

Announcement

31st October 2022

PT HERO SUPERMARKET TBK NINE MONTHS 2022 RESULTS

The following announcement was issued today by the Company's 89.3%-owned subsidiary, PT Hero Supermarket Tbk.

For further information, please contact:

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South Tangerang, 31st October 2022

PT HERO SUPERMARKET TBK

NINE MONTHS 2022 RESULTS

Highlights

- Double-digit growth in underlying revenue and gross profit from continuing operations
- Significantly reduced reported losses in the first nine months of 2022
- PT Hero remains well-positioned for growth as external trading conditions normalise

Results

	(Unaudited)		
	NINE MONTHS		
	2022	2021	Change
	Rp billion	Rp billion	%
Net Revenue from continuing operations	3,233	2,475	31%
Gross Profit from continuing operations	1,337	982	36%
Loss for the period from continuing operations	(226)	(457)	n.m.
Reported loss for the period	(85)	(747)	n.m.
	Rp	Rp	%
Loss per share from continuing operations	(54)	(109)	n.m.
Reported loss per share	(20)	(179)	n.m.

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PT Hero Supermarket Tbk

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PRESIDENT DIRECTOR'S STATEMENT

Introduction

The Group had an encouraging performance for the first nine months of 2022, which was assisted by the loosening of COVID-19 restrictions, especially in the third quarter. Both Guardian and IKEA reported double-digit growth in like-for-like sales during the period. In addition, Hero Supermarket reported strong sales growth for the first nine months of 2022 relative to the prior year.

Financial Performance

The Group's reported revenue for the first nine months of 2022 was Rp 3,233 billion, an increase of 31% relative to the prior comparable period. The Group reported a net loss of Rp 85 billion for the first nine months of 2022, a significant reduction from the same period last year.

Guardian Health and Beauty reported robust double-digit like-for-like sales growth for the first nine months of 2022. Encouragingly, stores in premium malls and tourist locations benefited from strong growth in customer traffic. As a result, profitability for the first nine months of 2022 significantly grew relative to the same period in the prior year. Guardian continues to focus on driving increased accessibility for customers, strengthening its value proposition and range optimisation tailored to specific customer demographics.

IKEA's reported sales grew strongly in the first nine months of 2022 due to the annualisation of new store openings in the prior year. IKEA reported improved like-for-like sales growth in the third quarter relative to the first half, with stores benefitting from improved customer traffic and relaxed government restrictions on operating capacity and trading hours. In addition, global supply-chain constraints that impacted stock availability in the first half improved in the third quarter. A continued commitment to provide affordable and inspirational Home Furnishing products and solutions supported by rigorous cost control is expected to accelerate performance for the remainder of the year.

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Hero Supermarket's sales growth increased in the first nine months of 2022 relative to the prior year, driven by annualization of new store openings as well as recovery in customer traffic. In addition, Hero's range optimisation, with the introduction of more than 2,000 new items since the start of 2022, has supported sales performance.

Business Update

Following the Group's strategic pivot away from the Giant banner in the second half of 2021, the Company successfully divested one company-owned property in the third quarter. Proceeds from the transaction will strengthen the Group's financial position, reduce debt and support future profitability. In addition, the Group remains in active discussions with third parties for the potential divestment of the remaining owned properties.

In line with the Group's strategy to drive long-term sustainable growth, the Group will accelerate the opening of Guardian stores in the fourth quarter. In addition, IKEA will expand operations to East Java, with its first store in Surabaya expected to open by the end of 2022, reaching an estimated three million people in the metropolitan area.

Prospects

The Group has experienced encouraging improvements as the external trading conditions and consumer behaviour begins to normalise. The Group remains steadfast in investing in its key businesses and building the foundations to position the Group to deliver robust and sustainable growth over the long term.

Patrik Lindvall

President Director

31st October 2022

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