Ajinomoto Group

Appendix: Financial Report 2024

AJINOMOTO®

Review of Operations

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

Performance Overview

During the fiscal year ended March 31, 2024, the Company's consolidated sales increased 5.9% year on year, or ¥80.1 billion, to ¥1,439.2 billion. This was due to increases in sales in the Seasonings and Foods segment and the Frozen Foods segment largely resulting from increase in unit sales prices and the effect of currency translation, despite a decrease in sales in the Healthcare and Others segment mainly owing to the impact of lower sales of Functional Materials (electronic materials and others) and amino acids for pharmaceuticals and foods.

Business profit increased 9.1% year on year, or ¥12.3 billion, to ¥147.6 billion, primarily due to the effect of increased revenue from the Seasonings and Foods segment and the Frozen Foods segment, despite the impact of decreased revenue from the Healthcare and Others segment and other factors.

Operating profit decreased 1.5% year on year, or ¥2.2 billion, to ¥146.6 billion mainly as a result of a gain on sale of non-current assets recorded in other operating income for the fiscal under review year that was dramatically less than that for the previous fiscal year, as well as other factors.

Profit attributable to owners of the parent company totaled ¥87.1 billion, down 7.4%, or ¥6.9 billion.

Financial Review

Sales

Sales were up 5.9% or ¥80.1 billion to ¥1,439.2 billion. In Japan, sales increased 0.0% or ¥0.1 billion to ¥510.1 billion. Overseas sales grew by 9.4% or ¥80.0 billion to ¥929.1 billion. In Asia, the Americas, and Europe, sales were up 13.4% to ¥399.2 billion, up 7.1% to ¥378.9 billion, and up 5.4% to ¥150.8 billion, respectively. The overseas share of sales increased to 64.6% from 62.5% in the previous fiscal year. Note that sales are attributed to the location of sale, and are classified by country or region.

Cost of Sales, Selling Expenses, Research and Development Expenses, General and Administrative Expenses, and Share of Profit of Associates and Joint Ventures

As sales increased, the cost of sales rose by 4.4% or ¥39.0 billion to ¥927.7 billion, equivalent to 64.5% of sales. The ratio of cost to sales improved by 0.9 percentage points year on year. Selling expenses increased 8.1% or ¥15.1 billion to ¥201.6 billion, mainly due to increased advertising expenses and foreign exchange effects. Research and development expenses increased 11.2% or ¥2.8 billion to ¥28.7 billion. General and administrative expenses increased 8.7% or ¥11.0 billion to ¥138.0 billion, due notably to increased employee benefit expenses and foreign exchange effects. The Group's share of profit of associates and joint ventures totaled ¥4.7 billion compared to ¥4.3 billion in the previous fiscal year.

Business Profit

Business profit grew 9.1% or ¥12.3 billion to ¥147.6 billion. In Japan, business profit rose 8.8% to ¥60.9 billion. Overseas business profit also grew by 9.4% to ¥86.7 billion. In Asia, the Americas, and Europe, business profit was up 32.8% to ¥68.3 billion, down 41.2% to ¥10.7 billion, and down 19.8% to ¥7.6 billion, respectively.

Other Operating Income and Expenses

Other operating income decreased 50.0% or ¥20.4 billion to ¥20.4 billion, mainly as a result of a recording of gain on sale of non-current assets in the previous fiscal year that greatly exceeded that of the fiscal year under review. Other operating expenses decreased 21.6% or ¥5.9 billion to ¥21.4 billion, mainly due to the recording of impairment loss on goodwill related to Ajinomoto Foods North America, Inc. in the previous fiscal year.

Operating Profit

Operating profit shrank 1.5% or ¥2.2 billion to ¥146.6 billion.

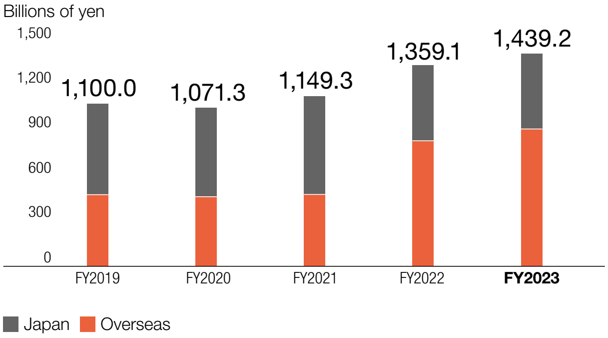
Financial Income and Expenses

Financial income grew 27.5% or ¥1.6 billion to ¥7.7 billion. Financial expenses shrank 17.2% or ¥2.5 billion to ¥12.4 billion.

Profit Attributable to Owners of the Parent Company

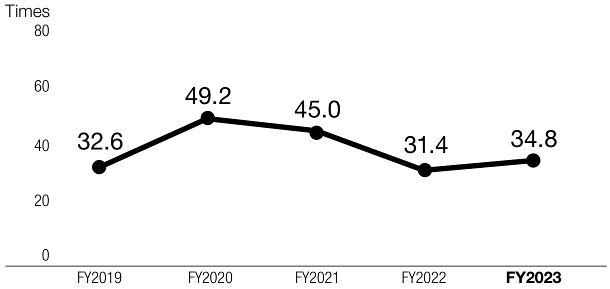
Profit attributable to owners of the parent company decreased 7.4% or ¥6.9 billion to ¥87.1 billion, equivalent to ¥167.44 per share, down from ¥175.97 in the previous fiscal year.

Domestic and Overseas Sales

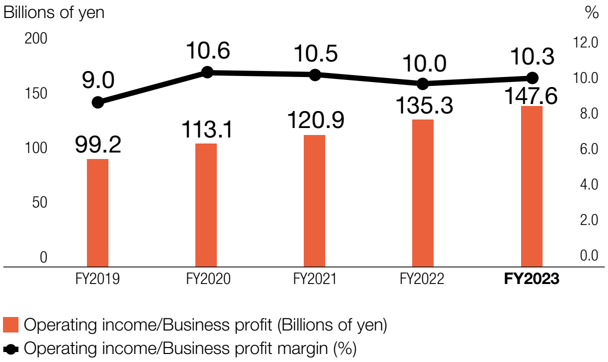


Note: Excludes interarea sales and transfers

Interest Coverage Ratio



Operating Income/Business Profit & Operating Income/Business Profit Margin



Costs, Expenses, and Profit as Percentages of Sales

Years ended March 31	FY2023		FY2022
	Percentage	Change	Percentage
Cost of sales	**64.5%**	**(0.9)**	65.4%
Gross profit	**35.5**	**0.9**	34.6
Selling, R&D, and G&A expenses	**25.6**	**0.6**	25.0
Business profit	**10.3**	**0.3**	10.0
Profit before income taxes	**9.9**	**(0.4)**	10.3
Profit attributable to owners of the parent company	**6.1**	**(0.8)**	6.9

Note: Change represents change in percentage points from the previous year.

Segment Information

(Billions of yen)

Sales	FY2023	FY2022	Difference	YoY change
Seasonings and Foods	**846.9**	775.0	71.9	109.3%
Frozen Foods	**281.8**	267.2	14.6	105.5%
Healthcare and Others	**294.5**	299.6	(5.1)	98.3%
Other	**15.8**	17.1	(1.3)	92.1%
Total	**1,439.2**	1,359.1	80.1	105.9%

Business Profit	FY2023	FY2022	Difference	YoY change
Seasonings and Foods	**111.5**	84.8	26.7	131.5%
Frozen Foods	**9.5**	2.0	7.5	475.7%
Healthcare and Others	**24.3**	48.6	(24.2)	50.1%
Other	**2.1**	(0.1)	2.2	—
Total	**147.6**	135.3	12.3	109.1%

Seasonings and Foods

In the Seasonings and Foods segment, sales increased 9.3% year on year, or ¥71.9 billion, to ¥846.9 billion, mainly because of increases in sales and the effect of currency translation. Segment business profit increased 31.5% year on year, or ¥26.7 billion, to ¥111.5 billion, due primarily to the effect of increased revenue.

Main factors affecting segment sales

- **Sauce & Seasonings:** Overall increase in revenue.
  - **Japan:** Increase in revenue primarily due to increased unit sales prices.
  - **Overseas:** Increase in revenue primarily due to increased sales and the impact of currency translation.
- **Quick Nourishment:** Overall increase in revenue.
  - **Japan:** Increase in revenue primarily due to increased unit sales prices.
  - **Overseas:** Increase in revenue primarily due to the impact of currency translation and increased sales.
- **Solution & Ingredients:** Increase in revenue primarily due to increased sales of food service products in Japan and impact of currency translation overseas.

Market Shares in Main Product Areas (Household Market in Japan) FY2023

Product Area	Brand	Market Size (Billions of yen)	Ajinomoto Group Share (Position)
Umami seasonings	*AJI-NO-MOTO®, Hi-Me®*	**6.2**	**96% (1)**
Japanese flavor seasonings	*HONDASHI®*	**35.4**	**56% (1)**
Consommé	*Ajinomoto KK Consomme*	**11.8**	**79% (1)**
Soup	*Knorr®*	**121.6**	**30% (1)**
Mayonnaise	*Pure Select®*	**73.6**	**27% (2)**
Menu seasonings	*Cook Do®, Cook Do® Kyo-no Ohzara®*	**78.0**	**27% (1)**

Note: Market size is based on consumer purchase prices.

Main factors affecting segment profits

- **Sauce & Seasonings:** Overall large increase in profit.
  - **Japan:** Profit was level with the previous year as increased unit sales prices compensated for cost increases, such as for raw materials, and increased strategic expenses.
  - **Overseas:** Large increase in profit primarily due to the impact of increased revenue.
- **Quick Nourishment:** Overall increase in profit.
  - **Japan:** Decrease in profit due to the impact of cost increases, such as for raw materials, despite increased revenue.
  - **Overseas:** Large increase in profit primarily due to the impact of increased revenue.
- **Solution & Ingredients:** Overall large increase in profit primarily from food service products in Japan and umami seasonings for processed food manufacturers.

Frozen Foods

Frozen Foods segment sales increased 5.5% year on year, or ¥14.6 billion, to ¥281.8 billion, owing to the increase of unit sales prices, the effect of currency translation, and other factors. Segment business profit increased 375.7% year on year, or ¥7.5 billion, to ¥9.5 billion, because of increased revenue, the effects of structural reforms, and other factors.

Main factors affecting segment sales

- Overall increase in revenue.
  - **Japan:** Decrease in revenue due to a decline in sales volume, despite the effect of increased unit sales prices.
  - **Overseas:** Increase in revenue primarily due to increased unit sales prices and the impact of currency translation.

Main factors affecting segment profits

- Overall large increase in profit.
  - **Japan:** Increase in profit primarily due to the impact of increased unit sales prices and improved costs despite decreased revenue.
  - **Overseas:** Large increase in profit primarily due to the impact of increased revenue and structural reform.

Healthcare and Others

Healthcare and Others segment sales decreased 1.7% year on year, or ¥5.1 billion, to ¥294.5 billion, owing to a decrease in sales of Functional Materials (electronic materials and others) and amino acids for pharmaceuticals and foods as well as other factors. Segment business profit decreased 49.9% year on year, or ¥24.2 billion, to ¥24.3 billion due to lower profit for both Functional Materials (electronic materials and others) and Bio-Pharma Services & Ingredients.

Main factors affecting segment sales

- **Bio-Pharma Services & Ingredients:** Overall increase in revenue primarily due to the impact of currency translation.
- **Functional Materials (electronic materials and others):** Decrease in revenue due to decreased sales of electronic materials.
- **Others:** Overall increase in revenue.

Main factors affecting segment profits

- **Bio-Pharma Services & Ingredients:** Large decrease in profit for both amino acids for pharmaceuticals and foods and Bio-Pharma Services (CDMO services).
- **Functional Materials (electronic materials and others):** Large decrease in profit accompanying decrease in revenue.
- **Others:** Increase in profit accompanying increase in revenue.

Sales by Business and Geographical Area

(Figures in parentheses represent YoY change)
(Billions of yen)

Years ended March 31		Japan		Asia		Americas		Europe		Total
Seasonings and Foods	FY2023	**287.1**	**(13.0)**	**384.6**	**(46.4)**	**127.5**	**(17.1)**	**47.5**	**(-4.7)**	**846.9 (71.9)**
	FY2022	274.0		338.2		110.4		52.2		775.0
Frozen Foods	FY2023	**87.0**	**(-2.7)**	**4.6**	**(-0.0)**	**170.9**	**(15.8)**	**19.2**	**(1.6)**	**281.8 (14.6)**
	FY2022	89.7		4.7		155.1		17.6		267.2
Healthcare and Others	FY2023	**120.3**	**(-8.6)**	**9.7**	**(0.6)**	**80.4**	**(-7.9)**	**84.0**	**(10.8)**	**294.5 (-5.1)**
	FY2022	129.0		9.0		88.3		73.1		299.6
Others	FY2023	**15.5**	**(-1.5)**	**0.2**	**(0.1)**	**—**		**0.0**	**(0.0)**	**15.8 (-1.3)**
	FY2022	17.1		0.0		—		0.0		17.1
Total	FY2023	**510.1**	**(0.1)**	**399.2**	**(47.2)**	**378.9**	**(24.9)**	**150.8**	**(7.7)**	**1,439.2 (80.1)**
	FY2022	509.9		352.0		353.9		143.1		1,359.1

Note: Unaudited figures; for reference only.

Other

In the Other segment, sales decreased 7.9% year on year, or ¥1.3 billion, to ¥15.8 billion. Segment business profit increased ¥2.2 billion to ¥2.1 billion.

Liquidity and Financial Condition

Assets

As of March 31, 2024, the Company's consolidated total assets stood at ¥1,774.4 billion, an increase of ¥262.7 billion from ¥1,511.7 billion at the end of the previous fiscal year on March 31, 2023. The main reasons for this were an increase in goodwill in conjunction with the acquisition of Forge Biologics Holdings, LLC, and an increase in assets owing to the effect of currency translation.

Liabilities

Total liabilities came to ¥890.4 billion, ¥201.6 billion more than the ¥688.7 billion at the end of the previous fiscal year, largely owing to an increase in interest-bearing debt. Interest-bearing debt totaled ¥491.6 billion, an increase of ¥155.1 billion from the end of the previous fiscal year, due to an increase in short-term borrowings, issuance of commercial papers and sustainability-linked bonds, and other.

Equity

Total equity as of March 31, 2024, was ¥61.0 billion more than at the end of the previous fiscal year, mainly due to an increase in exchange differences on translation of foreign operations in conjunction with the depreciation of the yen, despite a decrease due to the purchase of treasury stock and other factors. Equity attributable to owners of the parent company, which is total equity minus non-controlling interests, totaled ¥814.6 billion, and the equity ratio attributable to owners of the parent company was 45.9%.

Cash Flows

Net cash provided by operating activities during the fiscal year totaled ¥168.0 billion, up from ¥117.6 billion in the previous fiscal year. The main factors included ¥142.0 billion in profit before income taxes, ¥78.2 billion in depreciation and amortization, and ¥54.5 billion in income taxes paid.

Net cash used in investing activities came to ¥132.4 billion, up from ¥30.0 billion used in the previous fiscal year. The main factors during the year included 74.3 billion in purchase of shares in subsidiaries resulting in change in scope of consolidation and ¥65.7 billion in purchase of property, plant and equipment.

Net cash used in financing activities came to ¥6.7 billion, compared with ¥111.0 billion used in the previous year. Purchase of treasury stock of ¥91.3 billion and dividends paid of ¥38.4 billion were among the main outflows, while increase in short-term borrowings of 73.8 billion and increase in commercial papers of 53.0 billion were the main inflows.

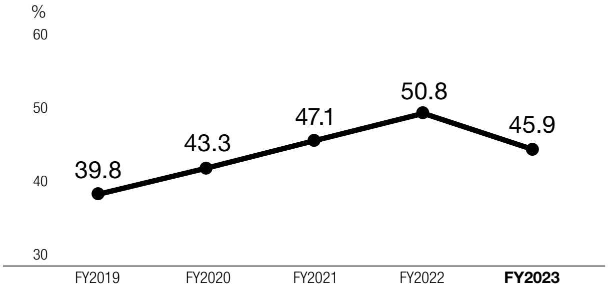
As a result of the foregoing, cash and cash equivalents as of March 31, 2024 totaled ¥171.5 billion.

Capital Expenditures of the Ajinomoto Group

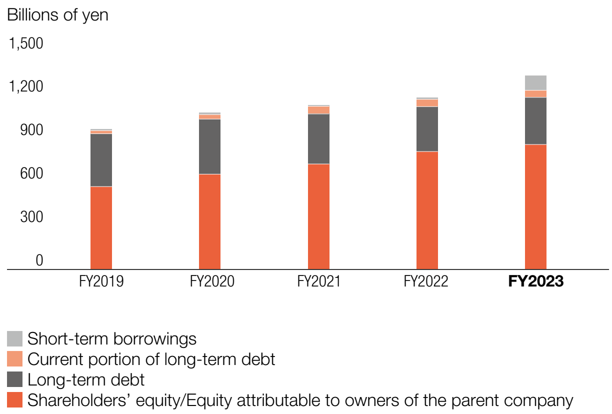
Capital expenditures of the Ajinomoto Group for the fiscal year ended March 31, 2024 amounted to a total of ¥76.9 billion, which was mainly for the following:

- Expansion of pharmaceutical manufacturing facilities (U.S.A.) (completed in June 2023)
- Renewal of combined heat and power system (Japan) (completed in March 2024)
- Expansion of amino acid production facilities (U.S.A.) (scheduled for completion in June 2024)
- Expansion of food production facilities (Japan) (scheduled for completion in September 2024)
- Expansion of electronic materials manufacturing facilities (Japan) (scheduled for completion in January 2025)

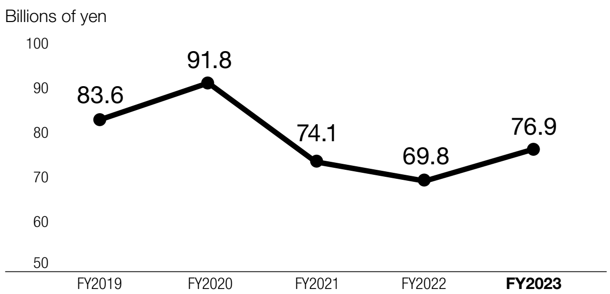
Shareholder's Equity Ratio/Ratio of Equity Attributable to Owners of the Parent Company



Total Capital



Capital Expenditures



Cash Flow Highlights

(Billions of yen)

Years ended March 31	FY2023	FY2022	FY2021	FY2020	FY2019
Net cash provided by operating activities	**168.0**	117.6	145.5	165.6	114.8
Net cash used in investing activities	**(132.4)**	(30.0)	(61.5)	(66.2)	(66.6)
Net cash used in financing activities	**(6.7)**	(111.0)	(123.0)	(60.3)	(52.3)
Cash and cash equivalents at end of the year	**171.5**	132.7	151.4	181.6	141.7

Shareholder Returns

The Company's basic policy is to distribute dividends twice a year, in the form of interim and year-end dividends.

For the fiscal year under review (ended March 31, 2024), the Company plans to pay a dividend of ¥74 per share (including the interim dividend of ¥37 per share), an increase of ¥6 from the previous fiscal year. Moreover, in the Medium-Term ASV Initiatives 2030 Roadmap, the Company declares a progressive dividend policy indicating dividends will not be reduced but will be increased or maintained. In addition, a concept of dividends based on normalized EPS,* which is based on business profit less affected by extraordinary profit fluctuations such as from impairment losses, has been introduced.

The Company will continue to work to further increase dividends by steadily increasing business profit. The Company aims to achieve a total return ratio 50% or more over three years (compared to profit attributable to owners of the parent company).

Based on this new policy and concept, for the next fiscal year (ending March 31, 2025), an annual dividend of ¥80 per share is planned (with an interim dividend payment of ¥40), an increase of ¥6 in the annual dividend from the fiscal year ended March 31, 2024.

* Dividends based on normalized EPS = (Business profit x (1 – Ajinomoto Group standard tax rate at 27%)) / Total number of shares outstanding x Return coefficient at 35%

Credit Ratings

With the aim of ensuring its ability to efficiently and stably procure the necessary investment funds for global growth, the Ajinomoto Group places emphasis on maintaining a sound financial structure. We approach this goal by controlling interest-bearing debt with a focus on the debt-equity ratio. These efforts have enabled us to retain high credit ratings.

Credit Ratings	Ratings for the Long-term Debt of Ajinomoto Co., Inc.
S&P Global Ratings Japan Inc.	A+
Rating and Investment Information, Inc.	AA

Outlook for the Fiscal Year Ending March 31, 2025

For the fiscal year ending March 31, 2025, the Company expects consolidated sales of ¥1,527.0 billion and business profit of ¥158.0 billion. The forecast for profit attributable to owners of the parent company is ¥95.0 billion. The forecast has been prepared using an exchange rate of US$1: ¥140.

Reference: Forecast by Segments

(Billions of yen)

	Fiscal year ending March 31, 2025	
	Sales	Business Profit
Seasonings and Foods	**889.9**	**111.7**
Frozen Foods	**292.7**	**11.5**
Healthcare and Others	**325.8**	**30.2**
Other	**18.4**	**4.4**
Total	**1,527.0**	**158.0**

Main Assumptions of Business Results Forecast

Our business results forecasts are based on the following assumptions.

- The current inflationary conditions will continue.
- Except for some raw materials and fuel, the current price level will be maintained overall.

In this challenging business environment, the Company will provide products with high value added, respond promptly to prices, and steadily reduce costs to achieve the Medium-Term ASV Initiatives 2030 Roadmap.

Important Subsidiaries and Affiliates (as of March 31, 2024)

The Company has 111 consolidated subsidiaries, including the 50 companies listed in “(1) Important Subsidiaries” below, and 15 affiliates accounted for by the equity method, including the 3 companies listed in “(2) Important Affiliates” below.

(1) Important subsidiaries

Company name	Location	Capital stock		Ratio of voting rights (%)	Main business
Ajinomoto Frozen Foods Co., Inc.	Chuo-ku, Tokyo	JPY	9,537 million	100	Frozen Foods
Ajinomoto Food Manufacturing Co., Ltd.	Kawasaki-ku, Kawasaki-shi	JPY	4,000 million	100	Sauce & Seasonings, Solution & Ingredients, and Quick Nourishment
Ajinomoto AGF, Inc.	Shibuya-ku, Tokyo	JPY	3,862 million	100	Quick Nourishment
Ajinomoto Healthy Supply Co., Inc.	Chuo-ku, Tokyo	JPY	380 million	100	Other (Healthcare, etc.)
AJINOMOTO ENGINEERING CORPORATION	Ota-ku, Tokyo	JPY	324 million	100	Other
Ajinomoto Fine-Techno Co., Inc.	Kawasaki-ku, Kawasaki-shi	JPY	315 million	100	Functional Materials (Electronic materials, etc.)
Ajinomoto Trading Co., Ltd.	Minato-ku, Tokyo	JPY	200 million	100	Other (Healthcare, etc.)
DELICA ACE Corporation	Ageo-shi, Saitama	JPY	200 million	100	Solution & Ingredients
Ajinomoto Communications Co., Inc.	Chuo-ku, Tokyo	JPY	100 million	100	Other
Ajinomoto Financial Solutions, Inc.	Chuo-ku, Tokyo	JPY	100 million	100	Other
Ajinomoto Bakery, Inc.	Chuo-ku, Tokyo	JPY	100 million	100	Solution & Ingredients
GeneDesign, Inc.	Ibaraki-shi, Osaka	JPY	59 million	100	Bio-Pharma Services (CDMO)
Ajinomoto Digital Business Partners Co., Inc.	Chuo-ku, Tokyo	JPY	51 million	100	Other
Saps ltd.	Chuo-ku, Tokyo	JPY	50 million	100	Solution & Ingredients
Ajinomoto Direct Corporation	Chuo-ku, Tokyo	JPY	10 million	100	Other (Healthcare, etc.)
Ajinomoto SEA Regional Headquarters Co., Ltd.	Thailand	THB	2,125,000 thousand	100	Regional Headquarters
Ajinomoto Co., (Thailand) Ltd.	Thailand	THB	796,362 thousand	99.8*	Sauce & Seasonings
AJINOMOTO SALES (THAILAND) COMPANY LIMITED	Thailand	THB	50,000 thousand	100*	Sauce & Seasonings
AJITRADE (THAILAND) CO., LTD.	Thailand	THB	10,000 thousand	100*	Other (Healthcare, etc.) and Solution & Ingredients
WAN THAI FOODS INDUSTRY CO., LTD.	Thailand	THB	60,000 thousand	60.0*	Quick Nourishment
AJINOMOTO BETAGRO FROZEN FOODS (THAILAND) CO., LTD.	Thailand	THB	764,000 thousand	50.0*	Frozen Foods
PT Ajinomoto Indonesia	Indonesia	USD	8,000 thousand	51.0	Sauce & Seasonings
P.T. AJINOMOTO SALES INDONESIA	Indonesia	USD	250 thousand	100*	Sauce & Seasonings
Ajinomoto Vietnam Co., Ltd.	Vietnam	USD	50,255 thousand	100	Sauce & Seasonings
Ajinomoto (Malaysia) Berhad	Malaysia	MYR	65,102 thousand	50.4	Sauce & Seasonings
AJINOMOTO PHILIPPINES CORPORATION	The Philippines	PHP	665,444 thousand	95.0	Sauce & Seasonings
Ajinomoto (China) Co., Ltd.	China	USD	104,108 thousand	100	Other (Healthcare, etc.)
Shanghai Ajinomoto Seasoning Co., Ltd.	China	USD	27,827 thousand	100*	Sauce & Seasonings
Shanghai Ajinomoto Trading Co., Ltd.	China	RMB	10,000 thousand	100*	Amino acids for pharmaceuticals and foods
AJINOMOTO (HONG KONG) CO., LTD.	Hong Kong	HKD	5,799 thousand	100	Solution & Ingredients

Company name	Location	Capital stock		Ratio of voting rights (%)	Main business
AJINOMOTO (SINGAPORE) PRIVATE LTD.	Singapore	SGD	1,999 thousand	100	Solution & Ingredients
Ajinomoto (Cambodia) Co., Ltd.	Cambodia	USD	11,000 thousand	100	Sauce & Seasonings
Ajinomoto Korea, Inc.	Republic of Korea	KRW	1,000,000 thousand	70.0	Sauce & Seasonings, Quick Nourishment, and Solution & Ingredients
AJINOMOTO TAIWAN INC.	Taiwan	NTD	250,000 thousand	100	Sauce & Seasonings
Myanmar Ajinomoto Foods Co., Ltd.	Myanmar	MMK	61,290,000 thousand	100	Sauce & Seasonings
Ajinomoto North America Holdings, Inc.	U.S.A.	USD	0	100	Regional Headquarters
Forge Biologics, Inc.	U.S.A.	USD	63,168	100*	Bio-Pharma Services (CDMO)
Ajinomoto Foods North America, Inc.	U.S.A.	USD	15,030 thousand	100*	Frozen Foods
Ajinomoto Health & Nutrition North America, Inc.	U.S.A.	USD	0	100*	Solution & Ingredients, Other (Healthcare, etc.)
Ajinomoto Althea, Inc.	U.S.A.	USD	0	100	Bio-Pharma Services (CDMO)
Ajinomoto Cambrooke, Inc.	U.S.A.	USD	34,280 thousand	100*	Other (Healthcare, etc.)
Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda.	Brazil	BRL	913,298 thousand	100	Sauce & Seasonings
Ajinomoto del Perú S.A.	Peru	PEN	45,282 thousand	99.6	Sauce & Seasonings
AJINOMOTO FOODS EUROPE S.A.S.	France	EUR	35,000 thousand	100*	Solution & Ingredients
S.A. Ajinomoto OmniChem N.V.	Belgium	EUR	21,320 thousand	100*	Bio-Pharma Services (CDMO)
AJINOMOTO FOODS NIGERIA LTD.	Nigeria	NGN	2,623,714 thousand	100	Sauce & Seasonings
AJINOMOTO ISTANBUL FOOD INDUSTRY AND TRADE LTD. CO.	Turkey	TRY	51,949 thousand	100	Sauce & Seasonings
AJINOMOTO POLAND SP Z.O.O.	Poland	PLN	39,510 thousand	100	Quick Nourishment
Nualtra Limited	Ireland	EUR	0	100*	Other (Healthcare, etc.)
Agro2Agri, S.L.	Spain	EUR	2,027 thousand	100*	Other (Healthcare, etc.)

Notes: 1. In the current fiscal year, Ajinomoto North America Holdings, Inc. and Forge Biologics, Inc. were added to the list of 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.

(2) Important affiliates

Company name	Capital stock		Ratio of voting rights (%)	Main business
EA Pharma Co., Ltd.	JPY	9,145 million	40.0	Other
J-Oil Mills, Inc.	JPY	10,000 million	27.2	Other
Promasidor Holdings Limited	USD	0 thousand	33.3	Quick Nourishment

Employees of the Ajinomoto Group (as of March 31, 2024)

(1) Employees of the Company and its consolidated subsidiaries

Number of employees	Change from the previous fiscal year end
34,862	Increased by 247

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
3,480	Increased by 145

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

Looking Back on the First Year of Our Medium-Term ASV Initiatives 2030 Roadmap

The Ajinomoto Group abolished the conventional three-year medium-term management plan and adopted the challenging "ASV Indicators*1". From a long-term perspective, we also announced the "Medium-Term ASV Initiatives 2030 Roadmap," which is a roadmap to the vision of where we want to be by 2030, using backcasting*2 from the "ASV Indicators". We began its implementation in March 2023.

ASV Indicators		FY22	FY23	FY24 forecast	FY25 (plan)	FY30 (plan)
Economic value indicators	ROE (Excluding the impact of the Forge acquisition)	12.9%	11.0% (11.4%)	Approx. 12% (Approx. 13%)	18%	Approx. 20%
	ROIC (>Capital Cost) (Excluding the impact of the Forge acquisition)	9.9%	8.7% (9.4%)	Approx. 9% (Approx. 10%)	13%	Approx. 17%
	Organic sales growth	9.5%	1.7%	Approx. 7%	5% (FY22-25)	5% or more (FY25-30)
	EBITDA margin	15.2%	15.7%	Approx. 16%	17%	19%
					Challenging targets from management	
Social value indicators	Initiatives to Reduce Environmental Impact	-	-	-	-	Reduce our environmental impact by 50% (outcome)
	Nutrition commitment (We plan to consider KPIs for other contributions than nutrition as well.)	880 mil. people		-	-	Help extend the healthy life expectancy of 1 bl people (outcome)
Strengthening intangible assets	Employee engagement score	75%	76%		80%	85% or more
	Brand Value (mUSD) (Interbrand published value)	1,391 (result, +15% vs. prev. year)	1,625 (result, +17% vs. prev. year)	-	Compared with FY22, CAGR 7% or more	

Ref.: Aim for approx. 3x EPS (vs. FY2022)

ASV will grow dramatically and continually, and we will continue to be an attractive group for stakeholders and society

*1 Indices that encourage further growth and challenges, consisting of economic indicators that demonstrate the degree of financial performance by the Ajinomoto Group through its businesses, and social value indicators that are intended to measure the value that the Group is striving to create on a societal level.

*2 Backcasting is a method of envisioning how to achieve a goal by "working backward" from a desirable future to the present, to determine what one should do now.

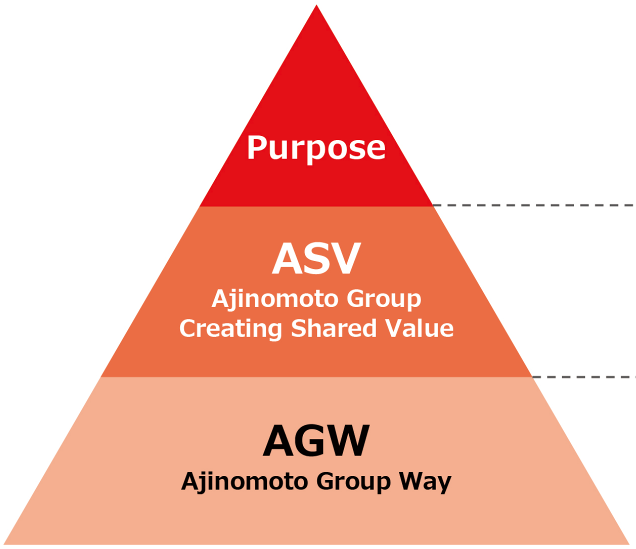
The Start of a Program to Help Our Employees Internalize Our Revised “Purpose” as Their Own

We created a program to help our employees better understand the Ajinomoto Group's new “Purpose” (“Contributing to the well-being of all human beings, our society and our planet with AminoScience*3”), which we began promoting when we formulated the Medium-Term ASV Initiatives 2030 Roadmap. The program aims to enhance ASV engagement by encouraging employees to internalize ASV as their own, and in FY2023, ahead of a company-wide roll-out, we began its implementation with Top Management (our Executive Officers, Corporate Executives, and Corporate Fellows).

*3 A general term we have used since our founding to refer to various materials, functions, technologies and services obtained from research and implementation processes focused on amino acid functions. Also, the Ajinomoto Group's unique scientific approach to leveraging those materials, functions, technologies, and services for the solving of social issues and to contribute to human well-being. “AminoScience” is a registered trademark in Japan.

Corporate Slogan

Eat Well, Live Well.



Purpose

Contributing to the well-being of all human beings, our society and our planet with “AminoScience”

ASV Initiatives

Co-creation of social and economic value through our business

Values

Create new value, Pioneer spirit, Social contribution, Value people

Important Issues for the Ajinomoto Group (Materiality)

Through extensive discussions with a variety of our stakeholders, we have used a value creation framework created by our Sustainability Advisory Council comprised mainly of outside experts, to help organize the important issues facing the Ajinomoto Group into the following six issues: (1) Achievement of a sustainable global environment, (2) Achievement of well-being through food, (3) Contribution to advanced medicine and prevention, (4) Contribution to the evolution of a Smart Society*4, (5) Respect for diverse values and human rights, and (6) Reinforcement of our management foundation.

*4 A society in which companies, governments, consumers and others are connected through networks for the purpose of solving social issues.

Materiality
(Important Issues for the Ajinomoto Group)

Value Creation Framework

Hone ① co-creation capabilities, take the ② seikatsusha* perspective while achieving ③ well-being and, through our business activities return co-created ④ shared value .

* "Seikatsusha" is a unique Japanese concept that, unlike partial concept of "consumer" used in business and "citizen" used in political science, seeks to define people holistically. A seikatsusha is a person with agency who defines their own life priorities based on their own (shared) interpretation of their communities' values and long-term interests. A seikatsusha is the ultimate and most fundamental stakeholder representing humans living together in society.

Material Themes

- Achievement of a sustainable global environment
- Achievement of well-being through food
- Contribution to advanced medicine and prevention
- Contribution to the evolution of a Smart Society
- Respect for diverse values and human rights
- Reinforcement of our management foundation

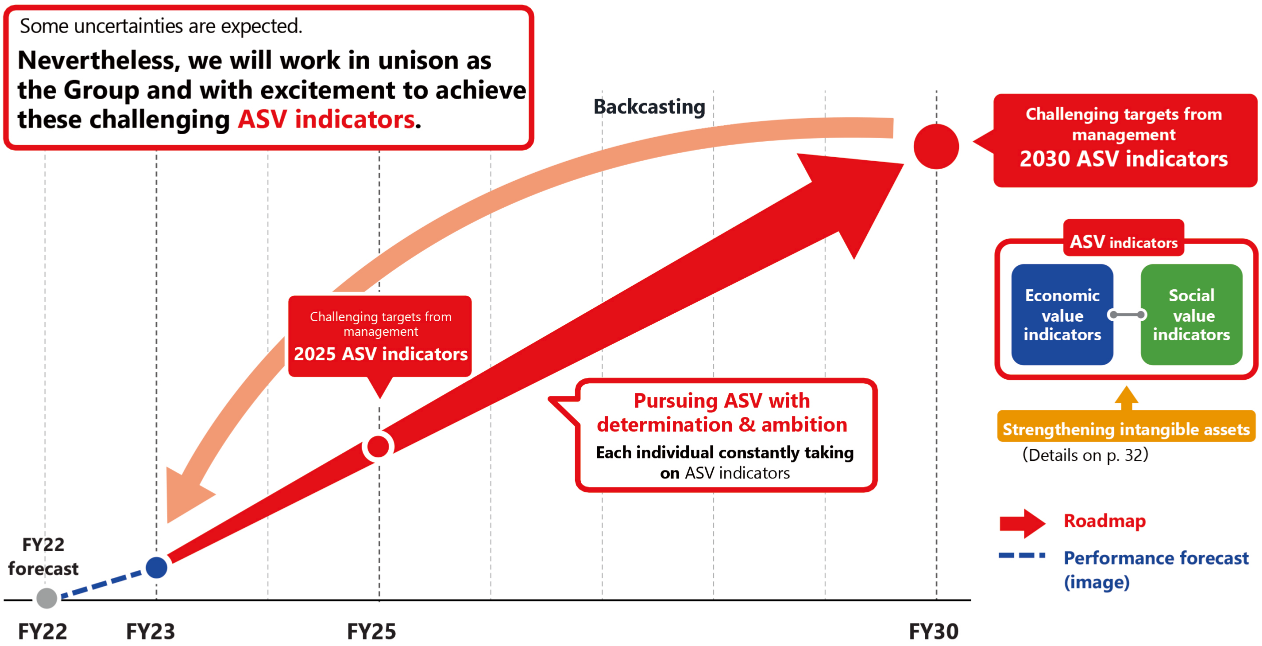
Key Points of the Medium-Term ASV Initiatives 2030 Roadmap

1. The Transformation of Our Management to Achieve Our "Medium-Term ASV Initiatives"

One of the key points of the Medium-Term ASV Initiatives 2030 Roadmap involves the transformation of our management to achieve our "Medium-Term ASV Initiatives". We will evolve from a plan-centered approach to management that continuously refines its execution capabilities. The ASV Indicators are strategic targets that we have set to help us become what we want to be in 2030. To fill in the gaps between reality and our ASV Indicators, we have begun an initiative by which we continuously pursue new value creation and business model innovation beyond organizational boundaries.

On the other hand, we are also aware of the importance of forecasting*5, which enables us to quickly recognize changes in our business environment and respond appropriately. We are refining our execution skills by skillfully combining backcasting and forecasting, cultivating a corporate climate in which every employee will enjoy striving for high targets, and we will use these efforts as momentum to dramatically and continuously improve our corporate value.

*5 A way of thinking that predicts the future as an extension of the present.

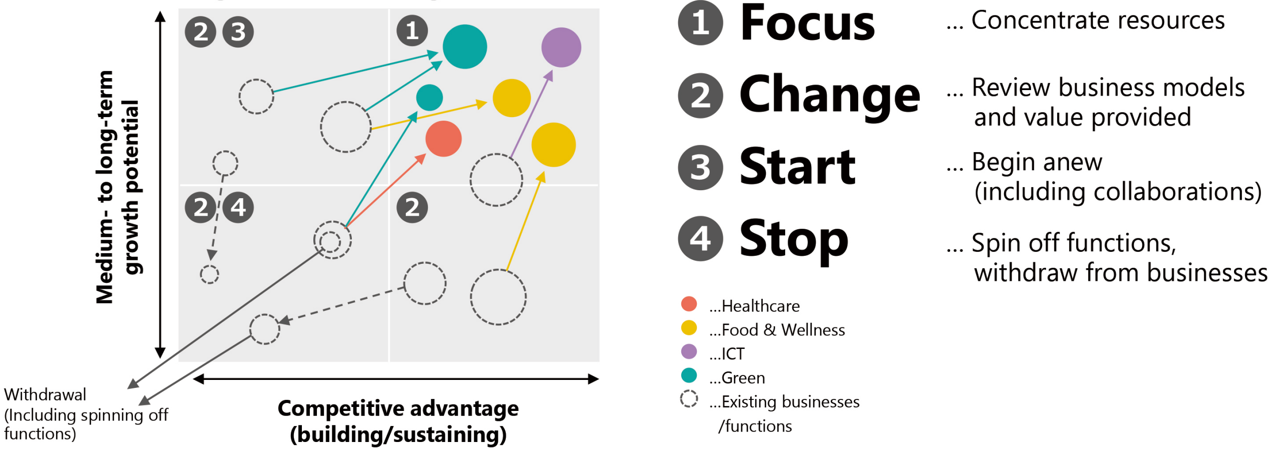


2. The Evolution of Portfolio Management

The second key point is the evolution of our portfolio management, which seeks to optimize the Ajinomoto Group's allocation of assets. We are continuing our efforts to improve efficiency and promote asset-light management (initiatives to reduce the amount of tangible assets) while also maintaining a heightened awareness of medium- to long-term growth potential in each of our portfolios, such as those comprising our various businesses, corporate functions, and regions in which we operate. In our new portfolio approach, with the vertical axis representing medium- to long-term growth potential, and the horizontal axis representing efforts to build a competitive advantage while improving sustainability. We are concentrating our management resources on growth fields and transforming our business structure into a highly profitable one. At the same time, while both continuing to sow seeds for the future and promptly making any withdrawal decisions, we will aim to build a portfolio model that is unique to our Company—one that constantly evolves through (1) Focus, (2) Change, (3) Start, and (4) Stop.

In 2023, with our acquisition of Forge Biologics Holdings, LLC, we gained a gene therapy CDMO*6 base for our business, as well as its unique differentiation technology. Moreover, we gained a foothold with which to strengthen and create new business through various synergies, and to expand into the cell therapy field.

Illustration of business portfolio evolution from existing businesses to four growth areas



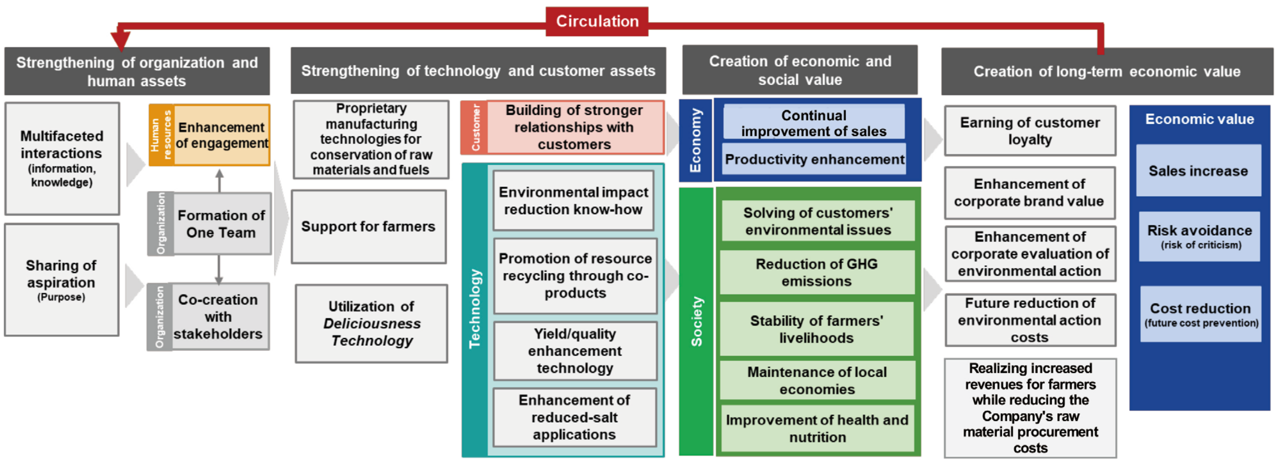
*6 CDMO: Contract Development & Manufacturing Organization

3. Priority Investment in Intangible Assets

The final key point involves investment in intangible assets. We believe that the source of our competitive advantage lies in our intangible assets–our technological assets, human resource assets, customer assets and organizational assets.

In FY2023, we visualized the relationship between the enhancement of our intangible assets and the advancement of our ASV Management via examples of value creation through our global umami seasonings business. By taking initiatives based on customer perspectives to create economic and social value, leading to long-term economic value, we have contributed to a virtuous cycle that will also aid in the accumulation of further intangible assets.

Our Umami Seasonings Business–ASV Achievement and the Circulation of Intangible Assets



Our approach to sustainability

Our goal as the Ajinomoto Group is to contribute to the well-being of all human beings, our society and our planet with "AminoScience." To this end, we believe it is necessary to realize two outcomes by 2030, namely, to reduce our environmental impact by 50% and to help extend the healthy life expectancy of one billion people.

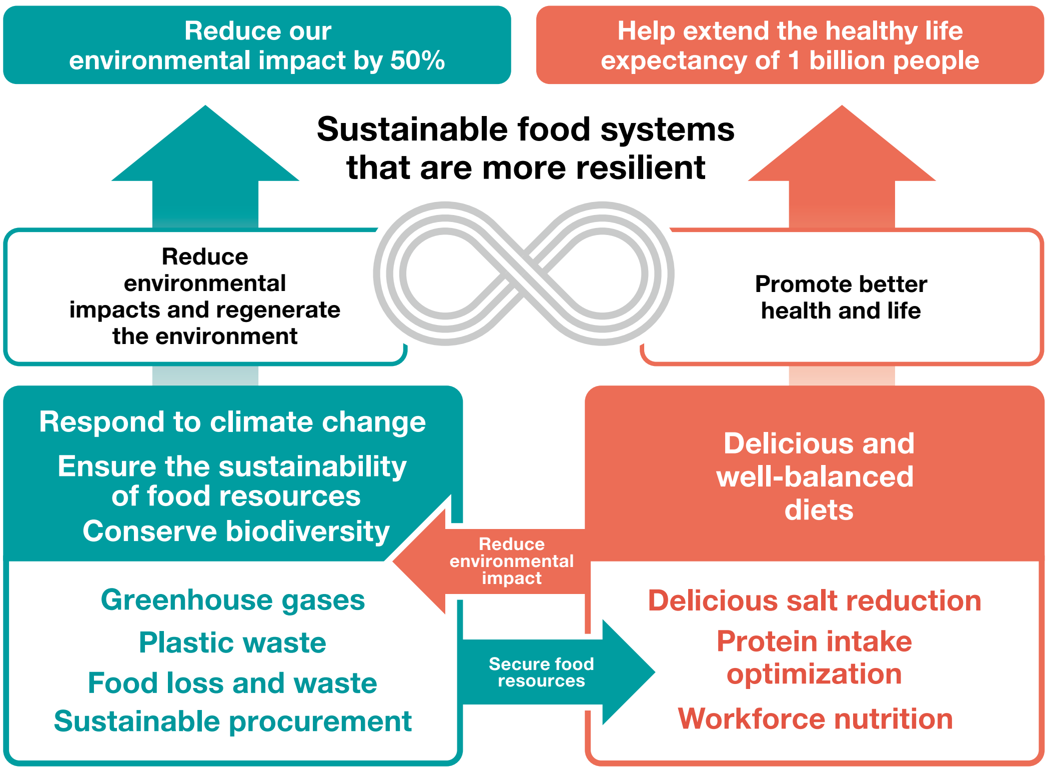
The business of the Ajinomoto Group is supported by sound food systems*1 based on stable food resources and the vibrant natural environment. However, we are also aware that our business activities have an impact on the environment. Today, as we reach the limits of what our planet can sustain, it is essential that we put in place efforts to regenerate the environment. We believe that we can only implement initiatives aimed at extending healthy life expectancy in a sustainable manner by reducing our environmental impact through measures such as responding to climate change, ensuring sustainability of food resources, and the conservation of biodiversity.

Through our business activities, we provide products and services that are delicious, nutritionally balanced, and benefit people's dietary habits, and further promote reduced environmental impacts caused by greenhouse gases, plastic waste, and food loss and waste. Also, through our resource recycling-based amino acids fermentation process (a bio-cycle), we are contributing to sustainable food systems that are more resilient and to regeneration of the global environment.

Furthermore, we will aim to create a more positive impact on society by maximizing the Ajinomoto Group's strength in AminoScience, while steadily reducing negative impacts, such as environmental impact.

*1 The series of activities related to food production, processing, transport, and consumption.

Contributing to the well-being of all human beings, our society, and our planet with "AminoScience"



1. Governance

In the Ajinomoto Group, we honestly comply with the Ajinomoto Group Policies (AGP) that show the ideal way of thinking and action that the Group companies and their officers and employees should comply with, continue to develop and properly operate our internal control system, strengthen our system that considers sustainability as an active risk-taking system, and continuously enhance our corporate value.

We are strengthening our sustainability promotion system in order to continuously increase our corporate value from the perspective of sustainability. As of the publication of this document, this system is outlined below.

The Board of Directors has established the Sustainability Advisory Council, creating a system to provide recommendations about the Group's approach to sustainability and ESG. It determines material issues for the Ajinomoto Group (materiality) that serve as guidelines for ASV management and supervises the execution of initiatives related to sustainability.

The Executive Committee has established the Sustainability Committee and the Risk Management Committee as its subordinate bodies, which identifies risks and opportunities based on material matters for the Ajinomoto Group (materiality) and assesses them for degree of impact, formulates measures, and manages their progress. In fiscal 2023, the Executive Committee received two activity reports from the Sustainability Committee.

Beginning April 2023, the Second Term Sustainability Advisory Council will continue its work to enhance the Ajinomoto Group's corporate value from the viewpoint of sustainability. The Second Term Sustainability Advisory Council consists of four external experts, primarily investors and financial market specialists, and is chaired by an external expert. After receiving consultation from the Board of Directors, the council will investigate the implementation of materiality, disclosure and dialogue on its progress, and building relationships with stakeholders through these activities, in the interest of stronger monitoring of the Board of Directors, and issue a report in response to the Board of Directors. The Second Term Sustainability Advisory Council will meet at least twice a year and report the results of its deliberations to the Board of Directors.

In order to advance Medium-Term ASV Initiatives, the Sustainability Committee works with the Risk Management Committee to select and identify risks and opportunities based on materiality as well as assess their impact on the Ajinomoto Group, making proposals to the Executive Committee. The committee then formulates countermeasures and manages the progress of sustainability measures. In addition, the Sustainability Committee formulates the entire Ajinomoto Group's sustainability strategy, promotes action themes (nutrition, environment, and society) based on this strategy, makes proposals and provides support for business plans from a sustainability viewpoint, and compiles internal information on ESG.

The Risk Management Committee works with the Sustainability Committee to select and identify risks calling for particular initiative by management (pandemics, geopolitical risks, information security risks, etc.) based on materiality as well as assess their impact on the Ajinomoto Group, making proposals to the Executive Committee. The committee also formulates risk management measures and manages their progress in order to realize a strong corporate structure capable of responding promptly and appropriately to risks and crises.

2. Strategy

The Ajinomoto Group has a wide range of product areas in the food business, from seasonings and foods to frozen foods, and is also expanding its business into fields such as healthcare. As a result, our business is significantly dependent on various natural bounties, or ecosystem services, such as agricultural, livestock, and fisheries resources, genetic resources, water and soil, and pollination from insects and other organisms. We are able to enjoy these natural bounties thanks to a healthy biodiversity shaped by the diversity of organisms and their connections. The issues of biodiversity and those of the environment, such as climate change, the decline of water resources, resource waste, and the pollution of water, air, and soil, are closely intertwined and cannot be separated. Considering this mutual interrelationship, we will work to conserve biodiversity and sustainably use biological resources, taking these and other actions to reduce our environmental impact such as limiting greenhouse gas emissions, effectively using resources, and reducing waste.

In addition, we consider human assets to be the source of all intangible assets, and therefore employee engagement is an important factor for us in increasing corporate value. We will strengthen our investment in human resources so that a diverse team of colleagues imbued with our purpose can deeply engage with consumers and customers and take on the challenge of co-creating innovation.

3. Risk management

In order to realize the Purpose-Driven Management by Medium-Term ASV Initiatives2030 Roadmap, including the aforementioned two outcomes, it is extremely important to accurately identify risks and respond to them promptly and appropriately. The Sustainability Committee and the Risk Management Committee work closely to ensure that no risk is left unaddressed by the two committees, selecting and identifying risks and opportunities based on material matters for the Ajinomoto Group (materiality) and making proposals to the Executive Committee. The Sustainability Committee then formulates measures and regularly manages their progress for matters related to sustainability, including social, environmental, and nutritional issues, while the Risk Management Committee handles the same processes for risks that management should take the initiative to address pandemics, geopolitical risks, information security risks, etc.).

At each business site in Japan and overseas, we implement a risk process cycle identifying risks and formulating countermeasures, taking into account individual business strategies and local political, economic, and social conditions. The Risk Management Committee continuously improves this risk process cycle, compiles the risks identified by each site, and responds to those calling for initiative by management. In addition, each business and corporation has formulated a business continuity plan (BCP) in preparation for emergencies, and the Risk Management Committee has established a system for constant verification of each BCP's effectiveness and regularly monitors and manages risk response. Full-time Audit Committee members attend the Sustainability Committee and the Risk Management Committee to monitor risk management process.

4. Metrics and targets

We will continue our work to achieve a 50% reduction in environmental impact by 2030, as well as achieving net-zero emissions by 2050. We will also continue our efforts toward goals in existing major themes by 2030, including reducing greenhouse gas emissions, plastic waste, and food loss and waste, as well as achieving sustainable procurement.

Progress in reducing greenhouse gas (GHG) emissions in Scope 1 and 2 and cutting food loss and waste has exceeded our plans. As for reducing GHG emissions in Scope 3, the dialogues with MSG raw material suppliers in Thailand that started in fiscal 2022 will transition to a reduction effort execution stage in fiscal 2024. We will also expand these activities into other areas horizontally. With regard to plastic waste reduction, we are working to reduce usage and switch to recyclable packaging materials, as well as toward the social implementation of recycling. Regarding sustainable procurement, we are promoting initiatives in priority raw materials, and in fiscal 2023, we also promoted biodiversity initiatives.

In addition, we will work to improve employee engagement scores as a measure to enhance intangible assets and help achieve our ASV metrics.

ASV indicators

We are working to reduce our environmental impact by 50% by 2030 and to achieve net-zero emissions by 2050.
In addition, we are aiming to increase the employee engagement score to 80% (fiscal 2025) and 85% (fiscal 2030).

		Issues		Indicators	Targets
ASV indicators	Social value indicators	Responding to climate change	Greenhouse gases	Scope 1 and 2 total	FY30: 50% reduction (vs. FY18)
				Scope 3 basic unit	FY30: 24% reduction (vs. FY18)
			Water risk	Water use	FY25: 80% reduction (vs. FY05)
		Achieving a circular economy	Plastic waste		FY30: Zero waste
			Food loss and waste	From receiving raw materials to customer delivery	FY30: 50% reduction (vs. FY18)
				Overall product lifecycle	FY50: 50% reduction (vs. FY18)
			Zero waste emissions	Resource recovery ratio	Maintaining 99% or more
		Achieving sustainable procurement	Deforestation Biodiversity Human rights Mutual relationships with animals	Sustainable procurement ratio Paper Palm oil Soy beans Coffee beans Beef, sugar cane	FY30: 100% of sustainable procurement
Strengthening intangible assets				Employees Employee engagement score*2	FY25: 80% FY30: 85%

*2 From fiscal 2023, the measurement method has been changed from a single question about ASV as one's own initiative to an average value from nine questions about the ASV realization process to better grasp the actual situation.

Our approach to climate change

1. Governance

Our governance with regard to climate change issues is as described in "Our approach to sustainability."

2. Strategy

The Group has a wide range of product areas in the food business, from seasonings and foods to frozen foods, and is also expanding its business into fields such as healthcare. Climate change affects the Group's business in many ways, including delays to business due to large-scale natural disasters, impact on procuring raw materials such as agricultural produce and fuels, and changes in product consumption.

(1) Scenario analysis assumptions

Based on the scenarios that the average global temperature will rise from post-industrial revolution levels by 1.5°C or 4°C by 2100*3, in fiscal 2023 we conducted a scenario analysis on the impact of climate change between 2030 and 2050 for global umami seasonings and mainstay domestic and overseas products and other processed foods.

Among the effects of climate change impacting production over the medium to long term, drought, floods, rising sea levels, and changing yields of raw materials were analyzed as physical risks, while carbon pricing and tightening of other laws and regulations, rising energy prices, and changes in consumer preferences were analyzed as transition risks.

Tables 2 and 3 below show the scenario analysis risks and opportunities when the average temperature difference between the 1.5°C and 4°C scenarios as of 2030 is considered to be about 0.2°C with no significant difference in physical risk, and when the average temperature difference as of 2050 is expected to be about 1°C with differences in physical risks.

The following is a summary of the changes in the assumptions used in our scenario analysis to date. In the fiscal 2023 analysis, the potential financial impact has increased due to increases in coverage of net sales and carbon pricing.

	FY2020*4	FY2021	FY2022	FY2023
Business	Umami seasonings (global), mainstay domestic products	Umami seasonings (global), mainstay domestic products	Umami seasonings (global), mainstay domestic and overseas products	Umami seasonings (global), mainstay domestic and overseas products, and other processed foods, etc.
Scenario year	2030	2030 / 2050	2030 / 2050	2030 / 2050
Scenario temp.	2°C / 4°C	2°C / 4°C	1.5°C / 4°C	1.5°C / 4°C
Coverage of net sales	24%	24%	55%	65%

*3 Scenarios referenced are SSP1-1.9 (1.5°C scenario) and SSP5-8.5 (4°C scenario) by the UN Intergovernmental Panel on Climate Change (IPCC) and scenarios by the International Energy Agency (IEA).

*4 For the results of the scenario analysis conducted in previous fiscal years, please refer to issues of the Sustainability Data Book for the respective years. https://www.ajinomoto.co.jp/company/en/ir/library/databook.html

(2) Scenario analysis: Risks

1.5°C Scenario (2050): When certain policy measures are taken to reduce GHG emissions and the use of fossil fuels decreases

Risk	Average temperature rise	Increased severity and frequency of floods and droughts	Mandates and regulations on products	Changes in consumer preferences		Carbon pricing mechanism
Risk categories	Transition risk	Physical risk	Transition risk	Transition risk		Transition risk
Business impact	Increased raw material (e.g., coffee beans) procurement costs due to carbon pricing	Measures to ensure consistent supply taken since our founding	Cost increases due to tightening of laws and regulations regarding raw materials used (Assumption: Laws and regulations on the traceability of raw materials and recycling)	Reduced demand due to rising temperatures (Assumption: Miso soup, other soups, hot coffees, shift from heating element to microwave cooking)	Items to the right are for the Group as a whole	Increased cost of fuel used due to carbon pricing
Potential financial impact	¥0.2bn/year	Insignificant	—	—		2030: ¥18bn/year*5 2050: ¥43bn/year*5
Countermeasures	• Support for raw material production areas • Considering raw materials produced in different methods	• More diversified areas of procurement • Research and development on alternative raw materials	• Construction of a comprehensive upstream/downstream cooperation system in the supply chain	• Communication to create better eating habits through ASV PR activities (nutritional value) • Marketing toward chilled soup and coffee • Exploration/proposal of microwave cooking options		• Visualization of financial impact with internal carbon pricing • Fossil fuel phase-out • Use of renewable energies • Development of eco-friendly manufacturing methods

4°C Scenario (2050): In the event that no policy measures are taken to reduce GHG emissions				
Risk	Average temperature rise	Increased severity and frequency of floods and droughts	Changes in consumer preferences	Increased fuel costs
Risk categories	Physical risk	Physical risk	Transition risk	Transition risk
Business impact	Increased costs from decline in productivity of agricultural, livestock, and fishery products (Assumption 1: Worsening aquaculture environment, Assumption 2: Decrease in livestock growth rate and productivity, Assumption 3: Decrease in milk yields from dairy cows, Assumption 4: Infectious disease epidemics in livestock, Assumption 5: Poor growth of agricultural produce and pest epidemics)	Increased raw material procurement costs, decreased sales due to shutdown of operations and delivery delays (Assumption 1: Floods in Thailand, Assumption 2: Droughts in Thailand, Assumption 3: Flooding from localized torrential rains in Japan)	Reduced demand due to rising temperatures (Assumption: Miso soup, other soups, hot coffees, shift from heating element to microwave cooking)	Rising prices of fossil fuels and electricity
Potential financial impact	¥9.0bn/year	¥0.1bn/year	—	¥5.0bn/year
Countermeasures	• More diversified areas of procurement • Stronger cooperation with suppliers/farmers • Development of recipes with reduced extracts • Research and development on alternative raw materials • Introduction of high-temperature-tolerant varieties • Reflection in sales price	• More diversified areas of procurement • Research and development on alternative raw materials • Continuation and improvement of water-saving production • Improvement of supply and logistics systems	• Communication to create better eating habits through ASV PR activities (nutritional value) • Improvements of communication about easy meals using heating elements • Marketing toward chilled soup and coffee • Exploration/proposal of microwave cooking options	• Fossil fuel phase-out • Use of renewable energies • Development of eco-friendly manufacturing methods

*5 Calculated by multiplying the Group's FY2018 standard GHG emissions (approved by the Science Based Targets initiative (SBTi)) by the International Energy Agency's (IEA) 1.5°C scenario CO_2 price forecasts for 2030 of \$25/t-CO_2 for emerging countries, \$90/t-CO_2 for Brazil, China, India, and Indonesia, and \$140/t-CO_2 for developed countries, and for 2050 CO_2 price forecasts, \$180/t-CO_2 for emerging countries, \$200/t-CO_2 for Brazil, China, India, and Indonesia, and \$250/t-CO_2 for developed countries. The 4°C scenario is the outcome of the current situation with no higher CO_2 prices expected.

(3) Scenario analysis: opportunities

1.5°C Scenario (2050): When certain policy measures are taken to reduce GHG emissions and the use of fossil fuels decreases		
Opportunity	Low emission products and services	Changes in consumer preferences
Opportunity categories	Products and services	Products and services
Business impact	Increased sales from products with low environmental impact due to rise in popularity of ethical-mindedness among consumers and customers	• Expanding needs due to health consciousness = Increase in sales • Expanding needs for beverages due to rising temperatures = Increase in sales
Countermeasures	• Development of eco-friendly manufacturing methods and products • Initiatives to obtain favorable ESG rating • Strengthen evidence to prove low environmental impact • Measures to shift customer preferences toward medium- and large-quantity products	• Product development that improves nutritional value • Communication to create better eating habits by highlighting nutritional value • Development of eco-friendly manufacturing methods and products

4°C Scenario (2050): In the event that no policy measures are taken to reduce GHG emissions		
Opportunity	Low emission products and services	Changes in consumer preferences
Opportunity categories	Products and services	Products and services
Business impact	Increased sales from products with low environmental impact due to rise in popularity of ethical-mindedness among consumers and customers	• Expanding needs due to health consciousness = Increase in sales • Expanding needs for beverages due to rising temperatures = Increase in sales
Countermeasures	• Development of eco-friendly manufacturing methods and products • Strengthen evidence to prove low environmental impact • Measures to shift customer preferences toward medium- and large-quantity products	• Product development that improves nutritional value • Communication to create better eating habits by highlighting nutritional value • Development of eco-friendly manufacturing methods and products

(4) Reflecting scenario analysis results in strategy

(i) Reflection in business strategy

Based on the impact of the scenario analysis on our business, we plan to invest in fossil fuel phase-out and the use of renewable energies, as well as eco-friendly manufacturing methods to further reduce our GHG emissions in the future. We will also work on formulating new business strategies to achieve ASV, where sustainability initiatives lead to greater added value for our products.

Moreover, in our scenario analyses from fiscal 2023 onwards, we will dig deeper into risks and opportunities.

(ii) Reflection on financing strategy

Sustainable finance forms the basis for acquiring the necessary funds for our various initiatives. Following the October 2021 issuance of our sustainability bonds and the committed credit line established in January 2022 through the Positive Impact Finance scheme, we concluded a committed credit line agreement through our sustainability-linked loans in December 2022, and have been continuing to procure funds through sustainable finance, including with the issuance of sustainability-linked bonds in June 2023*6. Most recently, we issued two new sustainability-linked loans in March and April of 2024.

Through this financing, we will further accelerate our efforts to realize one of our two outcomes by 2030, namely, to reduce our environmental impact by 50%, as well as to realize a sustainable society.

*6 For more details, please refer to the Sustainable Finance webpage below.
https://www.ajinomoto.com/sustainability/finance.php

3. Risk management

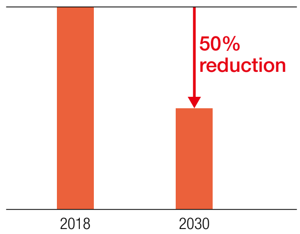
Our risk management with regard to climate change is as described in “Our approach to sustainability.”

4. Metrics and targets

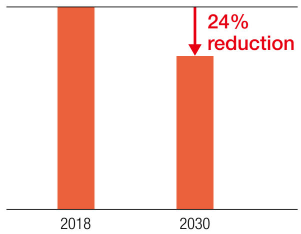
The Group has submitted a letter of commitment declaring compliance to new GHG emission reduction targets, including to the SBTi Net Zero Standard. As a result, the Group is revising its GHG emission reduction targets in line with the Net-Zero Standard in order to further accelerate efforts toward the SBTi approved target and strategy to limit the temperature rise to 1.5°C.

(i) Targets

Targets for total Scope 1 and 2 emissions



Targets for Scope 3 emissions per ton of production

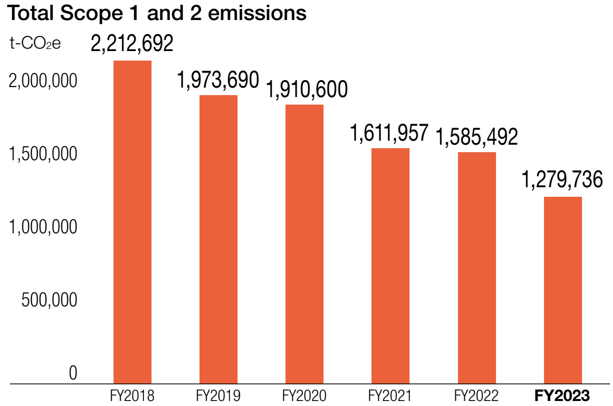


With regard to Scope 1 and Scope 2 GHG emissions, we have set a 50% reduction target (total emissions target) on fiscal 2018 levels by fiscal 2030 and have received Science Based Targets Initiative (SBTi) certification for this.

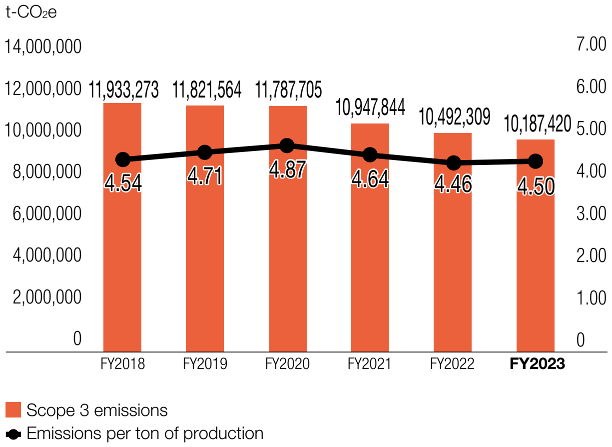
With regard to Scope 3 (excluding Category 11) GHG emissions per ton of production (GHG emissions intensity), for which we have also received SBTi certification, we will revise our target (emissions intensity target) to a 24% reduction on fiscal 2018 levels by fiscal 2030 (as of June 1, 2024).

(ii) FY2023 results

Total Scope 1 and 2 emissions



Scope 3 emissions and emissions per ton of production



Total Scope 1 and Scope 2 GHG emissions were down roughly 300,000 t-CO_2e over the previous fiscal year, a significant reduction. The conversion of the conventional coal used as fuel at PT AJINOMOTO INDONESIA and AJINOMOTO CO., (THAILAND) LTD., to biomass, as well as the procurement of renewable energy certificates at the Kyushu Plant of Ajinomoto Co., Inc. led to significant reductions in CO_2 emissions. Moreover, we are on the verge of achieving approximately 80% of our SBTi-certified GHG emissions targets for fiscal 2030 (down 50% from 2018 levels) in our current plan, and we are looking at activities to further reduce emissions.

Scope 3 GHG emissions intensity (all categories) was up by around 1% from the previous fiscal year, and down by around 1% on the base year of fiscal 2018 (no retroactive application for Group companies). The main reason for this reduction is that the total production volume for the Ajinomoto Group declined. In fiscal 2024, we will collaborate with Scope 3 raw material suppliers. Going forward, we will accelerate external collaboration, including with suppliers, and promote initiatives to reduce GHG emissions.

(iii) Initiatives to achieve targets

Measures to achieve Scope 1 and 2 targets include more energy-saving activities, switching to fuels that generate less GHGs, using renewable energies such as biomass and solar power, and implementing processes to reduce energy consumption (e.g., switching from fossil fuels to biomass fuels and procuring renewable energy certificates in China and at our Kyushu Plant).

In terms of Scope 3, since raw materials account for roughly 60% of all GHG emissions throughout the product lifecycle, we are working to encourage raw material suppliers to reduce their GHG emissions and looking at the introduction of new technologies including the on-site production of ammonia.

Our approach to biodiversity

1. Governance

Our governance with regard to biodiversity is as described in "Our approach to sustainability."

2. Strategy

The Ajinomoto Group has a wide range of product areas in the food business, from seasonings and foods to frozen foods, and is also expanding its business into fields such as healthcare. As a result, our business is significantly dependent on various natural bounties, or ecosystem services, such as agricultural, livestock, and fisheries resources, genetic resources, water and soil, and pollination from insects and other organisms. We are able to enjoy these natural bounties thanks to a healthy biodiversity shaped by the diversity of organisms and their connections.

However, biodiversity is disappearing at an unprecedented rate, making biodiversity conservation a pressing issue worldwide. The Ajinomoto Group recognizes the importance of reducing our impact on biodiversity and protecting the global environment as we continue to conduct our business, and in July 2023, we created the Ajinomoto Group Biodiversity Guidelines. Issues related to biodiversity are also closely related to the environment and society, including human rights, climate change, water and soil, and waste, and we therefore strive to solve these issues in ways that create effective synergies.

(1) The LEAP approach

In FY2023, we conducted risk and opportunity assessments based on an analysis of dependencies and impacts for selected raw materials for procurement in some areas of the Ajinomoto Group, including seasonings and foods, frozen foods, and healthcare, in line with the LEAP approach defined in Task Force on Nature-Related Financial Disclosures (TNFD) guidance. The LEAP approach is guidance proposed by the TNFD that provides a process for the systematic, science-based assessment of nature-related risks and opportunities within corporations and financial institutions.

(i) Selection of target raw materials

We selected 12 raw materials that fall under the High Impact Commodity List (HICL) in the SBTs for Nature guidance created by the Science Based Targets Network (SBTN), and have a large procurement volume for raw materials, providing 80% coverage of net sales. For this analysis, we selected sugarcane, cassava, corn, raw milk, soybeans, rapeseed, rice, cattle, coffee, palm, copper, and crude oil. Note that paper, which falls under HICL but is a packaging material, was excluded.

(ii) Analysis results

The first three steps, Locate, Evaluate, and Assess (LEA), were used to analyze the four processes of raw materials, production, sales, and consumption.

	Locate	Evaluate	Assess
Analysis overview	For the target businesses, we identified areas in the supply chain of our Group's business that are at high risk of biodiversity loss.	In addition, we identified factors for dependence and impact on nature in the supply chain of our Group's businesses. Indicators and thresholds for each factor were set to quantitatively diagnose the future state of dependence and impact (2050).	Risks were identified in the scenarios with respect to the factors of dependence and impact that will cause degradation in a future state. For these results, we estimated the financial impact based on the Group's response status and assessed the magnitude of risk and opportunity.
Tools	The tools below were used in various combinations at each step of the analysis. (ENCORE, SBT's High Impact Commodity List, SBTN Materiality Screening Tool, Geographic Information System, World Database Protected Area, IUCN Red List, GLOBIO, Aqueduct, Aqueduct Water Atlas, Nature Map Explore, Aqueduct Global Maps, Past and future trends in grey water footprints of anthropogenic nitrogen and phosphorus inputs to major world rivers, International Institute for Applied Systems Analysis, What a Waste)		
Results	For the target raw materials, we identified and evaluated the points of contact with nature in the supply chain of our Group's business in 25km to 50km grid units, and identified the grids that should be subject to detailed analysis based on natural degradation. In the Locate step, of the total of 24,000 grids, we identified 20,000 grids as falling into at least one of the following categories: areas of importance for biodiversity, areas of rapid degradation, areas of potential degradation, areas of high water stress, and areas inhabited by indigenous peoples.	In the 20,000 grids identified in Locate, we identified the factors of dependence and impact on nature at each stage of the supply chain (raw materials, production, consumption, etc.) of our Group's business, assuming the state of natural degradation in 2050. Indicators and thresholds for each factor were set and the degrees of dependence and impact were analyzed. We confirmed that the rate of degradation differs for each natural environment, with forests and the atmosphere degrading worldwide, but water and soil degradation being concentrated in specific regions. In particular, in countries where we procure sugar cane, corn, and rapeseed, we confirmed that there is a possibility that the soil quality in these production areas will deteriorate.	In the Evaluate step, assuming the state of natural degradation in 2050, we forecast what risks could occur in two scenarios: one in which nature conservation and economic development can coexist (SSP1*7), and one in which nature degrades and the economy stagnates (SSP3*7). We identified a number of risks that could arise due to the degradation of nature, but in particular, we confirmed that the financial impact would be significant, and that the price of raw materials would rise due to chronic physical risks. The main raw materials with significantly rising procurement costs were corn and sugar cane. For sugar cane production, this was caused by degradation of soil in Thailand, while for corn, this was caused by degradation of soil in the United States.

*7 Shared Socioeconomic Pathways (SSP) are a set of scenarios developed by the Integrated Assessment Modeling Consortium, a community established in response to a call by the UN Intergovernmental Panel on Climate Change (IPCC) Chair to create new scenarios. SSP1: A scenario in which nature conservation and economic development can coexist. SSP3: A scenario in which nature degrades and the economy stagnates.

(2) Reflecting analysis results in strategy

(i) Reflection in business strategy

In fiscal 2024, we will improve the accuracy of our analysis by narrowing down the analysis of raw materials to a specific region, rather than focusing on the country of origin. Issues related to biodiversity based on this are also closely related to the environment and society, including human rights, climate change, water and soil, and waste, and we therefore strive to solve these issues in ways that create effective synergies. We will also work on formulating new business strategies to achieve ASV, where sustainability initiatives lead to greater added value for our products.

(ii) Reflection on financing strategy

Actions regarding the necessary funds for our various initiatives are as described in "Our approach to climate change, (ii) Reflection on financing strategy."

3. Risk management

Our risk management with regard to biodiversity is as described in "Our approach to sustainability."

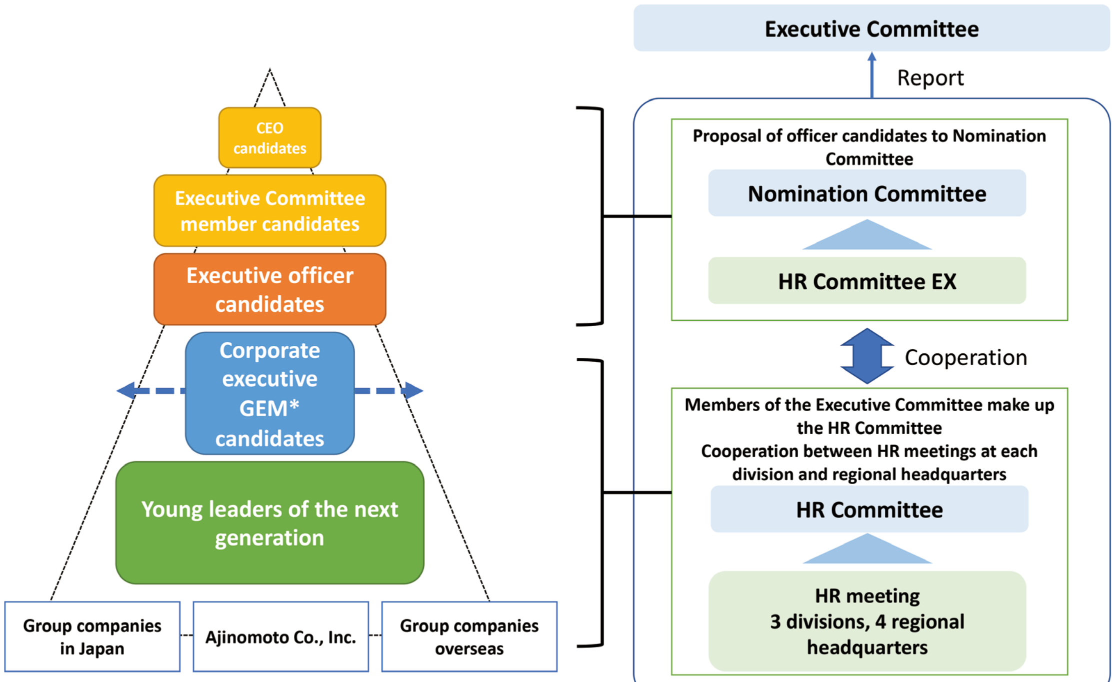
4. Metrics and targets

For issues related to biodiversity for which we have enhanced analysis precision and the closely-related issues thereof (for the environment and society, human rights, climate change, water and soil, and waste), we have set metrics and targets to facilitate initiatives to solve these issues.

Our approach to human capital

1. Governance

The Group has introduced a global human resources management system for across-the-board development and promotion of diverse human resources from different countries and regions. This system serves as the foundation for having the right person in the right place at the right time. It contains a mechanism for visualizing key posts and key human resources (a fusion of position management and talent management). In addition, with the goal of smooth management for the various measures related to strengthening human assets and the global human resources management system, we have established the HR Committee, which engaged in 12 discussion sessions in fiscal 2023 (including those of its subcommittees), and which is a subordinate body to the Executive Committee, chaired by the CEO, and comprised of members from the Executive Committee. In particular, in terms of building a human resources pipeline, we are creating succession plans for key global positions in conjunction with the Nomination Committee, forming a pool of human resources for next-generation leaders, and strengthening strategic development and appointment.



* As of March 31, 2024, approximately 110 corporate executive/Group executive manager positions exist across the Group

2. Human resource strategy

At the Ajinomoto Group, it is important that we further accumulate and cultivate our four intangible assets (technology, human, customer, and organization). Particularly key are human assets capable of matching technological assets with customer assets to generate innovation, and we are accelerating our efforts in the area of human resources accordingly. Our main issues in the area of human resources are as follows. Under the concept of “connecting” to resolve these, we will strive toward the co-creation of innovation and the strengthening of our human assets by carrying out measures from the perspectives of Purpose, diversity, and challenge on a global basis, with a human resource investment*8 of approximately ¥10 billion in fiscal 2023 and a cumulative investment of more than ¥100 billion from fiscal 2023 to fiscal 2030. For us, the well-being of our employees is the foundation for strengthening our human assets, and we will work to improve this well-being from a holistic approach, including health promotion and asset building. We believe that the results of these initiatives will not only strengthen our human assets, but will also constitute the accumulation of organizational assets, becoming a major foundation that further supports our technological and customer assets, and leading to greater strengthening of the four intangible assets as a whole.

*8 Amounts include opportunity costs

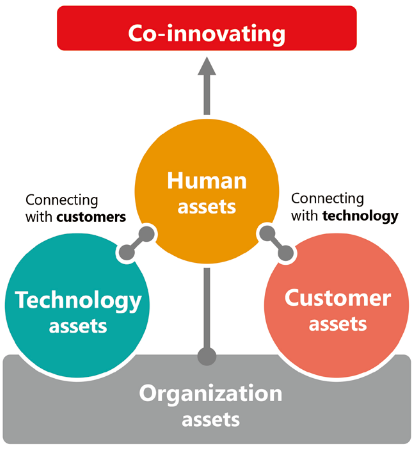
Key issues and areas for further improvement in the area of human resources

- Greater awareness of the values and purpose shared across the Ajinomoto Group
- Strengthened cross-sectional team initiatives and ability to co-innovate based on the concept of diversity, equity, and inclusion, which integrates food, bioscience products and fine chemicals, regions, gender, careers, etc.
- Revitalized pioneering spirit (the spirit of constantly challenging ourselves to cultivate new businesses and new markets), a value we have cherished since our founding
- Further encouragement of healthy employee bodies, minds, and spirits as the foundation of all our activities

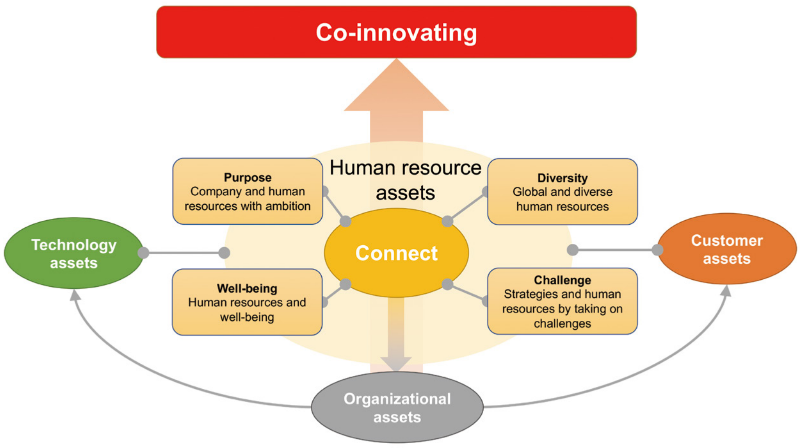
Four connecting strategies

Purpose	We believe that the creation of ASV requires an environment in which people from inside and outside the organization who resonate with our Purpose can come together and take on challenges, each bringing their knowledge and experience to bear. As a top priority, we aim to further accelerate the ASV management cycle so that our diverse human resources can all work towards the same goal, and to connect our companies and their human resources with a common Purpose.
Diversity	We believe that in order to co-create innovation toward the achievement of ASV, it is necessary to actively seek diverse human resources from both inside and outside the organization, and to be fair and inclusive in harnessing their diversity (attributes, knowledge, experience, etc.). Our aim is to strategically connect these diverse human resources scattered around the world.
Challenge	We believe that the achievement of ASV requires more than the action of specific employees, but instead also requires the accumulation of small challenges by each and every employee. Our aim is to use challenges to connect business strategy and employees while creating various systems to support those challenges and building a culture of learning from failure.
Well-being	We believe that the health, mental, and financial well-being of each individual and their family is the foundation of all life, and is essential to achieving ASV. We aim to connect well-being and employees through the further expansion and improvement of measures in areas such as work styles, workplace environments, health management, and support for asset building.

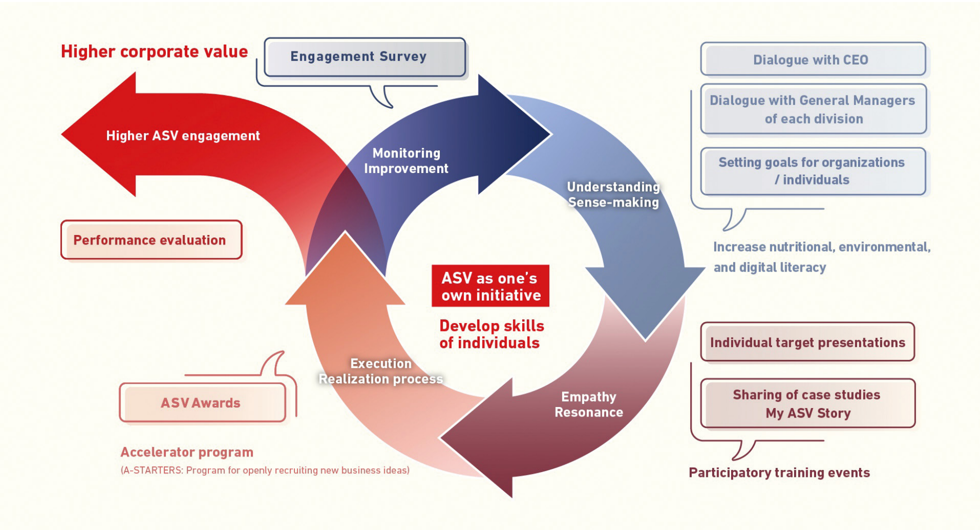
Four intangible assets



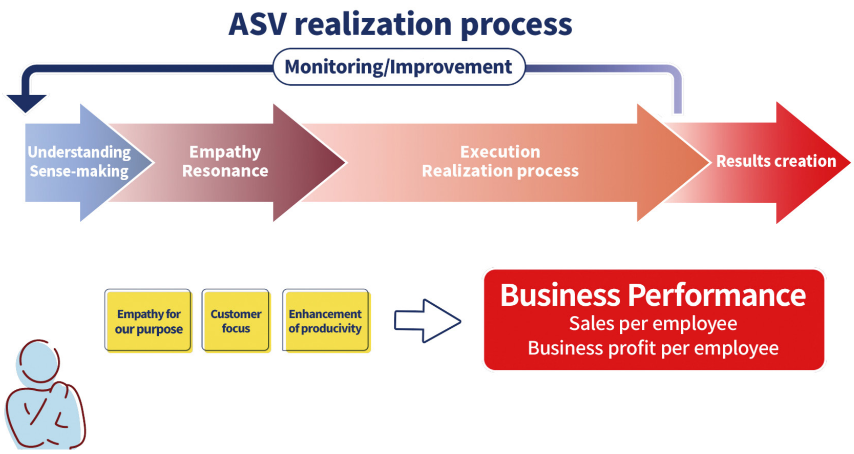
Fundamental concept in our human resource strategy



With respect to actions to connect the Purpose of our companies and their human resources, which is the most important foundation for achieving ASV, we have established a management cycle aimed at realizing our Purpose of Contributing to the well-being of all human beings, our society and our planet with AminoScience. Furthermore, we are working to improve our employee engagement scores (for the ASV realization process*9) as a key factor in increasing corporate value, as employee engagement that emerges as a result of each initiative (results: 76% in fiscal 2023, targets: 80% in fiscal 2025/85% in fiscal 2030). In addition, we conduct a correlation analysis between the results of the annual engagement survey and business performance. Based on the results of the last five surveys, we have confirmed a positive correlation with sales per employee and business profit for “empathy for our purpose,” “customer focus,” and “enhancement of productivity.”



Engagement survey



*9 The ASV realization process is composed of nine questions in our engagement survey, linking a series of processes from ownership of ASV by individuals to creating results as an organization. The nine items are "empathy for our purpose," "customer focus," "ASV as one's own initiative," "encouragement for new opportunities," "co-creation through inclusion (two questions)," "enhancement of productivity," "innovation creation," and "creation of social and economic value."

We will also continue to take steps to increase diversity (gender, nationality, mid-career hiring, Group company affiliation). We will work to enhance diversity across the entire Group, not only through measures to increase the ratio of female managers in Japan, for example, but also by enhancing and visualizing the global talent pool through the creation of succession plans by the HR Committee, developing capabilities through the Ajinomoto Group Academy global human resources development program, and working to appoint the right people to the right positions, including inter-regional transfers. As an example of our further diversity measures, we are increasing the number of non-Japanese presidents at Group entities; currently, there are 12 such presidents*10. We will not only facilitate transfers between Japanese and non-Japanese entities, but also actively promote the exchange of human resources among non-Japanese entities, such as those in Brazil and Thailand.

*10 Calculated for corporations included in the scope of internal control evaluation based on the J-SOX internal control reporting system for financial reporting

3. Risk management

In risk management related to human resources, we are working to expand mid-career hiring and further accelerate the cultivation of DX human resources. This is not only due to external environmental changes such as shrinking working populations due to declining birthrates and aging populations, especially in developed countries such as Japan, and the obsolescence of existing skills due to the acceleration of digitalization, but also to capture business transformation through business expansion in existing fields and developing our four growth areas. We also view the physical and mental health of our employees as the foundation for their work, and we are working to manage potential risks through improving their well-being.

4. Metrics and targets

In order to manage the effectiveness of our human resources strategy, we have established the following metrics related to human capital. We plan to add more metrics to measure challenges from fiscal 2024.

Furthermore, it is difficult to disclose some indicators, results, and targets for the consolidated Group, as the relevant activities for these items are not carried out by the entire Group. For this reason, some indicators, results, and targets are for Ajinomoto Co., Inc., the main company in the consolidated Group.

Main metrics for human capital		Scope	FY2023 results	Target	Achievement period
Purpose	Employee engagement score (Average score for the nine ASV realization process questions)	Global	76%	80%	2025
				85%	2030
	Sustainable engagement score	Global	85%	90%	
Diversity	Diversity in leadership	Global	21%	30%	
	Ratio of female managers	Global	29%	40%	
		Ajinomoto Co., Inc.	14%	30%	
	Employees joining as mid-career hires as a share of all new employees in a single year	Ajinomoto Co., Inc.	48%	50% or more (From 2024)	
	Employees joining as mid-career hires as a share of all employees	Ajinomoto Co., Inc.	18%	30%	
Challenge	Ratio of volunteer transfers	Ajinomoto Co., Inc.	5%	(Under consideration)	
	Share of those who answered that they had achieved one thing that they thought would be a challenge for them	Ajinomoto Co., Inc.	(Calculating from 2024)	(Under consideration)	
Employees	Well-being engagement score	Global	83%	90%	
Well-being	Improvement of presenteeism (work productivity)	Ajinomoto Co., Inc.	74%	75% or more	
	Reduction of absenteeism (sick leave)	Ajinomoto Co., Inc.	2.4 days	1.8 days	

5. External evaluations of our human capital management

2024 Certified Health & Productivity Management Outstanding Organization	2023 Nadeshiko Brand	PRIDE Index 2023 (Gold)
Past certifications: Sixth selection as Certified Health & Productivity Management Outstanding Organization for listed stocks, selected eight consecutive years (2017–2024) as a Certified Health & Productivity Management Outstanding Organization	Past selections: Selected in 2016, 2017, 2021, 2022, and 2023 (and as Semi-Nadeshiko Brand in 2019 and 2020)	Past certifications: Certified each year from 2020 to 2023

(1) Risks and Opportunities Related to Material Issues (Materiality) for the Ajinomoto Group

The Ajinomoto Group has identified Group-wide risks and opportunities that require cross-organizational management by comprehensively taking into account macro changes in the business environment, the probability of manifestation (low, moderate, high), and the magnitude of the impact (low, moderate, high), the details of which are as below.

Although the Group has developed various responses and mechanisms not only to minimize such management and operational risks but also to capitalize on these as opportunities, the list below is not all-inclusive and may be affected in the future by risks that are currently unforeseeable or which are not presently deemed material.

Forward-looking statements in the text below are based on the Group's assessments as of March 31, 2024. In the table below, ● indicates risks and ○ indicates opportunities.

In the previous fiscal year, "Finance-Related Opportunities and Risks" and "Risks and Opportunities Related to Material Issues (Materiality) for the Ajinomoto Group" were disclosed separately. However, from this fiscal year, they are combined and disclosed as business risks and opportunities for the Group.

Major risks and opportunities		Probability of manifestation	Magnitude of impact	Comprehensive assessment
Category	Details			
#1 "AminoScience"	○ Opportunities for business growth by anticipating the evolution of modalities and leveraging the Ajinomoto Group's strengths in "AminoScience" ● Risk of stagnation in the evolution and expansion of "AminoScience" or failure to fully utilize "AminoScience" in the ecosystem and co-creation, resulting in a failure to scale its value and a slowdown in the competitive advantage and growth of the business	High	High	Very material
#2 IT security, intellectual property	○ Opportunities to build an intellectual property (IP) portfolio by linking IP strategy with business and R&D strategy, leading to competitive advantage and business growth through active use of IP in businesses ○ Opportunities for enhanced IT security toward streamlined, speedy, and secure communication and decision-making, leading to greater customer trust and growth in business transactions ● Risk of impaired technical and/or business competitiveness due to leakage of technical expertise or business trade secrets to competitors ● Risk of more sophisticated cyberattacks, including misuse of AI technology and ransomware attacks ● Risk of government dispositions and loss of stakeholder confidence due to leakage of personal information	High	High	Very material
#3 Brand	○ Opportunities to maintain and enhance our position as a leading sustainability company through management mindful of the well-being of our society and our planet, proactive response to non-mandatory sustainability-related requests, and leveraging our strong, locally rooted brand power ● Risk of brand damage due to lack of resonance with business activities amid diversifying values of various stakeholders ● Risk of negative information about MSG and sweeteners spreading, leading to damage to the corporate brand ● Risk of brand damage due to the ease of generating and proliferating false information via the misuse of AI technology, as well as counterfeit products and increasingly sophisticated websites and social media accounts that impersonate the Company or individual Group companies	High	High	Very material
#4 Technological innovation	○ Opportunities to automate, accelerate, and streamline various business activities through DX, create new business models and customer contact points, and anticipate the evolution of modalities through advanced technologies, leading to productivity improvements, business and technological innovation, and the creation of new businesses and value across the value chain ○ Opportunities to advance solutions in the agriculture and food sectors with the evolution of green transformation (GX), and with expansion in technological innovation, deregulation, market creation, and financing related to global sustainability and biodiversity, including in areas such as the circular economy, precision fermentation, and regenerative agriculture ● Risk of failure to capture new value creation and business opportunities due to delays in responding to advancing innovations ● Risk of missing business opportunities due to delays in utilizing AI technology, or risk of problems emerging such as violation of laws and regulations, ethical issues, and poor accuracy, etc. of AI judgment due to hastily utilizing AI technology	High	High	Very material

Major risks and opportunities		Probability of manifestation	Magnitude of impact	Comprehensive assessment
Category	Details			
#5 Human capital and human rights	○ Opportunities to scale co-creation value through proactive investment in human resources and diversification of work styles, with a focus on diversity and taking on challenges ● Risk of loss of corporate value due to delays in responding to developments in laws and regulations and information disclosure standards related to respect for human rights ● Risk of inability to secure human resources needed for innovation and business activities due to insufficient human resources in the labor market	High	High	Very material
#6 Climate change, natural capital and biodiversity, resource depletion	○ Opportunities to facilitate the creation of resilient food systems through establishing a holistic approach to environmental and food issues as a common approach and through the growing momentum for co-creation of sustainable solutions with other companies and institutions ○ Opportunities to support the creation of resilient food systems with low environmental impact through climate finance and increased policy support for farmers ○ Opportunities for increased demand for products and solutions that contribute to regenerative agriculture and a sustainable livestock industry due to increased focus on natural capital and biodiversity ● Risk of difficulty in procuring raw materials and providing food to consumers due to the inability to ensure global sustainability as a result of climate change, damage to natural capital, water shortages, and the emergence of animal resource depletion issues (the protein crisis, infectious diseases in livestock, etc.) ● Risk of incurring or increased costs due to new and/or increasingly stringent laws and regulations (decarbonization, natural capital and biodiversity, packaging, water, greenwashing) in Japan and abroad and renewable energy procurement requirements	High	High	Very material
#7 Conflict/war, terrorism, riots, social unrest	○ Opportunities for stable procurement of better raw materials through consideration of alternative raw materials ● Risks that export restrictions, tariffs, financial sanctions, or the use of force will restrict the procurement of raw materials (including raw materials for livestock feed), the supply of other commodities, information sharing across countries, or the transfer of funds, which may disrupt the penetration of Group-wide and business strategies, development, or manufacturing ● Risk of a significant drop in product demand due to being perceived as a company from a hostile country group ● Risk that the safety of local executives and expatriates may be threatened or that they may be restrained, and that business activities in particular countries may be impeded and prevented from continuing ● Risk of increased social unrest due to conflict, inflation, etc., and increased repression of expression and assembly and violation of women's rights, making it difficult to conduct business activities in some countries ● Deteriorating profits due to rising raw materials and fuel costs as a result of inflation ● Financial country risk due to expropriation risk or the outbreak of war, conflict, etc.	High	High	Very material
#8 Finance, accounting, and taxation	○● Risk of increased tax burden, or opportunities for decreased tax burden, from changes in tax systems and deferred tax assets/liabilities ● Impairment risk due to failure of acquired subsidiaries, etc., to fulfill business plan, or sharp increases in the cost of capital or interest rates ● Depletion of capital due to the financial crisis, risk of difficulty in procuring major currencies such as U.S. dollars due to factors such as decline in circulation mainly in emerging countries, and financing risk due to ratings downgrade ● Risk of unforeseen bankruptcies of customers, including overseas customers ● Risk of impact on business profits from sharp fluctuations in foreign exchange and interest rates (slowdown in overseas business activity, impact of converting overseas subsidiary earnings into yen, increased interest expenses)	High	High	Very material

Major risks and opportunities		Probability of manifestation	Magnitude of impact	Comprehensive assessment
Category	Details			
#9 Utilization of non-financial data	○ Opportunities for facilitating the collection of non-financial data that could not be measured or analyzed in the past through technological innovation, the development of quantification methods, and the creation and development of effective standards, making it easier to convert environmental and social value into financial value ○ Opportunities for technological advances in the field of natural capital to make it easier to obtain the data needed to build resilient food systems ● Risk of missing business opportunities due to delays in addressing increasing social value and human rights risk assessment/measurement levels (social demands)	Moderate	High	Material
#10 Pandemics, natural disasters	○ Opportunities for building a resilient and flexible organizational structure by evolving to an all-hazards BCP that can respond to crises other than pandemics and natural disasters ● Risk of difficulty in promoting innovation and conducting business activities due to shortages of supplies and damage to human resources resulting from pandemics, large-scale/wide-reaching natural disasters, etc.	Moderate	High	Material
#11 Consumer preferences and values	○ Opportunities for expanding business by responding to changes in consumer values, such as increased awareness of sustainability and emphasis on emotional enrichment ● Risk of missing business opportunities due to delays in developing businesses, services, and products that respond to growing social and environmental awareness and personalized healthcare preferences among consumers, resulting in delays in acceptance by consumers and society	Moderate	High	Material
#12 Population growth, aging populations, capital inflows to developing countries	○ Opportunities for increased demand for solutions helping to resolve health and nutrition issues due to global population growth and capital inflows from public institutions to developing countries, opportunities for significant expansion of the healthcare market ● Risk of missing business opportunities due to delays in business development in some developing countries/areas, as population growth in Japan and Europe is unlikely	Moderate	High	Material
#13 Governance and compliance	○ Opportunities that arise from the accumulation of trust from stakeholders through the continuation of safety, quality, and environmental management activities that are unique to our company as a result of stronger governance ○ Opportunities to enhance business sustainability by fostering a better corporate culture through enhanced governance, including AGP penetration among employees and proper understanding and implementation of policies and rules and regulations ● Risk of criminal or administrative action due to non-compliance (including religious regulations, animal protection regulations, etc.) or inadequate quality or safety management (contamination of unexpected ingredients, etc.), or loss of stakeholder confidence	Moderate	High	Material
#14 Economic security (semiconductors)	○ Opportunity for easier technology development within Japan as a result of the Japanese government restoring domestic production of semiconductors as an economic security measure ● Risk of supply chain disruptions and increased market competition due to governments' economic security measures for semiconductors	Moderate	Moderate	Material

(2) Initiatives and Targets/KPIs for Risks and Opportunities Related to Material Issues (Materiality) for the Ajinomoto Group

The following are initiatives and targets/KPIs for the six material themes currently being addressed by the Ajinomoto Group ((1) Achievement of a sustainable global environment, (2) Achievement of well-being through food, (3) Contribution to advanced medicine and prevention, (4) Contribution to the evolution of a smart society, (5) Respect for diverse values and human rights, (6) Reinforcement of our management foundation). The risks and opportunities presented here are a simple summary of the major risks and opportunities provided above, and the numbers in parentheses indicate the corresponding category numbers for the same.

Major risks and opportunities, initiatives, targets, and KPIs related to material themes
(Numbers in parentheses indicate the corresponding category numbers for the aforementioned major risks and opportunities)

Material Themes	Risks and Opportunities (Risk/opportunity category number)	Initiatives	Targets/KPIs
Achievement of a sustainable global environment	○ Supporting the construction of eco-friendly and resilient food systems and increasing demand for related products and services through technological innovation, increased deregulation and policy support, capital inflows, and increased momentum for co-creation with other companies, etc. ● Loss of business opportunities due to difficulties in procuring raw materials and stricter related laws and regulations and social demands resulting from climate change, damage to natural capital, and depletion of animal resources, as well as delayed utilization or hasty implementation of advanced technologies such as cultured meat, packaging material recycling, and AI (#1, #4, #6)	(1) Challenge to Net Zero	(1) • Reduce GHG emissions (vs. 2018) 2030: 50% reduction in Scope 1 and 2, 24% reduction in Scope 3 2050: Achieve net zero and 100% use of renewable energies • Advance biodiversity initiatives (Assessment of risk opportunities and promotion of initiatives including mutual solutions to climate change and other issues in raw materials selected for the LEAP approach*) * LEAP approach: A process in guidance proposed by the TNFD for the science-based assessment of nature-related risks and opportunities. • Plastic waste 2030: Zero waste • Reduce food loss (vs. 2018) 2025: 50% reduction (from receiving raw materials to customer delivery) 2050: 50% reduction (overall product lifecycle) • Cooperate with each region on social applications for reducing food loss, recycling plastic, etc. • Reduce water consumption (vs. 2005) 2030: 80% reduction in water consumption • Sustainable procurement of raw materials 2030: 100% sustainable procurement ratio of key raw materials Animal welfare improvement
		(2) Contribute to the transformation of a resilient food system that supports 10 billion people	(2) • Contribute to the creation of a society with a circular resource system by expanding the biocycle • Contribute to sustainable agriculture through biostimulants (Contribute to climate change mitigation and adaptation by increasing yield per unit area, increasing tolerance to environmental stresses, etc.) • Provide products using cattle raised by more sustainable methods utilizing amino acids; build an ecosystem through collaboration with dairy and meat manufacturers • Promote practical implementation of on-site production of ammonia with low environmental impact

Material Themes	Risks and Opportunities (Risk/opportunity category number)	Initiatives	Targets/KPIs
Achievement of well-being through food	○ Expanding business by offering products and services that meet the preferences of consumers in each region and their growing awareness of sustainability and health, and enhance the brand through management mindful of the well-being of our society and our planet ● Loss of business opportunities and brand damage due to delays in responding to changes in consumer values and lack of understanding of products and business activities amid changing and diversifying values and inappropriate use of advanced technologies such as AI (#1, #3, #9, #11)	(3) Respect food culture and create an environment that supports people in making healthy food choices, for humans and the planet, that do not compromise on taste	(3) • Expand provision of solutions for commercial (B2B) customers • Collaborate with local stakeholders to solve food and health issues • Provide nutritionally balanced products and services based on the Ajinomoto Group Nutrition Profiling System (ANPS) and other nutrition assessment technologies, and support healthy eating behavior among consumers • Providing healthy products as part of our Nutrition Commitment —By 2030, 60% of our products will have improved nutritional value —By 2030, we will provide products that promote “delicious salt reduction” and “protein intake optimization” to 400 million people a year —By 2030, we will double the availability of products that utilize the physiological and nutritional functions of amino acids (compared to 2020) • Provide foods and ingredients made with materials and production methods with low environmental impact (cultured meat, plant-based foods, etc.)
		(4) By encouraging the joy of cooking and eating together, contribute to emotional enrichment	(4) • Quantify how much cooking and eating together contribute to well-being (study the relationship) and expand products that have high contribution
		(5) Contribute to self-actualization by providing products and services tailored to each individual	(5) • Develop a personalized experience for consumers through a deep understanding of their needs and behaviors KPI (1): 10 million POND* customers (number of common IDs) (2030) KPI (2): 2-3 new products annually with sales over ¥1 billion (2030) * POND: Company-wide customer base • Evolve value provided in the core cold business category among frozen foods (gyoza and peripheral dumpling products)
Contribution to advanced medicine and prevention	○ Provide new value by continuously anticipating the evolution of modalities and delivering advanced medicine to customers through the use of DX ● Delayed response to technological advances in the medical field, or risk of stagnation in the evolution and expansion of “AminoScience” or failure to fully utilize ecosystem and co-creation opportunities, resulting in a failure to scale value and furthermore limited expansion of business and corporate value (#1, #4)	(6) Contribute to the creation of advanced medical modalities	(6) • Advance treatment and prevention, and expand provision of solutions to extend healthy life expectancy • Strengthen and expand business domain for biopharmaceutical manufacturing services • Evolve into a business that provides service solutions for culture media and advanced medical materials • Strengthen the medical food domain

Material Themes	Risks and Opportunities (Risk/opportunity category number)	Initiatives	Targets/KPIs
Contribution to the evolution of a smart society	○ Advanced development of semiconductor-related technologies in Japan due to progress in restoring domestic production of semiconductors, influenced by economic security policies ● Disruption of the value chain as governments regulate trade in semiconductor-related products as part of their economic security measures, and intensified competition as trade partner countries with frictions begin to produce related products domestically (#1, #14)	(7) Develop and expand the provision of advanced materials and co-creation of sustainable business models through continuous innovation to create a sustainable and comfortable ICT society	(7) • Strengthen the co-creation ecosystem in the semiconductor value chain, accelerate generating innovations that help evolve semiconductors, and expand the provision of advanced materials • Achieve development of technologies and materials in the field of advanced semiconductors, such as optoelectronic integration
Respect for diverse values and human rights	○ Encouraging management decision-making from a long-term perspective and from both financial and non-financial perspectives by making it possible to collect non-financial data on topics such as human rights through technological innovation, and participation in the creation of various standards that will lead to competitive advantage by leveraging Ajinomoto's environmental and social values. ● Loss of business opportunities and corporate value due to delays in responding to requests for assessment and measurement of non-financial data on topics such as human rights (#5, #9)	(8) Promote human rights initiatives in the value chain and foster multi-stakeholder resonance	(8) • Steadily promote human rights and environmental due diligence in accordance with international standards; taking a two-pronged approach as below through dialogue with stakeholders: (Deep dive approach) Conduct human rights impact assessments based on the results of country-specific human rights risk assessments (once every four years), and carry out preventive and corrective measures and monitoring (Comprehensive approach) Accompany and monitor suppliers to identify and improve their actual status based on the Guidelines for Group Shared Policy for Suppliers (scheduled to be completed by 2024 for domestic primary suppliers, and to be started by 2025 for overseas primary suppliers)

Material Themes	Risks and Opportunities (Risk/opportunity category number)	Initiatives	Targets/KPIs
Reinforcement of our management foundation	○ As the importance of intangible assets in management increases, vitalizing creative activities by diversifying human resources and encouraging them to take on challenges, and strengthening our competitive advantage by enhancing intellectual property and IT systems and strengthening our financial strategy ● Expanding multifaceted threats to business infrastructure due to severe changes in the business environment, including demographic changes, conflicts, pandemics, gaps in supply and demand for human resources, more stringent laws and regulations, and threats to IT security (#1, #2, #5, #7, #8, #10, #12, #13)	(9) Improve employee well-being and create innovation through DE&I initiatives that serve as a model for local communities and human resource investment that encourages challenge, and work to build a Group where all employees feel fulfilled working at their respective companies	(9) • ASV realization process engagement survey score (global) 80% (2025) ⇒ 85% (2030) • Diversity in leadership (global) 20% (FY2025) ⇒ 30% (FY2030) • Ratio of female managers (global) 35% (2025) ⇒ 40% (2030) • Employees joining as mid-career hires as a share of all employees (Ajinomoto Co., Inc. non-consolidated) 20% (2025) ⇒ 30% (2030) * Every year, we target a 50% or higher recruitment rate of mid-career hires among all new employees joining Ajinomoto Co., Inc. in a single year. • Promote ASV Awards (global) and open recruitment transfers and cross-divisional project participation (Ajinomoto Co., Inc. non-consolidated)
		(10) Strengthen resilience to changes in the business environment	(10) • Strengthen resilience by building a global quality assurance system and global strategic IP portfolio • Carry out ongoing measures to improve compliance awareness • Continuously carry out assessments, audits, and inspections related to health and safety • Identify management risks and consider countermeasures (annually) • Conduct future projections, identify opportunities, and discuss portfolio strategy (as appropriate) • Minimize risk of impairment and fluctuation in foreign exchange and interest rates, and mitigate risk through effective use of intra-Group funds and flexible financing
		(11) Increase employee literacy	(11) • Deploy literacy improvements measures for the environment, human rights, DX, etc. • 100,000 employees receiving nutrition training (2025)

(1) Number of shares authorized to be issued by the Company

1,000,000,000 shares

(2) Number of shares issued

521,430,854 shares

(3) Number of shareholders

130,514
(increased by 12,367 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)	89,191	17.39
JP MORGAN CHASE BANK 385632	43,571	8.49
Custody Bank of Japan, Ltd. (trust account)	36,172	7.05
The Dai-ichi Life Insurance Company, Limited	26,199	5.11
NIPPON LIFE INSURANCE COMPANY	25,706	5.01
Meiji Yasuda Life Insurance Company	11,362	2.22
STATE STREET BANK WEST CLIENT – TREATY 505234	9,147	1.78
SSBTC CLIENT OMNIBUS ACCOUNT	7,652	1.49
JP MORGAN CHASE BANK 385781	6,346	1.24
Sompo Japan Insurance Inc.	5,026	0.98

Notes: 1. The Company holds 8,454 thousand shares of treasury stock, which is excluded from the above list of major shareholders. Also, ownership interests are calculated after deduction of treasury stock.
2. The number of shares held by The Dai-ichi Life Insurance Company, Limited does not include 800 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) Shares issued to corporate officers as compensation for the execution of their duties during the current fiscal year

Details of stock-based compensation granted during the current fiscal year are as follows.

	Number of shares	Number of recipients
Directors (excluding Outside Directors)	30,000	3
Outside Directors	—	—
Executive Officers	71,300	12

Notes: 1. Three Executive Officers who concurrently serve as Directors are included in “Directors (excluding Outside Directors),” and not in “Executive Officers”.
2. The number of shares represents the number of shares delivered as medium-term performance-linked stock compensation to Directors and Executive Officers after the end of the Medium-Term Management Plan for the three fiscal-year period that began April 1, 2020, and the number of shares delivered to the Executive Officers who retired in June 2023 as medium-term performance-linked stock compensation for their terms in office.

(6) Other important matters regarding shares

1) Based on the resolution made at a Board of Directors meeting held on May 11, 2023, the Company repurchased 9,691,800 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 August 29, 2023, the Company retired 8,367,300 of the treasury stock acquired in (1) above, excluding 1,324,500 shares (0.25% of total shares outstanding), on September 25, 2023.
3) Based on the resolution made at a Board of Directors meeting held on November 13, 2023, the Company repurchased 7,003,300 shares of common stock for the purpose of increasing the level of shareholder returns and improving capital efficiency.
4) Based on the resolution made at a Board of Directors meeting held on April 19, 2024, the Company will retire 5,699,700 of the treasury stock acquired in (3) above, excluding 1,303,600 shares (0.25% of total shares outstanding) to be held as treasury stock, on May 27, 2024.
5) Based on the resolution made at a meeting of the Board of Directors held on May 9, 2024, the Company will repurchase shares as follows in order to increase shareholder returns and improve capital efficiency.

Total number of shares to be repurchased	12.5 million shares of common stock (maximum) (2.44% of total shares outstanding, excluding treasury stock)
Total amount to be paid for repurchase	¥50 billion (maximum)
Period of repurchase	May 10, 2024 to August 30, 2024
Method of repurchase	1) Purchase through Off Auction Own Share Repurchase Trading (ToSTNeT-3) 2) Purchase in the market through the Tokyo Stock Exchange

With regard to the abovementioned “Method of repurchase” 1) Purchase through Off Auction Own Share Repurchase Trading (ToSTNeT-3), on May 10, 2024, the following repurchase of shares was conducted.

Total number of shares repurchased	2.5 million shares of common stock (0.5% of total shares outstanding, excluding treasury stock)
Total amount paid for repurchase	¥14,397,500,000 (¥5,759 per share)

Matters Regarding Corporate Governance

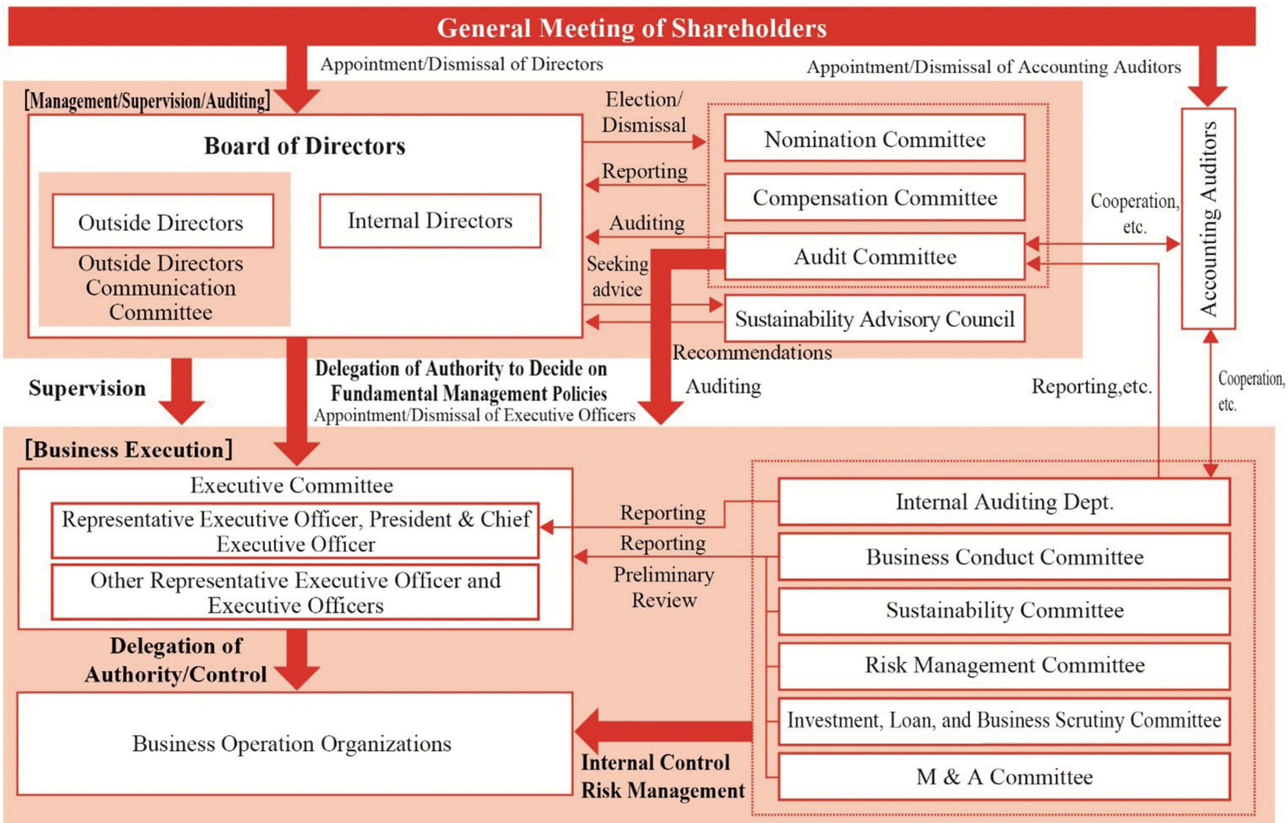
1. Basic Approach to Corporate Governance (as of April 19, 2024)

The Ajinomoto Group positions corporate governance as one of the most important aspects of its management foundation for strengthening ASV Management and achieving its 2030 vision. Toward 2030, we will accelerate our ASV Management in order to realize our goals of "extending the healthy life expectancy of one billion people" and "reducing our environmental impact by 50%"by promoting sustainability in conjunction with solutions to health and nutritional issues, which are connected through food systems. Furthermore, to enhance the effectiveness of ASV Management, we select a Company with Three Committees that clearly separate supervision and execution by balancing "supervision of appropriate execution that reflects the opinions of stakeholders" and "speedy business execution." The Board of Directors consists of a variety of Directors, and indicates major direction by discussing and examining important management matters that greatly affect corporate value, supports risk-taking of execution, verifies the validity of execution processes and results, and appropriately supervises execution. On the other hand, the execution, the Chief Executive Officer who has been greatly delegated authority from the Board of Directors will take the lead in making decisions for important business execution at the Executive Committee, will realize sustainable enhancement of corporate value as one team. To closely communicate between the Board of Directors and the Executive Committee, governance rules are established based on the Company's approach to enhance corporate value, proposals and reports are made from the Executive Committee to the Board of Directors, and deliberations and resolutions are made by the Board of Directors.

As the external business environment has undergone rapid change, comprehensive risk management is more important than ever. We comply honestly with the Ajinomoto Group Policy (AGP) that shows the ideal way of thinking and action that Ajinomoto Group companies and their officers and employees should comply with, continue to develop and properly operate our internal control system, strengthen our system that considers sustainability as an active risk-taking system, and continuously enhance our corporate value.

2. Organizational Structure of the Corporate Governance System

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



Board of Directors and Committees

- Board of Directors
  Consisting of 6 Outside Directors and 5 Internal Directors (a total of 11 members), one of the Outside Directors is the Chair of the Board. The Board of Directors, as the highest decision-making body for management, discusses and examines important management matters that greatly affect corporate value, indicates a major direction, supervise appropriate executions that reflect the opinions of stakeholders. Additionally, through ASV Management, the Company works with stakeholders and others to resolve social issues, contributes to the realization of a sustainable society, and takes responsibility for sustainable enhancement of corporate value.
- Nomination Committee
  Consisting of 4 Outside Directors and 2 Internal Directors (a total of 6 members), one of the Outside Directors is the Chair of the Committee. The Committee deliberates on validity of the evaluation and reappointment of Directors, on validity of the evaluation and reappointment of Representative Executive Officer & President, and on succession planning of the Representative Executive Officer & President, etc. The Nomination Committee decides the policy of electing and dismissing Directors, proposals for the election and dismissal of Directors, and proposals of draft for selection of the Representative Executive Officer & President, etc.
- Compensation Committee
  Consisting of 4 Outside Directors, one of the Outside Directors is the Chair of the Committee. The Committee deliberates and decides matters related to remuneration for Directors and Executive Officers in order to determine the remuneration of Directors and Executive Officers fairly and appropriately.
- Audit Committee
  Consisting of 4 Outside Directors and 1 Internal Director (a total of 5 members), one of the Outside Directors is the Chair of the Committee. The Committee plays an important role in the function of “supervision of business execution” by the Board of Directors by auditing the legality and appropriateness of Directors’ and Executive Officers’ business execution.
- Sustainability Advisory Council
  Consisting of 4 outside experts, one of these outside experts is the chair of the Council. The Sustainability Advisory Council deliberates on the establishment of Materiality from a long-term perspective, monitors sustainability-related activities and dialogue with stakeholders in relation to Materiality, and considers other matters related to sustainability, as well as matters referred to it by the Board of Directors. The content and results of these deliberations are reported to the Board of Directors as appropriate.
- Outside Director Communication Committee
  The aim of the Committee is to improve the quality of supervision of business execution through the exchange of information among the Outside Directors and by mutually complementing specializations.

Executive Committee

The Committee will realize prompt and appropriate business execution with a team centered on the Chief Executive Officer based on major directions and mandates indicated by the Board of Directors. Deliberations and resolutions on basic plans, policies, and other important matters related to business execution will be described in the minutes along with the approval and disapproval of the members of the Executive Committee. In addition, proposals and reports to the Board of Directors are conducted in accordance with the Regulations on Board of Directors and the Minor Regulations on Board of Directors, and close communication is made so that the agenda of the Board of Directors can be set systematically and effectively. Members of the Executive Committee are consisted of the Representative Executive Officer & President and the other Executive Officers appointed by the Representative Executive Officer & President (excluding Executive Officers in charge of internal control), and approved by the Board of Directors.

Internal Control, Risk Management and Sustainability

- Business Conduct Committee
  The Company has established the Business Conduct Committee to strengthen the Ajinomoto Group’s management base and enhance corporate value by fostering an open corporate culture and building a corporate structure that is resistant to crises, etc., by raising compliance awareness and instilling AGP. In addition, the Business Conduct Committee thoroughly disseminate AGP, determine and implement various measures to respond promptly and appropriately to crises (compliance crises), etc., disseminate information to raise compliance awareness, grasp trends and respond from the viewpoint of compliance, and implement smooth and prompt responses and appropriate resolution.
- Sustainability Committee
  The Company has established the Sustainability Committee to promote sustainability management. In accordance with important issues (Materiality), the Sustainability Committee formulates measures, proposes them to the Executive Committee, and manages progress. In addition, the Committee is responsible for matters related to environmental issues and human rights issues in the supply chain, which have been identified as entailing important risks and opportunities in accordance with the important issues (Materiality).
- Risk Management Committee
  The Committee was established to identify risks that could hinder the realization of the “Medium-Term ASV Management 2030 Roadmap” at an early stage, assess the impact of said risks on the Ajinomoto Group, formulate countermeasures, and develop and implement various risk management measures. The Committee is responsible for matters related to major risks that call for initiative by management, such as pandemics and geopolitical risks.
- Investment, Loan and Business Scrutiny Committee
  The Committee carries out multifaceted reviews of

investment and loan decisions, the revitalization of businesses requiring close supervision, as well as exits from such businesses, prior to deliberations by the Executive Committee.

- M&A Committee
  The M&A Committee carries out multifaceted reviews of M&A deals prior to deliberations by the Executive Committee.

3. Reasons for Selection of the Current Corporate Governance System

The Company has selected a Company with Three Committees system to reflect the opinions of multi-stakeholders and evolve ASV Management with a more effective corporate governance system that combines appropriate supervision of execution with speedy business execution.

4. Views on the Abilities and Diversity of the Board of Directors as a Whole

The Company has the basic policy, considering the number of members, the percentage of Internal Directors and Outside Directors, the percentage of persons who concurrently serve as Directors and Executive Officers, individual experiences, abilities, insights, internationality, gender, race, ethnicity, nationality, country of origin, cultural background, etc., for the Board of Directors composed of Independent Directors who can objectively supervise business execution from an independent standpoint, Internal Directors who concurrently serve as Executive Officers including Chief Executive Officer, and Internal Directors who are Members of the Audit Committee (Standing). In addition, in order to promote the separation of supervision and execution and further enhance the effectiveness of the management oversight function by the Board of Directors, the Outside Directors shall occupy a majority, and the Chair of the Board shall be the Outside Director.

5. Cross-shareholdings

(1) The Company's Policy Regarding Cross-shareholdings (as of April 19, 2024)

The Company does not, in principle, hold any cross-shareholdings, except for stocks for which we believe that transactions and alliances involving such holdings will contribute to enhancing the corporate value of the Ajinomoto Group (hereinafter referred to as "strategic holdings").

Whether a holding is to be deemed a strategic holding is determined based on whether there are benefits associated with holding each individual stock (in terms of the qualitative effects of such holdings) or whether the Ajinomoto Group's sales are commensurate with certain transaction requirements related to the WACC (weighted average cost of capital), as well as certain other quantitative factors. Every year, the Company reviews the propriety of holding shares through the Board of Directors and discloses the results of these reviews. Those shares judged as inappropriate to hold as strategic holdings will be sold once the detailed plan for selling is determined.

(2) Standard for the Exercise of Voting Rights

The Company will exercise voting rights of cross-shareholdings so as to contribute to improving long-term corporate value. The Company will vote against instances where shareholder value is significantly impaired due to organizational restructuring or other factors, or cases where serious concerns arise with regard to corporate governance for reasons such as social scandals.

(3) Total Number of Cross-shareholdings and Balance Sheet Amount

Category		FY2020	FY2021	FY2022	FY2023
Number of individual cross-shareholdings (companies)	Listed	36	35	34	29
	Non-listed	69	71	71	68
	Total	105	106	105	97
Balance sheet amount (¥ million)	Listed	28,220	28,201	27,218	27,107
	Non-listed	3,156	3,500	5,063	4,164
	Total	31,376	31,701	32,281	31,271

(Reference) Skills Matrix

Candidate No.	1	2	3	4	5
Name	Ms. Kimie Iwata	Mr. Joji Nakayama	Ms. Mami Indo	Ms. Yoko Hatta	Mr. Scott Trevor Davis
Management Strategy	○	○	○		○
Global		○		○	○
Sustainability	○				○
Digital					
R&D/Production		○			
Sales/ Marketing					
Finance/Accounting			○	○	
HR/HR Development	○	○			○
Legal Affairs/ Risk Management			○	○	

Candidate No.	6	7	8	9	10	11
Name	Ms. Yukako Wagatsuma	Mr. Taro Fujie	Mr. Hiroshi Shiragami	Mr. Tatsuya Sasaki	Mr. Takeshi Saito	Mr. Takumi Matsuzawa
Management Strategy		○	○	○	○	
Global	○	○	○	○		○
Sustainability				○		
Digital			○		○	
R&D/Production			○		○	
Sales/ Marketing		○		○		
Finance/Accounting					○	
HR/HR Development		○				○
Legal Affairs/ Risk Management	○					○

Note: The matrix lists up to four skills possessed by each candidate director and does not represent all their skills.

Management Team

List of Officers

Men: 25 / Women: 7 (percentage of female officers: 21.9%)

(1) Directors

Position	Name	Date of birth	Career summary		Term of office	Number of Company shares held (hundreds of shares)
Outside Director	Kimie Iwata	April 6, 1947	April 1971	Joined the Ministry of Labour (currently Ministry of Health, Labour and Welfare)	Note 2	20
			January 2001	Director-General of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare		
			June 2004	Director, Corporate Officer, Shiseido Company, Limited		
			April 2007	Director, Corporate Executive Officer, Shiseido Company, Limited		
			April 2008	Director and Executive Vice President, Shiseido Company, Limited		
			June 2008	Representative Director, Executive Vice President, Shiseido Company, Limited		
			March 2012	Outside Audit & Supervisory Board Member, Kirin Holdings Company, Limited		
			April 2012	Director, Shiseido Company, Limited		
			July 2012	Outside Director, Japan Airlines Co., Ltd.		
			October 2015	Audit and Inspection Commissioner, the Tokyo Metropolitan Government		
			March 2016	Outside Director, Kirin Holdings Company, Limited		
			June 2018	Outside Director, Sumitomo Corporation		
			June 2019	Outside Director, Resona Holdings, Inc. (present post)		
			June 2019	Outside Director, Ajinomoto Co., Inc. (present post)		
			June 2023	Chairperson of Nominating Committee, Resona Holdings, Inc. (present post)		
Outside Director	Joji Nakayama	May 11, 1950	April 1979	Joined Suntory Limited	Note 2	8
			March 2000	Director, Suntory Limited		
			December 2002	President, CEO, Daiichi Suntory Pharma Co., Ltd.		
			June 2003	Director, Daiichi Pharmaceutical Co., Ltd.		
			June 2010	Representative Director, President, CEO, Daiichi Sankyo Co., Ltd.		
			April 2017	Representative Director, Chairman, CEO, Daiichi Sankyo Co., Ltd.		
			June 2019	Representative Director, Chairman, Daiichi Sankyo Co., Ltd.		
			June 2020	Full-time Advisor, Daiichi Sankyo Co., Ltd. (present post)		
			June 2021	Outside Director, Ajinomoto Co., Inc. (present post)		

Position	Name	Date of birth	Career summary		Term of office	Number of Company shares held (hundreds of shares)
Outside Director	Mami Indo	November 6, 1962	April 1985	Joined Daiwa Securities Co. Ltd.	Note 2	13
			August 1989	Transferred to Daiwa Institute of Research Ltd.		
			April 2004	Transferred to Daiwa Securities SMBC Co. Ltd. (presently Daiwa Securities Co. Ltd.)		
			April 2006	External Director, Daiwa Investor Relations Co., Ltd.		
			October 2007	Transferred to Daiwa Institute of Research Ltd.		
			April 2009	Senior Managing Director, Executive Officer of Consulting Division, Daiwa Institute of Research Ltd.		
			August 2010	Senior Managing Director, Executive Officer of First Consulting Division, Daiwa Institute of Research Ltd.		
			April 2013	Executive Managing Director, Deputy Executive Officer of Research Division, Daiwa Institute of Research Ltd.		
			April 2016	Senior Executive Director, Daiwa Institute of Research Ltd.		
			December 2016	Commissioner, Securities and Exchange Surveillance Commission		
			June 2020	Audit & Supervisory Board Member (External), Ajinomoto Co., Inc.		
			June 2020	Outside Director, Tokyo Gas Co., Ltd. (present post)		
			June 2021	Chairperson of the Audit Committee, Tokyo Gas Co., Ltd. (present post)		
			June 2021	Outside Director, Fujitec Co., Ltd.		
			June 2021	Outside Director, Ajinomoto Co., Inc. (present post)		
			June 2023	Nomination Advisory Committee Member / Compensation Advisory Committee Member, Mitsui Fudosan Co., Ltd. (present post)		
Outside Director	Yoko Hatta	June 8, 1952	August 1988	Joined Peat Marwick Main & Co. (presently KPMG LLP New York Office)	Note 2	0
			August 1997	Partner of the same office		
			September 2002	Partner, KPMG Peat Marwick Tax Corporation (presently KPMG Tax Corporation)		
			June 2008	Auditor of International Christian University		
			June 2015	Outside Corporate Auditor, Kobayashi Pharmaceutical Co., Ltd. (present post)		
			June 2016	Outside Corporate Auditor, IHI Corporation		
			June 2016	Outside Corporate Auditor, Nippon Paper Industries Co., Ltd.		
			June 2019	Outside Director, Nippon Paper Industries Co., Ltd. (present post)		
			June 2022	Outside Director / Audit and Supervisory Committee member, Koei Chemical Co., Ltd. (present post)		
			June 2022	Outside Director, Ajinomoto Co., Inc. (present post)		

Position	Name	Date of birth	Career summary		Term of office	Number of Company shares held (hundreds of shares)
Outside Director	Scott Trevor Davis	December 26, 1960	April 1990	Researcher, The Japan Institution of Labour (currently The Japan Institute for Labour Policy and Training)	Note 2	0
			April 2001	Professor, Department of International Economics, Reitaku University		
			May 2004	Outside Director, Ito-Yokado Co., Ltd.		
			September 2005	Outside Director, Seven & i Holdings Co., Ltd.		
			April 2006	Outside Corporate Auditor, Nissen Co., Ltd.		
			April 2006	Professor, Department of Global Business, College of Business, Rikkyo University (present post)		
			March 2011	Outside Director, Bridgestone Corporation (present post)		
			June 2014	Outside Director, Sompo Holdings, Inc. (present post)		
			March 2016	Nomination Committee, Compensation Committee member, Bridgestone Corporation (present post)		
			June 2019	Chair of Nomination Committee, Compensation Committee member, Sompo Holdings, Inc. (present post)		
			March 2021	Chairperson of the Board of Directors, Bridgestone Corporation (present post)		
			June 2023	Outside Director, Ajinomoto Co., Inc. (present post)		
Outside Director	Yukako Wagatsuma	June 17, 1962	April 1988	Registered as an attorney at law	Note 2	0
			April 1988	Joined Nagashima & Ohno Law Office (currently Nagashima & Ohno & Tsunematsu Law Office)		
			February 1993	Registered as an attorney at law in the state of New York, USA		
			March 1997	Joined Philip Morris Co., Ltd. (currently Philip Morris Japan LLC)		
			November 1998	Joined the Mitsui Yasuda Law Office		
			January 2002	Partner of the same office		
			July 2004	Partner, Ito & Mitomi Law Office (currently Morrison & Foerster Law Office)		
			July 2014	Partner, Hayabusa Asuka Law Office		
			October 2015	Partner, PwC Legal Japan		
			January 2016	Representative Partner, PwC Legal Japan		
			July 2020	Partner, PwC Legal Japan		
			June 2022	Outside Corporate Auditor, Odakyu Electric Railway Co., Ltd. (present post)		
			July 2022	Partner, Isshiki & Partners Law Office (present post)		
			June 2023	Outside Corporate Auditor, JFE Systems, Inc. (present post)		
			June 2024	Outside Director, Ajinomoto Co., Inc. (present post)		

Position	Name	Date of birth	Career summary		Term of office	Number of Company shares held (hundreds of shares)
Director	Taro Fujie	October 25, 1961	April 1985	Joined the Company	Note 2	372
			July 2008	General Manager, China Foods & Seasonings Dept., China Business Strategy & Planning Division		
			July 2011	President, Ajinomoto Philippines Corporation		
			June 2013	Corporate Executive Officer, Ajinomoto Co., Inc.		
			June 2015	President, Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda.		
			June 2017	Corporate Vice President, Ajinomoto Co., Inc.		
			July 2020	Chief Transformation Officer		
			April 2021	General Manager, Food Products Division		
			June 2021	Executive Officer & Senior Vice President		
			April 2022	Representative Executive Officer, President & Chief Executive Officer (CEO) (present post)		
			June 2022	Director (present post)		
Director	Hiroshi Shiragami	May 10, 1961	April 1986	Joined the Company	Note 2	268
			June 2009	General Manager, AminoScience Business Development Dept., Amino Acids Company		
			July 2013	Board Chairman & Managing Director, Ajinomoto Althea, Inc.		
			July 2015	Corporate Fellow, Ajinomoto Co., Inc.		
			June 2019	Corporate Vice President		
			June 2019	General Manager, Research Institute for Bioscience Products & Fine Chemicals, AminoScience Division		
			April 2021	Chief Innovation Officer (CIO), Supervision of Research and Development (present post)		
			June 2021	Executive Officer & Senior Vice President		
			April 2022	Representative Executive Officer & Executive Vice President (present post)		
			June 2022	Director (present post)		

Position	Name	Date of birth	Career summary		Term of office	Number of Company shares held (hundreds of shares)
Director	Tatsuya Sasaki	June 25, 1963	April 1986	Joined the Company	Note 2	134
			January 2011	General Manager, Nutrition Care Dept., Wellness Business Division		
			July 2013	General Manager, Corporate Planning Dept.		
			June 2017	Corporate Executive Officer		
			June 2019	Corporate Vice President		
			July 2019	President, Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda.		
			June 2021	Executive Officer & Vice President, Ajinomoto Co., Inc.		
			April 2022	Executive Officer & Senior Vice President (present post)		
			April 2022	General Manager, Global Corporate Division		
			April 2022	General Manager, Corporate Service Division		
			June 2022	Director (present post)		
			June 2022	Outside Director, J-Oil Mills, Inc. (present post)		
			April 2023	General Manager, Corporate Division (present post)		
Director	Takeshi Saito	October 29, 1966	April 1992	Joined Corporate Directions, Inc.	Note 2	79
			August 2003	Joined Industrial Revitalization Corporation of Japan		
			November 2004	Outside Director, OCC, Inc.		
			June 2005	Outside Director, Kanebo Corporation		
			August 2005	Managing Director, Industrial Revitalization Corporation of Japan		
			April 2007	Partner and Managing Director, Industrial Growth Platform, Inc.		
			January 2015	Director, Industrial Growth Platform, Inc.		
			January 2019	Chief Development Officer, Misaki Capital, Inc.		
			September 2019	Chief Engagement Officer, Misaki Capital, Inc.		
			June 2021	Representative Director, IMCES, Inc. (present post)		
			July 2021	Advisor and Assistant to the Chief Transformation Officer (CXO), Ajinomoto Co., Inc.		
			April 2023	Executive Officer & Vice President (present post)		
			April 2023	CXO (present post)		
			June 2023	Director (present post)		

Position	Name	Date of birth	Career summary		Term of office	Number of Company shares held (hundreds of shares)
Director	Takumi Matsuzawa	June 27, 1964	April 1987	Joined the Company	Note 2	230
			June 2017	Corporate Executive Officer		
			June 2017	General Manager, Global Human Resources Dept.		
			April 2018	General Manager, Human Resources Dept.		
			June 2021	Executive Officer		
			July 2021	General Manager, Internal Auditing Dept.		
			April 2023	Executive Officer & Vice President		
			June 2023	Director (present post)		
Total						1,125

Notes: 1. Six individuals (Kimie Iwata, Joji Nakayama, Mami Indo, Yoko Hatta, Scott Trevor Davis, and Yukako Wagatsuma) are candidates for outside director.
2. The terms of office of the directors are from the end of the Ordinary General Meeting of Shareholders held on June 25, 2024 to the end of the last Ordinary General Meeting of Shareholders held within one year.
3. The Company is a company with a nomination committee. The members of each committee are as follows.
Nomination Committee: Joji Nakayama (Chair), Kimie Iwata, Mami Indo, Scott Trevor Davis, Yukako Wagatsuma
Compensation Committee: Scott Trevor Davis (Chair), Kimie Iwata, Joji Nakayama, Yoko Hatta
Audit Committee: Mami Indo (Chair), Joji Nakayama, Yoko Hatta, Yukako Wagatsuma, Takumi Matsuzawa

(2) Executive Officers

Position	Name	Date of birth	Career summary		Term of office	Number of Company shares held (hundreds of shares)
Representative Executive Officer, President & Chief Executive Officer (CEO)	Taro Fujie	October 25, 1961	See (1) Directors		Note 1	372
Representative Executive Officer & Executive Vice President, Chief Innovation Officer (CIO)	Hiroshi Shiragami	May 10, 1961	See (1) Directors		Note 1	268
Executive Officer & Senior Vice President, General Manager, Corporate Division	Tatsuya Sasaki	June 25, 1963	See (1) Directors		Note 1	134
Executive Officer & Senior Vice President, General Manager, Food Products Division	Yoshiteru Masai	January 26, 1963	April 1986	Joined the Company	Note 1	149
			July 2013	General Manager, Amino Acids Dept., Bioscience Products & Fine Chemicals Division		
			July 2016	General Manager, Specialty Chemicals Dept., AminoScience Division		
			June 2017	Corporate Executive Officer		
			June 2019	Corporate Vice President		
			June 2019	President, AJINOMOTO EUROPE S.A.S.		
			June 2021	Executive Officer & Vice President, Ajinomoto Co., Inc.		
			April 2022	Executive Officer & Senior Vice President (present post)		
			April 2022	General Manager, Food Products Division (present post)		
Executive Officer & Senior Vice President, Chief Digital Officer	Takayuki Koda	May 26, 1964	April 1989	Joined the Company	Note 1	253
			July 2013	General Manager, Production & Technology Administration Center		
			April 2015	General Manager, Production & Technology Administration Center, AminoScience Division		
			April 2015	General Manager, Food Production & Technology Administration Center, Food Products Division		
			June 2015	Corporate Executive Officer		
			July 2015	General Manager, Production Management Dept.		
			June 2019	Corporate Vice President		
			April 2021	CXO		
			June 2021	Executive Officer & Vice President		
			April 2022	Executive Officer & Senior Vice President (present post)		
			April 2022	Chief Digital Officer (present post)		

Position	Name	Date of birth	Career summary		Term of office	Number of Company shares held (hundreds of shares)
Executive Officer & Vice President, General Manager, Bio & Fine Chemicals Division	Sumio Maeda	June 5, 1965	April 1987	Joined the Company	Note 1	98
			January 2019	President, Ajinomoto Foods North America, Inc.		
			June 2019	Corporate Executive Officer, Ajinomoto Co., Inc.		
			June 2021	Corporate Executive		
			April 2022	Executive Officer & Vice President (present post)		
			April 2022	General Manager, AminoScience Division (currently General Manager, Bio & Fine Chemicals Division) (present post)		
Executive Officer & Vice President	Junichiro Kojima	February 19, 1964	April 1992	Joined the Company	Note 1	379
			July 2013	General Manager, Bio & Fine Chemicals Strategy Group, R&D Planning Dept.		
			July 2015	Corporate Fellow		
			June 2017	Corporate Executive Officer		
			June 2017	General Manager, Research & Development Planning Dept.		
			June 2019	General Manager, Corporate Planning Dept.		
			April 2021	General Manager, Institute of Food Sciences and Technologies, Food Products Division (present post)		
			June 2021	Executive Officer & Vice President (present post)		
Executive Officer & Vice President	Chika Morishima	August 1, 1963	April 1986	Joined the Company	Note 1	188
			July 2011	General Manager, Direct Marketing Dept., Wellness Business Division		
			June 2015	Corporate Executive Officer		
			July 2015	General Manager, Consumer Foods & Seasonings Dept., Food Products Division		
			June 2021	Executive Officer		
			April 2023	Executive Officer & Vice President (present post)		
Executive Officer & Vice President, Chief Transformation Officer	Takeshi Saito	October 29, 1966	See (1) Directors		Note 1	79
Executive Officer & Vice President	Eiichi Mizutani	April 21, 1965	April 1988	Joined the Company	Note 1	56
			July 2019	General Manager, Finance & Accounting Dept.		
			April 2020	General Manager, Global Finance Dept.		
			July 2021	Corporate Executive		
			April 2023	Executive Officer & Vice President (present post)		

Position	Name	Date of birth	Career summary		Term of office	Number of Company shares held (hundreds of shares)
Executive Officer	Miroslav Smriga	November 19, 1969	October 2000	Joined the Company	Note 1	1
			July 2021	Corporate Fellow		
			July 2021	General Manager, Quality Assurance Dept. (present post)		
			July 2022	Corporate Executive		
			April 2023	Executive Officer (present post)		
Executive Officer & Vice President	Ikuo Kira	December 14, 1964	April 1989	Joined the Company	Note 1	148
			July 2015	General Manager, Process Development Laboratory, Research Institute for Bioscience Products & Fine Chemicals, AminoScience Division		
			July 2019	Corporate Fellow		
			July 2019	General Manager, Business Strategy & Planning Dept., AminoScience Division		
			April 2021	General Manager, Research Institute for Bioscience Products & Fine Chemicals, AminoScience Division		
			June 2021	Executive Officer & Vice President (present post)		
			July 2021	General Manager, Kawasaki Administration & Coordination Office		
			April 2024	President, Ajinomoto North America Holdings, Inc. (present post)		
Executive Officer & Vice President	Ichiro Sakakura	August 31, 1963	April 1987	Joined the Company	Note 1	33
			July 2011	General Manager, Business Strategy Group, Overseas Foods & Seasonings Dept., Food Products Division		
			July 20217	President, Ajinomoto Philippines Corporation		
			June 2019	Corporate Executive Officer		
			June 2019	President, PT AJINOMOTO INDONESIA		
			April 2021	President, AJINOMOTO CO., (THAILAND) LTD. (present post)		
			June 2021	Executive Officer & Vice President (present post)		

Position	Name	Date of birth	Career summary		Term of office	Number of Company shares held (hundreds of shares)
Executive Officer & Vice President	Tatsuya Okamoto	July 6, 1963	April 1987	Joined the Company	Note 1	118
			October 2018	General Manager, Consumer Data Analysis and Business Creation Dept., Food Products Division		
			June 2019	Corporate Executive Officer		
			June 2019	General Manager, Consumer Foods & Seasonings Dept., Food Products Division		
			April 2020	General Manager, Sauce & Seasoning Dept., Food Products Division		
			June 2021	Corporate Executive		
			April 2022	Executive Officer & Vice President (present post)		
Executive Officer & Vice President	Hideaki Kawana	December 9, 1962	April 1987	Joined the Company	Note 1	165
			June 2017	Corporate Executive Officer		
			June 2017	General Manager, Food Production & Technology Administration Center, Food Products Division		
			June 2019	General Manager, Global Frozen Foods Strategy Dept., Food Products Division		
			June 2021	Corporate Executive		
			April 2022	Executive Officer & Vice President (present post)		
Executive Officer & Vice President	Shigeo Nakamura	October 13, 1967	April 1992	Joined the Company	Note 1	80
			June 2019	Corporate Executive Officer		
			June 2019	President, Ajinomoto Fine-Techno Co., Inc.		
			June 2021	Corporate Executive		
			June 2021	General Manager, Specialty Chemicals Dept., AminoScience Division		
			April 2022	Executive Officer & Vice President (present post)		
			April 2022	President, Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda. (present post)		
Executive Officer & Vice President	Takayuki Tahara	June 8, 1963	April 1986	Joined the Company	Note 1	99
			July 2016	General Manager, Kyushu Branch		
			July 2018	General Manager, Osaka Branch		
			June 2019	Corporate Executive Officer		
			June 2021	Corporate Executive		
			April 2023	Executive Officer & Vice President (present post)		

Position	Name	Date of birth	Career summary		Term of office	Number of Company shares held (hundreds of shares)
Executive Officer & Vice President	Masaru Takayanagi	May 14, 1968	April 1996	Joined the Company	Note 1	16
			July 2021	Corporate Fellow		
			April 2024	Executive Officer & Vice President (present post)		
			April 2024	General Manager, Research Institute for Bioscience Products & Fine Chemicals (present post)		
			April 2024	General Manager, Kawasaki Administration Office (present post)		
Executive Officer	Masaki Kashihara	September 1, 1965	April 1990	Joined the Company	Note 1	146
			June 2017	Corporate Executive Officer		
			April 2021	General Manager, Research & Business (R&B) Planning Dept.		
			June 2021	Corporate Executive		
			April 2022	Executive Officer (present post)		
			April 2023	General Manager, Green Business Development Dept. (present post)		
Executive Officer	Takaaki Arashida	September 20, 1967	April 1994	Joined the Company	Note 1	2
			April 2021	General Manager, Corporate Planning Dept. (present post)		
			July 2021	Corporate Executive		
			April 2023	Executive Officer (present post)		
Executive Officer	Shino Kayahara	August 15, 1966	April 1990	Joined the Company	Note 1	15
			July 2018	General Manager, Public Communications Dept.		
			July 2020	General Manager, Kyushu Branch		
			April 2023	Executive Officer (present post)		
Executive Officer	Maiko Mori	April 22, 1970	April 1995	Joined the Company	Note 1	6
			April 2019	General Manager, AminoIndex Dept.		
			April 2022	Corporate Executive		
			April 2022	General Manager, Quick Nourishment Dept.		
			April 2023	Executive Officer (present post)		
			April 2024	President, AJINOMOTO EUROPE S.A.S. (present post)		
Executive Officer	Michael Lish	November 27, 1968	July 1991	Joined Ajinomoto U.S.A.	Note 1	0
			July 2021	Corporate Executive, Ajinomoto Co., Inc.		
			July 2021	General Manager, Amino Acids Dept. (present post)		
			April 2023	Executive Officer (present post)		

Position	Name	Date of birth	Career summary		Term of office	Number of Company shares held (hundreds of shares)
Executive Officer	Shuhei Takehara	November 11, 1965	April 1988	Joined the Company	Note 1	55
			July 2021	Corporate Executive		
			July 2021	General Manager, Legal & Compliance Dept.		
			June 2023	Executive Officer (present post)		
			June 2023	General Manager, Internal Auditing Dept. (present post)		
Executive Officer	Ayumu Kamiya	January 7, 1967	April 1989	Joined the Company	Note 1	69
			July 2016	President, PT AJINOMOTO INDONESIA		
			June 2019	Corporate Executive Officer		
			June 2019	General Manager, Overseas Food Products Dept.		
			April 2020	General Manager, Quick Nourishment Dept.		
			April 2021	Corporate Executive		
			April 2021	General Manager, Nutrition and Processed Foods Dept. and General Manager, Generation Z Business Creation Dept.		
			April 2022	General Manager, Sauce & Seasoning Dept. and General Manager, Generation Z Business Creation Dept.		
			April 2024	Executive Officer (present post)		
			April 2024	General Manager, Consumer Food Products Dept. (present post)		
Total (Note 2)						2,082

Notes: 1. The terms of office of the executive officers are from the end of the first Board of Directors meeting held after the Ordinary General Meeting of Shareholders held on June 25, 2024 to the end of the first Board of Directors meeting held after the last Ordinary General Meeting of Shareholders held within one year.
2. Shareholdings by executive officers who also serve as directors are not totaled.

(2) Outside Directors

1. Number of officers

The Company has six outside directors.

2. Personal, capital, business, and other interests with outside directors

This information is as described in (1) Overview of Corporate Governance, (i) Basic Approach to Corporate Governance and (ii) 1) Board of Directors and Committees, etc. and 3) Composition and Diversity of the Board of Directors Overall. The number of shares of the Company held by each outside director is shown in the table in (1) above.

3. Details regarding the function and role of outside directors in corporate governance and the criteria or policy regarding their independence

Three outside directors are well versed in management and supervise the Company's business execution from an independent and fair standpoint, thereby enhancing the supervisory function of the Board of Directors and ensuring more appropriate decision-making related to business execution. Each of these three outside directors serve as members of the Nomination Committee and Compensation Committee to enhance transparency and objectivity in nominating candidates for director and in determining the compensation of directors and executive officers. One of these outside directors also serves as a member of the Audit Committee.

The three remaining outside directors, who are selected on the basis of their highly specialized knowledge in legal and/ or accounting matters or their deep insight into corporate management, serve as members of the Audit Committee and audit the execution of duties by directors and executive officers from an independent standpoint, thereby enhancing the effectiveness of audits. Two of these outside directors also serve as members of the Nomination Committee, and the third outside director also serves as a member of the Compensation Committee.

There are no special interests between the outside directors and the Company, and the Company has determined that the outside directors have the independence necessary to fulfill their functions and roles.

Joji Nakayama served as Representative Director and Chairman of Daiichi Sankyo Co., Ltd. until June 2020, and has been a Full-time Advisor to the company since June of the same year. Although there were transactions between Daiichi Sankyo and the Company in the past, there were no transactions during the fiscal year ended March 31, 2024, and he meets the criteria for independence as an outside director of the Company.

The Company's criteria for independence of outside directors are as follows.

The Company's outside directors must not fall under any of the following categories in order to be considered independent.
(1) An individual or executive officer that undertakes major transactions with the Company
(2) A main business partner of the Company or its executive officer
(3) A consultant, accounting professional, or legal professional who receives large sums of monetary or other compensation from the Company in addition to the compensation received as an officer (if the entity receiving the said compensation is a corporation, association, or other organization, an individual that belongs to said organization)
(4) An individual who corresponded to any of (1) through (3) in the past year
(5) A family member within the second degree of an individual who corresponds to any of (a) through (c) below (excluding non-important individuals)
(a) An individual who corresponds to (1) through (4) above
(b) An executive officer of a subsidiary of the Company
(c) An individual who corresponded to (b) or was an executive officer of the Company during the past year

Notes: 1. "An individual that undertakes major transactions with the Company" is defined as someone who received payments from the Company during the most recent fiscal year that was either 2% of the individual's total annual consolidated net sales or 100 million yen, whichever is higher.
2. "A main business partner of the Company" is defined as someone who made payments to the Company during the most recent fiscal year that was either 2% of the total annual consolidated net sales of the Company or 100 million yen, whichever is higher.
3. "Receives large sums of monetary or other compensation from the Company in addition to the compensation received as an officer" refers to receiving from the Company an amount or other compensation that was either 2% of the individual's net sales or gross income, excluding compensation as an officer, or 10 million yen, whichever is higher, during the most recent fiscal year.

In light of the above criteria, the Company has designated the six outside directors, Kimie Iwata, Joji Nakayama, Mami Indo, Yoko Hatta, Scott Trevor Davis, and Yukako Wagatsuma, as independent directors as defined by the Tokyo Stock Exchange, and has registered them with the exchange.

4. Selection of Outside Directors

Each outside director has been selected to utilize their respective insights and experience: Kimie Iwata to utilize her deep insight on corporate management and corporate social responsibility as well as her extensive experience in empowering women and promoting diversity, Joji Nakayama for his extensive experience in corporate management and governance, as well as his deep insight into the healthcare sector, Mami Indo for her extensive experience working for securities companies and think tanks, and broad insight as a member of the Securities and Exchange Surveillance Commission, Yoko Hatta for her extensive experience at an international accounting firm and her insight on international taxation, Scott Trevor Davis for his theoretical and practical knowledge of social value creation through management strategy and his extensive knowledge of CSR and sustainability, and Yukako Wagatsuma for her extensive experience and insight in legal compliance and risk management gained as an attorney in Japan and the U.S.

(3) Mutual cooperation between supervision or auditing by outside directors and internal audits, Audit Committee audits, and accounting audits, and relationship with the Internal Auditing Department

As members of the Board of Directors, the outside directors provide general direction by discussing and reviewing important management matters that significantly affect corporate value, support risk-taking in execution, and appropriately supervise execution by verifying the appropriateness of the execution process and results. In addition, in accordance with the Principle on Corporate Governance of Ajinomoto Co., Inc., outside directors will mutually cooperate with internal audits, Audit Committee audits, and accounting audits.

Matters regarding Accounting Auditor

1. Name of Accounting Auditor

KPMG AZSA LLC

2. Amount of compensation, etc. to be paid to the Accounting Auditor

(1) Amount of compensation, etc. to be paid to the Accounting Auditor regarding the fiscal year ended March 31, 2024

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	247	3
The consolidated subsidiaries	106	34
Total	354	38

Notes: 1. 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. Accordingly, the total amount is stated in the amount of fees to be paid for audit and attestation services.

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 Committee 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. The Company has commissioned the Accounting Auditor to perform services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services)—namely, the "comfort letter writing services," etc.—and has compensated them for such services.

(2) Total amount of monetary and other financial benefits to be paid by the Company and its subsidiaries to the Accounting Auditor

The total amount of monetary and other financial benefits to be paid by the Company and its subsidiaries to the Accounting Auditor is ¥392 million.

3. Matters Related to Audits of Subsidiaries

Among the Company's important consolidated subsidiaries, 25 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. 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 Committee shall dismiss the accounting auditor, based on the consent of all Members of the Audit Committee. In this case, a Member of the Audit Committee selected by the Audit Committee 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 Committee recognizes that it is necessary to change the Accounting Auditor, such as cases when it conducts a comprehensive evaluation in accordance with evaluation indicators 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.

Amounts of Compensation, etc. Paid to Directors and Executive Officers ("Executive Officers, etc.")

1. Policy Regarding the Compensation, etc., Paid to Individual Executive Officers, etc.

The Company's policy regarding the compensation, etc. paid to individual Executive Officers, etc. is resolved by the Compensation Committee.

Below is an overview of the policy.

(1) Basic policy regarding compensation paid to Executive Officers, etc.

(a) In line with Ajinomoto Group Policy (AGP), it will lead to medium- to long-term expansion of corporate value

(b) The level of compensation is sufficiently competitive with the market level

(c) Compensation will be determined through a transparent process that is accountable to stakeholders

(2) Overview of compensation for Executive Officers, etc.

(a) Compensation for Executive Officers (including those who concurrently serve as Directors)

Comprises basic compensation, short-term company performance-linked compensation, and medium-term company performance-linked stock compensation, the details of which are as below.

(i) Basic compensation

Basic compensation is a monetary compensation that is paid every month to encourage employees to fully demonstrate the qualities and abilities that drive corporate growth and to meet their responsibilities. A fixed amount is paid monthly.

(ii) Short-term company performance-linked compensation

Short-term company performance-linked compensation is a monetary compensation that is paid at the end of June each year, depending on the performance evaluation of the entire company and each individual after the end of the fiscal year, as an incentive to encourage steady achievement of performance targets for a single fiscal year and appropriate management.

(iii) Medium-term company performance-linked stock compensation

Medium-term company performance-linked stock compensation is a performance-linked compensation that is assessed using a predetermined valuation index after the end of the three fiscal years commencing on April 1, 2023 (hereinafter referred to as the "Target Period") with the aim of achieving sustained medium- to long-term improvement in business performance and increasing corporate value of the Ajinomoto Group, and is paid in the Company's shares and the amount equivalent to the conversion and disposal of the Company's shares. The maximum monetary amount the Company contributes to the stock-granting trust (hereinafter referred to as the "Trust") for the medium-term company performance-linked stock compensation is ¥2.2 billion for the Target Period and the maximum amount of the Company's shares to be acquired with the money contributed by the Trust is 1.1 million. The number of the Company's shares, etc. to be used for payment of compensation is obtained as follows. The evaluation index for each performance linked evaluation (calculated from the target achievement rate and evaluation weight for each evaluation index) is multiplied by the preset standard compensation amount for each job position. The total number obtained is then divided by the closing price (¥4,606.0) of the Company's shares on March 31, 2023, to yield the number of shares to be used for payment of compensation. Half of the compensation will be delivered in the form of Company shares, and the remaining 50% will be used for payment of income tax, etc., therefore the Trust will convert this to cash by selling the shares on the market and then paying the amount equivalent to the conversion and disposal of the Company's shares. Medium-term company performance-linked stock compensation is paid to non-residents of Japan in the form of cash compensation. However, Executive Officers and their prospective successors who are deemed ineligible to receive medium-term company performance-linked stock compensation in light of the intended purpose of the Company's medium-term company performance-linked stock compensation system will not be entitled to receive such compensation, and in the event that the Compensation Committee makes such a decision after an Executive Officer or their prospective successor has already received such compensation, the Company may demand the return of such compensation already paid to the recipient or recipients.

(b) Compensation for Outside Directors and Internal Directors who are Members of the Audit Committee

Compensation for Outside Directors shall be based solely on the basic compensation, with a fixed monetary amount paid monthly.

Compensation for Internal Directors who are Members of the Audit Committee shall be based solely on the basic compensation and shall be paid monthly in a fixed amount.

(3) Policy on determining the amount of compensation of Executive Officers, etc.

(a) Method for setting the amount of compensation

The amount of compensation will be set by position based on the responsibilities of supervision and execution assumed by Executive Officers, etc.

(b) Method for determining compensation levels

(i) Compensation levels for Internal Directors and Executive Officers will be based on the 75th percentile (the top 25th percentile) of compensation levels for executives (based on the results of surveys conducted by external organizations on about 20 companies that are similar in size to the Company and also have Nomination Committees in place). In the event that such Internal Directors or Executive Officers concurrently serve as Presidents of overseas group companies, they will be paid various allowances associated with their overseas secondment, and the amount of compensation from the Company will be adjusted in consideration of the amount equivalent to income taxes that would be imposed if they worked in Japan, the amount of compensation from the overseas group company, and other relevant factors. In the event that income taxes, etc., are incurred in the country to which the Internal Director or Executive Officer has been seconded, the amount equivalent to such income taxes, etc., will be borne by the overseas group company.

(ii) Notwithstanding the above, compensation levels for Executive Officers, etc. who are most closely related to a country (or region) outside of Japan are based on the 50th to 75th percentile (top 25th to 50th percentile) of compensation levels for executives, based on the results of surveys conducted by external organizations on companies that are similar in size and business type in the country (or region) most closely related to the Executive Officer, etc. concerned. The amount of remuneration from the Company will be adjusted in consideration of the amount equivalent to taxes that would be levied if the employee worked in the relevant country. In addition to the above, in the event that income taxes, etc. are incurred in Japan as a result of the appointment of a person seconded to the Company from an overseas group company to serve as an Executive Officers, etc. of the Company, the Company will bear the amount equivalent to such income taxes, etc. in Japan.

(iii) Compensation levels for Outside Directors are based on the 75th percentile (the top 25th percentile) of compensation levels for executives (based on the results of surveys conducted by external organizations on about 20 companies that are similar in size to the Company and also have Nomination Committees in place).

(4) Policy on determining the payment ratio of performance-based compensation and compensation other than performance-based compensation

The Company's President & Chief Executive Officer (CEO), concurrently serving as a Director and Representative Executive Officer, will be paid basic compensation, short-term company performance-linked compensation, and medium-term company performance-linked stock compensation at approximately 30:25:45 at the time of achieving the standard performance target. For Executive Officers, the ratio will be approximately 50:30:20 (for both, the ratio will be established on an annual basis*).

(a) 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 (monetary value conversion at the time of contribution to the Trust) account for a minimum of 0% and a maximum of around 90% of total compensation.

(b) Short-term company performance-linked compensation accounts for between 0% and 56% of total compensation in fiscal years when medium-term company performance-linked stock compensation is not paid.

(c) If the total compensation at the time of a standard evaluation (on an annual basis*) when the performance targets are reached is assigned an index of 100, then the indices of total compensation under the conditions of highest possible performance and of lowest possible performance, as well as the proportions of each type of compensation in total compensation are as follows.

(5) Policy regarding the determination of evaluation indicators for performance-linked compensation

(a) Short-term company performance-linked compensation
Executive Officers who concurrently serve as Director or the Executive Officer & Chairman of Company are evaluated only on the basis of company-wide performance. Other Executive Officers are evaluated based on company-wide performance and individual performance, and the weighting of the evaluation of company-wide performance and individual performance is generally 1:1.

In addition to Sales and Business profit, which are key indicators of annual financial results, the Company's performance is calculated using Profit attributable to the owners of the parent company (all on a consolidated basis) as an evaluation indicator and using the following formula. Individual performance is determined on the basis of a predetermined compensation schedule based on an evaluation of the performance of the individual to be conducted by the Compensation Committee.

Amount of short-term company performance-linked compensation = Base amount by position × Evaluation indicators*

* The evaluation indicators are calculated based on the sum of the following three elements. If the achievement rate of each evaluation indicator exceeds 1.25, the upper limit shall be 1.25.

(Consolidated Sales achievement rate x 2 - 1) x 30%
(Consolidated Business Profit achievement rate x 2-1) x 50%
(Consolidated Net Income achievement rate x 2-1) x 20%

(b) Medium-term company performance-linked stock compensation

The following table shows the evaluation indicators, target values and weighting in evaluation of the medium-term company performance-linked stock compensation.

Evaluation indicators		Target value	Weighting in evaluation
Economic value indicators	ROIC (return on invested capital)	FY2023: 9.5% FY2024: 10.0% FY2025: 11.0%	40%
	Relative TSR (total shareholders' return)	1	20%
Social value indicators	Greenhouse gas emissions reduction rate	Scope 1, 2: 30% reduction Scope 3: 14% reduction	10%
	Number of individuals whose healthy life expectancy has extended	850,000,000	10%
Intangible asset enhancement indicators	Employee engagement score	80%	10%
	Percentage of global female managers	35%	5%
	Corporate brand value	USD1,484,000,000	5%

Notes: 1. ROIC (Return on Invested Capital) is calculated using the method shown below (all values are on a consolidated basis).
ROIC = (Operating income after tax for the fiscal year) ÷ [(Capital invested in that fiscal year + Capital invested in the previous fiscal year) ÷ 2]
Invested capital = Shareholders' equity attributable to the owners of the parent company + interest-bearing debt
2. Return on invested capital (ROIC) attainment shall be calculated by weighted sum of the following for each of the following years.
FY2023 actual value ÷ FY2023 target value x 25%
FY2024 actual value ÷ FY2024 target value x 25%
FY2025 actual value ÷ FY2025 target value x 50%
3. Relative TSR is calculated using the method shown below.
Relative TSR = (Total shareholder return on the last day of the last fiscal year) ÷ (Total benchmark shareholder yield for the period corresponding to the Company's last fiscal year)
4. Employee engagement is evaluated by averaging the values accepted as responses to nine questions about the "ASV achievement process" to determine whether employee engagement is being achieved or not.
5. Corporate brand value is evaluated based on the "Best Japan Brands" survey conducted by Interbrand to determine whether the company has succeeded or not at achieving corporate brand value.

(6) Reasons why the Compensation Committee has determined that the details of individual compensation, etc. of Executive Officers, etc. follow the decision policy regarding the content of individual compensation, etc. of Executive Officers, etc.

As individual compensation, etc. of Executive Officers, etc. is paid in accordance with the compensation standard based on the decision policy established by the Compensation Committee, the details of individual compensation for Executive Officers, etc. are in line with the decision policy.

2. Amounts of Compensation, etc. Paid to Executive Officers, etc.

Category	Number of persons to whom compensation, etc. was paid	Total compensation, etc., by category (million yen)			Total compensation, etc. (million yen)
		Fixed compensation	Performance-linked compensation		
		Cash compensation		Non-cash compensation	
		Basic compensation	Short-term company performance-linked compensation	Medium-term company performance-linked stock compensation	
Directors (excluding Outside Directors)	7	245	131	191	567
Outside Directors	7	130	—	—	130
Executive Officers	23	550	392	340	1,282

Notes: 1. Executive Officers who concurrently serve as Directors are included in "Directors (excluding Outside Directors)," and not in "Executive Officers."
2. The number and compensation amounts of "Directors (excluding Outside Directors)" and "Outside Directors" above include 1 Director and 1 Outside Director who served from April 1, 2023 to the conclusion of the Ordinary General Meeting of Shareholders on June 27, 2023, as well as their compensation amounts.
3. The number and compensation amounts of "Executive Officers" above include 1 Executive Officer who served from April 1, 2023 to the conclusion of the first Board of Directors meeting that was held after the conclusion of the Ordinary General Meeting of Shareholders held on June 27, 2023, as well as their compensation amounts.
4. The amounts of compensation, etc., listed above are amounts based on International Financial Reporting Standards (IFRS).
5. The following table shows the estimates, actual results and achievement rates for the short-term company performance-linked compensation evaluation indicators for the current fiscal year. The difference between a) the expected payment amount and the total amount of short-term company performance-linked compensation paid in FY2023 and b) the expected payment amount disclosed in the business report for the previous fiscal year, is included in the short-term company performance-linked compensation.

	Evaluation indicators	Estimate for the current fiscal year	Actual results for the current fiscal year	Achievement rate
1	Sales	¥1,465.0 billion	¥1,439.2 billion	98.24%
2	Business profit	¥150.0 billion	¥147.6 billion	98.45%
3	Profit for the business year attributable to the owners of the parent company	¥95.0 billion	¥87.1 billion	91.70%

6. The difference between a) the total amount of reserves for the current fiscal year and medium-term performance-linked stock compensation paid in FY2023 and b) the expected payment amount disclosed in the business report for the previous fiscal year is included in the medium-term company performance-linked compensation.
Note that "medium-term company performance-linked stock compensation" is paid to non-residents of Japan in the form of cash compensation.
7. The actual results for the medium-term company performance-linked stock compensation evaluation indicators will be confirmed following the conclusion of the subject period.
8. The above compensation includes expenses related to the partial compensation of income taxes and rent.

Consolidated Statements of Financial Position

Ajinomoto Co., Inc. and Consolidated Subsidiaries

(Millions of yen)

	Note	As of March 31, 2024	As of March 31, 2023
Assets			
Current assets			
Cash and cash equivalents	8, 37	**171,537**	132,777
Trade and other receivables	9, 37	**185,564**	163,714
Other financial assets	37	**22,650**	12,312
Inventories	10	**287,122**	269,822
Income taxes receivable		**22,505**	12,674
Others		**20,252**	24,235
Subtotal		**709,632**	615,537
Assets of disposal groups classified as held for sale		**—**	—
Total current assets		**709,632**	615,537
Non-current assets			
Property, plant and equipment	11	**587,407**	536,565
Intangible assets	12	**97,810**	65,916
Goodwill	12	**146,003**	92,114
Investments in associates and joint ventures	16	**128,538**	119,825
Long-term financial assets	37	**54,097**	53,749
Deferred tax assets	17	**8,565**	8,969
Others		**42,439**	19,056
Total non-current assets		**1,064,863**	896,197
Total assets		**1,774,495**	1,511,734

Consolidated Statements of Financial Position

Ajinomoto Co., Inc. and Consolidated Subsidiaries

(Millions of yen)

	Note	As of March 31, 2024	As of March 31, 2023
Liabilities			
Current liabilities			
Trade and other payables	18, 37	**231,979**	197,981
Short-term borrowings	19, 37	**97,553**	12,599
Commercial papers	19, 37	**53,000**	-
Current portion of bonds	19, 37	**—**	19,988
Current portion of long-term borrowings	19, 37	**37,717**	16,733
Other financial liabilities	14, 37	**8,781**	11,084
Short-term employee benefits	22	**45,916**	42,141
Provisions	21	**4,440**	7,723
Income taxes payable		**7,031**	15,990
Others		**15,045**	15,402
Subtotal		**501,465**	339,644
Liabilities of disposal groups classified as held for sale		**—**	—
Total current liabilities		**501,465**	339,644
Non-current liabilities			
Corporate bonds	19, 37	**149,626**	119,696
Long-term borrowings	19, 37	**104,598**	119,548
Other financial liabilities	14, 37	**54,544**	54,984
Long-term employee benefits	22	**28,865**	26,568
Provisions	21	**3,905**	3,499
Deferred tax liabilities	17	**44,472**	22,361
Others		**2,951**	2,461
Total non-current liabilities		**388,965**	349,120
Total liabilities		**890,431**	688,765
Equity			
Common stock	23	**79,863**	79,863
Capital surplus	23	**—**	—
Treasury stock	23	**(49,164)**	(1,342)
Retained earnings	23	**657,782**	652,307
Other components of equity		**126,208**	37,848
Other components of equity related to disposal groups classified as held for sale		**—**	—
Equity attributable to owners of the parent company		**814,690**	768,676
Non-controlling interests		**69,373**	54,292
Total equity		**884,064**	822,968
Total liabilities and equity		**1,774,495**	1,511,734

Consolidated Statements of Income

Ajinomoto Co., Inc. and Consolidated Subsidiaries

(Millions of yen)

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Sales	7, 26	**1,439,231**	1,359,115
Cost of sales		**(927,783)**	(888,727)
Gross profit		**511,448**	470,387
Share of profit of associates and joint ventures	7, 16	**4,730**	4,326
Selling expenses	27	**(201,631)**	(186,488)
Research and development expenses	28	**(28,766)**	(25,867)
General and administrative expenses	29	**(138,099)**	(127,017)
Business profit	7	**147,681**	135,341
Other operating income	31	**20,487**	40,983
Other operating expenses	32	**(21,486)**	(27,396)
Operating profit		**146,682**	148,928
Financial income	33	**7,775**	6,099
Financial expenses	34	**(12,414)**	(14,994)
Profit before income taxes		**142,043**	140,033
Income taxes	17	**(40,011)**	(39,863)
Profit		**102,032**	100,170
Attributable to:			
Owners of the parent company		**87,121**	94,065
Non-controlling interests		**14,911**	6,104
Earnings per share (yen):			
Basic	36	**167.44**	175.97
Diluted	36	**167.40**	175.96

Consolidated Statements of Comprehensive Income

Ajinomoto Co., Inc. and Consolidated Subsidiaries

(Millions of yen)

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Profit		**102,032**	100,170
Other comprehensive income (Net of related tax effects)			
Items that will not be reclassified to profit or loss:			
Net gain on revaluation of financial assets measured at fair value through other comprehensive income	35	**7,392**	990
Remeasurements of defined benefit pension plans	22, 35	**11,066**	4,939
Share of other comprehensive income of associates and joint ventures	16, 35	**464**	214
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	35	**667**	528
Hedge surplus	35	**106**	(97)
Exchange differences on translation of foreign operations	35	**78,977**	44,384
Share of other comprehensive income (loss) of associates and joint ventures	16, 35	**(1,154)**	(2,092)
Other comprehensive income (Net of related tax effects)	35	**97,520**	48,866
Comprehensive income		**199,553**	149,036
Comprehensive income attributable to:			
Owners of the parent company		**180,199**	140,672
Non-controlling interests		**19,353**	8,364

Consolidated Statements of Changes in Equity

Ajinomoto Co., Inc. and Consolidated Subsidiaries

(Millions of yen)

		Equity attributable to owners of the parent company							
						Other components of equity			
	Note	Common stock	Capital surplus	Treasury stock	Retained earnings	Net gain on revaluation of financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined benefit pension plans	Cash flow hedges	Hedge surplus
Balance as of April 1, 2022		79,863	—	(1,371)	616,286	18,663	(14,008)	(1,883)	(240)
Profit					94,065				
Other comprehensive income	35					984	5,228	528	(98)
Comprehensive income		—	—	—	94,065	984	5,228	528	(98)
Purchase of treasury stock	23			(30,022)					
Disposal of treasury stock	23		0	0					
Retirement of treasury stock	23		(29,894)	29,894					
Dividends	24				(31,650)				
Changes in transactions with non-controlling interests			7,881						
Changes due to business combinations									
Loss of control of subsidiaries									
Changes in ownership interests in subsidiaries that do not result in loss of control	15		(5,384)						
Transfer from other components of equity to retained earnings	37				889	(889)			
Transfer of negative balance of other capital surplus			27,258		(27,258)				
Transfer to non-financial assets								0	
Stock-based remuneration transaction	25		139	155					
Other					(25)				
Total net changes in transactions with owners of the parent company		—	—	28	(58,044)	(889)	—	0	—
Balance as of March 31, 2023		79,863	—	(1,342)	652,307	18,758	(8,779)	(1,354)	(338)
Balance as of April 1, 2023		**79,863**	**—**	**(1,342)**	**652,307**	**18,758**	**(8,779)**	**(1,354)**	**(338)**
Profit					**87,121**				
Other comprehensive income	35					**7,383**	**11,051**	**667**	**107**
Comprehensive income		**—**	**—**	**—**	**87,121**	**7,383**	**11,051**	**667**	**107**
Purchase of treasury stock	23			**(91,341)**					
Disposal of treasury stock	23		**0**	**1**					
Retirement of treasury stock	23		**(43,062)**	**43,062**					
Dividends	24				**(38,813)**				
Changes in transactions with non-controlling interests									
Changes due to business combinations									
Loss of control of subsidiaries									
Changes in ownership interests in subsidiaries that do not result in loss of control	15		**(4,055)**						
Transfer from other components of equity to retained earnings	37				**4,413**	**(4,413)**			
Transfer of negative balance of other capital surplus			**47,221**		**(47,221)**				
Transfer to non-financial assets								**(304)**	
Stock-based remuneration transaction	25		**(78)**	**454**					
Other			**(24)**		**(24)**				
Total net changes in transactions with owners of the parent company		**—**	**—**	**(47,822)**	**(81,645)**	**(4,413)**	**—**	**(304)**	**—**
Balance as of March 31, 2024		**79,863**	**—**	**(49,164)**	**657,782**	**21,728**	**2,271**	**(991)**	**(231)**

Consolidated Statements of Changes in Equity

(Millions of yen)

		Equity attributable to owners of the parent company						
		Other components of equity						
	Note	Exchange differences on translation of foreign operations	Share of other comprehensive income of associates and joint ventures	Total	Other components of equity related to disposal groups classified as held for sale	Total	Non-controlling interests	Total
Balance as of April 1, 2022		(10,843)	441	(7,869)	—	686,909	52,834	739,744
Profit				—		94,065	6,104	100,170
Other comprehensive income	35	41,842	(1,878)	46,606		46,606	2,259	48,866
Comprehensive income		41,842	(1,878)	46,606	—	140,672	8,364	149,036
Purchase of treasury stock	23			—		(30,022)		(30,022)
Disposal of treasury stock	23			—		0		0
Retirement of treasury stock	23			—		—		—
Dividends	24			—		(31,650)	(4,267)	(35,918)
Changes in transactions with non-controlling interests				—		7,881		7,881
Changes due to business combinations				—		—		—
Loss of control of subsidiaries				—		—		—
Changes in ownership interests in subsidiaries that do not result in loss of control	15			—		(5,384)	(2,634)	(8,019)
Transfer from other components of equity to retained earnings	37			(889)		—		—
Transfer of negative balance of other capital surplus				—		—		—
Transfer to non-financial assets				0		0		0
Stock-based remuneration transaction	25			—		294		294
Other				—		(25)	(3)	(29)
Total net changes in transactions with owners of the parent company		—	—	(889)	—	(58,905)	(6,906)	(65,811)
Balance as of March 31, 2023		30,999	(1,436)	37,848	—	768,676	54,292	822,968
Balance as of April 1, 2023		30,999	(1,436)	37,848	—	768,676	54,292	822,968
Profit				—		87,121	14,911	102,032
Other comprehensive income	35	74,558	(689)	93,078		93,078	4,442	97,520
Comprehensive income		74,558	(689)	93,078	—	180,199	19,353	199,553
Purchase of treasury stock	23			—		(91,341)		(91,341)
Disposal of treasury stock	23			—		1		1
Retirement of treasury stock	23			—		—		—
Dividends	24			—		(38,813)	(3,629)	(42,443)
Changes in transactions with non-controlling interests				—		—	(381)	(381)
Changes due to business combinations				—		—	(1,516)	(1,516)
Loss of control of subsidiaries				—		—	(555)	(555)
Changes in ownership interests in subsidiaries that do not result in loss of control	15			—		(4,055)	1,832	(2,222)
Transfer from other components of equity to retained earnings	37			(4,413)		—		—
Transfer of negative balance of other capital surplus				—		—		—
Transfer to non-financial assets				(304)		(304)		(304)
Stock-based remuneration transaction	25			—		376		376
Other				—		(49)	(21)	(71)
Total net changes in transactions with owners of the parent company		—	—	(4,718)	—	(134,186)	(4,271)	(138,457)
Balance as of March 31, 2024		105,558	(2,125)	126,208	—	814,690	69,373	884,064

Consolidated Statements of Cash Flows

Ajinomoto Co., Inc. and Consolidated Subsidiaries

(Millions of yen)

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Cash flows from operating activities			
Profit before income taxes		**142,043**	140,033
Depreciation and amortization		**78,298**	71,820
Impairment loss and gain on reversal of impairment loss		**3,733**	15,075
Increase (decrease) in employee benefits		**(6,343)**	(14,675)
Increase (decrease) in provisions		**(3,573)**	2,846
Interest income		**(5,542)**	(3,373)
Dividend income		**(959)**	(987)
Interest expense		**4,941**	3,970
Share of profit of associates and joint ventures	7	**(4,730)**	(4,326)
Loss on disposal of non-current assets		**4,732**	4,388
Gain on sale of non-current assets	31	**(14,604)**	(33,376)
Loss on sale of non-current assets		**226**	217
Decrease (increase) in trade and other receivables		**(11,319)**	3,327
Increase (decrease) in trade and other payables		**17,414**	(4,065)
Decrease (increase) in inventories		**4,346**	(41,613)
Increase (decrease) in consumption taxes payable		**6,804**	2,252
Increase (decrease) in other assets and liabilities		**(491)**	6,681
Others		**2,515**	5,780
Subtotal		**217,491**	153,975
Interest received		**5,538**	3,334
Dividends received		**4,412**	3,225
Interest paid		**(4,829)**	(3,749)
Income taxes paid		**(54,538)**	(39,145)
Net cash provided by operating activities		**168,074**	117,640

(Millions of yen)

	Note	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Cash flows from investing activities			
Purchase of property, plant and equipment		**(65,786)**	(68,383)
Proceeds from sale of property, plant and equipment		**13,722**	40,255
Purchase of intangible assets		**(6,236)**	(4,663)
Proceeds from sale of intangible assets		**1,884**	10
Purchase of financial assets		**(11,381)**	(2,155)
Proceeds from sale of financial assets		**9,027**	3,682
Purchase of shares in subsidiaries resulting in change in scope of consolidation	40	**(74,366)**	-
Others		**701**	1,166
Net cash used in investing activities		**(132,434)**	(30,087)
Cash flows from financing activities			
Net change in short-term borrowings	20	**73,849**	4,066
Net change in commercial papers	20	**53,000**	-
Proceeds from long-term borrowings	20	**20,466**	2,362
Repayments of long-term borrowings	20	**(16,933)**	(14,299)
Proceeds from issuance of bonds	20	**29,876**	-
Redemption of bonds	20	**(20,000)**	(20,000)
Dividends paid		**(38,406)**	(31,630)
Dividends paid to non-controlling interests		**(4,104)**	(4,100)
Purchase of treasury stock		**(91,341)**	(30,022)
Purchase of shares in subsidiaries not resulting in change in scope of consolidation		**(2,557)**	(8,170)
Repayments of lease liabilities	20	**(8,960)**	(9,412)
Others		**(1,641)**	145
Net cash used in financing activities		**(6,753)**	(111,061)
Effect of currency rate changes on cash and cash equivalents		**9,873**	4,831
Net change in cash and cash equivalents		**38,759**	(18,677)
Cash and cash equivalents at beginning of the year	8	**132,777**	151,454
Cash and cash equivalents at end of the year	8	**171,537**	132,777

1. Reporting Company

Ajinomoto Co., Inc. (the "Company") is a listed company in Japan, duly established under the Companies Act of Japan. The Company discloses the registered address of its head office on its website (https://www.ajinomoto.com/?scid=pr_ot_pc_cojphead_global). The accompanying consolidated financial statements comprise the Company and its subsidiaries (the "Group"), as well as the Group's interests in associates and joint ventures. A description of the nature of the Group's operations and its principal business activities is included in Note 7 "Segment Information." The Group's consolidated financial statements for the fiscal year ended March 31, 2024 were authorized for issue at the Management Meeting held on June 20, 2024, and subsequent events for the period up to the filing date were assessed thereafter.

2. Basis of Preparation

(1) Compliance with IFRS

As the Company meets the criteria for a "Company Specified for Designated International Accounting Standards" stipulated under Article 1-2 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements, the Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) pursuant to Article 93 of the said ordinance.

(2) Functional currency and presentation currency

Each company in the 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 Group are presented in millions of Japanese yen, which is the functional currency of the Company. Amounts less than one million yen are rounded down.

3. Material Accounting Policies

The following material accounting policies have been applied in the preparation of the Group's consolidated financial statements.

(1) Basis of consolidation

1) Subsidiaries

A subsidiary is a company that is controlled by the Group. Control is achieved if the Group is exposed, or has rights, to variable returns from its involvement with the company (investee) and has the ability to affect those returns through its power over the investee. A subsidiary is consolidated from the date the Group acquires the control until it loses control, with the acquisition date deemed to be the date control is acquired. If a subsidiary applies different accounting policies from those of the Group, adjustments are made to the subsidiary's financial statements to make their accounting policies consistent with the Group's.

If the fiscal year-end of a subsidiary differs from that of the Group, the subsidiary is consolidated based on its provisional closing balances as of the Group's fiscal year-end.

Investments and equity, intercompany receivables and payables, transaction amounts, and unrealized profit or loss arising from the intercompany transactions are eliminated in preparing the consolidated financial statements.

Comprehensive income of a subsidiary is attributed to owners of the parent company and non-controlling interests even if this results in the non-controlling interests having a deficit balance.

A change in ownership interest in a subsidiary when the Group retains control is accounted for as an equity transaction. Any difference between the adjustment to non-controlling interests and the fair value of the consideration is directly recognized in equity attributable to owners of the parent company.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, non-controlling interests and other components of equity related to the subsidiary. Any gains or losses arising from the loss of control are recognized in profit or loss. If the Group loses control but retains residual interest of a former subsidiary, the residual interest is measured at fair value on the date it loses control.

2) Associates and joint ventures

An associate is an entity over which the Group has significant influence in terms of financial and operational policies, but does not control. Associates are accounted for by the equity method from the date the Group obtains significant influence until it loses such influence. A joint venture is a joint arrangement whereby several parties having joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are accounted for by the equity method from the date the Group obtains joint control until it loses it. If an associate or a joint venture applies different accounting policies from those of the Group, adjustments are made to the associate's or joint venture's financial statements to make their accounting policies consistent with the Group's.

Under the equity method, the Group initially measures an investment at cost and subsequently adjusts the carrying amounts of the investment to reflect the changes in the Group's interests in the associates' or joint ventures' net assets. The Group's share of the associates' and joint ventures' profit or loss is included in the profit or loss of the Group. Similarly, the Group's share of the associates' and joint ventures' other comprehensive income is included in other comprehensive income of the Group. Any unrealized gain or loss arising from transactions with associates or joint ventures are added to or deducted from the investment.

When consideration paid for an investment in an associate or joint venture exceeds the Group's share of the fair value of net total of assets, liabilities and contingent liabilities of the associate or joint venture recognized on the acquisition date, that excess is accounted for as goodwill and included in the carrying amount of the investment, and that goodwill is not amortized. Goodwill that forms part of the carrying amount of the net investment in an associate or a joint venture is not separately recognized and is tested for impairment as a single asset if there is objective evidence of impairment.

Objective evidence that the net investment is impaired includes observable data that comes to the attention of the entity about loss events, including significant changes with an adverse effect that have taken place in the market or economic environment in which the associate or joint venture operates, and indicates that the cost of the investment may not be recovered.

If the Group loses significant influence or joint control over investment in an associate or joint venture, any gain or loss related to the change is recognized in profit or loss. If the Group loses its significant influence or joint control, but retains residual interest of a former associate or joint venture, the residual interest is measured at fair value on the date the application of the equity method is discontinued.

3) Joint operations

A joint operation is a joint arrangement whereby the parties having joint control of the arrangement have rights to the assets and obligations for the liabilities of the arrangement. For an investment in a joint operation, the Group recognizes its own assets, liabilities, revenue and expenses associated with the joint operation.

(2) Business combinations

Business combinations are accounted for by applying the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. For each separate business combination, the Group decides whether to measure non-controlling interests at fair value or by the proportionate share in the recognized amounts of the acquiree's identifiable net assets at the acquisition date. 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 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.

Acquisition-related costs are expensed in the period in which they are incurred.

(3) Foreign-currency translation

1) Translation of foreign-currency denominated transactions

Foreign-currency transactions are initially 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 period. 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 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.

2) 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 reporting date, 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.

The Company has determined that the Republic of Turkey, where it has its subsidiary, is in a hyperinflationary economy as defined by IAS 29 "Financial Reporting in Hyperinflationary Economies," but has not applied the standard since the application of the standard would not significantly affect the consolidated financial statements.

(4) Financial instruments

1) Financial assets

Financial assets are classified as financial assets measured at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss at the initial recognition. The 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, and other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets.

Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets have expired or when the Group has transferred substantially all of the risks and rewards of the financial assets.

(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 to hold assets to collect contractual cash flows.
- Under the contractual terms, cash flows that are solely payments of principal and interest on the outstanding balances 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 Group that meet both of the following conditions are classified as debt instruments at fair value through other comprehensive income.

- They are held in accordance with a business model whose objective is achieved by both of the collection of contractual cash flows and the sales of assets.
- Under the contractual terms, cash flows that are solely payments of principal and interest on the outstanding balances 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 at fair value through other comprehensive income (equity instruments)

For investments in equity instruments, the Group 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

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 allowance 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.

For details, please see Note 37 "Financial Instruments (4) Loss allowance for expected credit 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 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 or loss are measured at fair value, with subsequent changes in fair value recognized in profit or loss.

4) Derivatives and hedge accounting

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

In applying hedge accounting, at the inception of a transaction, the Group makes a formal designation and prepares documentation of the hedge 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 as of the end of each period 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 continued to be 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 amount 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.

For cash flow hedging relationships that hedge foreign exchange risk, the Group designates only changes in the fair value of the spot component of the hedging instrument. Changes in the fair value of the forward component are accounted for separately as the cost of hedging.

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 same 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, terminated or exercised, or when the hedge does not meet the criteria for hedge accounting. If a forecast transaction is no longer expected to occur, the amount recognized in other comprehensive income is transferred immediately from other components of equity to profit or loss.

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

5) Put options written on the shares of subsidiaries over non-controlling interests

The Group initially recognizes the present value of the redemption amount of put options written on the shares of subsidiaries over non-controlling interests as other financial liabilities and reduces the same amount from capital surplus. After initial recognition, the put options are measured at amortized cost using the effective interest method, and changes after initial recognition are recognized as financial income or financial expenses in the consolidated statements of income. When such put options expire, the amount of “Other financial liabilities” is transferred to “Capital surplus.”

6) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and presented as net in the consolidated statements of financial position when there is a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments maturing within three months from the acquisition, readily convertible into cash and not subject to material fluctuations in value.

(6) Inventories

The cost of inventories includes the purchase cost, the processing cost and all other costs incurred in bringing the inventories to their present location and condition. The Group’s main cost formula is the weighted average method. The cost of inventories with no substitutability and used for goods or services for specific projects are determined by using a 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.

(7) Non-current assets held for sale and discontinued operations

A non-current asset or disposal group is classified as non-current assets held for sale if its carrying amount will be recovered principally through a sales transaction rather than through its continuing use. Assets or disposal group are classified as non-current assets held for sale when and only when the asset is available for immediate sale in its present condition, its sale is highly probable and the management of the Group is committed to implement the sales plan and intends to complete the sale within one year from the date of classification. After being classified as a held for sale category, a non-current asset (or disposal group) is measured at the lower of its carrying amount or its fair value less costs to sell, and it is not depreciated or amortized.

Discontinued operation includes components of a business already disposed of or classified as a held for sale category. The Group recognizes it if it represents a separate major line of business or geographical area of operations and there is a plan to dispose of one of the businesses or geographical areas.

(8) Property, plant and equipment (excluding right-of-use 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 Group applies the cost model and carries the asset at cost less accumulated depreciation and accumulated impairment loss.

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 period. Changes in residual value, useful lives or depreciation methods are accounted for as a change in accounting estimate.

(9) Goodwill and intangible assets

1) Goodwill

A description of the measurement of goodwill at initial recognition is included in “(2) Business combinations.”

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

Goodwill is derecognized when an asset in the cash-generating unit or cash-generating unit group is disposed of. In determining gains or losses on disposal, the goodwill related to the business to be disposed of is included in the carrying value of the business.

2) Intangible assets (excluding right-of-use 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 loss.

Intangible assets with definite useful lives are amortized on a straight-line basis over their respective 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 17 years

Useful lives and amortization methods for intangible assets with useful lives are reviewed at the end of each period. 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. The Group reviews at the end of each period, whether an event or condition, which led to the conclusion that an asset has no definite life, continues to exist.

(10) Leases

As a lessee, the Group recognizes right-of-use assets and lease liabilities at the commencement date of the lease transaction. Lease liability is measured at the present value of the total lease payments payable, and right-of-use assets are measured based on the initial direct cost incurred by the lessee and the terms and conditions of the lease, such as lease payments made before the commencement date, and the acquisition cost adjusted for costs such as the obligation to restore to original condition. A right-of-use asset is presented at cost less accumulated depreciation and accumulated impairment loss in property, plant and equipment in the consolidated statements of financial position. After initial recognition, the right-of-use asset is depreciated using the straight-line method over the shorter of its useful life or the lease period.

Lease fees are allocated to financial expense and repayments on lease liabilities based on the effective interest rate method, and interest costs are recognized in the consolidated statements of income.

However, for short-term leases with a lease term of 12 months or less and leases with a small underlying asset amount, the right-of-use asset and lease liability are not recognized, and the lease payments are recognized as expenses over the lease term using the straight-line method.

The Group has no material lease transactions as a lessor.

(11) Impairment of non-financial assets

At the end of each period, the 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 or a group of cash-generating units (minimum unit or unit group), which is expected to earn cash flows from the synergy of the combination.

The recoverable amount is the higher of the fair value less cost of disposal or the value in use of an asset or a cash-generating unit. When the recoverable amount of an asset 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 impairment loss. 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 each period, the Group assesses whether there is an indication that 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 Group estimates the recoverable amount, and reverses impairment loss by increasing the carrying amount of the asset or cash-generating unit to the recoverable amount. The increase in the carrying amount of an asset or cash-generating unit attributable to reversal of 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. Reversal of impairment loss is recognized immediately in profit or loss. Impairment loss recognized on goodwill is not reversed in subsequent periods.

(12) Provisions

Provisions are recognized when the 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.

(13) Employee benefits

1) Short-term employee benefits

Short-term employee benefits represent the undiscounted amount of the consideration expected to be paid in exchange for the services rendered by employees as liabilities and expenses.

Compensated absences are recognized as liabilities and expenses when the employees render services that increase their entitlement to future compensated absences.

Bonuses are recognized as liabilities and expenses when the Group has a present legal or constructive obligation to make payments in exchange for services rendered by employees in the past and a reliable estimate of the obligation can be made.

2) Post-employment benefits

The 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 reporting period, 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. When a defined benefit plan is overfunded, the net defined benefit asset is measured at the lower of the overfunded amount in the defined plan and the asset ceiling. Net interest on the defined benefit liability or asset is recognized in profit or loss as financial expenses or income.

Remeasurements of the 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.

For defined contribution benefit plans, contributions to the plan are recognized as an expense in the period in which the employees rendered their services, and any unpaid portion is recorded as a liability.

3) Other long-term employee benefits

For long-term employee benefit obligations other than post-employment benefits, the liability is calculated by discounting the amount of future benefits that employees are entitled to receive as a consideration for the current and past services.

(14) Government grants

Government grants are recognized at fair value at the date that the Group meets necessary conditions for receiving the grant and obtains a reasonable assurance that it will receive the grant. Grants received on the expenses incurred are recognized as revenues in the same accounting period in which the expenses are recognized. Grants received on assets are recognized as deferred income and subsequently recognized in profit or loss systematically over the useful lives of the asset.

(15) Treasury stock
Treasury stock is measured at cost and deducted from equity. No gains or losses are recognized on the purchase, sale or cancellation of treasury stock. The consideration paid or received is recognized directly in equity.

(16) Stock-based remuneration
The Company has introduced a Stock-based Remuneration of Executive Officers Based on the Company's Medium-term Earnings Performance. The consideration for services received under this Stock-based Remuneration is measured based on the fair value of the Company's shares on the grant date or at fair value of liabilities incurred. The consideration is recognized as an expense over the applicable period and as an increase in equity or liabilities for the same amount.

For details, please see Note 25 "Stock-based Remuneration (1) Overview of Stock-based Remuneration of Executive Officers Based on the Company's Earnings Performance."

(17) Revenues
The Group recognizes 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 the 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

(18) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense as incurred.

(19) Income taxes
Income taxes are presented as the sum of current taxes and deferred taxes. Current taxes and deferred taxes are recognized in profit or loss, except for taxes arising from transactions or events recognized in other comprehensive income or directly in equity, or a business combination. Current taxes are measured at the amount expected to be paid to (or returned from) the tax authorities, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The Group determines deferred taxes based on the temporary differences between the tax base and the accounting base of the carrying amount of the assets and liabilities at the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that future deductible temporary differences, net loss carryforwards or unused tax credit can be utilized against future taxable income. The carrying amount of deferred tax assets is reviewed at the end of each period, and the carrying amount is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax assets to be utilized. Unrecognized deferred tax assets are also reviewed at the end of each period, and recognized to the extent that the deferred tax assets are assessed to be recoverable due to future taxable profit. Deferred tax liabilities are recognized basically for all future taxable temporary differences. Deferred tax assets and liabilities are calculated by the tax rate deemed applicable for the years the asset is realized or the liability is settled, based on the statutory tax rates effective as of the reporting date or the statutory tax rates substantively in effect as of the reporting date.

Deferred tax assets or liabilities are not recognized on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax losses), and that does not make equal amounts of taxable and deductible temporary differences at the time of the transaction;
- for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future; and
- for deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that it is not probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on either different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

The Group has applied IAS 12 "Income Taxes" (amended May 2023), and based on the temporary exemption of the recognition and disclosure of deferred taxes related to taxes arising from the tax system concerning the Pillar Two Model Rules announced by the Organisation for Economic Co-operation and Development (OECD) (the "Pillar Two income taxes"), has not recognized or disclosed deferred taxes related to the Pillar Two income taxes.

(20) Earnings per share
Basic earnings per share is calculated by dividing profit attributable to owners of the parent company by the weighted average number of ordinary shares, adjusted by the number of treasury shares for the period. Diluted earnings per share is calculated by adjusting for the impact of all potential shares with dilutive effect.

4. Changes in Accounting Policies and Disclosures

(1) Effects of newly applied IFRS
No significant items.

(2) Change in presentation method
“Proceeds from sale of intangible assets,” which was included in “Others” under “Cash flows from investing activities” in the fiscal year ended March 31, 2023, is presented as a separate line item from the fiscal year ended March 31, 2024 because its materiality has increased. To reflect this change in presentation, the amount, ¥1,176 million, which was included in “Other” under “Cash flows from investing activities” in the consolidated statements of cash flows for the fiscal year ended March 31, 2023 has been presented under “Proceeds from sale of intangible assets” (¥10 million) and “Others” (¥1,166 million).

5. Significant Accounting Judgments, Estimates and Assumptions

In preparing the consolidated financial statements in accordance with IFRS, the management of the Company is required to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

These estimates and their underlying assumptions are reviewed on an ongoing basis. The effect of changes in accounting estimates is recognized in the period in which the estimate is revised and future periods that are affected.

(1) Application of accounting policies that may significantly affect the amounts recognized on the consolidated financial statements
Important judgments are included in the following notes:
- The scope of subsidiaries, associates, joint ventures and joint operations
  (Note 3. Material Accounting Policies (1) Basis of consolidation, Note 15. Subsidiaries, Note 16. Investments Accounted for Using the Equity Method)

(2) Uncertainties of assumptions and estimates that may cause material adjustments in subsequent consolidated financial statements
Important judgments are included in the following notes:
- Impairment of non-financial assets
  (Note 3. Material Accounting Policies (11) Impairment of non-financial assets, Note 13. Impairment of Non-financial Assets)

6. Accounting Standards or Interpretations Issued but Not Yet Applied

Major accounting standards and interpretations which have been newly issued or announced to be amended before the authorization of the consolidated financial statements and to which the Company has not early applied is the following:

IFRS		Mandatory effective date (Fiscal year beginning on or after)	To be adopted by the Company	Overview of new issues and amendments
IFRS 18	*Presentation and Disclosure in Financial Statements*	January 1, 2027	Fiscal year ending March 31, 2028	• New accounting standard to replace the current IAS 1, which set the presentation and disclosure in financial statements • New rules for presentation and disclosure for financial results in the profit or loss statements • Amendment of IAS 7 *Statements of Cash Flows* in conjunction with the announcement of IFRS 18

The Company is currently evaluating the effects of applying the above standard.

7. Segment Information

(1) Overview of reportable segments

The Group's reportable segments are categorized primarily by product lines. There are three reportable segments: Seasonings and Foods, Frozen Foods, and Healthcare and Others.

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

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

Reportable Segments	Details	Main Products
Seasonings and Foods	Sauce and Seasonings	Umami seasoning *AJI-NO-MOTO®*, *HON-DASHI®*, *Cook Do®*, *Ajinomoto KK Consommé*, *Pure Select® Mayonnaise*, *Ros Dee®* (flavor seasoning), *Masako®* (flavor seasoning), *Aji-ngon®* (flavor seasoning), *Sazón®* (flavor seasoning), *Sajiku®* (menu-specific seasoning), *CRISPY FRY®* (menu-specific seasoning), etc.
	Quick Nourishment	*Knorr® Cup Soup*, *YumYum®* (instant noodles), *Birdy®* (coffee beverage), *Birdy® 3in1* (powdered drink), *Blendy®* brand products (*CAFÉ LATORY®*, stick coffee, etc.), *MAXIM®* brand products, *Chotto Zeitakuna Kohiten®* brand products, various gift sets, office supplies (coffee vending machines, tea servers), etc.
	Solution and Ingredients	Umami seasoning *AJI-NO-MOTO®* for foodservice and processed food manufacturers in Japan, Seasonings and processed foods for foodservice, Seasonings for processed foods (savory seasonings, enzyme *ACTIVA®*), Drinks supplied to restaurants, Ingredients for industrial use, Delicatessen products, Bakery products, Nucleotides, Sweeteners (aspartame for industrial use, *PAL SWEET®* for retail use, etc.), and others
Frozen Foods	Frozen Foods	Chinese dumplings (*Gyoza*, *Shoga Gyoza*, *POT STICKERS*, etc.), Cooked rice (*THE CHA-HAN*, *CHICKEN FRIED RICE*, *YAKITORI CHICKEN FRIED RICE*, etc.), Noodles (*YAKISOBA*, *RAMEN*, etc.), Desserts (cakes for restaurant and industrial-use, *MACARON*, etc.), Shumai (*THE SHUMAI*, etc.), Processed chicken (*Yawaraka Wakadori Kara-Age* (fried chicken), *THE KARAAGE*, etc.), and others
Healthcare and Others	Amino Acids for Pharmaceuticals and Foods	Amino acids, culture media
	Bio-Pharma Services (CDMO services)	Contract development and manufacturing services of pharmaceutical intermediates and active ingredients, aseptic fill finish services, etc.
	Functional Materials (electronic materials and others)	Electronic materials (*Ajinomoto Build-up Film®* (ABF) interlayer insulating material for semiconductor packages, etc.), Functional materials (adhesive *PLENSET®*, magnetic materials *AFTINNOVA® Magnetic Film*, etc.), activated carbon, release paper, etc.
	Others	Feed-use amino acids, Direct marketing (Fundamental Foods (*Glyna®*, *Amino Aile®*), etc.), Sports nutrition (Supplement (*amino VITAL®*), etc.), Personal care ingredients (amino acid-based mild surfactants *Amisoft®*, *Amilite®*, amino acid-based alternatives to plastic microbeads, the *Amihope®* SB series, etc.), Medical foods, Crop services, etc.

(2) Information by reportable segment

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

The accounting policies used for the reportable segments are largely identical to those described in Note 3 "Material Accounting Policies."

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

1) Sales and segment profit (loss)

Information on profit (loss) by reportable segment is as follows:

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment						
	Seasonings and Foods	Frozen Foods	Healthcare and Others	Other*1	Total	Adjustments*2	As included in consolidated statements of income
Sales							
Sales to third parties	846,977	281,870	294,564	15,819	1,439,231	—	1,439,231
Inter-segment sales and transfers	7,399	152	3,689	29,264	40,505	(40,505)	—
Total sales	854,376	282,023	298,253	45,083	1,479,737	(40,505)	1,439,231
Share of profit of associates and joint ventures	1,518	—	(71)	3,284	4,730	—	4,730
Segment profit or loss (Business profit or loss)	111,550	9,576	24,386	2,167	147,681	—	147,681
					Other operating income		20,487
					Other operating expenses		(21,486)
					Operating profit		146,682
					Financial income		7,775
					Financial expense		(12,414)
					Profit before income taxes		142,043

*1. "Other" includes the tie-up and other service-related businesses.
*2. Corporate expenses are not attributable to specific reportable segments and are allocated to each reportable segment based on reasonable criteria. Corporate expenses mainly relate to the parent company's administrative divisions.

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment						
	Seasonings and Foods	Frozen Foods	Healthcare and Others	Other*1	Total	Adjustments*2	As included in consolidated statements of income
Sales							
Sales to third parties	775,021	267,237	299,670	17,185	1,359,115	—	1,359,115
Inter-segment sales and transfers	7,590	131	3,703	27,095	38,520	(38,520)	—
Total sales	782,612	267,369	303,373	44,280	1,397,635	(38,520)	1,359,115
Share of profit of associates and joint ventures	2,382	—	(76)	2,020	4,326	—	4,326
Segment profit or loss (Business profit or loss)	84,800	2,013	48,657	(130)	135,341	—	135,341
					Other operating income		40,983
					Other operating expenses		(27,396)
					Operating profit		148,928
					Financial income		6,099
					Financial expense		(14,994)
					Profit before income taxes		140,033

*1. "Other" includes the tie-up and other service-related businesses.
*2. Corporate expenses are not attributable to specific reportable segments and are allocated to each reportable segment based on reasonable criteria. Corporate expenses mainly relate to the parent company's administrative divisions.
*3. During the fiscal year ended March 31, 2024, the method for allocating shared expenses such as R&D expenses was changed in order to better evaluate the business performance of each reportable segment, and the segment profit for the fiscal year ended March 31, 2023, was changed retrospectively.

2) Other income and expense items

Information on other income or expense items by reportable segment is as follows:

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment						
	Seasonings and Foods	Frozen Foods	Healthcare and Others	Other*1	Total	Adjustments*2	As included in consolidated statements of income
Depreciation and amortization	**37,090**	**13,766**	**19,785**	**810**	**71,453**	**6,844**	**78,298**
Impairment loss	**917**	**109**	**2,409**	**300**	**3,736**	**—**	**3,736**

*1. "Other" includes the tie-up and other service-related businesses.
*2. Adjustments for depreciation and amortization and impairment loss consist of depreciation and amortization and impairment loss related to corporate assets.

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment						
	Seasonings and Foods	Frozen Foods	Healthcare and Others	Other*1	Total	Adjustments*2	As included in consolidated statements of income
Depreciation and amortization	34,187	12,710	16,686	959	64,543	7,276	71,820
Impairment loss	1,394	13,748	—	—	15,143	—	15,143

*1. "Other" includes the tie-up and other service-related businesses.
*2. Adjustments for depreciation and amortization and impairment loss consist of depreciation and amortization and impairment loss related to corporate assets.

3) Assets

Information on assets by reportable segment is as follows:

As of March 31, 2024

(Millions of yen)

	Reportable segment						
	Seasonings and Foods	Frozen Foods	Healthcare and Others	Other*1	Total	Adjustments*2	As included in consolidated statements of income
Segment assets	**646,927**	**209,982**	**469,449**	**102,218**	**1,428,577**	**345,918**	**1,774,495**
Of which investments in associates and joint ventures accounted for by equity method	**51,961**	**—**	**6,828**	**69,748**	**128,538**	**—**	**128,538**

*1. “Other” includes the tie-up and other service-related businesses.
*2. Adjustments for segment assets primarily consist of corporate assets of ¥407,986 million and elimination of inter-segment receivables and payables of ¥(62,065) million. Corporate assets primarily consist of the Group’s cash and cash equivalents, long-term investments, land not used in operations, and certain assets associated with administrative divisions and research facilities.

As of March 31, 2023

(Millions of yen)

	Reportable segment						
	Seasonings and Foods	Frozen Foods	Healthcare and Others	Other*1	Total	Adjustments*2	As included in consolidated statements of income
Segment assets	600,312	200,384	337,394	90,046	1,228,137	283,597	1,511,734
Of which investments in associates and joint ventures accounted for by equity method	48,380	—	4,415	67,029	119,825	—	119,825

*1 “Other” includes the tie-up and other service-related businesses.
*2. Adjustments for segment assets primarily consist of corporate assets of ¥342,888 million and elimination of inter-segment receivables and payables of ¥(59,290) million. Corporate assets primarily consist of the Group’s cash and cash equivalents, long-term investments, land not used in operations, and certain assets associated with administrative divisions and research facilities.

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment						
	Seasonings and Foods	Frozen Foods	Healthcare and Others	Other*1	Total	Adjustments*2	As included in consolidated statements of income
Additions to non-current assets*3	**33,594**	**8,826**	**122,425**	**1,053**	**165,900**	**3,338**	**169,238**

*1. “Other” includes the tie-up and other service-related businesses.
*2. Adjustments for expenditures for non-current assets consist of the acquisition cost of non-current assets associated with corporate assets.
*3. Additions to non-current assets exclude financial instruments, deferred tax assets, defined benefit assets, and right-of-use assets.

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment						
	Seasonings and Foods	Frozen Foods	Healthcare and Others	Other*1	Total	Adjustments*2	As included in consolidated statements of income
Additions to non-current assets*3	29,157	11,522	24,596	789	66,065	3,784	69,850

*1. “Other” includes the tie-up and other service-related businesses.
*2. Adjustments for expenditures for non-current assets consist of the acquisition cost of non-current assets associated with corporate assets.
*3. Additions to non-current assets exclude financial instruments, deferred tax assets, defined benefit assets, and right-of-use assets.

(3) Information by geographical area

The details of sales to third party customers and non-current assets by geographical area are as follows:

1) Sales

Fiscal year ended March 31, 2024

(Millions of yen)

		Asia		Americas			
	Japan	Thailand	Others	U.S.	Others	Europe	Total
Sales	**466,187**	**155,713**	**284,393**	**272,845**	**94,431**	**165,658**	**1,439,231**

Sales are classified into countries or regions based on the customer location.
Major countries or regions included in each geographical area other than Japan are as follows:
Asia: Countries in East Asia and Southeast Asia
Americas: Countries in North America and Central and South America
Europe: Countries in Europe and Africa

Fiscal year ended March 31, 2023

(Millions of yen)

		Asia		Americas			
	Japan	Thailand	Others	U.S.	Others	Europe	Total
Sales	457,827	137,245	261,605	263,789	81,100	157,546	1,359,115

Sales are classified into countries or regions based on the customer location.
Major countries or regions included in each geographical area other than Japan are as follows:
Asia: Countries in East Asia and Southeast Asia
Americas: Countries in North America and Central and South America
Europe: Countries in Europe and Africa

2) Non-current assets

As of March 31, 2024

(Millions of yen)

		Asia		Americas			
	Japan	Thailand	Others	U.S.	Others	Europe	Total
Non-current assets	**297,242**	**79,823**	**88,886**	**283,828**	**35,813**	**47,734**	**833,329**

Non-current assets are classified based on the location of the assets and exclude financial instruments, deferred tax assets, and defined benefit assets.
Major countries or regions included in each geographical area other than Japan are as follows:
Asia: Countries in East Asia and Southeast Asia
Americas: Countries in North America and Central and South America
Europe: Countries in Europe and Africa

As of March 31, 2023

(Millions of yen)

		Asia		Americas			
	Japan	Thailand	Others	U.S.	Others	Europe	Total
Non-current assets	295,959	78,006	81,839	167,176	31,328	42,093	696,403

Non-current assets are classified based on the location of the assets and exclude financial instruments, deferred tax assets, and defined benefit assets.
Major countries or regions included in each geographical area other than Japan are as follows:
Asia: Countries in East Asia and Southeast Asia
Americas: Countries in North America and Central and South America
Europe: Countries in Europe and Africa

8. Cash and Cash Equivalents

The details of cash and cash equivalents are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Cash and bank deposits	**171,537**	132,777
Securities classified as cash equivalents	**0**	0
Total cash and cash equivalents in consolidated statements of financial position	**171,537**	132,777
Total cash and cash equivalents in consolidated statements of cash flows	**171,537**	132,777

9. Trade and Other Receivables

The details of trade and other receivables are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Notes receivable - trade	**5,235**	6,077
Accounts receivable - trade	**168,899**	147,207
Other receivables	**10,875**	10,554
Others	**1,914**	1,190
Loss allowance for expected credit loss	**(1,361)**	(1,315)
Total	**185,564**	163,714

Notes receivable - trade and accounts receivable - trade are consideration received from customers under contracts in the ordinary course of business, such as the sale of goods and the rendering of services.

Trade and other receivables presented in the consolidated statements of financial position are net of loss allowance for expected credit loss.

10. Inventories

The details of inventories are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Finished goods and merchandise	**156,422**	159,614
Work in process	**45,313**	33,034
Raw materials and supplies	**85,386**	77,173
Total	**287,122**	269,822

The amounts of inventories recognized as expenses were ¥916,681 million and ¥876,478 million for the fiscal years ended March 31, 2024 and 2023, respectively.

The following table shows the write-downs of inventories recognized as expenses in the respective fiscal years. These amounts were included in the above amounts of inventories recognized as expenses.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Inventory write-downs	**2,179**	1,817

11. Property, Plant and Equipment

(1) Changes in the carrying amount, acquisition cost, and accumulated depreciation and impairment loss of property, plant and equipment are as follows:

1) Carrying amounts

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2022*1	228,174	177,955	19,199	51,118	45,864	522,312
Acquisition due to purchases from third parties*2	4,100	9,321	1,813	732	55,823	71,792
Sales or disposal	(1,361)	(1,243)	(120)	(7,524)	(17)	(10,267)
Impairment loss	(102)	(1,550)	(23)	—	—	(1,676)
Depreciation	(22,402)	(33,143)	(6,451)	(413)	—	(62,410)
Transfer from construction in progress	15,744	40,595	5,260	—	(61,599)	—
Exchange differences on translation	7,247	6,980	541	1,311	2,275	18,356
Others	(521)	(210)	(125)	605	(1,288)	(1,540)
Balance as of March 31, 2023*1	230,877	198,706	20,094	45,830	41,057	536,565
Acquisition due to purchases from third parties*2	**7,327**	**6,427**	**1,565**	**116**	**63,004**	**78,441**
Acquisition due to business combinations	**11,234**	**4,730**	**106**	**—**	**350**	**16,422**
Sales or disposal	**(662)**	**(1,232)**	**(110)**	**(186)**	**(147)**	**(2,339)**
Impairment loss	**(1,731)**	**(1,541)**	**(154)**	**—**	**(285)**	**(3,712)**
Depreciation	**(24,017)**	**(36,764)**	**(6,763)**	**(458)**	**—**	**(68,004)**
Transfer from construction in progress	**19,253**	**34,413**	**6,545**	**—**	**(60,211)**	**—**
Decrease due to deconsolidation	**(89)**	**(47)**	**(12)**	**(114)**	**(0)**	**(264)**
Exchange differences on translation	**13,445**	**13,341**	**975**	**1,942**	**2,548**	**32,254**
Others	**(723)**	**56**	**34**	**(380)**	**(942)**	**(1,954)**
Balance as of March 31, 2024*1	**254,914**	**218,090**	**22,280**	**46,749**	**45,373**	**587,407**

Depreciation of property, plant and equipment is included in “Cost of sales,” “Selling expenses,” “Research and development expenses,” “General and administrative expenses,” and “Other operating expenses” in the consolidated statements of income.

*1. The carrying amounts of right-of-use assets included in property, plant and equipment are as follows:

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Total
As of April 1, 2022	46,113	3,362	851	7,806	58,133
As of March 31, 2023	40,102	6,202	1,041	8,161	55,507
As of March 31, 2024	**40,127**	**6,251**	**1,000**	**7,797**	**55,177**

*2. There were no borrowing costs capitalized for the fiscal years ended March 31, 2024 and 2023.

2) Acquisition cost

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
As of April 1, 2022	489,936	674,265	83,494	53,095	46,056	1,346,848
As of March 31, 2023	508,193	727,118	88,163	47,662	41,057	1,412,194
As of March 31, 2024	**565,550**	**804,470**	**95,056**	**49,256**	**45,659**	**1,559,993**

3) Accumulated depreciation and impairment loss

(Millions of yen)

	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
As of April 1, 2022	261,762	496,309	64,294	1,977	191	824,535
As of March 31, 2023	277,315	528,412	68,068	1,832	—	875,629
As of March 31, 2024	**310,635**	**586,380**	**72,776**	**2,507**	**285**	**972,585**

(2) Commitments

The amounts of commitments for the acquisition of property, plant and equipment as of March 31, 2024 and March 31, 2023 were ¥26,664 million and ¥16,548 million, respectively.

12. Goodwill and Intangible Assets

(1) Changes in the carrying amount, acquisition cost, and accumulated amortization and impairment loss of goodwill and intangible assets are as follows:

1) Carrying amount

(Millions of yen)

		Intangible assets				
	Goodwill	Trademarks	Software	Customer relationships	Others	Total
Balance as of April 1, 2022	99,839	32,486	25,182	2,477	8,163	68,309
Increase due to individual acquisition	—	2	4,609	—	51	4,663
Sales or disposal	—	—	(427)	—	(10)	(438)
Impairment loss	(13,467)	—	—	—	—	—
Amortization	—	(848)	(7,370)	(374)	(745)	(9,338)
Exchange differences on translation	5,811	524	295	208	764	1,792
Others	(68)	(0)	907	—	20	927
Balance as of March 31, 2023	**92,114**	**32,164**	**23,197**	**2,311**	**8,243**	**65,916**
Increase due to individual acquisition	**—**	**1**	**6,201**	**—**	**56**	**6,258**
Acquisition due to business combinations	**43,581**	**—**	**363**	**16,342**	**15,581**	**32,287**
Sales or disposal	**—**	**(240)**	**(346)**	**—**	**(330)**	**(918)**
Impairment loss	**—**	**—**	**(24)**	**—**	**—**	**(24)**
Amortization	**—**	**(816)**	**(7,744)**	**(479)**	**(1,252)**	**(10,293)**
Decrease due to deconsolidation	**—**	**—**	**—**	**—**	**(13)**	**(13)**
Exchange differences on translation	**10,385**	**866**	**586**	**1,128**	**1,294**	**3,876**
Others	**(77)**	**390**	**723**	**—**	**(394)**	**719**
Balance as of March 31, 2024	**146,003**	**32,366**	**22,956**	**19,302**	**23,184**	**97,810**

In the fiscal years ended March 31, 2024 and 2023, there were no borrowing costs capitalized.

Amortization of intangible assets is included in “Cost of sales,” “Selling expenses,” “Research and development expenses,” and “General and administrative expenses” in the consolidated statements of income.

2) Acquisition cost

(Millions of yen)

		Intangible assets				
	Goodwill	Trademarks	Software	Customer relationships	Others	Total
As of April 1, 2022	119,368	38,605	83,778	10,346	16,904	149,635
As of March 31, 2023	126,335	39,300	86,314	10,741	16,193	152,549
As of March 31, 2024	**183,810**	**40,445**	**91,791**	**28,516**	**33,069**	**193,824**

3) Accumulated amortization and impairment loss

(Millions of yen)

		Intangible assets				
	Goodwill	Trademarks	Software	Customer relationships	Others	Total
As of April 1, 2022	19,529	6,119	58,595	7,868	8,741	81,325
As of March 31, 2023	34,220	7,135	63,117	8,430	7,949	86,632
As of March 31, 2024	**37,806**	**8,079**	**68,834**	**9,214**	**9,884**	**96,013**

(2) Commitments

The amounts of commitments for the acquisition of intangible assets as of March 31, 2024 and March 31, 2023 were ¥562 million and ¥694 million, respectively.

(3) Intangible assets with indefinite useful lives

The carrying amounts of intangible assets with indefinite useful lives as of March 31, 2024 and March 31, 2023 were ¥28,235 million and ¥27,985 million, respectively. The main assets were the "Trademarks" of Ajinomoto AGF's coffee products (Japan) business such as "Blendy" and "MAXIM" acquired by the Company in October 2016. As trademarks with an indefinite useful life continue to exist basically as long as the business lasts, it is impossible to estimate how long the inflow of economic benefits will last in the future. Thus, the trademarks are classified as intangible assets with indefinite useful lives.

(4) Individual intangible assets that are material

Individual intangible assets that were material included in the consolidated statements of financial position are described below.

- "Trademarks" of coffee products (Japan) business as of March 31, 2024 and March 31, 2023, with the carrying amount of ¥25,907 million.
- "Customer relationships" and "Other (Technological expertise)" of bio-pharma services (CDMO) gene therapy business as of March 31, 2024, with the carrying amounts of ¥17,161 million and ¥15,077 million, respectively, together with a remaining amortization period of 16 years.

13. Impairment of Non-financial Assets

(1) Impairment loss recognized by asset category

The Ajinomoto Group recognized impairment loss of ¥3,736 million and ¥15,143 million for the fiscal years ended March 31, 2024 and 2023, respectively. These impairment losses were recorded in "Other operating expenses" in the consolidated statements of income.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Buildings and structures	**1,731**	102
Machinery and vehicles	**1,541**	1,550
Tools, furniture and fixtures	**154**	23
Construction in progress	**285**	—
Software	**23**	—
Goodwill	**—**	13,467
Total	**3,736**	15,143

Right-of-use assets are included in each asset.

(2) Details of major assets and segments for which impairment loss was recognized

Fiscal year ended March 31, 2024
No material impairment losses were recognized.

Fiscal year ended March 31, 2023

Frozen Foods segment

Since the recoverable amount of Ajinomoto Foods North America, Inc., one of the subsidiaries, was decreasing due to a significant increase in the discount rate associated with rising U.S. long-term interest rates and the current economic situation in the U.S., the Company has reduced the carrying amount of the goodwill of Ajinomoto Foods North America, Inc. to its recoverable amount and recorded the decrease of ¥13,467 million as an impairment loss in "Other operating expenses." The recoverable amount of ¥113,508 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 12.2%.

(3) Impairment tests for goodwill and intangible assets with indefinite useful lives

1. Ajinomoto Foods North America, Inc. ("AFNA")

For impairment tests for the goodwill of AFNA, the recoverable amount was measured based on the value in use for the fiscal years ended March 31, 2024 and 2023. In calculating the value in use, the expected discounted cash flows were used.

Calculation of the value in use was based on the management-approved 5-year business plan. The business plan was based on external and internal sources of information, reflecting the management's evaluation of future prospects of the industry and past experiences. The growth rate used to estimate cash flows beyond the business plan was 3.0% (2.0% for the fiscal year ended March 31, 2023), and the pre-tax discount rate applied to the cash flow projection was 12.0% (12.2% for the fiscal year ended March 31, 2023).

As of March 31, 2024, the recoverable amount exceeded the carrying amount by ¥75,014 million. If the discount rate increased by 4.9%, an impairment loss would be recognized.

2. Coffee products (Japan)

For impairment tests for goodwill and intangible assets with indefinite useful lives (trademarks) of coffee products (Japan), including Ajinomoto AGF, Inc., for the fiscal years ended March 31, 2024 and 2023, the recoverable amount was measured based on the value in use. In calculating the value in use, the future discounted cash flows were used.

Calculation of the value in use was based on the management-approved 3-year business plan. The business plan was based on the external and internal sources of information, reflecting the management's evaluation of future prospects of the industry and past experiences. The growth rate used to estimate cash flows beyond the business plan was 1.8% (0.8% for the fiscal year ended March 31, 2023), and the pre-tax discount rate applied to the cash flow projection was 7.4% (6.3% for the fiscal year ended March 31, 2023).

As of March 31, 2024, the recoverable amount exceeded the carrying amount by ¥76,881 million. If the discount rate increased by 5.2%, an impairment loss would be recognized.

3. Bio-pharma services (CDMO) small/medium/large molecule APIs

For impairment tests for goodwill of bio-pharma services (CDMO) small/medium/large molecule drugs for the fiscal years ended March 31, 2024 and 2023, the recoverable amount was measured based on the value in use. In calculating the value in use, the future discounted cash flows were used.

Calculation of the value in use was based on the management-approved 3- and 5-year business plans. The business plans were based on the external and internal sources of information, reflecting the management's evaluation of future prospects of the industry and past experiences. The growth rate used to estimate cash flows beyond the business plans was between 2.3% and 6.0% (between 1.7% and 6.8% for the fiscal year ended March 31, 2023), and the pre-tax discount rate applied to the cash flow projection was between 12.8% and 20.7% (between 11.7% and 20.6% for the fiscal year ended March 31, 2023).

In the fiscal year ended March 31, 2024, the recoverable amount exceeded the carrying amount by ¥82,033 million. If the discount rate increased by 6.7% in each country, an impairment loss would be recognized.

4. Bio-pharma services (CDMO) gene therapy

For impairment tests for goodwill of bio-pharma services (CDMO) gene therapy drugs for the fiscal year ended March 31, 2024, the recoverable amount was measured based on the value in use. In calculating the value in use, the future discounted cash flows were used.

Calculation of the value in use was based on the management-approved business plan at the time of acquisition. The business plans were based on the external and internal sources of information, reflecting the management's evaluation of future prospects of the industry and past experiences. The growth rate used to estimate cash flows beyond the business plans was 3.3%, and the pre-tax discount rate applied to the cash flow projection was 13.0%.

In the fiscal year ended March 31, 2024, the recoverable amount exceeded the carrying amount by ¥14,413 million. If the discount rate increased by 1.0%, an impairment loss would be recognized.

The carrying amounts of goodwill allocated to the cash-generating units or groups of cash-generating units are as follows:

(Millions of yen)

Cash-generating unit or group of cash-generating units	As of March 31, 2024	As of March 31, 2023
AFNA	**33,298**	29,366
Coffee products (Japan)	**30,906**	30,906
Bio-pharma services (CDMO) small/medium/large molecule API business	**23,439**	20,796
Bio-pharma services (CDMO) gene therapy business	**45,990**	—
Others	**12,370**	11,046
Total	**146,003**	92,114

The carrying amounts of intangible assets with indefinite useful lives allocated to the cash-generating units or groups of cash-generating units are as follows:

(Millions of yen)

Cash-generating unit or group of cash-generating units	As of March 31, 2024	As of March 31, 2023
Coffee products (Japan)	**25,907**	25,907
Others	**2,328**	2,078
Total	**28,235**	27,985

14. Leases

The Group's lease transactions are as follows:

(1) Leases as lessee

Each company of the Group concludes lease contracts in various forms. Right-of-use assets under lease transactions primarily consist of offices and plant sites of each company. For the lease term, the period of use is estimated by individual asset. There are no material restrictions or covenants imposed by lease contracts.

Right-of-use assets are included in property, plant and equipment in the consolidated statements of financial position, and the carrying amount at the end of the fiscal year ended March 31, 2024 is presented in Note 11 "Property, Plant and Equipment."

The amounts of right-of-use assets acquired in the fiscal years ended March 31, 2024 and 2023 were ¥7,753 million and ¥6,716 million, respectively.

Lease liabilities with lease payments due within one year from the end of the fiscal years ended March 31, 2024 and 2023 are classified as current liabilities, and those with longer maturities are classified as non-current liabilities. They are included in other financial liabilities (current) and other financial liabilities (non-current), respectively, in the consolidated statements of financial position.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Due within one year	**7,375**	6,659
Due after one year	**41,807**	41,274
Total	**49,183**	47,933

The outstanding balances of lease liabilities by due date are presented in Note 37 "Financial Instruments (2) Risk management of financial instruments 2) Liquidity risk."

The details of profit or loss on leases are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Depreciation on right-of-use assets		
Buildings and structures	**8,154**	8,010
Machinery and vehicles	**1,369**	1,083
Tools, furniture and fixtures	**125**	87
Land	**458**	413
Total	**10,108**	9,595
Interest expense on lease liabilities	**716**	651
Short-term lease payments	**1,684**	1,227
Payments for leases of low-value assets	**4,254**	4,012
Contingent lease payments excluded from lease liabilities	**2,839**	2,784
Sublease income	**(2)**	(22)

Total cash outflows for leases for the fiscal years ended March 31, 2024 and 2023 were ¥17,738 million and ¥17,436 million, respectively. Lease contracts committed but not commenced were ¥25 million as of March 31, 2024 and ¥149 million as of March 31, 2023.

(2) Leases as lessor

There were no significant transactions in the Group.

15. Subsidiaries

(1) Material subsidiaries

Material subsidiaries are as follows:

Subsidiary name	Share capital or contribution	Main business	Principal place of business	Percentage of ordinary shares held by the Group (%)	Percentage of ordinary shares held by non-controlling interests (%)
Ajinomoto Frozen Foods Co., Inc.	9,537 million JPY	Frozen Foods	Japan	100.0	—
Ajinomoto Food Manufacturing Co., Ltd.	4,000 million JPY	Seasonings, Solution & Ingredients, Quick Nourishment	Japan	100.0	—
Ajinomoto AGF, Inc.	3,862 million JPY	Quick Nourishment	Japan	100.0	—
Ajinomoto Fine-Techno Co., Inc.	315 million JPY	Functional Materials (Electronic Materials and others)	Japan	100.0	—
Ajinomoto Co., (Thailand) Ltd.	796,362 thousand THB	Seasonings	Thailand	99.8	0.2
Ajinomoto Sales (Thailand) Co., Ltd.	50,000 thousand THB	Seasonings	Thailand	100.0	—
PT Ajinomoto Indonesia	8,000 thousand USD	Seasonings	Indonesia	51.0	49.0
PT Ajinomoto Sales Indonesia	250 thousand USD	Seasonings	Indonesia	100.0	—
Ajinomoto Vietnam Co., Ltd.	50,255 thousand USD	Seasonings	Vietnam	100.0	—
Ajinomoto Foods North America, Inc.	15,030 thousand USD	Frozen Foods	United States	100.0	—
Ajinomoto Health & Nutrition North America, Inc.	0 USD	Solution & Ingredients, Other (Healthcare, etc.)	United States	100.0	—
Ajinomoto do Brasil Ind. e Com. de Alimentos Ltda.	913,298 thousand BRL	Seasonings	Brazil	100.0	—
Ajinomoto OmniChem N.V.	21,320 thousand EUR	Bio-pharma services (CDMO)	Belgium	100.0	—

(2) Changes in ownership interests in subsidiaries that do not result in loss of control

The effects on capital surplus from changes in ownership interests in subsidiaries that do not result in loss of control are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Changes due to equity transactions with non-controlling interests	**(4,055)**	(5,384)

(3) Profit or loss resulting from loss of control of subsidiaries

For the fiscal year ended March 31, 2024, the profit and loss (before tax effect) recognized due to changes in ownership interests that resulted in the loss of control of subsidiaries were ¥184 million and ¥(143) million, respectively, which were recorded in "Other" in "Other operating income" and in "Other" in "Other operating expenses", respectively, in the consolidated statements of income. There were no profit or loss (before tax effect) recognized as a result of measuring the residual interests at fair value.

For the fiscal year ended March 31, 2023, there were no profit or loss (before tax effect) recognized due to changes in ownership interests that resulted in the loss of control of subsidiaries.

(4) Cash flows resulting from loss of control of subsidiaries

The effects on cash flows from loss of control of subsidiaries are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Consideration received in cash	**318**	—
Cash and cash equivalents of derecognized subsidiaries	**251**	—
Net: Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	**67**	—

16. Investments Accounted for Using the Equity Method

(1) Associates

The following tables show the carrying amounts, the share of profit, other comprehensive income, and total comprehensive income of investments in associates that are individually not material.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Carrying amount of interests in associates	**80,782**	77,129

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Profit attributable to owners of the parent company	**3,391**	2,171
Other comprehensive income attributable to owners of the parent company	**555**	11
Total comprehensive income attributable to owners of the parent company	**3,946**	2,182

(2) Joint ventures

The following tables show the carrying amounts, the share of profit, other comprehensive income, and total comprehensive income of investments in joint ventures that are individually not material.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Carrying amount of interests in joint ventures	**47,755**	42,696

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Profit attributable to owners of the parent company	**1,339**	2,155
Other comprehensive income attributable to owners of the parent company	**(1,244)**	(1,889)
Total comprehensive income attributable to owners of the parent company	**94**	265

17. Income Taxes

(1) Deferred tax assets and deferred tax liabilities

Changes in deferred tax assets and deferred tax liabilities are as follows:

Fiscal year ended March 31, 2024

(Millions of yen)

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Increase due to business combinations	Others	Balance at the end of the year
Deferred tax assets						
Liability for retirement benefits, etc.	4,046	336	(156)	—	159	4,384
Accrued compensated absences	2,603	141	—	—	51	2,795
Accrued bonuses	4,879	(471)	—	—	118	4,526
Elimination of intercompany profit	5,439	(266)	—	—	—	5,173
Net loss carryforwards	951	218	—	—	125	1,294
Period expense	4,749	125	—	—	150	5,024
Impairment loss	5,567	(2,285)	—	—	403	3,685
Lease liabilities	9,463	(18)	—	—	373	9,818
Others	7,199	(3,031)	(123)	—	(608)	3,437
Total	44,896	(5,251)	(279)	—	771	40,140
Deferred tax liabilities						
Net defined benefit assets	(5,258)	(3,678)	(3,694)	—	25	(12,605)
Revaluation of property, plant and equipment	(11,002)	(420)	—	—	(1,303)	(12,725)
Reserve for accelerated depreciation of property, plant and equipment	(2,956)	115	—	—	—	(2,841)
Net changes in fair value of financial assets	(8,966)	—	(1,474)	—	(7)	(10,447)
Retained earnings of overseas subsidiaries and associates	(16,898)	557	—	—	—	(16,341)
Leased assets	(9,154)	(59)	—	—	(315)	(9,528)
Others	(4,051)	938	—	(7,981)	(463)	(11,557)
Total	(58,289)	(2,547)	(5,168)	(7,981)	(2,063)	(76,046)
Net deferred tax assets or liabilities	(13,393)	(7,798)	(5,447)	(7,981)	(1,292)	(35,907)

Fiscal year ended March 31, 2023

(Millions of yen)

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Others	Balance at the end of the year
Deferred tax assets					
Liability for retirement benefits, etc.	7,353	5,015	(8,750)	427	4,046
Accrued compensated absences	2,596	(17)	—	24	2,603
Accrued bonuses	4,095	746	—	38	4,879
Elimination of intercompany profit	4,665	774	—	0	5,439
Net loss carryforwards	1,608	(720)	—	63	951
Period expense	5,259	(671)	—	161	4,749
Impairment loss	5,842	(547)	—	272	5,567
Lease liabilities	8,820	906	—	(263)	9,463
Others	6,515	989	(220)	(85)	7,199
Total	46,753	6,475	(8,970)	637	44,896
Deferred tax liabilities					
Net defined benefit assets	(1,825)	(10,681)	7,247	—	(5,258)
Revaluation of property, plant and equipment	(10,868)	605	—	(739)	(11,002)
Reserve for accelerated depreciation of property, plant and equipment	(3,074)	118	—	—	(2,956)
Net changes in fair value of financial assets	(8,737)	—	(227)	(2)	(8,966)
Retained earnings of overseas subsidiaries and associates	(16,715)	(183)	—	—	(16,898)
Leased assets	(8,552)	(846)	—	244	(9,154)
Others	(10,911)	7,464	—	(604)	(4,051)
Total	(60,682)	(3,522)	7,020	(1,101)	(58,289)
Net deferred tax assets or liabilities	(13,929)	2,954	(1,950)	(468)	(13,393)

IAS 12 (Amended) has been applied retrospectively, and the figures for the previous year have been restated after the retrospective adjustments.

Deferred tax assets and deferred tax liabilities recognized in the consolidated statements of financial position are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Deferred tax assets	**8,565**	8,969
Deferred tax liabilities	**(44,472)**	(22,361)
Net deferred tax assets (liabilities)	**(35,907)**	(13,393)

(2) Future deductible temporary differences, net loss carryforwards, and unused tax credits for which no deferred tax assets are recognized

Future deductible temporary differences, net loss carryforwards, and unused tax credits for which no deferred tax assets are recognized are as follows: (tax base)

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Future deductible temporary differences	**34,306**	39,785
Net loss carryforwards	**17,853**	16,236
Unused tax credits	**818**	601
Total	**52,977**	56,622

Net loss carryforwards and unused tax credits for which no deferred tax assets are recognized will expire as follows:

Net loss carryforwards (tax base)

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Within 1 year	**91**	211
Over 1 year within 2 years	**575**	84
Over 2 years within 3 years	**520**	570
Over 3 years within 4 years	**57**	520
Over 4 years within 5 years	**890**	54
Over 5 years	**15,716**	14,794
Total	**17,853**	16,236

Unused tax credits (tax base)

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Within 1 year	**116**	139
Over 1 year within 2 years	**240**	112
Over 2 years within 3 years	**461**	348
Over 3 years within 4 years	**—**	—
Over 4 years within 5 years	**—**	—
Over 5 years	**—**	—
Total	**818**	601

(3) Future taxable temporary differences related to investments in subsidiaries for which no deferred tax liabilities are recognized

As for future taxable temporary differences related to investments in subsidiaries, the Company does not recognize deferred tax liabilities except for those related to the undistributed retained earnings from which dividends will be paid at the end of the reporting period, because the Company is able to control the timing of reversing the temporary differences, and the temporary differences are unlikely to be reversed in foreseeable future. The future taxable temporary differences related to investments in subsidiaries for which no deferred tax liabilities are recognized were ¥333,083 million and ¥298,821 million as of March 31, 2024 and March 31, 2023, respectively.

(4) Deferred tax assets dependent on future taxable income

Deferred tax assets of ¥1,205 million and ¥1,782 million were recognized as of March 31, 2024 and March 31, 2023, respectively, for the Company and its certain subsidiaries that incurred net loss for the fiscal years ended March 31, 2024 or 2023, and whose recoverability of deferred tax assets depends on the future taxable income.

The deferred tax assets above were recognized after thorough assessments by the management to evaluate the possibility of future taxable income against which net loss carryforwards and future deductible temporary differences can be utilized, based on the past experiences, approved future business plans, tax planning opportunities, and other factors.

(5) Tax expenses

The details of tax expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Current tax expense	**32,213**	42,818
Deferred tax expense		
Recognition and reversal of temporary differences	**7,970**	(2,112)
Assessment of recoverability of deferred tax assets	**(178)**	(780)
Others	**6**	(62)
Total deferred tax expense	**7,798**	(2,954)
Total tax expenses	**40,011**	39,863

Current tax expense includes previously unrecognized tax losses, tax credits, or benefits arising from temporary differences from prior periods. Consequently, the current tax expense decreased by ¥116 million for the fiscal year ended March 31, 2024.

(6) Reconciliation between statutory tax rate and effective tax rate

Main items that caused differences between the statutory tax rate and the effective tax rate are as follows:

The effective tax rate represents the ratio of tax expense to profit before income tax.

(%)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Statutory tax rate	**30.6**	30.6
Share of profit of associates and joint ventures	**(1.0)**	(1.0)
Difference from applicable tax rates of foreign subsidiaries	**(6.8)**	(4.7)
Permanently non-deductible or non-taxable items	**2.2**	2.2
Special tax credit on corporate income taxes	**(1.0)**	(2.4)
Increase (decrease) in unrecognized deferred tax assets and liabilities	**1.7**	0.1
Withholding taxes on dividends from foreign subsidiaries	**5.6**	5.7
Others	**(3.2)**	(2.2)
Effective tax rate	**28.2**	28.5

The Company is mainly subject to income taxes, inhabitant taxes, and tax deductible enterprise taxes. The statutory tax rates are calculated based on these taxes, provided that overseas subsidiaries are subject to income taxes in their respective countries of domicile.

(7) Potential impacts of the Pillar Two income tax

In Japan, the FY2023 Tax Reform Act (“Act for Partial Amendment of the Income Tax Act” (Act No. 3 of 2023), hereinafter, the "Amended Corporation Tax Act") was enacted on March 28, 2023, which includes provisions related to the establishment of a corporate tax to correspond to the global minimum tax. The Amended Corporate Tax Act introduces the income inclusion rule (IIR) among the global minimum tax rules, and from fiscal years beginning on or after April 1, 2024, a parent company located in Japan will be taxed additionally for its overseas subsidiaries and other entities until their tax burden reaches the minimum tax rate (15%).

The impact of this taxation on the Group's consolidated financial statements is insignificant.

18. Trade and Other Payables

The details of trade and other payables are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Notes payable - trade	**1,230**	1,652
Accounts payable - trade	**131,266**	111,027
Accounts payable - other	**43,949**	36,248
Refund liabilities*	**16,840**	17,482
Others	**38,691**	31,570
Total	**231,979**	197,981

* Refund liabilities primarily include rebates expected to be refunded to customers.

19. Corporate Bonds and Borrowings

(1) Corporate bonds

The details of corporate bonds as of March 31, 2024 and March 31, 2023 are as follows:

Company name	Issue	Date of issuance	As of March 31, 2024 (Millions of yen)	As of March 31, 2023 (Millions of yen)	Interest rate (%)	Collateral	Redemption date
Ajinomoto Co., Inc.	The 22nd unsecured bond	March 2, 2016	**24,979 (—)**	24,969 (—)	0.305	None	March 2, 2026
Ajinomoto Co., Inc.	The 23rd unsecured bond	March 2, 2016	**24,922 (—)**	24,915 (—)	0.939	None	February 29, 2036
Ajinomoto Co., Inc.	The 24th unsecured bond	March 9, 2017	**— (—)**	19,988 (19,988)	0.190	None	March 8, 2024
Ajinomoto Co., Inc.	The 25th unsecured bond	March 9, 2017	**29,966 (—)**	29,955 (—)	0.355	None	March 9, 2027
Ajinomoto Co., Inc.	The 26th unsecured bond	March 9, 2017	**29,900 (—)**	29,892 (—)	0.921	None	March 9, 2037
Ajinomoto Co., Inc.	The 27th unsecured bond	October 21, 2021	**9,969 (—)**	9,962 (—)	0.130	None	October 20, 2028
Ajinomoto Co., Inc.	The 28th unsecured bond	June 15, 2023	**9,968 (—)**	— (—)	0.320	None	June 15, 2028
Ajinomoto Co., Inc.	The 29th unsecured bond	June 15, 2023	**19,920 (—)**	— (—)	0.770	None	June 15, 2033
Total			**149,626 (—)**	139,684 (19,988)	—	—	—

Figures in parentheses () represent the current portion of corporate bonds as of March 31, 2024 and March 31, 2023.

(2) Borrowings

The details of borrowings as of March 31, 2024 and March 31, 2023 are as follows:

	As of March 31, 2024 (Millions of yen)	As of March 31, 2023 (Millions of yen)	Average interest rate (%)	Repayment date
Short-term borrowings	**97,553**	12,599	1.39	—
Commercial papers	**53,000**	—	0.14	—
Current portion of long-term borrowings	**37,717**	16,733	0.61	—
Long-term borrowings	**104,598**	119,548	1.38	From April 2025 to March 2041
Total	**292,869**	148,881	—	—

Average interest rates represent the weighted average interest rate on the balance of borrowings as of the end of each fiscal year.

20. Cash Flow Information

Changes in liabilities arising from financing activities are as follows:

Fiscal year ended March 31, 2024

(Millions of yen)

	Balance at the beginning of the year	Changes arising from cash flows	Changes arising from non-cash transactions					Balance at the end of the year
			Business combina-tions	Exchange differences on translation	Changes in fair value	Purchase of right-of-use assets	Others	
Short-term borrowings	**12,599**	**73,849**	**8,668**	**1,546**	**—**	**—**	**890**	**97,553**
Commercial papers	**—**	**53,000**	**—**	**—**	**—**	**—**	**—**	**53,000**
Long-term borrowings*1	**136,281**	**3,532**	**—**	**2,501**	**—**	**—**	**—**	**142,315**
Corporate bonds*1	**139,684**	**9,876**	**—**	**—**	**—**	**—**	**65**	**149,626**
Lease liabilities	**47,933**	**(8,960)**	**546**	**1,910**	**—**	**7,753**	**—**	**49,183**
Derivative liabilities (assets)*2	**(1,701)**	**1,153**	**—**	**—**	**(1,730)**	**—**	**—**	**(2,279)**
Total liabilities arising from cash flows from financing activities	**334,798**	**132,450**	**9,214**	**5,958**	**(1,730)**	**7,753**	**956**	**489,400**

*1. The balance includes the current portion.
*2. Derivatives are held for the purpose of hedging exposure to interest rate risk on borrowings.

Fiscal year ended March 31, 2023

(Millions of yen)

	Balance at the beginning of the year	Changes arising from cash flows	Changes arising from non-cash transactions					Balance at the end of the year
			Business combina-tions	Exchange differences on translation	Changes in fair value	Purchase of right-of-use assets	Others	
Short-term borrowings	8,219	4,066	—	312	—	—	—	12,599
Long-term borrowings*1	146,069	(11,937)	—	2,150	—	—	—	136,281
Corporate bonds*1	159,621	(20,000)	—	—	—	—	63	139,684
Lease liabilities	50,052	(9,412)	—	576	—	6,716	—	47,933
Derivative liabilities (assets)*2	(634)	609	—	—	(1,676)	—	—	(1,701)
Total liabilities arising from cash flows from financing activities	363,329	(36,674)	—	3,040	(1,676)	6,716	63	334,798

*1. The balance includes the current portion.
*2. Derivatives are held for the purpose of hedging exposure to interest rate risk on borrowings.

21. Provisions

Major provisions and changes in their balances are as follows:

(Millions of yen)

	Provision for levies	Provision for environmental measures	Provision for loss on litigation	Asset retirement obligations	Provision for special incentive for employee stock ownership association	Others	Total
Balance as of April 1, 2022	3,395	900	1,265	538	—	2,095	8,194
Increase in the period (provisions)	2,811	433	376	260	3,158	1,246	8,286
Increase in the period (increase arising from passage of time)	—	—	—	1	—	—	1
Decrease in the period (utilization)	(2,787)	(18)	(150)	—	—	(1,152)	(4,108)
Decrease in the period (reversal)	(55)	0	(205)	(29)	—	(992)	(1,283)
Exchange differences on translation	70	33	25	11	—	34	175
Others	—	—	0	(6)	—	(36)	(43)
Balance as of March 31, 2023	3,435	1,347	1,311	776	3,158	1,194	11,223
Increase in the period (provisions)	**3,158**	**29**	**593**	**518**	**—**	**574**	**4,874**
Increase in the period (increase arising from passage of time)	**—**	**—**	**—**	**1**	**—**	**—**	**1**
Decrease in the period (utilization)	**(3,149)**	**(269)**	**(47)**	**(94)**	**(3,158)**	**(467)**	**(7,186)**
Decrease in the period (reversal)	**(27)**	**(0)**	**(534)**	**—**	**—**	**(411)**	**(973)**
Exchange differences on translation	**81**	**69**	**189**	**20**	**—**	**56**	**417**
Others	**(21)**	**—**	**0**	**—**	**—**	**11**	**(10)**
Balance as of March 31, 2024	**3,475**	**1,175**	**1,513**	**1,222**	**—**	**959**	**8,346**

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Current liabilities	**4,440**	7,723
Non-current liabilities	**3,905**	3,499
Total	**8,346**	11,223

(1) Provision for levies

Provision for levies is recognized for the amount expected to be paid to the government in accordance with laws and regulations. The expected timing of future outflow of economic benefits is within one year from the end of the fiscal year ended March 31, 2024.

(2) Provision for environmental measures

In preparation for payment for environmental measures such as soil remediation work, an allowance for the amount of costs expected to be incurred has been recorded. The expected timing of future outflow of economic benefits is mainly after one year from the end of the fiscal year ended March 31, 2024.

(3) Provision for loss on litigation

Provision for loss on litigation is recognized for the reasonable estimate of compensation deemed necessary as of the reporting date of each fiscal year for litigation-related expenditures. The expected timing of future outflow of economic benefits is mainly after one year from the end of the fiscal year ended March 31, 2024.

(4) Asset retirement obligations

In preparation for the obligation to restore buildings, plant equipment, etc. used by the Group to their original conditions, the amount expected to be paid in the future based on past results has been recorded. The expected timing of future outflow of economic benefits is mainly after one year from the end of the fiscal year ended March 31, 2024.

(5) Provision for special incentive for employee stock ownership association

In preparation for the payment of special incentives to members of the employee stock ownership association, the amount accrued was recorded.

22. Employee Benefits

(1) Post-employment benefits

The Group has established corporate pension fund, welfare pension fund, and retirement lump-sum payment plans for its defined benefit plans. Furthermore, the Company and some consolidated subsidiaries have established defined contribution plans in addition to defined benefit plans.

(a) Defined benefit plans in Japan

The Group has several defined benefit plans in Japan. The amount of retirement benefits to be provided by these defined benefit plans is determined by the base salary, calculated by the number of accumulated points earned until the employee's retirement, and the interest crediting rates on the accumulated points based on the 20-year Japanese government bond yield or the fund performance. If the service period of an employee is 20 years or more, the employee is entitled to the annuity payment option.

The major defined benefit plan is managed by the Ajinomoto Corporate Pension Fund. Under the Japanese law, the plan is required to meet the minimum funding requirement. If the plan becomes underfunded below the minimum funding requirement, additional contributions must be made to the plan within a specified period. Furthermore, to prepare for the future risk of fund shortage, the Company has introduced a risk-reducing contribution, which enables a balanced fund status and stable management.

The Ajinomoto Corporate Pension Fund has the responsibility for investing plan assets in accordance with the required policies designated by the Company.

(b) Defined benefit plans in overseas countries

Consolidated overseas subsidiaries, such as in Indonesia, Belgium, Thailand, France, the Philippines, and others, sponsor defined benefit post-employment benefits plans. The major plan is a defined benefit lump-sum severance plan sponsored by PT Ajinomoto Indonesia, PT Ajinomoto Sales Indonesia, and PT Ajinex International Indonesia, which are the Company's consolidated subsidiaries in Indonesia.

The amount of benefits to be provided under the lump-sum severance plan in Indonesia is mainly determined by the final salary formula, which is based on the final salaries multiplied by a certain ratio.

The lump-sum severance plan in Indonesia is subject to the minimum benefit requirement in accordance with the Company Law of Indonesia.

1) Risks associated with defined benefit plans

The principal defined benefit plans of the Group are exposed to interest rate risk, investment risk of plan assets, and other risks.

(a) Interest rate risk

A decline in the yield on high-quality corporate bonds or government bonds results in an increase in defined benefit obligations. However, this will in part be offset by an increase in the fair value of plan assets.

(b) Investment risk of plan assets

A portion of plan assets has been invested in stocks and bonds, which are subject to price fluctuations.

2) Details of defined benefit liabilities or assets

The following table shows the details of defined benefit liabilities or assets as of March 31, 2024.

(Millions of yen)

	Japan	Overseas	Total
Present value of defined benefit obligations	211,514	31,697	243,211
Fair value of plan assets	258,885	11,891	270,777
Effect of the asset ceiling	12,109	1,089	13,198
Net defined benefit liabilities (assets)	(35,262)	20,895	(14,366)
Amounts in consolidated statements of financial position			
Assets (Other non-current assets)	40,254	77	40,332
Liabilities (Long-term employee benefits)	4,992	20,973	25,965

The following table shows the details of defined benefit liabilities or assets as of March 31, 2023.

(Millions of yen)

	Japan	Overseas	Total
Present value of defined benefit obligations	224,709	29,638	254,348
Fair value of plan assets	236,989	10,960	247,950
Net defined benefit liabilities (assets)	(12,280)	18,677	6,397
Amounts in consolidated statements of financial position			
Assets (Other non-current assets)	17,194	54	17,249
Liabilities (Long-term employee benefits)	4,914	18,732	23,647

3) Defined benefit obligations

The following table shows changes in the present value of defined benefit obligations.

(Millions of yen)

	Japan	Overseas	Total
Balance as of April 1, 2022	243,538	24,985	268,524
Current service cost	5,479	2,252	7,731
Interest cost	2,575	1,085	3,660
Remeasurement of the present value of defined benefit obligations:			
Actuarial (gains) losses arising from changes in demographic assumptions	(1,563)	—	(1,563)
Actuarial (gains) losses arising from changes in financial assumptions	(16,548)	(1,155)	(17,704)
Changes in other actuarial assumptions and other experience adjustments	1,984	679	2,664
Past service cost	—	23	23
Other cost	—	1,889	1,889
Contributions to the plan by plan participants	—	40	40
Benefits paid from the plan	(10,675)	(1,622)	(12,297)
Exchange differences on translation	—	1,345	1,345
Others	(81)	115	34
Balance as of March 31, 2023	224,709	29,638	254,348
Current service cost	**4,823**	**2,560**	**7,383**
Interest cost	**3,162**	**1,468**	**4,630**
Remeasurement of the present value of defined benefit obligations:			
Actuarial (gains) losses arising from changes in demographic assumptions	**552**	**336**	**889**
Actuarial (gains) losses arising from changes in financial assumptions	**(12,294)**	**(362)**	**(12,656)**
Changes in other actuarial assumptions and other experience adjustments	**1,906**	**(1,731)**	**175**
Past service cost	**—**	**364**	**364**
Contributions to the plan by plan participants	**—**	**32**	**32**
Benefits paid from the plan	**(10,993)**	**(3,062)**	**(14,056)**
Exchange differences on translation	**—**	**2,348**	**2,348**
Others	**(353)**	**105**	**(248)**
Balance as of March 31, 2024	**211,514**	**31,697**	**243,211**

The weighted average duration of defined benefit obligations as of March 31, 2024 was 15.9 years in Japan and 12.2 years in overseas countries.

4) Plan assets

The following table shows changes in the fair value of plan assets.

(Millions of yen)

	Japan	Overseas	Total
Balance as of April 1, 2022	229,138	9,611	238,750
Interest income	2,577	211	2,789
Remeasurement of fair value of plan assets:			
Return on plan assets	(10,334)	31	(10,302)
Actuarial gains (losses) arising from changes in financial assumptions	126	13	139
Contributions:			
Contributions to the plan by employer	25,979	1,317	27,296
Contributions to the plan by plan participants	—	40	40
Benefits paid from the plan	(10,457)	(878)	(11,336)
Exchange differences on translation	—	615	615
Others	(40)	(2)	(42)
Balance as of March 31, 2023	236,989	10,960	247,950
Interest income	**3,466**	**449**	**3,915**
Remeasurement of fair value of plan assets:			
Return on plan assets	**16,535**	**(80)**	**16,454**
Actuarial gains (losses) arising from changes in financial assumptions	**108**	**1**	**109**
Contributions:			
Contributions to the plan by employer	**12,970**	**1,610**	**14,581**
Contributions to the plan by plan participants	**—**	**40**	**40**
Benefits paid from the plan	**(10,762)**	**(2,339)**	**(13,102)**
Exchange differences on translation	**—**	**1,255**	**1,255**
Others	**(421)**	**(5)**	**(427)**
Balance as of March 31, 2024	**258,885**	**11,891**	**270,777**

The expected amount of contributions to the defined benefit plans for the fiscal year ending March 31, 2025 is ¥10,463 million.

The following table shows the components of plan assets.

(Millions of yen)

	As of March 31, 2024		As of March 31, 2023	
	Japan	Overseas	Japan	Overseas
Debt instruments				
With quoted price in active markets	—	190	—	190
With no quoted price in active markets	—	—	—	—
Equity instruments				
With quoted price in active markets	—	—	—	—
With no quoted price in active markets	—	—	—	—
Commingled investments				
Debt instruments				
With no quoted price in active markets	126,001	717	113,610	733
Equity instruments				
With no quoted price in active markets	61,499	—	57,051	—
Others				
With no quoted price in active markets	14,027	—	8,418	—
Life insurance general accounts				
With no quoted price in active markets	41,967	10,352	38,508	9,562
Alternative investments				
With no quoted price in active markets	12,791	—	11,858	—
Cash and cash equivalents	439	551	474	428
Others	2,158	80	7,067	45
Total	258,885	11,891	236,989	10,960

In the table above, debt and equity instruments with quoted price in active markets available are evaluated using the current quoted market prices and are classified under “With quoted price in active markets.” Other debt and equity instruments are primarily pooled funds managed by trust banks, and their fair values are evaluated with reference to the net asset value determined by the trust banks. They are classified under “With no quoted price in active markets.” Alternative investments mainly include hedge funds.

There are no transferrable financial instruments issued by the Company in the plan assets.

5) Effect of the asset ceiling

The following table shows the changes in the effect of asset ceiling.

(Millions of yen)

	Japan	Overseas	Total
Balance as of April 1, 2023	—	—	—
Remeasurement			
Changes in the effect of the asset ceiling	12,109	1,045	13,155
Exchange differences on translation	—	43	43
Balance as of March 31, 2024	12,109	1,089	13,198

6) Actuarial assumptions

The following table shows the main assumptions used in the actuarial valuation.

(%)

	As of March 31, 2024		As of March 31, 2023	
	Japan	Overseas	Japan	Overseas
Discount rates	1.7	4.9	1.3	4.7

7) Sensitivity analysis for defined benefit obligations

The following table shows the assumed effects of a 0.1% change in the discount rate on the present value of defined benefit obligations of principal companies of the Group.

(Millions of yen)

	As of March 31, 2024	
	Japan	Overseas
Increase in defined benefit obligations if the discount rate decreased by 0.1%	**3,054**	**272**
Decrease in defined benefit obligations if the discount rate increased by 0.1%	**(2,983)**	**(263)**

The analysis is based on an assumption that actuarial assumptions other than the discount rate are held constant. However, changes in the other actuarial assumptions may impact the actual results.

8) Defined benefit cost

The following table shows the details of defined benefit cost included in the retirement benefit costs.

(Millions of yen)

	Fiscal year ended March 31, 2024			Fiscal year ended March 31, 2023		
	Japan	Overseas	Total	Japan	Overseas	Total
Current service cost	**4,823**	**2,560**	**7,383**	5,479	2,252	7,731
Net interest cost	**(303)**	**1,018**	**715**	(2)	873	871
Past service cost	**—**	**364**	**364**	—	23	23
Other cost	**—**	**—**	**—**	—	1,889	1,889
Total (Profit or loss)	**4,519**	**3,942**	**8,462**	5,477	5,038	10,515
Actuarial (gains) losses arising from changes in demographic assumptions	**552**	**336**	**889**	(1,563)	—	(1,563)
Actuarial (gains) losses arising from changes in financial assumptions	**(12,402)**	**(363)**	**(12,765)**	(16,674)	(1,169)	(17,843)
Return on plan assets (Excluding the amount included in interest income)	**(16,535)**	**80**	**(16,454)**	10,334	(31)	10,302
Changes in other actuarial assumptions and other changes	**1,906**	**(1,731)**	**175**	1,984	679	2,664
Total (Other comprehensive income)	**(26,478)**	**(1,677)**	**(28,155)**	(5,918)	(521)	(6,440)

9) Defined contribution plans

The amounts recognized as expenses for defined contribution plans were ¥19,403 million and ¥18,416 million for the fiscal years ended March 31, 2024 and 2023, respectively.

(2) Other employee benefits

The following table shows the amounts recognized as short-term and other long-term employee benefits in the consolidated statements of financial position.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Short-term employee benefits		
Accrued salaries	**3,908**	4,051
Accrued bonuses	**21,972**	20,569
Accrued compensated absences	**13,649**	12,468
Others	**6,386**	5,052
Total	**45,916**	42,141
Other long-term employee benefits		
Provision for stock-based remuneration	**98**	—
Accrued retirement benefits for directors	**449**	353
Others	**2,352**	2,567
Total	**2,900**	2,921

23. Common Stock and Reserve

(1) Numbers of shares authorized, shares issued, and treasury stock

	As of March 31, 2024	As of March 31, 2023
Number of shares authorized (Common stock with no par value)	**1,000,000,000**	1,000,000,000
Number of shares issued*1 (Common stock with no par value)		
Beginning of the year	**529,798,154**	536,996,254
Decrease due to retirement of treasury stock	**8,367,300**	7,198,100
End of the year	**521,430,854**	529,798,154
Treasury stock*2 (Common stock with no par value)		
Beginning of the year	**495,714**	559,323
End of the year	**8,864,260**	495,714

*1. All shares of common stock are fully paid.
*2. The Company has introduced a Stock-based Remuneration of Executive Officers Based on the Company's Medium-term Earnings Performance (the "Stock-based Remuneration") for Executive Officers of the Company.

The Stock-based Remuneration has adopted a framework of Directors' Remuneration BIP (Board Incentive Plan) Trust. The Directors' Remuneration BIP Trust holds 409,900 ordinary shares of the Company (total share purchase amount: ¥1,695 million) and 373,400 ordinary shares of the Company (total share purchase amount: ¥834 million) in the fiscal years ended March 31, 2024 and 2023, respectively.

The Company's shares held by the Directors' Remuneration BIP Trust are presented as "Treasury stock" in the consolidated statements of financial position.

(2) Capital surplus and retained earnings

Reserve comprises the following:

1) Capital surplus

i. Legal capital surplus

The Companies Act of Japan provides that one half or more of the paid-in capital or benefits at the time of issuance of equity instruments shall be appropriated as common stock with the remainder appropriated as legal capital surplus. If certain requirements are satisfied, including a resolution at the General Meeting of Shareholders, the amount of legal capital surplus may be reduced, and all or a part of the corresponding amount may be transferred to common stock. Legal capital surplus is excluded from the calculation of distributable amounts.

ii. Other capital surplus
Other capital surplus is other than legal capital within capital surplus, and includes gains or losses on the disposal of treasury stock.

2) Retained earnings
i. Legal retained earnings
The Companies Act of Japan provides that one tenth of the amount appropriated as dividends from retained earnings shall be accumulated as legal capital surplus or legal retained earnings until the sum of legal capital surplus and legal retained earnings reaches one fourth of common stock. If certain requirements are satisfied, including a resolution at the General Meeting of Shareholders, the amount of legal retained earnings may be reduced, and all or a part of the amount may be transferred to common stock. Legal retained earnings are excluded from the calculation of distributable amounts.

ii. Other retained earnings
Other retained earnings include unappropriated retained earnings. These represent the cumulative amount of earnings of the Group.

(3) Capital management
The Group's basic policy on capital management is to maintain an adequate level of capital, which would balance with the risk and return of the business, in order to realize sustainable growth, and maintain sound and efficient management.

For this purpose, the Group focuses on capital efficiency and uses, as major indicators, the equity ratio attributable to the owners of the parent company and ROE (return on equity) attributable to the owners of the parent company. Capital represents the equity attributable to the owners of the parent company.

	As of March 31, 2024	As of March 31, 2023
Capital (Millions of yen)	**814,690**	768,676
Equity ratio attributable to owners of the parent company (%)	**45.9**	50.8
ROE attributable to owners of the parent company (%)	**11.0**	12.9

The management monitors and checks these indicators every time the management plan is developed and reviewed, along with revenues and investment plans.

The Group is not subject to any capital regulation from outside parties.

24. Dividends

The amounts of dividends paid are as follows:

Fiscal year ended March 31, 2024

	Total amount of dividends (Millions of yen)	Record date	Resolution date	Effective date
Year-end dividend (Dividend per share: ¥37)	**19,598**	**March 31, 2023**	**June 27, 2023**	**June 28, 2023**
Interim dividend (Dividend per share: ¥37)	**19,239**	**September 30, 2023**	**November 6, 2023**	**December 4, 2023**

*1. The total amount of year-end dividends includes ¥13 million in dividends on the Company's shares held by Director's Remuneration BIP Trust.
*2. The total amount of interim dividends includes ¥10 million in dividends on the Company's shares held by Director's Remuneration BIP Trust.

Fiscal year ended March 31, 2023

	Total amount of dividends (Millions of yen)	Record date	Resolution date	Effective date
Year-end dividend (Dividend per share: ¥28)	15,032	March 31, 2022	June 23, 2022	June 24, 2022
Interim dividend (Dividend per share: ¥31)	16,643	September 30, 2022	November 7, 2022	December 2, 2022

*1. The total amount of year-end dividends includes ¥12 million in dividends on the Company's shares held by Director's Remuneration BIP Trust.
*2. The total amount of interim dividends includes ¥12 million in dividends on the Company's shares held by Director's Remuneration BIP Trust.

Dividends for which the effective date falls in the next fiscal year commencing April 1, 2024 are as follows:

	Total amount of dividends (Millions of yen)	Record date	Resolution date	Effective date
Year-end dividend (Dividend per share: ¥37)	18,980	March 31, 2024	June 25, 2024	June 26, 2024

* The total amount of year-end dividends includes ¥15 million in dividends on the Company's shares held by Director's Remuneration BIP Trust.

The distribution of interim dividends is resolved by the Board of Directors and the distribution of year-end dividends is resolved by the General Meeting of Shareholders.

25. Stock-based Remuneration

(1) Overview of Stock-based Remuneration of Executive Officers Based on the Company's Earnings Performance

The Company has introduced a Stock-based Remuneration Based on the Company's Medium-term Earnings Performance (the "Stock-based Remuneration") for the purpose of motivating the willingness to contribute to the Ajinomoto Group's business performance in the medium- and long-term and increased corporate value.

Under the Stock-based Remuneration, a stock-granting trust (the "Trust") grants the Company's shares to eligible persons after the end of the three fiscal years starting from April 1, 2023 (the "Period"), based on the evaluation using predetermined evaluation indicators.

For the Stock-based Remuneration, the Company makes contributions to the Trust with the maximum amount of ¥2.2 billion for the Period, and the Trust acquires the Company's shares using the trusted fund in a maximum number of 1.10 million shares.

Executive officers who are eligible for the Stock-based Remuneration are Executive Officers (including Executive Officers serving concurrently as Directors).

The number of the Company's shares to be granted to the Executive Officers is calculated by multiplying the evaluation indicators calculated based on the target achievement rate and the assessment weighting for each evaluation indicator, by the amount of the pre-set medium-term performance-linked remuneration by officers' ranks and then dividing the product by the closing price of the Company's shares on March 31, 2023 (¥4,606.0). (Shares less than 100 are rounded down.)

The Stock-based Remuneration is accounted for as an equity-settled stock-based remuneration. It does not have an exercise price since it grants shares as remuneration.

The assessment criteria, performance targets, assessment weighting, and non-payment standards are as follows:

	Assessment criteria	Performance target	Assessment weighting	Non-payment standards
Economic value indicators	ROIC (Return on Invested Capital)*1	FY2023: 9.5% FY2024: 10.0% FY2025: 11.0%	40%	Less than 80%
	Relative TSR (Comparison to TOPIX)*2	1	20%	Less than 80%
Social value indicators	GHG emission reduction rate	Scope 1,2: 30% reduction Scope 3: 14% reduction	10%	Deemed not achieved
	Headcount of extending the healthy life expectancy	850 million people	10%	Deemed not achieved
Strengthening intangible assets indicators	Employee engagement score*3	80%	10%	Deemed not achieved
	Percentage of female line managers	35%	5%	Deemed not achieved
	Corporate brand value*4	USD 1,484 million	5%	Deemed not achieved

*1. ROIC (Return on Invested Capital) is calculated based on the following formula. All figures are consolidated amounts.
ROIC (Return on Invested Capital) = (Operating profit after tax for the fiscal year) ÷ ((Invested capital for the fiscal year + Invested capital for the previous fiscal year) ÷ 2)
Operating profit after tax = Operating profit x (1 - Income taxes ÷ Profit before income taxes)
Invested capital = (Equity attributable to owners of the parent company) + (Interest-bearing debt)
Interest-bearing debt = (Short-term borrowings) + (Commercial papers) + (Current portion of bonds) + (Current portion of long-term borrowings) + (Corporate bonds) + (Long-term borrowings) + (Short-term lease liabilities) + (Long-term lease liabilities)
*2. Relative TSR is calculated based on the following formula.
Relative TSR = (Total Company shareholder return at the end of the latest fiscal year) ÷ (Total TOPIX shareholder return including dividends for the corresponding period used to calculate total Company shareholder return)
Total Company shareholder return at the end of the latest fiscal year = (Share price at the end of the latest fiscal year + Cumulative amount of dividends per share of 5 consecutive previous fiscal years including the latest fiscal year) ÷ Share price at the end of the earliest previous fiscal year
Total TOPIX shareholder return including dividends for corresponding period used to calculate total Company shareholder return = TOPIX total returns including dividends at the end of the latest fiscal year ÷ TOPIX total returns including dividends at the end of the earliest previous fiscal year
*3. The Employee engagement score is evaluated by the average score of the 9 questions of the "ASV achievement process" and determined by achieved or not achieved.
*4. The Corporate brand value is evaluated by using the "Best Japan Brands" published by Interbrand.
*5. ROIC (Return on Invested Capital) achievement rate is calculated by the weighted total value of each fiscal year.
Results for FY2023 ÷ Performance target for FY2023 x 25%
Results for FY2024 ÷ Performance target for FY2024 x 25%
Results for FY2025 ÷ Performance target for FY2025 x 50%

(2) The Company's shares held by the Trust

The Company's shares held by the Trust are included in treasury stock at the carrying amount of the Trust (excluding the amount of related transaction costs). The carrying amount and the number of treasury stock as of March 31, 2024 and 2023 were ¥1,695 million and 409,900 shares, and ¥834 million and 373,400 shares, respectively.

(3) Basis of fair value measurement and weighted average fair value

The fair value as of the grant date is measured based on the observable market price of the Company's shares. The fair value measurement reflects expected dividends.

The following table shows the basis of fair value measurement and weighted average fair value of the Company's shares granted.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Share price as of the grant date	¥4,606.0	—
Vesting period	3 years	—
Expected annual dividends	¥74/share	—
Discount rate	0.0%	—
Weighted average fair value	¥4,384	—

(4) Total expenses recorded for the Stock-based Remuneration

Expenses recorded for the Stock-based Remuneration were ¥414 million and ¥269 million for the fiscal years ended March 31, 2024 and 2023, respectively.

(5) Estimated Amounts expected to be transferred to tax authorities

In relation to the Stock-based Remuneration, the Company estimates the amounts expected to be transferred to tax authorities upon settling officers' tax obligations in the amounts of ¥182 million and ¥446 million for the fiscal years ended March 31, 2024 and 2023, respectively.

26. Sales

Revenue recognized from contracts with customers is presented as sales.

(1) Sale of goods and services

1) Seasonings and Foods

Seasonings and Foods segment of the Group earns revenues mainly from sales of seasonings and quick nourishment to general consumers, and the provision of services to restaurants and the food processing industry.

The Company's obligation in the contracts with customers is to deliver ordered products to the customers. The Company typically satisfies its performance obligations upon delivery of goods. Payment terms are based on individual contracts, but consistent with market conventions, and 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. In Japan, the estimate of rebates is calculated per contracts with customers, by multiplying the actual sales for a certain period by the expected rebate rate. Overseas, the estimate of rebates is calculated by estimating the sales volume for a certain period and multiplying it by the rebate rate in line with actual transaction results.

2) Frozen Foods

Frozen Foods segment of the Group earns revenues mainly from sales of frozen foods.

The Company's obligation in the contracts with customers is to deliver ordered products to the customers. The Company typically satisfies its performance obligations upon delivery of goods. Payment terms are based on individual contracts, but consistent with market conventions, and 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 estimate of rebates is calculated per contracts with customers, by multiplying the actual sales for a certain period by the expected rebate rate.

3) Healthcare and Others

Healthcare and Others segment of the Group earns revenues mainly from the provision of amino acids for pharmaceuticals and foods, bio-pharma services (CDMO services), and sales of functional materials (electronic materials and others).

"Amino acids for pharmaceuticals and foods" business sells ingredients for pharmaceuticals and foods, and the Company has obligations to deliver ordered products to the customers.

"Bio-pharma services (CDMO)" business engages in manufacturing and developing pharmaceutical intermediates and active ingredients. The Company satisfies its performance obligations when the manufacturing and development of these intermediates and active ingredients are considered completed. Payment terms are based on individual contracts, but consistent with market conventions, and the promised amount of consideration does not have a significant financing component.

"Functional materials (electronic materials and others)" business sells electronic materials and other products for domestic and overseas customers, and the Company has obligations to deliver ordered products to the customers. The Company typically satisfies its performance obligations upon delivery of goods. Payment terms are based on individual contracts, but consistent with market conventions, and the promised amount of consideration does not have a significant financing component.

"Others" business mainly sells feed-use amino acids, health foods, and supplements for athletes.

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 estimate of rebates is calculated per contracts with customers, by multiplying the actual sales for a certain period by the expected rebate rate.

(2) Breakdown of sales

The Group disaggregates revenue from contracts with customers into major product categories in each reportable segment based on the contracts with customers. For the disaggregation into major geographical areas, please see Note 7 "Segment Information."

(Millions of yen)

Reportable Segments	Major Product Categories	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Seasonings and Foods	Sauce and Seasonings	**425,315**	379,795
	Quick Nourishment	**228,586**	209,546
	Solution & Ingredients	**193,074**	185,679
	Subtotal	**846,977**	775,021
Frozen Foods	Frozen Foods	**281,870**	267,237
	Subtotal	**281,870**	267,237
Healthcare and Others	Amino Acids for Pharmaceuticals and Foods	**52,478**	57,696
	Bio-Pharma Services (CDMO services)	**79,458**	71,886
	Functional Materials (electronic materials and others)	**60,869**	70,116
	Others	**101,757**	99,970
	Subtotal	**294,564**	299,670
Others		**15,819**	17,185
Total		**1,439,231**	1,359,115

(3) Contract balance

The balance of contract liabilities arising from contracts with customers are as follows: For receivables arising from contracts with customers, please see Note 9 "Trade and Other Receivables."

Fiscal year ended March 31, 2024

(Millions of yen)

	As of March 31, 2024	As of April 1, 2023
Contract liabilities	**11,256**	8,589

Fiscal year ended March 31, 2023

(Millions of yen)

	As of March 31, 2023	As of April 1, 2022
Contract liabilities	8,589	10,590

Revenues recognized for the fiscal years ended March 31, 2024 and 2023 that were included in the opening balance of contract liabilities were ¥8,589 million and ¥10,590 million, respectively.

Contract liabilities are primarily related to advance consideration received from customers under manufacturing service agreements for pharmaceuticals products and are included in "Other current liabilities."

(4) Transaction price allocated to remaining performance obligations

There were remaining performance obligations related to a manufacturing service agreement for pharmaceuticals products as of March 31, 2024 and March 31, 2023. As the transaction price and the timing of satisfaction of the performance obligations estimated is subject to change due to the status of new drug approvals and other related conditions in the future, the aggregate amount of the transaction price allocated to the remaining performance obligations and the timing of expected revenue recognition are not disclosed.

In addition, by applying the practical expedient in paragraph 121 of IFRS 15, the Group does not disclose information for a performance obligation which is part of a contract with an original expected duration of one year or less.

27. Selling Expenses

The details of selling expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Logistics expenses	**56,071**	61,706
Advertising	**44,041**	34,369
Sales promotion expenses	**26,386**	21,925
Sales commissions	**2,376**	2,519
Employee benefit expenses	**48,061**	44,100
Depreciation and amortization	**3,436**	3,320
Others	**21,256**	18,545
Total	**201,631**	186,488

28. Research and Development Expenses

The details of research and development expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Employee benefit expenses	**12,224**	11,477
Depreciation and amortization	**2,739**	2,854
Subcontracting and consumables expenses	**6,380**	5,637
Others	**7,422**	5,898
Total	**28,766**	25,867

29. General and Administrative Expenses

The details of general and administrative expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Employee benefit expenses	**73,767**	67,419
Depreciation and amortization	**19,104**	17,413
Others	**45,228**	42,184
Total	**138,099**	127,017

30. Employee Benefit Expenses

The details of employee benefit expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Salaries	**156,921**	143,982
Bonuses	**41,715**	40,395
Compensated absences	**3,167**	2,819
Retirement benefits	**27,151**	26,171
Directors' remuneration	**3,068**	2,886
Directors' bonuses	**815**	678
Stock-based remuneration	**414**	269
Other employee benefits	**31,126**	28,964
Total	**264,380**	246,168

31. Other Operating Income

The details of other operating income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Gain on sale of non-current assets	**14,604**	33,376
Lease income	**1,182**	1,044
Insurance proceeds	**356**	91
Gain on reversal of provision for contract loss	**—**	239
Others	**4,343**	6,231
Total	**20,487**	40,983

*1. Gain on sale of non-current assets for the fiscal year ended March 31, 2023 includes gain on sale of idle assets located in Kawasaki, Kanagawa, Japan, of ¥28,049 million.
*2. Gain on sale of non-current assets for the fiscal year ended March 31, 2024 includes gain on sale of former factory land, etc. owned by Ajinomoto (Malaysia) Berhad, of ¥12,249 million.

32. Other Operating Expenses

The details of other operating expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Impairment loss	**3,736**	15,143
Loss on disposal of non-current assets	**4,732**	4,388
Expenses on leased assets	**751**	890
Foreign exchange loss	**5,837**	1,492
Others	**6,429**	5,481
Total	**21,486**	27,396

33. Financial Income

The details of financial income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Interest income		
Financial assets measured at amortized cost	**5,542**	3,373
Subtotal	**5,542**	3,373
Dividend income		
Financial assets measured at fair value through other comprehensive income	**959**	987
Subtotal	**959**	987
Gain on valuation of derivatives		
Financial assets and liabilities measured at fair value through profit or loss	**—**	1,249
Subtotal	**—**	1,249
Others	**1,273**	488
Total	**7,775**	6,099

34. Financial Expenses

The details of financial expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Interest expenses		
Financial liabilities measured at amortized cost	**4,058**	3,097
Lease liabilities	**716**	651
Derivatives	**317**	351
Subtotal	**5,092**	4,099
Loss on valuation of derivatives		
Financial assets and financial liabilities measured at fair value through profit or loss	**196**	-
Subtotal	**196**	-
Foreign exchange loss	**3,722**	2,164
Unwinding of discount on provisions arising from passage of time	**1**	1
Loss allowance for expected credit loss	**113**	3
Others	**3,288**	8,726
Total	**12,414**	14,994

35. Other Comprehensive Income

The details of other comprehensive income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Items that will not be reclassified to profit or loss:		
Net gain on revaluation of financial assets measured at fair value through other comprehensive income:		
Amount arising during the period	**10,199**	1,486
Before tax effects	**10,199**	1,486
Tax effects	**(2,807)**	(495)
Net gain on revaluation of financial assets measured at fair value through other comprehensive income	**7,392**	990
Remeasurements of defined benefit pension plans:		
Amount arising during the period	**14,917**	6,440
Before tax effects	**14,917**	6,440
Tax effects	**(3,851)**	(1,501)
Remeasurements of defined benefit pension plans	**11,066**	4,939
Share of other comprehensive income (loss) of associates and joint ventures:		
Amount arising during the period	**464**	214
Share of other comprehensive income (loss) of associates and joint ventures	**464**	214
Items that may be reclassified to profit or loss:		
Cash flow hedges:		
Amount arising during the period:		
Currency risk	**(6,606)**	(15,324)
Interest rate risk	**177**	364
Reclassification adjustments:		
Currency risk	**7,036**	15,357
Interest rate risk	**317**	351
Before tax effects	**925**	748
Tax effects	**(257)**	(219)
Cash flow hedges	**667**	528
Hedge surplus:		
Amount arising during the period	**1,328**	321
Reclassification adjustments	**(1,204)**	(451)
Before tax effects	**124**	(130)
Tax effects	**(17)**	32
Hedge surplus	**106**	(97)
Exchange differences on translation of foreign operations:		
Amount arising during the period	**78,977**	44,384
Reclassification adjustments	**—**	—
Before tax effects	**78,977**	44,384
Tax effects	**—**	—
Exchange differences on translation of foreign operations	**78,977**	44,384
Share of other comprehensive income (loss) of associates and joint ventures:		
Amount arising during the period	**(1,207)**	(1,948)
Reclassification adjustments	**53**	(144)
Share of other comprehensive income (loss) of associates and joint ventures	**(1,154)**	(2,092)
Total other comprehensive income	**97,520**	48,866

* Reclassification adjustments for hedge surplus are recorded in “Financial income” and “Financial expenses” in the consolidated statements of income.

36. Earnings per Share

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

(1) Profit attributable to owners of the parent company

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Amount used for calculating the basic earnings per share	**87,121**	94,065
Amount used for calculating the diluted earnings per share	**87,121**	94,065

(2) Weighted average number of ordinary shares

(Thousands of shares)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Weighted average number of ordinary shares	**520,328**	534,540
Effect of dilutive potential ordinary shares	**104**	38
Weighted average number of dilutive potential ordinary shares	**520,433**	534,579

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

(Yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Basic earnings per share	**167.44**	175.97
Diluted earnings per share	**167.40**	175.96

* For the calculation of the basic earnings per share, the Company's shares held by Director's Remuneration BIP Trust are included in treasury stock, and deducted from the weighted average number of shares during the period.

37. Financial Instruments

(1) Classification of financial instruments

Financial instruments are classified as follows:

1) Financial assets and liabilities measured at fair value through profit or loss

(Millions of yen)

	Financial instruments mandatorily measured at fair value	
	As of March 31, 2024	As of March 31, 2023
(Current assets)		
Other financial assets		
Derivative assets *	**3,471**	2,776
(Non-current assets)		
Long-term financial assets		
Debt instruments	**437**	1,956
Derivative assets *	**904**	1,200
(Current liabilities)		
Other financial liabilities		
Derivative liabilities *	**1,106**	842
(Non-current liabilities)		
Other financial liabilities		
Derivative liabilities *	**820**	1,388

* Derivative assets and liabilities designated as cash flow hedges are measured through other comprehensive income. For the amounts recognized, see "(3) Hedge accounting."

2) Financial assets and liabilities measured at amortized cost

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
(Current assets)		
Cash and cash equivalents	**171,537**	132,777
Trade and other receivables	**185,564**	163,714
Other financial assets		
Debt instruments	**19,179**	9,535
(Non-current assets)		
Long-term financial assets		
Debt instruments	**4,564**	5,553
(Current liabilities)		
Trade and other payables	**231,979**	197,981
Short-term borrowings	**97,553**	12,599
Commercial papers	**53,000**	—
Current portion of bonds	**—**	19,988
Current portion of long-term borrowings	**37,717**	16,733
Other financial liabilities	**299**	3,583
(Non-current liabilities)		
Corporate bonds	**149,626**	119,696
Long-term borrowings	**104,598**	119,548
Other financial liabilities	**11,917**	12,321

3) Financial assets measured at fair value through other comprehensive income

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
(Non-current assets)		
Long-term financial assets		
Equity instruments*	**48,190**	45,253

* The Company may hold cross-shareholdings at counterparties' request for building better business relationships and harmonious business environment. Considering the purpose of shareholding, these shares are designated as financial assets at fair value through other comprehensive income.

The following tables show the fair values of equity instruments by major issuers as of March 31, 2024 and March 31, 2023.

As of March 31, 2024

(Millions of yen)

Issuer	Amount
Seven & i Holdings Co., Ltd.	**6,610**
HOUSE FOODS GROUP INC.	**4,194**
CITIC Capital Asian Foods Holdings Limited	**3,206**
TOKAI DENPUN CO., LTD.	**3,054**
Dai-ichi Life Holdings, Inc.	**2,849**

As of March 31, 2023

(Millions of yen)

Issuer	Amount
Seven & i Holdings Co., Ltd.	5,968
Mitsubishi UFJ Financial Group, Inc.	4,985
HOUSE FOODS GROUP INC.	3,807
TOKAI DENPUN CO., LTD.	2,843
CITIC Capital Asian Foods Holdings Limited	2,833

The following table shows the dividends received from equity instruments held during the fiscal years ended March 31, 2024 and 2023.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Dividends from equity instruments derecognized during the period	**6**	227
Dividends from equity instruments held at the end of the period	**953**	760
Total	**959**	987

The cross-shareholdings shall be kept as long as it is considered to strengthen the business relationships and benefit the Company in expanding its business, but those with insignificant effect may be sold after the review by the Board of Directors and in consideration of share prices and market trends, as appropriate. If additional acquisition of shares shall result in reclassifying the investment to investments in subsidiaries, the investments are accounted for as disposal.

The following table shows the fair value as of the disposal date and the cumulative gains on disposal.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Fair value as of disposal date	**8,555**	2,232
Cumulative gains on disposal	**5,746**	1,158

Cumulative gains arising from the changes in the fair value of financial assets measured at fair value through other comprehensive income are transferred to retained earnings when shares are sold. The cumulative gains in other comprehensive income that were transferred to retained earnings were ¥4,413 million and ¥889 million for the fiscal years ended March 31, 2024 and 2023, respectively.

(2) Risk management of financial instruments

1) Credit risk

The Group provides credit to customers within and outside of Japan in the form of trade and other receivables and others. Thus, it is exposed to the credit risk of uncollectability of these receivables in the event of a deterioration of customer's credit standing or business failure.

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 uncollectability may be early detected and minimized, and deposits are required, when deemed necessary. The Company's subsidiaries also apply the same risk management. The Group does not have excessive concentration of credit risk on any single customer.

The 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.

Except for guarantee obligations, the Group's maximum exposure to the credit risk is the carrying amounts of the financial assets recognized in the consolidated statements of financial position.

The Group holds deposits mainly as collateral against some trade and other receivables. The amounts of deposits included in other financial liabilities in the consolidated statements of financial position as of March 31, 2024 and 2023 were ¥11,553 million and ¥11,480 million, respectively. Financial instruments not offset in the consolidated statements of financial position since they do not meet the offsetting criteria are generally offset only when specific events occur, such as bankruptcy and other circumstances, in which a customer fails to settle debts.

2) Liquidity risk

The Group is exposed to the 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 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 liabilities and mitigate the liquidity risk. Liquidity risk is managed by maintaining liquidity at hand at a certain level and continuously setting commitment lines.

The following tables show the outstanding balances of non-derivative financial liabilities by maturity. Trade and other payables, and commercial papers in current liabilities, which mature within one year and whose carrying amounts are equal to the contractual cash flows, are not included in the tables.

As of March 31, 2024

(Millions of yen)

	Contractual cash flows	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Corporate bonds	**158,179**	**892**	**25,892**	**30,816**	**710**	**20,694**	**79,173**
Borrowings	**251,540**	**136,836**	**8,262**	**4,854**	**15,027**	**1,132**	**85,425**
Lease liabilities	**56,386**	**8,110**	**7,589**	**6,942**	**5,024**	**4,200**	**24,519**
Others*	**11,631**	**26**	**—**	**—**	**—**	**—**	**11,605**

* Others consist of deposits received for guarantees and financial guarantee contracts.

As of March 31, 2023

(Millions of yen)

	Contractual cash flows	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Corporate bonds	147,324	20,731	706	25,700	30,624	524	69,037
Borrowings	156,414	30,874	35,129	7,326	3,319	14,543	65,219
Lease liabilities	49,851	7,008	6,687	6,244	5,095	3,740	21,075
Others*	11,556	22	—	—	—	40	11,494

* Others consist of deposits received for guarantees and financial guarantee contracts.

Liquidity analyses of derivatives and other items held by the Group are as follows:

As of March 31, 2024

(Millions of yen)

		Within 1 year	Over 1 year
Currency related	In	**2,025**	**181**
	Out	**1,098**	**0**
Interest rate related	Out	**206**	**1,786**
Currency and interest rate related	In	**1,706**	**728**

As of March 31, 2023

(Millions of yen)

		Within 1 year	Over 1 year
Currency related	In	2,065	133
	Out	825	172
Interest rate related	Out	225	2,011
Currency and interest rate related	In	1,235	1,334

3) Market risk

The Group conducts its business globally and, therefore, is exposed to the currency risk. The currency 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 using forward contracts. For forecast transactions denominated in foreign currencies, forward exchange contracts may be used depending on the market conditions.

As a basic rule, forward 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, and when the settlement date comes beyond six months but within one year, with an upper limit of 25% of the monthly forecast transaction amounts.

The Group also conducts financing through interest-bearing debts. The Group is exposed to the interest rate risk from the 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 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 the short-term trading purposes. These equity instruments are periodically reviewed to assess their market values and the financial status of the issuers.

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 meetings. The Company's consolidated subsidiaries also manage their derivative transactions in accordance with the Company's rules.

The following table shows net exposures to major currency fluctuation risks, provided that, those being hedged by derivative transactions are excluded.

In thousands of respective currency unit

	As of March 31, 2024	As of March 31, 2023
U.S. dollars	**46,276**	21,570
Euro	**17,713**	17,629

For financial instruments held by the Group at the end of each fiscal year, the effects of a 1% increase in Japanese yen against the U.S. dollar and the Euro on profit before income taxes and other comprehensive income (before tax effect) are as follows:

The analysis is based on an assumption that all other variables remain constant.

The analysis does not include financial instruments denominated in functional currency, the effect of translation of income and expenses denominated in foreign currencies and of assets and liabilities of foreign operations.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Profit before income taxes		
U.S. dollars	**(36)**	(16)
Euro	**(28)**	(25)
Other comprehensive income (before tax effect)		
U.S. dollars	**(32)**	(15)
Euro	**5**	0

Exposure to the interest rate risk is as follows:

Borrowings for which the interest rate risk is hedged by derivative transactions are excluded.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Borrowings with variable interest rates	**7,024**	5,820

Exposure to the share price fluctuation risk is as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Financial assets measured at fair value through other comprehensive income		
Long-term financial assets	**27,630**	27,556

(3) Hedge accounting

1) Currency risk

The Company is exposed to the currency risk from receivables and payables denominated in foreign currencies, as well as forecasted transactions related to sales and purchases of inventories denominated in foreign currencies and acquisitions of foreign subsidiaries and associates, etc.

(Fair value hedge)
The Group controls its currency risk, basically by using forward exchange contracts within the range of the receivable and payable balances denominated in foreign currencies.

Receivables and payables denominated in foreign currencies are hedged by forward exchange contracts for the settlement currency per each transaction.

If receivables and payables denominated in foreign currencies being hedged qualify for hedge accounting, the fair value hedge is applied. The Group designates the hedging relationship so that the hedged receivables and payables denominated in foreign currencies would equal to the nominal principal of the hedging instrument. As for hedging the currency risk from intercompany receivables and payables denominated in foreign currencies between consolidated companies with different functional currencies, the Group designates the hedging relationship so that the hedged item and the nominal principal of the hedging instrument would equal. In determining the effectiveness of the hedge, the economic relationship between the hedged item and the hedging instrument is assessed based on whether the hedging relationship is expected to be highly effective in offsetting changes in fair values. Ineffective part of the hedge expected to affect hedging relationship during the period of the hedge is mainly caused by the difference between the exchange rates applicable to the hedged item and the hedging instrument.

(Cash flow hedge)
The Group controls the currency risk related to forecast transactions by using forward exchange contracts. In such cases, forward 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, and when the settlement date comes beyond six months but within one year, with an upper limit of 25% of the monthly forecast transaction amounts. Forward exchange contracts are not permitted for settlement date beyond one year.

Forecast transactions related to sales and purchases of inventories denominated in foreign currencies and acquisitions of foreign subsidiaries and associates are hedged by forward exchange contracts for the settlement currency per each transaction.

The Group uses currency swap contracts to hedge currency risk for part of the intercompany cash transactions denominated in foreign currencies between consolidated companies.

If the above transactions qualify for hedge accounting, the cash flow hedge is applied. The Group designates the hedging relationship so that the hedged selling and purchasing prices of inventories denominated in foreign currencies and acquisition and selling prices of foreign subsidiaries and associates would equal to the nominal principal of the hedging instrument. In hedging currency risk for part of the intercompany cash transactions denominated in foreign currencies between consolidated companies, the Group designates only the fair value of the spot element of the hedging instrument in the hedging relationship, while accounting for changes in fair value of the forward element as cost of hedging.

In determining the effectiveness of the hedge, the economic relationship between the hedged item and the hedging instrument is assessed based on whether the hedging relationship is expected to be highly effective in offsetting changes in cash flows. Ineffective part of the hedge expected to affect hedging relationship during the period of the hedge is mainly caused by the difference between the exchange rates applicable to the hedged item and the hedging instrument.

The details of the balances of nominal principal of the hedging instruments by maturity and the average rates of the hedging instruments at the end of each period are as follows:

As of March 31, 2024

	Balance by maturity			
	Within 1 year	Over 1 year	Total	Average rate
Forward exchange contracts				
(Short position)				
USD	**13,867 thousand USD**	**—**	**13,867 thousand USD**	**142.21 JPY/USD**
EUR	**3,288 thousand EUR**	**—**	**3,288 thousand EUR**	**157.26 JPY/EUR**
(Long position)				
USD	**13,000 thousand USD**	**—**	**13,000 thousand USD**	**145.65 JPY/USD**
Currency swaps				
(Short position)				
JPY	**80,015,400 thousand JPY**	**—**	**80,015,400 thousand JPY**	**0.24 THB/JPY**

As of March 31, 2023

	Balance by maturity			
	Within 1 year	Over 1 year	Total	Average rate
Forward exchange contracts				
(Short position)				
USD	13,791 thousand USD	—	13,791 thousand USD	130.41 JPY/USD
EUR	3,621 thousand EUR	—	3,621 thousand EUR	140.99 JPY/EUR
THB	5,426 thousand THB	—	5,426 thousand THB	3.82 JPY/THB
(Long position)				
USD	6,000 thousand USD	—	6,000 thousand USD	129.53 JPY/USD
Currency swaps				
(Short position)				
JPY	100,015,400 thousand JPY	—	100,015,400 thousand JPY	0.26 THB/JPY

The status of fair value hedges related to currency risk is as follows:

Fiscal year ended March 31, 2024

The following table shows the effect of the hedging instruments designated as hedges on the consolidated statements of financial position.

Hedging instrument	Notional principal amount	Carrying amount (Assets)	Carrying amount (Liabilities)	Recognized in consolidated statements of financial position
Forward exchange contracts				
(Short position)	**6,269 thousand USD**	**—**	**45 million JPY**	**Other financial liabilities**
	2,847 thousand EUR			

The following table shows the effect of the hedged items designated as hedges on the consolidated statements of financial position.

(Millions of yen)

Hedged item	Carrying amount	Accumulated fair value hedge adjustments on hedged item included in carrying amount	Recognized in consolidated statements of financial position
Trade receivables	**—**	**—**	**—**

There was no material ineffective portion of the hedge for the fiscal year ended March 31, 2024.

Fiscal year ended March 31, 2023

The following table shows the effect of the hedging instruments designated as hedges on the consolidated statements of financial position.

Hedging instrument	Notional principal amount	Carrying amount (Assets)	Carrying amount (Liabilities)	Recognized in consolidated statements of financial position
Forward exchange contracts				
(Short position)	10,292 thousand USD	—	23 million JPY	Other financial liabilities
	3,208 thousand EUR			
	5,426 thousand THB			

The following table shows the effect of the hedged items designated as hedges on the consolidated statements of financial position.

(Millions of yen)

Hedged item	Carrying amount	Accumulated fair value hedge adjustments on hedged item included in carrying amount	Recognized in consolidated statements of financial position
Trade receivables	1,863	23	Trade and other receivables

There was no material ineffective portion of the hedge for the fiscal year ended March 31, 2023.

The status of cash flow hedges related to currency risk is as follows:

Fiscal year ended March 31, 2024
The following table shows the effect of the hedging instruments designated as hedges on the consolidated statements of financial position.

Hedging instrument	Notional principal amount	Carrying amount (Assets)	Carrying amount (Liabilities)	Recognized in consolidated statements of financial position
Forward exchange contracts				
(Short position)	**7,598 thousand USD**	**—**	**46 million JPY**	**Other financial liabilities**
	441 thousand EUR			
Forward exchange contracts				
(Long position)	**13,000 thousand USD**	**49 million JPY**	**—**	**Other financial assets**
Currency swaps				
(Short position)	**80,015,400 thousand JPY**	**1,023 million JPY**	**—**	**Other financial assets**

The following table shows the effect of the hedged items designated as hedges on the consolidated statements of financial position.

(Millions of yen)

Hedged item	Cash flow hedges
Forecast transactions related to sales of inventories	**(32)**
Forecast transactions related to purchases of inventories	**33**

The hedge relationship above affected the profit or loss and other comprehensive income as follows:
Other than the above, cash flow hedge is applied to intercompany monetary items between consolidated companies, but the hedged items are eliminated in the consolidated statements of financial position.
There was no material ineffective portion of the hedge for the fiscal year ended March 31, 2024.

(Millions of yen)

Hedged item	Gains (losses) recognized in other comprehensive income	Reclassified from cash flow hedges to profit or loss	Reclassification recognized in	Basis adjustments from cash flow hedges
Forecast transactions related to sales of inventories	**33**	**(60)**	**Other operating income**	**—**
Forecast transactions related to purchases of inventories	**325**	**—**	**—**	**(304)**
Part of intercompany cash transactions denominated in foreign currencies between consolidated companies	**(7,123)**	**7,123**	**Financial expenses**	**—**

There was no reclassification from cash flow hedges to profit or loss because the forecast transaction was no longer expected to occur.
Of the cost of hedging related to intercompany receivables and payables denominated in foreign currencies between consolidated companies, ¥1,231 million was recognized as other comprehensive income and ¥(1,124) million was reclassified and accounted for as financial income.

Fiscal year ended March 31, 2023
The following table shows the effect of the hedging instruments designated as hedges on the consolidated statements of financial position.

Hedging instrument	Notional principal amount	Carrying amount (Assets)	Carrying amount (Liabilities)	Recognized in consolidated statements of financial position
Forward exchange contracts				
(Short position)	3,499 thousand USD 412 thousand EUR	—	7 million JPY	Other financial liabilities
Forward exchange contracts				
(Long position)	6,000 thousand USD	19 million JPY	—	Other financial assets
Currency swaps				
(Short position)	100,015,400 thousand JPY	1,109 million JPY	—	Other financial assets

The following table shows the effect of the hedged items designated as hedges on the consolidated statements of financial position.

(Millions of yen)

Hedged item	Cash flow hedges
Forecast transactions related to sales of inventories	5
Forecast transactions related to purchases of inventories	13

The hedge relationship above affected the profit or loss and other comprehensive income as follows:
Other than the above, cash flow hedge is applied to intercompany monetary items between consolidated companies, but the hedged items are eliminated in the consolidated statements of financial position.
There was no material ineffective portion of the hedge for the fiscal year ended March 31, 2023.

(Millions of yen)

Hedged item	Gains (losses) recognized in other comprehensive income	Reclassified from cash flow hedges to profit or loss	Reclassification recognized in	Basis adjustments from cash flow hedges
Forecast transactions related to sales of inventories	(91)	102	Other operating expenses	—
Forecast transactions related to purchases of inventories	11	—	—	0
Part of intercompany cash transactions denominated in foreign currencies between consolidated companies	(15,209)	15,209	Financial expenses	—

There was no reclassification from cash flow hedges to profit or loss because the forecast transaction was no longer expected to occur.
Of the cost of hedging related to intercompany receivables and payables denominated in foreign currencies between consolidated companies, ¥243 million was recognized as other comprehensive income and ¥(340) million was reclassified and accounted for as financial income.

2) Interest rate risk

The Group uses interest rate swaps to hedge interest rate risks from fluctuations of future cash flows arising from bonds and borrowings with variable interest rates.

Bonds and borrowings with variable interest rates are hedged by interest rate swaps to hedge interest payments on bonds and borrowings with variable interest rates per transaction. If the hedged bonds and borrowings with variable interest rates qualify for hedge accounting, cash flow hedge is applied. The Group designates the hedging relationship so that the hedged financial instruments' balance and the nominal principal of the hedging instrument would equal. In determining the effectiveness of the hedge, the economic relationship between the hedged item and the hedging instrument is assessed based on whether the hedging relationship is expected to be highly effective in offsetting changes in cash flows.

The degree of risk exposures of bonds and borrowings with variable interest rates under hedge accounting is as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Balance of borrowings with variable interest rates	**17,985**	**21,982**

The details of the balances of nominal principal of the hedging instruments by maturity and the average rates of the hedging instruments as of the end of each period are as follows:

As of March 31, 2024

	Balance by maturity (Millions of yen)			Average rate (%)	
	Within 1 year	Over 1 year	Total		
Interest-rate swaps					
Receivable/variable and pay/fixed	**4,000**	**14,000**	**18,000**	**Variable** **Fixed**	**0.0737** **1.2521**

As of March 31, 2023

	Balance by maturity (Millions of yen)			Average rate (%)	
	Within 1 year	Over 1 year	Total		
Interest-rate swaps					
Receivable/variable and pay/fixed	4,000	18,000	22,000	Variable Fixed	0.0503 1.1020

The status of cash flow hedge related to interest rate risk is as follows:

Fiscal year ended March 31, 2024
The following table shows the effect of the hedging instruments designated as hedges on the consolidated statements of financial position.

(Millions of yen)

Hedging instrument	Notional principal amount	Carrying amount (Assets)	Carrying amount (Liabilities)	Recognized in consolidated statements of financial position
Interest-rate swaps				
Receivable/variable and paid/fixed	**18,000**	**—**	**827**	**Other financial liabilities**

The following table shows the effect of the hedged items designated as hedges on the consolidated statements of financial position.

(Millions of yen)

Hedged item	Cash flow hedges
Borrowings with variable interest rates	**(574)**

Other than the above, there was a balance of ¥(420) million in cash flow hedges arising from the hedging relationships in which hedge accounting on corporate bonds was discontinued.

The hedge relationship above affected the profit or loss and other comprehensive income as follows:
There was no ineffective portion of the hedge for the fiscal year ended March 31, 2024.

(Millions of yen)

Hedged item	Gains (losses) recognized in other comprehensive income	Reclassified from cash flow hedges to profit or loss	Reclassification recognized in
Borrowings with variable interest rates	**111**	**170**	**Financial expenses**

Other than the above, there were a gain of ¥18 million recognized in other comprehensive income and a reclassification of ¥68 million from cash flow hedges to profit or loss, arising from the hedging relationships in which hedge accounting on corporate bonds was discontinued.

Fiscal year ended March 31, 2023
The following table shows the effect of the hedging instruments designated as hedges on the consolidated statements of financial position.

(Millions of yen)

Hedging instrument	Notional principal amount	Carrying amount (Assets)	Carrying amount (Liabilities)	Recognized in consolidated statements of financial position
Interest-rate swaps				
Receivable/variable and paid/fixed	22,000	—	1,232	Other financial liabilities

The following table shows the effect of the hedged items designated as hedges on the consolidated statements of financial position.

(Millions of yen)

Hedged item	Cash flow hedges
Borrowings with variable interest rates	(856)

Other than the above, there was a balance of ¥(507) million in cash flow hedges arising from the hedging relationships in which hedge accounting on corporate bonds was discontinued.

The hedge relationship above affected the profit or loss and other comprehensive income as follows:
There was no ineffective portion of the hedge for the fiscal year ended March 31, 2023.

(Millions of yen)

Hedged item	Gains (losses) recognized in other comprehensive income	Reclassified from cash flow hedges to profit or loss	Reclassification recognized in
Borrowings with variable interest rates	254	169	Financial expenses

Other than the above, there were a gain of ¥7 million recognized in other comprehensive income and a reclassification of ¥74 million from cash flow hedges to profit or loss, arising from the hedging relationships in which hedge accounting on corporate bonds was discontinued.

(4) Loss allowance for expected credit loss

1) Credit risk management practice

The Group recognizes a loss allowance for expected credit loss on financial assets measured at amortized cost.

In recognizing and measuring the loss allowance, the Group categorizes financial assets into three stages on the basis of existence of significant increase in the credit risk and credit impairment.

Stage 1: No significant increase in credit risk is indicated.
Stage 2: Significant increase in credit risk is indicated, but no credit impairment is indicated.
Stage 3: Both significant increase in credit risk and credit impairment are apparent.

A significant increase in credit risk refers to a significant increase in the risk of default occurring at the end of the period compared to the initial recognition. The Group determines the existence of a significant increase in credit risk mainly based on the principal and interest payment in arrears over 30 days, after consideration of the economic conditions of the debtor's industry and the possibility of future changes in debtor's solvency.

As for determining the default occurring, the Group makes assessment mainly based on significant financial difficulties of the debtor or issuer and the principal and interest payment in arrears over 90 days.

If it is determined that the default is occurring, an objective evidence of credit impairment exists, and such financial assets are classified as credit-impaired financial assets.

Irrespective of the three stages, when it is reasonably determined that all or part of a financial asset is not collectable, such as in the case of financial assets legally being extinguished, the carrying amount of the financial asset is directly written off.

In estimating the loss allowance, expected credit losses of certain financial assets are measured on a collective basis, and each group company individually sets its own grouping or sub-grouping of credit losses.

Expected credit loss is measured by the present value of the difference between the contractual cash flows, which is the amount the Group is entitled to receive per terms of contract, and the cash flows the Group expects to receive. When the credit risk on a financial asset has increased significantly since initial recognition, a loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses, and when the credit risk has not increased significantly, it is measured at an amount equal to the 12-month expected credit losses (general approach).

Irrespective of the above, for trade receivables without material financial components, the loss allowance is measured at an amount equal to the lifetime expected credit losses (simplified approach).

In measuring the 12-month and lifetime credit losses, the Group uses reasonable and substantiated information on the past events, current conditions and forecasts on future economic conditions, which is available without undue cost or effort at the reporting date. In measuring the expected credit loss on a collective basis, the actual rate of default from the past experiences may be used.

2) Loss allowance for expected credit loss and qualitative and quantitative information on financial assets for which loss allowance is recognized

Financial assets to which the general approach is applied

The following table shows balances of major items of financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income classified by the stage of credit risk in accordance with the Group's internal rules:

(Millions of yen)

	As of March 31, 2024			As of March 31, 2023		
	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses
Other receivables	**10,669**	**—**	**205**	10,368	—	186
Other financial assets	**19,179**	**—**	**—**	9,368	—	167
Long-term financial assets	**4,732**	**—**	**202**	5,632	—	14
Others	**1,819**	**—**	**—**	1,099	—	—

The amounts in the above table represent the maximum exposure (before deducting loss allowance for expected credit loss) to credit risk.

The following table shows the changes in the loss allowance shown above by classification.

(Millions of yen)

	Fiscal year ended March 31, 2024			Fiscal year ended March 31, 2023		
	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses	Stage 3 Lifetime expected credit losses
Balance at the beginning of the year	**124**	**—**	**368**	103	—	354
Increase	**88**	**—**	**210**	28	—	167
Decrease	**(129)**	**—**	**(170)**	(0)	—	(160)
Stage change	**—**	**—**	**—**	(7)	—	—
Exchange differences on translation	**20**	**—**	**(0)**	0	—	7
Balance at the end of the year	**105**	**—**	**408**	124	—	368

Financial assets to which the simplified approach is applied

The following table shows the classification of credit risk in accordance with the Group's internal rules, and the balance of financial assets measured at amortized cost.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023
Credit risk: Low	**173,848**	153,369
Credit risk: Medium	**297**	132
Credit risk: High	**337**	225
Total	**174,484**	153,727

The amounts in the above table represent the maximum exposure (before deducting loss allowance for expected credit loss) to credit risk.

The level of credit risk (low, medium, high) is determined by reference to the categories of three stages (Stage 1, 2, 3). See "1) Credit risk management practice."

The following table shows the changes in the loss allowance shown above.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Balance at the beginning of the year	**906**	1,376
Increase	**407**	189
Decrease	**(254)**	(583)
Exchange differences on translation	**60**	(76)
Balance at the end of the year	**1,119**	906

3) Credit enhancement

The Group obtains insurance and collateral in the form of marketable securities and guarantee deposits as a credit enhancement for certain trade receivables and loans.

In estimating the loss allowance, the amount of credit enhancement, such as collateral, is deducted from the loss allowance.

The following table shows the status of credit enhancement on credit-impaired financial assets by classification at the end of each period.

(Millions of yen)

	As of March 31, 2024		As of March 31, 2023	
	Financial assets under general approach (Other receivables)	Financial assets under simplified approach	Financial assets under general approach (Other receivables)	Financial assets under simplified approach
Credit-impaired financial assets	**408**	**337**	368	225
Credit enhancement, including collateral held	**—**	**—**	—	—

38. Fair Value

(1) Assets and liabilities measured at fair value on a recurring basis

Financial instruments measured at fair value on a recurring basis after the initial recognition are categorized into three levels of the fair value hierarchy depending on the observability and significance of the inputs used for the fair value measurement.

Each level of fair value hierarchy is defined as follows:
Level 1: Fair values measured at quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Fair values measured using direct or indirect observable inputs other than those of level 1; and
Level 3: Fair values measured using unobservable inputs

When two or more inputs are used for the measurement of fair value, the level of fair value measurement is determined based on the lowest level input that is significant to the entire measurement.

The details of assets and liabilities measured at fair value on a recurring basis at the end of each period are as follows; provided that any transfer between the levels of fair value hierarchy is recognized at the end of the period in which the transfer is made.

As of March 31, 2024

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Derivative assets				
Currency related	–	2,206	–	2,206
Interest rate and currency related	–	2,169	–	2,169
Debt instruments	–	352	85	437
Financial assets measured at fair value through other comprehensive income				
Equity instruments	27,630	987	19,572	48,190
Total assets	27,630	5,716	19,658	53,004
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities				
Currency related	–	1,098	–	1,098
Interest rate related	–	827	–	827
Total liabilities	–	1,926	–	1,926

For assets and liabilities held as of the end of the period, there were no transfers between level 1 and level 2.

As of March 31, 2023

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through profit or loss				
Derivative assets				
Currency related	—	2,199	—	2,199
Interest rate and currency related	—	1,777	—	1,777
Debt instruments	—	361	1,595	1,956
Financial assets measured at fair value through other comprehensive income				
Equity instruments	27,556	757	16,939	45,253
Total assets	27,556	5,095	18,534	51,186
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities				
Currency related	—	998	—	998
Interest rate related	—	1,232	—	1,232
Total liabilities	—	2,230	—	2,230

For assets and liabilities held as of the end of the period, there were no transfers between level 1 and level 2.

Valuation techniques and inputs used in fair value measurement of each classification of financial instruments are as follows:

Derivative assets and liabilities

Derivative assets and liabilities classified as level 2 of the fair value hierarchy are over-the-counter derivatives, and their fair values are measured using observable inputs, including interest rates and foreign exchange rates.

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income classified as level 3 of the fair value hierarchy include non-marketable securities, and are measured mainly by the comparable peer company analysis and other valuation techniques. Fair values are subject to change due to changes in comparable values of PER of peer companies.

No significant change in fair value is expected even if unobservable inputs are replaced with reasonably possible alternative assumptions.

Changes in level 3 assets and liabilities measured at fair value on a recurring basis are as follows:

Fiscal year ended March 31, 2024

(Millions of yen)

	Balance at the beginning of the year	Other comprehensive income	Increase due to purchases	Decrease due to sales	Balance at the end of the year
Equity instruments	**16,939**	**1,509**	**1,229**	**(104)**	**19,572**

Fiscal year ended March 31, 2023

(Millions of yen)

	Balance at the beginning of the year	Other comprehensive income	Increase due to purchases	Decrease due to sales	Balance at the end of the year
Equity instruments	16,575	78	294	(9)	16,939

The amount recognized in other comprehensive income is included in “Net gain on revaluation of financial assets measured at fair value through other comprehensive income” in the consolidated statements of comprehensive income.

Other than the above, there was no material fair value change with respect to the level 3 debt instruments for the fiscal years ended March 31, 2024 and 2023, respectively.

There were no transfers between levels for the fiscal years ended March 31, 2024 and 2023, respectively.

With respect to the valuation process of fair value measurement of level 3 financial instruments, the finance division measures the fair value on a quarterly basis in accordance with the valuation policies and procedures approved by the head of the finance division.

(2) Assets and liabilities measured at fair value on a non-recurring basis

The details of assets and liabilities measured at fair value on a non-recurring basis as of the end of the fiscal years ended March 31, 2024 and 2023 are presented in Note 13 “Impairment of Non-financial Assets.”

(3) Fair values of financial instruments measured at amortized cost

The details of the carrying amounts and fair values of financial instruments measured at amortized cost as of the end of the period are as follows:

As of March 31, 2024

(Millions of yen)

		Fair value
	Carrying amount	Level 2
Assets		
Debt instruments	**4,564**	**4,551**
Total	**4,564**	**4,551**
Liabilities		
Corporate bonds	**149,626**	**146,494**
Long-term borrowings	**104,598**	**104,757**
Total	**254,225**	**251,251**

As of March 31, 2023

(Millions of yen)

		Fair value
	Carrying amount	Level 2
Assets		
Debt instruments	5,553	5,522
Total	5,553	5,522
Liabilities		
Corporate bonds	119,696	118,928
Long-term borrowings	119,548	119,937
Total	239,245	238,865

Financial assets and liabilities other than the above are not included as they are equal to or approximate their carrying amounts.

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

Debt instruments
Fair values are determined by discounting the sum of the redemption at maturity and the total interests using the assumed interest rate applicable if a similar debt instrument was newly acquired.

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 with 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 Group's credit standing has not significantly changed since the initial borrowing, and thus considered to approximate the carrying amounts.

39. Related Parties

(1) Transactions with related parties

Transactions between the Company and its related parties are as follows:

Transactions with subsidiaries are not included as they are eliminated on consolidation.

Fiscal year ended March 31, 2024
There were no significant transactions.

Fiscal year ended March 31, 2023

(Millions of yen)

Type	Name	Relationship with related party	Details of transaction	Transaction amount	Outstanding balance
Officer and its close relatives	Gwinnett Bompas	Former Executive Officer of the Company	Compensation for early termination of employment contracts	396	396

* Mr. Gwinnett Bompas served as an executive officer of the Company while maintaining his employment contract as an employee of S.A. Ajinomoto OmniChem N.V. ("AOC"). He retired from his position as an executive officer of the Company on June 23, 2022, and his employment contract with AOC terminated on March 31, 2023. The amount payable to him by AOC was recorded in "Other operating expenses" in consolidated statements of income, which was fully paid on April 7, 2023.

(2) Management remuneration

Remuneration for the management of the Group is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Short-term employee benefits		
Basic compensation	**926**	834
Performance-based compensation	**523**	368
Total	**1,449**	1,202

Short-term employee benefits comprise basic compensation and performance-based compensation, which are calculated per respective calculation formula.

Other than the above, share-based payment of ¥531 million and ¥286 million were recognized in the fiscal years ended March 31, 2024 and 2023, respectively.

40. Business Combinations

Fiscal year ended March 31, 2024
The Company acquired all equities of Forge Biologics Holdings, LLC ("Forge"), a US-based gene therapy CDMO, through its subsidiary, Ajinomoto North America Holdings, Inc. on December 21, 2023 (US local time), and Forge and its five subsidiaries became consolidated subsidiaries of the Company.

Under the Medium-Term ASV Initiatives 2030 Roadmap announced in February 2023, the Company has set four growth areas leveraging the strengths of "AminoScience," and Healthcare is one of these areas. Through this acquisition, integration of the Ajinomoto Group's unique "AminoScience" technology platform with Forge's gene therapy CDMO platform will aim to achieve an early realization of the roadmap by opening up new treatment options for rare disease patients and building a robust business foundation in the advanced therapy field. In addition, envisioning progress up to 2050, entering this next-generation business of transformational medicines will enable the Company to promote transition into higher-value-added business, and to expedite growth in the healthcare business and increased profitability based on the technologies and customers cultivated so far.

1) Impact on Ajinomoto Group's business results

Forge's sales and net loss included in the Consolidated Statements of Income for the fiscal year ended March 31, 2024, were US$7 million (¥1,010 million) and US$15 million (¥2,249 million), respectively. Assuming the business combination had been implemented at the beginning of the fiscal year ended March 31, 2024, sales and net loss would have been US$34 million (¥4,862 million) and US$77 million (¥11,048 million), respectively (non-audited).

2) Fair value of consideration transferred at the date of acquisition

	Amount
Cash	US$547 million (¥78,567 million)

Notes
1. Acquisition-related expenses of ¥1,290 million associated with the business combination by cash consideration are included in general and administrative expenses.
2. US$1 = ¥143.48 (exchange rate at the time of the acquisition)
3. The post-acquisition price adjustment has been completed, and the amount of consideration for the acquisition has been fixed.

3) Cash out due to acquisition of subsidiaries

	Amount
Cash used in acquisition	US$545 million (¥78,318 million)
Cash and cash equivalents of acquired subsidiaries	US$27 million (¥3,952 million)
Cash out due to the acquisition of subsidiaries	US$518 million (¥74,366 million)

Note: In addition, the Company plans to pay US$1 million (¥249 million) in price adjustment per agreement.

4) Fair value of assets acquired and liabilities assumed and goodwill

(Millions of yen)

	Amount
Current assets	8,429
Cash and cash equivalents	3,952
Trade and other receivables	1,049
Inventories	2,402
Others	1,025
Non-current assets	48,949
Property, plant and equipment	16,422
Intangible assets	32,287
Others	239
Total assets	57,379
Current liabilities	15,433
Trade and other payables	2,770
Short-term borrowings	8,668
Others	3,994
Non-current liabilities	8,475
Deferred tax liabilities	7,981
Others	494
Total liabilities	23,909
Non-controlling interests	(1,516)
Total equity less non-controlling interests (A)	34,986
Fair value of total consideration transferred at the date of acquisition (B)	78,567
Goodwill (C) = (B) – (A)	43,581

The measurement of the acquisition-date fair value of assets acquired and the liabilities assumed has not been completed, and they are provisionally calculated based on the information available at the current time. At the end of the fiscal year ended March 31, 2024, the measurement of their acquisition-date value was partially revised, which increased intangible assets and deferred tax liabilities ¥31,924 million and ¥7,981 million, respectively, and decreased goodwill ¥23,165 million.

Non-controlling interest is calculated by multiplying the fair value of the identifiable net assets of the acquired company by the ratio of non-controlling shareholders' equity to shareholders' equity. Goodwill mainly consists of synergies with existing businesses and excess profitability that are expected to result from the acquisition.

5) Fair value of acquired receivables, contractual receivables and expected uncollectible amounts

The trade and other receivables acquired mainly consist of trade receivables with a fair value of US$7 million (¥1,049 million). The total contractual amount is US$7 million (¥1,049 million), of which no amounts are expected to be uncollectible.

Fiscal year ended March 31, 2023

No applicable items.

41. Material Subsequent Events

(Retirement of treasury stock)
The Company made a resolution at a meeting of its Board of Directors held on April 19, 2024, on matters pertaining to the retirement of treasury stock based on the provisions of Article 178 of the Companies Act, and carried out the retirement of treasury stock.

The number of retired shares are 5,699,700 shares of 7,003,300 shares repurchased in the market through the Tokyo Stock Exchange between November 29, 2023, and March 7, 2024. This excludes 1,303,600 shares, 0.25% of total shares outstanding, to be held as treasury stock.

(1) Class of retired shares	Common stock
(2) Number of retired shares	5,699,700 (1.09% of total shares outstanding before the retirement)
(3) Number of shares not retired but held	1,303,600 (0.25% of total shares outstanding before the retirement)
(4) Date of the retirement	May 27, 2024

Reference: Total number of outstanding shares after retirement is 515,731,154.

(Acquisition of treasury stock)
At a meeting of the Board of Directors held on May 9, 2024, the Company passed a resolution on matters related to the acquisition of treasury stock in accordance with the provisions of Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same act.

1. Reason for Acquisition of Treasury Stock

The purpose of the acquisition is to improve the level of shareholder returns and capital efficiency.

2. Details of matters related to the acquisition

(1) Type of shares to be acquired	Common stock
(2) Total number of shares to be acquired	12.5 million (upper limit) (2.44% of the total number of shares issued (excluding treasury stock)
(3) Total amount of shares to be acquired	¥50 billion (upper limit)
(4) Acquisition period	From May 10, 2024 to August 30, 2024
(5) Acquisition method	(a) Trading through Off-auction own share repurchase on Tokyo Stock Exchange Trading Network System (ToSTNet-3) (b) Market purchase on the Tokyo Stock Exchange
(6) Other	All of the treasury stock acquired through this acquisition will be retired, except some portion, by resolution of the Board of Directors in accordance with the provisions of Article 178 of the Companies Act.*

* On May 11, 2023, the Company resolved to hold the acquired treasury stock with the maximum of approximately 1% of the total number of shares issued. For the treasury stock acquired this time, the Company has decided to hold approximately 0.25% of the total number of shares issued instead of retiring them.

The treasury stock was acquired on May 10, 2024 through (a) Trading through Off-auction own share repurchase on Tokyo Stock Exchange Trading Network System (ToSTNet-3) in (5) Acquisition method.

(1) Type of shares acquired	Common stock
(2) Total number of shares acquired	2.5 million shares (Approximately 0.5% of the total shares issued (excluding treasury stock))
(3) Total amount of shares acquired	¥14,397.5 million (¥5,759 per share)

After completing the repurchase though (a) ToSTNet-3, the Company will continue to repurchase the treasury stock though (b) Market purchase on the Tokyo Stock Exchange up to the total number of shares and the total amount to be repurchased as resolved by the Board of Directors on May 9, 2024 deducted by the number of shares and the amount already repurchased through (a) ToSTNet-3.

(2) Other

Quarterly information for the fiscal year ended March 31, 2024

(Cumulative period)	3 months ended Jun. 30	6 months ended Sept. 30	9 months ended Dec. 31	12 months ended Mar. 31
Sales (Millions of yen)	339,521	688,004	1,067,645	1,439,231
Profit before income taxes (Millions of yen)	39,596	70,125	114,444	142,043
Profit attributable to owners of the parent company (Millions of yen)	27,220	46,457	77,602	87,121
Basic earnings per share (Yen)	51.77	88.80	148.64	167.44

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	51.77	36.99	59.95	18.46

Non-Consolidated Balance Sheet

Ajinomoto Co., Inc.

	As of March 31, 2024	As of March 31, 2023 (Reference)
Assets		
I Current assets	**277,016**	**245,157**
Cash on hand and in banks	32,637	6,979
Notes receivable	3,544	3,944
Accounts receivable	95,290	91,057
Goods and products	45,180	41,202
Goods in process	760	512
Raw materials and supplies	5,556	4,953
Prepaid expenses	7,709	6,766
Short-term loans receivable	34,672	40,643
Current portion of long-term loans receivable	—	167
Receivables	41,432	43,448
Corporate tax receivable	13,280	9,247
Others	2,157	3,175
Allowance for doubtful accounts	(5,204)	(6,941)
II Fixed assets	**854,958**	**728,777**
1. Tangible fixed assets	**98,845**	**97,654**
Buildings	120,072	118,556
Structures	18,101	17,573
Machinery and equipment	121,064	120,265
Vehicles and transporting equipment	167	169
Tools, furniture and fixtures	38,054	37,548
Land	12,235	12,235
Leased assets	3,109	3,109
Construction in progress	5,482	3,715
Accumulated depreciation and accumulated impairment losses	(219,442)	(215,517)
2. Intangible fixed assets	**31,721**	**34,806**
Patents	29	29
Leaseholds	2,680	2,680
Trademark	16,486	17,809
Software	11,016	12,440
Software in progress	1,507	1,845
Others	1	1
3. Investments and other assets	**724,391**	**596,316**
Investments in securities	31,271	32,281
Investments in stock of subsidiaries and affiliates	593,632	471,594
Investments in capital	37	38
Investments in capital of subsidiaries and affiliates	74,655	74,684
Long-term loans receivable	187	—
Long-term prepaid expenses	903	957
Pre-paid pension expense	22,969	15,860
Others	970	945
Allowance for doubtful accounts	(235)	(46)
Total assets	**1,131,974**	**973,935**

(Millions of yen)

	As of March 31, 2024	As of March 31, 2023 (Reference)
Liabilities		
I Current liabilities	**455,627**	**332,105**
Accounts payable	99,693	88,549
Short-term borrowings	218,180	162,624
Commercial paper	53,000	—
Current portion of bonds	—	20,000
Current portion of long-term borrowings	31,399	11,399
Lease liabilities	232	232
Other payables	19,841	17,190
Accrued expenses	30,434	27,773
Accrued income taxes	193	224
Accrued bonuses for directors and corporate executive officers	493	343
Provision for shareholder benefit program	343	353
Provision for directors’ stock benefits	33	561
Provision for performance-based bonuses	195	374
Provision for special incentive for employee stock ownership association	—	1,546
Provision for environmental measures	137	232
Others	1,448	697
II Long-term liabilities	**271,275**	**248,671**
Corporate bonds	150,000	120,000
Long-term borrowings	94,782	106,041
Deferred tax liabilities	8,900	5,342
Lease liabilities	2,893	3,126
Provision for directors’ stock benefits	373	—
Provision for environmental measures	400	537
Provision for loss on business of subsidiaries and affiliates	519	—
Asset retirement obligations	266	30
Guarantee deposits received	11,343	11,252
Others	1,795	2,342
Total liabilities	**726,903**	**580,777**
Net Assets		
I Shareholders’ equity	**392,161**	**382,163**
1. Common stock	**79,863**	**79,863**
2. Capital surplus	**4,274**	**4,274**
Additional paid-in capital	4,274	4,274
3. Retained earnings	**357,187**	**299,366**
(1) Legal reserve	16,119	16,119
(2) Other retained earnings	341,067	283,247
Reserve for advanced depreciation of fixed assets	4,643	4,841
Retained earnings brought forward	336,424	278,405
4. Treasury stock	**(49,164)**	**(1,342)**
II Valuation, translation adjustments and others	**12,910**	**10,994**
1. Unrealized holding gain on securities	**13,330**	**11,483**
2. Unrealized gain (loss) from hedge instruments	**(420)**	**(489)**
Total net assets	**405,071**	**393,157**
Total liabilities & net assets	**1,131,974**	**973,935**

Non-Consolidated Statement of Income

Ajinomoto Co., Inc.

(Millions of yen)

		Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023 (reference)
I	**Net sales**	**307,289**	**294,270**
II	**Cost of sales**	**182,688**	**177,790**
	Gross profit	**124,600**	**116,480**
III	**Selling, general and administrative expenses**	**132,458**	**132,079**
	Operating income (loss)	**(7,857)**	**(15,599)**
IV	**Non-operating income**	**170,324**	**128,724**
	Interest income	1,663	430
	Dividend income	163,675	125,021
	Others	4,984	3,272
V	**Non-operating expenses**	**12,340**	**12,043**
	Foreign exchange loss	4,083	2,006
	Interest expense	3,080	2,987
	Cost of lease revenue	2,521	2,692
	Allowance for doubtful accounts	107	1,414
	Others	2,547	2,942
	Ordinary income	**150,126**	**101,081**
VI	**Extraordinary gains**	**5,914**	**11,875**
	Gain on sale of investment securities	5,794	1,160
	Gain on sale of fixed assets	0	7,192
	Others	120	3,523
VII	**Extraordinary losses**	**9,186**	**4,373**
	Loss on extinguishment of debt of subsidiaries and affiliates	4,573	—
	Loss on disposal of fixed assets	2,586	2,346
	Provision for loss on business of subsidiaries and affiliates	519	—
	Loss on valuation of stocks of subsidiaries and affiliates	100	964
	Others	1,407	1,061
	Net income before income taxes	**146,853**	**108,584**
	Income taxes—current	4,470	(1,811)
	Income taxes—deferred	2,663	3,146
	Net income	**139,720**	**107,249**

Non-Consolidated Statement of Changes in Net Assets

Ajinomoto Co., Inc.

(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						
Beginning balance	79,863	4,274	—	4,274	16,119	283,247	299,366	(1,342)	382,163	11,483	(489)	10,994	393,157
Changes in fiscal year ended March 31, 2024													
Dividends from retained earnings						(38,837)	(38,837)		(38,837)				(38,837)
Net income						139,720	139,720		139,720				139,720
Purchase of treasury stock								(91,341)	(91,341)				(91,341)
Disposal of treasury stock			0	0				456	456				456
Retirement of treasury stock			(43,062)	(43,062)				(43,062)	—				—
Transfer of negative amount of other capital surplus			43,062	43,062		(43,062)	(43,062)		—				—
Net changes in items other than those in shareholders' equity										1,846	69	1,916	1,916
Total changes in fiscal year ended March 31, 2024	—	—	—	—	—	57,820	57,820	(47,822)	9,997	1,846	69	1,916	11,913
Ending balance	79,863	4,274	—	4,274	16,119	341,067	357,187	(49,164)	392,161	13,330	(420)	12,910	405,071

Note: Details of other retained earnings:

(Millions of yen)

	Reserve for advanced depreciation of fixed assets	Retained earnings brought forward	Total
Beginning balance	4,841	278,405	283,247
Changes in fiscal year ended March 31, 2024			
Dividends from retained earnings		(38,837)	(38,837)
Reversal of other retained earnings	(198)	198	—
Net income		139,720	139,720
Transfer of negative amount of other capital surplus		(43,062)	(43,062)
Total changes in fiscal year ended March 31, 2024	(198)	58,018	57,820
Ending balance	4,643	336,424	341,067

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 price is available are stated at market price at the fiscal year end and the changes in market price, 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 price is not available are stated at cost determined by the moving-average method.

2. Derivative instruments

Derivative instruments are carried out at fair value. However, special treatment is 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. 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. Reserves

(1) Allowance for doubtful accounts:
Allowance for doubtful accounts is recorded for possible bad debts at the amount estimated based on historical bad debts experience for general receivables and by reference to the individual collectability of specific doubtful receivables.

(2) Accrued bonuses for directors and corporate executive officers
In preparation for the payment of bonuses to directors and corporate executive officers, the Company has provided an allowance for expected payment for services during 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 recorded 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) 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 recorded an allowance for the expected amount of obligations at the end of the fiscal year in accordance with internal rules.

(6) Provision for performance-based bonuses

In preparation for the payment of performance-based bonuses to certain employees, including foreign nationals, the Company has recorded the estimated amount of such payments for the current fiscal year.

(7) Provision for special incentive for employee stock ownership association

In preparation for the payment of special incentives to members of the employee stock ownership association, the amount to be borne for the current fiscal year has been recorded.

(8) Allowance for environmental measures

In preparation for payment for environmental measures, an allowance for the amount of costs expected to be incurred has been recorded.

(9) Provision for loss on business of subsidiaries and affiliates

In preparation for losses relating to the business of subsidiaries and affiliates, the Company recognized the provision for the estimated amount of such losses expected, taking into consideration the financial position and other factors of those subsidiaries and affiliates.

6. Standards for revenue recognition

The Company recognizes revenue, excluding interest and dividend income, etc., upon transfer of promised goods or services to customers in amounts that reflect the consideration to which the Company 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 Company derives revenues primarily from the sale of seasonings, food products, and amino acids for medical and food use. Under the sales contracts for these products, the Company recognizes revenue upon delivery of goods that satisfy performance obligations.

7. 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 recognized in profit or loss.

8. 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

Hedging instruments	Hedged items
Interest rate swaps	Interest on corporate bonds and borrowings
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 that are 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.

9. 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 Method

(Notes to statement of income)

1. “Gain on sale of investment securities” (¥1,160 million in the previous fiscal year), which was included in “Others” under “Extraordinary gains” in the previous fiscal year, is presented as a separate line item in the current fiscal year because its materiality has increased.
2. “Gain on reversal of allowance for contract loss” (no occurrence in the current fiscal year), which was presented as a separate item under “Extraordinary gains” in the previous fiscal year, is included in “Other” under “Extraordinary gains” from the current fiscal year because its amount has become immaterial.
3. “Loss on valuation of investment securities” (¥299 million in the current fiscal year) which was presented as a separate item under “Extraordinary losses”, in the previous fiscal year, is included in “Other” under “Extraordinary losses” from the current fiscal year because its amount has become immaterial.

Notes to Accounting Estimates

Accounting estimates are reasonable estimates based on information available at the time of preparation of the consolidated financial statements. Of the amounts recorded in the consolidated financial statements for the current fiscal year that are based on accounting estimates, the following items have the risk of having a material impact on the financial statements for the following fiscal year.

1. Valuation of shares in subsidiaries and affiliates

(1) Amounts recorded in the financial statements of the current fiscal year

Shares in subsidiaries and affiliates with no market price	¥593,632 million

(2) Other information relevant to the use of accounting estimates in the financial statements

If the substantive value of shares in subsidiaries and affiliates declines significantly due to deterioration in their financial position, a write-down is recognized unless the possibility of recovery is supported by sufficient evidence. The substantive value is calculated based on the net asset values obtained from subsidiaries and affiliates, also considering differences from the market price of assets, etc.

The calculation of actual value and the determination of recoverability are mainly influenced by management's judgment regarding the rationality of the business plan of the applicable companies, which involves future uncertainties that may impact the financial position and financial performance of the following fiscal year.

Notes to Balance Sheet

Monetary receivables and payables to subsidiaries and affiliated companies

Short-term monetary receivables	¥112,561 million
Long-term monetary receivables	¥369 million
Short-term monetary payables	¥199,321 million
Long-term monetary payables	¥2,117 million

Notes to Statement of Income

Transactions with subsidiaries and affiliated companies

Transaction amount with respect to operating transactions

Sales	¥69,199 million
Purchasing	¥92,820 million
Supply of raw ingredients	¥59,749 million
Other Operating transactions	¥27,607 million
Transaction amount with respect to non-operating transactions	¥174,633 million

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:	8,864,260 shares

Notes on Securities

Stocks of subsidiaries and affiliated companies

(Millions of yen)

Category	Book value	Fair value	Variance
Stock of subsidiaries	1,420	18,206	16,786
Stock of affiliated companies	8,239	17,564	9,325
Total	9,659	35,771	26,112

Note: Carrying amount of securities, etc. with no market price not included in the above

Category	Book value
Stock of subsidiaries	505,511
Stock of affiliated companies	78,461

Notes on Deferred Tax Accounting

1. The significant components of deferred tax assets and liabilities as of March 31, 2024 were as follows:

(Millions of yen)

Deferred tax assets:	
Loss on valuation of investment securities	**24,840**
Tax losses carried forward	**6,129**
Accrued bonuses	**2,409**
Allowance for doubtful account	**1,825**
Impairment losses	**1,507**
Period expense	**1,347**
Foreign tax credit carried forward	**798**
Depreciable assets, etc.	**644**
Loss from inventory revaluation	**149**
Accrued business taxes, etc.	**92**
Others	**870**
Gross deferred tax assets	**40,616**
Valuation allowance for loss carried forward	**(6,129)**
Valuation allowance for deductible temporary differences, etc.	**(27,513)**
Gross valuation allowance	**(33,643)**
Total deferred tax assets	**6,972**
Deferred tax liabilities:	
Reserve for advanced depreciation of fixed assets	**(2,834)**
Pre-paid pension expense	**(7,033)**
Unrealized holding gain on securities	**(5,877)**
Others	**(127)**
Total deferred tax liabilities	**(15,873)**
Net deferred tax liabilities	**(8,900)**

2. Accounting for corporate and local income taxes or tax effect accounting related to these taxes

The Company has adopted a group tax sharing system. Accounting treatment and disclosure of tax effect accounting related to corporate income taxes and local corporate income taxes are in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021).

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)	Item	Year-end balance (millions of yen)
Subsidiary	Ajinomoto Food Manufacturing Co., Ltd.	100% (directly)	Purchase and sale of said company's products by the Company; joint purchase and provision of raw materials to said company	Purchase of products, etc.[1]	98,384	Accounts payable	8,467
				Fee-based supply of raw materials, etc.[2]	71,984	Receivables	11,595
	Ajinomoto Frozen Foods Co., Inc.	100% (directly)	Purchase and sale of said company's products by the Company; joint purchase and provision of raw materials to said company; concurrent holding of corporate officer positions	Purchase of products, etc.[4]	788	Accounts payable	15,640
	Ajinomoto Engineering Corporation	100% (directly)	Subcontracting of operations to said company by the Company	Purchase of tangible fixed assets, etc.[5]	9,903	Other payables	6,121
	Ajinomoto Fine-Techno Co., Inc.	100% (directly)	Purchase of said company's products by the Company; subcontracting of said company's operations by the Company	Borrowing of funds[3]	—	Short-term borrowings	16,359
	Ajinomoto AGF, Inc.	100% (directly)	Purchase and sale of said company's products by the Company; concurrent holding of corporate officer positions	Purchase of products, etc.[4]	1,285	Accounts payable	20,335
				Fee-based supply of raw materials, etc.[2]	46,099	Receivables	13,866
	Ajinomoto Co., (Thailand) Ltd.	99.76% (directly and indirectly)	Purchase and sale of said company's products by the Company; purchase and sale of the Company's products by said company; concurrent holding of corporate officer positions	Borrowing of funds[6]	80,015	Short-term borrowings	80,015
				Repayment of funds[6]	90,015		
	Ajinomoto North America Holdings, Inc.	100% (directly)	Concurrent holding of corporate officer positions	Underwriting of capital increase[7]	113,872	—	—
	Ajinomoto Foods Europe S.A.S.	100% (directly and indirectly)	Purchase and sale of the Company's products by said company; concurrent holding of corporate officer positions	Lending of funds[6]	17,001	Short-term loans receivable	12,234
				Repayment of funds[6]	12,773		
	Ajinomoto Foods North America, Inc.	100% (indirectly)	Purchase and sale of the Company's products by said company; concurrent holding of corporate officer positions	Repayment of funds[3]	—	Short-term loans receivable	—
				Borrowing of funds[6]	16,818	Short-term borrowings	16,806

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

1. The purchase price of the products is determined by contract with consideration given to the manufacturing cost of Ajinomoto Food Manufacturing Co., Ltd. and the sales price to third parties.
2. For the fee-based supply of raw materials, the price is determined by reference to contract, with consideration given to market prices.
3. As the Company has 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 disclosed. Interest rates are decided in consideration of market rates.
4. 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 by netting sales and cost of goods sold, and therefore the disclosed amount is commission.
5. With respect to the purchase of tangible fixed assets, the price is determined by reference to contract, with consideration given to the purchase price of Ajinomoto Engineering Corporation and market prices.
6. With respect to borrowing and lending of funds, interest rates are determined by reference to market interest rates.
7. The capital increase was underwritten as an in-kind contribution of loans using the debt-equity swap method.

Notes regarding Revenue Recognition

Information on the basis for understanding revenue has been omitted because the same information is presented in the Notes to Consolidated Financial Statements, except for the frozen foods business, for which the Company acts as an agent.

Notes regarding Per Share Information

Net assets per share:	¥790.28
Net income per share:	¥268.52
Diluted net income per share:	¥268.47

Notes on Significant Subsequent Events

Retirement of shares

The Company resolved at the meeting of the Board of Directors held on April 19, 2024 to retire treasury stock pursuant to Article 178 of the Companies Act.

The number of shares to be retired is 5,699,700 shares excluding 1,303,600 shares, which is 0.25% of the total number of shares outstanding held as treasury stock, out of the 7,003,300 shares purchased in the market through the Tokyo Stock Exchange between November 29th, 2023 and March 7th, 2024.

(1) Class of shares to be retired	Common stock
(2) Total number of shares to be retired	5,699,700 (Percentage of total number of shares outstanding prior to the retirement: 1.09%)
(3) Number of shares held without retirement	1,303,600 (Percentage of total number of shares outstanding prior to the retirement: 0.25%)
(4) Planned retirement date	May 27, 2024

For reference: Following this retirement of shares, total shares outstanding will be 515,731,154.

Repurchase of own shares

Based on the resolution made at a meeting of the Board of Directors held on May 9, 2024, the Company will repurchase shares, in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of the Companies Act of Japan.

1. Reason for Repurchase

The purpose is to increase the level of shareholder returns and improve capital efficiency.

2. Details of repurchase

(1) Class of shares to be repurchased	Common stock
(2) Total number of shares to be repur-chased	12.5 million shares (maximum) (2.44% of total shares outstanding, excluding treasury stock
(3) Total amount to be paid for repurchase	¥50 billion (maximum)
(4) Period of repurchase	May 10, 2024 to August 30, 2024
(5) Method of repurchase	(1) Purchase through Off Auction Own Share Repurchase Trading (ToSTNeT-3) (2) Purchase in the market through the Tokyo Stock Exchange
(6) Other	The Company plans to retire all shares repurchased under this program by resolution of the Board of Directors, pursuant to the provisions of Article 178 of the Companies Act.

(Note) On May 11, 2023, the Company resolved to adopt a policy to hold approximately 1% of the total number of shares outstanding. The Company resolved not to retire approximately 0.25% of the total number of shares to be repurchased this time, but will hold them as treasury stock.

With regard to the abovementioned (1) Purchase through Off Auction Own Share Repurchase Trading (ToSTNeT-3), on May 10, 2024, the following repurchase of shares was conducted.

(1) Class of shares repurchased	Common Stock
(2) Total number of shares repur-chased	2.5 million shares of common stock (0.5% of total shares outstanding, excluding treasury stock)
(3) Total amount paid for repurchase	¥14,397,500,000 (¥5,759 per share)

Furthermore, after the completion of the above-mentioned repurchase through (1) Off Auction Own Share Repurchase Trading, the Company intends to continue the repurchase of its own shares on Tokyo Stock Exchange up to the total number of shares to be repurchased or the total amount to be repurchased minus the total number and total amount of shares acquired through (1) Off Auction Own Share Repurchase Trading, as resolved at the meeting of the Board of Directors held on May 9, 2024.

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 (the "System"), for the purpose of boosting the motivation of Directors (excluding Internal

Directors who are Members of the Audit Committee and Outside Directors) and Executive Officers (including those who concurrently serve as Directors) (excluding non-residents of Japan) (collectively the “Executive Officers, etc.”) to contribute towards the improvement of the Ajinomoto Group’s medium- and long-term business performance and enhancement of its corporate value.

The System is a performance-linked compensation plan under which Company shares and cash in the amount equivalent to the conversion value of Company shares are paid after the end of the three fiscal years beginning on April 1, 2023, based on an evaluation using predetermined evaluation indicators.

2. Company shares held by the Trust

Shares held by the Trust are recorded as treasury stock under net assets, based on the Trust’s book value (excluding expenses). At the end of the current fiscal year, the book value and total number of such treasury stock was ¥1,695 million and 409,900 shares respectively.

Major Subsidiaries and Associates

(As of March 31, 2024)

■ Consolidated subsidiaries ● Associates accounted for by the equity method ▲ Joint ventures

	Company Name	Country	Capital Stock (Thousands)	Ratio of Voting Rights (%)*1	Major Business	Details Related to the Company		
						Concurrent Officer Positions	Business Transactions	Facility/ Equipment Leasing
Japan								
■	AJINOMOTO FROZEN FOODS CO., INC. (Special subsidiary company)	Japan	JPY 9,537,650	100.0	Frozen Foods	Yes	The Company purchases and sells products and jointly purchases and supplies raw materials from this subsidiary.	The Company is a lessee of buildings, etc.
■	Ajinomoto Food Manufacturing Co., Ltd. (Special subsidiary company)	Japan	JPY 4,000,000	100.0	Seasonings, Solution & Ingredients, Quick Nourishment	No	The Company purchases and sells products and jointly purchases and supplies raw materials from this subsidiary.	The Company is a lessee of land and buildings and a lessor of land.
■	Ajinomoto AGF, Inc. (Special subsidiary company)	Japan	JPY 3,862,697	100.0	Quick Nourishment	Yes	The Company purchases and sells products from this subsidiary.	The Company is a lessee of buildings, etc.
■	AJINOMOTO HEALTHY SUPPLY CO., INC.	Japan	JPY 380,000	100.0	Other (Healthcare, etc.)	No	The Company purchases and sells products from this subsidiary, while this subsidiary also purchases and sells the Company's products.	No
■	AJINOMOTO ENGINEERING CORPORATION	Japan	JPY 324,500	100.0	Other	No	This subsidiary carries out the Company's operations.	The Company is a lessor of buildings, etc.
■	Ajinomoto Fine-Techno Co., Inc.	Japan	JPY 315,000	100.0	Functional Materials (Electronic Materials, etc.)	No	The Company purchases and sells this subsidiary's products and carries out this subsidiary's operations.	No
■	AJINOMOTO TRADING, INC.	Japan	JPY 200,000	100.0	Other (Healthcare, etc.)	No	This subsidiary purchases and sells the Company's products and purchases and supplies raw materials from the Company.	No
■	DELICA ACE CO., LTD.	Japan	JPY 200,000	100.0	Solution & Ingredients	No	No	The Company is a lessee of land, buildings, etc.
■	Ajinomoto Communications Co., Inc.	Japan	JPY 100,000	100.0	Other	No	This subsidiary carries out the Company's operations and purchases and sells the Company's products.	The Company is a lessee of buildings, etc.
■	Ajinomoto Financial Solutions, Inc.	Japan	JPY 100,000	100.0	Other	No	This subsidiary carries out the Company's operations.	No

	Company Name	Country	Capital Stock (Thousands)		Ratio of Voting Rights (%)[*1]	Major Business	Details Related to the Company		
							Concurrent Officer Positions	Business Transactions	Facility/ Equipment Leasing
■	AJINOMOTO BAKERY CO., LTD.	Japan	JPY	100,000	100.0	Solution & Ingredients	No	This subsidiary purchases raw materials from the Company.	No
■	GeneDesign, Inc.	Japan	JPY	59,900	100.0	Bio-Pharma Services (CDMO[*2] Services)	No	This subsidiary purchases and sells the Company's products.	No
■	Ajinomoto Digital Business Partners Co., Inc.	Japan	JPY	51,000	100.0	Other	No	This subsidiary carries out the Company's operations as an entrusted agent.	The Company is a lessor of buildings, etc.
■	SAPS CO., LTD.	Japan	JPY	50,000	100.0	Solution & Ingredients	No	This subsidiary purchases and sells the Company's products	No
■	Ajinomoto Direct Co., Inc.	Japan	JPY	10,000	100.0	Other (Healthcare, etc.)	No	The Company purchases and sells this subsidiary's products.	No
●	EA Pharma Co., Ltd.	Japan	JPY	9,145,000	40.0	Other	No	The Company manufactures this associate company's products and active pharmaceutical ingredients on contract.	The Company is a lessor of buildings, etc.
●	J-OIL MILLS, INC.	Japan	JPY	10,000,000	27.2	Other	Yes	The Company purchases and sells this associate company's products.	The Company is a lessee of buildings, etc.

Asia

	Company Name	Country	Capital Stock (Thousands)		Ratio of Voting Rights (%)[*1]	Major Business	Concurrent Officer Positions	Business Transactions	Facility/ Equipment Leasing
■	Ajinomoto SEA Regional Headquarters Co., Ltd.	Thailand	THB	2,125,000	100.0	Regional Headquarters	Yes	This subsidiary carries out the Company's operations.	No
■	AJINOMOTO COMPANY (THAILAND) LIMITED	Thailand	THB	796,362	99.8 (0.0)	Seasonings	Yes	The Company purchases and sells this subsidiary's products, while this subsidiary also purchases and sells the Company's products.	No
■	AJINOMOTO SALES (THAILAND) COMPANY LIMITED[*3]	Thailand	THB	50,000	100.0 (100.0)	Seasonings	No	This subsidiary purchases and sells the Company's products.	No
■	Ajitrade (Thailand) Co., Ltd.	Thailand	THB	10,000	100.0 (100.0)	Other (Healthcare, etc.) and Solution & Ingredients	No	This subsidiary purchases and sells the Company's products.	No
■	WAN THAI FOODS INDUSTRY CO., LTD.	Thailand	THB	60,000	60.0 (35.0)	Quick Nourishment	Yes	The Company purchases and sells this subsidiary's products.	No
■	AJINOMOTO BETAGRO FROZEN FOODS (THAI-LAND) CO., LTD.[*4]	Thailand	THB	764,000	50.0 (50.0)	Frozen Foods	No	No	No

Company Name	Country	Capital Stock (Thousands)		Ratio of Voting Rights (%)*1	Major Business	Details Related to the Company		
						Concurrent Officer Positions	Business Transactions	Facility/ Equipment Leasing
■ P.T. AJINOMOTO INDONESIA	Indonesia	USD	8,000	51.0	Seasonings	No	This subsidiary purchases the Company's products.	No
■ PT AJINOMOTO SALES INDONESIA	Indonesia	USD	250	100.0 (80.0)	Seasonings	No	This subsidiary purchases and sells the Company's products.	No
■ AJINOMOTO VIETNAM CO., LTD.	Vietnam	USD	50,255	100.0	Seasonings	Yes	This subsidiary purchases the Company's products.	No
■ AJINOMOTO (MALAYSIA) BERHAD	Malaysia	MYR	65,102	50.4	Seasonings	No	The Company purchases and sells this subsidiary's products, while this subsidiary also purchases and sells the Company's products.	No
■ AJINOMOTO PHILIPPINES CORPORATION	Philippines	PHP	665,444	95.0	Seasonings	Yes	This subsidiary purchases and sells the Company's products.	No
■ Ajinomoto (China) Co., Ltd. (Special subsidiary company)	China	USD	104,108	100.0	Other (Healthcare, etc.)	No	No	No
■ Shanghai Ajinomoto Seasoning Co., Ltd.	China	USD	27,827	100.0 (99.0)	Seasonings	No	This subsidiary purchases and sells the Company's products.	No
■ Shanghai Ajinomoto Trading Co., Ltd.	China	CNY	10,000	100.0 (100.0)	Amino Acids for Pharmaceuticals and Foods	No	This subsidiary purchases and sells the Company's products.	No
■ AJINOMOTO (HONG KONG) CO., LTD.	Hong Kong	HKD	5,799	100.0	Solution & Ingredients	No	This subsidiary purchases and sells the Company's products.	No
■ AJINOMOTO (SINGAPORE) PRIVATE LIMITED	Singapore	SGD	1,999	100.0	Solution & Ingredients	Yes	This subsidiary purchases and sells the Company's products.	No
■ AJINOMOTO (CAMBODIA) CO., LTD.	Cambodia	USD	11,000	100.0	Seasonings	No	No	No
■ Ajinomoto Korea Inc.	Korea	KRW	1,000,000	70.0	Seasonings, Quick Nourishment and Solution & Ingredients	No	This subsidiary purchases and sells the Company's products.	No
■ AJINOMOTO TAIWAN INC.	Taiwan	TWD	250,000	100.0	Seasonings	No	This subsidiary purchases and sells the Company's products.	No
■ Myanmar Ajinomoto Foods CO., LTD.	Myanmar	MMK	61,290,000	100.0	Seasonings	No	No	No

	Company Name	Country	Capital Stock (Thousands)		Ratio of Voting Rights (%)*1	Major Business	Details Related to the Company		
							Concurrent Officer Positions	Business Transactions	Facility/ Equipment Leasing
The Americas									
■	Ajinomoto North America Holdings, Inc. (Special subsidiary company)	United States	USD	0	100.0	Regional Headquarters	Yes	No	No
■	Forge Biologics, Inc. (Special subsidiary company)*5	United States	USD	63,168	100.0 (100.0)	Bio-Pharma Services (CDMO*2 Services)	Yes	This subsidiary carries out the Company's operations.	No
■	Ajinomoto Foods North America, Inc.*6	United States	USD	15,030	100.0 (100.0)	Frozen Foods	Yes	This subsidiary purchases and sells the Company's products.	No
■	Ajinomoto Health & Nutrition North America, Inc.	United States	USD	0	100.0 (100.0)	Solution & Ingredients, Other (Healthcare, etc.)	Yes	The Company purchases and sells this subsidiary's products, while this subsidiary also purchases and sells the Company's products.	No
■	Ajinomoto Althea, Inc.	United States	USD	0	100.0	Bio-Pharma Services (CDMO*2 Services)	Yes	This subsidiary carries out the Company's operations.	No
■	Ajinomoto Cambrooke, Inc.	United States	USD	34,280	100.0 (100.0)	Other (Healthcare, etc.)	Yes	No	No
■	AJINOMOTO DO BRASIL INDÚSTRIA E COMERCIO DE ALIMENTOS LTDA. (Special subsidiary company)	Brazil	BRL	913,298	100.0	Seasonings	Yes	The Company purchases and sells this subsidiary's products, while this subsidiary also purchases and sells the Company's products.	No
■	AJINOMOTO DEL PERÚ S.A.	Peru	PEN	45,282	99.6	Seasonings	Yes	This subsidiary purchases and sells the Company's products.	No
EMEA									
■	AJINOMOTO FOODS EUROPE S.A.S.	France	EUR	35,000	100.0 (0.0)	Solution & Ingredients	Yes	This subsidiary purchases and sells the Company's products.	No
■	S.A. AJINOMOTO OMNICHEM N.V.	Belgium	EUR	21,320	100.0 (0.0)	Bio-Pharma Services (CDMO*2 Services)	Yes	The Company purchases and sells this subsidiary's products, while this subsidiary also purchases and sells the Company's products.	No
■	AJINOMOTO FOODS NIGERIA LTD.	Nigeria	NGN	2,623,714	100.0	Seasonings	Yes	No	No
■	Ajinomoto Istanbul Food Industry And Trade Limited Company	Turkey	TRY	51,949	100.0	Seasonings	Yes	No	No
■	Ajinomoto Poland Sp. z o.o.	Poland	PLN	39,510	100.0	Quick Nourishment	Yes	No	No

	Company Name	Country	Capital Stock (Thousands)		Ratio of Voting Rights (%)*1	Major Business	Details Related to the Company		
							Concurrent Officer Positions	Business Transactions	Facility/ Equipment Leasing
■	Nualtra Ltd.	Ireland	EUR	0	100.0 (100.0)	Other (Healthcare, etc.)	Yes	No	No
■	Agro2Agri, S.L.	Spain	EUR	2,027	100.0 (100.0)	Other (Healthcare, etc.)	No	No	No
▲	Promasidor Holdings Limited	Bailiwick of Jersey	USD	0	33.3	Quick Nourishment	No	No	No

*1. Numbers in parentheses indicate indirect equity ownership.
*2. Contract Development and Manufacturing Organization
*3. The share of consolidated sales of AJINOMOTO SALES (THAILAND) COMPANY LIMITED (excluding intercompany sales) exceeds 10%.

Major financial statement line items (Millions of yen)

(1) Sales	¥150,991
(2) Operating profit	12,347
(3) Profit	10,399
(4) Total assets	29,756
(5) Total equity	19,233

*4. The percentage of voting rights held is less than 50%, but it is considered a subsidiary because it is effectively controlled by the Company.
*5. The entire equity interest of Forge Biologics, Inc. was acquired on December 21, 2023 (local time), making it a consolidated subsidiary.
*6. The share of consolidated sales of Ajinomoto Foods North America, Inc. (excluding intercompany sales) exceeds 10%.

Major financial statement line items (Millions of yen)

(1) Sales	¥173,655
(2) Operating profit	9,361
(3) Profit	6,440
(4) Total assets	186,468
(5) Total equity	113,339

Eat Well, Live Well.

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