

Announcement

29th April 2022

PT HERO SUPERMARKET TBK THREE MONTHS 2022 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 April 2022

PT HERO SUPERMARKET TBK
THREE MONTHS 2022 RESULTS

Highlights

- Underlying like-for-like sales recovery trend across business units
- Underlying losses excluding lease liability provision releases narrowed compared to prior comparable period
- PT Hero is well-positioned to benefit when external conditions normalise

Results

	(Unaudited)		
	THREE MONTHS		
	2022	2021	Change
	Rp billion	Rp billion	%
Net Revenue	1,001	1,763	-43.3
Gross Profit	414	494	-16.2
Loss for the period	(67)	(2)	n.m.
	Rp	Rp	%
Loss per share	(16.1)	(0.4)	n.m

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PRESIDENT DIRECTOR'S STATEMENT

Introduction

The Company is broadly experiencing a trend of underlying like-for-like sales recovery across its business units relative to sales performance in 2021. Whilst the Company continued to face challenges in the first quarter of 2022 due to the third COVID-19 wave and varying implementations of PPKM (Enforcement of Limitation on Community Activities), trading improved from the middle of March as restrictions were eased.

Financial Performance

The Company's reported revenues for the quarter were impacted by the strategic pivot away from the Giant brand, which was executed in the second half of 2021. The Company reported a net loss of Rp 67 billion for the first three months of 2022. After excluding reversal of lease liability provisions booked in both periods, the Company's underlying losses narrowed by Rp 105 billion in the quarter relative to the prior comparable period.

IKEA's revenues in the quarter increased primarily due to annualisation impact of new store openings in the prior year. However, like-for-like sales continued to be impacted by COVID-19 restrictions on operating capacity and trading hours. Global supply chain constraints also impacted stock availability. These factors impacted divisional profitability, partially offset by stringent cost control. IKEA, however, remains balanced in its approach and continues to invest in Indonesia to drive long-term sustainable growth. In April, IKEA opened its first city store inside a shopping mall at Mall Taman Anggrek, offering greater accessibility for customers living in the centre of Jakarta and its surrounding areas.

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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 reported ongoing improvement in like-for-like sales relative to the fourth quarter of 2021. Encouragingly, stores in premium malls and tourist locations reported good performance driven by strong growth in customer traffic. Guardian continues to focus on driving increased accessibility for customers, strengthening its value proposition and range optimisation tailored to specific customer demographics.

Hero Supermarket sales revenue grew year-on-year as a result of contributions from new store openings in the prior year. Like-for-like sales continue to improve from last quarter, assisted by strong improvement in customer traffic. Hero continues to innovate through range optimisation programmes and the rollout of new online shopping initiatives.

Business Update

Consistent with the Company's strategy of pivoting its business to high potential brands, IKEA has grown store Pick-Up-Point to 21 at March 2022 (vs. 10 at March 2021). Hero Supermarkets' store network has grown to 23 at March 2022 (vs. 19 at March 2021). Whilst Guardian's overall network has been impacted by the execution of the Giant restructure, significant store growth is expected in the second half. Following the execution of its strategic pivot, the Company remains in active discussions with a number of third parties with respect to potential divestment of owned properties.

Prospects

The duration of the COVID-19 pandemic and the extent of its impact on PT Hero remains uncertain. Nevertheless, we have been encouraged by improving underlying performance trends as pandemic related restrictions ease. PT Hero continues to invest in its key businesses and is confident that these investments will generate strong returns over the longer term.

Patrik Lindvall

President Director

29th April 2022

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For further information contact:

Patrik Lindvall, President Director

PT Hero Supermarket Tbk

Tel: +62-21-8378 8388

E-mail: extcomm@hero.co.id

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