



PT WISMILAK INTI MAKMUR Tbk

Additional Description of the Annual General Meeting of Shareholders

Agenda

PT Wismilak Inti Makmur Tbk on July 27, 2020

In connection with the plans of the Annual General Meeting of Shareholders ("Meeting") of PT Wismilak Inti Makmur Tbk ("the Company") on July 27, 2020 the Meeting Agenda is described as follows:

I. First Agenda

The Approval for the Company's Annual Report for the fiscal year 2019 and Ratification of the Company's Financial Statements for the fiscal year 2019

A. Description of the First Agenda

The main points of the Company's Annual Report and Consolidated Financial Statements for fiscal year 2019

During 2019, Wismilak Management remained consistent with the Company's main priorities, which were improving the product quality, strengthening the distribution channels and implementing a careful marketing. Product quality was enhanced through the principles of collaboration, prudence, and compliance. Meanwhile, the strengthening of distribution channels and implementation of careful marketing were performed through the relocation of production facilities from Surabaya to Bojonegoro, which promoted the realization of a balance in volume and efficiency of the Company's production.





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From the financial, based on the Financial Statements for the period ended December 31, 2019, the accumulated net sales of the Company reached IDR 1,393.6 billion, decreased by 0.8% from the same period in 2018 which reached IDR 1,405.4 billion. These sales were mainly contributed by Hand Made Clove Cigarette (SKT) segments by IDR 379.7 billion, Machine Made Clove Cigarettes (SKM) by IDR 824.2 billion, and Filters Cigarettes by IDR 187.1 billion. The Company's total cigarette sales in 2019 were realized at 1.3 billion cigarettes, consisting of 436 million SKT cigarettes and 818 million SKM cigarettes. The company recorded operating profit of IDR 28.6 billion, decreased by 45.1% from IDR 52.2 billion in 2018. The total comprehensive income for the current year reached IDR 33.2 billion, up 22.3% from IDR 27.1 billion in 2018. In case of financial ratios, the Current Ratio in 2019 became 6.02, Liabilities on Total Equity was 0.26, Liabilities on Total Assets was 0.20, ROA was 2.10% and ROE was 2.65%.

In case of corporate social responsibility, the Company's commitment was evidenced by the awards given by the Government of East Java Province in February 2019 to the Company's subsidiary, PT Gelora Djaja, for its achievements in achieving 7,881,632 Work Hours for People (JKO) without work accidents, starting from November 1, 2013 to October 31, 2018.

Moreover, the Company also successfully organized the Diplomat Success Challenge (DSC) event, which currently has entered its 10th year. This entrepreneurship competition event provided opportunities for young generation to become successful entrepreneurs through the





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development of their creative ideas. In 2019, the DSC program collaborated with Coworking Indonesia, a community mobilization organization in the field of entrepreneurship through co-working. The activity successfully collected 12,500 business proposals from interested entrepreneurs from all over Indonesia.

The implementation of corporate governance by Wismilak was constantly being improved and adjusted to the development and the dynamics of the Company in the current national cigarette industries. The Company's efforts in implementing good corporate governance are reflected in the 2019 Annual Corporate Financial Report Award (LKTP) received from the Ministry of Trade of the Republic of Indonesia. The award obtained at the beginning of December 2019 is proof of the Company's commitment and compliance in submitting the Company's Annual Financial Report on a regular, timely and correct basis.

Report of the Board of Commissioners

In 2019, Indonesia and other countries in the world must face the increasingly uncertain global pressures. In Asia, tensions still surrounded the trade war between the United States and China and a number of other countries, coupled with the tension between the United States and Iran which sparked fears of a third world war. In Europe, the Brexit negotiations did not reach an agreement either. While in the Middle East, geopolitical conflicts which were so complex also never ended.

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In the local domain, Indonesia should be grateful that the economic prospects were good and the economic stability was maintained. GDP growth reached 5.02% in 2019 with a deficit of 2.2%. The biggest national challenge in 2019, the national elections, was successful and peaceful. The capital market also managed to record a number of achievements. Based on data from the Financial Services Authority (OJK), fund raising activities through a initial public offering in the capital market in 2019 reached IDR 166.8 trillion from 60 new issuers.

In the midst of these uncertain macro and micro conditions, the Board of Commissioners considered that the Company's fundamentals were still relatively strong. This was mainly supported by the consistent implementation of strategic initiatives, which certainly cannot be separated from the role of Human Resources (HR) as an important key that helped the various achievements of the Company so far. The Board of Commissioners judged that the Board of Directors has taken the right steps in creating the human resources which qualified, superior, professional, competent, and able to work together to safeguard the Company's fundamentals.

The Board of Commissioners was satisfied with the progress made by the Company in terms of good corporate governance. The Company always undertakes improvement and perfection of the Good Corporate Governance (GCG) principles implementation based on the best practices (national best practices). The consistency of the Company was also reflected in its ability to maintain the achieved governance outcomes, including the zero sanction received from regulators as a concrete evidence of the Company in developing the trust of

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shareholders and other stakeholders. In the future, the Board of Commissioners would continue to encourage improvements in the implementation of GCG based on the principles of transparency, accountability, responsibility, independence and fairness in all aspects of the Company's business.

In optimizing the supervision performed on the Board of Directors performance, the Board of Commissioners was assisted by a working unit that reports directly to the Board of Commissioners, which was the Audit Committee. The Audit Committee Charter was prepared by the Company to regulate the duties and responsibilities, membership structure, code of ethics, meeting mechanisms, and the reporting for all members of the Audit Committee. The Audit Committee also assisted the Board of Commissioners supervising the Company's internal control and compliance with the Internal Audit Unit. In 2019, the Board of Commissioners held 4 joint meetings with the Board of Directors, while the Audit Committee held 5 meetings.

B. First Agenda Decision Proposal

1. To approve the Company's Annual Report for the fiscal year 2019 and to ratify the Company's Consolidated Financial Statements for the fiscal year 2019 which had been audited by the Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Partners Public Accountant Firm with an "Unqualified Opinion" as provided in the Independent Auditor's Report dated April 27, 2020, and the Board of Commissioners' supervisory report and
2. To grant full discharge of responsibility (acquit et decharge) to all members of the Board of Directors and the Board of





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Commissioners of the Company for their management and supervisory actions performed during the fiscal year 2019, to the extent that these actions are reflected in the Company's Consolidated Financial Statements, except for the embezzlement, fraud and other criminal acts.

II. Second Agenda

The stipulation of the Use of the Company's Net Profit for the fiscal year 2019

A. Description of Second Agenda

In fiscal year 2019, the Company recorded a net profit attributable to the holding entities owners by IDR 27,273,075,178 (twenty-seven billion two hundred seventy-three million seventy-five thousand one hundred seventy-eight rupiahs)

In accordance with article 11 paragraph 5 (b) in conjunction with article 22 paragraph 1 of the Company's Articles of Association and article 71 paragraph (1) of Law No. 40 of 2007 concerning Limited Liability Companies, the Company proposes to the Meeting to approve its use as stated below.

B. Second Agenda Decision Proposal

To approve the use of the Company's net profit attributable to the holding entities owners for the year ended December 31, 2019 as follows:

1. To be distributed as a final cash dividend of IDR 7,349,558,160 (seven billion three hundred forty nine million five hundred fifty





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eight thousand one hundred sixty rupiah) or IDR 3.5 per share to the shareholders of the Company.

To authorize the Board of Directors of the Company to distribute the cash dividends and to take all necessary actions. Cash dividend payments will be performed by taking into consideration of tax provisions, Indonesia Stock Exchange and prevailing capital market regulations;

2. To stipulate a special Reserves fund in accordance with Article 70 of Law Number 40 of 2007 concerning Limited Liability Companies by IDR 1,000,000,000 (one billion rupiah);
3. The rest of it is recorded as Company's retained earnings which have not been determined its use.

III. Third Agenda

Appointment of the Company's Public Accountants for the fiscal year 2020

A. Description of Third Agenda

Based on the provisions of article 11 paragraph 5 (c) of the Company's Articles of Association, article 36A of the Financial Services Authority Regulation (POJK) number 10/POJK.04/2017 concerning Amendments to the Financial Services Authority Regulation number 32/POJK.04/2014 concerning Plans and Convention of General Meetings of Shareholders of Public Company and article 13 POJK 13/POJK.03/2017 concerning the Use of Public Accountant Services and Public Accountant Firms in Financial Services Activities, Public Accounting Firms that will audit the Company's books for the fiscal year ended December 31, 2020 shall be decided by Meeting by taking





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into consideration of the Board of Commissioners' recommendations and recommendations of the Audit Committee.

B. Third Agenda Decision Proposal

1. To appoint the Public Accountant Mr. Mulyadi from the Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Partners Public Accountant Firm to audit the Company's financial statements for fiscal year 2020;
2. To authorize the Company's Board of Commissioners to determine the amount of honorarium and other requirements related to the appointment of the Public Accountant and the Public Accountant Firm;
3. In the event of the Public Accountant and the Public Accountant Firm for some reason fails to perform their duties, the meeting authorizes the Board of Commissioners on the recommendation of the Audit Committee to appoint another Public Accountant Firm who has a reputation and experience in auditing public companies recognized and registered in Financial Services Authority.

IV. Fourth Agenda

The stipulation of Remuneration for the Members of the Board of Directors and Honorarium for the Board of Commissioners of the Company

A. Description of the Fourth Agenda

In accordance with article 15 paragraph 16 and article 18 paragraph 19 of the Company's Articles of Association, the amount and type of remuneration and other facilities for the members of Board of Directors





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and members of the Board of Commissioners are stipulated by the Meeting, taking into consideration of the provisions of prevailing laws and regulations.

B. Fourth Agenda Decision Proposal

1. To authorize the Company's Board of Commissioners to determine and stipulate the remuneration and other facilities for members of the Company's Board of Directors and
2. Determine and determine the honorarium of the members of the Board of Commissioners of the Company as much as Rp. 5,700,000,000 (five billion seven hundred million rupiah) for fiscal year 2020

V. Fifth Agenda

The approval of amendments to Article 3 of the Company's Articles of Association in the context of adjusting to the Regulation of Head of the Central Statistics Agency Number 19 of 2017 concerning Amendments to the Regulation of Head of the Central Statistics Agency Number 95 of 2015 concerning the of Indonesian Standard Industrial Classification (ISIC)

A. Explanation of the Fifth Agenda

In accordance with article 11 paragraph 5 of the Company's Articles of Association, where the other agenda can be discussed as long as the laws and regulations regulate it. Adjustment of ISIC is required in accordance with the Regulation of Head of the Central Statistics Agency No. 19 of 2017 for the application of a Company Register Number by an Online Single Submission (OSS) system





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B. Fifth Agenda Decision Proposal

1. To Approve the Amendment to Article 3 of the Company's Articles of Association in the context of adjusting to the Regulation of Head of the Central Statistics Agency Number 19 of 2017 concerning Amendment to the Regulation of Head of the Central Statistics Agency Number 95 of 2015 concerning the Indonesian Standard Industrial Classification (ISIC);
2. To Authorize the Board of Directors of the Company to amend the Company's articles of association concerning the amendments of Article 3 of the Company's Articles of Association as mentioned above and To declare the decision of this Meeting in a separate deed before a Notary, to report and/or notify and register the results of this Meeting's decision with the Ministry of Law and Human Rights of the Republic of Indonesia and other relevant agencies and take all actions that are deemed necessary and useful in accordance with the prevailing laws and regulations to execute the decision of this Meeting properly.

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