

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 2022. Here we present the summary of Astragraphia's 2022 annual report:

Economic Situation In 2022

Despite the global economic recovery, Indonesia remains relatively resilient, with positive economic growth at 5.31%. This is supported by strong domestic economic fundamentals and various government policies that have succeeded in encouraging investment growth and public consumption, resulting in a positive economic turnover across Indonesia. The impressive performance of Indonesia's exports also contributed significantly to growth. However, caution is still required because global and domestic uncertainties may pose risks to future economic growth.

Strategy and Policy Formulation, Implementation, and Monitoring

Facing various challenges in challenging business conditions, the Board of Directors and management have played an active role in navigating, mitigating, and adapting quickly in formulating strategies and determining strategic policies to optimize company performance. The 2022 Annual Work Plan and Budget (RKAT) remains the main strategic reference, but several adjustments have been made in response to changing conditions.

Several strategic initiatives were carried out in the development of the document solutions business unit to strengthen market penetration and improve the company's competitiveness, both from pre-existing solutions such as Device as a Services and new digital-based document management solutions such as Smart Office Package and Digital Document Automation. Following the challenges faced by the global community, such as global warming and declining energy resources, Astragraphia also contributes by selling primary products that uses environmentally friendly raw materials in some parts of the device. The materials and toners used are now more environmentally friendly, and the FUJIFILM Business Innovation printing machine device employs a SUPER EA-ECO Toner technology and "Smart Energy Management," allowing significant reductions in power consumption and CO₂ emissions. Astragraphia has also strengthened several digital services, particularly in business development, which focuses on four major areas: Customer Engagement and Customer Experience, Finance and Supply Chain, Logistics and Distribution, and Talent Management and Workforce Productivity.

Furthermore, to improve human resource competence to better support business transformation, Astragraphia employs technology by utilizing the Learning Management System, which allows every employee to access learning modules flexibly, whenever and wherever they are. Training program revitalization is also carried out, such as the revitalization of sales training programs to keep up with business needs in Digital Transformation. Similarly, programs for other functions are modified so that changes in work processes can effectively support the business in order to provide the best service to customers and win business competitions.

Astragraphia also prioritizes employee health and safety. We always take precautions to prevent the spread of Covid-19 in the workplace and at customer service points, including providing education and up-to-date information about new variants and implementing health protocols. Astragraphia implements self-assessment for employees working from the office, as well as checking body temperature and scanning barcodes on the Peduli Lindungi application. Astragraphia then implemented several initiatives for customer service, including a multi-site Contact Center and the use of Clustering & Cells in the placement of Customer Engineers. These initiatives can reduce machine downtime and ensure that each Astragraphia customer's Service Level Agreement is met.

Given the significant disruption to business models and processes, the Board of Directors continues to support the transformation process and continuous innovation while improving efficiency in managing operational costs and prioritizing capital expenditures, particularly those that support revenue achievement. Astragraphia maintains operational cash flow availability to optimize business performance and maintain a healthy financial condition. The digitalization process that occurs in the customer's business is also accelerated within Astragraphia internally. The digitization of work processes, such as the use of e-invoicing, the use of e-stamps, and the implementation of the collection with virtual accounts, aims to make business processes faster, more efficient, and of higher quality so that Astragraphia can ultimately provide the right business solutions while better-serving customer needs. Astragraphia also continues to strive for operational excellence across all business lines to achieve better results.

Astragraphia's Board of Directors plays an active role in designing and implementing a reliable internal control system to mitigate risks, conducting structured, systematic, and scheduled supervision, ensuring the smoothness and security of communication flows within the Company, and encouraging the correct application of the Astra Management System by every level and every function to analyze based on data and facts, conduct Problem Identification to the root of the problem and conduct appropriate Corrective Action. Astragraphia continues to encourage the implementation of Organization Agility which is designed to promote the organization to move agile and adapt to business dynamics.

Comparison of Achieved and Targeted Results

Despite existing challenges, through adaptation and innovation, Astragraphia was able to seize business opportunities, ultimately recording a net profit of Rp97.07 billion or growing by 11% compared to 2021, with net revenue of Rp2,909.97 billion.

This accomplishment is entirely linked to the contribution of the company's core business, which consistently penetrates the market for the entire product portfolio in order to maintain installed units. One of Astragraphia's goals is to maintain its market leadership position in the A3 color multifunction device and production printer segments by the end of 2022.

PT Astra Graphia Information Technology (AGIT), a 99.99% owned subsidiary of Astragraphia, has performed well, particularly in providing infrastructure and software to support customer operations. Changes in people's attitudes toward working and conducting business remotely have accelerated the demand for digital technology, which positively impacts the information technology industry. AGIT responds to customer needs in an innovative and timely manner by collaborating with principals to provide qualified digital solutions with excellent service.

PT Astragraphia Xprins Indonesia (AXI) also remains a pioneer in the printing ecosystem and, in August 2022, officially introduced a three-dimensional printing (3D Printing) business ecosystem to capitalize on the 3D printing market opportunity in Indonesia.

Astragraphia remains committed to strengthening human resource competencies and contributing to sustainable development through corporate social responsibility in accordance with the work plan and business strategy for 2022.

Every company today faces dynamic situations such as rapid technological development, accelerated digitalization, and changing customer needs and demands. Human resource changes must be implemented immediately to support business. HR that can follow, adapt, and even transform to meet the needs of the business is a must. As a result, HR must be willing to accept new ideas and knowledge, as well as changes in the work and routines.

Interest to new knowledge is demonstrated by continuing to learn from various sources and utilizing the company's facilities and opportunities, with the goal of improving existing competencies and acquiring new competencies required to support work. Rejuvenation of training programs is also carried

out, for example, in order to keep up with business needs in the digital era. Similarly, programs for other functions are adjusted so that changes in work processes can effectively support the business. Competence and innovation are critical for HR to provide the best customer service and win business competitions.

Astragraphia continues to strengthen its social contribution to support the achievement of Sustainable Development Goals. The realization of an inclusive and prosperous society is supported by the implementation of Astragraphia's social contribution, which is based on the company's philosophy and culture. Astragraphia's social contribution is carried out through long-term programs focusing on four main pillars: health, education, the environment, and entrepreneurship.

Challenges Faced by the Company

Technological developments that have been moving dynamically in recent years have accelerated due to the Covid-19 pandemic. The shift in digital-savvy behavior at work has accelerated the application of digital technology and increased opportunities for document management and information technology solutions, especially solutions that support the need to work and do business remotely to increase efficiency and productivity. However, digital technology adoption is more focused on solutions that support business fundamentals, and many companies tend to be more cautious in spending on non-primary information technology (IT).

The changing needs and behaviors of customers in working and conducting business activities have led Astragraphia to continue exploring new opportunities and technologies, as well as innovate in running operations that focus on customer service. Astragraphia continues to update and develop products and solutions, maintain business profitability, and improve human resource competencies to remain relevant.

Business Outlook 2023

The International Monetary Fund (IMF) predicts that the economic growth of developing countries in Asia in 2023 will reach a growth of 5.3%. Economic activity in various regions is starting to increase, and economic inequality between regions is also decreasing. In line with the region's economic growth, ASEAN-5 countries are predicted to reach a growth of 4.3%. The Indonesian government has set 2023 as momentum for resilient economic growth with a growth rate in the range of 4.5%-5.3%. The government remains optimistic about maintaining the national economy while remaining vigilant against the uncertainty of global economic conditions.

IDC predicts that enterprise spending on information and communication technology will reach Rp103 trillion, a 16% growth from 2022. The growth of enterprise IT spending in Indonesia will grow at an average of 11% (CAGR 2020-2025), with IT services growth that can reach 13%. This is driven by implementing new habits that have accelerated after the pandemic. Remote & hybrid work patterns have the potential to reduce print volumes in offices but also provide opportunities for managed print services, printing & cloud integration, intelligent digital workspace, and work process automation. Spending allocation for cloud & IT security alone is predicted to increase by 20%.

Business Strategy for 2023

Astragraphia has established a work plan for 2023 which is outlined in several strategic initiative points:

1. Optimizing profit through strengthening core business and maintaining operational excellence to maintain market leadership.
2. Improve service quality and competitiveness in the printing & digital area to become the partner of choice for customers.

3. Drive new initiatives growth through the addition of printing & digital products and services in accordance with market demand and conditions.
4. Strengthen human resource competencies through upskilling and reskilling to remain relevant to business needs.
5. Strengthening social contribution focusing on four pillars namely health, education, environment, and entrepreneurship for sustainable community development.

Dividend Policy

Astragraphia continues to pursue a dividend payout policy that balances attractive returns to shareholders with Astragraphia's business growth needs while respecting shareholder decisions. 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 refers to the provisions of the prevailing laws and regulations and the regulations of the Financial Services Authority (OJK) in conducting its business. In addition, Astragraphia also uses the generally accepted standards of governance implementation in the business world as a reference, namely the ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) published by the ASEAN Capital Market Forum.

Astragraphia is committed to strengthening GCG implementation by improving the quality of the Annual General Meeting of Shareholders and Annual Public Expose in a better and more timely manner. At the 2022 AGM, Astragraphia has provided an alternative for shareholders to attend the Meeting electronically and vote electronically or provide E-Proxy, both of which are done through the eASY.KSEI facility so that it can reach a wider range of shareholders. Astragraphia has also developed several policies including: Supplier/Vendor Selection Policy, Sexual Violence Prevention Policy and adjustments to the Audit Committee Work Guidelines.

To improve transparency and accountability, Astragraphia engages external auditors to audit its financial statements. Astragraphia uses top four auditors to audit Astragraphia and its subsidiaries. All of this aims to improve the transparency and accountability of the reports. In addition, Astragraphia also submits reports to relevant authorities in a timely manner. In 2022, Astragraphia won two awards as a form of Astragraphia's commitment in implementing governance, namely: The Best Annual Report from Economic Review and TOP GCG Award from The Iconomics.

Changes in the Composition of the Board of Directors

In 2022, the composition of Astragraphia's Board of Directors remained unchanged. The Annual General Meeting of Shareholders on April 13, 2022 has approved the reappointment of the Board of Directors.

Thus, the composition of Astragraphia's Board of Directors as of December 31, 2022 is as follows:

President Director	: Hendrix Pramana
Director	: Halim Wahajana
Director	: King Iriawan Sutanto
Director	: Widi Triwibowo

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.

The Board of Directors ascertained that the committees under the Board of Directors performed well in their respective duties and responsibilities throughout 2022. A monthly review forum was used to evaluate each business segment's operational performance. The Board of Directors, Directors of Subsidiaries, Division Heads, and senior management all attended the evaluation forum.

Human Resource Development

The Board of Directors views Human Resources (HR) as an important asset and plays a significant role in sustainably achieving the Company's plans and good performance.

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

Corporate Social and Environmental Responsibility

Astragraphia is committed to becoming a more resilient and sustainable company by balancing the needs of current and future generations, contributing to the growth and economic resilience, and supporting an inclusive and prosperous society. By paying special attention to Environmental, Social, and Good Governance (ESG) aspects, Astragraphia transitions to strengthen sustainability through the reaffirmation of Astragraphia's Sustainability Framework and Aspiration.

Supported by the implementation of good corporate governance, the Astragraphia Sustainability Framework integrates sustainability values, the Triple-P Strategy, and the company's vision, culture, and philosophy in a complete manner. This is translated into Astragraphia Sustainability Aspiration as a guide to realize further sustainability in Portfolio, People, and Public Contribution.

Appreciation to Stakeholders

We would like to express our gratitude and appreciation to the Board of Commissioners, shareholders, and all stakeholders on behalf of the Board of Directors for their continued trust and support in facing challenges and changes. We hope that the trust and synergy that has worked so well in the past year will continue in the coming year.