Delfi®
LIMITED
Company Registration N.: 198403096C

QUESTIONS FROM SHAREHOLDERS IN RELATION TO THE 2024 ANNUAL REPORT

The Board of Directors (the "**Board**") of Delfi Limited (the "**Company**") refers to the Company's announcement dated 14 April 2025 in the Notice of Annual General Meeting (the "AGM") to Shareholders regarding the Company's upcoming AGM to be held on 29 April 2025 (the "**Announcement**").

Further to the Announcement, the Board have received substantial and relevant questions from shareholders (the "**Questions**").

The Board would like to thank shareholders for submitting the Questions. The Board is pleased to set out its responses to the Questions as follows:

============

1. **What do you envisage would be the impact to Delfi of the new tariffs announced in the past few weeks by the U.S. government?**

   Response

   The tariffs announced by the U.S. government in early April are expected to slow the world economy and reduce global trade, including in our key markets. The most significant impact for our business would be from reduced economic growth in our largest market, Indonesia which could have a negative impact on chocolate consumption.

   However, at this stage, it remains too early to assess the full impact as the most significant increases in tariffs are still under a 90-day suspension period, and there is a lack of clarity as to what will take place at the end of this suspension. Furthermore, the proactive steps by the Indonesian and other regional governments could limit the tariff impact.

2. **Oil prices have dropped recently, with crude oil prices falling to US$60 per barrel in early April. If the oil price were to stay at the low US$60 per barrel level (or lower), would it benefit Delfi?**

   Response

   Typically, a sustained reduction in global oil prices would have a positive impact on the economies in which we operate and in particular the Indonesian economy since the country imports more oil than it exports. A period of sustained lower oil prices could increase economic growth, reduce domestic inflationary pressure, increase disposable income, and potentially improve consumer sentiment, which would increase demand for our chocolate.

On the cost side, reduced oil prices could lower distribution and freight costs, which could support margins.

3. **What is the impact on Delfi from the depreciation of the Indonesian Rupiah? How does Management mitigate the impact of a depreciation of the Indonesian Rupiah?**

   Response

   The depreciation of the Indonesian Rupiah increases our input costs, which are substantially priced in the U.S. dollar, and reduces our margins. To manage these cost pressures, we have in the past used a combination of proactive measurements including price adjustments, innovation to launch new products with higher margins, and initiatives to improve cost efficiencies.

   The impact on Delfi from the depreciation of the Indonesian Rupiah against the U.S. dollar during 2024 resulted in higher raw materials costs and contributed to a 1.1 percentage point decline in our FY2024 gross profit margin. To address the anticipated impact from the weakness in the Rupiah, we had proactively implemented price increases for selected brands in the country helping to mitigate the impact from the weaker Rupiah and limit the impact on the margin.

   Additionally, there is a translation impact on our reported results as the results of our Indonesian operations are translated into the U.S. dollar, which is the reporting currency for our Group.

4. **Companies are coming up with different ways to deal with the high cocoa price. For example, in the UK, Mondelez has recently discontinued its dark chocolate Toblerone bar, while Lindt joined the "Dubai Chocolate" trend.**

   How is Delfi mitigating the effects of high cocoa price in this environment?

   Response

   We are unable to comment on the strategies of other chocolate manufacturers or on their current activities.

   It is an important aspect of our business to actively manage the impact of rising input costs, including high cocoa prices, using a range of mitigation strategies. These include improving production efficiency, securing forward contracts with suppliers to lock in prices for as far forward as possible to provide cost visibility and margin stability, introducing flavour variants with more stable input costs, adjusting prices where appropriate, modifying packaging materials, and, in some cases, reformulating products. These measures help us manage cost pressures while maintaining competitiveness, supporting margins, and preserving customer loyalty.

A key part of our approach is our forward cover strategy, which gives us visibility and flexibility to adjust our operations as needed to manage and uphold profitability and sustain demand.

5. **In FY2023 and FY2024, Delfi reported capital expenditures of US$23.6 million and US$28.6 million, respectively. The 2024 Annual Report mentioned that these investments were focused on capacity expansion and other initiatives. Could you clarify some of the details of the capacity expansion and share with us the Company's outlook for capital expenditure over the next 18 – 24 months?**

   Response

   Our capex in FY2023 and FY2024 were directed primarily toward capacity expansion, productivity enhancements, labour efficiency, and other cost optimisation initiatives. The investment in capacity expansion was directed to products with the strongest growth potential.

   Delfi takes a disciplined approach to capital investments, taking into account strategic objectives, financial considerations, operational needs and risks. We pursue capacity expansion only when clear demand growth is evident and are careful to avoid over investing. We carefully evaluate investments based on prevailing market conditions, and on productivity and cost optimisation.

   Looking ahead, we anticipate a lower level of capital expenditure in the near term, though we will continue to invest selectively in productivity and efficiency gains.

   While we remain committed to long-term growth, all capex decisions are guided by market conditions and reviewed regularly to ensure we remain agile and responsive to changes in the business environment.

6. **As of 31 December 2024, inventories stood at US$131.8 million, up from US$115.9 million the previous year. Is the increase in finished goods evenly spread across the Group's categories and brands, or does it reflect a targeted strategy by management to drive growth in specific brands or categories?**

   Response

   The increase in inventory during the fourth quarter is typical and reflects the seasonal nature of our business. We increase production ahead of the peak sales period in the first quarter. With Valentine's and the Lebaran related festivities falling close to each other in early 2025, a higher level of production in 2024, relative to 2023, was necessary to ensure sufficient finished goods would be available to meet customer demand.

   We do not build-up inventory evenly across categories or brands. Instead, we strategically focus on products we anticipate will see higher demand during the festive season. As such, the increase reflects a targeted approach rather than a uniform increase across the Group's product portfolio.

7. **What is the current market share in Indonesia and the Philippines? Could you explain what drove the increase in market share in Indonesia in the second half of 2024?**

   Response

   Due to market sensitivities and data confidentiality, we are unable to disclose specific market share figures. However, third-party industry reports and publicly available data indicate that Delfi holds a leading market position in Indonesia, particularly in the chocolate bar segment. These reports also show an improvement in our market share in Indonesia during the second half of 2024, especially in the fourth quarter. This growth was driven by increased investments in our key *SilverQueen* and *Cha Cha* brands, through targeted promotions and advertising.

   Our market share also increased in the Philippines and reports show that we remain within the top five chocolate producers in the country, although the market leader (a competitor) maintains a significant lead over the rest of the other players.

8. **Given the recent share performance for companies in the chocolate sector globally and for Delfi specifically, what are Management's thoughts in realizing shareholder value? What are Management's thoughts on share buybacks especially with Delfi trading at the current low levels? Are there any plans to conduct a share buyback to support the share price?**

   Response

   As a publicly listed company, we are not in a position to comment specifically on the share valuation of other publicly traded companies in the sector, nor of our own share valuation, as each company operates under different circumstances.

   That said, the Board reviews the efficient use of the Group's resources, considering factors such as growth and profit potential across our businesses, available cash and borrowing capacity, and how best to return value to shareholders, whether through dividends, special dividends, or share buybacks.

By Order of the Board

Lee Wei Hsiung/Cheok Hui Yee
Company Secretaries

24 April 2025