

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

**Notes to the interim financial report for the period ended 30 June 2024**

**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 2024, except for the adoption of the following:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2024

- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
- Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements

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 declared and paid a special one-off single-tier dividend of RM2.12 per ordinary share amounting to RM128,892,892 in respect of the financial year ending 31 March 2025 on 30 May 2024.

## 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®, 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 Jun 2024</b>			
Revenue	130,749	40,686	171,435
Operating profit	16,906	5,075	21,981
<b>3 months ended 30 Jun 2023</b>			
Revenue	112,931	35,596	148,527
Operating profit	12,806	4,080	16,886

### b. Geographical Segment:

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

<b>Revenue</b>	Malaysia RM'000	Middle East RM'000	Other Asian Countries RM'000	Others RM'000	Total RM'000
3 months ended 30 Jun 2024	93,716	40,870	33,893	2,956	171,435
3 months ended 30 Jun 2023	82,338	32,848	30,918	2,423	148,527

## 8 Material Events Subsequent to the Reporting Period

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 June 2024.

## 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 announcement, 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 30 June 2024 is RM13.2 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 Jun 2024 RM'000</b>	<b>3 months ended 30 Jun 2023 RM'000</b>
Commission income	(5)	(28)
Royalties payable	2,631	2,173
Sales	(34,026)	(28,408)
Purchases	76,217	82,883
Purchase of assets	-	51
IT shared services and maintenance	1,182	726
Other expenses	341	318
Interest expense on advance from holding company	-	261

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 revenue of RM171.4 million in the current quarter, an increase of RM22.9 million compared to RM148.5 million in the corresponding quarter last year. The Consumer Business segment revenue in the current quarter was RM130.7 million, higher than the revenue of RM112.9 million recorded in the corresponding quarter last year. The increase was mainly driven by higher sales volume of AJI-NO-MOTO® in both domestic and export markets. The Industrial Business segment revenue in the current quarter was RM40.7 million, compared to RM35.6 million in the corresponding quarter last year, contributed by higher sales volume of industrial seasoning products.

Operating profit was RM22.0 million in the current quarter, increased from RM16.9 million recorded in the corresponding quarter last year. The increase was mainly contributed by higher sales revenue and lower key material cost. Finance income was at RM2.6 million from the increase in placement of funds with licensed financial institutions. As a result, profit before tax of the Company was RM24.3 million in the current quarter as compared to profit before tax of RM16.1 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 RM171.4 million as compared to RM152.7 million in the immediate preceding quarter. The increase in revenue was contributed by higher sales volume in both Consumer Business and Industrial Business segments.

The Company recorded an operating profit of RM22.0 million in the current quarter as compared to the operating profit of RM12.1 million in the immediate preceding quarter. This increase was primarily contributed by higher sales revenue and lower key material cost in the current quarter.

### **3 Commentary on Prospects**

Malaysia's Gross Domestic Product (GDP) in the second quarter of 2024 is reported to have expanded by 5.9% (Q1 2024: 4.2%). Recently, the Malaysia Ringgit also strengthen against the USD. Both are positive signs for businesses. However, the costs of the Company's imported raw materials for manufacturing its range of products as well as packaging materials remain high. In addition, the unresolved Red Sea matter continues to impact on shipping schedules and shipping costs. The Company will continue to be agile in addressing costs impacts on its profitability as well as implement measures to protect its market share.

### **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 Jun 2024 RM'000</b>	<b>3 months ended 30 Jun 2023 RM'000</b>
Malaysian income tax :		
Current year	1,028	54
Deferred tax :		
Current year	4,380	3,786
	5,408	3,840

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.

### Utilization of proceeds

As at the end of the period under review, the summary of the utilization of proceeds received by the Company from the disposal of right-of-used assets and property, plant and equipment in the end of the previous quarter are as follows:

	<b>As at 30 Jun 2024</b>	<b>Intended timeframe for utilization</b>	<b>Proposed utilization RM'000</b>	<b>Actual utilization RM'000</b>	<b>Reallocate to RM'000</b>	<b>Balance proceeds unutilized RM'000</b>
(i)	Repayment of bank borrowing	Within 3 months	83,393	83,393	-	-
(ii)	Repayment of advance from Ajinomoto Co., Inc	Within 2 months	30,000	30,000	-	-
(iii)	Proposed Special Dividend	Within 6 months	128,893	128,893	-	-
(iv)	Payment of RPGT	Within 12 months from SPA date	35,161	35,161	-	-
(v)	Estimated expenses related to the Disposal	Immediately	1,775	1,477	(298)	-
(vi)	Working capital	Within 18 months	128,778	32,131	298	96,945
		<b>Total</b>	<b>408,000</b>	<b>311,055</b>	<b>-</b>	<b>96,945</b>

## 7 Borrowings and Debt Securities

As at the end of the period under review, the Company has no borrowings nor issued any debt securities after full settlement of the Islamic financing during the current quarter.

## 8 Material Litigation

There was no material litigation as at 19<sup>th</sup> Aug 2024, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

## 9 Dividend Payable

The Directors, as announced on 27 June 2024, declared a first and final single-tier dividend of 38.40 sen per ordinary share in respect of the financial year ended 31 March 2024. The dividend payable as at the end of the current quarter was RM23,346,637. The dividend payment date is 25 September 2024.

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 30 Jun 2024</b>	<b>3 months ended 30 Jun 2023</b>
Profit attributable to ordinary shareholders of the Company (RM'000)	18,926	12,211
Weighted average number of ordinary shares in issue ('000)	60,799	60,799
Earnings per share attributable to equity holders of the company (sen)		
-Basic	31.13	20.08

## 10 Earnings Per Share (continued)

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 Jun 2024 RM'000</b>	<b>3 months ended 30 Jun 2023 RM'000</b>
(a) Finance income:		
Interest income	(731)	(210)
Distribution from investment securities	(358)	(14)
(b) Profit on Islamic financing	25	699
(c) Interest expense on advance from holding company	-	261
(d) Depreciation of property, plant and equipment	5,587	5,431
(e) Amortization of intangible assets	1,138	842
(f) Depreciation of right-of-use assets	450	450
(g) Write off of inventories	479	344
(h) Foreign exchange loss – realized	593	463
(i) Foreign exchange loss/(gain) – unrealized	442	(1,152)
(j) Gain on disposal of property, plant and equipment	-	(2)
(k) Property, plant and equipment written off	32	47
(l) Fair value gain on liquid investments	(1,517)	(143)
(m) (Gain)/Loss on derivatives	(64)	451

## **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  
**26<sup>th</sup> August 2024**

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