



THE TEMPO GROUP

PT. Tempo Scan Pacific Tbk

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PT. Tempo Scan Pacific, Tbk. ("Tempo Scan") **3rd Quarter 2022 Resilience Performance Amidst Global Inflationary** **Challenges and Economic Uncertainty.**

The Indonesian government still defined COVID-19 as a Pandemic until 3rd Quarter 2022 and continued in implementing the counter measures among others the vaccination program especially the booster shots while continued relaxing restrictions that used to be applied during the COVID-19 resurgent. And it has resulted the daily infection rate in 3rd Quarter 2022 that can be maintained at lower level, hence the social and economic activities have returned to a new normal that are closed to the normality prior to the pandemic and continued indicating a positive economic trend.

Meanwhile, the global economy is still continued experiencing a number of turbulent challenges, unprecedented high inflation, tightening financial condition in most regions, Russia's invasion of Ukraine and the lingering of COVID-19 Pandemic. Global inflation that widespread among most advanced economies is forecasted to rise from 4.7% in 2021 to 8.8% in 2022. Monetary policy path in the largest economies could continue to diverge, leading to further US Dollar appreciation and cross-border tensions. More energy and food price shocks might cause inflation persist for longer. Global tightening in financing condition could trigger widespread emerging market debt distress. Halting gas supplies by Russia could depress output in Europe. A resurgence of COVID-19 or new global health scares might further stunt growth. A worsening of China's property sector crisis could spill over to the domestic banking sector and with heavily on the China's growth with negative cross-border effects. The Global economic growth is forecasted 3.2% in 2022, as sharp decline compares to 2021 at 6.0%.

Amidst those global challenges, in the 3rd Quarter of 2022 Indonesian economy continued improving, the Gross Domestic Product (GDP) is predicted growing by 5.5% year-on-year, whereas it is seen in the several indicators including mobility, retail sales index, and spending index, which are all positive and expansive. The same goes with the supply side, the Indonesia's Prompt Manufacturing Index (PMI) is still in a state of expansion. The IMF has projected Indonesia's 2022 economic growth rate at 5.3 percent. Referring to the trade balance, Indonesia posted a surplus of US\$4.9 trillion in September, a surplus for the 29th consecutive month. This year so far, the accumulated trade surplus stood at US\$39.9 trillion, providing a cushion for Indonesia from global economic shocks.

Under the abovementioned circumstances, Tempo Scan's 3rd Quarter 2022 was able to register a commendable net sales increase of 8.9% and amounted to Rp.9,089.9 billion, such an increase was a result of strong improvement of net sales during the period July to Sept 2022 compared to the corresponding period of last year which registered growth of 10.1%.

The abovementioned Tempo Scan's consolidated net sales result in 3rd Quarter 2022 main benefactors were:

- 1) Tempo Scan's Consumer Products & Cosmetics ("CPC") division was able to further improvement its net sales robust growth which had increased by 11.9% and amounted to Rp.2,762.6 billion, such a performance was a considerable significant growth compared to the CPC division's 3rd Quarter 2021 net sales which had risen by 7.8% versus the corresponding period last year. The increase was the result of strong growth of the CPC division's during the period July to Sept 2022 net sales compared to the corresponding period of last year which had risen at high double digit of 16.9%. This division's net sales main contributor was its Consumer Products group which net sales increased by 9.3% and amounted to Rp.2,244.8 billion. While its Cosmetics group's net sales performance had continued its strong growth with an increase of 24.7% and amounted to Rp.517.8 billion.

The CPC division's growth contributed by growth of its Domestic Business at 11.5% and its International Business which continued its improvement by growing faster to a high double-digit growth after a turnaround in 2nd Quarter 2022. The CPC division's International Business booked an increase of net sales by 26.0%, hence it was a sharp reversal compared to net sales result in 3rd Quarter 2021 which had a negative growth of 32.9%. This positive growth was contributed by the growth of its consumer and cosmetic products of 23.1% and 27.0% respectively. Moreover, the Consumer Products group and Cosmetics group net sales contributions toward CPC division's total net sales were 81.3% and 18.7% respectively, or slightly changed when compared with their net sales contributions during the 3rd Quarter 2021 which were 83.2% and 16.8% respectively.

- 2) Tempo Scan's Pharmaceutical division net sales had increased by 1.5% and it amounted to Rp.2,651.8 billion, this division's net sales main benefactor was its Consumer Health products group which net sales increased by 1.6% and amounted to Rp.2,590.4 billion. Such a slower growth of the Consumer Health group's net sales was attributed amongst others to its Consumer Health group's OTC and Vitamins products' net sales that was slightly decrease by 3.5%, which during 2022 demand of Vitamins products has normalized after a significant spike of its demand during the COVID-19's Delta variant strike in 2021. Whilst its Nutritional products had its positive trend with double digit growth of 11.7% which resulted from healthy selling out performance at its key major customers after management voluntary strategy to conduct products inventory realignment at the trade level to restore its stock to healthier level during 1st Quarter 2022.



The Prescription Medicines group's net sales were declined by 2.0% and amounted to Rp.61.4 billion which was a moderate decline compared to this group net sales performance in the 3rd Quarter 2021 which was a negative growth of 20.4%. 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 equal to the same period last year.

The Pharmaceutical division's Domestic Business net sales booked a growth of 0.8%, whilst its International Business performed significant improvement of net sales with growth of 12.7% compare to 3rd Quarter 2021 which a declined by 9.9%.

- 3) Tempo Scan's Distribution division sustains its net sales strong growth by 12.6% and amounted to Rp.3,675.5 billion. The main benefactor of this division net sales growth was its Non-Pharma Principals' products which net sales rose by 18.9% and amounted to Rp.3,331.0 billion, whilst on the other hand this division Pharma Principals' products registered a decline of 25.5% and amounted to Rp.344.4 billion. Correspondingly, the said Non-Pharma Principals' products and Pharma Principals' products net sales contributions in the 3rd Quarter 2022 stood at 90.6% and 9.4% respectively.

Furthermore, in 3rd Quarter 2022, Tempo Scan's gross profit result amounted to Rp.3,064.4 billion which was an increase of 3.2% compared to the previous year. However, such a gross profit increase was lower compared to Tempo Scan's consolidated net sales growth which stood at 8.9% in the 3rd Quarter 2022, commensurately its gross profit margin had also declined to become 33.7% versus its gross profit margin in the 3rd Quarter 2021 which stood at 35.6%. The said gross profit margin decline was attributed mostly due to the main raw materials price increases, which in fact have emanated since the end of 2021 and continuing until 3rd Quarter 2022 despite at more moderate level of increase compare to previous Quarters. Such raw materials price increases were driven by the continuing increase of the global commodities and energy costs among others due to continued supply chain disruptions in line with ongoing Russia-Ukraine geopolitical tensions and global inflation, including the Government of Indonesia increased the fuel price significantly in 3 September 2022, which then it triggered the Indonesian inflation rate in September 2022 at 1.2% the highest level of inflation since December 2014. The Indonesia inflation rate which stood at 5.95% year on year as of September 2022, compared to the same period last year whereas the inflation rate was only at 1.6% year on year.

Moving on to Tempo Scan's total operating expenses in 3rd Quarter 2022 increased by 7.2% and amounted to Rp.2,358.7 billion, such an increase was contributed predominantly by its total selling expenses that had increased by 11.0% and amounted to Rp.1,980.4 billion. Consequently, this total selling expenses as a ratio to Tempo Scan's consolidated net sales was 21.8% or slightly higher compared to the same period last year whereas such ratio was 21.4%.



On the other hand, its total general administrative expenses had increased by 2.2% and amounted to Rp.448.3 billion, hence the said total general administrative expenses ratio towards Tempo Scan's consolidated net sales was 4.9% or lower compared to the ratio in the same period last year which was 5.3%.

Moreover, Tempo Scan's net other operating income had increased by 200.1% and amounted to Rp.69.9 billion, such an increase was mainly caused by the increase of foreign exchange gain. As a result, Tempo Scan's operating profit registered a decline of 8.3% and amounted to Rp.705.7 billion, therefore its operating profit margin had also decreased to become 7.8% compared to its operating profit margin in 3rd Quarter 2021 which was 9.2%.

As the result, Tempo Scan's 3rd Quarter 2022 net profit after tax had declined by 0.9% and amounted to Rp.540.6 billion, consequently its net profit after tax margin stood at 5.9% which was lower versus its net profit after tax margin in the same period last year which was 6.5%. Commensurately, Tempo Scan's EBITDA had also decreased by 5.3% and amounted to Rp.936.5 billion, correspondingly its EBITDA margin in the 3rd Quarter 2022 stood at 10.3% versus its EBITDA margin in the corresponding period last year which was 11.9%.

As pertained to Tempo Scan's balance sheet position as of 30 September 2022, it remained formidable given its cash and cash equivalent position which amounted to Rp.2,728.8 billion. In addition, its net operating cycle was at 73 days despite the challenging market condition, while Tempo Scan's total assets and shareholders' equity were amounted to Rp.10,607.9 billion and Rp.7,180.9 billion respectively, as such representing almost 10.3% and 7.3% 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, 16 November 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

