

## **BOARD OF DIRECTORS' REPORT SUMMARY**

### **Dear Valued Stakeholders,**

We wish to express our gratitude to the God Almighty for His grace, which has enabled PT Astra Graphia Tbk (Astragraphia) to overcome the challenges of 2021. Here we present the summary of Astragraphia's 2021 annual report:

### **Economic Conditions 2021**

During the economic recovery process, Indonesia faced with a number of challenges that affect the business climate, including the outbreak of the delta variant of the Covid-19 case in mid-2021. Nevertheless, the Indonesian economy is still able to survive and even experience growth of 3.69% in 2021. Along with the incessant vaccination program and tightening of population mobilization carried out by the Government, Indonesia managed to get out of the health crisis and return to experiencing economic growth at the end of 2021.

### **Formulation, Implementation, Monitoring of Strategy and Policy**

Facing this extremely challenging business landscape, we as the Company's Board of Directors and the executive management working under us, have played an active role in navigating, mitigating, and adapting quickly in formulating strategies and determining strategic policies to optimize company performance. We still used our 2021 Annual Work Plan and Budget (Annual W&B Plan) as the main strategic reference point although some adjustments had to be made to respond to the changing business landscape.

We took strategic development initiatives both in relation to our existing solutions and our newly developed digital-based management solutions such as Smart Office Packages and Digital Document Automation to strengthen market penetration and sharpen our competitive edges. Keeping abreast of the recent challenges faced by the global community such as global warming and eroding energy resources, Astragraphia has made its contribution to minimizing these global issues by marketing principal's products whose spare parts are tested strong and environmental-friendly. The single and multifunction printers marketed by Astragraphia uses SUPER EA-ECO Toner technology, which can reduce environmental damage and minimize CO2 emissions. This is because the the printout can stick to the paper at a 10% lower temperature than common toner. In addition to these more environmentally-friendly materials and toners, the technology of FUJIFILM Business Innovation printer also uses "Smart Energy Management," which significantly reduces power consumption and CO2 emissions, since this technology supplies power only on certain functions. Astragraphia has also strengthened its digital service platform, especially in business development that focuses on four main areas: analytics, internet of things & automation, cloud, and IT security.

Astragraphia also uses technological advancements internally to improve the competency of its Human Resources. Astragraphia utilizes technologies through Learning Management System, which allows all employees to access learning modules whenever and wherever they are.

Employee health and safety remain a top priority for Astragraphia. We continually take the necessary measures to prevent the spread of COVID-19 in the work environment and at customer service points and also provide education and the latest information regarding new variants while imposing strict health protocol. Astragraphia has also implemented several initiatives for its customer service team such as a multi-site Contact Center and the

implementation of Clustering & Cell in the placement of Customer Engineers. These initiatives have reduced machine downtime and ensure that the Service Level Agreement with every Astragraphia customer is met.

Seeing the wave of disruptions to business models and processes, the Board of Directors are putting a lot of effort to support a sustainable transformation and innovation process while increasing efficiency in operational cost management and setting priorities for capital expenditures, especially for posts that generate revenue. As a result, we ensure that the Company has enough operational cash flow to deliver optimum business performance and keep our finances at a healthy level.

Astragraphia Board of Directors also continues to strive operational excellence in all business lines to achieve a better result. In order to run a seamless process of strategy implementation, Astragraphia's Board of Directors also takes an active role in designing and implementing a reliable internal control system to mitigate risks, conduct structured, systematic and scheduled supervision, ensuring smooth and secure internal communication flows, and encourage the implementation of Organization Agility which is designed to encourage the organization move agile and adapt in line with business dynamics.

### **Comparison of Targets and Results**

Through continuous adaptation and innovation in facing challenges, Astragraphia managed to seize business opportunities to deliver Rp87 billion in net income in 2021, up by 83% from 2020, when the company posted a net revenues of Rp3.299 trillion.

We see this achievement as something that is inseparable from the contribution of our core business which consistently penetrates the market for the entire product portfolio in order to maintain the number of units installed and win major projects in various industries. Furthermore, this has enabled Astragraphia to achieve one of its set targets, maintaining the position of a market leader in the A3 color multifunction device and production printer segment.

PT Astra Graphia Information Technology (AGIT), a subsidiary that is 99.99% owned by Astragraphia managed to deliver fairly good performance in 2021, especially in the provision of infrastructure and software that support customer operations. The pandemic has changed the way people work with remote model of working becoming more popular. The acceleration of the need for digital technology and has had a positive impact on the information technology industry. AGIT has responded to customer needs by collaborating with the principal to deliver high-quality digital solutions and services. As one of its success parameters, In 2021, AGIT received the Indonesia TOP Growth Business Partner and TOP Global Technology Services - Infrastructure Services awards in the Business Partner category from IBM Indonesia.

Another subsidiary, PT Astragraphia Xprins Indonesia (AXI), is also a pioneer in the printing ecosystem. The subsidiary received the TOP Printing Ecosystem award at the Printerpreneur Indonesia Award 2021 from PrintPack Indonesia media. AXI also received the Best Contribution Award in the System Integrator category from Samsung Indonesia.

In accordance with its 2021 business strategy and work plan, Astragraphia remained committed to strengthening its human resources and contributing to sustainable development through corporate social responsibility programs.

The year 2021 offered the right moment for Astragraphia to accelerate its human resource development, since the company had to align diverse corporate measures to ensure that the entire organization was ready to meet the evolving business needs. By consistently strengthening competence through upskilling and reskilling, Astragraphia has ensured the readiness of highly qualified human resources.

The increasingly dynamic business landscape has prompted organization to respond quickly and appropriately through new ways. As a result, Astragraphia has pushed the implementation of Organizational Agility to shape a more agile and adaptive organization capable of dealing with business dynamics based on the foundations of Corporate Culture (VIPS). We are aware to implement VIPS consistently in our daily operations and are convinced that this will be a positive energy source for Astragraphia.

Astragraphia continues to amplify its social contribution to support the realization of sustainable development based on the implementation of the first pillar of the Company's culture, namely Valuable to the Nation and Life. Throughout 2021, Astragraphia carried out a series of social activities through sustainable programs that focused on four main pillars, namely Health, Education, Environment, and Entrepreneurship. The implementation of the corporate social responsibility program is based on the objective of building a smart and prosperous society through Astragraphia's competencies and technology.

## **Challenges**

The recent technological development has accelerated due to the COVID-19 pandemic. This has presented more opportunities for businesses engaged in document management solutions and information technology, especially those that offer solutions to increase efficiency and productivity for remote workers through the cloud, integrated core system/ERP, analytics, remote working systems, and IT security. The adoption of digital technology has been more focused on improving business fundamentals as companies have been more mindful of the non-primary information technology (IT) expenditure.

These rather abrupt changes in customer needs and work behavior have prompted Astragraphia to adopt a new ways in operational activities and innovate in customer service. Astragraphia continues to update and develop digital-based solutions, maintain business profitability, and improve human resources competencies to remain relevant in the business world.

## **Business Prospects 2022**

The International Monetary Fund (IMF) has projected that the economic growth of developing countries in Asia in 2022 will reach 5.9%. With a decline in active cases of COVID-19, many regions will experience a more vibrant economic activity. Disruptions to supply will no longer have a significant impact on developing countries, leading to increasing regional and global demand, which will eventually reignite the global economy and the economies of many countries. In line with regional economic growth, the ASEAN-5 countries are projected to achieve growth of 5.6%. However, this growth may be hampered by a new COVID-19 variant, which may lead countries to experience an increase in active cases and social restrictions.

The Indonesian government has projected strong economic growth for 2022 with a GDP in the range of 5.0%-5.5% through the successful pandemic-handling and the structural reforms taken by the government in the past two years. However, we need to keep an eye on factors

such as an escalation in COVID-19 cases and virus mutations, vaccination rates, and economic recovery. As such, it is critical that our 2022 plan is responsive, anticipative, and and flexible. The IDC predicts that corporate spending in the information and communication technology sector will reach Rp118 trillion in 2022, a growth of 8% from 2021. Corporate IT spending in Indonesia will grow by an average of 7% (CAGR 2019-2025) with IT growth services possibly reaching 12%. This will be driven by an accelerated implementation of new post pandemic habits. Remote & hybrid work patterns will likely reduce print volume at offices, and provide opportunities for managed print services, printing & cloud integration, intelligent digital workspaces & work process automation. In addition, the allocation of spending for cloud & IT security is predicted to increase by up to 20%.

## **Business Strategy in 2022**

Astragraphia has prepared a work plan for 2022 which is set out in several strategic initiatives as follows:

1. Optimizing profits through strengthening business fundamentals and market leadership.
2. Strengthening service quality and competitiveness in the printing & digital area to become the partner of choice.
3. Encouraging the growth of new initiatives through printing & digital products and services.
4. Strengthening human resource competencies through upskilling and reskilling training to meet new business needs.
5. Strengthening social contribution to sustainable development focusing on four main pillars, namely health, education, environment, and entrepreneurship.

## **Dividend Policy**

Astragraphia continues to pay dividends in the form of a balance between an attractive rate of return to all shareholders and Astragraphia's business growth needs while respecting the decisions of shareholders. The dividend distribution does not reduce Astragraphia's financial ability to fund various investments and new business initiatives in the coming years.

## **Implementation of Good Corporate Governance**

Astragraphia consistently applies the basic principles of Good Corporate Governance (GCG) in every aspect of the business and at all levels by ensuring that corporate governance is based on the principles of transparency, accountability, responsibility, independence, equality, and fairness.

Astragraphia always refers to the provisions of the applicable laws and regulations and the regulations of the Financial Services Authority (OJK) in running its business. During the pandemic, Astragraphia remains committed to holding the Annual General Meeting of Shareholders and Annual Public Expose in a timely manner. In addition, Astragraphia regularly organizes Anti-Fraud, Anti-Bribery, and Anti-Corruption training for all management and employees of Astragraphia and its subsidiaries.

To increase transparency and accountability, Astragraphia engages external auditors to audit financial statements. Astragraphia uses auditors who are in the top four ranks to audit the Company and all of its subsidiaries. All of this aims to improve the transparency and accountability of reports. In addition, Astragraphia also submits reports to the relevant authorities promptly.

## **Performance Assessment of Committees under the Board of Directors**

Astragraphia does not have a Committee under the Board of Directors. In carrying out its duties and responsibilities, the Board of Directors is assisted by the Chief and Senior Management who oversees various work units.

Throughout 2021, the Board of Directors considered that the ranks under the Board of Directors have shown good performance in carrying out their respective duties and responsibilities. Formal evaluation is carried out through a monthly evaluation forum on the operational performance of each business segment. The forum was attended by Directors, Directors of Subsidiaries, Chiefs, and Senior Management.

## **Human Resource Development**

The Board of Directors views Human Resources (HR) as a very important asset and plays a major role in achieving sustainable corporate plans and good performance.

The company focuses on strengthening business fundamentals while creating sufficient exploration space for the development of innovation in all business lines. The company also fosters human resources with deep competence and expertise in their fields. HR competency development is also accompanied by strengthening the Company's innovation culture to be able to outperform massive digital technology developments and be at the forefront.

## **Corporate Social and Environmental Responsibility**

The Board of Directors also views the importance of Corporate Social Responsibility (CSR). The implementation of the Company's CSR is in line with the implementation of sustainability finance as regulated in POJK No.51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies.

The Board of Directors has carried out CSR activities based on 4 (four) pillars, namely health, education, environment, and entrepreneurship. The implementation of the Company's CSR is expected to provide optimal social and environmental impacts, as well as support the government in achieving the Sustainable Development Goals (SDGs).

## **Appreciation to Stakeholders**

On behalf of the Board of Directors, we would like to express our deepest gratitude and appreciation to the Board of Commissioners who have provided direction, as well as shareholders and all stakeholders for their trust and support.

We also thank and appreciate all Astragraphia personnel for their hard work and professionalism that is maintained in providing the best service for customers. We hope that the trust and synergistic cooperation that has gone well so far can be maintained and improved in the years to come.