



INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT
FOR THE 1st QUARTER ENDED 31 MARCH 2022

26 MAY 2022

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 1st QUARTER ENDED 31 MARCH 2022

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

| | | Quarter ended | |
|---|-------------|----------------------|------------------|
| | Note | 31.3.2022 | 31.3.2021 |
| | | RM'000 | RM'000 |
| Revenue | | 33,741 | 38,001 |
| Operating expenses | | | |
| Changes in inventories | | (11,261) | (12,457) |
| Rental expenses | | (1,231) | (500) |
| Employee related expenses | | (8,404) | (8,404) |
| Distribution expenses | | (638) | (702) |
| Advertising and promotion expenses | | (634) | (947) |
| Depreciation and amortisation expenses | | (4,517) | (4,935) |
| Other operating expenses | | (1,096) | (2,403) |
| Total operating expenses | | <u>(27,781)</u> | <u>(30,348)</u> |
| Profit from operations | | 5,960 | 7,653 |
| Other income/(expenses) | | 199 | (429) |
| Finance income | | 146 | 258 |
| Finance costs | | (281) | (399) |
| Profit before tax | 20 | <u>6,024</u> | <u>7,083</u> |
| Tax expenses | 21 | (1,493) | (1,986) |
| Profit for the period | | <u>4,531</u> | <u>5,097</u> |
| Profit attributable to owners of the Company | | <u>4,531</u> | <u>5,097</u> |
| Earnings per share attributable to owners of the Company (sen) | | | |
| - basic | 22 | <u>0.64</u> | <u>0.72</u> |
| Other selected financial data: | | | |
| Gross profit ⁽¹⁾ | | 22,480 | 25,544 |
| Gross profit margin | | 66.6% | 67.2% |
| Operating profit margin | | 17.7% | 20.1% |
| PBT margin | | 17.9% | 18.6% |
| PAT margin | | 13.4% | 13.4% |

⁽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 2021 and the accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE 1st QUARTER ENDED 31 MARCH 2022

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Quarter ended | |
|---|----------------|--------------|
| | Note 31.3.2022 | 31.3.2021 |
| | RM'000 | RM'000 |
| Profit for the period | 4,531 | 5,097 |
| 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 | 306 | 808 |
| Total comprehensive income for the period | <u>4,837</u> | <u>5,905</u> |
| Total comprehensive income attributable to owners of the Company | <u>4,837</u> | <u>5,905</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 2021 and the accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 31 MARCH 2022

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Note | 31.3.2022 RM'000 | 31.12.2021 RM'000 |
|---------------------------------------|------|---------------------|----------------------|
| Assets | | | |
| Plant and equipment | | 8,120 | 8,952 |
| Right-of-use assets | | 16,609 | 19,746 |
| Intangible assets | | 52,953 | 52,656 |
| Deferred tax assets | | 773 | 808 |
| Receivables and deposits | | 5,907 | 6,414 |
| Total non-current assets | | <u>84,362</u> | <u>88,576</u> |
| Inventories | | 32,056 | 35,041 |
| Receivables, deposits and prepayments | | 7,205 | 6,331 |
| Current tax assets | | 51 | 53 |
| Other investments | 23 | 32,669 | 42,507 |
| Cash and cash equivalents | | 17,956 | 11,299 |
| Total current assets | | <u>89,937</u> | <u>95,231</u> |
| Total assets | | <u>174,299</u> | <u>183,807</u> |
| Liabilities | | | |
| Provision for restoration costs | | 1,822 | 1,838 |
| Loans and borrowings | 24 | - | 27 |
| Lease liabilities | | 7,620 | 9,699 |
| Total non-current liabilities | | <u>9,442</u> | <u>11,564</u> |
| Provision for restoration costs | | 460 | 437 |
| Loans and borrowings | 24 | 147 | 159 |
| Lease liabilities | | 9,879 | 11,011 |
| Contract liabilities | | 739 | 785 |
| Payables and accruals | | 12,880 | 13,755 |
| Current tax liabilities | | 2,367 | 1,960 |
| Total current liabilities | | <u>26,472</u> | <u>28,107</u> |
| Total liabilities | | <u>35,914</u> | <u>39,671</u> |
| Net assets | | <u>138,385</u> | <u>144,136</u> |

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UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

| | Note | 31.3.2022 RM'000 | 31.12.2021 RM'000 |
|---------------------------------------|------|---------------------|----------------------|
| Equity | | | |
| Share capital | | 50,326 | 50,326 |
| Reserves | | 88,059 | 93,810 |
| Total equity | | <u>138,385</u> | <u>144,136</u> |
| | | | |
| Other selected financial data: | | | |
| Net current assets / working capital | | 63,465 | 67,124 |
| Net assets per share (sen) | | 19.60 | 20.42 |
| Net gearing ratio (times) * | | (0.36) | (0.37) |

* 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 2021 and the accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 31 MARCH 2022

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 2021 | 50,326 | 4,636 | (594) | 84,308 | 138,676 |
| Profit for the period | - | - | - | 5,097 | 5,097 |
| Foreign currency translation differences for foreign operation, representing other comprehensive income for the period | - | - | 808 | - | 808 |
| Total comprehensive income for the period | - | - | 808 | 5,097 | 5,905 |
| At 31 March 2021 | 50,326 | 4,636 | 214 | 89,405 | 144,581 |
| At 1 January 2022 | 50,326 | 4,636 | 403 | 88,771 | 144,136 |
| Profit for the period | - | - | - | 4,531 | 4,531 |
| Foreign currency translation differences for foreign operation, representing other comprehensive income for the period | - | - | 306 | - | 306 |
| Total comprehensive income for the period | - | - | 306 | 4,531 | 4,837 |
| Dividend declared, representing total transaction with owners | 8 | - | - | (10,588) | (10,588) |
| At 31 March 2022 | 50,326 | 4,636 | 709 | 82,714 | 138,385 |

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 2021 and the accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE 1st QUARTER ENDED 31 MARCH 2022

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Note | 3 months ended | |
|---|------|---------------------|---------------------|
| | | 31.3.2022 RM'000 | 31.3.2021 RM'000 |
| Cash flows from operating activities | | | |
| Profit before tax | | 6,024 | 7,083 |
| Adjustments for: | | | |
| Changes in lease payments arising from rent concessions | | (101) | (551) |
| Depreciation and amortisation expenses | | 4,517 | 4,935 |
| Unrealised foreign exchange (gain)/loss | | (148) | 31 |
| Plant and equipment written off | | 1 | - |
| Fair value (gain)/loss on other investments | | (54) | 294 |
| Finance income | | (146) | (258) |
| Finance costs | | 281 | 399 |
| Writedown of inventories | | 152 | 41 |
| Operating profit before changes in working capital | | 10,527 | 11,974 |
| Changes in working capital: | | | |
| Inventories | | 2,943 | 9,713 |
| Receivables, deposits and prepayments | | (293) | 402 |
| Payables, accruals and contract liabilities | | (825) | (6,077) |
| Provision for restoration costs | | 2 | 18 |
| Cash generated from operations | | 12,353 | 16,030 |
| Income tax paid | | (1,046) | (2,452) |
| Net cash generated from operating activities | | 11,307 | 13,578 |
| Cash flows from investing activities | | | |
| Acquisition of plant and equipment | | (360) | (412) |
| Acquisition of intangible assets | | (382) | (104) |
| Disposal/(placement) of other investments | | 9,920 | (14,803) |
| Interest received | | 115 | 258 |
| Net cash generated from/(used in) investing activities | | 9,293 | (15,061) |

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UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

| | Note | 3 months ended | |
|---|------|---------------------|---------------------|
| | | 31.3.2022 RM'000 | 31.3.2021 RM'000 |
| Cash flows from financing activities | | | |
| Dividends paid | 8 | (10,588) | (7,059) |
| Repayment of hire purchase | | (39) | (38) |
| Repayment of lease liabilities | | (3,199) | (3,364) |
| Interest paid for lease liabilities | | (279) | (396) |
| Interest paid for loans and borrowings | | (2) | (3) |
| Net cash used in financing activities | | (14,107) | (10,860) |
| Net increase/(decrease) in cash and cash equivalents | | | |
| Effect of exchange rate fluctuations on cash held | | 164 | 306 |
| Cash and cash equivalents at beginning of the period | | 11,299 | 23,967 |
| Cash and cash equivalents at end of the period | | 17,956 | 11,930 |
| Cash and cash equivalents comprise the following: | | | |
| Cash and bank balances | | 12,988 | 10,998 |
| Deposits placed with licensed banks | | 4,968 | 932 |
| | | 17,956 | 11,930 |

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 2021 and the accompanying explanatory notes attached in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE 1ST QUARTER ENDED 31 MARCH 2022

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 2021 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 2021, 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 2021 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

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 dividend was recognised by the Company:

| | RM per share RM | Total amount RM'000 | Date of payment |
|---|--------------------------------|------------------------------------|------------------------|
| Company | | | |
| 3 months ended 31 March 2022 | | | |
| In respect of the financial year ending 31 December 2021: | | | |
| - Final single-tier dividend | 0.015 | <u>10,588</u> | 31 March 2022 |

The Company did not declare any dividend in the comparative financial period ended 31 March 2021. The Company also did not declare any dividend subsequent to 31 March 2022 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.

10. CONTINGENT LIABILITIES

| | 31.3.2022 RM'000 | 31.12.2021 RM'000 |
|--|-----------------------------|------------------------------|
| Company | | |
| Corporate guarantees granted to a subsidiary for credit facilities | 1,000 | 1,000 |
| Bank guarantees granted to subsidiaries for tenancy agreements | 950 | 546 |
| | <u>1,950</u> | <u>1,546</u> |

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11. CAPITAL COMMITMENTS

| | 31.3.2022 | 31.12.2021 |
|---------------------------------|---------------|---------------|
| | RM'000 | RM'000 |
| Group | | |
| Plant and equipment | | |
| Approved but not contracted for | 25,721 | 26,555 |
| Contracted but not commenced | - | 28 |
| | <u>25,721</u> | <u>26,583</u> |
| Leases as a leasee | | |
| Contracted but not commenced | <u>1,887</u> | <u>2,500</u> |

12. MATERIAL RELATED PARTY TRANSACTIONS

| | Quarter ended | |
|--|---------------|------------|
| | 31.3.2022 | 31.3.2021 |
| | RM'000 | RM'000 |
| Group | | |
| <i>Entities in which certain Directors of the Company have interests</i> | | |
| Rental of office and retail outlets ⁽¹⁾ | <u>143</u> | <u>130</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 1ST QUARTER ENDED 31 MARCH 2022**14. UTILISATION OF PROCEEDS FROM IPO**

The utilisation of proceeds from IPO as at 31 March 2022 is as follows:

| Utilisation of proceeds | Proposed utilisation RM'000 | Actual utilisation up to 31 March 2022 RM'000 | Transfer RM'000 | Balance unutilised RM'000 | Estimated |
|--------------------------------|--|--|----------------------------|--------------------------------------|---|
| | | | | | timeframe for utilisation from the date of Listing |
| (i) Capital expenditure | 34,500 | (8,779) | | 25,721 | Within 48 months |
| (ii) Working capital | 837 | (1,188) | 351 | - | Within 36 months |
| (iii) New business development | 5,700 | (2,834) | | 2,866 | Within 48 months |
| (iv) Listing-related expenses | 6,370 | (6,019) | (351) | - | Within 3 months |
| Total | 47,407 | (18,820) | - | 28,587 | |

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.

15. MATERIAL LITIGATION

There is no material litigation involving the Group subsequent to 31 December 2021 and up to the date of this Interim Financial Report.

16. SEGMENT INFORMATION

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 segment financial position.

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17. PERFORMANCE REVIEW

Quarter-on-Quarter Review

| | Quarter ended | |
|------------------|---------------|------------|
| | 31.3.2022 | 31.12.2021 |
| | RM'000 | RM'000 |
| Group | | |
| Revenue | 33,741 | 43,697 |
| Profit after tax | 4,531 | 6,540 |

Compared with the preceding quarter ended 31 December 2021 (“4Q2021”), the Group recorded lesser revenue and PAT by 22.8% and 30.7% respectively in 1Q2022. The lower quarterly result was largely as a result of 4Q2021’s high base effect following year-end holiday season.

Year-on-Year Review

1Q2022 vs 1Q2021

| | 1Q2022 | | | | 1Q2021 | | | |
|--|--------------------|-------------------|--------------------|-----------------|--------------------|-------------------|--------------------|-----------------|
| | 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 from external customers | | | | | | | | |
| The Body Shop | 25,641 | 6,881 | 838 | 33,360 | 28,155 | 8,395 | 915 | 37,465 |
| Natura | 381 | - | - | 381 | 536 | - | - | 536 |
| | 26,022 | 6,881 | 838 | 33,741 | 28,691 | 8,395 | 915 | 38,001 |
| Segment PAT | | | | | | | | |
| The Body Shop | 4,387 | 133 | 81 | 4,601 | 4,881 | 933 | 127 | 5,941 |
| Natura | 55 | - | - | 55 | (646) | - | - | (646) |
| | 4,442 | 133 | 81 | 4,656 | 4,235 | 933 | 127 | 5,295 |
| Investment holding | | | | (125) | | | | (198) |
| PAT | | | | 4,531 | | | | 5,097 |

The Group's operating environment in 1Q2022 was impacted by the rising Omicron cases and the compulsory quarantine of close contacts. Overall, Group revenue declined 11.2%, with Malaysia, Vietnam and Cambodia each recording lesser revenue by 9.3%, 18.0% and 8.4% respectively. Nevertheless, the Group remains profitable across all its operating countries in 1Q2022 with PAT margin preserved at 1Q2021 level.

On a like-for-like comparison, Malaysia’s quarterly PAT sans Covid-19 related support from the government, landlords and brand principal has in fact improved by 8.6% despite the revenue decline. The higher PAT was mainly as a result of our prudent cost management measures taken over the pandemic years, including closure of underperforming stores.

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The year-on-year comparison for the quarterly performance of both Vietnam and Cambodia was not like-for-like, as the Covid-19 situation in both countries were much milder during the comparative 1Q2021.

Our remote selling channels comprising e-commerce, conversational commerce and social selling continue to contribute a significant portion to the Group revenue despite almost all of our stores being in full operation during the reporting quarter. Remote selling channels made up 17.0% (1Q2021: 22.3%) of the Group revenue in 1Q2022.

Healthy Balance Sheet and Cash Flow

| | 31.3.2022 | | | | 31.12.2021 | | | |
|----------------------------|--------------------|-------------------|--------------------|-----------------|--------------------|-------------------|--------------------|-----------------|
| | 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 | | | | | | | | |
| The Body Shop | 120,640 | 33,497 | 5,234 | 159,372 | 119,691 | 33,327 | 5,135 | 158,153 |
| Natura | 3,549 | - | - | 3,549 | 3,689 | - | - | 3,689 |
| | <u>124,189</u> | <u>33,497</u> | <u>5,234</u> | <u>162,921</u> | <u>123,380</u> | <u>33,327</u> | <u>5,135</u> | <u>161,842</u> |
| Investment holding | | | | 11,378 | | | | 21,965 |
| Total assets | | | | <u>174,299</u> | | | | <u>183,807</u> |
| Segment liabilities | | | | | | | | |
| The Body Shop | 22,906 | 11,001 | 689 | 34,596 | 26,348 | 11,219 | 707 | 38,274 |
| Natura | 1,130 | - | - | 1,130 | 1,300 | - | - | 1,300 |
| | <u>24,036</u> | <u>11,001</u> | <u>689</u> | <u>35,726</u> | <u>27,648</u> | <u>11,219</u> | <u>707</u> | <u>39,574</u> |
| Investment holding | | | | 188 | | | | 97 |
| Total liabilities | | | | <u>35,914</u> | | | | <u>39,671</u> |
| Net assets | | | | <u>138,385</u> | | | | <u>144,136</u> |

The Group's financial position remains solid with net assets of RM138.4 million as at 31 March 2022. The Group generated net operating cashflow of RM11.3 million in 1Q2022, and continues to be in net cash position with total cash and other investments of RM50.6 million as at 31 March 2022.

18. PROSPECTS

Post-1Q2022, our performance so far shows strong rebound on the back of further easing in Covid-19 restrictions and subsiding confirmed cases. We continue to invest in store development with the opening of the new Activist Makers Workshop store, our most sustainable concept store in Malaysia, and our 40th physical location in Vietnam, and we are in active negotiations with landlords on potential locations in all our markets. Our new ERP system has gone live and is being rolled out in phases to our stores, and we are confident that this investment will enhance our omnichannel offerings.

Overall, we believe that as long as the economy remains open, our performance will improve year-on-year for 2Q2022 and for the financial year ending 31 December 2022.

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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.

20. PROFIT BEFORE TAX

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

| | Quarter ended | |
|--|---------------|-----------|
| | 31.3.2022 | 31.3.2021 |
| | RM'000 | RM'000 |
| Group | | |
| Revenue | | |
| - Retailing | 33,729 | 37,980 |
| - Consultancy fees | 12 | 21 |
| | 33,741 | 38,001 |
| Gain/(loss) on foreign exchange | | |
| - realised | (3) | (104) |
| - unrealised | 148 | (31) |
| | 145 | (135) |
| Rental expenses | | |
| - before MFRS 16 adjustments | (4,811) | (4,811) |
| - less: minimum lease payments (MFRS 16 adjustments) | 3,580 | 4,311 |
| | (1,231) | (500) |
| Depreciation and amortisation | | |
| - plant and equipment | (1,201) | (1,261) |
| - intangible assets | (95) | (76) |
| - right-of-use assets (MFRS 16 adjustments) | (3,221) | (3,598) |
| | (4,517) | (4,935) |
| Royalty expense | (337) | (380) |
| Inventories written down | (152) | (41) |
| Finance income comprises interest income from | | |
| - bank balances and fixed deposits | 122 | 115 |
| - fixed income funds | 24 | 143 |
| | 146 | 258 |
| Finance costs comprise interest expenses on | | |
| - hire purchase | (2) | (3) |
| - lease liabilities (MFRS 16 adjustments) | (279) | (396) |
| | (281) | (399) |

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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20. TAX EXPENSES

| | Quarter ended | |
|-------------------------------|---------------|--------------|
| | 31.3.2022 | 31.3.2021 |
| | RM'000 | RM'000 |
| Group | | |
| Tax expenses | | |
| - arising from Malaysia | 1,473 | 1,266 |
| - arising outside Malaysia | 20 | 720 |
| | <u>1,493</u> | <u>1,986</u> |
| Effective tax rate (%) | <u>24.8%</u> | <u>28.0%</u> |

Effective tax rate (“ETR”) is computed by dividing tax expenses with profit before tax for the financial period. ETR is generally higher than Malaysia’s statutory tax rate as a result of non-deductible expenses and losses from new business of which deferred tax benefit has yet to be recognised. ETR was lower year-on-year in 1Q2022 following the improvement in Natura Malaysia’s results.

21. EARNINGS PER SHARE (“EPS”)

| | Quarter ended | |
|--|----------------|----------------|
| | 31.3.2022 | 31.3.2021 |
| | RM'000 | RM'000 |
| Profit attributable to owners of the Company | <u>4,531</u> | <u>5,097</u> |
| Weighted average number of ordinary shares in issue ('000) | <u>705,881</u> | <u>705,881</u> |
| Basic EPS (sen) | <u>0.64</u> | <u>0.72</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 March 2022 and 31 March 2021.

22. OTHER INVESTMENT

| | 31.3.2022 | 31.12.2021 |
|--|---------------|---------------|
| | RM'000 | RM'000 |
| Group | | |
| Fixed deposits of more than 3 months but less than 12 months | 48 | 4,961 |
| Fixed income funds | 32,621 | 37,546 |
| | <u>32,669</u> | <u>42,507</u> |

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

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23. LOANS AND BORROWINGS

| | 31.3.2022 | 31.12.2021 |
|--|------------------|-------------------|
| | RM'000 | RM'000 |
| Group | | |
| Non-current | | |
| RM denominated hire purchase (unsecured) | - | 27 |
| Current | | |
| RM denominated hire purchase (unsecured) | 147 | 159 |
| | <u>147</u> | <u>186</u> |

24. SUBSEQUENT EVENT

There is no material event impacting the Group subsequent to 31 March 2022 and up to the date of this Interim Financial Report.