

Eat Well, Live Well.



**Ajinomoto Co., Inc. (2802)
Forecast for FY2020 (Ending March 31, 2021)
and Initiatives for the Structural Reform
Phase of the Medium-Term Management Plan**

**Takaaki Nishii
President & CEO**

November 6, 2020

Eat Well, Live Well.



Contents

- I. Summary Results for the First Half Ended September 30, 2020 and FY2020 Forecast
- II. Progress on the MTP Strategies Considering COVID-19, and Structural Reform

Reference Material

Appendixes: Consolidated Results First Half Ended September 30, 2020
FY2020 Revised Forecast by Segment

Note: Business profit (consolidated) in this material:

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

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I-1. FY2020: Q2 Results Summary

FY2020 Q2 Results Summary (YoY)

Sales: ¥263.4 billion (-2.0%)

Business profit: ¥28.1 billion (+40.0%)

1. Sales: **Decreased**

- Sales increased in Healthcare and Others but decreased in Seasonings and Foods and in Frozen Foods, decreasing overall.

2. Business profit: **Increased (Profit increase: ¥8.0 billion)**

- Profit increased due to improved product mix, reduced marketing expense, and a rebound from the previous year's impairment loss on trademark rights of Promasidor Holdings Limited (PH).

(YoY Business Profit Impacts – Summary)

Item	Impact on business profit (¥ billion)			Details of impacts in 2Q
	Q1	Q2	H1	
Decreased GP due to decreased sales	-6.0	-2.0	-8.0	
Increased GP due to improved GP ratio	7.0	2.0	9.0	Impacts from improved product mix in Sauce and Seasonings (overseas) and Specialty Chemicals.
Decreased SGA expenses	5.0	4.0	9.0	Decrease in expenses due to curbing of marketing activities in Seasonings and Foods, and Frozen Foods.
Share of profit of associates and joint ventures	0.0	4.0	4.0	Rebound from previous year's impairment loss on trademark rights of PH.

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4

Looking at the second quarter, sales for foodservice use saw gradual recovery in all countries but were below the level of the previous year. Sales for home use increased amid increased opportunities for cooking and eating at home. However, the situation varies by country, and does not yet allow for optimism.

Sales decreased by ¥5 billion while business profit increased by ¥8 billion year on year. As the equivalent outcomes in the first quarter were a sales decrease of ¥15.8 billion and a business profit increase of ¥6.2 billion, sales on the whole are on a recovery track. Although business profit has increased significantly, a breakdown of the increase reveals a slightly different situation from the first quarter.

The breakdown is shown as decreased GP due to decreased sales, increased/decreased GP ratio due to factors including cost improvements, increased/decreased SGA expenses, and the difference due to the trademark right impairment loss at Promasidor Holdings (hereinafter "PH") in the previous fiscal year.

Regarding the second item, the difference due to the change in the GP ratio exists because the first quarter primarily involved the electronic materials product mix, increased unit prices in amino acids, increased unit prices and decreased fixed expenses in animal nutrition, and decreased discounting in Sauce and Seasonings and Frozen Foods. In the second quarter, costs progressed favorably in Sauce and Seasonings (overseas), and, while the electronic materials product mix continued, profit contracted amid a decline in nucleotide prices in Solution and Ingredients and a decline in prices in Bio-Pharma Services.

Regarding the third item, SGA expenses, about 60% of this is due to advertising expenses and sales promotion expenses, with logistics and other expenses accounting for the rest. Compared to the first quarter, the use of advertising increased, but sales promotion activities (mainly activities in stores) have been delayed. The situation differs by country. Sales expenses overall have returned to nearly the level of the previous year in Japan, but are declining in Thailand, Indonesia, and North American Frozen Foods. Advertising is being pushed back following delays in commercial advertisement production and consideration of its effectiveness.

I-2. FY2020: H1 Results Summary

Despite decreased sales in nearly all businesses (except Specialty Chemicals) under the COVID-19 pandemic, profit increased significantly due to a decrease in marketing expenses and an increase in GP attributable to product mix improvements, etc. A rebound from the previous year's recording of an impairment loss also contributed to a significant increase in profit for the term.

1. Sales: **Decreased YoY**

- Sales decreased due to effects of the COVID-19 pandemic in nearly all businesses (except Specialty Chemicals).

2. Business profit: **Significant increase YoY**

- Profit decreased in restaurant and industrial-use seasonings in Japan, but increased in Sauce and Seasonings, animal nutrition, Specialty Chemicals, etc. This, plus the rebound effect from the previous year's recording of an impairment loss on trademark rights of PH (-¥3.9 billion), led to a significant increase in profit.

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

- Rebounding from the previous year's recording of an impairment loss, other operating expenses declined.

(¥ billion)	H1-FY2020 Actual (A)	H1-FY2019 Actual (B)	Difference (A)-(B)	YoY (A)/(B)
Sales	511.3	532.2	-20.8	-4%
Business profit	61.9	47.6	14.2	+30%
Profit attributable to owners of the parent company	36.6	7.0	29.6	+420%

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5

Due to the recording of a large impairment loss in the previous year, second quarter profit attributable to owners of the parent company increased significantly. For the current fiscal year, we expect expenses related to structural reform to be incurred in the future, without being recorded in the second quarter.

Please refer to the previous year.

(Billion yen)

	Business profit	Operating profit before income taxes	Attributable to owners of the parent company
(1) Impairment loss on production equipment in animal nutrition business	-	14.9	11.7
(2) Impairment loss on investments in PH accounted for using the equity method (equivalent to 33.33% investment)	-	4.2	4.2
(3) Impairment loss on trademark rights of PH (equivalent to 33.33% investment)	3.8	3.8	3.8
(4) Impairment loss on production equipment in the bakery business	-	3.8	2.9
FY2019 1H	3.8	26.9	22.8

I-3. FY2020: Impacts of COVID-19 Reflected in the Forecast

Impact of COVID-19 on FY2020 Business Results (revised)

Sales: approx. -¥67.5 billion (down approx. 6% vs. FY2019 actual)

Reference: Revised in July: approx. -¥70.0 billion (down approx. 6% vs. FY2019 actual)

Business profit: approx. -¥6.5 billion (down approx. 7% vs. FY2019 actual)

Reference: Revised in July: approx. -¥15.0 billion (down approx. 15% vs. FY2019 actual)

Factors reflected in the forecast for FY2020 (updated)

Impacts expected from October onward

(New): new factors

(On-going): continuing from Q2

(○): Positive factors

(▲): Negative factors

- (Business related) (On-going) 1. Progressive decline in special demand for home-use products (Seasonings and Foods, Frozen Foods) among people self-isolating and gradual recovery of demand for eating out
Continued growth of home-use frozen food sales in North America (○)
- (New) 2. In amino acids for pharmaceuticals, demand for infusions remains strong (○)
- (On-going) 3. In Bio-Pharma Services, delays in customers' development plans (▲)
- (On-going) 4. Fall in sales prices of feed-use amino acids (from Q2) (▲)
- (On-going) 5. Impact of contraction of the market accompanying the reduction and cancellation of sports events and medical checkups (▲)
- (On-going) 6. Decrease in demand from tourists due to travel restrictions between countries and regions (▲)
- (New) 7. At present, the impact of U.S.-China trade friction on the electronic materials business is limited (○)
- (Strengthening of structure) (On-going) 1. Though it was paused momentarily, we have restarted the reduction and sell off process of overseas operations (○)

Impacts expected going forward...occurring in Q2 and continuing in Q3

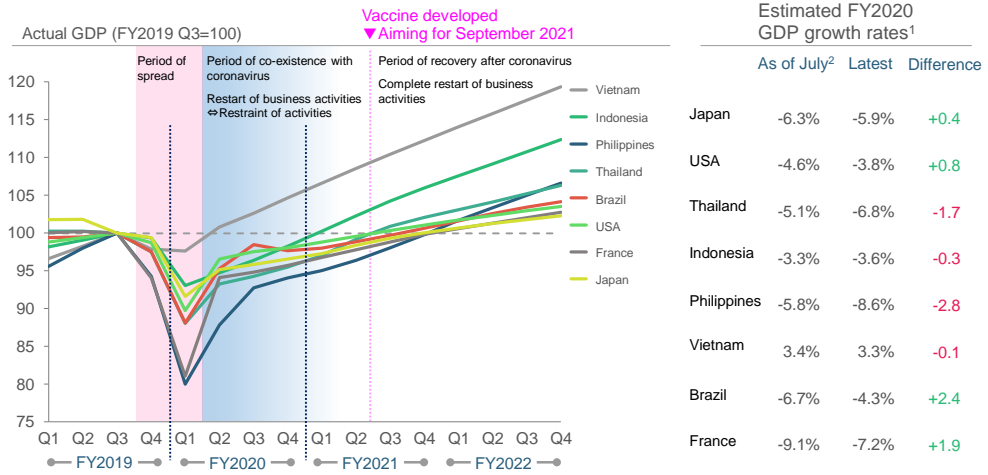
Explosion of second wave of infections in the U.S. and Brazil, and restrictions on going outside (▲)

From October onward, negative impacts associated with economic deterioration in addition to COVID-19 and the effect of factors such as increase in manufacturing costs are expected.

We believe that direct impacts of the COVID-19 pandemic have lessened from our forecast in July. However, it is becoming increasingly difficult to take out impacts of the pandemic alone, due to its growing presence as a "new normal," measures against this, and increasing/decreasing amounts due to other factors are increasing.

I-4. FY2020: Forecast of the Impact of COVID-19 on Each Country's Economy

Forecasts of actual GDP in our major countries of business (updated)

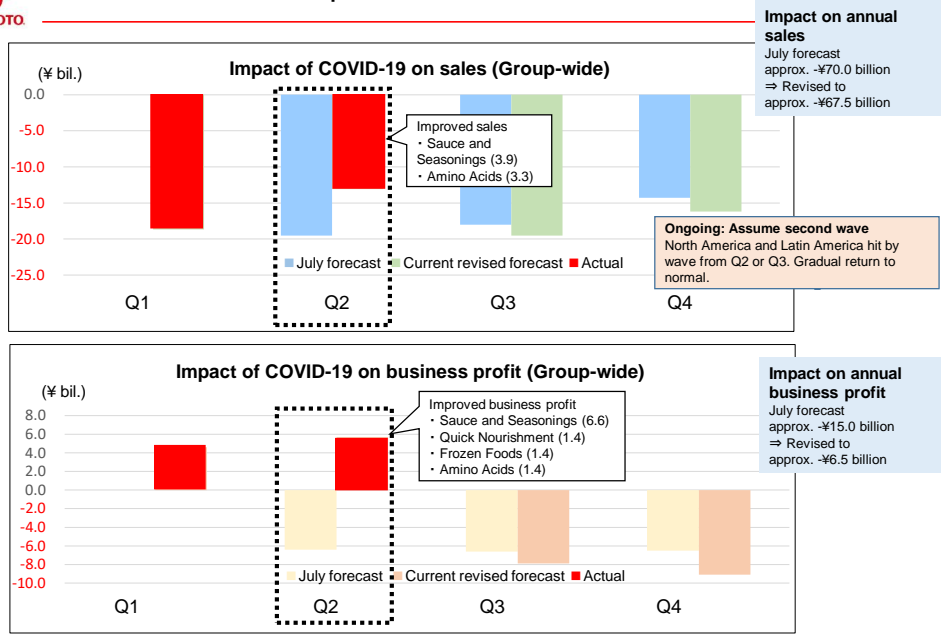


Note: with the exception of Vietnam, figures have been calculated with seasonal corrections
Source: Oxford Economics

1. Based on quarterly estimated GDP, an annual from April to March is calculated, and the difference with FY2019 is calculated
2. Growth rate based on the estimated GDP for each country in the July 30 Analysts' Meeting materials

This is our outlook regarding GDP movements.
At the same time, we also view rising unemployment rates and political instability as adding to countries' geopolitical risks.

I-5. FY2020: The Impact of COVID-19 on the Forecast



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8

We are looking at impacts every quarter with factors such as these reflected, and expect a decrease in sales and profits in the third and fourth quarters.

I-6. FY2020: Forecast (revised)

- Sales: **Decrease YoY (Upward revision** to reflect difference due to COVID-19 in H1)
 - Sales will decrease in all segments, Seasonings and Foods, Frozen Foods, and Healthcare and Others, due to the COVID-19 pandemic, resulting in a sales decline overall.
 - The Company will flexibly add sales promotion measures in line with the pandemic situation in specific countries, to minimize sales declines.
- Business profit: **Increase YoY (Upward revision** to reflect difference due to COVID-19 in H1, as well as conditions in some businesses)
 - Despite effects from the COVID-19 pandemic, profit will increase in Specialty Chemicals, Quick Nourishment, Frozen Foods, etc., leading to an increase in profits overall.
 - The Company will continue appropriate marketing investments and efforts to reduce company-wide costs, and will aim to achieve its forecast (revised).
- Profit attributable to owners of the parent company: **Increase YoY**
 - Other operating expenses will decrease.

(¥ billion)	FY2020 Nov. revised forecast (A)	FY2020 Jul. revised forecast (B)	Difference (A)-(B)	FY2019 Actual (C)	Difference (A)-(C)	YoY (A)/(C)		FY2020 Nov. revised forecast	FY2020 Jul. revised forecast	FY2019 Actual
Sales	1,066.0	1,057.0	9.0	1,100.0	-34.0	-4%	Business profit margin	9.3%	8.5%	9.0%
Business profit	100.0	90.0	10.0	99.2	0.7	0%	ROE	6.6%	5.9%	3.3%
Profit attributable to owners of the parent company	36.0	32.0	4.0	18.8	17.1	+91%	ROIC	4.6%	3.9%	3.0%
							ROA (BP basis)	7.5%	6.7%	7.2%
							EPS	¥65.65	¥58.37	¥34.37

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9

We revised our July forecast upward by ¥9 billion for sales and ¥10 billion for business profit.

Compared to the previous forecast, we forecast increased sales in areas including Sauce and Seasonings, Frozen Foods, and Specialty Chemicals, and decreased sales in areas including animal nutrition and Solution & Ingredients.

Compared to the previous forecast, we forecast increased business profits in areas including Sauce and Seasonings, Specialty Chemicals, and Frozen Foods, and decreased business profits in Solution & Ingredients.

I-6. FY2020: Forecast (revised)

Despite the rebound from the worsening of profits of equity method affiliates in the previous fiscal year, assumed increases in manufacturing costs and marketing expenses.

H2 sales: ¥554.6 billion (down 3%, -¥13.1 billion vs. FY2019 actual)

H2 business profit: ¥38.0 billion (down 27%, -¥13.5 billion vs. FY2019 actual)

(YoY Business Profit Impacts – Summary)

(¥ billion)

	Q1-FY20	Q2-FY20	H1-FY20	H2-FY20	FY20	Details of impacts in H2-FY20
Decreased GP due to decreased sales	-6.0	-2.0	-8.0	-4.5	-12.5	
Change in GP due to change in GP ratio	7.0	2.0	9.0	-8.0	1.0	Primarily increased manufacturing costs which include delayed periodic maintenance on factory equipment, and decreased profits in nucleotides from decreased sales are assumed.
Decreased SGA expenses	5.0	4.0	9.0	-4.0	5.0	Increases in new product development costs and marketing costs are assumed, primarily in the foods business.
Share of profit of associates and joint ventures	0.0	4.0	4.0	3.0	7.0	Effects of rebound from worsening of profit/loss at equity-method affiliates in H2 of the previous year.
Total	6.0	8.0	14.0	-13.5	about 0.5	The effect of exchange rates on business profit is expected to be -¥3.1 billion.

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10

Looking at the second half, we expect sales to decline by ¥13.1 billion and business profits by ¥13.5 billion. I have prepared the same breakdowns for the first and second quarters to explain this.

Regarding the -¥8.0 billion GP ratio difference, about half is due to Sauce and Seasonings (overseas), with the rest due to unit price impacts from nucleotides, and so on. Regarding Sauce and Seasonings (overseas), the number reflects increases in depreciation costs for new factories, etc., and the fact that factory maintenance scheduled for the first half has slipped to the second half.

Regarding SGA expenses, these include measures that could not be taken in the first half, investment in advertising for new products that we will focus on in the second half, and investments to recover market share in Japan. Investment in core products that will support organic growth from the next fiscal year is necessary.

There is a possibility of further deterioration of countries' economic situations and unemployment rates and of decline in consumption, and a risk of economies and consumption worsening sharply due to intensified anti-government demonstrations under unstable political situations. Overall, we believe that the situation remains one in which we are forced to make conservative forecasts and cannot engage in optimism.

I-7. FY2020: Profit at Specific Stages

Despite the COVID-19 pandemic, improvement from the July forecast and increased business profits are forecast. Expect to incur restructuring expenses ahead of schedule. An increase in profit for the term is forecast.

(¥ Billion) -: losses	FY20 Revised forecast (A)	FY19 Actual (B)	Difference (A)-(B)	Comments
Sales	1,066.0	1,100.0	-34.0	
Business profit	100.0	99.2	0.7	
Other operating income & expenses	-35.8	-50.4	14.6	
Impairment losses		-34.9	34.9	
Other	-35.8	-15.5	-20.3	Structural reform expenses: approx. -23.0
Operating profit	64.1	48.7	15.4	
Financial income & expenses	-1.1	0.0	-1.1	
Profit before income taxes	63.0	48.7	14.2	
Income taxes	-19.5	-20.3	0.7	Tax rate: FY20 revised forecast 31%
Profit (includes discontinued operations)	43.4	28.9	14.4	
Profit attributable to owners of the parent company	36.0	18.8	17.1	
Profit attributable to non-controlling interests	7.4	10.1	-2.7	

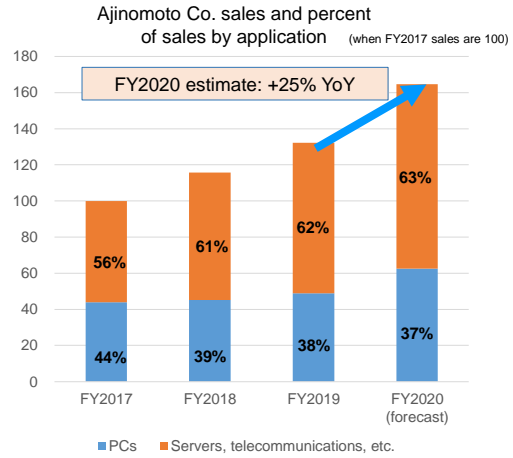
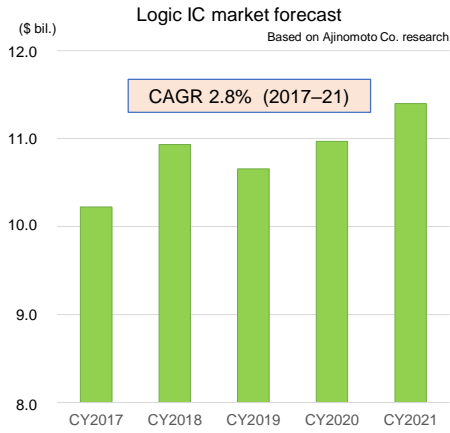
Some structural reform expenses were incurred ahead of schedule, resulting in the recording of -¥23.0 billion.

I-8. FY2020: Forecast (Specialty Chemicals Business: Electronic Materials)

- ◆ Growth in data center servers and telecommunications applications with the advent of 5G
- ◆ Compared to PCs, semiconductor packaging substrates are increasing in size and layers
- ◆ Increased orders on the back of more PC units shipped because of COVID-19
- ◆ The impact of U.S.-China trade friction on sales is limited at present



**Accelerated
business growth
of Electronic
Materials**

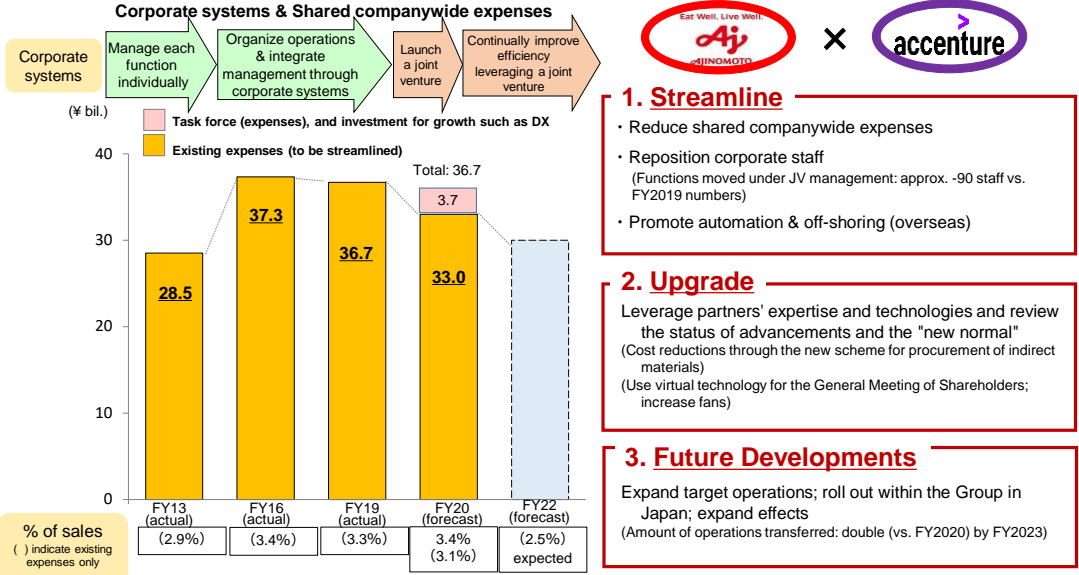


For Specialty Chemicals (electronic materials), we revised sales upward by ¥5.0billion and business profit by ¥3.3billion.



I-9. Corporate Operational Transformation: Effects of JV Launch & Future Development

Partnering with Accenture (which has momentum in operational reforms) and establishing a shared services center (SSC) for the Ajinomoto Group to enhance operational quality and efficiency. Injecting outside expertise to promote work upgrading and streamlining.



Corporate operational transformation is proceeding steadily.

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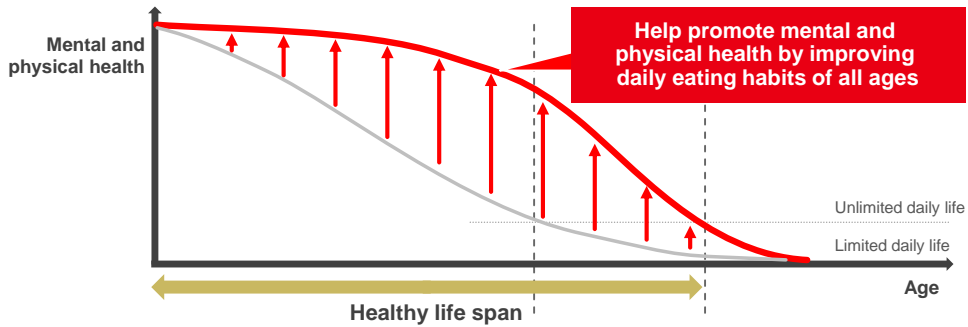
As noted in the first half results report, the demand for our products and services—that is, the trend of sales in our businesses—has become visible through customer behavior and changes in lifestyles under the pandemic.

At the same time, the social and economic impacts of the pandemic remain uncertain, calling for caution and for the continuation of management that does not fail to capture changes. I would like to provide an update on our MTP and on structural reform initiatives, based on conditions in the first half.

Ajinomoto Group Vision

Contribute to greater wellness for people worldwide, unlocking the power of amino acids to resolve the food and health issues associated with dietary habits and aging

- By 2030:
- Extend the healthy life expectancy of **1 billion** people
 - Reduce our environmental impact by **50%**, while improving business performance



This slide expresses the things that we most want to convey. To realize the vision we have set forth for 2030—"Contribute to greater wellness for people worldwide, unlocking the power of amino acids to resolve the food and health issues associated with dietary habits and aging"—we are viewing the "new normal" lifestyles created during the COVID-19 pandemic as opportunities.

The connections between life and activities in the "new normal" and promoting ASV

- **Increased awareness of one's own health and one's family's health**

Interest in raising immunity ⇒ **Measures against metabolic syndrome (reducing salt and sugar, preventing obesity) + improving life habits (sleep + exercise)**

Improve health of the elderly ⇒ **Improve malnutrition caused by insufficient protein**

- **Changes in opportunities for dining and cooking**

Increased time at home ⇒ **Seasonings for easy-to-prepare home meals and a variety of menus, deli, and highly processed foods (frozen, meal kits)**

- **Changes in consumer motivation and spending on food**

Preference for saving money, due to worsening economy, primarily in low-income bracket

⇒ **Product mix strategy that maintains range of prices**

Increase in slightly extravagant food expenses for the middle-to-high income bracket

⇒ **Opportunity to increase unit prices of products for mental and physical health and smart eating**

Ethical consumption (environment and social sustainability) choices

⇒ **Communication strategy connecting sustainability and products**

- **Changes in channels**

Eating in restaurants is decreasing, but deli and delivery are increasing, EC is increasing. Nearby and convenient shops combining with delivery and increasing. Business conditions of urban foodservice are changing.

⇒ **Sales to develop new channels, accelerate development of new products. Collaborate with venture businesses.**

Even after COVID-19, the "new normal" will remain

ASV Management: grow business and create both mental and physical health

We expect that new lifestyles born from the pandemic will continue in 2021, and the "new normal" will become rooted.

We believe that our MTP key strategy is in line with this "new normal."

1. People's awareness of protecting the health of themselves and their families has heightened.

Consumers' specific interests lie in improving immunity and improving the health of the elderly.

These align with our measures aimed at combating metabolic syndrome (diet, sleep, and exercise) and remedying protein deficiency.

2. Changes are taking place in opportunities for dining and cooking. The increase in home cooking plays to a strength of our company.

3. Changes are taking place in consumer motivation and spending on food.

A preference for saving money is expanding among the low-income bracket. At the same time, a shifting of expenses to slightly extravagant foods can be seen. This is in line with our strategy, which is strong in menu proposals that span affordable prices to slightly higher price ranges through Seasonings, Quick Nourishment, Frozen Foods, and so on.

4. Channels for purchasing food are changing.

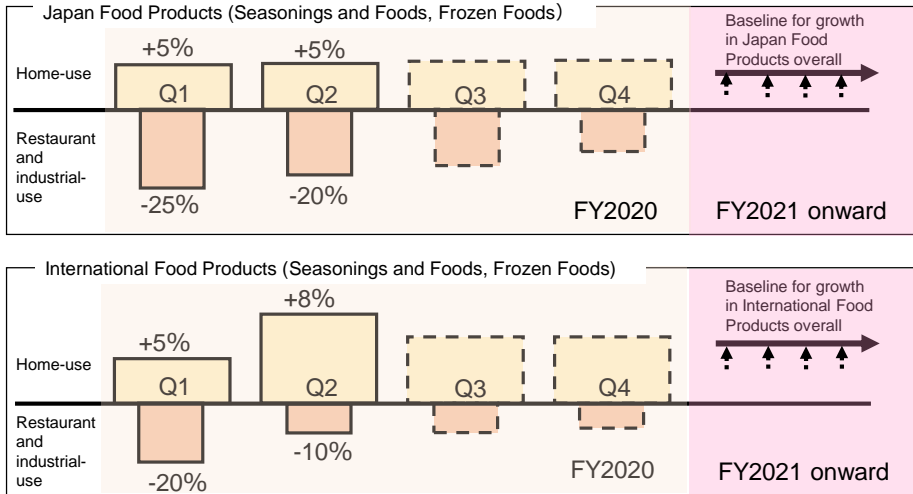
EC and nearby, convenient shops are growing in combination with home delivery. The business format of urban foodservice is changing rapidly. These are areas in which we need to further strengthen our efforts. A system integrating development and sales for EC and for key accounts in foodservice and deli has begun functioning. We have also begun working with foodtech ventures. We intend to further strengthen these.

The "new normal" should present major opportunities for our strategy of achieving "Wellness – mental and physical health" through our business, or "ASV Management" as we call it.

II-3. Business Growth that Catches Changes in the “New Normal” (Food business)

Create a baseline for growth by solving issues with in-home meals, increase opportunities for changing the state of business in foodservice, and raise the growth baseline.

Ref.: rough estimate of future growth, taking into account the 1st half of FY2020
(growth rate vs. FY2019)



This slide shows the recovery trend in the foods business going into FY2021, from a short-term perspective.

Within the "new normal," we intend to place our focus on solving issues in home cooking in Japan and overseas, combat the decline in foodservice by adapting to changes in business format, and connect this to greater growth than in FY2019 in the foods business overall.

Main initiatives in MTP strategies to address changes in the environment

1. Initiatives to address the opportunities and threats of the “new normal”
2. Strategy for health and nutrition, and growing unit prices
3. Structural reform

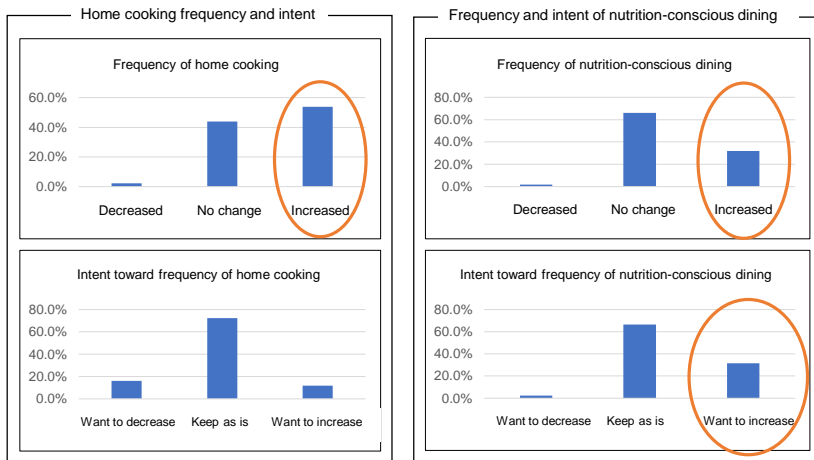
Next, I would like to provide an update on the main initiatives of our MTP strategies in light of changes in the environment.

1. Initiatives to address the opportunities and threats of the "new normal"
2. Strategy for health and nutrition, and growing unit prices
3. Structural reform

II-5. Main Initiatives in MTP Strategies (1. Initiatives to address "new normal" opportunities and threats)

Results of survey of cooking at home and opportunities for dining under the COVID-19 pandemic

The frequencies of home cooking and of nutrition-conscious dining are increasing.
An increasing number of people want to increase their frequency of nutrition-conscious cooking.
 ⇒ Visitors to Ajinomoto Park® increased significantly to about 180% of previous-year number (cumulative number for H1 FY2020)



Source: Vuzz Inc. SnapDish Survey target: SnapDish users n=424 Survey period: September 19–23, 2020
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First, I would like to discuss the "new normal" from a standpoint of opportunities and threats.

The results of a survey on cooking at home and opportunities for dining are shown in the graph.

The graph at upper left shows "Frequency of home cooking." Under the COVID-19 pandemic, about 50% of respondents have increased their frequency of home cooking. The graph on the lower left shows "Intent toward frequency of home cooking," with about 70% of the respondents stating that their current level is fine. Combined with those wanting to increase the frequency, about 80% of respondents view home cooking as an established part of their lifestyles, which presents a business opportunity for our company. Conversely, nearly 20% of respondents want to decrease their frequency of home cooking. The presence of people who want to reduce home cooking because of the increased burden poses a threat.

The graph at upper right shows that about 30% of respondents have increased their "Frequency of nutrition-conscious dining," while the graph at lower right shows that over 30% of respondents want to increase that frequency. We consider this a great opportunity.






II-5. Main Initiatives in MTP Strategies (1. Initiatives to address "new normal" opportunities and threats)

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- Consumer-oriented products are growing significantly, and capture demand for in-home dining
- We are helping with in-home cooking in many ways with umami seasonings, flavor seasonings, and menu-specific seasonings.
- Frozen foods have helped those staying at home ⇒ with the "new normal" those using these products have greatly increased.

With a plentiful lineup of products good for consumers of all income brackets, suitable for cooking from scratch, simplified cooking, and cooking of highly nutritious menus.

Japan: Frozen Gyoza become a topic in the media. Cutting steps, not cutting corners.
US and EU: Asian category frozen foods growing rapidly in the "new normal"

Product	Region	FY20 H1
Home-use seasonings 	Japan	+5%
Home-use seasonings (small- and medium-size products) 	Overseas (Five main countries)	+11%
Home-use frozen foods 	Japan and North America	+13%

In Healthcare and Others, amino acids for pharmaceuticals and personal care ingredients are growing.

The foundation for Groupwide growth in the COVID-19 pandemic + Continuing to lead with the health and nutrition strategy

Home cooking is growing significantly during the "new normal," but we will not be content with this. A condition for continuous growth is that we hold consumers' interest with a variety of foods, reduce the burden of cooking, enhance nutritional value, and adapt to thrift consciousness. We have adapted to these changes in home-use seasonings and in frozen foods, but there is still much room for improvement.

In amino acids for pharmaceuticals and personal care ingredients, we are capturing customer demand under the "new normal."

These businesses are driving company-wide business results in the direction of increased sales under the pandemic. In the future, we will add to the top line under the MTP's strategies, especially health and nutrition strategies in the foods business.

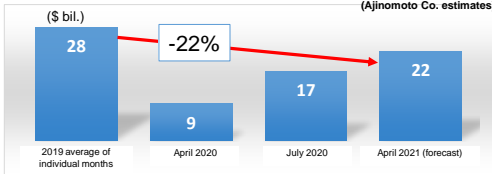


II-5. Main Initiatives in MTP Strategies (1. Initiatives to address “new normal” opportunities and threats)

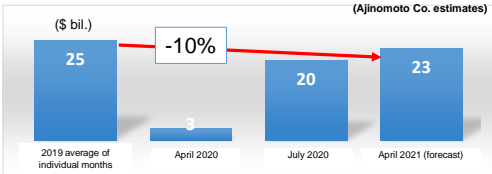
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- Attempt to develop a channel for new opportunities to eat with the assumption that reduced demand for foodservice will be long term.
- Grope for a way to develop a channel compatible with both home-use and foodservice-use products, as seen in home delivery, click and collect, and surrogate shopping service from a ride-hailing motorcycle service.

■ Thailand foodservice market forecast (2019-2021)



■ Vietnam foodservice market forecast (2019-2021)



Measures to increase foodservice demand and examples of digital adaptation in various countries

Thailand:

For umami seasonings, continue proposals to restaurants using key menus (som tam, etc.)
Encourage demand by implementing sales promotions and use digital communication through social media to advertise uses for Ros Dee®

Vietnam:

Enlarging market share by conveying the improved quality of Aji-*ngon*® and strengthening exposure at shops.

North America:

Product item centralization is suited to the growth of click and collect. Sales of frozen foods to Walmart are expanding about 1.5-fold. In addition, sales of our products via Instacart (an online order-based surrogate shopping service) are also expanding.



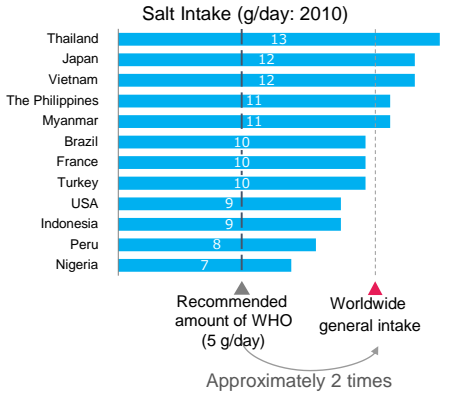
Attempt to develop a new food channel to supplement foodservice in the COVID-19 pandemic

A major issue under the pandemic is our foodservice business. During FY2020, it will be difficult to return to the level of sales of the previous year. We have begun trial-and-error efforts to discover what channels we can use to deliver the food value of dining out that has been lost, such as the entertainment value of dining out, and event-related dining enjoyed in groups. The use of home delivery for dining-out is increasing, but entails numerous issues such as delivery costs and quality. Services such as click and collect are growing rapidly in the United States. Similar services have also begun in Japan among retailers and restaurants that are close and convenient. We want to find a path here as well, collaborating with these partner companies.

Background to the health and nutrition strategy

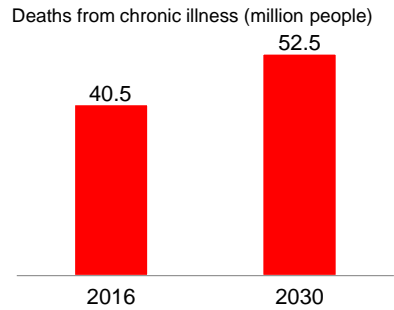
Issues exist in our major overseas market countries, and excessive salt intake may lead to chronic illness.

High salt intake in countries where our group operates



- In countries where our group has operated, such as Thailand, Japan, and Vietnam, salt intake tends to be high even when viewed globally

Deaths from chronic illness continue to increase

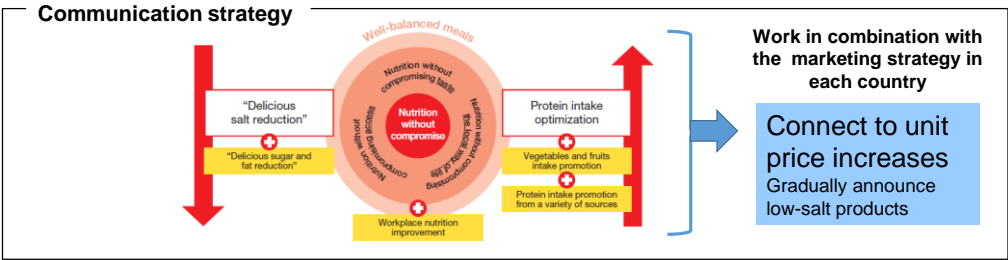


- The death toll from chronic illness, such as hypertension and cardiovascular disease, is on the rise
- In particular, excessive salt intake causes high blood pressure
 - About 20% of the world's population is hypertensive
 - Hypertension is estimated to be associated with **7.5 million deaths annually**, representing approximately **13%** of all deaths

Next, I would like to discuss prospects for increasing unit prices of international consumer products, which is a structural objective of the MTP, as well as prospects for our health and nutrition strategies.

This slide again shows the background behind our taking up the fighting of excessive salt intake as a key theme in our health and nutrition strategies. In short, excessive salt intake can be seen as the greatest health issue associated with diet, and is an issue in many of the major countries in which we do business. Twenty percent of the world's population, or over 1.5 billion people, are said to have excessive salt intake.

Communicate globally and build regional ecosystems based on solving the two issues of reducing salt and malnutrition among the elderly to solve food and health issues. Work in combination with the marketing of major affiliates.



Build national and regional ecosystems

In Japan: Rolling out a regional issue-solving strategy with products making reduced-salt a smart way toward a healthy life. (Results of reduced-salt products in Japan, Apr.-Sept. cumulative total: more than 120% of same period in previous year)

Overseas: Construction of an ecosystem in collaboration with countries, universities, etc. and link to marketing strategies. (Cases from Malaysia and Vietnam)



The next slide shows an overview of our health and nutrition strategies. The first strategy is our communication strategy. Making "nutrition without compromise" our core message, we plan to launch global communication from the third quarter of FY2020. "Nutrition without compromise" expresses our basic stance of solving health issues through nutritionally balanced diets without compromising taste, access to food (availability to all), or the local way of life. The second strategy is to collaborate in solving issues by creating ecosystems in partnership with national and regional governments. The third strategy is to incorporate these ideas into our marketing strategies for countries and boost the growth of the consumer business while launching reduced-salt products. This is a business model which we have successfully practiced in the Japanese foods business in recent years. In FY2020, we began this integration strategy with our ASEAN affiliates and in South America.

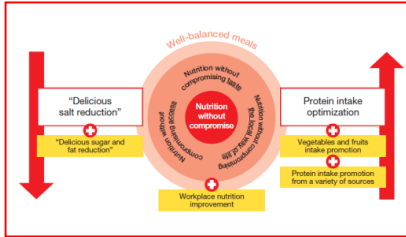


II-6. Main Initiatives in MTP Strategies

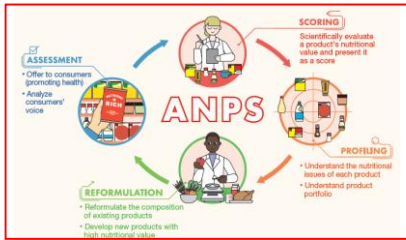
(2. Global initiative: a solution-providing Group of companies for food and health issues)

Advancing the Ajinomoto Group health and nutrition strategies linked to global initiatives

The Ajinomoto Group's approach to nutrition



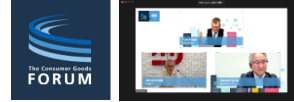
Ajinomoto Group Nutrient Profiling System



Sept. 2020: Participated in CEO-level private sector consultations



Oct. 2020: Appeared in Sustainable Retail Summit



Oct. 2020: Written up in Food Navigator UK



Dec. 2021: Participation in Tokyo Nutrition for Growth Summit 2021



This slide shows public relations activities backing up our health and nutrition strategies.

Under the banner of "nutrition without compromise," we will explain to society that we will promote delicious salt reduction as well as protein intake to prevent malnutrition in old age, and will widely contribute to extending the healthy life expectancy of 1 billion people worldwide in 2030.

Targeting the Tokyo Nutrition for Growth Summit 2021 to be held in December next year, we are communicating this message at numerous international forums. In FY2020, we communicated the message at international conferences such as the UN Food Systems Summit and the Consumer Goods Forum (CGF). We are doing so in collaboration with Global Alliance for Improved Nutrition (GAIN) and other global initiatives.

Within these activities, we are proposing the Ajinomoto Group Nutrient Profiling System (ANPS), which turns products' nutritional evaluations into index numbers, as a means of improving eating habits.

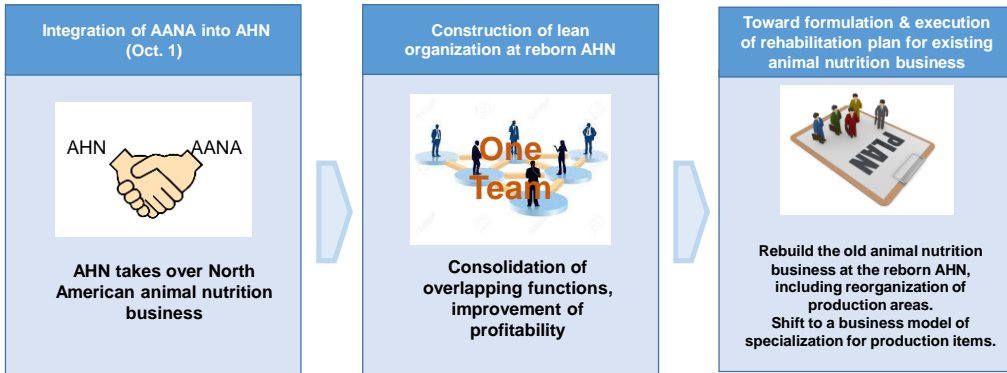
This is the first such approach for a Japanese company, and we are already using ANPS to develop products with high nutritional value. We are now considering the expansion of this mechanism from products to menus. Our health and nutrition strategies have been taken up by media in Europe, and we will further strengthen our communication of this topic.

II-7. Main Initiatives in MTP Strategies (3. Structural reform: Animal nutrition business)

Proceeding with structural reform in North America and Europe. Expect to announce the North American Reform Plan in FY2021.



Integration of Ajinomoto Animal Nutrition North America, Inc. (AANA) into Ajinomoto Health & Nutrition North America, Inc. (AHN) on October 1.



Have resumed negotiations for sell-off and tie-up. Proceeding in accordance with plans aiming at achievement of asset reduction.

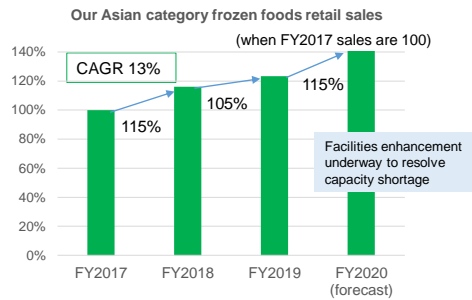
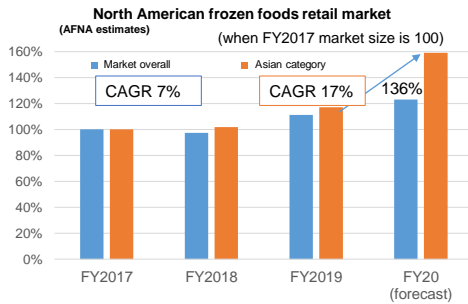
This slide provides an update on our structural reform initiatives.

With regard to our animal nutrition business, on October 1st, our North American animal nutrition company was integrated into Ajinomoto Health & Nutrition North America, Inc. (AHN), which engages in the processing- and foodservice-related foods business. In addition to consolidating overlapping corporate functions to improve profitability, we will promote reorganization that includes a shift to multi-purpose amino acids within production areas. We will announce details in FY2021.

In Europe, we have resumed negotiations related to the sale of, or alliances in, the animal nutrition business. The resurgence of COVID-19 in Europe is resulting in a move toward lockdowns. While we must pay close attention to the impacts, asset reduction is currently proceeding according to plan.

II-7. Main Initiatives in MTP Strategies (3. Structural reform: Global frozen foods business)

We plan to significantly increase production in Asian category in Q4 FY2020. Moving forward in-line. Global (North America, Europe, China, Thailand) production reorganization (19 factories → 15 factories) is underway.



Initiatives in FY2020
1. Growth investment: Asian category (increase production capacity of gyoza and fried rice) February 2021: AFNA Toluca Factory ⇒ increase in gyoza lines March 2021: AFNA Oakland Factory ⇒ Increase in fried rice lines
2. Shift to high-value-added products: Mexican category (reduce low-value-added products)
3. Reduce assets: Italian category, closure of Fort Worth Factory July 2020: Closure of AFNA Fort Worth Factory ⇒ Relocation of production to Oakland Factory



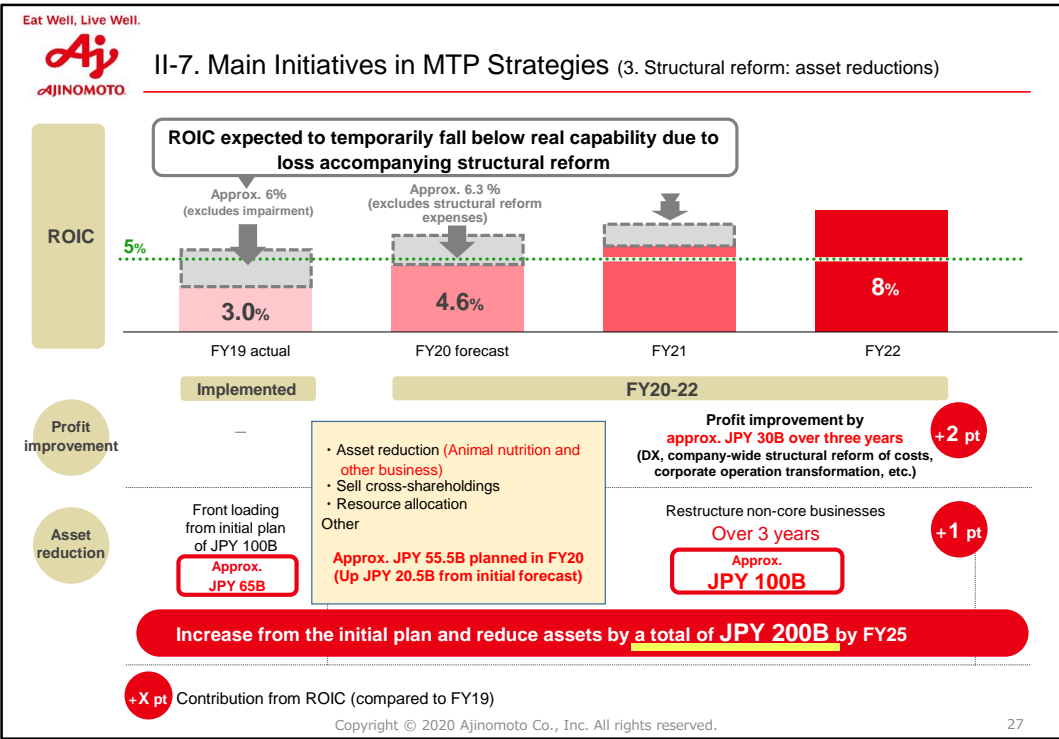
Initiatives from FY2021 onward
Continuous growth investment in the Asian category
Asset utilization in high-value-added products
Continuation of reorganization for business structure strengthening

This slide provides an update on our structural reform initiatives in the North American frozen foods business.

We will reorganize necessary production facilities according to plan to shrink portions of the Italian and Mexican category businesses that have become commodified and make a shift to the Asian category, as we showed in FY2020 initiatives. As a result, we expect to boost production capacity for gyoza and fried rice in the fourth quarter of FY2020, and grow the home-use frozen foods business to 115% of its scale last year. At the same time, foodservice demand will continue to cool, with the total for restaurant and industrial-use expected to be about 70% that of last year. Accordingly, the total for North American frozen foods will remain at the previous year's level.

The North American home-use frozen foods market (excluding frozen foods used as ingredients) is expanding to 114% the level of last year, buoyed in part by the trend toward at-home dining amid the pandemic. The Asian category market in particular is expanding rapidly, to 136%.

We are differentiating ourselves by thoroughly improving quality and increasing value through digital marketing. From FY2021, too, we will strengthen our business structure through ongoing growth investments in the Asian category and reformation of our production system.

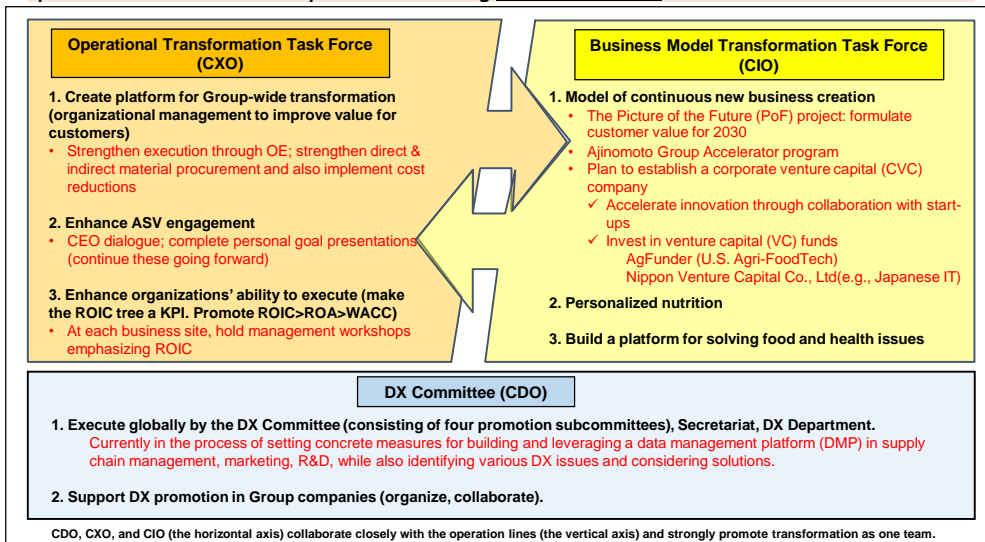


We expect to be able to carry out more than ¥20 billion of FY2020 asset reduction measures earlier than initial forecasts. In addition to the business structural reform that I reported just now, we are making progress under the MTP with plans to sell cross-shareholdings and promote resource allocation.

II-8. Main Initiatives in MTP Strategies

(Promote Transformation through DX and the Tasks Directly Supervised by the CEO)

We have established a new Operational Transformation Task Force and Business Model Transformation Task Force directly under the CEO with the DX Committee as their foundation, to promote transformation in corporate culture along the horizontal axis.



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28

This slide provides an update on changes in our corporate culture.

1. The promotion of transformation has made us into one team led by the CEO. We have set clear rules for operating under a matrix system. The horizontal axis (Chief Digital Officer, Chief Transformation Officer, and Chief Innovation Officer) has the role of guidance, while the vertical axis (operations line) has the role of decision making and execution. To enhance the leadership of the Task Force, we have also partnered with outside experts who will act as best partners, and have brought some of these into the company as well.
2. Innovation is progressing with digital transformation overseen by the Chief Digital Officer and that information is shared among the team. We have proposed specific measures related to the construction and use of a data management platform for supply chain management, marketing, and research and development, and have moved ahead in identifying issues.
3. Our task force for changing the structure of business operations has made progress. Under the Chief Transformation Officer, we are moving ahead with the introduction of a management system for operational excellence (OE) and management of engagement improvement, and a blueprint for incorporating ROIC improvement into business management KPIs is at the organizational sharing stage.
4. Under the Chief Innovation Officer, we have made progress on company-wide themes for creating new businesses, and have accelerated collaboration with outside parties. Preparations have moved ahead for in-house entrepreneurship measures and the establishment of a corporate venture capital company for partnerships with foodtech ventures. Prior to this, we also invested in venture capital funds.

II-8. Main Initiatives in MTP Strategies

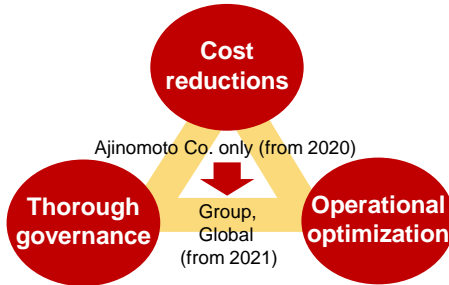
(Promote Transformation through DX and the Tasks Directly Supervised by the CEO)

Example of Operational Transformation Task Force (CXO)

Work to improve ROIC by strengthening execution through OE to implement procurement of indirect materials that are competitive for the Ajinomoto Group, while also boosting our ability to respond to unpredictable environmental changes like COVID-19.

Ideal vision for indirect materials procurement

- Wisely procure suitable products and services
- Reduce costs and invest savings in growth



- Revise standards & rules
- Ensure thorough compliance
- Concentrate and streamline operational tasks

Initiatives & plans

- **Concentrate & integrate**
Concentrate company-wide indirect materials procurement and promote end-to-end optimization, streamlining, and cost reductions
- **Systemize**
Introduce a new purchasing solutions system to centrally manage purchasing information and standardize work
- **Make appropriate**
Further promote appropriate transactions by thoroughly ensuring rules for indirect materials procurement and usage
- **Monitor**
Use visualization and monitoring of expenditures to ensure adherence

This slide shows an example of a task force.

We understood that an opportunity existed for major improvement of productivity in the area of procurement.

The diagram at left shows our goal for the procurement of indirect materials. Investigation revealed that to achieve cost reductions in our procurement, we must standardize procured goods, optimize decentralized operations, and visualize and mitigate risks in governance.

We will tackle these through the initiatives and plans shown at the right.

As a number of these issues are shared with supply chain management, we will verify cost-effectiveness when implementing them and will add them to the MTP.

(Scheduled for release when FY2021 plans are announced)

II-9. Main Initiatives in MTP Strategies (Priority KPIs : Group-wide)

		20-22 Phase 1			23-25 Phase 2		2030 Goal
		Structural reform			Renewed growth		
		FY19 (Actual)	H1-FY20 (Actual)	FY20 (Forecast)	FY22 (Target)	FY25 (Target)	
Efficiency	ROIC (>Capital cost)	3.0% <small>(Excluding impairment: about 6%)</small>	4.3%	4.6% <small>(Excluding structural reform expenses: 6.3%)</small>	8%	10-11%	13%
	Growth	Organic sales growth (YoY)	0.3%	-1.6%	-0.8%	4%	5%
Priority KPIs	Percentage of sales from core businesses	66.5%	67.0%	67.6%	70%	80%	80% or more
	Employee engagement ("ASV as own initiative" ¹)	55%	64% <small>(Nov. preliminary figure)</small>		70%	80%	85% or more
	Unit price growth (YoY) (International consumer products)	Approx. 5%	Approx. 3% <small>(includes impact of COVID-19)</small>	—	2.5%	3%	3%

1: "ASV as own initiative" = Status whereby each and every employee is able to autonomously work towards achievement of ASV. Note: Organic sales growth and unit price growth are target growth rates for FY21-22 and FY24-25, respectively. Organic sales growth: Refers to sales growth excluding the effects of discontinuous growth such as exchange rates, changes in accounting practices and M&A/business sell-off. Unit price growth rate: Refers to the unit price growth rate of the international consumer products from the base year for each country and category as a weighted average in proportion to sales.

This slide indicates our FY2020 forecasts for the structural goals of the MTP.

1. Taking the second half forecast and the first half results, ROIC will be about 4.6%.
With structural reform costs excluded, it would be about 6.3%.
2. The organic sales growth rate will be -0.8% due to effects of the pandemic.
3. At the same time, we expect the percentage of sales from core businesses to be 67.6%, an improvement of about 1% from the previous year.
4. Unit price growth rate in international consumer products will be about 3% in the first half.

The COVID-19 pandemic has had an effect on sales and product mix, and we must view these from a medium-term perspective. However, there is no change in the strategy of raising the unit prices of products, and we will move ahead as planned with market launches of reduced-salt and other premium products and increasing unit prices through product mix.

5. We conducted an engagement survey from July to September. According to November preliminary figures, the number of employees who believe that they contribute to the improvement of ASV increased by 9% from the previous year's survey.

II-9. Main Initiatives in MTP Strategies (Priority KPIs : by segment)

New Segments

FY19 Actual and FY20 Forecast

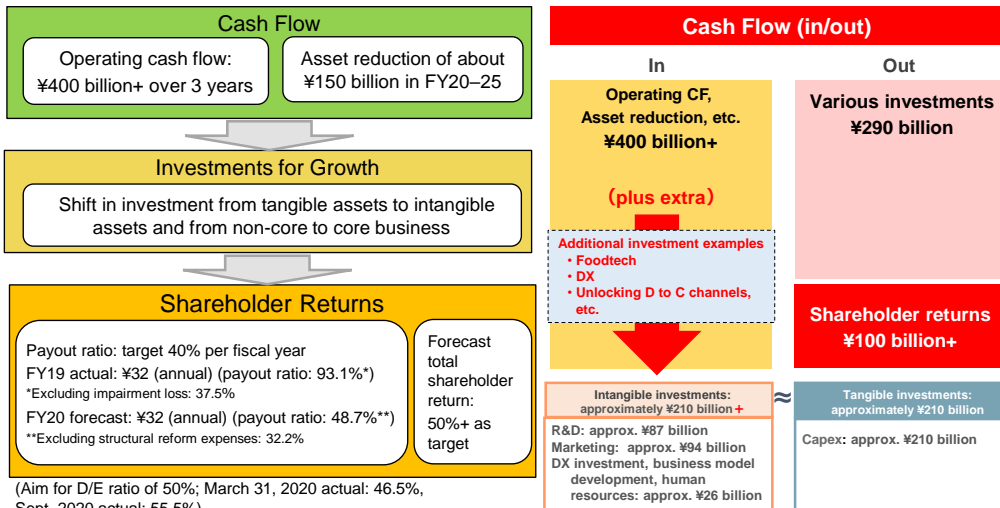
		ROIC	Organic growth	Unit price growth
		(%)	(%)	(%)
Food	Seasonings and Foods	FY20 (forecast)	10.7% ¹	-1.0%
		H1-FY20 (actual)	6.9%	-0.8%
		FY19	8.7%	0.8%
				3.7% <small>(includes impact of COVID-19)</small>
	Frozen Foods	FY20 (forecast)	-0.4% ¹	-2.0%
		H1-FY20 (actual)	0.9%	-3.4%
		FY19	-0.3%	1.1%
				1.7% <small>(includes impact of COVID-19)</small>
Amino Science	Healthcare and Others	FY20 (forecast)	5.8% ¹	0.4%
		H1-FY20 (actual)	3.8%	-1.3%
		FY19	0.8%	-2.2%
				—
				—
				—

1: Excluding structural reform expenses

This slide shows our forecast for structural goals by segment in FY2020.

II-10. Main Initiatives in MTP Strategies (Financial Strategy)

Based on the policies of the FY2020–2025 MTP, we will strengthen our investments for growth and ability to create cash flow, to achieve stable shareholder returns. **Investments for growth focused on intangible assets.**



Based on the FY2020 earnings outlook, we have determined that there is no need to make changes to operating cash flow (in) of ¥400 billion for FY2020 to 2022. We will also move ahead with investments and shareholder returns according to the MTP. If we can expect to generate extra cash by enacting management strategy ahead of schedule, we will invest in fields that will contribute to future organic growth and improvement of ROIC, such as digital transformation, foodtech, and D to C channel development.

II-11. Main Initiatives in MTP Strategies (To Heighten ASV Engagement)

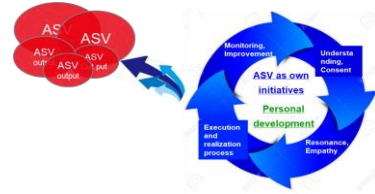
Initiatives are underway to run and evolve the management cycle using **OE** techniques, and change organizational culture based on the MTP.

(For jobs within the Group and within the Company, the next sectors in the value chain are customers.)

There is a high correlation between the Company's organizational culture and financial results

Examples of implementation of specific measures in H1 FY2020

- Dialogue with CEO
Completed dialogue events between CEO and employees concerning 2020-2025 MTP at all Ajinomoto Co. organizations (total 53 times; also began dialogues with three Division managers)
- Personal goal presentations
Completed at all Ajinomoto Co. organizations
Model examples are communicated and shared on Workplace



Example of our company
Target: AminoScience Division (ASD)
Constituent personnel: About 1,000 persons
Period: 2007 to 2018
Results: High positive correlation between sales, profit, profit ratio (profit/sales), ROA (profit/assets) and organizational culture

Source: Joint research between JMA Consultants Inc and Ajinomoto Co., Inc

Correlation coefficient r	Financial Results		
	Sales	Profit	ROA
Management vision/strategy	All have high correlation of at least 0.8		
Business management			
Workplace management			

Finally, I would like to report on the background to our making employees' ASV engagement a priority KPI, and the status of our current initiatives. The table at lower right confirms a high positive correlation between business results and the organizational culture of the AminoScience Division, that is, employee engagement regarding management vision and strategy, business management, and workplace management. This is the background behind our making employee engagement a priority KPI.

Since we announced the MTP, we have held dialogues between all employees and the CEO, the three Division managers, and heads of organizations, to discuss vision, management strategy, operational reform, and organizational management reform. Nearly 400 questions were answered in dialogues with the CEO alone. I feel that understanding of our vision and commitment to corporate transformation have increased. We also held presentations of personal goals in all workplaces within Ajinomoto Co. itself. Through these actions, we are growing the momentum by which individuals contribute to making our vision a reality.

Amid the pandemic, all employees have been able to quickly transition to online communication and to implement efforts fostering a sense of unity in a very short period of time, a fact that we view as a significant change. I am confident that this outcome will lead to improved business results in the near future.

The new normal of the COVID-19 pandemic is driving changes that will occur in the future.

While there will be difficulties, there are also large opportunities.

We are putting together the systems that will unleash the potential of human resources through DX to make us what we aim to be: a solution-providing Group of companies for food and health issues.

We will not let up on the speed with which we are transforming, and will increase our corporate value.

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Contents

- I. Summary Results for the First Half Ended September 30, 2020 and FY2020 Forecast
- II. Progress on the MTP Strategies Considering COVID-19, and Structural Reform

Reference Material

Appendixes: Consolidated Results First Half Ended September 30, 2020
FY2020 Revised Forecast by Segment

Note: Business profit (consolidated) in this material:

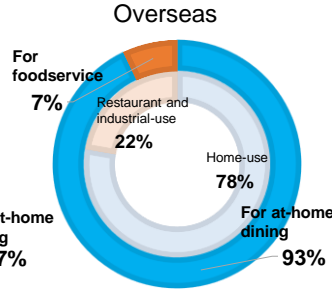
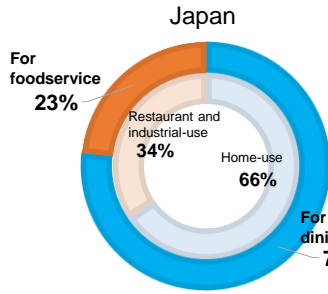
Sales - Cost of sales - Selling expenses, Research & development expenses and General & administrative expenses + Share of profit of associates and joint ventures

FY2019: Percentage of Sales from Seasonings & Foods and Frozen Foods

(List again)

Seasonings & Foods

Frozen Foods

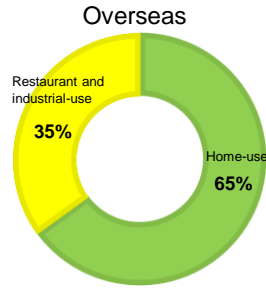
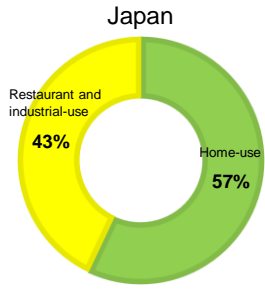


Home-use
= home-use seasonings
+ processed foods

Restaurant and industrial-use
= for foodservice seasonings
+ for manufacturers seasonings

For at-home dining
= home-use seasonings
+ processed foods
+ for manufacturers seasonings

For foodservice
= for foodservice seasonings



Home-use
= home-use frozen foods

Restaurant and industrial-use
= for foodservice frozen foods

ESG Issues	Targets	FY2020 Core Measures	Progress
Climate change	Greenhouse gases Percent reduction of greenhouse gases (vs. FY18) FY25: 25% FY30: 50%	<ul style="list-style-type: none"> Develop TCFD scenario analyses for each business area Get SBT validation, commit to RE100 Start financial risk mitigation study (e.g.: internal carbon pricing) 	SBT: have submitted targets for validation. Validation received in April, 2020. August 2020: Commit to RE100.
	Water risk Percent reduction of water use ¹ FY30: 80% (vs. FY05) Percent of recharge of drinking water into forests FY25: 100% or more		
Building a circular economy	Plastic waste FY30: Achieve "Zero"	<ul style="list-style-type: none"> Execute measures centered on reducing <ul style="list-style-type: none"> Study use of recyclable packaging materials Continue participation in industry-government partnerships 	Business-based projects to promote measures for execution are underway. Implementation of Group-wide state of affairs survey.
	Food loss Percent reduction of food loss (vs. FY18) ² FY25: 50%		
Sustainable procurement	Destruction of forests Biodiversity Human rights Co-existence with animals Percentage of sustainable procurement FY30: 100% of issue materials	<ul style="list-style-type: none"> Achieve 100% procurement of sustainable paper and palm oil Promote dialog with society through roundtables on animal welfare 	Traceability on paper: 99% (domestic); palm oil: 70% Have formulated a Group policy on co-existence with animals and our thinking on animal protection and management. Declaration of participation in the Japan Platform for Migrant Workers towards Responsible and Inclusive Society; agreement with Tokyo Declaration 2020

1: Vs. primary unit of production. 2: From acceptance of raw materials to delivery to customer (Scope 1)

FY2020 Assumed Exchange Rate and Exchange Rate Sensitivity

Assumed exchange rate (vs. JPY)

	FY20 Forecast	FY20 Actual				FY20-25 MTP
		Q4	Q3	Q2	Q1	
USD	105.00			106.23	107.63	107.00
EUR	116.55			124.08	118.59	123.00
THB	3.21			3.39	3.37	3.42
BRL	19.09			19.74	20.06	28.16

Exchange Rate Sensitivity

Foreign exchange rates (vs JPY)

	FY20 forecast	Sensitivity of translation effects to full year B.P.
USD	105.00	±¥1 → approx. ¥100 million
EUR	116.55	±¥1 → approx. ¥50 million
THB	3.21	±¥0.01 → approx. ¥100 million
BRL	19.09	±¥1 → approx. ¥300 million

Impact of exchange rate for trade

(Sensitivity of translation effects to full year B.P.)

- 1 JPY	vs	USD	→	approx. ¥100 million
- 0.1 EUR	vs	USD	→	approx. + ¥0 million
- 1 THB	vs	USD	→	approx. + ¥400 million
- 0.1 BRL	vs	USD	→	approx. + ¥300 million

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

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39