

Ajinomoto Co., Inc.

Consolidated Results

IFRS

Nine Months Ended December 31, 2023

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

SUMMARY OF FINANCIAL STATEMENTS [IFRS] (Consolidated)

The nine-month results for the fiscal year ending March 31, 2024

Ajinomoto Co., Inc.

February 6, 2024

Stock Code: 2802	Stock exchange listing: Tokyo Stock Exchange
URL: https://www.ajinomoto.co.jp/company/	
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Representative Executive Officer & President	
Corporate Executive & General Manager	
Global Finance Department	
Scheduled date of submission of statutory quarterly financial report: February 9, 2024	
Scheduled date of starting payment of dividend: —	
Preparation of supplementary materials: Yes	
Results briefing: Yes	

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023

(1) Consolidated Operating Results

	Nine months ended December 31, 2023		Nine months ended December 31, 2022	
		Change %		Change %
Sales	1,067,645	4.0	1,026,721	20.2
Business profit	124,497	4.4	119,202	10.0
Profit before income taxes	114,444	2.9	111,246	(6.5)
Profit	84,824	4.9	80,826	(6.5)
Profit attributable to owners of the parent company	77,602	1.5	76,422	(6.3)
Basic earnings per share (yen)	¥148.64	—	¥142.59	—
Diluted earnings per share (yen)	¥148.61	—	¥142.58	—

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

Note: 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.

(2) Consolidated Financial Position

	As of	
	December 31, 2023	March 31, 2023
Total assets	1,785,526	1,511,734
Total equity	866,956	822,968
Equity attributable to owners of the parent company	805,939	768,676
Ownership ratio attributable to owners of the parent company (%)	45.1%	50.8%

2. Dividends

	Fiscal year ended March 31, 2023	Fiscal year ending March 31, 2024	Fiscal year ending March 31, 2024 (forecast)
Dividend per share			
Interim (yen)	¥31.00	¥37.00	
Year-end (yen)	¥37.00		¥37.00
Annual (yen)	¥68.00		¥74.00

Note: Revisions from the last forecast released: None

3. Forecast for the Fiscal Year Ending March 31, 2024

(Millions of yen)

	Fiscal year ending March 31, 2024	
		Change %
Sales.....	1,465,000	7.8
Business profit	150,000	10.8
Profit attributable to owners of the parent company.....	100,000	6.3
Basic earnings per share (yen).....	¥191.73	—

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

Note: Revisions from the last forecast released: None

Notes:

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in a change in consolidation scope): Yes

Added: Forge Biologics Holdings, LLC

Excluded: None

(2) Changes in accounting policies and accounting estimates

1) Changes in accounting policies as required by IFRS: None

2) Other changes in accounting policies: None

3) Changes in accounting estimates: None

(3) Number of shares outstanding (ordinary shares)

	Shares	
	As of December 31, 2023	As of March 31, 2023
Number of shares outstanding at end of period (including treasury stock)	521,430,854	529,798,154
Number of shares in treasury stock at end of period	2,537,597	495,714
	April 1, 2023 to December 31, 2023	April 1, 2022 to December 31, 2022
Average number of shares during period	522,071,565	535,964,727

Note: The number of shares in treasury stock at the end of the period includes the Company's shares held by the director's remuneration BIP trust (As of December 31, 2023: 409,900 shares. As of March 31, 2023: 373,400 shares), which was adopted along with the introduction of stock-based remuneration of executive officers based on the Company's medium-term earnings performance for the directors and others. In addition, these Company's shares are included in the treasury stock which is deducted from the number of shares outstanding at the end of the period when calculating the average number of shares during the period.

The summary of quarterly financial statements is not subject to quarterly review by certified public accountants or an audit firm.

Appropriate use of forecasts and other notes

Disclaimer regarding forward-looking statements and other information

Forward-looking statements, such as business forecasts, included in this document are based on management's estimates, assumptions, and projections at the time of release. These statements do not promise nor represent a commitment by the Company to achieve these forecasts. Actual operating results may differ significantly due to various factors. For more information regarding earnings forecasts, see page 6, "1. Qualitative Information on the Nine-month Consolidated Results, (1) Overview of Operating Results."

Where to obtain supplementary materials

Supplementary materials will be posted on the Company's website on Tuesday, February 6, 2024.

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1. Qualitative Information on the Nine-month Consolidated Results

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.

(1) Overview of Operating Results

In the nine months ended December 31, 2023, the Company's consolidated sales increased 4.0% year on year, or ¥40.9 billion, to ¥1,067.6 billion. This was due to increases in sales in the Seasonings and Foods segment and the Frozen Foods segment largely resulting from increases 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). Business profit increased 4.4% year on year, or ¥5.2 billion, to ¥124.4 billion primarily due to the increases in sales in the Seasonings and Foods segment and the Frozen Foods segment, despite the impact of lower sales in the Healthcare and Others segment and other factors. Profit attributable to owners of the parent company totaled ¥77.6 billion, up 1.5% year on year, or ¥1.1 billion, primarily due to higher business profit despite the impact from increased other operating expenses. The Company has not revised the full-year consolidated business performance forecast announced on November 6, 2023.

Overview by segment

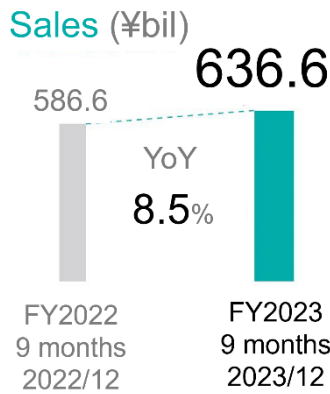
Sales and business profit by segment are summarized below.

	Versus previous year results						(Billions of yen)
	Sales			Business profit			
	FY2023 Nine Months	YoY change	% change	FY2023 Nine Months	YoY change	% change	
Seasonings and Foods	636.6	49.9	8.5 %	93.4	19.5	26.4 %	
Frozen Foods	210.1	10.0	5.0 %	10.0	8.2	465.9 %	
Healthcare and Others	209.5	(18.1)	(8.0)%	19.0	(23.1)	(54.9)%	
Other	11.2	(1.0)	(8.4)%	1.9	0.5	43.5 %	
Total	1,067.6	40.9	4.0 %	124.4	5.2	4.4 %	

	Versus the forecast						(Billions of yen)
	Sales			Business profit			
	FY2023 Nine Months	Forecast for the year	YTD progress	FY2023 Nine Months	Forecast for the year	YTD progress	
Seasonings and Foods	636.6	852.8	74.7%	93.4	105.7	88.4%	
Frozen Foods	210.1	291.4	72.1%	10.0	10.0	100.0%	
Healthcare and Others	209.5	302.2	69.4%	19.0	35.0	54.2%	
Other	11.2	18.5	60.5%	1.9	(0.8)	—	
Total	1,067.6	1,465.0	72.9%	124.4	150.0	83.0%	

1) Seasonings and Foods

In the Seasonings and Foods segment, sales increased 8.5% year on year, or ¥49.9 billion, to ¥636.6 billion, mainly because of increases in unit sales prices and the effect of currency translation. Segment business profit increased 26.4% year on year, or ¥19.5 billion, to ¥93.4 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.

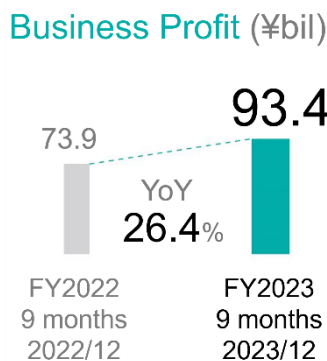
Overseas: Increase in revenue primarily due to increased sales and the impact of currency translation.

Quick Nourishment: Overall increase in revenue.

Japan: Increase in revenue primarily due to increased unit sales prices.

Overseas: Large increase in revenue primarily due to the impact of currency translation, increased unit sales prices, and increased quantity of instant noodles sold.

Solution & Ingredients: Increase in revenue primarily due to increased sales of food service products in Japan and impact of currency translation overseas.



Main factors affecting segment profits

Sauce & Seasonings: Overall large increase in profit.

Japan: Decrease in profit primarily 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.

Quick Nourishment: Overall decrease in profit.

Japan: Large decrease in profit due to the impact of cost increases, such as for raw materials, despite increased revenue.

Overseas: 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.

2) Frozen Foods

Frozen Foods segment sales increased 5.0% year on year, or ¥10.0 billion, to ¥210.1 billion, owing to the increase of unit sales prices, the effect of currency translation, and other factors. Segment business profit increased 465.9% year on year, or ¥8.2 billion, to ¥10.0 billion, because of increased revenue, the effects of structural reforms, and other factors.

Sales (¥bil)



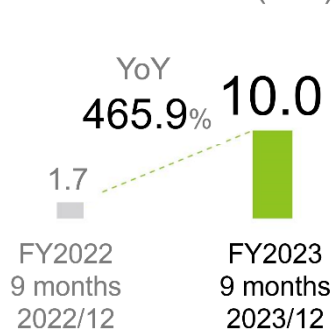
Main factors affecting segment profits

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.

Business Profit (¥bil)



Main factors affecting segment profits

Overall large increase in profit.

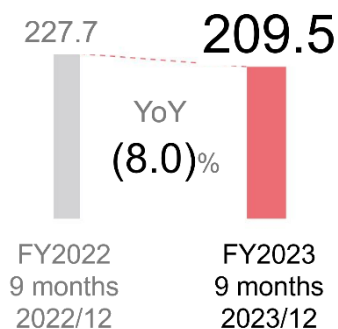
Japan: Increase in profit primarily due to the impact of increased unit sales prices and improved costs despite decreased revenue.

Overseas: Large increase in profit primarily due to the impact of increased revenue and structural reform.

3) Healthcare and Others

Healthcare and Others segment sales decreased 8.0% year on year, or ¥18.1 billion, to ¥209.5 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 54.9% year on year, or ¥23.1 billion, to ¥19.0 billion due to lower profit for both Functional Materials (electronic materials and others) and Bio-Pharma Services & Ingredients.

Sales (¥bil)



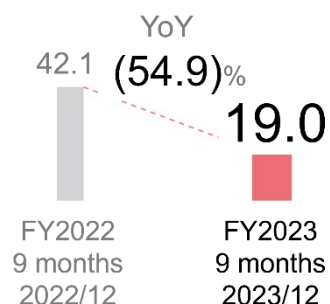
Main factors affecting segment sales

Bio-Pharma Services & Ingredients: Overall decrease in revenue due to decreased sales of amino acids for pharmaceuticals and foods.

Functional Materials (electronic materials and others): Large decrease in revenue due to decreased sales of electronic materials.

Others: Overall decrease in revenue.

Business Profit (¥bil)



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 large decrease in revenue.

Others: Overall large decrease in profit primarily due to strategic expenses.

4) Other

In the Other segment, sales decreased 8.4% year on year, or ¥1.0 billion, to ¥11.2 billion. Segment business profit increased 43.5% year on year, or ¥0.5 billion, to ¥1.9 billion.

(2) Overview of Financial Position

As of December 31, 2023, the Company's consolidated total assets stood at ¥1,785.5 billion, an increase of ¥273.7 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, an increase in cash and cash equivalents, and an increase in assets owing to the effect of currency translation.

Total liabilities came to ¥918.5 billion, ¥229.8 billion more than the ¥688.7 billion at the end of the previous fiscal year, mainly due to an increase in interest-bearing debt. Interest-bearing debt totaled ¥568.7 billion, an increase of ¥232.2 billion from the end of the previous fiscal year, due to the issuance of commercial papers, an increase in short-term borrowings, the issuance of sustainability-linked bonds, and other.

Total equity as of December 31, 2023 was ¥43.9 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 in capital surplus associated with the purchase and retirement of treasury stock and other factors. Equity attributable to owners of the parent company, which is total equity minus non-controlling interests, totaled ¥805.9 billion, and the equity ratio attributable to owners of the parent company was 45.1%.

2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statements of Financial Position

	(Millions of yen)	
	As of December 31, 2023	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	230,761	132,777
Trade and other receivables	187,168	163,714
Other financial assets	15,099	12,312
Inventories	300,706	269,822
Income taxes receivable	20,309	12,674
Others	17,551	24,235
Subtotal	771,596	615,537
Assets of disposal groups classified as held for sale	—	—
Total current assets	771,596	615,537
Non-current assets		
Property, plant and equipment	559,813	536,565
Intangible assets	64,615	65,916
Goodwill	161,843	92,114
Investments in associates and joint ventures	124,896	119,825
Long-term financial assets	57,172	53,749
Deferred tax assets	8,852	8,969
Others	36,734	19,056
Total non-current assets	1,013,929	896,197
Total assets	1,785,526	1,511,734

	As of December 31, 2023	As of March 31, 2023
Liabilities		
Current liabilities		
Trade and other payables	202,257	197,981
Short-term borrowings	98,513	12,599
Commercial papers	130,000	—
Current portion of bonds payable	19,997	19,988
Current portion of long-term borrowings	36,340	16,733
Other financial liabilities	10,934	11,084
Short-term employee benefits	39,154	42,141
Provisions	832	7,723
Income taxes payable	11,353	15,990
Others	14,044	15,402
Subtotal	563,428	339,644
Liabilities of disposal groups classified as held for sale	—	—
Total current liabilities	563,428	339,644
Non-current liabilities		
Corporate bonds	149,612	119,696
Long-term borrowings	86,750	119,548
Other financial liabilities	54,012	54,984
Long-term employee benefits	28,403	26,568
Provisions	3,760	3,499
Deferred tax liabilities	29,167	22,361
Others	3,434	2,461
Total non-current liabilities	355,140	349,120
Total liabilities	918,569	688,765
Equity		
Common stock	79,863	79,863
Capital surplus	(47,283)	—
Treasury stock	(12,730)	(1,342)
Retained earnings	692,033	652,307
Other components of equity	94,057	37,848
Other components of equity related to disposal groups classified as held for sale	—	—
Equity attributable to owners of the parent company	805,939	768,676
Non-controlling interests	61,017	54,292
Total equity	866,956	822,968
Total liabilities and equity	1,785,526	1,511,734

(2) Condensed Consolidated Statements of Income
For the Nine Months

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2022
Sales	1,067,645	1,026,721
Cost of sales	(683,223)	(663,345)
Gross profit	384,422	363,376
Share of profit of associates and joint ventures	2,725	3,983
Selling expenses	(145,043)	(138,034)
Research and development expenses	(20,221)	(18,684)
General and administrative expenses	(97,385)	(91,437)
Business profit	124,497	119,202
Other operating income	4,090	6,478
Other operating expenses	(11,197)	(7,961)
Operating profit	117,390	117,719
Financial income	5,845	4,448
Financial expenses	(8,790)	(10,921)
Profit before income taxes	114,444	111,246
Income taxes	(29,620)	(30,419)
Profit	84,824	80,826
Attributable to:		
Owners of the parent company	77,602	76,422
Non-controlling interests	7,221	4,404
Earnings per share (yen):		
Basic	¥148.64	¥142.59
Diluted	¥148.61	¥142.58

(3) Notes to Condensed Consolidated Financial Statements

Going Concern Assumption

Not applicable

Material Accounting Policies

The material accounting policies used to prepare these condensed consolidated financial statements for the nine months are unchanged from the policies applied to the consolidated financial statements in the previous fiscal year.

Income taxes for this nine-month period are calculated based on an estimation of the effective tax rate for the fiscal year.

In addition, the Company has determined that the Republic of Turkey, where one of its subsidiaries is located, is in a hyperinflationary economy as defined by IAS 29 Financial Reporting in Hyperinflationary Economies. However, the standard has not been applied as its effect on the consolidated financial statements is insignificant.

Impact of Applying New Accounting Policies: No material impact

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 <i>AJI-NO-MOTO</i> [®] , <i>HON-DASHI</i> [®] , <i>Cook Do</i> [®] , <i>Ajinomoto KK Consommé</i> , <i>Pure Select</i> [®] <i>Mayonnaise</i> , <i>Ros Dee</i> [®] (flavor seasoning), <i>Masako</i> [®] (flavor seasoning), <i>Ajington</i> [®] (flavor seasoning), <i>Sazón</i> [®] (flavor seasoning), <i>Sajiku</i> [®] (menu-specific seasoning), <i>CRISPY FRY</i> [®] (menu-specific seasoning), etc.
	Quick Nourishment	<i>Knorr</i> [®] <i>Cup Soup</i> , <i>YumYum</i> [®] (instant noodles), <i>Birdy</i> [®] (coffee beverage), <i>Birdy</i> [®] <i>3in1</i> (powdered drink), <i>Blendy</i> [®] brand products (<i>CAFÉ LATORY</i> [®] , stick coffee, etc.), <i>MAXIM</i> [®] brand products, <i>Chotto Zeitakuna Kohiten</i> [®] brand products, various gift sets, office supplies (coffee vending machines, tea servers), etc.
	Solution and Ingredients	Umami seasoning <i>AJI-NO-MOTO</i> [®] for foodservice and processed food manufacturers in Japan, Seasonings and processed foods for foodservice, Seasonings for processed foods (savory seasonings, enzyme <i>ACTIVA</i> [®]), Drinks supplied to restaurants, Ingredients for industrial use, Delicatessen products, Bakery products, Nucleotides, Sweeteners (aspartame for industrial use, <i>PAL SWEET</i> [®] for retail use, etc.), and others
Frozen Foods	Frozen Foods	Chinese dumplings (<i>Gyoza</i> , <i>Shoga Gyoza</i> , <i>POT STICKERS</i> , etc.), Cooked rice (<i>THE CHA-HAN</i> , <i>CHICKEN FRIED RICE</i> , <i>YAKITORI CHICKEN FRIED RICE</i> , etc.), Noodles (<i>YAKISOBA</i> , <i>RAMEN</i> , etc.), Desserts (cakes for restaurant and industrial-use, <i>MACARON</i> , etc.), Shumai (<i>THE SHUMAI</i> , etc.), Processed chicken (<i>Yawaraka Wakadori Kara-Age</i> (fried chicken), <i>THE KARAAGE</i> , 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 (<i>Ajinomoto Build-up Film</i> [®] (ABF) interlayer insulating material for semiconductor packages, etc.), Functional materials (adhesive <i>PLENSET</i> [®] , magnetic materials <i>AFTINNOVA</i> [®] <i>Magnetic Film</i> , etc.), activated carbon, release paper, etc.

	Others	<p>Feed-use amino acids, Direct marketing (Fundamental Foods (<i>Glyna</i>[®], <i>Amino Aile</i>[®]), etc.), Sports nutrition (Supplement (<i>amino VITAL</i>[®]), etc.), Personal care ingredients (amino acid-based mild surfactants <i>Amisoft</i>[®], <i>Amilite</i>[®], amino acid-based alternatives to plastic microbeads, the <i>Amihope</i>[®] SB series, etc.), Medical foods, Crop services, etc.</p>
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(2) Sales and profits by segment

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

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

Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segment			Other ¹	Total	Adjustments ²	As included in consolidated statements of income
	Seasonings and Foods	Frozen Foods	Healthcare and Others				
Sales							
Sales to third parties	636,675	210,163	209,594	11,211	1,067,645	—	1,067,645
Inter-segment sales and transfers	5,515	40	2,854	17,338	25,749	(25,749)	—
Total sales	642,191	210,204	212,449	28,550	1,093,395	(25,749)	1,067,645
Share of profit of associates and joint ventures	(594)	—	(41)	3,360	2,725	—	2,725
Segment profit or loss (Business profit or loss)	93,439	10,077	19,032	1,947	124,497	—	124,497
	Other operating income						4,090
	Other operating expense						(11,197)
	Operating profit						117,390
	Financial income						5,845
	Financial expense						(8,790)
	Profit before income taxes						114,444

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.

Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(Millions of yen)

	Reportable segment			Other ¹	Total	Adjustments ²	As included in consolidated statements of income
	Seasonings and Foods	Frozen Foods	Healthcare and Others				
Sales							
Sales to third parties	586,689	200,072	227,717	12,241	1,026,721	—	1,026,721
Inter-segment sales and transfers	5,726	102	2,787	17,540	26,157	(26,157)	—
Total sales	592,416	200,175	230,505	29,781	1,052,879	(26,157)	1,026,721
Share of profit of associates and joint ventures	1,551	—	35	2,396	3,983	—	3,983
Segment profit or loss (Business profit or loss)	73,906	1,780	42,158	1,357	119,202	—	119,202
	Other operating income						6,478
	Other operating expense						(7,961)
	Operating profit						117,719
	Financial income						4,448
	Financial expense						(10,921)
	Profit before income taxes						111,246

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.

Note: In the current fiscal year, the method for allocating shared expenses such as R&D expenses has been 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.

(3) Information on Assets by Reportable Segment

Total assets in the Healthcare and Others segment as of December 31, 2023 stood at ¥444,047 million, an increase of ¥106,653 million from the end of the previous fiscal year on March 31, 2023. This was mainly due to the full acquisition of Forge Biologics Holdings, LLC (“Forge”) through the Company’s consolidated subsidiary Ajinomoto North America Holdings, Inc. Forge and its five subsidiaries become consolidated subsidiaries of the Company during the current quarter.

See “2. *Condensed Consolidated Financial Statements and Notes, Business Combination*” for information on Forge.

Business Combination

Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

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 profit included in the Condensed Consolidated Financial Statements for the nine months ended December 31, 2023 have no significant impact. Assuming the business combination was implemented at the beginning of the fiscal year ending March 31, 2024, the impact would be sales of US\$26 million (¥3,851 million) and loss of US\$53 million (¥7,651 million).

(Non-audited information)

(2) Fair Value of Consideration Transferred at the Date of Acquisition

	Amount
Cash	US\$545 million (¥78,318 million)

Notes:

1. Acquisition-related expenses of ¥1,170 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 acquisition consideration has not been finalized as of the present since the post-acquisition price adjustment has not been completed.

(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\$29 million (¥4,186 million)
Cash out due to the acquisition of subsidiaries	US\$516 million (¥74,131 million)

(4) Fair Value of Assets Acquired and Liabilities Assumed and Goodwill

(Millions of yen)

	Amount
Current assets	9,003
Cash and cash equivalents	4,186
Trade and other receivables	1,049
Inventories	2,742
Others	1,025
Non-current assets	17,101
Property, plant and equipment	16,422
Intangible assets	363
Others	315
Total assets	26,105
Current liabilities	15,555
Trade and other payables	3,635
Short-term borrowings	8,668
Others	3,251
Non-current liabilities	494
Others	494
Total liabilities	16,049
Non-controlling interests	(1,516)
Total equity less non-controlling interests (A)	11,572
Fair value of total consideration transferred at the date of acquisition (B)	78,318
Goodwill (C) = (B) – (A)	66,746

As the allocation of acquisition costs had not been completed as of December 31, 2023, assets acquired and liabilities assumed were calculated provisionally based on information available as of the date of preparation of this document.

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.

Significant Subsequent Events

Not applicable