

Eat Well, Live Well.



Ajinomoto Co., Inc. (2802)

**Forecast for FY2023 (Ending March 31, 2024)
and Initiatives for Enhancing Corporate Value**

Taro Fujie

**Director, Representative Executive Officer,
President & Chief Executive Officer**

November 6, 2023



I. Summary Results for the First Half Ended September 30, 2023 and FY2023 Forecast

II. Initiatives for Enhancing Corporate Value

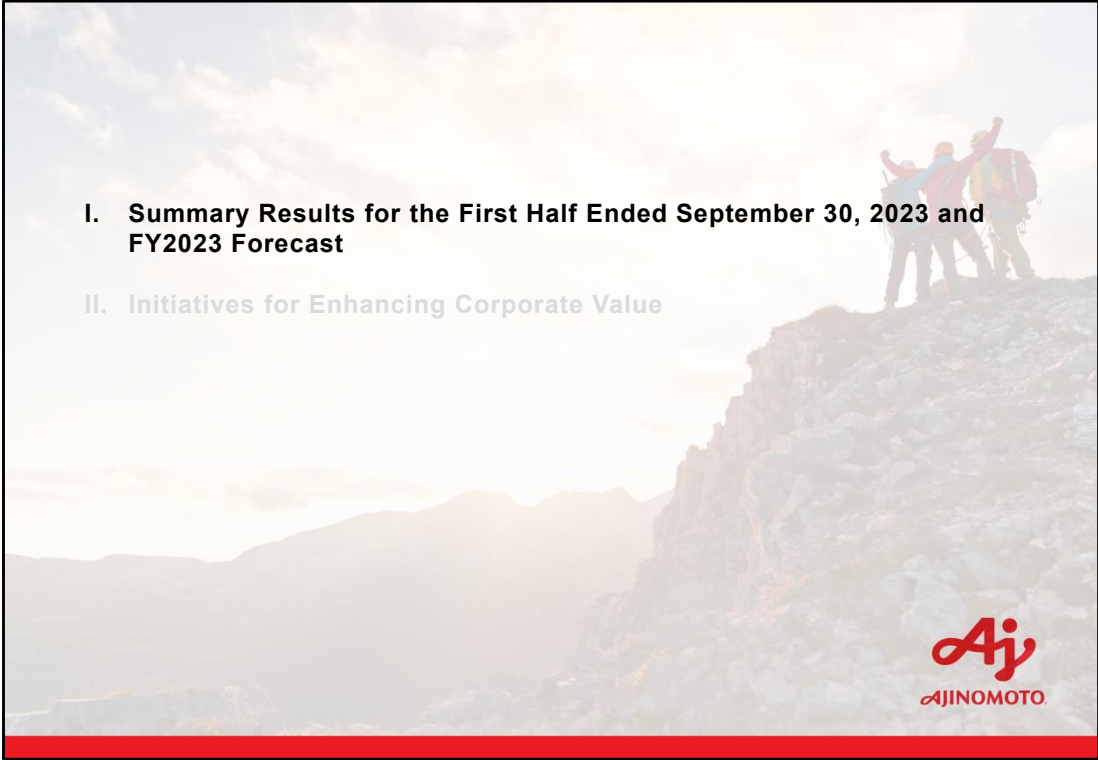
Reference Materials
Appendixes: Consolidated Results First Half Ended September 30, 2023
FY2023 Revised Forecast by Segment

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



Message from the CEO

- FY23 first half sales and business profit both set new records; FY23 revised forecasts for sales and business profit are maintained from the initial forecast, while profit attributable to owners of the parent company is revised upward to 100 billion yen.
- Profit margin has recovered significantly in Seasonings and Foods overseas, and the results of structural reform have become apparent in Frozen Foods in North America. This is mainly due to our quick actions (price changes) in FY2022 being successful.
- We raised unit prices and wanted to bring the quantities of Seasonings and Foods in Japan back to what they had been, but we weren't able to due to consumers' reactions to protect their lifestyles against increased costs.
We established Marketing Design Center and the ground to stand ready at bat (to launch new products) is just about done. We will take short-term and medium- to long-term actions solidly in place.
- A slower-than-expected recovery in the semiconductor market and inventory adjustments by clients that were greater than expected affected the performance of Healthcare and Others. However, the market is growing, and we are confident of a return to growth.
- The company is promoting the 2030 Roadmap working to enhance its corporate value by and continuing to refine it.
- Short-term measures are necessary for FY2024. By also promoting initiatives to lower the break-even point (concentration and reduction of SKUs, etc.), the company will steadily achieve FY2023 targets and double-digit growth in business profit for FY2024 in line with the roadmap.



I. Summary Results for the First Half Ended September 30, 2023 and FY2023 Forecast

II. Initiatives for Enhancing Corporate Value



I-1. Digest of First-Half Results



Sales: Increased
(New first-half record)

¥688.0 billion

104.3% of FY2022

Excluding currency translation: 100.8%

up ¥28.1 billion

The increase in Seasonings and Foods, and Frozen Foods covered the decrease in Healthcare and Others.

Business profit: Increased
(New first-half record)

¥76.5 billion

103.0% of FY2022

Excluding currency translation: 98.8%

up ¥2.2 billion

Profit increased primarily in Seasonings and Foods, and Frozen Foods, both overseas, with currency translation also contributing, offsetting the decrease in Healthcare and Others.

Profit attributable to owners of the parent company

¥46.4 billion

98.7% of FY2022

YoY Business Profit Details – Summary

(¥ Billion)	vs Q1-FY22	vs Q2-FY22	vs H1-FY22	Details of impacts in H1-FY23
Change in GP due to change in sales	6.5	3.5	10.0	The increase in revenue in overseas Seasonings and Foods and overseas Frozen Foods exceeded the decrease in revenue in Healthcare and Others
Change in GP due to change in GP margin	0.0	0.7	0.7	Improvement of the GP margin in overseas Seasonings and Foods and overseas Frozen Foods offset the GP margin decline in Healthcare and Others
Change in SGA expenses	-2.7	-4.2	-7.0	SGA expenses increased due to advertising and R&D investments in line with strategy
Share of profit of associates and joint ventures	-1.4	0.0	-1.4	
Total	2.3	- 0.0	2.2	

Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

5

I would like to discuss our results for the first half of the fiscal year ending March 2024. In the first-half results for fiscal 2023, we achieved record sales and business profit.

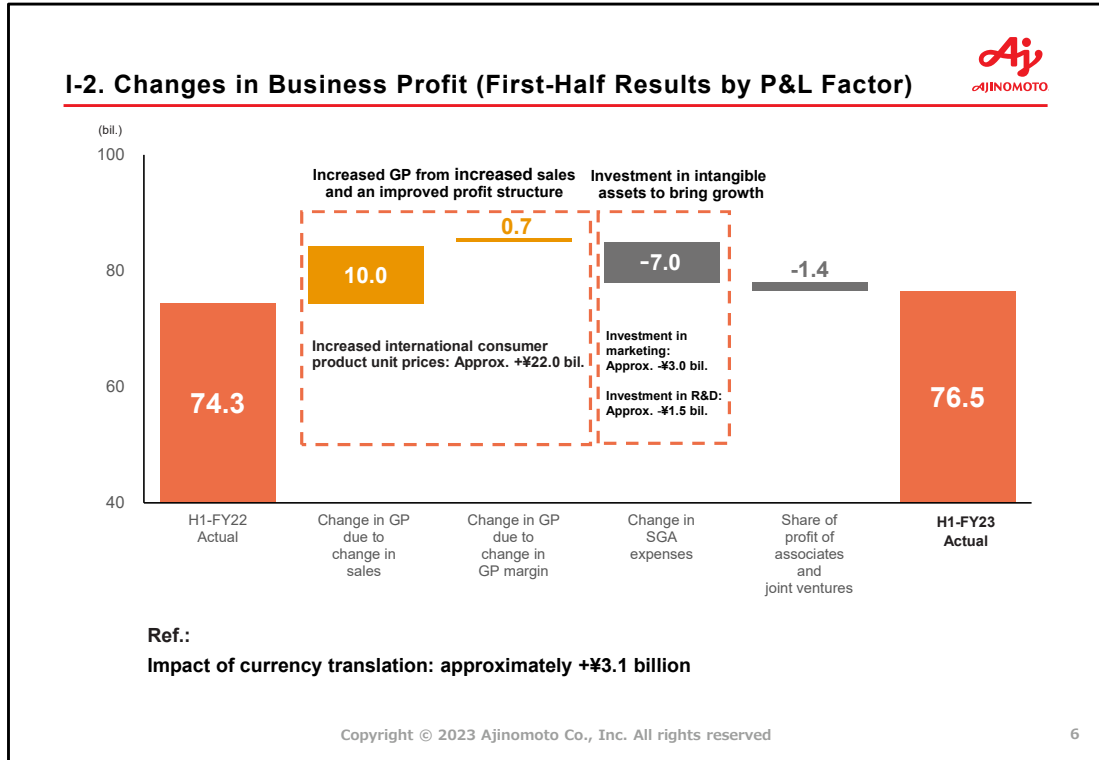
Sales reached 688 billion yen. This was 104.3% the level of the previous year, or 100.8% with the effects of currency translation excluded.

The increase in revenue in Seasonings and Foods and in Frozen Foods, in which we've engaged in price increases and other initiatives since the previous fiscal year, covered decreased revenue in Healthcare and Others, resulting in increased revenue overall.

Business profit was 76.5 billion yen, 103.0% the level of the previous year.

Excluding the effects of currency translation, business profit was 98.8% the level of the previous year.

Excluding accounting-related and other transient effects at overseas affiliates accounted for by the equity method, we effectively secured performance exceeding that of the previous year.



This slide shows an analysis of the difference in business profit between the first half of fiscal 2022 and the first half of fiscal 2023.

Change in GP due to change in sales was +10 billion yen compared to the same period last year, with contribution from price increases both overseas and in Japan.

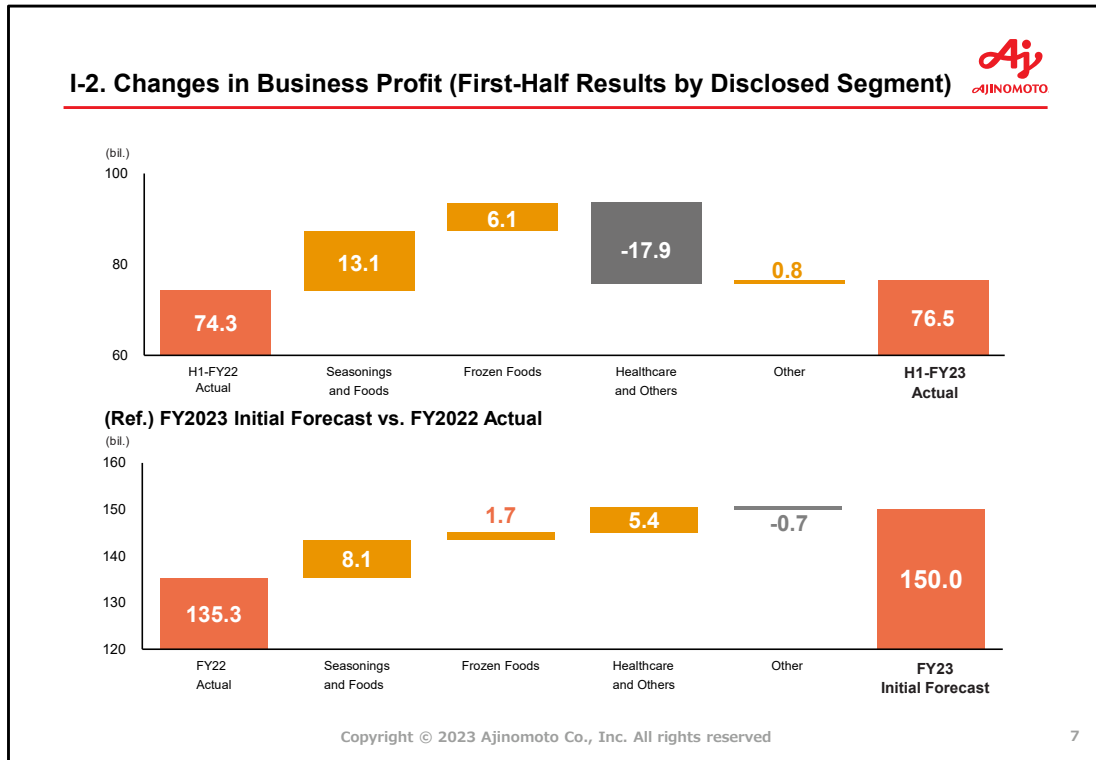
Although the change in GP due to change in GP margin was significantly positive in food-related businesses, it was negative in Healthcare and Others. The increase overall was 700 million yen.

Profit increase due to unit price growth in Seasonings and Foods and Frozen Foods was large, which countered the 8 billion yen gross cost impact of raw materials and fuels, covering the negative results in the Healthcare and Others segment.

In SGA, we are expanding necessary intangible asset investments for future sustainable growth, in line with our 2030 Roadmap strategy.

In the second half, we plan to achieve further increases in revenue and profit in the consumer foods business by raising unit prices and steadily increasing volume.

While making necessary investments, we will work to achieve double-digit percentage growth in business profit.



This slide shows an analysis of difference in business profit by segment for the first half of fiscal 2023, compared to the same period in the previous year.

For reference, at the bottom of the slide is an analysis of the difference between the full-year forecast at the start of the fiscal year and performance in the previous fiscal year.

You can see that, compared to the full-year forecast at the start of the fiscal year, we achieved very strong profit growth in Seasonings and Foods and Frozen Foods, which have already greatly exceeded the full-year increase in profit forecasted at the start of the fiscal year.

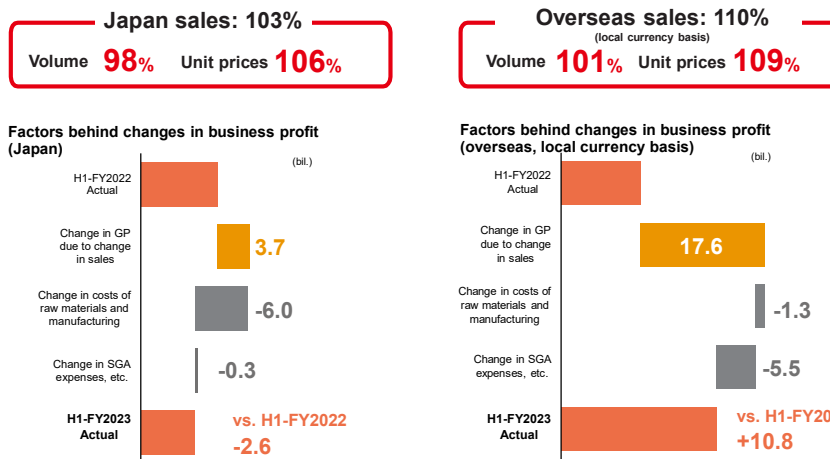
In Healthcare and Others, profit in the first half of fiscal 2023 was significantly lower than the profit increase forecasted for the full year at the start of the fiscal year.

I will discuss the reasons later.

I-3. Sauce and Seasonings, and Quick Nourishment: Breakdown of Sales, and Factors behind Changes in Business Profit



Breakdown of the FY2023 H1 sales and factors behind changes in business profit, in Japan and overseas (vs. the previous year)



Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

8

For combined Sauces and Seasonings and Quick Nourishment in Japan and overseas, this slide breaks down sales into volume and unit price, and also shows an analysis of change in business profit.

For the first half of fiscal 2023, sales in Japan were 103% the level of the previous year. Broken down, volume was 98% and unit price was 106% the level of the previous year. Volume declined in response to price increases in soups and coffee and due to a shift away from a mindset of guarding lifestyles and toward some private brand products under a low-cost orientation, mainly in Sauce and Seasonings. As a result, volume declined from the previous year.

The waterfall chart at bottom left shows that the effect of unit price increases was unable to cover the increase in manufacturing costs caused by higher raw material costs and lower volume, resulting in a decline in profit.

By contrast, overseas we achieved double-digit percentage growth in sales on a local currency basis by increasing unit prices to 109% the level of the previous year primarily through price revisions, while steadily increasing volume to 101%.

In terms of business profit, too, we largely countered the increase in costs associated with raw material and fuel price inflation, resulting in increased profit.

I-4. Forecast for FY2023

After the full-year forecast for FY2023 was reviewed the Group-wide sales and profit were not changed (but were revised by segment).

Seasonings and Foods and Frozen Foods will make-up for Healthcare and Others. We will make the first step toward achieving the ASV indicators.

Also, upwardly revised operating profit and below, mainly reflecting expectations for other operating income (please see the appendix).

	Sales		Business profit		
	¥1,465.0 billion		¥150.0 billion		
	107.8% of FY2022		110.8% of FY2022		
	Excluding currency translation: 104.1%		Excluding currency translation: 106.4%		
(¥ Billion)	FY23 Revised forecast	FY22 Actual	vs. Prev. year	FY23 Initial forecast	vs. Initial forecast
Sales	1,465.0	1,359.1	107%	1,465.0	0.0
Seasonings and Foods	852.8	775.0	110%	823.8	29.0
Frozen Foods	291.4	267.2	109%	292.3	-0.9
Healthcare and Others	302.2	299.6	100%	330.1	-27.9
Other	18.5	17.1	107%	18.6	-0.0
Business Profit	150.0	135.3	110%	150.0	0.0
Seasonings and Foods	105.7	84.8	124%	92.9	12.7
Frozen Foods	10.0	2.0	500%	3.7	6.2
Healthcare and Others	35.0	48.6	72%	54.1	-19.0
Other	-0.8	-0.1	-	-0.8	-0.0

Starting in FY2023, the method for allocating shared expenses, such as R&D expenses, was changed to better evaluate the business performance of each reportable segment. The above figures, including results for FY2022, reflect this change.

Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

9

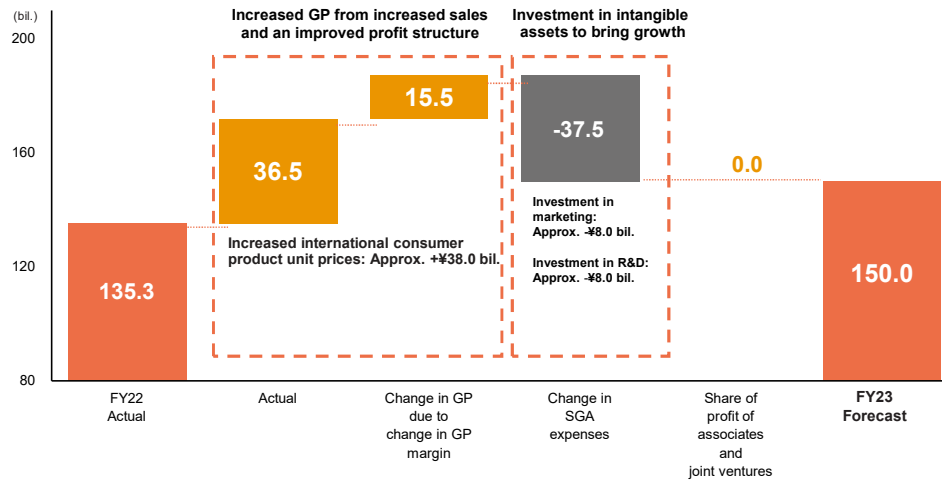
We conducted a review of our performance forecast for fiscal 2023. We aim to achieve company-wide sales and business profit in line with our initial targets. At the same time, we are scrutinizing current conditions and estimates by segment and are revising the forecast.

In addition, we revised operating profit and other profit upward to reflect factors including the contract for the sale of the former factory site of Ajinomoto (Malaysia) Berhad, which we reported as a subsequent event in August.

I-5. Changes in Business Profit (FY2023 Revised Forecast by P&L Factor)



Gross profit growth due to higher unit prices for Seasonings and Foods, and Frozen Foods will offset the decline in GP due to lower sales in Healthcare and Others, and although we will make investments in intangible assets as planned, we expect ¥150 billion in business profit.



Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

10

This slide shows a business profit waterfall chart for the revised forecast.

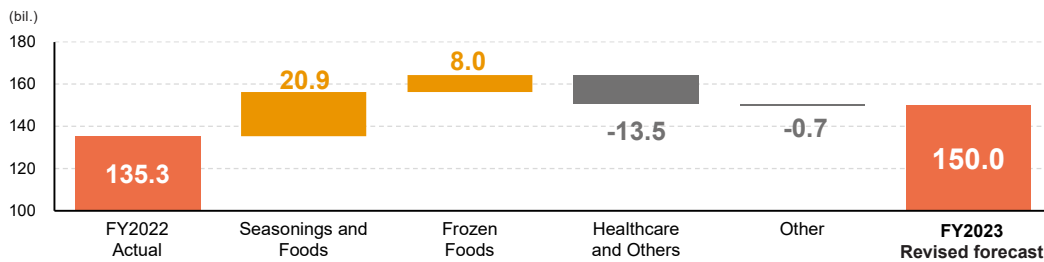
The increase in unit prices for the domestic and overseas consumer businesses in excess of our initial forecast for the fiscal year, and GP growth due to volume growth exceeding the first half, will cover decline in GP due to decreased revenue in Healthcare and Others.

We will carry out investments for the future as scheduled and will work to solidly achieve business profit of 150 billion yen.

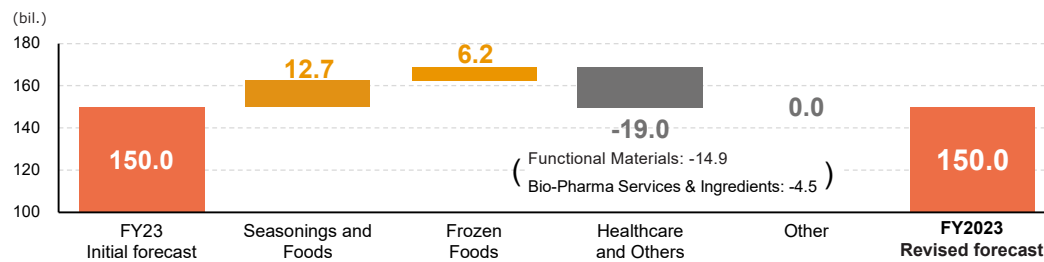
I-5. Changes in Business Profit (Revised Forecast by Disclosed Segment)



FY2023 Revised Forecast vs. FY2022 Actual



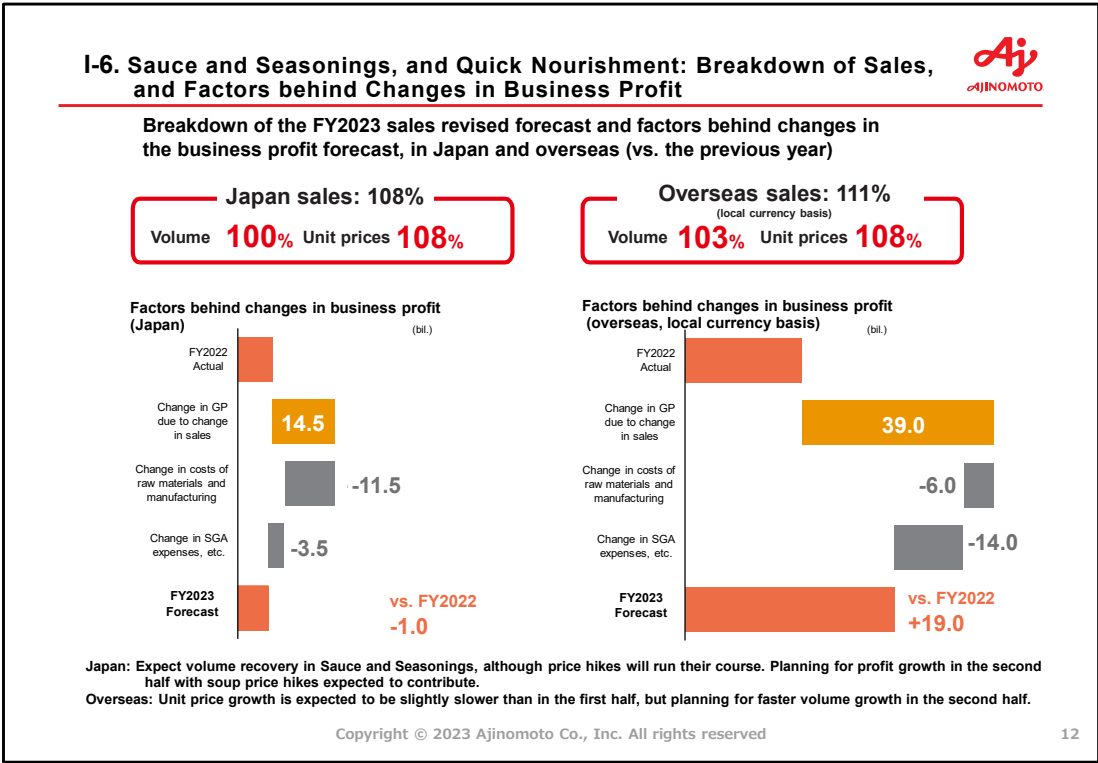
FY2023 Revised Forecast vs. FY2023 Initial Forecast



Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

11

This slide shows an analysis of the difference in business profit between the previous year's results and the initial forecast for the fiscal year, by segment in the revised forecast. Adding in the increased profit from the previous fiscal year in Seasonings and Foods and in Frozen Foods, resulted in a significant upward revision from the initial forecast. By contrast, the lower graph shows a downward revision in Healthcare and Others, mainly in Functional Materials and in Bio-Pharma Services & Ingredients. We expect profit to decrease from the previous year.



For combined sauce and Seasonings and Quick Nourishment in Japan and overseas in the revised forecast, this slide breaks down sales into volume and unit price, and also shows an analysis of change in business profit.

We plan for sales in Japan to be 108% the level of the previous year, breaking down to 100% by volume and 108% by unit price. We expect volume to recover due to factors including the effect of new product launches, but we have made a revision from 103% in the initial forecast to 100%.

Overseas, we plan for growth in excess of the initial forecast, with volume of 103% and unit price of 108% the levels of the previous year. As a result, we expect double-digit percentage growth in sales.

I-7. Frozen Foods: Improvement in the North American Business



By FY2025, we will solidify the foundation by strengthening on-site capabilities and structural reform and aim for dramatic growth heading into FY2030.

1 Achieve Operational Excellence (OE)

➡ On-site strengthening by creating early success and ongoing initiatives

- Reduce total delivered cost (TDC) and improve TDC margin
- Enhance value chain management
- Simplify operation (reduce SKU, etc.)

2 Evolve business management

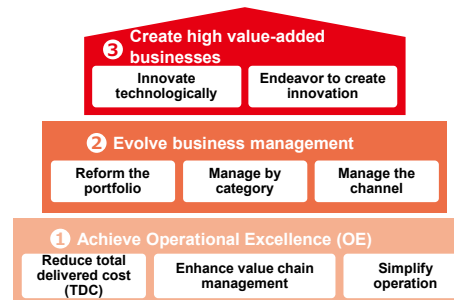
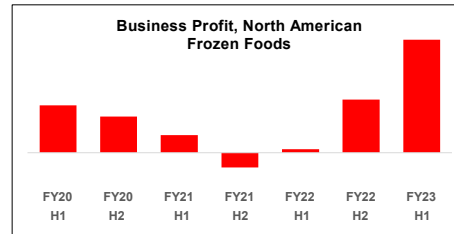
➡ Creation of results through structural reform

- Reform the portfolio
- Manage by category (shift from managing by brand)
- Manage by channel

3 Create high value-added businesses

➡ Collaboration with Japan to achieve dramatic growth

- Innovate technologically
- Endeavor to create innovation



Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

13

Next is Frozen Foods.

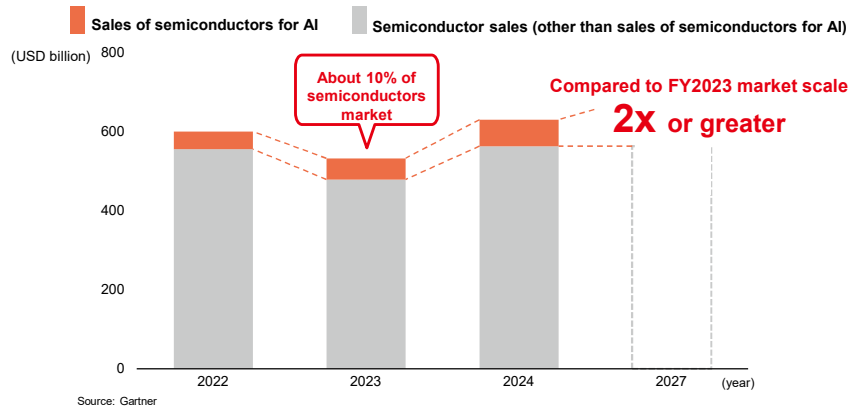
In Frozen Foods in North America, structural reform including portfolio reform and initiatives for Operational Excellence (OE) in a project to expand Total Delivered Cost (TDC) margin (including last year's price increases) is yielding effect, and we achieved significant increase in profit.

While continuing reform through fiscal 2025, we will steadily generate results from our structural reform and will strengthen the foundation for subsequent dramatic growth.

I-8. Functional Materials (Electronic Materials and Others)



Semiconductors for natural language AI are seeing strong demand. They do not yet command a major percentage of the semiconductor market but are expected to ramp up in the future.



Semiconductor substrates for AI semiconductors use a greater amount of ABF* than do semiconductor substrates for standard PCs in terms of area and number of layers. Future expansion of natural language AI will also contribute to ABF growth.

* Ajinomoto Buildup Film® interlayer insulating material

Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

14

In ABF, we revised sales and profit downward from the initial forecast for the fiscal year due to delayed recovery in the semiconductor market.

The use of generative AI has come under considerable attention in recent years. Semiconductors for AI, which still account for a small proportion of the semiconductor market, are expected to grow dramatically. In terms of both area and number of layers, a greater amount of ABF is used in GPU substrates for AI than in substrates for standard PCs.

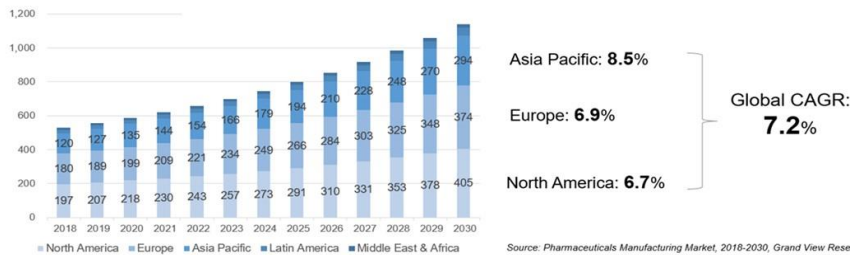
Combined with recovery in the semiconductor market overall, the advance of generative AI is another element that will accelerate growth for ABF.

**I-9. Bio-Pharma Services & Ingredients:
Amino Acids for Pharmaceuticals and Foods**



Greater-than-expected inventory adjustment by customers had an impact in the first half of FY2023, but we expect recovery from the second half as the adjustment runs its course.

■ Market growth forecast (USD billion) for biopharmaceuticals (including biosimilars)



Shipments of amino acids for biopharmaceuticals, the driver of the amino acid business, have stagnated. However, we expect the market to grow steadily with a return to growth after the inventory adjustment runs its course.

Next is Bio-Pharma Services & Ingredients.

First, I will look at amino acids for pharmaceuticals and foods.

In the first half of fiscal 2023, greater-than-expected inventory adjustment by customers had a major impact on sales and profit.

In relatively high-profit amino acids for biopharmaceuticals in particular, customers' speed of inventory adjustment was fast and the impact on profit was also large.

The biopharmaceuticals market is growing steadily, and we expect recovery in the second half when inventory adjustment runs its course.

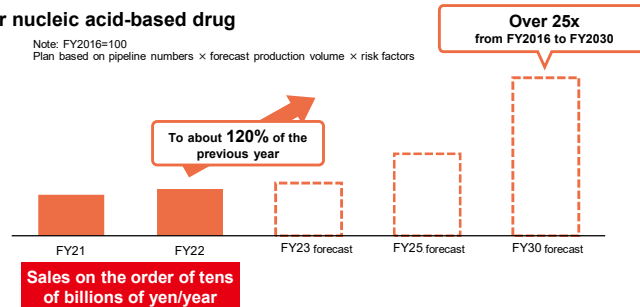
Unfortunately, the second half on its own will not be able to cover the initial forecast for the fiscal year, so we have revised full-year sales and profit downward to reflect the decline in the first half.

I-10. Bio-Pharma Services & Ingredients: Bio-Pharma Services (CDMO services)



Sales estimate for nucleic acid-based drug CDMO services

Note: FY2016=100
Plan based on pipeline numbers × forecast production volume × risk factors



Nucleic acid-based drug CDMO, centered on AJIPHASE® as its growth driver, is steadily expanding

- We have many inquiries and continue to expand the pipeline
- In addition to single-strand (antisense), we are expanding the target to double-strand (siRNA)
- By changing the use of existing equipment (small investment), expansion of production is possible (implementation in FY2023 in Belgium)

Since current AJIPHASE® production sites are mainly in Japan, this will contribute to (1) improvement of support for customers around the world, and (2) strengthening of our business continuity plan

Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

16

This slide looks at Bio-Pharma Services.

In Bio-Pharma Services, first-half profit decreased from the same period in the previous year due to impacts of inventory adjustment by customers, mainly in biopharmaceuticals in North America, and due to conversion of some equipment to nucleic acid-based drug manufacturing in Europe.

Conversely, nucleic acid-based drug CDMO services, a driver of growth, are performing well, with sales in the tens of billions of yen annually. We expect growth in fiscal 2023 to be 120% the level of the previous year.

By building a new production base in Europe, we will achieve sustainable growth for CDMO services overall to meet robust global demand.

I-11. 2030 ASV Indicators



Aim to steadily reach our FY2023 forecast to reach our 2030 ASV indicators.

		FY22	H1-FY23	FY23 revised forecast (initial forecast)	FY25 (plan)	FY30 (plan)			
ASV Indicators	Economic value indicators	ROE	12.9%		12.5% (12.4%)	18%	Approx. 20%	Ref.: Aim for approx. 3X EPS (vs. FY2022)	
		ROIC (>Capital Cost)	9.9%		10.0% (9.5%)	13%	Approx. 17%		
		Organic sales growth	9.5%	0.8%	4.1% (6.8%)	5% (FY22-25)	5% or more (FY25-30)		ASV will grow dramatically and continually, and we will continue to be an attractive group for stakeholders and society
		EBITDA margin	15.2%	16.6%	15.4% (15.4% no change)	17%	19%		
		Challenging targets from management							
Social value indicators	Initiatives to Reduce Environmental Impact	-	-	-	-	Reduce our environmental impact by 50% (outcome)			
	Nutrition commitment	880 mil. people				Help extend the healthy life expectancy of 1 bl people (outcome)			
Strengthening intangible assets	Employee engagement score*	62% (75%**)		76% (Preliminary results)	80%	85% or more			
	Brand Value (mUSD)	1,391 (result, +15% vs. prev. year)		-	Compared with FY19, CAGR 7% or more				

* From FY2023, the measurement method was changed from a single question about ASV as one's own initiative to an average value from nine questions about the ASV achievement process to better grasp the actual situation

** FY2022 score for ASV realization process

Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

17

This slide shows progress in ASV indicators under the 2030 Roadmap. Regarding ROE and ROIC, we have revised our initial forecast upward and will aim to achieve the revised forecast for fiscal 2023 in order to achieve the 2030 ASV indicators.

I-11. Reference: Growth Paths by Segment (please see the Appendix for the initial forecasts)

Segment		Organic growth				Business profit				ROIC			EBITDA margin			
		Vs. prev. year		CAGR		Vs. prev. year		CAGR		FY22 actual	FY23 (revised forecast)	FY25 (FY22-25)	FY22 actual	H1-FY23	FY23 (revised forecast)	FY25 (FY22-25)
		FY22 actual (sales)	H1-FY23	FY23 (revised forecast)	FY25 (FY22-25)	FY22 actual (BP)	H1-FY23	FY23 (revised forecast)	FY25 (FY22-25)							
Seasonings and Foods	Sauce & Seasonings	¥775.0 billion	5.3%	6.8%	5%	¥84.8 billion	29.8%	24.7%	12%	15.9%	Approx. 19%	16%	14.9%	18.2%	Approx. 16%	16%
	Quick Nourishment															
	Solution & Ingredients															
WACC 7%																
Frozen Foods	Frozen Foods	¥267.2 billion	2.3%	4.8%	3%	¥2.0 billion	¥6.6 billion	¥10.0 billion or more	¥10.0 billion or more	-3.3%	Approx. 4%	5%	5.5%	9.6%	Approx. 8%	8%
	WACC 5%															
Healthcare and Others	Bio-Pharma Services & Ingredients															
	Functional Materials (electronic materials and others)	¥299.6 billion	-11.9%	-3.4%	8%	¥48.6 billion	-62%	-27%	13%	12.2%	Approx. 8%	18%	21.8%	14.5%	Approx. 18%	27%
	Others															
WACC 7%																
Total		¥1,359.1 billion	0.8%	4.1%	5%	¥135.3 billion	3.0%	10.8%	15% or more	9.9%	10.0%	13%	15.2%	16.6%	15.4%	17%
WACC 6%																

*ROIC excluding the profit from sales of fixed assets and impairment losses

Starting in FY2023, the method for allocating shared expenses such as R&D expenses, was changed to better evaluate the business performance of each reportable segment. The above figures, including results for FY2022, reflect this change.

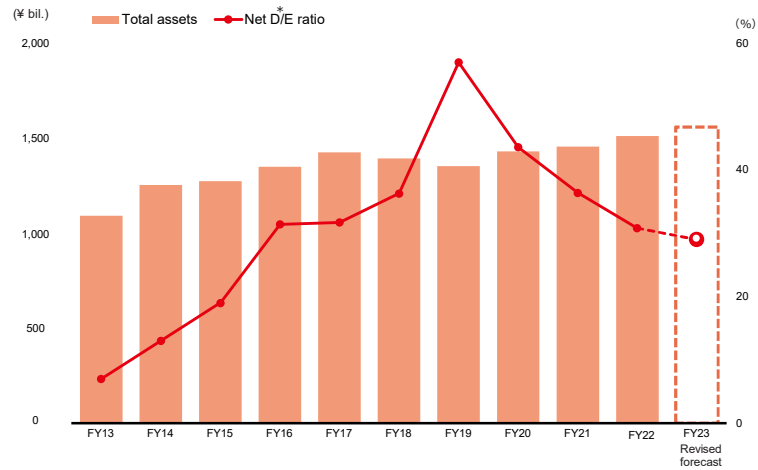
Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

ASV indicators for each segment are as shown here.

I-12. Assets and Liabilities



Within total assets, we expect an increase in inventories, etc. from the fiscal year initial forecast due to currency translation.



*Net D: Interest-bearing debt - Cash on hand and in banks x 75%

Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

19

In fiscal 2023, we expect inventories to increase from the initial forecast due to the effects of currency translation. We have revised the forecast for net D/E ratio downward to slightly below the 30% to 50% range .

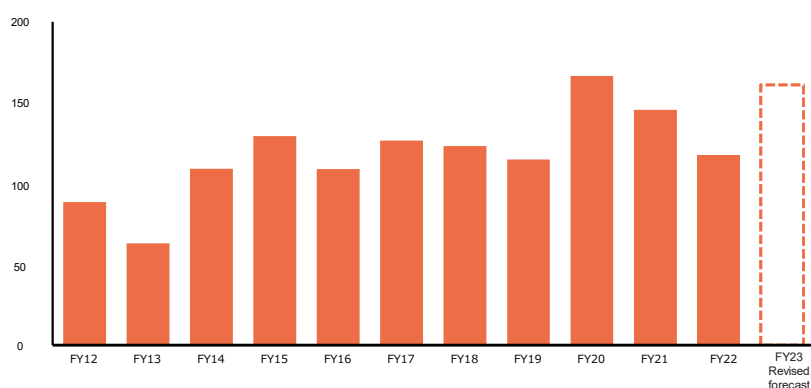
I-13. Cash Generation



In the first half of FY2023 accounts receivable, inventories, and other working capital in particular were affected by currency translation. The revised forecast for FY2023 foresees the restoration of cash generation capability to the FY2020 level, despite the impact of currency translation.

Operating Cash Flow

(¥ bil.)



Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

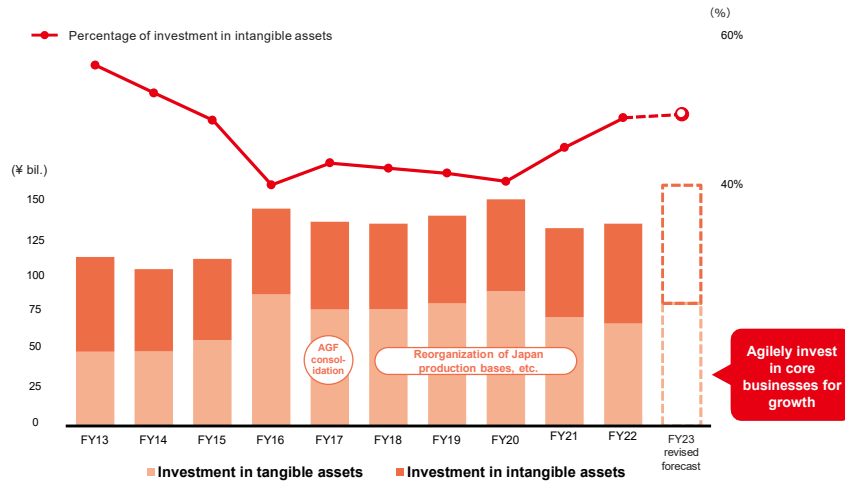
20

We revised operating cash flow downward from the initial forecast for reasons including the effects of currency translation, but we will achieve cash generation in excess of the previous fiscal year.

I-14. Strategic Investments



In FY2023, we will make the capital investments necessary to shift from structural reform to growth. Also, by aggressively investing in intangible assets, we expect approximately 50% of investments to be in intangible assets.



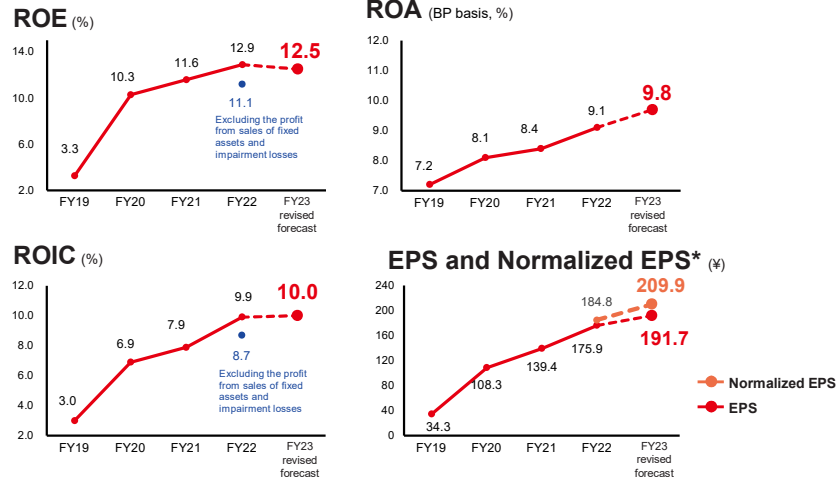
Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

21

We will move forward with necessary investments in tangible and intangible assets as planned.

I-15. Important Management Indicators

Important management indicators in the FY2023 forecast were revised upward in line with the revisions to operating profit and other items.



* (Business profit x (1 - FY2023 Ajinomoto Group standard tax rate: 27%)) / Outstanding shares x Return coefficient: 35%

Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

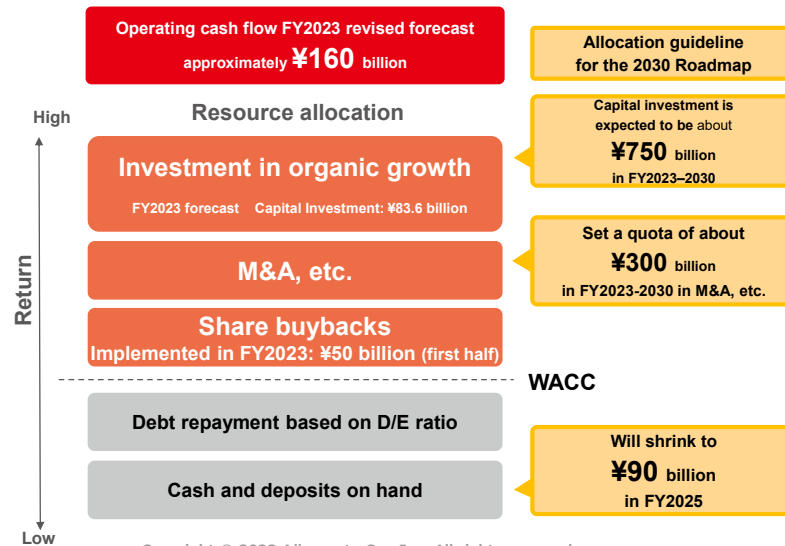
22

This slide shows important management indicators in the Purpose-Driven Management by Medium-Term ASV Initiatives 2030 Roadmap. We have revised ROE, ROIC, and EPS upward.

I-16. Shareholder Returns and Investment for Growth (Our Thinking under the Medium-Term ASV Initiative)



While generating record-high operating cash flow and making necessary investments for the future, we will aggressively buy back shares as a second tier of investments above WACC.



Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

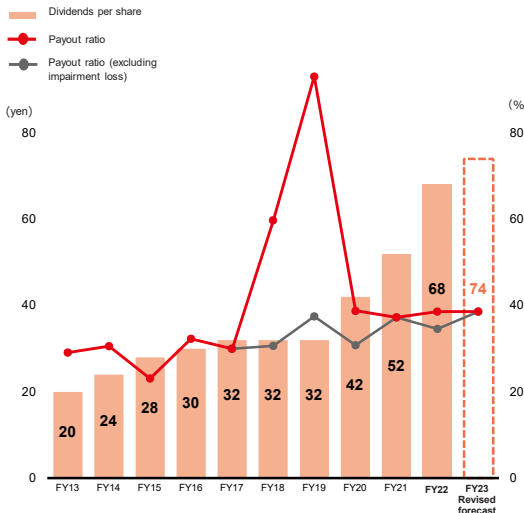
23

In fiscal 2023, we aim to generate 160 billion yen in cash, and have already bought back shares worth 50 billion yen.

I-16. Shareholder Returns and Investment for Growth

A dividend increase based on a progressive dividend policy is scheduled for FY2023. We buy back shares and work to further enhance shareholder return.

■ Dividends (FY2013-2023 forecast)



■ Shareholder Returns (our thinking under the medium-term ASV initiative)
 Introduction of a progressive dividend policy.
 Dividends based on normalized EPS*
 Three-year total return: target of 50% or more.

FY2023

¥74/year (plan to increase dividend)
Vs. FY2022: +¥6

Bought back approx. 9.6 million shares, ¥50 billion (first half)

Percentage of outstanding shares (excluding treasury shares) **1.82%**

* (Business profit x (1 - FY2023 Ajinomoto Group standard tax rate: 27%)) / Outstanding shares x Return coefficient: 35%

I would like to talk about shareholder returns.

We plan no dividend decrease, and instead plan to increase the annual dividend by 6 yen in fiscal 2023 to 74 yen by paying dividends based on a progressive dividend policy of increasing or maintaining dividends and based on normalized EPS that is less susceptible to non-routine gains and losses.

We bought back 9.6 million shares valued at 50 billion yen in the first half. We will continue working to strengthen our shareholder returns.



I. Summary Results for the First Half Ended September 30, 2023 and FY2023 Forecast

II. Initiatives for Enhancing Corporate Value



II-1. Evolution of Management



Contributing to the well-being of all human beings, our society, and our planet with "AminoScience"

Management reform aimed at realizing our evolved Purpose

- **Start Roadmap follow-up. Work toward evolving the Roadmap.**
- **Have management visit sites frequently, including overseas. Have dialogue.**
- **Accelerate improvement by advancing visualization, making results visible through numbers.**
- **The status quo is the same as retreating. Always sow seeds for the future.**
- **Enhance investment in intangible assets, which are the wellspring for the creation of innovation.**

Over half a year has passed since we announced the Purpose-Driven Management by Medium-Term ASV Initiatives 2030 Roadmap at the end of February this year.

Since September, we have engaged in Roadmap Follow-up meetings with business departments, laboratories, sales teams, overseas affiliates, and more.

We hold meetings not only to check current progress but also to evolve the Roadmap, through discussions on topics such as the inability to "reach Everest" in 2030 despite good progress if we merely extend current targets, whether people, goods, or money are insufficient for attaining heights in 2030, and requests for pushing top management to invest in certain businesses to achieve goals.

The management team continues to increasingly head into the field to engage in further dialogue. We are also solidly pushing the goals of "visualization," "sowing seeds for the future," and "investment in intangible assets."

II-1. Evolution of Management



- Started Roadmap follow-up. Working toward evolving the Roadmap.



Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

27

I would like to show a scene from a Roadmap Follow-up meeting.

Please watch this video of a meeting with the Marketing Design Center (MDC), which was established in April this year.

As Okamoto says in the video, we have launched measures and are undertaking initiatives to return the B-to-C food products business in Japan to growth.

While not shown in the video, we are also having solid discussions on overseas expansion of the MDC and are evolving the Roadmap toward 2030.

We are holding such Roadmap Follow-up meetings with numerous departments, including in overseas affiliates.

II-1. Evolution of Management



Text in red indicates today's presentation materials

What we have done and what we are steadily moving forward

- ① Initiatives aimed at further evolving the Purpose-Driven Management by Medium-Term ASV Initiatives 2030 Roadmap
- ② Capabilities to address businesses with declining performance (Vietnam, North American Frozen Foods, etc.)
- ③ Recovery in Sauce and Seasonings overseas through quick price increases using rolling forecasts
- ④ Evolution of material issues with a view toward 2050 through dialogue within the Sustainability Advisory Council

What needs to be improved and evolved through further strengthening of initiatives

- ① Linkage with client SCM in Functional Materials and amino acids for pharmaceuticals and foods
- ② Return to growth in Seasonings and Foods B-to-C business in Japan
- ③ Improvement of the cash conversion cycle (CCC), particularly the days inventory outstanding
- ④ An environment for growth and career development for young employees

- Consider and understand the value chain overall; engage in appropriate top-down and bottom-up communication
- Advance visualization and capture signs of changes
- Continue sowing seeds so that even steady businesses do not stop growing
- Constructively tackle improvement, with issues as elements of future growth

While engaging in a variety of initiatives, we may feel that some area has demonstrated ability, or conversely, that something needs further polishing and a renewed effort.

Today, I would like to introduce areas that have demonstrated ability and things that still need polish.

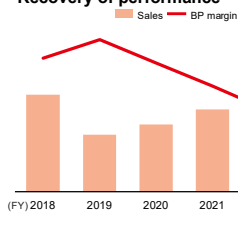
II-2. Initiatives for Recovery of Performance at Ajinomoto Vietnam Co., Ltd.



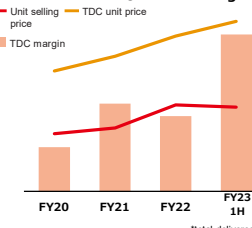
A path toward recovery of performance

<p>AVN-R Project launch</p> <p>Launch of revival plan (R=Revival) together with regional headquarters and affiliate, with the Head Office participating; manage progress of execution</p>	<p>Restructure the management team Reform of organizational culture by new top management¹</p> <ul style="list-style-type: none"> The company will act as one and transform organizational culture to solve issues Enhance decision-making speed (3 First management²) Thorough KPI management (Unit selling price, cost, share, distribution inventory, etc.) <p><small>1 Appointment of a new president and local employees as directors 2 Safety First, Bad News First, Executive First</small></p>	<p>Sweeping rebuilding of main business</p> <p>Increase unit selling prices with appropriate price increases</p> <p>Increase brand value by increasing advertising investment</p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>For example</td> <td>AJI-NO-MOTO®</td> <td>Aji-ngon® (flavor seasoning)</td> </tr> <tr> <td>FY2021 → FY2023</td> <td></td> <td></td> </tr> <tr> <td>Share in first half</td> <td>+2.2%</td> <td>+2.4%</td> </tr> </table> <p>Use an area marketing strategy (Full use of all 66 sales offices across the country)</p>	For example	AJI-NO-MOTO®	Aji-ngon® (flavor seasoning)	FY2021 → FY2023			Share in first half	+2.2%	+2.4%
For example	AJI-NO-MOTO®	Aji-ngon® (flavor seasoning)									
FY2021 → FY2023											
Share in first half	+2.2%	+2.4%									

Recovery of performance



[AJI-NO-MOTO®] TDC* margin



FY2022 record sales (new record expected in FY2023).
BP margin is expected to recover to the FY2018 level in FY2023.



Aji-ngon® sales campaign
Members of the united sales team

Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

29

As we engage in varied businesses in many regions, some of these businesses face challenging situations.

I feel that we have increased in ability to address companies where performance has declined.

First, there is the recovery of performance in Vietnam.

There have been concerns about Vietnam, where we have lost considerable share to global giants in flavor seasonings as well as to the emergence of local competitors. From last fiscal year, however, recovery in performance has been remarkable.

With involvement by the Head Office, we launched a revival plan by the regional headquarters and affiliates, appointed a new president, and worked to reform the organizational culture.

By increasing the speed of decision-making and by solidly making KPIs visual, we boosted the share of our main brands and are achieving recovery in sales and profit.

II-2. Frozen Foods: Improvement in the North American Business



By FY2025, we will solidify the foundation by strengthening on-site capabilities and structural reform and aim for dramatic growth heading into FY2030.

1 Achieve Operational Excellence (OE)

➔ On-site strengthening by creating early success and ongoing initiatives

- Reduce total delivered cost (TDC) and improve TDC margin
- Enhance value chain management
- Simplify operation (reduce SKU, etc.)

2 Evolve business management

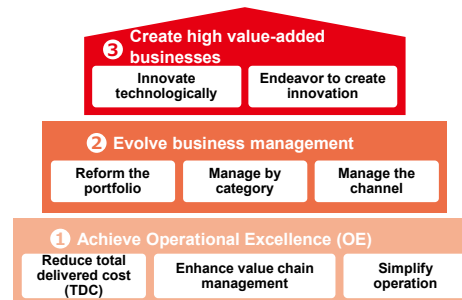
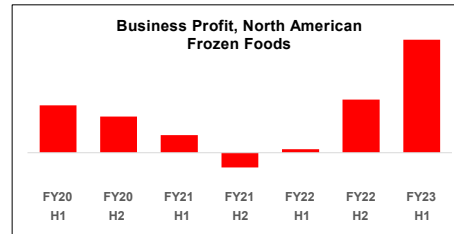
➔ Creation of results through structural reform

- Reform the portfolio
- Manage by category (shift from managing by brand)
- Manage by channel

3 Create high value-added businesses

➔ Collaboration with Japan to achieve dramatic growth

- Innovate technologically
- Endeavor to create innovation



Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

30

Another matter I mentioned earlier is recovery of performance in Frozen Foods in North America. The COVID-19 pandemic and inflation surged during structural reform, and at one point the business fell into deficit. While tracking progress in monthly Executive Committee meetings, we also advanced recovery initiatives together with affiliates and are now seeing recovery in performance.

Next, General Manager Sakakura of the ASEAN Division will explain the Division's initiatives, centered on rolling forecasts.
Mr. Sakakura, if you would.

II-3. Initiatives in Overseas Seasonings and Foods (ASEAN)

In July 2021, we launched a quarterly rolling forecast initiative at eight companies in the ASEAN region. We have accumulated instances of evolution such as improvements to monthly operation and introduction of raw material price forecasts, and began global operation in April 2023.



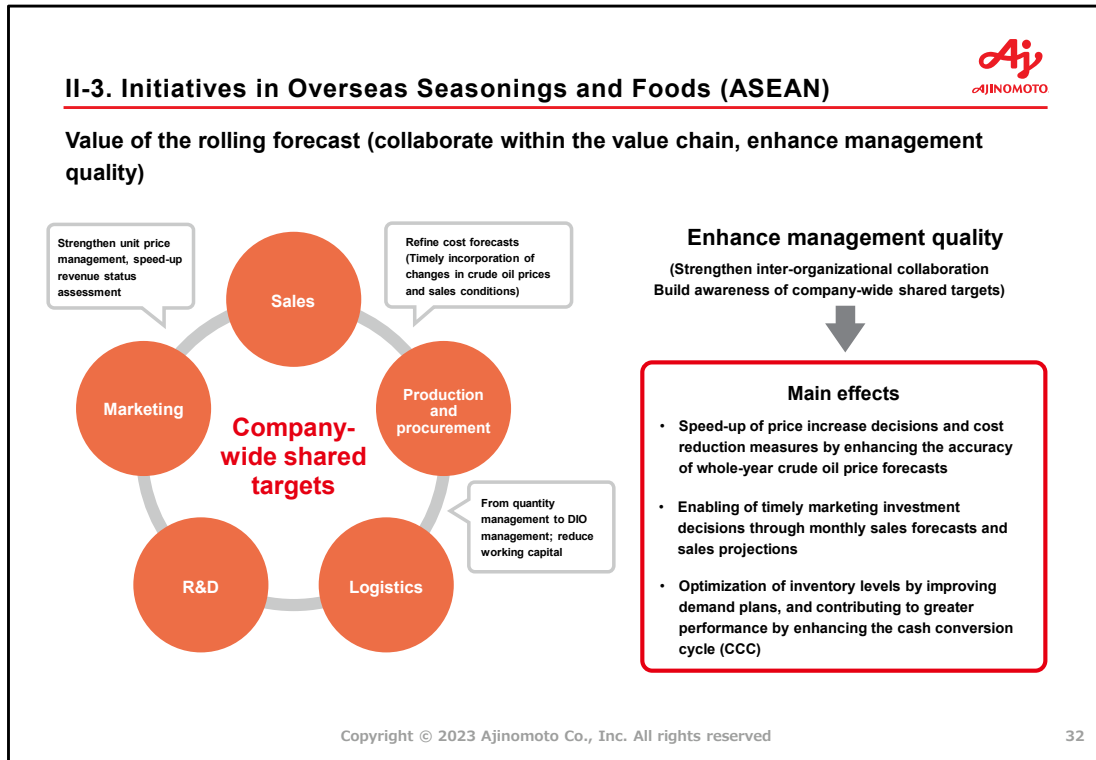
PL summary	MTD			YTD (Std. 50.0%)			Rest			Full year				
	Act	vs LY	vs LMF	Act	vs LY	Progress	Forecast	vs LY	vs Bud	Forecast	vs LY	vs LMF	Budget	Gap (LC)
Net Sales														
Variable Cost														
MP														
margin														
Fixed Cost														
GP														
margin														
SGA														
BP														
margin														

Raw material prices	Material	Unit	Budget	Unit price (LC)				Usage	Budget	Impact amount by unit price gap				
				Forecast	Q1	Q2	Q3			Q4	LC	vs Bud	vs LMF	vs Bud
	Raw materials (20 main items)													
				Changes in purchasing unit price						Cost impact				

Also, confirm CCC and other KPIs on a monthly basis

This is Sakakura. I would like to introduced initiatives undertaken at the ASEAN level. The current status of ASEAN is now supported by the rolling focus initiatives that we have implemented in 2021. These are now taking root inside our entire organization. From 2020, we started on a test basis in Indonesia. Based on that, from 2021, we have expanded the rollout to eight countries in the ASEAN region. The reason why we have implemented this is because back then, at ASEAN countries, I was astonished by the fast-changing environment. We also thought that the slow response of our company was a challenge for that. So, we wanted to capture the signs of changes as quickly as possible and respond quickly, and that's the reason why we have introduced a rolling forecast. Early detection and early cure were the major purpose here.

By looking at the changes and the gap with the forecast on a monthly basis, we are able to identify what's the reason behind the gap. Also, by looking at the YoY changes of the gap, we are looking into the feasibility and be able to forecast the changes between the full-year gap and also the market basis and reduce the expenses as necessary and also revise the prices as an additional price revision. For the raw materials, currently from each company, the impact on the performance of the Company in terms of the scale of such impact, we are now looking into and monitoring 20 items. Not only PL, but the CCC indicators has also taken monitoring so that we can lead this to the next action. So, through these actions, based on that, from 2023, we have started the rolling forecast initiatives on a global basis.



The rolling forecast, besides early detection and early cure, this also has an impact of management quality improvement because this will have a full management change impact. This is a very huge impact.

The changes with the sales forecast could have an impact on the sales and also the cost plan, and this will have an impact on the CCC and the performance. This will be visualized. Also, the marketing initiatives and the product development delay could have an impact on the sales plan. Of course, that will have a negative or positive impact on the performance of the Company.

Of course, it may consider to be a matter for granted. But of course, visualization of this will further enhance the collaboration within the organization. This also leads to the improvement of the management quality. In reality, we believe the management quality has enhanced as a result of this measure. Of course, there were many trials and errors over the last two years. And of course, there are still management issues to be perfected. but I think we can say that we were able to establish a format that will enhance the management capability.

II-3. Initiatives in Overseas Seasonings and Foods (ASEAN)



Initiatives by the ASEAN Division to achieve the 2030 Roadmap, grounded in enhancement of ability to read the market and management capabilities

What we have already done

Example 1

Reviewed product prices to appropriately and promptly reflect impacts of external factors such as raw materials and fuel prices

Example 2

Launched and horizontally rolled-out products that embody the Ajinomoto Group's Purpose

Umami seasonings in paper packaging

Indonesia



Philippines



Thailand



Reduced-salt flavor seasonings

Indonesia



Thailand



Example 3

Started review of a human resources system suited to the acquisition of human resources that give rise to innovation for the co-creation of our Purpose

Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

33

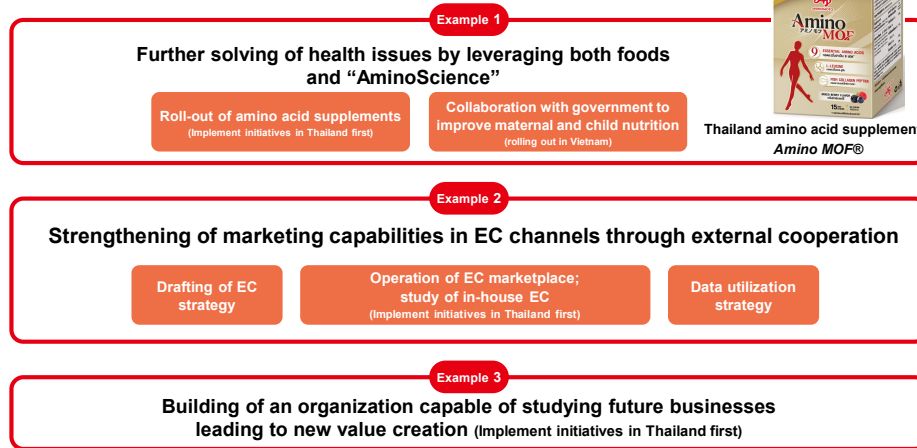
The ability to read and forecast and also the management capabilities. What we have implemented in ASEAN, for example, the raw material and the fuel cost, we are able to identify these and also the competitors' move so these are reflected swiftly into the price changes of our product and the well-being of people and the well-being of earth. We were able to launch these new products that are contributing to the well-being of the people and earth. Of course, the flavor seasoning and also the reduced food were the good examples of that. Also, the post-COVID-19 environment, the people liquidity hasn't [inaudible] as a result of COVID-19 so the HR market, we have to review the talent system, the human resource system, that is catered to the current market and we were able to take immediate actions towards that direction.

II-3. Initiatives in Overseas Seasonings and Foods (ASEAN)



Initiatives by the ASEAN Division to achieve the 2030 Roadmap, grounded in enhancement of the ability to read the market and management capabilities

Matters to be implemented and rolled out horizontally



Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

34

These are the items to be executed or to be expanded horizontally. Let me introduce some of them. First, by utilizing the strength of both food and AminoScience, in Thailand, for example, on the right-hand side, Amino MOF is a product name. This is for the elderly supplement. In November, we launched this product in Thailand. In Vietnam, to improve mother-and-child nutrition, in collaboration with the government, mother and children project has been kicked off. In Vietnam, the school lunch or school meal project has been launched already. As a continuation, in line with the government or collaboration with the government, by utilizing our intangible assets, we are launching new projects.

Thailand has also started an EC project with an external collaborator that has been expanded to ASEAN nations. The EC has been conducted on our own but by inviting external experts. As a result, we were able to actually expand the profit of EC market in Thailand.

Lastly, there are areas where existing businesses cannot address slightly different from the existing product lineup, and this could be a potential hit. Therefore, we need to make sure that we can harness this new value creation or new business creation. There is a specific team dedicated for creating a new business leading to a further new value creation, and we are accelerating this special project as well.

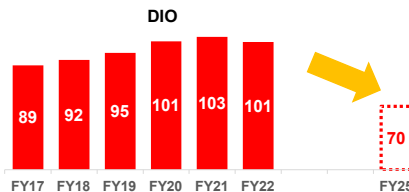
II-4. Initiatives for Optimization of Number of Days' Sales in Inventory (DIO)



Supply chains were disrupted by COVID-19 and the Ukraine situation, and product and raw material inventories were widely increased as a policy measure. At the same time, amid turmoil in the supply chain, we advanced development of our SCM foundation.

Implemented matters

- Developed a Group-wide integrated database
 - Set changes in inventory as shared indicator, with performance in the base year as a benchmark
 - Are visualizing changes in inventory at all affiliates on a monthly basis, and clarifying issues at each affiliate
- ➔ Are regularly confirming the situation in the Executive Committee and promoting reduction initiatives



Future initiatives

- Concentrate and reduce SKUs (initiatives to lower the break-even point)
- Establish a smart production supply structure that controls production volume from a business optimization perspective, with the entire supply chain connected by data and factories looking not only at production costs (for FY2030)

Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

35

Thank you very much, Mr. Sakakura.

I would like to introduce initiatives that still need polish.
The first is the reduction of inventories.

Amid disruption of supply chains due to the pandemic and the Ukraine crisis, we focused on delivering products punctually and held on to greater inventory than usual.

As supply chains is normalize following the pandemic, we will steadily reduce inventories by advancing visualization and other initiatives while checking progress.

In the short term, we will promote centralization and reduction of SKUs, lower our break-even points, and evolve toward a lean structure.

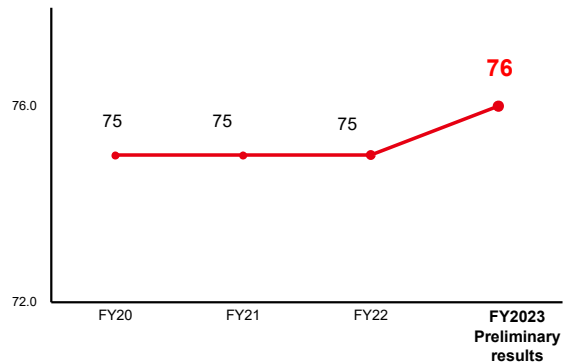
Our price increase initiatives in the previous fiscal year, especially in the foods sector, are greatly contributing to lifting performance this year.

Heading into the next fiscal year, too, we will solidly lower our break-even points through concentration and reduction of SKUs, and will speed up initiatives, particularly those aimed at boosting profits and further improving our financial structure.

II-5. Human Asset Initiatives (Engagement Survey, Preliminary Results)

Favorable response to the "ASV realization process" introduced in the previous fiscal year is 76 (FY2023 preliminary results). We will analyze the details of the various scores and accelerate initiatives to achieve the medium-term ASV initiatives.

	FY2023 preliminary results	Dif. with prev. year
ASV realization process	76	+1
Empathy for our Purpose	93	0
Customer focus	91	+1
ASV as one's own initiative	76	+5
Encouragement for new opportunities	81	0
Co-creation through inclusion	78	0
Enhancement of productivity	28	+6
Innovation creation	85	-1
Creation of social and economic value	78	-2



The low score for "Enhancement of productivity" is mainly due to the high number of internal approval procedures. We will aim to improve scores by promoting a change in mindset from a culture of behind-the-scenes consensus.

Next is intangible assets, particularly the human assets that are the source of innovation.

Preliminary results of this fiscal year's engagement survey have come out.

The ASV realization process that we introduced in the previous fiscal year rose by 1 point to 76 points.

The ASV realization process consists of the eight elements described here. While we have maintained a high score for most items, it can be seen that the score for "Enhancement of productivity" is very low, bringing the overall score down.

Looking into the reasons for the low score of this item, we found that one factor is our culture of behind-the-scenes consensus-building, with many internal approval procedures.

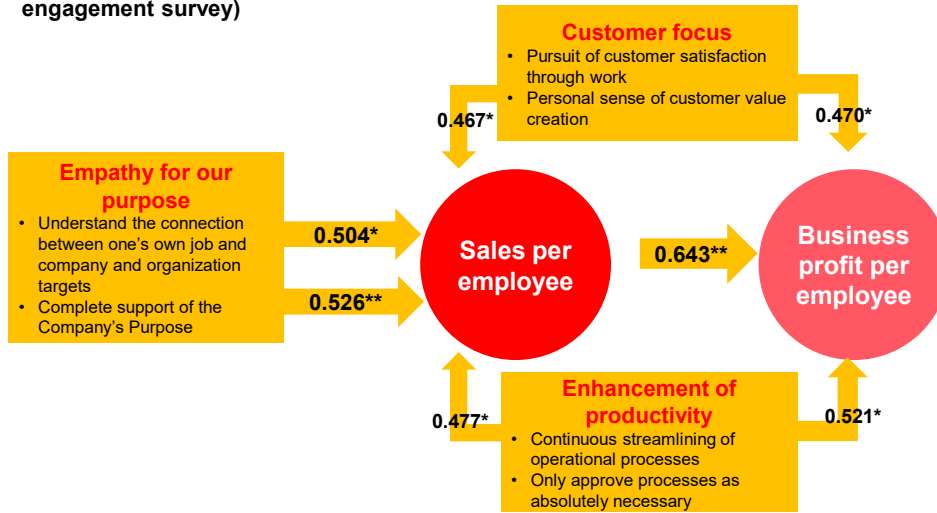
We are trying to break away from this culture through means including promoting proactive participation in volunteering. Last year's score improved.

The score is still low, however, so we will promote reform of awareness through means including network-oriented work-style measures that cross the boundaries of assigned work through volunteering.

II-5. Human Asset Initiatives

(Analysis of the relationship between engagement and business performance)

We will continue to analyze the correlation between the results of the annual engagement survey and business performance. (Figures in the chart below are through the FY2022 engagement survey)



* Statistically significant correlation at 95%

** Significant at 99%

Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

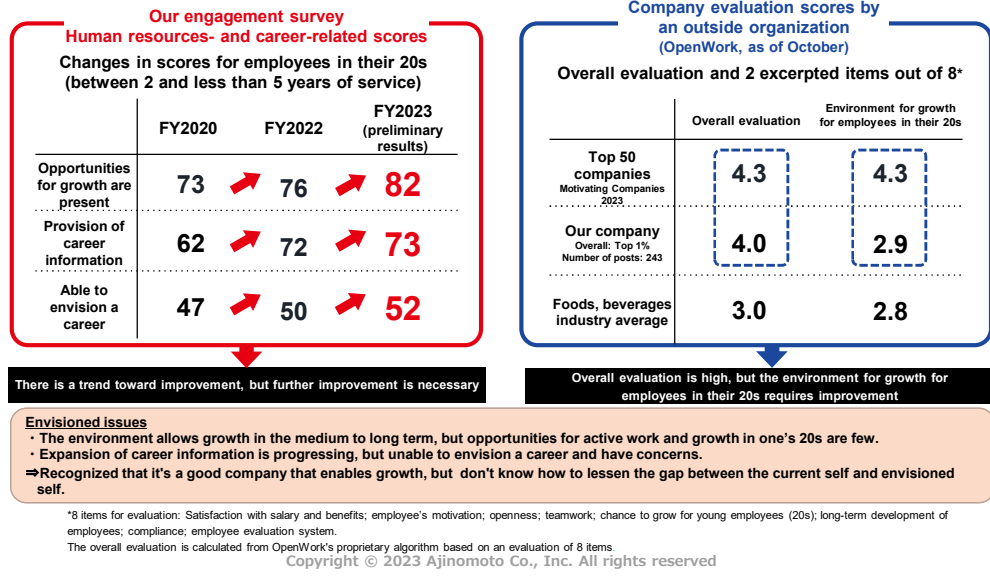
37

Regarding the relationship between engagement surveys and performance, we are currently analyzing the fiscal 2023 engagement survey.

We will disclose results to you when they are ready.

II-6. Human Asset Initiatives (Engagement with Employees in Their 20s)

There also remains room for improvement in the environment for growth and career development for employees in their 20s. By further accelerating initiatives, we will steadily improve these to make the company even more attractive.



Within human assets, a particular challenge we face is the growth environment and career development for employees in their 20s.

The score among this age group has improved in the engagement survey but remains low compared to the whole. Our score for "growth environment for employees in their 20s" from OpenWork also shows a need for improvement.

Envisioned issues include:

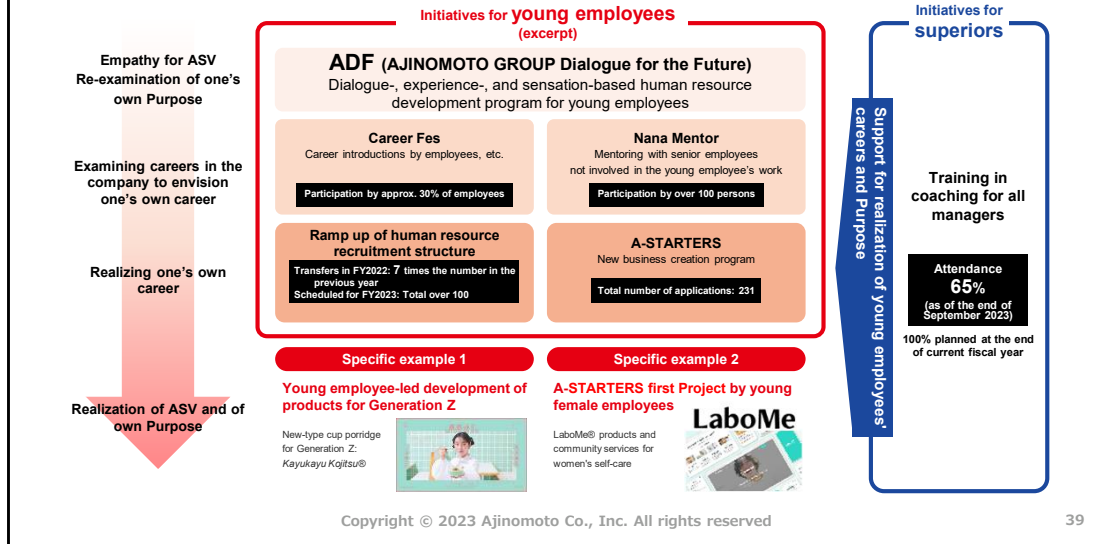
- Few opportunities for active work and growth in one's 20s
- Unable to envision a career

These are issues that we will tackle.

II-6. Human Asset Initiatives (Initiatives for Young Employees)



As a foundation for accelerating the growth and success of young employees, we promote human resource recruitment and new business creation programs. In addition, we are conducting training in coaching for superiors to support the growth of young employees. We view active participation by young employees as driving forces for growth of the company, and will pursue the realization of ASV together with all employees.



To increase opportunities for growth and active roles by young employees, we are advancing programs for new business creation and recruitment of human resources.

We are further enriching information on career design and are also providing coaching training for all managers who guide young employees, and are developing structures to support the growth of young employees.

We view active participation by young employees as a driving force for growth of the company, and will pursue the realization of ASV together with all employees.

Message from the CEO (Reposted)



- FY23 first half sales and business profit both set new records; FY23 revised forecasts for sales and business profit are maintained from the initial forecast, while profit attributable to owners of the parent company is revised upward to 100 billion yen.
- Profit margin has recovered significantly in Seasonings and Foods overseas, and the results of structural reform have become apparent in Frozen Foods in North America. This is mainly due to our quick actions (price changes) in FY2022 being successful.
- We raised unit prices and wanted to bring the quantities of Seasonings and Foods in Japan back to what they had been, but we weren't able to due to consumers' reactions to protect their lifestyles against increased costs.
We established Marketing Design Center and the ground to stand ready at bat (to launch new products) is just about done. We will take short-term and medium- to long-term actions solidly in place.
- A slower-than-expected recovery in the semiconductor market and inventory adjustments by clients that were greater than expected affected the performance of Healthcare and Others. However, the market is growing, and we are confident of a return to growth.
- The company is promoting the 2030 Roadmap working to enhance its corporate value by and continuing to refine it.
- Short-term measures are necessary for FY2024. By also promoting initiatives to lower the break-even point (concentration and reduction of SKUs, etc.), the company will steadily achieve FY2023 targets and double-digit growth in business profit in line with the roadmap for FY2024.

Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

40

I am reposting the message that I presented at the beginning.

We will promote the enhancement of our corporate value so that we can achieve our fiscal 2023 targets and present performance in line with the Roadmap in fiscal 2024.

Thank you for your time today.

Eat Well, Live Well.

Aji
AJINOMOTO®

- 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.
- "AminoScience" is a registered trademark of Ajinomoto Co., Inc.

Summary of the Second Quarter (July-September)



Sales: Increased

¥348.4 billion

103.0% of FY2022

Excluding currency translation: 99.4%

Business profit: Decreased

¥33.7 billion

99.7% of FY2022

Excluding currency translation: 94.9%

**Profit attributable to owners
of the parent company**

¥19.2 billion

99.7% of FY2022

Increased overall, led by Seasonings and Foods and Frozen Foods.

Although profit increased mainly in Seasonings and Foods, and Frozen Foods, both overseas, it could not cover for the decrease in profit in Healthcare and Others.

YoY Business Profit Details

(¥ Billion)	vs Q2-FY22	Details of impacts in Q2
Change in GP due to change in sales	3.5	The increase in revenue in overseas Seasonings and Foods and overseas Frozen Foods exceeded the decrease in revenue in Healthcare and Others
Change in GP due to change in GP margin	0.7	The improvement in GP margin in overseas Seasonings and Foods and overseas Frozen Foods offset the decline in GP margin in Healthcare and Others
Change in SGA expenses	-4.2	SGA expenses increased due to advertising and R&D investments in line with strategy
Share of profit of associates and joint ventures	-0.0	-

Forecast (Consolidated Statements of Income)



(¥ Billion)	FY23 revised forecast (A)	FY23 initial forecast (B)	Difference (A)-(B)	FY22 actual (C)	Difference vs. prev. year (A)-(C)
Sales	1,465.0	1,465.0	0.0	1,359.1	105.8
Business profit	150.0	150.0	0.0	135.3	14.6
Other operating income & expenses	3.0	-6.0	9.0	13.6	-10.5
Operating profit	153.0	144.0	9.0	148.9	4.0
Financial income & expenses	-2.0	-5.0	3.0	-8.9	6.8
Profit before income taxes	151.0	139.0	12.0	140.0	10.9
Income taxes (Tax rate: FY23 revised forecast 25.8%)	-39.0	-37.8	-1.2	-39.8	0.8
Profit (includes discontinued operations)	112.0	101.2	10.8	100.1	11.8
Profit attributable to owners of the parent company	100.0	95.0	5.0	94.0	5.9
Profit attributable to non-controlling interests	12.0	6.2	5.8	6.1	5.8

FY2023 Assumed Exchange Rates and Exchange Rate Sensitivity



Assumed exchange rates (vs. JPY)

	FY23 revised forecast	FY23 actual				FY23 initial forecast
		Q4	Q3	Q2	Q1	
USD	143.00			144.63	137.49	135.00
EUR	156.00			157.32	149.58	135.00
THB	4.07			4.11	3.99	3.75
BRL	28.85			29.59	27.81	25.96

Exchange Rate Sensitivity

Foreign exchange rates (vs. JPY)

	FY23 revised forecast	Sensitivity of translation effects on full year business profit
USD	143.00	±¥1 → approx. ¥100 million
EUR	156.00	±¥1 → approx. ¥50 million
THB	4.07	±¥0.01 → approx. ¥100 million
BRL	28.85	±¥1 → approx. ¥300 million

Reference: Growth Paths by Segment (FY23 initial forecast)



Segment		Organic growth			Business profit			ROIC			EBITDA margin		
		Vs. prev. year	CAGR		Vs. prev. year	CAGR		FY22 actual	FY23 initial forecast	FY25 plan	FY22 actual	FY23 initial Forecast	FY25 plan
		FY22 actual (Sales)	FY23 initial forecast	FY25 plan (FY22-25)	FY22 actual (BP)	FY23 initial forecast	FY25 plan (FY22-25)	FY22 actual	FY23 initial forecast	FY25 plan	FY22 actual	FY23 initial Forecast	FY25 plan
Seasonings and Foods	Sauce & Seasonings	¥775.0 billion	7.4%	5%	¥84.8 billion	9.6%	12%	15.9% *11.8%	Approx. 14%	16%	14.9%	Approx. 15%	16%
	Quick Nourishment												
	Solution & Ingredients												
								WACC 7%					
Frozen Foods	Frozen Foods	¥267.2 billion	10.0%	3%	¥2.0 billion	¥3.7 billion	¥10.0 billion or more	-3.3% *0.6%	Approx. 1%	5%	5.5%	Approx. 6%	8%
								WACC 5%					
Healthcare and Others	Bio-Pharma Services & Ingredients	¥299.6 billion	11.4%	8%	¥48.6 billion	11.3%	13%	12.2%	Approx. 13%	18%	21.8%	Approx. 22%	27%
	Functional Materials (electronic materials and others)												
	Others												
								WACC 7%					
Total		¥1,359.1 billion	8.8%	5%	¥135.3 billion	10.8%	15% or more	9.9%	9.5%	13%	15.2%	15.4%	17%
								WACC 6%					

*ROIC excluding the profit from sales of fixed assets and impairment losses

Starting in FY2023, the method for allocating shared expenses such as R&D expenses was changed in order to better evaluate the business performance of each reportable segment. The above figures, including results for FY2022, reflect this change.

Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

Human Resource Initiatives (Receipt of the HR Award 2023)

In recognition of our comprehensive initiatives centered on measures to encourage autonomous changes in behavior by young employees, we received the Award for Excellence in the Corporate HR category at HR Awards 2023 of the Nihon no Jinjibu (sponsored by the HR Award Steering Committee, supported by the Ministry of Health, Labour and Welfare).

Reasons for receipt of the award

Our "Toward enhanced well-being for all employees who achieve aspirations. Comprehensive initiatives to strengthen human resources" was highly rated by many top managers and human resource professionals as an initiative to reassess ways of valuing people in light of the times and to enhance the well-being of every individual.



Naoko Yamamoto, Corporate Executive General Manager, Human Resources Dept., receives a certificate of commendation from selection committee member Mariko Bando (left)

Examples of measures

- First "Career-Fes" to introduce various careers
- Timely appointments to managerial positions that encourage trying new things and growth
- Challenge Target Scoring System under Management by Objectives (MBO)
- Revision of the childcare leave system for men
- Introduction of a Career Anywhere system for fully remote work in Japan and overseas
- Special incentives for members of the employee stock ownership association to improve financial well-being

Outcomes

About 30% of employees participated in Career-Fes. In-house human resource recruitment received applications primarily from young employees, with the number of agreements seven times that of the previous year. Autonomous changes in behavior can be seen especially in young employees, with the percentage of men taking childcare leave increasing sharply to 91% and membership in the employee stock ownership association exceeding 70%.

Glossary①



Term	Meaning and details	Page
"AminoScience"	A collective term for the materials, features, technologies, and services obtained from research processes and implementation processes dedicated to the functions of amino acids. "AminoScience" is also the Ajinomoto Group's unique scientific approach that connects those obtained qualities to solving social issues and contributing to well-being.	26-41
Nucleic acid-based drugs	Drugs composed of a basic structure of nucleotides, the constituent components of the deoxyribonucleic acid (DNA) and ribonucleic acid (RNA) that are responsible for the genetic information in organisms. Nucleic acid-based drugs are considered a third type of drug after small-molecule drugs and therapeutic antibodies, and may hold cures for diseases that resist treatment with conventional drugs.	16
Category management Brand management	Category management covers actions including the planning of strategies and management of profitability by product category. Brand management covers actions including the planning of strategies and management of profitability by brand. As an example, in North American Frozen Foods, "gyoza" is a category and "TaiPei" and "LingLing" are brands. More than brand management, category management enables strategic planning and profitability management that are optimal overall.	13-30
Channel management	The planning of strategies and management of profitability by form of distribution, such as supermarkets, drug stores, and e-commerce.	13-31
Biosimilars	Drugs with the same efficacy and safety as preceding biopharmaceuticals from other pharmaceutical companies, produced following expiration of the patents of the latter.	15
Value chain	The flow of steps by which value is added in raw material procurement, manufacturing, shipping and transport, marketing, sales to customers (consumers), after-sales service, etc., until products and services reach customers.	13-28-30-32
Material issues	Matters that are important to the Ajinomoto Group.	28
Rolling forecast	A forecasting method by which future performance forecasts are continuously updated based on recent results, the external environment, and business plans. It is used to quickly and accurately draft and execute action plans for achieving short-term targets (performance forecasts) and medium- to long-term targets (ASV indicators).	28 - 31 - 32

Copyright © 2023 Ajinomoto Co., Inc. All rights reserved

47

Glossary②

Term	Meaning and details	Page
Number of days' sales in inventory (days inventory outstanding, DIO)	A value that expresses the number of days required for turnover of the inventory in question, i.e., the time taken to sell a product after stocking it. It is calculated as ((value of inventory at the beginning of the period + value of inventory at the end of the period) ÷ 2) ÷ cost of sales (annual) × 365 (number of days). Shortening of DIO relates directly to shortening of CCC and increases ability to generate cash.	32・35
Progressive dividend policy	A policy of increasing or maintaining dividends without reduction.	24
Single strand (antisense)	A single strand of DNA or RNA that inhibits or controls the functioning of its target by binding to the target's nucleic acid. Unlike DNA, RNA mostly exists as single strands. (As the main role of RNA is to copy the DNA blueprint temporarily, DNA-like double strands are thought to be unnecessary.) This is also the original target area of our original AJIPHASE® technology.	16
Double strand (siRNA)	Short (about 20 bases in length), two-stranded RNA. siRNA is an abbreviation for short interfering RNA. siRNA works with proteins to regulate gene expression. It has been added to the target area of our original AJIPHASE® technology through evolution of the technology.	16
AI and natural language AI	An abbreviation for artificial intelligence, AI technology allows computers to engage in reasoning, recognizing and understanding human speech, and other intellectual behaviors. Natural language AI refers to AI on a computer that processes everyday written and spoken languages such as Japanese or English, as opposed to artificial languages such as programming languages.	14
AJIPHASE®	Our company's original technology for oligonucleotide and peptide synthesis using liquid-phase synthesis. (Reference site)	16
B-to-C	An abbreviation for business-to-consumer, this refers to business for the home market, aimed at general consumers.	28
CAGR	An abbreviation for compound annual growth rate.	17・18・45

Glossary③



Term	Meaning and details	Page
CCC	An abbreviation for cash conversion cycle, a financial indicator that expresses the number of days required to recover trade receivables after payment of trade payables. It is calculated as the number of days for turnover of trade receivables + number of days' sales in inventories - number of days for turnover of trade payables. Shortening CCC enhances the ability to generate cash, which can be directed toward future investments and shareholder returns.	28・31・32
CDMO	An abbreviation for contract development and manufacturing organization, a party that develops and manufactures drugs under contract. A CDMO provides comprehensive services for manufacturing and development, such as contract drug manufacturing for pharmaceutical companies and optimization of manufacturing conditions during the development stage. A CDMO's scope of business is broader than that of a drug contract manufacturing organization (CMO) in that it can also take part in the development of investigational new drugs, such as the formulation process.	16
GP	Gross profit, calculated as sales - cost of sales.	5・6・10・31・42
OE	An abbreviation for operational excellence, a state by which business operational advantages are maintained through efforts to enhance the efficiency of operations.	13・30
SKU	An abbreviation for stock keeping unit, the minimum unit of inventory management. As an example, under the same brand and same variety, "Cook Do® Twice-Cooked Pork" and "Cook Do® Twice-Cooked Pork, 2 Servings" make up two SKUs.	3・13・35・40
TDC	An abbreviation for total delivered cost, the total cost of delivering products to their destination, calculated as the sum of costs of sales and logistics costs.	13・29・30
WACC	An abbreviation for weighted average cost of capital. Return on invested capital (ROIC), which expresses the earning power of a company, in excess of WACC leads to growth in corporate value.	18・23・45
Well-being	The state of being healthy and happy.	26・46

Reference Links

Ajinomoto Group IR Information

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

Ajinomoto Group ASV Report (Integrated Report) 2023

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

Ajinomoto Group Medium-Term ASV Initiatives

https://www.ajinomoto.co.jp/company/en/ir/event/medium_term.html

Ajinomoto Group Business Briefing / IR Day

https://www.ajinomoto.co.jp/company/en/ir/event/business_briefing.html

Ajinomoto Group Stories

<https://www.ajinomoto.com/stories>