

Website

TelkomGroup has several websites that customers can access according to their needs, such as www.telkom.co.id, www.telkomsel.com, www.telin.net, and www.indihome.co.id. It helps customers access information, submit a complaint, and get services such as e-billing, registration, and collective billing information.

Social Media

TelkomGroup manages social media such as Facebook, Instagram, and Twitter to reach massive customers, communicate with customers, and gain fast feedback on products and services.

Instant Messaging

TelkomGroup also manages instant messaging, including Facebook, Twitter, Telegram, and WhatsApp, for Telkomsel's subscribers to communicate with our virtual assistant chatbot, Veronika, enabling them to explore our products and services.

LinkAja

LinkAja is a mobile-based digital wallet application with many features to pay bills, purchase digital products and services, and other digital transactions. In September 2023, along with the minister of SOEs, LinkAja officially launched a special edition skin as an actual step in digital transformation for integrated payment and communication. This application is for SOE employees as a supporting transaction tool with LinkAja's balance usage, an effective and efficient communication medium over the newest information on the Ministry of SOE and other SOEs, and an SOE's promotional media on products and services.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

We implement CRM for a personalized service to identify customers' interests and preferences, which is one of them through the IndiHome B2C service. IndiHome B2C officers proactively identify subscribers' issues and initiate solutions for the problems to improve their convenience. IndiHome B2C can provide services to each subscriber through a solid subscriber database and enhance the customer experience.

On the other hand, we are conducting sustainable improvements through a close-the-loop system, which means "beginning and ending with the customer mind" by continuously improving solutions for customers' pain points to enhance the customer experience. We deeply analyze customer feedback garnered from PNS surveys (specifically detractors/customers that do not recommend IndiHome B2C services) to analyze the cause and then produce a prioritized most impactful action plan for IndiHome subscribers' satisfaction.

We are also improving our services to customer needs and behavior, using customer profiles generated from data collection and advanced improvements to our hyper micro-segmentation analysis engine. It aims to personalize services and improve product offerings with appropriate pricing to meet customer needs. It may appeal to the customers based on their profile, seeking to maintain customer engagement and productivity. We also rely on the traceable customer relationship management process, allowing us to identify and fix problems promptly rather than customer complaints. Therefore, we can avoid the customers' dissatisfaction and proactively resolve issues. We can reach our customers across the country through our extensive customer touch points, increasing their convenience.

COMPREHENSIVE FINANCIAL PERFORMANCE

FINANCIAL POSITION OVERVIEW

As of December 31, 2023, TelkomGroup had total assets of Rp287,042 billion or US\$18,641 million, increased by 4.3% from the previous period. The increase was due to an increase in other current financial asset, trade receivables, contract assets, other current asset, property and equipment, other non-current assets, and right-of-use assets. Meanwhile, total liabilities were Rp130,480 billion or US\$8,473 million. It increased by 3.6% from the last year. The increase was due to an increase in trade payables, contract liabilities, bank loans, long-term loans, lease liabilities, contract liabilities, and pension benefits and other post-employment benefits obligations

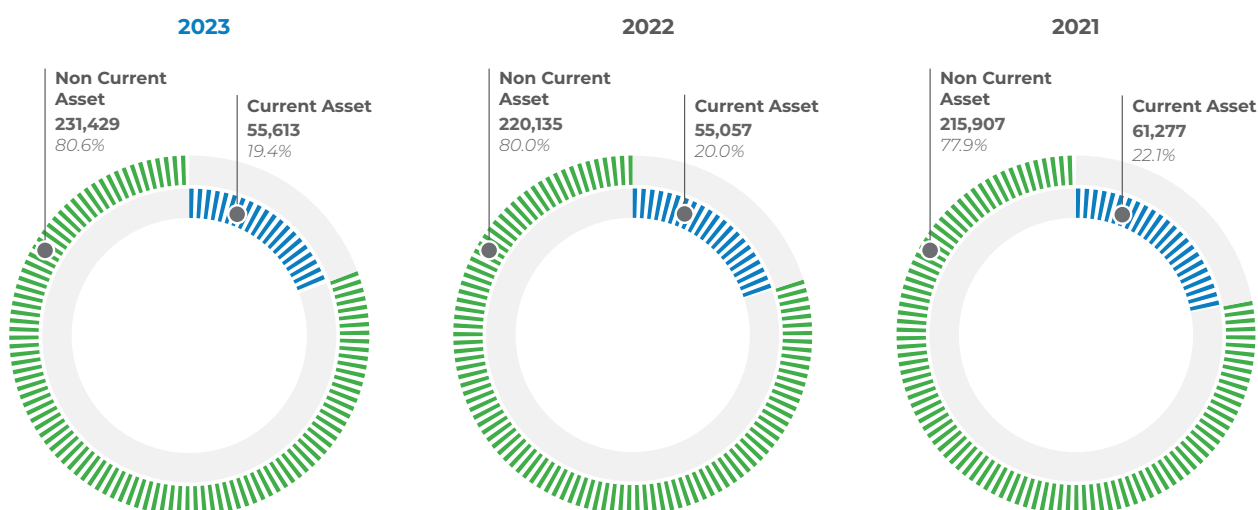
Telkom and Its Subsidiaries Financial Position 2021-2023

	Growth		Years ended December 31		
	2023-2022	2023		2022	2021
	(%)	(Rp billion)	(US\$ million)	(Rp billion)	(Rp billion)
Total Current Assets	1.0	55,613	3,612	55,057	61,277
Total Non-Current Assets	5.1	231,429	15,029	220,135	215,907
Total Assets	4.3	287,042	18,641	275,192	277,184
Total Current Liabilities	1.7	71,568	4,648	70,388	69,131
Total Non-Current Liabilities	6.1	58,912	3,826	55,542	62,654
Total Liabilities	3.6	130,480	8,473	125,930	131,785
Total Equity attributable to owners of the parent company	5.0	135,744	8,815	129,258	121,646

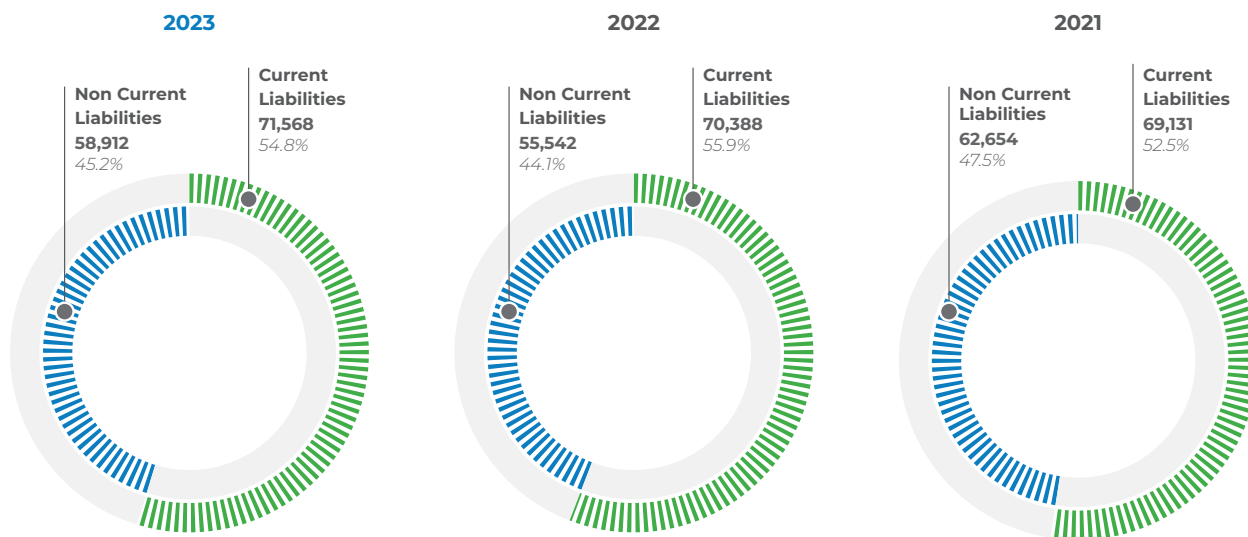
Financial Position Comparison

The position of Telkom's current asset and non-current asset as of December 31, 2023, was 19.4% dan 80.6% Meanwhile, for the liabilities, Telkom had 54.9% current liabilities and 45.1% non-current liabilities.

Asset Composition 2021-2023 (Rp billion)



Liabilities Composition 2021-2023 (Rp billion)



Comparison of Financial Position as of December 31, 2023 Compared to as of December 31, 2022

1. Assets

At the end of 2023, Telkom's total assets were Rp287,042 billion or US\$18,641 million. It increased by Rp11,850 billion or 4.3% compared to 2022. It was due to:

a. Current Assets

Telkom's current assets of December 31, 2023 was recorded at Rp55,613 billion or US\$3,612 million, increased by Rp556 billion or 1% from 2022. It was due to:

- An increase in trade receivables by Rp2,033 billion or 23.5% due to significant increase in receivables to third parties.
- An increase in other current assets by Rp985 billion or 14% due to an increase in frequency use permits prepaid short-term portion, advances, prepaid salaries, and other receivables.
- An increase in other current financial assets by Rp312 billion or 23.1% due to an increase in term deposits and mutual funds.
- An increase in contract assets by Rp247 billion or 10.1% due to an increase in the asset of short-term contracts.
- An increase in claim for tax refund and prepaid taxes by Rp84 billion or 4.6% due to an increase in short-term portion of prepaid taxes.

The increases were offset by:

- A decrease in cash and cash equivalents by Rp2,940 billion or 9.2% was mainly on the cash side at third party banks and related parties due to an increase in cash expenditures for bank debt repayment activities and other loans.
- A decrease in inventories by Rp147 billion or 12.8% related to components and others.
- A decrease in contract costs by Rp18 billion or 2.7% due to a decrease in contract fulfillment costs.

b. Non-Current Assets

TelkomGroup's non-current asset as of December 31, 2023 was Rp231,429 billion or US\$15,029 million, it increased by 5.1% or Rp11,294 billion from 2022. It was due to:

- An increase in property and equipment by Rp7,426 billion or 4.3% due to an increase in direct ownership in the form of buildings, satellites, earth stations and their equipment, transmission equipment and installations, power supplies, data processing equipment and other telecommunications equipment.
- An increase in right-of-use assets by Rp2,248 billion or 11.1% for right-of-use assets in the form of transmission equipment and installations, land, etc.

- An increase in other non-current assets by Rp1,810 billion or 50% in the form of prepaid frequency use permits, tax refund claims and prepaid taxes, all after deducting the short-term portion.
- An increase in intangible assets by Rp429 billion or 5.2% in the form of software and other intangible assets.
- An increase in deferred tax assets – net by Rp53 billion or 1.3% due to an increase in employee benefit provisions and contract liabilities at Telkomsel.

The increases were offset by:

- A decrease in long-term investments by Rp491 billion or 5.7% due to a decrease in long-term investment in financial instruments in the form of equity and convertible bonds.
- A decrease in contract costs by Rp173 billion or 9.9% due to the difference between amortization of contract costs during the year with the addition of contract acquisition costs and contract fulfillment costs as well as an impairment loss.

2. Liabilities

At the end of 2023, TelkomGroup recorded total liabilities of Rp130,480 billion or US\$8,473 million, it increased by 3.6% or Rp4,550 billion compared to 2022. The following influenced changes in liabilities in 2023:

a. Current Liabilities

At the end of 2023, TelkomGroup's current liabilities were Rp71,568 billion or US\$4,648 million, it increased by 1.7% or Rp1,180 billion and was due to:

- An increase in trade payables by Rp151 billion or 0.8% mostly from related parties for the purchase of equipment, goods and services.
- An increase in Contract liabilities by Rp533 billion or 8.8% mostly from advances from WIB and Enterprise segment customers.

- An increase in short-term bank loans by Rp1,459 billion or 17.8%, the largest of which was proportionally obtained from third party creditors.
- An increase in Current maturities of long-term loans and other borrowings by Rp1,418 billion or 16.0% with the largest proportion being additional bank debt, bonds and MTN.
- An increase in current maturities of lease liabilities by Rp650 billion or 13.2%.
- An increase in customer deposits by Rp184 billion or 7.7%, which was also related to the increase in the number of customers.

The increases were offset by:

- A decrease in accrued expenses by Rp2,366 billion or 15.3%, the largest proportionally in the form of a decrease in accrued expenses in terms of operations, maintenance and telecommunications services.
- A decrease in taxes payable by Rp847 billion or 15.8% due to a decrease in corporate income tax and VAT - tax collector.
- A decrease in other payables by Rp22 billion or 4.8% due to the settlement of several related debts.

b. Non-Current Liabilities

At the end of 2023, TelkomGroup recorded non-current liabilities of Rp58,912 billion or US\$3,826 million, it increased by 6.1% or Rp3,370 billion, which was due to:

- An increase in contract liabilities by Rp1,030 billion or 66%, most of which was in the form of an increase in down payments for Enterprise, WIB, and Other segment customers.

- An increase in pension benefits and other post-employment benefits obligations by Rp1,142 billion or 11.1%, most of which is from pensions at Telkomsel and post-employment health benefits related to employee transfers from the IndiHome integration.
- An increase in long service award provisions by Rp122 billion or 11.8% due to defined benefits funded by the Company and post-employment health benefits.
- An increase in long-term loans and other borrowings by Rp442 billion or 1.6%, which was proportionally in the form of an increase in third party bank debt.
- An increase in lease liabilities by Rp1,114 billion or 8.1% due to additional rental activities by the Company.

The increases were offset by:

- An increase in other liabilities by Rp298 billion or 50.7%.
- An increase in deferred tax liabilities - net by Rp182 billion or 17.8, which proportionally occurred at Telkomsel related to leases and differences in the book value of fixed assets according to accounting & tax.

3. Equity

TelkomGroup's equity in 2023 was recorded at Rp156,562 billion or US\$10,167 million, increased by 4.9% or Rp7,300 billion from the 2022 of Rp149,262 billion or US\$9,587 million.

PROFIT AND LOSS OVERVIEW

Telkom's consolidated revenue as of December 31, 2023, was Rp149,216 billion (US\$9,690 million), or increased by 1.3% compared to the last year of Rp147,306 billion (US\$9,461 million). The increase was due to the revenue growth in data, internet, and information technology service, IndiHome, interconnection, and network.

The total expense of TelkomGroup in 2023 was Rp104,300 billion (US\$6,773 million), it increased by 2.7% compared to the total expense in 2022 of Rp101,569 billion (US\$6,524 million). It was due to the several factors, such as the increase in operations, maintenance, and telecommunication services, interconnection, general and administrative, and personnel expenses. As of the end of 2023, TelkomGroup recorded a net profit of Rp24,560 billion (US\$1,595 million), it increased by 18.3%, and EBITDA of Rp77,579 billion that decreased by 1.8% compared to 2022.

Telkom and Its Subsidiaries Consolidated Profit and Loss in 2021-2023

	Growth		Years ended December 31		
	2023-2022	2023		2022	2021
	(%)	(Rp billion)	(US\$ million)	(Rp billion)	(Rp billion)
Revenues	1.3	149,216	9,690	147,306	143,210
Telephone revenues	(33.1)	9,093	590	13,588	16,467
Cellular	(32.0)	8,194	532	12,052	14,737
Fixed Line	(41.5)	899	58	1,536	1,730
Interconnection revenues	7.0	9,067	589	8,472	7,787
Data, internet, and information technology service revenues	5.1	90,820	5,898	86,410	82,224
Cellular internet and data	6.1	73,187	4,753	69,006	64,500
Internet, data communication and information technology services	6.0	10,899	708	10,286	10,272
Short Messaging Service (SMS)	(21.6)	3,380	219	4,309	4,754
Others	19.4	3,354	218	2,809	2,698
Network revenues	4.4	2,482	161	2,378	1,880
IndiHome revenues	2.7	28,785	1,869	28,020	26,325
Other services revenues	6.0	6,183	402	5,834	6,115
Manage service and terminal	(20.5)	920	60	1,157	2,048
Call center service	8.6	1,264	82	1,164	1,081
E-health	4.4	761	49	729	640
E-payment	4.6	496	32	474	487
Others	18.7	2,742	178	2,310	1,859
Revenues from lessor transaction	7.0	2,786	181	2,604	2,412
Expenses	2.7	104,300	6,773	101,569	99,303
Depreciation and amortization expenses	(1.8)	32,663	2,121	33,255	31,816
Operations, maintenance, and telecommunication services expenses	4.0	39,718	2,579	38,184	38,133
Operations and maintenance	1.4	23,057	1,497	22,746	21,467
Radio frequency usage charges	13.9	7,412	481	6,510	6,097
Leased lines and CPE	(1.9)	3,462	225	3,530	5,003
Concession fees and USO charges	9.0	2,836	184	2,601	2,472
Electricity, gas, and water	(3.0)	877	57	904	898

	Growth		Years ended December 31		
	2023-2022	2023		2022	2021
	(%)	(Rp billion)	(US\$ million)	(Rp billion)	(Rp billion)
Cost of SIM cards and vouchers	6.7	797	52	747	739
Project management	22.3	489	32	400	519
Insurance	17.0	269	17	230	432
Vehicles rental and supporting facilities	(10.2)	308	20	343	305
Others	22.0	211	14	173	201
Personnel expenses	6.8	15,927	1,034	14,907	15,524
Salaries and related benefits	3.4	9,674	628	9,360	8,661
Vacation pay, incentives and other benefits	8.4	4,159	270	3,835	4,999
Pension benefit cost	4.0	1,319	86	1,268	1,137
Net periodic post-employment health care benefits cost	(3.8)	205	13	213	263
Long Service Award (LSA) expense	214.1	289	19	92	153
Obligation under the Labor Law	178.2	217	14	78	254
Other post-employment benefit cost	(12.0)	22	1	25	23
Long service employee benefit	-	1	0	1	3
Others	17.1	41	3	35	31
Interconnection expenses	17.0	6,363	413	5,440	5,181
Marketing expenses	(10.2)	3,530	229	3,929	3,633
General and administrative expenses	4.2	6,099	396	5,854	5,016
General Expenses	8.3	2,446	159	2,259	2,043
Professional fees	(9.2)	996	65	1,097	789
Allowance for expected credit losses	(9.5)	513	33	567	474
Travelling	5.2	443	29	421	321
Training, education, and recruitment	24.3	461	30	371	284
Social contribution	6.4	232	15	218	213
Collection expenses	12.7	195	13	173	212
Meeting	7.1	334	22	312	249
Others	9.9	479	31	436	431

**MANAGEMENT
DISCUSSION AND ANALYSIS**

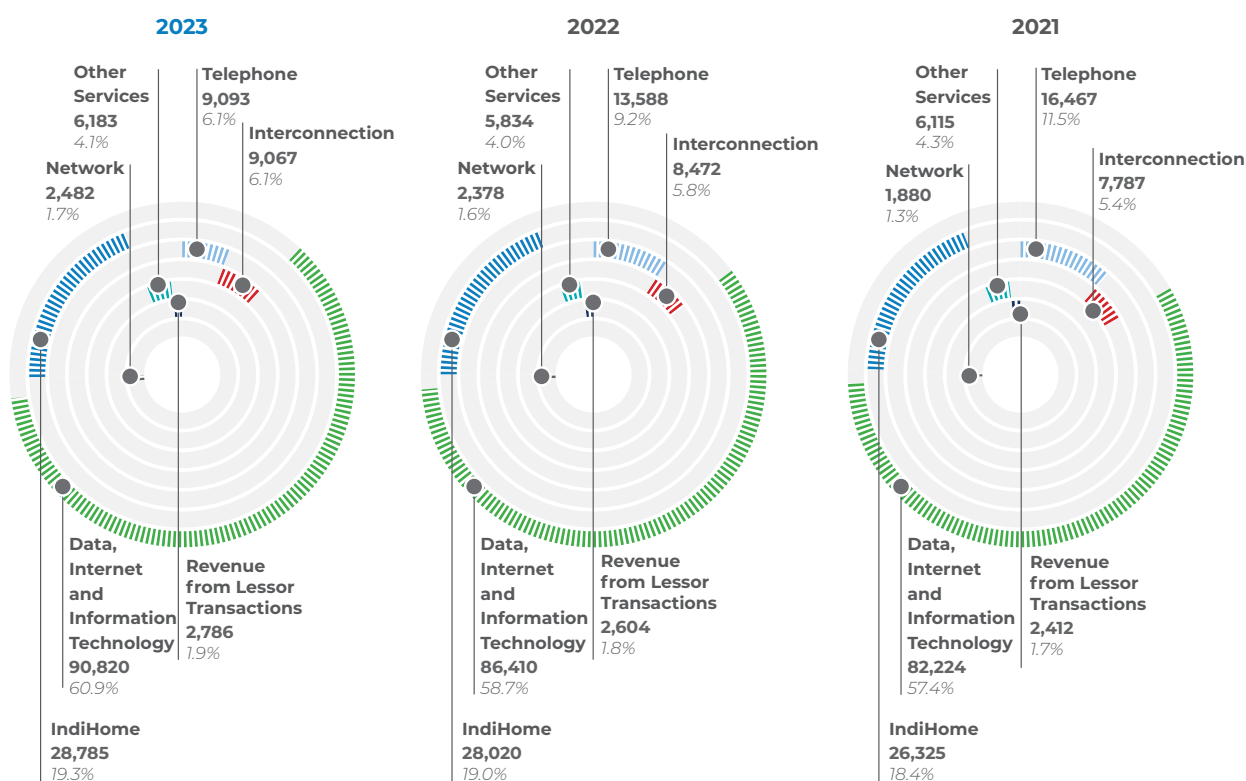
	Growth		Years ended December 31		
	2023-2022	2023		2022	2021
	(%)	(Rp billion)	(US\$ million)	(Rp billion)	(Rp billion)
Gain (loss) on foreign exchange-net	114.1	(36)	(2)	256	50
Unrealized gain on changes in fair value of investments	(88.4)	(748)	(49)	(6,438)	3,432
Other Income - net	869.2	252	16	26	174
Operating Profit	12.1	44,384	2,882	39,581	47,563
Finance income	20.8	1,061	69	878	558
Finance costs	15.3	(4,652)	(302)	(4,033)	(4,365)
Share of profit (loss) of associated companies	(101.1)	1	0	(87)	(78)
Profit Before Income Tax	12.3	40,794	2,649	36,339	43,678
Income Tax (Expense) Benefit	(0.8)	(8,586)	(558)	(8,659)	(9,730)
Profit for the Year	16.4	32,208	2,092	27,680	33,948
Other comprehensive income (loss)	182.3	(1,454)	(94)	1,767	1,980
Net comprehensive income for the year	4.4	30,754	1,997	29,447	35,928
Profit for the year attributable to owners of the parent company		24,560	1,595	20,753	24,760
Profit for the year attributable to non-controlling interest		7,648	497	6,927	9,188
Net comprehensive income attributable to owner of the parent company		23,083	1,499	22,468	26,767
Net comprehensive income for the year attributable to non-controlling interest		7,671	498	6,979	9,161

Profit and Loss Comparison

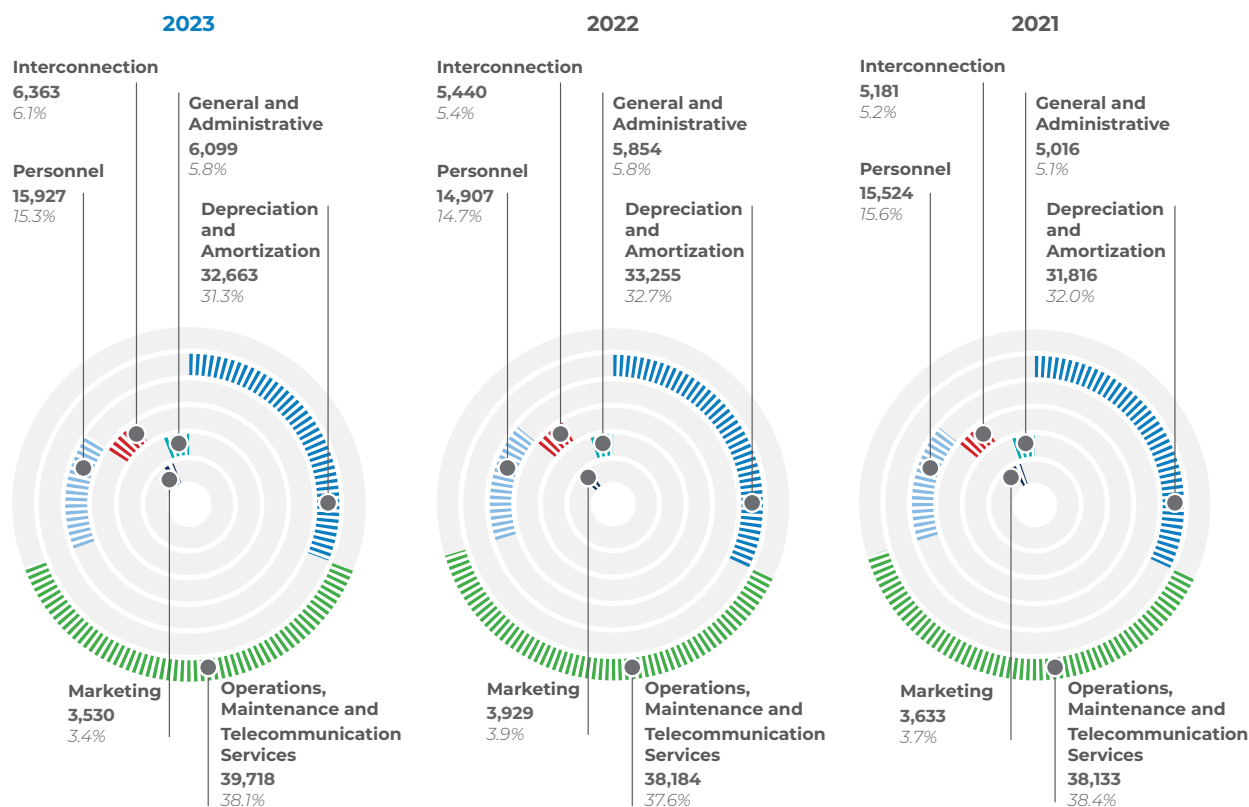
TelkomGroup's highest revenue composition in 2023 was from data, internet, and information technology service revenues of 60.9%, followed by IndiHome revenue with the contribution of 19.3% and telephone revenue of 6.1%.

The highest expense composition was from operation, maintenance, and telecommunication services of 38.3%, followed by depreciation and amortization expenses related to property and equipment, software, hardware, and technology infrastructure use of 31.3%. The least expense in 2023 was the marketing expense of 3.4%.

Revenue Composition 2021-2023 (Rp billion)



Expenses Composition 2021-2023 (Rp billion)



Comparison of Profit and Loss for The Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

1. Revenues

In 2023, TelkomGroup recorded revenues at Rp149,216 billion (US\$9,690 million), it increased by 1.3% or Rp1,910 billion, compared to the 2022 revenue of Rp147,306 billion. The increase was due to an increase in data, internet, and information technology service, IndiHome, interconnection, and network.

a. Cellular Telephone Revenues

The cellular voice revenue decreased by 32% in 2023 to Rp8,194 billion (US\$532 million) compared to the last year of Rp12,052 billion. The decrease was due to an increase in the customers' use of Over The Top (OTT) service for media communication.

b. Fixed Lines Telephone Revenues

Fixed lines telephone revenues in 2023 was Rp899 billion (US\$58 million), it decreased by 41.5% compared to 2022 of Rp1,536 billion. It was due to the higher mobility of customers who prefer more mobile devices.

c. Data, Internet, and Information Technology Services Revenues

TelkomGroup recorded data, internet, and information technology services revenue in 2023 of Rp90,820 billion (US\$5,898 million), it increased by 5.1% or Rp4,410 billion compared to the 2022 revenue of Rp86,410 billion. The increase was due to:

- An increase in cellular internet by Rp4,181 billion or 6.1% due to the growth of mobile data usage.
- An increase in internet, data communication, and information technology services revenues by Rp613 billion or 6% due to the data usage growth of Enterprise and WIB segment products.

- An increase in others revenue by Rp545 billion or 19.4% due to the data usage growth of Enterprise and WIB segment products.

The increases were compensated by the decrease in SMS revenue by Rp929 billion or 21.6% due to the usage shifting from SMS to Over The Top (OTT) service.

d. Interconnection Revenues

TelkomGroup's interconnection revenue was from fixed-line telephone, including direct international services of IDD 007 and Telkomsel cellular network. TelkomGroup's interconnection revenue in 2023 were Rp9,067 billion (US\$589 million), increased by 7% or Rp595 billion from the last year of Rp8,472 billion. The increase was due to an increase in international traffic of hubbing voice and SMS A2P (Application to Person) service.

e. Network Revenues

TelkomGroup's network revenues in 2023 was Rp2,482 billion (US\$161 million), it increased by 4.4% or Rp104 billion, from Rp2,378 billion in 2022. It was due to an increase in leased line and satellite transponder revenue.

f. IndiHome Revenues

IndiHome revenues in 2023 was Rp28,785 billion (US\$1,869 million), it increased by 2.7% or Rp765 billion from the last year of Rp28,020 billion. It was due to the IndiHome new subscribers of 0.9 million subscribers or increased by 9.5%.

g. Other Services Revenues

TelkomGroup recorded revenue for the other services of Rp6,183 billion (US\$402 million) in 2023, it increased by 6% or Rp349 billion compared to the 2022 revenues of Rp5,834 billion. It was due to:

- An increase in others revenue by Rp432 billion or 18.7%.
- An increase in call center service revenue by Rp100 billion or 8.6%.
- An increase in e-health revenue by Rp32 billion or 4.4%.
- An increase in e-payment by Rp22 billion or 4.6%.

The increases were compensated by the decrease in manage service and terminal revenue by Rp237 billion or 20.5%.

h. Revenues from Lessor Transactions

TelkomGroup's revenues from lessor transactions in 2023 were Rp2,786 billion. It 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

TelkomGroup's total expenses as of December 31, 2023, were Rp104,300 billion (US\$6,773 million), it increased by 2.7% or Rp2,731 billion, compared to 2022 of Rp101,569 billion. These changes were due to:

a. Operation, Maintenance and Telecommunication Service Expense

In 2023, TelkomGroup's operating, maintenance, and telecommunications services expenses were Rp39,718 billion (US\$2,579 million), it increased by 4% or Rp1,534 billion compared to 2022 of Rp38,184 billion. It was due to:

- An increase in operation and maintenance expense by Rp311 billion or 1.4% from backbone network usage rights costs with other global submarine cable operators/consortiums.
- An increase in radio frequency usage charges expense by Rp902 billion or 13.9%, which is directly proportional to the increase in mobile data and internet services.
- An increase in concession fees and USO charges expense by Rp235 billion or 9% due to an increase in contribution from gross revenue from telecommunications operations as a development for the USO.
- An increase in project management expense by Rp89 billion or 22.3% due to an increase in new projects starting work.
- An increase in cost of SIM cards, vouchers, and sales of peripherals expense by Rp50 billion or 6.7% related to the increased inventory of SIM cards, components and prepaid vouchers.
- An increase in insurance expense by Rp39 billion or 17% due to an increase in other expenses of Rp38 billion or 22%.

The increases were compensated by:

- A decrease in leased lines and Customer Premise Equipment (CPE) expense by Rp68 billion or 1.9%.
- A decrease in vehicles rental and supporting facilities expense by Rp35 billion or 10.2%.
- A decrease in electricity, gas, and water expense by Rp27 billion or 3%.

b. Depreciation and Amortization Expense

TelkomGroup recorded depreciation and amortization expenses in 2023 at Rp32,663 billion (US\$2,121 million), it decreased by 1.8% or Rp592 billion compared to the last year of Rp33,255 billion. It was due to the changes in the extension of the Group's useful life in the current year and the impact of accelerated depreciation of Multi-Service Access Node (MSAN) assets which were completed in the previous year.

c. Personnel Expense

The personnel expense in 2023 was Rp15,927 billion (US\$1,034 million). It increased by 6.8% or Rp1,020 billion from Rp14,907 billion in 2022. It was due to an increase in vacation pay, incentives, and other benefits expense by Rp324 billion or 8% and increase from salary and allowances expenses amounted to Rp314 billion or 3.4% and LSA expense by Rp197 billion or 214.1% that related to the employee transfer of IndiHome integration.

d. Interconnection Expense

TelkomGroup's interconnection expense in 2023 was Rp6,363 billion (US\$413 million), it increased by 17% or Rp923 billion compared to the last period of Rp5,440 billion. It aligned with the increase in interconnection revenue.

e. Marketing Expense

TelkomGroup recorded marketing expenses in 2023 at Rp3,530 billion (US\$229 million), it decreased by

10.2% or Rp399 billion compared to 2022 of Rp3,929 billion. It was due to changes in marketing program strategies that were more efficient in promoting the introduction of new digital products and businesses after the integration of IndiHome, consumer education, and strengthening SME businesses through IndiBiz.

f. General and Administrative Expense

TelkomGroup's general and administrative expenses in 2023 were Rp6,099 billion (US\$396 million), it increased by 4.2% or Rp245 billion compared to 2022 of Rp5,854 billion. It was due to an increase in general expenses by Rp187 billion or 8.3% and training, education, and recruitment expense by Rp90 billion or 24.3%. The increases were offset by a decrease in professional fees expense by 9.2% or Rp101 billion.

3. Gain (Losses) on Foreign Exchange-Net

TelkomGroup's business involves foreign currencies and exchange rate fluctuations, so it may positively or negatively impact the Company's financial transactions. In 2023, TelkomGroup recorded loss on foreign exchange - net of Rp36 billion (US\$2 million), it decreased by 114.1% compared to the previous period that gained Rp256 billion.

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

In 2023, TelkomGroup recorded unrealized loss on changes in fair value of investments at Rp748 billion, it decreased by 88.4% compared to the last period of Rp6,438 billion.

5. Other Income - Net

TelkomGroup recorded other income - net in 2023 at Rp252 billion (US\$16 million), it increased by 869.2% or Rp226 billion compared to the last period of Rp26 billion.

6. Operating Profit and Operating Profit Margin

TelkomGroup recorded the operating profit in 2023 at Rp44,384 billion (US\$2,882 million), it increased by 12.1% compared to the last operating profit of Rp39,581 billion. Meanwhile, the operating profit margin increased from 26.9% in 2022 to 29.7% in 2023.

7. Profit Before Income Tax and Pre-Tax Margin

TelkomGroup's profit before income tax in 2023 was Rp40,794 billion (US\$2,649 million), it increased by 12.3% compared to the last period of Rp36,339 billion. Meanwhile, the pre-tax margin increased from 24.7% in 2022 to 27.3% in 2023.

8. Income Tax (Expense) Benefit

TelkomGroup recorded expense tax benefit in 2023 was Rp8,586 billion (US\$558 million), it decreased by 0.8% or Rp73 billion compared to 2022 of Rp8,659 billion. It was in line with the decrease in deferred tax expense by Rp390 billion.

9. Other Comprehensive Income (Losses)

TelkomGroup recorded other comprehensive losses at Rp1,454 billion (US\$94 million) in 2023, it decreased by 182.3% or Rp3,221 billion compared to other comprehensive income in 2022 of Rp1,767 billion. It was due to the actuarial loss of defined benefit plan – net by Rp2,853 billion related to the increase in post-retirement health care benefit costs.

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

Profit for the year attributable to owners of the parent company in 2023 recorded at Rp24,560 billion (US\$1,595 million), it increased by 18.3% from Rp20,753 billion in 2022.

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

Profit for the year attributable to non-controlling interests was at Rp7,648 billion (US\$497 million), it increased by 10.4% from Rp6,927 billion in 2022.

12. Total Comprehensive Income for The Year

In 2023, Telkom recorded comprehensive income for the year of Rp30,754 billion (US\$1,997 million), it increased by 4.4% or Rp1,307 billion compared to 2022 of Rp29,447 billion.

13. Net Income per Share

TelkomGroup's net income per share in 2023 was Rp247.92 per share, it increased by 18.3% or Rp38.43 compared to the last year of Rp209.49 per share.

CASHFLOW OVERVIEW

As of December 31, 2023, TelkomGroup's cash and cash equivalent was decent at Rp29,007 billion (US\$1,884 million). The net cash provided by operating activities was Rp60,581 billion, net cash used in investing activities was Rp36,909 billion, and net cash used in financing activities was Rp26,567 billion.

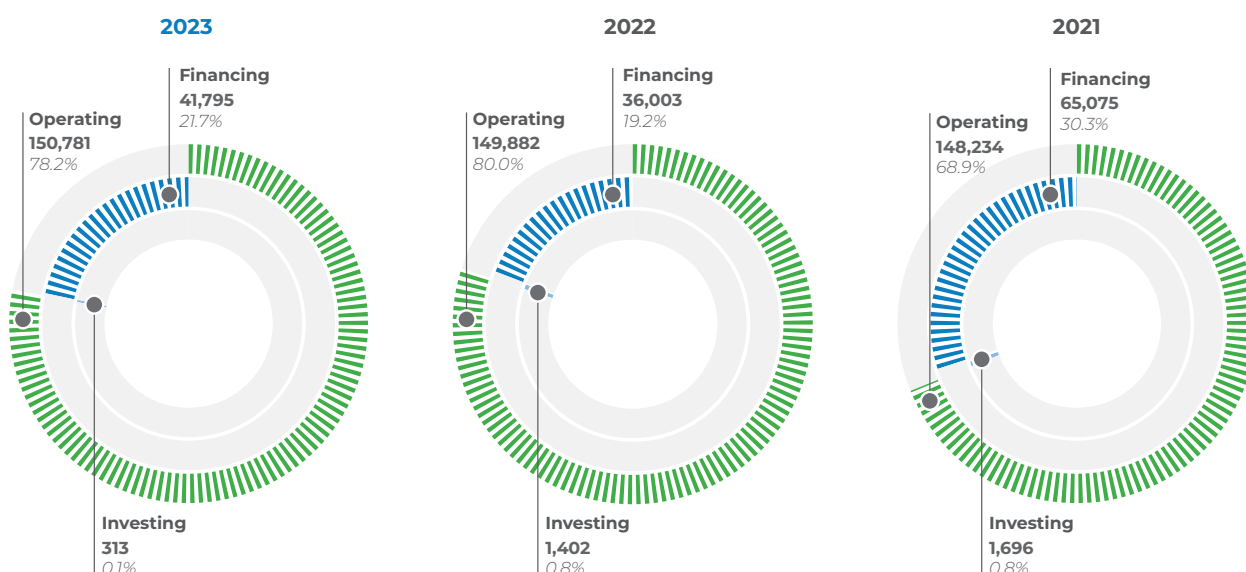
TelkomGroup Cashflow 2021-2023

	Growth		Years ended December 31		
	2023-2022	2023		2022	2021
	(%)	(Rp billion)	(US\$ million)	(Rp billion)	(Rp billion)
Net Cash					
provided by operating activities	(17.4)	60,581	3,934	73,354	68,353
used in investing activities	(6.0)	(36,909)	(2,397)	(39,250)	(37,703)
used in financing activities	(34.9)	(26,567)	(1,725)	(40,837)	(12,986)
Net increase (decrease) in cash and cash equivalents	(57.0)	(2,895)	(188)	(6,733)	17,664
Effect of exchange rate changes on cash and cash equivalents	(112.2)	(45)	(3)	369	58
Cash and cash equivalents at beginning of year	(16.6)	31,947	2,075	38,311	20,589
Cash and cash equivalents at end of year	(9.2)	29,007	1,884	31,947	38,311

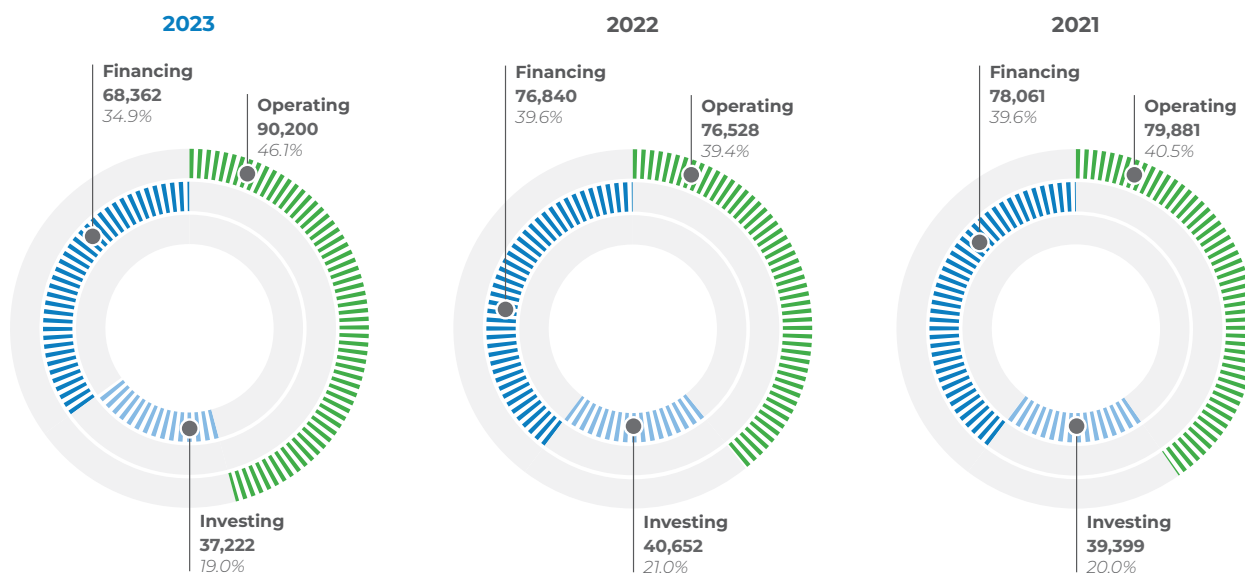
Cashflow Comparison

TelkomGroup's highest cash receipt in 2023 was from operating activities of 78.2%, followed by the cash receipt from financing activities of 21.7%. This composition indicated that TelkomGroup's internal and external funds supported the Company's operational activities.

Composition of Cash Receipt 2021-2023 (Rp billion)



Composition of Cash Disbursement 2021-2023 (Rp billion)



Comparison of Cash Flow for Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

TelkomGroup recorded cash and cash equivalents as of December 2023 of Rp29,007 billion or US\$1,884 million. It decreased by 9.2% or Rp2,940 billion from the last year total cash and cash equivalents of Rp31,947 billion. The cash receipts of operating activities in 2023 were Rp150,781 billion or 78.2% of total cash receipts, while the cash receipts from financing activities were Rp41,795 billion or contributed to 21.7%, and the cash receipt from investing activities of Rp313 billion or contributed to 0.1%.

In 2023, the cash disbursements for operating activities were Rp90,200 billion or 46.1% of total cash disbursements. Then, cash disbursements for financing activities were Rp68,362 billion or 34.9% of total cash disbursements, and the cash disbursements from investing activities were Rp37,222 billion or 19%.

1. Cash Flow from Operating Activities

Net cash provided by operating activities in 2023 recorded at Rp60,581 billion or US\$3,934 million. It decreased by Rp12,773 billion compared to the last period.

TelkomGroup recorded cash receipts from operating activities of Rp150,781 billion in 2023. It increased by Rp899 billion or 0.6% from cash receipts from operating activities in 2022 of Rp149,882 billion. The cash receipts were from:

- Cash receipts from customers and other operators of Rp148,458 billion.
- Cash receipts from finance income of Rp1,049 billion.
- Cash receipts for tax refund of Rp681 billion.
- Cash receipts for other - net of Rp593 billion.

Meanwhile, cash disbursements for operating activities in 2023 were Rp90,200 billion, it increased by 17.9% or Rp13,672 billion compared to the 2022 cash disbursements of Rp76,528 billion. TelkomGroup's cash disbursements were for:

- Cash payments for expenses of Rp53,410 billion.
- Cash payments to employees of Rp16,116 billion.
- Cash payments for corporate and final income taxes of Rp10,746 billion.
- Cash payments for finance costs of Rp4,748 billion.
- Cash payments for short-term and low-value lease assets of Rp3,770 billion.
- Cash payments for Value Added Taxes – net of Rp1,410 billion.

2. Cash Flow from Investing Activities

TelkomGroup recorded net cash used in investing activities in 2023 was Rp36,909 billion or US\$2,397 million, it decreased by 6.0% or Rp2,341 billion compared to the last period of Rp39,250 billion.

Cash receipts from investing activities in 2023 were Rp313 billion, it decreased by 77.7% or Rp1,089 billion from the last period of Rp1,402 billion. Cash receipts were from:

- Proceeds from insurance claims of Rp199 billion.
- Proceeds from sale of property and equipment of Rp100 billion.
- Dividend received from associated company of Rp14 billion.

Meanwhile, the cash disbursements for investing activity of Rp37,222 billion, it decreased by 8.4% or Rp3,430 billion from the last year of Rp40,652 billion. The cash disbursement was for:

- Purchase of property and equipment of Rp33,601 billion.
- Purchase of intangible assets of Rp2,817 billion.
- Additional of long-term investment in financial instrument of Rp340 billion.
- Placement in other current financial assets-net of Rp315 billion.
- Additional of other assets of Rp149 billion.

3. Cash Flows from Financing Activities

TelkomGroup's net cash used in financing activities in 2023 was Rp26,567 billion (US\$1,725 million), it decreased by 34.9% or Rp14,270 billion from the 2022 of Rp40,837 billion. TelkomGroup received cash from financing activities of Rp41,795 billion, it increased by 16.1% or Rp5,792 billion compared to the last period of Rp36,003 billion. The cash receipt was from:

- Proceeds from bank loans and other borrowings of Rp38,834 billion.
- Proceeds from issuance of new shares of subsidiaries of Rp2,961 billion.

Meanwhile, the cash disbursement for financing activities was of Rp68,362 billion, it decreased by 11% or Rp8,478 billion compared to the last period of Rp76,840 billion. The cash disbursement was for:

- Repayments of bank loan and other borrowings of Rp35,323 billion.
- Cash dividends paid to the Company's stockholders of Rp16,603 billion.
- Cash dividends paid to non-controlling interests of subsidiaries of Rp9,803 billion.
- Repayments of principal portion of lease liabilities of Rp6,602 billion.
- Buy back shares of non-controlling shareholders of subsidiaries of Rp31 billion.

SOLVENCY

TelkomGroup's 2023 Consolidated Financial Statements (Audited) show the Company's decent liquidity, solvency, and ability to pay short and long-term liabilities. TelkomGroup's debt repayment was from cash inflows of operational activities. It shows that the management could adequately manage its operations and liquidity.

SHORT-TERM LIABILITY

TelkomGroup uses several ratios to measure its ability to pay short-term debt, such as the current, quick, and cash ratios. We use these ratios to maintain liquidity and ensure the funds' availability to pay short-term debt. TelkomGroup strives to keep the current ratio percentage above the industry average current ratio and retain the available loan that can be withdrawn if needed.

Ratio	TelkomGroup Liquidity Ratio 2021-2023		
	2023	2022	2021
Current Ratio	77.7%	78.2%	88.6%
Quick Ratio	57.8%	59.9 %	68.7%
Cash Ratio	42.9%	47.3 %	56.1%

LONG-TERM LIABILITY

TelkomGroup monitors several ratios to ensure its ability to pay its long-term debt, such as the Debt to Equity Ratio, the Debt to EBITDA Ratio, and the EBITDA to Interest Expense Ratio. The TelkomGroup 2023 Consolidated Financial Statements indicate a Debt to Equity Ratio of 0.44 times, a Debt to EBITDA Ratio of 0.88 times, and an EBITDA to Interest Expense Ratio of 16.7 times. Those ratios conclude that TelkomGroup's ability to pay the long-term debt has a relatively low risk of default.

Ratio	2023	2022	2021
Debt to Equity Ratio	0.44 X	0.42 X	0.48 X
Debt to EBITDA Ratio	0.88 X	0.80 X	0.91 X
EBITDA to Interest Expense Ratio	16.7 X	19.6 X	17.3 X

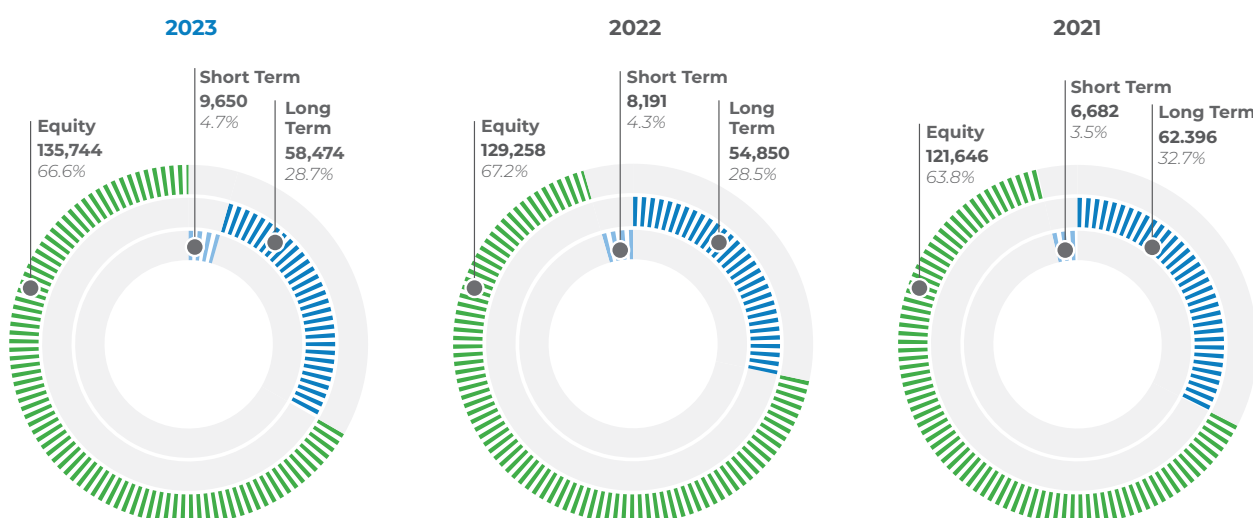
TelkomGroup actively evaluates its debt profile, particularly with floating interest, to decrease interest expenses and exposure to interest rate fluctuations in the future. Further information regarding liquidity and the discussion regarding the debt of Telkom and its subsidiaries can be seen in Notes 18 and Notes 19 in TelkomGroup's Consolidated Financial Statements for 2023.

CAPITAL STRUCTURE AND THE MANAGEMENT POLICIES FOR CAPITAL STRUCTURE

CAPITAL STRUCTURE

TelkomGroup's capital structure consists of short-term debt, long-term debt, and equity. As of December 31, 2023, the most significant composition of TelkomGroup's capital structure was equity. There were no substantial changes to the equity and capital composition in 2023 compared to the previous period.

Capital Structure 2021-2023 (Rp billion)



Capital Structure	2023		2022	2021
	(Rp billion)	(US\$ million)	(Rp billion)	(Rp billion)
Debt	9,650	627	63,041	69,078
Short Term Debt	58,474	3,797	8,191	6,682
Long Term Debt	68,124	4,424	54,850	62,396
Equity	135,744	8,815	129,258	121,646
Total	203,868	13,239	192,299	190,724

MANAGEMENT POLICY FOR CAPITAL STRUCTURE

TelkomGroup is required to maintain its creditworthiness, as indicated in its credit rating and capital structure. In 2023, TelkomGroup kept the debt levels below the industry average, signified in the Debt to Equity Ratio and Debt to EBITDA Ratio. TelkomGroup also successfully maintained its solid capital structure by optimizing the cost of capital (weighted average cost of capital) and tax benefits and ensuring healthy financial ratios to maintain a balanced capital structure.

These measures aligned with 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 short-term and long-term debt.

In 2023, TelkomGroup's Debt to Equity Ratio (DER) was 0.44 times, while in 2022, it was 0.42 times. TelkomGroup's Debt Service Coverage Ratio as of December 31, 2023, was 1.9 times, while in 2022, it was 1.6 times. Further information regarding management's policy on the capital structure is in Notes 38 Capital Management in the 2023 TelkomGroup's Consolidated Financial Statements.

REALIZATION OF CAPITAL EXPENDITURE

To anticipate the dynamic technology transformation, TelkomGroup has realized capital expenditure investments that adjusted to the Company's needs and strategies throughout 2023. 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 expand and maintain business growth in the digital era based on digital connectivity, digital platforms, and digital services. In 2023, TelkomGroup invested capital expenditure to build infrastructure capacity and capability for the increasing customer demand in the future

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 2023 was Rp32,968 billion or US\$2,141 million. It decreased by 3.5% from the previous year of Rp34,156 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 the submarines cables of Gresik – Bawean, North Lingga, and North Papua, 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 2021-2023

	Years ended December 31			
	2023		2022	2021
	(Rp billion)	(US\$ million)	(Rp billion)	(Rp billion)
Total Investment in Capital Expenditure	32,968	2,141	34,156	30,341

MATERIAL COMMITMENT FOR CAPITAL EXPENDITURE

OBJECTIVES OF MATERIAL COMMITMENT FOR CAPITAL EXPENDITURE

As a digital telco company, TelkomGroup should make sustainable investments to accelerate digital transformation. We made several material commitments for capital expenditure to support transmission and network equipment and 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 2023 TelkomGroup's Consolidated Financial Statements.

SOURCES OF FUNDS TO FULFILL MATERIAL COMMITMENT FOR CAPITAL EXPENDITURE

In 2023, TelkomGroup had a decent leverage to fund capital expenditures. TelkomGroup has several alternatives for other funding, including 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 three currency denominations in material commitments for capital expenditure investment. It consists of the Rupiah, Chinese Yuan, and the US Dollar. The most significant bond is in the Rupiah currency of Rp8,596 billion.

Material Commitments Based on Currency as of December 31, 2023

Table of Material Commitment based on Currencies	Amounts in Foreign Currencies	Equivalent in Rupiah
	(million)	(billion)
IDR	-	8,596
USD	235	3,619
Chinese Yuan	33	71
Total	—	12,286

FOREIGN CURRENCY RISK MITIGATION OF MATERIAL CONTRACTS FOR CAPITAL EXPENDITURE

Material commitments for capital expenditure in foreign currencies can be affected by fluctuations in currency rates. To mitigate this risk, TelkomGroup determines time

deposits and receivables of at least 25% of the outstanding foreign currency short-term liabilities. Therefore, TelkomGroup can offset exchange rate fluctuation losses with exchange rate gains on time deposits and receivables. More details regarding material commitments for capital expenditure investment and foreign exchange rate risk are in Note 35 Significant Commitments and Agreements and Note 37 Financial Instruments in the 2023 TelkomGroup's Consolidated Financial Statements.

RECEIVABLES COLLECTABILITY

TelkomGroup had a decent receivables collectability level with consolidated maturity receivables as of December 31 for 2023 and 2022, which are not impaired or collectible of Rp4,033 billion and Rp2,069 billion. Meanwhile, the accounts receivable turnover ratio was recorded at 15.5%, and the average collection time ratio was 23.6 days.

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

TelkomGroup's Receivables Collectability 2021-2023

Ratio	Average Collection Duration Ratio (%)		
	2023	2022	2021
Average collection ratio (days)	23.6	21.2	25.3
Receivables turnover ratio (%)	15.5	17.2	14.4

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 2021-2023

Analysis of Accounts Receivable by Age	2023	2022	2021
	Rp (billion)		
Not past due	7,020	6,964	5,625
0 – 3 months	2,758	1,674	2,447
3 – 6 months	1,215	664	924
> 6 months	7,180	6,900	7,316
Total receivables before provision	18,173	16,202	16,312
Provision for impairment of receivables	(7,506)	(7,568)	(7,802)
Net receivables after provision	10,667	8,634	8,510

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 2023 was Rp7,506 billion, lower than the provision for 2022 of Rp7,568 billion. Further discussion of TelkomGroup's receivables is in Note 5 Trade Receivables in the 2023 TelkomGroup's Consolidated Financial Statements.

MATERIAL INFORMATION AND FACT AFTER ACCOUNTANT REPORTING DATE

TelkomGroup continues to comply with the principles of transparency and accountability to implement good corporate governance. Thus, TelkomGroup conveys material information and facts after the financial reporting date as of December 31, 2023, as follows:

Material Information and Fact After Accountant Reporting Date for 2023 Reporting Period

No.	Material Information and Facts
1.	In January 2024, Telkomsel paid off all medium-term debt to BSI, Bank of China, and BJB, amounting to Rp500 billion, Rp1,400 billion, and Rp500 billion, respectively.

Detailed explanations regarding the above transactions can be found in Note 40 Subsequent Event in TelkomGroup's 2023 Consolidated Financial Statements.



BUSINESS PROSPECTS AND SUSTAINABILITY OF THE COMPANY

2023 was a recovery period after the COVID-19 Pandemic, during which public activities returned to normal and the economy recovered. Nevertheless, many economic challenges remained this year, specifically the global economy. Amid the challenges, Indonesia's economy remained relevantly secured, with a GDP growth of 5.05% in 2023. Despite weakening growth compared to 2022, which was 5.31%, Indonesia could still maintain its relatively strong economic activity amidst the increasingly challenging global conditions.

For the telecommunication sector, the vast growth of internet usage in Indonesia benefits Indonesia's leading telecommunication operators. The Indonesian Internet Service Providers Association (APJII) survey stated that the total number of internet users in Indonesia is 78% of the total population, exceeding the average number of users in South East Asia, which reaches around 77% and is the most internet penetration than other Asian regions. It also shows that 99% of Indonesians access the internet by using smartphones. These numbers are expected to keep increasing with the higher smartphone use in Indonesia. It is an excellent opportunity for the telecommunication industry, specifically mobile operators, to grow its business further.

As internet use rises, so does the public's interest in various digital services. Many digital services in Indonesia are gaining traction, including music streaming, video content, games, and digital financial services such as online payment like m-banking and QRIS. The Indonesian Telecommunication Providers Association (ATSI) data shows that monthly, 400-500 million online transactions occur. Therefore, the telecommunication sector plays a significant role as an economic locomotive in other sectors.

To support Indonesia's digital economic growth and strengthen its position in the telecommunication industry, Telkom constantly develops and improves its infrastructure, including fiber optic network development and increasing its network capacity. Telkom has also adopted the latest technology and provided various IoT

solutions to give added value to customers. Therefore, Telkom can improve its service quality and competitiveness with a reliable infrastructure.

On the other hand, the Government has specifically tasked Telkom to support accelerating the national digital transformation by launching the Electronic Procurement System. It was officiated through Presidential Regulation Number 17 Year 2023 regarding the Acceleration of Digital Transformation in Government Procurement of Goods/ Services. Telkom has prepared the adequate infrastructure and capacity to support the acceleration of this digital transformation.

Telkom has owned 175,692 km of fiber optic network covering 501 cities/regencies. Two satellites with 109 transponders, 231,226 base transceiver stations (BTS), and 42,106 telecommunication towers support this network. Telkom also possesses supportive digital platforms of 31 data centers, with 26 domestic data centers and 5 abroad.

In the Mobile segment, Telkom notices the opportunities from the increasing public interest in digital services. Therefore, Telkom is trying to maximize the growth of digital connectivity and platforms to develop digital services by utilizing 5G network connectivity. Telkom will also be gradually developing IoT solutions, cloud computing, and artificial intelligence following the maturity and stability of the connectivity ecosystem.

Meanwhile, Telkom focuses on improving the customer experience to maintain its market share and attract new subscribers in the Consumer segment. Besides, Telkom also integrated IndiHome products that target the Consumer segment into Telkomsel products that target the Mobile segment. The integration was based on the Fixed Mobile Convergence (FMC) initiative as part of the primary Five Bold Moves strategy. This FMC initiative opens the opportunity to further strengthen Telkom's business in digital telecommunication by providing seamless service between fixed and mobile broadband to get more subscribers' satisfaction. FMC also encourages more coverage of broadband service and accelerating digital connectivity equality in Indonesia that is inclusive and sustainable.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, Telkom also focuses on the Enterprise business line that possesses high profitability and recurring tendency through the enterprise solutions services. Telkom also fulfills the hybrid cloud demands from SMEs, startups, SOEs, enterprises, and Government institutions. The higher digitalization of business activities by business players also means a market opportunity for Telkom. To seize this opportunity, Telkom offers system integration, IT service management, and CRM services as a solution for the Enterprise segments to operate their business.

On the Wholesale & International Business (WIB), Telkom focuses on improving the services and capacity of digital ecosystem infrastructures, which include carrier, data center, tower, infrastructure maintenance, and network management services. This segment is the digital ecosystem enabler and is significant in promoting the growth of digital connectivity in Indonesia. Thus, Telkom is focusing on data center development to anticipate

higher demands in line with the more advanced of other digital services and solutions. Besides, Telkom is also operating its international business and strategic partnerships with other global players to solidify its business in the telecommunication industry.

Telkom constantly tries to answer every customer's needs and maintains business continuity with the development of infrastructure, platforms, and digital services to support activities in all segments and society strata. These measures align with the digital telco prospect so that Telkom will keep improving digital technological integration to all business aspects that can encourage fundamental changes in governance, business operation, and how it adds value to every user. In addition, Telkom will keep strengthening its competitive advantages to accelerate its vision of becoming the leading digital telco and create equal digital sovereignty to society for a better Indonesia.

COMPARISON OF INITIAL YEAR TARGET AND THE REALIZATION

TelkomGroup's revenue grew by 1.3% to Rp149,216 billion in 2023. Telkom's EBITDA and Net Profit in 2023 were recorded at Rp77,579 billion and Rp24,560 billion. Meanwhile, the EBITDA and Net Profit margins were recorded at 52% and 16.5%. TelkomGroup used Rp32,968 billion for capital expenditures in 2023 or 22.1% of total revenue.

Comparison of TelkomGroup Targets and Realizations in 2023

Indicator	Realization In 2023	Targets In Initial 2023
Revenue Growth	Revenues grew by 1.3%.	We estimate that the more challenging competition will impact the Company. Overall, we expected the Company to grow positively in the low to mid-single digit range.
EBITDA Margin and Net Income Margin	EBITDA Margin increased to 52% while Net Income Margin increased to 16.5%.	EBITDA Margin and Net Income Margin are projected to slightly decreased in line with the decline in legacy businesses shifting to digital businesses.
Capital Expenditure	The realization of capital expenditures is to Rp32,968 billion, or 22.1% of revenue with focused investment in digital business infrastructure.	Around 25%-30% of our revenue is planned for capital expenditure, focusing on building digital business infrastructure.

TARGET OR PROJECTIONS FOR THE FOLLOWING YEAR

TelkomGroup strives to achieve sustainable company growth based on the 2021-2025 Framework as the basis for a corporate strategy that focuses on developing three main pillars: digital connectivity, digital platforms, and digital services. These three pillars are supported by seven other pillars that serve as delivery directions: portfolio optimization, technology, organization, synergy and operational excellence, individual and corporate culture, inorganic, and corporate governance.

In 2024, TelkomGroup will target the revenue to grow competitively, with IndiHome as the most significant contributor. TelkomGroup aggressively maintains its dominance in the cellular market and develops digital business. TelkomGroup also invested throughout 2023 to expand the capacity and maintain service quality amid the increasing traffic and develop digital platforms as business enablers in the future. Therefore, TelkomGroup plans a capital expenditure allocation of around 25%-30% of the revenue to build the infrastructure.

TelkomGroup's Target or Projections for The Following Year

Indicator	Target in 2024
Revenue Growth	We estimate that the competition in telecommunication industry will be more challenging. Overall, the Company is expected to grow positively in the low to mid-single-digit range.
EBITDA Margin and Net Income Margin	EBITDA Margin and Net Income Margin are projected to increase slightly in line with the decline in legacy business shifting to digital business (connectivity, platform, and service).
Capital Expenditure	Around 25%-30% of our revenue is planned for capital expenditures, focusing on building digital business infrastructure.
Dividend Policy	The dividend payout ratio ranges from 60%-90%.

DIVIDEND

TelkomGroup annually distributes dividends. The dividend distribution is to optimize value for shareholders. The dividend distribution policy is determined and approved by the shareholders at the Annual General Meeting of Shareholders (AGMS). In the last five years, TelkomGroup has set a dividend payout ratio that ranges from 60% to 90%. The dividend paid in 2023 for business performance in 2022 was Rp 16,602,697 million (80% from net profit).

Telkom's Dividend Payment for the Year 2018-2023 Operational Performance

Dividend Year	Dividend Policy	Date of Dividend Payment in Cash and/or Date of Dividend Distribution in Non-Cash	Payment Ratio/ Payout ratio (%) ¹	Dividend Amount paid per Year (Rp million)	Dividend Amount per Share (Cash and/or Non-Cash) after Stock Split (Rp)
2018	AGMS, May 24, 2019	June 27, 2019	90.00	16,228,619 ²	163.82
2019	AGMS, June 19, 2020	July 23, 2020	81.78	15,262,338 ³	154.07
2020	AGMS, May 28, 2021	July 2, 2021	80.00	16,643,443 ⁴	168.01
2021	AGMS, May 27, 2022	June 30, 2022	60.00	14,855,921 ⁵	149.97
2022	AGMS, May 30, 2023	July 5, 2023	80.00	16,602,697 ⁶	167.60

Remarks:

1. Represents the percentage of profit attributable to owners of the parent paid to shareholders in dividends.
2. Consists of cash dividend amounting to Rp10,819,080 million and special cash dividend amounting to Rp5,409,540 million.
3. Consists of cash dividend amounting to Rp11,197,606 million and special cash dividend amounting to Rp4,064,730 million.
4. Consists of cash dividend amounting to Rp12,482,582 million and special cash dividend amounting to Rp4,160,860 million.
5. Only consists of cash dividend amounting to Rp14,855,921 million.
6. Only consists of cash dividend amounting to Rp16,602,697 million.

REALIZATION OF PUBLIC OFFERING FUND

We have issued several bonds which are currently outstanding and owned by investors. We have several underwriters for bond issuance, namely PT Bahana Sekuritas, PT Danareksa Sekuritas, PT Mandiri Sekuritas, and PT Trimegah Sekuritas Tbk, and a bank that is the trustee, namely PT Bank Permata Tbk. Telkom guarantees all bonds with assets, and Pefindo assigns an μ AAA rating to all Telkom bonds. The following table presents the unmatured bond status as of December 31, 2023.

Realization of Telkom's Public Offering Funds as of December 31, 2023

Name of the Bond	Amount (Rp million)	Date of Issue	Maturity Date	Time Period (year)	Realization of Funds	
					Balance (Rp million)	Year
The Shelf Registered Bonds I Telkom 2015 series B	2,100,000	June 23, 2015	June 23, 2025	10	0	2016
The Shelf Registered Bonds I Telkom 2015 series C	1,200,000	June 23, 2015	June 23, 2030	15	0	2016
The Shelf Registered Bonds I Telkom 2015 series D	1,500,000	June 23, 2015	June 23, 2045	30	0	2016

Telkom has realized all the funds obtained from the public offering, with the remaining funds recorded as nil. There is no change regarding the realization of the previously planned use of funds. Details related to bond information can be seen in Note 18 Short-Term Bank Loans and Long-Term Loans Maturing Within One Year, and Note 19 Long-Term Loans and Other Loans in the 2023 TelkomGroup Consolidated Financial Statements.

MATERIAL INFORMATION REGARDING TRANSACTION WITH CONFLICT OF INTEREST, TRANSACTION WITH AFFILIATED PARTIES, INVESTMENT, DIVESTMENT, AND ACQUISITION

TelkomGroup recorded affiliated transactions in 2023. The implementation of affiliated transactions has complied with internal policies related to the Main Procedures for Affiliated Transactions and Conflicts of Interest Transactions stipulated in the President Director's Official Note. Based on the review, Telkom has ensured that all affiliated transactions comply with the internal procedure and applicable general provisions and follow the POJK No. 42/2020 provision. On the other hand, no transactions with related parties contain conflicts of interest as they are according to the principles of fairness and business practice.

Transaction	Transaction Type	Cause of Transaction
n/a	n/a	n/a
n/a	n/a	n/a
n/a	n/a	n/a

The list of affiliated transactions that must be disclosed in the Annual Report 2023, can be seen in Note 32 regarding Related Parties Transactions in 2023 TelkomGroup's Consolidated Financial Statements and Appendix 4 in Annual Report for 2023 Reporting Period.

CHANGES IN LAW AND REGULATION

In implementing the practice of Good Corporate Governance (GCG), TelkomGroup constantly reviews every regulation change that could affect operational activities. On February 20, 2023, Presidential Regulation Number 17 Year 2023 regarding the Acceleration of Digital Transformation in Government Procurement of Goods/ Services was released. This Presidential Regulation was to create sovereignty and growth in Indonesia's economy by increasing the use of local products and SME and Cooperative products in the Government's Procurement of Goods/Services, as well as accelerate the absorption of the State's Budget (Anggaran Pendapatan dan Belanja Negara or APBN)/Local government budget (Anggaran Pendapatan dan Belanja Daerah or APBD) to boost the equal national economy.

With this acceleration, in December 2023, Telkom signed an agreement with the National Public Procurement Agency (LKPP). Through LKPP, the Government assigned Telkom to launch the Electronic Procurement System (Sistem Pengadaan Secara Elektronik or SPSE) and its supporting system, which could create a more modern, transparent, efficient procurement process and simplify bureaucracy. Through this Presidential Regulation, the Indonesian Government has specifically assigned Telkom to boost the national digital transformation. This system is the only general application for goods/services procurement to create a government ecosystem based on e-government.

Meanwhile, the Government also issued Law No. 6 of 2023 on the Stipulation of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation to Become Law on March 31, 2023. The Law No. 6 of 2023 officiated the Government Regulation (Perpu) 2 of 2022 regarding Job Creation to become the Job Creation Law and perfected several workforce substances such as:

1. Outsourcing provisions of what types of work can be outsourced.
2. Improvements and adjustment of minimum wage calculation.
3. Confirmation of the obligation to implement a wage structure and scale for workers/laborers who have worked for one year or more.
4. The use of disability terminologies as adjusted by Law Number 8 of 2016 regarding Persons with Disabilities.
5. Corrected references for the articles that regulate the use of the right-to-rest breaks with fully paid wages and regulate the benefits of the Job Loss Guarantee (*Jaminan Kehilangan Pekerjaan* or JKP) program.

On July 20, 2023, Presidential Regulation Number 47 of 2023 was issued regarding the National Cyber Security Strategy and Cyber Crisis Management. It acts as the foundation for government institutions and stakeholders in creating cyber power and capability to get cyber security stability. It is also a reference for Telkom in solving cyber threats and preparing proper strategies to form cyber security.

CHANGES IN ACCOUNTING POLICY

TelkomGroup's Consolidated Financial Statements refers to the Financial Accounting Standards (SAK) issued by the Indonesian Institute of Accountants (IAI). It also complies with the Regulation of the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) No. VIII.G.7 regarding the Presentation and Disclosure of Financial Statements of Issuers or Public Companies, attached to the letter KEP347/BL/2012. TelkomGroup also applies the International Financial Reporting Standard (IFRS) accounting standards based on the Securities and Exchange Commission (SEC) regulations.

Changes in accounting policies in 2023, including:

1. Amendments to PSAK 1 regarding Presentation of Financial Statement.
2. Amendment to PSAK 16 regarding Fixed Assets.
3. Amendments to PSAK 25 regarding Accounting Policies, Changes in Accounting Estimates and Errors.
4. Amendments to PSAK 46 regarding Income Taxes.
5. Amendments to IAS 1 regarding Presentation of Financial Statements.
6. Amendments to IAS 8 regarding Accounting Policies, Changes in Accounting Estimates and Errors.
7. Amendments to IAS 12 regarding Income Taxes.

Implementation and Changes of Accounting Policies of TelkomGroup in 2023

No.	Accounting Policy	Reason for Change	Impact on Financial Statements for Financial Year 2023	
			SAK Financial Report	IFRS Financial Report
1.	PSAK 1	DSAK issued amendments to the accounting standards as the adoption of Amendment to IAS 1.	No material impact on SAK financial statements, has potential for adjustments in the disclosure of material accounting policy information.	No material impact on IFRS financial statements
2.	PSAK 16	DSAK issued amendments to the accounting standards as the adoption of Amendment to IAS 16.	No material impact on SAK financial statements	No material impact on IFRS financial statements

No.	Accounting Policy	Reason for Change	Impact on Financial Statements for Financial Year 2023	
			SAK Financial Report	IFRS Financial Report
3.	PSAK 25	DSAK issued amendments to the accounting standards as the adoption of Amendment to IAS 8.	No material impact on SAK financial statements	No material impact on IFRS financial statements
4.	PSAK 46	DSAK issued amendments to the accounting standards as the adoption of Amendment to IAS 12.	No material impact on SAK financial statements	No material impact on IFRS financial statements
5.	IAS 1	IASB issued amendments to IAS 1 regarding Disclosure of Accounting Policies.	No material impact on SAK financial statements	No material impact on IFRS financial statements, has potential for adjustments in the disclosure of material accounting policy information.
6.	IAS 8	IASB issued amendments to IAS 8 regarding Definition of Accounting Estimates.	No material impact on SAK financial statements	No material impact on IFRS financial statements
7.	IAS 12	IASB issued amendments to IAS 12 regarding: a. Deferred Tax related to Assets and Liabilities arising from a Single Transaction. b. International Tax Reform - Pillar Two Model Rules.	No material impact on SAK financial statements	No material impact on IFRS financial statements

Further details of the changes in accounting policies in Telkom's financial statements for the current year is disclosed in Note 2 Summary of Accounting Policies of 2023 TelkomGroup's Consolidated Financial Statements.