

Investor Newsletter

November 2021

Shareholding Composition

	Sept-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	Baa2
Fitch	BBB

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9M21 Results

- ADMF's recorded a total new financing of Rp 18.1 trillion, increased by 36% y/y in 9M21. All segments experienced an increase particularly in the new car and new motorcycle. While the non-automotive segment was registered at Rp 3.1 trillion grew by 29%.
- As of 9M21, market shares of new motorcycles and new cars were 8.8% and 3.8%, respectively. New motorcycle financing segment had increased by 34% y/y to 329 thousand units and new car segment rose by 60% to 24 thousand units.
- Our total managed receivables in 9M21 was recorded at Rp 39.9 trillion. The composition between external borrowing and joint financing portion was 56%:44%, respectively.
- The external borrowing amounted to Rp 11.9 trillion in 9M21. The external borrowing consisted of 50% of bank loans and 50% was derived from bonds and sukuk.
- As of September 2021, our net profit amounted to Rp753 billion or declined by 7% compared to the previous year. Return on asset (ROAA) was at 3.7% in 9M21.
- In 9M21, Our total equity increased by 8% to Rp 8.3 trillion. Meanwhile, Return on Equity stood at 12.6%.
- As at end of November 2021, the number of of total outstanding restructured accounts were 316 thousands contracts or amounted to around Rp6.24 trillion.

Highlights

Rp billion, %	9M21	9M20	ΔY-o-Y	4Q20	1Q21	2Q21
Total New Financing	13.270	18.046	36%	5.351	5.407	6.404
Total Managed Assets	46.130	39.901	-14%	44.020	41.923	41.253
Financing Receivables ¹	25.559	22.184	-13%	24.776	23.757	23.503
Total Asset	32.199	24.022	-25%	29.231	25.588	25.494
Total Borrowings	20.478	11.863	-42%	16.766	13.396	13.308
Total Equity	7.662	8.294	8%	7.925	8.198	7.978
Net Profit after Tax	814	753	-7%	1.026	211	262
ROAA ²	3,3%	3,7%	0,4%	3,1%	2,8%	3,6%
ROAE	14,3%	12,6%	-1,7%	13,3%	10,9%	13,1%
NPL ³	1,8%	2,8%	1,2%	1,9%	3,0%	2,8%

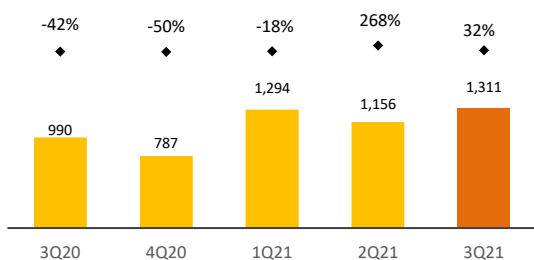
Note:

1. Including transaction costs of Rp504 billion and Rp995 billion in September 2021 and 2020, respectively.
2. As percentage of Reported Assets.
3. Gross Consolidation.

Focus Charts

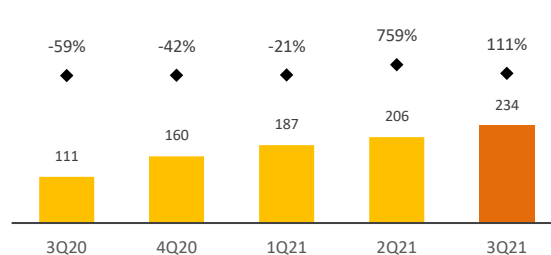
New Motorcycle Domestic Wholesales

Thousand units and Y/Y %growth



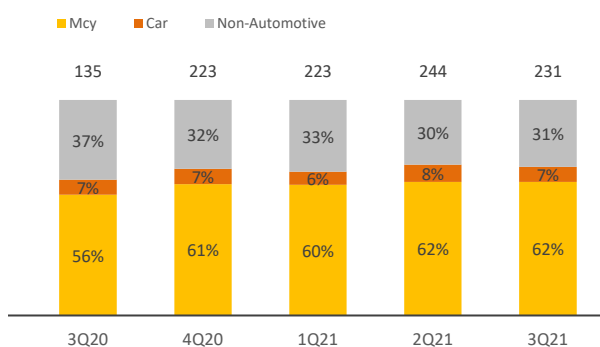
New Car Domestic Wholesales

Thousand units and % Y/Y %growth



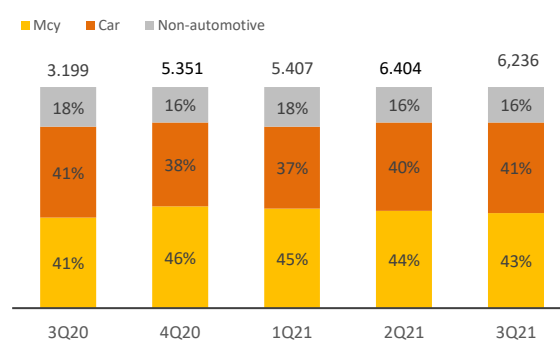
New Financing

Thousand units and %



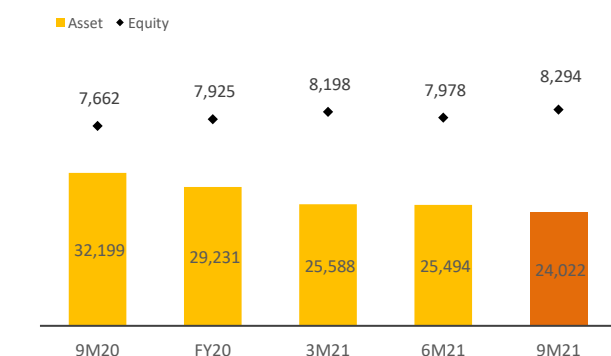
New Financing

Rp billion and %



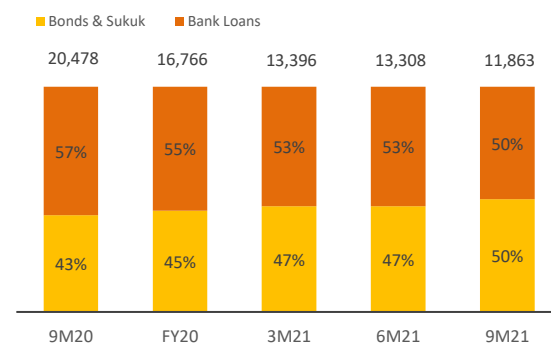
Total Assets & Total Equity

Rp billion



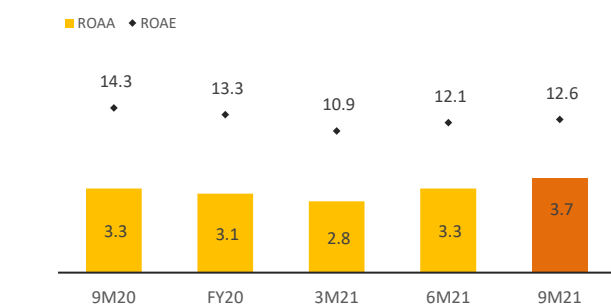
Total External Borrowings

Rp billion and %



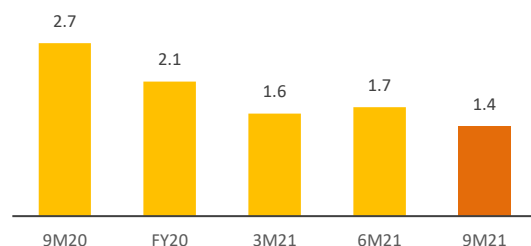
Returns on Assets and Equity

% of Reported Assets and Equity



Gearing Ratio

Times

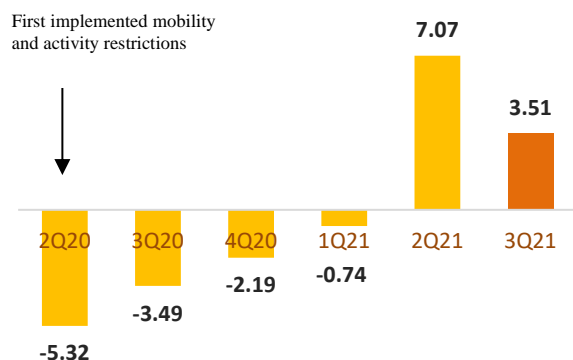


Note: Non-automotive product including durables and multipurpose loan (MPL)

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

Indonesian Macro Economy and Automotive Sector Updates

GDP Growth of Indonesia

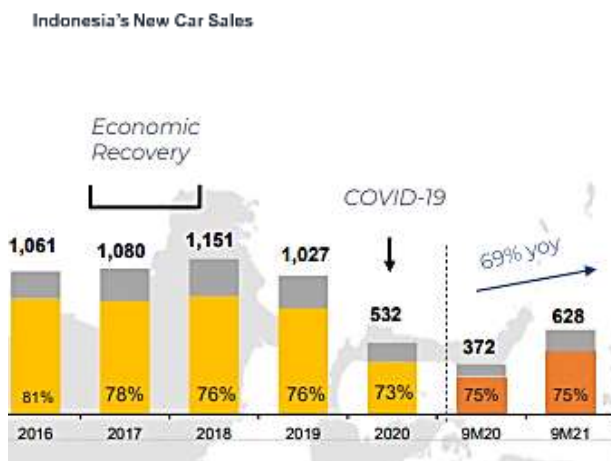


(sources: Badan Pusat Statistik)

The development of domestic new motorcycle sales from 2016 to 9M21, as follows:



The development of domestic new cars sales from 2016 to 9M21, as follows:



At the beginning of 2021, the spread of Covid-19 domestically and globally had shown an improving trend marked by a decrease in daily positive Covid cases and a decline in the daily death rate. However, in mid-June 2021, the number of Covid-19 spreads began to experience a significant increase which was triggered by the entry of mutations of the Covid-19 variant, creating a second wave of Covid-19 in Indonesia.

The significant increase in daily Covid-19 cases has made the Government to implement PPKM (Mobility Activity Restrictions). As a result, the economic activity has returned to become less conducive in the third quarter of 2021. The BPS recorded Indonesia's economic growth in 3Q21 was 3.51%, slowing compared to the previous quarter of 7.07%.

Along with the implementation of the PPKM policy, strict health protocols and the acceleration of the Covid-19 vaccination program, the Government has shown to be quite successful in controlling the spread of Covid-19. 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 November 2021. Meanwhile, inflation remains stable at the level of 1.66% in October 2021.

2W Indonesia Automotive Sector

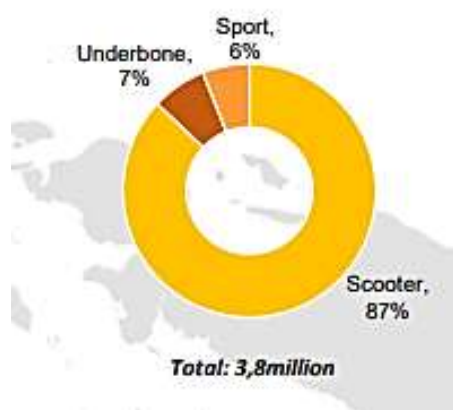
The domestic *wholesales of* new motorcycle in 9M21 increased by 31% y/y to 3.8 million units, meanwhile retail sales also increased by 28% y/y. New motorcycle sales by type were dominated by the scooter segment standing at 87% of the total new domestic motorcycles sales, followed by the underbone and sport motorcycle segments at 7% and 6%, respectively.

AISI revised has revised its new 2W sales projection would grow to the range of 4.7 million to 4.85 million, given the estimated of a gradual economic recovery in 2021 as the vaccines distribution in Indonesia has reached almost 50% as of November 2021 and there were also some improvements of the economic activity.

New Motorcycle Sales Domestic by Type

As of September 2021

% Total Sales

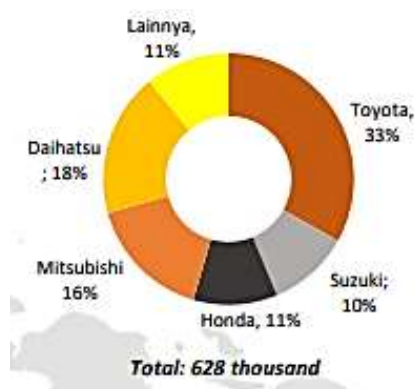


Source: Aisi, domestic wholesales (excluding export)

New Car Sales Domestic by Brand

As of September 2021

% Total Sales



Source: Gaikindo, domestic wholesales (excluding export)

4W Indonesia Automotive Sector

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. Coupled with the enactment of the incentive policy and improvement of consumer's purchasing power in Semester I-2021, the domestic wholesale of new cars grew by 69% y/y to 628 thousand units in the first nine month of 2021. Meanwhile new retail car sales industry had increased by 47% y/y to 600 thousand units throughout 9M21.

In the third quarter of 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 18%, 16%, and 11%, respectively.

In the 4W segments, passenger segment had increased by 68% y/y to 468 thousand unit, while commercial segment increased by 69% y/y to 159 thousand units. The passenger segment and commercial segments composition was at 75%:25% of the total industry new cars sales.

Gaikindo has revised its new 4W sales projection this year to 800 thousand from the previous 750 thousand units, taking into account the improving economic activities and PPnBM incentive program that can help foster the sales of the automotive industry.

New Financing

As sales in the automotive industry had increased, ADMF's recorded new financing amounting to Rp18.1 trillion increased by 36% y/y in 9M21. All financing segments experienced increased growth particularly segment new car that grew 55% and motorcycle rising 34%. Furthermore, used car and used motorcycle segments posted growth of 33% y/y and 17% y/y, respectively.

In 9M21, ADMF had distributed motorcycle financing amounting to Rp 7.9 trillion, consisting of Rp 6.6 trillion new motorcycle financing and Rp 1.3 trillion of used motorcycles financing. Honda still contributed the most with the composition of 63% from total motorcycles financing with an increase of 33% y/y. Meanwhile, Yamaha and Kawasaki financing also increased by 26% and 4%, respectively.

Our car financing disbursement amounted to Rp7.1 trillion, consisting of new car financing of Rp 4.4 trillion and Rp 2.7 trillion for used car financing. The commercial cars segment increased by 65% y/y to Rp 2.9 trillion while passenger cars grew by 35% y/y to Rp 4.2 trillion in 9M21.

In term of unit, ADMF's new financing was recorded at 699 thousand unit, increased by 23% y/y in 9M21. New motorcycle segment increased by 34% y/y to 329 thousand units and used motorcycle segment rose by 10% y/y to 101 thousand units. Furthermore, new car segment reached 24 thousand units, grew by 60% y/y and used car segment increased by 33% y/y to 25 thousand units.

As of 9M21, our new car market share was recorded at 3.8% while the new motorcycle market share was recorded at 8.8%.

Balance Sheet

As of Sept 2021, total managed receivables were recorded at Rp 39.9 trillion, where joint financing portion represented 44% of the total managed receivables. Overall, ADMF's managed receivables had decreased by around 13% y/y driven by higher portfolio rundown compared to new financing growth as sales have yet to return to pre-covid level.

ADMFF's total assets declined by 25% y/y to Rp24 trillion in 9M21. The decline was dominated by the decrease in total financing receivables by 13% y/y to Rp21 trillion.

Our total liabilities declined by 36% y/y to Rp16 trillion in 9M21, due to the decrease in bank borrowings and bonds by 49% y/y and 33% y/y, respectively due to lower funding requirement needs. Moreover, our total shareholder's equity increased by 8 y/y to Rp 8.3 trillion driven by an increase in retained earnings by 7% y/y to Rp8 trillion in 9M21.

In the third quarter of 2021, the Company's NPL (including joint financing) stood at 2.8% of managed receivables, remained stable compared to the second quarter of 2021.

Funding

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 September 2021, Joint Financing represented 44% of managed receivables.

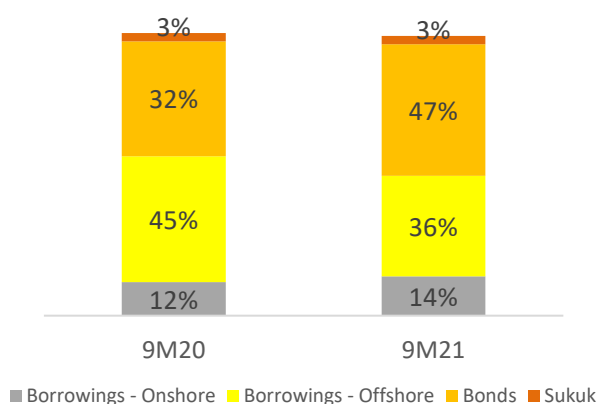
Our total external borrowings as of September 2021 had declined by 42,1% y/y to Rp 11.9 trillion. Thus, the Gearing Ratio dropped from 2.7x to 1.4x times in 9M21. The composition of our external borrowings consisting of 50% bank loans, both onshore and offshore and 50% from bonds and sukuk.

We still managed to sustain our domestic credit ratings and international credit ratings; idAAA, BBB and Baa2/Stable (equivalent to the sovereign rating of the Republic of Indonesia) from PEFINDO, Fitch Ratings and Moody's. This rating strengthens the Company's ability to access more competitive funding sources both onshore and offshore.

Income Statement

Financially, the Company recorded interest income amounted to Rp6.6 trillion, declined by 17% y/y compared to the same period last year, mainly due to a decrease in outstanding financing receivables. Furthermore, interest expense decreased by 25% y/y to Rp2.2 trillion in line with the decline of total borrowings. As a result, net interest income declined by 11% y/y to

Funding Activity (Composition) 9M20 & 9M21



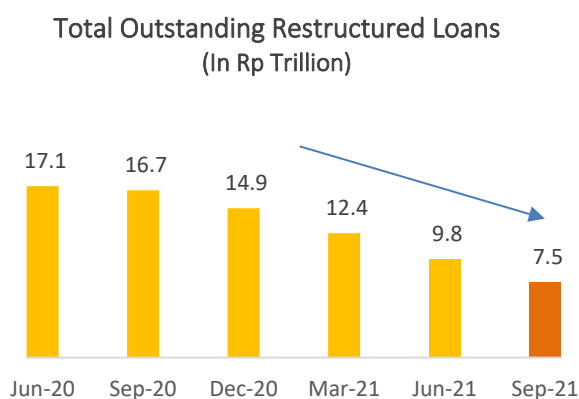
Rp4.2 trillion. The Company's operating expenses increased by 3% y/y to Rp2.7 trillion, while cost of credit decline by 18% y/y to Rp1.1 trillion. Taken all together, the Company's net profit after tax was recorded at Rp753,3 billion or decreased by 7.5% y/y compared to the same period last year

In terms of profitability, the Company's Return on Assets (ROA) and Return on Equity (ROE) were recorded at 3.7% and 12.6%, respectively, in the first nine months of 2021.

Strategic Initiatives

Amid the Covid-19 pandemic in 2021, Adira Finance has carried out various innovations in response to the changing market condition and consumer behaviors in which the adoption of digitalization were accelerated during these times. This year, coinciding with the momentum of the 31st Anniversary, Adira Finance launched the version 2.0 of Adiraku mobile application as an effort to offer customers with better approach in offering products and services.

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 September 2021, the number of consumers who have downloaded the Adiraku application has reached almost around 1.8 million consumers, and the number of registered consumers stood around 736 thousand consumers



Restructuring Program

The Company has continued to offer restructuring to customers affected by Covid-19. As of September 2021, cumulatively the number of customers whose loans have been restructured is 831 thousand contracts or around Rp 19.0 trillion, representing around 36% of managed receivables as of February 2020. However, currently the outstanding restructured loans as of September 2021 is now only around Rp7.5 trillion.

Corporate Updates 2020, & 2021

■ Domestic Rating From Pefindo

In January 2021, 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.

We have sustained our international ratings of "BBB" and "Baa2" (investment grade for both ratings) from Fitch and Moody's International Agency, which are equivalent to Indonesia's sovereign rating. 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 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 following 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 Mudharabah 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>	9M20	9M21	ΔY-o-Y	FY20	1Q21	1H21
Statements Of Financial Position						
Assets						
Cash and cash equivalents	6.202	1.554	-75%	4.227	1.832	1.882
Financing receivables-net of allowance of impairment	23.861	20.744	-13%	22.852	21.866	21.859
Fixed assets-net of accumulated depreciation	257	219	-15%	245	235	227
Intangible assets-net	200	177	-11%	187	200	189
Others	1.678	1.327	-21%	1.720	1.455	1.337
Total Assets	32.199	24.022	-25%	29.231	25.588	25.494
Liabilities						
Borrowings	11.607	5.890	-49%	9.140	7.077	6.987
Debt securities issued-net	8.871	5.973	-33%	7.626	6.318	6.320
Others	4.059	3.865	-5%	4.539	3.994	4.209
Total liabilities	24.537	15.727	-36%	21.305	17.390	17.516
Total equity	7.662	8.294	8%	7.925	8.198	7.978
Total liabilities and equity	32.199	24.022	-25%	29.231	25.588	25.494

<i>In Billion Rupiah</i>	9M20	9M21	ΔY-o-Y	FY20	1Q21	2Q21
Income Statement – Stand Alone						
Interest income	7.923	6.575	-17%	10.316	2.155	2.226
Interest expense	(3.234)	(2.421)	-25%	(4.328)	(848)	(801)
Net interest income	4.689	4.154	-11%	5.988	1.307	1.425
Fee income	481	697	45%	973	277	236
Operating income	5.170	4.851	-6%	6.961	1.584	1.661
Operating expense	(2.652)	(2.732)	3%	(3.488)	(879)	(924)
Net operating income	2.518	2.120	-16%	3.474	706	737
Cost of credit	(1.369)	(1.116)	-18%	(1.972)	(425)	(394)
Other income/ (expense)	(18)	(5)	-71%	(26)	(1)	(2)
Income before income tax	1.132	998	-12%	1.476	280	341
Net income for the period	814	753,3	-7%	1.026	211	262
DuPont – Stand Alone						
Net Yield	20%	21%	0%	21%	18%	20%
Cost of Fund	-8%	-8%	1%	-9%	-7%	-7%
Net Interest Margin	12,1%	13,1%	1%	12,0%	11,1%	12,5%
Fee income	1%	2%	1%	2%	2%	2%
Operating income	13%	15%	2%	14%	13%	15%
Operating expense	-7%	-9%	-2%	-7%	-7%	-8%
Net operating income	6%	7%	0%	7%	6%	6%
Cost of credit	-3,5%	-3,5%	0%	-4,0%	-3,6%	-3,5%
Other income/ (expense)	0%	0%	0%	0%	0%	0%
ROAA - Before Tax	3%	3%	0%	3%	2%	3%
ROAA – After Tax	2%	2%	0%	2%	2%	2%

Financial Highlights

KEY RATIOS (Stand Alone)	9M20	9M21	ΔY-o-Y	FY20	1Q21	2Q21
Return to average total assets	3,3%	3,7%	0,4%	3,1%	2,8%	3,6%
Return to average equity	14,3%	12,6%	-1,7%	13,3%	10,9%	13,1%
Net income to total income	11,3%	12,0%	0,7%	10,9%	10,3%	12,4%
Cost to income	51,3%	56,3%	5,0%	50,1%	55,4%	55,6%
Leverage and Liquidity (X)						
Total assets to total liabilities	1,3	1,5	0,2	1,4	1,2	1,6
Total equity to total liabilities	0,3	0,5	0,2	0,4	0,4	0,5
Gearing ratio (running equity)	2,7	1,4	(1,3)	2,1	1,6	1,7

New Financing	3Q20	3Q21	ΔY-o-Y	FY20	1Q21	2Q21
In Thousand Units						
Motorcycle	75	143	91%	474	135	153
Car	10	17	70%	49	15	18
Non-Automotive	50	72	44%	268	74	74
Total Financed (Unit)	135	231	72%	790	223	244
In Billion Rupiah						
Motorcycle	1.323	2.656	101%	8.494	2.424	2.816
Car	1.294	2.530	96%	6.883	1.986	2.549
Non-automotive	582	1.050	80%	3.244	997	1.038
Total Financed (Amount)	3.199	6.236	95%	18.622	5.407	6.404

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