

**AJINOMOTO (MALAYSIA) BERHAD**  
**(Company No. 196101000252 (4295-W))**  
**(Incorporated in Malaysia)**

**Notes to the interim financial report for the period ended 31 December 2021**

**A EXPLANATORY NOTES**

**1 Basis of Preparation**

These condensed interim financial reports, have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The significant accounting policies adopted for the interim financial statements are consistent with those adopted in the annual audited financial statements for the year ended 31 March 2021, except for the adoption of the following:

Standards and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above amendments and interpretation does not have significant impact on the Company's financial statements.

**2 Seasonality or Cyclicity of Interim Operations**

The results of the Company's operations are affected by festive seasons and economic cycles, whereas the manufacturing operations are affected by the scheduled maintenance shut-down.

**3 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow**

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual or exceptional because of their nature, size or incidence during the financial period to date.

**4 Material Changes in Estimates**

There were no material changes in the nature and amount of estimates reported in prior financial years that have a material effect in the current interim period.

**5 Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period under review.

**6 Dividends Paid**

The Company paid a first and final single-tier dividend of 38.25 sen per ordinary share amounting to RM23,255,439 in respect of the financial year ended 31 March 2021 on 22 October 2021.

## 7 Segmental Reporting

### a. Business Segment:

The Company's business may be broadly categorized into two major segments – Consumer Business Segment and Industrial Business Segment. Consumer Business Segment consists of manufacture and distribution of consumer products including AJI-NO-MOTO®, flavor seasoning TUMIX® and RASA SIFU™, menu seasoning Seri-Aji®, jelly drink with amino acids aminoVITAL® and other seasonings as well as provision of services in relation to food industry. Industrial Business Segment consists of manufacture and distribution of Monosodium Glutamate (MSG) for industry-use, industrial seasonings and related products.

|                                   | <b>Consumer<br/>Business<br/>Segment<br/>RM'000</b> | <b>Industrial<br/>Business<br/>Segment<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|-----------------------------------|---|---|-------------------------|
| <b>3 months ended 31 Dec 2021</b> |   |   |                         |
| Revenue from external customers   | 97,010  | 37,166  | 134,176                 |
| Operating profit                  | 6,170   | 5,751   | 11,921                  |
| <b>3 months ended 31 Dec 2020</b> |   |   |                         |
| Revenue from external customers   | 81,290  | 31,708  | 112,998                 |
| Operating profit                  | 9,382   | 6,183   | 15,565                  |
| <b>9 months ended 31 Dec 2021</b> |   |   |                         |
| Revenue from external customers   | 256,303   | 103,009   | 359,312                 |
| Operating profit                  | 24,982  | 17,790  | 42,772                  |
| <b>9 months ended 31 Dec 2020</b> |   |   |                         |
| Revenue from external customers   | 225,323   | 98,401  | 323,724                 |
| Operating profit                  | 30,562  | 20,941  | 51,503                  |

## 7 Segmental Reporting (continued)

### b. Geographical Segment:

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

| Revenue                       | Malaysia<br>RM'000 | Middle East<br>RM'000 | Other Asian<br>Countries<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|-------------------------------|--------------------|-----------------------|------------------------------------|------------------|-----------------|
| 3 months ended<br>31 Dec 2021 | 78,557             | 21,888                | 32,336                             | 1,395            | 134,176         |
| 3 months ended<br>31 Dec 2020 | 67,825             | 16,390                | 27,247                             | 1,536            | 112,998         |
| 9 months ended<br>31 Dec 2021 | 203,032            | 60,920                | 89,570                             | 5,790            | 359,312         |
| 9 months ended<br>31 Dec 2020 | 189,620            | 40,812                | 88,023                             | 5,269            | 323,724         |

## 8 Material Events Subsequent to the Balance Sheet Date

There was no material event subsequent to the end of the quarter as at the date of this announcement that will affect the results of the financial period ended 31 December 2021.

## 9 Effects of Changes in the Composition of the Company

The Company has neither subsidiary nor associated company as at the end of the quarter under review and there were no changes in the composition during the current quarter under review.

## 10 Contingent Liabilities

As at the date of this report, there were no contingent liabilities which have become enforceable, or likely to become enforceable to the Company.

## 11 Capital Commitments

The commitments for the purchase of property, plant and equipment contracted but not provided for in the interim financial statement as at 31 December 2021 is RM41.8 million.

## 12 Related Party Transactions

Transactions related to the holding company, Ajinomoto Co., Inc. and its subsidiaries are as follows:

|                                    | <b>3 months<br/>ended<br/>31 Dec 2021</b> | <b>3 months<br/>ended<br/>31 Dec 2020</b> | <b>9 months<br/>ended<br/>31 Dec 2021</b> | <b>9 months<br/>ended<br/>31 Dec 2020</b> |
|------------------------------------|---|---|---|---|
|                                    | <b>RM'000</b>                             | <b>RM'000</b>                             | <b>RM'000</b>                             | <b>RM'000</b>                             |
| Commission income                  | (7)                                       | (6)                                       | (27)                                      | (23)                                      |
| Royalties payable                  | 3,153                                     | 2,400                                     | 8,169                                     | 6,952                                     |
| Sales                              | (29,439)                                  | (25,012)                                  | (83,169)                                  | (81,669)                                  |
| Purchases                          | 40,825                                    | 33,611                                    | 133,760                                   | 111,955                                   |
| Purchase of assets                 | 3,723                                     | 405                                       | 10,326                                    | 768                                       |
| IT shared services and maintenance | 542                                       | 692                                       | 1,655                                     | 2,097                                     |
| Other expenses                     | 187                                       | 219                                       | 599                                       | 698                                       |

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

## **B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS**

### **1 Review of Performance**

#### *Current Quarter vs Corresponding Quarter of last year*

The Company recorded higher revenue of RM134.2 million in the current quarter compared to RM113.0 million in the corresponding quarter last year. Consumer Business segment revenue in the current quarter was RM97.0 million, higher than the revenue of RM81.3 million in the corresponding quarter last year. The increase was contributed by higher sales volume and better selling price of our seasoning products in both Consumer and Industrial Business segments.

Operating profit was RM1.9 million in the current quarter as compared to the operating profit of RM15.6 million in the corresponding quarter last year. The decrease was attributed to higher selling and administration expenses in the current quarter. Other finance expenses increased in the current quarter was due to the recognition of financing cost arising from the Islamic financing facility. As a result, profit before tax was RM12.0 million in the current quarter as compared to profit before tax of RM16.0 million in the corresponding quarter last year.

### **2 Material Changes in the Quarterly Profit Before Taxation Compared to the Results of the Preceding Quarter.**

Revenue in the current quarter was RM134.2 million as compared to RM110.0 million in the immediate preceding quarter. The higher revenue was mainly contributed by increased sales revenue and volume of AJI-NOMOTO® in the domestic and export markets in the current quarter.

As a result, operating profit was RM1.9 million in the current quarter was better than the operating profit of RM11.1 million in the immediate preceding quarter even though the Company incurred higher selling and administration expenses in the current quarter. Profit before tax in the current quarter of RM12.0 million was also higher than that of the immediate preceding quarter of RM11.6 million.

### **3 Commentary on Prospects**

The business environment is expected to remain challenging in view of uncertainties attributed to Omicron variant of COVID-19. The surge in the raw material and packaging material prices in the near future will result in higher production cost and product margin squeeze. The Management will continue to bolster its sales & marketing activities to sustain its market share and further strengthen its production as well as supply chain efficiency.

### **4 Variance of Actual Profit from Forecast Profit**

Not applicable as the Company did not publish any profit forecast.

## 5 Taxation

Tax expense comprises the following: -

|   | <b>3 months<br/>ended<br/>31 Dec 2021<br/>RM'000</b> | <b>3 months<br/>ended<br/>31 Dec 2020<br/>RM'000</b> | <b>9 months<br/>ended<br/>31 Dec 2021<br/>RM'000</b> | <b>9 months<br/>ended<br/>31 Dec 2020<br/>RM'000</b> |
|---|--|--|--|--|
| Malaysian income tax :                      |  |  |  |  |
| Current year                                | 1,648  | 4,270  | 10,839   | 14,786   |
| Over provision in<br>respect of prior year  | (312)  | -  | (312)  | -  |
| Deferred tax :                              |  |  |  |  |
| Current year                                | 48   | (318)  | (1,362)  | (1,806)  |
| Under provision in<br>respect of prior year | 394  | 312  | 394  | 312  |
|   | <u>1,778</u>   | <u>4,264</u>   | <u>9,559</u>   | <u>13,292</u>  |

The effective tax rate of the tax provision for the financial period under review is lower than the statutory tax rate due to certain non-taxable income.

## 6 Status of Corporate Proposals

There were no corporate proposals announced by the Company as at the date of this report.

## 7 Borrowings and Debt Securities

|  | <b>At 31 Dec<br/>2021<br/>RM'000</b> | <b>At 31 Dec<br/>2020<br/>RM'000</b> |
|--|--------------------------------------|--------------------------------------|
| Islamic financing facility – unsecured |                                      |                                      |
| Current                                | 257                                  | -                                    |
| Non-current                            | 99,631                               | 65,000                               |
|  | <u>99,888</u>                        | <u>65,000</u>                        |

The Islamic financing facility is denominated in Ringgit Malaysia.

## 8 Material Litigation

There was no material litigation as at 22<sup>nd</sup> February 2022, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

## 9 Dividend Payable

There was no dividend payable as at the end of the current quarter.

The Directors do not recommend any dividend for the current quarter.

## 10 Earnings Per Share

Basic earnings per share are calculated based on the net profit attributable to ordinary shareholders and the number of ordinary shares in issue during the financial year by the company.

|  | <b>3 months<br/>ended<br/>31 Dec 2021</b> | <b>3 months<br/>ended<br/>31 Dec 2020</b> | <b>9 months<br/>ended<br/>31 Dec 2021</b> | <b>9 months<br/>ended<br/>31 Dec 2020</b> |
|--|---|---|---|---|
| Profit attributable to ordinary shareholders of the Company (RM'000)   | 10,258                                    | 11,780                                    | 34,414                                    | 40,599                                    |
| Weighted average number of ordinary shares in issue ('000)             | 60,799                                    | 60,799                                    | 60,799                                    | 60,799                                    |
| Earnings per share attributable to equity holders of the company (sen) |   |   |   |   |
| -Basic   | 16.87                                     | 19.38                                     | 56.60                                     | 66.78                                     |

Diluted earnings per share is not applicable, as the Company does not have any convertible financial instrument as at the end of the current quarter under review.

## 11 Notes to the Condensed Statement of Comprehensive Income

Profit before tax is arrived at after charging/(crediting) the following items:

|  | <b>3 months<br/>ended<br/>31 Dec 2021<br/>RM'000</b> | <b>3 months<br/>ended<br/>31 Dec 2020<br/>RM'000</b> | <b>9 months<br/>ended<br/>31 Dec 2021<br/>RM'000</b> | <b>9 months<br/>ended<br/>31 Dec 2020<br/>RM'000</b> |
|--|--|--|--|--|
| (a) Finance income:  |  |  |  |  |
| Interest income  | (314)  | (383)  | (972)  | (1,294)  |
| Distribution from investment securities                            | (219)  | (278)  | (947)  | (1,539)  |
| (b) Profit on Islamic financing                                    | 254  | -  | 254  | -  |
| (c) Depreciation of property, plant and equipment                  | 4,631  | 4,131  | 13,699   | 12,432   |
| (d) Amortization of intangible assets                              | 621  | 223  | 1,498  | 564  |
| (e) Depreciation of right-of-use assets                            | 350  | 327  | 970  | 979  |
| (f) Bad debts written off  | -  | -  | 10   | -  |
| (g) (Reversal of inventories written off)/write off of inventories | (99)   | (414)  | 201  | 222  |
| (h) Foreign exchange loss – realized                               | 369  | 175  | 795  | 339  |
| (i) Foreign exchange (gain)/loss – unrealized                      | (282)  | 335  | 44   | 1,428  |
| (j) Gain on disposal of property, plant and equipment              | (13)   | -  | (54)   | -  |
| (k) Property, plant and equipment written off                      | 2  | 661  | 2  | 661  |
| (l) Loss/(gain) on derivatives                                     | 94   | (47)   | (145)  | (572)  |

## **12 Investment Securities**

Investment securities represent funds placed with licensed financial institutions which are highly liquid and allow prompt redemption at any time.

*By Order of the Board*

Kuala Lumpur  
28<sup>th</sup> February 2022

Chua Siew Chuan  
Yeow Sze Min  
Company Secretaries