Delfi LIMITED

Company Registration No.: 198403096C

UPDATE ON THE GROUP'S THIRD QUARTER FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

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 ("3Q 2023") and nine months ("9M 2023") of this year.

Through 3Q 2023 we continued to benefit from sustained economic growth and buoyant consumer demand in our key markets. Our strategy to focus brand investment on products with high growth potential and to strengthen our routes-to-market, especially in Indonesia, helped drive our growth through the period.

For 3Q 2023, the Group achieved higher consolidated net sales of US$126.4 million, a Y-o-Y increase of 12.9%, which when combined with the strong momentum from the first half of the year helped bring revenue for 9M 2023 to US$412.6 million, an increase of 15.2% compared to the same period in 2022. The strong revenue helped the Group achieve PATMI of US$32.8 million for 9M 2023 (higher Y-o-Y by 22.1%).

	Quarterly							9 months ended 30 September		
(In US$ Million)	**1Q 2022**	**2Q 2022**	**3Q 2022**	**1Q 2023**	**2Q 2023**	**3Q 2023**	**3Q Y-o-Y Change**	**9M 2022**	**9M 2023**	**Y-o-Y Change**
Revenue	**133.0**	**113.2**	**112.0**	**160.8**	**125.4**	**126.4**	12.9%	**358.3**	**412.6**	15.2%
- Indonesia	92.8	74.3	70.0	110.8	79.4	78.7	12.4%	237.2	268.8	13.3%
- Regional Markets*	40.2	38.9	42.0	50.0	46.0	47.7	13.7%	121.1	143.8	18.8%
Gross Profit Margin	**29.4%**	**29.5%**	**29.7%**	**30.4%**	**29.5%**	**29.5%**	(20 bps)	**29.5%**	**29.9%**	40 bps
EBITDA	**20.5**	**14.1**	**13.7**	**25.5**	**14.5**	**12.9**	(6.3%)	**48.3**	**52.8**	9.4%

*Note: * Comprises Malaysia, the Philippines and Singapore.*
*** Figures may not add due to rounding.*

The revenue growth achieved in 3Q 2023 reflects higher sales in both Indonesia and Regional Markets by 12.4% Y-o-Y to US$78.7 million and 13.7% to US$47.7 million, respectively.

Revenue in Indonesia for 9M 2023 reached US$268.8 million (higher Y-o-Y by 13.3%) driven by growth in both our Own Brands and Agency Brands businesses. Regional Markets achieved strong revenue for 9M 2023 to US$143.8 million (higher Y-o-Y by 18.8%).

The Group achieved a Gross Profit Margin of 29.5% and 29.9% for 3Q 2023 and 9M 2023 respectively supported by our overall sales mix combined with proactive pricing actions implemented to mitigate higher input costs. Our disciplined cost control and continued cost efficiencies also contributed to our margin performance.

The Group generated EBITDA for 9M 2023 of US$52.8 million (higher Y-o-Y by 9.4%) on the back of US$12.9 million in 3Q 2023 (lower Y-o-Y by 6.3%). The lower 3Q EBITDA reflected higher selling and distribution costs in line with our business growth and strategic decisions to increase investments in our brand building initiatives. Tight control of operating costs helped limit the decrease in 3Q 2023.

For 9M 2023, the Group generated net cash from operations (after working capital) of US$37.7 million, a Y-o-Y increase of US$21.7 million. The operating cash was employed primarily to fund capital expenditures of US$19.8 million, mainly on production equipment needed to meet operational needs in line with our business growth.

Balance Sheet as at	**30 Sep 2023**	31 Dec 2022	Change in
	US$ Million	US$ Million	US$ Million
Cash and Cash Equivalent	**61.9**	77.1	(15.2)
Working Capital	**136.3**	136.9	(0.6)
Property, Plant and Equipment and Intangible Assets	**108.9**	99.6	9.3
Total Assets	**380.9**	395.1	(14.2)
Borrowings	**18.3**	19.0	(0.7)
Foreign Currency Translation Reserves	**(27.0)**	(27.8)	0.8
Shareholders' Equity	**250.7**	246.2	4.5
Current Ratio	**2.27**	2.10	
Average Inventory Days	**100**	98	
Average Receivable Days	**49**	53	
Average Payable Days	**40**	48	
	30 Sep 2023	30 Sep 2022	
Free Cash Flow generated	**22.9**	14.0	

Note:

1 *Working capital is equal to accounts receivables plus inventories less accounts payable.*

Outlook

The last few months have seen a significant increase in global uncertainties with acute geopolitical tensions and increasing macro-economic headwinds. Despite this, barring any unforeseen events, the Group continues to expect it will finish this year on a positive note although increased investments in our brand building initiatives may moderate our overall profit growth.

Looking ahead to 2024, we remain mindful of the world becoming more uncertain with expectations rising for heightened challenges and for potential economic headwinds that could exacerbate interest rate and inflationary pressures, increase currency volatility and push oil prices higher, among other risks, which could impact the markets where we do business. However, we believe our strong balance sheet, healthy cash position, strong brands, culture of innovation and effective distribution capabilities can keep us well positioned to weather potential uncertainties and remain resilient in an increasingly changing and challenging world.

By Order of the Board

Siau Kuei Lian
Company Secretary

14 November 2023