

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

### **Dear Stakeholders,**

Let us begin with praise and gratitude to God the Almighty, for it was through His grace that PT Astra Graphia Tbk (Astragraphia) was able to overcome the challenges of 2023. In this report, we would like to elaborate on our perspectives on economic conditions, strategy and policy formulation, strategy execution, target vs. achievement, obstacles, business prospects, 2024 strategy, dividend policy, corporate governance implementation, assessment of our supporting committees, human resource development, corporate social and environmental responsibility, and expressing gratitude to all stakeholders.

### **Economic Conditions in 2023**

Indonesia demonstrated resilience once again in 2023, with an encouraging economic growth rate of 5.05%. This strong growth was supported by a solid domestic economic foundation as well as various Government policies that proved to stimulate public investment and consumption while also restoring economic activity throughout Indonesia. Export growth also had a significant impact. Nonetheless, we knew we had to be cautious given the increasing level of uncertainty in both the domestic and global landscapes, which could expose economic growth to additional risks as the future unfolded.

### **Formulation, Implementation of Strategies, and Policies**

Facing the year's business challenges, we and the management played an active role in navigating, mitigating, and adapting quickly to those challenges as we formulated the right strategies and set up strategic policies to optimize the Company's performance. Our main reference in doing so was our 2023 Annual Work Plan and Budget (RKAT), to which we made some adjustments in anticipation of changes in the landscape as the year unfolded. Astragraphia has undertaken strategic initiatives to strengthen market penetration and improve the Company's competitiveness. The initiatives encompassed the development of document solutions, both existing and new digital-based document management solutions.

Astragraphia also added product variants in the A4 device category and refreshed several products in the A3 device category with the recent launch of the latest multifunction devices and laser printers, namely the New Fujifilm Apeos and ApeosPrint Series. To support the development of printing applications in the creative industry, Astragraphia launched 3 (three) new color printer products ranging in the mid- to high segments. The three products were Fujifilm Revoria Press™ SC170, Fujifilm Revoria Press™ SC180, and Fujifilm Revoria Press™ EC1100. Astragraphia also contributed to facing global environmental challenges by marketing principal products that use eco-friendly raw materials. The use of more ecofriendly materials and toners has been implemented using the latest technologies, such as SUPER EA-ECO Toner and "Smart Energy Management," on Fujifilm Business Innovation printing machines, which significantly reduce both power consumption and CO2 emissions.

Astragraphia has gone even further by strengthening digital services, especially in business development that focuses on IT services and supporting digital transformation. Astragraphia utilizes technology by using a learning management system to improve human resource competence to support optimal business transformation. This system allows every employee to access learning modules flexibly, whenever and wherever they are. In addition, we have also rejuvenated some of our training programs that cover, e.g., sales training programs that are tailored to business needs in digital transformation. We have also adjusted in programs for other functions to accommodate changes in work processes that can support the business effectively, which eventually will provide the best service to customers while staying ahead of business competitions. The revitalization of the sales training program centered on operational excellence, allowing our sales teams to have objective and compressive grips or images of canvassing, negotiating, and interacting. To achieve these goals, we have consistently increased the amount of content and time invested. In fact, the rejuvenation has had an impact on sales teams as they work on the ground.

We have been very consistent in supporting the creation of a sustainable process of transformation and innovation. Astragraphia makes continuous efforts to increase efficiency in overhead cost management and set priorities in capital expenditure in order to support revenue generation. Apart from that, Astragraphia also keeps operational cash flow available at all times to deliver stronger results while maintaining the Company's financial health. We digitized work processes both internally and in our contacts with customers with the use of digital meter, e-invoices, e-stamps, and collections with virtual accounts, which aim to increase the speed, efficiency, and quality of business

processes. The ultimate goal is for Astragraphia to be able to provide the right business solutions and better serve the customers with whatever digitized services they may need.

Through all the Company's capabilities and efforts to build better and stronger business fundamentals, management and we will consistently do our best in all aspects, play an active role in designing and implementing a reliable internal control system to mitigate risks, carry out oversight in a structured, systematic, and scheduled manner, and encourage the proper implementation of the Astra Management System at all levels and in all functions.

This approach enables Astragraphia to conduct data and fact-based analyses, identify issues and problems at their root causes, and take appropriate corrective actions. Astragraphia also continues to promote the use of organizational agility, which is intended to allow us to move quickly and adapt to business dynamics.

## Targets Versus Achievement

Being adaptive and innovative to existing challenges has allowed Astragraphia to capture business opportunities and eventually deliver Rp141.07 billion in our bottom line, a very significant increase of 45% from 2022's figure, with net revenue reaching Rp2,968.95 billion.

Attached to this achievement was the contribution of our core business from Document Solution as we continued to penetrate the market for the entire product portfolio to maintain the number of installed units in each. At yearend, we achieved one of our predetermined targets to retain our market leader position in the color A3 multifunction device and production printer segments.

PT Astra Graphia Information Technology (AGIT), a subsidiary whose shares are 99.99% owned by Astragraphia, also delivered positively, from IT Services and IT Trading. Changes in people's behavior in working and doing their businesses remotely have accelerated the need for digital technology, which has had a positive impact on information technology businesses. AGIT has innovatively and quickly responded to customer needs through collaboration with principals to provide capable digital solutions with excellent service.

The subsidiary PT Astragraphia Xprins Indonesia (AXI) also remained a pioneer in the printing ecosystem and, in 2023, again manifested its commitment by providing added value for 3D printing users by expanding to the industrial ecosystem.

In accordance with the 2023 work plan and business strategy, Astragraphia has remained steadfastly committed to strengthening human resource competence and contributing to sustainable development through corporate social responsibility. Every corporation today faces dynamic situations such as rapidly evolving technological developments, rapid digitalization, and ever-changing customer needs and demands. To support business, it is critical to implement immediate changes to the company's human resources. HR that can stay current while also adapting and transforming to business needs is an absolute must. As a result, HR must remain open to new ideas, knowledge, and changes, which are becoming increasingly common in the workplace and routine.

We have demonstrated our openness to new knowledge by continuing to learn from various sources and making the best use of our existing facilities, while also seizing every emerging opportunity at the Company, with the goal of improving existing competencies or acquiring new competencies required to support work.

Astragraphia has always been consistent in making more social contributions to support the achievement of Sustainable Development Goals. The underlying philosophy and culture of Astragraphia's social contribution are to give benefits to the nation and life and support the realization of an inclusive and prosperous society. As a form of the Company's sustainability action in the Public Contribution Roadmap, Astragraphia is running social programs that focus on the pillars of health, education, the environment, and entrepreneurship. In the health pillar, our focus is to increase access to health services and increase the level of welfare and standard of living for mothers and children. Through the education pillar, we focus on improving education and competency at the early childhood, secondary, and vocational school as well as college levels. Astragraphia also supports the development of teacher competency and collaborates with educational institutions to help college students become professionally ready for a real work environment.

## Challenges Encountered

The digital transformation is expected to continue at breakneck speed. The shift in consumer behavior, which is becoming more accustomed to digital convenience and services, has compelled business leaders to implement various digitalization programs. While the trend threatens to reduce print volumes in offices, it also opens up new business opportunities for us to capitalize on, such as managed print services, printing and cloud integration, intelligent digital workspaces, and workflow automation.

To ensure that we always provide the best possible customer service, we will continue to explore new opportunities and technology, as well as seek to innovate whenever an opportunity arises in our operations. Changes in customer demand and behavior in working and conducting business are what motivates us most to exert those efforts. Astragraphia is constantly striving to improve human resource competence while also renewing and developing a new range of future-proof products and solutions. Astragraphia's goal has been to build a stronger, more sustainable, and profitable business.

## 2024 Business Prospects

The International Monetary Fund (IMF) has projected an economic growth of 5.2% in developing Asian countries for the year 2024. Meanwhile, there is a projected increase in economic activity in various regions, which will narrow economic disparities between regions.

The Indonesian government has designated 2024 as a year of momentum for strong economic growth, with growth estimates ranging from 4.7% to 5.5%. The government remains optimistic about its economic stability while remaining watchful of uncertainty in the global economic landscape.

IDC has estimated that corporate spending on information technology will reach Rp109 trillion, demonstrating a strong growth of 11% from 2023 with an average growth of 11% (CAGR 2021-2025). IT services are estimated to reach a growth rate of up to 15%. This forecast is driven by the accelerated adoption of new habits in the post-pandemic era. While remote and hybrid working patterns threaten to reduce printing volumes in offices, they also bring opportunities in the managed printing services, printing & cloud integration, intelligent digital workspaces, and work process automation sectors. The next year's estimate for spending allocations in the cloud & IT security sectors is up to 19%.

## Business Strategy for 2024

Astragraphia have determined Astragraphia's work plan for 2024, which is outlined in the following strategic initiatives:

1. Optimizing profits through strengthening core businesses, especially in the areas of document solutions and information technology services.
2. Strengthening service capabilities and competitiveness in the field of printing and digital technology.
3. Pushing growth by developing new initiatives in the fields of printing solutions, technology, and digital transformation in accordance with market demand and conditions.
4. Strengthening human resource competencies to remain relevant to business needs while increasing productivity.
5. Strengthening social contributions that focus on four pillars, namely health, education, environment and entrepreneurship for sustainable community development.

## Dividend Policy

Based on the decision of the Company's Annual General Meeting of Shareholders held on April 3, 2023, Astragraphia shareholders approved the distribution of a final dividend of Rp 21 (twenty one rupiah) per share, which was paid on May 5, 2023, to shareholders whose names were by April 2023 registered in the Shareholder Register. An interim dividend of Rp8 (eight rupiah) per share was previously paid to shareholders on October 24, 2022, bringing the total dividend for the 2022 financial year to Rp29 (twenty nine rupiah) per share, which reflects a dividend payout ratio of 40%.

## Implementation of Corporate Governance

With consistency, Astragraphia continues to strive and commit itself to improving the implementation of Good Corporate Governance (GCG) as the basis and foundation for carrying out business activities, with due reference to the provisions of applicable laws and regulations and international best practices.

Astragraphia strengthens the implementation of GCG by improving the quality of the implementation of the Annual General Meeting of Shareholders and Annual Public Expose, holding Anti-Fraud, Anti-Bribery and Anti-Corruption training for all management and employees of Astragraphia and its subsidiaries on a regular basis, involving external auditors to audit the financial reports of Astragraphia and all subsidiaries to maintain transparency and accountability, and submitting reports to the relevant authorities in a timely manner.

Efforts to strengthen the application of GCG principles in 2023 earned us several awards, including the Indonesia TOP 20 GCG Award 2023 and the Indonesia Best 20 Corporate Secretary Award 2023 from The Iconomics.

## Changes in Board of Directors Composition

In 2023, there was a change in the composition of Astragraphia's Board of Directors. The Annual GMS on April 3, 2023, approved the resignation of Halim Wahjana as Director and appointed Trivena Nalsalita as Director.

Hence, the composition of Astragraphia's Board of Directors as of December 31, 2023 is as follows:

Presiden Direktur	: Hendrix Pramana
Direktur	: King Iriawan Sutanto
Direktur	: Widi Triwibowo
Direktur	: Trivena Nalsalita

## Assessment of Our Supporting Committees

Astragraphia has not set up a committee under its Board of Directors. We are assisted with our duties and responsibilities by a Corporate Secretary, Internal Audit, Investor Relations, division heads, and Senior Management who oversee various work units.

In our assessment, the ranks below us have done well in carrying out their respective duties and responsibilities. Formal evaluation is carried out through monthly reviews of the operational performance of each business segment, which are attended by the Board of Directors, Subsidiary Directors, Division Heads, and Senior Management.

## Human Resource Development

We see Human Resources (HR) as our most key asset, which plays a major role in achieving the Company's plans in a sustainable manner and providing good performance.

Astragraphia focuses on strengthening business fundamentals while laying a sufficient exploration space for the development of innovation in all business lines. Astragraphia also develops human resources, so they will have deep competence and expertise in their respective areas. HR development involves strengthening an innovation culture that will enable us to adapt in the massive trend of digital technology and become one of the leading players.

## Corporate Social and Environmental Responsibility

We also acknowledge the importance of Corporate Social Responsibility (CSR). The Company's CSR is consistent with the implementation of sustainable finance as regulated in POJK No. 51/POJK.03/2017 of 2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies. Astragraphia has carried out CSR activities based on 4 (four) pillars, namely health, education, the environment, and entrepreneurship. The implementation of CSR is expected to provide optimal social and environmental impacts as well as support the government in achieving the Sustainable Development Goals (SDGs).

Supported by the implementation of good corporate governance, the Astragraphia Sustainability Framework completely integrates sustainability values, the Triple-P Roadmap Strategy, vision, culture, and corporate

philosophy. This is outlined in the Astragraphia Sustainability Aspiration, which offers guidance for us in taking further steps to realize sustainability in our portfolio, people, and public contributions.

## **Appreciation to Stakeholders**

As we have successfully passed fiscal 2023, allow us, on behalf of the Board of Directors, to express our deepest gratitude and appreciation to the Board of Commissioners for all the directions given to us, as well as to shareholders, principals, customers, creditors, and business partners for their continued support, trust, and cooperation.