

**Matahari Reports 1H23 Gross Sales of 3.2% to IDR 7.4 Trillion;
Strategic Initiatives Advancing, with Signs of Merchandise Green
Shoots and Acceleration Ahead**

Highlights:

- Sales at 1H23 reached IDR 7.4 Trillion, growing by 3.2 %, with flat SSSG as inflation took its toll.
- Lebaran started well, however, the last 14 days were challenging caused by the THR payout delay, earlier holidays, and customers focusing more on an extended mudik. The final week trajectory compared to the first 5 weeks trajectory resulted in a miss of IDR 287 Bn in Management's expected result.
- EBITDA for the period was IDR 1,075 Billion vs IDR 1,303 Billion last year, while Net Profit was IDR 684 Billion, reflecting structural short-term cost pressure and investment in labor and marketing given higher seasonal growth expectations than materialized.
- SUKO opened in 20 stores, with strong initial performance leading to management pulling forward 12 further openings in 2023.
- House of Characters grouping initiated to showcase all licensed partnerships.
- Store expansion on track to open a minimum of 12 new stores, with new stores performing beyond the expected rate of return in aggregate.
- All company initiatives resulting in record high Net Promoter Score (NPS)

Matahari ("Company"; stock code: "LPPF") is pleased to announce its financial performance for the first half of 2023, showcasing resilience and growth in the face of inflationary pressures and economic challenges. The Company's dedication to customer-centric strategies and innovative solutions has been instrumental in achieving green shoots for enhanced future growth.

In 1H23, Matahari's Gross Sales reached IDR 7.4 Trillion, registering a growth of 3.2%. The Company's commitment to passing value to customers and addressing inventory risks resulted in a Gross Margin of 35.3%, a decrease compared to 36.0% recorded in 1H22.

Description	1H 2023	Variance*
		of 1H 2022
Gross Sales	7,392	3.2%
Net Revenue	3,852	2.4%
EBITDA	1,075	-5.9%

*Comparable: excluding COVID-19 rental concessions and participations/discounts.



Merchandise transformation will gain traction based on green shoots, with significant potential ahead. Matahari's private labels are under review for enhancing further in numbers, branding, and product coverage, reflecting modern lifestyles. The recently launched SUKO, which has opened in 20 stores, has demonstrated strong initial performance, prompting Management to pull forward a further 12 openings slated this year. Furthermore, the upcoming launch of Anyday as an entry-level fighter brand is poised to counter inflationary challenges and enhance affordability for customers.

In addition to product expansion, Matahari is grouping all licensed partnerships under "House of Characters," offering a compelling childrenswear and young adults collection. The Company also plans to amplify its shop-in-shop concepts in more stores with the Denim Shop concept to double and strong opportunities in Beauty Category expansion and Active with Nevada Sport and Royal Sporting House both rolling out across the country.

Matahari remains steadfast in its commitment to expanding its sales channels and presence across Indonesia. The Company is on track to open a minimum of 12 new stores strategically located to cater to a broader customer base. The aggregate of the new stores opened passed the expected rate of return.

Matahari is also planning on having a new upper-middle multi-brand concept named MU&KU which is set to launch in early 2024. Furthermore, it is also actively exploring opportunities in tier-3 and price-sensitive markets across the country, aiming to tap into emerging entry-level opportunities. Matahari will delight its customers with the next wave of lifestyle developments.

All of these initiatives, combined with personalization and strengthened channel operations, have resulted in Matahari receiving positive customer feedback, as reflected in the NPS of 74 in June 2023. Matahari currently has 8.2 Million active members that contribute to 78% of total sales, surpassing the pre-pandemic levels.

"We experienced a structurally shorter Lebaran trading season which, coupled with a challenging inflationary environment, led to results well below Management's expectations. While we managed to grow sales despite such a difficult environment, we have yet to realize our full potential, particularly in merchandising and store development where we have more initiatives to execute. We will continue in our commitment to delivering positive outcomes for both our customers and shareholders. We intend to accelerate the implementation of our strategic measures to push forward transformation and drive our growth trajectory," said **Terry O'Connor, CEO of Matahari**. "Our rebranding, store transformation, strategic store expansion and merchandise overhaul will drive towards creating a uniquely Matahari shopping



experience. Added to this our digital initiatives will enable us to offer a seamless shopping experience across all touchpoints.” he continued.

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About Matahari

Matahari is the largest retail platform in Indonesia, with 155 stores in 81 cities across Indonesia as well as presence online on matahari.com, social commerce platform "Shop & Talk", and third-party marketplaces. For over 60 years, Matahari has provided the growing Indonesian middle class with quality, fashionable and affordable apparel, beauty and footwear products. Matahari employs around 30,000 employees (including consignment SPGs) and partners with around 600 local as well as international suppliers.

The Company has received many industry recognitions – nationally and internationally – including Top 100 Most Valuable Brand by Brand Finance, Most Improved Investor Relations and Top 5 Best Senior Management IR Support in 2022 from Alpha Southeast Asia, Top 10 CSR Donor from IDX, Best Non-Financial Sector and Top 10 Mid-Cap Issuers ASEAN Corporate Governance Awards 2022, Top Digital Company & Best Excellent Service Experience Index Award 2022 from Marketing Magazine, Top 50 Most Valuable Brand Awards 2021 from Brand Finance Indonesia, 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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