



THE TEMPO GROUP

PT. Tempo Scan Pacific Tbk

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PT. Tempo Scan Pacific, Tbk. ("Tempo Scan") 1st Quarter 2022 Resilience Performance

More than two years after the announcement of the first Covid-19 case in March 2020, Indonesia has recorded more than 6 million Covid-19 cases. The number of accumulated Covid-19 cases in February 2022 reached 1.21 million more cases and this is the second highest after July 2021 during the two years of the Covid-19 pandemic in Indonesia. Therefore, the government has stringently maintained its "Enforcement of Community Activity Restrictions (PPKM)" regulation in the first quarter of 2022 to contain Covid-19 new cases. However, in early March 2022 there was a downward trend in the number of cases, hence the PPKM regulation had been gradually relaxed to commensurate with the government projection that Indonesia has passed the peak of the third wave of Covid-19.

The Central Statistics Agency (BPS) stated that the surge in Covid-19 cases caused by the Omicron variant will affect Indonesia's economic growth in the first quarter of 2022. However, the Indonesia's economy was still able to grow by 5.01% year on year in 1st Quarter 2022, hence such a growth rate was within the government projected range between 4.5% - 5.2% year on year, albeit significantly better compared to its negative growth of 0.74% year on year during the 1st Quarter 2021.

Under the abovementioned circumstances, Tempo Scan was able to register a commendable net sales increase of 8.3% and amounted to Rp.2,972.4 billion, such a result was a considerable improvement when compared to the Tempo Scan's 1st Quarter 2021 net sales result which registered a decline of 0.8% compared to the corresponding period last year.

The abovementioned Tempo Scan's consolidated net sales result in 1st Quarter 2022 main benefactors were:

- 1) Tempo Scan's Consumer Products & Cosmetics ("CPC") division was able to sustain its net sales robust growth which had increased by 12% and amounted to Rp.921.2 billion, such a performance was significant improvement compared to the CPC division's 1st Quarter 2021 net sales result which had risen only by 3.3% versus the corresponding period last year. This division's net sales main contributor was its Consumer Products group which net sales increased by 11.6% and amounted to Rp.759.9 billion. While its Cosmetics group's net sales performance had managed to turnaround positively with an increase of 13.8% and amounted to Rp.161.3 billion, hence it was a sharp reversal compared to this group net sales result in 1st Quarter 2021 which had a negative growth of 23.1%.

The CPC division's International Business' net sales registered a decline of 3.7% and amounted to Rp.27.1 billion which predominantly was caused by its Cosmetics net sales that had declined by 8.9%, on the other hand its Consumer Products net sales had risen by 17.8%. Consequently, this International Business net sales contribution towards the CPC division's total net sales had declined to become 2.9% versus its contribution in 1st Quarter 2021 which was still at 3.4%. Moreover, the Consumer Products group and Cosmetics group net sales contributions toward CPC division's total net sales were 82.5% and 17.5% respectively, or slightly changed when compared with their net sales contributions during 1st Quarter 2021 which were 82.8% and 17.2% respectively.

- 2) Tempo Scan's Pharmaceutical division had increased by 1.4% and it amounted to Rp.855.8 billion, this division's net sales main benefactor was its Consumer Health products group which net sales increased by 1.4% and amounted to Rp.836 billion. Such a slower growth of the Consumer Health group's net sales was attributed amongst others to its Nutritional products' net sales growth which was lower compared to its net sales growth in 1st Quarter 2021, due to the management voluntary strategy to conduct such products inventory realignment at the trade level, in order to restore its major key customers' stock to healthier level. On the other hand, this Consumer Health group's OTC and Vitamins products' net sales was able to increase positively by almost 10%.

While its Prescription Medicines group's net sales managed to increase by 5.2% and amounted to Rp.19.8 billion which was a sharp reversal compared to this group net sales performance in 1st Quarter 2021 which was a negative growth of 35.1%. Correspondingly, the Consumer Health products group and the Prescription Medicines group net sales contributions toward the Pharmaceutical division's total net sales were 97.7% and 2.3% respectively or almost equal when compared to their net sales contributions in the same period last year which stood at 97.8% and 2.2% respectively. As pertained to this division's International Business net sales contribution towards the Pharmaceutical division's total net sales, such contribution had slightly increased to 5.5% from its contribution in 1st Quarter 2021 which stood at 5.4%.

- 3) Tempo Scan's Distribution division's net sales had risen by 10.9% and amounted to Rp.1,195.4 billion. The main benefactor of this division net sales growth was its Non-Pharma Principals' products which net sales rose by 15.0% and amounted to Rp.1,078.3 billion, while on the other hand this division Pharma Principals' products registered a decline of 16.3% and amounted to Rp.117.2 billion. Correspondingly, the said Non-Pharma Principals' products and Pharma Principals' products net sales contributions in 1st Quarter 2022 were 90.2% and 9.8% respectively.



Furthermore, in 1st Quarter 2022 Tempo Scan's gross profit result amounted to Rp.1,042 billion which was a commendable increase of 6.8%, hence a positive turnaround versus its gross profit result in 1st Quarter 2021 which had registered a decline of 0.8% compared to the previous year. However, such a gross profit increase was lower compared to Tempo Scan's consolidated net sales growth of 8.3% in 1st Quarter 2022, commensurately its gross profit margin had also declined to become 35.1% versus its gross profit margin in 1st Quarter 2021 which stood at 35.6%. The said gross profit margin decline was attributed among others to Tempo Scan's Pharmaceutical and CPC divisions' products sales mix, as well as the effect of these divisions' products main raw materials price increases, which in fact have emanated since the end of 2021 and continuing until 1st Quarter 2022. Such raw materials price increases were driven by the escalating global commodities and energy costs, as reflected through Indonesia inflation rate which stood at 2.64% year on year as of March 2022, compared to same period last year whereas the inflation rate was only at 1.37% year on year.

Moving on to Tempo Scan's total operating expenses in 1st Quarter 2022 increased by 17.5% and amounted to Rp.689.6 billion, such an increase was contributed predominantly by its total selling expenses that had increased by 16.2% and amounted to Rp.590.9 billion. Consequently, this total selling expenses as a ratio to Tempo Scan's consolidated net sales was 19.9% or higher compared to the same period last year whereas such ratio was 18.5%.

On the other hand, its total general administrative expenses had also declined by 2.6% and amounted to Rp.126.6 billion, hence the said total general administrative expenses ratio towards Tempo Scan's consolidated net sales was 4.3% or lower compared to the ratio in the same period last year which was 4.7%.

Moreover, Tempo Scan's net other operating income had declined by 45.6% and amounted to almost Rp.28 billion, such a decline was mainly caused by lower foreign exchange gain. As a result, Tempo Scan's operating profit registered a decline of 9.3% and amounted to Rp.352.4 billion, therefore its operating profit margin had also decreased to become 11.9% compared to its operating profit margin in 1st Quarter 2021 which was 14.2%.

Furthermore, its net non-operating income had increased by 47.8% and amounted to Rp.2.5 billion among others due to increase of its associated company's net income contribution and lower interest income as a result of the declining interest rate. As the result, Tempo Scan's 1st Quarter 2022 net profit after tax had declined by 5.7% and amounted to Rp.270.5 billion, consequently its net profit after tax margin stood at 9.1% which was lower versus its net profit after tax margin in the same period last year which was 10.5%. Commensurately, Tempo Scan's EBITDA had also decreased by 6.8% and amounted to Rp.430.6 billion, correspondingly its EBITDA margin in 1st Quarter 2022 stood at 14.5% versus its EBITDA margin in the corresponding period last year which was 16.8%.

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As pertained to Tempo Scan's balance sheet position as of 31 March 2022, it remained formidable given its cash and cash equivalent position which amounted to Rp.2,793.3 billion. In addition, its net operating cycle was at 65 days despite the challenging market condition, while Tempo Scan's total assets and shareholders' equity were amounted to Rp.10,390.7 billion and Rp.7,164.6 billion respectively, as such representing almost 7% and 7.1% 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 May 2022

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