

INNATURE BERHAD

Registration No. 19940134915 (320598-X)
(Incorporated in Malaysia)

Minutes of the Twenty-Seventh Annual General Meeting of the Company, conducted virtually from the broadcast venue at 12th Floor Menara Symphony, Jalan Prof. Khoo Kay Kim, 46200 Petaling Jaya, Selangor on Tuesday, 2 June 2022 at 10.00 a.m.

Present : Dato' Simon Foong Choong Heng (*Non-Independent Non-Executive Chairman*)
Datin Mina Cheah Kim Choo (*Executive Director/Managing Director*)
Ms Molly Fong Hui Sain (*Executive Director/Chief Executive Officer*)
Dato' Maznah binti Abdul Jalil (*Senior Independent Non-Executive Director*)
Tengku Datin Paduka Setia Zatashah binti Sultan Sharafuddin Idris Shah (*Independent Non-Executive Director*)
Mr. Chia Cang Yang (*Chief Financial Officer*)
and Members and Proxies logged-in to participate in the online AGM at <https://meeting.boardroomlimited.my> as per attendance list

In Attendance : Ms Seow Fei San (*Company Secretary*)

NOTICE

Notice convening the meeting having been circulated earlier to all shareholders of the Company within the prescribed period was taken as read.

INTRODUCTION AND PRESENTATION ON THE COMPANY'S OVERALL PERFORMANCE

The Chairman welcomed Members and Proxies to the virtual meeting and introduced the Board Members and Management team, both present at the live streaming venue.

QUORUM

Upon confirming the presence of the requisite quorum, the Chairman called the meeting to order at 10.00 a.m.

The Meeting was informed that Boardroom Share Registrars Sdn. Bhd. ("Boardroom") had been appointed as the poll administrators and Sky Corporate Services Sdn. Bhd. as independent scrutineer to verify the poll result. A video was then shown by Boardroom on the voting procedure and how to raise questions at the Meeting through the online meeting platform.

The Chairman then shared with the Members an overview of the Company and its subsidiaries ("Group") in year 2021. The salient points of the Group overview were summarised as follows:

- Covid-19 cases in 2021 had led to the toughest lockdown in Malaysia, Vietnam and Cambodia;
- Despite the complex operating environment, the Group remained profitable across all markets in 2021, through increased digital and remote selling, active cost management and Covid-19 support from governments, landlords and brand principals;
- Digital and remote selling revenue contributed 28.6% to topline;

INNATURE BERHAD

Minutes of the Twenty-Seventh Annual General Meeting held on 2 June 2022

- The Group's business continued to generate RM29.5 million net operating cash flow, with healthy balance sheet of RM144.1 million net assets, RM53.8 million cash and in net cash position;
- The Group distributed 94% of its profit after tax in 2021 as dividends; and
- The Group expanded its store network in 3 new locations post-2021, including the new sustainable concept store called Activist Makers Workshop at Sunway Pyramid, which had a positive impact on customer engagement and transactions.

The Chairman then invited the Managing Director to provide an update on the Group's ESG progress, and the Chief Financial Officer to share the financial performance of the Group for the last financial year ended 31 December 2021.

The Managing Director, Datin Mina shared the Group's ESG progress in 2021 as follows:

Environment:

- (i) Kick The Bag Habit – to reduce the use of paper bags by encouraging customers to use their own bags. A total of 262,332 transactions were conducted instore without the use of paper bags.
- (ii) Bring Back Our Bottle – to prevent our empty product containers from ending up in landfills by collecting them back from customers. Over 30,000 empty containers were collected.
- (iii) Closing The Loop – to recycle the returned containers by transforming them into reusable items. A total of 9,000 reusable items were made from the returned empties.
- (iv) Refill Scheme – launched Refill Stations in selected stores to encourage customers to switch to refill aluminum bottles. By switching to refill, one can prevent up to 32 plastic bottles from going to waste each year and help prevent up to 2.2kg of CO² from entering the atmosphere.
- (v) International Coastal Clean-up – annual events to clean up inorganic debris on beaches. A total of 423kg of rubbish were collected across 8 beaches in Malaysia.

Social:

- (i) My Vote My Right 18 – a youth empowerment campaign which succeeded in petitioning the government to implement the lowering of minimum voting age from 21 to 18. Over 10,000 signatures were collected and delivered to Putrajaya at the PM's office through this campaign.
- (ii) Rise Up With Self-Love – to champion women's self-esteem through self-love in conjunction with International Women's Day.

The Chief Financial Officer shared the financial performance of the Group for the financial year ended 31 December 2021. Salient points as follows:

- (i) Waves of Covid-19 with lockdown measures across all markets impacted 2021 performance. Nevertheless, the Group remained profitable for every quarter, and recorded a total revenue of RM131.9 million (-15% year-on-year) and reported profit after tax of RM15.1 million (-25% year-on-year);
- (ii) Overseas revenue contribution stood at 22.1% in 2021 (22.3% in 2020), while remote selling channels contributed RM37.8 million (28.6%) to Group revenue with 2.6 times year-on-year growth;

INNATURE BERHAD

Minutes of the Twenty-Seventh Annual General Meeting held on 2 June 2022

- (iii) Overall expenses down on active cost management and support from landlords and brand principals;
- (iv) Gross profit margin remained healthy at approximately 64.4%.

After the presentation, the Chairman began the proceeding of the business of the meeting.

1. AUDITED FINANCIAL STATEMENTS TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS

The Chairman informed that in line with the provision of the Companies Act 2016 which does not require the Audited Financial Statements and Reports to be approved by the Members, the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon, which was announced on 29 April 2022, were tabled for the Members' information and would not be put to vote.

The Chairman further informed that should any of the Members have any questions on the agenda items, Members can use the query box provided at the online platform to transmit their questions. The Managing Director would address the questions during the Q&A session.

The Chairman then declared that the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon were received and noted.

2. AGENDA ITEM NO. 2 ORDINARY RESOLUTION 1 - TO APPROVE PAYMENT OF DIRECTORS' FEES

The Meeting proceeded with agenda item no. 2 on payment of Directors' fees. It was proposed that the Directors' fees amounting to RM159,000 be paid to the Non-Executive Directors for their services as Directors of the Company for the period from 3 June 2022 until the next annual general meeting ("AGM"). The Meeting was also informed that the Directors' fees was calculated based on the assumption that there was no change in the Board size from 3 June 2022 until the next AGM.

The Chairman then put the following motion to the Meeting, to be voted upon by the Members after the Q&A session:-

"THAT approval be and is hereby given for the payment of Directors' fee to Non-Executive Directors of up to an amount of RM159,000 for the period from 3 June 2022 until the next annual general meeting."

3. AGENDA ITEM NO. 3 ORDINARY RESOLUTION 2 - TO APPROVE PAYMENT OF DIRECTORS' BENEFITS

The Meeting proceeded with agenda item no. 3 on payment of Directors' benefits. The Chairman informed that the Board had proposed the payment of up to an amount of RM83,000 to the Non-Executive Directors for the period from 3 June 2022 until the next AGM of the Company.

The Meeting was also informed that the Directors' benefits were essentially meeting allowance to Non-Executive Directors for attendance of meetings of the Board, Board

Committees and general meetings, and allowances to Senior Independent Director and Independent Director for participation in Board Committees for the period from 3 June 2022 until the next AGM.

The following motion was then put to the Members, to be voted upon by the Members after the Q&A session:-

“THAT approval be and is hereby given for the payment of Directors’ benefits to Non-Executive Directors of up to an amount of RM83,000 for the period from 3 June 2022 until the next annual general meeting.”

**4. AGENDA ITEM NO. 4
ORDINARY RESOLUTIONS 3 AND 4 - RE-ELECTION OF DIRECTORS**

Ordinary Resolutions No. 3 and 4 were to consider the re-election of Dato’ Simon Foong Choong Heng and Tengku Datin Paduka Setia Zatashah binti Sultan Sharafuddin Idris Shah as Directors of the Company. As one of the motions was in relation to the re-election of the Chairman, the Chairman passed the chair to Dato’ Maznah binti Abdul Jalil, the Senior Independent Non-Executive Director of the Company to chair the meeting on the proposed ordinary resolutions 3 and 4.

Dato’ Maznah binti Abdul Jalil informed that in accordance with the Company’s Constitution, the aforesaid Directors were subject to retirement at this meeting and being eligible, had given their respective consents and offered themselves for re-election.

The following motions were then put to the Meeting, to be voted upon by the Members after the Q&A session:-

4.1 ORDINARY RESOLUTION 3 - RE-ELECTION OF DATO’ SIMON FOONG CHOONG HENG

“THAT Dato’ Simon Foong Choong Heng retiring pursuant to Article 106 (1) (b) of the Company’s Constitution, be and is hereby re-elected as a Director of the Company.”

4.2 ORDINARY RESOLUTION 4 - RE-ELECTION OF TENGKU DATIN PADUKA SETIA ZATASHAH BINTI SULTAN SHARAFUDDIN IDRIS SHAH

“THAT Tengku Datin Paduka Setia Zatashah binti Sultan Sharafuddin Idris Shah retiring pursuant to Article 106 (1) (b) of the Company’s Constitution, be and is hereby re-elected as a Director of the Company.”

**5. AGENDA ITEM NO. 5
ORDINARY RESOLUTION 5 - APPOINTMENT OF AUDITORS**

The chair was handed back to Dato’ Simon Foong and the Meeting proceeded to consider the appointment of KPMG PLT as Auditors of the Company.

The following motions were then put to the Meeting, to be voted upon by the Members after the Q&A session:-

INNATURE BERHAD

Minutes of the Twenty-Seventh Annual General Meeting held on 2 June 2022

“THAT KPMG PLT be and is hereby appointed as Auditors of the Company to hold office until the conclusion of the next annual general meeting AND THAT the Directors be and are hereby authorised to determine their remuneration.”

6. AGENDA ITEM NO. 6 ORDINARY RESOLUTION 6 - AUTHORITY TO ALLOT SHARES

The Meeting then proceeded to consider on giving authority to the Directors to allot shares up to 20% of the total number of issued shares of the Company as set out in the Notice of the Meeting dated 29 April 2022.

After briefing the Meeting on the purpose of the proposed resolution and with the permission of the Meeting, the Chairman declared that the Ordinary Resolution 6 as set out in the Notice of this meeting be taken as read. The said motion, detailed hereunder was then put to the meeting for consideration and to be voted upon after the Q&A session:-

“THAT subject always to the Companies Act 2016 (“**Act**”) and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Act, to allot shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 20% of the total number of issued shares of the Company for the time being.”

7. AGENDA ITEM NO. 7

The last item on the agenda for the meeting was to transact any other business of which due notices shall have been received in accordance with the Companies Act 2016. The Meeting was informed that no notice of any other business for transacting at the meeting was received.

8. QUESTION AND ANSWER SESSION

The Chairman invited the Managing Director to address the questions raised by shareholders. A summary of the responses to the questions raised, including those not answered during the meeting, are appended to this Minutes.

Upon the conclusion of the Q&A session, the Meeting proceeded to take the poll on all the resolutions tabled.

9. TAKING OF POLL AND ANNOUNCEMENT OF RESULT

The Meeting was then briefed on the procedure of poll voting and requested the Members and proxies to vote.

The meeting was adjourned for poll voting and counting of votes.

The meeting resumed at 11.08 a.m. and with the following poll results presented to the Chairman, the Chairman declared that all the 6 resolutions tabled at this meeting were carried:

INNATURE BERHADMinutes of the Twenty-Seventh Annual General Meeting held on 2 June 2022

Resolution No.	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
1	52,978,011	99.6332	195,043	0.3668
2	52,994,010	99.6633	179,043	0.3367
3	577,254,998	99.2477	4,375,543	0.7523
4	581,521,799	99.9985	8,742	0.0015
5	579,386,499	99.6142	2,244,042	0.3858
6	544,363,999	93.5928	37,266,442	6.4072

CLOSURE

There being no further business, the meeting closed at 11.10 a.m. with a vote of thanks to the Chairman.

CONFIRMED

CHAIRMAN

Dated: 1 July 2022

APPENDIX: QUESTIONS AND ANSWERS

NO.	SHAREHOLDER QUERIES	MANAGEMENT RESPONSE
1	Reasons for revenue decline in Malaysia, Vietnam and Cambodia for 1 st quarter 2022 y-o-y.	Our performance in 1Q2022 was impacted by the rising Omicron cases and the required quarantine for close contacts. With further easing in Covid-19 restrictions and subsiding cases from April 2022 onwards, we expect better performance in 2Q2022.
2	Management's expectation of the Activist Makers Workshop store in terms of revenue and profitability.	<p>The Activist Maker's Workshop is our most sustainable store concept ever. We have received very favourable response to our first Workshop stores in Sunway Pyramid and Mid Valley Southkey mall in Malaysia.</p> <p>These 2 stores have both performed exponentially well in terms of sales growth and driving customer interest, and we expect these stores to contribute profitably as well.</p>
3	Management's plan to increase top and bottom line in terms of outlet expansion, new products, marketing channel & activities, and cost optimization.	<p>The Board Chairman has earlier elaborated on our plan to increase both our topline and bottom-line during his presentation.</p> <p>We will continue to invest in strategic store locations for higher impact and productivity. Given our omnichannel strategy, we will continue to invest in our digital and remote selling channels (which includes e-commerce, conversational commerce and social selling) to improve our brand visibility and accessibility. And we will continue to manage our costs judiciously.</p> <p>We collaborate with our brand principal in bringing new or reformulated products to our customers. In 2021, we re-launched our iconic Body Butters and Haircare range which are 100% Vegan certified by The Vegan Society, contain higher natural origin ingredients sourced from our Community Fair Trade programme, and with sustainable formula and packaging.</p>
4	Strategy taken to protect profit margin and the average increase of selling price.	We review our product pricing constantly, taking into consideration our market positioning as well as our product costing. Our re-formulated, 100% Vegan and rejuvenated products with improve quality and sustainable packaging are already priced differently to reflect their new costs.
5	Impact of depreciation of Ringgit Malaysia on the Company's operations.	Our forex exposure mainly stems from our inventory purchases with The Body Shop International (in GBP) and Natura International (in USD).

INNATURE BERHAD

Minutes of the Twenty-Seventh Annual General Meeting held on 2 June 2022

NO.	SHAREHOLDER QUERIES	MANAGEMENT RESPONSE
		<p>Note 26.6.2 of our FY2021 group audited financial statements showed the sensitivity of forex fluctuation, where a 10% movement in GBP and USD will result in a P&L impact of RM497,000 and RM11,000 respectively.</p> <p>We managed our forex risk via placement of forward exchange contracts timed with our payment schedule. Generally, we are on 2-month forward exchange contracts.</p> <p>We recorded net forex gain of approximately RM188,000 in FY2021.</p>
6	The number of stores of the Group were reduced from 124 in 2020 to 118 currently. Are there any plans for new stores opening in FY2022?	<p>The store consolidation exercise in 2020 and 2021 was necessary to preserve the profitability of the Group amid the pandemic uncertainties. We will continue to do so if need be by exiting underperforming locations upon the expiry of the lease term.</p> <p>In fact, we observed improved store productivity in 2022 as a result of store consolidation exercises carried out in prior years.</p> <p>Now as the economy re-opens, we will judiciously expand our physical presence in strategic locations for higher impact and higher productivity as this is one of the important channels in reaching out to our target customers.</p>
7	Sales performance after the re-opening of border since April 2022.	We saw improvement in sales performance since April 2022 amid further easing in Covid-19 restrictions and subsiding cases.
8	Management's expectation on growth in Vietnam market.	We believe Vietnam's contribution will eventually surpass Malaysia market in the medium to long term.
9	Impact of inflation to the business.	Undoubtedly there has been cost increases. We are therefore protecting our margins, by increasing prices in tandem with the rolling out of re-formulated and rejuvenated products which come with higher natural origin content, natural ingredients and sustainable packaging.
10	Expenses incurred on conducting virtual AGM.	The Company spent around RM15,000 on this virtual AGM.

INNATURE BERHAD

Minutes of the Twenty-Seventh Annual General Meeting held on 2 June 2022

NO.	SHAREHOLDER QUERIES	MANAGEMENT RESPONSE
11	Share buy-back plan of the substantial shareholder.	These are tough times for the retail industry in the geographies where we operate in. We have shown that despite the toughest operating conditions presented by the pandemic over the last two years, your company has remained profitable throughout. We believe in our Group's resilient fundamentals and will continue to focus on building the business. Over time, the Capital Market will value our share price fairly.
12	Clarification on the RM25.7 million of PPE Capital Commitments which stated under Note 11 of 1Q2022 quarterly report.	This represents the capex which we planned for during the IPO, mainly for the expansion of our physical presence in all our markets, and investment in IT infrastructure to enhance our omnichannel offerings.
13	Maintaining dividend payout ratio.	Our policy is to distribute a minimum of 30% of our attributable net profit as dividend to shareholders. For FY2020, we distributed 70% of the Group's attributable net profit as dividend to shareholders. For FY2021, the dividend pay-out rate is 94%. We intend to uphold our commitment to dividend distribution as long as we remain profitable.
14	Management's expectation on the performance in remaining quarters of year 2022.	We believe that as long as the economy remains open, our performance will improve year-on-year for this financial year ending 31 December 2022.
15	Business strategy other than store development to remain competitive in the market.	Other than retail stores, we have our Ecommerce, Conversational Commerce and Social Selling channels for our customers' convenience. Customers who prefer shopping from the comfort of their home may opt for our Ecommerce or Call and Deliver service. Call / Click and Collect service is also available for those who want fast-track collection at our stores by making advance orders through phone call, instant messaging or our e-commerce website.
16	Clarification on the contribution of RM1.25 million from supplier in FY2021.	This is the financial support provided by Natura International in view of the challenging operating environment in FY2021. This contribution is an income to the Group.

INNATURE BERHAD

Minutes of the Twenty-Seventh Annual General Meeting held on 2 June 2022

NO.	SHAREHOLDER QUERIES	MANAGEMENT RESPONSE
17	How would the management weather through the current situation impacted by Covid-19 pandemic?	<p>The Body Shop is a well-known global brand in the geographies where we operate in.</p> <p>Our products are generally staple items in which our customers will continue to purchase regardless of the business environment.</p> <p>Our readiness in omnichannel capabilities had allowed us to continue attending to our customers' needs even during the MCO.</p> <p>Our strong base of loyal customers had been underpinning our performance, where our Love Your Body members contributed to 79% of The Body Shop revenue in Malaysia, and 66% in Vietnam.</p> <p>Our healthy balance sheet and net cash position had enabled us to respond to the Covid-19 crisis in an agile and cohesive manner.</p>