

- Notes:**
- 1. This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.**
  - 2. Pictures, graphs and reference matters in the Japanese original have been omitted from this translated document.**
  - 3. The date and time referred in this document is based on Japan Standard Time.**

To Our Shareholders

We thank your continuous support to our business. We are pleased to announce that the 141st Ordinary General Meeting of Shareholders of Ajinomoto Co., Inc. (hereinafter “We” or the “Company”) is to be held as described below. We would highly appreciate your attendance at the meeting.

Under FY2017-2019 (for 2020) Medium-Term Management Plan, the Ajinomoto Group has articulated its management objectives by designating economic value and social value it creates as financial and non-financial indicators, and by integrating those indicators and quantifying corporate brand value. In the FY 2018, the second year of the Plan, we continuously worked on further enhancing “FIT & GROW with Specialty” engaging in “Growth Driver Enhancement” and “Further Reinforcement of Business Structure” while actively promoting ASV (Ajinomoto Group Shared Value).

In the FY2018, the Ajinomoto Group’s consolidated net sales increased from last fiscal year, driven by the strong performance in healthcare including pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods, in addition to seasonings and processed foods (Overseas). However, we did not reach the target business profit of FY 2018, due to weak performance in frozen foods (Japan) and coffee products, which were impacted by diversification of consumption style in line with the development of information technology, leading to a drastic change in the competitive environment. Profit attributable to owners of the parent company experienced substantial decrease, due to impairment loss on local subsidiaries and affiliates such as cost accompanying new production system and steep rise in logistics costs in the North America as well as rapid changes in the business environment and increasing competitiveness in Africa and Turkey. Consequently, it has become difficult to reach the financial target of FY2019, which is the last fiscal year of the Plan.

In the fiscal year ending on March 31, 2020, the Group will work on three initiatives—1) repositioning its business on a growth trajectory by concentrating business assets in major business fields to attain global top 3, 2) improving capital efficiency, and 3) improving productivity—by pursuing asset light management that enhances capital efficiency and by transforming to a high quality operation that applies digital technology. Through such efforts, we will establish a system that will enable us to pursue joining the top 10 global food companies during the next Medium-Term Management Plan.

We would like to ask our shareholders for their continued support.

June 3, 2019

Yours sincerely,

Takaaki Nishii  
Representative Director,  
President & CEO  
Ajinomoto Co., Inc.  
15-1 Kyobashi 1-chome  
Chuo-ku, Tokyo, Japan

## **NOTICE OF CONVOCATION OF THE 141st ORDINARY GENERAL MEETING OF SHAREHOLDERS**

1. **Date:** 10 a.m. (doors open at 9:00 a.m.), Tuesday, June 25, 2019
2. **Place:** Imperial Hotel Tokyo (Peacock Room, 2nd floor, main building)  
1-1, Uchisaiwai-cho 1-chome, Chiyoda-ku, Tokyo  
(If the “Peacock Room” reaches capacity, we will direct you to a secondary venue. We appreciate your understanding.)

3. **Agenda of the Meeting:**

**Matters to be Reported:**

1. Report on contents of the Business Report, Consolidated Financial Statements, and Audit Reports of the Accounting Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements, for the 141st Fiscal Year (from April 1, 2018 to March 31, 2019)
2. Report on contents of Non-Consolidated Financial Statements for the 141st Fiscal Year (from April 1, 2018 to March 31, 2019)

**Matters to be Resolved:**

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Changes to the Articles of Incorporation
- Proposal 3:** Election of 9 Directors

4. **Exercising Your Voting Rights When You are Unable to Attend the Meeting:**

**If you are unable to attend the meeting, you may exercise your voting rights in writing (by the Exercise of Voting Rights Form) or by an electronic method (via Internet). In such case, please refer to the attached “Reference Documents for Shareholders’ Meeting” and exercise your voting rights by 4:30 p.m., Monday June 24, 2019.**

-If any changes are required in the Reference Documents for Shareholders’ Meeting, Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements, the changes will be immediately posted on the Company’s website, located at: <https://www.ajinomoto.com/jp/ir/event/meeting.html>.

**Exercising Your Voting Rights:**

**If you are able to attend the Meeting:**

Please present the Voting Form to the reception of the meeting place.

Date: 10 a.m., Tuesday, June 25, 2019

Place: Imperial Hotel Tokyo (Peacock Room, 2nd floor, main building)

**If you are unable to attend the Meeting:**

**-To vote in writing:**

Please indicate on the enclosed Voting Form, your votes for or against the proposals, and return the Form. In the event that your votes, for or against the proposals are not indicated on the Form for each of the proposals, your votes will be deemed as in favor of the proposals.

Deadline for voting: delivery no later than 4:30 p.m., Monday, June 24, 2019

**-To vote via internet:**

Please refer to “Exercising Your Voting Rights Via Internet” (below) and cast your votes for or against the proposals.

Deadline for voting: no later than 4:30 p.m., Monday, June 24, 2019

**-How to fill out the Voting Form:**

Please indicate your votes for or against each proposal.

(If for or against a proposal is not indicated on the Voting Form, the votes will be deemed as in favor of the proposal.)

**Proposal 1:**

-For: Mark a circle in the box marked “賛”.

-Against: Mark a circle in the box marked “否”.

**Proposal 2:**

-For: Mark a circle in the box marked “賛”.

-Against: Mark a circle in the box marked “否”.

**Proposal 3:**

-For all candidates: Mark a circle in the box marked “賛”.

-Against all candidates: Mark a circle in the box marked “否”.

-Against some candidates: Mark a circle in the box marked “賛” and write the number of each candidate you wish to vote against.

**Exercising Your Voting Rights Via Internet:**

Voting Via Internet is available only in Japanese.

If you wish to exercise your voting rights via Internet, please refer to the following information before exercising your voting rights.

(1) By Scanning the QR Code

(Note: the following method of exercising voting rights is limited to a single use.)

1. Scan the QR Code  
Scan the “Login QR Code” on the bottom right of the Voting Form with your smartphone.
2. Indicate whether you are for or against proposals by following the instructions on the screen.

From your second login onward, please follow the instructions below.

(2) By Entering your Login ID and Temporary Password

1. Please access the voting rights exercise website (<https://evote.tr.mufg.jp/>) .
2. Enter the “Login ID” and “Temporary Password” on the bottom right of the Voting Form.
3. Enter both the “New Password” and “New Password (Confirmation)” fields.
4. Please indicate your votes for or against the proposals by following the instructions on the screen.  
\* Deadline for exercising voting rights via Internet: no later than 4:30 p.m., Monday, June 24, 2019  
Please be informed that the website will not be accessible from 2:00 a.m. through 5:00 a.m., every day.
5. In the event that a voting right is exercised both by Voting Form and via internet, only the vote via internet shall be deemed as valid.
6. In the event that a voting right is exercised more than once via internet, only the last vote shall be deemed as valid.

## Reference Documents for Shareholders' Meeting

Proposal 1	Appropriation of Surplus
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The Company's basic policy with regard to the appropriation of surpluses in the 2017-2019 (for 2020) Medium-Term Management Plan is to manage generated cash flow through an integrated management approach of capital expenditure, R&D and M&A, concentrating resources in growth domains, while providing stable and sustainable dividend payments with a target consolidated payout ratio of 30%, exploring the possibility of flexibly implementing share repurchases, and enhancing the level of return to shareholders.

For the fiscal year under review (ended March 31, 2019) in accordance with this policy, we propose to provide a year-end dividend of ¥16 per share to shareholders, an increase of ¥2 from the previous year-end dividend, for a total annual dividend of ¥32 per share, which including the interim dividend of ¥16 per share is ¥2 more than the previous period.

If this proposal is approved, the consolidated dividend payout ratio for the fiscal year under review will be 59.7%. We will continue our efforts to utilize shareholders' equity efficiently and will strive to meet the expectations of our shareholders.

### 1. Matters related to year-end dividend

#### (1) Kind of dividend assets:

Cash

#### (2) Items relating to allocation of dividend assets to shareholders and total amount of the same:

¥16 per share of common stock / a total of ¥8,785,056,656

#### (3) Effective date of payment of dividend from surplus:

June 26, 2019

### 2. Other matters related to appropriation of surplus

There are no applicable matters.

Proposal 2	Partial Changes to the Articles of Incorporation
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**1. Reasons for changes**

In the current Articles of Incorporation, the Chairman of the Board or the President may serve as the Chair of the Board of Directors. But in order to promote the separation of execution and supervision and to strengthen the supervisory function of the Board of Directors, the Articles of Incorporation shall be changed accordingly so that the Chair of the Board of Directors shall be the Chairman of the Board, who is a non-executive Director.

**2. Description of changes**

The details of the changes are as follows.

(Changes are indicated by underlining.)

Current Articles of Incorporation	Proposed changes
<p>Article 23 (Board of Directors)</p> <p>(1) (Omitted)</p> <p>(2) Unless otherwise provided for in the relevant laws and regulations, the Chairman of the Board <u>or the President</u> and Director shall convene meetings of the Board of Directors and preside thereat, <u>pursuant to a resolution of the Board of Directors</u>. In case the Chairman of the Board <u>and the President and Director are</u> prevented from so acting, another Director shall act in their place in the order previously determined by a resolution of the Board of Directors.</p> <p>(3) (Omitted)</p>	<p>Article 23 (Board of Directors)</p> <p>(1) (Unchanged)</p> <p>(2) Unless otherwise provided for in the relevant laws and regulations, the Chairman of the Board shall convene meetings of the Board of Directors and preside thereat. In case the Chairman of the Board is prevented from so acting, another Director shall act in their place in the order, previously determined by a resolution of the Board of Directors.</p> <p>(3) (Unchanged)</p>

Proposal 3	Election of 9 Directors
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The terms of office of all 9 Directors will expire at the close of this Ordinary General Meeting of Shareholders. While maintaining the current number of Directors to enable prompt decision-making, in order to strengthen the supervisory function of the Board of Directors by newly electing non-executive Directors from within the Company and thus making a majority of Directors non-executive Directors, we propose the election of 6 Directors originally from within the Company (2 of 6 Directors are non-executive Directors) and 3 Directors from outside the Company, making a total of 9 Directors.

The 9 candidates for Directors, based on this policy and the recommendations of the Nominating Advisory Committee, are as follows.

No.	Name	Board of Directors meeting attendance (FY2018)	Committee scheduled to serve as member after election (* indicates committee chairperson and Chairman of the Board)
1	<div style="display: flex; justify-content: space-between;"> <span><span style="border: 1px solid black; padding: 2px;">Reappointment</span></span> <span>Masatoshi Ito</span> <span><span style="border: 1px solid black; padding: 2px;">Non-executive</span></span> </div>	100% (17 out of 17 meetings)	
2	<div style="display: flex; justify-content: space-between;"> <span><span style="border: 1px solid black; padding: 2px;">Reappointment</span></span> <span>Takaaki Nishii</span> </div>	100% (17 out of 17 meetings)	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Nominating Advisory Committee</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Compensation Advisory Committee</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Corporate Governance Committee</div> <div style="border: 1px solid black; padding: 2px;">Management Base Review Committee</div>
3	<div style="display: flex; justify-content: space-between;"> <span><span style="border: 1px solid black; padding: 2px;">Reappointment</span></span> <span>Hiroshi Fukushi</span> </div>	100% (17 out of 17 meetings)	<div style="border: 1px solid black; padding: 2px;">Management Base Review Committee</div>
4	<div style="display: flex; justify-content: space-between;"> <span><span style="border: 1px solid black; padding: 2px;">Reappointment</span></span> <span>Masaya Tochio</span> </div>	100% (17 out of 17 meetings)	<div style="border: 1px solid black; padding: 2px;">Management Base Review Committee</div>
5	<div style="display: flex; justify-content: space-between;"> <span><span style="border: 1px solid black; padding: 2px;">New appointment</span></span> <span>Chiaki Nosaka</span> </div>	-	
6	<div style="display: flex; justify-content: space-between;"> <span><span style="border: 1px solid black; padding: 2px;">Reappointment</span></span> <span>Etsuhiro Takato</span> <span><span style="border: 1px solid black; padding: 2px;">Non-executive</span></span> </div>	100% (17 out of 17 meetings)	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Nominating Advisory Committee</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Compensation Advisory Committee</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Corporate Governance Committee</div> <div style="border: 1px solid black; padding: 2px;">Management Base Review Committee</div>
7	<div style="display: flex; justify-content: space-between;"> <span><span style="border: 1px solid black; padding: 2px;">Reappointment</span></span> <span>Yasuo Saito</span> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Candidate for Outside Director</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Candidate for Outside Director</div> <div style="border: 1px solid black; padding: 2px;">Largest Shareholder</div> </div>	100% (17 out of 17 meetings)	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Nominating Advisory Committee</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Compensation Advisory Committee</div> <div style="border: 1px solid black; padding: 2px;">Corporate Governance Committee</div>
8	<div style="display: flex; justify-content: space-between;"> <span><span style="border: 1px solid black; padding: 2px;">Reappointment</span></span> <span>Takashi Nawa</span> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Candidate for Outside Director</div> <div style="border: 1px solid black; padding: 2px;">Candidate for Independent Officer</div> </div>	94% (16 out of 17 meetings)	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Nominating Advisory Committee</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Compensation Advisory Committee</div> <div style="border: 1px solid black; padding: 2px;">Corporate Governance Committee</div>
9	<div style="display: flex; justify-content: space-between;"> <span><span style="border: 1px solid black; padding: 2px;">New appointment</span></span> <span>Kimie Iwata</span> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Candidate for Outside Director</div> <div style="border: 1px solid black; padding: 2px;">Candidate for Independent Officer</div> </div>	-	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Nominating Advisory Committee</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Compensation Advisory Committee</div> <div style="border: 1px solid black; padding: 2px;">Corporate Governance Committee</div>

Note: Management Base Review Committee, a subordinate organ of the Board of Directors, examines important management issues of the Ajinomoto Group.

1	Reappointment	<b>Masatoshi Ito</b>	<b>Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies</b>	
	Non-executive		April 1971      Joined Company July 1995      General Manager, Food Products Division, Food Products Business Unit June 1999      Member of the Board April 2003      President, Ajinomoto Frozen Foods Co., Inc. June 2003      Resigned from the Board April 2005      Corporate Vice President April 2005      Vice President, Food Products Company, Ajinomoto Co., Inc. June 2005      Member of the Board & Corporate Senior Vice President June 2005      Representative Director (present post) August 2006    President, Food Products Company, Ajinomoto Co., Inc. June 2009      President & Chief Executive Officer June 2015      Chairman of the Board (present post)	
	Date of birth: September 12, 1947  Number of Company shares held: 118,067 shares  Board of Directors meeting attendance: 100% (17 out of 17 meetings)		(Important positions currently held in other companies) Outside Director, Japan Airlines Co., Ltd. Outside Director, Yamaha Corporation	

● Reasons for nomination as a candidate for Director:

Mr. Masatoshi Ito, as President and Chief Executive Officer, has twice overseen the formulation of the Ajinomoto Group Medium-Term Management Plan. Since his appointment as Chairman of the Board, Mr. Ito has promoted reforms to initiate effective and efficient operation of the Board of Directors. For these reasons, we re-nominate Mr. Ito as a candidate for Director and, upon his re-election as such, he is scheduled to continue to serve as Chairman of the Board to strengthen the corporate governance structure of the Company.

2	Reappointment	<b>Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies</b>	
<b>Takaaki Nishii</b>		April 1982	Joined Company
		July 2004	Director, Ajinomoto Frozen Foods Co., Inc.
		June 2007	Corporate Vice President, Ajinomoto Frozen Foods Co., Inc.
		July 2009	General Manager, Human Resources Dept.
		June 2011	Corporate Executive Officer
		June 2013	Member of the Board & Corporate Vice President
		August 2013	President, Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda.
		June 2015	President & Chief Executive Officer (present post)
		June 2015	Representative Director (present post)
	Date of birth: December 27, 1959		
	Number of Company shares held: 34,700 shares		
	Board of Directors meeting attendance: 100% (17 out of 17 meetings)		

● Reasons for nomination as a candidate for Director:

Mr. Takaaki Nishii has utilized his strong leadership and decisiveness to oversee the sustainable growth of the Ajinomoto Group, centered on ASV (Ajinomoto Group Shared Value). He has also focused on flexible, efficient business operations through Work Style Innovation and strengthening management foundations. Furthermore, he is leading business structural reform by utilizing an asset-light business model. For these reasons, we re-nominate Mr. Nishii as a candidate for Director and, upon his re-election as such, he is scheduled to continue to serve as Representative Director, President and Chief Executive Officer.



3	Reappointment	<b>Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies</b>	
<b>Hiroshi Fukushi</b>		April 1984	Joined Company
		July 2009	General Manager, Amino Acids Dept., Amino Acids Company, Ajinomoto Co., Inc.
		June 2011	Corporate Executive Officer
		June 2013	Member of the Board & Corporate Vice President
		June 2013	General Manager, Bioscience Products & Fine Chemicals Division (currently General Manager, AminoScience Division) (present post)
		June 2015	Member of the Board & Corporate Senior Vice President (present post)
		June 2017	Representative Director (present post)
		(Current Assignment in the Company) AminoScience Division	
	Date of birth: April 25, 1958		
	Number of Company shares held: 26,900 shares		
	Board of Directors meeting attendance: 100% (17 out of 17 meetings)		

● Reasons for nomination as a candidate for Director:

Mr. Hiroshi Fukushi has abundant experience in the AminoScience business, both domestic and international, where he currently serves as Corporate Senior Vice President. In the 2017-2019 (for 2020) Medium-Term Management Plan, he has also focused on areas such as implementing M&A strategy in the healthcare field and promoting business efficiencies of the whole field that go beyond each relevant subsidiaries and affiliates. For these reasons, we re-nominate Mr. Fukushi as a candidate for Director and, upon his re-election as such, he is scheduled to serve as Representative Director, Corporate Executive Deputy President, and Chief Digital Officer (CDO) who oversees management reform and improvement of corporate value through digital transformation.

4	Reappointment	<b>Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies</b>	
<b>Masaya Tochio</b>		April 1983	Joined Company
		July 2007	General Manager, Overseas Foods & Seasonings Dept., Food Products Company, Ajinomoto Co., Inc.
Date of birth:		June 2011	Corporate Executive Officer
August 8, 1959		June 2011	General Manager, Corporate Planning Dept.
Number of Company shares held:		June 2013	Member of the Board & Corporate Vice President
22,871 shares		June 2017	Member of the Board & Corporate Senior Vice President (present post)
Board of Directors meeting attendance:		(Current Assignment in the Company)	
100% (17 out of 17 meetings)		Global Corporate Division; Corporate Service Division	
		(Important positions currently held in other companies)	
		Outside Director, J-Oil Mills, Inc.	

● Reasons for nomination as a candidate for Director:

Mr. Masaya Tochio has experience in the food business, both domestic and international. Currently, as Corporate Senior Vice President, he oversees the whole corporate function, where he has promoted stronger management foundations for the Ajinomoto Group as a whole by enforcing stronger corporate governance structure, strengthening global strategic functions, and optimizing corporate functions. For these reasons, we re-nominate Mr. Tochio as a candidate for Director and, upon his re-election as such, he is scheduled to serve as Representative Director and Corporate Senior Vice President.

5	New appointment	<b>Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies</b>	
<b>Chiaki Nosaka</b>		April 1983	Joined Company
		July 2009	General Manager, Food Technology Development Center, Food Products Company, Ajinomoto Co., Inc.
		June 2011	Corporate Executive Officer
		June 2015	Corporate Vice President (present post)
		June 2015	General Manager, Institute of Food Sciences and Technologies, Food Products Division (present post)
		June 2015	Chairman, SHANGHAI AJINOMOTO FOOD RESEARCH AND DEVELOPMENT CENTER CO., LTD. (present post)
	Date of birth: November 6, 1960		
	Number of Company shares held: 21,100 shares		
	Board of Directors meeting attendance: -		

● Reasons for nomination as a candidate for Director:

Ms. Chiaki Nosaka has abundant experience in the field of food product development, both domestic and international, which plays a core role in the growth of the Ajinomoto Group. In addition, as Corporate Vice President in Charge of Diversity Promotion, she is carrying out reforms of the Ajinomoto Group organizational culture and focuses on promoting innovation through diversity. For these reasons, we nominate Ms. Nosaka as a new candidate for Director and, upon her election as such, she is scheduled to serve as Corporate Vice President.

6	Reappointment	<b>Etsuhiro Takato</b>	<b>Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies</b>	
	Non-executive		<p>April 1979      Joined Company</p> <p>August 2002    President, PT Ajinomoto Indonesia</p> <p>July 2007      General Manager, Industrial Umami Seasonings Dept., Amino Acids Company, Ajinomoto Co., Inc.</p> <p>June 2009      Corporate Executive Officer</p> <p>June 2009      President, Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda.</p> <p>June 2013      Member of the Board &amp; Corporate Vice President</p> <p>June 2013      President, Ajinomoto Co., (Thailand) Ltd.</p> <p>January 2015    President, Ajinomoto SEA Regional Headquarters Co., Ltd.</p> <p>June 2015      Member of the Board &amp; Corporate Senior Vice President (present post)</p> <p>June 2016      General Manager, Food Products Division (present post)</p> <p>June 2017      Representative Director (present post)</p> <p>(Current Assignment in the Company) Food Products Division; Advertising Dept.; Olympic &amp; Paralympic Promotional Office</p> <p>(Important positions currently held in other companies) Outside Director, Tokai Denpun Co., Ltd.</p>	
	<p>Date of birth: February 6, 1957</p> <p>Number of Company shares held: 42,324 shares</p> <p>Board of Directors meeting attendance: 100% (17 out of 17 meetings)</p>			

● Reasons for nomination as a candidate for Director:

Mr. Etsuhiro Takato has abundant experience and a solid track record particularly in managing businesses abroad. His experience includes his time as the President of several local subsidiaries including the major overseas operations base of the Ajinomoto Group. He has also been involved in the frozen foods business and industrial seasonings business and is currently Corporate Senior Vice President, in charge of Food Business, which he also has extensive knowledge in. For these reasons, we re-nominate Mr. Takato as a candidate for Director and, upon his re-election as such, he is scheduled to serve as non-executive Director in charge of supervising the Company and major affiliated companies.

7	Reappointment		<b>Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies</b>
	Candidate for outside director		
	Candidate for independent officer		
<b>Yasuo Saito</b>			August 1997 Consul-General of Japan in Atlanta
			April 2000 Permanent Representative of Japan to UNESCO
			August 2001 Director-General, European Affairs Bureau, Ministry of Foreign Affairs
Date of birth: January 5, 1948			May 2003 Ambassador Extraordinary and Plenipotentiary of Japan to Saudi Arabia
Number of Company shares held: 0 shares			April 2006 Ambassador Extraordinary and Plenipotentiary of Japan to Russia
Board of Directors meeting attendance: 100% (17 out of 17 meetings)			May 2009 Ambassador Extraordinary and Plenipotentiary of Japan to France
			June 2012 Outside Director (present post)
			(Important positions currently held in other companies) Vice President, Japanese Olympic Committee Executive Board Member, The Tokyo Organising Committee of the Olympic and Paralympic Games

- Special items relating to candidate for Outside Director:  
Mr. Yasuo Saito is a candidate for Outside Director under Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. Mr. Saito was appointed to be an Outside Director of the Company at the 134th Ordinary General Meeting of Shareholders held on June 28, 2012. As of the conclusion of this Ordinary General Meeting of Shareholders, his term as an Outside Director will have been for 7 years.
- Reasons for nomination as a candidate for Outside Director:  
Mr. Yasuo Saito has abundant international experience as a diplomat and deep knowledge of the international affairs. He has contributed to the growth of the Ajinomoto Group by actively participating in meetings of the Board of Directors. He provided insight on reducing and avoiding risks in our global business development. In addition, as a member of the Nominating Advisory Committee, the Compensation Advisory Committee and Corporate Governance Committee, Mr. Saito has enhanced the transparency and objectivity of the decision-making process, as well as the management soundness. For these reasons, we have re-selected Mr. Saito as a candidate for Outside Director. Although Mr. Saito has not been involved in the management of companies except by becoming an Outside Director, we deem that, for the reasons mentioned above, he will be able to carry out his duties faithfully.
- The independence of this officer  
We have designated Mr. Yasuo Saito to be an independent officer under the stipulations of the Tokyo Stock Exchange and have registered this decision with the Exchange. If the reappointment of Mr. Saito is approved, we will continue to designate him to be an independent officer. For information on Company standards for determining the independence of outside officers, please refer to page 16.
- Special interests between the candidate and the Company:  
The Company has conducted transactions, etc., with the Japanese Olympic Committee (hereinafter “JOC”) of which Mr. Yasuo Saito is a Vice President, based on an agreement concerning the use of the Ajinomoto National Training Center. The Company has also conducted transactions, etc., with The Tokyo Organising Committee of the Olympic and Paralympic Games (hereinafter “TOCOG”), of which Mr. Saito is an Executive Board Member, based on the Tokyo 2020 Official Partnership Program agreement. Nevertheless, Mr. Saito does not have any special interest with the Company. The payments from the Company in the period under review are less than 0.5% of JOC’s recurring revenue in total; payments received from JOC over the same period are less than 0.01% of the Company’s total consolidated sales; moreover, Mr. Saito is not the executive person of TOCOG, which satisfies the standard for assuring Mr. Saito’s independence as an Outside Officer of the Company.
- Summary of limited liability agreements  
The Company has entered into an agreement with Mr. Yasuo Saito to limit liability for damages under Article 427, Paragraph 1 of the Companies Act. Financial limitations on liability for damage based on this agreement shall be the aggregate amount as stipulated in the respective items of Article 425, Paragraph 1 of the Companies Act. If the reappointment of Mr. Saito is approved, this agreement shall be continued.

8	Reappointment		<b>Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies</b> April 1980      Joined Mitsubishi Corporation April 1991      Joined McKinsey & Company, Inc. June 2010      Professor, Graduate School of International Corporate Strategy, Hitotsubashi University (currently School of Business Administration, Hitotsubashi University) (present post) June 2011      Outside Director, NEC Capital Solutions Limited (present post) November 2012      Outside Director, Fast Retailing Co., Ltd. (present post) June 2014      Outside Director, Denso Corporation (present post) June 2015      Outside Director (present post)
	Candidate for outside director		
	Candidate for independent officer		
<b>Takashi Nawa</b>			
	Date of birth: June 8, 1957		June 2011      Outside Director, NEC Capital Solutions Limited (present post) November 2012      Outside Director, Fast Retailing Co., Ltd. (present post) June 2014      Outside Director, Denso Corporation (present post) June 2015      Outside Director (present post)
	Number of Company shares held: 0 shares		
	Board of Directors meeting attendance: 94% (16 out of 17 meetings)		(Important positions currently held in other companies) Professor, School of Business Administration, Hitotsubashi University Representative Director, Jenesis Digital Science, Ltd. Outside Director, NEC Capital Solutions Limited Outside Director, Fast Retailing Co., Ltd. Outside Director, Denso Corporation

- Special items relating to candidate for Outside Director:  
Mr. Takashi Nawa is a candidate for Outside Director under Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act. Mr. Nawa was appointed to be an Outside Director of the Company at the 137th Ordinary General Meeting of Shareholders held on June 26, 2015. As of the conclusion of this Ordinary General Meeting of Shareholders, his term as an Outside Director will have been for 4 years.
- Reasons for nomination as a candidate for Outside Director:  
Mr. Takashi Nawa has optimized his great insight into international corporate management that he has developed—both through being a Professor at a graduate school in the field of business administration and the abundant work experience that he has gained at companies including a non-Japanese consulting company.. Mr. Nawa has contributed to the growth of the Ajinomoto Group by actively participating in meetings of the Board of Directors with his new perspective and intelligence. In addition, as a member of the Nominating Advisory Committee, the Compensation Advisory Committee and Corporate Governance Committee, Mr. Nawa has enhanced the transparency and objectivity of the decision-making process, as well as the management soundness. For these reasons, we have re-selected Mr. Nawa as a candidate for Outside Director.
- Matters related to independent officers  
We have designated Mr. Takashi Nawa to be an independent officer under the stipulations of the Tokyo Stock Exchange and have registered this decision with the Exchange. If the reappointment of Mr. Nawa is approved, we will continue to designate him to be an independent officer. For information on Company standards for determining the independence of outside officers, please refer to page 16.
- Summary of limited liability agreements  
The Company has entered into an agreement with Mr. Takashi Nawa to limit liability for damages under Article 427, paragraph 1 of the Companies Act. Financial limitations on liability for damage based on this agreement shall be the aggregate amount as stipulated in the respective items of Article 425, paragraph 1 of the Companies Act. If the reappointment of Mr. Nawa is approved, this agreement shall be continued.

9	New appointment	<b>Biographical Outline, Position, Responsibility, and Important Positions Currently Held in Other Companies</b>
	Candidate for outside director	
	Candidate for independent officer	
<b>Kimie Iwata</b>		<p>April 1971      Joined the Ministry of Labour (currently Ministry of Health, Labour and Welfare)</p> <p>January 2001    Director-General of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare</p> <p>June 2004       Director, Corporate Officer, Shiseido Company, Limited</p> <p>April 2007       Director, Corporate Executive Officer, Shiseido Company, Limited</p> <p>April 2008       Director and Executive Vice President, Shiseido Company, Limited</p> <p>June 2008       Representative Director, Executive Vice President, Shiseido Company, Limited</p> <p>March 2012      Outside Audit &amp; Supervisory Board Member, Kirin Holdings Company, Limited</p> <p>April 2012       Director, Shiseido Company, Limited</p> <p>July 2012        Outside Director, Japan Airlines Co., Ltd.</p> <p>October 2015    Audit and Inspection Commissioner, the Tokyo Metropolitan Government (present post)</p> <p>March 2016      Outside Director, Kirin Holdings Company, Limited</p> <p>June 2018       Outside Director, Sumitomo Corporation (present post)</p> <p>(Important positions currently held in other companies)  Audit and Inspection Commissioner, the Tokyo Metropolitan Government  Outside Director, Sumitomo Corporation</p>
	<p>Date of birth: April 6, 1947</p> <p>Number of Company shares held: 0 shares</p> <p>Board of Directors meeting attendance: -</p>	

- Special items relating to candidate for Outside Director:  
Ms. Kimie Iwata is a candidate for Outside Director under Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
- Reasons for nomination as a candidate for Outside Director:  
Ms. Kimie Iwata has great insight regarding corporate management and corporate social responsibility, as well as abundant knowledge related to areas such as enhancement of female participation in the workplace and the promotion of diversity. The Company intends her to utilize such insight and knowledge to carry out her duties as Outside Director faithfully, including decision-making regarding important management issues and the supervision of the execution of operations of the Company from an independent and fair position. For these reasons, we have selected Ms. Iwata as a new candidate for Outside Director.  
Furthermore, in September 2014, while Ms. Iwata was an Outside Director at Japan Airlines Co., Ltd., data breach due to unauthorized access to Japan Airlines Co., Ltd.'s customer information systems was discovered. Ms. Iwata was not aware of this incident prior to its discovery, but after the facts came to light, she verified the investigation process and endeavored to implement preventive measures as Chair of a Verification Committee (established in October 2014) consisting of Independent Director of Japan Airlines Co., Ltd.
- Matters related to independent officers  
If the election of Ms. Iwata is approved, we will designate Ms. Kimie Iwata to be an independent officer under the stipulations of the Tokyo Stock Exchange and register this decision with the Exchange. For information on Company standards for determining the independence of outside officers, please refer to page 16.
- Summary of limited liability agreements  
The Company will enter into an agreement with Ms. Kimie Iwata to limit liability for damages under Article 427, paragraph 1 of the Companies Act. Financial limitations on liability for damage based on this agreement shall be the aggregate amount as stipulated in the respective items of Article 425, paragraph 1 of the Companies Act.

**(Reference) Standards for Determining the Independence of Outside Officers**

An outside director or Audit & Supervisory Board Member (External) is deemed to be independent in cases in which none of the following criteria apply.

- (1) Said person regards the Company as a key customer, or is an executive officer for such a party.
- (2) Said person is a key customer of the Company, or is an executive officer for such a party.
- (3) Said person is a consultant, accounting specialist or legal specialist who has received substantial monetary or other assets (other than director compensation) from the Company (if the person receiving said assets is a corporate entity, association, or other such organization, this stipulation extends to members of that organization).
- (4) Said person who fell under criteria (1), (2), or (3) above at any time within a one-year period before the proposed appointment.
- (5) Said person is a relative (a relative up through the second degree of kinship) of any person (other than those deemed unimportant) falling under criteria ①, ②, or ③ below.
  - ① A person falling under criteria (1), (2), (3), or (4) above.
  - ② A person who is an executive officer in a subsidiary of the Company (with regards to a proposed appointment of an Audit & Supervisory Board Member (External) to a position as an independent officer, this criterion also includes a director who is not an executive officer).
  - ③ A person who fell under criterion above or who was an executive officer in the Company (with regards to a proposed appointment of an Audit & Supervisory Board Member (External) to a position as independent director, this criterion also includes a director or Audit & Supervisory Board Member auditor who is not an executive officer), at any time within a one-year period before the proposed appointment.

- (Notes)
1. A person who “regards the Company as a key customer,” refers to a person who, within the most recent business year, has received from the Company an amount corresponding to 2% of that party’s annual consolidated sales or ¥100 million, whichever is higher.
  2. A person who is “a key customer of the Company,” refers to a person who, within the most recent business year, has paid to the Company an amount corresponding to 2% of our annual consolidated sales or ¥100 million, whichever is higher.
  3. A person who “has received substantial monetary or other assets from the Company,” refers to a person who, within the most recent business year, has received from the Company monies/property in an amount corresponding to 2% of that party’s sales/total revenues or ¥10 million, whichever is higher.

End



(Attached Document)

## Business Report (From April 1, 2018 to March 31, 2019)

### I. Matters regarding the Current Status of the Ajinomoto Group

#### 1. Progress of Operations and Operating Results

In the fiscal year under review, the Ajinomoto Group's consolidated net sales totaled ¥1,127.4 billion (+1.1%) or ¥12.6 billion over the previous year's result. The gain was driven by substantial increase in sales of pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods, in addition to sales growth of frozen foods (Overseas) and seasonings and processed foods (Overseas).

Business profit totaled ¥92.6 billion (-3.2%) or ¥3.0 billion below the previous year's result, due to substantial declines in profit from frozen foods (Japan), frozen foods (Overseas), and coffee products, in addition to factors including impairment loss on the trademark rights of Promasidor Holdings Limited (PH) recorded in share of profit of associates and joint ventures.

Operating profit totaled to be ¥53.1 billion, decrease of ¥25.5 billion or 32.5% over the previous year's result, due to factors including impairment losses on goodwill of Ajinomoto Foods North America, Inc. and AJINOMOTO ISTANBUL FOOD INDUSTRY AND TRADE LTD. CO., and an impairment loss on investments in associates and joint ventures related to PH, all of which are recorded in other operating expenses.

Profit attributable to owners of the parent company totaled ¥29.6 billion, a decrease of 50.6% or ¥30.4 billion over the previous year's result.

#### Consolidated operating results by segment

	Sales (Billions of yen)	YoY change -amount (Billions of yen)	YoY change - Percent	Business Profit (Billions of yen)	YoY change -amount (Billions of yen)	YoY change - percent
Japan Food Products	375.0	(9.1)	97.6%	29.8	(9.0)	76.9%
International Food Products	481.6	16.9	103.7%	42.3	0.8	102.0%
Life Support	107.9	(10.6)	91.0%	9.5	1.4	118.5%
Healthcare	135.3	15.3	112.8%	12.0	2.7	128.9%
Other business	27.4	0.1	100.5%	(1.2)	0.9	-
Total	1,127.4	12.6	101.1%	92.6	(3.0)	96.8%

Notes: 1. Figures in parenthesis indicate negative numbers.

- Domestic and overseas sales of ACTIVA® products, and savory seasonings to food processing industry are included in the Japan Food Products segment. Domestic and overseas sales of umami seasoning AJI-NO-MOTO®, nucleotides and sweeteners for the food processing industry are included in the International Food Products segment.
- From the fiscal year ended March 31, 2019, the Personal Care business, which was previously included in the Life Support segment, is included in the Healthcare segment. Segment information for the previous fiscal year has been restated to reflect this change.

# Japan Food Products

Major products, etc. (as of March 31, 2019)

- **Seasonings and Processed Foods (Japan):** [Home-use] Umami seasoning and various seasonings and processed food etc.  
[Commercial-use] Seasonings and processed foods for restaurant use, Seasonings for processed food manufacturers, lunchboxes and prepared dish products, bakery products, etc.
- **Frozen Foods (Japan)**
- **Coffee Products:** [Home-use] Various Coffee products, Various gift sets, etc.  
[Commercial-use] Office drink, Beverages for restaurant use, Industrial use material, etc.

Japan Food Products segment sales fell 2.4% year on year, or ¥9.1 billion, to ¥375.0 billion, due to sales decrease of coffee products and frozen foods (Japan) affected by intensifying competition and other factors. Segment business profit fell 23.1%, or ¥9.0 billion, to ¥29.8 billion, due to substantial decrease in sales of frozen foods (Japan) and coffee products.

## **Main factors affecting segment sales**

### **Seasonings and Processed Foods (Japan)**

Overall sales were level with the previous period, due to flat sales of both home-use products and restaurant and industrial-use products.

### **Frozen Foods (Japan)**

Sales of restaurant and industrial-use products increased due to expansion of major categories. Despite increased sales of *Gyoza* series in total, sales in home-use products decreased due to the impact of intensifying competition in the core categories such as kara-age and fried rice. Overall sales decreased.

### **Coffee Products**

Decrease in overall sales due to decreased sales for CVS and of gift products, and effect of stiff competition for home-use products in the shrinking market.

## **Main factors affecting segment profits**

### **Seasonings and Processed Foods (Japan)**

Even though home-use products were level with the previous period, overall profit decreased due to substantial decrease of profit in restaurant and industrial-use products, resulting from the impact of increased raw materials and fuel prices.

### **Frozen Foods (Japan) and Coffee Products**

Substantial decrease in profit primarily due to the decreased sales mentioned above.

## International Food Products

Major products, etc. (as of March 31, 2019)

- **Seasonings and Processed Foods (Overseas):** Umami seasoning for home and restaurant use, flavor seasoning, liquid seasonings, menu-specific seasonings, instant noodles, canned coffee, powdered drink, etc.
- **Frozen Foods (Overseas):** Gyoza, Cooked rice, Noodles, etc.
- **Umami Seasonings for Processed Food Manufacturers and Sweeteners:** Umami seasoning for the food processing industry, nucleotides, Aspartame, etc.

International Food Products segment sales increased by 3.7%, or ¥16.9 billion, to ¥481.6 billion, driven by strong sales in the frozen foods (Overseas) category and seasonings and processed foods (Overseas) category. Segment business profits increased by 2.0%, or ¥0.8 billion year, to ¥42.3 billion, as substantial increase in profits of umami seasonings for processed food manufacturers was recorded and increase in profits of the seasonings and processed foods have offset impairment loss on the trademark rights of PH.

### **Main factors affecting segment sales**

#### **Seasonings and Processed Foods (Overseas)**

Despite negative effect of currency translation, overall sales increased due to growth in sales of seasonings, umami seasoning *AJI-NO-MOTO*®, and canned coffee in Thailand.

#### **Frozen Foods (Overseas)**

Increase in sales primarily due to increase of sales of Asian food products and appetizers in North America and expansion of sales in Europe.

#### **Umami Seasonings for Processed Food Manufacturers and Sweeteners**

Sales of umami seasonings for processed food manufacturers increased due to expansion of overseas sales. Sales of sweeteners increased due to increased sales to processed food manufacturers.

### **Main factors affecting segment profits**

#### **Seasonings and Processed Foods (Overseas)**

Overall profit was level with the previous period, primarily due to impairment loss on PH, negative effect of currency translation, and the impact of increased fermentation raw materials and fuel prices, despite the positive effect of increased profit from the increased sales.

#### **Frozen Foods (Overseas)**

Substantial decrease in profit due to steep rise in logistics costs despite progress in improving productivity in the U.S.

#### **Umami Seasonings for Processed Food Manufacturers and Sweeteners**

Substantial increase in profit due to strong exchange rate for trade and increased sales, despite the negative effect of increased prices for fermentation raw materials and fuels.

**Sweeteners:**

Increase in profit primarily due to increased sales.

<b>Life Support</b>
Major products, etc. (as of March 31, 2019)
<ul style="list-style-type: none"><li>• <b>Animal Nutrition:</b> Feed-use amino acids</li><li>• <b>Specialty Chemicals:</b> Electronics industry material, etc.</li></ul>



Life Support segment sales fell 9.0% year-on-year, or ¥10.6 billion, to ¥107.9 billion, despite increase on sales of specialty chemicals, due to substantial decrease in sales of animal nutrition products. Segment business profit expanded strongly, increasing 18.5%, or ¥1.4 billion, to ¥9.5 billion, due to substantial increase in profits from specialty chemicals.

**Main factors affecting segment sales****Animal Nutrition**

Substantial decrease in sales primarily due to decline in sales volume of threonine and lysine.

**Specialty Chemicals**

Increase in sales primarily due to strong sales of electronic materials.

**Main factors affecting segment profits****Animal Nutrition**

Substantial decrease in profit primarily due to the effect of drop in unit sales price of tryptophan.

**Specialty Chemicals**

Substantial increase in profit due to increase in sales.

## Healthcare

Major products, etc. (as of March 31, 2019)

- **Amino Acids:** Various amino acids, Custom pharmaceutical manufacturing (active pharmaceutical ingredients, intermediates for pharmaceuticals and contract development)
- **Others:** Fundamental foods, Functional foods, cosmetics, personal care ingredients etc.

Healthcare segment sales increased by 12.8% year-on-year, or ¥15.3 billion, to ¥135.3 billion, driven by substantial increase in sales of pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods. Strong sales growth in the categories drove segment business profit up 28.9%, or ¥2.7 billion, to ¥12.0 billion.

### Main factors affecting segment sales

#### **Amino Acids**

Substantial increase in sales primarily due to the effect of expansion of sales of pharmaceutical custom manufacturing and amino acids for pharmaceuticals and foods, as well as positive effect of a newly consolidated subsidiary.

#### **Other Products**

Increase in sales primarily due to growth of sales of personal care ingredients.

### Main factors affecting segment profits

#### **Amino Acids**

Substantial increase in profit due to substantial increase in sales of both amino acids for pharmaceuticals and foods, and pharmaceutical custom manufacturing.

#### **Other Products**

Decrease in profit due to factors including change in recording sub-segment (transferred to pharmaceutical custom manufacturing).

## Other Business

In the Other segment, sales increased by 0.5%, or ¥0.1 billion, to ¥27.4 billion, and the segment posted a business loss of ¥1.2 billion, a ¥0.9 billion improvement from the previous year.

## 2. Assets and Income Status

	138th Fiscal Year (FY2015)	139th Fiscal Year (FY2016)		140th Fiscal Year (FY2017)	141st Fiscal Year (Fiscal Year Under Review) (FY2018)
	(J-GAAP)	(J-GAAP)	(IFRS)	(IFRS)	(IFRS)
Sales (Billions of yen)	1,184.1	1,091.4	1,091.1	1,114.7	1,127.4
Business profit (Billions of yen)	-	-	96.8	95.6	92.6
Operating income (J-GAAP) (Billions of yen)	90.8	85.3	-	-	-
Ordinary income (Billions of yen)	94.1	90.2	-	-	-
Profit attributable to owners of parent /Profit attributable to owners of the parent company (Billions of yen)	63.4	52.5	53.0	60.1	29.6
Net income per share/ Basic earnings per share (yen)	107.86	91.99	92.81	105.76	53.62
Total assets/ Total assets (Billions of yen)	1,262.1	1,336.9	1,350.1	1,426.2	1,393.8
Net assets/ Total equity (Billions of yen)	691.9	697.7	690.6	720.6	685.9
Net assets per share/ Equity per share (attributable to owners of the parent company) (Yen)	1,066.84	1,094.83	1,082.90	1,128.44	1,113.93
ROE (Return on equity/ Return on equity attributable to owners of the parent company (%)	9.8%	8.5%	8.7%	9.6%	4.7%

Notes: 1. Items with “ / ” (slash) are presented as “J-GAAP / IFRS.”

- Net income per share/ Basic earnings per share is calculated based on the average number of shares outstanding during the fiscal year less the average number of shares of treasury stock during the fiscal year.
- Net assets per share/ Equity per share (attributable to owners of the parent company) is calculated based on the number of shares outstanding at the end of the fiscal year less the number of shares of treasury stock at the end of the fiscal year.
- From the 139th fiscal year, equity-method affiliate EA Pharma Co., Ltd. has changed its accounting policy, and figures for the 138th fiscal year have been retrospectively restated in accordance with this change.
- From the fiscal year under review, logistics business has been reclassified as a discontinued operation. Accordingly, profit from the discontinued operation is presented separately from continuing operations on the consolidated statements of income. Sales and business profit in the above table are amounts related to continuing operations only. Amounts shown for the previous fiscal year have also been adjusted to reflect this change.
- In the fiscal year under review, the Company finalized a provisional accounting treatment related to business combinations. The figures for the previous fiscal year reflect the finalization of the provisional accounting treatment.

### 3. Capital Expenditures of the Ajinomoto Group

Capital expenditures of the Ajinomoto Group for the fiscal year ended on March 31, 2019 amounted to a total of ¥79.6 billion, which was mainly for the following:

- Enhancement of amino acids manufacturing facilities (U.S.A.) (scheduled for completion in October 2019)
- Construction of seasonings manufacturing facilities (Thailand) (scheduled for completion in April 2020)
- Construction of frozen foods manufacturing facilities (U.S.A.) (scheduled for completion in July 2020)
- Enhancement of pharmaceutical manufacturing facilities (U.S.A.) (scheduled for completion in December 2020)
- Renewal of core system (Japan) (scheduled for completion in March 2022)

### 4. Company Reorganization

On October 1, 2018, the Company entered into an agreement with Knorr Foods Co., Ltd., a wholly owned subsidiary of the Company, to the effect that the Company will transfer the seasonings and processed foods manufacturing business at the Company's Kawasaki Plant and the seasonings manufacturing business at the Tokai Plant by absorption-type company split. Furthermore, on April 1, 2019, this absorption-type company split took effect, and the trade name of Knorr Foods Co., Ltd. was changed to Ajinomoto Food Manufacturing Co., Ltd.

### 5. Financing of the Ajinomoto Group

Not applicable.

### 6. Main lenders (as of March 31, 2019)

Name of lender	Balance of borrowings (Millions of yen)
The Dai-ichi Life Insurance Company, Limited	16,600
NIPPON LIFE INSURANCE COMPANY	14,500
Meiji Yasuda Life Insurance Company	9,700

Notes: Other than the above, the Company has borrowings in the form of syndicated loans. The lead bank of said loans is one of either MUFG Bank, Ltd. or Mizuho Bank, Ltd., or both jointly (balance: ¥85,099 million).

### 7. Major offices and plants of the Company (as of March 31, 2019)

Name of offices	Location	Name of plants	Location
Headquarters	Chuo-ku, Tokyo	Kawasaki Plant	Kawasaki-ku, Kawasaki-shi
Tokyo Branch	Minato-ku, Tokyo	Tokai Plant	Yokkaichi-shi
Osaka Branch	Kita-ku, Osaka-shi	Kyushu Plant	Saga-shi
Kyushu Branch	Hakata-ku, Fukuoka-shi		
Nagoya Branch	Showa-ku, Nagoya-shi		
Tohoku Branch	Aoba-ku, Sendai-shi		

## 8. Important Subsidiaries and Affiliates (as of March 31, 2019)

The Company has 100 consolidated subsidiaries, including the 48 companies listed in “1) Important Subsidiaries” below, and 16 affiliates accounted for by the equity method, including the 3 companies listed in “2) Important Affiliates” below.

### (1) Important Subsidiaries

Company name	Headquarters and major plants	Capital stock	Ratio of voting rights (%)	Main business
Ajinomoto Frozen Foods Co., Inc.	(Headquarters) Chuo-ku, Tokyo (Plant) Oizumi-machi, Oura-gun, Gunma	JPY 9,537 million	100	Manufacture and sale of frozen foods
Knorr Foods Co., Ltd.	(Headquarters/plant) Takatsu-ku, Kawasaki-shi	JPY 4,000 million	100	Manufacture and sale of soups, mayonnaise products, etc.
Ajinomoto AGF, Inc.	(Headquarters) Shibuya-ku, Tokyo	JPY 3,862 million	100*	Manufacture and sale of coffee, etc.
AJINOMOTO LOGISTICS CORPORATION	(Headquarters) Chuo-ku, Tokyo	JPY 1,930 million	100	Freight transportation, warehousing, etc.
Ajinomoto Animal Nutrition Group, Inc.	(Headquarters) Chuo-ku, Tokyo	JPY 1,334 million	100	Holding company; Management and oversight of feed-use amino acids business and licensing of technology
Ajinomoto Bakery, Inc.	(Headquarters) Chuo-ku, Tokyo (Plant) Shimada-shi, Shizuoka	JPY 400 million	100	Manufacture and sale of frozen bread dough
Ace Bakery Corporation	(Headquarters/plant) Isogo-ku, Yokohama-shi	JPY 400 million	100*	Manufacture and sale of bread and confectionery
Ajinomoto Healthy Supply Co., Inc.	(Headquarters) Chuo-ku, Tokyo (Plant) Takasaki-shi, Gunma	JPY 380 million	100	Purchase and sale of raw materials for pharmaceuticals, food, personal care products, etc. and contract manufacture of quasi-drugs, etc.
AJINOMOTO ENGINEERING CORPORATION	(Headquarters) Ota-ku, Tokyo	JPY 324 million	100	Food product plant design, contract construction and consulting
Ajinomoto Fine-Techno Co., Inc.	(Headquarters/plant) Kawasaki-ku, Kawasaki-shi	JPY 315 million	100	Manufacture and sale of electronics industry material, functional chemicals, etc.
Ajinomoto Communications Corporation	(Headquarters) Chuo-ku, Tokyo	JPY 295 million	100	Comprehensive services
DELICA ACE Corporation	(Headquarters/plant) Ageo-shi, Saitama	JPY 200 million	100	Manufacture and sale of lunchboxes and prepared dish products
Saps ltd.	(Headquarters) Chuo-ku, Tokyo	JPY 50 million	100	Sale of liquid seasonings for commercial use, etc.
A-Direct Corporation	(Headquarters) Chuo-ku, Tokyo	JPY 10 million	100	Mail-order sales of fundamental foods, cosmetics, etc.
Ajinomoto Trading Co., Ltd.	(Headquarters) Minato-ku, Tokyo	JPY 200 million	96.7	Export and import, etc. of products, raw materials, machinery, etc. from Ajinomoto Group companies



Company name	Headquarters and major plants	Capital stock	Ratio of voting rights (%)	Main business
Ajinomoto SEA Regional Headquarters Co., Ltd.	(Headquarters) /Thailand	THB 2,125,000 thousand	100	Management and oversight of ASEAN and South Asia region; holding company
Ajinomoto Co., (Thailand) Ltd.	(Headquarters/plant) Thailand	THB 796,362 thousand	82.5	Manufacture and sale of umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> , flavor seasonings, etc.
AJINOMOTO SALES (THAILAND) COMPANY LIMITED	(Headquarters/plant) Thailand	THB 50,000 thousand	100*	Manufacture and sale of umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> , beverage, flavor seasonings, etc.
WAN THAI FOODS INDUSTRY CO.,LTD.	(Headquarters/plant) Thailand	THB 60,000 thousand	60.0*	Manufacture and sale of instant noodles, etc.
Fuji Ace Co., Ltd.	(Headquarters/plant) Thailand	THB 500,000 thousand	51.0*	Manufacture and sale of packaging material
AJINOMOTO BETAGRO FROZEN FOODS (THAILAND) CO., LTD.	(Headquarters/plant) Thailand	THB 764,000 thousand	50.0*	Manufacture and sale of frozen foods
PT Ajinomoto Indonesia	(Headquarters/plant) Indonesia	USD 8,000 thousand	51.0	Manufacture and sale of flavor seasonings, umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> , etc.
P.T. AJINOMOTO SALES INDONESIA	(Headquarters) Indonesia	USD 250 thousand	100*	Sale of flavor seasonings, umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> , etc.
Ajinomoto Vietnam Co., Ltd.	(Headquarters/plant) Vietnam	USD 50,255 thousand	100	Manufacture and sale of umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> , flavor seasonings, etc.
Ajinomoto (Malaysia) Berhad	(Headquarters/plant) Malaysia	MYR 65,102 thousand	50.4	Manufacture and sale of umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> , savory seasonings, etc.
AJINOMOTO PHILIPPINES CORPORATION	(Headquarters) The Philippines	PHP 665,444 thousand	95.0	Sale of umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> , menu seasonings, etc.
Ajinomoto (China) Co., Ltd.	(Headquarters) China	USD 104,108 thousand	100	Holding company; Sale of feed-use amino acids, etc.
Shanghai Ajinomoto Seasoning Co., Ltd.	(Headquarters/plant) China	USD 27,827 thousand	100*	Manufacture and sale of flavor seasonings, liquid seasonings and umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> , etc.
AJINOMOTO (HONG KONG) CO., LTD.	(Headquarters) Hong Kong	HKD 5,799 thousand	100	Sale of nucleotides and sweeteners, etc.
AJINOMOTO ANIMAL NUTRITION (SINGAPORE) PTE. LTD.	(Headquarters) Singapore	USD 8,955 thousand	100*	Sale of feed-use amino acids
AJINOMOTO (SINGAPORE) PRIVATE LTD.	(Headquarters) Singapore	SGD 1,999 thousand	100	Sale of umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> , etc.
Ajinomoto (Cambodia) Co., Ltd.	(Headquarters/plant) Cambodia	USD 11,000 thousand	100*	Manufacture and sale of umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> and flavor seasonings

Company name	Headquarters and major plants	Capital stock	Ratio of voting rights (%)	Main business
Ajinomoto Korea, Inc	(Headquarters) Republic of Korea	KRW 1,000,000 thousand	70.0	Sale of soup, flavor seasonings, umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> , etc.
AJINOMOTO TAIWAN INC.	(Headquarters) Taiwan	NTD 250,000 thousand	100	Sale of flavor seasonings, umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> , etc.
Ajinomoto North America Holdings, Inc.	(Headquarters) U.S.A.	-	100*	Holding company
Ajinomoto Foods North America, Inc.	(Headquarters/plant) U.S.A.	USD 15,030 thousand	100*	Manufacture and sale of frozen foods, etc.
Ajinomoto Animal Nutrition North America, Inc.	(Headquarters/plant) U.S.A.	USD 750 thousand	100*	Manufacture and sale of feed-use amino acids
Ajinomoto Health & Nutrition North America, Inc.	(Headquarters/plant) U.S.A.	USD 0	100*	Manufacture and sale of umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> , amino acids and sweeteners, etc.
Ajinomoto Althea, Inc.	(Headquarters/plant) U.S.A.	USD 0	100	Contract development and manufacture of active pharmaceutical ingredients and intermediates for pharmaceuticals
Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda.	(Headquarters/plant) Brazil	BRL 863,298 thousand	100	Manufacture and sale of umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> , flavor seasonings, feed-use amino acids, etc.
Ajinomoto del Perú S.A.	(Headquarters/plant) Peru	PEN 45,282 thousand	99.6	Manufacture and sale of umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> , instant noodles, flavor seasonings, etc.
AJINOMOTO FOODS EUROPE S.A.S.	(Headquarters/plant) France	EUR 106,909 thousand	100*	Manufacture and sale of umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> and frozen foods, etc.
AJINOMOTO ANIMAL NUTRITION EUROPE S.A.S.	(Headquarters/plant) France	EUR 26,865 thousand	100*	Manufacture and sale of feed-use amino acids
S.A. Ajinomoto OmniChem N.V.	(Headquarters/plant) Belgium	EUR 21,320 thousand	100*	Manufacture and sale of active pharmaceutical ingredients and intermediates for pharmaceuticals; Sale of amino acids for pharmaceuticals and foods, etc.
West African Seasoning Co., Ltd.	(Headquarters/plant) Nigeria	NGN 2,623,714 thousand	100	Manufacture and sale of umami seasoning <i>AJI-NO-MOTO</i> <sup>®</sup> , etc.
AJINOMOTO ISTANBUL FOOD INDUSTRY AND TRADE LTD. CO.	(Headquarters/plant) Turkey	TRY 51,949 thousand	100	Manufacture and sale of liquid seasonings, powdered seasonings and processed foods
AJINOMOTO POLAND SP Z.O.O.	(Headquarters/plant) Poland	PLN 39,510 thousand	100*	Manufacture and sale of instant noodles, etc.
Agro2Agri, S.L.	(Headquarters/plant) Spain	EUR 2,027 thousand	70.0*	Manufacture and sale of agro

Notes: 1. In the fiscal year under review, AJINOMOTO BETAGRO FROZEN FOODS (THAILAND) CO., LTD.,

Ajinomoto (Cambodia) Co., Ltd., AJINOMOTO ISTANBUL FOOD INDUSTRY AND TRADE LTD. CO., and Agro2Agri, S.L. were added to important subsidiaries.

2. The Company's ratio of voting rights in companies indicated with an \* (asterisk) mark are calculated including the voting rights held by the Company's subsidiaries.
3. In the fiscal year under review, Amoy Food Ltd. was removed from the scope of Important Subsidiaries.
4. Ajinomoto North America Holdings, Inc. capital stock amount is not shown because it transferred all capital stock to capital surplus.
5. As of April 1, 2019, Knorr Foods Co., Ltd. changed its tradename to Ajinomoto Food Manufacturing Co., Ltd., AJINOMOTO LOGISTICS CORPORATION changed to F-LINE Co., Ltd. and A-Direct Corporation changed to Ajinomoto Direct Co., Ltd.

**(2) Important Affiliates**

Company name	Capital stock	Ratio of voting rights (%)	Main business
EA Pharma Co., Ltd.	JPY 9,145 million	40.0	Manufacture and sale of pharmaceuticals, etc.
J-OIL MILLS, INC.	JPY 10,000 million	27.3	Manufacture and sale of edible oils, etc.
Promasidor Holdings Limited	USD 0 thousand	33.3	Manufacture and sale of processed foods etc.

**9. Employees of the Ajinomoto Group (as of March 31, 2019)****(1) Employees of the Company and its consolidated subsidiaries**

Number of employees	Change from the previous fiscal year end
34,504	Increase by 52

Note: The number of employees indicates full-time employees, excluding temporary employees.

**(2) Employees of the Company**

Number of employees	Change from the previous fiscal year end
3,494	Increase by 30

Note: The number of employees indicates full-time employees, excluding temporary employees.

## 10. Our Tasks Ahead

### I. What the Ajinomoto Group Aims for:

The Ajinomoto Group aims to contribute to the world's food and wellness and to better lives for the future, becoming a genuine global food company group with specialties guided by our cutting-edge bioscience and fine chemical technologies.

### II. Aiming to become a Genuine Global Specialty Company

#### 1. Sustainable growth by evolving the ASV (Ajinomoto Group Shared Value)

Since its establishment, the Ajinomoto Group has sustained its ambition of making food more delicious and improving nutrition for people using Umami, and has continued to achieve growth with the creation of social and economic value through its business activities. The Group calls this the Ajinomoto Group Shared Value (ASV) and is striving to achieve sustainable growth by evolving ASV as means to address such 21st century global issues as “healthy and well-being,” “food resources,” and “global sustainability” through its business.

#### 2. Current issues – how we can become a global top 10 food company

We believe that from a financial perspective, compared to our global top 10 peer companies, our business scale and earning efficiency are areas that need to be addressed. Additionally, our environmental, social and governance (ESG) basic policies and non-financial targets need to be further clarified.

Our major strengths lie in our unique core technologies—cutting-edge bioscience products and fine chemicals technology centered on amino acids; our ‘deliciousness’ technologies, which allow us to analyze and freely create deliciousness; and our specific solutions that allow us to adapt to local customer needs. Meanwhile, the expansion of our food products business portfolio, one of the initiatives promoted in our 2014-2016 Medium-Term Management Plan and the 2017-2019 (for 2020) Medium-Term Management Plan, has induced our main strengths to be dispersed and investment in priority areas to be diluted, and has led to reduced ability to create markets in core categories and decreased cost competitiveness. In these conditions, we shall further enhance efficiency through the asset-light business model, in which following three measures are promoted across all value chains: (1) concentrating and prioritizing management resources on business areas with high growth potential; (2) enhancing asset efficiency; and (3) enhancing productivity. In doing so, we shall prioritize areas where it is feasible for the Ajinomoto Group to be among the top three companies in the world market, as we build a structure that enables us to aim to join the ranks of the top 10 global food companies in our next medium-term management plan.

### III. Target Management Indicators and Progress

In the 2017 – 2019 (for 2020) Medium-Term Management Plan, we have designated the economic value and social value we create as financial and non-financial indicators. By integrating these indicators and quantifying corporate brand value, we will manage the Ajinomoto Group with clear Group goals.

We introduced the “Ajinomoto Group Global Brand Logo” for use throughout the Group in FY2017, and have focused on consolidating corporate brand value, including changing the names of Group companies in North America and Europe to combinations of “Ajinomoto” and their business content and region.

Financial and non-financial targets as well as progress during FY2018 are as follows.

## 1. Financial targets (economic value)

	FY2017 Performance (Note 3)	FY2018 Forecast at the beginning of the fiscal year	FY2018 Performance	FY2019 Original target	FY2019 Forecast at the beginning of the fiscal year
Business profit (Billion yen)	95.6	103.0	92.6	124.0	97.0
Business profit ratio (%)	8.6	8.7	8.2	9.4	8.3
ROE (%)	9.6	9.5	4.7	9.8	8.0
ROA <sup>*1</sup> (%)	6.9	7.2	6.6	8.8	6.5
EPS Growth Rate (%)	14.0	3.0	-49.3	Double-digit annual growth	70.3
International sales growth rate <sup>*2</sup> (%)	5	7	6	Double-digit annual growth	4

Notes: 1. Ratio of business profit to total assets

2. Only for consumer foods. Based on the local currency.

3. From the fiscal year under review, the logistics business has been reclassified as a discontinued operation, and therefore the figures for performance in FY2017 have also been adjusted to reflect this change. In addition, in the fiscal year under review, the Company finalized a provisional accounting treatment related to business combinations. The figures for performance for FY2017 reflect the finalization of the provisional accounting treatment. Furthermore, figures for forecasts at the beginning of the year for FY2018 have not been adjusted for the above.

## 2. Non-financial targets (Social value)

We have set quantitative targets for ESG with the aim of contributing through our business toward “healthy well-being of physical and mental health” “food resources,” and “global sustainability.”

<b>Content of Non-financial Targets</b>		
<b>Social</b>	Better nutritional balance by eating more protein and vegetables with umami	Meats and vegetables consumption through Ajinomoto Group products (Japan, Five Stars <sup>(Note 4)</sup> )
	More eating together	Contribution to the number of occasions of eating together through Ajinomoto Group products (Japan, Five Stars <sup>(Note 4)</sup> )
	Smart and delicious cooking	Spare time created through our Ajinomoto Group products (Japan)
	People’s comfortable lifestyle	Contribution to comfortable lifestyles through our amino acid products (AminoScience)
<b>Environmental</b>	Reduce greenhouse gases: Overall product lifecycle to become carbon neutral	Greenhouse gas emission vs. production volume intensity
		Renewable energy use ratio
		CFC elimination
	Reduce food loss: Cut food loss within lifecycle by half by 2050	Reduce food loss from receipt of ingredients through to customer delivery
	Secure food resources and protect natural environment, including ecosystems and biodiversity: Secure food resources for the next generation, contribute to protection of natural environment incl. ecosystems and biodiversity, achieve sustainable procurement	Sustainable procurement
		Reduce natural raw materials used via resource-saving fermentation tech., usage of by-products & alternative material tech.
	Conserve water resources: Create an environment where water resources are sustained	Production volume vs. water usage in plant per unit
3R for waste material (Reduce, Reuse, Recycle): Zero emission of waste materials	Reduce waste generated via business activities/recycle ratio	
<b>Governance</b>	Improved employee engagement	Percentage of employees with high job satisfaction

	<b>FY2015 Actual</b>	<b>FY2017 Actual</b>	<b>FY2018 Actual</b>
<b>Social</b>	Meats: 6.6 mil. tons Veg.: 3.8 mil. tons	Meats: 7.2 mil. tons Veg.: 4.4 mil. tons	Meats: 7.2 mil. tons Veg.: 4.4 mil. tons
	55 times	60 times	60 times
	31 mil. hrs	37 mil. hrs	37 mil. hrs
	18.2 mil. people	19.8 mil. people	19.9 mil. people
<b>Environmental</b>	33% reduction (vs. FY2005)	35% reduction (vs. FY2005)	33% reduction (vs. FY2005)
	18%	23%	24%
	---	---	---
	---	4% rise	28% rise
	---	Palm oil 14%	Palm oil 25%
	---	79%+	79%
	75% reduction (vs. FY2005)	77% reduction (vs. FY2005)	78% reduction (vs. FY2005)
	99.6%	99.3%	99.2%
	---	79%	---
	<b>Governance</b>	---	---



**FY2020 Targets**  
 \*Certain targets are for FY2020 or later.

<b>Social</b>	Meats: 8.6 mil. tons/yr; 19% (9.7kg/person/yr) <vs. FY2015 +3% (+2.0kg)>
	Veg.: 5.5 mil. tons/yr; 8% (6.2kg/person/yr) <vs. FY2015 +2% (+1.6kg)>
	70 times / households / year <vs. FY2015 +20 times>
	38 mil. hrs / yr (6 hrs / households) <vs. FY2015 +7 mil. hrs>
22 mil. people <vs. FY2015 +4 mil. people>	
<b>Environmental</b>	<b>FY2020</b> 8% reduction <vs. FY2015> <sup>(Note 5)</sup> <b>FY2030</b> 50% reduction <vs. FY2005>
	<b>FY2020</b> 28% <sup>(Note 5)</sup> <b>FY2030</b> 50%
	<b>FY2025</b> 100% for new <b>FY2030</b> HFCs <sup>(Note 6)</sup> extremely small
	<b>FY2020</b> 20% reduction <vs. FY2016> <b>FY2025</b> 50% reduction <vs. FY2016>
	<b>FY2020</b> Palm oil and paper: 100% <b>FY2030</b> Other ingredients: 100%
	<b>FY2025</b> 100%
	<b>FY2020</b> 10% reduction <vs. FY2015> <sup>(Note 5)</sup> <b>FY2030</b> 80% reduction <vs. FY2005>
	<b>FY2020</b> <b>FY2025</b> Maintain higher than 99%
<b>Governance</b>	80%

(Note 4) Thailand, Vietnam, Indonesia, the Philippines, and Brazil; (Note 5) FY2020 Targets have been revised upwards; (Note 6) Hydrofluorocarbon (substitute for CFCs)

## IV. Our Tasks Ahead and Mid to Long term Management strategy

In the 2017 - 2019 (for 2020) Medium-Term Management Plan the Ajinomoto Group is continuing the pursuit of specialization with the aim of becoming a “Genuine Global Specialty Company”, by succeeding “FIT & GROW with Specialty” engaging in “Growth Driver Enhancement” and “Further Reinforcement of Business Structure”.

### 1. Further Business Structural Reform (FIT)

#### 1) A Fundamental Shift from Commodities to Specialties.

- Accelerate the shift to specialties in the Animal Nutrition business by outsourcing manufacturing of commodity products.

**Status of progress** We are converting to specialty products such as by promoting the outsourcing of commodities production through a manufacturing subcontracting agreement with Meihua Holdings Group Co., Ltd. of China, and stopping the lysine plant in Brazil.

- Expand supplies for raw ingredients for the Company’s products in the Umami Seasonings for Processed Foods business, and cut costs through the use of resource-saving fermentation technologies.
- In Sweeteners, we will strengthen specialization of both retail and restaurant-use products.

#### 2) Construction of Sustainable Value Chains across Businesses

- Reinforce the business structure by restructuring the overall domestic value chain, including Group companies (shifting to cutting-edge plants, restructuring joint logistics with other companies, strengthening proposition capabilities in growth channels across all businesses, reinforcing shared corporate functions, etc.)

**Status of progress**

- Consolidated and restructured the production system at Knorr Foods Co., Ltd., and AJINOMOTO PACKAGING INC. Launched a new company in April 2019 to strengthen the seasonings and processed foods production system in Japan.
- Integrated logistics business in April 2019, together with four companies—Kagome Co., Ltd., The Nisshin OilliO Group, Ltd., Nisshin Foods Inc., and House Foods Group Inc.—and launched a logistics company on a national scale. As the Group looks to resolve various food product logistics issues that are becoming more serious, we will further promote joint initiatives with food product manufacturers.

- Reduce use of resources across the entire global value chain (leverage ICT to achieve greater efficiency and automation in the fermentation process, reduce the environmental burden at the product consumption stage, etc.)

### 2. Growth driver advancement (GROW)

#### 1) Ensuring Food Business Growth with Stronger Regional Portfolio

- Japan foods: Continue to enhance core brand products through the development of ‘deliciousness’ technology, leverage *Kachi-Meshi* and other products using the Company’s proprietary science, and digital and ICT resources to support customers’ physical and mental health through measures such as promoting food culture and the value of eating together.

**Status of progress**

- On the occasion of the 40th anniversary of its launch of *Cook Do*<sup>®</sup> in 2018, we once again promoted its unique qualities, namely its “outstanding deliciousness” and its use in “easy homemade,” and we achieved our highest ever sales in the seasonings business as a whole.
- Although sales of gyoza increased, overall sales of frozen foods were stagnant, primarily due to sales of kara-age.

- In the domestic coffee market, sales were stagnant as consumption of instant coffee for home-use declined and competition for stick products intensified.
  - In April 2018, we launched the Consumer Data Analysis & Business Creation Dept., and promoted the analysis of consumer data and expansion in e-commerce and mail order markets.
- Overseas foods: Enhance our regional portfolio by accelerating expansion into new regions, including partnerships with local top players, develop a strong business foundation that is not affected by market conditions and exchange rates.

**Status of progress**

- Sales of the Thai canned coffee *Birdy*<sup>®</sup> recovered owing to the penetration of price increases and sales efforts. We also increased prices in the “Five Stars” seasonings business mainly in response to rising ingredient prices, etc., however their growth slowed compared with former high-rate growth in certain key countries.
- Although sales increased mainly in the Asian category of the frozen foods business in North America, we recorded an impairment loss owing to reduced profitability in line with higher costs to build a new production system and rising logistics costs. On the other hand, we have established the Global Frozen Foods Strategy Dept. in April 2019, and are aiming to promote the integration of the frozen foods business on a global basis.
- In various countries in Africa, where PH and its group companies operate, and Turkey, where AJINOMOTO ISTANBUL FOOD INDUSTRY AND TRADE LTD. CO. operates, we recorded impairment losses owing to deteriorated corporate value of these companies in line with rapid changes to the business environment caused by their worsening financial positions and significant slowdowns in economic growth.

**2) Expansion of business portfolio with new business pillars**

- Food business: Implement the global launch of the “Deliciousness Solution Business,” which will offer deliciousness solutions for home-meal replacements, restaurants, and processed foods. Strengthen our flavor ingredients and technology and develop a Group-wide sales structure that is centered on customers.

**Status of progress**

Integrated the commercial-use (ingredients) business, including nature based seasonings and enzymes for processed food manufacturers, etc., and the home-meal replacement and restaurant format products business, effective April 1, 2018. Also enhanced approach using savory seasonings, enzymes, and functional seasonings to major domestic restaurants and home-meal replacement users. In addition, since April 2018, the Company has gradually consolidated R&D bases related to the Japan food products businesses of Ajinomoto Frozen Foods Co., Inc., Knorr Foods Co., Ltd., and Ajinomoto AGF, Inc. at the Company’s Kawasaki Plant. The Group will take steps to expand the “Deliciousness Solution Business” by using these measures to provide ‘deliciousness technology’ and strengthen the Ajinomoto Group unified sales structure that is centered on customers.

- AminoScience business: Shift towards a strong business structure by expanding specialty businesses, including transitioning to a downstream business in the amino acids ingredients business, and accelerating business growth in the area of cutting-edge bio medical technology.

**Status of progress**

- Unified the CDMO business (Contract Development & Manufacturing Organization; develops and manufactures under contracts with pharmaceutical companies) in Europe and North America under the AJI BIO-PHARMA SERVICES brand, and built a system that enables provision of services in an integrated manner around the globe.
- Established a new “Client Innovation Center,” a base for promoting open and linked innovation, in the Company’s Kawasaki Plant, and the joint creation of new value and new businesses is being promoted by introducing our technology and combining it with that of our business partners.

### 3. Reinforcement of Management Foundation

- We will further establish a foundation that is compatible with the corporate governance code, and work to achieve sustainable growth through innovation
- We will strengthen our global strategic corporate functions, and further optimize our corporate functions that support our businesses, including group companies.

**Status of progress** Restructured our research laboratories to accelerate product development and the strengthening of our service capabilities, and integrated the Institute for Innovation with the Research Institute for Bioscience Products & Fine Chemicals and Institute of Food Sciences and Technologies, in accordance with its functions, on April 1, 2019.

- With the aim of diversifying our work force, we will promote the development of next-generation global personnel, and support the advancement of female managers
- Promote innovation through diversity of personnel and promote labor reform by promotion of employee health (reducing working hours in line with global standards, improving work efficiency through the application of ICT, strengthening childcare and nursing support, etc.).

**Status of progress** The results in FY2018 were 1,820 working hours, compared with our target for labor reforms at Ajinomoto Co., Inc. of an average of 1,800 working hours per year. We will continue to improve efficiency and extend these measures to domestic Group companies.

- Strengthen organizational capabilities and improve financial performance by boosting work motivation for all 34,000 employees globally, through implementing the ASV (Ajinomoto Group Shared Value).

## II. Matters regarding Shares of the Company (as of March 31, 2019)

- (1) Number of shares authorized to be issued by the Company: 1,000,000,000 shares  
(2) Number of shares issued: 549,163,354 shares  
(3) Number of shareholders: 146,527

(increased by 11,859 compared with the end of the previous fiscal year)

### (4) Major shareholders

Shareholder	Number of shares held (thousand shares)	Ownership interest (%)
The Master Trust Bank of Japan, Ltd. (trust account)	57,598	10.49
Japan Trustee Services Bank, Ltd. (trust account)	29,143	5.31
The Dai-ichi Life Insurance Company, Limited	26,199	4.77
NIPPON LIFE INSURANCE COMPANY	25,706	4.68
MUFG Bank, Ltd.	14,574	2.65
Meiji Yasuda Life Insurance Company	12,624	2.30
Japan Trustee Services Bank, Ltd. (trust account 5)	8,698	1.58
STATE STREET BANK WEST CLIENT – TREATY 505234	8,584	1.56
Mitsubishi UFJ Trust and Banking Corporation	8,083	1.47
Sompo Japan Nipponkoa Insurance Inc.	7,853	1.43

Notes: 1. Ownership interests are calculated after deduction of treasury stock (97 thousand shares).

2. The number of shares held by The Dai-ichi Life Insurance Company, Limited does not include 2,000 thousand shares of the Company contributed as a trust asset for a retirement benefit trust of The Dai-ichi Life Insurance Company, Limited. The Dai-ichi Life Insurance Company, Limited holds voting rights in respect of these shares.

### (5) Other important matters regarding shares

- 1) Based on the resolution made at a Board of Directors meeting held on May 10, 2018, the Company acquired 19,793,200 shares of common stock for the purpose of increasing the level of shareholder returns and improving capital efficiency.
- 2) Based on the resolution made at a Board of Directors meeting held on September 27, 2018, the Company canceled all treasury stock acquired pursuant to the resolution in the above item 1); all treasury stock acquired through the acquisition of shares from untraceable shareholders on March 29, 2018; and part of the treasury stock acquired through demands made for the purchase of shares less than one unit, a total of 22,700,000 shares of the Company's common stock on October 10, 2018.

### **III. Corporate Governance and Matters Regarding the Corporate Officers of the Company (as of March 31, 2018)**

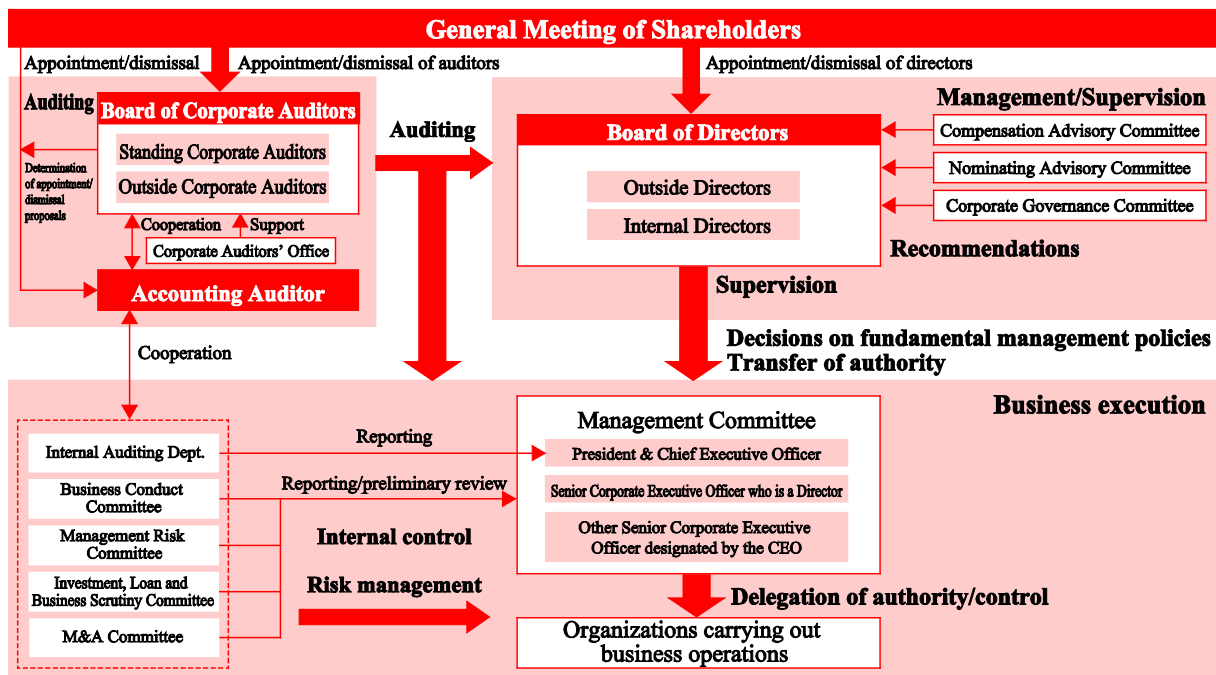
#### **1. Matters Regarding Corporate Governance**

##### **(1) Basic Approach to Corporate Governance**

The Ajinomoto Group positions corporate governance as one of the most important aspects of its management base for accelerating its ASV (Ajinomoto Group Shared Value) and becoming a “Genuine Global Specialty Company.” We shall continue implementing initiatives to build effective corporate governance systems that balance “appropriate supervision of execution that reflects stakeholders’ perspectives” and “agile decision-making and implementation,” while also faithfully observing the “Ajinomoto Group Policies,” which lay out the principles that illustrate the beliefs and behaviors which the companies in the Ajinomoto Group and each officer and employee who works there should comply with, continuing to focus on developing and properly implementing its internal control systems, and through engagement and collaboration with stakeholders. We believe that such initiatives will help us solve the issues that are faced by 21st-century society through our businesses and that they will serve as the foundation for ASV, which sustainably enhances corporate value.

## (2) Organizational Structure of the Corporate Governance System

The organizational structure of our corporate governance system is as follows.



(Voluntary Committees of the Board of Directors)

- **Nominating Advisory Committee**  
Consisting of 3 Outside Directors and 1 Internal Director (a total of 4 members), one of the Outside Directors is the chair of the Committee. The Committee discusses proposals such as for the nomination of Director candidates, and selection and removal proposals for Chairman of the Board and President, in addition to selection and removal proposals for Representative Directors, based on inquiries from the Board of Directors and reports the outcomes of its deliberations to the Board.
- **Compensation Advisory Committee**  
Consisting of 3 Outside Directors, 1 Internal Director and 1 Corporate Executive Officer (a total of 5 members), one of the Outside Directors is the chair of the Committee. The Committee discusses compensation for Directors, Corporate Executive Officers and others, based on inquiries from the Board of Directors, and reports the outcomes of its deliberations to the Board.
- **Corporate Governance Committee**  
Consisting of 3 Outside Directors, 2 Internal Directors and 1 Audit & Supervisory Board Member (External) (a total of 6 members), the President is the chair of the Committee. The Committee discusses important matters related to the creation, maintenance, and implementation of the corporate governance system, based on inquiries from the Board of Directors, and reports the outcomes of its deliberations to the Board. After the conclusion of this General Meeting of Shareholders, one of the Outside Directors will be the chair of the Committee.

(Internal control and risk management)

- **Business Conduct Committee**  
The Business Conduct Committee works to ensure that the Ajinomoto Group Polices (AGP) are thoroughly understood. It checks whether management and corporate activities are conducted in accordance with the AGP or not, and it responds to issues arising, in addition to creating manuals, making organizations carrying out business operations create business continuity plans, and holding crisis management drills, etc., and thereby identifying and inspecting the status of preparations to respond to any risks other than at the company-wide management level and crises that materialize.
- **Management Risk Committee**  
The Management Risk Committee selects and identifies risks at the company-wide management level from among the various risks that the Ajinomoto Group faces as it accelerates its global development, and formulates measures for responding to these risks.
- **Investment, Loan and Business Scrutiny Committee**  
The Committee considers various aspects surrounding investments and loans, and the regeneration of or withdrawal from unprofitable businesses, prior to deliberations by the Management Committee.
- **M&A Inquiry Commission**

The Commission considers various aspects surrounding mergers and acquisitions, prior to deliberations by the Management Committee.

**(3) Reasons for Selection of the Current Corporate Governance System**

The Company has selected the current corporate governance system because it believes that its double-checking system ensures appropriate business operations. The Board of Directors is consisted of 9 Directors (including 3 Outside Directors) , and supervises important business decisions and the work conduct of the Directors and Corporate Executive Officers. The 5 Audit & Supervisory Board Members (including 3 Audit & Supervisory Board Member (External)) maintain their independence from the Corporate Executives and collaborate with the accounting auditors and the Company's Internal Auditing Dept. to audit the actions of Directors.



#### **(4) Views on the Abilities and Diversity of the Board of Directors as a Whole**

The Company's basic policy is to ensure that the Board of Directors is composed of Internal Directors who are responsible for business execution, including the Chief Executive Officer, Internal Directors who are not responsible for business execution and who supervise business execution based on their deep understanding of the Company's businesses, and several independent Outside Directors who can objectively supervise the execution of business operations from an independent perspective, taking into consideration skill requirements centered on the "ability to realize ASV," the size of the Board of Directors, the proportion of Internal/Outside Directors, the proportion of executive and non-executive Directors, and diversity with regard to individual Directors' experience, capabilities, expertise, international background, gender, etc.

#### **(5) Systems for Ensuring Appropriate Business Operations**

##### 1) Basic policy on internal control system

The Company has resolved the following at a meeting of its Board of Directors with respect to the basic policy to consolidate the system for ensuring appropriate business operations.

#### **1. Systems for ensuring compliance with laws and regulations and the Articles of Incorporation in the execution of the duties of directors and employees of the Company**

- (1) The Company appoints Independent Outside Directors, who are conversant with management, and supervise the execution of operations of the Company from an independent and fair position, thereby ensuring high supervisory functions of the Board of Directors and making decision-making on the execution of operations more adequate.
- (2) As voluntary committees of the Board of Directors of the Company, the Company has established a Nominating Advisory Committee and a Compensation Advisory Committee, with Outside Directors comprising a majority of members, thereby ensuring high transparency and objectivity in the nomination and decision of compensation of Directors and Corporate Executive Officers, etc.
- (3) The Company has established a Corporate Governance Committee, with Outside Directors and Audit & Supervisory Board Members (External) comprising a majority of members, which works to ensure the soundness of management, in addition to maintaining and enhancing corporate governance.
- (4) The Company has developed "Our Philosophy" that places the Ajinomoto Group Shared Value (ASV) at the core of realizing the mission and vision of the Ajinomoto Group as well as the Ajinomoto Group Policy (hereinafter referred to as the "AGP") as the foundation to support it.
- (5) The Business Conduct Committee, which is chaired by a member of the Management Committee designated by the Chief Executive Officer, performs checks of management activities from a compliance perspective, and works in coordination with related divisions to ensure that the AGP is thoroughly understood, including supporting and supervising activities to instill the values of the AGP in companies in the Ajinomoto Group.
- (6) The Business Conduct Committee works to raise compliance awareness and instill the values of the AGP, and foster the development of an open corporate culture, through implementing education and training activities, etc. on an ongoing basis.
- (7) The Company has established a hotline for receipt of information in the secretariat of the Business Conduct Committee as well as outside the Company. Related divisions act promptly to respond to any such information, and report its results to the Business Conduct Committee, the Management Committee, and the Board of Directors, thereby leading to the prevention of recurrence of the problem.
- (8) The Internal Auditing Dept. implements operational audits of organizations carrying out business operations and Group companies, reports on its results to the President, requests correction of matters specified from the units subject to the audit, and confirms the status of their implementation. For the purpose of ensuring the credibility of financial statements, the Internal Auditing Dept. carries out evaluations of internal controls on financial reporting, and reports on its results to the President, and also reports to the subject units of evaluation and instructs corrections if any inadequacy exists.

#### **2. Systems for preservation and management of information regarding the execution of duties of Directors**

Information recorded on paper or recorded electronically relating to the performance of duties by Directors, such as minutes of meetings of the Board of Directors, decision making documents, and minutes of various meetings, is stored and managed in accordance with the laws and regulations and the internal rules and regulations.

#### **3. Regulations regarding management of risk of losses and other systems**

- (1) The Company has established a Management Risk Committee, which selects and identifies risks at the company-wide management level from among the various risks that the Ajinomoto Group faces as it accelerates its global development, and formulates measure for responding to these risks.
- (2) The Business Conduct Committee creates manuals, makes organizations carrying out business operations create business continuity plans, and holds crisis management drills, etc., thereby identifying and inspecting the status of preparations to respond promptly and appropriately to any risks other than risks at a company-wide management level and crises that materialize.
- (3) Where a crisis occurs, headquarters will be established to respond to the crisis in a related unit, and the

Company will endeavor to minimize the loss to the Ajinomoto Group, while placing the utmost priority on human life.

#### **4. Systems for ensuring efficiency of the performance of the duties of directors**

- (1) The Board of Directors meets once per month, in principle, to deliberate and determine important matters provided for by laws and regulations, the Articles of Incorporation, the “Regulations of the Board of Directors,” etc., and also supervise the Directors and Corporate Executive Officers in the execution of their duties.
- (2) The Management Committee, comprised of all Senior Corporate Executive Officers who are Directors and other Senior Corporate Executive Officers designated by the Chief Executive Officer, meets three times per month, in principle, to deliberate and determine important matters regarding the Company and the Group as provided for in the “Regulations related to Global Governance.”
- (3) The Company makes clear the scope of decision-making of the Board of Directors, Management Committee, Corporate Executive Officers, and specific Group companies by creating, implementing and reviewing company rules, and promoting the delegation of authority.
- (4) As a measure to ensure the efficient operation of the Board of Directors and the Management Committee, documents to be submitted at meetings of the Board of Directors and the Management Committee are electronic files.

#### **5. Systems for ensuring appropriate business operations in Ajinomoto Group companies**

- (1) System for reporting matters concerning the performance of the duties of Directors of Group companies to our Company  
Organizations carrying out business operations take responsibility for supervising the Group companies they are responsible for, in accordance with the “Regulations related to Global Governance,” and require reports related to the execution of duties by Directors of Group companies, while obtaining the decision of Corporate Executive Officers of the Company, the Management Committee, or the Board of Directors for important matters.
- (2) Regulations regarding management of risk of losses in Group companies, and other systems
  - 1) Company rules which serve the same purpose as company rules applied across the Group are enforced at Group companies, depending on their businesses, management environments and other factors.
  - 2) Where a crisis occurs at a Group company, headquarters will be established to respond to the crisis as necessary, and support shall be provided to minimize the loss to the Ajinomoto Group.
- (3) System for ensuring efficiency of the performance of the duties of Directors of Group companies
  - 1) The Company makes clear the basic policy concerning the supervision of Group companies, enforces company rules which serve the same purpose as company rules applied across the Group at Group companies, and provides the necessary instructions and support to ensure that these company rules are effectively implemented.
  - 2) The Company appropriately delegates authority to specific Group companies, in accordance with the “Regulations related to Global Governance.”
- (4) System for ensuring compliance with laws and regulations and the Articles of Incorporation in the execution of the duties of Directors and employees of Group companies
  - 1) We ensure that the Directors and employees of companies in the Ajinomoto Group shall practice the AGP and comply with laws, regulations and AGP.
  - 2) The Company ensures thorough understanding of the fact that Directors and employees of Group companies are able to use the hotline that is established in and outside the Company.
  - 3) Our Internal Auditing Dept. implements operational audits and management audits of Group companies, and assesses internal controls in financial reporting.
  - 4) To ensure robust auditing functions in important Group companies, an Audit & Supervisory Board Member (Standing) shall be appointed, even if such company is not a “Large Company” as stated in the Companies Act.

#### **6. Systems to ensure effective auditing by our Audit & Supervisory Board Members**

- (1) The involvement of employees to assist Audit & Supervisory Board Members with their duties
  - 1) Necessary staff are assigned to assist with the duties of Audit & Supervisory Board Members, based on consultation with Audit & Supervisory Board Members.
  - 2) Audit & Supervisory Board Member staff are dedicated staff under the direct control of the Audit & Supervisory Board, and the agreement of Audit & Supervisory Board Members is obtained with respect to the personnel evaluation of said staff, their transfer, any disciplinary measures, etc., to raise the level of independence of the staff from the Board of Directors and to ensure the effectiveness of instructions given by the Audit & Supervisory Board Members to Audit & Supervisory Board Members staff.
- (2) Systems regarding reports to Audit & Supervisory Board Members
  - 1) If facts associated with a notable risk of resulting loss to the Company or Group company are discovered, a Director immediately reports said facts to the Audit & Supervisory Board.

- 2) Company employees and Group company directors, corporate auditors or employees are available to make verbal reports to the Audit & Supervisory Board Members at regular intervals or as required, and in the event of discovery of facts mentioned in 1) above in emergencies, are able to report said facts directly to the Audit & Supervisory Board Members.
  - 3) The Company establishes the “Hotline to Audit & Supervisory Board Members” as the dedicated desk to report suspicions about the direct involvement in wrongdoing by officers of Ajinomoto Group companies.
  - 4) Persons reporting in 1) or 2), or whistle-blowing for 3) above are not subject to unfavorable treatment for reasons of having made the report, and we encourage this policy in our Group companies.
- (3) Policies concerning the treatment of auditing expenses
- 1) The Company bears the costs (including any expenses related to obtaining necessary opinions from lawyers and other outside specialists, etc.) of expenses necessary in the execution of Audit & Supervisory Board Members’ duties.
  - 2) In principle, an annual budget is established for the expenses in the above item 1), and expenses incurred are paid based on this budget, but the Company also pays emergency or additional necessary expenses outside this budget.
- (4) Other systems to ensure effective auditing by the Audit & Supervisory Board Members
- 1) Directors give consideration to ensuring the attendance by Audit & Supervisory Board Members at important meetings held in the organizations carrying out business operations, and provides the necessary cooperation to allow the Audit & Supervisory Board Members to perform their duties, such as through presenting them with minutes of meetings.
  - 2) The President, other Directors and Audit & Supervisory Board Members, at regular intervals and as required, exchange information regarding the status of initiatives with respect to compliance, risk management and other management issues of the Company and Group companies, and strive to ensure communication between the Directors and Audit & Supervisory Board Members about such matters.

End

## 2) Overview of the Operation of Systems to Ensure Appropriate Business Operation

Based on our “Basic Policy of the System for internal control,” we are setting up internal control systems and ensuring their appropriate operation. Our main endeavors in the period under review are as follows.

### 1. Compliance

- (1) The Company, chiefly through the Business Conduct Committee, has made thorough efforts to ensure full compliance with the “Ajinomoto Group Policies (AGP)” (formerly the Ajinomoto Group Standards of Business Conduct). In the fiscal year under review, we conducted a questionnaire survey again about employee awareness of the AGP and held special meeting events for staff to help them become familiar with the AGP (total 44 times at the Company), in order to promote understanding of the AGP and deepen awareness of the importance of respecting diversity, and investigate any compliance issues at work sites. In addition, we also restructured the internal reporting system by creating multiple reporting lines with the introduction of an external hotline, newly establishing a hotline independent from the execution of business operations by introducing Hotline to Audit & Supervisory Board Member, and expanding the scope of persons who can make reports by introducing supplier hotlines. We also continued holding bi-monthly compliance training. The Business Conduct Committee met 4 times to discuss these activities, and reported the outcomes of their deliberations to our Management Committee and Board of Directors.
- (2) In the period under review, the Internal Auditing Dept. made on-site audits at 53 organizations carrying out business operations in our Company and our Group companies.

### 2. Risk Management

- (1) The Management Risk Committee met 4 times and selected and strengthened the Company’s response to important risks for the Company as a whole, centered on the following themes: the effect of the macroeconomic environment, corporate management, governance, social issues, global competition, and ICT technology. An ESG Task Force was created within the Management Risk Committee, thus strengthening the systems of the Company and Ajinomoto Group companies for researching and resolving global issues related to “plastic waste” and “sustainable procurement.”
- (2) In regard to the “Ajinomoto Group Policy (AGP),” we reorganized “Our Philosophy,” created 25 “Group Policies” related to 11 Basic Principles, and worked to ensure widespread awareness of these policies in the Company and the Ajinomoto Group.
- (3) The Investment, Loan and Business Scrutiny Committee met 9 times, and the M&A Inquiry Commission met 14 times to consider M&A opportunities and 11 times for PMI (post-merger integration) follow-up in respect to acquired companies. In addition, the Quality Assurance Committee, the Occupational Health and

Safety Committee and the Environmental Committee met twice, respectively, and each reviewed activities across the Ajinomoto Group as a whole, and confirmed plans to tackle important issues. In regard to information management activities, the Company established systems to respond to the General Data Protection Regulation in the EU, and also implemented initiatives aimed at strengthening information security systems.

### **3. Global Governance (a governance system with direction and efficiency)**

- (1) The Board of Directors met 17 times. In order to advance efficiency of the operation of the Board of Directors, measures including specifying points of discussion by the Management Committee on documents for Board of Directors meetings, distributing documents electronically, and focusing on important proposals by aggregating the submission of matters for discussion were introduced. Time saved this way was used to exchange views, where Directors discussed important management themes.
- (2) In order to promote more efficient operations and minimize the use of paper, we abolished the “Regulations Concerning the Use of the “Ajinomoto” Brand and Company Name,” amended the “Internal Rules Notification Regulations” and the “Document Administration Regulations,” and took steps to promote the use of electronic documents.

### **4. Audits by Audit & Supervisory Board Members**

- (1) 5 Audit & Supervisory Board Members (2 Standing and 3 External) maintained an independent position from the executive level, and with 7 dedicated staff members being posted, they ensured the effectiveness of audits by Audit & Supervisory Board Members by engaging in comprehensive monitoring in a timely manner, using their access rights to applicable corporate information, and promoting collaboration with the Internal Auditing Department. In addition, the Audit & Supervisory Board met 17 times in the fiscal year under review.
- (2) The General Manager of the Internal Auditing Department provided quarterly “audit reports” and “reports on the evaluation of internal controls related to financial reporting,” and responded to timely requests for reports and consultations. In addition, any facts discovered that are associated with a risk of resulting in material loss to the Company or Group companies are immediately reported to Audit & Supervisory Board Members, but there were no applicable facts in the fiscal year under review.

End

## 2. Matters regarding Corporate Officers

### (1) Names, Positions and Assignment in the Company and Important Positions Currently Held in Other Companies, etc. of Directors and Audit & Supervisory Board Members

Position	Name	Assignment in the Company and Important Positions Currently Held in Other Companies, etc.
Chairman of the Board*1	Masatoshi Ito	(Important Positions Currently Held in Other Companies) Outside Director, Japan Airlines Outside Director, Yamaha Corporation
Director*1 President & Chief Executive Officer	Takaaki Nishii	
Director*1 Corporate Senior Vice President	Etsuhiro Takato	(Assignment in the Company) Food Products Division; Advertising Dept; Olympic & Paralympic Promotional Office (Important Positions Currently Held in Other Companies) Outside Director, TOKAI DENPUN CO., LTD.
Director*1 Corporate Senior Vice President	Hiroshi Fukushi	(Assignment in the Company) AminoScience Division
Director Corporate Senior Vice President	Masaya Tochio	(Assignment in the Company) Global Corporate Division; Corporate Service Division (Important Positions Currently Held in Other Companies) Outside Director, J-OIL MILLS, INC.
Director Corporate Vice President	Takeshi Kimura	(Assignment in the Company) Manufacturing Strategy Dept.; R&D Planning Dept.; Nutrition Improvement Dept.; Environment, Safety & Plant Management Support Dept.; Quality Assurance Dept.; Institute for Innovation; Intellectual Property Dept
Outside Director (Independent Officer)	Sakie T. Fukushima	(Important Positions Currently Held in Other Companies) President & Representative Director, G&S Global Advisors Inc. Outside Director, J. FRONT RETAILING Co., Ltd., Outside Director, USHIO INC.
Outside Director (Independent Officer)	Yasuo Saito	(Important Positions Currently Held in Other Companies) Vice President, Japanese Olympic Committee Executive Board Member, The Tokyo Organising Committee of the Olympic and Paralympic Games
Outside Director (Independent Officer)	Takashi Nawa	(Important Positions Currently Held in Other Companies) Professor of The School of Business Administration, Hitotsubashi University Representative Director, Genesis Partners Outside Director, NEC Capital Solutions Outside Director, FAST RETAILING CO., LTD. Outside Director, DENSO Corporation
Audit & Supervisory Board Member (Standing)	Yoichiro Togashi	
Audit & Supervisory Board Member (Standing)	Shizuo Tanaka	
Audit & Supervisory Board Member (External) (Independent Officer)	Atsushi Toki	(Important Positions Currently Held in Other Companies) Partner, Meitetsu Law Offices (Attorney-at-law) External Director/ audit and supervisory committee member, Maruyama Mfg. Co., Inc. External Director, Geostr Corp.
Audit & Supervisory Board Member (External) (Independent Officer)	Hiroshi Murakami	(Important Positions Currently Held in Other Companies) Affiliate Professor, Global Education Center, Sophia University
Audit & Supervisory Board Member (External) (Independent Officer)	Hideki Amano	(Important Positions Currently Held in Other Companies) Certified Public Accountant External Director, TOPPAN FORMS CO., LTD. Outside Audit & Supervisory Board Member, Kao Corporation

Notes: 1. “\*1” designates Representative Director.

2. There are transactions between the Company and the Japanese Olympic Committee, at which Outside Director Yasuo Saito holds the position of Vice President, based on a contract relating to the use of the Ajinomoto National Training Center. However, Yasuo Saito meets the Company’s Standards for Determining the Independence of Outside Officers,

because the payment from the Company during the fiscal year under review is less than 0.5% of the Japanese Olympic Committee's ordinary income and 0.01% of the Company's net income for the fiscal year under review. Furthermore, there are transactions between the Company and The Tokyo Organising Committee of the Olympic and Paralympic Games (the "Organising Committee"), at which Yasuo Saito holds the position of Executive Board Member with no business execution responsibility, based on the Tokyo 2020 Official Partnership Program Agreement. However, Yasuo Saito meets the Company's Standards for Determining the Independence of Outside Officers, because the payment from the Company during the fiscal year under review is less than 1% of the Organising Committee's ordinary income.

3. Other than the above, there are no significant transactions and/or other special relationships between the Company and the other companies at which the Outside Directors or Audit & Supervisory Board Members (External) hold important positions.
4. All Outside Directors and Audit & Supervisory Board Members (External) are designated as Independent Officers as specified by the Tokyo Stock Exchange and the Company has registered them at the Tokyo Stock Exchange.
5. Standing Corporate Auditor Shizuo Tanaka has previously worked as General Manager, Financial Affairs, Finance Dept., and possesses a respectable degree of knowledge with respect to finance and accounting.
6. Audit & Supervisory Board Member (External) Hideki Amano is qualified as a certified public accountant and possesses a respectable degree of knowledge with respect to finance and accounting.
7. Directors and Audit & Supervisory Board Members who changed positions during the period are as follows.

Name	New Position	Former Position	Date of Change
Hideki Amano	Audit & Supervisory Board Member (External)	New appointment	June 26, 2018

## **(2) Amounts of Compensation, etc. Paid to Directors and Audit & Supervisory Board Members in the Fiscal Year under Review**

### **1) Policy and process taken to decide the compensation paid to Directors and Audit & Supervisory Board Members**

Compensation paid to Directors other than Outside Directors consists of monthly compensation, short-term company performance-linked compensation, and medium-term company performance-linked stock compensation. Short-term company performance-linked compensation is determined in accordance with assessments of performance for the company as a whole and on an individual sector basis in a single fiscal year. For medium-term company performance-linked stock compensation, in principle, Company shares are granted and cash in the amount equivalent to the conversion value of Company shares is paid from a stock ownership trust established by the Company, depending on the extent to which the targets of the 2017-2019 (for 2020) Medium-Term Management Plan starting on April 1, 2017 have been fulfilled, after the end of the period covered by the Medium-Term Management Plan.

Short-term company performance-linked compensation accounts for between approximately 0% and 50% of total compensation in fiscal years when medium-term company performance-linked stock compensation is not paid. In fiscal years when medium-term company performance-linked stock compensation is paid, short-term company performance-linked compensation and medium-term company performance-linked stock compensation (the cash conversion value of contributions to the trust) accounts for a minimum of 0% and a maximum of around 70% of total compensation. Additionally, Directors contribute approximately 2% of their monthly compensation to the Executives' Shareholding Association, to enable a structure in which compensation for Directors is linked to medium- to long-term trends in the Company's share price.

The Board of Directors decides the compensation of each of the Directors (except Outside Directors) based on advice received from the deliberations of the Compensation Advisory Committee, which comprises four Directors, three of which are Outside Directors and one of which is an Internal Director, and one Corporate Executive Officer, and consults on compensation standards and evaluation of company performance as a standard for compensation.

Regarding Outside Directors, the compensation is determined individually by the Board of Directors based on advice received from the deliberations of the Compensation Advisory Committee, and only monthly compensation is paid.

Regarding Audit & Supervisory Board Members, the Audit & Supervisory Board decides compensation standards, and only monthly compensation is paid.

## 2) Amounts of Compensation

Category	Number of persons to whom compensation, etc. was paid	Total amounts by type of compensation		Total amount of compensation (Millions of yen)
		Monthly compensation (Millions of yen)	Compensation based on business performance (Millions of yen)	
Directors (excluding Outside Directors)	6	282	151	434
Audit & Supervisory Board Members (excluding Audit & Supervisory Board Members (External))	2	82	--	82
Outside Directors	3	45	--	45
Audit & Supervisory Board Members (External)	3	41	--	41

Notes: 1. "Total amount of compensation" includes provisions for bonus reserve for Directors and others in the fiscal year under review.

- Aggregate compensation to Directors of the Company was limited to the total amount of ¥1.2 billion per year (excluding employee salaries to be paid to the Directors who concurrently serve as employees), and aggregate compensation to Outside Directors is limited to the total amount of ¥50 million per year, by the resolution of the 129th Ordinary General Meeting of Shareholders held on June 28, 2007.
- It was resolved at the 139th Ordinary General Meeting of Shareholders held on June 27, 2017 that money up to a maximum amount of ¥2.2 billion will be contributed to a stock ownership trust, and medium-term company performance-linked stock compensation will be paid depending on the extent to which the targets of the 2017-2019 (for 2020) Medium-Term Management Plan are fulfilled, at the end of the three-year trust period. Furthermore, the persons entitled to payment are Directors (excluding Outside Directors), Corporate Executive Officers, and Corporate Fellows, and the maximum total number of Company shares to be granted to these persons is 1,100,000 shares.
- Aggregate compensation to Audit & Supervisory Board Members is limited to the total amount of ¥190 million per year by the resolution of the 129th Ordinary General Meeting of Shareholders held on June 28, 2007.

## (3) Main Activities of Outside Directors and Audit & Supervisory Board Members (External) in the Fiscal Year under Review

Position	Name	Attendance at meetings of Board of Directors (attendance rate)	Attendance at meetings of Audit & Supervisory Board (attendance rate)	Comments at meetings of Board of Directors and Audit & Supervisory Board
Outside Director	Sakie T. Fukushima	17 of 17 (100%)	--	Appropriately made comments based on her experience and knowledge of corporate management
	Yasuo Saito	17 of 17 (100%)	--	Appropriately made comments based on his experience and knowledge as a diplomat
	Takashi Nawa	16 of 17 (94%)	--	Appropriately made comments based on his knowledge of international corporate management
Audit & Supervisory Board Members (External)	Atsushi Toki	16 of 17 (94%)	16 of 17 (94%)	Appropriately made comments principally from his expert perspective as an attorney-at-law
	Hiroshi Murakami	16 of 17 (94%)	16 of 17 (94%)	Appropriately made comments based on his experience and knowledge of corporate management
	Hideki Amano	12 of 12 (100%)	12 of 12 (100%)	Appropriately made comments principally from his expert perspective as a certified public accountant

Note: The attendance rate of Audit & Supervisory Board Member (External) Hideki Amano stated above refers to his attendance rate after he assumed office on June 26, 2018.

**(4) Overview of contents of agreements with Outside Directors and Audit & Supervisory Board Members (External) concerning limitation of liability**

The Company has entered into agreements concerning limitation of liability for damages based on Article 427, Paragraph 1 of the Companies Act with the Outside Directors and Audit & Supervisory Board Members (External). Based on said agreements, liability for damages to the Company shall be the aggregate amount limited to the total amounts set forth in the respective items of Article 425, Paragraph 1 of the Companies Act.



## **(5) Evaluation of the Effectiveness of the Board of Directors**

### **1) Method of implementation**

Between February and April 2019, an anonymous survey was conducted for all Directors and Audit & Supervisory Board Members and, following analysis by external lawyers, the results were discussed at a meeting of the Board of Directors, and the effectiveness of the Board of Directors was thereby evaluated.

### **2) Results of the evaluation of the effectiveness of the Board of Directors**

The results of the survey showed a generally high evaluation of the effectiveness of the Board of Directors, and there are several items that are more highly evaluated than results in FY2017. The Company considers this is the result of having implemented reforms to enhance the effectiveness of the Board of Directors over the past year. In particular, improvements were seen in the following four items:

- (1) The results of deliberations by each advisory body are now periodically reported to the Board of Directors.
- (2) The time allotted to deliberations on important matters has increased.
- (3) Comments made by Internal Directors increased, and there was an improvement in the active discussions.
- (4) A fundamental review of the officer composition was conducted.

On the other hand, the Company is aware that the following points for improvement remain:

- (1) Enhancement of discussions on corporate strategy and medium- to long-term policies;
- (2) Information exchange among outside officers;
- (3) Report to the Board of Directors in regard to the processes by which matters are considered at advisory bodies;
- (4) Comments by Internal Directors;
- (5) Verification of internal controls and risk management systems.

### **3) Initiatives taking into account the results of the previous survey**

In the survey for FY2017, issues were identified with regard to the sufficient provision of information to the Board of Directors about deliberations by advisory bodies, the enhancement of deliberations on important matters, increasing the number of remarks by Internal Directors, reviews of policies concerning the future composition of officers, and other matters. As a result, we conducted the following reforms of the Board of Directors in FY2018:

#### **(1) Reviewed the composition of Directors**

In order to separate execution and supervision and strengthen supervision, the number of candidate for Internal Directors who do not oversee business execution was increased by 2, without any change to the total number of Directors, and a female candidate for Internal Director was nominated in order to further enhance the effectiveness of discussions taking into account diversity of Directors.

#### **(2) Reporting of the content and results of deliberations by advisory bodies to the Board of Directors**

It was made such that the results of deliberations by advisory bodies based on consultation by the Board of Directors will be periodically reported to the Board of Directors, and the content of deliberations shall also be reported, within a range determined appropriate by the advisory bodies.

#### **(3) Increase in number of comments made by Internal Directors**

The number of opportunities for Internal Directors to make remarks was increased, and steps were taken to change the mindset of Internal Directors themselves, which led to more active discussions by the Board of Directors, etc.

#### **(4) Enhance deliberations on important matters**

In order to enhance deliberations on important matters, agenda items were appropriately selected and time for deliberation was ensured, while the Company also streamlined and enhanced the content of related documents.

In this evaluation of the effectiveness of the Board of Directors, the results of above initiatives were verified, and it was confirmed that they had contributed to enhancing deliberations by the Board of Directors and strengthening supervisory functions. However, it was also confirmed that there remains room for further improvement.

### **4) Future responses to issues**

In FY2019, the Company will continue to promote initiatives from FY2018, and as a result of discussions at the Board of Directors based on the current evaluation of effectiveness, we also decided to step up the following initiatives:

- (1) Appropriate application of preparatory works and enhancement of opportunities to exchange views outside the allotted time with an intent to ensure further enhancement of discussions regarding corporate strategies, etc.;
- (2) Launch of the Outside Officer Liaison Committee in order to further promote the exchange of views between outside officers;
- (3) More detailed reporting at Board of Directors meetings on the deliberation process of the advisory committees;
- (4) Ongoing consideration of initiatives to ensure Internal Directors make remarks, in order to further stimulate debate;
- (5) Verification and implementation of systems for internal controls and risk management.

### 3. Matters regarding Accounting Auditor (as of March 31, 2019)

#### (1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

#### (2) Amount of compensation, etc. to be paid to the accounting auditor regarding the fiscal year ended March 31, 2019

Description	Amount of fees to be paid for audit and attestation services (Millions of yen)	Amount of fees to be paid for non-audit services (Millions of yen)
The Company	337	10
The consolidated subsidiaries	147	24
Total	485	34

Notes: 1. Of the ¥337 million fees to be paid for audit and attestation services at the Company, the amount that can be clearly distinguished as not pertaining to audit under the Companies Act is ¥2 million. Regarding the other amount besides this compensation, the audit engagement agreement entered into by the accounting auditor and the Company does not clearly make a distinction between compensation, etc. for audit under the Companies Act and compensation, etc. for audit under the Financial Instruments and Exchange Act, and both are also substantially indistinguishable.

2. After obtaining necessary information on the status of the execution of duties in the previous fiscal year, etc., and taking into consideration the “Practical Guidelines Related to Coordination with Accounting Auditors” announced by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board has considered the validity of the content of the auditing plan of the accounting auditor, the calculation basis for the estimated amount of compensation, etc., and has judged that the aforementioned amount of fees to be paid for audit and attestation services at the Company (excluding the amount that can be clearly distinguished as pertaining to audit under the Companies Act) is justifiable and has given its consent, as provided for in Article 399, Paragraph 1 of the Companies Act.

#### (3) Matters related to audits of subsidiaries

Among the Company’s important consolidated subsidiaries, 21 subsidiaries are audited (limited to those according to the provisions of the Companies Act or the Financial Instruments and Exchange Act (or overseas laws and ordinances equivalent to these laws)) by Certified Public Accountants or audit firms (including those with equivalent overseas qualifications) other than the accounting auditor of the Company.

#### (4) Contents of non-audit services

The Company had engaged the accounting auditor to provide guidance, advice and other services relating to accounting issues and disclosure, which do not fall under the scope of Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services), and has paid the compensation for such services.

#### (5) Policy for decisions on dismissal or non re-appointment of the accounting auditor

In the event that the accounting auditor is recognized to have fallen under any of the items in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall dismiss the accounting auditor, based on the consent of all Audit & Supervisory Board Members. In this case, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board shall report the fact that the accounting auditor was dismissed and the reasons for the dismissal at the first General Meeting of Shareholders convened after the dismissal.

In addition, if the Audit & Supervisory Board recognizes that it is necessary to change the accounting auditor, such as cases when it conducts a comprehensive evaluation in accordance with evaluation criteria related to the accounting auditor’s qualifications, independence from the Company, expertise, and other criteria, and finds that there are issues preventing the accounting auditor from executing its duties, then it shall determine the content of a proposal related to the dismissal or non-reappointment of the accounting auditor to be submitted at the General Meeting of Shareholders.

Reference: Percentages and per-share figures stated in this Business Report are rounded off to the indicated units. All other figures stated in this Business Report are truncated to the indicated units.

(Attached Document)

**Matters regarding Share Subscription Rights, etc. of the Company**

There are no applicable matters.

## Consolidated Financial Statements (prepared in accordance with IFRS)

### Consolidated Statements of Financial Position

(As of March 31, 2019)

(Millions of yen)

Assets			Liabilities		
	FY ended March 31, 2019 <small>(as of March 31, 2019)</small>	FY ended March 31, 2018 <small>(Reference: as of March 31, 2018)</small>		FY ended March 31, 2019 <small>(as of March 31, 2019)</small>	FY ended March 31, 2018 <small>(Reference: as of March 31, 2018)</small>
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and cash equivalents	153,725	187,869	Trade and other payables	183,276	185,269
Trade and other receivables	194,270	200,272	Short-term borrowings	10,989	15,280
Other financial assets	16,526	10,615	Current portion of long-term borrowings	13,089	11,285
Inventories	185,036	184,109	Other financial liabilities	5,935	4,049
Income taxes receivable	8,095	8,374	Short-term employee benefits	37,273	37,811
Others	13,944	12,919	Provisions	6,560	6,348
Sub total	571,599	604,160	Income taxes payable	9,549	10,429
Assets of disposal groups classified as held for sale	19,568	-	Others	11,510	9,636
<b>Total current assets</b>	<b>591,167</b>	<b>604,160</b>	Sub total	278,185	280,111
<b>Non-current assets</b>			Liabilities of disposal groups classified as held for sale	13,571	-
Property, plant and equipment	423,369	411,640	<b>Total current liabilities</b>	<b>291,756</b>	<b>280,111</b>
Intangible assets	66,132	66,144	<b>Non-current liabilities</b>		
Goodwill	91,373	107,394	Corporate bonds	169,479	169,413
Investments in associates and joint ventures	116,900	131,190	Long-term borrowings	137,157	140,298
Long-term financial assets	64,812	70,042	Other financial liabilities	25,412	28,428
Deferred tax assets	15,589	13,080	Long-term employee benefits	64,406	64,807
Others	24,523	22,576	Provisions	11,135	11,397
<b>Total non-current assets</b>	<b>802,701</b>	<b>822,069</b>	Deferred tax liabilities	7,392	10,448
			Others	1,167	710
			<b>Total non-current liabilities</b>	<b>416,153</b>	<b>425,505</b>
			<b>Total liabilities</b>	<b>707,909</b>	<b>705,616</b>
			<b>Equity</b>		
			Common stock	79,863	79,863
			Capital surplus	3,266	955
			Treasury stock	(2,361)	(9,585)
			Retained earnings	595,311	628,966
			Other components of equity	(65,521)	(59,366)
			Disposal groups classified as held for sale	(16)	-
			Equity attributable to owners of the parent company	610,543	640,833
			Non-controlling interests	75,417	79,780
			<b>Total equity</b>	<b>685,960</b>	<b>720,613</b>
<b>Total assets</b>	<b>1,393,869</b>	<b>1,426,230</b>	<b>Total liabilities and equity</b>	<b>1,393,869</b>	<b>1,426,230</b>

(Attached Document)

### Consolidated Statements of Income

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

	FY ended March 31, 2019	FY ended March 31, 2018 (reference)
Continuing operations		
Sales	1,127,483	1,114,784
Cost of sales	(731,904)	(720,118)
<b>Gross profit</b>	395,578	394,666
Share of profit of associates and joint ventures	(515)	3,966
Selling expenses	(175,118)	(176,319)
Research and development expenses	(27,823)	(27,833)
General and administrative expenses	(99,485)	(98,807)
<b>Business profit</b>	92,635	95,672
Other operating income	6,131	7,854
Other operating expenses	(45,616)	(24,821)
<b>Operating profit</b>	53,149	78,706
Financial income	8,114	9,578
Financial expenses	(7,061)	(7,465)
<b>Profit before income taxes</b>	54,202	80,819
Income taxes	(17,721)	(15,330)
Profit from continuing operations	36,480	65,489
Profit from discontinued operations	2,523	2,684
<b>Profit</b>	39,004	68,174
Attributable to:		
Owners of the parent company	29,698	60,124
Non-controlling interests	9,306	8,049
Profit from continuing operations attributable to owners of the parent company	27,276	57,533
Profit from discontinued operations attributable to owners of the parent company	2,421	2,590
<b>Profit attributable to owners of the parent company</b>	29,698	60,124

(Attached Document)

**Consolidated Statements of Changes in Equity**  
(From April 1, 2018 to March 31, 2019)

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

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

## Notes to the Consolidated Financial Statements

### Notes regarding Significant Items for the Preparation of Consolidated Financial Statements

#### 1. Basis of preparation

The consolidated financial statements of the Company and its subsidiaries (hereinafter the “Ajinomoto Group”) have been prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) pursuant to the provisions under Article 120, Paragraph 1 of the Rules of Corporate Accounting. Pursuant to the provisions of the second sentence of the above Paragraph, certain disclosure items required under IFRS are omitted.

#### 2. Scope of consolidation

Number of consolidated subsidiaries:

100 companies

Names of main companies:

Knorr Foods Co., Ltd., Ajinomoto Frozen Foods Co., Inc., Ajinomoto AGF, Inc., Ajinomoto Co., (Thailand) Ltd., Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda., Ajinomoto Foods North America, Inc., Ajinomoto Animal Nutrition North America, Inc., and AJINOMOTO ANIMAL NUTRITION EUROPE S.A.S.

(Note) Knorr Foods Co., Ltd. changed its trade name to Ajinomoto Food Manufacturing Co., Ltd. on April 1, 2019.

#### 3. Scope of application of the equity method

Number of associates and joint ventures accounted for using equity method:

16 companies

Names of main companies:

EA Pharma Co., Ltd., J-OIL MILLS, INC., and PROMASIDOR HOLDINGS LIMITED

#### 4. Fiscal year, etc. of consolidated subsidiaries

The fiscal year-end for 21 consolidated subsidiaries including Ajinomoto del Peru S.A., is December 31, but they prepare financial statements as of March 31 for consolidation purposes.

#### 5. Accounting policies

##### (1) Valuation standards and methods for significant assets

###### 1) Financial assets

Financial assets are classified into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss at initial recognition. The Ajinomoto Group initially recognizes financial assets on the transaction date when it becomes a contracting party to the financial asset. Financial assets measured at fair value through profit or loss are initially measured at fair value, while other financial assets are measured at fair value plus transaction costs that are directly attributable to the financial asset.

The Ajinomoto Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset.

###### (a) Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- Assets are held in accordance with a business model whose objective is to hold assets to collect contractual cash flows, and
- Cash flows that are solely payments of principal and interest on the outstanding balance of the principal are generated on a specific date.



They are subsequently measured at amortized cost using the effective interest method.

(b) Financial assets measured at fair value through other comprehensive income (debt instruments)

Financial assets held by the Ajinomoto Group that meet both of the following conditions are classified as debt instrument measured at fair value through other comprehensive income:

- They are held in accordance with a business model whose objective is achieved by both the collection of contractual cash flows and the sales of assets, and
- Under the contractual terms, cash flows that are solely payments of principal and interest on the outstanding balance of the principal are generated on a specific date.

After initial recognition, they are measured at fair value, with subsequent changes recognized in other comprehensive income. Upon disposal, any cumulative gains or losses recognized through other comprehensive income are reclassified from other components of equity to profit or loss as a reclassification adjustment.

(c) Financial assets measured at fair value through other comprehensive income (equity instruments)

For investments in equity instruments, the Ajinomoto Group has made an irrevocable election to recognize subsequent changes in fair value in other comprehensive income, and classifies them as equity instruments measured at fair value through other comprehensive income.

After the initial recognition, they are measured at fair value, with subsequent changes in fair value recognized in other comprehensive income. Upon disposal, any cumulative gains or losses recognized through other comprehensive income are reclassified from other components of equity to retained earnings.

Dividends from financial assets measured at fair value through other comprehensive income are recognized in profit or loss as financial income.

(d) Financial assets measured at fair value through profit or loss

Financial assets other than financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income described above are classified as financial assets measured at fair value through profit or loss. There are no financial assets that the Group has made an irrevocable designation as financial assets measured at fair value through profit or loss at initial recognition.

After initial recognition, subsequent changes in fair value are recognized in profit or loss.

2) Impairment of financial assets

A loss allowance is recognized for expected credit losses on financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income (debt instruments). Addition to the loss allowances for expected credit loss on financial assets is recognized in profit or loss. Should the balance of the loss allowance be decreased, the reversal of the loss allowance is recognized in profit or loss.

3) Financial liabilities

Financial liabilities are classified as financial liabilities measured at amortized cost and financial liabilities measured at fair value through profit or loss at initial recognition. The Ajinomoto Group initially recognizes financial liabilities on the transaction date when it becomes a party to the contractual provisions of a financial liability. Financial liabilities measured at amortized cost are initially measured at fair value less transaction costs directly attributable to the issue of the financial liabilities, and financial liabilities measured at fair value through profit or loss are initially measured at fair value.

Financial liabilities are derecognized when they are extinguished, that is, when the obligation in the contract is discharged, cancelled or expires.

(a) Financial liabilities measured at amortized cost

After initial recognition, financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method.

(b) Financial liabilities measured at fair value through profit or loss

After initial recognition, financial liabilities measured at fair value through profit and loss are measured at fair value, with subsequent changes in fair value recognized in profit or loss.

4) Derivatives and hedge accounting

The Ajinomoto Group uses derivatives, including foreign exchange forward contracts and interest rate swaps, in order to hedge exposures to foreign exchange rate and interest rate fluctuations.

In applying hedge accounting, at the inception of a transaction, the Ajinomoto Group makes a formal designation and prepares documentation of the hedging relationship, the risk management objective and the strategy for undertaking the hedge. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and the method of assessing the effectiveness of hedging instrument in offsetting exposures to fair value or cash flow fluctuations of hedged items arising from the hedged risk. An ongoing assessment of hedge effectiveness is performed at the end of each fiscal year or upon a significant change in circumstances affecting the hedge effectiveness, whichever comes first.

Derivatives are initially recognized at fair value. After initial recognition, the fair value measurement is continuously applied, with subsequent changes in fair value accounted for as follows:

(a) Fair value hedges

Changes in the fair value of a derivative classified as a hedging instrument are recognized in profit or loss. Changes in the fair value of the underlying hedged item are recognized in profit or loss by adjusting the carrying value of the hedged item.

(b) Cash flow hedges

The effective portion of changes in the fair value of a derivative classified as a hedging instrument is recognized in other comprehensive income. The ineffective portion of fair value changes is recognized in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or liability, or a hedged forecast transaction for a non-financial asset or liability becomes a firm commitment for which fair value hedge accounting is applied, the initial carrying amount of the non-financial asset or liability is adjusted for the amount recognized in other comprehensive income.

Cash flow hedges other than those mentioned above are reclassified from other components of equity to profit or loss in the accounting period or periods during which the hedged future cash flows affect profit or loss. Notwithstanding, if a loss is recognized and the recoverability of all or a portion of that loss in one or more future periods is doubtful, the unrecoverable amount is transferred immediately to profit or loss.

Hedge accounting is discontinued prospectively when a hedging instrument expires or is sold, cancelled or exercised, the hedge does not meet the conditions for hedge accounting, or the hedge designation is revoked. If a forecast transaction is no longer expected to occur, the amount recognized in other comprehensive income is reclassified immediately from other components of equity to profit or loss.

(c) Hedging net investments in foreign operations

Hedges of net investments in foreign operations are accounted for in the same way as in cash flow hedges; the effective portion of the change in value of the hedging instrument is recognized in other comprehensive income. Upon disposal of a foreign operation, the effective portion of the hedge recognized in other comprehensive income is transferred from other components of equity to profit or loss. The ineffective portion of the hedge is recognized in profit or loss.

(d) Derivatives not designated as hedges

Changes in the fair value of derivatives not designated as hedges are recognized in profit or loss.

5) Inventories

The cost of inventories comprises the purchase cost, the processing cost and all other costs incurred in bringing the inventories to their present location and condition. The Ajinomoto Group's main cost formula is the weighted average method. The cost of inventories that are not ordinarily interchangeable and used for goods or services for specific projects are determined by using specific identification of their individual costs.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is determined at the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

6) Impairment of non-financial assets

At the end of fiscal year, the Ajinomoto Group assesses whether there is any indication that a non-financial asset may be impaired. If an indication of impairment exists, the recoverable amount of the asset or cash-generating unit is estimated. Goodwill, intangible assets with indefinite useful lives and intangible assets currently not available for use are tested for impairment every year and whenever there is an indication of impairment. Goodwill is allocated to a cash-generating unit (minimum unit or unit group), which is expected to earn cash flows from the synergy of the business combination.

The recoverable amount is the higher of the fair value less costs of disposal or the value in use of an asset or a cash-generating unit. When the recoverable amount of an asset or a cash-generating unit is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the difference is recognized in profit or loss as an impairment loss. An impairment loss recognized is first allocated to reduce the carrying amount of the goodwill allocated to the cash-generating unit and then to reduce the carrying amount of other assets in the cash-generating unit, excluding the goodwill, on a pro rata basis.

At the end of fiscal year, the Ajinomoto Group assesses whether there is an indication that the impairment loss recognized in prior periods for an asset, excluding goodwill, or cash-generating unit may no longer exist or may have decreased. If such indication exists, the Ajinomoto Group estimates the recoverable amount, and reverses the impairment loss by increasing the carrying amount of the asset or cash-generating unit. The increase in the carrying amount of an asset or cash-generating unit attributable to a reversal of an impairment loss should not exceed the carrying amount, which would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss. Impairment losses recognized on goodwill are not reversed in subsequent periods.

(2) Depreciation and amortization of significant depreciable assets

1) Property, plant and equipment (excluding lease assets)

Property, plant and equipment are measured at cost on initial recognition. The cost of property, plant and equipment comprises the acquisition price, costs directly attributable to the acquisition, costs of dismantling, removing of assets and restoring the site to the original condition and borrowing costs.

After initial recognition, the Ajinomoto Group applies the cost model for measurement and carries the asset at cost less accumulated depreciation and accumulated impairment losses.

Except for non-depreciable assets, such as land, property, plant and equipment are depreciated on a straight-line basis over their useful lives.

The useful lives of major classes of property, plant and equipment are as follows:

- Buildings and structures:	3 to 50 years
- Machinery and vehicles:	2 to 20 years
- Tools, furniture and fixtures:	2 to 20 years

Residual values, useful lives, and depreciation methods are reviewed at the end of each fiscal year. Changes in residual value, useful lives or depreciation methods are accounted for as a change in accounting estimate.

2) Intangible assets (excluding lease assets)

(a) Goodwill

The Group recognizes goodwill as of the acquisition date measured as the excess of (a) over (b) as described below:

(a) the aggregate of the consideration transferred and the amount of non-controlling interest in the acquiree

(b) the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed

Conversely, if the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognizes the excess in profit or loss at the acquisition date. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the acquisition occurs, the business combination is accounted for using the provisional amounts. During the measurement period, which is within one year of the acquisition date, the provisional amounts are adjusted retrospectively and recognized as of the acquisition date to reflect new information obtained on facts and circumstances existed as of that date.

After initial recognition, goodwill is measured at acquisition cost less accumulated impairment losses, and not subject to amortization.

Goodwill is derecognized when an asset in the cash-generating unit (or its disposal group) is disposed of. In determining gain or loss on disposal, the goodwill related to the operation to be disposed of is included in the carrying value of the operation.

(b) Intangible assets (excluding lease assets)

Intangible assets are initially measured at cost. The acquisition cost of an intangible asset acquired in a business combination is measured at fair value as of the acquisition date. Expenditures for internally generated intangible assets are recognized as an expense as incurred, except for development expenditures that qualify for capitalization.

For measurement after initial recognition, the cost model is applied and the intangible asset is carried at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with definite useful lives are amortized on a straight-line basis over their useful lives.

The useful lives of major classes of intangible assets with definite useful lives are as follows:

- Software:	3 to 5 years
- Trademarks:	up to 20 years
- Patents:	up to 10 years
- Customer relationships:	6 to 15 years

Useful lives and amortization methods for intangible assets with definite useful lives are reviewed at the end of each fiscal year. If there is a change in the useful life or amortization method, it is accounted for as a change in accounting estimate. The residual value is deemed to be zero.

Intangible assets with indefinite useful lives or that are not yet available for use are not amortized. For intangible assets with indefinite useful lives, the Ajinomoto Group reviews at the end of each fiscal year, whether an event or condition, which led to the conclusion that an asset has no definite life, continues to exist.

3) Leases

A lease is classified as a finance lease if it transfers substantially all of the risks and rewards of ownership, while all other leases are classified as operating leases.

The Ajinomoto Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement in accordance with IFRIC 4 *Determining whether an Arrangement contains a Lease*.

a) Finance leases

At the commencement of the lease term, a finance lease transaction as a lessee is recognized as an asset and liability at the lower of the fair value of the leased property at the inception of the lease or the present value of the minimum lease payments determined at the inception of the lease. Minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability using the effective interest method. Finance charges are recognized as an expense and allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The asset is fully depreciated on a straight-line basis over the shorter of the lease term or its useful life.

b) Operating leases

As lessee, lease payments under an operating lease transaction are recognized as an expense on a straight-line basis over the lease term. Variable lease payments are recognized as an expense in the period incurred.

As lessor, lease income from operating leases is recognized on a straight-line basis over the lease term.

(3) Provisions

Provisions are recognized when the Ajinomoto Group has a present obligation (legal or constructive) as a result of past events, an outflow of resources embodying economic benefits required to settle the obligation is highly probable and the amount of the obligation can be reliably estimated.

Where the effect of the time value of money is material, the present value of the expenditures expected to be required to settle the obligation is used for the amount of provision. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### (4) Post-employment benefits

The Ajinomoto Group sponsors defined benefit plans and defined contribution plans as post-employment benefit plans.

For defined benefit plans, the determination of the present value of the defined benefit obligations and the related current service cost and past service cost are based on the projected unit credit method. The discount rate is mainly determined based on the high quality corporate bond market yields at the end of the fiscal year, corresponding to the estimated benefit payments. The retirement benefit liability or asset is presented by netting the fair value of plan assets and the present value of the defined benefit obligation. Net interest on the retirement benefit liability or asset is recognized in profit or loss as financial expenses or income.

Remeasurements of the net defined benefit obligations and plan assets are recognized in other comprehensive income, and not reclassified to profit or loss in subsequent periods. Past service cost is recognized as an expense in the period in which it arises.

#### (5) Foreign currencies translation

##### 1) Functional currency

Each company in the Ajinomoto Group prepares separate financial statements using its functional currency. Most of these companies use the local currency as their functional currency, but where a business environment in which they operate uses currency other than the local currency, they use that currency as the functional currency.

The consolidated financial statements of the Ajinomoto Group are presented in the millions of Japanese yen, which is the functional currency of the Company.

##### 2) Translation of foreign-currency denominated transactions

Foreign-currency transactions are recorded in a functional currency using the spot exchange rate or the rate that approximates the exchange rate at the transaction date. Subsequently, monetary items denominated in foreign currencies are translated using the spot exchange rates as of the end of the fiscal year. Foreign currency-denominated non-monetary items measured at fair value are translated using the spot exchange rates at the fair value measurement date. Foreign currency-denominated non-monetary items measured at historical cost are continuously translated using the spot exchange rate at the transaction date or the rate that approximates that exchange rate.

Translation differences arising from the translation or settlement of foreign currency transactions are recognized in profit or loss; provided that translation differences arising from financial assets measured at fair value through other comprehensive income and cash flow hedges are included in other comprehensive income.

##### 3) Translation of financial statements of foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen using the spot exchange rate at the end of the fiscal year, and revenues and expenses are translated using the spot exchange rate at the transaction date or the rate that approximates the spot exchange rate, respectively. Translation differences are recognized in other comprehensive income. In case of disposing of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified to profit or loss in the period of disposal.

#### (6) Revenue recognition

IFRS15 requires the Group to recognize revenue, excluding interest and dividend income recognized in accordance with IFRS 9 and insurance revenue recognized in accordance with IFRS 4, upon transfer of promised goods or services to customers in amounts that reflect the consideration to which the Group expects to be entitled in exchange for those goods or services based on the following five-step approach:

Step 1: Identify the contracts with customers

Step 2: Identify the performance obligations in each contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

#### (7) Other significant items for the preparation of consolidated financial statements

##### 1) Accounting for consumption taxes

Transactions of the Company and domestic consolidated subsidiaries subject to consumption tax and/or regional consumption tax are recorded at amounts exclusive of the consumption tax. Consumption taxes receivable is included in 'Current assets – Other', while consumption taxes payable is included in 'Current liabilities – Other.'

2) Adoption of consolidated tax accounting system

The Company and some of its consolidated subsidiaries adopt the consolidated taxation system, with Ajinomoto Co., Inc. as the consolidated taxable parent company.

3) Presentation of amounts

Amounts less than one million yen are rounded down.

### Notes on Changes in Accounting Policies

The Group has applied the following accounting standards from the fiscal year ended March 31, 2019. The application of these standards does not have any material impact on the Company's consolidated financial statements.

IFRS		Overview of new standards or amendments
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration</i>	Clarified accounting for foreign currency transactions and advance consideration
IFRS 15	<i>Revenue from Contracts with Customers</i>	Amended accounting for revenue recognition and related disclosures

Note: IFRS 15 Revenue from Contracts with Customers

IFRS15 requires the Group to recognize revenue, excluding interest and dividend income recognized in accordance with IFRS 9 and insurance revenue recognized in accordance with IFRS 4, upon transfer of promised goods or services to customers in amounts that reflect the consideration to which the Group expects to be entitled in exchange for those goods or services based on the following five-step approach:

Step 1: Identify the contracts with customers

Step 2: Identify the performance obligations in each contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group mainly engages in selling seasonings, processed foods, frozen foods, amino acids, and other products. The sale of such goods meets the above requirements for revenue recognition when the Group satisfies its performance obligation by transferring control over the goods to the customer at the time of the delivery. Revenues from the sale of goods have been previously required to be recognized when the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership of the goods to the buyer;
- the Group does not retain continuing involvement nor effective control over the goods;
- it is probable that the economic benefits will flow to the Group; and
- the benefits and corresponding costs can be measured reliably.

The Group has previously recognized revenue at the time of the delivery of goods, and thus currently estimates that the adoption of this standard does not have a material impact on the Company's consolidated financial statements.

EA Pharma Co., Ltd., an equity-method associate of the Company, has changed its revenue recognition policy on licensing of development and products (initial payments and milestones) due to applying this standard, but it has no material impact on the Group's operating results and financial position.

In accordance with the transition requirements, the Group applies IFRS 15 retrospectively to contracts with customers not completed on the date of initial application (April 1, 2018) by recognizing the cumulative effect of initially applying this standard as an adjustment to the beginning balance of retained earnings for the fiscal year ended March 31, 2019.

## Notes to Consolidated Statements of Financial Position

### 1. Accumulated depreciation of property, plant and equipment

¥717,588 million

### 2. Loss allowance directly deducted from assets

(Millions of yen)

Trade and other receivables	1,613
Long-term financial assets	87

### 3. Contingent liabilities

The Company has guarantee obligations for bank borrowings of companies other than Ajinomoto Group companies and employees. The undiscounted future maximum exposure from guarantee obligations is as follows:

(Millions of yen)

Granules OmniChem Private Ltd.	2,055
Others	95
Total	2,150

## Notes to Consolidated Statements of Income

### 1. Impairment losses

Non-financial assets for which impairment losses are recognized are as follows:

#### (1) Impairment losses recognized by asset type

The Ajinomoto Group recognized impairment losses of ¥18,241 million for the fiscal year ended March 31, 2019. These impairment losses were recorded in “Other operating expenses” in the consolidated statement of income.

(Millions of yen)

	Fiscal year ended March 31, 2019
Buildings and structures	212
Machinery and vehicles	440
Tools, furniture and fixtures	111
Land	0
Construction in progress	107
Goodwill	17,368
Total	18,241

#### (2) Details of major assets for which impairment losses were recognized

Goodwill recognized in the U.S.A. and Turkey was impaired by a total of ¥17,368 million.

Ajinomoto Foods North America, Inc. in the U.S.A. has recently seen a deterioration of profit margins. As the profitability has deviated from the plan prepared at the time of acquisition, the carrying amount of the acquired goodwill was reduced to its recoverable amount. Accordingly, an impairment loss on goodwill of ¥13,525 million was recorded in “Other operating expenses.” The recoverable amount was based on the fair value less costs of disposal. In calculating the fair value less costs of disposal, the discounted cash flow method and the comparable peer company analysis were applied, using a weighted average with an emphasis on the discounted cash flow method.

AJINOMOTO ISTANBUL FOOD INDUSTRY AND TRADE LTD. CO. in Turkey has seen a rise in country risk due to the uncertainty of the outlook for Turkey’s economy. As the discount rate used for impairment test has increased, which led to the judgment that the carrying amount of the acquired goodwill will not be recoverable in the future, the carrying amount was reduced to its recoverable amount. Accordingly, an impairment loss on goodwill of ¥3,843 million was recorded in “Other operating expenses.” The recoverable amount of ¥5,943 million was measured based

on the value in use and calculated by discounting its future cash flows to present value using the pre-tax discount rate of 30.3%.

## **2. Impairment losses on investments in associates and joint ventures**

Promasidor Holdings Limited (PH) has faced a changing business environment as well as fierce competition in major countries in Africa where it expands business. As its affiliated companies have seen a decline in profitability, the carrying amount of investments in associates and joint ventures related to PH was reduced to its recoverable amount measured at the fair value less costs of disposal. Accordingly, an impairment loss on investments in associates and joint ventures related to PH of ¥14,107 million was recorded in “Other operating expenses.” In addition, for the trademark rights included in investments in associates and joint ventures related to PH, the carrying amount was also reduced to its recoverable amount measured at the fair value less costs of disposal, and an impairment loss of ¥3,222 million was recorded in “Share of profit of associates and joint ventures.”

## **Notes on Revenue Recognition**

Revenue recognized from contracts with customers is presented as sales. The details of goods and services are as follows:

### **1. Japan Food Products**

Japan Food Products segment of the Group earns revenues mainly from sales of seasonings, processed foods, frozen foods and coffee products.

In these sales contracts with customers, the Company has obligations to deliver ordered products. The Company typically satisfies its performance obligations upon delivery. The payment due date depends on individual contracts, but is consistent with market conventions, and therefore the promised amount of consideration does not have a significant financing component.

Rebates are deducted from sales only to the extent that it is highly probable that a significant reversal in revenue recognized will not occur. The amount of rebates is estimated by multiplying actual sales results for a certain period by a rebate rate expected to be reached based on contracts with customers.

### **2. International Food Products**

International Food Products segment of the Group earns revenues mainly from sales of seasonings, processed foods, frozen foods, umami seasonings for processed food manufacturers and sweeteners.

In these sales contracts with customers, the Company has obligations to deliver ordered products. The Company typically satisfies its performance obligations upon delivery. The payment due date depends on individual contracts, but is consistent with market conventions, and therefore the promised amount of consideration does not have a significant financing component.

Rebates are deducted from sales only to the extent that it is highly probable that a significant reversal in revenue recognized will not occur. The amount of rebates is calculated by estimating the sales amount for a certain period and multiplying it by a rebate rate in line with actual sales results.

### **3. Life Support**

Life Support segment of the Group earns revenues mainly from sales of animal nutrition and specialty chemicals.

“Animal nutrition” business sells feed-use amino acids, where the Company has obligations to deliver ordered products. “Specialty chemicals” business sells electronic materials and other products for domestic and overseas customers, where the Company has obligations to deliver ordered products.

The Company typically satisfies its performance obligations upon delivery. The payment due date depends on individual contracts, but is consistent with market conventions, and therefore the promised amount of consideration does not have a significant financing component.

Rebates are deducted from sales only to the extent that it is highly probable that a significant reversal in revenue recognized will not occur. The amount of rebates is estimated by multiplying actual sales results for a certain period by a rebate rate expected to be reached based on contracts with customers.



#### 4. Healthcare

Healthcare segment of the Group earns revenues mainly from sales of amino acids for pharmaceuticals and foods, and pharmaceutical custom manufacturing.

“Amino acids for pharmaceuticals and foods” business sells ingredients for pharmaceuticals and foods, where the Company has obligations to deliver ordered products. The Company typically satisfies its performance obligations upon delivery. The payment due date depends on individual contracts, but is consistent with market conventions, and therefore the promised amount of consideration does not have a significant financing component.

Rebates are deducted from sales only to the extent that it is highly probable that a significant reversal in revenue recognized will not occur. The amount of rebates is estimated by multiplying actual sales results for a certain period by a rebate rate expected to be reached based on contracts with customers.

“Pharmaceutical custom manufacturing” business engages in manufacturing and developing pharmaceutical intermediates and active ingredients. The Company satisfies its performance obligations when the manufacture and development are considered complete. The payment due date depends on individual contracts, but is consistent with market conventions, and therefore the promised amount of consideration does not have a significant financing component.

“Other” business mainly sells health foods and supplements for athletes.

## Notes to Consolidated Statements of Changes in Equity

### 1. Types and total number of shares issued at end of the fiscal year

Type of shares issued:	Common stock
Total number of shares issued at the end of the fiscal year:	549,163,354 shares

### 2. Matters regarding dividends

#### (1) Amount of dividends paid

The following was resolved at the Ordinary General Meeting of Shareholders held on June 26, 2018.

Matters regarding common stock:

Total amount of dividends:	¥9,670 million
Dividends per share:	¥17
Record date:	March 31, 2018
Effective date:	June 27, 2018

The following was resolved at the meeting of the Board of Directors held on November 7, 2018.

Matters regarding common stock:

Total amount of dividends:	¥8,785 million
Dividends per share:	¥16
Record date:	September 30, 2018
Effective date:	December 5, 2018

#### (2) Dividends for which the record date falls in the fiscal year ended March 31, 2019 and the effective date falls in the following fiscal year

The following proposal will be submitted at the Ordinary General Meeting of Shareholders to be held on June 25, 2019.

Matters regarding common stock:

Total amount of dividends:	¥8,785 million
Dividends per share:	¥16
Record date:	March 31, 2019
Effective date:	June 26, 2019

## Notes to Financial Instruments

### 1. Status of financial instruments

(1) Credit risk management (risks of our business partners failing to honor contracts, etc.)

For trade and other receivables, each business or sales management division of the Company periodically monitors the credit status of major customers. By monitoring due dates and outstanding balances per customer, the risk of collectability may be early detected and minimized, and deposits are required, when deemed necessary. The same system of risk management is also applied to subsidiaries.

The Ajinomoto Group is exposed to the counterparty risk in relation to derivative transactions. To minimize this risk, derivative transactions are permitted, in principle, only with financial institutions with high credit ratings.

The Ajinomoto Group's maximum exposure to the credit risk is the carrying amounts of the financial assets recognized in the consolidated statements of financial position.

(2) Market risk management (risk of changes in exchange rates, interest rates, etc.)

The Ajinomoto Group conducts its business globally and, therefore, is exposed to the currency risk. The risk arises from receivables and payables and forecast transactions denominated in foreign currencies.

For receivables and payables denominated in foreign currencies, the currency fluctuation risk per currency and per month is hedged mainly using forward foreign exchange contracts. For forecast transactions denominated in foreign currencies, forward foreign exchange contracts may be used depending on the market conditions. Forward foreign exchange contracts are permitted only to the extent the settlement date comes within six months, with an upper limit of 50% of the monthly forecast transaction amounts, as a basic rule.

The Ajinomoto Group also conducts financing through interest-bearing debts. The Ajinomoto Group is exposed to interest rate risk from variable interest rates on some of these interest-bearing debts. Interest rate swaps are used to hedge the interest rate risk from such interest-bearing debts.

Furthermore, the Ajinomoto Group holds equity instruments issued mainly by its trade partners and, accordingly, is exposed to the market fluctuation risk. No equity instruments are held for short-term trading purposes. These equity instruments are periodically assessed with respect to fair value and the financial status of the issuing entity.

The finance division carries out derivative transactions in accordance with internal rules that specify authorization and transaction amount limits, and periodically reports the results of transactions to the executive officers in charge of finance and the Management Committee. The Company's consolidated subsidiaries also manage their derivative transactions in accordance with the Company's rules.

(3) Funding procurement liquidity risk management (risk of failure to meet payment deadlines)

The Ajinomoto Group is exposed to liquidity risk, by which financing may not be available in the necessary amount at the appropriate time. Confusion or disruption in the financial markets, the Company's credit rating lowered by credit rating agencies, and changes in policies and investment decisions by financial institutions all affect the Ajinomoto Group's financing capabilities by increasing the financing cost and reducing liquidity. To minimize such risk, the Company and its principal consolidated subsidiaries use a cash management system and internal loans in an attempt to reduce consolidated interest-bearing debt and mitigate liquidity risk. Liquidity risk is managed by maintaining liquidity at hand at a certain level and continuously setting commitment lines.

## 2. Fair value of financial instruments

The carrying amounts of financial assets and liabilities as of the end of the fiscal year are as follows. Financial assets and liabilities whose fair value are equal to or approximate their carrying amounts are not included.

(Millions of yen)

	Amounts in consolidated statement of financial position	Fair value
Assets		
Debt instruments	6,522	6,542
Total assets	6,522	6,542
Liabilities		
Corporate bonds	169,479	174,496
Long-term borrowings	137,157	140,633
Total liabilities	306,637	315,129

Fair value measurement methods of each financial instrument are as follows:

### Debt instruments

Fair values are determined based on the present value of the sum of the redemption amount at maturity and interest income discounted by the expected interest rate used when a similar new debt instrument is purchased.

### Corporate bonds

Fair values are determined based on the market prices.

### Long-term borrowings

For long-term borrowings with fixed interest rates, the fair values are determined based on the present value of the sum of the principal and interests discounted by the rate reflecting the credit risk deemed applicable if a similar borrowing was newly made. For long-term borrowings with variable interest rates, the fair values are measured at their carrying amounts, because the borrowings with variable interest rates reflect the current market rates in the short term and the Ajinomoto Group's credit standing has not significantly changed since the initial borrowing, and thus considered to approximate the carrying amounts.

## Notes regarding Investment Property

This information is omitted since the total amount of investment property is immaterial.

## Notes regarding Per Share Information

Equity per share (attributable to owners of the parent company):	¥1,113.93
Basic earnings per share:	¥53.62

## Business Combinations, etc.

The details and amount of a significant restatement made in the initial allocation of acquisition costs

In the previous fiscal year, the business combination conducted with Agro2Agri, S.L. on October 2, 2017 was accounted for on a provisional basis because the purchase price allocation of the acquisition cost to the assets acquired and liabilities assumed was in process. The provisional accounting treatment was finalized in the fiscal year ended March 31, 2019. Accordingly, a significant restatement has been made in the initial allocation of acquisition costs. Among other things, intangible assets and deferred tax liabilities increased ¥2,957 million and ¥739 million, respectively, resulting in a decrease of ¥1,614 million in goodwill.

## A Disposal Group Classified as Held for Sale and Discontinued Operation

### 1. A disposal group classified as held for sale

On April 26, 2018, the Company entered into an agreement with Kagome Co., Ltd., Nisshin Oillio Group Ltd., Nisshin Foods Inc., and House Foods Group Inc. to restructure the companies' logistics operations and in April 2019 establish a nationwide logistics company by merging their logistics subsidiaries, Ajinomoto Logistics Corporation, Kagome Distribution Service Co., Ltd., House Logistics Service Corporation, F-LINE Corporation, and Kyushu F-LINE Corporation.

Consequently, the loss of control of Ajinomoto Logistics business has been recognized effective from April 2019. Accordingly, Ajinomoto Logistics' assets and liabilities have been included under a disposal group of assets/liabilities classified as held for sale, and the logistics business has been classified as a discontinued operation, effective from the fiscal year ended March 31, 2019.

As of April 1, 2019, a new F-LINE Corporation was established as a result of the integration of the above companies' logistics businesses.

The details of a disposal group classified as held for sale are as follows:

(Millions of yen)

	As of March 31, 2019
Assets of disposal groups classified as held for sale	
Assets	
Cash and cash equivalents	4,799
Trade and other receivables	4,208
Other financial assets	0
Inventories	113
Income taxes receivable	660
Other current assets	398
Property, plant and equipment	5,924
Intangible assets	391
Investments in associates and joint ventures	160
Long-term financial assets	1,250
Deferred tax assets	1,624
Other non-current assets	35
Total assets	19,568
Liabilities of disposal groups classified as held for sale	
Liabilities	
Trade and other payables	5,446
Other financial liabilities (current)	1,435
Short-term employee benefits	1,785
Provisions (current)	73
Income taxes payable	31
Other current liabilities	253
Other financial liabilities (non-current)	1,059
Long-term employee benefits	3,155
Provisions (non-current)	331
Total liabilities	13,571

Financial assets and financial liabilities that are included in a disposal group classified as held for sale are primarily measured at amortized cost, while assets measured at fair value through other comprehensive income are included in long-term financial assets.

Other components of equity related to assets held for sale were ¥(16) million as of March 31, 2019.

## 2. A Discontinued Operation

As described in “1. A disposal group classified as held for sale,” the loss of control of Ajinomoto Logistics business has been recognized effective from April 2019. Accordingly, profit or loss from the logistics business was classified as a discontinued operation and presented separately for the fiscal year ended March 31, 2019.

The details of discontinued operations are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2019
Income from discontinued operations	34,195
Expenses from discontinued operations	(31,767)
Profit before income taxes from discontinued operations	2,427
Income taxes	96
Profit from discontinued operations	2,523

Basic earnings per share from discontinued operations are ¥4.37.

Transactions between continuing operations and discontinued operations are all eliminated from profit or loss from discontinued operations to reflect their effects on future continuing operations. The amount of ¥26,507 million was eliminated from “Income from discontinued operations” and “Expenses from discontinued operations” in the above table for transactions between continuing operations and discontinued operations.

## **Additional Information**

(Share-based Compensation of Executive Officers Based on the Company's Medium-term Earnings Performance)

### **1. Overview of transactions**

The Company has introduced a share-based compensation for executive officers based on the Company's medium-term earnings performance (hereinafter the "System") for the purpose of boosting the motivation of Directors, Corporate Executive Officers and Corporate Fellows (hereinafter collectively the "Officers,") to contribute towards the improvement of the Ajinomoto Group's medium- and long-term business performance and enhancement of its corporate value.

In this System, the Company contributes money with the maximum amount of ¥2.2 billion to a stock-granting trust created by the Company (hereinafter the "Trust") with a trust period of approximately three years. The Trust acquires the Company's shares with the maximum number of 1.1 million shares by spending the money contributed by the Company and, after the 3-year period of the Medium-Term Management Plan starting on April 1, 2017 (hereinafter the "Period"), the Trust executes the granting or payment of the Company shares to Officers according to evaluation of performance in the final fiscal year of the Period.

Persons entitled to the System are the Officers of the Company during the Period (excluding Outside Directors, those who are non-residents of Japan throughout the Period, or those who retired by June 30, 2017).

### **2. The Company's shares in trust**

The Company's shares in trust are recorded in Treasury shares in equity at the carrying value in the Trust (excluding associated cost). The carrying value and the number of treasury shares at the end of the fiscal year ended March 31, 2019 are ¥2,159 million and 966,200 shares, respectively.

(Attached Document)

# Non-Consolidated Financial Statements (prepared in accordance with Japanese-GAAP)

## Non-Consolidated Balance Sheet

(As of March 31, 2019)

(Millions of yen)

	FY ended March 31, 2019 (as of March 31, 2019)	FY ended March 31, 2018 (Reference: as of March 31, 2018)		FY ended March 31, 2019 (as of March 31, 2019)	FY ended March 31, 2018 (Reference: as of March 31, 2018)
<b>Assets</b>			<b>Liabilities</b>		
<b>I Current assets</b>	<b>285,235</b>	<b>297,960</b>	<b>I Current liabilities</b>	<b>336,196</b>	<b>291,189</b>
Cash on hand and in banks	52,160	72,092	Accounts payable	93,239	95,547
Notes receivable	5,221	5,137	Short-term borrowings	180,515	136,880
Accounts receivable	110,226	109,414	Current portion of long-term borrowings	12,399	10,999
Goods and products	34,334	32,765	Lease liabilities	8	8
Goods in process	558	507	Other payables	20,799	17,994
Raw materials and supplies	4,696	4,436	Accrued expenses	24,462	25,237
Prepaid expenses	7,136	6,945	Accrued income taxes	598	1,031
Short-term loans receivable	33,472	29,732	Accrued bonuses for directors and others	151	208
Current portion of long-term loans receivable	165	741	Provision for shareholder benefit program	289	286
Receivables	31,882	33,872	Provision for environmental measures	1,502	635
Corporate tax receivable	4,812	2,544	Provision for contract loss	1,129	1,010
Other	2,036	1,496	Other	1,100	1,351
Allowance for doubtful accounts	(1,469)	(1,727)	<b>II Long-term liabilities</b>	<b>314,463</b>	<b>329,266</b>
<b>II Fixed assets</b>	<b>693,646</b>	<b>687,594</b>	Corporate bonds	169,998	169,997
<b>1. Tangible fixed assets</b>	<b>90,553</b>	<b>81,607</b>	Long-term borrowings	120,699	133,099
Buildings	104,508	103,451	Deferred tax liabilities	4,661	5,818
Structures	17,309	16,905	Lease liabilities	16	21
Machinery and equipment	142,260	142,889	Accrued retirement benefits for employees	209	-
Vehicles and transporting equipment	194	207	Accrued retirement benefits for directors and others	24	24
Tools, furniture and fixtures	36,261	35,328	Provision for management board benefit trust	680	467
Land	15,990	15,990	Provision for environmental measures	598	707
Leased assets	40	38	Provision for contract loss	5,209	6,000
Construction in progress	9,177	4,702	Asset retirement obligations	49	42
Accumulated depreciation and accumulated impairment losses	(235,188)	(237,907)	Guarantee deposits received	11,317	11,984
<b>2. Intangible fixed assets</b>	<b>40,805</b>	<b>39,871</b>	Other	997	1,102
Patents	48	51	<b>Total Liabilities</b>	<b>650,660</b>	<b>620,455</b>
Leaseholds	2,614	2,614	<b>Net Assets</b>		
Trademark	24,526	27,731	<b>I Shareholders' equity</b>	<b>313,345</b>	<b>347,948</b>
Software	6,194	6,519	<b>1. Common stock</b>	<b>79,863</b>	<b>79,863</b>
Software in progress	7,402	2,929	<b>2. Capital surplus</b>	<b>4,274</b>	<b>4,274</b>
Other	18	25	Additional paid-in capital	4,274	4,274
<b>3. Investments and other assets</b>	<b>562,287</b>	<b>566,116</b>	<b>3. Retained earnings</b>	<b>231,567</b>	<b>273,395</b>
Investments in securities	43,747	48,369	(1) Legal reserve	16,119	16,119
Investments in stock of subsidiaries and affiliates	432,529	445,087	(2) Other retained earnings	215,448	257,275
Investments in capital	38	38	Reserve for advanced depreciation of fixed assets	6,595	6,865
Investments in capital of subsidiaries and affiliates	82,921	68,203	Retained earnings brought forward	208,852	250,410
Long-term loans receivable	-	578	<b>4. Treasury stock</b>	<b>(2,361)</b>	<b>(9,585)</b>
Long-term prepaid expenses	1,367	1,237	<b>II Valuation, translation adjustments and others</b>	<b>14,876</b>	<b>17,150</b>
Other	1,729	1,772	<b>1. Unrealized holding gain on securities</b>	<b>15,862</b>	<b>18,112</b>
Allowance for doubtful accounts	(47)	(56)	<b>2. Unrealized gain (loss) from hedge instruments</b>	<b>(986)</b>	<b>(961)</b>
Prepaid pension cost	-	885	<b>Total Net Assets</b>	<b>328,221</b>	<b>365,099</b>
<b>Total Assets</b>	<b>978,882</b>	<b>985,555</b>	<b>Total Liabilities &amp; Net Assets</b>	<b>978,882</b>	<b>985,555</b>



(Attached Document)

## Non-Consolidated Statement of Income

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

	FY ended March 31, 2019	FY ended March 31, 2018 (reference)
<b>I Net sales</b>	<b>261,372</b>	<b>254,935</b>
<b>II Cost of sales</b>	<b>143,715</b>	<b>137,541</b>
<b>Gross profit</b>	<b>117,657</b>	<b>117,394</b>
<b>III Selling, general and administrative expenses</b>	<b>124,194</b>	<b>123,494</b>
<b>Operating income (loss)</b>	<b>(6,537)</b>	<b>(6,100)</b>
<b>IV Non-operating income</b>	<b>50,510</b>	<b>48,390</b>
Interest income	137	231
Dividend income	47,679	45,214
Other	2,693	2,943
<b>V Non-operating expenses</b>	<b>7,342</b>	<b>7,014</b>
Interest expense	3,650	3,222
Cost of lease revenue	1,676	1,779
Litigation related expenses	330	729
Other	1,684	1,283
<b>Ordinary income</b>	<b>36,631</b>	<b>35,275</b>
<b>VI Extraordinary gains</b>	<b>5,765</b>	<b>1,693</b>
Gain on sale of fixed assets	2,791	0
Gain on sale of investment securities	2,506	223
Subsidy income	254	254
Reversal of allowance for doubtful accounts	-	662
Gain on exchange from dividend in kind	-	299
Other	214	253
<b>VII Extraordinary losses</b>	<b>20,740</b>	<b>5,873</b>
Loss on valuation of stocks of subsidiaries and affiliates	13,679	983
Loss on sale of stocks of subsidiaries and affiliates	2,880	-
Loss on disposal of fixed assets	2,201	1,713
Provision for environmental measures	1,244	858
Provision for contract loss	368	607
Loss on valuation of investment securities	-	1,431
Other	364	279
<b>Net income before income taxes</b>	<b>21,656</b>	<b>31,095</b>
Income taxes--current	(1,821)	(1,285)
Income taxes--deferred	(371)	12
<b>Net income</b>	<b>23,849</b>	<b>32,368</b>

(Attached Document)

**Non-Consolidated Statement of Changes in Net Assets**  
(From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity								Valuation, translation adjustments and others			Total net assets	
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity	Unrealized holding gain on securities	Unrealized gain (loss) from hedge instruments		Total valuation, translation adjustments and others
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings (*Note)	Total retained earnings						
<b>Beginning balance</b>	<b>79,863</b>	<b>4,274</b>	<b>-</b>	<b>4,274</b>	<b>16,119</b>	<b>257,275</b>	<b>273,395</b>	<b>(9,585)</b>	<b>347,948</b>	<b>18,112</b>	<b>(961)</b>	<b>17,150</b>	<b>365,099</b>
Changes in fiscal year ended March 31, 2019													
Dividends from retained earnings						(18,455)	(18,455)		(18,455)				(18,455)
Net income						23,849	23,849		23,849				23,849
Purchase of treasury stock								(40,008)	(40,008)				(40,008)
Disposal of treasury stock			(0)	(0)				11	11				11
Retirement of treasury stock			(47,221)	(47,221)				47,221	-				-
Transfer of negative amount of other capital surplus			47,221	47,221		(47,221)	(47,221)		-				-
Net changes in items other than those in shareholders' equity										(2,249)	(25)	(2,274)	(2,274)
<b>Total changes in fiscal year ended March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(41,827)</b>	<b>(41,827)</b>	<b>7,224</b>	<b>(34,603)</b>	<b>(2,249)</b>	<b>(25)</b>	<b>(2,274)</b>	<b>(36,877)</b>
<b>Ending balance</b>	<b>79,863</b>	<b>4,274</b>	<b>-</b>	<b>4,274</b>	<b>16,119</b>	<b>215,448</b>	<b>231,567</b>	<b>(2,361)</b>	<b>313,345</b>	<b>15,862</b>	<b>(986)</b>	<b>14,876</b>	<b>328,221</b>

Note: Details of other retained earnings:

(Millions of yen)

	Reserve for advanced depreciation of fixed assets	Retained earnings brought forward	Total
<b>Beginning balance</b>	<b>6,865</b>	<b>250,410</b>	<b>257,275</b>
Changes in fiscal year ended March 31, 2019			
Dividends from retained earnings		(18,455)	(18,455)
Reversal of other retained earnings	(270)	270	-
Net income		23,849	23,849
Transfer of negative amount of other capital surplus		(47,221)	(47,221)
<b>Total changes in fiscal year ended March 31, 2019</b>	<b>(270)</b>	<b>(41,557)</b>	<b>(41,827)</b>
<b>Ending balance</b>	<b>6,595</b>	<b>208,852</b>	<b>215,448</b>

## Notes to the Non-Consolidated Financial Statements

### Significant accounting policies

#### 1. Valuation standards and methods for securities

- (1) Stocks of subsidiaries and affiliated companies are stated at cost determined by the moving-average method.
- (2) Other securities for which market value is available are stated at market value at the fiscal year end and the changes in market value, net of applicable income taxes, are directly charged or credited to net assets. The cost of such securities sold is determined by the moving-average method. Other securities for which market value is not available are stated at cost mainly determined by the moving-average method.

#### 2. Derivative instruments

Derivative instruments are carried out at fair value. However, special treatment is, in principle, applied with respect to interest rate swaps, in cases where criteria for special treatment are met. If interest rate and currency swap contracts are used as a hedge and meet certain hedging criteria, the interest rate and currency swap contracts are not stated at fair value, and instead the amount to be received under the interest rate and currency swap contracts is added to or deducted from the interest on the liabilities for which the swap contracts are executed, and the liabilities denominated in foreign currencies, for which the interest rate and currency swap contracts are executed, are translated at the contracted rate (integral accounting).

#### 3. Inventories

Inventories are stated at cost determined by the average method (in cases where the profitability has declined, the book value is reduced accordingly).

#### 4. Depreciation method of fixed assets

- (1) Tangible fixed assets (excluding leased assets)  
The depreciation of tangible fixed assets is computed by the straight-line method. The range of useful life is 7 to 50 years for buildings and 4 to 15 years for machinery and equipment.
- (2) Intangible fixed assets (excluding leased assets)  
The amortization of intangible fixed assets is computed by the straight-line method. Computer software is amortized by the straight-line method over the estimated internal useful life (5 years). Trademarks are in principle amortized by the straight-line method over the period of its validity (20 years).
- (3) Leased assets  
The straight-line method is applied with the useful life of the asset being the lease period and the residual value being zero.

#### 5. Significant reserves

- (1) Allowance for doubtful accounts:  
Allowance for doubtful accounts is provided for possible bad debts at the amount estimated based on historical bad debts experience for normal receivables and by reference to the individual collectability of specific doubtful receivables.
- (2) Bonus reserve for directors and others  
In preparation for the payment of bonuses to directors and others, the Company has provided an allowance for the amount of payment expected for the fiscal year.
- (3) Provision for shareholder benefit program  
In preparation for payment relating to the shareholder benefit program, a provision for the shareholder benefit program has been provided for the amount estimated based on past results, which shall be paid during and after the following fiscal year.
- (4) Accrued retirement benefits for employees  
Accrued retirement benefits for employees are provided based on the projected benefit obligations and fair value of pension plan assets at the end of the fiscal year in order to prepare for payment of retirement benefits.

Prior service cost is amortized by the straight-line method over a period within the average remaining service years of employees (10 years) at the time of recognition.

Actuarial gain or loss is amortized by the straight-line method over a period within the average remaining service years of employees (10 years) at the time of recognition, from the respective fiscal year following the fiscal year of recognition.

- (5) **Accrued retirement benefits for directors and others**  
Accrued retirement benefits for directors and others are provided at the amount required to be paid in accordance with internal rules in order to prepare for payment of retirement benefits to those directors and others.

The Company abolished the system of payment of severance benefits to directors and others in June 2007, and has decided to pay severance benefits at the time of retirement with respect to the period in which the system was applied.

- (6) **Provision for share-based compensation**  
In preparation for delivery of the Company's shares to directors and others as part of the Company's share-based compensation program, the Company has provided an allowance for the expected amount of obligations at the end of the fiscal year in accordance with internal rules.
- (7) **Allowance for environmental measures**  
In preparation for payment for environmental measures, an allowance for the amount of costs expected to be incurred has been provided.
- (8) **Provision for contract loss**  
In preparation for losses relating to the fulfillment of contracts, a provision for loss on contracts has been provided for the estimated amount of losses expected.

## **6. Translation of assets and liabilities denominated in foreign currencies into yen**

Monetary receivables and payables denominated in foreign currencies are translated into yen at the rate of foreign exchange in effect at the balance sheet date. The resulting exchange gain or loss is charged or credited to income.

## **7. Hedge accounting**

- (1) **Hedge accounting policy**  
The Company adopts deferred hedge accounting.  
Derivative instruments are carried out at fair value. However, special treatment is, in principle, applied with respect to interest rate swaps, in cases where criteria for special treatment are met. If interest rate and currency swap contracts are used as a hedge and meet certain hedging criteria, the interest rate and currency swap contracts are not stated at fair value, and instead the amount to be received under the interest rate and currency swap contracts is added to or deducted from the interest on the liabilities for which the swap contracts are executed, and the liabilities denominated in foreign currencies, for which the interest rate and currency swap contracts are executed, are translated at the contracted rate (integral accounting).
- (2) **Hedging instruments and hedged items**
- | <u>Hedging instruments</u>       | <u>Hedged items</u>                                      |
|----------------------------------|--|
| Interest rate swaps              | Interest on borrowings and corporate bonds               |
| Interest rate and currency swaps | Foreign currency borrowings, interest paid on borrowings |
- (3) **Hedging policy**  
The Company hedges foreign exchange rate risk and interest rate risk for certain transactions, mainly those that are financially significant and that can be recognized individually, based on internal rules for derivative transactions.
- (4) **Assessment of hedge effectiveness**  
An assessment of hedge effectiveness is not undertaken for forward exchange contracts, as the conditions pertaining to the hedging instruments and the hedged items are equivalent. Interest rate swaps for which special treatment is applied, or interest rate and currency swaps for which integral treatment is applied, evaluation of effectiveness is not conducted.

## 8. Accounting for consumption taxes

Transactions subject to national and local consumption taxes are recorded at amounts exclusive of consumption taxes.

## 9. Adoption of consolidated tax accounting system

The Company, as the taxable parent company, has adopted the consolidated taxation system.

## 10. Accounting for retirement benefits

Accounting methods for unrecognized actuarial gains and losses and unrecognized prior service costs related to retirement benefits differ from those applied in the consolidated financial statements.

### Changes in Presentation

Changes upon adoption of “Partial Amendments to Accounting Standard for Tax Effect Accounting”

The Company has adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, issued February 16, 2018) from the beginning of the current fiscal year. Accordingly, deferred tax assets are presented as investments and other assets; and deferred tax liabilities are presented as long-term liabilities.

As a result, in the balance sheet for the previous fiscal year, by offsetting “Deferred tax assets” of ¥3,404 million under “Current assets” against “Deferred tax liabilities” of ¥9,222 million under “Long-term liabilities,” the net liability amount of ¥5,818 million is presented as “Deferred tax liabilities” under “Long-term liabilities.” The total assets decreased by ¥3,404 million due to this change.

### Balance Sheet

“Software in progress,” which was included in “Software” under “Intangible fixed assets” in the previous fiscal year, is presented as a separate item in the current fiscal year, as the amount has become more material. To reflect this change in presentation, reclassification has been made in the non-consolidated financial statements of the previous fiscal year.

As a result, in the balance sheet for the previous fiscal year, the amount of ¥9,449 million presented in “Software” under “Intangible fixed assets” is reclassified as “Software” of ¥6,519 million and “Software in progress” of ¥2,929 million.

### Notes to Balance Sheet

#### 1. Cash on hand and in banks

¥4,762 million of the cash on hand and in banks is the cash in bank related to the cash management system of the Ajinomoto Group including the overseas subsidiaries.

#### 2. Liabilities on guarantees

As guarantor of indebtedness of employees or other companies	¥104 million
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#### 3. Monetary receivables and payables to subsidiaries and affiliated companies

Short-term monetary receivables	¥90,154 million
Long-term monetary receivables	¥1,057 million
Short-term monetary payables	¥251,114 million
Long-term monetary payables	¥288 million

### Notes to Statement of Income

#### 1. Transactions with subsidiaries and affiliated companies

Transaction amount with respect to operating transactions	
Sales	¥89,846 million
Purchasing	¥125,324 million
Transaction amount with respect to non-operating transactions	¥52,373 million

## 2. Loss on valuation of stocks of subsidiaries and affiliates

Loss on valuation of stocks of subsidiaries and affiliates is recorded mainly due to a significant decline in real value of shares in Promasidor Holdings Limited.

### Notes to Statements of Changes in Net Assets

Types and total number of treasury stock at the end of the fiscal year:

Type of treasury stock:	Common stock
Total number of treasury stock at the end of the fiscal year:	1,063,513 shares

### Notes on Securities

Stocks of subsidiaries and affiliated companies

(Millions of yen)

Category	Book value	Fair value	Variance
Stock of subsidiaries	1,420	14,989	13,569
Stock of affiliated companies	8,239	18,651	10,412
Total	9,659	33,641	23,981

Note: Stocks of subsidiaries and affiliated companies whose fair value is extremely difficult to determine

Category	Book value
Stock of subsidiaries	339,180
Stock of affiliated companies	83,690

These items have no market price and it is extremely difficult to determine the fair value. Therefore, their fair value is not disclosed.

### Notes on Deferred Tax Accounting

The significant components of deferred tax assets and liabilities as of March 31, 2019 were as follows:

(Millions of yen)

#### Deferred tax assets:

Loss on valuation of investment securities	16,107
Accrued bonuses	2,128
Loss carried forward	1,995
Provision for contract loss	1,940
Impairment losses	1,686
Foreign tax credit carried forward	1,460
Period expense	1,249
Depreciable assets, etc.	493
Allowance for doubtful accounts	464
Loss from inventory revaluation	409
Accrued retirement benefits for employees, etc.	375
Accrued business taxes, etc.	157
Other	1,056
Gross deferred tax assets	29,525
Valuation allowance for loss carried forward	(1,995)
Valuation allowance for deductible temporary differences, etc.	(21,620)
Gross valuation allowance	(23,615)
<b>Total deferred tax assets</b>	<b>5,909</b>

#### Deferred tax liabilities:

Reserve for advanced depreciation of fixed assets	(3,820)
Unrealized holding gain on securities	(6,626)
Other	<u>(124)</u>
<b>Total deferred tax liabilities</b>	<b><u>(10,570)</u></b>
<b>Net deferred tax liabilities</b>	<b><u>(4,661)</u></b>

## Notes regarding Related Party Transactions

Subsidiaries, affiliated companies, etc.

Attribution	Name of Company, etc.	Percentage of voting rights held	Relationship with related party	Details of transaction	Transaction amount (millions of yen)	Account	Year-end balance (millions of yen)
Subsidiary	Knorr Foods Co., Ltd. <sup>1</sup>	100% (directly)	Purchase and sale of said company's products by the Company	Purchase of products, etc. <sup>2</sup>	51,493	Accounts payable	4,052
				Borrowing of funds <sup>4</sup>	-	Short-term borrowings	10,155
	Ajinomoto Frozen Foods Co., Inc.	100% (directly)	Purchase and sale of said company's products by the Company; concurrent holding of corporate officer positions	Purchase of products, etc. <sup>3</sup>	120,843	Accounts payable	17,820
				Lending of funds <sup>4</sup>	-	Short-term loans receivable	14,930
	Ajinomoto Engineering Corporation	100% (directly)	Subcontracting of engineering services to and purchase of manufacturing facilities from said company by the Company	Purchase of tangible fixed assets, etc. <sup>5</sup>	20,995	Other payables	9,738
	Ajinomoto Fine-Tech Co., Inc.	100% (directly)	Purchase of said company's products by the Company; concurrent holding of corporate officer positions	Borrowing of funds <sup>4</sup>	-	Short-term borrowings	14,527
	Ajinomoto AGF, Inc.	100% (directly and indirectly)	Purchase and sale of said company's products by the Company; concurrent holding of corporate officer positions	Purchase of products, etc. <sup>3</sup>	114,316	Accounts payable	20,275
				Fee-based supply of raw materials, etc. <sup>6</sup>	37,147	Receivables	10,048
Ajinomoto Co., (Thailand) Ltd.	82.5% (directly and indirectly)	Purchase of said company's products by the Company; concurrent holding of corporate officer positions	Borrowing of funds <sup>7</sup>	25,000	Short-term borrowings	75,015	
Ajinomoto Sales (Thailand) Co., Ltd.	100% (indirectly)	Borrowing of funds	Borrowing of funds <sup>7</sup>	20,000	Short-term borrowings	60,000	
Affiliated company	J-OIL MILLS, INC.	27.3% (directly)	Purchase and sale of said company's products by the Company; concurrent holding of corporate officer positions	Purchase of products, etc. <sup>3</sup>	47,758	Accounts payable	8,599

(Transaction conditions, policy for deciding said conditions and others)

- Knorr Foods Co., Ltd. changed its trade name to Ajinomoto Food Manufacturing Co., Ltd. on April 1, 2019.
- The purchase price of the products is determined by reference to contract in view of the manufacturing cost of Knorr Foods Co., Ltd. and the sales price to third parties.
- The Company is the sole agent and the price is determined by reference to contract, with the final selling price serving as the basis. These sole agent sales are recorded in the accounts using a method of netting off sales and cost of goods sold and disclosed on a net basis. However, in the "Notes regarding Related Party Transactions" they are disclosed on a gross basis.
- As the Company has introduced a cash management system to facilitate unified cash management within the Ajinomoto Group and borrowing and lending between participating companies is conducted on a daily basis, transaction amounts are not recorded here. Interest rates are decided in consideration of market rates.



5. With respect to the purchase of tangible fixed assets, the price is determined by reference to contract, with consideration given to the acquisition costs of Ajinomoto Engineering Corporation and market prices.
6. With respect to the fee-based supply of raw materials, the price is determined by reference to contract, with consideration given to market prices.
7. With respect to borrowing of funds, interest rates are determined by reference to market interest rates.

Transaction amounts do not include consumption taxes, etc. Year-end balances include consumption taxes, etc.

**Notes regarding Per Share Information**

Net assets per share:	¥598.84
Net income per share:	¥43.06

## Subsequent events

On April 1, 2019, a portion of the Company's business was split off and succeeded by the Company's wholly-owned subsidiary Knorr Foods Co., Ltd. ("Knorr Foods") via an absorption-type split.

Outline of the company split is as follows:

### 1. Purpose of the company split

The Company has pursued the restructuring of the value chain of its Japan Food Products business, primarily aiming to enhance the business structure and improve production efficiency. As part of this restructuring process, the Company decided to split off the seasonings and processed foods manufacturing business of Kawasaki Administration & Coordination Office and the seasonings manufacturing business of Tokai Plant and consolidate their production systems into Knorr Foods. In addition, the Company's wholly-owned subsidiary AJINOMOTO PACKAGING INC was integrated into the production system of Knorr Foods, and thus a new production subsidiary was established on April 1, 2019 with Knorr Foods as the succeeding company. Knorr Foods changed its trade name to Ajinomoto Food Manufacturing Co., Ltd. as of the same date.

To realize its corporate message, "Eat Well, Live Well," the Ajinomoto Group is strengthening its value chain to steadily deliver products that customers can enjoy with peace of mind, and to contribute further to advances in food and health for consumers.

### 2. Summary of the company split

#### (1) Method of the company split

An absorption-type company split where the Company is the splitting company and Knorr Foods is the succeeding company.

#### (2) Date of the company split

April 1, 2019

#### (3) Overview of the division to be split

##### 1) Business description

The seasonings and processed foods manufacturing business of Kawasaki Administration & Coordination Office and the seasonings manufacturing business of Tokai Plant

##### 2) Operating results

Net sales

The company split only involves the seasonings and processed foods manufacturing business and therefore net sales are not relevant.

##### 3) Amount of assets and liabilities to be split (as of March 31, 2019)

(Millions of yen)

Assets	Carrying amount	Liabilities	Carrying amount
Current assets	4,098	Current liabilities	73
Fixed assets	7,043	Long-term liabilities	16
Total	11,142	Total	90

### 3. Status after the company split

#### (1) Status of the Company

There are no changes in trade name, location of head office, position and name of representative, business description, capital and fiscal year-end.

#### (2) Status of Knorr Foods

The following items are changed. There are no changes in business description, capital and fiscal year-end.

Trade name	Ajinomoto Food Manufacturing Co., Ltd.
Location of head office	1-1 Suzuki-cho, Kawasaki-ku, Kawasaki, Kanagawa, Japan
Position and name of Representative	Hiroshi Tsujita, President and Representative Director

### 4. Overview of the accounting treatment

The company split has been accounted for as a transaction under common control in accordance with “Accounting Standard for Business Combinations” and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.”

**Additional Information**

(Share-based Compensation of Executive Officers Based on the Company’s Medium-term Earnings Performance)

The information is stated in “Additional Information” in “Notes to the Consolidated Financial Statements” and therefore omitted.

(Attached Document)

**Copy of Report of Accounting Auditor Regarding Consolidated Financial Statements**

**Report of Independent Auditor**

May 13, 2019

Mr. Takaaki Nishii, President  
Ajinomoto Co., Inc.

Ernst & Young ShinNihon LLC  
Designated and Engagement Partner,  
Certified Public Accountant: Kiyonobu Takeuchi (seal)  
Designated and Engagement Partner,  
Certified Public Accountant: Takashi Sadatome (seal)  
Designated and Engagement Partner,  
Certified Public Accountant: Shinya Maekawa (seal)

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statements of income and changes in equity, and the notes to the consolidated financial statements of Ajinomoto Co., Inc. (the "Company") applicable to the fiscal year from April 1, 2018 through March 31, 2019.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) with certain omissions of disclosure items pursuant to the latter part of paragraph 1, Article 120 of the Rules of Corporate Accounting, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above prepared in accordance with IFRS with the omission of certain disclosure items pursuant to the latter part of paragraph 1, Article 120 of the Rules of Corporate Accounting present fairly, in all material respects, the financial position and results of operations of the Ajinomoto Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2019.

**Conflicts of Interest**

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

End

(Attached Document)

**Copy of Report of Accounting Auditor Regarding Non-Consolidated Financial Statements**

**Report of Independent Auditor**

May 13, 2019

Mr. Takaaki Nishii, President  
Ajinomoto Co., Inc.

Ernst & Young ShinNihon LLC  
Designated and Engagement Partner,  
Certified Public Accountant: Kiyonobu Takeuchi (seal)  
Designated and Engagement Partner,  
Certified Public Accountant: Takashi Sadatome (seal)  
Designated and Engagement Partner,  
Certified Public Accountant: Shinya Maekawa (seal)

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, the notes to the non-consolidated financial statements and the related supplementary schedules of Ajinomoto Co., Inc. (the “Company”) applicable to the 141st fiscal year from April 1, 2018 through March 31, 2019.

**Management’s Responsibility for the Financial Statements and the Related Supplementary Schedules**

Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity’s internal control, but in making these risk assessments, the auditor considers internal controls relevant to the entity’s preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Ajinomoto Co., Inc. applicable to the fiscal year ended March 31, 2019 in conformity with accounting principles generally accepted in Japan.

**Conflicts of Interest**

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Attached Document)

**Copy of the Audit & Supervisory Board Audit Report**

**Audit Report**

Regarding the performance of duties by the Directors for the 141st fiscal year beginning on April 1, 2018 and ending on March 31, 2019, the Audit & Supervisory Board hereby submits this audit report, as a unanimous opinion of all Audit & Supervisory Board Members which has been prepared through discussions based on reports from the respective Audit & Supervisory Board Members concerning the performance of duties by the Directors.

1. Overview of Auditing Methods Employed by Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) At its meeting on July 27, 2018, the Audit & Supervisory Board passed a resolution on the auditing policies, auditing plans and division assignment of duties of each Audit & Supervisory Board Member. The Audit & Supervisory Board held its regular meetings on a monthly basis, reviewed the agendas of the meetings of the Board of Directors in advance, and exchanged and shared information about the situation and the results of each Audit & Supervisory Board Member's auditing activity.

(2) Each Audit & Supervisory Board Member communicated with the Directors, the Corporate Executive Officers, the Internal Auditing Division, and other employees and made efforts to gather information and maintain audit environments in accordance with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, and conducted the audit as follows:

- 1) The Audit & Supervisory Board Members attended the meetings of the Board of Directors, the Management Committee, and other important meetings. Moreover, the Audit & Supervisory Board Members reviewed important approval-granting documents, and investigated as necessary the operations and finances of headquarters and other major offices and plants. Concerning domestic and overseas subsidiaries, the Audit & Supervisory Board Members communicated and conducted information exchanges with the directors and audit & supervisory board members, etc. of such subsidiaries, and conducted on-site audits of these locations as deemed necessary.
- 2) The Audit & Supervisory Board Members monitored and examined the status of implementation of the "basic policies on internal control systems" resolved by the Board of Directors, receiving reports from Directors, Corporate Executive Officers and employees with regard to its development and operation.
- 3) The Audit & Supervisory Board Members received reports from the Internal Auditing Division of the audit results after each audit, and every three months received and exchanged opinions on reports on the audit results and evaluation reports on internal control systems relating to financial reports.
- 4) The Audit & Supervisory Board Members received explanation of auditing plans from the Accounting Auditor at the beginning of the term, and in addition to carrying out discussions, the Audit & Supervisory Board Members received reports of the audit results from the Accounting Auditor and exchanged opinions with them. Furthermore, in addition to monitoring and examining whether the Accounting Auditor maintained an independent stance, as well as implementing fair audits, the Audit & Supervisory Board Members received reports from the Accounting Auditor to the effect that systems had been put in place to ensure that their duties were appropriately performed.

Based on the aforementioned methods, we examined the Business Report and the supplementary schedules for the fiscal year in question, along with the financial statements (the Balance Sheet, the Statement of Income, the Statements of Changes in Net Assets along with the Notes to the Non-Consolidated Financial Statements) and the supplementary schedules, the consolidated financial statements (the Consolidated Statements of Financial Position, the Consolidated Statements of Income, the Consolidated Statements of Changes in Equity and the Notes to the Consolidated Financial Statements).

2. Audit Results

(1) Result of Audit of Business Report, etc.

- 1) In our opinion, the Business Report and the supplementary schedules fairly represent the Company's affairs in accordance with the applicable laws and regulations and the Articles of Incorporation.
- 2) With regard to the execution of duties by the Directors, we have found no evidence of wrongful action or material violation of laws and regulations, or of the Articles of Incorporation.

3) In our opinion, the contents of the resolution of the Board of Directors with regard to the internal control systems are appropriate. We confirm that continuous improvements are being made with respect to the development and operation of the internal control systems. With regard to details of these internal control systems reported in the Business Report we have found no matters on which to remark.

(2) Auditing result of the financial statements and the supplementary schedules

In our opinion, the methods and results employed and rendered by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

(3) Auditing result of the consolidated financial statements

In our opinion, the methods and results employed and rendered by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 16, 2019

Audit & Supervisory Board of Ajinomoto Co., Inc.

Yoichiro Togashi, Audit & Supervisory Board Member (Standing) (seal)

Shizuo Tanaka, Audit & Supervisory Board Member (Standing) (seal)

Atsushi Toki, Audit & Supervisory Board Member (External) (seal)

Hiroshi Murakami, Audit & Supervisory Board Member (External) (seal)

Hideki Amano, Audit & Supervisory Board Member (External) (seal)

End