

**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 23<sup>RD</sup> DAY OF APRIL 2024 AT 10:00 A.M., AT SINGAPORE MARRIOTT TANG PLAZA HOTEL, 320 ORCHARD ROAD, SINGAPORE 238865, LEGACY ROOM, LEVEL 2.

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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 welcomed the Shareholders to the AGM and reminded the Shareholders that the AGM was being conducted physically. She further informed the Shareholders that the Chairman, Mr Pedro Mata-Bruckmann was attending the AGM from a remote location.

As the Chairman 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.

2. VOTING BY WAY OF POLL

The Company Secretary informed the Shareholders that in line with the Rule 730A of the SGX-ST’s Listing Manual (“**Listing Manual**”), all the resolutions set out in the Notice of AGM be voted on by way of poll by using the wireless handheld device that had been made available to them.

The Company Secretary also informed the Meeting that Boardroom Corporate & Advisory Services Pte. Ltd. (“**Boardroom**”) had been appointed as Polling Agent and RHT Governance, Risk & Compliance (Singapore) Pte. Ltd. had been appointed as Scrutineers for the voting.

The Company Secretary invited the representative from Boardroom to explain the poll voting process by showing Shareholders a short video on how to vote for the resolutions at the AGM and by conducting a test resolution to familiarise Shareholders with the live voting system.

3. QUORUM

The Chairman, Mr Pedro Mata-Bruckmann, welcomed all Shareholders to the AGM. He called the Meeting to order, after confirming with the Company Secretary that a quorum was present.

4. INTRODUCTION

Before proceeding with the introduction of the Directors, the Chairman briefed the Shareholders on the changes to the composition of the Board of Directors to be effected upon the conclusion of the AGM.

The Chairman proceeded to introduce each of the Directors, all of whom were present, except for Mr Davinder Singh who had sent his apologies for not being able to attend the Meeting. The Chairman also noted the attendance at the AGM of the Company's Chief Financial Officer ("CFO"), Company Secretary, Polling Agent, Share Registrar, Scrutineers, Auditors and Management.

5. NOTICE

There being no objection from Shareholders, the notice of AGM dated 8 April 2024 ("**Notice**" or "**Agenda**") was taken as read.

The Meeting noted that the Proxy Forms lodged have been checked and are in order.

6. QUESTION AND ANSWERS

The Chairman informed Shareholders that all questions submitted by 10:00 a.m. on 15 April 2024 had been answered and published on SGXNet and the Company's website on 19 April 2024. The summary of questions and answers is annexed hereto and marked as Appendix 1.

The Chairman also informed Shareholders that during the AGM, during the formal business (prior to the votes cast on each Resolution), they could submit questions verbally which Management and the Board would answer.

7. CFO'S PRESENTATION

Richard Chung, CFO of the Company, then provided a brief presentation on the Group's 2023 financial performance, prior to the commencement of the formal business of the AGM.

After the CFO's presentation, the Chairman proceeded with the formal business of the AGM.

ORDINARY BUSINESS

8. DIRECTORS' STATEMENT AND THE AUDITED FINANCIAL STATEMENTS – RESOLUTION 1

The Chairman informed the Meeting that the first item on the Agenda was to receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2023, together with the Auditors' Report thereon.

With the consent of the Shareholders, the Auditors' Report was taken as read.

Questions raised by the Shareholders were addressed by the Directors of the Company. The section on these Q&As is attached hereto as Appendix 2.

As the following motion was duly proposed and seconded by the Shareholders, 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 2023, together with the Auditors' Report thereon, be received and adopted."**

The Chairman announced the results as follows and declared **Resolution 1 carried**:

	<b>Number of Shares</b>	<b>Percentage (%)</b>
For the Resolution	429,397,462	100.00
Against the Resolution	0	0.00
Total number of valid votes cast	429,397,462	100.00

9. FINAL AND SPECIAL DIVIDEND – RESOLUTION 2

The Meeting was informed that the Directors had recommended the payment of a final dividend of 2.33 Singapore cents and special dividend of 0.69 Singapore cents per ordinary share for the financial year ended 31 December 2023.

As the following motion was duly proposed and seconded by the Shareholders, 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 2.33 Singapore cents and special dividend of 0.69 Singapore cents per ordinary share for the financial year ended 31 December 2023 be approved.”**

The Chairman announced the results as follows and declared **Resolution 2 carried**:

	<b>Number of Shares</b>	<b>Percentage (%)</b>
For the Resolution	429,221,463	99.99
Against the Resolution	35,000	0.01
Total number of valid votes cast	429,256,463	100.00

10. RE-ELECTION OF MR PEDRO MATA-BRUCKMANN AS A DIRECTOR – RESOLUTION 3

In view that Resolution 3 was pertaining to the Chairman’s own re-election as a Director, Mr Chuang Tiong Choon (“**John**”) was elected to take over the conduct of this resolution.

John informed the Meeting that Mr Pedro Mata-Bruckmann (“**Pedro**”) was due for retirement under Regulation 104 of the Constitution of the Company and he had consented to continue in office. John also informed that if Pedro were to be re-elected, he would be considered as a Non-Independent Director of the Company and will be stepping down as the Chairman of the Board. He will be redesignated as a Non-Executive and Non-Independent Director, and as a member of the Nominating Committee, and Market, Sustainability and Strategy Committee with effect from the conclusion of the AGM.

As the following motion was duly proposed and seconded by the Shareholders, the Chairman informed the Meeting that Resolution 3 on the Agenda was to put the following motion to the vote:

**“That Mr Pedro Mata-Bruckmann be re-elected as a Director of the Company.”**

The Chairman announced the results as follows and declared **Resolution 3 carried**:

	<b>Number of Shares</b>	<b>Percentage (%)</b>
For the Resolution	389,792,006	90.77
Against the Resolution	39,635,457	9.23
Total number of valid votes cast	429,427,463	100.00

At this juncture, John returned the chairmanship of the Meeting to the Chairman.

11. RE-ELECTION OF MR LEE MENG TAT AS A DIRECTOR – RESOLUTION 4

The Chairman informed the Meeting that Mr Lee Meng Tat (“**Meng Tat**”) was due for retirement under Regulation 108 of the Constitution of the Company and he had consented to continue in office. Meng Tat would, upon re-election, remain as an Independent Director. Upon the conclusion of the AGM, Meng Tat would be appointed as Chairman of the Nominating Committee and Remuneration Committee and as a member of Audit Committee, Risk Management 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 via SGX-ST on 5 April 2024.

As the following motion was duly proposed and seconded by the Shareholders, the Chairman informed the Meeting that Resolution 4 on the Agenda was to put the following motion to the vote:

**“That Mr Lee Meng Tat be re-elected as a Director of the Company”**

The Chairman announced the results as follows and declared **Resolution 4 carried**:

	<b>Number of Shares</b>	<b>Percentage (%)</b>
For the Resolution	402,389,352	93.81
Against the Resolution	26,551,810	6.19
Total number of valid votes cast	428,941,162	100.00

12. RETIREMENT OF MR DAVINDER SINGH S/O AMAR SINGH AS A DIRECTOR

The Chairman informed the Meeting that it was noted that Mr Davinder Singh S/O Amar Singh (“**Davinder**”) 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 a member of the Nominating Committee and Remuneration Committee.

The details on retirement of Davinder 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 5 April 2024.

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

As this Agenda item was only to note Davinder’s retirement, and not part of the formal business, there would be no vote.

13. ADDITIONAL DIRECTORS’ FEES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 – RESOLUTION 5

The Chairman moved onto the next item on the Agenda. Shareholders were informed that the adjustment of Directors’ fees for the financial year ended 31 December 2023 by US\$37,263 was due to the mid-year appointment of Meng Tat to the Board on 1 June 2023.

As the following motion was duly proposed and seconded by the Shareholders, the Chairman informed the Meeting that Resolution 5 on the Agenda was to put the following motion to the vote:

**“That the payment of additional Directors’ Fees of US\$37,263 for the financial year ended 31 December 2023, be approved.”**

The Chairman announced the results as follows and declared **Resolution 5 carried**:

	<b>Number of Shares</b>	<b>Percentage (%)</b>
For the Resolution	421,244,762	98.44
Against the Resolution	6,670,900	1.56
Total number of valid votes cast	427,915,662	100.00

14. DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2024 – RESOLUTION 6

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\$434,814 for the financial year ending 31 December 2024.

As the following motion was duly proposed and seconded by the Shareholders, the Chairman informed the Meeting that Resolution 6 on the Agenda was to put the following motion to the vote:

**“That the payment of Directors' Fees of US\$434,814 for the financial year ending 31 December 2024, be approved.”**

The Chairman announced the results as follows and declared **Resolution 6 carried**:

	<b>Number of Shares</b>	<b>Percentage (%)</b>
For the Resolution	427,575,062	99.69
Against the Resolution	1,339,900	0.31
Total number of valid votes cast	428,914,962	100.00

15. RE-APPOINTMENT OF AUDITORS – RESOLUTION 7

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

Questions raised by the Shareholders were addressed by the Directors of the Company. The section on these Q&As is attached hereto as Appendix 2.

As the following motion was duly proposed and seconded by the Shareholders, the Chairman informed the Meeting that Resolution 7 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 2024 and the Directors be authorised to fix their remuneration.”**

The Chairman announced the results as follows and declared **Resolution 7 carried**:

	<b>Number of Shares</b>	<b>Percentage (%)</b>
For the Resolution	420,623,062	98.05
Against the Resolution	8,381,600	1.95
Total number of valid votes cast	429,004,662	100.00

16. 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

17. SHARE ISSUE MANDATE – RESOLUTION 8

Under section 161 of the Companies Act 1967, Shareholders' approval would be required to authorise the Directors to issue further shares and/or instruments in the capital of the Company.

Questions raised by the Shareholders were addressed by the Directors of the Company. The section on Q&As is attached hereto as Appendix 2.

As the following motion was duly proposed and seconded by the Shareholders, the Chairman informed the Meeting that Resolution 8 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 and the Listing Manual of the SGX-ST as set out in item 8 of the Notice.”**

The Chairman announced the results as follows and declared **Resolution 8 carried**:

	<b>Number of Shares</b>	<b>Percentage (%)</b>
For the Resolution	409,069,390	95.30
Against the Resolution	20,157,472	4.70
Total number of valid votes cast	429,226,862	100.00

18. **AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE DELFI LIMITED SCRIP DIVIDEND SCHEME – RESOLUTION 9**

The Chairman proceeded to the next item on the Agenda which was to seek Shareholders' approval to authorise the Directors to issue shares in the Company under the Delfi Limited Scrip Dividend Scheme.

As the following motion was duly proposed and seconded by the Shareholders, the Chairman informed the Meeting that Resolution 9 on the Agenda was to put the following motion to the vote:

**“That under Section 161 of the Companies Act 1967, 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 announced the results as follows and declared **Resolution 9 carried**:

	<b>Number of Shares</b>	<b>Percentage (%)</b>
For the Resolution	415,922,153	97.73
Against the Resolution	9,651,720	2.27
Total number of valid votes cast	425,573,873	100.00

19. **RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (“IPT”) – RESOLUTION 10**

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 would abstain from voting on the motion.

As the following motion was duly proposed and seconded by the Shareholders, the Chairman informed the Meeting that Resolution 10 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 announced the results as follows and declared **Resolution 10 carried**:

	<b>Number of Shares</b>	<b>Percentage (%)</b>
For the Resolution	104,788,342	99.87
Against the Resolution	135,100	0.13
Total number of valid votes cast	104,923,442	100.00

26. CONCLUSION

Before declaring the Meeting closed, the Chairman shared some words with Shareholders, in consideration of his cessation as a Chairman of the Board. John, representing the Board, placed on record its deep appreciation to the Chairman for his exemplary service on the Board and his invaluable insights over the years.

The Chairman also invited Mr Doreswamy Nandkishore to share some words with Shareholders in consideration of his appointment as the Chairman of the Board upon the conclusion of this AGM.

There being no other business, the Chairman declared the Meeting closed at 11:45 a.m., and thanked all present for their attendance.

**CERTIFIED AS A TRUE RECORD OF MINUTES**

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**PEDRO MATA-BRUCKMANN**  
**CHAIRMAN**

## Appendix 1

### 1. What is Delfi's projected capex for next 3 years?

Delfi follows a prudent approach to capital investment with a careful assessment for maintenance needs, productivity improvements, increased capacity when there is evidence of expected strong demand, and investments to meet sustainability related commitments.

In 2023, we invested US\$23.6 million of capital expenditure, which marked a return to investment levels more in line with our pre-COVID amounts. The investments in 2023 comprised mainly of production equipment in anticipation of continued market growth, quality and food safety enhancements, and a plot of land in Indonesia to meet our long-term operational needs. At end-2023, our Group's production capacity totalled about 130,000 metric tonnes, with the capability to produce a wide range of products.

This level of capital expenditure is higher compared to the previous two years as we had deliberately curtailed our capital expenditure to include only the most essential items in light of the uncertainties created by the COVID-19 pandemic.

Over the next few years, our capital expenditures will be guided by our business growth and outlook (taking into consideration the current uncertainties in macro-economic conditions, and the geo-political environment). Having said that, we will continue to monitor our current capital expenditure programme and evaluate it against any changes in market conditions, which could result in us prudently deferring investments to a later period, if required.

### 2. What is Delfi's mitigating plan for the recent rise in cocoa prices? Does the company have an official hedging program in place today? Any comment on how the team is managing this and how it might impact margins in 2024 would be helpful.

Delfi does not buy cocoa beans. Instead, we procure intermediate cocoa ingredients from leading world class suppliers that are used to produce our chocolate products.

We carefully and proactively manage the impact to our business from procurement and supply chain pressures by using all of the levers available to us to help mitigate rising input costs, including those impacted by rising cocoa prices. These tools include enhancing production efficiency, locking in prices in advance with our suppliers for extended periods, introducing new flavour variants with less volatile ingredients costs, adjusting product prices when warranted, and changing packaging materials. These actions help us to accommodate changes in input costs, while addressing competition in our key markets, reaching profit objectives, and maintaining customer loyalty.

Our forward cover strategy is an important component in mitigating the risk of ingredients prices mentioned above by providing us with sufficient visibility and enough flexibility to manoeuvre operations and adjust strategies to manage, uphold and sustain margins while supporting profitability and retaining customer demand.

Through our forward cover strategy and by applying our range of activities to address ingredients prices, we expect to be able to mitigate the potential impact on our 2024 cost of ingredients.



3. **In FY2023, the decrease in GP margin is attributed partly due to “The business decision to increase promotion costs to fend off higher competition in Indonesia, further strengthen the brand equity of our core brands, and support our branded products that we believe have the highest potential for future growth” Was the decision to increase promotion a proactive or reactive move?**

Our decision in FY2023 to increase promotion costs was an important part of our strategy to proactively invest further in our core brands and to invest in building the products which we believe have the potential for the strongest growth. This strategic decision was proactive and is expected to help further grow our product sales. We also strategically increased our promotion spend to proactively address heightened competition in Indonesia during the year, which was net off against sales which contributed to the impact on our Gross Profit Margin.

4. **Working capital expanded by quite a significant margin in FY2022 & FY2023 after reduction during covid years. Is the current level of working capital considered normal?**

Like many businesses, our working capital needs (comprising accounts receivables, inventory and trade payables), are a function of our sales activity and the business growth achieved or anticipated by our business. During the COVID-19 period, our sales were impacted by the lockdowns in our key markets with our working capital needs consequently reduced during those years. With the opening of our markets after the pandemic, the increased consumer demand drove the growth of our business resulting in a need to increase our working capital. Although we expect to have higher working capital requirements to support our future business growth, we will remain vigilant and tightly manage appropriate levels of receivables, inventories and payables.

5. **What is the proportion of premium format category in own brands revenue in 2023?**

We do not publicly disclose the proportion of premium format category for our Own Brand revenue. The premium category is a very important part of our overall brands strategy for our Own Brands business. We continually invest in our premium format products to increase our brand equity and drive growth. An increasing portion of our new products are in the premium category and our purchase of the rights to the *Van Houten* brand in 2018 was a strategic decision to enhance our premium category offerings in Indonesia and across Southeast Asia.

6. **In the CEO’s letter in AR2014, John Chuang stated, “As we supply products to more than 50% of the chocolate confectionery demand in Indonesia, it is our market to lose. We must defend and grow our market leadership to sustain our profitability for the long haul.” Since the Group doesn’t disclose market share, I would like to ask if, after close to 10 years, the group has lost market share?**

**What are Delfi market shares in Indonesia and Philippines? Is market share expanding?**

As mentioned in the question, we do not publicly disclose market share in Indonesia. However, we can highlight that despite the increased competition in Indonesia over the years, and the challenging period from the pandemic, we still hold a leading position today in Indonesia.

It is important to note that the market in Indonesia today is larger than it was back in 2014. Also, it is important to note that market share is only one metric in determining business performance. Other metrics including profitability, sales growth, the growth of our distribution network and the number of new product launches, to name a few, are also important in determining overall performance.

As mentioned above, it is important to keep in mind that the market for chocolate has grown significantly in volume over the past ten years (excluding during the pandemic) by around 10% per annum on average, substantially expanding the size of the market to its current size. In addition, many new categories have emerged that did not exist in 2014 which has an impact on measuring current overall market positions for companies in Indonesia. Having said that, we have experienced strong growth over this period and have retained our leading position in the country and especially in moulded chocolate bars with our heritage SilverQueen brand.

Over the years, our leading position in the country has been based on our investments in our core brands, which has helped to further strengthen our brand equity. We have also been able to retain our position by innovating to extend our product range into new categories, by developing new packaging formats, by enhancing our market segmentation, and by broadening our reach to younger consumers including Millennials and GenZs.

Our position as the leading producer in Indonesia for moulded bars has also resulted in our ability to fend off competition from other brands including those from outside the country. We have also tailored our marketing campaigns to showcase our brand values and improved our access to retailing networks to deliver on our brand promises.

These strategies have contributed to our ability to retain the leading position we have today for chocolate in Indonesia and to an improving presence in our Own Brands in the Philippines.

7. **I appreciate the management's leadership over the years, with FY2022 & 23 ROE exceeding 17%, the highest since Delfi refocused back to a brand owner and distributor of 3rd party brands. However, many global consumer companies in the US have achieved higher ROE. Any plan to bridge the profitability gap?**

It is very difficult to compare consumer companies in the US with those in Indonesia and Southeast Asia. If we look at the main chocolate confectionery companies in the US, they benefit from much higher per capita chocolate consumption in the US and in their other developed markets, and they offer a much broader portfolio of products to consumers, while Delfi is more of a pure-play chocolate confectionery company in Indonesia which has low per capita chocolate consumption. Moreover, almost all of the US based consumer companies carry high debt loads which helps to elevate their ROE.

We believe the best gauge of our performance from a ROE point of view is to focus on the recent trend which shows a growing ROE.

8. **Was the increase in sales in 2023 mainly due to the increase in unit volume demand growth or due to increase in pricing?**

The increase in sales was primarily driven by an increase in volume.

9. **In the CEO letter in the 2023 Annual Report, the CEO explained that the decrease in margin was due to increased promotion costs in Indonesia. But in Note 7 of the Financial Statements, the marketing expense was lower in 2023 compared to that of 2022, and totalled US\$4.8M, which is less than 1% of Group revenue. How do we reconcile that to CEO letter and is the US\$4.8M all the group spent on marketing and promotion cost, or is promotion cost deducted from selling price?**

As surmised, the majority of the A&P expenses were classified to net off against sales. Therefore, the figures reported in Note 7 do not represent the full A&P expenses.

As answered for Question 3, our decision in FY2023 to increase promotion costs was an important part of our strategy to proactively invest further in our core brands and to invest in building the products which we believe have the potential for the strongest growth. This strategic decision was proactive and is expected to help further grow our product sales. We also strategically increased our promotion spend to proactively address heightened competition in Indonesia during the year, which was net off against sales which contributed to the impact on our Gross Profit Margin.

**10. The group has over US\$90M capital allowances and unutilized tax losses at the holding company level, which is significant compared to group profit and Singapore tax rate. Could you please explain how tax losses, the majority of US\$90M occurred and what are the plans to utilize them?**

Of the US\$90 million of capital allowances and unutilised tax losses at the holding Company level, the unutilised tax losses are the US\$86.8 million related to the cocoa ingredients business which was disposed of in FY2013.

These capital allowances and tax losses do not have any expiry dates. However, as they are not expected to be utilised within the holding company within the near future, they are not recognised as a tax asset.

**11. What is Management's plan for growth in the future?**

Our focus as a company is to continue growing sales profitability at least in line with, or on average, higher than, the growth of the chocolate market in Indonesia. We employ many strategies to accomplish this including investing in our core brands, offering a wide array of products to all consumer segments, launching new products to the market, expanding our brands into new product categories, remaining close to our customers and consumers, strengthening our distribution capabilities, and improving our routes-to-market.

Indonesia, with its large population, increasing urbanization, growing middle class, and expected strong growth in per capita chocolate consumption, remains a favourable market with strong growth potential. We believe Delfi is well positioned to benefit from the expected market growth.

**12. Which of the foreign competitors have local processing capabilities in Indonesia?**

None of the major foreign based companies that sell chocolate confectionery in Indonesia currently have domestic production capabilities. They import their products into the country.

While the main Indonesian companies have production facilities in the country, most of them, do not focus on producing moulded bars using real chocolate. Companies like Mayora, Garuda and Orang Tua focus more on products with compound, on wafers, biscuits and snacks. For those domestic producers who may offer real chocolate bars in the local market, currently they do not have a strong presence in this segment.

**13. Do you have the same relationship in Indonesia with the Modern Trade Independents as with the more established ones (Alfamart and Indomaret)?**

With many years as a well-established and leading chocolate producer in Indonesia and with a long history of distributing products to retailers across the country, Delfi cultivated strong commercial relationships across all retail channels beginning with the Traditional Trade channel and eventually with the Modern Trade channel once it emerged as part of the retail sector. Over time, as the Modern Trade sector (Super Markets, Hyper Markets, and Mini-markets) further developed and grew, Delfi was well positioned to develop strong commercial relationships, and our strong distribution capabilities gave us a strong advantage to access the growing channel.

Historically, the Modern Trade Independent (“**MTI**”) segment has been a smaller component of the broader channel, but recently it has competed more strongly against some of the weaker large-chain stores, resulting in higher growth for MTI than in the past. With our experience supplying other Modern Trade segments including, Indomaret and Alfamart, we have been able to develop strong commercial relationships with the growing MTI channel. Our brand recognition and product offering help attract consumers to these stores and coupled with our strong and reliable distribution capabilities, make us an important supplier for these companies.

**14. Is the Agency business to continue growing faster than own brands business?**

Our aim is to profitably grow the Agency business as quickly as possible, while continuing to grow our Own Brands business. We do not have a specific plan to grow the Agency business more quickly. It is important to keep in mind that the businesses are fundamentally different, which is why we manage and operate them separately. We continually invest in our supply chain capabilities and further develop our commercial relationships with principal partners in an array of businesses.

Our Agency business builds on our existing extensive distribution network and, with little incremental cost, provides us with an additional strategy to generate profits and cash flow from our distribution network. It also complements and strengthens our commercial relationships with distributors and retail companies across Indonesia, Malaysia and the Philippines.

Note that the growth of our Agency business for any specific period could be heavily influenced by new accounts added to or removed from our portfolio which might distort any year-to-year comparison.

## Appendix 2

### Questions and Answers Session

Question 1 : A Shareholder of the Company referred to note 36 on page 159 of the Annual Report 2023, noting that Agency Brands typically yield lower margins compared to own brands. In this respect, the Shareholder wished to know the future outlook for the Group's agency business.

Response 1 : CFO explained that while Agency Brands is a major contributor to our revenue, across the region, its contribution varies. Specifically, in the Philippines, where Own Brands are the primary revenue contributor, the emphasis on growing own brands aligns with our strategic objectives. However, in Malaysia, our business model revolves around a distribution model, Agency Brands, therefore, naturally play a larger role.

As the Shareholder pointed out, the nature of distribution businesses is such that distribution of Agency Brands has lower margins compared to Own Brands. Hence, the Company's overarching goal remains consistent across region, which is, to prioritise the growth of our Own Brands. This strategic focus stems from Own Brands offering higher margins and greater control over product positioning and market strategies.

CEO added that the strategic approach for Agency Brands is to partner with both multinational corporations and small and medium-sized enterprises ("SMEs"). For SMEs, our collaboration goes beyond distribution. Delfi provides tailored support to help develop their brands, leveraging the Group's expertise and market knowledge. This often results in healthier margins, reflecting the added value that Delfi brings to the partnership.

On the other hand, multinational corporations may prioritise wide market coverage at lower margins. While this presents challenges, especially in diverse markets like Indonesia, Delfi's selective approach ensures that partnerships align with its profitability objectives.

The Group recognises the importance of assessing the contribution of each partnership and maintaining a balance between profitability and strategic alignment. It underscores the complexity of the Group's operations while highlighting its commitment to strategic partnerships that drive sustainable growth.

Question 2 : Shareholders of the Company enquired about the impact of rising cocoa prices and Delfi's mitigating plan for the recent rise in cocoa prices (such as hedging). In addition, Shareholders also wish to know whether Delfi possess competitive advantage in the competitive market environment.

Response 2 : CEO highlighted to the Shareholders that the Company had provide responses on the impact of cocoa prices and Delfi's mitigation plan in the Company's announcement published on SGXNet and the Company's website on 19 April 2024. He further added that it was essential to recognise that cocoa is a commodity subject to market fluctuations. While higher cocoa prices may initially squeeze margins, Delfi has strategies in place to mitigate this risk. Delfi's ability to pass on price increases to consumers largely depends on market dynamics and consumer behavior. In some cases, the Group may adjust prices to maintain margins, but this needs to be balanced with market competitiveness and consumer affordability. Overall, Delfi's aim is to manage these fluctuations effectively while ensuring the sustainability of the Group's business.

As for increased competition in the markets where the Group operates, particularly with the growing middle class in Indonesia and the Philippines, this is indeed a concern. However, the Group's long-standing success in these markets and its strong brand equity provides the Group with a significant competitive advantage. Furthermore, Delfi has a deep understanding of local consumer preferences and has built strong relationships with its retail customers over the years. Additionally, our focus on innovation and product differentiation enables the Group to stay ahead of the competition. While increased competition is a challenge, Delfi is confident in its ability to adapt and thrive in dynamic market conditions.

Regarding the hedging of the cocoa ingredient, CEO highlighted that establishing our forward cover in a timely manner allows us to lock in forward our requirements to ensure that we have visibility and have the opportunity to reduce volatility. Management is aware of the importance of proactive management and strategic decision-making in response to fluctuating market conditions.

Indeed, the cocoa market presents multifaceted challenges, particularly concerning pricing dynamics and their impact on consumption patterns. As cocoa prices rise, consumers may face higher costs, potentially affecting their purchasing behavior. This dynamic underscores the delicate balance between pricing power and consumer affordability, a key consideration for sustaining demand.

Ultimately, Delfi's goal is to remain vigilant, adaptable, and responsive to market dynamics, and safeguard its margins while ensuring the continued satisfaction of its consumers and the sustainable growth of the Group's business.

Question 3 : A shareholder of the Company wishes to know whether the Company will consider potential expansion to other fast-growing economies in Southeast Asia, such as Vietnam and Thailand, as part of the growth strategy.

Response 3 : CEO replied that Indonesia, Philippines, and the broader Southeast Asia region are central to our growth strategy. These markets offer substantial market sizes and growth potential, making them the Group's primary focus areas.

While the Group acknowledges the opportunities in markets like Vietnam and Thailand, the Group also recognises the challenges, such as market size and competitiveness. Despite this, the Group remains open to exploring opportunities, especially in segments like snacking where there may be potential for growth, with careful consideration of market dynamics and pricing pressures.

CEO further added that Philippines stands out as a promising market due to its significant market size and Delfi's ongoing efforts to expand its presence and market share there. However, the Group remains vigilant about the competitive landscape and potential challenges in each market.

Overall, Delfi's approach is focused on maximising opportunities in its core markets while remaining agile and opportunistic in exploring new avenues for growth.

Question 4 : A Shareholder of the Company noted that the Company's listing in Singapore and its reporting in US dollars may contribute to perceptions of undervaluation. Such disparities can arise due to various factors, including currency fluctuations, market sentiment, and differences in accounting standards. This misalignment may lead to discrepancies in valuation metrics and investor perceptions, potentially resulting in undervaluation compared to peers listed in other markets or reporting in a single currency. Hence, the Shareholder suggested the Company to consider exploring listing in other regions.

Response 4 : CEO replied that it is important to address the Company's valuation concerns to ensure long-term profitability and attractive returns for investors.

It is prudent to revisit and thoroughly analyse the factors contributing to the current valuation, including any underlying issues that may be affecting investor perception. By conducting a comprehensive analysis, the Company can identify specific areas of improvement and develop targeted strategies to address them.

This may involve enhancing communication with investors, improving financial performance, implementing growth initiatives, or exploring options to enhance shareholder value. Taking proactive steps to address valuation concerns demonstrates the company's commitment to maximising returns for shareholders and fostering long-term sustainable growth.

Question 5 : A shareholder of the Company raised a concern that it is important to periodically review and consider changing auditors to ensure independence, objectivity, and fresh perspectives in the audit process. While rotating audit partners is a common practice, there's a growing trend toward rotating audit firms altogether, as it can bring additional benefits and mitigate potential conflicts of interest. Conducting a tender process to select a new audit firm can indeed offer opportunities to explore different options, potentially leading to cost savings and improved audit quality. Additionally, inviting former auditors to participate in the tender process ensures fairness and transparency while also allowing them to compete on equal footing with other firms.

Response 5 : Chairman and CEO replied that Delfi is proactively evaluating the audit firm relationship and considering a change if deemed necessary. The Company demonstrates its commitment to robust corporate governance and maintaining the highest standards of financial reporting and transparency.