

Investor Newsletter

June 2022

Shareholding Composition

	Mar-22
Bank Danamon Indonesia	92.1%
Public (≤ 5%)	7.9%

Credit Ratings (PEFINDO)

	Rating/Outlook
Corporate	idAAA/Stable
Bonds	idAAA
Mudharabah Bonds	idAAA _(sy)

Credit International Ratings

	Rating/Outlook
Moody's	Baa1
Fitch	BBB

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1Q22 Results

- As of March 2022, ADMF recorded a total new financing of Rp 7.2 trillion, increased by 32.5% y/y. All segments experienced an increase particularly in the new car and used car that grew by 62% y/y and 49% y/y, respectively. Meanwhile, non-automotive segment grew by 30% y/y.
- ADMF's market shares of new motorcycles and new cars were 8.8% and 3.5%, respectively. New motorcycle segment had increased by 11% y/y to 111 thousand units and new car segment rose by 41% to 9 thousand units in 1Q22.
- The Company's total managed receivables was recorded at Rp 40.8 trillion in the first quarter of 2022. The composition between external borrowing and joint financing portion was 53%:47%, respectively.
- In 1Q22, our external borrowing amounted to Rp 11.8 trillion. The external borrowing consisted of 35% of bank loans and 65% was derived from bonds and sukuk.
- In the first quarters of 2022, our net profit increased by 44% to Rp 305 billion compared to the same period last year. Return on asset (ROAA) stood at 4.9% in 1Q22.
- Our total equity increased by 5% to Rp 8.6 trillion in 1Q22. As a result, Return on Equity rose to 14.6%.
- As of March 2022, the number of customers whose loans have been restructured is 831 thousand contracts or around Rp 19 trillion. However, accounts that are still in grace period are only Rp24 billion.

Highlights

Rp billion. %	1Q21	1Q22	ΔY-o-Y	2Q21	3Q21	4Q21
Total New Financing	5,407	7,166	33%	6,404	6,236	7,874
Total Managed Assets	41,923	40,763	-3%	41,253	39,901	40,429
Financing Receivables ¹	23,757	21,496	-10%	23,503	22,184	21,615
Total Asset	25,588	24,862	-3%	25,494	24,022	23,726
Total Borrowings	13,396	11,771	-12%	13,308	11,863	10,930
Total Equity	8,198	8,602	5%	7,978	8,294	8,887
Net Profit after Tax	211	305	44%	262	280	460
ROAA ²	2.8%	4.9%	2.2%	3.6%	4.0%	7.0%
ROAE	10.9%	14.6%	3.6%	13.1%	13.7%	21.8%
NPL ³	3.5%	2.0%	1.2%	3.2%	3.2%	2.3%

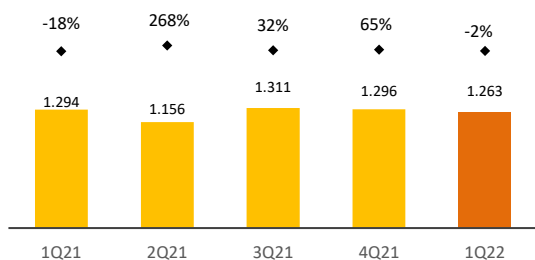
Note:

1. Including transaction costs of Rp634 billion and Rp587 billion in March 2022 and 2021, respectively.
2. As percentage of Reported Assets.
3. Gross Consolidation.

Focus Charts

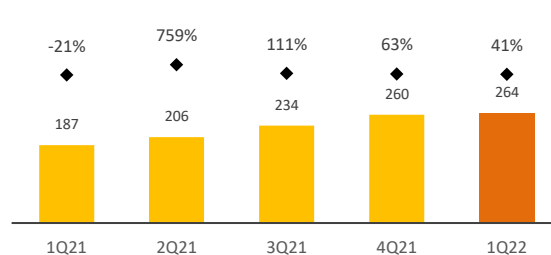
New Motorcycle Domestic Wholesales

Thousand units and Y/Y %growth



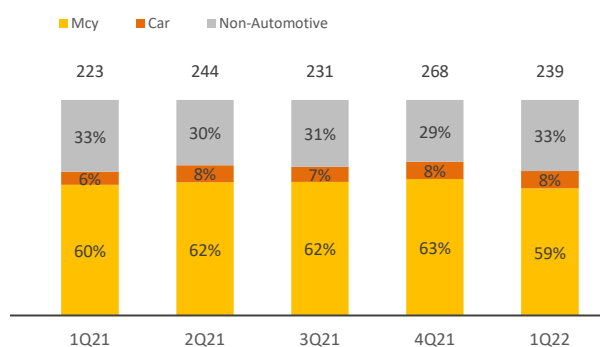
New Car Domestic Wholesales

Thousand units and % Y/Y %growth



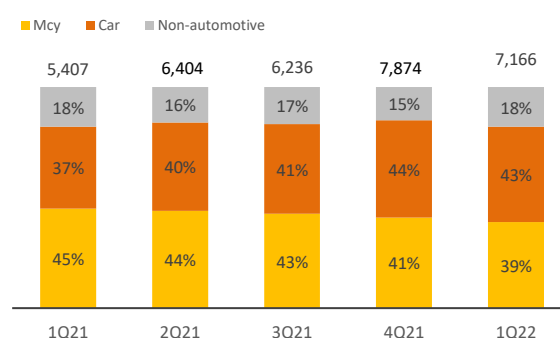
New Financing

Thousand units and %



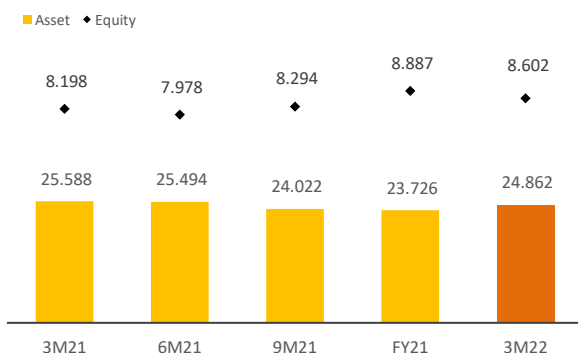
New Financing

Rp billion and %



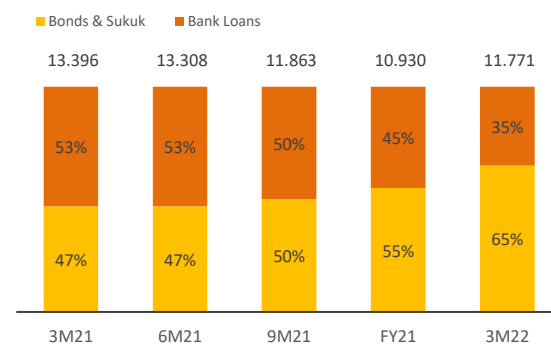
Total Assets & Total Equity

Rp billion



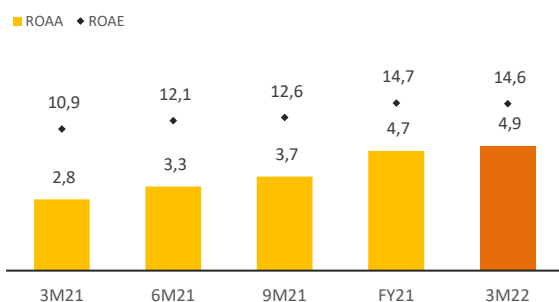
Total External Borrowings

Rp billion and %



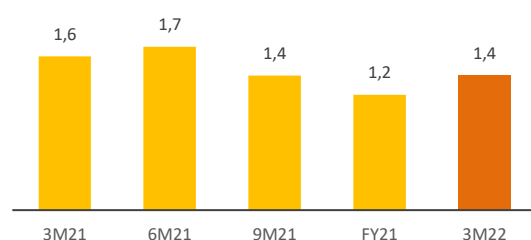
Returns on Assets and Equity

% of Reported Assets and Equity



Gearing Ratio

Times

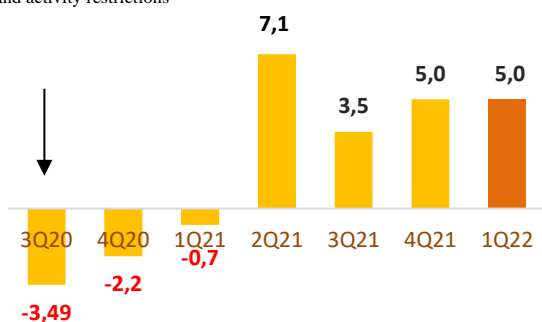


Note: Non-automotive product including durables and multipurpose loan (MPL)

Industry data sources from Indonesian Motorcycles Industry Association (AISI) and Association of Indonesian Automotive Industries (Gaikindo).

GDP Growth of Indonesia

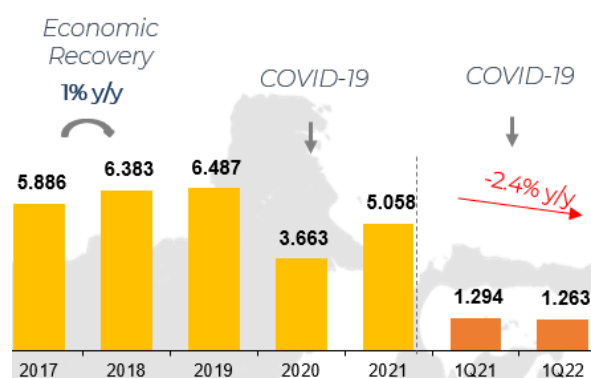
First implemented mobility and activity restrictions



(sources: Badan Pusat Statistik)

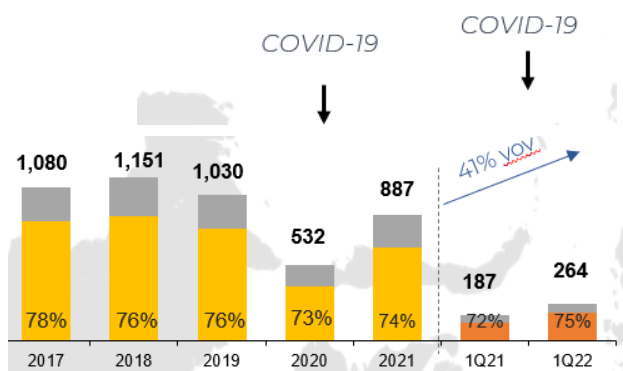
The development of domestic new motorcycle sales from 2017 to 1Q22, as follows:

Indonesia's New Motorcycle Sales
Thousand unit and %



The development of domestic new cars sales from 2017 to 1Q22, as follows:

Indonesia's New Car Sales



Indonesian Macro Economy and Automotive Sector Updates

The outlook for the global and domestic economy in 2022 is fraught with various risks including prolonged inflation expectations, prolonged supply chain disruptions, escalating Russia-Ukraine geopolitical tension and normalization of monetary policy in developed countries. As a result, various financial institutions may pose a downside risk to the global economic outlook in 2022. The International Monetary Fund (IMF) revised down global economic growth from 4.4% to 3.6% in 2022.

In Indonesia, the Government is optimistic that the prospect of domestic economic growth in 2022 is estimated to grow around 4.8% to 5.5%. The increase is in line with the successful handling of Covid-19, and accelerated vaccination. Until March, the Government has succeeded in pushing for the third-dose vaccination program in the face of the Omicron threat and as means to anticipate future virus mutations. Hence, the spread of Covid-19 can be controlled quickly, and domestic economic recovery is expected to continue in 2022.

In the first quarter of 2022, the domestic economy continues to record positive GDP growth of 5.01 y/y. Domestic inflation started to increase at the level of 3.5% in April 2022 from 1.9% in December 2021. Meanwhile, the exchange rate remained stable amid ongoing global financial market uncertainty. Therefore, Bank Indonesia still maintained the BI7DRR interest rate at level of 3.50%.

The Federal Reserve has raised the United States Fed Funds Rate 2 times until May 2022 to 0.75%-1.00%, and the market continues to predict that the FFR will continue to increase to 2.75% by the end of 2022.

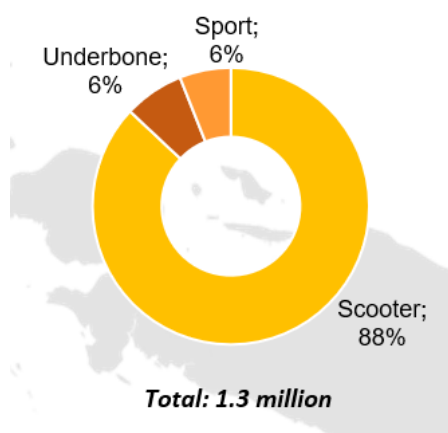
2W Indonesia Automotive Sector

As the domestic economy gradually recovered, the domestic retail of new motorcycle increased by 17.1% y/y to 1.3 million units in the first quarter of 2022, meanwhile domestic wholesales of new motorcycle slightly decreased by 2.4% to 1.3 million unit. New motorcycle sales by type were dominated by the scooter segment standing at 88% of the total new domestic motorcycles sales, followed by the underbone and sport motorcycle segments at 6% and 6% respectively.

New Motorcycle Sales Domestic by Type

As of March 2022

% Total Sales



Source: Aisi, domestic wholesales (excluding export)

The projection of the sales from new motorcycle segment is still aligned with AISI's projection where it is expected to grow in the range of 5.1 million to 5.4 million units in 2022. This projection was in line with estimated gradual economic recovery in 2022 as the vaccines distribution in Indonesia has reached 79% as of May 2022. Hence, there were also some improvements of the economic activities due to the drop in number of Covid-19 cases.

4W Indonesia Automotive Sector

As of March 31, 2022, the Luxury Goods Sales Tax (PPnBM) incentive has ended for the segment of selling price between Rp 200 million to Rp 250 million. However, consumers can still enjoy PPnBM incentives for the LCGC car segment with a discount rate of 2/3 of the PPnBM tariff.

In the first quarter of 2022, the new domestic cars wholesale were recorded at 264 thousand unit or increased significantly by 41.1% y/y compared to the same period last year. Meanwhile, Retail sales of new 4W was 238K units or rose by 33.6% y/y in 1Q22. This uptick was driven by economic activity that is gradually recovering, the relaxation of PPnBM incentive to boost sales of LCGC segment, and relatively high commodity prices that affect people's purchasing power, including sales of the automotive industry.

In March 2022, Toyota still dominated the market with the contribution of 31% of the total industry of new cars sales, followed by Daihatsu, Mitsubishi, and Honda that contributed by 19%, 15%, and 13%, respectively.

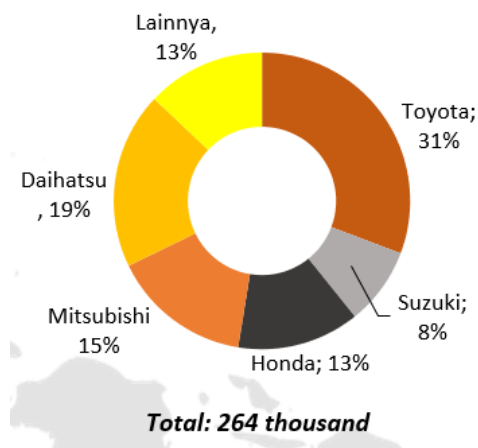
Passenger segment had increased by 46 y/y to 198 thousand unit, while commercial segment increased by 28% y/y to 66 thousand units. The passenger segment and commercial segments composition was at 75% vs 25% of total industry new cars sales in 1Q22.

In 2022, Gaikindo projects new car domestic sales to grow by around 4% y/y to 900 thousand units compared 2021 taking into account the improving economic activities and PPnBM incentive program that can help foster the sales of the automotive industry.

New Car Sales Domestic by Brand

As of March 2022

% Total Sales



Source: Gaikindo, domestic wholesales (excluding export)

New Financing

In the first quarter of 2022, ADMF's recorded a total of new financing of Rp 7.2 trillion, increased by 32.5% y/y, which is relatively in line with an increased sales in the automotive industry. The largest contribution to total new financing stemmed from conventional financing which was 78%, the remaining 21% came from sharia financing and 1% from leasing financing.

ADMF's total motorcycle financing segment grew by 13.9% y/y to Rp 2.8 trillion in 1Q22, consisting of Rp 2.3 trillion new motorcycle financing and Rp435 billions of used motorcycles financing. Honda still contributed the most with the composition of 66% from total motorcycles financing with an increase by 19.7% y/y, followed Yamaha grew by 4.4% y/y, meanwhile Suzuki and Kawasaki decreased by 28.1% y/y and 10.0% y/y, respectively.

Our car financing disbursement amounted to Rp3.1 trillion, consisting of new car financing of Rp 1.9 trillion and Rp 1.2 trillion for used car financing. The commercial cars segment increased by 48.0% y/y to Rp 1.1 trillion while passenger cars grew by 61.7% y/y to Rp 2.0 trillion.

In term of unit, ADMF's new financing of units recorded at 239 thousand unit, increased by 7.1% y/y. Our new motorcycle segment by units had increased by 11.2% y/y to 111 thousand units whereas used motorcycle segment was down by 12.3% y/y to 31 thousand units. Meanwhile, w new car segment was recorded at 9 thousand units, or grew by 41.2% y/y and used car segment increased by 28.8% y/y to 10 thousand units.

Throughout the first quarter of 2022, our new car market share was posted at 3.5% while the new motorcycle market share was registered at 8.8%.

Balance Sheet

The Company's managed receivables has slightly declined by around 2.8% y/y in 1Q22 to Rp40.8 trillion from Rp 41.9 trillion in 1Q21. This decline was due to higher portfolio rundown compared to new financing growth. 47% of the managed receivables of the Company was funded by joint financing scheme with Bank Danamon and the remaining 53% came from the Company's external borrowing and equity.

ADMF's total assets slightly decreased by 2.8% y/y to Rp24.9 trillion in the first quarter of 2022. The decline was dominated by the decrease in financing receivables by 8.3% y/y to Rp 20.0 trillion.

In 1Q22, our total liabilities were down by 6.5% y/y to Rp16.3 trillion, the decrease was inline with the decline in bank borrowings and bonds by 41% y/y and 59% y/y, respectively attributable to the lower funding requirement needs. Moreover, our total shareholder's equity increased by 5% y/y to Rp 8.6 trillion in 1Q22 compared to 1Q21 of Rp8.2 trillion.

At the end of April 2022, the Company distributed cash dividend amounting to Rp607 billion or equivalent to Rp607 per share, around 50% of the Company's net income for the year ended on December 31, 2021.

As of March 2022, the consolidated gross NPL ratio improved to 2.0%, compared to 3.4% in the same period last year, supported by gradual recovery in economic activities, which affected consumer payment capacity.

Funding

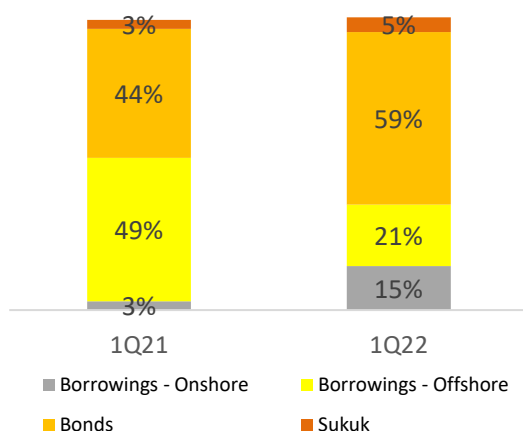
Throughout 1Q22, Adira Finance has sufficient liquidity available to meet its financial obligations and to fund its business needs through receiving instalments from customers and securing available funding source facilities.

To date, the Company has continued to diversify its funding sources through continuous support of joint financing with its parent company, Bank Danamon, and acquiring external borrowings (bank loans and bonds). As of March 2022, joint financing represented 47% of managed receivables.

Meanwhile, the Company's total external borrowings in March 2022 decreased by 12.1% y/y to Rp 11.8 trillion. As a result, the gearing ratio fell from 1.6 times to 1.4 times in the first quarter of 2022.

In March 2022, the Company issued PUB Bond V Phase III and Sukuk Mudharabah IV Phase III 2022 amounting to IDR 2.0 trillion with an oversubscribe of 3.4x.

Funding Activity (Composition) 1Q21 & 1Q22



Income Statement

Adira Finance managed to record an increase in net profit growth of 44.3% y/y to Rp304.5 billion. This increase was driven by interest income uptick which rose by 3.9% y/y to Rp2.2 trillion, while interest expense decreased by 8.1% y/y to Rp780 billion in line with a decline in borrowings and cost of funds. Thus, net

interest income rose by 11.7% y/y to Rp1.5 trillion and net interest margin increased to 14.4% in 1Q22. Operating expenses rose by 5.6% relatively in line with the Company's business growth, while cost of credit continued to drop by 33.3% y/y to Rp284 billion in 1Q22 compared to the same period last year. Overall, Adira Finance posted net profit before tax of Rp395.4 billion or grew by 41.2% y/y.

As a result, the Company's Return on Assets (ROA) and Return on Equity (ROE) increased to 4.9% and 14.6%, respectively.

Adira's Innovative

In 1Q22, Adira Finance has carried out various innovations in response to the changing market condition and consumer behaviours in which the adoption of digitalization were accelerated during these times.

Adira Finance also encourages consumers to be more active in using digital platforms such as Momobil.id, momotor.id, dicicilaja.com, and Adiraku as an alternative in acquiring new financing and consumers, both existing and new consumers. Throughout March 2022, the number of consumers who have downloaded the Adiraku application has reached almost around 2.8 million consumers, and the number of registered consumers stood around 932 thousand consumers.

Adira's Event in 2022

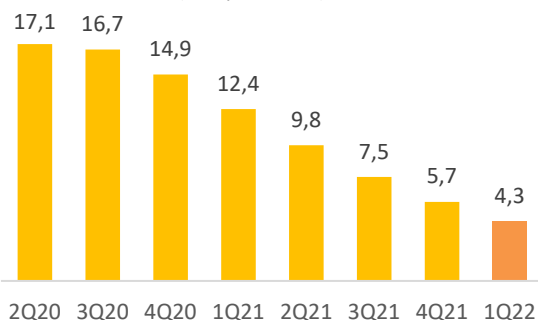
At the Indonesia International Motor Show (IIMS) Hybrid, which was held in April 2022, Adira Finance was an Official Multi Finance Partner together with Danamon and supported by MUFG as an Official Bank Partner offering a variety of attractive programs and promotions such as competitive financing rates, cashback, and various other interesting promotions for visitors to IIMS Hybrid 2022. In addition to automotive products, the Company also provides financing for non-automotive products such as gadgets, electronics, furniture, to multipurpose loans (MPL).

Restructuring Program

As of March 2022, the Company provided loan restructuring program to customers who are affected by economic crisis resulting from Covid-19 pandemic. As of

December 2021, the cumulative number of customers whose loans have been restructured was Rp19 trillion. However, outstanding restructured loans has declined to Rp4.31 of which Rp24 billion are still in grace period as of March 2022.

Total Outstanding Restructured Loan
(In Rp Trillion)



Strategic Initiatives 2022

In 2022, Adira Finance will continue to implement several strategies to maintain its business performance which include:

- The Company will gain market share in the automotive business through product diversification and providing various attractive sales programs, as well as strengthening good relationships with our dealers.
- Diversifying the business to non-automotive businesses by continuing diversification of offered products to support business growth.
- Continuing investment in and accelerating digitalization through Adira's online platforms, namely Adiraku, Momobil.id, Momotor.id and didicilaja.com, as alternative ways of acquiring new financing and consumers.
- Continuing Business Process Reengineering (BPR) to improve business efficiency and effectiveness by creating simpler, faster and more streamlined processes, as well as providing better customer experience.
- Continuing customer-centric approach by improving services, offering a variety of products and providing customer loyalty programs.
- The Company will continue to manage its asset quality in order to keep the NPF ratio manageable by applying prudent risk management principles.
- Diversifying funding sources to meet the Company's funding needs and to obtain competitive cost of funds.

Corporate Updates 2021, & 2022

■ Domestic Rating From Pefindo

In January 2022, Adira Finance's credit rating of idAAA (stable) was reaffirmed by the domestic rating agency, Pefindo, amid **current** economic conditions. This rating strengthens the Company's ability to access more competitive sources of funding.

■ International Ratings from Moody's and Fitch.

Adira Finance has managed to maintain its a BBB rating" (investment grade) from the international rating agency Fitch Rating in 2022. Adira Finance has also obtained an international rating upgrade by the Moody's Rating Agency to Baa1/stable from Baa2/stable at the end of 2021. The ratings reflected our solid market presence, and strong support from our direct shareholder of Bank Danamon Indonesia as well as MUFG Group of Japan.

■ The Company Issue Bonds and Sukuk in 2022

In March 2022, the Company had successfully issued PUB V Bonds Phase III and Sukuk Mudharabah IV Phase III 2022 amounting to Rp 2.0 trillion, with a 3.6x oversubscription. The new bonds issuance in 2022 with the following details:

Issuance	Bonds	Series	Principal (Rp bn)	Coupon Rate/ Sharing Revenue Ratio	Tenor
March 2022	Continuous Bonds V Phase III	A	620	3.50%	370 days
		B	830	5.60%	36 month
		C	250	6.25%	60 month
	Total		1,700		
March 2021	Continuous Sukuk Mudhrabah IV Phase III	A	153	29.17% (Equivalent to 3.50%)	370 days
		B	49	46.67% (Equivalent to 5.60%)	36 month
		C	98	52.08% (Equivalent to 6.25%)	60 month
	Total		300		

Financial Highlights

In Billion Rupiah	1Q21	1Q22	ΔY-o-Y	1H21	9M21	FY21
Statements Of Financial Position						
Assets						
Cash and cash equivalents	1,832	3,198	75%	1,882	1,554	1,638
Financing receivables-net of allowance of impairment	21,866	20,044	-8.3%	21,859	20,744	20,239
Fixed assets-net of accumulated depreciation	235	175.6	-25.3%	227	219	209
Intangible assets-net	200	161.1	-19.3%	189	177	169
Others	1,455	1,284	-12%	1,337	1,327	1,471
Total Assets	25,588	24,862	-2.8%	25,494	24,022	23,726
Liabilities						
Borrowings	7,077	4,161	-41%	6,987	5,890	4,955
Debt securities issued-net	6,318	7,610	20%	6,320	5,973	5,975
Others	3,994	4,490	12%	4,209	3,865	3,909
Total liabilities	17,390	16,260	-6.5%	17,516	15,727	14,839
Total equity	8,198	8,602	5%	7,978	8,294	8,887
Total liabilities and equity	25,588	24,862	-3%	25,494	24,022	23,726

In Billion Rupiah	1Q21	1Q22	ΔY-o-Y	2Q21	3Q21	4Q21
Income Statement-Stand Alone						
Interest income	2,155	2,239	3.9%	2,226	2,193	2,229
Interest expense	(848)	(780)	-8.1%	(801)	(771)	(799)
Net interest income	1,307	1,459	11.7%	1,425	1,422	1,430
Fee income	277	148	-46.5%	236	183	487
Operating income	1,584	1,608	1.5%	1,661	1,605	1,917
Operating expense	(879)	(928)	5.6%	(924)	(929)	(1,013)
Net operating income	706	680	-3.7%	737	677	903
Cost of credit	(425)	(284)	-33.3%	(394)	(297)	(285)
Other income/(expense)	(1)	(1)	27%	(2)	(3)	(19)
Income before income tax	280	395.4	41.2%	341	377	600
Net income for the period	211	305	44.3%	262	280	460
DuPont-Stand Alone						
Net Yield	18.3%	22.0%	3.8%	20%	20%	21%
Cost of Fund	-7.2%	-7.7%	-0.5%	-7%	-7%	-8%
Net Interest Margin	11.1%	14.4%	3.3%	12.5%	13.1%	13.6%
Fee income	2.4%	1.5%	-0.9%	2%	2%	5%
Operating income	13.4%	15.8%	2.4%	15%	15%	18%
Operating expense	-7.5%	-9.1%	-1.7%	-8%	-9%	-10%
Net operating income	6.0%	6.7%	0.7%	6%	6%	9%
Cost of credit	-3.6%	-2.8%	0.8%	-3.5%	-2.7%	-2.7%
Other income/(expense)	0.0%	0.0%	0.0%	0%	0%	0%
ROAA-Before Tax	2.4%	3.9%	1.5%	3%	3%	6%
ROAA-After Tax	1.8%	3.0%	1.2%	2%	3%	4%

Financial Highlights

KEY RATIOS (Stand Alone)	1Q21	1Q22	ΔY-o-Y	2Q21	3Q21	4Q21
Return to average total assets	2.8%	4.9%	2.2%	3.6%	4.0%	7.0%
Return to average equity	10.9%	14.6%	3.6%	13.1%	13.7%	21.8%
Net income to total income	10.3%	14.6%	4.4%	12.4%	13.3%	19.3%
Cost to income	55.4%	57.7%	2.3%	55.6%	57.8%	52.9%
Leverage and Liquidity (X)						
Total assets to total liabilities	1.5	1.5	0.1	1.6	1.7	1.7
Total equity to total liabilities	0.5	0.5	0.1	0.5	0.5	0.6
Gearing ratio (running equity)	1.6	1.4	(0.3)	1.7	1.4	1.2

New Financing	1Q21	1Q22	ΔY-o-Y	2Q21	3Q21	4Q21
In Thousand Units						
Motorcycle	135	142	5%	153	143	169
Car	15	20	34%	18	17	22
Durables	74	78	5%	74	72	77
Total Financed Unit	223	239	7%	244	231	268
In Billion Rupiah						
Motorcycle	2,424	2,760	14%	2,816	2,656	3,222
Car	1,986	3,107	56%	2,549	2,530	3,444
Durables	997	1,299	30%	1,038	1,050	1,208
Total Financed Amount	5,407	7,166	33%	6,404	6,236	7,874

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