

Management Response to Food Empire FY2021 Annual General Meeting Questions received via Email and Q&A link

1. How does the Black Sea tension affect the operation of Food Empire? What are the plans to cope with this situation? Does the relocation of factories into other countries ameliorate problems? Any going concern on Food Empire in the long-run?

The Black Sea tension has exacerbated pre-existing challenges caused by the Covid-19 pandemic and created new ones. Amongst them are massive market disruption and human displacement in Ukraine and extensive international economic sanctions imposed on Russia. These developments have led to turmoil in Russia's financial system, devaluation of the Russian Ruble and disrupted logistics/ supply chains in both markets.

While geopolitical events are beyond the influence of the Group, we have taken a series of steps to mitigate the situation in affected markets. Our teams have made changes in inventory management practices, pricing policies and are exploring various alternatives to ensure business continuity under extremely challenging market conditions, while adhering to all known laws and regulations.

Relocation of factories is a major decision with strategic implications and complex commercial ramifications. The Group's decision to localise production has enabled us to shorten the supply chain and develop deep understanding of our core markets. It was one of the key factors that has helped the Group to overcome many past crises. Nonetheless, the Group is monitoring the situation closely and we will make appropriate changes to our business model if necessary.

The Group does not foresee any going concern issues arising from the conflict.

2. Impact of Ukraine war on this year profit? What actions have been taken to prevent business loss? Share buyback plan Future business plans

While the ongoing conflict is expected to have a negative impact on the affected markets for FY2022, the Group's other markets and businesses are relatively unaffected by the fallout and remain resilient. Over the past decade, the Group has built up economic resilience by geographically diversifying our markets and businesses, which puts us in a good foothold to weather the current storm.

Outside of Russia and Ukraine, Vietnam continues to show growth and is expected to act as a counterweight to events in Russia and Ukraine. The Group will also continue to invest in its Non-Dairy creamer and snacks businesses and expand its footprint regionally.

As explained previously, the Group has put in place various plans to mitigate the fallout of the Russia-Ukraine crisis. Overall, the Group expects profits from operations in its affected markets to decrease in FY22 compared to FY21. The decline will depend, amongst other factors, how long the conflict lasts, potential impairment to productive assets and the impact of existing and/or new economic sanctions imposed on Russia, which may increase business costs and the value of its currency. However the mitigating actions and higher contributions from some markets might also offset the loss of income from affected markets. While conditions will remain challenging due to the conflict, the Group remains cautiously optimistic and is confident in managing the crisis due to our past experience.

In view of the situation in our key markets, the Group is taking a prudent stance and has temporarily halted share buyback. We will review our plans when situation becomes clearer and operating conditions are more stable.

3. Please share with more granularity how the Russia-Ukraine conflict is affecting Food Empire. I would appreciate numbers and not just qualitative. Following, what is management doing to turn around from this disaster? I also would like to know if Food Empire listing status is at risk of being suspended or trading halted.

The adverse geopolitical event is beyond the Group's sphere of influence and represents a remote but key risk for businesses operating in the affected markets. It has introduced complex business challenges that affect every aspects of our operations.

Due to dynamic market conditions and extreme volatility, the Group has implemented various measures to ensure business continuity while ensuring the safety and well-being of all staff in the affected markets. At this point, situation is too fluid to provide any meaningful guidance. For example, we note that in the days following the conflict, the Russian Ruble has gone above RUB 130 to US\$1, but today it is hovering at approximately RUB 85 to US\$1, within the span of around 1 month.

As of now, we are not aware of any factors that will result Food Empire's listing status to be at risk of being suspended or trading being halted.

4. With the current Russia-Ukraine crisis, are there plans underway to dispose off the businesses in these two countries or to carve it out such that the other segments (e.g. Vietnam/ food Ingredients) would be a better value proposition for investors in the Group? 2. Notwithstanding the above, would the group be looking to (i) downsize, (ii) expand or (iii) remain status quo in terms of its Russian business?

The Group is aware of severity of the challenges and will consider and evaluate a range of strategic options to lower its overall risks and undertake value maximizing activities for its shareholders.

The Group operates in the Food and Beverage industry, which is apolitical in nature and essential to life. We remain committed to serving consumers in all our markets, including Russia and Ukraine. We are constantly exploring opportunities to strengthen our businesses and create a stable and sustainable ecosystem, which will include efforts to intensify the diversification of our markets and products.

5. I am pleased to note that Cafe Pho is now available for sale in Singapore through Shopee. I wish that MacTea, MacCoffee and other popular products can be available too. Even though Singapore may be a small market, it has large influence in the social media sphere over the entire Asia Pacific region. There are a lot of social media influencers in Singapore that can promote products and turn them into trendy and popular ones across the Asia Pacific region. That is the reason why Uniqlo expands rapidly in Singapore despite its small domestic market size. In view of the high popularity of coconut-related products, does Food Empire has any plans to launch coffee or tea with coconut flavour? Zus Coffee has already launched Pandan Gula Melaka Specialty Coffee and Kopi & Tarts has launched XXL Iced Gula Melaka Milk Coffee? Benefits of coconut sugar: <https://www.healthshots.com/healthy-eating/nutrition/5-benefits-of-coconut-sugar-youll-fall-in-love-with/>

The Group has dedicated Product Development team in many of our markets and work closely with the its Sales and Marketing Department to understand consumers' preferences/ needs and create products with mass appeal, such as our Cappuccino flavoured coffee mix drink Di Torino and Hillway Bubble Tea. While Singapore is a small market, we recognise there are pockets of suitable opportunities and we will evaluate and explore them as they arise.

6. How does the war affect your company?

Please refer to our response to Question 1.

7. What is the financial impact from Ukraine and Russia? Is there any near future fund raising (rights issue etc), due to the impact from Russia, Ukraine uncertainties?

Please refer to our response to Question 2. Over the years, the Group has built up a strong Balance Sheet and we do not foresee the need for any near-term fund raising activities until and unless the situation deteriorates sharply and impact the Group's overall Cashflow position significantly.

8. Can U provide an update on impact of Russia/Ukraine war on a) Russian Sales b) Ukraine sales Where in Singapore are Food Empire products marketed

Despite the conflict, demand for food and beverage products remain strong in both markets as we are dealing with essential products. There was an initial slowdown in sales due to disrupted supply chains and the Group's decision to hold back sales in order to monitor and ratify market dislocation caused by the extreme volatility, but we expect the situation to be temporary.

Food Empire does not directly market its products in Singapore. Its products are manufactured and almost exclusively sold overseas.