

InNature's 1Q2022 profitability remains intact amid Omicron headwinds

SUBANG JAYA, 26 May 2022 – InNature Berhad (“**InNature**” or “**Company**”, together with its subsidiaries, the “**Group**”), a leading regional retailer of cosmetics and personal care products carrying The Body Shop and Natura brands, announced today a profit after tax (“**PAT**”) of RM4.5 million on the back of RM33.7 million revenue in the 1st Quarter ended 31 March 2022 (“**1Q2022**”).

Performance Review

Commenting on the performance, Group Managing Director Datin Mina Cheah-Foong (“**Datin Mina**”) said, “Our 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, we remain profitable across all our operating countries in 1Q2022 with Group PAT margin preserved at 1Q2021 level.”

“If we were to compare like-for-like, Malaysia's quarterly PAT sans Covid-19 related support from the government, landlords and brand principal has in fact improved by 8.6% year-on-year 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,” she added.

On the quarterly performance of Vietnam and Cambodia, Datin Mina said, “The year-on-year comparison does not provide a meaningful picture as Vietnam and Cambodia were very much pre-Covid in the comparative 1Q2021. Covid pivots continue to yield positive indicators and we remain bullish on the future for these 2 younger markets.”

“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,” shared Datin Mina.

Healthy Balance Sheet and Cash Flow

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.

Outlook

Commenting on the Group's outlook, Datin Mina said, “Post-1Q2022, our performance so far shows a strong rebound on the back of further easing in Covid-19 restrictions and subsiding 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. 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,” she added.

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About InNature Berhad

InNature is a leading regional retailer of cosmetics and personal care products carrying The Body Shop and Natura brands, serving customers across Malaysia, Vietnam and Cambodia through stores, e-commerce and other remote selling channels.

The Group has garnered over 38 years of experience operating The Body Shop franchise business since the opening of its first store at Kuala Lumpur, Malaysia in 1984. The Group was subsequently awarded the franchise for Vietnam in 2009, and for Cambodia in 2018.

In collaboration with Natura Cosméticos SA, the Group introduced the Natura beauty brand to Malaysia in 2019 to expand its brand portfolio as well as to strengthen its leadership and market share in the naturals sector of the cosmetics and personal care industry.

For more information, please visit www.innature.com.my

Disclaimer

This document shall be read in conjunction with the Company's interim financial report for the 1st Quarter ended 31 March 2022, as announced to Bursa Malaysia Securities Berhad on 26 May 2022. Statements included herein may include “forward-looking statements” relating to the Group's business and the sector in which the Group operates. These forward-looking statements include statements relating to the Group's performance. These statements reflect the current views of the Group with respect to future events and are subject to certain risks, uncertainties and assumptions. It is important to note that actual results may differ materially from those anticipated in these forward-looking statements, and there can be no assurance on the occurrence of certain events, achievability of projections or accuracy of assumptions made by the Group.

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