

Eat Well, Live Well.



**Ajinomoto Co., Inc. (2802)
Forecast for FY2021 (Ending March 31, 2022)
and Initiatives to Enhance Corporate Value**

**Takaaki Nishii
President & CEO**

May 10, 2021

Eat Well, Live Well.



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Note: Business profit (consolidated) in this material:

Sales - Cost of sales - Selling expenses, Research & development expenses and General & administrative expenses + Share of profit of associates and joint ventures



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I-1. FY2020: Summary Results

Sales decreased due to Seasonings and Foods, and Frozen Foods which were impacted by the COVID-19 pandemic.

Business profit increased, due to effects of increased revenue in Specialty Chemicals and increased revenue from home-use products in Seasonings and Foods and in Frozen Foods, and increased profit due to improvement of the product mix, etc.

With the addition of improvements in other operating expenses, **profit for the term increased significantly.**
(¥ billion)

(¥ Billion); -: losses	FY20 Actual (A)	FY19 Actual (B)	Difference (A) - (B)	vs. Prev. year (A)/(B)	vs. Prev. year (excluding currency translation) (A)/(B)
Sales	✓ 1,071.4	1,100.0	-28.5	✓ 97%	99%
Gross profit	406.2	403.8	2.3	100%	-
(Gross profit margin)	37.9%	36.7%			
Business profit	113.1	99.2	13.8	114%	119%
Other operating income & expenses	-12.0	-50.4	38.4	23%	-
Impairment losses	-18.5	-34.9	16.4	53%	-
Other	6.5	-15.5	22.0	-	-
Operating profit	101.1	48.7	52.3	207%	-
Financial income & expenses	-2.8	0.0	-2.7	-	-
Profit before income taxes	98.3	48.7	49.5	201%	-
Income taxes (Tax rate: FY20 actual 32%)	-32.0	-20.3	-11.6	157%	-
Profit (includes discontinued operations)	66.2	28.9	37.3	228%	-
Profit attributable to owners of the parent company	59.4	18.8	40.5	315%	-
Profit attributable to non-controlling interests	6.8	10.1	-3.2	67%	-

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Sales, excluding currency translation, in FY2020 returned to a level roughly the same as the previous fiscal year, despite being impacted by decreased foodservice demand in Seasonings and Foods, and Frozen Foods.

Business profit increased by 14% on the previous fiscal year due to increased revenue in Specialty Chemicals and increased revenue from home-use products in Seasonings and Foods and in Frozen Foods. This increase in profit was also due to improvement of the product mix and reduced SGA expenses. As a result, business profit was highest on record.

Profit attributable to owners of the parent company increased significantly due to lower impairment losses than the previous fiscal year in addition to the transfer of idle assets, despite structural reform of the animal nutrition business progressing as planned.



I-2. FY2020: Q4 Results Summary

FY2020 Q4 (January–March) Results Summary (YoY)

Sales: ¥276.5 billion (down 0.4%, excluding currency translation: up 0.4%)

Business profit: ¥13.1 billion (down 17.1%, excluding currency translation: down 15.2%)

1. Sales: **Decreased (in local currencies: increased)**

- Revenue decreased due to decreases in revenue in Seasonings and Foods, and Frozen Foods, despite increased revenue in Healthcare and Others.

2. Business profit: **Decreased (¥2.7 billion)**

- Profit decreased primarily due to increased ad and marketing expenses.

(YoY Business Profit Details – Summary)

Item	Impact on business profit (¥ billion)				Details of impacts in Q4
	Q1	Q2	Q3	Q4	
Decreased GP due to decreased sales	-6.0	-2.0	-2.5	-0.0	–
Change in GP due to change in GP margin (includes effect of some price reductions)	7.0	2.0	3.0	1.0	GP margin increased due to effect of improved product mix.
Decreased SGA expenses	5.0	4.0	2.0	-3.0	Primarily increased ad and marketing expenses.
Share of profit of associates and joint ventures	0.0	4.0	0.0	-0.5	–

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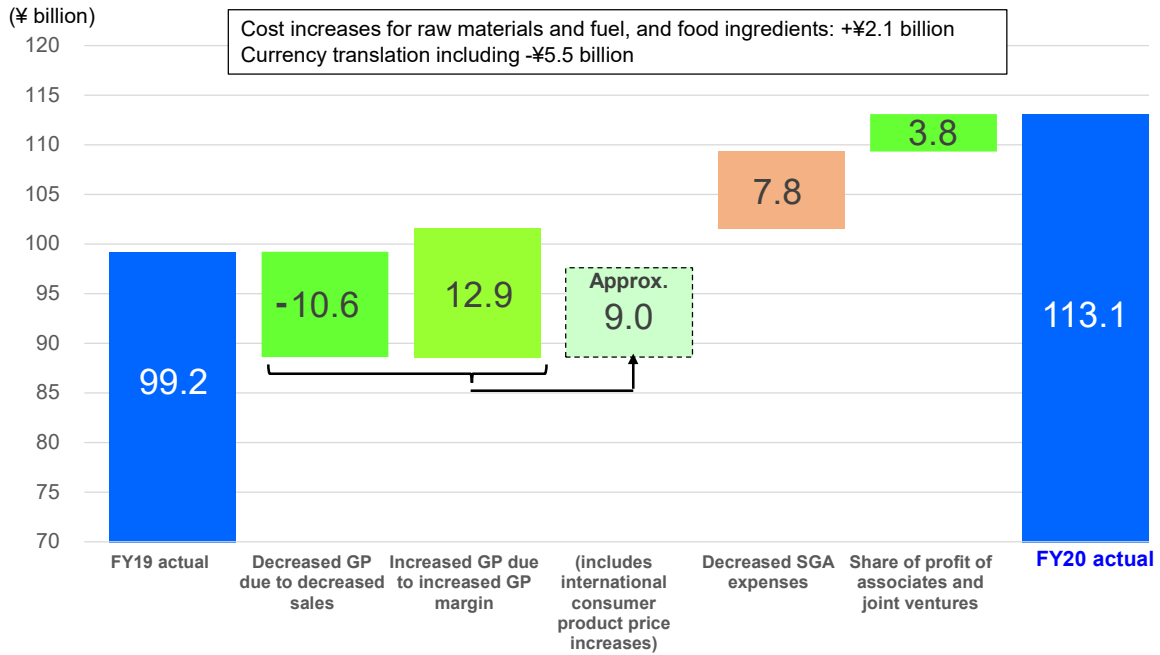
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In the fourth quarter of FY2020 each country was again impacted by the COVID-19 pandemic. Profit decreased primarily due to increased SGA expenses such as from marketing, which was conducted as planned after being unable to be conducted the previous fiscal year.



I-3. FY2020: Changes in Business Profit (YoY)

FY2020 ended with a **¥13.8 billion increase in profit** due to, **increasing the GP margin and GP along with growth of sales of home-use products** and **decreases in SGA expenses**, such as marketing, logistics, travel and transportation, despite a decrease in GP primarily from restaurant and industrial-use products.



Decreases and increases in business profits in FY2020 are shown in the waterfall chart.

Total profit for FY2020 increased due to increased GP from increased revenue from home-use products in Seasonings and Foods, and Frozen Foods, and from Specialty Chemicals, and improvement in product mix, in addition to decreased marketing and logistics expenses, despite significant impact of decreased sales primarily in foodservice-use products.



I-4. FY2020: Sales and Business Profit by Segment

Sales of Seasonings and Foods, and Frozen Foods decreased over the year under the impact of the COVID-19 pandemic.

Sales of Healthcare and Others increased, led by Specialty Chemicals and Amino Acids, even under the pandemic.

Business profit increased in all segments, with the exception of the Others segment.

(¥ billion)

	FY20 Actual (A)	FY19 Actual (B)	vs Prev. year (A)/(B)	FY20 Forecast Q3 revised (C)	vs. Forecast (A)/(C)
Sales	1,071.4	1,100.0	97%	1,075.0	99%
Seasonings and Foods	620.5	641.7	✓ 96%	624.4	99%
Frozen Foods	198.2	211.2	✓ 93%	200.7	98%
Healthcare and Others	239.5	231.6	103%	233.8	102%
Others	13.1	15.3	85%	16.0	82%
Business Profit	113.1	99.2	114%	110.0	102%
Seasonings and Foods	86.7	81.6	106%	82.4	105%
Frozen Foods	2.3	0.0	2570%	2.1	107%
Healthcare and Others	26.2	19.5	134%	24.6	106%
Others	-2.2	-1.9	-	0.7	-

FY2020 sales and business profit by segment are outlined in this slide.

Sales of Seasonings and Foods, and Frozen Foods decreased due to the impact of COVID-19 throughout the year.

Sales of Healthcare and Others increased, led by Specialty Chemicals maintaining solid sales.

Meanwhile, business profit increased due primarily to improved product mix in Seasonings and Foods, and Frozen Foods.

Business profit of Healthcare and Others increased due to the impact of increased revenue from Specialty Chemicals.



I-5. FY2020: Sales and Business Profit by Region

Sales decreased in Seasonings and Foods in all regions under the impact of the COVID-19 pandemic.

Sales increased in Healthcare and Others in all regions, except Bio-Pharma Services in the Americas, which were impacted by COVID-19. **Business profit increased in all regions.**

(¥ billion)

	Japan		Asia		Americas		EMEA		Other		Total	
	FY20 Actual	Difference	FY20 Actual	Difference	FY20 Actual	Difference	FY20 Actual	Difference	FY20 Actual	Difference	FY20 Actual	Difference
Sales	470.8	-13.8	263.7	-2.0	219.0	-16.2	117.7	3.5	-	-	1,071.4	-28.5
Seasonings and Foods	272.4	✓-9.1	249.7	✓-1.7	68.5	✓-6.6	29.7	✓-3.6	-	-	620.5	-21.2
Frozen Foods	91.7	-5.8	2.6	-0.7	93.4	-6.5	10.3	0.1	-	-	198.2	-12.9
Healthcare and Others	93.6	3.5	11.2	0.3	57.0	-3.0	77.5	7.0	-	-	239.5	7.8
Others	13.0	-2.3	0.1	0.1	-	-	0.0	0.0	-	-	13.1	-2.2
Business Profit	48.4	2.4	45.3	3.1	13.9	1.2	5.3	7.0	-	-	113.1	13.8
Seasonings and Foods	39.4	-0.9	51.5	0.5	11.1	-0.5	3.0	3.6	-18.3	2.4	86.7	5.1
Frozen Foods	4.5	0.6	1.5	-0.0	2.4	0.7	-0.4	0.2	-5.8	0.6	2.3	2.2
Healthcare and Others	19.8	2.3	2.0	1.8	7.3	0.2	5.8	2.7	-8.8	-0.5	26.2	6.7
Others	-0.8	-1.1	0.0	0.1	-	-	0.0	0.0	-1.5	0.6	-2.2	-0.2
Shared companywide expenses	-14.4	1.5	-9.9	0.5	-7.0	0.8	-3.1	0.2	34.5	-3.1	-	-

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FY2020 sales and business profit by segment and by region are outlined here. Both sales and business profit were impacted significantly by currency translation, particularly in Asia the Thai baht and Indonesian rupiah, and in the Americas the Brazilian real and U.S. dollar. Both sales and business profit increased for Seasonings and Foods, and Frozen Foods in Asia and Americas if currency translation is excluded. Moreover, business profit absorbed the impact of currency translation, increasing in all regions.



I-6. FY2021: Items that Impact Business Results

Impacts on FY2021 business results (macro scenario)

At the present, it cannot be predicted when the COVID-19 outbreak will come to an end, so the economic outlook continues to be uncertain. In these circumstances, the Company has prepared the business results forecast based on the following assumptions.

(⇒Text in red is for basic measures)

1. In the countries where our Group has business, a minimum of about 6 months will be necessary to complete vaccinating the populations and the impact will continue. Economic activity will gradually return to normal in the second half.

The US and Europe are heading toward a return to normal. In particular, the US economy is expected to recover quickly. In Japan, the major countries of ASEAN (excluding Vietnam), and Brazil, the situation continues to get better and get worse.

Restrictions on peoples' activities will continue even after the populations of each country have been vaccinated.

⇒We will aim for organic growth, based on the assumption that at-home dining will become the norm in each country.

2. We expect cost increases for raw materials, primarily for fermentation raw materials and fuel.

⇒We will respond with broad and firm cost reductions and timely price changes.

3. Currency depreciation will continue primarily in the emerging countries and we expect effects from currency translation and trade.

⇒We will carefully monitor the situation.

This slide outlines the conditions for forecasting business results in FY2021. The U.S. is expected to recover quickly from the COVID-19 pandemic, however other countries are expected to continue to feel the effects of the pandemic. The increase in opportunities for at-home dining is considered an opportunity for organic growth of our Group. Foodservice products are expected to slowly recover.

While we expect cost increases in raw materials and fuel, we will respond in a timely manner.



I-7. FY2021: Forecast

Sales will increase due to increases in Seasonings and Foods, and Frozen Foods, despite a decrease in Healthcare and Others.

Business profit will increase due to the effect of increased revenue in Frozen Foods and core business of Healthcare and Others.

Structural reform expenses for FY2021 are expected to be approx. ¥10 billion, but **profit attributable to owners of the parent company is expected to increase.**

(¥ Billion); -: losses	FY21 Forecast (A)	FY20 Actual (B)	Difference (A) - (B)	vs. Prev. year (A)/(B)	vs. Prev. year (excluding currency translation) (A)/(B)
Sales	1,113.0	1,071.4	41.5	103%	103%
Gross profit	429.6	406.2	23.4	105%	
(Gross profit margin)	38.6%	37.9%			
Business profit	115.0	113.1	1.8	101%	100%
Other operating income & expenses	-13.9	-12.0	-1.9	116%	
Impairment losses	-	-18.5	18.5	-	
Other (FY21 Structural reform expenses: approx. -10.0)	-13.9	6.5	-20.4	-	
Operating profit	101.0	101.1	-0.1	99%	
Financial income & expenses	-3.4	-2.8	-0.6	122%	
Profit before income taxes	97.5	98.3	-0.7	99%	
Income taxes (Tax rate: FY21 forecast 33.4%)	-32.6	-32.0	-0.6	101%	
Profit (includes discontinued operations)	64.8	66.2	-1.3	97%	
Profit attributable to owners of the parent company	60.0	59.4	0.5	100%	
Profit attributable to non-controlling interests	4.8	6.8	-1.9	71%	

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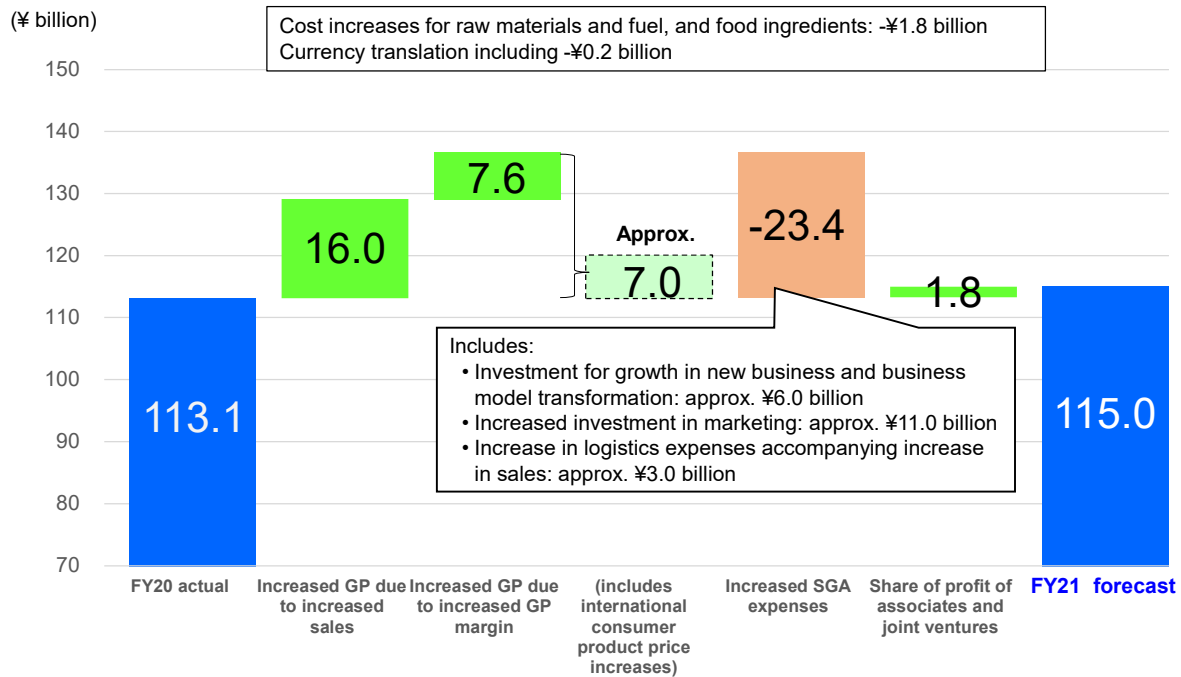
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This slide outlines the forecasts for FY2021. Sales are expected to be 103% of the previous fiscal year, business profit 101%, and the target profit attributable to owners of the parent company is 100%.

Overall sales will increase, with increased sales in Seasonings and Foods, and Frozen Foods, despite decreased sales in Healthcare and Others due to structural reform of the animal nutrition business. With the background of increased opportunities for at-home dining, increased sales and unit prices are expected to absorb the cost increase in raw material and fuel, and from the rebound (from the lower FY2020 level) in sales expenses. Also, we will capture the expected recovery in foodservice demand.

Electronic materials business is targeted for growth on the back of solid growth in this market. Overall target is for increased business profit while spending on business model transformation for future growth. Structural reform expenses are expected to be approximately ¥10 billion, while profit attributable to owners of the parent company is expected to be ¥60 billion.

I-8. FY2021: Changes in Business Profit (YoY)



Besides achieving approximately 6% company-wide organic growth, GP is expected to increase by more than ¥23 billion after absorbing the impact of raw material and fuel cost increases by increasing unit prices by approximately 2%. Future growth will be achieved by investing in growth such as in new businesses and business model transformation and by increasing marketing expenses for core products to recover market share. Progress is being made on reducing shared companywide expenses in line with the FY2022 target (2.5% of sales).



I-9. FY2021: Sales and Business Profit by Segment

Sales will increase due to increased revenue primarily from overseas products in Seasonings and Foods, and Frozen Foods, despite decreased revenue in Healthcare and Others due to progress in structural reform of the animal nutrition business. Business profit will increase due to increased revenue from Bio-Pharma Services & Ingredients and Functional Materials in Healthcare and Others, and Frozen Foods, despite the sharply rising costs for raw materials and fuel in Seasonings and Foods, and decreased profit from the effect of starting up a new factory in Japan for soup.

(¥ billion)

	FY21 forecast	FY20 actual	vs. Prev. year	Summary
Sales	1,113.0	1,071.4	103%	<ul style="list-style-type: none"> Increased revenue in Seasonings and Foods primarily from overseas seasonings, overseas packaged foods, and soups in Japan. Increased revenue in Frozen Foods due to the effect of increased production of the Asian category in North America and recovery of the foodservice market. Decreased revenue overall in Healthcare and Others due to progress in structural reform of the animal nutrition business (FY2020 Europe results: ¥27.0 billion), but increased revenue in core businesses.
Seasonings and Foods	654.7	620.5	105%	
Frozen Foods	208.2	198.2	105%	
Healthcare and Others	231.3	239.5	✓ 96%	
Others	18.6	13.1	141%	
Business Profit	115.0	113.1	101%	<ul style="list-style-type: none"> Decreased profit in Seasonings and Foods due to the effect of sharply rising raw material and fuel costs and the start up of a factory in Japan, despite the effect of increased revenue from overseas products. Increased profit in Frozen Foods due to increased revenue. Increased profit in Healthcare and Others due to increased revenue from Bio-Pharma Services & Ingredients and Functional Materials, despite decreased revenue.
Seasonings and Foods	85.8	86.7	✓ 99%	
Frozen Foods	2.4	2.3	105%	
Healthcare and Others	29.2	26.2	111%	
Others	-2.6	-2.2	-	

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Sales and business profit by segment for FY2021 are outlined in this slide. Sales will increase, due to increased revenue primarily from overseas products in Seasonings and Foods, and Frozen Foods, despite decreased revenue in Healthcare and Others due to progress in structural reforms such as divestment of European animal nutrition business. Organic growth will be achieved in six core businesses. Business profit will increase due to increased profit accompanying increased revenue from Bio-Pharma Services & Ingredients and Functional Materials in Healthcare and Others, and Frozen Foods, despite decreased profit due to the impact of sharply rising costs for raw materials and fuel in Seasonings and Foods, and from the depreciation effect of starting up a new factory in Japan for soup.



I-10. FY2021: Sales by Region

Increased revenue in all regions for **Seasonings and Foods**.

Increased revenue in all regions for **Frozen Foods**, except Japan, where unprofitable items will be eliminated.

Decreased revenue overall for **Healthcare and Others**, due to decreased revenue in EMEA and Asia with the progress of structural reform in animal nutrition.

(¥ billion)

	Japan		Asia		Americas		EMEA		Total	
	FY21 Forecast	Difference	FY21 Forecast	Difference	FY21 Forecast	Difference	FY21 Forecast	Difference	FY21 Forecast	Difference
Sales	489.1	18.2	279.9	16.1	242.8	23.7	101.0	-16.6	1,113.0	41.5
Seasonings and Foods	280.1	7.7	268.5	18.8	73.7	5.1	32.2	2.5	654.7	34.2
Frozen Foods	89.3	✓-2.3	3.5	0.8	104.1	10.7	11.1	0.7	208.2	9.9
Healthcare and Others	101.4	7.8	7.3	✓-3.8*	64.9	7.8	57.6	✓-19.9*	231.3	-8.1
Others	17.9	4.9	0.4	0.3	-	-	0.0	0.0	18.6	5.4

*For animal nutrition, FY2020 results include ¥5.4 billion in Asia and ¥27.0 billion in EMEA.

This slide shows sales by segment and by region in FY2021.

Revenue is expected to increase in all regions for Seasonings and Foods.

Growth will continue for menu-specific seasonings, which has seen market expansion under the COVID-19 pandemic. Also, the expected recovery in foodservice demand will be fully captured. Revenue is expected to decrease for

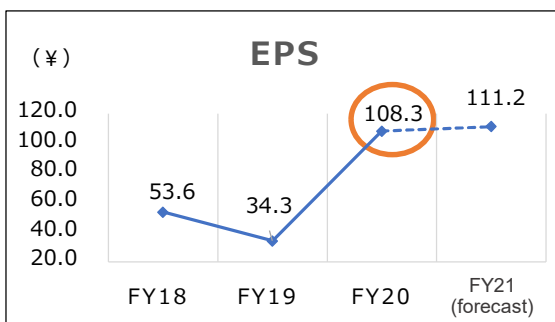
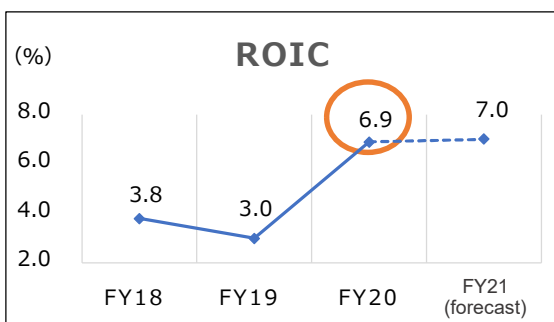
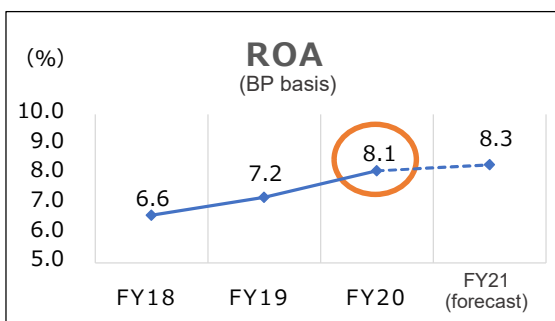
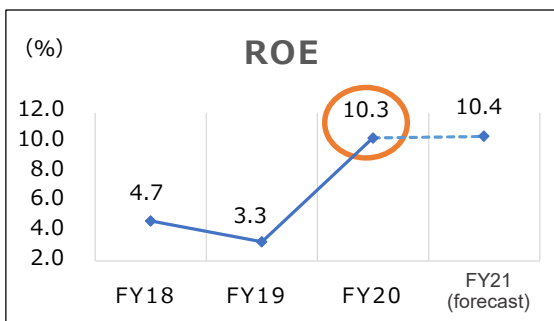
Frozen Foods in Japan due to efforts to reduce SKUs to further profitability improvements. On the other hand, revenue in North America is expected to increase

due primarily to growth in Asian category products as a result of laying foundations for increased production.



I-11. FY2021: Important Management Indicators

In FY2020, both business profit and operating profit increased so the important management indicators improved significantly. They are expected to improve even more in FY2021.



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In FY2020 important management indicators improved significantly as a result of structural reforms.

In FY2021 we will make significant effort on asset-light initiatives because, while profit is expected to increase, the extent of this improvement in profit is expected to be limited.

While EPS decreased as significant impairment losses were recorded in recent years, we have managed to see EPS recover to over ¥100. In the next fiscal year, we want to further increase EPS.

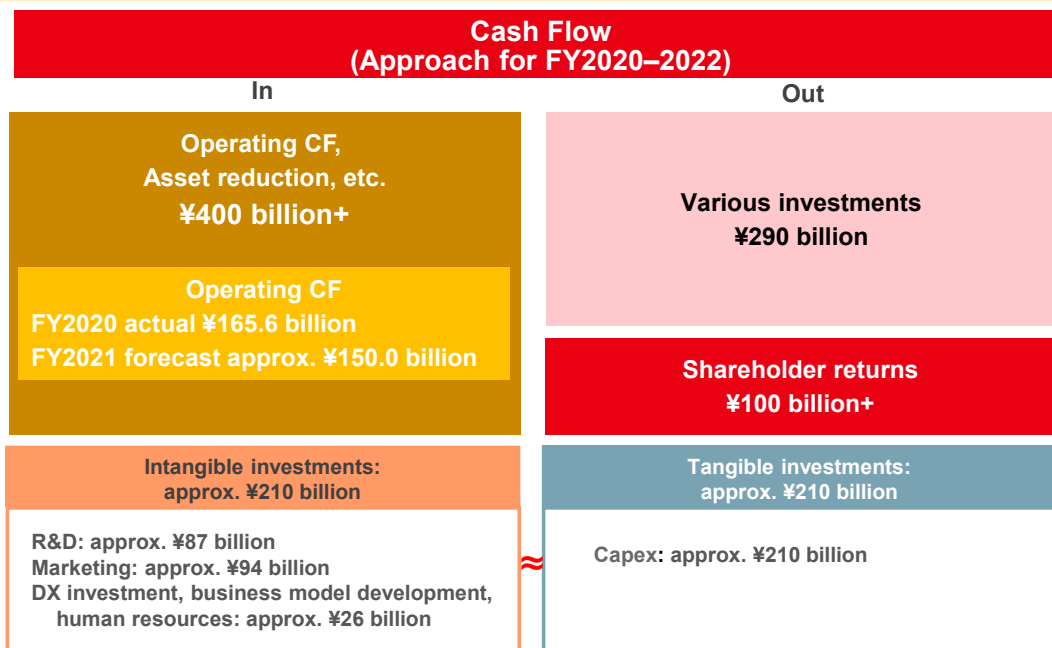


I-12. FY2021: Investment for Growth and Shareholder Returns (Approach for FY2020–2022)

Throughout the Medium-Term Management Plan (MTP) shift investment from tangible to intangible assets, from non-core to core businesses.

FY2020-2021 operating cash flow is expected to be more than ¥300 billion.

Ability to create cash flow is increasing.



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The target operating cash flow for FY2020–22 was ¥400 billion or more in the Medium-Term Management Plan (MTP).

The two-year operating cash flow from FY2020–21 is expected to exceed ¥300 billion based on FY2021 results forecasts. Investment in intangible and tangible assets is progressing as planned. Ability to create cash flow will be further strengthened through transformation such as DX, despite uncertainty amid the COVID-19 pandemic.



I-12. FY2021: Investment for Growth and Shareholder Returns (FY2021 forecast)

**Prioritize investment in intangibles and core businesses in FY2021, too.
Enhance shareholder returns.**

Intangible investments:

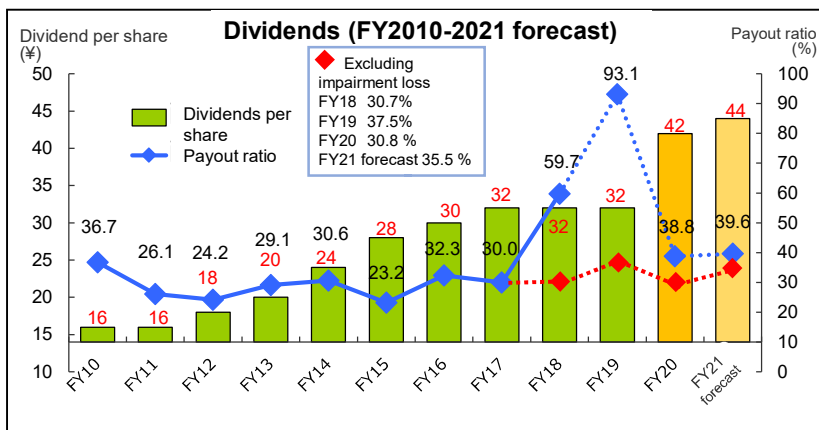
R&D: approx. ¥27.0 billion
Marketing: approx. ¥35.0 billion
DX investment, business model development, human resources: approx. ¥6.0 billion

Tangible investments:

Capex: approx. ¥75.0 billion
Core business percentage: approx. 66%
(Plus: M&A and purchase of non-controlling interests)

(aim for D/E ratio of 50%; March 31, 2021 actual: 43.6%)

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



Shareholder Returns
 (Approach for FY2020-2022)
 Forecast total shareholder return for the 3 year period: target 50%+
 Single FY payout ratio: target 40%

FY2020 actual: ¥42 (annual) (dividend increase) (+¥10 from FY2019)
 FY2021 forecast: ¥44 (annual) (dividend increase scheduled) (+¥12 from FY2019)

Repurchase of shares with a limit of 25 million shares, ¥40 billion, which equals 4.55% of the total number of shares outstanding (excluding treasury shares)

It was decided to increase the annual dividend payout and repurchase company shares. The reason for this was to fulfil our commitment to shareholder returns in excess of ¥100 billion, as initially planned for the three-year period FY2020-22. In FY2021 we plan to further increase EPS and increase dividend payouts. While our policy is to enhance shareholder returns stably in the long term, we plan to fulfil our commitment to increasing the single fiscal year payout ratio to about 40% and ensure a forecast total shareholder return for the three-year period of 50% or more.

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Sales - Cost of sales - Selling expenses, Research & development expenses and General & administrative expenses + Share of profit of associates and joint ventures



II-1. ASV Management (Repeat of IR DAY slide)

ASV Management

Pursuit of intrinsic social and corporate value

... **unlocking the power of amino acids
to resolve food and health issues** ...



"Global Top 10
Class Company"



Unearthing of
intangible assets

(Human resources, brands, trust,
intellectual property, value network)

x

Ecosystem

Do all of the above by
Digital Transformation (DX)

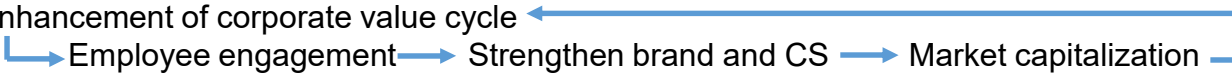
Here I will discuss the big picture of corporate transformation in our Medium-Term Management Plan (MTP).

This diagram illustrates our concept of ASV Management. Our aim is to achieve our purpose, which is to be "a solution-providing group of companies for food and health issues," by uncovering intangible assets that place our human resources at the center and by building a new ecosystem.

We will do so by leveraging digital technology to create more sophisticated mechanisms for business operation.



II-1. FY2020-2025 MTP: Five Transformations (Revision of IR Day slide)

1. Renew our corporate vision: Contribute to greater wellness for people worldwide, unlocking the power of amino acids to resolve the food and health issues associated with dietary habits and aging
2. Enhancement of corporate value cycle 
 - ↳ Employee engagement → Strengthen brand and CS → Market capitalization →
3. Revenue Management Policy: switch to prioritize organic growth and the efficiency of invested capital
4. HR Development and Organizational Management: invest in developing ability that leads to ASV as one's own initiative
Have OE* that makes enhancement of customer value a motivation for work as the norm
5. Renew decision-making process for executing strategy and risk management

* OE: Operational Excellence

We are tackling five transformations under the MTP.

Renewal of our corporate vision, and instillation of the vision throughout the organization

Redefinition of our corporate value enhancement cycle, and instillation of the cycle throughout the organization

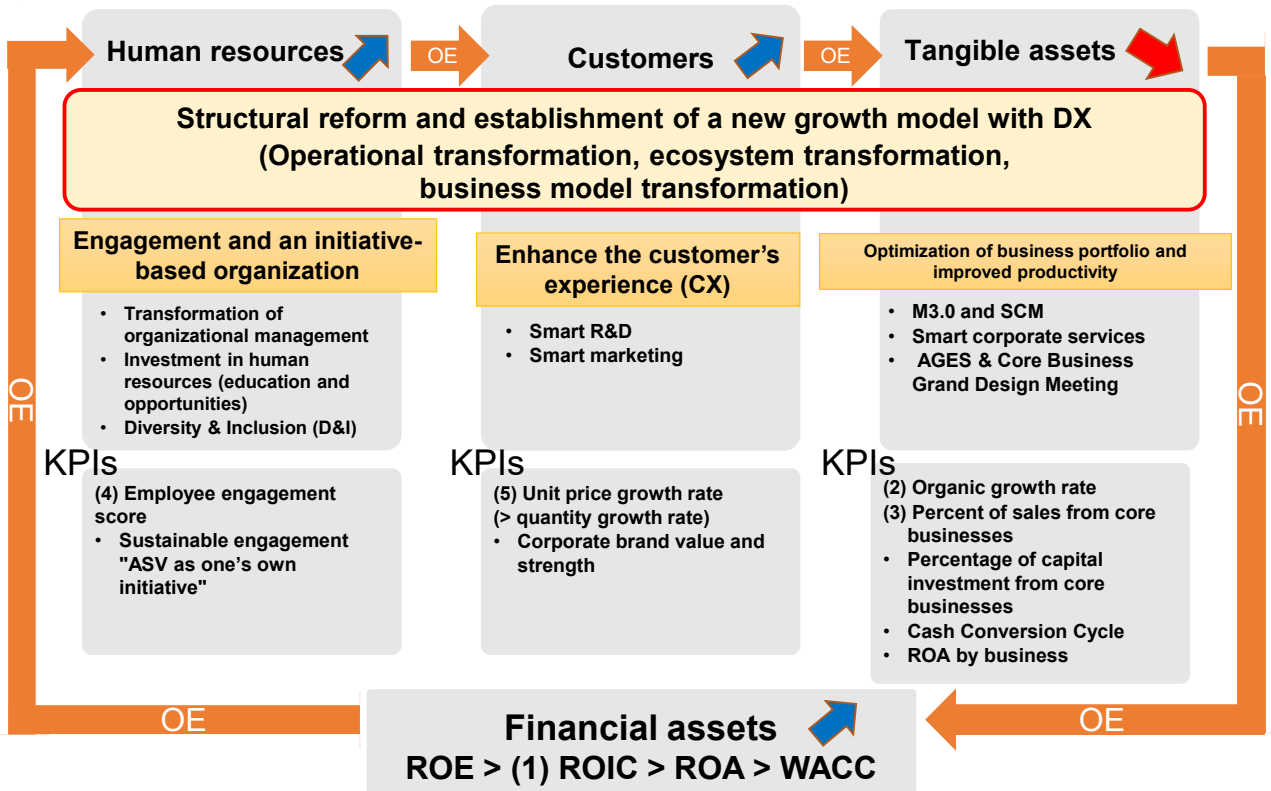
A shift in management policy concerning profits, toward management that emphasizes organic growth and ROIC

Organizational management that invests in HR development and aims for enhancement of customer value

A decision-making process for executing strategy, and risk management



II-1. The Mechanism of Enhancing Corporate Value (Revision of IR-DAY slide)



The cycle of corporate value enhancement is expressed through the relationship between strategy and priority KPIs.

We make the mechanism visible through the OE method, and implement PDCA.

Flexibly renew the FY2020-2025 MTP in light of COVID-19 impact and DX Progress
Backcasting from 2030 Vision and structural targets

**COVID-19 impact on business results borne horizontally,
made rolling forecast, advanced DX and open innovation**

Newly established: Risk Scenario Meeting (Head office, Regional Headquarters, major affiliates).
Revise the executive seminar (Ajinomoto Group Executive Seminar: AGES).

**Improvement of decision-making process for executing strategy
aimed at 2030 targets (ROIC 13%, organic growth 5%)**

1. Core Business Grand Design Meeting → dig deeply to find business portfolio issues
2. Business Model Transformation Taskforce (BMX) → create new business model
3. Continuously share accelerating innovation and sustainability in the COVID-19 pandemic

An example of management transformation is shown here.

In FY2020, the start of the FY2020–2025 MTP coincided with the COVID-19 pandemic.

Amid the need to share information on the business environment and impacts on performance across the Company and to adapt to these promptly, we conducted COVID-19 risk scenario meetings between the head office and overseas affiliates for eight months from May to December for the purpose of risk management.

We also renewed how we operate the executive seminars attended by all corporate executive officers, in order to carry out company-wide operational transformation, new business model creation, and business portfolio improvement, and to achieve our targets of ROIC of 13% and organic growth of 5% in 2030.

Through these efforts, we were able to divide the hardships of business operation under the pandemic among all officers and maintain current performance, while collaborating company-wide to strengthen our business structure.



II-1. FY2020 Ajinomoto Group Executive Seminar

Toward the goal of solving food and health issues

- The CEO made a declaration about psychological safety
- Each person reflected deeply on the past 10 years (not achieving MTPs)
- Executive directors + executive employees who have responsibility for 2030 were newly added
- Core businesses, business operation reform, and the creation of a new business model were seriously discussed over 5 months, an understanding was reached on the 5 transformations, and this was made the FY2021 strategy.

Participating specialists, advisors

- Mr. Takashi Nawa (Hitotsubashi University Business School, Outside Director of the Company): *Myth and Truth of Management Innovation*
- Mr. Akira Sato (Value Create Inc., General Manager, Research Dept. of the Company): invisible assets, creating corporate value
- Mr. Yasunori Nakagami (Misaki Capital Inc.): Misaki's Axiom
- Mr. Hirotaka Tanaka (SIGMAXYZ Inc.): *Foodtech Innovation*
- Mr. Yoshiki Ishikawa (Well-being for Planet Earth): Subjective well-being

FY2021 topics to be dealt with: Instilling the ideas of purpose-driven management and integrated management by managers, employees, and shareholders*
Create a new business model on the scale of ¥100 billion, and Ajinomoto-like sustainability

* We recently appointed Mr. Takeshi Saito, of Misaki Capital Inc. as an advisor

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As another example, let me introduce the FY2020 Ajinomoto Group Executive Seminar (AGES).

We advanced the following five points, the first attempt to do so over the past 10 years. Instead of a seminar only for executive directors, we asked for participation by the executive employees and managers who will lead the next generation.

All participants reflected on failures to achieve MTPs over the past 10 years, which we incorporated into management improvements.

On this foundation, we honed our core businesses, new business models, and company-wide operational transformation strategy. We connected this to a review of departmental plans in the FY2020–2025 MTP, and to the strengthening of FY2021 strategy and the promotion of DX.

We carried out an exceptional five-month discussion online. With the CEO ensuring psychological safety and through serious discussions, we were able to create “one team” to carry out transformation.

Specialists in corporate culture transformation and corporate value enhancement accompanied us from beginning to end of the period and offered advice.

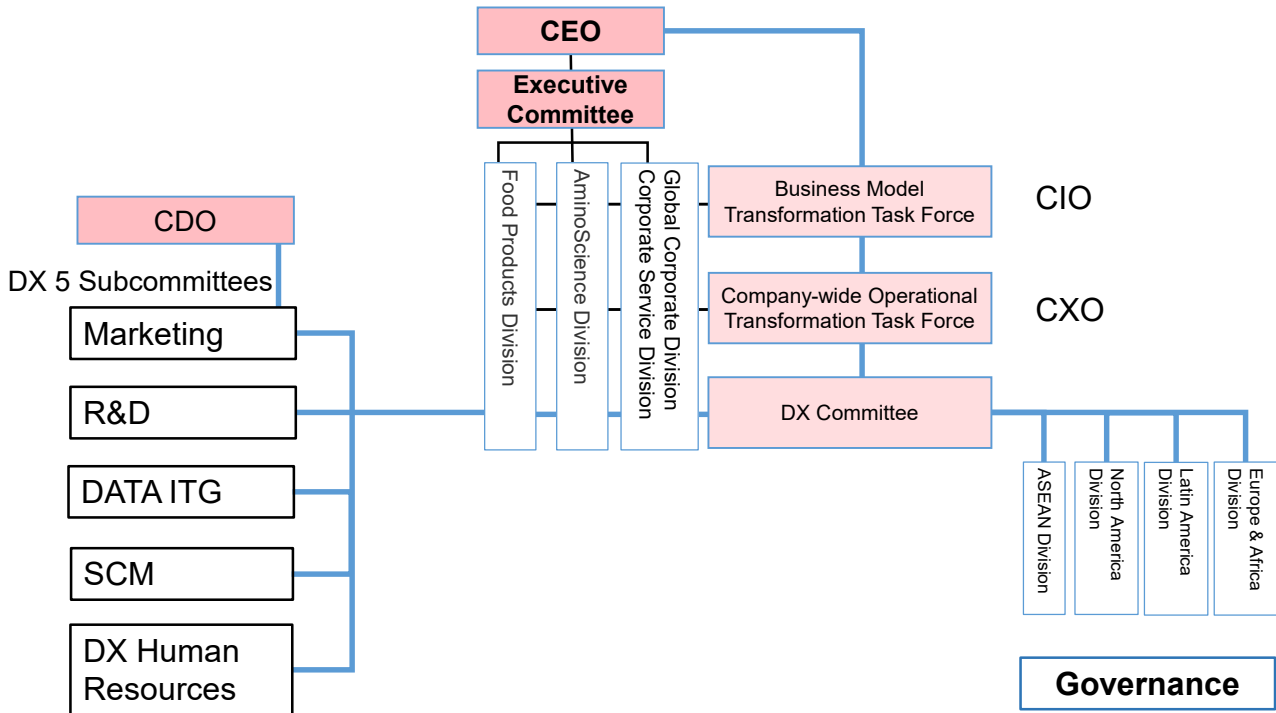
Our theme for FY2021 will be to achieve both greater social value and economic value by strengthening core businesses, as well as by promoting sustainability befitting our company to create a new business model that achieves sales on the scale of ¥100 billion. The members have also changed. We will reaffirm the expectations of our multi-stakeholders, and will instill purpose-driven management and integrated management by

managers, employees, and shareholders.



II-1. Drive Framework (Revision of IR-DAY slide)

Transform corporate culture as one team, with the CEO at the center



II-2. FY2020 Management Review (Acceleration of ASV Management)

		20-22 Phase 1		23-25 Phase 2		2030 Goal
		Structural reform		Regrowth		
		FY19 Actual	FY20 Actual	FY22 Target	FY25 Target	
Efficiency	ROIC (>Capital cost) (): Excluding expenses for structural reform	3.0% (Approx. 6%)	6.9% (Approx. 8%)	8%	10-11%	13%
	Growth	Organic sales growth (YoY)	0.3%	✓ -0.6%	4%	5%
Priority KPIs	Percentage of sales from core businesses	66.5%	66.6%	70%	80%	80% or more
	Employee engagement ("ASV as one's own initiative" ¹)	55%	64%	70%	80%	85% or more
	Unit price growth (YoY) (International consumer products)	Approx. 5%	2.8%	2.5%	3%	3%

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

This shows our priority KPIs for FY2020.



II-2. FY2020 Management Review (Acceleration of ASV Management)

ROIC (>Capital cost)

Steady progress toward FY2022 targets despite impairment due to structural reform.

Organic sales growth

Over the year, negative growth in restaurant and industrial-use products of Seasonings and Frozen Foods, and Bio-Pharma Services, which were impacted by COVID-19. Positive overall growth not achieved despite growth of home-use products and specialty chemicals.

Percentage of sales from core businesses

Progress in structural reform of animal nutrition business. Steady advances toward improving FY2021 percentage.

Employee engagement

Progress in efforts aimed at ASV as one's own initiative, primarily the CEO dialogue. Score improved 9-points over last year. Room for further efforts to improve awareness of independent contribution to the realization of the vision.

Unit price growth (International consumer products)

Contribution from price increases and launch of reduced salt products in main countries of business overseas as well as improvement in product mix due to impact of COVID-19.

Strengthening the corporate brand

Up 19% YoY, V-shaped recovery. FY2017-2020 CAGR +7%. Internal indicator score is high, but external indicator score is near average of competitors.

This slide communicates management's perception of each KPI.

- We are making good progress toward our FY2022 target for ROIC, incorporating impairment losses stemming from structural reform.
- Under the COVID-19 pandemic, organic sales growth suffered major negative impacts in restaurant and industrial-use products within Seasonings and Frozen Foods, and in Bio-Pharma Services in the United States. This impact was not fully covered by the strong growth in home-use products and specialty chemicals, leading to disappointing results.
- While there appears to be no improvement in the percentage of sales from core businesses, improvement is expected to appear in figures from FY2021 onward due to progress in structural reform in the animal nutrition business. This can be considered as going well.
- The unit price growth rate in international consumer products is according to plans, due to price increases in major countries, expansion of menu-specific seasonings, effects of product mix improvement through the launch of reduced salt products, and so on. We are making progress in improving profit structure.
- The employee engagement score, a leading indicator of financial targets, improved from the previous year, but room remains for improvement in absolute terms. We greatly appreciate the responses returned by over 90% of employees even amid the widening COVID-19 pandemic.
- Our corporate brand value, another leading indicator, achieved a V-shape recovery with a 19% increase year-on-year.



II-3. Progress in Structural Reform

Structural reform in non-core businesses

Financial impact

1. Animal Nutrition Business (commodities)

Complete structural reform. Shift to customer solution-providing business.

Amount of asset reduction:
¥15.6 billion (FY2020)

2. Part of MSG

Promoting structural reform aimed at reducing industrial business (outside sales). Aim to streamline business assets, improve costs, and improve productivity per factory.

Project to increase GP margin is underway

3. Part of Frozen Foods

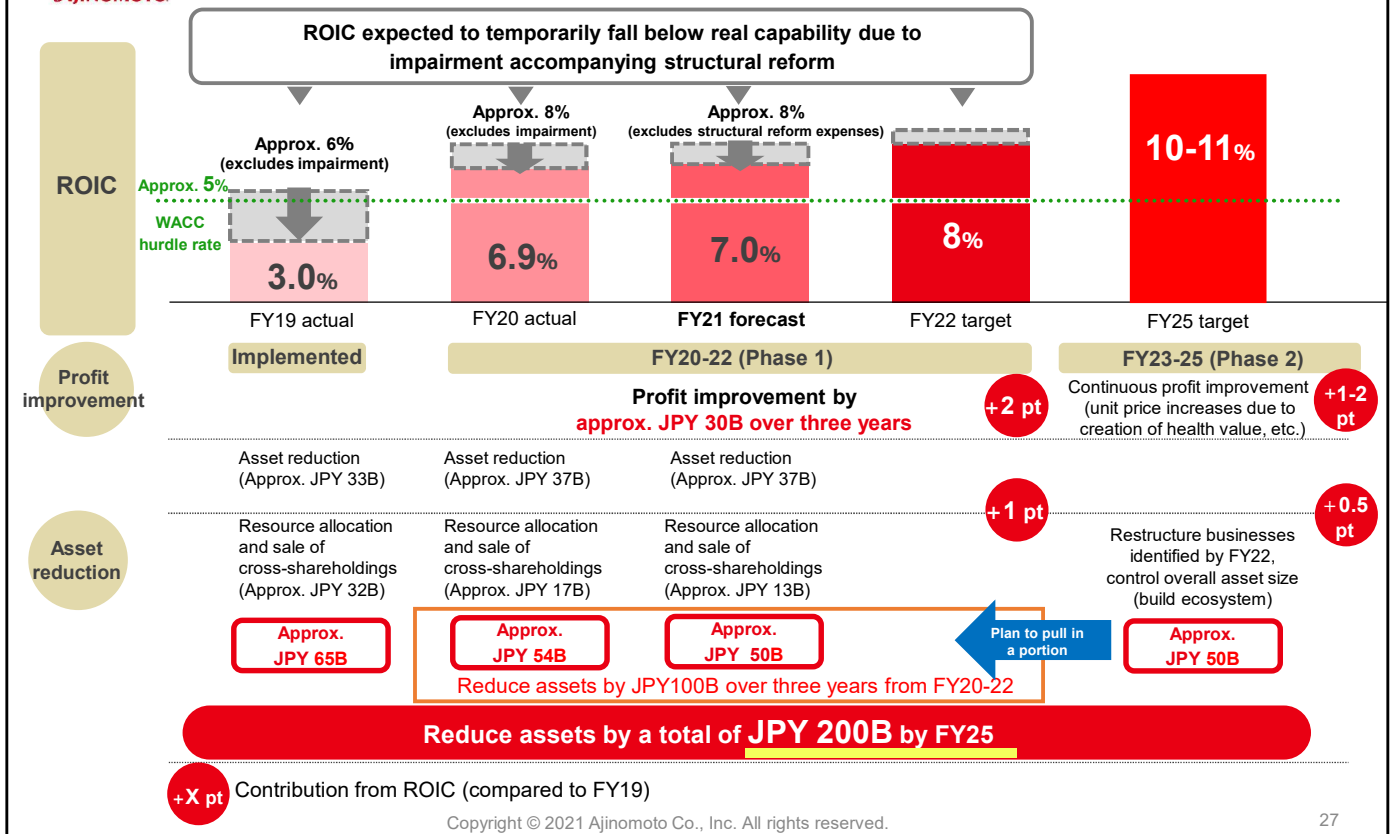
Reduce unprofitable items among Japan restaurant and industrial-use products. In North America, the shift to the high-profit Asian category is progressing.

GP margin 1.4% improvement
Completion of increased production in Asian category products in North America (FY2020)

Here I will report on the progress of structural reform related to our business portfolio.

1. In the animal nutrition business, in addition to reducing the North American business, we completed structural reform with completion of the sale of the European business. Looking ahead, we will provide solutions services to customers through specialty businesses such as *AjiPro*[®]-L. The scale of sales is small, but the business will offer a high ROIC.
2. In the MSG business, we are implementing measures to reduce the outside sales business.
3. In the Frozen Foods business, the shift to the Asian category in North America is progressing as planned. In Japan, we are making progress in reducing unprofitable restaurant and industrial-use product SKUs, and are improving ROIC.

II-3. Progress in Structural Reform



This shows our progress in asset reduction under the FY2020–2025 MTP. Along with business asset reduction, it shows our overall measures with resource allocation and sale of cross-shareholdings added in. In FY2020, we carried out asset reduction on the scale of about ¥54 billion. In FY2021, we will reduce our business assets by about ¥37 billion, and will carry out resource allocation and sale of cross-shareholdings totaling about ¥13 billion, for a total of about ¥50 billion in planned asset reductions. Through this, we plan to exceed our three-year plan for FY2020–2022 (about ¥100 billion) during FY2021, and will consider moving plans for FY2023–2025 (Phase 2) forward to FY2022.



II-4. Initiatives for Organic Growth

Increase touchpoints* to extend healthy life expectancy to 1 billion people.
 FY20 results up 4.1% (Image for 10-year CAGR: +3.8%)

Sauce & Seasonings

Quick Nourishment

Frozen Foods

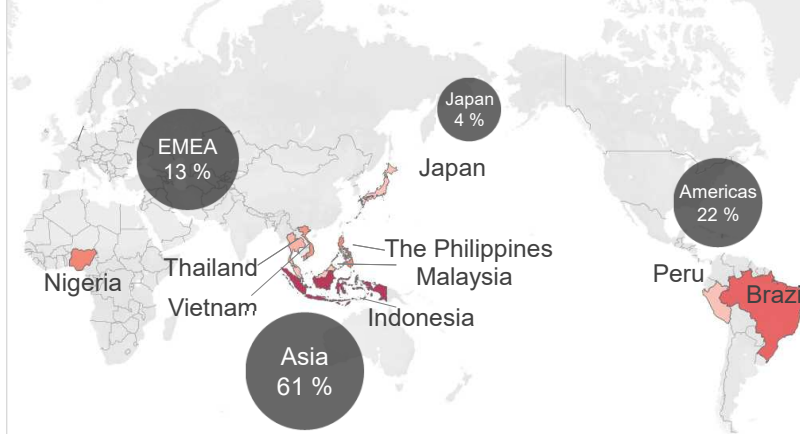
Solution & Ingredients

Healthcare

Electronic Materials

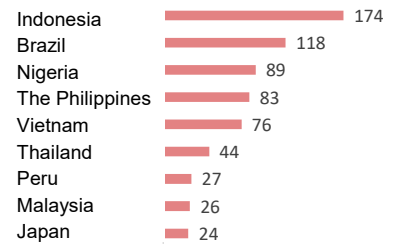
The number of consumers we reach with touchpoints in the main countries where we sell *AJI-NO-MOTO*® and flavor seasonings has reached 700 million people, and we aim to increase this to 1 billion people by 2030.

Distribution of regional touchpoints in main countries for *AJI-NO-MOTO*® and flavor seasonings (2019)



Number of consumers reached
700 million

No. of purchasers of *AJI-NO-MOTO*® and flavor seasonings in our 9 main countries



Unit: millions of people

Source: Ajinomoto Group, Penetration estimates for *AJI-NO-MOTO*® and flavor seasonings

*Touchpoint: number of purchasers = percentage of households that purchase x average number of people per household x population of each country

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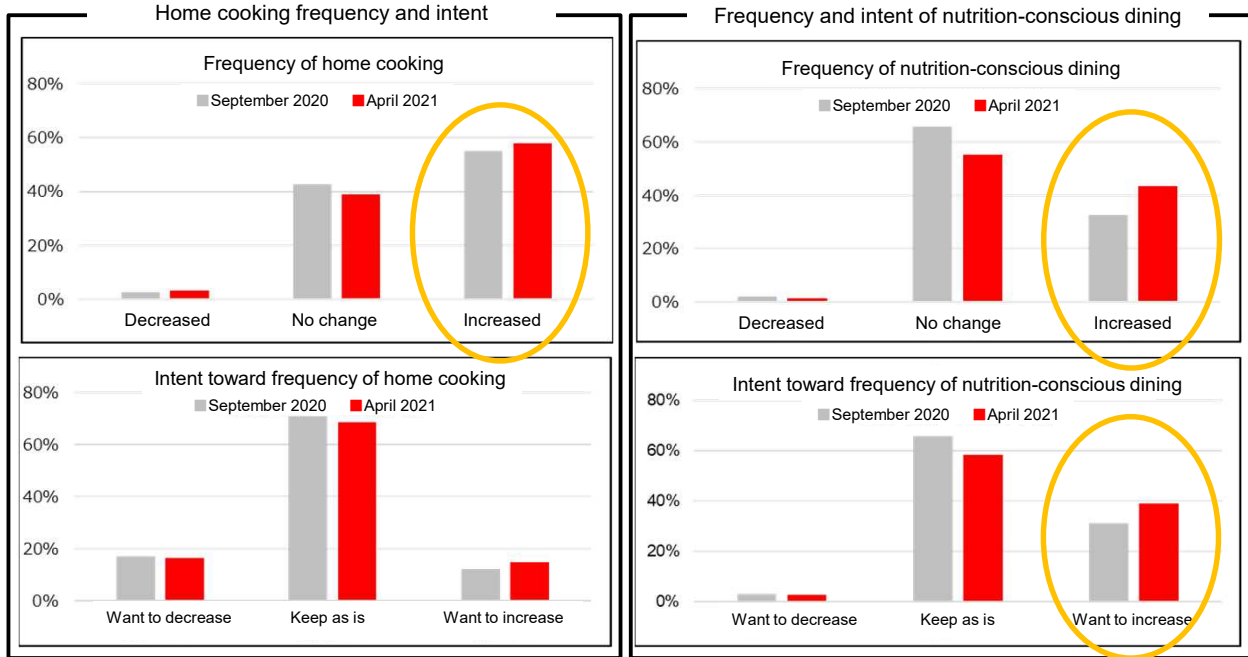
This shows data related to our vision of “Extension of healthy life expectancy for 1 billion people.”

The basis behind “1 billion people” is the number of households and the number of people who purchase our umami seasonings and flavor seasonings worldwide. We refer to these as touchpoints with consumers.

In FY2020, the number increased by 4.1% year-on-year, or by about 28 million people. Our growth rate in touchpoints is going well.

(Ref.) Entrenchment of home cooking and increase in health consciousness among consumers (Japan)

The frequencies of home cooking and of nutrition-conscious dining continue to increase. The number of people who want to increase their frequency of nutrition-conscious dining continues to increase.



Source: Vuzz Inc. SnapDish Survey target: SnapDish users Survey period: September 2020 (n=424); April 2021 (n=421) Copyright © 2021 Ajinomoto Co., Inc. All rights reserved.

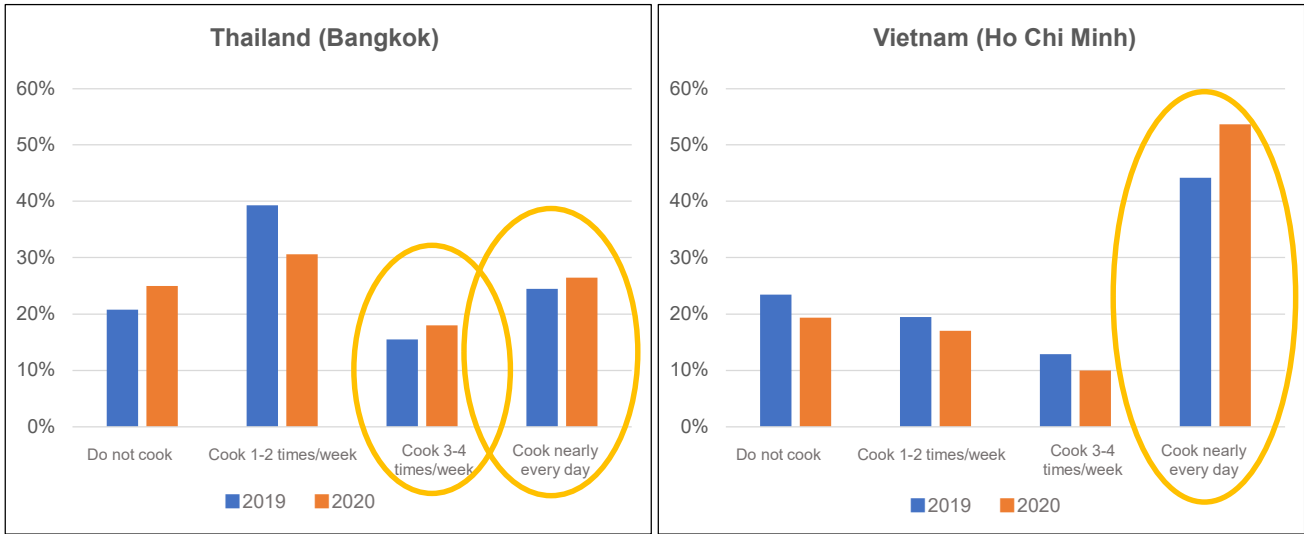
There is an increase in home cooking and in the frequency of nutrition-conscious dining.

These graphs show data from surveys of Japanese consumers conducted in September of last year and April of this year.



(Ref.) Entrenchment of home cooking among consumers in major countries, too (Overseas)

Opportunities for home cooking are increasing in Thailand and Vietnam, countries considered to have a relatively high ratio of eating out.

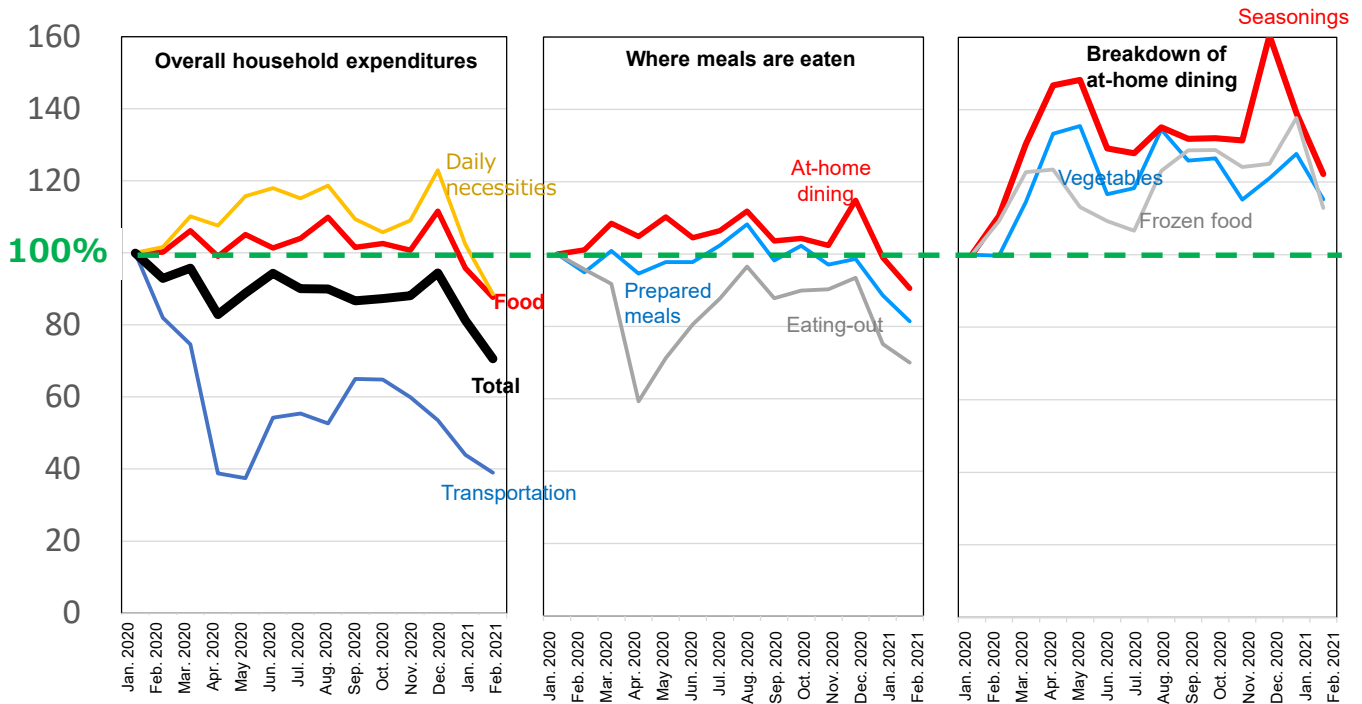


Ajinomoto GRASP survey Survey period: April 2019 (n=900); June 2020 (n=900)
 Asking about the frequency of making breakfast, lunch, and dinner

This growing trend toward home cooking has also been confirmed in Thailand and Vietnam, countries where eating out is said to be frequent. The prolonging of the COVID-19 pandemic has increased opportunities for cooking at home in the countries, and home cooking is taking root. This represents a great opportunity for our Food Products business.

(Ref.) Entrenchment of home cooking despite drop in recent household expenses as a reaction to the previous year (Japan)

Overall Household Expenditure in Japan* (Through Feb. 2021, with Jan. 2020 as 100)



*Created based on Zaim online household budget service

This data illustrates at-home dining trends in Japan.

The graphs show changes in household expenditures, with January 2020, before the outbreak of COVID-19, set to 100.

The graph on the left shows the change in household expenditures overall, with the thrift mode strengthening as the pandemic becomes prolonged.

Food expenditures, which had been relatively robust, also begin trending toward thriftiness.

Conversely, the graph on the right clearly shows a consumption of vegetables, seasonings, and frozen foods increasing considerably over the pre-pandemic period.

Consumers are trending toward dietary habits that make use of seasonings, frozen foods, vegetables, and so on as they save on food expenses overall. The situation backs up the hypothesis that sales of seasonings and frozen foods are resistant to thrift consciousness in consumers.



II-4. Initiatives for Organic Growth

Basic strategies aimed at realizing organic growth

Capture increases in healthy diet and at-home dining, and the digital channel

- ✓ Priority investment in core brands
- ✓ Revise products with focus on health (Ajinomoto Group Nutrient Profiling System, or “ANPS”) and strengthen products that match food culture in each country
- ✓ Increase unit prices (revise product mix and prices)
- ✓ Improve DX and nutritional literacy of all employees

e.g.) Adding value in Seasonings and Foods business (FY2021 organic growth rate: approx. 6%)



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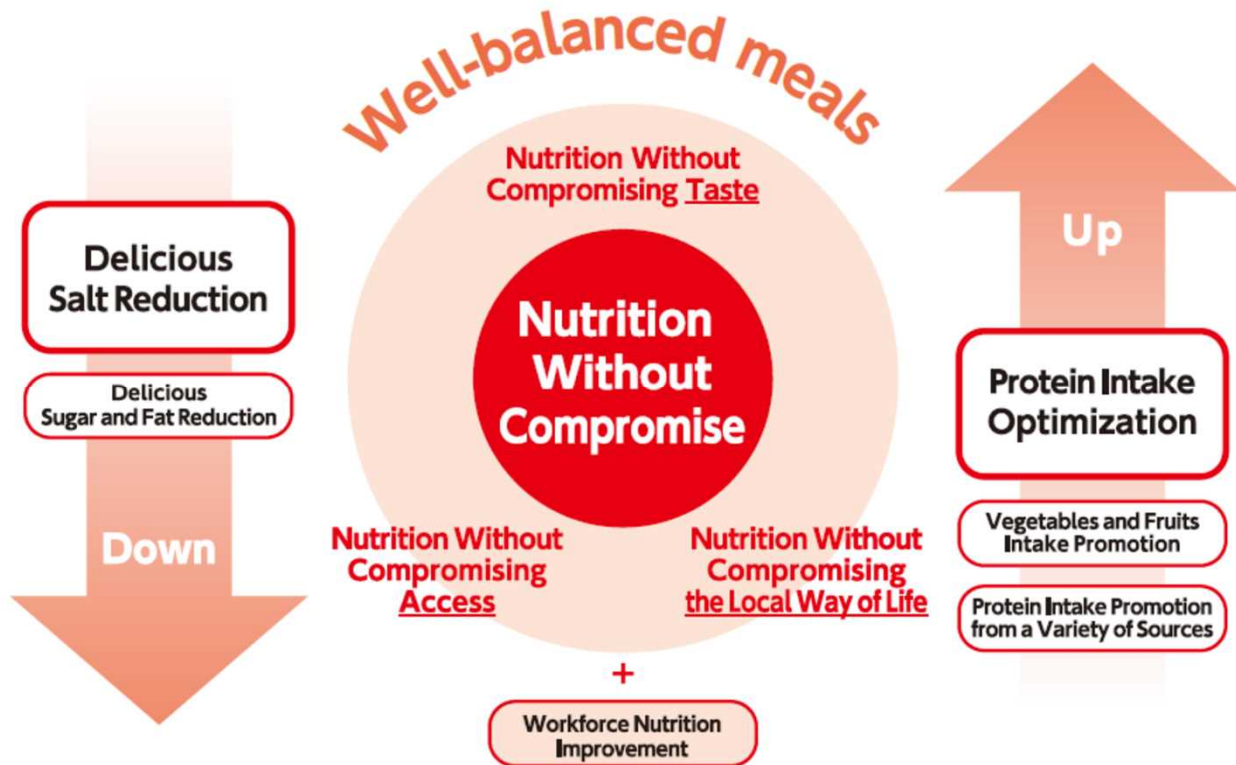
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This slide shows our basic strategies for organic growth in the Seasonings and Foods. With regard to our mainstay seasonings products, we will capture the increase at-home dining and will work to expand volume and increase unit prices through priority investments in our umami seasoning, flavor seasoning, and menu-specific seasoning core brands.

We will also capture health consciousness and revise products to enhance their nutritional evaluation, based on our unique concept of ANPS. In line with the launch of reduced salt products, we will strengthen our product strategy.

In the markets of our five priority countries, too, we will take the incredible growth of digital communication and EC channels as new opportunities for growth.

II-5. Enhancing Brand Value Centered on Nutrition Value



Here I will explain our strategy for corporate brand strengthening to support growth. Analyzing our corporate brand, we see that we enjoy a strong image of trustworthiness centered on quality, deliciousness, and ease of use. There is an issue, though, in that our evaluation for contribution to nutrition and health is only average.

We hope to improve this under our purpose, “solutions for food and health issues.” In FY2020, under the concept of “nutrition without compromise,” we renewed our integrated communication strategy to create synergies between our corporate brand communications and our mainstay product brands.

We aim to achieve “delicious salt reduction” and “protein intake optimization” without compromising taste, local ways of life, or access to food. Around the world, we have begun reflecting this in our product marketing and communication.

II-5. Enhancing Brand Value Centered on Nutrition Value

Promote “Smart Salt”



Contribute to people's salt reduction through global “Smart Salt” marketing

Japan



★Continue to accumulate case studies and knowledge of the “Japanese model.”

- ✓ Expand population reducing salt
- ✓ Promote habituation

Global



★Expand horizontally

- ✓ Accelerate launch of reduced salt products (12 brands in 7 countries, FY2020-2021)
 - Reduce salt content in existing products
 - Launch new reduced salt products
- ✓ Promote salt reduction through owned media
 - Provide low-salt recipes on the websites of each affiliate and hold cooking classes

Expand the health and nutrition ecosystem

Establish ecosystem with partners like Hirosaki University COI

Build Hirosaki University COI collaboration model
→ Expand by developing app + collaborating in other regions
April 2020: Established Digital Nutrition and Health Sciences Course

Promote ANPS

(Ajinomoto Nutrient Profiling System)

(1) Apply ANPS-P (Products)

Promote product revisions from a nutritional perspective (especially salt)

(2) Preparation for introduction of ANPS-M (Menus)

In order to provide healthy food to consumers, we will promote the development of technology that makes the nutritional value of menus visual.

Let me introduce our “Delicious salt reduction” marketing measure and “Smart Salt” strategy as examples of measures aimed at consumers.

We named the strategy “Smart Salt” in Japan in July of last year, and began offering ideas for a reduced salt lifestyle that is tasty and can be continued every day. We are increasing opportunities for consumers to encounter health-related information, products, and services.

In collaboration with regional governments and other companies, we are widening the reduced salt ecosystem. In our activities in stores, in addition to Smart Salt we are strengthening our proposals for nutritionally balanced diets with intake of protein, vegetables, fruits, and so on.

We are expanding this “Japanese model” overseas. In our reduced salt product launches and in owned media, we actively highlight “delicious salt reduction.”

To enhance the appeal of nutritional improvement, we will make use of evidence obtained from the big data analysis by Hirosaki COI. We will also collaborate on ecosystem creation with the companies that are taking part in Hirosaki COI.

Under ANPS, we are using nutritional evaluations (particularly of salt) to revise our products.

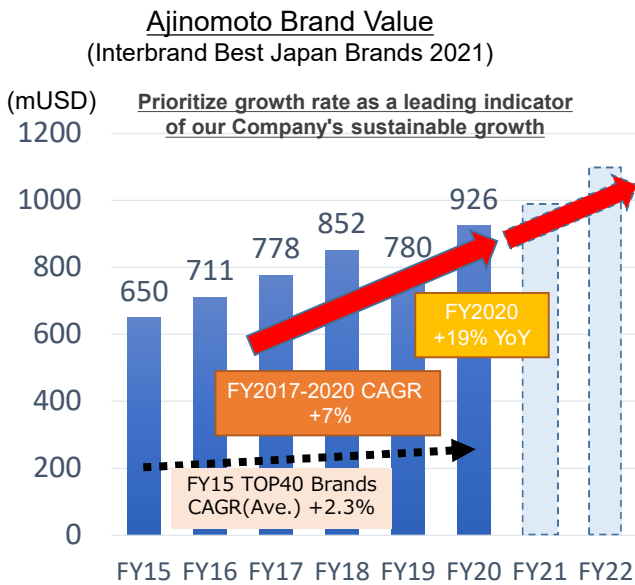
In FY2020, we made improvements to as many as 500 SKUs. In the medium term, we are developing technologies for the visualization of nutritional value on a per-menu basis using the ANPS health scores.



II-5. Enhancing Corporate Brand (Approximately equal to enhancement of customer value)

V-shaped recovery of brand value in recognition of new ASV management strategy and strengthening of user experience (UX) initiatives

Internal indicator score is high, but external indicator score is near average of competitors. We will strengthen synergies between the corporate brand strategy and business brand strategies.



Brand Strength Score (BSS)		2019	2020
Internal	Clarity 概念明瞭度	7.0	7.2
	Commitment 関与浸透度	6.2	6.5
	Governance 統治管理度	6.1	6.2
	Responsiveness 変化対応度	6.7	7.0
External	Authenticity 信頼確実度	5.3	5.3
	Relevance 要求充足度	4.9	5.2
	Differentiation 差別特有度	4.9	5.2
	Consistency 体験一貫度	4.5	5.2
	Presence 存在影響度	5.1	5.1
	Engagement 共感共創度	5.3	5.2
ブランド強度スコア (BSS) 計100点満点		56	58

Calculated based on Ajinomoto Co. estimation

This slide shows changes in our corporate brand value evaluations along with Brand Strength Scores.

Our brand value has improved at a CAGR of +7% over the five years since we began using the survey.

This is far above the +2.3% average of Japan's TOP 40 brands during the same period.

We hold to a hypothesis that integrating brand strategy and business strategy centered on health and nutrition will lead to improved evaluations by external panels, and will continue our efforts to strengthen this area.



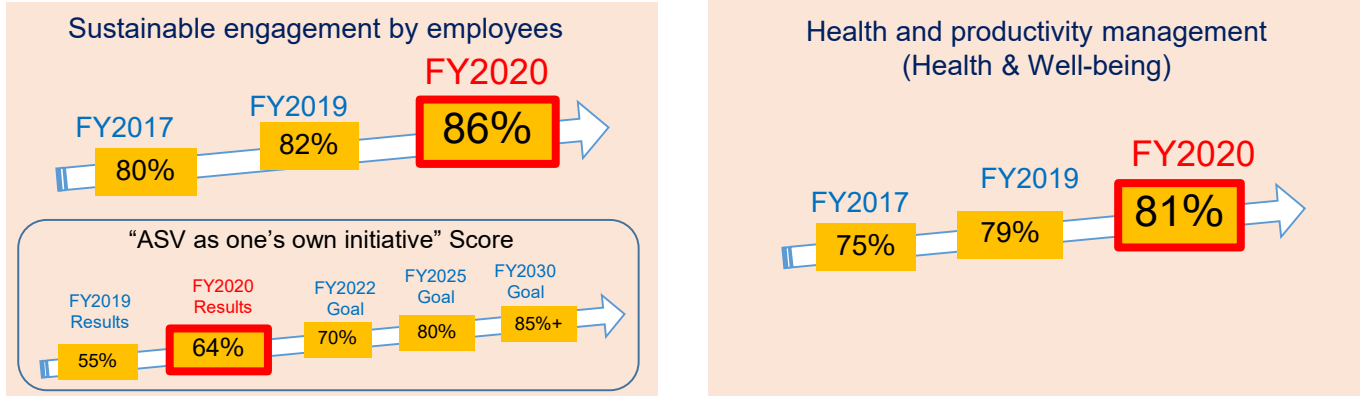
II-6. Employee Engagement

Improvement in ASV as one's own initiative to enhance customer value. Response to health and productivity management more favorable in COVID-19 pandemic.

In FY2020, the engagement score reached the level of global excellent companies.

Next Challenge: Make ASV as one's own initiative ≈ Awareness of independent contribution to the realization of the vision

Rise in favorable response score (FY2020 results)



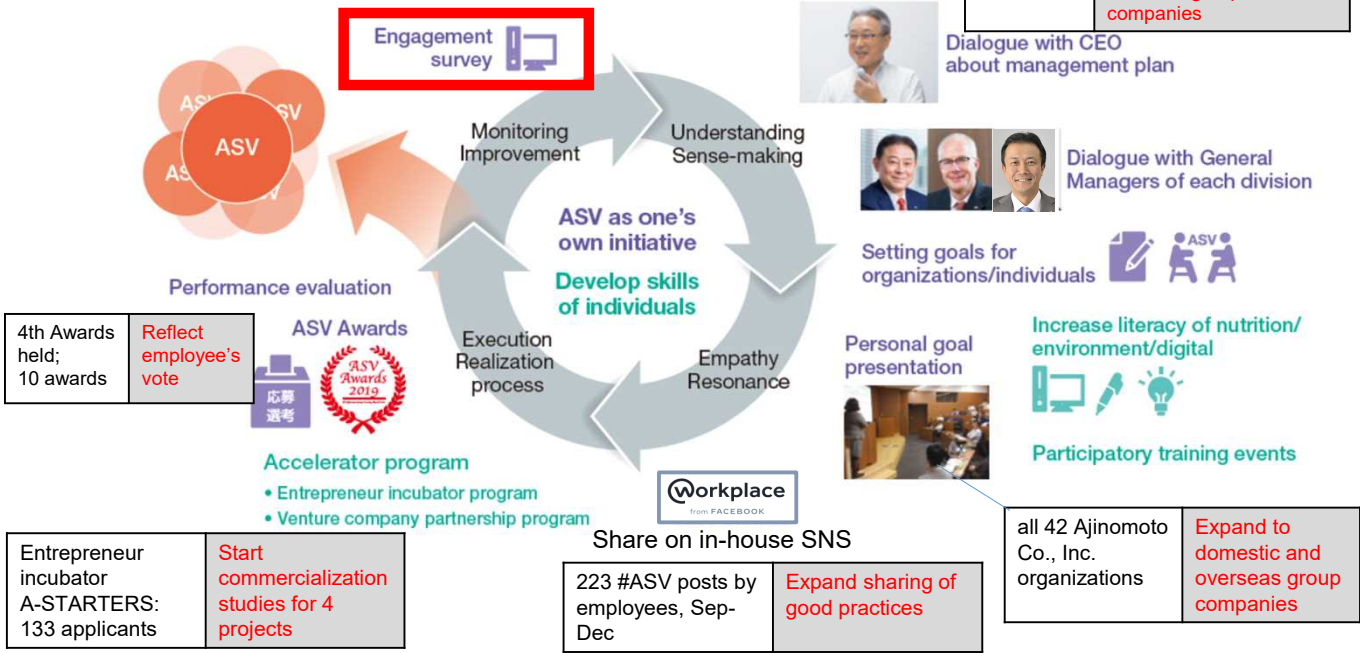
Conducted since 2017 for all employees (domestic and overseas) of the Ajinomoto Group.
 FY2020: About 32,000 respondents from 108 companies (response rate: 90%)

Employee engagement is improving. However, the percentage of employees proactively involved in “ASV as one’s own initiative”—that is, the realization of our vision—is only 64% of the total, leaving room for improvement. The level of trust in our health and productivity management is high, and improvements are being made. These are strengths of our Group.



II-6. Employee Engagement

Management Cycle to Enhance “ASV as one’s own initiative” and Personal Capability Development

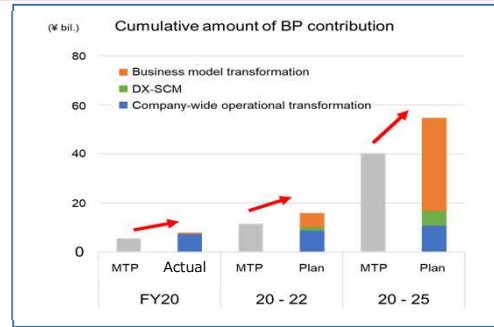


This slide shows our efforts to improve employee engagement. In addition to digital and nutrition education, we are promoting individual skill development through measures to share best practices across the Group, measures to turn out in-house entrepreneurs, and so on. We also engage in organizational management that combines dialogues with the CEO and top management with personal goal presentations across all organizations. In FY2021, we will expand the scope of these activities to Group companies and will enhance generation-, hierarchical level-, and gender-specific dialogues.



II-7. Accelerate the DX n.0 Transformation Step (Toward Phase 2)

We will accelerate transformation toward Phase 2 (regrowth) by upgrading and streamlining operations through DX.



Cost reduction and asset reduction	Company-wide operational transformation DX1.0	<ul style="list-style-type: none"> Adopt operational excellence (OE) and management indicators that enhance management capabilities. Foster ASV engagement and a corporate culture of individual initiative. Create results by streamlining and upgrading indirect operations through promotion of the “smart corporate” concept. (Approximate cost reduction targets, cumulative: ¥8.5 bil. for FY2020-2022 and ¥11.0 bil. for FY2020-2025)
	SCM transformation DX 2.0	<ul style="list-style-type: none"> Inventory and SKUs are factors in low ROA, an important managerial indicator. Improve Days Inventory Outstanding (DIO), and reduce SKUs by visualizing costs. (Approximate cost reduction targets, cumulative: ¥1.5 bil. for FY2020-2022 and ¥6.0 bil. for FY2020-2025) (DIO targets: 86.5 days for FY2022 (equivalent to ¥15.0 bil.) and 70 days for FY2025 (equivalent to ¥50.0 bil.))
Acceleration of growth	Business model transformation DX 3.0	<ul style="list-style-type: none"> Promote business model transformation through “Smart R&B.” Contribute to advanced medical care modalities and provide personal solutions. Establish a business model that leads to “personal” through ecosystem construction. (Approximate business profit targets, cumulative: ¥6.0 bil. for FY2020-2022 and ¥38.0 bil. for FY2020-2025)

This slide shows our stepwise plan for digital transformation and our numerical plan aimed at enhancement of our corporate value by FY2025. As a “solution-providing group of companies for food and health issues,” we are advancing transformation in stepwise fashion: Operational Transformation (DX 1.0), Ecosystem Transformation (DX 2.0), and Business Model Transformation (DX 3.0), with the goal of carrying out Social Transformation through the co-creation of social value and economic value in 2030 (DX 4.0).



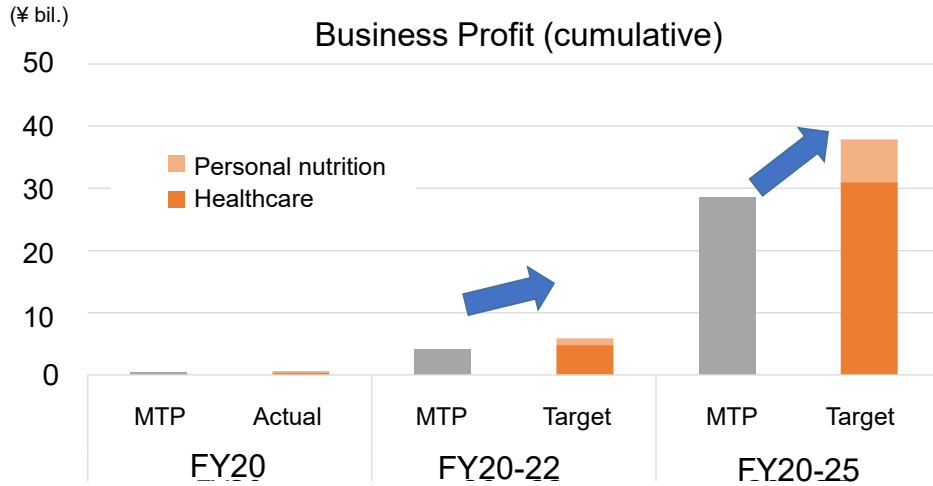
II-7. Accelerate DX3.0 Business Model Transformation (Toward Phase 2)

Create new business model of solving food and health issues

We are unearthing our intangible assets,* building an ecosystem, and advancing a business model transformation that directly contributes to enhancing CX value.

*Human and intellectual resources, brands, reputation, network

Create cumulative business profit of ¥6.0 billion by FY2022 and about ¥38.0 billion by FY2025 through business model transformation, greatly exceeding the Medium-Term Management Plan

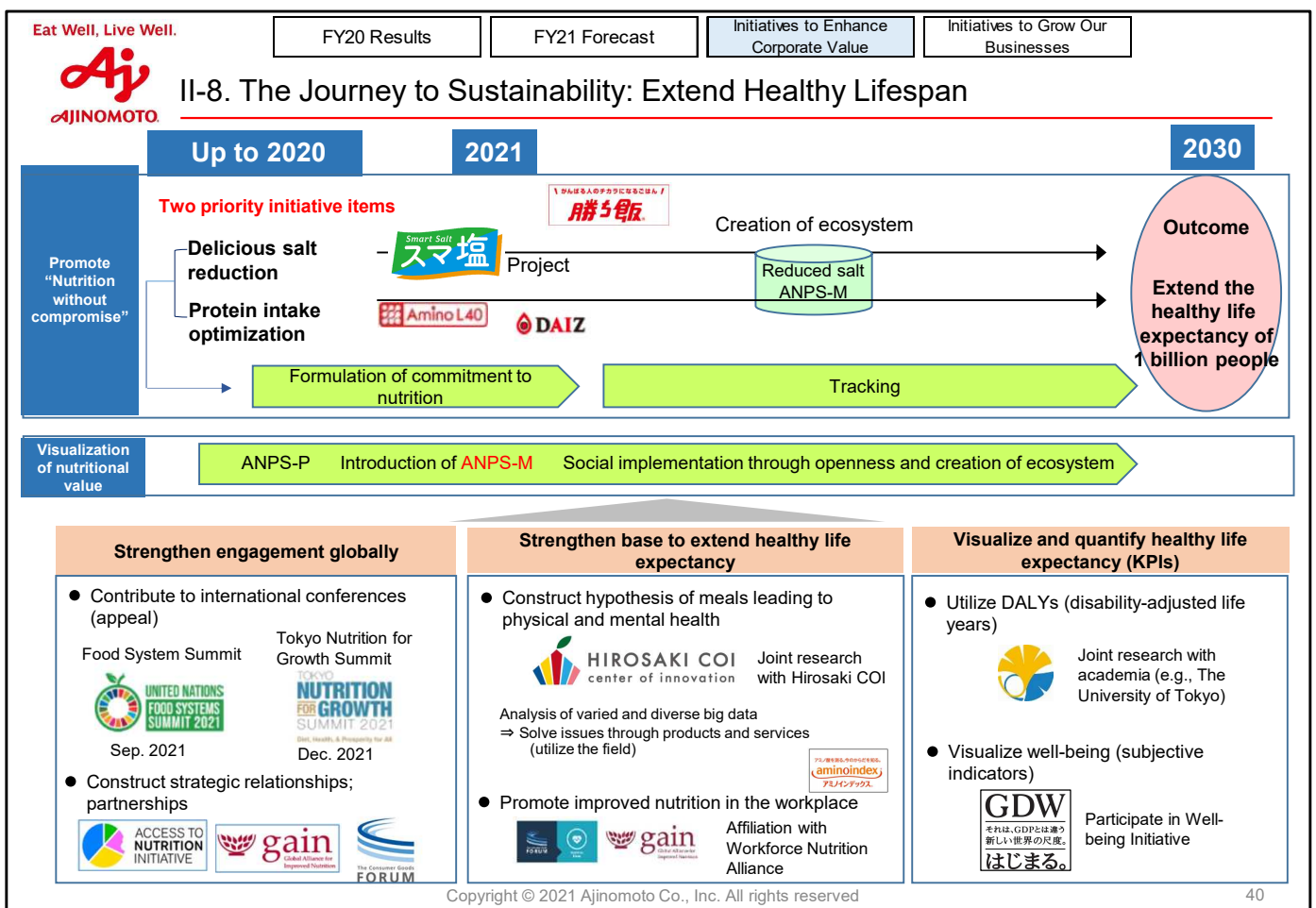


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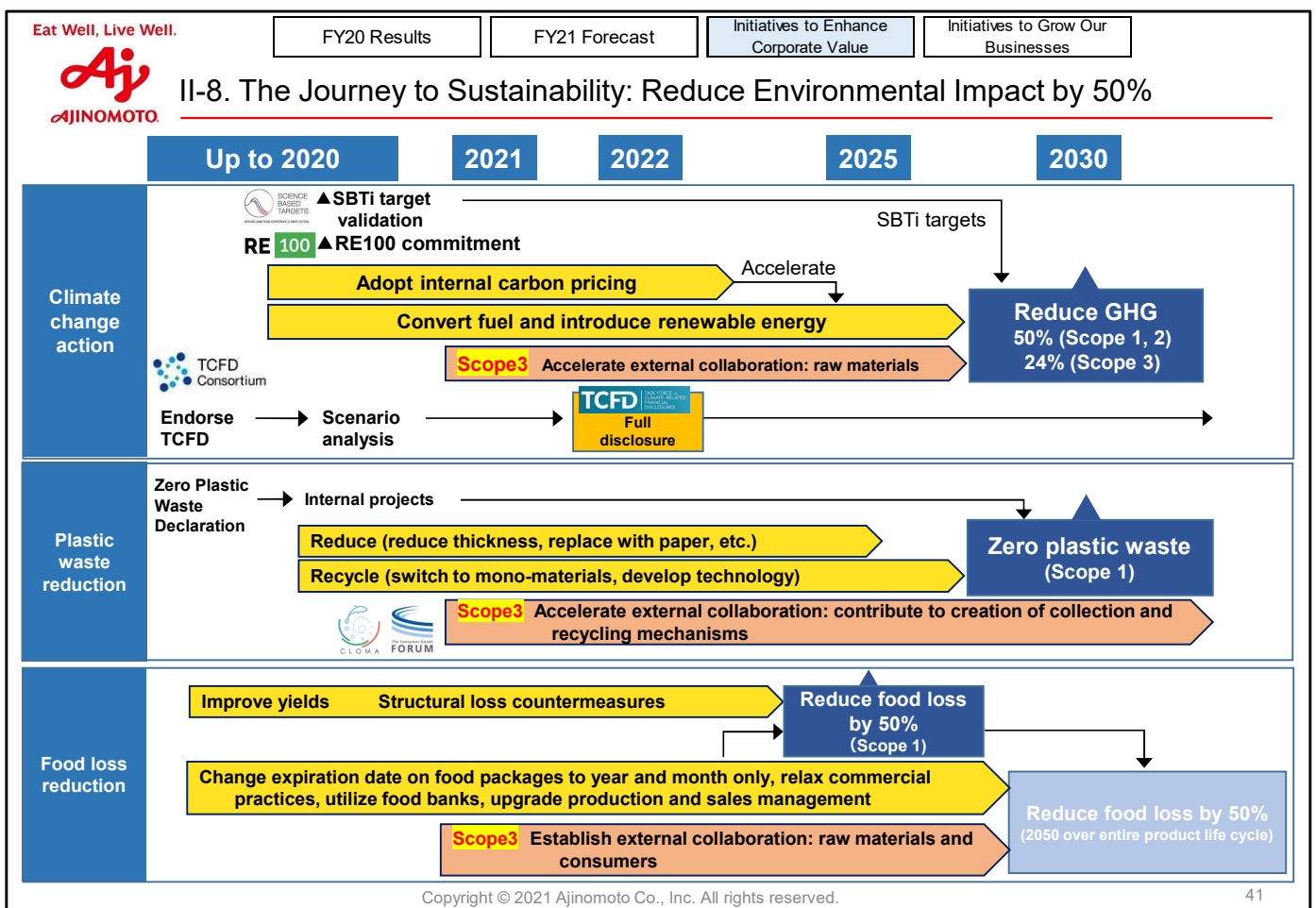
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This slide shows expected profit from Business Model Transformation in the FY2020–2025 MTP.

In the healthcare business, it applies to CDMO, cellular therapy support, and so on; in the personal nutrition business, it applies to service businesses related to medical food, *AminoIndex*® lifestyle improvement support, and so on. We will also add the food business, based on examination performed in FY2021.



This slide shows our plan concerning sustainability. In our initiatives aimed at “Extension of healthy life expectancy for 1 billion people,” our touchpoints with consumers are expanding steadily, and our “delicious salt reduction” initiative is progressing as well. We have also made “protein intake optimization” a priority initiative in marketing. We are further strengthening amino acid supplements and are tying up with start-up companies engaged in the plant-based protein business as we move forward with new business development. In our PR activities, at the UN Food Systems Summit and the Tokyo Nutrition for Growth Summit, we issued a declaration of “nutrition without compromise” in collaboration with ANI, Gain, CGF, and other outside organizations. To strengthen our base, in addition to the Hirosaki COI, we will participate in activities including those of the Well-being for Planet Earth Foundation to enhance our presence in the medium to long term.



This slide shows a list of our initiatives to reduce our environmental impact by 50%. Our priority issues are climate change action, plastic waste reduction, and food loss reduction.

We have already engaged in energy conservation and boiler fuel conversion for some time.

In FY2021, we will accelerate our preparations for the adoption of internal carbon pricing.

Regarding the goal of zero plastic waste, we use about 70,000 tons of plastic packaging per year worldwide, primarily for home-use products. At present, about 30,000 tons are thermally recycled, or consist of single-material packaging that can be recycled. We will pursue reduction and recycling measures to address the remainder.

Regarding the three priority issues, we plan to achieve our 2030 targets by strengthening external collaborations as a way of reducing Scope 3 emissions.

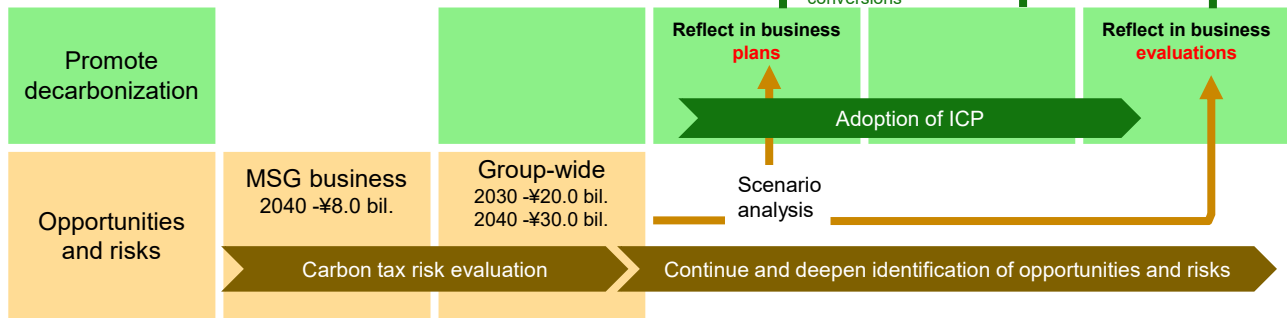


II-8. (Ref.) Accelerate GHG Reduction Measures through Use of Internal Carbon Pricing

To achieve SBT GHG reduction targets of 30% in 2025 and 50% in 2030 (vs. FY2018), we will use Internal Carbon Pricing (ICP), introduce the energy saving process, and accelerate boiler fuel conversions.



Energy saving process
Boiler fuel conversions



In FY2020, we expanded our company-wide greenhouse gas risk evaluation across the entire Group. The finding from this was an increase from the business risk of umami seasonings for processed food manufacturers (a carbon tax risk of about ¥8 billion in 2040), discussed earlier for the Company alone, to the identification of a carbon tax risk of about ¥20 billion in 2030 and ¥30 billion in 2040.

From FY2022, we will utilize internal carbon pricing, will advance capital investments for the reduction of greenhouse gases, and will accelerate our risk hedging tied to individual business plans.



II-9. FY2021: Priority KPIs (Company-wide forecast)

		20–22 Phase 1			23–25 Phase 2	2030 Goal	
		Structural reform			Regrowth		
		FY19 Actual	FY20 Actual	FY21 Target	FY22 MTP Target	FY25 MTP Target	
Efficiency	ROIC (>Capital cost) (): Excluding expenses for structural reform	3.0% (Approx. 6%)	6.9% (Approx. 8%)	7.0% (Approx. 8%)	8%	10–11%	13%
	Growth						
	Organic sales growth (YoY)	0.3%	-0.6%	Approx. 6%	4%	5%	5%
Priority KPIs	Percentage of sales from core businesses	66.5%	66.6%	70%	70%	80%	80% or more
	Employee engagement ("ASV as one's own initiative" ¹)	55%	64%	—	70%	80%	85% or more
	Unit price growth (YoY) (International consumer products)	Approx. 5%	2.8%	Approx. 2%	2.5%	3%	3%

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

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Finally, this slide presents forecasts of priority KPIs in FY2021.

Let me explain why we have turned organic growth rate around to a 6% increase. (Organic growth refers to the growth rate at a fixed exchange rate, with the effects of M&A, sale of businesses, etc. excluded.)

For our Food Products business (Seasonings and Foods, and Frozen Foods), we expect growth of about 6% (including unit price growth of about 2% in international consumer products) through recovery from the sales opportunity losses of home-use products that occurred during the COVID-19 expansion phase in the first half of FY2020, and recovery in restaurant and industrial-use products.

In the healthcare business, electronic materials remain strong. Recovery in the Bio-Pharma Services business will also contribute, with about 7% growth overall forecast.



II-9. FY2021: Priority KPIs (Forecast by segment)

Segments

FY2020 Actual and FY2021 Forecast

Segments	FY2020 Actual and FY2021 Forecast									
	Organic growth (%)		Unit price growth (%)		ROIC (%)					
Food	Seasonings and Foods		FY20	FY21	FY20	FY21	FY20*	FY21*	MTP Targets FY22	FY25
			-0.3%	Approx. 6%	2.8%	Approx. 2%	12.4%	Approx. 13%	12% or more	17% or more
							WACC 6%			
Amino Science	Frozen Foods		FY20	FY21	FY20	FY21	FY20*	FY21*	MTP Targets FY22	FY25
			-5.0%	Approx. 6%	2.8%	Approx. 2%	0.6%	Approx. 1%	1% or more	5%
							WACC 5%			
Amino Science	Healthcare and Others		FY20	FY21	FY20	FY21	FY20*	FY21*	MTP Targets FY22	FY25
			3.5%	Approx. 7%	-	-	1.2%	Approx. 7%	10% or more	12% or more
							WACC 8%			

* Excluding structural reform expenses

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Appendixes: Consolidated Results FY2020 (Ended March 31, 2021)
FY2021 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



III-1. Seasonings and Foods (Organic growth supporting the entire company)

**Focus on core products and give top priority to supplying stably.
Strengthen business structure and promote initiatives capturing consumer changes.**

■ Changes in the environment in FY2020

1. **Consumers: Expansion of demand for at-home dining, increase in health, increase in frequency of digital contact, etc.**
2. **Logistics: Multiplication and diversification of purchasing locations**

■ Major initiatives in FY2020

1. Sales and marketing

- (1) **Respond to increase in demand for at-home dining:** Supply stably, focus on core products
- (2) **Change sales activities:** Online business negotiations, thorough measures to prevent infection
- (3) **Respond to changes in channels:** EC channel, meet demand for delivery
- (4) **Strengthen communication with consumers:** Promote use of digital



2. Production and logistics

- (1) **Reconstruct (consolidate) production system**
- (2) **Produce and supply stably**



3. Product development

- (1) **Reconstruct R&D system**
- (2) **Aggressively launch products with nutritional value: reduced salt, reduced sugar**

**⇒ Strengthened business structure and improved profitability through the above
(BP margin up 1.2 p.p. YoY)**



III-1. Seasonings and Foods (Organic growth supporting the entire company)

Further strengthen business structure to achieve FY2025 ROIC targets of 10-11%.
Advance **sustainable organic growth** and **greater capital efficiency**.

■ Key strategies for FY2021 in Seasonings and Foods

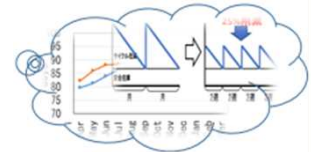
1. Sustainable organic growth (up about 6 percentage points (p.p.) YoY) and improve profitability

- (1) Further focus on core businesses and growth
- (2) Promote DX and transform business model: sophistication of marketing and strengthening/expansion of consumer touchpoints
- (3) Strengthen nutritional value (Smart Salt, etc.) and increase growth rate of unit prices (international consumer products, up about 2 p.p.)
- (4) Cooperate in regions, accelerate building of ecosystem (Japan, 41 areas and also aggressively rollout in our major countries of business)
- (5) Make ASV engagement and an organizational atmosphere where taking on challenges is a good thing



2. Accelerate the increase in the efficiency of capital (build a profit structure able to grow with high profitability)

- (1) Visualize data, increase efficiency and sophistication of work through OE and DX
- (2) Increase sophistication of SCM: Reduce inventory and number of SKUs
- (3) Reduce assets and execute strategic investment plans
- (4) Improve management of the budget, forecasts, and results
- (5) ROIC targets: approx. 13%



◆ Expected effect of the reorganization of food production in Japan with Kawasaki soup factory: even with FY2021 amortization expense of more than ¥1.0 billion, growth potential (production capability) up about 20% and improved GP margin (excluding amortization expense).



III-2. Frozen Foods (Initiatives for ROIC of 5% in FY2025)

In FY2020, we moved forward with priority **to strengthen business structure** (increased profitability and asset efficiency) according to plans, even amid the pandemic.

■ Changes in the environment in FY2020

Due to COVID-19: change in at-home dining needs and shift from eating out to prepared meals
→ increase in need for frozen food and acceleration in move to digitalization

Major initiatives in FY2020

1. Improved profitability

(1) Expanded core domains (Percentage of sales: FY2019: 58% → FY2020: 63%) and increased product unit prices by strengthening high-added-value products

Unit prices YoY North America: +2.8%

Japan retail: +1.5% (foodservice: -2.9%)

(2) Reduced unprofitable products by reducing the number of SKUs

North America: -132 (-13%)

Japan*: -116 (-18%)

*Japan is foodservice only

(3) Improved GP margin: +1.4 p.p. YoY

2. Improved asset efficiency (promoted reduction of assets)

(1) North America: closed Fort Worth Factory (global: 19 factories → 18 factories)

(2) Japan: retired and divested idle assets



III-2. Frozen Foods (Initiatives for ROIC of 5% in FY2025)

Full-scale business structure strengthening in FY2021, and from FY2023, connect this to real business growth and achieve ROIC of 5% in FY2025.

■ Initiatives for FY2021 business structure strengthening in Frozen Foods

1. Improve profitability

(1) Further expand core domain and continue initiatives to increase product prices by strengthening high value-added products

Continue initiatives to increase product prices

1) Percent of sales from core domains: FY2020: 63% → FY2021: 65%

North America: accelerate expansion of retail of Asian category by completing expansion of production (+15% YoY)

Japan: Expand core domains (+6% YoY) by shifting business portfolio

2) Product unit prices (YoY): North America: +2.0%, Japan: +2.0%

(2) Continue reducing unprofitable products by reducing the number of SKUs

(3) Improve GP margin: +1.1 p.p. YoY

2. Accelerate improvement of asset efficiency

(1) Globally: Steadily promote the asset light plan (18 factories → future 15 factories)

(2) Japan: Shift production strategy (utilize manufacturing contractors as strategic partners)



III-3. Healthcare and Others (ROIC improvement and business model transformation)

Improve greater capital efficiency through expansion of core businesses and structural reform of the animal nutrition business.

■ Changes in the environment in FY2020

1. Acceleration of expansion of demand for electronic materials (organic growth, increased demand from staying at home)
2. Expansion of demand related to development of infusions, antiseptics, and vaccines
3. Shrinkage of sports and cosmetics markets
4. Difficulty of securing human resources in some countries such as the US

■ Initiatives undertaken in FY2020 on the basis of environmental changes

1. Sales expansion and increase in sales unit prices in core businesses
 - Electronic materials, amino acids for pharmaceuticals, culture media, surfactants
2. Structural reform of the animal nutrition business
 - Integration of AHN and AANA (North America), divestment of AANE (Europe)
3. Strengthening of business foundation for future growth
 - CDMO business, *AminoIndex*®, M&A in the medical food domain (Nualtra)



III-3. Healthcare and Others (ROIC improvement and business model transformation)

Further advance **sustainable organic growth** and **greater capital efficiency** to achieve ROIC target (FY2022: 10% or more).

■ Key strategies for FY2021 in Healthcare and Others

1. Accelerate growth in core businesses

- High growth in the electronic materials business against a background of robust demand in the semiconductor industry
- Grow with the amino acids for pharmaceuticals and foods business, which has a quality advantage, in stable growth markets
- Grow in the Bio-Pharma Services business based on our fundamental technologies such as oligonucleotides
 - Cover the decline in sales associated with promoting structural reform in the animal nutrition business by expanding sales in core businesses

2. Complete reorganization of the animal nutrition business

- Complete reorganization of the animal nutrition business, including in North America

3. Transform the business model with DX

- Construct a new business model through collaboration between DX-using Healthcare businesses (medical food, Bio-Pharma Service, *AminoIndex*®, etc.)

4. Foster human resources to promote ASV

- Develop solutions for customers, focus on a workplace where all employees can thrive and human resource education, and drive ASV

Message from the CEO

- FY2021 is the crucial point of the MTP structural reform, Phase 1. Focus on the implementation of the remaining structural reform and measures for a return to growth, Phase 2!
- In this COVID-19 pandemic, I have become convinced that continuing business by focusing on employee health and engagement is a strength for our company. We have been improving our GP margin by focusing on core businesses and creating capital, and by increasing the share of our core brands, which has been an issue since FY2020, and by investing in the creation of a new business model, we will increase our return to shareholders.
- With the risk associated with the lengthening of the impact of the COVID-19 pandemic, we will continue efforts to further raise our ability to create cash by accelerating DX.
- The transformation of our aim to a solution-providing group of companies for food and health issues is conditional upon diversity and inclusion and our improving engagement of the next generation. Our management and executives will work as one team and make the optimum opportunity.



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FY2021 Assumed Exchange Rate and Exchange Rate Sensitivity

Assumed exchange rate (vs. JPY)

	FY21 Forecast	FY20 Actual				FY20-25 MTP
		Q4	Q3	Q2	Q1	
USD	105.00	106.09	104.49	106.23	107.63	107.00
EUR	125.00	127.81	124.61	124.08	118.59	123.00
THB	3.39	3.50	3.41	3.39	3.37	3.42
BRL	20.59	19.36	19.39	19.74	20.06	28.16

Exchange Rate Sensitivity

Foreign exchange rates (vs JPY)

	FY21 forecast	Sensitivity of translation effects to full year B.P.
USD	105.00	±¥1 → approx. ¥100 million
EUR	125.00	±¥1 → approx. ¥50 million
THB	3.39	±¥0.01 → approx. ¥100 million
BRL	20.59	±¥1 → approx. ¥400 million

Impact of exchange rate for trade

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

- 1 JPY	vs USD	→	approx. ¥200 million
- 0.1 EUR	vs USD	→	approx. + ¥100 millior
- 1 THB	vs USD	→	approx. + ¥400 millior
- 0.1 BRL	vs USD	→	approx. + ¥300 millior

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- **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.**

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