



# DELFI LIMITED

*(Incorporated in Singapore. Registration Number: 198403096C)*

## AND ITS SUBSIDIARIES

### CONDENSED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2021*



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## CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

|              |   | <b>The Group</b>      |                      |                  |         |
|--------------|---|-----------------------|----------------------|------------------|---------|
|              |   | <b>6 months ended</b> |                      |                  |         |
|              |   | <b>30 June 2021</b>   | <b>30 June 2020</b>  | <b>Change</b>    |         |
| <u>Notes</u> |   | <u>US\$'000</u>       | <u>US\$'000</u>      | <u>%</u>         |         |
|              | Revenue   | 5                     | 210,490              | 197,131          | 6.8     |
|              | Cost of Sales   |                       | <u>(149,481)</u>     | <u>(137,598)</u> | 8.6     |
|              | <b>Gross Profit</b>   |                       | <b>61,009</b>        | 59,533           | 2.5     |
|              | Other operating income                                      |                       | 1,506                | 949              | 58.7    |
|              | <u>Expenses</u>   |                       |                      |                  |         |
|              | Selling and distribution costs                              |                       | (30,215)             | (28,069)         | 7.6     |
|              | Administrative expenses                                     | 6                     | (12,015)             | (11,868)         | 1.2     |
|              | Finance costs   |                       | (764)                | (1,790)          | (57.3)  |
|              | Other operating expenses                                    |                       | (453)                | (804)            | (43.7)  |
|              | Exceptional items   |                       | -                    | (49)             | NM      |
|              | Share of results of associated companies and joint ventures |                       | <u>(80)</u>          | <u>(411)</u>     | (80.5)  |
|              | <b>Profit before income tax</b>                             |                       | <b>18,988</b>        | 17,491           | 8.6     |
|              | Income tax expense  | 7                     | <u>(6,692)</u>       | <u>(6,672)</u>   | 0.3     |
|              | <b>Total profit</b>   | 8                     | <b><u>12,296</u></b> | <u>10,819</u>    | 13.7    |
|              | <b>Profit attributable to:</b>                              |                       |                      |                  |         |
|              | Equity holders of the Company                               |                       | 12,296               | 10,819           | 13.7    |
|              | Non-controlling interest                                    |                       | -                    | -                | -       |
|              |   |                       | <u>12,296</u>        | <u>10,819</u>    | 13.7    |
|              | EBITDA  |                       | <b>26,496</b>        | 25,571           | 3.6     |
|              | Earnings per ordinary share (US cents) - Basic and Diluted  | 9                     | <b>2.01</b>          | 1.77             | 13.7    |
|              | Return on equity  |                       | <b>10.9%</b>         | 7.7%             | 3.2% pt |

Note:

<sup>(1)</sup> Diluted earnings per share for 6 months ended 2021 and 2020 are the same as basic earnings per share as there were no potentially dilutive ordinary shares.

NM Not meaningful.

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|  | <b>The Group</b>       |                        |
|--|------------------------|------------------------|
|  | <b>6 months ended</b>  |                        |
|  | <b>30 June 2021</b>    | <b>30 June 2020</b>    |
|  | <u><b>US\$'000</b></u> | <u><b>US\$'000</b></u> |
| <b>Profit for the period</b>                                   | <b>12,296</b>          | 10,819                 |
| <b>Other comprehensive (loss)/income:</b>                      |                        |                        |
| Items that may be reclassified subsequently to profit or loss: |                        |                        |
| Foreign currency translation reserve                           |                        |                        |
| - Currency translation differences arising from consolidation  | <b>(4,809)</b>         | (7,392)                |
| Other comprehensive loss, net of tax                           | <u><b>(4,809)</b></u>  | <u>(7,392)</u>         |
| <b>Total comprehensive income for the period</b>               | <u><b>7,487</b></u>    | <u>3,427</u>           |
| <b>Total comprehensive income attributable to:</b>             |                        |                        |
| Equity holders of the Company                                  | <b>7,487</b>           | 3,431                  |
| Non-controlling interest                                       | <u>-</u>               | <u>(4)</u>             |
|  | <u><b>7,487</b></u>    | <u>3,427</u>           |

## CONDENSED INTERIM BALANCE SHEETS

|   | Notes | The Group      |                | The Company    |                |
|---|-------|----------------|----------------|----------------|----------------|
|   |       | 30-Jun-21      | 31-Dec-20      | 30-Jun-21      | 31-Dec-20      |
|   |       | US\$'000       | US\$'000       | US\$'000       | US\$'000       |
| <b>ASSETS</b>   |       |                |                |                |                |
| <b>Current assets</b>   |       |                |                |                |                |
| Cash and cash equivalents   |       | 74,808         | 65,522         | 51,778         | 52,063         |
| Trade receivables   | 10    | 66,392         | 81,690         | 865            | 1,274          |
| Loan to joint venture   |       | 60             | 60             | 60             | 60             |
| Inventories   | 10    | 58,662         | 76,847         | 51             | 9              |
| Rights to returned goods  |       | 2,965          | 2,815          | -              | -              |
| Income tax recoverable  |       | 8,416          | 6,888          | -              | -              |
| Other current assets  | 11    | 13,758         | 11,030         | 1,400          | 540            |
|   |       | <b>225,061</b> | <b>244,852</b> | <b>54,154</b>  | <b>53,946</b>  |
| <b>Non-current assets</b>   |       |                |                |                |                |
| Investments in subsidiaries   |       | -              | -              | 40,919         | 41,097         |
| Investments in associated companies and joint ventures                    |       | 2,318          | 2,425          | 3,900          | 3,900          |
| Loans to associated company and joint venture                             |       | 957            | 967            | -              | -              |
| Property, plant and equipment   | 12    | 99,227         | 107,180        | 997            | 2,358          |
| Intangible assets   | 13    | 20,099         | 20,916         | 17,953         | 18,017         |
| Deferred income tax assets  |       | 3,052          | 3,174          | -              | -              |
| Income tax recoverable  |       | 1,919          | 1,939          | -              | -              |
| Other non-current assets  |       | 1,167          | 1,035          | -              | -              |
|   |       | <b>128,739</b> | <b>137,636</b> | <b>63,769</b>  | <b>65,372</b>  |
| <b>Total assets</b>   |       | <b>353,800</b> | <b>382,488</b> | <b>117,923</b> | <b>119,318</b> |
| <b>LIABILITIES</b>  |       |                |                |                |                |
| <b>Current liabilities</b>  |       |                |                |                |                |
| Trade payables  |       | 28,024         | 29,900         | 538            | 1,295          |
| Refund liabilities  |       | 7,476          | 7,854          | -              | -              |
| Other payables  | 14    | 54,331         | 52,171         | 2,883          | 3,934          |
| Current income tax liabilities  |       | 2,693          | 1,014          | -              | -              |
| Derivative liabilities  |       | -              | 30             | -              | -              |
| Borrowings  | 15    | 16,123         | 48,748         | -              | -              |
|   |       | <b>108,647</b> | <b>139,717</b> | <b>3,421</b>   | <b>5,229</b>   |
| <b>Non-current liabilities</b>  |       |                |                |                |                |
| Other payables  |       | 1,448          | 540            | 35             | 358            |
| Deferred income tax liabilities   |       | 632            | 246            | -              | -              |
| Provisions for other liabilities and charges                              |       | 16,437         | 16,236         | -              | -              |
|   |       | <b>18,517</b>  | <b>17,022</b>  | <b>35</b>      | <b>358</b>     |
| <b>Total liabilities</b>  |       | <b>127,164</b> | <b>156,739</b> | <b>3,456</b>   | <b>5,587</b>   |
| <b>NET ASSETS</b>   |       | <b>226,636</b> | <b>225,749</b> | <b>114,467</b> | <b>113,731</b> |
| <b>EQUITY</b>   |       |                |                |                |                |
| <b>Capital and reserves attributable to equity holders of the Company</b> |       |                |                |                |                |
| Share capital   |       | 95,936         | 95,936         | 95,936         | 95,936         |
| Foreign currency translation reserve                                      | 17    | (12,103)       | (7,413)        | -              | -              |
| Other reserves  |       | 994            | 994            | -              | -              |
| Retained earnings   |       | 141,809        | 136,113        | 18,531         | 17,795         |
|   |       | <b>226,636</b> | <b>225,630</b> | <b>114,467</b> | <b>113,731</b> |
| <b>Non-controlling interest</b>   |       | -              | 119            | -              | -              |
| <b>TOTAL EQUITY</b>   |       | <b>226,636</b> | <b>225,749</b> | <b>114,467</b> | <b>113,731</b> |

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|   | Attributable to equity holders of the Company |   |                        |  |                          |                |                                 |                     |
|---|---|---|------------------------|--|--------------------------|----------------|---------------------------------|---------------------|
|   | <u>Share capital</u>                          | <u>Foreign currency translation reserve</u> | <u>General reserve</u> | <u>Defined pension benefits obligation</u> | <u>Retained earnings</u> | <u>Total</u>   | <u>Non-controlling interest</u> | <u>Total equity</u> |
|   | US\$'000                                      | US\$'000                                    | US\$'000               | US\$'000                                   | US\$'000                 | US\$'000       | US\$'000                        | US\$'000            |
| <b><u>The Group</u></b>                                 |   |   |                        |  |                          |                |                                 |                     |
| <b>Balance at 1 January 2021</b>                        | <b>95,936</b>                                 | <b>(7,413)</b>                              | <b>2,505</b>           | <b>(1,511)</b>                             | <b>136,113</b>           | <b>225,630</b> | <b>119</b>                      | <b>225,749</b>      |
| Profit for the period                                   | -   | -   | -                      | -  | 12,296                   | 12,296         | -                               | 12,296              |
| Other comprehensive (loss)/income for the period        | -   | (4,690)                                     | -                      | -  | -                        | (4,690)        | (119)                           | (4,809)             |
| <b>Total comprehensive (loss)/income for the period</b> | <b>-</b>                                      | <b>(4,690)</b>                              | <b>-</b>               | <b>-</b>                                   | <b>12,296</b>            | <b>7,606</b>   | <b>(119)</b>                    | <b>7,487</b>        |
| Final dividend relating to 2020 paid                    | -   | -   | -                      | -  | (6,600)                  | (6,600)        | -                               | (6,600)             |
| <b>Balance at 30 June 2021</b>                          | <b>95,936</b>                                 | <b>(12,103)</b>                             | <b>2,505</b>           | <b>(1,511)</b>                             | <b>141,809</b>           | <b>226,636</b> | <b>-</b>                        | <b>226,636</b>      |
| <b>Balance at 1 January 2020</b>                        | <b>95,936</b>                                 | <b>(3,553)</b>                              | <b>2,437</b>           | <b>(550)</b>                               | <b>133,213</b>           | <b>227,483</b> | <b>117</b>                      | <b>227,600</b>      |
| Profit/(loss) for the period                            | -   | -   | -                      | -  | 10,819                   | 10,819         | -                               | 10,819              |
| Other comprehensive income/(loss) for the period        | -   | (7,388)                                     | -                      | -  | -                        | (7,388)        | (4)                             | (7,392)             |
| <b>Total comprehensive income/(loss) for the period</b> | <b>-</b>                                      | <b>(7,388)</b>                              | <b>-</b>               | <b>-</b>                                   | <b>10,819</b>            | <b>3,431</b>   | <b>(4)</b>                      | <b>3,427</b>        |
| Final dividend relating to 2019 paid                    | -   | -   | -                      | -  | (6,600)                  | (6,600)        | -                               | (6,600)             |
| <b>Balance at 30 June 2020</b>                          | <b>95,936</b>                                 | <b>(10,941)</b>                             | <b>2,437</b>           | <b>(550)</b>                               | <b>137,432</b>           | <b>224,314</b> | <b>113</b>                      | <b>224,427</b>      |

Attributable to equity holders of the Company

|                                     | <u>Share<br/>capital</u> | <u>Retained<br/>earnings</u> | <u>Total<br/>equity</u> |
|-------------------------------------|--------------------------|------------------------------|-------------------------|
|                                     | <u>US\$'000</u>          | <u>US\$'000</u>              | <u>US\$'000</u>         |
| <b><u>The Company</u></b>           |                          |                              |                         |
| <b>Balance as at 1 January 2021</b> | 95,936                   | 17,795                       | 113,731                 |
| Profit for the period               | -                        | 7,336                        | 7,336                   |
| Final dividend relating to 2020     | -                        | (6,600)                      | (6,600)                 |
| <b>Balance at 30 June 2021</b>      | <u>95,936</u>            | <u>18,531</u>                | <u>114,467</u>          |

|                                  |               |               |                |
|----------------------------------|---------------|---------------|----------------|
| <b><u>The Company</u></b>        |               |               |                |
| <b>Balance at 1 January 2020</b> | 95,936        | 10,439        | 106,375        |
| Profit for the period            | -             | 20,274        | 20,274         |
| Final dividend relating to 2019  | -             | (6,600)       | (6,600)        |
| <b>Balance at 30 June 2020</b>   | <u>95,936</u> | <u>24,113</u> | <u>120,049</u> |

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

|  | 6 months ended  |                 |
|--|-----------------|-----------------|
|  | 30 June 2021    | 30 June 2020    |
|  | <u>US\$'000</u> | <u>US\$'000</u> |
| <b>Cash flows from operating activities</b>                  |                 |                 |
| Total profit   | 12,296          | 10,819          |
| Adjustments:   |                 |                 |
| Income tax expense   | 6,692           | 6,672           |
| Depreciation and amortisation                                | 6,874           | 6,705           |
| Gain on disposal of property, plant and equipment            | (626)           | (24)            |
| Interest income  | (130)           | (464)           |
| Interest expense   | 764             | 1,790           |
| Fair value gain on derivatives                               | (30)            | 37              |
| Share of results of associated companies and joint ventures  | 80              | 411             |
| Operating cash flow before working capital changes           | 25,920          | 25,946          |
| Changes in working capital                                   |                 |                 |
| Inventories  | 18,185          | 12,229          |
| Trade and other receivables                                  | 13,132          | 16,952          |
| Rights to returned goods                                     | (150)           | 188             |
| Trade and other payables                                     | (1,583)         | (21,928)        |
| Refund liabilities   | (378)           | 3,011           |
| Cash generated from operations                               | 55,126          | 36,398          |
| Interest received  | 130             | 464             |
| Income tax paid, net of tax refund received                  | (6,195)         | (10,188)        |
| <b>Net cash provided by operating activities</b>             | 49,061          | 26,674          |
| <b>Cash flows from investing activities</b>                  |                 |                 |
| Purchases of property, plant and equipment                   | (1,081)         | (996)           |
| Advances for purchase of property, plant and equipment       | (673)           | (835)           |
| Purchases of intangible assets                               | (105)           | (195)           |
| Payment to minority shareholder                              | (119)           | -               |
| Proceeds from disposal of property, plant and equipment      | 3,124           | 49              |
| <b>Net cash provided by/(used in) investing activities</b>   | 1,146           | (1,977)         |
| <b>Cash flows from financing activities</b>                  |                 |                 |
| (Repayment of)/proceeds from trade finance                   | (1,148)         | 986             |
| Repayment of bank loans                                      | (30,863)        | (4,587)         |
| Repayment of lease liabilities                               | (1,095)         | (918)           |
| Interest paid  | (764)           | (1,790)         |
| Dividends paid to equity holders of the Company              | (6,600)         | (6,600)         |
| <b>Net cash used in financing activities</b>                 | (40,470)        | (12,909)        |
| <b>Net increase in cash and cash equivalents</b>             | 9,737           | 11,788          |
| <b>Cash and cash equivalents</b>                             |                 |                 |
| Beginning of financial year                                  | 64,790          | 55,689          |
| Effects of currency translation on cash and cash equivalents | (717)           | (219)           |
| End of financial period                                      | 73,810          | 67,258          |



## Reconciliation of liabilities arising from financing activities

|                   | <u>Non-cash changes</u> |                                       |                 |                  |                         |                                  | <u>30-Jun-21</u><br><u>US\$'000</u> |
|-------------------|-------------------------|---------------------------------------|-----------------|------------------|-------------------------|----------------------------------|-------------------------------------|
|                   | <u>31-Dec-20</u>        | <u>Principal and interest payment</u> | <u>Proceeds</u> | <u>Additions</u> | <u>Interest expense</u> | <u>Foreign exchange movement</u> |                                     |
|                   | <u>US\$'000</u>         | <u>US\$'000</u>                       | <u>US\$'000</u> | <u>US\$'000</u>  | <u>US\$'000</u>         | <u>US\$'000</u>                  |                                     |
| Bank loans        | 36,481                  | (31,424)                              | -               | -                | 561                     | (880)                            | <b>4,738</b>                        |
| Trade finance     | 11,535                  | (1,287)                               | -               | -                | 139                     | -                                | <b>10,387</b>                       |
| Lease liabilities | 2,012                   | (1,159)                               | -               | 2,377            | 64                      | (77)                             | <b>3,217</b>                        |

|                   | <u>Non-cash changes</u> |                                       |                 |                  |                         |                                  | <u>30-Jun-20</u><br><u>US\$'000</u> |
|-------------------|-------------------------|---------------------------------------|-----------------|------------------|-------------------------|----------------------------------|-------------------------------------|
|                   | <u>31-Dec-19</u>        | <u>Principal and interest payment</u> | <u>Proceeds</u> | <u>Additions</u> | <u>Interest expense</u> | <u>Foreign exchange movement</u> |                                     |
|                   | <u>US\$'000</u>         | <u>US\$'000</u>                       | <u>US\$'000</u> | <u>US\$'000</u>  | <u>US\$'000</u>         | <u>US\$'000</u>                  |                                     |
| Bank loans        | 43,980                  | (6,090)                               | -               | -                | 1,503                   | (865)                            | 38,528                              |
| Trade finance     | 3,774                   | (1,130)                               | -               | -                | 212                     | (91)                             | 2,765                               |
| Lease liabilities | 12,466                  | (75)                                  | -               | 985              | 75                      | -                                | 13,451                              |

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in United States Dollar which is the Company's functional currency.

#### 2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### 2.2 Use of judgments and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 18 - Claims associated with the disposal of Delfi Cacau Brasil Ltda

### **3. Seasonal Operation**

The Group's businesses are not significantly affected by seasonal or cyclical factors during the financial period.

### **4. Segment information**

The Group engages in the manufacture and marketing of chocolate confectionery products under a variety of brands and distribution of a wide range of food and other consumer products, including agency brands.

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee comprises the Executive Directors. The Executive Committee manages and monitors the business based on its two geographical segments, namely Indonesia and Regional Markets (which comprise the Philippines, Malaysia and Singapore).

#### 4. Segment information (continued)

The segment information provided to the Executive Committee for the reportable segments for the 6 months ended 30 June 2021 is as follows:

|  | <u>Indonesia</u><br>US\$'000 | <u>Regional<br/>Markets</u><br>US\$'000 | <u>Total</u><br>US\$'000 |
|--|------------------------------|---|--------------------------|
| <b>Sales:</b>  |                              |   |                          |
| - Total segment sales  | 148,941                      | 66,511                                  | 215,452                  |
| - Inter-segment sales  | (4,939)                      | (23)                                    | (4,962)                  |
| Sales to external parties                                      | <u>144,002</u>               | <u>66,488</u>                           | <u>210,490</u>           |
| EBITDA   | 24,660                       | 1,836                                   | 26,496                   |
| Interest income  |                              |   | 130                      |
| Finance costs  |                              |   | (764)                    |
| Share of results of associated companies<br>and joint ventures |                              |   | (80)                     |
| Income tax expense   |                              |   | (6,692)                  |
| <b>Other segment information</b>                               |                              |   |                          |
| Depreciation and amortisation                                  | (5,235)                      | (1,639)                                 | (6,874)                  |
| Capital expenditure on property, plant and<br>equipment        | 741                          | 2,685                                   | 3,426                    |
| <b>Sales are analysed as:</b>                                  |                              |   |                          |
| - Own Brands   | 103,370                      | 22,095                                  | 125,465                  |
| - Agency Brands  | 40,632                       | 44,393                                  | 85,025                   |
|  | <u>144,002</u>               | <u>66,488</u>                           | <u>210,490</u>           |

#### 4. Segment information (continued)

The segment information provided to the Executive Committee for the reportable segments for the 6 months ended 30 June 2020 is as follows:

|   | <u>Indonesia</u> | <u>Regional Markets</u> | <u>Total</u>    |
|---|------------------|-------------------------|-----------------|
|   | <u>US\$'000</u>  | <u>US\$'000</u>         | <u>US\$'000</u> |
| <b>Sales:</b>   |                  |                         |                 |
| - Total segment sales                                       | 138,121          | 63,879                  | 202,000         |
| - Inter-segment sales                                       | (4,859)          | (10)                    | (4,869)         |
| Sales to external parties                                   | 133,262          | 63,869                  | 197,131         |
| EBITDA  | 24,515           | 1,056                   | 25,571          |
| Interest income   |                  |                         | 464             |
| Finance costs   |                  |                         | (1,790)         |
| Share of results of associated companies and joint ventures |                  |                         | (411)           |
| Income tax expense  |                  |                         | (6,672)         |
| <b>Other segment information</b>                            |                  |                         |                 |
| Depreciation and amortisation                               | (5,191)          | (1,514)                 | (6,705)         |
| Capital expenditure on property, plant and equipment        | 748              | 248                     | 996             |
| <b>Sales are analysed as:</b>                               |                  |                         |                 |
| - Own Brands  | 97,648           | 23,506                  | 121,154         |
| - Agency Brands   | 35,614           | 40,363                  | 75,977          |
|   | 133,262          | 63,869                  | 197,131         |

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Committee is measured in a manner consistent with that in the consolidated income statement.

#### (a) Reconciliation of segment profits

A reconciliation of EBITDA to profit before tax is set out below:

|   | <b>The Group</b>      |                     |
|---|-----------------------|---------------------|
|   | <b>6 months ended</b> |                     |
|   | <b>30 June 2021</b>   | <b>30 June 2020</b> |
|   | <u>US\$'000</u>       | <u>US\$'000</u>     |
| <b>EBITDA</b>                                 | <b>26,496</b>         | 25,571              |
| Interest expense                              | (764)                 | (1,790)             |
| Interest income                               | 130                   | 464                 |
| Depreciation of property, plant and equipment | (6,151)               | (6,062)             |
| Amortisation of intangible assets             | (723)                 | (643)               |
| Exceptional items                             | -                     | (49)                |
| Profit before tax                             | <b>18,988</b>         | 17,491              |

**4. Segment information (continued)**

(b) Geographical information

Non-current assets are shown by the country where the assets are located.

|                   | <u>Non-current assets</u> |                 |
|-------------------|---------------------------|-----------------|
|                   | <b>30-Jun-21</b>          | 31-Dec-20       |
|                   | <u>US\$'000</u>           | <u>US\$'000</u> |
| Indonesia         | 90,757                    | 98,885          |
| Regional Markets: |                           |                 |
| - Philippines     | 10,088                    | 10,727          |
| - Malaysia        | 3,369                     | 1,809           |
| - Singapore       | 21,473                    | 23,041          |
|                   | <b>125,687</b>            | <b>134,462</b>  |

**5. Revenue**

(a) Information is based on the location of the markets in which the Group operates.

|                  | <b>6 months ended</b> |                 |          |
|------------------|-----------------------|-----------------|----------|
|                  | <b>30 June 2021</b>   | 30 June 2020    | Change   |
|                  | <u>US\$'000</u>       | <u>US\$'000</u> | <u>%</u> |
| Indonesia        | 144,002               | 133,262         | 8.1      |
| Regional Markets | 66,488                | 63,869          | 4.1      |
|                  | <b>210,490</b>        | 197,131         | 6.8      |

(b) Disaggregation of revenue

Sales are based on the country in which the customer is located.

|                   | <b>6 months ended</b> |                 |          |
|-------------------|-----------------------|-----------------|----------|
|                   | <b>30 June 2021</b>   | 30 June 2020    | Change   |
|                   | <u>US\$'000</u>       | <u>US\$'000</u> | <u>%</u> |
| Indonesia         | 144,002               | 133,261         | 8.1      |
| Regional Markets: |                       |                 |          |
| - Philippines     | 18,750                | 20,024          | (6.4)    |
| - Malaysia        | 45,693                | 41,143          | 11.1     |
| - Singapore       | 166                   | 750             | (77.9)   |
| - Other countries | 1,879                 | 1,953           | (3.8)    |
|                   | <b>210,490</b>        | 197,131         | 6.8      |

(c) Breakdown of Sales

|               | 6 months ended  |                 |            |
|---------------|-----------------|-----------------|------------|
|               | 30 June 2021    | 30 June 2020    | Change     |
|               | <u>US\$'000</u> | <u>US\$'000</u> | <u>%</u>   |
| Own Brands    | 125,465         | 121,154         | 3.6        |
| Agency Brands | 85,025          | 75,977          | 11.9       |
|               | <b>210,490</b>  | <b>197,131</b>  | <b>6.8</b> |

Since the start of the year, in a number of our markets there was a marked increase in the prevalence of COVID-19 linked to the more infectious Delta-variant. As a result, larger scale lockdowns have once again been imposed since the latter part of 1H 2021 which has had a knock-on impact to the retail sector.

In 1H 2021, Own Brands and Agency Brands registered positive growth of 3.6% and 11.9% Y-o-Y, respectively. Although 2Q 2021 sales were down versus 1Q 2021 with 1Q helped partly by sales to distributors in the lead up prior to Lebaran in Indonesia. In addition, the increased lockdowns as a result of the resurgence of COVID-19 had an impact on our sales. However, 2Q 2021 sales were up strongly when compared to 2Q 2020 as a result of the more severe lockdowns at the start of the COVID-19 pandemic last year. In 1Q 2020, the Group had a strong start to the year, which essentially was pre-COVID, but due to the imposition of strict social restrictions since late March 2020, sales were impacted in 2Q 2020.

Own Brands growth in 1H 2021 was driven by our operations in Indonesia and Malaysia.

Agency Brands revenue continued to be driven by the snacking, breakfast and healthcare categories.

## 6. Administrative Expenses

Included in Administrative expenses is a subsidy from the Jobs Support Scheme ("JSS") amounting to US\$94,000 received in the 1H 2021. The JSS first announced by the Singapore Government at Budget 2020, is intended to offset and protect Singapore employees' wages through wage support to employers, helping enterprises retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty.

## 7. Income taxes

### (a) Income tax expense

|   |              | <b>The Group</b>       |                        |
|---|--------------|------------------------|------------------------|
|   |              | <b>6 months ended</b>  |                        |
|   |              | <b>30 June 2021</b>    | <b>30 June 2020</b>    |
|   |              | <b><u>US\$'000</u></b> | <b><u>US\$'000</u></b> |
| Tax expense attributable to profit is made up of: |              |                        |                        |
| Profit for the financial year:                    |              |                        |                        |
| Current income tax                                |              |                        |                        |
| - Foreign   | 4,642        |                        | 5,349                  |
| - Withholding taxes                               | 1,454        |                        | 2,290                  |
| Deferred income tax                               | 476          |                        | (1,025)                |
|   | <b>6,572</b> |                        | <b>6,614</b>           |
| Under provision in prior financial years:         |              |                        |                        |
| - Current income tax                              | 120          |                        | 58                     |
| <b>Total income tax expense</b>                   | <b>6,692</b> |                        | <b>6,672</b>           |

The Group's lower effective tax rate for 1H 2021 compared to the same period last year can be attributed to the decrease in withholding tax incurred on dividend income received from our wholly owned subsidiaries.

## 8. Net Profit

Net Profit is derived after (deducting)/crediting the following:

|   |  |         |  | <b>6 months ended</b>  |                        |                 |
|---|--|---------|--|------------------------|------------------------|-----------------|
|   |  |         |  | <b>30 June 2021</b>    | <b>30 June 2020</b>    | <b>Change</b>   |
|   |  |         |  | <b><u>US\$'000</u></b> | <b><u>US\$'000</u></b> | <b><u>%</u></b> |
| Depreciation of property, plant and equipment     |  | (6,151) |  | (6,062)                |                        | 1.5             |
| Amortisation of intangible assets                 |  | (723)   |  | (643)                  |                        | 12.4            |
| Net foreign exchange loss                         |  | 5       |  | (56)                   |                        | NM              |
| Group under provision of tax in prior years       |  | (120)   |  | (58)                   |                        | 106.9           |
| Gain on disposal of property, plant and equipment |  | 626     |  | 24                     |                        | NM              |
| (Impairment loss)/Writeback on trade receivables  |  | (24)    |  | 57                     |                        | NM              |
| Inventories written off                           |  | (2,360) |  | (1,035)                |                        | 128.0           |
| Allowance made for inventory obsolescence         |  | (852)   |  | (943)                  |                        | (9.7)           |

NM - Not meaningful.



## 9. Earnings per share

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

|   | 6 months ended  |                 |
|---|-----------------|-----------------|
|   | 30 June 2021    | 30 June 2020    |
|   | <u>US\$'000</u> | <u>US\$'000</u> |
| Net profit attributable to equity holders of the Company (US\$'000) | 12,296          | 10,819          |
| Weighted average number of ordinary shares ('000)                   | 611,157         | 611,157         |
| Basic earnings per share (US cents)                                 | <u>2.01</u>     | <u>1.77</u>     |

### (b) Diluted earnings per share

Diluted earnings per share for 6 months ended 30 June 2021 and 2020 are the same as basic earnings per share as there were no potentially dilutive ordinary shares.

## 10. Trade Receivables and Inventories

Trade Receivables and Inventories as at 30 June 2021 were lower by US\$15.3 million and US\$18.2 million respectively, compared to 31 December 2020. The lower trade receivables and inventories balance reflect our focus on costs and collections in the current uncertain operating environment.

## 11. Other Current Assets

|                                    | The Group      |                | The Company    |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 30-Jun-21      | 31-Dec-20      | 30-Jun-21      | 31-Dec-20      |
|                                    | <u>US\$000</u> | <u>US\$000</u> | <u>US\$000</u> | <u>US\$000</u> |
| Other receivables                  |                |                |                |                |
| - Non-related parties              | 6,528          | 6,373          | 72             | 154            |
| - Subsidiaries (non-trade)         | -              | -              | 964            | 194            |
| - Associated companies (non-trade) | 217            | 223            | 1              | 1              |
| - Joint ventures (non-trade)       | 366            | 605            | 60             | 51             |
| - Related parties (non-trade)      | 9              | 21             | -              | -              |
|                                    | <u>7,120</u>   | <u>7,222</u>   | <u>1,097</u>   | <u>400</u>     |
| Deposits                           | 4,815          | 2,878          | 18             | 18             |
| Prepayments                        | 1,823          | 930            | 285            | 122            |
|                                    | <u>13,758</u>  | <u>11,030</u>  | <u>1,400</u>   | <u>540</u>     |

## 12. Capital Expenditure on Property, Plant and Equipment

The allocation of capital expenditure for 1H 2021 and 1H 2020 by geographical region is as follows:

|                  | 6 months ended |              |
|------------------|----------------|--------------|
|                  | 30 June 2021   | 30 June 2020 |
|                  | US\$'000       | US\$'000     |
| Indonesia        | 741            | 748          |
| Regional Markets | 2,685          | 248          |
|                  | <b>3,426</b>   | <b>996</b>   |

Included in the Regional Markets during the period to 30 June 2021 was the capitalisation of Right-of-Use (“ROU”) assets of US\$2,345,000. This is primarily new leases for our warehouse and office space in Malaysia.

During 1Q 2021, Construction in progress equivalent to US\$2,500,000 was sold to the Indonesian Government for a consideration of US\$2,900,000, net of value-added tax. As a result, the Group recorded a gain from disposal of US\$361,000.

## 13. Intangible assets

|                                       | The Group     |               | The Company   |               |
|---------------------------------------|---------------|---------------|---------------|---------------|
|                                       | 30-Jun-21     | 31-Dec-20     | 30-Jun-21     | 31-Dec-20     |
|                                       | US\$'000      | US\$'000      | US\$'000      | US\$'000      |
| Brands and licence (Note (a))         | 17,420        | 17,556        | 17,351        | 17,351        |
| Patents and trademarks (Note (b))     | 244           | 240           | -             | -             |
| Computer software licences (Note (c)) | 2,435         | 3,120         | 602           | 666           |
|                                       | <b>20,099</b> | <b>20,916</b> | <b>17,953</b> | <b>18,017</b> |

### (a) Brands and licence

|  | The Group     |               | The Company   |               |
|--|---------------|---------------|---------------|---------------|
|  | 30-Jun-21     | 31-Dec-20     | 30-Jun-21     | 31-Dec-20     |
|  | US\$'000      | US\$'000      | US\$'000      | US\$'000      |
| <i>Net book value</i>                        |               |               |               |               |
| Beginning of financial period                | 17,556        | 17,287        | 17,351        | 17,351        |
| Currency translation difference              | (136)         | 269           | -             | -             |
| End of financial period                      | <b>17,420</b> | <b>17,556</b> | <b>17,351</b> | <b>17,351</b> |
| <i>End of financial period</i>               |               |               |               |               |
| Cost   | 17,805        | 17,941        | 17,616        | 17,616        |
| Accumulated amortisation and impairment loss | (385)         | (385)         | (265)         | (265)         |
| <b>Net book value</b>                        | <b>17,420</b> | <b>17,556</b> | <b>17,351</b> | <b>17,351</b> |

Brands and licence that are regarded as having indefinite useful lives are not amortised and are tested for impairment annually. These brands and licence have a long heritage and are protected in all of the markets where they are sold under the trademarks, which are renewed indefinitely without involvement of significant cost.

(b) Patents and trademarks

|                                 | The Group  |           | The Company |           |
|---------------------------------|------------|-----------|-------------|-----------|
|                                 | 30-Jun-21  | 31-Dec-20 | 30-Jun-21   | 31-Dec-20 |
|                                 | US\$'000   | US\$'000  | US\$'000    | US\$'000  |
| <i>Net book value</i>           |            |           |             |           |
| Beginning of financial period   | 240        | 192       | -           | -         |
| Additions                       | 58         | 119       | -           | -         |
| Currency translation difference | (13)       | 19        | -           | -         |
| Amortisation                    | (41)       | (90)      | -           | -         |
| End of financial period         | <b>244</b> | 240       | -           | -         |
| <i>End of financial period</i>  |            |           |             |           |
| Cost                            | 2,278      | 2,320     | -           | -         |
| Accumulated amortisation        | (2,034)    | (2,080)   | -           | -         |
| <b>Net book value</b>           | <b>244</b> | 240       | -           | -         |

(c) Computer software licences

|                                 | The Group    |           | The Company |           |
|---------------------------------|--------------|-----------|-------------|-----------|
|                                 | 30-Jun-21    | 31-Dec-20 | 30-Jun-21   | 31-Dec-20 |
|                                 | US\$'000     | US\$'000  | US\$'000    | US\$'000  |
| <i>Net book value</i>           |              |           |             |           |
| Beginning of financial period   | 3,119        | 4,097     | 666         | 521       |
| Additions                       | 47           | 320       | 27          | 267       |
| Currency translation difference | (49)         | (28)      | -           | -         |
| Amortisation                    | (682)        | (1,269)   | (91)        | (122)     |
| End of financial period         | <b>2,435</b> | 3,120     | <b>602</b>  | 666       |
| <i>End of financial period</i>  |              |           |             |           |
| Cost                            | 6,892        | 6,991     | 1,099       | 1,072     |
| Accumulated amortisation        | (4,457)      | (3,871)   | (497)       | (406)     |
| <b>Net book value</b>           | <b>2,435</b> | 3,120     | <b>602</b>  | 666       |

In 2020, the Group invested US\$244,000 to implement an Information Technology and Business Analytics system.

(d) Amortisation expense included in other operating expenses is analysed as follows:

| <b>The Group</b>           |                     |
|----------------------------|---------------------|
| <b>6 months ended</b>      |                     |
| <b>30 June 2021</b>        | <b>30 June 2020</b> |
| <u>US\$'000</u>            | <u>US\$'000</u>     |
| Patents and trademarks     | 41                  |
| Computer software licences | 682                 |
| <b>Total</b>               | <b>723</b>          |

#### 14. Other Payables - Current

Other payables were marginally higher by US\$2.2 million mainly due to higher accruals for Advertising and Promotion, non-trade creditors and VAT payable.

#### 15. Borrowings

|                          | <b>Group</b>     |                  | <b>Company</b>   |                  |
|--------------------------|------------------|------------------|------------------|------------------|
|                          | <b>30-Jun-21</b> | <b>31-Dec-20</b> | <b>30-Jun-21</b> | <b>31-Dec-20</b> |
|                          | <u>US\$'000</u>  | <u>US\$'000</u>  | <u>US\$'000</u>  | <u>US\$'000</u>  |
| Bank overdraft           | 998              | 732              | -                | -                |
| Bank borrowings          | 4,738            | 36,481           | -                | -                |
| Trade finance            | 10,387           | 11,535           | -                | -                |
|                          | <b>16,123</b>    | <b>48,748</b>    | <b>-</b>         | <b>-</b>         |
| Breakdown of borrowings: |                  |                  |                  |                  |
| Current                  | 16,123           | 48,748           | -                | -                |
| Non-current              | -                | -                | -                | -                |
|                          | <b>16,123</b>    | <b>48,748</b>    | <b>-</b>         | <b>-</b>         |

Total borrowings declined to US\$16.1 million as at 30 June 2021, from US\$48.7 million as at 31 December 2020 following repayments made possible with strong Free Cash Flow of US\$48.0 million generated in 1H 2021. This was a result of our working capital management.

## Aggregate amount of the group's borrowings and debt securities

|  | Group           |                 | Company         |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 30-Jun-21       | 31-Dec-20       | 30-Jun-21       | 31-Dec-20       |
|  | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> |
| Amount repayable in one year or less, or on demand |                 |                 |                 |                 |
| - Secured  | 15,125          | 17,884          | -               | -               |
| - Unsecured  | 998             | 30,864          | -               | -               |
|  | <b>16,123</b>   | <b>48,748</b>   | <b>-</b>        | <b>-</b>        |
| Amount repayable after one year                    |                 |                 |                 |                 |
| - Secured  | -               | -               | -               | -               |
| - Unsecured  | -               | -               | -               | -               |
|  | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>        |

## Details of collateral

Of the Group's total bank borrowings at 30 June 2021, US\$15.1 million (Dec 2020: US\$17.9 million) are secured on inventories, property, plant and equipment and building of certain subsidiaries of the Group.

## 16. Net asset value

|                                    | The Group       |                 | The Company     |                 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                    | 30-Jun-21       | 31-Dec-20       | 30-Jun-21       | 31-Dec-20       |
|                                    | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> | <u>US\$'000</u> |
| Net asset value per ordinary share | 37.1            | 36.9            | 18.7            | 18.6            |

## 17. Foreign Exchange Translation Reserve

At the end of 1H 2021, the Group recorded a foreign exchange translation loss of US\$12.1 million in its Consolidated Statement of Changes in Equity mainly due to the depreciation of the regional currencies against the US Dollar as shown below:

| USD 1 to                             | Indonesian<br>Rupiah (IDR) | Malaysian<br>Ringgit (MYR) | Singapore<br>Dollar (SGD) | Philippines<br>Peso (PHP) |
|--------------------------------------|----------------------------|----------------------------|---------------------------|---------------------------|
| 1H 2021                              | 14,496                     | 4.1495                     | 1.3454                    | 48.544                    |
| FY 2020                              | 14,105                     | 4.0205                     | 1.3221                    | 48.036                    |
| <i>Strengthened/(Weakened) Y-o-Y</i> | <i>(2.77%)</i>             | <i>(3.21%)</i>             | <i>(1.76%)</i>            | <i>(1.06%)</i>            |

## **18. Update on Claims Associated with the Disposal of Delfi Cacau Brasil Ltda.**

By way of background, on 24 February 2015, the Company announced that Barry Callebaut had notified the Company of various claims from the Brazil tax authorities (“Notifications”) against the former Delfi Cacau Brazil Ltda (“DCBR”), which Barry Callebaut purchased as part of the sale of the Cocoa Ingredients business. In the Company’s announcement made on 28 August 2015, the Company also pointed out that although the Settlement Agreement fully settled the dispute over the closing price adjustments, Barry Callebaut remained entitled to bring any further claims that may arise under the continuing warranties.

As previously announced, the Company was notified of a total of 9 claims associated with the disposal. As at 30 June 2021, the Company’s total exposure in respect of these claims (after indexation) in Brazil is BRL 88,038,537 (equivalent to US\$17.7 million based on the end-June 2021 exchange rate).

The Company, while reserving its rights in relation to the Notifications, has requested Barry Callebaut to defend these claims and the cases are proceeding through the Administrative and Judicial processes in Brazil. The Board and management believe there are grounds to resist these claims and the Company will keep the shareholders updated as to material developments in relation to the Brazilian claims.

In assessing the relevant liabilities, management has considered, among other factors, industry developments in the current financial year and the legal environment in Brazil, and assessed that the amounts recognised in respect of these claims are adequate as at 30 June 2021. As management considers the disclosure of further details of these claims can be expected to prejudice seriously the Group’s position in relation to the claims, further information has not been disclosed in the Group’s financial statements.

## 19. Related Parties Transactions

In addition to other related party information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial period:

### Sales and purchases of goods and services

|   | 1H 2021         | 1H 2020         |
|---|-----------------|-----------------|
|   | <u>US\$'000</u> | <u>US\$'000</u> |
| <b>Revenue:</b>   |                 |                 |
| Sales to joint venture                                    | 123             | 119             |
| Sales to related parties                                  | 19              | 24              |
| <br>  |                 |                 |
| Interest income from associated companies / joint venture | 15              | 22              |
| <br>  |                 |                 |
| Service income from associated companies / joint ventures | 51              | 93              |
| Service income from related parties                       | 17              | 33              |
| <br>  |                 |                 |
| <b>Expenditure:</b>                                       |                 |                 |
| Purchases from joint ventures                             | 22              | 767             |
| Purchases from related parties                            | 6,215           | 5,198           |
| Rental payable to associated companies                    | 45              | 40              |
| Professional fee payable to a related party               | -               | -               |
| Directors' fees   | 237             | 237             |

## 20. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

## OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

### 1. Review

The condensed consolidated statement of financial position of Delfi Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

### 2. Review of performance of the Group

#### Key Figures for the Group (unaudited)

|                                     | 1H ended 30 June |                 |                    |  |
|-------------------------------------|------------------|-----------------|--------------------|--|
|                                     | 2021             | 2020            | % change           | % change                                     |
|                                     | <u>US\$'000</u>  | <u>US\$'000</u> | <u>In USD term</u> | <u>In constant exchange rate<sup>1</sup></u> |
| Indonesia                           | 144,002          | 133,262         | 8.1                | 5.3  |
| Regional Markets                    | 66,488           | 63,869          | 4.1                | 0.1  |
| <b>REVENUE</b>                      | <b>210,490</b>   | <b>197,131</b>  | <b>6.8</b>         | <b>3.6</b>                                   |
| Indonesia                           | 24,660           | 24,516          | 0.6                | (2.4)  |
| Regional Markets                    | 1,836            | 1,056           | 74.0               | 57.8   |
| <b>EBITDA</b>                       | <b>26,496</b>    | <b>25,571</b>   | <b>3.6</b>         | <b>0.1</b>                                   |
| Profit before tax                   | 18,988           | 17,491          | 8.6                | 4.6  |
| Profit attributable to shareholders | 12,296           | 10,819          | 13.7               | 8.9  |

#### Key performance indicators

|                     | 1H ended 30 June |       |           |
|---------------------|------------------|-------|-----------|
|                     | 2021             | 2020  | %         |
| Gross profit margin | 29.0%            | 30.2% | (1.2% pt) |

#### Notes

1 The Group used the following average exchange rate(s) in translating the income statements of its subsidiaries into USD terms.

#### Average FX rates for Financial Period ended 30 June 2021

| USD 1 to                             | Indonesian Rupiah (IDR) | Malaysian Ringgit (MYR) | Singapore Dollar (SGD) | Philippines Peso (PHP) |
|--------------------------------------|-------------------------|-------------------------|------------------------|------------------------|
| 1H 2021                              | 14,295                  | 4.0781                  | 1.3302                 | 48.2585                |
| 1H 2020                              | 14,676                  | 4.2274                  | 1.3919                 | 50.8242                |
| <i>Strengthened/(Weakened) Y-o-Y</i> | 2.6%                    | 3.53%                   | 4.43%                  | 5.05%                  |



## Key Ratios

|                         | 30-Jun-21 | 31-Dec-20 |
|-------------------------|-----------|-----------|
| Current ratio           | 2.07      | 1.75      |
| Average Inventory Days  | 83        | 109       |
| Average Receivable Days | 64        | 81        |
| Average Payable Days    | 35        | 44        |
| Return on Equity        | 10.9%     | 7.7%      |

## Review of the Group's 1H Financial Performance

Figure 1 - Key Financial Highlights

| (In US\$ Million)        | 1H 2021      | 1H 2020      | Chg Y-o-Y    | Chg Y-o-Y at Constant Exch Rates * |
|--------------------------|--------------|--------------|--------------|------------------------------------|
| Indonesia                | 144.0        | 133.2        | 8.1%         | 5.3%                               |
| Regional Markets         | 66.5         | 63.9         | 4.1%         | 0.1%                               |
| <b>Total Revenue**</b>   | <b>210.5</b> | <b>197.1</b> | <b>6.8%</b>  | <b>3.6%</b>                        |
| Gross Profit Margin (%)  | 29.0%        | 30.2%        | (1.2%) pt    | (1.2%) pt                          |
| <b>EBITDA</b>            | <b>26.5</b>  | <b>25.6</b>  | <b>3.6%</b>  | <b>0.1%</b>                        |
| <b>EBITDA Margin (%)</b> | 12.6%        | 13.0%        | (0.4%) pt    | (0.4%) pt                          |
| <b>PATMI</b>             | <b>12.3</b>  | <b>10.8</b>  | <b>13.7%</b> | <b>8.9%</b>                        |

### Notes

\* For comparative purposes only - This shows the effect of using the respective exchange rates of the regional currencies in 1H 2021 in translating the 1H2020 results, respectively.

Since the start of the year, in a number of our markets, especially Indonesia, Malaysia and the Philippines, there has been a marked increase in the prevalence of COVID-19 linked to the more infectious Delta-variant. As a result, larger scale lockdowns have once again been imposed since the latter part of 1H 2021 which has had a knock-on impact to the retail sector. The evolution of the COVID-19 pandemic continues to create uncertainties across our markets.

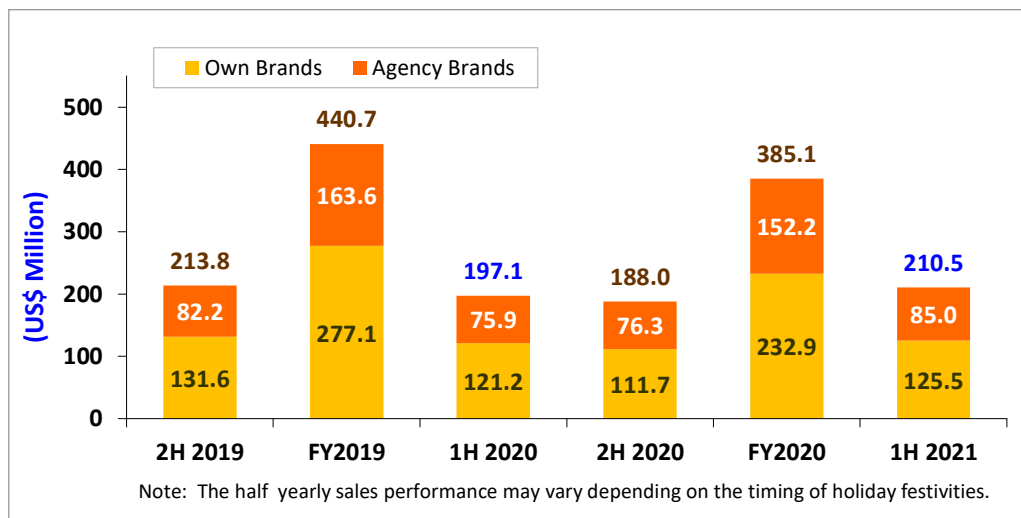
In 1H 2021, even though the COVID-19 pandemic was still persisting, we achieved PATMI of US\$12.3 million, representing an increase of 13.7% Y-o-Y over the same period last year. This was also 84.7% higher compared to 2H 2020's PATMI of US\$6.7 million.

Group Revenue for 1H 2021 grew by 6.8% Y-o-Y to US\$210.5 million. 1Q 2021 Group Revenue was lower by 5.7% Y-o-Y as 1Q 2020 was essentially pre-COVID and the Group had a strong start to 2020. However, 2Q 2021 showed a Y-o-Y improvement of 29.1% compared to the same period a year ago when large-scale lockdowns were first initiated.

Both our Own Brands and Agency Brands performed well, registering growth of 3.6% and 11.9% Y-o-Y respectively in 1H 2021. The growth achieved by our Own Brands was driven by our business in Indonesia with a double-digit growth in 2Q 2021 off a low-base.

In 1H 2021, we continued to focus on capturing the recovery in our markets and the trend of consumers continuing to shop closer to home since the onset of COVID-19. Our growth can be attributed to the resilience of our Own Brands, the complementary Agency Brands portfolio and our established distribution network, especially with the significant efforts made over the years.

**Figure 2 - Own Brands & Agency Brands Revenue Performance (Half Year and Full Year)**



In 1H 2021, we generated strong Free Cash Flow of US\$48.0 million, which was higher by US\$22.3 million compared to the same period last year. This follows on as a result of our attention to costs, collections and capital spending since the onset of the pandemic and given the uncertain operating environment. We have also reduced our operating inventory levels.

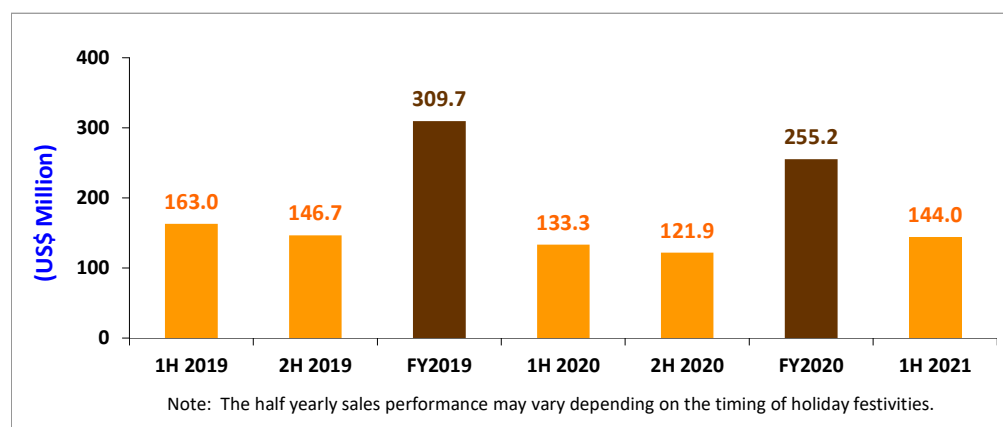
The bulk of this cash flow has been used to significantly reduce our total borrowings, which are down by US\$32.6 million from 31 December 2020. The Group's cash balance is up by US\$6.2 million over the first half of 2020 and stood at US\$74.8 million as at 30 June 2021, which is more than adequate to support the Group's foreseeable near-term business and investment.

The Board has declared an interim dividend per share of 1.27 US cents (1.71 Singapore cents) for the period ending 30 June 2021. In US Dollar terms, this is the same as last year's interim dividend. This implies a payout ratio of 63.1%, which is higher than historical distributions. This reflects the Board's confidence in the cash flow generation capability of the Group and the Board's stated position to return excess cash to shareholders.

## **Performance Review by Markets**

### **Indonesia**

**Figure 3 - Indonesia's Revenue Performance (Half Year and Full Year)**



In 1H 2021, our business in Indonesia achieved revenue of US\$144.0 million, higher by 8.1% Y-o-Y. The increase was driven by 2Q 2021's revenue growth of 42.2% Y-o-Y mainly on the back of a weak quarter in the same period last year. This arose from government-imposed lockdowns from April to June 2020, which impacted consumer mobility and the operations of our distributors and retail customers.

We focused our efforts on capturing the recovery for our products, with the use of social media to create consumer awareness and trials for our healthier and trendier products launched last year which were targeted at *Gen-Z* and the *Millennials*. In 1H 2021, we saw a stronger improvement in our Value Brands vis-à-vis our Premium Brands as the former was affected more last year due to the lockdown on distribution channels and operations.

The sales performance of our Agency Brands was higher Y-o-Y by 14.1% in 1H 2021, contributed by snacks and breakfast categories, as well as the low base effect in 2Q 2020.

## The Regional Markets

For our Regional Markets, revenues for 1H 2021 were higher Y-o-Y by 4.1% to US\$66.5 million. The growth achieved can be attributed to our Malaysian operations with a good performance in the snacking, breakfast and healthcare categories.

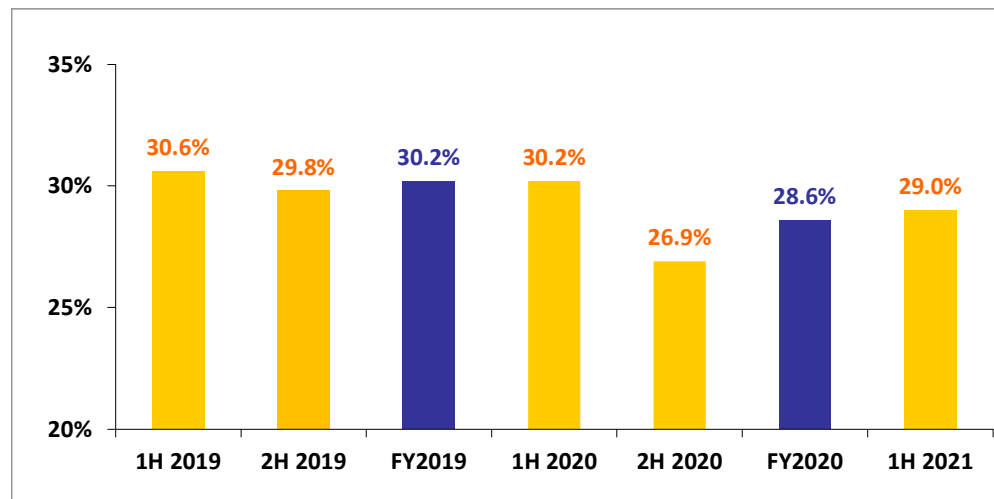
## Review of Profitability

For 1H 2021, we achieved an overall Gross Profit Margin (“GPM”) of 29.0%, lower by 1.2% points when compared the same period last year. This was a result of sales mix, marginally higher input costs as well as inventory write-offs.

The higher inventory write-offs is attributable to higher stocks carried in the supply chain as a result of slower sales in 2020 which created higher than usual expired products.

Correspondingly, given the lower GPM, the Group’s EBITDA margin for 1H 2021 was 12.6%, lower by 0.4% points Y-o-Y, mitigated partially by a slower rate of increase in Selling & Distribution and Administrative expenses vis-à-vis revenue growth. We continue to be vigilant in keeping costs in check, while at the same time ensuring our staff and operations are well-guarded against the pandemic.

**Figure 4 - Gross Profit Margin (Half Year and Full Year)**



Note: It should be highlighted that margins achieved may vary depending on composition of sales mix, both within Own Brands and Agency Brands.

## **Review of Financial Position and Cash Flow**

| <b>Balance Sheet as at</b>            | <b>30-Jun-21</b>       | <b>31-Dec-20</b>       | <b>Change</b>          |
|---------------------------------------|------------------------|------------------------|------------------------|
|                                       | <b><u>US\$'000</u></b> | <b><u>US\$'000</u></b> | <b><u>US\$'000</u></b> |
| Cash and cash equivalents             | <b>74,808</b>          | 65,522                 | 9,286                  |
| Working capital                       | <b>97,030</b>          | 128,637                | (31,607)               |
| Total Assets                          | <b>353,800</b>         | 382,488                | (28,688)               |
| Borrowings                            | <b>16,123</b>          | 48,748                 | (32,625)               |
| Foreign currency translation reserves | <b>(12,103)</b>        | (7,413)                | (4,690)                |
| Shareholders' Equity                  | <b>226,636</b>         | 225,630                | 1,006                  |
| Current ratio                         | <b>2.07</b>            | 1.75                   |                        |

As at 30 June 2021, the Group's Cash and cash equivalents were at US\$74.8 million after paying out dividend payments of US\$6.6 million during the period. The cash balance is sufficient to support the Group's foreseeable near-term business and investment needs together with any contingent liabilities.

Compared to end-2020, total assets were lower by US\$28.7 million reflecting mainly: (1) lower Property, Plant and Equipment; and (2) a reduction of working capital. Shareholders' equity was higher by US\$1.0 million as a result of higher retained earnings, offset by the foreign currency translation loss (see Note 17 on page 21).

**3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's results for 1H 2021 are in line with the commentary made on 24 February 2021 in paragraph 10 of the Group's "2H and FY2020 Unaudited Financial Statements and Dividend Announcement".

**4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months.**

The COVID-19 pandemic is still impacting the world and our key markets after more than 18 months. With the recent spread of the more infectious Delta-variant, uncertainties and challenges still persist. The rising infection rates globally and the re-imposition of restrictions has also prompted the Asian Development Bank to revise down their growth forecasts for Southeast Asia recently to 4.0%, from 4.4%, in 2021.

We therefore expect the macroeconomic and operating environments in our regional markets to remain challenging through the rest of 2021 and beyond. The return to normality will be determined by the effectiveness of the measures to combat the virus' spread coupled with the speed of the vaccine rollout but set against the threat of new variants.

We have overcome the initial challenges and believe we adapted quickly to the situation since the onset of the pandemic. Going forward we remain vigilant and stand ready to pre-empt and respond to the ever-changing situation.

We continue to focus on ensuring our brands and products remain relevant to our consumers, especially the *Gen-Z* and *Millennials*, through the introduction of healthier products and the selected use of targeted digital marketing.

In terms of our financial position, we will focus on our cash flow generation through tight control of our operating costs, working capital and capital spending.

Despite this uncertain operating environment, we believe the Group's strong foundation (the strength of our leading brands, our strong innovation culture and strong distribution) coupled with our strong Balance Sheet and Cash Flow generation, means we are well placed to tackle the uncertainties ahead and can quickly seize opportunities in an upturn.

## 5. Dividend Information

### a. Whether an interim (final) ordinary dividend has been declared (recommended)?

| Name of Dividend                               | 2021 Interim                  |
|--|-------------------------------|
| Dividend Type                                  | Cash                          |
| Dividend Amount per share (in Singapore cents) | 1.71 cents per ordinary share |

### b. Amount per share

- i. Amount per share 1.71 Singapore cents (1.27 US cents)
- ii. Previous corresponding period 1.76 Singapore cents

| Name of Dividend                               | 2020 Interim                  |
|--|-------------------------------|
| Dividend Type                                  | Cash                          |
| Dividend Amount per share (in Singapore cents) | 1.76 cents per ordinary share |

### c. Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived.

Not applicable.

### d. The date the dividend is payable

The interim dividend will be paid on 7 September 2021.

- e. **The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

NOTICE IS HEREBY GIVEN that the Transfer Books and the Register of Members of the Company will be closed at 5.00 pm on 24 August 2021 (Books Closure Date) for the preparation of dividend warrants.

Duly completed transfers of ordinary shares received by the Company's Share Registrar, M&C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 before 5.00 pm on the Books Closure Date will be registered to determine shareholders' entitlements to the interim dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the final dividend will be paid by the Company to CDP which will, in turn, distribute the final dividend entitlements to the CDP account holders in accordance with its normal practice.

## 6. Interest person transactions

The Company has obtained a general mandate ("Shareholders' Mandate") from its shareholders for the Group's IPTs with the following interested persons. The Shareholders' mandate was approved at the Annual General Meeting ("AGM") of the Company held on 27 April 2021 and will be effective until the next AGM. The aggregate value of transactions conducted pursuant to the general mandate is as follows:

|                              | <sup>1</sup> Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual |
|------------------------------|---|
|                              | 1H 2021   |
|                              | <u>US\$'000</u>   |
| <b>PT Freyabadi Indotama</b> |   |
| - Sales of goods             | 19  |
| - Purchase of products       | 6,215   |
|                              | <b>6,234</b>  |

7. **Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Group has procured undertakings from all its directors and executive officers.

**Confirmation by the Board**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Chuang Tiong Choon  
Director

Chuang Tiong Liep  
Director

Singapore  
10 August 2021