

Date : 1 December 2023
Number : 030/TGRA-BEI/XII/2023
Subject : Clarification on Unaudited Interim Financial Statement Q3-2023

To:

Mr I Gede Nyoman Yetna
Director of PT Bursa Efek Indonesia
Jl. Jend. Sudirman Kav. 52-53
Jakarta - 12190

Dear Sir,

In reference to the queries raised by PT Bursa Efek Indonesia (“**IDX**”) in its letter No. S-10467/BEI.PP1/11-2023, we wish to inform you the following:

1. In reference to the Company’s Financial Statement as of 30 September 2023, the Company’s revenue as at 30 September 2023 was identical to its revenue as at 30 June 2023. This indicates that the Company did not book any revenue in the period from July to September 2023. The IDX requests the Company’s to provide clarification on the following:

- a. The Company’s rationale for not booking revenue in the period.

Response:

The revenue for the period from January to June 2023 comes from maintenance services and material supply for the PT PLN (Persero) Steam Power Plant. Both of which are not the Company’s main business activity. There is no revenue in the period from July to September 2023 because the said services were not carried out by the Company during the period.

- b. The Company’s strategy to book sustaining revenue in the future.

Response:

The Company’s main activity is production of hydroelectricity; and these projects are still under fundraising process. Once the projects are operational, the Company’s revenue source will be from the projects. While waiting for the Company’s hydropower plant to operate, the management is currently working on the joint operation (“**KSO**”) contract to procure solar panels for the solar power plant project of PT PLN (Persero). In addition, management is also exploring waste processing projects in DKI Jakarta.

- c. Does the Company book revenue in Q4-2023? If yes, please provide details of such revenue.

Response:

At time of writing, the Company has not booked any revenue because the KSO contract for solar panel procurement is still in progress. The Company expects that the procurement of solar panels can be carried out in the third and fourth week of this month.

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2. In reference to the Notes to the Consolidated Financial Statements (“CALK”) No. 4 on Cash and Cash Equivalents, as of 30 September 2023 the Company only had Rp70.5 million in cash and Rp16.3 billion in restricted deposits used as Bank Guarantee facility guarantee. The IDX requests the Company's to provide clarification on the following:

a. The Company's working capital adequacy, considering its cash balance is only Rp70.5 million.

Response:

The Company's working capital adequacy is supported by its controlling shareholders. The Company is currently working with PT Bahana Sekuritas (Persero) to raise funds to finance its projects and increase working capital. The fundraising process is targeted to be completed in Q1-2024 at the latest.

b. The Company's restricted deposits maturity.

Response:

The deposit period follows the expiration date of the Bank Guarantee for the construction of the Company's Micro-Hydroelectric Power Plant (“PLTM”). The beneficiary of the Bank Guarantee is the Sumatera Utara Main Distribution Unit (*Unit Induk Distribusi*, “UID”) of PT PLN (Persero).

There is a bank guarantee that can be withdrawn by the Company within the next 6 months for projects that have reached financial closing (FC). The remainder can be withdrawn in the next 24 months after the projects reach commercial operation date (COD).

c. The Company's strategy in managing working capital to ensure no disruption to its operating activities.

Response:

As stated in paragraph 2a above, the Company is currently working to raise funds to finance its investments and increase working capital. During such time, the Company's liquidity is supported by its Controlling Shareholders.

3. In reference to CALK No. 5 on Third Party Receivables, the Company has outstanding receivables of Rp10.5 billion as of 30 September 2023. However, the Company recorded Rp21.6 billion receivables as of 31 December 2022. Since the Company only booked Rp976 million revenue as of 30 September 2023 and did not book any revenue in the period from July to September 2023, The IDX requests the Company's to provide clarification on the following:

a. The maturity period for each invoice billed by the Company.

Response:

The average maturity period for each invoice is 90 days.

b. Rationale for the Company to state that all receivables are categorised as outstanding, considering that in the July-September 2023 period there should be no additional receivables since the Company did not book any revenue.

Response:

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Receivables of Rp10.5 billion was the balance of receivables from transactions made in 2022, where borrowers requested for extension of repayment period. Therefore, the Company categorises the invoice as outstanding.

c. Revalidation of the Company's Financial Statement.

Response:

The Company has validated the Financial Statement for the period ended on 30 September 2023.

4. In reference to CALK No. 9 on Bank Payables, the Company has a bank loan of Rp9 billion to PT Bank Central Asia Tbk which will mature on 9 November 2023. The IDX requests the Company's to provide clarification on the following:

a. Current status on the bank payables.

Response:

Currently, the Company has extended the repayment term to 4 May 2024.

b. If not yet paid, is there a restructuring plan for bank loans that have matured?

Response:

While the Company did not apply for restructuring, the loan facility received an extension of repayment period from PT Bank Central Asia Tbk because the largest amount of the loan was a revolving time loan of Rp7 billion.

c. Readiness of funds to repay the bank loans.

Response:

The Company will prepare funds to repay the bank loans if needed, considering that the loan facility is a working capital loan to support the KSO transaction with PT PLN (Persero).

5. In reference to CALK No. 25 on Nature of Relationship and Transactions with Related Parties, all compensations given to each member and group of Directors, Commissioners, majority shareholders concurrently employees, and other key managements are not disclosed. Pursuant to the Decision of the Head of Capital Market and Financial Institutions Supervisory Agency No. KEP-347/BL/2012 on Disclosure of Financial Statement of Issuers or Listed Companies:

c) Issuers or Listed Companies are required to disclose all compensations given to each member or group of directors, commissioners, majority shareholders concurrently employees, and other key managements for each of the following categories:

(1) Short-term work benefit;

(2) Post-employment benefit;

(3) Other long-term work benefit;

(4) Severance pay for termination of employment contracts; and

(5) Share-based payments.

In relation to the above, the IDX requests the Company to revise its Financial Statement in accordance with the regulation stated above.

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Response:

The Company will revise its Unaudited Financial Statement for the period ended on 30 September 2023.

6. In reference to the Financial Statement for the period ended on 30 September 2023, there are Other Accounts Receivable from Third Parties, Other Current Assets, Other Non-current Assets, Other Payables due to Third Parties, and Accrued Expenses that are not disclosed in the CALK. The IDX requests the Company's to provide clarification on the following:

- a. The Company's reason(s) for not disclosing the accounts in the CALK.

Response:

The Company did not disclose the accounts because the amounts for Other Accounts Receivable from Third Parties, Other Current Assets, Other Non-current Assets, and Other Payables Due to Third Parties were not material.

The Company will disclose Accrued Expenses in the next period's Financial Statement.

- b. Nature of each account.

Response:

Other Accounts Receivable from Third Parties are receivables to employees or other third parties.

Other Current Assets are advance payments for purchase of products or services.

Other Non-current Assets are receivables from the Company's subsidiaries to the parent entity.

These accounts are distinguished because their nature is different from the general related party receivables.

Other Payables Due to Third Parties are third party payables that are not related to the Company's main business activities.

Accrued Expenses are all expenses that still have to be paid.

- c. Breakdown and information of each account.

Response:

Other Accounts Receivable from Third Parties are receivables of Rp240 million of the Company's subsidiaries to former employees.

Other Current Assets are outstanding balance of advance payments of Rp841 million.

Other Non-current Assets are receivables of Rp1.4 billion from the Company's subsidiaries to the Company.

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Other Payables Due to Third Parties are balances owed to third parties of Rp837 million that are not related to the Company's main business activities.

Accrued Expenses are all expenses that still have to be paid, including:

- Feasibility study of Rp7,701,288,067;
- Salaries and allowances of Rp4,403,246,158;
- Purchase of finished goods of Rp2,745,985,296;
- Professional services of Rp1,049,293,225;
- Social Security Agency (*Badan Penyelenggara Jaminan Sosial, "BPJS"*) of Rp722,409,858;
- Utilities of Rp680,911,339;
- Other expenses of Rp205,354,772.

7. Other material information/facts/events that may affect the Company's share price that have not been disclosed to public (if any).

Response:

There are no other material information/facts/events.

We thank you for your kind attention.

Sincerely,

PT TERREGRA ASIA ENERGY TBK

[signed]

Daniel Taqu Dedo

Director

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