

Ajinomoto Co., Inc.

Consolidated Results

IFRS

Nine Months Ended December 31, 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 nine-month results for the fiscal year ending March 31, 2023

Ajinomoto Co., Inc.

January 31, 2023

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: February 8, 2023		
Scheduled date of starting payment of dividend: —		
Preparation of supplementary materials: Yes		
Results briefing: Yes		

1. Consolidated Financial Results for the Nine Months Ended December 31, 2022

(1) Consolidated Operating Results

(Millions of yen)

	Nine months ended December 31, 2022		Nine months ended December 31, 2021	
	Change %		Change %	
Sales	1,026,721	20.2	854,228	7.5
Business profit	119,202	10.0	108,414	8.4
Profit before income taxes	111,246	(6.5)	118,963	24.0
Profit	80,826	(6.5)	86,478	26.0
Profit attributable to owners of the parent company	76,422	(6.3)	81,539	30.1
Basic earnings per share (yen).....	¥142.59	—	¥149.58	—
Diluted earnings per share (yen)	¥142.58	—	¥149.57	—

“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

(Millions of yen)

	As of December 31, 2022	As of March 31, 2022
Total assets	1,564,166	1,457,060
Total equity	807,606	739,744
Equity attributable to owners of the parent company	754,280	686,909
Ownership ratio attributable to owners of the parent company (%).....	48.2%	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	¥31.00	
Year-end (yen).....	¥28.00		¥31.00
Annual (yen).....	¥52.00		¥62.00

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.....	1,367,000	18.9
Business profit	133,000	10.0
Profit attributable to owners of the parent company.....	83,000	9.6
Basic earnings per share (yen).....	¥155.30	—

“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 December 31, 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	3,852,614	559,323
	April 1, 2022 to December 31, 2022	April 1, 2021 to December 31, 2021
Average number of shares during period	535,964,727	545,138,967

(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 December 31, 2022: 384,700 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 6, "1. Qualitative Information on the Nine-month Consolidated Results, (1) Overview of Operating Results."

Where to obtain supplementary materials

Supplementary materials will be posted on the Company's website on Tuesday, January 31, 2023.

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1. Qualitative Information on the Nine-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 nine months ended December 31, 2022, the Company's consolidated sales increased 20.2% year-on-year, or ¥172.4 billion, to ¥1,026.7 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 10.0% year-on-year, or ¥10.7 billion, to ¥119.2 billion, primarily due to the effect of currency translation and the increase in sales in the Healthcare and Others segment, despite increases in costs, such as for raw materials. Profit attributable to owners of the parent company totaled ¥76.4 billion, down 6.3% year-on-year, or ¥5.1 billion, mainly due to higher other operating income recorded in the same period of the previous year as a result of gain on sales of non-current assets (idle assets).

The Company has not revised the financial results forecast announced on November 7, 2022.

Overview by segment

Sales and business profit by segment are summarized below.

Versus previous year results (Billions of yen)

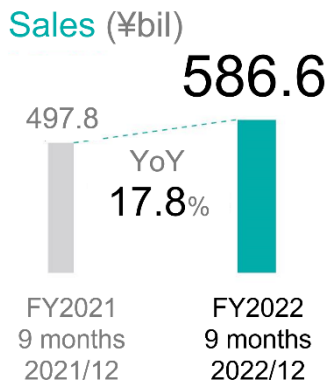
	Sales			Business profit		
	FY2022 Nine Months	YoY change	% change	FY2022 Nine Months	YoY change	% change
Seasonings and Foods	586.6	88.8	17.8%	72.5	(1.6)	(2.2)%
Frozen Foods	200.0	34.5	20.9%	0.4	(1.5)	(76.3)%
Healthcare and Others	227.7	45.8	25.2%	45.0	11.7	35.2 %
Other	12.2	3.3	37.2%	1.1	2.2	—
Total	1,026.7	172.4	20.2%	119.2	10.7	10.0 %

Versus the forecast (Billions of yen)

	Sales			Business profit		
	FY2022 Nine Months	Forecast for the year	YTD progress	FY2022 Nine Months	Forecast for the year	YTD progress
Seasonings and Foods	586.6	784.7	74.8%	72.5	81.0	89.4%
Frozen Foods	200.0	261.1	76.6%	0.4	0.1	386.8%
Healthcare and Others	227.7	303.5	75.0%	45.0	55.8	80.8%
Other	12.2	17.6	69.5%	1.1	(4.0)	—
Total	1,026.7	1,367.0	75.1%	119.2	133.0	89.6%

1) Seasonings and Foods

In the Seasonings and Foods segment, sales increased 17.8% year-on-year, or ¥88.8 billion, to ¥586.6 billion, mainly because of increases in unit prices and sales volume overseas, in addition to the effect of currency translation. Segment business profit decreased 2.2% year-on-year, or ¥1.6 billion, to ¥72.5 billion, owing to the effect of cost increases for raw materials and other factors, despite the effects of currency translation and increased revenue.



Main factors affecting segment sales

Sauce & Seasonings: Overall large increase in revenue.

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 unit sales prices and increased quantity of product sold.

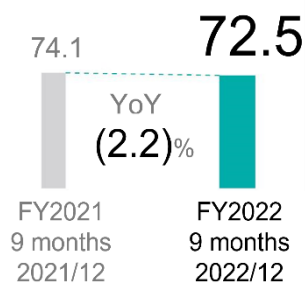
Quick Nourishment: Overall increase in revenue.

Japan: Decrease in revenue, but if the impact of structural reform in coffee products is excluded, increase in revenue.

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

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

Business Profit (¥bil)



Main factors affecting segment profits

Sauce & Seasonings: Overall decrease in profit.

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

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

Quick Nourishment: Overall large decrease in profit.

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

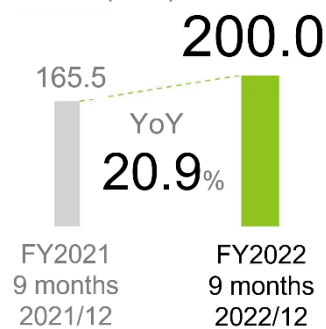
Overseas: Large increase in profit primarily due to the impacts of currency translation and increased revenue, despite the impact of cost increases, such as for raw materials.

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

2) Frozen Foods

Frozen Foods segment sales increased 20.9% year-on-year, or ¥34.5 billion, to ¥200.0 billion, owing to the effect of currency translation, the increase of unit prices overseas, and other factors. Segment business profit decreased 76.3% year-on-year, or ¥1.5 billion, to ¥0.4 billion, because of cost increases, including raw materials, and other factors, despite the effects of increased revenue and currency translation.

Sales (¥bil)



Main factors affecting segment profits

Overall large increase in revenue.

Japan: Revenue was level with the previous year primarily due to the recovery in restaurant and industrial-use products and increased unit sales prices despite the impact of structural reform.

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

Business Profit (¥bil)



Main factors affecting segment profits

Overall large decrease in profit

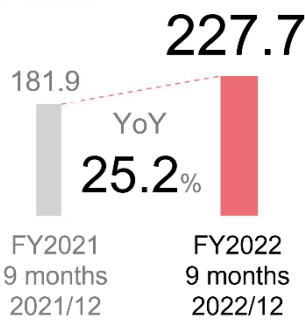
Japan: Decrease in profit due to the impact of cost increases, such as for raw materials.

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

3) Healthcare and Others

Healthcare and Others segment sales increased 25.2% year-on-year, or ¥45.8 billion, to ¥227.7 billion, owing to an increase in sales of Bio-Pharma Services & Ingredients, Functional Materials, and other products, the effect of currency translation, and other factors. Segment business profit increased 35.2% year-on-year, or ¥11.7 billion, to ¥45.0 billion due to the effects of revenue growth and currency translation among other factors.

Sales (¥bil)



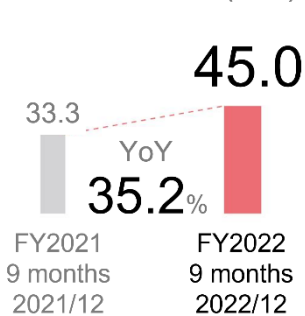
Main factors affecting segment sales

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

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

Others: Large increase in revenue due to impact of currency translation and increased sales of primarily medical foods.

Business Profit (¥bil)



Main factors affecting segment profits

Bio-Pharma Services & Ingredients: Large increase in profit accompanying large increase in revenue.

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

Others: Increase in profit primarily due to increased revenue.

4) Other

In the Other segment, sales totaled ¥12.2 billion, up 37.2% year-on-year, or ¥3.3 billion. Segment business profit totaled ¥1.1 billion, up ¥2.2 billion year-on-year.

(2) Overview of Financial Position

As of December 31, 2022, the Company's consolidated total assets stood at ¥1,564.1 billion, an increase of ¥107.1 billion from ¥1,457.0 billion at the end of the previous fiscal year on March 31, 2022. The main reasons were higher inventories due to the increase in raw material prices and an increase in assets due to the effect of currency translation associated with the depreciation of the yen.

Total liabilities came to ¥756.5 billion, ¥39.2 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 ¥422.1 billion, an increase of ¥58.2 billion from the end of the previous fiscal year, mainly due to commercial papers.

Total equity was ¥67.8 billion more than at the end of the previous fiscal year, mainly due to an increase in retained earnings and an increase in exchange differences on translation of foreign operations as a result of depreciation of the yen. Equity attributable to owners of the parent company, which is total equity minus non-controlling interests, totaled ¥754.2 billion, and the equity ratio attributable to owners of the parent company was 48.2%.

2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statements of Financial Position

	(Millions of yen)	
	As of December 31, 2022	As of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	183,211	151,454
Trade and other receivables	186,166	162,397
Other financial assets	13,861	17,810
Inventories	271,360	219,356
Income taxes receivable	7,031	6,024
Others	21,102	24,375
Subtotal	682,734	581,419
Assets of disposal groups classified as held for sale	—	—
Total current assets	682,734	581,419
Non-current assets		
Property, plant and equipment	522,121	522,312
Intangible assets	65,764	68,309
Goodwill	105,100	99,839
Investments in associates and joint ventures	120,502	115,248
Long-term financial assets	53,470	51,864
Deferred tax assets	7,399	7,017
Others	7,071	11,049
Total non-current assets	881,431	875,641
Total assets	1,564,166	1,457,060

	As of December 31, 2022	As of March 31, 2022
Liabilities		
Current liabilities		
Trade and other payables	192,385	199,908
Short-term borrowings	10,789	8,219
Commercial papers	70,000	—
Current portion of bonds payable	19,997	19,990
Current portion of long-term borrowings	15,686	14,418
Other financial liabilities	15,348	15,802
Short-term employee benefits	38,299	38,567
Provisions	1,262	4,486
Income taxes payable	7,908	10,085
Others	13,353	13,153
Subtotal	385,031	324,631
Liabilities of disposal groups classified as held for sale	—	—
Total current liabilities	385,031	324,631
Non-current liabilities		
Corporate bonds	139,671	139,631
Long-term borrowings	121,940	131,650
Other financial liabilities	51,106	56,740
Long-term employee benefits	32,653	38,788
Provisions	3,375	3,708
Deferred tax liabilities	21,840	20,945
Others	940	1,219
Total non-current liabilities	371,528	392,684
Total liabilities	756,559	717,316
Equity		
Common stock	79,863	79,863
Capital surplus	743	—
Treasury stock	(15,649)	(1,371)
Retained earnings	661,922	616,286
Other components of equity	27,399	(7,869)
Other components of equity related to disposal groups classified as held for sale	—	—
Equity attributable to owners of the parent company	754,280	686,909
Non-controlling interests	53,326	52,834
Total equity	807,606	739,744
Total liabilities and equity	1,564,166	1,457,060

(2) Condensed Consolidated Statements of Income

For the Nine Months

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2021
Sales	1,026,721	854,228
Cost of sales	(663,345)	(526,217)
Gross profit	363,376	328,011
Share of profit of associates and joint ventures	3,983	2,150
Selling expenses	(138,034)	(123,107)
Research and development expenses	(18,684)	(17,994)
General and administrative expenses	(91,437)	(80,646)
Business profit	119,202	108,414
Other operating income	6,478	22,415
Other operating expenses	(7,961)	(8,998)
Operating profit	117,719	121,831
Financial income	4,448	3,985
Financial expenses	(10,921)	(6,853)
Profit before income taxes	111,246	118,963
Income taxes	(30,419)	(32,484)
Profit	80,826	86,478
Attributable to:		
Owners of the parent company	76,422	81,539
Non-controlling interests	4,404	4,938
Earnings per share (yen):		
Basic	¥142.59	¥149.58
Diluted	¥142.58	¥149.57

(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 nine months are unchanged from the policies applied to the consolidated financial statements in the previous fiscal year. Income taxes for this nine-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 seasoning <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), <i>Masako</i> [®] (flavor seasoning), <i>Ajington</i> [®] (flavor seasoning), <i>Sazón</i> [®] (flavor seasoning), <i>Sajiku</i> [®] (menu-specific seasoning), <i>CRISPY FRY</i> [®] (menu-specific seasoning), etc.
	Quick Nourishment	<i>Knorr</i> [®] <i>Cup Soup</i> , <i>YumYum</i> [®] (instant noodles), <i>Birdy</i> [®] (coffee beverage), <i>Birdy</i> [®] <i>3in1</i> (powdered drink), <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 industrial use, <i>PAL SWEET</i> [®] for retail 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 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 SHUMAI</i> , etc.), Processed chicken (<i>Yawaraka Wakadori Kara-Age</i> (fried chicken), <i>THE KARAAGE</i> , etc.), and others
Healthcare and Others	Amino Acids for Pharmaceuticals and Foods	Amino acids, culture media
	Bio-Pharma Services	Contract development and manufacturing services of pharmaceutical intermediates and active ingredients, aseptic fill finish services, 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, Direct marketing (Fundamental Foods (<i>Glyna</i>[®], <i>Amino Aile</i>[®]), etc.), Sports nutrition (Supplement (<i>amino VITAL</i>[®]), etc.), Personal care ingredients (amino acid-based mild surfactants <i>Amisoft</i>[®], <i>Amilite</i>[®], amino acid-based alternatives to plastic microbeads, the <i>Amihope</i>[®] SB series, etc.), Medical foods, Crop services, 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.

Nine months ended December 31, 2022 (April 1, 2022 to December 31, 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	586,689	200,072	227,717	12,241	1,026,721	—	1,026,721
Inter-segment sales and transfers	5,726	102	2,787	17,540	26,157	(26,157)	—
Total sales	592,416	200,175	230,505	29,781	1,052,879	(26,157)	1,026,721
Share of profit of associates and joint ventures	1,551	—	35	2,396	3,983	—	3,983
Segment profit or loss (Business profit or loss)	72,515	472	45,097	1,116	119,202	—	119,202
	Other operating income						6,478
	Other operating expense						(7,961)
	Operating profit						117,719
	Financial income						4,448
	Financial expense						(10,921)
	Profit before income taxes						111,246

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.

Nine months ended December 31, 2021 (April 1, 2021 to December 31, 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	497,875	165,514	181,914	8,924	854,228	—	854,228
Inter-segment sales and transfers	4,459	52	3,832	17,427	25,771	(25,771)	—
Total sales	502,335	165,566	185,747	26,351	880,000	(25,771)	854,228
Share of profit of associates and joint ventures	1,153	—	(3)	1,001	2,150	—	2,150
Segment profit or loss (Business profit or loss)	74,162	1,993	33,353	(1,095)	108,414	—	108,414
	Other operating income						22,415
	Other operating expense						(8,998)
	Operating profit						121,831
	Financial income						3,985
	Financial expense						(6,853)
	Profit before income taxes						118,963

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.