential for resolving social issues
	Creation of social and economic value	Creation of outcomes that lead to even greater social and economic value



II-6. Engagement Survey, Preliminary Results

We got high, favorable scores of 75% for the ASV Realization Process, which we introduced this fiscal year. We will analyze the details of the scores and further evolve the processes to realize medium-term ASV Initiative.

Favorable response score (including FY2022 preliminary results)



II-6. (ref.) Forbes JAPAN “Inclusive Company Ranking100”

We ranked No. 1 in Stakeholder Capitalism Ranking in Forbes JAPAN's "Inclusive Company Ranking 100" (covering 1,839 companies on the TSE Prime Market).
 “Employees” and “Earth” received high marks among the five evaluation categories.



Dialogue in North America



Dialogue in GeneDesign, Inc.

1	AJINOMOTO CO., INC.		
Total Score	Employees	Shareholder	
83.2	85.5	77.7	
Supplier/Community	Client/Consumer	Earth(Environment)	
82.8	70.7	99.8	

Evaluation Points

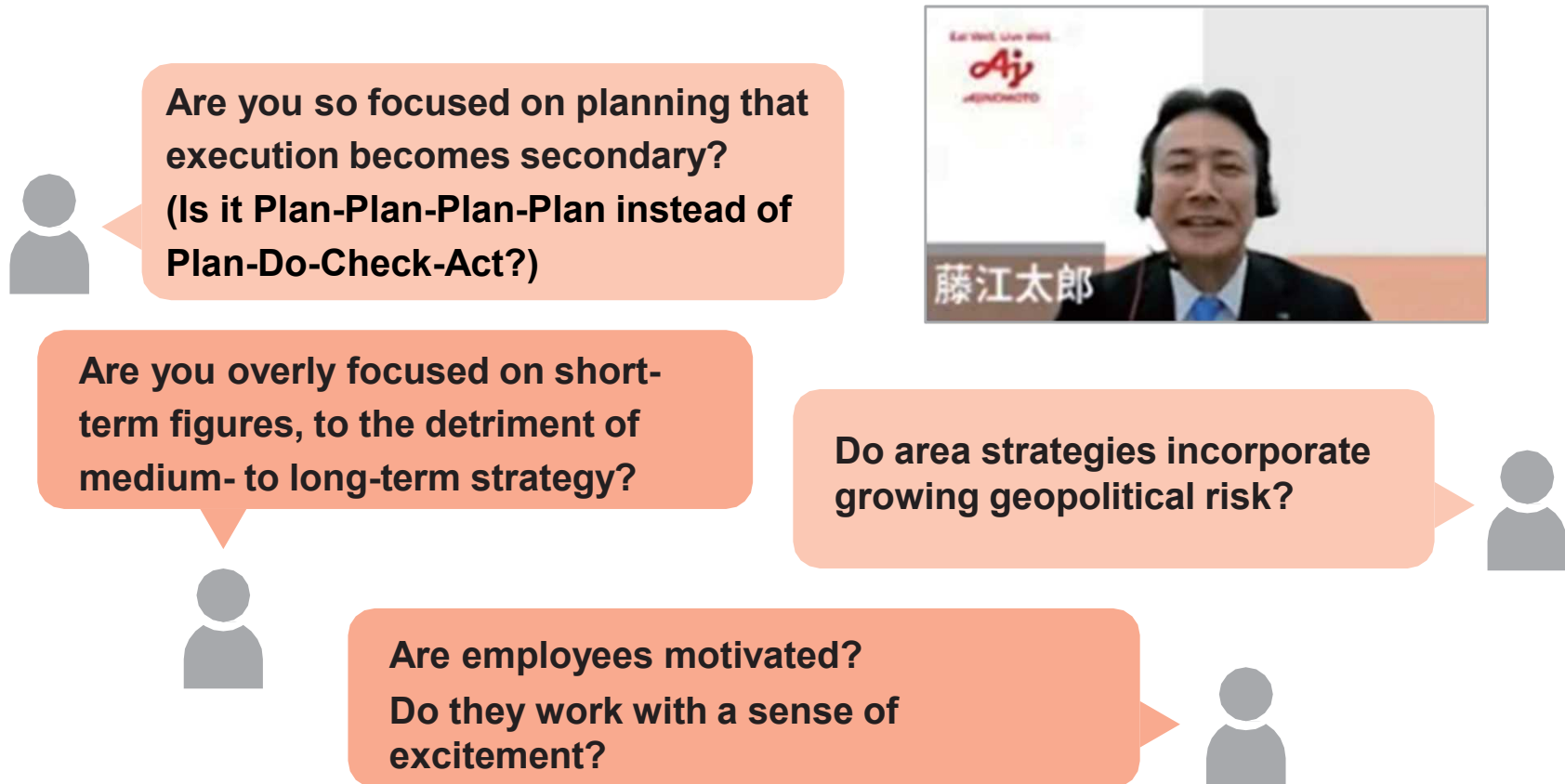
Employees : Improvement of employee engagement through unique measures for ASV as one's own initiative

Earth : Efforts to balance sustainability and economic growth (reduction in GHGs, food loss, plastic waste, etc.)

- 1 Summary Results for the First Half Ended September 30, 2022 and FY2022 Forecast
- 2 The Corporate Value Enhancement Cycle and Engagement
- 3 Medium-Term ASV Initiative for the 2030 Roadmap**

III. Medium-Term ASV Initiative—Through Dialogue

I have had numerous conversations with many shareholders since becoming president.



Valuable opinions and advice will be incorporated into medium-term ASV Initiative.

III. Evolving from a Medium-Term Management Plan to Medium-Term ASV Initiative

We will break away from the traditional medium-term management plan disease that exhausted us with making plans in an age where the future can't be read, and evolve to medium-term ASV Initiative where we decide on a path and take it.

	Tradition medium-term management plans	Medium-term ASV Initiative
Term	Medium-term plans that last for 3 years, with forecasts for each fiscal year	Backcasting from a long-term perspective
Planning basis	Building up of short-term profits based on extrapolating from the current situation	Senior management proposes ASV indicators and backcasts their achievement based on the desired goal
Actions	Emphasize numbers and the formulation of a detailed plan	Devise a roadmap and arouse the desire to take on challenges toward pursuing the crux of the real strategic goal and its assumptions
Progress verification	Make forecasts for each quarter	Variance analysis via monthly rolling forecasts and creative additional actions

Introduction of ASV Indicators

We will disclose the strategic ASV targets for realizing our vision for 2030

Roadmap to 2030

We are designing a roadmap that is challenging and exciting

Change in Management Style

We will stress action as we continue our pursuit of new value and the transformation of our business model

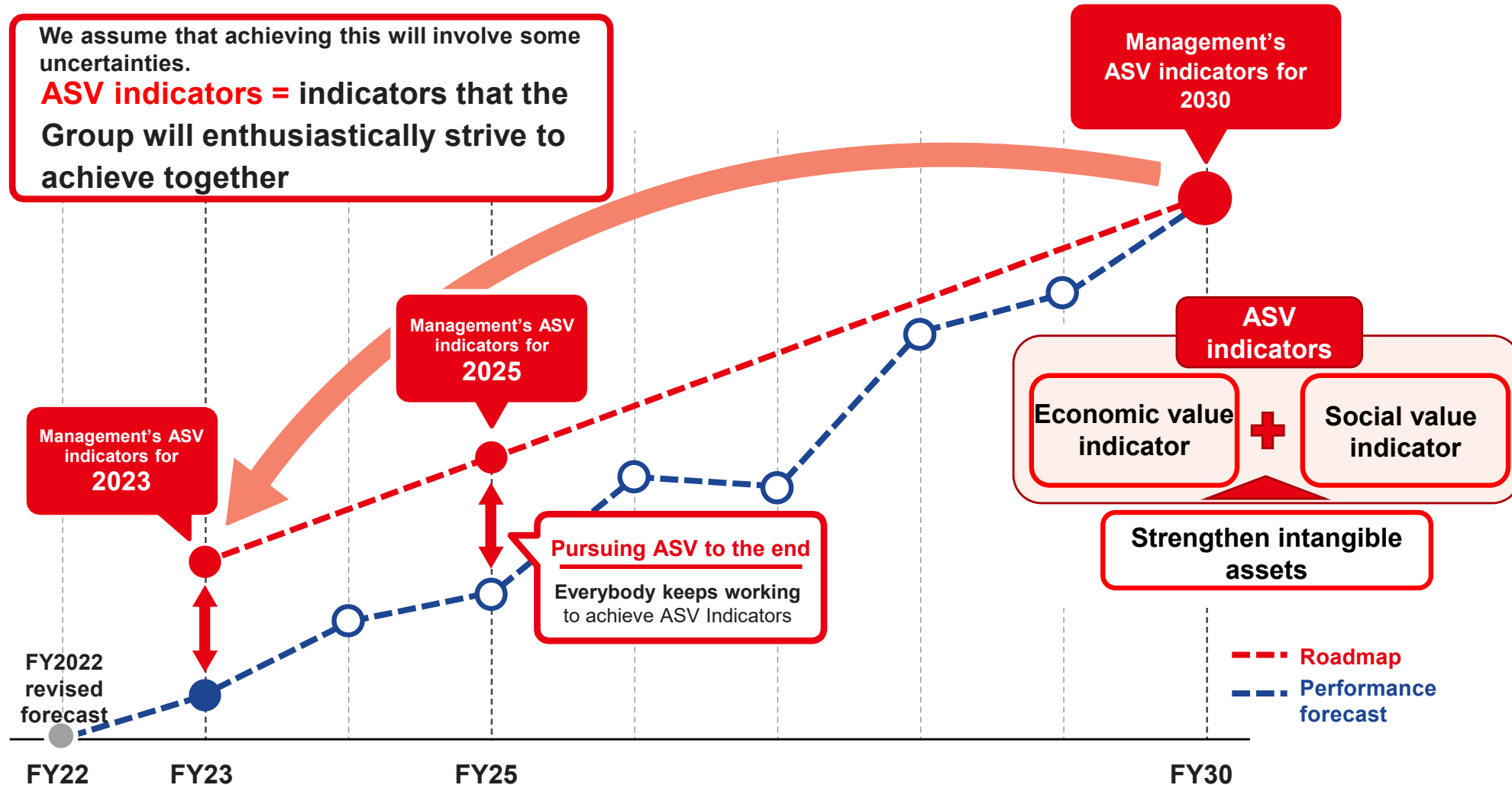
Medium-term ASV Initiative explanatory meetings

For the media
Tues., February 28, 2023

For investors and analysts
Wed., March 1, 2023

III. Medium-Term ASV Initiative, ASV Indicators

While pursuing the performance forecasts to which we have committed, we will continue striving toward new value and the transformation of our business model and continue promoting medium-term ASV Initiative to take on the challenge of ASV indicators.



We have worked on **"Purpose x Passion x Operational Excellence (OE)"** and **"Speed Up x Scale Up,"** and have gotten achievements even in these first half results for FY2022.

To further evolve into a solution-providing group of companies for food and health issues, **we will introduce medium-term ASV Initiative and aim to be an organization that pursues ASV to the end through the functions of amino acids.**

At the same time, signs of global recession are also apparent.

**We will increase our speed,
leverage the strengths of our business portfolio,
and achieve sustained enhancement of our corporate value.**

Eat Well, Live Well.



- **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.**

Examples of DX Initiatives: Supply Chain Management

Ajinomoto Group Initiative

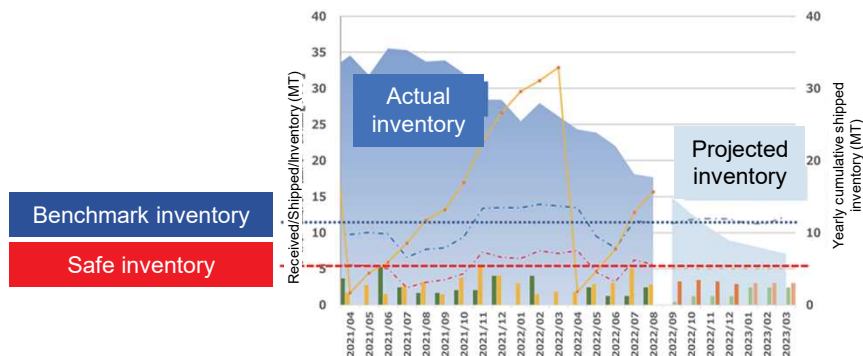
Promote Group-wide SCM reform to construct a SCM that delivers products at the lowest cost and with the highest efficiency

→ Even in an environment of COVID-19 and the Ukraine issue, we are providing products while enhancing asset efficiency

Examples of major initiatives

- We are supplying stably and have enhanced asset efficiency by reducing the number of products. (SKUs)
- We are enhancing cooperation with sales and are contributing to inventory reduction and increased product freshness across the supply chain by shortening the production cycle.
- We shortened manufacturing lead time and reduced in-process inventory in factories by synchronizing manufacturing and packaging.
- Using digital technology, we are making the production, sales, and inventory (PSI) of our global bases visual to prevent product shortages and reduce inventories.
- Using digital technology, we are making distribution inventory (wholesale, mass retailer) visual to curb the occurrence of expired products.

Visualization of global PSI



Visualization of distribution inventory (wholesale, mass retailer)



Examples of DX Initiatives: Smart Factory

Promote automation

Use varied data in advanced ways to promote factory automation. Aim for stable production and labor-saving improvements.

AI-based image inspection: Removal of foreign matter from dried vegetables

Overview Shift from manual to automated removal of foreign matter in dried vegetables
 → Highly accurate determination and automated removal using AI technology

- Objective**
1. Reduce workload and address labor shortages
 2. Improve foreign matter removal rate

Difficult using conventional image processing



Can be determined with high accuracy using AI



Automated removal using sorting equipment



Non-defective products

Foreign matter



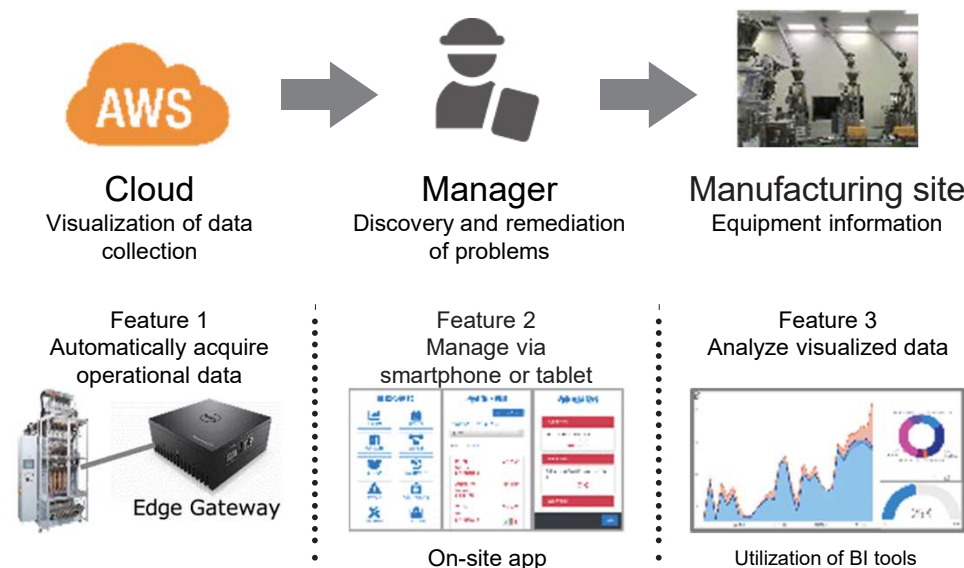
AI-based determination



Foreign matter removal

Use of production data in factories: packaging processes

Overview Automated acquisition of data that used to be recorded by operators
 → Real-time acquisition and utilization of high-resolution data



Resolution of factory issues

- Work-style innovation at production sites
- Standardization and acceleration of management
- Enhancement of productivity using data

Summary as of the Second Quarter (July-September)

Sales: Increased

¥338.2 billion

123.5% of FY2021 results

Excluding currency translation: 111.4%

Revenue increased significantly overall due to higher revenue in all major segments.

Business profit: Increased

¥33.7 billion

111.2% of FY2021 results

Excluding currency translation: 98.3%

The depreciation of the yen made a major contribution; with currency translation effects excluded, profit decreased.

In Seasonings and Foods and Frozen Foods, while revenue increased, profit fell due to soaring raw materials, logistics, and personnel costs.

In Healthcare and Others, profit increased due to strong performance in the Functional Materials business and Bio-Pharma Services & Ingredients business.

Profit attributable to owners of the parent company

¥19.2 billion

60.1% of FY2021 results

Decreased year-on-year due to the recording of profit on the sale of fixed assets (idle assets) within operating income for the same period of the previous fiscal year

**Excluding profit on the sale of fixed assets
95.8% of FY2021 results**

(¥ billion)	vs Q2-FY21	Details of impacts in Q2
Change in GP due to change in sales	24.2	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	-10.9	
Change in SGA expenses	-99.0	Marketing expenses were effectively used, but SGA expenses increased due to the impact of substantial logistics cost and personnel cost increases.
Share of profit of associates and joint ventures	0.0	

First-Half Results (Consolidated Statements of Income)

(¥ Billion); -: losses

	H1-FY22 Actual (A)	H1-FY21 Actual (B)	Difference (A) - (B)	vs. Prev. year (A)/(B)	vs. Prev. year (excluding currency translation) (A)/(B)
Sales	659.8	550.2	109.6	119%	109%
Gross profit	233.8	211.7	22.0	110%	-
(Gross profit margin)	35.4%	38.5%	-	-	-
Business profit	74.3	69.3	5.0	107%	97%
Other operating income & expenses	-0.7	12.4	-13.1	-	-
Impairment losses	-0.4	-0.3	-0.0	-	-
Others	-0.2	12.7	-13.0	-	-
Operating profit	73.6	81.7	-8.1	90%	-
Financial income & expenses	-5.4	-2.0	-3.4	-	-
Profit before income taxes	68.1	79.6	-11.5	85%	-
Income taxes (Tax rate: H1-FY22 actual 26.9%)	-18.3	-21.9	3.6	83%	-
Profit (includes discontinued operations)	49.8	57.7	-7.8	86%	-
Profit attributable to owners of the parent company	47.0	54.1	-7.1	86%	-
Profit attributable to non-controlling interests	2.8	3.5	-0.7	79%	-

First-Half Results (Sales and Business Profit by Segment)

(¥ Billion); -: losses	H1-FY22 Actual (A)	H1-FY21 Actual (B)	Difference (A)-(B)	vs Prev. year (A)/(B)
Sales	659.8	550.2	109.6	119%
Seasonings and Foods	372.7	316.0	56.7	118%
Frozen Foods	128.5	106.3	22.2	120%
Healthcare and Others	151.6	121.9	29.6	124%
Other	6.8	5.9	0.9	115%
Business Profit	74.3	69.3	5.0	107%
Seasonings and Foods	43.0	45.0	-2.0	95%
Frozen Foods	-0.3	1.0	-1.3	-
Healthcare and Others	30.8	22.8	8.0	135%
Other	0.7	0.3	0.4	228%

First-Half Results (Sales and Business Profit by Region; Change from Prev. Year)

(¥ Billion); -: losses

	Japan		Asia		Americas		EMEA		Other		Total	
	H1-FY22 Actual	Difference	H1-FY22 Actual	Difference	H1-FY22 Actual	Difference	H1-FY22 Actual	Difference	H1-FY22 Actual	Difference	H1-FY22 Actual	Difference
Sales	244.3	10.0	173.5	36.7	172.9	47.7	69.0	15.1	-	-	659.8	109.6
Seasonings and Foods	126.6	-0.6	166.3	35.1	54.8	15.2	24.9	7.0	-	-	372.7	56.7
Frozen Foods	45.2	0.2	2.5	1.1	73.9	19.5	6.8	1.2	-	-	128.5	22.2
Healthcare and Others	65.5	9.3	4.6	0.5	44.1	12.9	37.2	6.8	-	-	151.6	29.6
Other	6.8	0.9	0.0	-0.0	-	-	0.0	0.0	-	-	6.8	0.9
Business Profit	30.9	2.3	26.7	-1.1	10.2	2.1	6.3	1.7	-	-	74.3	5.0
Seasonings and Foods	13.2	-3.0	28.1	-1.7	7.9	2.8	3.3	1.3	-9.7	-1.4	43.0	-2.0
Frozen Foods	1.7	-0.9	1.4	0.8	-0.3	-0.7	-0.1	-0.3	-2.9	-0.2	-0.3	-1.3
Healthcare and Others	20.9	6.3	2.4	0.5	6.8	0.8	4.6	1.0	-3.9	-0.8	30.8	8.0
Other	1.2	0.2	-0.0	-0.0	-	-	0.1	0.0	-0.5	0.2	0.7	0.4
Shared companywide expenses	-6.2	-0.3	-5.1	-0.7	-4.1	-0.8	-1.5	-0.2	17.1	2.2	-	-

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)

		FY2022				
		Q2		From Q3		
Sauce & Seasonings	Thailand	Flavor seasonings	July-August	Thailand	Menu-specific seasonings	October
		Umami seasonings	August		Cooking sauce	October
	Indonesia	Umami seasonings	July	Indonesia	Flavor seasonings	October
		Menu-specific seasonings	July		Menu-specific seasonings	October
	Vietnam	Cooking sauce	August and September	Philippines	Umami seasonings	October
Umami seasonings		September	Flavor seasonings		October	
Menu-specific seasonings and cooking sauce	July	Cooking sauce	October-December			
Philippines	Umami seasonings	August	Japan	Salt, flavor seasonings, mayonnaise	October	
	Also raised prices in eight other countries and areas			Umami seasonings	January 2023	
Quick Nourishment	Thailand	Instant noodles	September	Japan	Some stick-type products (coffee, etc.)	October
	Brazil	Powdered drink	September			
	Japan	Some stick-type products (coffee, etc.)	September			
		Also raised prices in five other countries and areas				
Frozen Foods	Japan	Home use	August	North America	Home use	October-November
		Restaurant use	September			
	North America	Restaurant use	September			
Europe	Home use	July				
	Restaurant use	September				

Forecast (Consolidated Statements of Income)

(¥ Billion); -: losses

	FY22 Revised forecast (A)	FY21 Actual (B)	Difference (A)-(B)	vs. Prev. year (A)/(B)	vs. Prev. year (excluding currency translation) (A)/(B)
Sales	1,367.0	1,149.3	217.6	118%	109%
Business profit	133.0	120.9	12.0	110%	100%
Other operating income & expenses	-4.0	3.6	-7.6	-	
Operating profit	129.0	124.5	4.4	103%	
Financial income & expenses	-7.0	-2.1	-4.9	-	
Profit before income taxes	122.0	122.4	-0.4	99%	
Income taxes (Tax rate: FY22 forecast 27.0%)	-33.0	-42.2	9.2	-	
Profit (includes discontinued operations)	89.0	80.2	8.7	110%	
Profit attributable to owners of the parent company	83.0	75.7	7.2	109%	
Profit attributable to non-controlling interests	6.0	4.5	1.4	133%	

Forecast (Sales and Business Profit by Segment)

(¥ Billion); -: losses	FY22 Revised forecast (A)	FY21 Actual (B)	Difference (A)-(B)	vs. Prev. year (A)/(B)
Sales	1,367.0	1,149.3	217.6	118%
Seasonings and Foods	784.7	664.2	120.5	118%
Frozen Foods	261.1	221.7	39.4	117%
Healthcare and Others	303.5	251.2	52.2	120%
Other	17.6	12.1	5.4	144%
Business Profit	133.0	120.9	12.0	110%
Seasonings and Foods	81.0	81.2	-0.1	99%
Frozen Foods	0.1	-0.6	0.8	-
Healthcare and Others	55.8	43.3	12.4	128%
Other	-4.0	-3.0	-1.0	-

Forecast (Sales by Region; Change from Prev. Year)

(¥ Billion); -: losses

	Japan		Asia		Americas		EMEA		Total	
	FY22 Revised forecast	Difference	FY22 Revised forecast	Difference	FY22 Revised forecast	Difference	FY22 Revised forecast	Difference	FY22 Revised forecast	Difference
Sales	522.5	36.7	364.1	78.8	350.0	87.5	130.1	14.5	1,367.0	217.6
Seasonings and Foods	281.5	10.9	343.8	70.4	111.0	30.0	48.2	9.0	784.7	120.5
Frozen Foods	90.0	0.6	6.2	3.1	150.1	34.1	14.6	1.4	261.1	39.4
Healthcare and Others	133.8	19.9	13.4	4.8	89.0	23.4	67.1	3.9	303.5	52.2
Other	17.7	5.6	0.4	0.3	0.0	0.0	0.0	0.0	17.6	5.4

FY2022 Assumed Exchange Rate and Exchange Rate Sensitivity



Assumed exchange rate (vs. JPY)

	FY22	FY22				FY22
	Revised forecast	4Q	3Q	2Q	1Q	Initial forecast
USD	135.00			138.27	129.73	120.00
EUR	135.00			139.26	138.26	133.00
THB	3.75			3.80	3.77	3.63
BRL	25.96			26.39	26.41	26.09

Exchange Rate Sensitivity

Foreign exchange rates (vs JPY)

	FY22 Revised forecast	Sensitivity of translation effects to full year B.P.
USD	135.00	±¥1 → approx. ¥100 million
EUR	135.00	±¥1 → approx. ¥50 million
THB	3.75	±¥0.01 → approx. ¥100 million
BRL	25.96	±¥1 → approx. ¥200 million

Impact of exchange rate for trade (Sensitivity of translation effects to full year B.P.)

- 1 JPY	vs USD	→	approx. + ¥200 million
- 0.1 EUR	vs USD	→	approx. + ¥100 million
- 1 THB	vs USD	→	approx. + ¥600 million
- 0.1 BRL	vs USD	→	approx. + ¥500 million

Reference Links

Ajinomoto Group IR

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

Ajinomoto Group ASV Report (Integrated Report) 2022

<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