

Eat Well, Live Well.



# **Ajinomoto Co., Inc. (2802)**

## **Financial Results for Q3 of FY2022**

### **(Ending March 31, 2023)**

**Tetsuya Nakano**  
**Executive Officer & Vice President**

**January 31, 2023**

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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- **In addition to sales and business profit rising in the third quarter after also having risen in the second quarter, they were also the highest they've ever been since the introduction of IFRS in FY2016, for both the quarter and on a cumulative basis.**
- **Prices of raw materials and fuels have remained high overall, a trend that is expected to continue in the next fiscal year. Given this situation, we will work to strengthen profitability with additional pricing and other measures.**
- **Based on the current status, achievement of the full-year forecast for FY2022 is solidly within sight, but at present we refrain from raising it. (No revisions) Repurchase of shares is underway according to schedule.**
- **We plan to publish our "Medium-Term ASV Initiative 2030 Roadmap." (Briefings are scheduled on February 28 for media and on March 1 for investors and analysts.)**

ASV (The Ajinomoto Group Creating Shared Value): Initiatives to create both social and economic value through its business, which the Group has been consistently engaging in since its foundation.

# Digest of the First Three Quarters (April - December)

**Sales**  
**Increased (record high)**

**¥1,026.7 billion**

120.2% of FY2021 results

**Excluding currency translation: 109.6%**

**up ¥172.4 billion**

Revenue increased significantly overall due to higher revenue in all major segments.

Even excluding currency translation, growth approached two digits.

**Business profit**  
**Increased (record high)**

**¥119.2 billion**

110.0% of FY2021 results

**Excluding currency translation: 100.0%**

**up ¥10.7 billion**

Even excluding currency translation, we achieved 100% of the previous year's level overall.

Sales increased in Seasonings and Foods and in Frozen Foods, but business profit decreased due to increased costs of raw materials and logistics.

In Healthcare and Others, profit increased due to strong performance in the Functional Materials business and Bio-Pharma Services & Ingredients business.

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

**¥76.4 billion**

93.7% of FY2021 results

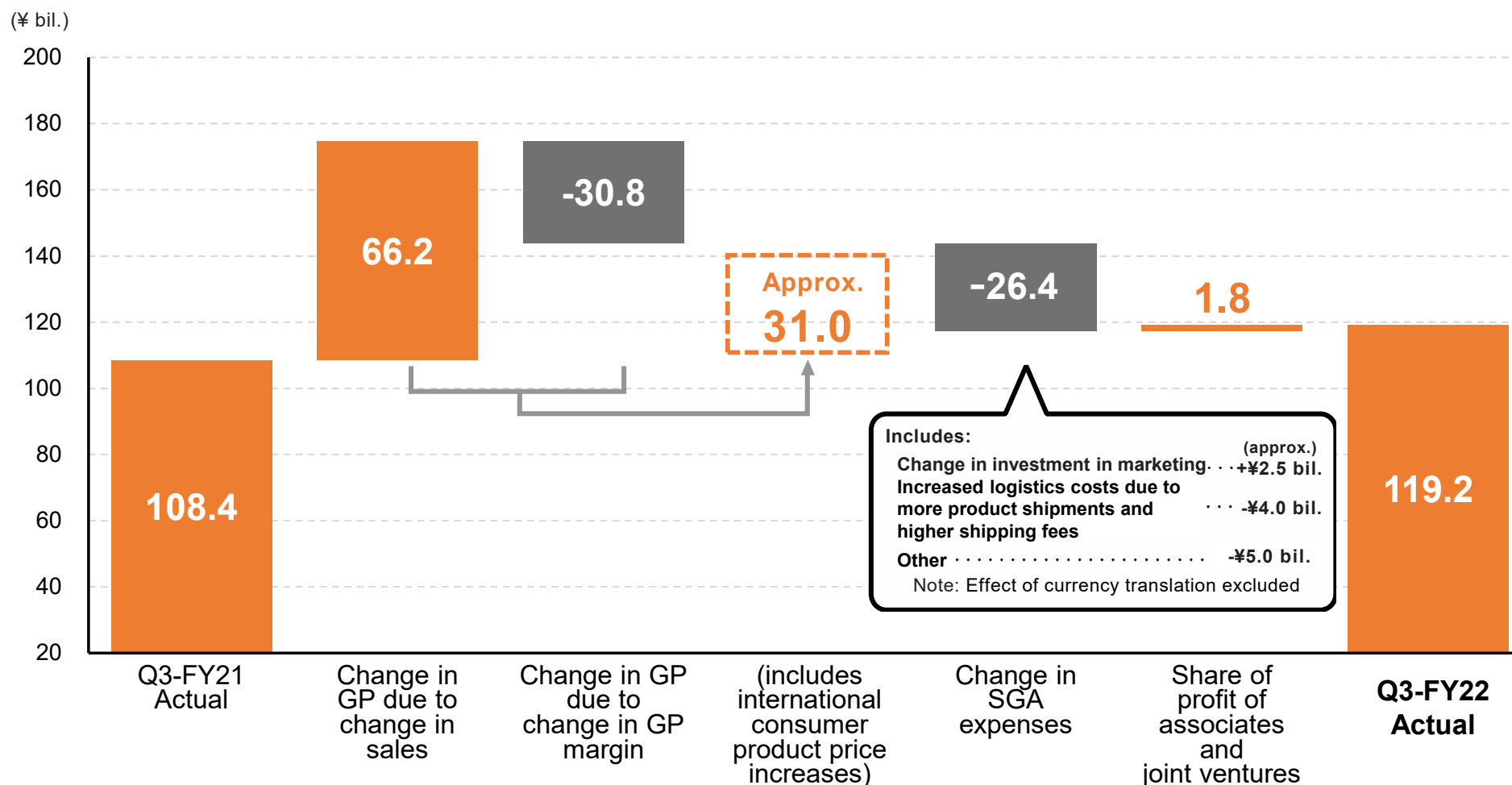
Decreased year-on-year due to the recording of profit on the sale of fixed assets (idle assets) within operating income for the same period of the previous fiscal year.

**Excluding profit on the sale of fixed assets**  
**111.7% of FY2021 results**

## YoY Business Profit Details – Summary

(¥ Billion)	vs Q1-FY21	vs Q2-FY21	vs Q3-FY21	VS Cumulative FY21	Details of impacts in Q3 (Apr.-Dec.)
Change in GP due to change in sales	17.8	24.2	24.0	66.2	Effect of increased revenue in Seasonings and Foods overseas, Frozen Foods overseas, Functional Materials, Bio-Pharma Services, etc.
Change in GP due to change in GP margin	-9.1	-10.9	-10.7	-30.8	GP margin of Seasonings & Foods, Frozen Foods decreased due to the impact of substantial price increases for raw materials and fuel.
Change in SGA expenses	-7.4	-9.9	-9.0	-26.4	SGA expenses increased due to factors including currency translation and increased logistics costs.
Share of profit of associates and joint ventures	0.2	0.0	1.5	1.8	
<b>Total</b>	<b>1.5</b>	<b>3.4</b>	<b>5.7</b>	<b>10.7</b>	

# Changes in Business Profit (Results as of the end of Q3 (cumulative) by P&L Factor)



**Ref: Impact of costs for raw materials and fuel, and food ingredients: approx. -¥8.0 billion (net impact)**

**Impact of currency translation: approx. +¥10.5 billion**

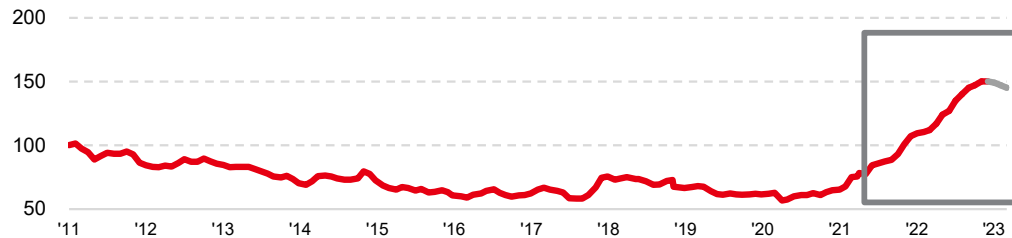
**(Change in GP: approx. +¥30.0 billion, Change in SGA expenses: approx. -¥19.5 billion)**

**Cost decreases: approx. +¥3.0 billion**

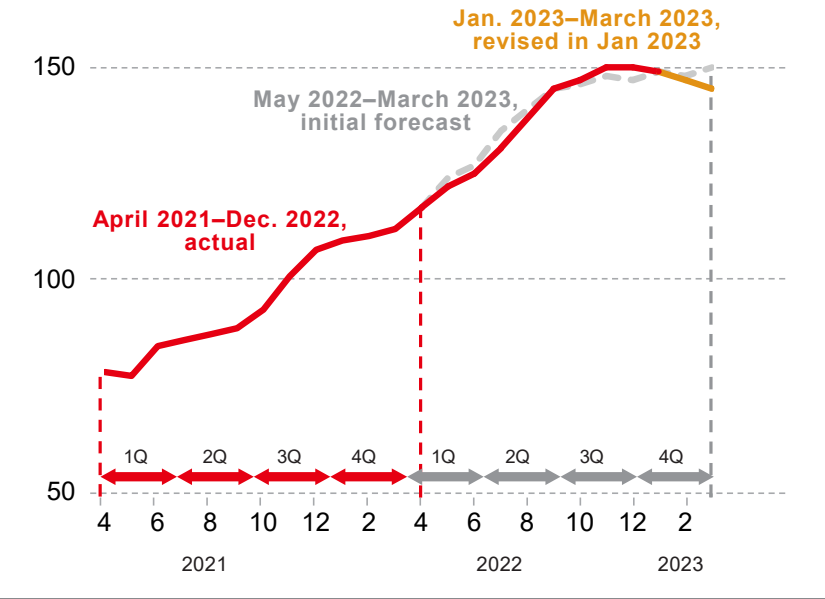
# Items that Impact Business Results (Main and Sub Fermentation Raw Material Prices)

We will offset rising raw material costs with agile price increases and will work toward early recovery of business profit margin.

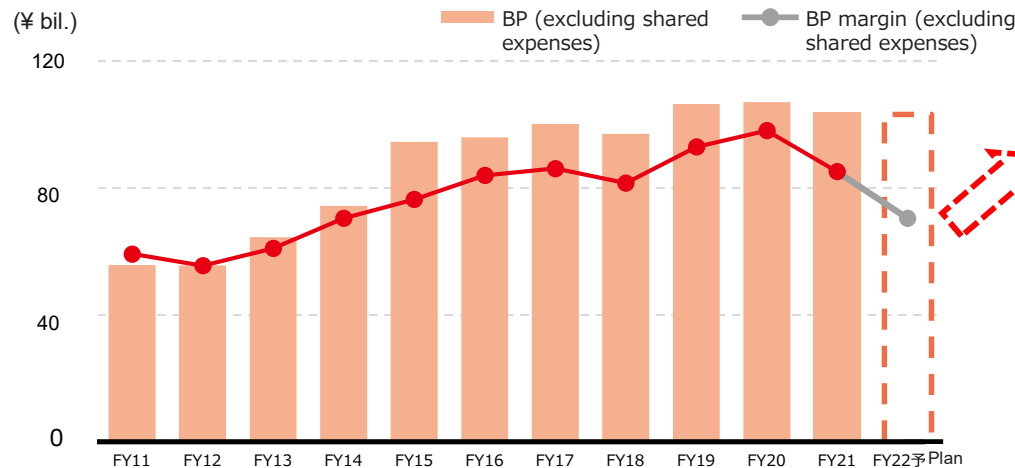
The weighted average of main and sub fermentation raw material prices (purchase volume, FY2011 actual to FY2022 forecast) Jan. 2011=100



- While prices of some sub raw materials have stabilized, prices of main raw materials have risen and overall remain in line with the revised forecast.
- Raw material prices are expected to remain high from the next fiscal year onward.



Seasonings and Foods  
BP, BP margin (until 2014: Operating Profit)

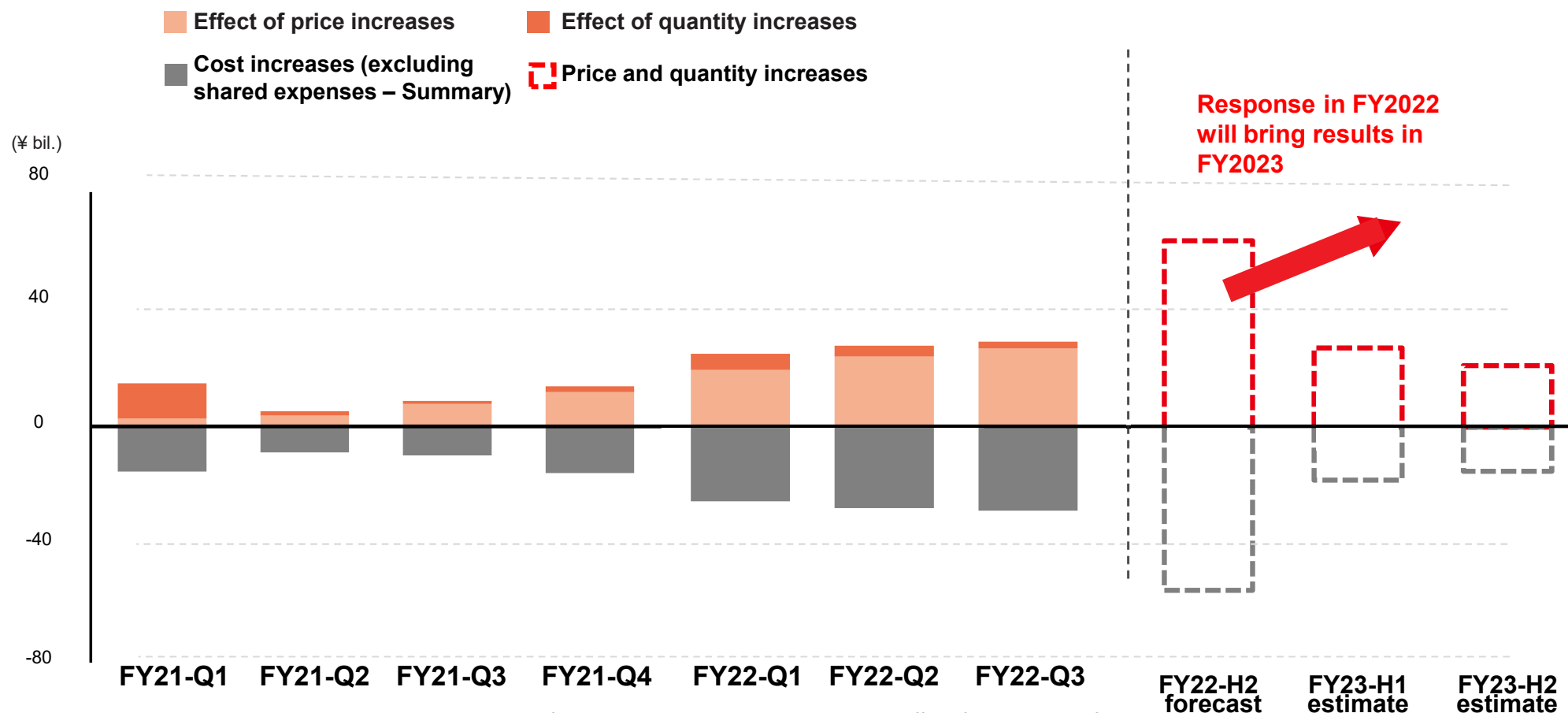


# Items that Impact Business Results (Respond to the Effect of Costs & Expenses)

While the costs of raw materials and fuels remained high in Q3 of FY2022, we are offsetting the cost increases monetarily with price increases and other measures.

Heading into the next fiscal year, we will continue to watch the cost situation and solidly offset costs.

## YoY Amount of Impact of Costs & Expenses on Seasonings and Foods Business BP, and Our Response



# Priority KPIs (Forecast by Segment)

## Segments

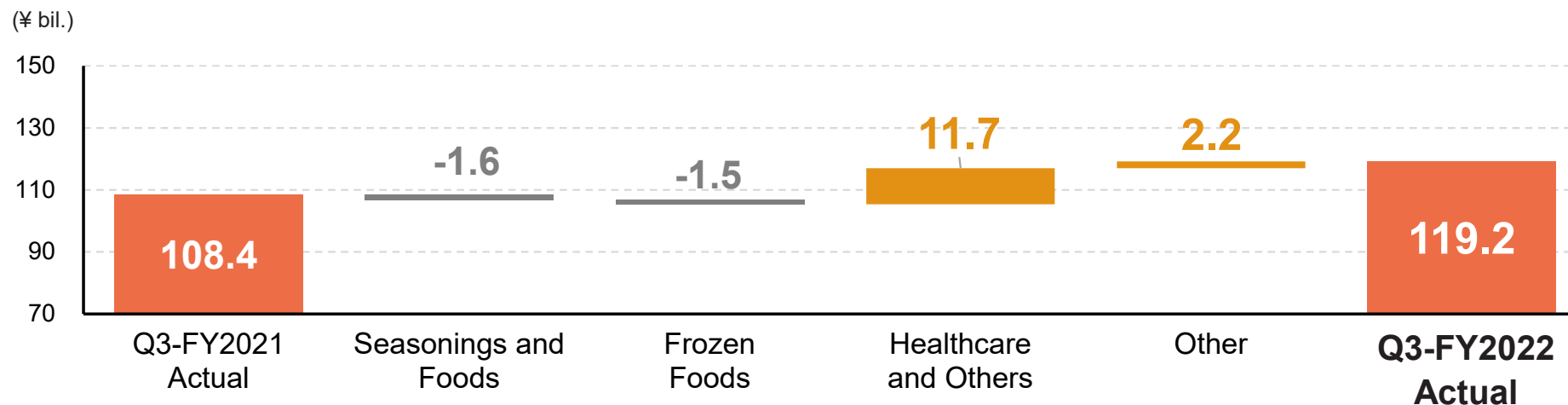
## Q3-FY2022 Actual (cumulative) and FY2022 Forecast

Segments	Q3-FY2022 Actual (cumulative) and FY2022 Forecast										
	Organic growth			Unit price growth (International consumer products)			ROIC				
	(%)			(%)			(%)				
	FY21 actual	Q3-FY22 actual (cum.)	FY22 forecast	FY21 actual	Q3-FY22 actual (cum.)	FY22 forecast	FY21 *	FY22 *	MTP Targets		
							actual	forecast	FY22	FY25	
Seasonings and Foods	Sauce & Seasonings	4.9%	8.8%	Approx. 10%	3.5%	7.7%	9%	10.9%	12%	12% or more	17% or more
	Quick Nourishment										
	Solution & Ingredients										
WACC 6%											
Frozen Foods	Frozen Foods	9.8%	7.1%	Approx. 6%	7.8%	19.2%	19%	-1.5%	Approx. 0%	1% or more	5%
WACC 5%											
Healthcare and Others	Bio-Pharma Services & Ingredients										
	Functional Materials	10.8%	18.2%	Approx. 15%	—	—	—	10.7%	Approx. 13%	10% or more	12% or more
	Others										
WACC 8%											

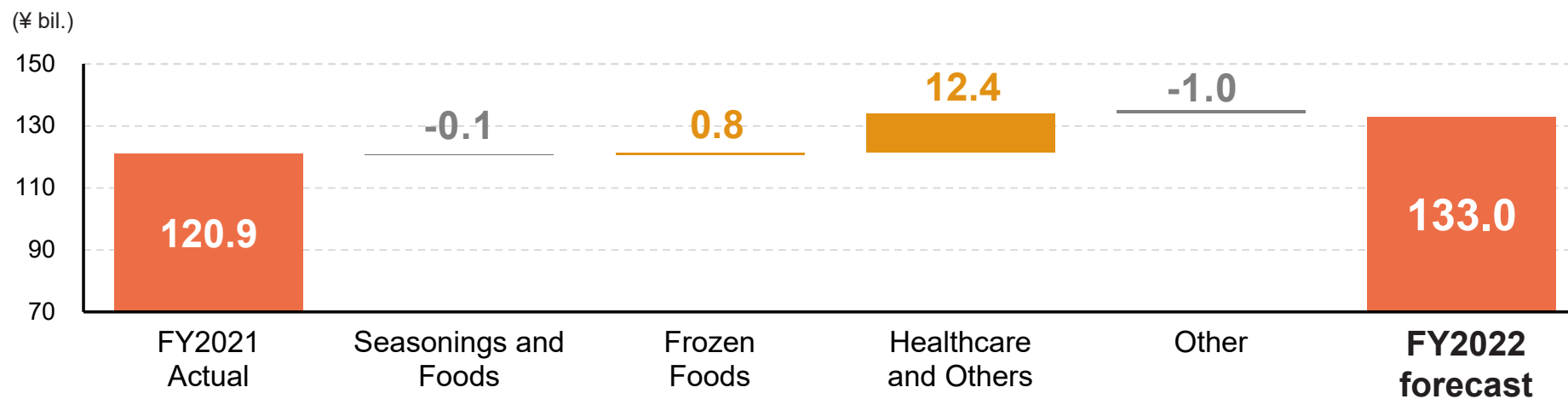
\* Excluding structural reform expenses

# Factors Leading to Changes in Business Profit (by Segment)

## As of the end of Q3 (cumulative) FY2022



## FY2022 Forecast







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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.**

# Summary of the Third Quarter (October-December)

**Sales: Increased**

**¥366.8 billion**  
120.7% of FY2021 results

**Excluding currency translation: 109.7%**

Revenue increased significantly overall due to higher revenue in all major segments.  
Even excluding currency translation, growth approached two digits.

**Business profit: Increased**

**¥44.8 billion**  
114.8% of FY2021 results

**Excluding currency translation: 105.2%**

Even excluding currency translation, we achieved to exceed the previous year's level overall. Sales increased in Seasonings and Foods and in Frozen Foods, but business profit decreased due to increased costs of raw materials.  
In Healthcare and Others, profit increased due to strong performance in the Functional Materials business and Bio-Pharma Services & Ingredients business.

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

**¥29.3 billion**  
107.3% of FY2021 results

**Excluding profit on the sale of fixed assets**  
**112.1% of FY2021 results**

## YoY Business Profit Details – Summary

(¥ billion)	vs Q3-FY21	Details of impacts in Q3
Change in GP due to change in sales	24.0	Effect of increased revenue in Seasonings and Foods overseas, Frozen Foods overseas, Functional Materials, Bio-Pharma Services, etc.
Change in GP due to change in GP margin	-10.7	GP margin decreased in Seasonings & Foods and Frozen Foods due to soaring raw materials and fuel prices.
Change in SGA expenses	-9.0	SGA expenses increased due to exchange rate.
Share of profit of associates and joint ventures	1.5	

# 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)

		FY2022–2023				
		Q3		From Q4		
Sauce & Seasonings	Thailand	Flavor seasonings	October	Indonesia	Umami seasonings	January
		Menu-specific seasonings	October		Flavor seasonings	January
		Cooking sauce	October		Menu-specific seasonings	January
	Indonesia	Flavor seasonings	October	Philippines	Cooking sauce	January
		Menu-specific seasonings	October			
Philippines	Umami seasonings	October	Japan		Umami seasonings	January
	Flavor seasonings	October				
	Menu-specific seasonings	October-December				
	Cooking sauce	October-November				
	Japan	Salt, flavor seasonings, mayonnaise	October			
	Also raised prices in ten other countries and areas					
Quick Nourishment	Thailand	Instant noodles	November	Thailand	RTD Coffee	January
	Japan	Some stick-type products (coffee, etc.)	October	Japan	Coffee, etc.	April
	Also raised prices in two other countries and areas					
Frozen Foods	North America	Home use	October-November	Japan	Home use	February
					Restaurant and industrial-use	March

# Reference Links

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## **Ajinomoto Group IR**

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

## **Ajinomoto Group ASV Report (Integrated Report) 2022**

<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)