

Investor Newsletter

November 2022

-Shareholding Composition

	Sep-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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9M22 Results

- Throughout 2022, Adira Finance recorded a total new financing of Rp 21.9 trillion, increased by 21% y/y. All financing segments in ADMF exhibited an increase, especially the car segment which grew by 36.8%, followed by the non-automotive segment by 37.0% y/y. Meanwhile, the total motorcycle segment grew slightly by 1.5% y/y in line with the slight sales grow in the new motorcycle industry in 2022.
- ADMF's market shares of new motorcycles and new cars were 8.3% and 3.7, respectively. Our new motorcycle segment had decreased by 8.6% y/y to 301 thousand units and new car segment rose by 18% to 28 thousand units in 9M22.
- In 9M22, the Company's total managed receivables was registered at Rp 41.8 trillion. The composition between external borrowing and joint financing portion was 53%:47%, respectively.
- As of September 2022, our external borrowing amounted to Rp 10.8 trillion. The external borrowing consisted of 42% of bank loans and 58% was derived from bonds and sukuk.
- As of 9M22, our net profit increased by 52% to Rp 1.1 billion compared to the same period last year. Return on asset (ROAA) increased to 6.3% in September 2022.
- Our total equity increased by 14% to Rp 9.5 trillion in 9M22. As a result, Return on Equity (ROAE) rose to 17.3%.

Highlights

Rp billion %	9M21	9M22	Y-o-Y	FY21	1Q22	1H22
Total New Financing	18,046	21,906	21%	25,921	7,166	14,321
Total Managed Assets	39,901	41,845	5%	40,429	40,763	41,140
Financing Receivables ¹	22,184	22,058	-1%	21,615	21,496	21,929
Total Asset	24,022	24,324	1%	23,726	24,862	23,809
Total Borrowings	11,863	10,788	-9%	10,930	11,771	11,089
Total Equity	8,294	9,479	14%	8,887	8,602	8,976
Net Profit after Tax	753	1,146	52%	460	1,213	305
ROAA ²	3.7%	6.3%	2.7%	7.0%	4.7%	4.9%
ROAE	12.6%	17.3%	4.7%	21.8%	14.7%	14.6%
NPL ³	3.2%	1.9%	1.2%	2.3%	1.7%	2.0%

Note:

1. Including transaction costs of Rp729 billion and Rp587 billion in September 2022 and 2021 respectively.

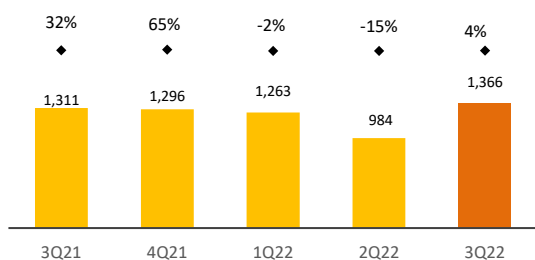
2. As percentage of Reported Assets.

3. Gross Consolidation.

Focus Charts

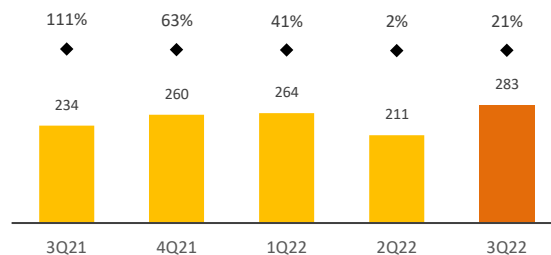
New Motorcycle Domestic Wholesales

Thousand units and Y/Y %growth



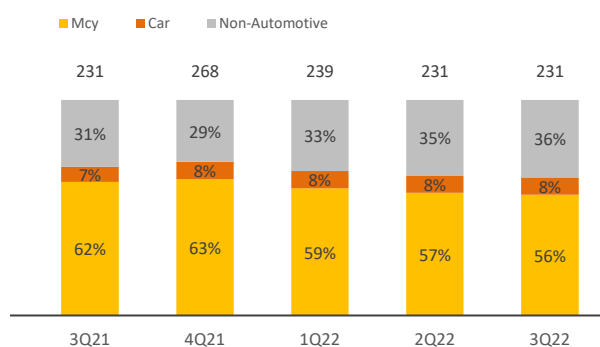
New Car Domestic Wholesales

Thousand units and % Y/Y %growth



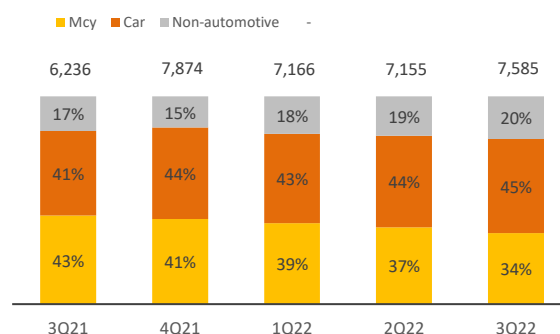
New Financing (Unit)

Thousand units and %



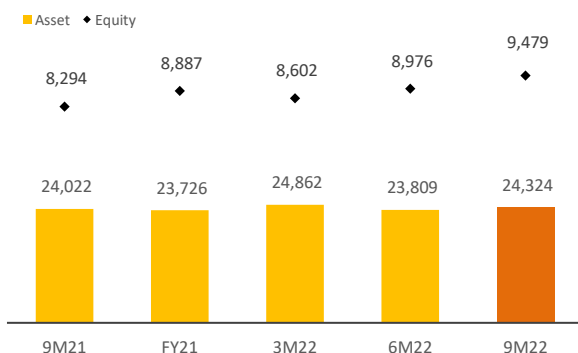
New Financing (Amount)

Rp billion and %



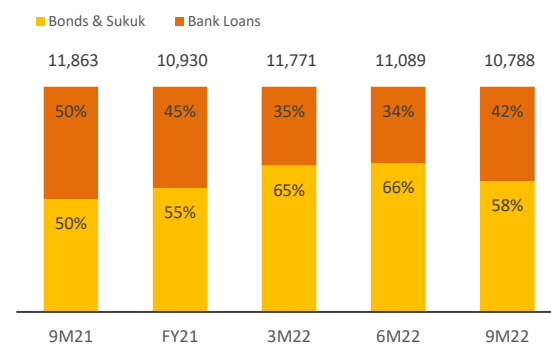
Total Assets & Total Equity

Rp billion



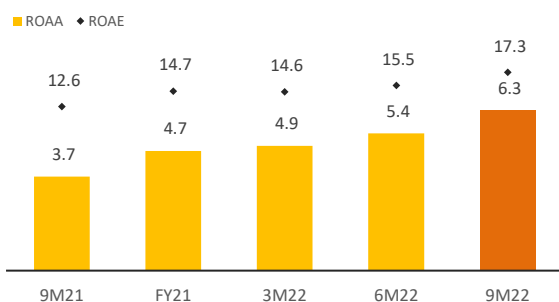
Total External Borrowings

Rp billion and %



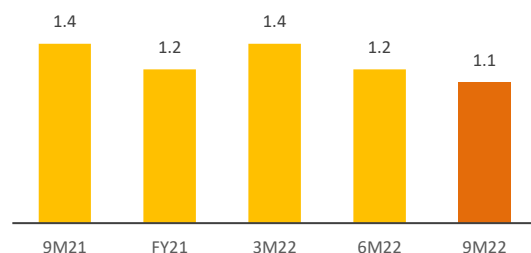
Returns on Assets and Equity

% of Reported Assets and Equity



Gearing Ratio

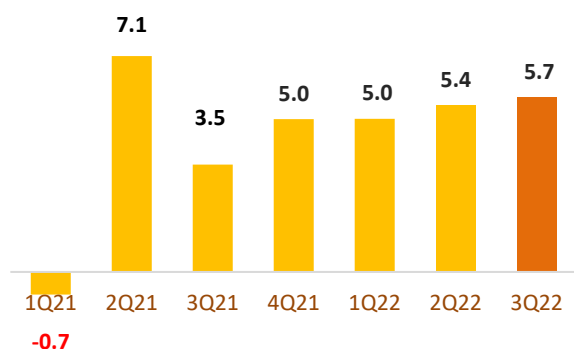
Times



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).

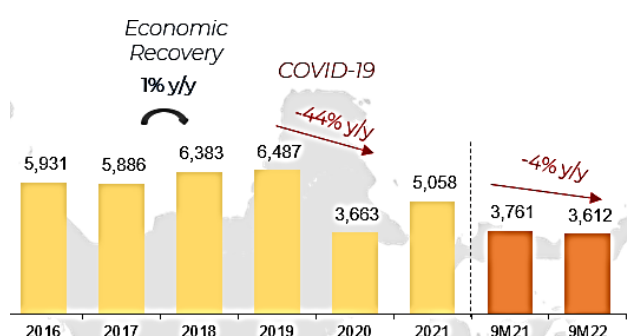
GDP Growth of Indonesia



(sources: Badan Pusat Statistik)

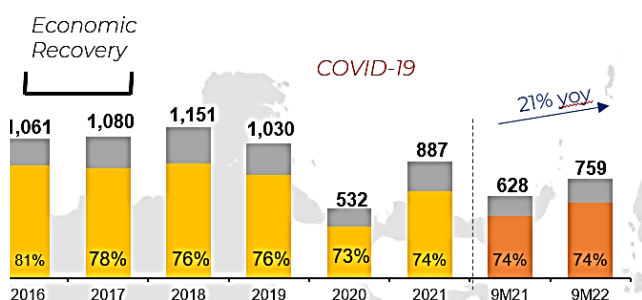
The development of domestic new motorcycle sales from 2016 to 9M22, as follows:

Indonesia's New Motorcycle Sales
 Thousand unit and %



The development of domestic new cars sales from 2016 to 9M22, as follows:

Indonesia's New Car Sales



Indonesian Macro Economy and The Automotive Sector Updates

Globally, we are still faced with continued economic slowdown as a result of spikes in inflation and interest rates that may lead to a potential recession in 2023. This has also been exacerbated by geopolitical tensions, and the weakening in China's economy, which still needs to be cautious. As a result, the IMF revised global economic growth in 2023 to 2.7% from the previous 2.9%.

The tightening of monetary policy in developed countries puts pressure on exchange rates in several countries, including emerging markets. Domestically, the Rupiah exchange rate in October 2022 was depreciated by 9% ytd to Rp15,598/USD. To maintain exchange rate stability and inflation rate, Bank Indonesia has been more aggressive in raising the BI7DRR interest rate 4 times to 5.25% in November 2022.

However, until the third quarter of 2022 the domestic economy continued to post a positive growth of 5.72% compared to the same period last year. The Ministry of Finance remains optimistic that in 2022 the domestic economy will continue to grow in the range of 5.0% -5.3% driven by increased public consumption and tourism sectors, strong export performance driven by relatively high commodity prices, and improving economic activity as the Covid-19 pandemic is contained.

Indonesia's 2W Automotive Sector

In line with the continued recovery in the domestic economy, the domestic retail of new motorcycle had slightly increased by 2% and recorded at 3.8 million units in 9M22, meanwhile the domestic wholesales of new motorcycle decreased by 4.0% y/y to 3.6 million units in 9M22. This decline was mainly due to delays in the production process, as a result of the semiconductor chip crisis that hit the global automotive industry, including Indonesia. The scooter segment stood at 87% of the total new domestic motorcycles sales, followed by the underbone and sport motorcycle segments, at 7% and 6% respectively.

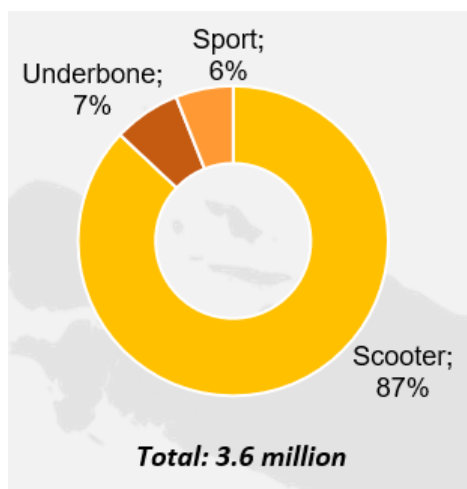
Sales of the automotive industry is expected to continue to grow, supported by solid domestic economic drivers, improving consumer purchasing power, and increased supply of automotive production. Furthermore, the

projection of the sales from new motorcycle segment is still aligned with AISI's projection, where it is expected to reach the range of 5.1 million to 5.4 million units in FY2022 and 5.4 million to 5.6 million in FY2023.

New Motorcycle Sales Domestic by Type

As of September 2022

% Total Sales



Source: Aisi, domestic wholesales (excluding export)

Indonesia's 4W Automotive Sector

As of 9M22, the new domestic cars wholesale was recorded at 759 thousand unit, rose by 21% y/y compared to the same period last year. Meanwhile, Retail sales of new 4W was at 732K units, increased by 22% y/y in 9M22. This increase was driven by economic activity that is gradually recovering, the relaxation of PPnBM (Sales Tax on Luxury Goods) incentive, and relatively high commodity prices that affect people's purchasing power, including sales of the automotive industry.

In terms market share of brands, Toyota still dominated the market with the contribution of 32% of the total industry of new cars sales, followed by Daihatsu, Mitsubishi, and Honda that contributed by 19%, 13%, and 13%, respectively.

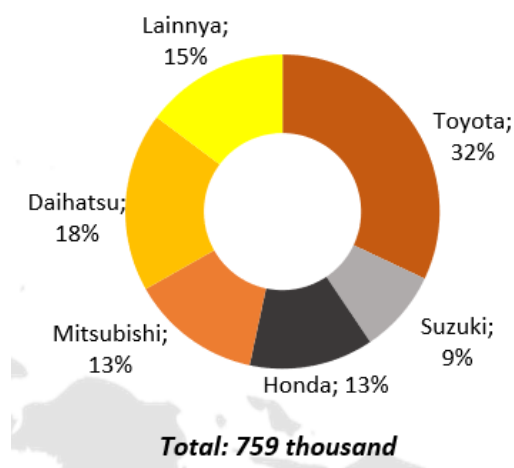
Passenger segment had increased by 22.0% y/y to 572 thousand units, while commercial segment increased by 17.6% y/y to 187 thousand units. The passenger segment and commercial segments composition was at 75% to 25% of total industry new cars sales in 9M22.

Gaikindo still projects that the new car domestic sales will reach around 975 thousand units taking into account the projected domestic economic growth in 2023 and increased supply of automotive production.

New Car Sales Domestic by Brand

As of September 2022

% Total Sales



Source: Gaikindo, domestic wholesales (excluding export)

New Financing

The automotive industry's performance had shown positive performance as of September 2022, which had favourably impacted Adira Finance's business performance. In 9M22, Adira Finance booked a total new financing of Rp 21.9 trillion, increased by 21% 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 77%, the remaining 21% derived from sharia financing and 2% from leasing financing.

The total of motorcycle financing segment slightly grew by 1.5% y/y to Rp 8.0 trillion in 9M22, consisting of Rp 6.5 trillion new motorcycle financing and Rp 1.5 trillion of used motorcycles financing. In terms of brand, Honda still contributed the most with the composition of 61% of total motorcycles financing. However, Honda and Kawasaki's sales decreased by 1.3% y/y and 5% y/y, respectively. Meanwhile, Yamaha grew by 4.3% y/y, and Suzuki increased by 18% y/y.

In the first nine months of 2022, ADMF's total car financing amounted to Rp9.7 trillion, consisting of new car financing of Rp 6.1 trillion and Rp 3.6 trillion for used car financing. Our commercial cars segment increased by 25% y/y while passenger cars grew by 45% y/y in 9M22.

In terms of unit, Adira Finance's new financing was stable at 700 thousand unit in 9M22. Our new motorcycle segment by units had decreased by 8.6% y/y to 301 thousand units, meanwhile used motorcycle segment increased by 1.5% y/y to 103 thousand units. On the other hand new car segment grew by 18% to 28 thousand units, while used car segment rose by 14% y/y to 29 thousand units.

In nine month of 2022, our new car market share was posted at 8.3% and the new motorcycle market share was recorded at 3.7%.

Balance Sheet

In line with the increase in new financing, as of September 2022 the total managed receivable (including the joint financing portion) grew by 5% y/y to Rp 41.8 trillion compared to the previous year. In 9M22, 47% of the managed receivables of the Company was funded by joint financing scheme with Bank Danamon and the

remaining 53% was derived from the Company's external borrowing and equity.

As of 9M22, total assets had slightly increased by 1.3% y/y to Rp24.3 trillion. This increase was in line with the stable financing receivables of Rp 20.6 trillion.

ADMF's total liabilities was down by 5.6% y/y to Rp14.8 trillion, mainly due to a decline in total borrowings by 9% to Rp 10.8 trillion. Moreover, total shareholder's equity increased by 14.3% y/y to Rp 9.5 trillion in 9M22 compared to 9M21 of Rp8.3 trillion.

As of September 2022, the consolidated gross NPL ratio showed an improving trend and was managed at the pre-covid level of 1.9%, down from 3.2% in the same period last year. This decline was supported by the gradual recovery of economic activity, which affected consumer payment capacity.

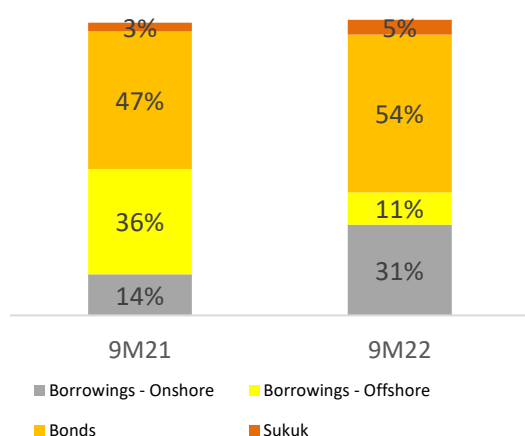
Funding

Adira Finance has continued to diversify its funding sources through continuous support from joint financing with its parent company, Bank Danamon and obtaining external borrowings including bank loans and bonds. As of September 2022, joint financing represented 47% of managed receivables.

Meanwhile, the Company's total external borrowings in September 2022 decreased by 9.1% y/y to Rp 10.8 trillion, consisting of bank loans (onshore and offshore) and bonds, each contributing 42%: 58%.

As a result, the gearing ratio fell to 1.1 times from 1.4 times in 9M22. Hence, the Company still has ample amount of room to expand its business going forward.

Funding Activity (Composition) 9M21 & 9M22



Income Statement

In 9M22 Adira Finance's interest income rose by 2% y/y to Rp6.7 trillion, while interest expense decreased by 5% y/y to Rp2,3 trillion in line with a decline in borrowing and cost of fund. Consequently, net interest income increased by 6% y/y to Rp4.4 trillion and net interest margin rose from 13.1% to 14.4% in 9M22. Furthermore, Operating expenses were relatively stable to Rp2.7 trillion, while cost of credit continued to decline by 39% y/y to Rp683 billion as of September 2022. As a result, Adira Finance managed to record a substantial net profit increase of 52% y/y to Rp1.1 trillion.

Therefore, the Company's Return on Assets (ROA) and Return on Equity (ROE) increased to 6.3% and 17.3%, respectively in September 2022.

Strategic Initiatives 2022

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

- The Company will strengthen and gain market share in the automotive business and provide various attractive sales programs for customers as well as enhance good relations with our dealers.
- Expanding the business of non-automotive businesses by continuing diversification of offered products to support business growth. Currently the Company is holding a #dimodalin campaign for consumers to take advantage of multipurpose loan for various needs.
- 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 customer-centric approach by improving services, offering a variety of products and providing customer loyalty programs.
- The Company will manage its asset quality in order to keep the NPF ratio manageable by applying prudent risk management principles.
- Securing sufficient liquidity to fund business requirement and to meet all financial obligations.

Adira Finance's Key Events in the 3Q22

In supporting the development of the tourism and creative economy sectors, Adira Finance together with the Ministry of Tourism and Creative Economy of the Republic of Indonesia held a Local Creative Festival (FKL) which was held in 5 Tourism Villages from August - November 2022. Through these events, we hope the tourism and the creative economy sectors can be further developed, especially the SME segment. In addition, we are also holding the Adira SOBAT Expo, which is a multi-product financing exhibition of Adira Finance at more than 20 points spread throughout the country from August – October 2022.

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 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 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

<i>In Billion Rupiah</i>	9M21	9M22	ΔY-o-Y	FY21	1Q22	1H22
Statements Of Financial Position						
Assets						
Cash and cash equivalents	1,554	2,273	46.3%	1,638	3,198	2,025
Financing receivables-net of allowance of impairment	20,744	20,596	-0.7%	20,239	20,044	20,435
Fixed assets-net of accumulated depreciation	219	165.1	-24.7%	209	176	171
Intangible assets-net	177	143.4	-19.2%	169	161	153
Others	1,327	1,146	-13.6%	1,471	1,284	1,026
Total Assets	24,022	24,324	1.3%	23,726	24,862	23,809
Liabilities						
Borrowings	5,890	4,500	-23.6%	4,955	4,161	3,774
Debt securities issued-net	5,973	6,288	5.3%	5,975	7,610	7,315
Others	3,865	4,057	5.0%	3,909	4,490	3,744
Total liabilities	15,727	14,845	-5.6%	14,839	16,260	14,833
Total equity	8,294	9,479	14.3%	8,887	8,602	8,976
Total liabilities and equity	24,022	24,324	1.3%	23,726	24,862	23,809

<i>In Billion Rupiah</i>	9M21	9M22	ΔY-o-Y	FY21	1Q22	2Q22
Income Statement-Stand Alone						
Interest income	6,575	6,704	2.0%	8,804	2,239	2,239
Interest expense	(2,421)	(2,311)	-4.5%	(3,220)	(780)	(780)
Net interest income	4,154	4,393	5.7%	5,585	1,459	1,459
Fee income	697	487	-30.2%	1,184	148	148
Operating income	4,851	4,879	0.6%	6,769	1,608	1,608
Operating expense	(2,732)	(2,725)	-0.2%	(3,745)	(928)	(928)
Net operating income	2,120	2,154	1.6%	3,023	680	680
Cost of credit	(1,116)	(683)	-38.8%	(1,401)	(284)	(284)
Other income/(expense)	(5)	1	-122%	(24)	(1)	(1)
Income before income tax	998	1,472	47.6%	1,598	395	395
Net income for the period	753	1,146	52.1%	1,213	305	305
Du Pont-Stand Alone						
Net Yield	20.7%	22.0%	1.3%	21%	22%	21%
Cost of Fund	-7.6%	-7.6%	0.0%	-8%	-8%	-7%
Net Interest Margin	13.1%	14.4%	1.4%	13.5%	14.4%	13.9%
Fee income	2.2%	1.6%	-0.6%	3%	1%	2%
Operating income	15.3%	16.0%	0.8%	16%	16%	16%
Operating expense	-8.6%	-8.9%	-0.4%	-9%	-9%	-9%
Net operating income	6.7%	7.1%	0.4%	7%	7%	7%
Cost of credit	-3.5%	-2.2%	1.3%	-3.4%	-2.8%	-2.3%
Other income/(expense)	0.0%	0.0%	0.0%	0%	0%	0%
ROAA-Before Tax	3.1%	4.8%	1.7%	4%	4%	4%
ROAA-After Tax	2.4%	3.8%	1.4%	3%	3%	3%

Financial Highlights

KEY RATIOS(Stand Alone)	9M21	9M22	ΔY-o-Y	FY21	1Q22	2Q22
Return to average total assets	3.7%	6.3%	2.7%	4.7%	4.9%	5.7%
Return to average equity	12.6%	17.3%	4.7%	14.7%	14.6%	16.2%
Net income to total income	12.0%	18.5%	6.5%	14.0%	14.6%	8.6%
Cost to income	56.3%	55.9%	-0.5%	55.3%	57.7%	57.3%
Leverage and Liquidity(X)						
Total assets to total liabilities	1.5	1.6	0.1	1.6	1.5	1.6
Total equity to total liabilities	0.5	0.6	0.1	0.6	0.5	0.6
Gearing ratio(running equity)	1.4	1.1	(0.3)	1.2	1.4	1.2

New Financing

New Financing	9M21	9M22	ΔY-o-Y	FY20	1Q21	2Q21	3Q21
In Thousand Units							
Motorcycle	430	404	-6%	599	142	132	130
Car	49	57	16%	71	20	19	19
Durables	220	240	9%	296	78	80	82
Total Financed Unit	699	700	0%	967	239	231	231
In Billion Rupiah							
Motorcycle	7,896	8,013	1%	11,118	2,760	2,646	2,607
Car	7,065	9,667	37%	10,509	3,107	3,130	3,431
Durables	3,086	4,226	37%	4,294	1,299	1,380	1,547
Total Financed Amount	18,046	21,906	21%	25,921	7,166	7,155	7,585

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