

## MEDIA RELEASE

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### **Axelum surpasses FY 2020 performance; Net income up 51% to ₱579M for 9M 2021**

*On-track to return to pre-pandemic record levels*

Axelum Resources Corp. (PSE: AXLM), the country's leading fully-integrated manufacturer and exporter of world-class premium coconut products, has disclosed its financial and operating results from January to September 2021.

For the period, Axelum generated sales of ₱4.79 billion, up 28% from ₱3.75 billion, driven by double-digit volume growth across all core product segments. Desiccated coconut volume increased 20% while coconut water continues to deliver robust volume growth at 18%. Sweetened coconut and coconut milk powder volumes grew 21% and 12%, respectively. In total, these product segments accounted for 86% of topline.

Gross profit rose 33% to ₱1.27 billion from ₱955.18 million, translating to an industry leading gross margin of 27%. EBITDA stood at ₱924.72 million, up 43% from ₱648.65 million, attributed to an effective fixed overhead discipline. Net income increased 51% to ₱578.69 million from ₱383.10 million, despite the expiration of tax holidays for its coconut water business earlier this year.

	<b>Quarter-on-Quarter Summary</b>				
<i>(in ₱ thousands)</i>	<b>Q1 2021</b>	<b>Q2 2021</b>	<b>+/-</b>	<b>Q3 2021</b>	<b>+/-</b>
Sales	1,470,267	1,633,466	11%	1,685,517	3%
Gross Profit	371,731	429,253	15%	471,700	10%
Net Income	145,604	172,814	19%	260,268	51%

“Through nine months of 2021, we have already outperformed our full year 2020 earnings. Based on this trajectory, we expect 2021 topline to exceed pre-COVID levels and profit to be similar or above 2019 record income in spite of significant headwinds such as the global shipping shortage and without the tax holidays availed up to January 2021,” stated Mr. Henry J. Raperoga, President and Chief Operating Officer of Axelum Resources Corp.

#### Strengthening manufacturing capabilities

In 2021, Axelum's nut opening plant has been processing 21% more coconuts per day, to meet rapidly-growing demand for its products. In addition, Axelum is currently producing at maximum output for its main product segments, translating to continued sales growth in 2022.

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Axelum is expected to finish the construction of additional warehouses by early next year to augment storage capacity. Notably, Axelum is starting to benefit from various strategic initiatives undertaken in 2020 including enhancing milk extraction and water collection rate, resulting to higher yields and overall margin improvement.

### Widespread global economic recovery and shifting consumer behavior fueling demand for coconut products

Axelum's major export markets comprised of the United States, Europe, Australia and Asia, which collectively constitute around 90% of total sales, have gradually reopened to stimulate economic activity across various industries including the food manufacturing, foodservice and retail sectors. Moreover, evolving consumer preferences for healthier alternatives has spurred demand for coconut products due to its known anti-viral and anti-inflammatory properties.

### Aggressive growth of e-commerce channels

As of September 2021, online sales from Amazon USA have eclipsed total online sales in 2020, while combined average monthly sales from local e-marketplaces Shopee and Lazada, have increased four-fold since listing in April. To date, Axelum's own-label Fiesta Tropicale is ranked the #3 bestseller in the coconut flakes category in Amazon USA, supported by thousands of positive customer reviews from a growing mainstream following.

### New fiscal incentives

Axelum was granted fresh tax holidays by the Board of Investments starting May 2021 for agglomerated coconut milk powder and other plant-based infused coconut milk powder products under Export Activities of the 2020 Investment Priorities Plan on a non-pioneer status, and starting July 2021 for organic/non-organic plant-based infused coconut drinks/juices under the Corporate Income Tax and Incentives Reform Act (CREATE) Act. The full impact of these new tax incentives are expected to be realized by 2022. Meanwhile, Axelum is in the process of completing the remaining requirements to finalize its application as a pre-approved entity with the Philippine Economic Zone Authority (PEZA).

### Mitigating multiple headwinds

Since last year, Axelum has been confronted with escalating shipping fees, late container turnover and limited cargo space, which affected its ability to expedite shipping of its finished products. In addition, international port congestion further caused delays in the arrival of finished goods to customers, who were building inventory in response to high market demand. Lastly, rising input costs and community lockdowns also contributed to various operational headwinds. Despite these challenges, Axelum maintains a steady supply of primary raw materials as it continues to service increasing orders from its diverse clientele composed of renowned domestic and international household brands.

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### Near-term outlook

For the fourth quarter, Axelum is aiming to capitalize on the historical uptick in consumer spending during the Christmas season both locally and overseas to boost its growth momentum.

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