



INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT  
FOR THE 4<sup>th</sup> QUARTER ENDED 31<sup>st</sup> DECEMBER 2023

28<sup>th</sup> FEBRUARY 2024

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4<sup>th</sup> QUARTER ENDED 31<sup>st</sup> DECEMBER 2023

**UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**

|   | Note | Quarter ended   |                 | 12 months ended  |                  |
|---|------|-----------------|-----------------|------------------|------------------|
|   |      | 31.12.2023      | 31.12.2022      | 31.12.2023       | 31.12.2022       |
|   |      | RM'000          | RM'000          | RM'000           | RM'000           |
| <b>Revenue</b>  |      | 37,130          | 40,819          | 135,325          | 149,398          |
| <b>Operating expenses</b>   |      |                 |                 |                  |                  |
| Changes in inventories  |      | (12,185)        | (13,511)        | (43,111)         | (50,455)         |
| Rental expenses   |      | (1,077)         | (783)           | (3,644)          | (4,980)          |
| Employee expenses   |      | (9,005)         | (9,329)         | (38,409)         | (36,282)         |
| Distribution expenses   |      | (655)           | (618)           | (2,470)          | (2,529)          |
| Advertising and promotion expenses  |      | (1,053)         | (1,001)         | (3,788)          | (3,647)          |
| Depreciation and amortisation expenses                                      |      | (4,937)         | (4,296)         | (18,972)         | (17,820)         |
| Royalty expenses  |      | (373)           | (408)           | (1,354)          | (1,398)          |
| Other operating expenses  |      | (2,475)         | (2,735)         | (10,471)         | (4,713)          |
| <b>Total operating expenses</b>   |      | <b>(31,760)</b> | <b>(32,681)</b> | <b>(122,219)</b> | <b>(121,824)</b> |
| <b>Profit from operations</b>   |      | 5,370           | 8,138           | 13,106           | 27,574           |
| Other income  |      | 175             | 715             | 329              | 1,300            |
| Finance income  |      | 382             | 447             | 1,873            | 931              |
| Finance costs   |      | (482)           | (324)           | (1,498)          | (1,181)          |
| <b>Profit before tax ("PBT")</b>  | 20   | 5,445           | 8,976           | 13,810           | 28,624           |
| Tax expenses  | 21   | (823)           | (2,352)         | (3,306)          | (7,289)          |
| <b>Profit after tax ("PAT")</b>   |      | 4,622           | 6,624           | 10,504           | 21,335           |
| <b>Profit attributable to owners of the Company</b>                         |      | 4,622           | 6,624           | 10,504           | 21,335           |
| <b>Basic earnings per share attributable to owners of the Company (sen)</b> | 22   | 0.65            | 0.94            | 1.49             | 3.02             |
| <b>Other selected financial data:</b>                                       |      |                 |                 |                  |                  |
| Gross profit <sup>(1)</sup>   |      | 24,945          | 27,308          | 92,214           | 98,943           |
| Gross profit margin   |      | 67.2%           | 66.9%           | 68.1%            | 66.2%            |
| PBT margin  |      | 14.7%           | 22.0%           | 10.2%            | 19.2%            |
| PAT margin  |      | 12.4%           | 16.2%           | 7.8%             | 14.3%            |

<sup>(1)</sup> computed based on revenue less changes in inventories (cost of goods sold).

The unaudited consolidated statements of profit or loss should be read in conjunction with the audited consolidated financial statements for the financial year ended 31<sup>st</sup> December 2022 and the accompanying explanatory notes attached in this interim financial report.

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**UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

|  | Note | Quarter ended |              | 12 months ended |               |
|--|------|---------------|--------------|-----------------|---------------|
|  |      | 31.12.2023    | 31.12.2022   | 31.12.2023      | 31.12.2022    |
|  |      | RM'000        | RM'000       | RM'000          | RM'000        |
| <b>PAT</b>   |      | 4,622         | 6,624        | 10,504          | 21,335        |
| <b>Other comprehensive income, net of tax</b>  |      |               |              |                 |               |
| <u>Item that may be reclassified subsequently to profit or loss</u>  |      |               |              |                 |               |
| Foreign currency translation differences for foreign operation, representing other comprehensive income for the period |      | (935)         | (1,140)      | 402             | 852           |
| <b>Total comprehensive income for the period</b>   |      | <u>3,687</u>  | <u>5,484</u> | <u>10,906</u>   | <u>22,187</u> |
| <b>Total comprehensive income attributable to owners of the Company</b>  |      | <u>3,687</u>  | <u>5,484</u> | <u>10,906</u>   | <u>22,187</u> |

The unaudited consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31<sup>st</sup> December 2022 and the accompanying explanatory notes attached in this interim financial report.

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**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

|                                       | Note | 31.12.2023<br>RM'000 | 31.12.2022<br>RM'000 |
|---------------------------------------|------|----------------------|----------------------|
| <b>Assets</b>                         |      |                      |                      |
| Plant and equipment                   |      | 10,432               | 8,114                |
| Right-of-use assets                   |      | 28,308               | 19,922               |
| Intangible assets                     |      | 51,927               | 52,297               |
| Deferred tax assets                   |      | 1,473                | 538                  |
| Receivables and deposits              |      | 6,850                | 6,391                |
| <b>Total non-current assets</b>       |      | <u>98,990</u>        | <u>87,262</u>        |
| Inventories                           |      | 37,879               | 28,767               |
| Receivables, deposits and prepayments |      | 5,928                | 7,221                |
| Current tax assets                    |      | 81                   | -                    |
| Other investments                     | 23   | 6,642                | 16,246               |
| Cash and cash equivalents             |      | 40,154               | 42,681               |
| <b>Total current assets</b>           |      | <u>90,684</u>        | <u>94,915</u>        |
| <b>Total assets</b>                   |      | <u>189,674</u>       | <u>182,177</u>       |
| <b>Liabilities</b>                    |      |                      |                      |
| Provision for restoration costs       |      | 1,954                | 1,906                |
| Payables and accruals                 |      | -                    | 2                    |
| Deferred tax liabilities              |      | 78                   | -                    |
| Lease liabilities                     |      | 15,195               | 9,938                |
| <b>Total non-current liabilities</b>  |      | <u>17,227</u>        | <u>11,846</u>        |
| Provision for restoration costs       |      | 232                  | 260                  |
| Loans and borrowings                  | 24   | -                    | 27                   |
| Lease liabilities                     |      | 14,260               | 10,842               |
| Contract liabilities                  |      | 565                  | 692                  |
| Payables and accruals                 |      | 10,932               | 7,954                |
| Current tax liabilities               |      | 992                  | 1,878                |
| <b>Total current liabilities</b>      |      | <u>26,981</u>        | <u>21,653</u>        |
| <b>Total liabilities</b>              |      | <u>44,208</u>        | <u>33,499</u>        |
| <b>Net assets</b>                     |      | <u>145,466</u>       | <u>148,678</u>       |

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**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

|                                       | Note | 31.12.2023<br>RM'000 | 31.12.2022<br>RM'000 |
|---------------------------------------|------|----------------------|----------------------|
| <b>Equity</b>                         |      |                      |                      |
| Share capital                         |      | 50,326               | 50,326               |
| Reserves                              |      | 95,140               | 98,352               |
| <b>Total equity</b>                   |      | <u>145,466</u>       | <u>148,678</u>       |
| <b>Other selected financial data:</b> |      |                      |                      |
| Number of ordinary shares ('000)      |      | 705,881              | 705,881              |
| Net assets per share (sen)            |      | 20.61                | 21.06                |
| Net gearing ratio (times) *           |      | (0.32)               | (0.40)               |

\* computed based on net borrowings (total bank borrowings less cash and cash equivalents and other investments) divided by total equity. Negative net gearing ratio denotes a net cash position.

The unaudited consolidated statements of financial position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31<sup>st</sup> December 2022 and the accompanying explanatory notes attached in this interim financial report.

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**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

| Note   | ← Non-distributable →   |  | Distributable                 |                             | Total equity<br>RM'000 |
|--|-------------------------|--|-------------------------------|-----------------------------|------------------------|
|  | Share capital<br>RM'000 | Business combination reserve<br>RM'000 | Translation reserve<br>RM'000 | Retained earnings<br>RM'000 |                        |
| <b>At 1st January 2022</b>   | 50,326                  | 4,636                                  | 403                           | 88,771                      | 144,136                |
| Profit for the period  | -                       | -                                      | -                             | 21,335                      | 21,335                 |
| Foreign currency translation differences for foreign operation, representing other comprehensive income for the period | -                       | -                                      | 854                           | -                           | 854                    |
| Total comprehensive income for the period  | -                       | -                                      | 854                           | 21,335                      | 22,189                 |
| Dividend declared  | 8                       | -                                      | -                             | (17,647)                    | (17,647)               |
| <b>At 31st December 2022</b>   | <u>50,326</u>           | <u>4,636</u>                           | <u>1,257</u>                  | <u>92,459</u>               | <u>148,678</u>         |
| <b>At 1st January 2023</b>   | 50,326                  | 4,636                                  | 1,257                         | 92,459                      | 148,678                |
| Profit for the period  | -                       | -                                      | -                             | 10,504                      | 10,504                 |
| Foreign currency translation differences for foreign operation, representing other comprehensive income for the period | -                       | -                                      | 402                           | -                           | 402                    |
| Total comprehensive income for the period  | -                       | -                                      | 402                           | 10,504                      | 10,906                 |
| Dividend declared  | 8                       | -                                      | -                             | (14,118)                    | (14,118)               |
| <b>At 31st December 2023</b>   | <u>50,326</u>           | <u>4,636</u>                           | <u>1,659</u>                  | <u>88,845</u>               | <u>145,466</u>         |

The unaudited consolidated statements of changes in equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31<sup>st</sup> December 2022 and the accompanying explanatory notes attached in this interim financial report.

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**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

|   | <b>12 months ended</b> |                   |                   |
|---|------------------------|-------------------|-------------------|
|   | <b>Note</b>            | <b>31.12.2023</b> | <b>31.12.2022</b> |
|   |                        | <b>RM'000</b>     | <b>RM'000</b>     |
| <b>Cash flows from operating activities</b>                 |                        |                   |                   |
| Profit before tax   |                        | 13,809            | 28,624            |
| Adjustments for:  |                        |                   |                   |
| Changes in lease payments arising from rent concessions     |                        | -                 | (11)              |
| Depreciation and amortisation expenses                      |                        | 18,972            | 17,820            |
| Unrealised foreign exchange loss/(gain)                     |                        | 96                | (53)              |
| Plant and equipment written off                             |                        | 193               | 253               |
| Fair value gain on other investments                        |                        | -                 | (195)             |
| Gain on disposal of other investment                        |                        | (77)              | -                 |
| Gain on disposal of plant and equipment                     |                        | (201)             | -                 |
| Finance income  |                        | (1,873)           | (931)             |
| Finance costs   |                        | 1,498             | 1,181             |
| Writedown of inventories                                    |                        | 182               | 205               |
| <b>Operating cashflow before changes in working capital</b> |                        | <b>32,600</b>     | <b>46,893</b>     |
| Changes in working capital:                                 |                        |                   |                   |
| Inventories   |                        | (9,118)           | 5,369             |
| Receivables, deposits and prepayments                       |                        | 946               | (941)             |
| Payables, accruals and contract liabilities                 |                        | 3,054             | (6,467)           |
| Provision for restoration costs                             |                        | 15                | (116)             |
| <b>Cash generated from operations</b>                       |                        | <b>27,497</b>     | <b>44,738</b>     |
| Income tax paid   |                        | (5,121)           | (7,048)           |
| <b>Net cash generated from operating activities</b>         |                        | <b>22,376</b>     | <b>37,690</b>     |
| <b>Cash flows from investing activities</b>                 |                        |                   |                   |
| Acquisition of plant and equipment                          |                        | (7,181)           | (3,444)           |
| Proceed from disposal of plant and equipment                |                        | 235               | -                 |
| Net cashflow from disposal of a subsidiary                  |                        | -                 | 1,957             |
| Withdrawal of other investments                             |                        | 9,803             | 26,613            |
| Interest received   |                        | 1,862             | 641               |
| <b>Net cash generated from investing activities</b>         |                        | <b>4,719</b>      | <b>25,767</b>     |

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**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)**

|   |             | <b>12 months ended</b> |                   |
|---|-------------|------------------------|-------------------|
|   | <b>Note</b> | <b>31.12.2023</b>      | <b>31.12.2022</b> |
|   |             | <b>RM'000</b>          | <b>RM'000</b>     |
| <b>Cash flows from financing activities</b>                 |             |                        |                   |
| Dividends paid  | 8           | (14,118)               | (17,647)          |
| Repayment of hire purchase                                  |             | (27)                   | (159)             |
| Repayment of lease liabilities                              |             | (14,218)               | (13,534)          |
| Interest paid for lease liabilities                         |             | (1,498)                | (1,177)           |
| Interest paid for hire purchase                             |             | -                      | (4)               |
| <b>Net cash used in financing activities</b>                |             | <u>(29,861)</u>        | <u>(32,521)</u>   |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |             | (2,766)                | 30,936            |
| Effect of exchange rate fluctuations on cash held           |             | 239                    | 446               |
| Cash and cash equivalents at beginning of the period        |             | 42,681                 | 11,299            |
| <b>Cash and cash equivalents at end of the period</b>       |             | <u>40,154</u>          | <u>42,681</u>     |
| <b>Cash and cash equivalents comprise the following:</b>    |             |                        |                   |
| Cash and bank balances                                      |             | 17,813                 | 42,681            |
| Deposits placed with licensed banks                         |             | 22,341                 | -                 |
|   |             | <u>40,154</u>          | <u>42,681</u>     |

The unaudited consolidated statements of cash flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31<sup>st</sup> December 2022 and the accompanying explanatory notes attached in this interim financial report.



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### INTERIM FINANCIAL REPORT FOR THE 4<sup>th</sup> QUARTER ENDED 31<sup>st</sup> DECEMBER 2023

#### 1. BASIS OF PREPARATION

The interim financial statements (“Interim Financial Report”) of InNature Berhad (“InNature” or the “Company”) and its subsidiaries (collectively, the “Group”) is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: *Interim Financial Reporting* issued by Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards (“IFRS”) 134: *Interim Financial Reporting* issued by International Accounting Standards Board (“IASB”), and Paragraph 9.22 of Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

The Interim Financial Report should be read in conjunction with the audited consolidated financial statements for the financial year ended 31<sup>st</sup> December 2022 and the accompanying explanatory notes in this Interim Financial Report.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the Interim Financial Report are the same as those applied by the Group in its audited consolidated financial statements for the year ended 31<sup>st</sup> December 2022, except for the adoption of the new and amended MFRS and Issues Committee (“IC”) Interpretations which are relevant to the Group during the current financial period. The adoption of the new and amended MFRS and IC Interpretations did not have a material effect on the financial performance or position of the Group.

#### 3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report of the Group’s consolidated financial statements for the financial year ended 31<sup>st</sup> December 2022 was not subject to any qualification.

#### 4. SEASONAL AND CYCLICAL FACTORS

Being in the retail industry, the Group’s operations are subject to peaks and troughs in revenue generation throughout the year. Generally, the Group records higher sales during major festive and school holiday seasons in the respective country of which the Group operates.

#### 5. UNUSUAL ITEMS

Save as disclosed elsewhere in this Interim Financial Report, there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period.

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6. CHANGES IN ESTIMATES

There were no major changes in estimates that have had material effect on the results of current financial period.

7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial period.

8. DIVIDENDS

The following dividends were recognised by the Company:

|                                   | RM per<br>share<br>RM | Total<br>amount<br>RM'000 | Payment date |
|-----------------------------------|-----------------------|---------------------------|--------------|
| <b>Company</b>                    |                       |                           |              |
| <b>12 months ended 31.12.2023</b> |                       |                           |              |
| In respect of FY2022:             |                       |                           |              |
| - Final dividend                  | 0.02                  | <u>14,118</u>             | 31.03.2023   |
| <b>12 months ended 31.12.2022</b> |                       |                           |              |
| In respect of FY2021:             |                       |                           |              |
| - Final dividend                  | 0.015                 | 10,588                    | 31.03.2022   |
| In respect of FY2022:             |                       |                           |              |
| - Interim dividend                | 0.01                  | <u>7,059</u>              | 30.09.2022   |
|                                   |                       | <u>17,647</u>             |              |

On 28<sup>th</sup> February 2023, the Company declared a final dividend of 1.0 sen per ordinary share for the financial year ended 31<sup>st</sup> December 2023 ("FY2023"). Shareholders who are on the Register of Members at the close of business on 20<sup>th</sup> March 2024 will be entitled for the dividend. The expected dividend payment date is 29<sup>th</sup> March 2024.

9. CHANGES IN COMPOSITION OF THE GROUP

There was no change to the composition of the Group during the current financial period.

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10. CONTINGENT LIABILITIES

|  | <b>31.12.2023</b> | <b>31.12.2022</b> |
|--|-------------------|-------------------|
|  | <b>RM'000</b>     | <b>RM'000</b>     |
| <b>Company</b>   |                   |                   |
| Corporate guarantees granted to a subsidiary for credit facilities | 1,000             | 1,000             |
| Bank guarantees granted to subsidiaries for tenancy agreements     | 832               | 795               |
|  | <u>1,832</u>      | <u>1,795</u>      |

11. CAPITAL COMMITMENTS

|                                 | <b>31.12.2023</b> | <b>31.12.2022</b> |
|---------------------------------|-------------------|-------------------|
|                                 | <b>RM'000</b>     | <b>RM'000</b>     |
| <b>Group</b>                    |                   |                   |
| <b>Plant and equipment</b>      |                   |                   |
| Approved but not contracted for | <u>15,151</u>     | <u>21,922</u>     |
| <b>Leases as a leasee</b>       |                   |                   |
| Contracted but not commenced    | <u>4,151</u>      | <u>1,912</u>      |

12. MATERIAL RELATED PARTY TRANSACTIONS

|  | <b>Quarter ended</b> |                   | <b>12 months ended</b> |                   |
|--|----------------------|-------------------|------------------------|-------------------|
|  | <b>31.12.2023</b>    | <b>31.12.2022</b> | <b>31.12.2023</b>      | <b>31.12.2022</b> |
|  | <b>RM'000</b>        | <b>RM'000</b>     | <b>RM'000</b>          | <b>RM'000</b>     |
| <b>Group</b>                                       |                      |                   |                        |                   |
| Rental of office and retail outlets <sup>(1)</sup> | <u>160</u>           | <u>142</u>        | <u>643</u>             | <u>594</u>        |

<sup>(1)</sup> The Group rented office and several retail outlets in Malaysia from an entity in which certain Directors of the Company have interests. The transaction was entered into in the normal course of business under normal trade terms.

13. STATUS OF CORPORATE PROPOSAL

There is no corporate proposal announced but not completed as at the date of this Interim Financial Report.

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The utilisation of proceeds from IPO as at 31<sup>st</sup> December 2023 is as follows:

| <b>Utilisation of proceeds</b> | <b>Proposed utilisation<br/>RM'000</b> | <b>Actual utilisation up<br/>to 31.12.2023<br/>RM'000</b> | <b>Transfer<br/>RM'000</b> | <b>Balance<br/>unutilised<br/>RM'000</b> | <b>Estimated<br/>timeframe for<br/>utilisation from<br/>Listing date</b> |
|--------------------------------|--|---|----------------------------|--|--|
| (i) Capital expenditure        | 34,500                                 | (19,349)  | -                          | 15,151                                   | Within 48 months   |
| (ii) Working capital           | 837                                    | (1,188)   | 351                        | -  | Within 36 months   |
| (iii) Business development     | 5,700                                  | (5,700)   | -                          | -  | Within 48 months   |
| (iv) Listing-related expenses  | 6,370                                  | (6,019)   | (351)                      | -  | Within 3 months  |
| <b>Total</b>                   | <b>47,407</b>                          | <b>(32,256)</b>   | <b>-</b>                   | <b>15,151</b>                            |  |

The utilisation of proceeds should be read in conjunction with the IPO Prospectus dated 29<sup>th</sup> January 2020, and the Company's announcement on 18<sup>th</sup> February 2020. The unutilised balance of RM351,000 allocated for listing-related expenses were transferred to working capital in 2020.

On 2<sup>nd</sup> February 2024, the Company announced that it has extended the timeframe for utilisation of proceeds from IPO allocated for capital expenditure for an additional 24 months from the original timeframe of 48 months, i.e. up to 20<sup>th</sup> February 2026. The extension of time is necessary because the outbreak of the COVID-19 pandemic has disrupted the Group's plan for the capital expenditure.

**15. MATERIAL LITIGATION**

There is no material litigation involving the Group subsequent to 31<sup>st</sup> December 2022 and up to the date of this Interim Financial Report.

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The Group does not have reportable segments as the principal activities of entities within the Group are essentially relate to the marketing of The Body Shop (“TBS”) and Natura products. Segment information of the Group is presented on the basis of geographical segments, based on the geographical location of customers, assets and liabilities.

Please refer to Note 17 on the Group’s segment financial results and financial position.

**17. PERFORMANCE REVIEW****4Q2023 vs 3Q2023**

|  | Quarter ended |            |            |            |
|--|---------------|------------|------------|------------|
|  | 31.12.2023    | 30.09.2023 | 30.06.2023 | 31.03.2023 |
|  | RM'000        | RM'000     | RM'000     | RM'000     |
| <b>Group</b>                           |               |            |            |            |
| Revenue                                | 37,130        | 32,023     | 33,747     | 32,425     |
| PAT                                    |               |            |            |            |
| - core                                 | 4,761         | 1,707      | 2,078      | 2,643      |
| - reported                             | 4,622         | 1,066      | 1,812      | 3,003      |
| Core PAT excludes the following items: |               |            |            |            |
| - MFRS 16                              | (155)         | (2)        | (30)       | (74)       |
| - one-off gains                        | -             | (3)        | -          | 281        |
| - service charges income from Natura   | -             | -          | -          | 153        |
| - business development expenses        | 16            | (636)      | (236)      | -          |
|  | (139)         | (641)      | (266)      | 360        |

The Group recorded 15.9% revenue growth quarter-on-quarter in 4Q2023 in line with year-end festivities. The revenue growth was broad-based across all its markets, where this has contributed to the expansion of core PAT by 178.9% for the reporting quarter. The Group registered profits in all its markets for 4Q2023.

MFRS 16 charges were higher in 4Q2023 as a result of leases for new stores as well lease renewal for existing stores.

Business development expenses represent costs incurred by the Group in assessing the feasibility of business opportunities. The Group adjusted its business development expenses in 4Q2023 based on actual billings. Total business developments expenses of the Group for FY2023 were RM856k.

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**4Q2023 vs 4Q2022**

|                     | 4Q2023             |                   |                    |                 | 4Q2022             |                   |                    |                 |
|---------------------|--------------------|-------------------|--------------------|-----------------|--------------------|-------------------|--------------------|-----------------|
|                     | Malaysia<br>RM'000 | Vietnam<br>RM'000 | Cambodia<br>RM'000 | Group<br>RM'000 | Malaysia<br>RM'000 | Vietnam<br>RM'000 | Cambodia<br>RM'000 | Group<br>RM'000 |
| <b>Revenue</b>      |                    |                   |                    |                 |                    |                   |                    |                 |
| The Body Shop       | 28,351             | 7,877             | 902                | 37,130          | 32,181             | 7,688             | 950                | 40,819          |
| Natura              | -                  | -                 | -                  | -               | -                  | -                 | -                  | -               |
|                     | 28,351             | 7,877             | 902                | 37,130          | 32,181             | 7,688             | 950                | 40,819          |
| <b>PAT</b>          |                    |                   |                    |                 |                    |                   |                    |                 |
| The Body Shop       | 4,475              | 355               | 44                 | 4,874           | 5,918              | 645               | 115                | 6,678           |
| Natura              | -                  | -                 | -                  | -               | 7                  | -                 | -                  | 7               |
|                     | 4,475              | 355               | 44                 | 4,874           | 5,925              | 645               | 115                | 6,685           |
| Corporate           | (113)              | -                 | -                  | (113)           | (261)              | -                 | -                  | (261)           |
| <b>Core PAT</b>     | 4,362              | 355               | 44                 | 4,761           | 5,664              | 645               | 115                | 6,424           |
| MFRS 16             | (140)              | (15)              | -                  | (155)           | (67)               | 33                | 1                  | (33)            |
| Non-core items      | 16                 | -                 | -                  | 16              | 233                | -                 | -                  | 233             |
| <b>Reported PAT</b> | 4,238              | 340               | 44                 | 4,622           | 5,830              | 678               | 116                | 6,624           |

The Group's operating environment in 4Q2023 remained challenging with ongoing macro headwinds impacting consumer sentiment. Overall, Group revenue declined 9.0% (10.1% on constant currency) vs 4Q2022, as shown in the table below:

|                     | 4Q2023   |         |          |        |
|---------------------|----------|---------|----------|--------|
|                     | Malaysia | Vietnam | Cambodia | Group  |
| Revenue             |          |         |          |        |
| - reported          | -11.9%   | 2.5%    | -5.1%    | -9.0%  |
| - constant currency | -11.9%   | -2.5%   | -13.3%   | -10.1% |
| - same store        | -5.8%    | -7.9%   | -20.9%   | -6.7%  |

Core PAT of the Group was 25.9% lower vs 4Q2022, mainly as a result of softer topline, higher operating expenses and lower forex gain. Geographically, the Group was profitable across all its markets for the reporting quarter.

Non-core items in 4Q2022 comprised service charges income from Natura (RM270k) and business development expenses (RM37k).

Total store count of the Group (including pop-up stores) stood at 121 as at 31<sup>st</sup> December 2023, lower by 1 vs 30<sup>th</sup> September 2023 following the closure of a kiosk in Malaysia upon the expiry of lease term.

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**FY2023 vs FY2022**

|                     | FY2023             |                   |                    |                 | FY2022             |                   |                    |                 |
|---------------------|--------------------|-------------------|--------------------|-----------------|--------------------|-------------------|--------------------|-----------------|
|                     | Malaysia<br>RM'000 | Vietnam<br>RM'000 | Cambodia<br>RM'000 | Group<br>RM'000 | Malaysia<br>RM'000 | Vietnam<br>RM'000 | Cambodia<br>RM'000 | Group<br>RM'000 |
| <b>Revenue</b>      |                    |                   |                    |                 |                    |                   |                    |                 |
| The Body Shop       | 105,659            | 26,028            | 3,638              | 135,325         | 115,618            | 28,698            | 3,642              | 147,958         |
| Natura              | -                  | -                 | -                  | -               | 1,440              | -                 | -                  | 1,440           |
|                     | 105,659            | 26,028            | 3,638              | 135,325         | 117,058            | 28,698            | 3,642              | 149,398         |
| <b>PAT</b>          |                    |                   |                    |                 |                    |                   |                    |                 |
| The Body Shop       | 12,816             | (983)             | 205                | 12,038          | 20,395             | 899               | 424                | 21,718          |
| Natura              | -                  | -                 | -                  | -               | 27                 | -                 | -                  | 27              |
|                     | 12,816             | (983)             | 205                | 12,038          | 20,422             | 899               | 424                | 21,745          |
| Corporate           | (849)              | -                 | -                  | (849)           | (736)              | -                 | -                  | (736)           |
| <b>Core PAT</b>     | 11,967             | (983)             | 205                | 11,189          | 19,686             | 899               | 424                | 21,009          |
| MFRS 16             | (169)              | (93)              | 3                  | (259)           | 64                 | 26                | 3                  | 93              |
| Non-core items      | (426)              | -                 | -                  | (426)           | 233                | -                 | -                  | 233             |
| <b>Reported PAT</b> | 11,372             | (1,076)           | 208                | 10,504          | 19,983             | 925               | 427                | 21,335          |

The Group's performance in FY2023 was affected by the challenging retail landscape across all its markets. Overall, Group revenue declined 9.4% (9.9% on constant currency) vs FY2022, as shown in the table below:

|                     | FY2023   |         |          |        |
|---------------------|----------|---------|----------|--------|
|                     | Malaysia | Vietnam | Cambodia | Group  |
| Revenue             |          |         |          |        |
| - reported          | -9.7%    | -9.3%   | -0.1%    | -9.4%  |
| - constant currency | -9.7%    | -11.0%  | -4.8%    | -9.9%  |
| - same store        | -11.1%   | -17.3%  | -19.3%   | -12.6% |

Core PAT of the Group declined 46.7% in FY2023, mainly as a result of lower revenue and higher operating expenses, in particular staff costs. Geographically, both Malaysia and Cambodia recorded lower core PAT, whereas Vietnam was in the red.

The Group continues to expand its retail store network strategically. The following table shows the movement in the Group's retail store network for FY2023:

|  | Retail Store Count |         |          |       |
|--|--------------------|---------|----------|-------|
|  | Malaysia           | Vietnam | Cambodia | Group |
| Retail stores at 1.1.2023                    | 73                 | 38      | 3        | 114   |
| Opening                                      | 3                  | 2       | -        | 5     |
| Conversion from pop-up to full-fledged store | 1                  | -       | -        | 1     |
| Closure                                      | (1)                | (4)     | -        | (5)   |
| <b>Retail stores at 31.12.2023</b>           | 76                 | 36      | 3        | 115   |
| Pop-up stores at 31.12.2023                  | 2                  | 4       | -        | 6     |
| <b>Retail + pop-up stores at 31.12.2023</b>  | 78                 | 40      | 3        | 121   |

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**Balance Sheet**

|                          | 31.12.2023         |                   |                    |                 | 31.12.2022         |                   |                    |                 |
|--------------------------|--------------------|-------------------|--------------------|-----------------|--------------------|-------------------|--------------------|-----------------|
|                          | Malaysia<br>RM'000 | Vietnam<br>RM'000 | Cambodia<br>RM'000 | Group<br>RM'000 | Malaysia<br>RM'000 | Vietnam<br>RM'000 | Cambodia<br>RM'000 | Group<br>RM'000 |
| <b>Assets</b>            |                    |                   |                    |                 |                    |                   |                    |                 |
| The Body Shop            | 148,117            | 34,940            | 6,448              | 189,505         | 135,169            | 33,622            | 5,860              | 174,651         |
| Corporate                | 169                | -                 | -                  | 169             | 7,526              | -                 | -                  | 7,526           |
| <b>Total assets</b>      | <b>148,286</b>     | <b>34,940</b>     | <b>6,448</b>       | <b>189,674</b>  | <b>142,695</b>     | <b>33,622</b>     | <b>5,860</b>       | <b>182,177</b>  |
| <b>Liabilities</b>       |                    |                   |                    |                 |                    |                   |                    |                 |
| The Body Shop            | 30,291             | 12,548            | 1,046              | 43,885          | 22,035             | 10,412            | 894                | 33,341          |
| Corporate                | 323                | -                 | -                  | 323             | 158                | -                 | -                  | 158             |
| <b>Total liabilities</b> | <b>30,614</b>      | <b>12,548</b>     | <b>1,046</b>       | <b>44,208</b>   | <b>22,192</b>      | <b>10,412</b>     | <b>894</b>         | <b>33,499</b>   |
| <b>Net assets</b>        | <b>117,672</b>     | <b>22,392</b>     | <b>5,402</b>       | <b>145,466</b>  | <b>120,503</b>     | <b>23,210</b>     | <b>4,965</b>       | <b>148,678</b>  |

As at 31<sup>st</sup> December 2023, the Group's financial position remains in net cash, with cash and other investments of RM46.8 million, and net assets of RM145.5 million.

Total assets of the Group increased 4.1% / RM7.5 million to RM189.7 million, contributed mainly by higher inventory balance (+RM9.1 million), MFRS16 right-of-use assets (+RM8.4 million) and fixed assets (+RM2.3 million), but was mitigated by lower cash and other investments (-RM12.1 million) following dividend payment.

Total liabilities of the Group increased 32.0% / RM10.7 million to RM44.2 million, driven primarily by higher MFRS16 lease liabilities (+RM8.7 million).

18. PROSPECTS

We will be celebrating our 40<sup>th</sup> anniversary since the founding of The Body Shop Malaysia in Kuala Lumpur in 1984. In the context of continued economic and geopolitical uncertainty, we remain confident of our ability in navigating challenges, having received assurance from the brand principal to continue supporting our business growth despite their ongoing restructuring in the UK. Our priority in 2024 would be to ignite growth in all our markets, focusing on customer recruitment, productivity improvement of existing stores, and acceleration of digital channels' contribution through strategic marketing initiatives.

Barring unforeseen circumstances, we expect the Group to achieve better results for the full year of 2024, though quarter-on-quarter performance will be subject to seasonal fluctuations.

19. PROFIT FORECAST / PROFIT GUARANTEE

The Group did not issue any profit forecast or profit guarantee in any form of public documentation and/or announcement.



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20. PROFIT BEFORE TAX

Profit before tax is arrived at after crediting/(charging) the following income/(expenses):

|  | Quarter ended |            | 12 months ended |            |
|--|---------------|------------|-----------------|------------|
|  | 31.12.2023    | 31.12.2022 | 31.12.2023      | 31.12.2022 |
|  | RM'000        | RM'000     | RM'000          | RM'000     |
| <b>Group</b>   |               |            |                 |            |
| Revenue  |               |            |                 |            |
| - Retailing  | 37,105        | 40,800     | 135,240         | 149,341    |
| - Consultancy fees   | 25            | 19         | 85              | 57         |
|  | 37,130        | 40,819     | 135,325         | 149,398    |
| (Loss)/gain on foreign exchange  |               |            |                 |            |
| - realised   | 150           | 452        | (62)            | 772        |
| - unrealised   | (38)          | (36)       | (96)            | 53         |
|  | 112           | 416        | (158)           | 825        |
| Rental expenses  |               |            |                 |            |
| - before MFRS 16 adjustments   | (5,068)       | (4,654)    | (19,361)        | (19,700)   |
| - less: minimum lease payments (MFRS 16 adjustments)   | 3,991         | 3,871      | 15,717          | 14,720     |
|  | (1,077)       | (783)      | (3,644)         | (4,980)    |
| Depreciation and amortisation  |               |            |                 |            |
| - plant and equipment  | (1,176)       | (632)      | (4,086)         | (3,994)    |
| - intangible assets  | (95)          | (92)       | (387)           | (384)      |
| - right-of-use assets (MFRS 16 adjustments)  | (3,666)       | (3,572)    | (14,500)        | (13,443)   |
|  | (4,937)       | (4,296)    | (18,973)        | (17,821)   |
| Inventories written down   | (72)          | (41)       | (182)           | (205)      |
| Income arising from disposal of a subsidiary - service charges income (post-completion obligation) | -             | 270        | 153             | 270        |
| Contribution from a trade supplier   | -             | -          | -               | 2,250      |
| Finance income comprises interest income from  |               |            |                 |            |
| - bank balances and fixed deposits   | 382           | 397        | 1,873           | 800        |
| - fixed income funds   | -             | 50         | -               | 131        |
|  | 382           | 447        | 1,873           | 931        |
| Finance costs comprise interest expenses on  |               |            |                 |            |
| - hire purchase  | -             | -          | -               | (4)        |
| - lease liabilities (MFRS 16 adjustments)  | (482)         | (324)      | (1,498)         | (1,177)    |
|  | (482)         | (324)      | (1,498)         | (1,181)    |

Save as disclosed above and elsewhere in this Interim Financial Report, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.

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21. TAX EXPENSES

|                               | Quarter ended |              | 12 months ended |              |
|-------------------------------|---------------|--------------|-----------------|--------------|
|                               | 31.12.2023    | 31.12.2022   | 31.12.2023      | 31.12.2022   |
|                               | RM'000        | RM'000       | RM'000          | RM'000       |
| <b>Group</b>                  |               |              |                 |              |
| Tax expenses                  |               |              |                 |              |
| - arising from Malaysia       | 920           | 2,044        | 3,767           | 6,910        |
| - arising outside Malaysia    | (97)          | 308          | (461)           | 379          |
|                               | <u>823</u>    | <u>2,352</u> | <u>3,306</u>    | <u>7,289</u> |
| <b>Effective tax rate (%)</b> | <u>15.1%</u>  | <u>26.2%</u> | <u>23.9%</u>    | <u>25.5%</u> |

Effective tax rate (“ETR”) is computed by dividing tax expenses with profit before tax for the financial period. ETR for the current financial period is lower year-on-year, mainly as a result of overprovision of deferred tax in prior year.

22. EARNINGS PER SHARE (“EPS”)

|   | Quarter ended  |                | 12 months ended |                |
|---|----------------|----------------|-----------------|----------------|
|   | 31.12.2023     | 31.12.2022     | 31.12.2023      | 31.12.2022     |
|   | RM'000         | RM'000         | RM'000          | RM'000         |
| Profit attributable to owners of the Company        | <u>4,622</u>   | <u>6,624</u>   | <u>10,504</u>   | <u>21,335</u>  |
| Weighted average number of ordinary shares in issue | <u>705,881</u> | <u>705,881</u> | <u>705,881</u>  | <u>705,881</u> |
| <b>Basic EPS (sen)</b>                              | <u>0.65</u>    | <u>0.94</u>    | <u>1.49</u>     | <u>3.02</u>    |

Diluted earnings per ordinary share is not presented as the Group has no shares or other instruments with potential dilutive effects as at 31<sup>st</sup> December 2023 and 31<sup>st</sup> December 2022.

23. OTHER INVESTMENT

|  | 31.12.2023   | 31.12.2022    |
|--|--------------|---------------|
|  | RM'000       | RM'000        |
| <b>Group</b>   |              |               |
| Fixed deposits of more than 3 months but less than 12 months | 6,642        | 9,349         |
| Fixed income funds   | -            | 6,897         |
|  | <u>6,642</u> | <u>16,246</u> |

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24. LOANS AND BORROWINGS

|  | <b>31.12.2023</b> | <b>31.12.2022</b> |
|--|-------------------|-------------------|
|  | <b>RM'000</b>     | <b>RM'000</b>     |
| <b>Group</b>                             |                   |                   |
| <b>Current</b>                           |                   |                   |
| RM denominated hire purchase (unsecured) | -                 | 27                |

25. SUBSEQUENT EVENT

Save as disclosed elsewhere in this Interim Financial Report, there is no material event impacting the Group subsequent to 31<sup>st</sup> December 2023 and up to the date of this Interim Financial Report.