# PT Ramayana Lestari Sentosa Tbk

## FINANCIAL STATEMENTS

As of March 31, 2022 (unaudited) and
December 31, 2021 (audited)
and for three-month periods ended
March 31, 2022 and 2021 (unaudited)

**PT.Ramayana Lestari Sentosa, Tbk**
Jl. K.H. Wahid Hasyim No. 220 A-B Jakarta 10250 Indonesia
Telp. (021) 3914566 - 3151563, 3106653 (Hunting)
Fax. (021) 31934245

BOARD OF DIRECTORS' STATEMENT
REGARDING THE RESPONSIBILITY FOR
THE FINANCIAL STATEMENTS OF
PT RAMAYANA LESTARI SENTOSA Tbk ("the Company")
AS OF MARCH 31, 2022

We, the undersigned :

1. Name : AGUS MAKMUR
   Office address : Jl. K.H. Wahid Hasyim No. 220 A-B, Jak-Pus
   Home address / As stated in ID : Kp. Paragajen RT / RW. 03 / 06, Cisarua - Bogor
   Phone number : (021) 3151563
   Title : President Director

2. Name : MUHAMMAD YANI
   Office address : Jl. K.H. Wahid Hasyim No. 220 A-B, Jak-Pus
   Home address / As stated in ID : Medang Lestari Blok B.II / M.17, Pagedangan - Tangerang
   Phone number : (021) 3151563
   Title : Director

Declare that :

1. We are responsible for the preparation and presentation of the Company's financial statements;
2. The financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information contained in the Company's financial statements has been disclosed in a complete and truthful manner;
   b. The Company's financial statements do not contain any incorrect information or material facts, and do not omit material information and facts;
4. We are responsible for the Company's internal control systems .

Thus, this statement is made truthfully.

Jakarta, April 28, 2022

SEPULUH RIBU RUPIAH 10000 METERAI TEMPEL 3D8B1AJX548270077

Agus Makmur
President Director

Muhammad Yani
Director

**PT RAMAYANA LESTARI SENTOSA Tbk**
**FINANCIAL STATEMENTS**
**For Three-Month Periods Ended**
**March 31, 2022**

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**PT RAMAYANA LESTARI SENTOSA Tbk**
**STATEMENT OF FINANCIAL POSITION**
**As of March 31, 2022**
**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

**ASSETS**

| | Notes | March 31 2022 | December 31 2021 |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 2,4,23,25 | 1,168,552 | 1,582,017 |
| Time deposits | 2,5,25 | 1,041,400 | 902,200 |
| Accounts receivable | 25 | | |
| Trade | 3 | | |
| Third Parties | 6 | 4,686 | 6,632 |
| Others - net | | | |
| Related parties | | 6,543 | 8,143 |
| Third Parties | 6.23 | 24,911 | 34,533 |
| Short-term investments | 2,7,25 | 227,692 | 100,617 |
| Inventories - net | 2,3,8,17,20 | 894,537 | 592,982 |
| Prepaid expenses - net | 2 | 1,196 | 909 |
| Prepaid tax | 11 | 13 | - |
| Prepaid Value Added Tax - net | | 8,167 | - |
| Advances | | 41,638 | 13,652 |
| **Total Current Assets** | | **3,419,335** | **3,241,685** |
| **NON-CURRENT ASSETS** | | | |
| Fixed assets - net | 2,3,9a,19 | 855,833 | 866,824 |
| Advances for purchase of fixed assets | | 36,728 | 36,728 |
| Right of use assets - net | 2,3,9b,19 | 966,970 | 796,719 |
| Security deposits - net | 2.25 | 29,283 | 28,730 |
| Deferred tax assets - net | 2,3,11 | 82,184 | 81,666 |
| Intangible assets - net | 2.3 | 2,444 | 2,793 |
| Estimated claim for tax refund | 11 | - | 17,619 |
| Other non-current assets | 2.25 | 12,358 | 12,646 |
| **Total Non-Current Assets** | | **1,985,800** | **1,843,725** |
| **TOTAL ASSETS** | | **5,405,135** | **5,085,410** |

**LIABILITIES AND EQUITY**

| | Notes | March 31 2022 | December 31 2021 |
|---|---|---|---|
| **CURRENT LIABILITIES** | | | |
| Accounts payable - third parties | 2,24,25 | | |
| Trade | 10 | 754,407 | 607,240 |
| Others | 23 | 53,098 | 50,323 |
| Taxes payable | 2,3,11 | 3,150 | 14,858 |
| Accrued expenses | 2,12,24,25 | 48,141 | 48,955 |
| Current portion of long-term liabilities: | | | |
| Lease liabilities | 2,3,13,24,25 | 242,091 | 180,611 |
| **Total Current Liabilities** | | **1,100,887** | **901,987** |
| **NON-CURRENT LIABILITIES** | | | |
| Liabilities for employee benefits | 2.3 | 233,484 | 238,408 |
| Long-term liabilities - net of current portion: | | | |
| Lease liabilities | 2,3,13,24,25 | 468,286 | 348,192 |
| **Total Non-Current Liabilities** | | **701,770** | **586,600** |
| **Total Liabilities** | | **1,802,657** | **1,488,587** |
| **EQUITY** | | | |
| Share capital - Rp50 par value per share (full amount) Authorized - 28.000.000.000 shares Issued and fully paid - 7.096.000.000 shares | 14 | 354,800 | 354,800 |
| Additional paid-in capital - net | 2 | 147,525 | 147,525 |
| Treasury share - 803.684.100 shares as of March 31, 2022 and 765.958.700 shares as of December 31, 2021 | 2.14 | (655,878) | (630,687) |
| Retained earnings: | | | |
| Appropriated | | 70,000 | 70,000 |
| Unappropriated | 15 | 3,695,141 | 3,665,134 |
| Other comprehensive loss - net | 7 | (9,110) | (9,949) |
| **Total Equity** | | **3,602,478** | **3,596,823** |
| **TOTAL LIABILITIES AND EQUITY** | | **5,405,135** | **5,085,410** |

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT RAMAYANA LESTARI SENTOSA Tbk**
**STATEMENT OF PROFIT OR LOSS**
**AND OTHER COMPREHENSIVE INCOME**
**For Three-Month Periods Ended March 31, 2022 and 2021**
**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

| | Notes | March 31 2022 | March 31 2021 |
|---|---|---|---|
| **REVENUES** | 2 | | |
| Outright sales | 16 | 483,055 | 397,892 |
| Commission on consignment sales | 16 | 117,478 | 93,049 |
| **Total Revenues** | 16 | **600,533** | **490,941** |
| **COST OF OUTRIGHT SALES** | 2.17 | (329,084) | (277,061) |
| **GROSS PROFIT** | | **271,449** | **213,880** |
| Selling expenses | 2.18 | (1,810) | (15,448) |
| General and adminstrative expenses | 2,9a,9b,19 | (244,965) | (302,774) |
| Other income | 2,8,9a,20 | 1,197 | 10,594 |
| **INCOME (LOSS) FROM OPERATIONS** | | **25,871** | **(93,748)** |
| Finance income | 2 | 15,842 | 22,407 |
| Finance cost | | (9,604) | (8,104) |
| Tax on finance income | | (2,857) | (4,181) |
| **INCOME (LOSS) BEFORE INCOME TAX** | | **29,252** | **(83,626)** |
| Income tax benefit (expense) - net | 2.11 | 755 | (2,041) |
| **INCOME (LOSS) FOR THE PERIOD** | | **30,007** | **(85,667)** |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Changes in fair value of available-for-sale - financial assets | 2.7 | 1,076 | 499 |
| Related income tax | | (237) | (101) |
| **OTHER COMPREHENSIVE INCOME AFTER TAX** | | **839** | **398** |
| **TOTAL COMPREHENSIVE INCOME (LOSS)** | | **30,846** | **(85,269)** |
| **EARNINGS (LOSS) PER SHARE (full amount)** | 2.21 | **4.76** | **(12.71)** |

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT RAMAYANA LESTARI SENTOSA Tbk**
**STATEMENT OF CHANGES IN EQUITY**
**For Three-Month Periods Ended March 31, 2022 and 2021**
**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

| | Notes | Share Capital - Issued and Fully Paid | Additional Paid-in Capital - Net | Treasury Shares | Retained Earnings | | Other Comprehensive Loss | | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Appropriated | Unappropriated | Changes in Fair Value of Available-for-Sale Financial Assets - Net | Remeasurement on Liabilities for Employee Benefits - Net | |
| **Balance as of December 31, 2020** | | **354,800** | **147,525** | **(319,638)** | **70,000** | **3,494,559** | **(9,133)** | **(19,369)** | **3,718,744** |
| Total comprehensive income for the year | | - | - | - | - | (85,667) | 398 | - | (85,269) |
| **Balance as of March 31, 2021** | | **354,800** | **147,525** | **(319,638)** | **70,000** | **3,408,892** | **(8,735)** | **(19,369)** | **3,633,475** |
| **Balance as of December 31, 2021** | | **354,800** | **147,525** | **(630,687)** | **70,000** | **3,665,134** | **(7,847)** | **(2,102)** | **3,596,823** |
| Purchase of treasury shares | 14 | - | - | (25,191) | - | - | - | - | (25,191) |
| Total comprehensive income for the year | | - | - | - | - | 30,007 | 839 | - | 30,846 |
| **Balance as of March 31, 2022** | | **354,800** | **147,525** | **(655,878)** | **70,000** | **3,695,141** | **(7,008)** | **(2,102)** | **3,602,478** |

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

**PT RAMAYANA LESTARI SENTOSA Tbk**
**STATEMENT OF CASH FLOWS**
**For Three-Month Periods Ended March 31, 2022 and 2021**
**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

| | Notes | March 31 2022 | March 31 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash receipts from sales | | 938,040 | 763,151 |
| Cash payments to suppliers | | (954,661) | (852,128) |
| Cash payments for salaries and employee welfare | | (91,735) | (83,143) |
| Payments for income taxes | | 17,606 | (4) |
| Cash receipts (used in) from: | | | |
| Finance income - net | | 14,171 | 18,656 |
| Other operating activities | | 14,013 | (17,130) |
| **Net Cash Used in Operating Activities** | | **(62,566)** | **(170,598)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Write off fixed assets | | - | 14 |
| Refund (additions) of security deposits | | (553) | 32 |
| Additions in fixed assets | 9a | (20,751) | (19,582) |
| Placement of short-term investments | 7 | (126,000) | - |
| Placement of time deposits | 5 | (139,200) | (246,800) |
| **Net Cash Used in Investing Activities** | | **(286,504)** | **(266,336)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Payment of lease liabilities | | (39,204) | (51,978) |
| Sales of treasury shares | 14 | (25,191) | - |
| **Net Cash Used in Financing Activities** | | **(64,395)** | **(51,978)** |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | | **(413,465)** | **(488,912)** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD** | 4 | 1,582,017 | 1,554,228 |
| **CASH AND CASH EQUIVALENTS AT END OF THE PERIOD** | 4 | **1,168,552** | **1,065,316** |

The accompanying notes to the financial statements form an integral part of these financial statements taken as a whole.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

## 1. GENERAL

### a. Establishment of the Company

PT Ramayana Lestari Sentosa Tbk (the "Company") was established in Indonesia based on Notarial Deed No. 60 dated December 14, 1983 of R. Muh. Hendarmawan, S.H.The Deed of Establishment was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-5877.HT.01.01.TH.85 dated September 17,1985 and was published in the Addendum No. 589 of the State Gazette No. 9 dated October 3, 1985. The Company's Articles of Association has been amended several times, the latest amendment regarding the approval from shareholders for the changes the Company's Article of Association to adjust with the regulation of Financial Service Authority ("OJK") of which as notarized under Notarial Deed No. 5 dated September 16, 2015 of Rianto, S.H. The amendment of the Articles of Association has been approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0024968.AH.01.11.Tahun 2016 dated February 25, 2016.

The Company started its commercial operations in 1983. According to Article 3 of the Company's Articles of Association, the Company operates a chain of department stores, which sell various items such as clothes, accessories, bags, shoes, cosmetics and daily needs through the Company's department store and supermarket. In March 31, 2022 and December 31, 2021, the Company closed one (1) and six (6) stores, respectively. As of March 31, 2022 and December 2021, the number of stores operated by the Company are as follows:

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Ramayana | 98 | 99 |
| Robinson | 3 | 3 |
| Cahaya | 2 | 2 |

All the stores operated by the Company are located in Jakarta, Java (West Java, East Java and Central Java), Sumatera, Bali, Kalimantan, Nusa Tenggara, Sulawesi and Papua. The Company's head office is located in Jl. K.H. Wahid Hasyim No. 220 A-B, Jakarta 10250.

The Company's ultimate shareholder is PT Ramayana Makmursentosa with 63,02% ownership in the company.

### b. The Company's Public Offering

On June 26, 1996, the Company received the effective statement from the Chairman of the Capital Market and Financial Institution Supervisory Agency ("BAPEPAM-LK")in its Decision Letter No. 1038/PM/1996 to offer 80 million shares to the public with par value of Rp500 (full amount) per share through the Indonesia Stock Exchange at offering price of Rp3,200 (full amount) per share. Since then, the Company has conducted the following capital transactions:

1. On September 15, 1997, the Company issued bonus shares, whereby each shareholders holding one share was entitled to receive one new share. The outstanding shares became 700,000,000 shares.
2. On June 8, 2000, the Company changed the par value per share from Rp500 (full amount) per share to Rp250 (full amount) per share. The outstanding shares became 1,400,000,000 shares.

**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

## 1. GENERAL (continued)

### b. The Company's Public Offering (continued)

Since then, the Company has conducted the following capital transactions: (continued)

3. On June 18, 2004, the Company changed the par value per share from Rp250 (full amount) per share to Rp50 (full amount) per share. The outstanding shares became 7,000,000,000 shares.
4. On July 4, 2005, the Company issued 32,000,000 shares in connection with the exercise of share options by the employees (ESOP).The outstanding shares became 7,032,000,000 shares.
5. On October 2, 2006, the Company issued 32,000,000 shares in connection with the exercise of share options by the employees (ESOP). The outstanding shares became 7,064,000,000 shares.
6. On July 28, 2010, the Company issued 32,000,000 shares in connection with the exercise of share options by the employees (ESOP). The outstanding shares became 7,096,000,000 shares.
7. Starting on August 25, 2015 until December 31, 2015, the Company has purchased 208,332,000 treasury shares. The outstanding shares became 6,887,668,000 shares.
8. During 2016, the Company has purchased 164,849,100 treasury shares. The outstanding shares became 6,722,818,900 shares.
9. On February 15, 2019, the Company has sold 20,000,000 treasury shares. The outstanding shares became 6,742,818,900 shares.
10. During 2020, the Company has purchased 7,334,500 treasury shares. The outstanding shares became 6,735,484,400 shares.
11. On July 22, 2020, the Company has sold 7,000,000 treasury shares. The outstanding shared became 6,742,484,400 (Note 16).
12. During 2021, the Company has purchased 412,443,100 treasury shares. The outstanding shares became 6,330,041,300 shares.
13. During 2022, the company has purchased 37,725,400 treasury shares. The outstanding shared became 6,292,315,900 shares (note 14).

The Company has listed all of its shares in the Indonesia Stock Exchange.

### c. Boards of Commissioners and Directors, Audit Committee and Employees

As of March 31, 2022 and December 31, 2021, the composition of the Company's Boards of Commissioners and Directors are as follows:

| Board of Commissioners | | Board of Directors | |
|---|---|---|---|
| Paulus Tumewu | - President Commissioner | Agus Makmur | - President Director |
| Jane Melinda Tumewu | - Commissioner | Gantang Nitipranatio | - Director |
| Mohammad Iqbal | - Commissioner | Muhamad Yani | - Director |
| Kismanto | - Commissioner | Halomoan Hutabarat | - Director |
| Koh Boon Kim | - Independent Commissioner | | |
| Selamat | - Independent Commissioner | | |

## 1. GENERAL (continued)

### c. Boards of Commissioners and Directors, Audit Committee and Employees (continued)

As of March 31, 2022 and December 31, 2021, the composition of the Company’s audit committee areas follows:

| | |
|---|---|
| Chairman: | - Selamat |
| Members: | - Ruddy Hermawan Wongso |
| | - Feronita CY |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Statement of Compliance and Basis of Preparation of the Financial Statements

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards (“SAK”), which comprise the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants and the Regulations and Guidelines on Financial Statement Presentation and Disclosures issued by OJK.

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards (“PSAK”) 1, “Presentation of Financial Statements”.

The financial statements have been prepared on accrual basis and using the historical cost basis except as otherwise disclosed in the related notes herein.

The statement of cash flows present receipts and disbursements of cash and cash equivalents classified into operating, investing and financing activities, where the cash flows from operating activities are presented using the direct method.

The financial reporting period of the Company is January 1 - December 31.

The accounts included in the Company’s financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Rupiah which is the functional currency of the Company.

All amounts in the financial statements are rounded to and presented in millions of Rupiah, unless otherwise stated.

### b. Changes in Accounting Principles

The Company has applied a number of amendments and improvements to accounting standards that are relevant to its financial reporting and effective for annual periods beginning on or after January 1, 2021 as follow:

1) Amendment to the Statement of Financial Accounting Standards ("PSAK") 22: Definition of Business, effective January 1, 2021

2) Amendments to PSAK 55, PSAK 60, PSAK 62, PSAK 71 and PSAK 73 - Reform of Interest Rate References (Phase 2), effective January 1, 2021

3) PSAK Amandements 73: Lease - Covid-19 Related Rental Concession After June 30, 2021, effective January 1, 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

### b. Changes in Accounting Principles (continued)

The Company has applied a number of amendments and improvements to accounting standards that are relevant to its financial reporting and effective for annual periods beginning on or after January 1, 2021 as follow: (continued)

4) Annual Adjustments 2021

The following summary provides information on the annual improvements of PSAKs that are effective for annual periods beginning on or after January 1, 2021. The annual improvements of PSAK are basically a set of narrow scope amendments that provide clarification so that there are no significant changes to existing principles or new principles.

- PSAK 1: Presentation of Financial Statements, some changes regarding consideration made by management in the process of applying accounting policies that significantly affect the amounts they recognize in the financial statements.
- PSAK 13: Investment Property, regarding disclosure of applying fair value model has been deleted.
- Impairment of Assets, regarding the scope of impairment of assets and deletion of the difference with IFRS in IAS 36 paragraph 04(a).

On the changes in accounting policy above, there is no significant influence on the application of changes in accounting policy to the Company's financial statements.

### c. Current and Non-current Classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
i) expected to be realized or intended to be sold or consumed in the normal operating cycle,
ii) held primarily for the purpose of trading,
iii) expected to be realized within 12 months after the reporting period, or
iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liabilty for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:
i) expected to be settled in the normal operating cycle,
ii) held primarily for the purpose of trading,
iii) due to be settled within twelve months after the reporting period, or
iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### d. Cash and Cash Equivalents

Cash and cash equivalents in the statements of financial position comprise cash on hand and in banks and short-term deposits with a maturity of three (3) months or less, not pledged as collateral for loans and without restrictions in the usage.

For the purposes of cash flow statements, cash and cash equivalents consist of cash and bank and term deposits as defined above, once reduced by unpaid overdrafts, if any.

### e. Transactions with Related Parties

The Company has transactions with related parties as defined in PSAK 7.

Transactions with related parties are made based on terms agreed by the parties, which may not be the same as those of the transaction between unrelated parties.

All significant transactions and balances with related parties are disclosed in the relevant notes to the financial statements.

### f. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by moving-average method which includes all costs that occur to get this inventories to the location and current conditions. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale.

The Company provides allowance for obsolescence and/or decline in values of inventories based on periodic reviews of the physical condition and net realizable values of the inventories.

### g. Fixed Assets

All fixed assets are initially recognized at cost, which comprises its purchase price and any costs directly attributable in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent to initial recognition, fixed assets are carried at cost less any subsequent accumulated depreciation and impairment losses.

Depreciation of an asset starts when it is available for use and is computed using the straight-line method based on the estimated useful lives of the assets:

| | **Years** |
|---|---|
| Buildings | 10 - 20 |
| Buildings renovations and improvements | 4 - 8 |
| Store equipments | 4 - 8 |
| Transportation equipments | 4 -8 |
| Office equipments | 4 - 8 |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### g. Fixed Assets (continued)

An item of fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income in the year the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at each financial year end.

Lands are stated at cost and not depreciated.

Legal cost of land rights in the form of Business Usage Rights ("*Hak Guna Usaha*" or "HGU"), Building Usage Right ("*Hak Guna Bangunan*" or "HGB") and Usage Rights ("*Hak Pakai*" or "HP") when the land was acquired initially are recognized as part of the cost of the land under the "Fixed Assets" account and not amortized. Meanwhile the extension or the legal renewal costs of land rights in the form of HGU, HGB and HP were recognized as part of "Deferred Charges" account in the statement of financial position and were amortized over the shorter of the rights' legal life and land's economic life.

Repairs and maintenance are taken to the profit or loss when these are incurred. The cost of major renovation and restoration is included in the carrying amount of the related fixed asset when it is probable that future economic benefits inexcess of the originally assessed standard of performance of the existing asset will flow to the Company and is depreciated over the remaining useful life of the related asset.

<u>Construction in Progress</u>

Construction in progress is stated at cost and presented as part of the fixed assets. The accumulated costs will be reclassified to the appropriate fixed assets account when construction is substantially completed and the asset is ready for its intended use. Assets under construction are not depreciated as these are not yet available for use.

### h. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets comprising of application development, system development and computer software, include all direct costs related to preparation of the assets for their intended use, amortized using the straight-line method over four (4) years.

At each reporting date, the useful lives and amortization method are reviewed by the management of the Company, and adjusted prospectively, if appropriate.

### i. Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### i. Impairment of Non-financial Assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss is recognized. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss and other comprehensive income.

### j. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>Company as a lessee</u>

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

i) Right of use assets

The Company recognizes right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

As of March 31, 2022 and December 31, 2021, there is impairment of right of use assets amounting to Rp13.354 respectively (Note 9b).

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### j. Leases (continued)

Company as a lessee (continued)

ii) Lease liabilities (continued)

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in interest-bearing loans and borrowings.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of stores, warehouses and employees' housing(i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned. Rental income were recognized as a part of "Other Income" in the statement of profit or loss and other comprehensive income.

### k. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets**

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### k. Financial Instruments (continued)

**Financial Assets (continued)**

Initial Recognition and Measurement (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PSAK 72.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments),
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments),
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments),
- Financial assets at fair value through profit or loss

**Financial assets at amortized cost (debt instruments)**

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### k. Financial Instruments (continued)

**Financial assets at fair value through OCI (debt instruments)**

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

**Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PSAK 50: Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss and other comprehensive income.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### k. Financial Instruments (continued)

**Financial assets at fair value through profit or loss (continued)**

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix based on its historical credit loss experience, which is adjusted for forward-looking factors specific to the debtor and the economic environment.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### k. Financial Instruments (continued)

**Financial assets at fair value through profit or loss (continued)**

Impairment of Financial Assets (continued)

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Good Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12 months basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

**Financial Liabilities**

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PSAK 71. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### k. Financial Instruments (continued)

Subsequent Measurement (continued)

**Financial liabilities at fair value through profit or loss (continued)**

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PSAK 71 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

**Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance cost in the statement of profit or loss and other comprehensive income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

**Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### l. Employee Benefits

The cost of providing benefits under the defined benefits plan is determined using the Projected Unit Credit method.

Re-measurements of the net defined benefit liability (asset), which are recognized as other comprehensive income, consists of:

i. Actuarial gains and losses;
ii. The return on plan assets, excluding the amounts included in net interest on the net defined benefit liability (asset); and
iii. Any change in the effect of the asset ceiling, excluding the amounts included in net interest on the net defined benefit liability (asset).

**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### l. Employee Benefits (continued)

Re-measurements of the net defined benefit liability (asset) recognized in other comprehensive income will not be reclassified to profit or loss in the next periods. Past service costs are recognized in profit or loss at the earlier of:

i. The date of the plan amendment or curtailment; and
ii. The date that the Company recognizes related restructuring costs.

Net interest is calculated by applying discount rate to the net defined benefit liability (asset). The Company recognizes the following changes in the net defined benefit obligation under “General and Administrative Expenses” in the statement of profit or loss and other comprehensive income:

i. Service costs comprising current service costs, past-service costs and gains and losses on curtailments; and
ii. Net interest expense or income.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs.

A curtailment occurs when an entity either:

i. Is demonstrably committed to make a significant reduction in the number of employees covered by a plan; or
ii. Amends the terms of a defined benefit plan so that a significant element of future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

A settlement occurs when the Company enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan.

### m. Additional Paid-in Capital - Net

Additional paid-in capital - net represents the difference between the offering price and the par value of share capital, net of share issuance costs, gain or loss from sale of treasury shares and additional paid-in capital in relation with tax amnesty program.

### n. Foreign Currency Transactions and Balances

The Company considers the primary indicators and other indicators in determining its functional currency, if indicators are mixed and the functional currency is not obvious, management uses its judgements to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions involving foreign currencies are recorded in Rupiah amounts at the rates of exchange prevailing at the time the transactions are made. At the reporting date, monetary assets and liabilities denominated in foreign currency are adjusted to Rupiah by taking the average of transaction exchange rate by Bank Indonesiaas of March 31, 2022 and December 31, 2021. Resulting gains or losses are credited or charged to operations of the current year.

As of March 31, 2022 and December 31, 2021, the exchange rates used are as follows (full amount):

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| United States Dollar | 14,349 | 14,269 |
| Singapore Dollar | 10,605 | 10,534 |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### o. Recognition of Revenues and Expenses

The Company has adopted PSAK 72: Revenue from Contracts with Customers, date requires revenue recognition to fulfill five steps of assessment:

1. Identify contract(s) with a customer.
2. Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods that are distinct.
3. Determine the transaction price, net of discounts, returns, sales incentives and value added tax, which an entity expects to be entitled in exchange for transferring the promised goods to a customer.
4. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct goods promised in the contract. When these are not directly observable, the relative standalone selling price are estimated based on expected cost plus margin.
5. Recognize revenue when performance obligation is satisfied by transferring a promised goods to a customer (which is when the customer obtains control of those goods).

Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

Sales is recognized when goods are delivered to customers net of returns and discounts allowed. Net revenue represent sales of products, including the amortization of deferred income from the contract for promotional activities, net of returns and discounts allowed.

Revenues from outright and consignment sales are recognized when the goods are sold at the sales counter. Commission on consignment sales are recognized as the amount of the sales of consignment goods to customers less the related costs, which are recognized as amount due to consignors.

Expenses are recognized as incurred.

### p. Taxation

<u>Final Tax</u>

Tax regulation in Indonesia determined that certain taxable income is subject to final tax. Final tax applied to the gross value of transactions is applied even when the parties carrying the transaction recognizing losses.

Referring to revised PSAK 46 as mentioned above, final tax is no longer governed by PSAK 46.

The difference between the carrying amount of a revalued asset and its tax base is a temporary difference and gives rise to a deferred tax liability or asset, except for certain asset such as land, which realization is taxed with final tax on gross value of transaction.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### p. Taxation (continued)

Current Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority.

Current tax expense is determined based on the taxable profit for the year computed using the prevailing tax rates.

Underpayment/overpayment of income tax are presented as part of “Income Tax Expense - Current” in the statements of profit or loss and other comprehensive income. The Company also presented interest/penalty, if any, as part of “Income Tax Expense - Current”.

Amendments to tax obligations are recorded when a tax assessment letter is received or, if appealed against, when the result of the appeal is determined.

Deferred Tax

Deferred tax assets and liabilities are recognized using the liability method for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases at each reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable profit will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax assets to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

### q. Segment Reporting

A segment is a distinguishable component of the Company that is engaged either in providing certain products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intra-company balances and intra-company transactions are eliminated.

### r. Earnings (loss) per Share

Earnings or loss per share is computed based on the weighted average number of shares outstanding during the year.

The weighted-average number of shares outstanding for March 31, 2022 and December 31, 2021 are 6,309,931,594 shares and 6,530,930,890 shares, respectively.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### s. Treasury Shares

Repurchase of equity instruments (treasury shares) are recognized at reacquisition cost and deducted from equity. No gain or loss is recognized in profit or loss on the acquisition, resale, issuance or cancellation of the Company's equity instrument. The difference between the carrying amount and the receipt, if reissued, is recognized as part of additional paid-in capital in the equity.

### t. Provisions

Provisions are recognized when the Company have a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

### u. Accounting Standards Issued but not yet Effective

The following are several issued accounting standards by the Indonesian Financial Accounting Standards Board (“DSAK”) that are considered relevant to the financial reporting of the Company but not yet effective for 2021 financial statements:

<u>Effective beginning on or after January 1, 2022</u>

1) Amendments to PSAK 57: Provisions, Contingent Liabilities, and Contingent Assets regarding Aggravating Contracts - Contract Fulfillment Costs.

   This amendment clarifies the cost of fulfilling a contract in relation to determining whether a contractis a burdensome contract.

   The amendments to PSAK 57 provide that costs to fulfill a contract comprise of costs that are directly related to the contract. Costs that are directly related to the contract consist of:
   1. Incremental costs to fulfill the contract, and
   2. Allocation of other costs that are directly related to fulfilling the contract.

   An entity applies the amendment to contracts for which all obligations have not been fulfilled atthe beginning of the annual reporting period in which the entity first applies the amendment (thedate of initial application). The entity does not restate comparative information. Instead, anadjustment to the opening balance of retained earnings or other components of equity, asappropriate, at the date of initial application. Early application is permitted.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### u. Accounting Standards Issued but not yet Effective (continued)

The following are several issued accounting standards by the Indonesian Financial Accounting Standards Board ("DSAK") that are considered relevant to the financial reporting of the Company but not yet effective for 2021 financial statements: (continued)

<u>Effective beginning on or after January 1, 2022</u> (continued)

2) 2020 Annual Improvements - PSAK 71: Financial Instruments

This improvements clarifies the fees that are recognized by the borrower in relation to derecognition of financial liabilities. In determining the fee to be paid after deducting the fee received, the borrower only includes the fees paid or received between the borrower and lender, including fees paid or received by either the borrower or lender on other's behalf.

An entity applies the annual improvements 2020 to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. Earlier application is permitted.

<u>Effective beginning on or after January 1, 2023</u>

1) Amendments to PSAK 1: Classification of Liabilities as Current or Non-current

The amendments specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The Company is currently assessing the impact of amendment to current practices and whether reset negotiations on existing loan agreements may be needed. Early implementation is permitted.

## 3. SOURCE OF ESTIMATION UNCERTAINTY

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of the assets and liabilities affected in future periods.

## 3. SOURCE OF ESTIMATION UNCERTAINTY (continiued)

### Judgments

The following judgments are made by management in the process of applying the Company's accounting policies that have the most significant effects on the amounts recognized in the Company's financial statements:

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income, could necessitate future adjustments to tax income and expense already recorded.

Judgment is also involved in determining the provision for corporate income tax. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business.

The Company recognizes liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due.

Lease Term of Contracts with Renewal and Termination Options - The Company as Lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease or not. The Company considers all relevant factors that create an economic incentive for them to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Determination of Functional Currency

The Company's functional currency is the currency from the primary economic environment where the Company conducts business. The functional currency is the currency that has impact on revenue and expenses from product given.

Classification of Financial Assets and Financial Liabilities

The Company determines the classification of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK 71. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2k.

## 3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Company based its assumptions and estimates on parameters available when the Company's financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Provisions for Expected Credit Losses of Trade Receivables

The Company calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The Company's historically observed default rates. The Company will calibrate to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Note 6.

Impairment of Non-Financial Assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks to the asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators. The value in use calculation is based on a discounted cash flow model. The future cash flow projection is for a period of ten years and does not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

As of March 31, 2022 and December 31, 2021, the Company has provided allowance for impairment of right of use (Notes 9b).

## 3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

### Estimates and Assumptions (continued)

Depreciation of Fixed Assets, Right of Use Assets and Intangible Assets

Fixed assets and right of use assets are depreciated using the straight-line method based on estimated useful lives of the related assets which is a range that is generally thought of in similar industries. Changes in the pattern of usage and the level of technological development could impact the economic useful lives and residual values of fixed assets, right of use assets and deferred charges' estimated useful lives. Therefore, future depreciation charges are likely to be changed. Management estimates the useful lives of these fixed assets to be within four (4) to twenty (20) years and the useful lives of the right of use assets are over the lease term. These are common life expectancies applied in the industry where the Company conducts its business. Further details are disclosed in Note 9.

The costs of intangible asset are amortized on a straight-line basis over their estimated useful lives within four (4) years. These are common life expectancies applied in the industry where the Company conducts its business.

Income Tax

The Company recognize liabilities for corporate income tax based on estimation of whether additional corporate income tax will be due. Net carrying amount of the corporate income tax liability. Further details are disclosed in Note 11.

Employee Benefits

The measurement of the Company's obligations and cost for pension and liabilities for employee benefits is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in the financial position through other comprehensive income the period in which they occur.

While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company's actual experiences or significant changes in the Company's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense.

Deferred Tax Assets

The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Company will generate sufficient taxable income to allow all or part of the deferred tax assets to be utilized. Further details are disclosed in Note 11.

Allowance for Obsolescence and Decline in Value of Inventories

Allowance for obsolescence and decline in value of inventories is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices and estimated costs to sell. The allowance are re-evaluated and adjusted if additional information received affects the amount estimated. Further details are disclosed in Note 8.

## 3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

### Estimates and Assumptions (continued)

Uncertain Tax Exposure

In certain circumstances, the Company may not able to determine the exact amount of current or future tax liabilities due to possibility of examination by the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability, the Company applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK 57, “Provisions, Contingent Liabilities and Contingent Assets”. The Company analyzes all tax positions related to income taxes to determine if a tax liability for unrecognized tax expense should be recognized.

Financial Instruments

The Company records certain financial assets and liabilities at fair values, which requires the use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidences, the amount of changes in fair values would differ if the Company utilized different valuation methodology. Any changes in fair values of these financial assets and liabilities would affect directly to the Company’s profit or loss.

Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discontinued cash flow (“DCF”). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Further details are disclosed in Note 25.

Revenue from Contracts with Customers

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Determining method to estimate variable consideration and assessing the constraint

  Certain contracts for the retail sales include a volume rebates that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

  The Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the retail sales, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of equipment with volume rebates, the Company determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

## 3. SOURCE OF ESTIMATION UNCERTAINTY (continued)

### Estimates and Assumptions (continued)

Revenue from Contracts with Customers (continued)

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Leases - Estimating the Incremental Borrowing Rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

## 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

| | March 31 2022 | December 31 2021 |
|---|---|---|
| Cash on hand | 47,388 | 35,653 |
| Cash in banks - third parties | | |
| Rupiah | | |
| PT Bank Danamon Indonesia Tbk | 43,525 | 86,080 |
| PT Bank Central Asia Tbk | 19,709 | 59,165 |
| PT Bank CIMB Niaga Tbk | 8,651 | 18,676 |
| Standard Chartered Bank Indonesia | 6,070 | 21,424 |
| PT Bank Rakyat Indonesia (Persero) Tbk | 4,310 | 9,143 |
| PT Bank Negara Indonesia (Persero) Tbk | 2,629 | 11,735 |
| PT Bank Mandiri (Persero) Tbk | 2,416 | 16,632 |
| PT Bank DKI | 1,131 | 1,085 |
| PT Bank Mega Tbk | 469 | 976 |
| Citibank N.A., Indonesia Branch | 112 | 32 |
| United States Dollar | | |
| PT Bank Central Asia Tbk (US$213,944 as of March 31, 2022 and US$213,959 as of December 31, 2021) | 3,070 | 3,053 |
| Sub-total | 92,092 | 228,001 |
| Cash equivalents (time deposits and on call deposits) - third parties: | | |
| Rupiah | | |
| PT Bank Rakyat Indonesia (Persero) Tbk | 333,100 | 462,500 |
| PT Bank Danamon Indonesia Tbk | 241,000 | 287,000 |
| PT Bank UOB Indonesia | 82,000 | 64,000 |
| PT Bank Negara Indonesia (Persero) Tbk | 78,000 | 78,000 |
| PT Bank Mega Tbk | 39,300 | 106,800 |
| PT Bank DKI | 30,000 | 30,000 |
| PT Bank Central Asia Tbk | 26,000 | 51,000 |
| Citibank N.A., Indonesia Branch | 20,600 | 4,100 |
| PT Bank Mandiri (Persero) Tbk | - | 41,900 |
| PT Bank CIMB Niaga Tbk | - | 15,000 |
| United States Dollar | | |
| Credit Suisse AG, Singapore Branch (US$7,958,724 as of March 31, 2022 and US$7,957,976 as of December 31, 2021) | 114,200 | 113,552 |
| UBS AG, Singapore Branch (US$4,521,027 as of March 31, 2022 and US$4,521,027 as of December 31, 2021) | 64,872 | 64,511 |
| Sub-total | 1,029,072 | 1,318,363 |
| **Total** | **1,168,552** | **1,582,017** |

The annual interest rates for the time deposits and on call deposits are as follows:

| | March 31 2022 | December 31 2021 |
|---|---|---|
| Rupiah | 0,10% - 4,00% | 1,88% - 7,00% |
| United States Dollar | 0,03% - 0,12% | 0,03% - 3,80% |

There were no cash and cash equivalents balances placed to a related party

**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

## 5. TIME DEPOSITS

This account represents Rupiah time deposits which placed at the following third parties banks:

| | March 31 2022 | December 31 2021 |
|---|---|---|
| PT Bank UOB Indonesia | 311,500 | 340,000 |
| PT Bank Danamon Indonesia Tbk | 306,500 | 315,700 |
| PT Bank Rakyat Indonesia (Persero) Tbk | 217,200 | 122,800 |
| PT Bank Mega Tbk | 191,200 | 123,700 |
| PT Bank CIMB Niaga Tbk | 15,000 | - |
| **Total** | **1,041,400** | **902,200** |

The above time deposits have maturities within three (3) months to six (6) months from the time of placement and not pledged as collateral. The annual interest for the time deposits are as follows:

| | March 31 2022 | December 31 2021 |
|---|---|---|
| Rupiah | 2,50% - 4,00% | 2,75% - 4,00% |

There were no time deposits placed to a related party.

## 6. ACCOUNTS RECEIVABLE - TRADE AND OTHERS - THIRD PARTIES

Accounts receivable - trade - third parties represents receivables in Rupiah for purchase payments made by the customers using credit cards, debit cards and electronic money with details as follows:

| | March 31 2022 | December 31 2021 |
|---|---|---|
| PT Bank Central Asia Tbk | 1,673 | 2,304 |
| PT Bank Mandiri (Persero) Tbk | 886 | 1,677 |
| PT Bank Negara Indonesia (Persero) Tbk | 637 | 809 |
| PT Espay Debit Indonesia Koe | 553 | 974 |
| PT Bank Rakyat Indonesia (Persero) Tbk | 426 | 563 |
| PT Shopee International Indonesia | 143 | 14 |
| Others (below Rp250) | 368 | 291 |
| **Total** | **4,686** | **6,632** |

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

## 6. ACCOUNTS RECEIVABLE - TRADE AND OTHERS - THIRD PARTIES (continued)

Based on the review of the possibility of impairment at the end of the year, m¬anagement believes that no allowance for impairment loss of trade receivables is needed to cover the possibility of impairment.

Accounts receivable - others - third parties - net represents receivables from rental income, promotion replacement and rebate and interest receivables from time deposits. All receivables are denominated in Rupiah and foreign currency. All receivables are in current category. Based on the review of possibility of impairment at the end of the year, management believes that the allowance for impairment losses is adequate to cover possible losses from accounts receivable - others - third parties.

## 7. SHORT-TERM INVESTMENTS

This account represents investments in debt, mutual fund and share securities in Rupiah which are classified as available-for-sale financial assets as follows:

| | March 31 2022 | December 31 2021 |
|---|---|---|
| Debt securities - third parties: | | |
| Obligasi Berkelanjutan III Bank CIMB Niaga Tahap I Tahun 2019 Seri B | 41,212 | 41,380 |
| Obligasi Subordinasi BKLJT I BCA Tahap I Tahun 2018 SR A | 30,480 | 30,984 |
| Obligasi Subordinasi Berkelanjutan I Bank UOB Indonesia Tahap II Tahun 2017 | 7,547 | 7,540 |
| Mutual fund securities - third parties: | | |
| Mutual Fund Sucorinvest Stable Fund | 147,888 | 20,148 |
| Share securities - third parties: | | |
| Saham PT Berlian Laju Tanker Tbk | 565 | 565 |
| **Total** | **227,692** | **100,617** |

Annual interest rates of debt securities are as follows:

| | March 31 2022 | December 31 2021 |
|---|---|---|
| Rupiah | 7,55% - 9,25% | 7,55% - 9,25% |

The balance of changes in the fair value of available-for-sale financial assets, after the effect of deferred tax, resulted in an unrealized loss of Rp7,008 as of March 31, 2022 and Rp7,847 as of December 31, 2021, which is presented as part of the account " Other Comprehensive Loss - Net" in the equity section of the statement of financial position.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

## 8. INVENTORIES - NET

This account represents merchandise inventories owned by the Company which are located in the following regions:

| | March 31 2022 | December 31 2021 |
|---|---|---|
| West Java | 302,497 | 212,213 |
| Sumatera | 177,251 | 117,265 |
| Jakarta | 156,602 | 112,351 |
| East Java | 85,934 | 52,895 |
| Kalimantan | 74,690 | 47,926 |
| Central Java | 48,356 | 30,812 |
| Bali and Nusa Tenggara | 41,576 | 31,035 |
| Sulawesi | 31,852 | 20,246 |
| Papua | 28,279 | 20,739 |
| **Sub-Total** | **947,037** | **645,482** |
| Allowance for decline in value of inventories | (52,500) | (52,500) |
| **Total** | **894,537** | **592,982** |

The above inventories are covered by insurance against losses from fire, damage, natural disasters, riots and other risks amounting to Rp470,718 as of March 31, 2022.

As of March 31, 2022 and December 31, 2021, there are no inventories pledged as collateral.

## 9. FIXED ASSETS AND RIGHT OF USE ASSETS - NET

a. Fixed assets - net

Fixed assets consists of:

| | For three-month periods ended March 31, 2022 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Deductions | Reclassification | Ending Balance |
| <u>Cost</u> | | | | | |
| Land | 366,503 | - | - | - | 366,503 |
| Buildings | 906,036 | - | - | - | 906,036 |
| Building renovations and improvements | 1,287,438 | 7,095 | - | 2,898 | 1,297,431 |
| Store equipments | 939,901 | 2,075 | - | - | 941,976 |
| Transportation equipments | 53,568 | 4,213 | - | - | 57,781 |
| Office equipments | 96,430 | 44 | - | - | 96,474 |
| Sub-total | 3,649,876 | 13,427 | - | 2,898 | 3,666,201 |
| <u>Construction in Progress</u> | | | | | |
| Building renovations and improvements | 27,016 | 7,324 | - | (2,898) | 31,442 |
| Store and office equipments | 1,069 | - | - | - | 1,069 |
| Sub-total | 28,085 | 7,324 | - | (2,898) | 32,511 |
| Total Cost | 3,677,961 | 20,751 | - | - | 3,698,712 |

**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

## 9. FIXED ASSETS AND RIGHT OF USE ASSETS - NET (continued)

a. Fixed assets - net (continued)

Fixed assets consists of: (continued)

| | For three-month periods ended March 31, 2022 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Deductions | Reclassification | Ending Balance |
| **Accumulated Depreciation** | | | | | |
| Buildings | 654,703 | 10,804 | - | - | 665,507 |
| Building renovations and improvements | 1,129,431 | 11,815 | - | - | 1,141,246 |
| Store equipments | 884,720 | 7,629 | - | - | 892,349 |
| Transportation equipments | 51,051 | 499 | - | - | 51,550 |
| Office equipments | 91,232 | 995 | - | - | 92,227 |
| Total Accumulated Depreciation | 2,811,137 | 31,742 | - | - | 2,842,879 |
| Allowance for impairment of fixed assets | - | | | | - |
| **Net Book Value** | **866,824** | | | | **855,833** |

| | Year Ended Desember 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Deductions | Reclassification | Ending Balance |
| **Cost** | | | | | |
| Land | 366,503 | - | - | - | 366,503 |
| Buildings | 906,036 | - | - | - | 906,036 |
| Building renovations and improvements | 1,329,165 | 25,285 | 103,700 | 36,688 | 1,287,438 |
| Store equipments | 915,868 | 6,777 | 1,630 | 18,886 | 939,901 |
| Transportation equipments | 56,033 | 482 | 2,947 | - | 53,568 |
| Office equipments | 96,208 | 464 | 242 | - | 96,430 |
| Sub-total | 3,669,813 | 33,008 | 108,519 | 55,574 | 3,649,876 |
| Construction in Progress | | | | | |
| Building renovations and improvements | 53,476 | 25,769 | 9,642 | (42,587) | 27,016 |
| Store and office equipments | 16,846 | 88 | 2,878 | (12,987) | 1,069 |
| Sub-total | 70,322 | 25,857 | 12,520 | (55,574) | 28,085 |
| Total Cost | 3,740,135 | 58,865 | 121,039 | - | 3,677,961 |
| **Accumulated Depreciation** | | | | | |
| Buildings | 609,919 | 44,784 | - | - | 654,703 |
| Building renovations and improvements | 1,145,698 | 70,482 | 86,749 | - | 1,129,431 |
| Store equipments | 837,584 | 48,275 | 1,139 | - | 884,720 |
| Transportation equipments | 51,561 | 2,437 | 2,947 | - | 51,051 |
| Office equipments | 87,054 | 4,220 | 42 | - | 91,232 |
| Total Accumulated Depreciation | 2,731,816 | 170,198 | 90,877 | - | 2,811,137 |
| Allowance for impairment of fixed assets | (6,151) | | | | - |
| **Net Book Value** | **1,002,168** | | | | **866,824** |

**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

## 9. FIXED ASSETS AND RIGHT OF USE ASSETS - NET (continued)

a. Fixed assets - net (continued)

Fixed assets, exceptfor land and construction in progress, are covered by insurance against losses from fire, damage, natural disasters, riots and other risks amounting to Rp2,352,219 as of March 31, 2022, respectively, whichin the management's opinion is adequate to cover possible losses arising from such risks.

As of March 31, 2022 and December 31, 2021, the Company's management believes that there is no event or change in circumstances that may indicate any impairment in value of its fixed assets.

As of March 31, 2022 and December 31, 2021, there were no fixed assets pledged as collateral.

b. Right of use assets - net

Detail of right of use assets are as follows:

| | For three-month periods ended March 31, 2022 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Deductions | Reclassification | Ending Balance |
| **Cost** | | | | | |
| **Leased Assets** | | | | | |
| Building | 1,339,345 | 211,174 | - | - | 1,550,519 |
| **Accumulated Depreciation** | | | | | |
| **Leased Assets** | | | | | |
| Building | 529,272 | 40,923 | - | - | 570,195 |
| Allowance for impairment of right of use assets | (13,354) | | | | (13,354) |
| **Net Book Value** | **796,719** | | | | **966,970** |

| | Year Ended December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Beginning Balance | Additions | Deductions | Reclassification | Ending Balance |
| **Cost** | | | | | |
| **Leased Assets** | | | | | |
| Building | 1,155,358 | 183,987 | - | - | 1,339,345 |
| **Accumulated Depreciation** | | | | | |
| **Leased Assets** | | | | | |
| Building | 269,398 | 259,874 | - | - | 529,272 |
| Allowance for impairment of right of use assets | (12,390) | (964) | | | (13,354) |
| **Net Book Value** | **873,570** | | | | **796,719** |

As of March 31, 2022 and December 31, 2021, the Company has indicated and provided allowance for impairment of right of use assets amounting to Rp13,354 and Rp12,390 respectively.

**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

## 10. ACCOUNTS PAYABLE - TRADE - THIRD PARTIES

This account represents liabilities to suppliers for purchases of merchandise inventories in Rupiah. The terms of payments for the suppliers are ranging from one (1) month to three (3) months from the date of purchase.

## 11. TAXES PAYABLE

Taxes payable consists of:

| | March 31 2022 | December 31 2021 |
|---|---|---|
| Income taxes: | | |
| Article 21 | 659 | 367 |
| Article 23 | 521 | 240 |
| Article 4 (2) | 1,970 | 1,351 |
| Value Added Tax - net | - | 12,900 |
| **Total** | **3,150** | **14,858** |

The reconciliation between income before income tax as shown in the statement of profit or loss and other comprehensive income and taxable income for the years ended March 31, 2022 and December 31, 2021 are presented as follows:

| | March 31 2022 | December 31 2021 |
|---|---|---|
| Income before income tax as shown in the statement of profit or loss and other comprehensive income | 29,252 | 191,611 |
| Temporary differences: | | |
| Depreciation of fixed assets | 6,432 | 6,772 |
| Amortization of long-term prepaid rent | 2,212 | 7,413 |
| Amortization of prepaid expenses | (287) | 2,624 |
| Provision for liabilities for employee benefits - net | (4,924) | (2,351) |
| Allowance for impairment of right of use assets | - | 964 |
| Allowance for impairment of security deposits | - | 287 |
| Allowance(reversal of allowance) for impairment of other receivables | - | (1,276) |
| Allowance (reversal of allowance) for decline in value of fixed assets | - | (6,151) |
| Allowance (reversal of allowance) for decline in value of inventories | | 2,755 |
| Permanent differences: | | |
| Finance cost of lease liabilities | 9,604 | 29,006 |
| Tax penalties | 1,248 | 197 |
| Donations and entertainment | 1,063 | 5,077 |
| Depreciation of fixed assets | 373 | 1,492 |
| Employee welfare | 225 | 2,936 |
| Others | 136 | 15,310 |
| Income already subjected to final tax: | | |
| Interest | (13,021) | (65,107) |
| Rent | (20,841) | (62,256) |
| **Taxable income** | **11,472** | **129,303** |
| **Less: accumulated taxable loss** | (130,073) | (259,376) |
| **Estimated fiscal losses** | (118,601) | (130,073) |

**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

## 11. TAXATION (continued)

The reconciliation between income before income tax as shown in the statement of profit or loss and other comprehensive income and taxable income for March 31, 2022 and December 31, 2021 are presented as follows: (continued)

| | March 31 2022 | December 31 2021 |
|---|---|---|
| **Income tax expense - current** | - | - |
| **Income tax (benefit) expense - deferred** | | |
| Allowance (reversal of allowance) for decline in value of inventories | - | (606) |
| Provision for liabilities for employee benefits - net | 1,084 | (3,683) |
| Allowance for (reversal of allowance) for decline in value of fixed assets | - | 1,353 |
| Allowance (reversal of allowance) for impairment of other receivables | - | 281 |
| Amortization of long-term prepaid rent | (487) | (521) |
| Allowance for impairment of right of use assets | - | (212) |
| Allowance for impairment of security deposits | - | (63) |
| Tax loss | - | 25,856 |
| Amortization of prepaid expenses | 63 | (577) |
| Depreciation of fixed assets | (1,415) | (792) |
| **Income tax expense (benefit) - deferred - net** | **(755)** | **21,036** |
| **Income tax expense (benefit) - net** | **(755)** | **21,036** |

The computation of estimated claim for tax refund are as follows:

| | March 31 2022 | December 31 2021 |
|---|---|---|
| Income tax expense - current | - | - |
| Prepayments of income taxes | | |
| Article 23 | 13 | - |
| Total | 13 | - |
| **Income Tax Payable (Prepaid Tax)** | **(13)** | **-** |

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

## 11. TAXATION (continued)

The deferred tax assets and liabilities as of March 31, 2022 and December 31, 2021 are as follows:

| | March 31 2022 | December 31 2021 |
|---|---|---|
| Deferred tax assets on: | | |
| Liabilities for employee benefits | 51,366 | 52,450 |
| Tax loss | 28,616 | 28,616 |
| Allowance for decline in value of inventories | 11,550 | 11,550 |
| Allowance for impairment of right of use assets | 2,938 | 2,938 |
| Unrealized loss on available-for-sale financial assets | 1,978 | 2,215 |
| Allowance for impairment of security deposits | 815 | 815 |
| Allowance for impairment of other receivables | 40 | 40 |
| Total | 97,303 | 98,624 |
| Deferred tax liabilities on: | | |
| Prepaid expenses | (263) | (200) |
| Fixed assets | (4,768) | (6,183) |
| Long-term rent | (10,088) | (10,575) |
| Total | (15,119) | (16,958) |
| **Deferred tax assets - net** | **82,184** | **81,666** |

## 12. ACCRUED EXPENSES

Accrued expenses consist of:

| | March 31 2022 | December 31 2021 |
|---|---|---|
| Rent | 17,300 | 7,041 |
| Electricity and energy | 11,935 | 12,933 |
| Store supplies | 6,164 | 2,185 |
| Maintenance and repair | 2,809 | 2,614 |
| Professional fee | 1,150 | 1,649 |
| Promotion | 495 | 2,014 |
| Others | 8,288 | 20,519 |
| **Total** | **48,141** | **48,955** |

## 13. LEASE LIABILITIES

The Company entered into several lease agreements to lease the Company's stores, warehouses and employees' housing with period according to the lease terms.

The details of lease liabilities are as follows:

| | March 31 2022 | December 31 2021 |
|---|---|---|
| Total lease liabilities | 710,377 | 528,803 |
| Less current maturities | (242,091) | (180,611) |
| **Total** | **468,286** | **348,192** |

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

## 13. LEASE LIABILITIES (continued)

As of March 31, 2022 and December 31, 2021, the minimum future rental payments based on the lease agreements are as follows:

| | March 31 2022 | December 31 2021 |
|---|---|---|
| Within one year | 255,171 | 208,099 |
| More than one year | 531,573 | 376,138 |
| **Total** | **786,744** | **584,237** |
| Less amount applicable to interest | (76,367) | (55,434) |
| Present value of minimum rental payments | 710,377 | 528,803 |
| Less current portion | (242,091) | (180,611) |
| **Long-term portion** | **468,286** | **348,192** |

## 14. SHARE CAPITAL AND TREASURY SHARES

**Share Capital**

The shareholders and their share ownership as of March 31, 2022:

**March 31, 2022**

| Shareholders | Number of Shares Issued and Fully Paid | Percentage of Ownership | Total |
|---|---|---|---|
| PT Ramayana Makmursentosa | 3,965,000,000 | 63.02% | 198,250 |
| Paulus Tumewu (President Commissioner) | 260,000,000 | 4.13% | 13,000 |
| Agus Makmur (President Director) | 190,076,600 | 3.02% | 9,504 |
| Public (below 5% ownership each) | 1,877,239,300 | 29.83% | 93,862 |
| **Sub-total** | **6,292,315,900** | **100.00%** | **314,616** |
| Treasury shares | 803,684,100 | | 40,184 |
| | **7,096,000,000** | | **354,800** |

The shareholders and their share ownership as of December 31, 2021:

**December 31, 2021**

| Shareholders | Number of Shares Issued and Fully Paid | Percentage of Ownership | Total |
|---|---|---|---|
| PT Ramayana Makmursentosa | 3,965,000,000 | 62.64% | 198,250 |
| Paulus Tumewu (President Commissioner) | 260,000,000 | 4.11% | 13,000 |
| Agus Makmur (President Director) | 240,076,600 | 3.79% | 12,004 |
| Public (below 5% ownership each) | 1,864,964,700 | 29.46% | 93,248 |
| **Sub-total** | **6,330,041,300** | **100.00%** | **316,502** |
| Treasury shares | 765,958,700 | | 38,298 |
| | **7,096,000,000** | | **354,800** |

**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

## 14. SHARE CAPITAL AND TREASURY SHARES (continued)

**Treasury Shares**

In 2022, the Company has purchased 37,725,400 shares each with an acquisition price of Rp25,191. In 2022, the Company did not sell treasury shares. As of March 31, 2022, the Company still owns 803,684,100 shares, which are presented as “Treasury Shares” account recorded as equity deduction on financial position statement.

In 2021, the Company has conducted purchase of 412,443,100 treasury shares each with total acquisition cost amounting to Rp311,049. In 2021, the Company did not sell treasury shares. As of December 31, 2021, the Company still has 765,958,700 shares, which presented as "Treasury Shares" which presented as a deduction to the equity in the statement of financial position.

## 15. RETAINED EARNINGS

In the Annual Shareholders’ General Meeting held on August 27, 2021, which were notarized by Deed No. 1 on the same date of Rianto, S.H., the shareholders approved not to distribute dividends.

In the Annual Shareholders’ General Meeting held on August 14, 2020, which were notarized by Deed No. 2 on the same date of Rianto, S.H., the shareholders approved the declaration of cash dividend of Rp50 (full amount) per share or in total amount of Rp337,124.

## 16. REVENUES

The details of revenues are as follows:

| | March 31 2022 | March 31 2021 |
|---|---|---|
| Outright sales | 483,055 | 397,892 |
| Consignment sales | 474,107 | 372,152 |
| Cost of consignment sales | (356,629) | (279,103) |
| Commission on consignment sales | 117,478 | 93,049 |
| **Total Revenues** | **600,533** | **490,941** |

There were no sales to a single customer that exceeded 10% of total revenue for the period March 31, 2022 and March 31, 2021.

## 17. COST OF OUTRIGHT SALES

The details of cost of outright sales are as follows:

| | March 31 2022 | March 31 2021 |
|---|---|---|
| Beginning inventories | 592,982 | 493,436 |
| Net purchases | 630,639 | 474,089 |
| Inventories available for sale | 1,223,621 | 967,525 |
| Ending inventories | (894,537) | (690,464) |
| **Cost of outright sales** | **329,084** | **277,061** |

There were no purchases of inventories from any of the Company's suppliers that exceeded 10% of total revenue for the period March 31, 2022 and March 31, 2021.

**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

## 18. SELLING EXPENSES

The details of selling expenses are as follows:

| | March 31 2022 | March 31 2021 |
|---|---|---|
| Transportation | 9,533 | 10,060 |
| Promotion | 9,263 | 6,584 |
| Plastic bags | 3,662 | 4,265 |
| Rent - net | 1,965 | 14,959 |
| Credit card charges | 1,349 | 1,124 |
| Rent income | (24,124) | (22,649) |
| Others | 162 | 1,105 |
| **Total** | **1,810** | **15,448** |

## 19. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are as follows:

| | March 31 2022 | March 31 2021 |
|---|---|---|
| Salaries and employee welfare | 87,110 | 78,659 |
| Depreciation of right of use assets | 40,923 | 61,929 |
| Depreciation of fixed assets | 31,742 | 57,864 |
| Electricity and energy | 31,369 | 23,486 |
| Repairs and maintenance | 28,679 | 43,265 |
| Jamsostek | 5,473 | 6,006 |
| Equipment | 3,221 | 5,408 |
| Dues and levies | 2,621 | 4,094 |
| Stationeries and printing | 2,479 | 1,798 |
| Security | 1,828 | 1,306 |
| Taxes and licenses | 1,749 | 7,880 |
| Business trip | 1,418 | 924 |
| Bank charges | 1,253 | 1,140 |
| Insurance | 1,117 | 6,235 |
| Donations and meals | 1,063 | 710 |
| Communication | 977 | 353 |
| Profesional Services | 842 | 325 |
| Others | 1,101 | 1,392 |
| **Total** | **244,965** | **302,774** |

## 20. OTHER INCOME

The details of other income are as follows:

| | March 31 2022 | March 31 2021 |
|---|---|---|
| Gain on foreign exchange - net | 1,008 | 5,880 |
| Gain on insurance reimbursement - fire and riot | - | 4,493 |
| Others - net | 189 | 221 |
| **Total** | **1,197** | **10,594** |

**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

## 21. EARNINGS (LOSS) PER SHARE

The computation of earnings (loss) per share March 31, 2022 and March 31, 2021 are as follows:

| | March 31 2022 | March 31 2021 |
|---|---|---|
| **Income (loss) for the period** | **30,007** | **(85,667)** |
| Weighted average number of shares outstanding after deducting shares reacquired by the company (803,684,100 shares March 31, 2022 and 353,515,600 shares March 31, 2021) | 6,309,931,592 | 6,742,484,400 |
| **Earnings (loss) per share (full amount)** | **4.76** | **(12.71)** |

## 22. SEGMENT INFORMATION

The following segment information is prepared based on the information used by management in evaluating the performance of each business segment and in determining the allocation of resources.

| | Month Ended March 31, 2022 | | | | |
|---|---|---|---|---|---|
| | Sumatera | Java, Bali and Nusa Tenggara | Kalimantan | Sulawesi and Papua | Total Segment |
| Total revenues | 109,392 | 384,531 | 52,747 | 53,863 | 600,533 |
| Income | | | | | |
| Segment income | 36,096 | 116,119 | 22,190 | 24,378 | 198,783 |
| Unallocated operating expenses | | | | | (172,912) |
| Profit from operations | | | | | 25,871 |
| Finance income | | | | | 15,842 |
| Finance cost | | | | | (9,604) |
| Tax on finance income | | | | | (2,857) |
| Profit before income tax | | | | | 29,252 |
| Income tax benefit - net | | | | | 755 |
| **Profit for the period** | | | | | **30,007** |
| Segment assets | 400,534 | 2,034,768 | 187,112 | 130,358 | 2,752,772 |
| Unallocated assets | | | | | 2,652,363 |
| **Total assets** | | | | | **5,405,135** |
| Segment liabilities | 37,899 | 618,892 | 45,317 | 11,932 | 714,040 |
| Unallocated liabilities | | | | | 1,088,617 |
| **Total liabilities** | | | | | **1,802,657** |
| Capital expenditures | 2,952 | 226,946 | 54 | 1,973 | 231,925 |
| Depreciation and amortization | 12,437 | 50,126 | 3,545 | 6,557 | 72,665 |

**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

## 22. SEGMENT INFORMATION (continued)

The following segment information is prepared based on the information used by management in evaluating the performance of each business segment and in determining the allocation of resources.

| | Year Ended December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | **Sumatera** | **Java, Bali and Nusa Tenggara** | **Kalimantan** | **Sulawesi and Papua** | **Total Segment** |
| Total revenues | 451,230 | 1,644,161 | 231,194 | 266,097 | 2,592,682 |
| Income | | | | | |
| Segment income | 157,729 | 404,043 | 93,297 | 124,919 | 779,988 |
| Unallocated operating expenses | | | | | (624,628) |
| Profit from operations | | | | | 155,360 |
| Finance income | | | | | 79,701 |
| Finance cost | | | | | (29,006) |
| Tax on finance income | | | | | (14,444) |
| Profit before income tax | | | | | 191,611 |
| Income tax benefit - net | | | | | (21,036) |
| **Profit for the year** | | | | | **170,575** |
| Segment assets | 357,218 | 1,702,753 | 159,407 | 121,171 | 2,340,549 |
| Unallocated assets | | | | | 2,744,861 |
| **Total assets** | | | | | **5,085,410** |
| Segment liabilities | 20,820 | 446,704 | 47,968 | 16,974 | 532,466 |
| Unallocated liabilities | | | | | 956,121 |
| **Total liabilities** | | | | | **1,488,587** |
| Capital expenditures | 4,812 | 44,499 | 941 | 8,613 | 58,865 |
| Depreciation and amortization | 49,437 | 330,084 | 18,902 | 31,649 | 430,072 |

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

## 22. SEGMENT INFORMATION (continued)

The Company determines its business segment based on the products sold consisting of fashion and accessories and groceries are as follows:

| Period Ended March 31, 2022 | Fashion and Accessories | Groceries | Total Segment |
|---|---|---|---|
| Outright sales | 326,273 | 156,782 | 483,055 |
| Commission on consignment sales | 116,397 | 1,081 | 117,478 |
| Cost of outright sales | (192,235) | (136,849) | (329,084) |
| **Gross profit** | **250,435** | **21,014** | **271,449** |
| Selling expenses | 841 | (2,651) | (1,810) |
| General and administratives expenses | (222,159) | (22,806) | (244,965) |
| Other income | 785 | 412 | 1,197 |
| **Income (loss) from operations** | **29,902** | **(4,031)** | **25,871** |
| Finance income | 13,431 | 2,411 | 15,842 |
| Finance cost | (9,190) | (414) | (9,604) |
| Tax on finance income | (2,383) | (474) | (2,857) |
| **Income (loss) before income tax** | **31,760** | **(2,508)** | **29,252** |

| Year Ended December 31, 2021 | Fashion and Accessories | Groceries | Total Segment |
|---|---|---|---|
| Outright sales | 1,458,996 | 604,302 | 2,063,298 |
| Commission on consignment sales | 525,335 | 4,049 | 529,384 |
| Cost of outright sales | (846,272) | (536,350) | (1,382,622) |
| **Gross profit** | **1,138,059** | **72,001** | **1,210,060** |
| Selling expenses | (83,242) | (21,364) | (104,606) |
| General and administratives expenses | (1,059,916) | (111,355) | (1,171,271) |
| Other income | 222,112 | 17,446 | 239,558 |
| Other expenses | (18,226) | (155) | (18,381) |
| **Profit (loss) from operations** | **198,787** | **(43,427)** | **155,360** |
| Finance income | 67,934 | 11,767 | 79,701 |
| Tax on finance income | (12,227) | (2,217) | (14,444) |
| Expenses cost | (27,839) | (1,167) | (29,006) |
| **Profit (loss) before income tax** | **226,655** | **(35,044)** | **191,611** |

**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

## 23. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As of March 31, 2022, the Company has monetary assets and liabilities denominated in foreign currencies as follows:

| | **Equivalent in Rupiah** |
|---|---|
| Assets | |
| Cash and cash equivalents | |
| United States Dollar ($AS12,693,695) | 182,142 |
| Accounts receivable - others | |
| United States Dollar ($AS2,219) | 32 |
| Total | 182,174 |
| Liabilities | |
| Accounts payable - others | |
| United States Dollar ($AS92,663) | 1,330 |
| Singapore Dollar ($Sin4,808) | 51 |
| Total | 1,381 |
| **Net monetary assets** | **180,793** |

At reporting date, exchange rates are Rp14,361 (full amount) per US$1 and Rp10,509 (full amount) per US$Sin1.

If the net monetary assets in foreign currencies as of March 31, 2022 are currented to Rupiah using the exchange rates at the reporting date, the net monetary assets will increase by Rp152.

## 24. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company’s main financial instruments comprise cash and cash equivalents, time deposits, short-term investments, trade receivables, other receivables - net, security deposits - net, other non-current assets, trade payables, other payables, accrued expenses and lease liabilities.

### a. Risk Management

The Company is exposed to market risk, credit risk and liquidity risk. Interest to manage any kind of risks has been significantly increased by considering the volatility of financial market both, in Indonesia and international. The Company's senior management oversees the risk management of these risks.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two type of risks: interest rate risk and foreign currency risk. Financial instruments affected by market risk include cash and cash equivalents, time deposits, short-term investments, other receivables - net and other payables.

## 24. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

### a. Risk Management (continued)

**Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchanges rates. The Company's exposure to the risk of changes in foreign exchange rates is related primarily to cash and cash equivalents, other receivables - netand other payables which are denominated in United States Dollar and Singapore Dollar. The Company manages this risk by placing their investment selectively in financial instruments which provide high return on investment, so that the fluctuation of foreign exchange rate can be compensated with the return on investments which are denominated in several foreign currencies.

The following table demonstrates the sensitivity to a reasonably possible change in the Rupiah exchange rate against foreign currencies, with assumption that all other variables held constant, the effect to the income before corporate income tax expense is as follows:

| | March 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | Change in Rupiah Rate | Effect on Loss Before Tax Expenses | Change in Rupiah Rate | Effect on Income Before Tax Expenses |
| United States Dollar | +2% | 3,617 | +2% | 3,596 |
| Singapore Dollar | +2% | (1) | +2% | (1) |
| United States Dollar | -2% | (3,617) | -2% | (3,596) |
| Singapore Dollar | -2% | 1 | -2% | 1 |

**Credit risk**

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company's financial instruments that have potential credit risk consist of cash and cash equivalents, time deposits, trade receivables, other receivables - net, security deposits - net and short-term investments. Other than as disclosed below, the Company has no concentration of credit risk.

Credit risk arising from placements of current accounts and deposits is managed in accordance with the Company's policy. Investments of surplus funds are limited for each banks or financial institution and reviewed annually by the Board of Directors. Such limits are set to minimize the concentration of credit risk and therefore mitigate financial loss through potential failure of the banks.

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets presented in the statement of financial position.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

## 24. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

### a. Risk Management (continued)

**Liquidity Risk**

Liquidity risk is the risk that occurs when the cash flows position indicates that short-term revenue is insufficient to cover short-term expenditure.

The Company manages liquidity risk by maintaining sufficient cash and marketable securities to enable the Company fulfilled the Company's commitments to support the Company's business activities. In addition, the Company continuously controls the projection and actual cash flows and also controls the maturity of financial assets and liabilities.

The tables below summarized the maturity profile of the Company's financial liabilities based on contractual payments as of March 31, 2022 and December 31, 2021:

| | < 1 year | 1 - 2 year | 2 - 3 year | > 3 year | Total |
|---|---|---|---|---|---|
| **As of March 31, 2022** | | | | | |
| Accounts payable - third parties | | | | | |
| Trade | 754,407 | - | - | - | 754,407 |
| Others | 53,098 | - | - | - | 53,098 |
| Accrued expenses | 48,141 | - | - | - | 48,141 |
| Lease liabilities | 242,091 | 174,188 | 164,076 | 130,022 | 710,377 |
| **Total** | **1,097,737** | **174,188** | **164,076** | **130,022** | **1,566,023** |

| | < 1 year | 1 - 2 year | 2 - 3 year | > 3 year | Total |
|---|---|---|---|---|---|
| **As of December 31, 2021** | | | | | |
| Accounts payable - third parties | | | | | |
| Trade | 607,240 | - | - | - | 607,240 |
| Others | 50,323 | - | - | - | 50,323 |
| Accrued expenses | 48,955 | - | - | - | 48,955 |
| Lease liabilities | 180,611 | 127,116 | 91,054 | 130,022 | 528,803 |
| **Total** | **887,129** | **127,116** | **91,054** | **130,022** | **1,235,321** |

The table below summarizes the changes in liabilities arising from financing activities:

| | For Year Ended March 31, 2022 | | | |
|---|---|---|---|---|
| | **Beginning Balance** | **Addition** | **Cash Flow - Net** | **Ending Balance** |
| Lease liabilities | 528,803 | 211,174 | (29,600) | 710,377 |

| | For the Year Ended December 31, 2021 | | | |
|---|---|---|---|---|
| | **Beginning Balance** | **Addition** | **Cash Flow - Net** | **Ending Balance** |
| Lease liabilities | 598,166 | 43,602 | (112,965) | 528,803 |

## 24. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

### b. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

In addition, the Company is also required by the Corporate Law effective August 16, 2007 to contribute and to maintain a non-distributable reserve fund until the said reserve reaches 20% of the issued and fully paid share capital. This externally imposed capital requirement is considered by the Company at the Annual General Shareholders' Meeting ("AGSM").

The Company manages its capital structure and makes adjustments to changing economic conditions. To maintain and adjust the capital structure, the Company may adjust dividend payments to shareholders, issue new shares or seek funding through loans. There were no changes to the objectives, policies or processes for the years ended March 31, 2022 and December 31, 2021.

The Company's policy is to maintain a healthy capital structure in order to secure access to finance at a reasonable cost.

## 25. FINANCIAL INSTRUMENTS

As of March 31, 2022 and December 31, 2021, the carrying amounts of financial assets and liabilities approximate their fair values as follows:

1. Cash and cash equivalents, time deposits, trade receivables and other receivables - net.

   All of the above financial assets represent current assets which due within twelve (12) months, thus the carrying values of the financial assets approximate their fair values.

2. Trade payables, other payables, accrued expenses and lease liabilities.

   All of the above financial liabilities represent current liabilities which due within twelve (12) months, thus the carrying values of the financial liabilities approximate their fair values.

3. Security deposits - net and employee receivables, including their current maturities within one (1) year.

   Long-term assets which bear no interest are presented at the net present value of the estimated future cash receipts or payments using market interest rate available for debt with approximately similar characteristics.

Short-term investments

Fair value of this financial asset is estimated using appropriate valuation techniques with market observable inputs.

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

## 25. FINANCIAL INSTRUMENTS (continued)

### Fair Value Hierarchy

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The assessment of the significance of a particular input to the fair value measurements requires judgement, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis.

If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the Company calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on any available observable market data.

The Company's hierarchy of fair value as of March 31, 2022 and December 31, 2021 is as follows:

| | March 31, 2022 | | | |
|---|---|---|---|---|
| | **Total** | **Level 1** | **Level 2** | **Level 3** |
| **Current asset** | | | | |
| Short-term investments | 227,692 | 227,692 | - | - |

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | **Total** | **Level 1** | **Level 2** | **Level 3** |
| **Current asset** | | | | |
| Short-term investments | 100,617 | 100,617 | - | - |

For the years ended March 31, 2022 and December 31, 2021, there was no transfer between levels of fair value measurement.

**(Expressed in Millions of Rupiah, Unless Otherwise Stated)**

## 25. FINANCIAL INSTRUMENTS (continued)

### Fair Value Hierarchy (continued)

The following table sets out the carrying values and estimated fair values of the Company's financial instruments as of March 31, 2022 and December 31, 2021:

| | March 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | **Carrying Value** | **Fair Value** | **Carrying Value** | **Fair Value** |
| **Financial Assets** | | | | |
| Cash and cash equivalents | 1,168,552 | 1,168,552 | 1,582,017 | 1,582,017 |
| Time deposits | 1,041,400 | 1,041,400 | 902,200 | 902,200 |
| Accounts receivable | | | | |
| Trade | | | | |
| Third parties | 4,686 | 4,686 | 6,632 | 6,632 |
| Others - net | | | | |
| Related parties | 6,543 | 6,543 | 8,143 | 8,143 |
| Third parties | 24,911 | 24,911 | 34,533 | 34,533 |
| Short-term investments | 227,692 | 227,692 | 100,617 | 100,617 |
| Security deposits - net | 1,335 | 1,335 | 1,326 | 1,326 |
| Other non-current assets | 12,358 | 11,489 | 12,646 | 11,757 |
| **Total** | **2,487,477** | **2,486,608** | **2,648,114** | **2,647,225** |
| **Financial Liabilities** | | | | |
| Accounts payable - third parties | | | | |
| Trade | 754,407 | 754,407 | 607,240 | 607,240 |
| Others | 53,098 | 53,098 | 50,323 | 50,323 |
| Accrued expenses | 48,141 | 48,141 | 48,955 | 48,955 |
| Lease liabilities | 710,377 | 710,377 | 528,803 | 528,803 |
| **Total** | **1,566,023** | **1,566,023** | **1,235,321** | **1,235,321** |

(Expressed in Millions of Rupiah, Unless Otherwise Stated)

## 26. SUPPLEMENTARY CASH FLOWS INFORMATION

| | March 31 2022 | March 31 2021 |
|---|---:|---:|
| **ACTIVITIES NOT AFFECTING CASH FLOWS** | | |
| Acquisition of right of use assets through lease liabilities | 211,174 | - |
| Increase in fair value of available for sale assets Financial assets - net | 839 | 398 |

## 27. OTHER THINGS

COVID-19

The Company's operations are still being affected by the spread of the Covid-19 viruses. The impact of the Covid-19 virus on the global economy and Indonesia, including the impact on economic growth, a decline in the capital market, increased credit risk, depreciation of foreign exchange rates and disruption of business operations. The future impact of the Covid-19 virus on Indonesia and companies is still monitoring current condition. The decline in the number of Covid-19 virus infections and the high recovery rate brought positive changes to the economy and business.

After the date of the financial statements, the company's management believes in growth until the end of the year.