

Ajinomoto Co., Inc.

Consolidated Results

[IFRS]

Third Quarter Ended December 31, 2019

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and judgements made by management in light of information currently available. Actual financial results may differ depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

SUMMARY OF FINANCIAL STATEMENTS [IFRS] (Consolidated)

For the third quarter ended December 31, 2019*

Ajinomoto Co., Inc.

January 31, 2020

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Scheduled dates

Filing of statutory quarterly financial report: February 10, 2020

Dividend payout: -

Supplementary materials to quarterly financial report available: Yes

Quarterly results briefing held: No

* The information in this report is cumulative for the first three quarters.

1. Consolidated Financial Results for the Nine-month Period Ended December 31, 2019

(1) Consolidated Operating Results

	<i>Millions of yen, rounded down</i>			
	Nine-month period ended December 31, 2019		Nine-month period ended December 31, 2018	
		Change %		Change %
Sales	831,800	(1.7)	846,482	1.7
Business profit	84,011	13.1	74,286	(8.1)
Profit before income taxes	49,274	10.9	44,418	(44.0)
Profit	31,098	5.3	29,542	(53.0)
Profit attributable to owners of the parent company	23,169	3.7	22,351	(59.7)
Basic earnings per share (yen)	42.27	-	40.23	-
Diluted earnings per share (yen)	-	-	-	-

* "Change %" indicates the percentage change compared to the same period of the previous fiscal year.

Note 1: Upon the adoption of IFRS, the Ajinomoto Group has introduced "business profit" as a new profit level that will better enable investors, the Board of Directors, and the Management Committee to grasp the core business results and future outlook of each business while also facilitating continuous evaluation of the Group's business portfolio by the Board of Directors and the Management Committee. "Business profit" is defined as sales minus the cost of sales, selling expenses, research and development expenses, and general and administrative expenses, to which is then added share of profit of associates and joint ventures. Business profit does not include other operating income or other operating expenses.

Note 2: From the first quarter of the fiscal year ended March 31, 2019, the logistics business was reclassified under discontinued operations. Profit from discontinued operations in the quarterly condensed consolidated statements of income is presented separately from the profit from continuing operations. Sales, business profit and profit before income taxes in the above table are amounts related to continuing operations only. On April 1, 2019, the Company lost control of F-LINE Corporation (the former Ajinomoto Logistics Corporation), and F-LINE Corporation became an equity-method affiliate of the Company from the first quarter of the fiscal year ending March 31, 2020. Gain on loss of control is included in profit from discontinued operations, and share of profit of associates and joint ventures is included in continuing operations for nine-month period ended December 31, 2019.

(2) Consolidated Financial Position

	<i>Millions of yen, rounded down</i>	
	As of December 31, 2019	As of March 31, 2019
Total assets	1,401,212	1,393,869
Total equity	698,141	685,960
Equity attributable to owners of the parent company	615,864	610,543
Ownership ratio attributable to owners of the parent company (%)	44.0%	43.8%

2. Dividends

	Fiscal year ended March 31, 2019	Fiscal year ending March 31, 2020	Fiscal year ending March 31, 2020 (forecast)
Dividend per share			
Interim (yen).....	¥16.00	¥16.00	
Year-end (yen).....	¥16.00		¥16.00
Annual (yen).....	¥32.00		¥32.00

Note: Revisions to dividend forecasts in the period under review: None

3. Forecast for the Fiscal Year Ending March 31, 2020

Millions of yen, rounded down

	Fiscal year ending March 31, 2020	
		Change %
Sales.....	1,138,500	1.0
Business profit	88,000	(5.0)
Profit attributable to owners of the parent company.....	18,000	(39.4)
Basic earnings per share (yen).....	32.84	

"Change %" indicates the percentage change compared to the same period of the previous fiscal year.

Note: Revisions to performance forecasts in the period under review: None

Notes:

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in the change in consolidation scope): None

(2) Changes in accounting policies and accounting estimates

- 1) Changes in accounting policies as required by IFRS: Yes
- 2) Other changes in accounting policies: None
- 3) Changes in accounting estimates: None

(3) Number of shares outstanding (ordinary shares)

	Shares	
	As of December 31, 2019	As of March 31, 2019
Number of shares outstanding at end of period (including treasury shares):	549,163,354	549,163,354
Number of treasury shares at end of period	973,529	1,063,513
	April 1, 2019 to December 31, 2019	April 1, 2018 to December 31, 2018
Average number of shares during period	548,131,978	555,650,595

(Note) The number of treasury shares at the end of the period includes shares held by the “Director’s remuneration BIP Trust” (As of December 31, 2019: 873,700 shares. As of March 31, 2019: 966,200 shares), which has been adopted along with the introduction of Stock-based Remuneration of Executive Officers Based on the Company’s Medium-term Earnings Performance for the Directors and others. In addition, these shares are included in the treasury shares that are deducted from the number of shares when calculating the average number of shares during the period.

* Summary quarterly financial statements are exempted from quarterly review by a public certified accountant or an auditing firm.

* Appropriate use of forecasts and other notes

Disclaimer regarding forward-looking statements and other information

Forward-looking statements, such as business forecasts, included in this document are based on management’s estimates, assumptions, and projections at the time of publication. These statements do not represent a promise or commitment by the Company to achieve these forecasts. Actual operating results may differ significantly due to various factors. For more information regarding our earnings forecasts, see “1. Qualitative Information on Nine-month Period Consolidated Results, (3) Overview of Consolidated Earnings Forecasts.” on page 12.

Method of obtaining supplementary results materials

Download from the Company’s website, available from Friday, January 31, 2020.

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1. Qualitative Information on the Nine-month Period Consolidated Results

Upon the adoption of IFRS, the Ajinomoto Group has introduced "business profit" as a new profit level that will better enable investors, the Board of Directors, and the Management Committee to grasp the core business results and future outlook of each business while also facilitating continuous evaluation of the Group's business portfolio by the Board of Directors and the Management Committee. "Business profit" is defined as sales minus the cost of sales, selling expenses, research and development expenses, and general and administrative expenses, to which is then added share of profit of associates and joint ventures. Business profit does not include other operating income or other operating expenses.

From the first quarter of the fiscal year ended March 31, 2019, the assets and liabilities of Ajinomoto Logistics Corporation ("AB"), which was a subsidiary of the Company, were included under a disposal group of assets/liabilities classified as held for sale, and the logistics business was classified as a discontinued business. On April 1, 2019, AB, Kagome Distribution Service Co., Ltd., House Logistics Service Corporation, F-LINE Corporation, and Kyushu F-LINE Corporation merged, with AB as the surviving company, and changed the company name to F-LINE Corporation. As a result, F-LINE Corporation became an equity-method affiliate of the Company from the first quarter of the fiscal year ending March 31, 2020. Gain on loss of control is included in profit from discontinued operations, and share of profit of associates and joint ventures is included in continuing operations for this nine-month period.

(1) Overview of Operating Results

In the nine-month period ended December 31, 2019, the Ajinomoto Group's consolidated net sales fell 1.7% year- on-year, or ¥14.6 billion, to ¥831.8 billion, largely owing to a dramatic decrease in animal nutrition product sales. Although business profit on animal nutrition products fell significantly accompanying the dramatic decrease in sales and impairment loss on the trademark rights of Promasidor Holdings Limited ("PH"), which was recorded in share of profit of associates and joint ventures, overall business profit increased 13.1%, or ¥9.7 billion, to ¥84.0 billion, largely owing to significant profit growth in umami seasonings for processed food manufacturers, seasonings and processed foods (overseas), and frozen foods (in Japan).

Operating profit increased 9.2%, or ¥4.0 billion, to ¥48.4 billion as business profit increased despite impairment losses – on production equipment in the animal nutrition business in Europe, investments related to PH and accounted for using the equity method, production equipment in the bakery business, and seasoning production equipment in Europe – recorded in other operating expenses.

Profit attributable to owners of the parent totaled ¥23.1 billion, up 3.7%, or ¥0.8 billion.

An itemization of the details of the impairment losses on production equipment in the animal nutrition business in Europe, PH, production equipment in the bakery business and seasoning production equipment in Europe for each level of profit is as follows.

Millions of yen, rounded down

	Business profit	Operating profit Profit before income taxes	Profit attributable to owners of the parent company
(1) Impairment loss on production equipment in animal nutrition business in Europe	-	14,958	11,739
(2) Impairment loss on investments in PH accounted for using the equity method (equivalent to 33.33% investment)	-	4,232	4,232
(3) Impairment loss on trademark rights of PH (equivalent to 33.33% investment)	3,897	3,897	3,897
(4) Impairment loss on production equipment in the bakery business	-	3,835	2,936
(5) Impairment losses on seasoning production equipment in Europe	-	6,899	6,899
Total	3,897	33,824	29,706

With respect to the full year forecast, sales had an achieved percent of 73.1% and business profit had 95.5%. For the Japan Food Products and International Food Products segments, with improvement in profitability from increased unit sales prices and increased productivity, and more effective use of marketing expenses, the business profit for coffee products, frozen foods (Japan), umami seasonings for processed food manufacturers, etc. is progressing at a pace above that of the plan. In addition, in the Life Support segment, the amount of loss in animal nutrition due to the effect of the spread of the African swine fever is less than assumed at the moment, and in specialty chemicals, electronic materials are doing well so, overall, business profit is above the plan.

While quarterly profit attributable to owners of the parent company includes the above-listed impairment loss in other operating expenses, achieved percent was 128.7% due to business profit being above the plan and one-time expenses expected to occur in the consolidated results for the fourth quarter, such as a special additional payment based on the Special Second Career Program for Managers.

Consolidated operating results by segment

Results for individual business segments and revised forecasts are summarized below.

Billions of yen, rounded down

YoY	Sales	YoY change - amount	YoY change - percent	Business profit	YoY change -amount	YoY change -percent
Japan Food Products	284.5	(2.1)	(0.7) %	29.4	3.7	14.6 %
International Food Products	358.3	(2.2)	(0.6) %	40.9	7.8	23.8 %
Life Support	71.5	(10.9)	(13.3) %	4.6	(3.0)	(39.3) %
Healthcare	97.0	1.0	1.1 %	7.6	0.2	3.6 %
Other	20.3	(0.3)	(1.9) %	1.2	0.8	228.0 %
Total	831.8	(14.6)	(1.7) %	84.0	9.7	13.1 %

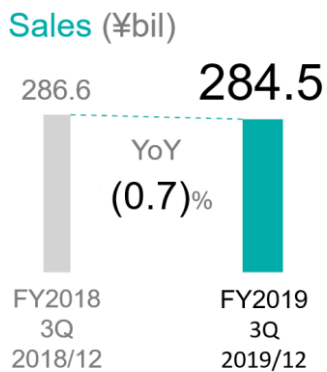
Billions of yen, rounded down

Vs. the forecast	Sales			Business profit		
	FY2019 nine-month period	Forecast for the year	Achieved -percent	FY2019 nine-month period	Forecast for the year	Achieved -percent
Japan Food Products	284.5	381.2	74.6 %	29.4	28.6	103.0 %
International Food Products	358.3	484.0	74.0 %	40.9	45.3	90.5 %
Life Support	71.5	94.2	76.0 %	4.6	2.1	221.5 %
Healthcare	97.0	150.7	64.4 %	7.6	13.0	59.2 %
Other	20.3	28.4	71.8 %	1.2	(1.0)	-
Total	831.8	1,138.5	73.1 %	84.0	88.0	95.5 %

Note: Domestic and overseas sales of *ACTIVA*® products to food processing companies, and savory seasonings are included in the Japan Food Products segment. Domestic and overseas sales of umami seasoning *AJI-NO-MOTO*® for the food processing industry and nucleotides and sweeteners are included in the International Food Products segment.

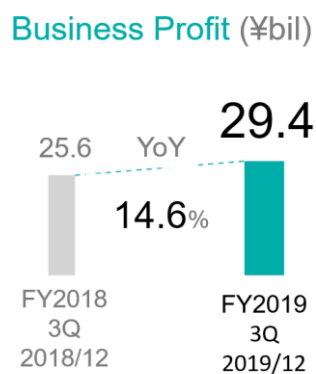
1) Japan Food Products Segment

Japan Food Products segment sales were down 0.7% year-on-year, or ¥2.1 billion, to ¥284.5 billion. This reflects lower sales of coffee products, while seasonings and processed foods (in Japan), and frozen foods (in Japan) were unchanged year-on-year. Segment business profit increased 14.6% year-on-year, or ¥3.7 billion, to ¥29.4 billion, owing to large increases in profit on both frozen foods (in Japan) and coffee products.



Main factors affecting segment sales

- **Seasonings and processed foods (Japan):** Despite increased sales in home-use, sales in restaurant and industrial-use decreased compared with the previous year primarily due to lower sales in the bakery business. Overall, sales were level with the previous year.
- **Frozen foods (Japan):** Sales in home-use increased due to continued strong sales of Gyoza despite the effect of suspended sales of a fried rice product. Sales in restaurant and industrial-use decreased due to sales of some products decreasing from the effect of reduced sales promotion despite expansion of sales of major categories. Overall, sales were level with the previous year.
- **Coffee products:** Despite increased sales of major products (stick-type coffee, instant coffee, and ground coffee), overall sales decreased due to downsizing the personal size liquid coffee business and ceasing sales of some gift products.



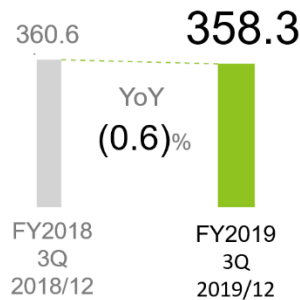
Main factors affecting segment profits

- **Seasonings and processed foods (Japan):** Despite sales being level with the previous year, overall profit decreased due to various expenses and expenses related to the acquisition of More Than Gourmet Holdings, Inc.
- **Frozen foods (Japan):** Large increase in profit due to increased productivity and effective use of marketing expenses despite reduced sales.
- **Coffee products:** Large increase in profits due to increased sales of major products, and lower costs, despite decreased sales.

2) International Food Products Segment

International Food Products segment sales declined 0.6% year-on-year, or ¥2.2 billion, to ¥358.3 billion. This was due to a decline in sales of frozen foods (overseas), while sales of seasonings and processed foods (overseas) and umami seasonings for processed food manufacturers were unchanged year-on-year. Segment business profit increased 23.8% year-on-year, or ¥7.8 billion, to ¥40.9 billion due to a large increase in profits on sales of umami seasonings for processed food manufacturers and frozen foods (overseas).

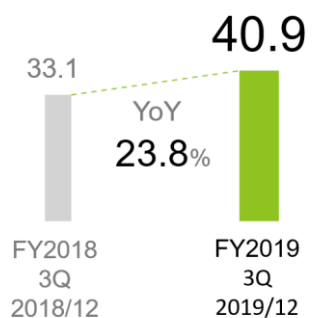
Sales (¥bil)



Main factors affecting segment sales

- **Seasonings and processed foods (Overseas):** Despite the effect of distribution inventory in Vietnam through the second quarter and currency translation, sales were level with the previous year due to increased sales quantity at other affiliates and the effect of price increases.
- **Frozen foods (Overseas):** Despite steady demand for Asian food products in North America and Europe, sales decreased due to the effect of currency translation and the sale of Amoy Food Ltd.
- **Umami seasonings for processed food manufacturers:** Sales of umami seasonings for processed food manufacturers were level with the previous year primarily due to increased unit sales prices overseas despite the effect of currency translation.

Business Profit (¥bil)



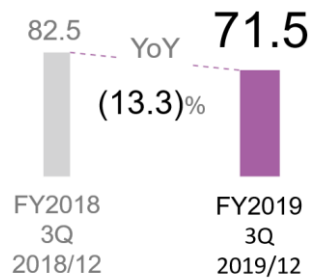
Main factors affecting segment profits

- **Seasonings and processed foods (Overseas):** Increase in profit due to the effect of price increases.
- **Frozen foods (Overseas):** Large increase in profit due to the effect of price increases in the previous year and productivity improvements in North America.
- **Umami seasonings for processed food manufacturers:** Large increase in profit due to increased unit sales prices and cost reductions overseas.

3) Life Support Segment

Life Support segment sales declined 13.3% year-on-year, or ¥10.9 billion, to ¥71.5 billion due to a dramatic decline in animal nutrition product sales despite an increase in sales of specialty chemicals. Segment business profit fell 39.3% year-on-year, or ¥3.0 billion, to ¥4.6 billion because profit on animal nutrition products fell significantly accompanying the dramatic decrease in sales.

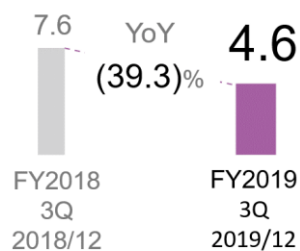
Sales (¥bil)



Main factors affecting segment sales

- **Animal nutrition:** Large decrease in sales due to the decrease in demand from the world-wide spread of African swine fever and the fall in sales prices.
- **Specialty chemicals:** Increase in sales primarily due to strong sales of electronic materials.

Business Profit (¥bil)



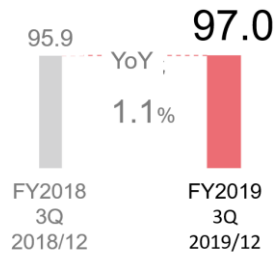
Main factors affecting segment profits

- **Animal nutrition:** Large decrease in profit accompanying large decrease in sales.
- **Specialty chemicals:** Increase in profit accompanying increase in sales.

4) Healthcare Segment

Healthcare segment sales increased 1.1% year-on-year, or ¥1.0 billion, to ¥97.0 billion. This was due to increases in sales of amino acids for pharmaceuticals and foods, and pharmaceutical custom manufacturing, despite declines in sales of both fundamental foods and personal care ingredients. Segment business profit increased 3.6% year-on-year, or ¥0.2 billion, to ¥7.6 billion as a result of the large increase in profit on amino acids for pharmaceuticals and foods.

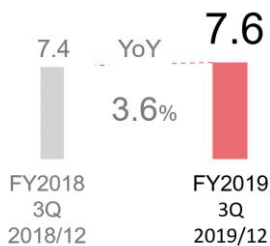
Sales (¥bil)



Main factors affecting segment sales

- **Amino acids:** Increase in sales due to increased sales of both amino acids for pharmaceuticals and foods and pharmaceutical custom manufacturing.
- **Other products:** Decrease in sales primarily due to decrease in year-on-year sales of fundamental foods and personal care ingredients.

Business Profit (¥bil)



Main factors affecting segment profits

- **Amino acids:** Large increase in profit accompanying increase in sales of amino acids for pharmaceuticals and foods, despite decrease in profit in pharmaceutical custom manufacturing. Overall, profit increased.
- **Other products:** Decrease in profit accompanying decrease in sales.

5) Other

In the Other segment, sales totaled ¥20.3 billion, down 1.9% year-on-year, or ¥0.3 billion. Segment business profit increased by ¥0.8 billion year-on-year to ¥1.2 billion, a year-on-year improvement of 228.0%.

(2) Overview of Financial Position

As of December 31, 2019, the Ajinomoto Group's consolidated total assets stood at ¥1,401.2 billion, an increase of ¥7.3 billion from ¥1,393.8 billion at the end of the previous fiscal year on March 31, 2019. This increase was attributable to an increase in right-of-use assets due to adoption of IFRS 16.

Total liabilities came to ¥703.0 billion, ¥4.8 billion less than the ¥707.9 billion at the end of the previous fiscal year. Interest-bearing debt totaled ¥370.3 billion, an increase of ¥33.2 billion from the end of the previous fiscal year, mainly reflecting the increase in lease liabilities due to adoption of IFRS 16.

Total equity as of December 31, 2019 increased ¥12.1 billion compared to the end of the previous fiscal year, reflecting an increase in retained earnings. Equity attributable to owners of the parent company, which is total equity minus non-controlling interests, totaled ¥615.8 billion, and the equity ratio attributable to owners of the parent company was 44.0%.

(3) Overview of Consolidated Earnings Forecasts

The Company has not revised the full-year forecasts announced on November 6, 2019.

2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statements of Financial Position

	<i>Millions of yen</i>	
	As of end of third quarter (December 31, 2019)	As of end of previous fiscal year (March 31, 2019)
Assets		
Current assets		
Cash and cash equivalents	138,512	153,725
Trade and other receivables	196,097	194,270
Other financial assets	16,195	16,526
Inventories	195,404	185,036
Income taxes receivable	3,971	8,095
Others	15,751	13,944
Sub total	565,933	571,599
Assets of disposal groups classified as held for sale	-	19,568
Total current assets	565,933	591,167
Non-current assets		
Property, plant and equipment	459,756	423,369
Intangible assets	67,225	66,132
Goodwill	92,874	91,373
Investments in associates and joint ventures	118,291	116,900
Long-term financial assets	58,038	64,812
Deferred tax assets	16,836	15,589
Others	22,256	24,523
Total non-current assets	835,279	802,701
Total assets	1,401,212	1,393,869

	As of end of third quarter (December 31, 2019)	As of end of previous fiscal year (March 31, 2019)
Liabilities		
Current liabilities		
Trade and other payables	171,440	183,276
Short-term borrowings	3,971	10,989
Current portion of long-term borrowings	13,337	13,089
Current portion of bonds	19,993	-
Other financial liabilities	7,621	5,935
Short-term employee benefits	35,424	37,273
Provisions	2,658	6,560
Income taxes payable	11,016	9,549
Others	10,494	11,510
Sub total	275,958	278,185
Liabilities of disposal groups classified as held for sale	-	13,571
Total current liabilities	275,958	291,756
Non-current liabilities		
Corporate bonds	149,536	169,479
Long-term borrowings	126,741	137,157
Other financial liabilities	73,680	25,412
Long-term employee benefits	62,073	64,406
Provisions	11,057	11,135
Deferred tax liabilities	2,950	7,392
Others	1,073	1,167
Total non-current liabilities	427,112	416,153
Total liabilities	703,071	707,909
Equity		
Common stock	79,863	79,863
Capital surplus	(191)	3,266
Treasury stock	(2,159)	(2,361)
Retained earnings	604,699	595,311
Other components of equity	(66,347)	(65,521)
Disposal groups classified as held for sale	-	(16)
Equity attributable to owners of the parent company	615,864	610,543
Non-controlling interests	82,276	75,417
Total equity	698,141	685,960
Total liabilities and equity	1,401,212	1,393,869

(2) Condensed Consolidated Statements of Income

	<i>Millions of yen</i>	
	Nine-month period (April 1, 2019 to December 31, 2019)	Nine-month period (April 1, 2018 to December 31, 2018)
Continuing operations		
Sales	831,800	846,482
Cost of sales	(525,327)	(546,019)
Gross profit	306,473	300,462
Share of profit of associates and joint ventures	(825)	128
Selling expenses	(127,766)	(132,556)
Research and development expenses	(20,156)	(20,196)
General and administrative expenses	(73,712)	(73,551)
Business profit	84,011	74,286
Other operating income	4,147	4,189
Other operating expenses	(39,660)	(34,043)
Operating profit	48,498	44,432
Financial income	5,194	5,709
Financial expenses	(4,418)	(5,722)
Profit before income taxes	49,274	44,418
Income taxes	(17,725)	(16,677)
Profit from continuing operations	31,548	27,740
Profit from discontinued operations	(450)	1,801
Profit	31,098	29,542
Attributable to:		
Owners of the parent company	23,169	22,351
Non-controlling interests	7,929	7,190
Profit from continuing operations attributable to owners of the parent company	23,619	20,611
Profit from discontinued operations attributable to owners of the parent company	(450)	1,740
Profit attributable to owners of the parent company	23,169	22,531
Earnings per share from continuing operations (yen):		
Basic	43.09	37.09
Diluted	-	-
Earnings per share from discontinued operations (yen):		
Basic	(0.82)	3.13
Diluted	-	-
Earnings per share (yen):		
Basic	42.27	40.23
Diluted	-	-

(3) Notes to Condensed Consolidated Financial Statements

Going Concern Assumption
Not applicable

Significant Accounting Policies

With the exception of the items explained below, the significant accounting policies used to prepare these quarterly condensed consolidated financial statements are unchanged from the policies applied to the consolidated financial statements in the previous fiscal year.

Income taxes for the nine-month period are calculated based on an estimation of the effective tax rate for the fiscal year.

Impact of Applying New Accounting Policies

The Group has applied the following accounting standards from the first quarter of the fiscal year ending March 31, 2020.

IFRS		Overview of new standards or amendments
IFRIC 23	Uncertainty over Income Tax Treatments	Clarifies uncertainty over income tax treatments
IAS 19	Employee Benefits	Clarifies how to measure service costs and interest expenses in the case of plan amendment, curtailment or settlement.
IAS 23	Borrowing Costs	Clarifies how to calculate borrowing costs eligible for capitalization
IFRS 16	Leases	Revises accounting treatments and disclosure relating to leases

Note 1: IFRIC 23 Uncertainty over Income Tax Treatments

This interpretation provides guidance on requirements that add to the requirements of IAS 12 Income Taxes by specifying accounting treatments for uncertain tax positions such as items for which the tax treatment is unclear or items related to matters yet to be resolved with tax authorities. If it is deemed likely that the Group's tax treatments will not be accepted by tax authorities, when calculating taxable income, the Group uses the mode or expected value to recognize the effect of uncertainty as additional taxable income.

The adoption of this interpretation does not have a material impact on the quarterly condensed consolidated financial statements.

Note 2: IAS 19 Employment Benefits

IAS 19 clarified the use of actuarial assumptions at the time of remeasurement in the measurement of service costs and interest expenses at the closing date after the event in the case of plan amendment, curtailment or settlement. The revision of this standard will be applied to events that arise on or after the date of adoption (April 1, 2019) and does not have a material impact on the quarterly condensed consolidated financial statements.

Note 3: IAS 23 Borrowing Costs

IAS 23 clarified that when special borrowing for a qualifying asset remains unpaid at the point when the qualifying asset is ready for the intended use or sale, the balance of the special borrowing is included in general purpose borrowing. The revision of this standard will be applied to events that arise on or after the date of adoption (April 1, 2019) and does not have a material impact on the quarterly condensed consolidated financial statements.

Note 4: IFRS 16 Leases

The lessee recognizes the right to use the underlying assets (right-of-use assets) and the obligation to make lease payments (lease liabilities) on the lease commencement date. After initial recognition, expenses relating to depreciation arising from right-of-use assets and interest expenses for lease liabilities are recognized separately.

Right-of-use assets are recorded in property, plant and equipment on the quarterly condensed consolidated statements of financial position.

Leases as the Lessee

The Group has adopted IFRS 16 from the beginning of the fiscal year ending March 31, 2020. In adopting IFRS 16, the Group employed the method of recognizing the cumulative effect of applying the standard on the adoption commencement date, which is provided as a transition approach. When adopting IFRS 16, for lease contracts held at the end of the previous fiscal year that are not classified as finance leases under IAS 17, it is determined whether the leases are included in contracts in accordance with IFRS 16, and right-of-use assets and lease liabilities are recognized for all leases, with the exception of short-term leases for which the term of the lease is 12 months or less and leases for which the underlying asset is of low value.

The carrying amounts of right-of-use assets and lease liabilities on the adoption commencement date related to leases classified as finance leases under IAS 17 are calculated as the carrying amounts of the lease assets and lease liabilities based on IAS 17 on the immediately preceding date.

The Group measured lease liabilities on the adoption commencement date related to leases not classified as finance leases under IAS 17 as the amount of the total remaining lease payments as of the adoption commencement date discounted to the present value based on the interest rate for additional borrowings of the Group as of April 1, 2019, and the applicable weighted average of the interest rate for additional borrowings is 0.93%. In addition, right-of-use assets were initially measured at the measured amount of lease liabilities adjusted for prepaid lease payments. On the adoption commencement date, right-of-use assets increased ¥53,956 million and lease liabilities increased ¥51,571 million.

The difference between the ¥20,174 million (discounted to ¥19,405 million) in minimum total future lease payments based on non-cancelable operating leases disclosed with the application of IAS 17 as of the closing date for the previous fiscal year and lease liabilities of ¥57,877 million recognized at the beginning of the fiscal year ending March 31, 2020 is mainly due to the inclusion in lease liabilities of contract amounts related to land and buildings which were treated as rental contracts under the previous standards, as a result of the revision of lease terms.

The impact on the quarterly consolidated statements of income in this nine-month period of the fiscal year ending March 31, 2020 is immaterial.

The Group has also employed the following practical expedients when adopting IFRS 16.

- Leases for which the remaining term of the lease is 12 months or less on the adoption commencement date are not recognized as right-of-use assets and lease liabilities.
- Initial direct costs may be excluded from the measurement of right-of-use assets on the adoption commencement date.
- When a contract includes an option to extend or cancel, ex post judgement may be used when calculating the term of the lease.

Leases as the Lessor

There are no changes to the accounting treatment for leases in which the Group is the lessor when adopting IFRS 16 with the exception of sub-leases.

Segment Information

(1) Overview of reportable segments

The Group's reportable segments are categorized primarily by product lines, with the food business further separated into domestic and overseas. Therefore, the Company has four reportable segments: "Japan Food Products," "International Food Products," "Life Support," and "Healthcare."

Each reportable segment is a component of the Group for which separate financial information is available and evaluated regularly by the Management Committee in determining the allocation of management resources and in assessing performance.

In the first quarter of the fiscal year ended March 31, 2019, the logistics business was reclassified under discontinued operations. Segment information in this document shows values for continuing operations only, which now excludes the logistics business. On April 1, 2019, the Company lost control of F-LINE Corporation (the former Ajinomoto Logistics Corporation), and F-LINE Corporation became an equity-method affiliate of the Company. Share of profit of associates and joint ventures for F-LINE Corporation in this nine-month period of the fiscal year ending March 31, 2020 is included in Other.

(2) Information by reportable segment

The Group's sales and earnings by reportable segments are as follows:

Inter-segment sales and transfers are primarily based on transaction prices between third-parties.

Nine-month period ended December 31, 2019 (April 1, 2019 to December 31, 2019)

Millions of yen

	Reportable segment				Other *	Total	Adjustments	As included in condensed consolidated financial statements
	Japan Food Products	International Food Products	Life Support	Healthcare				
Sales								
Sales to third parties	284,521	358,342	71,548	97,005	20,382	831,800	-	831,800
Inter-segment sales and transfers	3,359	3,365	2,101	1,857	23,209	33,893	(33,893)	-
Total sales	287,881	361,707	73,650	98,863	43,591	865,694	(33,893)	831,800
Share of profit of associates and joint ventures	274	(3,199)	187	19	1,892	(825)	-	(825)
Segment profit or loss (Business profit or loss)	29,451	40,997	4,651	7,697	1,212	84,011	-	84,011
								Other operating income
								4,147
								Other operating expense
								(39,660)
								Operating profit
								48,498
								Financial income
								5,194
								Financial expense
								(4,418)
								Profit before income taxes
								49,274

* Other includes the tie-up, packaging, logistics, and other service-related businesses.

Nine-month period ended December 31, 2018 (April 1, 2018 to December 31, 2018)

Millions of yen

	Reportable segment				Other *	Total	Adjustments	As included in condensed consolidated financial statements	
	Japan Food Products	International Food Products	Life Support	Healthcare					
Sales									
Sales to third parties	286,661	360,630	82,503	95,912	20,774	846,482	-	846,482	
Inter-segment sales and transfers	3,263	3,839	2,297	2,008	21,575	32,984	(32,984)	-	
Total sales	289,924	364,470	84,800	97,921	42,349	879,466	(32,984)	846,482	
Share of profit of associates and joint ventures	314	(2,529)	61	(15)	2,297	128	-	128	
Segment profit or loss (Business profit or loss)	25,696	33,125	7,663	7,431	369	74,286	-	74,286	
								Other operating income	4,189
								Other operating expense	(34,043)
								Operating profit	44,432
								Financial income	5,709
								Financial expense	(5,722)
								Profit before income taxes	44,418

* Other includes the tie-up, packaging, and other service-related businesses.