

Ajinomoto Co., Inc. Invests in SAKA NO TOCHU Co., Ltd., an E-Commerce Startup for Agricultural Products

Accelerating Corporate Venture Capital Activities to Create a New Business Model

TOKYO, May 14, 2021 -- Ajinomoto Co., Inc. (“Ajinomoto Co.”) has invested in SAKA NO TOCHU Co., Ltd. (“SAKA NO TOCHU”), which sells agricultural products, as its first corporate venture capital project. With this project, Ajinomoto Co. will support SAKA NO TOCHU’s business growth as a shareholder and start investigating a new business model that utilizes the vegetables, specialty coffee* beans and other items sold by the company.

The e-commerce market for food products is estimated to be approximately JPY 1.8 trillion, but e-commerce accounts for only about 3% of total food product sales. While this level is low, the growth rate stood at a year-on-year increase of 8% in fiscal 2019, and the e-commerce market is expected to grow further in the future (source: Ministry of Economy, Trade and Industry, fiscal 2019). Meanwhile, interest in specialty coffees continues to rise in Japan. That market is expected to grow from JPY 35.6 billion in fiscal 2018 to JPY 49.8 billion yen in fiscal 2022 (source: All Japan Coffee Association).

Established in 2009, SAKA NO TOCHU provides support to new farmers engaged in agriculture with low environmental impact and to producers of beans for specialty coffees that help prevent deforestation in Southeast Asia. The company conducts subscription sales of high-quality vegetable sets and coffee beans produced on a small scale using low environmental impact cultivation methods. Saka no Tochu’s strengths are the unique network it has built with producers through its support activities and its strongly supportive customer base.

By sharing Ajinomoto Co.’s product-related strengths and expertise with SAKA NO TOCHU’s producer and customer networks, Ajinomoto Co. will be able to investigate possibilities for providing new value and can look forward to new points of consumer contact through initiatives with SAKA NO TOCHU, which has extensive experience in the field of online sales. For these reasons, Ajinomoto Co. decided to invest in the company.

Ajinomoto Co. has set four areas for its corporate venture capital investment: Health and Well-being; Sustainable Society and the Earth; The Culture of Food, and Dining Innovation; and Evolution of Cooking. By supporting sustainable value chains from producers to consumers that will secure food resources and reduce environmental impact, Ajinomoto Co. aims to be a “solution-providing group of companies for food and health issues” as set forth in its FY2020-2025 Medium-Term Management Plan. (Please note that the impact of this investment on Ajinomoto Co.’s business results for fiscal 2021 will not be material.)

*Specialty coffee: Coffee beans fulfilling the following requirements, defined as “The Growing System management, harvesting, production processing, preparations and quality management are adequately executed, and Green beans are extremely low mixing of defect beans. And, through adequate transportation and storage, to be roasted in the condition of less deterioration, and roasted beans have no mixing of defect beans. In addition, it is required, that through adequate brewing, to represent the distinct excellent flavor profile of the origin in cup of coffee.” (Source: Specialty Coffee Association of Japan)

Reference

Overview of SAKA NO TOCHU Co., Ltd.

- (1) Location: Kyoto City, Kyoto Prefecture, Japan
- (2) Establishment: July 2009
- (3) Representative: Kunihiko Ono
- (4) Business description: Sale of agricultural products grown by affiliated producers, mainly new farmers, etc.
- (5) Number of employees: Approximately 100
- (6) Website: <https://www.on-the-slope.com/>

Press Release dated December 16, 2020

“Ajinomoto Co., Inc. Establishes a Corporate Venture Capital Arm”

https://www.ajinomoto.co.jp/company/en/ir/news/news-20201216/main/0/link/2020_1216_E.pdf

The Ajinomoto Group, unlocking the power of amino acids, aims to resolve food and health issues associated with dietary habits and aging, and contribute to greater wellness for people worldwide.

Based on the corporate message “Eat Well, Live Well.”, we have been scientifically pursuing the possibilities of amino acids to aim for future growth by creating new value through sustainable and innovative solutions for communities and society.

The Ajinomoto Group has offices in 35 countries and regions, and sells products in more than 130 countries and regions. In fiscal 2020, sales were 1.0714 trillion yen (10.1 billion U.S. dollars). To learn more, visit www.ajinomoto.com.

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