

Ajinomoto Co., Inc.

Consolidated Results

IFRS

First Half Ended September 30, 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)

First half results for the fiscal year ending March 31, 2024

Ajinomoto Co., Inc.

November 6, 2023

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: November 9, 2023	
Scheduled date of starting payment of dividend: December 4, 2023	
Preparation of supplementary materials: Yes	
Results briefing: Yes (for analysts)	

1. Consolidated Financial Results for First Half Ended September 30, 2023

(1) Consolidated Operating Results

(Millions of yen)

	First half ended September 30, 2023		First half ended September 30, 2022	
		Change %		Change %
Sales	688,004	4.3	659,853	19.9
Business profit	76,556	3.0	74,316	7.2
Profit before income taxes	70,125	2.9	68,169	(14.5)
Profit	51,261	2.8	49,855	(13.6)
Profit attributable to owners of the parent company	46,457	(1.2)	47,025	(13.2)
Basic earnings per share (yen)	¥88.80	—	¥87.66	—
Diluted earnings per share (yen)	¥88.77	—	¥87.66	—

“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

(Millions of yen)

	As of September 30, 2023	As of March 31, 2023
Total assets	1,644,814	1,511,734
Total equity	873,158	822,968
Equity attributable to owners of the parent company	812,545	768,676
Ownership ratio attributable to owners of the parent company (%)	49.4%	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: Yes

Notes:

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in a change in consolidation scope): 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 September 30, 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	1,720,133	495,714
	April 1, 2023 to September 30, 2023	April 1, 2022 to September 30, 2022
Average number of shares during period	523,171,392	536,438,307

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 September 30, 2023: 271,200 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 First Half Consolidated Results, (1) Overview of Operating Results."

Where to obtain supplementary materials

Supplementary materials will be posted on the Company's website on Monday, November 6, 2023.

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1. Qualitative Information on the First Half 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 first half ended September 30, 2023, the Company's consolidated sales increased 4.3% year-on-year, or ¥28.1 billion, to ¥688.0 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 3.0% year-on-year, or ¥2.2 billion, to ¥76.5 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 ¥46.4 billion, down 1.2% year-on-year, or ¥0.5 billion, primarily as a result of higher profit attributable to non-controlling interests recorded compared with the same period of the previous fiscal year.

Furthermore, the Company has revised the full-year consolidated performance forecast for the fiscal year ending March 31, 2024 announced on May 11, 2023 in light of recent trends in business performance and other factors.

As a result of reviewing the impact of foreign exchange fluctuations, the state of the economy, and other factors under the current business environment, the forecast for sales is unchanged from the previous forecast, despite some per-segment adjustments. The progress rate of sales against the performance forecast is 47.0%. After review under the current business environment, based on the cost situation including foreign exchange fluctuations and raw materials costs, as well as the impacts of sales increases in the Seasonings and Foods segment and the Frozen Foods segment, and of the sales decline in the Healthcare and Others segment, the forecast for business profit is unchanged from the previous forecast, despite some per-segment adjustments. The progress rate of business profit against the performance forecast is 51.0%. The forecast for profit attributable to owners of the parent company has been revised upward by ¥5.0 billion from the previous forecast to ¥100.0 billion, mainly reflecting the impact from the transfer of former factory land in consolidated subsidiary Ajinomoto (Malaysia) Berhad. The progress rate of quarterly profit attributable to owners of the parent company against the revised forecast is 46.5%. The forecast is based on an exchange rate of ¥143 to US\$1 (for the second half, a rate of ¥145 to US\$1).

Please also refer to Notice of Revision to Full-Year Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2024 released today (November 6, 2023) for more details about the revision of the consolidated earnings forecast.

Overview by segment

Sales and business profit by segment are summarized below.

Versus previous year results (Billions of yen)

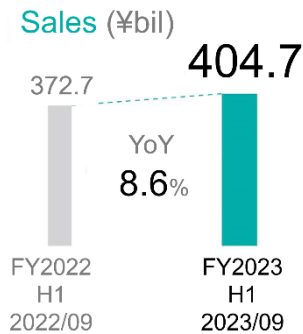
	Sales			Business profit		
	FY2023 H1	YoY change	% change	FY2023 H1	YoY change	% change
Seasonings and Foods	404.7	31.9	8.6 %	57.1	13.1	29.8 %
Frozen Foods	136.5	7.9	6.2 %	6.6	6.1	—
Healthcare and Others	139.5	(12.1)	(0.8)%	10.9	(17.9)	(62.0)%
Other	7.2	0.3	5.7 %	1.7	0.8	92.2 %
Total	688.0	28.1	4.3 %	76.5	2.2	3.0 %

Versus the forecast (Billions of yen)

	Sales			Business profit		
	FY2023 H1	Forecast for the year	YTD progress	FY2023 H1	Forecast for the year	YTD progress
Seasonings and Foods	404.7	852.8	47.5%	57.1	105.7	54.0%
Frozen Foods	136.5	291.4	46.8%	6.6	10.0	66.5%
Healthcare and Others	139.5	302.2	46.2%	10.9	35.0	31.3%
Other	7.2	18.5	39.1%	1.7	(0.8)	—
Total	688.0	1,465.0	47.0%	76.5	150.0	51.0%

1) Seasonings and Foods

In the Seasonings and Foods segment, sales increased 8.6% year-on-year, or ¥31.9 billion, to ¥404.7 billion, mainly because of increases in unit sales prices and the effect of currency translation. Segment business profit increased 29.8% year-on-year, or ¥13.1 billion, to ¥57.1 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.

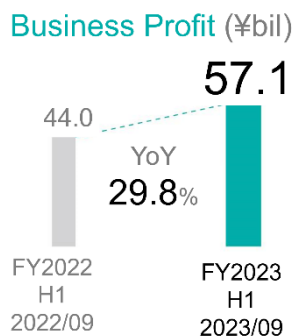
Overseas: Increase in revenue primarily due to increased sales and the impact of currency translation.

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 increased unit sales prices, increased quantity of instant noodles sold, and the impact of currency translation.

Solution & Ingredients: Increase in revenue primarily due to increased sales of food service products in Japan.



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.

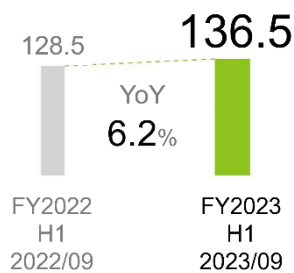
Overseas: Increase in profit primarily due to the impact of increased revenue.

Solution & Ingredients: Overall increase in profit primarily from food service products and umami seasonings for processed food manufacturers.

2) Frozen Foods

Frozen Foods segment sales increased 6.2% year-on-year, or ¥7.9 billion, to ¥136.5 billion, owing to the increase of unit sales prices, the effect of currency translation, and other factors. Segment business profit increased ¥6.1 billion year-on-year, to ¥6.6 billion, because of increased revenue, the effects of structural reforms, and other factors.

Sales (¥bil)



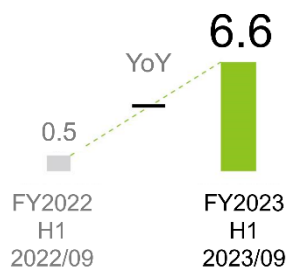
Main factors affecting segment profits

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.

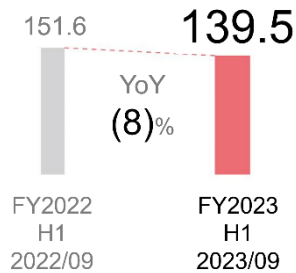
Japan: Increase in profit primarily due to the impact of increased unit sales prices and improved costs despite decreased revenue.

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 ¥12.1 billion, to ¥139.5 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 62.0% year-on-year, or ¥17.9 billion, to ¥10.9 billion due to lower profit for both Functional Materials (electronic materials and others) and Bio-Pharma Services & Ingredients.

Sales (¥bil)



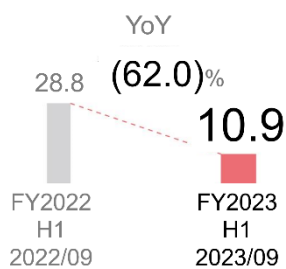
Main factors affecting segment sales

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 primarily 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 decrease in profit primarily due to strategic expenses.

4) Other

In the Other segment, sales increased 5.7% year-on-year, or ¥0.3 billion, to ¥7.2 billion. Segment business profit increased 92.2% year-on-year, or ¥0.8 billion, to ¥1.7 billion.

(2) Overview of Financial Position

As of September 30, 2023, the Company's consolidated total assets stood at ¥1,644.8 billion, an increase of ¥133.0 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 assets owing to the effect of currency translation and increases in inventories and cash and cash equivalents.

Total liabilities came to ¥771.6 billion, ¥82.8 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 ¥427.7 billion, an increase of ¥91.2 billion from the end of the previous fiscal year, due to commercial papers, the issuance of sustainability-linked bonds, and other.

Total equity as of September 30, 2023 was ¥50.1 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. Equity attributable to owners of the parent company, which is total equity minus non-controlling interests, totaled ¥812.5 billion, and the equity ratio attributable to owners of the parent company was 49.4%.

2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statements of Financial Position

	(Millions of yen)	
	As of September 30, 2023	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	165,584	132,777
Trade and other receivables	175,972	163,714
Other financial assets	15,989	12,312
Inventories	311,052	269,822
Income taxes receivable	16,778	12,674
Others	21,300	24,235
Subtotal	706,678	615,537
Assets of disposal groups classified as held for sale	—	—
Total current assets	706,678	615,537
Non-current assets		
Property, plant and equipment	550,649	536,565
Intangible assets	66,189	65,916
Goodwill	99,101	92,114
Investments in associates and joint ventures	124,930	119,825
Long-term financial assets	58,870	53,749
Deferred tax assets	8,860	8,969
Others	29,533	19,056
Total non-current assets	938,136	896,197
Total assets	1,644,814	1,511,734

	As of September 30, 2023	As of March 31, 2023
Liabilities		
Current liabilities		
Trade and other payables	190,619	197,981
Short-term borrowings	9,331	12,599
Commercial papers	70,000	—
Current portion of bonds payable	19,994	19,988
Current portion of long-term borrowings	37,344	16,733
Other financial liabilities	13,385	11,084
Short-term employee benefits	42,774	42,141
Provisions	1,539	7,723
Income taxes payable	15,704	15,990
Others	12,487	15,402
Subtotal	413,180	339,644
Liabilities of disposal groups classified as held for sale	—	—
Total current liabilities	413,180	339,644
Non-current liabilities		
Corporate bonds	149,597	119,696
Long-term borrowings	93,765	119,548
Other financial liabilities	53,786	54,984
Long-term employee benefits	28,398	26,568
Provisions	3,847	3,499
Deferred tax liabilities	26,000	22,361
Others	3,079	2,461
Total non-current liabilities	358,475	349,120
Total liabilities	771,655	688,765
Equity		
Common stock	79,863	79,863
Capital surplus	(45,481)	—
Treasury stock	(8,063)	(1,342)
Retained earnings	680,103	652,307
Other components of equity	106,122	37,848
Other components of equity related to disposal groups classified as held for sale	—	—
Equity attributable to owners of the parent company	812,545	768,676
Non-controlling interests	60,613	54,292
Total equity	873,158	822,968
Total liabilities and equity	1,644,814	1,511,734

(2) Condensed Consolidated Statements of Income
For the First Half

(Millions of yen)

	First half ended September 30, 2023	First half ended September 30, 2022
Sales	688,004	659,853
Cost of sales	(443,431)	(426,037)
Gross profit	244,572	233,815
Share of profit of associates and joint ventures	1,286	2,785
Selling expenses	(91,325)	(89,185)
Research and development expenses	(13,816)	(12,595)
General and administrative expenses	(64,161)	(60,504)
Business profit	76,556	74,316
Other operating income	2,664	4,007
Other operating expenses	(6,563)	(4,718)
Operating profit	72,658	73,605
Financial income	3,775	4,548
Financial expenses	(6,308)	(9,984)
Profit before income taxes	70,125	68,169
Income taxes	(18,863)	(18,313)
Profit	51,261	49,855
Attributable to:		
Owners of the parent company	46,457	47,025
Non-controlling interests	4,804	2,830
Earnings per share (yen):		
Basic	¥88.80	¥87.66
Diluted	¥88.77	¥87.66

(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 first half are unchanged from the policies applied to the consolidated financial statements in the previous fiscal year.

Income taxes for this first half 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.

First half ended September 30, 2023 (April 1, 2023 to September 30, 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	404,716	136,526	139,517	7,243	688,004	—	688,004
Inter-segment sales and transfers	3,470	25	1,719	11,055	16,271	(16,271)	—
Total sales	408,186	136,552	141,237	18,299	704,275	(16,271)	688,004
Share of profit of associates and joint ventures	(889)	—	(32)	2,208	1,286	—	1,286
Segment profit or loss (Business profit or loss)	57,137	6,699	10,966	1,752	76,556	—	76,556
	Other operating income						2,664
	Other operating expense						(6,563)
	Operating profit						72,658
	Financial income						3,775
	Financial expense						(6,308)
	Profit before income taxes						70,125

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.

First half ended September 30, 2022 (April 1, 2022 to September 30, 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	372,797	128,574	151,627	6,854	659,853	—	659,853
Inter-segment sales and transfers	3,606	65	1,602	11,959	17,234	(17,234)	—
Total sales	376,403	128,640	153,230	18,813	677,087	(17,234)	659,853
Share of profit of associates and joint ventures	1,148	—	7	1,630	2,785	—	2,785
Segment profit or loss (Business profit or loss)	44,008	516	28,879	911	74,316	—	74,316
	Other operating income						4,007
	Other operating expense						(4,718)
	Operating profit						73,605
	Financial income						4,548
	Financial expense						(9,984)
	Profit before income taxes						68,169

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.

Significant Subsequent Events

Not applicable