



Number : SE.01.01/A.SEKPER.00520/2023
Attachment(s) : -

26 May 2023

To:

Acting Head of Listings 2 (PH Kepala Divisi PP2)
PT Bursa Efek Indonesia
Gedung Bursa Efek Indonesia Tower I Lantai 6
Jl. Jend. Sudirman Kav. 52-53
Jakarta Pusat 12190

Subject : **Clarification concerning News in Mass Media**

Dear Sir/Madam,

We refer to the letter from PT Bursa Efek Indonesia (“**IDX**”) Number S-04141/BEI.PP2/05-2023 on Clarification concerning News in Mass Media. For and on behalf of PT Wijaya Karya (Persero) Tbk. (“**Company**”), we wish to inform you as follows:

1. Clarification on the news

a. On the facts of the news

It is true that the Company is currently applying for a Standstill Approval to the Financial Institution(s) lending to the Company. However, the Standstill application only applies to the parent entity and does not apply to the Company's subsidiaries.

b. Background of the plan

The Standstill application was made to improve the Company’s long term financial structure due to a mismatch in loans to fund long-term investments. The investments have not provided a return for the Company, which in turn caused to loans to reduce the Company’s net profit. Furthermore, the Standstill application was made because the Covid-19 pandemic have put pressure on the Company's clients, which resulted in payment disruptions and in turn affected the Company's loan repayment capacity.

c. Actions that have been and will be carried out by the Company regarding the plan

The Company is currently making efforts to strengthen the Company's financial condition. In terms of project portfolio, the Company is refocusing its business by increasing the number of projects owned by the Government. The payment scheme of these projects is based on monthly progress with advance payment. As of March 2023, over 77% of project segments in

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the Company's order book were infrastructure and building projects owned by the Government.

This is a significant increase compared to 2019 where Government projects were only 19% of the order book. With this payment scheme, the Company seeks to independently manage the cash flow of each project and avoid cash flow deficits in each project. In addition to improving its current project portfolio, the Company is also actively optimising digital technologies in construction and engineering processes such as BIM and ERP Digital Platform (SAP) to ensure a more efficient construction process, more robust cost control and cash flow, and greater cost efficiency to generate better profitability. As a result, the Company has achieved a cost efficiency of 22% from 2019 to 2022.

d. Impacts of the plan on the Company's operating activities

The Company believes that this Standstill application will support the Company's financial performance improvement and help the Company can grow sustainably in the future. It is also to allow the Company to provide benefits for Indonesian people through projects such as the Kuwil Kawangkoan Dam in South Sulawesi and Bendungan Tugu in Central Java to irrigate agricultural lands and prevent flooding in the surrounding area; the Serang-Panimbang Toll Road to connect Banten; the Balikpapan-Samarinda Toll Road to connect 2 major cities in Kalimantan; the Jakarta MRT to help alleviate traffic congestions; and other projects supporting the success of the G20 event.

2. Information or other material events that may affect the Company's business continuity and may affect its share price

To date, there are no other material events that may affect the Company's business continuity and may affect its share price.

We thank you for your kind attention.

Corporate Secretary



PT WIJAYA KARYA (Persero) Tbk.

Mahendra Vijaya
Corporate Secretary

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