

COMPREHENSIVE FINANCIAL PERFORMANCE

FINANCIAL POSITION OVERVIEW

As of December 31, 2022, TelkomGroup had total assets of Rp275,192 billion or US\$17,676 million, decreased by 0.7% from the previous period. The decrease in total assets was due to the decrease of cash and cash equivalents, claim for tax refund, prepaid taxes, assets held for sale, long-term investment in financial instruments, contract assets, and other non-current assets.

Total liabilities were Rp125,930 billion or US\$8,088 million as of December 31, 2022. It decreased by 4.4% from the last year. The decrease was due to the decrease of other payables, accrued expenses, contract liabilities, current maturities of long-term borrowings, and current maturities of lease liabilities.

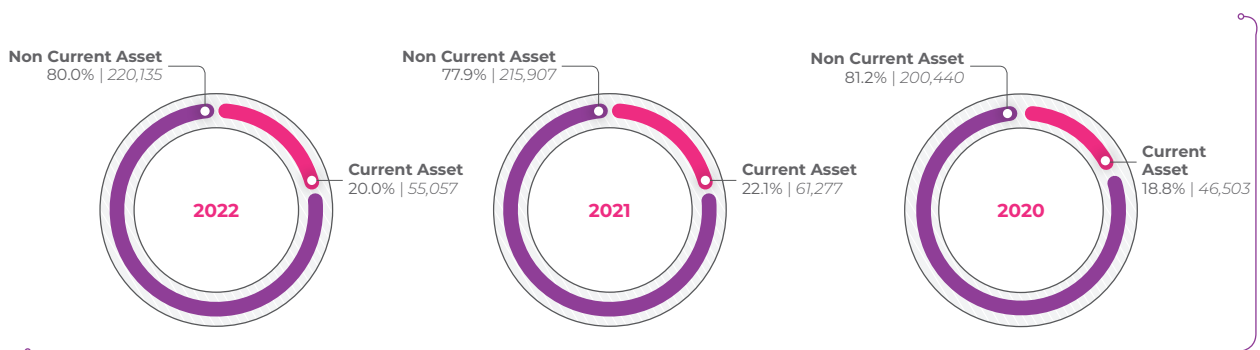
Telkom and Its Subsidiaries Financial Position 2020-2022

	Growth 2022-2021 (%)	Years ended December 31			
		2022	2021	2020	
		(Rp billion)	(US\$ million)	(Rp billion)	(Rp billion)
Total Current Assets	(10.2)	55,057	3,536	61,277	46,503
Total Non-Current Assets	2.0	220,135	14,139	215,907	200,440
Total Assets	(0.7)	275,192	17,676	277,184	246,943
Total Current Liabilities	1.8	70,388	4,521	69,131	69,093
Total Non-Current Liabilities	(11.4)	55,542	3,567	62,654	56,961
Total Liabilities	(4.4)	125,930	8,088	131,785	126,054
Total Equity attributable to owners of the parent company	6.3	129,258	8,302	121,646	102,527

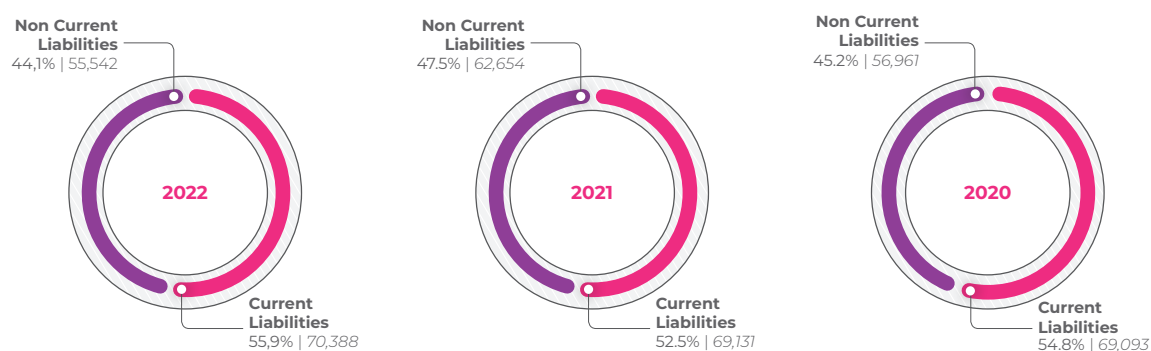
FINANCIAL POSITION COMPARISON

The position of Telkom's current asset and non-current asset as of December 31, 2022, was 20.0% dan 80.0%. Meanwhile, for the liabilities, Telkom had 55.9% current liabilities and 44.1% non-current liabilities. The diagrams below present Telkom's composition assets and liabilities for the last three years.

Asset Composition 2020-2022 (Rp billion)



Liabilities Composition 2020-2022 (Rp billion)



COMPARISON OF FINANCIAL POSITION AS OF DECEMBER 31, 2022 COMPARED TO AS OF DECEMBER 31, 2021

1. Assets

At the end of 2022, Telkom's total assets were Rp275,192 billion or US\$17,676 million. It decreased by Rp1,992 billion or 0.7% compared to 2021. It was due to:

a. Current Assets

Telkom's current assets of December 31, 2022 was recorded at Rp55,057 billion or US\$3,536 million, decreased by Rp6,220 billion or 10.2% from 2021. It was the impact of:

- A decrease in cash and cash equivalents by Rp6,364 billion or 16.6% due to the decrease in cash disbursements for repayments of loan and other borrowings.
- A decrease in assets held for sale by Rp812 billion or 99.3% related to the reclassification of Telkomsel equipment that has been exchanged with PT ZTE Indonesia equipment.
- A decrease in prepaid taxes by Rp680 billion or 31.7% due to the decrease in VAT and Income Tax Article 23.
- A decrease in claim for tax refund by Rp310 billion or 44.9% due to the decrease in claim for VAT refund of parent company and subsidiaries.

The decreases were offset by:

- An increase in other current financial assets by Rp856 billion or 173.6% due to the increase in time deposits, escrow accounts, and mutual funds.
- An increase in contract cost by Rp15 billion or 2.3% due to the significant increase in cost to fulfill.

- An increase in other current assets by Rp409 billion or 6.4% due to the increase in short term prepaid frequency usage license.
- An increase in inventories – net by Rp365 billion or 46.9% related to SIM cards, prepaid vouchers, etc.
- An increase in contract assets – net by Rp127 billion or 5.5% on the side of short-term contract assets.
- An increase in trade receivables by Rp124 billion or 1.5% related to related parties (SOEs).

b. Non-Current Assets

At the end of 2022, Telkom recorded non-current asset of Rp220,135 billion or US\$14,139 million, it increased by 2.0% or Rp4,228 billion from the last period of Rp215,907 billion. The changes were due to:

- An increase in property and equipment by Rp8,303 billion or 5.0% due to the increase in direct ownership in the form of buildings, telephone exchange equipment, transmission equipment and installations, cable networks, power supplies, data processing equipment, and assets under construction.
- An increase in right-of-use asset by Rp1,867 billion or 10.1% in the form of transmission installation and equipment, land, and vehicles.
- An increase in intangible assets by Rp796 billion or 10.6% in the form of software and license.
- An increase in deferred tax assets by Rp293 billion or 7.7% as resulted of a greater realized future taxable profit than estimated.
- An increase in contract cost by Rp133 billion or 8.3% to the increase in the difference between the amortization of contract costs during the year with the addition of contract acquisition costs and contract fulfillment costs.

The increases were offset by:

- A decrease in long-term investments by Rp5,147 billion or 37.3% due to the decrease in long-term investment in financial instruments in the form of equity and convertible bonds.
- A decrease in other non-current assets by Rp1,908 billion or 34.5% in the form of prepaid frequency usage permit, claim for tax refund and prepaid tax, all after deducting the short-term portion.
- A decrease in contract assets by Rp109 billion or 76.2% of the long-term contract assets.

2. Liabilities

TelkomGroup recorded total liabilities of Rp125,930 billion or US\$8,088 million at the end of 2022, it decreased by 4.4% or Rp5,855 billion. The following influenced changes in liabilities in 2022.

a. Current Liabilities

At the end of 2022, TelkomGroup's current liabilities were Rp70,388 billion or US\$4,521 million. It increased by 1.8% or Rp1,257 billion and was due to:

- An increase in short-term bank loans by Rp1,509 billion or 22.6% which was proportionately obtained from related party creditors.
- An increase in taxes payable by Rp1,449 billion or 36.9% due to the increase in the subsidiaries' corporate income tax and VAT - tax collector
- An increase in trade payables by Rp1,287 billion or 7.5%, mostly from purchases of equipments, materials, and services.

The increases were offset by:

- A decrease in current maturities of lease liabilities by Rp1,036 billion or 17.4%.
- A decrease in current maturities of long-term borrowings Rp832 billion or 8.6% related to the most proportion in settlement of series A bonds 2015.
- A decrease in current portion of contract liabilities by Rp500 billion or 7.4%, mostly advances from customers for Mobile and Enterprise segment.
- A decrease in accrued expenses by Rp440 billion or 2.8% in the form of operation, maintenance, and telecommunication service expenses.

b. Non-Current Liabilities

TelkomGroup recorded non-current liabilities of Rp55,542 billion or US\$3,567 million as of December 31, 2022. It decreased by 11.4% or Rp7,112 billion, which was due to:

- A decrease in long-term loans and other borrowings by Rp8,988 billion or 24.7% proportionally to related party creditors.
- A decrease in pension benefits and other post-employment benefits obligations by Rp1,291 billion or 11.2%.
- A decrease in long service award provisions by Rp175 billion or 14.5% of defined pension benefit obligation funded by the Company and net periodic post-employment health care benefit.
- A decrease in deferred tax liabilities – net by Rp135 billion or 11.7% generally from Telkomsel that related to leases, fair value measurement of financial instruments, and difference between book value of accounting and tax property equipment.
- A decrease in other liabilities by Rp111 billion or 15.9%.

The decreases were compensated by:

- An increase in lease liabilities by Rp3,310 billion or 31.7% due to the additional leasing activities by the Company.
- An increase in non-current portion of contract liabilities by Rp278 billion or 21.7% in the form of advances from customers for Consumer, WIB, and Others segment.

3. Equity

TelkomGroup recorded total equity in 2022 of Rp149,262 billion or US\$9,587 million, increased by 2.7% or Rp3,863 billion from the 2021 of Rp145,399 billion.

PROFIT AND LOSS OVERVIEW

As of December 31, 2022, Telkom's consolidated revenue was Rp147,306 billion (US\$9,461 million), or increased by 2.9% from the last year of Rp143,210 billion. The increase was due to the revenue growth of IndiHome, data, internet, and information technology service, interconnection and network.

The total expense of TelkomGroup in 2022 was Rp102,007 billion (US\$6,552 million), it increased by 2.7% compared to the total expense in 2021 of Rp99,303 billion (US\$6,967 million). It was due to the increase in interconnection, marketing, depreciation and amortization, and general and administrative expenses.

At the end of the year, TelkomGroup recorded a net profit of Rp20,753 billion (US\$1,333 million), it decreased by 16.2%, and EBITDA of Rp78,554 billion that increased by 3.7% compared to 2021.

Telkom and Its Subsidiaries Consolidated Profit and Loss in 2020-2022

	Growth 2022-2021 (%)	Years ended December 31			
		2022		2021	2020
		(Rp billion)	(US\$ million)	(Rp billion)	(Rp billion)
Revenues	2.9	147,306	9,461	143,210	136,462
Telephone revenues	(17.5)	13,588	873	16,467	21,610
Cellular	(18.2)	12,052	774	14,737	19,510
Fixed Line	(11.2)	1,536	99	1,730	2,100
Interconnection revenues	8.8	8,472	544	7,787	7,686
Data, internet, and information technology service revenues	5.1	86,410	5,550	82,224	75,816
Cellular internet and data	7.0	69,006	4,432	64,500	59,502
Internet, data communication and information technology services	0.1	10,286	661	10,272	9,744
Short Messaging Service (SMS)	(9.4)	4,309	277	4,754	4,817
Others	4.1	2,809	180	2,698	1,753
Network revenues	26.5	2,378	153	1,880	1,689
IndiHome revenues	6.4	28,020	1,800	26,325	22,214
Other services revenues	(4.6)	5,834	375	6,115	5,170
Manage service and terminal	(43.5)	1,157	74	2,048	1,292
Call center service	7.7	1,164	75	1,081	845
E-health	13.9	729	47	640	549
E-payment	(2.7)	474	30	487	499
Others	24.3	2,310	148	1,859	1,985
Revenues from lessor transaction	8.0	2,604	167	2,412	2,277

Expenses	Growth		Years ended December 31		
	2022-2021		2022	2021	2020
	(%)	(Rp billion)	(US\$ million)	(Rp billion)	(Rp billion)
	2.3	101,569	6,524	99,303	93,274
Depreciation and amortization expenses	4.5	33,255	2,136	31,816	28,892
Operations, maintenance, and telecommunication services expenses	0.1	38,184	2,453	38,133	34,593
Operations and maintenance	6.0	22,746	1,461	21,467	19,930
Radio frequency usage charges	6.8	6,510	418	6,097	5,930
Leased lines and CPE	(29.4)	3,530	227	5,003	3,371
Concession fees and USO charges	5.2	2,601	167	2,472	2,411
Electricity, gas, and water	0.7	904	58	898	946
Cost of SIM Cards and vouchers	1.1	747	48	739	544
Project management	(22.9)	400	26	519	538
Insurance	(46.8)	230	15	432	378
Vehicles rental and supporting facilities	12.5	343	22	305	343
Others	(13.9)	173	11	201	202
Personnel expenses	(4.0)	14,907	957	15,524	14,390
Salaries and related benefits	8.1	9,360	601	8,661	8,272
Vacation pay, incentives and other benefits	(23.3)	3,835	246	4,999	4,321
Pension benefit cost	11.5	1,268	81	1,137	804
Net periodic post-employment health care benefits cost	(19.0)	213	14	263	253
Long Service Award (LSA) expense	(39.9)	92	6	153	290
Obligation under the Labor Law	(69.3)	78	5	254	258
Other post-employment benefit cost	8.7	25	2	23	81
Long service employee benefit	(66.7)	1	0	3	53
Others	12.9	35	2	31	58

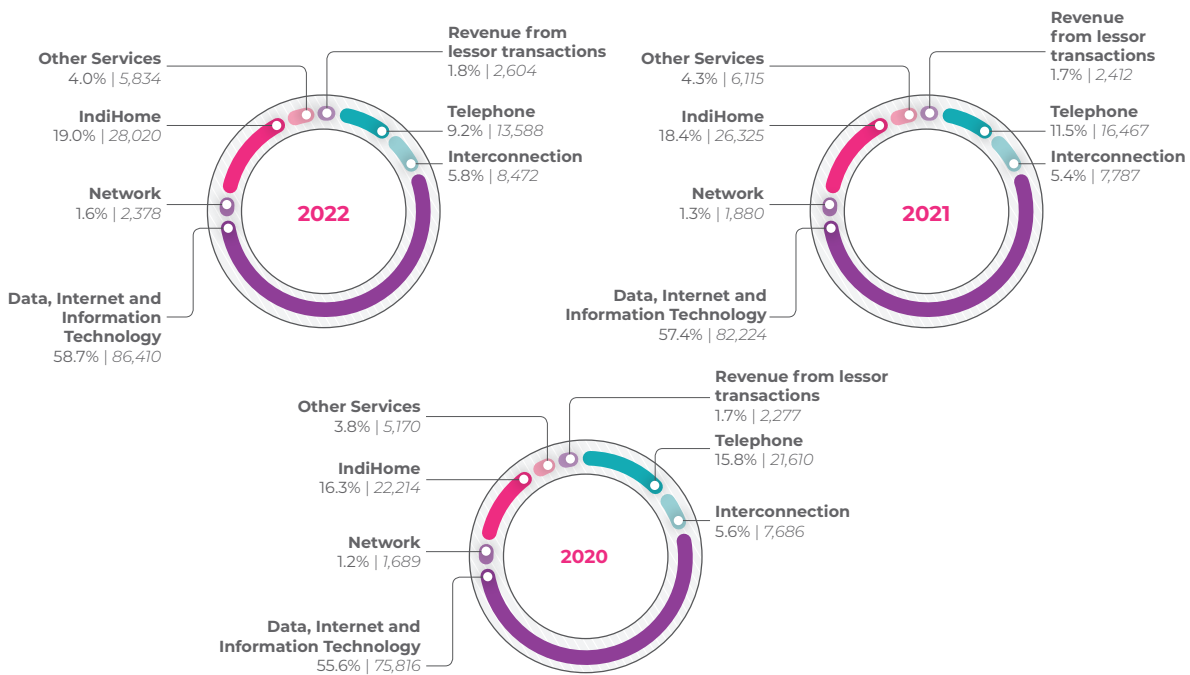
	Growth 2022-2021 (%)	Years ended December 31			
		2022		2021	2020
		(Rp billion)	(US\$ million)	(Rp billion)	(Rp billion)
Interconnection expenses	5.0	5,440	349	5,181	5,406
Marketing expenses	8.1	3,929	252	3,633	3,482
General and administrative expenses	16.7	5,854	376	5,016	6,511
General Expenses	10.6	2,259	145	2,043	1,805
Professional fees	39.0	1,097	70	789	981
Allowance for expected credit losses	18.0	563	36	477	2,267
Travelling	31.2	421	27	321	275
Training, education, and recruitment	30.6	371	24	284	308
Social contribution	2.3	218	14	213	223
Collection expenses	(18.4)	173	11	212	193
Meeting	25.3	312	20	249	184
Research and development	31.7	108	7	82	52
Others	(4.0)	332	21	346	223
Gain (loss) on foreign exchange-net	(412.0)	256	16	50	(86)
Unrealized gain on changes in fair value of investments	(287.6)	(6,438)	(414)	3,432	129
Other Income - net	(85.1)	26	2	174	274
Operating Profit	(16.8)	39,581	2,542	47,563	43,505
Finance income	57.3	878	56	558	799
Finance costs	(7.6)	(4,033)	(259)	(4,365)	(4,520)
Share of profit (loss) of associated companies	11.5	(87)	(6)	(78)	(246)
Impairment of long-term investment in associated companies	-	-	-	-	(763)
Profit Before Income Tax	(16.8)	36,339	2,334	43,678	38,775
Income Tax (Expense) Benefit	(11.0)	(8,659)	(556)	(9,730)	(9,212)
Profit for the Year	(18.5)	27,680	1,778	33,948	29,563
Other comprehensive income (loss)	10.8	1,767	113	1,980	(3,577)
Net comprehensive income for the year	(18.0)	29,447	1,891	35,928	25,986
Profit for the year attributable to owners of the parent company		20,753	1,333	24,760	20,804
Profit for the year attributable to non-controlling interest		6,927	445	9,188	8,759
Net comprehensive income attributable to owner of the parent company		22,468	1,443	26,767	17,595
Net comprehensive income for the year attributable to non-controlling interest		6,979	448	9,161	8,391

PROFIT AND LOSS COMPARISON

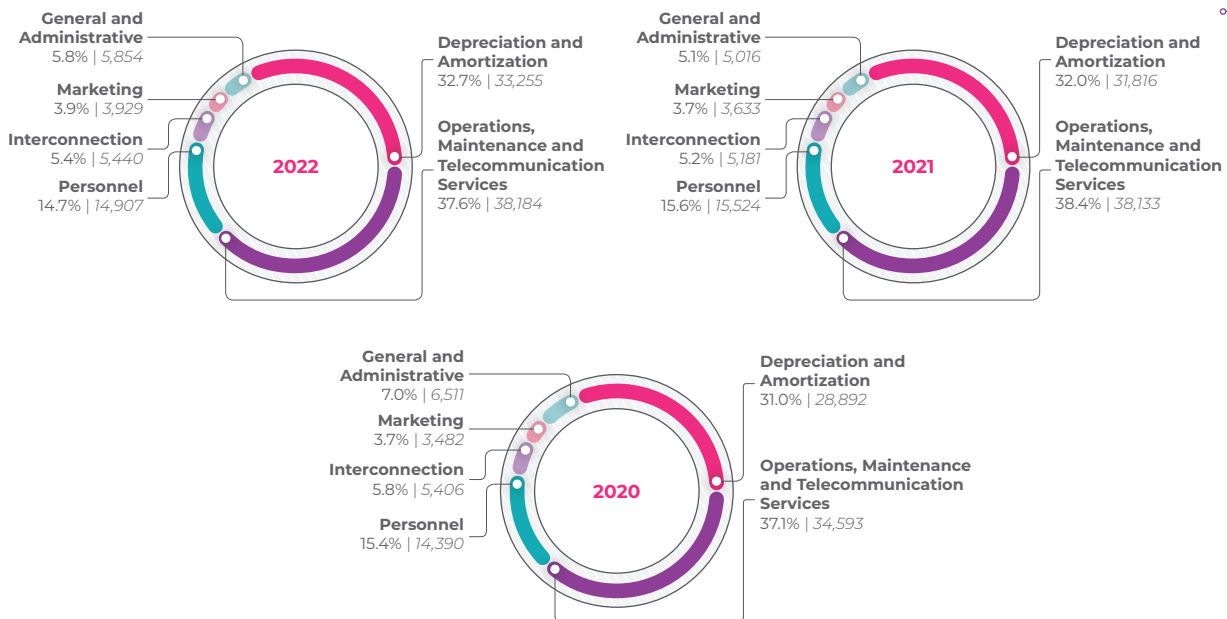
TelkomGroup's highest revenue composition in 2022 was from data, internet, and information technology services of 58.7%, followed by IndiHome revenue with the contribution of 19% and telephone revenue of 9.2%.

Meanwhile, the highest expense composition was from operation, maintenance, and telecommunication services of 37.4%, followed by depreciation and amortization expenses of 32.6% due to property and equipment, software, hardware, and technology infrastructure use. The least expense in 2022 was the marketing expense of 3.9%.

Revenue Composition 2020-2022 (Rp billion)



Expenses Composition 2020-2022 (Rp billion)



COMPARISON OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2022 COMPARED TO YEAR ENDED DECEMBER 31, 2021

1. Revenues

TelkomGroup recorded revenues in 2022 at Rp147,306 billion (US\$9,461 million), it increased by 2.9% or Rp4,096 billion, compared to the 2021 revenue of Rp143,210 billion. The increase was due to the increase in IndiHome, data, internet, and information technology service, interconnection and network revenue.

a. Cellular Telephone Revenues

The cellular voice revenue decreased by 18.2% in 2022 to Rp12,052 billion (US\$774 million) compared to the last year of Rp14,737 billion. The decrease was due to the higher subscriber's usage of Over the Top (OTT) service in communication media preference.

b. Fixed Lines Telephone Revenues

In 2022, Fixed lines telephone revenues decreased by 11.2% to Rp1,536 billion (US\$99 million), compared to 2021 of Rp1,730 billion. It was due to the higher customer mobility that more prefer to the mobile device.

c. Data, Internet, and Information Technology Services Revenues

At the end of 2022, TelkomGroup recorded data, internet, and information technology services revenue of Rp86,410 billion (US\$5,550 million), it increased by 5.1% or Rp4,186 billion compared to the 2021 revenue of Rp82,224 billion. The increase was due to:

- An increase in cellular data and internet revenue by Rp4,506 billion or 7.0% driven by the growth of mobile data usage.
- An increase in others service revenue by Rp111 billion or 4.1% driven by the growth of data usage in Enterprise segment products.
- An increase in Internet, data communication, and information technology services revenue by Rp14 billion or 0.1% driven by the growth of IT services in Consumer and Wholesale & International Business segment.

The increases were compensated by the decrease in SMS revenue by Rp445 billion or 9.4% due to the transition from SMS to the Over the Top (OTT) service.

d. Interconnection Revenues

TelkomGroup obtains interconnection revenue from Telkom fixed-line telephone, including direct international services of IDD 007 and Telkomsel cellular network. Telkom's interconnection revenues in 2022 were Rp8,472 billion (US\$544 million), increase by 8.8% or Rp685 billion from the last year of Rp7,787 billion. The increase was due to the higher traffic between countries in hubbing voice and SMS A2P (Application to Person).

e. Network Revenues

TelkomGroup's network revenues increased by 26.5% or Rp498 billion, from Rp1,880 billion in 2021 to Rp2,378 billion (US\$153 million) in 2022. The increase was due to lease line and satellite transponder revenue.

f. IndiHome Revenues

In 2022, IndiHome revenues increased by 6.4% to Rp28,020 billion (US\$1,800 million), compared to the last year of Rp26,325 billion. It was due to the IndiHome new subscribers of 9.2 million subscribers or increased by 7.1%.

g. Other Services Revenues

For the other services, TelkomGroup recorded revenue of Rp5,834 billion (US\$375 million) in 2022. It decreased by 4.6% or Rp281 billion compared to the 2021 revenues of Rp6,115 billion. The decrease was due to:

- A decrease in manage service and terminal revenue by Rp891 billion or 43.5%.
- A decrease in e-payment revenue by Rp13 billion or 2.7%.

The decrease was compensated by the increase in others revenue by Rp451 billion or 24.3%.

h. Revenues from Lessor Transactions

Telkom also has revenues from lessor transactions of Rp2,604 billion in 2022 resulted from the adoption of PSAK 72, which Telkom requires to disclose revenues from lessor transactions; for instance, leases were separately from contracts with customers' revenues.

2. Expense

Telkom recorded total expenses as of December 31, 2022, were Rp101,569 billion (US\$6,524 million), increased by 2.3% or Rp2,266 billion, compared to 2021 of Rp99,303 billion. These changes were due to:

a. Operation, Maintenance and Telecommunication

Service Expense TelkomGroup's operating, maintenance, and telecommunications services expenses in 2022 were Rp38,184 billion (US\$2,453 million), it increased by 0.1% or Rp51 billion compared to 2021 of Rp38,133 billion. It was due to:

- An increase in operation and maintenance expense by Rp1,279 billion or 6.0% resulted from usufructuary fee of backbone network with other operators/global submarine cable consortiums.
- An increase in radio frequency usage charges by Rp413 billion or 6.8%, which is directly proportional to the increase in cellular internet and data services.
- An increase in concession fees and USO charges by Rp129 billion or 5.2% due to the higher contribution from the gross revenue of telecommunications operation as the development of KPU.

The increases were compensated by:

- A decrease in leased lines and CPE expense by Rp1,473 billion or 29.4%.
- A decrease in insurance expense by Rp202 billion or 46.8%.
- A decrease in project management expense by Rp119 billion or 22.9%.

b. Depreciation and Amortization Expense

TelkomGroup recorded depreciation and amortization expenses in 2022 at Rp33,255 billion (US\$2,136 million), it increased by 4.5% or Rp1,439 billion compared to the last year of Rp31,816 billion. The increase was due to the increase capex in the current year and the Company accelerated the useful lives of Multi-Service Access Node (MSAN) assets. The Company accelerated the useful lives of Multi-Service Access Node (MSAN) assets.

c. Personnel Expense

In 2022, there was a decrease in personnel expense by 4.0% or Rp617 billion from Rp15,524 billion in 2021 to Rp14,907 billion (US\$957 million) in 2022. The decrease was due to a decrease in vacation pay, incentives, and other benefits expense by Rp1,164 billion or 23.3% and a decrease in other benefit expense by Rp176 billion or 69.3%. The decreases were compensated by the increase in salaries and related benefits by Rp699 billion or 8.1%.

d. Interconnection Expense

TelkomGroup's interconnection expenses in 2022 increased by 5.0% or Rp259 billion. In the last period, interconnection expenses were Rp5,181 billion, it increased in 2022 to Rp5,440 billion (US\$349 million), in line with the increase in interconnection revenue.

e. Marketing Expense

In 2022, TelkomGroup recorded marketing expenses at Rp3,929 billion (US\$252 million). It increased by 8.1% or Rp296 billion, compared to 2021 of Rp3,633 billion. It was due to more aggressive marketing programs, promotion of new digital products and business, consumer education, and strengthening SMEs through Padi UMKM.

f. General and Administrative Expense

TelkomGroup's general and administrative expenses in 2022 were Rp5,854 billion (US\$376 million), it increased by 16.7% or Rp838 billion compared to 2021 of Rp5,016 billion. It was due to the increase in professional fees by 39% or Rp308 billion, general expenses by Rp216 billion or 10.6%, and traveling expense by Rp100 billion or 31.2%.

3. Gain (Losses) on Foreign Exchange-Net

TelkomGroup's business involves foreign currencies, and exchange rate fluctuations throughout 2022 may positively or negatively impact the Company's financial transactions. In 2022, TelkomGroup recorded gain on foreign exchange - net of Rp256 billion (US\$16 million), it increased by Rp206 billion or 412.0% compared to the previous period that gained Rp50 billion.

4. Unrealized Gain (Loss) on Changes in Fair Value of Investments

TelkomGroup recorded unrealized loss on changes in fair value of investments in 2022 at Rp6,438 billion, it decreased by 287.6% compared to the last period of Rp3,432 billion.

5. Other Income - Net

TelkomGroup's other income - net in 2022 recorded at Rp26 billion (US\$2 million), it decreased by 85.1% or Rp148 billion compared to the last period of Rp174 billion.

6. Operating Profit and Operating Profit Margin

In 2022, TelkomGroup recorded an operating profit of Rp39,581 billion (US\$2,542 million), it decreased by 16.8% compared to the last operating profit of Rp47,563 billion. Meanwhile, the operating profit margin decreased from 33.2% in 2021 to 26.9% in 2022.

7. Profit Before Income Tax and Pre-Tax Margin

In 2022, TelkomGroup's profit before income tax was Rp36,339 billion (US\$2,334 million), it decreased by 16.8% compared to the last period of Rp43,678 billion. On the other hand, TelkomGroup recorded pre-tax margin decreased from 30.5% in 2021 to 24.7% in 2022.

8. Income Tax (Expense) Benefit

TelkomGroup's expense tax benefit in 2022 was Rp8,659 billion (US\$556 million), it decreased by 11% or Rp1,071 billion compared to 2021 of Rp9,730 billion. It was in line with the increase in deferred tax benefits of Rp426 billion.

9. Other Comprehensive Income (Losses)

Telkom recorded other comprehensive income of Rp1,767 billion (US\$113 million) in 2022. If compared to other comprehensive income in 2021 of Rp1,980 billion, it decreased by 10.8%. It was due to the decrease in defined benefit actuarial gain – net by Rp491 billion.

10. Profit for The Year Attributable to Owners of The Parent Company

Profit for the year attributable to owners of the parent company decreased by 16.2% from Rp24,760 billion in 2021 to Rp20,753 billion (US\$1,333 million) in 2022.

11. Profit for The Year Attributable to Non-Controlling Interest

Profit for the year attributable to non-controlling interests was at Rp6,927 billion (US\$445 million), it decreased by 24.6% compared to the last period of Rp9,188 billion.

12. Total Comprehensive Income for The Year

In 2022, Telkom recorded comprehensive income for the year of Rp29,447 billion (US\$1,891 million), it decreased by 18% or Rp6,481 billion compared to 2021 of Rp35,928 billion.

13. Net Income per Share

TelkomGroup's net income per share in 2022 was Rp209.49 per share, it decreased by 16.2% or Rp40.45 compared to the last year of Rp249.94 per share.

CASHFLOW OVERVIEW

TelkomGroup's cash and cash equivalent as of December 31, 2022, was decent at Rp31,947 billion (US\$2,052 million). The net cash provided by operating activities was Rp73,354 billion, net cash used in investing activities was Rp39,250 billion, and net cash used in financing activities was Rp40,837 billion.

TelkomGroup Cashflow 2020-2022

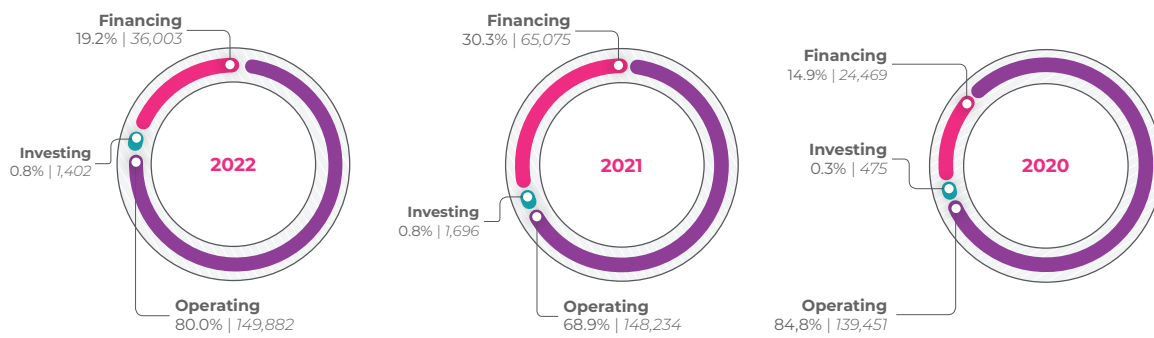
	Growth 2022-2021 (%)	Years ended December 31			
		2022	2021	2020	
		(Rp billion)	(US\$ mil- lion)	(Rp billion)	(Rp billion)
Net Cash					
provided by operating activities	7.3	73,354	4,712	68,353	65,317
used in investing activities	4.1	(39,250)	(2,521)	(37,703)	(35,256)
used in financing activities	214.5	(40,837)	(2,623)	(12,986)	(27,753)
Net increase in cash and cash equivalents	(138.1)	(6,733)	(432)	17,664	2,308
Effect of exchange rate changes on cash and cash equivalents	536.2	369	24	58	39
Cash and cash equivalents at beginning of year	86.1	38,311	2,461	20,589	18,242
Cash and cash equivalents at end of year	(16.6)	31,947	2,052	38,311	20,589

CASHFLOW COMPARISON

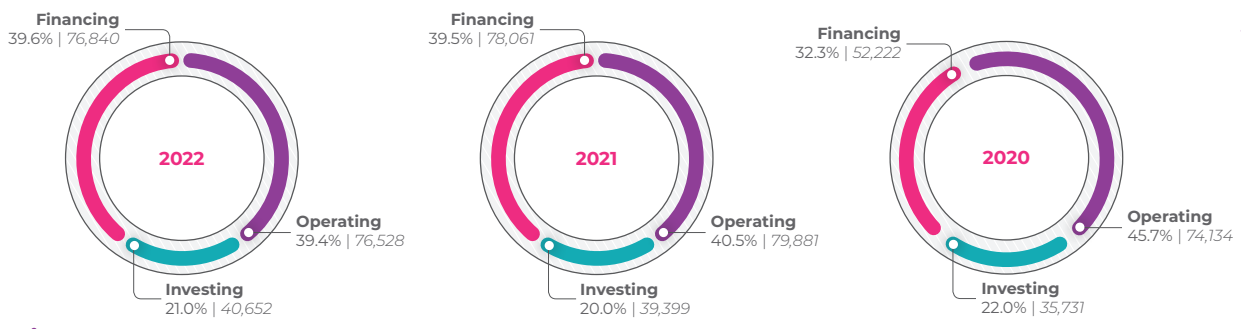
The composition of TelkomGroup cash receipt in 2022 indicated that the highest cash receipt was from operating activities of 80.0%, followed by the cash receipt from financing activities of 19.2%. This composition indicated that TelkomGroup's internal and external funds supported the Company's operational activities.

TelkomGroup's composition of cash receipt and cash disbursement in the last three years presents in the diagram below.

Composition of Cash Receipt 2020-2022 (Rp billion)



Composition of Cash Disbursement 2020-2022 (Rp billion)



COMPARISON OF CASH FLOW FOR YEAR ENDED DECEMBER 31, 2022 COMPARED TO YEAR ENDED DECEMBER 31, 2021

At the end of 2022, TelkomGroup recorded cash and cash equivalents of Rp31,947 billion or US\$2,052 million, while the last year's total cash and cash equivalents were Rp38,311 billion, which it decreased by 16.6% or Rp6,364 billion. The cash receipts of operating activities in 2022 were Rp149,882 billion or 80.0% of total cash receipts, while the cash receipts from financing activities were Rp36,003 billion or contributed to 19.2%. The least cash receipt in 2022 was investing activities of Rp1,402 billion or contributed to 0.8% of total cash receipts.

In 2022, the cash disbursements for operating activities were Rp76,528 billion or 39.4% of total cash disbursements. Then, cash disbursements were for financing activities of Rp76,840 billion or 39.6% of total cash disbursements, while the least cash disbursements were from investing activities of Rp40,652 billion or 21.0%.

1. Cash Flow from Operating Activities

In 2022, net cash provided by operating activities were Rp73,354 billion or US\$4,712 million. Compared to the last period, it increased by Rp5,001 billion.

TelkomGroup recorded cash receipts from operating activities of Rp149,882 billion in 2022, while, cash receipts from operating activities for 2021 were Rp148,234 billion, it increased by Rp1,648 billion or 1.1%. The cash receipts were from:

- Cash receipts from customers and other operators of Rp146,268 billion.
- Cash receipts for tax refund of Rp2,411 billion.
- Cash receipts from finance income of Rp865 billion.
- Cash receipts for other – net of Rp338 billion.

Cash disbursements for operating activities in 2022 were Rp76,528 billion. It decreased by 4.2% or Rp3,353 billion compared to the last cash disbursements of Rp79,881 billion. TelkomGroup's cash disbursements were for:

- Cash payments for expenses of Rp45,559 billion.
- Cash payments to employees of Rp14,052 billion.
- Cash payments for corporate and final income taxes of Rp8,465 billion.
- Cash payments for finance costs of Rp4,064 billion
- Cash payments for short-term and low-value lease assets of Rp3,873 billion.
- Cash payments for Value Added Taxes – net of Rp515 billion.

2. Cash Flow from Investing Activities

In 2022, TelkomGroup's net cash used in investing activities was Rp39,250 billion or US\$2,521 million. It increased by Rp1,547 billion or 4.1% compared to the last period of Rp37,703 billion. Cash receipts from investing activities in 2022 were Rp1,402 billion, it decreased by 17.3% or Rp294 billion from the last period of Rp1,696 billion. Cash receipts were from:

- Proceeds from sale of property and equipment of Rp526 billion.
- Proceeds from insurance claims of Rp299 billion.

- Dividend received from associated company of Rp17 billion.
- Increase in advances and other assets of Rp560 billion.

Telkom recorded cash disbursements for investing activity of Rp40,652 billion in 2022. It increased by 3.2% or Rp1,253 billion from the last year of Rp39,399 billion. The cash disbursement was for:

- Purchase of property and equipment of Rp35,138 billion.
- Purchase of intangible assets of Rp3,259 billion.
- Additional of long-term investment in financial instrument of Rp1,401 billion.
- Placement in other current financial assets-net of Rp854 billion.

3. Cash Flows from Financing Activities

TelkomGroup recorded net cash used in financing activities was Rp40,837 billion (US\$2,623 million) while in 2021 was minus Rp12,986 billion. TelkomGroup received cash from financing activities of Rp36,003 billion, it decreased by 44.7% or compared to the last period of Rp65,075 billion. The cash receipt was from:

- Proceeds from loans and other borrowings of Rp35,958 billion.
- Proceeds from issuance of new shares of subsidiaries of Rp45 billion.

Meanwhile, the cash disbursement for financing activities was of Rp76,528 billion, it decreased by Rp3,353 billion or 4.2% compared to the last period of Rp78,061 billion. The cash disbursement was for:

- Repayments of loan and other borrowings of Rp44,304 billion.
- Cash dividends paid to the Company's stockholders of Rp14,856 billion.
- Cash dividends paid to non-controlling interests of subsidiaries of Rp10,103 billion.
- Repayments of principal portion of lease liabilities of Rp6,896 billion.
- Buy back shares of non-controlling shareholders of subsidiaries of Rp681 billion.

SOLVENCY

TelkomGroup's 2022 Consolidated Financial Statements (Audited) show the Company's decent liquidity, solvency, and the ability to pay the short and long-term liabilities. TelkomGroup's debt repayment originate from cash inflows from operational activities, so that it shows the ability to manage its operations and liquidity.

SHORT-TERM LIABILITY

For measuring the ability to pay short-term debt, TelkomGroup uses the current ratio, quick ratio, and cash ratio to maintain liquidity and ensure the funds' availability to pay short-term debt. TelkomGroup's strategy for short-term debt is to keep the current ratio percentage above the industry average current ratio and maintain the loan availability that can be withdrawn if needed.

TelkomGroup Liquidity Ratio 2020-2022

Ratio	2022	2021	2020
Current Ratio	78.2 %	88.6 %	67.3 %
Quick Ratio	59.9 %	68.7 %	48.4 %
Cash Ratio	47.3 %	56.1 %	31.7 %

LONG-TERM LIABILITY

TelkomGroup constantly monitors the Debt to Equity Ratio, the Debt to EBITDA Ratio, and the EBITDA to Interest Expense Ratio to ensure its ability to pay its long-term debt. The TelkomGroup Consolidated Financial Statements indicate a Debt to Equity Ratio of 0.42 times, a Debt to EBITDA Ratio of 0.80 times, and an EBITDA to Interest Expense Ratio of 19.6 times. Those ratios conclude that TelkomGroup's ability to pay the long-term debt has a relatively low risk of default.

Ratio	2022	2021	2020
Debt to Equity Ratio	0.42 X	0.48 X	0.54 X
Debt to EBITDA Ratio	0.80 X	0.91 X	0.91 X
EBITDA to Interest Expense Ratio	19.6 X	17.3 X	15.9 X

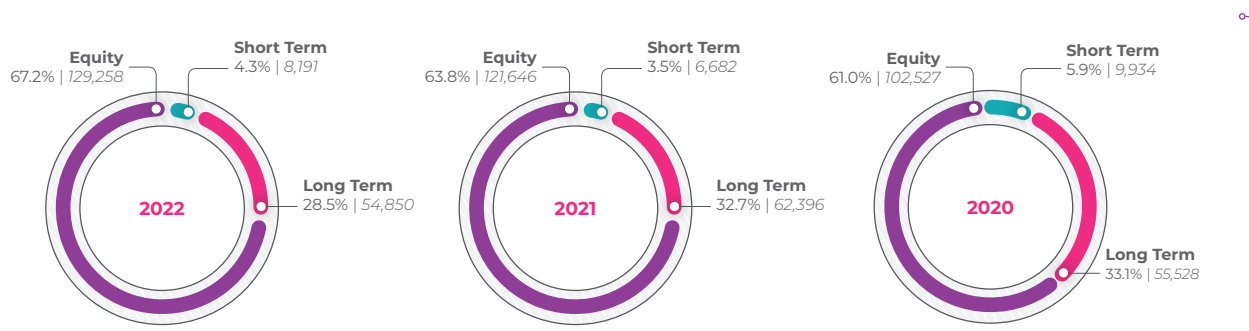
To reduce interest expenses and exposure to interest rate fluctuations in the future, TelkomGroup tried to improve its debt profile, particularly debt with floating interest. Further information regarding liquidity and the discussion regarding the debt of Telkom and its subsidiaries can be seen in Notes 18 and 19 in TelkomGroup's Consolidated Financial Statements for 2022.

CAPITAL STRUCTURE AND THE MANAGEMENT POLICIES FOR CAPITAL STRUCTURE

CAPITAL STRUCTURE

The Company's capital structure consists of short-term debt, long-term debt, and equity. As of December 31, 2022, the most significant composition of TelkomGroup's capital structure was equity. There were no substantial changes to the equity and capital composition in 2022 compared to the previous period.

Capital Structure 2020-2022 (Rp billion)



Capital Structure	2022		2021	2020
	(Rp billion)	(US\$ million)	(Rp billion)	(Rp billion)
Debt	63,041	4,049	69,078	65,462
Short Term Debt	8,191	526	6,682	9,934
Long Term Debt	54,850	3,523	62,396	55,528
Equity	129,258	8,302	121,646	102,527
Total	192,299	12,351	190,724	167,989

MANAGEMENT POLICY FOR CAPITAL STRUCTURE

TelkomGroup is required to maintain its creditworthiness, as indicated in its credit rating and capital structure. In 2022, TelkomGroup was able to keep the debt levels below the industry average, which it signified in the Debt to Equity Ratio and Debt to EBITDA Ratio. Maintaining a solid capital structure is done by optimizing the cost of capital (weighted average cost of capital), tax benefits and ensuring healthy financial ratios to maintain a balanced capital structure.

These measures support TelkomGroup's capital structure policy to achieve an optimal funding composition. The capital structure policy in the current year will become the basis for management decision-making in terms of adding or paying the short-term and long-term debt.

In 2022, TelkomGroup's Debt to Equity Ratio (DER) was 0.42 times, while in 2021, it was 0.48 times. TelkomGroup's Debt Service Coverage Ratio as of December 31, 2022, was 1.6 times, while in 2021, it was 1.6 times. Further information regarding management's policy on the capital structure is in Notes 38 Capital Management in the 2022 TelkomGroup's Consolidated Financial Statements.

REALIZATION OF CAPITAL EXPENDITURE

Throughout 2022, TelkomGroup has realized capital expenditure investments tailored to the Company's needs and strategies to anticipate dynamic technology transformation. The denomination of TelkomGroup's capital expenditure investment is in two currencies, namely Rupiah (Rp) and US Dollar (US\$).

STRATEGY AND OBJECTIVES OF INVESTMENT IN CAPITAL EXPENDITURE

The objective and strategy in determining investment in capital expenditure are to support the expansion and maintain business growth in the digital era based on digital connectivity, digital platforms, and digital services. In 2022, TelkomGroup constantly invested capital expenditure to build infrastructure capacity and capability in realizing the higher and more dynamic demand.

TYPES OF INVESTMENT IN CAPITAL EXPENDITURE

Capital expenditure of Telkom and its subsidiaries are:

- Broadband services, comprising of mobile (4G, 5G) and fixed broadband;
- Network infrastructures, consist of core network, submarine cable, terrestrial cable, Metro-Ethernet, IP Backbone, and satellite;
- Data Center, Cloud, TV Video, IoT, IT (smart platform, solution, and services); and
- Other supporting capital expenditures, such as supporting facility of connectivity, building, and power supply.

INVESTMENT VALUE IN CAPITAL EXPENDITURE

The total investment realization of TelkomGroup's capital expenditure in 2022 was Rp34,156 billion or US\$2,194 million. It increased by 12.6% from the previous year of Rp30.341 billion. The following are some of TelkomGroup's capital expenditure:

- Constructed Telkomsel BTS.
- Building neuCentrix and hyperscale data center.
- Tower addition and its supporting capacity.
- National project of submarine cable system deployment, such as Lumori (Luwuk-Morowali-Kendari) submarine cable, interisland Batam and North Papua submarine cable, and international submarine cable system.
- Telkomsat built high-throughput satellite (HTS) on the 133°E orbital to improve terrestrial network infrastructure.

TelkomGroup's Capital Expenditure Investment 2020-2022

	Years ended December 31			
	2022		2021	2020
	(Rp billion)	(US\$ million)	(Rp billion)	(Rp billion)
Total Investment in Capital Expenditure	34,156	2,194	30,341	29,436

MATERIAL COMMITMENT FOR CAPITAL EXPENDITURE

OBJECTIVES OF MATERIAL COMMITMENT FOR CAPITAL EXPENDITURE

TelkomGroup is necessary to make sustainable investments to accelerate digital transformation. We made several material commitments for capital expenditure to support transmission and network equipment, as well as for other digital infrastructure. The material commitment of TelkomGroup and other parties in the form of project agreements is in Note 35 Significant Commitments and Agreements in the 2022 TelkomGroup's Consolidated Financial Statements.

SOURCES OF FUNDS TO FULFILL OF MATERIAL COMMITMENT FOR CAPITAL EXPENDITURE

In 2022, TelkomGroup had a good leverage to fund capital expenditures. TelkomGroup has several alternatives for other funding, including using internal and external funding sources (such as bank funding, debt instruments, and additional share capital for capital expenditure investment) according to a predetermined business plan.

DENOMINATED CURRENCIES OF MATERIAL COMMITMENT FOR CAPITAL EXPENDITURE

TelkomGroup uses several currency denominations in material commitments for capital expenditure investment. It consists of Rupiah and US Dollar. The most significant bond is in Rupiah currency of Rp10,046 billion.

Ikatan Material Berdasarkan Mata Uang per 31 Desember 2022

Table of Material Commitment based on Currencies	Amounts in Foreign Currencies (million)	Equivalent in Rupiah (billion)
IDR	—	10,046
USD	267	4,157
Total		14,203

FOREIGN CURRENCY RISK MITIGATION OF MATERIAL CONTRACTS FOR CAPITAL EXPENDITURE

Material commitments for capital expenditure using foreign currencies can be affected by fluctuations in exchange rates. Therefore, TelkomGroup determines time deposits and receivables of at least 25% of the outstanding foreign currency short-term liabilities so that TelkomGroup can offset exchange rate fluctuation losses with exchange rate gains on time deposits and receivables.

A detailed explanation regarding material commitments for capital expenditure investment and foreign exchange rate risk is in Note 35 Significant Commitments and Agreements and Note 37 Financial Instruments in the 2022 TelkomGroup's Consolidated Financial Statements.

RECEIVABLES COLLECTABILITY

TelkomGroup had a decent receivables collectability level with consolidated maturity receivables as of December 31 for 2022 and 2021, which are not impaired or collectible of Rp1,876 billion and Rp3,417 billion. The accounts receivable turnover ratio was recorded at 17.2%, and the average collection time ratio was 21.2 days.

TelkomGroup monitors receivables and collection balances regularly to minimize the customers' credit risk. Methods in collecting its accounts receivable are direct visits and collection to the customer, cooperating with partners regarding account receivable collection service, and actively contacting customers via telephone, letter, or email.

TelkomGroup's Receivables Collectability 2020-2022

Ratio	Average Collection Duration Ratio (%)		
	2022	2021	2020
Average collection ratio (days)	21.2	25.3	30.9
Receivables turnover ratio (%)	17.2	14.4	11.8

ANALYSIS AND EXPLANATION OF RECEIVABLES COLLECTABILITY

TelkomGroup classifies receivables in analyzing accounts receivable based on the age of accounts receivable.

Analysis of TelkomGroup's Accounts Receivables by Age Period 2020-2022

Analysis of Accounts Receivable by Age	2022	2021	2020
	(Rp billion)		
Not past due	6,964	5,625	7,818
0 – 3 months	1,674	2,447	2,300
3 – 6 months	664	924	1,274
> 6 months	6,900	7,316	8,307
Total receivables before provision	16,202	16,312	19,699
Provision for impairment of receivables	(7,568)	(7,802)	(8,360)
Net receivables after provision	8,634	8,510	11,339

In 2022, TelkomGroup established a provision for impairment of trade receivables based on the collective historical impairment rate and individual customer credit historical rates. Provision for impairment of receivables in 2022 was Rp7,568 billion, lower than the provision for 2021 of Rp7,802 billion. Further discussion of TelkomGroup's receivables is in Note 5 Trade Receivables in the 2022 TelkomGroup's Consolidated Financial Statements.