

**AN ANALYSIS OF BUSINESS AND FINANCIAL PERFORMANCE OF  
*PT INDUSTRI JAMU DAN FARMASI SIDO MUNCUL TBK* IN 2019-2021**

**A THESIS**

**Presented as Partial Fulfillment of the Requirement  
to Obtain the Bachelor Degree in Accounting Department**



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**DEPARTMENT OF ACCOUNTING  
INTERNATIONAL PROGRAM  
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UNIVERSITAS ISLAM INDONESIA  
YOGYAKARTA**

**2023**

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## DECLARATION OF AUTHENTICITY

Herein I declare the originality of the thesis; I have not presented anyone else's work to obtain my university degree, nor have I presented anyone else's words, ideas or expression without acknowledgment. All quotations are cited and listed in the bibliography of the thesis.

If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulation or its consequence.

Yogyakarta, May 31, 2023

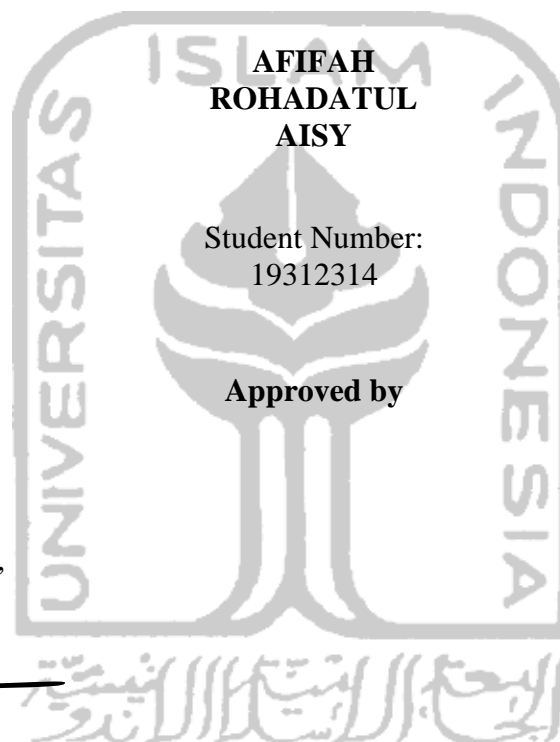


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**AN ANALYSIS OF BUSINESS AND FINANCIAL  
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SIDO MUNCUL TBK IN 2019-2021**

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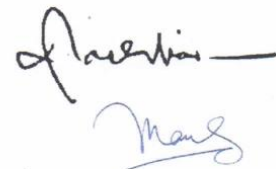
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(Afifah Rohadatul Aisy)





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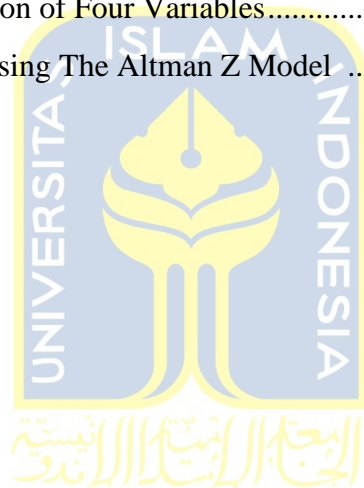
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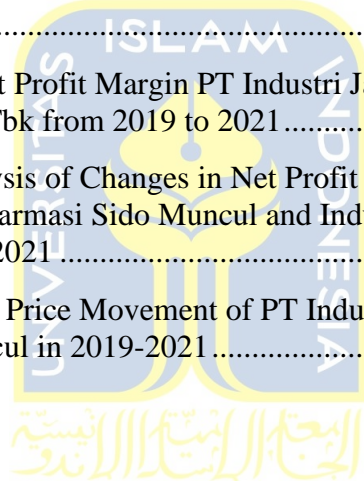


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## ABSTRACT

This study aimed to determine the business conditions and financial performance of the Pharmaceutical Industry and Jamu Industry in Indonesia which were listed on the IDX, especially *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) during the period 2019 to 2021. The data used in this research was obtained from various sources, including the complete annual reports of pharmaceutical companies listed on the IDX for the 2019-2021 period. Financial data obtained from [www.idx.co.id](http://www.idx.co.id) and the company's official website. The Palepu model (2004) was used to analyze the business and financial performance of the Pharmaceutical Industry, *Jamu* Industry, and PT Sido Muncul during the period 2019 to 2021. The results of this study showed that there was high competition between companies (rivalry among existing firms), both within the Pharmaceutical Industry and *Jamu* Industry in Indonesia. This can be seen from data from the Ministry of Health in 2021 that the number of pharmaceutical and *jamu* industries has increased from year to year. In addition, the high percentage of profits made the pharmaceutical and jamu industry very attractive to illegal producers. PT Sido Muncul was able to face business competition with a qualified differentiation strategy as a corporate strategy. All company progress was explained in detail in the annual financial reports, especially in the notes to the financial statements and there were no red-flags or significant differences or deviations. Based on the ratio analysis, it showed that the Pharmaceutical and Sido Muncul Industries were in a liquid and solvable state, and the effectiveness and productivity of the Pharmaceutical and Sido Muncul Industries in managing company assets increased so that the profit earned also increased. In addition, Sido Muncul's high Return on Investment value indicated the company's ability to create returns on investment that were used for very effective operations. Sido Muncul was in a healthy condition and was not bankrupt as seen from the results of calculations using the Altman Z-Score method.

Keywords: financial performance, business analysis, accounting analysis, financial analysis, predictive analysis.

## ABSTRAK

Penelitian ini bertujuan untuk mengetahui kondisi bisnis dan kinerja keuangan dari Industri Farmasi dan Industri Jamu di Indonesia yang terdaftar di BEI, terutama PT Industri Jamu dan Farmasi Sido Muncul Tbk (Sido Muncul) selama periode tahun 2019 sampai dengan tahun 2021. Data yang digunakan dalam penelitian ini diperoleh dari berbagai sumber, termasuk laporan tahunan lengkap perusahaan farmasi yang terdaftar di BEI selama periode 2019-2021. Data keuangan diperoleh dari [www.idx.co.id](http://www.idx.co.id) dan website resmi perusahaan. Model Palepu (2004) digunakan untuk menganalisis bisnis dan kinerja keuangan Industri Farmasi, Industri Jamu, dan PT Sido Muncul selama periode tahun 2019 sampai dengan tahun 2021. Hasil penelitian menunjukkan tingginya persaingan antar perusahaan (*rivalry among existing firms*), baik di lingkungan Industri Farmasi maupun Industri Jamu di Indonesia. Hal ini terlihat dari data Kementerian Kesehatan pada tahun 2021 bahwa jumlah industri farmasi dan jamu mengalami peningkatan dari tahun ke tahun. Selain itu, tingginya persentase keuntungan, menjadikan industri farmasi dan jamu sangat atraktif bagi para produsen ilegal. PT Sido Muncul mampu menghadapi persaingan bisnis dengan strategi diferensiasi yang mumpuni sebagai strategi korporasi. Semua progres perusahaan dijelaskan secara detail pada laporan keuangan tahunan terutama pada bagian catatan atas laporan keuangan dan tidak ada *red-flags* atau perbedaan atau penyimpangan yang signifikan. Dilihat dari analisis rasio menunjukkan bahwa Industri Farmasi dan Sido Muncul dalam keadaan yang *liquid* dan *solvable*, serta efektivitas dan produktivitas Industri Farmasi dan Sido Muncul dalam mengelola aset perusahaan meningkat sehingga laba yang diperoleh juga meningkat. Selain itu, nilai *Return on Investment* Sido Muncul yang tinggi menunjukkan kemampuan perusahaan dalam menciptakan return yang diperoleh atas investasi yang digunakan untuk operasi yang sangat efektif. Sido Muncul berada dalam kondisi yang sehat dan tidak bangkrut dilihat dari hasil perhitungan menggunakan metode Altman Z-Score.

Kata kunci: kinerja keuangan, analisis bisnis, analisis akuntansi, analisis keuangan, analisis prediksi.

## CHAPTER I

### INTRODUCTION

#### 1.1 Study Background

The first case of COVID-19 appeared in Indonesia on March 2 2020 (Retaduari, 2022). As a result of this spread, the Indonesian government implemented a Large-Scale Social Restrictions (PSBB) policy that limited people's movements (Fauzi, 2020). These social restrictions and community mobility have had various impacts. Some of the negative impacts are declining investment figures, weakening people's purchasing power, weakening the economy, and shifting business patterns.

Even though it tends to have a negative impact, there are other sides that are not affected and also change people's consumption patterns. The PWC survey on "Consumer Insights Survey 2020: An Indonesian Perspective" explained that after the Covid-19 pandemic, the consumption patterns of Indonesian people have changed. Health products are one of the highest expenses for Indonesian consumers at 77% as the first priority, followed by products for daily necessities, entertainment media, food delivery and gardening (PWC, 2020).

The Ministry of Industry also stated that during a pandemic the demand for medicines, supplements and vitamins increased to increase the body's immunity against the Covid-19 virus. The government is even participating in helping the movement of the health sector by adding high priority in supporting the Indonesia

4.0 program (KEMENPERIN, 2021). Including application to the digital world in the distribution of medical devices to consumers.

Based on the types of companies affected by the pandemic, companies in the pharmaceutical sector are included in the types of companies that continue to record positive growth during the pandemic (Prasetya, 2021). The pharmaceutical sector, along with the chemical and traditional medicine sectors, recorded a growth of 8.65% in the second quarter of 2020. This increase was based on the increased demand for medicines and health supplements during the pandemic (Harahap et al., 2021).

Information from financial reports is useful for financial management in making fiscal decisions. Financial reports are assessed by analyzing the financial statements. This analysis is used to find out whether the company's financial statements are still in good condition. Thus, financial reports become media that contain the contents of the company's financial performance, then financial analysis acts as a process that examines the financial performance.

Financial performance is an analysis carried out to see how far a company has carried out using the rules of financial implementation properly and correctly (Fahmi, 2012). Company performance is a picture of a company's financial condition through analysis with financial analysis tools. Therefore, it could be known about the good and bad financial condition of a company that reflects work performance in a certain period. This is very important so that resources are used optimally in dealing with environmental changes.

Financial statement analysis can be explained by looking at the characteristics of the financial statements themselves and relating them to the needs or focus of attention of users of financial statements in the decision-making process. Thus, financial statement analysis can act as a medium for making considerations of the impact of the Covid-19 pandemic (Pohan, 2017).

Several studies have attempted to test the financial performance of pharmaceutical companies during the Covid-19 pandemic, such as (Hastuti, 2021) stating that based on the results of the liquidity ratio, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* were the most liquid. Based on the results of activity ratio analysis, PT Merck Sharp Dohme Pharma Tbk, PT Kalbe Farma Tbk, and *PT Industri Jamu dan Farmasi Sido Muncul Tbk* were the best compared to other pharmaceutical companies. For the results of the analysis of the solvency ratio, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* occupied the best position. Based on the results of the analysis of profitability ratios, PT Pyridam Farma Tbk and *PT Industri Jamu dan Farmasi Sido Muncul Tbk* occupied the best position compared to other companies.

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* is one of the companies that was able to make a profit during the Covid-19 pandemic. This company is engaged in the consumer goods industry in the pharmaceutical sub-sector. During the pandemic, their products were wholesale by buyers. This can be seen from the performance of this counterwind producer throughout the first quarter of 2020 (Ayu & Supartoko, 2020). Looking at the growth in income of pharmaceutical issuers listed on the Indonesia Stock Exchange, *PT Industri Jamu dan Farmasi Sido Muncul Tbk*

took the lead with revenues increasing by 80.68% from IDR 2.23 trillion to IDR 4.02 trillion (Arma & Ramdani, 2022).

Considering the importance of analyzing the company's financial condition as information for investors to see prospects, developments, weaknesses, strengths, and investment guarantees, this study aimed to analyze the financial performance of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* with the title “An Analysis of Business and Financial Performance of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in 2019-2021”.

In order to see whether the financial performance of Indonesian Pharmaceutical Companies in managing their companies with very good performance in the last three years by using the four key steps: business strategy analysis, accounting analysis, financial analysis, and prospective analysis (Palepu et al., 2004)

Palepu model is a simple idea but very useful to basic framework for business analysis and valuation using financial statements data. The four steps for business analysis would help outside analysts to gain valuable insights about the company's current performance and future prospects. In this study, business strategy analysis is used to identify key profit drivers and business risks, and also to assess the company's profit potential at a qualitative level. In accounting analysis, the researcher would identify where there is accounting flexibility and evaluating the appropriateness of the company's accounting policies and estimates. Furthermore, in financial analysis, the researcher would evaluate current and past

performance of the company and to assess its sustainability by using several ratio analysis. Last, Prospective analysis, the researcher would focus on forecasting the company's future.

## 1.2 Problem formulation

The problem formulation of this research are:

1. How is the financial performance of Indonesian Pharmaceutical Industry in 2019 to 2021?
2. How is the financial performance of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in 2019 to 2021?

## 1.3 Study objective

The objective of this study are to:

1. To determine the financial performance of Indonesian Pharmaceutical Industry in the last three years.
2. To determine the financial performance of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in managing companies in the last three years by using analysis of the company's financial performance.

## 1.4 Research benefits

This research is expected to provide benefits to various parties, as follows:

1. Benefits for Future Researchers

The results of this research are expected to be a reference or research material in finance for future researchers regarding deepening



and applying knowledge in accounting and other related sciences, which have been obtained in management science and other related sciences, which have been obtained so far to solve real problems in the field.

## 2. Benefits for the Company

The results of this study can be used as input for companies in an effort to improve the company's financial performance, so that it can improve the company's performance as a whole.

### 1.5 Limitation of research area

Based on the formulation of the problem, the researcher had limits of the scope from the discussion. Therefore, the research in this final report will not be deviated from the existing problems. Furthermore, this research is more focused on the object being examined in order to produce research that can contribute to the development of science and an early warning of financial distress for the company. These are the limitations of this research:

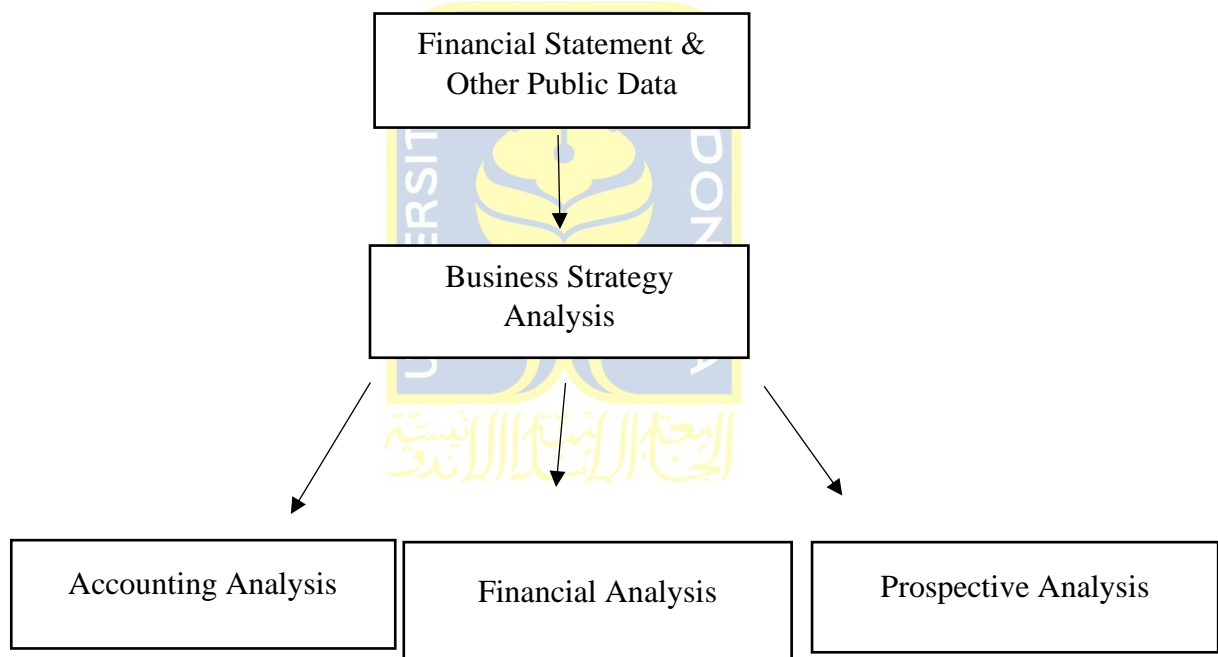
1. The sample that was used in the period 2019-2021. This research was relatively short so the economic conditions still tend to have the same condition or trend.
2. The data used in this research is secondary data obtained from the Indonesia Stock Exchange website, [www.idx.co.id](http://www.idx.co.id). Therefore, there was no direct explanation from related parties to support the data that used in this research because the researchers did not conduct interviews.

## 1.6 Research Design

This study aimed to know the financial performance *PT Industri Jamu dan Farmasi Sido Muncul Tbk* during 2019 – 2021. This research used a qualitative method. Perreault and (Perreault & McCarthy, 2006) defined qualitative research as a type of research that sought to dig up information in depth, and is open to all responses and not just yes or no answers

## 1.7 Research Framework

**Figure 1. Research Framework**



## 1.8 Sources of Data

The data used in this study is secondary data in the form of financial reports for the healthcare sector industry which are registered and listed on the Indonesia Stock Exchange in 2019-2021 so that the data sources used in this research were obtained from [www.idx.co.id](http://www.idx.co.id) and the company's official website. The data collection method in this study used the documentation method which collected

data from several relevant sources and then studied all the collected documents related to the research. The data collection method used the website [www.idx.co.id](http://www.idx.co.id) and the company's official website.

## 1.9 Data Analysis

In this study the data analysis techniques used are:

### 1) Business Strategy Analysis

#### a) Industry Analysis

- Rivalry among existing firms
- Threat of new entrants
- Threat of substitute power
- Bargaining power of suppliers
- Bargaining power of buyer

#### b) Competitive Strategy Analysis

- Cost Leadership
- Differentiation

### 2) Accounting Analysis

- Identify key accounting policies
- Assess accounting flexibility
- Evaluate accounting strategy
- Evaluate the quality of disclosure
- Identify potential red flags
- Undo accounting distortions

### 3) Financial Analysis

a) Trend Analysis

Trend analysis in this study is used as a way to see whether during the past three years there has been a difference in financial performance.

$$\text{Index number} = \frac{\text{Current year amount}}{\text{Base year amount}} \times 100\%$$

b) Common Size Analysis

Common size analysis is an analysis of financial statements performed by calculating each item in the statement of profit or loss and statement of financial position to be proportioned through the sales amount (for the statement of profit or loss) or from total assets (for statement of financial position).

$$\text{Statement of financial position} = \frac{\text{Asset component}}{\text{total asset}} \times 100\%$$

$$\text{Statement of profit or loss} = \frac{\text{Components of profit or loss}}{\text{total sales}} \times 100\%$$

c) Ratio Analysis

(1) Liquidity Ratio

This analysis is intended to see the company's financial position or the extent to which the company is able to meet its financial obligations that must be fulfilled immediately. This analysis included:

- Current ratio = Current Assets / Current Liabilities
- Quick ratio = (Current Assets - Inventory) / Current Liabilities

- Cash Ratio =  $\frac{\text{Cash and Cash Equivalent}}{\text{Current Liabilities}}$

## (2) Solvability Ratio

This analysis aimed to measure the company's ability to meet its long-term debt obligations. This analysis included:

- Debt to asset =  $\frac{\text{Total Debts}}{\text{Total Assets}}$
- Debt to equity =  $\frac{\text{Total Debt}}{\text{Total Equity}}$

## (3) Activity Ratio

Activity analysis, namely analysis to measure how much effectiveness the company used in using its resources. This analysis included:

- Total Asset Turnover =  $\frac{\text{Sales}}{\text{Total Assets}}$
- Receivable Days =  $\frac{\text{Account Receivable}}{\text{Sales}} \times 365$   
Days
- Payable Days =  $\frac{\text{Account Payable}}{\text{Cost of Sales}} \times 365$   
Days

## (4) Profitability Ratios

Profitability analysis is used to measure how much a company's ability to earn profits in relation to sales, assets, as well as profits and own capital. This analysis included:

- Return on assets =  $\frac{\text{Net Income}}{\text{Total Assets}}$
- Return on equity =  $\frac{\text{Net Income}}{\text{Total Equity}}$
- Gross Profit Margin =  $\frac{\text{Gross Profit}}{\text{Sales}}$

- Net Profit Margin = Net Profit / Sales

#### (5) Market Ratios

Market ratio or stock ratio is the ratio used to measure the value of shares. This analysis included:

- Earnings Per Share (EPS)

$$\text{Earnings Per Share (Rp)} = \frac{\text{Net Income After Tax}}{\text{Number of Shares}}$$

- Price Earnings Ratio (PER)

$$\text{Price Earnings Ratio} = \frac{\text{Share Price}}{\text{Earnings per Share}}$$

#### d) Du Pont System Analysis

Du Pont system analysis is the approach to evaluate profitability and rate of return on equity.

- Total Asset Turnover (TATO) = Sales / Total Assets
- Net Profit Margin (NPM) = Net Profit / Sales
- Return on Investment (ROI) = TATO x NPM
- Equity Multiplier (EM) = Total Assets / Total Equity
- Return on Equity (ROE) = TATO x NPM x EM

#### 4) Prospective Analysis

##### a) Bankruptcy prediction

The Modified Altman Z-Score equation as followed:

$$Z'' = 6.56 (X1) + 3.26 (X2) + 6.72 (X3) + 1.05 (X4)$$

### 1.10 Systematics writing

This research was structured in a systematic manner consisting of: Chapter I Introduction, Chapter II Literature Review, Chapter III General Description of

The Pharmaceutical Industry and The Company, Chapter IV Data and Analysis, Chapter V Conclusions. The following is an explanation of each chapter:

#### CHAPTER I: INTRODUCTION

This chapter provided an explanation of the background of the problem, problem formulation, study objectives, research benefits, limitations of research area, research method, research framework and systematic writing.

#### CHAPTER II: LITERATURE REVIEW

This chapter described the theoretical basis on which the research is based.

#### CHAPTER III: GENERAL DESCRIPTION OF THE PHARMACEUTICAL INDUSTRY AND THE COMPANY

This chapter provided a description of the company. Therefore, this chapter would describe the Indonesian pharmaceutical industry, Indonesian Jamu Industry and PT Industri Jamu dan Farmasi Sido Muncul Tbk.

#### CHAPTER IV: DATA AND ANALYSIS

This chapter described the general description of research objects, data, data analysis, interpretation of data processing results, and arguments or discussion of research results.

#### CHAPTER V: CONCLUSIONS

This chapter provided conclusions and suggestions based on the results of the analysis that has been carried out.

## CHAPTER II

### LITERATURE REVIEW

This chapter contained the detailed explanation and discussion of the literature review which included, a definition of financial statement analysis, business analysis, accounting analysis, financial analysis, and prospective analysis.

#### 2.1 Financial statement analysis

##### 2.1.1 Definition of financial statement analysis

Financial performance is very important for a company because financial performance serves as a measure of whether a company is running stably or not. This financial performance created an overview of the financial condition of a company which is analyzed using several types of analysis instruments, so that it can be seen whether the company's finances are in good condition or not. If the company's finances are in good and stable condition, it means that the company will be better prepared to face the next period.

Analysis of financial statements is a process that is full of consideration in order to help evaluate the financial position and results of operations of the company in the present and the past with the main objective to determine the most likely estimates and predictions regarding the condition of the company's performance in the future (Prastowo & Rifka, 2011).

Managers had better information on a company's strategies related to the information that outside financial analysts have. Superior financial analysts

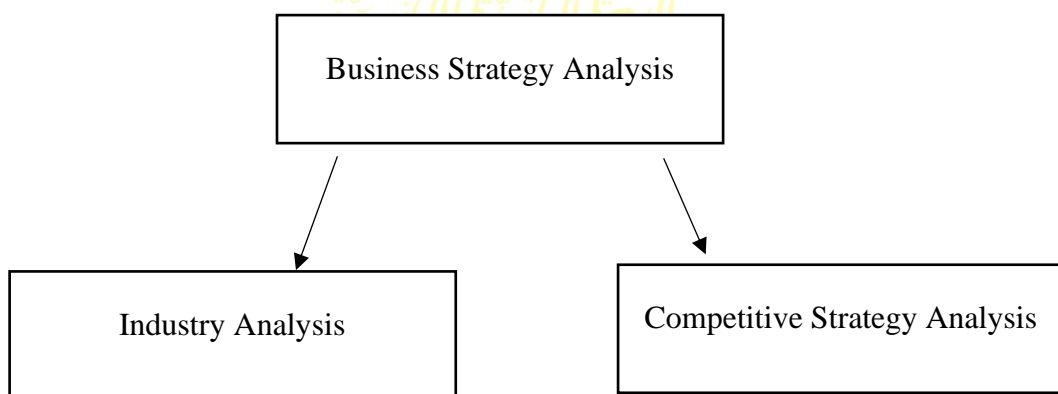


attempted to discover ‘inside information’ from analyzing financial statements. In carrying out this analysis, a lot of information and data is needed. It is used for the sake of in-depth analysis. Therefore, the researchers can add value by improving the stakeholders’ understanding of a company’s current performance and its future prospects.

## 2.2 Business strategy analysis

Business strategy analysis is to identify key profit drivers and business risks, and to assess the company’s profit potential at a qualitative level. Business strategy analysis involved analyzing a company’s industry and its strategy to create a sustainable competitive advantage. Therefore, business strategy analysis is to generate performance expectations through industry analysis and competitive strategy analysis.

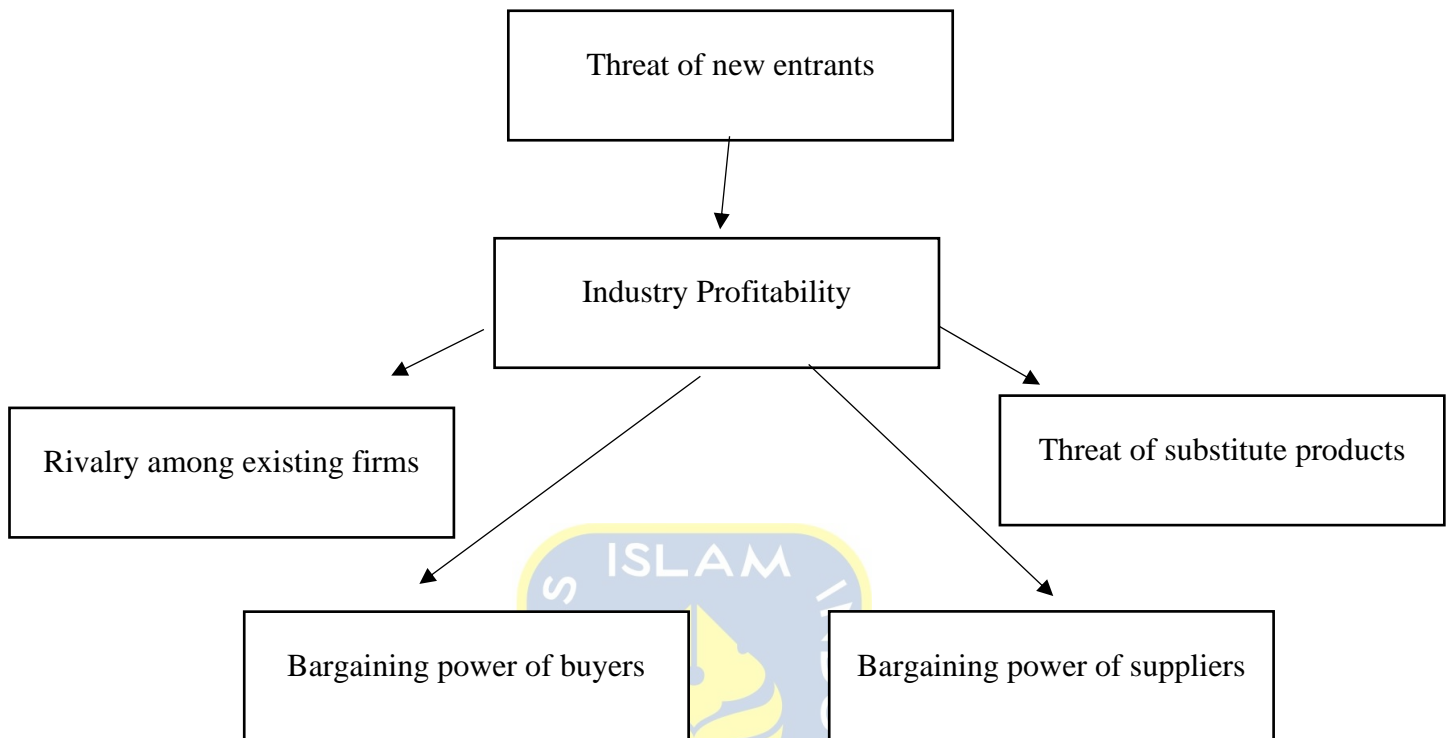
**Figure 2. Business Strategy Analysis**



### 2.2.1 Industry analysis

One of the most famous models ever developed for industry analysis known as Porter’s 5 Forces, was introduced by Michael Porter in his book 1980 “Competitive Strategy: Techniques for Analyzing Industries and Competitors.”

**Figure 3. Industry Analysis**



a. Rivalry among existing firms

Rivalry among existing firms has a very important role in the five competitive strengths of the company. The success of a company in winning competition in the industry can be seen from the superiority of the strategy implemented by the company against the strategies implemented by competing companies (David, 2006). With these advantages, competing companies would react by increasing advertising, lowering prices, improving quality, or innovating products.

b. Threat of new entrants

Threat of new entrants in the industry can be a threat to existing companies. According to Michael Porter, the threat of new entrants entering the industry is influenced by existing barriers or obstacles and the reactions of

existing companies (Porter, 1987). Newcomers are usually ready to face obstacles or barriers and reactions from existing companies and have taken into account opportunities that are not fulfilled by existing companies.

If the barriers or obstacles are large and the reaction of existing companies is also strong then the threat of new entrants will be low. According to Michael Porter, there are six main sources of incoming pests, namely economies of scale, product differences, the need for capital, the cost of switching suppliers, distribution access and risk costs.

c. Threat of substitute power

Substitute products are a threat to the company when the price of substitute products is lower with the same or better quality and performance. Substitute products would appear in different forms but could satisfy the same needs of the product offered by the company. Substitute products could limit the profit potential of the industry if the price of substitute products is more attractive with the same function as the main product (Donanto & Mustamu, 2015).

d. Bargaining power of buyer

Bargaining power of buyer has a role in influencing an industry because consumers or buyers have the ability to suppress prices, demand quality goods or services and have a role in determining competition. The freedom of consumers or buyers in choosing their products certainly greatly influenced company policy in determining offers in the form of price, product quality, or

company reputation so that consumers are attracted and loyal to the company's products.

Bargaining power of buyer would be high if the product is standard or undifferentiated. This resulted in buyers negotiating higher prices, guarantees, the advantage the buyer gets (David, 2006)

e. Bargaining power of suppliers

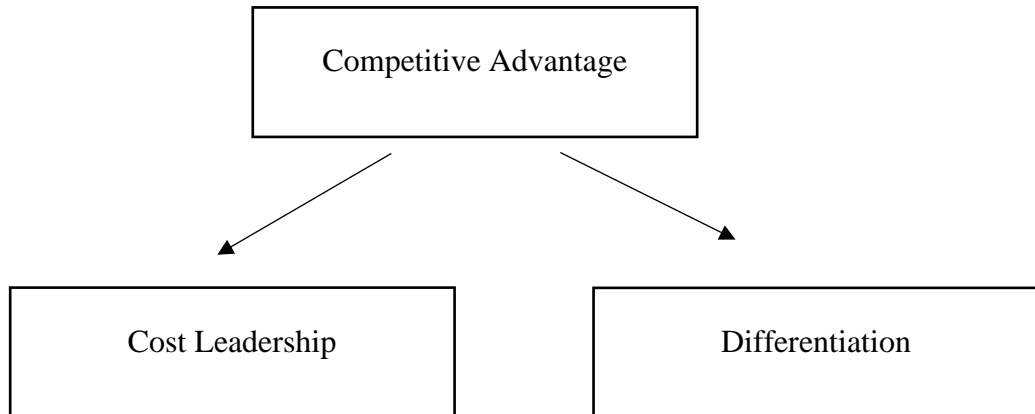
Bargaining power of suppliers can affect the industry with their ability to regulate prices and quality of goods or services used. The company's dependence on one supplier would be a threat to the company if the supplier cannot provide or meet the company's needs.

To see the company's dependence on one supplier through several indicators, namely the concentration ratio indicator where this indicator can show the ratio between the total value of supply from a particular supplier and the total value of inventory supplied by various suppliers (Donanto & Mustamu, 2015).

### **2.2.2 Competitive strategy analysis**

A competitive strategy analysis is a strategy that involved researching major competition to gain insight into their products, sales, and marketing tactics.

**Figure 4. Competitive Strategy Analysis**



a. Cost leadership

Cost leadership is minimizing the costs incurred in providing value (product or service) to customer or client. The factors for achieving cost leadership vary and depend on each industry. According to (Kotler & Armstrong, 2010), there are three main events in achieving cost leadership, namely high asset turnover, low operational costs, and having control over the supply chain to ensure low costs.

Companies that manage to manage the minimum amount of operational costs and use of assets to achieve sales targets would be able to improve their financial performance (Porter, 1980). (Porter, 1985) has demonstrated the relationship between strategic cost leadership and firm performance. With cost leadership, companies succeed in achieving a stable competitive, advantage through cost reduction and control which results in increased organizational performance.

Several previous studies have found a relationship between cost leadership strategy and company financial performance. (Karyani & Rossieta, 2018) found that banks with a cost leadership strategy have better and more persistent financial performance compared to banks that implement a differentiation strategy.

b. Differentiation

Differentiation means making one product unique or special, compared to other competitors or substitute products in the market. The differentiation strategy focused on developing unique products or services (David, 2011), so that companies differentiate themselves from competitors through the uniqueness of their products or services (Griffin, 2005) which is also the key to implementing a differentiation strategy.

Differentiating factors of a company from competitors can be product uniqueness, quality, customer service (Chenhall & Langfield-Smith, 1998), company size, image, reach, distribution system to customers, and marketing approach (McCracken, 2002). The effectiveness of implementing the differentiation strategy can be seen from how well the company can balance the benefits and costs of products or services to customers. According to (Porter, 1985), companies with a differentiation strategy have more advantages in their financial performance because they can generate higher income with unique products or services in creating high customer loyalty.

There are several previous studies regarding the relationship of differentiation strategy to financial performance. (Purwantoro et al., 2018)

showed that company performance becomes more optimal when implementing a differentiation strategy. Research by (Wibowo et al., 2017) found that the differentiation strategy had an effect on financial performance by using a strategy measurement using Selling General and Administrative Expense (SG&A).

### **2.3 Accounting analysis**

Accounting analysis is a process of evaluating the extent to which a company's accounting reflects economic reality (Subramanyam, 2014). The process is through looking at a company's transactions and events, assessing the effects of its accounting policies on financial statements, and adjusting the statements to both better reflect the underlying economics and make them more amenable to analysis. This analysis is important for comparative analysis.

Here are some steps in accounting analysis:

#### **1) Identify key accounting policies**

In accounting analysis, the researcher should identify and evaluate the policies and estimates the firm uses to measure its critical factors and risks. Key success factors in manufacturing companies included competing on product quality and innovation, research and development, and product defects after the sale are key areas of concern.

#### **2) Assess accounting flexibility**

In choosing key accounting policies and estimates, not all companies have equal flexibility. Some of the company's accounting

choices are severely constrained by accounting standards and conventions. If managers have less flexibility in choosing accounting policies and estimates related to their key success factors so that accounting data are likely less informative of understanding the company's economics. Otherwise, if the managers have flexibility in choosing accounting policies and estimates then the accounting numbers have potential to be informative depending on how managers can exercise this flexibility.

The degree of accounting flexibility a company's managers have in measuring their key success factors and risks. For example, the company had to make choices with respects to depreciation policy, inventory accounting policy, policy for amortizing goodwill, and policies regarding the estimation of pension and other post-employment benefits. Because all of these policies can have significant impact on the report performance of a company so that they can offer an opportunity to the company to manage its reported numbers.

### 3) Evaluate accounting strategy

If the managers have flexibility, they can use it either to communicate their company's economic situation or to hide the true performance. Here are some of the strategy questions in examining how the managers exercise their accounting flexibility, as follows:



- How the company's policies compare to the norms in the industry?  
If they are dissimilar, is it because the company's competitive strategy is unique?
- Do managers face strong incentives to use accounting discretion to manage earnings?
- Has the company changed any of its policies or estimates? What is the justification? What is the impact of these changes?
- Does the company's structure any significant business transactions so that it can achieve certain accounting objectives?

4) Evaluate the quality of disclosure

Managers can make it more or less easy for the researcher to assess the company's accounting quality and to use its financial statements to understand business reality. While accounting rules require a certain amount of minimum disclosure, managers have considerable choice in the matter.

In assessing a company's disclosure quality, the researcher could ask the following questions:

- Does the company provide adequate disclosure to assess the company's business strategy and its economic consequences?
- Do the footnotes adequately explain the key accounting policies and assumptions and their logic?
- Does the company adequately explain its current performance?

- If a company is in multiple business segments, what is the quality of segment disclosure?
- How forthcoming is the management with respect to bad news? Does it adequately explain the reasons for poor performance? Does the company clearly articulate its strategy? If any, to address the company's performance problems?
- How good is the company's investor relation program? Does the company provide fact books with detailed data on the company business and performance? Is the management accessible to analyst?

5) Identify potential red flags

A common approach to accounting quality analysis is to look for "red flags" pointing to questionable accounting quality. Some common red flags are as follows:

- Unexplained changes in accounting, especially when performance is poor.
- Unexplained transactions that boost profits.
- Unusual increases in account receivable in relation to sales increases.
- Unusual increases in inventories in relation to sales increases.
- An increasing gap between a company's reported income and its cash flow from operating activities.
- An increasing gap between a company's reported income and its tax income.

- A tendency to use financing mechanism like research and development partnership, special purpose entities, and the sale of receivables with resource.
- Unexpected large asset write-offs.
- Large fourth-quarter adjustments.
- Qualified audit opinions or changes in independent auditors that are not well justified.
- Related-party transactions or transactions between related entities.

6) Undo accounting distortions

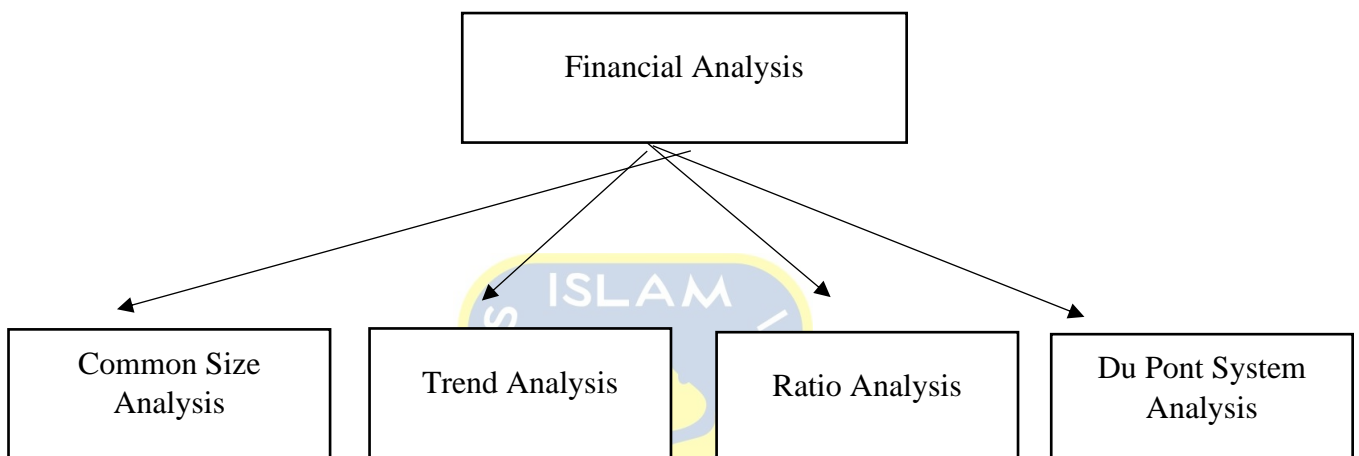
If accounting analysis suggested that the company's reported numbers are misleading, analyst should attempt to restate the reported numbers to reduce the distortion to the extent possible. It is impossible to perfectly undo the distortion using outside information alone. However, some progress can be made in this direction by using the cash flow statement and the financial statement footnotes.

## 2.4 Financial analysis

Financial analysis is the use of financial statements to analyze a company's financial position and performance, and to assess future financial performance (Subramanyam, 2014). Financial analysis aimed to find out estimates in terms of funding and cash flow. Therefore, it can be seen whether or not the business is being run.

In analyzing and assessing the company's financial position and potential, the steps that must be taken are to calculate the liquidity ratio, solvability ratio, activity ratio and profitability ratio.

**Figure 5. Financial Analysis**



#### 2.4.1 Trend Analysis

According to (Munawir, 2010), trend analysis is an analytical method to determine trends in a company's financial condition, whether the company's financial condition is stagnant, rising, or falling. Meanwhile, according to research conducted by (Kusumah, 2020), trend analysis is defined as one of the methods in statistical analysis used to estimate the company's financial condition in the future. In other words, trend analysis can detect or predict any improvement or worsening of a company's financial condition. This trend analysis can also be used to see how the financial performance of a company has developed in recent years.

This trend analysis can make it easier for everyone who needs to make the right business decisions. In making estimates using trend analysis, quite a lot of data is needed and in sufficient period as well. In order for the results of this trend analysis to be better because it can be clearer and you can see what factors influence the estimate.

Trend analysis has several benefits, including:

1) For investors, they can estimate earnings and changes in share prices of the companies they are investing in or will invest in.

2) For company management, this can help them make decisions in the future. Such as whether the business strategy in the company needs to be changed or not and can measure how the company's financial performance is positioned.

In trend analysis, you can use two types of comparisons, namely dynamic and horizontal. If using this analysis, the data used is usually only about 3 years or a period because if more than three it would be difficult to analyze. If the data to be analyzed is more than 3 then use the index number. By using this index number, the results of trend analysis would be known, whether the trend analysis is rising, falling, or staying the same.

One type of trend analysis is straight line or linear trend analysis, this trend is useful for predicting ups and downs in a straight line. This linear trend analysis used time variables, could use annual, semester, quarterly, monthly and even weekly. This linear trend

analysis relied on data taken from an incident or events. From this coherent data, it can be seen how the pattern of development of an incident or events. If the pattern of development of an event is regular, then this pattern of development can be predicted for the future.

#### 2.4.2 Common Size Analysis

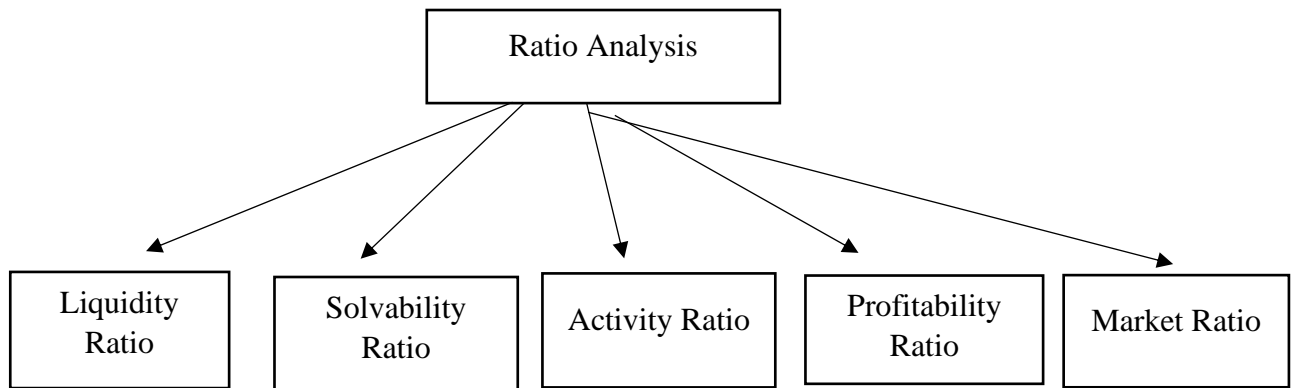
Understanding the proportions of groups that make up a particular item is useful for financial statement analysis. This process is also known as vertical analysis because it evaluates items top-down or bottom-up on the same dimension. Analysis of common size financial statements is useful in understanding the internal formation of financial statements. An income statement is ready for common size analysis because each item is related to a key number such as sales. To varying degrees, sales affect almost all expenses and it is useful to know what percentage of sales each expense item represents

There are stages used to convert the rupiah value into a percentage in the financial statements as follows:

- 1) Declare total assets, total liabilities and total net sales each with a percentage of 100%
- 2) Calculating the ratio of each item or component in the financial statements by dividing the rupiah amount of each asset item by its total assets.

#### 2.4.3 Ratios Analysis

**Figure 6. Ratio Analysis**



1) Liquidity ratio

The liquidity ratio measures a company's ability to meet short-term financial obligations (Subramanyam, 2014). This ratio is obtained from the division of current assets with current liabilities. Current assets are items that are one year old or less, while current liabilities are obligations to pay within one year. Following are the types of liquidity ratios:

a) Current Ratio

The current ratio is used to measure a company's ability to pay obligations that must be met immediately with its assets. The current ratio is said to be good if this ratio is greater than two (2). The higher this ratio, the greater the company's ability to guarantee every rupiah of its debts with a guarantee of its current assets.

Here is how to calculate the current ratio:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

b) Quick Ratio

The quick ratio is used to measure a company's ability to pay obligations that must be met immediately with available cash and securities (securities) that can be liquidated immediately. This quick ratio is said to be good if this ratio is more than a minimum number of two (2). The higher this ratio means the higher the company's ability to pay obligations that must be met immediately with available cash.

Here is how to calculate the quick ratio:

$$\text{Quick Ratio} = \frac{(\text{Current Assets} - \text{Inventory})}{\text{Current Liabilities}}$$

c) Cash Ratio

Cash ratio is a way of calculating liquidity involving company cash. The benefits are the same as the current ratio and quick ratio, namely to find out the company's ability to pay off its short-term obligations by using cash as a reference.

Here is how to calculate the cash ratio:

$$\text{Cash Ratio} = \frac{\text{Cash and Cash Equivalent}}{\text{Current Liabilities}}$$

2) Solvability ratio

The solvability ratio measures the ability of an enterprise to meet its long-term financial obligations (Subramanyam, 2014). The

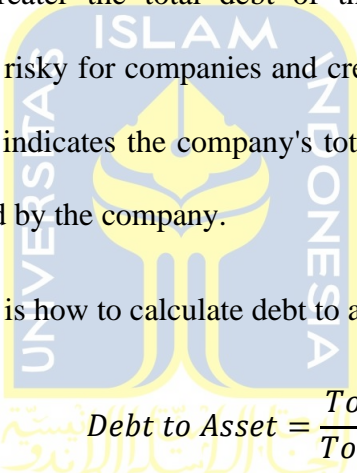


company's ability is influenced by the company's financial stability as measured by the company's ability to generate profits and cash. The following are the types of solvency ratios:

a) Debt to Assets

The Debt to Asset ratio is used for every rupiah of company assets that is used as collateral for all liabilities or debts. Debt to assets is said to be good if this ratio is smaller or equal to 1. The higher the ratio, the greater the total debt of the total assets. So that it is increasingly risky for companies and creditors. The lower the number of this ratio indicates the company's total debt is lower than the total assets owned by the company.

Here is how to calculate debt to asset ratio:


$$\text{Debt to Asset} = \frac{\text{Total Debts}}{\text{Total Assets}}$$

Information:

- If the debt to asset ratio is less than 0.5 times, it means that the company's assets are financed from equity or equity.
- If the result of the debt to assets ratio is greater than 0.5 times, it means that the company's assets are financed from debt
- If the result of the debt to assets ratio is 0.6-0.7 times, it is said to be normal. Even so, these results need to be compared with the debt-to-equity ratio in the same industry.

b) Debt to Equity

The debt-to-equity ratio is used to measure the share of each rupiah of own capital which is used as collateral for all liabilities or debts. The debt-to-equity ratio is said to be good if the ratio is smaller or equal to 1. The smaller the ratio, the better for the company because the company's total debt can be guaranteed with its own capital.

Here is how to calculate debt to equity ratio:

$$\text{Debt to Equity} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Knowing the company's solvency ratio is important to find out how far the company has the ability to pay off or repay all loans through the amount of assets it owns.

3) Activity ratio

The activity ratio measures how effectively a company uses its resources. This ratio is used to check the level of investment made in assets and the income they generate. Therefore, the activity ratio is also known as operating ratio or turnover ratio analysis. The role of the activity ratio or turnover ratio in evaluating business efficiency by careful analysis of inventory, fixed assets and accounts receivable. This ratio is also useful for comparing how the company's performance is based on trends over time in horizontal statement analysis or how the

company's performance competes with competitors in comparable company analysis. The following are the types of activity ratios:

a) Total Assets Turnover

Total assets turnover is used to measure the ability of funds embedded in all assets to rotate in a period or the ability of invested capital to generate profits. The higher the ratio, the better the company's asset management. In essence, the higher the value of this ratio, the better for the company because it means it can generate more sales with a certain level of assets.

Here is how to calculate Total Asset Turnover ratio:


$$\text{Total Asset Turnover} = \frac{\text{Sales}}{\text{Total Assets}}$$

b) Receivable Days

According to (Munawir, 2010), Receivable days are the average daily comparison between trade receivables and sales. This ratio examines how a company sees the receivables collection period that will be visible. With this, you can see the sales obtained by the company which will be able to develop various company activities.

If the time resulting from this ratio is low, this indicates that the company does not need a long time to get cash and if the receivable days are high, the company takes a long time to collect its trade receivables so that the company will lose opportunities to make other

investments resulting in the company missed opportunities to increase profitability.

The operational activities of the company requires cash to finance operating expenses. Therefore, the company should collect its accounts receivable as soon as possible. If the company succeeds in cutting the time needed to collect its accounts receivable, this will increase the company's opportunities to use the cash in other operational activities so as to increase the company's profitability.

Here is how to calculate receivable days:

$$\text{Receivable Days} = \frac{\text{Accounts Receivable}}{\text{Sales}} \times 365 \text{ Days}$$

c) Payables Days

According to (Riyanto, 2013), payable days are debt turnover with sales. The average period of this debt shows the ability of a company to meet its short-term obligations, so that later the company's ability to pay off its debts will be known. By delaying debt payments, the company has the opportunity to use the funds that should be paid to be reinvested into the company's operations which can increase the company's profitability.

Here is how to calculate payable days:

$$\text{Payable Days} = \frac{\text{Accounts Payable}}{\text{Cost of Sales}} \times 365 \text{ Days}$$

#### 4) Profitability ratios

The profitability ratio measures how much a company's ability to earn profits in relation to sales, assets, as well as profits and own capital. The company's ability to generate profits is influenced by the company's ability to utilize company assets to operate efficiently, and provide returns for funders. Following are the types of profitability ratios:

##### a) Return on Assets

Return on Assets is used to measure the company's management ability to manage the company's capital invested in all assets to generate profits for all investors. The higher this ratio, the better the condition of a company, which means that the company is managing the company's capital invested in all assets effectively.

Here is how to calculate return on assets ratio:

$$\text{Return on Asset} = \frac{\text{Net Income}}{\text{Total Assets}}$$

##### b) Return on Equity

Return on Equity is used to measure the ability of own capital to generate profits for shareholders. The greater the number of this ratio the better because it is profitable for the owners of their own capital or the company's shareholders.

Here is how to calculate return on equity ratio:

$$\text{Return on equity} = \frac{\text{Net Income}}{\text{Total Equity}}$$

c) Gross Profit Margin

Gross profit margin is the ratio used to measure the percentage of gross profit on net sales. This ratio is calculated by dividing gross profit by net sales. Gross profit itself is calculated as the result of deducting net sales and cost of goods sold. Meanwhile, net sales are sales minus returns and selling price adjustments and sales discounts.

That is, the higher the gross profit margin means the higher the gross profit generated from net sales. This result can be caused by a high selling price or a low cost of goods sold or both. Conversely, the lower the gross profit margin means the lower the gross profit generated from net sales. This is due to a low selling price or a high cost of goods sold or it could be both.

Here is how to calculate gross profit margin ratio:

$$\text{Gross profit margin} = \frac{\text{Gross profit}}{\text{Sales}}$$

d) Net profit margin

Net profit margin is used to measure net profit or net profit per rupiah of sales. Generally expressed in the form of a percentage and this indicator is an indicator that shows the efficiency of the product in generating profits. The greater the number of this ratio, the greater the net profit from each unit of money sold.

Here is how to calculate net profit margin ratio:

$$\text{Net profit margin} = \frac{\text{Net profit}}{\text{Sales}}$$

5) Market Ratio

Market ratio or stock ratio is the ratio used to measure the value of shares. Market ratios include Earning Per Share (EPS) and Price Book Value (PBV).

a) Earnings per Share (EPS)

Earnings Per Share (EPS) is a comparison between net profit after tax in one financial year with the number of shares issued (Ang, 1997). According to (Darmadji et al., 2001) EPS is a ratio that showed how much profit (return) an investor or shareholder got per share. The higher the EPS value, of course, makes the shareholders happy because the greater the profit provided to the shareholders.

Earnings Per Share (EPS) is mathematically formulated as follows:

$$\text{Earnings Per Share (Rp)} = \frac{\text{Net Income After Tax}}{\text{Number of Shares}}$$

b) Price Earning Ratio (PER)

Price to Earning Ratio or PER is a ratio that describes a company's stock price compared to the profits or profits generated by the company (EPS). PER described market appreciation of the company's ability to generate profits. PER gave an indication of the company's growth rate in the future. The higher the PER value, the

higher the company's growth rate expectations so that the market gives positive expectations for better prospects in the future and causes stock prices also increase. Price Earning Ratio is mathematically formulated as followed:

$$\text{Price Earnings Ratio} = \frac{\text{Share Price}}{\text{Earnings per Share}}$$

#### 2.4.4 Du Pont System Analysis

According to (Brigham & Houston, 2014) the meaning of the Du Pont system analysis is a formula showing that the rate of return on assets can be obtained by multiplying the profit margin by the total assets turnover. (Keown et al., 2011) stated that Du Pont's system analysis is an approach to evaluate profitability and return on equity.

According to (Arief, 2009), the ratios used in the Du Pont system analysis include:

- 1) Total Assets Turnover (TATO)

Total Assets Turnover shows the company's ability to manage all assets or investments to generate sales.

- 2) Net Profit Margin (NPM)

Net Profit Margin shows how much net profit the company earns

- 3) Return on Investment (ROI)

Return on Investment measures the rate of return from a business on all existing assets.



#### 4) Equity Multiplier (EM)

The Equity Multiplier describes how much equity or capital is when compared to the company's total assets or how much the assets are financed by debt.

#### 5) Return on Equity (ROE)

This ratio measures the rate of return from a business on all existing capital.

### **2.5 Prospective analysis**

Prospective analysis is the forecasting of future payoffs-typically earnings, cash flows, or both (Subramanyam, 2014). One form of analysis is in the form of preparing projections for the company's financial statements which require assumptions that become the basis for estimating the value of each component in the financial statements. These assumptions can come from the trend of the company's performance in previous years, the strategy to be taken by the company or macroeconomic developments.

#### **2.5.1 Bankruptcy prediction**

According to Law Number 37 of 2004 article 1 paragraph (1), bankruptcy is the general remainder of the assets of the bankrupt debtor whose management and settlement is carried out by the Curator under the supervision of the Supervisory Judge as regulated in this law. A company can be said to be bankrupt if the company is experiencing mild difficulties (such

as liquidity problems) and to more serious difficulties, namely solvency or debt is greater than assets (Tambunan, 2015).

The financial distress model was developed by Edward I. Altman based on his thoughts on the limitations of ratio analysis which examines each ratio separately so that the combined effect of several ratios is only based on financial analysis. Thus, to overcome the shortcomings of ratio analysis, it is necessary to combine various ratios to become a meaningful model.

Altman was the first to propose a multivariate bankruptcy prediction model. By using multiple differentiation analysis method and using financial ratios as independent variables to look for predictions of company bankruptcy. Altman introduced his famous model called the z-score model, which is known as a commercial bankruptcy prediction. It was introduced in 1968. He chose 5 ratios out of 22 financial ratios which he considered the best ratios for predicting bankruptcy (Pakdaman, 2018).

Altman, with a combination of these five ratios, presents the pattern that he thinks is the best. Altman was successful in predicting company bankruptcy by using multiple discriminant analysis with an accuracy rate of up to 95% (Anugrah, 2019). Based on several studies that have been conducted by Altman, it can be concluded that there are 5 financial ratios to predict financial distress in manufacturing industrial companies with the Modified Altman Z-Score equation as follows:

$$Z'' = 6.56 (X1) + 3.26 (X2) + 6.72 (X3) + 1.05 (X4)$$

With,

X1 = Working Capital / Total Assets

X2 = Retained Earnings / Total Assets

X3 = Earnings Before Interest and Tax / Total Assets

X4 = Total Equity / Total Liabilities

Z'' = Index

With the discriminant zone as follows:

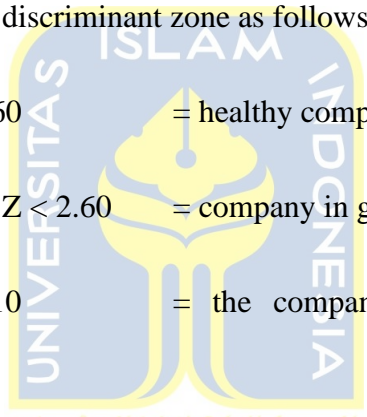
If  $Z > 2.60$  = healthy company

If  $1.10 < Z < 2.60$  = company in gray area

If  $Z < 1.10$  = the company has the potential to go

bankrupt

The gray area is where the condition of the company cannot be determined, whether the company will go bankrupt or not.



## CHAPTER III

### GENERAL DESCRIPTION OF THE PHARMACEUTICAL INDUSTRY AND THE COMPANY

This chapter provided the description of the pharmaceutical industry and the company. Therefore, this chapter would describe the Indonesian Pharmaceutical Industry, Indonesian Jamu Industry, Overview of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* and their subsidiary.

#### 3.1 Indonesian Pharmaceutical Industry

Pharmaceutical sector companies are the fourth largest non-oil and gas manufacturing industry contributing to the economy in Indonesia. In 2020, the Health Sector is needed and is a primary need. According to the Minister of Investment, Bahlil Lahadalia and the Minister of Trade, Muhammad Lutfi, many foreign investors are interested in investing in the Indonesian pharmaceutical sector because they see this growth potential (Fitra, 2021).

Companies in this sector are still said to be able to survive during the pandemic compared to companies in other sectors such as manufacturing, mining, tourism, etc. However, because pharmaceutical companies in Indonesia still rely on imported raw materials, many companies in this sector also have to struggle to survive during the pandemic.

The main director of Bio Farma, Honesti Basyir, denied this growth in the pharmaceutical sector, who said that the increase in revenue was rather slight. This is because the pharmaceutical sector still bears the cost of importing raw materials

whose prices can reach 3 to 5 times that. Not to mention because demand is soaring from various countries, prices are increasing rapidly. Bio Farma's revenue in the first quarter of 2020 only reached 44% of last year's total revenue. Meanwhile, net profit only reached 25% of last year's total net profit (Fitra, 2021).

Health facilities in one country are the most important thing in supporting the movement of the people's economy. Economic movement can be disrupted if the health of a country declines, thereby disrupting production and consumption activities. The health industry's growth priority lies in how the government uses digital technology in its operational and distribution processes. Such as the application of administrative processes in digital form to create work effectiveness and efficiency. The Ministry of Health explained that at least the growth of health operational facilities has continued to increase since 2015 until now. The number of companies engaged in the production of health facilities starts from 193 to 891 companies by 2021 (Sutrisno, 2021). This is also due to companies engaged in the health industry starting to use technology and reducing dependence on external products.

The following is a list of Indonesian Pharmaceutical Industry names that would be analyzed in this study:

**Table 1. The List of Indonesian Pharmaceutical Industry**

<b>Entity Code</b>	<b>Entity Name</b>
DVLA	Darya-Varia Laboratoria Tbk
MERK	PT Merck Tbk
INAF	PT Indofarma Tbk
KAEF	PT Kimia Farma Tbk
KLBF	PT Kalbe Farma Tbk
PYFA	PT Pyridam Farma Tbk
PEHA	PT Phapros Tbk
SCPI	PT Organon Pharma Indonesia Tbk
SIDO	PT Industri Jamu dan Farmasi Sido Muncul Tbk
SDPC	PT Millenium Pharmacon International Tbk
TSPC	PT Tempo Scan Pacific Tbk

### **3.2 Indonesian Jamu Industry**

The herbal medicine industry is predicted to experience rapid growth, both in the domestic and global markets. This is because the herbal medicine business is a business based on local raw materials which are abundantly available in the country. However, this opportunity has not been fully exploited, even though Indonesia has the largest variety of raw materials for herbal products in the world. Indonesia has around 30,000 types of herbal plants, 350 of which have been used industrially. This herbal plant commodity has great potential to be used as a business (RAN, 2021).

The turnover of herbal and herbal products in the global market is currently estimated to have reached around 138.350 billion US dollars. Approximately 55 percent of these products are in the form of herbal pharmaceuticals, while the rest are in the form of herbal functional foods, herbal dietary supplements and herbal beauty products. In the next five years with an estimated growth of 6.7 percent per

year, the product market turnover is projected to reach around US\$218.940 billion in 2026 (Pratama, 2020).

Meanwhile, based on data from the Ministry of Industry, the potential sales value of herbal medicine in the domestic market is only around IDR 20 trillion and IDR 16 trillion for exports. With such a big achievement, the contribution of *jamu* and other herbal products from Indonesia to the global market is very small.

Most of the herbal medicine industry actors are classified as small industries that are unlikely to do their own research. They need to be assisted through various empowerment programs, including opening wide access to various results of research and development of herbal and medicinal plants.

In the future, the herbal medicine industry and herbal products in Indonesia are certain to be more prospective in the domestic, regional and global markets. Opportunities for development are getting bigger because the community's response to herbal products or medicinal plants and herbal products continues to increase. Therefore, actors in the herbal and herbal industry sector are deemed necessary to adapt the market and production processes in accordance with health standards.

*Jamu* and herbal industry players in the industry 4.0 era must be able to capture the new lifestyle of consumers who want healthy products. Thus, it can encourage producers to carry out production processes in accordance with CPOTB. If everything is done in stages and planned, the Indonesian herbal medicine industry has great potential to be among the excellent export products. Indonesian herbal

and herbal products will be on the same level as world industry players, along with China, South Korea and India.

There are quite a number of traditional herbal medicine companies in Indonesia. Whether it's a herbal medicine company from a large PT/CV that produces packaged herbal medicine and processes it using modern machines or a micro, medium, small scale industrial herbal medicine business (MSMEs). The locations are scattered throughout the region. When added up, including the herbal carrying business, there are countless.

Currently there are more than 1,200 herbal medicine industry players. Of that number, around 69 business actors are included in the category of the traditional herbal medicine industry (Hana, 2020). Well-known herbal medicine brands in Indonesia are Jamu Djago, Air Mancur, Nyonya Meneer and Sido Muncul. While the types of herbal medicine that are best-selling are *beras kencur* herbal medicine, curcuma, slimming herbal medicine, and strong herbal medicine for men.

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) is the best herbal medicine brand in Indonesia whose name is well-known to several European and Asian countries. Herbal medicine products produced by Sido Muncul still exist today where one of the most familiar ones is 'Tolak Angin'. The choice of quality ingredients and the right composition has made the 'Tolak Angin' herbal medicine popular with the public and continues to be popular.

Quoted from the official *PT Industri Jamu dan Farmasi Sido Muncul Tbk* website that in 2019, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* received the



Best of the Best Awards from Forbes Indonesia as one of the companies with the best performance in 2019. The Best of the Best Award 2019 was given by Forbes to the best companies that listed on the Indonesia Stock Exchange based on positive long-term performance.

### **3.3 PT Industri Jamu dan Farmasi Sido Muncul Tbk**

#### **3.3.1. Company Overview**

The development of the business world is increasingly dynamic with fierce competition, where consumers are getting smarter in choosing quality product at the desired price can provide maximum value for consumers. The number of companies by issuing various types of products and services increasingly provides varying choices for consumer in determining purchase options.

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* is a company that located in Semarang Regency which is engaged in the field of herbal medicine and pharmacy industry. This company was first founded by Mrs. Rakhmat Sulistio, which was the beginning of this company which was a small business that was engaged in herbal ingredients in Yogyakarta in 1940. In 1949 he and her husband and family moved to the city of Semarang because the political situation was uncertain due to war with the Dutch colonial. In 1951, Mrs. Rakhmat Sulistio and her husband continued the herbal medicine business in Semarang and set up a home -based herbal medicine business with three employees on Jalan Mlaten Trenggulun No. 104, Semarang, which was named

"Sido Muncul" which means "dreams that are realized", namely the realization of his ideals to continue to preserve his herbal recipes by establishing a herbal medicine company.

In 1970, this small business began to be developed even greater with the formation of the Commander of the Sido running "CV Sido and Pharmacy Industry". Then in 1975, this herbal medicine industry business changed to the business of a limited liability company with the name "*PT Industri Jamu dan Farmasi Sido Muncul Tbk*". In its development, the demand for PT. Sido Muncul appears to increase every time so that the company starts to modernize and relocate its factories, with more modern facilities and machines in 1984 and at the same time a pioneer greater and more modern in 1997 in Klepu, Ungaran, with the laying of the first stone of construction by Sri Sultan Hamengkubuwono X and witnessed by the Director General of Drug and Food Monitoring at that time.

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* also collaborated with various farmer groups. More than serratus farmer groups in Java we have been developed as suppliers in the raw material factory. The reason is simple, with the right coaching, the harvest of the farmers also has the same standardization and is increasingly expert.

This partnership collaboration began in 1998. This is motivated by the number of herbal medicines that is difficult to obtain, materials that do not have good quality standards and business people products from medicinal plants

who do not make efforts to develop. The business that we do is in the form of an inventory of regional potential, establishing a leading area center, cooperation with farmers through groups and other institutions. Areas that have become partners of cooperation are Semarang, Karanganyar, Boyolali, Wonogiri, Magelang, Kendal, Wonosobo, Blora, and Banyumas.

In the end, the results of the raw material factory not only provide the needs of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* itself, but also for supplying herbal medicine sellers and to other herbal medicine factory. With the specified standards, it is expected that the quality of traditional medicines sold in all lines will have the same quality. As a final goal is to export these raw materials to other countries in need.

On November 11, 2000, the inauguration of the 30 hectare factory was carried out located in Ungaran by the Minister of Health and Social Welfare of the Republic of Indonesia and at the time of the inauguration also *PT Industri Jamu dan Farmasi Sido Muncul Tbk* received two certificates of appreciation at once, namely awards for "How to Make Drugs Good Traditional (CPOTB) "and appreciation for" How to Make Good Medicine (CPOB) which is equivalent to pharmacy ". The two award certificates made *PT Industri Jamu dan Farmasi Sido Muncul Tbk* as the only Pharmaceutical Standard *Jamu* Factory.

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* is a company that clicks on a fairly good competence. Anticipating changes in the tastes of *PT*

*Industri Jamu dan Farmasi Sido Muncul's* consumer tastes now have a series of products with an overall number of no less than 150 products, serratus products including generic. While the branded ones include Kuku Bima, Tolak Angin, STMJ, Anak Sehat and so on. The variety of products and services offered by companies makes the world of competition more hyper compete because they must continue to compete in obtaining, developing and maintaining consumers they have. This situation requires companies to maximize marketing strategies so that products sold to the market can survive as long as possible by outperforming competitors in the market.

On November 18, 2013, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* had 109 distributors throughout Indonesia and this company went up to a public company with the aim that the company was lasting and trusted by the community. *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in expanding market share has now succeeded in including export markets by marketing products abroad such as Malaysia, Singapore, Brunei Darussalam, Australia, South Korea, Nigeria, Algeria, Hong Kong, United States, Arabic Saudi, Mongolia and Russia. Although it has been able to penetrate marketing to the export market, local market share will remain as the main concern of the company. On December 18, 2013 the status was recorded in the stock code of the Sido Company on the Indonesia Stock Exchange. At present, *PT Industri Jamu and Pharmacy Sido Muncul Tbk* has become one of the biggest herbal medicine factories in Indonesia.

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* continues to develop production capacity, increase product variants and expand market coverage to the global market. In 2018, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* has completed the construction of a Drug Liquid Factory in II (COD II) with a production capacity of around 100 million sachets per month which has been fully operational in 2019

The role of the competencies owned by *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in order to improve its products is supported by employees who have expertise, quality human resources and have agro-tourism used to collect plants. In increasing its products, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* is supported by employees who have expertise. To improve the ability of its employees, the opportunity to take courses and seminars training.

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* is the first herbal medicine company in Indonesia, so that its role can produce quality products and remain the leader of the largest traditional herbal medicine market.

At present many people who turn to traditional medicines cause demand for herbal products to continue to increase, so it is not surprising that currently many competitors are trying to establish traditional medicinal companies. In dealing with industrial competition, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) needs to know the competitiveness of the Sido Muncul product brand through the brand equity that is still not owned. In this way the company can maintain and improve the image of the

products produced by Sido Muncul products which will be made various efforts and marketing strategies from Sido Muncul products.

### **3.3.2. Subsidiary of *PT Industri Jamu dan Farmasi Sido Muncul Tbk***

#### **a. PT Semarang Herbal Indo Plants (SHI)**

Semarang Herbal Indo Plant (SHI) is a raw material factory developed by *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in the hope of increasing production capacity, shortening the production chain, efficiency, standardization and helping farmers accommodate their crops when prices fall.

SHI was founded in 2010 occupying an area of 10 hectares with a physical building area of 4,000 m<sup>2</sup>. Along with the development of Sido Appearing production, in 2015 the addition of physical buildings was 8,795 m<sup>2</sup> so that the total building area became 12,795 m<sup>2</sup>. The addition of buildings followed by the addition of machines to more than 500 units, so that the production capacity of SHI raw materials can increase to three times greater. From the original capacity of 3,750 kg per day, with the completion of the expansion project, the SHI capacity will reach 11,250 kg per day and ready to supply extract materials for the needs of domestic and international markets.

Facilities owned by SHI include equipment for processing raw materials (including before the initial processing of raw materials), osmotic water filtering, dynamic extraction equipment, low vacuum

temperature desiccators, high -powered extraction solvents, chromatographic extraction equipment and spray dryers.

The production process in SHI uses standardized methods to extract plant parts that are nutritious for health such as from leaves, flowers, plant skin, roots, seeds and fruit. SHI products are extraction to supply food, beverage, pharmacy, nutraceutical, cosmetics and agriculture products. Done carefully with strict procedures and supervision, SHI helped maintain the continuity of medicinal plants and herbs in Indonesia.

#### **b. PT Muncul Mekar (MM)**

Starting with a government regulation that requires producers to appoint distributors in spreading their products. Therefore, a distribution company was made to market *PT Industri Jamu dan Farmasi Sido Muncul Tbk* products, which were named PT Muncul Mekar. Furthermore, Muncul Mekar was appointed as the sole distributor of herbal medicine and Pharmacy Sido Muncul.

In its development, MM opened four representative offices in Jakarta, Bandung, Semarang and Surabaya to handle marketing in four areas, namely: (a) Jabodetabek, Sumatra, and Pontianak regions, (b) West Java covers the entire region of West Java Province, (c) Central Java covers the entire area of Central Java Province, and (d) East Java

covers the entire region of East Java Province, Central Indonesia and Eastern Indonesia.

As the distribution and utilization of information technology, MM began to make various organizational improvements includes increasing HR competencies through training including motivation for salesman and marketing staff. By implementing integrated information technology, the sales and marketing data reporting system to remote cities and sub-districts is easier and faster. This supports the availability of products in each region and helps decision making quickly for the company's progress.

At present of 4 MM representatives have developed into 122 sub-representatives and distributors, several branches and sub-representatives from provincial, district, even sub-districts from Sabang to Merauke according to the level of progress and population of the region.

### **c. PT Berlico Mulia Farma**

Through the vision of becoming the leader of the Pharmacy Industry in Indonesia PT Berlico Mulia Farma officially joined as a subsidiary of PT Industri Jamu dan Farmasi Sido Muncul Tbk on September 1, 2014. The acquisition of the company that was established in 1976, is one of the long -term plans carried out by the group Sido Appears to expand to the pharmaceutical industry business.



At present PT Berlico Mulia Farma has produced around 80 types of drugs consisting of ethical products, OTCs, food supplements and herbal medicines. Product brands marketed include: *Anacetine* (heat-lowering drugs for children), piles (ulcer drugs), *anabion* (children's multivitamin), *suprabion* (multivitamins for adults), and *telon cap tiga anak*.

PT Berlico Mulia Farma has collaborated with 50 Pharmacy Big Traders (PBF) to distribute its products to more than 16 major cities throughout Indonesia and will continue to expand cooperation with other PBF both at home and abroad.

#### **d. Muncul Nigeria Limited**

The rapid population growth in African countries, has economic potential with a large consumption level. Seeing this potential, on January 15, 2018, the company founded a subsidiary in Nigeria named Nigeria Limited. Nigeria Limited will be focused on distributing Sido products to Nigeria and other African countries.

## CHAPTER IV

### DATA AND ANALYSIS

This chapter discussed the description of the research objects, data, data analysis, interpretation of data processing results, and arguments or discussion of research result.

#### 4.1 Business analysis

##### 4.1.1 Industry analysis

Analysis of the five porter forces strategy was a tool used to analyze the situation of a business that was being run and could determine the advantages of current and future competitive positions. Thus, companies could increase strengths, anticipate weaknesses, and avoid companies in making wrong decisions. Conventionally, this analysis could be used to identify whether a new product, service or a business could generate a profit. In addition, it would also be very helpful to understand the balance of power that influences the current business situation.

The following were five competitive strengths, namely:

1. Rivalry among existing firms
2. Threat of new entrants
3. Threat of substitute power
4. Bargaining power of suppliers
5. Bargaining power of buyers

Therefore, it was clear that competition in an industry was not only limited to competition among existing competitors but a combination of the five competitive forces that would determine the ability of companies in an industry to make a profit. Every company that competes in an industry must have its own strategy that was developed either explicitly or implicitly. This could also be seen from the strategic planning carried out in other countries which reflects that formulating an explicit strategy would be very beneficial. However, most of the formulation of the strategy was not carried out analytically which would reach all aspects of industry competition.

#### A. Parameters

The parameters that would be used as material for analyzing the industrial environment using the Porter five forces analysis model regarding the variables and indicators that are a source of pressure from the external environment of the industry, in this case the pharmaceutical industry. In the analysis of the competitive potential of this industry, it would then be shown in the table regarding each variable that influences being a source of pressure in industry pharmaceutical sector.

##### 1. Rivalry among existing firms

Rivalry among competitors referred to the action companies use to improve their position and gain a better advantage over others. This competition was carried out in

number of competitors, access of distribution, and industry growth. Analysis of rivalry among existing firms is shown in the table 2:

**Table 2. Analysis of Rivalry Among Existing Firms**

Rivalry Among Existing Firms		
No.	Variable	Indicators
1	Number of competitors	Diverse competitors
2	Industry growth	High industrial growth
3	Access of distribution	Product distribution

The following was a detailed explanation of each variable:

1) Number of competitors

Competitors were one or several business competitors who have the same product with the same business.

The more the number of competitors, with quality products and competitive prices, the higher the level of competition in the industry.

Indonesia has a large share of drugs. A number of companies dominate the pharmaceutical market share in Indonesia. Based on data from the Ministry of Health, until 2021, there are 241 pharmaceutical manufacturing industries, 17 medicinal raw material industries, 132 traditional medicinal industries, and 18 natural product extraction industries.

## 2) Industrial growth

The pharmaceutical industry was designated as a strategic sector in the application of industry 4.0. In 2020 and 2021, the covid-19 pandemic occurred which caused an increasing demand for vitamins, supplements and medicines to increase immunity. The national pharmaceutical industry recorded a growth of 10.81 percent during the Covid-19 pandemic in 2021.

The high percentage of profits in the pharmaceutical industry makes the pharmaceutical industry very attractive for illegal pharmaceutical producers. In addition to having a negative impact on health, the distribution of illegal drugs also has a negative impact on the economy, namely causing loss of economic income and burdening household spending and the state health budget.

In the context of the pharmaceutical industry, the circulation of counterfeit drugs would erode the pharmaceutical industry market, so that the legal pharmaceutical industry was threatened with losses. Losses for the legal drug industry would have an impact on national industry losses and a decline in the national economy.

### 3) Access of distribution

Illegal pharmaceutical producers build their own distribution network in the market. The risk of trafficking in illegal, substandard and counterfeit drugs had increased with the expansion of online trading. The distribution of counterfeit drugs in Indonesia had reached two billion US dollars or 25% of the total percentage of the pharmaceutical business in Indonesia in 2016. The production and circulation of counterfeit drugs had far greater economic benefits than the production of narcotics or psychotropic substances and the risk of imprisonment or fines was also high, much lighter than narcotics or psychotropic crimes.

Efforts to prevent and overcome this problem have been pursued across sectors of formal institutions as a follow-up response. However, manufacturers of counterfeit drugs actually continue to run their business. This was indicated by the politico-criminal configurations, namely concepts that reveal the existence of symbiotic mutualistic interactions between holders of political power (the state) and users of extralegal force and intimidation (organized crime).

The results showed that the idea that there was a relationship between the state and organized crime in the concept of politico-criminal configurations cannot be fully proven. This relation was only found in the form of co-optation of state functions as enforcement of norms by organized crime through corrupted state apparatus.

Even so, the danger posed by the politico-criminal configurations in counterfeit drug business does not only impact on the wider influence of organized crime groups in influencing the country and also on the expanding power of organized criminals in dominating the drug market in Indonesia.

Therefore, rivalry among existing firms in the Indonesian pharmaceutical industry tends to be high/strong. This could be seen from the industry growth rate indicator, in which people's need for medicines continues to increase along with increasing population growth. Public awareness to maintain health was very concerned when sick people tend to depend on drugs that are safe and relatively affordable prices. On that basis, many industries compete in this product. The rank value of rivalry among existing firms is 4 from 5 maximal level.

## 2. Threat of new entrants

Threats of new entrants tend to be lower. This was because entering the pharmaceutical industry requires high investment costs and complicated licensing. The analysis of the threat of new entrants can be seen in table 3:

**Table 3. Analysis of Threats of New Entrants**

Threat of New Entrants		
No.	Variable	Indicators
1	Economies of Scale	Services prepared by newcomers on a large scale.
2	Legal Barriers	There are regulations from the government to tighten the herbal medicine industry in Indonesia.

The following was a detailed explanation of each variable:

### 1) Economies of Scale

The economies of scale that were owned in the herbal and pharmaceutical industry sector were very large because for companies engaged in this industry sector it costs a lot to serve customers, companies that had just entered this industry sector must gain broad customer trust to consume their products. The capital needed to enter this industry was very large, given the high cost of the infrastructure and distribution used. Therefore, those who can enter this industry were



entrepreneurs with large capital or well-established giant companies.

## 2) Legal Barriers

The existence of the Regulation of the Ministry of Health of the Republic of Indonesia Article 6 of 2012 concerning "Traditional Medicine Industry and Business Licensing" and Article 7 of 2012 concerning "Traditional Medicine Registration" adds the barrier to entry.

The following was the contents of the Regulation of the Ministry of Health of the Republic of Indonesia Article 6 of 2012 concerning "Licensing":

- i. Every industry and business in the field of traditional medicines must have a permit from the Minister.
- ii. Excluded from the provisions as referred to in paragraph (i) for carrying herbal medicine business and concocted herbal medicine business.
- iii. In addition to being required to have a permit, the industry and business of traditional medicine must comply with the

provisions of the laws and regulations in the field of investment.

Furthermore, regarding the Regulation of the Ministry of Health of the Republic of Indonesia Article 7 of 2012 concerning "Traditional Medicine Registration", for small entrepreneurs it was difficult to register traditional medicines at National Agency of Medicine and Food Control (BPOM) because there were many regulations that must be complied with and the process was also not transparent so it takes a long time.

Therefore, with these conditions, the threat of new entrants could be categorized as low/weak. The rank value of threat of new entrants was 0 from 5 maximal level.

### 3. Threat of substitute product

The threat of substitute product analysis was shown in table 4:

**Table 4. Analysis of Threat of Substitute Product**

Threat of Substitute Product		
No.	Variable	Indicators
1	Replacement products	There are substitute products
2	Relative price and performance	Higher rates for substitute products with the same function

3	Substitute product market share	Substitute products have a good market share
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The following was a detailed explanation of each variable:

### 1) Substitute Products

The existence of substitute products could put a limit on market prices in the industry, high prices can make buyers change their purchases to substitute products.

Illegal medicine was a substitute product that exists in society because of its direct distribution channels to consumers with lower prices. Besides that, traditional medicines could not replace the overall function of chemical medicines so that chemical medicines would

remain a top priority for market consumption. These products become competitive products because there were still many people who use them because there was still an opinion that these products are effective for treating when compared to herbal products. Naturally, the herbal products produced by the company were substitutes for conventional medicines and supplements. Therefore, the alternative to substitute products actually returned to conventional products and illegal medicine.

## 2) Relative price and performance

One of the threats in the pharmaceutical industry was illegal drugs at low prices even though there were certain risks and also traditional medicines which are still in demand by people who believe in rumors that modern medicines contain dangerous chemicals.

## 3) Market share of substitute products

Considering that medicines (pharmaceuticals) were a major need with a high level of urgency, the need for pharmaceutical products would increase as the population increases and was not affected by the ups and downs of economic conditions in a country. The increasing demand for and consumption of medicines was due to the increasing awareness of the Indonesian people about the importance of health and the need for medicines. Apart from that, it was also driven by an increase in the income of the middle class which also increased which increased their buying power towards medicines and health supplements.

Therefore, the opportunity for the threat of substitute products to occur could be categorized as high/strong because there were many substitute products for medicine,

namely illegal drugs at low prices. The rank value of threat of substitute products was 2 from 5 maximal level.

#### 4. Bargaining power of suppliers

Bargaining power of suppliers analysis was shown in the table 5:

**Table 5. Analysis of Bargaining Power of Suppliers**

Bargaining Power of Suppliers		
No.	Variable	Indicators
1	Supplier dominance	Suppliers are dominated by imports
2	Supplier products	Drug raw materials from the consumption of the 10 largest drug molecules in the country, only four of which are capable of being produced in the country.

The following is a detailed explanation of each variable:

##### 1) Supplier dominance

Supply plays an important role in the pharmaceutical industry. 90% of the pharmaceutical industry's raw materials were imported. Even though the government continued to make efforts to use domestic raw materials, this was not in accordance with the quality assurance of international standard official medicines.

##### 2) Product suppliers

The use of domestic drugs was quite high, but unfortunately, the raw materials for these drugs also

came from imports. From the records of the Ministry of Health, there are 56 or 3% of the 1809 drugs transacted in e-catalogs that could not be produced domestically.

Apart from that, regarding medicinal raw materials, Deputy Minister of Health, Damte Saksono Harbuwono, explained that from the consumption of the ten largest drug molecules in the country, only four

drugs could be produced domestically, namely Paracetamol, Clopidogrel, Omeprazole and Atorvastatin. Meanwhile, Cefixime, Amlodipine, Candesartan Cilexeti, Bisoprolol, Lansoprazole, Ceftriaxone, cannot be produced domestically.

Therefore, in the pharmaceutical industry, bargaining power of suppliers could be categorized as high/strong because the need for raw materials for chemical drugs or natural mixtures had no substitutes in the country and would certainly affect competition and also costs that would be incurred by the industry. The rank value of bargaining power of supplier was 1 from 5 maximal level.

#### 5. Bargaining power of buyers

Bargaining power of buyers analysis was shown in the table

6:

**Table 6. Analysis of Bargaining Power of Buyers**

Bargaining Power of Buyers		
No.	Variable	Indicators
1	Buyer's market share	Buyers have the same market share
2	Switching cost	Lower cost of switching to another product

From 2020 to 2021, public interest in consuming herbs and herbal medicines would increase. People are increasingly aware of living a healthy lifestyle, including taking drugs and supplements that could increase immunity, especially herbal products. The main reason for choosing herbal products was because they use natural ingredients that did not have side effects.

Sales of herbal products and herbal medicines for immunity have increased significantly during the pandemic. The community believed that *jamu* could boost the body's immune system against viruses amid the surge in Covid-19 cases. The products most sought after by the public were products made from spices such as ginger, lemongrass, turmeric, *temulawak*, and other natural ingredients.

The following was a detailed explanation of each variable:

1) Buyer's market share

The large potential volume of Indonesia's domestic market, with more than 235 million people, provides

promising profit potential for pharmaceutical industry players.

## 2) Switching costs

The existence of switching costs was not too threatening in certain industries because it was oriented towards quality. If consumers already trust, and were loyal to the drugs they consume, they would definitely not easily switch to other products.

Moreover, the products consumed were related to standards and guaranteed quality, so they would not play around in making their choices, even though there were many brands of medicines available.

Therefore, bargaining power of buyers in the pharmaceutical industry could be categorized as low/weak because there were no other alternatives available on the market. But not too threatening in certain industries because it was oriented towards quality. The rank value of bargaining power of buyers was 0 from 5 maximal level.

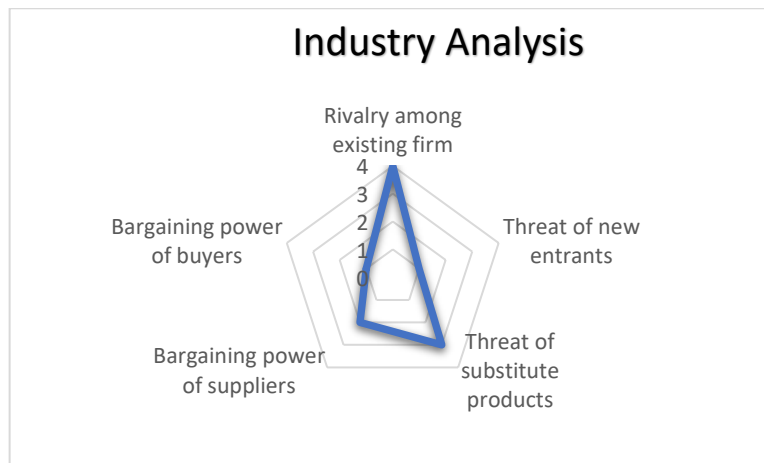
In conclusion, based on the results of an industry analysis study using 5 porter forces analysis, it showed that the Indonesian pharmaceutical industry had high rivalry among existing firms due to the industry growth rate indicator, in which people's need for



medicines continues to increase along with increasing population growth. Meanwhile, the threat of new entrants tended to be lower because entering the pharmaceutical industry requires high investment costs and complicated licensing. Besides that, the threat of substitute product could be categorized as high because there were many product substitutes for medicine such as illegal drugs at lower prices. Bargaining power of suppliers was also high because the need for raw materials for chemical drugs or natural mixtures had no substitutes in the country and would certainly affect competition and also costs that would be incurred by the industry. Lastly, the bargaining power of buyers was low because there were no alternatives available on the market and some industries were oriented towards product quality.

The following figure was a graph showing industry analysis of Indonesian Pharmaceutical Industry based on 5 porter forces:

**Figure 7. Graph of Indonesian Pharmaceutical Industry Based on 5 Porter Forces**



#### 4.1.2 Competitive strategy analysis

A differentiation strategy was a series of related actions designed to produce goods and services that were perceived as different by consumers with characteristics that were acceptable to consumers. *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) appeared to be able to achieve differentiation from products and services produced by way of fast and quality product innovation. This strategy generated growth through acquisitions that were in the same line of business and gave the company access to new markets and technologies.

##### a) First Mover Advantage

In the herbal medicine industry in Indonesia, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) acts as a market leader because its products had superior quality, price and distribution were able to compete with the products of its competitors. Sido Muncul was successful because it had the widest market share and a good reputation as the largest herbal medicine industry in Indonesia. With its position as a market leader, Sido Muncul had the opportunity to develop, expand and protect its market share.

Sido Muncul modernizes herbal medicine to meet the current lifestyle of Indonesian consumers while still using native Indonesian medicinal herbs and plants that have been tested

for generations. *Tolak Angin* and *Kuku Bima Ener-G!* was a superior product of Sido Muncul which had been widely known for decades. *Tolak Angin* was a pioneer of ready-to-drink liquid herbal medicine that can be consumed anytime, anywhere. *Tolak Angin* was the story of the journey of a traditional herbal medicine to become a modern herbal product that was highly relied on by the people of Indonesia. *Kuku Bima Ener-G!* pioneered fruit-flavored energy drinks in Indonesia. *Kuku Bima Ener-G!* had changed the energy drink category through its fresh perspective.

In the midst of intense competition in the herbal medicine industry sector, in order to continue to survive and become a market leader, it was necessary to formulate the right strategy in dealing with and managing the complex external and internal conditions of the company itself. This strategy looked at the company's position against competitors and the company's ability to compete. The value generated from the company's competitive strategy could explain the company's position in the industry as a cost leader or as a leader in terms of uniqueness.

b) Product Differentiation

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) was the leader of a herbal medicine company in

Indonesia since 1951. With well-known products, namely *Tolak Angin* (medicine for colds), *Kuku Bima* (energy drink), *Kunyit Asam* (natural beverage), *Fatrapur* (slimming), and *New Hemoroid* (cure hemorrhoids). Sido Muncul appeared to develop other products because he believed that their market potential was still large, such as instant noodle products, health candy in liquid form.

Sido Muncul has emerged so far as a herbal medicine and supplement drink industry by producing more than 300 types of herbs and herbal medicines, including *Tolak Angin*, *Kuku Bima*, Ginseng Coffee, Ginger Coffee, Turmeric Tamarind, *Jamu Komplit* and others. Competition in terms of innovation would be increasingly stringent and demands from consumers continue to increase (Taylor, 1994) and actions must be taken in carrying out organizational transformation so that they could innovate successfully and be ready to face future problems.

Another innovation from Sido Muncul was the diversification of the herbal preparations it produces. Among them were as follows: powder, instant, complete (powder and instant), liquid, capsule, tablet, and candy.

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) main focus in 2021 was to maximize the potential

of the domestic market through product diversification. As a result, new product launches in 2020 and 2021 contributed around 4% of total consolidated sales indicating good market acceptance of the Sido Muncul's new products.

Throughout 2021, Sido Muncul had launched 11 new product variants. The diversification strategy by developing new products resulted in excellent sales growth and built strong fundamentals for the future. New product sales grew by more than 175% supported by strong sales performance from Sido Muncul C-1000 sweet orange variant and new supplement products (soft gel, JSH, Sambilito, and others). Until the end of the year, new products contributed 4% of total consolidated sales.

c) Promotion/advertising

The company actively educated the benefits and used of the company's products through attractive advertisements and marketing promotions, and in accordance with the development of the millennial lifestyle. The company optimized advertising spending and was active in seeking alternative marketing activities that were creative, effective and on target. In addition, the company continued to adapt to changing times by utilizing developments in the digital

world and social media as part of marketing and promotional activities.

Apart from product innovation, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) also made innovations from promotions, for example with advertisements so that it could become a place in the hearts of the people. For example, since 2012 through the *Kuku Bima Energi* advertisement, which displays the natural beauty and cultural richness of Indonesia. By taking locations in Maluku, Papua, Borobudur Temple, Labuan Bajo, Nias, to Lake Toba with the aim that Indonesians would know and love their own country and be moved to visit these beautiful places.

Furthermore, Sido Muncul had launched a new herbal product for women's health called *Pil Amor* which had been advertised with interesting narratives on two well-known FM radio stations in Jakarta. In the second month, since it was advertised, the sales turnover of Amor Pills reached IDR 6 million. The following month it increased again to IDR 12 million. Within 6 months Sido Muncul managed to pay off his debt.

As a tribute that everyone was smart in their own calling in life, Sido Muncul created the tagline "*Orang Pintar, Minum*

*Tolak Angin*”. The tagline around 1998 was very popular and made the *Tolak Angin* brand so strong in consumer perceptions. Despite undergoing a physical metamorphosis, the formula of the *Tolak Angin* herb had never changed. With continuous innovation, *Tolak Angin* was one of the few herbal medicine products that had survived through the ages and generations.

Apart from using advertising media, Sido Muncul also used a Sales Promotion strategy. Sales Promotion was an activity to persuade directly that offered incentives or added value for a product to sales forces, distributors or direct consumers with the main goal of creating immediate sales. Sales promotions were used to attract new consumers and create increased sales in the near future. One form of promotion carried out by Sido Muncul in marketing *Jamu Tolak Angin* was by packaging *Jamu Tolak Angin* with *Tolak Angin* candy in one package. The advantage gained was that *Jamu Tolak Angin* could be sold and at the same time introduce Sido Muncul's new product.

Sales promotion to develop ways to differentiate products and product services from other competitors' products which was an activity to persuade directly that offered incentives or

added value for a product to distributors or direct consumers with the main goal of creating immediate sales.

Selling promotions were used to attract new consumers and create increased sales in the near future. Therefore, periodically Sido Muncul appeared to make changes to the appearance of advertisements to attract attention and convey a message to consumers that their products were unique and different.

The shift in market segments required modernization of retail distribution channels so that the company's products could reach a wider audience, included the upper middle class, youth and children. Apart from maintaining traditional channels to serve lower-class consumers who have shown their loyalty so far, Sido Muncul emerged to develop a modern distribution network.

This was in line with Sido Muncul's mission to appear as a sponsor in various health promotions by being one of the sponsors in various health promotion activities to form a good image. By offering quality and valuable products, the company was not too affected by this threat. On the other hand, the emergence of the Back to Nature Movement also had an impact on efforts to minimize the use of drugs made



from synthetic ingredients, switching to natural ingredients or *phytopharmaca*.

In 2021, Sido Muncul carried out a blessing-sharing campaign by giving out packaged rice and one of its top products, *Tolak Linu*. This campaign was carried out to help the community while promoting it in eleven cities for 3 months. The eleven cities include Jakarta, Bogor, Tangerang, Surabaya, Bandung, Yogyakarta, Semarang, Solo, Lampung, Medan and Malang. The target recipients of this assistance include online motorcycle taxi drivers, bus drivers, public transportation drivers, mosques, and so on. Besides being able to promote *Tolak Linu* products, Sido Muncul could share with others and help Small and Medium Enterprise amidst the difficult times of the pandemic.

Sido Muncul appeared to also start driving sales by utilizing social media platforms. The platforms used are Facebook, Instagram, You Tube, Twitter and LinkedIn. The use of social media platforms had positive impacts, including making it easier for companies to target specific consumers, and marketing products and company introduction tools to consumers.

d) Product Information

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) routinely published an annual report that provided information on the Sido Muncul's operational and financial performance. Through Sido Muncul's website, shareholders, investors and the general public could access various information about the company including annual financial reports, quarterly financial reports, stock performance, reports on GCG and CSR activities, product information, and other company activities. As compliance with POJK provisions No. 51/POJK.03/2017, since 2018 Sido Muncul had submitted a Sustainability Report.

Sido Muncul had developed an official website with the address [www.sidomuncul.co.id](http://www.sidomuncul.co.id) which could be accessed by all stakeholders. Sido Muncul website was presented in two languages, Indonesian and English. Periodically, Sido Muncul improved the quality of presentation and updates the information on the website.

On the product page, complete information was available about all Sido Muncul products where each product contains information regarding product explanation, properties and benefits, composition, directions for use, types of packaging,

warnings, product safety information, and suggestions for a healthy lifestyle.

e) Buyer's market share

Throughout 2021, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) would continue to improve the quality of its distribution system to make it easier for consumers to get Sido Muncul products in modern outlets and online sales. Sido Muncul increased the number of wholesalers and retailers to reach 135 thousand spread throughout Indonesia. Sido Muncul's focus was to penetrate deeper into second and third tier cities followed by increasing product availability and visitability in each store. General trade's contribution to consolidated sales was still dominant around 85%, modern trade was around 13-14% and online sales was 1%. Until the end of 2021, based on Nielsen and internal estimates, Sido Muncul's products have won a 71% market share in the herbal cold medicine segment.

f) Access of Distribution

In general, when a company experiences growth while domestically it was saturated and the opportunities for overseas expansion were quite large, many companies carried out business internationalization. *PT Industri Jamu*

*dan Farmasi Sido Muncul Tbk* (Sido Muncul) appeared to be categorized as an international company because it had exported its products to various countries. We could find products from Sido Muncul appearing even in Europe though. But the factory was still in Indonesia.

In business in the early 1990s it was noted that global business relations were increasingly spreading to all countries in the world. It was undeniable that the wave of globalization that had hit all countries in the world had made international business an increasingly attractive opportunity. Therefore, an understanding of various methods and foresight in seeing market opportunities was necessary, which were the main provisions needed in developing strategies to compete in an increasingly globalized international market. The simple definition of international business was all activities that cross the boundaries of a country.

Sido Muncul appeared to use a global strategy in its international competition. The global strategy was a strategy that offers standard products to various markets in different countries. This strategy approached the world market with standardized products. The global strategy emphasized economies of scale where the products and services

produced were standardized and centralized in operations in several locations.

In its business competition, the company did not only focus on domestic basis. Although, the local market remains a major concern, they continue to increase their penetration of the export market through advertising promotions in the local country and establishing partnerships with local distributor companies. The synergy of good management of what was the strength of the company and the choice to carried out the chosen strategy would produce a sustainable competitive advantage for the company in facing its competitors.

Now Sido Muncul products appeared more easily available in Asis stores around the world. Until now, Sido Muncul products have appeared in Malaysia, Singapore, Brunei Darussalam, Australia, South Korea, Nigeria, Algeria, Hongkong, the United States, Saudi Arabia, Mongolia and Russia with an ever-increasing demand volume. Since 2019, Sido Muncul had started to focus on expanding the market in the Philippines, Malaysia and Nigeria. Sido Muncul was intended to develop a good herbal industry.

The percentage of export sales to total sales increased from 2% from 2018 to 5% in 2019. This had been proven by the

acceptance of the Philippine market for Sido Muncul products which exceeded predictions since the first export to the Philippines at the end of 2018. However, the potential for the domestic market which had not been explored was still very large, especially in the eastern part of Indonesia. The company still needs to improve the capabilities of distributors to expand the consumer base in both traditional and modern trade markets.

PT Muncul Mekar, a subsidiary of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul), was a distribution company that specifically distributes all Sido Muncul products through a distribution network that had spread throughout Indonesia. PT Muncul Mekar cooperates with 104 sub-representatives and distributors serving more than 135,000 wholesalers and retailers engaged in general and modern trading in Indonesia.

g) Supplier

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) obtains raw materials obtained from collectors in dry form from Wonogiri, Purwokerto, Ambarawa and East Java. The form of raw materials in the form of leaves or rhizomes. The purchasing process was carried out every harvest season. Sido Muncul also had a subsidiary which was

a raw material factory and helped farmers store their produce when prices fall. This could increase production capacity, shorten the production chain, and increase the efficiency of Sido Muncul's raw material processing.

In 2021, Sido Muncul was building a green house facility to develop superior medicinal plant seeds on a massive and sustainable scale. Medicinal plant breeding, in addition to guaranteeing the availability of superior seeds as raw materials, also aimed to preserve rare medicinal plants for farmers to cultivate.

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) used several raw materials to produce the company's products, included:

- Raw materials for simplicia, such as turmeric, fennel, cloves, ginger, lemongrass, *temulawak*, and others.
- Non-simplicia raw materials, such as milk, sugar, vitamins, and others
- Packaging, such as plastic, box, aluminum foil, and others
- General goods, such as stationery, laboratory equipment, chairs, tables, and others

- Spare parts of machines and machines

Simplicia raw materials such as turmeric, *temulawak*, ginger and others were obtained from Java, Sumatra, Kalimantan and West Nusa Tenggara, and Papua. Meanwhile, non-simplicia raw materials obtained through imports also came from local suppliers in Java and Lampung.

Certain simplicia and non-simplicia raw materials that were not available in Indonesia such as red ginseng, vitamins, creamer, taurine, citrid acid, sodium bicarbonate, etc. Some of the flavors used were still imported materials such as Swiss Chocolate, Luxarom and others.

As for when *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) expanded into new markets in the Middle East. Sido Muncul must be able to collaborate with local supplier networks in accordance with the regulations that apply there. The strength of Sido Muncul was brand and market. As was well known, the number of expatriates originating from Southeast Asia, especially from Indonesia, was quite large in the Arabian Peninsula. This was a big capital for Sido Muncul in pressing local suppliers. As a brand, it was also widely known by the people of Southeast Asia (Indonesia, Malaysia, Singapore, Philippines).



To ensure the continuity of the volume and quality of raw materials (*simplicia*) originating from agricultural products, Sido Muncul establishes partnerships with spice farmers who were part of the company's supply chain. Sido Muncul fosters and assists spice farmers to mitigate the risk of volatility in the raw material supply chain for long-term business continuity.

Sido Muncul appeared to have a subsidiary that handles its own raw materials, namely PT Semarang Herbal Indo Plus (SHI), so Sido Muncul appeared to be able to obtain quality raw materials at competitive prices. The existence of an extraction plant provided certainty of supply and standardization of extract raw materials. In addition, the long-term goal was to shorten the supply chain from the harvest of the spice farmers to the end users.

#### h) Technology Innovation

In 2021, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) would increase production capacity utilization by an average of 17% compared to 2020 to meet consumer demand and ensure product availability in all distribution channels. The utilization rate for herbal medicine production machines reaches 65% of the installed

capacity, and the utilization rate for food and beverage production machines was around 60%.

Sido Muncul continued to innovate to improve efficiency in production and support processes. Since 2020, the company had gradually replaced the electric chiller in production units with a more efficient absorber system because it could utilize heat from boiler combustion. In 2021, the chiller absorber would also be used in production units for Effervescent Powder, Reject Wind 1, Instant Powder, and pharmaceutical preparations. In total, by replacing the chiller machine, Sido Muncul gained an electricity consumption efficiency of 12%.

To increase efficiency in beverage production, Sido Muncul had installed and prepared to move production facilities for 150 ml products (Vitamin C 1000mg + Zinc, *Jamu* Heritage, *TeJamu* and so on) and 300 ml products (RTD KBE and RTD Sporty) from RTD 1 facilities to RTD 2. When fully operational, the production capacity for 150 ml beverage products would increase from 1.5 million bottles to 5 million bottles with the potential to reduce production costs due to the use of more efficient machines.

At the end of 2021, Sido Muncul had completed the installation of a 2000 kWp Roof Solar Power Plant (PLTS) installed in all factory buildings. Sido Muncul used electricity from renewable energy sources so that it contributed to reducing carbon emissions and strengthens its commitment as a company that cared about the environment.

i) Industrial growth

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) was able to achieve impressive performance growth. Sido Muncul managed to best manage various challenges and optimize opportunities for three periods from 2019 to 2021. This was evidenced by the sales achievement that exceeded targets in all business segments.

Sido Muncul set sales growth targets of above 15% and net profit growth of above 25%. The company was able to record double-digit net sales growth of 20.6% from IDR 3.34 trillion in 2020 to IDR 4.02 trillion in 2021. In addition, the company also managed to record a net profit of IDR 1.26 trillion, growing 35.0% from IDR 934.02 billion in the previous year with a net profit margin increasing from 28.00% to 31.4%.

Sido Muncul moved quickly to take advantage of market opportunities by launching new consumer-friendly products,

expanding its distribution network to reach remote corners of the country, and strengthening its digital sales platform to be closer to consumers and expand its reach to new markets without borders.

Throughout 2021, Sido Muncul had launched 11 new product variants which resulted in excellent sales growth. New product sales grew by more than 175% supported by strong sales performance from Sido Muncul C-1000 sweet orange variant and new supplement products (soft gel, JSH, *Sambilito*, etc.). Until the end of the year, new products contributed 4% of total consolidated sales.

Sido Muncul had also managed to maintain consistent growth in the domestic and export markets. *Tolak Angin* products lead the growth of the Herbal & Supplements segment by 21.3%. Meanwhile, the Food & Beverage segment grew 18.3% compared to 2020 in the domestic market.

In the export market, Sido Muncul focused on the momentum of recovering its sales performance in Nigeria, Malaysia and the Philippines. International business performance contributed 4% to total consolidated sales. PT Semarang Herbal Indo Plant, a subsidiary, made the first export of 61 tons of patchouli essential oil to France,

followed by exports of ginger essential oil to several countries in Southeast Asia.

From 2020 to 2021, people's consumption patterns would change as a result of the Covid-19 pandemic. Online-based services were increasingly in demand, supported by advances in digital technology. Consumers practically shop online through e-commerce platforms because they don't need to travel and make physical contact with many people and make transactions easy. The company currently worked with more than 25 e-commerce marketplaces, included: Tokopedia, Shopee, Lazada, Bukalapak, Blibli, JD.id, Good Doctor and Zalora.

## 4.2 Accounting Analysis

### 1) Identify key accounting policies

- a) Identify and evaluate the policies and estimates of the firm uses to measure its critical factors and risks.

In 2019, presented in note 2b of the Financial Statements. On January 1, 2019, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) adopted a new and revised statement of financial accounting standards and interpretations of financial accounting standards effective from that date. Changes to Sido Muncul's

accounting policies have been made as required, in accordance with the transitional provisions in each standard and interpretation.

The adoption of the new and revised standards and interpretations did not result in major changes to Sido Muncul's accounting policies and had no material impact on the amounts reported for the current or previous financial years.

- 2018 PSAK No. 22: Business Combinations
- Amendment to PSAK No. 24: Employee Benefits: Amendment, Curtailment, or Program Completion
- 2018 PSAK No. 26: Borrowing Costs
- Amendment to PSAK No. 46: Income Tax
- Amendment to PSAK No. 66: Joint Arrangements
- ISAK No. 33 – Foreign Exchange Transactions and Advance Fees
- ISAK No. 34 – Uncertainty in Income Tax Treatment

In 2020, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) has implemented a number of amendments and adjustments to accounting standards that were relevant to financial reporting and effective for years beginning on or after January 1, 2020 as followed:

- Implementation of PSAK No. 71 “Financial Instruments”

This PSAK regulated the classification and measurement of financial instruments based on the characteristics of the

contractual cash flows and the entity's business model; the expected credit loss method for impairment which produces information that was more timely, relevant and understandable to users of financial statements; accounting for hedging which reflects Sido Muncul's risk management better by introducing more general requirements based on management's judgment.

Implementation of PSAK No. 71 had no impact on the initial balance of retained earnings that had not been reserved in Sido Muncul's consolidated financial statements.

- Implementation of PSAK No. 72 “Revenue from Contracts with Customers”

This PSAK was a single standard for revenue recognition which was the result of a joint project between the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB), regulated the revenue recognition model from contracts with customers, so that Sido Muncul was expected to be able to carry out an analysis before recognized the revenue.

Implementation of PSAK No. 72 did not have a significant impact on the consolidated financial statements of Sido Muncul.

- Implementation of PSAK No. 73 "Rent"

This PSAK established the principles of recognizing, measuring, presenting and disclosing leased by introducing a single accounting model with a requirement to recognize right-of-use assets and lease liabilities. There were two optional exceptions in the recognition of leased assets and liabilities, viz

- i. Short term lease
- ii. Leases with low-value underlying assets

PSAK No. 73 primarily affected the accounting treatment for leased of offices, buildings and vehicles, which were previously classified as operating leases under PSAK No. 30. The adoption of this accounting standard resulted in an increase in the assets and liabilities of Sido Muncul and had an impact on the timing of expense recognition in the Statement of Profit or Loss and Other Comprehensive Income Consolidation during the lease period.

Right-of-use assets and lease liabilities were measured at present value discounted using the implicit interest rate (if the interest rate could be determined) or using Sido Muncul's incremental loan interest rate if the implicit interest rate in the lease could not be determined.



Impact of implementing PSAK No. 73 were as followed:

	<b><u>2020</u></b>
<b><u>Assets</u></b>	
Right-of-use assets	<u>7,811</u>
<b><u>Liabilities</u></b>	
Lease liabilities – current	2,974
Lease liabilities – non-current	4,216
Deferred tax liabilities	<u>137</u>
Total liabilities	<u>7,327</u>

The adoption of the following amendments had no significant impact on the consolidated financial statements:

- i. Amendments to PSAK No. 15: Investments in Associates and Joint Ventures: Long Term Interests in Associates and Joint Ventures, effective 1 January 2020
- ii. Amendments to PSAK No. 1 and PSAK No. 25: Definition of Material, effective 1 January 2020

In 2021, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) had implemented a number of amendments and adjustments to accounting standards that were relevant to financial reporting and effective for years beginning on or after 1 January 2021 as followed:

- Amendment to PSAK No. 22: Definition of Business

This amendment was issued to help entities determine whether a series of activities and assets acquired were a business or not. This amendment clarifies the minimum requirements for business, removed the assessment of whether market participants were able to replace missing elements, added guidance to help entities assess whether the processes acquired were substantive, narrowed the definitions of business and output, and introduced an optional fair value concentration test.

- Amendment to PSAK No. 71, PSAK No. 55, PSAK No. 60, PSAK No. 62, and PSAK No. 73 concerning Interest Rate Reference Reform – Stage 2

The interest rate reference reform referred to global reforms which agreed to replace the benchmark interbank interest rate (Interbank Offered Rate) with an alternative reference rate.

Benchmark Interest Rate Reform - Phase 2 addressed issues that may affect financial reporting during the benchmark interest rate reform, including the impact of changed in contractual cash flows or hedging relationships arising from replacing the benchmark interest rate with a new alternative benchmark.

Reference Rate Reform – Phase 2 applies only to changed required by the reference rate reform for financial instruments and hedging relationships.

The adoption of the above amendments did not have a significant impact on the consolidated financial statements.

b) Key success factors

i. Product Quality

Quality Control was an essential part of Good Manufacturing Practice to provide assurance that products were consistently of a quality suitable for their intended use. In the industrial world, one of the most important factors was maintaining product quality, so there was a need for Quality Control before products reach consumers.

The Quality Control process at *PT Industri Jamu dan Farmasi Sido Muncul Tbk* started from checking the initial materials to the finished product. The examination included:

(1) Initial Material Inspection

Ensure that starting materials for production meet established specifications for material identity, material quality and safety.

The inspection of the initial material included:

- Organoleptic
- Active substance
- Microbial contamination
- Aflatoxin
- Heavy metal contamination
- Contamination of Haram materials through examination of Pig DNA

In addition, for packaging materials, packaging size, packaging weight, packaging thickness, and packaging design were also examined.

(2) In Process Control (IPC)

Ensuring that the stages of the production process have been carried out in accordance with established procedures. In Process Control (IPC) included:

- Organoleptic examination which includes color, smell and taste
- Examination of pH, water content, brix, viscosity, disintegration time
- Examination of active substances
- Examination of supporting facilities which include: production environment, water and production equipment

- Inspection during the final secondary packaging, including checking codification on the inner box, number of sachets in the inner box/outer roll and codification on the box
- Examination of microbial contamination, aflatoxin, heavy metal contamination

All of the above inspections must comply with predetermined product specifications prior to distribution to consumers.

### (3) Retained Samples

Each production batch took a number of samples to be stored until the expiry date plus one year as retained samples. Periodically, retained samples would be analyzed to check their stability and could also be used as a comparison if there were complaints from consumers.

In order to give the public confidence in the halalness of the products consumed by *PT Industri Jamu dan Farmasi Sido Muncul Tbk*, the company had obtained halal certificates from the Indonesian Ulema Council (MUI, 2023) for 249 types of products and ingredients for herbal concoctions and herbal supplements in 2019.

In 2021, the use of high-speed candy machines had started operating since August. This machine replaced three old low speed engines. With the use of the new machine, there was a saving of two people in labor and an increase in product quality.

ii. Innovations


In 1992, the innovation of *PT Industri Jamu and Pharmacy Sido Muncul Tbk* resulted in the development of the *Tolak Angin* product in a liquid form that was practical for consumption. *Tolak Angin* was the first cold medicine in liquid form. Despite undergoing a physical metamorphosis, the formula of the *Tolak Angin* herb had never changed. With continuous innovation, *Tolak Angin* was one of the few herbal medicine products that could survive beyond the ages and generations.

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* was a modern herbal company that strived to provide good and healthy products for all of its consumers. It was committed to continuous innovation to improve the quality of environmental management and to develop its products from year to year. The company continued to work to create

innovations in the form of new inventions that were highly beneficial for all levels of society.

In 2020, energy efficiency activities through continuous innovation produce an absolute efficiency figure of 164,418 gigajoules (GJ), better than 119,330 GJ in 2019. In addition, water efficiency activities through various innovative programs in the production and support processes produce an absolute number of efficiency water of 26,850 m<sup>3</sup>, better than 19,680 m<sup>3</sup> in 2019.

In 2021, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* won an award, namely the 'Solo Best Brand 7 Innovation Award 2021 for Standardized Herbal Cold Medicine' from Solopos.

iii.  Research and Development

Not only relied on high-quality and fresh natural ingredients, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* also attached great importance to research, science and technology in carried out the production processes of each product to be sold, as well as moving forward to develop its business. All stages of product development, both traditional medicinal products, health supplements and processed food,

always complied with the provisions of the Republic of Indonesia POM Agency.

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* had a research and development (R&D) center supported by more than 300 Research and Development and Quality Control Specialist employees, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* worked to create innovations in the form of new findings that were useful high for the whole society. Therefore, the company had equipped its factories with various supporting facilities that meet pharmaceutical standards. Some of these facilities include ISO (International Standard Organization) 17025 certified laboratories and production facilities standardized with CPOB and CPOTB, demineralized and waste water treatment, holistic clinics, and *agro-tourism* areas.

Based on the research and development that had been carried out for the past five to six years, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* had released products such as ready-to-drink herbal drinks, EsemaG, as well as 33 variants of food supplement capsules that were not only made from herbs, but also pharmaceutical based.

In 2021, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* introduced an innovative product in the form of developing



seven food supplement products packaged in soft capsules. The development of this product took two years by bringing in new soft capsule machines with modern technology. Soft capsule products were an alternative for young people who could not drink jamu, either because of the taste or aroma.

iv. Product defects

Disruption of the production system allowed the production of finished products that did not comply with the company's production standards. This risk could occur due to inaccuracy starting from the procurement of raw materials to the packaging process. Considering that the products produced were closely related to health problems and medical treatment for health, then to avoid the risk of these damaged products, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* must withdraw products circulating in the market if these products experience events such as: followed:

- Products that cause injury, illness, or other side effects.
- Contaminated products, damaged products, or other counterfeit products.
- There was a lawsuit if the consumer feels disadvantaged and had health problems as a result of using the Company's products.

Product withdrawal from the market could result in significant losses, damage to inventory and loss of product sales opportunities due to product unavailability within a certain period of time.

To mitigate this risk, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* continuously monitored and tested quality and kept samples from each production batch for three years.

## 2) Assess accounting flexibility

In choosing key accounting policies and estimates of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) managers have flexibility then the accounting numbers have the potential to be informative. Here was the detailed information about the degree of accounting flexibility Sido Muncul managers have in measuring their key success factors and risks.

### a) Depreciation policy

The cost of fixed assets was depreciated using the straight-line method based on their estimated useful lives. Management estimated the useful lives of fixed economic assets to be between four and twenty years, which was the economic useful lives that were generally expected in the industry in which the Company does business. Changed in the level of usage and technological developments may affect the economic useful lives and residual values of assets and therefore future depreciation charges may be revised.

b) Inventory accounting policy

To mitigate the risk of raw material availability, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) implemented a policy on inventory levels and ordering of raw materials according to the demand and lead time for each type of material and always maintained good relations with all stakeholders, including good relations with various sources of raw material suppliers for Sido Muncul production. Apart from that, Sido Muncul was also promoting the cultivation of vital raw material plants by utilizing modern technology and by working with farmers.

In 2021, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* would implement SAP for its Philippines branch and its Nigerian subsidiary to increase the effectiveness of the recording process, control inventory, and facilitate the consolidation of financial statements.

c) Policy for amortizing goodwill

In accordance with PSAK No. 22 (Revised 2010), 'Business Combinations', goodwill was de-amortized and tested for impairment annually. Goodwill was tested for impairment annually on December 31 and whenever there was an indication that the carrying amount may be impaired. Impairment for goodwill was determined by determining the carrying amount of each CGU to which the goodwill relates. If the UPK's recoverable amount was less than its carrying amount, an

impairment loss was recognized. Impairment losses related to goodwill could not be reversed in a subsequent period.

The management of *PT Industri Jamu dan Farmasi Sido Muncul* believed that there was no indication of a potential decrease in the value of fixed assets and other non-current non-financial assets as of December 31, 2021, 2020 and 2019.

For the purpose of impairment testing, the recoverable amount of goodwill allocated was determined on a value in use basis using the discounted cash flow method.

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Discount rate	10.77%	12.81%	11.97%
Terminal growth rate	3.00%	3.50%	2.00%

The projected cash flows after the years covered by the projections were extrapolated using the estimated compound growth rate mentioned above. The discount rate applied to the projected cash flows was derived from the weighted average cost of capital of the related CGUs. The growth rate used does not exceed the long-term average growth rate of the industry in the country where the entity operates.

- d) Policies regarding the estimation of pension and other post-employment benefits

The costs of defined benefit pension plans and post-employment benefits as well as the present value of the employee benefit obligations were determined using actuarial valuations. Actuarial valuation

involved determining various assumptions, including determining the discount rate, the rate of future salary increases, the mortality rate, the employee resignation rate, the record rate and the expected rate of return on plan assets. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the defined benefit obligation, it was very sensitive to changes in these assumptions. All assumptions were reviewed at the end of each reporting period.

Although *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) believed that these assumptions were reasonable and appropriate, significant differences in actual results or significant changes in the assumptions set by Sido Muncul could materially affect the estimated liabilities for pensions, employee benefits and benefit expenses net-work. The carrying value of Sido Muncul's employee benefits liability as of December 31, 2021, 2020 and 2019 amounted to Rp37,788, Rp54,682 and Rp42,803, respectively.

The Company and certain subsidiaries' defined benefit pension plans were managed by the Pension Fund *PT Industri Jamu dan Farmasi Sido Muncul Tbk*, a related party, which was established based on Decree of the Minister of Finance No. KEP-274/KM.10/2011 dated 21 March 2011. The source of funds for the pension program came from the Company and certain subsidiaries.

Payments made by the Company and certain subsidiaries to the pension fund for the periods ended December 31, 2021, 2020 and 2019 amounted to Rp10,507, Rp9,311 and Rp8,507, respectively.

Sido Muncul recorded allowance for employee benefits to meet the minimum compensation required to be paid to employees who meet the requirements in accordance with the Job Creation Law No. 11 of 2020 and Government Regulation No. 35 of 2021.

The calculation of pension and post-employment benefits as of December 31, 2020 and 2019 was carried out by PT Dian Artha Tama and on December 31, 2021 and 2020 by the Agus Susanto Actuarial Consulting Office, an independent actuary, using the Projected Unit Credit method with the following assumptions:

	<b>2021</b>	<b>2020</b>	
Discount rate	6.80% - 7.49%	6.50% - 7.00%	7.50% - 7.90%
Rate of salary increase	10.00%	10.00%	10.00%
Disability rate	0.02%	0.02%	0.02%
Normal retirement age	56 years	55 years	
Mortality rate	Indonesian Mortality Table 2019	Indonesian Mortality Table 2011	
Resignation rate	5% up to age 30 and reduced linearly to 0% at age 53		

Investment portfolio of plan assets comprise the following:

	<b>2021</b>	<b>2020</b>
Equity instruments	72.80%	72.80%
Debt instruments	27.20%	27.20%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### 3) Evaluate the accounting strategy

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* managers have flexibility. Therefore, they could use it to communicate their company's economic situation. Here were some of the strategy questions in examining how managers exercise their accounting flexibility, as followed:

- a) How do the company's policies compare to the norms in the industry?

Basically, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) applied the same record keeping rules as other manufacturing companies in Indonesia in preparing financial reports. This accounting cycle was in the form of recording, Sido appeared to apply a method or system to value its inventory. Regarding this, Sido Muncul applied the weighted average method. To record transactions that occur, the company carried out stages such as journalizing, posting to the general ledger, compiling a trial balance, adjusting, and finally compiling the company's consolidated financial statements.

The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards (SAK), which include Statements of Financial Accounting Standards (PSAK) and Interpretations of Financial Accounting Standards (ISAK) issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants, as well as Regulation Number VII .G.7 concerning Presentation and Disclosure of Financial Statements of Issuers or Public Companies contained in the Regulations

and Guidelines for Presentation and Disclosure of Financial Statements issued by the Financial Services Authority (OJK). This policy had been applied consistently for all the years presented, unless stated otherwise. The consolidated financial statements have been prepared in accordance with Statement of Financial Accounting Standards (PSAK) No. 1 (Revised 2017): Presentation of Financial Statements. The consolidated financial statements have been prepared on the accrual basis, except for the consolidated statements of cash flows using the historical cost concept, except for certain accounts which are measured on the basis described in the related accounting policies.

The consolidated statements of cash flows, prepared using the direct method, present receipts and payments of cash and cash equivalents classified into operating, investing and financing activities.

- b) Do managers face strong incentives to use accounting discretion to manage earnings?

Yes, the managers of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* have incentives.

The Board of Directors was entitled to receive remuneration under the following conditions:

- (1) Remuneration was approved by the shareholders through the GMS by taking into account the review and recommendations of the Nomination and Remuneration Committee.



- (2) The amount of remuneration for each member of the Board of Directors was determined by considering individual performance and target achievement, performance and financial condition of the Company, professional salary standards in the industrial sector and/or similar business scale, as well as other relevant factors.
- (3) Determination of remuneration for directors could be delegated by the GMS to the Board of Commissioners with due observance of recommendations from the Nomination and Remuneration Committee.

The resolutions of the Annual General Meeting of Shareholders dated March 31, 2021 regarding remuneration were as followed:

- (1) The amount of the Board of Commissioners' salaries and allowances for the 2021 financial year period is IDR 8,959,687,966.
- (2) Give authority to the Board of Commissioners to determine the salary and allowances for the Board of Directors of the Company for the 2021 financial year.

**Table 7. Total remuneration for the Board of Commissioners and Directors**

Description	Salary and Short-Term Benefit		
	2019	2020	2021
Board of Commissioners	5,710,697,400	3,821,000,000	8,959,687,966
Board of Directors	23,181,294,464	27,427,000,000	30,770,418,744

The remuneration for the Board of Directors and Board of Commissioners in 2021 as mentioned above included bonuses. In 2021, the Company would not provide performance compensation in the form of share option bonuses to the Directors and Board of Commissioners.

- c) Has the company changed any it policies or estimates? What is the justification? What is the impact of these charges?

Yes, the company changed any policies or estimates.

PSAK (Statement of Financial Accounting Standards) was a standard applied in Indonesia in preparing accounting reports. *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) had retrospectively and effectively implemented amendments and adjustments to accounting standards relevant to financial reporting for the years beginning on or after 1 January 2020 as followed:

**Table 8. The List of Changes in Accounting Policies and Estimates**

No.	SFAS Applied	Description	Impact on the Company's Financial Statements
1	PSAK No. 71 "Financial Instruments" or IFRS 9	This PSAK regulates the classification and measurement of financial instruments based on the characteristics of the contractual cash flows and the entity's business model; expectant credit loss method for impairment which produces information that is more timely, relevant and understandable to users of financial statements; accounting for hedges better reflects the entity's risk management by introducing	Implementation of PSAK No. 71 has no impact on the initial balance of retained earnings that has not been reserved in the company's consolidated financial statements.

		more general requirements based on management's judgment.	
2	PSAK No. 72 "Revenue from Contracts with Customers" or IFRS 15	This PSAK was a single standard for revenue recognition which was the result of a joint project between the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB), regulates the revenue recognition model from contracts with customers, so that entities are expected to be able to carry out an analysis before recognizing revenue.	Implementation of PSAK No. 72 has no significant impact on the company's consolidated financial statements.
3	PSAK No. 73 "Leases" or IFRS 16	This PSAK established the principles for measuring, presenting and disclosing leases by introducing a single accounting model with a requirement to recognize right-of-use assets and lease liabilities, namely for (i) short-term leases and (ii) leases with low value underlying assets.	<p>PSAK No. 73 primarily affects the accounting treatment for leases of offices, buildings and vehicles, which were previously classified as operating leases under PSAK No. 30. The adoption of this accounting standard resulted in an increase in the company's assets and liabilities and had an impact on the timing of recognition of expenses in the consolidated statement of profit or loss and other comprehensive income over the lease term.</p> <p>Right-of-use assets and lease liabilities are measured at present value discounted using the implicit interest rate (if such interest can be determined) or using the Company's incremental borrowing rate if the interest</p>

			rate implicit in the lease cannot be determined.
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- d) Do the company's structure any significant business transactions so that it can achieve certain accounting objectives?

No, they do not.

During the three periods from 2019 to 2021, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* did not have any significant transactions.

#### 4) Evaluate the quality of disclosure

In assessing a company's disclosure quality, here were the questions:

- a) Does the company provide adequate disclosure to assess the company's business strategy and its economic consequences?

Yes, the company provided adequate disclosure.

Public companies took advantage of the use of information technology more broadly beside the website as a medium for information disclosure.

The annual report of a public company disclosed the ultimate beneficial owner in the public company share ownership of at least five percent, in addition to disclosure of the ultimate beneficial owner in the public company share ownership through the main and controlling shareholders.

- b) Do the footnotes adequately explain the key accounting policies and assumptions and their logic?

Yes, the footnotes adequately explain the key accounting policies and assumptions.

The Board of Directors of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* stated that all transactions carried out had gone through adequate procedures to ensure that the transactions were carried out in accordance with generally accepted business practices and had complied with the provisions and were reported to the OJK. The procedures and fairness of all company transactions were regularly evaluated by the Board of Commissioners through the Audit Committee.

c) Does the company adequately explain its current performance?

Yes, the company adequately explained their current performance.

In the annual report, there was a management analysis and discussion section which contained an analysis and discussion of financial statements and other important information with an emphasis on material changes that occurred during the financial year, which at least contained:

(1) Operational review per operating segment according to the type of industry of the Issuer or Public Company, at least concerned:

- Production, which includes its process, capacity and development
- Revenue/sales
- Profitability

(2) Comprehensive financial performance which included a comparison of financial performance in the last two financial

years, an explanation of the causes of the changes and the impact of these changes, at least concerned:

- Current assets, non-current assets, and total assets
- Short-term liabilities, long-term liabilities, total liabilities
- Equities
- Sales/operating revenues, expenses, and profit(loss), other comprehensive revenues, and total comprehensive profit(loss)
- Cash flows

(3) Ability to pay debts by presenting the calculation of the relevant ratio

(4) The level of collectability of the receivables of issuers or public companies by presenting the calculation of the relevant ratios

(5) The capital structure and management policy on the capital structure were accompanied by a basis for determining the policy

(6) Discussion regarding material commitments for investment in capital goods with explanations covering at least:

- The purpose of the bond
- The expected source of funds to fulfill the said commitment
- The currency in which it is denominated
- Steps planned by the issuer or public company to protect the risk from the related foreign currency positions

(7) Discussion on investment in capital goods realized in the last financial year, at least included:

- Types of investment in capital goods
- The purpose of investing in capital goods
- Investment value of issued capital goods

(8) Information and material facts that occurred after the date of the accountant's report (if any)

(9) The business prospects of issuers or public companies were linked to industry conditions, the economy in general and international markets accompanied by quantitative supporting data from reliable data sources.

(10) Comparison between targets/projections at the beginning of the financial year with the results achieved (realization) regarding:

- Income/sales
- Profit (loss)
- Capital structures
- Dividend policy
- Others that deem necessary for the issuer or public company

(11) Targets/projections to be achieved by Issuers or public companies for the next year:

- Income/sales
- Profit (loss)

- Capital structures
- Dividend policy
- Others that deem necessary for the issuer or public company

(12) Marketing aspects of goods and/or services of issuers or public companies, at least regarding marketing strategy and market share

(13) Description of dividends for the last two financial years (if any) at least:

- Dividend policy
- The date of payment of cash dividends and/or the date of distribution of non-cash dividends
- Amount of dividend per share (cash and/or non-cash)
- The amount of annual dividends paid

If an Issuer or a public company does not distribute dividends in the last two years, this will be disclosed

(14) Realization of the use of proceeds from the Public Offering, provided that:

- In the event that during the financial year, the Issuer has an obligation to submit a report on the realization of the use of funds, then the cumulative realization of the use of proceeds from the Public Offering is disclosed up to the end of the financial year.



- In the event that there is a change in the use of funds as stipulated in the Financial Services Authority Regulation concerning Realization Reports on the Use of Funds from a Public Offering, the Issuer shall explain the change.

(15) Material information (if any), including investment, expansion, divestment, business merger/consolidation, acquisition, debt/capital restructuring, affiliated transactions, and transactions with conflict of interest that occurred in the financial year.

(16) Conflicts over statutory provisions that have a significant effect on Issuers or Public Companies and their impact on financial statements (if any).

(17) Changes in accounting policies, their existence and impact on financial statements (if any).

d) If a company is in multiple business segments what is the quality of segment disclosure?

For management purposes, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) was divided into three operating segments based on products which were managed independently by each segment manager who was responsible for the performance of each segment. Segment manager's report directly to company management who regularly review segment profits as a basis for allocating resources to each segment and for assessing performance.

Additional disclosures for each segment were contained in Notes to The Consolidated Financial Statements No. 35 includes the factors used to identify the reportable segments and the basis for measuring segment information.

- e) How forthcoming is the management with respect to bad news? Does it adequately explain the reasons for poor performance? Does the company clearly articulate its strategy? If any, to address the company's performance problems?

Every month, the Board of Commissioners together with the Board of Directors evaluated the achievement of the previous month's operational and financial performance, the problems encountered and their solutions as well as the next development plan. The Board of Commissioners also monitored the effectiveness of internal control, risk management and implementation of good corporate governance. The meeting resulted in strategic decisions to overcome gaps that occurred in achieving monthly performance.

The evaluation results on the effectiveness of risk management implementation at *PT Industri Jamu dan Farmasi Sido Muncul Tbk* were reported and discussed by the Internal Audit Unit and the Audit Committee. The results of the discussion resulted in recommendations for improvement from the Audit Committee to the Board of Commissioners. The Board of Commissioners would convey these

recommendations to the Board of Directors in the meeting between the Board of Commissioners and the Board of Directors.

The Board of Directors had followed up on the various suggestions for improvement and the Board of Commissioners considers that the risk management system implemented was sufficient and effective to prevent the occurrence of things that could disrupt the company's operational activities.

- f) How good is the company's investor relations program? Does the company provide fact books with detailed data on the company's business and performance? Is the management accessible to analysts?

The Annual Report of Issuers or Public Companies was an important source of information for investors or shareholders as one of the basic considerations in making investment decisions and a means of monitoring Issuers or Public Companies. In line with the development of capital markets and the increasing need for investors or shareholders for information disclosure, the Board of Directors and Board of Commissioners were required to present quality, accurate and accountable information through the Annual Report of Issuers or Public Companies.

An annual report that was prepared regularly and informative could provide convenience for investors or shareholders and other stakeholders in obtaining the information they need.

One of the commitments of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) as a public company was to provide information in an effective, efficient, fair and transparent manner regarding activities, performance and business development, as well as Sido Muncul's plans and strategies. Actively and continuously, Sido Muncul provided the latest information through Investor Relations activities.

The Investor Relations function was a communication portal between management and shareholders, and was responsible for ensuring the availability of the latest information and developments that Sido Muncul needs, both domestic and international investors.

As an application of the principle of openness in managing the company, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) complied with the Financial Services Authority Regulation (POJK) Number 8 of 2015 concerning Issuer or Public Company Websites. Sido Muncul had developed a corporate website with the address [www.sidoMuncul.co.id](http://www.sidoMuncul.co.id) which could be accessed by all stakeholders. The Sido Muncul website, which was presented in two language options, namely Indonesian and English, displayed information that was needed and relevant for shareholders, investors, other stakeholders, and the public. Periodically, Sido Muncul improved the quality of presentation and updates the information on the website.

On the homepage, a navigation bar was provided to make it easier for visitors to access information pages which were divided into seven categories of information, there were:

- (1) About Us
- (2) Products
- (3) Innovation
- (4) Sustainability
- (5) Investor Relations
- (6) Career
- (7) Latest News

On the investor relations page, this page was provided for investors and potential investors who wished to obtain complete information regarding the Company's performance before making investment decisions. This page also contained information about capital market supporting institutions, financial information consisting of financial reports, financial summaries, company presentations, annual reports and prospectuses which could be downloaded if needed.

In addition, there was a news sub-page that contains announcements of issuer activities, investor updates and news, as well as questions and answers, a stock information sub-page that contains stock movement charts, historical price information, stock fundamentals, shareholder structure, stock and dividend listing chronology. The last sub-page was a

request for information, where readers could contact investor relations for more detailed information.

In 2019, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* improved and restructured the company's website, especially in the old Investor Relations and built the PT Semarang Herbal Indo Plant website with the address <http://semarangherbal.co.id/> to increase access to information disclosure.

#### **5) Identify potential red flags**

*PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) did not have potential red flags. The following was a detailed explanation and evidence of the absence of potential red flags:

- a) In writing annual reports for three periods from 2019 to 2021, Sido Muncul explained in detail the changes in accounting policies and estimates and their effects on company performance. Apart from that, the annual report also explained in detail about several transactions that have led to an increase in the company's profit.
- b) *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) also did not have any unusual increases in account receivable in relation to sales increase. Sido Muncul conducts transactions only with reputable and credible third parties. It was the company's policy that all customers who would make transactions on credit must go through a credit verification procedure. In addition, the balance of receivables

was monitored continuously with the aim that Sido Muncul's exposure to bad debts was not significant. Sido Muncul had credit risk which mainly came from trade receivables and other receivables. At the reporting date, Sido Muncul's maximum exposure to credit risk was the carrying value of each category of financial assets presented in the consolidated statements of financial position.

Management determined that the carrying amounts (based on notional amount) of cash and cash equivalents, trade receivables, other receivables, trade payables, other payables, accrued expenses, other short-term liabilities and lease liabilities approximate their fair values because these financial instruments short term.

Apart from those mentioned above, the company did not have assets and liabilities that were measured or disclosed at fair value, therefore there was no need to disclose the fair value hierarchy as described in PSAK No. 68.

- c) *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) also did not have unusual increases in inventories in relation to sales increases.

Inventories were stated at cost or net realizable value, whichever was lower. Cost was determined using the weighted average method. Net realizable value was the estimated selling price in the normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Sido Muncul stipulated a provision for net realizable value and/or inventory obsolescence based on the net realizable value and the periodic review of the physical condition of the inventories.

- d) There was no an increasing gap between a company's reported income and its cash flow from operating activities.
- e) There was no increasing gap between a company's reported income and its tax income
- f) In the 2020 Annual adjustment – PSAK No. 71: Financial Instruments, related to Fee under the '10 percent' test for derecognizing a financial liability. This amendment was not expected to have a material impact on the company.
- g) According to the Independent Auditor's Report, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* attached a consolidated financial report that the report presented fairly, in all material respects, the consolidated financial position of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* and its subsidiaries December 31, 2019 to 31 December 2021, as well as the financial performance and consolidated flows for the year ended on that date, in accordance with Indonesian Financial Accounting Standards.
- h) *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) had transactions with related parties according to the definition described in PSAK No. 7. Transactions were carried out based on terms agreed



by both parties which might not be the same as other transactions made with unrelated parties.

Sido Muncul's Board of Directors stated that all affiliated transactions carried out have gone through adequate procedures to ensure that affiliated transactions were carried out in accordance with generally accepted business practices and have complied with the provisions and been reported to the OJK. The procedures and fairness of all Sido Muncul affiliated transactions were periodically evaluated by the Board of Commissioners through the Audit Committee.

Affiliated transactions which were part of Sido Muncul's business activities which were carried out routinely, repeatedly and continuously (sales of goods, trade payables/receivables) have been disclosed in the "Related Party Information" section in the Notes to the Company's Consolidated Financial Statements. The terms and conditions that apply to transactions between companies and related parties apply the same as the Company's transactions with third parties.

#### **6) Undo accounting distortions**

The result of accounting analysis of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* showed that there was nothing suspicious and there were no red-flags or significant differences or deviations, so there was no need to undo the distortion using outside information above. All company progress

was explained in detail in the annual report section, especially in notes to financial statements.

### **4.3 Financial Analysis**

Financial analysis of Indonesian Pharmaceutical Industry especially *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) in the form of processing financial report data to find out how the financial performance of Indonesian Pharmaceutical especially Sido Muncul managed the company for three periods using financial analysis as measured by trend analysis, common size analysis, ratio analysis and Du Pont System Analysis. Financial performance analysis was carried out by comparing the ratio calculation data for Sido Muncul from 2019 to 2021 and with Indonesian Pharmaceuticals which were listed on the Indonesia Stock Exchange.

#### **4.3.1 Trend analysis**

Trend analysis in the financial statements of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* was used to determine the financial tendencies of a company in the future. The following was a comparison made to the analysis of financial statements for the period 2019 to 2021:

##### **a. Statement of Financial Position**

The following was an example of calculating the percentage of Statement of Financial Position for *PT Industri Jamu dan Farmasi Sido Muncul* using trend analysis techniques:

$$\begin{aligned} \text{Percentage Current Asset year 2019} &= \frac{(\text{current asset year 2019})}{\text{current asset year 2018}} \times 100\% \\ &= \frac{(\text{Rp1,716,235})}{\text{Rp1,543,597}} \times 100\% \\ &= 111.18\% \end{aligned}$$

$$\begin{aligned} \text{Percentage Equity year 2020} &= \frac{(\text{total equity year 2020})}{\text{total equity year 2018}} \times 100\% \\ &= \frac{(\text{Rp3,221,740})}{\text{Rp3,064,707}} \times 100\% \\ &= 110.99\% \end{aligned}$$

$$\begin{aligned} \text{Percentage Total Asset year 2021} &= \frac{(\text{total asset year 2021})}{\text{total asset 2018}} \times 100\% \\ &= \frac{(\text{Rp4,068,970})}{\text{Rp3,849,516}} \times 100\% \\ &= 121.91\% \end{aligned}$$

The following was the result of calculating the percentages in the Statement of Financial Position of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* for 2019-2021 using trend analysis techniques:

**Table 9. Percentage Calculation of Trend analysis technique  
Statement of Financial Position**

<b>PT Industri Jamu dan Farmasi Sido Muncul Tbk</b>				
<b>Statement of Financial Position</b>				
<b>Per 31 December</b>				
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Assets</b>				
<b>Current Assets</b>				

Cash and Cash Equivalents	100.00%	107.32%	128.06%	134.30%
<b>Trade Receivables</b>				
Trade receivables third parties	100.00%	117.25%	129.27%	162.40%
Trade receivables related parties	100.00%	144.36%	203.60%	161.54%
<b>Other receivables</b>				
Other receivables third parties	100.00%	129.46%	65.41%	50.98%
<b>Current Inventories</b>				
Current Inventories	100.00%	96.16%	99.45%	146.15%
Current prepaid expenses	100.00%	103.85%		
<b>Current advances</b>				
Other current advances	100.00%	226.68%	148.75%	187.08%
Current prepaid taxes	-			
Total current assets	100.00%	111.18%	132.94%	145.42%
<b>Non-Current Assets</b>				
<b>Non-Current advances</b>				
Non-current advances on purchase of PPE	100.00%	122.77%	33.07%	99.44%
Deferred tax assets	100.00%	87.61%	100.95%	100.41%
PPE	100.00%	102.56%	100.96%	102.24%
Goodwill	100.00%	100.00%	100.00%	100.00%
Other Non-current non-financial assets	100.00%	89.10%	94.96%	93.98%
Total non-current assets	100.00%	101.48%	100.19%	101.69%
<b>Total Assets</b>	100.00%	105.97%	115.34%	121.91%
<b>Liabilities and equities</b>				
<b>Liabilities</b>				
<b>Current liabilities</b>				
<b>Trade payables</b>				
Trade payables third parties	100.00%	88.91%	114.39%	109.71%
Trade payables related parties	100.00%	56.28%	96.24%	62.71%
<b>Other payables</b>				
Other payables third parties	100.00%	147.84%	133.71%	162.99%
Other payables related parties	100.00%	289.19%	294.59%	216.22%
Current accrued expenses	100.00%	138.85%	175.39%	159.00%
Taxes payable	100.00%	131.76%	190.24%	220.55%
Current unearned revenue	100.00%	73.58%	65.87%	40.31%
<b>Current maturities of long-term liabilities</b>				
Current maturities of finance lease liabilities	-			

Other current non-financial liabilities	100.00%	660.87%	1198.12%	660.87%
Total Current Liabilities	100.00%	112.98%	152.03%	147.50%
<b>Non-Current liabilities</b>				
Deferred tax liabilities	100.00%	124.52%	83.49%	134.59%
<b>Long-term liabilities net of current maturities</b>				
Long-term finance lease liabilities	-			
Long-term post-employment benefit obligations	100.00%	76.36%	97.56%	67.42%
Total non-current liabilities	100.00%	84.01%	101.65%	81.66%
<b>Total liabilities</b>	100.00%	108.55%	144.31%	137.42%
<b>Equity</b>				
<b>Equity attributable to equity owners of parent entity</b>				
Common Stocks	100.00%	100.00%	100.00%	100.00%
Additional paid-in capital	100.00%	100.00%	100.12%	91.86%
Treasury stocks	100.00%	100.00%	99.35%	1.95%
<b>Retained earnings (deficit)</b>				
Appropriated retained earnings	100.00%	100.00%	100.00%	100.00%
Unappropriated retained earnings	100.00%	137.48%	173.50%	231.34%
Total equity attributable to equity owners of parent entity	100.00%	105.58%	110.99%	119.59%
Non-controlling interests	100.00%	100.00%	100.00%	100.00%
<b>Total Equity</b>	100.00%	105.58%	110.99%	119.59%
<b>Total liabilities and equity</b>	100.00%	105.97%	115.34%	121.91%

Based on the table above, it could be seen that the growth rate of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* had changed significantly. Asset valued experience an increasing trend. In the cash and cash equivalent component in 2019 the value was 107.32%. Then, in 2020 it experienced a very high increase to 128.06% with a difference of 20.74%. Then, in 2019 it experienced a significant increase to 134.30%.

Total assets also experience an upward trend from year to year. In 2019 the total asset value was 105.97% and it had increased in 2020 to 115.34%. In 2021, the trend would increase to 121.91%. The number of assets had increased every year as well as the amount of receivables. It could be predicted that the total asset value in 2022 would increase.

On the liabilities side, from 2019 to 2021, there would also be a fluctuating trend. In 2019 the total liability trend value was 108.55% and experienced a significant increase to 144.31% in 2020. Then, in 2021 it experienced a very drastic decrease until it reached a value of 137.42%. Based on the trend, it could be predicted that total liabilities would decrease every year if the company was able to control its debts.

In 2020, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* had a total third-party trade payable of 114.39% compared to 2019 of 88.91% with a large difference of 25.48%. Whereas in 2021 it was 109.71% compared to 2019 with a difference of 20.8%. This might happen because in 2020 it had not fulfilled its short-term and long-term obligations. So that it could be predicted that in 2021 it would be more able to control its debts than in 2020.

On the equity side, in 2019 the total equity trend value was 105.58% and it increased but not significantly to 110.99% in 2020 with a difference of 5.41%. Then, in 2021 it experienced a significant increase to 119.59% with a difference of 14.01% higher than in 2019. This also showed that the current year's profit component was increasing every year. Thus, it could be predicted that the equity component would continue to increase in the following year.

**b. Statement of Profit or Loss**

The following was an example of calculating the percentage statement of profit or loss for *PT Industri Jamu dan Farmasi Sido Muncul Tbk* using trend analysis techniques:

$$\begin{aligned}
 \text{Percentage Sales and Revenue year 2021} &= \frac{(\text{Sales year 2021})}{\text{Sales year 2018}} \times 100\% \\
 &= \frac{(\text{Rp}4,020,980)}{\text{Rp}3,335,411} \times 100\% \\
 &= 145.51\%
 \end{aligned}$$

$$\begin{aligned}
 \text{Percentage Cost of sales and Revenue year 2020} &= \frac{(\text{COGS year 2020})}{\text{COGS 2018}} \times 100\% \\
 &= \frac{(\text{Rp}1,496,628)}{\text{Rp}1,386,870} \times 100\% \\
 &= 111.78\%
 \end{aligned}$$

The following was the result of calculating the percentages in the Statement of Profit or Loss of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* for 2019-2021 using trend analysis techniques:

**Table 10. Percentage Calculation of Trend Analysis  
Statement of Profit or Loss**

<b>PT Industri Jamu dan Farmasi Sido Muncul Tbk</b>				
<b>Statement of Profit or Loss</b>				
<b>Per 31 December</b>				
	2018	2019	2020	2021
Sales and revenue	100.00%	111.01%	120.70%	145.51%
Cost of sales and revenue	100.00%	103.58%	111.78%	129.58%
Total gross profit	100.00%	117.98%	129.09%	160.49%
Selling expenses	100.00%	113.83%	118.91%	134.39%
General and administrative expenses	100.00%	94.56%	98.99%	83.65%
Finance income	100.00%	113.97%	112.37%	85.69%
Finance costs	100.00%	109.22%	370.21%	611.35%
Other income	100.00%	79.10%	55.39%	124.92%
Other expenses	100.00%	1233.16%	767.55%	868.26%
Total profit (loss) before tax	100.00%	123.74%	138.22%	185.89%
Tax benefit (expenses)	100.00%	130.47%	130.17%	172.72%
Total profit (loss) from continuing operations	100.00%	121.67%	142.05%	189.94%
Total profit (loss)	100.00%	121.67%	142.05%	189.94%
Total other comprehensive income, after tax	100.00%	175.04%	133.89%	231.53%
Total comprehensive income	100.00%	121.41%	140.73%	191.97%

Based on the table above, it could be seen that the profit component had continued to increase from 2019 to 2021. In 2021 the Sales trend experienced a very significant increase reaching a value of 145.51% compared to 2019, the Sales trend



value was only 111.01% which had a difference by 34.5%. Likewise, the final profit for the year 2021 had a much higher profit, namely 189.94% compared to 2019 of 121.67% which had a difference of 68.27%. Meanwhile, in 2020 it had a total profit of 142.05% compared to 2019 with a difference of 20.38%. This was due to the profit component which increased rapidly in 2021. If in 2021 it maintained that sales continue to increase, the company's profits for *PT Industri Jamu dan Farmasi Sido Muncul Tbk* would exceed those of other companies. Based on the trends that occur, it could be predicted that the components of revenue, cost of goods sold, expenses and profits would increase in the following year.

**c. Company Performance Prediction Based on Statement of Financial Position**

In 2021 it had a higher cash account level compared to 2020 and 2019. At a high inventory level in 2021 because in 2019 and 2020 it had a poor inventory turnover. Judging from the non-current assets, 2020 had a weak value compared to 2019 and 2021, which have a high average non-current asset value. On the liability side, 2020 had a fairly high value if management was unable to pay off its debts, this could reduce the confidence of creditors to lend loans.

#### **d. Company Performance Prediction Based on Statement of Profit or Loss**

The sales account for 2021 had a higher amount compared to 2019 and 2020, which meant that 2021 had succeeded in marketing its products well. The gross profit for 2021 had a high value, this was because in 2019 and 2020 the cost of sales and revenue was lower than in 2021. Therefore, the level of gross profit was higher. Examples of accounts that could be minimized were general and administrative expenses. Viewed as a whole, the results of the best performance prediction were owned in 2021 because it was able to increase revenue and control operating expenses, so that the net profit of the business could be predicted to increase every year.

#### **4.3.2 Common size analysis**

Common Size analysis on the financial statements of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* was used to analyze the financial statements in percentage form for a certain period and then compare one item with another. The analysis on the financial reports of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* used was the statement of financial position and statement of profit or loss for the 2018, 2019, 2020 and 2021 periods.

**a. Statement of Financial Position**

The following was an example of a calculation for the statement of financial position of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* using the common size analysis technique:

$$\text{Percentage Current Asset year 2019} = (\text{current asset} / \text{total asset}) \times 100\%$$

$$= (\text{Rp1,716,235} / \text{Rp3,536,898}) \times 100\% = 48.52\%$$

The following was the result of calculating the percentage in the statement of financial position of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* for 2019-2021 using the common size analysis technique:

**Table 11. Percentage Calculation with the Common Size Technique Statement of Financial Position**

<b>PT Industri Jamu dan Farmasi Sido Muncul Tbk</b>			
<b>Statement of Financial Position</b>			
<b>Per 31 December</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	24.45%	26.81%	26.60%
<b>Trade Receivables</b>			
Trade receivables third parties	7.61%	7.71%	9.17%

Trade receivables related parties	7.35%	9.53%	7.15%
<b>Other receivables</b>			
Other receivables third parties	0.22%	0.10%	0.07%
<b>Current Inventories</b>			
Current Inventories	8.46%	8.04%	11.18%
Current prepaid expenses	0.26%		
<b>Current advances</b>			
Other current advances	0.12%	0.07%	0.08%
Current prepaid taxes			
Total current assets	48.52%	53.31%	55.17%
<b>Non-Current Assets</b>			
<b>Non-Current advances</b>			
Non-current advances on purchase of PPE	0.42%	0.10%	0.30%
Deferred tax assets	1.47%	1.56%	1.46%
PPE	45.04%	40.74%	39.03%
Goodwill	2.58%	2.37%	2.25%
Other Non-current non-financial assets	1.96%	1.92%	1.80%
Total non-current assets	51.48%	46.69%	44.83%
<b>Total Assets</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Liabilities and equities</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
<b>Trade payables</b>			
Trade payables third parties	4.00%	4.73%	4.29%
Trade payables related parties	0.36%	0.57%	0.35%
<b>Other payables</b>			
Other payables third parties	0.32%	0.26%	0.30%
Other payables related parties	0.0030%	0.00%	0.00%
Current accrued expenses	3.37%	3.91%	3.35%
Taxes payable	2.99%	3.97%	4.35%
Current unearned revenue	0.21%	0.17%	0.10%
<b>Current maturities of long-term liabilities</b>			

Current maturities of finance lease liabilities		0.08%	0.15%
Other current non-financial liabilities	0.52%	0.86%	0.45%
<b>Total Current Liabilities</b>	<b>11.77%</b>	<b>14.55%</b>	<b>13.35%</b>
<b>Non-Current liabilities</b>			
Deferred tax liabilities	0.37%	0.23%	0.35%
<b>Long-term liabilities net of current maturities</b>			
Long-term finance lease liabilities		0.11%	0.06%
Long-term post-employment benefit obligations	1.21%	1.42%	0.93%
Total non-current liabilities	1.58%	1.76%	0.99%
<b>Total liabilities</b>	<b>13.35%</b>	<b>16.31%</b>	<b>14.34%</b>
<b>Equity</b>			
<b>Equity attributable to equity owners of parent entity</b>			
Common Stocks	42.41%	38.97%	36.86%
Additional paid-in capital	19.97%	18.37%	15.95%
Treasury stocks	-1.68%	-1.53%	-0.03%
<b>Retained earnings (deficit)</b>			
Appropriated retained earnings	9.13%	8.39%	7.94%
Unappropriated retained earnings	16.81%	19.49%	24.59%
Total equity attributable to equity owners of parent entity	86.65%	83.69%	85.31%
Non-controlling interests	0.0002%	0.00%	0.00%
<b>Total Equity</b>	<b>86.65%</b>	<b>83.69%</b>	<b>85.31%</b>
<b>Total liabilities and equity</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

From the table above it could be seen that the percentage for the current asset component to total assets had increased from 2019 to 2021. In 2019 current assets amounted to 48.52%, 2020 amounted to 53.31%, and in 2021 it increased to 55.17%. The increase in current assets occurred due to an increase in cash and cash equivalents. In 2019 it was 24.45%, in 2020 it was 26.81% and in

2021 it decreased to 26.60%. This was due to a significant increase in the amount of current inventory. The company's financial performance could be seen from the percentage of total current assets which increases every year. The increase in current assets would strengthen the company's financial structure, especially from an investor's point of view.

The percentage of fixed assets to total assets has decreased from 2019 to 2021. In 2019 the percentage of fixed assets was 51.48%, in 2020 it was 46.69% and in 2021 it decreased to 44.83%. the decline in fixed assets occurred due to the use of fixed assets resulting in a decrease in the value of these fixed assets.

In terms of liabilities, it could be seen in the percentage of liabilities to liabilities and equity from 2019 to 2021 which had fluctuated. In 2019 the percentage of liabilities was 13.35%, in 2020 it had increased to 16.31%, and in 2021 it had decreased to 14.34%. In 2020, the percentage of liabilities has increased because the trade payables component had increased quite significantly. Meanwhile, in 2021, the decrease in the liability component indicated that the company has fulfilled its obligation to pay off the outstanding balance. The company's financial performance, seen from the percentage of liabilities, was quite good because the company was able to pay its debts.

The percentage of total equity to liabilities and equity in 2019 to 2021 had also fluctuated. In 2019, the percentage of equity is 86.65%. Then in 2020 it decreased to 83.69%. Then, in 2021 it would increase to 85.31%. The decrease in percentage value in 2020 was due to an increase in the liability component of trade payables. Whereas in 2021, the percentage value had increased as a result of an increase in the equity component due to an increase in profit for the year. The financial performance seen from the percentage of total equity was quite good, with increasing equity in the company it would make it easier to develop its business.

#### **b. Statement of Profit or Loss**

The following was an example of calculating the percentage of statement of profit or loss for *PT Industri Jamu dan Farmasi Sido Muncul Tbk* 2019-2021 using the common size analysis technique:

Percentage Cost of sales & revenue year 2019

$$= (\text{Cost of sales and revenue} / \text{Sales and Revenue} * 100\%$$

$$= \text{Rp}1,386,870 / \text{Rp}3,067,434$$

$$= 45.21\%$$

The following was the result of calculating the percentages in the Statement of Profit or Loss of *PT Industri Jamu dan Farmasi*

*Sido Muncul Tbk* for 2019-2021 using the common size analysis technique:

**Table 12. Common Size Percentage Calculations in the Statement of Profit or Loss**

<b>PT Industri Jamu dan Farmasi Sido Muncul Tbk</b>			
<b>Statement of Profit or Loss</b>			
<b>Per 31 December</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Sales and revenue	100.00%	100.00%	100.00%
Cost of sales and revenue	45.21%	44.87%	43.15%
Total gross profit	54.79%	55.13%	56.85%
Selling expenses	-15.37%	-14.76%	-13.84%
General and administrative expenses	-6.25%	-6.02%	-4.22%
Finance income	1.62%	1.47%	0.93%
Finance costs	-0.01%	-0.02%	-0.02%
Other income	0.45%	0.29%	0.54%
Other expenses	-0.23%	-0.13%	-0.12%
Total profit (loss) before tax	35.01%	35.96%	40.12%
Tax benefit (expenses)	-8.68%	-7.96%	-8.76%
Total profit (loss) from continuing operations	26.33%	28.27%	31.36%
Total profit (loss)	26.33%	28.27%	31.36%

In the table above it could be seen that the percentage of profit on sales had increased every year from 2019 to 2021. In 2019, the profit percentage was 26.33%. Then, in 2020 it increased to 28.27%. Then, in 2021 it would increase again significantly to 31.36%. The increase in profit percentage was due to the increase in sales every year. The increase in sales showed the magnitude of



market demand for the company's products. The company's financial performance seen from the profit percentage was good because the company could increase sales every year.

In conclusion, with increased sales, it would generate high revenue in 2021. However, this would not be followed by a significant increase in cash as a result of debt payments in 2020. Thus, the liabilities in 2021 would decrease.

#### 4.3.3 Ratio Analysis

Ratio analysis of Indonesian Pharmaceutical Industry especially *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in the form of processing financial report data to find out how the Indonesian Pharmaceutical Industry's financial performance in managing the company for the period 2019 to 2021 used ratio analysis as measured by the ratio of liquidity, solvency, activity, and profitability. Financial performance analysis was carried out by comparing ratio calculation data for *PT Industri Jamu dan Farmasi Sido Muncul Tbk* from 2019 to 2021 and with other healthcare companies listed on the Indonesia Stock Exchange.

The following was a table listing the entity code and entity name:

**Table 13. The List of Entity Code and Entity Name**

Entity Code	Entity Name
DVLA	Darya-Varia Laboratoria Tbk
MERK	PT Merck Tbk
INAF	PT Indofarma Tbk

KAEF	PT Kimia Farma Tbk
KLBF	PT Kalbe Farma Tbk
PYFA	PT Pyridam Farma Tbk
PEHA	PT Phapros Tbk
SCPI	PT Organon Pharma Indonesia Tbk
SIDO	PT Industri Jamu dan Farmasi Sido Muncul Tbk
SDPC	PT Millenium Pharmacon International Tbk
TSPC	PT Tempo Scan Pacific Tbk

### a. Liquidity Ratio Analysis

The results of calculating the liquidity ratio to describe the company's ability to pay short-term obligations and measure how liquid a company was, as shown in the following analysis.

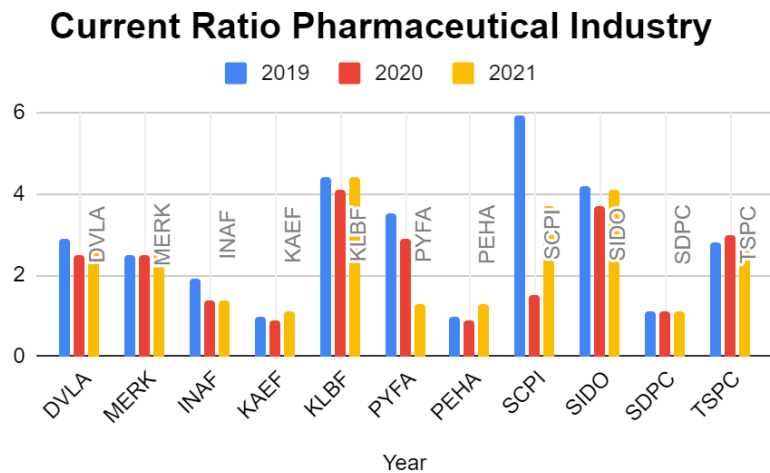
#### 1) Current Ratio

The current ratio calculation results were used to describe the company's ability to meet its short-term obligations using the company's current assets, as shown in the table.

**Table 14. Current Ratio of Pharmaceutical Companies**

Company	2019	2020	2021
DVLA	2.9	2.5	2.6
MERK	2.5	2.5	2.7
INAF	1.9	1.4	1.4
KAEF	1.0	0.9	1.1
KLBF	4.4	4.1	4.4
PYFA	3.5	2.9	1.3
PEHA	1.0	0.9	1.3
SCPI	5.9	1.5	3.7
SIDO	4.2	3.7	4.1
SDPC	1.1	1.1	1.1
TSPC	2.8	3.0	3.3

**Figure 8. Graph Comparison of Current Ratio of Pharmaceutical Companies**

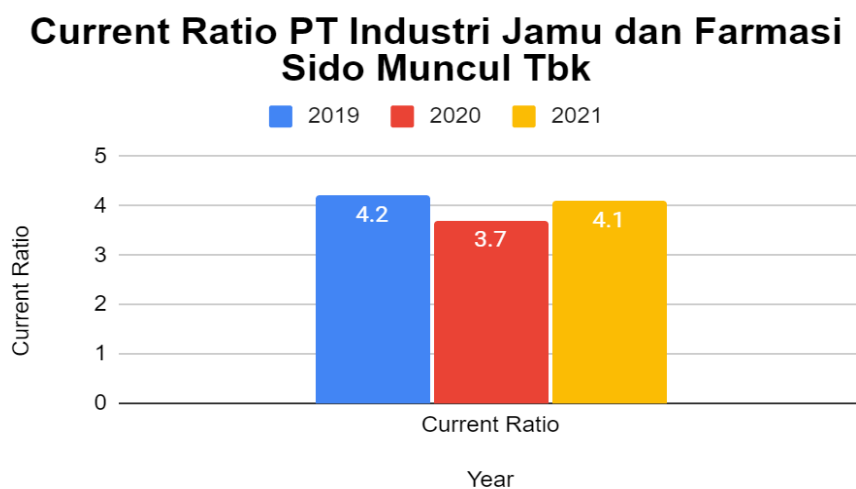


Based on the table above, it showed that Darya-Varia, Merck, Indofarma, Kalbe Farma, Pyridam, Organon Pharma Indonesia, Sido Muncul, Millennium Pharmacon International, and Tempo Scan Pacific were in a liquid position for three periods from 2019 to 2021. This could be concluded from companies that were above 100% which could be interpreted that the company was able to meet current liabilities with its current assets. Meanwhile, Kimia Farma experienced an illiquid period in 2019 and 2020, Phapros was also in an illiquid position in 2019 and 2020. The fluctuation in the value of the current ratio was generally due to fluctuating current assets and current liabilities. every year.

In 2020, the pharmaceutical companies Indofarma, Darya-Varia, Pyrida, and Organon Pharma Indonesia experienced a significant decrease in current ratio results. This decrease was due to an increase in current assets and current liabilities. The cause of the increase in the company's current assets was the increase in inventories and third-party accounts receivable. While the cause of the increase in current liabilities was because almost all components of the company's current liabilities have increased in number compared to the previous year.

The following graph was the result of calculations from *PT Industri Jamu dan Farmasi Sido Muncul Tbk* for current ratio obtained from the calculation of the related formula which was applied to financial report data. The calculation of current ratio could be seen in.

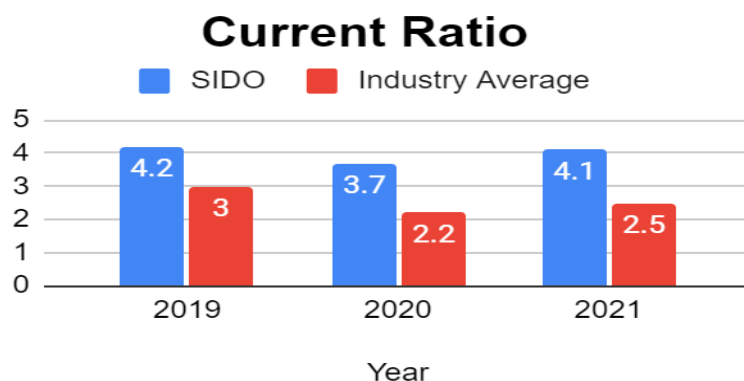
**Figure 9. Graph analysis of changes in current ratio**



The graph showed that the value of the current ratio had gradually decreased from 2019, which was 4.2 and in 2020, it was 3.7. This showed that in 2019 before the pandemic, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* had good ability to pay off short-term liabilities. Then, in 2020, the value of the current ratio would decrease. This showed that when the Covid-19 pandemic first appeared in Indonesia, the pandemic had a negative impact on the company's ability to meet its short-term obligations. However, in 2021 it continued to experience improvement with an increase in the value of the current ratio to 4.1.

The current ratio value of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* and Industry Average from 2019 to 2021 could be displayed in graphical form to facilitate data presentation. The following figure was a graph showing changes in the value of the current ratio from 2019 to 2021.

**Figure 10. Graph analysis of changes in the current ratio of PT Industri Jamu and Farmasi Sido Muncul and Industry Average from 2019 to 2021.**



Based on the results of calculating the current ratio of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in 2019 it was at point 4.2 with the industry average at point 3. In 2020 the assessment of the company's current ratio had decreased to point 3.7 with the industry average of 2.2. Then in 2021 the current ratio assessment would increase to 4.1 with an industry average of 2.5.

Based on the above average results, the company had a good performance when viewed from its financial statements because *PT Industri Jamu dan Farmasi Sido Muncul* had an average current ratio of 4 times which meant that its current assets were greater than its current liabilities. Therefore, it could be concluded that the company was still able to pay off its current debts. When compared with the average Indonesian healthcare industry, which is 2.67 times, *PT Industri Jamu dan Farmasi Sido Muncul* had a better company performance because it had an average above the industry average.

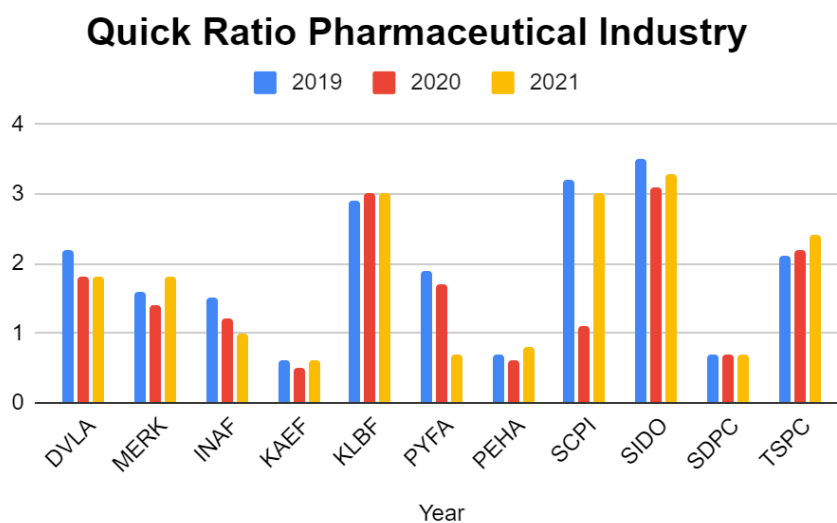
## 2) Quick Ratio

The results of the quick ratio calculation illustrate the company's ability to meet its short-term obligations or current debt using the company's current assets, except for inventories, as shown in the table.

**Table 15. Quick Ratio of Pharmaceutical Company**

Company	2019	2020	2021
DVLA	2.2	1.8	1.8
MERK	1.6	1.4	1.8
INAF	1.5	1.2	1.0
KAEF	0.6	0.5	0.6
KLBF	2.9	3.0	3.0
PYFA	1.9	1.7	0.7
PEHA	0.7	0.6	0.8
SCPI	3.2	1.1	3.0
SIDO	3.5	3.1	3.3
SDPC	0.7	0.7	0.7
TSPC	2.1	2.2	2.4

**Figure 11. Graph Pharmaceutical Company Quick Ratio Comparison Chart**



Based on the table above, Darya-Varia, Merck, Kalbe Farma, Sido Muncul and Tempo Scan Pacific were in a good financial position for three periods from 2019 to 2021. Indofarma had a financial position that was not stable for three periods and continues to experience decline. Kimia Farma was in a bad financial position only in 2020. Phapros and Organon

Pharma Indonesia's financial position was not in a good position in 2020, while in 2021 the company's financial position was quite good. In 2021, Pyridam was in a disadvantage.

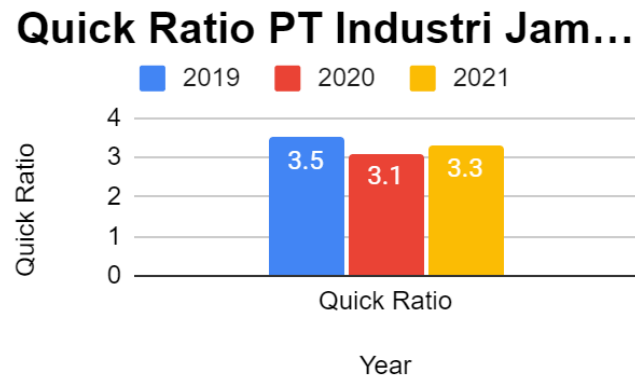
Changes in quick ratio results were usually not only influenced by changes in assets and current liabilities, but were also influenced by inventory which could increase or decrease as a result of sales of the company's products.

In 2020, Organon Pharma Indonesia experienced a significant decline in the ratio of 2.1. This was caused by the company's current assets which increased as a result of the amount of trade receivables, inventories, prepaid expenses and prepaid taxes which experienced an increase. The increase in inventory was caused by an increase in supplies of Covid-19 drugs which led to increased sales related to Covid-19 in various sectors. Meanwhile, current liabilities decreased due to a decrease in trade payables and bank loans.

The following graph was the result of calculations from *PT Industri Jamu dan Farmasi Sido Muncul Tbk* for quick ratio obtained from the calculation of the related formula which was applied to financial report data. The calculation of quick ratio could be seen in.



**Figure 12. Graph Analysis of Changes in Quick Ratio**

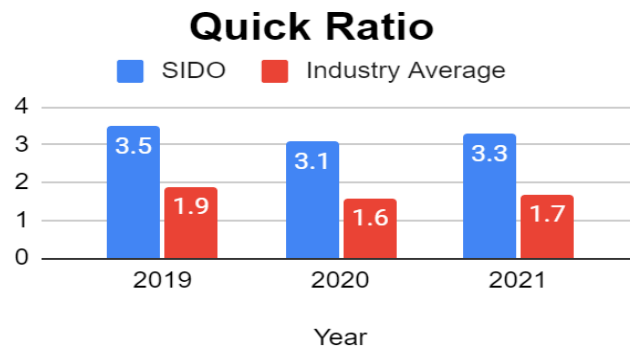


This calculation showed that the quick ratio value had decreased gradually, namely in 2019 it was 3.5 and then fell to 3.1 in 2020.

This showed that in 2019, *PT Industri Jamu dan Farmasi Sido Muncul* had good ability to pay off short-term liabilities. Then in 2020 it experienced a decline indicating that when the Covid-19 pandemic first appeared in Indonesia, the pandemic had an adverse effect on the company's ability to meet its short-term obligations. However, in 2021 it continued to experience recovery until it finally resulted in an increase in the quick ratio value to 3.3.

The quick ratio value of *PT Industri Jamu dan Farmasi Sido Muncul* and the Industry Average from 2019 to 2021 could be displayed in graphical form to facilitate data presentation. The following figure was a graph showing changes in the quick ratio value from 2019 to 2021.

**Figure 13. Graph analysis of changes in the quick ratio of PT Industri Jamu dan Farmasi Sido Muncul and Industry Average from 2019 to 2021**



Based on the results of the quick ratio calculation, it showed that *PT Industri Jamu dan Farmasi Sido Muncul* in 2019 was at point 3.5 with an industry average of 1.9. In 2020 the quick ratio calculation results have decreased to 3.1 with an industry average of 1.6. Then in 2021 the quick ratio value had increased to 3.3 with an industry average of 1.7.

Based on the average results above, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* had a good performance because the value of current liabilities was smaller than the value of current assets which have been reduced by inventory and had good performance because it was above the industry average.

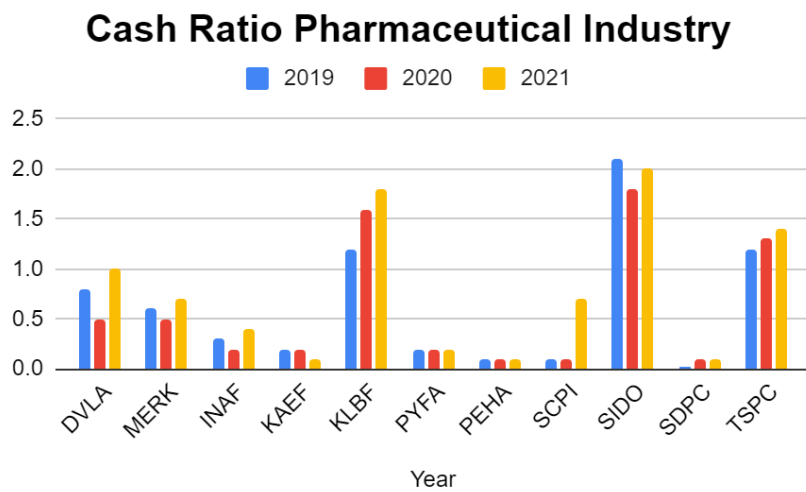
### 3) Cash Ratio

The results of the cash ratio calculation illustrate the company's liquidity level with reference to the comparison between the company's cash and cash equivalents and its short-term liabilities, as shown in the table.

**Table 16. Cash Ratio Pharmaceutical Company**

Company	2019	2020	2021
DVLA	0.8	0.5	1.0
MERK	0.6	0.5	0.7
INAF	0.3	0.2	0.4
KAEF	0.2	0.2	0.1
KLBF	1.2	1.6	1.8
PYFA	0.2	0.2	0.2
PEHA	0.1	0.1	0.1
SCPI	0.1	0.1	0.7
SIDO	2.1	1.8	2.0
SDPC	0.03	0.1	0.1
TSPC	1.2	1.3	1.4

**Figure 14. Graph Pharmaceutical company Cash Ratio Comparison**



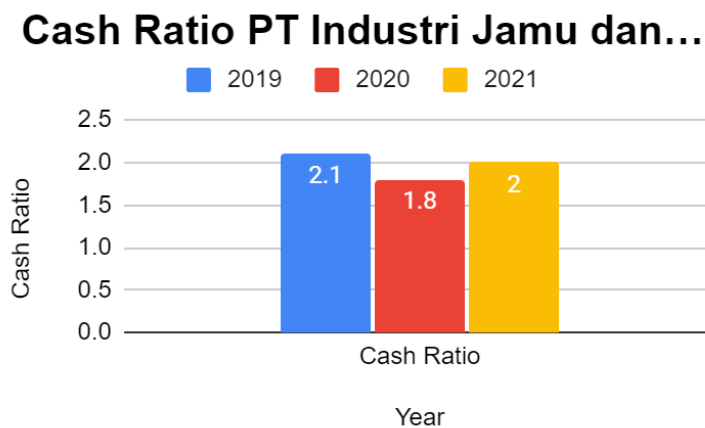
Based on the table above, it is known that Kalbe Farma, Sido Muncul, and Tempo Scan Pacific were in a liquid position for three periods from 2019 to 2020. Meanwhile, Phapros and Millennium Pharmacon International were in the least liquid position compared to other pharmaceutical companies. In general, changes in cash ratio results are caused by the amount

of cash and cash equivalents, as well as current liabilities which could increase or decrease due to new loans.

In 2021, Darya-Varia's cash ratio had increased quite drastically by 0.50 compared to the cash ratio in 2020. This could be due to the amount of cash and cash equivalents, as well as current liabilities which both increased in 2021. Although, the amount of current debt was greater due to an increase in third party debt and the emergence of short-term bank loans, but the cash ratio actually increases because total assets were greater than total liabilities so that companies were able to complete their obligations.

The following graph was the result of calculations from *PT Industri Jamu dan Farmasi Sido Muncul Tbk* for cash ratio obtained from the calculation of the related formula which was applied to financial report data. The calculation of cash ratio could be seen in.

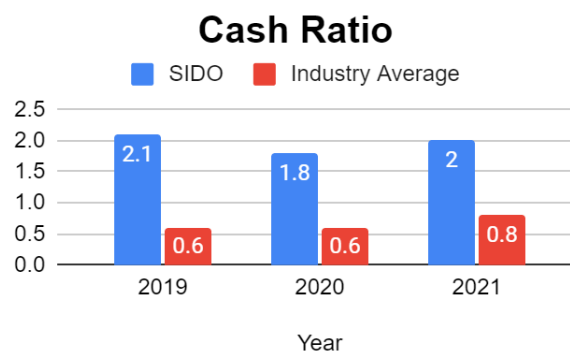
**Figure 15. Graph Analysis of Changes in Cash Ratio**



The calculation above showed that the cash ratio value had decreased gradually from 2019 worth 2.1 to 2020 worth 1.8. This showed that before the pandemic, *PT Industri Jamu dan Farmasi Sido Muncul* had sufficient cash and cash equivalents to meet its short-term debt obligations. Then there was a decline in 2020 due to the initial presence of the Covid-19 pandemic in Indonesia which had a temporary adverse effect on the company's ability to meet its short-term obligations. Then gradually in 2021, the company could recover or improve the cash ratio value until the cash ratio value increases to 2.0 after carrying out the analysis that occurred.

The cash ratio value of *PT Industri Jamu dan Farmasi Sido Muncul* and the Industry Average for 2019 to 2021 could be displayed in graphical form to facilitate data presentation. The following figure was a graph showing changes in the value of the cash ratio from 2019 to 2021.

**Figure 16. Graph Analysis of Changes in The Cash Ratio of PT Industri Jamu and Farmasi Sido Muncul and Industry Average from 2019 to 2021**



Based on the results of the cash ratio calculation, it showed that *PT Industri Jamu dan Farmasi Sido Muncul* in 2019 was at point 2.1 with an industry average of 0.7. In 2020 the results of the calculation of the cash ratio have decreased to 1.8 with an industry average of 0.8. Then in 2021 the cash ratio value would increase to 2.0 with an industry average of 1.1.

Based on the average results above, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* had a good performance because the amount of cash and cash equivalents owned by the company was greater than the total short-term debt so that guarantees to creditors were better and better than the industry average.

#### **b. Solvability Ratio Analysis**

The results of calculating the solvency ratio aimed to tell the company's ability to fulfill its long-term obligations as shown in the following analysis:

##### **1) Debt to Asset**

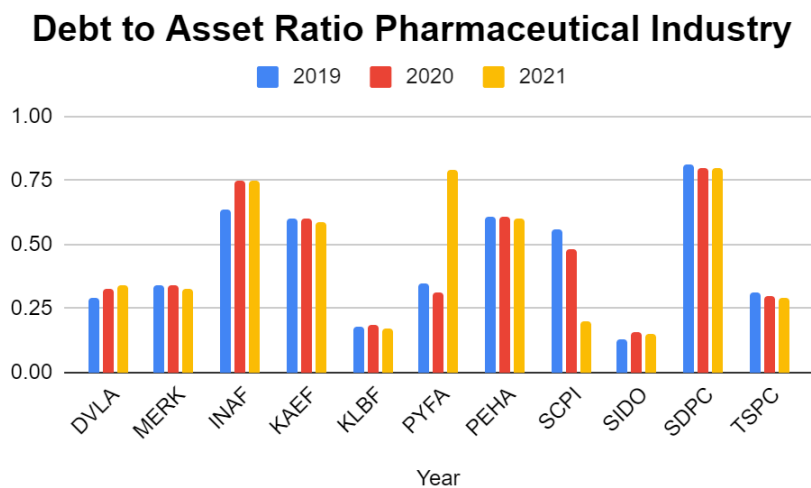
The results of the calculation of the debt to asset ratio illustrate the number of company assets financed by debt or knowing the amount of funds sourced from debt, as shown in the table:

**Table 17. Debt to Asset Ratio of Pharmaceutical Industry**

<b>Company</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
DVLA	0.29	0.33	0.34
MERK	0.34	0.34	0.33
INAF	0.64	0.75	0.75

KAEF	0.60	0.60	0.59
KLBF	0.18	0.19	0.17
PYFA	0.35	0.31	0.79
PEHA	0.61	0.61	0.60
SCPI	0.56	0.48	0.20
SIDO	0.13	0.16	0.15
SDPC	0.81	0.80	0.80
TSPC	0.31	0.30	0.29

**Figure 17. Graph of Comparison of Debt to Asset Ratio of Pharmaceutical Industry**



Based on the table above, pharmaceutical companies listed on the Indonesian stock exchange could be declared solvable because the results of the calculation of the debt to asset ratio are below 1. Sido Muncul was the best company compared to other pharmaceutical companies because the ratio results were the smallest. The results of the debt to asset ratio could change every year due to fluctuations in total assets and total debt.

An increase or decrease in total assets was usually caused by current assets whose inventories or trade receivables increase. Meanwhile, total debt was usually influenced by current liabilities which increase due to increased trade payables or because non-current debts increase due to bank debt which also increases.

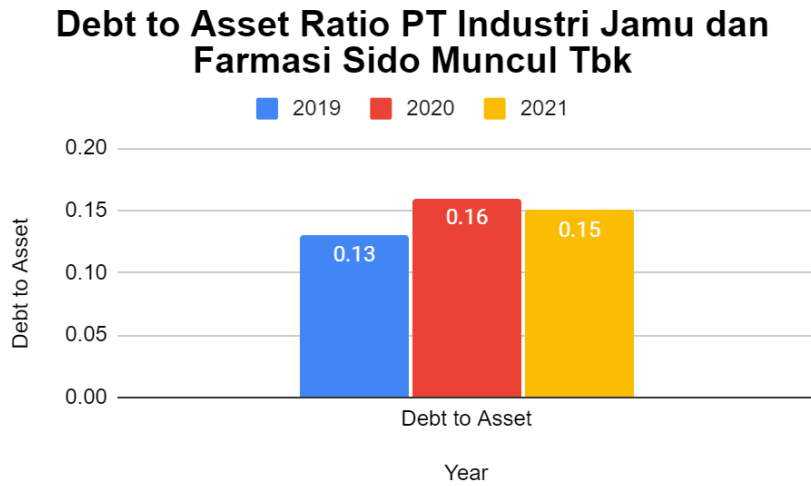
Pyridam experienced a significant increase in its debt to asset ratio in 2021 of 0.48. The increase in total assets and total debt was the cause of the increase in the results of this ratio. The increase in total assets of the dominant company was caused by non-current assets which also experienced an increase. Meanwhile, the increase in total debt was caused by an increase in the company's long-term debt.

A comparison of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* was done by finding the Debt to Asset values each year, then the value of ratio was compared between the periods from 2019 to 2021 and the industry average.

The following graph was the result of calculating debt to asset ratio obtained from the calculation of the related formula applied to financial report data. Calculation of debt to asset ratio could be seen in the attachment.



**Figure 18. Graph Analysis of Changes in Debt to Asset Ratio**



The results of calculating the total debt to asset ratio illustrated the total assets of the company financed by debt or knowing the amount of funds sourced from debt, as shown in the table. The calculation could be seen in the attachment. The table above showed that in 2019 the Debt to Asset value continued to increase gradually from 0.13 to 0.16 in 2020. This showed that before the Covid-19 pandemic, companies had small debt obligations on assets. This indicated that the company's risk in paying off its debts in the pre-covid-19 period was decreasing.

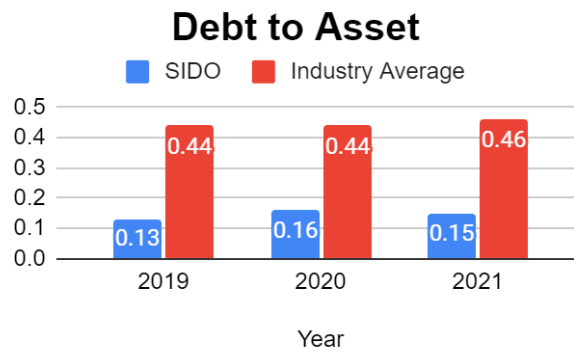
Then in 2020, the company experienced an increase in the value of Debt to Assets which showed that at the time of the Covid-19 pandemic, *PT Industri Jamu dan Farmasi Sido Muncul* experienced a drastic increase in liability for assets so could be concluded that the company's risk in paying off its debts in this period was getting higher. An increase in the value of

Debt to Assets during the Covid-19 pandemic could be caused by several possibilities. One of them was when the Covid-19 pandemic emerged in Indonesia, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* saw an opportunity to increase profits by increasing the amount of production or creating new product variations.

In the table, the financial report data showed that there was an increase in the amount of debt which was Rp. 464,850 in 2019 to Rp. 627,776 in 2020 after the Covid-19 pandemic appeared, which was followed by an increase in the number of assets shown in the table from 2019 of Rp. 3, 529,557 to a value of IDR 3,849,516 in 2020. This indicated that after the Covid-19 pandemic emerged in Indonesia, the company saw an opportunity to increase profits by increasing the number of assets financed with debt. Furthermore, the chart showed a gradual decrease in the Debt to Asset value in 2021 to a value of 0.15.

The debt to asset ratio value of *PT Industri Jamu dan Farmasi Sido Muncul* and the Industry Average from 2019 to 2021 could be displayed in graphical form to facilitate data presentation. The following figure was a graph showing changes in the value of the debt to asset ratio from 2019 to 2021.

**Figure 19. Graph Analysis of Changes in Debt to Asset Ratio of PT Industri Jamu dan Farmasi Sido Muncul and Industry Average from 2019 to 2021**



Based on the results of the calculation of the debt to asset ratio, it showed that *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in 2019 was at point 0.13 with an industry average of 0.35. In 2020, the company experienced an increase in the value of the ratio to 0.16 with an industry average of 0.39. Furthermore, in 2021 the company would experience a decline at 0.15 with the industry average at 0.38.

Based on the average debt to asset ratio at *PT Industri Jamu dan Farmasi Sido Muncul Tbk* for three years from 2019-2021, the company had an average debt to asset ratio of 0.15, which means the company was funded by debt of 0.15 or 15%. When compared with the industry average value of the healthcare industry of 0.37. This showed that *PT Industri Jamu dan Farmasi Sido Muncul Tbk* had a good performance compared to the industry average because the total assets owned

by the company were still high and able to meet the company's debts.

## 2) Debt to Equity

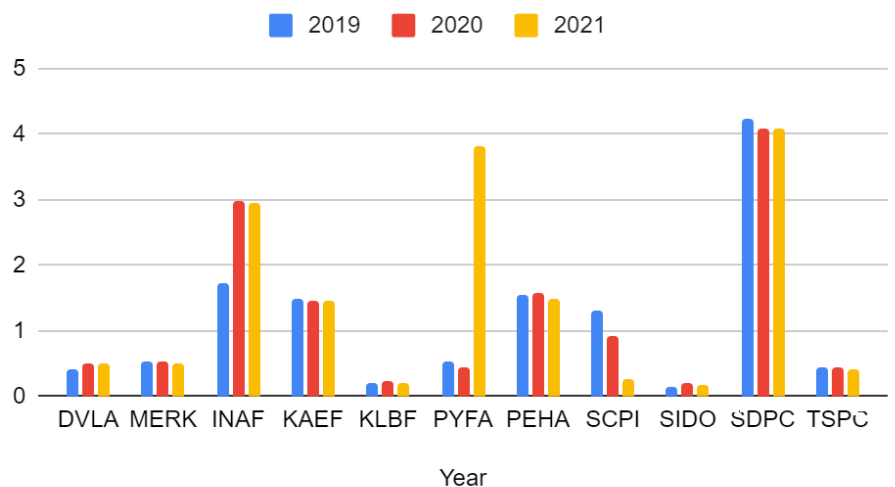
The results of the calculation of the debt to equity ratio showed a comparison of long-term liabilities and company equity which would later be used for the company's operational activities, as shown in the table.

**Table 18. Debt to Equity Ratio of Pharmaceutical Industry**

Company	2019	2020	2021
DVLA	0.40	0.50	0.51
MERK	0.52	0.52	0.50
INAF	1.74	2.98	2.96
KAEF	1.48	1.47	1.46
KLBF	0.21	0.23	0.21
PYFA	0.53	0.45	3.82
PEHA	1.55	1.59	1.48
SCPI	1.30	0.92	0.25
SIDO	0.15	0.19	0.17
SDPC	4.23	4.08	4.09
TSPC	0.45	0.43	0.40

**Figure 20. Graph Comparison of Debt to Equity Ratio of Pharmaceutical Industry**

### Debt to Equity Ratio Pharmaceutical Industry



Based on the table above, it could be seen that the financial condition of the companies Darya-Varia, Merck, Kalbe Farma and Tempo Scan Pacific was considered quite good. Pyridam's financial condition was considered good only in 2019 and 2020 because in 2021 there would be a significant increase. Sido Muncul was considered to be in the most solvable position among other pharmaceutical companies due to its low debt to equity ratio. Meanwhile, Indofarma, Kimia Farma, Phapros and Millennium Pharmacon International were in unfavorable financial condition.

The debt to equity ratio was usually influenced by the ups and downs of the value of the company's total equity and total debt. The increase or decrease in total debt could be caused by current debt or non-current debt. Meanwhile, changes in total equity each year could be caused by retained earnings or even loans to shareholders which were then converted to equity.

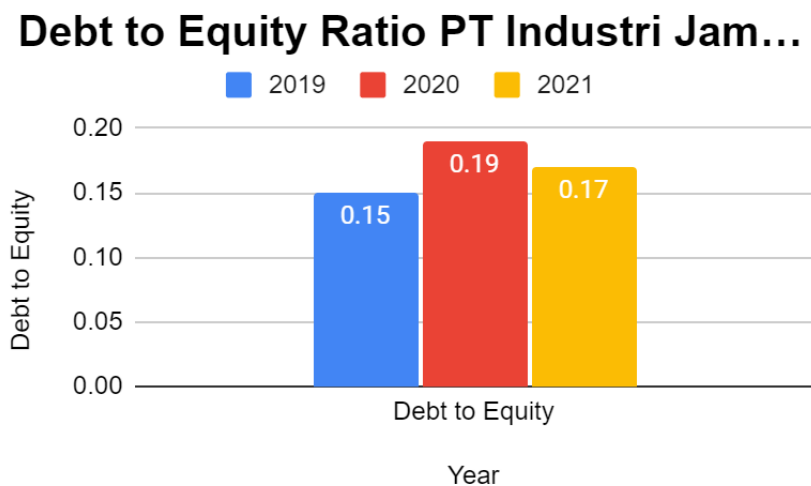
In 2021, Pyridam Farma Tbk experienced a very significant increase in the yield ratio of 3.37. The reason for the increase in the debt to equity ratio was that total equity and total debt have both increased. The dominant increase in the company's total equity was due to an increase in unappropriated retained earnings. Meanwhile, the increase in total debt was

caused by an increase in the amount of long-term debt, the main cause of which was bonds payable.

A comparison of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* was done by finding the Debt to Equity values each year, then the value of ratio was compared between the periods from 2019 to 2021 and the industry average.

The following graph was the result of calculating debt to equity ratio obtained from the calculation of the related formula applied to financial report data. Calculation of debt to equity ratio can be seen:

**Figure 21. Graph Analysis of Changed in Debt to Equity Ratio**



The results of calculating the total debt to equity ratio showed a comparison of long-term liabilities and company equity which would later be used for the company's operational activities, as shown in the table. The calculation could be seen in the attachment. The figure showed that the Debt to Equity value

continued to increase gradually from 0.15 in 2019 to 0.19 in 2020. This indicated that the funding obtained by companies from investors also continued to decrease in the period before the Covid-19 pandemic.

Then in 2020, the company experienced a drastic increase in the Debt to Equity ratio. This showed that at the time of the covid-19 pandemic, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* experienced a drastic increase in debt obligations to capital providers. This was quite dangerous and must be monitored because the company must pay the debt within a certain period of time. Usually in the following period, lenders or investors would tend to prefer companies with smaller debt-to-equity ratios. The higher the ratio of debt to capital, the higher the amount of debt or the company's obligation to pay off debts that must be paid both in the short term and long term. So it could be concluded that the company's risk in paying off its debts to capital providers in this period was getting higher.

The increase in the value of Debt to Equity during the Covid-19 pandemic could be caused by several possibilities. One of them was when the Covid-19 pandemic emerged in Indonesia, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* saw an opportunity to increase profits by increasing the amount of production or creating new product variations.

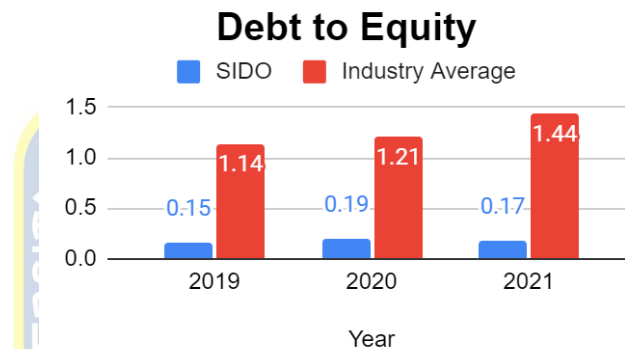
As could be seen in the picture, the increase in the Debt to Equity value only occurred briefly until 2020 and then the Debt to Equity value continued to decrease to 0.17 in 2021. The financial report data in the table above showed an increase in the amount of debt in 2020 from the previous 2019 of IDR 408,870 before the pandemic occurred and then increased to IDR 560,043 in 2020. While the amount of equity listed in the table also increased from IDR 3,064,707 when the pandemic had not yet occurred then increased to IDR 3,221,740 in 2020 and increasing to the highest total equity in 2021 to IDR 3,471,185. This indicated that when the Covid-19 pandemic occurred, the shareholders considered that *PT Industri Jamu dan Farmasi Sido Muncul Tbk* would experience an increase in profits. So that many shareholders were interested in providing capital to the company.

Then after 2020, the financial report data in the table showed a decrease in debt value of up to IDR 543,370. This showed that in 2021 the company's risk in paying off debt to capital providers would continue to decrease, which was indicated by the reduced value of Debt to Equity. This could be caused by several possibilities, one of which is that the company could efficiently utilize the capital obtained from investors.



The debt to equity ratio of *PT Industri Jamu dan Farmasi Sido Muncul* and the Industry Average for 2019 to 2021 can be displayed in graphical form to facilitate data presentation. The following figure was a graph showing changes in the value of debt to equity from 2019 to 2021.

**Figure 22. Graph Analysis of Changes in Debt to Equity Ratio of PT Industri Jamu dan Farmasi Sido Muncul and Industry Average from 2019 to 2021**



Based on the results of the calculation of the debt to equity ratio, it showed that *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in 2019 is at point 0.15 with an industry average of 0.69. In 2020, the company's debt to equity value had increased to 0.19 and with an industry average of 0.88. Then, in 2021 the company would experience a decrease in the value of the debt to equity ratio to 0.17 and with an industry average of 0.97.

The results of the calculation of the debt to equity ratio above from *PT Industri Jamu dan Farmasi Sido Muncul Tbk* from 2019-2021 have an average debt to equity of 0.17 which indicates that the company was funded by 0.17 or 17% debt

when compared to the industry average value of 0.85. It could be concluded that *PT Industri Jamu dan Farmasi Sido Muncul Tbk* has a good performance because it was below the industry average because the company's total annual capital was still able to cover the company's debt.

Based on the analysis of the overall solvency ratio, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* from 2019-2021 had experienced ups and downs from year to year. The company's total debt would increase in 2020 and would decrease in 2021. Meanwhile, total assets continue to increase every year. It could be concluded that the company was said to be good because the company's total assets and total capital are able to meet the company's total debt.

### c. Activity Ratio Analysis

The results of the calculation of the activity ratio were used to show the level of effectiveness of the company in utilizing and using its resources, as can be seen from the following analysis:

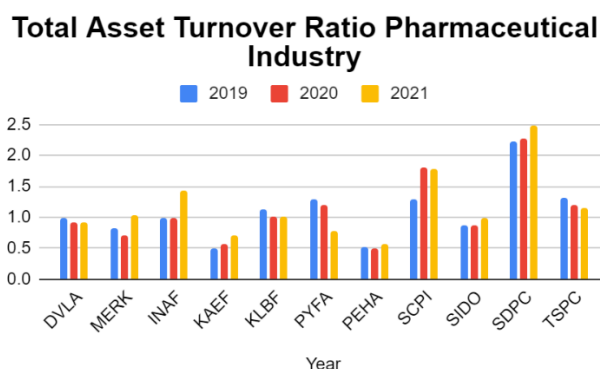
#### 1) Total Asset Turnover

The results of calculating total asset turnover illustrated how effective a company was in utilizing all of its assets towards sales conversions, as shown in the following table:

**Table 19. Total Asset Turnover Ratio of Pharmaceutical Industry**

Company	2019	2020	2021
DVLA	0.99	0.92	0.91
MERK	0.83	0.71	1.04
INAF	0.98	1.00	1.44
KAEF	0.51	0.57	0.72
KLBF	1.12	1.02	1.02
PYFA	1.30	1.21	0.78
PEHA	0.53	0.51	0.57
SCPI	1.30	1.81	1.78
SIDO	0.87	0.87	0.99
SDPC	2.22	2.27	2.48
TSPC	1.31	1.20	1.16

**Figure 23. Graph of Pharmaceutical Industry Total Asset Turnover Comparison**



Based on the table above, the ability of Darya-Varia, Kimia Farma, Phapros, and Sido Muncul to generate sales from their total assets was considered to be poor because the total asset turnover ratio did not exceed once per year. Indofarma was considered quite good in its ability to manage its total assets because the ratio results have increased more than one round in 2020 and 2021, although it had decreased in 2019.

The ability to manage the total asset turnover ratio of Kalbe Farma, Organon Pharma Indonesia, Millennium Pharmacon International and Tempo Scan Pacific every year could be classified as good because it exceeds one cycle. For Merck, the total assets turnover ratio does not exceed one cycle from 2019 and 2020. However, in 2021, the ratio value had increased until the ratio value reaches 1.04.

The ratio of total asset turnover was generally influenced by sales and total assets of the company. If the company cannot manage its assets properly so that the sales figures are low and smaller than the total assets, the ratio results will be unsatisfactory.

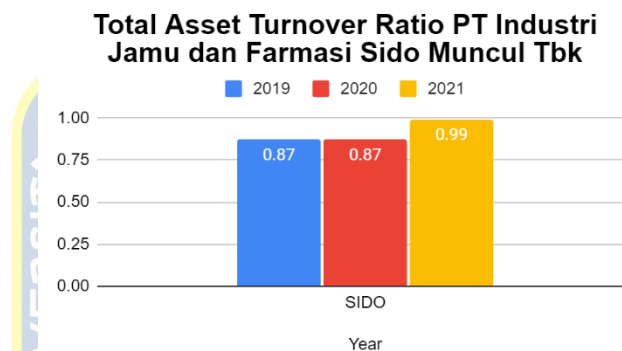
Pyridam Farma's total asset turnover ratio decreased by 0.43 in 2021. The company's net sales increased by 127.3% or Rp. 630.53 billion compared to last year. Meanwhile, the total value of the company's assets had also increased to reach IDR 806.22 billion in 2021. Even so, the amount of net sales does not exceed the total assets owned by the company. Thus, the value of the total asset turnover ratio had decreased.

A comparison of the activity ratios of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* was done by finding the value of the Asset Turnover Ratio, in the period 2019 to 2021, then the

value of this ratio was compared to the period from 2019 to 2021 and with industry averages.

The graph was the result of calculating total asset turnover ratio obtained from the calculation of the related formula applied to financial report data. Calculation of total asset turnover ratio could be seen:

**Figure 24. Graph Analysis of Changes in Total Asset Turnover Ratio**



The results of calculating total asset turnover illustrate how effective a company was in utilizing all of its assets towards sales conversions. The table showed the results of calculating the asset turnover ratio from 2019 to 2021. According to the data listed in the table, the asset turnover ratio in 2019 was 0.87. Then in 2020 it was stable with the same value as the previous year, namely 0.87. The asset turnover ratio had increased in 2021 to 0.99.

It could be seen from the total asset value that continues to increase from year to year. In 2019 the total asset value is IDR 3,529,557. Then in 2020 it increased to IDR 3,849,516 and

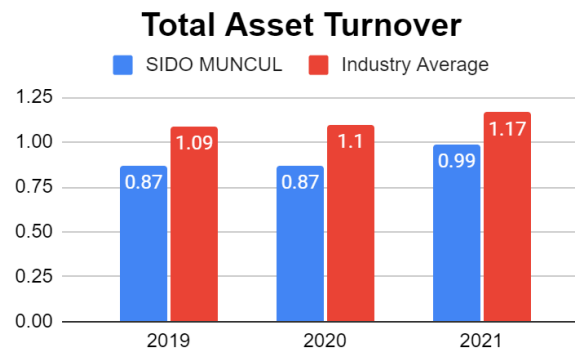
continued to increase in 2021 to IDR 4,068,970 with the highest total asset value.

The increase in total debt during the pandemic was also accompanied by an increase in total assets. Sales have also increased from 2019 to 2021. This indicates that the company's management sees the possibility that during a pandemic there would be an increase in public demand for products marketed by *PT Industri Jamu dan Farmasi Sido Muncul Tbk*. This was finally followed up by increasing the amount of assets with debt which was expected to increase sales by a comparable figure. It could also be seen that the increase in the number of sales during the pandemic was proportional to the increase in the number of assets during the pandemic, resulting in an increase in the total asset turnover value. That was, the company's effectiveness in managing investment assets owned to generate sales has increased because it was possible that all assets were managed with good use for the process of creating sales. It is hoped that the company will be even better at carefully considering the addition of assets, so that the assets owned can generate maximum benefits.

The asset turnover ratio value of *PT Industri Jamu dan Farmasi Sido Muncul* and the Industry Average from 2019 to 2021 could be displayed in graphical form to facilitate data

presentation. The following figure was a graph showing changes in the value of the asset turnover ratio from 2019 to 2021.

**Figure 25. Graph Analysis of Changes in Total Asset Turnover Ratio of PT Industri Jamu dan Farmasi Sido Muncul and Industry Average from 2019 to 2021**



Based on the results of calculating the asset turnover ratio of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in 2019-2021, the average total asset turnover ratio was 0.91 below the industry average of 1.12. So, it could be concluded that the company has poor performance because it was below the industry average. This happened because the company was less able to maximize its fixed assets to meet the desired sales target.

## 2) Receivables Days

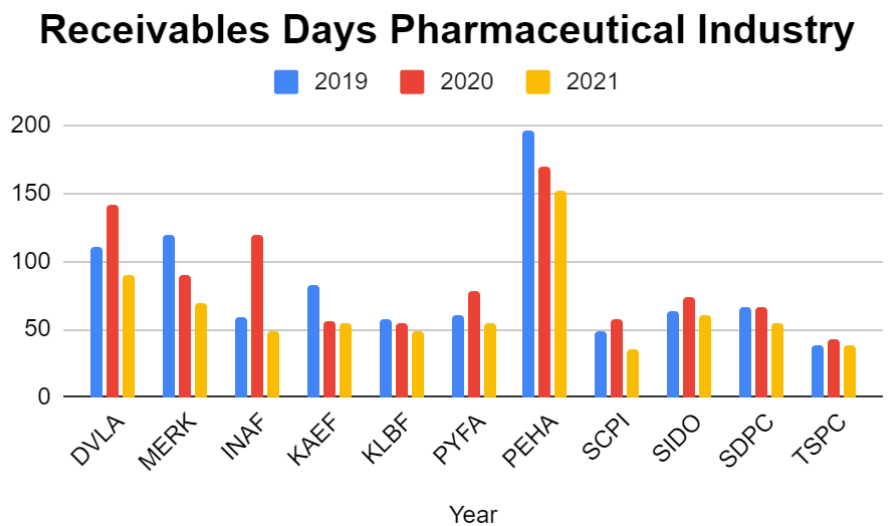
The results of the receivables days calculation illustrate the efficiency and quality of the company's receivables turnover rate in one period, as shown in the following table:

**Table 20. Receivable Days for Pharmaceutical Industry**

Company	2019	2020	2021
DVLA	111	141	90
MERK	120	90	69
INAF	59	119	48

KAEF	82	56	55
KLBF	58	55	48
PYFA	61	78	54
PEHA	196	170	152
SCPI	48	57	36
SIDO	63	73	60
SDPC	67	66	54
TSPC	39	42	38

**Figure 26. Graph of Pharmaceutical Industry Receivable Days Comparison Chart**



Merck, Indofarma Kimia Farma, Kalbe Farma, Sido

Muncul and Millennium Pharmacon International were at a good level of company effectiveness with collection and management of receivables which could be said to be good because the value of receivables days for these companies almost decreases every year.

The fluctuations in the value of Receivable Days are influenced by the company's sales which could increase or even decrease each year, as well as the company's average receivables



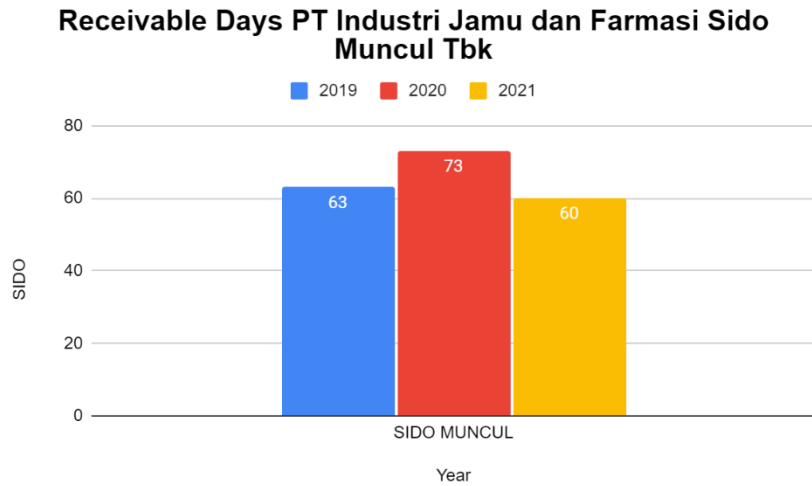
which could also change. Changes in average accounts receivable could be caused by many things, one of which was the collection of accounts receivable and the implementation of a new system in the company.

PT Indofarma Tbk experienced an increase in the value of receivable days in 2020 and experienced a drastic decrease in 2021. The decrease in the value of this ratio was caused by the company's average receivables in 2021 which were somewhat smaller than in 2020. This could be due to improvements in the administrative system in form a special section in the Company's Finance Sector which was tasked with collecting uncollected receivables.

A comparison of the activity ratios of *PT Industri Jamu dan Farmasi Sido Muncul* was done by finding the value of the Receivable Days, in the period 2019 to 2021, then the value of this ratio was compared to the period from 2019 to 2021 and with industry averages.

The graph was the result of calculating Receivable Days obtained from the calculation of the related formula applied to financial report data. Calculation of Receivable Days could be seen:

**Figure 27. Graph of Receivable Days PT Industri Jamu dan Farmasi Sido Muncul Tbk from 2019 to 2021**



Receivable days were the average daily comparison between accounts receivable and sales. This ratio measured how a company perceives the receivables collection period would look like. This showed the sales obtained by the company which would be able to develop various company activities.

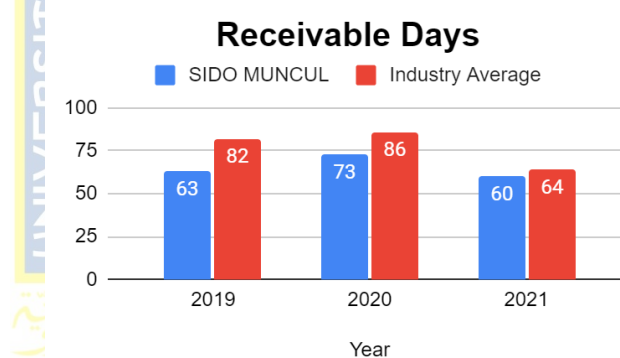
The graph showed the results of calculating receivables days from 2019 to 2021. According to the data listed in the table, receivable days in 2019 amounted to 63 days. Then in 2020 it had increased to require 73 days. Receivable days would decrease in 2021 to 60 days.

Low receivables days indicated less time needed by the company to collect trade receivables during a certain period. The minimum time required to collect trade receivables from sales on credit means that more accounts receivable were returned in cash or bank form, where these funds can be reinvested in the

company's operations. The funds were reused by the company to purchase raw materials used to produce finished goods. These goods would be resold to consumers resulting in increased sales.

The receivables days ratio value of *PT Industri Jamu dan Farmasi Sido Muncul* and the Industry Average from 2019 to 2021 could be displayed in graphical form to facilitate data presentation. The following figure was a graph showing changes in the value of the receivables days ratio from 2019 to 2021.

**Figure 28. Graph Analysis of Changes in Receivables Days of PT Industri Jamu dan Farmasi Sido Muncul and Industry Average from 2019 to 2021**



Based on the calculation of the receivable days ratio, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in 2019-2021 obtained an average receivable days ratio of 65 days, below the industry average of 77 days. So, it could be concluded that the company had good performance because it was below the industry average. The faster the turnover of receivable days, the better the turnover of receivables which was returned in cash or

bank form which could be reinvested for the company's operational activities.

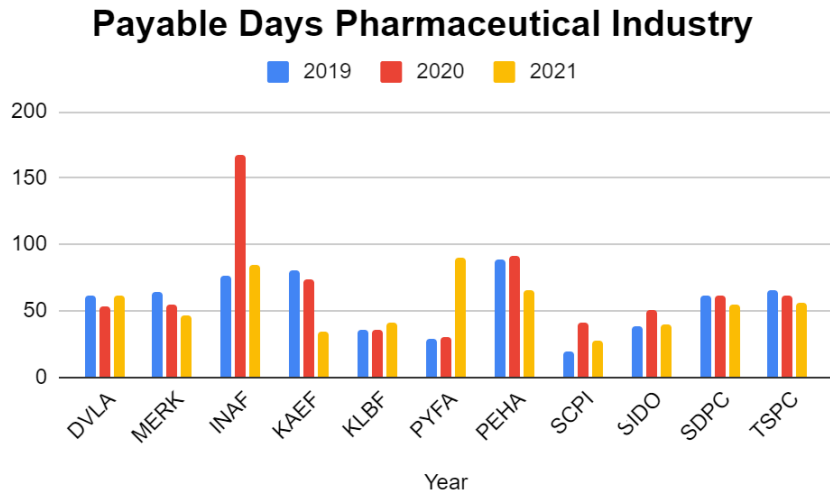
### 3) Payable Days

Payable days were the comparison between accounts payable and sales. The results of the calculation would measure how a company sees the debt repayment period that would appear. This showed the ability of a company to meet its short-term obligations, so that the company's ability to pay off its debts will be known.

**Table 21. Calculation of Payable Days Ratio for Pharmaceutical Industry**

<b>Company</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
DVLA	62	53	61
MERK	64	55	46
INAF	76	167	85
KAEF	80	74	34
KLBF	36	35	41
PYFA	29	30	90
PEHA	89	91	65
SCPI	20	41	28
SIDO	39	50	40
SDPC	62	62	55
TSPC	66	61	56

**Figure 29. Graph of Comparison of Payable Days Ratio of Pharmaceutical Industry**



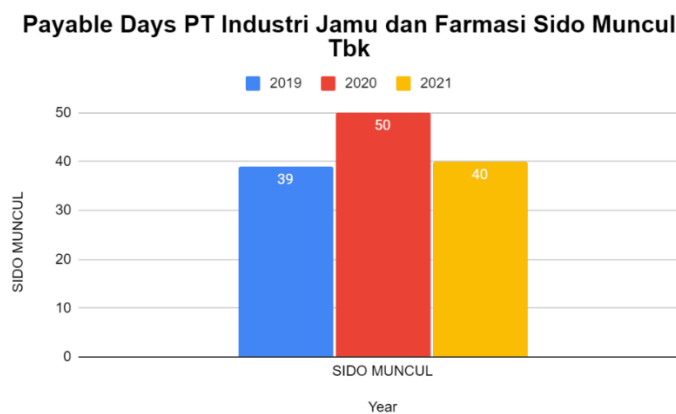
Based on the table above, it could be seen that Kimia Farma continues to experience a decrease in the value of its payable days. This showed less time needed by companies to pay business debts for purchasing raw materials on credit.

Conducting accounts payable management, namely considering faster payments to get a discount (actual price) by conducting a comparative analysis when using external financing to pay off trade debts early or make payments according to the time period.

A comparison of the activity ratios of *PT Industri Jamu dan Farmasi Sido Muncul* was done by finding the value of the Payable Days, in the period 2019 to 2021, then the value of this ratio was compared to the period from 2019 to 2021 and with industry averages.

The graph was the result of calculating Payable Days obtained from the calculation of the related formula applied to financial report data. Calculation of Payable Days can be seen:

**Figure 30. Graph of Payable Days PT Industri Jamu dan Farmasi Sido Muncul Tbk from 2019 to 2021**



Payable days were the comparison between accounts payable and sales. This ratio measured how a company perceives the debt repayment period it would look like. This showed the ability of a company to meet its short-term obligations, so that the company's ability to pay off its debts would be known.

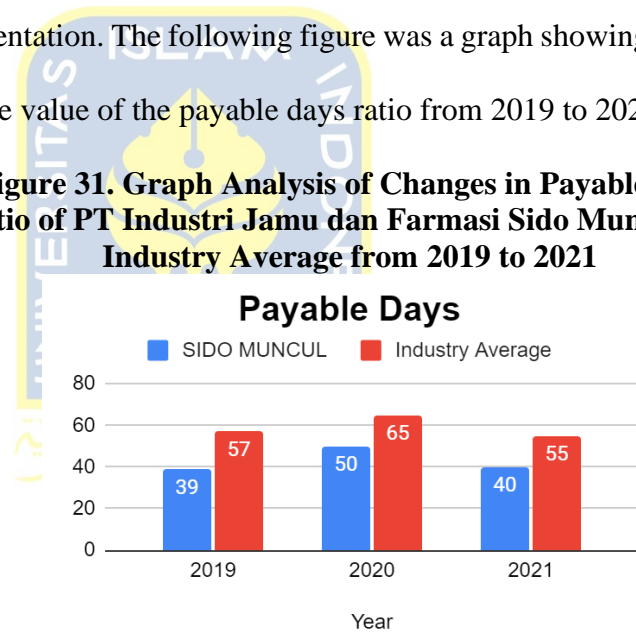
The table showed the results of calculating payable days from 2019 to 2021. According to the data listed in the table, payable days in 2019 are 39 days. Then in 2020 it would increase to 50 days. Payable days have decreased in 2021 to 40 days.

Low payable days indicated less time needed by companies to pay accounts payable for purchasing raw materials on credit. The little time it took to pay off trade payables from purchasing raw materials on credit means that it showed that the

company had sufficient funds to pay off these debts and would get a purchase discount for paying off the debt before maturity. After paying off trade payables, the company purchased raw materials needed for the production of finished goods and the debt was not subject to interest.

The payable days ratio value of *PT Industri Jamu dan Farmasi Sido Muncul* and Industry Average from 2019 to 2021 could be displayed in graphical form to facilitate data presentation. The following figure was a graph showing changes in the value of the payable days ratio from 2019 to 2021.

**Figure 31. Graph Analysis of Changes in Payable Days Ratio of PT Industri Jamu dan Farmasi Sido Muncul and Industry Average from 2019 to 2021**



Based on the results of calculating the payable days ratio for *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in 2019-2021, the average total asset turnover ratio was 43 below the industry average of 59. So, it could be concluded that the company has good performance because it was below the industry average. This happened because the company had

sufficient funds to pay the debt and pay off the debt before maturity.

#### d. Profitability Ratio Analysis

The results of calculating profitability ratios were used to describe a company's ability to generate profits from its operational performance, as described in the following analysis:

##### 1) Return on Asset

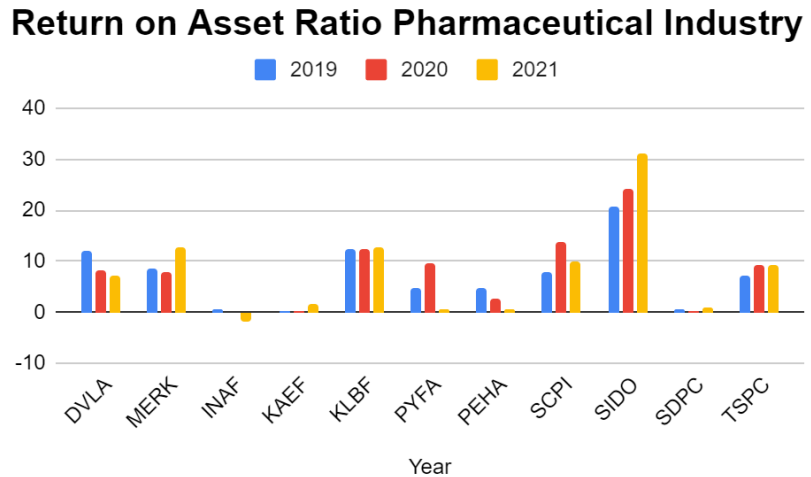
The results of calculating the return on asset ratio illustrate how much the percentage of profit earned by the company was related to the total assets it owns as could be seen in the table:

**Table 22. Table Return on Asset for Pharmaceutical Industry**

<b>Company</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
DVLA	12	8.16	7.03
MERK	8.68	7.73	12.83
INAF	0.58	0.0018	-1.87
KAEF	0.09	0.12	1.63
KLBF	12.52	12.41	12.59
PYFA	4.90	9.67	0.68
PEHA	4.88	2.54	0.61
SCPI	7.95	13.66	9.79
SIDO	20.88	24.26	30.99
SDPC	0.64	0.24	0.79
TSPC	7.11	9.16	9.10



**Figure 32. Graph Comparison of Return on asset ratio of Pharmaceutical Industry**



Based on the table above, it could be seen that Sido Muncul's company performance could be said to be optimal and stable because it tended to increase every year. The ratio of return on assets of Darya-Varia and Phapros tended to decrease every year. Indofarma's performance when viewed from the ratio of return on assets was also classified as not optimal because the results touch the minus number. Indofarma touched -1.87 in 2021.

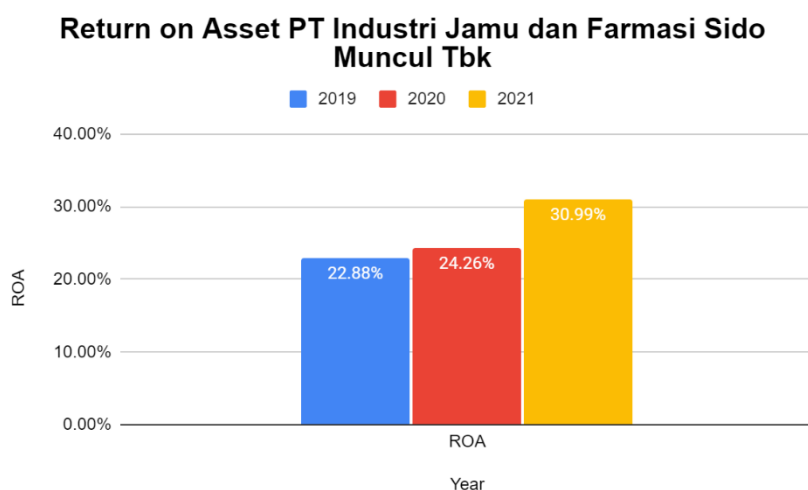
Kimia Farma increased by 1.63 in 2021. The performance of the Kalbe Farma company could also be said to be optimal even though it experienced a decrease of 0.11 in 2020. Merck's company performance in 2019 was classified as very optimal, but it decreased drastically the following year, and only crept up again in 2021. Meanwhile, the value of the return

on assets ratio for the company Pyridam Farma rose in 2020 and then decreased again in 2021 by 8.99. The results of the return on assets ratio were influenced by total assets and company profits which could increase or decrease which was dominant depending on the level of company sales each year.

A comparison of the profitability of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* was carried out by finding the value of Return on Assets ratio was compared between years from 2019 to in 2021 and with the industry average.

The following graph was the result of calculating this ratio obtained from the calculation of the related formula applied to financial report data. Calculation of return on asset ratio could be seen:

**Figure 33. Graph of Return on Asset Ratio Calculation PT Industri Jamu dan Farmasi Sido Muncul Tbk from 2019 to 2021**



The results of calculating the return on asset ratio illustrate how much the percentage of profit earned by the company was related to the total assets it owns. The higher the value of the ratio of return on assets, the better the condition of the company. The table shows that in 2020 the value of return on assets had increased from 22.88% in 2019 to 24.26%. This showed that with the Covid-19 pandemic, the company had a good ability to streamline its assets to make a profit.

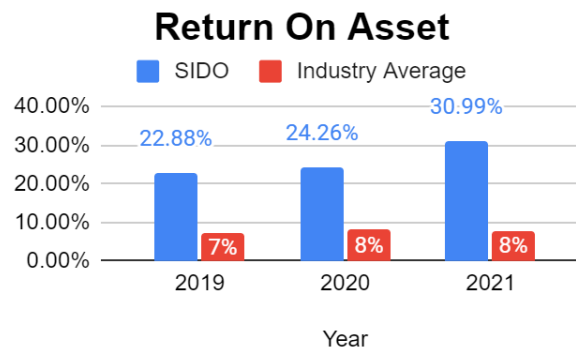
Financial report data showed a significant increase in profit in 2020 from the previous year's period of IDR 807,689 to IDR 934,016 and reached its peak in 2021 increasing to IDR 1,260,898 in line with the increase in the number of company assets. The total assets owned by companies at the time of the Covid-19 pandemic tended to be higher than the period before the Covid-19 pandemic.

Based on the calculation of return on assets, it indicated that the occurrence of the Covid-19 pandemic has affected the company's efficiency in managing its assets to earn profits. This was indicated by an increase in the number of assets followed by an increase in the amount of profit earned.

The value of the return on asset ratio of *PT Industri Jamu dan Farmasi Sido Muncul* and the Industry Average from 2019 to 2021 could be displayed in graphical form to facilitate data

presentation. The following figure was a graph showing changes in the value of the return on asset ratio from 2019 to 2021.

**Figure 34. Graph Analysis of Changes in Return on Asset Ratio of PT Industri Jamu dan Farmasi Sido Muncul and Industry Average from 2019 to 2021**



When compared to the industry average return on assets, *PT Industri Jamu dan Farmasi Sido Muncul* has a higher return on assets. This showed that the use of all assets by *PT Industri Jamu and Farmasi Sido Muncul* had managed to generate optimal net profit for the last three years. This ratio figure also showed the company's ability to generate fluctuating profits. This condition indicates that the use of company assets was fully efficient and the increase in the level of profit generated by the overall use of assets.

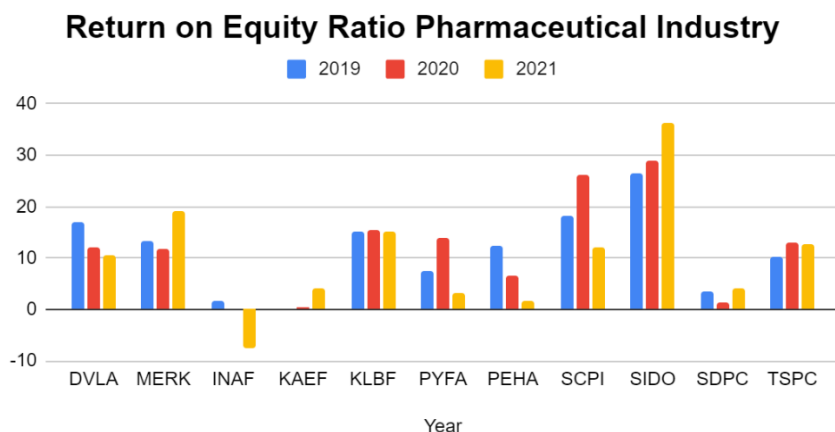
## 2) Return on Equity

The results of calculating the return on equity ratio illustrate the company's ability to generate profits from investors' investments and how successful the company was in managing its capital as can be seen from the table:

**Table 23. Return on Equity Ratio of Pharmaceutical Industry**

Company	2019	2020	2021
DVLA	16.98	12.22	10.63
MERK	13.17	11.74	19.25
INAF	1.58	0.01	-7.39
KAEF	0.21	0.29	4.01
KLBF	15.19	15.32	15.20
PYFA	7.49	14.02	3.28
PEHA	12.45	6.57	1.52
SCPI	18.26	26.24	12.20
SIDO	26.35	28.99	36.32
SDPC	3.35	1.22	4.04
TSPC	10.28	13.08	12.77

**Figure 35. Graph of Comparison of Return on Equity Ratio of Pharmaceutical Industry**



The performance of the companies Darya-Varia, Merck, Kalbe Farma, Sido Muncul, and Tempo Scan Pacific could be said to be optimal in utilizing their equity to generate net profit. It could be said that the performance of the Kimia Farma company in 2021 was optimal. Pyridam Farma's performance in 2020 could be said to be very optimal compared to 2019 and 2021. Phapros' return on equity ratio was decreasing every year

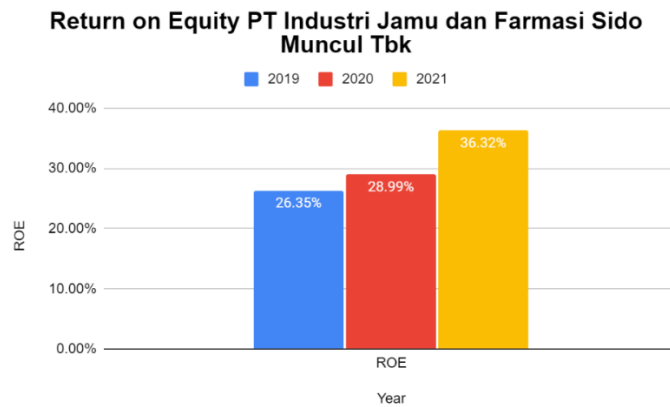
which could be concluded as the company's optimal use of equity to generate net profit was also decreasing every year. Meanwhile, Indofarma could not be said to be optimal in generating net profit using its equity because the company's return on equity ratio was decreasing to a minus level.

The value of the return on equity ratio could be influenced by the total equity and profits of the company. If one of them increases but the other decreases, the value of the return on equity ratio would also decrease.

A comparison of the profitability of *PT Industri dan Farmasi Sido Muncul* was carried out by finding the value of Return on Equity ratio was compared between years from 2019 to in 2021 and with the industry average.

The following graph was the result of calculating this ratio obtained from the calculation of the related formula applied to financial report data. Calculation of return on equity ratio could be seen in the attachment.

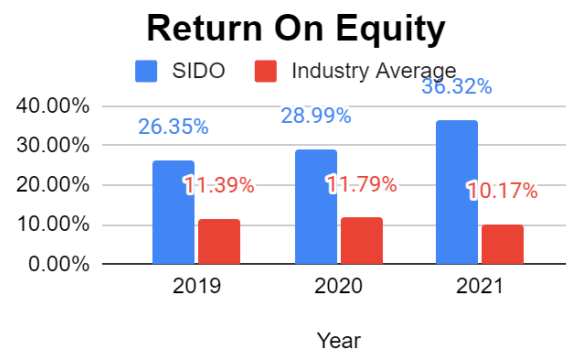
**Figure 36. Graph of Return on Equity Ratio Calculation PT Industri Jamu dan Farmasi Sido Muncul Tbk from 2019 to 2021**



The results of calculating the return on equity ratio illustrate the company's ability to generate profits from investors' investments and how successful the company was in managing its capital. The figure showed an increasing trend pattern from 2019 to 2021. Based on the table above, in 2019, the return on equity value was 26.35% and it had increased to 28.99% in 2020. Then the return on equity value increased until it reached its peak in 2021 it will be worth 36.32%. The calculation results above show that *PT Industri Jamu dan Farmasi Sido Muncul Tbk* could utilize total equity efficiently.

The return on equity ratio of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* and the Industry Average from 2019 to 2021 could be displayed in graphical form to facilitate data presentation. The following figure was a graph showing changes in the value of the return on equity ratio from 2019 to 2021.

**Figure 37. Graph of Analysis of Changes in Return on Equity Ratio of PT Industri Jamu dan Farmasi Sido Muncul and Industry Average from 2019 to 2021**



The performance assessment of how to manage each company's capital investment in generating profit showed a good trend throughout 2019-2021. This could be seen from the comparison of the value of return on equity in these three years which was far above the industry average which indicated that investment management efforts made by *PT Industri Jamu dan Farmasi Sido Muncul* have proven to be effective in generating profits. It could be said that in the 2019-2021 period, overall financial performance, especially profitability performance, was stated to be very good.

### 3) Gross Profit Margin

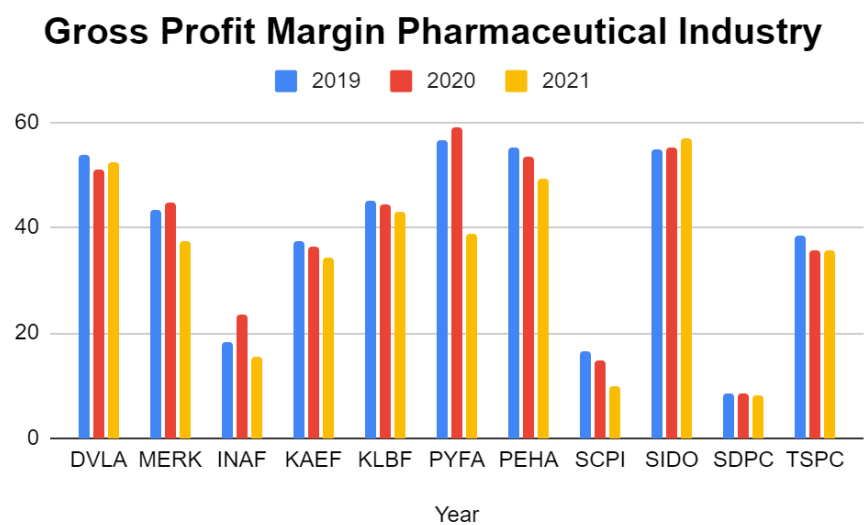
The results of the calculation of the Gross Profit Margin illustrate how much the percentage of gross profit was generated from the company's sales activities, as shown in the table:



**Table 24. Gross Profit Margin of Pharmaceutical Industry**

Company	2019	2020	2021
DVLA	53.69	50.94	52.38
MERK	43.42	44.86	37.46
INAF	18.42	23.35	15.56
KAEF	37.27	36.55	34.19
KLBF	45.26	44.33	42.97
PYFA	56.74	59.08	38.79
PEHA	55.14	53.39	49.41
SCPI	16.52	14.83	9.84
SIDO	54.79	55.13	56.85
SDPC	8.39	8.39	8.09
TSPC	38.58	35.67	35.68

**Figure 38. Graph of Pharmaceutical Industry Gross Profit Margin Comparison**



Based on the table above, it could be seen that some pharmaceutical companies have good company performance in terms of production effectiveness. Indofarma, Merck and Pyridam experienced increases in 2020. Darya-Varia, Kimia Farma, Kalbe Farma, Phapros, Sido Muncul, Millennium Pharmacon International and Tempo Scan Pacific each year have

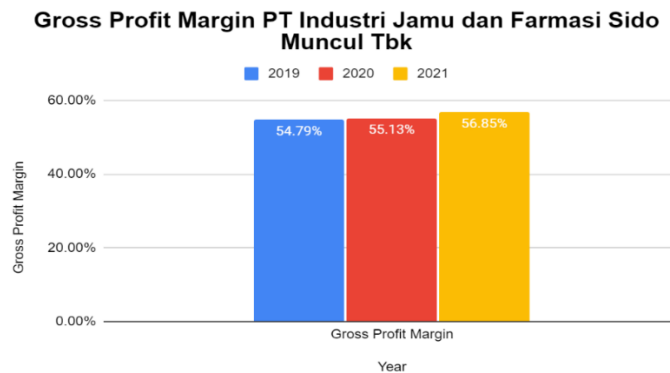
a relatively stable gross profit margin. Meanwhile, Pyrudam's gross profit margin ratio was also relatively stable, even though in 2021 it fell by 20.29. Generally, the gross profit margin ratio is influenced by the gross profit and sales of companies that are interconnected. However, the company's cost of sales and revenue can also affect the ratio results.

Pyridam Farma Tbk's gross profit margin ratio had decreased by 20.29 which was quite significant. The company's gross profit increased, which was due to the company's growing sales. Even so, the value of the gross profit margin ratio actually decreased because the cost of sales also increased by 240%.

A comparison of the profitability of *PT Industri Jamu dan Farmasi Sido Muncul* was carried out by finding the value of Gross Profit Margin ratio was compared between years from 2019 to in 2021 and with the industry average.

The following graph was the result of calculating this ratio obtained from the calculation of the related formula applied to financial report data. Calculation of gross profit margin ratio could be seen:

**Figure 39. Graph of Gross Profit Margin Ratio Calculation PT Industri Jamu dan Farmasi Sido Muncul Tbk from 2019 to 2021**



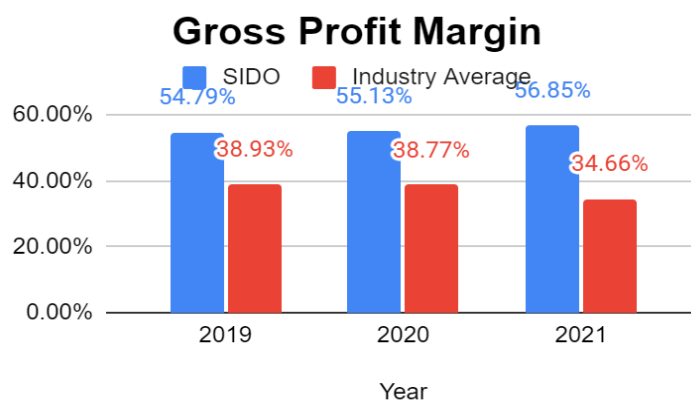
The gross profit margin calculation results describe how much of the percentage of gross profit revenue generated from the company's sales activities. The picture showed an increasing trend pattern from 2019 to 2021. According to the table in 2019, the gross profit margin value was 54.79%, then in 2020 it increased to 55.13%. Then, the gross profit margin value continued to increase to 56.85% in 2021.

Based on the data table above, this showed that the Covid-19 pandemic had actually increased the value of the gross profit margin of *PT Industri Jamu dan Farmasi Sido Muncul Tbk*. As could be seen in the figure, the increase in the value of the gross profit margin during the Covid-19 pandemic in 2020-2021 compared to before the Covid-19 pandemic occurred in 2019 was followed by an increase in the number of sales and gross profit simultaneously. This indicated that when the Covid-19 pandemic occurred, *PT Industri Jamu dan Farmasi Sido*

*Muncul Tbk* was able to increase the company's operational efficiency in making sales for the opportunity to earn a net profit. So that the company's opportunity to break even and earn a higher net profit.

The gross profit margin ratio value of *PT Industri Jamu dan Farmasi Sido Muncul* and the Industry Average from 2019 to 2021 could be displayed in graphical form to facilitate data presentation. The following figure was a graph showing changes in the value of the gross profit margin ratio from 2019 to 2021.

**Figure 40. Graph of Gross Profit Margin Ratio PT Industri Jamu dan Farmasi Sido Muncul and Industry Average from 2019 to 2021**



Based on the results of calculating the gross profit margin of *PT Industri Jamu dan Farmasi Sido Muncul* in 2019-2021 when compared to the industry average, the company got a value far above the industry average. This showed that the company had good performance because it was above the industry average. This could happen because the cost of goods sold had

increased from 2019-2021 and resulted in a large gross profit as well.

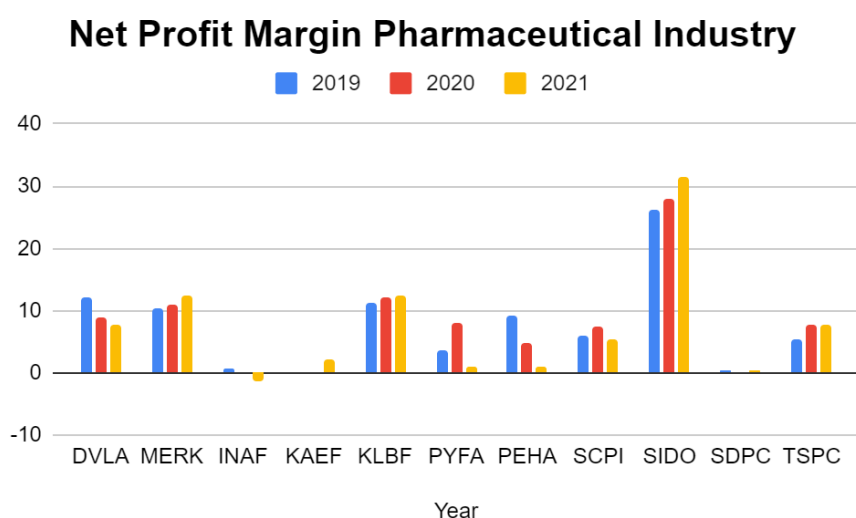
#### 4) Net Profit Margin

The results of the net profit margin ratio value illustrate how much percentage of net profit revenue generated from the company's sales activities using financial report data in the form of net income and sales, as can be seen in the following table:

**Table 25. Net Profit Margin of Pharmaceutical Industry**

Company	2019	2020	2021
DVLA	12.23	8.86	7.72
MERK	10.51	10.96	12.37
INAF	0.59	0.00	-1.29
KAEF	0.17	0.20	2.25
KLBF	11.21	12.11	12.31
PYFA	3.78	7.97	0.87
PEHA	9.26	4.96	1.07
SCPI	6.12	7.55	5.50
SIDO	26.33	28.00	31.36
SDPC	0.29	0.11	0.32
TSPC	5.41	7.61	7.81

**Figure 41. Graph Comparison of Net Profit Margins of Pharmaceutical Industry**



Based on the table above, it could be seen that Merck, Kimia Farma, Kalbe Farma, Sido Muncul and Tempo Scan Pacific have optimal company performance because the value of the net profit margin ratio was increasing every year. Darya-Varia and Phapros have poor company performance because their ratio values are decreasing. Meanwhile, Indofarma also had a net profit margin value that was decreasing until it reaches a minus value. This showed that the increase in sales which was lower than the cost of goods sold resulted in a lower decrease in net profit.

Millennium Pharmacon International despite having a poor performance in 2019 to 2020 but quickly recovered in 2021 to increase 0.21. An increase that was lower than the cost of goods sold results in a higher increase in net income.

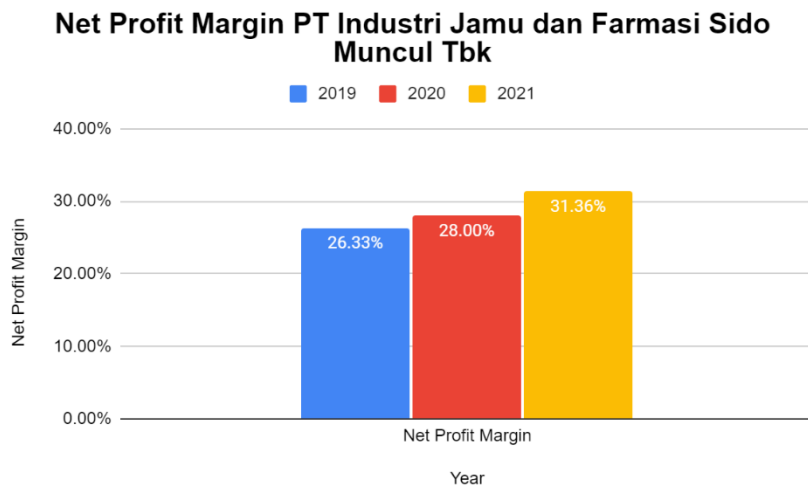
The increasing net profit margin ratio indicated that the company's performance was getting better, which meant that the company's operations were more efficient. This provided an advantage because the company could expand its business and the company's achievements in the future could also increase. Conversely, the decreasing value of the net profit margin indicated that the company's performance was not good and the company's operations were less efficient. This would be detrimental to the company because it would be difficult to

expand its business and the company's performance might also decrease in the future.

A comparison of the profitability of *PT Industri Jamu dan Farmasi Sido Muncul* was carried out by finding the value of Net Profit Margin ratio was compared between years from 2019 to in 2021 and with the industry average.

The following graph was the result of calculating this ratio obtained from the calculation of the related formula applied to financial report data. Calculation of net profit margin ratio could be seen in the attachment.

**Figure 42. Graph of Net Profit Margin Ratio Calculation PT Industri Jamu dan Farmasi Sido Muncul Tbk from 2019 to 2021**



The results of the calculation of the net profit margin illustrate how much percentage of net profit was generated from the company's sales activities using financial report data in the form of net profit and sales. The picture showed an increasing

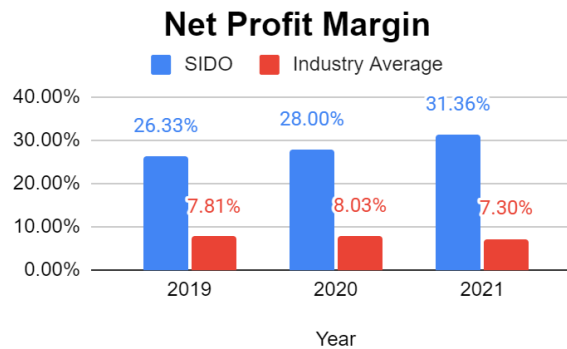
trend pattern from 2019 to 2021. In 2019, the net profit margin value was 26.33%, then in 2020 it increased to 28.00%. Net profit margin continued to increase to its highest point, which is in 2021 worth 31.36%.

Based on the calculation data above, it showed that every year there was always a drastic increase in the number of sales. The increase in net profit margin during the Covid-19 pandemic compared to before the COVID-19 pandemic was followed by an increase in total sales and net profit simultaneously. This indicated that when the Covid-19 pandemic occurred, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* was able to increase the efficiency of the sales obtained so that it became a net profit.

The value of the net profit margin ratio of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* and the Industry Average from 2019 to 2021 could be displayed in graphical form to facilitate data presentation. The following figure was a graph showing changes in the value of the net profit margin ratio from 2019 to 2021.



**Figure 43. Graph of Net Profit Margin Ratio of PT Industri Jamu dan Farmasi Sido Muncul and Industry Average from 2019 to 2021**

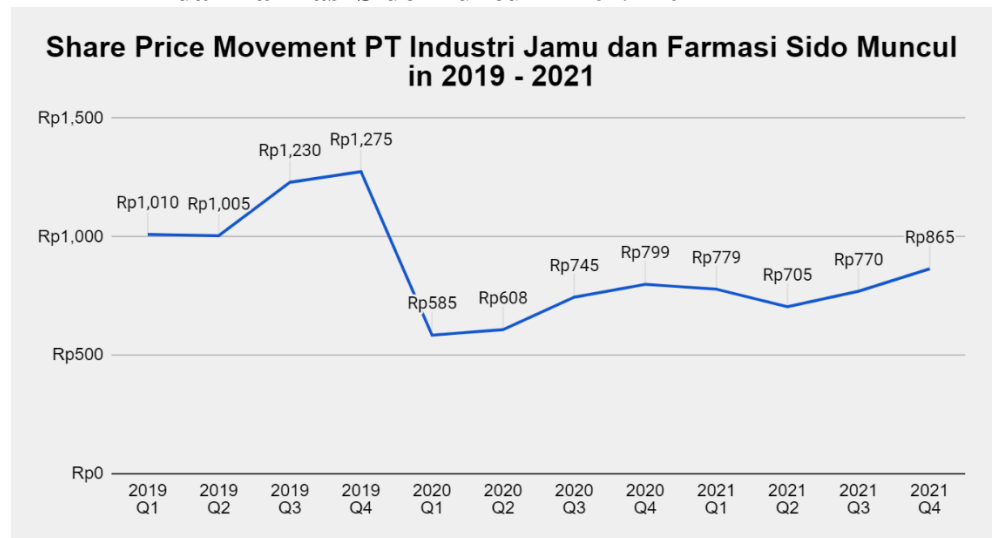


Based on the calculation results above when compared with the industry average, it could be seen that the performance of *PT Industri Jamu dan Farmasi Sido Muncul* was far above the industry average. This happened because the resulting net profit was higher.

**e. Market Ratio Analysis**

According to (Edi. H & Ayu, 2009), the share price was the price contained in the letter of ownership of the capital portion based on market valuation which was influenced by demand and supply on the stock exchange. Stock prices that occur in the capital market always fluctuate from time to time. Price fluctuations of a stock would be determined by the forces of supply and demand. The following was a picture of the share price movement of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in 2019 – 2021:

**Figure 44. Graph Share Price Movement PT Industri Jamu dan Farmasi Sido Muncul in 2019-2021**



Based on the graphic image, it could be seen that the share price of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) in 2019 had increased to a maximum of IDR 1,275. However, in 2020, Sido Muncul tended to experience a decline in share prices due to the impact of the Covid-19 pandemic where investors have withdrawn a lot of funds from companies which has led to a decline in share prices. Stock prices were a reflection of investors' expectations of the factors of earnings, cash flow, and the required rate of return of investors, which of the three factors are also strongly influenced by economic conditions. macroeconomic conditions of a country as well as global economic conditions. In 2021, the stock price began to gradually increase again.

### 1) Earnings per Share (EPS)

Earnings per share was a ratio that provides information about management's success in managing the company so that it could provide income for shareholders.

Here was how to calculate earnings per share ratio:

$$\text{Earnings Per Share (Rp)} = \frac{\text{Net Income After Tax}}{\text{Number of Shares}}$$

The following table showed the results of calculating the earnings per share of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* for 2019-2021:

**Table 26. Earnings per Share Calculation Results**

Year	Net Income After Tax	Number of Shares	EPS
2019	807,689	14,884	54.27
2020	934,016	29,770	31.37
2021	1,260,898	29,995	42.04

Based on the calculation results, the EPS value in 2019 is 54.27. In 2020, the EPS value had decreased to 31.37. This was because in 2020, the net income value obtained by *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) had increased but not significantly and the number of shares outstanding had increased. Whereas in 2021, the EPS value would increase to 42.04. This showed that Sido Muncul was getting better at increasing company profits and the company could be said to be growing.

EPS described the company's profitability which was reflected in each share. The higher the EPS value indicates the greater the profit and the possibility of increasing the amount of dividends received by shareholders. This would attract the attention of investors so that many investors buy company shares.

## 2) Price Earning Ratio (PER)

Price earning ratio (PER) was the ratio of a company's stock price to earnings per share.

Here was how to calculate gross profit margin ratio:

$$\text{Price Earnings Ratio} = \frac{\text{Share Price}}{\text{Earnings per Share}}$$

**Table 27. Price Earning Ratio Calculation Results**

Year	Share Price	Earnings per Share	PER
2019	1,275	54.27	23.49
2020	799	31.37	25.47
2021	865	42.04	20.58

Based on the calculation results, the PER value in 2019 was 23.49. However, in 2020, the PER value had increased to 25.47. The higher the value of the PER ratio, the higher the profit growth expected by investors. If the company's PER was high, then the company's shares could provide a high market reaction for investors. Then, in 2021, the PER value would decrease to 20.58. This would assess that *PT Industri Jamu dan*

*Farmasi Sido Muncul Tbk* shares would benefit from stock price movements because the stock was undervalued which causes the stock price to rise.

In general, stocks with a low PER were more attractive to investors than stocks with a high PER because stocks with a low PER were more promising for investors to get capital gains in the future.

#### 4.3.4 Du Pont System Analysis

Financial Performance Analysis using the Du Pont System method:

- a. Total Asset Turnover (TATO)

**Table 28. Total Asset Turnover Calculation Results**

Year	Sales	Total Assets	TATO (times)
2019	Rp3,067,434	Rp3,529,557	0.87
2020	Rp3,335,411	Rp3,849,516	0.87
2021	Rp4,020,980	Rp4,068,970	0.99

Based on the results of the table above, it could be seen that the Total Asset Turnover of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* had increased over the three periods 2019-2021. This could be seen in 2019, the Total Asset Turnover value was 0.87 times and was stable in 2020 with the same value of 0.87 times due to increased income and total assets. In 2021, Total Asset Turnover also increased to 0.99 times due to increased revenue and a significant increase in total assets.

The increase in Total Asset Turnover over the three periods was caused by an increase in total revenue and total assets because the company was able to utilize all of its assets to generate sales or operating income. Therefore, management needs to make more efficient use of assets which was offset by increased sales so that the value of Total Asset Turnover could increase for the next period.

b. Net Profit Margin (NPM)

**Table 29. Net Profit Margin Calculation Results**

Year	Net Profit	Sales	NPM (%)
2019	Rp807,689	Rp3,067,434	26.33
2020	Rp934,016	Rp3,335,411	28.00
2021	Rp1,260,898	Rp4,020,980	31.36

Based on the results of the table above, it could be seen that the Net Profit Margin had increased from 2019 to 2020. This could be seen in 2019, the Net Profit Margin value was 26.33% and it increased to 28.00% in 2020 which was due to increased profit net after interest and taxes and sales also increased. The increase in Net Profit Margin in 2020 was due to the company being able to generate optimal net profit from sales that have been made. Therefore, to maintain its performance, the company needs to further increase net profit by streamlining costs, especially in operating expenses and financial expenses.

In 2021, Net Profit Margin had increased to 31.36% which was also due to increased net profit and sales. Net Profit Margins that have

increased from 2019 to 2021 indicate that a company was becoming more effective in carrying out its operations.

c. Return on Investment (ROI)

**Table 30. return-on-investment calculation results**

Year	TATO (times)	NPM (%)	ROI (%)
2019	0.87	26.33	22.88
2020	0.87	28.00	24.26
2021	0.99	31.36	30.99

Based on the results of the table above, it could be seen that Return on Investment at *PT Industri Jamu dan Farmasi Sido Muncul Tbk* had increased for three periods due to the increase in Total Asset Turnover and Net Profit Margin from 2019-2021. This could be seen in 2019, the Return on Investment value was 22.88% and it increased to 24.26% in 2020 due to an increase in Total Asset Turnover and Net Profit margin. The increase in ROI in 2020 indicated that management's ability to manage its assets had increased in order to generate net profit and efficient use of assets because it has been offset by an increase in sales. To prevent a decrease in ROI, management could increase net income by taking into account the costs used by the company.

In 2021, Return on Investment has increased to 30.99% due to an increase in the value of Total Asset Turnover and Net Profit Margin. This results in the rapid turnover of assets which showed that the assets owned were proportional to the ability to do business. The company

was expected to increase its sales again to be able to better offset the total assets it has so that its turnover could increase.

d. Equity Multiplier (EM)

**Table 31. Equity Multiplier Calculation Results**

Year	Total Assets	Total Equity	EM
2019	Rp3,529,557	Rp3,064,707	1.15
2020	Rp3,849,516	Rp3,221,740	1.19
2021	Rp4,068,970	Rp3,471,185	1.17

Equity multiplier was a ratio that showed the company's ability to utilize shareholder equity. Based on the calculation results of the table above, it is known that the equity multiplier value of *PT Industri Jamu dan Farmasi Sido Muncul* in 2019 was 1.15. Then, in 2020 the company's equity multiplier value had increased to 1.19. This indicated that many companies use funding through large amounts of debt.

The use of proper debt could be a lever effect Return on Equity or increase returns for shareholders. However, excessive use of debt could also cause a company to have liquidity problems. Therefore, the use of debt must pay attention to the needs and level of the company's ability to repay it. Companies could continue to maintain the use of equity multipliers in a reasonable and stable position to maintain a balance between the use of debt and equity. This needs to be done to maintain the level of trust of the company's stakeholders, be it creditors, investors or other external parties.



In 2021, the equity multiplier value had decreased to 1.17. This showed that the shareholder portion would be bigger, so the performance would be better because the percentage for interest payments was getting smaller. The equity multiplier results in the financial statements of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* for the period 2019 to 2021 are in optimal condition with the ability to utilize shareholder equity.

e. Return on Equity (ROE)

**Table 32. Return on Equity Calculation Results**

Year	TATO (times)	NPM (%)	EM	ROE
2019	0.87	26.33	1.15	26.35
2020	0.87	28.00	1.19	28.99
2021	0.99	31.36	1.17	36.32

Return on Equity was a ratio to measure net profit after tax with own capital. Based on the results of the calculation table above, it showed that in 2019 the value of return on equity was 26.35%. Then, in 2020 the value of return on equity has increased to 28.99%. This showed that the company's performance has improved due to an increase in the company's Return on Investment due to a decrease in the company's total costs accompanied by an increase in sales obtained so that it can indicate that the company's management is capable of streamlining existing expenses and maximizing sales.

In 2021, the company's Return on Equity increased again from the previous year to 36.32% and was above the industry average showing good performance. This was due to the high net profit obtained by the company due to the company's ability to minimize the total costs used and the company had been able to increase the use of equity or its own capital to finance assets.

In conclusion, the results of the Du Pont System analysis above, it could be said that the company's financial performance was very good because the value of Total Asset Turnover and Net Profit margin had increased during the 2019-2021 period due to increased net profit because it was influenced by the decreasing total cost component and the company was effective in managing owned assets. The high value of Return on Investment showed the company's ability to create returns that the company gets on investment used for very effective operations.

#### **4.4 Prospective analysis**

##### **4.4.1 Bankruptcy analysis**

In calculating the prediction of financial difficulties at *PT Industri Jamu dan Farmasi Sido Muncul Tbk*, the model used was the Altman Z Model – Modified Score, with the formula:

$$Z'' = 6.56 (X1) + 3.26 (X2) + 6.72 (X3) + 1.05 (X4)$$

Information:

$X1 = \text{Working Capital} / \text{Total Assets}$

$X2 = \text{Retained Earnings} / \text{Total Assets}$

$X3 = \text{Earnings Before Interest and Tax} / \text{Total Assets}$

$X4 = \text{Total Equity} / \text{Total Liabilities}$

$Z'' = \text{Overall Index}$

With description:

a. If  $Z > 2.67 = \text{healthy company}$

b. If  $1.81 < Z < 2.67 = \text{Company in gray area}$

c. If  $Z < 1.81 = \text{the company has the potential to go bankrupt}$

**Financial Report from 2019 to 2021**

**Table 33. Table of Summary of 2019-2021 Financial Report Data**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
Current Assets	Rp1,716,235	Rp2,052,081	Rp2,244,707
Current Liability	Rp408,870	Rp560,043	Rp543,370
Working Capital	Rp1,307,365	Rp1,492,038	Rp1,701,337
Total Assets	Rp3,529,557	Rp3,849,516	Rp4,068,970
Retained Earnings	Rp917,545	Rp1,073,314	Rp1,323,435
EBIT	Rp1,209,233	Rp1,346,453	Rp1,729,592
Total Liability	Rp464,850	Rp627,776	Rp597,785
Total Equity	Rp3,064,707	Rp3,221,740	Rp3,471,185

The following was the calculation of the four variables using the financial statements of *PT Industri Jamu dan Farmasi Sido Muncul*:

**Table 34. The Calculation of Four Variables**

	X1 (Working capital/Total Assets)	X2 (Retained Earnings/Total Assets)	X3 (EBIT/Total Assets)	X4 (Total Equity/Total Liability)
2019	0.37	0.26	0.34	6.59
2020	0.39	0.28	0.35	5.13
2021	0.42	0.33	0.43	5.81

From the calculation of the four variables above, the next step was the calculation using the Altman Z model "Score by entering the calculation results of the four variables into the Altman Z model equation" - Score according to the constant value of each variable and adding it up. Here's the calculation:

$$Z'' = 6.56 (X1) + 3.26 (X2) + 6.72 (X3) + 1.05 (X4)$$

**Table 35. Calculation using The Altman Z Model**

	Z score
2019	12.50
2020	11.19
2021	12.76

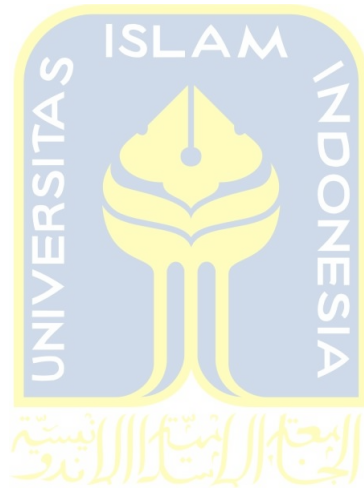
Based on the calculation above, it could be seen that the Z value at *PT Industri Jamu dan Farmasi Sido Muncul* showed a figure of 12.50

in 2019. Then, in 2020 it had decreased to 11.19. This showed that when the Covid-19 pandemic occurred in Indonesia, it had a negative impact on the company's performance. It could be seen from the financial report data which showed an increase in total liability which was originally valued at IDR 464,850 in 2019 increased to IDR 627,776 in 2020. However, this increase in total liability was accompanied by an increase in total assets. This indicated that when the Covid-19 pandemic occurred, *PT Industri Jamu dan Farmasi Sido Muncul* saw an opportunity to increase the company's operational efficiency in making sales in order to optimize the company's profit level.

Companies must be careful in making any policies regarding finance. The company must immediately improve its financial performance and evaluate and improve its financial structure so that the company could get out of a condition prone to bankruptcy. After conducting an evaluation, the company's Z'-Score value increased to 12.76. Based on the results of the calculation above, it means that the company was in good health and does not experience bankruptcy because the Z value in the company was above 2.6, namely in the healthy company zone which indicated that the company was at a safe level and not bankrupt.

By calculating the Z'-Score, companies could see which components of the financial statements need to be evaluated and improved to make the company healthier. In addition, this calculation

could also help investors who want to invest in *PT Industri Jamu dan Farmasi Sido Muncul*. Investors could find out how the condition of the company before, was in a healthy condition or not and would be very helpful in determining the investment decision to be made.



## CHAPTER V

### CONCLUSIONS

This chapter contained conclusions from the results of the research in the previous chapter and suggestions for future similar research.

#### 5.1 Summary

This research aimed to determine how the financial performance of Indonesian Pharmaceutical Industry especially *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in the last three years by using four analysis financial performance. Data analysis techniques that researcher used were business strategy analysis, accounting analysis, financial analysis, and prospective analysis. Based on the results of the four data analysis that had been described, the conclusions of this study were:

1. The financial performance of Indonesian Pharmaceutical Industry in 2019 to 2021
  - a. Business Analysis
    - 1) Industry Analysis

Based on industry analysis, using 5 porter forces it showed that the Indonesian pharmaceutical industry had high rivalry among existing firms due to the industry growth rate indicator, in which people's need for medicines continued to increase along with increasing population growth. Meanwhile, the threat of new entrants tended to be lower because entering the pharmaceutical industry requires high

investment costs and complicated licensing. Besides that, the threat of substitute product could be categorized as high because there were many product substitutes for medicine such as illegal drugs at lower prices. Bargaining power of suppliers was also high because the need for raw materials for chemical drugs or natural mixtures had no substitutes in the country and would certainly affect competition and also costs that would be incurred by the industry. Lastly, the bargaining power of buyers was low because there were no alternatives available on the market and some industries were oriented towards product quality.

b. Financial Analysis

1) Ratio Analysis

a) Liquidity ratio

On the liquidity ratio as measured by the current ratio, Kalbe Farma had the best performance. Meanwhile, if measured using the quick ratio and cash ratio, Sido Muncul had the best ratio results compared to other pharmaceutical companies. This made Kalbe Farma and Sido Muncul the most liquid companies and the most capable of settling their short-term obligations. While the most illiquid companies were Kimia Farma based on the current ratio and quick ratio and Millennium Pharmacon International based on the results of the cash ratio.



b) Solvability ratio

In terms of solvability ratio, Sido Muncul was the most solvable company in paying off its long-term obligations compared to other pharmaceutical companies listed on the IDX. This was based on the results of Sido Muncul's smallest debt to asset and debt to equity ratios. While the least solvable company was Millennium Pharmacon International, one of the causes was the increase in the company's total liabilities.

c) Activity ratio

In the activity ratio, the company occupied the most effective position in exploiting and using its resources. The results of total asset turnover, receivables days and payables days, Millennium Pharmacon International and Tempo Scan were the best, making it the most efficient pharmaceutical company in the company's accounts receivable turnover and in utilizing the company's fixed assets to increase sales, as well as the most effective company in Utilize all company assets for sales conversions.

d) Profitability ratio

The profitability ratios were calculated using return on assets, return on equity, gross profit margin and net profit margin. Sido Muncul was a company that had the best ratio results among other pharmaceutical companies. This made Sido Muncul a company with the best operational performance in generating

profits. Meanwhile, the company with the worst operational performance is Indofarma because of the small ratio it even reached a minus figure for return on assets, return on equity and net profit margin.

2. The financial performance of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* in 2019 to 2021

a. Business Analysis

1) Competitive strategy analysis

Based on competitive strategy analysis, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* appeared to be able to achieve differentiation from products and services produced by way of fast and quality product innovation.

b. Accounting Analysis

Based on accounting analysis, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* showed that there was nothing suspicious and there were no red-flags or significant differences or deviations, so there was no need to undo the distortion using outside information above. All company progress was explained in detail in the annual report section, especially in notes to financial statements.

c. Financial Analysis

1) Trend analysis

Based on an analysis of the financial statements at *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) using trend analysis it

could be concluded that there were several very significant differences. Sido Muncul had very good financial performance when viewed from the financial statements for 2019-2021 because the total asset component continues to increase, this was due to an increase in the cash and cash equivalent component and it could be predicted that the following year's total assets would increase. Furthermore, from a liability and equity perspective, the financial performance was quite good because the debt component had decreased in 2019 and 2021. The equity component had also increased every year, so the company was able to pay its debts. Thus, it could be predicted to increase for the following year. In addition, when viewed from the income statement the ability to generate profits was also very good because it had increased every year. The increase in profit was due to Sido Muncul experiencing an increase in sales every year. Sido Muncul's financial performance, seen from the profit, was good and it could be predicted that the profit component would increase in the following year.

## 2) Common Size analysis

Based on an analysis of the financial statements at *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) using common size analysis, it could be concluded that in 2020 there were several components that were very influential in increasing fixed assets, namely cash and cash equivalents. Meanwhile, the income statement

using the common size method showed that Sido Muncul's financial performance seen from the profit percentage was good because the company could increase sales every year.

### 3) Ratio Analysis

#### a) Liquidity ratio

Based on the liquidity ratio, using the current ratio, quick ratio and cash ratio, the results of the study found that during the last three years. liquidity conditions at *PT Industri Jamu dan Farmasi Sido Muncul Tbk* had increased.

#### b) Solvability ratio

Based on the solvability ratio, using debt to asset and debt to equity ratios. The results of the study found that during the last three years, the solvency conditions at *PT Industri Jamu dan Farmasi Sido Muncul Tbk* had increased.

#### c) Activity ratio

Based on the activity ratio using the asset turnover ratio, receivables turnover, recevables days, and payables days. The results found that in the last three years, the asset management condition of *PT Industri Jamu dan Farmasi Sido Muncul Tbk* had improved.

#### d) Profitability ratio

Based on the profitability ratio, using the ratio of return on assets, return on equity gross profit margin, and net profit

margin. The results of the study found that in the last three years, the condition of profitability at *PT Industri Jamu dan Farmasi Sido Muncul Tbk* had increased.

e) Market ratio

Based on the market ratio using earnings per share and price earning ratio, the results showed that the EPS value increased in 2019 and 2021. This showed that Sido Muncul was getting better at increasing company profits and the company could be said to be growing. While with PER, Sido Muncul stocks tend to decline, with a low PER, it could be more attractive to investors than stocks with a high PER because stocks with a low PER were more promising for investors to get capital gains in the future.

4) Du Pont System analysis

The results of the Du Pont System analysis above, it could be said that the company's financial performance was very good because the value of Total Asset Turnover and Net Profit margin had increased during the 2019-2021 period due to increased net profit because it was influenced by the decreasing total cost component and the company was effective in managing owned assets. The high value of Return on Investment showed the company's ability to create returns that the company got on investment used for very effective operations.

d. Prospective analysis

1) Bankruptcy analysis

Based on bankruptcy analysis, *PT Industri Jamu dan Farmasi Sido Muncul Tbk* was in a healthy condition and not bankrupt, this could be proven from the results of calculating the company's distress prediction using the Altman Z "-Score method where the calculation results showed the Z value" in *PT Industri Jamu dan Farmasi Sido Muncul Tbk* exceeds 2.6, which was as big as indicating a company in Zone II, namely at a safe (healthy) level, not bankrupt, and not experiencing financial difficulties.

**5.2 Recommendation**

Input or suggestions that can be given related to this research include the following:

1. The future research is expected to reach a longer research period so that more samples are obtained so that it can provide more precise research results.
2. The future research is expected to obtain adequate data so that it can describe the actual situation.

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## APPENDICES

### Appendix 1

#### Indonesian Pharmaceutical Industry Data

Entity Code	Entity Name
DVLA	Darya-Varia Laboratoria Tbk
MERK	PT Merck Tbk
INAF	PT Indofarma Tbk
KAEF	PT Kimia Farma Tbk
KLBF	PT Kalbe Farma Tbk
PYFA	PT Pyridam Farma Tbk
PEHA	PT Phapros Tbk
SCPI	PT Organon Pharma Indonesia Tbk
SIDO	PT Industri Jamu dan Farmasi Sido Muncul Tbk
SDPC	PT Millenium Pharmacon International Tbk
TSPC	PT Tempo Scan Pacific Tbk



## Appendix 2

### Indonesian Pharmaceutical Industry Financial Data in Asset Category

- **Cash and Cash Equivalent**

	2019	2020	2021
DVLA	Rp339,047,459	Rp265,312,464	Rp583,296,075
MERK	Rp161,465,802	Rp134,725,309	Rp196,342,989
INAF	Rp151,387,943,827	Rp158,178,406,505	Rp380,815,191,220
KAEF	Rp1,360,268,286	Rp1,249,994,068	Rp748,481,112
KLBF	Rp3,040,487,103,572	Rp5,207,929,420,504	Rp6,216,247,801,928
PYFA	Rp5,294,802,962	Rp9,635,894,823	Rp47,733,236,120
PEHA	Rp106,567,314	Rp60,193,523	Rp94,349,876
SCPI	Rp27,836,868	Rp44,491,537	Rp151,065,111
SIDO	Rp864,824	Rp1,031,954	Rp1,082,219
SDPC	Rp29,490,799,585	Rp48,054,344,599	Rp47,362,351,082
TSPC	Rp2,254,216,067,576	Rp2,645,930,816,069	Rp2,687,633,660,874

- **Inventory**

	2019	2020	2021
DVLA	Rp333,781,178	Rp374,427,887	Rp429,975,882
MERK	Rp235,663,073	Rp317,336,033	Rp270,959,821
INAF	Rp148,108,537,504	Rp144,767,398,929	Rp333,734,190,679
KAEF	Rp2,849,106,176	Rp2,455,828,900	Rp2,690,960,379
KLBF	Rp3,737,976,007,703	Rp3,599,745,931,242	Rp5,087,299,647,536
PYFA	Rp44,269,891,205	Rp51,036,022,889	Rp145,940,772,232
PEHA	Rp361,927,291	Rp384,997,707	Rp339,153,737
SCPI	Rp510,327,418	Rp278,895,042	Rp151,325,740
SIDO	Rp299,244	Rp309,478	Rp454,810
SDPC	Rp469,412,467,751	Rp389,348,055,279	Rp453,300,717,830
TSPC	Rp1,416,073,420,751	Rp1,488,087,633,710	Rp1,608,950,113,060

- **Current Assets**

	2019	2020	2021
DVLA	Rp1,280,212,333	Rp1,400,241,872	Rp1,526,661,913
MERK	Rp675,010,699	Rp678,404,760	Rp768,122,706
INAF	Rp829,103,602,342	Rp1,134,732,820,080	Rp1,411,390,099,989
KAEF	Rp7,344,787,123	Rp6,093,103,998	Rp6,303,473,591

KLBF	Rp11,222,490,978,401	Rp13,075,331,880,715	Rp15,712,209,507,638
PYFA	Rp95,946,418,919	Rp129,342,420,572	Rp326,430,905,577
PEHA	Rp1,198,693,664	Rp984,115,415	Rp949,124,717
SCPI	Rp1,114,801,181	Rp1,112,991,001	Rp763,883,702
SIDO	Rp1,716,235	Rp2,052,081	Rp2,244,707
SDPC	Rp1,110,540,241,160	Rp1,028,893,089,973	Rp1,070,304,631,909
TSPC	Rp5,432,638,388,008	Rp5,941,096,184,235	Rp6,238,985,603,903

- **Trade Receivables**

	2019	2020	2021
DVLA	Rp550,559,163	Rp708,985,205	Rp468,412,673
MERK	Rp245,585,858	Rp161,827,534	Rp201,754,535
INAF	Rp220,427,167,871	Rp559,825,743,144	Rp379,499,459,835
KAEF	Rp2,116,727,233	Rp1,526,704,789	Rp1,943,935,457
KLBF	Rp3,572,854,779,679	Rp3,477,220,762,616	Rp3,431,018,099,213
PYFA	Rp41,551,408,067	Rp59,304,207,665	Rp94,126,483,359
PEHA	Rp592,293,200	Rp456,479,822	Rp439,201,972
SCPI	Rp241,592,382	Rp451,031,412	Rp215,117,819
SIDO	Rp529,405	Rp663,757	Rp664,058
SDPC	Rp499,528,533,719	Rp476,367,795,270	Rp440,452,528,993
TSPC	Rp1,170,631,026,679	Rp1,258,223,041,968	Rp1,180,258,737,299

- **Total Assets**

	2019	2020	2021
DVLA	Rp1,829,960,714	Rp1,986,711,872	Rp2,085,904,980
MERK	Rp901,060,986	Rp929,901,046	Rp1,026,266,866
INAF	Rp1,383,935,194,386	Rp1,713,334,658,849	Rp2,011,879,396,142
KAEF	Rp18,352,877,132	Rp17,562,816,674	Rp17,760,195,040
KLBF	Rp20,264,726,862,584	Rp22,564,300,317,374	Rp25,666,635,156,271
PYFA	Rp190,786,208,250	Rp228,575,380,866	Rp806,221,575,272
PEHA	Rp2,096,719,180	Rp1,915,989,375	Rp1,838,539,299
SCPI	Rp1,417,704,185	Rp1,598,281,523	Rp1,212,160,543
SIDO	Rp3,529,557	Rp3,849,516	Rp4,068,970
SDPC	Rp1,230,844,175,984	Rp1,164,826,486,522	Rp1,206,385,542,888
TSPC	Rp8,372,769,580,743	Rp9,104,657,533,366	Rp9,644,326,662,784

### Appendix 3

#### Indonesian Pharmaceutical Industry Financial Data in Liabilities & Equity Category

- **Trade Payables**

	2019	2020	2021
DVLA	Rp142,498,128	Rp130,439,373	Rp151,154,949
MERK	Rp74,149,907	Rp54,065,820	Rp83,878,618
INAF	Rp229,722,202,258	Rp602,640,634,256	Rp568,662,774,491
KAEF	Rp1,290,414,126	Rp1,288,287,721	Rp786,452,867
KLBF	Rp1,215,860,422,464	Rp1,240,385,598,118	Rp1,667,595,790,804
PYFA	Rp8,493,645,804	Rp9,259,126,732	Rp95,400,486,320
PEHA	Rp120,673,790	Rp113,495,008	Rp94,260,624
SCPI	Rp84,849,436	Rp278,936,854	Rp151,439,170
SIDO	Rp146,797	Rp203,691	Rp188,668
SDPC	Rp424,680,050,743	Rp408,523,785,480	Rp413,382,846,690
TSPC	Rp1,226,271,055,371	Rp1,171,371,325,717	Rp1,113,936,168,562

- **Current Liability**

	2019	2020	2021
DVLA	Rp439,444,037	Rp555,843,521	Rp595,101,699
MERK	Rp269,085,165	Rp266,348,137	Rp282,931,352
INAF	Rp440,827,007,421	Rp836,751,983,323	Rp1,045,188,438,355
KAEF	Rp7,392,140,277	Rp6,786,941,897	Rp5,980,180,556
KLBF	Rp2,577,108,805,851	Rp3,176,226,387,674	Rp3,534,656,089,431
PYFA	Rp27,198,123,189	Rp44,748,565,283	Rp251,838,113,066
PEHA	Rp1,183,749,900	Rp1,044,059,083	Rp732,024,589
SCPI	Rp187,601,510	Rp740,613,214	Rp204,349,763
SIDO	Rp408,870	Rp560,043	Rp543,370
SDPC	Rp966,343,568,608	Rp903,258,283,864	Rp942,588,716,838
TSPC	Rp1,953,608,306,055	Rp2,008,023,494,282	Rp1,895,260,237,723

- **Total Liability**

	2019	2020	2021
DVLA	Rp523,881,726	Rp660,424,729	Rp705,106,719
MERK	Rp307,049,328	Rp317,218,021	Rp342,223,078
INAF	Rp878,999,867,350	Rp1,283,008,182,330	Rp1,503,569,486,636

KAEF	Rp10,939,950,304	Rp10,457,144,628	Rp10,528,322,405
KLBF	Rp3,559,144,386,553	Rp4,288,218,173,294	Rp4,400,757,363,148
PYFA	Rp66,060,214,687	Rp70,943,630,711	Rp639,121,007,816
PEHA	Rp1,275,109,831	Rp1,175,080,321	Rp1,097,562,036
SCPI	Rp800,703,906	Rp766,072,367	Rp239,608,077
SIDO	Rp464,850	Rp627,776	Rp597,785
SDPC	Rp995,406,359,608	Rp935,629,997,936	Rp969,406,193,098
TSPC	Rp2,581,733,610,850	Rp2,727,421,825,611	Rp2,769,022,665,619

- **Total Equity**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
DVLA	Rp1,306,078,988	Rp1,326,287,143	Rp1,380,798,261
MERK	Rp594,011,658	Rp612,683,025	Rp684,043,788
INAF	Rp504,935,327,036	Rp430,326,476,519	Rp508,309,909,506
KAEF	Rp7,412,926,828	Rp7,105,672,046	Rp7,231,872,635
KLBF	Rp16,705,582,476,031	Rp18,276,082,144,080	Rp21,265,877,793,123
PYFA	Rp124,725,993,563	Rp157,631,750,155	Rp167,100,567,456
PEHA	Rp821,609,349	Rp740,909,054	Rp740,977,263
SCPI	Rp617,000,279	Rp832,209,156	Rp972,552,466
SIDO	Rp3,064,707	Rp3,221,740	Rp3,471,185
SDPC	Rp235,437,816,376	Rp229,196,488,586	Rp236,979,349,790
TSPC	Rp5,791,035,969,893	Rp6,377,235,707,755	Rp6,875,303,997,165

## Appendix 4

### Indonesian Pharmaceutical Industry Financial Data in Revenue & Profit

- **Revenue**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
DVLA	Rp1,813,020,278	Rp1,829,699,557	Rp1,900,893,602
MERK	Rp744,634,530	Rp655,847,125	Rp1,064,394,815
INAF	Rp1,359,175,249,655	Rp1,715,587,654,399	Rp2,901,986,532,879
KAEF	Rp9,400,535,476	Rp10,006,173,023	Rp12,857,626,593
KLBF	Rp22,633,476,361,038	Rp23,112,654,991,224	Rp26,261,194,512,313
PYFA	Rp247,114,772,587	Rp277,398,061,739	Rp630,530,235,961
PEHA	Rp1,105,420,197	Rp980,556,653	Rp1,051,444,342
SCPI	Rp1,841,268,073	Rp2,893,298,079	Rp2,159,191,248
SIDO	Rp3,067,434	Rp3,335,411	Rp4,020,980
SDPC	Rp2,726,755,413,484	Rp2,643,626,505,412	Rp2,988,848,566,331
TSPC	Rp10,993,842,057,747	Rp10,968,402,090,246	Rp11,234,443,003,639

- **Cost of Sales**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
DVLA	Rp839,538,301	Rp897,710,889	Rp905,768,212
MERK	Rp421,320,853	Rp361,641,158	Rp665,711,070
INAF	Rp1,108,815,136,496	Rp1,314,987,873,576	Rp2,450,332,548,549
KAEF	Rp5,897,247,790	Rp6,349,041,832	Rp8,461,341,494
KLBF	Rp12,390,008,590,196	Rp12,866,332,497,453	Rp14,977,410,271,049
PYFA	Rp106,912,029,284	Rp113,507,729,371	Rp385,949,260,966
PEHA	Rp495,935,504	Rp457,069,539	Rp531,914,614
SCPI	Rp1,537,016,351	Rp2,464,083,162	Rp1,946,721,501
SIDO	Rp1,386,870	Rp1,496,628	Rp1,734,948
SDPC	Rp2,497,998,546,107	Rp2,421,934,897,535	Rp2,747,094,995,795
TSPC	Rp6,752,312,739,035	Rp7,055,613,010,741	Rp7,226,149,613,742

- **Gross Profit**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
DVLA	Rp973,481,977	Rp931,988,668	Rp995,768,212
MERK	Rp323,313,677	Rp294,205,967	Rp398,683,745
INAF	Rp250,360,113,159	Rp400,599,780,823	Rp451,653,984,330
KAEF	Rp3,503,287,686	Rp3,657,131,191	Rp4,396,285,099
KLBF	Rp10,243,467,770,842	Rp10,246,322,493,771	Rp11,283,784,241,264
PYFA	Rp140,202,743,303	Rp163,890,332,368	Rp244,580,974,995

PEHA	Rp609,484,693	Rp523,487,114	Rp519,529,728
SCPI	Rp304,251,722	Rp429,214,917	Rp212,469,747
SIDO	Rp1,680,564	Rp1,838,783	Rp2,286,032
SDPC	Rp228,756,867,377	Rp221,691,607,877	Rp241,753,570,536
TSPC	Rp4,241,529,318,712	Rp3,912,789,079,505	Rp4,008,293,389,897

- **Finance Cost**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
DVLA	-	Rp78,594	Rp123,474
MERK	Rp108,877	Rp128,807	Rp143,196
INAF	Rp40,588,774,648	Rp40,410,906,886	Rp43,305,696,962
KAEF	Rp497,969,909	Rp596,377,203	Rp606,813,011
KLBF	Rp40,420,271,275	Rp89,580,314,845	Rp57,384,355,149
PYFA	Rp13,588,036,784	Rp11,483,569,517	Rp12,215,997,169
PEHA	Rp62,602,029	Rp94,446,295	Rp79,759,331
SCPI	Rp3,321	Rp5,162	Rp3,531
SIDO	Rp154	Rp522	Rp862
SDPC	Rp52,397	Rp91,169	Rp64,985
TSPC	Rp48,181,736,807	Rp48,344,863,874	Rp48,124,205,541

- **Total Profit**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
DVLA	Rp221,783,249	Rp162,072,984	Rp146,725,628
MERK	Rp78,256,797	Rp71,902,263	Rp131,660,834
INAF	Rp7,961,966,026	Rp30,020,709	-Rp37,571,241,226
KAEF	Rp15,890,439	Rp20,425,756	Rp289,888,789
KLBF	Rp2,537,601,823,645	Rp2,799,622,515,814	Rp3,232,007,683,281
PYFA	Rp9,342,718,039	Rp22,104,364,267	Rp5,478,952,440
PEHA	Rp102,310,124	Rp48,665,150	Rp11,296,951
SCPI	Rp112,652,526	Rp218,362,874	Rp118,691,582
SIDO	Rp807,689	Rp934,016	Rp1,260,898
SDPC	Rp7,880,007,292	Rp2,804,331,066	Rp9,571,235,584
TSPC	Rp595,154,912,874	Rp834,369,751,682	Rp877,817,637,643



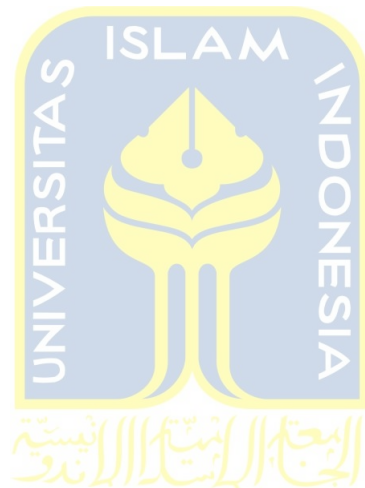
## Appendix 5

### Statement of Financial Position PT Industri Jamu dan Farmasi Sido Muncul Tbk

<b>PT Industri Jamu dan Farmasi Sido Muncul Tbk</b>				
<b>Statement of Financial Position</b>				
<b>Per 31 December</b>				
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	Rp805,833	Rp864,824	Rp1,031,954	Rp1,082,219
<b>Trade Receivables</b>				
Trade receivables third parties	Rp229,662	Rp269,281	Rp296,885	Rp372,981
Trade receivables related parties	Rp180,189	Rp260,124	Rp366,872	Rp291,077
<b>Other receivables</b>				
Other receivables third parties	Rp5,947	Rp7,699	Rp3,890	Rp3,032
<b>Current Inventories</b>				
Current Inventories	Rp311,193	Rp299,244	Rp309,478	Rp454,810
Current prepaid expenses	Rp8,970	Rp9,315		
<b>Current advances</b>				
Other current advances	Rp1,803	Rp4,087	Rp2,682	Rp3,373
Current prepaid taxes		Rp1,661	Rp40,320	Rp37,215
Total current assets	Rp1,543,597	Rp1,716,235	Rp2,052,081	Rp2,244,707
<b>Non-Current Assets</b>				
<b>Non-Current advances</b>				
Non-current advances on purchase of PPE	Rp12,160	Rp14,929	Rp4,021	Rp12,092
Deferred tax assets	Rp59,358	Rp52,005	Rp59,920	Rp59,600
PPE	Rp1,553,362	Rp1,593,059	Rp1,568,264	Rp1,588,101
Goodwill	Rp91,366	Rp91,366	Rp91,366	Rp91,366
Other Non-current non-financial assets	Rp77,785	Rp69,304	Rp73,864	Rp73,104

Total non-current assets	Rp1,794,031	Rp1,820,663	Rp1,797,435	Rp1,824,263
<b>Total Assets</b>	<b>Rp3,337,628</b>	<b>Rp3,536,898</b>	<b>Rp3,849,516</b>	<b>Rp4,068,970</b>
<b>Liabilities and equities</b>				
<b>Liabilities</b>				
<b>Current liabilities</b>				
<b>Trade payables</b>				
Trade payables third parties	Rp159,048	Rp141,414	Rp181,931	Rp174,491
Trade payables related parties	Rp22,609	Rp12,724	Rp21,760	Rp14,177
<b>Other payables</b>				
Other payables third parties	Rp7,585	Rp11,214	Rp10,142	Rp12,363
Other payables related parties	Rp37	Rp107	Rp109	Rp80
Current accrued expenses	Rp85,830	Rp119,179	Rp150,540	Rp136,471
Taxes payable	Rp80,323	Rp105,837	Rp152,808	Rp177,156
Current unearned revenue	Rp10,188	Rp7,496	Rp6,711	Rp4,107
<b>Current maturities of long-term liabilities</b>				
Current maturities of finance lease liabilities			Rp2,974	Rp6,285
Other current non-financial liabilities	Rp2,760	Rp18,240	Rp33,068	Rp18,240
Total Current Liabilities	Rp368,380	Rp416,211	Rp560,043	Rp543,370
<b>Non-Current liabilities</b>				
Deferred tax liabilities	Rp10,582	Rp13,177	Rp8,835	Rp14,242
<b>Long-term liabilities net of current maturities</b>				
Long-term finance lease liabilities			Rp4,216	Rp2,385
Long-term post-employment benefit obligations	Rp56,052	Rp42,803	Rp54,682	Rp37,788
Total non-current liabilities	Rp66,634	Rp55,980	Rp67,733	Rp54,415
<b>Total liabilities</b>	<b>Rp435,014</b>	<b>Rp472,191</b>	<b>Rp627,776</b>	<b>Rp597,785</b>
<b>Equity</b>				
<b>Equity attributable to equity owners of parent entity</b>				
Common Stocks	Rp1,500,000	Rp1,500,000	Rp1,500,000	Rp1,500,000
Additional paid-in capital	Rp706,434	Rp706,434	Rp707,314	Rp648,900

Treasury stocks	-Rp59,279	-Rp59,279	-Rp58,895	-Rp1,157
<b>Retained earnings (deficit)</b>				
Appropriated retained earnings	Rp322,984	Rp322,984	Rp322,984	Rp322,984
Unappropriated retained earnings	Rp432,468	Rp594,561	Rp750,330	Rp1,000,451
Total equity attributable to equity owners of parent entity	Rp2,902,607	Rp3,064,700	Rp3,221,733	Rp3,471,178
Non-controlling interests	Rp7	Rp7	Rp7	Rp7
<b>Total Equity</b>	<b>Rp2,902,614</b>	<b>Rp3,064,707</b>	<b>Rp3,221,740</b>	<b>Rp3,471,185</b>
<b>Total liabilities and equity</b>	<b>Rp3,337,628</b>	<b>Rp3,536,898</b>	<b>Rp3,849,516</b>	<b>Rp4,068,970</b>



## Appendix 6

### Statement of Profit or Loss PT Industri Jamu dan Farmasi Sido Muncul Tbk

<b>PT Industri Jamu dan Farmasi Sido Muncul Tbk</b>				
<b>Statement of Profit or Loss</b>				
<b>Per 31 December</b>				
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Sales and revenue	Rp2,763,292	Rp3,067,434	Rp3,335,411	Rp4,020,980
Cost of sales and revenue	Rp1,338,901	Rp1,386,870	Rp1,496,628	Rp1,734,948
Total gross profit	Rp1,424,391	Rp1,680,564	Rp1,838,783	Rp2,286,032
Selling expenses	Rp414,048	Rp471,331	Rp492,330	Rp556,440
General and administrative expenses	Rp202,708	Rp191,686	Rp200,659	Rp169,564
Finance income	Rp43,647	Rp49,745	Rp49,045	Rp37,401
Finance costs	Rp141	Rp154	Rp522	Rp862
Other income	Rp17,260	Rp13,652	Rp9,560	Rp21,561
Other expenses	Rp564	Rp6,955	Rp4,329	Rp4,897
Total profit (loss) before tax	Rp867,837	Rp1,073,835	Rp1,199,548	Rp1,613,231
Tax benefit (expenses)	Rp203,988	Rp266,146	Rp265,532	Rp352,333
Total profit (loss) from continuing operations	Rp663,849	Rp807,689	Rp943,016	Rp1,260,898
Total profit (loss)	Rp663,849	Rp807,689	Rp943,016	Rp1,260,898
Total other comprehensive income, after tax	Rp3,181	Rp5,568	Rp4,259	Rp7,365
Total comprehensive income	Rp660,668	Rp802,121	Rp929,757	Rp1,268,263

## Appendix 7

### Trend Analysis Statement of Financial Position PT Industri Jamu dan Farmasi Sido Muncul Tbk

<b>PT Industri Jamu dan Farmasi Sido Muncul Tbk</b>				
<b>Statement of Financial Position</b>				
<b>Per 31 December</b>				
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	100.00%	107.32%	128.06%	134.30%
<b>Trade Receivables</b>				
Trade receivables third parties	100.00%	117.25%	129.27%	162.40%
Trade receivables related parties	100.00%	144.36%	203.60%	161.54%
<b>Other receivables</b>				
Other receivables third parties	100.00%	129.46%	65.41%	50.98%
<b>Current Inventories</b>				
Current Inventories	100.00%	96.16%	99.45%	146.15%
Current prepaid expenses	100.00%	103.85%		
<b>Current advances</b>				
Other current advances	100.00%	226.68%	148.75%	187.08%
Current prepaid taxes	-			
Total current assets	100.00%	111.18%	132.94%	145.42%
<b>Non-Current Assets</b>				
<b>Non-Current advances</b>				
Non-current advances on purchase of PPE	100.00%	122.77%	33.07%	99.44%
Deferred tax assets	100.00%	87.61%	100.95%	100.41%
PPE	100.00%	102.56%	100.96%	102.24%
Goodwill	100.00%	100.00%	100.00%	100.00%
Other Non-current non-financial assets	100.00%	89.10%	94.96%	93.98%
Total non-current assets	100.00%	101.48%	100.19%	101.69%
<b>Total Assets</b>	100.00%	105.97%	115.34%	121.91%
<b>Liabilities and equities</b>				
<b>Liabilities</b>				
<b>Current liabilities</b>				

<b>Trade payables</b>				
Trade payables third parties	100.00%	88.91%	114.39%	109.71%
Trade payables related parties	100.00%	56.28%	96.24%	62.71%
<b>Other payables</b>				
Other payables third parties	100.00%	147.84%	133.71%	162.99%
Other payables related parties	100.00%	289.19%	294.59%	216.22%
Current accrued expenses	100.00%	138.85%	175.39%	159.00%
Taxes payable	100.00%	131.76%	190.24%	220.55%
Current unearned revenue	100.00%	73.58%	65.87%	40.31%
<b>Current maturities of long-term liabilities</b>				
Current maturities of finance lease liabilities	-			
Other current non-financial liabilities	100.00%	660.87%	1198.12%	660.87%
Total Current Liabilities	100.00%	112.98%	152.03%	147.50%
<b>Non-Current liabilities</b>				
Deferred tax liabilities	100.00%	124.52%	83.49%	134.59%
<b>Long-term liabilities net of current maturities</b>				
Long-term finance lease liabilities	-			
Long-term post-employment benefit obligations	100.00%	76.36%	97.56%	67.42%
Total non-current liabilities	100.00%	84.01%	101.65%	81.66%
<b>Total liabilities</b>	100.00%	108.55%	144.31%	137.42%
<b>Equity</b>				
<b>Equity attributable to equity owners of parent entity</b>				
Common Stocks	100.00%	100.00%	100.00%	100.00%
Additional paid-in capital	100.00%	100.00%	100.12%	91.86%
Treasury stocks	100.00%	100.00%	99.35%	1.95%
<b>Retained earnings (deficit)</b>				
Appropriated retained earnings	100.00%	100.00%	100.00%	100.00%
Unappropriated retained earnings	100.00%	137.48%	173.50%	231.34%
Total equity attributable to equity owners of parent entity	100.00%	105.58%	110.99%	119.59%
Non-controlling interests	100.00%	100.00%	100.00%	100.00%
<b>Total Equity</b>	100.00%	105.58%	110.99%	119.59%
<b>Total liabilities and equity</b>	100.00%	105.97%	115.34%	121.91%

## Appendix 8

### Trend Analysis Statement of Profit or Loss PT Industri Jamu dan Farmasi Sido Muncul Tbk

<b>PT Industri Jamu dan Farmasi Sido Muncul Tbk</b>				
<b>Statement of Profit or Loss</b>				
<b>Per 31 December</b>				
	2018	2019	2020	2021
Sales and revenue	100.00%	111.01%	120.70%	145.51%
Cost of sales and revenue	100.00%	103.58%	111.78%	129.58%
Total gross profit	100.00%	117.98%	129.09%	160.49%
Selling expenses	100.00%	113.83%	118.91%	134.39%
General and administrative expenses	100.00%	94.56%	98.99%	83.65%
Finance income	100.00%	113.97%	112.37%	85.69%
Finance costs	100.00%	109.22%	370.21%	611.35%
Other income	100.00%	79.10%	55.39%	124.92%
Other expenses	100.00%	1233.16%	767.55%	868.26%
Total profit (loss) before tax	100.00%	123.74%	138.22%	185.89%
Tax benefit (expenses)	100.00%	130.47%	130.17%	172.72%
Total profit (loss) from continuing operations	100.00%	121.67%	142.05%	189.94%
Total profit (loss)	100.00%	121.67%	142.05%	189.94%
Total other comprehensive income, after tax	100.00%	175.04%	133.89%	231.53%
Total comprehensive income	100.00%	121.41%	140.73%	191.97%

## Appendix 9

### Common Size Analysis Statement of Financial Position

#### PT Industri Jamu dan Farmasi Sido Muncul Tbk

<b>PT Industri Jamu dan Farmasi Sido Muncul Tbk</b>			
<b>Statement of Financial Position</b>			
<b>Per 31 December</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	24.45%	26.81%	26.60%
<b>Trade Receivables</b>			
Trade receivables third parties	7.61%	7.71%	9.17%
Trade receivables related parties	7.35%	9.53%	7.15%
<b>Other receivables</b>			
Other receivables third parties	0.22%	0.10%	0.07%
<b>Current Inventories</b>			
Current Inventories	8.46%	8.04%	11.18%
Current prepaid expenses	0.26%		
<b>Current advances</b>			
Other current advances	0.12%	0.07%	0.08%
Current prepaid taxes			
Total current assets	48.52%	53.31%	55.17%
<b>Non-Current Assets</b>			
<b>Non-Current advances</b>			
Non-current advances on purchase of PPE	0.42%	0.10%	0.30%
Deferred tax assets	1.47%	1.56%	1.46%
PPE	45.04%	40.74%	39.03%
Goodwill	2.58%	2.37%	2.25%
Other Non-current non-financial assets	1.96%	1.92%	1.80%
Total non-current assets	51.48%	46.69%	44.83%



<b>Total Assets</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Liabilities and equities</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
<b>Trade payables</b>			
Trade payables third parties	4.00%	4.73%	4.29%
Trade payables related parties	0.36%	0.57%	0.35%
<b>Other payables</b>			
Other payables third parties	0.32%	0.26%	0.30%
Other payables related parties	0.0030%	0.00%	0.00%
Current accrued expenses	3.37%	3.91%	3.35%
Taxes payable	2.99%	3.97%	4.35%
Current unearned revenue	0.21%	0.17%	0.10%
<b>Current maturities of long-term liabilities</b>			
Current maturities of finance lease liabilities		0.08%	0.15%
Other current non-financial liabilities	0.52%	0.86%	0.45%
Total Current Liabilities	11.77%	14.55%	13.35%
<b>Non-Current liabilities</b>			
Deferred tax liabilities	0.37%	0.23%	0.35%
<b>Long-term liabilities net of current maturities</b>			
Long-term finance lease liabilities		0.11%	0.06%
Long-term post-employment benefit obligations	1.21%	1.42%	0.93%
Total non-current liabilities	1.58%	1.76%	0.99%
<b>Total liabilities</b>	<b>13.35%</b>	<b>16.31%</b>	<b>14.34%</b>
<b>Equity</b>			
<b>Equity attributable to equity owners of parent entity</b>			
Common Stocks	42.41%	38.97%	36.86%
Additional paid-in capital	19.97%	18.37%	15.95%
Treasury stocks	-1.68%	-1.53%	-0.03%
<b>Retained earnings (deficit)</b>			
Appropriated retained earnings	9.13%	8.39%	7.94%
Unappropriated retained earnings	16.81%	19.49%	24.59%

Total equity attributable to equity owners of parent entity	86.65%	83.69%	85.31%
Non-controlling interests	0.0002%	0.00%	0.00%
<b>Total Equity</b>	<b>86.65%</b>	<b>83.69%</b>	<b>85.31%</b>
<b>Total liabilities and equity</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



## Appendix 10

### Common Size Analysis Statement of Profit or Loss PT Industri Jamu dan Farmasi Sido Muncul Tbk

<b>PT Industri Jamu dan Farmasi Sido Muncul Tbk</b>			
<b>Statement of Profit or Loss</b>			
<b>Per 31 December</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Sales and revenue	100.00%	100.00%	100.00%
Cost of sales and revenue	45.21%	44.87%	43.15%
Total gross profit	54.79%	55.13%	56.85%
Selling expenses	-15.37%	-14.76%	-13.84%
General and administrative expenses	-6.25%	-6.02%	-4.22%
Finance income	1.62%	1.47%	0.93%
Finance costs	-0.01%	-0.02%	-0.02%
Other income	0.45%	0.29%	0.54%
Other expenses	-0.23%	-0.13%	-0.12%
Total profit (loss) before tax	35.01%	35.96%	40.12%
Tax benefit (expenses)	-8.68%	-7.96%	-8.76%
Total profit (loss) from continuing operations	26.33%	28.27%	31.36%
Total profit (loss)	26.33%	28.27%	31.36%

## Appendix 11

### Liquidity Ratio

	Year	Current Ratio	Quick Ratio	Cash Ratio
<b>DVLA</b>	2019	2.9	2.2	0.8
	2020	2.5	1.8	0.5
	2021	2.6	1.8	1.0
<b>MERK</b>	2019	2.5	1.6	0.6
	2020	2.5	1.4	0.5
	2021	2.7	1.8	0.7
<b>INAF</b>	2019	1.9	1.5	0.3
	2020	1.4	1.2	0.2
	2021	1.4	1.0	0.4
<b>KAEF</b>	2019	1.0	0.6	0.2
	2020	0.9	0.5	0.2
	2021	1.1	0.6	0.1
<b>KLBF</b>	2019	4.4	2.9	1.2
	2020	4.1	3.0	1.6
	2021	4.4	3.0	1.8
<b>PYFA</b>	2019	3.5	1.9	0.2
	2020	2.9	1.7	0.2
	2021	1.3	0.7	0.2
<b>PEHA</b>	2019	1.0	0.7	0.1
	2020	0.9	0.6	0.1
	2021	1.3	0.8	0.1
<b>SCPI</b>	2019	5.9	3.2	0.1
	2020	1.5	1.1	0.1
	2021	3.7	3.0	0.7
<b>SIDO</b>	2019	4.2	3.5	2.1
	2020	3.7	3.1	1.8
	2021	4.1	3.3	2.0
<b>SDPC</b>	2019	1.1	0.7	0.0
	2020	1.1	0.7	0.1
	2021	1.1	0.7	0.1
<b>TSPC</b>	2019	2.8	2.1	1.2
	2020	3.0	2.2	1.3
	2021	3.3	2.4	1.4

## Appendix 12

### Solvability Ratio

	<b>Year</b>	<b>Debt to Asset</b>	<b>Debt to Equity</b>
<b>DVLA</b>	2019	0.29	0.40
	2020	0.33	0.50
	2021	0.34	0.51
<b>MERK</b>	2019	0.34	0.52
	2020	0.34	0.52
	2021	0.33	0.50
<b>INAF</b>	2019	0.64	1.74
	2020	0.75	2.98
	2021	0.75	2.96
<b>KAEF</b>	2019	0.60	1.48
	2020	0.60	1.47
	2021	0.59	1.46
<b>KLBF</b>	2019	0.18	0.21
	2020	0.19	0.23
	2021	0.17	0.21
<b>PYFA</b>	2019	0.35	0.53
	2020	0.31	0.45
	2021	0.79	3.82
<b>PEHA</b>	2019	0.61	1.55
	2020	0.61	1.59
	2021	0.60	1.48
<b>SCPI</b>	2019	0.56	1.30
	2020	0.48	0.92
	2021	0.20	0.25
<b>SIDO</b>	2019	0.13	0.15
	2020	0.16	0.19
	2021	0.15	0.17
<b>SDPC</b>	2019	0.81	4.23
	2020	0.80	4.08
	2021	0.80	4.09
<b>TSPC</b>	2019	0.31	0.45
	2020	0.30	0.43
	2021	0.29	0.40

## Appendix 13

### Activity Ratio

	<b>Year</b>	<b>Total Asset Turnover</b>	<b>Receivable Days</b>	<b>Payable Days</b>
<b>DVLA</b>	2019	0.99	111	62
	2020	0.92	141	53
	2021	0.91	90	61
<b>MERK</b>	2019	0.83	120	64
	2020	0.71	90	55
	2021	1.04	69	46
<b>INAF</b>	2019	0.98	59	76
	2020	1.00	119	167
	2021	1.44	48	85
<b>KAEF</b>	2019	0.51	82	80
	2020	0.57	56	74
	2021	0.72	55	34
<b>KLBF</b>	2019	1.12	58	36
	2020	1.02	55	35
	2021	1.02	48	41
<b>PYFA</b>	2019	1.30	61	29
	2020	1.21	78	30
	2021	0.78	54	90
<b>PEHA</b>	2019	0.53	196	89
	2020	0.51	170	91
	2021	0.57	152	65
<b>SCPI</b>	2019	1.30	48	20
	2020	1.81	57	41
	2021	1.78	36	28
<b>SIDO</b>	2019	0.87	63	39
	2020	0.87	73	50
	2021	0.99	60	40
<b>SDPC</b>	2019	2.22	67	62
	2020	2.27	66	62
	2021	2.48	54	55
<b>TSPC</b>	2019	1.31	39	66
	2020	1.20	42	61
	2021	1.16	38	56

## Appendix 14

### Profitability Ratio

	Year	Return on Asset	Return on Equity	Gross Profit Margin	Net Profit Margin
<b>DVLA</b>	<b>2019</b>	12	16.98	53.69	12.23
	<b>2020</b>	8.16	12.22	50.94	8.86
	<b>2021</b>	7.03	10.63	52.38	7.72
<b>MERK</b>	<b>2019</b>	8.68	13.17	43.42	10.51
	<b>2020</b>	7.73	11.74	44.86	10.96
	<b>2021</b>	12.83	19.25	37.46	12.37
<b>INAF</b>	<b>2019</b>	0.58	1.58	18.42	0.59
	<b>2020</b>	0.00	0.01	23.35	0.00
	<b>2021</b>	-1.87	-7.39	15.56	-1.29
<b>KAEF</b>	<b>2019</b>	0.09	0.21	37.27	0.17
	<b>2020</b>	0.12	0.29	36.55	0.20
	<b>2021</b>	1.63	4.01	34.19	2.25
<b>KLBF</b>	<b>2019</b>	12.52	15.19	45.26	11.21
	<b>2020</b>	12.41	15.32	44.33	12.11
	<b>2021</b>	12.59	15.20	42.97	12.31
<b>PYFA</b>	<b>2019</b>	4.90	7.49	56.74	3.78
	<b>2020</b>	9.67	14.02	59.08	7.97
	<b>2021</b>	0.68	3.28	38.79	0.87
<b>PEHA</b>	<b>2019</b>	4.88	12.45	55.14	9.26
	<b>2020</b>	2.54	6.57	53.39	4.96
	<b>2021</b>	0.61	1.52	49.41	1.07
<b>SCPI</b>	<b>2019</b>	7.95	18.26	16.52	6.12
	<b>2020</b>	13.66	26.24	14.83	7.55
	<b>2021</b>	9.79	12.20	9.84	5.50
<b>SIDO</b>	<b>2019</b>	20.88	26.35	54.79	26.33
	<b>2020</b>	24.26	28.99	55.13	28.00
	<b>2021</b>	30.99	36.32	56.85	31.36
<b>SDPC</b>	<b>2019</b>	0.64	3.35	8.39	0.29
	<b>2020</b>	0.24	1.22	8.39	0.11
	<b>2021</b>	0.79	4.04	8.09	0.32
<b>TSPC</b>	<b>2019</b>	7.11	10.28	38.58	5.41
	<b>2020</b>	9.16	13.08	35.67	7.61
	<b>2021</b>	9.10	12.77	35.68	7.81

## Appendix 15

### Du Pont System Analysis

#### PT Industri Jamu dan Farmasi Sido Muncul Tbk

<b>Year</b>	<b>TATO</b>	<b>NPM</b>	<b>ROI</b>	<b>EM</b>	<b>ROE</b>
2019	0.87	26.33	22.88	1.15	26.35
2020	0.87	28.00	24.26	1.19	28.99
2021	0.99	31.36	30.99	1.17	36.32





## Appendix 16

### Bankruptcy Prediction

- **The Calculation of Four Variables**

	X1 (Working capital/Total Assets)	X2 (Retained Earnings/Total Assets)	X3 (EBIT/Total Assets)	X4 (Total Equity/Total Liability)
2019	0.37	0.26	0.34	6.59
2020	0.39	0.28	0.35	5.13
2021	0.42	0.33	0.43	5.81

- **The Altman Z Model**

	Z score
2019	12.50
2020	11.19
2021	12.76

