Q4 / FY 2021 EARNINGS CALL

2 March 2022
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EXECUTIVE SUMMARY

- **Strong 2021 performance despite Covid-19 pandemic**
  - Strong 4Q21 trading performance from PPKM easing (aiding recovery conditions) and Company-driven initiatives, resulting in EBITDA of IDR 527 Bn (41.4% higher than 2019 pre-pandemic) and Net Income of IDR 474 Bn despite 60% mall traffic for Q4 vs Q4 2019. Sales productivity grew 9.2% vs. 4Q20 and 4Q21 gross margin was at 35.2% vs. 31.3% in 4Q20 and 32.5% in 4Q19.
  - FY21 performance exceeded expectations. FY21 sales at IDR 10.3 Tn, up 19.6% vs. FY20. FY21 SSSG was -41.5% vs. FY19, while mall traffic was 43% below FY19. EBITDA of IDR 1.3 Tn (vs IDR 1 Tn guidance) and Net Income of IDR 913 Bn.

- **Business is well positioned for further growth**
  - Data-driven planning and analysis has led to insights to refine strategy.
  - Intend to execute 12-15 stores openings per annum in the near to medium term with minimum 10 stores in 2022. Opened One Batam Mall and Cianjur, trading ahead of expectations. Launch of new stores formats also in progress.
  - Curated customer-led merchandising range will accelerate sales and improve margin productivity.
  - Infrastructure and investments in omni-offering in place to support growth.
  - Previously communicated FY22 EBITDA target to be revised from IDR 1.8 Tn to 2.0 Tn given the strength of business.
  - Five-year target KPIs have been set to more than triple EBITDA by 2026 from IDR 1.3 Tn in 2021.

- **Corporate activities are enhancing shareholders’ value**
  - Fully repaid loan, made interim dividend payment, and conducted share buyback; ended FY21 with strong cash of IDR 661 Bn, triggering earnings accretive buyback activities in January 2022 at a valuation significantly below peers and delivering strong EBITDA/share.
  - For 2021 Interim dividend of IDR100/share paid in December 2021 and final dividend of IDR250/share to be approved in AGMS in April 2022. For FY 2022, Management’s recommended a dividend payout of IDR 500/share.
MACROECONOMIC / INDUSTRY UPDATES

In favour of Matahari

- **Performance accelerated with strong tailwind:**
  - Consumer confidence continued improving pre-Omicron on the back of low case levels and office/school reopening. With mall traffic rebounding post Omicron wave, travel and related clothing as well as formal/occasional wear gaining relevance, the fashion retail resurgence experienced in US, Europe and elsewhere is still expected in 2022.
  - Increases in commodity prices, e.g. coal or CPO, boosting purchasing power in several areas (we have seen strongest recovery rate in Kalimantan & Sulawesi).
  - Local textile industry optimism with Safeguard Import Duty (BMTP) on several apparel categories, helping retailers with major local sources.

- **Inflationary pressures due to tariffs and commodity pricing is an issue mainly for importers** and we believe, with strategic pricing strategies, we can have both healthy margin, whilst maintaining a competitive position.

- **We have mitigated any disruption in global supply chain** that drives higher logistic cost by organizing our imports early (primarily footwear) and leveraging our local sourcing.
PPKM easing aids recovery conditions:
- 4Q21 as a whole was showing green shoots for trading:
  - 100% of our stores were operating with no operating hours restrictions albeit with mall traffic still to be optimized.
  - Initial decision to have Jakarta at PPKM Level 3 in the festive period was revoked.
- With a 100% of Matahari staff fully vaccinated, we also had a stable safe and conducive environment to trade.

Key commercial events happenings:
- Shining Destinations lucky draw campaign well received.
- Nevada Sports launched in October 2021.
- Successful 11.11 and 12.12.
- Second year successful Black Friday.
- Baby shop launched in early November 2021.
- Christmas & New Year Trading above expectations in spite of no mass vacation.
- 2 news stores opened in Batam & Cianjur.
- CSR program ‘Your Smile is My Sunshine’ was initiated.
Q4 / FY 2021 FINANCIAL PERFORMANCE UPDATES
## KEY FINANCIAL HIGHLIGHTS

**FY EBITDA IDR 1.3 Tn Vs IDR 1.0 Tn projected**

### FOURTH QUARTER

<table>
<thead>
<tr>
<th>(in IDR Bn)</th>
<th>2021</th>
<th>2020</th>
<th>Var %</th>
<th>2019</th>
<th>Var %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Sales</td>
<td>2,785</td>
<td>2,739</td>
<td>1.7%</td>
<td>4,220</td>
<td>-34.0%</td>
</tr>
<tr>
<td>SSSG%*</td>
<td>4.7%</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>DP mix:</td>
<td>32.2%</td>
<td>35.6%</td>
<td>36.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Profit</td>
<td>980</td>
<td>858</td>
<td>14.2%</td>
<td>1,372</td>
<td>-28.6%</td>
</tr>
<tr>
<td>GM%</td>
<td>35.2%</td>
<td>31.3%</td>
<td>32.5%</td>
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</tr>
<tr>
<td>OPEX exc. Rental</td>
<td>(385)</td>
<td>(591)</td>
<td>-34.9%</td>
<td>(695)</td>
<td>-44.6%</td>
</tr>
<tr>
<td>EBITDAR</td>
<td>595</td>
<td>267</td>
<td>123.0%</td>
<td>678</td>
<td>-12.2%</td>
</tr>
<tr>
<td>EBITDA Margin%</td>
<td>21.4%</td>
<td>9.7%</td>
<td>16.1%</td>
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<tr>
<td>Rental incl. Amortization</td>
<td>(68)</td>
<td>(190)</td>
<td>-64.4%</td>
<td>(266)</td>
<td>-77.8%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>527</td>
<td>77</td>
<td>584.7%</td>
<td>373</td>
<td>41.4%</td>
</tr>
<tr>
<td>EBITDA Margin%</td>
<td>18.9%</td>
<td>2.8%</td>
<td>8.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net (Loss) Income</td>
<td>474</td>
<td>(257)</td>
<td>284.8%</td>
<td>180</td>
<td>162.9%</td>
</tr>
<tr>
<td>Net Income Margin%</td>
<td>17.0%</td>
<td>-9.4%</td>
<td>4.3%</td>
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</tbody>
</table>

### FULL YEAR

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>Var %</th>
<th>2019</th>
<th>Var %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Sales</td>
<td>10,284</td>
<td>8,599</td>
<td>19.6%</td>
<td>18,035</td>
<td>-43.0%</td>
</tr>
<tr>
<td>SSSG%*</td>
<td></td>
<td></td>
<td>22.4%</td>
<td></td>
<td></td>
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<tr>
<td>DP mix:</td>
<td></td>
<td></td>
<td>33.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Profit</td>
<td>3,597</td>
<td>2,816</td>
<td>27.7%</td>
<td>6,116</td>
<td>-41.2%</td>
</tr>
<tr>
<td>GM%</td>
<td></td>
<td></td>
<td>35.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPEX exc. Rental</td>
<td></td>
<td></td>
<td>32.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDAR</td>
<td>1,785</td>
<td>689</td>
<td>159.2%</td>
<td>3,240</td>
<td>-44.9%</td>
</tr>
<tr>
<td>EBITDA Margin%</td>
<td></td>
<td></td>
<td>33.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental incl. Amortization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,304</td>
<td>(22)</td>
<td>5912.3%</td>
<td>2,207</td>
<td>-40.9%</td>
</tr>
<tr>
<td>EBITDA Margin%</td>
<td></td>
<td></td>
<td>12.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net (Loss) Income</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Net Income Margin%</td>
<td></td>
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</tr>
</tbody>
</table>

* Like-for-like turnover IDR 16.2Tn in 2019 after turnaround initiatives.

Operating leverage achieved, pre pandemic profitability exceeded with 34% headroom ahead.
## BALANCE SHEET

**Strong Balance Sheet with Net Cash of IDR 661 Bn**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Dec 2021</th>
<th>Dec 2020</th>
<th>Dec’21 vs. Dec’20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash (Debt)</td>
<td>661</td>
<td>(487)</td>
<td>1,148</td>
</tr>
<tr>
<td>Trade Receivables</td>
<td>26</td>
<td>61</td>
<td>(35)</td>
</tr>
<tr>
<td>Inventories</td>
<td>747</td>
<td>889</td>
<td>(142)</td>
</tr>
<tr>
<td>Right-of-Use Assets</td>
<td>2,602</td>
<td>2,672</td>
<td>(70)</td>
</tr>
<tr>
<td>Other Assets</td>
<td>1,168</td>
<td>1,311</td>
<td>(143)</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>647</td>
<td>862</td>
<td>(215)</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>5,851</td>
<td>5,308</td>
<td>543</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND EQUITY</th>
<th>Dec 2021</th>
<th>Dec 2020</th>
<th>Dec’21 vs. Dec’20</th>
</tr>
</thead>
<tbody>
<tr>
<td>CV Trade Payables</td>
<td>243</td>
<td>72</td>
<td>171</td>
</tr>
<tr>
<td>DP Trade Payables</td>
<td>487</td>
<td>276</td>
<td>211</td>
</tr>
<tr>
<td>Lease Liabilities</td>
<td>2,800</td>
<td>2,850</td>
<td>(50)</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>1,315</td>
<td>1,529</td>
<td>(214)</td>
</tr>
<tr>
<td>Equity</td>
<td>1,006</td>
<td>581</td>
<td>425</td>
</tr>
<tr>
<td><strong>TOTAL LIAB. &amp; EQUITY</strong></td>
<td>5,851</td>
<td>5,308</td>
<td>543</td>
</tr>
</tbody>
</table>

**Remarks:**
- Strong net cash of IDR 661 Bn and **zero loan balance**, with IDR 1.7 Tn loan facility.
- IDR 255 Bn of dividend paid during the year and share buyback of IDR 201Bn.
- Right of use assets and lease liabilities reflect asset and liabilities created as a result of following PSAK 73.
**CASH FLOW**

Total Operating Cash Flow generated at IDR 1.8 Tn

<table>
<thead>
<tr>
<th>(in IDR Bn)</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Net Cash Balance</td>
<td>(487)</td>
<td>1,173</td>
<td>1,184</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,304</td>
<td>(22)</td>
<td>2,207</td>
</tr>
<tr>
<td>Movement in Working Capital</td>
<td>523</td>
<td>(560)</td>
<td>85</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>1,827</td>
<td>(582)</td>
<td>2,292</td>
</tr>
<tr>
<td>• Capex / investment</td>
<td>(100)*</td>
<td>(722)**</td>
<td>(422)</td>
</tr>
<tr>
<td>• Buy Back /Dividend</td>
<td>(456)</td>
<td>(337)</td>
<td>(1,476)</td>
</tr>
<tr>
<td>• Tax Installment</td>
<td>(122)</td>
<td>(18)</td>
<td>(405)</td>
</tr>
<tr>
<td>Non Operating Cash Flow</td>
<td>(678)</td>
<td>(1,077)</td>
<td>(2,303)</td>
</tr>
<tr>
<td>Total Cash Flow</td>
<td>1,149</td>
<td>(1,659)</td>
<td>(11)</td>
</tr>
<tr>
<td>Ending Net Cash Balance</td>
<td>661</td>
<td>(487)</td>
<td>1,173</td>
</tr>
</tbody>
</table>

* IDR 208 Bn committed in 2021.
** IDR 722 Bn includes investment in Nobu Bank of IDR 550 Bn.
STRATEGY UPDATE
**Where we are today:**
Well-positioned to win as leading omni-channel ‘House of Specialists’

**Where we want to go:**
Clear vision anchored around:
- Customer-Led Range
- Category Authority
- Omni-channel
- Geographic Reach
- Partnership

**How to achieve our vision:**
Matahari formula for how to win clearly defined to delight customers and instill pride:
- Merchandising Full Potential
- Store Network Optimization
- Omni-channel Expansion
- Operational Excellence
- Loyalty and Personalization
- Environmental, Social, & Corporate Governance

**The result**
Over the next 5 years will be outgrowing the market in sales and generating best-in-class margins by channel

**Large market opportunity:**
Significant headroom for growth

**KEY MESSAGES**
Indonesian retail market is material and growing fast

Large Indonesian retail market, growing spend per capita

**Fast growth driven by rising middle class**

We target to increase sales by 2.6x from 2021 to 2026

**Matahari has headroom to take share**

**Headroom for growth**

**Market size (IDR T)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Size</th>
<th>Childrenswear</th>
<th>Menswear</th>
<th>Footwear &amp; Sportswear</th>
<th>Womenswear</th>
<th>Cosmetics &amp; Toiletries</th>
<th>Accessories</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>14</td>
<td>46</td>
<td>61</td>
<td>67</td>
<td>51</td>
<td>58</td>
<td></td>
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<tr>
<td>2017</td>
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<td>2018</td>
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<td>2020</td>
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</tbody>
</table>

**Indonesia non-food retail market (IDR T)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Retail spend per capita (IDR M)</th>
<th>Market size (IDR T)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2.3</td>
<td>14</td>
</tr>
<tr>
<td>2017</td>
<td>2.4</td>
<td>46</td>
</tr>
<tr>
<td>2018</td>
<td>2.5</td>
<td>61</td>
</tr>
<tr>
<td>2019</td>
<td>2.7</td>
<td>67</td>
</tr>
<tr>
<td>2020</td>
<td>2.2</td>
<td>51</td>
</tr>
<tr>
<td>2021</td>
<td>2.4</td>
<td>58</td>
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<td>2022</td>
<td>2.8</td>
<td>58</td>
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<tr>
<td>2023</td>
<td>3.1</td>
<td>58</td>
</tr>
<tr>
<td>2024</td>
<td>3.5</td>
<td>58</td>
</tr>
<tr>
<td>2025</td>
<td>3.8</td>
<td>58</td>
</tr>
</tbody>
</table>
**WELL-POSITIONED**

to win as leading omni-channel ‘House of Specialists’

**Leading multi-category retailer**

Relative Market Share (RMS)

2.7x

vs. nearest competitor

**Best reach**

- # Brick-and-Mortar Stores
  - Matahari: 139
  - Ramayana: 115
  - H&M: 50
  - Uniqlo: 40
  - Sogo: 19
  - Yogya: 19
  - Zara: 16

**Well-loved brand, ready for Omnichannel**

- Net Promoter Score: 60%

- Loyalty Members (2019): 7.7M
  +20% YoY Growth since 2017

- Contributing to ~57% of total sales

**Known for quality and value for money**

- Customer feedback
- Fashionable
- Match style
- Recommended
- Flexible return
- Many payment options
- Stock available

- Good quality
- Diverse brands
- Near home
- Easy checkout

- Value-for-money
- Good mall
- Low prices
- Friendly staff
- Preferred brands
- Good fit
- Easy to navigate

- Good deals
- Diverse products
- Good loyalty program
- Fun

Note: NPS % = % Promoters (score 9 & 10) - % Detractors (score 6 and below)
Source: Indonesia Customer Survey N = 4,993 (June – July 2021); Euromonitor (2019); Lit. search
CLEAR VISION
anchored around customer, category, omni-channel, geographic reach and partnerships

Be a leading omni-channel lifestyle retailer as a customer-centric ‘House of Specialists’

<table>
<thead>
<tr>
<th>Customer-Led Range</th>
<th>Category Authority</th>
<th>Omni-channel</th>
<th>Geo Reach</th>
<th>External partnerships</th>
</tr>
</thead>
<tbody>
<tr>
<td>We will refocus our strategy around attractive family-focused shopper segments and we have clearly defined ‘grow’ cohorts, ‘attract’ cohorts, and ‘retain’ cohorts</td>
<td>We will lead in categories important to families</td>
<td>We will be market-leader in omnichannel, combining scale, physical assets with accelerated digital presence</td>
<td>We will extend our market leading reach to address high potential whitespace in catchments where our target shoppers live, work, and play</td>
<td>We will build win-win world-class partnerships focusing on financial partners and consignment vendors</td>
</tr>
</tbody>
</table>
CUSTOMER – LED RANGE
We will refocus our strategy around attractive family-focused shopper segments and we have clearly defined ‘grow’ cohorts, ‘attract’ cohorts, and ‘retain’ cohorts.

Segmentation and offerings driven by data on market share, average spending, category spend mix, NPS, MDS shares of wallet, all with the objective of expanding customer lifetime value by relevant personalization leading to lower churn.
We will lead in categories important to families

**Recruit customers with strong offers in Childrenswear & Footwear**

- **32%** of spend
- ~18% (2.5x avg)
- Top 3 wallet spend per customer in these two categories
- Highest MDS market share in Childrenswear vs. International specialities (e.g., Uniqlo)

**Drive frequency with Intimates & Wardrobe Essentials**

- 40% cross shop
- ~5% (1.5x avg)
- Cross shopped with Hero Worlds
- High basket penetration vs. other non-Heroes (3%)
- >36% Margin vs. 34% MDS-wide average

**Appeal to target customers with improved range for Mens, Womens & Cosmetics**

- >41% of spend
- Differentiation
- Largest Worlds by spend vs. International specialities (e.g., Uniqlo)
- ~6%, MDS market share, i.e., 1 ppt below fair share ~7%
- Anchor on Men Casual, Men Denim & Young Fashion

**Build a compelling proposition and grow share of wallet for Soft Home**

- >40% cross shop
- ~32% of spend
- Cross shopped with Hero Worlds
- High basket penetration vs. other non-Heroes (3%)
- Highest MDS market share
- ~18% (2.5x avg) Differentiation vs. International specialties
- ~5% (2.5x avg) vs. International specialties
- Top 3 wallet spend in Childrenswear

- Below fair share
- ~35% of Revenue
- Cross shopped with Hero Worlds
- Advantages for MDS
- Enforcement on MDS’ overall positioning

- ~35% Revenue
- Anchor on Men Casual, Men Denim & Young Fashion

- 'Family destination'
- Cross shopped with Hero Worlds
- Advantages for MDS
- Enforcement on MDS’ overall positioning
OMNI - CHANNEL

We will be market-leader in omnichannel, combining scale, physical assets with accelerated digital presence.

Ambition in Out-of-Store

% OUT-OF-STORE OF TOTAL*

~2%+**

2021

→ 13-15%+

2026

• Best-in-class omni-channel experience (e.g., fulfill from store)
• Extended assortment (e.g., endless aisle)
• Foundation for vertical marketplace

Grow Matahari.com

Build strategic marketplace partnerships

Greater exposure to customers at scale
Partner strategically with winning players

* Include social commerce
** 7% when our stores were closed @ Q3.
GEO REACH
We will extend our market leading reach to address high potential whitespace in catchments where our target shoppers live, work, and play

~110 attractive whitespace opportunities identified across the country and our priority is Tier 1 cities (~75% in Greater Jakarta, ~15% in Surabaya, ~10% in Medan) and new emerging economies – Potential to expand footprint with effective CAPEX deployment
EXTERNAL PARTNERSHIPS
We will build win-win world-class partnerships focusing on financial partners and consignment vendors.
<table>
<thead>
<tr>
<th>Merchandise Full Potential</th>
<th>Store Network Optimization</th>
<th>Omnichannel Expansion</th>
<th>Loyalty &amp; Personalization</th>
<th>Operational Excellence</th>
<th>OPEX Optimization</th>
<th>Environmental, Social, &amp; Corporate Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curate customer-led range to grow sales &amp; improve margin productivity</td>
<td>Rejuvenate, evolve and expand physical store network to full potential</td>
<td>Excel &amp; expand in online with leading omnichannel own site and strategic marketplace partnerships</td>
<td>Increase customer retention &amp; spend via loyalty and data-backed personalization</td>
<td>Harmonize across physical &amp; digital for best-in-class all-round customer experience</td>
<td>Optimize operating cost to achieve operating leverage as the business grows</td>
<td>Focus on kids as part of our giving back initiatives</td>
</tr>
</tbody>
</table>

**MATAHARI FORMULA FOR HOW TO WIN CLEARLY DEFINED**
MERCHANDISING FULL POTENTIAL
We have defined our approach backed by data

5Y GOALS (by 2026)
Be the House of Category Specialists for middle-income families seeking quality and on-trend products in Apparel, Footwear & Cosmetics, through best-in-class capabilities in Merchandising

WHERE-TO-PLAY
Double down on differentiated label brands to increase share of mix
Recruit customers with strong Childrenswear and Footwear offers
Appeal to target customers with improved range of Mens, Womens & Cosmetics
Drive frequency with Intimates and Wardrobe Essentials
Build a compelling Soft Home proposition to grow share of wallet with families

HOW-TO-WIN
Right Space in the Right Stores
Curated Customer-Led Range
Localization By Store Format
Supply Chain Optimization
Margin Optimization
CV Management

BACKED BY DATA

CUSTOMER-LED RANGE
We will re-allocate space to our priority categories

We will optimize the breadth & depth of our range

Historic range architecture

Wide breadth and not enough depth of options – reducing stock and availability of slow sellers and ancillary markdown

Future range architecture

Increase breadth of High Trend Fashion to meet on-trend shoppers’ needs

>50% of buy in Key Uvuma, Diner and Key Essentials where less markdown is required

Focus on all-year-round essentials with greater depth

We will invest our promotional dollars into high ROI areas

Pay less. Feel good.
STORE NETWORK OPTIMIZATION

We clustered our stores with clear actions & investment priorities

**5Y GOALS (by 2026)**
Reinforce Matahari as Indonesia’s leading apparel & beauty specialist retailer with the most extensive, well-placed and cost-effective footprint to serve middle-income families, with a particularly strong network in Greater Jakarta, Tier 1 cities, and tapping into the highest potential whitespaces throughout Indonesia

**WHERE-TO-PLAY**

- Reinvest in key Flagship & Core stores in priority Tier 1 locations (E.g., Greater Jakarta, Medan, Surabaya)
- Expand reach with new stores in high-potential catchments
- Innovate new store formats in high density/spend locations (Pilot Pareto Compact store format in malls catering to Mid/ Mid-High families w/ less available space)
- Optimize portfolio by right-sizing occupancy costs (Right-size existing space, rents alongside plans for expansion)

**HOW-TO-WIN**

- Defend & grow high-performing stores in attractive catchments
- Reinvest in high-potential stores with intense competition
- Open new stores in priority, high-potential catchments
- Relocate/ Right-size/ Exit low productivity stores in less attractive catchments
- Renegotiate with landlords to reduce occupancy costs

**FLAGSHIP**

Great Catchment

Marquee stores in key locations in Tier 1
Mosi fresh, broadest, competitive range that is always in-stock
Featuring in-store “theatre” & signature services (cafe, beauty bar)

**CORE**

≥ 8K SQM (typically 10K +)

**MAINSTREAM**

Good Catchment

Located in Tier 1 and 2 cities
Catering to higher end of middle class
Fresh, competitive range in line with nearby competitors
Dialed up visual merchandising, and selected signature services

Emerging Catchment

Avg. 6-8K SQM

Strengthen market leader position in Tier 2 and 3 cities
Catering to middle class segment
Localized assortment for regional tastes

Optimal non-trading space, together with re-designed trading areas

Assortment of Heroes & Traffic Drivers, yet beyond just apparel

Optimal top-performing brands & SKUs to be featured in store

New ‘pareto compact’ store concept to be piloted...

-3K SQM located in Mid-High lifestyle malls in metro areas
OMNICHANNEL EXPANSION
Omnichannel shoppers can shop where they like, when they like and how they like

5Y GOALS (by 2026)
Capture fair share of Omni-channel (~15% of overall sales) while enhancing in-store traffic and incremental purchases to physical assets

WHERE-TO-PLAY
- Create true Omnichannel experience
  - Enable integrated online and offline customer experiences like Click & Collect functionality to enhance physical assets
- Build strategic partnerships with horizontal marketplaces
  - Access wider audience via strategic partnerships with winning Indonesian marketplaces complementary to Matahari strategy
- Broaden Matahari.com to 3P vertical marketplace
  - For Apparel, Footwear & Accessories, onboard niche/regional/international brands in a 3P model to start creating the ‘extended aisle’ that will set up for a potential vertical marketplace

HOW-TO-WIN
- Improve customer proposition on own platforms
  - Experience (pre/post)
  - Selection
  - Value
- Step up Marketing
- Construct compelling proposition for CV vendors
- Build win-win proposition for marketplace
- Bolster Supply Chain design for Omnichannel setup
- Be partner of choice to digital insurgents

WHERE-TO-PLAY

HOW-TO-WIN

Enhanced user experience through integrated app
Brands and range beyond our largest store
Unbeatable value and extended payment options
LOYALTY & PERSONALIZATION

We will offer a best-in-class loyalty program while anticipating the needs of our customers.

**5Y GOALS** (by 2026)

Grow lifetime value of key loyalty customer cohorts through a market-leading program and best-in-class personalization.

**WHERE-TO-PLAY**

- **Aggressively grow reach**
  - Convert new loyalty members at first point of contact into the program (preferably digitally)

- **Grow visit volume, drive stickiness with Loyalists**
  - Deepen engagement to drive frequency of visits as a key lever across all customer cohorts

- **Explore monetization of new streams**
  - Test potential of service revenue from add-ons (e.g., BNPL, digital gift cards, etc.) and partnerships to monetize data

**HOW-TO-WIN**

- **Expand acquisitions Strategy**
- **Strengthen fundamentals of and differentiate our loyalty program**
- **Capture richer data to fuel personalization**
- **Build & scale personalization use cases**
- **Leverage data to make better Cat. Mgmt. and other strategic decisions**

**5Y GOALS** (by 2026)

Grow lifetime value of key loyalty customer cohorts through a market-leading program and best-in-class personalization.
OPERATIONAL EXCELLENCE
Optimize spaces, deliver new experiences and equip teams to be omnichannel store of choice

5Y GOALS (by 2026)
Become the store of choice for our target customers, fulfilling their needs by delivering a market-leading customer experience across our stores and channels

WHERE-TO-PLAY

- Continue to improve in-store offline customer experience
  (Across all stores with differentiated actions in Flagships)
- Enhance in-store digitally enabled experiences
  (Across stores, aligned to broader omni-channel ambition)
- Continue to innovate external offline customer experience
  (Select stores only to balance profitability)

HOW-TO-WIN

- Improve store layout, visual merchandising, and digital enablement to improve in-store shopping experience
- Create unique customer experiences by dedicating space for special services
- Empower staff to multi-task; reinforce entrepreneurial and ‘manager’ mindset across teams
- Improve Bazaar experience & offering for customers and vendors

WHERE-TO-PLAY

HOW-TO-WIN
OPEX OPTIMIZATION
Ensure faster sales growth vs. cost growth; the business will improve OPEX efficiency as it scales

5Y GOALS (by 2026)
Ensure Matahari’s operations continue to improve in cost efficiency – such that sales will grow faster than OPEX will increase – as the organization scales

WHERE-TO-PLAY

Shift to variable to drive down occupancy cost, while leveraging post-pandemic locked in opportunities
Increase investment in Brand & CRM in line with ROI-based OPEX efficiency guardrails
Increase steady-state support center efficiency, whilst overinvesting in Digital
All other cost items on stringent target ratios (linked to sales)

HOW-TO-WIN

Renegotiate with landlords & improve ops practices to reduce occupancy costs
Define clear guardrails to control key initiative spend across BUs; shift more costs to variable basis
Re-assess optimal in-store headcount (based on sales, required service levels)
Optimize support center headcount (based on sales recovery) and improve productivity
## ENVIRONMENTAL, SOCIAL, & CORPORATE GOVERNANCE

Focus on kids as part of our giving back initiatives

### 5Y GOALS (by 2026)

- Become the leading Indonesian Retail Company in ESG

### WHERE-TO-PLAY

| Continuous make over workplace and stores into an eco-friendly environment | Offer responsible products for customers | Ensure everyone with the same values can work with Matahari regardless of gender, race, religion, or physical conditions | Create an ecosystem where Indonesian people especially kids can grow and feel good | Improve stakeholders value and enable corporate governance organs to perform their duties responsibly |

### HOW-TO-WIN

| Use more energy from renewable resources & reduce, reuse, recycle (3R) waste | Increase the eco-friendly product offering | Provide equal work and promotion opportunities for all employees | Provide programs and products for kids to grow healthily | Improve the way to reward & communicate with shareholders |
# 5 YEAR TARGET

## KEY METRICS

<table>
<thead>
<tr>
<th>Category</th>
<th>FROM (2021A)</th>
<th>TO (2026F)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Topline growth</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall sales</td>
<td>10.3T (-43% p.a. vs. 2019)</td>
<td>26.3T (6% p.a. vs. 2019)</td>
</tr>
<tr>
<td>SSSG</td>
<td>-41.5% p.a. vs. 2019</td>
<td>+5% p.a. vs. 2019</td>
</tr>
<tr>
<td><strong>GM velocity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GM $</td>
<td>3.6T</td>
<td>9.6T</td>
</tr>
<tr>
<td>GM %</td>
<td>35.0%</td>
<td>36.4%</td>
</tr>
<tr>
<td><strong>Bottom-line discipline</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>1.3T</td>
<td>4.3T</td>
</tr>
<tr>
<td>EBITDA %</td>
<td>12.7% (Online -57.7%, Offline 13.0%)</td>
<td>16.4% (Online 1.2%, Offline 17.7%)</td>
</tr>
<tr>
<td>OPEX %</td>
<td>22.3% (Online 79.8%, Offline 22.1%)</td>
<td>20.0% (Online 28.8%, Offline 19.2%)</td>
</tr>
<tr>
<td><strong>Omni-channel growth / Store Network</strong></td>
<td>1.0M</td>
<td>15.6M</td>
</tr>
<tr>
<td># Online MAU</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of stores</td>
<td>139 stores</td>
<td></td>
</tr>
<tr>
<td>New Stores Format</td>
<td>Mainly middle class</td>
<td></td>
</tr>
<tr>
<td><strong>Customer advocacy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NPS</td>
<td>60%</td>
<td>65%</td>
</tr>
<tr>
<td>Active members</td>
<td>~4.0M</td>
<td>~12M</td>
</tr>
</tbody>
</table>

**Notes:**
- Overall sales and SSSG figures are adjusted for growth from 2019.
- GM $ and GM % figures reflect year-over-year performance.
- EBITDA and OPEX % figures indicate profitability and cost efficiency.
- OMNI-channel growth and store network figures show expansion plans.
- Customer advocacy metrics highlight customer satisfaction and loyalty.

**Additional Information:**
- **EBITDA:** Earnings Before Interest, Taxes, Depreciation, and Amortization
- **OPEX:** Operating Expenses
- **NPS:** Net Promoter Score
- **Active members:** Number of active members
- **GM:** Gross Margin
- **SSSG:** Same Store Sales Growth
- **# Online MAU:** Number of Online Monthly Active Users
OTHER CORPORATE ITEMS
SHARE BUYBACK UPDATE
IDR 735 Bn utilized to buy back 215 Mn shares (8.2%)

Share Buyback Phase I / 2021
- Number of shares bought: 64.9 Mn shares (2.5%)
- Average Share price: IDR 2,339 per share
- Funds used: IDR 151.8 Bn
- Period: 6 Aug’21 to 5 Nov’21

Share Buyback Phase II / 2021
- Number of shares bought: 117.8 Mn shares (4.5%)
- Average Share price: IDR 3,794 per share
- Funds used: IDR 447.2 Bn
- Period: 5 Nov’21 to 4 Feb’22

Share Buyback 2022 (ongoing)
- Number of shares bought: 32.1 Mn shares (1.2%)
- Average Share price: IDR 4,248 per share
- Funds used: IDR 136.5 Bn
- Period: 4 Feb’22 to 1 Mar’22

Total Outstanding Shares: 2,626 Mn; Treasury Shares 215 Mn, Outstanding Shares (excl. treasury shares) 2,411 Mn
SUSTAINABLE DIVIDEND INCOME DISTRIBUTION
Predictable Interim and Final Dividend cycle

2021 FINAL DIVIDEND of IDR 250 / Share to be approved in April 2022 AGMS

2021 Full Year Dividend: IDR 350 / share.

Recommendation basis:
Strong recurring and sustainable cash generation resulting in accumulation of excess cash projected even after budgeted IDR 400 – 500 Bn growth capex per annum.

Precondition:
The Company may declare dividends in any year if the Company has positive retained earnings after deduction of reserves fund.

Management Recommendation
Permanent shift to predictable interim and final dividend cycle.
Subject to Statutory Approvals.
Management intends to pay a dividend of IDR 500 per share in calendar year 2022.

<table>
<thead>
<tr>
<th>Month of Payment</th>
<th>IDR per Share</th>
<th>2021 Final Dividend</th>
<th>2022 Interim Dividend 1</th>
<th>2022 Interim Dividend 2</th>
<th>2022 Final Dividend</th>
<th>2023 Interim Dividend 1</th>
<th>2023 Interim Dividend 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2022</td>
<td>250</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sep 2022</td>
<td>125</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dec 2022</td>
<td>125</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May 2023</td>
<td>250</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sep 2023</td>
<td>125</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Dec 2023</td>
<td>125</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Planned cash outflow of IDR ~1.2 Tn for dividend in 2022

* Subject to statutory approvals, buyback adjustments, and business performance.
MDS has been shareholder-focused with its share buyback program and planned dividend payout.

### Buyback Program

- **215 Mn** Shares acquired (8.2% of shares outstanding)
- **3,423** Average price (IDR/share)
- **2.41 Bn** Shares outstanding after shares buyback

### Dividend

- **500** Planned dividend for 2022 (IDR/share), the highest in the company’s history
- **~90%** Dividend payout ratio
- **10.6%** Implied dividend yield based on maximum buyback price of IDR 4,700/share

### EBITDA Generation

- **1.3 Tn** EBITDA in 2021
- **2.0 Tn** EBITDA in 2022 (exp.)

Support
MDS HAS BEEN SHAREHOLDER-FOCUSED
with its share buyback program and planned dividend payout

Key Ratios for Shares Buyback

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>2,768</td>
<td>2,207</td>
<td>2,001</td>
</tr>
<tr>
<td>Shares outstanding</td>
<td>2.92</td>
<td>2.80</td>
<td>2.41</td>
</tr>
<tr>
<td>EBITDA per share</td>
<td>948</td>
<td>787</td>
<td>830</td>
</tr>
</tbody>
</table>

EBITDA per share FY2022 FY2018 FY2019

Shares acquired at a significant discount to peers

2022 EBITDA per share to be 5% better than 2019 after buyback

High dividend per share proposed backed by high and growing EBITDA generation

<table>
<thead>
<tr>
<th></th>
<th>FY22 EBITDA Before SB*</th>
<th>FY22 EBITDA After SB*</th>
<th>FY18 EBITDA After SB*</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA/share</td>
<td>761</td>
<td>830</td>
<td>1,148</td>
</tr>
<tr>
<td>Div/EBITDA</td>
<td>66%</td>
<td>60%</td>
<td>44%</td>
</tr>
</tbody>
</table>

*SB: Shares Buyback
CLOSING REMARKS
OUTLOOK IN 2022
Optimism going forward

- An Omicron peak in Jakarta is behind us and nationally improving picture sets up an uninterrupted and full Lebaran trading opportunity.
- With mall traffic rebounding post Omicron wave, travel and related clothing as well as formal/occasional wear gaining relevance, the fashion retail resurgence experienced in US, Europe and elsewhere is still expected in 2022.
- Upgrading 2022 EBITDA from earlier guidance of IDR1.8 Tn to 2.0 Tn.
- 2022 focus will be on delivery of project “Sunrise”:
  - Curated customer-led range through brand & range reset, with new concept launched.
  - New signature stores underway at Taman Anggrek and Plaza Ambarrukmo; near completion of fresh new core format at Supermal Karawaci; concept work on new formats well underway.
  - Visibility of 10 new stores for 2022 and we are still seeking more opportunity.
  - Digital evolution gathers pace.
  - Expanded loyalty acquisition with free membership and better value proposition.
  - Improved store layout & visual merchandising for better shopping experience.
  - Ensuring faster sales growth vs. cost growth, helping improve OPEX efficiency.
  - Focus on kids as part of our giving back initiatives.
- No acquisitions/investments will be made in 2022 as we focus on building profitability.
- Rewarding shareholders with dividend of IDR 500 /share.
CONTACT US

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