

Ajinomoto Co., Inc.

Consolidated Results

IFRS

Three Months Ended June 30, 2022

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 considering 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)

The three-month results for the fiscal year ending March 31, 2023

Ajinomoto Co., Inc.

July 29, 2022

Stock Code: 2802	Stock exchange listing:	Tokyo Stock Exchange
URL: https://www.ajinomoto.co.jp/company/		
Representative: Taro Fujie		
		Representative Executive Officer & President
For inquiries: Eiichi Mizutani	Telephone:	+81-3-5250-8111
		Corporate Executive & General Manager
		Global Finance Department
Scheduled date of submission of statutory quarterly financial report:	August 8, 2022	
Scheduled date of starting payment of dividend:	—	
Preparation of supplementary materials:	Yes	
Results briefing:	Yes	

1. Consolidated Financial Results for the Three Months Ended June 30, 2022

(1) Consolidated Operating Results

	Three months ended June 30, 2022		Three months ended June 30, 2021	
		Change %		Change %
Sales	321,619	16.4	276,338	11.5
Business profit	40,524	4.1	38,930	15.1
Profit before income taxes	38,147	9.2	34,940	0.5
Profit	29,248	22.3	23,923	(3.9)
Profit attributable to owners of the parent company	27,738	25.7	22,066	(1.3)
Basic earnings per share (yen)	¥51.71	—	¥40.23	—
Diluted earnings per share (yen)	¥51.71	—	¥40.23	—

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

Note: 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 continual evaluation of the Group’s business portfolio by the Board of Directors and the Management Committee. “Business profit” is defined as sales and share of profit of associates and joint ventures minus cost of sales, selling expenses, research and development expenses, and general and administrative expenses. Business profit does not include other operating income or other operating expenses.

(2) Consolidated Financial Position

	As of	
	June 30, 2022	March 31, 2022
Total assets	1,546,990	1,457,060
Total equity	805,256	739,744
Equity attributable to owners of the parent company	749,401	686,909
Ownership ratio attributable to owners of the parent company (%)	48.4%	47.1%

2. Dividends

	Fiscal year ended March 31, 2022	Fiscal year ending March 31, 2023	Fiscal year ending March 31, 2023 (forecast)
Dividend per share			
Interim (yen)	¥24.00		¥29.00
Year-end (yen)	¥28.00		¥29.00
Annual (yen)	¥52.00		¥58.00

Note: Revisions from the last forecast released: None

3. Forecast for the Fiscal Year Ending March 31, 2023

(Millions of yen)

	Fiscal year ending March 31, 2023	
		Change %
Sales.....	1,310,000	14.0
Business profit	124,000	2.6
Profit attributable to owners of the parent company.....	77,000	1.7
Basic earnings per share (yen)	¥143.54	—

“Change %” indicates the percentage change compared to the previous fiscal year.

Note: Revisions from the last forecast released: None

Notes:

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

(2) Changes in accounting policies and accounting estimates

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

(3) Number of shares outstanding (ordinary shares)

	Shares	
	As of June 30, 2022	As of March 31, 2022
Number of shares outstanding at end of period (including treasury stock)	536,996,254	536,996,254
Number of shares in treasury stock at end of period	562,311	559,323
	April 1, 2022 to June 30, 2022	April 1, 2021 to June 30, 2021
Average number of shares during period	536,435,145	548,464,983

(Note) The number of shares in treasury stock at the end of the period includes the Company's shares held by the director's remuneration BIP trust (As of June 30, 2022: 442,900 shares. As of March 31, 2022: 442,900 shares), which was 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 Company's shares are included in the treasury stock which is deducted from the number of shares outstanding at the end of the period when calculating the average number of shares during the period.

The summary of quarterly financial statements is not subject to quarterly review by certified public accountants or an audit 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 release. These statements do not promise nor represent a commitment by the Company to achieve these forecasts. Actual operating results may differ significantly due to various factors. For more information regarding earnings forecasts, see page 10, "1. Qualitative Information on the Three-Month Consolidated Results, (3) Explanation of Forecast Data, Including Consolidated Forecasts."

Where to obtain supplementary materials

Supplementary materials will be posted on the Company's website on Friday, July 29, 2022.

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1. Qualitative Information on the Three-Month 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 continual evaluation of the Group's business portfolio by the Board of Directors and the Management Committee. "Business profit" is defined as sales and share of profit of associates and joint ventures minus cost of sales, selling expenses, research and development expenses, and general and administrative expenses. Business profit does not include other operating income or other operating expenses.

(1) Overview of Operating Results

In the three months ended June 30, 2022, the Company's consolidated sales increased 16.4% year-on-year, or ¥45.2 billion, to ¥321.6 billion. This was due to the effect of currency translation and increases in sales in the Seasonings and Foods segment, the Frozen Foods segment, and the Healthcare and Others segment. Business profit increased 4.1% year-on-year, or ¥1.5 billion, to ¥40.5 billion primarily due to the effect of currency translation and the increase in sales in the Healthcare and Others segment, despite the cost increases in raw materials. Profit attributable to owners of the parent company totaled ¥27.7 billion, up 25.7% year-on-year, or ¥5.6 billion, mainly due to higher other operating expenses as a result of the sale of the animal nutrition business in Europe in the first quarter of the previous fiscal year.

Overview by segment

Sales and business profit by segment are summarized below.

Versus previous year results (Billions of yen)

	Sales			Business profit		
	FY2022 Q1	YoY change	% change	FY2022 Q1	YoY change	% change
Seasonings and Foods	184.3	26.8	17.0 %	23.9	(0.3)	(1.2)%
Frozen Foods	60.8	8.3	15.9 %	0.2	(0.6)	(70.3)%
Healthcare and Others	73.6	10.0	15.8 %	15.2	2.5	20.2%
Other	2.7	0.0	2.3 %	0.9	0.0	0.1%
Total	321.6	45.2	16.4 %	40.5	1.5	4.1%

Versus the forecast (Billions of yen)

	Sales			Business profit		
	FY2022 Q1	Forecast for the year	YTD progress	FY2022 Q1	Forecast for the year	YTD progress
Seasonings and Foods	184.3	748.3	24.6%	23.9	76.5	31.4%
Frozen Foods	60.8	255.8	23.8%	0.2	2.6	10.7%
Healthcare and Others	73.6	287.9	25.6%	15.2	47.5	32.1%
Other	2.7	17.8	15.6%	0.9	(2.7)	—
Total	321.6	1,310.0	24.6%	40.5	124.0	32.7%

1) Seasonings and Foods

In the Seasonings and Foods segment, sales increased 17.0% year-on-year, or ¥26.8 billion, to ¥184.3 billion, mainly because of increases in sales and unit prices overseas, in addition to the effect of currency translation. Segment business profit decreased 1.2% year-on-year, or ¥0.3 billion, to ¥23.9 billion, owing to the effect of cost increases for raw materials and other factors, despite the effects of increased revenue and currency translation.



Main factors affecting segment sales

Sauce & Seasonings: Large increase in revenue overall due to significantly increased revenue overseas, despite decreased revenue in Japan.

Japan: Decrease in revenue primarily due to the fall back in at-home demand after the increase in the previous year.

Overseas: Large increase in revenue primarily due to the impact of currency translation and also increased sales accompanying recovery in foodservice-use products and stable at-home demand and increased unit sales prices.

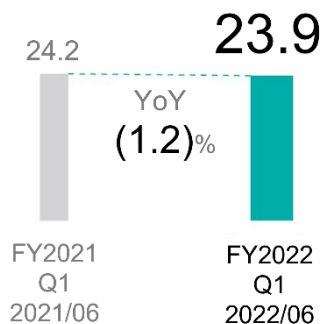
Quick Nourishment: Increase in revenue overall due to significantly increased revenue overseas, despite decreased revenue in Japan.

Japan: Decrease in revenue primarily due to impact of structural reform in coffee products.

Overseas: Large increase in revenue primarily due to increased sales of instant noodles and Ready to Drink beverages and the impact of currency translation.

Solution & Ingredients: Large increase in revenue primarily due to increased unit sales prices of umami seasonings for processed food manufacturers and increased sales of foodservice-use products.

Business Profit (¥bil)



Main factors affecting segment profits

Sauce & Seasonings: Decrease in profit both in Japan and overseas, so overall decrease in profit.

Japan: Large decrease in profit primarily due to the impact of decreased revenue, and cost increases, such as for raw materials.

Overseas: Decrease in profit primarily due to cost increases, such as raw materials, despite increased revenue.

Quick Nourishment: Overall, profit decreased due to a large decrease in profit in Japan, despite increased profit overseas.

Japan: Large decrease in profit primarily due to impact of cost increases, such as raw materials for coffee products.

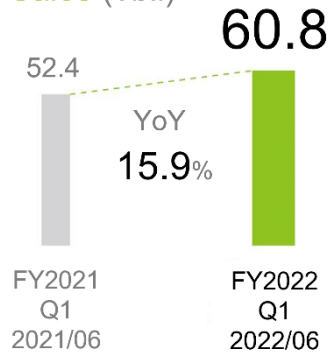
Overseas: Increase in profit primarily due to the impact of currency translation and increased revenue, despite the impact of cost increases, such as of raw materials.

Solution & Ingredients: Overall large increase in profit primarily due to the impact of increased revenue despite the impact of cost increases, such as of raw materials.

2) Frozen Foods

Frozen Foods segment sales increased 15.9% year-on-year, or ¥8.3 billion, to ¥60.8 billion, owing to the effect of currency translation, the increase of unit prices overseas, and other factors. Segment business profit decreased 70.3% year-on-year, or ¥0.6 billion, to ¥0.2 billion, because of cost increases, including raw materials, and other factors.

Sales (¥bil)

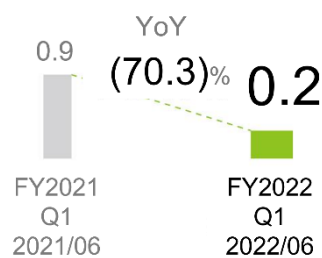


Main factors affecting segment profits

Large increase in revenue overall due to significantly increased revenue overseas, and revenue in Japan level with the previous year. Japan: Revenue was level with the previous year primarily due to the recovery in restaurant-use products despite the impact of structural reform.

Overseas: large increase in revenue due to the impact of currency translation and increased unit sales prices.

Business Profit (¥bil)



Main factors affecting segment profits

Decrease in profit in both Japan and overseas, so overall decrease in profit.

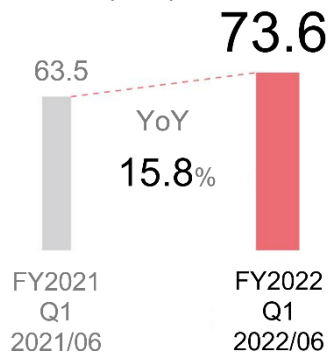
Japan: Decrease in profit primarily due to the impact of cost increases, such as of raw materials.

Overseas: Decrease in profit primarily due to the impact of cost increases, such as of raw materials, despite increase in revenue.

3) Healthcare and Others

Healthcare and Others segment sales increased 15.8% year-on-year, or ¥10.0 billion, to ¥73.6 billion, owing to an increase in sales of Bio-Pharma Services & Ingredients and Functional Materials, the effect of currency translation, and other factors. Segment business profit increased 20.2% year-on-year, or ¥2.5 billion, to ¥15.2 billion due to the effect of revenue growth.

Sales (¥bil)



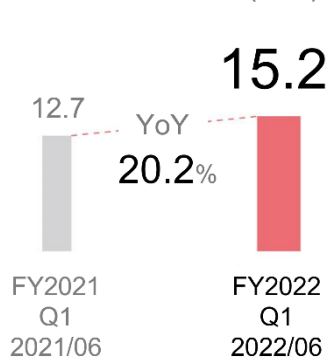
Main factors affecting segment sales

Bio-Pharma Services & Ingredients: Large increase in revenue due to the impact of currency translation and also increased sales of Bio-Pharma Services and amino acids for pharmaceuticals and foods.

Functional Materials: Large increase in revenue primarily due to strong sales of electronic materials.

Others: Revenue was level with the previous year due to increased sales of medical foods, sports nutrition, etc. despite the impact of structural reform in animal nutrition.

Business Profit (¥bil)



Main factors affecting segment profits

Bio-Pharma Services & Ingredients: Increase in profit primarily due to the impact of currency translation and also increased revenue from amino acids for pharmaceuticals and foods.

Functional Materials: Large increase in profit accompanying large increase in revenue.

Others: Decrease in profit overall primarily due to the loss of transient profit from the previous year that accompanied the sale of the animal nutrition business despite an increase in revenue.

4) Other

In the Other segment, sales were in line with the same period of the previous fiscal year and totaled ¥2.7 billion, up 2.3% year-on-year. Segment business profit was also in line with the same period of the previous fiscal year and totaled ¥0.9 billion, up 0.1% year-on-year.

(2) Overview of Financial Position

As of June 30, 2022, the Company's consolidated total assets stood at ¥1,546.9 billion, an increase of ¥89.9 billion from ¥1,457.0 billion at the end of the previous fiscal year on March 31, 2022. The main reasons for this were an increase in inventories due to the depreciation of the yen and the increase in raw material prices and an increase in cash and cash equivalents.

Total liabilities came to ¥741.7 billion, ¥24.4 billion more than the ¥717.3 billion at the end of the previous fiscal year, mainly due to an increase in interest-bearing debt. Interest-bearing debt totaled ¥392.6 billion, an increase of ¥28.6 billion from the end of the previous fiscal year, due to short-term borrowings and commercial papers.

Total equity as of June 30, 2022 was ¥65.5 billion more than at the end of the previous fiscal year, due to an increase in exchange differences on translation of foreign operations as a result of depreciation of the yen and an increase in retained earnings. Equity attributable to owners of the parent company, which is total equity minus non-controlling interests, totaled ¥749.4 billion, and the equity ratio attributable to owners of the parent company was 48.4%.

(3) Explanation of Forecast Data, including Consolidated Forecasts

The Company has not revised the forecasts released on May 11, 2022.

2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statements of Financial Position

(Millions of yen)

	As of June 30, 2022	As of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	169,432	151,454
Trade and other receivables	162,478	162,397
Other financial assets	16,508	17,810
Inventories	253,839	219,356
Income taxes receivable	12,774	6,024
Others	25,848	24,375
Subtotal	640,882	581,419
Assets of disposal groups classified as held for sale	—	—
Total current assets	640,882	581,419
Non-current assets		
Property, plant and equipment	536,982	522,312
Intangible assets	68,906	68,309
Goodwill	107,300	99,839
Investments in associates and joint ventures	122,126	115,248
Long-term financial assets	51,809	51,864
Deferred tax assets	7,749	7,017
Others	11,232	11,049
Total non-current assets	906,107	875,641
Total assets	1,546,990	1,457,060

	As of June 30, 2022	As of March 31, 2022
Liabilities		
Current liabilities		
Trade and other payables	186,096	199,908
Short-term borrowings	26,569	8,219
Commercial papers	15,000	—
Current portion of bonds payable	19,992	19,990
Current portion of long-term borrowings	15,516	14,418
Other financial liabilities	17,165	15,802
Short-term employee benefits	40,952	38,567
Provisions	1,815	4,486
Income taxes payable	14,847	10,085
Others	16,908	13,153
Subtotal	354,863	324,631
Liabilities of disposal groups classified as held for sale	—	—
Total current liabilities	354,863	324,631
Non-current liabilities		
Corporate bonds	139,644	139,631
Long-term borrowings	129,414	131,650
Other financial liabilities	52,868	56,740
Long-term employee benefits	41,713	38,788
Provisions	3,776	3,708
Deferred tax liabilities	18,338	20,945
Others	1,115	1,219
Total non-current liabilities	386,870	392,684
Total liabilities	741,734	717,316
Equity		
Common stock	79,863	79,863
Capital surplus	31	—
Treasury stock	(1,381)	(1,371)
Retained earnings	629,438	616,286
Other components of equity	41,449	(7,869)
Other components of equity related to disposal groups classified as held for sale	—	—
Equity attributable to owners of the parent company	749,401	686,909
Non-controlling interests	55,855	52,834
Total equity	805,256	739,744
Total liabilities and equity	1,546,990	1,457,060

(2) Condensed Consolidated Statements of Income
For the Three Months

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2021
Sales	321,619	276,338
Cost of sales	(204,057)	(167,548)
Gross profit	117,561	108,790
Share of profit of associates and joint ventures	2,169	1,981
Selling expenses	(43,314)	(38,448)
Research and development expenses	(6,534)	(6,364)
General and administrative expenses	(29,357)	(27,029)
Business profit	40,524	38,930
Other operating income	2,980	1,728
Other operating expenses	(1,895)	(4,315)
Operating profit	41,610	36,343
Financial income	2,623	1,000
Financial expenses	(6,085)	(2,402)
Profit before income taxes	38,147	34,940
Income taxes	(8,898)	(11,016)
Profit	29,248	23,923
Attributable to:		
Owners of the parent company	27,738	22,066
Non-controlling interests	1,510	1,857
Earnings per share (yen):		
Basic	¥51.71	¥40.23
Diluted	¥51.71	¥40.23

(3) Notes to Condensed Consolidated Financial Statements

Going Concern Assumption

Not applicable

Significant Accounting Policies

The significant accounting policies used to prepare these condensed consolidated financial statements for the three months are unchanged from the policies applied to the consolidated financial statements in the previous fiscal year. Income taxes for this three-month period are calculated based on an estimation of the effective tax rate for the fiscal year.

Impact of Applying New Accounting Policies: Not applicable

Segment Information

(1) Overview of reportable segments

The Group's reportable segments are categorized primarily by product lines. There are three reportable segments: Seasonings and Foods, Frozen Foods, and Healthcare and Others.

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.

The product categories belonging to each reportable segment are as follows:

Reportable Segments	Details	Main Products
Seasonings and Foods	Sauce and Seasonings	Umami seasonings <i>AJI-NO-MOTO</i> [®] , <i>HON-DASHI</i> [®] , <i>Cook Do</i> [®] , <i>Ajinomoto KK Consommé</i> , <i>Pure Select</i> [®] <i>Mayonnaise</i> , <i>Ros Dee</i> [®] (flavor seasoning/Thailand), <i>Masako</i> [®] (flavor seasoning/Indonesia), <i>Aji-ngon</i> [®] (flavor seasoning/Vietnam), <i>Sazón</i> [®] (flavor seasoning/Brazil), <i>Sajiku</i> [®] (menu-specific seasoning/Indonesia), <i>CRISPY FRY</i> [®] (menu-specific seasoning/Philippines), etc.
	Quick Nourishment	<i>Knorr</i> [®] <i>Cup Soup</i> , <i>YumYum</i> [®] (instant noodles/Thailand), <i>Birdy</i> [®] (coffee beverage/Thailand), <i>Birdy</i> [®] <i>3in1</i> (powdered drink/Thailand), <i>Blendy</i> [®] brand products (<i>CAFÉ LATORY</i> [®] , stick coffee, etc.), <i>MAXIM</i> [®] brand products, <i>Chotto Zeitakuna Kohiten</i> [®] brand products, various gift sets, office supplies (coffee vending machines, tea servers), etc.
	Solution and Ingredients	Umami seasoning <i>AJI-NO-MOTO</i> [®] for foodservice and processed food manufacturers in Japan, Seasonings and processed foods for foodservice, Seasonings for processed foods (savory seasonings, enzyme <i>ACTIVA</i> [®]), Drinks supplied to restaurants, Ingredients for industrial use, Delicatessen products, Bakery products, Nucleotides, Sweeteners (aspartame for food processing, <i>PAL SWEET</i> [®] for home use, etc.), and others
Frozen Foods	Frozen Foods	Chinese dumplings (<i>Gyoza</i> , <i>Shoga Gyoza</i> , <i>POT STICKERS</i> , etc.), Cooked rice (<i>THE</i> [®] <i>CHA-HAN</i> , <i>CHICKEN FRIED RICE</i> , <i>YAKITORI CHICKEN FRIED RICE</i> , etc.), Noodles (<i>YAKISOBA</i> , <i>RAMEN</i> , etc.), Desserts (cakes for restaurant and industrial-use, <i>MACARON</i> , etc.), Shumai (<i>THE</i> [®] <i>SHUMAI</i> , etc.), Processed chicken (<i>Yawaraka Wakadori Kara-Age</i> (fried chicken), <i>THE</i> [®] <i>KARAAGE</i> , etc.), and others
Healthcare and Others	Amino Acids for Pharmaceuticals and Foods	Amino acids, culture media
	Bio-Pharma Services	Contract manufacturing services of pharmaceutical intermediates and active ingredients, sterile products (fill and finish), etc.
	Functional Materials	Electronic materials (<i>Ajinomoto Build-up Film</i> [®] (ABF) interlayer insulating material for semiconductor packages, etc.), Functional materials (adhesive <i>PLENSET</i> [®] , magnetic materials <i>AFTINNOVA</i> [®] <i>Magnetic Film</i> , etc.), activated carbon, release paper, etc.

	Others	<p>Feed-use amino acids (Lysine, Threonine, Tryptophan, Valine, <i>AjiPro</i>[®]-L, etc.), Fundamental Foods (<i>Glyna</i>[®], <i>Amino Aile</i>[®]), Functional foods and drinks (<i>amino VITAL</i>[®]), Personal Care ingredients (amino acid-based mild surfactant <i>Amisoft</i>[®], <i>Amilite</i>[®], amino acid-based humectant <i>Ajidew</i>[®], etc.), Medical foods, etc.</p>
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(2) Sales and profits by segment

The Group's sales and profits by reportable segment are as follows.

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

Three months ended June 30, 2022 (April 1, 2022 to June 30, 2022)

(Millions of yen)

	Reportable segment			Other ¹	Total	Adjustments ²	As included in consolidated statements of income
	Seasonings and Foods	Frozen Foods	Healthcare and Others				
Sales							
Sales to third parties	184,343	60,848	73,639	2,788	321,619	—	321,619
Inter-segment sales and transfers	1,797	37	839	6,722	9,397	(9,397)	—
Total sales	186,140	60,886	74,479	9,511	331,016	(9,397)	321,619
Share of profit of associates and joint ventures	741	—	28	1,399	2,169	—	2,169
Segment profit or loss (Business profit or loss)	23,998	284	15,279	962	40,524	—	40,524
Other operating income							2,980
Other operating expense							(1,895)
Operating profit							41,610
Financial income							2,623
Financial expense							(6,085)
Profit before income taxes							38,147

1. Other includes the tie-up and other service-related businesses.

2. Corporate expenses are not attributable to specific reportable segments and are allocated to each reportable segment based on reasonable criteria. Corporate expenses mainly relate to the parent company's administrative divisions.

Three months ended June 30, 2021 (April 1, 2021 to June 30, 2021)

(Millions of yen)

	Reportable segment			Other ¹	Total	Adjustments ²	As included in consolidated statements of income
	Seasonings and Foods	Frozen Foods	Healthcare and Others				
Sales							
Sales to third parties	157,521	52,499	63,593	2,725	276,338	—	276,338
Inter-segment sales and transfers	1,542	8	1,055	6,275	8,882	(8,882)	—
Total sales	159,063	52,507	64,648	9,001	285,221	(8,882)	276,338
Share of profit of associates and joint ventures	367	—	6	1,608	1,981	—	1,981
Segment profit or loss (Business profit or loss)	24,299	959	12,710	960	38,930	—	38,930
Other operating income							1,728
Other operating expense							(4,315)
Operating profit							36,343
Financial income							1,000
Financial expense							(2,402)
Profit before income taxes							34,940

1. Other includes the tie-up and other service-related businesses.

2. Corporate expenses are not attributable to specific reportable segments and are allocated to each reportable segment based on reasonable criteria. Corporate expenses mainly relate to the parent company's administrative divisions.