

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

**Notes to the interim financial report for the period ended 30 September 2022**

**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 2022, except for the adoption of the following:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2022

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018–2020)

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**

- 7 The Company paid a first and final single-tier dividend of 8.5 sen per ordinary share amounting to RM5,167,875 in respect of the financial year ended 31 March 2022 on 28 September 2022.

## 8 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. Industrial Business Segment consists of manufacture and distribution of Monosodium Glutamate (MSG) for industry-use, industrial seasonings and related products.

	<b>Consumer Business Segment RM'000</b>	<b>Industrial Business Segment RM'000</b>	<b>Total RM'000</b>
<b>3 months ended 30 Sep 2022</b>			
Revenue from external customers	116,004	42,145	158,149
Operating (loss)/profit	(1,916)	6,753	4,837
<b>3 months ended 30 Sep 2021</b>			
Revenue from external customers	78,555	31,510	110,065
Operating profit	6,367	4,767	11,134
<b>6 months ended 30 Sep 2022</b>			
Revenue from external customers	222,284	77,375	299,659
Operating (loss)/profit	(5,992)	10,582	4,590
<b>6 months ended 30 Sep 2021</b>			
Revenue from external customers	159,293	65,843	225,136
Operating profit	18,812	12,039	30,851

## 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 RM'000	Middle East RM'000	Other Asian Countries RM'000	Others RM'000	Total RM'000
3 months ended 30 Sep 2022	83,869	36,215	36,478	1,587	158,149
3 months ended 30 Sep 2021	62,197	18,041	27,373	2,454	110,065
6 months ended 30 Sep 2022	169,204	61,920	65,673	2,862	299,659
6 months ended 30 Sep 2021	124,475	39,032	57,234	4,395	225,136

## 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 30 September 2022.

## 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 approved and contracted for in the interim financial statement as at 30 September 2022 is RM14.8 million.

## 12 Related Party Transactions

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

	<b>3 months ended 30 Sep 2022</b>	<b>3 months ended 30 Sep 2021</b>	<b>6 months ended 30 Sep 2022</b>	<b>6 months ended 30 Sep 2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Commission income	(11)	(5)	(21)	(20)
Royalties payable	3,055	2,513	6,106	5,016
Sales	(34,603)	(24,944)	(61,610)	(53,730)
Purchases	80,443	50,287	178,648	92,935
Purchase of assets	442	6,603	558	6,603
IT shared services and maintenance	574	557	1,160	1,113
Other expenses	783	240	1,092	412

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 RM158.1 million in the current quarter as compared to RM110.0 million in the corresponding quarter last year. The increase was contributed by higher revenue in both Consumer Business segment and Industrial Business segment. Consumer Business segment revenue of RM116.0 million in the current quarter increased by 47.6% as compared against the revenue of RM78.6 million in the corresponding quarter last year. The increase was contributed by higher sales volume and better selling price of AJI-NOMOTO® in both the domestic and export market. Industrial Business segment revenue grew by 33.7% from RM31.5 million to RM42.1 million. The increase was contributed by higher sales volume and better selling price of industrial seasoning products.

Operating profit was RM4.8 million in the current quarter as compared to the operating profit of RM11.1 million in the corresponding quarter last year. The company recorded operating loss of RM1.9 million in the Consumer Business segment in the current quarter due to the increase in the purchase price of key raw materials and higher freight costs. In addition, the Company incurred higher administrative and selling expenses including staff costs, transitional costs related to factory relocation and sales promotion expenses in the current quarter. Other finance expenses was RM0.8 million in the current quarter after the recognition of financing cost arising from the Islamic financing facility. As a result, profit before tax was RM3.9 million in the current quarter as compared to profit before tax of RM11.6 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 RM158.1 million as compared to RM141.5 million in the immediate preceding quarter. The growth in the revenue was contributed by higher sales revenue and volume of AJI-NOMOTO® in the domestic and export market in the current quarter. In addition, the purchase price of key raw materials was relatively lower in the current quarter compared to that of the immediate preceding quarter. As a result, the Company recorded higher operating profit of RM4.8 million in the current quarter as compared to the operating loss of RM0.2 million in the immediate preceding quarter.

### **3 Commentary on Prospects**

The Malaysian economy has shown improvement since the transition to endemic stage of COVID 19. However, the Company expects the outlook to be challenging due to the high purchase price of our key raw material, volatile foreign exchange rates and inflationary pressures on our operating costs. The Management will continue to monitor the progress of the economy, review its sales strategies and strengthen cost management to sustain the business growth.

### **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 ended 30 Sep 2022 RM'000</b>	<b>3 months ended 30 Sep 2021 RM'000</b>	<b>6 months ended 30 Sep 2022 RM'000</b>	<b>6 months ended 30 Sep 2021 RM'000</b>
Malaysian income tax :				
Current year	(143)	3,970	55	9,191
Deferred tax :				
Current year	1,087	(1,280)	899	(1,410)
	<u>944</u>	<u>2,690</u>	<u>954</u>	<u>7,781</u>

The effective tax rate of the tax provision for the financial period under review is higher than the statutory tax rate due to certain non-tax deductible expenses.

## 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 30 Sep 2022 RM'000</b>	<b>At 30 Sep 2021 RM'000</b>
Islamic financing facility – unsecured		
Current	25,256	273
Non-current	74,737	99,596
	<u>99,993</u>	<u>99,869</u>

The Islamic financing facility is denominated in Ringgit Malaysia.

## 8 Material Litigation

There was no material litigation as at 23<sup>rd</sup> Nov 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 ended 30 Sep 2022</b>	<b>3 months ended 30 Sep 2021</b>	<b>6 months ended 30 Sep 2022</b>	<b>6 months ended 30 Sep 2021</b>
Profit attributable to ordinary shareholders of the Company (RM'000)	2,936	8,950	2,088	24,156
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	4.83	14.72	3.43	39.73

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 ended 30 Sep 2022 RM'000</b>	<b>3 months ended 30 Sep 2021 RM'000</b>	<b>6 months ended 30 Sep 2022 RM'000</b>	<b>6 months ended 30 Sep 2021 RM'000</b>
(a) Finance income:				
Interest income	(86)	(324)	(224)	(658)
Distribution from liquid investments	-	(182)	(5)	(757)
(b) Profit on Islamic financing	792	-	1,575	-
(c) Depreciation of property, plant and equipment	3,389	4,539	7,453	9,068
(d) Amortization of intangible assets	722	583	1,364	877
(e) Depreciation of right-of-use assets	397	309	770	620
(f) Bad debts written off	-	-	-	10
(g) (Reversal of inventories written off)/write off of inventories	(89)	288	(37)	300
(h) Foreign exchange loss – realized	531	208	1,175	426
(i) Foreign exchange (gain)/loss – unrealized	(1,665)	238	(2,248)	326
(j) Loss/(gain) on disposal of property, plant and equipment	-	9	(78)	(41)
(k) Property, plant and equipment written off	2	-	33	-
(l) Fair value loss/(gain) on liquid investments	66	(157)	(143)	29
(m) Loss/(gain) on derivatives	587	(46)	393	(239)

## **12 Liquid Investments**

Liquid investments 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> November 2022

Chua Siew Chuan  
Yeow Sze Min  
Company Secretaries