Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

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Meeting details:
Date: 25 April 2023
Time: 10.00 a.m.
Venue: <<live webcast>>

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Q1. The company's financial performance for the fiscal year that ended on 31 December 2022 was strong despite the ongoing challenges due to the pandemic. Profit after tax and minority interests (PATMI) increased by 50%. The PATMI of US$43.9 million exceeded the pre-COVID PATMI level, demonstrating the group's resilience and growth amid challenging market conditions.

The return on equity increased by 5.5% to 18.1%.

The group's improved business performance in 2022 has been attributed to:

- high growth in the Premium format segment;
- strong performance of both "Own Brands" and "Agency Brands";
- higher gross profit margins; and
- continued tight control of operating costs.

Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

(i) **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? Are the overall market dynamics in the Philippines and Malaysia as favourable as those in Indonesia?**

(ii) **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?**

(iii) **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?**

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

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Q2. 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.

As at 31 December 2022, inventories totaled 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.

(i) **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?**

(ii) **Is there a risk that inventory days would increase by a moderate to significant amount?**

(iii) **Is the risk management committee monitoring the group's working capital management and the cash conversion cycle?**

Q3. 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?**

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

(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?**

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Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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