

Investor Newsletter

Maret 2021

Shareholding Composition

	Dec-21
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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2021 Results

- As of 2021, ADMF recorded a total new financing of Rp 25.9 trillion, increased by 39% y/y. All segments experienced an increase particularly in the new car and new motorcycle. Meanwhile, the non-automotive segment was registered at Rp 4.3 trillion grew by 32%.
- The Company's market shares of new motorcycles and new cars were 9.2% and 4.0%, respectively. New motorcycle segment had increased by 34% y/y to 467 thousand units and new car segment rose by 61% to 36 thousand units.
- Our total managed receivables was recorded at Rp 40.4 trillion in 2021. The composition between external borrowing and joint financing portion was 53%:47%, respectively.
- In 2021, our external borrowing amounted to Rp 10.9 trillion. The external borrowing consisted of 45% of bank loans and 55% was derived from bonds and sukuk.
- The Company's net profit increased by 18% to Rp 1.2 trillion compared to the previous year. Return on asset (ROAA) stood at 4.7% in 2021.
- In 2021, Our total equity increased by 12% to Rp 8.9 trillion. Meanwhile, Return on Equity stood at 14.7%.
- As of December 2021, 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 Rp.34 billion.

Highlights

Rp billion, %	2020	2021	ΔY-o-Y	1Q21	2Q21	3Q21
Total New Financing	18,622	25,921	39%	5,407	6,404	6,236
Total Managed Assets	44,020	40,429	-8%	41,923	41,253	39,901
Financing Receivables ¹	24,776	21,615	-13%	23,757	23,503	22,184
Total Asset	29,231	23,726	-19%	25,588	25,494	24,022
Total Borrowings	16,766	10,930	-35%	13,396	13,308	11,863
Total Equity	7,925	8,887	12%	8,198	7,978	8,294
Net Profit after Tax	1,026	1,213	18%	211	262	280
ROAA ²	3.1%	4.7%	1.6%	2.8%	3.6%	4.0%
ROAE	13.3%	14.7%	1.4%	10.9%	13.1%	13.7%
NPL ³	2.0%	2.3%	1.2%	3.4%	3.2%	3.2%

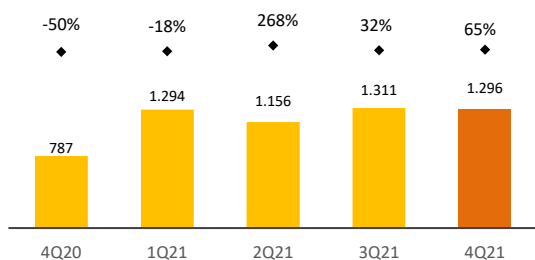
Note:

1. Including transaction costs of Rp587 billion and Rp958 billion in December 2021 and 2020, respectively.
2. As percentage of Reported Assets.
3. Gross Consolidation.

Focus Charts

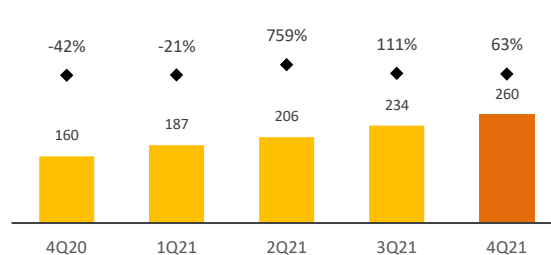
New Motorcycle Domestic Wholesales

Thousand units and Y/Y %growth



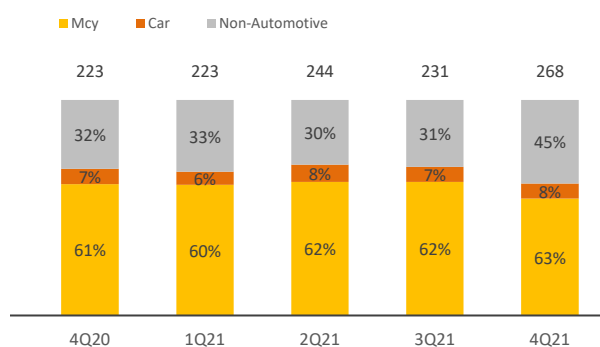
New Car Domestic Wholesales

Thousand units and % Y/Y %growth



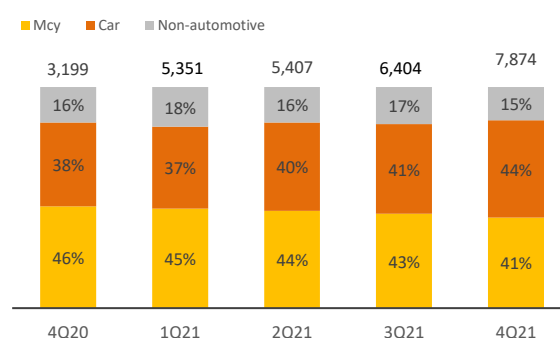
New Financing

Thousand units and %



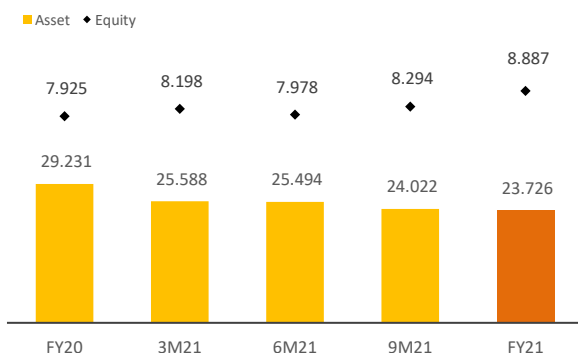
New Financing

Rp billion and %



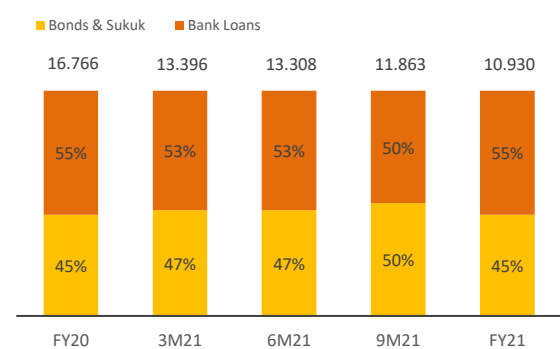
Total Assets & Total Equity

Rp billion



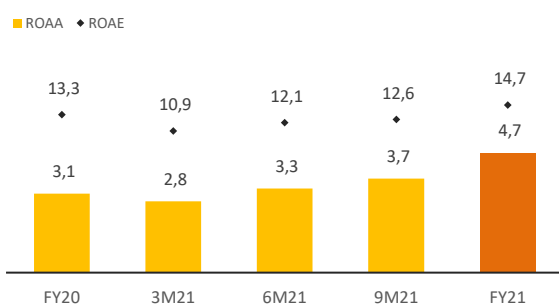
Total External Borrowings

Rp billion and %



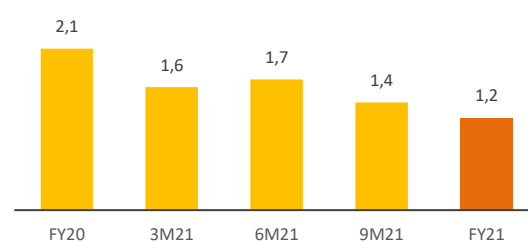
Returns on Assets and Equity

% 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 (AIS) and Association of Indonesian Automotive Industries (Gaikindo).

Indonesian Macro Economy and Automotive Sector Updates

The global and domestic economy was still faced with various challenges throughout 2021. In Indonesia, the prospect of economic growth was originally predicted to improve. However, such projected prospect was then overshadowed by quite high uncertainty since the emergence of a new variant of Delta Covid-19 in mid-2021, thus creating a second wave of the Covid-19 pandemic.

This significant increase in daily Covid-19 cases has made the Government to implement PPKM (Mobility Activity Restrictions) in the third quarter of 2021, thus disrupting the overall economic activity. However, the Indonesia's economy has managed to swing back to a positive growth of 3.7% in FY2021.

This increased economic growth was in line with the Government is success in handling and suppressing the spread of Covid-19 Pandemic, accelerated vaccination, increasing economic activity, and the prospect of global economic growth. Starting from January 2022, the Government is pushing for the third-dose vaccination program in the face of the Omicron threat and as means to anticipate future virus mutations.

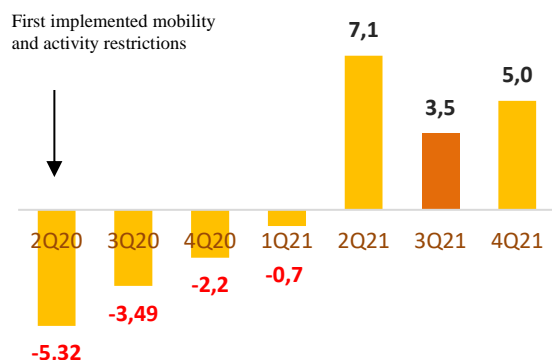
The commodity prices such as coal and palm oil have continued to surge throughout 2021. Bank Indonesia maintain the BI7DRR interest rate at 3.50% until December 2021. Meanwhile, inflation remains stable at the level of 1.87% in December 2021.

The Ministry of Finance projects that the domestic economy in 2022 will grow higher to 5.2% and Inflation is estimated within the target range of 3.0±1% in 2022. However, the coming monetary tightening is may be a challenge for both automotive and financing industries in line with The FED's plan to raise interest rates in 2022.

2W Indonesia Automotive Sector

Throughout 2021, the domestic *wholesales* of new motorcycle increased by 38% y/y to 5.1 million units, meanwhile retail sales also increased by 29% y/y. 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.

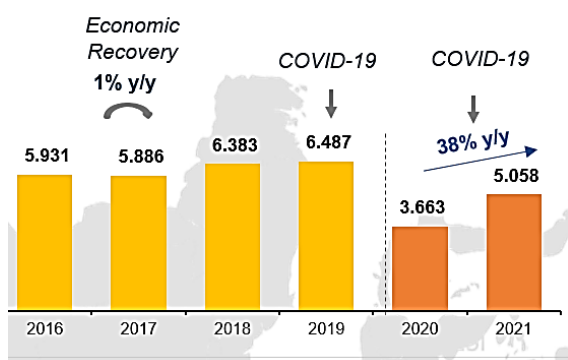
GDP Growth of Indonesia



(sources: Badan Pusat Statistik)

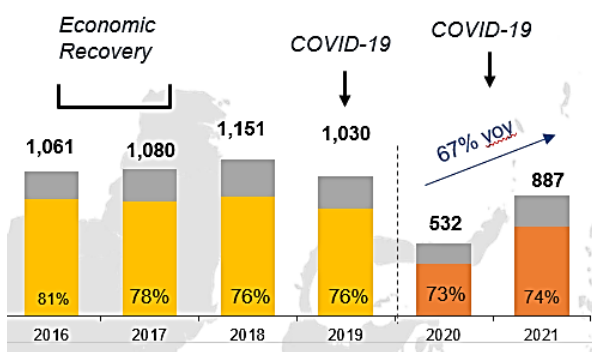
The development of domestic new motorcycle sales from 2016 to 2021, as follows:

Indonesia's New Motorcycle Sales
Thousand unit and %



The development of domestic new cars sales from 2016 to 2021, as follows:

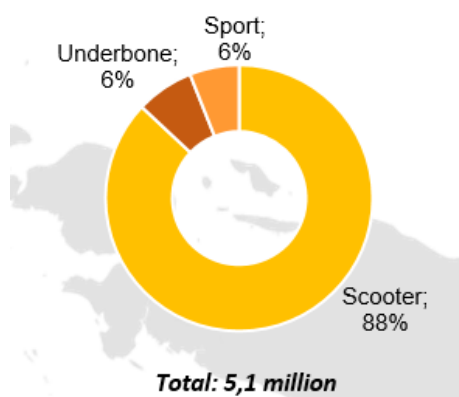
Indonesia's New Car Sales



New Motorcycle Sales Domestic by Type

As of December 2021

% Total Sales

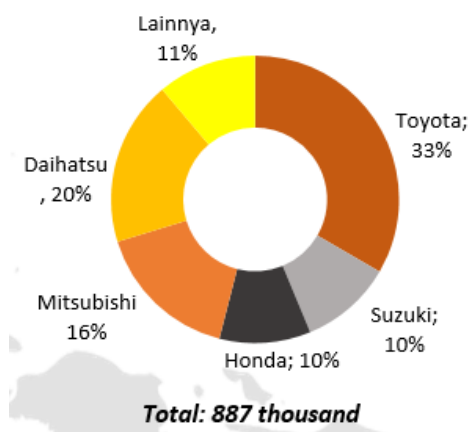


Source: Aisi, domestic wholesales (excluding export)

New Car Sales Domestic by Brand

As of December 2021

% Total Sales



Source: Gaikindo, domestic wholesales (excluding export)

AISI projected that the sales of new motorcycle would grow to the range of 5.1 million to 5.4 million units in 2022, given the estimated of a gradual economic recovery in 2022 as the vaccines distribution in Indonesia has reached 77% as of December 2021, and there were also some improvements of the economic activity.

4W Indonesia Automotive Sector

Previously, in September 2021, the Government has extended the incentive for Sales Tax on Luxury Goods or 100% (PPNBM) based on the emission gas category until the end of 2021. For 2022, the Government recently made a decision to extend the luxury tax (PPnBM) incentive with a various tax deduction policy for different categories in each quarterly time frame. The categories encompassed for low-cost green car (LCGC) that is under Rp200 million and cars within the range of Rp200-250 million throughout 2022. This policy is expected to fuel automotive sales, especially in the LCGC category.

Coupled with the enactment of the incentive policy and improvement of consumer's purchasing power in Semester I-2021, the new domestic cars wholesale were recorded at 887 thousand unit, increased significantly by 67% y/y compared to the same period last year. Meanwhile, retail sales of new 4W was recorded to 863.3 thousand units or increased by 49% y/y in FY21.

In December 2021, Toyota still dominated the market with the contribution of 33% of the total industry of new cars sales, followed by Daihatsu, Mitsubishi, and Honda that contributed by 19%, 16%, and 10%, respectively.

Passenger segment has increased by 70% y/y to 660 thousand unit, while commercial segment increased by 59% y/y to 227 thousand units. The passenger segment and commercial segments composition was at 74%: 26% of total industry new cars sales.

In 2022, Gaikindo targets 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 Financing

ADMF's total new financing recorded at Rp 25.9 t, increased by 39% y/y in FY21, which is in line with an increased sales in the automotive industry. Overall, the largest contribution to total new financing came from conventional financing which was 79% and the remaining 21% came from sharia financing.

Based on the amount value of new financing, the Company's entire portfolio has increased in 2021. Particularity in the new car and used car segments grew by 63% y/y and 38% y/y respectively. Furthermore, used car and used motorcycle segments posted growth of 38% y/y and 13% y/y, respectively.

Throughout 2021, ADMF's total motorcycle financing amounted to Rp 11.1 trillion, consisting of Rp 9.4 trillion new motorcycle financing and Rp 1.7 trillion of used motorcycles financing. Honda still contributed the most with the composition of 64% from total motorcycles financing with an increase of 35% y/y. Meanwhile, Yamaha and Kawasaki financing also increased by 25% and 3%, respectively.

Our car financing disbursement amounted to Rp10.5 trillion, consisting of new car financing of Rp 6.7 trillion and Rp 3.8 trillion for used car financing. The commercial cars segment increased by 68% y/y to Rp 4.2 trillion while passenger cars grew by 44% y/y to Rp 6.3 trillion.

In term of unit, ADMF's new financing was recorded at 967 thousand units, increased by 22% y/y in FY21. Our new motorcycle segment by units had increased by 34% y/y to 467 thousand units and used motorcycle segment had grew by 5% y/y to 133 thousand units. Furthermore, new car segment is registered at 35 thousand units, grew by 61% y/y and used car segment increased by 32% y/y to 36 thousand units.

As of 2021, our new car market share was recorded at 4.0% while the new motorcycle market share was recorded at 9.2%.

Balance Sheet

The Company's portfolio of managed receivables has recorded a decline of 8% y/y in 2021 to Rp40.4 trillion from Rp 44.0 trillion in 2020. This decline was partly due to higher portfolio rundown compared to new financing

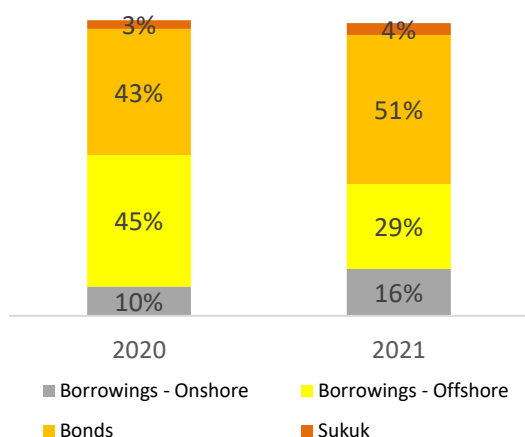
growth as sales have not yet returned to pre-Covid levels. 47% of the managed receivables of the Company was funded by joint financing scheme with Bank Danamon and the remaining 53% stemmed from the Company's external borrowing and equity

In 2021, the Company's total assets declined by 19% y/y to Rp23.7 trillion. This decrease was dominated by a lower financing receivables to Rp20.2 trillion, down by 11% y/y in line with the decline in managed receivable.

The Company's total liabilities declined by 30% y/y to Rp14.8 trillion in 2021, due to the decrease in bank borrowings and bonds by 46% y/y and 22% y/y, respectively due to lower funding requirement needs. Moreover, our total shareholder's equity increased by 12 y/y to Rp 8.8 trillion in 2021.

As of December 2021, the consolidated gross NPL ratio was recorded at 2.3%, down from 3.2% in September 2021, supported by improving economic activity, which affected consumer payment capacity

Funding Activity (Composition) 2020 & 2021



Funding

Throughout 2021, Adira Finance has sufficient liquidity available to pay all of 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 December 2021, Joint Financing represented 47% of managed receivables.

Meanwhile, the Company's total external borrowings as of December 2021 had declined by 34.8% y/y to Rp 10.9 trillion, consisting of bank loans (off- shore and onshore) and bonds, each contributing 45%: 55% respectively. As a result, gearing ratio fell to 1.2 times from previously at 2.1 times.

Adira Finance has obtained an international rating upgrade by the Moody's Rating Agency to Baa1/stable from Baa2/stable at the end of 2021. This rating upgrade may have a positive impact in enhancing investor confidence in Adira Finance's corporate rating. This International Rating may also provide the Company with

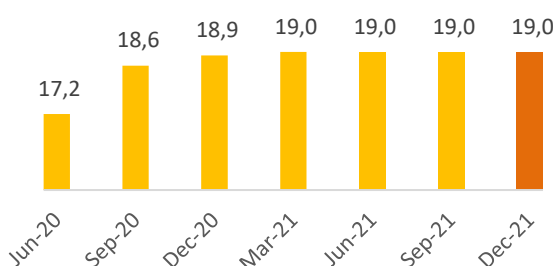
better access to secure funding from domestic and overseas markets. In addition, Adira Finance has managed to maintain its domestic rating with an idAAA/Stable rating from the domestic rating agency Pefindo, and a BBB rating from the international rating agency Fitch Rating

Income Statement

Financially, the Company recorded interest income of Rp8.8 trillion, declined by 15% y/y compared to the last year, mainly due to a decrease in outstanding managed financing receivables. Meanwhile, interest expense decreased by 26% y/y to Rp3.2 trillion in line with the decline of total borrowings as well lower cost of funds. As a result, net interest income was recorded Rp5.6 trillion, a decline by 7% from the previous year. Meanwhile net interest margin increased to 13.5% from 12.0% in FY20. The Company's operating expenses increased by 7% y/y to Rp3.7 trillion, while cost of credit declined by 29% y/y to Rp1.4 trillion. Taken all together, the Company's net profit after tax (NPAT) rose by 18.2% to Rp 1.2 trillion throughout 2021.

As a result, the Company's Return on Assets (ROA) and Return on Equity (ROE) increased to 4.7% and 14.7% from the previous 3.1% and 13.3%, respectively in 2020.

**Total Accumulative Restructured Loan
(In Rp Trillion)**



Adira's Innovative

Amid the Covid-19 pandemic in 2021, 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.

In November 2021, Adira Finance launched Adiraku 2.0, the latest version of the Adiraku mobile application, equipped with various developments of interesting features to facilitate access to all Adira Finance services available at branch offices, on smartphones. The development of Adiraku 2.0 is carried out in line with Adira Finance's digital transformation enabling the Company to be always in line with technological developments to provide customer centric services, as well as providing convenience and speed of service to our customers.

In addition, 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. Until December 2021, the number of consumers who have downloaded the Adiraku application has reached almost around 2.4 million consumers, and the number of registered consumers stood around 838 thousand consumers

Restructuring Program

In 2021, the Company offers 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 is Rp19 trillion. The current outstanding restructured loans as of December 2021 is 5.7 trillion, in which only 34 billion of loans are in grace period and the remaining have already return to normal instalment payment.

Strategic Initiatives 2022

In 2022, Adira Finance will implement a number of strategies to maintain its business performance which include:

- The Company strives to 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 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 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 requirement needs and to obtain competitive cost of funds.

Corporate Updates 2020, & 2021

■ Domestic Rating From Pefindo

In January 2022, Adira Finance's credit rating of idAAA (stable) was reaffirmed by the domestic rating agency, Pefindo, amid unfavorable 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 obtained an international rating upgrade by the Moody's Rating Agency to Baa1/stable from Baa2/stable at the end of 2021. Adira Finance has also managed to maintain its a BBB rating" (investment grade) from the international rating agency Fitch Rating. The ratings reflected our solid performance , and strong support from our direct shareholder of Bank Danamon Indonesia as well as MUFG Group of Japan. As of December 2021, The Company's joint financing scheme with Bank Danamon represented of 47% of total managed receivables.

■ The Company Issue Bonds and Sukuk in 2021

In July 2021, the Company had successfully issued PUB V Bonds Phase II and Sukuk Mudharabah IV Phase II 2021 amounting to Rp 1.5 trillion, with a 4.8x oversubscription. The new bonds issuance in 2021 with the followings details:

Issuance	Bonds	Series	Principal (Rp bn)	Coupon Rate/ Sharing Revenue Ratio	Tenor
Jul 2021	Continuous Bonds V Phase II	A	559	4.25%	370 days
		B	741	5.50%	36 month
	Total		1.300		
Jul 2021	Continuous Sukuk Mudhrabah IV Phase II	A	134	35.42% (Equivalent to 4.25%)	370 days
		B	66	45.83% (Equivalent to 5.50%)	36 month
	Total		200		

The Company still has a remaining for Conventional Bonds V of Rp 6.4 trillion and Sukuk Mudharabah of Rp 600 billion.

Financial Highlights

<i>In Billion Rupiah</i>	FY20	FY21	ΔY-o-Y	1Q21	1H21	9M21
Statements Of Financial Position						
Assets						
Cash and cash equivalents	4,227	1,638	-61%	1,832	1,882	1,554
Financing receivables-net of allowance of impairment	22,852	20,239	-11%	21,866	21,859	20,744
Fixed assets-net of accumulated depreciation	245	209	-14%	235	227	219
Intangible assets-net	187	169	-9%	200	189	177
Others	1,720	1,471	-14%	1,455	1,337	1,327
Total Assets	29,231	23,726	-19%	25,588	25,494	24,022
Liabilities						
Borrowings	9,140	4,955	-46%	7,077	6,987	5,890
Debt securities issued-net	7,626	5,975	-22%	6,318	6,320	5,973
Others	4,539	3,909	-14%	3,994	4,209	3,865
Total liabilities	21,305	14,839	-30%	17,390	17,516	15,727
Total equity	7,925	8,887	12%	8,198	7,978	8,294
Total liabilities and equity	29,231	23,726	-19%	25,588	25,494	24,022

<i>In Billion Rupiah</i>	FY20	FY21	ΔY-o-Y	1Q21	2Q21	3Q21
Income Statement-Stand Alone						
Interest income	10,316	8,804	-14.7%	2,155	2,226	2,193
Interest expense	(4,328)	(3,220)	-25.6%	(848)	(801)	(771)
Net interest income	5,988	5,585	-6.7%	1,307	1,425	1,422
Fee income	973	1,184	21.6%	277	236	183
Operating income	6,961	6,769	-2.8%	1,584	1,661	1,605
Operating expense	(3,488)	(3,745)	7.4%	(879)	(924)	(929)
Net operating income	3,474	3,023	-13.0%	706	737	677
Cost of credit	(1,972)	(1,401)	-28.9%	(425)	(394)	(297)
Other income/(expense)	(26)	(24)	-8%	(1)	(2)	(3)
Income before income tax	1,476	1,598	8.2%	280	341	377
Net income for the period	1,026	1,213	18.2%	211	262	280
Du Pont-Stand Alone						
Net Yield	20.7%	21.3%	0.6%	18%	20%	20%
Cost of Fund	-8.7%	-7.8%	0.9%	-7%	-7%	-7%
Net Interest Margin	12.0%	13.5%	1.5%	11.1%	12.5%	13.1%
Fee income	2.0%	2.9%	0.9%	2%	2%	2%
Operating income	14.0%	16.4%	2.4%	13%	15%	15%
Operating expense	-7.0%	-9.1%	-2.1%	-7%	-8%	-9%
Net operating income	7.0%	7.3%	0.3%	6%	6%	6%
Cost of credit	-4.0%	-3.4%	0.6%	-3.6%	-3.5%	-2.7%
Other income/(expense)	-0.1%	-0.1%	0.0%	0%	0%	0%
ROAA-Before Tax	3.0%	3.9%	0.9%	2%	3%	3%
ROAA-After Tax	2.1%	2.9%	0.9%	2%	2%	3%

Financial Highlights

KEY RATIOS(Stand Alone)	FY20	FY21	ΔY-o-Y	1Q21	2Q21	3Q21
Return to average total assets	3.1%	4.7%	1.6%	2.8%	3.6%	4.0%
Return to average equity	13.3%	14.7%	1.4%	10.9%	13.1%	13.7%
Net income to total income	10.9%	14.0%	3.1%	10.3%	12.4%	13.3%
Cost to income	50.1%	55.3%	5.2%	55.4%	55.6%	57.8%
Leverage and Liquidity(X)						
Total assets to total liabilities	1.4	1.6	0.2	1.2	1.6	1.7
Total equity to total liabilities	0.4	0.6	0.2	0.4	0.5	0.5
Gearing ratio(running equity)	2.1	1.2	(0.9)	1.6	1.7	1.4

New Financing	FY20	FY21	ΔY-o-Y	1Q21	2Q21	3Q21
In Thousand Units						
Motorcycle	474	599	26%	135	153	143
Car	49	71	45%	15	18	17
Durables	268	296	11%	74	74	72
Total Financed Unit	790	967	22%	223	244	231
In Billion Rupiah						
Motorcycle	8,494	11,118	31%	2,424	2,816	2,656
Car	6,883	10,509	53%	1,986	2,549	2,530
Durables	3,244	4,294	32%	997	1,038	1,050
Total Financed Amount	18,622	25,921	39%	5,407	6,404	6,236

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