

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

**Notes to the interim financial report for the period ended 31 March 2023**

**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 Cyclicalities 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 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.

There was no dividend paid in the current quarter under review.

## 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. 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 31 Mar 2023</b>			
Revenue from external customers	122,059	35,859	157,918
Operating profit	7,611	2,955	10,566
<b>3 months ended 31 Mar 2022</b>			
Revenue from external customers	90,822	34,544	125,366
Operating (loss)/profit	(20,267)	1,250	(19,017)
<b>12 months ended 31 Mar 2023</b>			
Revenue from external customers	462,064	141,683	603,747
Operating profit	4,081	15,329	19,410
<b>12 months ended 31 Mar 2022</b>			
Revenue from external customers	347,125	137,553	484,678
Operating profit	4,715	19,040	23,755

## 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 31 Mar 2023	95,470	31,194	29,143	2,111	157,918
3 months ended 31 Mar 2022	76,734	18,993	27,953	1,686	125,366
12 months ended 31 Mar 2023	345,695	132,590	118,228	7,234	603,747
12 months ended 31 Mar 2022	279,766	79,913	117,523	7,476	484,678

## 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 March 2023.

## 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 which are approved and contracted but not provided for in the interim financial statement as at 31 March 2023 is RM4.1 million.

## 12 Related Party Transactions

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

	<b>3 months ended 31 Mar 2023</b>	<b>3 months ended 31 Mar 2022</b>	<b>12 months ended 31 Mar 2023</b>	<b>12 months ended 31 Mar 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Commission income	(41)	(2)	(74)	(29)
Royalties payable	2,481	2,809	11,063	10,978
Sales	(28,626)	(26,726)	(111,750)	(109,895)
Purchases	48,066	69,509	274,700	203,269
Purchase of assets	1,135	6,558	2,101	16,884
IT shared services and maintenance	534	519	2,295	2,174
Other expenses	(551)	683	1,047	1,282
Interest expense	259	-	511	-

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

## 13 Assets Held For Sale

A portion of the Company's non-current assets is classified as assets held for sale following the Company's invitation to interested party(ies) from the open market to make an offer to purchase the land located at Jalan Kuchai Lama on 29 November 2022. At 31 March 2023, the assets held for sale are as follows:

	<b>RM'000</b>
Assets held for sale:	
Property, plant and equipment	228
Right-of-use assets	16,608
	<u>16,836</u>

The carrying values of property, plant and equipment and the leasehold land included in the right-of-use assets are the same as its carrying value before they were being reclassified to assets held for sale.

## 14 Significant Event

The Company has announced on 29 November 2022 that the Company will invite interested party(ies) from the open market to make an offer to purchase the land located at and held under Lot 6269, Lot 49366, PT 22910, Lot 47088, PT4508 and Lot 22968, Jalan Kuchai Lama, Petaling, Kuala Lumpur for the Company's consideration. The Company has reclassified the land and related property to Assets held for sale amounting to RM16.8 million in the current quarter.

Relevant announcements on the above mentioned event will be made at the appropriate time in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad.

## **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 RM157.9 million in the current quarter as compared to RM125.3 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 RM122.1 million in the current quarter increased by 34.4% as compared against the revenue of RM90.8 million in the corresponding quarter last year. The increase was contributed by higher sales volume and better selling price of AJI-NO-MOTO® in both the domestic and export market. Industrial Business segment revenue grew by 3.8% from RM34.5 million to RM35.8 million. The increase was contributed by better selling price of industrial seasoning products.

Operating profit was RM10.6 million in the current quarter as compared to the operating loss of RM19.0 million in the corresponding quarter last year. The Company recorded operating profit of RM7.6 million in the Consumer Business segment in the current quarter contributed by higher sales volume, better selling price and lower administrative and selling expenses in the current quarter. Other finance expenses were RM1.3 million in the current quarter mainly for the financing cost arising from the borrowings. As a result, profit before tax was RM9.5 million in the current quarter as compared to loss before tax of RM19.7 million in the corresponding quarter last year.

In the current quarter, the Company recorded tax write back of RM13.6 million due to the income overprovision in prior year of RM3.7 million and recognition of deferred tax asset for unutilized special reinvestment allowance estimated at RM13.8 million which is expected to offset against future profit. As a result, the Company recorded profit after tax of RM23.1 million in the current quarter.

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

Revenue in the current quarter was RM157.9 million as compared to RM146.2 million in the immediate preceding quarter. The increase in the revenue was mainly contributed by higher sales volume of AJI-NO-MOTO® and industrial seasoning products in the current quarter.

The Company recorded higher operating profit of RM10.6 million in the current quarter as compared to the operating profit of RM4.3 million in the immediate preceding quarter mainly contributed by higher sales volume, lower raw material cost and administration expenses in the current quarter. This led to higher profit before tax in the current quarter amounting to RM9.5 million against that of the immediate preceding quarter of RM3.3 million. The income tax overprovision in prior year and deferred tax asset recognition from the unutilized special reinvestment allowance resulted in higher profit after tax amounting RM23.1 million in the quarter.

### **3 Commentary on Prospects**

The Malaysian economy is expected to have moderate growth and continue to encounter challenges from rising cost pressures, high interest rate and inflation which have impacted the cost of living and consumer buying power. The Company will continue to monitor the supply chain in respect of material costs as well as the marketing and product distribution to meet customers' expectations and consumers' satisfactions to grow sales and its market share. At the same time the Company will continue its cost monitoring efforts.

### **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 31 Mar 2023 RM'000</b>	<b>3 months ended 31 Mar 2022 RM'000</b>	<b>12 months ended 31 Mar 2023 RM'000</b>	<b>12 months ended 31 Mar 2022 RM'000</b>
Malaysian income tax :				
Current year	33	(6,894)	116	3,945
Over provision in respect of prior year	(3,662)	-	(3,662)	(312)
Deferred tax :				
Current year	(11,672)	4,625	(9,823)	3,263
Under provision in respect of prior year	1,738	-	1,738	394
	<u>(13,563)</u>	<u>(2,269)</u>	<u>(11,631)</u>	<u>7,290</u>

The Company had a tax write back for the current quarter mainly from the income tax overprovision for prior year and recognition of deferred tax asset of the unutilized special reinvestment allowance estimated at RM13.8 million in respect of new manufacturing facilities. The effective tax rate of the tax provision for the financial period under review is lower than the statutory tax rate due to there being sufficient capital allowance to offset against the taxable profit.

## 6 Status of Corporate Proposals

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

## 7 Loan and Borrowing

	<b>At 31 Mar 2023 RM'000</b>	<b>At 31 Mar 2022 RM'000</b>
Islamic financing facility – unsecured		
Current	33,583	8,590
Non-current	58,142	91,333
	<u>91,725</u>	<u>99,923</u>

The Islamic financing facility is denominated in Ringgit Malaysia.

## 8 Material Litigation

There was no material litigation as at 24 May 2023, 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 of the Company.

	<b>3 months ended 31 Mar 2023</b>	<b>3 months ended 31 Mar 2022</b>	<b>12 months ended 31 Mar 2023</b>	<b>12 months ended 31 Mar 2022</b>
Profit/(loss) attributable to ordinary shareholders of the Company (RM'000)	23,100	(17,418)	27,492	16,996
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 , profit/(loss) for the period	37.99	(28.65)	45.22	27.95

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 31 Mar 2023 RM'000</b>	<b>3 months ended 31 Mar 2022 RM'000</b>	<b>12 months ended 31 Mar 2023 RM'000</b>	<b>12 months ended 31 Mar 2022 RM'000</b>
(a) Finance income:				
Interest income	(133)	(200)	(468)	(1,172)
Distribution from liquid investments	(6)	(15)	(17)	(1,040)
(b) Profit on Islamic financing	755	786	3,140	1,040
(c) Interest expense on advance from holding company	259	-	511	-
(d) Depreciation of property, plant and equipment	6,034	4,665	18,064	18,364
(e) Amortization of intangible assets	809	652	2,926	2,150
(f) Depreciation of right-of-use assets	519	360	1,735	1,330
(g) Bad debts written off	-	-	-	10
(h) Write off of inventories	693	583	748	784
(i) Foreign exchange loss – realized	637	145	1,584	940
(j) Foreign exchange (gain)/loss – unrealized	(610)	314	(1,331)	358
(k) Gain on disposal of property, plant and equipment	(72)	(160)	(358)	(214)
(l) Property, plant and equipment written off	3	421	36	423
(m) Fair value gain on liquid investments	(151)	(220)	(412)	(142)
(n) Loss/(gain) on derivatives	420	115	(99)	(30)

## 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  
30<sup>th</sup> May 2023

Chua Siew Chuan  
Yeow Sze Min  
**Company Secretaries**