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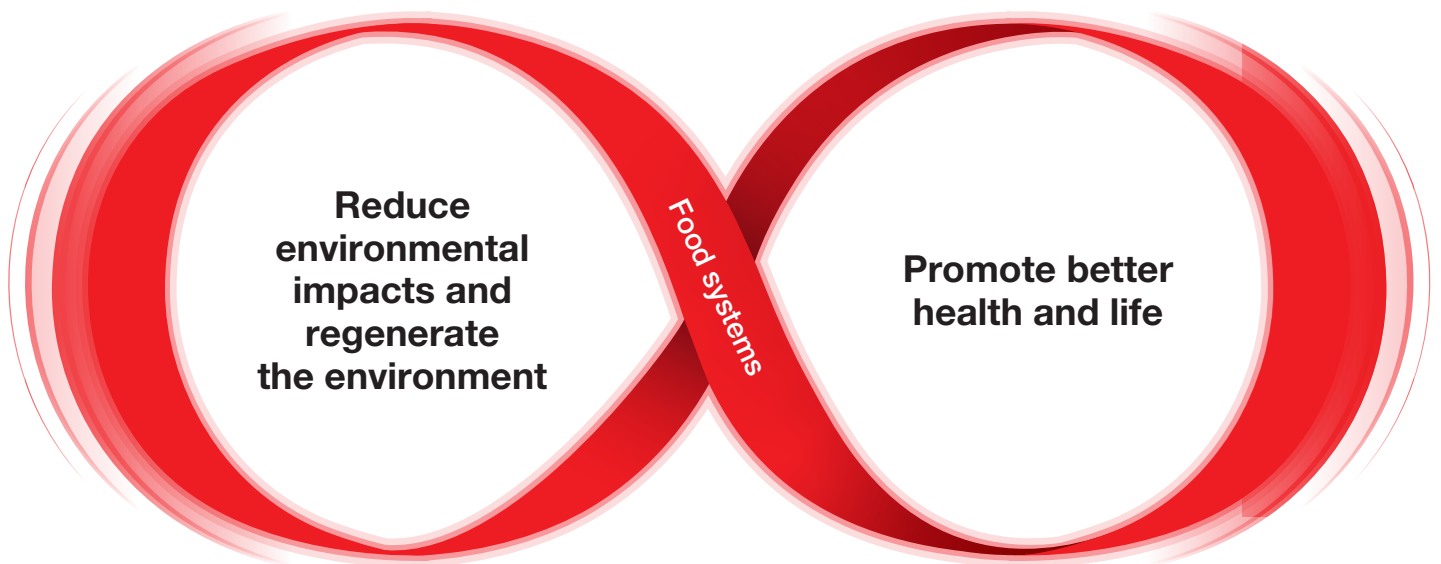
Current Growth

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The business of the Ajinomoto Group is supported by sound food systems.

The Ajinomoto Group will contribute to a resilient and sustainable food system and realize business growth while at the same time providing products and services that are delicious, nutritionally balanced, and benefit people's dietary habits, and further promote reduced environmental impacts and regeneration of the global environment.



Materiality items that have a substantial impact on our ability to create value

The Ajinomoto Group identifies materiality items that have a substantial impact on its ability to create value in the short, medium, and long term through ASV, taking into account changes in the macro environment. Once we identify opportunities and risks from materiality items, we define their orders of importance and priority, then reflect these matters in our business activities.

Identifying materiality items

The Ajinomoto Group understands the macro environment that is deeply related to the creation of outcomes and realization of its vision (see p.27). Using this understanding, we have identified materiality items.

We conduct annual reviews of our materiality items, revising content based on the latest social conditions and the feedback and expectations of our stakeholders. After evaluating the contents in fiscal 2022, it was determined no major changes were needed. Currently, the Sustainability Advisory Council is evaluating materiality with a view to the long term. Accordingly, the Board of Directors intends to identify new materiality items in fiscal 2022.

How we identify material issues

FY2015	Select/sort materiality items
FY2016	Conduct surveys of the SDGs experts (Survey conducted to review the Group's issues and approach taking into account the SDGs announced in 2015)
FY2017	Analyze the relationship between the SDGs and materiality Conduct dialogue with diverse stakeholders
FY2018-2019	Review and revise materiality (Narrowed materiality items from 26 to 11) • Interviews with outside experts • Confirmation by the Board of Directors
FY2020-	Conduct annual review of materiality

> For details, please see [Ajinomoto Group Materiality](https://www.ajinomoto.com/sustainability/pdf/2020/materiality_en.pdf).
https://www.ajinomoto.com/sustainability/pdf/2020/materiality_en.pdf

Ajinomoto Group materiality

Materiality items	Relevant SDGs
Contribution to solve food and health issues	
Rapid response to consumer lifestyle changes	
Assurance of product safety	
Diverse talent	
Climate change adaptation and mitigation	
Contribution to a circular economy	
Reduction of food loss and waste	
Sustainable materials sourcing	
Conservation of water resources	
Strong corporate governance	
Preparation for intense global competition	

Approach to Realizing Our Outcomes

Approach to reducing environmental impacts and to nutrition

Our business operations are supported by sound food systems based on stable food resources and the vibrant natural environment. We have set medium- to long-term targets and KPIs, closely relevant to materiality items, for both reducing our environmental impact by 50% and helping extend the healthy life expectancy of one billion people. We are steadily moving forward with various initiatives while utilizing our strengths.

Principal initiatives for reducing environmental impacts and for improving nutrition

Relevant materiality items	Main initiatives	Main measures	KPIs/Targets
Contribution to solve food and health issues	Pursuit of well-balanced meals		<ul style="list-style-type: none"> Percentage of products with improved nutritional value/Raise to 60% by fiscal 2030 Among our nutritious products, provide products that promote delicious salt reduction and protein intake optimization/400 million people a year by fiscal 2030 Opportunities to use products that utilize the nutritional and physiological functions of amino acids/Double by fiscal 2030 (vs. fiscal 2020) Nutrition education for employees/Cumulative total of 100,000 employees by fiscal 2025
	Practical support for delicious salt reduction	Global expansion of the <i>Smart Salt</i> project	
	Protein intake optimization	<ul style="list-style-type: none"> Sales of protein-rich products Proposal of high-protein options 	
	Supporting the practice of delicious sugar and fat reduction	Sales of high-intensity sweeteners and ingredients that impart a sense of fat and oil; sales of low-fat products	
	Vegetables and fruits intake promotion	<ul style="list-style-type: none"> Develop the <i>Love Vege</i> project to promote vegetable intake (Japan) Introduce recipes that encourage high vegetable intake 	
	Protein intake promotion from a variety of sources	Developing technology for delicious plant-derived alternative proteins	
	Provide products that are beneficial to health	<ul style="list-style-type: none"> Utilize the Ajinomoto Group Nutrient Profiling System (ANPS) to visualize nutritional value Engage in product development that takes advantage of the functions of amino acids 	
Climate change adaptation and mitigation	Reducing greenhouse gas emissions	<ul style="list-style-type: none"> Convert to fuels with lower greenhouse gas emission factors Adopting electricity from renewable energy sources Pursue energy conservation 	(Targets approved by SBTi) <ul style="list-style-type: none"> Reduce greenhouse gas emissions (vs. fiscal 2018)/Reduce Scope 1 and 2 by 50%, and reduce Scope 3 by 24% by fiscal 2030 Achieve net-zero GHG emissions by fiscal 2050
		Adopting electricity from renewable energy sources	(RE100 Targets) Convert electricity to renewable energy sources/Achieve 100% by fiscal 2050
Contribution to a circular economy	Transition to zero plastic waste	<ul style="list-style-type: none"> Reduce plastic usage and convert to mono-material packaging materials Contribute to social implementation of recycling in countries and regions where we do business 	Plastic waste/Zero plastic waste by fiscal 2030
Reduction of food loss and waste	Food loss and waste reductions in the supply chain	<ul style="list-style-type: none"> Reduce losses in the production process Optimize supply-demand/supply/sales balance; extend best-before dates Pursue greater usefulness and efficiency 	Food loss and waste reduction rate from the acceptance of raw materials to delivery to customers (vs. fiscal 2018)/Reduce 50% by fiscal 2025
		<ul style="list-style-type: none"> Collaborate with suppliers, retailers, and distributors Develop products useful in reducing waste Engage in activities to reduce loss among consumers 	Reduce food loss and waste rate throughout the product lifecycle (vs. fiscal 2018)/Reduce 50% by fiscal 2050
Sustainable materials sourcing	Responsible sourcing of raw materials	<ul style="list-style-type: none"> Visualize issues in the supply chain, conduct human rights impact assessments, and pursue animal welfare Establish traceability and promote purchasing certified products 	<ul style="list-style-type: none"> Ensure human rights and environmental due diligence Sustainable procurement ratio of key raw materials*/Achieve 100% by fiscal 2030 * Palm oil, paper, soybeans, coffee beans, beef, and sugarcane
Conservation of water resources	Reducing water consumption in production processes	Optimizing production processes	Reduce the rate of water consumption (vs. reduction rate per unit of production volume)/Reduce 80% by fiscal 2030 (vs. fiscal 2005)

Reducing our environmental impact by 50%

Implementing countermeasures to help regenerate the environment is an urgent task for the Ajinomoto Group. We believe that sustainability initiatives to lower our environmental impact by responding to climate change, ensuring the sustainability of food resources, and conserving biodiversity are an essential first step to extending healthy life expectancy.

Climate change initiatives and progress

The Ajinomoto Group is approaching climate change as presenting both risk and opportunity for all Group companies. We consider countermeasures and disclose information based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The Group is a member of RE100, an international environmental initiative of businesses committed to 100% renewable electricity. We also have set specific targets for reducing greenhouse gas (GHG) emissions and obtained approval of the targets from the Science Based Targets initiative (SBTi), an international cooperative endorsed by leading global corporations. In addition, in March 2022 we submitted a commitment letter to the SBTi target of achieving net-zero GHG emissions by fiscal 2050.

In fiscal 2021, the Group's Scope 1^{*1} and Scope 2^{*2} GHG emissions totaled 1.612 million t-CO₂e, a reduction of 27% compared to the base year of fiscal 2018. Scope 3^{*3} emissions totaled 10.948 million t-CO₂e, a reduction of 8%.

Progress contracting for energy produced with low CO₂ emission factors in Japan and overseas allowed us to reduce emission volumes significantly from the previous fiscal year, particularly for Scope 2 emissions.

Following TCFD recommendations, in fiscal 2021 we conducted a scenario analysis of the environmental impact of our global umami seasonings and core domestic products (which represent 24% of our consolidated sales) for 2030 and 2050. The scenarios assumed increases of 2°C and 4°C in 2100 in the average global temperature compared to during the industrial revolution. The risks, opportunities, and countermeasures we identified for 2050 based on the scenario analysis are presented in the adjacent chart (P.48).

We are using the results of the scenario analysis to create a plan to reduce our Scope 1 and 2 emissions by investing in fuel conversion, conversion to renewable energy, and environmentally conscious manufacturing methods. We are also seeking to change the tendency to approach sustainability as a compromise or trade-off, and to devise symbiotic solutions. As well, we are conducting trials of collaborative measures with raw material suppliers to reduce Scope 3 emissions.

*1 Direct greenhouse gas emissions from sources that are owned or controlled by the organization

*2 Indirect emissions from purchased electricity, heat, or steam consumed by the Company

*3 Other indirect emissions (product use, disposal, and transport, employee commuting and business travel, investment, etc.)

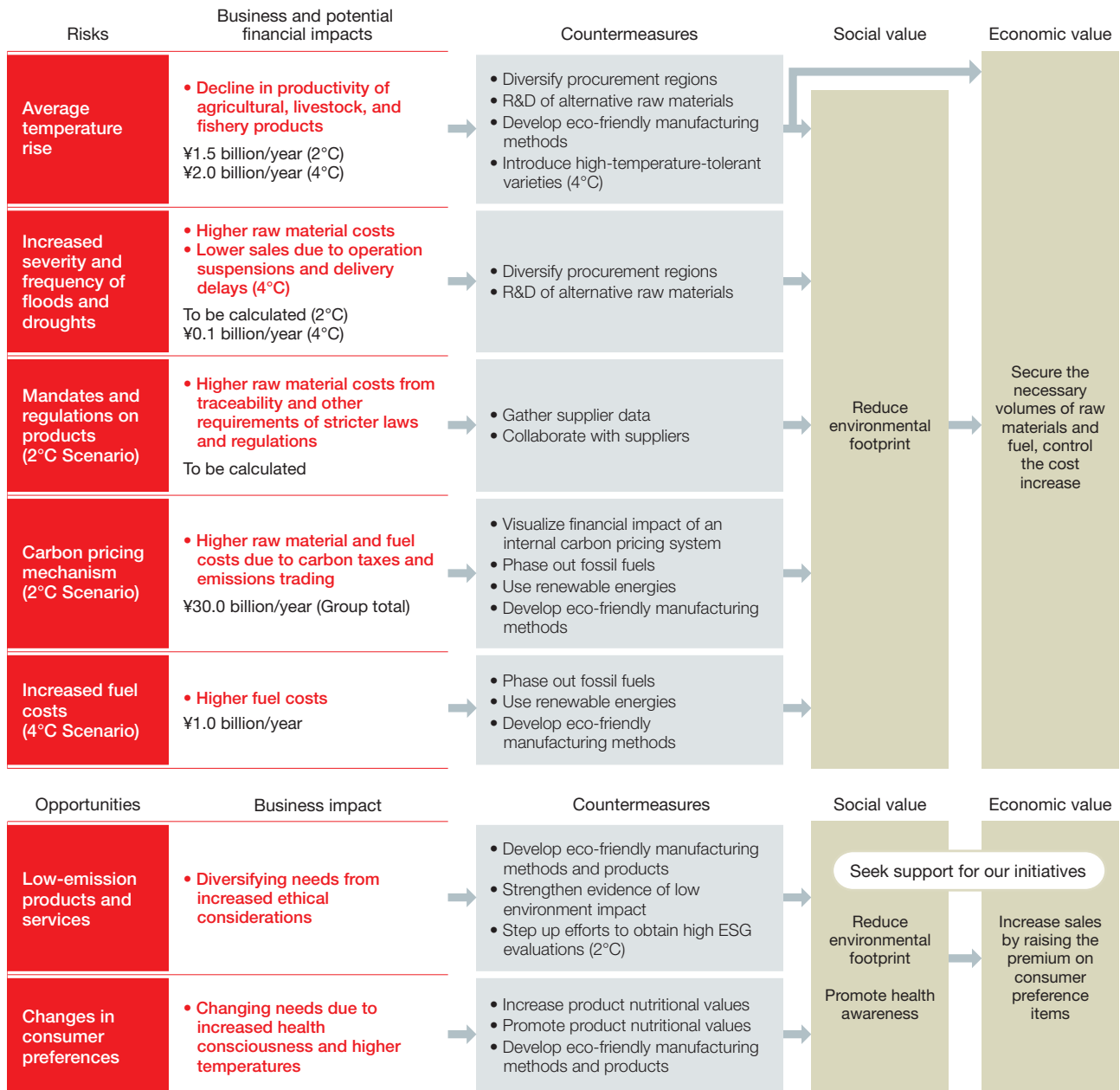
Greenhouse gas emission reduction rate

	FY2020 (Results)	FY2021 (Results)	FY2030 (Targets)
Scope 1 and 2 GHG emission reduction rate (vs. FY2018)	14% reduction [11% reduction] ^{*4}	27% reduction [18% reduction] ^{*4}	[50% reduction] ^{*5}
Scope 3 GHG emission reduction rate (vs. FY2018)	1% reduction [1% reduction] ^{*4}	8% reduction [3% reduction] ^{*4}	[24% reduction] ^{*5}

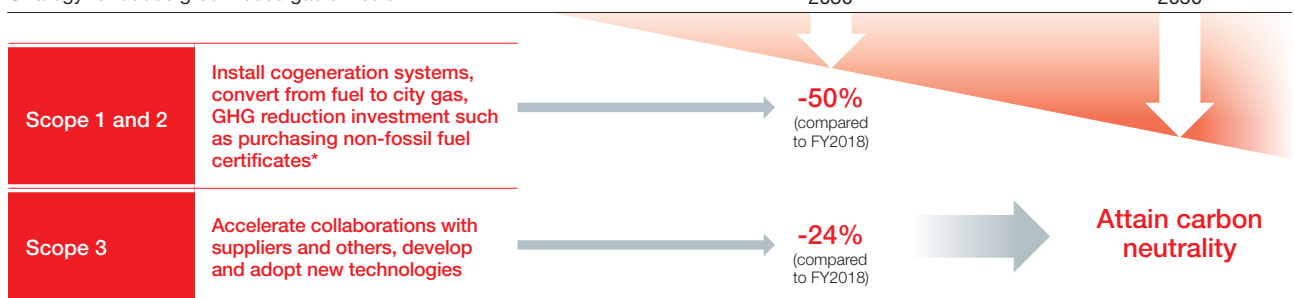
*4 [] indicates actual results adjusted for subject corporations based on SBTi rules

*5 [] indicates target based on SBTi rules

Summary of scenario analysis results



Strategy to reduce greenhouse gas emission



* We will continue to consider investments to further reduce GHG emissions, which we will disclose when the investments are decided.

> For details, please see the Ajinomoto Group Sustainability Data Book 2022. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

> For details, please see our Financial Report 2022. <https://www.ajinomoto.co.jp/company/en/ir/library/report.html>

Measures and progress for reducing plastic waste

The Ajinomoto Group is actively advancing strategies to reduce un-reused and un-recycled plastics released into the environment to zero by fiscal 2030.

Goals for fiscal 2030

- Choose to use plastic in a minimum quantity and purpose required for product safety and quality (reduce)
- Switch to using only plastic packaging made of mono-material or recyclable products (recycle)
- Support and contribute to measures for social implementation of collection, sorting, and recycling in countries and regions where our products are manufactured and sold

In order to achieve zero plastic waste, we aim to complete our reduction efforts by fiscal 2025 while developing technologies for converting to mono-material packaging materials, and finally switch over to exclusively recyclable materials by fiscal 2030.

The Group used a total of 69,000 tons of plastic in fiscal 2021, with over 90% used for product packaging. Of this, 26,000 tons (38% of the Group's total plastic usage) have been switched to mono-materials or paper. We are currently forming reuse methods and developing

technologies to convert the remaining 43,000 tons to recyclable packaging materials. We are a founding member participating in the Japan Clean Ocean Material Alliance (CLOMA), a platform established to help stakeholders across sectors to collaborate and accelerate innovation.

We will continue to explore technology development themes and ways to help create plastic recycling programs in all regions and countries.

> For details, please see the Ajinomoto Group Sustainability Data Book 2022. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Measures and progress for reducing food loss and waste

The Ajinomoto Group's long-term vision is to reduce food loss and waste by 50% versus fiscal 2018 across the entire product lifecycle by fiscal 2050.

We are continuing our efforts in fiscal 2022 to reduce food loss during processes from the acceptance of raw materials to the delivery of the final product to our customers, and to recover food waste for repurposing. We are taking a full lifecycle approach to reducing food loss by working with suppliers and promoting awareness to consumers and society and broadening our efforts to the production stage of raw materials and to programs to reduce food loss in the home.

> For details, please see the Ajinomoto Group Sustainability Data Book 2022. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Reduction in food loss and waste per production volume unit

	FY2020 (Result)	FY2021 (Result)	FY2025 (Target)
Food loss and waste reduction from the acceptance of raw materials to delivery to customers (vs. FY2018)	13% reduction	23% reduction	50% reduction

* Measured with reference to the Food Loss & Waste Accounting and Reporting Standard. Past performance, including its measurement methods, is reviewed retroactively. (Measurement methods may differ between target organizations.)

Measures and progress for responsible procurement of raw materials

The Ajinomoto Group is working to construct a responsible supply chain by creating visualization of supply chain issues, conducting human rights assessments, and promoting animal welfare, and so on. We are also working to achieve 100% sustainable procurement ratios by fiscal 2030 for our essential raw materials (palm oil, paper, soybeans, coffee beans, beef, and sugarcane). For these, we are working to maintain a full understanding of their

procurement conditions, establishing traceability, and seeking to purchase certified products.

Establishing sustainable material sourcing will require reducing risks associated with climate change, human rights, and biodiversity. To strengthen our efforts in these areas, we will increase our participation in international initiatives and third-party groups, such as certification organizations.

> For details, please see the Ajinomoto Group Sustainability Data Book 2022. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Our approach to nutrition

Health issues attributed to dietary habits and lifestyle are growing around the world. These include increasing risk of high blood pressure and heart disease due to excess salt intake. Resolving these issues requires improving nutritional balance in our everyday diet.

The Ajinomoto Group participated in the Tokyo Nutrition for Growth Summit 2021 held in December 2021, where we announced our Commitment to Nutrition. The key component of this commitment is the basic policy of Nutrition Without Compromise at the heart of our initiatives for improving nutrition. The policy includes the three pillars of nutrition without compromising taste, nutrition without compromising access, and nutrition without compromising the local way of life. Specifically, we aim to resolve health issues by improving nutritional balance while preserving local foods and deliciousness through partnerships with local producers, distributors, NGOs, and academia, among others.

At a side event of the summit, we proposed the review of nutrition evaluation methods used by food companies. While existing evaluation methods are suitable for evaluating the nutrition of products consumed as is or after simple cooking, they are not suitable for evaluating the nutrition of products that combine ingredients such as seasonings. In order to improve this situation, we aim to deepen our engagement with ATNF* as well as establish a model that can more appropriately evaluate Japanese and Asian-style menus centered on cooking.

Recognizing the common worldwide nature of consumer health preferences as an opportunity, we will further promote activities that improve nutrition going forward.

* Access to Nutrition Foundation: An organization that compiles the Access to Nutrition Index (ATNI) ranking the nutrition improvement activities of food and beverage companies

> For details, please see the Ajinomoto Group Sustainability Data Book 2022. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Progress of our Commitment to Nutrition

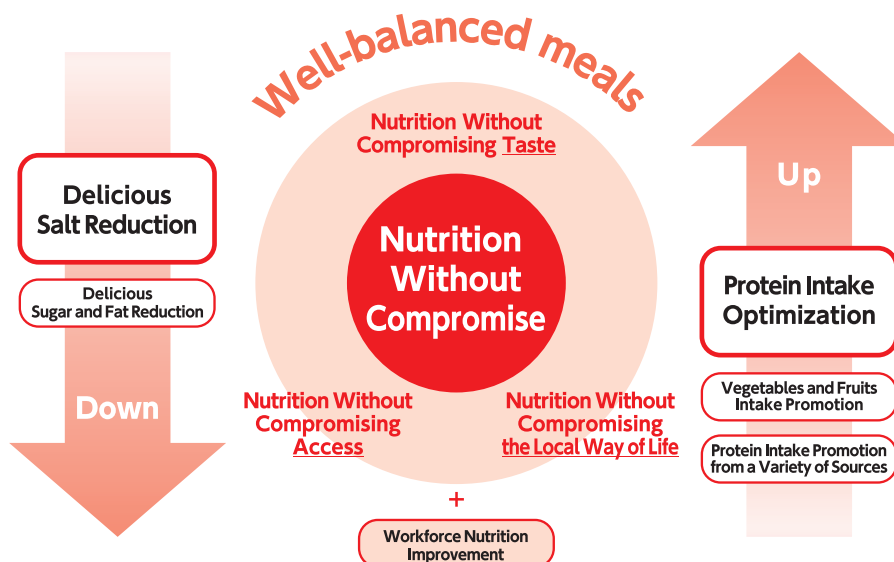
Commitment to Nutrition (Excerpt)

By 2030, we will help extend the healthy life expectancy of one billion people by increasing the current reach to 700 million consumers and providing products and information that support consumers in enjoying nutritious and delicious foods with Nutrition Without Compromise as a basic policy on our approach to nutrition.

- Support practice of “delicious salt reduction” using umami
- Provide nutritious products to contribute to people’s wellness
- Support consciousness/behavior change of consumers by providing information that supports health and nutrition improvement
- Improve nutrition literacy of Group employees

The Ajinomoto Group seeks to extend the healthy life expectancy of one billion people by 2030 through initiatives under its basic policy of Nutrition Without Compromise. To support the practice of “delicious salt reduction” using umami laid out in our Commitment to Nutrition, we are implementing the *Smart Salt* project globally. This project is working on salt reduction using umami and *dashi* broth through collaboration with a host

Ajinomoto Group’s approach to nutrition



of stakeholders. For consumers, we are providing recipes and seasonings that reduce salt without compromising taste. In fiscal 2021, we partnered with 12 local governments in Japan and expanded these activities to five countries to implement salt reduction initiatives.

In terms of providing nutritious products to contribute to people's wellness, in fiscal 2021, we expanded the number of our corporations using ANPS to 15 in 12 countries, aimed at visualization of the nutritional value of products. We increased the percentage of products with improved nutritional value^{*1} and the number of people reached with products that benefit "delicious salt reduction" and "protein intake optimization." This was achieved by making progress with product development and reformulation such as salt reduction at each corporation, along with contribution to nutrition improvement by the mainstay products of corporations newly added to the scope of evaluation.

Regarding availability of products utilizing the function of amino acids, we made progress amid the recovery trend of demand for core products from the impact of the COVID-19 pandemic.

As for providing information that supports health and nutrition improvement, we shared recipes for nutrition improvement such as "delicious salt reduction" on owned media and through the streaming of videos in various countries and regions.

In terms of workforce nutrition improvement, we provided nutrition education globally aimed at improving the nutritional literacy of employees, reaching 26,000 employees so far. Furthermore, we became the first Japanese company to join the Workforce Nutrition Alliance^{*2} in March 2022 in order to announce specific targets and propel our activities forward.

*1 Products with improved nutritional value means the products that meet our criteria and contribute to the intake of improved nutrition from an international public health perspective.

*2 Global alliance to improve workforce nutrition which the Consumer Goods Forum (CGF) and the Global Alliance for Improved Nutrition (GAIN) jointly established.

> For details, please see Our Commitment to Nutrition and Research. <https://www.ajinomoto.com/nutrition/our-commitment-to-nutrition-and-research>

> For details, please see the Ajinomoto Group Sustainability Data Book 2022. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Quantifying the effects of salt reduction using umami

In fiscal 2020, we launched a research project together with academia called the U20 Healthy Umami Research Project in an attempt to quantify the effects of salt reduction using umami. The project is scientifically exploring, disseminating, and appealing the benefits and public hygiene value of umami in response to the issue of excess salt intake. In fiscal 2021, the project estimated the salt reduction effects based on the dietary pattern of Americans using the U.S. National Health and Nutrition Examination Survey (NHANES) database, followed by the Japan estimation in fiscal 2020. The results suggest that umami could be used to lower the average salt intake per American by 5.51% to 10.54% (0.46 g to 0.88 g/day). This shows the hidden potential for "delicious salt reduction" using umami to contribute to the UN's salt reduction target^{*3} (30% reduction by 2025) even in countries and regions with differing sources of sodium intake compared to Japan. Going forward, we will harness these research outcomes to steadily explore the possible contribution of umami on salt reduction in the main countries where we operate, and also continue studying on forecasting impacts on DALYs (disability-adjusted life year)^{*4}, seeking social implementation of "delicious salt reduction" using umami.

*3 From WHO's NCD Global Monitoring Framework.

*4 DALY is the number of years of life a person might be expected to lose when adjusted for a disease or health condition and the severity of the disability. DALY is the sum of Years of Life Lost (YLLs) and Years Lost due to Disability (YLDs). Developed in the early 1990s by Harvard University Professor Christopher Murray, the DALY metric quantifies the overall burden of disease and health conditions. DALY is used by the WHO and the World Bank as an overall health outcome indicator that provides a different perspective than standard life expectancy, and is increasingly being used around the world as a complementary indicator to healthy life expectancy.

> For details, please see the Ajinomoto Group Sustainability Data Book 2022. <https://www.ajinomoto.co.jp/company/en/ir/library/databook.html>

Nutrition commitment quantitative KPIs

	FY20 (Results)	FY21 (Results)	FY25 (Targets)	FY30 (Targets)
Percentage of products with improved nutritional value ^{*1}	40% ^{*5}	50%	—	60%
Provision of products with improved nutritional value in "delicious salt reduction" and "protein intake optimization"	280 million people per year	320 million people per year	—	400 million people per year
Availability of products utilizing the physiological and nutritional functions of amino acids	(Base year)	1.09 times	—	2 times
Nutrition education for employees	460	26,000	Cumulatively 100,000	—

*5 The value was corrected because the additional applicable products were identified by more accurate collection of data.

Case study: Tackling the challenge of devising symbiotic solutions in Thailand

Building a sustainable food value network to deliver value to consumers and elevate brand value

The Ajinomoto Group’s amino acid and MSG businesses use a host of different food resources. Until now, a “trade-off,” or relationship of conflicting interests, existed between business activities and the promotion of food resource sustainability. However, the Group seeks to build out its community circulation business activities into an ecosystem together with its partners, anticipating a future where food and energy will be produced locally for local consumption. Our story of co-creating value with consumers and partners by delivering positive impacts on the environment along with nutritional value downstream across the entire supply chain is already underway in Thailand.

Upstream, we launched the “Thai Farmer Better Life” partner project in 2020 to help growers of cassava, a staple raw material of MSG, to increase their productivity and achieve financial independence by providing the Group’s unique technologies and know-how. Currently, there are more than 40 partners from industry, government, and academia collaborating with this project.

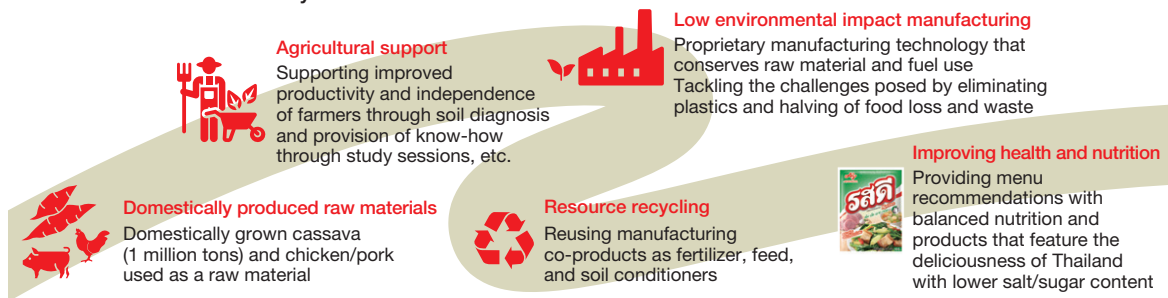
Mid-stream, we continue working on MSG production with lower environmental impacts and loss using the Group’s proprietary innovations. We are close to achieving carbon neutrality at our MSG plant located in Kamphaeng Phet Province. In addition, we are implementing a biocycle unique to the Ajinomoto

Group by utilizing the many co-products of amino acids in fertilizers and animal nutrition products. Furthermore, we are exploring ways to produce ammonia, an imported sub-raw material for MSG production, in-house and in a greener manner.

In this way, we will combine the Group’s unique nutritional value with the positive impacts for the environment to elevate corporate and product brand value as well as provide new choices and premium value to consumers and partners. Furthermore, by introducing innovations resulting in rationalization, we will switch the relationship between business activities and sustainability into devising symbiotic solutions.

Rather than a single-direction supply chain, from upstream to downstream, this can be viewed as a co-creation and circular network for green and health value closely rooted in the community. In other words, this means contributing to sustainable food systems all the way back to the field and returning value to consumers through acceptance of purchase premiums by consumers. The results of this series of initiatives and the story of creating consumer preferences and purchase premiums were seen in the outcomes of the Thai consumer survey conducted by the Group in 2022. Going forward, we will speed up and expand initiatives aimed at crystallizing this concept.

Construction of an MSG ecosystem in Thailand



Message from a leader of the “Thai Farmer Better Life” partner project



K. Sornsin
 AJINOMOTO CO.,
 (THAILAND) LTD. / FD
 Green (Thailand) Co., Ltd.

The “Thai Farmer Better Life” partner project not only supports cassava farmers but also promotes the development of our employees in the form of communication and creativity to foster new businesses through connections with farmers and other partners. To make our starch procurement sustainable, our ASV initiatives involve collaboration with the entire cassava supply chain, spanning cassava farmers, harvesters, collectors, starch mill factories, and the Ajinomoto Group. This project is helping to increase our trust and engagement among consumers.

Case study: Building an ecosystem for social implementation of “delicious salt reduction”

Our participation in Ministry of Health, Labour and Welfare initiatives

According to the 2021 Global Nutrition Report^{*1}, not a single country achieved the WHO’s salt reduction target, rather there are concerns that sodium intake increased during the COVID-19 pandemic. The problem of excess salt intake greatly impedes extension of healthy life expectancy^{*2} as it relates to high blood pressure and cardiovascular diseases in East Asia and Southeast Asia. In Dietary Reference Intakes (DRIs) for Japanese 2020, the target value for average table salt intake for people aged 18 and older was 7.5 g/day for men and 6.5 g/day for women. The fact is, however, that it is extremely difficult to change deeply rooted dietary habits.

The Ajinomoto Group participated in the Review Committee for Promoting a Health and Sustainable Food Environment organized by the MHLW^{*3} of Japan in fiscal 2021. We took part in discussions for identifying nutritional issues in Japan and solutions aimed at extending the healthy life expectancy of people around the world and assisted with the compilation of the final report (published in June 2021)^{*4}.

Part of this was included in the commitment of the Japanese government announced at the Tokyo

N4G Summit 2021^{*5}. In the closing remarks of the summit’s high-level sessions, Mr. Keiichi Ono, Director General of Secretariat for Tokyo N4G Summit 2021, commented “Effective salt reduction was presented and discussed in this summit satellite events using umami and *dashi* broth.” A major outcome from our participation in the summit was the fact that our findings will be carried over to the international community as a legacy. Following the summit, the MHLW established the Strategic Initiative for a Healthy and Sustainable Food Environment (HSFE) led by multistakeholder collaboration^{*6}. This initiative seeks to build a Japanese model for food environment development that leaves no one behind through the social implementation of salt reduction. It is also working to extend healthy life expectancy of people around the world and achieve a vibrant and sustainable society starting from Japan. The key to achieving a sustainable food environment that naturally lowers salt intake is deliciousness without compromise. The Ajinomoto Group will pursue this and support the establishment of an ecosystem led by multistakeholder partnerships.

Social implementation of “delicious salt reduction”

Began with employees’ commitment deeply rooted in the Ajinomoto Group’s purpose



*1 <https://globalnutritionreport.org/reports/2021-global-nutrition-report/> *2 <https://vizhub.healthdata.org/gbd-compare/>

*3 Ministry of Health, Labour and Welfare *4 <https://www.mhlw.go.jp/content/10900000/000836945.pdf>

*5 Tokyo Nutrition for Growth Summit https://nutritionforgrowth.org/wp-content/uploads/2021/12/Tokyo-Compact-on-Global-N4G_Annex_Dec-14.pdf

*6 <https://www.nttdata-strategy.com/hsfe/english/>



Hisayuki Uneyama Ph.D.

Executive Specialist, Global Communications Department, Ajinomoto Co., Inc.

A multistakeholder review committee was organized by the MHLW aimed at discussing Japan’s nutritional issues ahead of the Tokyo N4G Summit, and I was given the opportunity to participate as a member. This review committee found that the top priority nutritional issue facing Japan is salt reduction and reaffirmed the need to promote the development of a food environment that can naturally reduce salt intake through multistakeholder collaboration. The review committee made me aware once again of the significant expectations and role of distribution and food manufacturing as the front line of contact with consumers. Providing “delicious salt reduction” products utilizing the Group’s knowledge of umami will support the realization of a sustainable salt reduction society. I hope to contribute to providing “delicious salt reduction” products without compromise and to the extension of the healthy life expectancy of people around the world.

Progress of 2020-2025 Medium-Term Management Plan

Evolution from medium-term planning to medium-term indicator management

We will shift from medium-term management planning to medium-term indicator management to realize our vision for 2030. This means that going forward we will formulate and execute management strategy while reviewing plans swiftly based on the changing business environment.

Evolving toward medium-term indicator management

The Ajinomoto Group will make fundamental changes to its medium- to long-term planning process so that it can flexibly review plans in line with a constantly changing business environment while maintaining the fiscal 2025 goal as a milestone.

We strive for medium-term indicator management, in

which we will set medium-term management indicators to realize our vision for 2030, and visualize the path to realizing them by backcasting from the future to the present. We intend to update our plans on an annual basis instead of following the conventional practice of adhering to a set three-year plan.

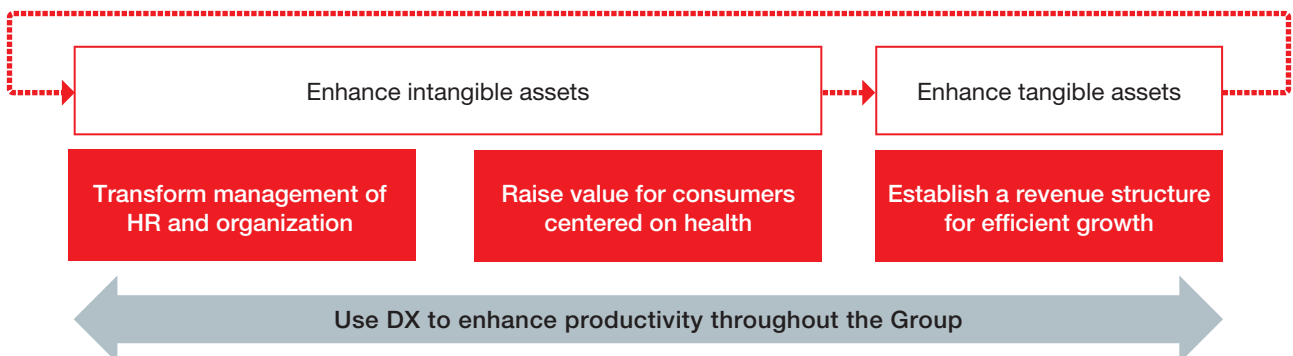
Basic policy of the 2020-2025 Medium-Term Management Plan aimed at goal achievement in fiscal 2030

The Ajinomoto Group has established a policy of concentrating its management resources to unlock the power of amino acids to resolve the food and health issues. Under this policy, we are working to establish a revenue structure for efficient growth, raise value for consumers centered on health, and transform management of human resources and organization as part of the 2020-2025 Medium-Term Management Plan, which was established by backcasting from the Group's future vision for 2030 to today. During the course of the plan's six-year period, we

will transform into a sustainable business structure positioning fiscal 2020 to 2022 as Phase 1 Structural Reform and fiscal 2023 to 2025 as Phase 2 Regrowth. These phases will be supported with digital transformation (DX) as we accelerate strategy execution.

The five priority KPIs are ROIC for efficiency, organic sales growth rate for growth, core business sales ratio linked to both, employee engagement score, and unit price growth. Goals for fiscal 2030 have been established for each.

Key principles of 2020-2025 Medium-Term Management Plan



Progress in fiscal 2021 and steady growth in fiscal 2022

Among the priority KPIs, we made steady progress with ROIC despite impairment losses from the structural reform process. As for the plan to reduce our business asset holdings by a total of ¥200 billion by fiscal 2025, in fiscal 2021, we achieved a total reduction of approximately ¥77 billion, including ¥43 billion from reducing business asset holdings and ¥34 billion from resource allocation and the divestment of cross-shareholdings. The organic sales growth rate grew steadily, driven by overseas seasonings, overseas frozen foods, Bio-Pharma Services & Ingredients, and functional materials. The core business sales ratio rose primarily on the back of progress made with structural reforms in animal nutrition. The unit price growth of international consumer products increased mainly on price hikes instituted in response to soaring prices of raw materials and fuel. The employee engagement score was 61%, which was three points lower than fiscal 2020 due partially to the impacts of COVID-19, but we are increasing voluntary initiatives and employee participation in measures to boost ASV engagement. As for corporate brand value, another leading indicator, it increased largely by 30% over the previous fiscal year

amid praise for our ASV management strategy, the powerful leadership of executive management, and branding centered on the aspiration to unlock the power of amino acids to resolve the food and health issues.

Although we posted our highest ever profits in fiscal 2021, as of late, the prices of raw materials and fuel continues to rise unabated. Particularly, the price of fuel and the main and sub raw materials for fermentation are trending at the highest levels in 10 years including 2011 the previous high-water mark. In response, following the conflict in Ukraine, we have set up an emergency response task force, putting into place a system for monthly updates on the impacts of raw material and fuel prices and countermeasures. Under this task force, we are also implementing additional countermeasures in a prompt manner. Given this challenging environment, we will make fine-tuned price adjustments in response to soaring costs so that we can attain our performance forecast and medium-term management plan targets laid out for fiscal 2022. Moreover, we will respond in the short term and build a resilient business foundation for medium- to long-term growth, aimed at a profit structure unaffected by commodity prices.

Priority KPIs	FY19 (Results)	FY20 (Results)	FY21 (Results)	FY22 (Forecasts)	FY25 (Targets)	FY30 (Final Targets)
ROIC	3.0%	6.9%	7.9%	8.0%	10-11%	13%
Organic sales growth (YoY)	0.3%	-0.6%	6.8%	Approx. 11%	5%	5%
Core business sales ratio	66.5%	66.6%	68.7%	Approx. 71%	80%	80%+
Employee engagement score (ASV as one's own initiative)	55%	64%	61%	—	80%	85%+
Unit price growth (YoY) (International consumer products)	Approx. 5%	2.8%	4.8%	Approx. 8%	3%	3%

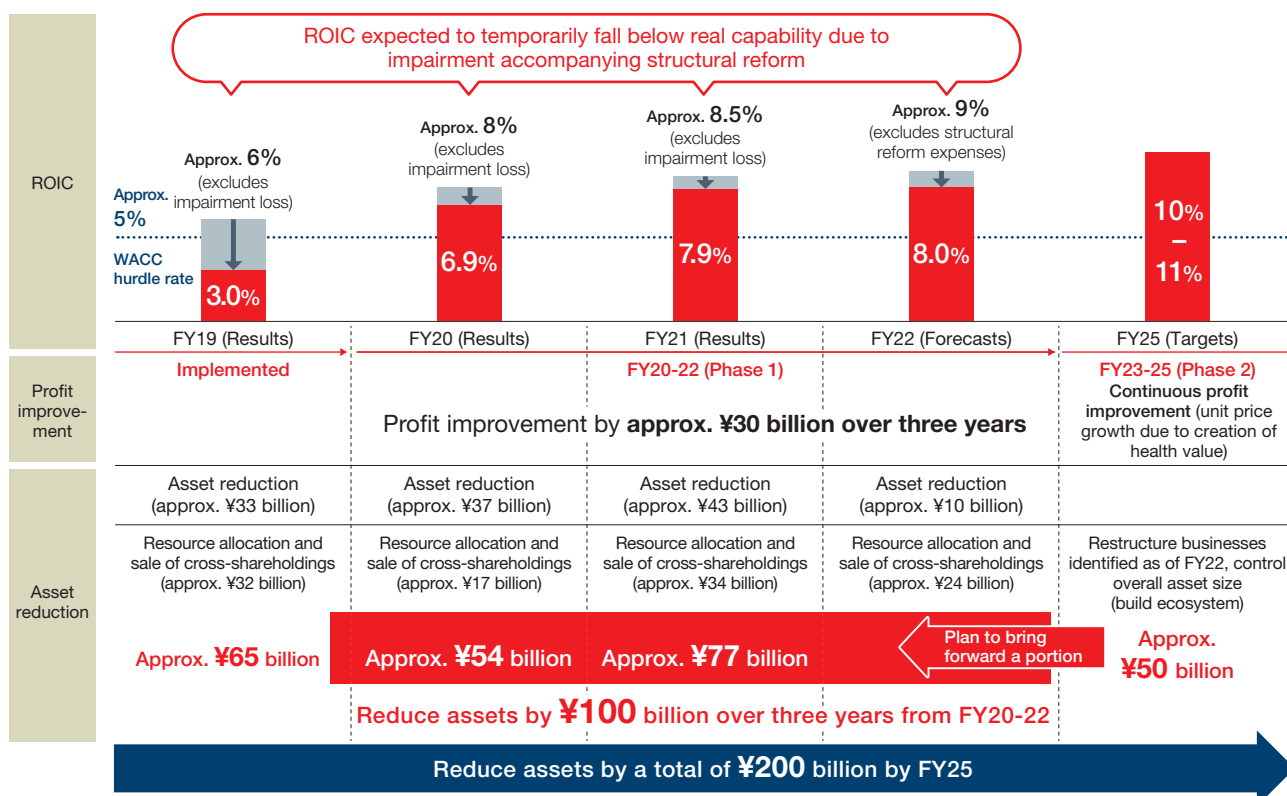
Corporate brand value* (Millions of USD)	FY19 (Result)	FY20 (Result)	FY21 (Result)	FY22 (Forecast)	FY25 (Target)	FY30 (Final target)
	780	926	1,208 (+30% YoY)		Target of 7% CAGR	

* Evaluated by Interbrand, "Best Japan Brands"

Fiscal 2021 results and challenges

	Results in fiscal 2021	Challenges and measures for regrowth
Establish a revenue structure for efficient growth		
Reformulate portfolio for higher efficiency and growth	<ul style="list-style-type: none"> Decided to close Osaka Plant to strengthen structural reforms of the cooked rice business in Japan within frozen foods Shifted assets to core domains of frozen foods business (North America, Europe, Japan) Succeeded domestic liquid coffee business to outside entity 	<ul style="list-style-type: none"> Improve profits of North American frozen foods business Increase asset efficiency of frozen foods business (reduce 18 plants to 15 plants by fiscal 2025)
Raise value for consumers centered on health		
Unit price growth by creating a food and health ecosystem	<ul style="list-style-type: none"> Accelerated the <i>Smart Salt</i> project globally and continued with product development and collaboration with other stakeholders 	<ul style="list-style-type: none"> Continue to implement <i>Smart Salt</i> Project and further expand it overseas
Unit price growth by providing delicious options for new lifestyles	<ul style="list-style-type: none"> Developed nutrition profiling system that can visualize nutritional value even after cooking with seasonings (ANPS-M) 	<ul style="list-style-type: none"> Introduce ANPS-M for development of menu and products such as seasonings
Transform management of human resources and organization		
Invest in our people, enhance issue-solving capabilities	<ul style="list-style-type: none"> Expanded dialogue sessions with top management and personal goal presentations to Group companies globally Continued to implement program fostering business DX talent Expanded nutritional literacy training to Group companies globally and began environmental literacy training 	<ul style="list-style-type: none"> Introduce new monitoring indicators for visualizing progress of ASV along with the process for results creation

Progress in asset reduction and improving ROIC



DX raising productivity throughout the Group

The Ajinomoto Group is advancing its digital transformation (DX) to boost its market competitiveness, efficiency, productivity, and corporate value as we seek to transform into a “solution-providing group of companies for food and health issues.” We have mapped four stages of DX1.0 Companywide Operational Transformation, DX2.0 Ecosystem Transformation, DX3.0 Business Model Transformation, and DX4.0 Social Transformation. We are promoting DX in each of these linked layers from the customer’s point of view, for overall Group optimization, and with complete employee participation with the aim to become a leader of social change in the food and health fields.

Optimizing supply chain management (DX1.0-2.0)

The Ajinomoto Group is introducing operational excellence (OE) as the foundational management system for our transformation and is implementing customer-oriented business reform throughout the organization. We are also collaborating with external partners to create an ecosystem that will enable us to continuously improve the value we provide to customers.

As we develop in these areas, we also recognize the challenge for supply chain management to prevent the tendency for overall inventories to rise as each department uses the inventories for their own specific purposes. We have introduced OE to supply chain management as an initiative that encompasses all departments and companies for improvement. By doing so, we can minimize the negative effects such as supply issues during

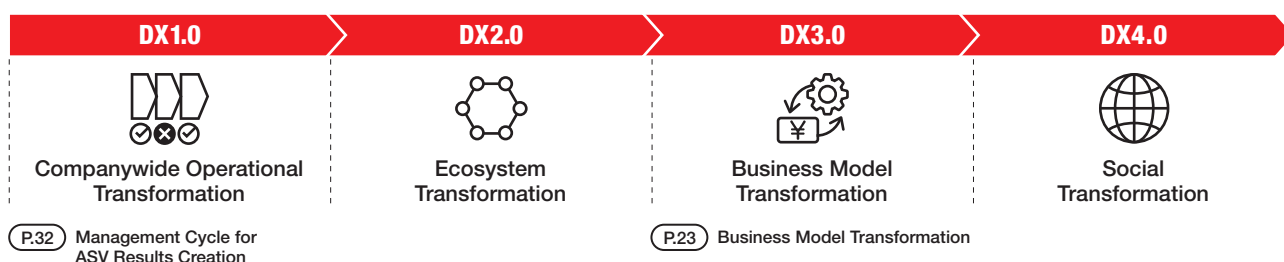
the COVID-19 pandemic. We are also applying digital technologies to improve our logistics efficiency through F—LINE Corporation, which we established with four other food manufacturers, with the aim of transforming the ecosystem while appropriately collaborating with external partners and sustainably maintaining and improving the value provided to customers.

* Continuous improvement and reform activities based on the philosophy and methods of thoroughly refining all operations to solve problems and to add value from the customer’s point of view while individuals and teams grow in a synchronized manner in order to create a competitive advantage

Developing a business model flexible to evolving consumer food experience value (DX3.0)

We are adding the power of digital to our array of advanced food and health technologies to create a new business model that will seamlessly provide services at various touch points along the consumer eating experience journey. The Ajinomoto Group has accumulated and refined technologies over many years for creating functional materials, engineering deliciousness and nutritional value, and diagnosing health and nutrition status. We also continue to develop the Ajinomoto Group Nutrient Profiling System (ANPS) for visualizing product nutrient values and are constructing a common platform to apply proprietary algorithms to our databases on health and nutrition correlations and on menu composition. Our objective is to creatively use our data to offer meticulous services that meet individual consumer needs. The consumer information we collect from those services will in turn be used to continue improving the consumer experience (see p.23).

The four stages of Ajinomoto Group DX



Selected as a DX Stock 2022

The Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange selected “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 technologies. 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.



Case study: Ajinomoto Food Manufacturing Co., Ltd.

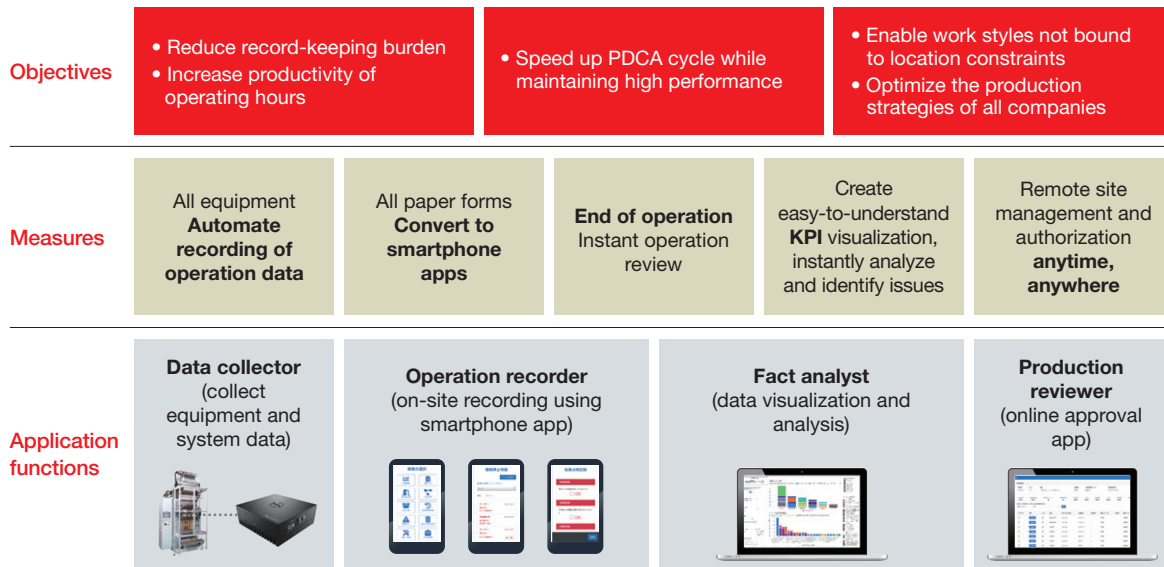
Digitalizing all packaging process information, and improving workability and productivity

Seasoning and processed food manufacturer and packager Ajinomoto Food Manufacturing Co., Ltd. has all sorts of equipment conducting packaging processes that must meet innumerable standards, and several hours each day were being lost to dealing with dozens of required paper forms. Data analysis also took time, and the company was having difficulty implementing sufficient improvement measures.

The company was also facing the larger trends of diversifying work styles and a shrinking working-age population from Japan’s aging population and declining birthrate. Management responded by introducing packaging control system “APPLE” to standardize its process control operations and teamed with system vendors to develop an easy-to-

use smartphone application. The application eliminated the paper-based forms and automated data collection from all equipment. The paperless system works anytime and anywhere, making it possible to remotely verify the status of operating equipment and enabling quick data analysis and response. We will continue leading the industry in introducing advanced packaging control systems, which we plan to install at all of our manufacturing sites as well as our Group companies in Japan and abroad. In addition, we will continue developing the systems by collaborating with industry groups and other packaging machine manufacturers toward establishing the system as the industry standard.

Packaging control system “APPLE”



Akihiko Ebisawa
 DX Strategy Promotion Department, Ajinomoto Food Manufacturing Co., Ltd.

Printed forms were the norm at our production site, and we had a tough time at first getting people, who were of all ages and nationalities, to switch from using a pen to using a smartphone. Everyone eventually got used to it, though, and that helped us start to really use the data to make improvements. This was a direct use of digital technology to bring about work-style reform in the production department. As using the app becomes the norm in the Ajinomoto Group production departments, it will become another tool for improving our on-site data analysis and raising our operations to a higher level.

On the integration of the food products and AminoScience businesses

The Ajinomoto Group is integrating the food products and AminoScience businesses with the aims of generating further growth and creating greater value. Yoshiteru Masai, General Manager of Food Products Division, and Sumio Maeda, General Manager of AminoScience Division, talked about the joined direction and vision that will be key to a successful integration.



General Manager of
Food Products Division

Yoshiteru Masai

1986 Joined Ajinomoto Co., Inc.
2013 General Manager of Amino Acid Department
2016 General Manager of Specialty Chemicals Department
2017 Corporate Executive Officer, General Manager of Specialty Chemicals Department
2019 Corporate Vice President, General Manager of Europe and Africa Division
2022 (April) Executive Officer & Senior Vice President, General Manager of Food Products Division



General Manager of
AminoScience Division

Sumio Maeda

1987 Joined Ajinomoto Co., Inc.
2008 Director, Food ingredients of AJINOMOTO FOODS EUROPE S.A.S.
2016 Deputy General Manager of ASEAN Division
2019 Corporate Executive Officer, CEO and President of Ajinomoto Foods North America, Inc.
2022 (April) Executive Officer & Vice President, General Manager of AminoScience Division

Closer cooperation between the businesses under the new corporate structure

Please tell us a little about your backgrounds.

Masai When I first joined Ajinomoto Co., Inc., I was appointed to domestic sales of specialty chemicals products. My first overseas assignment was to develop the amino acid market mainly for food products in the United States. Later, I was the General Manager of the Moscow Office, where we primarily worked on creating a market for amino acids for animal nutrition. Our clients were located across the country, and I traveled to Siberia, the Ural Mountains, the Volga River, and the far eastern end of Russia. After returning to Japan, I was the General Manager of the Amino Acid and Specialty Chemicals Departments for three years each.

Maeda Most of my career has been in sales and marketing. In 2008, I was transferred to France, where I managed sales of MSG and other food ingredients for the food industry in EMEA. I struggled sometimes when our results didn't improve as we had hoped, but Mr. Masai gave us lots of encouragement from Moscow. I was later assigned to Thailand, where I helped put together the business plan for Southeast Asia and worked on setting up companies in emerging countries. In 2019, I was appointed CEO and President of Ajinomoto Foods North America.

Masai I have experience with food manufacturers in the United States and Mr. Maeda oversaw MSG sales in France. I previously worked in the AminoScience business and am now the General Manager of Food Products Division, and

Mr. Maeda, who is from the food products business, is now the General Manager of AminoScience Division. The purpose of having us trade places like that is to accelerate the integration of the two businesses. It's a clear demonstration of the Group putting its strategy into practice.

Maeda To be honest, the assignment was a huge surprise. But I was relieved that Mr. Masai would be the General Manager of Food Products Division and knew the strategy would work out all right. Not only have we known each other for a long time, but you make it a point to be approachable and are easy to work with.

Masai I go by your office all the time because we're on the same floor, and I'm always stepping in to talk.

Maeda It seems like we discuss strategy a couple times every day.

Masai That's true! The scheme to get us to work closely together is working quite well.

Combining strengths to boost brand value How do you view the markets and what are the challenges that lie ahead?

Masai The AminoScience business is expanding, particularly in the healthcare and specialty chemicals segments. Overseas, the food products business is growing, but in Japan the lack of population growth and slow economic growth over the past several years is making it very difficult to expect sales growth.

Maeda The food products business is so broad and vast that it should steadily expand in countries where the



population is growing. There are some risks, however. The steep rise in raw material prices is certainly a headwind. At the same time, the AminoScience business is growing because we are taking a “narrow and deep” approach. We know that we create value by digging deep into a limited market.

Masai I think the challenge for the AminoScience business is to enhance its brand value. The food products business is mainly a BtoC operation, so it has focused on branding, but the AminoScience business is primarily a BtoB operation and has not developed its branding as much.

Maeda People choose brands because they remember them as being reliable or having a good reputation, or quite simply, because they just like them. The AminoScience business definitely has brand power, which you can tell from its high number of clients. What we need to do is translate that power into an asset, like a product or service brand or a corporate brand. Conversely, the food products business targets an unspecified number of customers, which could actually have the effect of weakening the brand value. I think it would be prudent for both businesses to be aware of who their core customers are, so we are sure to appeal directly to them.

Masai One of the characteristics of the Group is that we have both BtoC and BtoB businesses. The BtoB operations create unique customer assets and form direct and close relationships with clients. I think we should develop our branding to take full advantage of both types of business.

Integrating human resources and other intangible assets

What are your main areas of focus going forward?

Maeda The main focus is on integrating the two businesses, especially the intangible assets of our human resources and expertise. Since we’re fundamentally a manufacturing operation, we also need to make 120% use of our equipment and other tangible

assets. If done properly, though, intangible assets can magnify our value by 10 or even 20 times.

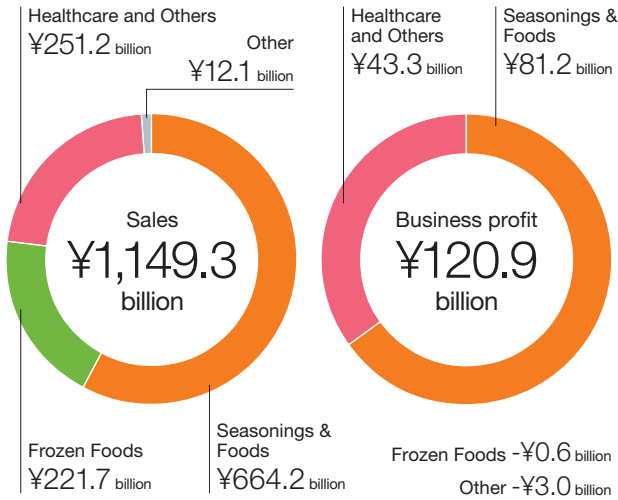
Masai I agree. Human resources are the foundation for creating value in all of our businesses. I haven’t had many opportunities to work with the people in the domestic food business, but I’m impressed by the number of talented people it has. I think that the capabilities of the younger generations of employees are one of the keys to growing the food products business in Japan. Young people generate ideas that I would never have come up with. They also have access to a huge amount of data. I would really like our drive to increase our workplace diversity to include creating a structure that incorporates ideas from people across age groups as well.

Maeda The AminoScience business is also flush with talent, and the conviction of their opinions is admirable. I would like to see more people gaining experience, both successes and failures, including outside the Company and global field, because staff with a broad mix of direct experience expands the potential of both the person and the Company.

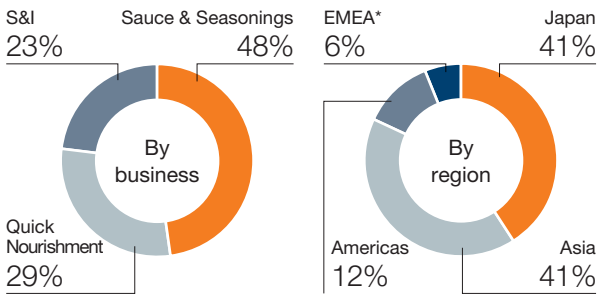
Masai Deepening the understanding between the two businesses will also be important. For example, I would like people on the food products business side to know about amino acids, not just how they function but also their usefulness and potential. I also think we can learn much from the Group’s history. That’s the message I would like to convey to everyone—know our history, look at the present from the perspective of a professional, and envision the future.

Maeda I believe when everyone is gaining and learning from a wide range of knowledge and engaging in healthy and open dialogue with other departments, we can create even more interesting and even more unique value. The integration of the food products and AminoScience businesses promises great potential for the Ajinomoto Group.

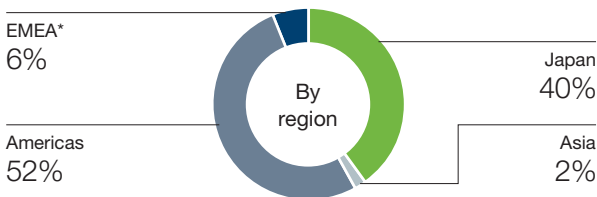
Fiscal 2021 sales and business profit



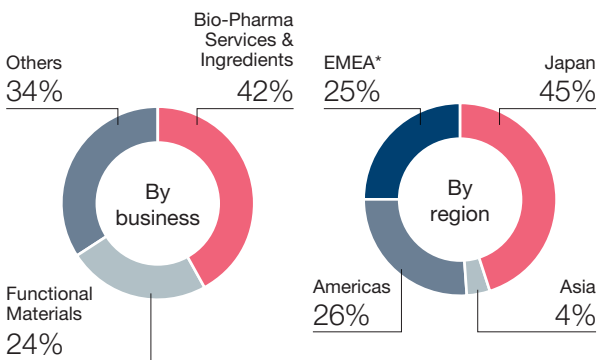
Sales composition of Seasonings & Foods



Sales composition of Frozen Foods



Sales composition of Healthcare and Others



* EMEA: Europe, the Middle East, and Africa

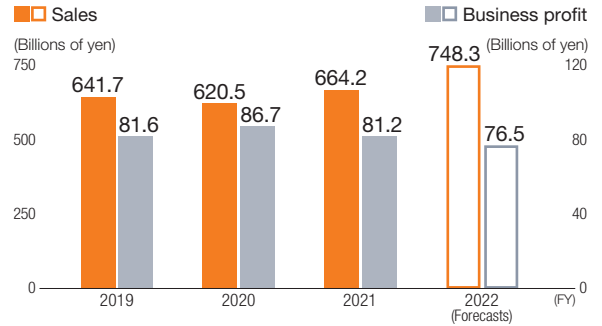
Seasonings & Foods

- Core businesses included in this segment
- Sauce & Seasonings
 - Quick Nourishment
 - Solution & Ingredients (S&I)

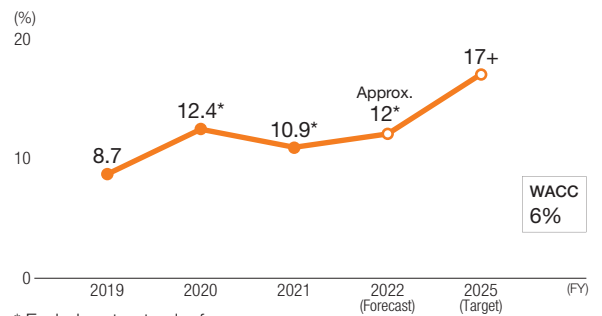
Fiscal 2021 results

Overall sales increased, but business profit declined. Sales increased year on year primarily because of strong sales of home-use products, mainly overseas, and a partial recovery in sales of restaurant and industrial-use products, which were affected by COVID-19 in the previous fiscal year. Business profit declined over the previous fiscal year owing to rising fuel and raw material prices despite increased overseas sales and the effect of currency translation.

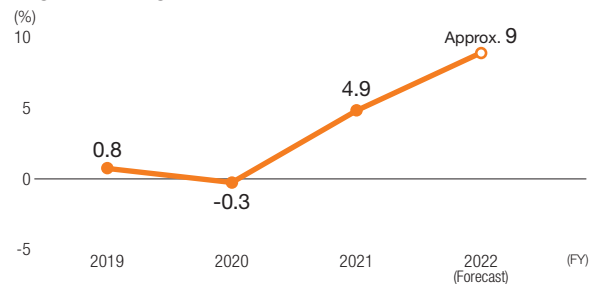
Sales and business profit



ROIC



Organic sales growth



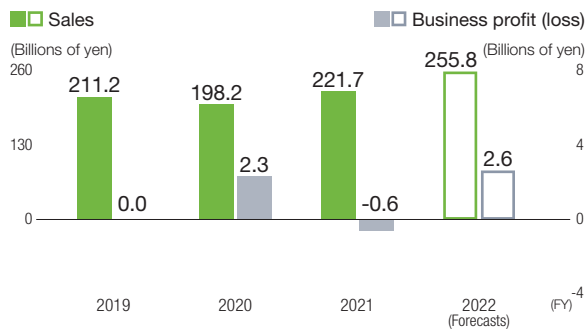
Frozen Foods

Fiscal 2021 results

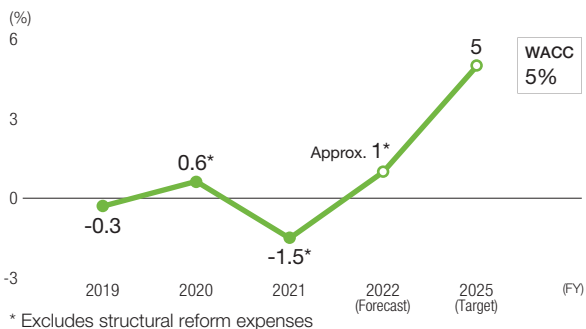
Overall sales increased, but business profit declined. Sales rose year on year primarily as a result of an increase in overseas sales and the effect of currency translation.

Business profit declined year on year as a result of the rising cost of raw materials inputs in North America and others.

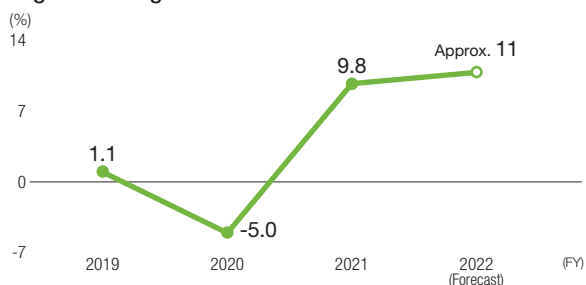
Sales and business profit (loss)



ROIC



Organic sales growth



Healthcare and Others

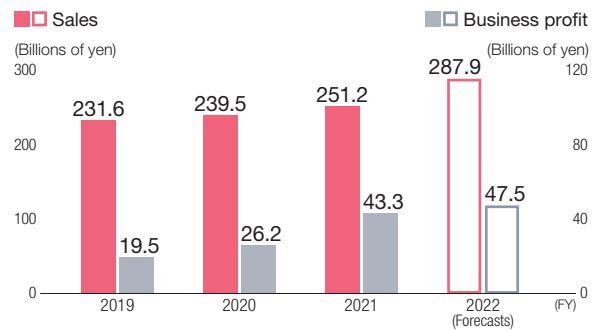
Core businesses included in this segment

- Healthcare
- Electronic Materials

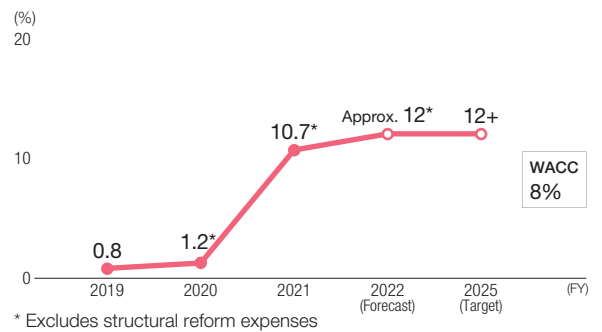
Fiscal 2021 results

Overall sales and business profit both increased. Sales increased year on year owing to an increase in revenue of Bio-Pharma Services & Ingredients and Functional Materials. Business profit increased over the previous fiscal year because of the increase in sales.

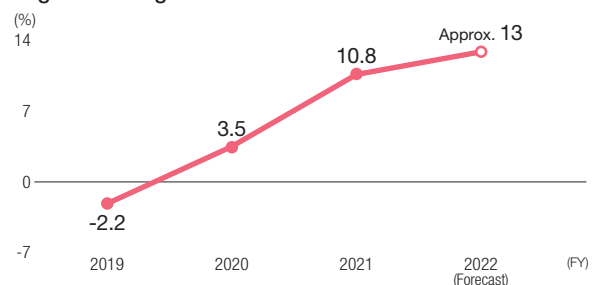
Sales and business profit



ROIC



Organic sales growth



Creating social and economic value with our core businesses

We are contributing to solutions to social and environmental issues through our broad global business portfolios spanning food and healthcare while addressing the diversification of consumer lifestyles and values as well as changes in their preferences.

Sauce & Seasonings

Opportunities and risks

In Japan, as life “with COVID-19” has become the normal state and vaccinations have progressed, the food service industry partially recovered in fiscal 2021, and while home-use demand remained high, it did decline slightly. We must keep a close watch on the impact of spreading COVID-19 infections in fiscal 2022 and beyond.

Overseas, again in fiscal 2021, primarily in the core countries where we market our products, governments repeatedly tightened restrictions due to the spread of COVID-19, which shrank the market slightly overall for both home-use and the food service industry. Since fiscal 2022 began, some countries’ restrictions have gradually eased, and while a full market recovery will likely require some time, we anticipate that the overall market for both home-use and food service industry will see steady growth.

In fiscal 2022 and beyond, especially in the core countries where we market our products, the shift will continue to the convenience products area, featuring items like menu-specific seasonings. Also, demand is rising for high-value-added products such as those that are environmentally conscious or have health value, and we perceive this as a business expansion opportunity.



Umami seasoning

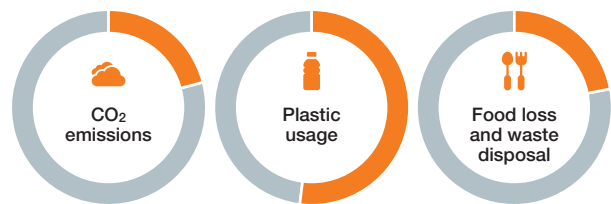


Chinese seasoning

Social value

- By proposing “delicious salt reduction” using umami and soup stock, we contribute to resolving nutritional issues globally
- By reducing the amount of plastic used, such as thinner product packaging, we contribute to resolving environmental issues globally

Sauce & Seasonings environmental footprint in relation to the core businesses (approx. ratios)



* The percentage calculations include figures representing a proportion of production volume and are meant to represent the general trend.

We anticipate that in addition to growth in the reduced-salt products market, demand for health information, such as cooking recipes relating to reduced-salt and increased vegetable intake, will increase even more. Meanwhile, costs for raw materials and fuel and packaging materials are facing unprecedented increases due to the impact of the Ukraine situation and abnormal weather conditions, among other factors. Increasing competition in acquiring food resources and a shortage in transport options are elevating risks on the procurement side as well, leading to expectations of continued harsh and uncertain conditions.

Growth strategies

In Japan, we will aim to expand sales by strengthening our brand through steps such as improving existing products and releasing products tailored to changing lifestyles, by further expanding sales channels, and by maximizing the effect of advertising and marketing through a combination of mass and digital communications. We will also strengthen our brand and maintain and build up a competitive edge by using Deliciousness Technologies, strengthening the development of unique ingredients,

Economic value

- Increase sales of high-value-added products (increase unit price)
- Reduce costs by reducing the amount of plastic used (improve ROIC)

and accumulating and using information on umami and salt reduction.

Overseas, in addition to improving the quality of our core brands, we will increase brand value by promoting environmental responsiveness and strengthening health value. In the traditional retail channels that constitute our main markets, we will be thorough about basic activities such as store displays and also build a scheme for accepting online orders. As well, we will aim to produce new sales by maximizing buying opportunities, such as

by trying our hand at new selling methods like online shops using owned media. We will respond appropriately to rising costs for things such as ingredients and packaging materials while keeping a close eye on market conditions. We will also aim for unit price growth by actively launching premium products and reduced-salt products, for example, and by expanding the proportion of sales accounted for by high-value-added product category items such as menu-specific seasonings and cooking sauces.

Quick Nourishment

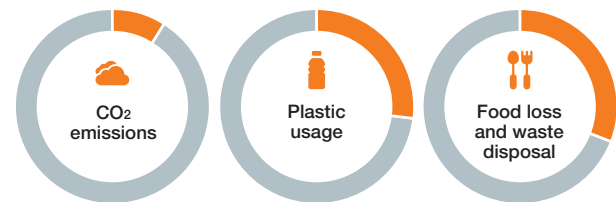
Opportunities and risks

The soup market in Japan continued to expand in fiscal 2021. In terms of coffee, although dried products for home-use had a strong showing, restaurant and industrial-use demand decreased. As demand for immediate/convenience meals, and an awareness of health and nutrition, are increasing under the “new normal” of life “with COVID-19,” demands relating to mental health are also forecast to continue growing in fiscal 2022 and beyond. Moreover, as people’s tastes and purchase channels, such as for premium and personal items, become increasingly diverse, we believe the e-commerce/home delivery market in particular will continue to grow.

Overseas, the instant noodles market has grown in Thailand, Europe, and South America, but rising prices for wheat and palm oil are pushing up costs tremendously. The drink market shrunk in Thailand, a major country for the Ajinomoto Group, due to a decline in drinking opportunities for ready-to-drink products during the COVID-19 pandemic, but this is recovering in fiscal 2022. While reduced-sugar and no-sugar products are doing well due to increasing health consciousness, there are noticeable changes in consumer preferences due to factors such as urbanization, as well as heightened expectations for high-quality products.

Meanwhile, because of continuing poor harvests due to climate change as well as price increases of main raw

Quick Nourishment environmental footprint in relation to the core businesses (approx. ratios)



* The percentage calculations include figures representing a proportion of production volume and are meant to represent the general trend.

materials and fuels, there will likely be an impact as energy and distribution costs remain high. It is also imperative that we flesh out our efforts to address the issue of marine plastics and the sustainable procurement of palm oil in light of a heightened awareness of ethical consumption.

Growth strategies

We are setting 1) ROIC improvement from organic sales growth and structure reinforcement, 2) Optimization of business portfolio, 3) Business expansion in the Health and Nutrition area and, 4) Elaboration on target users and promotion of “New ways of delivery” as the four pillars of our growth strategy. In particular, we will prioritize product development and communications that promote the provision of solutions for consumer issues in the health and nutrition areas.

Based on increased sales of our core soup products, in Japan we are amplifying our product categories, as well as improving the nutritional value and ease of preparing products in response to people’s diversifying preferences and behavioral changes. We are also striving for an increase in quantity and unit price growth by promoting our products’ premium value. For coffee, we will be appealing to its health value, and making it premium, among other tactics, to convert it to a value-added business.

Overseas, we will utilize the Ajinomoto Group’s unique technological capacity and wisdom to strengthen



No-sugar coffee drink



Instant noodles

our product power. With regard to instant noodles, in Thailand we will increase sales by addressing the demand for reduced salt and increasing our premium items, in addition to striving to export to more countries, especially in the European market. In ready-to-drink products,

we will expand our market share with reduced-sugar and no-sugar products in Thailand's No. 1 brand, *Birdy*®, and actively conduct marketing activities that will strengthen engagement with the younger demographic groups in an effort to strengthen our brand power.

Social value

- By offering delicious products both in Japan and overseas that are easy to prepare and that facilitate salt reduction and the intake of protein and other nutrients, and contribute to resolving health issues that arise from dietary habits and lifestyles
- Reduce food loss and waste by improving the canned coffee production process in Thailand

Economic value

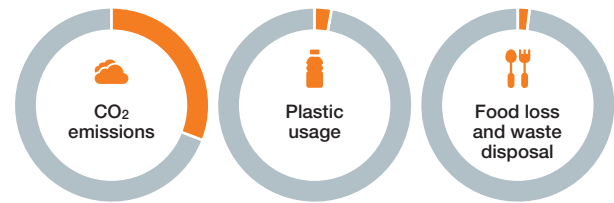
- Increase sales of high-value-added products (increase unit price)
- Cut costs (improve ROIC)

Solution & Ingredients (S&I)

Opportunities and risks

With regard to the restaurant and industrial-use business in Japan, the COVID-19 pandemic's impact on the food service industry led market conditions to alternate between periods of recovery and periods of worsening. Amid these circumstances, the scale of the food service industry is shrinking and people's mindset is also changing. For example, a heightened awareness of health and nutrition is pushing up demand in the reduced-salt and reduced-sugar areas as well as that of meat alternatives, which presents the Ajinomoto Group with an opportunity to offer solutions. We expect restaurant and convenience store demand in office areas to continue declining to a certain

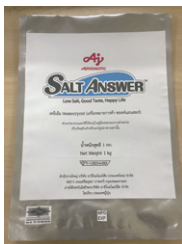
Solution & Ingredients environmental footprint in relation to the core businesses (approx. ratios)



* The percentage calculations include figures representing a proportion of production volume and are meant to represent the general trend.

extent in fiscal 2022 and beyond, but we believe that in the medium and long term the market for both home-use and the food service industry will return to steady growth.

As for umami seasonings for processed food manufacturers, both in Japan and overseas, there are increases in energy costs due to the situation in Ukraine, price increases in the main and auxiliary raw materials for fermentation as well as in cooking oil, and increases in distribution costs, and these trends are forecast to continue in fiscal 2022. Meanwhile, demand for MSG and nucleotide seasonings will likely remain firm in its



Low-salt savory seasoning



Rice husks used in biomass cogeneration systems

Social value

- Contribute to changes in the tastes of consumers worldwide, diversification of food, and the effective utilization of food resources through the provision of solutions rooted in each area for the improved taste/flavor/texture of foods in a collaborative effort with customers globally
- Introduce new technology and switch fuels to further reduce the amount of CO₂ emitted during amino acid/MSG production
- Improve soil fertility and productivity of agriculture by supplying highly nutritional fertilizers made from by-products of amino acid production

Economic value

- Increase sales by providing high-value-added products and services (increase unit price)
- Reduce manufacturing costs (improve ROIC)
- Increase sales by commercializing and selling by-products (improve ROIC)
- Steady procurement of raw materials (improve ROIC)

recovery from the pandemic crisis, and we expect the organic sales growth rate in the Asian and African MSG markets in particular to drive growth overall.

Growth strategies

In the restaurant and industrial-use business, we will pair unique products such as savory (*kokumi*) seasonings with the technology and expertise we have cultivated thus far, and will brush up our ability to offer solutions that address customers' concerns, primarily in the reduced-salt, reduced-sugar, and plant-based meat alternatives areas, where further increase in growth is forecast. In addition, in Japan, we will actively share with customers and users of new restaurants and of food services for elderly care

facilities, etc., information including our expertise and "Delicious salt reduction" and other materials that contribute to nutritional improvement. We will also work on structural reform by engaging in collaborative value creation with startups that are adapting to new dining trends and diversifying eating habits. Also, we will proceed to expand our business overseas by enriching our selection of high-value-added products in North America and other key areas.

In terms of umami seasonings for processed food, we will strive for thorough improvement in asset efficiency and work to reduce costs as well as further reduce CO₂ emissions by increasing productivity and optimizing supply chain management. Meanwhile, we will also create new demand by promoting salt reduction by using umami.

Frozen Foods

Opportunities and risks

With the rise in at-home dining demand, the home-use market in Japan increased again in fiscal 2021, whereas despite a trend toward recovery, the food service industry remained sluggish due to effects of the COVID-19 pandemic. It is anticipated that in fiscal 2022, the home-use market will continue to grow, while in the restaurant and industrial-use market, demand for eating out will not yet see a full recovery.

Due to this increase in eat-at-home opportunities, we anticipate a further increase in the home-use market in demand for individual diets and easy-to-prepare, time-saving foods and in health/nutrition needs with an emphasis on nutritional balance. In the food service industry as well, as restaurants cope with labor shortages and food loss and waste, we expect more extensive use of ready-made frozen foods.

In North America, in addition to a recovery in demand



Gyoza sold in Japan

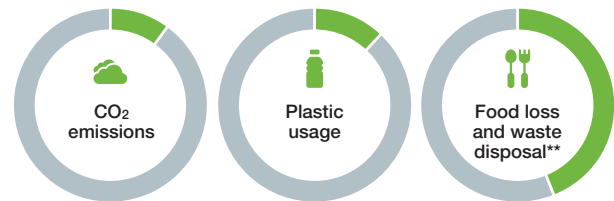


Gyoza sold in the United States

Social value

- In addition to offering our basic values of delicious, easy-to-prepare, and affordably priced foods, we also meet personal needs such as salt reduction, anti-allergen, and individual diets, contributing to people's mental and physical health
- Reduce food loss and waste throughout the supply chain from the acceptance of raw materials to delivery to customers

Frozen Foods environmental footprint in relation to the core businesses (approx. ratios)



* The percentage calculations include figures representing a proportion of production volume and are meant to represent the general trend.
 ** As frozen foods use unprocessed raw materials, the food loss during the manufacturing process is structurally higher than that of other segments.

for eating out in fiscal 2021, demand for home-use products, primarily Asian food, remained robust. In fiscal 2022 as well, due to lifestyle changes, we expect e-commerce and delivery to grow, health consciousness to rise further, and demand for Asian food to continue to increase. However, as a risk factor, rapid increases are anticipated worldwide in raw materials, distribution, and labor costs due to the effects of the Ukraine situation.

Growth strategies

In Japan, we will strive to increase home-use product

Economic value

- Expand sales of high-value-added products (increase unit price)
- Gain sympathy for initiatives (organic sales growth), cut costs (improve ROIC)

sales by concentrating on the high-value-added products area. For our flagship *gyoza* (Japanese-style dumplings), we will maintain our No. 1 position in the market by engaging in strategic marketing investment and expanding our lineup. We will also continue strengthening our offering of high-value-added products that enhance the value of mental and physical health (outstanding deliciousness, fun of cooking, health/nutrition), as well as increasing the unit price. To cope with the wildly changing market environment, in addition to existing channels, we will also strengthen efforts in growing channels such as

e-commerce, delivery, and takeout.

Overseas, we will focus on expanding our core segments, such as Asian products. We will also strengthen efforts in e-commerce and delivery channels, where demand is growing, and accelerate our response to the demand for health value-added products. As well, we actively work to reduce CO₂ emissions through energy-saving measures, reduce plastics by using paper packaging material, and reduce food loss and waste throughout the supply chain from the acceptance of raw materials to delivery to customers.

Healthcare

Opportunities and risks

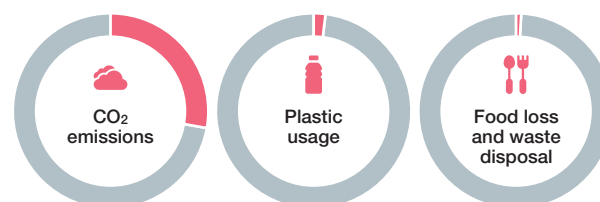
Demand is growing worldwide in the market for amino acids for pharmaceuticals and foods, and steady growth is forecast to continue. The demand for high-quality amino acids centering on the biopharmaceuticals business in particular is growing, and we anticipate that we will need to set up a system for continuous, increased production. Also, since development is proceeding on antibody drugs and biosimilars (follow-on biologics), strong growth is expected to continue in the culture media market for biopharmaceuticals, and we believe development of high-performance culture media will be a key issue for meeting unmet needs for increasingly diverse drugs.

A steady growth trend is continuing in the contracted pharmaceuticals manufacturing services market. As pharmaceutical modalities become more diverse, biopharmaceuticals such as oligonucleotide therapeutics and next-generation antibody drugs are leading growth in



Culture media for regenerative medicine

Healthcare environmental footprint in relation to the core businesses (approx. ratios)



* The percentage calculations include figures representing a proportion of production volume and are meant to represent the general trend.

the overall market, and among them, the market for oligonucleotide therapeutics is becoming increasingly brisk, with new drugs being approved in rapid succession. On the other hand, small-molecule drugs, which account for the majority of the market, underpin the market's steady growth, and anticancer drugs and other highly active bulk drugs in the cancer drug area are expected to spark a trend in small-molecule drug development. However, we must keep a close watch on factors such as distribution delays and the skyrocketing costs of raw materials and fuel stemming from the Ukraine situation.

Growth strategies

In amino acids for pharmaceuticals and foods, we will establish a supply system to meet the strong demand, and will continue to steadily supply high-quality products with full traceability and pursue added value through

Social value

- Introduce new technology and switch fuels to reduce the amount of greenhouse gasses emitted in the amino acid production process
- Through amino acids for medical purposes, medical diets, and our contracted pharmaceuticals manufacturing services, contribute to improving QOL for patients and people with health issues

Economic value

- Reduce manufacturing costs (improve ROIC)
- Increase demand (organic sales growth)

proper compliance with regulations. We will meet customers' needs in the biopharmaceutical culture media segment through the expertise in culture media composition that we have cultivated as the world's top amino acid manufacturer, as well as through the steady supply of high-quality amino acids. In addition, we will aim to acquire new customers by establishing a meticulous support service and diversifying our pipeline. Also, in the area of culture media for regenerative medicine, there are still many issues to be resolved in various advanced fields for the practical application of regenerative medicine, but we will continue to respond with the necessary advanced technologies to realize such regenerative medicines.

Within Bio-Pharma Services, in the small-molecule drug segment, we will achieve steady growth based on

our strengths of proprietary expertise, a solid quality control system, and trusting relationships with customers. In the biopharmaceuticals segment, we will differentiate ourselves by leveraging the superiority of the Ajinomoto Group's proprietary pharmaceutical production technology, such as CORYNEX®, TALAMAX®, and AJICAP®, while also increasing our presence in the various markets for proteins such as antibodies and antibody drug conjugates. We will further refine our AJIPHASE® technology, a means of large-scale synthesis for oligonucleotide therapeutics, and organize a contracted oligonucleotide manufacturing system to meet the various needs of customers, from small volume to mass manufacturing, thereby raising the barriers to entry and enhancing our competitive edge.

Electronic Materials

Opportunities and risks

With digitalization picking up speed as a result of the COVID-19 pandemic, the fiscal 2021 global semiconductor market rose 126% year on year (in terms of monetary amount)^{*1}. The market continues to grow, particularly for data center servers and for networks.

Based on further spread and progress in the transition to 5G, demand is expected to continue increasing for a wide range of products relating to such things as networks, artificial intelligence (AI), and automated driving, and the average annual growth rate for the global semiconductor market (2021-2030) is projected at 7.9%^{*2}.

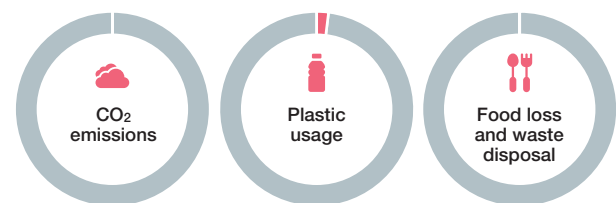
*1 World Semiconductor Trade Statistics (WSTS) (Spring 2022)

*2 World Semiconductor Trade Statistics (WSTS) (Spring 2022), Market research firm International Business Strategies, Inc. (IBS) (January 2021)



Ajinomoto Build-up Film® (ABF)

Electronic Materials environmental footprint in relation to the core businesses (approx. ratios)



* The percentage calculations include figures representing a proportion of production volume and are meant to represent the general trend.

Growth strategies

In the growing semiconductor market, we will engage in close communication with customers and swiftly put out products that meet their needs in order to reliably supply materials. In June 2022, our new R&D building was completed, and we installed the latest equipment and expanded our experimental trial space. Moving forward, we will further accelerate the development of materials for semiconductor packages, which increasingly involve micro wiring and are becoming larger and more multi-layered. Also, led by our core product Ajinomoto Build-up Film® (ABF), an interlayer insulating material for semiconductor packages, the Ajinomoto Group will apply our industry-leading technological development capabilities and advanced digital technologies to continue providing essential materials that contribute to creating an advanced IT society.

Social value

- IoT and AI, improve the performance of semiconductor package substrates and reduce energy consumption and CO₂ emissions by developing and supplying new magnetic materials

Economic value

- Increase demand (organic sales growth)

Reestablishing our strong growth and enhancing our corporate value

Tetsuya Nakano

Executive Officer & Vice President



Accelerating the rise in corporate value

In fiscal 2021, the Ajinomoto Group continued to advance structural reforms and concentrate investment in the core businesses toward fulfilling its vision for the Group in 2030. While the COVID-19 pandemic affected our earnings results, we raised ROIC to 7.9% and achieved organic sales growth of 6.8%. In fiscal 2022, we intend to offset the overall impact from the sharply rising raw material and fuel prices and to continue advancing

toward attaining the structural targets set in the Medium-Term Management Plan for ROIC of 8% and organic sales growth of 11%. Under the new management structure, we will transform to medium-term indicator management and evolve our financial capital strategy by applying our Speed Up x Scale Up management initiative to investing in non-tangible assets that will strengthen our business portfolio and accelerate our growth.

ROIC and organic sales growth

	FY2020-2022 Phase 1 Structural reform				FY2023-2025 Phase 2 Regrowth		FY2030 Target
	FY19 (Results)	FY20 (Results)	FY21 (Results)	FY22 (Forecasts)	FY22 (Targets*)	FY25 (Targets*)	
ROIC (excludes structural reform expenses)	3.0% (Approx. 6%)	6.9% (Approx. 8%)	7.9% (Approx. 8.5%)	8.0% (Approx. 9%)	8%	10-11%	13%
Organic sales growth (YoY)	0.3%	-0.6%	6.8%	Approx. 11%	4%	5%	5%

* Medium-Term Management Plan targets

Fiscal 2021 performance summary

- **Sales: ¥1,149.3 billion (+7.3% YoY)**

Overall sales increased on strong sales in the Seasonings & Foods and Frozen Foods segments for home-use products, particularly overseas, and improving sales for some food service products and industrial-use products from the low sales during the pandemic last year. Sales were also brisk in the Healthcare and Others segment for electronic materials and Bio-Pharma Services.

- **Business profit: ¥120.9 billion (+6.9% YoY)**

Overall business profit increased on a sharp rise in profit in the Healthcare and Others segment and despite the impact of higher raw material and fuel prices in the Seasonings & Foods and Frozen Foods segments.

- **Profit attributable to owners of the parent company: ¥75.7 billion (+27.4% YoY)**

The increase reflected the rise in business profit and others.

Fiscal 2022 performance forecast

- **Sales: ¥1,310.0 billion**

Overall sales are projected to increase on higher sales in all segments as we respond to cost inflation by quickly and aptly revising our product prices and increasing sales of value-added products.

- **Business profit: ¥124.0 billion**

Overall business profit is expected to increase on higher sales in the core businesses of the Healthcare and Others segment and the Frozen Foods segment, which are expected to offset the impact from higher raw material and fuel prices in the Seasonings & Foods segment.

- **Profit attributable to owners of the parent company: ¥77.0 billion**

Profit attributable to owners of the parent company is expected to increase along with the anticipated rise in business profit.

Priority KPIs: Fiscal 2022 forecast by segment

Segment	Organic sales growth			Unit price growth			ROIC				
	FY20 (Results)	FY21 (Results)	FY22 (Forecasts)	FY20 (Results)	FY21 (Results)	FY22 (Forecasts)	FY20*1 (Results)	FY21*1 (Results)	FY22*1 (Forecasts)	FY22 (Targets*2)	FY25 (Targets*2)
Seasonings & Foods	-0.3%	4.9%	Approx. 9%	2.8%	3.5%	Approx. 6%	12.4%	10.9%	Approx. 12%	12%+	17%+
WACC 6%											
Frozen Foods	-5.0%	9.8%	Approx. 11%	2.8%	7.8%	Approx. 12%	0.6%	-1.5%	Approx. 1%	1%+	5%
WACC 5%											
Healthcare and Others	3.5%	10.8%	Approx. 13%	-	-	-	1.2%	10.7%	Approx. 12%	10%+	12%+
WACC 8%											

*1 Excludes structural reform expenses *2 Medium-Term Management Plan targets

Steps to establish ROIC-oriented management

The Ajinomoto Group management and worksites are making an ongoing concerted effort to maintain and improve ROIC, and ensure it exceeds the cost of capital (WACC). Management seeks to continuously improve capital investment efficiency by effectively allocating management resources based on growth potential and efficiency. Autonomous management following an ROIC tree concept at our worksites enhances ROIC from a medium- and long-term perspective.

ROIC-oriented management



Business portfolio management

The Core Business Grand Design Committee, which was established under the Executive Committee in fiscal 2021, explores ways to improve the structure of businesses that are not fulfilling their growth and efficiency potential. The committee also backcasts from the vision for 2030 to determine specific targets and timelines for the six core businesses as well as the costs associated with their environmental footprint, such as from a carbon tax placed on greenhouse gas emissions.

During fiscal 2020 and 2021, we made steady progress with structural reforms, including reforming the animal nutrition business in Europe and some of the frozen foods business factories in Japan. The progress we made allows us to move up some of the reforms that we were planning for fiscal 2023 and later and to step up measures to improve our capital efficiency as we continue to work toward attaining the structural goals outlined in the Medium-Term Management Plan.

Utilizing an ROIC tree to raise value

The Ajinomoto Group is using an ROIC tree as a guide for autonomous worksite management to build a foundation for improving ROIC over the medium to long term. An ROIC tree provides management and worksites with visualization for KPIs that strongly affect earnings so they can quickly identify signs of performance fluctuations at an early stage.

The budget for fiscal 2022 introduces KPIs for each business that are incorporated into the ROIC tree, thereby enabling analysis of other companies in the same industry, time-series analysis, and management decisions about a business' portfolio. The ability of worksites to autonomously implement measures to improve ROIC will create a solid and dynamic foundation for enhancing the corporate value of the whole Group.

Applying rolling forecasts

Uncertainty in the business environment is rapidly growing as the conflict in Ukraine triggers soaring raw material and fuel prices and inflation takes hold around the world. Staying on top of earnings trends and taking quick action when needed is becoming increasingly important.

We responded to the situation in fiscal 2021 by adopting rolling forecasts for certain businesses and Group companies. Rolling forecasts allow us to revise our earnings outlooks in a timely manner, examine responses geared to emerging earnings trends, and speed up the processes of verifying the effectiveness of our responses. In fiscal 2022, we are introducing rolling forecasts to more businesses and Group companies as a core element of our Speed Up x Scale Up management initiative.

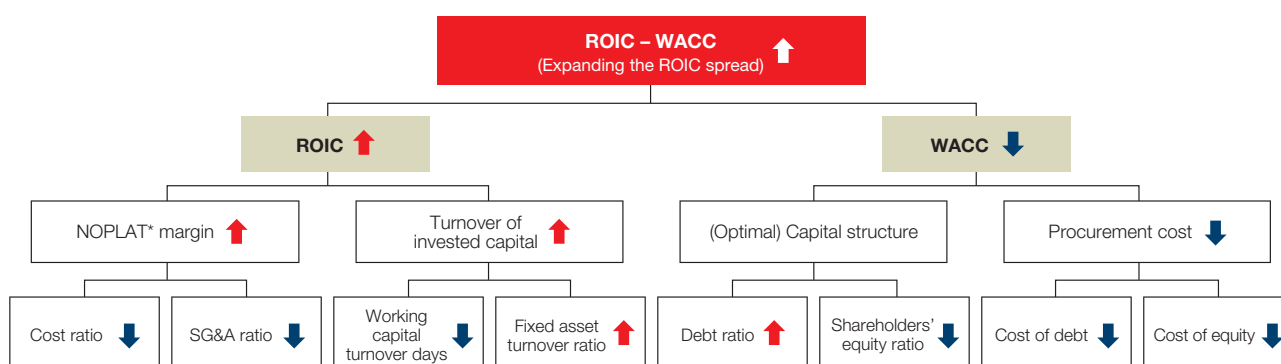
Measures to widen the ROIC spread

Enhancing corporate value requires raising ROIC, lowering WACC, and widening the difference between ROIC and WACC (ROIC spread). One of our financial capital strategies to lower WACC is to engage in sustainability finance, and in fiscal 2021 we issued the Group's first SDG bonds and entered a committed credit line agreement through a Positive Impact Finance* scheme.

When raising funds, we intend to actively integrate sustainability finance as a way to accelerate efforts in the finance field for realizing a sustainable society and reducing the cost of capital.

* A type of sustainability finance in which a company receives ongoing financial support linked to the social impact of a company's activities as assessed using an evaluation framework based on the Principles for Positive Impact Finance

Drivers for widening the ROIC spread



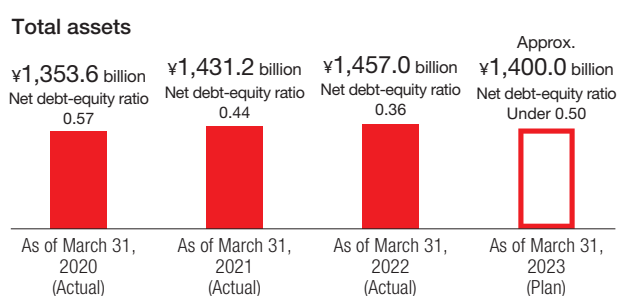
* Net operating profit less adjusted taxes

Balance sheet objectives

A key element to ROIC-oriented management is maintaining a sound balance sheet to support highly efficient capital investment.

Asset-light measures implemented in fiscal 2021 included trimming roughly ¥43 billion of our business asset holdings and reducing another ¥34 billion through resource allocation and selling cross-shareholdings for a total asset reduction amounting to ¥77 billion. Total assets increased in fiscal 2021, owing largely to currency translation effects, and we are continuing efforts to control the rise by applying our asset-light measures to trim ¥100 billion from total assets during the three-year period of fiscal 2020-2022.

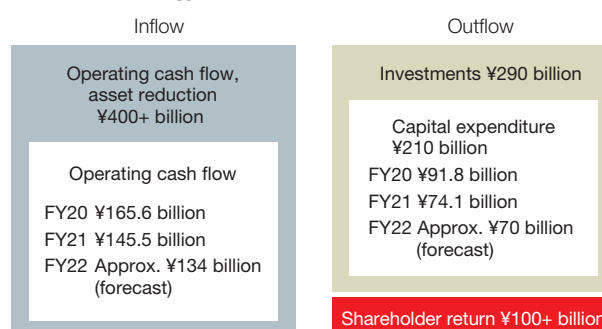
The net debt-equity ratio was 0.36 at the end of fiscal 2021, and we intend to hold it below 0.50 into the medium term.



Cash flow strategy

Operating cash flow amounted to ¥145.5 billion in fiscal 2021. We plan to generate total cash inflow exceeding ¥400 billion during fiscal 2020-2022, and continue to make it a priority management issue to increase cash flow creation output from fiscal 2022 onward. During the fiscal 2020-2022 period, over ¥100 billion has been budgeted for shareholder return.

Cash flow strategy for fiscal 2020-2022

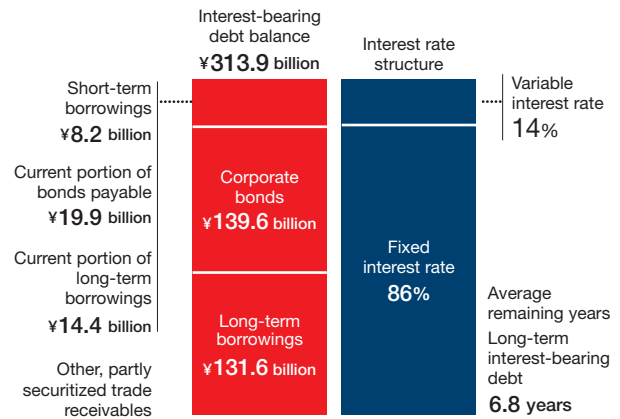


Responding to sudden unexpected market changes

To maintain our fundamental business stability, we are strengthening our financial capital strategy to better respond to rapid changes in raw material and fuel prices and currency translation as well as to changes in financial markets, such as fluctuating interest rates and financing conditions.

- Constructing a managerial accounting system and mechanisms for updating business forecasts to swiftly reflect the effects of raw material and fuel prices and exchange rates
- Establishing a cash management system to effectively utilize funds within a region and between regions around the world
- Using a variety of fund procurement methods, including corporate bonds, commercial papers, borrowing from financial institutions, and liquidating trade receivables; dispersing debt settlement dates; and setting up commitment lines for yen and foreign currencies as back up plans
- Forming Group policies and guidelines for financial activities, such as for using foreign exchange hedges

Interest-bearing debt balance by type of procurement (excluding lease liabilities) (As of March 31, 2022)



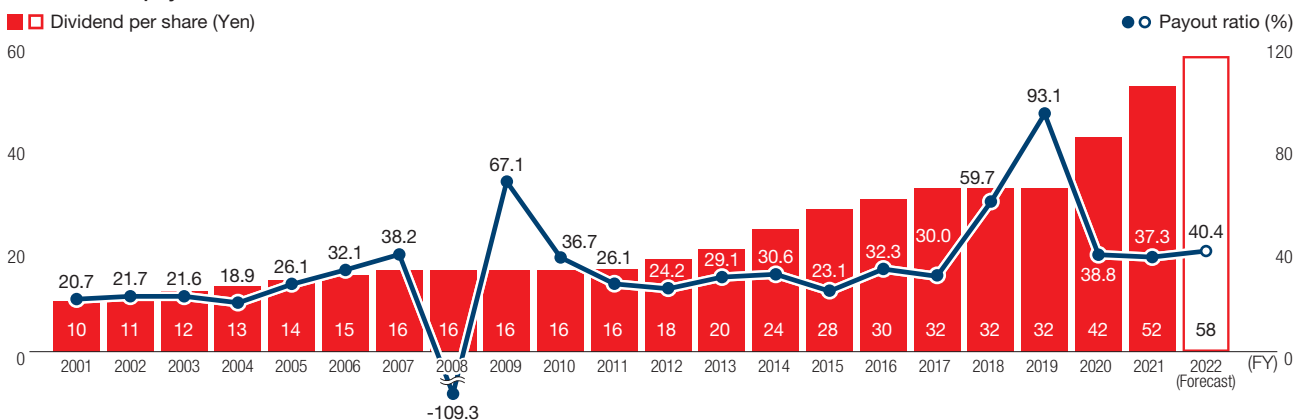
Shareholder return policy

Management's long-term objective is to steadily increase shareholder return while determining the best use of cash flow, such as the allocations for investment for business growth and funds for shareholder return for maximizing corporate value. During fiscal 2020-2022, we will use cash flow generated from increased sales and asset reduction for investment in business growth and over ¥100 billion allocated for shareholder return. Under the current plan,

management has increased the consolidated payout ratio target from 30% to 40% as it continues to work toward raising the consolidated total return ratio above 50%.

Management is aiming to enhance corporate value and provide total shareholder return exceeding TOPIX including dividends by increasing earnings per share and lifting ROIC above shareholders' equity cost over the medium to long term.

Dividend and payout ratio



Total shareholder return

Investment period	1 year	3 years		5 years		10 years	
	Cumulative/annual rate	Cumulative	Annual rate	Cumulative	Annual rate	Cumulative	Annual rate
Ajinomoto Co., Inc.	55.7%	103.6%	26.7%	66.9%	10.8%	264.6%	13.8%
TOPIX	2.0%	31.2%	9.5%	44.3%	7.6%	183.3%	11.0%
TOPIX Foods	0.6%	-3.2%	-1.1%	1.4%	0.3%	131.0%	8.7%