
**UPDATE ON THE GROUP'S THIRD QUARTER FOR THE FINANCIAL
PERIOD ENDED 30 SEPTEMBER 2021**

The Board of Directors of Delfi Limited (the "Company" or the "Group") would like to take this opportunity to provide a brief update on the Group's operations for the 3rd Quarter of this year ("3Q 2021").

After more than 20 months since COVID-19 started, the world is still facing the spread of the virus and with a more virulent strain since the start of 2021. The region we operate in was also not spared as infection rates spiked during 3Q 2021.

Despite the challenging environment, we continued to navigate these difficult conditions and our Group achieved 3Q 2021 EBITDA of US\$6.4 million on revenue of US\$87.0 million. This improvement of 20.8% and 4.1% Y-o-Y, respectively, over the same period last year, was driven by higher sales and margins achieved.

For the 9 months ended 30 September 2021 ("9M 2021"), the Group achieved revenue of US\$297.5 million and EBITDA of US\$32.9 million, representing a growth of 6.0% and 6.6%, Y-o-Y, respectively.

Table 1

(In US\$ Million)	Quarterly*							9M ended 30 September*		
	1Q 2020	2Q 2020	3Q 2020	1Q 2021	2Q 2021	3Q 2021	3Q Y-o-Y Change	2020	2021	9M Y-o-Y Change
Revenue	126.6	70.5	83.6	119.5	91.0	87.0	4.1%	280.7	297.5	6.0%
- Indonesia	91.6	41.6	51.7	84.8	59.2	53.1	2.7%	185.0	197.1	6.6%
- Regional Markets	35.0	28.9	31.9	34.6	31.9	33.9	6.4%	95.7	100.4	4.9%
Gross Profit Margin	30.7%	29.3%	24.2%	29.2%	28.7%	27.0%	+2.8% pt.	28.4%	28.4%	-
EBITDA	19.1	6.5	5.3	18.0	8.5	6.4	20.8%	30.8	32.9	6.6%

* Note: 2021 data is unaudited
Figures may not add up due to rounding

Our 3Q 2021 Group Revenue was higher by 4.1% Y-o-Y from improvements seen in both Indonesia and the Regional Markets. Sales in Indonesia in 3Q 2021 were briefly affected by slower consumer sentiment as local COVID-19 infection rates peaked in July. This also coincided with a seasonally low quarter post the *Lebaran*

season, but the situation has improved towards the end of this quarter. Our Own Brands in Indonesia posted growth of 6.5% Y-o-Y driven by our chocolate confectionery, and biscuits and wafers categories, while baking and breakfast slowed given the high base last year on the surge in popularity of home baking at the initial period of the pandemic lockdowns.

Our Gross Profit Margin (“GPM”) in 3Q 2021 improved to 27.0% from 24.2% seen in the same period a year ago arising from higher sales and an increase in the proportion of premium format category vis-à-vis value products in our sales mix; and lower inventory write-offs.

EBITDA for 3Q 2021 was at US\$6.4 million, registering an increase of 20.8% Y-o-Y as a result of the higher GPM and tighter control on operating expenses. Consequently, our EBITDA margin for the quarter was higher at 7.3% compared to 6.3% in the same period last year.

Comparing 3Q 2021 to 2Q 2021, our Group Revenue and EBITDA was down by 4.5% and 25.3% due to a seasonally weaker quarter post the *Lebaran* festive season in Indonesia.

For 9M 2021, Group Revenue grew by 6.0%, contributed by growth in both Indonesia and the Regional Markets registering 6.6% and 4.9% Y-o-Y growth, respectively. Our Group’s 9M 2021 EBITDA totaled US\$32.9 million, 6.6% above the same period last year. Given the performance of 3Q 2021, our 9M 2021 EBITDA Y-o-Y growth edged higher vis-à-vis the 3.6% growth reported for 6 months ended 30 June 2021, possibly reflecting a path of gradual recovery.

With higher profit achieved and our tight management of working capital, our Free Cash Flow (“FCF”) generated for 9M 2021 was higher at US\$67.7 million, an increase of US\$38.0 million, from the same period a year ago.

While we utilized our higher FCF for 9M 2021 to significantly reduce our borrowings by US\$39.8 million, there was still a resulting net cash inflow of US\$13.5 million in the period.

Table 2

Balance Sheet as at	30 Sep 2021*	31 Dec 2020	Change in
	<u>US\$ Million</u>	<u>US\$ Million</u>	<u>US\$ Million</u>
Cash and Cash Equivalent	79.0	65.5	13.5
Working Capital	85.4	128.6	(43.3)
Property, Plant and Equipment and Intangible Assets	117.4	128.1	(10.7)
Total Assets	342.8	382.5	(39.7)
Borrowings	8.9	48.7	(39.8)
Foreign Currency Translation Reserves	(10.9)	(7.4)	(3.4)
Shareholders' Equity	222.2	225.6	(3.5)
Current Ratio	2.12	1.75	
Average Inventory Days	84	109	
Average Receivable Days	66	81	
Average Payable Days	39	44	
	<u>30 Sep 2021</u>	<u>30 Sep 2020</u>	
Free Cash Flow generated	67.7	29.7	38.0

* Note: 2021 data is unaudited

Outlook

There are still uncertainties where, for instance, new waves of COVID-19 infections may be encountered or a higher level of economic activity alongside global supply chain kinks may trigger higher input costs, leading to higher cost inflation in the coming year. We will pay close attention to these possible emerging risks and trends.

However, we will continue to focus our efforts on reaching out to our targeted consumers, especially the *Gen-Z* and *Millennials*, introducing healthier and contemporary products as well as with the use of digital marketing. We will push ahead with our innovation drive and will launch new products that cater to consumers' desire for healthy alternatives and *better-for-you* options to reinforce our product portfolio.

Even though we are living with the uncertainties relating to COVID-19, barring unforeseen circumstances, we expect to remain profitable and will achieve growth in the business albeit at a slower rate in the short term.

By Order of the Board

Chuang Yok Hoa/Siau Kuei Lian
Company Secretaries

16 November 2021