

Eat Well, Live Well.



Ajinomoto Co., Inc. (2802) Forecast for FY2020 (Ending March 31, 2021) and Initiatives for the Structural Reform Phase of the Medium-Term Management Plan

**Takaaki Nishii
President & CEO**

November 6, 2020

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- I. Summary Results for the First Half Ended September 30, 2020 and FY2020 Forecast
- II. Progress on the MTP Strategies Considering COVID-19, and Structural Reform

Reference Material

Appendixes: Consolidated Results First Half Ended September 30, 2020
FY2020 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

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I-1. FY2020: Q2 Results Summary

FY2020 Q2 Results Summary (YoY)

Sales: ¥263.4 billion (-2.0%)

Business profit: ¥28.1 billion (+40.0%)

1. Sales: **Decreased**

- Sales increased in Healthcare and Others but decreased in Seasonings and Foods and in Frozen Foods, decreasing overall.

2. Business profit: **Increased (Profit increase: ¥8.0 billion)**

- Profit increased due to improved product mix, reduced marketing expense, and a rebound from the previous year's impairment loss on trademark rights of Promasidor Holdings Limited (PH).

(YoY Business Profit Impacts – Summary)

Item	Impact on business profit (¥ billion)			Details of impacts in 2Q
	Q1	Q2	H1	
Decreased GP due to decreased sales	-6.0	-2.0	-8.0	
Increased GP due to improved GP ratio	7.0	2.0	9.0	Impacts from improved product mix in Sauce and Seasonings (overseas) and Specialty Chemicals.
Decreased SGA expenses	5.0	4.0	9.0	Decrease in expenses due to curbing of marketing activities in Seasonings and Foods, and Frozen Foods.
Share of profit of associates and joint ventures	0.0	4.0	4.0	Rebound from previous year's impairment loss on trademark rights of PH.



I-2. FY2020: H1 Results Summary

Despite decreased sales in nearly all businesses (except Specialty Chemicals) under the COVID-19 pandemic, profit increased significantly due to a decrease in marketing expenses and an increase in GP attributable to product mix improvements, etc. A rebound from the previous year's recording of an impairment loss also contributed to a significant increase in profit for the term.

1. Sales: **Decreased YoY**

- Sales decreased due to effects of the COVID-19 pandemic in nearly all businesses (except Specialty Chemicals).

2. Business profit: **Significant increase YoY**

- Profit decreased in restaurant and industrial-use seasonings in Japan, but increased in Sauce and Seasonings, animal nutrition, Specialty Chemicals, etc. This, plus the rebound effect from the previous year's recording of an impairment loss on trademark rights of PH (-¥3.9 billion), led to a significant increase in profit.

3. Profit attributable to owners of the parent company: **Significant increase YoY**

- Rebounding from the previous year's recording of an impairment loss, other operating expenses declined.

(¥ billion)	H1-FY2020 Actual (A)	H1-FY2019 Actual (B)	Difference (A)-(B)	YoY (A)/(B)
Sales	511.3	532.2	-20.8	-4%
Business profit	61.9	47.6	14.2	+30%
Profit attributable to owners of the parent company	36.6	7.0	29.6	+420%



I-3. FY2020: Impacts of COVID-19 Reflected in the Forecast

Impact of COVID-19 on FY2020 Business Results (revised)

Sales: approx. -¥67.5 billion (down approx. 6% vs. FY2019 actual)

Reference: Revised in July: approx. -¥70.0 billion (down approx. 6% vs. FY2019 actual)

Business profit: approx. -¥6.5 billion (down approx. 7% vs. FY2019 actual)

Reference: Revised in July: approx. -¥15.0 billion (down approx. 15% vs. FY2019 actual)

Factors reflected in the forecast for FY2020 (updated)

Impacts expected from October onward

(New): new factors

(On-going): continuing from Q2

(○): Positive factors

(▲): Negative factors

- (Business related) (On-going) 1. Progressive decline in special demand for home-use products (Seasonings and Foods, Frozen Foods) among people self-isolating and gradual recovery of demand for eating out
Continued growth of home-use frozen food sales in North America (○)
- (New) 2. In amino acids for pharmaceuticals, demand for infusions remains strong (○)
- (On-going) 3. In Bio-Pharma Services, delays in customers' development plans (▲)
- (On-going) 4. Fall in sales prices of feed-use amino acids (from Q2) (▲)
- (On-going) 5. Impact of contraction of the market accompanying the reduction and cancellation of sports events and medical checkups (▲)
- (On-going) 6. Decrease in demand from tourists due to travel restrictions between countries and regions (▲)
- (New) 7. At present, the impact of U.S.-China trade friction on the electronic materials business is limited (○)
- (Strengthening of structure) (On-going) 1. Though it was paused momentarily, we have restarted the reduction and sell off process of overseas operations (○)

Impacts expected going forward...occurring in Q2 and continuing in Q3

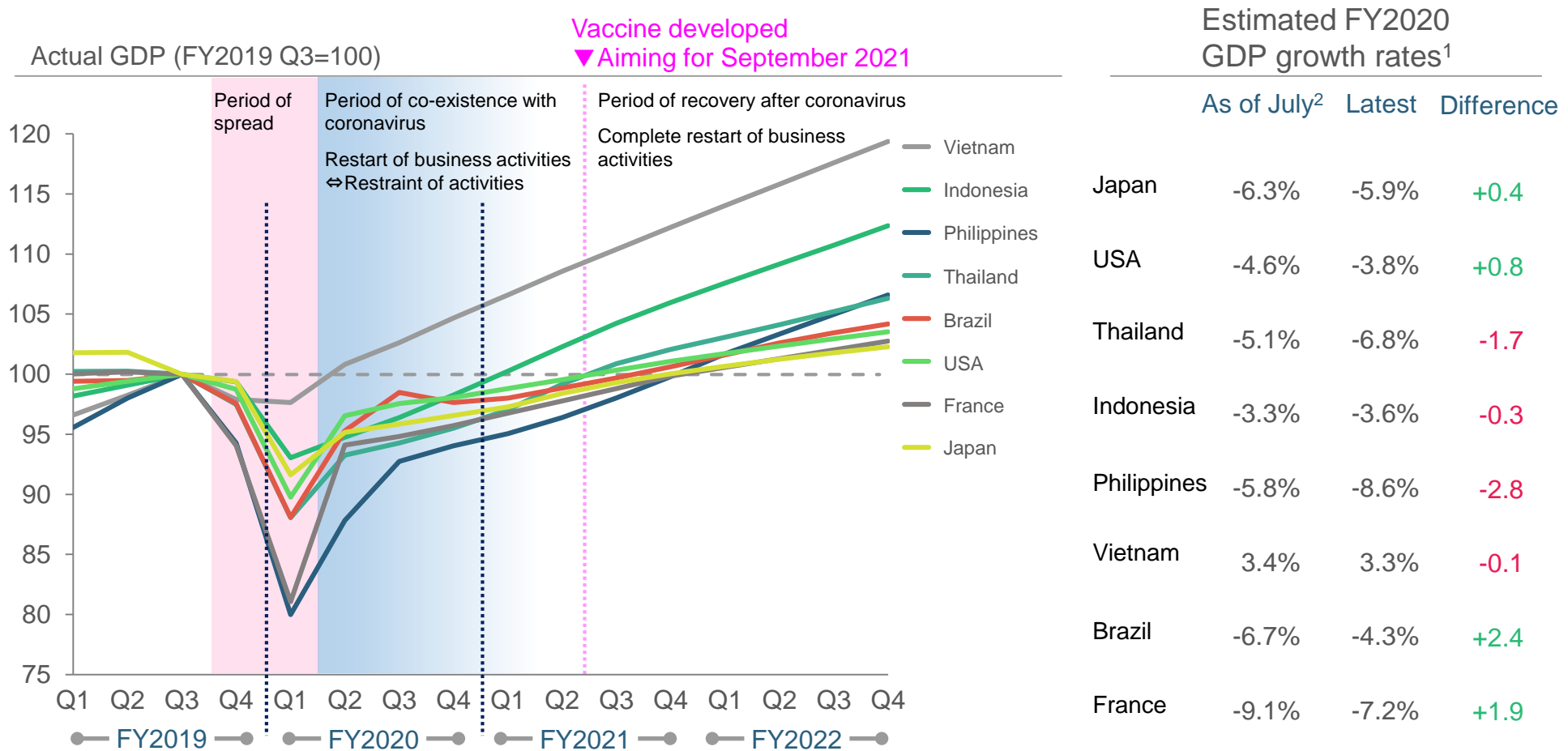
Explosion of second wave of infections in the U.S. and Brazil, and restrictions on going outside (▲)

From October onward, negative impacts associated with economic deterioration in addition to COVID-19 and the effect of factors such as increase in manufacturing costs are expected.



I-4. FY2020: Forecast of the Impact of COVID-19 on Each Country's Economy

Forecasts of actual GDP in our major countries of business (updated)

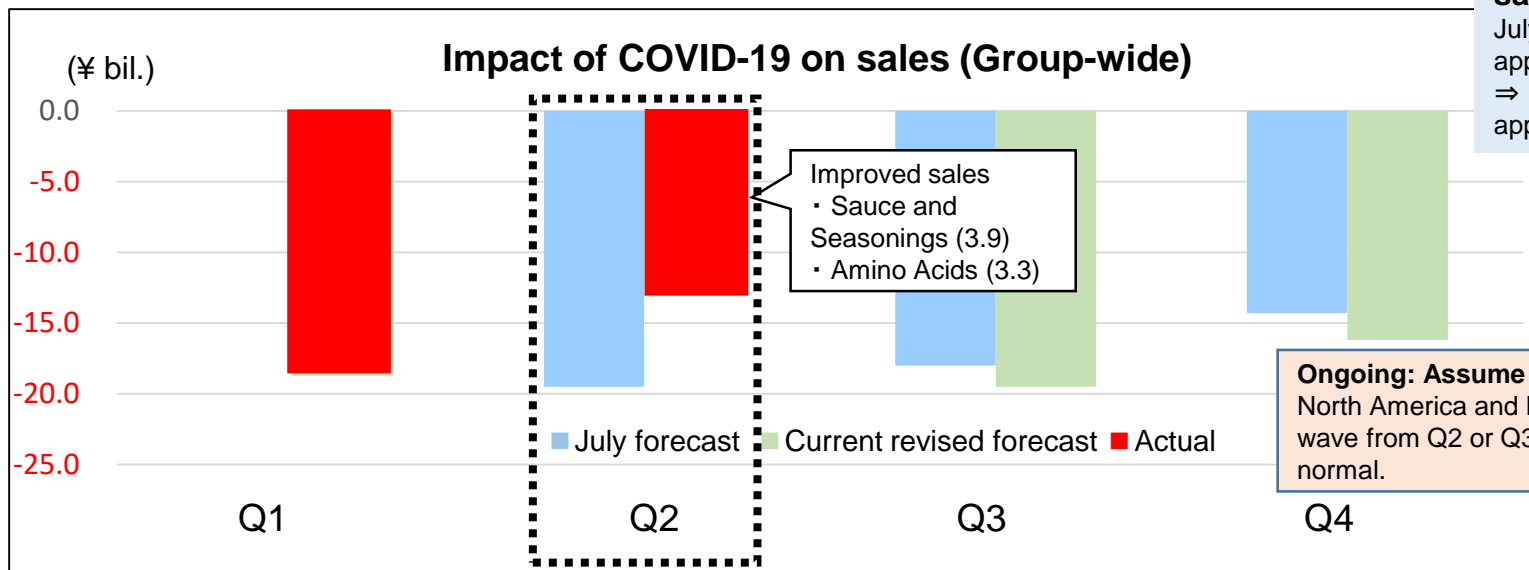


Note: with the exception of Vietnam, figures have been calculated with seasonal corrections
 Source: Oxford Economics

1. Based on quarterly estimated GDP, an annual from April to March is calculated, and the difference with FY2019 is calculated
 2. Growth rate based on the estimated GDP for each country in the July 30 Analysts' Meeting materials



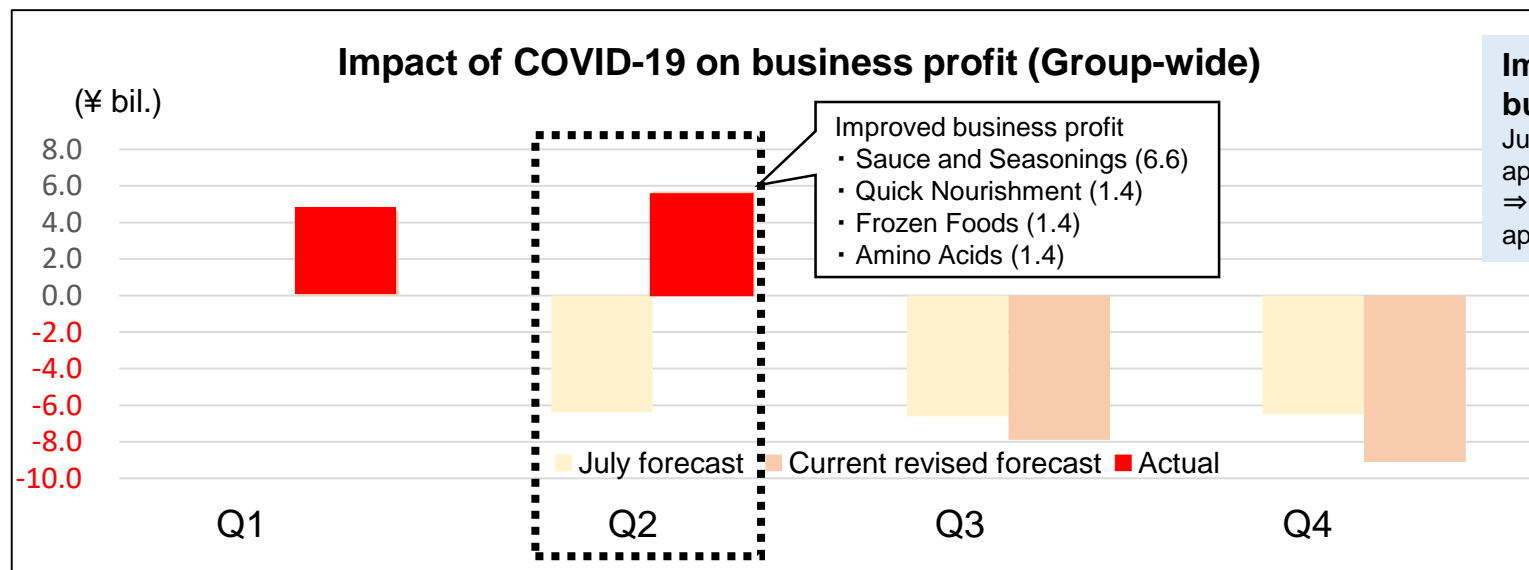
I-5. FY2020: The Impact of COVID-19 on the Forecast



Impact on annual sales

July forecast approx. -¥70.0 billion
 ⇒ Revised to approx. -¥67.5 billion

Ongoing: Assume second wave
 North America and Latin America hit by wave from Q2 or Q3. Gradual return to normal.



Impact on annual business profit

July forecast approx. -¥15.0 billion
 ⇒ Revised to approx. -¥6.5 billion



I-6. FY2020: Forecast (revised)

1. Sales: **Decrease YoY (Upward revision)** to reflect difference due to COVID-19 in H1)

- Sales will decrease in all segments, Seasonings and Foods, Frozen Foods, and Healthcare and Others, due to the COVID-19 pandemic, resulting in a sales decline overall.
- The Company will flexibly add sales promotion measures in line with the pandemic situation in specific countries, to minimize sales declines.

2. Business profit: **Increase YoY (Upward revision)** to reflect difference due to COVID-19 in H1, as well as conditions in some businesses)

- Despite effects from the COVID-19 pandemic, profit will increase in Specialty Chemicals, Quick Nourishment, Frozen Foods, etc., leading to an increase in profits overall.
- The Company will continue appropriate marketing investments and efforts to reduce company-wide costs, and will aim to achieve its forecast (revised).

3. Profit attributable to owners of the parent company: **Increase YoY**

- Other operating expenses will decrease.

(¥ billion)	FY2020 Nov. revised forecast (A)	FY2020 Jul. revised forecast (B)	Difference (A)-(B)	FY2019 Actual (C)	Difference (A)-(C)	YoY (A)/(C)	FY2020 Nov. revised forecast	FY2020 Jul. revised forecast	FY2019 Actual
Sales	1,066.0	1,057.0	9.0	1,100.0	-34.0	-4%			
Business profit	100.0	90.0	10.0	99.2	0.7	0%			
Profit attributable to owners of the parent company	36.0	32.0	4.0	18.8	17.1	+91%			
Business profit margin							9.3%	8.5%	9.0%
ROE							6.6%	5.9%	3.3%
ROIC							4.6%	3.9%	3.0%
ROA (BP basis)							7.5%	6.7%	7.2%
EPS							¥65.65	¥58.37	¥34.37

I-6. FY2020: Forecast (revised)

Despite the rebound from the worsening of profits of equity method affiliates in the previous fiscal year, assumed increases in manufacturing costs and marketing expenses.

H2 sales: ¥554.6 billion (down 3%, -¥13.1 billion vs. FY2019 actual)

H2 business profit: ¥38.0 billion (down 27%, -¥13.5 billion vs. FY2019 actual)

(YoY Business Profit Impacts – Summary)

(¥ billion)

	Q1-FY20	Q2-FY20	H1-FY20	H2-FY20	FY20	Details of impacts in H2-FY20
Decreased GP due to decreased sales	-6.0	-2.0	-8.0	-4.5	-12.5	
Change in GP due to change in GP ratio	7.0	2.0	9.0	-8.0	1.0	Primarily increased manufacturing costs which include delayed periodic maintenance on factory equipment, and decreased profits in nucleotides from decreased sales are assumed.
Decreased SGA expenses	5.0	4.0	9.0	-4.0	5.0	Increases in new product development costs and marketing costs are assumed, primarily in the foods business.
Share of profit of associates and joint ventures	0.0	4.0	4.0	3.0	7.0	Effects of rebound from worsening of profit/loss at equity-method affiliates in H2 of the previous year.
Total	6.0	8.0	14.0	-13.5	about 0.5	The effect of exchange rates on business profit is expected to be -¥3.1 billion.



I-7. FY2020: Profit at Specific Stages

Despite the COVID-19 pandemic, improvement from the July forecast and increased business profits are forecast. Expect to incur restructuring expenses ahead of schedule. An increase in profit for the term is forecast.

(¥ Billion) -: losses	FY20 Revised forecast (A)	FY19 Actual (B)	Difference (A)-(B)	Comments
Sales	1,066.0	1,100.0	-34.0	
Business profit	100.0	99.2	0.7	
Other operating income & expenses	-35.8	-50.4	14.6	
Impairment losses		-34.9	34.9	
Other	-35.8	-15.5	-20.3	Structural reform expenses: approx. -23.0
Operating profit	64.1	48.7	15.4	
Financial income & expenses	-1.1	0.0	-1.1	
Profit before income taxes	63.0	48.7	14.2	
Income taxes	-19.5	-20.3	0.7	Tax rate: FY20 revised forecast 31%
Profit (includes discontinued operations)	43.4	28.9	14.4	
Profit attributable to owners of the parent company	36.0	18.8	17.1	
Profit attributable to non-controlling interests	7.4	10.1	-2.7	

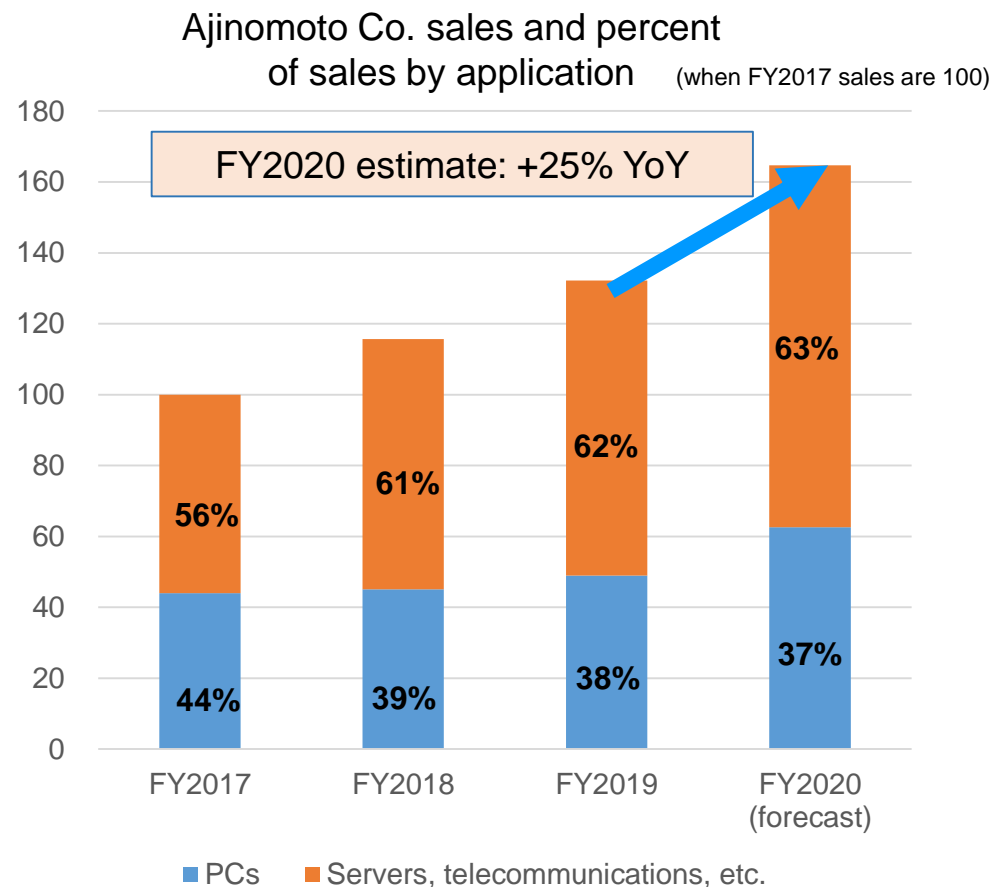
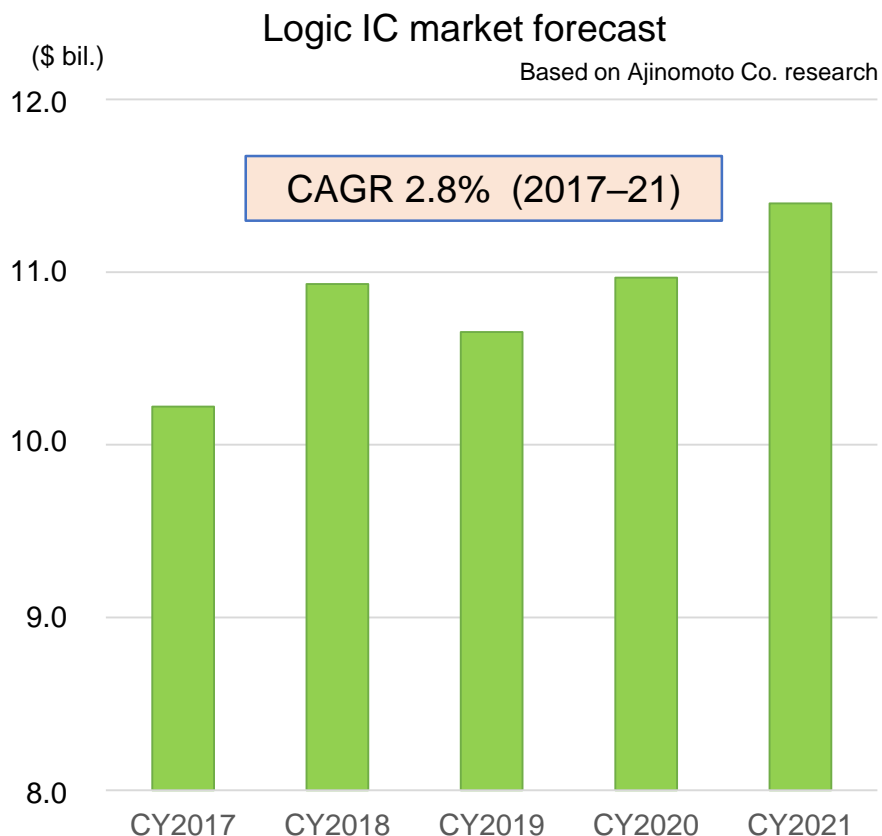


I-8. FY2020: Forecast (Specialty Chemicals Business: Electronic Materials)

- ◆ Growth in data center servers and telecommunications applications with the advent of 5G
- ◆ Compared to PCs, semiconductor packaging substrates are increasing in size and layers
- ◆ Increased orders on the back of more PC units shipped because of COVID-19
- ◆ The impact of U.S.-China trade friction on sales is limited at present



Accelerated business growth of Electronic Materials



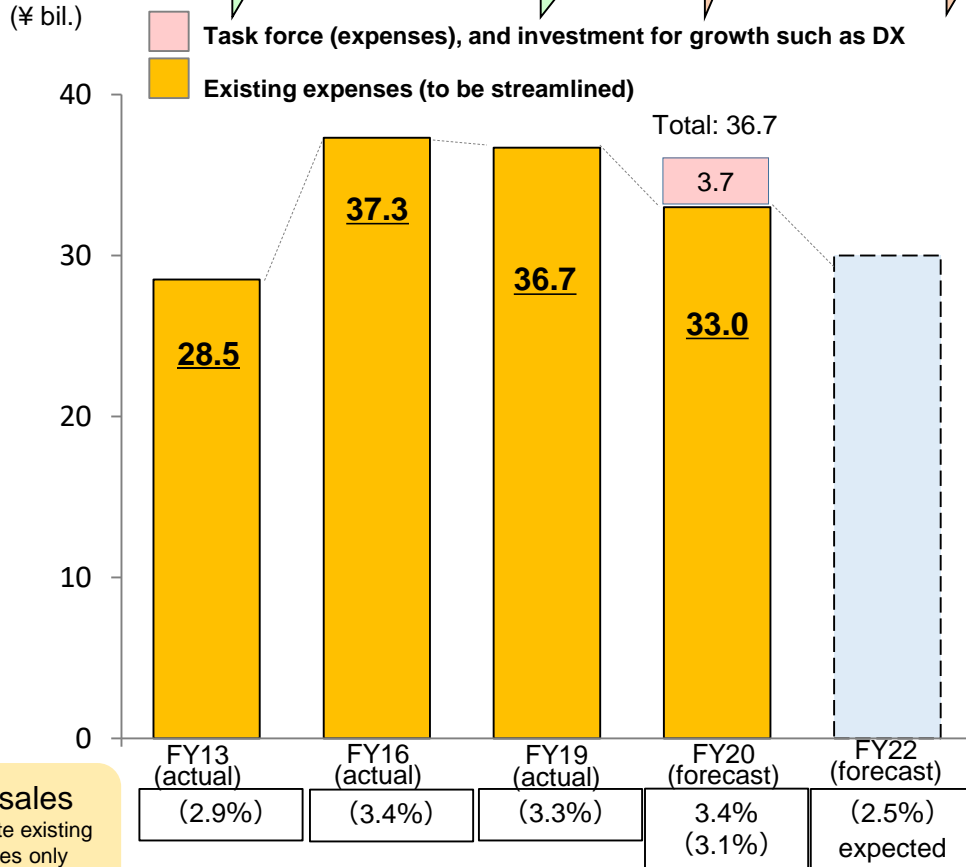
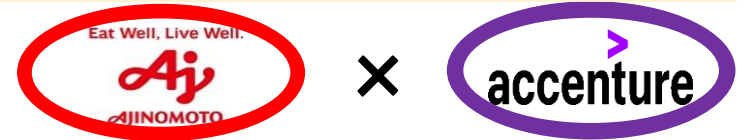
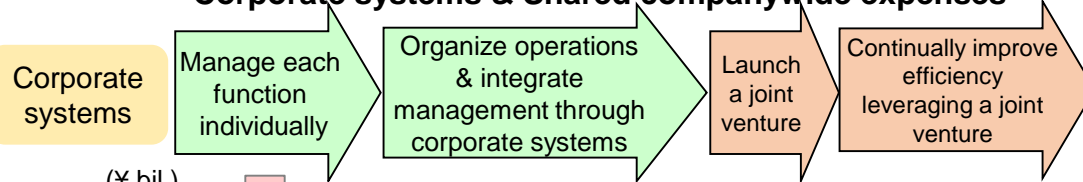


I-9. Corporate Operational Transformation: Effects of JV Launch & Future Development

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Partnering with Accenture (which has momentum in operational reforms) and establishing a shared services center (SSC) for the Ajinomoto Group to enhance operational quality and efficiency. Injecting outside expertise to promote work upgrading and streamlining.

Corporate systems & Shared companywide expenses



1. Streamline

- Reduce shared companywide expenses
- Reposition corporate staff
(Functions moved under JV management: approx. -90 staff vs. FY2019 numbers)
- Promote automation & off-shoring (overseas)

2. Upgrade

Leverage partners' expertise and technologies and review the status of advancements and the "new normal"
 (Cost reductions through the new scheme for procurement of indirect materials)
 (Use virtual technology for the General Meeting of Shareholders; increase fans)

3. Future Developments

Expand target operations; roll out within the Group in Japan; expand effects
 (Amount of operations transferred: double (vs. FY2020) by FY2023)

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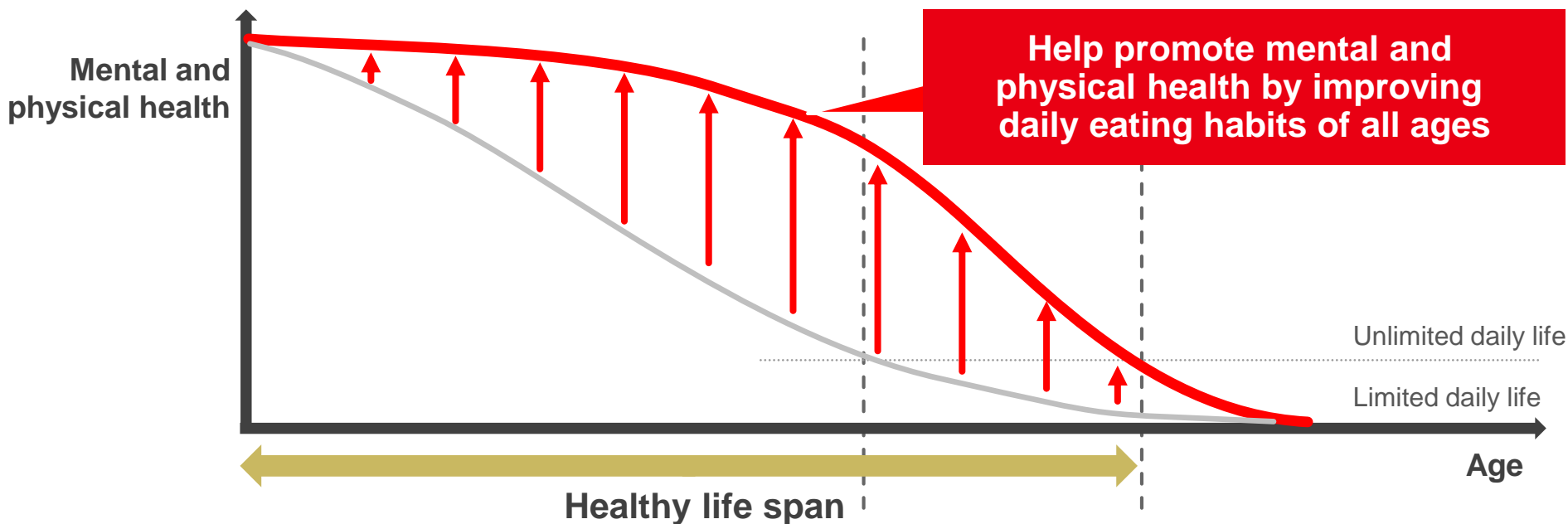


II-1. Utilize COVID-19 as an Opportunity for Expanding Our Contribution to Wellness for People Worldwide

Ajinomoto Group Vision

Contribute to greater wellness for people worldwide, unlocking the power of amino acids to resolve the food and health issues associated with dietary habits and aging

- By 2030:
- Extend the healthy life expectancy of **1 billion** people
 - Reduce our environmental impact by **50%**, while improving business performance





II-2. The “New Normal” Brought by COVID-19 is an Opportunity to Promote ASV

The connections between life and activities in the “new normal” and promoting ASV

- **Increased awareness of one's own health and one's family's health**

Interest in raising immunity ⇒ **Measures against metabolic syndrome (reducing salt and sugar, preventing obesity) + improving life habits (sleep + exercise)**

Improve health of the elderly ⇒ **Improve malnutrition caused by insufficient protein**

- **Changes in opportunities for dining and cooking**

Increased time at home ⇒ **Seasonings for easy-to-prepare home meals and a variety of menus, deli, and highly processed foods (frozen, meal kits)**

- **Changes in consumer motivation and spending on food**

Preference for saving money, due to worsening economy, primarily in low-income bracket

⇒ Product mix strategy that maintains range of prices

Increase in slightly extravagant food expenses for the middle-to-high income bracket

⇒ **Opportunity to increase unit prices of products for mental and physical health and smart eating**

Ethical consumption (environment and social sustainability) choices

⇒ Communication strategy connecting sustainability and products

- **Changes in channels**

Eating in restaurants is decreasing, but deli and delivery are increasing, EC is increasing. Nearby and convenient shops combining with delivery and increasing. Business conditions of urban foodservice are changing.

⇒ Sales to develop new channels, accelerate development of new products. Collaborate with venture businesses.

Even after COVID-19, the “new normal” will remain

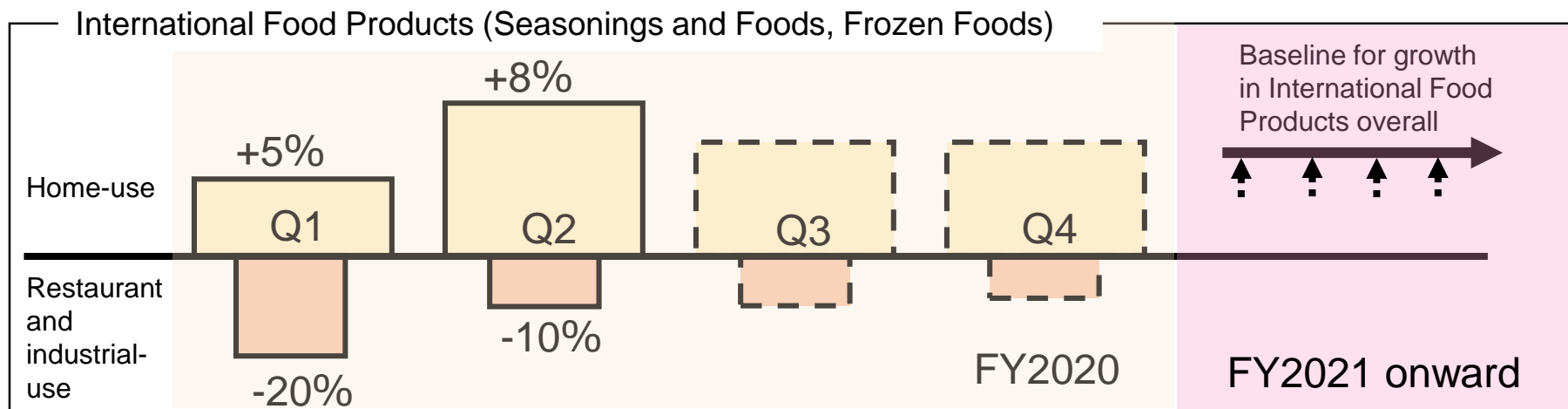
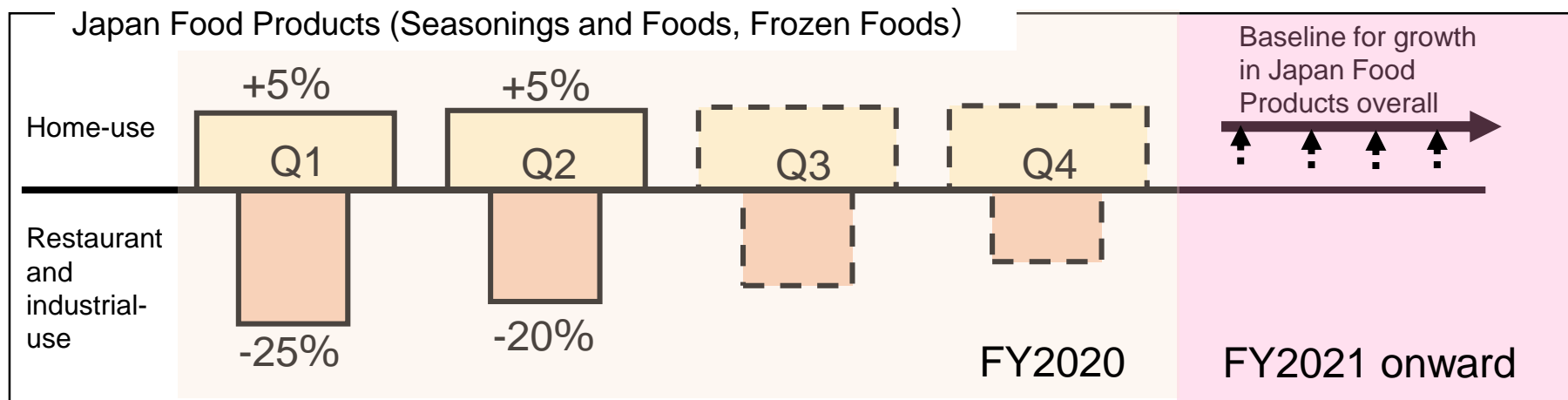
ASV Management: grow business and create both mental and physical health



II-3. Business Growth that Catches Changes in the “New Normal” (Food business)

Create a baseline for growth by solving issues with in-home meals, increase opportunities for changing the state of business in foodservice, and raise the growth baseline.

Ref.: rough estimate of future growth, taking into account the 1st half of FY2020
(growth rate vs. FY2019)



Main initiatives in MTP strategies to address changes in the environment

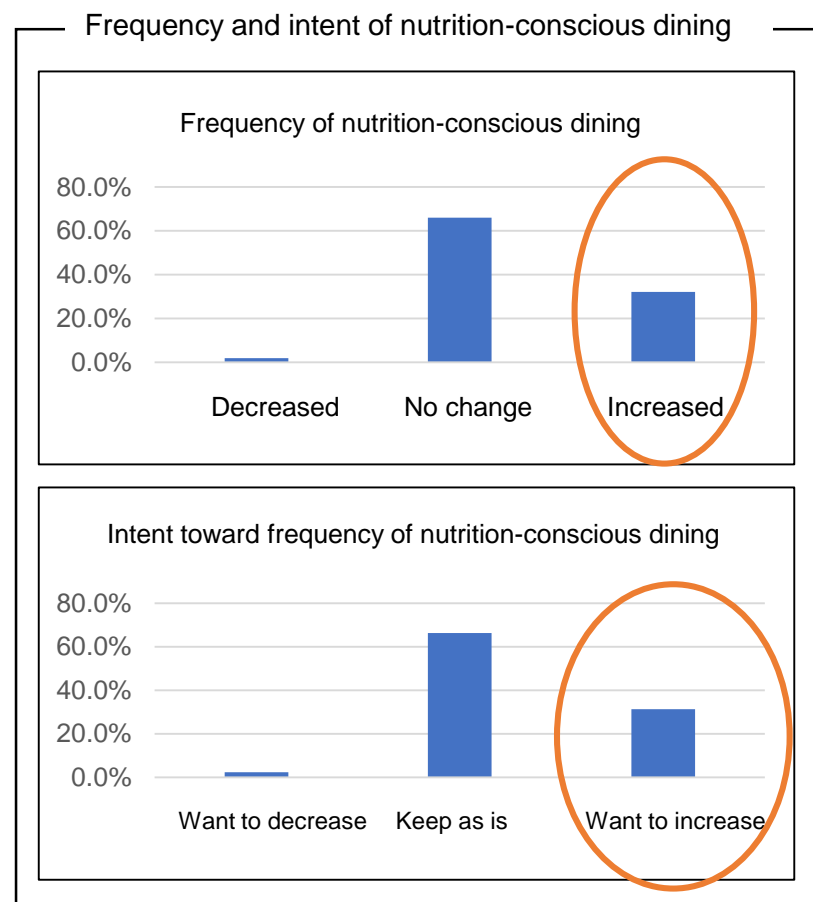
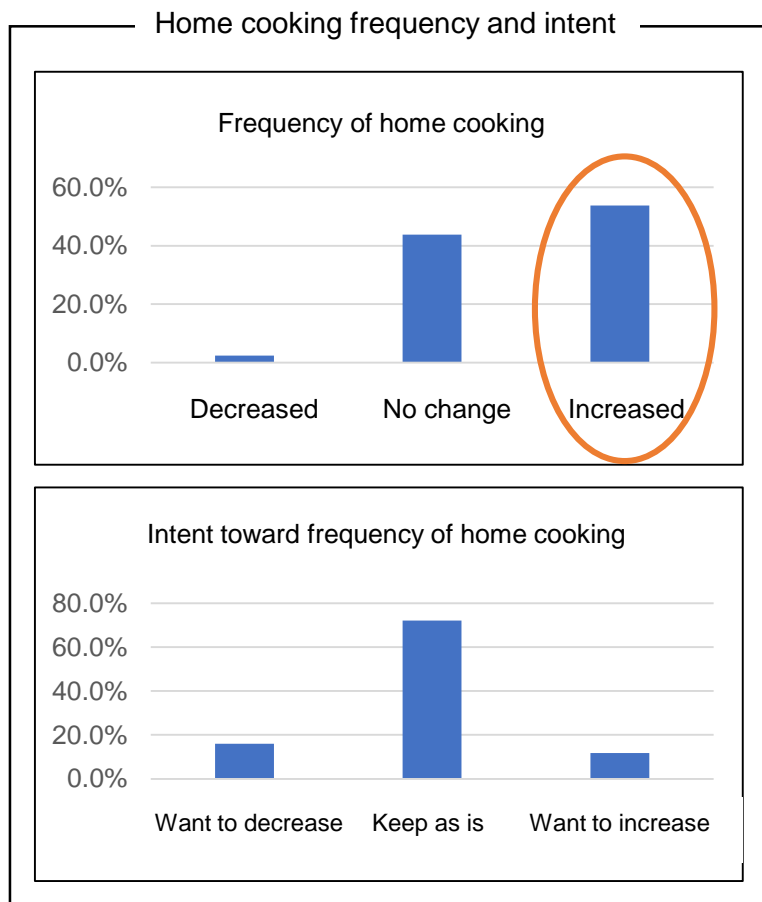
1. Initiatives to address the opportunities and threats of the “new normal”
2. Strategy for health and nutrition, and growing unit prices
3. Structural reform



II-5. Main Initiatives in MTP Strategies (1. Initiatives to address “new normal” opportunities and threats)

Results of survey of cooking at home and opportunities for dining under the COVID-19 pandemic

The frequencies of home cooking and of nutrition-conscious dining are increasing.
An increasing number of people want to increase their frequency of nutrition-conscious cooking.
 ⇒ Visitors to Ajinomoto Park® increased significantly to about 180% of previous-year number (cumulative number for H1 FY2020)






Source: Vuzz Inc. SnapDish Survey target: SnapDish users n=424 Survey period: September 19–23, 2020

II-5. Main Initiatives in MTP Strategies (1. Initiatives to address “new normal” opportunities and threats)

- Consumer-oriented products are growing significantly, and capture demand for in-home dining
- We are helping with in-home cooking in many ways with umami seasonings, flavor seasonings, and menu-specific seasonings.
- Frozen foods have helped those staying at home ⇒ with the “new normal” those using these products have greatly increased.

With a plentiful lineup of products good for consumers of all income brackets, suitable for cooking from scratch, simplified cooking, and cooking of highly nutritious menus.

Japan: Frozen Gyoza become a topic in the media.
Cutting steps, not cutting corners.
US and EU: Asian category frozen foods growing rapidly in the “new normal”

Product	Region	FY20 H1
Home-use seasonings 	Japan	+5%
Home-use seasonings (small- and medium-size products) 	Overseas (Five main countries)	+11%
Home-use frozen foods 	Japan and North America	+13%

In Healthcare and Others, amino acids for pharmaceuticals and personal care ingredients are growing.

The foundation for Groupwide growth in the COVID-19 pandemic + Continuing to lead with the health and nutrition strategy



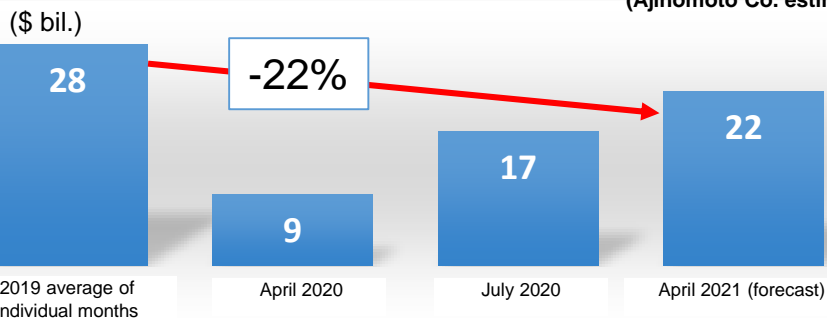
II-5. Main Initiatives in MTP Strategies (1. Initiatives to address “new normal” opportunities and threats)

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- Attempt to develop a channel for new opportunities to eat with the assumption that reduced demand for foodservice will be long term.
- Grope for a way to develop a channel compatible with both home-use and foodservice-use products, as seen in home delivery, click and collect, and surrogate shopping service from a ride-hailing motorcycle service.

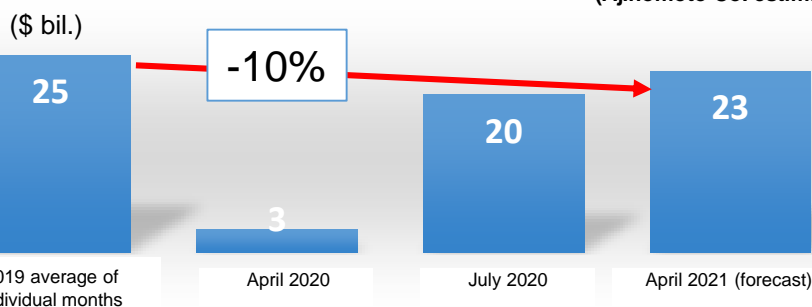
■ Thailand foodservice market forecast (2019-2021)

(Ajinomoto Co. estimates)



■ Vietnam foodservice market forecast (2019-2021)

(Ajinomoto Co. estimates)



Measures to increase foodservice demand and examples of digital adaptation in various countries

Thailand:

For umami seasonings, continue proposals to restaurants using key menus (som tam, etc.)

Encourage demand by implementing sales promotions and use digital communication through social media to advertise uses for *Ros Dee*®

Vietnam:

Enlarging market share by conveying the improved quality of *Aji-ngon*® and strengthening exposure at shops.

North America:

Product item centralization is suited to the growth of click and collect. Sales of frozen foods to Walmart are expanding about 1.5-fold. In addition, sales of our products via Instacart (an online order-based surrogate shopping service) are also expanding.



Attempt to develop a new food channel to supplement foodservice in the COVID-19 pandemic



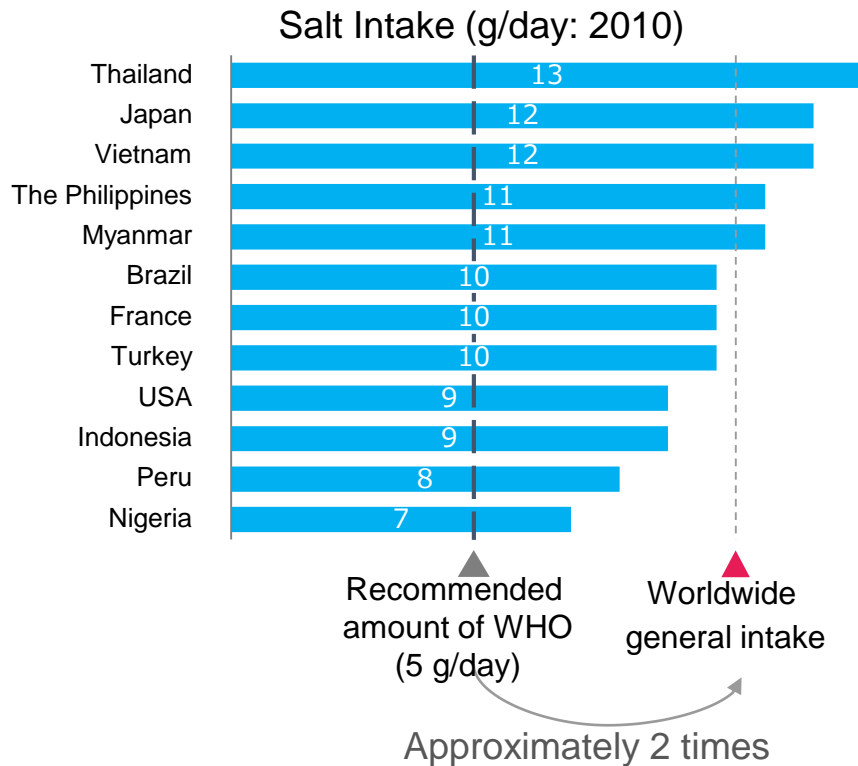
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II-6. Main Initiatives in MTP Strategies (2. Health and nutrition strategy, and unit price increases)

Background to the health and nutrition strategy

Issues exist in our major overseas market countries, and excessive salt intake may lead to chronic illness.

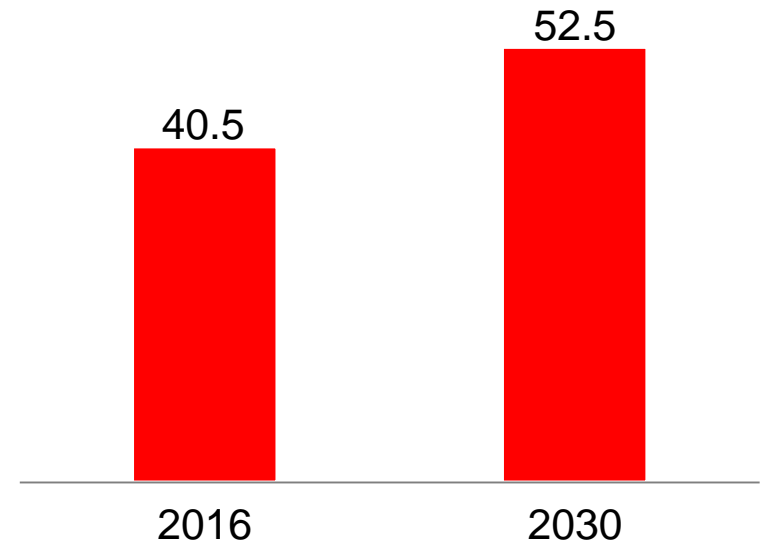
High salt intake in countries where our group operates



- In countries where our group has operated, such as Thailand, Japan, and Vietnam, salt intake tends to be high even when viewed globally

Deaths from chronic illness continue to increase

Deaths from chronic illness (million people)

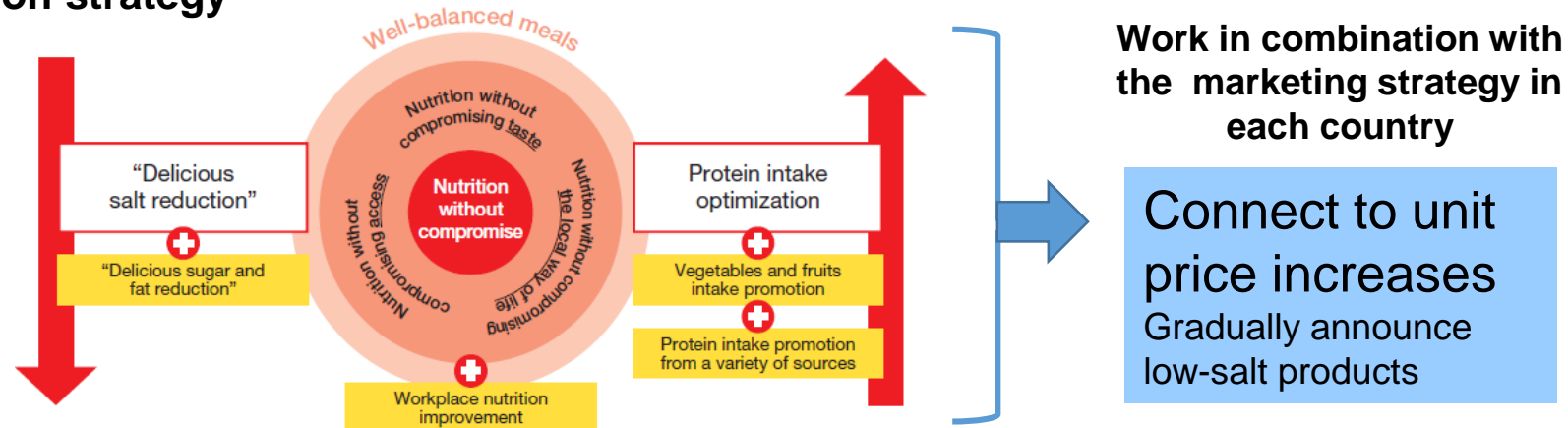


- The death toll from chronic illness, such as hypertension and cardiovascular disease, is on the rise
- In particular, excessive salt intake causes high blood pressure
 - About 20% of the world's population is hypertensive
 - Hypertension is estimated to be associated with **7.5 million deaths annually**, representing approximately **13%** of all deaths

II-6. Main Initiatives in MTP Strategies (2. Health and nutrition strategy, and unit price increases)

Communicate globally and build regional ecosystems based on solving the two issues of reducing salt and malnutrition among the elderly to solve food and health issues. Work in combination with the marketing of major affiliates.

Communication strategy



Build national and regional ecosystems

In Japan: Rolling out a regional issue-solving strategy with products making reduced-salt a smart way toward a healthy life.
 (Results of reduced-salt products in Japan, Apr.-Sept. cumulative total: more than 120% of same period in previous year)



Overseas: Construction of an ecosystem in collaboration with countries, universities, etc. and link to marketing strategies.
 (Cases from Malaysia and Vietnam)



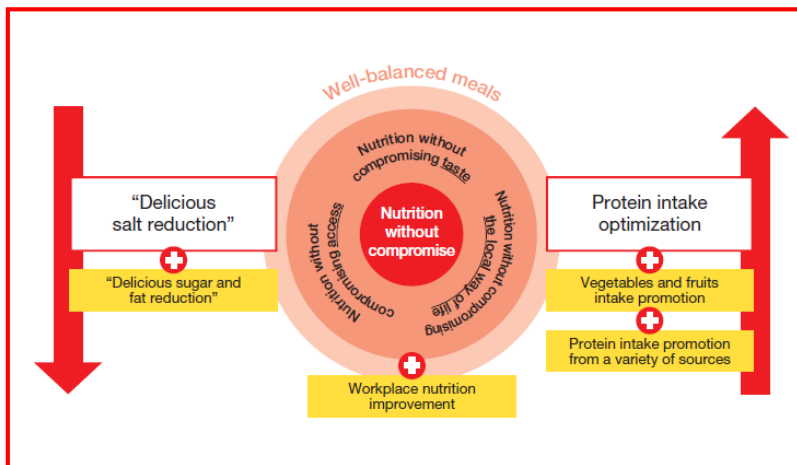


II-6. Main Initiatives in MTP Strategies

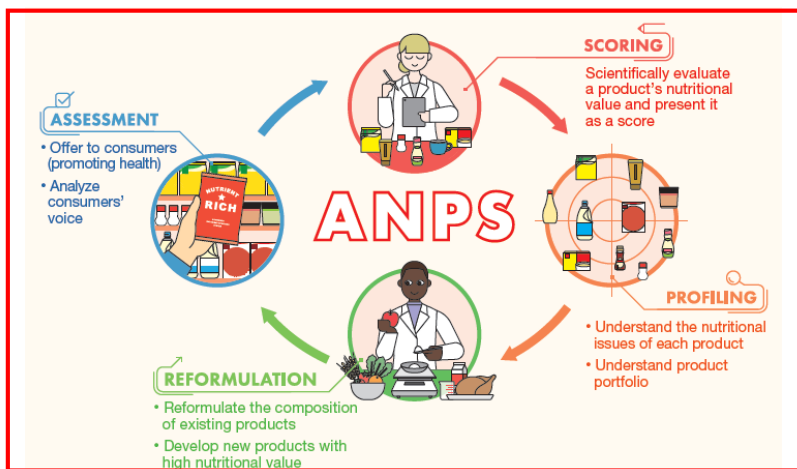
(2. Global initiative: a solution-providing Group of companies for food and health issues)

Advancing the Ajinomoto Group health and nutrition strategies linked to global initiatives

The Ajinomoto Group's approach to nutrition



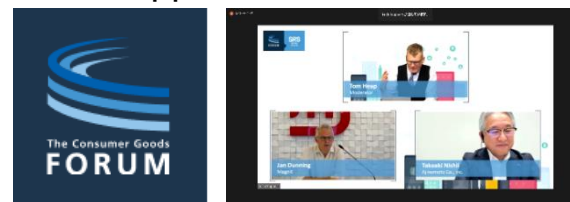
Ajinomoto Group Nutrient Profiling System



Sept. 2020: Participated in CEO-level private sector consultations



Oct. 2020: Appeared in Sustainable Retail Summit



Oct. 2020: Written up in Food Navigator UK



Dec. 2021: Participation in Tokyo Nutrition for Growth Summit 2021





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II-7. Main Initiatives in MTP Strategies (3. Structural reform: Animal nutrition business)

Proceeding with structural reform in North America and Europe. Expect to announce the North American Reform Plan in FY2021.



Integration of Ajinomoto Animal Nutrition North America, Inc. (AANA) into Ajinomoto Health & Nutrition North America, Inc. (AHN) on October 1.

Integration of AANA into AHN
(Oct. 1)



AHN takes over North American animal nutrition business

Construction of lean organization at reborn AHN



Consolidation of overlapping functions, improvement of profitability

Toward formulation & execution of rehabilitation plan for existing animal nutrition business



Rebuild the old animal nutrition business at the reborn AHN, including reorganization of production areas. Shift to a business model of specialization for production items.

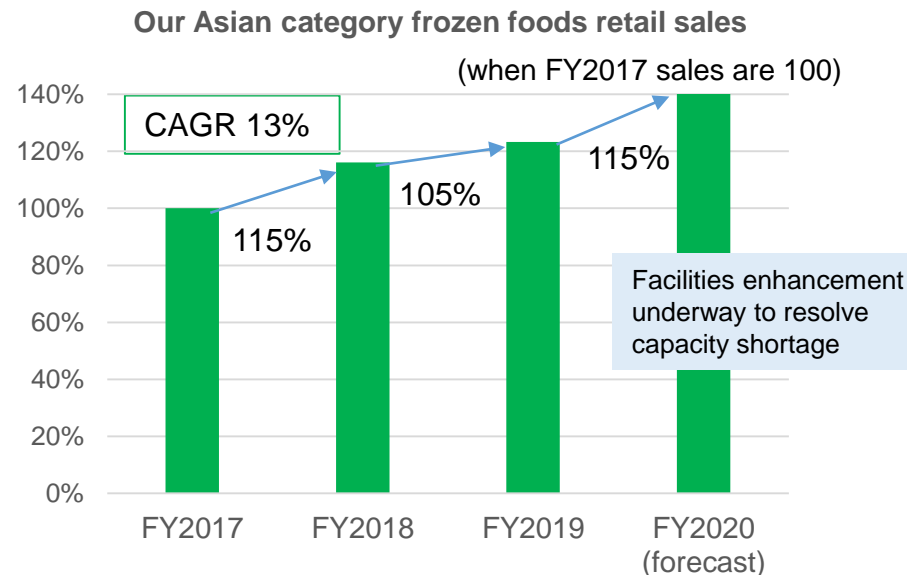
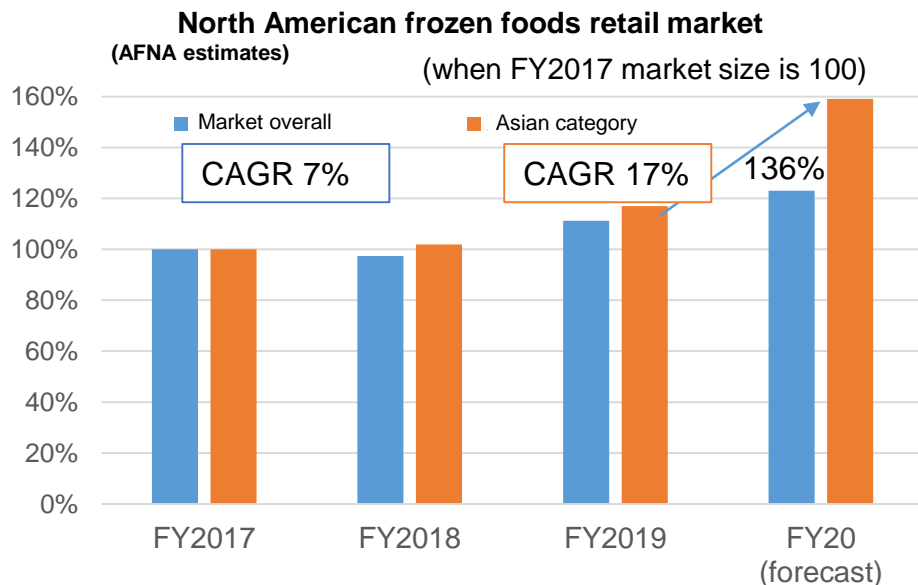


Have resumed negotiations for sell-off and tie-up. Proceeding in accordance with plans aiming at achievement of asset reduction.



II-7. Main Initiatives in MTP Strategies (3. Structural reform: Global frozen foods business)

We plan to significantly increase production in Asian category in Q4 FY2020. Moving forward in-line. Global (North America, Europe, China, Thailand) production reorganization (19 factories → 15 factories) is underway.



Initiatives in FY2020

- Growth investment: Asian category (increase production capacity of gyoza and fried rice)
February 2021: AFNA Toluca Factory ⇒ increase in gyoza lines
March 2021: AFNA Oakland Factory ⇒ Increase in fried rice lines
- Shift to high-value-added products: Mexican category (reduce low-value-added products)
- Reduce assets: Italian category, closure of Fort Worth Factory
July 2020: Closure of AFNA Fort Worth Factory
⇒ Relocation of production to Oakland Factory

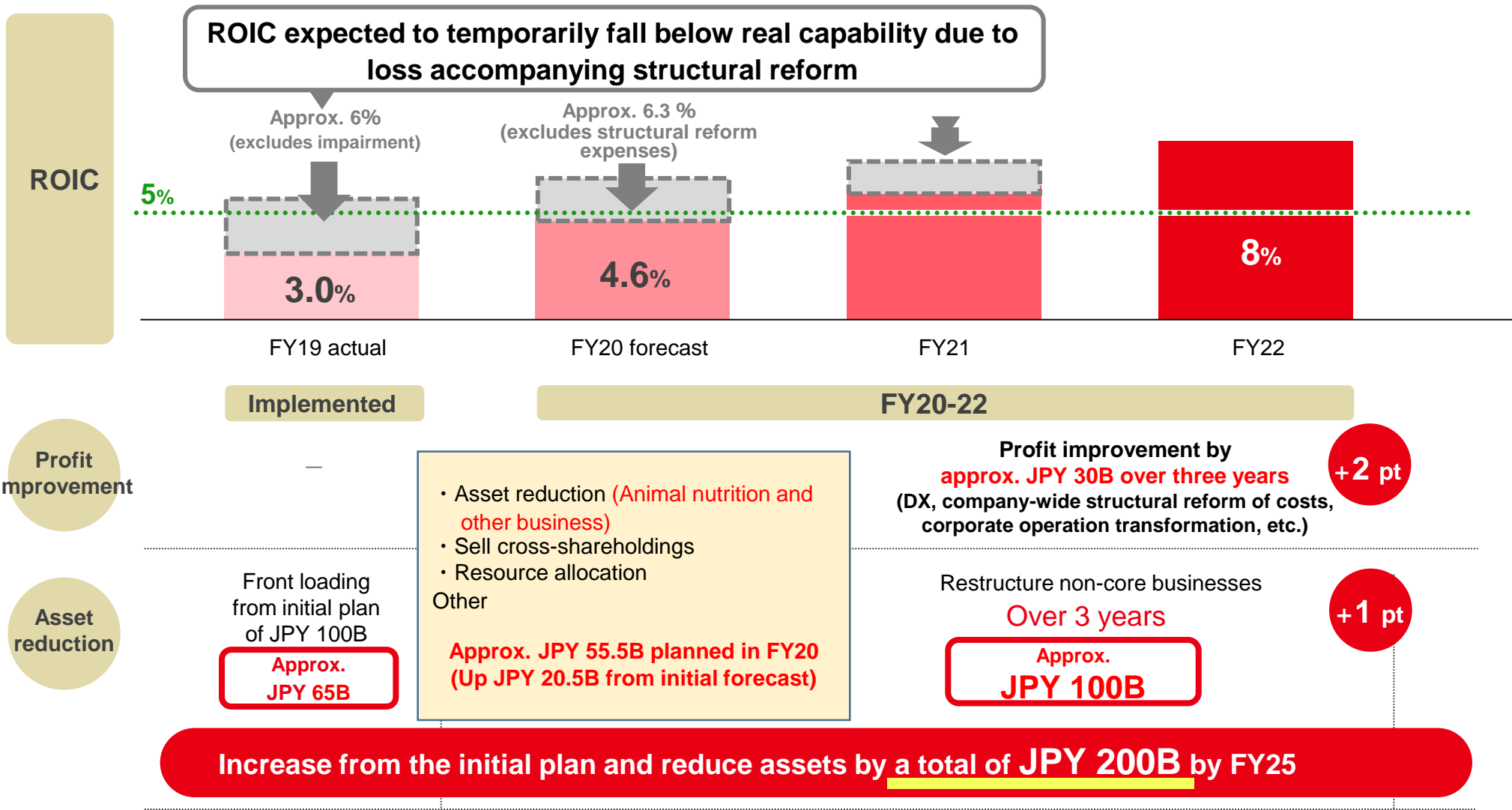
Initiatives from FY2021 onward

- Continuous growth investment in the Asian category
- Asset utilization in high-value-added products
- Continuation of reorganization for business structure strengthening





II-7. Main Initiatives in MTP Strategies (3. Structural reform: asset reductions)

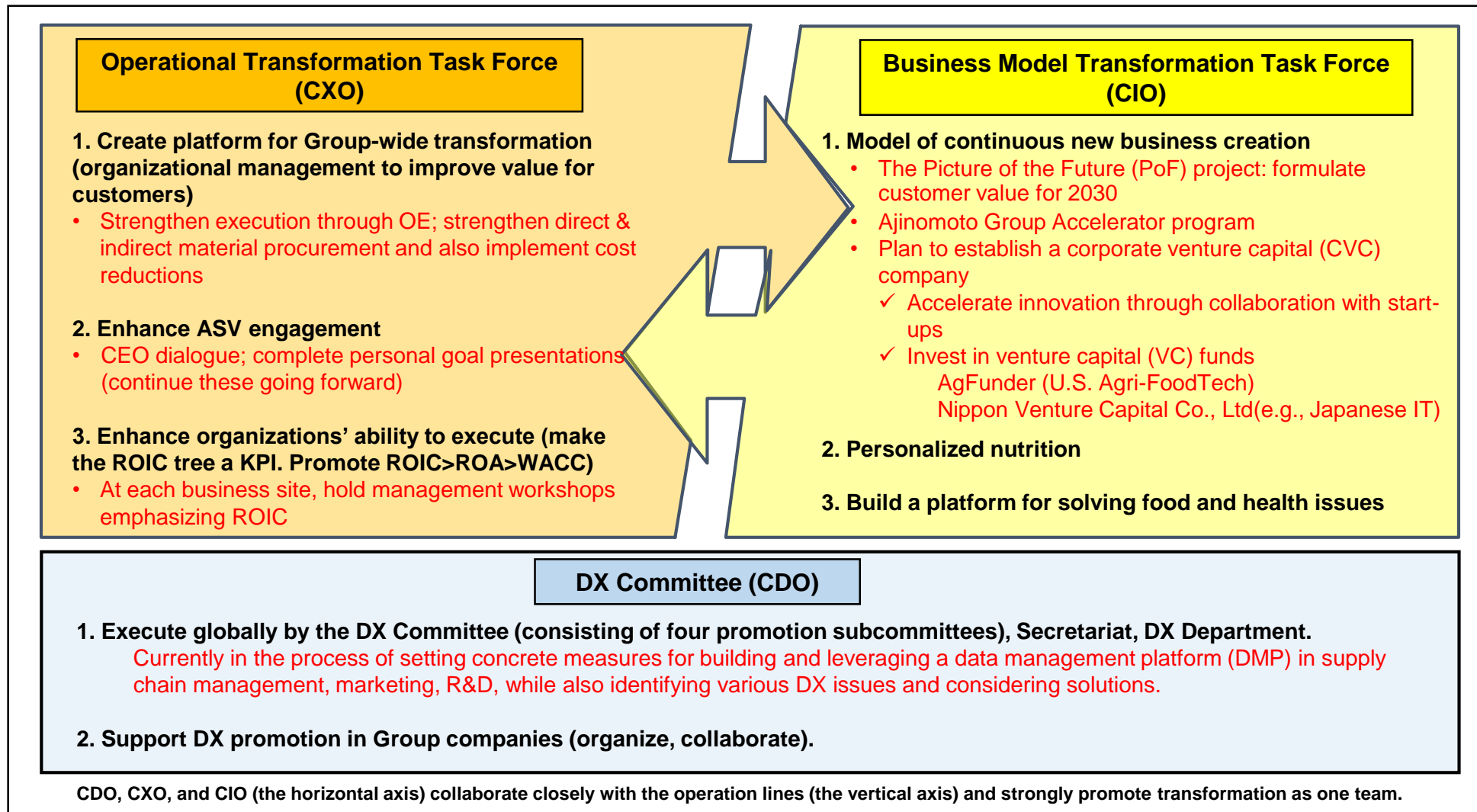


+X pt Contribution from ROIC (compared to FY19)

II-8. Main Initiatives in MTP Strategies

(Promote Transformation through DX and the Tasks Directly Supervised by the CEO)

We have established a new Operational Transformation Task Force and Business Model Transformation Task Force directly under the CEO with the DX Committee as their foundation, to promote transformation in corporate culture along the horizontal axis.



II-8. Main Initiatives in MTP Strategies

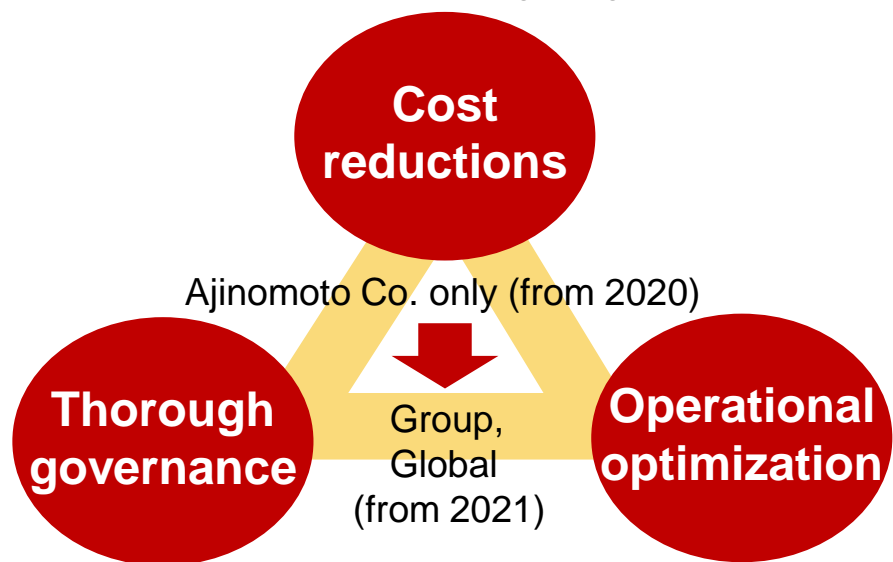
(Promote Transformation through DX and the Tasks Directly Supervised by the CEO)

Example of Operational Transformation Task Force (CXO)

Work to improve ROIC by strengthening execution through OE to implement procurement of indirect materials that are competitive for the Ajinomoto Group, while also boosting our ability to respond to unpredictable environmental changes like COVID-19.

Ideal vision for indirect materials procurement

- Wisely procure suitable products and services
- Reduce costs and invest savings in growth



- Revise standards & rules
- Ensure thorough compliance
- Concentrate and streamline operational tasks

Initiatives & plans

■ Concentrate & integrate

Concentrate company-wide indirect materials procurement and promote end-to-end optimization, streamlining, and cost reductions

■ Systemize

Introduce a new purchasing solutions system to centrally manage purchasing information and standardize work

■ Make appropriate

Further promote appropriate transactions by thoroughly ensuring rules for indirect materials procurement and usage

■ Monitor

Use visualization and monitoring of expenditures to ensure adherence

II-9. Main Initiatives in MTP Strategies (Priority KPIs : Group-wide)

		20-22 Phase 1			23-25 Phase 2		2030 Goal
		Structural reform			Renewed growth		
		FY19 (Actual)	H1-FY20 (Actual)	FY20 (Forecast)	FY22 (Target)	FY25 (Target)	
Efficiency	ROIC (>Capital cost)	3.0% <small>(Excluding impairment: about 6%)</small>	4.3%	4.6% <small>(Excluding structural reform expenses: 6.3%)</small>	8%	10-11%	13%
	Growth	Organic sales growth (YoY)	0.3%	-1.6%	-0.8%	4%	5%
Priority KPIs	Percentage of sales from core businesses	66.5%	67.0%	67.6%	70%	80%	80% or more
	Employee engagement ("ASV as own initiative" ¹)	55%	64% <small>(Nov. preliminary figure)</small>		70%	80%	85% or more
	Unit price growth (YoY) (International consumer products)	Approx. 5%	Approx. 3%	—	2.5%	3%	3%
		<small>(includes impact of COVID-19)</small>					

1: "ASV as own initiative" = Status whereby each and every employee is able to autonomously work towards achievement of ASV. **Note:** Organic sales growth and unit price growth are target growth rates for FY21-22 and FY24-25, respectively. **Organic sales growth:** Refers to sales growth excluding the effects of discontinuous growth such as exchange rates, changes in accounting practices and M&A/business sell-off. **Unit price growth rate:** Refers to the unit price growth rate of the international consumer products from the base year for each country and category as a weighted average in proportion to sales.

II-9. Main Initiatives in MTP Strategies (Priority KPIs : by segment)

New Segments

FY19 Actual and FY20 Forecast

Food

Seasonings and Foods	Sauce & Seasonings
	Quick Nourishment
	Solution & Ingredients

	ROIC (%)	Organic growth (%)	Unit price growth (%)
Seasonings and Foods	FY20 (forecast) 10.7% ¹	-1.0%	
	H1-FY20 (actual) 6.9%	-0.8%	3.7% <small>(includes impact of COVID-19)</small>
	FY19 8.7%	0.8%	6.7%

Frozen Foods	Frozen Foods
--------------	--------------

Frozen Foods	FY20 (forecast) -0.4% ¹	-2.0%	—
	H1-FY20 (actual) 0.9%	-3.4%	1.7% <small>(includes impact of COVID-19)</small>
	FY19 -0.3%	1.1%	2.2%

Amino Science

Healthcare and Others	Specialty Chemicals
	Amino Acids
	Others

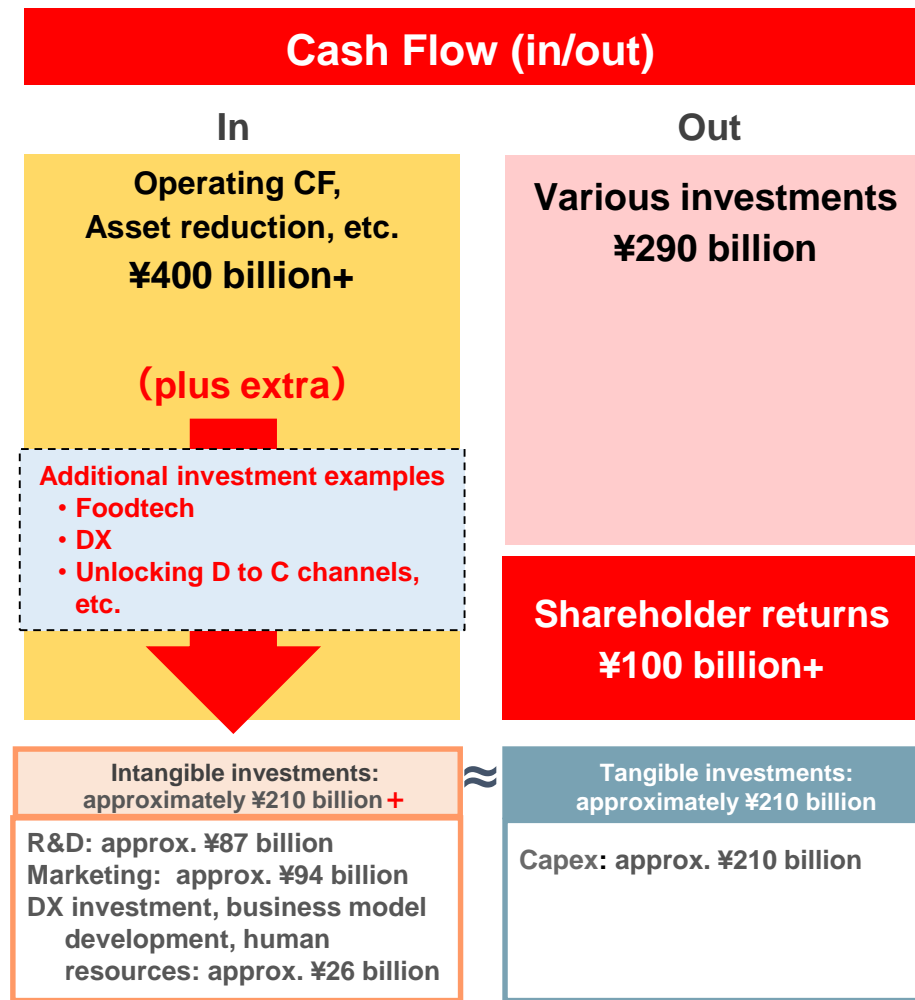
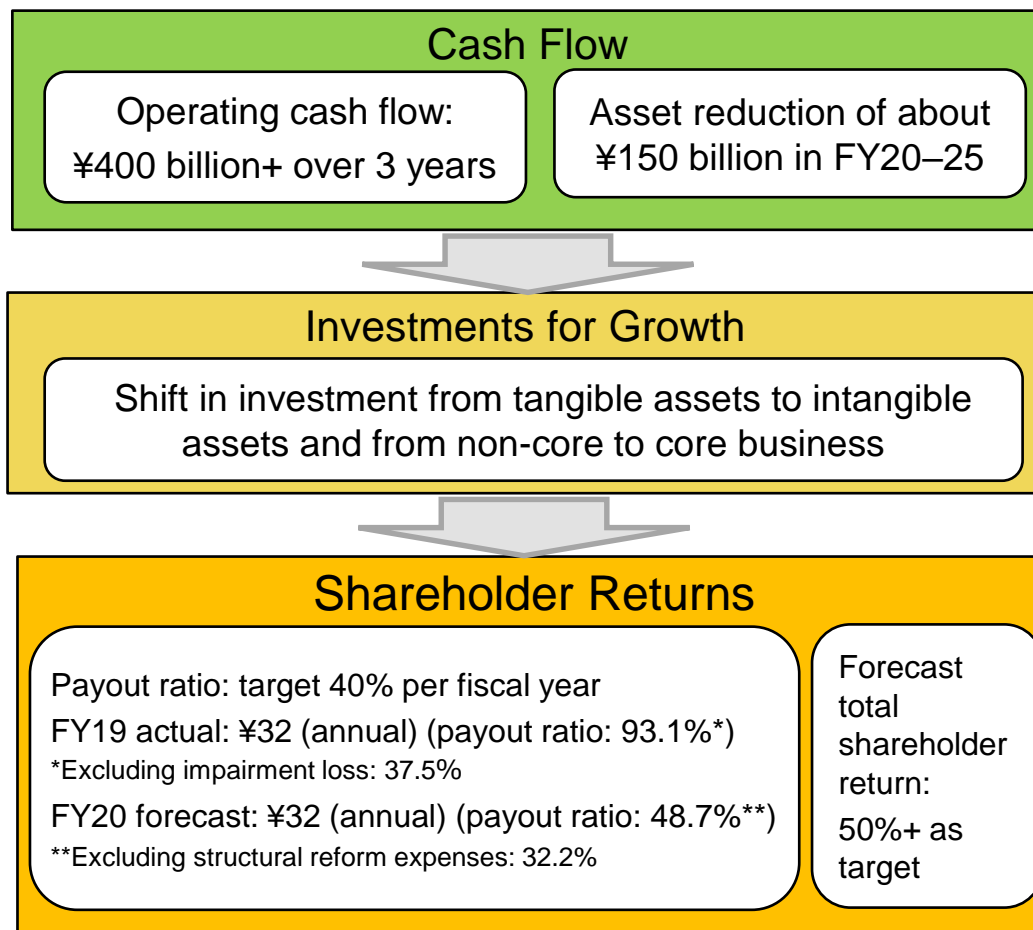
Healthcare and Others	FY20 (forecast) 5.8% ¹	0.4%	—
	H1-FY20 (actual) 3.8%	-1.3%	—
	FY19 0.8%	-2.2%	—

1: Excluding structural reform expenses



II-10. Main Initiatives in MTP Strategies (Financial Strategy)

Based on the policies of the FY2020–2025 MTP, we will strengthen our investments for growth and ability to create cash flow, to achieve stable shareholder returns. **Investments for growth focused on intangible assets.**



(Aim for D/E ratio of 50%; March 31, 2020 actual: 46.5%, Sept. 2020 actual: 55.5%)

Net debt is interest-bearing debt - Cash on hand and in banks x 75%



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II-11. Main Initiatives in MTP Strategies (To Heighten ASV Engagement)

Initiatives are underway to run and evolve the management cycle using **OE** techniques, and change organizational culture based on the MTP.

(For jobs within the Group and within the Company, the next sectors in the value chain are customers.)

There is a high correlation between the Company's organizational culture and financial results

Examples of implementation of specific measures in H1 FY2020

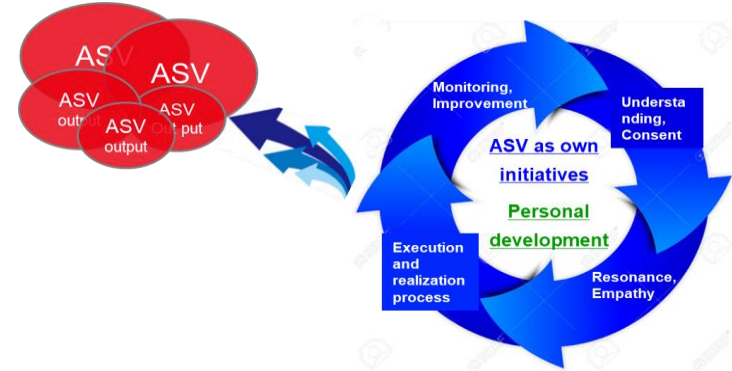
■ Dialogue with CEO

Completed dialogue events between CEO and employees concerning 2020-2025 MTP at all Ajinomoto Co. organizations (total 53 times; also began dialogues with three Division managers)

■ Personal goal presentations

Completed at all Ajinomoto Co. organizations

Model examples are communicated and shared on Workplace



Example of our company

Target: AminoScience Division (ASD)

Constituent personnel: About 1,000 persons

Period: 2007 to 2018

Results: High positive correlation between sales, profit, profit ratio (profit/sales), ROA (profit/assets) and organizational culture

Source: Joint research between JMA Consultants Inc and Ajinomoto Co., Inc

Correlation coefficient r	Financial Results		
	Sales	Profit	ROA
Management vision/strategy	All have high correlation of at least 0.8		
Business management			
Workplace management			

Our Resolution to Achieve our MTP (Message from the CEO)

The new normal of the COVID-19 pandemic is driving changes that will occur in the future.

While there will be difficulties, there are also large opportunities.

We are putting together the systems that will unleash the potential of human resources through DX to make us what we aim to be: a solution-providing Group of companies for food and health issues.

We will not let up on the speed with which we are transforming, and will increase our corporate value.

Eat Well, Live Well.



Contents

- I. Summary Results for the First Half Ended September 30, 2020 and FY2020 Forecast
- II. Progress on the MTP Strategies Considering COVID-19, and Structural Reform

Reference Material

Appendixes: Consolidated Results First Half Ended September 30, 2020
FY2020 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

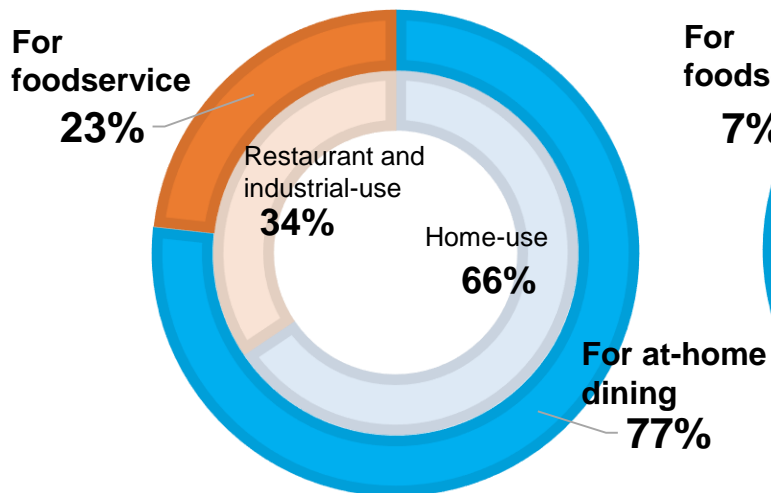
FY2019: Percentage of Sales from Seasonings & Foods and Frozen Foods

(List again)

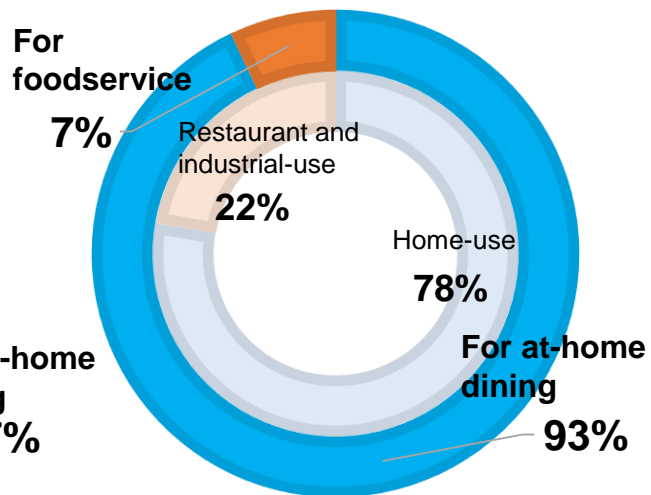
Seasonings & Foods

Frozen Foods

Japan



Overseas



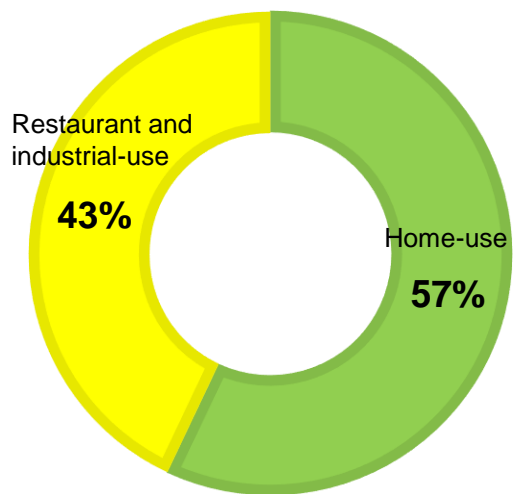
Home-use
= home-use seasonings
+ processed foods

Restaurant and industrial-use
= for foodservice seasonings
+ for manufacturers seasonings

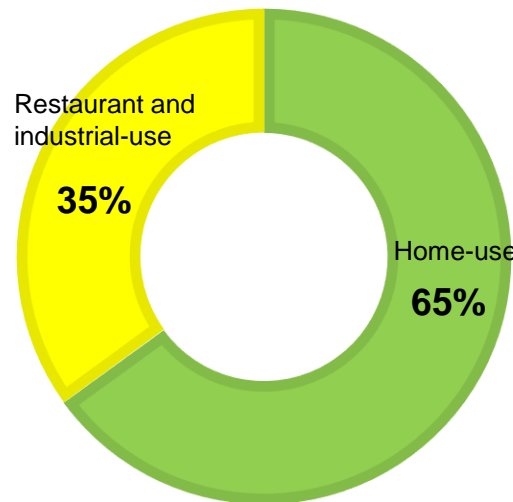
For at-home dining
= home-use seasonings
+ processed foods
+ for manufacturers seasonings

For foodservice
= for foodservice seasonings

Japan



Overseas



Home-use
= home-use frozen foods

Restaurant and industrial-use
= for foodservice frozen foods

ESG Issues	Targets	FY2020 Core Measures	Progress	
Climate change	Greenhouse gases	Percent reduction of greenhouse gases (vs. FY18) FY25: 25% FY30: 50%	<ul style="list-style-type: none"> Develop TCFD scenario analyses for each business area Get SBT validation, commit to RE100 Start financial risk mitigation study (e.g.: internal carbon pricing) 	SBT: have submitted targets for validation. Validation received in April, 2020. August 2020: Commit to RE100.
	Water risk	Percent reduction of water use ¹ FY30: 80% (vs. FY05) Percent of recharge of drinking water into forests FY25: 100% or more	<ul style="list-style-type: none"> Reduce water use per unit of production through plant process optimization by 78% Continue forest recharge activities 	
Building a circular economy	Plastic waste	FY30: Achieve “Zero”	<ul style="list-style-type: none"> Execute measures centered on reducing <ul style="list-style-type: none"> Study use of recyclable packaging materials Continue participation in industry-government partnerships 	Business-based projects to promote measures for execution are underway. Implementation of Group-wide state of affairs survey.
	Food loss	Percent reduction of food loss (vs. FY18) ² FY25: 50%	<ul style="list-style-type: none"> Reduce food loss between acceptance of raw materials and delivery to customers by 20% 	Group-wide state of affairs survey completed.
Sustainable procurement	Destruction of forests Biodiversity Human rights Co-existence with animals	Percentage of sustainable procurement FY30: 100% of issue materials	<ul style="list-style-type: none"> Achieve 100% procurement of sustainable paper and palm oil Promote dialog with society through roundtables on animal welfare 	Traceability on paper: 99% (domestic); palm oil: 70% Have formulated a Group policy on co-existence with animals and our thinking on animal protection and management. Declaration of participation in the Japan Platform for Migrant Workers towards Responsible and Inclusive Society; agreement with Tokyo Declaration 2020

1: Vs. primary unit of production. 2: From acceptance of raw materials to delivery to customer (Scope 1)

FY2020 Assumed Exchange Rate and Exchange Rate Sensitivity

Assumed exchange rate (vs. JPY)

	FY20 Forecast	FY20 Actual				FY20-25 MTP
		Q4	Q3	Q2	Q1	
USD	105.00			106.23	107.63	107.00
EUR	116.55			124.08	118.59	123.00
THB	3.21			3.39	3.37	3.42
BRL	19.09			19.74	20.06	28.16

Exchange Rate Sensitivity

Foreign exchange rates (vs JPY)

	FY20 forecast	Sensitivity of translation effects to full year B.P.
USD	105.00	±¥1 → approx. ¥100 million
EUR	116.55	±¥1 → approx. ¥50 million
THB	3.21	±¥0.01 → approx. ¥100 million
BRL	19.09	±¥1 → approx. ¥300 million

Impact of exchange rate for trade

(Sensitivity of translation effects to full year B.P.)

- 1 JPY vs USD → approx. ¥100 million
- 0.1 EUR vs USD → approx. + ¥0 million
- 1 THB vs USD → approx. + ¥400 million
- 0.1 BRL vs USD → approx. + ¥300 million

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.**