

DELFI LIMITED
Company Registration No. 198403096C
(Incorporated in the Republic of Singapore)
(the “**Company**”)

MINUTES OF ANNUAL GENERAL MEETING

MINUTES OF ANNUAL GENERAL MEETING (“**AGM**” or “**Meeting**”) OF THE COMPANY HELD ON TUESDAY, THE 25TH DAY OF APRIL 2023 AT 10:00 A.M., IN SINGAPORE VIA ELECTRONIC MEANS.

PRESENT : As set out in the attendance records maintained by the Company

CHAIRMAN OF THE MEETING : Mr Pedro Mata-Bruckmann

1. WELCOME ADDRESS

The Company Secretary reminded the Shareholders that the AGM was being conducted via a “live” webcast and with “live” voting.

The Company Secretary reminded Shareholders of the solutions available if they encountered any technical problems. Convene SG Pte. Ltd. (“**AGM@Convene**”), the Polling Agent, showed a quick video to guide Shareholders on how to contact their support team should they need it.

2. QUESTION AND ANSWERS

The Company Secretary reminded Shareholders that they had been able to submit questions related to AGM prior to the AGM via the pre-registration website or Company’s email address, according to the Company’s announcement released with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 10 April 2023.

The Company Secretary also reminded Shareholders that they would be permitted to ask “live” questions related to the AGM, by submitting their questions, in text format, via the Convene “chatbox”, which was accessible on their screens. AGM@Convene showed Shareholders a short video on how to submit such questions.

The Company Secretary informed the Meeting that the Question Period had now been opened and that Shareholders could begin submitting their “live” questions until the end of the Chief Financial Officer’s (“**CFO**”) Presentation and the questions would be answered by Management and the Board at that time.

3. VOTING

The Company Secretary reminded Shareholders that the Notice of the AGM dated 10 April 2023 instructed them that they could have submitted their votes via the pre-registration website, email or post prior to the AGM or “live” during the AGM.

4. MEETING EVENTS

The Company Secretary then shared with Shareholders the intended sequence of events for the AGM.

5. INTRODUCTION

The Chairman, Mr Pedro Mata-Bruckmann, welcomed all Shareholders to the AGM and proceeded to introduce each of the Directors, all of whom were present, except for Mr Koh Poh Tiong and Mr Davinder Singh who had sent their apologies for not being able to attend the Meeting. He also noted the attendance at the AGM by the Company's CFO, Company Secretary, Polling Agent, Share Registrar, Scrutineers, Auditors and Management.

The Chairman informed Shareholders that as he was participating in the AGM via electronic means, he had requested Mr John Chuang Tiong Choon, the Chief Executive Officer ("**CEO**") to chair the AGM on his behalf, in the event of any technological disruptions.

The Chairman further informed Shareholders that all questions submitted by 10:00 a.m. on 17 April 2023 had been answered and published on SGXNet and the Company's website on 19 April 2023 which also included the questions from the Securities Investors Association Singapore. The summary of questions and answers is annexed hereto and marked as Appendix 1.

The Chairman also informed Shareholders that they could submit their questions "live" during the AGM and Management and the Board would answer any such questions submitted after the CFO's presentation.

6. CFO'S PRESENTATION

Richard Chung, CFO of the Company, then provided a brief presentation on the Group's 2022 financial performance, prior to the commencement of the formal business of the AGM.

7. QUESTIONS AND ANSWERS

During the questions and answers ("**Q&A**") session, questions raised by the Shareholders were addressed by the Directors of the Company. The section on Q&As is attached hereto as Appendix 2.

8. QUORUM

As there were no further questions raised by Shareholders during the "live" AGM, the Chairman, after confirming with the Secretary that a quorum was present, called the Meeting to order, and proceeded with the formal business of the AGM.

9. RESOLUTIONS BY POLL

In line with the Rule 730A of the SGX-ST's Listing Manual ("**Listing Manual**"), in his capacity as the Chairman of the Meeting, the Chairman stated that all the resolutions set out in the Notice of AGM be voted on by way of poll, which was in accordance with Regulation 70 of the Company's Constitution. Accordingly, all resolutions at the Meeting were voted on by way of poll. As many of the Shareholders had voted on all the resolutions prior to the AGM, all the resolutions were deemed to have been duly proposed and seconded.

The Chairman informed the Meeting that AGM@Covene had been appointed as Polling Agent and RHT Governance, Risk & Compliance (Singapore) Pte. Ltd. had been appointed as Scrutineers for the voting.

The Chairman guided Shareholders on the "live" voting procedures. AGM@Convenc also showed Shareholders a short video on how to vote for the resolutions at the AGM.

The Chairman further informed Shareholders that they could submit their votes via “live” voting once the Voting Period opened which would occur when the First Resolution was put up for motion during the AGM.

The Chairman also informed Shareholders that they would be able to continue to vote until shortly after the last Resolution would have been put up for motion. Therefore, the results of all of the motions would not be read out until all of the motions had been voted on.

10. NOTICE

There being no objection from Shareholders, the notice of AGM dated 10 April 2023 (“**Notice**” or “**Agenda**”) was taken as read.

ORDINARY BUSINESS

11. DIRECTORS’ STATEMENT AND THE AUDITED FINANCIAL STATEMENTS – RESOLUTION 1

The Chairman informed the Meeting that the first item on the Agenda was to put the following motion to vote:

“That the Directors’ Statement and Audited Financial Statements for the financial year ended 31 December 2022, together with the Auditors’ Report thereon, be received and adopted.”

The Chairman, at this point, announced that Shareholders could begin their poll voting for the First Resolution and that they would continue to be able to vote until shortly after the last Resolution was put to motion.

12. FINAL AND SPECIAL DIVIDEND – RESOLUTION 2

The Chairman informed the Meeting that Resolution 2 on the Agenda was to put the following motion to the vote:

“That the declaration of a final dividend of 2.64 Singapore cents and special dividend of 0.95 Singapore cents per ordinary share for the financial year ended 31 December 2022 be approved.”

The Chairman, at this point, reminded Shareholders that they could begin their poll voting for the Second Resolution and that they would continue to be able to vote until shortly after the last Resolution was put to motion.

13. RE-ELECTION OF MR CHUANG TIONG CHOON AS A DIRECTOR – RESOLUTION 3

The Chairman informed the Meeting that Mr Chuang Tiong Choon (“**John**”) was due for retirement under Regulation 104 of the Constitution of the Company and he had consented to continue in office. John would, upon re-election, remain as the Group Chief Executive Officer and Managing Director, and Chairman of the Executive Committee and as a member of the Risk Management Committee, Nominating Committee and Market Sustainability and Strategy Committee.

The Chairman informed the Meeting that Resolution 3 on the Agenda was to put the following motion to the vote:

“That Mr Chuang Tiong Choon be re-elected as a Director of the Company.”

The Chairman, at this point, reminded Shareholders that they could begin their poll voting for the Third Resolution and that they would continue to be able to vote until shortly after the last Resolution was put to motion.

14. RE-ELECTION OF MR GRAHAM NICHOLAS LEE AS A DIRECTOR – RESOLUTION 4

The Chairman informed the Meeting that Mr Graham Nicholas Lee (“**Graham**”) was due for retirement under Regulation 108 of the Constitution of the Company and he had consented to continue in office. Graham would, upon re-election, remain as an Independent Director. Upon the conclusion of the AGM, Graham would be appointed as Chairman of the Audit Committee and Risk Management Committee and as a member of Nominating Committee and Market Sustainability and Strategy Committee. The announcement pertaining to the changes of the composition of the Board and Board Committees has been announced with SGX-ST on 6 April 2023.

The Chairman informed the Meeting that Resolution 4 on the Agenda was to put the following motion to the vote:

“That Mr Graham Nicholas Lee be re-elected as a Director of the Company”

The Chairman, at this point, reminded Shareholders that they could begin their poll voting for the Fourth Resolution and that they would continue to be able to vote until shortly after the last Resolution was put to motion.

15. RETIREMENT OF MR ANTHONY MICHAEL DEAN AS A DIRECTOR

The Chairman informed the Meeting that Mr Anthony Michael Dean (“**Mike Dean**”) was due for retirement under Regulation 104 of the Constitution of the Company and would not be seeking re-election. Upon his retirement, he would relinquish his position as Chairman of the Audit Committee, Chairman of the Risk Management Committee and as a member of the Nominating Committee.

The details on retirement of Mr Mike Dean as required pursuant to Rule 704(7) of the Listing Manual of the Singapore Exchange Securities Trading Limited had been announced by the Company on 6 April 2023.

The Chairman reminded Shareholders that this item is a notification of the retirement of Mr. Mike Dean and thus would not require a vote.

The Board placed on record its deep appreciation to Mr Mike Dean for his exemplary service on the Board and his invaluable insights over the years.

16. RETIREMENT OF MR KOH POH TIONG AS A DIRECTOR

The Chairman informed the Meeting that Mr Koh Poh Tiong (“**Poh Tiong**”) was due for retirement under Regulation 104 of the Constitution of the Company and would not be seeking re-election. Upon his retirement, he would relinquish his position as Chairman of the Remuneration Committee and also his membership of the Audit Committee, Nominating Committee, Risk Management Committee and Market Sustainability and Strategy Committee.

The details on retirement of Poh Tiong as required pursuant to Rule 704(7) of the Listing Manual of the Singapore Exchange Securities Trading Limited had been announced by the Company on 6 April 2023.

The Chairman reminded Shareholders that this item is a notification of the retirement of Mr. Koh Poh Tiong and thus would not require a vote.

The Board placed on record its deep appreciation to Poh Tiong for his exemplary service on the Board and his invaluable insights over the years.

17. DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023 – RESOLUTION 5

The Chairman moved onto the next item on the Agenda. Shareholders were informed that the Board had recommended the payment of Directors' fees of US\$455,954 for the financial year ending 31 December 2023.

The Chairman informed the Meeting that Resolution 5 on the Agenda was to put the following motion to the vote:

“That the payment of Directors' Fees of US\$455,954 for the financial year ending 31 December 2023, be approved.”

The Chairman, at this point, reminded Shareholders that they could begin their poll voting for the Fifth Resolution and that they would continue to be able to vote until shortly after the last Resolution was put to motion.

18. RE-APPOINTMENT OF AUDITORS – RESOLUTION 6

The Meeting was informed that PricewaterhouseCoopers LLP had expressed their willingness to continue as auditors of the Company for the ensuing year.

The Chairman informed the Meeting that Resolution 6 on the Agenda was to put the following motion to the vote:

“That PricewaterhouseCoopers LLP be re-appointed as auditors of the Company for the financial year ending 31 December 2023 and the Directors be authorised to fix their remuneration.”

The Chairman, at this point, reminded Shareholders that they could begin their poll voting for the Sixth Resolution and that they would continue to be able to vote until shortly after the last Resolution was put to motion.

19. ANY OTHER BUSINESS

As no notice was received in respect of any other ordinary business, the Chairman proceeded to deal with the special business set out in the Notice.

SPECIAL BUSINESS

20. SHARE ISSUE MANDATE – RESOLUTION 7

The Chairman informed the Meeting that Resolution 7 on the Agenda was to put the following motion to the vote:

“That the Directors be authorised to issue Shares and/or Instruments in the capital of the Company pursuant to Section 161 of the Companies Act 1967 (“the Act”) and the Listing

Manual of the SGX-ST as set out in item 8 of the Notice.”

The Chairman, at this point, reminded Shareholders that they could begin their poll voting for the Seventh Resolution and that they would continue to be able to vote until shortly after the last Resolution was put to motion.

21. AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE DELFI LIMITED SCRIP DIVIDEND SCHEME – RESOLUTION 8

The Chairman proceeded to the next item on the Agenda and informed the Meeting that Resolution 8 on the Agenda was to put the following motion to the vote:

“That under Section 161 of the Act, authority be given to the Directors to allot and issue from time to time such number of new ordinary shares in the capital of the Company as may be required to be allotted and issued under the Delfi Limited Scrip Dividend Scheme.”

The Chairman, at this point, reminded Shareholders that they could begin their poll voting for the Eighth Resolution and that they would continue to be able to vote until shortly after the last Resolution was put to motion.

22. RENEWAL OF SHAREHOLDERS’ MANDATE FOR INTERESTED PERSON TRANSACTIONS (“IPT”) – RESOLUTION 9

The Meeting was informed that the last item on the Agenda was to seek Shareholders’ approval for the renewal of the Shareholders’ Mandate for IPT and to authorise the Directors to do all acts necessary to give effect to the IPT mandate. Details of the IPT mandate were set out in the Appendix to the Annual Report.

The Chairman reminded members who are interested persons, as defined under the IPT mandate and the Listing Manual, to abstain from voting on this resolution and informed the Meeting that the Executive Directors and their immediate family and associates had abstained from voting on the motion.

The Chairman informed the Meeting that Resolution 9 on the Agenda was to put the following motion to the vote:

“That authority be given to the Directors to renew the IPT mandate as set out under item 10 of the Notice.”

The Chairman, at this point, reminded Shareholders that they could begin their poll voting for the Ninth Resolution and that they would continue to be able to vote until shortly after the last Resolution was put to motion.

23. END OF VOTING PERIOD

The Chairman announced that as all of the Resolutions had been voted on, Shareholders would have an additional 2 minutes to conclude their poll voting.

The Chairman subsequently announced the end of the 2 minutes to conclude Shareholder voting and that the Company Secretary would review the results of the pre-AGM voting combined with the “live” poll voting.

24. **REVIEW OF VOTING RESULTS**

The Company Secretary showed the voting results of all the nine Resolutions and stated that they were all carried (results for all Resolutions listed below):

Resolution 1 carried as follows:

	Number of Shares	Percentage (%)
For the Resolution	436,488,201	99.89
Against the Resolution	466,100	0.11
Total number of valid votes cast	436,954,301	100.00

Resolution 2 carried as follows:

	Number of Shares	Percentage (%)
For the Resolution	436,954,301	100.00
Against the Resolution	0	0.00
Total number of valid votes cast	436,954,301	100.00

Resolution 3 carried as follows:

	Number of Shares	Percentage (%)
For the Resolution	400,743,520	94.36
Against the Resolution	23,938,700	5.64
Total number of valid votes cast	424,682,220	100.00

Resolution 4 carried as follows:

	Number of Shares	Percentage (%)
For the Resolution	428,281,601	98.07
Against the Resolution	8,447,700	1.93
Total number of valid votes cast	436,729,301	100.00

Resolution 5 carried as follows:

	Number of Shares	Percentage (%)
For the Resolution	436,758,501	100.00
Against the Resolution	14,800	0.00
Total number of valid votes cast	436,773,301	100.00

Resolution 6 carried as follows:

	Number of Shares	Percentage (%)
For the Resolution	436,402,453	99.92
Against the Resolution	370,848	0.08
Total number of valid votes cast	436,773,301	100.00

Resolution 7 carried as follows:

	Number of Shares	Percentage (%)
For the Resolution	407,460,651	93.29
Against the Resolution	29,320,950	6.71
Total number of valid votes cast	436,781,601	100.00

Resolution 8 carried as follows:

	Number of Shares	Percentage (%)
For the Resolution	424,376,781	97.16
Against the Resolution	12,404,820	2.84
Total number of valid votes cast	436,781,601	100.00

Resolution 9 carried as follows:

	Number of Shares	Percentage (%)
For the Resolution	114,540,681	99.89
Against the Resolution	130,000	0.11
Total number of valid votes cast	114,670,681	100.00

25. DECLARATION BY CHAIRMAN

Upon review of each Resolution and seeing that all of the voting resulted in passing each of them, the Chairman declared all the motions carried.

26. CONCLUSION

Before declaring the Meeting closed, the Chairman invited Mr. Mike Dean to share some words with Shareholders in consideration of his retirement.

There being no other business, the Chairman declared the Meeting closed at 11:55 a.m., and thanked all present for their attendance.

CERTIFIED AS A TRUE RECORD OF MINUTES

PEDRO MATA-BRUCKMANN
CHAIRMAN

Appendix 1

FINANCIALS

F 1 Will the company's sales and/or profit margin be negatively impacted by recent rising cocoa price?

As part of our processes and strategies for managing volatilities in our strategic raw materials (including cocoa ingredients), on a regular basis our purchasing team will cover our raw materials as far forward as possible as this allows us to lock-in forward costs to a major extent thus providing cost visibility and margin stability.

This cost visibility allows us time to plan our mitigation initiatives, which might include in some cases increasing prices, introducing updated products or managing the sizing of our products. It is important to note that although we have the flexibility to manage our margins, we always aim to protect the value-proposition for consumers.

F 2 Our revenue in FY2022 has surpassed the levels in FY2019.

To what extent is the revenue growth in FY2022 caused by the temporary pent up post-covid demand?

Looking back on the lifting of the various governments' measures during 2022, the resulting release of pent-up demand as people returned to their normal consumption habits, accounted for a portion of top-line growth in 2022. However, during the year, we also saw evidence of sustainable, normalized demand in the market for chocolate confectionery and other chocolate products more in line with historical pre-COVID top-line growth.

F 3 Is this level of revenue going to be sustainable going forward?

We do believe the expected normalized sales growth could be sustainable going forward.

F 4 With a strong balance sheet, what are your thoughts on share buybacks especially when Delfi is selling at a steep discount to listed peers and in private market transactions elsewhere? After all, as long as potential new growth opportunities are not missed, there is no better value-creating way for shareholders except to increase their stake in an outstanding business at a reasonable discount with the excess cash that we have. Having a proper share buyback program allows us the flexibility to take advantage of opportunities as and when it happens while dividend distributions may be more rigid in terms of timing.

The Board monitors the efficiency of utilisation of the Group's resources. In this regard it takes into consideration the growth and profit potential within each of its businesses, its cash resources and borrowing capabilities and the need to provide cash returns to shareholders through dividends, special dividends or share buy backs. At this time there are no plans to undertake a share buyback.

REGIONAL MARKETS

RM 1 Despite growing revenue well, the EBITDA from 'regional markets' segment remains much lower compared to Indonesia. Could the management explain the difference between the EBITDA margins for the two regions?

RM 2 Is the company profitable in Malaysia? Philippines?

It is important to consider the relative sizes of our business in the different geographical regions - the revenue of our business in Indonesia is about 2 times the size of our regional markets. This enables it to enjoy significant economies of scale, given the relatively fixed central operating costs in each market, which will produce higher EBITDA margins for Indonesia. Our margins in Indonesia therefore reflect an operation that has scale whilst our Philippines operation is still growing. Our Malaysian business is a distribution business where margins are lower compared to our Own Brands business in Indonesia.

Our long-standing accounting policy is to only provide information for Indonesia and the Regional Markets.

RM 3 Regional markets: In the second half of the year, the regional market segmental EBITDA was negative despite strong revenue growth. What are the specific reasons for the relatively weak performance in the regional markets in the second half of the year?

The EBITDA for all our respective markets is presented after an allocation of central corporate costs which were higher Y-o-Y in the 2H 2022. After reflecting this, hence the negative 2H EBITDA for the Regional Markets.

RM 4 Are the overall market dynamics in the Philippines and Malaysia as favourable as those in Indonesia?

Recent reports from global economists are showing growth in 2023 for Southeast Asia, especially when compared to developed countries in North America and Europe. Most countries in Southeast Asia are expected to avoid a recession in 2023, including Indonesia, the Philippines and Malaysia. One main driver has been the post-pandemic recovery in consumer demand which shows signs of continuing through this year. However, there have been slight headwinds from the impacts of international trade, interest rate rises and inflation.

We are seeing reports that the economic outlook for Malaysia and the Philippines in 2023 is expected to be similar to Indonesia's projected growth of 5.0%. Malaysia's growth is projected to moderate to around 4.5% compared to 2022, while the growth in the Philippines is expected to reach 6.0%.

SUPPLY/DISTRIBUTION

SD 1 Are there restrictions on port-to-port calls within Indonesia and the Philippines?

Currently business is as normal. There are no restrictions for Port-to-Port calls in Indonesia nor in the Philippines.

SD 2 We have an extensive distribution network that covers both modern and traditional formats. For our agency business, are we actually providing such services to our competitors in our Brands business?

How can such relationships be properly managed especially when we may create new Brands in the future (like 7+ range) that may be in direct competition with some of our existing clients in the Agency business?

Our Agency Brands portfolio currently covers a wide range of FMCG sectors including food and beverage, healthcare, snacking and breakfast products. Distribution of competitors' products forms only a small part of our Agency Brands revenue. In the event that we do provide such services to our competitors, there are differentiating factors like price points or even the specific products which may be different from our Own Brands products.

Our new products currently are not in direct competition with our existing Agencies.

SD 3 The covid era has many impacts including supply chains etc. During this period is our competitive position with respect to foreign competitors maintained or even improved?

We are always looking to strengthen our competitive position whether through a crisis or a time of good fortune. We leverage our competitive advantage as a home-grown company in Indonesia that reacts faster to local trends and market dynamics than our international competitors. With 70 years of experience facing challenges in Indonesia and overcoming them, we have built up a strong competitive position at all times.

JOINT VENTURES

JV 1 What have been the causes of the poor performance of Delfi-Orion and Delfi-Yuraku?

At Delfi, we enter into joint ventures for their strategic rationale and only with partners with the experience and expertise which will complement our own strengths and strategy in Indonesia and the region.

The strategic rationale for entering into the 50-50 JV with South Korea's Orion Corp. is to jointly develop products for Indonesia's young and growing urban population who are looking for more convenient snacking foods. Working with Orion has helped us extend our portfolio into the soft biscuit and cake category that are convenient to eat.

We believe that the *Delfi-Orion Choco Pie* is a great product for Indonesian consumers. It is showing sales growth currently and we expect it to positively develop further. Presently, the size is not material enough to impact our overall sales or profitability. We do expect growth to continue and with the newly launched *O'Rice*, a rice-based snacking product, we expect the joint venture's sales to be stronger going forward.

The strategic rationale for our 60-40 JV with Japan's Yuraku Confectionery Company is to expand further into chocolate snack products in Indonesia. Our expertise and leading position in chocolate confectionery manufacturing and distribution in the country complements their expertise in producing chocolate snacking products. The business showed growth last year and we expect it to do so into the future. As a developing business, it does not have a material impact on our consolidated results. However, with our plans to move further into the snacking category, we expect this business to advance further for our overall business.

BRANDS

B 1 How successful is *Van Houten* brand in Indonesia and Philippines compared to our own brands like *Silver Queen* and also relative to other premium brands like *Cadbury*?

Historically, our *SilverQueen* brand falls into the "indulgence - heritage brand" category for Indonesia. Since the 1950's, our *SilverQueen* chocolate products have supplied consumers

in the country with great-tasting products made with premium ingredients and delicious chocolate.

Recently, to keep our *SilverQueen* brand increasingly more relevant to younger consumers, we extended it into new products associated with young Millennials and Gen-Zs in Indonesia, while still retaining our strong position with traditional consumers in our indulgent-heritage category.

The long history and dominant position of *SilverQueen* in Indonesia makes it difficult to compare directly to *Van Houten*. *SilverQueen* benefits from a long, dominant history in its home market, while *Van Houten* is a brand that we only started to develop for the regional market after acquiring the rights to the brand in 2018.

In Indonesia, our strong heritage *SilverQueen* brand has competed successfully against MNCs and new local brands. Over the years, we have built-up very strong brand equity with *SilverQueen* increasing mind share among consumers in Indonesia and reinforcing its strong market position. With its dominant position in the market for such a long time, *SilverQueen* is the brand that many Indonesians have grown up with.

In the Philippines, our *Goya* and *Knick Knacks* brands are the historical and iconic brands that many Philippine consumers grew up with. We focus our sales in the country to those iconic brands.

B 2 In Singapore I noticed that *Van Houten* has lost its branding power totally to premium brands like Cadbury, Ritter Sport and others. The younger generation in Singapore below 40 has never heard of *Van Houten*.

Historically, *Van Houten* has been a regional brand, with a substantial presence in Singapore, and one which many earlier-generation consumers in Singapore remember fondly. However, the brand has not retained the same strong brand-recognition with younger generations. However, we believe this has changed since our 2018 acquisition.

Delfi's strategy for buying the rights to the *Van Houten* brand is to revamp the brand, refresh the product offering and packaging such that it is more attractive to younger consumers and thereby build it into a regional brand in Southeast Asia

B 3 Product resizing: What are management's views on product resizing? Could it potentially reduce the perceived value or trust in the products/brands?

At Delfi, as mentioned above, over the years we have developed an expertise of adjusting to changes in cocoa prices and have developed methods to mitigate this price risk. We manage our Gross Profit Margins through our forward coverage model which involves locking-in the cocoa price well into the future. In a rising cost environment, the visibility from our forward coverage for cocoa gives us the time and ability to manage the impact of higher cocoa prices which might include in some cases increasing prices, introducing updated products or managing the sizing and packaging of our products. . It is important to note that although we have the flexibility to manage our margins, we aim to protect the value-proposition for consumers.

B 4 In the past few years, the introduction of premium format has been helping to drive performance. To what extent does the introduction of premium products cannibalize our classic products?

It is important to note that many of our classic products (e.g., *SilverQueen*, *Cha Chas*, *Delfi*) are in the premium category and they do not compete with our value (non-premium) category as they are targeted at different consumer groups.

Moreover, the introduction of modern premium products also does not cannibalize our classic products since the new ones target a different sector of the market, namely younger Millennials and GenZs, while our classic products are consumed by our older consumers looking for indulgence products.

B 5 The company has created a new brand 7+ which is a range of healthy snacking bars. Why not leverage on the strength of some of our existing brand names like *SilverQueen* instead of coming out with a new one?

The value proposition to consumers for our new 7+ brand is to provide healthy snacking alternatives for a different target market in Indonesia. Meanwhile, the value proposition to consumers for our *SilverQueen* products is premium ingredients for chocolate indulgence.

It is also important to note that extending our brand for *SilverQueen* into many segments, especially those outside the premium core chocolate confectionery segment, could dilute the *SilverQueen* brand and erode its competitive advantage.

Although we recently extended the *SilverQueen* brand into alternative products to attract new younger consumers, such as our *Very Berry* and *Green Tea Matcha* products, we consider these extensions into the healthier indulgence category, which is very different from the 7+ healthier snacking category. As we increase our focus going forward in the snacking category, we plan to roll out more healthier snacking products.

B 6 Is the '*SilverQueen*' brand not transmutable to a non-chocolate product category? Would be glad to hear the board/management's thoughts about this.

The decision to develop a new brand outside of our existing *SilverQueen* brand is driven by our focus to offer our *SilverQueen* consumers a strong value-proposition which helps us remain close to consumers. If we were to extend the brand into too many categories outside the chocolate segment, we would risk diluting this value-proposition and weakening the brand.

B 7 With inflation pressures intensifying, are you confident that our various brands are strong enough to be able to raise prices that can keep in line or even exceed inflation levels?

By sticking to our value-proposition for our consumers we are better able to remain competitive and retain our dominant position in Indonesia which gives us the flexibility to adjust product offering and prices when warranted.

B 8 It appears that certain brands like *SilverQueen* are very much more in demand during periods like Valentine's Day. Why is this so and is this trend unintentional or intentionally created by Delfi over the years?

Over the years as Valentine's Day has become more widely celebrated in Indonesia it has evolved into a special Indonesian cultural celebration. Originally adopted from the overseas celebrations, primarily of romance, it widened to become a celebration of gratefulness and

family celebration. The application to a wider portion of the population has driven strong growth in chocolate and gift-giving in the country.

B 9 Are we seeing steeper volatility in sales in recent years and how is this going to affect our operations? Can this be managed well?

If we were to take out the impact from the COVID-19 pandemic, we have not seen an increase in volatility in sales. Our sales levels for 2022 have recently surpassed those in 2019, marking what we believe is a return to normalized growth performance.

B 10 What has Delfi done in the past 2-3 years that created more positive experiences or new impressions in products and marketing? Would appreciate it if you can provide a few examples.

Over the past 3 years we have focused on strengthening our core brands, including extending some of them into categories that resonate with new, younger consumers. We have also increased our extensive use of digital platforms (Tik Tok, Instagram, Facebook and other online media) to communicate with our consumers, particularly with GenZs and younger Millennials.

For example, in 2020 we extended our *SilverQueen* brand into healthier indulgence with the launch of our *Very Berry* and *Green Tea Matcha* products which is meant to attract younger Millennials and GenZs.

In 2022 we launched our *Van Houten Vegan* series to give choices for our consumers looking for plant-only options and our new 7+ brand for the healthy snacking segment.

B 11 Being an iconic brand in Indonesia, any plans to create our own *SilverQueen / Van Houten* flagship stores in key populated areas that tells the story and history of our products? This may potentially reinforce the strength of the brand locally, reduce dependence on existing modern / traditional trade routes and also provide a platform for tourists to experience the various products and test their interests. Can our key brands be the See's Candies of Indonesia or perhaps the region?

Development of a Flagship store is an approach to engage with customers that we are aware of and we are considering similar projects in the long run. For example, we are actively using Pop-up stores in shopping malls and high-end grocery stores to communicate, engage and interact with our consumers. The Pop-ups bring us closer to our consumers, enhance excitement about the brand and increase mindshare. We plan to expand these for *SilverQueen* in Indonesia and roll them out for *Van Houten* in other key markets.

However, in the short-term our focus is on our existing distribution model as we believe it is a cost-effective approach to building market presence and there still remains strong opportunities for growth.

As mentioned above, we do keep an open mind for similar alternative models in the future at the right time.

AGENCY BUSINESS

A 1 Agency brands: As disclosed by management, the revenue growth of the agency brand business continued to be driven by the snacking and healthcare categories. Does management expect different growth trajectories for the snacking and confectionery, healthcare, and also proprietary brand categories?

The Company has over the years experienced different growth rates for its Agency Brands and our Own Brands. These two segments are driven by different consumer behaviour, demand aspects and market dynamics but we will continue to actively manage both our Agency and Own Brands segments by focusing on the growth of our core strategic products.

A 2 Healthcare category: For the benefit of shareholders, can management provide shareholders with more information on the healthcare category? What are the main products in this category?

For the healthcare category, the products distributed are predominantly Over-the-Counter products (including medicated plasters and upper respiratory tract mixtures) that can be found in pharmacies.

INVENTORY

I 1 In the CEO's letter, it was mentioned that the group had "invested some of its cash from operations to grow the inventory levels "in anticipation of stronger sales in 2023, especially from Valentine's Day and Lebaran.

I 2 As at 31 December 2022, inventories totalled US\$115.5 million, compared to US\$64.8 million the previous year. Finished goods (which are part of the inventories) nearly doubled, from US\$44.7 million to US\$86.8 million. Has this expectation been met, or we may need to prepare ourselves for larger write downs?

I 3 Is the increase in inventory evenly distributed across the group's categories and brands, or has management implemented a strategy to achieve specific growth targets for different brands and categories?

Typically, the increase in inventory we see in 4Q each year is driven by the seasonality of our business. We produce ahead of sales which means production is increased to ensure we have enough finished goods to supply our customers. We typically need to accumulate inventory stocks for a short while to ensure delivery to our customers.

As the products are for the festive season, production is focused on the products that would be most in demand for that time. Hence, the increase is targeted at those products for which we expect stronger sales. We therefore don't plan for an even production and inventory build-up across the group's categories for this period.

We do not expect any write downs to be any different from previous experience.

I 4 Is there a risk that inventory days would increase by a moderate to significant amount?

Currently we do not see any elevated risk of high inventory days as we continue our strong track record of keeping tight control on our working capital, including inventory.

Our business is very seasonal and the typical build-up of inventory in 4Q of the year is planned specifically to meet the anticipated demand during the festive season in the following quarter. We produce ahead of sales and not to carry inventory in case there are sales.

I 5 Is the risk management committee monitoring the group's working capital management and the cash conversion cycle?

These matters are monitored at various levels including operational and finance management, the Executive Committee and the Audit Committee.

BOARD COMPOSITION

BC 1 As noted in the letter by the chairman, the company has an active board of directors comprising a well-balanced mix of entrepreneurs, professionals, and corporate experts.

The board demonstrated its foresight by establishing a Market sustainability and strategy committee (“MSSC”) way back in 2017. In 2022, the board initiated its inaugural climate risk assessment exercise, in which the group evaluated the potential financial impact on the group’s operations in the short, medium, and long term from both transitional risks, such as carbon pricing, as well as physical risks, such as floods and heatwaves.

It also formally adopted its policy on board diversity. Two long-serving independent directors, Mr Anthony Michael Dean and Mr Koh Poh Tiong, will retire at the conclusion of the AGM. Mr Graham Nicholas Lee joined the board as an independent director on 1 January 2023.

- i. **Can the nominating committee (NC) provide additional details on the succession plans for directors, specifically regarding the appointment and/or replacement of the chairman, CEO, and other key management personnel, as outlined in the terms of reference for the NC?**

The NC expects that there will be further changes to the Board’s composition over the coming years and at the appropriate time will advise Shareholders of those changes.

- ii. **Can the NC also elaborate further on the board diversity policy, including the aspects of diversity such as gender and age?**

The Company’s policy on Board Diversity is set out on pages 55 and 56 of the Annual Report.

- iii. **How is the NC/board monitoring progress in implementing the board diversity policy, and will the company disclose this information in the annual report?**

The NC and Board are monitoring the implementation of the Board Diversity Policy and will, as stated above, expect to make further changes to the Board’s composition over the coming years.

DIVIDENDS

D 1 **Under what circumstance will the special dividend be distributed (noted that company has only paid special div in FY 2021 and FY 2022)?**

The special dividend will be paid at the same time and in the same way as the final dividend for 2022.

D 2 **Noted that company has a pay-out ratio of more than 50%, will this generous dividend pay-out continue?**

It is a key objective to deliver value to shareholders through a combination of sharing profits through dividends set against retaining funds in the business for future profit creating opportunities. Historically, we have aimed to keep dividend payments consistent and for most of the time the implied pay-out ratio was close to or at 50%. However, it is important to note

that during the COVID-19 period our regular dividend was higher than an implied 50% pay-out.

Capex

C 1 How much capex is the company expected to allocate to expand capacity as company "see clear signs of growth outpacing capacity" (page 27 of AR)? Where would the capex be spent? (manufacturing capacity or distribution?)?

We have always been very conservative in our capex spending with our investment mainly on capacity expansion where necessary. We always ensure that capacity growth matches anticipated demand. Before the onset of COVID, we were contemplating investments in capex to meet future business growth.

However, with the impact from the pandemic over the last three years, we curtailed our capital expenditure to only the most essential needs until there was more certainty in market demand and more visibility on a return to growth.

The recovery of demand during 2022 has been a strong signal for continued growth in our key markets, we expect to return to our historical levels of average annual capital investment of between US\$10 million and US\$30 million which will include replacement capex, combined with investments in new machinery, to support the expected growth of our business.

Our Capex plan will be constantly monitored and evaluated against any changes in market conditions with investments possibly deferred to a later period, if required.

C 2 As uncertainty dissipates, we are expecting increased capex levels. Are we really seeing clear signs of secular unit demand growth that is not transitory (perhaps due to post-covid pent up demand)? Are our existing plants hitting full utilization soon?

Prior to the advent of COVID-19, the Company drove regular (non-transitory) sales growth through its investment in core brands, strengthening of distribution and route-to-market capabilities, developing innovative products targeted to younger consumers and retaining the loyalty of our existing consumers. The pandemic had a temporary negative impact on our sales growth, but our business remained resilient through the uncertainty.

In fact, the pandemic provided us with not only an opportunity to capture more market share and develop new, healthy products for our consumers, but also with secular growth. With the return of demand, we expect to elevate our capex spending more in line with our historical US\$10 – US\$30 million.

FUTURE PLANS

FT 1 Will the company be looking for acquisitions to expand distribution networks / chocolate brands?

Our focus is to continue to expand our own brands in our key markets. This currently would include the majority of our chocolate confectionery products that have high growth prospects. However, we are continually on the lookout for opportunities to acquire other brands that could strengthen our position in our current markets or grant us access to new markets.

We will always look to strengthen our distribution networks by investing but not necessarily through acquisition.

FT 2 What are the greatest risks to Delfi's profitability / survival in the next few years?

The overall biggest risks to Delfi's profitability are Indonesia and cocoa beans.

With Indonesia accounting for the largest share of our assets, sales, operating profits and cash generation, any serious political, economic, foreign exchange or regulatory setback to the country could have a significant impact on our performance. However, with almost 70 years of experience operating in Indonesia and overcoming a number of political and economic challenges over that time, we believe our strong brand portfolio, extensive distribution networks, operating expertise, and experienced management team would help withstand any such future challenges.

As cocoa accounts for the largest ingredient cost for our products, rising prices and availability of cocoa supplies could have an impact on our performance or profitability. However, over the years we have developed our in-house experience to manage price volatility in the cocoa market and we are working closely with our world-class supply partners such as Barry Callebaut and Olam, to help ensure continued access to cocoa supplies.

FT 3 Delfi had executed an extremely successfully reorganisation and restructuring to its operations from 2015 to 2017 which started to bear fruit in 2018 and enjoyed a much fuller benefit in 2019 before impacted by the pandemic in 2020.

Can the company share with existing shareholders and potential new investors on its next 5 years roadmap? Specifically, some numbers it hopes to achieve at the end of the 5 years.

Over the near term, we expect to continue strengthening the position of our core brands, improving our distribution and route-to-market and staying focused on developing products that resonate with new younger consumers. We also continue to look for new business opportunities.

FT 4 Delfi's gross profit margin was c.35% in 2018. Is this the target of the company in the medium to long term?

Following a detailed review of trade incentives offered in 2020, it was concluded that certain trade-related promotion expenses should be more accurately reclassified as a net-off against sales. In addition, certain distribution related expenses were found to be more appropriately classified as cost of goods sold to reflect more accurately the costs to fulfil the sale of goods. These reclassifications impact the calculation of gross profit and gross profit margin but have no impact on EBITDA or Net Profit.

The gross margin of c.35% in 2018 that is referenced is before the above reclassification and so is not comparable to the current gross margin calculation. With reclassification, the gross margin in 2018 would have been 29.4%.

SHARE PRICE

SP 1 Does the company consider its share-price to be undervalued currently?

The Board of Directors believe that market forces determine the price at which any company's shares may trade. That said, considering the Company's recent performance when compared with other market related benchmarks, the price does not seem to fully reflect the potential value of the Company.

MARKET CONDITIONS

MC 1 Compared to its peers and competitors - who are its competitors in the major markets it operates in?

In Indonesia, within our Own Brands category, we compete mainly with large international MNCs with globally recognized chocolate confectionery brands. Part of our brand portfolio strategy over the years has been to develop more premium products under our brands and sub-brands that could compete effectively with these MNCs. We also compete with local Indonesian manufacturers in the value segment of the market which is a very large market in terms of volume sales and overall size.

In the Philippines, we compete primarily with the major local Philippines chocolate manufacturers.

MC 2 How does Delfi maintain its lead and competitive edge?

We seek to maintain our competitive advantage in our key markets with our strong brands, our exceptional people working together, with strong innovation in both product development and packaging, keeping our brands relevant with younger consumers, and improving our route-to-market. We also leverage data analysis tools and are becoming more data driven in our operations and marketing.

MC 3 How has increasing prices / reducing size affect demand from existing customers in recent years?

Through the strength of our core brands, which includes the ongoing exercise to keep them relevant with new and younger consumers, we strive to present our consumers with a strong value-proposition. This is an important aspect for building customer loyalty and brand equity with consumers.

Our strategy seeks to give us the flexibility to re-size our packaging or adjust prices, when necessary, while still retaining demand from our existing customers.

MC 4 Do people on the ground see customers switching to other competitor brands?

With our strategy to maintain the value-proposition with our consumers and ensuring they receive value for money spent, on the whole we do not see customers switching to other competitor brands.

Appendix 2

Questions and Answers Session

Question 1 : A shareholder of the Company enquired the online sales performance compare with traditional sales.

Response 1 : John reiterated that the online business for Indonesia and Philippines markets is developing gradually but might not be significant compare with traditional sales. The online platform is mostly catered for electronic communication and engagement with consumers, particularly with GenZs and younger Millennials. Nonetheless, the Company also allocated sufficient budget and resources for advertising and digital marketing.

Question 2 : A shareholder of the Company enquired the future plans for capital expenditures.

Response 2 : John replied that the Company has been very conservative in its approach to capital spending. In principle, the Company's capital expenditures take into account the anticipated demand over the near to mid-term horizon.

Prior to the onset of COVID, the Company had been contemplating investments in capital expenditure to meet future business growth. However, with the impact from the pandemic during the last three years, the Company curtailed capital expenditures to only the most essential needs until there was more certainty in market demand and more visibility on the timing on the return to growth in the business.

The recovery of demand during 2022 has been a strong signal for continued growth in key markets, which has contributed to the Company expecting a return to historical levels of average annual capital investment of between US\$10 million and US\$30 million which will include replacement capital expenditure and investments in new machinery to support the expected growth of the business.

Question 3 : A shareholder of the Company enquired whether the increase in sales was mainly due to the increase in unit volume demand growth or due to increase in pricing / introduction of premium products.

Response 3 : John replied that the increase of sales is due to high volume from consumer demand, as well as price adjustments to protect margins. It is important for the Company to continue to manage margins even in periods of increasing prices of raw and packaging materials. Nonetheless, the Company will continue its strong innovation in both product development and packaging, to keep brands relevant with consumers, which should help maintain a competitive position in the market.

Question 4 : A shareholder of the Company enquired the strategies to increase its market share for healthy snacking like 7+brand.

Response 4 : John replied that in 2022 the Company launched 7+, a new brand for the healthy snacking segment as there is an emerging trend in the healthy chocolate indulgence and snacking categories due to the larger population of younger Millennials and GenZs. He explained that it would be beneficial to capture this trend. He also added that the Company would increase its focus in the snacking category going forward and has plans to roll out additional products in the healthier snacking category.

Question 5 : A shareholder of the Company enquired on the competitive advantage of the Indonesia market to prevent foreign competition. The shareholder also asked what worries Management might have in maintaining its competitive advantage in Indonesia.

Response 5 : John replied that historically, the *SilverQueen* brand falls into the “indulgence - heritage brand” category for Indonesia and that the *SilverQueen* chocolate products have supplied consumers in the country with great-tasting products made with premium ingredients and delicious tasting chocolate for a long time. In Indonesia, the strong heritage *SilverQueen* brand has competed successfully against foreign competition and new local brands. Over the years, Delfi has built-up very strong brand equity with *SilverQueen* increasing market share among consumers in Indonesia and reinforcing its strong market position. With its strong position in the market for such a long time, *SilverQueen* is the brand that many Indonesians have grown up with.

The Company’s strategy to maintain its competitive advantage is to keep the *SilverQueen* brand increasingly more relevant to younger consumers and to extend the brand into new products associated with Indonesia’s young Millennials and Gen-Zs, while at the same time, retaining the brand’s strong position with traditional consumers in the indulgent-heritage category.

The Company seeks to maintain its competitive advantage in key markets with its strong brands, exceptional people working together, strong innovation in both product development and packaging. Also, by keeping the brands relevant with younger consumers, and by improving the route-to-market, including in its distribution channels and supply chain.

Question 6 : A shareholder enquired the amount of planned capital expenditure for the next 5 years.

Response 6 : John replied that with the return of demand, the Company expects to elevate capital expenditures to be more in line with the Company’s historical capital expenditure levels which have been in the range of US\$10 million to US\$30 million.

Question 7 : With the huge ramp up of inventories in 4Q2022, are we indeed seeing sizable growth in 1Q2023 vs 1Q2022 and 1Q2019?

Response 7 : John replied that the increase in inventory in 4Q each year is driven by the seasonality of the business especially from demand in the first quarter from Valentine’s Day and Lebaran. The Company produces ahead of sales, which means production is increased a few months earlier to ensure having enough finished goods to supply the customers during those holidays. As a result, the Company needs to accumulate inventory stocks for a short while to ensure delivery to the customers.

As the products are for the festive season, production is focused on those products that would be most in demand for those specific holidays. Hence, the increase in inventory is targeted for those particular products for which stronger sales are expected.

The Company does not expect any write downs to be different from previous experience.

Question 8 : A shareholder of the Company requested to elaborate on the wording of “opportunity to capture more market share”.

Response 8 : John replied that with the reorganization and restructuring efforts taken place in recent years, including in the supply chain, distribution channels, commercial operations, growth of core strategic products, and margin management, combined with the Company’s strong brands, culture of innovation, and distribution strategies, has positioned the Company to capture growth opportunities that came about recently in the market and are expected to come about in the future. The ability to capture these opportunities has resulted in increasing sales and market share. Also, both premium and low-end brands are progressing well as consumer demand continues to remain strong in both categories.

Question 9 : A shareholder of the Company enquired the performance and reasons why the Company is still unable to produce the scale that gives more respectable margins in Philippines market.

Response 9 : John emphasized that the Philippine market has benefitted from a post-pandemic recovery in consumer demand and continues to have a big growth potential due to its growing large population and relatively large market size for chocolate confectionery. In our opinion, the economic outlook for the Philippine market remains favorable, which supports the Company’s expectation to increase its domestic market share and strengthen its in-country position gradually. We believe our years of experience and competitive advantage in Indonesia can contribute to our business in the Philippines.

John believes that the focus on evolving consumer preferences in the Philippines, and with the alignment of Own Brands to capture trends driven by young Millennials and Gen Zs, should contribute to the future growth in the Philippines.

Question 10 : A shareholder enquired of the Company on the distinction between the special and normal dividends.

Response 10 : John reiterated that the Board monitors the efficiency of utilisation of the Group’s resources. In this regard, it takes into consideration the growth and profit potential within each of its businesses, its cash resources and borrowing capabilities and the need to provide cash returns to shareholders through dividends, special dividends or share buy backs.

The strong financial results in 2022, including the strong generation of free cash flow, supported the level of dividends for the year and hence the additional “special” dividend was declared.