



INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT
FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2024

26 NOVEMBER 2024

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INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	Quarter ended		9 months ended	
		30.9.2024 RM'000	30.9.2023 RM'000	30.9.2024 RM'000	30.9.2023 RM'000
Revenue		31,347	32,025	94,137	98,196
Operating expenses					
Changes in inventories		(10,956)	(10,095)	(31,661)	(30,926)
Rental expenses		(1,018)	(612)	(2,432)	(2,568)
Employee related expenses		(8,717)	(9,625)	(26,293)	(29,404)
Distribution expenses		(512)	(567)	(1,716)	(1,814)
Advertising and promotion expenses		(799)	(1,160)	(3,033)	(2,735)
Depreciation and amortisation expenses		(4,949)	(4,857)	(15,017)	(14,036)
Royalty expenses		(400)	(321)	(928)	(982)
Other operating expenses		(2,234)	(2,907)	(6,685)	(7,996)
Total operating expenses		(29,585)	(30,144)	(87,765)	(90,461)
Profit from operations		1,762	1,881	6,372	7,735
Finance income		164	431	898	1,491
Finance costs		(371)	(371)	(1,171)	(1,016)
Investment income		64	-	64	77
Other (expenses)/income		(317)	(198)	332	77
Profit before tax ("PBT")	20	1,302	1,743	6,495	8,364
Tax expenses	21	(210)	(676)	(1,576)	(2,483)
Profit after tax ("PAT")		1,092	1,067	4,919	5,881
Profit attributable to owners of the Company		1,092	1,067	4,919	5,881
Basic earnings per share attributable to owners of the Company (sen)	22	0.15	0.15	0.70	0.83
Other selected financial data:					
Gross profit ⁽¹⁾		20,391	21,930	62,476	67,270
Gross profit margin		65.0%	68.5%	66.4%	68.5%
PBT margin		4.2%	5.4%	6.9%	8.5%
PAT margin		3.5%	3.3%	5.2%	6.0%

⁽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 3RD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Quarter ended		9 months ended	
		30.9.2024 RM'000	30.9.2023 RM'000	30.9.2024 RM'000	30.9.2023 RM'000
PAT		1,092	1,067	4,919	5,881
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		(1,895)	(428)	(2,381)	1,337
Total comprehensive income for the period		<u>(803)</u>	<u>639</u>	<u>2,538</u>	<u>7,218</u>
Total comprehensive income attributable to owners of the Company		<u>(803)</u>	<u>639</u>	<u>2,538</u>	<u>7,218</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	30.9.2024 RM'000	31.12.2023 RM'000
Assets			
Plant and equipment		13,118	10,432
Right-of-use assets		25,098	28,308
Intangible assets		52,228	51,927
Deferred tax assets		2,148	1,473
Receivables and deposits		8,485	6,847
Total non-current assets		<u>101,077</u>	<u>98,987</u>
Inventories		31,348	37,879
Receivables, deposits and prepayments		5,274	5,916
Current tax assets		38	81
Other investments	23	10,699	6,642
Cash and cash equivalents		26,174	40,154
Total current assets		<u>73,533</u>	<u>90,672</u>
Total assets		<u>174,610</u>	<u>189,659</u>
Liabilities			
Provision for restoration costs		1,847	1,954
Loans and borrowings	24	227	-
Deferred tax liabilities		-	78
Lease liabilities		13,356	15,195
Total non-current liabilities		<u>15,430</u>	<u>17,227</u>
Provision for restoration costs		173	232
Loans and borrowings	24	55	-
Lease liabilities		13,849	14,260
Contract liabilities		489	552
Payables and accruals		13,329	10,932
Current tax liabilities		1,344	992
Total current liabilities		<u>29,239</u>	<u>26,968</u>
Total liabilities		<u>44,669</u>	<u>44,195</u>
Net assets		<u>129,941</u>	<u>145,464</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	30.9.2024 RM'000	31.12.2023 RM'000
Equity			
Share capital		50,326	50,326
Reserves		79,615	95,138
Total equity		<u>129,941</u>	<u>145,464</u>
Other selected financial data:			
Number of ordinary shares ('000)		705,881	705,881
Net assets per share (sen)		18.41	20.61
Net gearing ratio (times) *		(0.28)	(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		Total equity RM'000
	Share capital RM'000	Business combination reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	
At 1 January 2023	50,326	4,636	1,257	92,459	148,678
Profit for the period	-	-	-	5,881	5,881
Foreign currency translation differences for foreign operation, representing other comprehensive income for the period	-	-	1,337	-	1,337
Total comprehensive income for the period	-	-	1,337	5,881	7,218
Dividend declared	8	-	-	(14,118)	(14,118)
At 30 September 2023	50,326	4,636	2,594	84,222	141,778
At 1 January 2024	50,326	4,636	1,659	88,843	145,464
Profit for the period	-	-	-	4,919	4,919
Acquisition of a subsidiary	26	(11,002)	-	-	(11,002)
Foreign currency translation differences for foreign operation, representing other comprehensive income for the period	-	-	(2,381)	-	(2,381)
Total comprehensive income for the period	-	(11,002)	(2,381)	4,919	(8,464)
Dividend declared	8	-	-	(7,059)	(7,059)
At 30 June 2024	50,326	(6,366)	(722)	86,703	129,941

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 3RD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	9 months ended	
		30.9.2024 RM'000	30.9.2023 RM'000
Cash flows from operating activities			
Profit before tax		6,495	8,364
Adjustments for:			
Depreciation and amortisation expenses		15,017	14,036
Unrealised foreign exchange gain/(loss)		(77)	58
Fixed assets written off		116	195
Investment income		(64)	(77)
Gain on disposal of fixed assets		(70)	(201)
Finance income		(898)	(1,491)
Finance costs		1,171	1,016
Gain on lease modification		(76)	-
Writedown of inventories		1	110
Operating cashflow before changes in working capital		<u>21,615</u>	<u>22,010</u>
Changes in working capital:			
Inventories		6,290	(13,003)
Receivables, deposits and prepayments		238	939
Payables, accruals and contract liabilities		1,899	6,852
Provision for restoration costs		(211)	45
Cash generated from operations		<u>29,831</u>	<u>16,843</u>
Income tax paid		(2,522)	(4,176)
Net cash generated from operating activities		<u>27,309</u>	<u>12,667</u>
Cash flows from investing activities			
Acquisition of fixed and intangible assets		(2,428)	(5,431)
Acquisition of a subsidiary	26	(15,181)	-
Proceeds from disposal of fixed assets		70	235
Withdrawal of other investments		(4,352)	6,706
Interest received		876	1,294
Net cash (used in)/generated from investing activities		<u>(21,015)</u>	<u>2,804</u>

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

		9 months ended	
	Note	30.9.2024	30.9.2023
		RM'000	RM'000
Cash flows from financing activities			
Dividends paid	8	(7,059)	(14,118)
Drawdown/(repayment) of hire purchase, net		282	(27)
Repayment of lease liabilities		(11,545)	(10,710)
Interest paid for hire purchase		(4)	-
Interest paid for lease liabilities		(1,167)	(1,016)
Net cash used in financing activities		<u>(19,493)</u>	<u>(25,871)</u>
Net changes in cash and cash equivalents			
		(13,199)	(10,400)
Effect of exchange rate fluctuations on cash held		(781)	594
Cash and cash equivalents at beginning of the period		40,154	42,681
Cash and cash equivalents at end of the period		<u>26,174</u>	<u>32,875</u>
Cash and cash equivalents comprise the following:			
Cash and bank balances		18,705	10,712
Deposits placed with licensed banks		7,469	22,163
		<u>26,174</u>	<u>32,875</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 3RD QUARTER ENDED 30 SEPTEMBER 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			
9 months ended 30.9.2024			
In respect of FY2023:			
- Final dividend	0.01	<u>7,059</u>	29.3.2024
9 months ended 30.9.2023			
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 September 2024 and up to the date of this Interim Financial Report.

9. CHANGES IN COMPOSITION OF THE GROUP

Save as disclosed in Note 26 of this Interim Financial Report, there was no change to the composition of the Group during the current financial period.

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10. CONTINGENT LIABILITIES

	30.9.2024	31.12.2023
	RM'000	RM'000
Group		
Bank guarantees for tenancy agreements	1,761	832

11. CAPITAL COMMITMENTS

	30.9.2024	31.12.2023
	RM'000	RM'000
Group		
Plant and equipment		
Approved but not contracted for	12,784	15,151
Leases as a leasee		
Contracted but not commenced	4,778	4,151

12. MATERIAL RELATED PARTY TRANSACTIONS

	Quarter ended		9 months ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	RM'000	RM'000	RM'000	RM'000
Group				
Rental of office and retail outlets	132	162	444	483
Provision of services	7	-	7	-
Supply of goods	17	-	17	-
	156	162	468	483

The Group entered into related party transactions with entities in which certain Directors of the Company have interests. These transactions were 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 3RD QUARTER ENDED 30 SEPTEMBER 2024**14. UTILISATION OF PROCEEDS FROM IPO**

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

Utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation up to 30.9.2024 RM'000	Transfer RM'000	Balance unutilised RM'000	Estimated timeframe for utilisation from Listing date	Extended timeframe for utilisation from 20.2.2024
(i) Capital expenditure	34,500	(21,716)	-	12,784	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	(34,623)	-	12,784		

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

	9 months ended 30.9.2024				9 months ended 30.9.2023				Change %
	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									
Retailing	71,853	16,668	2,242	90,763	77,308	18,091	2,737	98,136	-7.5%
Food & beverage services	3,322	-	-	3,322	-	-	-	-	
	75,175	16,668	2,242	94,085	77,308	18,091	2,737	98,136	-4.1%
Segment Results									
<u>EBITDA</u>									
Retailing	9,183	(1,050)	467	8,600	12,218	(1,261)	591	11,548	-25.5%
Food & beverage services	753	-	-	753	-	-	-	-	
	9,936	(1,050)	467	9,353	12,218	(1,261)	591	11,548	-19.0%
<u>Operating profit</u>									
Retailing	7,419	(2,147)	32	5,304	10,565	(2,343)	124	8,346	-36.4%
Food & beverage services	581	-	-	581	-	-	-	-	
	8,000	(2,147)	32	5,885	10,565	(2,343)	124	8,346	-29.5%
<u>PAT</u>									
Retailing	6,787	(1,829)	82	5,040	8,353	(1,476)	165	7,042	-28.4%
Food & beverage services	518	-	-	518	-	-	-	-	
	7,305	(1,829)	82	5,558	8,353	(1,476)	165	7,042	-21.1%
Reconciliation to reported PAT									
Non-reportable segment									
- corporate				(493)				(703)	
- consultancy fee				52				60	
- business development expenses				(268)				(872)	
- gain on disposal of fixed assets				70				201	
- service charge income (post-completion obligation on disposal of a former subsidiary)				-				153	
Reported PAT				4,919				5,881	-16.4%

Segment revenue for the 9 months ended 30 September 2024 (“9M2024”) declined 7.5% vs last year, as the Group’s retailing business faced challenging operating landscape across all its markets amid cautious consumer sentiment, rising cost of doing business and news on its brand principal. This was mitigated by the RM3.3 million contribution from the new food & beverage (“F&B”) business since its onboarding in August 2024.

Segment EBITDA and operating profit of the Group’s retailing business were correspondingly lower in line with revenue trend, as well as lower gross profit margin (66.6% vs 9M2023’s 68.5%) following increased promotions and higher cost of goods.

Geographically, Vietnam’s operating loss was RM0.2 million lower, mainly on royalty fee waiver for 2024 (RM0.18 million). The new F&B business contributed RM0.6 million to the Group’s operating profit in 9M2024.

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Segment PAT of the Group declined 21.1%, by and large reflecting the trend of segment operating profit. Despite recording a lower operating loss in 9M2024, Vietnam's after-tax loss was higher vs last year mainly as a result of lower finance income (after-tax effect of RM0.4 million) and higher forex loss (after-tax effect of RM0.2 million).

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

	30.9.2024				31.12.2023				Change %
	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									
Retailing	124,724	24,939	4,067	153,730	148,106	34,940	6,445	189,491	-18.9%
Food & beverage services	17,602	-	-	17,602	-	-	-	-	
	<u>142,326</u>	<u>24,939</u>	<u>4,067</u>	<u>171,332</u>	<u>148,106</u>	<u>34,940</u>	<u>6,445</u>	<u>189,491</u>	-9.6%
Non-reportable segment (corporate)				3,278				168	
Reportd total assets				<u>174,610</u>				<u>189,659</u>	-7.9%
Segment liabilities									
Retailing	28,252	8,565	726	37,543	30,280	12,549	1,046	43,875	-14.4%
Food & beverage services	6,771	-	-	6,771	-	-	-	-	
	<u>35,023</u>	<u>8,565</u>	<u>726</u>	<u>44,314</u>	<u>30,280</u>	<u>12,549</u>	<u>1,046</u>	<u>43,875</u>	1.0%
Non-reportable segment (corporate)				355				320	
Reported total liabilities				<u>44,669</u>				<u>44,195</u>	1.1%
Segment net assets									
Retailing	96,472	16,374	3,341	116,187	117,826	22,391	5,399	145,616	-20.2%
Food & beverage services	10,831	-	-	10,831	-	-	-	-	
	<u>107,303</u>	<u>16,374</u>	<u>3,341</u>	<u>127,018</u>	<u>117,826</u>	<u>22,391</u>	<u>5,399</u>	<u>145,616</u>	-12.8%
Non-reportable segment (corporate)				2,923				(152)	
Reported net assets				<u>129,941</u>				<u>145,464</u>	-10.7%

Net assets of the Group declined 10.7% from RM145.5 million as at 31 December 2023 to RM129.9 million as at 30 September 2024. The decline was mainly as a result of (i) RM21.3 million cash payment (including stamp duty) on acquisition of a wholly-owned subsidiary (see Note 26); (ii) RM7.1 million dividend payment in March 2024; and (iii) RM2.3 million unrealised forex loss arising from the translation of foreign subsidiaries' net assets. This was offset by the addition in net assets arising from (i) the abovementioned acquisition of subsidiary totalling RM10.5 million; and (ii) RM4.9 million PAT for 9M2024.

The Group remains in net cash position as at 30 September 2024 with cash and cash equivalents, fixed income fund and fixed deposit placements of RM36.9 million.

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INTERIM FINANCIAL REPORT FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2024

17. PERFORMANCE REVIEW

3Q2024 vs 3Q2023

	3Q2024				3Q2023				Change %
	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									
Retailing	22,786	4,627	600	28,013	26,038	5,109	859	32,006	-12.5%
Food & beverage services	3,322	-	-	3,322	-	-	-	-	
	<u>26,108</u>	<u>4,627</u>	<u>600</u>	<u>31,335</u>	<u>26,038</u>	<u>5,109</u>	<u>859</u>	<u>32,006</u>	-2.1%
Segment Results									
EBITDA									
Retailing	2,378	(554)	121	1,945	3,849	(695)	190	3,344	-41.8%
Food & beverage services	753	-	-	753	-	-	-	-	
	<u>3,131</u>	<u>(554)</u>	<u>121</u>	<u>2,698</u>	<u>3,849</u>	<u>(695)</u>	<u>190</u>	<u>3,344</u>	-19.3%
Operating profit									
Retailing	1,788	(841)	(4)	943	3,335	(1,056)	24	2,303	-59.1%
Food & beverage services	581	-	-	581	-	-	-	-	
	<u>2,369</u>	<u>(841)</u>	<u>(4)</u>	<u>1,524</u>	<u>3,335</u>	<u>(1,056)</u>	<u>24</u>	<u>2,303</u>	-33.8%
PAT									
Retailing	1,841	(897)	-	944	2,629	(795)	39	1,873	-49.6%
Food & beverage services	518	-	-	518	-	-	-	-	
	<u>2,359</u>	<u>(897)</u>	<u>-</u>	<u>1,462</u>	<u>2,629</u>	<u>(795)</u>	<u>39</u>	<u>1,873</u>	-21.9%
Reconciliation to reported PAT									
Non-reportable segment									
- corporate				(353)				(189)	
- consultancy fee				12				19	
- business development expenses				(29)				(636)	
Reported PAT				<u>1,092</u>				<u>1,067</u>	2.3%

The Group's 3Q2024 revenue was 2.1% below last year. The retailing business recorded 12.5% lower sales on subdued operating environment. On the other hand, the new F&B business contributed RM3.3 million to the Group's revenue in 3Q2024.

Segment EBITDA and operating profit of the Group's retailing business were correspondingly lower, impacted by the lower revenue as well as lower gross profit margin (65.6% vs 3Q2023's 68.5%) following increased promotions and higher cost of goods. Vietnam's operating loss reduced RM0.22 million vs last year, mainly as a result of lower fixed asset write-off (RM0.1 million), lesser depreciation (RM0.07 million), and royalty fee waiver (RM0.05 million).

Contribution from the F&B business to the Group's EBITDA, operating profit and PAT in 3Q2024 was RM0.8 million, RM0.6 million and RM0.5 million respectively.

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3Q2024 vs 2Q2024

	<u>Group</u>			QoQ Change %
	<u>1Q2024</u> RM'000	<u>2Q2024</u> RM'000	<u>3Q2024</u> RM'000	
Segment Revenue				
Retailing	31,464	31,286	28,013	-10.5%
Food & beverage services	-	-	3,322	
	<u>31,464</u>	<u>31,286</u>	<u>31,335</u>	0.2%
Segment Results				
<u>EBITDA</u>				
Retailing	3,865	2,790	1,945	-30.3%
Food & beverage services	-	-	753	
	<u>3,865</u>	<u>2,790</u>	<u>2,698</u>	-3.3%
<u>Operating profit</u>				
Retailing	2,718	1,643	943	-42.6%
Food & beverage services	-	-	581	
	<u>2,718</u>	<u>1,643</u>	<u>1,524</u>	-7.2%
<u>PAT</u>				
Retailing	2,361	1,735	944	-45.6%
Food & beverage services	-	-	518	
	<u>2,361</u>	<u>1,735</u>	<u>1,462</u>	-15.7%
<u>Reconciliation to reported PAT</u>				
Non-reportable segment				
- corporate	(22)	(118)	(353)	
- consultancy fee	21	19	12	
- business development expenses	-	(239)	(29)	
- gain on disposal of fixed assets	-	70	-	
Reported PAT	<u>2,360</u>	<u>1,467</u>	<u>1,092</u>	-25.6%

Quarter-on-quarter, Group revenue was flattish vs 2Q2024 with contribution from the new F&B business. Retailing business recorded lower revenue by 10.5%, mainly due to the absence of festivities in the 3rd quarter of the year. Profits of the Group were correspondingly lower following the revenue trend.

9M2024 vs 9M2023

Please refer to commentary at Note 16.

Balance Sheet

Please refer to commentary at Note 16.

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18. PROSPECTS

We expect a better quarter-on-quarter performance in 4Q2024 with year-end holiday season anticipated to boost both our retailing and F&B businesses. For 2024, we expect the Group to remain profitable with our measures taken in streamlining retail store network and accelerating growth of digital channels, whilst the F&B business is expected to continue contributing positively to the Group's results.

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		9 months ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	RM'000	RM'000	RM'000	RM'000
Group				
Revenue				
- Retail	28,013	32,006	90,763	98,136
- Food & beverage services	3,322	-	3,322	-
- Consultancy fees	12	19	52	60
	31,347	32,025	94,137	98,196
Gain/(loss) on foreign exchange				
- realised	(166)	(13)	15	(212)
- unrealised	(276)	(180)	77	(59)
	(442)	(193)	92	(271)
Depreciation and amortisation				
- plant and equipment	(1,085)	(945)	(3,185)	(2,911)
- intangible assets	(89)	(96)	(283)	(291)
- MFRS16 right-of-use assets	(3,775)	(3,816)	(11,549)	(10,834)
	(4,949)	(4,857)	(15,017)	(14,036)
Inventories written down	2	(57)	(1)	(110)
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	164	431	898	1,491
<u>Finance costs</u>				
Interest expenses				
- hire purchase	(3)	-	(4)	-
- MFRS16 lease liabilities	(368)	(371)	(1,167)	(1,016)
	(371)	(371)	(1,171)	(1,016)
<u>Investment income</u>				
Fixed income fund				
- fair value gain	62	-	62	-
- dividend income	2	-	2	-
- gain on disposal	-	-	-	77
	64	-	64	77

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		9 months ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	RM'000	RM'000	RM'000	RM'000
Group				
Tax expenses				
- arising from Malaysia	292	873	1,992	2,847
- arising outside Malaysia	(82)	(197)	(416)	(364)
	<u>210</u>	<u>676</u>	<u>1,576</u>	<u>2,483</u>
Effective tax rate (%)	<u>16.1%</u>	<u>38.8%</u>	<u>24.3%</u>	<u>29.7%</u>

Effective tax rate (“ETR”) is computed by dividing tax expenses with profit before tax for the financial period. ETR in current financial period is lower than last year, mainly as a result of higher reversal of provision in relation to prior year’s tax.

22. EARNINGS PER SHARE (“EPS”)

	Quarter ended		9 months ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	<u>1,092</u>	<u>1,067</u>	<u>4,919</u>	<u>5,881</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>0.15</u>	<u>0.15</u>	<u>0.70</u>	<u>0.83</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

	30.9.2024	31.12.2023
	RM'000	RM'000
Group		
Fixed income fund	10,064	-
Fixed deposits of more than 3 months but less than 12 months	635	6,897
	<u>10,699</u>	<u>6,897</u>

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24. LOANS AND BORROWINGS

	30.9.2024	31.12.2023
	RM'000	RM'000
Group		
RM demoninated hire purchase (unsecured)		
- current	55	-
- non-current	227	-
	<hr/>	<hr/>
	282	-

25. SUBSEQUENT EVENT

There is no material event impacting the Group subsequent to 30 September 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, and is accounted for using merger accounting as this is a business combination under common control.