

INNATURE BERHAD

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

Minutes of the Twenty-Sixth Annual General Meeting of the Company, conducted fully virtual via the online meeting platform provided by V-Cube Malaysia Sdn Bhd. on Tuesday, 2 June 2021 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 Zatahah binti Sultan Sharafuddin Idris Shah (*Independent Non-Executive Director*)
Mr. Daryl Foong Chuen Hoe (*Alternate Director to Dato' Simon Foong*)
Mr. Chia Cang Yang (*Chief Financial Officer*)
and Members and Proxies logged-in to participate in the online AGM at <https://seminar.vcube.com> 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 the Members and Proxies to the fully virtual meeting and introduced the Board Members and Management team, all participating from different locations through live streaming.

QUORUM

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

The Meeting was then informed that Niche Unity Consultants Sdn. Bhd. ("Niche") had been appointed the poll administrators and SLCC Networks Sdn. Bhd. as independent scrutineer to verify the poll result. The Meeting was then briefed by Niche 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 2020. The salient points of the overview were summarised as follows:

- The waves of Covid-19 had caused significant decline in mall traffic and tourist arrival, and for the very first time in 36 years of operations, all the stores of the Company were closed during the Movement Control Order period in Malaysia and Vietnam;

INNATURE BERHAD

Minutes of the Twenty-Sixth Annual General Meeting held on 2 June 2021

- Nevertheless, the Company managed to limit the impact on the revenue with the implementation of omnichannel strategy and efforts, which enable the Company to continue attracting and serving customers;
- Vietnam operation continued to record revenue growth and was contributing 20% of the Group's revenue;
- The 1-year-old operation in Cambodia was growing and contributed RM3.5 million to the Group's revenue in 2020;
- The profitability of the Group was well preserved with consistent high gross profit margin, lower operating costs and continuous investment in all the necessary business drivers. During the pandemic year, the Group delivered profit after tax of RM20.2 million;
- The Company had declared a total of RM0.02 per share for financial year ended 31 December 2020, represented a dividend payout ratio of 70%, which was more than double of the stated dividend policy of 30%; and
- Covid-19 pandemic would be a key limiting factor of the Group's performance in financial year 2021 and the Group would continue with efforts in digitalization and omnichannel initiatives.

The Chairman then invited the Managing Director to present an update on the Group's sustainability efforts and the Chief Financial Officer to share the financial performance of the Company and its Group for the last financial year ended 31 December 2020 and the 3-month period ended 31 March 2021.

The Managing Director, Datin Mina shared the following:

- The Group's social and environmental activism since its inception, where the campaigns were categorized into 3 themes: (i) the environment focused on Climate Change; (ii) Gender Equity with emphasis on Women empowerment; and (iii) Social Justice for all;
- To promote a circular economy, the Group launched "Closing The Loop" project since 2020 to encourage customers to return their used The Body Shop or Natura bottles. The Group had since collected over 3,000 The Body Shop bottles and 100 Natura bottles from customers. These returned bottles were upcycled into fragrances, soap dishes and combs, and were available for purchase at the stores.
- The Group's products are from Environment, Social and Governance ("ESG") - certified suppliers. The Company is on the journey towards achieving its own ESG accreditation.

The Chief Financial Officer shared the financial performance of the Group to the Members, and the salient information shared were as follows:

(i) For the financial year ended 31 December 2020 ("FY2020"):

- Despite the unprecedented pandemic, the Group remained profitable for every quarter and recorded a total revenue of RM155.4 million (-19% *year-on-year*), core profit after tax of RM21.1 million (-37% *year-on-year*) and reported profit after tax of RM20.2 million (-33% *year-on-year*);

INNATURE BERHAD

Minutes of the Twenty-Sixth Annual General Meeting held on 2 June 2021

- The gross profit margin remained healthy at approximately 67%, with core profit after tax margin improved from 10% in 1st quarter to 17.2% in 4th quarter. The results were mainly contributed by higher sales, strict discipline on operational spending and continuous engagement with landlords for rental support.
 - The Group's e-commerce revenue registered strong growth of 148% with contribution of 8.1% (*vs 2.6% for FYE 2019*) to total Group revenue;
 - Contribution from the Group's foreign operations had grown, particularly for Vietnam, where its contribution to the Group revenue for FY2020 had increased to 20% as compared with 15% a year ago;
- (ii) For the 1st quarter in 2021 ended on 31 March 2021 ("1Q2021"):
- The Group recorded total revenue of RM38 million (+1.6% *year-on-year*), core profit after tax of RM5.1 million (+36.6% *year-on-year*) and reported profit after tax of RM5.1 million (+85.4% *year-on-year*). The improved earnings were attributed to better operating margins following continued vigilance on operating expenses, as well as the absence of listing-related expenses in the current financial period;
 - The Body Shop Malaysia saw turnaround with flat same-store-sales growth of -0.6% in 1Q2021;
 - Revenue for The Body Shop Vietnam and Cambodia increased 13.9% and 39.1%, respectively, whereas the Group's new Natura business recorded 86.8% increase in revenue during 1Q2021;
 - Vietnam's contribution to the Group revenue had also improved to 22% in 1Q2021;
 - The Group e-commerce revenue continued to advance with growth of 105.9% with contribution of 8.5% (*vs 4.2% for 1Q2020*) to total Group revenue; and
 - The Group's store count stood at 124 as at 31 March 2021. The Group opened its 38th The Body Shop store in Vietnam and exited one underperforming location in Malaysia during 1Q2021;

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 2020 together with the Reports of the Directors and Auditors thereon, which was announced on 11 May 2021, 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 question on the agenda item, Members could use the query box provided on the online platform to transmit

their questions. Response would be provided to questions submitted during the Q&A session after tabling all the resolutions.

The Chairman then declared that the Audited Financial Statements for the financial year ended 31 December 2020 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 to consider the proposed payment of Directors' fees. It was proposed that the Directors' fees amounting to RM150,000 be paid to the Non-Executive Directors for their services as Directors of the Company for the period from 3 June 2021 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 adjustment to the Directors' fees and there was no change in the Board size from 3 June 2021 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 RM150,000 with effect from 3 June 2021 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 RM80,000 to the Non-Executive Directors as meeting allowances for the period from 3 June 2021 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, allowances to Senior Independent Director and Independent Director for participation in Board Committees for the period from 3 June 2021 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 up to an amount of RM80,000 with effect from 3 June 2021 until the next annual general meeting."

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

The Ordinary Resolutions No. 3 and 4 were to consider the re-election of Dato' Maznah binti Abdul Jalil and Molly Fong Hui Sain as Directors of the Company. The Chairman

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' MAZNAH BINTI ABDUL JALIL

"THAT Dato' Maznah binti Abdul Jalil 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 FONG HUI SAIN

"THAT Fong Hui Sain 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 Meeting then 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:-

"THAT KPMG PLT be and is hereby appointed 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 10% of the total number of issued shares of the Company as set out in the Notice of the Meeting dated 11 May 2021.

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 10% of the total number of issued shares of the Company for the time being."

INNATURE BERHAD

Minutes of the Twenty-Sixth Annual General Meeting held on 2 June 2021

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 respond to 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 11.15 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:

Resolution No.	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
1	34,200,720	99.4414	192,116	0.5586
2	34,194,420	99.4430	191,516	0.5570
3	557,630,720	99.7594	1,344,904	0.2406
4	562,611,621	99.9149	479,404	0.0851
5	563,127,921	99.9696	171,304	0.0304
6	543,501,721	96.4938	19,748,504	3.5062

CLOSURE

There being no further business, the meeting closed at 11.20 a.m. with a vote of thanks to the Chairman.

CONFIRMED

CHAIRMAN

Dated: 1 July 2021

APPENDIX: QUESTIONS AND ANSWERS

NO.	QUERIES	MANAGEMENT'S RESPONSE
1	Impact of Malaysia's Full Movement Control Order to SSSG	<p>It's a little bit of crystal balling to look forward beyond current FMCO, but we are confident that we will be able to weather through this. 1st quarter we already had profits, flat for Malaysia and growth in Vietnam despite the MCO. Your company remains confident, with support from loyal customers and shareholders.</p> <p>We urge you to change your body / skin care products to either The Body Shop or Natura brand, which will help your company. Our multi-channels are open and e-commerce is ready to serve everybody.</p>
2	Impact of resurgence of Covid-19 cases to Vietnam market in 2021	In 1Q2021, Vietnam continued to register growth in both total sales and SSS, with sales contribution to the Group increased year-on-year to 22%. The sales growth was supported by new stores opened in FY2020 as well as in 1Q2021. We continue to watch the situation closely and will kick in our Business Continuity Plans should there be any need.
3	Impact of Covid-19 on store expansion plan	Store opening is one of our means in reaching out to our target customers. Given the current circumstances, we will continue to execute our omnichannel and digitalisation initiatives, and at the same time judiciously expanding our physical presence when right opportunities surface.
4	Loss-making stores and store closure plan	<p>Overall, less than 5% of our stores are loss making as at 31 Dec 2020. We closed 1 underperforming store in Malaysia during 1Q21, and a further 2 subsequent to 1Q21.</p> <p>Traffic patterns have changed. Whether they stick is another crystal ball! For now, we will continue to monitor our store performance closely and if need be, take the necessary action to exit underperforming locations upon the expiry of lease term.</p>
5	Measures to reduce operating expenses given the Covid-19 uncertainties	We exercised strict operational discipline, making strategic choices in all spending. We engaged with government authorities, landlords and suppliers for mutual support in these difficult times.
6	Expansion plan into other markets in Asia / South East Asia	We are always open to new opportunities, but it will be prudent for us in this time to focus on re-building our current businesses.
7	Initiatives to reach out to customers more effectively	Other than retail stores, we have our E-commerce, Click/Call & Collect and Social Selling channels for our customers' convenience. Customers who prefer shopping from the comfort of their home may opt for our E-commerce or Call & Deliver service, whereas Call / Click & 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.

INNATURE BERHAD

Minutes of the Twenty-Sixth Annual General Meeting held on 2 June 2021

NO.	QUERIES	MANAGEMENT'S RESPONSE
		<p>We rolled out the Love Your Body e-zine in June 2020 as an additional touch point for new product launches, product information, usage tips, sustainability, social activism and opinion editorials. We also regularly hold live streaming sessions to offer our customers personal engagement.</p>
8	Ecommerce – contribution, online distribution channels	<p>Ecommerce contribution to the Group's topline was approximately 8% for FY2020. Going by market, ecommerce contribution to the topline of Malaysia and Vietnam was 8% and 9% respectively. We launched Cambodia's ecommerce in April 2020, contribution was negligible for FY2020.</p> <p>We distribute our products online through our own e-stores as well as marketplaces such as Shopee, Lazada, Zalora and Tiki. Our primary online distribution channel is our own e-stores.</p> <p>The web addresses of our e-stores are as follow: www.thebodyshop.com.my www.thebodyshop.com.vn www.thebodyshop.com.kh www.naturamy.com</p>
9	Marketing spending to drive traffic to ecommerce	<p>Our marketing investment is meant for both online and offline sale channels, given our omnichannel strategy. Our media and communications strategy covers both remarketing to loyal customers as well as to attract new customers to drive traffic to all our channels. Total marketing spending for FY2020 was RM4.4 million, or 2.8% of Group sales.</p>
10	When will Natura business breakeven	<p>The focus of our Natura business is social selling, of which we need to build up a sizeable network of business consultants to grow the business. We will also need time to nurture brand awareness amongst Malaysian consumers of this Brand which is gigantic in Latin America. Unfortunately, many of our consultant recruitment plans were impeded by the Covid-19 pandemic. Overall, we are looking at a period of up to 3 years (from FY2020) for Natura to build a solid foundation.</p>
11	Halal certification of products	<p>We will not go down the road of getting Halal cert, as this is the prerogative of brand principals. We believe with TBS that is 100% vegetarian and Natura being 100% vegan, this itself is a very strong proposition for both brands.</p>
12	Inventory days were relatively high in FY2018 and FY2019	<p>We need to know the basis of comparison in answering this question, and the comparison has to be like-for-like. Generally, our products' shelf lives are between 2 to 3 years, and we have been able to sell our products quick enough to deliver the kind of results we achieved in FY2018 and FY2019.</p> <p>The higher inventory turnover period pre-Covid was mainly due to the increase in inventory level in anticipation of the opening of new The Body Shop points-of-sale in Vietnam.</p>

INNATURE BERHADMinutes of the Twenty-Sixth Annual General Meeting held on 2 June 2021

NO.	QUERIES	MANAGEMENT'S RESPONSE
13	Price increase for The Body Shop product in the past few years	The price adjustment in 2019 was made with the recommencement of SST on 1 September 2018. The price increase in 2020 was implemented pre-pandemic. Any price increases over time has been due to re-formulations or improved features in the product. We are conscious of not raising the prices of our products in times of difficulty.
14	How does the market of cosmetic and personal care ("CPC") evolve in this Covid-19 pandemic	<p>We do not have the latest information on the market of personal care products. However, we are able to detect the shift in personal care trends during the pandemic, through our data analytics. There is a shift to focus on self-well-being and less on outward presentation such as makeup and fragrance. Work from home ("WFH") allows people to actually spend more time on self-pampering.</p> <p>Moreover, The Body Shop and Natura products are not only daily consumables; they enable customers to DIY their own home treatments.</p>
15	Availability of Dividend Reinvestment Scheme	No.