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# **Ajinomoto Co., Inc. (2802) Financial Results for Q3 of FY2021 (Ending March 31, 2022)**

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Executive Officer & Vice President**

**January 31, 2022**

Note: Business profit (consolidated) in this material:

Sales - Cost of sales - Selling expenses, Research & development expenses and General & administrative expenses + Share of profit of associates and joint ventures

## Today's Message

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- The third quarter also had increased sales and profit.
- Despite the ongoing impact of increased costs for raw materials, logistics, personnel, etc., we are controlling selling, general and administrative expenses while maintaining the GP margin by steadily increasing prices. We are working to strengthen profitability from the next fiscal year onward as a step-by-step measure to address the cost increases.
- Structural reform will continue in the fourth quarter and after. We will accomplish the Phase 1 goals of the MTP.
- The FY2021 full-year forecast remains unchanged. (No revision)
- The share repurchase announced on May 10, 2021 reached the maximum amount of ¥40 billion by January 31, 2022, as scheduled, and is completed. All repurchased shares are scheduled to be retired within the fiscal year.

## Third Quarter Financial Results Digest

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- In the third quarter, sales increased by ¥20.4 billion and business profit increased by ¥1.0 billion yen.  
Cumulatively, sales increased by ¥59.2 billion and business profit increased by ¥8.4 billion.
- While sales increased in major segments, business profit declined in Seasonings and Foods and in Frozen Foods due to the ongoing impact of increased costs of raw materials, logistics, personnel, etc.
- In Healthcare and Others, business profit increased under continued strong performance in Functional Materials, etc.
- In the Other segment, losses were recorded due to structural reform.

## Cumulative Summary as of the Third Quarter (April-December)

Sales: ¥854.2 billion (107.5% of FY2020 results; excluding currency translation: 105.0%)

Business profit: ¥108.4 billion (108.4% of FY2020 results; excluding currency translation: 105.8%)

### 1. Sales: **Increased**

- Sales increased overall and in all major segments.

### 2. Business profit: **Increased**

- Sales increased in Seasonings and Foods and in Frozen Foods, but profit decreased due to increased costs of raw materials, strategic use of marketing costs, and other factors. In Healthcare and Others, profit increased due to strong performance in the Functional Materials business and the Bio-Pharma Services & Ingredients business.
- In the Other segment, losses were recorded due to structural reform.

### 3. Profit attributable to owners of the parent company: **Significant increase**

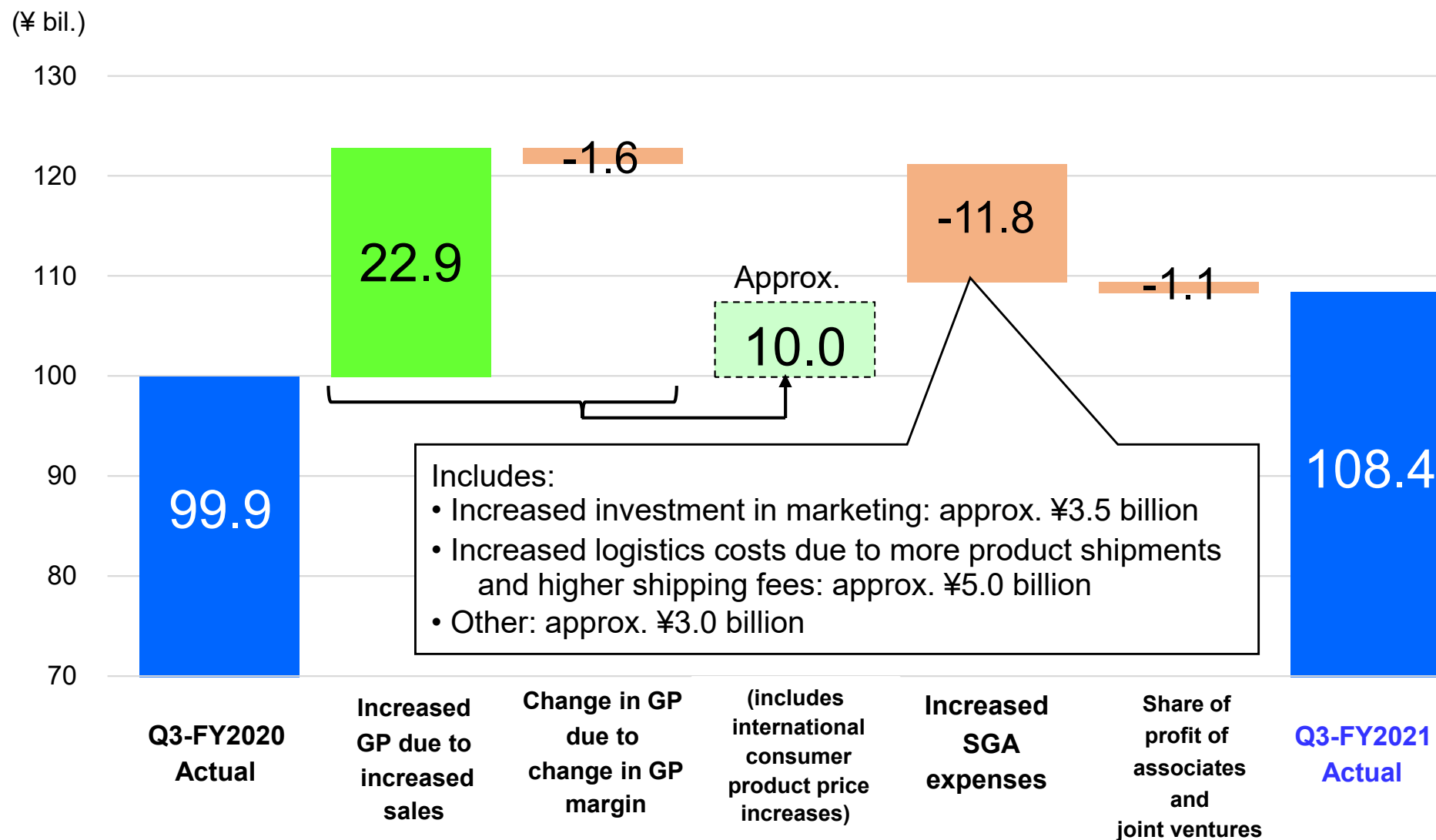
- Large increase in profit due to the sale of assets but plan to list some structural reform costs in the fourth quarter.

(¥ billion)	Q3-FY2021 Actual (A)	Q3-FY2020 Actual (B)	Difference (A)-(B)	YoY (A)/(B)
Sales	854.2	794.9	59.2	107.5%
Business profit	108.4	99.9	8.4	108.4%
Profit attributable to owners of the parent company	81.5	62.6	18.8	130.1%



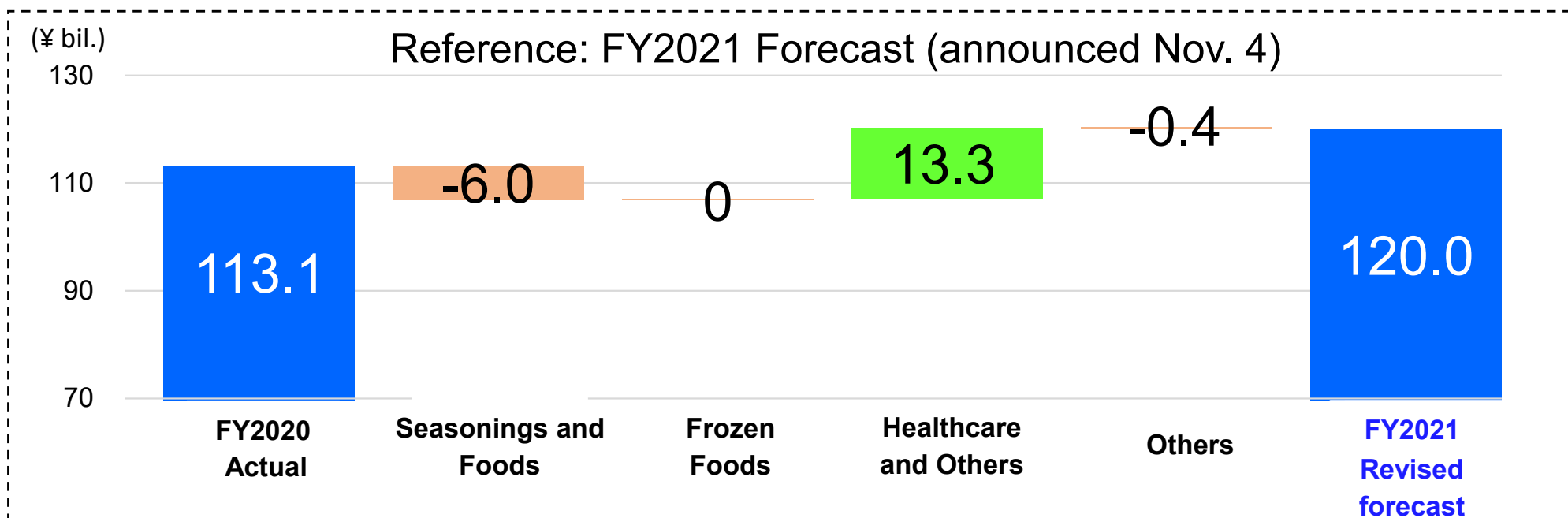
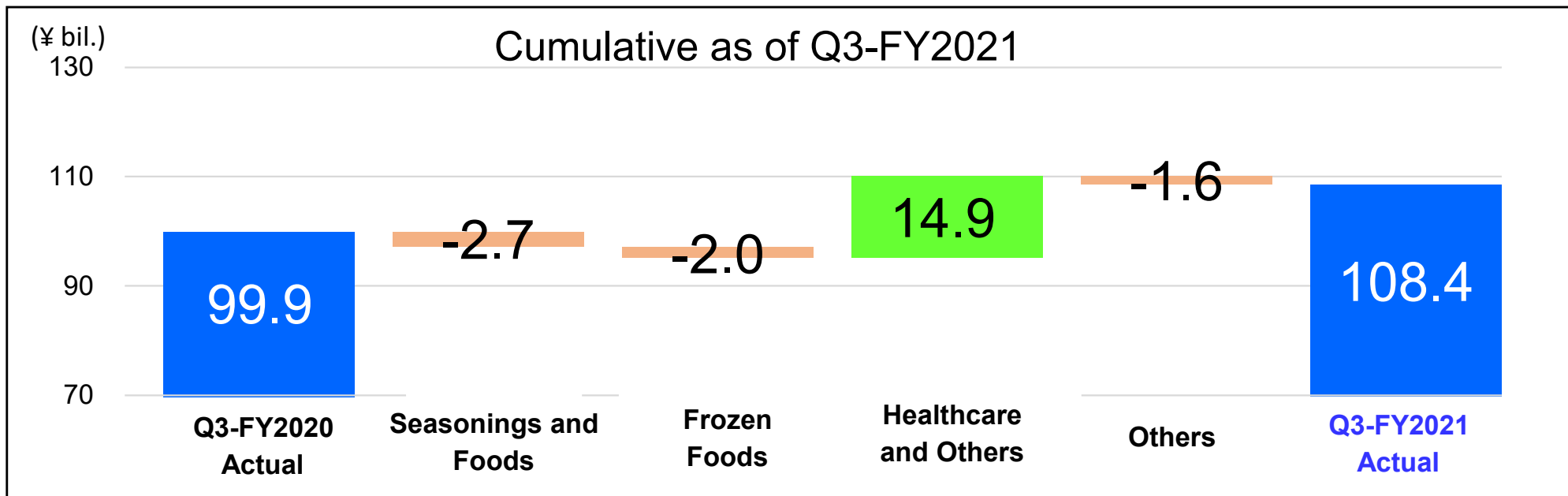
## Changes in Business Profit (Cumulative Results by P&L Factor)

Includes:  
 Cost increases for raw materials and fuel, and food ingredients: -¥4.5 billion (net impact)  
 Currency translation: +¥2.6 billion





# Changes in Business Profit (by Segment)



# Third Quarter Summary

Sales: ¥303.9 billion (107.2% of FY2020 results; excluding currency translation: 104.1%)

Business profit: ¥39.1 billion (102.8% of FY2020 results; excluding currency translation: 100.0%)

## 1. Sales: **Increased (up ¥20.4 billion)**

- Sales increased, led overall by Sauce & Seasonings overseas, Solutions & Ingredients, Frozen Foods overseas, Functional Materials, Bio-Pharma Services & Ingredients, etc.

## 2. Business profit: **Increased (up ¥1.0 billion)**

- Profit increased due to significant increase in Healthcare and Others and somewhat due to currency translation, despite decreases in Seasonings and Foods and Frozen Foods.

(YoY Business Profit Details – Summary)

(¥ billion)

	vs Q1-FY20	vs Q2-FY20	vs Q3-FY20	vs Q3-FY20 Cumulative
Change in GP due to decreased sales	11.0	4.0	8.0	23.0
Change in GP due to change in GP margin	-0.5	1.0	-2.0	-1.5
Change in SGA expenses	-6.5	-2.5	-3.0	-12.0
Share of profit of associates and joint ventures	1.0	0.0	-2.0	-1.0
<b>Total</b>	<b>5.0</b>	<b>2.5</b>	<b>1.0</b>	<b>8.5</b>

(Reference)

	vs Q1-FY19	vs Q2-FY19	vs Q3-FY19	vs Q3-FY19 Cumulative
	4.5	2.0	5.5	12.0
	7.0	3.5	0.5	11.0
	-0.5	1.0	-1.0	-0.5
	0.5	3.5	-1.5	2.5
<b>Total</b>	<b>11.5</b>	<b>10.0</b>	<b>3.5</b>	<b>25.0</b>

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- **Forward-looking statements, such as business performance forecasts, made in these materials are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.**
- **This material includes summary figures that have not been audited so the numbers may change.**
- **Amounts presented in these materials are rounded down.**



## Cumulative Sales and Business Profit by Segment as of the Third Quarter

(¥ Billion)	Q3-FY21 Cumulative (A)	Q3-FY20 Cumulative (B)	vs Prev. year (A)/(B)	Summary	vs FY19
<b>Sales</b>	854.2	794.9	107%	<ul style="list-style-type: none"> <li>• Sales increased overall in Seasonings and Foods, mainly through growth in Sauce &amp; Seasonings overseas, umami seasonings for processed food manufacturers, and sweeteners.</li> <li>• Frozen Foods grew and sales increased mainly due to continued demand in North America and increased unit prices.</li> <li>• Sales increased in Healthcare and Others mainly due to growth in Functional Materials, Bio-Pharma Services, and amino acids for pharmaceuticals and foods.</li> </ul>	103%
Seasonings and Foods	497.8	468.3	106%		102%
Frozen Foods	165.5	149.6	110%		105%
Healthcare and Others	181.9	167.4	108%		107%
Other	8.9	9.5	93%		81%
<b>Business Profit</b>	108.4	99.9	108%	<ul style="list-style-type: none"> <li>• Business profit decreased in Seasonings and Foods due to the impact of increased costs, such as of raw materials, and the launch of a new Quick Nourishment factory in Japan, despite increased business profit in Sauce &amp; Seasonings.</li> <li>• Business profit decreased significantly in Frozen Foods due to factors including the impact of increased costs in North America and strategic use of marketing expenses in Japan.</li> <li>• Business profit increased significantly in Healthcare and Others mainly due to the effect of increased sales in Functional Materials and cost reductions associated with structural reform in the animal nutrition business.</li> <li>• In the Other segment, losses were recorded due to structural reform.</li> </ul>	130%
Seasonings and Foods	74.1	76.9	96%		108%
Frozen Foods	1.9	4.0	49%		90%
Healthcare and Others	33.3	18.4	180%		270%
Other	-1.0	0.6	-		-

## Cumulative Sales and Business Profit by Region as of the Third Quarter

(¥ Billion)	Japan		Asia		Americas		EMEA		Other		Total	
	Q3-FY21 Cumulative	Change from Prev. year	Q3-FY21 Cumulative	Change from Prev. year	Q3-FY21 Cumulative	Change from Prev. year	Q3-FY21 Cumulative	Change from Prev. year	Q3-FY21 Cumulative	Change from Prev. year	Q3-FY21 Cumulative	Change from Prev. year
Sales	368.2	11.3	213.9	16.7	191.2	28.0	80.6	3.1	-	-	854.2	59.2
Seasonings and Foods	205.9	-3.0	205.2	18.3	58.9	7.9	27.7	6.3	-	-	497.8	29.5
Frozen Foods	68.2	-2.2	2.3	0.3	84.9	15.1	10.0	2.6	-	-	165.5	15.8
Healthcare and Others	85.3	17.4	6.3	-1.9	47.3	4.9	42.8	-5.8	-	-	181.9	14.4
Other	8.8	-0.6	0.0	0.0	-	-	0.0	0.0	-	-	8.9	-0.6
Business Profit	49.6	4.5	41.5	3.7	11.4	-2.1	5.7	2.3	-	-	108.4	8.4
Seasonings and Foods	31.7	-3.2	45.4	2.8	7.2	-2.6	2.9	0.3	-13.2	-0.0	74.1	-2.7
Frozen Foods	4.2	-0.4	0.8	-0.4	0.5	-1.6	0.4	0.4	-4.0	0.0	1.9	-2.0
Healthcare and Others	23.1	9.3	2.3	1.2	8.8	2.3	4.3	1.4	-5.3	0.4	33.3	14.9
Other	-0.0	-1.6	-0.0	-0.0	-	-	0.0	-0.0	-1.0	-0.0	-1.0	-1.6
Shared companywide expenses	-9.5	0.4	-6.9	0.0	-5.1	-0.1	-2.0	0.1	23.7	-0.4	-	-

## Profit at Specific Stages (YoY)

(¥ Billion); -: losses	Q3-FY21 Cumulative (A)	Q3-FY20 Cumulative (B)	Difference (A)-(B)	vs. Prev. year (A)/(B)	FY21 Forecast (C)	Progress (A)/(C)
Sales	854.2	794.9	59.2	107%	1,148.0	74%
Gross profit (Gross profit margin)	328.0 38.4%	306.7 38.5%	21.2	106%	436.5 38.0%	75%
Share of profit of associates and joint ventures	2.1	3.2	-1.0	66%	3.4	61%
SGA expenses (Ratio of SGA expenses to sales)	-221.7 25.9%	-209.9 26.4%	-11.7	105%	-320.0 27.8%	69%
Business profit	108.4	99.9	8.4	108%	120.0	90%
Other operating income & expenses	13.4	-1.7	15.1	-	-5.7	-
Impairment losses	-0.4	-0.6	0.1	78%	-	-
Operating profit	121.8	98.2	23.6	124%	114.3	106%
Financial income & expenses	-2.8	-2.2	-0.5	126%	-4.3	65%
Profit before income taxes	118.9	95.9	23.0	124%	109.9	108%
Income taxes (Tax rate: FY21 forecast 33.4%)	-32.4	-27.2	-5.1	119%	-37.0	87%
Profit (includes discontinued operations)	86.4	68.6	17.8	126%	72.8	118%
Profit attributable to owners of the parent company	81.5	62.6	18.8	130%	68.0	119%
Profit attributable to non-controlling interests	4.9	5.9	-1.0	82%	4.8	100%

# Addressing Inflation

In Seasonings and Foods and Frozen Foods, successive measures are being taken to counteract the ongoing impact of increased costs, such as for raw materials.

(Price actions in major countries of business: only executed and announced actions)

	H1-FY2021	H2-FY2021
<b>Sauce &amp; Seasonings</b>	<ul style="list-style-type: none"> <li>Indonesia (Umami seasonings, June and September)</li> <li>Brazil (Umami seasonings, July)</li> <li>Brazil (Flavor seasonings, July)</li> <li>Brazil (Menu-specific seasonings, July)</li> <li>Brazil (Cooking sauce, July)</li> <li>Japan (Mayonnaise, July)</li> <li>Philippines (Umami seasonings, September)</li> </ul>	<ul style="list-style-type: none"> <li>Brazil (Flavor seasonings, October)</li> <li>Indonesia (Cooking sauce, October)</li> <li>Philippines (Flavor seasonings, October)</li> <li>Philippines (Menu-specific seasonings, October)</li> <li>Indonesia (Menu-specific seasonings, December–January)</li> <li>Japan (Mayonnaise, March)</li> </ul>
<b>Quick Nourishment</b>	<ul style="list-style-type: none"> <li>Vietnam (Beverages, June)</li> <li>Brazil (Soup, July)</li> </ul>	<ul style="list-style-type: none"> <li>Japan (Home-use ground coffee, October)</li> <li>Brazil (Powdered beverages, November)</li> <li>Japan (Home-use ground and instant coffee, March)</li> </ul>
<b>S&amp;I</b>	<ul style="list-style-type: none"> <li>Japan (Mayonnaise, July)</li> <li>Overseas (Umami seasonings for processed food manufacturers, at appropriate time for distributors)</li> </ul>	<ul style="list-style-type: none"> <li>Japan (Umami seasonings for processed food manufacturers, for all customers, January)</li> <li>Overseas (Umami seasonings for processed food manufacturers, for global customers, progressively from January)</li> <li>Overseas (Sweeteners for processed food manufacturers, for global customers, progressively from January)</li> <li>Japan (Mayonnaise, March)</li> </ul>
<b>Frozen Foods</b>	<ul style="list-style-type: none"> <li>North America (Restaurant and industrial use, April and September)</li> </ul>	<ul style="list-style-type: none"> <li>North America (Home use, October)</li> <li>Europe (Home use / restaurant and industrial use, January–February)</li> <li>Japan (Home use / restaurant and industrial use, February–March)</li> </ul>



## Reference Links

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Ajinomoto Group IR

<https://www.ajinomoto.co.jp/company/en/ir/>

Ajinomoto Group Integrated Report 2021

<https://www.ajinomoto.co.jp/company/en/ir/library/annual.html>

Ajinomoto Group Medium-Term Management Plan

[https://www.ajinomoto.co.jp/company/en/ir/event/medium\\_term.html](https://www.ajinomoto.co.jp/company/en/ir/event/medium_term.html)

Ajinomoto Group IR Day

[https://www.ajinomoto.co.jp/company/en/ir/event/ir\\_day.html](https://www.ajinomoto.co.jp/company/en/ir/event/ir_day.html)

Ajinomoto Group Business Briefing

[https://www.ajinomoto.co.jp/company/en/ir/event/business\\_briefing.html](https://www.ajinomoto.co.jp/company/en/ir/event/business_briefing.html)