

Number: 001/SM-KA/III/2023

Jakarta, 7 March 2023

To:

Board of Commissioners

PT Industri Jamu Dan Farmasi Sido Muncul Tbk.

Subject: Audit Committee's Recommendations on the Appointment of a Public Accountant and Public Accounting Firm to audit the Company's Consolidated Financial Statements for the Period Ending on 31 December 2023

Dear Sir/Madam,

In accordance with the Regulation of the Financial Services Authority (*Peraturan Otoritas Jasa Keuangan, "POJK"*) 13/POJK.03/2017 dated 27 March 2017 on Use of Financial Services Rendered by Public Accountants and Public Accounting Firms and in accordance with the Audit Committee's Charter, the Audit Committee is required to submit recommendations on the appointment of a Public Accountant and Public Accounting Firm to the Board of Commissioners.

In preparing this recommendation, the Audit Committee has considered a number of relevant aspects in accordance with prevailing legislations. Attached are evaluation of the audit engagement for the period ended on 31 December 2022 and our recommendations for considerations by the Board of Commissioners' on the appointment of the Public Accountant and Public Accounting Firm for the year ending on 31 December 2023.

Thank you for your kind attention.

PT Industri Jamu Dan Farmasi Sido Muncul Tbk.
Audit Committee

(signed)

Lindawati Gani
Chairperson

(signed)

Timotius
Member

(signed)

Herwan Ng
Member

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The Audit Committee's Recommendations on the Appointment of a Public Accountant and Public Accounting Firm

Pursuant to the proposal of using of a Public Accountant (*Akuntan Publik*, “**AP**”) dan a Public Accounting Firm (*Kantor Akuntan Publik*, “**KAP**”) to audit the Consolidated Financial Statements for the period ending on 31 December 2023, we recommend using the services of AP Ratnawati Setiadi from the KAP Purwantono, Sungkoro & Surja (“**KAP PSS**”) or another Public Accountant appointed by KAP PSS in the event Mdm Ratnawati Setiadi was unable to perform her duties as a Public Accountant.

Our considerations that led to the recommendation to appoint the aforesaid AP and KAP are as follows:

1. Independence of the AP, KAP, and Persons in the KAP

We have received a statement from KAP PSS on its “independence when communicating with those charged with governance” that has met the standards of independence as set by the Financial Services Authority and the Code of Conduct for Public Accountants issued by the Indonesian Institute of Certified Public Accountants (*Institut Akuntan Publik Indonesia*).

2. Scope of the audit

The scope of engagement with the KAP PSS is to audit the financial statement as of 31 December 2023 and for the years then ended.

3. Fees for the audit services

Fees for the audit services are set based on professional considerations and calculations prepared by AP/KAP and are appropriate with the scope of the audit.

4. Expertise and experience of the AP, KAP, and the KAP's Audit Team

KAP PSS is a public accounting firm in Indonesia and is a network firm of Ernst & Young Global Limited. It also has strong global experience and local knowledge.

Participating teams are specialised/competent in:

- Information Technology (EY ITRA);
- Taxation (EY TAX);
- Strategy and Transactions (EY SAT).

5. Methodology, techniques, and approach to audit used by the KAP

Methodology, technique, and approach to audit used by the KAP PSS are in accordance with the Standard on Auditing issued by the Indonesian Institute of Certified Public Accountants.

6. Advantage of the fresh eye perspective from changing the AP, KAP, and the KAP's Audit Team

A fresh eye perspective is obtained by changing the AP and the KAP's Audit Team. Public Accountants in charge to audit financial statements from 2016 to 2022 are as follows:

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Year	Public Accounting Firm	Public Accountant
2016	KAP Anwar & Rekan	Mr Helli Isharyanto Budi Susetyo
2017	KAP Purwantono, Sungkoro & Surja	Mr Muhammad Kurniawan
2018	KAP Purwantono, Sungkoro & Surja	Mr Muhammad Kurniawan
2019	KAP Purwantono, Sungkoro & Surja	Mr Muhammad Kurniawan
2020	KAP Purwantono, Sungkoro & Surja	Mdm Feniwati Chendana
2021	KAP Purwantono, Sungkoro & Surja	Mdm Feniwati Chendana
2022	KAP Purwantono, Sungkoro & Surja	Mdm Feniwati Chendana

The use of services from Mdm Ratnawati Setiadi, a Public Accountant from the KAP PSS, is in compliance with the consecutive term limits for audit engagement as regulated in Article 16 of the POJK No. 13/POJK.03/2017 on Use of Financial Services Rendered by Public Accountants and Public Accounting Firms.

7. Potential risks arising from consecutive audit engagement from an identical KAP over an extended time period

Pursuant to the discussion in paragraph 6 above, potential risks can be adequately managed by complying with regulations issued by the Financial Services Authority.

8. Evaluation of the audit engagement over the historical annual financial information by AP and KAP in the previous period

We assessed that the KAP PSS has satisfactorily performed the audit on the annual financial statements of PT Industri Jamu Dan Farmasi Sido Muncul Tbk. in the previous year.

Jakarta, 7 March 2023

**PT Industri Jamu Dan Farmasi Sido Muncul Tbk.
Audit Committee**

(signed)

Lindawati Gani
Chairperson

(signed)

Timotius
Member

(signed)

Herwan Ng
Member

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