



INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT
FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

22 FEBRUARY 2021

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

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

	Note	Quarter ended		12 months ended	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
		RM'000	RM'000	RM'000	RM'000
Revenue		44,898	53,489	155,448	191,684
Other operating income		54	(225)	487	1,008
Operating expenses					
Changes in inventories		(15,759)	(17,438)	(51,068)	(62,404)
Rental expenses		43	(1,652)	(1,131)	(4,316)
Employee related expenses		(8,064)	(10,958)	(35,027)	(40,720)
Distribution expenses		(874)	(933)	(3,368)	(3,063)
Advertising and promotion expenses		(1,074)	(2,147)	(4,366)	(5,617)
Depreciation and amortisation expenses		(5,613)	(5,376)	(21,404)	(21,048)
Other operating expenses		(3,068)	(3,068)	(9,643)	(9,714)
Total operating expenses		(34,409)	(41,572)	(126,007)	(146,882)
Profit from operations		10,543	11,692	29,928	45,810
Finance income		219	51	923	407
Finance costs		(703)	(581)	(2,218)	(2,231)
Listing-related expenses		-	(908)	(959)	(3,591)
Profit before tax	20	10,059	10,254	27,674	40,395
Tax expenses	21	(2,342)	(2,344)	(7,491)	(10,244)
Profit for the period/year		7,717	7,910	20,183	30,151
Other comprehensive income/(expense), net of tax					
<u>Item that may be reclassified subsequently to profit or loss</u>					
Foreign currency translation differences for foreign operation		(883)	(256)	(667)	(140)
Total comprehensive income for the period/year		6,834	7,654	19,516	30,011

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	Note	Quarter ended		12 months ended	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Owners of the Company		7,717	7,910	20,183	30,151
Non-controlling interests		-	-	-	-
		<u>7,717</u>	<u>7,910</u>	<u>20,183</u>	<u>30,151</u>
Total comprehensive income attributable to:					
Owners of the Company		6,834	7,654	19,516	30,011
Non-controlling interests		-	-	-	-
		<u>6,834</u>	<u>7,654</u>	<u>19,516</u>	<u>30,011</u>
Earnings per share attributable to Owners of the Company					
Basic (sen)	22	<u>1.09</u>	<u>2.02</u>	<u>2.90</u>	<u>8.19</u>
Other selected financial data:					
Gross profit ⁽¹⁾		29,139	36,051	104,380	129,280
Core profit after tax ("PAT") ⁽²⁾		7,717	8,818	21,142	33,742
Operating profit margin		23.5%	21.9%	19.3%	23.9%
Gross profit margin		64.9%	67.4%	67.1%	67.4%
Core PBT margin		22.4%	20.9%	18.4%	22.9%
Core PAT margin		17.2%	16.5%	13.6%	17.6%

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

⁽²⁾ core profit excludes listing-related expenses.

The unaudited condensed 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 2019 and the accompanying explanatory notes attached in this interim financial report.

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	31.12.2020 RM'000	31.12.2019 RM'000
Assets			
Plant and equipment		12,896	13,997
Right-of-use assets		21,830	24,123
Intangible assets		52,651	52,875
Deferred tax assets		953	1,146
Receivables and deposits		6,345	6,210
Total non-current assets		94,675	98,351
Inventories		34,415	33,776
Receivables, deposits and prepayments		5,643	5,771
Current tax assets		9	8
Other investments	23	29,528	46
Cash and cash equivalents		23,967	17,445
Total current assets		93,562	57,046
Total assets		188,237	155,397
Liabilities			
Provision for restoration costs		2,018	2,233
Loans and borrowings	24	186	276
Lease liabilities		10,204	11,081
Total non-current liabilities		12,408	13,590
Provision for restoration costs		313	194
Loans and borrowings	24	153	16,300
Lease liabilities		12,447	14,081
Contract liabilities		1,000	1,429
Payables and accruals		14,426	19,105
Dividend payable		7,059	-
Current tax liabilities		1,755	3,358
Total current liabilities		37,153	54,467
Total liabilities		49,561	68,057
Net assets		138,676	87,340

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

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

	Note	31.12.2020 RM'000	31.12.2019 RM'000
Equity			
Share capital		50,326	4,388
Reserves		88,350	82,952
Total equity		<u>138,676</u>	<u>87,340</u>
 Other selected financial data:			
Net current assets / working capital		56,409	2,579
Net assets per share (sen) ^		19.65	13.82
Net gearing ratio (times) *		(0.38)	(0.01)

^ net assets per share as at 31 December 2019 was calculated by dividing net assets by 631,807,488 shares, being the number of shares after the completion of the pre-listing internal restructuring exercise.

* 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 condensed consolidated statements of financial position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached in this interim financial report.

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		← Non-distributable	→	Distributable		
	Note	Share capital RM'000	Business combination reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2019		2,500	4,636	213	68,092	75,441
Profit for the year		-	-	-	30,151	30,151
Foreign currency translation differences for foreign operation, representing other comprehensive expense for the year		-	-	(140)	-	(140)
Total comprehensive income for the year		-	-	(140)	30,151	30,011
Issuance of shares	7	1,888	-	-	-	1,888
Dividend declared	8	-	-	-	(20,000)	(20,000)
Total transaction with owners		1,888	-	-	(20,000)	(18,112)
At 31 December 2019		4,388	4,636	73	78,243	87,340
At 1 January 2020		4,388	4,636	73	78,243	87,340
Profit for the year		-	-	-	20,183	20,183
Foreign currency translation differences for foreign operation, representing other comprehensive expense for the year		-	-	(667)	-	(667)
Total comprehensive income for the year		-	-	(667)	20,183	19,516
Issuance of shares	7	47,407	-	-	-	47,407
Share issuance expenses	7	(1,469)	-	-	-	(1,469)
Dividend declared	8	-	-	-	(14,118)	(14,118)
Total transaction with owners		45,938	-	-	(14,118)	31,820
At 31 December 2020		50,326	4,636	(594)	84,308	138,676

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached in this interim financial report.

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	12 months ended		
	Note	31.12.2020	31.12.2019
		RM'000	RM'000
Cash flows from operating activities			
Profit before tax		27,674	40,395
Adjustments for:			
Depreciation and amortisation expenses		21,404	21,048
Unrealised foreign exchange loss/(gain)		16	(34)
Plant and equipment written off		177	87
Gain on disposal of plant and equipment		-	(260)
Finance income		(923)	(407)
Finance costs		2,218	2,231
Listing-related expenses		959	3,591
Operating profit before changes in working capital		51,525	66,651
Changes in working capital:			
Inventories		(756)	(7,090)
Receivables, deposits and prepayments		123	(2,928)
Payables and accruals and contract liabilities		(3,827)	2,202
Provision for restoration costs		(87)	200
Cash generated from operations		46,978	59,035
Income tax paid		(8,899)	(11,857)
Net cash generated from operating activities		38,079	47,178
Cash flows from investing activities			
Acquisition of plant and equipment		(4,423)	(11,139)
Acquisition of intangible assets [#]		(1,910)	-
Repayment of advances from related parties		-	(2,009)
Proceeds from disposal of plant and equipment		-	260
(Placement)/withdrawal of other investments		(29,482)	2,184
Interest received		909	407
Net cash used in investing activities		(34,906)	(10,297)

[#] mainly payment of initial franchise fee to The Body Shop International in respect of franchise agreements signed in 2019.

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

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

	Note	12 months ended	
		31.12.2020	31.12.2019
		RM'000	RM'000
Cash flows from financing activities			
Proceeds from issuance of shares	7	47,407	1,888
Listing-related expenses		(2,428)	(3,044)
Dividends paid	8	(7,059)	(20,000)
Withdrawal of pledged deposits		-	434
Repayment of revolving credit		(16,000)	(4,000)
Repayment of hire purchase		(237)	(389)
Repayment of lease liabilities		(16,044)	(15,975)
Interest paid for lease liabilities		(2,133)	(1,925)
Interest paid for loans and borrowings		(85)	(306)
Net cash generated from/(used in) financing activities		3,421	(43,317)
Net decrease in cash and cash equivalents			
Effect of exchange rate fluctuations on cash held		(72)	57
Cash and cash equivalents at beginning of the year		17,445	23,824
Cash and cash equivalents at end of the year		23,967	17,445
Cash and cash equivalents comprise the following:			
Cash and bank balances		22,893	17,445
Deposits placed with licensed banks		1,074	-
		23,967	17,445

The unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached in this interim financial report.

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

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 2019 and the accompanying explanatory notes in this Interim Financial Report. Certain comparative figures have been reclassified to conform to current financial year’s presentation.

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 2019, 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 2019 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

Apart from the Covid-19 pandemic as discussed in Note 17 and 18, and listing-related expenses as disclosed on the face of Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, there were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial year.

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

6. CHANGES IN ESTIMATES

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

7. DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial year.

Company	Amount RM'000	Number of shares '000
Issued and fully paid: ordinary shares		
At 1 January 2019	2,500	2,500
Issuance of shares pursuant to pre-listing internal restructuring exercise	1,888	1,888
Subdivision of shares pursuant to pre-listing internal restructuring exercise	-	627,419
At 1 January 2020	4,388	631,807
Issuance of shares pursuant to IPO	47,407	74,074
IPO share issuance expenses	(1,469)	-
At 31 December 2020	50,326	705,881

Initial Public Offering (“IPO”)

The Company launched its IPO and issued its prospectus in relation to the IPO on 29 January 2020 (“IPO Prospectus”). The IPO involves the offering of 177,274,000 ordinary shares in InNature (“Shares”) (“IPO Shares”) in conjunction with the listing of and quotation for the entire 705,881,488 Shares on the Main Market of Bursa Securities (“Listing”) comprising a public issue of 74,074,000 new Shares (“Issue Shares”) and an offer for sale of 103,200,000 existing Shares (“Offer Shares”) and involving:

- i. Institutional offering of 161,142,500 IPO Shares to Malaysian and foreign institutional and selected investors, including Bumiputera investors approved by the Ministry of International Trade and Industry at the institutional price to be determined by way of book-building (“Institutional Price”); and
- ii. Retail offering of 16,131,500 Issue shares to the Directors and eligible employees of the Group and the Malaysian public, at the retail price of RM0.68 per IPO Share (“Retail Price”), payable in full upon application and subject to refund of the difference between the Retail Price and the final retail price in the event that the final retail price is less than the Retail Price,

subject to the clawback and reallocation provisions and the over-allotment option. Further details of the IPO are set out in the IPO Prospectus.

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

On 10 February 2020, the Company announced that both Institutional Price and final retail price have been fixed at RM0.64 per IPO Share.

The allotment of the IPO Shares and the Listing took place on 19 February 2020 and 20 February 2020, respectively.

8. DIVIDENDS

The following dividends were recognised by the Company during the respective financial year:

	RM per share RM	Total amount RM'000	Date of payment
Company			
12 months ended 31 December 2020			
In respect of the financial year ended 31 December 2020:			
- First single-tier dividend	0.01	7,059	15 January 2021
In respect of the financial year ended 31 December 2019:			
- Special single-tier dividend	0.01	<u>7,059</u>	30 April 2020
		<u>14,118</u>	
12 months ended 31 December 2019			
In respect of the financial year ended 31 December 2019:			
- First single-tier dividend	4.00	10,000	27 December 2019
In respect of the financial year ended 31 December 2018:			
- Second single-tier dividend	4.00	<u>10,000</u>	30 August 2019
		<u>20,000</u>	

The Company did not declare any dividend as at 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 year.

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

10. CONTINGENT LIABILITIES

	31.12.2020	31.12.2019
	RM'000	RM'000
Company		
Corporate guarantees granted to a subsidiary for credit facilities	1,000	1,000
Bank guarantees granted to subsidiaries for tenancy agreements	862	874
	<u>1,862</u>	<u>1,874</u>

11. CAPITAL COMMITMENTS

	31.12.2020	31.12.2019
	RM'000	RM'000
Group		
Plant and equipment		
Approved but not contracted for	28,337	34,500
Contracted but not commenced	227	-
	<u>28,564</u>	<u>34,500</u>
Leases as a leasee		
Contracted but not commenced	<u>2,485</u>	<u>4,054</u>

12. MATERIAL RELATED PARTY TRANSACTIONS

Material related party transactions of the Group are shown below:

	Quarter ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Group				
<i>Entities in which certain Directors of the Company have interests</i>				
Rental of event space ⁽¹⁾	-	-	35	-
Rental of office and retail outlets ⁽²⁾	142	140	485	511
	<u>142</u>	<u>140</u>	<u>520</u>	<u>511</u>

⁽¹⁾ The Company rented the event space from an entity in which certain Directors of the Company have interests, for the launch event of its IPO Prospectus on 29 January 2020. The transaction was entered into in the normal course of business under normal trade terms.

⁽²⁾ The Group entered into rental agreements with an entity in which certain Directors of the Company have interests, for the letting of office and retail outlets in Malaysia. The rental rates are based on a third-party valuation on the market rental carried out by a registered property valuer.

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

13. STATUS OF CORPORATE PROPOSAL

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

14. UTILISATION OF PROCEEDS FROM IPO

The utilisation of proceeds from IPO as at 31 December 2020 is as follows:

Utilisation of proceeds	Proposed utilisation RM'000	Actual utilisation up to 31 December 2020 RM'000	Transfer RM'000	Balance unutilised RM'000	Estimated timeframe for utilisation from the date of Listing
(i) Capital expenditure	34,500	(5,936)	-	28,564	Within 48 months
(ii) Working capital	837	(811)	351	377	Within 36 months
(iii) New business development	5,700	(2,639)	-	3,061	Within 48 months
(iv) Listing-related expenses	6,370	(6,019)	(351)	-	Within 3 months
Total	47,407	(15,405)	-	32,002	

The utilisation of proceeds as disclosed above 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 had been transferred to working capital during the financial period.

15. MATERIAL LITIGATION

There is no material litigation involving the Group subsequent to 31 December 2020 and up to the date of this Interim Financial Report.

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

16. SEGMENT INFORMATION

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

Existing business represents TBS operations in Malaysia and Vietnam. New business represents Natura operation in Malaysia and TBS operation in Cambodia. Both commenced operations in 2019.

Segment financial results of the Group can be found at Note 17.

	31.12.2020				31.12.2019			
	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								
Existing business	116,055	30,830	-	146,885	122,748	22,465	-	145,213
New business	6,088	-	5,038	11,126	4,469	-	4,352	8,821
	<u>122,143</u>	<u>30,830</u>	<u>5,038</u>	<u>158,011</u>	<u>127,217</u>	<u>22,465</u>	<u>4,352</u>	<u>154,034</u>
Investment holding				30,226				1,363
Reported total assets				<u>188,237</u>				<u>155,397</u>

Included in segment assets are:

Plant and equipment	6,526	4,670	1,700	12,896	8,455	4,506	1,036	13,997
Right-of-use assets	15,059	6,443	328	21,830	19,810	4,222	91	24,123
Goodwill	50,435	-	-	50,435	50,435	-	-	50,435
Other intangible assets	1,489	506	221	2,216	1,714	476	250	2,440

Segment liabilities

Existing business	28,245	10,727	-	38,972	54,402	9,777	-	64,179
New business	2,496	-	918	3,414	1,182	-	2,098	3,280
	<u>30,741</u>	<u>10,727</u>	<u>918</u>	<u>42,386</u>	<u>55,584</u>	<u>9,777</u>	<u>2,098</u>	<u>67,459</u>
Investment holding				116				598
Dividend payable				7,059				-
Reported total liabilities				<u>49,561</u>				<u>68,057</u>

Included in segment liabilities are:

Loans and borrowings	339	-	-	339	16,576	-	-	16,576
Lease liabilities	15,680	6,635	336	22,651	20,558	4,512	92	25,162

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

17. PERFORMANCE REVIEW

Quarter-on-Quarter Review

	Quarter ended	
	31.12.2020	30.9.2020
	RM'000	RM'000
Group		
Revenue	44,898	41,735
Profit after tax	7,717	6,584

The Group recorded 12.7% higher PAT on the back of 7.6% higher revenue in 4Q2020 as compared with the preceding quarter ended 30 September 2020 (“3Q2020”). The higher quarterly result was largely driven by our Vietnam and Cambodia operations, where the Covid-19 situation in these markets was better controlled.

Year-on-Year Review

4Q2020 vs 4Q2019

	4Q2020				4Q2019			
	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								
Existing business	33,415	9,594	-	43,009	43,197	9,328	-	52,525
New business	675	-	1,214	1,889	400	-	564	964
	<u>34,090</u>	<u>9,594</u>	<u>1,214</u>	<u>44,898</u>	<u>43,597</u>	<u>9,328</u>	<u>564</u>	<u>53,489</u>
Segment PAT								
Existing business	6,672	1,454	-	8,126	8,591	1,603	-	10,194
New business	(769)	-	176	(593)	(954)	-	(289)	(1,243)
	<u>5,903</u>	<u>1,454</u>	<u>176</u>	<u>7,533</u>	<u>7,637</u>	<u>1,603</u>	<u>(289)</u>	<u>8,951</u>
Investment holding				184				(133)
Core PAT				<u>7,717</u>				<u>8,818</u>
Listing-related expenses				-				(908)
Reported PAT				<u>7,717</u>				<u>7,910</u>

Revenue of the Group in 4Q2020 was primarily impacted by the 3rd wave of Covid-19 in Malaysia, where malls saw a decline in traffic. Our TBS operation in Malaysia reported a negative SSSG of 19.4% for 4Q2020.

Nevertheless, we have continued to reach out to our customers who are hesitant to visit malls through e-commerce and Click / Call and Collect (“C&C”) channels, as well as through live-streaming sessions on social media. These efforts have helped cushion the impact to our Malaysia operation in 4Q2020.

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

Our Vietnam operation continued to record revenue growth and has returned to positive SSSG of 1.7% for the reporting quarter, thanks to an improving retail environment post-MCO. Our Cambodia operation has been growing from strength to strength, having registered a higher quarter-on-quarter revenue of RM1.2 million in 4Q2020 from RM0.9 million in 3Q2020.

Geographically, the Group's TBS businesses in Malaysia, Vietnam and Cambodia were profitable for 4Q2020. Being in its first full year of operation, the new Natura business in Malaysia incurred initial gestational losses of RM0.8 million for the reporting quarter.

FY2020 vs FY2019

	FY2020				FY2019			
	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								
Existing business	118,776	31,187	-	149,963	161,026	29,694	-	190,720
New business	1,970	-	3,515	5,485	400	-	564	964
	<u>120,746</u>	<u>31,187</u>	<u>3,515</u>	<u>155,448</u>	<u>161,426</u>	<u>29,694</u>	<u>564</u>	<u>191,684</u>
Segment PAT								
Existing business	19,789	3,766	-	23,555	31,761	4,382	-	36,143
New business	(3,053)	-	556	(2,497)	(1,155)	-	(526)	(1,681)
	<u>16,736</u>	<u>3,766</u>	<u>556</u>	<u>21,058</u>	<u>30,606</u>	<u>4,382</u>	<u>(526)</u>	<u>34,462</u>
Investment holding				84				(720)
Core PAT				<u>21,142</u>				<u>33,742</u>
Listing-related expenses				(959)				(3,591)
Reported PAT				<u>20,183</u>				<u>30,151</u>

The Group's performance in FY2020 was impacted by the waves of Covid-19, including the closure of all stores in Malaysia and Vietnam during the Movement Control Order ("MCO") period. Our TBS operations in Malaysia and Vietnam recorded negative SSSG of 23.9% and 9.1% respectively for FY2020.

The impact of the pandemic was lesser in Vietnam and Cambodia, owing to the better-controlled Covid-19 situation in both countries. As a result, we saw increasing Vietnam's revenue contribution to the Group from 15.5% in FY2019 to 20.1% in FY2020. For Cambodia, the 1-year-old operation contributed RM3.5 million to the Group's revenue during the financial year.

Our readiness in omnichannel helped cushion the effect of store closure during MCO as well as reduction in mall traffic, and was the main driver of the 148% increase in e-commerce revenue to RM12.5 million for FY2020. E-commerce made up 8.1% (FY2019: 2.6%) of the Group's revenue for the financial year.

The Group recorded PAT of RM20.2 million on revenue of RM155.5 million for FY2020. Overall, the Group incurred lesser operating expenses on reduced variable expenses, strict cost control measures,

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

rental rebates from landlords, and monetary / fiscal assistance from governments. On the other hand, the Group recorded a lower listing-related expenses of RM1.0 million during the financial year.

Geographically, the Group's TBS businesses in Malaysia, Vietnam and Cambodia were profitable for FY2020. The new Natura business in Malaysia incurred initial gestational losses of RM3.1 million for the financial year.

Healthy Balance Sheet and Cash Flow

The Group's financial position remains healthy with a working capital of RM56.4 million and total equity of RM138.7 million as at 31 December 2020. The Group generated net cash from operating activities of RM38.1 million in FY2020, and maintained a healthy cash balance (including fixed deposits and fixed income funds under Other Investments) of RM53.5 million as at 31 December 2020.

18. PROSPECTS

The reimposition of MCO in Malaysia subsequent to FY2020 shows that the waves of Covid-19 will continue to be a key limiting factor of the Group's performance for the financial year ending 31 December 2021 ("FY2021"). We will continue with our efforts in digitalisation and omnichannel initiatives, and aim to provide more convenience, faster access and better customer experience for everyone who comes into contact with us.

For the Group's overseas operations where the pandemic is less virulent, we will continue to expand our store network judiciously in locations that we are not represented.

Overall, we believe the Group will remain resilient and profitable in FY2021, and in doing so, look forward to continue with our dividend policy and our relentless efforts towards our vision of InNature Bhd as a Force for Good.

19. PROFIT FORECAST OF PROFIT GUARANTEE

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

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

20. PROFIT BEFORE TAX

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

Group	Quarter ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Revenue				
- Retailing	44,876	53,466	155,368	191,616
- Consultancy fees	22	23	80	68
	44,898	53,489	155,448	191,684
Gain/(loss) on foreign exchange				
- realised	29	(331)	499	148
- unrealised	98	8	(16)	34
	127	(323)	483	182
Rental income	-	9	20	36
Gain on disposal of plant and equipment	-	-	-	260
Rental expenses				
- before MFRS 16 adjustments	(4,884)	(5,923)	(19,309)	(22,215)
- less: minimum lease payments (MFRS 16 adjustments)	4,927	4,271	18,178	17,899
	43	(1,652)	(1,131)	(4,316)
Depreciation and amortisation				
- plant and equipment	(1,337)	(1,318)	(5,273)	(4,174)
- intangible assets	(74)	(77)	(301)	(217)
- right-of-use assets (MFRS 16 adjustments)	(4,202)	(3,982)	(15,830)	(16,657)
	(5,613)	(5,377)	(21,404)	(21,048)
Royalty expense	(450)	(77)	(1,599)	(541)
Finance income				
- interest income on				
- bank balances and fixed deposits	93	51	351	407
- fixed income funds	126	-	572	-
	219	51	923	407
Finance costs				
- interest expenses on				
- hire purchase	(3)	(7)	(10)	(20)
- revolving credit	-	(95)	(75)	(286)
- lease liabilities (MFRS 16 adjustments)	(700)	(479)	(2,133)	(1,925)
	(703)	(581)	(2,218)	(2,231)

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

21. TAX EXPENSES

	Quarter ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Group				
Tax expenses				
- arising from Malaysia	2,065	2,048	6,771	9,332
- arising outside Malaysia	277	296	720	912
	<u>2,342</u>	<u>2,344</u>	<u>7,491</u>	<u>10,244</u>
Effective tax rate (%)	<u>23.3%</u>	<u>22.9%</u>	<u>27.1%</u>	<u>25.4%</u>

Effective tax rate ("ETR") is computed by dividing tax expenses with profit before tax for the financial period/year.

ETR for 4Q2020 and FY2020 was higher year-on-year, mainly on loss from our new Natura business where deferred tax benefit has yet to be recognised, and listing-related expenses which are not tax deductible.

22. EARNINGS PER SHARE ("EPS")

	Quarter ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the Company	<u>7,717</u>	<u>7,910</u>	<u>20,183</u>	<u>30,151</u>
Weighted average number of ordinary shares	<u>705,881</u>	<u>392,499</u>	<u>695,762</u>	<u>368,191</u>
Basic EPS (sen)	<u>1.09</u>	<u>2.02</u>	<u>2.90</u>	<u>8.19</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 December 2019 and 31 December 2020.

23. OTHER INVESTMENTS

	31.12.2020	31.12.2019
	RM'000	RM'000
Group		
Fixed deposits of more than 3 months but less than 12 months	4,743	46
Fixed income funds	24,785	-
	<u>29,528</u>	<u>46</u>

INNATURE BERHAD

(Registration No. 199401034915 (320598-X))

INTERIM FINANCIAL REPORT FOR THE 4th QUARTER ENDED 31 DECEMBER 2020

24. LOANS AND BORROWINGS

	31.12.2020	31.12.2019
	RM'000	RM'000
Group		
Non-current		
Hire purchase (unsecured)	186	276
Current		
Hire purchase (unsecured)	153	300
Revolving credit (secured)	-	16,000
	<u>153</u>	<u>16,300</u>
Total loans and borrowings	<u>339</u>	<u>16,576</u>

The Group's loans and borrowings are denominated in RM.

The revolving credit is secured by way of a letter of negative pledge issued by a subsidiary.

25. SUBSEQUENT EVENT

Other than the ongoing Covid-19 pandemic, there is no material event impacting the Group subsequent to 31 December 2020 and up to the date of this Interim Financial Report. Please refer to Note 17 and 18 for the narratives on the pandemic.