



THE TEMPO GROUP

PT. Tempo Scan Pacific Tbk

Head Office : Tempo Scan Tower 16th Floor, Jl. H.R. Rasuna Said Kav. 3-4, Jakarta 12950, Indonesia

Phone : 2921 8888 Fax : 2920 9999 PO Box : 3269 Jkt 10002 No. P.B.F. : 31081/PBF/II/91

Factory : EJIP Industrial Park, Plot 1G-H, Lemahabang, Bekasi 17550 Phone : 897 1553, 897 0801 Fax: 897 1563, 897 0764

Tempo Scan's Net Sales grew by 9.2% and Its Net Profit After Tax increased by almost 83% during 1st Half 2023

The Indonesian social and economic activities have returned back to almost Pre-Covid19 pandemic, as all shopping malls, restaurants, stores reopen and, air travels as well as large scale social gatherings such as music concert, wedding, etc, have resumed after all restrictions were lifted by the government. Such activities normalization was the main impetus for the Indonesia's economic growth to remain robust amidst the global economic slowdown and, relentless interest rates hike by world central banks.

The said Indonesia's economic growth benefactor was its improving domestic household consumption being its largest contributor towards the country's GDP, such domestic consumption recovery had offset the country tapering export revenue amongst others due to lower commodities price. Such household consumption has improved in line with increased mobility and increased purchasing power from consumer savings during the Pandemic which resulted in massive pent-up demand.

In the 1st Quarter 2023, Indonesia's economic growth was recorded at 5.03% year on year and in the 2nd Quarter is estimated slightly higher growth at 5.1%, on the back of its higher economic growth for full year 2022 of 5.31%. The said economic growth rate had placed Indonesia among the fastest-growing economy globally whilst the global economy was experiencing a slowdown. Such a robust performance was partially attributed to the final tail wind of Indonesian government economic stimulus that had been massively implemented during the Pandemic and now such stimulus had ended. Therefore, it is predicted that the country annual economic growth in 2023 will slow down to 4.8% or less, as Indonesia's trade surplus has dwindled due to its lower commodities export, however its negative impact was partially offset by its lower imports as an indication that domestic economy is indeed slowing.

Undeterred by its 1st Quarter 2023 lackluster net sales result, and with the support of its majority shareholder, Tempo Scan is escalating its core brand equities marketing investment while some its key competitors withheld their spending. Consequently, in 2nd Quarter 2023 Tempo Scan's net sales managed to increase 9.6% year on year or higher when compared to its net sales growth during 1st Quarter 2023 that only grew by 8.8% year on year. Correspondingly, Tempo Scan's 1st Half 2023 consolidated net sales was able to register a commendable increase of 9.2% and amounted to Rp.6,486.7 billion.

The abovementioned Tempo Scan's consolidated net sales result in the 1st Half 2023 main benefactors were:

- 1) Tempo Scan's Pharmaceutical division net sales performance managed to turnaround significantly, it grew by 11.9% and amounted to Rp.1,898.6 billion in 1st Half 2023 when compared to its growth rate of merely 0.9% in the corresponding period last year. The division experienced a negative net sales growth of 6.3% in 1st Quarter 2023, however propelled by its relentless marketing investment such division's net sales grew robustly by almost 11% in 2nd Quarter 2023.

This division main benefactor remained its Consumer Health products group which net sales increased significantly by 12.3% and amounted to Rp.1,861.9 billion. This Consumer Health group's commendable net sales was attributed amongst others to its Nutritional products' net sales that grew tremendously by 31.4%, which was propelled by healthy consumer demand increase at most of its key major resellers which resulted in a more balance inventory position at the trade level. Whilst its Consumer Health group's OTC and Vitamins products' net sales increased by 1.2%, however these products are gradually recovering from the general OTC and Vitamins market demand declined post Covid-19 Pandemic, we remain sanguine that such recovery will be sustained in 2nd Half 2023.

The Prescription Medicines group's net sales continued its lackluster performance and declined by 5.9%, it amounted to a meager Rp.36.7 billion. Correspondingly, the Consumer Health products group and the Prescription Medicines group net sales contributions toward the Pharmaceutical division's total net sales were 98.1% and 1.9% compared to their net sales contributions in the same period last year which stood at 97.7% and 2.3% respectively.



- 2) Tempo Scan's Consumer Products & Cosmetics ("CPC") division was able to sustain its net sales robust growth which increased by 8.8% and amounted to Rp.1,956.4 billion, such a positive performance was a consistent improvement compared to the CPC division's 1st Half 2022 net sales which had risen by 9.4% versus the corresponding period last year. This division's net sales main contributor was its Consumer Products group which net sales increased by 6.5% and amounted to Rp.1,568.0 billion. On the other hand, its Cosmetics group's net sales performance had achieved its stronger growth with an increase of 18.7% and amounted to Rp.388.3 billion, hence it commensurate this group sterling net sales performance in the 1st Half 2022 which had growth to 10.8%.

During 1st Half 2023, the CPC division's International Business had continued its positive growth momentum subsequent after the initial turnaround in the 1st Half 2022, and it registered a commendable double-digit net sales increase of 49.1%. Such a strong net sales growth was predominantly contributed by its Cosmetic & Consumer products' net sales which increased by 11.1% and 62.3% respectively. Consequently, the Consumer Products group and Cosmetics group net sales contributions toward CPC division's total net sales were 80.1% and 19.9% respectively, or slightly changed when compared with their net sales contributions during the 1st Half 2022 which were 81.8% and 18.2% respectively.

- 3) Tempo Scan's Distribution division continued its strong performance by growing at 7.6% and amounted to Rp.2,631.8 billion. The main benefactor of this division net sales growth was its Non-Pharma Principals' products which net sales rose by 10.0% and amounted to Rp.2,433.0 billion, while on the other hand this division Pharma Principals' products registered a decline of 14.8% and amounted to Rp.198.8 billion. Correspondingly, the said Non-Pharma Principals' products and Pharma Principals' products net sales contributions in the 1st Half 2023 stood at 92.4% and 7.6% respectively.

Furthermore, Tempo Scan's gross profit in 2nd Quarter 2023 managed to increase by 11.7% year on year or at a significantly higher rate compared to the Tempo Scan's net sales increase in the 2nd Quarter 2023 increase by 9.6%, such an improvement resulted in Tempo Scan's gross profit for the 1st Half 2023 to increase by 8.8% and amounted to Rp.2,185.3 billion, correspondingly Tempo Scan's gross profit margin in the 1st Half 2023 was maintained at 33.7%. We maintain positive outlook on such gross profit margin improvement given the declining raw materials price and further opportunity to conduct price increase for the company's pareto products toward the end of the year.



Moving on to Tempo Scan's total operating expenses in 1st Half 2023 whereas its selling expenses and general administrative expenses ratio had been able to be maintained at 21.3% and 4.7% respectively or comparable with the ratio in same period last year. Correspondingly Tempo Scan's total operating expenses in 1st Half 2023 had increased by 17.5% and amounted to Rp.1,778.0 billion, such an increase was attributed mainly to its selling expenses increase that grew by 8.6% and amounted to Rp.1,379.5 billion. On the other hand, the company's general administrative expenses had increased by 5.1% and amounted to Rp.304.3 billion.

Moreover, Tempo Scan's net other operating expenses had increased by 299.3% and amounted to almost Rp.94.2 billion, such expenses increase were mainly caused by the increase of its unrealized foreign exchange losses derived from Tempo Scan's US Dollar reserve fund holding. As a result, Tempo Scan's operating profit registered a decline of 18.0% and amounted to Rp.407.2 billion, therefore its operating profit margin had also decreased to become 6.3% compared to its operating profit margin in the 1st Half 2022 which was 8.4%.

Furthermore, its net non-operating income had increased significantly and amounted to Rp.479.8 billion and it was mainly attributed to the one-time gain obtained from its minority stake divestment to a third party of its associated company, which the company deemed no longer fit into its future strategic business roadmap. As the result, Tempo Scan's 1st Half 2023 net profit after tax had increased by 82.9% and amounted to Rp.692.8 billion, consequently its net profit after tax margin stood at 10.7% or higher versus its net profit after tax margin in the same period last year which was 6.4%. Tempo Scan's EBITDA had also decreased by 12.7% and amounted to Rp.566.9 billion, correspondingly its EBITDA margin in the 1st Half 2023 stood at 8.7%.

As pertained to Tempo Scan's balance sheet position as of 30 June 2023, it remained formidable given its cash and cash equivalent position which amounted to Rp.3,680.9 billion. In addition, its net operating cycle stood at 71 days despite the challenging market condition, while Tempo Scan's total assets and shareholders' equity were amounted to Rp.11,365.8 billion and Rp.7,784.7 billion respectively, as such representing almost 7.1% and 10.8% increase respectively.



Tempo Scan's Board of Directors would like to express the highest appreciation to all Tempo Scan's management and employees for their dedication, commitment and hard works, as well as to our valued shareholders, business partners, vendors, customers, professional parties and Board of Commissioners, hence Tempo Scan has managed to achieve the abovementioned financial result.

Jakarta, 31 July 2023

On behalf of PT. Tempo Scan Pacific, Tbk.



I Made Dharma Wijaya

President Director

Copies:

- Tempo Scan's President Commissioner
- Tempo Scan's Board of Directors