

## Overview of Consolidated Financial Results of Ajinomoto Co., Inc. for the Fiscal Year Ended March 31, 2020

### Approximately 37% Year-on-Year Decrease in Profit Attributable to Owners of the Parent Company due to Recording Impairment Losses on Production Equipment and Goodwill of Group Companies and Other Factors

**TOKYO, May 25, 2020** – An overview of the consolidated financial results of Ajinomoto Co., Inc. (“Ajinomoto Co.”) for the fiscal year ended March 31, 2020 is as follows.

#### 1. Overview of Consolidated Financial Results for the Fiscal Year Ended March 31, 2020

(JPY billions unless otherwise noted; figures rounded down)

	Sales	Business Profit	Profit Attributable to Owners of the Parent Company
Fiscal Year Ended March 31, 2020	1,100.0	99.2	18.8
Fiscal Year Ended March 31, 2019	1,114.3	93.2	29.6
Year-on-Year Change	-1.3%	+6.4%	-36.6%

Reference: Share of profit of associates and joint ventures

Fiscal Year Ended March 31, 2020: JPY -2,444 million

Fiscal Year Ended March 31, 2019: JPY -515 million

#### Notes:

- Upon the adoption of International Financial Reporting Standards (“IFRS”), the Ajinomoto Group has introduced “Business profit” as a new profit level that will better enable investors, the Board of Directors, and the Management Committee to grasp the core business results and future outlook of each business while also facilitating continuous evaluation of the Group’s business portfolio by the Board of Directors and the Management Committee. “Business profit” is defined as “Sales” minus “Cost of sales,” “Selling expenses,” “Research and development expenses,” and “General and administrative expenses,” to which is then added “Share of profit of associates and joint ventures.” Business profit does not include “Other operating income” or “Other operating expenses.”
- From the fiscal year ended March 31, 2019, the logistics business was reclassified under discontinued operations. Profit from discontinued operations in the quarterly condensed consolidated statements of income is presented separately from the profit from continuing operations. Sales, business profit and profit before income taxes are amounts related to continuing operations only. On April 1, 2019, the Company lost control of F-LINE Corporation (the former Ajinomoto Logistics Corporation), and F-LINE Corporation became an equity-method affiliate of the Company from the fiscal year ended March 31, 2020. Gain on loss of control is included in profit from discontinued operations, and share of profit of associates and joint ventures is included in continuing operations for the fiscal year ended March 31, 2020.
- From the fiscal year ended March 31, 2020, the packaging materials business (Fuji Ace Co., Ltd.) has been reclassified under discontinued operations. Accordingly, profit from discontinued operations in the consolidated statements of income is presented separately from profit from continuing operations. Sales, business profit and profit before income taxes are amounts related to continuing operations only. Amounts shown for the fiscal year ended March 31, 2019 have also been adjusted to reflect this change; accordingly, the percent change from the previous fiscal year results is not shown.

During the fiscal year ended March 31, 2020, uncertainty grew due to U.S.-China trade friction and other factors, but conditions in the global economy remained firm overall, backed by favorable employment conditions in each country. However, due to the global spread of the novel coronavirus (COVID-19) following reports of an outbreak in China from December 2019, a sharp slowdown in the global economy and social disarray were apparent up to the end of the fiscal year. Under these circumstances, Ajinomoto Co. promptly established a countermeasures headquarters and is conducting its business operations by smoothly shifting to a

telecommuting system for all personnel other than production and logistics staff, with the intention of putting the safety of its employees first.

Consolidated sales for the fiscal year ended March 31, 2020 decreased JPY 14.2 billion (1.3%) compared with the previous fiscal year to JPY 1,100.0 billion due to a substantial decrease in animal nutrition sales, despite substantial increases in sales of pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods.

Business profit increased JPY 5.9 billion (6.4%) to JPY 99.2 billion due to substantial increases in profit from umami seasonings for processed food manufacturers, frozen foods (Japan), specialty chemicals and coffee products, although Ajinomoto Co. recorded impairment loss on trademark rights of Promasidor Holdings Limited (“PH”) in share of profit of associates and joint ventures, in addition to a substantial decrease in profit from animal nutrition. Although there was an increase in demand for some amino acids for pharmaceuticals and for home-use seasonings and processed foods in the run up to the end of the fiscal year due to the the COVID-19 pandemic, demand decreased for seasonings and processed foods for restaurants and amino acids for food. Consequently, the overall impact from COVID-19 was not significant.

Operating profit decreased JPY 4.8 billion (9.1%) to JPY 48.7 billion due to factors including impairment losses on production equipment in the animal nutrition business in Europe, investments in associates and joint ventures related to PH, production equipment in the bakery business, production equipment for seasonings in Europe, and goodwill and trademark rights of Ajinomoto Istanbul Food Industry and Trade Limited Company (“AIS”), all of which are recorded in other operating expenses.

Profit attributable to owners of the parent company decreased JPY 10.8 billion (36.6%) to JPY 18.8 billion.

Details of the impairment losses on production equipment in the animal nutrition business in Europe, PH, production equipment in the bakery business, production equipment for seasonings in Europe, and goodwill and trademark rights of AIS at each level of profit are as follows.

	(JPY millions)		
	Business Profit	Operating Profit/Profit before Income Taxes	Profit Attributable to Owners of the Parent Company
(1) Impairment loss on production equipment in the animal nutrition business in Europe	—	14,958	11,739
(2) Impairment loss on investment in PH, which is accounted for using the equity method (equivalent to 33.33% investment)	—	4,232	4,232
(3) Impairment loss on trademark rights of PH (equivalent to 33.33% investment)	3,897	3,897	3,897
(4) Impairment loss on production equipment in the bakery business	—	3,835	2,936
(5) Impairment loss on production equipment for seasonings in Europe	—	6,899	6,899
(6) Impairment loss on goodwill and trademark rights of AIS	—	2,258	2,121
Total	3,897	36,082	31,827

## Overview of Consolidated Results by Segment

Results by segment are as follows.

(JPY billions unless otherwise noted; figures rounded down)

	Sales	Year-on-Year Change	Year-on-Year Change (%)	Business Profit	Year-on-Year Change	Year-on-Year Change (%)
Japan Food Products	375.3	+0.2	+0.1%	32.8	+2.9	+9.9%
International Food Products	477.6	-4.0	-0.8%	48.8	+6.5	+15.5%
Life Support	95.3	-12.6	-11.7%	7.1	-2.4	-25.4%
Healthcare	136.3	+1.0	+0.7%	12.3	+0.2	+2.4%
Other Business	15.3	+1.1	+7.7%	-1.9	-1.3	—
Total	1,100.0	-14.2	-1.3%	99.2	+5.9	+6.4%

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

Japan Food Products segment sales increased JPY 0.2 billion (0.1%) to JPY 375.3 billion because sales of seasonings and processed foods (Japan) and frozen foods (Japan) were basically unchanged from the previous fiscal year. Business profit increased JPY 2.9 billion (9.9%) to JPY 32.8 billion because of substantial increases in profit from frozen foods (Japan) and coffee products, despite a decline in profit from seasonings and processed foods (Japan).

### *Main Factors in the Change in Sales*

- **Seasonings and processed foods (Japan):** Sales of home-use products increased, but in the restaurant and industrial-use category, sales of the bakery business decreased and sales of seasonings for restaurants declined due to the impact of COVID-19. Overall sales were basically unchanged from the previous fiscal year.
- **Frozen foods (Japan):** Sales of home-use products increased due to factors including ongoing growth in mainstay categories centered on Gyoza. Restaurant and industrial-use sales decreased due to the impact of sales promotions for some products in the previous year and other factors, although sales grew in mainstay categories. Overall sales were basically unchanged from the previous fiscal year.
- **Coffee products:** Although sales increased for mainstay products instant coffee, stick coffee and regular coffee, overall sales decreased due to factors including the contraction of the personal-size liquid coffee business and the termination of sales of some gift products.

### *Main Factors in the Change in Business Profit*

- **Frozen foods (Japan):** Although sales were basically unchanged from the previous fiscal year, overall profit increased substantially due to productivity improvements and the effect of increases in selling prices for restaurant and industrial-use products, among other factors.
- **Coffee products:** Although sales decreased, profit increased substantially due to cost reductions, increased sales of mainstay products and efficient deployment of marketing expenses, among other factors.
- **Seasonings and processed foods (Japan):** Although profit from home-use products increased, profit from restaurant and industrial-use products decreased. As a result, overall profit decreased.

International Food Products segment sales decreased JPY 4.0 billion (0.8%) to JPY 477.6 billion as a result of a decrease in sales of frozen foods (International). Business profit increased JPY 6.5 billion (15.5%) to JPY 48.8 billion due to a substantial increase in profit from umami seasonings for processed food manufacturers and an increase in profit from seasonings and processed foods (International) due to the effect of selling price increases, among other factors.

#### *Main Factors in the Change in Sales*

- **Seasonings and processed foods (International):** Despite the positive effect of increases in selling prices, overall sales were basically unchanged from the previous fiscal year due to a decline in sales in Vietnam as well as the negative effect of currency translation, among other factors.
- **Frozen foods (International):** Sales of Asian food products continued to grow in North America and Europe, but overall sales decreased due to factors including the negative effect of currency translation and the impact of the sale of Amoy Food Ltd.
- **Umami seasonings for processed food manufacturers:** Despite the negative effect of currency translation, sales increased due to higher unit sales prices, mainly outside Japan.

#### *Main Factors in the Change in Business Profit*

- **Umami seasonings for processed food manufacturers:** Profit increased substantially due to factors including higher unit sales prices outside Japan, cost reductions and other factors.
- **Seasonings and processed foods (International):** Profit increased due to factors including the positive effect of increases in selling prices.
- **Frozen foods (International):** Despite a substantial increase in profit in North America due to increased profit on a local currency basis and productivity improvements, overall profit decreased substantially due to the impact of COVID-19 in Europe and a slump in the dessert business.

Life Support segment sales decreased JPY 12.6 billion (11.7%) to JPY 95.3 billion due to a substantial decline in animal nutrition sales, despite an increase in sales of specialty chemicals. Business profit decreased JPY 2.4 billion (25.4%) to JPY 7.1 billion due to a substantial decrease in profit from animal nutrition, although profit from specialty chemicals increased substantially.

#### *Main Factors in the Change in Sales*

- **Animal nutrition:** Sales decreased substantially due to a decline in demand resulting from the worldwide spread of African swine fever and a drop in unit sales prices.
- **Specialty chemicals:** Sales increased, due mainly to strong sales of electronic materials.

#### *Main Factors in the Change in Business Profit*

- **Animal nutrition:** Profit decreased substantially as a result of the substantial decrease in sales.
- **Specialty chemicals:** Profit increased substantially as a result of the increase in sales.

Healthcare segment sales increased JPY 1.0 billion (0.7%) to JPY 136.3 billion due to growth in sales of pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods. Business profit increased JPY 0.2 billion (2.4%) to JPY 12.3 billion due to a substantial increase in profit resulting from the increased sales of amino acids for pharmaceuticals and foods and pharmaceutical custom manufacturing, despite a substantial decrease in sales in other businesses.

#### *Main Factors in the Change in Sales*

- **Amino acids:** Sales increased substantially due mainly to growth in sales of pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods.
- **Other business:** Sales decreased due to declines in sales of fundamental foods and personal care ingredients.
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#### *Main Factors in the Change in Business Profit*

- **Amino acids:** Profit increased substantially as a result of the increases in sales of both amino acids for pharmaceuticals and foods and pharmaceutical custom manufacturing.
- **Other business:** Profit decreased substantially as a result of the decrease in sales.

## 2. Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2021

(JPY billions unless otherwise noted; figures rounded down)

	Sales	Business Profit	Profit Attributable to Owners of the Parent Company
Fiscal Year Ending March 31, 2021	1,048.0	78.0	22.5

For the fiscal year ending March 31, 2021, Ajinomoto Co. forecasts sales of JPY 1,048.0 billion, business profit of JPY 78.0 billion and profit attributable to owners of the parent company of JPY 22.5 billion. The assumed exchange rate for the fiscal year is JPY 105 to USD 1.

### [Reference] Outlook for Results by Segment

(JPY billions)

	Fiscal Year Ended March 31, 2020		Fiscal Year Ending March 31, 2021	
	Sales	Business Profit	Sales	Business Profit
Seasonings & Foods	641.7	81.6	613.3	68.3
Frozen Foods	211.2	0.0	187.4	-4.1
Healthcare, etc.	231.6	19.5	230.9	12.8
Others	15.3	-1.9	16.2	0.9
Total	1,100.0	99.2	1,048.0	78.0

Until the fiscal year ended March 31, 2020, reporting segments were divided into the four categories of Japan Food Products, International Food Products, Life Support and Healthcare. However, to reflect a shift to a globally managed system in each business area, as of the fiscal year ending March 31, 2021 the reporting segments will be reclassified into the three categories of Seasonings & Foods, Frozen Foods and Healthcare, etc. Ajinomoto Co. plans to disclose its results and business outlook for these reclassified segments in its financial statements for the three months ending June 30, 2020.

### Information on Risks Related to COVID-19

-What the Ajinomoto Group considers most important today-  
We want to support a well-balanced diet and healthy daily life.  
"Eat Well, Live Well."

COVID-19 is expected to have a major impact on the business of Ajinomoto Co. as a result of restrictions on consumption activities related to declarations of a state of emergency or similar measures in each country, in addition to the coming economic downturn. The current period of worldwide spread of infection, followed by a period of coexistence with the virus through to a recovery period after the establishment of a vaccine or other measures are expected to take more than one year, with the possibility of recurring second and third waves of infection in some countries.

Ajinomoto Co. believes that the consumption behavior of consumers will also change significantly. The Ajinomoto Group is hoping for an end to the pandemic as soon as possible, and will continue to work together as one to realize the Ajinomoto Group Vision set forth in its FY2020-2025 Medium-Term Management Plan to "Provide solutions to food and health issues associated with dietary habits and aging and contribute to people's wellness by unlocking the power of amino acids."

The Ajinomoto Group has been taking countermeasures since the spread of infection in China, and has continued its business activities through the early stages of global spread, giving the highest priority to ensuring the safety of Group employees and their families. Specifically, the Ajinomoto Group has already implemented the following measures in the early stages of the spread of infection.

- Established a Japan Regional Countermeasures Headquarters, which cooperates with persons in charge of crisis management at each regional headquarters

- Updated and maintained guidelines for prevention of COVID-19 infections and familiarized employees with it
- Applied Group guidelines for dealing with employees who contract COVID-19
- Unified monitoring of the status of businesses (sales, production, distribution and development)

Moreover, the Ajinomoto Group has established a COVID-19 Enterprise Continuity Plan and Basic Policy and has formulated measures, prioritized as follows: 1) ensuring the safety of employees and their families, 2) contributing to local communities and society, and 3) continuing business activities (delivering products and services to customers). The Group is implementing these measures as follows.

#### 1. Measures to ensure the safety of employees

- Approximately 90% of employees at the head offices and sales and research divisions of main Group companies in Japan work remotely from their homes.
- Real-time monitoring of information on COVID-19 cases, etc., at Group companies around the world.
- Move global training conducted by the Human Resources Dept. fully online.
- Provide masks and sanitizers necessary for continuing business to production sites around the world.
- Ensure physical distancing at production sites and reduce use of public transportation.

#### 2. Measures to contribute to local communities and society

- Provide information in various ways to support consumers, including on the **AJINOMOTO Park** (“Ajinomoto Park”) website to support delicious menus every day.
- Joined the IP Open Access Declaration Against COVID-19 as a founding signatory and began offering open access to Ajinomoto Co.’s intellectual property during a defined period for diagnosis, testing, treatment, hygiene management and other measures to stop the spread of COVID-19.
- Provide Ajinomoto Co. products, including amino acids supplement *Cystine & Theanine*, *Hearty Miso Soup* and other soups, to healthcare workers.
- Entered into an agreement with the U.S. Federal Emergency Management Agency to provide 2.5 million vials for holding COVID-19 samples.

#### 3. Measures to continue business

##### 1) Business strategies for coexistence and recovery periods

- Enhance information collection to monitor the business impact in each country.
- Continue holding COVID-19 scenario planning meetings with the members of the Executive Committee, General Managers of divisions and General Managers of regional headquarters as the main members to formulate and execute business strategies in the “new normal.”

##### 2) Measures to maintain the supply chain

- Concentrate on production of major products to maintain a safe production system and meet customer demand.
- Strengthen and support relationships with suppliers to maintain sustainable procurement.

##### 3) Measures for funding

- Secure stable funding by maintaining a sufficient short-term liquidity ratio (at least 1 month) and through existing commitment lines with major banks.
- In addition, Ajinomoto Co. has established an emergency lending facility and a temporary financing support system for overseas consolidated subsidiaries that may be subject to liquidity or other risks.

### Impact on Business Results

Amid the current uncertain economic outlook, in which the end of the COVID-19 outbreak cannot be predicted, Ajinomoto Co. has formulated an outlook of its business results based on the following assumptions.

- In each country where the Group conducts business, state of emergency declarations, lockdowns and similar measures will be lifted by the second quarter, but there will be a substantial impact on economic activity during this time.
- Economic activity will gradually recover from the third quarter, but some regions such as North America and South America will continue to be affected by a second wave of infections.

In addition, the assumed impact of COVID-19 on each business in the fiscal year ending March 31, 2021 is as follows.

### Seasonings & Foods

- In Japan and overseas, there will be an increase in demand for home-use products due to an growing tendency to eat at home, and a decrease in demand for restaurant and industrial-use products due to reduced opportunities for dining out.
- Ajinomoto Co. will steadily capture recovering demand for restaurant and industrial-use products after the lifting of lockdowns or similar measures.

### Frozen Foods

- In Japan, demand for home-use products in mainstay categories such as Gyoza will grow, while demand for restaurant and industrial-use products, mainly for dining out and food services, will decrease substantially.
- Overseas, demand for home-use products will increase, while demand for restaurant and industrial-use products will decrease substantially.
- Output at some factories in Europe and the Americas will decrease due to COVID-19.

### Healthcare, etc.

- There will be no impact on electronic materials.
- While demand for amino acids for pharmaceuticals will increase, demand for amino acids for food will decrease due to the suspension of sports events. Growth in pharmaceutical custom manufacturing will be delayed due to delays in clinical trials and other factors.
- Competition in animal nutrition will intensify once again as infectious diseases abate.

In addition, the outlook for the impact on profit and loss in each business is as follows.

(JPY billions)

	Japan		Overseas (Asia, the Americas, EMEA)		Total	
	Sales	Business Profit	Sales	Business Profit	Sales	Business Profit
Seasonings & Foods	-4.7	-0.2	-33.8	-13.8	-38.6	-14.1
Frozen Foods	-3.7	-1.0	-17.0	-4.1	-20.8	-5.1
Healthcare, etc.	-6.0	-3.0	-10.8	-0.6	-16.9	-3.7
Total	-14.4	-4.3	-61.8	-18.5	-76.3	-22.9

Ajinomoto Co. will continue to analyze the business environment to determine the impact of COVID-19 on its Medium-Term Management Plan, including its ESG initiatives.

The Ajinomoto Group, using the power of amino acids, aims to provide food and health-related solutions that improve dietary habits and support aging populations, and create greater wellness for people all around the world.

Based on the corporate message "Eat Well, Live Well.", we have been scientifically pursuing the possibilities of amino acids to aim for future growth by creating new value through sustainable and innovative solutions for communities and society.

The Ajinomoto Group has offices in 35 countries and regions, and sells products in more than 130 countries and regions. In fiscal 2019, sales were 1.1000 trillion yen (10.1 billion U.S. dollars). To learn more, visit [www.ajinomoto.com](http://www.ajinomoto.com).

For further information, please contact: [HERE](#)