

Ajinomoto Co., Inc.

Consolidated Results

IFRS

Fiscal Year Ended March 31, 2021

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, 2021

Ajinomoto Co., Inc.

May 10, 2021

Stock Code: 2802
 URL: <https://www.ajinomoto.co.jp/company/>
 President: Takaaki Nishii
 For inquiries: Eiichi Mizutani
 General Manager
 Global Finance Department

Stock exchange listing: Tokyo Stock Exchange

Telephone: +81-3-5250-8111

Scheduled date of the general meeting of shareholders: June 23, 2021
 Scheduled date of starting payment of dividend: June 24, 2021
 Scheduled date of submission of securities report: June 23, 2021
 Creation of supplementary results materials: Yes
 Results briefing: Yes (for analysts)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

(1) Consolidated Operating Results

Millions of yen, rounded down

	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2020	
		Change %		Change %
Sales	1,071,453	(2.6)	1,100,039	(1.3)
Business profit	113,136	14.0	99,236	6.4
Profit before income taxes	98,320	101.5	48,795	(10.8)
Profit	66,280	128.8	28,969	(25.7)
Profit attributable to owners of the parent company	59,416	215.4	18,837	(36.6)
Basic earnings per share (yen)	¥108.36	—	¥34.37	—
Diluted earnings per share (yen)	¥108.32	—	¥34.35	—
ROE attributable to owners of the parent company (%) ..	10.3%	—	3.3%	—
Ratio of business profit to total assets (%)	8.1%	—	7.2%	—
Ratio of business profit to sales (%)	10.6%	—	9.0%	—

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

Share of profit of associates and joint ventures:

Fiscal year ended March 31, 2021:

¥ 1,317 million

Fiscal year ended March 31, 2020:

¥ (2,444) 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) In the fiscal year ended March 31, 2020, the Ajinomoto Group classified the packaging business under discontinued operations. Together with the logistics business, which had previously been classified under discontinued operations, profit from discontinued operations in the consolidated statements is presented separately from the profit from continuing operations, and sales, business profit, and profit before income taxes are amounts related to continuing operations.

(2) Consolidated Financial Position

Millions of yen, rounded down

	As of March 31, 2021	As of March 31, 2020
Total assets	1,431,289	1,353,616
Total equity	667,846	592,070
Equity attributable to owners of the parent company	620,257	538,975
Ownership ratio attributable to owners of the parent company (%)	43.3%	39.8%
Equity per share (attributable to owners of the parent company) (yen)	¥1,130.82	¥983.19

(3) Consolidated Cash Flows

	<i>Millions of yen, rounded down</i>	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Net cash provided by (used in) operating activities.....	165,650	114,856
Net cash provided by (used in) investing activities	(66,247)	(66,651)
Net cash provided by (used in) financing activities	(60,387)	(52,306)
Cash and cash equivalents at end of year.....	181,609	141,701

2. Dividends

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ending March 31, 2022 (forecast)
Dividend per share			
Interim (yen).....	¥16.00	¥16.00	¥22.00
Year-end (yen).....	¥16.00	¥26.00	¥22.00
Annual (yen).....	¥32.00	¥42.00	¥44.00
Total annual dividend amount (million yen).....	17,570	23,060	
Dividend payout ratio (consolidated) (%).....	93.1%	38.8%	39.6%
Ratio of dividends to equity attributable to owners of the parent company (consolidated) (%).....	3.1%	4.0%	

3. Forecast for the Fiscal Year Ending March 31, 2022

	<i>Millions of yen, rounded down</i>	
	Fiscal year ending March 31, 2022	
		Change %
Sales.....	1,113,000	3.9
Business profit	115,000	1.6
Profit attributable to owners of the parent company.....	60,000	1.0
Basic earnings per share (yen)	¥111.25	

“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 a change in consolidation scope): Yes

Added: None

Excluded: one company: Ajinomoto Animal Nutrition North America, Inc.

(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, 2021	As of March 31, 2020
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	663,058	974,103
	April 1, 2020 to March 31, 2021	April 1, 2019 to March 31, 2020
Average number of shares during period	548,344,990	548,145,219

(Note) The number of treasury shares at the end of the period includes the Company's shares held by "Director's remuneration BIP Trust" (As of the fiscal year ended March 31, 2021: 559,200 shares. As of the fiscal year ended March 31, 2020: 873,700 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 the end of the 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, 2021 (April 1, 2020 to March 31, 2021)

(1) Non-Consolidated Operating Results

	<i>Millions of yen, rounded down</i>			
	Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2020	
		Change %		Change %
Net Sales	250,350	(4.3)	261,582	0.1
Operating Income	(10,216)	—	(7,427)	—
Ordinary Income	36,253	(0.9)	36,573	(0.2)
Net Income (loss)	37,622	343.1	8,491	(64.4)
Earnings per share (yen).....	¥68.61	—	¥15.49	—
Fully diluted earnings per share (yen).....	¥68.59	—	¥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, 2021	As of March 31, 2020
Total assets	984,374	975,844
Net assets.....	323,918	300,210
Shareholders' equity ratio (%)	32.9%	30.8%
Net assets per share (yen).....	¥590.55	¥547.64

Note: Shareholders' equity as of: March 31, 2021: ¥323,918 million
March 31, 2020: ¥300,210 million

Reason for discrepancy with the non-consolidated results for the fiscal year ended March 31, 2020

In the fiscal year ended March 31, 2021, some of the fixed assets (idle assets) owned by Ajinomoto Co., Inc. were transferred, and the Company recorded a ¥14,388 million gain on sale of fixed assets. The Company also 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. This and other factors created the discrepancy between the net income in the fiscal year ended March 31, 2020 and the net income in the fiscal year ended March 31, 2021.

* 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 12, "1. QUALITATIVE INFORMATION ON FISCAL YEAR-END CONSOLIDATED RESULTS, 1. Overview of operating results for the fiscal year ended March 31, 2021, 2. Outlook for the Fiscal Year Ending March 31, 2022."

Where to obtain supplementary results materials

Supplementary results materials will be published on the Company's website on Monday, May 10, 2021.

Table of contents

1	Qualitative Information on Fiscal Year-end Consolidated Results	7
I	Overview of operating results for the fiscal year ended March 31, 2021.....	7
II	Overview of financial condition in the fiscal year ended March 31, 2021	13
III	Basic policy regarding allocation of profits and dividends for the fiscal year ended March 31, 2021 and the fiscal year ending March 31, 2022.....	14
2	Basic Rationale for the Selection of Accounting Standards	14
3	Consolidated Financial Statements and Notes	15
(1)	Consolidated Statements of Financial Position	15
(2)	Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	17
	Consolidated Statements of Income.....	17
	Consolidated Statements of Comprehensive Income	18
(3)	Consolidated Statements of Changes in Equity	19
(4)	Consolidated Statements of Cash Flows	23
(5)	Notes to Consolidated Financial Statements	25
	Going Concern Assumption	25
	Changes in Significant Accounting Policies	25
	Segment Information.....	26
	Information for Earnings per Share.....	29

1. QUALITATIVE INFORMATION ON FISCAL YEAR-END CONSOLIDATED RESULTS

I. Overview of operating results for the fiscal year ended March 31, 2021

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.

On February 5, 2020, the Ajinomoto Group entered into a contract to transfer the entire equity stake held by the Group corresponding to 51% of the outstanding shares in Fuji Ace Co., Ltd., a packaging materials manufacturing and sales company in Thailand, to Fuji Seal International, Inc. and other entities, and transferred the equity stake on March 6, 2020. Accordingly, together with the logistics business, which had previously been classified under discontinued operations, profit related to the packaging business in the fiscal year ended March 31, 2020 has been restated as profit from discontinued operations, and the discontinued operations have been presented separately from continuing operations.

1. Review of operating results

During the fiscal year ended March 31, 2021, the Company's consolidated sales fell 2.6% year-on-year, or ¥28.5 billion, to ¥1,071.4 billion. This was because there was a continued decline in sales of restaurant and industrial use products mainly in Seasonings and Foods and Frozen Foods due to the impact of lockdowns and other measures in conjunction with the COVID-19 global pandemic, even though a trend of recovery can be seen in demand for products for use in foodservice, while sales of home-use products increased due to the expansion in at-home dining demand.

Business profit increased 14.0% year-on-year, or ¥13.8 billion, to ¥113.1 billion, owing to a large increase in profit of specialty chemicals due to a large increase in revenue, the effect of an increase in revenue of home-use products, and an improved product mix in Seasonings and Foods and Frozen Foods, as well as the effect of recording impairment loss related to the trademark rights of Promasidor Holdings Limited ("PH") in the previous fiscal year.

Operating profit increased 107.3% year-on-year, or ¥52.3 billion, to ¥101.1 billion, due to recording significantly higher gain on sale of fixed assets in other operating income than in the previous fiscal year owing to the transfer of fixed assets (idle assets). In addition, in other operating expenses, even though impairment losses associated with the structural reform of the animal nutrition business in Europe and North America were recorded in the current fiscal year, significantly higher impairment losses were recorded in the previous fiscal year.

Profit attributable to owners of the parent totaled ¥59.4 billion, up 215.4%, or ¥40.5 billion.

Consolidated operating results by segment

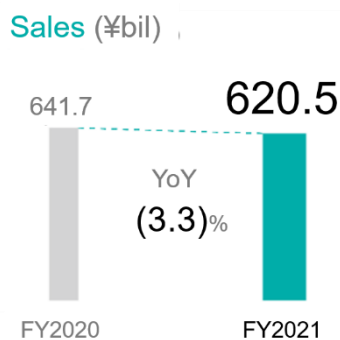
Results for individual business segments are summarized below.

Billions of yen, rounded down

	Sales	YoY change - amount	YoY change	Business profit	YoY change - amount	YoY change
Seasonings and Foods	620.5	(21.2)	(3.3)%	86.7	5.1	6.3%
Frozen Foods	198.2	(12.9)	(6.1)%	2.3	2.2	—%
Healthcare and Others	239.5	7.8	3.4 %	26.2	6.7	34.6%
Other	13.1	(2.2)	(14.4)%	(2.2)	(0.2)	—%
Total	1,071.4	(28.5)	(2.6)%	113.1	13.8	14.0%

1) Seasonings and Foods

In the Seasonings and Foods segment, sales fell 3.3% year-on-year, or ¥21.2 billion, to ¥620.5 billion, primarily because of the effect of currency translation and lower sales of products for restaurant use due to lower foodservice demand despite the increase in sales of home-use products due to higher home cooking demand. Segment business profit increased 6.3% year-on-year, or ¥5.1 billion, to ¥86.7 billion, owing to the effect of the increase in revenue of home-use products and an improved product mix as well as the effect of recording impairment loss related to the trademark rights of PH in the previous fiscal year, despite the effect of the decrease in revenue of products for restaurant use.



Main factors affecting segment sales

Sauce & Seasonings: Decrease in revenue due to the impacts of currency translation and decreased sales of foodservice-use products overseas from decreased demand for eating out, despite increased sales in home-use products accompanying increased at-home demand.

In Japan, revenue increased due to strong sales of home-use products.

Overseas, revenue decreased due to the impacts of currency translation and decreased sales of foodservice-use products, despite significantly increased revenue from menu-specific seasonings.

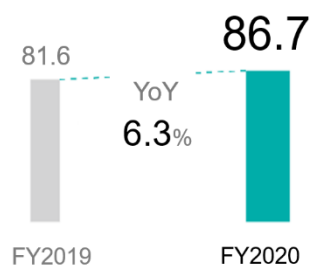
Quick Nourishment: Decrease in revenue due to decreased sales of restaurant and industrial-use coffee products and the impact of currency translation, despite higher year-on-year sales of home-use products in Japan because of increased at-home demand.

In Japan, revenue decreased due to decreased sales of restaurant and industrial-use coffee products, despite higher year-on-year sales of home-use coffee and soup products.

Overseas, revenue decreased due to the impact of currency translation.

Solution & Ingredients: Decrease in revenue due to decreased sales of foodservice-use products in Japan because of decreased demand for eating out and the impact of currency translation.

Business Profit (¥bil)



Main factors affecting segment profits

Sauce & Seasonings: Increase in profit due to the effects of increased revenue from home-use products and an improved product mix.

In Japan, increase in profit due to the effect of increased revenue.

Overseas, increase in profit due to the effect of an improved product mix, despite the impact of currency translation.

Quick Nourishment: Large increase in profit due to the recording of impairment loss on PH's trademark rights in the previous year, and an improved product mix in Japan.

In Japan, increase in profit due to the effect of increased revenue from mainstay home-use coffee products and soup products.

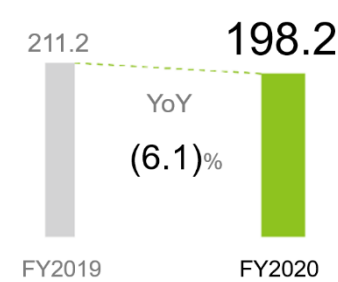
Overseas, a large increase in profit due to the recording of impairment loss on PH trademark rights in the previous-year.

Solution & Ingredients: Decrease in profit primarily due to the impact of decreased revenue from foodservice-use products in Japan.

2) Frozen Foods

Frozen Foods segment sales decreased 6.1% year-on-year, or ¥12.9 billion, to ¥198.2 billion, as a result of a decline in sales of restaurant-use products due to lower foodservice demand despite increased sales of home-use products due to higher home cooking demand. Segment business profit increased significantly year-on-year by ¥2.2 billion, to ¥2.3 billion, as a result of a large increase in profit due to the effect of increased sales of home-use products and improvements in the product mix.

Sales (¥bil)



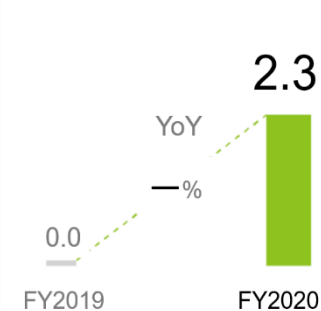
Main factors affecting segment sales

Decrease in revenue due to decreased sales of restaurant-use products because of decreased demand for eating out, despite increased sales of home-use products accompanying increased at-home demand.

In Japan, revenue decreased due to decreased sales of restaurant-use products, despite increased sales of mainstay home-use products, primarily Gyoza.

Overseas, revenue decreased due to decreased sales of restaurant-use products and the impact of currency translation, despite increased sales of home-use products in North America.

Business Profit (¥bil)



Main factors affecting segment profits

Large increase in profit due to an increase in revenue from home-use products and an improved product mix.

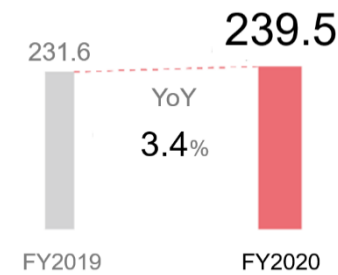
In Japan, profits increased due to the effect of increased revenue from mainstay home-use products.

Overseas, profits increased significantly due to the effects of an increase in revenue from home-use products and an improved product mix, despite the impact of currency translation.

3) Healthcare and others:

Healthcare and Others segment sales increased 3.4% year-on-year, or ¥7.8 billion, to ¥239.5 billion, owing to a significant increase in revenue of specialty chemicals. Segment business profit increased 34.6% year-on-year, or ¥6.7 billion, to ¥26.2 billion, accompanying a large increase in profit for specialty chemicals and animal nutrition even though there was a large decrease in profit for Bio-Pharma Services.

Sales (¥bil)



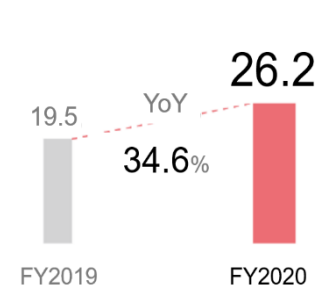
Main factors affecting segment sales

Amino Acids: Overall increase in revenue due to increased sales of amino acids for pharmaceuticals and foods, and the impact of currency translations in Bio-Pharma Services.

Specialty Chemicals: Large increase in revenue primarily due to strong sales of electronic materials.

Others: Decrease in revenue due to a decrease in demand for sports nutrition products and a decrease in sales volume of animal nutrition.

Business Profit (¥bil)



Main factors affecting segment profits

Amino Acids: Overall decrease in profit due to a significant decrease in profit from Bio-Pharma Services, despite a large increase in profit from amino acids for pharmaceuticals and foods.

Specialty Chemicals: Large increase in profit accompanying large increase in revenue.

Others: Large increase in profit due to increased unit sales prices in animal nutrition.

4) Other

In the Other segment, sales totaled ¥13.1 billion, down 14.4% year-on-year, or ¥2.2 billion. Segment business profit recorded a loss of ¥2.2 billion.

2. Outlook for the Fiscal Year Ending March 31, 2022

Billions of yen, rounded down

	Sales	Business profit	Profit attributable to owners of the parent company
FY ending March 31, 2022	1,113.0	115.0	60.0

For the fiscal year ending March 31, 2022, the Company expects consolidated sales of ¥1,113.0 billion and business profit of ¥115.0 billion. The forecast for profit attributable to owners of the parent company is ¥60.0 billion. The forecast average exchange rate for the full fiscal year is US\$1: ¥105.

At present, it is not clear when the COVID-19 pandemic will end, and the economic outlook remains uncertain. However, the Company has formulated the business results forecasts based on the following assumptions.

- Completing the rollout of COVID-19 vaccines in the countries where the Ajinomoto Group engages in business will take at least six months, and the impact of the pandemic will persist with economic activity gradually normalizing from the second half of the fiscal year.
- The U.S. and Europe will move toward containment of the pandemic. In particular, the U.S. economy is expected to recover quickly.
- The situation in Japan, the main ASEAN countries (except for Vietnam), and Brazil is expected to continue improving and getting worse.
- Restrictions on the movement of people will remain even after the completion of the vaccine rollout in each country.
- Based on the above assumptions, the Group will aim for organic growth based on the normalization of home dining demand in each country.

(Reference) Forecast by Segments

Billions of yen

	Fiscal year ending March 31, 2022	
	Sales	Business Profit
Seasonings and Foods	654.7	85.8
Frozen Foods	208.2	2.4
Healthcare and Others	231.3	29.2
Other	18.6	(2.6)
Total	1,113.0	115.0

II. Overview of financial condition in the fiscal year ended March 31, 2021

1. Review of factors affecting the financial condition during the fiscal year ended March 31, 2021

Consolidated financial position as of March 31, 2021

As of March 31, 2021, the Ajinomoto Group's consolidated total assets stood at ¥1,431.2 billion, an increase of ¥77.6 billion from ¥1,353.6 billion at the end of the previous fiscal year on March 31, 2020, largely owing to increases in cash and cash equivalents and property, plant and equipment despite a decrease in trade and other receivables.

Total liabilities came to ¥763.4 billion, ¥1.8 billion more than the ¥761.5 billion at the end of the previous fiscal year, largely owing to increases in deferred tax liabilities and trade and other payables despite a decrease in interest-bearing debt. Interest-bearing debt totaled ¥406.8 billion, a decrease of ¥6.9 billion from the end of the previous fiscal year, mainly reflecting the decreases in current portion of bonds and commercial papers although long-term borrowings increased.

Total equity as of March 31, 2021 increased ¥75.7 billion compared to the end of the previous fiscal year, reflecting an increase in other components of equity. Equity attributable to owners of the parent company, which is total equity minus non-controlling interests, totaled ¥620.2 billion, and the equity ratio attributable to owners of the parent company was 43.3%.

Summary of consolidated cash flow

	<i>Billions of yen, rounded down</i>		
	FY ended March 31, 2021	FY ended March 31, 2020	Change
Net cash provided by (used in) operating activities	165.6	114.8	50.7
Net cash provided by (used in) investing activities	(66.2)	(66.6)	0.4
Net cash provided by (used in) financing activities	(60.3)	(52.3)	(8.0)
Effect of exchange rate changes on cash and cash equivalents	3.8	(7.9)	11.8
Increase (decrease) in cash and cash equivalents	42.9	(12.0)	54.9
Cash and cash equivalents included in assets of disposal groups classified as held for sale	(2.9)	—	(2.9)
Cash and cash equivalents at end of the year	181.6	141.7	39.9

Net cash provided by operating activities during the fiscal year totaled ¥165.6 billion, up from ¥114.8 billion in the previous fiscal year. The main factors included ¥98.3 billion in profit before income taxes, ¥63.0 billion in depreciation and amortization, and ¥26.1 billion in income taxes paid.

Net cash used in investing activities came to ¥66.2 billion, down from ¥66.6 billion used in the previous fiscal year. Key investments during the year included ¥76.8 billion in purchase of property, plant and equipment and ¥9.1 billion in purchase of intangible assets.

Net cash used in financing activities came to ¥60.3 billion, compared with ¥52.3 billion used in financing activities in the previous year. Purchase of shares in subsidiaries not resulting in change of scope of consolidation of ¥22.0 billion and dividends paid of ¥17.5 billion were among the main outflows.

As a result of the foregoing, cash and cash equivalents as of March 31, 2021, totaled ¥181.6 billion.

2. Trends in cash flow-related indices

	FY ended March 31, 2021	FY ended March 31, 2020	FY ended March 31, 2019
Equity ratio attributable to owners of the parent company (%)	43.3	39.8	43.8
Equity ratio based on market price (%)	86.8	81.4	69.6
Ratio of interest-bearing debt to cash flow (%)	245.6	360.2	273.4
Interest coverage ratio (times)	49.2	32.6	38.1

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 the fiscal year ended March 31, 2021 and the fiscal year ending March 31, 2022

Under Phase 1 of the Medium-Term Management Plan for 2020-2025, which consists of structural reform from FY2020 - 2022, the Company will allocate cash flow generated through profit growth and asset reduction to investment in growth as well as returning over ¥100.0 billion to shareholders.

Starting from the current Medium-Term Management Plan, we will increase the target dividend payout ratio from the previous 30% to 40% and enhance shareholder returns in a stable and continuous manner to make the total return ratio 50% or more.

The Company's basic policy is to distribute dividends twice a year, in the form of interim and year-end dividends. For the fiscal year under review (ended March 31, 2021), the Company plans to pay a dividend of ¥42 per share (including the interim dividend of ¥16 per share), an increase of ¥10 from the previous fiscal year.

For the next fiscal year (ending March 31, 2022), an annual dividend of ¥44 per share is planned (with an interim dividend payment of ¥22), an increase of ¥2 in the annual dividend from the fiscal year ended March 31, 2021.

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, 2021	As of March 31, 2020
Assets		
Current assets		
Cash and cash equivalents	181,609	141,701
Trade and other receivables	162,104	184,739
Other financial assets	12,078	8,946
Inventories	188,664	178,636
Income taxes receivable	7,459	8,653
Others	18,746	16,225
Subtotal	570,662	538,901
Assets of disposal groups classified as held for sale	14,506	—
Total current assets	585,169	538,901
Non-current assets		
Property, plant and equipment	486,443	454,357
Intangible assets	72,201	69,245
Goodwill	96,024	89,964
Investments in associates and joint ventures	112,246	116,280
Long-term financial assets	53,576	50,132
Deferred tax assets	14,537	17,781
Others	11,090	16,952
Total non-current assets	846,119	814,714
Total assets	1,431,289	1,353,616

	As of March 31, 2021	As of March 31, 2020
Liabilities		
Current liabilities		
Trade and other payables	188,452	178,583
Short-term borrowings	10,820	8,043
Commercial papers	30,000	40,000
Current portion of bonds	—	19,995
Current portion of long-term borrowings	18,085	15,191
Other financial liabilities	11,603	5,401
Short-term employee benefits	38,288	41,588
Provisions	4,343	5,272
Income taxes payable	10,770	12,517
Others	11,371	8,972
Subtotal	323,736	335,566
Liabilities of disposal groups classified as held for sale	12,603	—
Total current liabilities	336,339	335,566
Non-current liabilities		
Corporate bonds	149,608	149,550
Long-term borrowings	141,911	124,135
Other financial liabilities	69,381	72,738
Long-term employee benefits	43,487	66,659
Provisions	4,704	7,264
Deferred tax liabilities	16,240	4,503
Others	1,770	1,127
Total non-current liabilities	427,103	425,978
Total liabilities	763,443	761,545
Equity		
Common stock	79,863	79,863
Capital surplus	—	—
Treasury stock	(1,464)	(2,160)
Retained earnings	608,031	574,287
Other components of equity	(65,454)	(113,015)
Disposal groups classified as held for sale	(718)	—
Equity attributable to owners of the parent company	620,257	538,975
Non-controlling interests	47,589	53,095
Total equity	667,846	592,070
Total liabilities and equity	1,431,289	1,353,616

(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, 2021	Fiscal year ended March 31, 2020
Continuing operations		
Sales	1,071,453	1,100,039
Cost of sales	(665,234)	(696,166)
Gross profit	406,219	403,873
Share of profit of associates and joint ventures	1,317	(2,444)
Selling expenses	(160,646)	(172,079)
Research and development expenses	(25,900)	(27,596)
General and administrative expenses	(107,853)	(102,516)
Business profit	113,136	99,236
Other operating income	24,436	7,572
Other operating expenses	(36,450)	(58,035)
Operating profit	101,121	48,773
Financial income	3,900	8,030
Financial expenses	(6,701)	(8,009)
Profit before income taxes	98,320	48,795
Income taxes	(32,040)	(20,384)
Profit from continuing operations	66,280	28,410
Profit from discontinued operations	—	558
Profit	66,280	28,969
Attributable to:		
Owners of the parent company	59,416	18,837
Non-controlling interests	6,864	10,132
Profit from continuing operations attributable to owners of the parent company	59,416	18,643
Profit from discontinued operations attributable to owners of the parent company	—	193
Profit attributable to owners of the parent company	59,416	18,837
Earnings per share from continuing operations (yen):		
Basic	108.36	34.01
Diluted	108.32	33.99
Earnings per share from discontinued operations (yen):		
Basic	—	0.35
Diluted	—	0.35
Earnings per share (yen):		
Basic	108.36	34.37
Diluted	108.32	34.35

Consolidated Statements of Comprehensive Income
Millions of yen

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Profit	66,280	28,969
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	3,405	(4,491)
Remeasurements of defined benefit pension plans	17,809	(1,935)
Share of other comprehensive income (loss) of associates and joint ventures	404	(297)
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges	423	406
Hedge surplus	169	109
Exchange differences on translation of foreign operations	29,883	(40,171)
Share of other comprehensive income (loss) of associates and joint ventures	(614)	(193)
Other comprehensive income (Net of related tax effects)	51,482	(46,573)
Comprehensive income	117,762	(17,604)
Comprehensive income attributable to:		
Owners of the parent company	106,560	(23,647)
Non-controlling interests	11,202	6,042

(3) Consolidated Statements of Changes in Equity
Fiscal year ended March 31, 2021
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	Hedge surplus
Balance as of April 1, 2020	79,863	—	(2,160)	574,287	12,472	(34,411)	(2,764)	(441)
Profit				59,416				
Other comprehensive income					3,405	18,044	423	154
Comprehensive income	—	—	—	59,416	3,405	18,044	423	154
Purchase of treasury stock			(7)					
Disposal of treasury stock		(0)	0					
Retirement of treasury stock								
Dividends				(17,544)				
Changes in transactions with non-controlling interests		1,439						
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		(9,454)						
Transfer from other components of equity to retained earnings				328	(412)			
Transfer of negative balance of other capital surplus		8,458		(8,458)				
Transfer to non-financial assets							26	
Stock-based remuneration transaction		(443)	702					
Disposal groups classified as held for sale								
Other				1				
Total net changes in transactions with owners of the parent company	—	—	695	(25,671)	(412)	—	26	—
Balance as of March 31, 2021	79,863	—	(1,464)	608,031	15,465	(16,367)	(2,314)	(286)

	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, 2020	(87,611)	(258)	(113,015)	—	538,975	53,095	592,070
Profit			—		59,416	6,864	66,280
Other comprehensive income	25,325	(209)	47,144		47,144	4,337	51,482
Comprehensive income	25,325	(209)	47,144	—	106,560	11,202	117,762
Purchase of treasury stock			—		(7)		(7)
Disposal of treasury stock			—		0		0
Retirement of treasury stock			—		—		—
Dividends			—		(17,544)	(3,721)	(21,265)
Changes in transactions with non-controlling interests			—		1,439		1,439
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			—		(9,454)	(13,338)	(22,793)
Transfer from other components of equity to retained earnings		83	(328)		—		—
Transfer of negative balance of other capital surplus			—		—		—
Transfer to non-financial assets			26		26		26
Stock-based remuneration transaction			—		259		259
Disposal groups classified as held for sale	718		718	(718)	—		—
Other			—		1	352	353
Total net changes in transactions with owners of the parent company	718	83	416	(718)	(25,278)	(16,708)	(41,987)
Balance as of March 31, 2021	(61,567)	(384)	(65,454)	(718)	620,257	47,589	667,846

Fiscal year ended March 31, 2020
Millions of yen

	Equity attributable to owners of the parent company							
	Common stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity			
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	Hedge surplus	
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				Total	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, 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

(4) Consolidated Statements of Cash Flows
Millions of yen

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	98,320	48,795
Profit before income taxes from discontinued operations	—	680
Depreciation and amortization	63,045	61,986
Impairment loss and gain on reversal of impairment loss	16,465	30,728
Impairment loss on shares of associates and joint ventures	—	4,232
Increase (decrease) in employee benefits	(2,407)	5,969
Increase (decrease) in provisions	1,657	(4,433)
Interest income	(1,851)	(4,401)
Dividend income	(913)	(1,506)
Interest expense	3,543	3,711
Share of profit of associates and joint ventures	(1,317)	2,444
Loss on disposal of property, plant and equipment	4,450	3,886
Gain on sale of fixed assets	(15,803)	(1,492)
Loss on sale of fixed assets	692	1,846
Gain on sale of shares of subsidiaries	(118)	(559)
Decrease (increase) in trade and other receivables	21,580	3,754
Increase (decrease) in trade and other payables	8,315	(8,919)
Decrease (increase) in inventories	(8,090)	(2,092)
Increase (decrease) in consumption taxes payable	(2,397)	(1,923)
Increase (decrease) in other assets and liabilities	(2,122)	(2,250)
Others	7,661	(7,986)
Subtotal	190,710	132,466
Interest received	1,850	4,403
Dividends received	2,631	2,661
Interest paid	(3,370)	(3,522)
Income taxes paid	(26,172)	(21,152)
Net cash provided by (used in) operating activities	165,650	114,856

Millions of yen

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Cash flows from investing activities		
Purchase of property, plant and equipment	(76,889)	(73,703)
Proceeds from sale of property, plant and equipment	17,226	1,264
Purchase of intangible assets	(9,148)	(8,338)
Purchase of financial assets	(652)	(26)
Proceeds from sale of financial assets	2,200	11,621
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(5,601)	(3,809)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	2,754
Purchase of shares in investments accounted for using equity method	(257)	(516)
Proceeds from sale of shares of investments accounted for using equity method	4,404	—
Others	2,471	4,100
Net cash provided by (used in) investing activities	(66,247)	(66,651)
Cash flows from financing activities		
Net change in short-term borrowings	3,051	(1,759)
Increase (decrease) in commercial papers	(10,000)	40,000
Proceeds from long-term borrowings	33,500	3,545
Repayments of long-term borrowings	(15,547)	(13,735)
Redemption of bonds	(20,000)	—
Dividends paid	(17,526)	(17,555)
Dividends paid to non-controlling interests	(3,585)	(4,789)
Purchase of treasury stock	(7)	(6)
Purchase of shares in subsidiaries not resulting in change of scope of consolidation	(22,077)	(49,274)
Repayments of lease liabilities	(8,939)	(8,835)
Others	745	103
Net cash provided by (used in) financing activities	(60,387)	(52,306)
Effect of currency rate changes on cash and cash equivalents	3,891	(7,925)
Net change in cash and cash equivalents	42,908	(12,024)
Cash and cash equivalents at beginning of the year	141,701	153,725
Cash and cash equivalents included in assets of disposal groups classified as held for sale	(2,999)	—
Cash and cash equivalents at end of the year	181,609	141,701

(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 fiscal year ended March 31, 2021.

IFRS		Overview of new standards or amendments
IFRS 7	Financial Instruments: Disclosures	Partial amendment of hedge accounting requirements in response to IBOR reform
IFRS 9	Financial Instruments	

At the present stage, there is no impact due to applying the above accounting standards.

Segment Information

(1) Overview of reportable segments

The Group's reportable segments are categorized primarily by product lines. From the first quarter of the fiscal year ended March 31, 2021, the Group has reclassified its previous four reportable segments of Japan Food Products, International Food Products, Life Support, and Other into three reportable segments: Seasonings and Foods, Frozen Foods, and Healthcare and Other. This reclassification accompanies changes in corporate organization aimed at strengthening business-based global management systems for the core businesses in the Medium-Term Management Plan.

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.

Segment information for the fiscal year ended March 31, 2020 discloses information prepared based on the reportable segment classifications after the changes in corporate organization.

The Group has classified the packaging business under discontinued operations since the fiscal year ended March 31, 2020, and segment information presents amounts related to continuing operations only, so the packaging business is excluded.

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

Reportable Segments	Details	Main Products
Seasonings and Foods	Sauce and Seasonings	Umami seasonings <i>AJI-NO-MOTO</i> [®] , <i>HON-DASHI</i> [®] , <i>Cook Do</i> [®] , <i>Ajinomoto KK Consommé</i> , <i>Pure Select</i> [®] <i>Mayonnaise</i> , <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 seasoning/Indonesia), <i>CRISPY FRY</i> (menu-specific seasoning/Philippines), etc.
	Quick Nourishment	<i>Knorr</i> [®] <i>Cup Soup</i> , <i>YumYum</i> [®] (instant noodles/Thailand), <i>Birdy</i> [®] (coffee beverage/Thailand), <i>Birdy</i> [®] <i>3in1</i> (powdered drink/Thailand), <i>Blendy</i> [®] brand products (<i>CAFÉ LATORY</i> [®] , stick coffee, etc.), <i>MAXIM</i> [®] brand products, <i>Chyotto Zeitakuna Kohiten</i> [®] brand products, various gift sets, office supplies (coffee vending machines, tea servers), etc.
	Solution and Ingredients	Umami seasoning <i>AJI-NO-MOTO</i> [®] for foodservice and processed food manufacturers in Japan, Seasonings and processed foods for foodservice, Seasonings for processed foods (savory seasonings, enzyme <i>ACTIVA</i> [®]), Drinks supplied to restaurants, Ingredients for industrial use, Delicatessen products, Bakery products, Nucleotides, Sweeteners (aspartame for food processing, <i>PAL SWEET</i> [®] for home use, etc.), and others
Frozen Foods	Frozen Foods	Chinese dumplings (<i>Gyoza</i> , <i>Shoga Gyoza</i> , <i>POT STICKERS</i> , etc.), Cooked rice (<i>THE CHA-HAN</i> , <i>CHICKEN FRIED RICE</i> , <i>YAKITORI CHICKEN FRIED RICE</i> , etc.), Noodles (<i>YAKISOBA</i> , <i>RAMEN</i> , etc.), Desserts (cakes for restaurant and industrial-use, <i>MACARON</i> , etc.), Shumai (<i>THE SHUMAI</i> , etc.), Processed chicken (<i>Yawaraka Wakadori Kara-Age</i> (fried chicken), etc.), and others
Healthcare and Others	Amino Acids for Pharmaceuticals and Foods	Amino acids, culture media, medical foods

	Bio-Pharma Services	Contract manufacturing services of pharmaceutical intermediates and active ingredients, sterile products (fill and finish), etc.
	Specialty Chemicals	Electronic materials (<i>Ajinomoto Build-up Film</i> [®] (ABF) interlayer insulating material for semiconductor packages and others), Functional materials (adhesive <i>PLENSET</i> [®]), Magnetic materials (<i>AFTINNOVA</i> [®] <i>Magnetic Film</i> and others), activated carbon, release paper, etc.
	Others	Feed-use amino acids (Lysine, Threonine, Tryptophan, Valine, <i>AjiPro</i> [®] -L, etc.), Fundamental Foods (<i>Glyna</i> [®] , <i>Amino Aile</i> [®]), Functional foods and drinks (<i>amino VITAL</i> [®]), Personal Care ingredients (amino acid-based mild surfactant <i>Amisoft</i> [®] , <i>Amilite</i> [®] , amino acid-based humectant <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, 2021

Millions of yen

	Reportable segment			Other ¹	Total	Adjustments ²	As included in consolidated statements of income
	Seasonings and Foods	Frozen Foods	Healthcare and Others				
Sales							
Sales to third parties	620,507	198,254	239,518	13,173	1,071,453	—	1,071,453
Inter-segment sales and transfers	6,279	1,662	5,690	38,627	52,260	(52,260)	—
Total sales	626,786	199,917	245,209	51,800	1,123,713	(52,260)	1,071,453
Share of profit of associates and joint ventures	1,767	—	74	(525)	1,317	—	1,317
Segment profit or loss (Business profit or loss)	86,796	2,318	26,264	(2,244)	113,136	—	113,136
	Other operating income						24,436
	Other operating expense						(36,450)
	Operating profit						101,121
	Financial income						3,900
	Financial expense						(6,701)
	Profit before income taxes						98,320

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

2. Common corporate expenses that are not attributed to specific reportable segments are allocated to each reportable segment based on reasonable criteria. Common corporate expenses mainly relate to the parent company's administrative divisions.

Fiscal year ended March 31, 2020

Millions of yen

	Reportable segment			Other ¹	Total	Adjustments ²	As included in consolidated statements of income
	Seasonings and Foods	Frozen Foods	Healthcare and Others				
Sales							
Sales to third parties	641,755	211,231	231,663	15,389	1,100,039	—	1,100,039
Inter-segment sales and transfers	6,070	1,575	3,972	32,205	43,823	(43,823)	—
Total sales	647,826	212,806	235,635	47,594	1,143,863	(43,823)	1,100,039
Share of profit of associates and joint ventures	(2,364)	—	171	(251)	(2,444)	—	(2,444)
Segment profit or loss (Business profit or loss)	81,620	90	19,512	(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

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

2. Common corporate expenses that are not attributed to specific reportable segments are allocated to each reportable segment based on reasonable criteria. Common corporate expenses mainly relate to the parent company's administrative divisions.

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, 2021	Fiscal year ended March 31, 2020
Profit from continuing operations	59,416	18,643
Profit from discontinued operations	—	193
Amount used for calculating the basic earnings per share	59,416	18,837
Amount used for calculating the diluted earnings per share	59,416	18,837

2) Weighted average number of ordinary shares

	<i>Thousands of shares</i>	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Weighted average number of ordinary shares	548,344	548,145
Effect of dilutive potential ordinary shares	157	315
Weighted average number of dilutive potential ordinary shares	548,502	548,460

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

	<i>Yen</i>	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020
Basic earnings per share:		
Continuing operations	108.36	34.01
Discontinued operations	—	0.35
Basic earnings per share	108.36	34.37
Diluted earnings per share		
Continuing operations	108.32	33.99
Discontinued operations	—	0.35
Total diluted earnings per share	108.32	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.