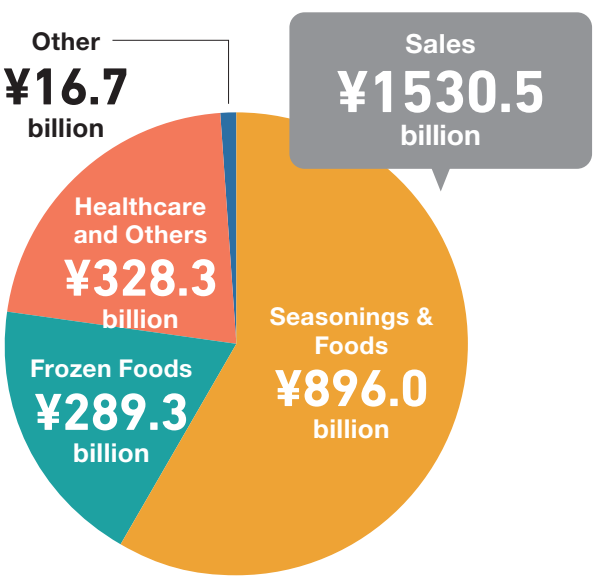
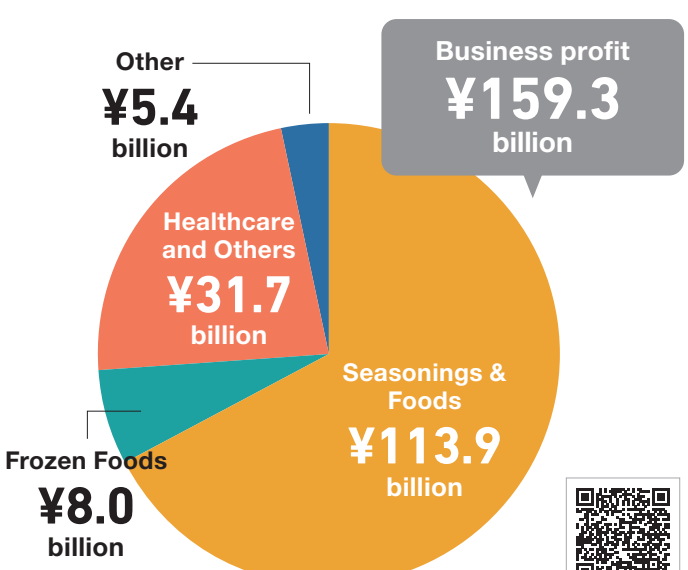
The current status of the Ajinomoto Group Businesses

Review of financial results by segment

The Ajinomoto Group aims to achieve sustainable growth by operating a wide range of businesses in countries and regions across the world, including seasonings and foods, frozen foods, and healthcare and others.

Fiscal 2024 sales and business profit





Fact Book

Seasonings & Foods

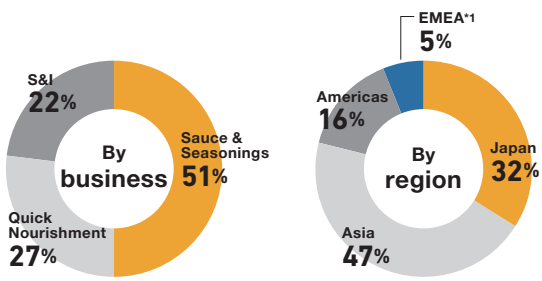
Fiscal 2024 results

Net sales increased compared to the previous fiscal year due to increased sales and the impact of exchange rates. Business profit increased compared to the previous fiscal year due primarily to the effect of increased sales.

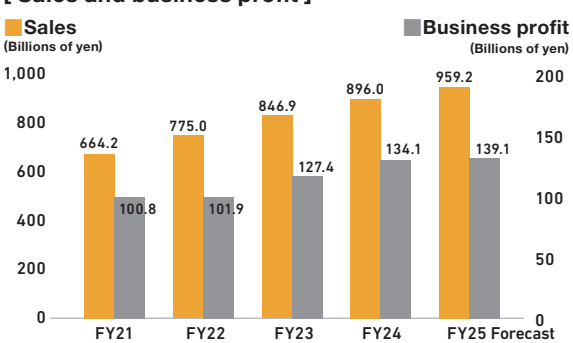
Major businesses included in this segment

- Sauce & Seasonings
- Quick Nourishment
- Solution & Ingredients (S&I)

[Sales composition of Seasonings & Foods]



[Sales and business profit]



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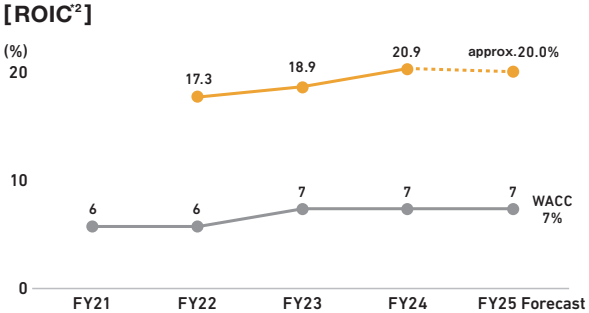
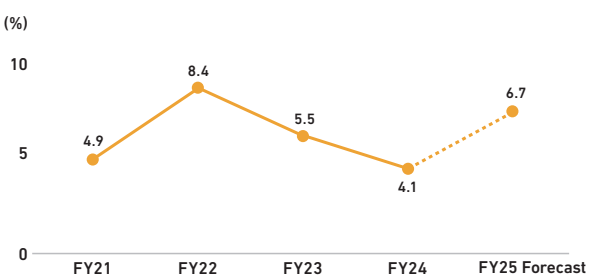


[Organic sales growth]

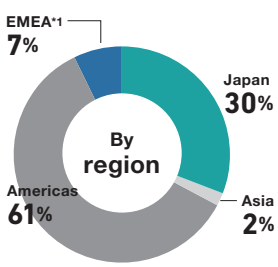


Frozen Foods

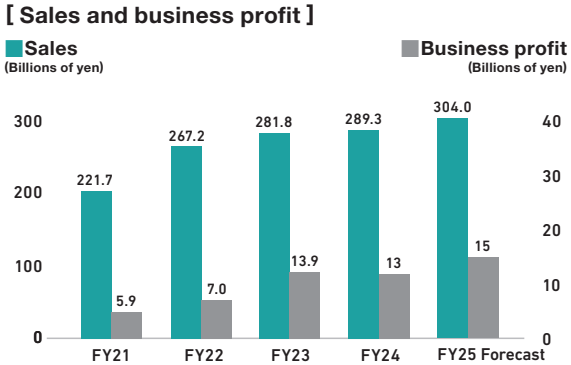
Fiscal 2024 results

Net sales increased compared to the previous fiscal year due to factors such as the impact of exchange rates. Business profit decreased compared to the previous fiscal year due to factors such as increased cost of raw materials despite impact of increased sales, etc.

[Sales composition of Frozen Foods]

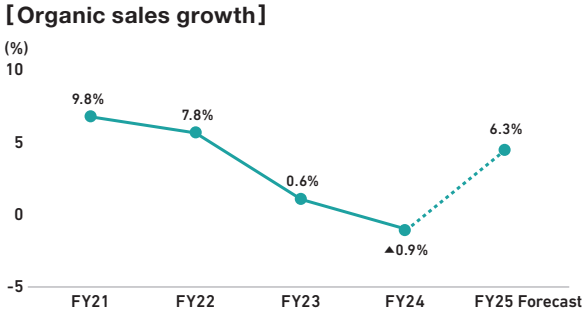


[Sales and business profit]



[ROIC*2]

[Organic sales growth]



Healthcare and others

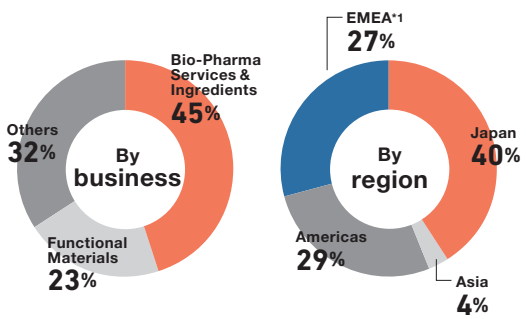
Fiscal 2024 results

Net sales increased compared to the previous fiscal year due to the impact of increased sales of electronic materials and Bio-Pharma Services & Ingredients. Business profit increased compared to the previous fiscal year due to the effect of increased sales of electronic materials and other factors.

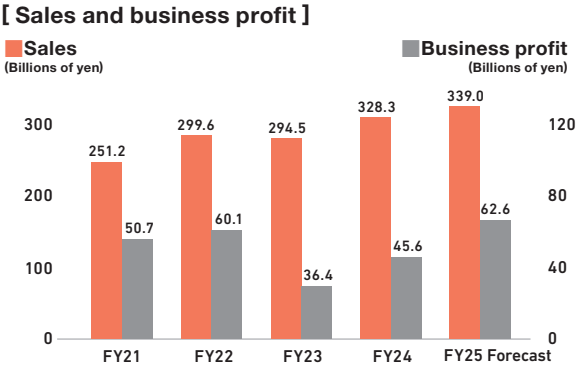
Major businesses included in this segment

- Bio-Pharma Services & Ingredients
- Functional Materials (Electronic Materials, etc.)

[Sales composition of Healthcare and Others]



[Sales and business profit]



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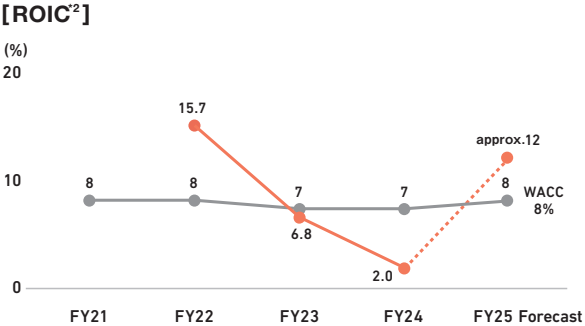
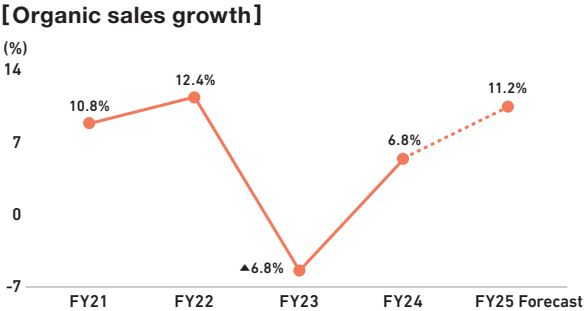


[Organic sales growth]



*1 Europe, the Middle East, and Africa *2 Shared companywide expenses not attributable to specific reportable segments were previously allocated to each reportable segment based on reasonable criteria. However, the Company will change to a method that does not allocate shared companywide expenses to each reportable segment from FY2025 in order to evaluate the performance of each reportable segment more appropriately. Past figures have been retroactively adjusted and presented up to FY22.

The future of the Food Products Division, a path carved by “Orchestration”

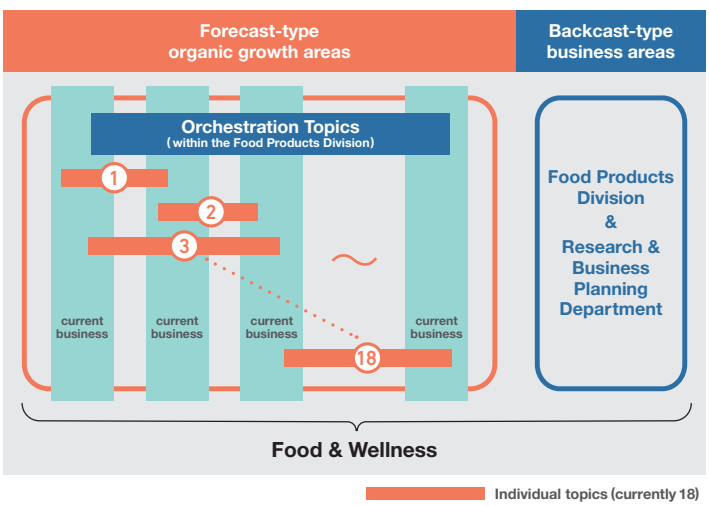
The “Orchestration” concept, which started in 2024 in the Food Products Division (FPD), is off to a good start. This year, I would like to focus on the progress of this initiative and introduce the details.

Yoshiteru Masai

Executive Officer & Senior Vice President, General Manager, Food Products Division

ORCHESTRATION

Promotion Structure of "Orchestration"



Business Model Transformation in the Food Products Businesses

Under the name of the Business Model Transformation (hereafter BMX) concept, the Ajinomoto Group set Food & Wellness (F&W) as one of four focused areas in 2022 and drew up backcast-type plans from "Vision for 2030". This is being led primarily by the research and development department, with the involvement of some departments of FPD and is being driven by a number of themes.

On the other hand, it is difficult to make a clear distinction between the new area of F&W and the existing business of the FPD, and it is naturally important to take primarily organic growth approaches from the existing business with forecast approaches in addition to backcast approaches. Therefore, the FPD envisions promoting BMX from both backcast-type business creation and forecast-type organic growth approaches. In doing so, it was important to clarify the distinction was between the growth strategy for existing businesses and the forecast-type BMX.

What is "Orchestration"?

The FPD is a huge organization with around 28,000 Group employees worldwide. While there are advantages to being large, there are also weaknesses. One of them is the "walls" between organizations that are created because of the size of the organization. There are countless walls between businesses within the division, between affiliates, between countries, between functions, and so on. When I say that, I am not trying to think of major organizational changes at this stage. I raise this point, because I consider each organization, each affiliate, and each group member is excellent enough. The problem is that there is not enough collaboration among these organizations and affiliates. I want to respect the existing business growth strategies that each business or affiliate is trying to promote, on the other hand, I want to create new value and solve problems through collaboration among organizations. I have defined such collaboration as forecast-type BMX and decided to call it "Orchestration".

The new role to promote "Orchestration"

In the FPD there are eight executive officers, including the regional heads, who are in charge of their respective businesses and functions or affiliates. The growth strategies of the individual organizations are directed by each executive officer

in charge, while myself, like a conductor of the orchestra in charge of the entire FPD, intend to concentrate as much as possible on promoting “Orchestration”, which is the cooperation between the organizations.
Then, I am conscious of the fact that it is in the smaller organizations that are less in the spotlight, where undiscovered opportunities lie, that I want them also to play a leading role in “Orchestration”.
Based on this thinking, I have added the new role of business promotion to the traditional role of the Food Business Planning Dept., an organization that directly reports to me, and after repeated studies on what kind of collaboration would be meaningful and generate new growth, 18 collaboration topics (= forecast-type BMX topics = “Orchestration” topics) have been created so far, and some of these have already been launched in fiscal 2024. The results of these topics will blossom and, together with the creation of our backcast-type business, we will evolve our efforts to integrate the existing Food Products Businesses and the F&W area. (The structure is as illustrated in the diagram on the previous page.)

“Orchestration” in action

Next, please let me briefly introduce four of the 18 “Orchestration” topics. Please note that we are unable to introduce all of them, as some of the topics are linked to confidential matters.
(1)“Winds from Amasia”:
The first topic is internally called “Winds from Amasia”.
Many people from ASEAN countries and South America, where the Ajinomoto brand is quite well known, are working in the Ajinomoto Group in Japan.
Regarding this topic, we are embarking on introducing our products sold in ASEAN countries and South American countries to Japan. Workers from abroad for the Ajinomoto Group in Japan are expected to serve as ambassadors.
Recently, when conducting domestic sales of our flavor seasoning “Sazon®”, which has been loved in Brazil for more than 30 years, We began with a pre-launch in Oizumi Town and Hamamatsu City, and other cities with large populations of Brazilian residents, and it has been very well received. In addition, we have begun manufacturing and selling “Yum Yum®” instant noodles in Japan. These noodles, which have gained popularity in Thailand, are now attracting a lot of attention in Japan.
We will promote this topic as a new ASV initiative, taking the business opportunity of developing our global business in Japan.
(2)Promoting MSG business collaboration:
The second topic is to promote collaboration in the monosodium glutamate (“MSG”) business. The Ajinomoto Group uses more than 70% of the MSG we produce for our own products and sells the rest externally. In other words, the former is a B2C business and the latter a B2B business. Both businesses were managed by separate departments, but in April this year, a new

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1. Corn field for soup in Oregon, USA. **2**. Sazon®, a seasoning loved in Brazil for over 30 years, and Yum Yum®, a popular instant noodle brand in Thailand, are now available in Japan. **3**. At Ajinomoto's Long Thanh Factory in Vietnam. **4**. Knorr® Cup Soup Hokkaido Pure White Corn Potage on display at a store. **5**. With members of Ajinomoto Peru's Chile branch, which celebrated its 20th anniversary.

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department called the MSG Business Collaboration Promotion Dept. was set up to promote collaboration between both MSG businesses, with the aim of refining the MSG business model to make it more efficient as an ecosystem.

(3)Promoting exports from Japan:

Another topic is to promote exports of Japanese products. With Japanese food products now highly regarded around the world and Japanese foods becoming quite well accepted worldwide, the export of made-in-Japan food products is a major business opportunity. On the other hand, the Ajinomoto Group has food business bases in 25 countries around the world and has an overseas sales ratio of approximately 70%, this global expansion has, in fact, backfired, and there has been little export from Japan, especially for B2C products. To address this situation, we will strengthen exports from Japan by "Orchestration" through our new Export Promotion Dept. to be established in October 2025.

(4)Hokkaido Story:

For many years, the Ajinomoto Group has marketed "Knorr®" Soup made with sweet corn grown in cooperation with Hokkaido's agricultural producers. In fiscal2024, in an effort to further develop products utilizing the rich agricultural produce of Hokkaido, we launched "Knorr® Cup Soup" Hokkaido Pure White Corn Potage, which uses fruit-like sweet Hokkaido white corn, at souvenir stores in Hokkaido, and the product has been well received.

We intend to further evolve this initiative.

Unlimited potential

"Orchestration" also includes new topics related to regional strategies.

For example, in a topic focusing on the Middle East, where the Ajinomoto Group's exports from around the world are increasing, we have established a representative office in Dubai with a view to further business expansion in the region. There is also a topic to create new business opportunities through collaboration among various food ingredient plants in North America, and a topic to revitalize business in China, South Korea, and Taiwan countries in the East China Sea Rim.

Topics related to collaboration between organizations include: cooperation between the domestic sales organization of the Ajinomoto Group and its overseas affiliates in order to reinforce services to Japanese client who attempt overseas expansion, and efforts to improve the production operation rate by strengthening cooperation between the manufacturing and sales in Japan.

Crisis management topics have also been incorporated, with plans to examine alternative sources of key raw materials and to promote a BCP for earthquakes in Japan.

"Orchestration" beyond borders has no limits. Going forward, FDP will continue to expand "Orchestration" to promote organic, forecast-type growth in the Food Products Businesses. There is still a great deal of potential there.

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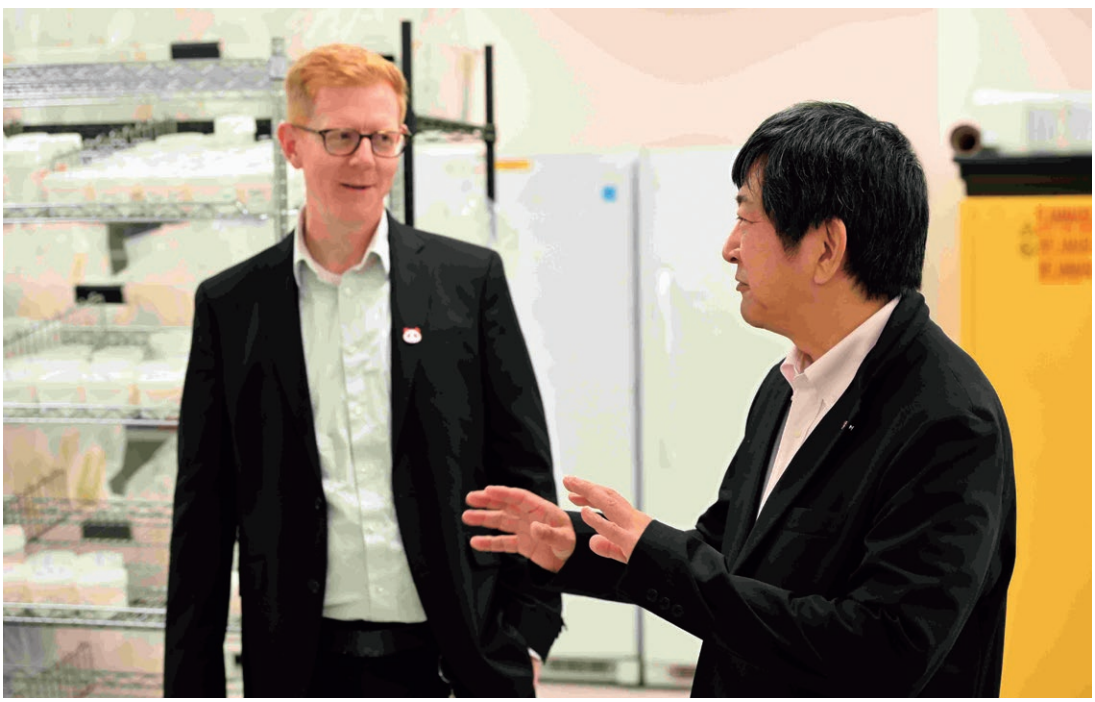
Progress update of the Bio & Fine Chemicals Division: Opportunities and Challenges

It has been three years since I transitioned from the food business to become the head of the Bio & Fine Chemicals Division. The 2030 Roadmap initiative is also entering its third year. In fiscal 2024, the 2030 Roadmap of the Bio & Fine Chemicals Division (“BFD”) has progressed with the themes of (1) accelerating innovation, (2) co-creating value with partners, and (3) promoting smarter work practices. While we feel the tangible results of our efforts, we are also organizing our understanding of the challenges we face.

Sumio Maeda

Executive Officer & Senior Vice President
General Manager,
Bio & Fine Chemicals Division

BIO & FINE CHEMICALS



Valuing dialogue at the business frontlines. Ajinomoto Health & Nutrition North America, Inc. (USA)

Accelerating innovation

We are focusing on major societal issues, such as diseases that current treatments cannot cure, global health challenges like obesity and weight control, and the unavoidable reduction of GHG emissions for the sustainability of the global environment, and are challenging innovation through “AminoScience”.

In gene therapy, Forge, which became a wholly owned subsidiary last year, is expanding its customers at a pace exceeding expectations, and through our pharmaceutical company customers, we have realized panel discussions with patients and their families, feeling great anticipation for this new treatment method. We have been able to scale up production smoothly, and we are already able to promote exchanges among researchers in the Ajinomoto Group frequently. I think we were able to create a very good flow for the first year.

Regarding other major issues like obesity and weight control, anti-obesity drugs as treatments are gaining attention. Our “AminoScience”, which includes technologies for producing proteins and special peptides, has multiple themes that are very compatible with this field, and we are actively advancing our efforts.

Additionally, the Medical Food business is taking a different approach to the same issues. Europe’s Nualtra has achieved remarkable results and rapid growth with products and programs that improve type 2 diabetes. Regarding obesity, a balanced diet and exercise are fundamental to healthy and appropriate weight management. The Ajinomoto Group is approaching these major issues of weight control, obesity, and diabetes in a multifaceted and comprehensive manner, including food initiatives in the Food Products Division and support for people enjoying sports through “AminoVital®”.

In regenerative medicine, clinical trials to treat intractable diseases such as heart disease, which have been difficult until now, are making great progress, and the support provided by our regenerative medicine media is becoming even more important.

Regarding the acceleration of “AjiPro®-L” in dairy and livestock, we have garnered attention not only with initiatives with major companies like Danone, which were introduced in a press release, but also working together with municipalities and organizations like Kagoshima Prefecture, co-creating a new system. As a result, the number of companies participating in our “AminoScience” GHG reduction trials in dairy and livestock is rapidly increasing worldwide. In agriculture, our biostimulants are spreading in Spain and other European countries. In the near future, the BFD hopes to grow the agriculture business, which includes dairy and livestock farming, as well as the healthcare and computer technology businesses, as the third pillar of the business.

Co-creating value with partners

The evolution of electronic materials, including AI, is remarkable. Along with this, the challenges of data processing volume and power consumption are growing, and “Ajinomoto Build-up Film® (ABF)” is receiving increasingly numerous assignments from multiple important partner companies. ABF must also evolve with a sense of urgency at all times without being content with its position as a top runner. For me, accompanying ICT business meetings and visiting the offices of leading tech companies is always a pleasure as an advanced example of smart work practices.

In Personal Care Ingredients, we are shifting our portfolio to high-value-added areas with customers who resonate with our approach to creating new value through “AminoScience” for functions like moisturizing, skin penetration, and sun protection. For example, the “AMIHOPE ®SB” Series, a functional material that is attracting attention as an alternative to microplastics, can achieve a smooth texture by coating natural raw materials such as starch with amino acid-based materials. Taking advantage of the characteristics of human-conscious amino acids, we will continue to contribute to healthy and beautiful skin with partners who share our values.

Including contributions to agriculture through biostimulants, the world is beginning to pay great attention to GHG reductions in livestock, dairy, and agriculture. In 2025, COP30 will be held in Brazil, a major livestock, dairy, and agricultural country with deep ties to the Ajinomoto Group. We will not only propose solutions through “AminoScience” for the global environment but also strive to draw attention to this issue.

Promoting smarter work practices

We have been working for three years to raise job satisfaction and aim for smarter work practices.

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1 With members of Ajinomoto CELLiST Korea (Korea); **2** Speaking at a leadership event at Ajinomoto OmniChem (Belgium); **3** With the executive members of Forge, a gene therapy CDMO (USA); **4** Supporting athletes with “AminoScience”. With professional volleyball player Mayu Ishikawa; **5** Signing a collaboration agreement with Kagoshima Prefecture and livestock businesses within the prefecture regarding the use of “Aji Pro®-L”.

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BIO & FINE CHEMICALS

While we have seen effects such as allocating more time for strategic discussions in meetings, there is still room for improvement in productivity. Because Ajinomoto Group members are “diligent,” there are cases where they cannot quit some of the functions they should quit, which is a major challenge to address.

Over the past three years, many leaders supporting the business have moved between the BFD and the Food Products Division, starting new challenges. This has certainly contributed to stimulating and enhancing organizational strength, and it has also had mutually positive impacts on work practices. Channel synergies, product synergies, and technology synergies within and between the business divisions are increasing. The key account concept, which was commonplace in the Food Products Division, is also permeating the BFD, and comprehensive proposal events for major customers from multiple departments are starting. The attitude of incorporating the best parts of other departments is one of the strengths of the “diligent” Ajinomoto Group members.

The BFD will also move to a new headquarters building next year. While visible aspects like office layout are important, how we pursue smart work practices there is crucial.

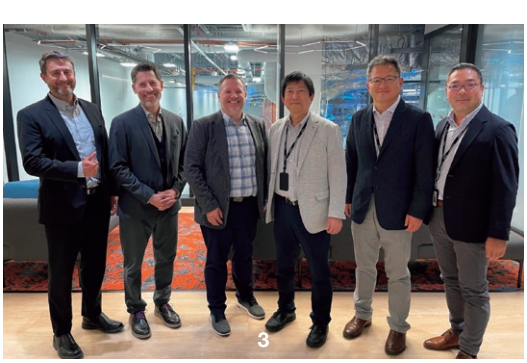
Strengthening the foundation supporting the business

Just as it is important to create value and drive innovation, it is crucial to build and refine a solid business foundation. For example, the most important thing for manufacturing is a safety culture, but this is not something that can be easily cultivated.

One department at the Kawasaki plant has achieved 25 consecutive years without accidents, and several departments of the domestic plants such as Tokai plant and Kyushu plant have continued for over 20 years and over 10 years without accidents. This is due to daily evolution and improvement, which is also a significant challenge. In terms of business management foundation, we reviewed and improved the accuracy of basic business practices such as market information collection, competitive analysis, and rolling forecasts in fiscal 2024. There are still variations by business, and further refinement is necessary.

Challenges continuing beyond 2030 Roadmap

Using “AminoScience” to solve problems that have not been overcome until now is our mission. The more difficult the problem, the more meaningful it is to promote ASV, and it is a rewarding job. We consider not challenging or not facing issues as the greatest risk, and we will continue to take on challenges without fear of failure and with gratitude to everyone who supports us.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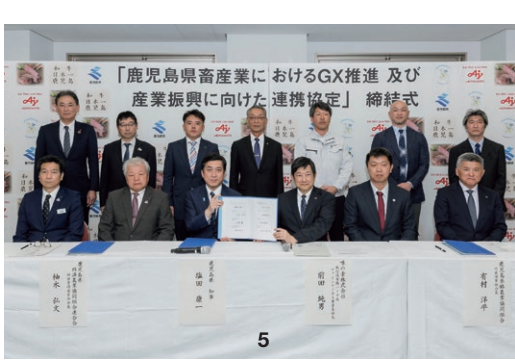

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