

Ajinomoto Co., Inc.

Consolidated Results

IFRS

Fiscal Year Ended March 31, 2020

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and judgements made by management in light of information currently available. Actual financial results may differ depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

SUMMARY OF FINANCIAL STATEMENTS [IFRS] (Consolidated)

For the fiscal year ended March 31, 2020

Ajinomoto Co., Inc.

May 25, 2020

Stock Code: 2802	Stock exchange listing: Tokyo Stock Exchange
URL: https://www.ajinomoto.co.jp/company/	
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Scheduled date of the general meeting of shareholders:	June 24, 2020
Scheduled date of starting payment of dividend:	June 25, 2020
Scheduled date of submission of securities report:	June 24, 2020
Creation of supplementary results materials:	Yes
Results briefing:	Yes (for analysts)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2020

(1) Consolidated Operating Results

	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2019	
	Change %		Change %	
Sales	1,100,039	(1.3)	1,114,308	—
Business profit	99,236	6.4	93,237	—
Profit before income taxes	48,795	(10.8)	54,698	—
Profit	28,969	(25.7)	39,004	(42.8)
Profit attributable to owners of the parent company	18,837	(36.6)	29,698	(50.6)
Basic earnings per share (yen)	¥34.37	—	¥53.62	—
Diluted earnings per share (yen)	¥34.35	—	—	—
ROE attributable to owners of the parent company (%) ..	3.3%	—	4.7%	—
Ratio of business profit to total assets (%)	7.2%	—	6.6%	—
Ratio of business profit to sales (%)	9.0%	—	8.4%	—

“Change %” indicates the percentage change compared to the previous fiscal year.

Share of profit of associates and joint ventures:
Fiscal year ended March 31, 2020:
¥ (2,444) million

Fiscal year ended March 31, 2019:
¥ (515) million

Notes

- (1) Upon the adoption of IFRS, the Ajinomoto Group has introduced “business profit” as a new profit level that will better enable investors, the Board of Directors, and the Management Committee to grasp the core business results and future outlook of each business while also facilitating continuous evaluation of the Group’s business portfolio by the Board of Directors and the Management Committee. “Business profit” is defined as sales minus the cost of sales, selling expenses, research and development expenses, and general and administrative expenses, to which is then added share of profit of associates and joint ventures. Business profit does not include other operating income or other operating expenses.
- (2) From the fiscal year ended March 31, 2019, the logistics business was reclassified under discontinued operations. Profit from discontinued operations in the consolidated statements of income is presented separately from the profit from continuing operations. Sales, business profit and profit before income taxes in the above table are amounts related to continuing operations only. On April 1, 2019, the Company lost control of F-LINE Corporation (the former Ajinomoto Logistics Corporation), and F-LINE Corporation became an equity-method affiliate of the Company from the fiscal year ended March 31, 2020. Gain on loss of control is included in profit from discontinued operations, and share of profit of associates and joint ventures is included in continuing operations for the fiscal year ended March 31, 2020.
- (3) From the fiscal year ended March 31, 2020, the packaging business (Fuji Ace Co., Ltd.) was reclassified under discontinued operations. Profit from discontinued operations in the consolidated statements of income is presented separately from the profit from continuing operations. Sales, business profit and profit before income taxes in the above table are amounts related to continuing operations only. Amounts shown for the fiscal year ended March 31, 2019 have also been adjusted to reflect this change; accordingly, the percent change from the previous year’s results is not shown.

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of March 31, 2020	As of March 31, 2019
Total assets	1,353,616	1,393,869
Total equity	592,070	685,960
Equity attributable to owners of the parent company	538,975	610,543
Ownership ratio attributable to owners of the parent company (%).....	39.8%	43.8%
Equity per share (attributable to owners of the parent company) (yen).....	¥983.19	¥1,113.93

(3) Consolidated Cash Flows

Millions of yen, rounded down

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019
Net cash provided by (used in) operating activities.....	114,856	123,256
Net cash provided by (used in) investing activities	(66,651)	(72,923)
Net cash provided by (used in) financing activities	(52,306)	(78,923)
Cash and cash equivalents at end of year	141,701	153,725

2. Dividends

Millions of yen, rounded down

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021 (forecast)
Dividend per share			
Interim (yen).....	¥16.00	¥16.00	¥16.00
Year-end (yen).....	¥16.00	¥16.00	¥16.00
Annual (yen).....	¥32.00	¥32.00	¥32.00
Total annual dividend amount	17,570	17,570	
Dividend payout ratio (consolidated) (%)	59.7%	93.1%	78.0%
Ratio of dividends to equity attributable to owners of the parent company (consolidated) (%)	2.9%	3.1%	

3. Forecast for the Fiscal Year Ending March 31, 2021

Millions of yen, rounded down

	Fiscal year ending March 31, 2021	
		Change %
Sales.....	1,048,000	(4.7)
Business profit	78,000	(21.4)
Profit attributable to owners of the parent company.....	22,500	19.4
Basic earnings per share (yen).....	¥41.02	

“Change %” indicates the percentage change compared to the previous fiscal year.

Notes:

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in the change in consolidation scope): None

(2) Changes in accounting policies and accounting estimates

- 1) Changes in accounting policies as required by IFRS: Yes
- 2) Other changes in accounting policies: None
- 3) Changes in accounting estimates: None

(3) Number of shares outstanding (ordinary shares)

	<i>Shares</i>	
	As of March 31, 2020	As of March 31, 2019
Number of shares outstanding at end of period (including treasury shares):	549,163,354	549,163,354
Number of treasury shares at end of period	974,103	1,063,513
	April 1, 2019 to March 31, 2020	April 1, 2018 to March 31, 2019
Average number of shares during period	548,145,219	553,908,172

(Note) The number of treasury shares at end of period includes the Company's shares held by "Director's remuneration BIP Trust" (As of the fiscal year ended March 31, 2020: 873,700 shares. As of the fiscal year ended March 31, 2019: 966,200 shares), which was adopted along with the introduction of Stock-based Remuneration of Executive Officers Based on the Company's Medium-term Earnings Performance for the Directors and others. In addition, these Company's shares are included in the treasury shares which are deducted from the number of shares outstanding at end of period when calculating the average number of shares during the period.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Non-Consolidated Operating Results

	<i>Millions of yen, rounded down</i>			
	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2019	
		Change %		Change %
Net Sales	261,582	0.1	261,372	2.5
Operating Income	(7,427)	—	(6,537)	—
Ordinary Income	36,573	(0.2)	36,631	3.8
Net Income (loss)	8,491	(64.4)	23,849	(26.3)
Earnings per share (yen)	¥15.49	—	¥43.06	—
Fully diluted earnings per share (yen)	¥15.48	—	—	—

"Change %" indicates the percentage change compared to the previous fiscal year.

(2) Non-Consolidated Financial Position

	<i>Millions of yen, rounded down</i>	
	As of March 31, 2020	As of March 31, 2019
Total assets	975,844	978,882
Net assets	300,210	328,221
Shareholders' equity ratio (%)	30.8%	33.5%
Net assets per share (yen)	¥547.64	¥598.84

Note: Shareholders' equity as of: March 31, 2020: ¥300,210 million
 March 31, 2019: ¥328,221 million

Reason for discrepancy with the non-consolidated results for the fiscal year ended March 31, 2019

In light of recent changes in the business environment and performance of Ajinomoto Istanbul Food Industry and Trade Limited Company ("AIS"), a consolidated subsidiary, profitability expected in the future fell below the initially forecast business plan, resulting in a significant decrease in fair value. Accordingly, the Company applied impairment to investments in capital of subsidiaries and associates and recorded a ¥12,142 million loss on valuation of investments in capital of subsidiaries and associates at the end of the fiscal year ended March 31, 2020. The Company also recorded a ¥1,370 million impairment loss on trademark rights of AIS owned by Ajinomoto Co., Inc. This created the discrepancy between net income in the fiscal year ended March 31, 2019 and net income in the fiscal year ended March 31, 2020.

* This summary of consolidated financial statements is outside the scope of an audit by a public certified accountant or an auditing firm.

* Appropriate use of forecasts and other notes

Disclaimer regarding forward-looking statements and other information

Forward-looking statements, such as business forecasts, included in this document are based on management's estimates, assumptions, and projections at the time of publication. These statements do not represent a promise or commitment by the Company to achieve these forecasts. Actual operating results may differ significantly due to various factors. For more information regarding our earnings forecasts, see page 7, "1. QUALITATIVE INFORMATION ON FISCAL YEAR-END CONSOLIDATED RESULTS, 1. Overview of operating results for the fiscal year ended March 31, 2020, 2. Outlook for the Fiscal Year Ending March 31, 2021."

Method of obtaining supplementary results materials

Supplementary results materials will be published on the Company's website on Monday, May 25, 2020.

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1. QUALITATIVE INFORMATION ON FISCAL YEAR-END CONSOLIDATED RESULTS

I. Overview of operating results for the fiscal year ended March 31, 2020

Upon the adoption of IFRS, the Ajinomoto Group has introduced "business profit" as a new profit level that will better enable investors, the Board of Directors, and the Management Committee to grasp the core business results and future outlook of each business while also facilitating continuous evaluation of the Group's business portfolio by the Board of Directors and the Management Committee. "Business profit" is defined as sales minus the cost of sales, selling expenses, research and development expenses, and general and administrative expenses, to which is then added share of profit of associates and joint ventures. Business profit does not include other operating income or other operating expenses.

From the fiscal year ended March 31, 2019, the assets and liabilities of Ajinomoto Logistics Corporation ("AB"), which was a subsidiary of the Company, were included under a disposal group of assets/liabilities classified as held for sale, and the logistics business was classified as a discontinued business. On April 1, 2019, AB, Kagome Distribution Service Co., Ltd., House Logistics Service Corporation, F-LINE Corporation, and Kyushu F-LINE Corporation merged, with AB as the surviving company, and changed the company name to F-LINE Corporation. As a result, F-LINE Corporation became an equity-method affiliate of the Company from the fiscal year ended March 31, 2020. Gain on loss of control is included in profit from discontinued operations, and share of profit of associates and joint ventures is included in continuing operations for the fiscal year ended March 31, 2020.

In addition, on February 5, 2020, the Company entered into a contract to transfer the entire equity stake held by the Ajinomoto Group corresponding to 51% of the outstanding shares in Fuji Ace Co., Ltd. ("FA"), a packaging materials manufacturing and sales company in Thailand which is a consolidated subsidiary, to Fuji Seal International, Inc. and other entities. This finalized the loss of control of FA, and FA was classified as a discontinued business in the fourth quarter of the fiscal year ended March 31, 2020.

1. Review of operating results

During the fiscal year ended March 31, 2020, the global economy remained robust overall backed by the positive employment environment in each country although there were phases of increasing uncertainty due to such factors as trade friction between the U.S. and China. However, as a result of the COVID-19 pandemic, reported to have broken out in China from December 2019 on, there was a sharp slowdown in the global economy and social turmoil toward the end of the fiscal year. In these circumstances, the Company put the safety of its employees first by promptly establishing a task force while striving to operate its business based on a smooth transition to a working-from-home system for personnel other than production and distribution workers.

During the fiscal year ended March 31, 2020, the Ajinomoto Group's consolidated sales decreased by 1.3% year-on-year, or ¥14.2 billion, to ¥1,100.0 billion largely owing to a dramatic decrease in animal nutrition product sales despite increases in sales of pharmaceutical custom manufacturing, and amino acids for pharmaceuticals and foods.

Business profit increased by 6.4%, or ¥5.9 billion, to ¥99.2 billion, largely owing to significant profit growth in umami seasonings for processed food manufacturers, frozen foods (Japan), specialty chemicals, and coffee products despite an impairment loss on the trademark rights of Promasidor Holdings Limited ("PH") recorded in share of profit of associates and joint ventures in addition to a dramatic decline in profit from animal nutrition. Despite an increase in demand for some amino acids for pharmaceuticals and home-use seasonings and processed foods toward the end of the fiscal year due to the COVID-19 pandemic, there was a decrease in demand for restaurant and industrial-use seasonings and processed foods and amino acids for foods. As a result, the impact of COVID-19 remained minimal overall.

Operating profit declined 9.1% year-on-year, or ¥4.8 billion, to ¥48.7 billion largely owing to impairment losses on production equipment in the animal nutrition business in Europe, investments related to PH and

accounted for using the equity method, production equipment in the bakery business, seasoning production equipment in Europe, and on goodwill and trademark rights of Ajinomoto Istanbul Food Industry and Trade Limited Company (“AIS”).

Profit attributable to owners of the parent totaled ¥18.8 billion, down 36.6%, or ¥10.8 billion.

An itemization of the details of the impairment losses on production equipment in the animal nutrition business in Europe, PH, production equipment in the bakery business, seasoning production equipment in Europe, and on goodwill and trademark rights of AIS for each level of profit is as follows.

	<i>Millions of yen</i>		
	Business profit	Operating profit Profit before income taxes	Profit attributable to owners of the parent company
(1) Impairment loss on production equipment in animal nutrition business in Europe	—	14,958	11,739
(2) Impairment loss on investments in PH accounted for using the equity method (equivalent to 33.33% investment)	—	4,232	4,232
(3) Impairment loss on the trademark rights of PH (equivalent to 33.33% investment)	3,897	3,897	3,897
(4) Impairment loss on production equipment in the bakery business	—	3,835	2,936
(5) Impairment losses on seasoning production equipment in Europe	—	6,899	6,899
(6) Impairment loss on goodwill and trademark rights of AIS	—	2,258	2,121
Total	3,897	36,082	31,827

Consolidated operating results by segment

Results for individual business segments are summarized below.

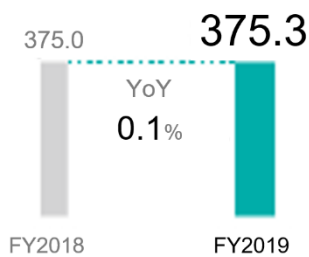
	<i>Billions of yen, rounded down</i>					
	Sales	YoY change - amount	YoY change - percent	Business profit	YoY change -amount	YoY change -percent
Japan Food Products	375.3	0.2	0.1 %	32.8	2.9	9.9%
International Food Products	477.6	(4.0)	(0.8)%	48.8	6.5	15.5%
Life Support	95.3	(12.6)	(11.7)%	7.1	(2.4)	(25.4)%
Healthcare	136.3	1.0	0.7 %	12.3	0.2	2.4%
Other	15.3	1.1	7.7 %	(1.9)	(1.3)	—%
Total	1,100.0	(14.2)	(1.3)%	99.2	5.9	6.4%

Note: Domestic and overseas sales of *ACTIVA*® products to food processing companies, and savory seasonings are included in the Japan Food Products segment. Domestic and overseas sales of umami seasoning *AJI-NO-MOTO*® for the food processing industry and nucleotides and sweeteners are included in the International Food Products segment.

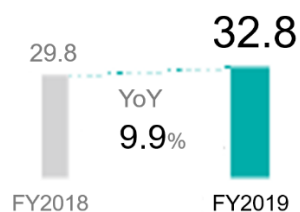
1) Japan Food Products Segment

Japan Food Products segment sales edged up 0.1% year-on-year, or ¥0.2 billion, to ¥375.3 billion in the fiscal year under review. This reflects sales of seasonings and processed foods (in Japan) and frozen foods (in Japan) that were unchanged year-on-year. Segment business profit increased 9.9% year-on-year, or ¥2.9 billion, to ¥32.8 billion, owing to large increase in profit on frozen foods (in Japan) and coffee products, despite a decline in profit on seasonings and processed foods (in Japan).

Sales (¥bil)



Business Profit (¥bil)



Main factors affecting segment sales

- **Seasonings and processed foods:** Despite increased sales in home-use, for sales in restaurant and industrial-use, bakery business decreased year-on-year, and sales of seasonings for food service decreased due to the impact of COVID-19. Overall sales were level with the previous year.
- **Frozen foods:** Sales in home-use increased due to continued expansion of sales of major categories, primarily Gyoza. Sales in restaurant and industrial-use decreased due to sales of some products decreasing from the effect of reduced sales promotion despite expansion of sales of major categories. Overall sales were level with the previous year.
- **Coffee products:** Despite increased sales of major products (instant coffee, stick-type coffee, and ground coffee), overall sales decreased due to downsizing the personal size liquid coffee business and ceasing sales of some gift products.

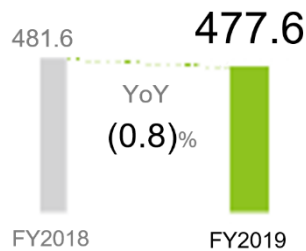
Main factors affecting segment profits

- **Frozen foods:** Large increase in profit due to improvements in productivity and the effect of price increases in restaurant and industrial-use, despite sales being level with the previous year.
- **Coffee products:** Large increase in profit due to lower costs, increased sales of major products, and the effective use of marketing expenses, despite decreased sales.
- **Seasonings and processed foods:** Despite increase in profit in home-use, profit in restaurant and industrial-use decreased due to decreased sales. Overall profit decreased.

2) International Food Products Segment

International Food Products segment sales declined 0.8% year-on-year, or ¥4.0 billion, to ¥477.6 billion. This was due to a decline in sales of frozen foods (overseas). Segment business profit increased 15.5% year-on-year, or ¥6.5 billion, to ¥48.8 billion due to an increase in profits from the effect of price increases for seasonings and processed foods (overseas) in addition to a large increase in profits on sales of umami seasonings for processed food manufacturers.

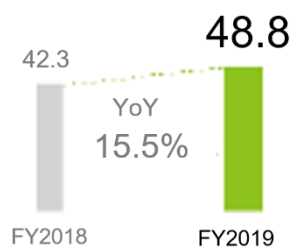
Sales (¥bil)



Main factors affecting segment sales

- **Seasonings and processed foods:** Despite the effect of price increases, due to decreased year-on-year sales in Vietnam and the effect of currency translation, sales were level with the previous year.
- **Frozen foods:** Despite the continued expansion in sales of Asian food products in North America and Europe, sales decreased due to the effect of currency translation and the sale of Amoy Food Ltd.
- **Umami seasonings for processed food manufacturers:** Increase in sales primarily due to increased unit sales prices overseas despite the effect of currency translation.

Business Profit (¥bil)



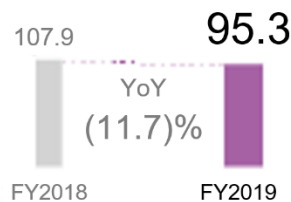
Main factors affecting segment profits

- **Umami seasonings for processed food manufacturers:** Large increase in profit due to increased unit sales prices and cost reductions overseas.
- **Seasonings & processed foods:** Increase in profit due to effect of price increases.
- **Frozen foods:** Overall large decrease in profit due to the impact of COVID-19 and poor performance in the dessert business in Europe, despite large increase in profit in North America due to increase in sales on a local currency basis and productivity improvements.

3) Life Support Segment

Life Support segment sales declined 11.7% year-on-year, or ¥12.6 billion, to ¥95.3 billion due to a dramatic decline in animal nutrition product sales despite an increase in sales of specialty chemicals. Segment business profit fell 25.4%, or ¥2.4 billion, to ¥7.1 billion because profit on animal nutrition products fell significantly, despite a large increase in profit on specialty chemicals.

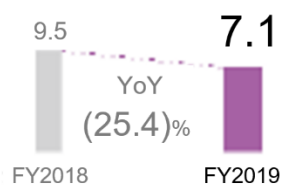
Sales (¥bil)



Main factors affecting segment sales

- **Animal nutrition:** Large decrease in sales due to the decrease in demand from the world-wide spread of African swine fever and the fall in sales prices.
- **Specialty chemicals:** Increase in sales primarily due to strong sales of electronic materials.

Business Profit (¥bil)



Main factors affecting segment profits

- **Animal nutrition:** Large decrease in profit accompanying large decrease in sales.
- **Specialty chemicals:** Large increase in profit accompanying increase in sales.

4) Healthcare Segment:

Healthcare segment sales increased 0.7% year-on-year, or ¥1.0 billion, to ¥136.3 billion. This was due to increases in sales of pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods. Segment business profit increased 2.4% year-on-year, or ¥0.2 billion, to ¥12.3 billion as a result of significant profit growth due to the increase in sales of amino acids for pharmaceuticals and foods and pharmaceutical custom manufacturing despite a large decrease in profit of other products.

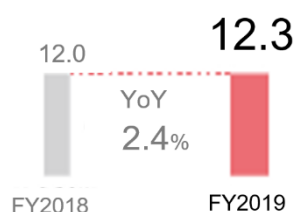
Sales (¥bil)



Main factors affecting segment sales

- **Amino acids:** Increase in sales primarily due to increased sales of pharmaceutical custom manufacturing and of amino acids for pharmaceuticals and foods.
- **Other products:** Decrease in sales due to decrease in year-on-year sales of fundamental foods and personal care ingredients.

Business Profit (¥bil)



Main factors affecting segment profits

- **Amino acids:** Large increase in profit due to increased sales of both amino acids for pharmaceuticals and foods and of pharmaceutical custom manufacturing.
- **Other products:** Large decrease in profit due to decrease in sales.

5) Other

In the Other segment, sales totaled ¥15.3 billion, up 7.7% year-on-year, or ¥1.1 billion, mainly in service-related businesses. Segment business loss totaled ¥1.9 billion, an increase of ¥1.3 billion year-on-year, largely owing to impairment loss at affiliated companies accounted for by the equity method.

2. Outlook for the Fiscal Year Ending March 31, 2021

Billions of yen, rounded down

	Sales	Business profit	Profit attributable to owners of the parent company
FY ending March 31, 2021	1,048.0	78.0	22.5

For the fiscal year ending March 31, 2021, the Company expects consolidated sales of ¥1,048.0 billion and business profit of ¥78.0 billion. The forecast for profit attributable to owners of the parent company is ¥22.5 billion. The forecast average exchange rate for the full fiscal year is US\$1: ¥105.

(Reference) Forecast by Segments

Billions of yen

	Fiscal year ending March 31, 2021		Fiscal year ended March 31, 2020	
	Sales	Business Profit	Sales	Business Profit
Seasonings and Foods	613.3	68.3	641.7	81.6
Frozen Foods	187.4	(4.1)	211.2	0.0
Healthcare and Others	230.9	12.8	231.6	19.5
Other	16.2	0.9	15.3	(1.9)
Total	1,048.0	78.0	1,100.0	99.2

Until the fiscal year ended March 31, 2020, the Group's four reportable segments were Japanese Food Products, International Food Products, Life Support, and Healthcare. From the fiscal year ending March 31, 2021, the Group will revise its reportable segments into three: Seasonings and Foods, Frozen Foods, and Healthcare and Others, reflecting the transition to a global management system for each business field.

The Group plans to publish financial results and forecasts for the post-change segments in its consolidated financial statements for the first quarter of the fiscal year ending March 31, 2021.

COVID-19 Related Risk Information

What the Ajinomoto Group Cares About Most

We want to support nutritionally balanced meals and daily health

“Eat Well. Live Well.”

COVID-19 is expected to significantly impact our business due to restrictions on consumption activity because of state of emergency declarations in individual countries as well as the economic downturn going forward. The current pandemic, the subsequent period of coexistence with the virus, and the recovery stage through the development of a vaccine or treatment will take at least one year, and a recurrence of the epidemic in second and third waves is expected in some countries.

We believe that the consumption activity of consumers will also undergo significant change. While hoping for a rapid conclusion to the pandemic, the Ajinomoto Group will make concerted efforts to realize the Group Vision contained in the Medium-Term Management Plan for 2020-2025: “Unlocking the power of amino acids to solve food and health issues associated with daily eating habits and aging and co-create wellness.”

The Ajinomoto Group has been taking action and countermeasures since the spread of infections in China and has continued its business activities, with a priority on ensuring the safety of its employees and their families in the early stages of the pandemic. Specifically, the Group had already implemented measures such as the following in the early stages of the outbreak.

- Establishing the Japan Regional Task Force and liaising with crisis management staff at each regional headquarters
- Updating and maintaining the response policy as “Preventing COVID-19 Infection,” and making it known to employees
- Applying response guidelines to the Group in cases of infected individuals
- Centralized assessment of business status (sales, production, distribution, and development)

In addition, the Ajinomoto Group established the “COVID-19 Corporate Continuity Plan Basic Policy” and formulated and implemented its response plan as follows with the order of priority for the activities set at (1) ensuring the safety of employees and their families; (2) contributing to regions and communities; and (3) continuing business activities (delivering products and services to customers).

1. Measures to ensure the safety of employees and their families

- Approximately 90% of head office, sales, and research unit employees at the main Group companies in Japan working remotely from home
- Accessing disease information at Group companies worldwide in real time
- Delivering 100% of global training by HR online
- Making arrangements for the masks and disinfectants required to continue business activities at production sites worldwide
- Ensuring social distancing and reducing use of public transport at production sites

2. Initiatives for regions and communities

- Providing information to support consumers through Ajinomoto Park online content featuring recipes, etc.
- Participating as a founding member in IP Open Access Declaration Against COVID-19. Launching efforts for the release of intellectual property owned for activities related to diagnosis, testing, treatment, and hygiene management for a certain period with the aim of ending the spread of COVID-19.
- Providing our products to healthcare practitioners, such as “Teiko Katsuryoku” (cystine and theanine) amino acid supplement that supports immune functions, and Hearty Miso Soup, and soup.
- Concluded agreement with United States Federal Emergency Management Agency (FEMA) for supply of 2.5 million vials for COVID-19 specimens.

3. Initiatives to continue business activities

1) Business strategy for coexistence and recovery stages

- Boosting information collection to assess business impact in each country
- Continually holding COVID-19 Scenario Planning Meeting with Executive Committee members, general managers of business divisions, and general managers of regional headquarters as the main members to formulate and implement business strategies for the new normal

2) Initiatives to maintain supply chain

- Concentrating production on main products to maintain production system that ensures safety and meet customer demand

- Strengthening relationships with and supporting suppliers to maintain sustainable procurement

3) Funding initiatives

- Ensuring funding stability through maintaining adequate liquidity on hand ratio (at least one month) and commitment lines already established with main banks
- Also established emergency loan facility for overseas consolidated subsidiaries with possibility of fund liquidity risk, etc. to create temporary framework for cash flow support

Impact on Business Results

At the present stage, it cannot be predicted when the COVID-19 outbreak will come to an end, so the economic outlook is uncertain. In these circumstances, the Company has prepared the business results forecast based on the following assumptions.

- The state of emergency declarations, lockdowns, and other measures will be lifted by the second quarter in each of the countries where the Ajinomoto Group operates its business, but economic activity during this period will be significantly impacted.
- Although economic and other activity will recover gradually from the third quarter, it will continue to be impacted by the onslaught of a second wave of COVID-19 in North and South America.

In addition, the Company has made the following assumptions about the impact of COVID-19 by business segment in the fiscal year ending March 31, 2021.

Seasonings and Foods

- Both in and outside Japan, home-use demand will increase due to the trend toward home cooking while restaurant and industrial-use demand will decline due to fewer opportunities to eat out
- We will steadily capture the recovery in restaurant and industrial-use demand after lockdowns and other measures are lifted.

Frozen Foods

- In Japan, while home-use demand for mainstay categories such as gyoza will rise, there will be a large decline in restaurant and industrial-use demand, particularly restaurant and school meal-use.
- Overseas, while home-use demand will increase, there will be large decline in restaurant and industrial-use demand.

Healthcare and Others

- There will be no impact on electronic materials.
- While demand for amino acids for pharmaceuticals will increase, demand for amino acids for foods will decline due to the suspension of sporting events. Growth in pharmaceutical custom manufacturing will lag due to delays of clinical trials.
- In animal nutrition, competition will intensify again as the outbreak eases.

The amounts of the impact by business segment included in the business results forecasts for the fiscal year ending March 31, 2021 are as follows.

	<i>Billions of yen</i>					
	Japan		Overseas (Asia, the Americas, EMEA)		Total	
	Sales	Business Profit	Sales	Business Profit	Sales	Business Profit
Seasonings and Foods	(4.7)	(0.2)	(33.8)	(13.8)	(38.6)	(14.1)
Frozen Foods	(3.7)	(1.0)	(17.0)	(4.1)	(20.8)	(5.1)
Healthcare and Others	(6.0)	(3.0)	(10.8)	(0.6)	(16.9)	(3.7)
Total	(14.4)	(4.3)	(61.8)	(18.5)	(76.3)	(22.9)

II. Overview of financial condition in the fiscal year ended March 31, 2020

1. Review of factors affecting financial condition during the fiscal year ended March 31, 2020

Consolidated financial position as of March 31, 2020

As of March 31, 2020, the Ajinomoto Group's consolidated total assets stood at ¥1,353.6 billion, a decrease of ¥40.2 billion from ¥1,393.8 billion at the end of the previous fiscal year on March 31, 2019, largely owing to the impact of currency translation due to appreciation in the value of the yen although there was an increase in right-of-use assets due to adoption of IFRS 16.

Total liabilities came to ¥761.5 billion, ¥53.6 billion more than the ¥707.9 billion at the end of the previous fiscal year. Interest-bearing debt totaled ¥413.7 billion, an increase of ¥76.7 billion from the end of the previous fiscal year, mainly reflecting the increase in lease liabilities due to adoption of IFRS 16 and an increase in commercial papers.

Total equity as of March 31, 2020 decreased ¥93.8 billion compared to the end of the previous fiscal year, reflecting a decrease in other components of equity due to the effect of appreciation in the value of the yen. Equity attributable to owners of the parent company, which is total equity minus non-controlling interests, totaled ¥538.9 billion, and the equity ratio attributable to owners of the parent company was 39.8%.

Summary of consolidated cash flow

	<i>Billions of yen, rounded down</i>		
	FY ended March 31, 2020	FY ended March 31, 2019	Change
Net cash provided by (used in) operating activities	114.8	123.2	(8.4)
Net cash provided by (used in) investing activities	(66.6)	(72.9)	6.2
Net cash provided by (used in) financing activities	(52.3)	(78.9)	26.6
Effect of exchange rate changes on cash and cash equivalents	(7.9)	(0.7)	(7.1)
Increase (decrease) in cash and cash equivalents	(12.0)	(29.3)	17.3
Cash and cash equivalents included in assets of disposal groups classified as held for sale	—	(4.7)	4.7
Cash and cash equivalents at end of the year	141.7	153.7	(12.0)

Net cash provided by operating activities during the fiscal year totaled ¥114.8 billion, down from ¥123.2 billion in the previous fiscal year. The main factors included ¥48.7 billion in profit before income taxes, ¥61.9 billion in depreciation and amortization, and ¥21.1 billion in income taxes paid.

Net cash used in investing activities came to ¥66.6 billion, down from ¥72.9 billion used in the previous fiscal year. Key investments during the year included ¥73.7 billion in purchase of property, plant and equipment and ¥8.3 billion in purchase of intangible assets.

Net cash used in financing activities came to ¥52.3 billion, compared with ¥78.9 billion used in financing activities in the previous year. Dividends paid was among the main outflows.

As a result of the foregoing, cash and cash equivalents as of March 31, 2020, totaled ¥141.7 billion.

2. Trends in cash flow-related indices

	FY ended March 31, 2020	FY ended March 31, 2019	FY ended March 31, 2018
Equity ratio attributable to owners of the parent company (%)	39.8	43.8	44.9
Equity ratio based on market price (%)	81.4	69.6	76.6
Ratio of interest-bearing debt to cash flow (%)	360.2	273.4	271.8
Interest coverage ratio (times)	32.6	38.1	43.3

Equity ratio attributable to owners of the parent company = (total equity – non-controlling interests)/total assets

Equity ratio based on market price = market capitalization/total assets

Ratio of interest-bearing debt to cash flow = interest-bearing debt/net cash provided by operating activities

Interest coverage ratio = net cash provided by operating activities/interest paid

Note 1: All indices are based on consolidated financial results.

Note 2: Market capitalization = market price on last trading day of March each year x total shares outstanding at end of period (excluding treasury stock)

Note 3: The scope of interest-bearing debt is all debt recorded on the consolidated statements of financial position on which the Company pays interest.

III. Basic policy regarding allocation of profits and dividends for fiscal year ended March 31, 2020 and fiscal year ending March 31, 2021

Under the Medium-Term Management Plan for 2020-2025, the Company will generate more cash from operating activities than under the FY2017–2019 plan through structural reform, and shift investment from non-core to core business. Along with these changes, we will continue the policy on shareholder returns of aiming for a total return ratio of over 50% to maintain and increase the dividend amount with a target dividend payout ratio at 40%.

The Company's basic policy is to distribute dividends twice a year, in the form of interim and year-end dividends. The year-end dividend is approved by the General Meeting of Shareholders and the interim dividend is decided by the Board of Directors. The Articles of Incorporation stipulate that the Company can distribute an interim dividend in accordance with the provisions of Article 454, Paragraph 5 of the Companies Act in Japan.

For the fiscal year under review (ended March 31, 2020), the Company plans to pay a dividend of ¥32 per share (including the interim dividend of ¥16 per share). For the next fiscal year (ending March 31, 2021), an annual dividend of ¥32 per share is planned (with an interim dividend payment of ¥16), the same amount as for the fiscal year ended March 31, 2020.

The Company endeavors to manage shareholders' equity efficiently in order to continue meeting the expectations of its shareholders.

2. BASIC RATIONALE FOR THE SELECTION OF ACCOUNTING STANDARDS

To improve international comparability of financial information in and outside the Group and enhance communication with shareholders, investors, and other stakeholders, the Ajinomoto Group has adopted the International Financial Reporting Standards (IFRS) and, beginning with the financial statements for the annual securities report for the fiscal year ended March 31, 2017, has been preparing consolidated financial statements in accordance with the IFRS, as permitted by Article 93 of Japan's "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976).

3. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

(1) Consolidated Statements of Financial Position

	<i>Millions of yen</i>	
	As of March 31, 2020	As of March 31, 2019
Assets		
Current assets		
Cash and cash equivalents	141,701	153,725
Trade and other receivables	184,739	194,270
Other financial assets	8,946	16,526
Inventories	178,636	185,036
Income taxes receivable	8,653	8,095
Others	16,225	13,944
Sub total	538,901	571,599
Assets of disposal groups classified as held for sale	—	19,568
Total current assets	538,901	591,167
Non-current assets		
Property, plant and equipment	454,357	423,369
Intangible assets	69,245	66,132
Goodwill	89,964	91,373
Investments in associates and joint ventures	116,280	116,900
Long-term financial assets	50,132	64,812
Deferred tax assets	17,781	15,589
Others	16,952	24,523
Total non-current assets	814,714	802,701
Total assets	1,353,616	1,393,869

	As of March 31, 2020	As of March 31, 2019
Liabilities		
Current liabilities		
Trade and other payables	178,583	183,276
Short-term borrowings	8,043	10,989
Commercial papers	40,000	—
Current portion of bonds	19,995	—
Current portion of long-term borrowings	15,191	13,089
Other financial liabilities	5,401	5,935
Short-term employee benefits	41,588	37,273
Provisions	5,272	6,560
Income taxes payable	12,517	9,549
Others	8,972	11,510
Sub total	335,566	278,185
Liabilities of disposal groups classified as held for sale	—	13,571
Total current liabilities	335,566	291,756
Non-current liabilities		
Corporate bonds	149,550	169,479
Long-term borrowings	124,135	137,157
Other financial liabilities	72,738	25,412
Long-term employee benefits	66,659	64,406
Provisions	7,264	11,135
Deferred tax liabilities	4,503	7,392
Others	1,127	1,167
Total non-current liabilities	425,978	416,153
Total liabilities	761,545	707,909
Equity		
Common stock	79,863	79,863
Capital surplus	—	3,266
Treasury stock	(2,160)	(2,361)
Retained earnings	574,287	595,311
Other components of equity	(113,015)	(65,521)
Disposal groups classified as held for sale	—	(16)
Equity attributable to owners of the parent company	538,975	610,543
Non-controlling interests	53,095	75,417
Total equity	592,070	685,960
Total liabilities and equity	1,353,616	1,393,869

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

	<i>Millions of yen</i>	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019
Continuing operations		
Sales	1,100,039	1,114,308
Cost of sales	(696,166)	(719,299)
Gross profit	403,873	395,008
Share of profit of associates and joint ventures	(2,444)	(515)
Selling expenses	(172,079)	(174,263)
Research and development expenses	(27,596)	(27,823)
General and administrative expenses	(102,516)	(99,167)
Business profit	99,236	93,237
Other operating income	7,572	6,009
Other operating expenses	(58,035)	(45,604)
Operating profit	48,773	53,642
Financial income	8,030	8,116
Financial expenses	(8,009)	(7,060)
Profit before income taxes	48,795	54,698
Income taxes	(20,384)	(17,697)
Profit from continuing operations	28,410	37,001
Profit from discontinued operations	558	2,002
Profit	28,969	39,004
Attributable to:		
Owners of the parent company	18,837	29,698
Non-controlling interests	10,132	9,306
Profit from continuing operations attributable to owners of the parent company	18,643	27,509
Profit from discontinued operations attributable to owners of the parent company	193	2,188
Profit attributable to owners of the parent company	18,837	29,698
Earnings per share from continuing operations (yen):		
Basic	34.01	49.67
Diluted	33.99	—
Earnings per share from discontinued operations (yen):		
Basic	0.35	3.95
Diluted	0.35	—
Earnings per share (yen):		
Basic	34.37	53.62
Diluted	34.35	—

Consolidated Statements of Comprehensive Income
Millions of yen

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019
Profit	28,969	39,004
Other comprehensive income (Net of related tax effects)		
Items that will not be reclassified to profit or loss:		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	(4,491)	(641)
Remeasurements of defined benefit pension plans	(1,935)	(4,294)
Share of other comprehensive income (loss) of associates and joint ventures	(297)	(185)
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges	406	(165)
Change in fair value of forward elements of forward contracts	109	(335)
Exchange differences on translation of foreign operations	(40,171)	3,429
Share of other comprehensive income (loss) of associates and joint ventures	(193)	(552)
Other comprehensive income (Net of related tax effects)	(46,573)	(2,745)
Comprehensive income	(17,604)	36,259
Comprehensive income attributable to:		
Owners of the parent company	(23,647)	25,512
Non-controlling interests	6,042	10,747

(3) Consolidated Statements of Changes in Equity
(Fiscal year ended March 31, 2020)
Millions of yen

	Equity attributable to owners of the parent company				Other components of equity			
	Common stock	Capital surplus	Treasury stock	Retained earnings	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit pension plans	Cash flow hedges	Change in fair value of forward elements of forward contracts
Balance as of April 1, 2019	79,863	3,266	(2,361)	595,311	21,907	(32,484)	(3,103)	(494)
Profit				18,837				
Other comprehensive income					(4,493)	(1,927)	406	52
Comprehensive income	—	—	—	18,837	(4,493)	(1,927)	406	52
Purchase of treasury stock			(6)					
Disposal of treasury stock		(0)	0					
Retirement of treasury stock								
Dividends				(17,554)				
Changes in transactions with non-controlling interests		(3,215)						
Changes due to business combinations								
Changes in ownership interests in subsidiaries that result in loss of control								
Changes in ownership interests in subsidiaries that do not result in loss of control		(27,426)						
Transfer from other components of equity to retained earnings				4,941	(4,941)			
Transfer of negative balance of other capital surplus		27,231		(27,231)				
Transfer to non-financial assets							(67)	
Stock-based remuneration transaction		143	206					
Other				(16)				
Total net changes in transactions with owners of the parent company	—	(3,266)	200	(39,861)	(4,941)	—	(67)	—
Balance as of March 31, 2020	79,863	—	(2,160)	574,287	12,472	(34,411)	(2,764)	(441)

	Equity attributable to owners of the parent company						
	Other components of equity			Disposal group classified as held for sale	Total	Non-controlling interests	Total
	Exchange differences on translating foreign operations	Share of other comprehensive income (loss) of associates and joint ventures	Total				
Balance as of April 1, 2019	(51,579)	232	(65,521)	(16)	610,543	75,417	685,960
Profit			—		18,837	10,132	28,969
Other comprehensive income	(36,032)	(490)	(42,484)		(42,484)	(4,089)	(46,573)
Comprehensive income	(36,032)	(490)	(42,484)	—	(23,647)	6,042	(17,604)
Purchase of treasury stock			—		(6)		(6)
Disposal of treasury stock			—		0		0
Retirement of treasury stock			—		—		—
Dividends			—		(17,554)	(4,789)	(22,343)
Changes in transactions with non-controlling interests			—		(3,215)		(3,215)
Changes due to business combinations			—		—	2,283	2,283
Changes in ownership interests in subsidiaries that result in loss of control			—	16	16	(4,465)	(4,448)
Changes in ownership interests in subsidiaries that do not result in loss of control			—		(27,426)	(20,998)	(48,424)
Transfer from other components of equity to retained earnings			(4,941)		—		—
Transfer of negative balance of other capital surplus			—		—		—
Transfer to non-financial assets			(67)		(67)	(0)	(67)
Stock-based remuneration transaction			—		350		350
Other			—		(16)	(395)	(412)
Total net changes in transactions with owners of the parent company	—	—	(5,009)	16	(47,920)	(28,364)	(76,285)
Balance as of March 31, 2020	(87,611)	(258)	(113,015)	—	538,975	53,095	592,070

(Fiscal year ended March 31, 2019)

Millions of yen

	Equity attributable to owners of the parent company				Other components of equity			
	Common stock	Capital surplus	Treasury stock	Retained earnings	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit pension plans	Cash flow hedges	Change in fair value of forward elements of forward contracts
Balance as of April 1, 2018	79,863	955	(9,585)	628,966	24,454	(28,079)	(2,902)	(215)
Cumulative effects of changes in accounting policies				369				
Restated balance	79,863	955	(9,585)	629,335	24,454	(28,079)	(2,902)	(215)
Profit				29,698				
Other comprehensive income					(635)	(4,397)	(167)	(278)
Comprehensive income	—	—	—	29,698	(635)	(4,397)	(167)	(278)
Purchase of treasury stock			(40,008)					
Disposal of treasury stock		(0)	0					
Retirement of treasury stock		(47,221)	47,221					
Dividends				(18,423)				
Changes in transactions with non-controlling interests								
Changes due to business combinations								
Changes in ownership interests in subsidiaries that result in loss of control								
Changes in ownership interests in subsidiaries that do not result in loss of control		2,097						
Transfer from other components of equity to retained earnings				1,952	(1,935)			
Transfer of negative balance of other capital surplus		47,221		(47,221)				
Transfer to non-financial assets							(33)	
Stock-based remuneration transaction		214	10					
Disposal groups classified as held for sale					24	(7)		
Other				(30)				
Total net changes in transactions with owners of the parent company	—	2,311	7,224	(63,722)	(1,911)	(7)	(33)	—
Balance as of March 31, 2019	79,863	3,266	(2,361)	595,311	21,907	(32,484)	(3,103)	(494)

Equity attributable to owners of the parent company							
	Other components of equity				Non-controlling interests	Total	
	Exchange differences on translating foreign operations	Share of other comprehensive income (loss) of associates and joint ventures	Total	Disposal group classified as held for sale			
Balance as of April 1, 2018	(53,610)	987	(59,366)	—	640,833	79,780	720,613
Cumulative effects of changes in accounting policies			—		369		369
Restated balance	(53,610)	987	(59,366)	—	641,203	79,780	720,983
Profit			—		29,698	9,306	39,004
Other comprehensive income	2,031	(737)	(4,186)		(4,186)	1,440	(2,745)
Comprehensive income	2,031	(737)	(4,186)	—	25,512	10,747	36,259
Purchase of treasury stock			—		(40,008)		(40,008)
Disposal of treasury stock			—		0		0
Retirement of treasury stock			—		—		—
Dividends			—		(18,423)	(4,954)	(23,378)
Changes in transactions with non-controlling interests			—		—		—
Changes due to business combinations			—		—	1,094	1,094
Changes in ownership interests in subsidiaries that result in loss of control			—		—		—
Changes in ownership interests in subsidiaries that do not result in loss of control			—		2,097	(11,183)	(9,085)
Transfer from other components of equity to retained earnings		(17)	(1,952)		—		—
Transfer of negative balance of other capital surplus			—		—		—
Transfer to non-financial assets			(33)		(33)	(0)	(33)
Stock-based remuneration transaction			—		225		225
Disposal groups classified as held for sale			16	(16)	—		—
Other			—		(30)	(66)	(97)
Total net changes in transactions with owners of the parent company	—	(17)	(1,969)	(16)	(56,172)	(15,110)	(71,282)
Balance as of March 31, 2019	(51,579)	232	(65,521)	(16)	610,543	75,417	685,960

(4) Consolidated Statements of Cash Flows
Millions of yen

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	48,795	54,698
Profit before income taxes from discontinued operations	680	1,931
Depreciation and amortization	61,986	52,485
Impairment loss	30,728	18,384
Impairment loss on shares of associates and joint ventures	4,232	14,107
Increase (decrease) in employee benefits	5,969	(1,823)
Increase (decrease) in provisions	(4,433)	975
Interest income	(4,401)	(4,373)
Dividend income	(1,506)	(1,351)
Interest expense	3,711	3,342
Share of profit of associates and joint ventures	2,444	560
Loss on disposal of property, plant and equipment	3,886	3,414
Gain on sales of property, plant and equipment	(1,492)	(1,806)
Loss on sales of property, plant and equipment	1,846	554
Gain on sales of shares of subsidiaries	(559)	(74)
Loss on sales of shares of subsidiaries	—	688
Environmental measures expenses	440	1,244
Decrease (increase) in trade and other receivables	3,754	(644)
Increase (decrease) in trade and other payables	(8,919)	3,375
Decrease (increase) in inventories	(2,092)	(3,877)
Increase (decrease) in consumption taxes payable	(1,923)	492
Increase (decrease) in other assets and liabilities	(2,250)	(236)
Others	(8,427)	1,264
Subtotal	132,466	143,334
Interest received	4,403	4,378
Dividends received	2,661	2,111
Interest paid	(3,522)	(3,239)
Income taxes paid	(21,152)	(23,328)
Net cash provided by (used in) operating activities	114,856	123,256

Millions of yen

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019
Cash flows from investing activities		
Purchase of property, plant and equipment	(73,703)	(70,185)
Proceeds from sales of property, plant and equipment	1,264	4,441
Purchase of intangible assets	(8,338)	(9,822)
Purchase of financial assets	(26)	(3,495)
Proceeds from sales of financial assets	11,621	6,940
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(3,809)	—
Proceeds from sales of shares in subsidiaries resulting in change in scope of consolidation	2,754	3,276
Purchase of shares in investments accounted for using equity method	(516)	—
Others	4,100	(4,078)
Net cash provided by (used in) investing activities	(66,651)	(72,923)
Cash flows from financing activities		
Net change in short-term borrowings	(1,759)	(3,283)
Increase (decrease) in commercial papers	40,000	—
Proceeds from long-term borrowings	3,545	8,543
Repayments of long-term borrowings	(13,735)	(11,962)
Dividends paid	(17,555)	(18,455)
Dividends paid to non-controlling interests	(4,789)	(4,889)
Purchase of treasury stock	(6)	(40,062)
Purchase of shares in subsidiaries not resulting in change of scope of consolidation	(49,274)	(8,640)
Repayments of lease liabilities	(8,835)	(1,119)
Others	103	947
Net cash provided by (used in) financing activities	(52,306)	(78,923)
Effect of currency rate changes on cash and cash equivalents	(7,925)	(754)
Net change in cash and cash equivalents	(12,024)	(29,344)
Cash and cash equivalents at beginning of the year	153,725	187,869
Cash and cash equivalents included in assets of disposal groups classified as held for sale	—	(4,799)
Cash and cash equivalents at end of the year	141,701	153,725

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable

Changes in Significant Accounting Policies

(Impact of Applying New Accounting Policies)

The Group has applied the following accounting standards from the first quarter of the fiscal year ended March 31, 2020.

IFRS		Overview of new standards or amendments
IFRIC 23	Uncertainty over Income Tax Treatments	Clarifies uncertainty over income tax treatments
IAS 19	Employee Benefits	Clarifies how to measure service costs and interest expenses in the case of plan amendment, curtailment or settlement
IAS 23	Borrowing Costs	Clarifies how to calculate borrowing costs eligible for capitalization
IFRS 16	Leases	Revises accounting treatments and disclosure relating to leases

Note 1: IFRIC 23 Uncertainty over Income Tax Treatments

This interpretation provides guidance on requirements that add to the requirements of IAS 12 Income Taxes by specifying accounting treatments for uncertain tax positions such as items for which the tax treatment is unclear or items related to matters yet to be resolved with tax authorities. If it is deemed likely that the Group's tax treatments will not be accepted by tax authorities, when calculating taxable income, the Group uses the mode or expected value to recognize the effect of uncertainty as additional taxable income. The adoption of this interpretation does not have a material impact on the consolidated financial statements.

Note 2: IAS 19 Employment Benefits

IAS 19 clarified the use of actuarial assumptions at the time of remeasurement in the measurement of service costs and interest expenses at the closing date after the event in the case of plan amendment, curtailment or settlement. The revision of this standard will be applied to events that arise on or after the date of adoption (April 1, 2019) and does not have a material impact on the consolidated financial statements.

Note 3: IAS 23 Borrowing Costs

IAS 23 clarified that when special borrowing for a qualifying asset remains unpaid at the point when the qualifying asset is ready for the intended use or sale, the balance of the special borrowing is included in general purpose borrowing. The revision of this standard will be applied to events that arise on or after the date of adoption (April 1, 2019) and does not have a material impact on the consolidated financial statements.

Note 4: IFRS 16 Leases

The lessee recognizes the right to use the underlying assets (right-of-use assets) and the obligation to make lease payments (lease liabilities) on the lease commencement date. After initial recognition, expenses relating to depreciation arising from right-of-use assets and interest expenses for lease liabilities are recognized separately. Right-of-use assets are recorded in property, plant and equipment on the consolidated statements of financial position.

Leases as the Lessee

The Group has adopted IFRS 16 from the beginning of the fiscal year ended March 31, 2020. In adopting IFRS 16, the Group employed the method of recognizing the cumulative effect of applying the standard on the adoption commencement date, which is provided as a transition approach. When adopting IFRS 16, for lease contracts held at the end of the previous fiscal year that are not classified as finance leases under IAS 17, it is determined whether the leases are included in contracts in accordance with IFRS 16, and right-of-use assets

and lease liabilities are recognized for all leases, with the exception of short-term leases for which the term of the lease is 12 months or less and leases for which the underlying asset is of low value.

The carrying amounts of right-of-use assets and lease liabilities on the adoption commencement date related to leases classified as finance leases under IAS 17 are calculated as the carrying amounts of the lease assets and lease liabilities based on IAS 17 on the immediately preceding date.

The Group measured lease liabilities on the adoption commencement date related to leases not classified as finance leases under IAS 17 as the amount of the total remaining lease payments as of the adoption commencement date discounted to the present value based on the interest rate for additional borrowings of the Group as of April 1, 2019, and the applicable weighted average of the interest rate for additional borrowings is 0.93%. In addition, right-of-use assets were initially measured at the measured amount of lease liabilities adjusted for prepaid lease payments. On the adoption commencement date, right-of-use assets increased ¥53,956 million and lease liabilities increased ¥51,571 million.

The difference between the ¥20,174 million (discounted to ¥19,405 million) in minimum total future lease payments based on non-cancelable operating leases disclosed with the application of IAS 17 as of the closing date for the previous fiscal year and lease liabilities of ¥57,877 million recognized at the beginning of the fiscal year ending March 31, 2020 is mainly due to the inclusion in lease liabilities of contract amounts related to land and buildings which were treated as rental contracts under the previous standards, as a result of the revision of lease terms.

The impact on the consolidated statements of income in the fiscal year ending March 31, 2020 is immaterial.

The Group has also employed the following practical expedients when adopting IFRS 16.

- Leases for which the remaining term of the lease is 12 months or less on the adoption commencement date are not recognized as right-of-use assets and lease liabilities.
- Initial direct costs may be excluded from the measurement of right-of-use assets on the adoption commencement date.
- When a contract includes an option to extend or cancel, ex post judgement may be used when calculating the term of the lease.

Leases as the Lessor

There are no changes to the accounting treatment for leases in which the Group is the lessor when adopting IFRS 16 with the exception of sub-leases.

Segment Information

(1) Overview of reportable segments

The Group's reportable segments are categorized primarily by product lines, with the food business further separated into domestic and overseas. Therefore, the Company has four reportable segments: "Japan Food Products," "International Food Products," "Life Support," and "Healthcare."

Each reportable segment is a component of the Group for which separate financial information is available and evaluated regularly by the Management Committee in determining the allocation of management resources and in assessing performance.

In the fiscal year ended March 31, 2020, the packaging business (Fuji Ace Co., Ltd.) was reclassified as a discontinued business. In the fiscal year ended March 31, 2019, the logistics business was reclassified as a discontinued business. Segment information shows amounts related to continuing operations only, excluding the logistics business and the packaging business (Fuji Ace Co., Ltd.)

On April 1, 2019, the Company lost control of F-LINE Corporation (formerly Ajinomoto Logistics Corporation), and F-LINE Corporation became an equity-method affiliate of the Company. Share of profit of associates and joint ventures related to F-LINE Corporation is included in Other for the fiscal year ended March 31, 2020.

The product categories belonging to each reportable segment are as follows:

Reportable Segments	Details	Main Products
Japan Food Products	Seasonings and Processed Foods	Umami seasonings <i>AJI-NO-MOTO</i> [®] , <i>HON-DASHI</i> [®] , <i>Cook Do</i> [®] , <i>Knorr</i> [®] Cup Soup, <i>Ajinomoto KK Consommé</i> , <i>Pure Select</i> [®] Mayonnaise, Seasonings and processed foods for restaurant use, Food ingredients (savory seasonings, enzyme <i>ACTIVA</i> [®]), Lunchboxes and delicatessen products, Bakery products, etc.
	Frozen Foods	<i>Gyoza (Chinese dumplings)</i> , <i>Shoga Gyoza</i> , <i>Yawaraka Wakadori Kara-Age (fried chicken)</i> , <i>Puripuri-no-Ebi Shumai (shrimp dumplings)</i> , <i>EbiYose Fry (shrimp fry)</i> , <i>Ebi Pilaf (shrimp pilaf)</i> , <i>Yoshokutei Hamburg (hamburg steak)</i> , <i>THE CHA-HAN (fried rice)</i> , <i>THE SHUMAI</i> , etc.
	Coffee Products	<i>Blendy</i> [®] (<i>CAFÉ LATORY</i> [®] , Stick coffee, etc.), <i>MAXIM</i> [®] , <i>Chyotto Zeitakuna Kohiten</i> [®] , Various gift sets, Office supplies (Coffee Vending Machines, Tea Servers), Drinks supplied to Restaurants, Ingredients for Industrial Use, etc.
International Food Products	Seasonings and Processed Foods	Umami seasoning <i>AJI-NO-MOTO</i> [®] (outside Japan), <i>Ros Dee</i> [®] (flavor seasoning/Thailand), <i>Masako</i> [®] (flavor seasoning/Indonesia), <i>Aji-ngon</i> [®] (flavor seasoning/Vietnam), <i>Sazón</i> [®] (flavor seasoning/Brazil), <i>SAJIKU</i> [®] (menu-specific seasonings/Indonesia), <i>CRISPY FRY</i> [®] (menu-specific seasonings/Philippines), <i>YumYum</i> [®] (instant noodles/Thailand), <i>Birdy</i> [®] (coffee beverage/Thailand), <i>Birdy</i> [®] 3in1 (powdered drink/Thailand), etc.
	Frozen Foods	<i>Gyoza (POT STICKERS)</i> , Cooked rice (<i>CHICKEN FRIED RICE</i> , <i>YAKITORI CHICKEN FRIED RICE</i> etc.), Noodles (<i>YAKISOBA</i> , <i>RAMEN</i> , etc.), Desserts (<i>MACARON</i> , etc.) and others.
	Umami Seasonings for Processed Food Manufacturers and Sweeteners	Umami Seasonings <i>AJI-NO-MOTO</i> [®] for the food processing manufacturers, Nucleotides, Advantame, <i>PAL SWEET</i> [®] , etc.
Life Support	Animal Nutrition	Lysine, Threonine, Tryptophan, Valine, <i>AjiPro</i> [®] -L, etc.
	Specialty Chemicals	<i>Ajinomoto Build-up Film</i> [®] (<i>ABF</i>) (interlayer insulating material for semiconductor packages), etc.
Healthcare	Amino Acids	Amino acids (for intravenous drip etc.), pharmaceutical intermediates and active ingredients, etc.
	Others	Fundamental Foods (<i>Glyna</i> [®] , <i>Amino Aile</i> [®]) Functional foods (<i>amino VITAL</i> [®] , <i>Amilite</i> [®] (mild surfactant), <i>Amisoft</i> [®] , <i>Ajidew</i> [®] , etc.

(2) Sales and earnings by reportable segment

The Group's sales and earnings by reportable segment are as follows.

Inter-segment sales and transfers are primarily based on transaction prices between third-parties.

Fiscal year ended March 31, 2020

Millions of yen

	Reportable segment				Other *	Total	Adjustments	As included in consolidated statements of income
	Japan Food Products	International Food Products	Life Support	Healthcare				
Sales								
Sales to third parties	375,312	477,674	95,308	136,355	15,389	1,100,039	—	1,100,039
Inter-segment sales and transfers	4,479	4,641	2,863	2,380	32,205	46,570	(46,570)	—
Total sales	379,791	482,316	98,171	138,736	47,594	1,146,610	(46,570)	1,100,039
Share of profit of associates and joint ventures	241	(2,606)	206	(34)	(251)	(2,444)	—	(2,444)
Segment profit or loss (Business profit or loss)	32,854	48,854	7,149	12,363	(1,986)	99,236	—	99,236
Other operating income								7,572
Other operating expense								(58,035)
Operating profit								48,773
Financial income								8,030
Financial expense								(8,009)
Profit before income taxes								48,795

* Other includes the tie-up and other service-related businesses.

Fiscal year ended March 31, 2019

Millions of yen

	Reportable segment				Other *	Total	Adjustments	As included in consolidated statements of income
	Japan Food Products	International Food Products	Life Support	Healthcare				
Sales								
Sales to third parties	375,034	481,699	107,947	135,342	14,283	1,114,308	—	1,114,308
Inter-segment sales and transfers	4,252	5,290	3,521	2,578	35,054	50,697	(50,697)	—
Total sales	379,286	486,989	111,468	137,920	49,338	1,165,005	(50,697)	1,114,308
Share of profit of associates and joint ventures	352	(2,402)	85	11	1,436	(515)	—	(515)
Segment profit or loss (Business profit or loss)	29,896	42,312	9,579	12,079	(630)	93,237	—	93,237
Other operating income								6,009
Other operating expense								(45,604)
Operating profit								53,642
Financial income								8,116
Financial expense								(7,060)
Profit before income taxes								54,698

* Other includes the tie-up and other service-related businesses.

Information for Earnings per Share

Information related to the calculation of earnings per share attributable to owners of the parent company is as follows:

1) Profit attributable to owners of the parent company

	<i>Millions of yen</i>	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019
Profit from continuing operations	18,643	27,509
Profit from discontinued operations	193	2,188
Amount used for calculating the basic earnings per share	18,837	29,698
Amount used for calculating the diluted earnings per share	18,837	—

2) Weighted average number of ordinary shares

	<i>Thousands of shares</i>	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019
Weighted average number of ordinary shares	548,145	553,908
Effect of dilutive potential ordinary shares	315	—
Weighted average number of dilutive potential ordinary shares	548,160	—

3) Basic earnings per share attributable to owners of the parent company

	<i>Yen</i>	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019
Basic earnings per share:		
Continuing operations	34.01	49.67
Discontinued operations	0.35	3.95
Basic earnings per share	34.37	53.62
Diluted earnings per share		
Continuing operations	33.99	—
Discontinued operations	0.35	—
Total diluted earnings per share	34.35	—

Upon calculation of the basic earnings per share, the Company's shares held by Director's remuneration BIP Trust are included in the treasury shares which are deducted from the number of shares outstanding at end of period when the average number of shares during the period are calculated.