

ESTHETICS INTERNATIONAL GROUP BERHAD
Company No : 199601035708 (408061-P)
Unaudited Condensed Statements of Comprehensive Income
For The Six Months Period Ended 30 September 2022

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30/09/2022 (RM'000)	Prior Year Quarter Ended 30/09/2021 (RM'000)	Current Year To Date 30/09/2022 (RM'000)	Prior Year-To-Date 30/09/2021 (RM'000)
Revenue	40,532	21,804	76,220	47,626
Cost of sales / services	(21,139)	(12,285)	(38,984)	(26,276)
Gross profit	<u>19,393</u>	<u>9,519</u>	<u>37,236</u>	<u>21,350</u>
Other income	659	1,976	947	3,031
Other gains	856	278	1,239	244
Other expenses	(21,522)	(17,139)	(41,739)	(36,354)
Results from operating activities	<u>(614)</u>	<u>(5,366)</u>	<u>(2,317)</u>	<u>(11,729)</u>
Finance costs	(296)	(348)	(601)	(770)
Interest income	559	545	900	1,173
Loss before tax	<u>(351)</u>	<u>(5,169)</u>	<u>(2,018)</u>	<u>(11,326)</u>
Tax expense	(311)	931	(624)	1,149
Loss for the financial period attributable to the owners of the Company	<u>(662)</u>	<u>(4,238)</u>	<u>(2,642)</u>	<u>(10,177)</u>
Other comprehensive income/(loss), net of tax Item that may be subsequently reclassified to profit or loss:				
Foreign currency translation	708	(203)	1,654	(90)
Total comprehensive income/(loss) for the period attributable to the owners of the Company	<u><u>46</u></u>	<u><u>(4,441)</u></u>	<u><u>(988)</u></u>	<u><u>(10,267)</u></u>
Loss per share attributable to owners of the Company:				
Basic (sen)	(0.28)	(1.79)	(1.11)	(4.29)

(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 September 2022

	As at 30/09/2022 (Unaudited) (RM '000)	As at 31/03/2022 (Audited) (RM '000)
ASSETS		
Non-current assets		
Property, plant and equipment	27,945	28,681
Right-of-use assets	82,276	84,705
Intangible assets	1,687	1,660
Investment properties	3,307	2,828
Receivables	31,468	29,164
Deferred tax assets	6,935	6,731
	<u>153,618</u>	<u>153,769</u>
Current assets		
Inventories	37,549	35,033
Receivables, deposits and prepayments	18,382	18,766
Tax recoverable	2,023	2,245
Short term cash investments	17,125	26,989
Cash and bank balances	26,320	27,322
	<u>101,399</u>	<u>110,355</u>
TOTAL ASSETS	<u><u>255,017</u></u>	<u><u>264,124</u></u>
EQUITY AND LIABILITIES		
Share capital	128,768	128,768
Reserves	2,815	1,161
Retained earnings	33,653	36,295
TOTAL EQUITY/EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>165,236</u>	<u>166,224</u>
Non-current liabilities		
Borrowings	15,469	15,274
Lease liabilities	4,826	9,368
Contract liabilities	1,450	991
Deferred tax liabilities	10	9
	<u>21,755</u>	<u>25,642</u>
Current liabilities		
Contract Liabilities	26,793	24,798
Payables and accruals	19,979	25,615
Borrowings	4,687	4,566
Lease liabilities	16,099	16,812
Tax Payable	468	467
	<u>68,026</u>	<u>72,258</u>
TOTAL LIABILITIES	<u>89,781</u>	<u>97,900</u>
TOTAL EQUITY AND LIABILITIES	<u><u>255,017</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 Six Months Period Ended 30 September 2022

	Current Year To Date (RM '000)	Prior Year To Date (RM '000)
Cash flows from operating activities		
Loss before tax	(2,018)	(11,326)
<i>Adjustments for : -</i>		
Depreciation of property, plant and equipment	1,380	1,753
Depreciation of right-of-use assets	9,713	9,525
Amortisation of development cost	73	49
Covid-19 related rent concession income	(8)	(2,125)
Gain on disposal of property, plant and equipment	(13)	-
Interest expense	601	770
Interest income	(900)	(1,173)
Property, plant and equipment written off	1	-
Inventories written off	1,352	1,518
Reversal of impairment loss on trade receivables	(5)	(8)
Unrealised gain on foreign exchange	(1,674)	(338)
Operating profit/(loss) before working capital changes	8,502	(1,355)
Changes in working capital		
Inventories	(3,868)	(1,746)
Receivables, deposits and prepayments	(249)	298
Payables and accruals	(5,636)	3,325
Contract liabilities	2,454	(899)
Cash generated from/(used in) operating activities	1,203	(377)
Tax paid	(556)	(832)
Tax refunded	-	151
Net cash generated from/(used in) operating activities	647	(1,058)
Cash flows generated from investing activities		
Acquisition of property, plant and equipment	(1,058)	(570)
Addition of intangible assets	(99)	(107)
Advances to associates	(408)	(624)
Proceeds from disposal of property, plant and equipment	13	-
Withdrawal of short term cash investments	9,864	3,849
Interest and short term money market income received	900	1,173
Net cash generated from investing activities	9,212	3,721
Cash flows used in financing activities		
Interest paid	(601)	(770)
Lease payment	(9,259)	(9,241)
Repayment of term loan	(693)	(632)
Net cash used in financing activities	(10,553)	(10,643)
Net decrease in cash and cash equivalents	(694)	(7,980)
Effect of exchange rate changes	(308)	(673)
Cash and cash equivalents at beginning of financial year	27,322	27,693
Cash and cash equivalents at end of financial period	26,320	19,040

(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 Six Months Period Ended 30 September 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	-	-	(2,642)	(2,642)
Other comprehensive income, net of tax				
- Exchange differences on translation of the financial statements of foreign entities	-	1,654	-	1,654
Total comprehensive income/(loss) for the period	-	1,654	(2,642)	(988)
At 30 September 2022	128,768	2,815	33,653	165,236
At 1 April 2021	128,768	544	44,796	174,108
Loss for the financial period	-	-	(10,177)	(10,177)
Other comprehensive loss, net of tax				
- Exchange differences on translation of the financial statements of foreign entities	-	(90)	-	(90)
Total comprehensive loss for the period	-	(90)	(10,177)	(10,267)
At 30 September 2021	128,768	454	34,619	163,841

(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

<u>Amendments/Improvements to MFRSs</u>	
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 16	Leases	1 January 2024
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 September 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 September 2022.

A7. Dividends paid

No dividend was paid in the quarter under review.

A8. Segmental information

Quarter ended 30 September

	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	22,364	10,411	25,677	13,772	1,991	2,181	2,650	2,153	52,682	28,517
Inter-segment revenue	-	-	(9,515)	(4,574)	-	-	(2,635)	(2,139)	(12,150)	(6,713)
External revenue	22,364	10,411	16,162	9,198	1,991	2,181	15	14	40,532	21,804
Segment results	(22)	(3,731)	(437)	(2,119)	(99)	194	(56)	290	(614)	(5,366)
Finance costs	(204)	(260)	-	-	-	-	(92)	(88)	(296)	(348)
Interest income	18	5	98	85	3	3	440	452	559	545
Loss before tax									(351)	(5,169)
Taxation									(311)	931
Loss after tax									(662)	(4,238)

Year-to-date ended 30 September

	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	42,083	23,984	47,700	30,668	3,712	4,152	4,955	4,611	98,450	63,415
Inter-segment revenue	-	-	(17,305)	(11,206)	-	-	(4,925)	(4,583)	(22,230)	(15,789)
External revenue	42,083	23,984	30,395	19,462	3,712	4,152	30	28	76,220	47,626
Segment results	256	(7,375)	(1,773)	(4,989)	(696)	117	(104)	518	(2,317)	(11,729)
Finance costs	(413)	(524)	-	-	-	-	(188)	(246)	(601)	(770)
Interest income	30	14	190	170	5	7	675	982	900	1,173
Loss before tax									(2,018)	(11,326)
Taxation									(624)	1,149
Loss after tax									(2,642)	(10,177)

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

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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 September 2022.

A12. Changes in contingent liabilities and contingent assets

	As at 30/9/2022 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 30/9/2022 RM'000	As at 31/3/2022 RM'000
Property, plant and equipment		
Approved and contracted for	-	-
Approved but not contracted for	-	622
	<u>-</u>	<u>622</u>

A14. Related party transactions

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

ESTHETICS INTERNATIONAL GROUP BERHAD

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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 September 2022 ('2Q23') compared with quarter ended 30 September 2021 ('2Q22')

The Group recorded revenue of RM40.5 million for 2Q23, 85.9% higher than 2Q22 and a loss before tax of RM0.4 million as compared to a loss before tax of RM5.2 million for 2Q22. The higher revenue and lower loss in 2Q23 was due to the COVID-19 related lockdown and restrictions in Malaysia during 2Q22. Nevertheless, the Group's result in 2Q23 was impacted by higher inventory costs due to the continued strengthening of the US Dollar as well as the global post-pandemic supply chain delays and disruptions.

Professional Services and Sales (Corporate Outlets) revenue of RM22.4 million was 148.1% higher than 2Q22, with a narrower operating loss of RM22K as compared to an operating loss of RM3.7 million for 2Q22. The Group owns and operates 78 AsterSpring professional skin care salons, retail kiosks and department store concession counters across Malaysia, Singapore, Hong Kong, Thailand and Indonesia as at 30 September 2022.

Product Distribution (Professional Distribution and Fast Moving Consumer Goods (FMCG)) revenue of RM16.2 million was 75.7% higher than 2Q22, and recorded an operating loss of RM0.4 million as compared to an operating loss of RM2.1 million in 2Q22.

Ecommerce generated RM2.0 million in revenue for 2Q23, as compared to revenue of RM2.2 million for 2Q22.

On a geographic basis, the proportion of revenue from regional and export business against the domestic business of the Group was 38% and 62% respectively.

Half year ended 30 September 2022 ('1H23') compared with half year ended 30 September 2021 ('1H22')

The Group generated revenue of RM76.2 million for 1H23, 60.0% higher than 1H22 and a lower loss before tax of RM2.0 million as compared to a loss before tax of RM11.3 million for 1H22.

Professional Services and Sales (Corporate Outlets) revenue of RM42.1 million was 75.5% higher than 1H22, resulting in an operating profit of RM0.3 million as compared to an operating loss of RM7.4 million for 1H22.

Product Distribution (Professional Distribution and FMCG) revenue for 1H23 was 56.2% higher at RM30.4 million. The segment recorded an operating loss of RM1.8 million as compared to an operating loss of RM5.0 million in 1H22 due to higher revenue generated in 1H23.

Ecommerce contributed RM3.7 million in revenue for 1H23, as compared to revenue of RM4.2 million for 1H22 which was higher due to more consumers purchasing from home during the COVID-19 related lockdowns and restrictions.

The revenue contributed from regional and export business against domestic business of the Group was 36% and 64% respectively.

ESTHETICS INTERNATIONAL GROUP BERHAD

Company No: 199601035708 (408061-P)

B2. Material changes in the quarterly results compared to the results of the immediate preceding quarter ended 30 June 2022 ('1Q23')

The Group recorded revenue of RM40.5 million and narrower loss before tax of RM0.4 million for 2Q23, as compared to revenue of RM35.7 million and loss before tax of RM1.7 million for 1Q23. The higher revenue and lower loss before tax in 2Q23 was due to the seasonally higher sales for the September quarter as compared to the June quarter.

B3. Commentary on prospects

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.

While Malaysia and more countries in the group's region have progressed into the endemic phase, there remains potential uncertainty regarding future variants of COVID-19 and the impact thereof. The Group continues to navigate the challenging environment including the post-pandemic global inflation, supply chain disruptions and strengthening of the US Dollar.

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, 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.

ESTHETICS INTERNATIONAL GROUP BERHAD

Company No: 199601035708 (408061-P)

B5. Loss before Tax

	Individual Quarter		Cumulative Quarter	
	Current	Prior	Current	Prior
	Quarter	Quarter	Year-To-	Year-To-
	Ended	Ended	Date	Date
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	RM'000	RM'000	RM'000	RM'000
Loss before tax is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	707	821	1,380	1,753
Amortisation of development cost	37	28	73	49
Depreciation of right-to-use assets	4,832	4,643	9,713	9,525
Covid-19 related rent concession income	-	(1,609)	(8)	(2,125)
Gain on disposal of property, plant and equipment	(12)	-	(13)	-
Property, plant and equipment written off	-	-	1	-
Inventories written off	661	621	1,352	1,518
Impairment/(Reversal of) loss on trade receivables	2	(1)	(5)	(8)
Loss/(gain) on foreign exchange:				
- realised	10	21	446	94
- unrealised	(854)	(300)	(1,674)	(338)
Interest expense	296	348	601	770
Interest income	(559)	(545)	(900)	(1,173)
Rental income from investment properties	(34)	(38)	(68)	(76)

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.

ESTHETICS INTERNATIONAL GROUP BERHAD

Company No: 199601035708 (408061-P)

B6. Tax expense

	Individual Quarter		Cumulative Quarter	
	Current	Prior	Current	Prior
	Quarter	Quarter	Year-To-	Year-To-
	Ended	Ended	Date	Date
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	RM'000	RM'000	RM'000	RM'000
Current tax				
- For the financial period	639	7	765	75
	<u>639</u>	<u>7</u>	<u>765</u>	<u>75</u>
Deferred tax	(328)	(938)	(141)	(1,224)
	<u>(328)</u>	<u>(938)</u>	<u>(141)</u>	<u>(1,224)</u>
Tax expense	<u>311</u>	<u>(931)</u>	<u>624</u>	<u>(1,149)</u>

The Group's effective tax rate for the financial period ended 30 September 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	As at
	30/9/2022	31/3/2022
	RM'000	RM'000
Short Term Borrowings		
Secured :		
Hong Kong Dollar	3,858	3,805
Singapore Dollar	<u>829</u>	<u>761</u>
	<u>4,687</u>	<u>4,566</u>
Long Term Borrowings:		
Secured :		
Singapore Dollar	<u>15,469</u>	<u>15,274</u>
Total Borrowings	<u>20,156</u>	<u>19,840</u>

The borrowings as at 30 September 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

In light of the current macroeconomic uncertainties, there was no dividend declared or paid during the quarter under review, and will be reviewed following the close of the financial year ended 31 March 2023.

B11. Basic and diluted earnings per share

(a) Basic earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2022 RM'000	Prior Year Quarter 30/9/2021 RM'000	Current Year- To-Date 30/9/2022 RM'000	Prior Year-To- Date 30/9/2021 RM'000
Profit attributable to owners of the Company	(662)	(4,238)	(2,642)	(10,177)
Number of ordinary shares in issue ('000)	237,194	237,194	237,194	237,194
Basic earnings per share (sen)	(0.28)	(1.79)	(1.11)	(4.29)

(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.

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 24 November 2022.