

ESTHETICS INTERNATIONAL GROUP BERHAD

Company No : 199601035708 (408061-P)

**Unaudited Condensed Statements of Comprehensive Income
For The Three Months Period Ended 30 June 2022**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/06/2022 (RM'000)	Prior Year Quarter Ended 30/06/2021 (RM'000)	Current Year To Date 30/06/2022 (RM'000)	Prior Year-To-Date 30/06/2021 (RM'000)
Revenue	35,688	25,822	35,688	25,822
Cost of sales / services	(17,845)	(13,991)	(17,845)	(13,991)
Gross profit	17,843	11,831	17,843	11,831
Other income	288	1,055	288	1,055
Other gains/(losses)	383	(34)	383	(34)
Other expenses	(20,217)	(19,215)	(20,217)	(19,215)
Results from operating activities	(1,703)	(6,363)	(1,703)	(6,363)
Finance costs	(305)	(422)	(305)	(422)
Interest income	341	628	341	628
Loss before tax	(1,667)	(6,157)	(1,667)	(6,157)
Tax expense	(313)	218	(313)	218
Loss for the financial period attributable to the owners of the Company	(1,980)	(5,939)	(1,980)	(5,939)
Other comprehensive income, net of tax Item that may be subsequently reclassified to profit or loss:				
Foreign currency translation	946	113	946	113
Total comprehensive loss for the period attributable to the owners of the Company	(1,034)	(5,826)	(1,034)	(5,826)
Loss per share attributable to owners of the Company:				
Basic (sen)	(0.83)	(2.50)	(0.83)	(2.50)

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to the Interim Financial Statements)

Esthetics International Group Berhad (408061-P)

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Esthetics International Group Berhad
Company No : 199601035708 (408061-P)

Unaudited Condensed Consolidated Statements of Financial Position
As At 30 June 2022

	As at 30/06/2022 (Unaudited) (RM '000)	As at 31/03/2022 (Audited) (RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	27,837	28,681
Right-of-use assets	84,248	84,705
Intangible assets	1,723	1,660
Investment properties	3,307	2,828
Receivables	30,336	29,164
Deferred tax assets	6,571	6,731
	<u>154,022</u>	<u>153,769</u>
Current assets		
Inventories	36,351	35,033
Receivables, deposits and prepayments	18,835	18,766
Tax recoverable	2,386	2,245
Short term cash investments	18,201	26,989
Cash and bank balances	21,266	27,322
	<u>97,039</u>	<u>110,355</u>
TOTAL ASSETS	<u><u>251,061</u></u>	<u><u>264,124</u></u>
EQUITY AND LIABILITIES		
Share capital	128,768	128,768
Reserves	2,107	1,161
Retained earnings	34,315	36,295
TOTAL EQUITY/EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>165,190</u>	<u>166,224</u>
Non-current liabilities		
Borrowings	15,339	15,274
Lease liabilities	8,404	9,368
Contract liabilities	1,003	991
Deferred tax liabilities	9	9
	<u>24,755</u>	<u>25,642</u>
Current liabilities		
Contract Liabilities	25,251	24,798
Payables and accruals	14,611	25,615
Borrowings	4,612	4,566
Lease liabilities	16,153	16,812
Tax Payable	489	467
	<u>61,116</u>	<u>72,258</u>
TOTAL LIABILITIES	<u>85,871</u>	<u>97,900</u>
TOTAL EQUITY AND LIABILITIES	<u><u>251,061</u></u>	<u><u>264,124</u></u>
Net assets per share attributable to owners of the Company (RM)	0.70	0.70

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to the Interim Financial Statements)

Esthetics International Group Berhad
Company No : 199601035708 (408061-P)

Unaudited Condensed Consolidated Statements of Cash Flows
For The Three Months Period Ended 30 June 2022

	Current Year To Date (RM '000)	Prior Year To Date (RM '000)
Cash flows from operating activities		
Loss before tax	(1,667)	(6,157)
<i>Adjustments for : -</i>		
Depreciation of property, plant and equipment	673	932
Depreciation of right-of-use assets	4,881	4,882
Amortisation of development cost	36	21
Covid-19 related rent concession income	(8)	(516)
Gain on disposal of property, plant and equipment	(1)	-
Interest expense	305	422
Interest income	(341)	(628)
Property, plant and equipment written off	1	-
Inventories written off	691	897
Reversal of impairment loss on trade receivables	(7)	(7)
Unrealised (gain)/loss on foreign exchange	(820)	(38)
Operating profit/(loss) before working capital changes	<u>3,743</u>	<u>(192)</u>
Changes in working capital		
Inventories	(2,009)	(204)
Receivables, deposits and prepayments	(24)	324
Payables and accruals	(11,004)	(1,939)
Contract liabilities	465	(1,152)
Cash used in operating activities	<u>(8,829)</u>	<u>(3,163)</u>
Tax paid	<u>(254)</u>	<u>(502)</u>
Net cash used in operating activities	<u>(9,083)</u>	<u>(3,665)</u>
Cash flows generated from investing activities		
Acquisition of property, plant and equipment	(282)	(42)
Addition of intangible assets	(99)	(80)
Advances to associates	(400)	(774)
Proceeds from disposal of property, plant and equipment	1	-
Withdrawal of short term cash investments	8,788	17
Interest and short term money market income received	341	628
Net cash generated from/(used in) investing activities	<u>8,349</u>	<u>(251)</u>
Cash flows used in financing activities		
Interest paid	(305)	(422)
Lease payment	(4,627)	(4,742)
Repayment of term loan	(339)	(295)
Net cash used in financing activities	<u>(5,271)</u>	<u>(5,459)</u>
Net decrease in cash and cash equivalents	(6,005)	(9,375)
Effect of exchange rate changes	(51)	25
Cash and cash equivalents at beginning of financial year	27,322	27,693
Cash and cash equivalents at end of financial period	<u>21,266</u>	<u>18,343</u>

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2022 and the accompanying explanatory attached to the Interim Financial Statements)

Esthetics International Group Berhad
Company No : 199601035708 (408061-P)

Unaudited Condensed Consolidated Statements of Changes in Equity
For The Three Months Period Ended 30 June 2022

	<-----Non-distributable----->		Distributable	Attributable to
	Share	Translation	Retained	Owners Of The
	Capital	Reserve	Earnings	Company/Total
	(RM '000)	(RM '000)	(RM '000)	Equity
	(RM '000)	(RM '000)	(RM '000)	(RM '000)
At 1 April 2022	128,768	1,161	36,295	166,224
Loss for the financial period	-	-	(1,980)	(1,980)
Other comprehensive income, net of tax - Exchange differences on translation of the financial statements of foreign entities	-	946	-	946
Total comprehensive income/(loss) for the period	-	946	(1,980)	(1,034)
At 30 June 2022	128,768	2,107	34,315	165,190
At 1 April 2021	128,768	544	44,796	174,108
Loss for the financial period	-	-	(5,939)	(5,939)
Other comprehensive income, net of tax - Exchange differences on translation of the financial statements of foreign entities	-	113	-	113
Total comprehensive income/(loss) for the period	-	113	(5,939)	(5,826)
At 30 June 2021	128,768	657	38,857	168,282

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2022 and the accompanying explanatory attached to the Interim Financial Statements)

ESTHETICS INTERNATIONAL GROUP BERHAD

Company No: 199601035708 (408061-P)

Part A: Explanatory Notes Pursuant to MFRS 134

A1. Basis of preparation and accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2022. The accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the financial statements of the Group for the financial year ended 31 March 2022 except for the adoption of the following standards applicable to the Group's financial year beginning 1 April 2022:

Amendments/Improvements to MFRSs

<u>Amendments/Improvements to MFRSs</u>		Effective Date
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
MFRS 3	Business Combinations	1 January 2022
MFRS 9	Financial Instruments	1 January 2022
MFRS 16	Leases	1 January 2022
MFRS 116	Property, Plant and Equipment	1 January 2022
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022

The adoption of the above amendments/improvements to MFRSs are not expected to have any material financial impact to the current financial year upon their initial adoption.

New MFRS and amendments/improvement to MFRSs that are issued, but not yet effective

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred

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A1. Basis of preparation and accounting policies (cont'd)

New MFRS and amendments/improvement to MFRSs that are issued, but not yet effective (cont'd)

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs (cont'd)</u>		
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employees Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

Amendments as to the consequences of effective of MFRS 17 Insurance Contracts

Due to the complexity of these new MFRS and amendments/improvements to MFRSs, the financial effects of their adoption are currently being assessed by the Group.

A2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Group for the financial year ended 31 March 2022 was not subject to any qualification.

A3. Seasonal or cyclical factors

The business operations of the Group are customarily affected by seasonal and festivity sales.

A4. Exceptional Items

There were no exceptional items during the quarter under review.

A5. Material changes in accounting estimates

There were no changes in estimates of amounts reported in the annual financial statements of the Group for the financial year ended 31 March 2022 that may have a material effect on the current quarter ended 30 June 2022.

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A6. Issuance and/or repayment of debt and equity instruments

There was no issuance, repurchase and/or repayment of debt and equity instruments for the current quarter ended 30 June 2022.

A7. Dividends paid

No dividend was paid in the quarter under review.

A8. Segmental information

Quarter ended 30 June

	Professional services and sales		Product distribution		Ecommerce		Others *		Total	
	RM'000		RM'000		RM'000		RM'000		RM'000	
Revenue	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total revenue	19,719	13,573	22,023	16,896	1,721	1,971	2,305	2,458	45,768	34,898
Inter-segment revenue	-	-	(7,790)	(6,632)	-	-	(2,290)	(2,444)	(10,080)	(9,076)
External revenue	19,719	13,573	14,233	10,264	1,721	1,971	15	14	35,688	25,822
Segment results	278	(3,644)	(1,336)	(2,870)	(597)	(77)	(48)	228	(1,703)	(6,363)
Finance costs	(209)	(264)	-	-	-	-	(96)	(158)	(305)	(422)
Interest income	12	9	92	85	2	4	235	530	341	628
Loss before tax									(1,667)	(6,157)
Taxation									(313)	218
Loss after tax									(1,980)	(5,939)

* Others mainly consist of investment holding, education and training.

A9. Valuation of property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Accordingly, no valuations have been brought forward from the previous annual financial statements.

A10. Subsequent events

There were no significant events subsequent to the end of the current quarter up to the date of this report that have not been reflected in the financial statements for the current quarter under review.

A11. Changes in composition of the Group

There were no other material changes in the composition of the Group for the current quarter ended 30 June 2022.

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A12. Changes in contingent liabilities and contingent assets

	As at 30/6/2022 Utilised RM'000
Guarantees given to landlords to secure tenancy payments by subsidiaries of EIG for salons and kiosks	264

Save for the above, there were no other contingent liabilities or contingent assets that had arisen since the financial year ended 31 March 2022.

A13. Capital commitments

	As at 30/6/2022 RM'000	As at 31/3/2022 RM'000
Property, plant and equipment		
Approved and contracted for	-	-
Approved but not contracted for	634	622
	<u>634</u>	<u>622</u>

A14. Related party transactions

There were no material related party transactions during the current quarter ended 30 June 2022.

Part B - Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of performance

Quarter ended 30 June 2022 ('1Q23') compared with quarter ended 30 June 2021 ('1Q22')

The Group recorded revenue of RM35.7 million for 1Q23, 38.2% higher than 1Q22 and a loss before tax of RM1.7 million as compared to a loss before tax of RM6.2 million for 1Q22. The higher revenue and lower loss in 1Q23 was due to the lockdown and restrictions in Malaysia during 1Q22. Nevertheless, the Group's result in 1Q23 was partly impacted by the closure of all salons in Hong Kong from 7 January until 20 April 2022 due to COVID-19, as well as higher inventory costs due to the strong US Dollar as well as promotions required to maintain competitiveness in the current environment.

Professional Services and Sales (Corporate Outlets) revenue of RM19.7 million was 45.3% higher than 1Q22, with an operating profit of RM0.3 million as compared to an operating loss of RM3.6 million for 1Q22. The Group owns and operates 79 AsterSpring professional skin care salons, retail kiosks and department store concession counters across Malaysia, Singapore, Hong Kong, Thailand and Indonesia as at 30 June 2022.

Product Distribution (Professional Distribution and Fast Moving Consumer Goods (FMCG)) revenue of RM14.2 million was 38.7% higher than 1Q22, and recorded an operating loss of RM1.3 million as compared to an operating loss of RM2.9 million in 1Q22.

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Ecommerce generated RM1.7 million in revenue for 1Q23, as compared to revenue of RM2.0 million for 1Q22.

On a geographic basis, the proportion of revenue from regional and export business against the domestic business of the Group was 35% and 65% respectively.

B2. Material changes in the quarterly results compared to the results of the immediate preceding quarter ended 31 March 2022 ('4Q22')

The Group recorded revenue of RM35.7 million and loss before tax of RM1.7 million for 1Q23, as compared to revenue of RM37.0 million and profit before tax of RM1.1 million for 4Q22. The lower revenue and loss before tax in 1Q23 was due to the seasonally lower revenue in 1Q23.

B3. Commentary on prospects

Impact of COVID-19

The Group continues to focus on growing as a leader in professional skin care services, as well as building its own and select distribution brands on an omnichannel basis in ASEAN and Hong Kong.

COVID-19 is an ongoing global pandemic. While Malaysia and more countries in the group's region have progressed into the endemic phase, there remains uncertainty regarding the potential impact of future variants and resulting measures to mitigate the pandemic.

For the longer term, the beauty and wellness industry in the Group's markets is expected to have positive potential for growth due to favourable demographic trends, desire for beauty and wellness services and products, and economic potential in the region. However, should economic conditions remain challenging, including ongoing uncertainties relating to the COVID-19 pandemic globally, the beauty and wellness industry and professional skin care services business in the Group's markets may continue to be impacted over the short term.

B4. Profit forecast

The Group does not provide profit forecasts.

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B5. Loss before Tax

	Individual Quarter		Cumulative Quarter	
	Current	Prior	Current	Prior
	Quarter	Quarter	Year-To-	Year-To-
	Ended	Ended	Date	Date
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	RM'000	RM'000	RM'000	RM'000
Loss before tax is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	673	932	673	932
Amortisation of development cost	36	21	36	21
Depreciation of right-to-use assets	4,881	4,882	4,881	4,882
Covid-19 related rent concession income	(8)	(516)	(8)	(516)
Gain on disposal of property, plant and equipment	(1)	-	(1)	-
Property, plant and equipment written off	1	-	1	-
Inventories written off	691	897	691	897
Reversal of impairment loss on trade receivables	(7)	(7)	(7)	(7)
Loss/(gain) on foreign exchange:				
- realised	436	73	436	73
- unrealised	(820)	(38)	(820)	(38)
Interest expense	305	422	305	422
Interest income	(341)	(628)	(341)	(628)
Rental income from investment properties	(34)	(38)	(34)	(38)

Save as disclosed above, the other items required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Securities are not applicable.

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B6. Tax expense

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30/6/2022 RM'000	Prior Quarter Ended 30/6/2021 RM'000	Current Year-To- Date 30/6/2022 RM'000	Prior Year-To- Date 30/6/2021 RM'000
Current tax				
- For the financial period	126	68	126	68
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax	187	(286)	187	(286)
	<hr/>	<hr/>	<hr/>	<hr/>
Tax expense	<u>313</u>	<u>(218)</u>	<u>313</u>	<u>(218)</u>

The Group's effective tax rate for the financial year ended 30 June 2022 was disproportionate to the Malaysian statutory tax rate principally due to group tax relief not being available to off-set Group profits against certain loss making Malaysian and regional subsidiaries for the period.

B7. Status of corporate proposal announced

There were no new corporate proposals announced but not completed as at the date of this report.

B8. Borrowings and debt securities

	As at 30/6/2022 RM'000	As at 31/3/2022 RM'000
Short Term Borrowings		
Secured :		
Hong Kong Dollar	3,804	3,805
Singapore Dollar	808	761
	<hr/>	<hr/>
	<u>4,612</u>	<u>4,566</u>
Long Term Borrowings:		
Secured :		
Singapore Dollar	15,339	15,274
Total Borrowings	<hr/>	<hr/>
	<u>19,951</u>	<u>19,840</u>

The borrowings as at 30 June 2022 were solely for the part financing of the Group's corporate offices in Hong Kong and Singapore.

There was no unsecured debt as at end of the reporting period. Borrowings denominated in foreign currencies are stated at Ringgit Malaysia equivalent as at the reporting date.

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B9. Changes in material litigation

There was no material litigation against the Group as at the reporting date.

B10. Dividend proposed or declared

The Directors have recommended a final single-tier dividend of 0.50 sen per ordinary share in respect of the previous financial year ended 31 March 2022, amounting to RM1.2 million, which is subject to approval by shareholders at the forthcoming Annual General Meeting on 28 September 2022. This proposed dividend has not been included in the financial statements for the financial year ended 31 March 2022.

The total dividend paid and payable for the financial year ended 31 March 2022, including the recommended final dividend, if approved, would amount 1.0 sen per ordinary share, totaling RM2.4 million.

The Board does not recommend any interim dividend for the current financial quarter ended 30 June 2022.

B11. Basic and diluted earnings per share

(a) Basic earnings per share

	Individual Quarter	
	Current Year Quarter 30/6/2022 RM'000	Prior Year Quarter 30/6/2021 RM'000
Profit attributable to owners of the Company	(1,980)	(5,939)
Number of ordinary shares in issue ('000)	237,194	237,194
Basic earning per share (sen)	(0.83)	(2.50)

(b) Diluted earnings per share

The diluted earnings per share is similar to the basic earnings per share as the Company does not have any dilutive potential ordinary shares in issue.

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B12. Authorised for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 August 2022.