

Announcement

29th October 2021

PT HERO SUPERMARKET TBK NINE MONTHS 2021 RESULTS

The following announcement was issued today by the Company's 89.3%-owned subsidiary, PT Hero Supermarket Tbk.

For further information, please contact:

Dairy Farm Management Services Limited
Diky Risbianto

(62-21) 8378 8388

South Tangerang, 29th October 2021

PT HERO SUPERMARKET TBK
NINE MONTHS 2021 RESULTS

Highlights

- Results for first nine months significantly impacted by COVID-19
- More severe Government restrictions on movement impacted third-quarter sales
- IKEA opens fourth store in Indonesia
- HERO Group remains well-positioned as a strong, competitive retailer in Indonesia

Results

	(Unaudited)		
	NINE MONTHS		
	2021	2020	Change
	Rp billion	Rp billion	%
Net Revenue	4,448	6,863	-35.2
Gross Profit	1,216	1,791	-32.1
Loss for the period	(747)	(339)	n.m.
	Rp	Rp	%
Loss per share	(179)	(81)	n.m.

- more -

PRESIDENT DIRECTOR'S STATEMENT

Introduction

The Company faced significant challenges for the first nine months of 2021 due to the COVID-19 pandemic, the related imposition of PPKM (Enforcement of Limitation on Community Activities) and consequent changes in customer shopping habits. During the third quarter, Government restrictions on movement were increased, severely impacting store trading hours and store traffic.

Following a detailed strategic business review, the Company announced in May that it would be changing its trading approach by increasing its investment in the IKEA, Guardian and Hero Supermarket banners and pivoting away from the Giant brand. During the third quarter, the Company successfully executed the restructure of Giant Indonesia.

Financial Performance

The Company reported a net loss of Rp 747 billion for the first nine months of 2021, with Rp 456 billion non-recurring charges incurred due to the Giant restructure.

IKEA's like-for-like sales were impacted by severe Government-imposed store trading restrictions in the third quarter. However, the number of store visits improved in September relative to July and August. E-commerce contribution in the quarter continued to increase relative to prior quarters. Profitability has been impacted by pre-opening expenses associated with new store openings and reduced sales revenue. During the quarter, IKEA Indonesia opened its fourth store in Jakarta Garden City. Following this opening, IKEA has more than doubled the total area of its store network since the start of the year. This expansion follows IKEA's strategic imperatives to be more accessible and affordable to the people of Indonesia.

- more -

PT Hero Supermarket Tbk

Graha Hero | CBD Bintaro Jaya Sektor 7 Blok B7/A7 | Pondok Jaya, Pondok Aren | Tangerang Selatan 15224 - Indonesia
Phone: +6221 8378 8388 | www.hero.co.id | Call Centre 0-800-1-998877

Guardian Health and Beauty performance continued to be significantly impacted by pandemic-related restrictions in Indonesia and associated changes in customer behaviours. Like-for-like sales performance were impacted by increased Government-imposed restrictions on movement, with performance improving in September. In addition, underlying profitability was affected in the third quarter by reduced sales.

Following the Giant Indonesia restructure, six Giant stores have been successfully converted into Hero Supermarket stores. The new Hero Supermarket stores have a strong fresh food offering and a broad array of high-quality products sourced locally and worldwide. However, Hero Supermarket's underlying sales performance in the third quarter has been impacted by increased Government imposed movement restrictions, which have particularly affected mall traffic.

Business update

Following the announcement of the change in PT Hero's strategic approach, the Giant banner in Indonesia ceased operations in July. Six Giant stores have been successfully converted into HERO stores, with several stores planned to be converted into IKEA stores. In addition, the Company has successfully divested a number of stores to third parties and remains in active discussions to divest several additional stores.

Prospects

The duration of the COVID-19 pandemic and the extent of its impact on PT Hero remain uncertain. As a result, the Company expects the remainder of 2021 to be challenging. However, PT Hero remains committed to its retail future in Indonesia and confident in its position as a strong competitive retailer over the long term.

- more -

PT Hero Supermarket Tbk

Graha Hero | CBD Bintaro Jaya Sektor 7 Blok B7/A7 | Pondok Jaya, Pondok Aren | Tangerang Selatan 15224 - Indonesia
Phone: +6221 8378 8388 | www.hero.co.id | Call Centre 0-800-1-998877

Page 4

Patrik Lindvall

President Director

29th October 2021

- end -

For further information contact:

Patrik Lindvall, President Director

PT Hero Supermarket Tbk

Tel: +62-21-8378 8388

E-mail: extcomm@hero.co.id

PT Hero Supermarket Tbk

Graha Hero | CBD Bintaro Jaya Sektor 7 Blok B7/A7 | Pondok Jaya, Pondok Aren | Tangerang Selatan 15224 - Indonesia
Phone: +6221 8378 8388 | www.hero.co.id | Call Centre 0-800-1-998877