

Preparation for intense global competition

The Ajinomoto Group aims to Speed Up x Scale Up its business to restore its strong growth potential. Given this perspective, we strive to transform our business models and Group-wide operations through a focus on digital transformation (DX). We are also reforming the mechanisms behind our innovation, backcasting from the future we wish to achieve, creating new growth models while collaborating actively with entities outside the Group. Through these initiatives, we will quickly and accurately grasp external conditions and continue to fulfill the expectations of society, even ten years from now.

Specific examples

- Business selection and focusing
- Early creation of innovation
- Open innovation
- Enhancement of basic infrastructure

Related opportunities and risks (○ Opportunity ● Risk)

- Business foundation reform through digital disruption
- Value creation from external collaboration
- Specialty creation through technological innovation
- Establishment of competitive advantage by forecasting future changes
- Opportunity loss and loss of competitive ability due to neglect of IT investment
- Emergence of multiple competitors due to an inability to erect strong barriers to entry

Key initiatives by the Ajinomoto Group

- Stronger collaboration between food and AminoScience divisions
- Evolving supply chain management (digitization, establish ecosystem, etc.)
- Promoting digital transformation
- Establishing solutions-oriented R&D structure
- Competitive intelligence (medium- to long-term initiatives)
- Promoting open & linked innovation
- Reviewing global production system, logistics system, and employment system

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Promoting DX

Approach

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> Digital
Transformation
at the Ajinomoto
Group
(Japanese only)

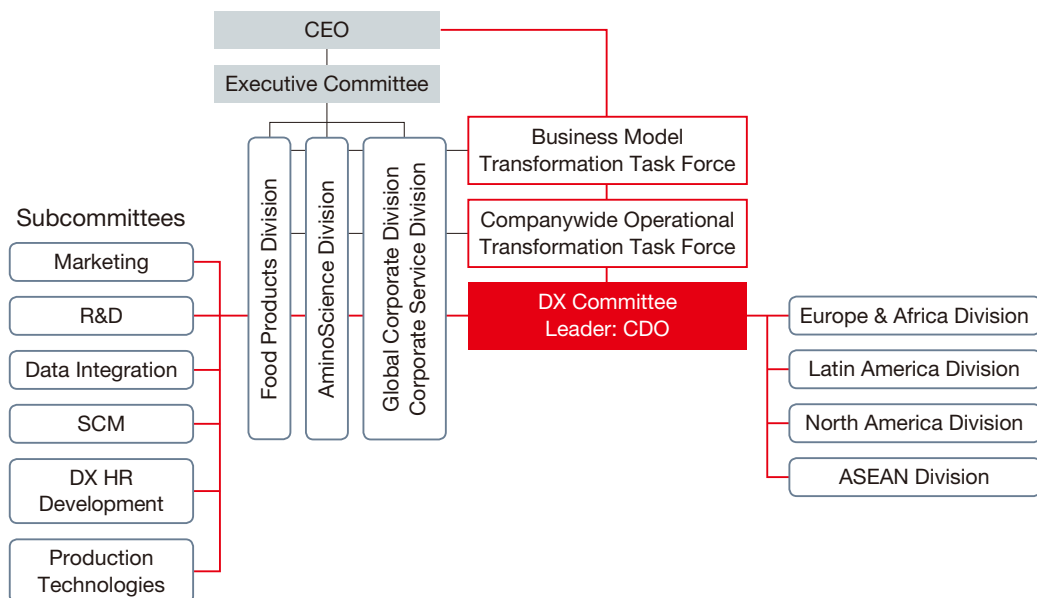
Framework

Approach to DX

The Ajinomoto Group is putting great effort in advancing digital transformation (DX) to transform itself into a solution-providing group of companies for food and health issues. While enhancing data-driven marketing, we are working to create sustainable value by raising the development speed, market competitiveness, efficiency, and productivity of our products and services. We are also aiming to leverage digital technologies to accelerate collaboration with industry associations, governments, academia, medical institutions, nutritionists, and others to achieve collective impact more than ever before.

DX promotion framework

Alongside the Business Model Transformation Task Force and the Companywide Operational Transformation Task Force, both under direct control of the CEO, the Chief Digital Officer (CDO)-led DX Committee supports the corporate and business divisions. We also established subcommittees underneath the committee, so as to enable collaboration with internal and external organizations and operate with flexibility. The DX Committee holds joint promotion meetings each year with the four regional divisions, sharing the latest information and best practices about DX promotion. Each regional division also has its own framework for promoting DX and actively exchanges information between each other and with functional divisions within Group companies.



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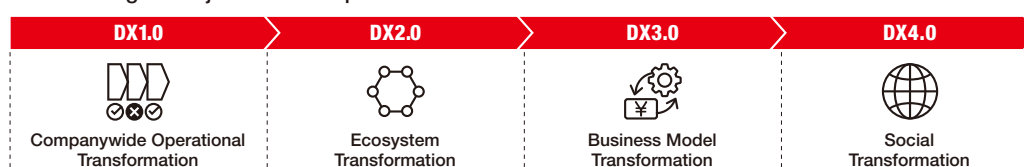
Four DX stages

In order to promote DX, the Ajinomoto Group is integrating DX over four stages.

DX1.0 is the stage in which we carry out optimal operations from an overall standpoint. In DX2.0, we aim to transform toward a system of value co-creation while leveraging partnerships with external partners. We take actions in these stages in areas like supply chain management, marketing, R&D, and human resources development, which also contribute to driving transformation in our corporate culture.

DX3.0 is the stage where we seek to establish new business models. Here, we aim to create a personal nutrition ecosystem where we provide lifestyle improvement advice, information, and tools tailored to each person's individual lifestyle. This is also connected to transformation of information processing infrastructure within next-generation computing by leveraging customer relationships built in the ABF business. For us, DX4.0 is the digital transformation of society that comes after these initiatives, and we are aiming to become a leader in social transformation.

The four stages of Ajinomoto Group DX



DX promotion initiatives

Main progress in fiscal 2021

■ Company-wide operational transformation

- Our new purchasing system to improve operational efficiency launched in December 2021. We have also achieved cost reductions in electricity, promotional materials, factory consumables, etc., for Group companies in Japan through joint procurement and negotiations by a single representative.
- We have centralized management data for retail operations in Japan and overseas. ROIC will be visualized per business unit starting in fiscal 2022.

■ Supply chain management

- Amid the impact of shipping delays and other issues caused by the spread of COVID-19, we shared inventory status on a global level and reviewed inventory standards to reduce inventories of umami seasoning products (global).
- In order to achieve sustainable logistics of processed food products, we promoted the digitization of slips and standardization of exterior packaging sizes in cooperation with manufacturing, distribution, and sales companies and F-LINE CORPORATION (Japan).

■ Marketing

- We made progress in evolving our marketing by establishing and permeating use of a platform aggregating the latest marketing data.
- We increased the efficiency of marketing investment impact verifications by reducing the time required for data capture and analysis utilizing digital technologies.

■ R&D

- We have achieved automated and efficient operations by utilizing robots and AI.
- We have achieved the visualization of customer experience values and the digitalization of design for deliciousness, health, and nutrition.

Performance

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Performance

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Business model transformation initiatives

In our DX2.0 and DX3.0 actions to create a new business model, in addition to the following existing initiatives, business units and the Business Model Transformation Task Force are working together to establish a framework for setting priority domains, portfolio management concepts, stage gate management, etc.

■ Main progress in fiscal 2021

■ Corporate venture capital (CVC) initiatives

Targeting the four fields of health and Well-being, sustainable society and the earth, the culture of food and dining innovation, and the evolution of cooking, we aggressively made investments in promising partners and other activities. In fiscal 2021, starting with collaboration with SAKA NO TOCHU Co., Ltd., in which we invested in May 2021, we invested in Oishi kenko Inc. (Japan), which operates lifestyle media and healthcare business utilizing IT, and in cultured meat startup SuperMeat (Israel).

■ A-STARTERS

The A-STARTERS program, which identifies and trains in-house entrepreneurs to commercialize their business ideas, was implemented in fiscal 2021 with application requirements of being applicable to the DX2.0 or DX3.0 stages and having potential for business expansion (on the scale of several billion yen). In addition to the 425 continuing participants from the previous year, 67 new participants joined the program. Of the topics in the 47 applications, two were selected and are making progress toward commercialization.

TOPIC

Selected as a DX Stock 2022

The Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange select "DX Stocks" in each industry that have established internal mechanisms to advance DX and enhance corporate value and that have realized exceptional achievements using digital technology. Ajinomoto Co., Inc. was recognized for developing its unique definition of DX for business model transformation and social change, and for methodically advancing its roadmap while developing human resources.

