

Eat Well, Live Well.



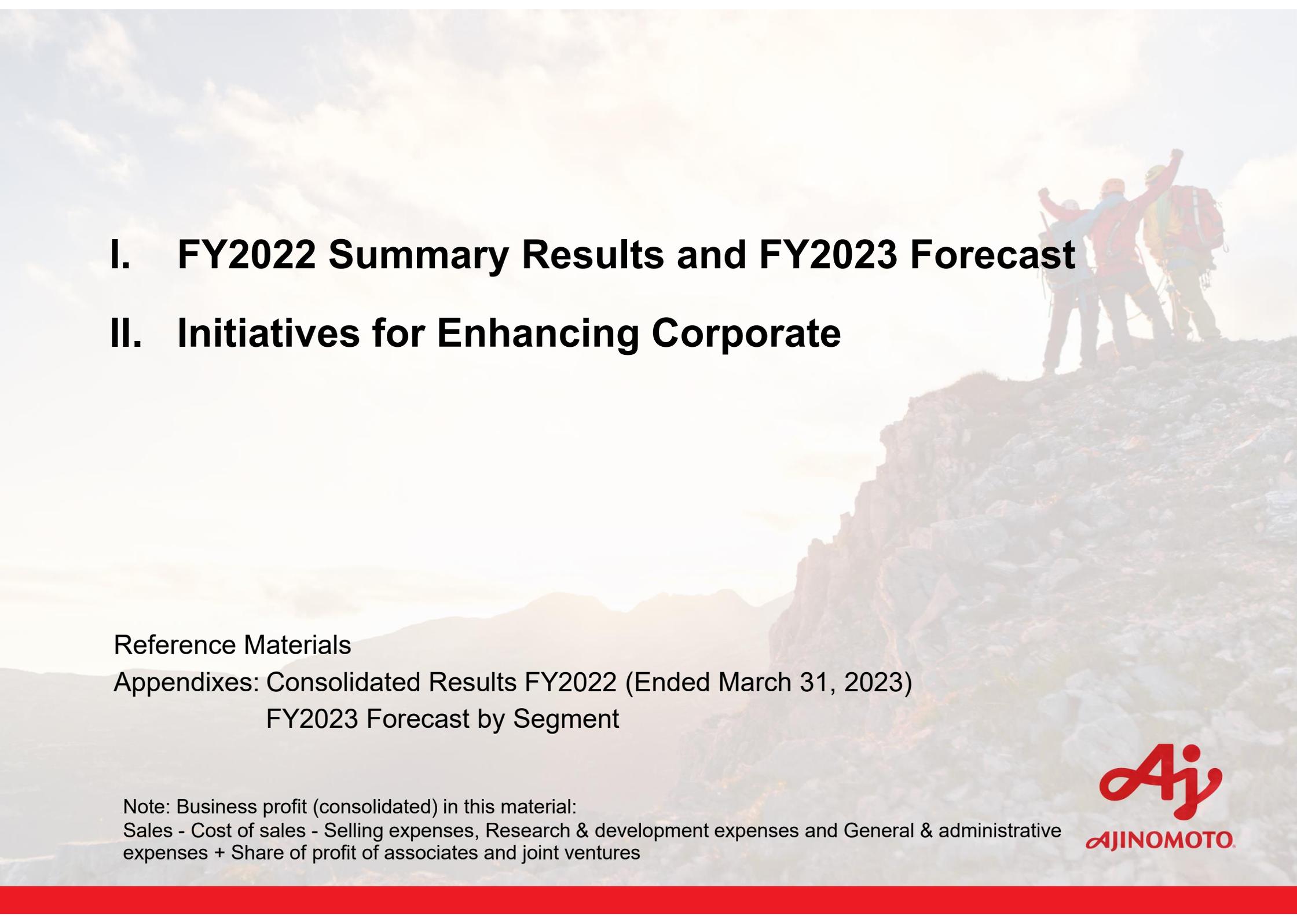
**Ajinomoto Co., Inc. (2802)**

**Forecast for FY2023 (Ending March 31, 2024)  
and Initiatives for Enhancing Corporate Value**

**Taro Fujie**

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

**May 11, 2023**



# I. FY2022 Summary Results and FY2023 Forecast

## II. Initiatives for Enhancing Corporate

Reference Materials

Appendixes: Consolidated Results FY2022 (Ended March 31, 2023)  
FY2023 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

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- In FY2022 we increased revenue and profit, with business profit exceeding even the performance forecast that we had revised upward from that announced in the half-year results. Sales, business profit, and profit attributable to owners of the parent company reached new highs since the introduction of IFRS in FY2016.
- In a drastically changing environment, including global cost inflation, the Seasonings and Foods and Frozen Foods segments, in which profit had declined through Q3, came together to counter the environment primarily with price increases and go forward, resulting in increased profit for the full year. The segments will steadily grow profit in FY2023 as well.
- Healthcare and Others drove overall performance with double-digit % growth in both sales and profits. While the electronic materials business will be affected by semiconductor market adjustments in the short term, we will confidently work to achieve our vision over the medium to long term.
- We will also increase shareholder returns with higher dividends and by buying back shares, as well as by introducing normalized EPS and a progressive dividend policy as indicated in our Roadmap, with the aim of having 3x the EPS in FY2030.
- We announced the Purpose-Driven Management by Medium-Term ASV Initiatives 2030 Roadmap and are making efforts to instill it in all employees in the Group. Employees are inspired through dialogs and aim for greater heights under a shared purpose. We will continue sincere dialogs, sometimes gaining new insights through harsh feedback.

The background of the slide features a photograph of three hikers standing on a rocky mountain peak. They are silhouetted against a bright, hazy sky at sunset or sunrise, with their arms raised in a gesture of triumph. The foreground shows the rugged, rocky terrain of the mountain.

# **I. FY2022 Summary Results and FY2023 Forecast**

## II. Initiatives for Enhancing Corporate

# I-1. FY2022 Digest of Results

**Sales**  
**Increased (record high)**

**¥1,359.1 billion**

118.2% of FY2021 results

**Excluding currency translation: 108.5%**

**up ¥209.7 billion**

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

**Business profit**  
**Increased (record high)**

**¥135.3 billion**

111.9% of FY2021 results

**Excluding currency translation: 101.0%**

**up ¥14.4 billion**

All segments had increased profit. Even excluding currency translation, overall had increased profit.

**Profit attributable to owners of the parent company**  
**(record high)**

**¥94.0 billion**

124.2% of FY2021 results

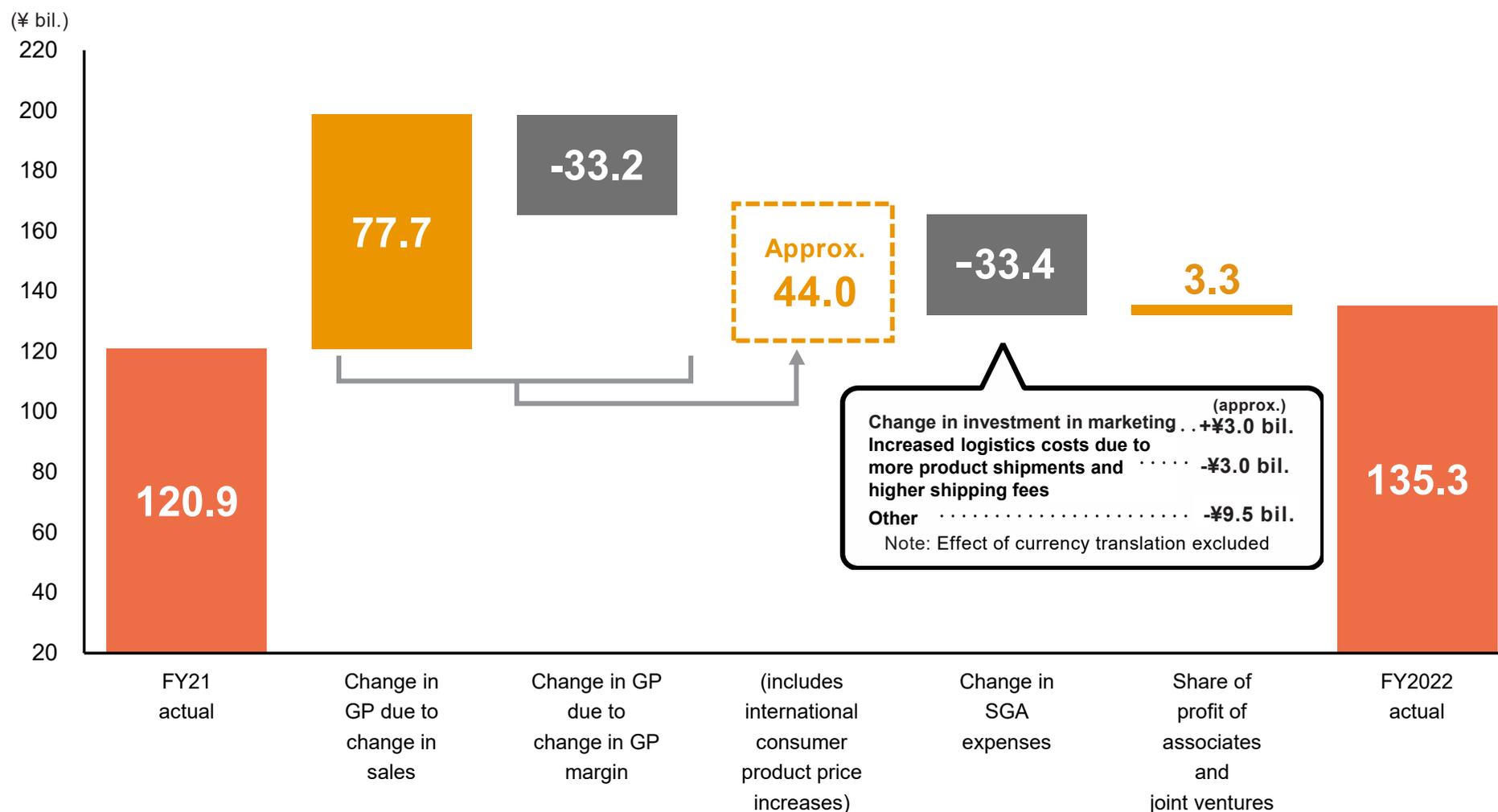
**Excluding special factors**  
**(gain on sale of fixed assets and impairment)**

**109.0% of FY2021 results**

## YoY Business Profit Details

(¥ Billion)	vs Q1-FY21	vs Q2-FY21	vs Q3-FY21	vs Q4-FY21	VS Cumulative FY21	Details of impacts in FY2022
Change in GP due to change in sales	17.8	24.2	24.0	11.7	77.7	Effect of increased revenue in Seasonings and Foods overseas, Frozen Foods overseas, Functional Materials (electronic material others), Bio-Pharma Services (CDMO services), etc.
Change in GP due to change in GP margin	-9.1	-10.9	-10.7	-2.5	-33.2	
Change in SGA expenses	-7.4	-9.9	-9.0	-7.1	-33.4	SGA expenses increased due to factors such as currency translation and increased logistics costs.
Share of profit of associates and joint ventures	0.2	0.0	1.5	1.5	3.3	
<b>Total</b>	<b>1.5</b>	<b>3.4</b>	<b>5.7</b>	<b>3.6</b>	<b>14.4</b>	

## I-2. Changes in Business Profit (FY2022 Results by P&L Factor)



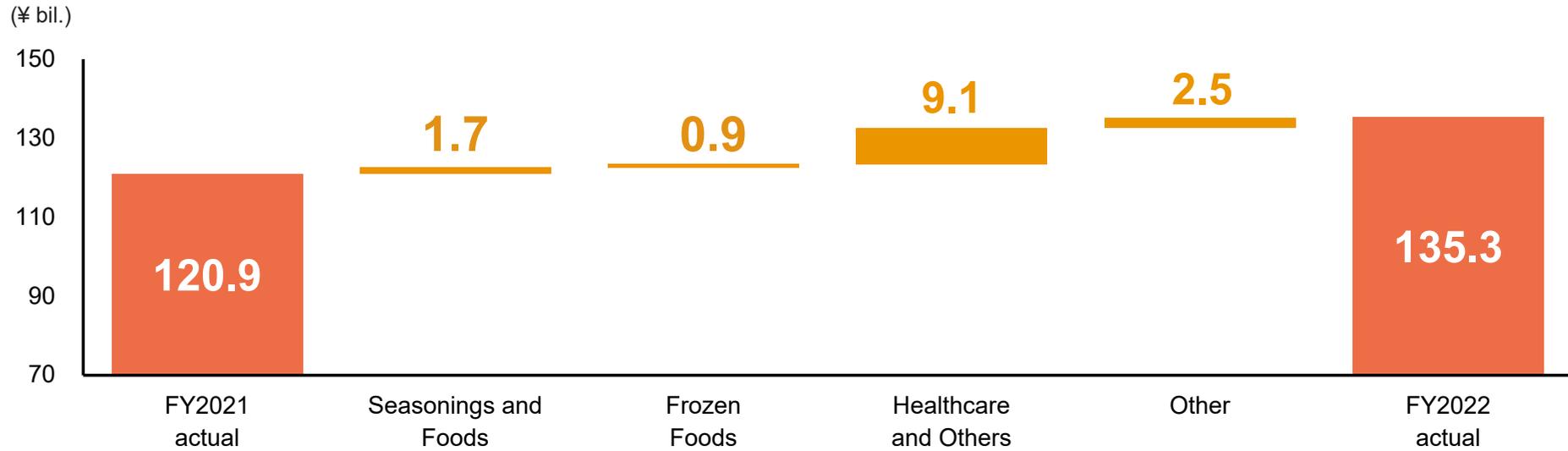
**Ref.: Impact of costs for raw materials and fuel, and food ingredients: approximately -¥2.0 billion (net impact)**

**Impact of currency translation: approximately +¥13.0 billion**

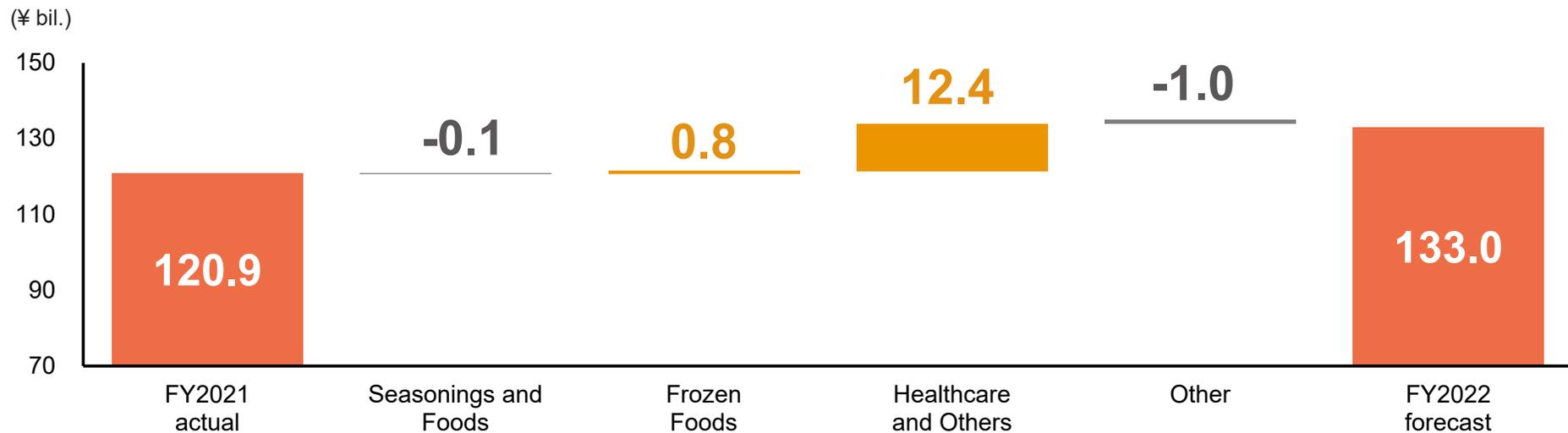
**(Change in GP: approximately +¥36.5 billion, change in SGA expenses: approximately -¥24.0 billion)**

**Cost reductions: approximately +¥4.0 billion**

## I-2. Factors Leading to Changes in Business Profit (FY2022 Results by Segment)



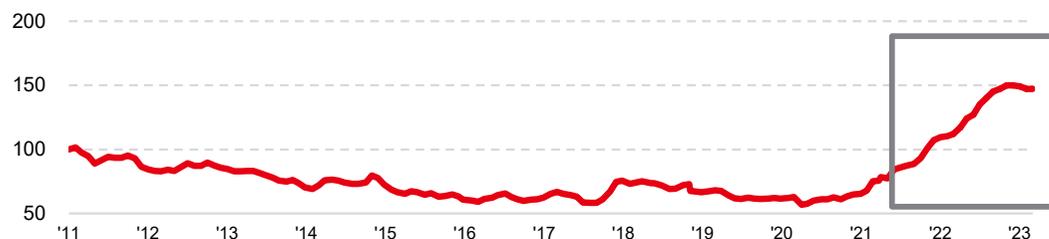
### (Ref.) FY2022 Forecast



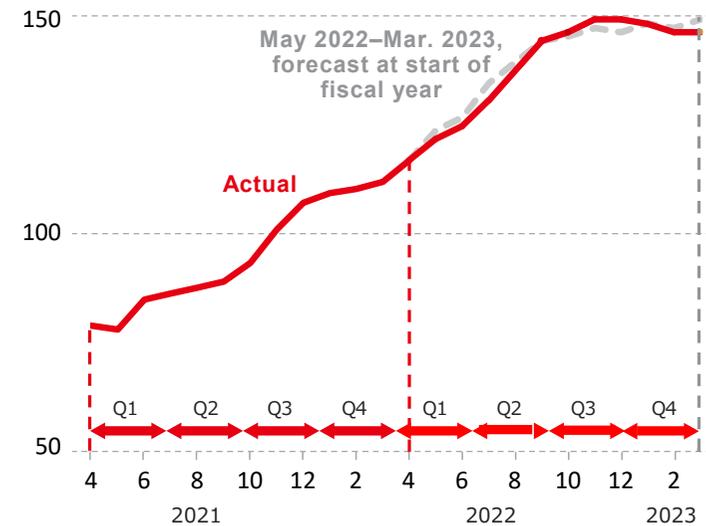
### I-3. FY2022 Topics (Main and Sub Fermentation Raw Material Prices)

In FY2022, fermentation raw materials, prices increased substantially for sub fermentation raw materials in the first half and in the second half main raw materials also rose. While this had an impact on business performance, we countered it through price increases, increasing profit. From FY2023 we will work to recover profit margin quickly.

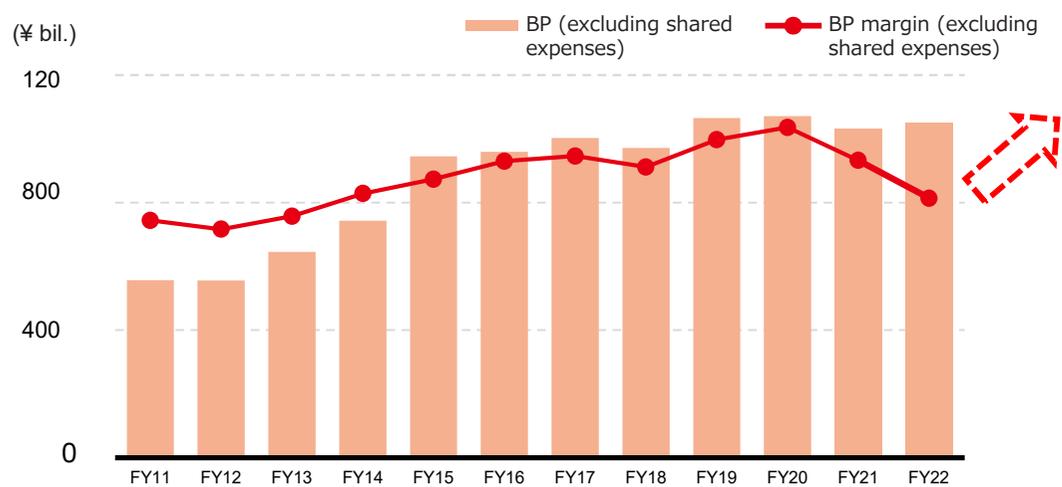
The weighted average of main and sub fermentation raw material prices (purchase volume, FY2011 actual to FY2022 actual) Jan. 2011=100



- While the breadth and timing of price fluctuations differ by raw material, prices of raw materials soared to the level forecasted at the start of the fiscal year.
- Raw material prices are expected to remain high in FY2023.



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



# I-4. Breakdown of Sales, and Factors behind Changes in Business Profit: Sauce and Seasonings, and Quick Nourishment

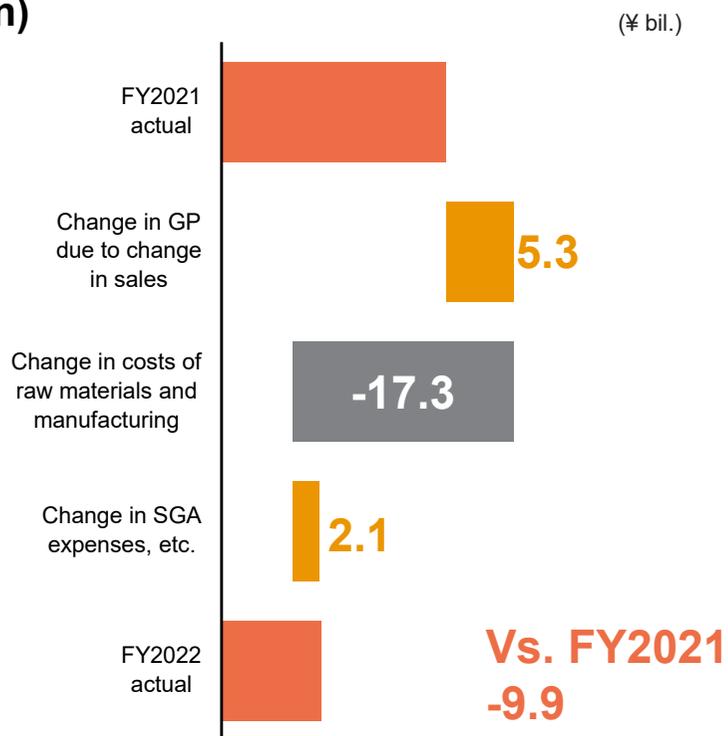


Year-on-year comparison: Breakdown of FY2022 sales in Japan and overseas, and factors behind changes in FY2022 business profit

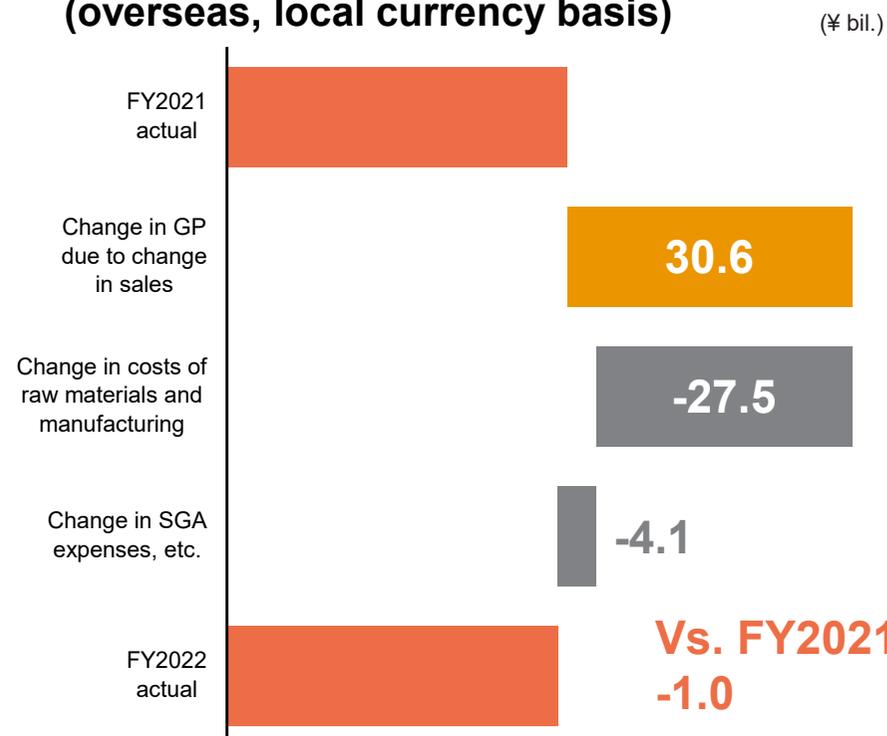


Note: Excluding effects of structural reform at AGF

## Factors behind changes in business profit (Japan)



## Factors behind changes in business profit (overseas, local currency basis)



# I-5. Priority KPIs (Consolidated)

We have mostly achieved the priority KPIs of Phase 1 of the FY2020-2025 Medium-Term Management Plan (MTP).

We will further shift from structural reform to growth to achieve our 2030 Roadmap and ASV indicators.

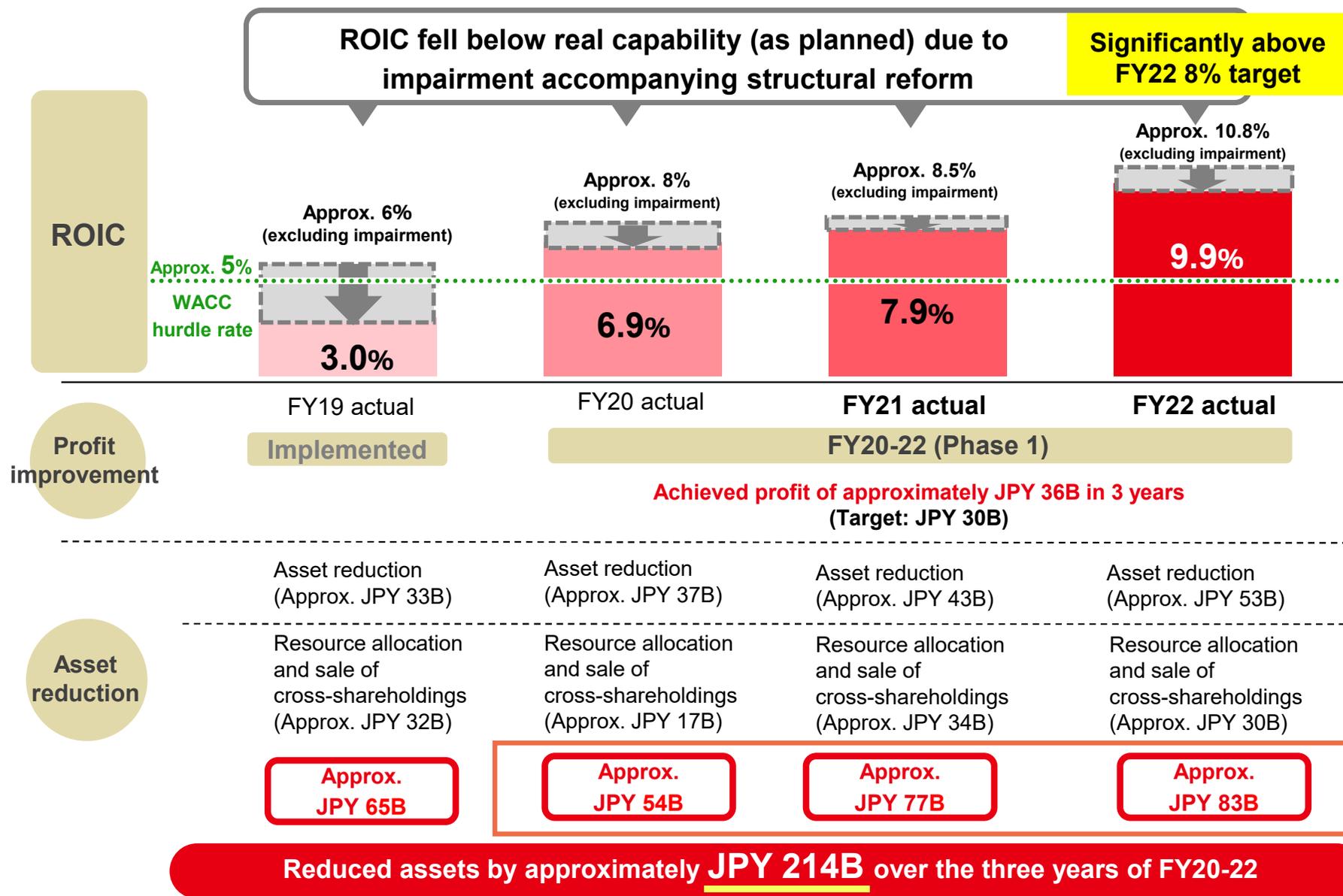


		FY19 (Actual)	FY20 (Actual)	FY21 (Actual)	FY22 (Actual)	FY22 (MTP Target)
Financial indicators	<b>Efficiency</b>					
	ROIC (>Capital cost) ( ): Excluding expenses for structural reform	3.0% (Approx. 6%)	6.9% (Approx. 8%)	7.9% (8.5%)	<b>9.9%</b> (10.8%)	8%
	<b>Growth</b>					
	Organic sales growth (YoY)	0.3%	-0.6%	6.8%	<b>9.5%</b>	4%
Priority KPIs	Percentage of sales from core businesses	66.5%	66.6%	68.7%	<b>68.7%</b>	70%
	Unit price growth (YoY) (International consumer products)	Approx. 5%	2.8%	4.8%	<b>11.9%</b>	2.5%
	Employee engagement score ("ASV as one's own initiative")	55%	64%	61%	<b>62%</b>	70%
Non-financial indicators	<b>Strengthening brand</b>					
	Brand value (mUSD) (Interbrand research)	780	926	1,208	<b>1,391</b> (YoY +15%)	Target 7% CAGR for brand value
	Brand strength score	56	58	59	<b>59</b>	Increase in score for each of 12 major countries of business

# I-5. Priority KPIs (by Segment)

Segments		FY2020-2022 actual									MTP Targets FY22
		Organic growth (%)			Unit price growth (International consumer products) (%)			ROIC (%)			
		FY20 actual	FY21 actual	FY22 actual	FY20 actual	FY21 actual	FY22 actual	FY20 actual	FY21 actual	FY22 actual	
Seasonings and Foods	Sauce & Seasonings										12% or more
	Quick Nourishment	-0.3%	4.9%	<b>8.4%</b>	2.8%	3.5%	<b>8.6%</b>	12.4%	10.9%	<b>15.6%</b>	
	Solution & Ingredients										
							WACC 6%				
Frozen Foods	Frozen Foods	-5.0%	9.8%	<b>7.8%</b>	2.8%	7.8%	<b>19.1%</b>	0.6%	-1.5%	<b>-4.0%</b>	1% or more
								WACC 5%			
Healthcare and Others	Bio-Pharma Services & Ingredients										10% or more
	Functional Materials (electronic materials and others)	3.5%	10.8%	<b>12.4%</b>	—	—	—	1.2%	10.7%	<b>13.2%</b>	
	Others										
							WACC 8%				

# I-6. Progress of Structural Reform



MTP Target: Reduce assets on the level of JPY 100B over three years from FY20-22

## I-7. Forecast for FY2023

### Full-year FY2023 forecast: Increased revenue and profit (record highs)

We will take the first step toward achieving our ASV indicators with the steady organic growth and price increase effects in the Seasonings and Foods and Frozen Foods segments, while maintaining growth in Healthcare and Others as well.

#### Sales

**¥1,465.0 billion**

107.8% of FY2022 results

**Excluding currency translation: 108.8%**

#### Business profit

**¥150.0 billion**

110.8% of FY2022 results

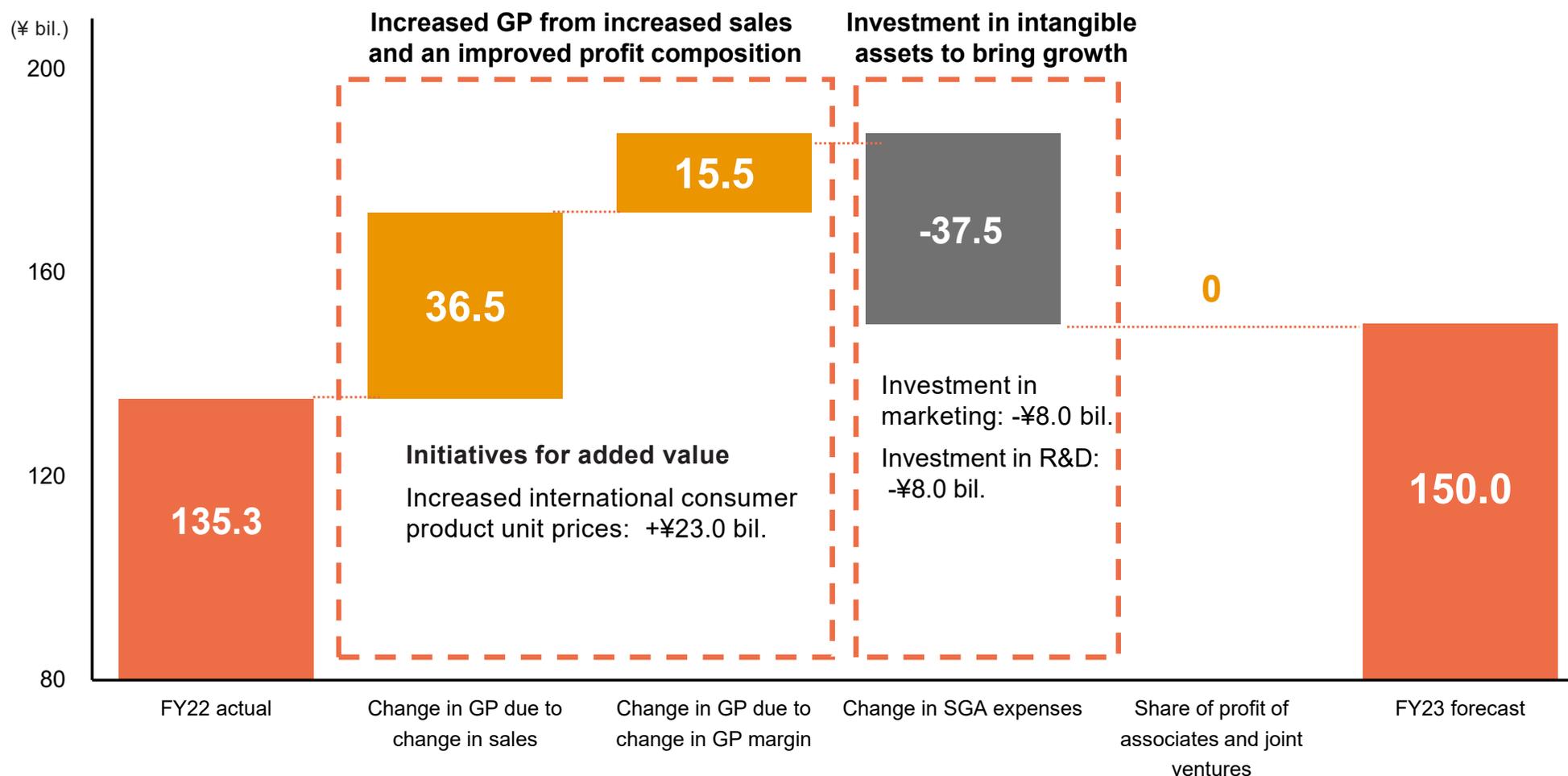
**Excluding currency translation: 111.8%**

(¥ Billion)	FY23 Forecast	FY22 Actual	vs. Prev. year	Key points in forecast
<b>Sales</b>	<b>1,465.0</b>	<b>1,359.1</b>	<b>107%</b>	Price increase effects in FY2022 are continuing in FY2023, contributing to revenue. Increased revenue is expected for all segments by working to gradually increase quantities.
Seasonings and Foods	823.8	775.0	106%	
Frozen Foods	292.3	267.2	109%	
Healthcare and Others	330.1	299.6	110%	
Other	18.6	17.1	108%	
<b>Business Profit</b>	<b>150.0</b>	<b>135.3</b>	<b>110%</b>	We fought back against significantly increased raw materials and fuel prices in FY2022, and by firmly raising prices as necessary in FY2023, too, we will be profitable. To shift to growth, we will invest for the future as necessary while planning for double-digit % business profit for the Group as a whole.
Seasonings and Foods	92.9	84.8	109%	
Frozen Foods	3.7	2.0	188%	
Healthcare and Others	54.1	48.6	111%	
Other	-0.8	-0.1	-	

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

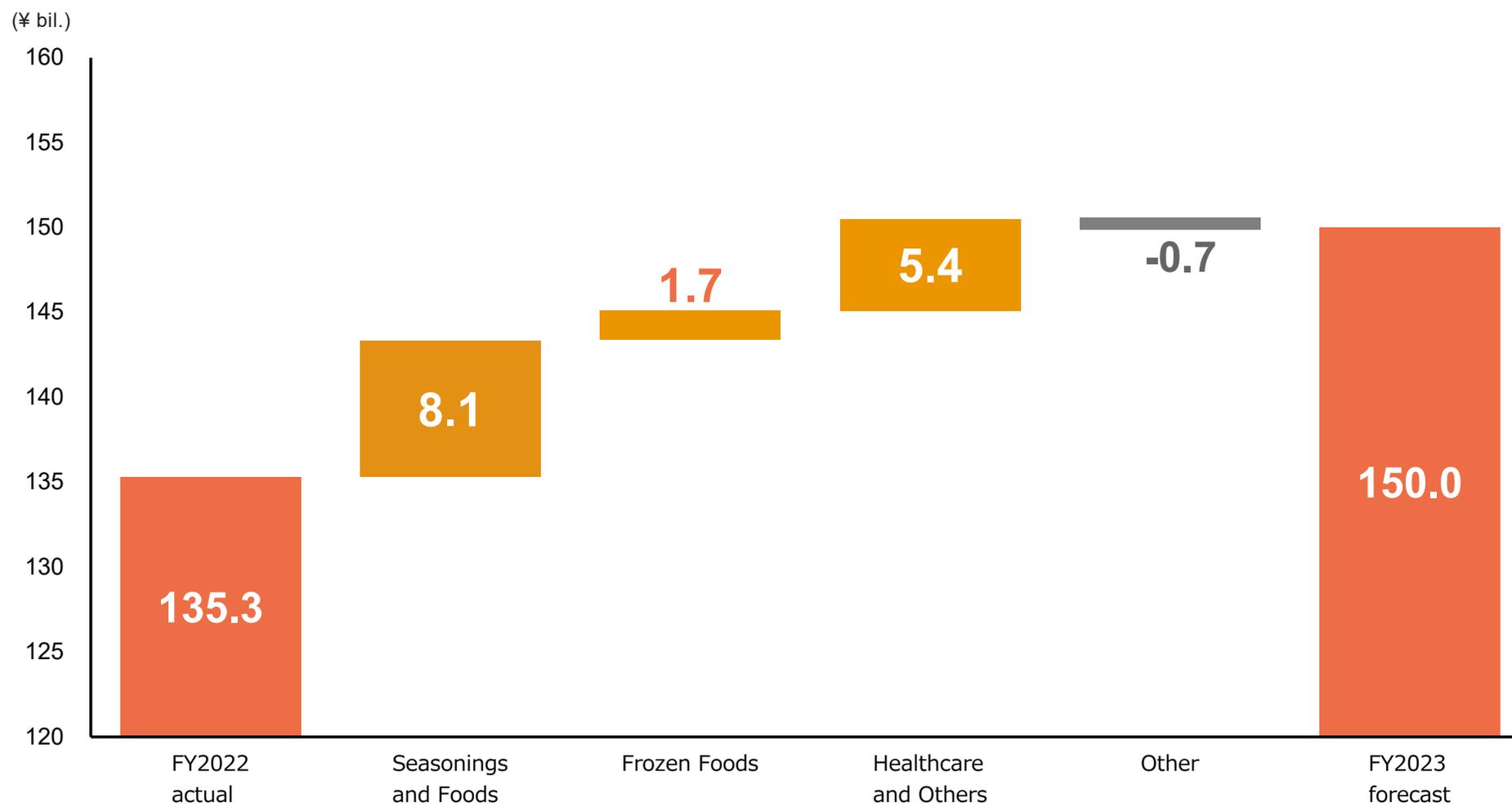
## I-8. Factors behind Changes in Business Profit (FY2023 Forecast by P&L Factor)

We aim to achieve double-digit growth in business profit while strengthening investment in our brands for the future and investing in R&D that will accelerate innovation, by increasing GP through growing the top-line and improving GP margin.



## I-9. Factors behind Changes in Business Profit (FY2023 Forecast by Segment)

### FY2023 Forecast vs FY2022 Actual



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

# I-10. Breakdown of Sales, and Factors behind Changes in Business Profit: Sauce and Seasonings, and Quick Nourishment



Year-on-year comparison: Breakdown of the FY2023 sales forecast in Japan and overseas, and factors behind changes in the FY2023 business profit forecast

Japan sales: 109%

Volume **103%** Unit prices **106%**

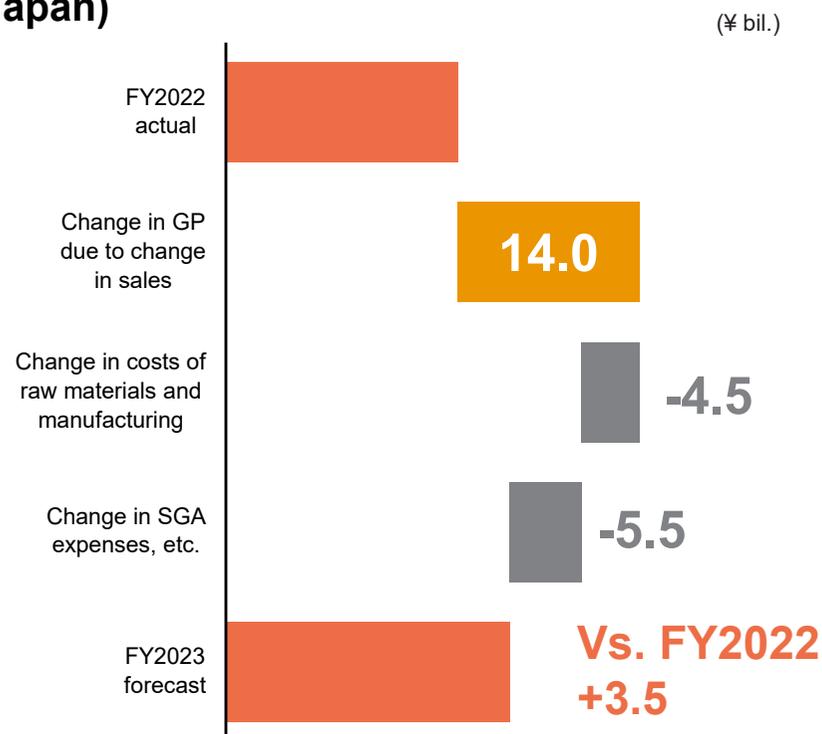
Note: Excluding effects of structural reform at AGF

Overseas sales: 105%

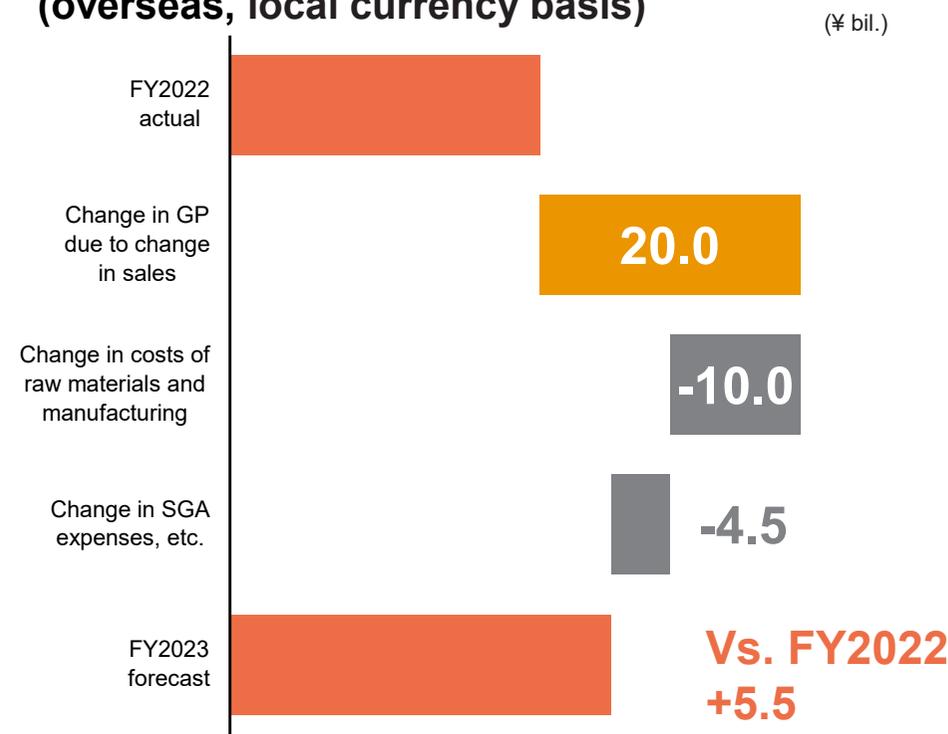
(local currency basis)

Volume **101%** Unit prices **104%**

## Factors behind changes in business profit (Japan)



## Factors behind changes in business profit (overseas, local currency basis)



# I-11. Seasonings and Foods (Japan): Initiatives for Recovery of Profit

In FY2023, we will aim to increase revenue and improve the composition of GP

## Flavor seasonings

- Reinforce our brand by emphasizing our quality
- Improve the quality and quantity of marketing investments
- Develop new and revised products

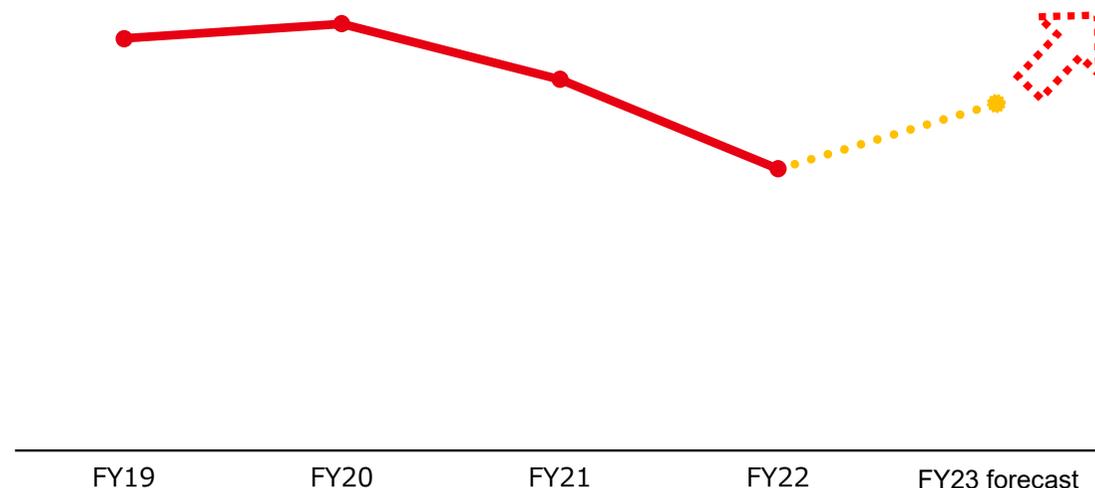
## Menu-specific seasonings

- Aggressively launch new and revised products

## Soups

- Implement June price increases
- Maintain and increase sales volume through effective sales promotion

Sauce and Seasonings and Quick Nourishment, Japan: GP margin



With the establishment of the Marketing Design Center (described later), we plan to take our marketing to a higher level and launch many new and revised products.

# I-12. Seasonings and Foods (Japan): Expansion with a High-Level View of Japan and East Asia

Invigorating our Japan business through exports, with a high-level view of East Asia, primarily China

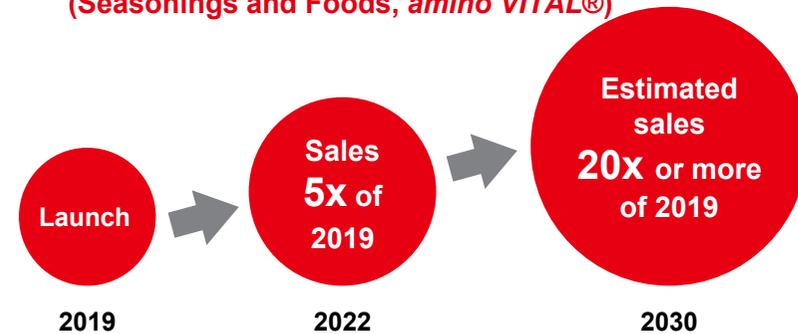
## 1 Export sales of **HONDASHI®** and soups, leveraging our affiliates in Taiwan and South Korea

South Korea: 1998 Launch of **HONDASHI®**  
 Taiwan: 2003 Launch of **HONDASHI®**  
 2005 Launch of **VONO®**

**Growth of the above as mainstay products of our affiliates**



## 2 Cross-border EC sales of Ajinomoto Co., Inc.'s products (Seasonings and Foods, **amino VITAL®**)



## 3 Cross-border EC sales of Ajinomoto AGF, Inc.'s products

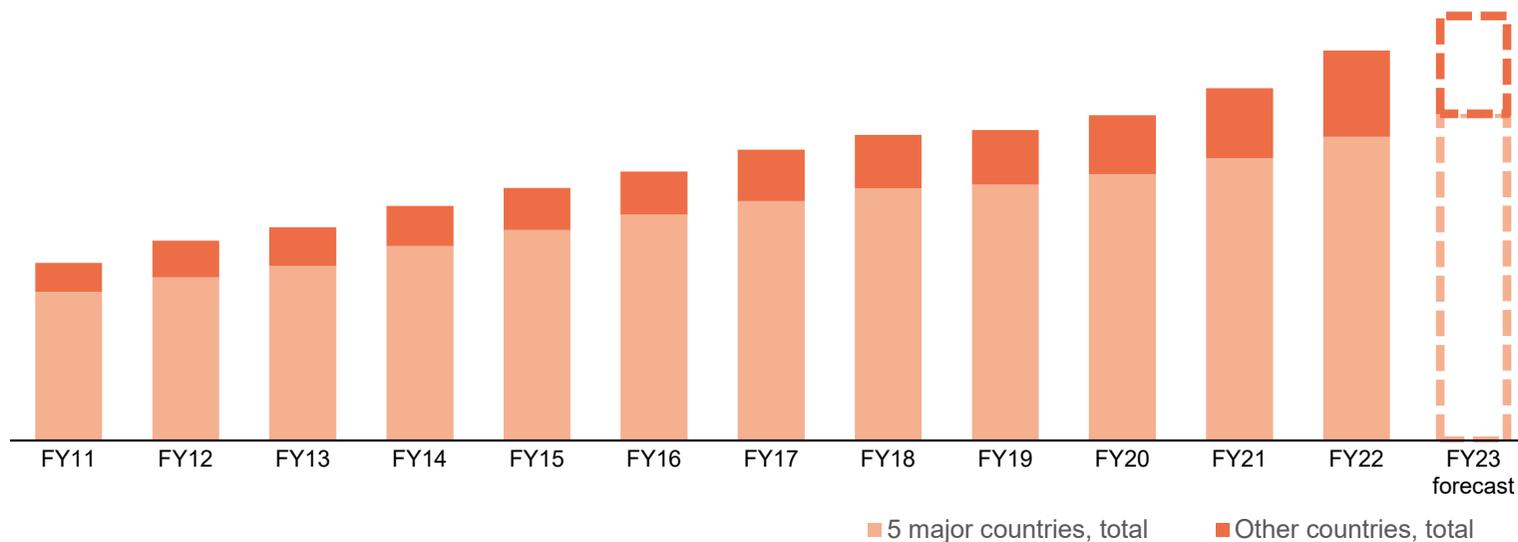
Sales have been rapidly increasing in recent years, and we will grow these products as new drivers for opening up the Chinese market.

## I-13. Seasonings and Foods (overseas): Focusing on the Frontier

Steady organic growth in our five major countries (Thailand, Indonesia, Vietnam, Philippines, and Brazil) and also in their neighboring countries and regions

### Sales of Sauce & Seasonings Overseas

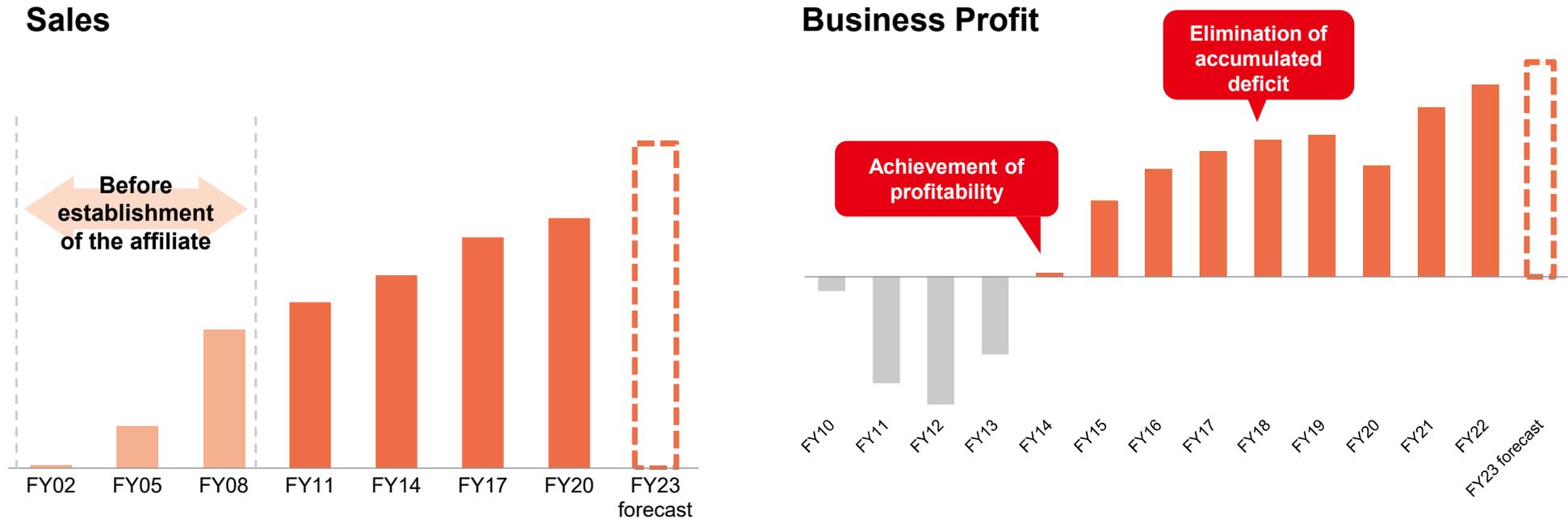
Other countries are outpacing our five major countries in growth



**In addition to contributing to growth through dramatic sales growth, established a model for generating profit**

# I-13. Seasonings and Foods (overseas): Focusing on the Frontier A Success Story from an ASEAN Country

A success story from an ASEAN country: Generating profit from an early stage while dramatically expanding the scale of business



**The affiliate was established in 2009. Profitability (single fiscal year) in FY2014.  
Elimination of accumulated deficit in FY2018.  
Planning for 10% or higher CAGR business growth by FY2030.**

Model for success

Expand into geographic areas adjacent to our major countries and cultivate mainstay products (umami and flavor seasonings) from an early date  
Build a business that can be profitable even with a small amount of sales

# I-14. Frozen Foods: Growth in the Asian Category

Continued dramatic growth of gyoza overseas

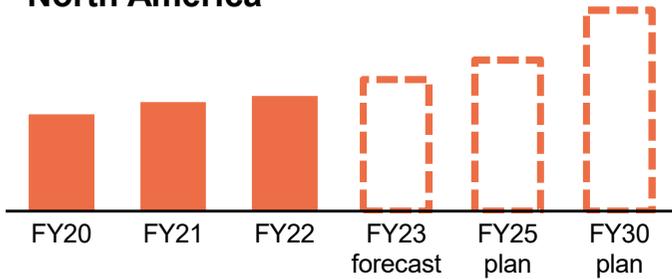
**1** FY2022 sales composition of gyoza Japan:Overseas = **50:50**

**2** Solid expansion of gyoza overseas (North America)

Solid expansion, especially for home use



Gyoza sales and planned sales, North America



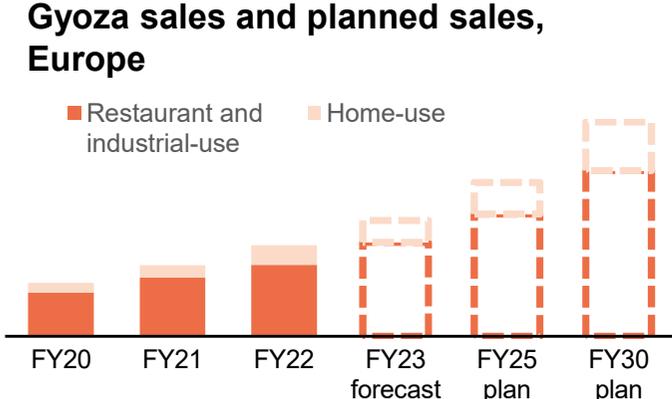
Fiscal Year	Sales Type	Relative Sales Level
FY20	Actual	Low
FY21	Actual	Low-Mid
FY22	Actual	Mid
FY23	Forecast	Mid-High
FY25	Plan	High
FY30	Plan	Very High

**3** New success story for gyoza overseas

(European model: enter market through restaurant and industrial-use products; expand in home-use products)

France: Operation of gyoza line at Le Neubourg Factory  
(Introduction of the Asian category to existing appetizer factory)

Gyoza sales and planned sales, Europe



Fiscal Year	Sales Type	Restaurant and industrial-use	Home-use	Total Relative Sales Level
FY20	Actual	Low	None	Low
FY21	Actual	Low-Mid	None	Low-Mid
FY22	Actual	Mid	None	Mid
FY23	Forecast	Mid-High	Low	High
FY25	Plan	High	Mid	Very High
FY30	Plan	Very High	High	Extremely High

# I-15. Frozen Foods: Improvement of Profit in North American Business

Improved profit in FY2022: Result of accumulated price increases, the TDC\* Project, and growth focused on core areas

➡ From FY2023, too, we will grow the business while carrying out structural reform

## Initiatives to focus on core categories\*\*

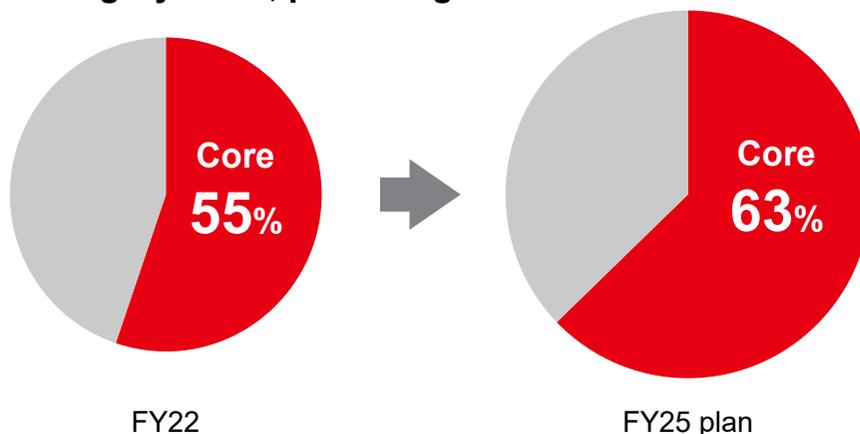
- Aggressively reduce unprofitable products
- Use the assets freed up to increase production of highly profitable core category products

Toluca Factory: Italian → increase gyoza production

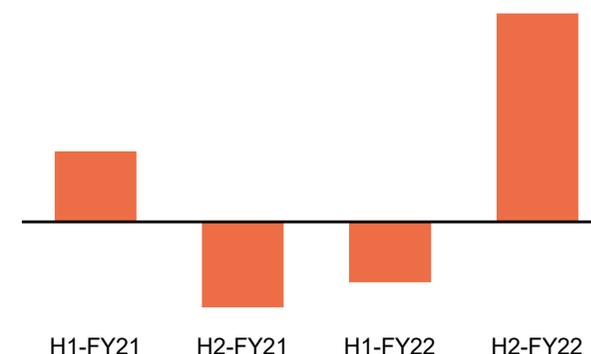
Joplin Factory: Appetizers → increase production of fried rice

San Diego Factory: Mexican burritos → increase production of taquitos and mini tacos, etc.

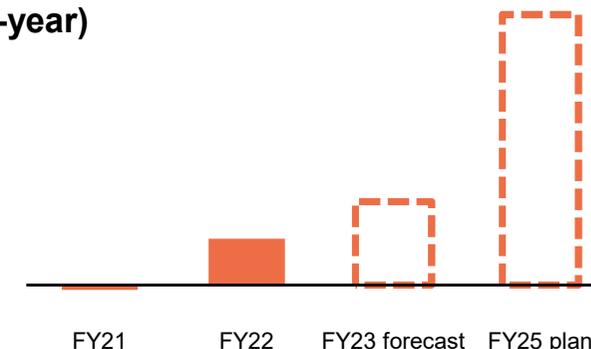
## Core category sales, percentage



Actual BP, North America (half-year)



Actual and planned BP, North America (full-year)



\*Project to reduce Total Delivered Cost

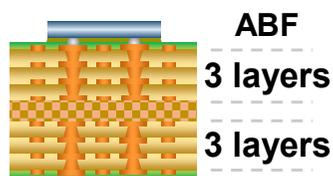
\*\*Gyoza, fried rice, taquitos and mini tacos, egg rolls and spring rolls

## I-16. Functional Materials (electronic materials and others)

In the short term, we expect to be affected by semiconductor market adjustments, particularly in the first half of FY2023. In the medium to long term, we expect continued growth through growth in servers and networks.

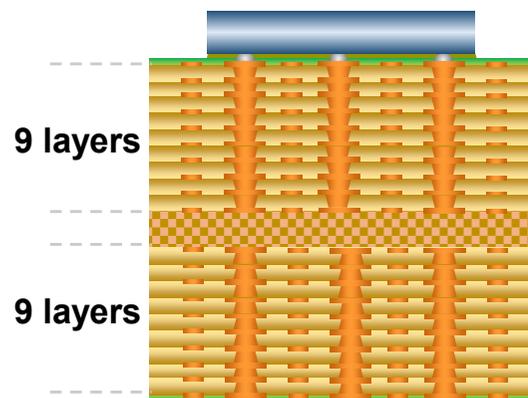
### Surface area of ABF\* used on single substrate

Illustration of substrate cross-section



Substrate area: 1

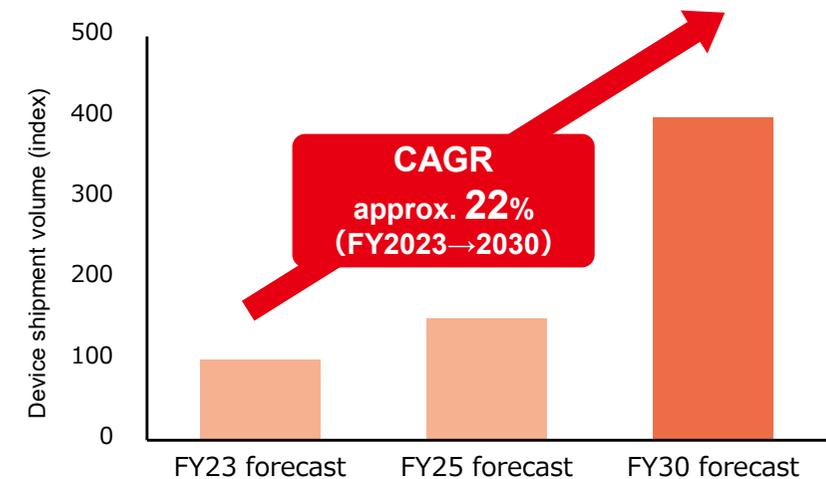
PC



Substrate area: 3.5

Servers, data centers, AI, networks

### Growth in the HPC\*\* (Device) market



Source: In-depth analysis of semiconductor package and module substrate-related markets (2022), Fuji Chimera Research Institute

Substrates for servers, data centers, AI, and networks use over **10** times the ABF volume of substrates for PCs

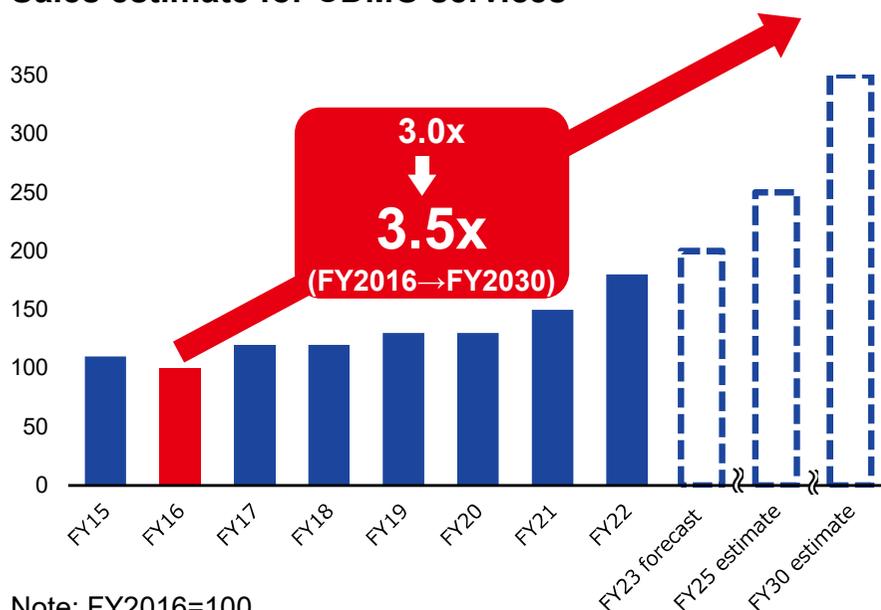
- High market growth is expected in semiconductors for HPC, especially for the higher end among server and network applications.
- Required ABF volume per IC is increasing due to larger and more complex IC packages.

\*ABF: Ajinomoto Build-up Film®. Insulation film. \*\*High Performance Computing

# I-17. Bio-Pharma Services & Ingredients

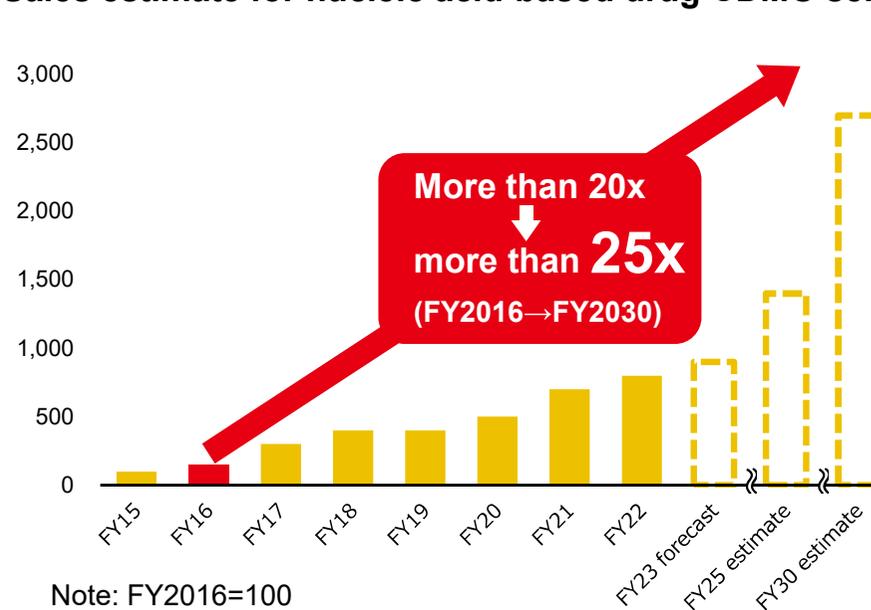
Our CDMO services for nucleic acid-based drugs are growing steadily. We have upwardly revised the medium- to long-term sales estimate announced at the business briefing in August 2022.

Sales estimate for CDMO services



Note: FY2016=100

Sales estimate for nucleic acid-based drug CDMO services



Note: FY2016=100

Plan based on pipeline numbers × forecast production volume × risk factors

- Oligonucleotide therapeutics (*AJIPHASE®*, *liquid-phase manufacturing technology*) is driving results for CDMO services overall. The pipeline is growing steadily, with further growth expected.
- We will work to grow our business with a focus on **new business development based on the Ajinomoto Group's unique technology (AJICAP®, CORYNEX® etc. in addition to AJIPHASE®)**.

# I-18. 2030 ASV Indicators

Aim to steadily reach our FY2023 forecast to reach our 2030 ASV indicators.

Ref. Aim for

approx. **3X EPS**  
(vs. FY2022)

		FY22	FY23 (forecast)	FY25 (plan)	FY30 (plan)		
ASV Indicators	Economic value indicators	ROE	12.9%	12.4%	18%	Approx. 20%	ASV will grow dramatically and continually, and we will continue to be an attractive group for stakeholders and society
		ROIC (>Capital Cost)	9.9%	9.5%	13%	Approx. 17%	
		Organic sales growth	9.5%	8.8%	5% (FY22-25)	5% or more (FY25-30)	
		EBITDA margin	15.2%	15.4%	17%	19%	
						Challenging targets from management	
Social value indicators	Initiatives to Reduce Environmental Impact	-	-	-	Reduce our environmental impact by 50% (outcome)		
	Nutrition commitment	-	-	-	Help extend the healthy life expectancy of 1 bl people (outcome)		
	We plan to consider KPIs for other contributions than nutrition as well.						
Strengthening intangible assets	Employee engagement score*	62% (75%**)	-	80%	85% or more		
	Brand Value (mUSD) (Interbrand research)	1,391 (Actual +15% YoY)	Compared with FY19, CAGR 7% or more				

\* From FY2023, the measurement method will be changed from a single question about ASV as one's own initiative to an average value from nine questions about the ASV achievement process to better grasp the actual situation

\*\* FY2022 score for ASV achievement process

# I-18. Reference: Growth Paths by Segment

Segment	Organic growth			Business profit			ROIC			EBITDA margin				
		Vs. prev. year	CAGR		Vs. prev. year	CAGR								
Seasonings and Foods	Sauce & Seasonings	FY22 actual (Sales)	FY23 forecast	FY25 plan (FY22-25)	FY22 actual (BP)	FY23 forecast	FY25 plan (FY22-25)	FY22 actual	FY23 forecast	FY25 plan	FY22 actual	FY23 forecast	FY25 plan	
	Quick Nourishment Solution & Ingredients	¥775.0 billion	7.4%	5%	¥84.8 billion	9.6%	12%	15.9% *11.8%	Approx. 14%	16%	14.9%	Approx. 15%	16%	WACC 7%
Frozen Foods	Frozen Foods	¥267.2 billion	10.0%	3%	¥2.0 billion	¥3.7 billion	¥10.0 billion or more	-3.3% *0.6%	Approx. 1%	5%	5.5%	Approx. 6%	8%	WACC 5%
Healthcare and Others	Bio-Pharma Services & Ingredients	¥299.6 billion	11.4%	8%	¥48.6 billion	11.3%	13%	12.2%	Approx. 13%	18%	21.8%	Approx. 22%	27%	WACC 7%
	Functional Materials (electronic materials and others) Others													
Total		¥1,359.1 billion	8.8%	5%	¥135.3 billion	10.8%	15% or more	9.9%	9.5%	13%	15.2%	15.4%	17%	WACC 6%

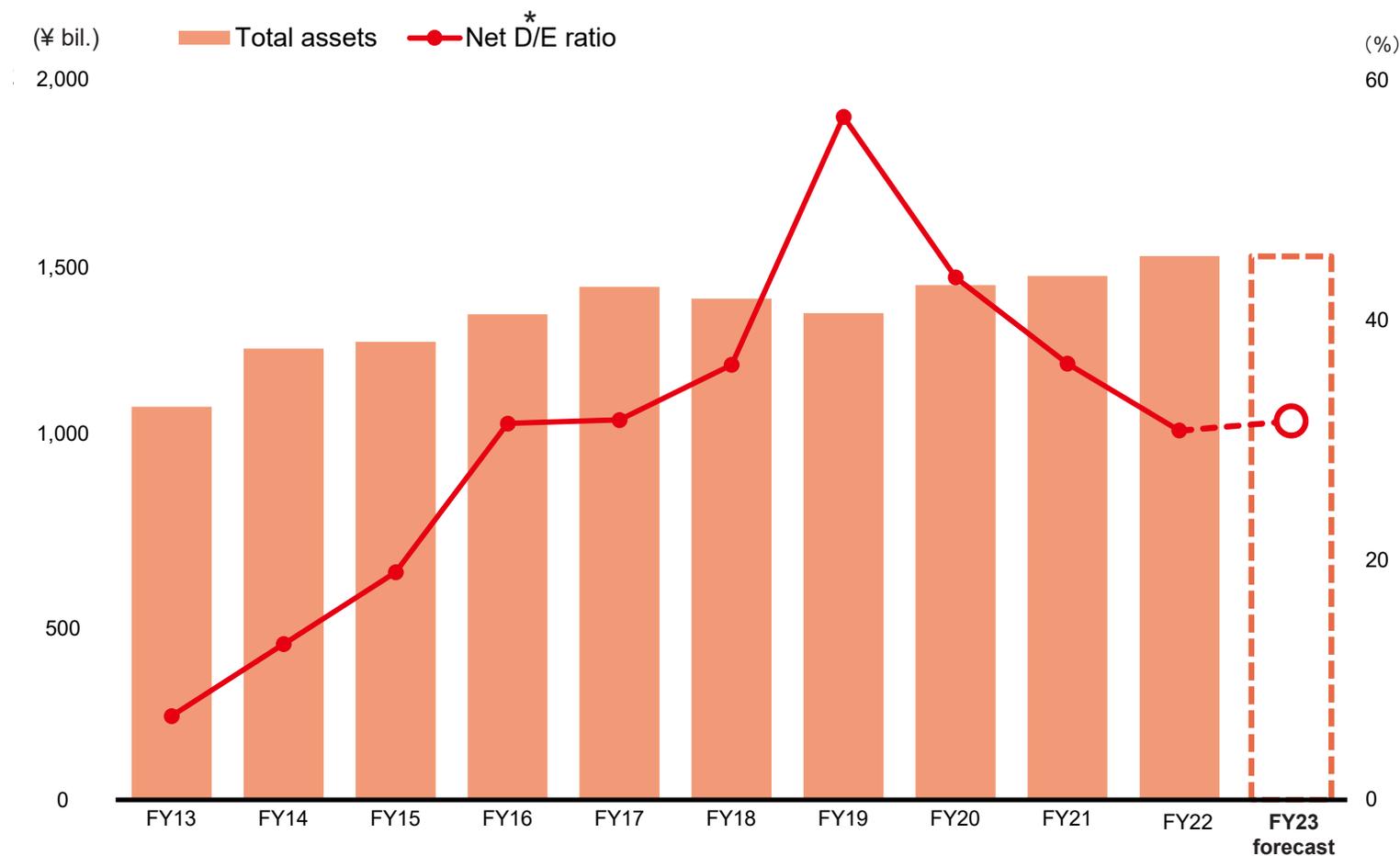
\*ROIC excluding the profit from sales of fixed assets and impairment losses

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

# I-19. Assets and Liabilities

Total assets increased in FY2022 because of increases in inventory due to increases in raw material prices and currency translation effects.

In FY2023, inventories will decrease but capital investments aimed at shifting to growth will boost total assets to about the level of FY2022.



\* Net D: Interest-bearing debt - Cash on hand and in banks x 75%

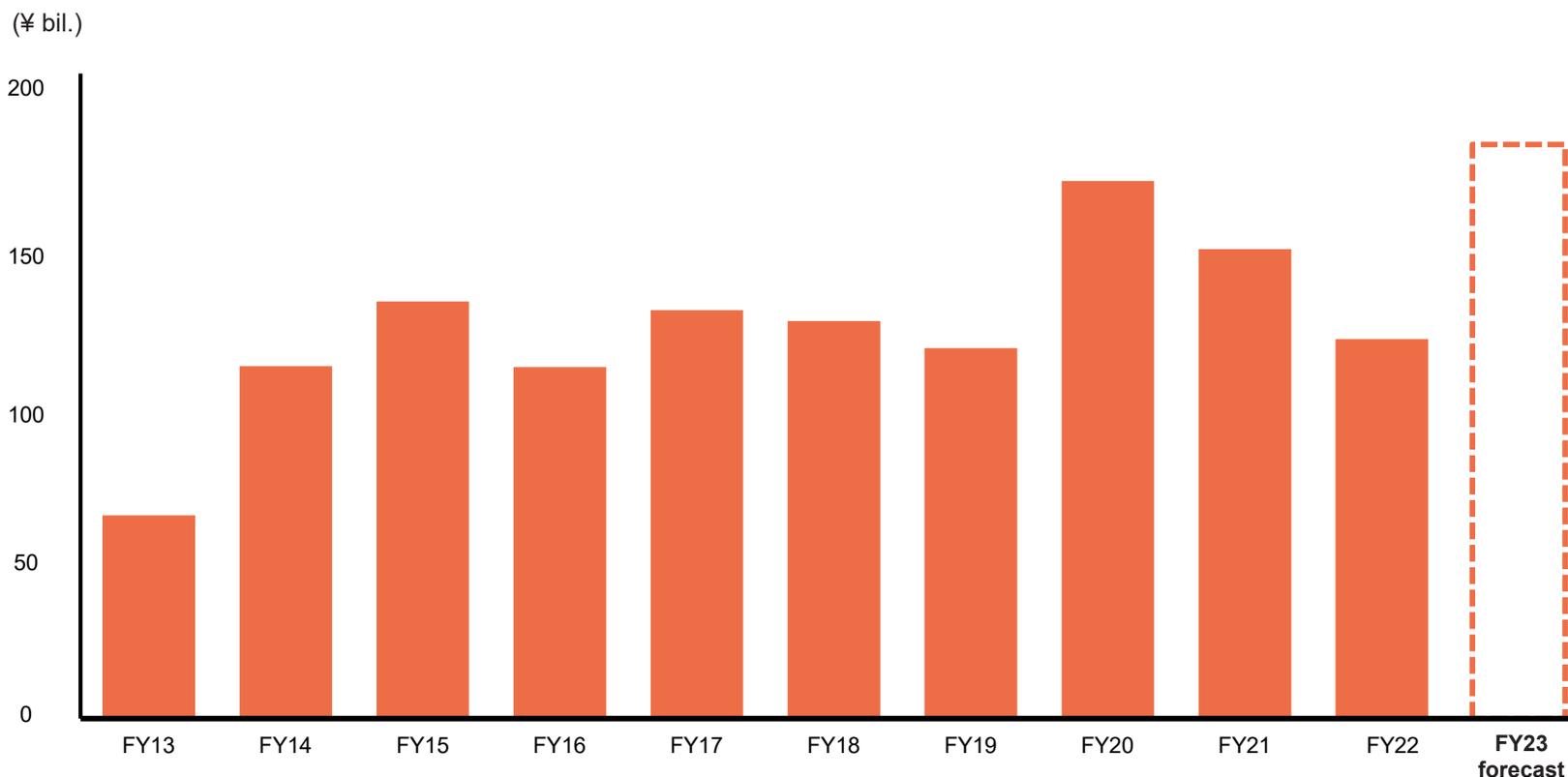
# I-20. Cash Generation

**Operating cash flow in FY2022 was ¥117.6 billion.**

In FY2022, working capital, particularly accounts receivable (price increases and currency translation) and inventories (raw material prices and currency translation), was affected by factors such as raw material price inflation and currency translation.

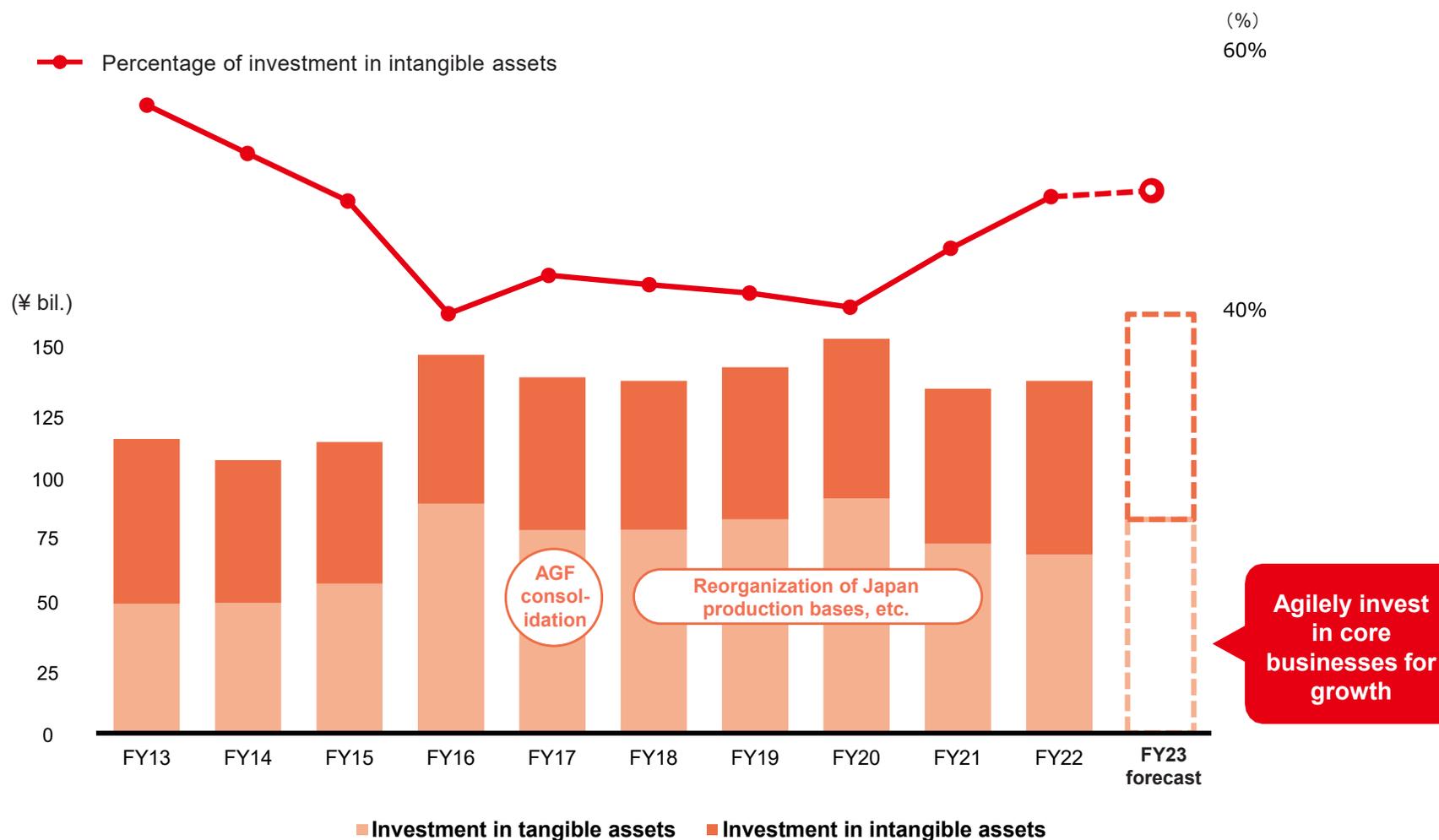
In FY2023, in addition to increased profit, we will aim for record cash generation through activities such as improving the cash conversion cycle. (FY22 95.8days →FY2023 plan approx. 84 days)

## Operating Cash Flow



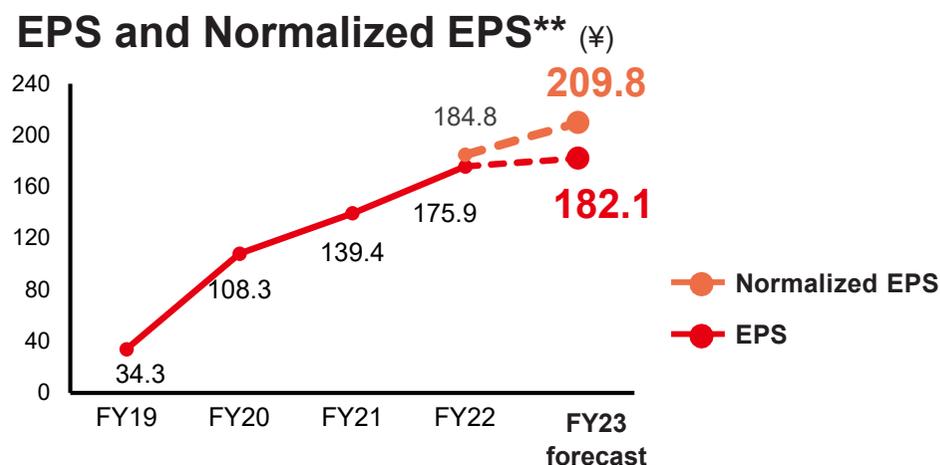
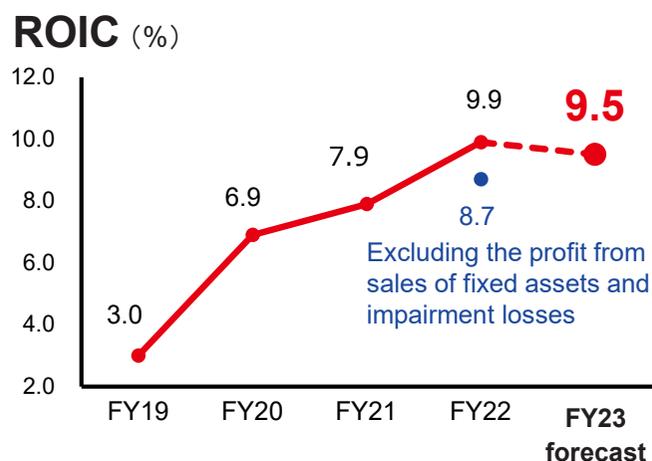
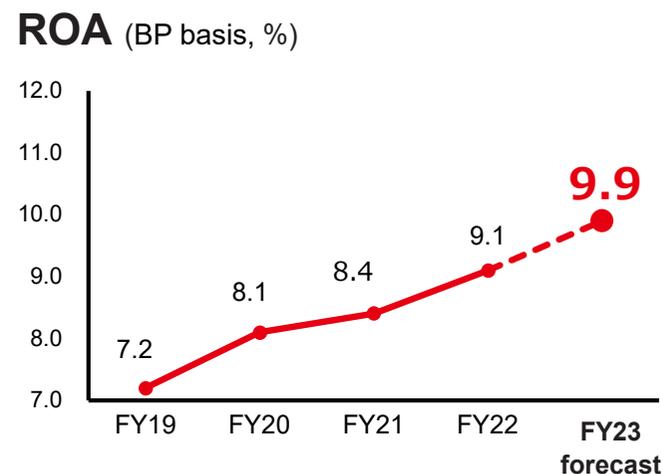
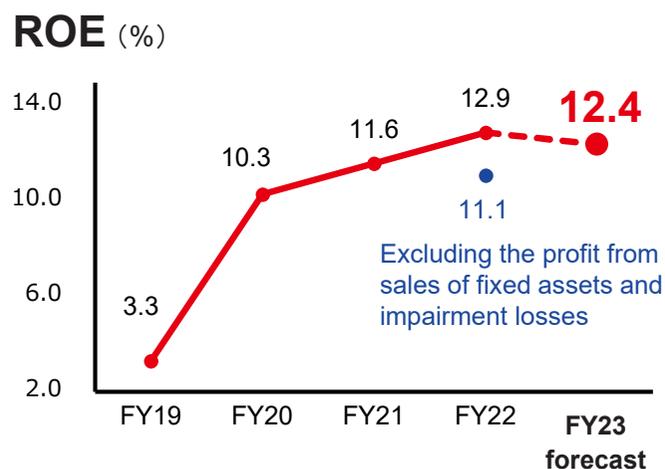
# I-21. Strategic Investments

In FY2023, we will make the capital investments necessary to shift from structural reform to growth. Also, by actively investing in intangible assets, we expect an intangible asset percentage of approximately 50%.



## I-22. Important Management Indicators

In FY2023, ROE and ROIC will temporarily decrease due the effect of temporary profit from the sale of fixed assets, etc. recorded in FY2022. However, excluding the temporary profit, we will aim to increase both ROE and ROIC. By aggressively buying back shares, we will further raise EPS, which has grown approximately five-fold between FY2020 and FY2022.

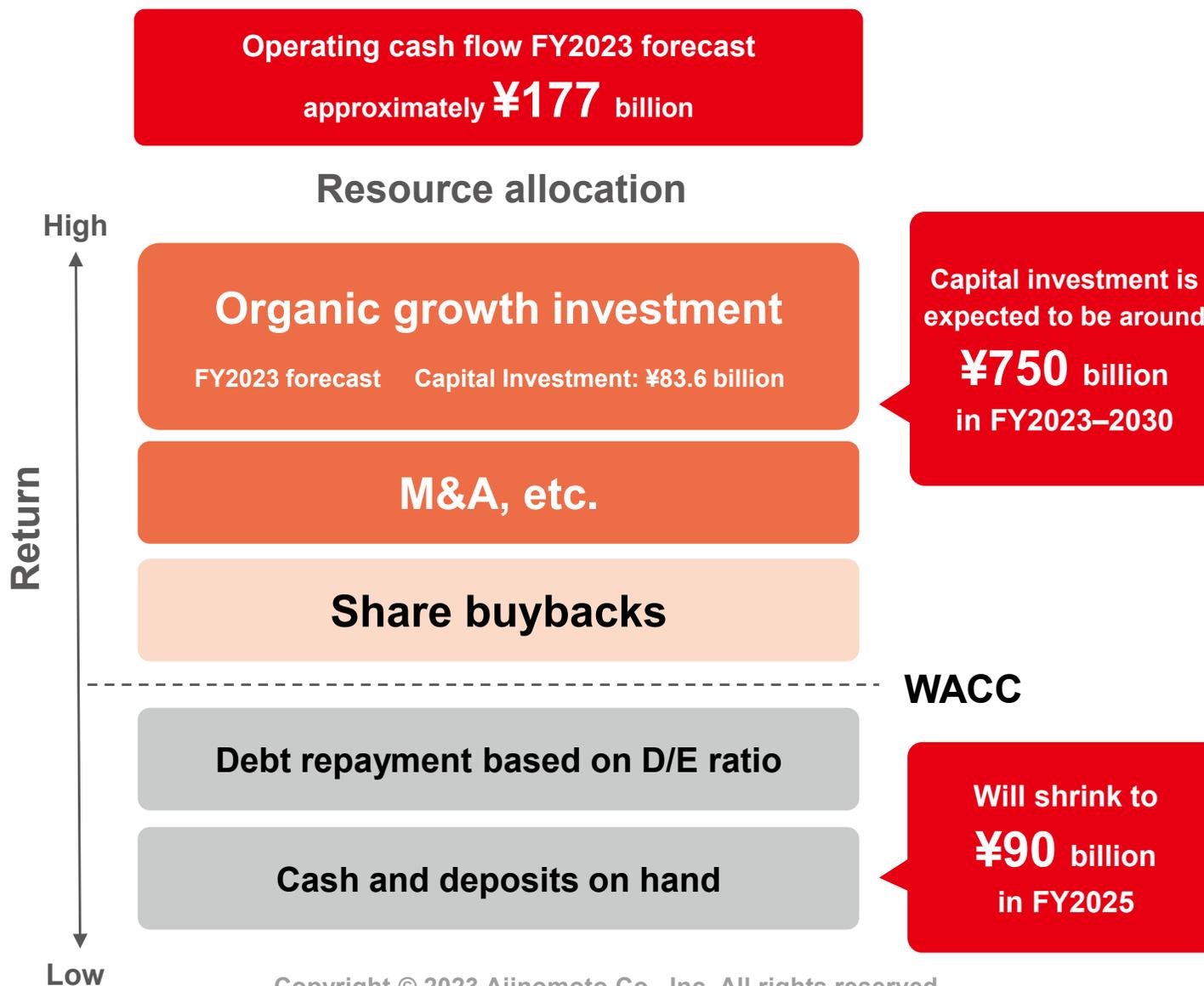


\*ROIC excluding the profit from sales of fixed assets and impairment losses

\*\* (Business profit x (1 - FY2023 Ajinomoto Group standard tax rate: 27%)) / Outstanding shares x Return coefficient: 35%

## I-23. Shareholder Returns and Investment for Growth (Our Thinking under the Medium-Term ASV Initiative)

While generating record-high operating cash flow and making necessary investments for the future, we will aggressively buy back shares as a second tier of investments above WACC.



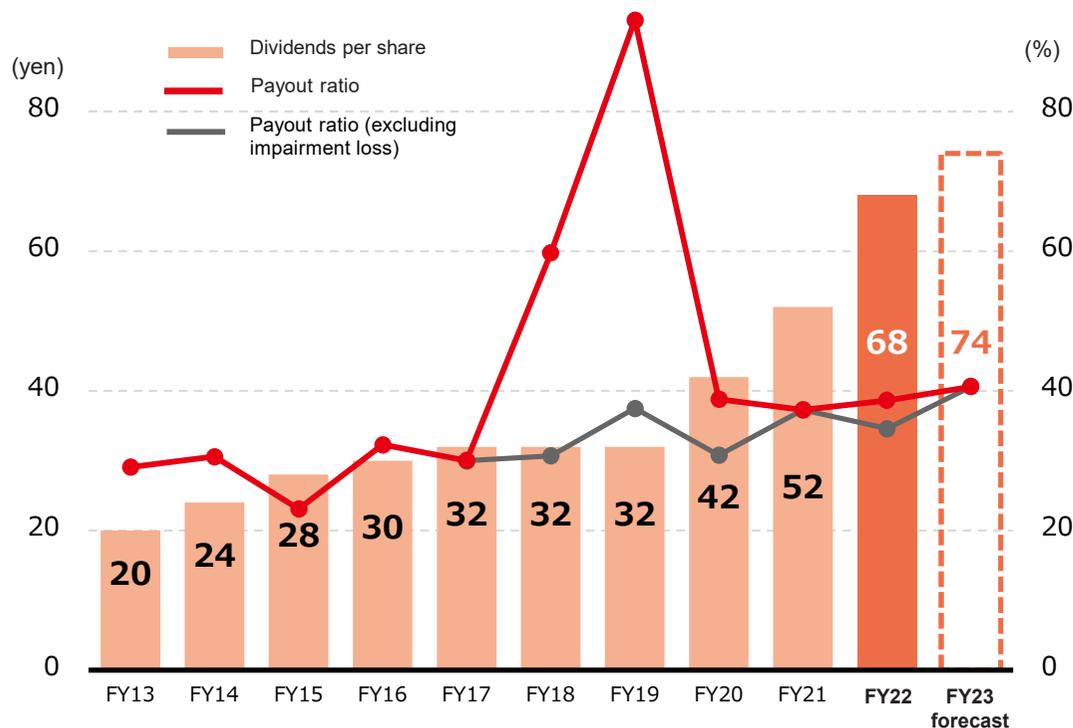
# I-23. Shareholder Returns and Investment for Growth (FY2022 Results and FY2023 Forecast)

In FY2022, plan to increase the dividend again (from past forecast of ¥62 to ¥68). A dividend increase based on a progressive dividend policy is scheduled for FY2023. We have decided to buy back shares and work to further enhance return to shareholders.

## ■ Shareholder Returns (our thinking under the medium-term ASV initiative)

- Introduction of a progressive dividend policy
- Dividends based on normalized EPS\*
- Three-year total return: target of 50% or more

## ■ Dividends (FY2013-2023 forecast)



### FY2022

**¥68/year** (plan to increase dividend)

Vs. FY2021: **+¥16**

Vs. FY2022 initial forecast: **+¥10**

**Bought back approx. 7.2 million shares, approx. ¥30 billion**

Percentage of outstanding shares (excluding treasury shares) **1.34%**

### FY2023

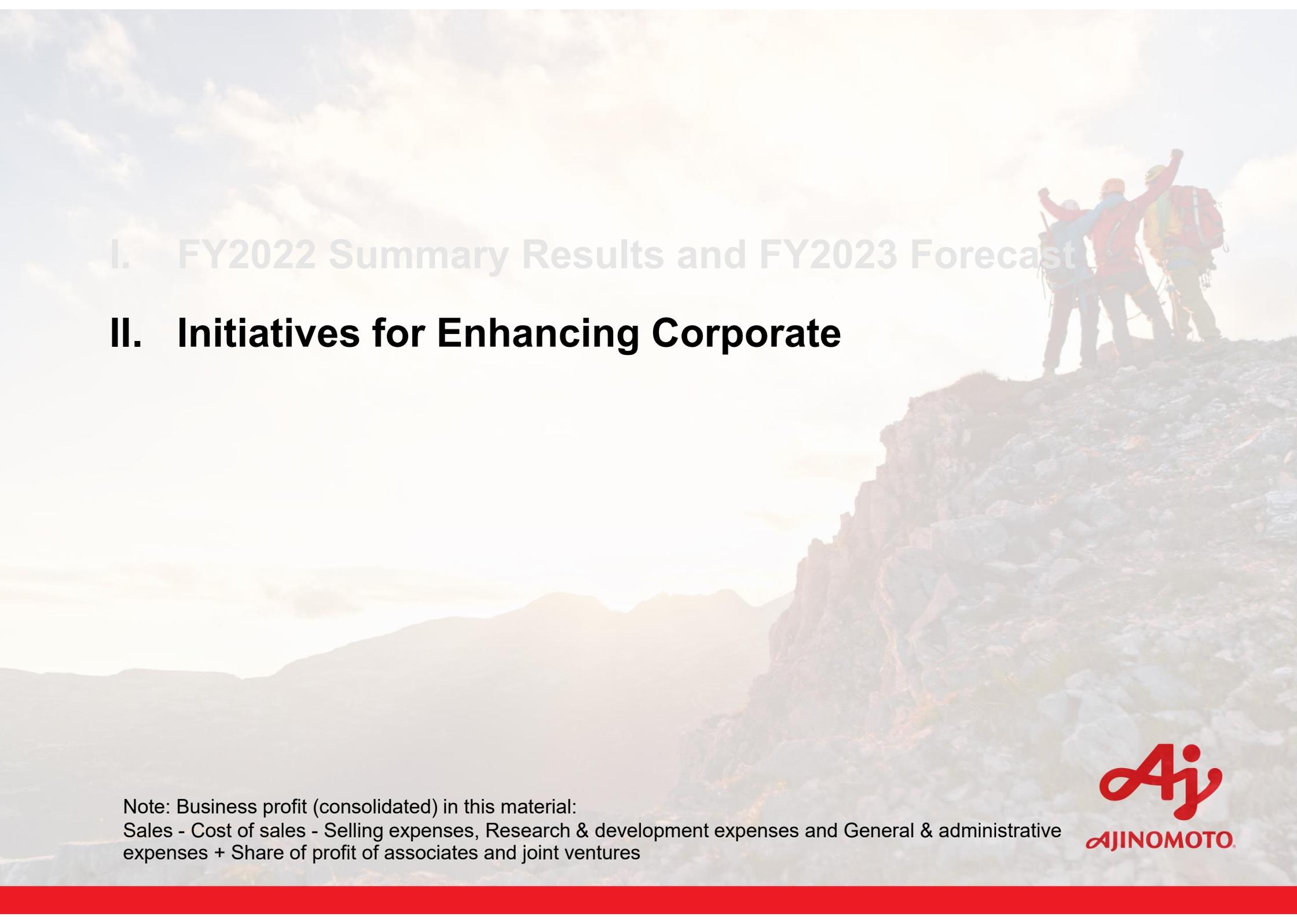
**¥74/year** (plan to increase dividend)

Vs. FY2022: **+¥6**

**Decided to buy back up to 12.5 million shares, ¥50 billion**

Percentage of outstanding shares (excluding treasury shares) **2.36%**

\* (Business profit x (1 - FY2023 Ajinomoto Group standard tax rate: 27%)) / Outstanding shares x Return coefficient: 35%

A background image showing three hikers on a rocky mountain peak at sunset. The hikers are silhouetted against the bright, hazy sky, with their arms raised in celebration. The foreground shows the rugged, rocky terrain of the mountain.

I. FY2022 Summary Results and FY2023 Forecast

## II. Initiatives for Enhancing Corporate

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



## II-1. Evolution of Our Vision: Where We Want to Be

Unlocking the power of amino acids  
to resolve the food and health issues



Contributing to the well-being of all human beings,  
our society and our planet with “AminoScience”

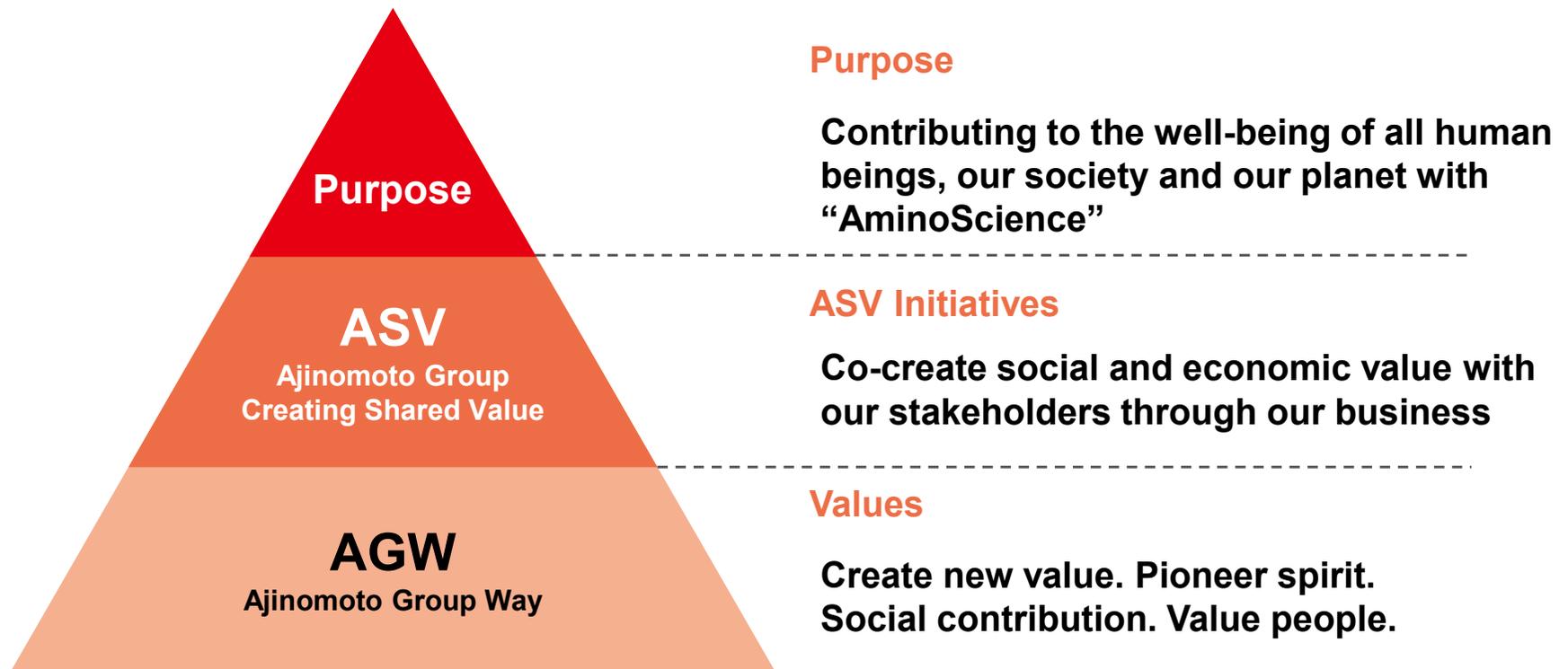


## II-2. Our Philosophy: Resolving Food and Health Issues for All Human Beings and Beyond

We will achieve “**Eat Well, Live Well.**” by going beyond resolving food and health issues, and contributing to the well-being of all human beings, our society and our planet with “AminoScience.”

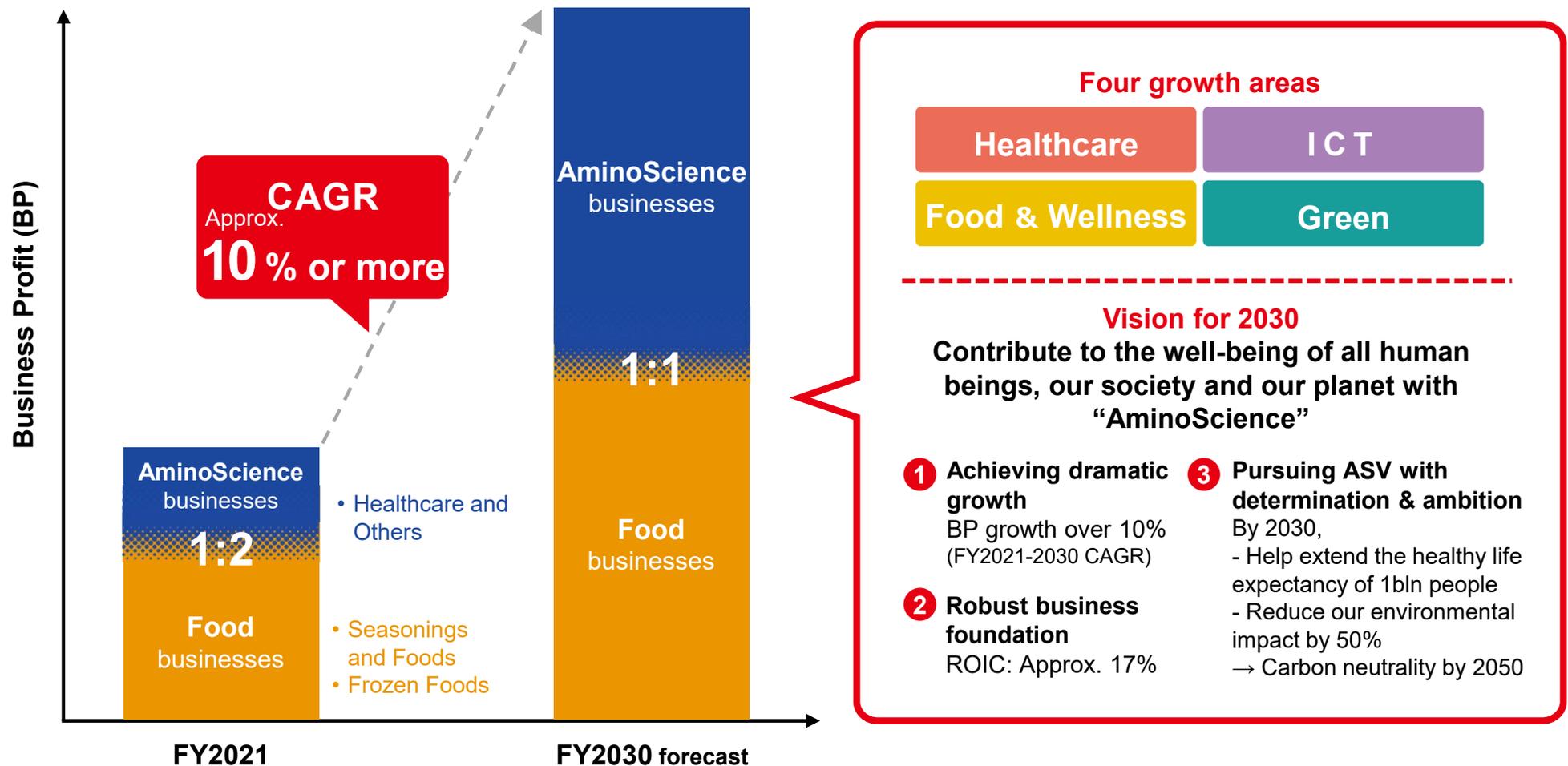
Corporate Slogan

# Eat Well, Live Well.



## II-3. Shift from Structural Reform to Growth

We aim to achieve a highly profitable, unique, and robust structure by shifting to growth in the four outcome-driven growth areas through the evolution of core businesses and growth-driving business model transformation (BMX).



## II-4. 2030 Roadmap: Getting All Employees to Work Together When Taking on Challenges



## II-4. 2030 Roadmap: Activities to Instill the Roadmap in All Employees Following Its Announcement

### Internal PR: Global CEO NEWS

1. Mar. 9 Short messages from all members of the Executive Committee
2. Mar. 17 The evolution of our vision: Sasaki, Morishima
3. Mar. 22 The three key strategic pillars: Mizutani, Koda, Kojima
4. Mar. 31 The four growth areas: Shiragami, Masai, Maeda, Kashihara
5. Apr. 3 Three changes in the medium-term ASV initiatives

### Internal bulletin: Explanatory videos about the four growth areas

We plan to put out a series of videos between May and November on the theme of “Let’s talk. More. Let’s try. More. For the future Ajinomoto.”



Video of the Executive Committee discussing how to instill the 2030 Roadmap in employees

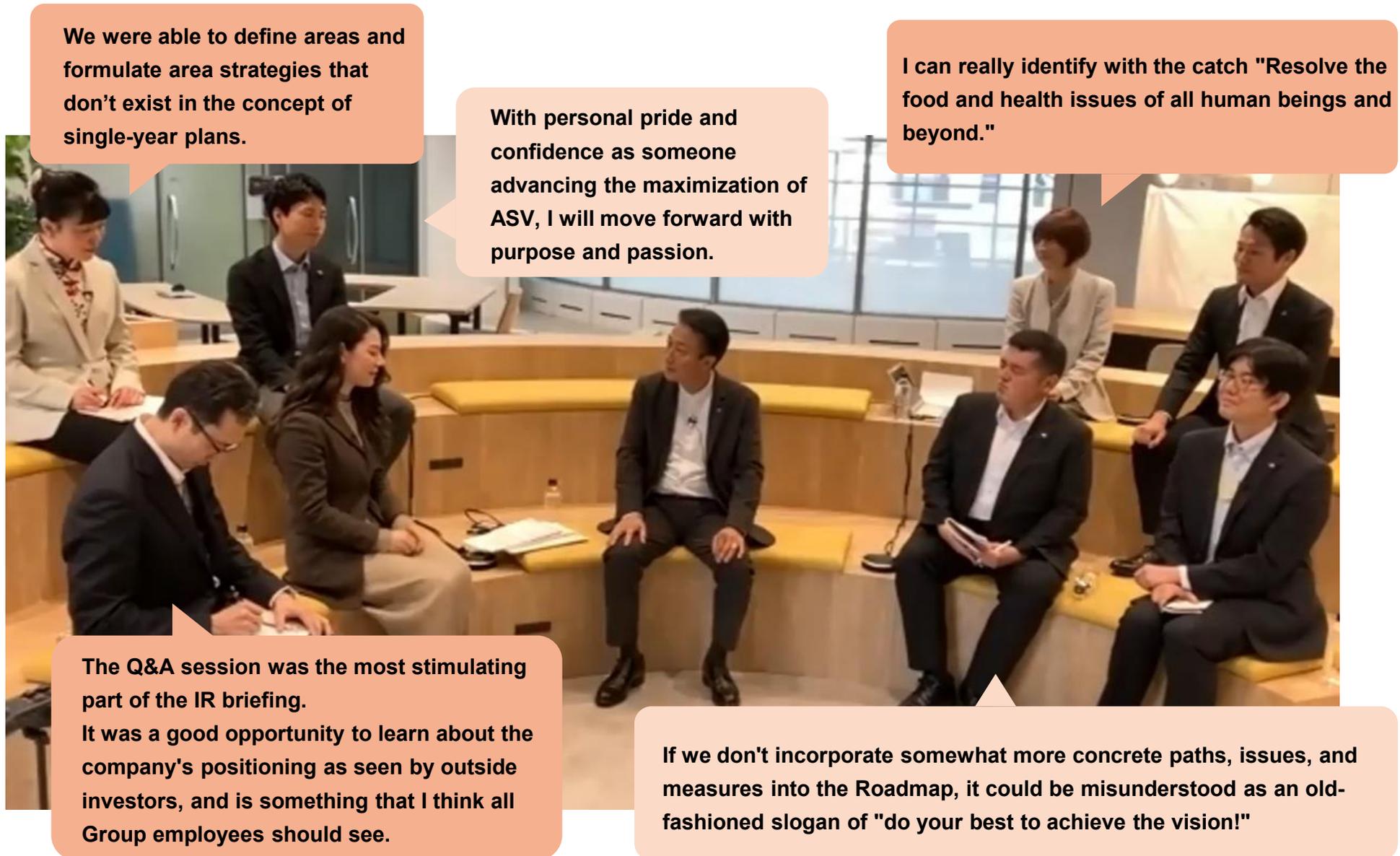
### Internal explanatory meeting:

We plan to have explanatory meetings starting in May to deepen understanding about materiality, our philosophy, “AminoScience” (intangible asset), and the connections between these.

### Dialogs

1. Dialogs between members of the Executive Committee and employees; exchange of questions and ideas  
Fujie, Shiragami, Sasaki, Masai, and Maeda have had, and plan to have about 65 dialog sessions with employees.  
(the number of dialog sessions since the announcement of the Roadmap on Feb. 28)
2. Mar. 27 Dialog between employees around the world and President Fujie (via Zoom)
3. Apr. 5 Briefing on the medium-term ASV initiatives  
15-minute briefing video (see the link on page 56) and dialog with employees in voluntary attendance

## II-4. 2030 Roadmap: Feedback from Employees



# II-5. Evolution of Governance

## Governance structure from FY2023 onward

### 1 Establishment of Management Risk Committee

Response to risks that call for initiative by management

### 2 2nd Term Sustainability Advisory Council

Respond with a view to strengthening monitoring by the Board of Directors

**Appointment as Chair**

Mana Nakazora (BNP Paribas Securities (Japan))

**Re-appointed**

Naoko Kimura (Global Impact Investing Network (GIIN))

Yoshiki Ishikawa (Well-being for Planet Earth Foundation)

**Newly appointed**

Minoru Matsubara (Resona Asset Management)

### 3 Newly Appointed (planned) Internal Director

**Newly appointed** Takeshi Saito

Appointment as Internal Director (planned) and Chief Transformation Officer (CXO)

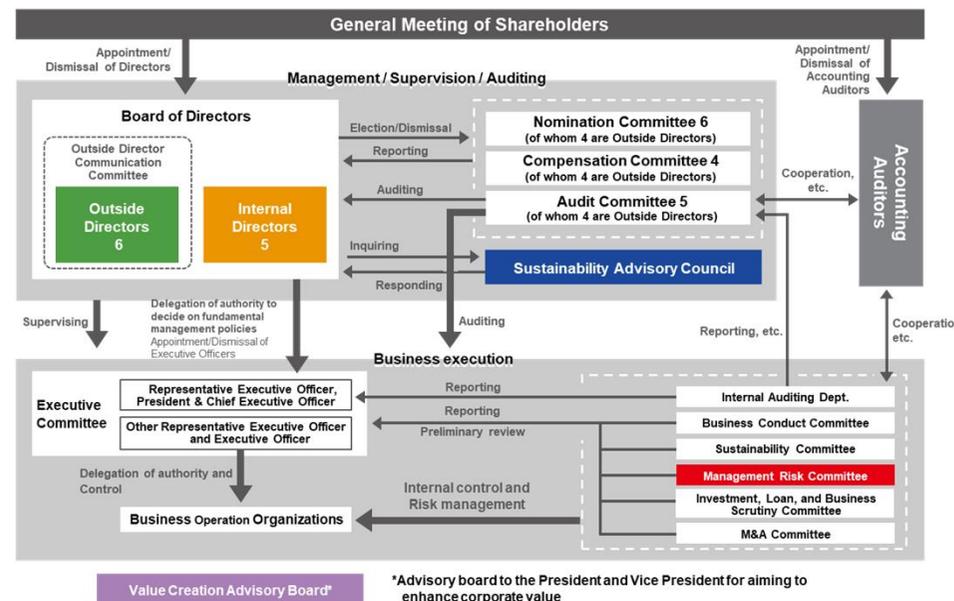
Strengthening of supervisory and executive functions to enhance corporate value

### 4 Newly Appointed (planned) Outside Director

**Newly appointed** Scott Davis

Appointment as Outside Director (planned)

Strengthening of supervisory functions for sustainability



Please see the Appendix for an enlargement

### 5 Value Creation Advisory Board: New structure

**Akira Sato (Value Create):** Investor perspective

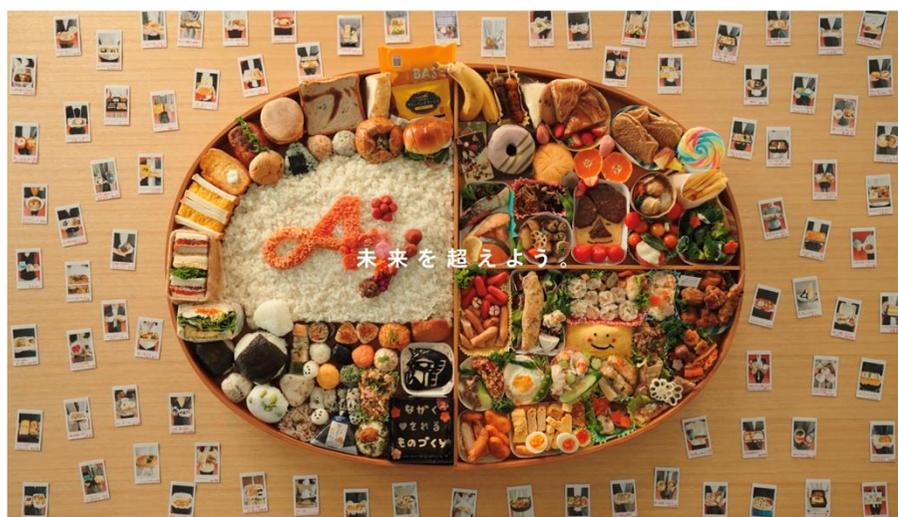
**Masahito Namiki (Interbrand Japan):** Branding

**Newly appointed**

**Wataru Baba (former Executive Officer of Panasonic):** Corporate innovation

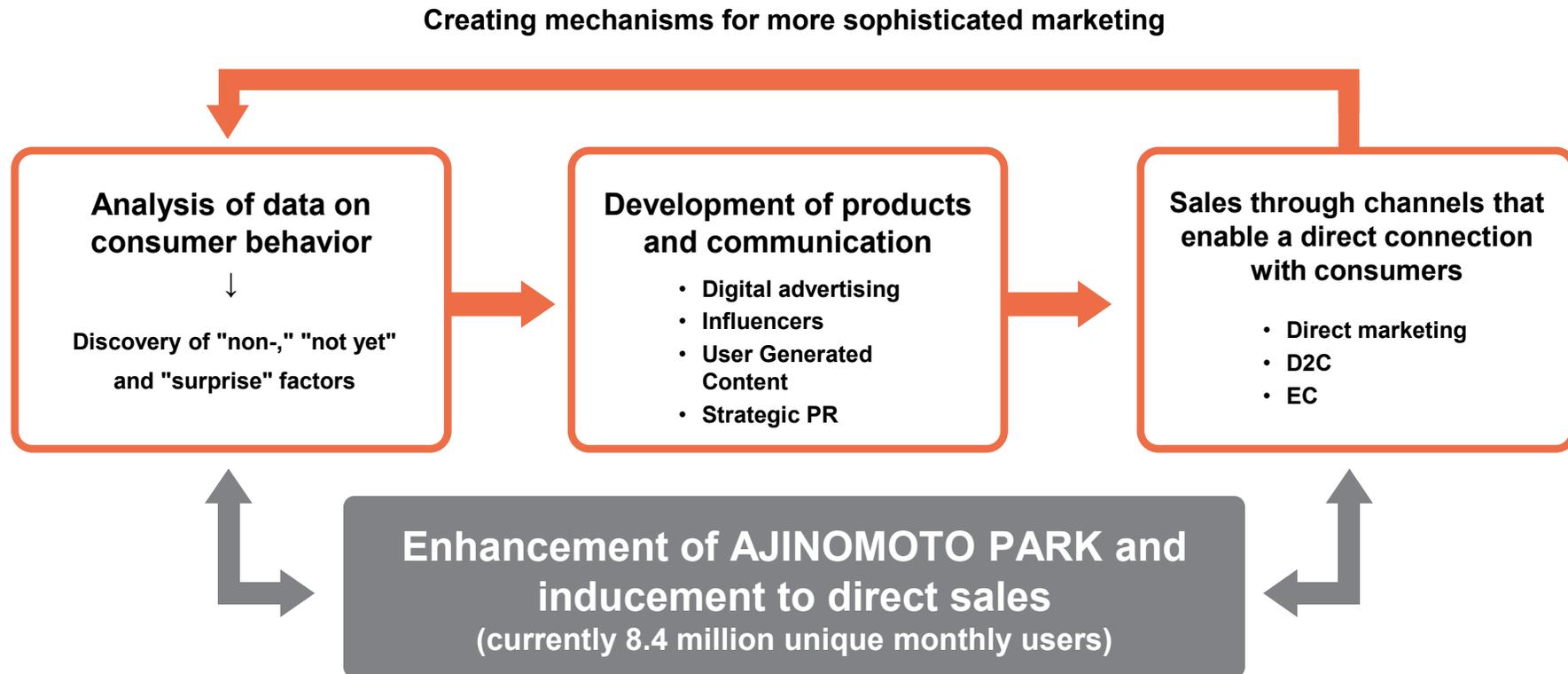
## II-6. To Achieve ASV Indicators (Japan: Seasonings and Foods)

### April 1, 2023: Establishment of the Marketing Design Center (video)



## II-6. To Achieve ASV Indicators (Japan: Seasonings and Foods)

April 1, 2023: Establishment of the Marketing Design Center



**Taking a successful model global**

To create

**“multiple products in new areas, with sales in the double-digit billion of yen or more” per year**

## II-7. To Achieve ASV Indicators (Initiatives for Cash Generation)

### Bringing about ASV through supply chain management reform activities

#### The goal of SCM reform

To achieve mechanisms for supplying customers with needed products—where needed, when needed, and in the amounts needed, at the lowest cost and with the highest efficiency to enhance customer satisfaction, while solving management issues within the Ajinomoto Group by advancing reform activities Group-wide and globally.



#### Customers and social value

- Deliver needed products in fresh condition
- Reduce food loss
- Establish sustainable logistics infrastructure

#### Shareholders and economic value

- Enhance ROIC (enhance capital efficiency)
- Reduce inventories (generate cash)
- Enhance productivity (reduce costs)

	FY2021 results	FY2022 results	FY2023 target	FY2025 target
Number of days' sales in inventory	103	101	Approx. 90	70

 Continue reduction efforts

## II-8. To Achieve ASV Indicators (Initiatives to Lower the Break-Even Point)

April 1, 2023: Establishment of the Procurement Strategy Department

Responsible for global oversight and strategic planning for procurement (collaboration among businesses, R&D, and production; sustainable procurement).

**Visualization of procurement costs, standardization of raw materials, and reform of supply chain management.**

### Visualization of procurement costs

#### Japan

Incorporate the visualized procurement costs for 26 major raw materials into the rolling forecast

#### Overseas

- Enhance cost forecast analysis for the 8 major fermentation raw materials and fuels, and food ingredients
- Make procurement costs for major affiliates visual and collaborate on information

### Group and global HUB

#### Build mechanisms to support Group and global procurement

- Share market information on major raw materials and fuel, information on materials, etc.
- Use global top supplier information

#### Improve GP with collaborating between businesses, R&D, and production

Collaborate on initiatives for procurement of raw materials for overseas instant noodles (wheat flour, paper cup materials, etc.) and overseas Sauces and Seasonings (wheat flour for fried chicken, *AJI-NO-MOTO*® packaging materials)

**We will make decisions on what to stop and will thoroughly remove wastefulness so we can do what we wish to do.**

**FY2030 Plan: Aim to have cost reductions in raw materials and packaging materials contribute to +2% GP margin (compared to FY2023) in overseas Seasonings and Foods**

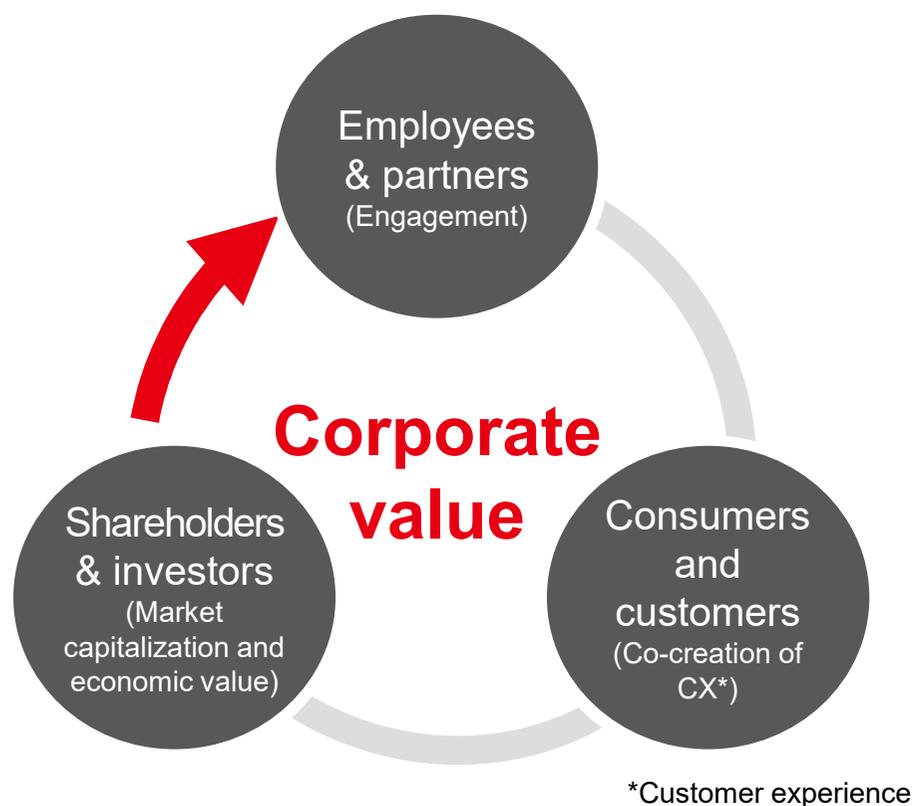
## II-9. To Achieve ASV Indicators (Investment in Human Assets)

### Payment of a special incentive to members of the Ajinomoto Group Employee Stock Ownership Association

Achieve Phase 1 targets in the FY2020–25 Medium-Term Management Plan, a precondition for payment.

Payment of an amount equivalent to one share unit as a special incentive, to employees who are members of the association as of June 1, 2023

< Corporate Value Enhancement Cycle >



In addition to Ajinomoto Co., Inc., introduced at **19** domestic Group companies, that are members of the stock ownership association

Percentage of Ajinomoto Co., Inc. and domestic Group companies' employees in the association

**Approx. 60%**

(before announcement of the incentive: Approx. 30%)

Introducing a medium-term incentive into our employee stock ownership association will lead to increased awareness of participation in management strategies from a medium- to long-term perspective and to the enhancement of engagement, making the corporate value enhancement cycle very sound. This will also contribute to employees' medium- to long-term and independent asset formation.

## Message from the CEO

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- **Amid an environment that is changing drastically, dramatic growth in the Healthcare and Others business drove the Group as a whole in FY2022. The Food Products Business, through unyielding efforts to counter difficulties, returned to growth in profit. We are certain that the Ajinomoto Group’s unique portfolio, with its strengths in foods and “AminoScience”, BtoC and BtoB, was the driver behind this. We have made the move from structural reform into the growth stage a year ahead of schedule, and will now focus on the four growth areas and will continue to strengthen and shift our portfolio.**
- **FY2023 marks the first step in our medium-term ASV initiatives 2030 Roadmap. We will achieve steady growth while we strengthen our investments for the future. Toward that achievement, we will manage confidently, hand in hand with employees and partners who share our purpose.**
- **Macroeconomic and social uncertainty continues, but opportunities arise in times of upheaval. We will enhance the speed of our decision-making and carry out scaling-up measures aimed at growth. I have received a variety of suggestions through dialogs with employees and with investors. As opportunities are concealed inside these harsh criticisms, I hope to continue such frank dialogs.**

**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.**

# Summary of the Fourth Quarter (January-March)

**Sales: Increased**

**¥332.3 billion**

112.6% of FY2021 results

**Excluding currency translation: 105.7%**

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

**Business profit: Increased**

**¥16.1 billion**

129.1% of FY2021 results

**Excluding currency translation: 110.4%**

Profit increased in Seasonings & Foods and Frozen Foods due to the impact of increased revenue, despite increased costs, such as for raw materials. In Healthcare and Others, large decrease in profit overall due to decreased profit in each sub-segment.

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

**¥17.6 billion**

Vs. FY2021 results -

**Excluding special factors (gain on sale of fixed assets and impairment)**

**306% of FY2021 results**

Large increase in profit due to the effect of improved profit from sales of fixed assets, despite the same period in FY2021 being in the red due to the impact of impairment.

## YoY Business Profit Details

(¥ Billion)	vs Q4-FY21	Details of impacts in Q4
Change in GP due to change in sales	11.7	Effect of increased revenue in Seasonings & Foods overseas and Frozen Foods overseas.
Change in GP due to change in GP margin	-2.5	GP margin increased in Frozen Foods, Healthcare and Others, and compared to Q1-Q3, the reduction in GP was reduced.
Change in SGA expenses	-7.1	SGA expenses increased due primarily to currency translation.
Share of profit of associates and joint ventures	1.5	-

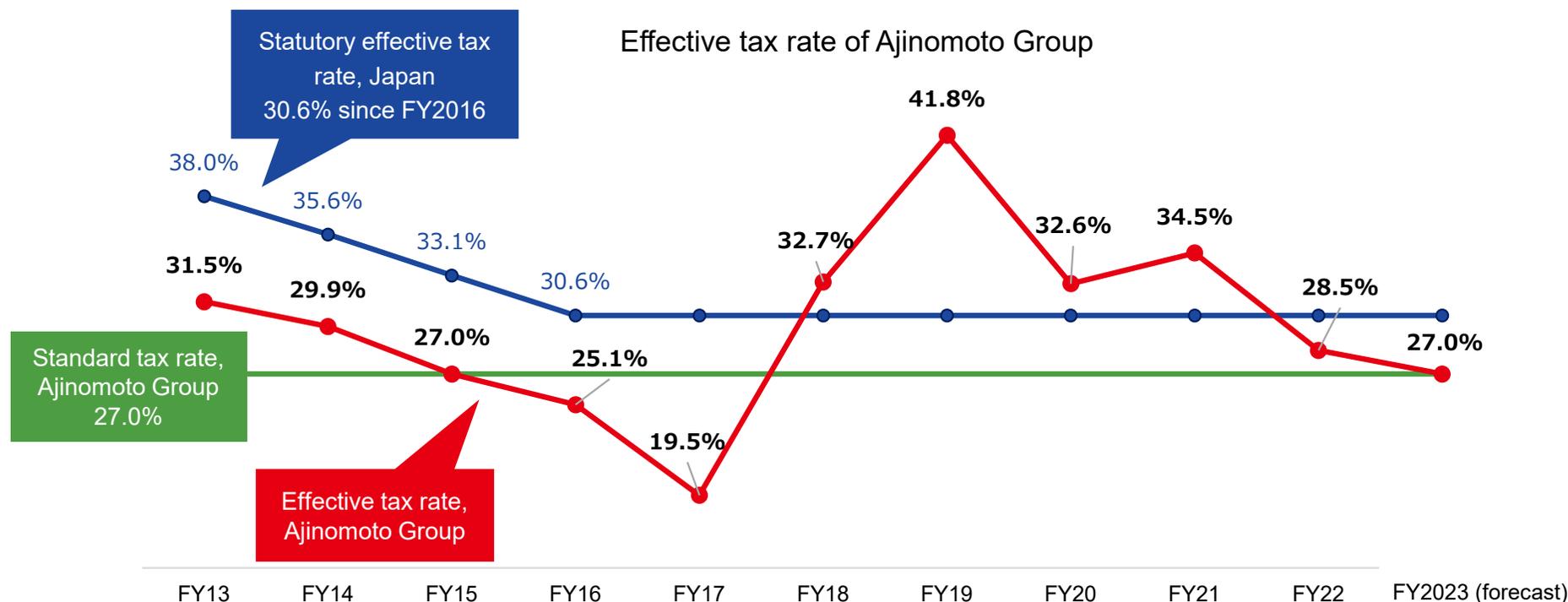
# Addressing Inflation

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		FY2023		
		Q4		Q1		
Sauce & Seasonings	Indonesia	Umami seasonings	January	Indonesia	Menu-specific seasonings	May
		Flavor seasonings	January			
		Menu-specific seasonings	January			
	Vietnam	Umami seasonings	March			
	Philippines	Cooking sauce	January	Japan	Mayonnaise	April
		Umami seasonings	February			
Flavor seasonings		February				
Menu-specific seasonings		February				
Brazil	Umami seasonings	March				
	Flavor seasonings	March				
	Menu-specific seasonings	March				
	Cooking sauce	March				
Japan	Umami seasonings	January				
Also raised prices four other countries and areas						
Quick Nourishment	Thailand	RTD coffee	January	Thailand	Powdered drink	April
		Instant noodles	February			
Also raised prices in three other countries and areas						
Frozen Foods	Japan	Home use	February	Japan	Coffee, etc. Soups	April June
		Restaurant and industrial use	March			

# Ajinomoto Group: Effective Tax Rate



- The Ajinomoto Group's effective tax rate has fluctuated in recent years due to factors including losses associated with business restructuring and the recording of tax effects associated with medium-term plans for the return of funding.
- The Ajinomoto Group set its standard tax rate at 27%, comprehensively taking into account factors such as the mix of statutory tax rates in countries and the tax burden associated with the return of funding via dividends.
- By maximizing tax benefits and other means we will work to reduce our tax rate.

# FY2023 Assumed Exchange Rate and Exchange Rate Sensitivity

## Assumed exchange rate (vs. JPY)

	FY23 forecast	FY22 actual				Medium-Term ASV Initiatives 2030 Roadmap
		Q4	Q3	Q2	Q1	
USD	135.00	132.42	141.38	138.27	129.73	135.00
EUR	135.00	142.16	144.26	139.26	138.26	135.00
THB	3.75	3.90	3.89	3.80	3.77	3.75
BRL	25.96	25.50	26.87	26.39	26.41	25.96

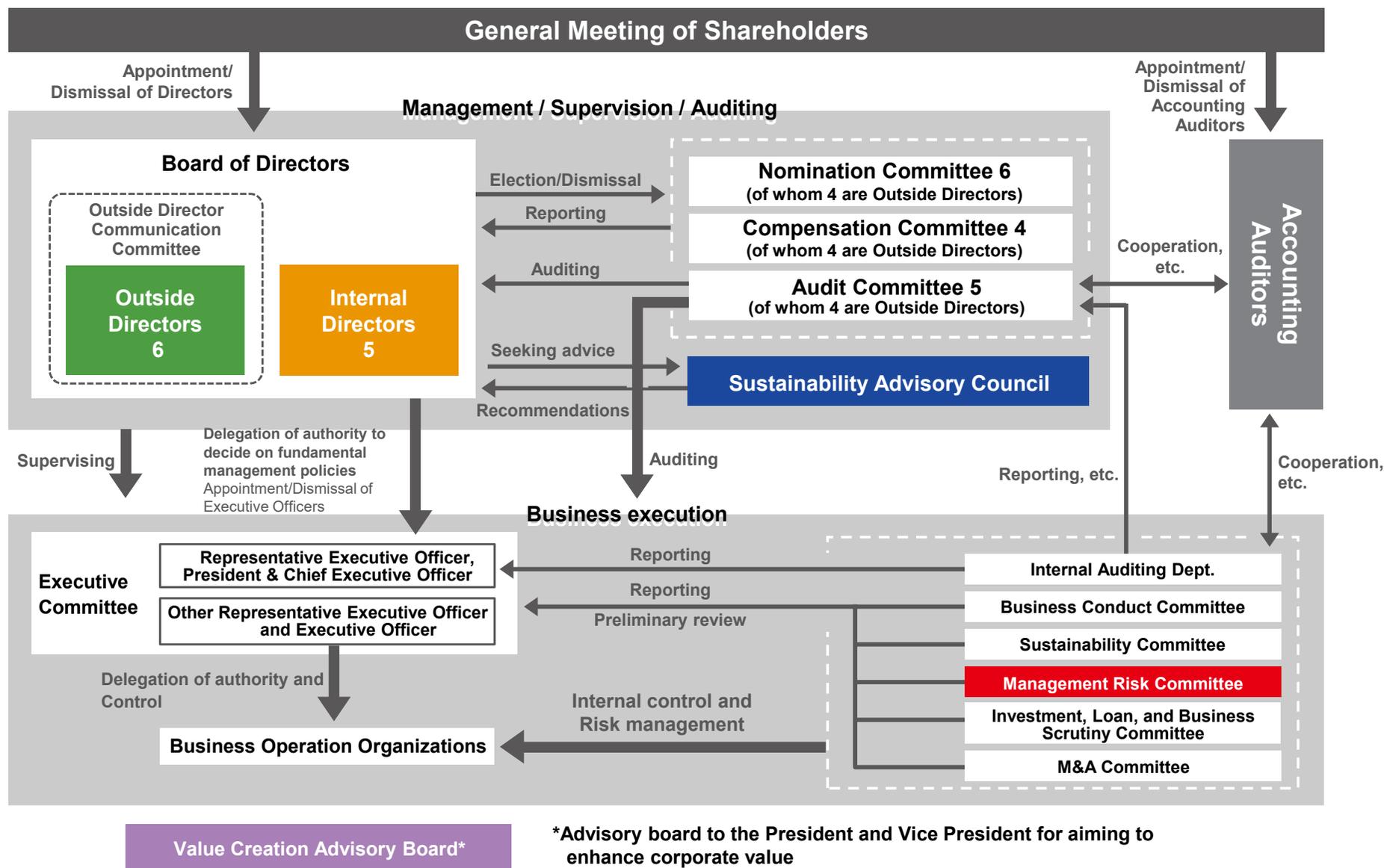
## Exchange Rate Sensitivity

### Foreign exchange rates (vs. JPY)

	FY23 forecast	Sensitivity of translation effects on full year business profit
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. ¥300 million

# Evolution of Governance

## Governance structure from FY2023



# Profiles of New Appointees

**Newly appointed as  
Outside Director**  
(Assumption of office in June)



**Scott Trevor Davis**

- Apr. 1990 Full-time researcher, The Japan Institute of Labour (presently Japan Institute for Labour Policy and Training)
- Apr. 2001 Professor, International Business Administration Department, the International School of Economics and Business Administration, Reitaku University
- May 2004 Outside Director, Ito-Yokado Co., Ltd.
- Sept. 2005 Outside Director, Seven & i Holdings Co., Ltd.
- Mar. 2006 Outside Audit & Supervisory Board Member, Nissen Co., Ltd.
- Apr. 2006 Professor, Department of Global Business, College of Business, Rikkyo University (present post)
- Mar. 2011 Outside Director, Member of the Nominating Committee, Member of the Compensation Committee, Bridgestone Corporation (present post)
- Jun. 2014 Outside Director, Chair of the Nomination Committee, Member of the Compensation Committee, Sompo Holdings, Inc. (present post)

**Executive Officer & Vice President  
Newly appointed as Internal Director**  
(Assumption of office in June)



**Takeshi Saito**

- Apr. 1992 Joined Corporate Directions, Inc.
- Aug. 2003 Joined Industrial Growth Platform, Inc.
- Nov. 2004 Outside Director, OCC Corporation
- Jun. 2005 Outside Director, Kanebo, Ltd.
- Aug. 2005 Managing Director, Industrial Revitalization Corporation of Japan
- Apr. 2007 Partner, Managing Director, Industrial Growth Platform, Inc.
- Jan. 2015 Member of the Board, Industrial Growth Platform, Inc.
- Jan. 2019 Chief Development Officer, Misaki Capital Inc.
- Sept. 2019 Chief Engagement Officer, Misaki Capital Inc.
- Jun. 2021 Representative Director, IMECS Co., Ltd. (present post)
- Jul. 2021 Advisor, Assistant to the Chief Transformation Officer, Ajinomoto Co., Inc.
- Apr. 2023 Executive Officer & Vice President (present post)

**Newly appointed to the  
Value Creation Advisory  
Board**



**Wataru Baba**

- Apr. 2001 Joined SAP Japan Co., Ltd.
- Jan. 2014 Chief Innovation Officer, SAP Japan Co., Ltd.
- Feb. 2016 Co-opted Member, Executive Committee, Japan Professional Football League (present post: Director)
- Oct. 2016 Vice President, SAP Labs, LLC (U.S.)
- Apr. 2017 Joined Panasonic Corporation
- Apr. 2019 Executive Officer, Director of Business Innovation Division, Panasonic Corporation
- Apr. 2020 In charge of Environmental and Energy Business, Panasonic Holdings Corporation
- Apr. 2022 In charge of Sustainability, Panasonic Holdings Corporation (present post: advisor)
- Nov. 2022 Director, Financie, Inc. (present post)
- Nov. 2022 Member of the Board, Code for Japan (present post)
- Apr. 2023 Founder, CEO, Mononaware Inc. (present post)

# Materiality Issues as a Strategic Framework

With a view to realizing our vision and further improving our corporate value over the long term, we have engaged in a series of dialogues at the Sustainability Advisory Council and have arranged important connections for the Ajinomoto Group in the form of material issues.

Hone **1 co-creation** capabilities, take the **2 seikatsusha\*** perspective while achieving **3 well-being** and, through our business activities, return co-created **4 shared value**.

## “AminoScience” for Well-being



\*“Seikatsusha” is a unique Japanese concept that, unlike the partial concept of “consumer” used in business and “citizen” used in political science, seeks to define people holistically. A seikatsusha is a person with agency who defines their own life priorities based on their own (shared) interpretation of their communities’ values and long-term interests. A seikatsusha is the ultimate and most fundamental stakeholder representing humans living together in society.

**We expect to issue our ASV Report (Integrated Report) 2023 in the end of August**

# Reference Links

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## **Ajinomoto Group IR Information**

<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 ASV Initiatives**

[https://www.ajinomoto.co.jp/company/en/ir/event/medium\\_term.html](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](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](https://www.ajinomoto.co.jp/company/en/ir/event/business_briefing.html)

## **Ajinomoto Group Stories**

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

## Reference Links (Japanese Only)

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**Management Policy Briefing for the Ajinomoto Group (15-minute version)**

[https://www.youtube.com/watch?v=\\_h0ocFfR7pM](https://www.youtube.com/watch?v=_h0ocFfR7pM)

**Ajinomoto Group Event for Customers, Announcement of Employee ASV Initiatives  
(Home use)**

<https://youtu.be/G8k51QriSiQ>

**(Restaurant and industrial use)**

<https://youtu.be/uVanUBBXdRQ>

**Nikko Froggy Briefing for Individual Investors**

[https://www.irmovie.jp/nir2/?conts=ajinomoto\\_202304\\_F7Ba](https://www.irmovie.jp/nir2/?conts=ajinomoto_202304_F7Ba)