



INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT
FOR THE 2nd QUARTER ENDED 30 JUNE 2024

27 AUGUST 2024

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2024

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	Quarter ended		6 months ended	
		30.6.2024 RM'000	30.6.2023 RM'000	30.6.2024 RM'000	30.6.2023 RM'000
Revenue		31,305	33,746	62,790	66,171
Operating expenses					
Changes in inventories		(10,567)	(10,905)	(20,705)	(20,831)
Rental expenses		(698)	(991)	(1,414)	(1,956)
Employee related expenses		(9,016)	(10,028)	(17,576)	(19,779)
Distribution expenses		(581)	(657)	(1,204)	(1,247)
Advertising and promotion expenses		(1,191)	(885)	(2,234)	(1,575)
Depreciation and amortisation expenses		(5,047)	(4,669)	(10,068)	(9,179)
Royalty expenses		(191)	(333)	(528)	(661)
Other operating expenses		(2,331)	(2,803)	(4,451)	(5,089)
Total operating expenses		(29,622)	(31,271)	(58,180)	(60,317)
Profit from operations		1,683	2,475	4,610	5,854
Other income		406	(142)	649	352
Finance income		367	570	734	1,060
Finance costs		(378)	(344)	(800)	(645)
Profit before tax ("PBT")	20	2,078	2,559	5,193	6,621
Tax expenses	21	(612)	(748)	(1,366)	(1,807)
Profit after tax ("PAT")		1,466	1,811	3,827	4,814
Profit attributable to owners of the Company		1,466	1,811	3,827	4,814
Basic earnings per share attributable to owners of the Company (sen)	22	0.21	0.26	0.54	0.68
Other selected financial data:					
Gross profit ⁽¹⁾		20,738	22,841	42,085	45,340
Gross profit margin		66.2%	67.7%	67.0%	68.5%
PBT margin		6.6%	7.6%	8.3%	10.0%
PAT margin		4.7%	5.4%	6.1%	7.3%

⁽¹⁾ 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 December 2023 and the accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2024

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Quarter ended		6 months ended	
		30.6.2024 RM'000	30.6.2023 RM'000	30.6.2024 RM'000	30.6.2023 RM'000
PAT		1,466	1,811	3,827	4,814
Other comprehensive income, net of tax					
<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		(778)	1,523	(486)	1,765
Total comprehensive income for the period		<u>688</u>	<u>3,334</u>	<u>3,341</u>	<u>6,579</u>
Total comprehensive income attributable to owners of the Company		<u>688</u>	<u>3,334</u>	<u>3,341</u>	<u>6,579</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 December 2023 and the accompanying explanatory notes attached in this interim financial report.

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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30.6.2024 RM'000	31.12.2023 RM'000
Assets			
Plant and equipment		9,736	10,432
Right-of-use assets		23,081	28,308
Intangible assets		51,727	51,927
Deferred tax assets		1,802	1,473
Receivables and deposits		6,861	6,847
Total non-current assets		<u>93,207</u>	<u>98,987</u>
Inventories		34,324	37,879
Receivables, deposits and prepayments		5,065	5,916
Current tax assets		42	81
Other investments	23	2,393	6,642
Cash and cash equivalents		47,322	40,154
Total current assets		<u>89,146</u>	<u>90,672</u>
Total assets		<u>182,353</u>	<u>189,659</u>
Liabilities			
Provision for restoration costs		1,869	1,954
Loans and borrowings	24	241	-
Deferred tax liabilities		-	78
Lease liabilities		10,758	15,195
Total non-current liabilities		<u>12,868</u>	<u>17,227</u>
Provision for restoration costs		302	232
Loans and borrowings	24	55	-
Lease liabilities		13,527	14,260
Contract liabilities		492	552
Payables and accruals		12,084	10,932
Current tax liabilities		1,279	992
Total current liabilities		<u>27,739</u>	<u>26,968</u>
Total liabilities		<u>40,607</u>	<u>44,195</u>
Net assets		<u>141,746</u>	<u>145,464</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	30.6.2024 RM'000	31.12.2023 RM'000
Equity			
Share capital		50,326	50,326
Reserves		91,420	95,138
Total equity		<u>141,746</u>	<u>145,464</u>
Other selected financial data:			
Number of ordinary shares ('000)		705,881	705,881
Net assets per share (sen)		20.08	20.61
Net gearing ratio (times) *		(0.35)	(0.32)

* 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 December 2023 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	
	Share capital RM'000	Business combination reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2023	50,326	4,636	1,257	92,459	148,678
Profit for the period	-	-	-	4,814	4,814
Foreign currency translation differences for foreign operation, representing other comprehensive income for the period	-	-	1,765	-	1,765
Total comprehensive income for the period	-	-	1,765	4,814	6,579
Dividend declared	8	-	-	(14,118)	(14,118)
At 30 June 2023	50,326	4,636	3,022	83,155	141,139
At 1 January 2024	50,326	4,636	1,659	88,843	145,464
Profit for the period	-	-	-	3,827	3,827
Foreign currency translation differences for foreign operation, representing other comprehensive income for the period	-	-	(486)	-	(486)
Total comprehensive income for the period	-	-	(486)	3,827	3,341
Dividend declared	8	-	-	(7,059)	(7,059)
At 30 June 2024	50,326	4,636	1,173	85,611	141,746

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 December 2023 and the accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2024

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	6 months ended	
		30.6.2024 RM'000	30.6.2023 RM'000
Cash flows from operating activities			
Profit before tax		5,193	6,621
Adjustments for:			
Depreciation and amortisation expenses		10,068	9,179
Unrealised foreign exchange gain		(353)	(121)
Plant and equipment written off		22	10
Gain on disposal of other investment		-	(77)
Gain on disposal of plant and equipment		(70)	(204)
Finance income		(734)	(1,060)
Finance costs		800	645
Writedown of inventories		3	53
Operating cashflow before changes in working capital		<u>14,929</u>	<u>15,046</u>
Changes in working capital:			
Inventories		3,425	(7,544)
Receivables, deposits and prepayments		768	(808)
Payables, accruals and contract liabilities		1,841	7,319
Provision for restoration costs		(10)	54
Cash generated from operations		<u>20,953</u>	<u>14,067</u>
Income tax paid		(1,594)	(3,606)
Net cash generated from operating activities		<u>19,359</u>	<u>10,461</u>
Cash flows from investing activities			
Acquisition of plant and equipment		(1,610)	(4,019)
Proceeds from disposal of plant and equipment		70	235
Withdrawal of other investments		4,165	8,441
Interest received		727	1,011
Net cash generated from investing activities		<u>3,352</u>	<u>5,668</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

		6 months ended	
	Note	30.6.2024	30.6.2023
		RM'000	RM'000
Cash flows from financing activities			
Dividends paid	8	(7,059)	(14,118)
Drawdown/(repayment) of hire purchase, net		296	(27)
Repayment of lease liabilities		(7,712)	(6,901)
Interest paid for hire purchase		(1)	-
Interest paid for lease liabilities		(799)	(645)
Net cash used in financing activities		<u>(15,275)</u>	<u>(21,691)</u>
Net changes in cash and cash equivalents			
		7,436	(5,562)
Effect of exchange rate fluctuations on cash held		(268)	720
Cash and cash equivalents at beginning of the period		40,154	42,681
Cash and cash equivalents at end of the period		<u>47,322</u>	<u>37,839</u>
Cash and cash equivalents comprise the following:			
Cash and bank balances		14,926	12,393
Deposits placed with licensed banks		32,396	25,446
		<u>47,322</u>	<u>37,839</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 December 2023 and the accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2024

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 December 2023 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 December 2023, 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 December 2023 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 weekends, 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 share RM	Total amount RM'000	Payment date
Company			
6 months ended 30.6.2024			
In respect of FY2023:			
- Final dividend	0.01	<u>7,059</u>	29.3.2024
6 months ended 30.6.2023			
In respect of FY2022:			
- Final dividend	0.02	<u>14,118</u>	28.3.2023

The Company did not declare any dividend subsequent to 30 June 2024 and up to the date of this Interim Financial Report.

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

	30.6.2024	31.12.2023
	RM'000	RM'000
Company		
Corporate guarantees granted to a subsidiary for credit facilities	1,000	1,000
Bank guarantees granted to a subsidiary for tenancy agreements	787	832
	<u>1,787</u>	<u>1,832</u>

11. CAPITAL COMMITMENTS

	30.6.2024	31.12.2023
	RM'000	RM'000
Group		
Plant and equipment		
Approved but not contracted for	12,907	15,151
	<u>12,907</u>	<u>15,151</u>
Leases as a leasee		
Contracted but not commenced	-	4,151
	<u>-</u>	<u>4,151</u>

12. MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended		6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Group				
Rental of office and retail outlets ⁽¹⁾	156	159	312	321
	<u>156</u>	<u>159</u>	<u>312</u>	<u>321</u>

⁽¹⁾ 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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INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2024**14. UTILISATION OF PROCEEDS FROM IPO**

The utilisation of proceeds from IPO as at 30 June 2024 is as follows:

Utilisation of proceeds	Proposed	Actual utilisation up	Transfer	Balance	Estimated	Extended
	utilisation	to 30.6.2024		unutilised	timeframe for	timeframe for
	RM'000	RM'000	RM'000	RM'000	Listing date	utilisation from 20.2.2024
(i) Capital expenditure	34,500	(21,593)	-	12,907	Within 48 months	Within 24 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	
Total	47,407	(34,500)	-	12,907		

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

On 2 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 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 December 2023 and up to the date of this Interim Financial Report.

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16. SEGMENT INFORMATION

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

	6 months ended 30.6.2024				6 months ended 30.6.2023			
	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000
Segment Revenue								
Sales to external customers	49,067	12,081	1,642	62,790	51,270	13,023	1,878	66,171
Segment Results								
Core EBITDA	6,805	(456)	346	6,695	8,369	(525)	401	8,245
Depreciation	(1,174)	(810)	(310)	(2,294)	(1,139)	(721)	(301)	(2,161)
Core profit from operations	5,631	(1,266)	36	4,401	7,230	(1,246)	100	6,084
Net finance income	553	145	31	729	486	514	50	1,050
Forex gain/(loss)	375	(31)	12	356	(61)	(19)	(8)	(88)
Other income	45	-	-	45	1	-	-	1
MFRS 16 effect	(29)	(36)	3	(62)	(46)	(74)	2	(118)
Core PBT	6,575	(1,188)	82	5,469	7,610	(825)	144	6,929
Tax expenses	(1,629)	296	-	(1,333)	(1,933)	185	(18)	(1,766)
Core PAT	4,946	(892)	82	4,136	5,677	(640)	126	5,163

Reconciliation of Segment P&L

Core PAT	4,136	5,163
Non-reportable segment (corporate)	(140)	(547)
Non-core items:		
- business development expenses	(239)	(236)
- gain on disposal of assets	70	281
- service charges income (post-completion obligation on disposal of a former subsidiary)	-	153
Reported PAT	3,827	4,814

	30.6.2024				31.12.2023			
	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000
Segment assets	144,806	32,101	4,736	181,643	148,274	34,940	6,445	189,659
Segment liabilities	28,117	11,069	917	40,103	30,600	12,549	1,046	44,195
Non-reportable segment (corporate)								
Assets				710				168
Liabilities				504				321

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17. PERFORMANCE REVIEW

2Q2024 vs 2Q2023

	2Q2024				2Q2023			
	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000
Revenue	25,155	5,376	774	31,305	26,607	6,184	955	33,746
Core EBITDA	3,186	(526)	149	2,809	4,318	(661)	214	3,871
Core PAT	2,414	(675)	14	1,753	2,914	(614)	65	2,365
Corporate				(118)				(320)
Non-core items				(169)				(234)
Reported PAT				1,466				1,811

Revenue

The operating environment remains challenging in 2Q2024 across all our markets, characterized by ongoing inflation concerns and cautious consumer sentiment. We observed much lower consumer spending across all markets, including the Hari Raya festive season in Malaysia and during our annual May promotion campaign in Vietnam. In Cambodia, performance of the market was additionally impacted by high base comparison due to SEA Games in May 2023.

Overall, Group revenue was 7.2% behind 2Q2023 with Malaysia being the major revenue contributor, as shown in the table below.

	2Q2024			
	Malaysia	Vietnam	Cambodia	Group
Revenue				
- reported	-5.5%	-13.1%	-19.0%	-7.2%
- constant currency	-5.5%	-6.7%	-19.0%	-6.1%
- same store	-8.0%	-14.0%	-20.0%	-9.4%
Revenue contribution by Market	80.3%	17.2%	2.5%	100.0%

On channel mix, our physical retail stores including pop-up stores made up 93.3% of the Group's revenue in 2Q2024. Our efforts in accelerating digital channels yielded positive results, with these channels now contributing 6.7% to the Group's revenue in 2Q2024 vs 4.4% a year ago.

Profitability

GP margin for the Group declined 1.4% percentage point in 2Q2024 to 66.2%, mainly as a result of increased promotional activities, higher cost of goods sold and a weaker Ringgit. In absolute amount, gross profit of the Group was lower by 9.2% or RM2.1 million for the reporting quarter.

In line with the revenue trend and the reduced GP margin, core EBITDA and PAT of the Group were correspondingly lower at RM2.8 million and RM1.8 million respectively for 2Q2024.

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For information, core results of the Group exclude corporate expenses and non-core items such as business development expenses and one-off gains. MFRS 16 effects are disregarded in deriving at EBITDA.

2Q2024 vs 1Q2024

	2Q2024				1Q2024			
	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000	Malaysia RM'000	Vietnam RM'000	Cambodia RM'000	Group RM'000
Revenue	25,155	5,376	774	31,305	23,912	6,705	868	31,485
Core EBITDA	3,186	(526)	149	2,809	3,619	70	197	3,886
Core PAT	2,414	(675)	14	1,753	2,532	(217)	68	2,383
Corporate				(118)				(22)
Non-core items				(169)				-
Reported PAT				1,466				2,361

Quarter-on-quarter, Group revenue for 2Q2024 was 0.6% lower vs 1Q2024. While Malaysia recorded 5.2% revenue growth due to Hari Raya festivity, both Vietnam and Cambodia registered revenue decline by 19.8% and 10.8% respectively on challenging operating environment.

Core EBITDA and PAT were lower at RM2.8 million and RM1.8 million respectively, mainly as a result of the reduction in GP margin by 1.3% percentage point to 66.2%.

6M2024 vs 6M2023

Revenue

For 6M2024, the Group recorded lower revenue by 5.1%, reflecting the current market conditions. The breakdown of revenue by market is as shown in the table below.

	6 months ended 30.6.2024			
	Malaysia	Vietnam	Cambodia	Group
Revenue				
- reported	-4.3%	-7.2%	-12.6%	-5.1%
- constant currency	-4.3%	-4.8%	-15.0%	-4.7%
- same store	-7.0%	-10.9%	-15.5%	-8.0%
Revenue contribution by Market	78.2%	19.2%	2.6%	100.0%

Physical retail stores (including pop-up stores) made up 93.5% of the Group's revenue in the channel mix for 6M2024. The following table shows the movement in the Group's retail store network for 6M2024:

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	Retail Store Count			
	Malaysia	Vietnam	Cambodia	Group
Retail stores at 1.1.2024	76	36	3	115
Opening	-	2	-	2
Closure	(2)	(1)	-	(3)
Retail stores at 30.6.2024	74	37	3	114
Pop-up stores at 30.6.2024	1	4	-	5
Retail + pop-up stores at 30.6.2024	75	41	3	119

Contribution from the Group's digital channels was 6.5% for 6M2024, a significant jump as compared with 3.9% in the same period last year.

Profitability

GP margin for the Group declined 1.5% percentage point in 6M2024 to 67.0%. In line with the revenue trend and the reduced GP margin, core EBITDA and PAT of the Group were correspondingly lower at RM6.7 million and RM4.1 million respectively for 6M2024.

Balance Sheet

The Group's financial position remains in net cash as at 30 June 2024, with cash and other investments of RM49.7 million, and net assets of RM141.8 million.

Compared with 31 December 2023, total assets of the Group declined 3.9% to RM182.4 million, contributed mainly by the reducing Plant & Equipment and MFRS16 Right-of-use Assets following depreciation and amortisation charges.

Total liabilities of the Group declined 8.1% to RM40.6 million, largely as a result of lower MFRS16 Lease Liabilities.

18. PROSPECTS

While we expect that the challenging conditions may persist for the rest of the year, we are optimistic about a boost in the final quarter from the year-end holiday season. We remain committed to optimizing our retail store network to enhance productivity, while accelerating contribution from our digital channels. Additionally, we expect the onboarding of the Burger & Lobster business in August 2024 to contribute positively to the Group's performance. All in all, we remain confident in our Group's continued profitability.

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		6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Group				
Revenue				
- Retail	31,286	33,727	62,750	66,130
- Consultancy services	19	19	40	41
	31,305	33,746	62,790	66,171
Gain/(loss) on foreign exchange				
- realised	(8)	(328)	181	(199)
- unrealised	322	205	353	121
	314	(123)	534	(78)
Depreciation and amortisation				
- plant and equipment	(1,052)	(1,047)	(2,100)	(1,966)
- intangible assets	(96)	(99)	(194)	(195)
- MFRS16 right-of-use assets	(3,899)	(3,523)	(7,774)	(7,018)
	(5,047)	(4,669)	(10,068)	(9,179)
Inventories written down	-	(35)	(3)	(53)
Service charges income (post-completion obligation on disposal of a former subsidiary in 2022)	-	-	-	153
<u>Finance income</u>				
Interest income				
- bank balances and fixed deposits	367	570	734	1,060
<u>Finance costs</u>				
Interest expenses				
- hire purchase	(1)	-	(1)	-
- MFRS16 lease liabilities	(377)	(344)	(799)	(645)
	(378)	(344)	(800)	(645)

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		6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Group				
Tax expenses				
- arising from Malaysia	861	917	1,700	1,974
- arising outside Malaysia	(249)	(169)	(334)	(167)
	<u>612</u>	<u>748</u>	<u>1,366</u>	<u>1,807</u>
Effective tax rate (%)	<u>29.5%</u>	<u>29.2%</u>	<u>26.3%</u>	<u>27.3%</u>

Effective tax rate (“ETR”) is computed by dividing tax expenses with profit before tax for the financial period. ETR is higher than the statutory tax rate, mainly due to certain expenses which are not deductible for tax purposes.

22. EARNINGS PER SHARE (“EPS”)

	Quarter ended		6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	<u>1,466</u>	<u>1,811</u>	<u>3,827</u>	<u>4,814</u>
Weighted average number of ordinary shares in issue ('000)	<u>705,881</u>	<u>705,881</u>	<u>705,881</u>	<u>705,881</u>
Basic EPS (sen)	<u>0.21</u>	<u>0.26</u>	<u>0.54</u>	<u>0.68</u>

Diluted earnings per ordinary share is not presented as the Group has no shares or other instruments with potential dilutive effects as at 30 June 2024 and 30 June 2023.

23. OTHER INVESTMENTS

	30.6.2024	31.12.2023
	RM'000	RM'000
Group		
Fixed deposits of more than 3 months but less than 12 months	<u>2,393</u>	<u>6,897</u>

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INTERIM FINANCIAL REPORT FOR THE 2ND QUARTER ENDED 30 JUNE 2024**24. LOANS AND BORROWINGS**

	30.6.2024	31.12.2023
	RM'000	RM'000
Group		
RM demoninated hire purchase (unsecured)		
- current	55	-
- non-current	241	-
	<u>296</u>	<u>-</u>

25. SUBSEQUENT EVENT

Save as disclosed elsewhere in this Interim Financial Report, there is no material event impacting the Group subsequent to 30 June 2024 and up to the date of this Interim Financial Report.

26. ACQUISITION OF A WHOLLY-OWNED SUBSIDIARY AND DIVERSIFICATION OF BUSINESS

On 10 May 2024, InNature entered into a conditional sale and purchase agreement (“SPA”) with Aquawalk Sdn Bhd, Aquablu Technologies Sdn Bhd and Adventuria Sdn Bhd (collectively, the “Vendors”) for the proposed acquisition of 100% equity interest in Blu Restaurant Sdn Bhd (“Blu Restaurant”) for a total purchase consideration of RM21.25 million to be wholly-satisfied in cash (“Proposed Acquisition”).

Blu Restaurant is in the business of restaurant and food retailing, with the exclusive rights to open and operate restaurants under the “Burger & Lobster” brand in Malaysia (excluding the outlet in Genting Highlands), Indonesia and Vietnam, and to use the “Burger & Lobster” trademarks in its existing and future business operations pursuant to the development agreement dated 20 December 2021 entered into with B&L Operating Limited (“Franchisor”). Blu Restaurant currently operates the Burger & Lobster restaurant at Suria KLCC mall, Kuala Lumpur.

The Proposed Acquisition is deemed as a related party transaction mainly because both the Company and the Vendors are controlled by the common major shareholders. Additionally, in conjunction with the Proposed Acquisition, InNature proposes to undertake a diversification of the existing principal activities of InNature and its group of companies to include the undertaking and provision of food and beverages services and related activities (“Proposed Diversification”).

An Extraordinary General Meeting (“EGM”) was convened on 11 July 2024 through live streaming and via remote participation and voting, for shareholders to deliberate on the above Proposals. All the Proposals were approved by the shareholders in the EGM.

The Proposed Acquisition was completed on 31 July 2024 in accordance with the terms and conditions of the SPA. Blu Restaurant becomes a wholly-owned subsidiary of InNature with effect from 1 August 2024.