

MATAHARI REPORTS GROSS SALES OF RP 2,719 BILLION

Highlights Q1 2020:

- **Total gross sales of Rp 2,719 billion, 18.1% below Q1 2019 with a SSSG decline to -18.2%**
- **COVID 19 Pandemic impacts March trading resulting in net loss of Rp 94 billion**

PT Matahari Department Store Tbk (“Matahari” or “the Company”; stock code: “LPPF”) reported Q1 2020 gross sales of Rp 2,719 billion, 18.1% below Q1 2019, with net revenue down 19.6% to Rp 1,549 billion. Same-store sales growth (SSSG) declined 18.2%, and net loss was Rp 94 billion.

Whilst March trading commenced well, there was a sharp downturn from mid March as the country felt the full impact of the COVID-19 pandemic. The Company proactively closed all but 3 of its stores on 30 March 2020, to protect both employees and customers. Matahari believes in playing its part in national containment measures and are supportive of government actions to manage the spread of COVID-19. All online channels, including Matahari.com, remained operational and ramped up capabilities to serve the increased demand for this channel. Options for customers were provided for continued engagement, such as Shop & Talk, a social commerce initiative, and the first Matahari official store on the Shopee platform.

After virtually no trade in our stores in April, by early May, the Company had more visibility on a gradual recovery and while upholding strict health protocols, started re-opening stores in government approved areas. An initial 24 stores were opened in early May, culminating in 95 stores trading at Lebaran. As of now, the Company is operating 145 stores, having opened one new large-format store in Palembang (South Sumatera) during May.

Matahari anticipates opening 2 to 4 stores in the second half of the year. It now has a portfolio of 153 stores and, after a portfolio review, intends to end the year with a total of 145-150 large-format multi brand stores.

Management and the Board of Matahari believe in applying a highly prudent approach to the management and use of cash resources in anticipation of the length of time the downward pressures on consumer demand and traffic may continue. Through the Annual General Meeting of Shareholders, Management has received approval from shareholders to retain the 2019 earnings, not to be distributed this year. Management has reviewed all non-essential operating expenses to drastically reduce spending, including working with landlords for significant rental concessions, curtailing all marketing spending in Q2 with limited spend in Q3, implementing a companywide business travel ban, and eliminating non committed capital expenditure.

With each store having its COVID-19 task force, all Matahari stores are prepared to uphold the strictest health and safety protocols, including temperature checks, cashier screens, distancing markers, clothing sterilizers, masks, and hand sanitizers. Matahari disinfected its stores twice a day, and closed our fitting room for our customers whilst extending exchange policies during this period. In addition, all staff conduct self-assessment and high risk employees are kept at home during this period.

"Sales met our expectations until mid March when COVID-19 impact hit our trading levels significantly. In the last days in March, we saw our sales decline significantly which brought down our sales in the quarter by 18.1%. We are navigating this challenging period respectfully and in a considered manner, and our senior team is fully dedicated to responding rapidly to market changes. We remain ready to take further action to ensure Matahari emerges from this crisis, to serve our Indonesian customers better than ever and welcome back our colleagues into our stores and office facilities," said Terry O'Connor, CEO and Vice President Director of Matahari.

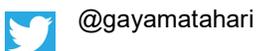
About Matahari

Matahari is the largest retail platform in Indonesia, with 153 stores in 76 cities across Indonesia, as well as presence online on MATAHARI.COM. For over 60 years, Matahari has provided the growing Indonesian middle class with quality, fashionable and affordable apparel, beauty and footwear products. Matahari employs more than 40,000 employees and partners with around 700 local as well as international suppliers.

The Company has received many industry recognitions – nationally and internationally – including Top 500 Retail Asia Pacific from Retail Asia, Euromonitor & KPMG; Brand Asia 2018 – Top 3 Most Powerful Retail Brands in Indonesia from Nikkei BP Consulting, Inc. and WoW Brand Award 2019 – Gold Champion from MarkPlus Inc. The Company also received the Netizen's Brand Choice Award 2018 from Warta Ekonomi. All of these awards reaffirm the Company's position as one of the leading, most dynamic, and trusted companies in Indonesia.

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