

Eat Well, Live Well.



Ajinomoto Co., Inc. (2802)

**Financial Results for Q3 of FY2023
(Ending March 31, 2024)**

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Executive Officer & Vice President

February 6, 2024

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

- **We achieved new records in both sales and business profit in the third quarter (October-December) and for the cumulative first three quarters (April-December) in FY2023.**
As in the first half, we strongly expanded sales and profit in Seasonings and Foods and in Frozen Foods. Although revenue and profit decreased in Healthcare and Others, the degree of profit decline is contracting.
- **In Seasonings and Foods and Frozen Foods, we are making steady progress with respect to the revised forecast for business profit.**
We will work to enhance the added value of products and services, growing volume along with unit price to boost sales, and will undertake necessary investments while aiming for sustainable business growth.
- **In Healthcare and Others, profit continues to decrease in every segment, but the degree of profit decline is steadily contracting.**
We expect bottoming out in ABF (electronic materials) to begin in the fourth quarter.
In the third quarter, we recorded a portion of expenses related to the acquisition of Forge Biologics Holdings, LLC. With this as the next growth driver for Bio-Pharma Services (CDMO services) following strong-performing nucleic acid-based drugs, we will undertake "ASV value enhancement."
- **The full-year forecast for FY2023 remains unchanged.**
While the impact of the Forge Biologics acquisition is still being watched, we will continue efforts to absorb the effects as much as possible.
From FY2024, we will continue aiming for steady profit growth to achieve our 2030 Roadmap.

I-1. Digest of the First Three Quarters (April - December)

Sales Increased
(record for the first three quarters)

¥1,067.6 billion

104.0% of FY2022

Excluding currency translation: 100.6%

up ¥40.9 billion

The increase in Seasonings and Foods, and Frozen Foods covered the decrease in Healthcare and Others.

Business profit Increased
(record for the first three quarters)

¥124.4 billion

104.4% of FY2022

Excluding currency translation: 100.3%

up ¥5.2 billion

Profit increased primarily in Seasonings and Foods, and Frozen Foods, both overseas, with currency translation also contributing, offsetting the decrease in Healthcare and Others.

Profit attributable to owners of the parent company

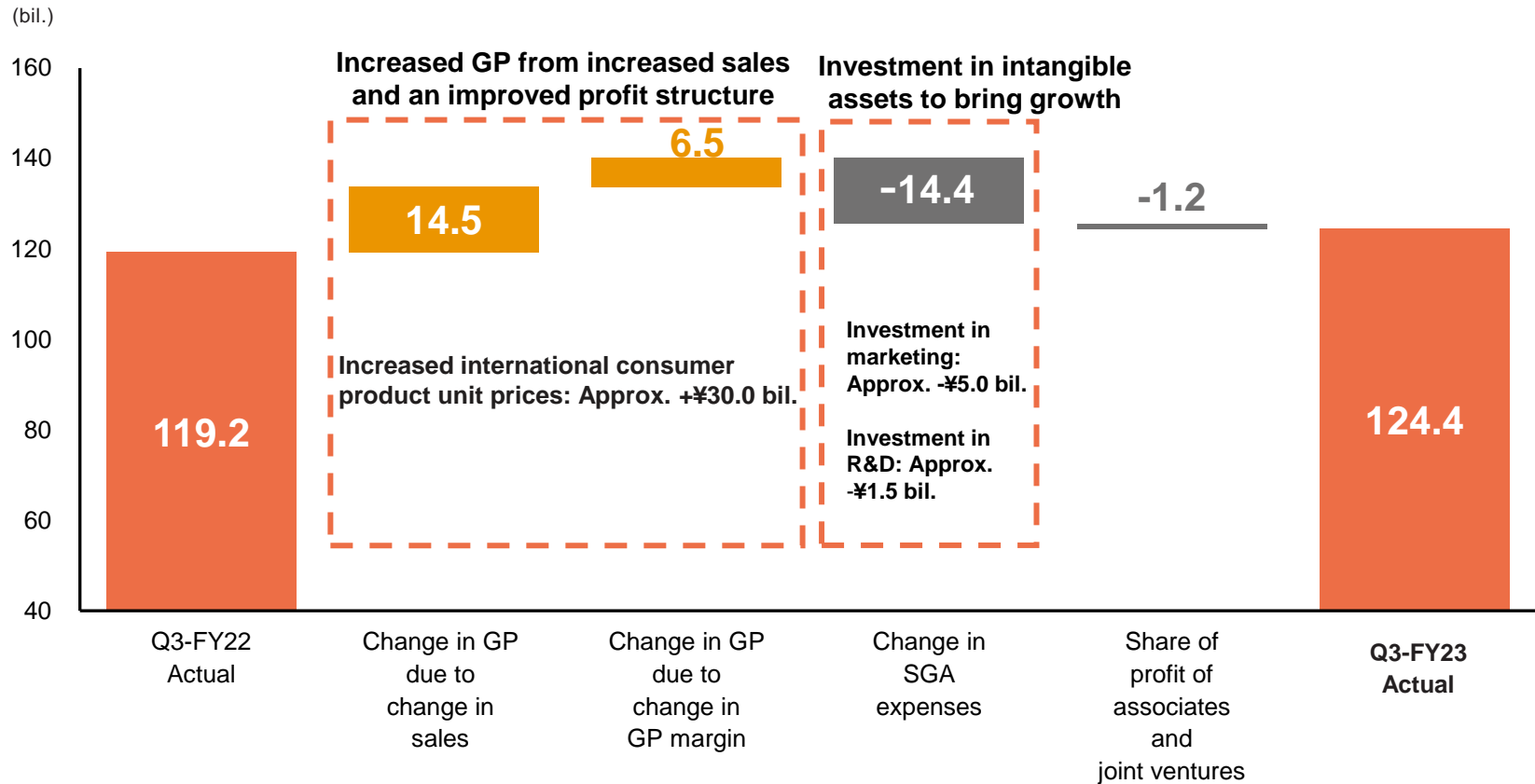
¥77.6 billion

101.5% of FY2022

YoY Business Profit Details – Summary

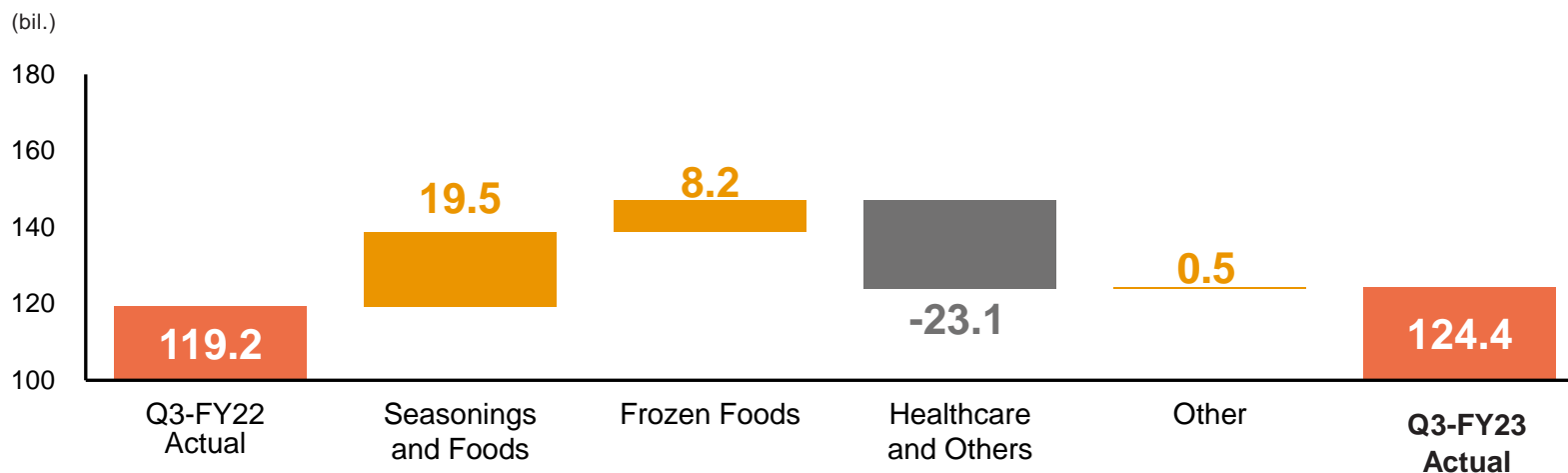
(¥ Billion)	vs Q1-FY22	vs Q2-FY22	vs Q3-FY22	VS Cumulative Q3-FY22	Details of impacts in Q3-FY23
Change in GP due to change in sales	6.5	3.5	4.5	14.5	Increase in revenue in overseas Seasonings and Foods and overseas Frozen Foods exceeded the decrease in revenue in Healthcare and Others
Change in GP due to change in GP margin	0	0.7	5.7	6.5	Improvement of the GP margin in overseas Seasonings and Foods and overseas Frozen Foods offset the GP margin decline in Healthcare and Others
Change in SGA expenses	-2.7	-4.2	-7.4	-14.4	SGA expenses increased due to advertising and R&D investments in line with strategy
Share of profit of associates and joint ventures	-1.4	0	0.2	-1.2	
Total	2.3	-0.0	3.0	5.2	

I-2. Changes in Business Profit (Q3 (cumulative) Results by P&L Factor)

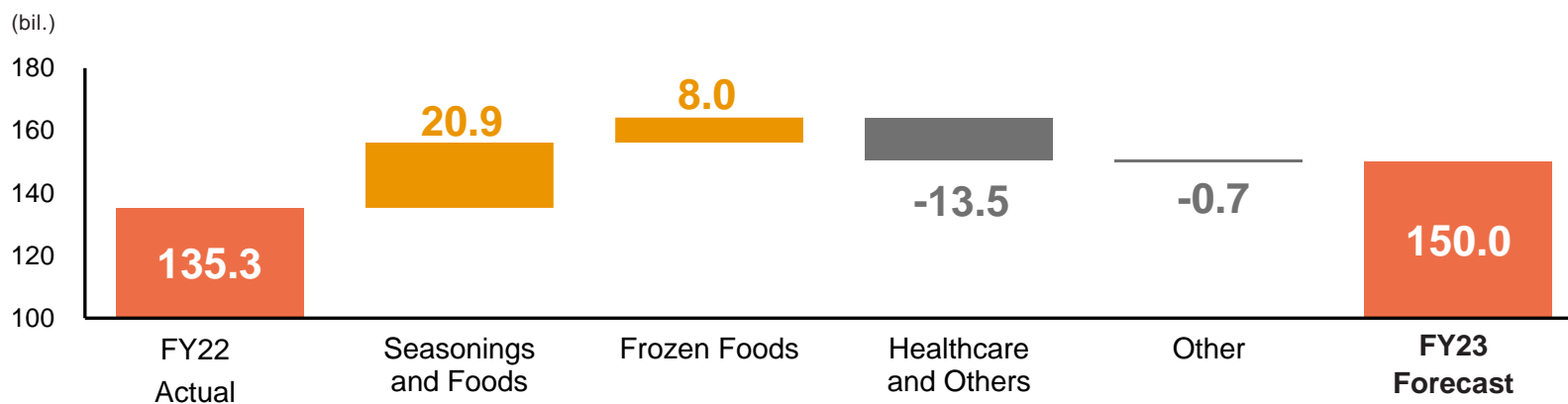


Ref.: Impact of currency translation: approximately +¥4.9 billion

I-2. Changes in Business Profit (Q3 (cumulative) Results by Disclosed Segment)



(Ref.) FY2023 Forecast vs. FY2022 Actual



I-3. Reference: Growth Paths by Segment

Segment	Organic growth				Business profit				ROIC			EBITDA margin					
		Vs. prev. year	CAGR				Vs. prev. year	CAGR							Vs. prev. year	CAGR	
	FY22 actual (sales)	Q3-FY23 (cum.)	FY23 (revised forecast)	FY25 plan (FY22-25)	FY22 actual (BP)	Q3-FY23 (cum.)	FY23 (revised forecast)	FY25 plan (FY22-25)	FY22 actual	FY23 (revised forecast)	FY25 plan	FY22 actual	Q3-FY23 (cum.)	FY23 (revised forecast)	FY25 plan		
Seasonings and Foods	Sauce & Seasonings	¥775.0 billion	5.2%	6.8%	5%	¥84.8 billion	26.4%	24.7%	12%	15.9%	Approx. 19%	16%	14.9%	18.7%	Approx. 16%	16%	
	Quick Nourishment																
	Solution & Ingredients																
Frozen Foods	Frozen Foods	¥267.2 billion	1.3%	4.8%	3%	¥2.0 billion	¥10.0 billion	¥10.0 billion	¥10.0 billion or more	-3.3%	Approx. 4%	5%	5.5%	9.7%	Approx. 8%	8%	
	WACC 5%																
Healthcare and Others	Bio-Pharma Services & Ingredients	¥299.6 billion	-11.7%	-3.4%	8%	¥48.6 billion	-54%	-27%	13%	12.2%	Approx. 8%	18%	21.8%	15.9%	Approx. 18%	27%	
	Functional Materials (electronic materials and others)																
	Others																
WACC 7%																	
Total	¥1,359.1 billion	0.6%	4.1%	5%	¥135.3 billion	4.4%	10.8%	15% or more	9.9%	10.0%	13%	15.2%	17.0%	15.4%	17%		
WACC 6%																	

*ROIC excluding the profit from sales of fixed assets and impairment losses

Starting in FY2023, the method for allocating shared expenses such as R&D expenses, was changed to better evaluate the business performance of each reportable segment. The above figures, including results for FY2022, reflect this change.

II-1. Seasonings and Foods (Japan)

Aggressively launch new products, with a shift in target from mass-market to individual consumers

Cook Do® "For Kiwami (Premium) Mala Mapo Tofu" (launched in August 2023)
Sales promotion linked to a brick-and-mortar restaurant and social media was successful, capturing new purchasing demographics, including men



An opening and sales event for a brick-and-mortar restaurant, Kiwami Mala Mapo Tofu Restaurant in Sanagi Shinjuku



1,200 restaurant guests (target: 900)

Persons posting on social media: 503

Media exposure: 259 cases
 (Value as advertising: about ¥100 million)

Favorable comments on social media (two-way communication)



The new **Cook Do® "For Kiwami (Premium) Mala Mapo Tofu"** initiative won the "Swing The Bat" award from the Marketing Design Center

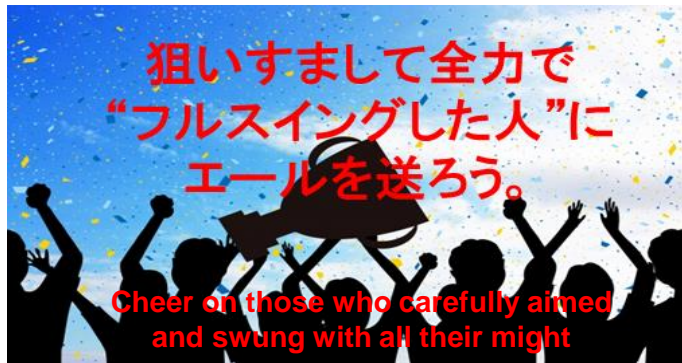
II-1. Seasonings and Foods (Japan)

"Swing The Bat"* award ceremony hosted by the Marketing Design Center

Purpose: To praise ideas, actions, and ambition that can not be expressed in terms of scale or monetary value of outcomes, and to cheer on employees

Criteria for selection:

- (1) Even if the outcome was not as good as expected, was there careful aim and a full swing?
- (2) Did the initiative take shape and address value to consumers?



Award-winning initiatives other than *Cook Do®* "For Kiwami (Premium) Mala Mapo Tofu"

- Holding of face-to-face event collaboration with influencers and consumers
- Handmade cooking fan community "Aji no Mo Talk"
- Run for aminoVITAL®

We will motivate employees who take on challenges, to promote the transformation of organizational culture

* An award to encourage taking on new challenges, named after the swing of a baseball bat.

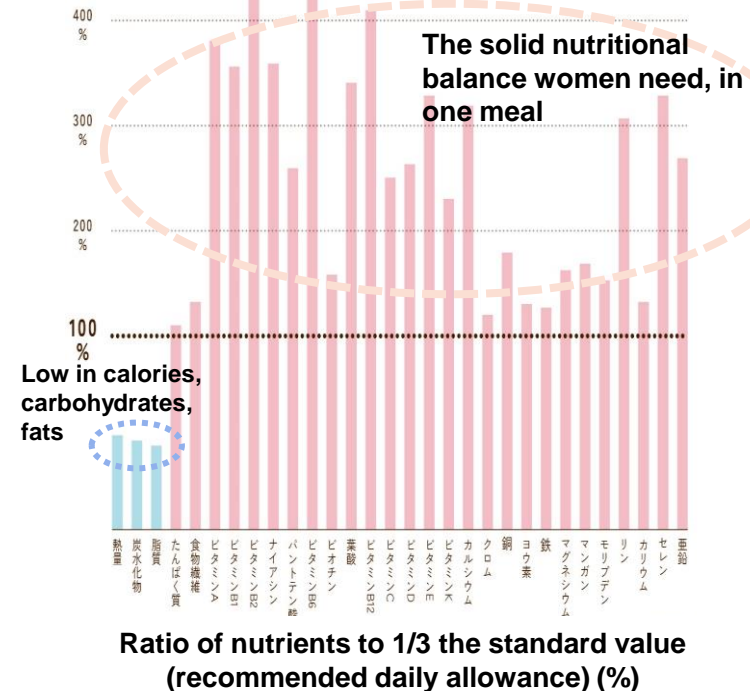
II-1. Seasonings and Foods (Japan)

Aggressively launch new products, with a shift in target from mass-market to individual consumers

Launch of "One ALL" complete nutritional food for women* (January 2024)



- Full of satisfying short pasta and soup
- Supplies at least 1/3 of the recommended daily allowance of 33 nutrients for which deficiency is a concern among women
- Product lineup features two varieties: Quattro Fromage and Butter Chicken Curry Flavor, popular among women
- Available only on AJI MALL direct-to-consumer site



* Of 33 nutrients stipulated in Dietary Reference Intakes, those supplied in at least 1/3 of the standard value for women aged 18 and up (excluding calories, carbohydrates, and fats, for which excess intake is a concern)

We will continue to aggressively introduce products and services that offer "unique new value"

II-2. Frozen Foods

We will advance structural reform, achieve ROIC of 5%, and head toward further growth by opening up new areas

Overseas (North America)

Promote structural reform
 Concentrate on core categories
 Withdraw from unprofitable businesses and reduce assets

Sell the Italian business

- Transfer to Seviroli Foods, LLC of manufacturing equipment and intangible assets including trademark rights, recipes, and a portion of contracts for Italian category products owned in North America
- Withdraw from the Italian business and sell fixed assets
 ⇒ Convert Italian category factory into Asian category factory

We will advance structural reform in Frozen Foods (Overseas) and will grow the core business based on asset reduction

Japan

Create new businesses
 Contribute to the enhancement of consumers' well-being
 Extend Japanese technology and knowledge overseas

Start "Aete" frozen lunch box home delivery service

- A diverse lineup of 20 frozen complete-meal lunch boxes of mixed rice topped with side dishes, focused on taste and nutritional balance
- Our unique technology (patent pending) retains the deliciousness of the rice

Product images (examples)



II-3. Healthcare and Others

Functional Materials

We expect bottoming out to begin in the fourth quarter.

We are currently investigating the strength of recovery in FY2024.

For PCs:

Due to replacement demand, currently exiting the adjustment phase.

For servers and networks:

General-purpose server demand remains weak, but signs of recovery can be seen in some areas.

For generative AI:

The percentage within the total remains low, but demand is gradually growing.

Amino Acids for Pharmaceuticals and Foods

Sales have stagnated mainly due to adjusting of inventory by biopharmaceutical customers.

In addition to the product mix, we are unable to cover the fixed cost burden, and profit continues to decline.

Impacts of adjustment of inventory are expected to run their course from the fourth quarter.

We will enhance the accuracy of expectations by grasping the state of customer inventories, and will address the needs of customers and promote the creation of models for B-to-B success.

II-3. Healthcare and Others

Bio-Pharma Services (CDMO services)

The result of small-molecule business is as expected, and also in the expansion of medium-molecule (nucleic acid-based drugs) business which takes advantage of technological superiority.

Althea is being affected by the decrease in order from its customers.

In the third quarter, we recorded a portion of expenses related to the acquisition of Forge Biologics (PL will also be consolidated from Q4).

Small-molecule

Profit declined temporarily due to conversion of the production line to nucleic acid-based drugs, but third quarter profit improved to nearly the level of the previous year. Further growth is expected in the fourth quarter.

Medium-molecule

Nucleic acid-based drugs have grown and have achieved significantly increased revenue.

Large-molecule

Sales have stagnated due to a decrease in biopharmaceutical customer orders at Althea. We were unable to cover the fixed cost burden due to the decline in revenue, resulting in a significant decline in profit.

Japanese staff seconded to Forge Biologics are serving concurrently at Altea.

Forge Biologics also strengthened its strategy as an integral part of overall biopharma services.

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.**
- **“AminoScience” is a registered trademark of Ajinomoto Co., Inc.**

Superiority of Forge Biologics' AAV Manufacturing Platform Technology

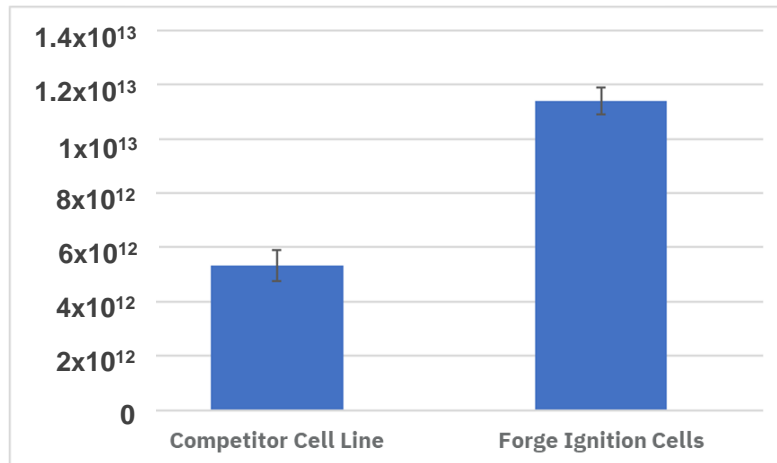
Question:

It was said that Forge's technology will reduce empty vectors. Are there specific figures?

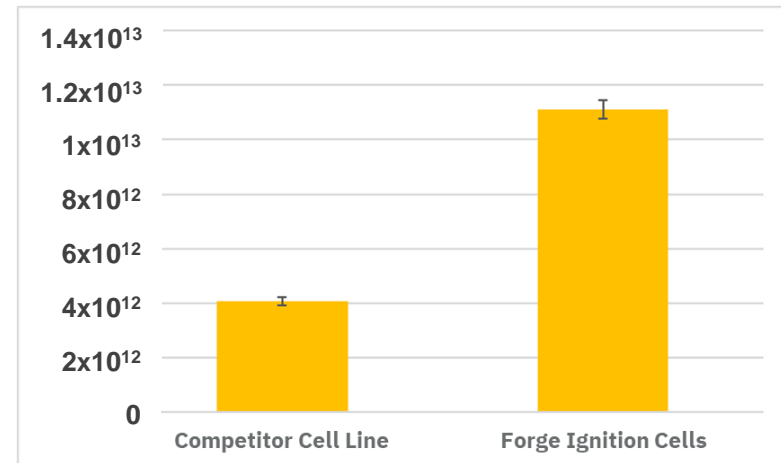
Forge's Ignition Cell™ Line shows higher viral vector yields than competitors' cell lines



ddPCR Titer of Clarified Lysate*



ddPCR Titer of Final Purified Vector



*Virus gene dosage is quantified using ddPCR, with the average of 3 batches displayed as per-liter titer

Summary of the Third Quarter (October-December)

Sales Increased (record high)

¥379.6 billion

103.5% of FY2022

Excluding currency translation: 100.2%

Increased overall, led by Seasonings and Foods and Frozen Foods.

**Business profit
Increased (record high)**

¥47.9 billion

106.8% of FY2022

Excluding currency translation: 102.8%

Increased profit in Seasonings and Foods and Frozen Foods made up for decreased profit in Healthcare and Others, and overall profit increased.

**Profit attributable to owners of the
parent company**

¥31.1 billion

105.9% of FY2022

YoY Business Profit Details – Summary

(¥ Billion)	vs Q3-FY22	Details of impacts in Q3
Change in GP due to change in sales	4.5	Increase in revenue in Seasonings and Foods and in overseas Frozen Foods exceeded decrease in revenue in Healthcare and Others
Change in GP due to change in GP margin	5.7	GP margin improvement in Seasonings and Foods and overseas Frozen Foods offset GP margin decline in Healthcare and Others
Change in SGA expenses	-7.4	SGA expenses increased due to advertising and R&D investments in line with strategy
Share of profit of associates and joint ventures	0.2	-

Reference Links

Ajinomoto Group IR Information

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

Ajinomoto Group ASV Report (Integrated Report) 2023

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

Ajinomoto Group Medium-Term ASV Initiatives

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

Ajinomoto Group IR Day / Business Briefing

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

Ajinomoto Group Stories

<https://www.ajinomoto.com/stories>