

## MEDIA RELEASE

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### **Axelum reports P121 million profit for Q1**

Axelum Resources Corp. (PSE: AXLM), the country's largest fully-integrated manufacturer and exporter of world-class premium coconut products, disclosed today a net income of P120.9 million for the first quarter of 2020.

"After posting the highest level of profitability in our history last year, our growth momentum was interrupted by the outbreak of the COVID-19 health pandemic, which caused significant economic disruptions in most parts of the world," stated Mr. Henry J. Raperoga, President and Chief Operating Officer of Axelum Resources Corp.

From January to March, topline decreased by 6% to P1.20 billion from P1.28 billion for the same period last year. The imposition of lockdown measures abroad and at home in response to the growing threat of community transmissions weighed down both the export and domestic businesses. As a result, net income contracted by 47% to P120.9 million compared to P226.4 million for the first quarter of 2019.

Notwithstanding various operational challenges, Axelum was able to sustain its profitability with only a marginal decline in sales despite prevailing market conditions. While costs were elevated, this was a result of extraordinary measures that were undertaken to address the current situation. Moving forward, the Company expects input prices to stabilize as quarantine policies start to ease.

During this period, Axelum remained operational while intensifying its health and sanitation protocols aligned with government-mandated guidelines. This included regular disinfection of production facilities, enhanced use of personal protective equipment and strict observance of physical distancing, among others.

"Our priority was to balance productivity along with the needs and welfare of our people. Given this mindset, we saw opportunities to focus on efficiency-oriented initiatives while securing the tenure of our employees," added Mr. Raperoga.

Moreover, the Company played its role in the government's fight against COVID-19. Through selected civic organizations, Axelum channeled financial support and donations of essential goods for hospitals and frontliners.

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In terms of capital expenditure, Axelum intends to proceed with on-going targeted spending as the Company's performance has steadily improved since the start of the COVID-19 crisis as the Company has adjusted to the new operating conditions. Though COVID-19 impacted the financial performance for the first quarter of 2020, the long-term prospects of the Company remain intact, and even in this difficult year, the Company remains on-track to produce and deliver at least 25 million liters of coconut water to anchor client Vita Coco this year.

“Though COVID-19 presented difficult challenges, we are proud that the Company met these challenges and was profitable despite the headwinds. Our long-term view on the coconut industry opportunity remains intact and our business plan remains the same with enough flexibility to cushion the prolonged effects of COVID-19. We shall keep growing our business organically and selectively consider acquisitions,” ended Mr. Raperoga.

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